ANNUAL INFORMATION FORM

RESPECTING UNITS OF

Sustainable Innovation & Health *Dividend Fund*

FOR THE YEAR ENDED DECEMBER 31, 2023

March 27, 2024

TABLE OF CONTENTS

NAME AND FORMATION OF THE FUND 1
HISTORY OF THE FUND 1
INVESTMENT RESTRICTIONS 1
Investment Objectives 2
Investment Strategy 2
Middlefield's ESG Policy 3
ESG Screening Process 4
Investment Restrictions 6
Change in Investment Guidelines 9
Currency Hedging 9
Use of Derivative Instruments 9
Securities Lending 10
DESCRIPTION OF SECURITIES OF THE FUND 10
Meetings of Unitholders and Extraordinary Resolutions 11
Amendments to the Declaration of Trust 12
VALUATION OF PORTFOLIO SECURITIES 13
Valuation Policies and Procedures 13
CALCULATION OF NET ASSET VALUE 15
PURCHASES OF UNITS 15
REDEMPTIONS OF UNITS 15
Suspension of Redemptions 18
RESPONSIBILITY FOR FUND OPERATIONS 18
Manager 18
Portfolio Advisor 19
Trustee 20
Brokerage Arrangements 20
Independent Review Committee 20
Custodian 21
Valuation Agent 21
Auditor 21
Registrar and Transfer Agent 21
Designated Website 21
CONFLICTS OF INTEREST 22
Principal Holders of Securities 22
Affiliated Entities 22
Dealer Manager Disclosure 22
FUND GOVERNANCE 23
Independent Review Committee 23
Derivatives Risk Management 24
Short Selling Risk Management 25
Securities Lending 26
Proxy Voting Policies 26
Short-Term Trades 27
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS 27
Taxation of the Fund 27
Units Held in Registered Tax Plans 29
Units Not Held in Registered Tax Plans 30
Tax Implications of the Fund's Distribution Policy 32
International Information Reporting 32

REMUNERATION OF DIRECTORS, OFFICERS AND TRUSTEE 33
MATERIAL CONTRACTS 33

NAME AND FORMATION OF THE FUND

Sustainable Innovation & Health *Dividend Fund* (the "Fund") is a non-redeemable investment fund established as a trust under the laws of Alberta pursuant to a declaration of trust (as amended, restated, supplemented or replaced from time to time, the "Declaration of Trust") dated July 23, 2020. The Declaration of Trust was amended on May 31, 2022, to change its governing law from the laws of the Province of Alberta to the laws of the Province of Ontario and to change the head office and residence of the Fund to the City of Toronto, in the Province of Ontario.

Middlefield Limited is the trustee (the "Trustee") and manager (the "Manager") of the Fund under the Declaration of Trust.

The investment advisor of the Fund is Middlefield Capital Corporation ("MCC" or the "Advisor").

The head office of the Fund is The Well, 8 Spadina Avenue, Suite 3100, Toronto, Ontario M5V 0S8.

HISTORY OF THE FUND

On August 14, 2020, pursuant to the Fund's prospectus dated July 23, 2020, 8,500,000 units of the Fund (the "Units") were issued at a price of $10.00 per Unit. Of the total number of Units issued, 231,314 Units were issued pursuant to the Fund's exchange option purchase method, in exchange for certain exchange eligible securities. On September 10, 2020, an additional 700,000 Units were issued at a price of $10.00 per Unit pursuant to the Prospectus upon exercise of the over-allotment option granted to the agents who offered the Units for sale.

On July 24, 2023, TSX Trust Company became the transfer agent and registrar for the Fund, replacing Middlefield Capital Corporation.

On September 1, 2023, the Fund commenced a normal course issuer bid which will expire on August 31, 2024. The Fund is permitted to purchase up to 585,192 Units through the facilities of the Toronto Stock Exchange ("TSX") pursuant to this bid.

INVESTMENT RESTRICTIONS

The Fund is considered to be a non-redeemable investment fund under the securities legislation of the provinces and territories of Canada. Consequently, the Fund is subject to and managed in accordance with the various policies and regulations that apply to non-redeemable investment funds, including those provisions of National Instrument 81-102 – *Investment Funds* ("NI 81-102") that apply to non-redeemable investment funds, but is not subject to the various policies and regulations that apply only to mutual funds, including those provisions of NI 81-102 that apply only to mutual funds.

The Fund currently qualifies and the Manager expects the Fund will continue to qualify as a mutual fund trust under the Income Tax Act (Canada) (the "Tax Act"). Accordingly, Units of the Fund are qualified investments for trusts governed by registered retirement savings plans,

registered retirement income funds, registered education savings plans, deferred profit sharing plans, first home savings accounts, registered disability savings plans and tax-free savings accounts. The Fund has not deviated in the last year from the rules under the Tax Act relating to its Units' status as qualified investments.

Investment Objectives

The investment objectives of the Fund are to provide holders of Units ("Unitholders") with (a) stable monthly cash distributions; and (b) enhanced long-term total return through capital appreciation of the Fund's investment portfolio, through a diversified, actively managed portfolio comprised primarily of dividend paying securities of global technology and healthcare companies, including initially those which the Advisor believes are positioned to benefit long-term from the trends and changing consumer behaviours resulting from the COVID-19 global pandemic (collectively, "Innovative Technology & Healthcare Issuers"). The Portfolio will focus on sustainable technology and healthcare companies with assets the Advisor believes have been developed and operated taking into account environmental, social and governance considerations.

Investment Strategy

The Fund has been designed to provide investors with a diversified, actively managed portfolio comprised primarily of dividend paying securities of Innovative Technology & Healthcare Issuers, including those whose operations may be related to e-commerce, work from home, digital health and life sciences, as well as those whose operations may fall within traditional technology and healthcare subsectors. The Advisor believes that investments in technology and healthcare will provide investors with excellent diversification and attractive long-term returns as Canadian investors generally do not have significant exposure to these sectors. In addition, the Advisor believes that technology and healthcare companies are well-positioned to develop products and services to address the changing needs of consumers, including changes to consumer behaviour resulting from the COVID-19 pandemic. As set forth in greater detail below under the headings "Middlefield's ESG Policy" and "ESG Screening Process", the Advisor also intends to consider and incorporate environmental, social and governance criteria in the investment process to help screen and evaluate potential issuers.

In order to seek to achieve the Fund's investment objectives, the Fund will invest as follows: (a) at least 80% of the Fund's assets will be invested in an actively managed, diversified, global portfolio comprised primarily of dividend paying securities of publicly listed Innovative Technology & Healthcare Issuers (the "Public Portfolio"); and (b) up to 20% of the Fund's assets will be invested in the securities of private, unlisted Innovative Technology & Healthcare Issuers, identified and vetted by the Advisor, in order to provide access to private market technology and healthcare investment opportunities normally reserved for institutional investors (the "Private Portfolio", and together with the Public Portfolio, the "Portfolio"). The Advisor from time to time shall, pursuant to the Advisory Agreement (as defined below) and subject to the terms of the Fund's investment restrictions, determine the composition of the investments that comprise the Portfolio. The Portfolio may include, without limitation, equity securities, preferred shares, fixed income securities, securities of investment funds and securities convertible or exchangeable into any of the foregoing.

Middlefield's ESG Policy

Middlefield Group ("Middlefield") employs a disciplined investment process in respect of its investment funds that seeks to identify attractive investment opportunities and evaluate material risks that could impact portfolio returns. Middlefield believes that ESG factors have become an important component of a thorough investment analysis and that the integration of ESG factors will result in a more comprehensive understanding of a company's strategy, culture and sustainability. Consistent with these objectives, Middlefield integrates ESG considerations into its investment process and these considerations are significant factors in selecting portfolio companies for its ESG-focused mandates, including the Fund.

ESG considerations are integral to Middlefield's investment decision-making, as well as the ongoing portfolio monitoring process in respect of its investment funds. Middlefield's current ESG integration process includes the following:

1. Middlefield incorporates ESG scores and other ESG data in its multi-disciplined investment process to evaluate investments. Middlefield's methodology includes a qualitative review and assignment of ESG scores to individual holdings. Each company is analyzed on an absolute basis and measured relative to its peers. The ESG scores and other ESG data are not the sole factors that govern investment decisions, however, but rather constitute part of the information reviewed and considered alongside fundamental, quantitative and qualitative research.

2. Middlefield's ESG scoring framework considers the average ESG scores from several reputable third-party data providers. The data providers incorporated into Middlefield's ESG analysis currently are Sustainalytics, S&P, Bloomberg and Refinitiv. In addition, Middlefield cross-references potential investments with the constituents of relevant ESG indexes to assess their eligibility in ESG-focused mandates.

3. Negative screening is implemented in ESG-focused mandates to exclude companies that operate in ethically-contentious industries (e.g. tobacco products and military weapons) as well as those involved in severe business controversies.

4. Positive screening is used to select companies that possess positive ESG characteristics. This process involves analyzing sustainability data provided by reputable third-parties to determine how companies are ESG-rated and ranked relative to peers.

5. ESG considerations also are integrated into Middlefield's investment process by, among other things:

    - reviewing companies' public disclosure, including annual reports, proxy circulars, and, if available, sustainability or ESG reports;
    - conducting research and analysis on companies' ESG policies and practices;
    - obtaining third party research on companies;
    - engaging with companies, including from time to time having discussions with management teams (both before purchasing shares for the portfolios and while portfolios own such shares) on topics such as what initiatives and strategies have

been put in place by the companies to deal with ESG considerations material to such companies; and

- o monitoring shareholder meetings and voting proxies.

Many countries have established or are in the process of establishing standardized ESG disclosure requirements for corporate issuers. When enacted, these are expected to enhance the efficiency of Middlefield's ongoing review and monitoring of a company's ESG practices.

Middlefield's approach to ESG integration may evolve over time as more ESG and sustainability research and data become available.

ESG Screening Process

In seeking to achieve its investment objectives, the Fund targets investments in issuers that have positive ESG characteristics, as identified by the Advisor through the implementation of Middlefield's ESG Policy described above and the ESG screening process described in this section.

In implementing Middlefield's ESG Policy in respect of potential Portfolio investments, the Advisor will apply a multi-disciplined investment process (including qualitative, quantitative and fundamental research and from time to time engagement with management teams) to select securities. The specific steps implemented in respect of the review of each potential Portfolio investment will vary in the discretion of the Advisor having regard to the specific circumstances of the applicable issuer. The Advisor will make its determinations based on the totality of the analysis, meaning that no single factor in its analysis will be determinative.

The Advisor will apply the following considerations to potential issuers for inclusion in the Portfolio in an effort to identify those with positive ESG characteristics:

Third Party ESG Scores. The Advisor will, as an input into its positive screening process, consider the average ESG scores from several reputable third-party data providers. The data providers incorporated into Middlefield's ESG analysis currently are Sustainalytics, S&P, Bloomberg and Refinitiv. Sustainalytics is an industry leader in part due to their robust risk rating metrics that provide an in-depth measure of an issuers industry-specific material ESG risks and how well an issuer is managing those risks by breaking down issuers total ESG risk exposure into manageable and unmanageable risk. S&P Global ESG Scores are uniquely informed by a combination of verified company disclosures, media and stakeholder analysis, and in-depth company engagement via the S&P Global Corporate Sustainability Assessment, providing unparalleled access to ESG insights before they reach others. Bloomberg has an expansive ESG database of over 11,800 global issuers, providing coverage on issuers not commonly covered by other data providers. Refinitiv provides easy to understand score ranges that encapsulate over 450 issuer-level ESG metrics it collects across 10 unique categories within environmental, social, and governance. The foregoing descriptions of the third party data providers' methodologies has been taken from publicly available information relating to such third party data providers.

Third Party Data and Indices. The Advisor will, as an input into its positive screening process, consider issuer-specific sustainability reports as well as reports of third-party data

providers, such as Bloomberg, Sustainalytics, S&P and Refinitiv, which provide an independent and objective rating as an input to overall investment analysis and risk assessment of an issuer. As outlined above, firms such as Bloomberg are independent and well recognized as leaders in their independent research, including setting up parameters on ESG issuers which the Advisor will review and consider when making decisions for inclusion of securities in the Portfolio. The Advisor will also, as an input into its positive screening process and as a supplement to third party ESG scores, consider whether a particular issuer is included as a constituent in any third party ESG indices to assess their eligibility in ESG-focused mandates. An example of such indices is the Vanguard World ESG Index (the "Vanguard Index"). The Vanguard Index employs a passive management approach and is comprised of nearly 4,500 issuers across industries, geographies, and market capitalizations. The Vanguard Index excludes companies that are engaged or involved in controversies, as defined by the United Nations Global Compact Principles, non-renewable energy, vice products, such as alcohol and tobacco products, and weapons.

Negative Screening. The Advisor will, on a best efforts basis, seek to exclude securities of issuers involved in severe business controversies, meaning controversies the Advisor believes will negatively impact the issuer's reputation from an ESG perspective and/or the value of an investment in the issuer.

Positive Screening. This qualitative screening process will evaluate issuers' ESG policies and practices in areas that include, but are not limited to:

- community and society: an examination of how an issuer manages relationships with employees, suppliers, customers, and the communities where it operates.
- corporate governance: an examination of an issuer's board structure, board diversity and board independence, executive compensation, and information disclosure.
- environment: a measure of an issuer's impact on the natural or physical environment, which could be related to use of natural resources, policies on business travel or how the issuer reduces waste in its operations.
- business ethics: an examination of whether an issuer acts in a lawful and ethical manner in its dealings with its stakeholders.
- human rights: an examination of an issuer's involvement with modern slavery, corporate security, diversity, employee relations, supply chain sustainability, consumer relations and personal data protection.

The intent of the qualitative screening process is to remove issuers that have a poor score (bottom third) relative to their industry peers based on the above factors.

Direct Issuer Research. The Advisor will review issuers' public disclosure, including annual reports, proxy circulars, and, if available, sustainability or ESG reports. The Advisor will also engage directly with issuers, including from time to time having discussions with management teams (both before purchasing securities for the Portfolios and while the Portfolio own such securities) on topics such as what initiatives and strategies have been put in place by the issuers to deal with ESG considerations material to such issuers. The Fund will generally engage with management teams and other senior members of issuers on general ESG matters (e.g. board

diversity, inclusion, human rights, etc.) as well as matters that are material to specific industries (e.g. energy, water & waste water management, etc.). The successes of the Fund's engagement will be measured through on-going fundamental analysis of the issuers' public disclosures and the expected versus actual outcome of the actions of the issuers. Issuers that fail to meet their expected outcomes may be subject to divestment.

In addition, as part of the Advisor's Portfolio monitoring process, the Manager has contracted the services of Glass Lewis to add an additional level of analysis, including consideration of environmental, social and governance practices. The Fund's proxy guidelines will be regularly reviewed by the Manager, which guidelines are designed to mitigate issuers' ESG risks.

The Fund will generally have its proxies voted at shareholder meetings with a focus on board diversity, inclusion, tenure and refreshment, and expects that in most cases it will support governance-related shareholder proposals and environmental and social shareholder proposals aimed at enhancing an issuer's policies and performance or increasing an issuer's disclosures with respect to such issues.

The successes of the Fund's proxy policy will be measured through periodic reviews of the Fund's voting record by the Manager and the expected versus actual outcome of the relevant corporate actions. The periodic reviews will seek to confirm that the issuers held in the Fund act in accordance with widely-accepted ESG practices.

Investment Restrictions

The Fund cannot engage in any undertaking other than the investment of its assets in accordance with its investment objectives and strategy and in compliance with the investment restrictions set out in NI 81-102 that are applicable to non-redeemable investment funds from time to time. In addition, the Fund shall be subject to the following investment restrictions pursuant to which the Fund will not:

(a) for a period of more than 30 consecutive days have:

(i) less than 75% of the value of the total assets of the Fund (excluding cash and cash equivalents) comprised of the securities of Innovative Technology & Healthcare Issuers;

(ii) more than 25% of the value of the total assets of the Fund (excluding cash and cash equivalents) comprised of the securities of issuers having a market capitalization of less than Cdn. $1 billion;

(iii) more than 15% of the value of the total assets of the Fund (excluding cash and cash equivalents) comprised of securities of issuers from countries which meet MSCI's definition of "emerging market country" and which are listed in MSCI's Emerging Market Index (which countries are selected on an annual basis); or

(iv) in respect of the Public Portfolio, invest in any Innovative Technology & Healthcare Issuers engaged primarily in the alcohol, tobacco products, pornographic materials, civilian firearm, or military weapons industries;

(b) unless otherwise permitted by NI 81-102, have:

(i) less than 80% of the value of the total assets of the Fund (excluding cash and cash equivalents) invested in the Public Portfolio; or

(ii) more than 20% of the value of the total assets of the Fund (excluding cash and cash equivalents) invested in the Private Portfolio;

(c) own more than 10% of any class of securities of any one issuer or purchase the securities of an issuer for the purpose of exercising control over management of any issuer;

(d) borrow an amount exceeding 25% of the value of the total assets of the Fund, including leverage obtained through short selling and net notional exposure under derivatives (for greater certainty, short selling and derivatives used by the Fund solely for hedging purposes will not be included in leverage), or guarantee the obligations of any person other than the Manager, and then only in respect of the activities of the Fund;

(e) invest in or use derivative instruments other than for hedging purposes in a manner consistent with its investment objectives, or invest in or use derivative instruments for non-hedging purposes other than in a manner consistent with its investment objectives to a maximum of 10% of the NAV;

(f) purchase securities on margin or make short sales of securities or maintain short positions, in each case in excess of 10% of the NAV. This 10% limit, however, does not apply to short sales of securities or short positions maintained by the Fund for the purposes of hedging (as defined in NI 81-102) the exposure of the Portfolio to equity securities that are to be received by the Fund in connection with (i) the exercise by the Fund of a right to acquire such securities pursuant to a conversion or (ii) the exercise by the issuer of a right to issue such securities at maturity;

(g) make or hold any investment or undertake any activity that would result in the Fund failing to qualify as a "mutual fund trust" within the meaning of the Tax Act;

(h) make or hold any investments that would result in the Fund itself being subject to the tax for SIFT trusts as provided for in section 122 of the Tax Act (the "SIFT Rules"), including the following restrictions:

(i) the Fund must not hold "securities" of a "subject entity", other than a "portfolio investment entity", (as defined in the SIFT Rules) if such securities have a fair market value that is greater than 10% of the equity value in such subject entity for the purposes of the Tax Act;

(ii) the Fund must not hold "securities" of a "subject entity", other than a "portfolio investment entity", (as defined in the SIFT Rules) if, together

with all of the securities that the Fund holds of entities affiliated with the particular subject entity, such securities have a total fair market value that is greater than 50% of the equity value of the Fund for the purposes of the Tax Act; and

(iii) the Fund must not acquire any property that is a "Canadian real, immovable or resource property" for purposes of the Tax Act if at any time in the taxation year the total fair market value of such property held by the Fund is greater than 50% of the equity value of the Fund for the purposes of the Tax Act;

(i) invest in or hold (i) securities of or an interest in any non-resident entity, an interest in or a right or option to acquire such property, or an interest in a partnership which holds any such property if the Fund (or the partnership) would be required to include any significant amounts in income pursuant to section 94.1 of the Tax Act, (ii) any interest in a non-resident trust other than an "exempt foreign trust" for the purposes of section 94 of the Tax Act, or (iii) an interest in a trust (or a partnership which holds such an interest) which would require the Fund (or the partnership) to report income in connection with such interest pursuant to section 94.2 of the Tax Act;

(j) invest in any security that is a "tax shelter investment" within the meaning of section 143.2 of the Tax Act;

(k) make or hold any investment that would be "taxable Canadian property" of the Fund (as such term is defined in the Tax Act (if the definition were read without reference to paragraph (b) thereof)) if it would result in the Fund owning such properties having a fair market value greater than 10% of the fair market value of all of its property;

(l) with the exception of securities of the Fund's own issue, purchase securities from, sell securities to, or otherwise contract for the acquisition or disposition of securities with the Manager or the Advisor or any of their respective affiliates, with any officer, director or shareholder of any of them, with any person, trust, firm or corporation managed by the Manager or the Advisor or any of their respective affiliates or with any firm or corporation in which any officer, director or shareholder of the Manager or the Advisor may have a material interest (which, for these purposes, includes beneficial ownership of more than 10% of the voting securities of such entity) unless, with respect to any such purchase or sale of securities, the purchase price approximates the prevailing market price and such transaction is otherwise in accordance with applicable laws;

(m) engage in securities lending that does not constitute a "securities lending arrangement" for purposes of the Tax Act; or

(n) enter into any arrangement where the result is a "dividend rental arrangement" for purposes of the Tax Act.

The Fund will not be considered to have breached the investment restrictions set forth above and will not be required to dispose of any security in the Portfolio as a result of later changes to the value of such security, the Portfolio or the total assets of the Fund as a whole (except for the restrictions in paragraphs (g) to (k) above which must be complied with at all times and which may necessitate the sale of Portfolio securities from time to time) so long as any percentage restriction on investment or use of assets set forth above was adhered to at the time of purchase. If the Fund receives from an issuer subscription rights to purchase Portfolio securities of that issuer, and if the Fund exercises those subscription rights at a time when the Fund's holdings of Portfolio securities of that issuer would otherwise exceed the limits set forth above, the exercise of those rights will not constitute a violation of the investment restrictions if, prior to the receipt of Portfolio securities on exercise of those rights, the Fund has sold at least as many Portfolio securities of the same class and value as would result in the Fund complying with the restriction.

Change in Investment Guidelines

To change the fundamental investment objectives or investment restrictions of the Fund, a resolution must be passed by the affirmative vote of at least two-thirds of the votes cast at a meeting of Unitholders duly called for such purpose (an "Extraordinary Resolution"). The foregoing is subject to the exceptions set out under the headings "**Description of Securities of the Fund – Meetings of Unitholders and Extraordinary Resolutions**" and "**Description of Securities of the Fund – Amendments to the Declaration of Trust**".

Currency Hedging

The Portfolio will include securities which are denominated in currencies other than the Canadian dollar (any such currencies being "foreign currencies") and, accordingly, the Fund will be exposed to foreign currency risk. The Fund will generally seek to hedge the majority of its exposure to foreign currencies back to the Canadian dollar. The decisions as to whether the Fund's exposure to foreign currencies will be hedged back to the Canadian dollar, and the amount of such exposure to be hedged, will depend on such factors as exchange rates, the Advisor's outlook for the economy both in Canada and globally and for industries in which Innovative Technology & Healthcare Issuers operate, and a comparison of the costs associated with such hedging transactions against the benefits expected to be obtained therefrom.

Use of Derivative Instruments

Subject to the Fund's investment restrictions, the Fund may invest in or use derivative instruments for hedging purposes consistent with its investment objectives. The Fund's use of derivatives for hedging purposes is not otherwise subject to any limitations. For example, the Fund may use derivatives for hedging purposes with the intention of offsetting or reducing risks, such as currency value fluctuations, stock market risks and interest rate changes, associated with an investment or group of investments.

Subject to the Fund's investment restrictions, the Fund also may invest in or use derivative instruments for non-hedging purposes consistent with its investment objectives to a maximum of 10% of the NAV. While the Fund does not currently intend to invest in or use derivative instruments for non-hedging purposes, in the event the Fund elects to do so it may, for example, write covered call options on some or all of the securities comprising the Portfolio or write cash

covered put options. The holder of a covered call option purchased from the Fund will have the option, exercisable during a specific time period or at expiry, to purchase the securities underlying the option from the Fund at the exercise price per security determined at the time of writing the call option. In addition, the Fund may from time to time engage in writing cash covered put options based on a portion of the Fund's assets held in cash, cash equivalents and cash cover. The Fund may utilize such cash, cash equivalents and cash cover to provide cover in respect of the writing of cash covered put options, which are intended to generate additional returns and to reduce the net cost of acquiring the securities subject to the cash covered put options. The holder of a put option purchased from the Fund will have the option, exercisable during a specific time period or at expiry, to sell the securities underlying the option to the Fund at the exercise price per security. By selling covered call options and/or cash covered put options, the Fund will receive option premiums.

Securities Lending

In order to generate additional returns, the Fund is permitted to engage in securities lending and may engage in securities lending from time to time. The terms of any securities lending agreement entered into by the Fund will comply with the conditions for securities lending transactions set out in section 2.12 of NI 81-102.

DESCRIPTION OF SECURITIES OF THE FUND

The Fund is authorized to issue an unlimited number of Units, each of which represents an equal, undivided interest in the net assets of the Fund. Fractions of Units may be issued that will have the same rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit, except that fractional Units will not have the right to vote. Units are transferable, except as otherwise restricted by the Trustee or the Manager in order to comply with any applicable laws, regulations or other requirements imposed by regulatory authorities or to obtain, maintain or renew any licenses, rights, status or powers pursuant to any applicable laws, regulations or other requirements imposed by any stock exchange or other applicable regulatory authorities.

Each Unit entitles the holder thereof to the same rights and obligations as a holder of any other Unit and no Unitholder is entitled to any privilege, priority or preference in relation to any other Unitholder. Each Unitholder is entitled to one vote for each whole Unit held and each Unit is entitled to participate equally with respect to: (i) any and all distributions made by the Fund to Unitholders, including distributions of net income and capital gains, if any; and (ii) upon termination of the Fund, the proceeds of liquidation of any property and assets of the Fund, after satisfaction of all liabilities of the Fund.

The Fund may subdivide or consolidate the Units from time to time in such manner as the Manager determines appropriate, provided that any such subdivision or consolidation shall not change the rights attaching to the Units.

The Fund may issue additional Units from time to time out of treasury in such a manner and for such consideration as determined appropriate by the Manager, subject to compliance with applicable law.

Subject to the Fund's right to suspend redemptions in certain circumstances as discussed under the heading "**Redemptions of Units**," a Unit may be surrendered for redemption on the second last business day of any month.

Meetings of Unitholders and Extraordinary Resolutions

The Trustee may, at any time, convene a meeting of Unitholders and will be required to convene a meeting on receipt of a request, in writing, by the Manager or by Unitholders holding in aggregate 10% or more of the outstanding Units. The Trustee will convene such meeting within 60 days of receipt of said request. The Fund will call Unitholder meetings and give notice thereof in such manner as may from time to time be required by applicable law.

Any matter to be considered at a meeting of Unitholders, other than certain matters requiring the approval of Unitholders by Extraordinary Resolution as described below or unanimous approval of Unitholders as described under the heading "**Description of Securities of the Fund – Amendments to the Declaration of Trust**", will require the approval of Unitholders by a resolution passed by the affirmative vote of more than 50% of the votes cast at a meeting of Unitholders duly called for the consideration of such matter (an "Ordinary Resolution").

The Fund is required to obtain the approval of Unitholders by Ordinary Resolution for certain matters set out in Part 5 of NI 81-102. In addition, the following matters may be undertaken only with the approval of Unitholders by an Extraordinary Resolution:

(a) any change in the fundamental investment objectives or investment restrictions of the Fund, unless such change is necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;

(b) any change of the Manager (other than to an affiliate) or termination of the management agreement except in accordance with its terms;

(c) any change of the Advisor (other than to an affiliate) or termination of the advisory agreement with the Advisor other than in circumstances where the Advisor has been removed by the Manager on behalf of the Fund pursuant to such agreement;

(d) any increase in the annual rate of the management fee payable to the Manager;

(e) any material amendment to the Declaration of Trust, other than any material amendment that requires either unanimous Unitholder approval or the consent of the Manager or does not require Unitholder approval as set forth under the heading "**Description of Securities of the Fund – Amendments to the Declaration of Trust**";

(f) the sale of all or substantially all of the assets of the Fund other than in the ordinary course of its activities or in connection with the termination of the Fund as set forth in the Declaration of Trust; and

(g) any amendment, modification or variation in the provisions or rights attaching to the Units.

Amendments to the Declaration of Trust

Unless all of the Unitholders consent thereto, no amendment can be made to the Declaration of Trust which would have the effect of reducing the interests in the Fund of the Unitholders, increasing the liability of any Unitholder, or changing the right of any Unitholder to vote at any meeting of the Fund. No amendment may be made to the Declaration of Trust which would have the effect of reducing the fees payable or expenses reimbursable to the Manager or terminating the Manager unless the Manager, in its sole discretion, consents.

The Trustee at the request of the Manager may, without the approval of or notice to Unitholders, amend the Declaration of Trust for certain limited purposes specified therein, including to:

(a) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions in the prospectus of the Fund dated July 23, 2020, in respect of the Fund's initial public offering of Units or any provisions of any law or regulation applicable to or affecting the Fund;

(b) make any change or correction in the Declaration of Trust which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;

(c) bring the Declaration of Trust into conformity with (i) applicable laws, rules and policies of Canadian securities regulators or (ii) current practice within the securities or investment fund industries, provided that any amendment contemplated by (ii) does not adversely affect the pecuniary value of the interests of the Unitholders;

(d) maintain the status of the Fund as a "unit trust" and "mutual fund trust" for the purposes of the Tax Act or to respond to amendments (including proposed amendments) to such Act or to the interpretation thereof;

(e) terminate the Fund without Unitholder approval as set forth in the Declaration of Trust;

(f) merge or otherwise combine or consolidate the Fund with any one or more other funds managed by the Manager or an affiliate thereof as set forth in the Declaration of Trust;

(g) create one or more new class or classes of securities of the Fund having rights or privileges inferior to or equal to the outstanding securities of any class and make consequential amendments to the Declaration of Trust related thereto;

(h) change the name of the Fund;

(i) make amendments in connection with effecting a conversion into an open-end mutual fund, including any amendments that the Trustee deems necessary in order to comply with applicable law, including NI 81-102; or

(j) provide added protection or benefit to Unitholders or to the Fund.

Except for changes to the Declaration of Trust which require the approval of Unitholders or changes described above which require neither approval of nor prior notice to Unitholders, the Declaration of Trust may be amended from time to time by the Trustee at the request of the Manager upon not less than 30 days' prior written notice to Unitholders. Such written notice may be given by the Fund by issuing a press release or by publishing an advertisement containing a summary description of the amendment in at least one major daily newspaper of general and regular paid circulation in Canada, or in any other manner the Manager determines to be appropriate.

VALUATION OF PORTFOLIO SECURITIES

The NAV calculation on a particular date will be equal to the aggregate value of the assets of the Fund less the aggregate value of the liabilities of the Fund, including all bank indebtedness of the Fund and any income, capital gains or other amounts payable to Unitholders on or before such date. If, on any date upon which NAV is being calculated, the Fund may be entitled to a refund of refundable taxes, such refundable taxes will be included in determining NAV if such refundable taxes constitute an asset of the Fund under applicable accounting guidance. The basic NAV per Unit on any Valuation Date is calculated by dividing the NAV on such date by the total number of Units issued and outstanding on such date, the result being rounded to the nearest whole cent. The NAV per Unit will be calculated in Canadian dollars.

Valuation Policies and Procedures

In determining the NAV at any time:

(a) the value of any cash on hand or on deposit, bills and demand notes, accounts receivable, prepaid expenses, dividends and distributions receivable, other receivables and interest accrued and not yet received, shall be deemed to be the full amount thereof, provided that: (i) the value of any security which is a debt obligation which, at the time of acquisition, had a remaining maturity of one year or less shall be the amount paid to acquire the obligation plus the amount of any interest accrued on such obligation since the time of acquisition (for this purpose, interest accrued will include amortization over the remaining term to maturity of any discount or premium from the face value of an obligation at the time of its acquisition); (ii) any interest or other amount due in respect of an obligation in respect of which an issuer has ceased paying interest on or has otherwise defaulted shall be excluded from such calculation; and (iii) if the Manager has determined that any such deposit, bill, demand note or receivable is not otherwise worth the full amount thereof, the value thereof shall be deemed to be such value as the Manager reasonably determines to be the fair value thereof;

(b) the value of any security which is listed or traded upon a stock exchange (or if more than one, on the stock exchange in which the security primarily trades, as determined by the Manager) shall be determined by taking the latest available sale price of recent date on the stock exchange in which the security primarily trades, or lacking any recent sales or any record thereof, the simple average of the latest available ask price and the latest available bid price (unless in the opinion of the Manager any such price does not reflect the value thereof and in which case the Manager will value such securities on such reasonable basis as it may determine to be appropriate), as at the day as of which the NAV is being determined, all as reported by any means in common use, or by using such price as may otherwise be prescribed by applicable regulations or rules (including pursuant to International Financial Reporting Standards if so required);

(c) the value of any security, which is not listed or traded on a stock exchange or the resale of which is restricted by reason of a representation, undertaking or agreement by the Fund (or by the Fund's predecessor in title) or by law shall be determined on the basis of such price or yield equivalent quotations (which may be public quotations or may be obtained from major market makers) as the Manager reasonably determines best reflects fair value;

(d) the value of a forward contract or a futures contract shall be the gain or loss with respect thereto that would be realized if, on the day as of which NAV is being determined, the position in the forward contract or the futures contract, as the case may be, were to be closed out unless "daily limits" are in effect, in which case fair value shall be based on the current market value of the underlying interest;

(e) margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable, and margin consisting of assets other than cash shall be noted as held as margin;

(f) the value of any bonds, debentures and other debt obligations will be determined by taking the average of the bid and ask prices quoted by a major dealer or recognized information provider in such securities at consistent times on a Valuation Date. Short-term investments including notes and money market instruments will be valued at cost plus accrued interest;

(g) if the day as of which NAV is being determined is not a business day, then the securities comprising the Portfolio and other Fund property will be valued as if such day were the preceding business day; and

(h) the value of all assets of the Fund quoted or valued in terms of foreign currency, the value of all funds on deposit and contractual obligations payable to the Fund in foreign currency and the value of all liabilities and contractual obligations payable by the Fund in foreign currency shall be determined using the prevailing rate of exchange as determined by the Manager, on the day as of which NAV is being determined.

If an investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Manager, after consultation with the Advisor, to be inappropriate under

the circumstances, then notwithstanding such rules, the Manager, after consultation with the Advisor, will make such valuation as it considers fair and reasonable and, if there is an industry practice, in a manner consistent with industry practice for valuing such investment. Certain determinations made by the valuation agent in calculating NAV in accordance with the foregoing will require prior consultation with and/or agreement of the Manager. Since the inception date of the Fund, the Manager has not exercised its discretion to deviate from the Fund's valuation practices described herein.

The NAV per Unit (as described below) is made available through the Internet at www.middlefield.com at no cost to the public. The NAV is disclosed in the Fund's management reports of fund performance and financial statements, which are made available through the Internet at www.middlefield.com and at www.sedarplus.ca and are available at no cost to the public.

The process of valuing investments for which no published market exists is based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments and may differ from the prices at which the investments may be sold.

CALCULATION OF NET ASSET VALUE

The NAV per Unit is calculated as set forth above under the heading "**Valuation of Portfolio Securities**", at the close of trading on the TSX on every business day, unless the Fund is permitted by applicable law or pursuant to an exemptive relief order to calculate NAV less frequently (any such day being a "Valuation Date"). The NAV per Unit so determined will remain in effect until the time at which the next determination of NAV per Unit is made. For details related to the calculation of the redemption price per units, please refer to the information provided under the heading "**Redemptions of Units**." The basic NAV per Unit on any Valuation Date is calculated by dividing the NAV on such date by the total number of Units issued and outstanding on such date (before giving effect to any issue or redemption or repurchases by the Fund of Units to be implemented on that date), the result being adjusted to the nearest whole cent.

PURCHASES OF UNITS

Units of the Fund are not offered on a continuous basis and hence are not available to be purchased from the Fund, except in respect of Units purchased under the Reinvestment Plan. A Unitholder may elect to reinvest distributions received from the Fund in additional Units by notifying the Manager that the Unitholder wishes to participate in the Reinvestment Plan. Units of the Fund have a stock exchange listing and accordingly may be purchased in the market. The Units trade on the TSX under the symbol "SIH.UN".

REDEMPTIONS OF UNITS

Subject to the Fund's right to suspend redemptions in certain circumstances described below, a Unit may be surrendered for redemption on the second last business day of any month (each such date a "Valuation Date"). Redemptions shall be effected by the redeeming Unitholder causing its CDS participant (each a "CDS Participant") to deliver to CDS Clearing and Depository Services Inc. ("CDS") on behalf of the Unitholder a written notice of the Unitholder's intention to

redeem by 5:00 p.m. (Toronto time) on a date that is at least 45 business days prior to a Valuation Date in order for the Unit to be redeemed on such Valuation Date. A Unitholder who desires to redeem Units should ensure that the CDS Participant is provided with notice of the intention to exercise the redemption privilege sufficiently in advance of the notice deadline so as to permit the CDS Participant to deliver notice to CDS by the required time. The form of redemption notice will be available from a CDS Participant or from CDS. Any expense associated with the preparation and delivery of redemption notices will be for the account of the Unitholder exercising the redemption privilege. A Unitholder who properly surrenders a Unit for redemption will receive payment on or before the 15th business day following such Valuation Date (the "Redemption Payment Date").

Except as provided under "Suspension of Redemptions" below, by causing a CDS Participant to deliver to CDS a notice of the Unitholder's intention to redeem Units, the Unitholder shall be deemed to have irrevocably surrendered such Units for redemption and appointed such CDS Participant to act as the exclusive settlement agent with respect to the exercise of the redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise.

Any redemption notice delivered by a CDS Participant regarding a Unitholder's intent to redeem that CDS determines to be incomplete, not in proper form or not duly executed shall, for all purposes, be void and of no effect and the redemption privilege to which it relates shall be considered, for all purposes, not to have been exercised thereby. A failure by a CDS Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with a Unitholder's instructions will not give rise to any obligations or liability on the part of the Fund, the Manager or the Advisor to the CDS Participant or to the Unitholder.

Any and all Units which have been properly surrendered to the Fund for redemption are, subject to the Fund's right to recirculate Units described below, deemed to be outstanding until (but not after) the close of business on the applicable Valuation Date, unless the redemption proceeds are not paid on or before the applicable Redemption Payment Date in which event such Units will remain outstanding.

Each Unit properly surrendered for redemption on an August Valuation Date commencing in 2022 (each, an "Annual Valuation Date") will be redeemed at an amount, if any, equal to the Redemption Price per Unit as of the Annual Valuation Date. For this purpose, "Redemption Price per Unit" means the amount which is equal to (A) the NAV per Unit as at the Annual Valuation Date less (B) any costs associated with the redemption or, if the Manager determines that it is not practicable or necessary for the Fund to sell Portfolio securities to fund such redemption, then the aggregate of all brokerage fees, commissions and other transaction costs that the Manager estimates would have resulted from such a sale ("Redemption Costs"). The amount of any such Redemption Costs will depend on the circumstances at the time of the redemption, including the NAV, the number of Units surrendered for redemption, the available cash of the Fund, the interest rate under any loan facility of the Fund, the current market price of the securities of each issuer included in the Portfolio at the time of the redemption and the actual or estimated brokerage fees, commissions and other transaction costs as set out above. As a result of the foregoing variables, the amount of Redemption Costs payable by a Unitholder upon the redemption of Units may vary from time to time. Any estimated Redemption Costs that are deducted by the Fund but not incurred in connection with any redemption of Units will remain as part of the total assets of the Fund upon

such redemption. For the purpose of calculating the Redemption Price per Unit, the Manager, in its sole discretion, may value any security which is listed or traded on a stock exchange (or if more than one, on the principal stock exchange where the security primarily trades) by taking the volume weighted average trading price of the security on such exchange during the three most recent trading days ending on and including such Valuation Date, or lacking any sales during such period or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the fair market value as determined by the Manager shall be used). The Manager may exercise such discretion where, for example, it believes that the NAV calculated in accordance with the procedures outlined under the heading "Calculation of Net Asset Value" does not accurately reflect the value of any security held in the Portfolio, including among other circumstances, due to there being no active market for such security. For the purpose of the foregoing, the Manager may consider prices and volumes as reported by any means in common use.

Each Unit properly surrendered for redemption on a Valuation Date other than an Annual Valuation Date will be redeemed at an amount, if any, equal to the Monthly Redemption Price per Unit as of the relevant Valuation Date. For this purpose, the "Monthly Redemption Price per Unit" means the amount equal to the lesser of (A) 94% of the weighted average trading price of the Units on the principal market on which the Units are quoted for trading during the 15 trading days preceding the applicable Valuation Date, and (B) the "closing market price" of the Units on the principal market on which the Units are quoted for trading on the applicable Valuation Date, less, in either case, applicable Redemption Costs. The "closing market price" means an amount equal to (i) the closing price of the Units if there was a trade on the applicable Valuation Date and such principal market provides a closing price; (ii) the average of the highest and lowest prices of the Units if there was trading on the applicable Valuation Date and such principal market provides only the highest and lowest prices of the Units traded on a particular day; or (iii) the average of the last bid and last asking prices of the Units on such principal market if there was no trading on the applicable Valuation Date. Under no circumstance shall the Monthly Redemption Price exceed the NAV per Unit on the applicable Valuation Date.

Any unpaid distribution declared payable to Unitholders the record date for which is on or before the Valuation Date in respect of Units redeemed on the Valuation Date will be paid to the Unitholder redeeming such Unit on the applicable date on which such distribution is payable to Unitholders.

In addition, the Manager may, at its sole discretion and subject to receipt of any necessary regulatory approvals, allow additional redemptions (an "Additional Redemption") from time to time of Units for such redemption proceeds as may be determined by the Manager, provided that the holder thereof shall be required to use the full amount received on such redemption to purchase treasury securities of a new or existing fund promoted by the Manager or an affiliate thereof then being offered to the public by prospectus. Notice of any such Additional Redemption will be provided by the Manager.

The Fund has entered into an agreement (the "Recirculation Agreement") with Middlefield Capital Corporation (in such capacity, the "Recirculation Agent") whereby the Recirculation Agent has agreed to use commercially reasonable efforts to find purchasers for any Units surrendered for redemption prior to the relevant Redemption Payment Date. The Fund may, but is

not obligated to, require the Recirculation Agent to seek such purchasers. In such event, the amount to be paid to the Unitholder on or before the Redemption Payment Date will be an amount equal to the proceeds of the sale thereof less any applicable commission. Such amount will not be less than the Redemption Price per Unit or Monthly Redemption Price per Unit (as the case may be) otherwise payable.

Suspension of Redemptions

Subject to applicable law, the Manager may suspend the redemption of Units for the whole or part of a period during which normal trading is suspended on one or more stock exchanges on which more than 50% of the Fund's assets (by value) are listed and traded. The suspension may apply to all requests for redemption received prior to the suspension, but for which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders who have requested redemptions shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first business day on which the condition giving rise to the suspension has ceased to exist provided that no other condition under which a suspension is authorized then exists. If the Fund is unable to pay for all of the Units properly surrendered for redemption on or before a Redemption Payment Date, it will redeem such Units as soon as practicable after the date on which it is able to do so. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager shall be conclusive.

In addition, in circumstances where the Fund has suspended redemptions as described in the preceding paragraph, if it is not possible to sell the assets of the Fund due to the cessation or suspension of trading of the assets, the Fund will sell those assets which can then be sold and the applicable portion of the proceeds from such sale will be paid on or before the Redemption Payment Date and the remaining assets required to be sold to fund the redemption of the relevant Units will be sold by the Fund as soon as practicable following the resumption of trading of such assets and the applicable portion of the proceeds therefrom paid within five business days following such sale.

RESPONSIBILITY FOR FUND OPERATIONS

Manager

The Manager, a wholly-owned subsidiary of MFL Management Limited ("MFL"), is responsible for managing the business and administration of the Fund pursuant to the terms of the Management Agreement (described below). The address, phone number and website address of the Manager is The Well, 8 Spadina Avenue, Suite 3100, Toronto, Ontario M5V 0S8, 1-888-890-1868 outside Greater Toronto, 416-362-0714 in Greater Toronto, and www.middlefield.com. You can contact the Manager by e-mail at invest@middlefield.com.

The Manager has entered into a management agreement (the "Management Agreement") with the Fund made as of July 23, 2020. Pursuant to the Management Agreement, the Manager will continue as manager until the termination of the Fund unless the Manager resigns or is removed. The Manager receives a management fee for its services which is payable by the Fund and also is reimbursed for all reasonable costs and expenses incurred on behalf of the Fund. The

Manager may resign in the event the Fund is in breach or default of the provisions thereof and, if capable of being cured, such breach or default has not been cured within 30 days' notice of such breach or default to the Fund. The Manager may not be removed by the Fund other than by an Extraordinary Resolution. In the event that the Manager is in material breach or default of the provisions of the Management Agreement and, if capable of being cured, such breach or default has not been cured within 30 days' notice to the Manager of such breach or default, the Trustee shall give notice to Unitholders and Unitholders may direct the Trustee to remove the Manager and appoint a successor manager. The Manager will be deemed to have resigned if the Manager becomes bankrupt or insolvent, ceases to be a resident in Canada for the purposes of the Tax Act or no longer holds licenses, registrations or other authorizations necessary to carry out its obligations under the Management Agreement and is unable to obtain them within a reasonable period after their loss.

The name, municipality of residence, position with the Manager and principal occupation of each of the directors and officers of the Manager are as follows:

Name and Municipality of Residence	Position with the Manager	Principal Occupation
DEAN ORRICO Vaughan, Ontario	President, Chief Executive Officer, Ultimate Designated Person and Director	President and Chief Executive Officer of Middlefield Capital Corporation
JEREMY BRASSEUR Toronto, Ontario	Executive Chairman and Director	Executive Chairman of Middlefield
CRAIG ROGERS Toronto, Ontario	Chief Operating Officer, Chief Compliance Officer and Director	Chief Operating Officer, Chief Compliance Officer and Director of Middlefield Limited

Portfolio Advisor

Middlefield Capital Corporation, an affiliate of the Manager, acts as Advisor for the Fund pursuant to an advisory agreement (the "Advisory Agreement") dated August 14, 2020. The Advisor receives fees for its services which are payable by the Manager (not the Fund) and is also reimbursed for all reasonable costs and expenses incurred on behalf of the Fund. The principal office of the Advisor is located in Toronto, Ontario.

The Advisory Agreement will continue in effect until the Fund is terminated. The Manager may terminate the Advisory Agreement if the Advisor has committed certain events of bankruptcy or insolvency or is in material breach or default of the provisions thereof and, if capable of being cured, such breach has not been cured within 30 days after notice thereof has been given to the Advisor and the Trustee by the Manager. In addition, the Advisory Agreement may be terminated by the Manager pursuant to an Extraordinary Resolution of the Unitholders. The Advisor may terminate the Advisory Agreement if the Fund is in material breach or default of the provisions

thereof and, if capable of being cured, such breach or default has not been cured within 30 days of notice of same to the Manager and to the Trustee or if there is a material change in the investment objectives or strategy of the Fund. If the Advisory Agreement is terminated, the Manager will promptly appoint one or more successor investment advisors to carry out the activities of the Advisor until a meeting of Unitholders is held to confirm such appointment.

The following individual is principally responsible for the day-to-day management of the Portfolio and his role is as follows:

Name and Municipality of Residence	Title	Experience in Portfolio Management
DEAN ORRICO Vaughan, Ontario	President and Chief Executive Officer of Middlefield Capital Corporation	27 years

Trustee

Middlefield Limited, the Manager of the Fund, located in Toronto, Canada, is also the Trustee under the Declaration of Trust. The name, municipality of residence and principal occupation of each of the directors and officers of the Trustee are listed above under the chart included under "**Responsibility for Fund Operations – Manager**." The Trustee or any successor trustee may resign upon 30 days' written notice to Unitholders and to the Manager.

The Trustee receives no fee for acting as trustee of the Fund but is entitled to be reimbursed for all expenses and liabilities which are properly incurred by the Trustee in connection with its duties. In the event the Trustee and the Manager are not the same person, the Trustee may be entitled to a fee from the Fund as may be negotiated with the Manager.

Brokerage Arrangements

Decisions as to the purchase and sale of Portfolio securities and decisions as to the execution of Portfolio transactions are made by the Advisor in accordance with and subject to the Investment Guidelines. The Advisor may allocate brokerage business to various dealers to compensate them for the provision to the Fund of order execution or investment decision-making services. As the Advisor also is registered as a dealer with the Ontario, Alberta and Nova Scotia Securities Commissions, the Advisor may effect Portfolio transactions itself, provided that the execution, prices and terms it offers are, in its opinion, no less favourable than those offered by other brokers or dealers. Brokerage commissions paid by the Fund to MCC in connection with securities transactions during 2023 amounted to $15,639. In the purchase and sale of securities for the Fund, the Advisor seeks to obtain overall services and prompt execution of orders on favourable terms.

Independent Review Committee

The Independent Review Committee (the "IRC") provides oversight of the Manager and carries out those activities described under the heading "**Fund Governance – Independent Review Committee**".

Custodian

RBC Investor Services Trust ("RBC") of Calgary, Canada serves as custodian of the cash and securities comprising the Portfolio of the Fund pursuant to a master custodian agreement (the "Custodian Agreement") dated as of September 25, 2009, as amended on August 14, 2020 to include the Fund. The Fund pays RBC customary custodianship fees for its services. The Custodian Agreement may be terminated by either party on 60 days' prior written notice.

RBC may appoint one or more sub-custodians (who may be affiliated with or otherwise related to RBC) in respect of the property of the Fund and enter into sub-custodian agreements on terms consistent with the Custodian Agreement, provided, however, that the prior written consent to such appointment has been provided by the Fund.

Portfolio securities are held at RBC's offices in Toronto, with the exception of foreign assets. Foreign assets may be held by local sub-custodians appointed by RBC or under its authority in various foreign jurisdictions, where the Fund may have assets invested. RBC or the sub-custodians may use the facilities of any domestic or foreign depository or clearing agency authorized to operate a book-based system.

Where the Fund effects a short sale, the Fund may deposit assets as security with its custodian or dealer that loaned the Fund the securities forming part of the short sale.

Valuation Agent

RBC Investor Services Trust and MFL Management Limited have been appointed by the Manager as the joint valuation agent of the Fund. The valuation agent will provide, among other things, valuation services to the Fund and will calculate the NAV in the manner described under the heading "Calculation of Net Asset Value". The valuation services agreement may be terminated by either party on 60 days' notice, and immediately by either party on written notice if either party becomes liable to seizure or confiscation by any public or government authority, or the Manager's powers and authorities to act on behalf of or represent the Fund have been revoked or terminated.

Auditor

The auditor of the Fund is Deloitte LLP of Toronto, Canada.

Registrar and Transfer Agent

TSX Trust Company acts as transfer agent and registrar for the Units of the Fund and maintains a register of Unitholders in Toronto, Canada.

Designated Website

An investment fund is required to post certain regulatory disclosure documents on a designated website. The designated website of the Fund this document pertains to can be found at the following location: www.middlefield.com.

CONFLICTS OF INTEREST

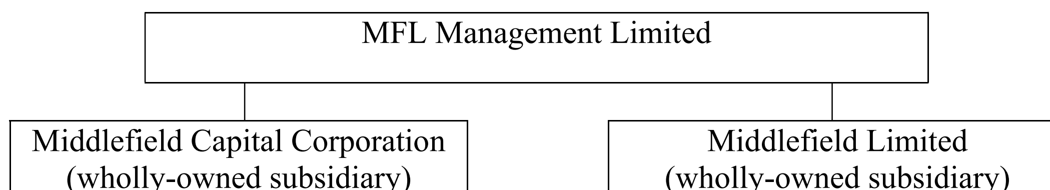
Principal Holders of Securities

As at March 11, 2024, no person or company owns of record or, to the knowledge of the Fund or the Manager, beneficially, directly or indirectly, more than 10% of the outstanding Units of the Fund. All of the outstanding shares of the Manager are beneficially owned by MFL. The directors and senior officers of the Manager beneficially own, directly or indirectly, all securities of the Manager, Middlefield Capital Corporation and MFL Management, but do not own beneficially, directly or indirectly, in aggregate, more than 0.5% of any class of voting securities of any other person or company that provides services to the Fund, other than the Manager, Middlefield Capital Corporation and MFL Management.

As at March 11, 2024, the members of the IRC did not own beneficially, directly or indirectly, in aggregate: any securities of the Manager; more than 0.5% of any class of voting securities of any person or company that provides services to the Fund; or more than 10% of the Units of the Fund.

Affiliated Entities

The following companies that provide services to the Fund or to the Manager in relation to the Fund are affiliated with the Manager:



Any fees received from the Fund by each company listed above are contained in the audited financial statements of the Fund. The following directors and officers of the Manager are also directors and/or officers of MFL and/or MCC: Dean Orrico and Jeremy Brasseur (for details on the positions held by these individuals, please refer to the chart under the heading "**Responsibility for Fund Operations - Manager**").

Dealer Manager Disclosure

The Fund is dealer-managed, as defined under NI 81-102, and as such is subject to prohibitions on certain investments applicable to dealer-managed funds as set out in section 4.1 of NI 81-102. Accordingly, the Fund will not knowingly make an investment in any class of securities of any issuer, other than those issued or guaranteed by the Government of Canada or by an agency thereof or by the Government of a Province of Canada or by an agency thereof:

(a) for which any person or company who is a dealer manager of the Fund (as defined in NI 81-102) or who is an associate or affiliate of such dealer manager has acted as an underwriter in the distribution of such class of securities of the issuer (except as a member of the selling group distributing 5% or less of the securities

underwritten) for a period of at least 60 days following the conclusion of the distribution of the underwritten securities to the public; or

(b) of which any partner, director, officer or employee of a person or company who is a dealer manager of the Fund or any partner, director, officer or employee of any affiliate or associate of such dealer manager is an officer or director, provided that this prohibition shall not apply where any such partner, director, officer or employee does not:

  (i) participate in the formulation of investment decisions made on behalf of the Fund;

  (ii) have access prior to implementation to information concerning investment decisions made on behalf of the Fund; and

  (iii) influence (other than through research, statistical and other reports generally available to clients) the investment decisions made on behalf of the Fund.

FUND GOVERNANCE

Governance is the responsibility of the Manager of the Fund. MCC has a Code of Business Conduct set forth in its compliance manual which is updated, as required, on a continuing basis and which is applied to the Fund as described in the remainder of this section. Policies and procedures set out in the compliance manual cover corporate ethics as well as sales and trading practices. The investment activities and sales practices are monitored by senior management for adherence to applicable securities laws.

Independent Review Committee

National Instrument 81-107 - *Independent Review Committee for Investment Funds* ("NI 81-107"), requires all publicly offered investment funds to establish an independent review committee. The Manager must refer all conflict of interest matters in respect of the Fund for review or approval to the IRC. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, to maintain records in respect of these matters and to provide the IRC with guidance and assistance in carrying out its functions and duties. According to NI 81-107, the IRC must be comprised of a minimum of three independent members, and also is subject to requirements to conduct regular assessments of its members and provide reports, at least annually, to the Fund and to its Unitholders in respect of those functions.

The report to Unitholders prepared by the IRC is available at www.middlefield.com, or at a Unitholder's request at no cost, by contacting the Fund at The Well, 8 Spadina Avenue, Suite 3100, Toronto, Ontario, M5V 0S8; telephone: (416) 362-0714; toll free: 1-888-890-1868; or through www.middlefield.com.

The members of the IRC for the Fund during 2023 were Edward V. Jackson (Chair), George S. Dembroski, H. Roger Garland and Christine H. Tekker. Bernard I. Ghert acted as Chair of the IRC until March 6, 2023, at which point Edward Jackson was appointed Chair of the IRC.

The IRC engages in the following activities:

(a) reviews and provides input on the Manager's written policies and procedures that deal with conflict of interest matters;

(b) reviews conflict of interest matters referred to it by the Manager and makes recommendations to the Manager regarding whether the Manager's proposed actions in connection with the conflict of interest matter achieve a fair and reasonable result for the Fund;

(c) considers and, if deemed appropriate, approves the Manager's decision on a conflict of interest matter that the Manager refers to the IRC for approval; and

(d) performs other duties as may be required of the IRC under applicable securities laws.

Derivatives Risk Management

The Fund may purchase or sell derivatives in accordance with its policies as described under the heading "**Investment Restrictions – Use of Derivative Instruments**". The Fund's investment committee (the "Investment Committee") has established policies and procedures which stipulate the objectives and goals for derivatives trading and related risk management procedures.

MCC is responsible for ensuring that there are written policies and procedures for conducting derivatives operations on both a long-range and day-to-day basis. The Trustee and Manager are responsible for evaluating and reviewing the policies on derivatives trading on an annual basis to ensure the risk management process is robust.

The Fund is limited in its use of derivatives by the ability to set aside margin to offset the market exposure created by the derivative investments. The Manager is responsible for the authorization of these trades. MCC is responsible for ensuring that any limits established by the exchanges and clearing organizations are complied with.

The Manager approves all significant risk management policies to ensure that they are consistent with the broader business strategies of the Fund. These policies are reviewed and amended as business and market circumstances change. The Manager monitors derivative activity regularly and in sufficient detail to understand the sources of risk.

Stress testing may be employed to ensure that potential losses resulting from derivative trades remain within acceptable limits during periods of increased volatility.

The Fund may utilize derivatives for hedging purposes and, to a limited extent, non-hedging purposes. Risks associated with the use of derivatives include: (i) hedging to reduce risk does not guarantee that there will not be a loss or that there will be a gain; (ii) there is no guarantee that a market will exist when the Fund wants to complete the derivative contract, which could prevent the Fund from reducing a loss or making a profit; (iii) securities exchanges may impose trading limits on options and futures contracts, and these limits may prevent the Fund from

completing the derivative contract; (iv) the Fund could experience a loss if the other party to the derivative contract is unable to fulfill its obligations; and (v) if the Fund has an open position in an option, a futures contract or a forward contract with a dealer who goes bankrupt, the Fund could experience a loss and, for an open futures or forward contract, a loss of margin deposits with that dealer. In circumstances where there is an interest rate hedge employed, total returns on the Portfolio may be higher with the hedge than without it when interest rates rise significantly, but total returns may be lower than it otherwise would be in a stable to falling interest rate environment.

In addition, to the extent that derivatives are used by the Fund for non-hedging purposes, there is a risk that the non-hedging purposes for which such derivatives have been utilized by the Fund result in losses, which in turn could have an adverse effect on the performance of the Fund and its ability to meet its objectives.

Short Selling Risk Management

The Fund may engage in short selling in accordance with its policies as described under the heading "**Investment Restrictions – Investment Restrictions**". The Investment Committee has established policies and procedures which stipulate the objectives and goals for short selling and related risk management procedures.

MCC is responsible for ensuring that there are written policies and procedures relating to short selling. The Trustee and Manager are responsible for evaluating and reviewing the policies on short selling on an annual basis to ensure the risk management process is robust.

Securities will be sold short only for cash and the Fund will receive the cash proceeds within normal trading settlement periods for the market in which the short sale is made. All short sales will be effected only through market facilities through which those securities normally are bought and sold and the Fund will short sell a security only if: (i) the security is listed and posted for trading on a stock exchange and either the issuer of the security has a market capitalization of not less than $100 million of the security sold short at the time the short sale is made or MCC has pre-arranged to borrow securities for the purposes of such short sale; or (ii) the security is a bond, debenture or other evidence of indebtedness of or guaranteed by the Government of Canada or any province or territory of Canada or the Government of the U.S. As well, at the time securities of a particular issuer are sold short by the Fund, the aggregate fair value of all securities of that issuer sold short will not exceed 5% of the net assets of the Fund. The Fund will also place a "stop-loss" order (effectively a standing instruction) with a dealer to immediately repurchase for the Fund the securities sold short if the trading price of the securities exceeds 120% (or a lower percentage determined by us) of the price at which the securities were sold short. The aggregate fair value of all securities sold short by the Fund will not exceed 10% of its net assets on a daily marked-to-market basis. The Fund may deposit assets with lenders in accordance with industry practice in relation to its obligations arising under short sale transactions. The Fund also will hold cash cover in an amount, including the Fund's assets deposited with lenders, that is at least 150% of the aggregate fair value of all securities it sold short on a daily marked-to-market basis. No proceeds from short sales will be used by the Fund to purchase long positions other than cash cover. Where a short sale is effected in Canada, every dealer that holds Fund assets as security in connection with the short sale must be a registered dealer and a member of a self-regulatory organization that is a participating member of the Canadian Investor Protection Fund. Where a short sale is effected outside Canada, every dealer that holds Fund assets as security in connection with the short sale

must be a member of a stock exchange and have a net worth in excess of the equivalent of $50 million determined from its most recent audited financial statements. The aggregate assets deposited by the Fund with any single dealer as security in connection with short sales will not exceed 10% of the Fund's total assets at the time of deposit.

The Manager is responsible for the authorization of short sale trades. MCC is responsible for ensuring that any limits established by the exchanges and clearing organizations are complied with.

The Manager approves all significant risk management policies to ensure that they are consistent with the broader business strategies of the Fund. These policies are reviewed and amended as business and market circumstances change. The Investment Committee monitors short sale activity regularly and in sufficient detail to understand the sources of risk. Stress testing may be employed to ensure that potential losses resulting from short sales remain within acceptable limits during periods of increased volatility.

Securities Lending

The Fund is permitted to engage in securities lending and may engage in securities lending from time to time. The terms of any securities lending agreement entered into by the Fund will comply with the conditions for securities lending transactions set out in section 2.12 of NI 81-102.

Proxy Voting Policies

The Fund has adopted written policies on how its securities are voted. Generally, these policies prescribe that voting rights should be exercised with a view to the best interests of the Fund and its Unitholders. The Manager will implement such policies on behalf of the Fund.

The proxy voting policies that have been developed by the Fund are general in nature and cannot contemplate all possible proposals with which the Fund may be presented. The Fund will exercise its voting rights in respect of securities of an issuer held by the Fund if more than 4% of the Fund's net assets are invested in that issuer. Generally, the Fund does not intend to exercise its voting rights where 4% or less of its net assets are invested in an issuer, although it may, in its sole discretion, decide to vote in such circumstances. When exercising voting rights, the Fund generally will vote with management of the issuer on matters that are routine in nature, and for non-routine matters will vote in a manner that, in its view, will maximize the value of the Fund's investment in the issuer. In order to carry out the proxy voting policies, when the Fund will be voting it will review research on management performance, corporate governance and any other factors it considers relevant. Proxy voting is a key element of Middlefield's stewardship of the assets it manages, which is an adjunct to the integration of ESG factors into its investment process. The Fund generally will vote with a greater attention to ESG issues and will place increased emphasis on its proxy advisor's ESG research and recommendations. Where appropriate in the circumstances, including with respect to any situations in which the Fund is in a conflict of interest position, the Fund will seek the advice of the IRC prior to casting its vote.

The Fund's proxy voting policies and procedures are available on request at no cost, by calling 1-888-890-1868 outside Greater Toronto or 416-362-0714 in Greater Toronto or by writing to The Well, 8 Spadina Avenue, Suite 3100, Toronto, Ontario M5V 0S8.

The Fund's proxy voting record for the most recent 12-month period ended June 30 is available at no cost to any Unitholder of the Fund upon request at any time after August 31 of that year. The proxy voting records for the Fund are also available at www.middlefield.com.

Short-Term Trades

As the Fund is a non-redeemable investment fund the securities of which are listed on the TSX, the Fund does not have policies and procedures in place in respect of short-term trading of the Units.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations that generally apply to the Fund and to investors who are individuals resident or deemed resident in Canada (other than trusts), who deal with the Fund at arm's length, and who hold securities of the Fund as capital property for tax purposes.

This summary is based on the assumption that the Fund will qualify at all times as a "mutual fund trust" within the meaning of the Tax Act and not be a "SIFT trust" within the meaning of the Tax Act. In the event the Fund were not to qualify as a mutual fund trust at all times, or be a SIFT trust, the income tax consequences described below would in some respects be materially different. This summary further assumes that the Fund will not be subject to a "loss restriction event" within the meaning of the Tax Act.

This summary is based on the provisions of the Tax Act and the regulations thereunder in force on the date hereof, currently publicly available published administrative and assessing practices of the Canada Revenue Agency and all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof. This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. This summary does not deal with foreign, provincial or territorial income tax considerations, which may differ from the federal considerations.

This summary is of a general nature only and does not constitute legal or tax advice to any particular investor. Investors are advised to consult their own tax advisors with respect to their individual circumstances.

Taxation of the Fund

Although the Fund is subject to tax under Part I of the Tax Act in each taxation year on its income for the year, including net realized taxable capital gains, the Declaration of Trust provides that an amount equal to the taxable income of the Fund will be distributed each year to Unitholders in order to eliminate the Fund's taxable income. Therefore, provided the Fund makes distributions of its net income for tax purposes and net realized capital gains each year, it will generally not be liable in such year for income tax under Part I of the Tax Act.

The Fund is required to include in its income for each taxation year all dividends received (or deemed to be received) in the year on shares of corporations. Distributions and allocations of certain income and capital gains from “SIFT trusts” and “SIFT partnerships” (as defined in the Tax Act) received by the Fund are treated as dividends paid from taxable Canadian corporations.

With respect to each issuer included in the Portfolio that is a Canadian resident trust (other than a SIFT trust) and whose units are held by the Fund as capital property, the Fund is required to include in the calculation of its income the net income, including net taxable capital gains, paid or payable to the Fund by the issuer in the year, notwithstanding that certain of such amounts may be reinvested in additional units of such issuer. Provided that appropriate designations are made by such an issuer, net taxable capital gains realized by the issuer and taxable dividends from taxable Canadian corporations received by the issuer that are paid or payable by the issuer to the Fund will effectively retain their character in the hands of the Fund.

The Fund is required to include in its income for each taxation year in respect of debt obligations held by the Fund all interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year. Upon the actual or deemed disposition of a debt obligation, the Fund will be required to include in computing its income for the year of disposition all interest that accrued on such debt obligation from the last interest payment date to the date of disposition except to the extent such interest was included in computing the Fund’s income for that or another taxation year and such income inclusion will reduce the proceeds of disposition for purposes of computing any capital gain or loss.

The Fund is required to compute net income and net realized capital gains in Canadian dollars for the purposes of the Tax Act. As a result, the Fund may realize income or capital gains by virtue of changes in the value of a foreign currency relative to the Canadian dollar in respect of its investments that are not made in Canadian dollars.

The Fund may derive income (including gains) from investments in countries other than Canada and, as a result, may be liable to pay income or profits tax to such countries. To the extent that such foreign tax paid does not exceed 15% of such income and has not been deducted in computing the Fund’s income, the Fund may designate a portion of its foreign source income in respect of a Unitholder so that such income and a portion of the foreign tax paid by the Fund may be regarded as foreign source income of, and foreign tax paid by, the Unitholder for the purposes of the foreign tax credit provisions of the Tax Act. To the extent that such foreign tax paid by the Fund exceeds 15% of the amount included in the Fund’s income from such investments, such excess may generally be deducted by the Fund in computing its income for the purposes of the Tax Act.

Generally, gains and losses from derivative transactions and short sales will, for tax purposes, be on income account rather than capital account. The Fund has elected in accordance with the Tax Act to have its “Canadian securities” treated as capital property, with the result that gains and losses realized by the Fund on the disposition of these securities, including dispositions arising on a short sale, will be capital gains or capital losses, as the case might be.

The Fund is entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains

by an amount determined under the Tax Act based on the redemptions of Units during the year ("capital gains refund"). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year which may arise upon the sale of securities in connection with redemptions of Units.

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income, including interest on any loan facility or prime brokerage facility entered into by the Fund generally to the extent borrowed funds are used to purchase Portfolio Securities. The Fund may not deduct interest on any loan facility or prime brokerage facility entered into by the Fund to the extent that borrowed funds are used to fund redemptions. The Fund may deduct rateably over a five year period (subject to reduction in any taxation year that is less than 365 days) the other expenses of a public offering that are paid by the Fund and not reimbursed.

In certain situations where the Fund disposes of property and would otherwise realize a capital loss, the capital loss will be deemed to be a "suspended loss" under the Tax Act. This may occur if the Fund disposes of and acquires the same property during the period that begins 30 days before and ends 30 days after the disposition of property and holds it at the end of that period. If a capital loss is suspended, the Fund cannot deduct the capital loss until the substituted property is sold and not reacquired within 30 days before and after the sale.

Losses incurred by the Fund may not be allocated to Unitholders but may be carried forward and deducted in computing the taxable income of the Fund in accordance with the detailed rules and limitations contained in the Tax Act.

The Tax Act contains "loss restriction event" ("LRE") rules that could potentially apply to certain trusts including the Fund. In general, a LRE occurs to the Fund if a person (or group of persons) acquires more than 50% of the Units of the Fund. If a LRE occurs (i) the Fund will be deemed to have a year-end for tax purposes, (ii) any net income and net realized capital gains of the Fund at such year-end will be taxed in the Fund to the extent such income and gains is not paid or payable to Unitholders of the Fund in such year, and (iii) the Fund will be restricted in its ability to use tax losses (including any unrealized capital losses) that exist at the time of the LRE. However, in most circumstances, the LRE rules will not apply to the Fund if, at all times, the Fund is an "investment fund" which, among other things, requires the Fund to satisfy certain investment diversification rules.

The Fund may also be subject to alternative minimum tax in any taxation year throughout which the Fund does not qualify as a mutual fund trust. This could occur, for example, in a year in which the Fund has losses on income account, as well as capital gains. However, based on tax proposals effective January 1, 2024 a fund that qualifies as an "investment fund", as defined in section 251.2 of the Tax Act, will be exempt from alternative minimum tax.

Units Held in Registered Tax Plans

In this section a registered tax plan means a trust governed by a first home savings account ("FHSA"), a registered retirement savings plan ("RRSP"), a registered retirement income fund ("RRIF"), a deferred profit sharing plan ("DPSP"), a registered disability savings plan ("RDSP"),

a registered education savings plan ("RESP") or a tax-free savings account ("TFSA"), each within the meaning of the Tax Act.

If Units are held in a registered tax plan, income and capital gains received from the Fund, and capital gains realized on selling or transferring the Units of the Fund, will generally not be taxable in such registered tax plans, but any amounts withdrawn from such registered tax plans will be taxable at such time (other than withdrawals from a TFSA and certain withdrawals from a FHSA, RESP, or RDSP).

Provided the Fund continues to qualify as a mutual fund trust within the meaning of the Tax Act, or the Units continue to be listed on a "designated stock exchange" within the meaning of the Tax Act (which currently includes the TSX), the Units will be qualified investments under the Tax Act for registered tax plans.

Notwithstanding that Units may be qualified investments for a FHSA, a TFSA, a RDSP, a RESP, a RRSP or a RRIF, the holder of a FHSA, TFSA or RDSP, the subscriber of an RESP, or the annuitant of a RRSP or RRIF, as the case may be, will be subject to a penalty tax if such Units are a "prohibited investment" for the particular FHSA, TFSA, RDSP, RESP, RRSP or RRIF. Units will generally be a "prohibited investment" if the holder of the FHSA, TFSA or RDSP, the subscriber of an RESP, or the annuitant of the RRSP or RRIF, as the case may be, (i) does not deal at arm's length with the Fund for purposes of the Tax Act, or (ii) has a "significant interest" (within the meaning of the Tax Act) in the Fund. In addition, the Units generally will not be a "prohibited investment" if such units are "excluded property" (as defined in the Tax Act). Unitholders who hold Units in a FHSA, TFSA, RDSP, RESP, RRSP or RRIF should consult their own tax advisors in regards to the application of these rules in their particular circumstances.

Units Not Held in Registered Tax Plans

Unitholders must include in their income the taxable portion of the Fund's net income and net taxable capital gains, if any, payable to them, whether paid in cash, additional Units or reinvested in additional Units pursuant to the Reinvestment Plan. If distributions by the Fund in any year exceed the Fund's net income and net realized capital gains for the year, the excess amount paid to the Unitholder will not be included in the Unitholders' income but will reduce the adjusted cost base of the respective Units by the excess amount. To the extent that the adjusted cost base of a Unit would otherwise be a negative amount, the negative amount will be deemed to be a capital gain and the adjusted cost base of the Unit to the Unitholder will be increased by the amount of such deemed capital gain.

Provided that appropriate designations are made by the Fund, such portion of the net realized taxable capital gains of the Fund, and the taxable dividends received or deemed to be received by the Fund on shares of taxable Canadian corporations and foreign source income (and related foreign taxes eligible for a foreign tax credit), as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply. The Tax Act provides for an enhanced dividend tax credit in respect of "eligible dividends" that are designated to Unitholders. In addition, provided that appropriate designations are made by the Fund in respect of any foreign income or gains of the Fund, for the purpose of computing any foreign tax credit

available to a Unitholder, and subject to the rules in the Tax Act, the Unitholder will be deemed to have paid as tax to the government of a foreign country the Unitholder's share of the taxes paid or considered to be paid by the Fund to that country. Any loss of the Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Unitholder.

A Unitholder who acquires additional Units, including on the reinvestment of distributions pursuant to the Reinvestment Plan, may become taxable on the Unitholder's share of any income and gains of the Fund that have accrued or been realized but have not been made payable at the time the additional Units are acquired.

On the disposition or deemed disposition of Units (whether on a sale, redemption or otherwise), the Unitholder will realize capital gain (or capital loss) to the extent that the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Units and any reasonable costs of disposition. Any additional Units acquired by the Unitholder on the reinvestment of distributions or on the investment of an optional cash payment will generally have a cost equal to the amount reinvested or invested, as the case may be.

For the purpose of determining the adjusted cost base of Units to a Unitholder, when a Unit is acquired, the cost of the newly-acquired Unit will be averaged with the adjusted cost base of all the Units owned by the Unitholder as capital property at that time.

The Fund may allocate and designate any income or capital gains realized by the Fund as a result of any disposition of property of the Fund undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. In addition, the Fund has the authority to distribute, allocate and designate any income or capital gains of the Fund to a Unitholder who has redeemed Units during a year in an amount equal to the Unitholder's share, at the time of redemption, of the Fund's income and capital gains for the year. Such allocations will reduce the corresponding proceeds of disposition of the redeemed Units. However, the Fund is prohibited from claiming a deduction in computing its income under the Tax Act for (a) all ordinary income designated to a redeeming Unitholder, and (b) a portion of amounts designated in a taxation year as taxable capital gains to redeeming Unitholders on a redemption of Units based on a formula that takes into account the amounts paid on redemptions of Units in the taxation year and the greater of the net asset value of the Fund at the end of its current and prior taxation years. In order to ensure that the Fund will not be liable for non-refundable income tax as a result of the application of these rules, amounts that would otherwise have been designated to redeeming Unitholders may be made payable to the remaining, non-redeeming Unitholders. Accordingly, the amounts of taxable distributions made to Unitholders of the Fund may be greater than they would have been in the absence of such deduction denial rules.

One-half of any capital gain (a "taxable capital gain") realized on the disposition of Units will be included in the Unitholder's income and one-half of any capital loss realized may be deducted from taxable capital gains in accordance with the provisions of the Tax Act. Allowable capital losses for a taxation year in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act.

In general terms, net income of the Fund paid or payable to a Unitholder that is designated as taxable dividends from taxable Canadian corporations or as net taxable capital gains, and capital gains realized by a Unitholder on the disposition of Units, may increase such Unitholders' liability for alternative minimum tax. Proposed legislation that is effective on January 1, 2024 modifies the existing rules for computing the alternative minimum tax. Such modifications include an increase in the tax rate to 20.5% (from 15%), an increase in the basic exemption amount available to individuals and qualified disability trusts to $173,000 (from the $40,000 previously available to individuals). Prospective investors are advised to consult their own tax advisors to determine the impact of the alternative minimum tax.

Tax Implications of the Fund's Distribution Policy

The NAV per Unit will reflect any income and gains of the Fund that have accrued or have been realized but have not been made payable at the time Units are acquired. A Unitholder who acquires Units may become taxable on the Unitholder's share of income and gains of the Fund that accrued before the Units were acquired notwithstanding that such amounts may have been reflected in the price paid by the Unitholder for the Units. The consequences of acquiring Units late in a calendar year will generally depend on the amount of the monthly distributions throughout the year, if any, and whether one or more year-end special distributions to Unitholders are necessary late in the calendar year to ensure that the Fund will not be liable for income tax under Part I of the Tax Act.

International Information Reporting

The dealers through which Unitholders hold their Units are subject to registration, information collection and reporting obligations contained in Part XVIII of the Tax Act, which implemented the Canada-United States Enhanced Tax Information Exchange Agreement (the "IGA") with respect to "financial accounts" such dealers maintain for their clients. Unitholders, or the controlling person of a Unitholder, will generally be requested to provide their dealer with information related to their citizenship, residency and, if applicable, a U.S. federal tax identification number. If a Unitholder is a U.S. person (including a U.S. citizen or green card holder who is resident in Canada) or if a Unitholder does not provide the requested information and indicia of U.S. status is identified, Part XVIII of the Tax Act and the IGA will generally require information about the Unitholder's investment in the Fund to be reported to the CRA, unless the investment is held within certain Registered Plans (other than, subject to the current administrative position of the CRA and certain tax proposals, a FHSA). The CRA is expected to provide that information to the U.S. Internal Revenue Service.

In addition, reporting obligations in the Tax Act have been enacted to implement the Organisation for Economic Co-operation and Development Common Reporting Standard (the "CRS Rules"). Pursuant to the CRS Rules, Canadian financial institutions are required to have procedures in place to identify accounts held by residents of foreign countries (other than the United States), or by certain entities any of whose "controlling persons" are resident in a foreign country (other than the United States). The CRS Rules provide that Canadian financial institutions must report the required information to the CRA annually. Such information would be available to be exchanged on a reciprocal, bilateral basis with the jurisdictions in which the Unitholders, or such controlling persons, are resident. Under the CRS Rules, Unitholders will be required to provide such information regarding their investment in the Fund to the Unitholder's dealer for the

purpose of such an information exchange, unless the Units are held by certain Registered Plans (other than, subject to the current administrative position of the CRA and certain tax proposals, a FHSA).

Based on the current administrative position of the CRA and certain tax proposals, FHSAs are currently not required to be reported to the CRA under Part XVIII of the Tax Act and the CRS Rules.

REMUNERATION OF DIRECTORS, OFFICERS AND TRUSTEE

During 2023, Bernard I. Ghert, the Chair of the IRC until his resignation on March 6, 2023, received nil and H. Roger Garland, George S. Dembroski, and Christine H. Tekker, who was appointed to the IRC upon Mr. Ghert's resignation, received $25,000. Edward V. Jackson, who was appointed Chair of the IRC upon Mr. Ghert's resignation, received $35,000. In addition, each IRC member received $1,500 per meeting attended. These fees were allocated across investment funds that are managed by the Manager in a manner that is fair and reasonable. A total of nil was paid by the Fund in respect of fees to the members of the IRC during 2023 and a total of nil was paid in respect of IRC expenses. No other fees or reimbursement of expenses were paid by the Fund to the directors or officers of the Fund, the Manager or to the IRC members.

MATERIAL CONTRACTS

The material contracts of the Fund are as follows:

(a) Declaration of Trust of the Fund. For further details, see the description under the headings "**Name and Formation of the Fund**" and "**History of the Fund**";

(b) Management Agreement with the Manager. For further details, see the description under the heading "**Responsibility for Fund Operations – Manager**";

(c) Advisory Agreement with Middlefield Capital Corporation. For further details, see the description under the heading "**Responsibility for Fund Operations – Portfolio Advisor**"; and

(d) Master Custodian Agreement between Middlefield Limited and RBC Investor Services Trust. For further details, see the description under the heading "**Responsibility for Fund Operations – Custodian**".

Copies of the material contracts referred to above may be inspected by prospective or existing Unitholders, upon the giving of reasonable notice, during business hours at the principal office of the Fund in Calgary, Alberta.

[BACK COVER]

Sustainable Innovation & Health *Dividend Fund*

Middlefield Limited
The Well, 8 Spadina Avenue, Suite 3100
Toronto, Ontario, M5V 0S8
416-362-0714

- Additional information about the Fund is available in the Fund's management reports of fund performance and financial statements.

- You can get a copy of these documents at no cost by calling toll-free 1-888-890-1868 outside Greater Toronto or 416-362-0714 in Greater Toronto, or from your broker or dealer, or by e-mailing invest@middlefield.com.

- These documents and other information about the Fund, such as information circulars and material contracts, are also available by visiting the website **www.middlefield.com** or **www.sedarplus.ca**.