MIDDLEFIELD CANADIAN INCOME PCC (the "Company")
Including MIDDLEFIELD CANADIAN INCOME – GBP PC (the "Fund"), a cell of the Company
Registered No: 93546

Announcement of Annual Results

The Company announces its annual results for the year ended 31 December 2017, as approved by the Board of Directors on 19 April 2018. The complete annual financial report is expected to be sent to all shareholders during April 2018.

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MIDDLEFIELD CANADIAN INCOME PCC (the "Company")
Including MIDDLEFIELD CANADIAN INCOME – GBP PC
(the "Fund"), a cell of the Company

ANNUAL FINANCIAL REPORT

For the year ended 31 December 2017

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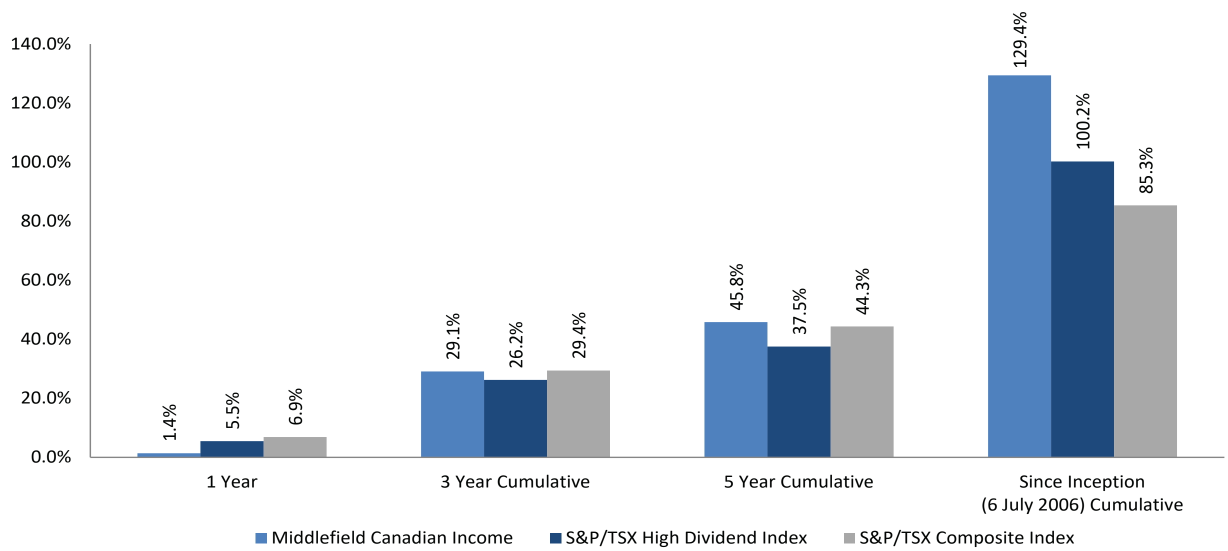
Chairman's Report

It is my pleasure to introduce the 2017 Annual Financial Report for Middlefield Canadian Income PCC ("MCI" or the "Company"). MCI has established one closed-end cell known as Middlefield Canadian Income – GBP PC (the "Fund"). The Fund invests in a broadly diversified portfolio comprised primarily of Canadian and U.S. equity income securities with the objective of providing shareholders with high dividends as well as capital growth over the longer term.

Since inception in 2006, the Fund has generated a cumulative return of 129.4% in GBP, outperforming its benchmark, the S&P TSX Composite High Dividend Index, as well as the broader S&P/TSX Composite Index, which have generated cumulative period returns of 100.2% and 85.3%, respectively. The Fund remains focused on investing in income-oriented issuers with proven management teams, good balance sheets and growing dividends that are well positioned to benefit from the strength of the North American economy.

<u>Performance to 31 December 2017</u>



Source: Bloomberg, as at 31 December 2017, returns are expressed in GBP.

Notes:

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

The Fund is primarily weighted to Canadian companies but also has exposure to U.S. markets, focusing on sectors that are underrepresented in Canada. For the year, an average of 14.5% of the portfolio was invested in U.S. listed securities.

Chairman's Report (continued)

Fund Sector Weights Compared to Benchmark

Sector	Fund	Benchmark	Over/Under Weight
Real Estate	24.0%	11.7%	12.3%
Financials	18.6%	30.4%	-11.8%
Pipelines	16.5%	20.7%	-4.2%
Industrials	11.8%	1.4%	10.4%
Energy	11.0%	7.8%	3.2%
Power and Utilities	5.3%	13.4%	-8.1%
Materials	3.3%	1.2%	2.0%
Consumer Discretionary	2.8%	3.5%	-0.7%
Health Care	2.7%	0%	2.7%
Telecommunications	1.9%	9.5%	-7.6%
Other	1.3%	0%	1.7%
Bonds and Convertible Debentures	0.8%	0%	0.8%
Consumer Staples	0%	0.3%	-0.3%
Technology	0%	0.2%	-0.2%

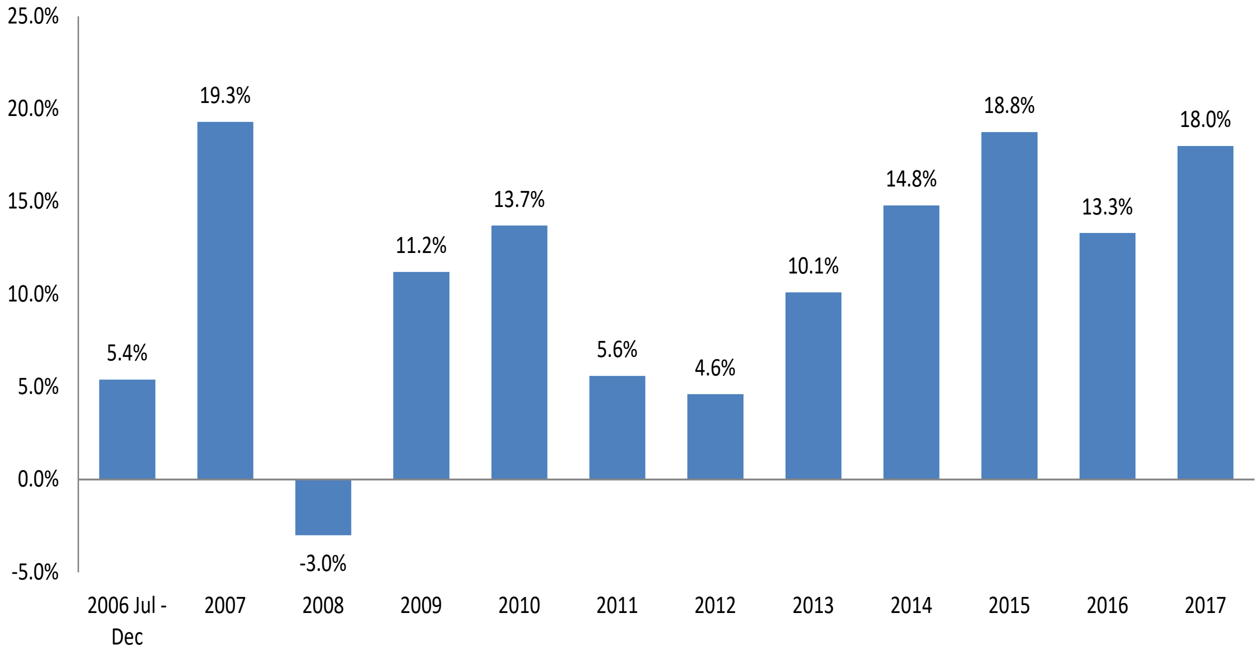
Source: Bloomberg, as at 31 December 2017

In 2017, the Fund's share price appreciated more than its net asset value, but remained at a discount to NAV. As a result, MCI repurchased a total of 450,000 redeemable participating preference shares in 6 separate transactions, at a weighted average price of 104.4 pence. As of 31 December 2017, the number of shares with voting rights in issue is approximately 106.5 million. The share price total return for the year ended 31 December 2017, was 3.84% (in GBP terms).

We tactically manage the amount of gearing employed in the Fund. As the market climbed somewhat steadily throughout the year, we maintained a consistent level of net gearing within a range of 15 to 20%, with an average of 18% for the full year. As in previous years, we monitor market conditions to determine the appropriate level of gearing for the Fund, effectively increasing gearing to invest in securities that are attractively valued, and reducing gearing with proceeds from positions that are overvalued.

Chairman's Report (continued)

Gearing as a Percentage of Net Assets (Yearly Average)



Source: Middlefield Capital Corporation

Dividends

Commencing with the quarterly dividend payable in July 2017, the Board implemented a small increase from 1.25p per share to 1.275p per share, equating to 5.1 pence per annum. The Fund continues to generate a healthy level of income. While the Company does not currently intend to make adjustments to the dividend, we note that the dividend cover for the year is a robust 106.7%.

Board Composition

The Board has been considering the merits of refreshing its composition, as well as planning for future succession. The Board has identified a shortlist of suitable candidates and anticipates that an additional director will be appointed in the coming months. As required by the FCA's Listing Rules, full biographical details of any additional director appointed will be announced and he or she will stand for re-election at the next subsequent company and cell general meeting convened after their appointment, in order that shareholders will be given the opportunity to vote on the new director's continued appointment.

Annual General Meetings

This year's Annual General Meetings will be held on 14 June 2018 at 12:00 p.m. onwards at the offices of CBPE Capital LLP, 2 George Yard, London EC3V 9DH.

Chairman's Report (continued)

Outlook

Looking forward, we are positive on Canadian equities due to the broad selection of quality companies paying high and growing dividends. We believe the Canadian economy will benefit from strengthening labour markets, a stable political environment and a recovering energy sector. In the near term, the primary risk to economic growth is the uncertainty surrounding the ongoing renegotiation of the North American Free Trade Agreement ("NAFTA") between Canada, the U.S. and Mexico. While the Trump Administration is taking a hard line on trade related issues on several fronts, we remain confident in a favourable outcome due to the strong political and commercial relationship between Canada and the U.S. For U.S. equities, the positive outlook is supported by corporate earnings that have exceeded expectations and the highly anticipated boost from tax reforms. In light of the discount to NAV and the favourable outlook for North American equities, we believe the Fund currently represents good value for investors.

We thank you for your continued support.

Nicholas Villiers
Chairman
19 April 2018

Investment Manager's Report

Financial markets ended 2017 with a broad-based rally that saw global equities surge into record territory, supported by the highest rate of global growth since 2010. The rally was accompanied by an increase in government bond yields, with the U.S. 10-year Treasury bill reaching a high of 2.4% by year-end. Both the S&P 500 and MSCI World indices generated total returns exceeding 20% in 2017. Canadian equities lagged other developed markets with a total return of 9.1%, partly due to Canada's under-representation in sectors such as technology and healthcare, which, in aggregate, account for less than 5% of the S&P/TSX Composite compared to nearly 40% of the S&P 500 Index. In 2017, the S&P 500 Information Technology and Healthcare sub-indices returned 38% and 22%, respectively, in U.S. dollars.

In early February 2018, however, volatility returned to equity markets triggered by concerns over inflation and higher interest rates. Market gyrations were also exacerbated by the growth in passive investment strategies and complex algorithmic trading products. While we believe markets are underpinned by positive economic momentum and corporate earnings growth, the recent volatility supports the argument for active management to deliver superior risk-adjusted returns during periods of market corrections.

The Canadian economy grew by 3% in 2017, the fastest rate of all G7 members. The pace of growth resulted in the Bank of Canada raising interest rates twice during the year, pushing long-term bond yields above 2.2%. While we expect Canadian economic growth to moderate to approximately 2% in 2018, challenges posed by the ongoing NAFTA renegotiations should be offset by the broad diversification of the Canadian economy, federal and provincial fiscal stimulus programs and the strength of the Canadian labour market.

Oil prices recovered in 2017, with WTI finishing the year above $60, an increase of 12.5%. These gains came in the second half of the year after OPEC agreed to extend production cuts through the end of 2018. Unfortunately, Canadian oil and natural gas prices continued to trade at a discount as a result of strained infrastructure and few available options for export. While this has tempered enthusiasm for Canadian energy companies, there are several projects with the potential to resolve the transportation issues, such as the expansion of the Trans Mountain Pipeline, the approval of Keystone XL Pipeline and the proposed LNG Canada joint venture. While we enter 2018 with a more balanced demand/supply backdrop, geopolitical risks have become elevated due to the ongoing unrest and supply curtailments in Venezuela as well as the conflicts in the Middle East. The Fund's energy exposure favours the more stable pipeline issuers but also includes companies involved in oil and natural gas production.

The U.S. Federal Reserve hiked interest rates three times over the course of the year, with an additional increase implemented at its March 2018 meeting, pushing short term yields higher. Long-term bond yields, on the other hand, have increased since year end with the U.S. 10-year treasury bond exceeding 2.8%. The positive slope of the yield curve supports our bullish outlook on financials, both in the U.S. and Canada. While the U.S. banks trade at a slightly lower valuation versus their Canadian counterparts, they also offer lower yields. However, banks in both countries are very well capitalized and possess significant earnings momentum. As at December 31, 2017, financials were the second largest sector weight in the Fund.

Canadian real estate investment trusts offer stable, tax efficient income and more favourable supply/demand dynamics when compared to their U.S. counterparts. Canadian capitalization rates are near all-time lows as financial capital continues to pursue stable income producing assets. Although interest rates are nudging higher, current valuations remain attractive with global REITs trading at close to a 10% discount to net asset value. Industrial REITs have benefitted from the growth of online shopping, as e-commerce retailers require three times more warehouse space than traditional retail. This led to Pure Industrial REIT, a leading real estate company in Canada leveraged to the e-commerce sector, receiving an acquisition offer from Blackstone Property Partners at a 20% premium early in 2018. At the time of the announcement, Pure Industrial REIT represented 3.5% of the Fund's net asset value and had been a holding of the Fund since 2010.

Investment Manager's Report (continued)

Top Holdings

The table below shows the largest ten positions held within the Fund's portfolio as at 31 December 2017:

Company	Sector	% of Portfolio
Parkland Fuel Corporation Parkland Fuel Corporation is one of North America's fastest growing independent marketers of petroleum products and delivers gasoline, diesel, propane, lubricants, heating oil and other high-quality petroleum products to motorists, businesses, households and wholesale customers in Canada and the United States.	Industrials	4.25%
The Blackstone Group Blackstone is one of the world's leading investment firms, with over $430 billion in assets under management, including investment vehicles focused on private equity, real estate, public debt and equity, non-investment grade credit, real assets and secondary funds, all on a global basis.	Financials	3.99%
National Bank of Canada National Bank is a Montreal-based, fully integrated financial services company, and is the smallest of the Big Six Canadian banks. Revenues are approximately split as follows: personal and commercial (85%), payment solutions (10%), and insurance (5%).	Financials	3.74%
Vermilion Energy Vermilion is an international energy company with production from western Canada, France, Australia, Germany and the Netherlands. Vermilion's strategy is focused on the execution of full cycle growth via acquisition, exploration, development and optimization of producing properties and is the only high yield Canadian producer that has never cut its dividend since its inception in 2003.	Energy	3.62%
Chemtrade Logistics Income Fund Chemtrade operates a diversified business providing industrial chemicals and services to customers in North America and around the world. Chemtrade has significant market share and competitive advantages in niche specialty chemicals.	Materials	3.26%
Pembina Pipeline Corporation Pembina Pipeline is a pipeline and midstream company that operates oil and NGL pipelines, gas gathering and processing facilities and oil and NGL infrastructure and logistics business.	Pipelines	3.26%
Chorus Aviation Inc. Chorus' vision is to deliver regional aviation to the world. Chorus has been leasing its owned regional aircraft into Jazz's Air Canada Express operation since 2009, and established Chorus Aviation Capital to become a leading, global provider of regional aircraft leases and support services.	Industrials	3.25%
Bank of Nova Scotia The Bank of Nova Scotia is Canada's third largest bank, with assets of $915 billion, and a leading financial services provider in North America, Latin America, the Caribbean and Central America, and Asia-Pacific.	Financials	3.22%
JPMorgan Chase & Co. JPMorgan Chase & Co. is a leading global financial services firm headquartered in New York and is the largest banking institution in the U.S. with $2.6 trillion in assets, over 5,000 branches nationwide, and operations in more than 60 countries.	Financials	3.2%
Dream Global REIT Dream Global REIT is a real estate investment trust that owns, invests and manages a portfolio of assets located in Europe's top markets.	Real Estate	3.1%
Top Ten Investments		**34.89%**

Investment Manager’s Report (continued)

Outlook

Looking forward, we are positive on equities in light of strong underlying corporate fundamentals and synchronized global economic activity. Although the Canadian economy is not likely to match the 3% growth registered in 2017, we still expect GDP to post a healthy 2% increase in 2018, causing the Bank of Canada to remain relatively dovish with only one or two potential rate hikes this year. In the U.S., while the corporate sector remains attractive due to deregulation, tax reform and the highest level of consumer confidence in over a decade, headwinds such as the outcome of NAFTA negotiations and the impact of import tariffs could impact market sentiment.

We believe a focus on dividend paying stocks is an effective method to reduce the varying levels of economic, trade and political risk. As demonstrated by our longstanding track record, Middlefield is focused on constructing portfolios comprised of high quality issuers with strong management teams, good balance sheets and a history of growing dividends. We believe the Fund is well positioned to provide attractive long-term returns on both a relative and absolute basis.

Middlefield Limited

Date: 19 April 2018

Directors' Report

The directors present their annual financial report for the year ended 31 December 2017 with comparatives for the year ended 31 December 2016.

Status and Activities
Middlefield Canadian Income – GBP PC is a closed-ended protected cell of Middlefield Canadian Income PCC, a Jersey-incorporated protected cell company.

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

JTC Fund Solutions (Jersey) Limited acts as the Company's secretary and administrator. JTC Fund Solutions (Guernsey) Limited was appointed as assistant secretary with effect from 1 December 2016. The Fund's net asset value ("NAV") is calculated using the closing prices of the securities held within its portfolio. The Company publishes the NAV of a share in the Fund on a daily basis.

Investment Objective and Dividend Policy
The Fund seeks to provide shareholders with a high level of dividends as well as capital growth over the longer term. The Fund intends to pay dividends on a quarterly basis each year. Subject to unforeseen circumstances, the Fund intends to maintain its current dividend rate of at least 5.1 pence per share per annum payable on a quarterly basis in equal instalments. The current dividend rate is expected to be supported by an increase in dividend and interest income earned by the Fund as well as the expected increase in the value of the Canadian dollar versus GBP over time. We believe that Canada will benefit from the increased economic diversification, recovery in energy markets and the relative strength in the U.S. economy.

Investment Portfolio
The Fund seeks to achieve its investment objective by investing predominantly in the securities of companies and REITs domiciled in Canada as well as the U.S. that the Investment Manager believes will provide an attractive level of distributions, together with the prospect for capital growth. It is expected that the Fund's portfolio will generally comprise between 40-60 investments.

The Fund may also hold cash or cash equivalents.

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

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

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

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

Directors' Report (continued)

Investment Objective and Dividend Policy (continued)

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

Gearing
The Fund has the power to borrow up to 25 per cent. of the value of its total assets at the time of drawdown. In the normal course of events, and subject to Board oversight, the Fund is expected to employ gearing in the range of 0 to 20 per cent. of the value of its total assets in order to enhance returns. At year end, the Fund's gross borrowings were equal to 19 per cent. of its total assets.

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

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

Authorised and Issued Share Capital as at 31 December 2017
The Fund has the power to issue an unlimited number of shares of no par value which may be issued as redeemable participating preference shares or otherwise and which may be denominated in Sterling or any other currency.

There are currently 2 Management Shares of no par value in the Company (issued on incorporation) and 2 Management Shares and 124,682,250 redeemable participating preference shares of no par value ("Fund Shares") in the Fund in issue. As at 31 December 2017, 18,195,000 Fund Shares were held in treasury. Since the financial year end and up to the date of this report, the Fund has not sold any Fund Shares from treasury and has not repurchased any Fund Shares and there remain 18,195,000 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 106,487,250 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 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 Annual General Meeting (the "Cell AGM") held on 25 May 2017, 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. 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 2018 or the conclusion of the next Cell AGM. At the next Cell AGM, the notice of which is included at the end of this annual financial report, the Board will be seeking renewal of their authority to issue or sell out of treasury additional Fund Shares and to make market acquisitions of Fund Shares. If the proposed special resolutions are approved, such authorities will remain valid until the earlier of 30 September 2019 or the conclusion of the following Cell AGM.

The full text of the proposed special resolutions is included in the notice of the Cell AGM. The Board considers that each of the proposed special resolutions is in the interests of the Company, the Fund and its shareholders as a whole. The authority to issue additional shares or sell shares out of treasury will permit the directors to grow the Company, thereby reducing the total expense ratio, as costs will be spread across a larger number of issued shares, and will also enable further diversification of the Company's portfolio. Accordingly, the directors unanimously recommend that you vote in favour of the proposed special resolutions, as they intend to do in respect of their own beneficial holdings.

Future Trends
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 Managers' Report on pages 7 to 9. Further details as to the risks affecting the Company are set out on pages 15 to 16.

Directors' Report (continued)

Substantial shareholding in the Fund
As at the year end and as at 31 March 2018, being the most recent practicable date prior to the publication of this annual financial report, the above shareholders were recorded on the Company's share register as holding 5 per cent. or more of the Fund's issued share capital with voting rights attached or had otherwise notified the Company of such notifiable interests.

Name	Redeemable Participating Preference Shares 31 December 2017 Number of Shares	Redeemable Participating Preference Shares 31 December 2017 % of Shares in issue	Redeemable Participating Preference Shares 31 March 2018 Number of Shares
Brewin Nominees Limited	12,064,536	11.33%	11,044,961
State Street Nominees Limited	11,955,859	11.23%	13,677,206
Rock (Nominees) Limited	10,548,078	9.91%	9,967,444
Nortrust Nominees	9,942,870	9.34%	11,615,640
The Bank of New York Nominees	5,929,280	5.57%	7,288,098

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

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

Ongoing charges
The 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 (The Association of Investment Companies) 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 are based on actual costs incurred in the year as being the best estimate of future costs.

	Ongoing charges (%)
31 December 2017	1.03
31 December 2016	1.02

Results and dividends
The results for the year are shown in the Statement of Comprehensive Income on page 35 and related notes on pages 38 to 54. During the year, dividends were paid on a quarterly basis (see note 11). Although there is no guarantee, dividends are expected to be paid on a quarterly basis and paid at the end of that month as follows:

Payment Month	Gross amount per Share
April 2018	1.275p expected
July 2018	1.275p expected
October 2018	1.275p expected
January 2019	1.275p expected

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

Directors' Report (continued)

Going concern and Viability

The performance of the investments held by the Fund over the reporting year is described in the Statement of Comprehensive Income and in note 9 to the financial statements and the outlook for the future is described in the Chairman's Report and the Investment Manager's Report. The Company's financial position, its cash flows and liquidity position are set out in the financial statements and the Company's financial risk management objectives and policies, details of its financial instruments and its exposures to market price risk, credit risk, liquidity risk, interest rate risk, currency risk and country risk are set out at note 16 to the financial statements. The 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 Company has sufficient liquidity to meet all on-going expenses;
- should the need arise, the directors have the option to reduce dividend payments in order to positively affect the Fund's cash flows; and
- the Fund's investments in Canadian and U.S. securities are readily realisable to meet liquidity requirements if necessary.

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 Statement of Recommended Practice for Financial Statements of Investment Trust Companies and Venture Capital Trusts, whereby the going concern basis of preparation of the financial statements is considered appropriate until a vote is passed to discontinue the Fund or Company. At the Fund's Cell AGM held on 16 May 2013 a continuation vote was proposed and passed unanimously by those shareholders voting at the meeting. There is no requirement under the Company's and Fund's articles of association to propose any future 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.

Viability Statement

As stated above, C.2.1 and C.2.2 of the Code recommends that companies 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. In considering the Company's viability, the Board considers the Company's current position and the principal risks to which it is exposed including, but not necessarily limited to, the viability of its investment objective and policy, its exposure to the Canadian and North American economy, foreign exchange risk, gearing risk, hedging risk, interest rate risk, investor demand for equity securities, portfolio performance, liquidity, stability of income generation, taxation risk, dependence on the investment manager, conflicts of interest, and entity / legal risk, such as changes in applicable laws and regulations.

The Directors have made a robust assessment of these 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 Company's Investment Manager seeks to operate within this policy, which limits the various elements of portfolio risk, including exposure to any one particular security, sector, asset class or geographical area. The Investment Manager regularly updates the Directors on the Company's portfolio and the overall status of the market. The Directors perform a solvency and investment trust test (for compliance with the requirement to distribute at least 85% of investment income received) before any dividend is declared. In performing its viability analysis, the Board has made the assumption that global growth will continue over the near term.

The Board also monitors cash flow and liquidity at each regular meeting, as well as the Company's ongoing charges ratio, to ensure that its operating costs are reasonable in the current market environment and do not materially exceed those of its competitors. The Company is invested in large, liquid issuers and it can quickly realise investments to raise cash, if required, to meet its expenses when they fall due. The Investment Manager maintains the ability to use hedging as a portfolio management tool, if deemed necessary. The Fund uses gearing tactically, which helps to augment returns or reduce portfolio risk as the case may be. The Fund has not been required to pay any U.K. corporate taxes in recent years and does not anticipate paying such taxes in the foreseeable future. The Investment Manager constantly monitors the portfolio and its ratings. The Investment

Directors' Report (continued)

Viability Statement (continued)

Manager and the Investment Advisor are continuously reviewing the impact of potential changes of various factors including interest rates, energy prices and foreign exchange rates. As a result, the Directors are confident that the Company will be able to continue to operate and has sufficient assets to meet its liabilities as they fall due over the next three years.

It is the Board's opinion that, while interest rates have risen in recent months, they are expected to remain relatively low for the foreseeable future and equity income should continue to be in demand by both individual and institutional investors. On the advice of the Investment Manager and as suggested by recent economic data, the Board believes that the North American economy will continue to grow over the next few years. Commodity prices, including oil, have recovered from their lows and have stabilised at a value that supports economic growth, especially in Canada. As a result, the Board believes that the Company's investment strategy of investing in North American companies that offer high and growing levels of dividends remains viable.

Being cognisant of the Company's concentrated exposure to the Canadian and U.S. economy and foreign exchange rates, the Company's investment objective and policy is regularly reviewed and, at the extraordinary general meeting in February 2015, the Company's investment restrictions were changed to permit greater geographical diversification. The Board believes this change is in the best interests of the Company.

The Board also has regular communications with the Company's broker to understand local market dynamics and changes in the share register. The Board monitors the discount to the prevailing net asset value at which the Company's shares trade and, when considered necessary or desirable, repurchases its own shares in the market to hold in treasury, which supports the share price and is accretive to the net asset value of the remaining shares in issue. The Company has appointed an experienced corporate secretary, supported by its affiliate, the assistant secretary, which advises the Board on relevant changes to applicable laws and regulations, and the Board may take legal advice on any matter and at any time as it considers to be necessary or desirable. Although the Company can neither anticipate nor control future changes in law or regulation, the Board is confident that its directors and advisors are suitably qualified and experienced and that the Company is unlikely to commit any material offence, whether by action or omission.

Although the Company cannot provide taxation advice and all shareholders are responsible for their own taxation affairs, the Company does monitor relevant developments and takes all necessary action to ensure compliance, including registration under FATCA and the appointment of Link Asset Services as its agent to collate and report relevant data under FATCA and the OECD's Common Reporting Standard.

In light of the above and following careful consideration and analysis of all material risk factors, the Board therefore confirms its belief that the Company will remain viable as a closed-ended investment company for at least the three years following the date of that review.

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

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

The Association of Investment Companies (the "AIC"), of which the Company is a member, has published its Code of Corporate Governance for Investment Companies (the "AIC Code") and the Corporate Governance Guide for Investment Companies dated July 2016 (the "AIC Guide"), which incorporates the UK Code, the AIC Code and paragraph 9.8.6 of the FCA's Listing Rules. The FRC has confirmed that "it remains the FRC's view that by following the AIC Corporate Governance Guide, investment company boards should fully meet their obligations in relation to the UK Corporate Governance Code and paragraph LR 9.8.6 of the Listing Rules."

The Board has considered the principles and recommendations of the AIC Guide. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK 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.

Directors' Report (continued)

Corporate Governance (continued)

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. Following the publication of the revised AIC Code dated July 2016, the directors put in place further measures designed to ensure compliance with the revised AIC Code and report against the 2016 AIC Code in this year's annual financial report.

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

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

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

The Board is responsible for setting the Company's investment policy, subject to shareholders' approval in general meeting 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 Company's risk assessment and the way in which significant risks are managed is a key area for the Board. Work here is driven by the Board's assessment of the risks arising in the Company's operations and identification of the controls exercised by the Board and its delegates, the Investment Manager and other service providers. These are recorded in the Company's business risk matrix, which continues to serve as an effective tool to highlight and monitor the principal risks. The Board also 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.

Principal Risks and Uncertainties

Investment Policy (incorporating the Investment Objective)
There is no guarantee that the Company's investment objective will be achieved or provide the returns sought by shareholders. The Board has established guidelines to ensure that the investment policy that has been approved is pursued by the Investment Manager. 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. In addition, the Board also performs an annual review of the ongoing suitability of the Investment Manager.

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

The directors have the power to issue and buy back the Company's shares during the year, which can be used to help manage the level of premium or discount. The Board, the Investment Manager and the Company's Broker monitor the share price and level of premium or discount on a regular basis.

Directors' Report (continued)

Principal Risks and Uncertainties (continued)

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

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

The Board seeks to manage these risks, and others, in a number of ways:

- The Management Engagement Committee monitors the performance of all third party providers in relation to agreed service standards on a regular basis, and any issues and concerns are dealt with and reported to the Board. The Management Engagement Committee formally reviews the performance of all third party providers and reports to the Board on an annual basis.
- The Board monitors the performance of the Investment Manager at every board meeting and otherwise as appropriate. The Board has the power to replace the Investment Manager.
- The Board has adopted guidelines within which the Investment Manager is permitted discretion. Any proposed variation outside these guidelines is referred to the Board.

Directors
As at 31 December 2017 and as at the date of this report, the Board of directors comprised five non-executive directors, four of whom were independent of the Investment Manager and its affiliates.

The present members of the Board are listed on pages 66 and 17. In accordance with the provisions of the AIC Code, all directors should submit themselves for re-election at least every three years. In addition, as Mr Orrico is not independent of the Investment Manager, he is required by the FCA's Listing Rules to submit himself for re-election annually.

As the Fund is a Jersey-regulated entity, any change of director is subject to the consent of the Jersey Financial Services Commission ("JFSC") and the resignation of each director will be conditional upon the JFSC's consent to their resignation being obtained. This consent will only be sought if any director is not re-elected at the Company and Cell AGM. Any director whose re-election is not approved at the Company and Cell AGM will therefore remain in office until such time as the JFSC consents to their resignation (and this consent may itself be conditional upon the appointment of a replacement director acceptable to the JFSC). Any such resigning director will not take part in the management of the Fund pending receipt of such regulatory consent (save as may be required to preserve and protect the Fund's assets and interests or as may be required to comply with applicable regulation or legal obligation).

The interests as at 31 December 2017 and 2016 of the directors who served on the Board and their connected persons during the year were as follows:

	2017 Fund Shares	**2016 Fund Shares**
Raymond Apsey	75,000	75,000
Philip Bisson	920,000	845,125
Philean Trust Company Limited (a company connected with Philip Bisson)	581,381	691,381
Thomas Grose	62,000	62,000
Dean Orrico	100,000	100,000
Nicholas Villiers (Chairman)	35,000	35,000

Directors' Report (continued)

Directors (continued)

The current directors are:

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

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

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

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

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

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

The Company and Fund do not have any executive directors or employees.

The structure of the Board is such that it is considered unnecessary to identify a senior independent non-executive director other than the Chairman because the Board currently has a majority of independent directors and is expected to continue to have a majority of independent directors after the forthcoming Company and Cell AGM. As such, it complies with the FCA's Listing Rules and the AIC Code. On 26 May 2010, a Nomination and Remuneration Committee was established and comprised of all the directors of the Company and Fund. In accordance with PIRC's published guidance, all directors will continue to offer themselves for annual re-election for the foreseeable future.

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

Directors' Report (continued)

Conflicts of Interest
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.

A director must avoid a situation where he has or might have a direct or indirect interest that either conflicts 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.

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

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

Directors' fees are recommended by the full Board. The non-executive directors were each paid the following in the 2017 and 2016 financial years:

Director	2017 Fees	2016 Fees
Raymond Apsey	£20,000	£20,000
Philip Bisson	£20,000	£20,000
Thomas Grose	£20,000	£20,000
Dean Orrico	-	-
Nicholas Villiers (Chairman)	£25,000	£25,000

The figures above represent emoluments earned as directors during the relevant financial year, which are paid quarterly in arrears. 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 Board has considered the remuneration paid to the directors, which was last increased effective 1 January, 2012. Since such time, in addition to the dilutive effects of inflation, the demands on the directors have increased significantly, not least due to the large number of additional regulations relevant to the Company's operations including, but not limited to, the Alternative Investment Fund Manager's Directive, the EU Market Abuse Regulations, the Packaged Retail and Insurance-Based Investment Products Regulations and the Amended Markets in Financial Instruments Directive. The directors therefore propose that the directors' remuneration be increased with effect from 1 July, 2018 to the following annual amounts, payable quarterly in arrears:

Directors' Report (continued)

Directors' Remuneration (continued)

Director	Proposed Fees
Raymond Apsey	£22,000
Philip Bisson	£22,000
Thomas Grose	£24,000
Dean Orrico	-
Nicholas Villiers (Chairman)	£28,000

The above fees represent an increase of £2,000 per annum per director, save that the Chairman's fees shall be increased by £3,000 per annum, with an additional £2,000 to be paid to Mr Grose as Chairman of the Audit Committee.

As explained in the Chairman's Report, the Board anticipates that an additional director will be appointed in the coming months. It is proposed that he or she will also be paid a fee of £22,000 per annum, payable quarterly in arrears.

As required by the articles of association of the Company and the Fund, resolutions approving these increased fees, together with the proposed fees for an anticipated additional director, will be proposed to shareholders at the forthcoming Cell and Company annual general meetings.

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

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

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

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

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

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

Directors’ Report (continued)

Independence of Directors (continued)
The Board believes that Mr Villiers, Mr Grose, Mr Bisson and Mr Apsey are independent in character and judgement and that their experience and knowledge of the specialised sector in which the Company operates adds significant strength to the Board. The directors believe that the Board has a balance of skills and experience which enable it to provide effective strategic leadership and proper governance of the Company. Information about the directors including their relevant experience can be found on page 17. 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 of Governance that long serving directors should not be prevented from forming part of an independent majority or from acting as Chairman. Consequently, no limit has been imposed on the directors’ overall length of service.

Internal Controls
The directors are responsible for overseeing the effectiveness of the Company’s internal financial 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 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.

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.

Audit Committee
On 26 May 2010 an Audit Committee was established. The current members are Thomas Grose (Chairman), Raymond Apsey, Nicholas Villiers and Philip Bisson. A separate report from the Audit Committee is included at pages 24 to 26.

Nomination and Remuneration Committee
The Board has also established a Nomination and Remuneration Committee, which meets when necessary. The current members are all the directors of the Company, whose summary biographical details are set out on page 17. Its key terms of reference are set out below.

- The Committee considers and monitors the level and structure of remuneration of the directors of the Company and the Fund.
- The Committee is authorised, in consultation with the Secretary, where necessary to fulfil its duties, to obtain outside legal or other professional advice, including the advice of independent remuneration consultants, to secure the attendance of external advisors at its meetings, if it considers this necessary, and to obtain reliable up-to-date information about remuneration in other companies, 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 above and the nature of the Company as an investment fund, it has complied with the applicable provisions of the AIC Code and AIC Guide throughout the year. The Board has noted the recommendations of the AIC relating to Board diversity. 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.

Management Engagement Committee
The Board established a Management Engagement Committee (the “M.E. Committee”) at its meeting held on 20 November 2013. The principal function of the M.E. Committee is to monitor the performance and terms of engagement of the Company’s key service providers. The M.E. Committee’s current members are all the directors of the Company. The Chairman of the M.E. Committee is Thomas Grose or, failing him, any UK-resident member of the M.E. Committee other than the Chairman of the Company. For the purposes of transacting business, a quorum of the M.E. Committee is not less than two members of the M.E. Committee and all meetings must take place in the UK.

Directors' Report (continued)

Management Engagement Committee (continued)

Duties
The M.E. Committee's key duty is to review the performance by service providers of their duties and the terms of the following agreements:

i) the Administration and Secretarial Agreement;
ii) agreements for the provision of legal advice;
iii) the Investment Management and Advisory Services Agreement, as amended and novated; and
iv) any other agreements for the provision of services the Company has entered into or will in future enter into.

The M.E. Committee meets at least annually to specifically consider the ongoing administrative and secretarial and investment management requirements of the Company. 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 JTC Fund Solutions (Jersey) Limited ("JTCFSL") and with Middlefield Limited ("ML") and Middlefield International Limited ("MIL") are set out in note 2 to the financial statements. After due consideration of the resources and reputations of JTCFSL, ML and MIL, the Board believes it is in the interests of shareholders to retain the services of all three providers for the foreseeable future. Having reviewed the investment management and advisory services provided by ML and MIL and having regard to the Fund's investment performance since the Fund's launch in May 2006, the directors are of the view that the portfolio should remain managed by the Investment Manager for the foreseeable future.

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

During the year under review and up to the date of this report, ML has acted as the Company's discretionary investment manager. MIL 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 Manager and the agreement can be terminated by either party on 90 days' written notice.

For the purposes of the Alternative Investment Fund Managers Directive (the "AIFMD"), which was implemented into UK law with effect from 22 July 2013, the Company has been classified as a non-EU Alternative Investment Fund (an "AIF") managed by a non-EU Alternative Investment Fund Manager (an "AIFM"). As such, the Company is not subject to the full scope of the Directive and therefore does not incur the additional costs, such as those incurred in having to appoint a depositary, that would have been applicable had it been deemed to be managed by an EU AIFM. Note 20 lists all investments in the Fund's investment portfolio. The Terms of Reference of the Audit Committee, the Nomination and Remuneration Committee and the Management Engagement Committee are all available for inspection at the Company's registered office during normal business hours.

Social, Community, Environmental and Human Rights
The Investment Manager believes that companies should act in a socially responsible manner. Although the Investment Manager's priority at all times is the best economic interests of its clients, it recognises that, increasingly, non-financial issues such as social and environmental factors have the potential to impact the share price, as well as the reputation of companies. Specialists at the Investment Manager are tasked with assessing how companies deal with and report on social and environmental risks and issues specific to the industry. Their aim is to incorporate environmental, social and governance ("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 taking into account 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.

Directors' Report (continued)

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

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.

Meetings of Shareholders
The notices of the next AGMs are included at the end of this annual financial report.

Directors' Responsibilities

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 as at the end of the financial year and of the profit or loss for that year. The directors have elected to prepare the financial statements under International Financial Reporting Standards ("IFRS") as adopted by the European Union.

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

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

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

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

Directors' responsibility statement

We confirm that to the best of our knowledge:

1. the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;

2. the Chairman's Report, Investment Manager's Report and Notes to the Financial Statements incorporated herein by reference include a fair review of the development, performance and position of the Company, together with a description of the principal risks and uncertainties that it faces; 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 position and performance, business model and strategy.

By order of the Board:

Thomas Grose	**Nicholas Villiers**
Director	**Director**

Date: 19 April 2018

Report of the Audit Committee

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

The Audit Committee is chaired by Thomas Grose, a non-executive independent director and its other members are Nicholas Villiers, Raymond Apsey and Philip Bisson who are also independent non-executive directors. Their summary biographical details and relevant sector experience are set out on page 17.

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

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

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

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

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

Report of the Audit Committee (continued)

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

The Board also received and considered, together with representatives of the Investment Manager, reports in relation to the operational controls of the Investment Manager, Administrator, Custodian and Registrar. These reviews identified no issues of significance. The risks relating to the Company are discussed by the directors and documented in detail in the minutes of each meeting. The Audit Committee is also responsible for overseeing the Company's relationship with the external auditor, including making recommendations to the Board on the appointment of the external auditor and its remuneration. The current auditor was appointed in 2006 following an audit tender process and has therefore served the Company for twelve years. The independence of the external auditor is evidenced through its challenge to management. Its independence and objectivity are assured through the rotation of audit partner on a regular basis. The current financial year is the present audit partner's first year of involvement, following the rotation of the previous audit partner after a 5 year tenure. Accordingly the Committee has not considered it necessary to date to undertake another tender process for the audit work, although it considers Deloitte's tenure and appointment on an annual basis. Since the beginning of the financial year, the Audit Committee has undertaken an assessment of the qualifications, expertise and resources, and independence of the external auditor and the effectiveness of the audit process. This included consideration of a report on the audit firm`s own quality control procedures and transparency report.

Significant Risks
The significant risks that were subject to specific consideration in 2017 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. A comparison is done between the prices per two different financial data vendors, namely, Bloomberg and Interactive Data Services. The following exceptions require further investigation:

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

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 and commented on.

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

Report of the Audit Committee (continued)

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

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

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

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

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

Thomas Grose

Chairman of the Audit Committee

Date: 19 April 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIDDLEFIELD CANADIAN INCOME – GBP PC (THE ''FUND''), A CELL OF MIDDLEFIELD CANADIAN INCOME PCC

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- **give a true and fair view of the state of the Fund's affairs as at 31 December 2017 and of its profit for the year then ended;**
- **have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and**
- **have been properly prepared in accordance with the Companies (Jersey) Law 1991.**

We have audited the financial statements of Middlefield Canadian Income - GBP PC (the ''Fund''), a Cell of Middlefield Canadian Income PCC which comprise:

- the Statement of Financial Position;
- the Statement of Comprehensive Income;
- the Statement of Changes in Redeemable Participating Preference Shareholder's Equity;
- the Statement of Cash Flow; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs 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 the UK, including the Financial Reporting Council's (FRC's) Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Fund.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Valuation of investments; and • Ownership of investments. Within this report, identified key audit matters are the same as the prior year except the Accuracy of investment management fees are no longer identified as a key audit matter on the basis that the key inputs are covered by the key audit matter in valuation of investments.
Materiality	The materiality that we used in the current year was £1.22m which was determined on the basis of approximately 1% (2016: 1%) of the Net Asset Value of the Fund.
Scoping	All audit work for the Fund was performed directly by the audit engagement team.
Significant changes in our approach	Our scope has been consistent with the prior year and there have been no significant changes in our approach.

Conclusions relating to going concern, principal risks and viability statement

Going concern

We have reviewed the directors' statement in note 2(n) to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Fund's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

Principal risks and viability statement

Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the Fund's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 15-16 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation on pages 15-16 that they have carried out a robust assessment of the principal risks facing the Fund, including those that would threaten its business model, future performance, solvency or liquidity; or
- the directors' explanation on pages 13-14 as to how they have assessed the prospects of the Fund, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Fund will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

We are also required to report whether the directors' statement relating to the prospects of the Fund required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included 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.

The identified key audit matters are the same as the prior year except the Accuracy of investment management fees are no longer identified as a key audit matter on the basis that the key inputs are covered by the key audit matter in valuation of investments.

Valuation of investments	
Key audit matter description	The Fund's investments (see note 2 and the schedule of investments) included at fair value of £148,464,909 (2016: £146,332,071). The investment portfolio is made up of securities actively traded on recognized markets which are measured at fair value based on market prices and other prices determined with reference to observable inputs. Although substantially 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 investments 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 assets value (NAV) which is the most significant Key Performance Indicator (KPI) of the Fund.
How the scope of our audit responded to the key audit matter	Our procedures on the valuation of investments included: • evaluation of the design and implementation of key controls around valuation; • testing 100% of the valuations of investments by agreeing the prices directly to independent third party sources; and • analysing the trading history of securities to determine whether they have been traded frequently and values at which they have been traded to determine that there are no unusual price movements indicating the year end prices are stale.
Key observations	No material differences were identified by our testing which required reporting to those charged with governance.

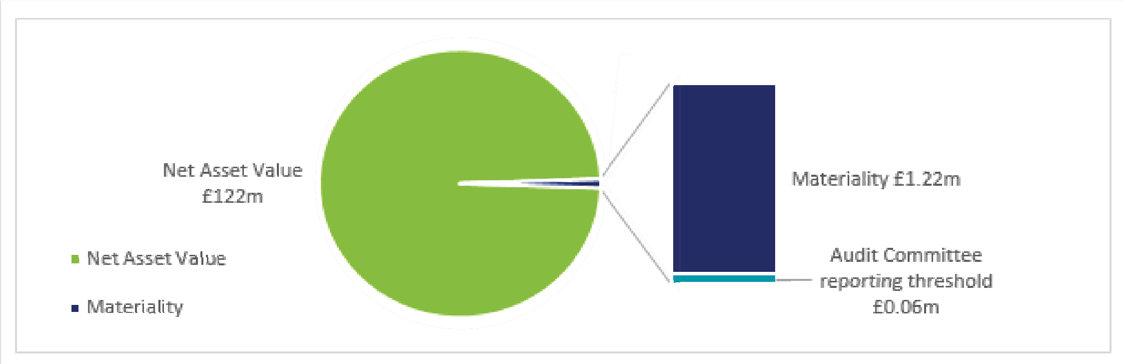
Ownership of investments	
Key audit matter description	There is a risk that securities, a record of which is maintained by a third party custodian, are not directly owned by the Fund. Investments are held with the custodian. Ensuring that the custodian records all the investments correctly under the Fund's name is critical since the investment portfolio represents the principal element of the financial statements being the single largest asset on the balance sheet.
How the scope of our audit responded to the key audit matter	Our procedures on ownership of investments included: • evaluation of the design and implementation of key controls around custody of investments; • confirm the holdings to independent third party confirmations provided by the Fund's custodian; and • assessment of procedures implemented by management on the depository and custodial function including review of reports received from these service providers as well as their compliance reporting.
Key observations	No material differences were identified by our testing which required reporting to those charged with governance.

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	£1,222,000 (2016: £1,171,000)
Basis for determining materiality	Approximately 1% (2016: 1%) of the Net Asset Value of the Fund.
Rationale for the benchmark applied	The reason for using Net Asset Value is that this is the key performance indicator of the Fund and this benchmark is consistent with the market approach for such entities.



We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £61,000 (2016: £23,000), 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.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Our audit scope included the assessment of design and implementation of accounting processes and controls in place at third party accounting service provider. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report including Chairman's Report, Investment Manager's Report, Directors' Report and Report of Audit Committee, other than the financial statements and our auditor's report thereon.

We have nothing to report in respect of these matters.

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.

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, 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.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

Fair, balanced and understandable – the statement given by the directors that they consider the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Fund's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or

Audit committee reporting – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or

Directors' statement of compliance with the UK Corporate Governance Code – the parts of the directors' statement required under the Listing Rules relating to the Fund's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

Report on other legal and regulatory requirements

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

Other matters

Auditor tenure

Following the recommendation of the audit committee, we were appointed by the board on 13 June 2006 to audit the financial statements for the year ended 31 December 2006 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 12 years, covering the years ending 31 December 2006 to 31 December 2017.

Nicola Sarah Paul FCA
For and on behalf of Deloitte LLP
Recognized Auditor
Jersey, Channel Islands
19 April 2018

Statement of Financial Position of the Fund
As at 31 December 2017

	Notes	2017 GBP	2016 GBP
Current assets			
Securities (at fair value through profit or loss)	3 & 20	148,464,909	146,332,071
Accrued bond interest		16,070	92,472
Accrued bank interest		5,374	1,421
Accrued dividend income		662,645	373,488
Other receivables	6	2	2
Prepayments		15,540	34,383
Cash and cash equivalents	4	9,328,518	10,338,576
		158,493,058	157,172,413
Current liabilities			
Other payables and accruals	5	(362,428)	(359,108)
Interest payable		(84,616)	(46,920)
Loan payable	14	(35,814,484)	(30,061,412)
		(36,261,528)	(30,467,440)
Net assets		122,231,530	126,704,973
Equity attributable to equity holders			
Stated capital	6	49,704,414	50,174,414
Retained earnings		72,527,116	76,530,559
Total Shareholders' equity		122,231,530	126,704,973
Net asset value per redeemable participating preference share (pence)	7	114.79	118.49

The financial statements and notes on pages 34 to 54 were approved by the directors on 19 April 2018 and signed on behalf of the Board by:

Thomas Grose
Director

Nicholas Villiers
Director

The accompanying notes on pages 38 to 54 form an integral part of these financial statements.

Statement of Comprehensive Income of the Fund
For the year ended 31 December 2017

	Notes	2017 Revenue GBP	2017 Capital GBP	2017 Total GBP	2016 Total GBP
Revenue					
Dividend income	8	7,597,242	-	7,597,242	4,689,372
Interest Income		454,685	-	454,685	506,682
Net movement in the fair value of securities (at fair value through profit or loss)	9	-	(3,842,301)	(3,842,301)	40,039,753
Net movement on foreign exchange		-	343,580	343,580	(3,213,670)
Total revenue		8,051,927	(3,498,721)	4,553,206	42,022,137
Expenditure					
Investment management fees	2 o	344,120	516,180	860,300	743,275
Custodian fees	2 l	14,906	-	14,906	14,446
Sponsor's fees	2 m	245,800	-	245,800	212,364
Directors' fees and expenses		116,949	-	116,949	117,051
Legal and professional fees		620	-	620	4,243
Audit fees		34,074	-	34,074	27,928
Tax fees		5,800	-	5,800	5,800
Registrar's fees		49,238	-	49,238	47,739
Administration and secretarial fees	2 k	122,901	-	122,901	106,182
General expenses		76,384	-	76,384	69,988
Operating expenses		1,010,792	516,180	1,526,972	1,349,016
Net operating profit/loss before finance costs		7,041,135	(4,014,901)	3,026,234	40,673,121
Finance costs	2 r	(232,135)	(348,203)	(580,338)	(413,141)
Profit before tax		6,809,000	(4,363,104)	2,445,896	40,259,980
Withholding tax expense	12	(1,067,358)	-	(1,067,358)	(640,730)
Net Profit after taxation		5,741,642	(4,363,104)	1,378,538	39,619,250
Profit per redeemable participating preference share - basic and diluted (pence)	10	5.39	(4.10)	1.29	36.89

The total column of this statement represents the Fund's statement of comprehensive income, prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The 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 Association of Investment Companies 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 GBP nil (2016: GBP nil) earnings attributable to the management shares.

The accompanying notes on pages 38 to 54 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 2017

	Notes	Stated Capital Account GBP	Retained Income GBP	Total GBP
At 1 January 2016		**51,158,937**	**42,288,484**	**93,447,421**
Profit for the year		-	39,619,250	39,619,250
Repurchase of shares		(984,523)	-	(984,523)
Dividends	11	-	(5,377,175)	(5,377,175)
At 31 December 2016		**50,174,414**	**76,530,559**	**126,704,973**
Profit for the year		-	1,378,538	1,378,538
Repurchase of shares		(470,000)	-	(470,000)
Dividends	11	-	(5,381,981)	(5,381,981)
At 31 December 2017		**49,704,414**	**72,527,116**	**122,231,530**

The accompanying notes on pages 38 to 54 form an integral part of these financial statements.

Statement of Cash Flow of the Fund
For the year ended 31 December 2017

	Notes	2017 GBP	2016 GBP
Cash flows (used in)/from operating activities			
Net profit after taxation		1,378,538	39,619,250
Adjustments for:			
Net movement in the fair value of securities (at fair value through profit or loss)	9	3,842,301	(40,039,753)
Realised (gain)/loss on foreign exchange		(543,033)	3,324,777
Unrealised loss/(gain) on foreign exchange	2p	199,453	(111,107)
Payment for purchases of securities		(115,915,107)	(105,274,256)
Proceeds from sale of securities		109,939,967	108,875,872
Operating cash flows before movements in working capital		(1,097,881)	6,394,783
Increase in receivables		(197,865)	(175,230)
Increase in payables and accruals		41,016	113,396
Net cash (used in)/from operating activities		**(1,254,730)**	**6,332,949**
Cash flows from/(used) in financing activities			
Repayments of borrowings		(175,509,910)	(120,649,278)
New bank loans raised		181,262,983	126,347,043
Payments for repurchase of shares	6	(470,000)	(984,523)
Dividends paid	11	(5,381,981)	(5,377,175)
Net cash used in financing activities		**(98,908)**	**(663,933)**
Net (decrease)/increase in cash and cash equivalents		(1,353,638)	5,669,016
Cash and cash equivalents at the beginning of the year		10,338,576	7,883,230
Effect of foreign exchange rate changes		343,580	(3,213,670)
Cash and cash equivalents at the end of the year		**9,328,518**	**10,338,576**
Cash and cash equivalents made up of:			
Cash at bank	4	9,328,518	10,338,576

The accompanying notes on pages 38 to 54 form an integral part of these financial statements.

Notes to the Financial Statements of the Fund
For the year ended 31 December 2017

1. General Information

The Company is a closed-ended investment company incorporated in Jersey on 24 May 2006. The Company has one closed-ended cell, Middlefield Canadian Income - GBP PC, also referred to as the "Fund". The Fund seeks to provide shareholders with a high level of dividends as well as capital growth over the longer term. The Fund intends to pay dividends on a quarterly basis each year. The Fund seeks to achieve its investment objective by investing predominantly in the securities of companies and REITs domiciled in Canada and the 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 in recognized stock exchange 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 Sterling ("GBP").

2. Principal Accounting Policies

a. Basis of preparation

The financial statements of the Company and the Fund (the "Financial Statements") have been prepared on the historical cost basis, except for the measurement at fair value of investments and derivatives, and in accordance with the applicable International Financial Reporting Standards (IFRS) as adopted by the European Union (the "EU") and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC). 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 Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies and Venture Capital Trusts', issued by the Association of Investment Companies 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.

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.

Fair value of investments require judgement to apply, however all investments are quoted. Therefore no judgement is involved.

Adoption of new and revised Standards
The following standards, amendments and interpretations which are effective for the financial year beginning 1 January 2017 are material to the Company:

- IAS 7, 'Statement of Cash Flows'. Effective for accounting periods commencing on or after 1 January 2017.
  On 29 January 2016, the International Accounting Standards Board (IASB) published amendments to IAS 7 'Statement of Cash Flows'. The amendments are intended to clarify IAS 7 to improve information provided to users of

Notes to the Financial Statements of the Fund (continued)
For the year ended 31 December 2017

2. Principal Accounting Policies (continued)

a. Basis of preparation (continued)

Adoption of new and revised Standards (continued)

financial statements about an entity's financing activities. They are effective for annual periods beginning on or after 1 January 2017.

The amendments state that one way to fulfil the new disclosure requirements is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. This reconciliation has been disclosed in Note 17.

At the date of authorisation of these Financial Statements, the following Standards and Interpretations relevant to the Company and Fund which have not been applied in these Financial Statements were in issue but not yet effective:

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

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

b. Financial instruments

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

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value based on stock exchange quoted bid prices quoted at the Statement of Financial Position date. The resulting gain or loss is recognised in the Statement of Comprehensive Income as a capital gain or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Comprehensive Income depends on the nature of the hedge relationship. The Fund had no derivatives outstanding at 31 December 2017 and 2016.

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

c. Securities

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

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

All purchases and sales of investments and trading securities that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at 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.

Notes to the Financial Statements of the Fund (continued)
For the year ended 31 December 2017

2. Principal Accounting Policies (continued)

c. Securities (continued)

Transaction costs are included in the costs of the investment.

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

e. Prepayments
Prepayments comprise amounts paid in advance 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.

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

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

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

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

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 ("JTCFSJL") as Administrator, the Administrator is entitled to a fee for administrative and secretarial services payable by the Fund quarterly in arrears at a rate of 0.10 per cent. per annum of the average net asset value ("NAV") of the Fund calculated over the relevant quarterly period. With effect from 1 December, 2016 JTCFSJL has ceded its fees to JTC Fund Solutions (Guernsey) Limited as assistant secretary.

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

n. Going concern
In the opinion of the directors, the Company and the Fund have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Financial Statements have been prepared using the going concern basis.

The directors considered, *inter alia*, the following factors:
- the Fund has sufficient liquidity to meet all on-going expenses and repayment of external borrowings; and
- the portfolio of investments held by the Fund materially consists of listed investments which are readily realisable and therefore the Fund will have sufficient resources to meet its liquidity requirements.

Notes to the Financial Statements of the Fund (continued)
For the year ended 31 December 2017

2. Principal Accounting Policies (continued)

o. Investment management fees

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

Investment management fees for the year ended 31 December 2017 total £860,300 (31 December 2016: £743,275). The fee is split between ML and MIL at a ratio of 0.60: 0.10.

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

p. Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at exchange rates in effect at the date of the Financial Statements. Realised and unrealised gains and losses on foreign currency transactions are charged or credited to the Statement of Comprehensive Income as foreign currency gains and losses. The cost of investments, and income and expenditure are translated into Sterling based on exchange rates on the date of the transaction. Realised gains on foreign exchange currency transactions totalled £593,450 for the year (2016: loss of £3,520,578). Realised loss on forward exchange contracts totalled £50,417 (2016: gain of £195,801). Unrealised loss on foreign currency translations totalled £199,453 (2016: gain of £111,107).

q. Revenue recognition

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. 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.

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 where the individuals or companies have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions (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 as well as U.S. to which the Fund is solely exposed and therefore no segmental reporting is provided.

Notes to the Financial Statements of the Fund (continued)
For the year ended 31 December 2017

3. Securities (at value through profit and loss)

	2017 GBP	2016 GBP
Quoted/listed Equities	147,256,260	138,878,770
Quoted/listed Bonds	1,208,649	7,453,301
	148,464,909	**146,332,071**

Please refer to Note 20 for the Schedule of Investments.

4. Cash and cash equivalents

	2017 GBP	2016 GBP
Cash at bank	**9,328,518**	**10,338,576**

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

	2017 GBP	2016 GBP
Investment management fees	216,571	212,389
Sponsor's fees	61,877	60,683
Audit fees	36,300	26,926
Administration fees	30,938	30,341
General expenses	5,277	15,867
Registrar's fees	8,506	9,901
Custodian fees	2,959	3,001
	362,428	**359,108**

6. Stated capital account

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

	No. of shares	GBP
Management shares issued		
At 24 May 2006	-	-
2 management shares of no par value issued at 100.00 pence each	2	2
At 31 December 2017 and 2016	**2**	**2**
Redeemable participating preference shares issued (excluding shares held in treasury)		
At 31 December 2016	**106,937,250**	**50,174,412**
06 January 2017 50,000 shares of no par value repurchased at 105.50 pence each	(50,000)	(52,750)
11 January 2017 50,000 shares of no par value repurchased at 107.00 pence each	(50,000)	(53,500)
17 January 2017 50,000 shares of no par value repurchased at 106.00 pence each	(50,000)	(53,000)
19 January 2017 100,000 shares of no par value repurchased at 104.75 pence each	(100,000)	(104,750)
20 January 2017 100,000 shares of no par value repurchased at 103.50 pence each	(100,000)	(103,500)
07 February 2017 100,000 shares of no par value repurchased at 102.50 pence each	(100,000)	(102,500)
At 31 December 2017	**106,487,250**	**49,704,412**
Total		**49,704,414**

Notes to the Financial Statements of the Fund (continued)
For the year ended 31 December 2017

6. Stated capital account (continued)

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 18,195,000 (31 December 2016: 17,745,000) 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 UK's Financial Conduct Authority (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 regularly and the Board intends to conduct the Company's affairs to retain such status for the foreseeable future.

7. Net asset value per redeemable participating preference share
The NAV per share of 114.79p (31 December 2016: 118.49p) is based on the net assets at the year end of £122,231,530 (31 December 2016: £126,704,973) and on 106,487,250 redeemable participating preference shares, being the number of redeemable participating preference share in issue at the year end (31 December 2016: 106,937,250 shares).

8. Dividend and interest income

		2017		2016
	Revenue GBP	Capital GBP	Total GBP	GBP
Bond and debenture interest	356,474	-	356,474	436,079
Bank and loan interest	98,211	-	98,211	70,603
Dividend income	7,597,242	-	7,597,242	4,689,372
	8,051,927	**-**	**8,051,927**	**5,196,054**

Notes to the Financial Statements of the Fund (continued)
For the year ended 31 December 2017

9. Net movement in the fair value of securities

	2017 Revenue GBP	2017 Capital GBP	2017 Total GBP	2016 GBP
Gains on sale of securities	-	15,416,690	15,461,690	9,912,290
(Losses)/gains on the revaluation of securities at year end	-	(19,258,991)	(19,258,991)	30,127,463
Net movement in the fair value of securities (at fair value through profit or loss)	**-**	**(3,842,301)**	**(3,842,301)**	**40,039,753**

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

Basic profit per redeemable participating preference share is calculated by dividing the net gains attributable to redeemable participating preference shares of £1,378,538 (31 December 2016: £39,619,250) by the weighted average number of redeemable participating preference shares outstanding during the year of 106,513,003 shares (31 December 2016: 107,410,269 shares).

11. Dividends

Dividends of 1.25 pence per share were paid on a quarterly basis during the year in the months of January and April and 1.275 pence per share for July and October totalling £5,381,981 (31 December 2016: £5,377,175) for the year. On 31 January 2018 a dividend of £1,357,712 was paid. In accordance with the requirements of IFRS, as this was approved on 4 January 2018, being after the Statement of Financial Position date, no accrual was reflected in the 2017 Financial Statements for this amount of £1,357,712 (31 December 2016: £1,335,466).

12. Taxation

The Fund is subject to UK Corporation tax at a rate of 19% (2016: 20%). 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 suffered £1,067,358 (2016: £640,730) 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. Total directors' fees paid during the year amounted to £85,000 of which zero was due at year end (2016: £85,000 of which zero was due at the year end). Each non-executive director, other than Mr. Orrico, was paid a fee of £20,000 in respect of the financial year and the Chairman was paid a fee of £25,000 (2016: £25,000). Mr Orrico waived his fee in 2017 and 2016.

The Investment Manager is also regarded as a related party due to common ownership. Total management fees paid during the year amounted to £860,300 (2016: £743,275).

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

14. Loan payable

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

At 31 December 2017, the Bankers' Acceptance drawn under the Credit Facility totals CAD 61,000,000 (GBP equivalent at amortised cost of £35,814,484) (31 December 2016: CAD 50,000,000 (GBP equivalent at amortised cost of £30,061,412)). The loan value of CAD 61,000,000 was made up of four loans of CAD 5,000,000, CAD 5,000,000, CAD 1,000,000, CAD 50,000,000, renewed on 25 October 2017, 14 November 2017, 28 December 2017 and 20 November 2017 respectively, maturing on 23 January 2018, 23 January 2018, 29 January 2018 and 20 February 2018 respectively.

Notes to the Financial Statements of the Fund (continued)
For the year ended 31 December 2017

14. Loan payable (continued)

As at 31 December 2017, pre-paid interest and stamping fees of £90,551 (31 December 2016: £63,822) were paid on the Bankers' Acceptance and these costs are being amortised over a period of between 32 and 92 days for each of the loans (31 December 2016: 91 days). Interest paid on the Bankers' Acceptance totalled £391,279 (31 December 2016: £263,417).

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

15. Security agreement

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

16. Financial instruments

Fair values

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

Management of capital

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

The capital structure of the Fund consists of proceeds from the issue of preference shares, loans and reserve accounts. The Investment Manager manages and adjusts its capital in response to general economic conditions, the risk characteristics of the underlying assets and working capital requirements. Generally speaking, the Fund will reduce leverage when investments are likely to decrease in value and will increase leverage when investment appreciation is anticipated. In order to maintain or adjust its capital structure, the Fund may borrow or repay debt under its Credit Facility or undertake other activities deemed appropriate under the specific circumstances. The Fund and the Company do not have any externally imposed capital requirements. However, the Fund is subject to bank covenants in respect of leverage and complied with those covenants for the whole of both 2017 and 2016.

Investment and trading activities

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

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

Credit risk

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

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

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

Notes to the Financial Statements of the Fund (continued)
For the year ended 31 December 2017

16. Financial instruments (continued)

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

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

Country risk
On 17 January 2012, the Financial Reporting Council (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 programmes (austerity measures) and regime changes in the Middle East.

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

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; 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 categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

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

Notes to the Financial Statements of the Fund (continued)
For the year ended 31 December 2017

16. Financial instruments (continued)

Fair value measurements (continued)
The following tables present the Fund's financial assets by level within the valuation hierarchy as of 31 December 2017 and 2016:

31 December 2017	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial assets				
Securities				
(at fair value through profit or loss)	148,464,909	-	-	148,464,909

31 December 2016	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial assets				
Securities				
(at fair value through profit or loss)	146,332,071	-	-	146,332,071

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.

Price sensitivity
At 31 December 2017, 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 £44,539,472 (2016: £43,899,621) higher, arising due to the increase in the fair value of financial assets at fair value through profit or loss by £44,539,472 (2016: £43,899,621).

At 31 December 2017, if the market prices of the securities had been 30% lower with all other variables held constant, the decrease in net assets attributable to holders of redeemable shares for the year would have been equal, but opposite, to the figures stated above.

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

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

The following table details the Fund's exposure to interest rate risk at 31 December 2017 and 2016:

	Fixed and floating rate assets			
	Weighted average interest at year end	**2017 GBP**	**Weighted average interest at year end**	**2016 GBP**
Assets				
Fixed rate assets				
Debt securities	5.75%	1,208,649	5.97%	7,453,301
Floating rate assets				
Cash and cash equivalents	*	9,328,518	*	10,338,576
		10,537,167		**17,791,877**

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

Notes to the Financial Statements of the Fund (continued)
For the year ended 31 December 2017

16. Financial instruments (continued)

Interest rate risk (continued)

Floating rate liabilities

	2017 GBP	2016 GBP
Liabilities		
Floating rate liabilities		
Loan payable (see Note 14)	35,814,484	30,061,412
	35,814,484	**30,061,412**

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

Interest rate sensitivity analysis
At 31 December 2017, 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 £155,794 (31 December 2016: £245,372) due to the decrease in market value of listed debt securities, an increase in interest payable on the loan and to a lesser extent an increase in interest earnings on cash and cash equivalents.

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

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

As at 31 December 2017, 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)	148,464,909	-	-	-	148,464,909
Accrued bond interest	-	16,070	-	-	16,070
Accrued dividend income	662,645	-	-	-	662,645
Accrued bank interest	5,374	-	-	-	5,374
Other receivables	2	-	-	-	2
Prepayments	15,540	-	-	-	15,540
Cash and cash equivalents	9,328,518	-	-	-	9,328,518
	158,476,988	**16,070**	**-**	**-**	**158,493,058**
Liabilities					
Other payables and accruals	(362,428)	-	-	-	(362,428)
Interest payable	(18,458)	(66,158)	-	-	(84,616)
Loan payable	(6,463,156)	(29,351,328)	-	-	(35,814,484)
	(6,844,042)	**(29,417,486)**	**-**	**-**	**(36,261,528)**
	151,632,946	**(29,401,416)**	**-**	**-**	**122,231,530**

Notes to the Financial Statements of the Fund (continued)
For the year ended 31 December 2017

16. Financial instruments (continued)

Liquidity risk (continued)
As at 31 December 2016, 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)	146,332,071	-	-	-	146,332,071
Accrued bond interest	92,472	-	-	-	92,472
Accrued dividend income	373,488	-	-	-	373,488
Accrued bank interest	1,421	-	-	-	1,421
Other receivables	2	-	-	-	2
Prepayments	34,383	-	-	-	34,383
Cash and cash equivalents	10,338,576	-	-	-	10,338,576
	157,172,413	**-**	**-**	**-**	**157,172,413**
Liabilities					
Other payables and accruals	(359,108)	-	-	-	(359,108)
Interest payable	(46,920)	-	-	-	(46,920)
Loan payable	-	(30,061,412)	-	-	(30,061,412)
	(406,028)	**(30,061,412)**	**-**	**-**	**(30,467,440)**
	156,766,385	**(30,061,412)**	**-**	**-**	**126,704,973**

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

	2017 GBP	2016 GBP
Assets		
Cash and cash equivalents	8,307,610	1,557,425
Canadian equities	126,795,603	106,270,008
Canadian debt	-	7,453,301
Accrued income	668,019	467,381
	135,771,232	**115,748,115**

	2017 GBP	2016 GBP
Liabilities		
Loan payable	35,814,484	30,061,412
Interest payable	84,616	46,920
	35,899,100	**30,108,332**

Notes to the Financial Statements of the Fund (continued)
For the year ended 31 December 2017

16. Financial instruments (continued)

Currency risk (continued)
The Fund's net exposure to USD currency at the year end was as follows:

	2017 GBP	2016 GBP
Assets		
Cash and cash equivalents	565,196	8,438,759
United States equities	21,669,306	32,608,762
Accrued income	16,070	-
	22,250,572	**41,047,521**

Sensitivity analysis
At 31 December 2017, 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 £4,993,607 (31 December 2016: £4,281,989). Had GBP weakened against the CAD by 5%, this would amount to an increase in net assets attributable to shareholders of approximately £4,993,607 (31 December 2016: £4,281,989).

At 31 December 2017, had GBP strengthened against the USD by 5%, with all other variables held constant, the decrease in net assets attributable to shareholders would amount to approximately £1,112,529 (31 December 2016: £2,052,376). Had GBP weakened against the USD by 5%, this would amount to an increase in net assets attributable to shareholders of approximately £1,112,529 (31 December 2016: £2,052,376).

17. Cash Flow statement reconciliation of financing activities
The following table discloses the effects of the amendments to IAS 7 Statement of Cash Flows that require additional disclosures about changes in an entity's financing liabilities arising from both cash flow and noncash flow items.

	1 January 2017	**Cash flows**	**Noncash changes**			**31 December 2017**
			Acquisition	Foreign exchange movements	Fair value changes	
	GBP	**GBP**	**GBP**	**GBP**	**GBP**	**GBP**
Financial liabilities held at amortised cost	30,061,412	6,596,662	-	(843,590)	-	35,814,484
Total	**30,061,412**	**6,596,662**	**-**	**(843,590)**	**-**	**35,814,484**

18. Post year end events
On 4 January 2018, the Company declared a quarterly dividend of 1.275 pence per share. The ex-dividend date was 11 January 2018 and the record date was 12 January 2018. On 31 January 2018, the dividend of £1,357,712 was paid.

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

The RBC Loan of CAD 61,000,000 was made up of four loans of CAD 5,000,000, CAD 5,000,000, CAD 1,000,000, CAD 50,000,000 renewed on 25 October 2017, 14 November 2017, 28 December 2017 and 20 November 2017 maturing on 23 January 2018, 23 January 2018, 29 January 2018 and 20 February 2018 respectively, as described in Note 14.

The two loans of CAD 5,000,000 each maturing on 23 January 2018 were renewed with a new value of CAD 10,000,000 and maturity date of 23 April 2018.

The loan of CAD 1,000,000 maturing on 29 January 2018 was paid off.

The loan of CAD 50,000,000 maturing on 20 February 2018, CAD 1,000,000 of which was paid off and CAD 40,000,000 was renewed with a maturity date of 22 May 2018.

Notes to the Financial Statements of the Fund (continued)
For the year ended 31 December 2017

19. Controlling party

There is no ultimate controlling party.

Notes to the Financial Statements of the Fund (continued)
For the year ended 31 December 2017

20. Schedule of Investments – Securities (at fair value through profit or loss)
As at 31 December 2017

Description	Shares or Par Value	Book Cost GBP	Bid-Market Value GBP	% of Net Assets	% of Portfolio
Equities					
Bermuda – Quoted Investments 2.48% (2016: 4.93%)					
Real Estate:					
Brookfield Property Partners L.P.	225,000	2,564,216	3,682,458	3.01%	2.48%
Canada - Quoted Investments 82.92% (2016: 67.71%)					
Consumer Discretionary:					
Enercare Inc.	350,000	1,663,856	4,222,894	3.45%	2.84%
Energy:					
ARC Resources Ltd.	230,000	2,454,241	2,000,203	1.64%	1.35%
Birchcliff Energy - Preferred Shares	40,000	636,779	610,055	0.50%	0.41%
Birchcliff Energy Ltd.	85,000	1,300,141	1,252,236	1.02%	0.84%
Ensign Energy Services Inc.	950,000	4,650,820	3,598,383	2.94%	2.42%
Freehold Royalties Ltd.	260,000	1,786,134	2,149,118	1.76%	1.45%
Vermilion Energy Inc.	200,000	5,226,044	5,373,680	4.40%	3.62%
Whitecap Resources Inc.	600,000	3,294,073	3,164,736	2.59%	2.13%
Financials:					
The Bank of Nova Scotia	100,000	4,832,372	4,785,454	3.92%	3.22%
National Bank of Canada	150,000	4,168,974	5,547,139	4.54%	3.74%
Royal Bank of Canada	20,000	669,953	1,211,261	0.99%	0.82%
Sun Life Financial Inc.	80,000	2,348,538	2,448,246	2.00%	1.65%
The Toronto-Dominion Bank	70,000	2,925,792	3,041,722	2.49%	2.05%
Industrials:					
Canwel Building Materials Group Ltd.	935,000	3,380,182	4,060,114	3.32%	2.73%
Chorus Aviation Inc.	850,000	3,806,040	4,819,379	3.94%	3.25%
Morneau Shepell Inc.	175,000	2,060,952	2,293,165	1.88%	1.55%
Parkland Fuel Corporation	400,000	5,345,225	6,310,593	5.16%	4.25%
Materials:					
Chemtrade Logistics Income Fund	425,000	4,494,020	4,839,439	3.96%	3.26%

Notes to the Financial Statements of the Fund (continued)
For the year ended 31 December 2017

20. Schedule of Investments – Securities (at fair value through profit or loss) (continued)
As at 31 December 2017

Description	Shares or Par Value	Book Cost	Bid-Market Value	% of Net Assets	% of Portfolio
Pipelines:					
AltaGas Ltd.	185,000	3,352,893	3,088,922	2.53%	2.08%
Enbridge Income Fund Holdings Inc.	150,000	3,095,309	2,632,855	2.15%	1.77%
Gibson Energy Inc.	375,000	3,489,924	4,002,383	3.27%	2.70%
Keyera Corp.	200,000	4,378,174	4,164,189	3.41%	2.80%
Kinder Morgan Canada Limited	425,000	3,994,222	4,237,644	3.47%	2.85%
Pembina Pipeline Corporation	180,000	4,044,863	4,832,064	3.95%	3.26%
TransCanada Corporation	40,000	1,433,060	1,443,129	1.18%	0.97%
Power and Utilities:					
Capital Power Corporation	300,000	4,413,665	4,327,618	3.54%	2.92%
Northland Power Inc.	255,000	2,554,483	3,505,459	2.87%	2.36%
Real Estate:					
American Hotel Income Properties REIT LP	400,000	2,433,235	2,201,864	1.80%	1.48%
Automotive Properties Real Estate Investment Trust	400,000	2,619,270	2,574,741	2.11%	1.73%
Dream Global Real Estate Investment Trust	640,000	4,028,050	4,606,686	3.77%	3.10%
First Capital Realty Inc.	300,000	3,808,779	3,649,713	2.99%	2.46%
H&R Real Estate Investment Trust	225,000	2,751,985	2,831,536	2.32%	1.91%
Pure Industrial Real Estate Trust	950,000	2,528,057	3,788,952	3.10%	2.55%
RioCan Real Estate Investment Trust	190,000	3,031,341	2,727,373	2.23%	1.84%
Sienna Senior Living Inc.	250,000	2,597,601	2,681,530	2.19%	1.81%
Smart Real Estate Investment Trust	225,000	4,339,919	4,088,670	3.35%	2.75%
United States - Quoted Investments 13.79% (2016: 21.09%)					
Financials:					
The Blackstone Group L.P.	250,000	6,193,257	5,917,576	4.84%	3.99%
JP Morgan Chase & Co.	60,000	1,844,731	4,754,316	3.89%	3.20%
Healthcare:					
Bristol-Myers Squibb Company	90,000	3,941,525	4,079,025	3.34%	2.75%
Real Estate:					
Crown Castle International Corp.	35,000	2,610,893	2,873,739	2.35%	1.94%
Telecommunications Services:					
CenturyLink, Inc.	230,000	3,155,615	2,836,001	2.32%	1.91%
Total Equities		**134,249,203**	**147,256,260**	**120.48%**	**99.19%**

Notes to the Financial Statements of the Fund (continued)
For the year ended 31 December 2017

20. Schedule of Investments – Securities (at fair value through profit or loss) (continued)
As at 31 December 2017

Description	Shares or Par Value	Book Cost	Bid-Market Value	% of Net Assets	% of Portfolio
Debt:					
Canada - Quoted Investments 0.81% (2016: 5.08%)					
Tricon Capital Group 5.75% due 31 March 2022	1,500,000	1,221,200	1,208,649	0.98%	0.81%
Total debt:		**1,221,200**	**1,208,649**	**0.98%**	**0.81%**
Total investments (2017)		**135,470,403**	**148,464,909**	**121.46%**	**100.00%**
Total investments (2016)		**114,078,574**	**146,332,071**	**115.49%**	**100.00%**

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE (UNAUDITED)

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

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

For the Gross method, the following has been excluded:
• the value of any cash and cash equivalents which are highly liquid investments held in the base currency of the AIF that are readily convertible to a known amount of cash, subject to an insignificant risk of changes in value;
• cash borrowings that remain in cash or cash equivalent as defined above and where the amounts of that payable are known.
The total amount of leverage calculated as at 31 December 2016 is as follows:

Gross method: 150.8% (31 December 2016: 139%)
Commitment method: 150.8% (31 December 2016: 139%)

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

Risk management policy note
Please refer to Note 16, Financial instruments, in the Notes to the financial statements on pages 45 to 50 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.

Remuneration
The total remuneration paid for the management of the AIFM amounted to approximately £95,000 for the year ended 31 December 2017. This amount was paid to a total of five beneficiaries including senior management and other staff.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIDDLEFIELD CANADIAN INCOME PCC (THE ''COMPANY'')

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

We have audited the financial statements of Middlefield Canadian Income PCC (the 'Company') which comprise:

- the Statement of Financial Position; and
- the related notes 1 to 3.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, 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.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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, 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.

Responsibilities of directors
As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Report on other legal and regulatory requirements

Matters on which we are required to report by exception
Under the Companies (Jersey) Law 1991 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Nicola Sarah Paul FCA
For and on behalf of Deloitte LLP
Jersey, Channel Islands
19 April 2018

Statement of Financial Position of the Company
As at 31 December 2017

	Notes	2017 GBP	2016 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 page 59 were approved by the directors on 19 April 2018 and signed on behalf of the Board by:

Thomas Grose
Director

Nicholas Villiers
Director

Notes to the Financial Statements of the Company
For the year ended 31 December 2017

1. **Basis of accounting**

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

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

There are no standards and interpretations in issue but not effective that the directors 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 2017 and 2016	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.

MIDDLEFIELD CANADIAN INCOME PCC (the "Company")
Including MIDDLEFIELD CANADIAN INCOME – GBP PC (the "Fund"), a cell of the Company

Middlefield Canadian Income - GBP PC (the "Cell")
whose registered office is at 28 Esplanade, St Helier, Jersey JE2 3QA

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

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

Notice of Cell Annual General Meeting
Notice is hereby given that the Cell Annual General Meeting will be held at the offices of CBPE Capital LLP, 2 George Yard, London EC3V 9DH on Thursday, 14 June, 2018 at 12.00 p.m. for the following purposes:

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

1. THAT in accordance with Article 2.25 of the Cell's Articles of Association (the "**Articles**") dated 16 May 2013, the Directors be authorised to issue and allot redeemable participating preference shares ("**Shares**") and to sell Shares out of treasury, in each case for cash, pursuant to Article 2.22 of the Articles up to an amount representing 10 per cent of the issued share capital of the Cell as at the date of the Cell Annual General Meeting, as if Article 2.25 did not apply to the allotment or sale out of treasury, provided that such shares shall be allotted or sold for cash at a price which is not less than the net asset value per Share at the time of the issue or sale. This authority shall expire on the earlier of 30 September, 2019 or the conclusion of the next annual general meeting of the Cell, save that the Directors shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted or sold out of treasury after such expiry pursuant to any such offer or agreement as if the power conferred hereby had not expired;

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

   a) Pursuant to Article 57 of the Companies (Jersey) Law (the "Law") to make market purchases of Shares, provided that;

      i) The maximum number of Shares authorised to be purchased shall be up to an aggregate of 15,962,438 or such number as shall represent 14.99 per cent of the issued share capital of the Cell as at the date of the Cell Annual General Meeting, whichever is less (in each case excluding Shares held in treasury);

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

      iii) The maximum price, exclusive of any expenses, which may be paid for a Share shall be the higher of;

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

   b) The authority hereby conferred shall expire on the earlier of 30 September 2019 or the conclusion of the next annual general meeting of the Cell, save that the Directors shall be entitled to make offers or agreements before the expiry of such power which would or might require the market purchase of Shares after such expiry pursuant to any such offer or agreement as if the power conferred hereby had not expired; and
   c) Pursuant to Article 58A of the Law to, if the Directors determine in their absolute discretion that it be appropriate or desirable, hold as treasury shares and Shares purchased pursuant to the authority conferred in paragraph (a) of this resolution.

ORDINARY BUSINESS

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

1. To receive and adopt the Directors' Report, Auditor's Report and Financial Statements for the year ended 31 December 2017.
2. To re-appoint Deloitte LLP as Auditor of the Cell.
3. To authorise the Directors to determine the Auditor's remuneration.
4. To approve the Directors' remuneration as set out on page 14 of the annual financial report for the year ended 31 December 2017.
5. To approve the dividend policy of the Company as set out on page 7 of the annual financial report for the year ended 31 December 2017.
6. That with effect from 1 July, 2018, the directors' remuneration be increased to the revised levels specified in the section headed "Directors' Remuneration" in the Directors' Report in the annual financial report for the year ended 31 December, 2017.

By order of the Board
JTC Fund Solutions (Guernsey) Limited
Assistant Secretary
19 April 2018

Notes:

(1) A holder of redeemable participating preference shares of no par value in the capital of the Cell ("Shares") entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a holder of Shares. For the convenience of Shareholders who may be unable to attend the meeting, a form of proxy accompanies this document. To be valid, the form of proxy should be completed in accordance with the instructions printed on it and sent, so as to reach Link Asset Services Limited, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF by no later than 48 hours before the time fixed for the meeting. The fact that holders of Shares may have completed forms of proxy will not prevent them from attending and voting in person at the meeting should they subsequently decide to do so.

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

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

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

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

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

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

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

(9) The Cell, pursuant to regulation 40 of the (Companies Uncertificated Securities) (Jersey) Order 1999 (as amended), specifies that only holders of Shares registered in the register of members of the Cell on the close of business on 12 June 2018 shall be entitled to attend or vote at the meeting in respect of the number of Shares registered in their name at that time or in the event that the meeting is adjourned, in the register of members at the close of business two days before the date of the adjourned meeting. Changes to entries on the register of

members after such time or, in the event that the meeting is adjourned, to entries in the register of members after the close of business two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

MIDDLEFIELD CANADIAN INCOME PCC (the "Company")
Including MIDDLEFIELD CANADIAN INCOME – GBP PC (the "Fund"), a cell of the Company

Middlefield Canadian Income PCC (the "Company") and Middlefield Canadian Income – GBP PC (the "Cell") whose registered office is at 28 Esplanade, St Helier, Jersey JE2 3QA

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

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

Notice of Company and Cell Meeting

Notice is hereby given that a Company and Cell Meeting will be held at the offices of CBPE Capital LLP, 2 George Yard, London EC3V 9DH on Thursday, 14 June, 2018 at 12.30 p.m. for the following purposes:

ORDINARY BUSINESS

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

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

JTC Fund Solutions (Guernsey) Limited
Assistant Secretary

19 April 2018

NOTES:

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

(2) For the convenience of Shareholders who may be unable to attend the Meeting, a form of proxy accompanies this document. To be valid, the form of proxy should be completed in accordance with the instructions printed on it and sent, so as to reach Link Asset Services Limited, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF by no later than 48 hours before the time fixed for the meeting. The fact that holders of Shares may have completed forms of proxy will not prevent them from attending and voting in person at the meeting should they subsequently decide to do so.

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

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

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

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

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

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

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

(10) The Cell, pursuant to regulation 40 of the (Companies Uncertificated Securities) (Jersey) Order 1999 (as amended), specifies that only holders of redeemable participating preference shares of no par value in the capital of the Cell registered in the register of members of the Cell on the close of business on 12 June, 2018 shall be entitled to attend or vote at the meeting in respect of the number of such shares registered in their name at that time or in the event that the meeting is adjourned, in the register of members at the close of business two days before the date of the adjourned meeting. Changes to entries on the register of members of the Cell after such time or, in the event that the meeting is adjourned, to entries in the register of members of the Cell after the close of business two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Middlefield Canadian Income PCC (the "Company")
whose registered office is at 28 Esplanade, St Helier, Jersey JE2 3QA

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

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

Notice of Annual General Meeting of the Company

Notice is hereby given that the Annual General Meeting of the Company will be held at the offices of CBPE Capital LLP, 2 George Yard, London EC3V 9DH on Thursday, 14 June, 2018 at 12.45 p.m. for the following purposes:

ORDINARY BUSINESS

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

1. To receive and adopt the Company's annual financial report for the year ended 31 December, 2017.
2. To re-appoint Deloitte LLP as Auditor of the Company.
3. To authorise the Directors to determine the Auditor's remuneration.
4. To approve the Directors' remuneration as set out on page 14 of the Annual Audited Financial Report for the year ended 31 December, 2017.
5. To approve the dividend policy of the Company as set out on page 7 of the Annual Audited Financial Report for the year ended 31 December, 2017.
6. That with effect from 1 July, 2018, the directors' remuneration be increased to the revised levels specified in the section headed "Directors' Remuneration" in the Directors' Report in the annual financial report for the year ended 31 December, 2017.

By order of the Board
JTC Fund Solutions (Guernsey) Limited
Assistant Secretary

19 April 2018

Notes:

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

Management and Administration

Directors	Nicholas Villiers (Chairman) Raymond Apsey Philip Bisson Thomas Grose Dean Orrico
Administrator and Secretary	JTC Fund Solutions (Jersey) Limited 28 Esplanade St. Helier Jersey, JE2 3QA
Registered Office	28 Esplanade St. Helier Jersey, JE2 3QA
Assistant Secretary **(since 1 December, 2016)**	JTC Fund Solutions (Guernsey) Limited Ground Floor, Dorey Court Admiral Park St. Peter Port Guernsey, GY1 2HT
Investment Advisor	Middlefield International Limited 288 Bishopsgate London, EC2M 4QP
Investment Manager	Middlefield Limited 812 Memorial Drive NW Calgary, Alberta Canada, T2N 3C8
Legal Advisers:	**In England** Norton Rose Fulbright LLP 3 More London Riverside London, SE1 2AQ Ashurst LLP Broadwalk House 5 Appold Street London, EC2A 2HA **In Jersey** Carey Olsen Jersey Partnership 47 Esplanade St. Helier Jersey, JE1 0BD

Management and Administration (continued)

Legal Advisers (continued):	**In Canada** Fasken Martineau DuMoulin LLP Bay Adelaide Centre Box 20, Suite 2400 333 Bay Street Toronto, Ontario Canada, M5H 2T6
Broker and Adviser	Canaccord Genuity Limited 9th Floor 88 Wood Street London, EC2V 7QR
Custodian	RBC Investor Services Trust 335 - 8th Avenue SW 23rd Floor Calgary, Alberta Canada, T2P 1C9
Registrar	Link Market Services (Jersey) Limited 12 Castle Street St. Helier Jersey, JE2 3RT
Auditor	Deloitte LLP P O Box 403 Gaspé House Esplanade 66-72 St. Helier Jersey, JE2 3QT
CREST Agent, UK Paying Agent and Transfer Agent	Link Market Services Limited The Registry 34 Beckenham Road Beckenham Kent, BR3 4TU