Middlefield Canadian Income PCC (the "Company")
Including Middlefield Canadian Income – GBP PC (the "Fund"), a cell of the Company

Registered No: 93546
Legal Entity Identifier: 2138007ENW3JEJXC8658

ANNUAL FINANCIAL REPORT

The Company hereby announces the publication of its full unedited annual financial report for the year ended 31 December 2024 (the "**AFR**").

In accordance with Listing Rule 6.4.1, a copy of the AFR has been submitted to the National Storage Mechanism and it will shortly be available for inspection at https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

The AFR is also available from the 'Trust Documents' section of the Company's website: https://middlefield.com/funds/uk-funds/middlefield-canadian-income-trust/

Enquiries:

Secretary
JTC Fund Solutions (Jersey) Limited
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Dean Orrico
President
Middlefield International Limited
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END OF ANNOUNCEMENT

Middlefield Canadian Income Trust

Annual Report and Accounts
For the year ended 31 December 2024

LON: MCT

Focusing on high levels of stable and increasing income together with capital growth, this Fund invests in high quality, Canadian large capitalisation businesses. Middlefield Limited, the Fund's investment manager, is a private and independent firm located in Toronto, Canada, and is regulated by the Ontario Securities Commission.

Financial Highlights

2024 DIVIDENDS PAID

5.3p per share

1.325p per share quarterly

5.5p per share New Dividend Guidance for 2025[1]

YIELD

4.6%

SHARE PRICE

116.00p

NAV PER SHARE

134.05p

NET ASSETS

£142.7m

1. This is a target only and does not constitute, nor should it be interpreted as, a profit forecast.

Why Middlefield Canadian Income PCC?

Who is this fund for?

This Fund is for long-term investors seeking dividends and capital appreciation from a diversified portfolio of stable, profitable businesses domiciled primarily in Canada.

Reasons to buy

Unique

The UK's only listed Canadian equity fund focused on high income – admitted to the FTSE UK All-Share Index in 2011.

Proven

Outperformance over the period since inception in 2006. The Fund's total return for 2024 was 20.6 per cent versus the benchmark total return of 7.6 per cent.

Diversification

UK investors are underexposed to Canadian equities – Canada is one of the largest investable economies in the developed world.

High Income

Canadian equities offer a higher yield compared to other developed markets. MCT has consistently paid dividends in excess of 5p per share per annum since 2017 and increased its dividend in 2023, 2024 and 2025.

Stability

Canada is a member of the G7 and offers one of the most stable political and financial systems in the world.

Governance

Experienced Board of Directors with an independent majority, re-elected annually by shareholders to protect their interests.

A member of the Association of Investment Companies

Further details about the Company, including the latest annual and half yearly financial reports, fact sheets and stock exchange announcements, are available on the website at www.middlefield.co.uk/mcit.htm

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Key Information

This Fund invests in larger capitalisation Canadian and U.S. high yield equities with a focus on companies that pay and grow dividends.

Exposure to Key Canadian Themes & Industries

Canadian companies are amongst the world leaders across the real estate, financial and energy and power sectors.

Real Estate

Canada has had the highest population growth rate in the developed world. Immigration tailwinds and a highly educated workforce are expected to support ongoing demand for real estate in Canada. Middlefield is one of the top real estate investors in Canada with over 40 years of experience and $450M+ in AUM across real estate strategies.

Financials

One of the world's most sophisticated and well-capitalised banking systems, Canada's banks are well-positioned to consistently grow their dividends over time. Canadian financials have historically demonstrated less volatility than peers during periods of market uncertainty.

Energy and Power

North American energy is expected to play a vital role in energy security and the energy transition over the coming decades. Its domestic power market benefits from an abundance of renewable energy sources and robust demand for electricity driven by immigration, growing corporate demand, and improving global accessibility.

Key Data as at 31 Dec 2024

Historical Performance
As at 31 December 2024

Performance Since Inception to 31 December 2024
As at 31 December 2024

Notes:

1. Net asset value total returns (in Sterling, net of applicable withholding taxes, fees, and including the reinvestment of dividends).

*2. The Fund's benchmark, the S&P/TSX Composite High Dividend Index ("**Benchmark**"), has been currency adjusted to reflect the Canadian Dollar ("**CAD**") returns from inception to October 2011 (while the Fund was CAD hedged) and Sterling ("**GBP**") returns thereafter.*

3. Prior to 31 October 2024, the Fund's Benchmark as well as the S&P/TSX Composite Index, were calculated gross of withholding tax. Beginning 31 October 2024, the Benchmark and the S&P/TSX Composite Index are calculated net of a 15% withholding tax and all period returns have been restated on this basis.

Recent Performance	**1 Mth**	**3 Mth**	**6 Mth**	**YTD**	**1 Year**
Share Price	-10.8%	3.6%	15.3%	20.6%	20.6%
NAV	-4.2%	2.6%	12.9%	15.1%	15.1%
Benchmark	-4.7%	1.1%	7.7%	7.6%	7.6%
S&P/TSX Composite	-4.5%	4.2%	9.9%	13.5%	13.5%
Long-Term Performance	**3 Year annualised**	**5 year annualised**	**7 Year annualised**	**10 year annualised**	**Since Inception annualised[1]**
Share Price	4.3%	8.2%	7.2%	6.7%	6.8%
NAV	3.3%	7.2%	6.8%	7.4%	7.2%
Benchmark	5.2%	7.9%	6.9%	7.1%	6.1%
S&P/TSX Composite	6.4%	9.8%	8.3%	8.4%	6.4%
Long-Term Performance	**3 Year cumulative**	**5 year cumulative**	**7 Year cumulative**	**10 year cumulative**	**Since Inception cumulative[1]**
Share Price	13.5%	48.3%	62.8%	90.8%	239.0%
NAV	10.2%	41.9%	58.1%	104.1%	262.7%
Benchmark	16.4%	46.3%	59.2%	97.6%	199.1%
S&P/TSX Composite	20.5%	59.3%	74.6%	124.4%	215.0%

Sources: Middlefield, Bloomberg. As at 31 December 2024.

Past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. All price information is indicative only.

Total returns including the reinvestment of dividends for all returns. Fund returns are net of fees.

Composite of monthly total returns for the S&P/TSX Income Trust Index from inception to 31 December 2010 and the S&P/TSX Composite High Dividend Index (formerly named the S&P TSX Equity Income Index).

Currency adjusted to reflect CAD$ returns from inception of MCT to Oct 2011 and GBP returns thereafter since MCT was CAD$ hedged from inception to Oct 2011

Prior to 31 October 2024, the Fund's Benchmark, as well as the S&P/TSX Composite Index, were calculated gross of withholding tax. Beginning 31 October 2024, the Benchmark and the S&P/TSX Composite Index are calculated net of a 15% withholding tax and all period returns have been restated on this basis.

Chairman's Statement

Michael Phair
Chairman

It is my pleasure to introduce the 2024 Annual Financial Report for Middlefield Canadian Income PCC ("MCT" or the "Company") and its closed-ended cell known as Middlefield Canadian Income – GBP PC (the "Fund"). The Fund invests primarily in dividend-paying Canadian equities, with the objective of providing shareholders with a high level of dividend as well as capital growth over the longer term.

Investment Performance

The Fund delivered very good relative performance in 2024. MCT generated total returns of 20.6 per cent on its share price and 15.1 per cent on net assets, both of which were higher than the benchmark total return of 7.6 per cent. Financials, Energy, and Utilities were all positive contributors primarily due to sector allocation and stock selection gains. The Investment Manager believes that 2024 represented the early stages of a sustained outperformance following a period of challenging market conditions for the Fund's core sectors. In January 2025, the Fund's dividend was increased from 5.3p to 5.5p per share per annum.

Over 2024, the discount to net asset value at which the Fund's shares traded narrowed from -16.8 per cent at the start of the year to -13.5 per cent at the end. The discount moved to within -6 per cent at the beginning of December 2024 which coincided with the share price increasing to 131.25p, a high point for the year. This increase reflected the buying activity by Saba Capital Management L.P. ("Saba") which first announced a notifiable holding in the Fund's shares in April 2024, and which has announced further increases in its holding since such date. Saba's current total interest in the Fund's shares (comprising its direct and indirect exposure) is estimated to be 29 per cent. Recent developments regarding Saba are discussed below under "Engagement with Saba".

Investment Management

The Board has regular contact with the Investment Manager, Middlefield Limited, to discuss portfolio strategy and review its investment approach, gearing and sector allocations. We remain satisfied that the Investment Manager is applying the strategy consistently and professionally and are confident that the Investment Manager's outlook and the Fund's corresponding positioning are capable of delivering good performance over time.

Middlefield Limited, the Fund's Investment Manager, has 45 years of investing experience. The Investment Manager uses an actively managed strategy, allowing it to take advantage of market dislocations across Canada and the U.S. In 2024, Canada was ahead of other developed countries in reducing their policy rates after sustained downward trends in inflation. Meanwhile, the U.S. Federal

Reserve's monetary policy remained restrictive for longer. In light of the high levels of cash flow and dividends that Canadian equities offer, and the valuation discounts at which they trade relative to U.S. companies, the Board remains supportive of the Investment Manager's decision to be substantially invested in Canadian equities. In Q4 2024, against the backdrop of an improving outlook for the Canadian economy as well as a peaking of 10-year government bond yields in the U.S. and Canada, the Fund increased its exposure in Canadian energy from c. 19 per cent to c. 22 per cent which remains above the benchmark, while Real Estate remains the most overweight sector in the Fund relative to the benchmark.

Shareholder Engagement

Increasing investor interest in the Fund remains one of the Board's highest priorities. The Board continues to promote the Company through the Investment Manager's investor relations initiative, which is dedicated to keeping our shareholders well-informed, especially in times of market turmoil. The Investment Manager provides regular updates through commentaries and articles to get their perspectives directly. This content is accessible on the Investment Manager's website, where it generates regular insights into the portfolio's outlook and the decision-making process: Middlefield Canadian Income Trust Content. In addition, the Trust remains engaged with Kepler Partners. Kepler Partners continues to introduce the Investment Manager to new investors throughout London and its surrounding regions, while consistently producing research aimed at raising the profile of the Fund. Kepler Partner' coverage of the Fund can be accessed at: Middlefield Canadian Income Research. The Board also works with Buchanan, a public relations firm tasked with enhancing the Fund's reputation among retail investors. The Fund's ongoing press engagements are featured on our website under "Featured Press". Alternatively, prospective investors can subscribe to email updates on the Fund's website to be updated regularly: Middlefield Canadian Income Trust | Middlefield Group.

Fund Sector Weights Compared to Benchmark as at 31 December 2024

Sector Allocation	MCT	Benchmark	Over/Underweight
Financials	27.3%	30.0%	-2.7%
Energy	22.4%	15.0%	7.4%
Real Estate	18.5%	4.4%	14.1%
Pipelines	16.9%	15.8%	1.1%
Utilities	9.5%	13.8%	-4.3%
Materials	2.8%	5.4%	-2.6%
Communication Services	2.6%	10.4%	-7.8%
Consumer Discretionary	0.0%	3.0%	-3.0%
Industrials	0.0%	0.8%	-0.8%
Consumer Staples	0.0%	0.8%	-0.8%
Health Care	0.0%	0.7%	-0.7%
Information Technology	0.0%	0.0%	0.0%
Total	**100.0%**	**100.0%**	

Source: Middlefield, Bloomberg

The background to the Fund's performance is explained in depth by Mr Dean Orrico in the Investment Manager's accompanying report.

Engagement with Saba

Since the Fund's year end, on 10 February 2025 the Fund, together with three other UK-listed closed-end funds, received a requisition notice from Saba, marking the second phase of Saba's recent activist campaign in the UK-listed closed-end fund sector. The first phase commenced on 18 December 2024 with Saba requisitioning general meetings at seven UK-listed closed-end funds, proposing resolutions (each of which later failed) to remove the current independent directors of those seven funds and replace them with Saba's own appointees, with a view to also terminating the management contracts and, in due course, replacing the investment managers with Saba.

The requisition notice received by the Fund on 10 February 2025 was for the approval by shareholders of the taking of all necessary steps to implement a scheme or process by which shareholders would become (or have the option to become) shareholders of a UK-listed open-ended investment company (or similar open-ended investment vehicle) implementing a substantially similar strategy to the Fund. Such scheme or process could entail shareholders rolling into an existing or newly established UK-listed open-ended investment company (or similar open-ended investment vehicle), in either case managed by the Fund's existing investment manager or one of its affiliates.

Following consultation with a number of the Fund's largest shareholders including Saba, and following constructive discussions with Saba, on 21 February 2025 the Fund announced that Saba had agreed to withdraw its requisition notice for a period of 60 days to enable the Fund and its advisers to formulate proposals that are in the best interests of all shareholders.

At the current time, the Board is in the process of considering a number of strategic options in the best interests of shareholders as a whole. A further announcement regarding future proposals which the Fund may put to shareholders will be made in due course.

Gearing

The Fund reports its gearing relative to net and total assets in its monthly fact sheet. Gearing relative to total assets was consistent throughout 2024. This compares to the Fund's upper gearing limit of 25 per cent. of its total assets at the time of drawdown. Net gearing, which represents borrowings as a percentage of net assets, is the AIC standard measure of gearing. Net gearing at the start of the year was 17.2 per cent and ended the period on 31 December 2024 at 19.3 per cent.

The cost of borrowing has come down in 2024 due to the Bank of Canada cutting rates by a total of 175 basis points throughout the year. We anticipate further declines in borrowing costs as the BoC is expected to continue its easing cycle in 2025. The Board continues to believe the use of gearing is warranted at prevailing interest rates due to an expected total return that exceeds total borrowing costs. The Board will continue to weigh the benefits of gearing against the costs and monitor the spread between interest expenses and the yield of the portfolio to ensure the use of leverage remains in the best interest of shareholders. On 3 April 2024, the credit facility was amended to replace Banker's Acceptances with CORRA (Canadian Overnight Repo Rate Average administered and published by the Bank of Canada) loans.

Earnings and Dividends

In light of the excess revenue earnings generated by the Fund this year, together with the prospect of dividend growth from the underlying portfolio, the Board approved a 0.2p increase to the annual dividend target in early 2025 to 5.5p for 2025. This is a target only and should not constitute, nor should it be interpreted as a profit forecast.

Quarterly interim dividends each of 1.325p per share were paid on 31 January 2024, 30 April 2024, 31 July 2024 and 31 October 2024 representing a 1.92 per cent. increase to quarterly payments made in 2023.

Consistent dividend growth is a core consideration for the Fund's security selection process and factored into the Board's decision to increase the dividend. The Company's revenue earnings per share totalled 5.61p for the current year, reflecting a dividend coverage ratio of 1.06. This compares to dividend coverage ratios of 1.07 in 2023 and 1.16 in 2022. The Board regularly reviews the Fund's dividend coverage and, subject to market conditions as well as the Fund's earnings, it will continue to consider whether further dividend increases are warranted in the future.

Directors' Remuneration

For 2024, the directors' remuneration remained at £36,000 per annum for the chairman of the Board, £32,000 per annum for the chairman of the audit committee and £29,000 per annum for all other directors bar Mr Orrico, who has waived his entitlement for remuneration for acting as a director. The last increase was on 1 July 2023.

Related Party Transactions

The Company's related parties are its directors and the Investment Manager. There were no related party transactions (as defined in the Listing Rules) during the year under review, nor up to the date of this report. Details of the remuneration paid to the directors and the Investment Manager during the year under review are shown in note 13.

Material Events

Save for the Saba requisition and the Board's ongoing consideration of future strategic options for the Company following engagement with Saba as referred to above, the Board is not aware of any significant event or transaction which has occurred between 1 January 2025 and the date of publication of this statement which could have a material impact on the financial position of the Fund.

Company and Fund Annual General Meetings

At each of the Company and Fund Annual General Meetings held on 13 June 2024, all resolutions, relating to both ordinary business and special business were duly passed.

Board Composition and Succession Planning

The Board frequently reviews its succession planning strategy and has taken multiple steps in recent years to refresh its composition. We are pleased with the significant progress made to ensure the highest standards of good corporate governance. These steps include the appointment of four new nonexecutive directors over the past five years: Mr Michael Phair (on 13 June 2019), Ms Kate Anderson (on 12 April 2021), Ms Janine Fraser (on 13 September 2022) and Mr Andrew Zychowski (on 30 June 2023).

The Board currently comprises five nonexecutive directors, of whom four are independent and 40 per cent are female, including the senior independent director.

Contact

Shareholders can write to the Company at its registered office or by email to the Secretary at middlefield.cosec@ JTCGroup.com.

Principal Risks and Uncertainties

Trade policy uncertainty will remain a persistent overhang in the coming months, affecting business confidence, capital investment, and supply chain planning across North America. With the looming

USMCA renegotiation deadline and ongoing discussions around tariffs, businesses face heightened risks when making strategic decisions. Companies reliant on cross-border trade may hesitate to expand operations, allocate capital, or engage in M&A, given the potential for new trade barriers and shifting regulatory frameworks. This uncertainty could lead to reduced investment and prolonged supply chain inefficiencies, ultimately weighing on economic growth and corporate earnings.

Additionally, although discussions to date between the Board and Saba have been constructive, uncertainty remains over how the Company will proceed going forwards. The Board remains mindful of the need to act at all times in the best interests of shareholders as a whole and wishes to avoid future engagement in costly and time-consuming activist shareholder campaigns.

Despite inflation moderating in 2024, the risk of an upside surprise in inflation remains a key concern. Stickier inflation could erode consumer purchasing power and increase the cost of borrowing, stifling economic activity. Persistently high inflation could delay further rate cuts from central banks, which could exacerbate financial stress, leading to higher delinquency rates and weaker household consumption.

The combination of expanding fiscal policies and easing monetary conditions could further strain government balance sheets in 2025. Canada and the US continue to run large fiscal deficits, with rising debt levels fuelling concerns about long-term sustainability. Increased government borrowing costs, especially in a higher-for-longer rate environment, could lead to investors demanding higher risk premiums and increased volatility in bond markets and sovereign credit ratings.

Geopolitical concerns in 2024 centred on the wars in Ukraine and the Middle East, trade policy between the US and its trading partners, and a change in leadership in Canada and U.S. Although there are efforts to reach a ceasefire in both Ukraine and Israel, these conflicts all have the potential to disrupt global trade routes, commodity prices, and investor sentiment. The risk of further escalation could lead to supply shocks in energy markets, driving up commodity prices and putting renewed pressure on inflation. In addition, strained US-China relations – particularly over trade, technology and Taiwan - could introduce market volatility, affecting global supply chains and investment flows.

Managing Risks

The Board places significant emphasis on the Company's risk assessment and the management of substantial risks. The Board prioritises this aspect, guided by its evaluation of the risks inherent in the Company's operations. It oversees the controls implemented by the Board, the Investment Manager and other service providers. These evaluations and oversight activities are documented in the Company's business risk matrix assessment, which remains an effective instrument for identifying and tracking primary risks.

The directors consider the principal risks of the Company to be those risks, or a combination thereof, that may materially threaten the Company's ability to meet its investment objectives, its solvency, liquidity or viability. In assessing the principal risks, the directors consider the Company's exposure to and likelihood of factors that they believe would result in significant erosion of value, such as the possibility of a recession, the ability of Canada to diversify its economy away from natural resources, ongoing geopolitical tensions, the impact of climate change risk on investee companies, foreign exchange rates and the impact of higher interest rates on the Company and investor sentiment.

At the time of this report, trade policy uncertainty, interest rates, and geopolitical tensions continue to have an impact on markets at both macro and micro levels. Growing geopolitical tensions can increase the risk of supply chain shocks and spikes in commodity prices. While the long-term severity and the impact on the Company's principal risks and viability cannot currently be predicted with any accuracy, it is expected that a prolonged war in the Middle East would have detrimental effects on market sentiment, which could affect the Company's asset values.

Outlook

Canada is well-positioned for economic resilience and market outperformance, supported by a lower rate environment, strong corporate fundamentals, and favourable structural tailwinds across key sectors. 2024 served as a strong base for the Fund's core sector exposures, and we expect to build on that momentum. Canadian equities continue to offer attractive valuations, robust earnings growth, and compelling risk-adjusted returns relative to global peers. MCT remains strategically positioned to capitalise on these trends, with its core exposure in financials, real estate, energy, pipelines, and utilities – sectors that are well insulated from external trade policy uncertainty and provide strong income generation, stability, and long-term growth potential. The Fund does not hold significant exposure to industries most vulnerable to tariffs, such as manufacturing, autos, and materials, reducing its reliance on unpredictable trade negotiations.

Despite having similar expected earnings growth over the next two years, Canadian equities continue to trade at steep valuation discounts to US stocks. With a circa 4.5 per cent dividend yield, the Fund also provides a stable and growing stream of income to investors in the form of quarterly distributions. We believe the current valuation discount embedded in Canadian equities offers a compelling entry point into high-quality Canadian companies. We continue to advocate that UK investors seeking North American equity exposure should allocate capital to Canada.

We look forward to an ongoing dialogue with shareholders in order to inform our decision making process going forward and to enable us to continue to act in the best interests of all shareholders.

Michael Phair
Chairman
24 March 2025

Middlefield Group is a private and independent asset manager focused on equity income investment strategies. Located in Toronto, Canada, the company oversees a suite of funds, many of which have been recognised for excellence in various investment categories. Middlefield specialises in managing diversified equity income strategies for UK and Canadian investors with a particular focus on delivering stable distributions and capital appreciation over the long term.

Investment Manager's Report

Dean Orrico

2024 was an exceptional year for MCT unitholders, as we look to build on the momentum for continued growth into 2025. Despite both the TSX Composite and S&P 500 closing near all-time highs, many areas of the market, such as dividend payers and small-caps, did not meaningfully participate in the 2024 market rally. Technology and communication services stocks led to the upside while cyclical and value sectors lagged. In British Pounds, shares in the Fund generated a total return of 20.6 per cent and a NAV total return of 15.1 per cent. In local currency, the S&P 500, NASDAQ Composite, and the TSX Composite returned 25 per cent, 30 per cent and 22 per cent, respectively. The TSX lagged the S&P 500 by 3 per cent in 2024, due to its lower exposure to technology stocks and greater weighting to cyclical and value sectors. The Fund's benchmark is more concentrated in higher-yielding dividend stocks and returned 9.6 per cent, lagging the TSX by nearly 12 per cent. Price-to-earnings multiples remain depressed for the TSX, resulting in a 4x multiple discount relative to the S&P 500.

We are encouraged by several trends that emerged in mid-2024. Firstly, the Bank of Canada (BoC) began its first rate-cutting cycle in 4 years through a series of rate cuts totalling 175 basis points. Meanwhile, 10-year bond yields fell by more than 100 basis points from their 2023 highs as inflation concerns abated. Second, market breadth improved as companies and sectors that lagged throughout 2023 and H1'2024 benefitted from a relief rally. We believe this market broadening could represent the early stages of a prolonged recovery in dividend-paying stocks that should continue throughout 2025.

In British Pounds, the Fund's net asset value generated a total return of 15.1 per cent. Stock selection within the energy sector was the biggest contributor to performance in 2024 following a difficult 2023 period, with Enbridge and TC Energy among the Top 5 biggest contributors to performance. Utilities were the next biggest contributor, with Capital Power generating a total return of 77.9 per cent due to its strategy to supply power for upcoming AI data centres in Canada. Capital Power remains a large overweight position relative to the benchmark and has been a consistent Top 10 holding in the Fund.

President Trump's second term has introduced significant trade policy uncertainty. Despite all the trade noise, Canada's economy remains on sound footing and is compelling for investors seeking attractive valuations and higher levels of income. While the scale and scope of potential US tariffs remain unpredictable, the Fund is well-positioned due to its diversification across resilient, high-quality sectors. With a focus on Canadian financials, pipelines, and REITs, the Fund is largely insulated from more tariff-targeted manufacturing industries, such as steel, aluminium, autos, and lumber. Similar to President Trump's first term, we believe rational economic interests will prevail and the USMCA trade agreement will ultimately be renegotiated with minimal impact on Canadian equities. The U.S. represents over 75 per cent of Canadian exports and is an extremely important end-market for these sectors. US, Canada, and Mexico share over $1.5 trillion in annual trade, supporting 17+ million jobs across the three economies. This trilateral trade flow is one of the largest in the world, underscoring the significance of the USMCA agreement in maintaining economic stability in North America. Given this deep integration, renegotiations will likely aim to preserve trade stability rather than disrupt it.

The Canadian federal election which has been called for 28 April 2025, will be a key event to watch with potential positive implications for economic policy, trade, and capital markets. A Canada-first mentality is gaining traction, emphasizing deregulation, pro-business policies, and strengthening domestic industries. A more conservative, business-friendly government could lead to increased investment in key sectors such as energy infrastructure, along with streamlined regulatory processes to encourage economic growth. In addition, diversifying trade partnerships beyond the US could present significant opportunities for Canadian pipeline and energy companies. These developments could also lead to increased foreign investment in Canada, strengthening the Canadian dollar. However, trade policy negotiations will bring uncertainty in the markets, particularly if US protectionist policies weigh on exports.

Our base assumption remains that Canadian inflation will continue trending lower throughout 2025, supported by slowing immigration, easing supply chain pressures, and a more accommodative monetary policy stance from central banks. Over the past year, both the BoC and the Fed have seen meaningful progress in reducing inflation which has prompted rate cuts. However, deregulation, increased fiscal spending, and tax relief in the US could reintroduce inflationary pressures by stimulating aggregate demand, business investment, and consumer spending. While these policies are beneficial for long-term growth, they could delay or slow the pace of rate cuts if inflation proves to be stickier than expected. The balance between continued disinflation and the potential for reaccelerating inflation will be a key theme for policymakers in the year ahead.

We remain constructive on the Canadian real estate sector in 2025. Although there was a strong rally in REIT unit prices during Q3, we saw a reversal after 10-year yields began climbing again. Investor sentiment for the broader real estate sector is inflecting and we are now seeing foreign buyers of Canadian REITs after a prolonged disconnect between fundamentals and valuations. With bond yields declining and central banks cutting rates further, we believe certain REITs are extremely well-positioned to outperform. Canadian REITs continue trading at an approximate 25 per cent discount to NAV.

We expect quality REITs that generate stable and growing cash flows to narrow this discount throughout 2025. For these reasons, real estate remains the Fund's largest active sector weight relative to the Benchmark. The Fund's core real estate exposure areas include necessity-based retail, apartments, industrial, and seniors housing.

Energy was among the Fund's biggest contributors to performance in 2024 and remains a high-conviction investment theme for 2025. Energy represents 22 per cent of the portfolio, which outweighs the benchmark by 7.4 per cent. As geopolitical tensions mount, energy security has become a paramount issue for many countries. Canada's oil and natural gas reserves rank in the top five globally, positioning the Canadian energy sector for consistent growth for decades. The recently completed Trans Mountain Expansion project will help unlock this growth potential by increasing capacity for crude oil transportation by an additional 590,000 barrels per day. In addition, LNG Canada, the largest private infrastructure project in Canada's history, will become operational later this year. With an export capacity of 1.8 Bcf/d, LNG Canada will provide Canadian gas producers with a material boost to production egress. These large infrastructure projects are expected to stimulate significant investments from energy producers as well as midstream companies that will need to add necessary processing and handling capabilities.

Financials represented 28 per cent of the Fund and remained the largest sector exposure in 2024. The decision stemmed from our growing confidence in the economic landscape both in Canada and the U.S, increasing corporate and investor sentiment as well as a pickup in capital markets activity. As the Bank of Canada began cutting rates mid-2024, Canadian banks rallied in Q3 after posting solid earnings results and improved sentiment. The banks remain well capitalised above regulatory minimums and are now strategically deploying capital to support organic growth. Credit concerns have been abating as we are past the peak in provisions for credit losses. The banks have prudently been building their capital reserves to ensure they remain well-equipped in the event of widespread credit defaults. With bond yields having fallen approximately 80 basis points from their April 2024 peak, and strengthening underwriting standards, we have become less concerned by this risk but continue to monitor credit quality closely. The Fund has been diversifying its exposure to financials by adding insurance companies and asset managers to the portfolio. These positions will expose the Fund to different revenue streams and geographies. Our highest weighted names remain Bank of Montreal, Royal Bank of Canada, and CIBC, all of which have well-capitalised balance sheets and fully covered dividends.

The Fund had 9.5 per cent of the portfolio allocated to utilities at the end of 2024, below the Benchmark weight of 13.8 per cent. This underweight positioning was additive to performance. Despite its traditionally defensive characteristics, the sector lagged the TSX last year by 9.6 percentage points, with a total return of 8.6 per cent (local currency). Independent power producers did most of the heavy lifting, while regulated utilities and renewables significantly lagged. We expect the rest of the sector to re-rate over time as interest rates decline. The surging demand for electricity to power new data centres is a positive trend and we remain bullish on the sector's long-term growth prospects. Our preferred picks in the sector include AltaGas, Capital Power, and Brookfield Renewables.

Top Holdings

Top Holdings as at 31 December 2024

Company	Sector	% of Equities
Tourmaline Oil Tourmaline is Canada’s largest natural gas producer and one of North America’s top suppliers of low-cost energy. The company operates high quality assets in the Montney and Deep Basin formations, leveraging its scale and strong balance sheet to maintain industry leadership. Tourmaline has also built a solid track record of dividend growth while paying out frequent special dividends over the last few years driven by their strong cash flow generation and commitment to growing shareholder returns.	**Energy**	**4.8%**
Enbridge Inc. Enbridge is one of the largest energy infrastructure companies in North America with an extensive delivery network of crude oil, natural gas, natural gas liquids and renewable energy. The company also provides gas utility services in Ontario, Quebec, and New Brunswick. It is actively investing in low carbon technologies such as solar, wind and hydroelectric power generation facilities. Enbridge’s goal is to achieve net-zero emissions by 2050 and reduce its greenhouse gas emissions	**Pipelines**	**4.7%**
Bank of Montreal Bank of Montreal, which was founded in 1817, has grown to be Canada’s fourth largest bank. For over two centuries, BMO has maintained a consistent record of dividend payments. It has a well-established commercial banking business that it plans to grow through new product offerings and superior customer experience. BMO conducts its business in the US through its subsidiary, BMO Harris Bank which has over 500 branches.	**Financials**	**3.9%**
Canadian Natural Resource Ltd. Canadian Natural Resource is one of the largest independent producers of oil and natural gas in Canada. The company is focused on maximising shareholder value through a combination of organic growth initiatives, dividend payments and share buybacks. It has grown its dividend by approximately 23% per annum over the past 5 years and has never cut its dividend.	**Energy**	**3.8%**
Royal Bank of Canada Established in 1864, RBC stands as Canada’s largest bank by market capitalization. With a robust presence globally, RBC excels in providing diverse financial products and services through branches, ATMs, and cutting-edge online platforms. Renowned for its customer-centric approach, RBC’s strategic focus on the Capital Markets division enhances its standing, making the bank a key player in international finance.	**Financials**	**3.7%**

TC Energy TC Energy is a leading North American energy infrastructure company, operating natural gas, liquids pipelines, and power generation assets. It owns and operates over 93,300 km of natural gas pipelines across Canada, the U.S, and Mexico, supplying ~25% of North America's natural gas demand. In addition, it operates power generation assets, including nuclear and renewable energy, contributing to a diversified portfolio. The company generates revenue through long-term take-or-pay contracted agreements which provide stable cash flows with minimal commodity price exposure.	**Pipelines**	**3.5%**
CIBC CIBC is one of Canada's Big Six banks, providing a range of personal, business, and institutional banking services. The bank operates across four key segments, including Personal Banking, Commercial Banking & Wealth Management, as well as Capital Markets. The bank boasts a significant presence in Canada and U.S banking, with a growing U.S commercial lending business.	**Financials**	**3.4%**
AGF Management AGF Management is a global asset management firm, providing investment solutions across mutual funds, ETFs, and alternative investments. In recent years, it has expanded into private credit and alternatives, positioning itself for higher-margin growth. As funds flow out of savings accounts and back into equity markets post-rate cutting cycle, the active asset management industry will face meaningful tailwinds.	**Financials**	**3.4%**
Manulife Financial Founded in 1887, Manulife Financial is a leading insurance provider in Canada's financial sector. Offering a comprehensive range of financial solutions, the company operates through a widespread network and digital platforms. With a focus on insurance, wealth management, and investments, Manulife's commitment to innovation and customer satisfaction cements its prominent position in the global financial landscape.	**Financials**	**3.4%**
Pembina Pipelines Corp. Pembina is a well-established and reputable transportation and midstream service provider with over 65 years of operational history. Its assets are diversified across the hydrocarbon value chain, including pipelines, gathering & processing, and NGL midstream operations in Canada and the US. The company is actively investing in low-carbon and sustainability solutions such as carbon capture and storage to offset greenhouse gas emissions.	**Pipelines**	**3.1%**

Outlook

Global markets face heightened uncertainty, driven by elevated geopolitical risks, shifting monetary policy, and trade tensions. Despite these challenges, Canada remains well-positioned for outperformance in 2025, underpinned by attractive valuations, strong fundamentals, and structural tailwinds in key sectors, including energy, real estate, and financials. The TSX Composite continues to trade at a 7 turns discount to the S&P 500, representing an attractive entry point for investors seeking dividend growth, capital discipline and resilient earnings.

While trade policies remain unpredictable, the Fund is well-diversified across resilient, high-quality, service-based sectors that are less exposed to tariffs. Canada is benefitting from deregulation, a more pro-business environment, and a shift in fund flows towards value and cyclical sectors as markets continue to broaden. The AI-driven expansion will require vast energy infrastructure to support data centre growth, creating significant opportunities for pipeline and utility companies – sectors where the Fund has substantial exposure.

Canadian corporations continue to prioritize shareholder returns, with record dividend payouts and share buybacks, a trend that is expected to persist. The Fund remains focused on high-quality companies with strong free cash flow generation and ability to grow their dividends. MCT's portfolio emphasises high dividend paying stocks which have a long track record of consistently increasing dividends. Over the past five years, dividends received by the Fund on its portfolio have increased by 8.2 per cent per annum, exceeding the 7.5 per cent per annum growth rate for the Benchmark.

Middlefield Limited

Date 24 March 2025

ESG

Environment, Social and Governance ("ESG") Policy and Stewardship Principles: ESG Policy

As Investment Manager, Middlefield Limited ("**Middlefield**") has a duty to maximise investment returns for the shareholders of the Fund without undue risk of loss. Middlefield does this within the investment limits of the Fund's investment mandate. Although the Fund is not an ESG-focused or sustainable fund, Middlefield incorporates ESG considerations into its investment process to aid decision making, identify potential risks and opportunities and to enhance long-term, risk-adjusted returns. Stephen Erlichman, one of the foremost experts on governance in Canada, serves as Chair, ESG for Middlefield to augment its ESG capabilities and processes.

It is Middlefield's responsibility to employ a disciplined investment process 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. Our 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. Its methodology includes a qualitative review and assignment of ESG scores to individual holdings. Each company is analysed on an absolute basis and measured relative to its peers. The ESG scores and other ESG data are not the sole factors that govern its investment decisions, however, but rather constitute part of the information it reviews and considers alongside its fundamental, quantitative and qualitative research.

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

3. ESG considerations also are integrated into our 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 our 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

monitoring shareholder meetings and voting proxies.

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

In addition to Middlefield's integration of ESG considerations into its investment process Middlefield has adopted Stewardship Principles and activities which are complementary to its ESG integration process.

Middlefield's Stewardship Principles

Middlefield, as a Canadian asset manager, understands it has the responsibility to be an effective steward of the assets it manages for its clients in order to enhance the value of those assets for the benefit of its clients. The Canadian Coalition for Good Governance ("CCGG") has published a set of seven stewardship principles which have become recognised as Canada's stewardship code for institutional asset owners and asset managers.

Middlefield believes that CCGG's stewardship principles should be tailored for asset managers depending on various factors, such as the size of the asset manager and the type of assets managed. Set out below are CCGG's seven stewardship principles and a description of how Middlefield, as an independent Canadian asset manager whose predominant assets are public and private investment funds that invest in Canadian and international equities, carries out or intends to carry out such principles.

Principle 1.

Develop an approach to stewardship: Institutional investors should develop, implement and disclose their approach to stewardship and how they meet their stewardship responsibilities.

Middlefield integrates stewardship into its investment process. Such integration includes:

a procedure for voting proxies (see Principle 3);

monitoring companies (see Principle 2);

engaging with companies (see Principle 4);

• outsourcing stewardship activities (by, inter alia, utilising a proxy advisory firm to assist in monitoring companies and voting proxies);

reporting to its clients (as required by law); and managing potential conflicts of interest (via Middlefield's Independent Review Committee mandated by National Instrument 81-107, as well as Middlefield's Code of Conduct).

Principle 2.

Monitor companies: Institutional investors should monitor the companies in which they invest.

Middlefield monitors the companies in which it invests, including as follows:

it reviews companies' public disclosures, including annual reports and proxy circulars;

it conducts research and analysis on companies;

it obtains third party research on companies;

it engages with companies (see Principle 4); and

it monitors formal shareholder meetings and, if there is a particularly important matter and it believes it is practical and appropriate to do so, it attends formal shareholder meetings.

Principle 3.

Report on voting activities: Institutional investors should adopt and publicly disclose their proxy voting guidelines and how they exercise voting rights.

Middlefield exercises voting rights attached to the securities held by the funds it manages as follows:

- Middlefield uses the following proxy voting guidelines:

proxies will be voted in a manner that seeks to enhance the long-term sustainable value of the funds it manages; and

proxies will be voted in a manner consistent with leading Canadian and international corporate governance practices.

- on routine matters, Middlefield generally supports management and the board unless there are unusual circumstances; and

Middlefield uses the services of a proxy advisory firm to assist in voting proxies. Middlefield assesses the voting recommendations of the proxy advisory firm but Middlefield also monitors leading Canadian and international corporate governance practices. Middlefield does not automatically follow the recommendations of the proxy advisory firm, but in most cases, it votes as recommended. Middlefield retains ultimate responsibility for all proxy voting decisions.

In addition, the public funds managed by Middlefield follow the proxy voting requirements of Part 10 of National Instrument 81-106 in regard to establishing policies and procedures for proxy voting and in regard to preparing and disclosing their proxy voting records.

Principle 4.

Engage with companies: Institutional investors should engage with portfolio companies.

Middlefield engages with portfolio companies as follows:

Middlefield engages with management of portfolio companies regularly, both before shares are purchased for the funds it manages and also while its funds own shares of the portfolio companies; and

When Middlefield believes it is warranted, it may escalate engagement activities by engaging with directors, by voting against or withholding votes from directors or by voting against companies' "say on pay" resolutions.

Principle 5.

Collaborate with other institutional investors: Institutional investors should collaborate with other institutional investors where appropriate.

Middlefield collaborates with other institutional investors through investor associations to which Middlefield belongs.

Principle 6.

Work with policy makers: Institutional investors should engage with regulators and other policy makers where appropriate.

Middlefield's professional advisors, such as the law firms and accounting firms it retains, assist to keep it up to date on developments that are material to it as an asset manager. It utilises its professional advisors, and it also relies on the organisations to which it belongs, to engage on its behalf with regulators and policy makers where appropriate.

Principle 7.

Focus on long-term sustainable value: Institutional investors should focus on promoting the creation of long-term sustainable value.

Middlefield focuses on a portfolio company's long-term success and sustainable value creation, including as follows:

Middlefield focuses on a company's management and strategy, as well as its risks (both company specific and systemic); and

Middlefield considers environmental, social and governance factors that are relevant to a company and integrates such factors into its investment activities.

ESG Case Studies

Canadian Imperial Bank (3.41% of the portfolio as at 31 December 2024)

Summary:

Canadian Imperial Bank of Commerce (CIBC) is Canada's 5th largest bank and serves retail, commercial, wealth management, and capital market clients. The company's enterprise-wide regulatory program aims to enhance alignment with market practice and regulatory requirements. The company has received various accolades and recognition for its sustainability initiatives and commitment to sustainability.

Highlights:

- Ranked #3 in North American Project Financial Renewables by IJ Global
- Built a leading renewables franchise focused on providing clients with expert guidance and access to the required capital
- CIBC Foundation continues to demonstrate purpose in action and supporting causes that are important to clients and communities

Top ESG Issues:

- Strengthening cybersecurity and anti-money laundering standards remain a key issue for the financial services sector in North America

- Implementing the right policies and procedures to address current and emerging ESG priorities, including artificial intelligence, financed emissions, and sustainable finance

ESG Ranking Relative to the Fund's Benchmark:

Sources: S&P, Sustainalytics, Bloomberg.

Choice Properties REIT (2.22% of the portfolio as at 31 December 2024)

Summary:

Choice Properties REIT invests in necessity-based retail, commercial, industrial, mixed-use, and residential properties across Canada. The Choice Cares program aims to develop a strong culture of philanthropy, diversity, equity, and inclusion. Choice was also named one of Greater Toronto's Top Employers (2023 and 2024) in recognition of their mentorship and benefit enhancement programs.

Highlights:

- Achieved the first CAGBC Zero Carbon Building Design certification to be awarded to a retail property
- Maintained GRESB 4-star rating for second year (scored 82 on a 100-point scale), and continued to receive "low" Sustainalytics ESG risk rating
- Developed a Social Impact Framework that aligns with their core business and promotes local economic development and social cohesion at the neighbourhood level

Top ESG Issues:

- Addressing affordability needs by developing mixed-use and community-driven projects
- Implementing green building standards as well as reducing energy and water consumption across its real estate portfolio

ESG Ranking Relative to the Fund's Benchmark:

Sources: S&P, Sustainalytics, Bloomberg.

Business Model

The Company's Status

Middlefield Canadian Income – GBP PC is a protected cell of Middlefield Canadian Income PCC, a Jersey-incorporated protected cell company.

The Fund is a closed-ended fund, whose shares have been admitted to the Official List of the FCA and to trading on the London Stock Exchange's Main Market for listed securities. The Fund is regulated in Jersey by the Jersey Financial Services Commission ("JFSC").

JTC Fund Solutions (Jersey) Limited acts as the Company's secretary and administrator. The Fund's NAV is calculated using the bid prices of the securities held within its portfolio. The Company publishes the NAV of a share in the Fund on a daily basis.

Investment Objective and Policy[2]

The Fund seeks to provide shareholders with a high level of dividends as well as capital growth over the longer term. The Fund intends to pay dividends on a quarterly basis each year.

Investment Portfolio

The Fund seeks to achieve its investment objective by investing predominantly in the securities of companies and REITs domiciled in Canada and listed on a Canadian Stock Exchange that the Investment Manager believes will provide an attractive level of distributions, together with the prospect for capital growth. It is expected that the Fund's portfolio will generally comprise between 35 and 70 investments.

The Fund may also hold cash or cash equivalents.

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

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

Investment restrictions

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

have more than 10 per cent. of the value of its portfolio assets invested in the securities of any single issuer; or

have more than 50 per cent. of the value of its portfolio assets comprised of its ten largest security investments by value; or

have more than 40 per cent. of the value of its portfolio assets invested in securities listed on a recognised stock exchange outside Canada; or

(d) have more than 10 per cent. of the value of its portfolio assets invested in securities listed on a recognised stock exchange outside Canada and the United States; or

(e) have more than 10 per cent. of the value of its portfolio assets invested in unquoted securities; or

(f) purchase securities on margin or make short sales of securities or maintain short positions in excess of 10 per cent. of the Fund's NAV.

Hedging

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

Gearing

The Fund has the power to borrow up to 25 per cent. of the value of its total assets at the time of drawdown. In the normal course of events, and subject to Board oversight, the Fund is expected to employ gearing in the range of 0 to 20 per cent. of the value of its total assets in order to enhance returns. Net gearing, which represents net borrowings as a percentage of net assets, is the AIC standard measure of gearing. At year end, the Fund's net gearing was 19.3 per cent.

Promoting the Company's Success – Section 172 Statement

The AIC Code requires that the Company should understand the views of the Company's key stakeholders and describe in the annual report how their interests and the matters set out in section 172 of the UK's Companies Act 2006 have been considered in Board discussions and decision-making.

The Company has no employees and all of the directors are non-executive, so the Board considers that its key stakeholders are its shareholders, its service providers, society, the government, and regulators.

The Board's engagement with stakeholders is described in the section "Engagement with Stakeholders" below.

The Board considers that the Company, as an externally-managed investment trust, with no employees, premises, nor manufacturing or other physical operations, therefore has no material, direct impact on the community and the environment. However, the Board considers social, community, environmental and human rights matters to be of significant importance and, in this respect, takes soundings from the Investment Manager as to how these matters are taken into consideration in respect of portfolio construction and its ongoing management. The Investment Manager is tasked with assessing how companies deal with and report on social and environmental risks and issues specific to the industry. It aims to incorporate ESG criteria into the Investment Manager's processes when making stock selection decisions and promoting ESG disclosure.

The Investment Manager is mindful of the impact which it can have upon shaping the consideration given to ESG matters by the Fund's investee companies. In addition to considering ESG matters in portfolio construction decisions, the Investment Manager conducts ongoing investee company monitoring, and this engagement process may include voting and communication with management and company board members. Although the Company does not take a controlling stake in its investees, the Board also considers the interests of those stakeholders and oversees the activities of the Investment Manager, as explained in this Section 172 Statement. The Board ascribes to the highest standards of business conduct and has policies in place to ensure compliance with all applicable laws and regulations. In this respect, it also interacts with governmental organisations providing public services for society, and financial services regulators (such as the FCA and JFSC). In addition to monitoring the Company's compliance with its own obligations, the Management Engagement Committee also monitors compliance by its service providers with their own obligations and; the work of the Management Engagement Committee during the year is explained in more detail later in this report on pages 46 and 47.

The Company has an unlimited life and as described in detail in the Company's viability statement, the Board considers the prospects of the Company for at least the next three years whenever it considers the Company's long-term sustainability. All strategic decisions are therefore taken with the long-term success of the Company in mind and the Board takes external advice whenever it considers that such would be beneficial to its decision-making process, primarily from its retained service providers (including legal counsel), but also from other external consultants.

The Board encourages openness and transparency and promotes proactive compliance with new regulations. The Company, through its Investment Manager and Administrator, files Jersey regulatory statistics on a quarterly basis and assists the Administrator in collecting data for provision to the JFSC to conduct a national risk assessment of money laundering and terrorist financing threats to Jersey.

Engagement with Stakeholders

As regards the Board's engagement with shareholders, all shares in issue rank pari passu, all shareholders are treated equally. and no shareholder receives preferential treatment. When making decisions of relevance to shareholders, the Board considers first and foremost the likely consequences of its decisions in light of its duty to act in the best interests of the Company and shareholders as a whole.

In addition to the regular reporting provided by key service providers, the Board's primary formal engagement with its service providers is via the Management Engagement Committee, which issues questionnaires to all of its service providers and considers the detailed feedback received on an annual basis, reporting to the Board on its conclusions. The services provided by the key third-party service providers are critical to the ongoing operational performance of the Company. The Board believes that fostering constructive and collaborative relationships with the Company's service providers will assist in their promotion of the success of the Company for the benefit of all shareholders.

Management

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

The Board is responsible for setting the Company's Investment Objective and Investment Policy, subject to shareholders' approval of any proposed material changes, and has a schedule of investment matters reserved for the directors' resolution. The Board has contractually delegated to external agencies the management of the investment portfolio, the custodial services and the day-to-day accounting and secretarial requirements. Each of these contracts is only entered into after proper consideration by the Board of the quality of services being offered.

The Board also receives and considers, together with representatives of the Investment Manager, reports in relation to the operational controls of the Investment Manager, Administrator, Custodian and Registrar. These reviews identified no issues of significance.

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

Relationship with the Investment Manager and Performance

The Company has no employees, premises, assets other than financial assets or operations. The Board engages reputable third-party suppliers with established track records to deliver day-to-day operations. The most important of these is the Investment Manager, which is responsible for the management of the Company's assets in accordance with its investment objective and policy. The Board maintains a close working relationship with the Investment Manager and holds it to account for the smooth running of the Company's day-to-day business. There is continuous engagement and dialogue between Board meetings, with communication channels remaining open and information, ideas and advice flowing freely between the Board and the Investment Manager.

The Board retains responsibility for decisions over corporate strategy, corporate governance, risk and internal control assessment, determining the overall limits and restrictions of the portfolio and in respect of gearing and asset allocation, investment performance monitoring, dividend policy and setting marketing budgets.

The Investment Manager and Investment Advisor promote the Company with the support of the Corporate Broker and the Board makes additional funds available to support marketing activities aimed at raising the profile of the Company among investors in the UK.

As the Investment Manager holds the overall day-to-day relationship with the Company's other third-party suppliers, the Board places reliance on the Investment Manager in this regard. The Board is confident that the Investment Manager has developed and maintains good working relationships with all of the Company's third-party suppliers. To ensure the chosen service providers continue to deliver the expected level of service, the Board receives regular reports from them, evaluates the control environments in place at each service provider and formally assesses their appointment annually.

By doing so, the Board seeks to ensure that the key service providers continue to be appropriately remunerated to deliver the level of service that it demands of them.

The Company has appointed the Investment Manager as its AIFM. The Investment Manager is regulated by the Ontario Securities Commission. The Company has a formal schedule of the areas of decision making reserved for the Board and those over which the Investment Manager has discretion, and it is available for inspection on the Company's website.

A review of the Investment Manager's performance is included in the Chairman's Statement and the Investment Manager's Report. The Board receives formal reports from the Investment Manager at each of its Board meetings, at which meetings representatives of the Investment Manager are present to answer the Board's questions.

Such reporting and the ensuing discussions cover all areas within the Investment Manager's remit, including portfolio performance, portfolio risk, asset allocation and gearing, compliance with the Company's investment objective and policy and investment restrictions and the outlook for the market and the Company's prospects, as well as a comparison with the Company's peer group provided by the Company's corporate broker. In between meetings, the Investment Manager provides updates to the directors on any material events. The Investment Manager's performance is assessed on an ongoing basis and includes the Fund's performance relative to appropriate benchmarks and its peer groups.

The Board and Investment Manager also discuss the marketing and investor relations work performed by the Investment Manager and Investment Advisor, which is an affiliate of the Investment Manager, in each quarterly Board meeting. The Investment Advisor and the Investment Manager are paid an additional fee for investor relations services totalling the lesser of 15 basis points of the market value of the Fund or £200,000 per annum, with the fee to be calculated daily based on the closing market value of the Fund and payable quarterly in arrears, and its performance is measured by reference to an agreed set of metrics.

The Board has delegated voting on matters proposed to the Company by its investees and a report on the Investment Manager's institutional voting policy for the Company is included in the Directors' Report. The Board and the Investment Manager also consider social, community, environmental and human rights issues to be important and a report on the Investment Manager's policies for the Company is also included in the Directors' Report.

As required by the Listing Rules and recommended by the AIC Code, the following additional information is provided:

During the year under review and up to the date of this report, Middlefield Limited has acted as the Company's discretionary investment manager. Middlefield International Limited ("the Investment Advisor") provides investment advisory services to the Company and the Investment Manager. The Company pays an annual fee of 0.70 per cent. of NAV to the Investment Manager to cover its services and those provided to it by the Investment Advisor and the agreement can be terminated by either party on 90 days' written notice. The Investment Manager and Investment Advisor are also paid an additional fee for investor relations services as previously mentioned and disclosed in note 2u.

Having reviewed the investment management and advisory services provided by the Investment Manager and the Investment Advisor and having regard to the Fund's investment performance since the Fund's launch in May 2006, the directors are of the view that the portfolio should remain managed by the Investment Manager for the foreseeable future.

Biographies

As at 31 December 2024, the Board of Directors comprised five non-executive directors, four of whom were independent of the Investment Manager and its affiliates.

Directors

Michael Phair, Chair

Mr. Phair has over 30 years' investment banking experience at World Bank Group, Rothschild and UBS with a focus on privatisations, telecoms and media. He has lived and worked in Canada, Latin America, the United States, Europe and is a British citizen and resident in London since 1988. He is the Founder, former CEO and currently director of REG (UK) Ltd. which is a leading software solutions provider for counter-party risk management in the UK and global insurance market. He is the Chair of Children and Families Across Borders, a UK-based charity which is part of the International Social Services Network operating in over 130 countries worldwide. A successful private equity investor, Mr. Phair is the former Managing Member of Boston Capital Management (VP) LLC.

Kate Anderson

Ms Anderson, until 1st April 2025, is a managing partner of Voisin Law in Jersey. Ms Anderson intends to take up a new position in the legal profession in Jersey in due course. Her regulatory and funds practice specialises in the legal, regulatory and corporate governance aspects of investment funds, holding companies and managers. In recent years she has joined a number of working groups related to these areas, including the consultation group for the restatement of the Jersey Law of Contract, the working group tasked with updating the Limited Partnership (Jersey) Law to improve its functionality when used with funds and the Jersey Finance Community of Interest group on sustainable investment. Since 2008 Ms Anderson has sat on a number of collective investment fund and fund manager/ general partner boards.

Janine Fraser

Ms. Fraser, through her company, Harmony Business Partnering in Jersey, provides financial expertise and professional training. She is a member of the Institute of Directors and a Fellow of the Association of Chartered Certified Accountants. She also holds a Master's Degree in E-Commerce from the University of Westminster.

With over a decade of experience as a group financial controller at Triton Partners, an international investment firm, and extensive global experience in various sectors, including retail, merchant banking, travel, manufacturing, and oil, Ms. Fraser brings a wealth of industry knowledge to her role from her previous positions at RBS, Lloyds TSB, Hill Samuel, and British Airways.

Dean Orrico

Mr Orrico, President, Chief Executive Officer of Middlefield Limited and President of Middlefield International Limited, has been employed by the firm since 1996.

Mr Orrico is currently responsible for overseeing the creation and ongoing management of all of Middlefield's investment funds including mutual funds, Toronto and London Stock Exchange-listed funds and flow-through funds. He graduated with a Bachelor of Commerce degree from the Rotman School of Management (University of Toronto) and holds an MBA from the Schulich School of Business (York University). Mr Orrico is a registered Portfolio Manager.

Mr Orrico has developed expertise in both equity and fixed income securities. Having spent many years managing equity portfolios and meeting with international companies and investors, Mr Orrico has overseen the diversification of Middlefield's portfolios into global equity income securities.

Andrew Zychowski

Mr Zychowski has over 30 years' investment banking experience, providing corporate advisory services to investment company boards. Until June 2019, he was the Head of the Investment Companies corporate department at Canaccord Genuity Limited. Prior to that he was the Head of the Investment Companies corporate department at Dresdner Kleinwort. Mr Zychowski is currently a non-executive director of The Ralph Veterinary Referral Centre Plc, a state of the art, multidisciplinary, small animal specialist referral veterinary hospital and Digital 9 Infrastructure plc which is traded on the London Stock Exchange and is in managed wind-down, with the objective to realise all existing assets in the company in an orderly manner. He is a qualified accountant and holds a BSc in Physics from Imperial College.

Corporate Information

Registered Office

28 Esplanade
St Helier
Jersey JE2 3QA

Directors

Michael Phair (Chairman)
Kate Anderson (SID)
Janine Fraser
Dean Orrico
Andrew Zychowski

Service Providers

Administrator and Secretary

JTC Fund Solutions (Jersey) Limited
28 Esplanade
St. Helier
Jersey, JE2 3QA

Investment Advisor

Middlefield International Limited
288 Bishopsgate
London, EC2M 4QP

Investment Manager

Middlefield Limited
Suite 3100
8 Spadina Ave
Toronto, Ontario
Canada, M5V 0S8

Legal Advisers

In Jersey

Carey Olsen Jersey LLP
47 Esplanade
St. Helier
Jersey, JE1 0BD

In Canada

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

Broker and Corporate Advisor

Investec Bank plc
30 Gresham Street
London, EC2V 7QP

Custodian

RBC Investor Services Trust
155 Wellington Street West 2nd Floor
Toronto, Ontario
Canada, M5V 3L3

Registrar

MUFG Corporate Markets (Jersey) Limited
12 Castle Street
St. Helier
Jersey, JE2 3RT

CREST Agent, UK Paying Agent and Transfer Agent

MUFG Corporate Markets
Central Square
29 Wellington Street
Leeds, LS1 4DL

Independent Auditor

RSM Channel Islands (Audit) Limited
13-14 Esplanade
St Helier
Jersey, JE4 9RJ

Marketing Agent

Kepler Partners LLP
70 Conduit Street
London
W1S 2GF

Financial Calendar

Annual Results

Announced March 2025

Dividend Payment Dates

Last Business Day of January, April, July and October

Annual General Meetings

19 June 2025

Half-Yearly Results

Announced September 2025

Information Sources

For more information about the Company and Fund, visit the website www.middlefield.co.uk

Managing Risks

The Company's risk assessment and the way in which significant risks are managed is a key focus for the Board. It is guided by the Board's assessment of the risks arising in the Company's operations and identification and oversight of the controls exercised by the Board and its delegates, the Investment Manager and other service providers. This information is documented in the Company's business risk matrix, a valuable tool for identifying and monitoring principal risks.

The directors consider the primary risks facing the Company as those that could substantially jeopardise its capacity to achieve its investment objectives, maintain solvency, liquidity, or viability. In evaluating these key risks, the directors analyse the Company's vulnerability to various factors that could lead to significant devaluation, such as potential recession, geopolitical instability, commodity price shocks, persistent inflation, supply chain interruptions, the effects of climate risk on investee firms, foreign exchange fluctuations, the consequences of restrictive monetary policies, and the influence of increased interest rates on both the Company and investor sentiment.

At the time of this report, trade policy uncertainty and geopolitical tensions are having an impact at both macro and micro levels. While the long-term severity and the impact on the Company's principal risks and viability cannot currently be predicted with any accuracy, it is expected that an escalation in ongoing geopolitical conflicts and severe trade restrictions would have detrimental effects.

Strategy Risks

Risk	Mitigants	Change from 2024
Macroeconomic and political environment Unfavourable changes to the macro political and economic environment including global trade tensions, and climate risk pressures, causes the investment objective to become obsolete with reduced investor demand.	The Board has established guidelines to ensure that the investment policy is pursued by the Investment Manager. The Board reviews the Investment Manager's compliance with the agreed investment restrictions, investment performance and risk against investment objectives and strategy, the portfolio's risk profile and appropriate strategies employed to mitigate any negative impact of substantial changes in markets.	**Trade policy uncertainty**
Inflation and Interest Rates Inflation has been trending lower but has the potential to re-accelerate. Central banks have been loosening monetary policy after obtaining evidence that inflation continues trending downwards.	The Investment Manager monitors the portfolio daily and considers the portfolio's sensitivity to interest rates. The Investment Manager also monitors the borrowing rates and weighs the benefits of gearing against its costs.	**Inflation outlook has improved** **Rates continue their downward trend**
Share price discount to NAV Continued trading of the Fund's share price at a level below that of its NAV reflects a lack of liquidity and/or lack of investor interest in the Fund's shares. A share price discount to NAV will prevent the Fund from growing via the issue of additional shares and may cause a persistent discount to widen further. The Fund's level of discount has been significant for a prolonged period and a lack of demand for the Fund's shares has provided the opportunity for an activist investor to acquire a significant stake in the Fund over a relatively short period of time.	The Board, the Investment Manager and Broker monitor the share price and level of discount on a regular basis. During the year, the Board, the Investment Manager and Broker have spent considerable time engaging with existing and potential shareholders to understand investors' needs and best interests and to help improve investor interest in the Fund's shares. This included liaising directly with Saba, as the Fund's largest shareholder, and holding constructive talks with Saba and existing shareholders to address investor concerns and adapt to shareholder needs. In assessing whether to conduct buybacks, the directors take into account market factors, the discounts of comparable funds and the size of the Fund and the shrinkage in its asset base which	**Saba becoming the largest shareholder of the Fund.**

	would necessarily result from the Fund repurchasing its own shares.	
Gearing The utilisation of gearing increases the impacts of adverse movements in equity prices or interest rates and may require the Company to liquidate positions at inopportune times in order to maintain the correct levels of gearing.	The Company maintains a prudent level of gearing and the loan to value ratio is monitored on a daily basis as part of the valuation process, so that in falling markets the Company will be able to take proactive steps to reduce gearing to avoid breaching its investment policy and any loan to value covenants.	**Unchanged**
Shareholder Activism A failure to adapt to changes in the market and investor demand might leave the Company exposed to the risk of further shareholder dissatisfaction, activism, and influence.	The Board, Investment Manager and Broker engage directly with shareholders to understand investors' needs and best interests. The Investment Manager and Broker regularly monitor movements in the Fund's share register.	**Saba becoming the largest shareholder of the Fund**

Portfolio Risks

Risk	**Mitigants**	**Change from 2024**
Regulatory & Legal Risks The Company is primarily focused on Canadian companies that may have operations in, or be exposed to, regulatory risks in many other countries. These have the potential of negatively impacting the efficiency and structure of the Company.	The Investment Manager and the Board are kept abreast of changes to all relevant laws by the Company's legal and tax advisers, secretary, Administrator and Auditor.	**Unchanged**
Income/Dividend The Company sets its target dividend at a rate it expects to earn from the dividends received from its underlying equity investments based upon robust modelling and assumptions. Failure by those investments to meet expectations due to, for example, decreased operating margins,	The Investment Manager's allocation process seeks to select investments capable of producing strong reliable dividends and future capital growth across a diverse range of sectors. Day to day risk management techniques seek to diversify risk and monitor high levels of volatility. The Board	**Unchanged**

changes in tax treatment of dividends, increased borrowing costs or poor underlying performance, may prevent the Company from being able to meet its target dividend.	monitors the income received on investments and available for distribution prior to the declaration of each dividend.	

Operational Risks

Risk	Mitigants	Change from 2024
Key man Risks The Company is reliant on key individuals of the Investment Manager to meet its investment objective and for growing the Company's shareholder base.	The Company's portfolio is managed by a team of investment professionals led by Dean Orrico and Rob Lauzon.	**Unchanged**
Service provider performance The Company is reliant on the performance, safe custody of assets and data and internal controls of its service providers for its day-to-day activities. Poor performance or failure to meet their contractual obligations, including the absence of adequate business continuity plans and data and cyber security, could negatively impact the operations, reputation, governance and cost efficiency of the Company.	Due diligence is carried out on all service providers prior to their appointment, with their level of service monitored continually and assessed formally by the Management Engagement Committee on an annual basis. The Board monitors the performance of the Investment Manager at every Board meeting and otherwise as appropriate.	**Unchanged**

Financial Risks

Risk	Mitigants	Change from 2024
Market Risks The Company may generate a loss on its investments at realisation due to adverse movements in their share prices, currency or interest rate movements.	The directors monitor the Investment Manager's compliance with the Company's stated investment policy and review the investment performance.	**Unchanged**
Liquidity Risk The Company may hold positions, long or short, in securities that may not be able to be sold or bought quickly enough so as to prevent or minimise a loss.	The Fund primarily invests in securities that are readily realisable, mainly issued by Canadian companies and REITS listed on a Canadian Stock Exchange and are actively traded.	**Unchanged**

Emerging Risks

Tensions in the Middle East remain a key geopolitical risk, impacting global markets and supply chains. The events have led to regional instability, with concerns of a broader conflict involving the US, Iran, and other regional powers. Although there are current diplomatic efforts to reach a ceasefire in both Ukraine and Israel, these conflicts have the potential to disrupt global trade routes, commodity prices, and investor sentiment. The US has increased sanctions on Iranian-linked groups while also seeking to prevent direct conflict with Iran. As we're currently witnessing, long-term stability will require diplomatic engagement, economic incentives, and security assurances to prevent further escalation. A resolution could help tame commodity price volatility, restore trade flows, and ease investor concerns over prolonged geopolitical uncertainty.

In July 2024, the unwinding of the FX carry trade triggered a sharp selloff in global markets. Investors had been borrowing in low-yielding currencies, particularly the Japanese Yen, to fund investments in higher-yielding assets, taking advantage of Japan's ultra-low-interest rate environment. However, speculation that the Bank of Japan (BOJ) would tighten monetary policy and allow interest rates to rise led to a sudden surge in the Yen. As a result, investors were forced to unwind their positions, causing widespread deleveraging and significant volatility across asset classes. The BOJ's measured approach to adjust policies prevented further panic, but investors remain cautious of further FX-driven volatility.

The 2024 election cycle was one of the most consequential in recent history and reshaped global trade policies, leadership dynamics, and economic strategies, driving market volatility. While some elections reinforced political continuity, others led to major shifts in international relations, trade agreements, and economic policies. In the US, Trump's return to office signalled a shift toward protectionist trade policies, deregulation, and energy independence, with renewed emphasis on tariffs, border security, and reshoring manufacturing. His administration's approach to China, Mexico, and Canada has already introduced trade policy uncertainty, including the temporary threat of 25% tariffs on Canadian and Mexican imports. Markets reacted with heightened volatility, particularly in trade-exposed sectors, as investors assessed the long-term impact of potential USMCA renegotiations and increased trade restrictions. Looking ahead, the 2025 Canadian federal election could reshape economic policies and business sentiment. A pro-business environment, conservative leadership shift could accelerate deregulation and foster a more investment-friendly environment. With rising protectionist rhetoric in the US, Canada's focus may shift towards strengthening non-US trade relationships. As global political landscapes evolve, markets will continue to navigate shifting policies, impacting investment strategies in the year ahead.

Emerging risks, along with all other risks the directors have identified the Company to be exposed to, are monitored via the Company's risk register. During the year, as part of their regular review and assessment of risk, the directors have considered the ongoing discussions with Saba and the potential impact of the requisition on the Fund's future structure. The fund is a closed-ended investment fund and thus is not required to comply with LR 6.6.1R(13) or LR 6.6.8R due to LR11.4.22R.

Going Concern and Viability

The performance of the investments held by the Fund over the reporting year is reflected in the Statement of Comprehensive Income and in notes 3 and 22 to the financial statements and the outlook for the future is described in the Chairman's Report and the Investment Manager's Report. The Company's financial position, its cash flows and liquidity position are set out in the financial statements and the Company's financial risk management objectives and policies, details of its financial instruments and its exposures to market price risk, credit risk, liquidity risk, interest rate risk, currency risk and country risk are set out at note 16 to the financial statements. The Company's long-term viability and assessment of longer-term risks to which the Company is exposed are also reported upon in the Company's long-term viability statement included below.

The financial statements have been prepared on a going concern basis, supported by the directors' current assessment of the Company's position based on the following factors:

- ongoing shareholder interest in the continuation of the Fund;
- the Fund has sufficient liquidity in the form of cash assets to meet all on-going expenses;
- should the need arise, the directors have the option to reduce dividend payments in order to positively affect the Fund's cash flows;
- the Fund's investments in Canadian and U.S. securities are readily realisable to meet liquidity requirements, if necessary; and
- assuming the Fund's trading in a security represented 30% of the average daily trading volume of that security, 100% of portfolio's holdings can be liquidated in under 5 working days.

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

The directors have also considered the application of the SORP for Financial Statements of Investment Trust Companies and Venture Capital Trusts, whereby the going concern basis of preparation of the financial statements is considered appropriate until a vote is passed to discontinue the Fund or Company. There is no requirement under the Company's and Fund's articles of association to propose any continuation vote in respect of either the Company as a whole or the Fund itself and the directors have no intention of proposing any continuation vote in the foreseeable future, subject to unforeseen future events. For these reasons, the financial statements have been prepared using the going concern basis.

The accompanying financial statements have been prepared on a going concern basis, which assumes the Company will continue to operate and meet its obligations as they fall due. However, the Company's ability to continue as a going concern is subject to material uncertainty. Since the Company's year end, on 10 February 2025 the Company, together with three other UK-listed closed-end funds, received a requisition notice from Saba, marking the second phase of Saba's recent activist campaign in the UK-listed closed-end fund sector. The first phase commenced on 18 December 2024 with Saba requisitioning general meetings at seven UK-listed closed-end funds, proposing resolutions (each of which later failed) to remove the current independent directors of those seven funds and replace them with Saba's own appointees, with a view to also terminating the management contracts and, in due course, replacing the investment managers with Saba. The requisition notice received by the Company on 10 February 2025 was for the approval by shareholders of the taking of all necessary steps to implement a scheme or process by which shareholders would become (or have the option to become) shareholders of a UK-listed open-ended investment company (or similar open-ended investment vehicle) implementing a substantially similar strategy to the Company. Such scheme or process could entail shareholders rolling into an existing or newly established UK-listed open-ended investment company (or similar open-ended investment vehicle), in either case managed by the Company's existing investment manager or one of its affiliates. Following consultation with a number of the Company's largest shareholders including Saba, and following constructive discussions with Saba, on 21 February 2025 the Company announced that Saba had agreed to withdraw its requisition notice for a period of 60 days to enable the Company and its advisers to formulate proposals that are in the best interests of all shareholders. At the current time, the Board is in the process of considering a number of strategic options in the best interests of shareholders as a whole. A further announcement regarding future proposals which the Company may put to shareholders will be made in due course. Although the Board is confident that the Company will have sufficient financial resources to meet its obligations due within twelve months from the date of approval of the financial statements, the uncertain future outcome of the Board's deliberations indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Nevertheless, the Board believes that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Viability Statement

Provision 36 of the AIC Code includes a recommendation that the directors publish a long-term viability statement and this statement is intended to meet that requirement.

The Board of directors regularly assesses the viability of the Company for at least the three years following the date of that review. The Board believes that this three-year period remains the appropriate period over which to assess the Company's viability because the Company's shareholders and other stakeholders desire long-term certainty as to the Company's viability. The Board does not consider it feasible to anticipate with any reasonable degree of certainty the viability of the Company for a period longer than three years. In considering the Company's viability, the Board considers the Company's current position and the principal and emerging risks to which it is exposed, as set out on pages 30 to 33, the viability of its investment objective and policy, market risks, the ongoing charges ratio, the liquidity of its investments, the ability to use hedging as a portfolio management tool, gearing and the reduction in reliance of the Canadian economy on energy as it diversifies into promising growth industries, such as healthcare and technology.

The Board considers the impacts on the Company's business plan and viability if severe principal and emerging risks are applied. Certain financial risks were considered under a scenario analysis that stress tests the portfolio against historic market shocks, including the 2008 Lehman Default, the 2011 Debt Ceiling Crisis and the 2015 Greece Financial Crisis. It is expected that the value of the Fund's total investments as at 31 December 2024 would have experienced drawdowns of 22.7 per cent, 13.0 per cent and 1.5 per cent, respectively. Strategy, portfolio and market risks were also considered under a stress tested scenario where adverse movements in currency of 15 per cent are experienced, operating expenses increase by 20 per cent and gearing is reduced to zero due to higher interest rates. Under this scenario, the Fund's revenue is expected to decline by approximately £1,629,698, its net profit is expected to decline by £1,161,351 and the dividend coverage of the Fund is expected to decline to 84 per cent. This analysis is relative to fiscal 2024 results and incorporates the dividend increase announced in January 2025.

The directors have made a robust assessment of principal risks and, together with the Company's Investment Manager, have adopted procedures and strategies to mitigate these risks. The Fund has an established Investment Policy, which has been approved and is monitored by the directors. The Investment Manager regularly updates the directors on the Company's portfolio and the overall status of the market. The directors engage tax accountants to perform an investment trust test (for compliance with the requirement to distribute at least 85% of investment income received) on an annual basis). A solvency test is also undertaken (in compliance with Jersey company law) before any dividend is declared.

Notwithstanding the ongoing uncertainty caused by geopolitical events, higher interest rates and inflation, if the Company's income, expenses and dividends remain substantially unchanged in 2024 and 2025, the Company will hold sufficient cash to pay all of its expenses and the current rate of dividends for at least the next 12 months following the date of approval of this annual financial report. In addition, the Board reviews the liquidity of the Company's investments on a quarterly basis and the Company's investment portfolio remains extremely liquid. The Board is confident, based on its regular monitoring of liquidity, that additional cash can be raised very quickly if needed through sale of investments.

The Fund has a credit facility agreement with RBC whereby RBC provides the credit facility, with a maximum principal amount of the lesser of CAD 75,000,000 and 25 per cent. of the total asset value of the Fund. Based on the Fund's total assets of GBP 172,062,473 as at 31 December 2024, a decrease in total assets of GBP 56,481,233, or 32.83 per cent of assets, would be required for the principal amount to exceed 25 per cent of the total asset value of the fund.

In 2024, the level of net gearing was kept relatively consistent at an average level of 15.9 per cent. At the year -end it stood at 16.2 percent on a gross basis and 19.3 per cent net.

Following careful consideration and analysis of all material risk factors, the Board acknowledged the ongoing uncertainty as set out under the going concern and viability statement on page 33 and believes that the Company remains viable for the foreseeable future.

Key Performance Indicators At each Board meeting, the Board considers several performance measures to assess the Company's success in achieving its objectives. The key performance indicators (KPIs) used to measure the progress and performance of the Company, and which are comparable to other investment trusts, are set out below.

In addition, the Board regularly reviews the performance of the portfolio from both a net asset value and share price perspective and compares this against various companies and indices. The Board also reviews the performance of the portfolio against its benchmark; the S&P TSX High Dividend Index. Information on the Company's performance is given in the Chairman's Statement and Investment Manager's Report.

Key performance indicator	**2024**	**2023**
NAV per share	134.05 pence	121.55 pence
NAV total return performance for the year	15.1%	(1.4%)
Benchmark Index*	7.6%	3.9%
Share price	116 pence	101.10 pence
Discount to NAV	(13.47%)	(16.84%)
Dividend paid in the year	5.3 pence	5.2 pence
Ongoing charges**	1.30%	1.33%

** S&P/TSX High Dividend Index, total return basis.*
*** refer to page 42.*

Borrowings

At 31 December 2024, the amount drawn down under the credit facility was CAD 52 million (GBP equivalent at amortised cost of £28,884,872). For further details, please refer to Note 14. Loan Payable on page 71.

Future Developments

Details of the main trends and factors likely to affect the future development, performance and position of the Company's business can be found in the Investment Manager's Report on pages 11 to 15. Further details as to the risks affecting the Company are set out on pages 30 to 33.

Environmental, Social and Governance Matters ('ESG')

The Board and the Investment Manager believe that companies should operate in a socially responsible manner. Day-to-day decisions regarding the Company's investment portfolio have been delegated to the Investment Manager. While MCT is not explicitly focused on ESG or sustainability, it acknowledges the increasing importance that non-financial factors including social and environmental issues can have on the share price, as well as the reputation of companies. Specialists at the Investment Manager are responsible for evaluating how companies address and report on social and environmental risks specific to their industries. Their goal is to integrate ESG criteria into the Investment Manager's decision-making processes for stock selection and to promote ESG disclosure. The Investment Manager is mindful of its influence on the consideration of ESG matters by the Fund's investee companies. Alongside portfolio construction decisions, the Investment Manager continuously monitors investee companies for ESG compliance. Company monitoring, including engagement processes such as voting and communication with management and Company board members, is part of the Investment Manager's responsibilities. The Investment Manager's ESG policy can be found on pages 16 to 18.

Institutional Voting Policy

The Company's policy is that a decision on whether to vote on matters proposed by its investees is to be based on the nature of the matter being proposed. In the ordinary course of business, voting decisions have been delegated to the Investment Manager.

The Investment Manager's proxy voting policies are designed to be general in nature and the Investment Manager aims to exercise its proxy voting on all securities held. When exercising voting rights, the Investment Manager will generally vote with management of the issuer. For each proxy, the Investment Manager incorporates research and considers the recommendations provided by Glass Lewis, the Investment Manager's proxy advisor, in exercising its voting rights. All proxy UK voting is conducted through Glass Lewis Viewpoint and /proxy voting is a key element of the Investment Manager's stewardship of the assets it manages, which is adjunct to the integration of ESG factors into its investment process.

On a monthly basis, the Investment Manager's portfolio managers generate a list of issuers whose weightings represent more than 3% of the Fund's net assets at the month-end preceding the voting date. For each of these issuers, the Investment Manager will record comments which support the rationale for the proxy decision made. For example, comments would be registered in Glass Lewis Viewpoint if the Investment Manager's proxy voting decision differs from the recommendation from management or Jersey Glass Lewis. Copies of all proxy records are retained and available in Glass Lewis Viewpoint.

Board Diversity and Experience

The Company's affairs are overseen by a Board comprised of five non-executive directors, two of whom are female. The directors' biographies are included on pages 26 to 27 above, demonstrating the diversity of their experience including, but not limited to, investment management, corporate governance, corporate law, banking, accounting and audit and ESG matters.

The directors regularly consider the leadership needs and specific skills required to manage the Company's affairs in the best interests of its shareholders and other stakeholders and take account of diversity recommendations in their succession planning. The Board is cognisant of the requirements of listing rule 6.6.6R (9) and the tables below provide the relevant data required by listing rules 6.6.6R (9) to (11) and annex 1R to listing rule 6. The Board is not yet fully compliant with these rules, because none of the directors is from a minority ethnic background, but will continue to work towards compliance in a structured and orderly manner. The directors have decided that in future, in order to reach a broader range of diverse candidates, they will consider using one or more UK external search agents to assist with the search for new directors.

The following table represents the gender identity of the Board as of the date of approval of this annual financial report and includes the information required by Listing Rule 6.6.6(9) and Annex 1 to Listing Rule 6, this data having been obtained by polling the directors:

	Number of Board Members	**Percentage of the Board**	**Number of Senior Positions on the Board (CEO, CFO, SID and Chair)**	**Number in Executive Management**	**Percentage of Executive Management**
Men	3	60%	1	N/A – No executive Management	N/A – No executive Management
Women	2	40%	1	N/A – No executive Management	N/A – No executive Management
Not specified/prefer not to say	0	0%	0	N/A – No executive Management	N/A – No executive Management

The following table represents the ethnic background of the Board as of the date of approval of this annual financial report and includes the information required by Listing Rule 6.6.6(10) and Annex 1 to Listing Rule 6, this data having been obtained by polling the directors:

	Number of Board Members	**Percentage of the Board**	**Number of Senior Positions on the Board (CEO, CFO, SID and Chair)**	**Number in Executive Management**	**Percentage of Executive Management**
White British or other White (including minority-white groups)	5	100%	2	N/A – No executive Management	N/A – No executive Management
Mixed/Multiple Ethnic Groups	0	0%	0	N/A – No executive Management	N/A – No executive Management
Asian/Asian British	0	0%	0	N/A – No executive Management	N/A – No executive Management

Black/African/ Caribbean/ Black British	0	0%	0	N/A – No executive Management	N/A – No executive Management
Other ethnic group, including Arab	0	0%	0	N/A – No executive Management	N/A – No executive Management
Not specified/prefer not to say	0	0%	0	N/A – No executive Management	N/A – No executive Management

REPORT OF DIRECTORS

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2024.

Results and Dividend Policy

The results for the year are shown in the Statement of Comprehensive Income on page 61 and related notes on pages 64 to 80. Four interim dividends of 1.325 pence per share were declared and paid on account during the year ended 31 December 2024. In early 2025, a dividend of 1.375 pence per share was paid on 31 January 2025.

The Board is aware of the current circumstances surrounding inflation, higher interest rates and the evolving geopolitical landscape and their significant impact on economies and financial markets. As a result, we will be keeping the future level of dividends under close review.

Currently, we remain confident that our dividend can be paid based on the solvency and future viability of the Fund.

In light of the excess revenue earnings generated by the Fund this year, together with the prospect of dividend growth from the underlying portfolio, the board approved a 0.2p increase to the total dividends payable in 2025. This results in a new dividend rate of 5.5 pence per share per annum payable in 2025 on a quarterly basis in equal instalments. These figures are targets only and do not constitute, nor should they be interpreted as, a profit forecast.

In addition, this is a target only and should not be treated as an assurance or guarantee of performance. If the Company's results permit it, the Board may consider further increases to the rate of dividends paid to shareholders at the appropriate time.

The current dividend rate of 1.375 pence per share per quarter is expected to be supported by dividend and interest income earned by the Fund.

Directors' Conflicts of Interest

A director must avoid a situation where he or she has or might have a direct or indirect interest that either conflicts with or has the potential to conflict with the Company's interests. The Company's and Fund's Articles of Association give the directors authority to authorise potential conflicts of interest and there are safeguards in place which will apply whenever the directors decide that such are necessary or desirable. Firstly, only directors who have no interest in the matter being considered are able to vote upon the relevant decision, and secondly, in voting on the decision, the directors must act in a way they consider, in good faith, will be in the best interests of the Company. The directors can impose limits or conditions when giving authorisation if they consider this to be appropriate.

The directors declare any potential conflicts of interest to the Board at each Board meeting. Any actual or potential conflicts of interest are entered into the Company's register of such conflicts, which register is reviewed regularly by the Board. The register of conflicts of interest is kept at the Company's registered office. The directors advise the Secretary as soon as they become aware of any new actual or potential conflicts of interest or any material changes to an existing conflict.

Share Capital

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

There are currently 2 Management Shares of no par value in the Company (issued on incorporation) and 124,682,250 Fund Shares in issue. As at 31 December 2024, 18,235,000 (2023: 18,195,000) Fund Shares were held in treasury. Since the financial year end and up to the date of this report, no Fund Shares had been sold out of or repurchased into treasury, and there remain 18,235,000 Fund Shares held in treasury, which may in future be sold out of treasury to satisfy market demand. Accordingly, the number of Fund Shares in issue and with voting rights attached is currently 106,447,250 (2023: 106,487,250) and this figure may be used by shareholders as the denominator for calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under FCA's Disclosure Guidance and Transparency Rules.

Further issues and Repurchases of Fund Shares

The Fund's Articles of Association provide the Board of directors with authority to issue further Fund Shares without seeking shareholders' approval, although, unless otherwise authorised by shareholders, such Fund Shares must be issued on a pre-emptive basis. However, at the Cell AGM held on 13 June 2024, the Fund's shareholders authorised the issue or sale out of treasury of Fund Shares representing up to 10 per cent. of the Fund's issued share capital as at the date of the Cell AGM on a non-pre-emptive basis. Such issues or sales will only be effected in the event of investor demand which cannot be met through the market and will only be conducted at a price equal to or above the prevailing NAV.

The aforementioned authority expires on the earlier of 30 September 2025 or the conclusion of the next Cell AGM.

The Fund's Articles of Association also provide the Board of directors with authority to repurchase Fund Shares, provided that such repurchases are made with shareholders' prior approval.

At the Cell AGM held on 13 June 2024, the Fund's shareholders authorised the Board to make market purchases of up to 15,962,438 Fund Shares (representing 14.99 per cent. of the Fund's issued share capital as at the date of the Cell AGM), provided that no such purchases may be made at a price above the prevailing net asset value per Fund Share on the date of any such purchase.

The aforementioned authority also expires on the earlier of 30 September 2025 or the conclusion of the next Cell AGM.

At the next Cell AGM, the Board will be seeking renewal of its authority to issue or sell out of treasury additional Fund Shares and to make market acquisitions of Fund Shares. The Fund conducted two share buybacks during 2024, The Board believes that it is important to retain the authority to buyback where appropriate (which, in turn is likely to depend on, inter alia, the prevailing discount rating of the Fund Shares, the financial resources that the Company has at its disposal, liquidity levels in the Fund Shares and the size of the Company). Buybacks can confer several benefits on remaining shareholders: they are accretive to NAV and can provide additional useful liquidity.

Holdings in the Company's Shares

As at the year end and as at 28 February 2025, being the most recent practicable date prior to the publication of this Annual Financial Report, the Company had received notification in accordance with the Financial Conduct Authority's Disclosure and Transparency Rule 5 of the following interests in 5 per cent or more of the Fund's issued share capital with voting rights attached, where the Board has been advised that the holder retains a holding in excess of 5 per cent.

Name	Redeemable Participating	Redeemable Participating Preference Shares	Redeemable Participating
	Number of Shares	% of Shares in issue	Number of Shares
Saba Capital Management, L.P.*	31,048,865	29.12%	31,048,865
M&G PLC	9,794,162	9.20%	9,794,162
JP Morgan Chase & Co	NIL	NIL	5,479,118

** Of the 29.1% holding disclosed by Saba Capital Management L.P. 17.6% interest is held via total return swaps and the counterparty to such swaps may be separately disclosed in the table and result in double disclosure of such shares*

Fund Shares are redeemable at the sole option of the directors and therefore classified as equity in the Statement of Financial Position.

Reappointment of Auditor

RSM Channel Islands (Audit) Limited has expressed its willingness to continue in office as auditor and a resolution to re-appoint it will be proposed at the Company's and Fund's forthcoming AGMs.

Related Party Transactions

The Company's related parties are its directors and the Investment Manager. There were no related party transactions (as defined in the Listing Rules) during the year under review, nor up to the date of this report. Details of the remuneration paid to the directors and the Investment Manager during the year under review are shown in note 13.

Annual General Meetings ('AGMs')

This year's AGMs will be held on 19 June 2025. Shareholders are welcome to attend the AGMs in person. The AGM Notices and details of the resolutions to be proposed are being sent to shareholders with this annual financial report. Shareholders can also write to the Company for further details at its registered office or by e-mail to the Secretary at Middlefield.Cosec@JTCGroup.com.

Directors' Statement as to Disclosure of Information to the Auditor

Each of the persons who is a director at the date of approval of this annual financial report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

- the director has taken all steps that he should have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approval

This Strategic Report was approved by the Board on 24 March 2025 and is signed on their behalf by:

Michael Phair	**Andrew Zychowski**
Director	**Director**

Corporate Governance

Statement of Directors Responsibilities

Directors' Responsibility Statement

The directors are responsible for preparing the annual financial report in accordance with applicable law and regulations. The Companies (Jersey) Law 1991, as amended (the "Companies Law") requires the directors to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Company and Fund as at the end of the financial year and of the profit or loss for that year. The directors have elected to prepare the financial statements under UK-adopted IFRS.

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

- properly select and apply accounting policies;

- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's and Fund's financial position and performance; and

- make an assessment on the Company's and Fund's ability to continue as a going concern.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website www.middlefield.co.uk.

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

We confirm that to the best of our knowledge:

1. the financial statements, prepared in accordance with under UK-adopted IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and Fund;

2. the Chairman's Statement, Investment Manager's Report and notes to the financial statements incorporated herein by reference include a fair review of the development, performance and position of the Company and Fund, together with a description of the principal risks and uncertainties that it faces; and

3. the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's and Fund's position and performance, business model and strategy.

By order of the Board:

Michael Phair   Andrew Zychowski

Director   **Director**

Date: 24 March 2025

Directors' Remuneration Report

Remuneration Report

Remuneration policy

The Company's remuneration policy is designed to ensure that the remuneration of directors is set at a reasonable level commensurate with the duties and responsibilities of each director and the time commitment required to carry out their roles effectively. Remuneration will be such that the Company and Fund are able to attract and retain directors of appropriate experience and quality. The fees paid to directors will reflect the experience of the Board as a whole, will be fair, and will take account of the responsibilities attaching to each role given the nature of the Company's interests, as well as the level of fees paid by comparable investment trusts and companies.

Directors will be reimbursed for travel and subsistence expenses incurred in attending meetings or in carrying out any other duties incumbent upon them as directors of the Company or Fund. The level of directors' fees paid will not exceed the limit set out in the Company's and Fund's Articles of Association.

Directors' Remuneration

No director has a service contract with the Company or Fund and details of the directors' fees are disclosed in note 13. The non-executive directors each earned the following fees in the 2024 and 2023 financial years:

Director	**2024 Fees**	**2023 Fees**

Philip Bisson (Resigned 1 June 2023)	–	£10,440
Dean Orrico	–	–
Richard Hughes (Resigned 1 June 2023)	–	£11,275
Michael Phair	£36,000	£33,500
Kate Anderson	£29,000	£27,000
Janine Fraser	£29,000	£27,000
Andrew Zychowski (Appointed 30 June 2023)	£32,000	£16,000

Mr Orrico has waived his entitlement for remuneration for acting as a director, because of his employment by the Investment Manager. The directors receive no other remuneration or benefits from the Company other than the fees stated above. The directors are paid out of pocket expenses for attendance at Board meetings and for any other expenditure they incur when acting on the Company's behalf.

The remuneration of each director is determined by the Nomination and Remuneration Committee, with each director abstaining from discussion of and voting upon their own remuneration. When the directors' remuneration is being considered, the Nomination and Remuneration Committee takes into account various factors including, but not limited to, the Company's and individual directors' performance, as well as each director's time commitment to their role. To date, no external remuneration consultant has been appointed.

For the year under review, the directors' remuneration was set at £36,000 per annum for the chairman of the Board, £32,000 per annum for the chairman of the audit committee and £29,000 for all other directors bar Mr Orrico, who has waived his entitlement to remuneration for acting as a director.

Shareholders' Views

The Board welcomes the opportunity to discuss matters of remuneration with shareholders at the Company's and Fund's AGMs or at any investor forum that may be held during the year.

Letters of Appointment

All directors are non-executive. Every director has a letter of appointment and the letters of appointment are available for inspection on the Company's website.

Directors' Interests in Shares

The interests as at 28 February 2025, 31 December 2024 and 2023 of the directors who served on the Board and their connected persons during the year were as follows:

	28 February 2025 Fund Shares	**31 December 2024 Fund Shares**	**31 December 2023 Fund Shares**
Dean Orrico	220,000	220,000	220,000
Middlefield Limited (a company connected with Dean Orrico)	170,000	170,000	–
Michael Phair (current Chairman)	70,000	70,000	70,000
Andrew Zychowski (appointed 30 June 2023)	50,000	50,000	50,000
Danuta Zychowska (a person connected to Andrew Zychowski)	83,000	83,000	83,000
Kate Anderson	–	–	–
Janine Fraser	–	–	–

Directors' dividends

The following dividends were paid to Directors during the year as well as persons connected to the Directors.

	31 December 2024 Dividend GBP	31 December 2023 Dividend GBP
Philip Bisson (resigned 1 June 2023)	–	–
Philean Trust Company Limited (a company connected with Philip Bisson until 1 June 2023)	–	11,731
Probitas Trust Company Limited (a company connected with Philip Bisson until 1 June 2023)	–	3,900
Beg Kaleh Services Limited (a company connected with Philip Bisson until 1 June 2023)	–	3,848
Beg Kaleh Pension Limited (a company connected with Philip Bisson until 1 June 2023)	–	28,418
Dean Orrico	11,660	11,440
Middlefield Limited (A PCA of Mr Orrico and the Manager of the Company)	6,758	–
Richard Hughes (resigned 1 June 2023)	–	2,637
Cheng Sim Hughes (a person connected to Richard Hughes until 1 June 2023)	–	650
Michael Phair (current Chairman)	3,710	3,640
Andrew Zychowski (appointed 30 June 2023)	2,650	2,600
Danuta Zychowska (a person connected to Andrew Zychowski)	4,399	4,316
Kate Anderson	–	–
Janine Fraser	–	–

Ongoing Charges

The below table shows the annualised ongoing charges that relate to the management of the Fund as a single percentage of the average NAV over the same year. In terms of the AIC's methodology, ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the Fund as a collective investment fund, excluding the costs of acquisition/disposal of investments, financing charges and gains/losses arising on investments.

	Ongoing charges (%)
31 December 2024	1.30
31 December 2023	1.33

Applicable Corporate Governance Codes

The Board is committed to achieving and demonstrating high standards of corporate governance. The Board is advised on all governance matters by the Secretary and has access to independent professional advice at the Company's expense where it is judged necessary.

As an overseas closed-ended investment fund which has been admitted to the Official List of the FCA and to trading on the London Stock Exchange's Main Market for Listed Securities, the Company is required by listing rule 6.6.6R (5) and (6), as modified by listing rule 11.7.7R, to report how the Company has applied the Principles set out in the UK Corporate Governance Code (the "UK Code") and whether the Company has complied throughout the accounting period with all relevant provisions of the UK Code and, if it has not complied with all provisions, those provisions with which it has not complied and its reasons for non-compliance.

The AIC, of which the Company is a member, has published the AIC Code, which has been endorsed by the FRC and supported by the JFSC. The FRC has confirmed that, by following the AIC Code, investment company boards should fully meet their obligations in relation to the UK Code and paragraph LR 6.6.6 of the Listing Rules.

The UK Code is available for download from the FRC's web-site www.frc.org.uk and the AIC Code is available for download from the AIC's website www.theaic.co.uk. Both of these documents can also be provided by the Secretary by e-mail upon request.

Statement of Compliance

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

The directors believe that the Company has complied with the provisions of the AIC Code, where appropriate, and that it has complied throughout the year with the provisions where the requirements are of a continuing nature.

Responsibilities of the Board

The Board is responsible for setting the Company's Investment Objective and Investment Policy, subject to shareholders' approval of any proposed material changes, and has a schedule of investment matters reserved for the directors' resolution. The Board has contractually delegated to external agencies the management of the investment portfolio, the custodial services and the day-to-day accounting and secretarial requirements. Each of these contracts is only entered into after proper consideration by the Board of the quality of services being offered.

Internal Controls

The directors are responsible for overseeing the effectiveness of the Company's risk management and internal control systems, which are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which is issued for publication is reliable, and that the assets of the Company are safeguarded. However, such a system can only be designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore can only provide reasonable and not absolute assurance against material misstatement or loss.

Having reviewed the Company's risk management and internal control systems and on the advice of the Audit Committee, the Board believes that they continue to be effective and that no changes thereto are necessary or desirable at this juncture. Because the Company delegates its day-to-day operations to third parties and has no employees, having reviewed the effectiveness of the internal control systems of the Administrator on a quarterly basis and having regard to the role of its external auditor, the Board does not consider that there is a need for the Company to establish its own internal audit function. The Administrator does however provide the Company's compliance officer, who monitors the Company's compliance with applicable laws and regulations and reports directly to the Board of directors on a quarterly basis.

The Company receives reports from the Secretary and Administrator relating to its activities. Documented contractual arrangements are in place with the Secretary and Administrator, which define the areas where the Company has delegated authority to it. The Secretary ensures that the directors receive accurate, timely and clear information from all service providers.

Directors

Appointment, Retirement and Tenure

As Mr Orrico is not independent of the Investment Manager, he is required by the FCA's Listing Rules to submit himself for re-election annually. In addition, in accordance with the provisions of the AIC Code, and PIRC's published guidance, all directors will continue to offer themselves for annual re-election for the foreseeable future.

As the Company is a Jersey-regulated entity, the appointment of any new director is subject to the JFSC's confirmation that they have no objection to such director's appointment. It is also a regulatory requirement that the Company have at least two Jersey resident directors. Therefore, for so long as there are only two Jersey resident directors in office, any Jersey resident director who retires or whose re-election is not approved at a Company and Cell AGM will therefore remain in office until such time as a replacement Jersey-resident director acceptable to the JFSC has been appointed.

The Board is of the view that length of service does not automatically compromise the independence or contribution of directors of an investment company, where continuity and experience can be a benefit to the Board. Furthermore, the Board agrees with the view expressed in the AIC Code that long-serving directors should not be prevented from forming part of an independent majority or from acting as Chairman. Consequently, no limit had previously been imposed on the directors' overall length of service.

However, the Board has noted that the AIC considers that directors who have served on the Board for more than nine years may not be independent and that certain corporate governance advisory bodies believe that directors should not serve more than nine years on an investment company's Board. Therefore, in the spirit of best corporate governance, the Board has decided that any remunerated, independent director appointed in 2018 or thereafter shall only serve for a maximum of nine years before being required to retire from office.

As stated in previous annual financial reports, the Board has recognised the merits of refreshing its composition as well as planning for future succession. The Board intends to continue evolving its composition on a periodic basis and has agreed a succession plan for the directors with over nine years of service. The Board's advance planning for the retirement of directors ensures an orderly transition process that maintains an appropriate balance of skills and relevant experience. The Board has used open advertising in the past. The directors have decided that in future, in order to reach a broader range of diverse candidates, it will also consider using one or more UK external search agents to assist with the search for new directors.

As required by the FCA's Listing Rules, full biographical details of any additional directors appointed will be announced and he or she will stand for re-election at the next subsequent Company and Cell Meeting convened after their appointment and annually thereafter.

Independence

For the period 1 January 2024 to the date of this report, the Board consisted of five members, all of whom were non-executive. Mr Orrico is a director of Middlefield Limited, the Investment Manager and President of the Investment Advisor. All the directors, apart from Mr Orrico, are considered to be independent of the Investment Manager and free of any business or other relationship that could influence their ability to exercise independent judgement. The Board believes that Mr Orrico's investment management experience as well as his first-hand knowledge of the Canadian economic and investment sector adds considerable value to the Company.

The Board believes that Ms Anderson, Ms Fraser, Mr Phair and Mr Zychowski are independent in character and judgement and that their experience and knowledge of the specialised sector in which the Company operates adds significant strength to the Board. M Phair was also considered to be independent upon his appointment as Chairman. The directors believe that the Board has a balance of skills and experience which enable it to provide effective strategic leadership and proper governance of the Company. Information about the directors, including their relevant experience, can be found on pages 26 to 27.

In accordance with the recommendations of the AIC Code, Ms Kate Anderson acted as Senior Independent Director. In-line with the AIC's recommendation, Ms Anderson provides a sounding board for the chair and serves as an intermediary for the other directors and shareholders. She is responsible for coordinating a regular meeting, at least annually and on other occasions as necessary, of the non-executive directors (excluding the chair), to appraise the chair's performance.

Induction and Ongoing Training

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

Directors' Insurance

The Company purchases directors' and officers' liability insurance cover at a level which is considered appropriate for the Company.

Meeting Attendance

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

The Board also receives and considers, together with representatives of the Investment Manager, reports in relation to the operational controls of the Investment Manager, Administrator, Custodian and Registrar. These reviews identified no issues of significance.

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

	Quarterly Board	**Ad hoc Board**	**Audit Committee**	**Nomination and Remuneration Committee**	**Management Engagement Committee**	**Dividend Committee****
No. of meetings in the Year	4	2	4	2	1	4
Dean Orrico*	4	2	4	2	1	0
Janine Fraser***	4	2	4	2	1	3
Michael Phair	4	2	4	2	1	1
Kate Anderson***	4	2	4	2	1	0
Andrew Zychowski	4	2	4	2	1	3

* Mr Orrico attended meetings of the Committees as an observer, not a member or participant.

** The quorum for a meeting of the Dividend Committee is one director physically present in the UK.

*** Ms Anderson and Ms Fraser attended as observers at the ad hoc Board meeting on 7 May 2024.

The Board's Committees

Performance Evaluation

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

- attendance at Board and Committee Meetings;
- the independence of individual directors;
- the ability of individual directors to make an effective contribution to the Board and Committees of the Board, together with the diversity of skills and experience each director brings to meetings;
- the Board's ability to effectively challenge the Investment Manager's recommendations, suggest areas of debate and fix timetables for debates on the future strategy of the Company; and
- the Board's diversity in terms of gender, social and ethnic backgrounds and cognitive and personal strengths and weaknesses.

The directors concluded that the performance evaluation process had proven successful, with the Board, the Chairman, the Committees of the Board and the individual directors scoring well in all areas. The Board and the Committees of the Board continued to be effective, each director's behaviour continued to be aligned to the Company's purpose, values and strategy and the individual directors continued to demonstrate commitment to their respective roles and responsibilities. Although the Board did not procure an externally facilitated Board evaluation during the year under review, the directors will consider doing so at the appropriate time in the future.

The Board also reviews its own policies and procedures on a periodic basis, as well as the terms of reference of its committees, to ensure that they serve to further the Company's purpose and that they are aligned with the Company's values and strategy. The Board with the support of the Secretary reviewed all of their policies, procedures and the terms of reference, all of which were updated (as applicable) to meet the recommendations of the AIC Code and concluded that they continued to be in a satisfactory form.

Committees of the Board

Audit Committee

On 26 May 2010 an Audit Committee was established. The current members are Andrew Zychowski (Chairman), Michael Phair, Kate Anderson and Janine Fraser. Notwithstanding that Mr Phair is Chairman of the Board, he was independent on appointment and the Board considers that his experience and knowledge is of great value to the Audit Committee. A separate report from the Audit Committee is included at pages 48 to 50.

Nomination and Remuneration Committee

The Board has also established a Nomination and Remuneration Committee, which meets when necessary. At the present time, the current members are all the directors of the Company bar Mr Orrico, and their summary biographical details are set out on pages 26 to 27.

The Chairman of the Nomination and Remuneration Committee is Andrew Zychowski or, failing him, any member of the Nomination and Remuneration Committee present within the United Kingdom other than the Chairman of the Company. The Board believes it is appropriate for all members of the Board (excluding Mr Orrico) to be on the Nomination and Remuneration Committee, because the directors work together collegiately, and each brings a different perspective to the Nomination and Remuneration Committee's discussions.

The key terms of reference of the Nomination and Remuneration Committee are set out below.

- The Committee oversees the process of identifying and nominating prospective directors.

- The Committee considers and monitors the level and structure of remuneration of the directors of the Company and the Fund.

- The Committee considers the need to appoint external remuneration consultants.

- The Committee is authorised, in consultation with the Secretary, where necessary to fulfil its duties, to obtain outside legal or other professional advice, including the advice of independent remuneration consultants, to secure the attendance of external advisors at its meetings, if it considers this necessary, and to obtain reliable up-to-date information about remuneration in other companies, all at the expense of the Fund.

- The Committee considers the overall levels of insurance cover for the Company, including directors' and officers' liability insurance.

- The Committee conducts a process annually to evaluate the performance of the Board and its individual directors.

- The Committee considers such other topics as directed by the Board.

The Board believes that, subject to any exception explained in this report and the nature of the Company as an investment fund, it has complied with the applicable provisions of the AIC Code throughout the year. The Board has noted the recommendations of the AIC relating to Board diversity. Although the Board does not have a formal written policy on diversity and inclusion, the Board, advised by the Nomination and Remuneration Committee, considers diversity, including the balance of skills, knowledge, diversity (including gender) and experience amongst other factors when reviewing the composition of the Board and appointing new directors, but does not consider it appropriate to establish targets or quotas in this regard. Board diversity is carefully considered and will continue to be considered in the future.

When considering the proposed appointment of new directors, the Nomination and Remuneration Committee receives full biographical information on all candidates and considers all matters which it considers relevant, including their experience and ability to devote sufficient time to the Company's business. The process also takes into account numerous other factors including, but not limited to, each candidate's experience, gender, social and ethnic background and personal strengths and weaknesses. Each director is interviewed by the Nomination and Remuneration Committee as part of the Board's evaluation of prospective candidates. After their appointment, each director seeks the Board's consent before taking on any other significant external appointments.

Management Engagement Committee

The Board established a Management Engagement Committee at its meeting held on 20 November 2013. In addition to regular reporting and engagement at Board meetings with its service providers, the Board formally reviews all service providers via the Management Engagement Committee. At the present time, the Management Engagement Committee's members are all the directors of the Company bar Mr Orrico, who does not sit on the Management Engagement Committee because of the perceived conflict that his role as President of the Investment Advisor could present.

The Chairman of the Management Engagement Committee is Andrew Zychowski or, failing him, any member of the Management Engagement Committee present within the United Kingdom other than the Chairman of the Company. For the purposes of transacting business, a quorum of the Management Engagement Committee is not less than two members of the Management Engagement Committee and all meetings must take place in the UK.

The Board believes it is appropriate for all independent members of the Board to be on the Management Engagement Committee, because the directors work together collegiately and each brings a different perspective to the Management Engagement Committee's discussions.

Duties

The Management Engagement Committee's key duty is to review the performance by service providers of their duties and the terms of all agreements for the provision of services that the Company has entered into or will in future enter into.

The Management Engagement Committee meets at least annually to specifically consider the ongoing management, administrative and secretarial and investment management requirements of the Company. The Management Engagement Committee receives self- evaluation questionnaires provided by all service providers, which include reporting on each service provider's opinion of the quality of services provided by the Company's other service providers, and the Board also receives detailed compliance reporting from the Company's compliance officer, which the Management Engagement Committee takes into account when reviewing the services provided. The quality and timeliness of reports to the Board are also taken into account and the overall management of the Company's affairs by the Investment Manager is considered. Based on its recent review of activities, and taking into account the performance of the portfolio, the other services provided by the key service providers, and the risk and governance environment in which the Company operates, the Board believes that the retention of the current key service providers on the current terms of their appointment remains in the best interests of the Company and its shareholders.

The Board regularly reviews the performance of the services provided by these companies. A summary of the terms of the agreements with the Secretary, the Investment Manager and the Investment Advisor are set out in note 1 to the financial statements. After due consideration of the resources and reputations of those parties, the Board believes it is in the interests of shareholders to retain the services of all three providers for the foreseeable future.

Terms of Reference of Committees

The Terms of Reference of the Audit Committee, the Nomination and Remuneration Committee and the Management Engagement Committee are all available on the Company's website and are also available for inspection at the Company's registered office during normal business hours.

Bribery Act 2010

The Company has no employees. The Board has considered the Bribery Act 2010 and confirmed its zero tolerance of bribery and corruption in its business activities. It has received assurances from the

Company's main service providers that they will maintain adequate safeguards to protect against any form of bribery and corruption by their employees and agents.

Criminal Finances Act 2017

The Board has also considered the Criminal Finances Act 2017 and has received assurances from the Company's main service providers that they will maintain adequate safeguards to protect against any form of illegal activities under this legislation, including the facilitation of tax evasion.

Relations with Shareholders

Shareholder relations are given a high priority by the Board, Investment Manager and Secretary. The primary medium through which the Company communicates with its shareholders is through the annual and half-yearly financial reports, which aim to provide shareholders with a full understanding of the Company's activities and results. The information is supplemented by the daily publication of the NAV of the Fund Shares, monthly factsheets and information on the Company's website operated by the Investment Manager. Shareholders have the opportunity to address questions to the Chairman and the Committees of the Board at the AGMs each year. Shareholders can also write to the Company at its registered office or by e-mail to the Secretary at Middlefield.Cosec@JTCGroup.com

The Chairman is available and meets with major shareholders to discuss aspects of investment performance, governance and strategy and to listen to shareholders' views, in order to help develop a balanced understanding of their issues and concerns. General presentations are given by the Investment Manager to both shareholders and analysts follow the publication of the annual financial results. In addition, the Investment Manager maintains a regular schedule of meetings throughout the year with major shareholders and keeps the Board updated with the outcome of such meetings.

Report of the Audit Committee

This report of the Audit Committee has been prepared with reference to the AIC Code. Established in 2010, the Audit Committee reports formally to the main Board at least twice each year. In accordance with written terms of reference, its delegated duties and responsibilities are reviewed and reapproved annually. The function of the Audit Committee is to ensure that the Company maintains high standards of integrity, financial reporting and internal controls.

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

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

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

- Considering the appointment, resignation or dismissal of the Auditor and their independence and objectivity, particularly in circumstances where non-audit services have been provided.

- Reviewing the cost effectiveness of the external audit from time to time.

- Reviewing and challenging the half-yearly and Annual Financial Reports, focusing particularly on changes in accounting policies and practice, areas of accounting judgement and estimation, significant adjustments arising from audit or other review and the going concern assumption.

- Providing advice to the Board on whether the Annual Financial Report, taken as a whole, is fair balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

- Reviewing compliance with accounting standards and law and regulations including the Companies (Jersey) Law 1991 and the FCA's Listing and Disclosure Guidance and Transparency Rules.

- Completing regular risk management reviews of internal controls, which include the review of the Fund's Risk Register.

- Reviewing the effectiveness of the Company's system of internal controls, including financial, operating, compliance, fraud and risk management controls and making and reporting to the Board any recommendations that may arise.

- Considering the major findings of internal investigations and making recommendations to the Board on appropriate action.

- Ensuring that arrangements exist whereby service providers and management may raise concerns over irregularities in financial reporting or other matters in confidence and that such concerns are independently investigated and remediated with appropriate action.

The Audit Committee, having reviewed the effectiveness of the internal control systems of the Administrator on a quarterly basis, and having regard to the role of the Auditor, does not consider that there is a need for the Company or Fund to establish its own internal audit function. The Administrator does however provide the Company's compliance officer, who monitors the Company's compliance with applicable laws and regulations and reports directly to the Board of directors on a quarterly basis.

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

The Board also received and considered, together with representatives of the Investment Manager, reports in relation to the operational controls of the Investment Manager, Administrator, Custodian and Registrar. These reviews identified no issues of significance. The risks relating to the Company (including the Fund) are discussed by the directors and documented in detail in the minutes of each meeting.

The Audit Committee is also responsible for overseeing the Company's relationship with the Auditor, including making recommendations to the Board on the appointment and re-appointment of the Auditor and its remuneration.

Significant Matters

The significant matters that were subject to specific consideration in 2024 by the Committee and consultation with the Auditor where necessary were as follows:

Valuation and ownership of securities

There is a risk that the securities are incorrectly valued due to factors including low volume traded securities and errors in third party prices.

Valuation of securities – at each valuation point, a price tolerance check is run.

The following exceptions require further investigation:

- Prices outside the stated tolerance levels: Price movements need to be justified to underlying support.

- Stale prices: These need to be traced and agreed to support to ensure prices are not stale. Stale prices are escalated as per the pricing policy after being static for more than 7 days.

- Zero prices: Prices for these securities need to be investigated and added if applicable.

There is also the risk that the securities are not directly owned by the Fund, which may be caused by errors in the recording of trade transactions.

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

Any differences are investigated.

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

Allocation to Capital and Revenue

The Directors have made the critical judgement to allocate a proportion of management fees and finance to capital. This has been allocated 60% to capital and 40% to revenue.

This has been done in accordance with the Association of Investment Companies' Statement of Recommended Practice for Investment Trusts Companies.

The Audit Committee challenged the allocation of charges between capital and revenue by comparing it with the policies of other companies in the AIC North American sector who allocate charges to both capital and revenue. MCT has a somewhat higher allocation to revenue than the peer group. Since MCT is the highest yielding fund in the sector, the Audit Committee considered the allocation to be appropriate following this review and discussion of the separate analysis provided by the Investment Manager.

Compliance with Regulatory Requirements

JTC Fund Solutions (Jersey) Limited as administrator works with the Board of directors to ensure that the Fund complies with its obligations under all applicable laws and regulations including, but not limited to:

- The Companies (Jersey) Law 1991
- The FCA's listing rules, prospectus and disclosure guidance and transparency rules
- The AIC Code of Corporate Governance and
- The JFSC's Codes of Practice for Certified Funds
- The Jersey Listed Fund Guide

Going Concern

The financial statements are prepared using the going concern basis based on the directors' assessment that:

- The investment portfolio consists of listed investments that are highly realizable

- The Fund has sufficient liquidity in cash to meet all on-going expenses and repayments of external borrowings

- The directors have the option to reduce dividend payments if the need arises

The Investment Manager monitors the Fund's investment portfolio daily and invests in listed securities that can be liquidated in a relatively short period of time. The Board monitors the Fund's portfolio on a quarterly basis.

Auditor and Audit

The Auditor was first appointed on 1 October 2020 following a detailed tender process and the Auditor is subject to annual reappointment by shareholders at each Company AGM and Cell AGM. The Audit Committee considers the nature, scope and results of the Auditor's work and monitors the independence of the Auditor. Formal reports are received at Board meetings from the Auditor on an interim and annual basis relating to the extent of their work. The work of the Auditor in respect of any significant audit issues and consideration of the adequacy of that work is discussed. The Audit Committee is pleased to report there have been no concerns regarding their performance or independence.

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

The Audit Committee meets with the Investment Manager and Administrator to discuss the extent of audit work completed to ensure all matters of risk are covered and assesses the quality of the draft financial statements prepared by the Administrator and examines the interaction between the Investment Manager and the Auditor to resolve any potential audit issues.

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

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

Andrew Zychowski
Director

Date: 24 March 2025

General Shareholder Information

AIFMD Disclosures

In accordance with the AIFMD, the AIFM is required to disclose specific information in relation to the following aspects of the Company's management:

Leverage and borrowing

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

For the gross method, the following has been excluded:

- the value of any cash and cash equivalents which are highly liquid investments held in the base currency of the AIF that are readily convertible to a known amount of cash, subject to an insignificant risk of changes in value;
- that remain in cash or cash equivalent as defined above and where the amounts of that payable are known. The total amount of leverage calculated as at 31 December 2024 is as follows:

Gross method: 139.35% (31 December 2023: 130.13%)

Commitment method: 139.35% (31 December 2023: 130.13%)

Liquidity

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

Risk management policy note

Please refer to note 16, Financial instruments, in the Notes to the financial statements on pages 72 to 76 for risk management policies, where the current risk profile of the Company and the risk management systems employed by the Investment Manager to manage those risks are set out.

AIFM Remuneration

A total of 8 staff employed by the AIFM are engaged in managing the Fund. The compensation paid to these beneficiaries during the year under review was £275,000, split roughly equally between fixed and variable compensation. The Fund has no agreement to pay any carried interest to the AIFM.

General Data Key Investor Document and Related Data

The Company has produced an EU Key Information Document (the "**KID**"), as required by the Packaged Retail and Insurance-Based Investment Products Regulations (the "**PRIIPs Regulations**") and a UK KID under the UK's amended version of the PRIIPs Regulations, together with a European PRIIPs Template and a European MiFID Template, all of which are available on the Company's website.

The PRIIPs Regulations require the preparation and publication of the KID. Investors should note that the methodology for calculating the risks, costs and potential returns cited in the KID are prescribed by the PRIIPs Regulations. However, the methodology is considered by many market participants, including the AIC, to be flawed and future risks and returns may not transpire to be as cited in the KID. The Board therefore recommends that investors not make any investment or divestment decision based on the information contained in the KID.

Non-Mainstream Pooled Investment ('NMPI') Status

The Company currently conducts its affairs to maintain its status as an "excluded security" for the purposes of the FCA's rules on "non-mainstream pooled investments" and intends to continue to do so. The Fund Shares are therefore excluded from the FCA's restrictions which apply to non-mainstream pooled investments.

Performance Details/Share Price Information

Details of the Company's share price and the net asset value per Fund Share can be found on the London Stock Exchange's website. The net asset value is calculated and published daily, on the basis of the bid price of securities at closing.

Consumer Duty Value Assessment

Middlefield International Limited ("MIL"), as advisor to Middlefield Canadian Income PCC ("MCT"), has prepared an assessment of fair value based on the FCA's guidelines which includes consideration of the fund's relative performance, investment process, costs and charges, quality of service, comparable market rates and economies of scale. Based on this assessment, MIL has concluded that MCT is providing value to its investors. The assessment of value can be found on the website under Other Reports and Filings www.middlefield.co.uk.

Independent Auditor's Report

TO THE MEMBERS OF MIDDLEFIELD CANADIAN INCOME – GBP PC, A CELL OF MIDDLEFIELD CANADIAN INCOME PCC

Opinion

We have audited the financial statements of Middlefield Canadian Income – GBP PC (the "Fund"), which comprise the Statement of Financial Position as at 31 December 2024, and the Statement of Comprehensive Income, Statement of Changes in Redeemable Participating Preference Shareholder's Equity and Statement of Cash Flows for the year then ended, and notes 1 to 22 to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Financial Reporting Standards ('IFRS').

In our opinion the financial statements of Middlefield Canadian Income – GBP PC, a cell of Middlefield Canadian Income PCC:

give a true and fair view of the state of the Fund's affairs as at 31 December 2024 and of its profit for the year then ended;

have been properly prepared in accordance with UK-adopted IFRS; and

have been prepared in accordance with the Companies (Jersey) Law 1991.

Separate opinion in relation to IFRS as adopted by the European Union

As explained in note 2a, in addition to complying with the Listing Rules obligation to apply UK-adopted IFRS, the Fund has also applied IFRSs as adopted by the European Union.

In our opinion the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with IFRS as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Jersey, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our approach to the audit

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

<u>Our consideration of the control environment</u>

The Fund has appointed JTC Fund Solution (Jersey) Limited to provide the accounting function. The accounting function has been subcontracted to JTC Fund Solutions (RSA) Pty Ltd ("JTC SA"). We have obtained JTC SA's ISAE 3402 controls assurance report for the period 1 April 2023 to 31 March 2024 which summarises the suitability of design and implementation and operating effectiveness of controls. We have reviewed the report and considered the controls relevant to the accounting functions undertaken by JTC SA for the Fund in order to rely on controls. As the reporting date of the Fund is 31 December 2024, we have obtained correspondence issued by JTC SA confirming that there have not been any material changes to the internal control environment nor any material deficiencies in the internal controls to this date.

<u>Key audit matters</u>

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the 'material uncertainty related to going concern' below, in arriving at our audit opinion, the key audit matter was as follows:

Key Audit Matter	How our scope addressed this matter
Ownership and valuation of Securities The Fund's securities (see note 3 and the schedule of securities) are included at fair value of £169,952,944 (2023: £146,643,502). The portfolio is made up of securities actively traded on recognised markets which are measured at fair value based on market prices and other prices determined with reference to observable inputs. Although all of the securities are listed and have quoted market pricing data available which is used to value the securities, there is a risk of material misstatement that the securities may be incorrectly valued due to stale prices, low trading volumes or errors reported in third party prices. Where securities are not regularly traded there is a greater risk of material misstatement that the quoted price is not reflective of fair value and this should be taken into consideration in management's assessment. Valuation has a significant impact on the net asset value of the Fund. There is a risk that securities, a record of which is maintained by a third-party custodian, are not directly owned by the Fund. Securities are held by the custodian. Ensuring that the custodian records all the securities correctly under the Fund's name is critical since the investment portfolio represents the principal element of the financial statements, being the single largest asset on the Statement of Financial Position.	Our procedures on the valuation of securities included: understanding the relevant controls around valuation; testing 100% of the valuations of securities by agreeing the prices directly to independent third-party sources; considering the trading history of securities to determine whether they have been frequently traded, and values at which they have been traded to consider whether the year-end prices are stale. Our procedures on ownership of securities included: obtaining an understanding of the relevant controls around custody of securities; agreeing the holdings to independent third-party confirmations provided by the Fund's custodian; reviewing the ISAE 3402 controls assurance report of the custodian to consider the controls relevant to the custodial function. Key observations Based on the procedures, we concluded that the ownership and valuation of securities are appropriate.

Our application of materiality

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

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality £2,870,000 (2023: £2,470,000).
Basis for determining materiality - Approximately 1.6% of the Fund's total assets (2023: 1.6%).

Rationale for the benchmark applied - The reason for using total assets is that the key users of the financial statements are primarily focused on the valuation of the Fund's assets. This approach remains consistent with the prior year.

Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 75% of materiality for the 2024 audit (2023: 75%). In determining performance materiality, we considered our understanding of the entity, including our assessment of the overall control environment.

Our application of materiality (continued)

Error reporting threshold

We agreed with the Audit Committee that we would report to them all audit differences in excess of £140,000 (2023: £120,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Material uncertainty relating to going concern

We draw attention to note 2n to the financial statements which indicates that the Fund's ability to continue as a going concern is dependent on the outcome of the directors review of a number of strategic options for the future of the Fund, as described in note 2n. As stated in note 2n, these events presented by the directors indicate that a material uncertainty exists that may cast significant doubt on the Fund's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Given the material uncertainty identified by the directors, we considered going concern to be a key audit matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Fund's ability to continue to adopt the going concern basis of accounting, and in response to the key audit matter, included:

Considering the appropriateness of the directors' conclusion in relation to the matters described in 2n and discussing this with the board;

Review of the directors' statement in note 2n and their identification of any material uncertainties to the Fund's ability to continue over a period of at least twelve months from the date of approval of the financial statements;

Consideration as part of our risk assessment of the nature of the Fund, its business model and related risks including where relevant the requirements of the applicable financial reporting framework and the system of internal control; and

Evaluation of the directors' assessment of the Fund's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluation of the directors' plans for future actions in relation to their going concern assessment.

Other than the above, based on the work we have performed, we have not identified any material uncertainties, other than as disclosed in note 2n, relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements.

In relation to the Fund's reporting on how it has applied Listing Rule 6.6.6R and Listing rule 11.7.7R, we have nothing material to add or draw attention to in relation to the director' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Matters on which we are required to report by exception

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

adequate accounting records have not been kept; or

the financial statements are not in agreement with the accounting records and returns; or

proper returns adequate for our audit have not been received from branches not visited by us; or

we have not received all the information and explanations we require for our audit.

Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Fund's compliance with the provisions of the Listing Rule 6.6.6R specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement and Corporate Information is materially consistent with the financial statements or our knowledge obtained during the audit:

Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 33 to 34;

Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on pages 33 to 34;

Directors' statement on fair, balanced and understandable set out on page 48;

Board’s confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 30 to 34;

The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 48; and

The section describing the work of the audit committee set out on pages 48 to 50.

Responsibilities of directors

As explained more fully in the directors’ responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Fund’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

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

Auditor’s responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is explained below.

The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, we:

obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the Fund operates in and how the Fund is complying with the legal and regulatory frameworks;

inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected, or alleged instances of fraud;

discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud having obtained an understanding of the effectiveness of the control environment; and

reviewed minutes of the Board and other Committees.

The extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We also obtained an understanding of the legal and regulatory frameworks that the Fund operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included UK-adopted IFRS, Companies (Jersey) Law 1991, Codes of Practice for Certified Funds, Listing and Disclosure Transparency Rules and the AIC Code of Corporate Governance. The audit procedures performed included:

a review of the financial statement disclosures and testing to supporting documentation;

completion of disclosure checklists to identify areas of non-compliance; and

review of the financial statement disclosures by a specialist in the Listing and Disclosure Transparency Rules.

The area that we identified as being susceptible to material misstatement due to fraud was management override of controls. The audit procedures performed included:

testing the appropriateness of journal entries and other adjustments;

undertaking analytical procedures to identify unusual or unexpected relationships;

assessing whether the judgements made in determining accounting estimates, in particular in respect of the fair value of securities and the split between capital and revenue, are indicative of a potential bias; and

evaluation of the business rationale of any significant transactions that are unusual or outside the normal course of business.

Owing to the inherent limitations of an audit there is an unavoidable risk that some material misstatement of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK). However, the principal responsibility for ensuring that the financial statements are free from material misstatement, whether caused by fraud or error, rests with the directors who should not rely on the audit to discharge those functions.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Board of directors on 1 October 2020 to audit the financial statements for the year ending 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement is 5 years, covering the years ended 31 December 2020 to 2024.

No non-audit services have been provided to the Fund and we remain independent of the Fund in conducting our audit.

Our audit opinion is consistent with our reporting to the audit committee we are required to provide in accordance with ISAs (UK).

Use of our report

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

Philip Crosby
For & on behalf of
RSM Channel Islands (Audit) Limited
Chartered Accountants and Recognized Auditors
Jersey, C.I.

Date: 24 March 2025

Financial Statements

Statement of Financial Position of the Fund

As at 31 December 2024

	Notes	2024 GBP	2023 GBP
Current assets			
Securities (at fair value through profit or loss)	3 & 22	**169,952,944**	146,643,502
Accrued dividend income		**743,674**	632,412
Prepayments		**20,324**	21,787
Cash and cash equivalents	4	**1,345,531**	4,433,118
		172,062,473	151,730,819
Current liabilities			
Other payables and accruals	5	**(434,929)**	(388,493)
Interest payable		**(48,282)**	(71,270)
Loan payable	14	**(28,884,872)**	(21,831,966)
		(29,368,083)	(22,291,729)
Net assets		**142,694,390**	129,439,090
Equity attributable to equity holders			
Stated capital	6	**49,661,314**	49,704,414
Retained earnings		**93,033,076**	79,734,676
Total Shareholders’ equity		**142,694,390**	129,439,090
Net asset value per redeemable participating preference share (pence)	7	**134.05**	121.55

The financial statements and notes on pages 60 to 80 were approved by the directors on 24 March 2025 and signed on behalf of the Board by:

Michael Phair	Andrew Zychowski
Director	**Director**

The accompanying notes on pages 64 to 80 form an integral part of these financial statements.

Statement of Comprehensive Income of the Fund

For the year ended 31 December 2024

	Notes	Revenue GBP	Capital GBP	2024 Total GBP	2023 Total GBP
Revenue					
Dividend income	8	**9,017,257**	**–**	**9,017,257**	9,004,249
Interest income	8	**85,246**	**–**	**85,246**	91,389
Net movement in the fair value of securities (at fair value through profit or loss)	9	**–**	**12,852,158**	**12,852,158**	(6,799,595)
Net movement on foreign exchange		**–**	**1,579,028**	**1,579,028**	698,809
Total revenue		**9,102,503**	**14,431,186**	**23,533,689**	2,994,852
Expenditure					
Investment management fees	2o	**375,146**	**562,719**	**937,865**	916,770
Custodian fees	2l	**16,316**	**–**	**16,316**	15,323
Corporate Broker's fees	2m	**67,175**	**–**	**67,175**	65,483
Directors' fees and expenses		**146,631**	**–**	**146,631**	154,809
Legal and professional fees		**11,697**	**–**	**11,697**	6,558
Audit fees		**39,000**	**–**	**39,000**	39,000
Tax fees		**6,948**	**–**	**6,948**	7,560
Registrar's fees		**49,496**	**–**	**49,496**	44,779
Administration and secretarial fees	2k	**133,981**	**–**	**133,981**	130,967
General expenses		**160,156**	**–**	**160,156**	190,771
Investor relations fee	2u	**173,211**	**–**	**173,211**	170,748
Operating expenses		**1,179,757**	**562,719**	**1,742,476**	1,742,768
Net operating profit before finance costs		**7,922,746**	**13,868,467**	**21,791,213**	1,252,084
Finance costs	2r	**(602,287)**	**(903,431)**	**(1,505,718)**	(1,570,018)
Profit/(loss) before tax		**7,320,459**	**12,965,036**	**20,285,495**	(317,934)
Withholding tax expense	12	**(1,343,801)**	**–**	**(1,343,801)**	(1,341,655)
Net profit/(loss) after taxation		**5,976,658**	**12,965,036**	**18,941,694**	(1,659,589)
Profit/(loss) per redeemable participating preference share – basic and diluted (pence)	10	**5.61**	**12.18**	**17.79**	(1.56)

The total column of this statement represents the Fund's Statement of Comprehensive Income, prepared in accordance with UK- adopted IFRS. There are no items of other comprehensive income, therefore net profit/(loss) after taxation is the total comprehensive income. The supplementary revenue and capital columns are both prepared in accordance with the Statement of Recommended Practice issued by the AIC as disclosed in note 2a. All items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

There are £nil (2023: £nil) earnings attributable to the management shares.

The accompanying notes on pages 64 to 80 form an integral part of these financial statements.

Statement of Changes in Redeemable Participating Preference Shareholders' Equity of the Fund
For the year ended 31 December 2024

	Notes	Stated Capital Account GBP	Retained Income GBP	Total GBP
At 1 January 2023		**49,704,414**	**86,931,602**	**136,636,016**
Loss for the year		–	(1,659,589)	(1,659,589)
Dividends	11	–	(5,537,337)	(5,537,337)
At 31 December 2023		**49,704,414**	**79,734,676**	**129,439,090**
Buyback of shares during year	6	(43,100)	–	(43,100)
Profit for the year		–	18,941,694	18,941,694
Dividends	11	–	(5,643,294)	(5,643,294)
At 31 December 2024		**49,661,314**	**93,033,076**	**142,694,390**

The accompanying notes on pages 64 to 80 form an integral part of these financial statements.

Statement of Cash Flows of the Fund
For the year ended 31 December 2024

	Notes	2024 GBP	2023 GBP
Cash flows from operating activities			
Net profit/(loss) after taxation		**18,941,694**	(1,659,589)
Adjustments for:			
Net movement in the fair value of securities (at fair value through profit or loss)	9	**(12,852,158)**	6,799,595
Realised gains on foreign exchange	2p	**(1,401,441)**	(1,345,395)
Unrealised (gains)/losses on foreign exchange	2p	**(177,587)**	646,586
Payment for purchases of securities		**(64,019,103)**	(46,058,637)
Proceeds from sale of securities		**53,561,820**	55,587,931
Operating cash flows before movements in working capital		**(5,946,775)**	13,970,491
Increase in receivables		**(109,799)**	(24,452)
Increase/(decrease) in payables and accruals		**23,448**	(152,089)
Net generated (used in)/from operating activities		**(6,033,126)**	13,793,950
Cash flows generated used in financing activities			
Repayments of borrowings		**(352,730,557)**	(236,205,147)
Buyback of shares	6	**(43,100)**	–
New bank loans raised		**361,474,806**	230,999,895
Dividends paid	11	**(5,643,294)**	(5,537,337)
Net cash generated from/(used in) financing activities		**3,057,855**	(10,742,589)
Net (decrease)/increase in cash and cash equivalents		**(2,975,271)**	3,051,361
Cash and cash equivalents at the beginning of the year		**4,433,118**	1,523,392
Effect of foreign exchange rate changes		**(112,316)**	(141,635)
Cash and cash equivalents at the end of the year		**1,345,531**	4,433,118
Cash and cash equivalents made up of:			
Cash at bank	4	**1,345,531**	4,433,118

The accompanying notes on pages 64 to 80 form an integral part of these financial statements.

Notes to the Financial Statements of the Fund
For the year ended 31 December 2024

1. General Information

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

The address of the Company’s registered office is 28 Esplanade, St. Helier, Jersey JE2 3QA, Channel Islands.

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

The Company and Fund have no employees.

The functional and presentational currency of the Company and the Fund is Pounds Sterling (‘GBP’) as the Fund is trading on the London Stock Exchange’s Main Market.

2. Summary of Material Accounting Policy Information

a. Basis of preparation

The financial statements of the Fund have been prepared on the historical cost basis, except for the measurement at fair value of investments and derivatives, and in accordance with UK-adopted IFRS and interpretations issued by the IFRSIC. The preparation of the Financial Statements in conformity with IFRS requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting year. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Where presentational guidance set out in the SORP Financial Statements of Investment Trust Companies and Venture Capital Trusts (July 2022) issued by the AIC is consistent with the requirements of IFRS, the directors have prepared the Financial Statements on a basis compliant with the recommendations of the SORP. The supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and a capital nature is presented in accordance with the SORP.

The financial statements are prepared in accordance with UK-adopted IFRS as required by the UK Listing and the Disclosure Guidance and Transparency Rules. Companies (Jersey) Law 1991 prescribes which generally accepted accounting principles are allowed to be adopted by Jersey market traded companies in the preparation of their annual financial statements.

Critical accounting estimates and judgements

The preparation of the Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies.

The following are the critical judgements that the directors have made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Expenses have been charged to the Statement of Comprehensive Income and shown in the revenue column. Management fees and finance costs have been allocated 60% to capital and 40% to revenue. This is in accordance with the Board's expected long-term split of returns, in the form of capital gains and income respectively, from the investment portfolio.

There were no judgements made in relation to the fair value of the investments, as all investments are quoted.

Adoption of new standards and amendments

The following amendments to existing standards that are effective for the first time for the financial period beginning 1 January 2024 that have had an immaterial impact on the Company and the Fund:

<u>Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)</u>

The Company has adopted the amendments to IAS 1 for the first time in the current period. The amendments change the requirements in IAS 1 regarding disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

<u>Amendments to IAS 1 Classification of Liabilities as Current or Non-current</u>

The group has adopted the amendments to IAS 1, published in January 2020, for the first time in the current year.

The amendments affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to IAS 1 Presentation of Financial Statements Non-current Liabilities with Covenants

The group has adopted the amendments to IAS 1, published in November 2022, for the first time in the current year. The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date). The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The Company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

There are no other standards, interpretations or amendments to the existing standards that are not yet effective that would be expected to have a significant impact on the Company.

New standards and interpretations not yet effective and have not been adopted early by the Company

- Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability'. (effective periods commencing on or after 1 January 2025 for IFRS).

- Amendments to IFRS 9 and IFRS 7 'Amendments to the Classification and Measurement of Financial Instruments'. (effective periods commencing on or after 1 January 2026 for IFRS).

- IFRS 18 'Presentation and Disclosure in Financial Statements'. (effective periods commencing on or after 1 January 2027 for IFRS).

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

b. Financial instruments

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

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

c. Securities

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

Fair value through profit or loss securities are initially recognised as at fair value, which is taken to be the cost. The securities are subsequently re-measured at fair value based on quoted bid prices on the stock exchange at the reporting date. Gains and losses arising from changes in the fair value of these securities are recognised in profit or loss as they arise.

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

d. Receivables

Trade and other receivables are recognised when the Fund becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost. The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method (except for short term receivables where the recognition of interest would be immaterial) of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

e. Cash and cash equivalents

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

f. Prepayments

Prepayments comprise amounts paid in advance including, but not limited to, payments for insurance, listing fees and AIC membership fees. Payments are expensed to the Statement of Comprehensive Income over the period for which the Fund is receiving the benefit of these expenditures.

g. Provisions

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

h. Share capital

Redeemable participating preference shares are only redeemable at the sole option of the directors, participate in the net income of the Fund during its life and are classified as equity in line with IAS 32 Financial Instruments: Presentation (see Note 6). Buyback shares are measured at cost and deducted from equity. Transaction costs relating to buyback shares do not form part of cost of the buyback shares.

i. Net asset value per redeemable participating preference share

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

j. Issue costs

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

k. Administration and secretarial fees

Under the provisions of the Administration Agreement dated 18 August 2011 between the Fund and JTC Fund Solutions (Jersey) Limited as Administrator, the Administrator is entitled to a fee for administrative and secretarial services payable by the Fund quarterly in arrears at a rate of 0.10 per cent. per annum of the average NAV of the Fund calculated over the relevant quarterly period.

l. Custodian fees

The Custodian was appointed as Custodian of the Fund's assets on 6 October 2011. The Fund pays the Custodian 0.01 per cent. per annum of the Fund's NAV, accrued for at each valuation date.

m. Corporate Broker's fees

The Fund pays the Corporate Broker quarterly in arrears at a rate of 0.05 per cent. per annum of the average NAV of the Fund calculated over the relevant period.

n. Going concern

In the opinion of the directors, the Company and the Fund have adequate resources to continue in operational existence for the foreseeable future being at least the next twelve months from the approval of these financial statements. For this reason, the Financial Statements have been prepared using the going concern basis.

The directors considered, *inter alia*, the following factors:

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

The directors appreciate the severity of the current economic environment and continue to assess, in conjunction with the Investment Manager and the Investment Advisor, the situation and how it may impact the Company in the short and long term. The directors consider the Company to be well placed to withstand any significant adverse shocks and assume the going concern basis to be appropriate.

The accompanying financial statements have been prepared on a going concern basis, which assumes the Company will continue to operate and meet its obligations as they fall due. However, the Company's ability to continue as a going concern is subject to material uncertainty.

Since the Company's year end, on 10 February 2025 the Company, together with three other UK-listed closed-end funds, received a requisition notice from Saba, marking the second phase of Saba's recent activist campaign in the UK-listed closed-end fund sector. The first phase commenced on 18 December 2024 with Saba requisitioning general meetings at seven UK-listed closed-end funds, proposing resolutions (each of which later failed) to remove the current independent directors of those seven funds and replace them with Saba's own appointees, with a view to also terminating the management contracts and, in due course, replacing the investment managers with Saba.

The requisition notice received by the Company on 10 February 2025 was for the approval by shareholders of the taking of all necessary steps to implement a scheme or process by which shareholders would become (or have the option to become) shareholders of a UK-listed open-ended investment company (or similar open-ended investment vehicle) implementing a substantially similar strategy to the Company. Such scheme or process could entail shareholders rolling into an existing or newly established UK-listed open-ended investment company (or similar open-ended investment vehicle), in either case managed by the Company's existing investment manager or one of its affiliates.

Following consultation with a number of the Company's largest shareholders including Saba, and following constructive discussions with Saba, on 21 February 2025 the Company announced that Saba had agreed to withdraw its requisition notice for a period of 60 days to enable the Company and its advisers to formulate proposals that are in the best interests of all shareholders.

At the current time, the Board is in the process of considering a number of strategic options in the best interests of shareholders as a whole. A further announcement regarding future proposals which the Company may put to shareholders will be made in due course. Although the Board is confident that the Company will have sufficient financial resources to meet its obligations due within twelve months from the date of approval of the financial statements, the uncertain future outcome of the Board's deliberations indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Nevertheless, the Board believes that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

o. Investment management fees

The Investment Manager is entitled to a management fee payable by the Fund quarterly in arrears at a rate of 0.70 per cent. per annum of the average NAV of the Fund calculated over the relevant quarterly period.

Investment management fees for the year ended 31 December 2024 total £937,865 (31 December 2023: £916,770). The fee is split between the Investment Manager and the Investment Advisor at a ratio of 0.60 per cent: 0.10 per cent of the 0.70 per cent fee.

Investment management fees have been split 60% to capital and 40% to revenue (see note 2a for further details regarding the allocation of the management fees).

p. Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Pound Sterling at exchange rates in effect at the reporting date. Realised and unrealised gains and losses on foreign currency transactions are charged or credited to the Statement of Comprehensive Income as foreign currency gains and losses. The cost of investments, and income and expenditure are translated into Pound Sterling based on exchange rates on the date of the transaction. Realised gains on foreign exchange currency transactions totalled £1,401,441 for the year (2023: gains of £1,309,333). Realised gains on forward exchange contracts totalled £ nil (2023: gains of £36,062). Unrealised gains on foreign currency translations totalled £177,587 (2023: losses of £646,586).

q. Revenue recognition

Dividend income arises from equity investments held and is recognised on the date investments are marked 'ex-dividend'. Where the Company elects to receive dividends in the form of additional shares rather than cash, the equivalent to the cash dividend is recognised as income in revenue and any excess in value of the shares received over this is recognised in capital. Dividend income is shown gross of withholding tax. Interest income arises from cash and cash equivalents and quoted bonds and is recognised in the Statement of Comprehensive Income using the effective interest method.

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

r. Loan payable and finance costs

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

s. Related parties

Related parties are individuals and companies who have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions (see Note 13).

t. Business and geographical segments

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

u. Investor relations fee

The Investment Advisor and Investment Manager are paid an additional fee for investor relations services totalling as the lesser of 15 basis points of the market value of the Fund or £200,000 per annum, with the fee to be calculated daily based on the closing market value of the Fund and payable quarterly in arrears.

Investor relations fee for the year ended 31 December 2024 total £173,211 (31 December 2023: £170,748).

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

	2024 GBP	**2023 GBP**
Quoted/listed Equities	**169,952,944**	146,643,502

Please refer to Note 22 for the Schedule of Investments.

4. Cash and cash equivalents

	2024 GBP	2023 GBP
Cash at bank	**1,345,531**	4,433,118

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

5. Other payables and accruals

	2024 GBP	2023 GBP
Investment management fees (Note 13)	**254,113**	220,372
Corporate Broker's fees	**18,151**	15,741
Audit fees	**39,000**	39,000
Administration fees	**36,302**	31,481
General expenses	**17,970**	22,334
Registrar's fees	**10,286**	9,466
Tax service fees	**6,894**	6,840
Custodian fees	**3,560**	3,148
Investor relations fee (Note 13)	**48,653**	40,111
	434,929	388,493

6. Stated capital

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

	No. of shares	GBP
Management shares issued		
2 management shares of no par value issued at 100.00 pence each	2	2
At 31 December 2024 and 2023	**2**	**2**
Redeemable participating preference shares issued (excluding shares held in treasury)		
At 31 December 2023	**106,487,250**	**49,704,412**
28 August 2024, 20,000 shares of no par value repurchased at £ 1.075 each	(20,000)	(21,500)
30 August 2024, 20,000 shares of no par value repurchased at £ 1.08 each	(20,000)	(21,600)
At 31 December 2024	**106,447,250**	**49,661,312**
Total		**49,661,314**

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

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

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

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

At the year end, there were 18,235,000 (31 December 2023: 18,195,000) treasury shares in issue. Treasury shares have no value and no voting rights.

FCA regulation of 'non-mainstream pooled investments'

On 1 January 2014, the FCA introduced rules relating to the restrictions on the retail distribution of unregulated collective investment schemes and close substitutes (non-mainstream pooled investments). UK investment trusts are excluded from these restrictions, as are other "excluded securities" as defined by the FCA.

As reported in last year's annual report, the Board believes that the Company's shares are "excluded securities" under the FCA's definitions of such and, as a result, the FCA's restrictions on retail distribution do not apply. This status is reviewed annually and the Board intends to conduct the Company's affairs to retain such status for the foreseeable future.

Retained Earnings

This reserve records all net gains and losses and transactions with owners not recorded elsewhere. This reserve is available for distribution to the shareholders. Dividends paid to shareholders are recognised directly in this reserve.

7. Net asset value per redeemable participating preference share

The NAV per share of 134.05p (31 December 2023: 121.55p) is based on the net assets at the year end of £142,694,390 (31 December 2023: £129,439,090) and on 106,447,250 redeemable participating preference shares, being the number of redeemable participating preference shares in issue at the year end (31 December 2023: 106,487,250 shares).

8. Dividend and interest income

	Revenue GBP	Capital GBP	2024 Total GBP	2023 GBP
Interest Income	**85,246**	–	**85,246**	91,389
Dividend income	**9,017,257**	–	**9,017,257**	9,004,249
	9,102,503	–	**9,102,503**	9,095,638

9. Net movement in the fair value of securities

	Revenue GBP	Capital GBP	2024 Total GBP	2023 GBP
Gains on sale of securities	–	**5,635,000**	**5,635,000**	608,988
Gains/(losses) on the revaluation of securities at year end	–	**7,217,158**	**7,217,158**	(7,408,583)
Net movement in the fair value of securities (at fair value through profit or loss)	–	**12,852,158**	**12,852,158**	(6,799,595)

10. Profit/(loss) per redeemable participating preference share – basic and diluted

Basic profit/(loss) per redeemable participating preference share is calculated by dividing the net profit attributable to redeemable participating preference shares of £18,941,694 (31 December 2023: £1,659,589 loss) by the weighted average number of redeemable participating preference shares outstanding during the year of 106,473,698 shares (31 December 2023: 106,487,250 shares). The allocation between revenue and capital can be found on the Statement of Comprehensive Income of the Fund on page 61.

11. Dividends

Dividends of 1.325 pence per share were paid on a quarterly basis during the year in the months of January, April, July and October being 5.3 pence per share for the year and totalling £5,643,294 (31 December 2023: £5,537,337). On 31 January 2025 a dividend of £1,463,650 was paid of 1.375 pence per share. In accordance with the requirements of IFRS, as this was approved on 2 January 2025, being after the reporting date, no accrual was reflected in the 2024 Financial Statements for this amount of £1,463,650 (31 December 2023: £1,410,956).

Dividends payable in respect of the financial year, which is the basis on which the requirements of Section 1158/1159 of the Corporation Tax Act 2010 are considered (see note 12) comprise the dividends paid in April, July and October of the financial year together with the dividend paid in January following the financial year end. For 2024 these dividends amounted to 5.35 pence per share (for 2023: 5.225 pence per share)

12. Taxation

The Fund is subject to UK corporation tax at a rate of 25% (2023: 19% for three months and 25% for nine months of the year). The Company adopted UK tax residency on 11 October 2011. Since that date the Company has been managed in such a way as to be able to meet the conditions for approval as an investment trust under Section 1158 of the Corporation Tax Act 2010. As an investment trust, all capital gains are exempt from UK corporation tax. On 7 December 2012, the Company received approval from HM Revenue & Customs to be treated as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 and will seek to remain so approved.

The Fund incurred £1,343,801 (2023: £1,341,655) of withholding tax on foreign dividends during the year and this expense has been included in the Statement of Comprehensive Income.

13. Related party transactions

The directors are regarded as related parties and key management personnel. Total directors' fees earned during the year amounted to £126,000 of which £Nil was due at year end (2023: £125,215 of which £Nil was due at the year end). Each non-executive director, other than Mr. Orrico, earned a fee of £29,000 in respect of the financial year (2023: £29,000), the Chairman earned a fee of £36,000 (2023: £36,000) and the Chairman of the Audit Committee £32,000 (2023: £32,000). Mr Orrico waived any right to charge a fee in 2024 and 2023.

The directors held an interest in shares and received dividends during the year. Their interest in shares and the dividends received during the year are disclosed within the Directors' Remuneration Report.

The Investment Advisor and Investment Manager are also regarded as a related party due to common ownership. Total management fees paid during the year amounted to £937,865 (2023: £916,770), of which £254,113 (2023: £220,372) was outstanding at 31 December 2024.

The Investment Advisor and Investment Manager are also paid an additional fee for investor relations services. The fee for the year ended 31 December 2024 amounted to £173,211 (31 December 2023: £170,748), of which £48,653 (2023: £40,111) was outstanding at 31 December 2024.

The fees for the above are all arm's length transactions.

14. Loan payable

The Fund has a credit facility agreement with RBC whereby RBC provides a credit facility, with a maximum principal amount of the lesser of CAD 75,000,000 and 25 per cent. of the total asset value of the Fund. The credit facility was amended on 3 April, 2024 to replace Banker's Acceptances with CORRA (Canadian Overnight Repo Rate Average administered and published by the Bank of Canada) loans.

At 31 December 2024, the amount drawn down under the credit facility was CAD 52,000,000 (GBP equivalent at amortised cost of £28,884,872) (31 December 2023: CAD 37,000,000 (GBP equivalent at amortised cost of £21,831,966)). The loan value of CAD 52,000,000 was made up of three loans as follows:

Issue date	Maturity date	Loan amount
12 December 2024	13 January 2025	CAD10,000,000
16 December 2024	15 January 2025	CAD10,000,000
18 December 2024	18 February 2025	CAD32,000,000

As at 31 December 2024, the interest paid on the Banker's Acceptance and Term CORRA loans totalled £1,458,822 (year ended 31 December 2023 [Banker's Acceptance only]: £1,388,175) with £48,282 accrued at year end.

Interest on Prime Loans is Prime Rate minus 0.35 per cent. In the case of Term CORRA loans, the Term CORRA rate plus 0.60 per cent. per annum is payable.

15. Security agreement

In connection with entry into the credit facility agreement, the Fund has entered into a general security agreement with RBC, pursuant to which the Fund has granted RBC interests in respect of collateral, being all present and future personal property, including the securities portfolio, as security for the Fund's obligations under the credit facility agreement.

16. Financial instruments

Fair values

The carrying amounts of the investments, accrued income, other receivables, cash and cash equivalents, loan payable and other payables approximate their fair values.

Management of capital

The Investment Manager manages the capital of the Fund in accordance with the Fund's Investment Objectives and Policy.

The capital structure of the Fund consists of proceeds from the issue of preference shares, loans and reserve accounts. The Investment Manager manages and adjusts its capital in response to general economic conditions, the risk characteristics of the underlying assets and working capital requirements. Generally speaking, the Fund will reduce leverage when investments are likely to decrease in value and will increase leverage when investment appreciation is anticipated. In order to maintain or adjust its capital structure, the Fund may borrow or repay debt under its Credit Facility or undertake other activities deemed appropriate under the specific circumstances. The Fund and the Company do not have any externally imposed capital requirements. However, the Fund is subject to bank covenants in respect of leverage and complied with those covenants for the whole of both 2024 and 2023.

Investment and trading activities

It is intended that the Fund will continue throughout its life to be primarily invested in a Canadian and U.S. equities portfolio. In 2015, the percentage of the value of portfolio assets which may be invested in securities listed on a recognised stock exchange outside Canada was increased to up to 40 per cent. At year end, 4.36% of the portfolio was invested in securities outside of Canada.

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

Credit risk

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

The Fund's principal financial assets are bank balances and cash, other receivables and investments as set out in the Statement of Financial Position which represents the Fund's maximum exposure to credit risk in relation to the financial assets. The credit risk on bank balances is limited because the counterparties are banks with high credit ratings of A, A- and BBB+ assigned by Standard and Poor's rating agency. All transactions in listed securities are settled upon delivery using approved brokers.

The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations. Where the Investment Manager makes an investment in debt or corporate securities, the credit rating of the issuer is taken into account to manage the Company's exposure to risk of default. Investments in debt or corporate securities are across a variety of sectors and geographical markets, to avoid concentration of credit risk.

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

Market price risk

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

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

Country risk

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

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

Fair value measurements

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; or

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); or

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

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

The following tables present the Fund’s financial instruments by level within the valuation hierarchy as of 31 December 2024 and 31 December 2023:

31 December 2024	**Level 1 GBP**	**Level 2 GBP**	**Level 3 GBP**	**Total GBP**
Financial assets				
Securities (at fair value through profit or loss)	169,952,944	–	–	169,952,944

31 December 2023	**Level 1 GBP**	**Level 2 GBP**	**Level 3 GBP**	**Total GBP**
Financial assets				
Securities (at fair value through profit or loss)	146,643,502	–	–	146,643,502

The Fund holds securities that are traded in active markets. Such financial instruments are classified as Level 1 of the IFRS 13 fair value hierarchy. There were no transfers between Level 1, 2 and 3 in the year.

Market Price sensitivity

At 31 December 2024, if the market prices of the securities had been 30% higher with all other variables held constant, the increase in net assets attributable to holders of redeemable participating preference shares for the year would have been £50,985,883 (2023: £43,993,051) higher, arising due to the increase in the fair value of financial assets at fair value through profit or loss.

At 31 December 2024, if the market prices of the securities had been 30% lower with all other variables held constant, the decrease in net assets attributable to holders of redeemable shares for the year would have been equal, but opposite, to the figures stated above.

Interest rate risk

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

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

There were no fixed rate assets or liabilities at 31 December 2024 and 31 December 2023.

The following table details the Fund's exposure to interest rate risk at 31 December 2024 and 31 December 2023:

	Floating rate assets			
	Weighted average interest at year end	**2024 GBP**	**Weighted average interest at year end**	**2023 GBP**
Assets				
Floating rate assets				
Cash and cash equivalents	*	**1,345,531**	*	4,433,118
		1,345,531		4,433,118

* Interest on bank balances is not material to the financial statements and are based on prevailing bank base rates.

	Floating rate liabilities	
	2024 GBP	**2023 GBP**
Liabilities		
Floating rate liabilities		
Loan payable (See Note 14)	**28,884,872**	21,831,966
	28,884,872	27,831,966

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

Interest rate sensitivity analysis

At 31 December 2024, had interest rates been 50 basis points higher and all other variables were held constant, the Company's net assets attributable to redeemable participating preference shares for the year would have decreased by £137,697 (31 December 2023: £86,994) due to an increase in interest payable on the loan and to a lesser extent an increase in interest earnings on cash and cash equivalents.

Liquidity risk

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

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

As at 31 December 2024, the Fund’s ability to manage liquidity risk was as follows:

	Less than 1 month GBP	**1-3 months GBP**	**3 months to 1 year GBP**	**More than 1 year GBP**	**Total GBP**
Assets					
Securities (at fair value through profit or loss)	169,952,944	–	–	–	169,952,944
Accrued dividend income	719,453	24,221	–	–	743,674
Cash and cash equivalents	1,345,531	–	–	–	1,345,531
	172,017,928	**24,221**	**–**	**–**	**172,042,149**
Liabilities					
Other payables and accruals	(434,929)	–	–	–	(434,929)
Interest payable	(21,788)	(26,494)	–	–	(48,282)
Loan payable	(11,109,566)	(17,775,306)	–	–	(28,884,872)
	(11,566,283)	**(17,801,800)**	**–**	**–**	**(29,368,083)**
	160,451,645	**(17,777,579)**	**–**	**–**	**142,674,066**

As at 31 December 2023, the Fund’s ability to manage liquidity risk was as follows:

	Less than 1 month GBP	**1-3 months GBP**	**3 months to 1 year GBP**	**More than 1 year GBP**	**Total GBP**
Assets					
Securities (at fair value through profit or loss)	146,643,502	–	–	–	146,643,502
Other receivables	557,895	74,517	–	–	632,412
Cash and cash equivalents	4,433,118	–	–	–	4,433,118
	151,634,515	**74,517**	**–**	**–**	**151,709,032**
Liabilities					
Other payables and accruals	(388,493)	–	–	–	(388,493)
Interest payable	(71,270)	–	–	–	(71,270)
Loan payable	(21,831,966)	–	–	–	(21,831,966)
	(22,291,729)	**–**	**–**	**–**	**(22,291,729)**
	129,342,786	**74,517**	**–**	**–**	**129,417,303**

Currency risk

The Fund is denominated in GBP, whereas the Fund’s principal investments are denominated in CAD and USD. Consequently, the Fund is exposed to currency risk. The Fund’s policy is therefore to actively monitor exposure to currency risk. The Board reserves the right to employ currency hedging but, other than in exceptional circumstances, does not intend to hedge. The Board considers that exposure was significant at the year end. The fund does not employ any derivative contracts to hedge against exposure to currency risk in line with the decision of the board of directors.

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

	2024 GBP	**2023 GBP**
Assets		
Securities (at fair value through profit or loss)	**169,952,944**	146,643,502
Cash and cash equivalents	**757,724**	4,193,885
Accrued income	**743,674**	632,412
	171,454,342	151,469,799

	2024 GBP	2023 GBP
Liabilities		
Loan payable	**28,884,872**	21,831,966
Interest payable	**48,282**	71,270
General expenses	**–**	–
	28,933,154	21,903,236

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

	2024 GBP	2023 GBP
Assets		
Securities (at fair value through profit or loss)	**–**	–
Cash and cash equivalents	**101,771**	82,692
	101,771	82,692

Sensitivity analysis

At 31 December 2024, had GBP strengthened against the CAD by 5%, with all other variables held constant, the decrease in net assets attributable to shareholders would amount to approximately £7,126,059 (31 December 2023: £6,478,328). Had GBP weakened against the CAD by 5%, this would amount to an increase in net assets attributable to shareholders of approximately £7,126,059 (31 December 2023: £6,478,328).

At 31 December 2024, had GBP strengthened against the USD by 5%, with all other variables held constant, the decrease in net assets attributable to shareholders would amount to approximately £5,088 (31 December 2023: £4,135). Had GBP weakened against the USD by 5%, this would amount to an increase in net assets attributable to shareholders of approximately £5,088 (31 December 2023: £4,135).

17. Cash Flow statement reconciliation of financing activities

			Non-cash changes			
	1 January 2024 GBP	Cash flows GBP	Acquisition GBP	Foreign exchange movements GBP	Fair value changes GBP	31 December 2024 GBP
Financial liabilities held at amortized cost	21,831,966	8,744,249	–	(1,691,343)	–	28,884,872
Total	**21,831,966**	**8,744,249**	**–**	**(1,691,343)**	**–**	**28,884,872**

			Non-cash changes			
	1 January 2023 GBP	Cash flows GBP	Acquisition GBP	Foreign exchange movements GBP	Fair value changes GBP	31 December 2023 GBP
Financial liabilities held at amortized cost	27,877,663	(5,205,252)	–	(840,445)	–	21,831,966
Total	**27,877,663**	**(5,205,252)**	**–**	**(840,444)**	**–**	**21,831,966**

18. Post year end events

On 2 January 2025, the Company declared a quarterly dividend of 1.375 pence per share. The ex-dividend date was 9 January 2025 and the record date was 10 January 2025. On 31 January 2025, the dividend of £1,463,650 was paid.

No redeemable preference shares were purchased by the Company subsequent to year end.

The loan of CAD 10,000,000 maturing on 13 January 2025, was renewed with a current maturity date of 14 April 2025.

The loan of CAD 10,000,000 maturing on 15 January 2025, was renewed with a current maturity date of 14 April 2025.

The loan of CAD 32,000,000 maturing on 18 February 2025, was renewed with a maturity date of 18 March 2025. On 18 March 2025, CAD 2,000,000 was paid down, and CAD 30,000,000 was renewed with a maturity date of 17 April 2025.

These loans are expected to be renewed for another 30-60 days upon their respective maturities.

Since the Company's year end, on 10 February 2025 the Company, together with three other UK-listed closed-end funds, received a requisition notice from Saba, marking the second phase of Saba's recent activist campaign in the UK-listed closed-end fund sector. The first phase commenced on 18 December 2024 with Saba requisitioning general meetings at seven UK-listed closed-end funds, proposing resolutions (each of which later failed) to remove the current independent directors of those seven funds and replace them with Saba's own appointees, with a view to also terminating the management contracts and, in due course, replacing the investment managers with Saba. The requisition notice received by the Fund on 10 February 2025 was for the approval by shareholders of the taking of all necessary steps to implement a scheme or process by which shareholders would become (or have the option to become) shareholders of a UK-listed open-ended investment company (or similar open-ended investment vehicle) implementing a substantially similar strategy to the Company. Such scheme or process could entail shareholders rolling into an existing or newly established UK-listed open-ended investment company (or similar open-ended investment vehicle), in either case managed by the Company's existing investment manager or one of its affiliates. Following consultation with a number of the Company's largest shareholders including Saba, and following constructive discussions with Saba, on 21 February 2025 the Company announced that Saba had agreed to withdraw its requisition notice for a period of 60 days to enable the Company and its advisers to formulate proposals that are in the best interests of all shareholders. At the current time, the Board is in the process of considering a number of strategic options in the best interests of shareholders as a whole. A further announcement regarding future proposals which the Fund may put to shareholders will be made in due course.

19. Controlling party

In the directors' opinion there is no ultimate controlling party.

20. Contingent Liabilities

At 31 December 2024 there were no contingent liabilities, guarantees or financial commitments (2023: £nil)

21. Going Concern and Material Uncertainty

The accompanying financial statements have been prepared on a going concern basis, which assumes the Company will continue to operate and meet its obligations as they fall due. However, the Company's ability to continue as a going concern is subject to material uncertainty.

Since the Company's year end, on 10 February 2025 the Company, together with three other UK-listed closed-end funds, received a requisition notice from Saba, marking the second phase of Saba's recent activist campaign in the UK-listed closed-end fund sector. The first phase commenced on 18 December 2024 with Saba requisitioning general meetings at seven UK-listed closed-end funds, proposing resolutions (each of which later failed) to remove the current independent directors of those seven funds and replace them with Saba's own appointees, with a view to also terminating the management contracts and, in due course, replacing the investment managers with Saba.

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Following consultation with a number of the Company's largest shareholders including Saba, and following constructive discussions with Saba, on 21 February 2025 the Company announced that Saba had agreed to withdraw its requisition notice for a period of 60 days to enable the Company and its advisers to formulate proposals that are in the best interests of all shareholders.

At the current time, the Board is in the process of considering a number of strategic options in the best interests of shareholders as a whole. A further announcement regarding future proposals which the Company may put to shareholders will be made in due course. Although the Board is confident that the Company will have sufficient financial resources to meet its obligations due within twelve months from the date of approval of the financial statements, the uncertain future outcome of the Board's deliberations indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Nevertheless, the Board believes that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

22. Schedule of Investments – Securities (at fair value through profit or loss)

As at 31 December 2024

Description	Shares/Units	Book Cost GBP	Bid-Market Value GBP	% of Net Assets	% of Portfolio
Equities					
Bermuda – Quoted Investments 4.36% (2023: 0%)					
Utilities:					
Brookfield Infrastructure Partners L.P.	180,000	4,337,056	4,523,371	3.17%	2.66%
Brookfield Renewable Partners L.P.	160,000	3,079,282	2,890,265	2.03%	1.70%
		7,416,338	7,413,636	5.20%	4.36%
Canada – Quoted Investments 95.64% (2023: 100%)					
Materials:					
Nutrien Ltd.	135,000	5,334,935	4,814,331	3.37%	2.83%

Energy:					
ARC Resources Ltd.	160,000	2,043,557	2,311,679	1.62%	1.36%
Canadian Natural Resources Ltd.	265,000	3,505,545	6,521,038	4.57%	3.84%
Cenovus Energy Inc.	140,000	1,724,436	1,694,542	1.19%	1.00%
Paramount Resources Ltd.	160,000	2,419,480	2,812,942	1.97%	1.66%
Parkland Corporation	120,000	2,301,990	2,164,366	1.52%	1.27%
Peyto Exploration & Development Corp.	365,000	2,684,145	3,467,018	2.43%	2.04%
Suncor Energy Inc.	100,000	2,432,647	2,844,049	1.99%	1.67%
Topaz Energy Corp.	315,000	2,923,886	4,852,075	3.40%	2.85%
Tourmaline Oil Corp.	220,000	8,765,732	8,103,429	5.68%	4.77%
Whitecap Resources Inc.	575,000	3,149,422	3,251,492	2.28%	1.91%
		31,950,840	38,022,630	26.65%	22.37%
Financials:					
AGF Management Limited Class B	975,000	4,654,905	5,762,532	4.04%	3.39%
Bank of Montreal	85,000	5,280,172	6,576,197	4.61%	3.87%
Canadian Imperial Bank of Commerce	115,000	3,533,767	5,794,555	4.06%	3.41%
Manulife Financial Corporation	235,000	3,183,396	5,759,310	4.04%	3.39%
National Bank of Canada	45,000	2,113,561	3,269,295	2.29%	1.92%
Power Corporation of Canada	155,000	3,483,393	3,852,936	2.70%	2.27%
Royal Bank of Canada	65,000	4,915,407	6,256,102	4.38%	3.68%
The Bank of Nova Scotia	105,000	4,189,715	4,499,791	3.15%	2.65%
The Toronto-Dominion Bank	108,000	4,803,184	4,591,162	3.22%	2.70%
		36,157,500	46,361,880	32.49%	27.28%
Pipelines:					
Enbridge Inc.	235,000	6,421,061	7,956,255	5.58%	4.68%
Gibson Energy Inc.	385,000	5,489,785	5,220,302	3.66%	3.07%
Keyera Corp.	150,000	1,980,830	3,648,659	2.56%	2.15%
Pembina Pipeline Corporation	180,000	3,827,050	5,310,262	3.72%	3.12%
South Bow Corporation	35,000	516,704	658,492	0.46%	0.39%
TC Energy Corporation	160,000	4,921,769	5,941,396	4.16%	3.50%
		23,157,199	28,735,366	20.14%	16.91%
Power and Utilities:					
Alta gas Ltd.	200,000	2,877,589	3,711,706	2.60%	2.18%
Capital Power Corporation	140,000	2,463,033	4,943,646	3.46%	2.91%
		5,340,622	8,655,352	6.06%	5.09%
Real Estate:					
Allied Properties Real Estate Investment Trust	165,000	1,741,388	1,567,282	1.10%	0.92%
Chartwell Retirement Residences	525,000	3,300,753	4,388,973	3.08%	2.58%
Choice Properties Real Estate Investment Trust	510,000	3,933,239	3,767,809	2.64%	2.22%
Dream Industrial Real Estate Investment Trust	480,000	3,416,733	3,143,563	2.20%	1.85%
First Capital Real Estate Investment Trust	400,000	4,133,660	3,755,033	2.63%	2.21%
Granite Real Estate Investment Trust	50,000	1,901,782	1,915,011	1.34%	1.13%
Nexus Industrial Real Estate Investment Trust	510,000	2,422,787	2,175,697	1.52%	1.28%
RioCan Real Estate Investment Trust	390,000	3,566,552	3,947,118	2.77%	2.32%
Sienna Senior Living Inc.	360,000	3,065,893	3,119,566	2.19%	1.84%

SmartCentres Real Estate Investment Trust	275,000	3,609,356	3,730,315	2.61%	2.19%
		31,092,143	31,510,367	22.08%	18.54%
Telecommunications:					
BCE Inc.	240,000	8,116,899	4,439,382	3.11%	2.62%
Total Equities		**148,566,476**	**169,952,944**	**119.10%**	**100.00%**
Total investments (2024)		**148,566,473**	**169,952,944**	**119.10%**	**100.00%**
Total investments (2023)		**132,440,939**	**146,643,502**	**113.28%**	**100.00%**

Independent Auditors' Report

To the Shareholders of Middlefield Canadian Income PCC (The "Company")

Opinion

We have audited the financial statements of Middlefield Canadian Income PCC (the "Company"), which comprise the Statement of Financial Position as at 31 December 2024, and notes 1 to 4 to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Financial Reporting Standards ('IFRS').

In our opinion the financial statements:

give a true and fair view of the state of affairs of the Company as at 31 December 2024 and of its results for the year then ended;

have been properly prepared in accordance with UK-adopted IFRS; and

have been prepared in accordance with the Companies (Jersey) Law 1991.

Separate opinion in relation to IFRS as adopted by the European Union

As explained in note 1, in addition to complying with the Listing Rules obligation to apply UK-adopted IFRS, the Fund has also applied IFRS as adopted by the European Union.

In our opinion the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with IFRS as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Jersey, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 2n to the financial statements of the Fund which indicates that the Company's ability to continue as a going concern is dependent on the outcome of the directors review of a number of strategic options for the future of the Fund and Company as described in note 2n. As stated in note 2n these events presented by the directors indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting, included:

Considering the appropriateness of the directors' conclusion in relation to the matters described in 2n and discussing this with the board;

Review of the directors' statement in note 2n and their identification of any material uncertainties to the Company's ability to continue over a period of at least twelve months from the date of approval of the financial statements;

Consideration as part of our risk assessment of the nature of the Company, its business model and related risks including where relevant the requirements of the applicable financial reporting framework and the system of internal control; and

Evaluation of the directors' assessment of the Company's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluation of the directors' plans for future actions in relation to their going concern assessment.

Other than the above, based on the work we have performed, we have not identified any material uncertainties, other than as disclosed in note 2n to the financial statements of the Fund, relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusions thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements of this other information, we are required to report that fact.

Other information (continued)

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

adequate accounting records have not been kept; or

the financial statements are not in agreement with the accounting records and returns; or

proper returns adequate for our audit have not been received from branches not visited by us; or we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 40, the directors are responsible for the preparation of the financial statements in accordance with UK-adopted IFRS and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

To the Shareholders of Middlefield Canadian Income PCC (The "Company")

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is explained below.

The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of the directors to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

We obtained an understanding of the legal and regulatory frameworks that the entity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. This included compliance with Companies (Jersey) Law 1991.

Our testing included:

enquiries of the directors regarding known or suspect instances of non-compliance with laws and regulations;

enquiries of the directors regarding known or suspect instances of irregularities, including fraud;

undertaking analytical procedures to identify unusual or unexpected relationships;

review of minutes of meetings throughout the year;

testing the appropriateness of journal entries and other adjustments; and

agreement of the financial statement disclosures to underlying supporting documentation.

Owing to the inherent limitations of an audit there is an unavoidable risk that some material misstatement of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK). However, the principal responsibility for ensuring that the financial statements are free from material misstatement, whether caused by fraud or error, rests with the directors who should not rely on the audit to discharge those functions.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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

Philip Crosby
For & on behalf of
RSM Channel Islands (Audit) Limited
Chartered Accountants and Recognised Auditors
Jersey, C.I.

Date 24 March 2025

Statement of Financial Position of the Company

As at 31 December 2024

	Notes	2024 GBP	2023 GBP
Current assets			
Other receivables		**2**	2
Net assets		**2**	2
Equity attributable to equity holders			
Stated capital	2	**2**	2
Total Shareholders' equity		**2**	2

The financial statements and notes on pages 84 to 85 were approved by the directors on 24 March 2025 and signed on behalf of the Board by:

Michael Phair Andrew Zychowski

Director **Director**

Notes to the Financial Statements of the Company

For the year ended 31 December 2024

1. Basis of accounting

The separate financial statements of the Company have been prepared showing results of the Company only. They have been prepared in accordance with UK-adopted IFRS in accordance with the accounting policies set out in Note 2 to the financial statements of the Fund.

The financial statements of the Fund have been prepared on the historical cost basis, except for the measurement at fair value of investments and derivatives, and in accordance with UK-adopted IFRS and interpretations issued by the IFRSIC.

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

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

Judgements and estimates used by the directors

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

2. The Company's stated capital

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

	No. of shares	GBP
Management shares issued **At 31 December 2024 and 2023**	2	2

3. Taxation

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

4. Ultimate holding company

The ultimate holding company is Middlefield Limited.

Definitions

AGM	Annual General Meeting
AIC	The Association of Investment Companies
AIC Code	The AIC Code of Corporate Governance published in February, 2019
AIF	Alternative investment fund
AIFM	Alternative investment fund manager
AIFMD	Alternative Investment Fund Managers Directive
Annual Financial Report	Annual report and financial statements
Auditor	RSM Channel Islands (Audit) Limited
Benchmark	The S&P TSX Composite High Dividend Index
CAD	Canadian Dollar
Cell or Fund	Middlefield Canadian Income – GBP PC
Cell AGM	An annual general meeting of the holders of Fund Shares

Company or MCT	Middlefield Canadian Income PCC
CORRA	Canadian Overnight Repo Rate Average administered and published by the Bank of Canada
Credit Facility	The on-demand credit facility with RBC
ESG	Environmental, Social and Governance
EU	European Union
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
Fund Shares	The redeemable participating preference shares of no par value in the Fund
GBP	Great British Pounds or Sterling
IFRSIC	International Financial Reporting Standards Interpretations Committee
IFRS	International Financial Reporting Standards
JFSC	Jersey Financial Services Commission
Listing Rules	The listing rules made by the FCA under Part VI of the Financial Services and Market Authority
NAV	Net Asset Value of the Company in GBP
Prime Loan	Loans to which the Prime Rate can be applied
Prime Rate	Annual interest rate set by Canada's major banks and financial institutions
RBC	Royal Bank of Canada
REIT	Real estate investment trust
SID	Senior Independent Director
SORP	Statement of recommended practice
Term CORRA loan	The amount drawn under the Credit Facility
UK Code	The 2019 UK Corporate Governance Code published by the FRC in July 2018
USMCA	Free trade agreement between the United States, Mexico and Canada

2 LR.11.2.6: No more than 10% of the Company's total assets may be invested in other listed closed-ended investment companies unless such investment companies themselves have published investment policies to invest no more than 15% of their total assets in other closed-ended investment companies, in which case the limit is 15%.

Alternative Performance Measures

An APM is a measure of performance or financial position that is not defined in applicable accounting standards and cannot be directly derived from the financial statements. The Company's APMs are set out below and are cross-referenced where relevant to the financial inputs used to derive them as contained in other sections of the Annual Report.

Benchmark

The Company's Benchmark index, used for performance comparative purposes, is the S&P/TSX Composite High Dividend Index. Prior to 31 October 2024, the Benchmark was calculated gross of withholding tax. Beginning 31 October 2024, the Benchmark is calculated net of a 15% withholding tax in sterling terms with dividends reinvested.

Discount or Premium

Investment trust shares can frequently trade at a discount to NAV. This occurs when the share price (based on the mid-market share price) is less than the NAV and investors may therefore buy shares at less than the value attributable to them by reference to the underlying assets. The discount is the difference between the share price and the NAV, expressed as a percentage of the NAV.

Net Asset Value (NAV) per Redeemable Participating Preference Share

This is the value of the Company's assets attributable to one redeemable participating preference share. It is calculated by dividing 'equity shareholders' funds' by the total number of redeemable participating preference shares in issue (excluding treasury shares).

Gearing/(Net Cash)

Investment companies can borrow to purchase additional investments. This is called 'gearing'. It allows investment companies to take advantage of a long-term view on a sector or to take advantage of a favourable situation or a particularly attractive stock without having to sell existing investments. Gearing works by magnifying a company's performance. If a company 'gears up' and then markets rise and returns on the investments outstrip the costs of borrowing, the overall returns to investors will be even greater. But if markets fall and the performance of the assets in the portfolio is poor, then losses suffered by the investor will also be magnified. The Company may achieve gearing through borrowings or the effect of gearing through an appropriate balance of equity capital and borrowings.

Ongoing Charges

Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs and include the annual management charge.

Yield

The yield is the amount of cash (in percentage terms) that is returned to the owners of the security, in the form of interest or dividends received from it. Normally, it does not include price variations, distinguishing it from performance (with dividends reinvested).

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