HALF YEARLY REPORT AND CONDENSED FINANCIAL STATEMENTS (UNAUDITED) FOR THE PERIOD 1 JANUARY 2016 TO 30 JUNE 2016

MIDDLEFIELD

Canadian Income PCC

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

MCI

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RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

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

By order of the Board

Philip Bisson
Director
Date: 18 August 2016

Raymond Apsey
Director

CHAIRMAN'S REPORT

It is my pleasure to introduce the 2016 Semi-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 and U.S. 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's net asset value has generated a cumulative return of 89.3%, outpacing its benchmark, the S&P TSX Composite High Dividend Index, as well as the S&P/TSX Composite Index, which have generated cumulative period returns of 63.3% and 51.6%, respectively. For the six months ended June 30, 2016, the Fund has generated a total return of 20.8%.

Last year, the Company received shareholder approval to increase exposure to foreign equities in order to enhance diversification. As of the end of 2015, approximately 32% of the portfolio was invested in U.S. listed securities to take advantage of investment opportunities not available in Canada. Over the first six months of the year, as commodity prices formed a bottom, we slowly reduced the Fund's U.S. exposure to approximately 21%. We believe the sentiment towards Canadian equities will continue to increase as a result of the economic recovery underway in Canada and the instability, both economic and political, being experienced in other developed markets such as the U.K. and Europe.

In the first six months of the year, the Fund's discount to NAV started to widen along with other North American equity-based investment companies. In response to this, MCI repurchased a total of 1,050,000 redeemable participating preference shares in nine separate transactions, at a weighted average price of 77.71 pence. As a result, the number of shares with voting rights in issue is now approximately 107 million.

In light of the high levels of market volatility, the Investment Manager has tactically managed the amount of gearing in the Fund, ranging from 6.9% to 19.3% over the first half of the year. Under the overall supervision of the Board, the Investment Manager will continue to closely monitor market conditions to determine the appropriate level of gearing, effectively increasing it to invest in securities that are attractively valued and reducing it with proceeds from positions that are overvalued.

We also made some strategic asset allocation decisions in the first half of the year in response to an improved outlook for energy prices and the expectation of continued low interest rates. Specially, REITs are now the largest weighting in MCI's portfolio, with a significant emphasis on large, liquid issuers who enjoy a dominant position in their focus area. The portfolio changes completed in the first half of the year are described in more detail in the Interim Management Report.

OUTLOOK

In light of the Investment Manager's view that interest rates will remain lower for longer, together with relatively strong economic fundamentals in Canada and the United States, equities in these two countries should continue to outperform. Canada, in particular, will benefit from the recent recovery in energy prices as well as from international fund flows due to the volatility abroad. The Fund is well positioned to benefit from these trends and remains focused on investing in income-oriented issuers with strong management teams, good balance sheets and sustainable, growing dividends.

We thank you for your continued support.

Nicholas Villiers
Chairman
Date: 18 August 2016

INTERIM INVESTMENT MANAGER'S REPORT

SIX MONTHS TO 30 JUNE 2016 (UNAUDITED)

The first half of 2016 has been marked by significant volatility. In January, equity markets around the world fell by double digits on fears of slowing global growth, weak commodity prices, instability in the Middle East and currency devaluation in China. After bottoming in early February, many of those concerns faded to the background leading to a steady recovery in stock prices and extending the second longest bull market in history. Even Brexit could not derail the rally in equities beyond a couple of trading days as the S&P 500 and Dow Jones Industrial Average ("DJIA") set new all-time highs in late June. For the six months ended 30 June 2016, the S&P/TSX Composite Index returned 9.8%, outperforming all developed markets, including the S&P 500 and DJIA which returned 3.8% and 4.3%, respectively, over the same period. In Canadian dollars, the outperformance was even more pronounced.

On June 23rd, the UK held a referendum and, to the surprise of many, voted to leave the European Union. Although Brexit's direct impact on North America is difficult to quantify, it is expected to be a drag on the British economy and may result in a UK, or even European, recession. However, the severity of the slowdown will also depend on what type of arrangement is negotiated with the European Union. While the political impact will be important, central bankers will also be monitoring the situation closely and have promised to do "whatever it takes" to counteract any negative economic implications. This will almost certainly keep interest rates "lower for longer" not only in the UK and Europe, but also in the U.S. and Canada in an effort to encourage consumers and corporations to borrow and spend.

Recent economic data in both Canada and the United States has been mixed, albeit generally constructive. Canada's GDP growth is projected to recover in the latter half of 2016 and accelerate in 2017, in part due to the recovery in oil-related business investment as well as the infrastructure focused fiscal stimulus by the federal government. In the United States, the data also points to slow, but positive, economic growth. On balance, recent payroll data has been strong and retail sales have been trending higher, pointing to healthy momentum for consumer spending, the largest component of economic growth. In addition, corporate earnings are now starting to reaccelerate after an extended period of softness. Notwithstanding the positive momentum in the domestic economy, the challenges to global economic growth are a concern, suggesting the Federal Reserve will stay on the sidelines for at least the next few months. In fact, the U.S. 10-year treasury yield traded at new all-time lows of below 1.4% in early July.

With such dramatic volatility across asset classes and uneven economic growth across the globe, it's not surprising to see the dispersion of returns across sectors year to date. Despite the S&P 500 trading near record levels, only the utilities and consumer staples sectors reached new highs in the first half of the year, further evidence that investors remain defensively positioned. With interest rates at historic lows, we have seen investor rotation into higher yielding securities such as REITs and telecommunication companies. Similarly, given the rally in oil and gold prices since the start of the year, energy and materials stocks have also been amongst the strongest performers. Financials, on the other hand, have lagged as a flattening yield curve has impacted lending margins and the potential for higher loan losses has heightened investor concerns regarding capital ratios.

Owing in part to our belief that interest rates will remain low for the foreseeable future, we have increased our weighting in the stable and high yielding real estate and pipeline sectors. Given the impact on net interest margins, we reduced our weighting in financials, but remain positive on the growth potential of large U.S. banks and credit card issuers. Although the performance of the healthcare sector has taken a pause after several years of strong returns, the strong secular growth trends remain intact and investors should expect to see our weighting in the sector increase over time.

Year to date, the biggest contributor to the Fund's performance has been our allocation to real estate and consumer staples. As large users of financial leverage and due to their perceived interest rate sensitivity, REITs will continue to benefit from historically low rates. Also, as of September 1st, real estate will finally have its own GICS category, requiring portfolio managers to increase their allocation to the sector. Our best performing real estate holdings include Canadian Apartment Properties REIT, Chartwell Retirement Residences and Pure Industrial REIT whose share prices are up by approximately 20% on average to the end of June 2016. The consumer staples sector has been very steady despite the broader market volatility. While consumer spending has not met expectations, it is now trending higher along with evidence of growth in wages. Our position in Kraft Heinz continues to perform well as the company is seeing the benefits of ongoing cost rationalization and innovation initiatives following the completion of last year's merger. Other key contributors to the Fund's performance include Johnson & Johnson, Cargojet, Pembina Pipelines and Northland Power.

Financial stocks, especially in the United States, have been challenging investments in 2016. However, in light of their growth profiles and attractive valuations, we remain committed to the sector through selective investments in large, market dominant issuers such as J.P. Morgan and Capital One Financial. As U.S. consumer spending increases, loan growth and credit card balances will follow suit, driving greater earnings and eventual multiple expansion. Although Canadian banks trade at a premium to their U.S. counterparts, they have emerged from the slowdown in the Canadian economy in excellent shape and are poised to grow earnings as economic activity picks up over the next several quarters. Moreover, given their exceptionally strong balance sheets and attractive dividend yields, we have increased our weighting to Canadian financials over the past few months.

The sharp recovery in oil prices and energy equities has been well documented. After touching a 14-year low of $26 per barrel in early February, oil prices rallied by approximately 85% to the end of June. Given the heightened volatility and broader global macro concerns early in the year, we maintained a conservative underweight position in energy equities, which ultimately was a drag on performance. Significant fundamental shifts have taken place that will set the stage for a more balanced energy market in the latter half of 2016 and beyond. As a result, we expect oil prices to trade in the $40 to $60 per barrel range over the foreseeable future. However, due to ongoing fluctuations in the U.S. dollar and geopolitical factors impacting supply, the Fund's energy weighting is focused on high quality, large, income oriented issuers.

In 2016, we also witnessed a reversal in the British Pound (GBP)/Canadian dollar (CAD) cross currency rate. Concerns about Brexit, higher oil prices and a recovery in Canadian economic activity all conspired to push CAD higher. Post the referendum, GBP/CAD fell below 1.70, reflecting a 15.6% drop since December 2015. A stronger Canadian dollar benefits the performance of the Fund. The Fund also benefits from a stronger U.S. dollar through its exposure to U.S. denominated securities, albeit to a lesser extent.

We believe that the Fund is well positioned to continue to provide attractive long-term returns, on both a relative and absolute basis. Our philosophy remains centred on investing in income-oriented issuers with strong management teams, good balance sheets and growing dividends. We believe that Canada remains an attractive jurisdiction for foreign investment and that the equity income sector will benefit from the anticipated improvements in global growth and the ongoing demand for income.

Middlefield Limited
Date: 18 August 2016

Past performance is not a guide to future performance.
This half-yearly financial report is available at: www.middlefield.co.uk..

The asset class weightings for the Fund as at 30 June 2016 were:

Asset Class	Portfolio Weighting
Real Estate	19.0%
Pipelines	14.5%
Financials	13.0%
Energy	11.6%
Power & Utilities	8.7%
Bonds and Convertible Debentures	6.6%
Materials	6.4%
Consumer Staples	4.8%
Industrials	4.6%
Consumer Discretionary	4.2%
Technology	2.7%
Health Care	2.5%
Other	1.4%
Telecommunications	0.0%

Financial Statements

FINANCIAL STATEMENTS

Condensed Statement of Financial Position of the Fund (Unaudited)

AS AT 30 JUNE 2016 WITH UNAUDITED COMPARATIVES AS AT 30 JUNE 2015 AND AUDITED COMPARATIVES AS AT 31 DECEMBER 2015

	Notes	30.06.2016 £	30.06.2015 £	31.12.2015 £
Current assets				
Securities (at fair value through profit or loss)	3 & 17	126,046,085	126,423,936	109,893,936
Accrued bond interest		59,532	111,055	57,494
Accrued bank interest		1,119	5,286	983
Accrued dividend income		320,907	247,059	237,508
Other receivables		2	2	2
Securities receivable		7,038,767	–	–
Prepayments		15,880	15,944	30,549
Cash and cash equivalents	4	8,232,290	9,265,507	7,883,230
		141,714,582	136,068,789	118,103,702
Current liabilities				
Other payables and accruals	5	(340,817)	(338,935)	(290,681)
Securities payable		(3,922,089)	–	–
Interest payable		(22,483)	(44,521)	(1,951)
Loan payable	14	(28,694,202)	(30,474,329)	(24,363,649)
		(32,979,591)	(30,857,785)	(24,656,281)
Net assets		**108,734,991**	**105,211,004**	**93,447,421**
Equity attributable to equity holders				
Stated capital	6	50,342,977	51,618,737	51,158,937
Retained earnings		58,392,014	53,592,267	42,288,484
Total Shareholders' equity		**108,734,991**	**105,211,004**	**93,447,421**
Net asset value per redeemable participating preference share	7	**101.51p**	**96.73p**	**86.40p**

The financial statements and notes on pages 6 to 22 were approved by the Directors on 18 August 2016 and signed on behalf of the Board by:

Philip Bisson
Director

Raymond Apsey
Director

The accompanying notes on pages 10 to 22 form an integral part of these financial statements.

Condensed Statement of Comprehensive Income (Loss) of the Fund (Unaudited)

FOR THE PERIOD 1 JANUARY 2016 TO 30 JUNE 2016 WITH UNAUDITED COMPARATIVES FOR THE PERIOD 1 JANUARY 2015 TO 30 JUNE 2015 AND AUDITED COMPARATIVES FOR THE YEAR ENDED 31 DECEMBER 2015

		Six months ended 30 June 2016			Six months ended 30 June 2015	Year ended 31 December 2015
	Notes	Revenue £	Capital £	Total £	Total £	Total £
Revenue						
Dividend and interest income	8	2,216,437	–	2,216,437	2,611,104	4,723,511
Net movement in the fair value of securities (at fair value through profit or loss)	9	–	20,171,429	20,171,429	(7,275,032)	(18,101,131)
Net movement on foreign exchange		–	(2,507,200)	(2,507,200)	1,491,044	2,652,953
Total revenue (loss)		**2,216,437**	**17,664,229**	**19,880,666**	**(3,172,884)**	**(10,724,667)**
Expenditure						
Investment management fees		132,805	199,208	332,013	387,719	727,106
Custodian fees		6,589	–	6,589	7,204	12,052
Sponsor's fees		94,861	–	94,861	110,777	207,745
Other expenses		184,055	–	184,055	180,181	358,633
Operating expenses		**418,310**	**199,208**	**617,518**	**685,881**	**1,305,536**
Net operating profit (loss) before finance costs		1,798,127	17,465,021	19,263,148	(3,858,765)	(12,030,203)
Finance cost		(76,861)	(115,291)	(192,152)	(231,455)	(418,609)
Profit (loss) before tax		1,721,266	17,349,730	19,070,996	(4,090,220)	(12,448,812)
Withholding tax expense		(267,160)	–	(267,160)	(212,717)	(445,103)
Net profit (loss)		**1,454,106**	**17,349,730**	**18,803,836**	**(4,302,937)**	**(12,893,915)**
Profit (loss) per redeemable participating preference share – basic and diluted	10	**1.35p**	**16.10p**	**17.45p**	**(3.95p)**	**(11.87p)**

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

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

The accompanying notes on pages 10 to 22 form an integral part of these financial statements.

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

FOR THE PERIOD 1 JANUARY 2016 TO 30 JUNE 2016 WITH UNAUDITED COMPARATIVES FOR THE PERIOD 1 JANUARY 2015 TO 30 JUNE 2015 AND AUDITED COMPARATIVES FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Stated capital account £	Retained income £	Total £
At 1 January 2015		51,778,312	60,617,886	112,396,198
Loss for the period		–	(4,302,937)	(4,302,937)
Repurchase of shares	6	(159,575)	–	(159,575)
Dividends paid	12	–	(2,722,682)	(2,722,682)
At 30 June 2015		**51,618,737**	**53,592,267**	**105,211,004**
Loss for the period		–	(8,590,978)	(8,590,978)
Repurchase of shares	6	(459,800)	–	(459,800)
Dividends paid		–	(2,712,805)	(2,712,805)
At 31 December 2015		**51,158,937**	**42,288,484**	**93,477,421**
Profit for the period		–	18,803,836	18,803,836
Repurchase of shares	6	(815,960)	–	(815,960)
Dividends paid	12	–	(2,700,306)	(2,700,306)
At 30 June 2016		**50,342,977**	**58,392,014**	**108,734,991**

The accompanying notes on pages 10 to 22 form an integral part of these financial statements.

Condensed Cash Flow Statement of the Fund (Unaudited)

FOR THE PERIOD 1 JANUARY 2016 TO 30 JUNE 2016 WITH UNAUDITED COMPARATIVES FOR THE PERIOD 1 JANUARY 2015 TO 30 JUNE 2015 AND AUDITED COMPARATIVES FOR THE YEAR ENDED 31 DECEMBER 2015

	Six months ended 30 June 2016 £	Six months ended 30 June 2015 £	Year ended 31 December 2015 £
Cash flows from/(used in) operating activities			
Net profit/(loss)	18,803,836	(4,302,937)	(12,893,915)
Adjustments for:			
Net movement in the fair value of securities (at fair value through profit or loss)	(20,171,429)	7,275,032	18,101,131
Realised loss/(gain) on foreign exchange	1,652,277	(1,425,265)	(1,896,393)
Unrealised loss/(gain) on foreign exchange	854,923	(65,779)	(756,559)
Payment for purchases of securities	(51,787,184)	(25,989,936)	(63,036,244)
Proceeds from sale of securities	55,806,463	15,282,688	58,032,895
Operating cash flows before movements in working capital	**5,158,886**	**(9,226,197)**	**2,449,085**
(Increase)/decrease in receivables	(7,109,671)	61,890	114,700
Increase/(decrease) in payables and accruals	3,992,757	(114,004)	(204,828)
Net cash from/(used in) operating activities	**2,041,972**	**(9,278,311)**	**(2,539,213)**
Cash flows from/(used in) financing activities			
Repayment of borrowings	(63,015,341)	(88,710,607)	(163,118,873)
New bank loans raised	67,345,895	88,906,782	157,204,369
Payments for repurchase of shares	(815,960)	(159,575)	(619,375)
Dividends paid	(2,700,306)	(2,722,682)	(5,435,487)
Net cash from/(used in) financing activities	**814,287**	**(2,686,082)**	**(11,969,366)**
Net increase/(decrease) in cash and cash equivalents	2,856,260	(11,964,393)	(14,508,579)
Cash and cash equivalents at the beginning of period	7,883,230	19,738,857	19,738,857
Effect of foreign exchange rate changes	(2,507,200)	1,491,044	2,652,952
Cash and cash equivalents at the end of period	**8,232,290**	**9,265,508**	**7,883,230**
Cash and cash equivalents made up of:			
Cash at bank	8,232,290	9,265,508	7,883,230

The accompanying notes on pages 10 to 22 form an integral part of these financial statements.

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

FOR THE PERIOD 1 JANUARY 2016 TO 30 JUNE 2016

WITH UNAUDITED COMPARATIVES FOR THE PERIOD 1 JANUARY 2015 TO 30 JUNE 2015
AND AUDITED COMPARATIVES FOR THE YEAR ENDED 31 DECEMBER 2015

1. General Information

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

The address of the Company's registered office is Elizabeth House, 9 Castle Street, St Helier, JE2 3RT, Channel Islands.

The Fund's shares have been admitted to the Official List of the FCA and to trading on the London Stock Exchange's Main Market for listed securities.

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

The Company and the Fund have no employees.

The half-yearly report has not been audited or reviewed by the auditor, Deloitte LLP, pursuant to the Auditing Practices Board guidance on 'Review of Interim Financial Information'.

The information presented for the year ended 31 December 2015 does not constitute the statutory financial statements of the Company. Copies of the statutory financial statements for that year have been delivered to the Registrar of Companies in Jersey. The auditor's report on those financial statements was unqualified

2. Accounting Policies

a. Basis of preparation

The condensed financial information for the period ended 30 June 2016 has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

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

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

b. Going concern

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

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

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

c. Standards and Interpretations

Except as described below the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those financial statements.

Standard and Interpretation in issue is not yet adopted.

At the date of authorisation of these financial statements, the following Standard or Interpretation has been issued by the International Accounting Standards Board (IASB) but is not yet approved by the EU and therefore has not yet been adopted by the Company and the Fund:

2. Accounting Policies (Continued)
c. Standards and Interpretations (Continued)
– 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 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 in future periods.

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

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

	30.06.2016 £	30.06.2015 £	31.12.2015 £
Quoted/listed Equities	117,790,191	116,904,918	102,969,575
Quoted/listed Bonds	8,255,894	9,519,018	6,924,361
	126,046,085	126,423,936	109,893,936

Please refer to Note 17 for the Schedule of Investments.

4. Cash and cash equivalents

	30.06.2016 £	30.06.2015 £	31.12.2015 £
Cash at bank	8,232,290	9,265,507	7,883,230

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

5. Other payables and accruals

	30.06.2016 £	30.06.2015 £	31.12.2015 £
Investment management fees	174,868	196,367	167,034
Sponsor's fees	49,962	56,105	47,724
Audit fees	38,911	12,892	26,000
Administration fees	24,981	28,053	23,682
Directors' fees	–	21,250	–
General expenses	28,169	13,979	17,535
Registrar's fees	21,443	7,470	6,695
Custodian fees	2,483	2,819	1,831
	340,817	338,935	290,681

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

FOR THE PERIOD 1 JANUARY 2016 TO 30 JUNE 2016

WITH UNAUDITED COMPARATIVES FOR THE PERIOD 1 JANUARY 2015 TO 30 JUNE 2015
AND AUDITED COMPARATIVES FOR THE YEAR ENDED 31 DECEMBER 2015

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	£
Management shares issued		
At 31 December 2015	2	2
At 30 June 2016	**2**	**2**
Redeemable participating preference shares issued		
At 31 December 2015	**108,162,250**	**51,158,935**
19 February 2016 100,000 shares of no par value repurchased at 71.25 pence each	(100,000)	(71,250)
1 March 2016 100,000 shares of no par value repurchased at 73.00 pence each	(100,000)	(73,000)
8 March 2016 100,000 shares of no par value repurchased at 74.50 pence each	(100,000)	(74,500)
28 April 2016 250,000 shares of no par value repurchased at 80.00 pence each	(250,000)	(200,000)
13 May 2016 100,000 shares of no par value repurchased at 80.25 pence each	(100,000)	(80,250)
20 May 2016 100,000 shares of no par value repurchased at 78.75 pence each	(100,000)	(78,750)
26 May 2016 100,000 shares of no par value repurchased at 78.50 pence each	(100,000)	(78,500)
1 June 2016 100,000 shares of no par value repurchased at 78.25 pence each	(100,000)	(78,250)
10 June 2016 100,000 shares of no par value repurchased at 81.46 pence each	(100,000)	(81,460)
At 30 June 2016	**107,112,250**	**50,342,975**
Total stated capital at 30 June 2016		**50,342,977**

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

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

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

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

At the period end, there were 17,570,000 (30 June 2015: 15,920,000, 31 December 2015: 16,520,000) treasury shares in issue. Treasury shares have no value and no voting rights.

7. Net asset value per redeemable participating preference share

The net asset value per share of 101.51p (30 June 2015: 96.73p, 31 December 2015: 86.40p) is based on the net assets at the period end of £108,734,991 (30 June 2015: £105,211,004, 31 December 2015: £93,447,421) and on 107,112,250 redeemable participating preference shares, being the number of redeemable participating preference shares in issue (excluding shares held in treasury) at the period end (30 June 2015: 108,762,250 shares, 31 December 2015: 108,162,250 shares).

8. Dividend and interest income

	Period ended 30.06.2016				
	Revenue £	Capital £	Total £	30.06.2015 £	31.12.2015 £
Bond and debenture interest	219,450	–	219,450	318,490	599,852
Bank and loan interest	40,074	–	40,074	30,691	65,330
Dividend income	2,030,022	–	2,030,022	2,261,923	4,058,329
	2,289,546	**–**	**2,289,546**	**2,611,104**	**4,723,511**

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9. Net movement in the fair value of securities

	Period ended 30.06.2016				
	Revenue	Capital	Total	30.06.2015	31.12.2015
	£	£	£	£	£
Net movement in the fair value of securities (at fair value through profit or loss)	–	20,171,429	20,171,429	(7,275,032)	(18,101,131)

10. Profit per redeemable participating preference share

The revenue gain per share is based on £1,454,106 net revenue gain on ordinary activities and a weighted average of 107,779,008 shares in issue. The capital gain per share is based on £17,349,730 net capital gain for the period and a weighted average of 107,779,008 shares in issue.

11. Related party transactions

The directors are regarded as related parties.

Total directors' fees paid during the period amounted to £48,243 of which zero was due at the period end (30 June 2015: £42,500 of which £21,250 was due at the period end, 31 December 2015: £85,000 of which zero was due at the year end).

The Investment Manager is also regarded as a related party due to common ownership. Total management fees paid during the period amounted to £332,013 (30 June 2015: £387,719, 31 December 2015: £727,106).

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

12. Dividends

Dividends of 1.25 pence per share were paid on a quarterly basis during the period in the months of January and April totalling £2,700,306 (30 June 2015: £2,722,682). On 29 July 2016 a dividend of £1,338,903 was paid. In accordance with the requirements of IFRS, as this was approved on 7 July 2016, being after the Statement of Financial Position date, no accrual was reflected in the 2016 interim financial statements for this amount of £1,338,903 (28 July 2015: £1,359,528).

13. Taxation

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

14. Loan payable

The Fund has a Credit Facility Agreement with Royal Bank of Canada ("RBC") whereby RBC provides an on Demand Credit Facility (the "Credit Facility"), with a maximum principal amount of the lesser of CAD 65,000,000 and 25 per cent. of the total asset value of the Fund.

As at 30 June 2016, the Bankers' Acceptance drawn under the Credit Facility totals CAD 50,000,000 (GBP equivalent of £28,694,202) (period ended 30 June 2015: CAD 60,000,000 (GBP equivalent of £30,474,329), year ended 31 December 2015: CAD 50,000,000 (GBP equivalent £24,363,649)).

As at 30 June 2016, pre-paid interest and stamping fees of £80,070 (period ended 30 June 2015: £40,806, year ended 31 December 2015: £55,653) were paid on the Bankers' Acceptance and these costs are being amortised over 90 days. Interest paid on the Bankers' Acceptance totalled £135,793 (period ended 30 June 2015: £136,164, year ended 31 December 2015: £246,118).

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

15. Security agreement

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

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16. Financial instruments

Fair values

The carrying amounts of the investments, accrued income, other receivables, cash and cash equivalents and other payables approximate their fair values. In 2015, the percentage of the value of portfolio assets which may be invested in securities listed in recognized stock exchange outside Canada has been increased to up to 40 percent.

Management of Capital

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

The capital structure of the Fund consists of proceeds from the issue of preference shares, loans and reserve accounts. The Investment Manager manages and adjusts its capital in response to general economic conditions, the risk characteristics of the underlying assets and working capital requirements. Generally speaking, the Fund will reduce leverage when investments are likely to decrease in value and will increase leverage when investment appreciation is anticipated. In order to maintain or adjust its capital structure, the Fund may borrow or repay debt under its Credit Facility or undertake other activities deemed appropriate under the specific circumstances. The Fund and the Company do not have any externally imposed capital requirements. However, the Fund is subject to bank covenants in respect of leverage and complied with those covenants in the 6 months to 30 June 2016 and in 2015.

Investment and trading activities

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

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

Credit risk

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

The Fund's principal assets are bank balances and cash, other receivables and investments as set out in the Statement of Financial Position which represents the Fund's maximum exposure to credit risk in relation to the financial assets. The credit risk on bank balances is limited because the counterparties are banks with high credit ratings of AA- and A+ assigned by Standard and Poor's rating agency. All transactions in listed securities are settled upon delivery using approved brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations. Where the Investment Manager makes an investment in debt or corporate securities, the credit rating of the issuer is taken into account to manage the Company's exposure to risk of default. Investments in debt or corporate securities are across a variety of sectors and geographical markets, to avoid concentration of credit risk.

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

Market price risk

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

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

Country risk

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

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

16. Financial instruments (Continued)

Fair value measurements

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

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

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

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

The following table presents the Fund's financial assets and liabilities by level within the valuation hierarchy as of 30 June 2016.

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets				
Securities				
(at fair value through profit or loss)	126,046,085	–	–	126,046,085

The following table presents the Fund's financial assets and liabilities by level within the valuation hierarchy as of 31 December 2015.

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets				
Securities				
(at fair value through profit or loss)	109,893,936	–	–	109,893,936

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

Price sensitivity

At 30 June 2016, if the market prices of the securities had been 30% higher with all other variables held constant, the increase in net assets attributable to holders of redeemable participating preference shares would have been £37,813,826 (30 June 2015: £37,927,181, December 2015: £32,968,180), arising due to the increase in the fair value of financial assets at fair value through profit or loss by £37,813,826 (30 June 2015: £37,927,181, 31 December 2015: £32,968,180).

At 30 June 2016, if the market prices of the securities had been 30% lower with all other variables held constant, the decrease in net assets attributable to holders of redeemable participating preference shares would have been equal, but opposite, to the figures stated above.

16. Financial instruments (Continued)

Interest rate risk

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

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

The following table details the Fund's exposure to interest rate risk at 30 June 2016, 30 June 2015 and 31 December 2015:

	Floating rate assets		
	30.06.2016	30.06.2015	31.12.2015
	£	£	£
Assets			
Debt securities	8,225,894	9,519,018	6,924,361
Cash and cash equivalents	8,232,290	9,265,507	7,883,230
	16,458,184	18,784,525	14,807,591
Liabilities			
Loan payable	28,694,202	30,474,329	24,363,649
	28,694,202	30,474,329	24,363,649

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

Interest rate sensitivity analysis

At 30 June 2016, had interest rates been 50 basis points higher and all other variables were held constant, the Company's net assets attributable to the redeemable participating preference shares would have decreased by £266, 023 (30 June 2015: £285,104 31 December 2015: £190,340) 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 and U.S. companies and REIT's listed on Canadian Stock Exchange and are actively traded.

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16. Financial instruments (Continued)

Liquidity risk (Continued)

As at 30 June 2016, the Fund's ability to manage liquidity risk was as follows:

	Less than 1 month £	1 to 3 months £	3 months to 1 year £	More than 1 year £	Total £
Assets					
Securities (at fair value through profit or loss)	126,046,085	–	–	–	126,046,085
Accrued bond interest	59,532	–	–	–	59,532
Accrued dividend income	320,907	–	–	–	320,907
Accrued bank interest	1,119	–	–	–	1,119
Other receivables	2	–	–	–	2
Securities receivable	7,038,767	–	–	–	7,038,767
Prepayments	15,880	–	–	–	15,880
Cash and cash equivalents	8,232,290	–	–	–	8,232,290
	141,714,582	–	–	–	141,714,582
Liabilities					
Loan payable	–	(28,694,202)	–	–	(28,694,202)
Other payables and accruals	(340,817)	–	–	–	(340.817)
Securities payable	(3,922,089)	–	–	–	(3,922,089)
Interest payable	(22,483)	–	–	–	(22,483)
	(4,285,389)	**–**	**–**	**–**	**(32,979,591)**
	137,429,193	**–**	**–**	**–**	**108,734,991**

As at 30 June 2015, the Fund's ability to manage liquidity risk was as follows:

	Less than 1 month £	1 to 3 months £	3 months to 1 year £	More than 1 year £	Total £
Assets					
Securities (at fair value through profit or loss)	126,423,936	–	–	–	126,423,936
Accrued bond interest	111,055	–	–	–	111,055
Accrued dividend income	247,059	–	–	–	247,059
Accrued bank interest	5,286	–	–	–	5,286
Other receivables	2	–	–	–	2
Prepayments	15,944	–	–	–	15,944
Cash and cash equivalents	9,265,507	–	–	–	9,265,507
	136,068,789	**–**	**–**	**–**	**136,068,789**
Liabilities					
Loan payable	(30,474,329)	–	–	–	(30,474,329)
Other payables and accruals	(338,935)	–	–	–	(338,935)
Interest payable	(44,521)	–	–	–	(44,521)
	(30,857,785)	**–**	**–**	**–**	**(30,857,785)**
	105,211,004	**–**	**–**	**–**	**105,211,004**

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16. Financial instruments (Continued)

Liquidity risk (Continued)

As at 31 December 2015, the Fund's ability to manage liquidity risk was as follows:

	Less than 1 month £	1 to 3 months £	3 months to 1 year £	More than 1 year £	Total £
Assets					
Securities (at fair value through profit or loss)	109,893,936	–	–	–	109,893,936
Accrued bond interest	57,494	–	–	–	57,494
Accrued dividend income	237,508	–	–	–	237,508
Accrued bank interest	983	–	–	–	983
Other receivables	2	–	–	–	2
Prepayments	30,549	–	–	–	30,549
Cash and cash equivalents	7,883,230	–	–	–	7,883,230
	118,103,702	–	–	–	118,103,702
Liabilities					
Other payables and accruals	(290,681)	–	–	–	(290,681)
Interest payable	(1,951)	–	–	–	(1,951)
Loan payable	–	(24,363,649)	–	–	(24,363,649)
	(292,632)	(24,363,649)	–	–	(24,656,281)
	117,811,070	(24,363,649)	–	–	93,447,421

Currency risk

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

16. Financial instruments (Continued)

Currency risk (Continued)

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

	30 June 2016 £	30 June 2015 £	31 December 2015 £
Assets			
Cash and cash equivalents	4,584,760	8,176,497	1,332,963
Canadian equities	90,951,064	80,525,135	60,605,094
Canadian debt	8,255,893	9,519,018	6,924,361
Accrued income	340,577	335,470	251,072
Securities receivable	7,038,767	–	–
	111,171,061	98,556,120	69,113,490
Liabilities			
Loan payable	(28,694,202)	(30,474,329)	(24,363,649)
Interest payable	(22,484)	(44,521)	(1,951)
Securities payable	(3,922,089)	–	–
	(32,658,775)	(30,518,850)	24,365,600

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

	30 June 2016 £	30 June 2015 £	31 December 2015 £
Assets			
Cash and cash equivalents	3,374,171	942,832	4,315,117
United States equities	26,839,129	36,379,783	35,455,081
Accrued income	40,980	27,930	44,911
	30,254,280	37,350,545	39,815,109

Sensitivity analysis

As at 30 June 2016, 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 £3,926,614 (30 June 2015: £3,239,870, 31 December 2015: £2,237,394). Had GBP weakened against the CAD by 5%, this would amount to an increase in net assets attributable to shareholders of approximately £3,926,614 (30 June 2015: £3,239,870, 31 December 2015: £2,237,394).

As at 30 June 2016, 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 £1,512,714 (30 June 2015: £1,778,597, 31 December 2015: £1,990,755). Had GBP weakened against the USD by 5%, this would amount to an increase in net assets attributable to shareholders of approximately £1,512,714 (30 June 2015: £1,778,597, 31 December 2015: £1,990,755).

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17. Schedule of Investments – Securities (at fair value through profit or loss)
As at 30 June 2016

Description	Shares or Par Value	Book Cost £	Bid-Market Value £	% of Net Assets	% of Portfolio
Equities:					
Bermuda – Quoted Investments					
Real Estate					
Brookfield Property Partners LP	250,000	2,849,132	4,177,461	3.84%	3.31%
Utilities					
Brookfield Infrastructure Partners LP	80,000	1,743,330	2,693,390	2.48%	2.14%
Canada – Quoted Investments					
Consumer Discretionary					
Enercare Inc.	400,000	1,901,550	3,935,252	3.62%	3.12%
Gildan Activewear Inc.	65,000	1,145,242	1,415,614	1.30%	1.12%
Energy					
ARC Resources Ltd	130,000	1,425,025	1,651,861	1.52%	1.31%
Birchcliff Energy Ltd	85,000	1,300,141	1,151,055	1.06%	0.91%
Birchcliff Energy Ltd – Preferred Shares	43,000	684,538	549,852	0.51%	0.44%
Canadian Natural Resources Limited	90,000	2,063,471	2,066,353	1.90%	1.64%
Peyto Exploration & Development Corp.	100,000	1,588,477	1,991,242	1.83%	1.58%
Suncor Energy Inc.	110,000	2,091,379	2,267,032	2.08%	1.80%
Torc Oil & Gas Ltd.	600,000	2,251,247	2,827,022	2.60%	2.24%
Vermillion Energy Inc.	160,000	4,008,864	3,777,658	3.47%	3.00%
Financials					
Bank of Nova Scotia	50,000	1,521,821	1,821,609	1.68%	1.45%
Royal Bank of Canada	65,000	2,177,347	2,858,184	2.63%	2.27%
Industrials					
Cargojet Inc.	170,000	2,337,968	3,231,376	2.97%	2.56%
Parkland Fuel Corporation	200,000	2,261,642	2,590,861	2.38%	2.06%
Materials					
Chemtrade Logistics Income Fund	150,000	1,401,074	1,541,384	1.42%	1.22%
Intertape Polymer Group Inc.	185,000	1,491,622	2,243,099	2.06%	1.78%
Potash Corporation of Saskatchewan Inc.	150,000	1,862,879	1,813,545	1.67%	1.44%
Pipelines					
AltaGas Ltd	100,000	2,151,961	1,806,345	1.66%	1.43%
Enbridge Inc.	155,000	3,904,458	4,881,855	4.49%	3.87%
Enbridge Income Fund Holdings Inc.	50,000	773,823	922,181	0.85%	0.73%
Gibson Energy Inc.	250,000	2,086,506	2,157,131	1.98%	1.71%
Pembina Pipeline Corporation	200,000	3,999,610	4,510,103	4.15%	3.58%
Transcanada Corporation	55,000	1,858,618	1,852,022	1.70%	1.47%
Versen Inc.	350,000	2,066,369	2,201,483	2.02%	1.75%

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17. Schedule of Investments – Securities (at fair value through profit or loss) (Continued)
As at 30 June 2016

Description	Shares or Par Value	Book Cost £	Bid-Market Value £	% of Net Assets	% of Portfolio
Real Estate					
Canadian Apartment Properties Real Estate Investment Trust	115,000	1,411,212	2,196,530	2.02%	1.74%
Chartwell Retirement Residences	590,000	3,771,061	5,355,906	4.93%	4.25%
Cominar Real Estate Investment Trust	100,000	898,470	969,989	0.89%	0.77%
Crombie Real Estate Investment Trust	250,000	1,937,459	2,210,411	2.03%	1.75%
CT Real Estate Investment Trust	200,000	1,557,288	1,701,513	1.56%	1.35%
H&R Real Estate Investment Trust	325,000	3,879,295	4,213,893	3.88%	3.34%
Pure Industrial Real Estate Trust	1,050,000	2,794,168	3,108,688	2.86%	2.47%
Utilities					
Algonquin Power & Utilities Corp.	400,000	1,620,525	2,739,470	2.52%	2.17%
Fortis Inc.	90,000	1,842,366	2,263,346	2.08%	1.80%
Northland Power Inc.	255,000	2,554,483	3,256,346	2.99%	2.58%
Netherlands – Quoted Investments					
Materials					
Lyondellbasell Industries N.V. Class A	45,000	1,760,268	2,505,161	2.30%	1.99%
United States – Quoted Investments					
Consumer Staples					
Reynolds American, Inc.	75,000	1,760,601	3,024,573	2.78%	2.41%
The Kraft Heinz Company	45,000	1,494,661	2,977,783	2.74%	2.36%
Health Care					
Johnson & Johnson	35,000	2,203,401	3,175,344	2.92%	2.52%
Financials					
Capital One Financial Corporation	60,000	2,292,806	2,850,090	2.62%	2.26%
Discover Financial Services, Inc.	75,000	2,139,680	3,007,181	2.77%	2.39%
JPMorgan Chase & Co.	80,000	2,459,642	3,719,928	3.42%	2.95%
Prudential Financial, Inc.	40,000	1,720,279	2,134,051	1.96%	1.69%
Technology					
Microsoft Corporation	90,000	2,556,329	3,445,018	3.17%	2.73%
Total equities:		**93,602,088**	**117,790,191**	**108.31%**	**93.45%**

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17. Schedule of Investments – Securities (at fair value through profit or loss) (Continued)
As at 30 June 2016

Description	Shares or Par Value	Book Cost £	Bid-Market Value £	% of Net Assets	% of Portfolio
Debt:					
Canada – Quoted Investments					
Chemtrade Logistics Income Fund 5.75% due 31 December 2018	2,000,000	1,163,632	1,175,161	1.08%	0.93%
Great Canadian Gaming Corporation 6.625% due 25 July 2022	2,000,000	1,272,795	1,173,606	1.08%	0.93%
Kelt Exploration Ltd. 5% due 31 May 2021	2,000,000	1,072,226	1,319,047	1.21%	1.05%
Quebecor Inc 6.625% due 15 January 2023	3,500,000	2,355,635	2,086,571	1.92%	1.66%
Superior Plus Corp 6% due 30 June 2018	2,650,000	1,788,822	1,568,384	1.44%	1.24%
Tricon Capital Group 5.6% due 31 March 2020	1,500,000	961,477	933,125	0.86%	0.74%
Total debt:		**8,614,587**	**8,255,894**	**7.59%**	**6.55%**
Total investments		**102,216,675**	**126,046,085**	**115.90%**	**100.00%**

STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Unaudited)

AS AT 30 JUNE 2016

WITH UNAUDITED COMPARATIVES AS AT 30 JUNE 2015 AND AUDITED COMPARATIVES AS AT 31 DECEMBER 2015

	Notes	30.06.2016 £	30.06.2015 £	31.12.2015 £
Current assets				
Other receivables		2	2	2
Net assets		**2**	**2**	**2**
Equity attributable to equity holders				
Stated capital	2	2	2	2
Total Shareholders' equity		**2**	**2**	**2**

The financial statements and notes on pages 23 to 24 were approved by the directors on 18 August 2016 and signed on behalf of the Board by:

Philip Bisson
Director

Raymond Apsey
Director

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

FOR THE PERIOD 1 JANUARY 2016 TO 30 JUNE 2016

WITH UNAUDITED COMPARATIVES FOR THE PERIOD 1 JANUARY 2015 TO 30 JUNE 2015
AND AUDITED COMPARATIVES FOR THE YEAR ENDED 31 DECEMBER 2015

1. Basis of accounting

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

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

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

Judgments and estimates used by the directors

The preparation of financial statements in compliance with IFRS requires the directors to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated liabilities are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent. For the purposes of these financial statements, there were no specific areas in which judgment was exercised 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	£
Management shares issued		
At 30 June 2016, 31 December 2015 and 30 June 2015	2	2

3. Taxation

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

Management and Administration

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

Administrator and Secretary
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