ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2014

MIDDLEFIELD

Canadian Income PCC

INCLUDING MIDDLEFIELD CANADIAN INCOME –
GBP PC, A CELL OF THE COMPANY

MCI

INVESTMENT MANAGER

Middlefield Group Corporate Profile

Since its inception in 1979, the Middlefield Group, with over $4.0 billion in assets under management, has established a strong reputation as an experienced manager of unique investment products designed to balance risk and return to meet the demanding requirements of investment advisors and their clients. These financial products include Mutual Funds, Private and Public Resource Funds, Venture Capital Assets, Publicly Traded Exchange Funds and Real Estate Investment 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. Guardian Capital LP, one of the pioneers in developing income products, acts as Co-Advisor on several of our income funds while Groppe, Long & Littell, based in Houston and one of the world's leading forecasters of oil and natural gas prices, acts as Special Advisor with respect to the strategic outlook for the energy sector. In 2014, we entered into an exclusive arrangement with Sector & Sovereign Research, LLC ("SSR"), based in Stamford, Connecticut. SSR provides specialized research into sub-sectors of the economy such as healthcare and technology. Their unique and proprietary approach to investment research involves simultaneously maintaining both a broad view of the industries they cover as well as fundamental analysis of the sub-sectors that make up those industries.

Looking ahead, Middlefield remains committed to the goal of developing new and unique investment products to assist advisors in providing added value for their clients.

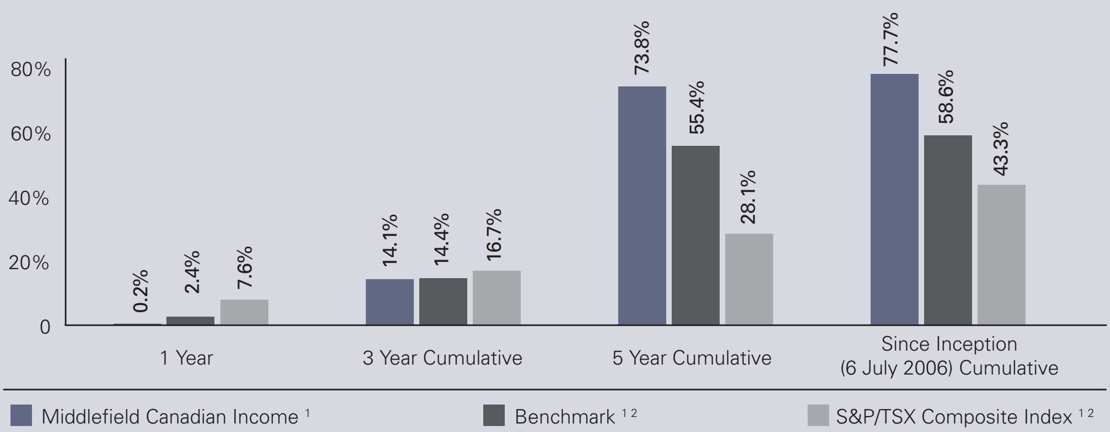
TABLE OF CONTENTS

CHAIRMAN'S REPORT

It is my pleasure to introduce the 2014 Annual Financial Report for Middlefield Canadian Income PCC ("MCI" or the "Company"). MCI has established one closed-end cell known as Middlefield Canadian Income – GBP PC (the "Fund"). The Fund invests in a broadly diversified portfolio comprised primarily of Canadian equity income securities with the objective of providing shareholders with high dividends as well as capital growth over the longer term.

We continue to be pleased with the long term performance of the Fund. Since inception in 2006, the Fund has generated a cumulative return of 77.7%, outpacing its benchmark, the S&P/TSX High Dividend Index, as well as the S&P/TSX Composite Index and the FTSE All Share Index, which generated cumulative period returns of 58.6%, 43.3% and 26.8%, respectively. However, in light of the significant correction in energy markets, 2014 proved to be a more challenging year with the Fund generating a share price return of 2.5% and a net asset value based return of 0.2% (2.8% on a currency adjusted basis), compared to returns of 2.4% and 1.2% for the Fund's benchmark and the FTSE All Share Index, respectively. While the capital markets were extremely volatile in 2014, tactical re-allocation decisions made during the year helped to improve the Fund's performance. In particular, the Fund increased its exposure to the financial, real estate and industrial sectors, which are all expected to benefit from continued growth in North American economic activity in the near to medium term.

Performance to 31 December 2014



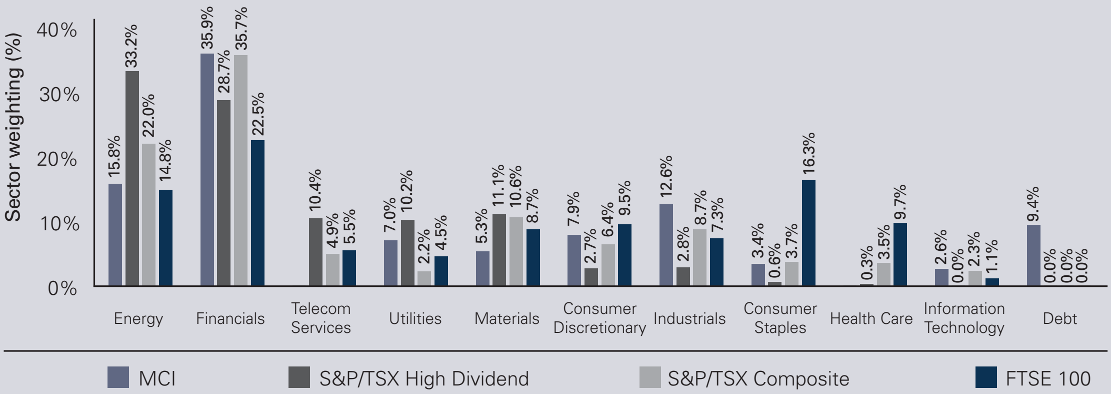
Source: Bloomberg/Middlefield

Notes:
1. Total net asset value returns (net of fees and including the reinvestment of dividends).
2. The Fund's benchmark, the S&P/TSX Composite High Dividend Index, has been currency adjusted to reflect CAD$ returns from inception to October 2011 (while the Fund was CAD$ hedged) and GBP returns thereafter.

CHAIRMAN'S REPORT

Subsequent to year end, after consulting with a number of the Fund's investors, the Company received shareholder approval to amend the Company's investment policy, increasing the Fund's maximum exposure to U.S. securities from 20 per cent. to 40 per cent. In addition, the Fund's investment policy has been amended to limit the amount which may be invested in securities listed on any recognised stock exchange outside of Canada and the U.S. to 10 per cent. The amendments, which were approved on 18 February 2015, will provide the Fund with greater flexibility to invest in sectors that are underrepresented in Canada and that Middlefield Limited believes will potentially reduce portfolio volatility and enhance shareholder total returns through greater diversification.

MCI SECTOR WEIGHTS COMPARED TO INDICES



Source: Bloomberg as at 31 December 2014

We are pleased to report that, in response to strong investor demand, MCI sold 950,000 redeemable participating preference shares from treasury in 2014. In order to avoid any potential shareholder dilution, no shares were issued at a discount to the Fund's net asset value at the time of allotment. MCI also repurchased 50,000 redeemable participating preference shares during 2014. As a result of these transactions, the Company's share capital was increased to approximately 109 million shares by year end.

In 2014, we continued to tactically manage the amount of gearing deployed in the Fund, taking advantage of favourable market conditions by increasing average gearing from 10.1% in 2013 to 14.8% in 2014. As we have done in previous years, we will continue to monitor market conditions to determine the appropriate level of gearing for the Fund, effectively increasing gearing to invest in securities that are attractively valued and reducing gearing with proceeds from positions that are overvalued.

CHAIRMAN'S REPORT

GEARING AS A PERCENTAGE OF NET ASSETS (YEARLY AVERAGE)

ANNUAL GENERAL MEETING

This year's Annual General Meeting will be held on Thursday, 28 May 2015 at 12 p.m. at 14 St. George Street, London W1S 1FE.

OUTLOOK

We believe that Canadian equities stand to benefit from the accelerating growth of the U.S. economy, which is benefiting from the following trends. First, since many other global economies remain dependent on quantitative easing to stimulate economic growth and inflation, we expect that the relative strength of the U.S. will increase demand for U.S. dollar denominated assets. Secondly, the current U.S. business cycle is anticipated to continue for the foreseeable future as interest rates, inflation rates, and debt levels remain relatively low when compared to previous business cycles. Finally, favourable demographic trends, namely the maturation of the largest population cohort in the U.S. – the millennials, should support consumer spending, household formation, and cause a measurable increase in GDP growth. As a result, we expect increased U.S. demand for Canadian exports, aided by the continued appreciation of the U.S. dollar vis-a-vis the Canadian dollar. We further believe that the prolonged U.S. business cycle will broadly support corporate profit growth in Canada and improve the relative strength of the Canadian dollar versus the British Pound and other global currencies.

The Canadian real estate sector remains attractively valued versus other developed markets. Cash flow and dividend growth are well supported by limited supply, low interest rates and improving growth in Eastern Canada. The real estate sector delivered a total return of approximately 10% during 2014 and Brookfield Property Partners, the Fund's largest holding, appreciated by more than 30%.

MCI is well positioned to take advantage of investment opportunities in the equity income sector, which will benefit from global economic stimulus initiatives and the continuing strength of the U.S. economy. This backdrop is expected to drive demand for companies with low debt and strong organic growth to support stable and growing levels of dividends for dividend-paying companies over the long term.

We thank you for your continued support.

Nicholas Villiers
Chairman
Date: 21 April 2015

INVESTMENT MANAGER'S REPORT

Global growth in 2014 was largely supported by the U.S. economy, which continues to demonstrate steady improvement. Looking forward, however, we believe that growth and central bank policies in North America, Asia and Europe will diverge, underscoring the importance of geographic portfolio diversification. While the U.S. Federal Reserve contemplates raising interest rates, central banks in Europe and Japan will likely continue to support accommodative policies such as quantitative easing and structural reforms to increase domestic demand and avert deflation. An improvement in the U.S. labour market should drive higher wages and encourage both consumers and corporations to increase spending after years of reducing expenses and overall debt levels. Sustained growth in the U.S. is also expected to create more demand for U.S. and Canadian dollar denominated assets as well as have a positive impact on Canadian corporate profitability. As a result, we remain focused on Canadian and U.S. equities which are expected to provide excellent risk adjusted returns and deliver consistent earnings and dividend growth for the foreseeable future.

Government bond yields in many developed countries remain near historic lows, which have resulted in strong demand for income producing real estate and infrastructure assets. With respect to real estate, the fundamentals remain strong as occupancy and employment continue to improve, thereby driving increases in rental growth. Moreover, the replacement value of buildings should escalate as land, construction costs and inflation trend higher. In light of the current slowdown in global growth, interest rates are expected to remain relatively low, supporting current valuations. We remain focused on real estate and global infrastructure investments that: 1) have good organic growth potential; 2) demonstrate above average cash-flow growth; 3) possess strong management teams with a track record of prudent capital allocation; and 4) operate in regions where interest rates are expected to remain relatively low and/or gradually increase in response to growth in economic activity. Within the real estate sector, our exposure to names such as Chartwell Retirement Residences and Brookfield Property Partners L.P. were large contributors to performance, each returning more than 25% during 2014. Brookfield Property Partners L.P. ended the year as the Fund's largest holding as a percentage of net asset value.

The pace and extent of the sell-off in the energy sector in the second half of 2014 was both extreme and indiscriminate. The decline in oil prices was driven by softer demand growth as well as an increase in supply from higher cost U.S. shale oil and Canadian oil sands. We continue to believe that the marginal cost of oil production in North America remains above US$65 per barrel and expect prices to appreciate as supply growth moderates in response to lower prices. In this regard, many producers have already announced plans to curtail capital expenditures, as evidenced by the significant decline in the U.S. oil rig count and new well permits. Moreover, OPEC may be forced to reduce its production targets as an extended period of low oil prices will impair the fiscal budgets of the cartel's member nations. While these measures are expected to restore the demand and supply equilibrium, we remain focused on companies with strong balance sheets and low production costs which can best manage a reduction in revenue. In regards to natural gas, we believe prices will increase due to a combination of low inventories, increased utility demand and higher U.S. exports to Mexico. In addition, ongoing efforts to develop North America's liquefied natural gas export facilities should enable producers to access European and Asian markets, where prices are more than twice as high as they are in North America.

During the year, the Fund increased its holdings of Canadian and U.S.-based industrial issuers from 3.1% to 12.6%, while reducing its holdings of energy producers from 18.0% to 10.8%. The Fund's performance benefited from initiating a position in Canadian National Railway Company in June of 2014, which fits with our strategy to focus on issuers that consistently grow their dividends. In January 2015, CN Rail increased its dividend by 25%, which is the 19th consecutive increase since its initial public offering in 1995.

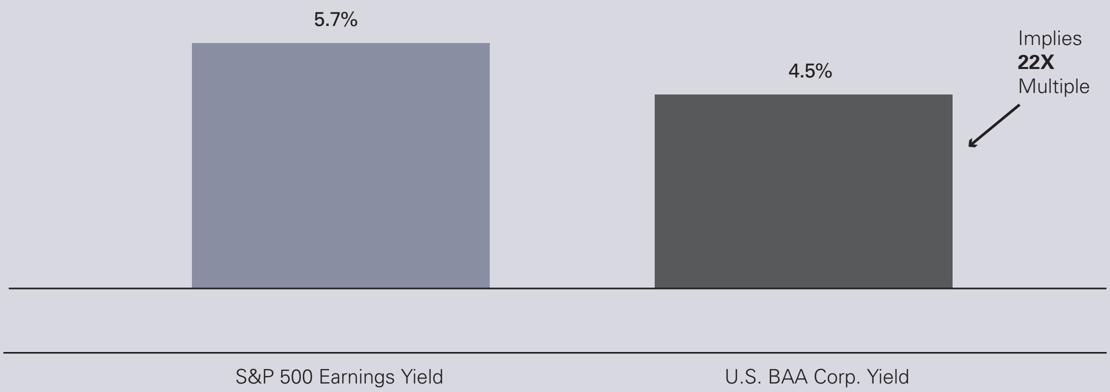
As in 2013, financials were the largest sector in our portfolio. Both the S&P/TSX Capped Financials Index and the S&P 500 Financial Sector posted strong returns of 12.6% and 15.2%, respectively in 2014. We continue to believe that many financial services companies are attractively valued and offer competitive yields, including issuers such as Discover Financial Services and Prudential Financial, Inc. We expect to maintain a significant allocation to this sector in 2015.

Over the course of the year, the Fund capitalised on opportunities to enhance returns and further diversify its portfolio by increasing its allocation to U.S. securities from approximately 12% to 18%. By year end, the Fund had positions in U.S.-listed issuers operating in the consumer staples, financials, materials and technology sectors, including Kraft Foods Group Inc., Capital One Financial Corporation, and Apple Inc. Kraft's shares rose more than 35% in March 2015 after Berkshire Hathaway Inc. and 3G Capital announced plans to merge Kraft with H.J. Heinz Company, forming the third largest food and beverage company in North America.

INVESTMENT MANAGER'S REPORT

The Fund views the U.S. as a strong opportunity for total returns as economic growth continues and industrial capacity utilisation approaches its long-term average, thereby causing corporate spending to increase, particularly on aged capital equipment.

S&P 500 EPS Yields Attractive vs Investment Grade Debt



Source: Bloomberg, Moody's

Top Holdings

The table below shows the largest ten positions held within the Fund's portfolio as at 31 December 2014:

COMPANY	SECTOR	% OF NAV
Brookfield Property Partners L.P. Brookfield Property Partners L.P. is a global commercial property company that owns, operates and invests in best-in-class office, retail, multifamily and industrial assets. In 2014, company Funds From Operations increased to \$758 million versus \$571 million in 2013, resulting in a 6% increase in the company's quarterly distribution.	Real Estate	4.0%
Magna International Inc. Magna International Inc. is a diversified global automotive supplier. Magna designs, develops and manufactures automotive systems, assemblies, modules and components, and engineers and assembles complete vehicles, primarily for sale to OEMs of cars and light trucks. The company has 313 manufacturing operations and 83 product development, engineering and sales centres in 29 countries. In 2014, Magna announced a joint venture agreement with Tata AutoComp Systems Limited to supply innovative seating systems to the growing Indian automotive market.	Industrials	3.7%
Chartwell Retirement Residences Chartwell Retirement Residences is one of the largest participants in the North American senior living sector with nearly 210 locations across Canada and the U.S. In 2014, Chartwell announced that it acquired interests in three retirement residences and a medical office building in the Province of Quebec.	Real Estate	3.2%

INVESTMENT MANAGER'S REPORT

Top Holdings (Continued)

COMPANY	SECTOR	% OF NAV
AltaGas Ltd. AltaGas Ltd. is a geographically diverse energy infrastructure company comprised of three distinct business units: Gas, Power and Utilities. In 2014, AltaGas announced the starting up of the largest construction project in the company's history, the 195 MW Forrest Kerr Hydro Facility, which is on schedule and on budget.	Power and Pipeline	3.2%
Prudential Financial, Inc. Prudential Financial, Inc. is one of the world's largest financial services institutions with operations in 41 countries and territories. Prudential offers financial products and services, including life insurance, annuities, retirement-related services, mutual funds and investment management with over $1 trillion in assets under management.	Financials	3.1%
Gildan Activewear Inc. Gildan Activewear Inc. is a marketer and vertically-integrated global manufacturer of basic, non-fashion apparel products. Gildan sells its basic family apparel internationally under a diversified portfolio of company-owned brands. In 2014, Gildan expanded its product offering by completing the acquisition of women's apparel manufacturer Doris Inc.	Consumer Discretionary	3.1%
Capital One Financial Corporation Capital One Financial Corporation is a diversified financial services holding company offering a broad array of financial products and services to consumers, small businesses and commercial clients. In 2014, Capital One returned a significant amount of capital to shareholders in the form of share repurchases.	Financials	3.1%
Discover Financial Services Discover Financial Services is a direct banking and payment services company. Discover's products include Direct Banking, Credit Cards, Student Loans, Personal Loans, Home Loans and Home Equity Loans and Deposits. Discover has become one of the largest card issuers in the U.S. For 2014, Discover with its continued focus on the customer, delivered a return on equity of over 20%.	Financials	3.0%
Canadian National Railway Company Canadian National Railway Company ("CN") is a Canada-based transportation company that offers integrated transportation services: rail, intermodal, trucking, freight forwarding, warehousing and distribution. In 2014, CN announced a share repurchase program starting in October 2014 and ending in the latter half of 2015.	Industrials	3.0%

Top Holdings (Continued)

COMPANY	SECTOR	% OF NAV
EnerCare Inc. EnerCare Inc. is one of Canada's largest home and commercial services companies. EnerCare has two primary businesses, its rentals portfolio – water heaters, furnaces, air-conditioners and other HVAC items – and its sub-metering business. Before year-end, the S&P added EnerCare to the S&P/TSX Composite Index, which reflects EnerCare's growth and strong performance. In addition, its inclusion in the index is expected to improve liquidity and exposure to investors.	Consumer Discretionary	2.8%
Top Ten Investments		32.2%

The full portfolio of investments is set out on pages 42 to 44.

OUTLOOK

Going forward, we remain constructive on the outlook for the Fund. Supported by a low interest rate environment, accelerating U.S. economic growth, and favourable conditions for Canadian exporters, we expect companies in the financial, industrial, real estate and infrastructure sectors to post strong total risk adjusted returns over the next 12 to 18 months. Furthermore, in light of an aging population with a growing need for income, we remain positive on the outlook for equity income securities and expect North American equities, particularly our cyclical investments, to respond favourably if inflation expectations rise prior to year end.

Lastly, in light of the Fund's expanded flexibility to invest up to 40 per cent. in U.S.-listed issuers, we believe the Fund is well-equipped to capitalise on attractive opportunities for total returns in 2015.

Middlefield Limited
Date: 21 April 2015

DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 31 December 2014.

Status and Activities

Middlefield Canadian Income – GBP PC (the "Fund") is a closed-ended protected cell of Middlefield Canadian Income PCC (the "Company"), a Jersey incorporated, protected cell company.

The Fund is a closed-ended fund which has been admitted to the premium segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities.

Kleinwort Benson (Channel Islands) Corporate Services Limited acts as the Company's secretary and administrator. The Fund's net asset value ("NAV") is calculated using the closing prices of the securities held within its portfolio. The Company publishes the NAV of a share in the Fund on a daily basis.

After the year end, an amendment of the Fund's investment policy was approved by shareholders at the extraordinary general meeting held on 18 February 2015, which increased the percentage of the value of total portfolio assets which may be invested in securities listed on a recognised stock exchange outside of Canada from 20 per cent. to 40 per cent. and which limited the amount which may be invested in securities listed on any recognised stock exchange outside of Canada and the U.S. to 10 per cent. of the value of the Company's portfolio. The Fund's investment objective and policy are described in further detail below.

Investment Objective and Dividend Policy

The Fund seeks to provide shareholders with a high level of dividends as well as capital growth over the longer term. The Fund intends to pay dividends on a quarterly basis each year. Subject to unforeseen circumstances, the Fund intends to maintain its current dividend rate of five pence per share per annum payable on a quarterly basis in equal instalments.

Investment Portfolio

The Fund seeks to achieve its investment objective by investing predominantly in the securities of companies and REITs domiciled in Canada as well as the U.S., that the Investment Manager believes will provide an attractive level of distributions, together with the prospect for capital growth. It is expected that the Fund's portfolio will generally comprise between 40-70 investments.

The Fund may also hold cash or cash equivalents.

The Fund may utilise derivative instruments including index-linked notes, contracts for differences, covered options and other equity-related derivative instruments for the purposes of efficient portfolio management.

The Fund will at all times invest and manage its assets in a manner which is consistent with the objective of spreading investment risk.

Investment restrictions

The Fund will not at the time of making an investment:

(a) have more than 10 per cent. of the value of its portfolio assets invested in the securities of any single issuer;
(b) have more than 50 per cent. of the value of its portfolio assets comprised of its ten largest security investments by value; or
(c) have more than 40 per cent. of the value of its portfolio assets invested in securities listed on a recognised stock exchange outside Canada; or
(d) have more than 10 per cent. of the value of its portfolio assets invested in securities listed on a recognised stock exchange outside Canada and the United States; or
(e) have more than 10 per cent. of the value of its portfolio assets invested in unquoted securities; or
(f) purchase securities on margin or make short sales of securities or maintain short positions in excess of 10 per cent. of the Fund's NAV.

Hedging

The Board reserves the right to employ currency hedging but, other than in exceptional circumstances, does not intend to hedge.

Gearing

The Fund has the power to borrow up to 25 per cent. of the value of its total assets at the time of drawdown. In the normal course of events, and subject to Board oversight, the Fund is expected to employ gearing in the range of 0 to 20 per cent. of the value of its total assets in order to enhance returns. At year end the Fund's gross borrowings were equal to 21 per cent. of its total assets and net borrowings taking into account cash held were 7.4 per cent.

Key Performance Indicators

The Board reviews performance by reference to a number of key performance indicators, which include the following:

- portfolio performance;
- net asset value (NAV);
- share price;
- premium/discount;
- dividends; and
- ongoing charges.

DIRECTORS' REPORT

Authorised and Issued Share Capital as at 31 December 2014

The Fund has the power to issue an unlimited number of shares of no par value which may be issued as redeemable participating preference shares or otherwise and which may be denominated in Sterling or any other currency.

There are currently 2 Management Shares of no par value in the Company (issued on incorporation) and 2 Management Shares and 124,682,250 redeemable participating preference shares of no par value ("Fund Shares") in the Fund in issue. As at 31 December 2014, 15,750,000 of the Fund Shares were held in treasury. Since the financial year end, the Fund has not sold any Fund Shares from treasury but has bought back 50,000 Fund Shares to be held in treasury. Accordingly, the number of Fund Shares with voting rights in issue is currently 108,882,250.

Further issues of Fund Shares

The Fund's Articles of Association provide the directors with powers to issue further Fund Shares without seeking further shareholders' approval. Unless otherwise authorised by shareholders, Fund Shares must be issued on a pre-emptive basis. However, at the annual general meeting of the Fund held on 29 May 2014, the Fund's shareholders authorised the issue (or sale out of treasury) of Fund Shares representing up to 10 per cent. of its issued share capital in the event of investor demand which could not be met through the market, such issues only to be conducted at a price equal to or above the prevailing NAV.

The aforementioned authority expires on the earlier of 30 September 2015 or the conclusion of the Fund's next annual general meeting ("AGM"). For the period to 30 September 2016 or to the conclusion of the next AGM, the Board is proposing two special resolutions as follows:

THAT in accordance with Article 2.25 of the Funds Articles of Association (the "Articles") dated 16 May 2013, the directors be authorised to issue Fund Shares and to sell Fund Shares out of treasury, in each case for cash pursuant to Article 2.22 of the Articles up to an amount representing 10 per cent. of the issued share capital of the Fund as at the date of the Fund's AGM, as if Article 2.25 did not apply to the allotment or sale out of treasury, provided that such Fund Shares shall be allotted or sold for cash at a price which is not less than the NAV per Fund Share at the time of the issue or sale. This authority shall expire on the earlier of 30 September 2016 or the conclusion of the next AGM of the Fund, save that the directors shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted or sold out of treasury after such expiry pursuant to any such offer or agreement as if the power conferred hereby had not expired.

and

THAT the Directors of the Company be generally and unconditionally authorised:

(a) pursuant to Article 57 of the Companies (Jersey) Law 1991 (the "Law") to make market purchases of Fund Shares, provided that,
    (i) the maximum number of Fund Shares authorised to be purchased shall be up to an aggregate of 16,321,448 or such number as shall represent 14.99 per cent. of the issued share capital of the Fund as at the date of the Fund AGM, whichever is less (in each case excluding Fund Shares held in treasury);
    (ii) the minimum price, exclusive of any expenses, which may be paid for a Fund Share is £0.01; and
    (iii) the maximum price, exclusive of any expenses, which may be paid for a Fund Share shall be the higher of:
        a. an amount equal to 105 per cent. of the average middle market quotation for Fund Shares (as taken from the Daily Official List of London Stock Exchange plc) for the five business days immediately preceding the day on which such shares are contracted to be purchased; and
        b. the higher of (i) the price of the last independent trade and (ii) the highest current independent bid on the London Stock Exchange at the time the purchase is carried out, provided that the Company shall not be authorised to acquire Fund Shares at a price above the prevailing NAV per Fund Share on the date of purchase; and

(b) the authority hereby conferred shall expire on the earlier of 30 September 2016 or the conclusion of the next AGM of the Fund, save that the directors shall be entitled to make offers or agreements before the expiry of such power which would or might require the market purchase of Fund Shares after such expiry pursuant to any such offer or agreement as if the power conferred hereby had not expired; and

(c) pursuant to Article 58A of the Law to, if the directors determine in their absolute discretion that it be appropriate or desirable, hold as treasury shares any Fund Shares purchased pursuant to the authority conferred in paragraph (a) of this resolution.

DIRECTORS' REPORT

The Board considers that each of the proposed resolutions is in the interests of the Company, the Fund and its shareholders as a whole. The authority to issue additional shares or sell shares out of treasury will permit the directors to grow the Company, thereby reducing the total expense ratio, as costs will be spread across a larger number of issued shares, and will also enable further diversification of the Company's portfolio.

Accordingly, the directors unanimously recommend that you vote in favour of the proposed resolutions, as they intend to do in respect of their own beneficial holdings.

Substantial shareholding in the Fund

At year end and at the date of this report, the following shareholders had declared a notifiable interest of 5 per cent. or more in the Fund's voting rights:

Name	Redeemable Participating Preference Shares Nominal	Redeemable Participating Preference Shares % of Shares in issue*
State Street Nominees Limited	9,034,288	7.25
Rathbone Nominees Limited	6,634,073	5.32

* As at the date of this report

Shareholder Relations

Shareholder relations are given a high priority by the Board, Investment Manager and Secretary. The primary medium through which the Company communicates with its shareholders is through the annual and half-yearly financial reports, which aim to provide shareholders with a full understanding of the Company's activities and results. The information is supplemented by the daily publication of the NAV of the Fund Shares, monthly factsheets and information on the Company's website operated by the Investment Manager. Shareholders have the opportunity to address questions to the Chairman and the Committees of the Board at the AGM. All shareholders are encouraged to attend the AGM.

There is regular dialogue between the Investment Manager and major shareholders to discuss aspects of investment performance, governance and strategy and to listen to shareholders' views in order to help develop a balanced understanding of their issues and concerns. General presentations to both shareholders and analysts follow the publication of the annual financial results. All meetings between the Investment Manager and shareholders are reported to the Board.

Ongoing charges

The ongoing charges (%) shows the annualised ongoing charges that relate to the management of the Fund as a single percentage of the average NAV over the same year.

Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the Fund as a collective investment fund, excluding the costs of acquisition/disposal of investments, financing charges and gains/losses arising on investments. Ongoing charges are based on actual costs incurred in the year as being the best estimate of future costs.

	Ongoing charges (%)
31 December 2014	1.10
31 December 2013	1.22

Results and dividends

The results for the year are shown in the Statement of Comprehensive Income on page 28 and related notes on pages 30 to 44. During the year dividends were paid on a quarterly basis (see note 11). Although there is no guarantee, dividends are expected to be paid on a quarterly basis and paid at the end of that month as follows:

Payment Month	Gross amount per Share
April 2015	1.25p expected
July 2015	1.25p expected
October 2015	1.25p expected
January 2016	1.25p expected

This is not a profit forecast, nor should it be construed as such. This is a target only and should not be treated as an assurance or guarantee of performance.

Going concern

The performance of the investments held by the Fund over the reporting year is described in the Statement of Comprehensive Income and in note 9 to the financial statements and the outlook for the future is described in the Chairman's Report and the Investment Manager's Report. The Company's financial position, its cash flows and liquidity position are set out in the financial statements and the Company's financial risk management objectives and policies, details of its financial instruments and its exposures to market price risk, credit risk, liquidity risk, interest rate risk, currency risk and country risk are set out at note 16 to the financial statements.

The financial statements have been prepared on a going concern basis, supported by the directors' current assessment of the Fund's position, including the factors set out on page 8 above and:

- ongoing shareholder interest in the continuation of the Fund;
- the Fund has sufficient liquidity to meet all on-going expenses;
- should the need arise, the directors have the option to reduce dividend payments in order to positively affect the Fund's cash flows; and
- the Fund's investments in Canadian securities are readily realisable should their realisation be required to meet liquidity requirements.

Based on the above, in the opinion of the directors, there is a reasonable expectation that the Fund has adequate resources to continue in operational existence for the foreseeable future.

The directors have also considered the application of the Statement of Recommended Practice for Financial Statements of Investment Trust Companies and Venture Capital Trusts, whereby the going concern basis of preparation of the financial statements is considered appropriate until a vote is passed to discontinue the Fund. At the Fund's annual general meeting held on 16 May, 2013 a continuation vote was proposed and passed unanimously by those shareholders voting at the meeting. There is no requirement under the Fund's articles of association to propose any future continuation vote and the directors have not intention of proposing a continuation vote in the foreseeable future.

For these reasons the financial statements have been prepared using the going concern basis.

Corporate Governance

The Board is committed to achieving and demonstrating high standards of corporate governance.

As an overseas company with a premium listing, the Company is required to include a statement in its annual report as to whether it has complied throughout the accounting period with all relevant provisions set out in the UK Corporate Governance Code or, if not, setting out those provisions with which it has not complied and the reasons for non-compliance.

The Association of Investment Companies (the "AIC"), of which the Company is a member, has published its Code of Corporate Governance for Investment Companies (the "AIC Code") and the Corporate Governance Guide for Investment Companies dated February 2013 (the "AIC Guide"), which incorporates the UK Financial Reporting Council's (the "FRC") UK Corporate Governance Code, the AIC Code and certain requirements of the UKLA Listing Rules. The FRC has confirmed that "it remains the FRC's view that by following the AIC Corporate Governance Guide investment company boards should fully meet their obligations in relation to the UK Corporate Governance Code and paragraph LR 9.8.6 of the Listing Rules."

The Board has considered the principles and recommendations of the AIC Guide. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Board considers that reporting against the principles and recommendations of the AIC Code will provide better information to shareholders.

The directors believe that the Company has complied with the provisions of the AIC Code where appropriate, and that it has complied throughout the year with the provisions where the requirements are of a continuing nature. The directors are cognisant of the publication on 3 March 2015 of the revised AIC Code dated February 2015. The directors have put in place further measures designed to ensure compliance with the revised AIC Code and will report against the updated AIC Code next year.

The Code is available for download from the FRC web-site www.frc.org.uk.

The directors believe that the Company has complied with the provisions of the AIC Code except as set out in the paragraph below, and that it has complied throughout the year with the provisions where the requirements are of a continuing nature.

The AIC Code includes a provision relating to the role of the chief executive. As all of the directors are non-executives, the Board considers that this provision is not relevant to the position of the Company, being an externally managed investment company. In accordance with UKLA Listing Rule LR 15.6.6, a closed-ended investment fund does not need to comply with the provisions regarding remuneration in the UK Corporate Governance Code. The Company has therefore not reported further in respect of these provisions. The Company continues to operate a comply or explain approach with shareholders.

The Board is responsible for setting the investment policy and has a schedule of investment matters reserved for the directors' resolution. The Board has contractually delegated to external agencies the management of the investment portfolio, the custodial services and the day to day accounting and secretarial requirements. Each of these contracts is only entered into after proper consideration by the Board of the quality and services being offered. The Company's risk assessment and the way in which significant risks are managed is a key area for the Board. Work here was driven by the Board's assessment of the risks arising in the Company's operations and identification of the controls exercised by the Board and its delegates, the Investment Manager and other service providers. These are recorded in the Company's business risk matrix, which continues to serve as an effective tool to highlight and monitor the principal risks. The Board also received and considered, together with representatives of the Investment Manager, reports in relation to the operational controls of the Investment Manager, Administrator, Custodian and Registrar. These reviews identified no issues of significance.

Principal Risks and Uncertainties

Investment Policy (incorporating the Investment Objective)

There is no guarantee that the Company's investment objective will be achieved or provide the returns sought by shareholders. The Board has established guidelines to ensure that the investment policy that has been approved is pursued by the Investment Manager.

Market Value of Fund Shares

The market value of the Fund Shares will be affected by a number of factors, including the dividend yield from time to time of the Fund Shares, prevailing interest rates and supply of and demand for those Fund Shares, along with wider economic factors and changes in applicable law, including tax law, and political factors. The market value of, and the income derived from, the Fund Shares can fluctuate and may go down as well as up. The market value of the Fund Shares may not always correlate closely with the NAV per Fund Share. While it is the intention of directors to pay dividends to shareholders on a quarterly basis, the ability to do so will largely depend on the amount of income the Company receives on its investments, the timing of such receipts and costs. Any reduction in income receivable by the Company, or increase in the cost of financing, will lead to a reduction in earnings per share and therefore in the Company's ability to pay dividends. Accordingly, the amount of dividends payable by the Company may fluctuate.

Reliance on External Service Providers

The Company has no employees and the directors have all been appointed on a non-executive basis. The Company is reliant upon the performance of third party service providers for its executive function. The Company's most significant contract is with the Investment Manager, to whom the responsibility for the day-to-day management of the Company's portfolio has been delegated. The Company has other contractual arrangements with third parties to act as administrator, secretary, auditor, registrar, custodian and broker. Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operations of the Company and could affect the ability of the Company to successfully pursue its investment policy and expose the Company to reputational risk.

The Investment Manager may be exposed to the risk that litigation, misconduct, operational failures, negative publicity and press speculation, whether or not it is valid, will harm its reputation. Any damage to the reputation of the Investment Manager could result in counterparties and third parties being unwilling to deal with the Investment Manager and by extension the Company. This could have an adverse impact on the ability of the Company to pursue its investment policy.

Directors

As at 31 December 2014 the Board of directors comprised five non-executive directors, four of whom were independent of the Investment Manager.

The present members of the Board are listed on the inside back cover of this report and on pages 13 to 14. In accordance with the provisions of the AIC Code, all directors should submit themselves for re-election at least every three years. In addition, as Mr Orrico is not independent of the Investment Manager, he is required by the UKLA's Listing Rules to submit himself for re-election annually. However, in accordance with PIRC's published guidance in relation to the continued appointment of directors, at the forthcoming AGM on 28 May 2015 each of the directors will resign and stand for re-election. As the Fund is a Jersey- regulated entity, any change of director is subject to the consent of the Jersey Financial Services Commission ("JFSC") and the resignation of each director will be conditional upon the JFSC's consent to their resignation being obtained. This consent will only be sought if any director is not re- elected at the AGM.

Any director whose re-election is not approved at the AGM will therefore remain in office until such time as the JFSC consents to their resignation (and this consent may itself be conditional upon the appointment of a replacement director acceptable to the JFSC). Any such resigning director will not take part in the management of the Fund pending receipt of such regulatory consent (save as may be required to preserve and protect the Fund's assets and interests or as may be required to comply with applicable regulation or legal obligation).

The interests of the directors who held office during the year, as at 31 December 2014 and 2013, are set out below.

	2014 Redeemable Participating Preference Shares	2013 Redeemable Participating Preference Shares
Raymond Apsey	50,000	50,000
Philip Bisson	570,500	570,500
Philean Trust Company Limited		
(a company connected with Philip Bisson)	678,000	704,570
Thomas Grose	50,000	40,000
Dean Orrico	100,000	–
Nicholas Villiers (Chairman)	10,000	10,000

The current directors are:

Nicholas Villiers (Chairman)
Mr Villiers was Vice Chairman of Royal Bank of Canada Europe Limited and Managing Director of RBC Capital Markets (previously RBC Dominion Securities). Mr Villiers joined the Royal Bank of Canada Group in 1983 as a director and Head of Mergers and Acquisitions at Orion Royal Bank, London (a subsidiary of Royal Bank of Canada). During his 19-year career with the RBC Group, Mr Villiers led the international mergers and acquisitions team based in London and was also responsible for the Royal Bank of Canada Group's successful participation in international privatisations. Prior to joining the Royal Bank of Canada Group, Mr Villiers served from 1977 to 1983 as joint Managing Director of Delcon Financial Corporation. Mr Villiers is domiciled in Switzerland.

Raymond Apsey
Mr Apsey is a Fellow of the Institute of Chartered Secretaries and Administrators with extensive experience at management level of the offshore finance industry in the Bahamas, the Channel Islands and the Cayman Islands. He joined the Morgan Grenfell Offshore Group in 1975 to head the Corporate and Trust Division and held various senior appointments including Deputy Managing Director of Jersey, Managing Director of Cayman and Group director before retiring in December 1995. Mr Apsey resides in Jersey and is currently Chairman or director of a number of investment companies listed on the London, Irish and Channel Islands stock exchanges.

Philip Bisson
Mr Bisson is a Fellow Member of the Chartered Institute of Bankers, and is or has been a member of various Jersey committees including the Jersey Association of Trust Companies of which he is also treasurer. From 1979 to 1986 Mr Bisson was Trust Manager and Company Secretary of Chase Bank and Trust Company (CI) Limited and from 1986 to 1994 was a Director of BT Trustees (Jersey) Limited. Mr Bisson is domiciled in Jersey and is currently the Managing Director of Philean Trust Company Limited.

Thomas Grose
Following service with the United States Army, Mr Grose began his career in finance with Citibank in New York, where he rose to become an Assistant Vice President. After a spell as Vice President – Finance and Chief Financial Officer with Great American Industries, Inc., he joined Bankers Trust Company, where he spent 18 years variously in New York, London and Tunisia. Since 1991, Mr Grose has worked for Stock Market Index International, a company that he established in the UK, which provides proprietary research to asset managers, hedge funds and other financial institutions.

DIRECTORS' REPORT

Dean Orrico
Mr Orrico is President, Chief Executive Officer and Chief Investment Officer of Middlefield Capital Corporation and has been employed by the firm since 1996. Prior to joining Middlefield, Mr Orrico was a commercial account manager with the Toronto-Dominion Bank. Mr Orrico is currently responsible for overseeing the creation and ongoing management of all of Middlefield's investment funds including mutual funds, Toronto and London Stock Exchange-listed funds and flow-through funds. He graduated with a Bachelor of Commerce degree from the Rotman School of Management (University of Toronto) and holds an MBA from the Schulich School of Business (York University). Mr Orrico is a registered Portfolio Manager.

Mr Orrico oversees approximately $4 billion in assets under management at Middlefield and has developed expertise in both equity and fixed income securities. Having spent many years managing equity portfolios and meeting with international companies and investors, Mr Orrico has overseen the diversification of Middlefield's portfolios into global equity income securities.

The Company and Fund do not have any executive directors nor do they have any employees.

The structure of the Board is such that it is considered unnecessary to identify a senior independent non-executive director other than the Chairman as the Board currently has a majority of independent directors and is expected to continue to have a majority of independent directors beyond the forthcoming company and cell annual general meetings. As such, it complies with the UKLA Listing Rules and AIC Code. On 26 May 2010, a Nomination and Remuneration Committee was established comprised of all the directors of the Fund. Going forward, in accordance with PIRC's published guidance, all directors will be subject to annual re-election.

Although no formal training in corporate governance is given to directors, the directors are kept up- to-date on corporate governance issues through bulletins and training materials provided from time to time by the Secretary and the AIC.

The Board meets at least quarterly to review the overall business of the Company and to consider matters specifically reserved for its review. At these meetings the Board monitors the investment performance of the Fund. The directors also review the Fund's activities every quarter to ensure that it adheres to the Fund's investment policies or, if appropriate, to make changes to those policies. Additional ad hoc reports are received as required and directors have access at all times to the advice and services of the Secretary, which is responsible for guiding the Board on procedures and applicable rules and regulations.

Conflicts of Interest

A director must avoid a situation where he has, or can have a direct or indirect interest that conflicts, or has the potential to conflict, with the Company's interests. The Articles of Association of the Company give the directors authority to authorise potential conflicts of interest and there are safeguards in place which will apply when directors decide whether to do so.

Firstly, only directors who have no interest in the matter being considered are able to take the relevant decision, and secondly, in taking the decision the directors must act in a way they consider, in good faith, will most likely be in the best interests of the Company. The directors can impose limits or conditions when giving authorisation if they think this is appropriate.

The directors have declared any potential conflicts of interest to the Company. Any potential conflicts of interest are entered into the Company's register of potential conflicts, which is reviewed regularly by the Board. The register of potential conflicts of interest is kept at the registered office of the Company. The directors will advise the Secretary as soon as they become aware of any potential conflicts of interest.

Directors' and Officers' Liability Insurance

The Company maintains a Directors' and Officers' Liability Insurance policy at a level which is considered appropriate for the Company.

Directors' Remuneration

No director has a service contract with the Company or Fund and details of the directors' fees are disclosed in note 13.

For the year ended 31 December 2014 the non-executive directors each received the following:

Director	Fees
Raymond Apsey	£20,000
Philip Bisson	£20,000
Thomas Grose	£20,000
Dean Orrico (fee waived)	–
Nicholas Villiers	£25,000

Board, Committee and Directors' Performance Evaluation

The directors recognise the importance of the AIC Code in terms of evaluating the performance of the Board as a whole, its respective Committees and individual directors. During the year, the performance of the Board, Committees of the Board and individual directors was assessed in terms of:

- attendance at Board and Committee Meetings;
- the independence of individual directors;
- the ability of individual directors to make an effective contribution to the Board and Committees of the Board due to the diversity of skills and experience each director brings to meetings; and
- the Board's ability to effectively challenge the Investment Manager's recommendations, suggest areas of debate and fix timetables for debates on the future strategy of the Company.

The directors concluded that the performance evaluation process had proved successful, with the Board, the Committees of the Board and the individual directors scoring well in all areas. The Board and the Committees of the Board continued to be effective and the individual directors continued to demonstrate commitment to their respective roles and responsibilities.

Directors' Attendance

The table below summarises the directors' attendance at each type of meeting held during the year.

	Board	Audit Committee	Nomination and Remuneration Committee	Placing Committee	Dividend Committee	Management Engagement Committee
No. of meetings in the year	4	2	1	2	4	1
Raymond Apsey	4	2	1	0	0	1
Philip Bisson	3	1	1	0	4	1
Thomas Grose	3	2	1	0	2	1
Dean Orrico	4	n/a	1	0	3	1
Nicholas Villiers	4	2	1	2	1	1

Independence of Directors

During the year the Board consisted of five members, all of whom are non-executive. Mr Orrico is a director of Middlefield Capital Corporation, an affiliate of the Investment Manager. All the directors, apart from Mr Orrico, are considered to be independent of the Investment Manager and free of any business or other relationship that could influence their ability to exercise independent judgement. The Board believes that Mr Orrico's investment management experience adds considerable value to the Company. Mr Orrico does not take part in discussing any contractual arrangements between the Board and Investment Manager.

The Board believes that Mr Villiers, Mr Grose, Mr Bisson and Mr Apsey are independent in character and judgement and that their experience and knowledge of the specialised sector in which the Company operates adds significant strength to the Board. The directors believe that the Board has a balance of skills and experience which enable it to provide effective strategic leadership and proper governance of the Company. Information about the directors including their relevant experience can be found on pages 13 to 14. The Board is of the view that length of service will not necessarily compromise the independence or contribution of directors of an investment company, where continuity and experience can be a benefit to the Board. Furthermore, the Board agrees with the view expressed in the AIC Code of Governance that long serving directors should not be prevented from forming part of an independent majority or from acting as Chairman. Consequently, no limit has been imposed on the overall length of service as the Board considers that independence has not been compromised by length of service.

Internal Controls

The Directors are responsible for overseeing the effectiveness of the internal financial control systems for the Company, which are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which is issued for publication is reliable, and that the assets of the Company are safeguarded. Such a system of internal financial controls can only provide reasonable and not absolute assurance against material misstatement or loss.

DIRECTORS' REPORT

The Company receives reports from the Administrator relating to its administration activities. Documented contractual arrangements are in place with the Administrator, which define the areas where the Company has delegated authority to them.

Audit Committee

On 26 May 2010, an Audit Committee was established. The current members are Thomas Grose (Chairman), Raymond Apsey, Nicholas Villiers and Philip Bisson. A separate report from the Audit Committee is included at pages 19 to 21.

Nomination and Remuneration Committee

The Board has also established itself as a Nomination and Remuneration Committee, which meets when necessary. The current members are all the directors of the Company.

- The Committee considers and monitors the level and structure of remuneration of the directors of the Company and Fund.
- The Committee is authorised, in consultation with the Secretary, where necessary to fulfil its duties, to obtain outside legal or other professional advice including the advice of independent remuneration consultants, to secure the attendance of external advisors at its meetings, if it considers this necessary, and to obtain reliable up-to-date information about remuneration in other companies, at the expense of the Fund.
- The Committee considers the overall levels of insurance cover for the Company, including Directors' and Officers' Liability Insurance.
- The Committee conducts a process annually to evaluate the performance of the Board and its individual directors.
- The Committee considers such other topics as directed by the Board.

The Board believes that, subject to any exception explained above and the nature of the Company as an investment fund, it has complied with the applicable provisions of the AIC Code and AIC Guide throughout the year. The Board has noted the recommendations of the Committee relating to Board diversity. The Board as a whole performs the function of a Nomination Committee and considers diversity, including the balance of skills, knowledge, diversity (including gender) and experience amongst other factors when reviewing the composition of the Board and appointing new directors, but does not consider it appropriate to establish targets or quotas in this regard. Board diversity is carefully considered and will continue to be considered in the future. The Board comprises five male non-executive directors and their summary biographical details are set out on pages 13 to 14. The Company has no employees.

Management Engagement Committee

The Board established a Management Engagement Committee (the "Committee") at its meeting held on 20 November 2013 in accordance with the Articles of Association of the Company. The principal function of the Committee is to monitor the performance and terms of engagement of the Company's key service providers as considered appropriate. The current members are all the directors of the Company. The Chairman of the Committee is Thomas Grose or, failing him, any United Kingdom ("UK") member of the Committee other than the Chairman of the Company. For the purposes of transacting business, a quorum of the Committee is not less than two members of the Committee and all meetings must take place in the UK.

Duties

The Committee duties are to review the terms of:

(i) the Administration and Secretarial Agreement;
(ii) the Legal Services Agreements;
(iii) the Investment Management and Advisory Services Agreement; and
(iv) any other service agreements the Company has entered into.

The quality and timeliness of reports to the Board are also taken into account and the overall conduct of the Company's affairs by the Investment Manager is considered. Based on its recent review of activities, and taking into account the performance of the portfolio, the other services provided by the key service providers, and the risk and governance environment in which the Company operates, the Board believes that the continuing appointment of the current key service providers remains in the best interests of the Company and its shareholders.

The UKLA's Listing Rules also require the following additional information:

Since the change to the Company's and Fund's investment management and investment advisory arrangements in July 2014, which involved the assignment of the rights and duties of the previous investment manager, Middlefield Capital Corporation, to Middlefield Limited ("ML"), ML has acted as the discretionary investment manager of the Company. Middlefield International Limited ("MIL") provides investment advisory services to the Company. The Company formalised the arrangement by entering into an assignation and novation agreement on 9 July 2014. There was no change in the fees payable by the Company (0.70 per cent. of NAV) or the circumstances, including the notice period (90 days), in which the agreement can be terminated by the parties.

For the purposes of the Alternative Investment Fund Managers Directive (the "Directive"), which was implemented into UK law with effect from 22 July 2013, the Company has been classified as a non-EU Alternative Investment Fund managed by a non-EU Alternative Investment Fund Manager. As such, the Company is not subject to the full scope of the Directive and therefore does not incur the additional costs, such as those incurred in having to appoint a depositary, that would have been applicable had it been deemed to be managed by an EU Alternative Investment Fund Manager.

The Board regularly reviews the performance of the services provided by these companies. A summary of the terms of the agreements with Kleinwort Benson (Channel Islands) Corporate Services Limited ("KB(CI)CSL") and with ML and MIL are set out in note 2 to the financial statements. After due consideration of the resources and reputations of KB(CI)CSL, MCC and MIL, the Board believes it is in the interests of shareholders to retain the services of KB(CI)CSL, ML and MIL for the foreseeable future. Having reviewed the investment management and advisory services provided by ML and MIL, and having regard to the Fund's investment performance since the Fund's launch in May 2006, the directors are of the view that the portfolio should remain under the Investment Manager's stewardship for the foreseeable future.

Note 19 lists all investments of the Fund's investment portfolio. The Terms of Reference for the Audit Committee, the Nomination and Remuneration Committee and the Management Engagement Committee are available for inspection at the Company's registered office during normal business hours.

Independent Auditor

Deloitte LLP has expressed its willingness to continue in office as auditor and a resolution to re-appoint it will be proposed at the forthcoming Fund and Company annual general meetings.

Secretary

Kleinwort Benson (Channel Islands) Corporate Services Limited acted as Secretary throughout the year.

Meetings of Shareholders

The notices (the "Notices") of the next Fund AGM and the next Fund and Company meeting are included at the back of this annual financial report.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that year. The directors have elected to prepare the financial statements under International Financial Reporting Standards (IFRS) as adopted by the European Union.

International Accounting Standard 1 requires that financial statements present fairly for each financial period the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. However, directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and performance; and
- make an assessment on the Company's ability to continue as a going concern.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law, 1991, as amended. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey and the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. Having taken advice from the Audit Committee, the Board considers the report and accounts, taken as a whole, as fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Directors' responsibility statement

We confirm that to the best of our knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
2. the Chairman's Report, Investment Manager's Report and Notes to the Financial Statements incorporated herein by reference include a fair review of the development, performance and position of the Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board:

Thomas Grose
Director

Philip Bisson
Director

Date: 21 April 2015

REPORT OF THE AUDIT COMMITTEE

This is the report of the Audit Committee and it has been prepared with reference to the 2013 AIC Code. The Company has an established Audit Committee which has operated since 2010 and which reports formally at least twice each year to the main Board. It has formally delegated duties and responsibilities within written terms of reference which are reviewed and reapproved annually. The function of the Audit Committee is to ensure that the Company maintains high standards of integrity, financial reporting and internal controls.

The Audit Committee is chaired by Thomas Grose, a non-executive independent director and its other members are Nicholas Villiers, Raymond Apsey and Philip Bisson who are also independent non-executive directors. Their summary biographical details are set out on page 13.

The members do not have any links with the Company's external auditor. They are also independent of the management teams of the Investment Manager, the Administrator and all other service providers. The Audit Committee meets formally no less than twice a year in London and on an ad hoc basis if required. The membership of the Audit Committee and its terms of reference are kept under review.

The Audit Committee considers the financial reporting by the Company and the Fund, the internal controls, and relations with the Company's and the Fund's external auditor. In addition, the Audit Committee reviews the independence and objectivity of the auditor. The Committee meets at least twice a year to review the internal financial and non-financial controls, to approve the contents of the half-yearly and annual financial reports to shareholders and to review accounting policies. Representatives of Deloitte LLP, the Company's auditor, attend the Committee meeting at which the draft annual financial report is reviewed and can speak to Committee members without the presence of representatives of the Investment Manager. The audit programme and timetable are drawn up and agreed with the Company's auditor in advance of the financial year end. Items for audit focus are discussed, agreed and given particular attention during the audit process. The auditor reports to the Committee on these items, among other matters. This report is considered by the Committee and discussed with the auditor and the Investment Manager prior to approval and signature of the annual financial report.

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference and to consult with outside legal or other independent professional advisers when deemed necessary in order to adequately discharge their duties and responsibilities, which include:

- Considering the appointment, resignation or dismissal of the external auditor and their independence and objectivity, particularly in circumstances where non-audit services have been provided.
- Reviewing the cost effectiveness of the external audit from time to time.
- Reviewing and challenging the half-yearly and annual financial reports, focusing particularly on changes in accounting policies and practice, areas of accounting judgement and estimation, significant adjustments arising from audit or other review and the going concern assumption.
- Reviewing compliance with accounting standards and law and regulations including the Companies (Jersey) Law, 1991, as amended and the UKLA's Listing and Disclosure and Transparency Rules.
- Completing regular risk management reviews of internal controls, which include the review of the Fund's Risk Register.
- Reviewing the Company's system of internal controls, including financial, operating, compliance and risk management controls and to make and report to the Board any recommendations that may arise.
- Considering the major findings of internal investigations and make recommendations to the Board on appropriate action.
- Ensuring that arrangements exist whereby service providers and management may raise concerns over irregularities in financial reporting or other matters in confidence and that such concerns are independently investigated and remediated with appropriate action.

The Audit Committee, having reviewed the effectiveness of the internal control systems of the Administrator on a quarterly basis, and having regard to the role of its external auditor, does not consider that there is a need for the Company or Fund to establish its own internal audit function.

REPORT OF THE AUDIT COMMITTEE

Some of the principal duties of the Audit Committee are to consider the appointment of the external auditor, to discuss and agree with the external auditor the nature and scope of the audit, to review the scope of and to discuss the results and the effectiveness of the audit and the independence and objectivity of the auditor, to review the external auditor's letter of engagement and management letter and to analyse the key procedures adopted by the Company's outsourced service providers including the Administrator and Custodian. The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of the Company's and its service provider's internal control and risk management systems. The Company's risk assessment focus and the way in which significant risks are managed is a key area for the Committee. Work here was driven by the Committee's assessment of the risks arising in the Company's operations and identification of the controls exercised by the Board and its delegates; the Investment Manager and other service providers. These are recorded in the Company's business risk matrix which continues to serve as an effective tool to highlight and monitor the principal risks.

The Board also received and considered, together with representatives of the Investment Manager, reports in relation to the operational controls of the Investment Manager, Administrator, Custodian and Registrar. These reviews identified no issues of significance. The risks relating to the Company are discussed by the directors and documented in detail in the minutes of each meeting. The Audit Committee is also responsible for overseeing the Company's relationship with the external auditor, including making recommendations to the Board on the appointment of the external auditor and its remuneration. The current auditor was appointed in 2006 following an audit tender process and has therefore served the Company for nearly nine years. The independence of the external auditor is evidenced through its challenge to management. Its independence and objectivity are assured through the rotation of audit partner on a regular basis. The present audit Partner's permitted fifth and final year is the year ended 31 December 2016. Accordingly the Committee has not considered it necessary to date to undertake another tender process for the audit work, although it has considered Deloitte's tenure and appointment on an annual basis. Since the beginning of the financial year the Audit Committee has undertaken an assessment of the qualifications, expertise and resources, and independence of the external auditor and the effectiveness of the audit process. This included consideration of a report on the audit firm's own quality control procedures and transparency report.

Significant Risks

During the year, the significant risks that were subject to specific consideration by the Committee and consultation with the auditor where necessary were as follows:

Valuation and ownership of securities
There is a risk that the securities are incorrectly valued and that they are not directly owned by the Fund.

Ownership of securities – at each valuation point a stock reconciliation is performed, which entails tracing and agreeing the stock holding at valuation point to the Custodian records.

Any differences are investigated and commented on.

All new trades are traced and agreed to the contract note.

Valuation of securities – at each valuation point a price tolerance check is run. A comparison is done between the prices per two different financial data vendors, namely, Bloomberg and Interactive Data Services. The following exceptions require further investigation:

- Prices outside the stated tolerance levels: Price movements need to be justified to underlying support.
- Static prices: These need to be traced and agreed to support to ensure prices are not static. Static prices are escalated as per the pricing policy after being static for more than 7 days.
- Zero prices: Prices for these securities need to be investigated and added if applicable.
- >1% difference between Bloomberg and Interactive Data Services price: Both prices need to be supported to ensure they are correct. Support and justification needs to be provided in respect of the price selected.

Accuracy of Investment Manager's fees
There is a risk that the fees are not calculated in line with the relevant agreements.

REPORT OF THE AUDIT COMMITTEE

The calculation of variable expenses forms part of the procedures performed in the daily valuation process. The fees are calculated using the variable expense calculator which is automated. The setup of the calculator is done utilising the rates per the relevant agreements. Accuracy and cut-off is checked using the variable fee check. The accuracy of variable fees is also reviewed as part of the valuation procedures.

Auditor and Audit

The Audit Committee considers the nature, scope and results of the auditor's work and monitors the independence of the external auditor. Formal reports are received at Board meetings from the auditor on an interim and annual basis relating to the extent of their work, the accuracy of accounting and the correctness of valuation of assets. The work of the auditor in respect of any significant audit issues and consideration of the adequacy of that work is discussed.

The Audit Committee assesses the effectiveness of the audit process. The Audit Committee received a report from the auditors which covers the principal matters that have arisen from the audit.

The Chairman of the Audit Committee meets with the Investment Manager and Administrator to discuss the extent of audit work completed to ensure all matters of risk are covered while the Committee assesses the quality of the draft financial statements prepared by the Administrator and examines the interaction between the Investment Manager and auditor to resolve any potential audit issues. It also reviews, develops and implements policy on the supply of non-audit services. All non-audit services, if any, which are sourced from the audit firm would need to be pre-approved by the Audit Committee after they have been satisfied that the relevant safeguards are in place to protect the auditor's objectivity and independence.

The Audit Committee has an active involvement and oversight of the preparation of both half yearly and annual financial reports and recommends for the purposes of the production of these financial reports that valuations are prepared by the management team of the Administrator. These valuations are a critical element in the Company's financial reporting and the Audit Committee questions them thoroughly.

Ultimate responsibility for reviewing and approving the annual financial report remains with the Board.

Thomas Grose
Chairman of the Audit Committee

Date: 21 April 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

MIDDLEFIELD CANADIAN INCOME – GBP PC (THE "FUND"),
A CELL OF MIDDLEFIELD CANADIAN INCOME PCC

Opinion on financial statements of Middlefield Canadian Income – GBP PC

In our opinion the financial statements:

- **give a true and fair view of the state of the Fund's affairs as at 31 December 2014 and of the Fund's profit for the year then ended;**
- **have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and**
- **have been properly prepared in accordance with the Companies (Jersey) Law, 1991.**

The financial statements comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Redeemable Participating Preference Shareholders' Equity, the Cash Flow Statement and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs adopted by the European Union.

Going concern

We have reviewed the directors' statement on pages 10 and 11 that the Fund is a going concern. We confirm that:

- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Fund's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Fund's ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

RISK	HOW THE SCOPE OF OUR AUDIT RESPONDED TO THE RISK
Ownership of Securities The investment portfolio is the single largest asset on the balance sheet with a value of £122,991,718 (2013: £129,529,929). There is a risk that securities, a record of which is maintained by a third party custodian, are not directly owned by the Fund.	We agreed all the holdings to independent third party confirmations provided by the Fund's custodian and investigated any significant differences. In assessing the custodian, we reviewed the design and implementation of controls around management's own assessment of the custodian.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

MIDDLEFIELD CANADIAN INCOME – GBP PC (THE "FUND"),
A CELL OF MIDDLEFIELD CANADIAN INCOME PCC

Valuation of Securities The portfolio of investments is made up of listed securities which are measured at fair value and fair value is determined based on market prices. There is a risk that the incorrect market price is used and any small difference in price could result in a material impact on the financial statements. In addition, where securities are not regularly traded there is a greater risk that the quoted price is not reflective of fair value.	We reviewed the design and implementation of controls around management's valuation process. In addition, we assessed the prices used to value the securities using independent third party sources for a sample of securities. For a sample of securities, we also reviewed the frequency with which they were traded.
Accuracy of investment management fees The investment management fee is the single largest administrative expense in the Statement of Comprehensive Income constituting £823,771 (2013: £900,342). We have identified a potential risk in the calculation of these fees in that the calculation applied may not be in line with the written agreement as described on page 33 and the inputs used in the calculation may be incorrect.	The fee agreement relating to the investment management fee, including the updated agreement following the change in Investment Manager, was obtained and the fees for the year ended 31 December 2014 were recalculated in accordance with the agreement and compared to the recorded amounts. In addition we reviewed the accuracy of the inputs used in the calculation and the design and implementation of controls relating to the inputs (net asset values) into the calculation and over the accuracy of the calculation in relation to the written agreement.

The Audit Committee's consideration of these risks is set out on pages 20 to 21.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Fund to be £1,124,000 (2013: £2,330,000), which is around 1% (2013: 2%) of the Net Asset Value of the Fund. The reason for using Net Asset Value is that this is the key performance indicator for investors in the Fund.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £22,500 (2013: £47,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

This is a change of approach from 2013, where we used a materiality of £2,330,000 which was around 2% of net assets. We have changed the percentage applied to net assets to determine materiality to align more closely with those of other comparable entities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

MIDDLEFIELD CANADIAN INCOME – GBP PC (THE "FUND"),
A CELL OF MIDDLEFIELD CANADIAN INCOME PCC

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

The financial reporting is performed by an administrator and our work combined an assessment of the control environment of the administrator that maintains the books and records of the entity and direct communication with management of the entity to obtain an understanding of the controls around significant risk areas.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of explanations received and accounting records

Under the Companies (Jersey) Law, 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the parent company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the Fund's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

MIDDLEFIELD CANADIAN INCOME – GBP PC (THE "FUND"),
A CELL OF MIDDLEFIELD CANADIAN INCOME PCC

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law, 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and/or those further matters we have expressly agreed to report to them on in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non- financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Helen Gale, BSc, FCA
for and on behalf of Deloitte LLP
Chartered Accountants and Recognized Auditor
Jersey, UK

21 April 2015

Financial Statements

FINANCIAL STATEMENTS

Statement of Financial Position of the Fund

AS AT 31 DECEMBER 2014 WITH COMPARATIVES AS AT 31 DECEMBER 2013

	Notes	2014 GBP	2013 GBP
Current Assets			
Securities (at fair value through profit or loss)	3 & 19	122,991,718	129,529,929
Accrued bond interest		132,741	171,091
Accrued bank interest		9,282	3,003
Accrued dividend income		268,128	382,768
Other receivables	6	2	2
Prepayments		31,084	31,503
Cash and cash equivalents	4	19,738,857	6,656,549
		143,171,812	136,774,845
Current liabilities			
Other payables and accruals	5	(366,908)	(390,422)
Interest payable		(130,552)	(1,989)
Loan payable	14	(30,278,154)	(19,795,302)
		(30,775,614)	(20,187,713)
Net assets		**112,396,198**	**116,587,132**
Equity attributable to equity holders			
Stated capital	6	51,778,312	50,796,973
Retained earnings		60,617,886	65,790,159
Total Shareholders' equity		**112,396,198**	**116,587,132**
Net asset value per redeemable participating preference share	7	**103.18p**	**107.92p**

The financial statements and notes on pages 27 to 44 were approved by the directors on 21 April 2015 and signed on behalf of the Board by:

Thomas Grose
Director

Philip Bisson
Director

The accompanying notes on pages 31 to 44 form an integral part of these financial statements.

FINANCIAL STATEMENTS

Statement of Comprehensive Income of the Fund

FOR THE YEAR ENDED 31 DECEMBER 2014 WITH COMPARATIVES FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2014 Revenue GBP	 Capital GBP	 Total GBP	2013 Total GBP
REVENUE:					
Dividend income	8	5,171,638	–	5,171,638	5,136,240
Interest income	8	1,010,010	–	1,010,010	1,266,876
Net movement in the fair value of securities (at fair value through profit or loss)	9	–	(2,660,636)	(2,660,636)	8,552,600
Net movement on foreign exchange		–	(351,344)	(351,344)	1,307,905
Total Revenue		**6,181,648**	**(3,011,980)**	**3,169,668**	**16,263,621**
Expenditure					
Investment management fees	2o	329,508	494,263	823,771	900,342
Custodian fees	2l	15,770	–	15,770	11,513
Sponsor's fees	2m	235,363	–	235,363	230,285
Directors' fees and expenses		113,662	–	113,662	127,575
Legal and professional fees		50,141	–	50,141	49,237
Audit fees		26,048	–	26,048	26,000
Tax fees		6,600	–	6,600	7,800
Registrar's fees		40,736	–	40,736	38,204
Administration and secretarial fees	2k	117,682	–	117,682	115,133
General expenses		67,698	–	67,698	83,043
Operating expenses		**1,003,208**	**494,263**	**1,497,471**	**1,589,132**
Net operating profit before finance costs		5,178,440	(3,506,243)	1,672,197	14,674,489
Finance cost		(227,185)	(340,777)	(567,962)	(382,946)
Profit (loss) before tax		4,951,255	(3,847,020)	1,104,235	14,291,543
Withholding tax expense		(857,395)	–	(857,395)	(784,736
Net profit (loss)		**4,093,860**	**(3,847,020)**	**246,840**	**13,506,807**
Profit (loss) per redeemable participating preference share – basic and diluted	10	**3.78**	**(3.55)**	**0.23**	**12.59p**

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

There are GBP nil (2013: GBP nil) earnings attributable to the management shares. All activities derive from continuing operations.

The accompanying notes on pages 31 to 44 form an integral part of these financial statements.

Statement of Changes in Redeemable Participating Preference Shareholders' Equity of the Fund

FOR THE YEAR ENDED 31 DECEMBER 2014 WITH COMPARATIVES FOR THE YEAR ENDED 31 DECEMBER 2013

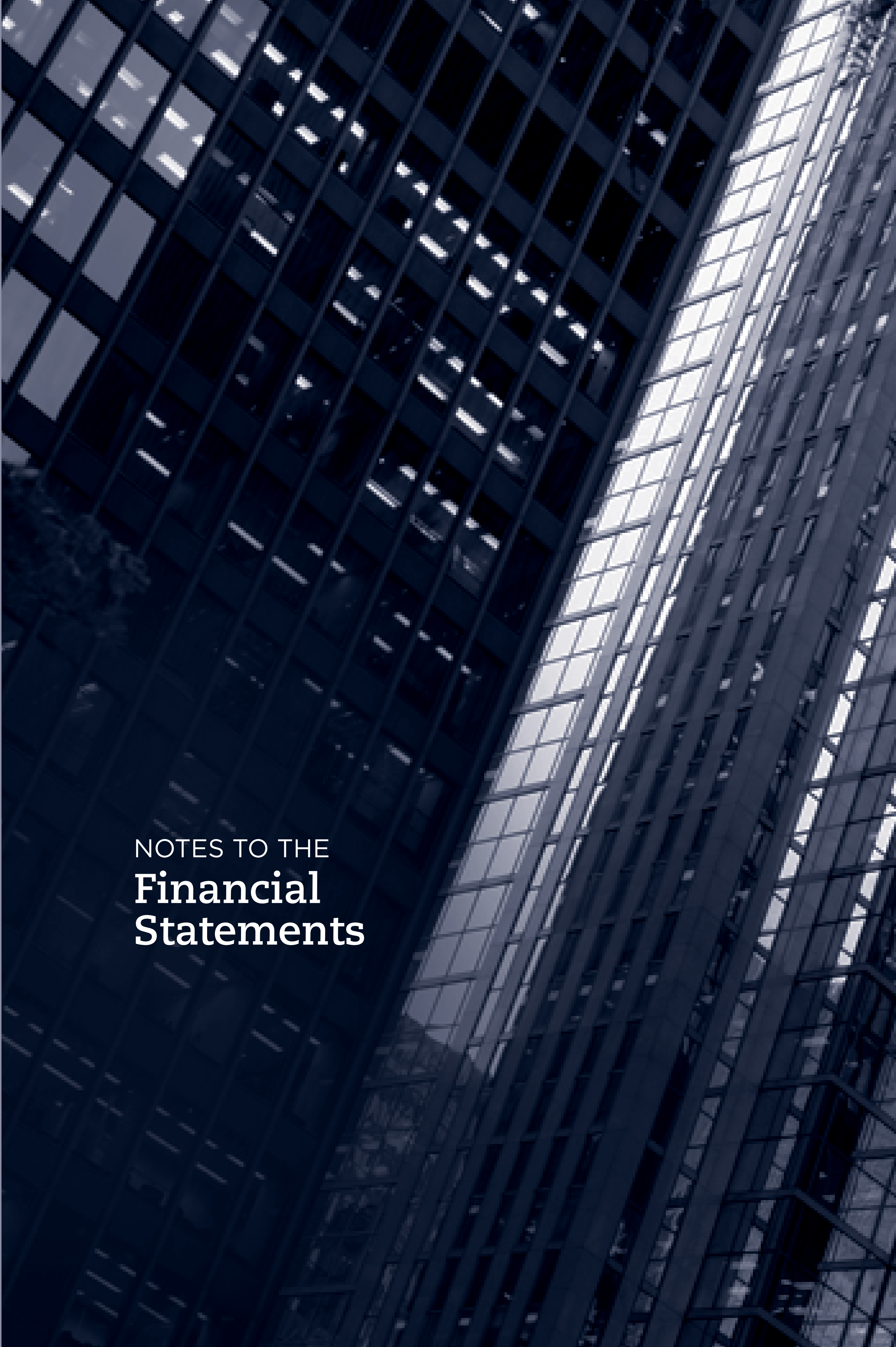
	Notes	Stated Capital Account GBP	Retained Income GBP	Total GBP
At 1 January 2013		47,110,708	57,630,590	104,741,298
Proceeds from redeemable share issues		3,686,265	–	3,686,265
Profit for the year		–	13,506,807	13,506,807
Dividends	11	–	(5,347,238)	(5,347,238)
At 31 December 2013		**50,796,973**	**65,790,159**	**116,587,132**
Proceeds from redeemable share issues		981,339	–	981,339
Profit for the year		–	246,840	246,840
Dividends	11	–	(5,419,113)	(5,419,113)
At 31 December 2014		**51,778,312**	**60,617,886**	**112,396,198**

Cash Flow Statement of the Fund

FOR THE YEAR ENDED 31 DECEMBER 2014 WITH COMPARATIVES FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2014 GBP	2013 GBP
Cash flows from operating activities			
Net profit		246,840	13,506,807
Adjustments for:			
Net movement in the fair value of securities (at fair value through profit or loss)	9	2,660,636	(8,552,600)
Realised loss (gain) on foreign exchange		342,226	(2,306,576)
Unrealised loss on foreign exchange		9,118	998,671
Payment for purchases of securities		(61,720,587)	(117,092,886)
Proceeds from sale of securities		65,598,161	107,617,492
Operating cash flows before movements in working capital		7,136,394	(5,829,092)
Decrease in other receivables		147,133	35,101
Increase (decrease) in other payables and accruals		105,048	(47,808)
Net cash from operating activities		**7,388,575**	**(5,841,799)**
Cash flows from financing activities			
Repayments of borrowings		(83,860,796)	(6,042,477)
New bank loans raised		94,343,647	10,465,294
Proceeds from issue of shares		981,339	3,686,265
Dividends paid	11	(5,419,113)	(5,347,238)
Net cash generated from financing activities		**6,045,077**	**2,761,844**
Net increase (decrease) in cash and cash equivalents		13,433,652	(3,079,955)
Cash and cash equivalents at the beginning of the year		6,656,549	8,428,599
Effect of foreign exchange rate changes		(351,344)	1,307,905
Cash and cash equivalents at the end of the year		**19,738,857**	**6,656,549**
Cash and cash equivalents made up of:			
Cash at bank	4	19,738,857	6,656,549

The accompanying notes on pages 31 to 44 form an integral part of these financial statements.



NOTES TO THE
Financial Statements

1. General Information

The Company is a closed-ended investment company incorporated in Jersey on 24 May 2006. The Company has one closed-ended Cell: Middlefield Canadian Income – GBP PC, also referred to as the "Fund". The Fund seeks to provide Shareholders with a high level of dividends as well as capital growth over the longer term. The Fund intends to pay dividends on a quarterly basis each year. The Fund seeks to achieve its investment objective by investing predominantly in the securities of companies and REITs domiciled in Canada and listed on a Canadian Stock Exchange that the Investment Manager believes will provide an attractive level of distributions, together with the prospect for capital growth.

The address of the Company's registered office is Wests Centre, St. Helier, Jersey, JE4 8PQ, Channel Islands.

The Fund's shares are listed on the London Stock Exchange. The Company and Fund have no employees.

The functional and presentational currency of the Company and the Fund is Sterling ("GBP").

2. Accounting Policies

a. Basis of presentation

The financial statements of the Company and the Fund (the "financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (the "EU") and in accordance with the AIC code. The preparation of financial statements in conformity with IFRS requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The financial statements are prepared under IFRS on the historical cost basis modified by stating the following assets and liabilities at their fair value: derivative financial instruments and securities.

Critical accounting estimates and judgements
The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies.

Expenses have been charged to the Statement of Comprehensive Income and shown in the revenue column except as in line with the Board's expected long-term split of returns in the form of capital gains and income for the portfolio, management fees and finance costs have been allocated 60% to capital and 40% to revenue.

Adoption of standards and interpretations (only those relevant to the Fund have been included)
- IAS 32 (amended) "Offsetting Financial Assets and Financial Liabilities" effective date is 1 January 2014. This amendment updates the application guidance in IAS 32, "Financial instruments: Presentation", to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The standard has no material impact on the financial statements of the Company and the Fund.

The following relevant standards or interpretations have been issued by the International Accounting Standards Board (IASB) but are not yet approved by the EU and therefore have not yet been adopted by the Company and the Fund:

- IFRS 9 Financial Instruments (Effective date for periods beginning on or after 1 January 2018) IFRS 9 deals with classification and measurement of financial assets and its requirements represent a significant change from the existing requirements in IAS 39 in respect of financial assets: amortised cost and fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows. All other financial assets are measured at fair value with changes recognised in profit or loss. For an investment in an equity instrument that is not held for trading, an entity may on initial recognition elect to present all fair value changes from the investment in other comprehensive income. Once adopted, IFRS 9 will be applied retrospectively, subject to certain transitional provisions. The standard is not expected to have a significant impact on the financial statements since all of the Company's financial assets are designated at fair value through profit and loss.

The adoption of some of these standards and Interpretations may require additional disclosure in future financial statements. None are expected to affect the financial position of the Company and the Fund.

2. Accounting Policies (Continued)

a. Basis of presentation (Continued)

The Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Redeemable Participating Preference Shareholders' Equity and Cash Flow Statement refer solely to the Fund. The non-cellular assets comprise two management shares. However, there has been no trading activity with regards to the non-cellular assets.

b. Financial instruments

Financial instruments carried on the Statement of Financial Position include securities, trade and other receivables, cash at bank and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Fund had no derivatives outstanding at 31 December 2014 and 2013.

Disclosures about financial instruments to which the Fund is a party are provided in Note 16.

c. Securities

Investments in listed securities have been classified as fair value through profit or loss securities and are those securities intended to be held for a short period of time but which may be sold in response to needs for liquidity or changes in interest rates. These are held at fair value through profit or loss, as they are managed and the performance evaluated on a fair value basis.

Fair value through profit or loss securities are initially recognised at fair value, which is the fair value of the consideration given. The securities are subsequently re-measured at fair value based on bid prices quoted at the Statement of Financial Position date. Gains and losses arising from changes in the fair value of these securities are recognised in the Statement of Comprehensive Income as they arise.

All purchases and sales of investments and trading securities that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at trade date, which is the date on which the Fund commits to purchase or sell the asset. In cases which are not within the time frame established by regulation or market convention, such transactions are recognised on settlement date. Any change in fair value of the asset to be received is recognised between the trade date and settlement date.

d. Receivables

Receivables are carried at anticipated realisable value. Anticipated realisable value is the amount that the Fund expects to receive less impairment.

e. Prepayments

Prepayments comprise amounts paid in advance for insurance, listing fees and AIC membership fees. Payments are expensed to the Statement of Comprehensive Income over the period which the Fund is receiving the benefit of these services.

f. Cash and cash equivalents

Cash includes amounts held in interest bearing accounts. Cash and cash equivalents comprise bank balances and cash held by the Fund. The carrying value of these assets approximates their fair value.

g. Provisions

A provision is recognised when the Fund has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligations.

h. Share capital

Redeemable participating preference shares are only redeemable at the sole option of the directors, participate in the net income of the Fund during its life and are classified as equity in line with IAS 32 (see Note 6).

i. Net asset value per redeemable participating preference share

The net asset value per redeemable participating preference share is calculated by dividing the net assets attributable to redeemable participating preference shareholders included in the Statement of Financial Position by the number of redeemable participating preference shares in issue at the year end.

2. Accounting Policies (Continued)

j. Issue costs

The expenditure directly attributable to the launch of the Fund's shares and all other costs incurred on the launch and subsequent issues of the Fund's shares are written-off immediately against proceeds raised.

k. Administration and secretarial fees

Under the provisions of the Administration Agreement dated 18 August 2011 between the Fund and Kleinwort Benson (Channel Islands) Corporate Services Limited as Administrator, the Administrator is entitled to a fee for administrative and secretarial services payable by the Fund quarterly in arrears at a rate of 0.10 per cent. per annum of the average net asset value ("NAV") of the Fund calculated over the relevant quarterly period.

l. Custodian fees

RBC Investor Services Trust (the "Custodian") was appointed as Custodian to the Fund on 6 October 2011. The Fund pays the Custodian 0.01 per cent. per annum of the Fund's NAV, accrued for at each valuation date.

m. Sponsor's fees

Canaccord Genuity Limited, the corporate broker, is entitled to ongoing sponsor's fees payable by the Fund quarterly in arrears at a rate of 0.20 per cent. per annum of the average NAV of the Fund calculated over the relevant quarterly period.

n. Going concern

In the opinion of the directors the Company and the Fund have adequate resources to continue in operational existence for the foreseeable future. For this reason the financial statements have been prepared using the going concern basis. The directors considered, inter alia, the following factors:

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

o. Investment management fees

Middlefield Limited, the Investment Manager, is entitled to a management fee payable by the Fund quarterly in arrears at a rate of 0.70 per cent. per annum of the average NAV of the Fund calculated over the relevant quarterly period. Prior to 28 June 2013, the management fee was at a rate of 0.867 per cent. per annum of the average NAV of the Fund calculated over the relevant quarterly period and prior to 9 July 2014, the investment manager was Middlefield Capital Corporation. Investment management fees for the year ended 31 December 2014 total £823,771 (31 December 2013: £900,342). The fee is split between ML and MIL at a ratio of 0.60: 0.10.

Management fees have been split 60% to capital and 40% to revenue.

p. Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at exchange rates in effect at the date of the financial statements. Realised and unrealised gains and losses on foreign currency transactions are charged or credited to the Statement of Comprehensive Income as foreign currency gains and losses. The cost of investments, and income and expenditure are translated into Sterling based on exchange rates on the date of the transaction. Realised loss on foreign exchange currency transactions totalled £419,473 for the year (2013: gain of £2,365,902). Realised gain on forward exchange contracts totalled £77,247 (2013: loss of £59,326). Unrealised loss on foreign currency transactions totalled £9,118 (2013: £998,671).

q. Revenue recognition

Interest and dividend income comprises bond interest, dividend income and interest on bank deposits and is calculated on an accrual basis. Bond interest is calculated and accounted for on an effective yield basis. Dividend income is shown gross of withholding tax.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue. Amounts recognised as capital are deducted from the cost of the investment. The tax accounting treatment follows the treatment of the principal amount.

2. Accounting Policies (Continued)

r. Loan payable

Loan payable is initially measured at fair value and is subsequently measured at amortised cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

s. Related parties

Related parties are individuals and companies where the individuals or companies have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

t. Business and geographical segments

The directors are of the opinion that the Fund is engaged in a single segment of business investing predominantly in securities and REITs domiciled in Canada to which the Fund is solely exposed and therefore no segmental reporting is provided. Refer to the change in investment policy on page 8.

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

	2014 GBP	2013 GBP
Equities	112,193,355	111,575,690
Debentures	10,798,363	17,954,239
	122,991,718	**129,529,929**

Please refer to Note 19 for the Schedule of Investments.

4. Cash and cash equivalents

	2014 GBP	2013 GBP
Cash at bank	**19,738,857**	**6,656,549**

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

5. Other payables and accruals

	2014 GBP	2013 GBP
Investment management fees	201,731	203,047
Sponsor's fees	57,637	58,013
Audit fees	26,000	26,000
Administration fees	28,819	29,007
Directors' fees	21,250	26,250
General expenses	20,246	36,693
Registrar's fees	8,343	7,334
Custodian fees	2,882	4,078
	366,908	**390,422**

6. Stated capital account

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

	No. of shares	GBP
Management shares issued		
At 24 May 2006	–	–
2 management shares of no par value issued at 100.00 pence each	2	2
At December 2014 and 2013	2	2
Redeemable participating preference shares issued		
At 31 December 2013	**108,032,250**	**50,796,971**
14 April 2014 50,000 shares of no par value repurchased at 98.75 pence each	(50,000)	(49,375)
16 May 2014 500,000 shares of no par value issued at 110.00 pence each	500,000	550,000
16 May 2014 issue cost		(5,500)
22 May 2014 250,000 shares of no par value issued at 109.25 pence each	250,000	273,125
22 May 2014 issue cost		(2,731)
11 November 2014 100,000 shares of no par value issued at 108.50 pence each	100,000	108,500
11 November issue costs		(1,085)
13 November 2014 100,000 shares of no par value issued at 109.50 pence each	100,000	109,500
13 November issue costs		(1,095)
At 31 December 2014	**108,932,250**	**51,778,310**
Total		**51,778,312**

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

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

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

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

FCA regulation of 'non-mainstream pooled investments'
The Company currently conducts its affairs so that the shares issued by the Company can be recommended by Independant Financial Advisors to ordinary retail investors in accordance with the rules of the Financial Conduct Authority ('FCA') in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The shares are excluded from the FCA's restrictions which apply to non-mainstream investment products because they are shares in an investment trust.

At year end there were 15,750,000 (31 December 2013: 16,650,000) treasury shares in issue. Treasury shares have no value and no voting rights.

7. Net asset value per redeemable participating preference share

The NAV per share of 103.18p (31 December 2013: 107.92p) is based on the net assets at the year end of £112,396,196 (31 December 2013: £116,587,132) and on 108,932,250 redeemable participating preference shares, being the number of redeemable participating preference share in issue at the year end (31 December 2013: 108,032,250 shares).

8. Dividend and interest income

		2014		2013
	Revenue GBP	Capital GBP	Total GBP	GBP
Bond and debenture interest	906,989	–	906,989	1,154,516
Bank and loan interest	103,021	–	103,021	112,360
Dividend income	5,171,638	–	5,171,638	5,136,240
	6,181,648	–	**6,181,648**	**6,403,116**

9. Net movement in the fair value of securities

		2014		2013
	Revenue GBP	Capital GBP	Total GBP	GBP
(Losses) / gains on sale of securities	–	(4,393,909)	(4,393,909)	5,714,799
Gains on the revaluation of securities at year end	–	1,733,273	1,733,273	2,837,801
Net movement in the fair value of securities (at fair value through profit or loss)	–	**(2,660,636)**	**(2,660,636)**	**8,552,600**

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

Basic profit per redeemable participating preference share is calculated by dividing the net profit attributable to redeemable participating preference shares of £246,914 (31 December 2013: £13,506,807) by the weighted average number of redeemable participating preference shares outstanding during the year of 108,492,387 shares (31 December 2013: 107,270,743 shares).

11. Dividends

Dividends of 1.25 pence per share were paid on a quarterly basis during the year in the months of January, April, July and October totalling £5,419,113 (31 December 2013: £5,347,238). On 30 January 2015 a dividend of £1,361,653 was paid. In accordance with the requirements of IFRS, as this was approved on 7 January 2015, being after the Statement of Financial Position date, no accrual was reflected in the 2014 financial statements for this amount £1,361,653 (31 December 2013: £1,350,403).

12. Taxation

The Fund is subject to UK Corporation tax at a rate of 21.66% (2013: 23.25%). The Company adopted UK tax residency from 11 October 2011 onwards. Since that date the Company has been managed in such a way as to be able to meet the conditions for approval as an investment trust under Section 1158 of the Corporation Tax Act 2010. As an investment trust, all capital gains are exempt from UK Corporation tax. On 7 December 2012 the Company received approval from HM Revenue & Customs to be treated as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 and will seek to remain so approved.

13. Related party transactions

The directors are regarded as related parties.

Total directors' fees paid during the year amounted to £85,000 of which £21,250 was due at the year end (2013: £105,000 of which £26,250 was due at the year end). Each non-executive director, other than Mr. Orrico, was paid a fee of £20,000 in respect of the financial year and the Chairman was paid a fee of £25,000. Mr. Orrico waived his fee in 2014.

The Investment Manager is also regarded as a related party due to common ownership. Total management fees paid during the year amounted to £823,771 (2013: £900,342).

The fees for the above are all arms length transactions.

14. Loan payable

The Fund has a Credit Agreement with Royal Bank of Canada ("RBC") whereby RBC provides an on Demand Credit Facility (the "Credit Facility"), with a maximum principal amount of the lesser of CAD65,000,000 and 25 per cent. of the Total Asset Value of the Fund.

14. Loan payable (Continued)
At 31 December 2014 the Bankers' Acceptance drawn under the Credit Facility totals CAD55,000,000 (GBP equivalent of £30,278,154) (31 December 2013: CAD35,000,000 (GBP equivalent £19,795,302)). £40,000,000 of the loan was renewed on 29 September 2014 with a maturity date of 27 January 2015. £10,000,000 of the loan was renewed on 20 October 2014 with a maturity date of 16 January 2015. £5,000,000 of the loan was renewed on 17 December 2014 with a maturity date of 17 March 2015. The Company has a general agreement to extend the loans till 5 October 2015.

At 31 December 2014 pre-paid interest and stamping fees of £44,750 (31 December 2013: £102,378) were paid on the Bankers' Acceptance and these costs are being amortised over 90 and 120 days (31 December 2013: 90 days). Interest paid on the Bankers' Acceptance totalled £362,790 (31 December 2013: £343,812).

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

15. Security Agreement
In conjunction with entering into the Credit Facility, the Fund has entered into a General Security Agreement. Pursuant to the terms of the General Security Agreement the Fund has granted RBC interests in respect of Collateral, being all present and after-acquired personal property including the Securities Portfolio, as security for the Fund's obligations under the Credit Facility.

16. Financial instruments
Fair values
The carrying amounts of the investments, accrued income, other receivables, cash and cash equivalents and other payables approximate their fair values.

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

The capital structure of the Fund consists of proceeds from the issue of preference shares, loans and reserve accounts. The Investment Manager manages and adjusts its capital in response to general economic conditions, the risk characteristics of the underlying assets and working capital requirements. Generally speaking, the Fund will reduce leverage when investments are likely to decrease in value and will increase leverage when investment appreciation is anticipated. In order to maintain or adjust its capital structure, the Fund may borrow or repay debt under its Credit Facility or undertake other activities deemed appropriate under the specific circumstances. The Fund and the Company do not have any externally imposed capital requirements. However, the Fund is subject to bank covenants in respect of leverage and was in compliance with those covenants in both 2014 and 2013.

Investment and trading activities
It is intended that the Fund will continue throughout its life to be primarily invested in a Canadian equities portfolio.

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

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

The Fund's principal financial assets are bank balances and cash, other receivables and investments as set out in the Statement of Financial Position which represents the Fund's maximum exposure to credit risk in relation to the financial assets. The credit risk on bank balances is limited because the counterparties are banks with high credit ratings of AA- and A+ assigned by Standard and Poor's rating agency. All transactions in listed securities are settled upon delivery using approved brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

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

16. Financial instruments (Continued)

Market price risk

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

Country risk

On 17 January 2012 the Financial Reporting Council ("FRC") released "Responding to the increased country and currency risk in financial reports".

The FRC 17 January 2012 update for directors of listed companies includes guidance on responding to the increased country and currency risk as a result of funding pressures on certain European countries, the curtailment of capital spending programmes (austerity measures) and regime changes in the Middle East.

The Fund mainly invests in Canadian securities. The Board has reviewed the disclosures and believes that no additional disclosures in light of this update are required since the Canadian economy is stable with a Moody's rating of AAA.

Fair value measurements

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

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

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

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

The following tables present the Fund's financial assets and liabilities by level within the valuation hierarchy as of 31 December 2014 and 2013:

31 December 2014	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial assets				
Securities				
(at fair value through profit or loss)	122,991,718	–	–	122,991,718

16. Financial instruments (Continued)
Fair value measurements (Continued)

31 December 2013	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial assets				
Securities				
(at fair value through profit or loss)	129,529,929	–	–	129,529,929

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

Price sensitivity
At 31 December 2014, if the market prices of the securities had been 30% higher with all other variables held constant, the increase in net assets attributable to holders of redeemable participating preference shares for the year would have been £36,897,515 (2013: £38,858,978) higher, arising due to the increase in the fair value of financial assets at fair value through profit or loss by £36,897,515 (2013: £38,858,978).

At 31 December 2014, if the market prices of the securities had been 30% lower with all other variables held constant, the decrease in net assets attributable to holders of redeemable shares for the year would have been equal, but opposite, to the figures stated above.

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

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

The following table details the Fund's exposure to interest rate risk at 31 December:

	Floating rate assets	
	2014 GBP	2013 GBP
Assets		
Debt securities	10,798,363	17,954,239
Cash and cash equivalents	19,738,857	6,656,549
	30,537,220	**24,610,788**
Liabilities		
Loan payable	30,278,154	19,795,302
	30,278,154	**19,795,302**

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

Interest rate sensitivity analysis
At 31 December 2014, had interest rates been 50 basis points higher and all other variables were held constant, the Company's net assets attributable to redeemable shares for the year would have decreased by £264,995 (31 December 2013: £173,390) due to the decrease in market value of listed debt securities, an increase in interest payable on the loan and to a lesser extent an increase in interest earnings on cash and cash equivalents.

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

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

16. Financial instruments (Continued)

Liquidity risk (Continued)

As at 31 December 2014, the Fund's exposure to liquidity risk was as follows:

	Less than 1 month GBP	1-3 month GBP	3 months to 1 year GBP	More than 1 year GBP	Total GBP
Assets					
Securities (at fair value through profit or loss)	122,991,718	–	–	–	122,991,718
Accrued bond interest	132,741	–	–	–	132,741
Accrued dividend income	268,128	–	–	–	268,128
Accrued bank interest	9,282	–	–	–	9,282
Other receivables	2	–	–	–	2
Prepayments	31,084	–	–	–	31,084
Cash and cash equivalents	19,738,857	–	–	–	19,738,857
	143,171,812	–	–	–	**143,171,812**
Liabilities					
Other payables and accruals	(366,908)	–	–	–	(366,908)
Interest payable	(130,552)	–	–	–	(130,552)
Loan payable	(30,278,154)	–	–	–	(30,278,154)
	(30,775,614)	–	–	–	**(30,775,614)**
	112,396,198	–	–	–	**112,396,198**

As at 31 December 2013, the Fund's exposure to liquidity risk was as follows:

	Less than 1 month GBP	1-3 month GBP	3 months to 1 year GBP	More than 1 year GBP	Total GBP
Assets					
Securities (at fair value through profit or loss)	129,529,929	–	–	–	129,529,929
Accrued bond interest	171,091	–	–	–	171,091
Accrued dividend income	382,768	–	–	–	382,768
Accrued bank interest	3,003	–	–	–	3,003
Other receivables	2	–	–	–	2
Prepayments	31,503	–	–	–	31,503
Cash and cash equivalents	6,656,549	–	–	–	6,656,549
	136,774,845	–	–	–	**136,774,845**
Liabilities					
Other payables and accruals	(390,422)	–	–	–	(390,422)
Interest payable	(1,989)	–	–	–	(1,989)
Loan payable	(19,795,302)	–	–		(19,795,302)
	(20,187,713)	–	–	–	**(20,187,713)**
	116,587,132	–	–	–	**116,587,132**

Currency risk

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

16. Financial instruments (Continued)

Currency risk (Continued)

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

	2014 GBP	2013 GBP
Assets		
Cash and cash equivalents	15,746,468	6,574,575
Canadian equities	87,114,791	97,715,786
Canadian debt	10,798,363	16,645,559
Accrued income	391,632	532,435
	114,051,254	**121,468,355**
Liabilities		
Loan payable	30,278,154	19,795,302
Interest payable	130,552	1,989
	30,408,706	**19,797,291**

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

	2014 GBP	2013 GBP
Assets		
Cash and cash equivalents	3,753,556	67,109
United States equities	25,078,564	13,859,904
United States debt	–	1,308,680
Accrued income	18,518	22,390
	28,850,638	**15,258,083**

Sensitivity analysis

At 31 December 2014, had GBP strengthened against the CAD by 5%, with all other variables held constant, the decrease in net assets attributable to shareholders would amount to approximately £3,982,978 (31 December 2013: £4,841,479). Had GBP weakened against the CAD by 5%, this would amount to an increase in net assets attributable to shareholders of approximately £4,402,239 (31 December 2013: £5,351,109).

At 31 December 2014, had GBP strengthened against the USD by 5%, with all other variables held constant, the decrease in net assets attributable to shareholders would amount to approximately £1,373,840 (31 December 2013: £726,575). Had GBP weakened against the USD by 5%, this would amount to an increase in net assets attributable to shareholders of approximately £1,518,455 (31 December 2013: £803,057).

17. Post year end events

On 7 January 2015 the Company declared a quarterly dividend of 1.25 pence per share. The ex- dividend date was 15 January 2015 and the record date was 16 January 2015. On 30 January 2015 the dividend of £1,361,653 was paid. On 9 April 2015 the Company declared a quarterly dividend of 1.25 pence per share. The ex-dividend date was 16 April 2015 and record date was 17 April 2015.

On 18 February 2015 the Company had an Extraordinary General meeting to approve the proposed amendments to the Fund's investment policy. The Board sought Shareholder approval to amend the Fund's investment policy in order to increase the percentage of the value of the portfolio assets which may be invested securities listed on a recognised stock exchange outside of Canada from 20% to 40%. The Shareholders approved the proposed change to the investment policy.

On 27 March 2015 the Company purchased 50,000 redeemable participating preference shares at a price of 92.75 pence a share. The Shares will be held in treasury.

The RBC Loan was renewed on various dates in 2014 with maturity dates in early 2015 as described in note 14.

18. Controlling party
There is no ultimate controlling party.

19. Schedule of Investments – Securities (at fair value through profit or loss)
As at 31 December 2014

Description	Shares or Par Value	Book Cost GBP	Bid-Market Value GBP	% of Net Assets	% of Portfolio
Equities:					
Bermuda –					
Quoted Investments 5.38% (2013: 1.46%)					
Utilities:					
Brookfield Infrastructure Partners LP	80,000	1,743,330	2,152,822	1.92%	1.75%
Real Estate:					
Brookfield Property Partners LP	305,000	3,475,941	4,466,913	3.97%	3.63%
Canada –					
Quoted Investments 65.45% (2013: 73.99%)					
Consumer Discretionary:					
Autocanada Inc.	25,000	916,909	613,233	0.55%	0.50%
Cineplex Inc.	100,000	2,502,295	2,477,850	2.20%	2.01%
EnerCare Inc.	400,000	1,901,550	3,191,581	2.84%	2.59%
Gildan Activewear Inc.	95,000	3,068,782	3,456,504	3.08%	2.81%
Consumer Staples:					
High Liner Foods Inc.	97,000	1,179,378	1,214,379	1.08%	0.99%
Energy:					
ARC Resources Ltd	110,000	1,465,991	1,530,010	1.36%	1.24%
Birchcliff Energy – Preferred Shares	43,000	684,537	595,238	0.53%	0.48%
Birchcliff Energy Ltd	85,000	1,300,140	1,153,100	1.03%	0.94%
Bonavista Energy Corporation	275,000	2,028,320	1,103,958	0.98%	0.90%
Canyon Services Group Inc.	250,000	1,459,702	1,233,388	1.10%	1.00%
Crescent Point Energy Corp.	100,000	2,431,371	1,488,371	1.32%	1.21%
Enerplus Corporation	200,000	2,023,262	1,233,665	1.10%	1.00%
Mullen Group Ltd	140,000	1,422,811	1,640,309	1.46%	1.33%
Peyto Exploration & Development Corp.	95,000	1,151,780	1,752,712	1.56%	1.43%
PrairieSky Royalty Ltd	70,000	1,421,849	1,184,108	1.05%	0.96%
Whitecap Resources Inc.	150,000	906,008	946,843	0.84%	0.77%
Financials:					
Canadian Western Bank	125,000	2,247,348	2,268,132	2.02%	1.84%
Gluskin Sheff & Associates Inc.	180,000	2,551,541	2,732,888	2.43%	2.22%
IGM Financial Inc.	60,000	1,690,312	1,536,544	1.37%	1.25%
Intact Financial Corporation	60,000	2,269,714	2,786,377	2.48%	2.27%
Manulife Financial Corporation	200,000	1,679,629	2,454,040	2.18%	2.00%
Manulife Financial Corporation – subscription receipts	120,000	1,457,134	1,471,095	1.31%	1.20%
Power Financial Corporation	150,000	2,655,322	3,004,981	2.67%	2.44%

19. Schedule of Investments – Securities (at fair value through profit or loss) (Continued)
As at 31 December 2014

Description	Shares or Par Value	Book Cost GBP	Bid-Market Value GBP	% of Net Assets	% of Portfolio
Industrials:					
Cargojet Inc.	170,000	2,324,005	2,587,650	2.30%	2.10%
Canadian National Railway Company	75,000	2,789,240	3,322,257	2.96%	2.70%
Magna International Inc.	60,000	1,806,738	4,181,392	3.72%	3.40%
Parkland Fuel Corporation	200,000	2,261,642	2,394,240	2.13%	1.95%
Materials:					
Chemtrade Logistics Income Fund	150,000	1,401,074	1,708,471	1.52%	1.39%
Intertape Polymer Group Inc.	250,000	1,985,624	2,565,059	2.28%	2.09%
Power and Pipeline:					
AltaGas Ltd	150,000	3,227,941	3,595,512	3.20%	2.92%
Pembina Pipeline Corporation	75,000	1,522,272	1,755,813	1.56%	1.43%
Veresen Inc.	80,000	715,176	809,302	0.72%	0.66%
Real Estate:					
Canadian Apartment Properties Real Estate Investment Trust	165,000	2,024,784	2,295,929	2.04%	1.88%
Chartwell Retirement Residences	550,000	3,257,465	3,627,074	3.23%	2.95%
H&R Real Estate Investment Trust	150,000	2,188,547	1,803,155	1.60%	1.47%
Pure Industrial Real Estate Trust	950,000	2,492,913	2,314,506	2.06%	1.88%
Utilities:					
Algonquin Power & Utilities Corp.	350,000	1,375,220	1,862,402	1.66%	1.51%
Capital Power Corporation	170,000	2,439,737	2,445,513	2.18%	1.99%
Northland Power Inc.	255,000	2,554,483	2,157,474	1.92%	1.75%
Ireland – Quoted Investments 2.52% (2013: nil)					
Industrials:					
Tyco International PLC	110,000	2,757,008	3,094,180	2.75%	2.52%
Netherlands – Quoted Investments 1.86% (2013: 1.68%)					
Materials:					
Lyondellbasell Industries N.V. Class A	45,000	1,760,268	2,291,198	2.04%	1.86%
United States – Quoted Investments 16.01% (2013: 9.02%)					
Technology:					
Apple Inc.	45,000	2,557,235	3,185,570	2.83%	2.59%
Financials:					
Capital One Financial Corporation	65,000	2,483,873	3,441,238	3.06%	2.80%
Discover Financial Services	80,000	2,282,326	3,360,077	2.99%	2.73%
JP Morgan Chase & Co	80,000	2,459,642	3,212,314	2.86%	2.61%
Prudential Financial, Inc.	60,000	2,580,418	3,480,520	3.10%	2.83%
Consumer Staples:					
Kraft Foods Group Inc.	75,000	2,491,102	3,013,468	2.68%	2.45%
Total equities:		**99,373,689**	**112,193,355**	**99.82%**	**91.22%**

19. Schedule of Investments – Securities (at fair value through profit or loss) (Continued)
As at 31 December 2014

Description	Shares or Par Value	Book Cost GBP	Bid-Market Value GBP	% of Net Assets	% of Portfolio
Debt:					
Canada –					
Quoted Investments 8.78% (2013: 12.84%)					
Chartwell Seniors Housing Real Estate Investment Trust 5.70% due 31 March 2018	2,000,000	1,269,722	1,223,698	1.09%	0.99%
Chemtrade Logistics Income Fund 5.75% due 31 December 2018	2,000,000	1,163,632	1,201,550	1.07%	0.98%
Great Canadian Gaming Corp 6.625% due 25 July 2022	2,000,000	1,272,795	1,147,563	1.02%	0.93%
Innvest Real Estate Investment Trust 6.75% due 31 March 2016	1,000,000	664,078	567,552	0.50%	0.46%
Perpetual Energy Inc. 8.75% due 15 March 2018	4,000,000	2,242,741	2,095,901	1.86%	1.70%
Quebecor Inc 6.625% due 15 January 2023	3,500,000	2,355,635	1,979,165	1.76%	1.61%
Savanna Energy Services Corp 7.00% due 25 May 2018	325,000	206,565	163,085	0.15%	0.14%
Superior Plus Corp 6% due 30 June 2018	2,650,000	1,788,822	1,518,687	1.35%	1.24%
Tricon Capital Group 5.6% due 31 March 2020	1,500,000	961,477	901,162	0.81%	0.73%
Total debt:		**11,925,467**	**10,798,363**	**9.61%**	**8.78%**
Total investments (2014)		**111,299,156**	**122,991,718**	**109.43%**	**100.00%**
Total investments (2013)		**119,570,640**	**129,529,929**	**111.09%**	**100.00%**

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE

(UNAUDITED)

In accordance with the Alternative Investment Fund Managers Directive (the 'Directive'), Middlefield Limited in its capacity as Alternative Investment Fund Manager ('AIFM') is required to disclose specific information in relation to the following aspects of the Company's management:

Leverage and borrowing
Leverage is defined as any method by which the Company increases its exposure through borrowing or the use of derivatives. 'Exposure' is defined in two ways – 'gross method' and 'commitment method' – and the Company must not exceed maximum exposures under both methods. 'Gross method' exposure is calculated as the sum of all positions of the Company (both positive and negative), that is, all eligible assets, liabilities and derivatives, including derivatives held for risk reduction purposes. 'Commitment method' exposure is also calculated as the sum of all positions of the Company (both positive and negative), but after netting off derivative and security positions as specified by the Directive.

For the Gross method, the following has been excluded:

- the value of any cash and cash equivalents which are highly liquid investments held in the base currency of the AIF that are readily convertible to a known amount of cash, subject to an insignificant risk of changes in value;
- cash borrowings that remain in cash or cash equivalent as defined above and where the amounts of that payable are known. The total amount of leverage calculated as at 31 December 2014 is as follows:

Gross method 1.364%
Commitment method 1.364%

Liquidity
The Investment Manager's policy is that the Company should normally be close to fully invested (i.e. with liquidity of 5% or less) but this is subject to the need to retain liquidity for the purpose of effecting the cancellation of Units, and the efficient management of the Company in accordance with its objectives. There may therefore be occasions when there will be higher levels of liquidity, for example following the issue of shares or the realisation of investments. This policy has been applied consistently throughout the review period and as a result the Investment Manager has not introduced any new arrangements for managing the Company's liquidity.

Risk management policy note
Please refer to Note 16, Risk management policies, in the Notes to the financial statements on pages 37 to 41, where the current risk profile of the Company and the risk management systems employed by the Investment Manager to manage those risks, are set out.

Remuneration
The total remuneration paid in respect of the management of the Company amounted to approximately £165,000 for the year ended 31 December 2014. This amount was paid to a total of five beneficiaries including senior management and other staff.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

MIDDLEFIELD CANADIAN INCOME PCC (THE "COMPANY")

We have audited the Company financial statements (the "financial statements") of Middlefield Canadian Income PCC for the year ended 31 December 2014 which comprise the Statement of Financial Position and Notes 1 to 3 to the Financial Statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Helen Gale, BSc, FCA
for and on behalf of Deloitte LLP Chartered Accountants
Jersey, UK

21 April 2015

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

AS AT 31 DECEMBER 2014 WITH COMPARATIVES AS AT 31 DECEMBER 2013

	Notes	2014 GBP	2013 GBP
Current assets			
Other receivables		2	2
Net assets		**2**	**2**
Equity attributable to equity holders			
Stated capital	2	2	2
Total Shareholders' equity		**2**	**2**

The financial statements and notes on pages 47 to 48 were approved by the directors on 21 April 2015 and signed on behalf of the Board by:

Thomas Grose
Director

Philip Bisson
Director

NOTES TO THE FINANCIAL STATEMENTS OF THE COMPANY

FOR THE YEAR ENDED 31 DECEMBER 2014

WITH COMPARATIVES FOR THE YEAR ENDED 31 DECEMBER 2013

1. Basis of accounting

The separate financial statements of the Company have been prepared showing results of the Company only. They have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union in accordance with the accounting policies set out in notes 1 and 2 to the financial statements of the Fund.

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

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

Judgements and estimates used by the directors

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

2. The Company's stated capital

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

	No. of shares	GBP
Management shares issued		
At 31 December 2014 and 2013	2	2

3. Taxation

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

MIDDLEFIELD CANADIAN INCOME – GBP PC (THE "CELL")
WHOSE REGISTERED OFFICE IS AT KLEINWORT BENSON HOUSE,
WESTS CENTRE, ST HELIER, JERSEY JE4 8PQ

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO WHAT ACTION TO TAKE, YOU SHOULD IMMEDIATELY CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES MARKETS ACT 2000.

If you have sold or transferred all of your shares you should pass this document, together with the accompanying form of proxy, to the person through whom the sale or transfer was made for transmission to the purchaser or transferee.

Notice of Cell Annual General Meeting

Notice is hereby given that the Cell Annual General Meeting will be held at 14 St. George Street, London W1S 1FE on Thursday, 28 May 2015 at 12.00 p.m. for the following purposes:

SPECIAL BUSINESS

To consider and, if thought fit, pass each of the following resolutions as Special Resolutions:

1. THAT in accordance with Article 2.25 of the Cell's Articles of Association (the "**Articles**") dated 16 May 2013, the Directors be authorised to issue and allot redeemable participating preference shares ("**Shares**") and to sell Shares out of treasury, in each case for cash pursuant to Article 2.22 of the Articles up to an amount representing 10 per cent. of the issued share capital of the Cell as at the date of the Cell Annual General Meeting, as if Article 2.25 did not apply to the allotment or sale out of treasury, provided that such Shares shall be allotted or sold for cash at a price which is not less than the net asset value per Share at the time of the issue or sale. This authority shall expire on the earlier of 30 September 2016 or the conclusion of the next annual general meeting of the Cell, save that the Directors shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted or sold out of treasury after such expiry pursuant to any such offer or agreement as if the power conferred hereby had not expired.

2. THAT the Directors of the Company be generally and unconditionally authorised:

(a) pursuant to Article 57 of the Companies (Jersey) Law 1991 (the "**Law**") to make market purchases of Shares, provided that,

i) the maximum number of Shares authorised to be purchased shall be up to an aggregate of 16,321,448 or such number as shall represent 14.99 per cent. of the issued share capital of the Cell as at the date of the Cell Annual General Meeting, whichever is less (in each case excluding Shares held in treasury);

ii) the minimum price, exclusive of any expenses, which may be paid for a Share is £0.01; and

iii) the maximum price, exclusive of any expenses, which may be paid for a Share shall be the higher of:
an amount equal to 105 per cent. of the average middle market quotation for Shares (as taken from the Daily Official List of London Stock Exchange plc) for the five business days immediately preceding the day on which such shares are contracted to be purchased; and the higher of (i) the price of the last independent trade and (ii) the highest current independent bid on the London Stock Exchange at the time the purchase is carried out, provided that the Company shall not be authorised to acquire Shares at a price above the prevailing net asset value per Share on the date of purchase; and

(b) the authority hereby conferred shall expire on the earlier of 30 September 2016 or the conclusion of the next annual general meeting of the Cell, save that the Directors shall be entitled to make offers or agreements before the expiry of such power which would or might require the market purchase of Shares after such expiry pursuant to any such offer or agreement as if the power conferred hereby had not expired; and

(c) pursuant to Article 58A of the Law to, if the Directors determine in their absolute discretion that it be appropriate or desirable, hold as treasury shares any Shares purchased pursuant to the authority conferred in paragraph (a) of this Resolution.

MIDDLEFIELD CANADIAN INCOME – GBP PC (THE "CELL")
WHOSE REGISTERED OFFICE IS AT KLEINWORT BENSON HOUSE,
WESTS CENTRE, ST HELIER, JERSEY JE4 8PQ

ORDINARY BUSINESS

To consider and, if thought fit, pass each of the following resolutions as Ordinary Resolutions:

3. To receive and adopt the Directors' Report, Auditors' Report and Financial Statements for the year ended 31 December 2014.
4. To re-appoint Deloitte LLP as Auditor of the Cell.
5. To authorise the Directors to determine the Auditor's remuneration.
6. To approve the Directors' remuneration as set out on page 14 of the Annual Audited Financial Report for the year ended 31 December 2014.
7. To approve the dividend policy of the Company as set out on page 8 of the Annual Audited Financial Report for the year ended 31 December 2014.

By order of the Board
Kleinwort Benson (Channel Islands) Corporate Services Limited
As Secretary
21 April 2015

Notes:

(1) A holder of redeemable participating preference shares of no par value in the capital of the Cell ("Shares") entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a holder of Shares.

(2) For the convenience of Shareholders who may be unable to attend the Meeting, a form of proxy accompanies this document. To be valid, the form of proxy should be completed in accordance with the instructions printed on it and sent, so as to reach Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 48 hours before the time fixed for the Meeting. The fact that holders of Shares may have completed forms of proxy will not prevent them from attending and voting in person at the Meeting should they subsequently decide to do so.

(3) The quorum for the Meeting is at least two Shareholders present in person or by proxy or by attorney. The majority required for the passing of the Cell ordinary resolutions is a simple majority (or more) and for the Cell special resolutions is two thirds (or more) of the total number of votes cast for and against the resolution.

(4) If, within half an hour from the appointed time for the Meeting, a quorum is not present, then the Meeting will be adjourned to the same day at the same time and address in the next week or if that date is a public holiday in the UK to the next working day thereafter at the same time and address. At that adjourned meeting, if a quorum is not present within half an hour from the time appointed for the holding of the meeting, those Shareholders present in person or by proxy or by attorney will form a quorum whatever their number and the number of Shares held by them. Again, the majority required for the passing of the Cell ordinary resolutions is a simple majority (or more) and for the Cell special resolutions two thirds (or more) of the total number of votes cast for and against the resolution.

(5) In the event that a form of proxy is returned without an indication as to how the proxy shall vote on the resolutions, the proxy will exercise his discretion as to whether, and if so how, he votes.

(6) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

(7) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Capita Registrars by the latest time(s) for receipt of proxy appointments specified in note (2) above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

(8) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(9) The Cell may treat as invalid a CREST Proxy Instruction in the circumstances set out in Article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999.

(10) The Cell, pursuant to regulation 40 of the (Companies Uncertificated Securities) (Jersey) Order 1999 (as amended), specifies that only holders of Shares registered in the register of members of the Cell on the close of business on 26 May 2015 shall be entitled to attend or vote at the Meeting in respect of the number of Shares registered in their name at that time or in the event that the Meeting is adjourned, in the register of members at the close of business two days before the date of the adjourned Meeting. Changes to entries on the register of members after such time or, in the event that the Meeting is adjourned, to entries in the register of members after the close of business two days before the date of the adjourned Meeting, shall be disregarded in determining the rights of any person to attend or vote at the Meeting.

MIDDLEFIELD CANADIAN INCOME – PCC (THE "COMPANY")
WHOSE REGISTERED OFFICE IS AT KLEINWORT BENSON HOUSE,
WESTS CENTRE, ST HELIER, JERSEY JE4 8PQ

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO WHAT ACTION TO TAKE, YOU SHOULD IMMEDIATELY CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES MARKETS ACT 2000.

If you have sold or transferred all of your management shares you should pass this document, together with the accompanying form of proxy, to the person through whom the sale or transfer was made for transmission to the purchaser or transferee.

Notice of Annual General Meeting of the Company

Notice is hereby given that the Annual General Meeting of the Company will be held at 14 St. George Street, London W1S 1FE on Thursday, 28 May 2015 at 12.15 p.m. for the following purposes:

ORDINARY BUSINESS

To consider and, if thought fit, pass each of the following resolutions as Ordinary Resolutions:

(1) To receive and adopt the Company's annual financial report for the year ended 31 December 2014.

(2) To re-appoint Deloitte LLP as Auditor of the Company.

(3) To authorise the Directors to determine the Auditor's remuneration.

(4) To approve the Directors' remuneration as set out on page 14 of the Annual Audited Financial Report for the year ended 31 December 2014.

(5) To approve the dividend policy of the Company as set out on page 8 of the Annual Audited Financial Report for the year ended 31 December 2014.

By order of the Board
Kleinwort Benson (Channel Islands) Corporate Services Limited
As Secretary
21 April 2015

Notes:

(1) Only holders of management shares are entitled to attend and vote at the Company Annual General Meeting. A holder of management shares is entitled to appoint one or more proxies to attend and vote at the Company Annual General Meeting instead of him. A proxy need not be a holder of management shares.

MIDDLEFIELD CANADIAN INCOME PCC (THE "COMPANY")
AND MIDDLEFIELD CANADIAN INCOME – GBP PC (THE "CELL")
WHOSE REGISTERED OFFICE IS AT KLEINWORT BENSON HOUSE,
WESTS CENTRE, ST HELIER, JERSEY JE4 8PQ

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO WHAT ACTION TO TAKE, YOU SHOULD IMMEDIATELY CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER INDEPENDENT ADVISER AUTHORISED UNDER THE FINANCIAL SERVICES MARKETS ACT 2000.

If you have sold or transferred all of your shares you should pass this document, together with the accompanying form of proxy, to the person through whom the sale or transfer was made for transmission to the purchaser or transferee.

Notice of Company and Cell Meeting

Notice is hereby given that a Company and Cell Meeting will be held at 14 St. George Street, London W1S 1FE on Thursday, 28 May 2015 at 12.30 p.m. for the following purposes:

ORDINARY BUSINESS

To consider and, if thought fit, pass each of the following resolutions as Company and Cell Ordinary Resolutions:

(1) To re-elect Mr Philip Bisson as a Director of the Company and the Cell.
(2) To re-elect Mr Thomas Grose as a Director of the Company and the Cell.
(3) To re-elect Mr Nicholas Villiers as a Director of the Company and the Cell.
(4) To re-elect Mr Raymond Apsey as a Director of the Company and the Cell.
(5) To re-elect Mr Dean Orrico as a Director of the Company and the Cell.

Kleinwort Benson (Channel Islands) Corporate Services Limited
As Secretary
21 April 2015

Notes:

(1) A holder of management shares in the capital of the Company and/or of redeemable participating preference shares of no par value in the capital of the Cell ("Shares") entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a holder of Shares.

(2) For the convenience of Shareholders who may be unable to attend the Meeting, a form of proxy accompanies this document. To be valid, the form of proxy should be completed in accordance with the instructions printed on it and sent, so as to reach Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by no later than 48 hours before the time fixed for the Meeting. The fact that holders of Shares may have completed forms of proxy will not prevent them from attending and voting in person at the Meeting should they subsequently decide to do so.

(3) The quorum for the Meeting is at least two Shareholders present in person or by proxy or by attorney. The majority required for the passing of the Company and Cell ordinary resolutions is a simple majority (or more) of the total number of votes cast for and against the resolution.

(4) If, within half an hour from the appointed time for the Meeting, a quorum is not present, then the Meeting will be adjourned to the same day at the same time and address in the next week or if that date is a public holiday in the UK to the next working day thereafter at the same time and address. At that adjourned meeting, if a quorum is not present within half an hour from the time appointed for the holding of the meeting, those Shareholders present in person or by proxy or by attorney will form a quorum whatever their number and the number of shares held by them. Again, a simple majority of the total number of votes cast is required to pass the Company and Cell ordinary resolutions.

(5) In the event that a form of proxy is returned without an indication as to how the proxy shall vote on the resolutions, the proxy will exercise his discretion as to whether, and if so how, he votes.

(6) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

(7) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a **CREST Proxy Instruction**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Capita Registrars by the latest time(s) for receipt of proxy appointments specified in note (2) above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

(8) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(9) The Cell may treat as invalid a CREST Proxy Instruction in the circumstances set out in Article 34 of the Companies (Uncertificated Securities) (Jersey) Order 1999.

(10) The Cell, pursuant to regulation 40 of the (Companies Uncertificated Securities) (Jersey) Order 1999 (as amended), specifies that only holders of redeemable participating preference shares of no par value in the capital of the Cell registered in the register of members of the Cell on the close of business on 26 May 2015 shall be entitled to attend or vote at the Meeting in respect of the number of such shares registered in their name at that time or in the event that the Meeting is adjourned, in the register of members at the close of business two days before the date of the adjourned Meeting. Changes to entries on the register of members of the Cell after such time or, in the event that the Meeting is adjourned, to entries in the register of members of the Cell after the close of business two days before the date of the adjourned Meeting, shall be disregarded in determining the rights of any person to attend or vote at the Meeting.

MANAGEMENT AND ADMINISTRATION

Directors
Nicholas Villiers (Chairman)
Raymond Apsey
Philip Bisson
Thomas Grose
Dean Orrico

Administrator and Secretary
Kleinwort Benson (Channel Islands) Corporate Services Limited
Wests Centre
St. Helier
Jersey JE4 8PQ

Registered Office
Wests Centre
St. Helier
Jersey JE4 8PQ

Investment Advisor
Middlefield International Limited
288 Bishopsgate
London EC2M 4QP

Investment Manager
(since 9 July 2014)

Middlefield Limited
812 Memorial Drive NW
Calgary, Alberta
Canada T2N 3C8

Legal Advisers:
In England
Norton Rose Fulbright LLP
3 More London Riverside
London SE1 2AQ

In England
Ashurst
Broadwalk House
5 Appold Street
London EC2A 2HA

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

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

Broker and Adviser
Canaccord Genuity Limited
9th Floor
88 Wood Street
London EC2V 7QR

Custodian
RBC Investor Services Trust
335 - 8th Avenue SW
23rd Floor
Calgary, Alberta
Canada T2P 1C9

Registrar
Capita Registrars (Jersey) Limited
3 Castle Street
St. Helier
Jersey JE2 3RT

Auditor
Deloitte LLP
P O Box 403
44 Esplanade
St. Helier
Jersey JE4 8WA

CREST Agent, UK Paying Agent and Transfer Agent
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

LONDON, ENGLAND
Middlefield International Limited
288 Bishopsgate
London, England
EC2M 4QP

Telephone +44 (0)20 7814 6644
Fax +44 (0)20 7814 6611

CALGARY, CANADA
Middlefield Limited
812 Memorial Drive NW
Calgary, Alberta
Canada T2N 3C8

Telephone 001 (403) 269-2100
Fax 001 (403) 269-2911

TORONTO, CANADA
Middlefield Group
First Canadian Place
58th Floor, P.O. Box 192
Toronto, Ontario
Canada M5X 1A6

Telephone 001 (416) 362-0714
Fax 001 (416) 362-7925

SAN FRANCISCO, USA
Middlefield Financial Services Inc.
One Embarcadero Center, Suite 500
San Francisco, California
USA 94111

Telephone 001 (415) 835-1308
Fax 001 (415) 433-5994

MIDDLEFIELD GROUP®

www.middlefield.co.uk | invest@middlefield.com