MIDDLEFIELD CANADIAN INCOME TRUSTS

GBP PC A CELL OF MIDDLEFIELD CANADIAN INCOME TRUSTS INVESTMENT COMPANY PCC

Annual Financial Report

For the year ended 31 December 2009

CIT

MIDDLEFIELD Canadian Income Trusts
INVESTMENT COMPANY PCC

TABLE OF CONTENTS

MANAGEMENT AND ADMINISTRATION

Directors
Raymond Apsey
Philip Bisson
Dean Orrico
Nicholas Villiers

Manager, Secretary and Administrator
Kleinwort Benson (Channel Islands)
Corporate Services Limited
PO Box 76
Wests Centre
St. Helier
Jersey JE4 8PQ

Registered Office
PO Box 76
Wests Centre
St. Helier
Jersey JE4 8PQ

Legal Advisers:

In England
Norton Rose LLP
3 More London Riverside
London SE1 2AQ

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

In Canada
Fasken Martineau DuMoulin LLP
Toronto Dominion Bank Tower
PO Box 20, Suite 4200
66 Wellington Street West
Toronto, Ontario
Canada M5K 1N6

Investment Adviser
Middlefield International Limited
199 Bishopsgate
London EC2M 3TY

Custodian
Kleinwort Benson (Guernsey) Limited
Dorey Court
Admiral Park
St. Peter Port
Guernsey GY1 3BG

Registrar
Capita IRG (Offshore) Limited
Victoria Chambers
Liberation Square
The Esplanade
St. Helier
Jersey JE2 3QA

Auditors
Deloitte LLP
Lord Coutanche House
66-68 Esplanade
St. Helier
Jersey JE4 8WA

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

CHAIRMAN'S REPORT

It is my pleasure to introduce the 2009 Annual Financial Report. Middlefield Canadian Income Trusts Investment Company PCC (the "Company") has established one closed-ended Cell known as Middlefield Canadian Income Trusts – GBP PC (the "Fund"). The Fund provides efficient, currency-hedged economic exposure to the Canadian income trust sector through a swap arrangement (the "Swap").

The recovery in credit markets and the impact of government stimulus programs drove industrial activity and equity prices higher in 2009. While 2010 marks the final year before income trusts become taxable entities, the Board remains positive on the outlook for the Canadian economy and Canada's unique high yielding equity sector.

The Fund generated a total return of 82% for the year driven primarily by the return of its reference asset, CIT Trust, and the improvement in the mark-to-market value of the Cross Currency Margin Differential (the "CCMD Value") both of which will be explained later in this report. The Fund's return was to a large extent due to the recovery in oil and gas prices and improvement in credit and equity markets generally in 2009. The Canadian income trust universe outperformed the broader Canadian market on a total return basis by 7 percentage points in 2009 reflecting in large part the upfront returns provided in the form of distributions and continuing investor demand for yield in the low interest rate environment. Recognising the impact of the tax changes that are scheduled to take effect in 2011, Middlefield Capital Corporation, the investment adviser of CIT Trust, continues to focus on issuers that offer the potential to grow their businesses, either organically or by way of acquisition, in order to increase cash flows to support distributions. Based on the attraction of upfront distributions, continuing low interest rates and the aging population, demand for higher yielding equity alternatives will continue to grow. Therefore, we believe that companies offering high levels of sustainable income should continue to receive premium valuations.

The other factor affecting the Fund's net asset value ("NAV") this year has been the CCMD Value, which has improved significantly from year-end 2008. The CCMD Value is the direct result of the Company's decision to eliminate the impact of fluctuations in the spread between Canadian and Sterling interest rates on the Company's revenues by locking in the spread from the outset. The CCMD Value is dependent upon changes in both interest rates and C$/£ exchange rates and may positively or negatively affect the value of the Swap at any given time. All else being equal, the CCMD Value will reduce to zero as the termination date of 28 June 2013 for the Swap is approached.

I thank you for your continued support.

Raymond Apsey

Chairman
Date: 18 March 2010

INVESTMENT ADVISER'S REPORT

On the invitation of the Directors of the Company, this commentary is provided by Middlefield International Limited ("MIL"), which acts as the Investment Adviser to the Fund.

The assets of the Fund primarily comprise: (1) a bond portfolio which is currently invested in 12 bonds issued by international financial institutions rated AA- or better by Standard & Poor's; (2) a swap agreement (the "Swap") which provides efficient currency-hedged economic exposure to Canadian income trusts through its reference asset, CIT Trust, an actively managed portfolio of Canadian income trusts; and (3) a direct investment in units of CIT Trust. The Fund's investment in CIT Trust is a nominal amount valued at £46,381 at 31 December 2009.

The recovery in credit markets and the impact of government stimulus programs drove industrial activity and equity prices higher in 2009. Middlefield Capital Corporation ("MCC"), the investment adviser of CIT Trust and affiliate of MIL, increased positions in issuers which it believed would benefit most from strengthening market fundamentals. This resulted in CIT Trust posting a total return of 50% for the year relative to 42% for the benchmark S&P/TSX Income Trust Index (the "Index") and 35% for the broader S&P/TSX Composite Index.

In the first quarter of 2009, MCC determined that oil and gas equities were not reflecting the anticipated recovery in energy prices predicted by MCC's Special Adviser, Groppe, Long and Littell ("GLL"), a Houston, Texas based consultant specialising in the energy sector. Based upon underlying supply and demand fundamentals, GLL correctly forecasted an increase in oil and natural gas prices to approximately US$80 per barrel and US$5 per million British Thermal Units ("btu"), respectively, by the end of 2009. As a result, the S&P/TSX Capped Energy Trust Index posted a total return of 44% for the year. MCC significantly increased its weighting in energy issuers and this strategy was one of the primary drivers behind CIT Trust's outperformance in 2009.

MCC remains positive on the long-term outlook for the oil and gas sector and continues to be of the view that North American natural gas and global oil production have peaked. With respect to oil, GLL estimates that global production is decreasing from approximately 80 million barrels per day currently to approximately 70 million barrels per day by 2020. As a result, annual average crude oil prices are expected to increase from approximately US$75 per barrel to approximately US$100 per barrel over the next 10 years due to fundamental forces but with considerable volatility as the result of low spare capacity. Notwithstanding the recent exploration success for natural gas in various shale formations throughout North America, natural gas production is also expected to decrease over the next 10 years. Based upon normal conditions, natural gas prices are expected to increase from approximately US$7 per million btu in 2010 to approximately US$10 per million btu in 2020.

INVESTMENT ADVISER'S REPORT (continued)

Business trusts comprise a broad range of businesses including infrastructure products, agricultural products and manufacturing. In light of MCC's view that business trusts would underperform other sectors of the income trust market in 2009, CIT Trust reduced its weighting in this sector during the year from 23.4% as at 31 December 2008 to 17.7% as at 31 December 2009. Business trusts returned 38% on a total return basis in 2009 according to the Scotia Capital Business Trust Index. MCC continues to focus on business trusts with proven management teams, low debt and stable cash flows as these firms will be best positioned to continue to pay out high levels of income.

On a relative basis, REITs outperformed in 2009 as the S&P/TSX Capped REIT Index produced a total return of 42%. The relative strength of the Canadian economy and improvement in credit markets were the primary factors behind the strength in the Canadian real estate sector. CIT Trust's REIT position accounted for 4.2% of the portfolio at the end of 2009, a reduction from 12.7% at the end of 2008 as MCC reallocated funds from real estate into energy to take advantage of the anticipated recovery in energy equities.

At 12.8% at the 2009 year end, the portfolio weighting of power and pipeline trusts was lower by 2 percentage points compared to the prior year end. MCC continued to overweight this defensive sector relative to the Index as the portfolio weight for the utilities group was 9 percentage points higher than that of the Index.

Positions in common equities and other fixed income securities at the end of 2009 accounted for approximately 8.2% of the portfolio compared to 4.2% at the end of 2008 and were included to provide potential growth in net asset value. The remaining 1.9% of the portfolio as of the end of the year was held in cash.

The year 2010 is the final year before income trusts become taxable entities. As a result, we anticipate most will convert into corporations over the next several months and many will reduce distributions to fund corporate taxes. However, in addition to REITs, which are generally exempt from corporate tax, a number of income trusts are expected to remain high-yielding equities and anticipate maintaining current levels of distributions and these are the issuers on which the adviser will focus. Moreover, MCC believes that the ongoing demand for income from investors will remain strong and high-yielding equities will receive a scarcity premium. In addition, as credit markets continue to improve, a number of income trusts will become acquisition targets of private equity and pension fund investors seeking assets which generate stable levels of cash flow. Most of the issuers in which CIT Trust invests continue to show good prospects to grow their businesses and the portfolio will continue to be biased towards high quality companies with low debt and stable distributions.

INVESTMENT ADVISER'S REPORT (continued)

The Cross Currency Margin Differential (the "CCMD Value") is one of the drivers affecting the value of the Swap. The CCMD Value is dependent upon changes in both Sterling/Canadian dollar exchange rates and cross-currency interest rates over time. At inception of the Fund, the CCMD was fixed at –0.05% for the duration of the Swap with a CCMD Value of zero. In October 2006, the CCMD was fixed at –0.572% in respect of new funds raised pursuant to the tap issue of 5.49 million shares, resulting in an adjusted CCMD of –0.098% for the duration of the Swap. Finally, in April 2007, the CCMD was fixed at –0.938% in respect of new funds raised pursuant to the issue of 19.8 million shares, resulting in an adjusted CCMD of –0.286% for the duration of the Swap. As at 31 December 2009, the CCMD Value was 1.03 pence per share.

With respect to the managed money market portfolio, for the period from 01 January 2009 to 31 December 2009, the Fund generated interest income of approximately £0.7 million from investments in short-term near cash instruments. Additionally, the Fund received Swap payments of approximately £3.9 million in 2009. Swap payments reflect the distributions received on a notional investment in CIT Trust and are net of Swap costs. Swap costs incurred by the Fund include a LIBOR payment, which is adjusted to account for the CCMD, and fees payable to the Canadian Imperial Bank of Commerce, the counterparty to the Swap.

Middlefield International Limited

Date: 18 March 2010

COMMENTARY OF THE DIRECTORS

Incorporation

Middlefield Canadian Income Trusts Investment Company PCC is a closed-ended investment company incorporated in Jersey on 24 May 2006. The Company has initially established one closed-ended Cell known as Middlefield Canadian Income Trusts – GBP PC (referred to as the "Fund" which term includes, where the context permits, the Company acting in respect of Middlefield Canadian Income Trusts - GBP PC). Admission to the official list of the UK Listing Authority and dealing in redeemable participating preference shares (the "shares") commenced on 6 July 2006.

The Company may, by special resolution, create further Cells each with specific investment objectives and further shares in respect of them at such times as the Directors shall determine.

Investment objective and policy

The Fund's investment objective is to produce a high income return whilst also seeking to preserve shareholder capital.

To achieve its objectives, the Fund (i) entered into the Swap in order to achieve efficient currency hedged economic exposure to the Canadian income trust market and, (ii) also invests its assets in the Money Market and Bond Portfolio.

The Swap

The Fund is, through its exposure to CIT Trust under the Swap, exposed to a portfolio of investments in Canadian income trusts. The Fund's performance is therefore affected by the performance of the Canadian economy and the performance of the Canadian investment trusts. The Swap is structured to ensure that its value to the Fund does not exceed 20 percent of the Fund's net assets at any time through a mechanism requiring the Swap counterparty to transfer cash to the Fund should the value of the Swap exceed certain thresholds under the Swap agreement.

Money Market and Bond Portfolio

The Money Market and Bond Portfolio consists of cash and short term near cash investments (including CDs) and gilts. Up to 20 percent of the Money Market and Bond Portfolio may be invested in AA+ corporate bonds maturing prior to the termination date of the Swap. No single investment will account for more than 10 percent of the Money Market and Bond Portfolio (other than gilts and treasuries) at the time the investment is made. The Money Market and Bond Portfolio acts as collateral for the Fund's obligations under the Swap.

Gearing

The Fund has power to borrow up to 25 percent of its net asset value (although it has no current intention of doing so). The Fund may in limited circumstances borrow for short term purposes including to fund the redemption of the Fund's shares. Any borrowing will be short term in nature and will be for the purposes of efficient portfolio management only. The Fund will not utilise this power to make long term investments.

COMMENTARY OF THE DIRECTORS (continued)

Investment objective and policy (continued)

CIT Trust

CIT Trust has a stated investment policy to provide a high income return while also seeking to preserve unitholder capital and is subject to certain investment restrictions contained within the declaration of trust governing CIT Trust (the "Declaration of Trust").

MCC seeks to accomplish CIT Trust's investment objective by investing the assets of CIT Trust predominantly in Canadian income trusts that MCC believes will provide a stable level of distributions, together with the prospect of capital growth. CIT Trust is subject to certain investment criteria set out in the Declaration of Trust that, among other things, limit the securities in which CIT Trust may invest. The investment criteria for CIT Trust permit investment in:

- units of oil and gas royalty trusts, business trusts, REITs and pipeline and power trusts in each case which are listed on a Canadian stock exchange or public market;
- common shares (and securities convertible into or exchangeable for common shares) and preferred shares of issuers listed on a Canadian stock exchange ("Eligible Shares"). MCC expects that these shares are likely to be in: (1) issuers listed on such exchanges who may convert into an income trust; and (2) holdings in dividend paying Canadian issuers which help meet CIT Trust's investment objective of providing a high income return while also seeking to preserve unitholder capital. Such investments will be limited to a maximum of 20 percent of CIT Trust's portfolio;
- income deposit securities, securities of issuers in new income trust sectors, securities convertible into income trust units or income deposit securities and units of limited partnerships (to the extent that the limited partnership units are not considered to be units of issuers of oil and gas royalty trusts, business trusts, REITs or pipeline and power trusts (other Income Trust Securities)); and
- cash or cash equivalents as defined by the Declaration of Trust.

CIT Trust has the power to borrow up to 25 percent of the value of its total assets for various purposes, including purchasing additional securities for its portfolio and funding redemptions.

CIT Trust will not engage in any undertaking other than the investment of its assets in accordance with its investment objective, strategy and restrictions contained in the Declaration of Trust.

In particular, CIT Trust will not:

(a) for a period of more than 90 days:
   (i) own more than 10 percent of any class of securities of any one issuer or purchase the securities of an issuer for the purpose of exercising control over management of any issuer;
   (ii) have more than 10 percent of the value of its portfolio assets invested in the securities of any single issuer;
   (iii) have more than 50 percent of the value of its portfolio assets comprised of the ten largest security investments of CIT Trust by value;

COMMENTARY OF THE DIRECTORS (continued)

Investment objective and policy (continued)

CIT Trust (continued)

(a) for a period of more than 90 days: (continued)

  (iv) have less than 80 percent of the value of its portfolio assets comprised of units of oil and gas royalty trusts, business trusts, REITs, pipeline and power trusts, as well as other Canadian income producing securities (including common shares, preferred shares and convertible debentures) of issuers which were previously constituted as income trusts and which, following their conversion, continue to distribute a significant portion of their free cash flow, in each case which are listed on a Canadian stock exchange or public market;

  (v) have more than 20 percent of the value of its portfolio assets comprised of Eligible Shares;

  (vi) have more than 50 percent of the value of its portfolio assets comprised of units of business trusts which are listed on a Canadian stock exchange or public market;

  (vii) have more than 50 percent of the value of its portfolio assets comprised of units of oil and gas royalty trusts which are listed on a Canadian stock exchange or public market;

  (viii) have more than 50 percent of the value of its portfolio assets comprised of units of REITs which are listed on a Canadian stock exchange or public market;

  (ix) have more than 50 percent of the value of its portfolio assets comprised of units of pipeline and power trusts which are listed on a Canadian stock exchange or public market; or

  (x) have more than 50 percent of the value of its portfolio assets comprised of Other Income Trust Securities;

(b) write a call option in respect of any security unless such security is actually held in its portfolio at the time the option is written and provided that CIT Trust shall not write call options on more than one third of the value of the Eligible Shares in its portfolio;

(c) dispose of any security included in the portfolio that is subject to a call option written by CIT Trust unless such option has either terminated or expired;

(d) write put options in respect of any security unless (i) CIT Trust is permitted to invest in such security, and (ii) so long as the options are exercisable, CIT Trust continues to hold cash, cash equivalents and cash cover sufficient to acquire the security underlying the options at the aggregate exercise price of such options;

(e) reduce the total amount of cash, cash equivalents and cash cover held by CIT Trust, unless after any such reduction, the total amount of cash, cash equivalents and cash cover held by it remains an amount not less than the aggregate exercise price of all outstanding put options written by CIT Trust;

(f) borrow money (other than in connection with CIT Trust's loan facility) or guarantee the obligations of any person other than the managing trustee, or any person appointed as a manager of CIT Trust from time to time, and then only in respect of CIT Trust's activities;

(g) enter into derivative transactions except as permitted under the Declaration of Trust; or

(h) purchase securities on margin or make short sales of securities or maintain short positions in excess of 10 percent of CIT Trust NAV.

The above restrictions apply at the time a transaction is effected.

COMMENTARY OF THE DIRECTORS (continued)

Authorised and Issued Share Capital

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

Upon incorporation 2 Management shares of no par value each were issued. Since the launch of the Fund on the London Stock Exchange on 6 July 2006, there have been 80,317,500 redeemable participating preference shares of no par value issued.

Further issues of Shares

The Fund's Articles of Association provide the Directors with wide powers to issue further shares on a non-pre-emptive basis and without seeking further Shareholder approval. On 18 April 2007 the Fund successfully completed the launch of a C share offering which raised £17.5 million in gross proceeds. The costs of the issue were 1.75% of the sum raised and were paid out of the proceeds of the new issue.

Substantial shareholding in the Fund

As at the date of this report, the following shareholders had declared a notifiable interest in the Fund's voting rights:

Name	Redeemable Participating Preference Shares Nominal	Redeemable Participating Preference Shares % of Shares in issue
HSBC Global Custody Nominee (UK) Limited	7,675,000	9.56
HSBC Global Custody Nominee (UK) Limited	6,000,000	7.47
Rathbone Nominees Limited	5,722,507	7.12
Nortrust Nominees Limited	5,000,000	6.23
Nortrust Nominees Limited	4,600,000	5.73
Nortrust Nominees Limited	4,270,000	5.32
The Bank of New York (Nominees) Limited	3,790,000	4.72
The Bank of New York (Nominees) Limited	3,244,150	4.04
Brooks Macdonald Services Limited	2,933,441	3.65
BDS Nominees Limited	2,420,942	3.01

At the date of approval of this report, there has been no other notifiable interest in the Fund's voting rights reported to the Company Secretary.

COMMENTARY OF THE DIRECTORS (continued)

Results and dividends

The results for the year are shown in the income statement on page 22 and related notes on pages 25 to 42. During the year dividends were paid on a quarterly basis (see note 13). On 13 February 2009, the quarterly dividend was reduced from 1.75p per share to 1.25p per share, commencing with the dividend payable in April 2009. Although there is no guarantee, dividends are expected to be paid on a quarterly basis, declared shortly after the date for the quarterly Swap Periodic Payment and paid at the end of that month as follows:

Swap Periodic Payment Date	Payment Month	Gross amount per Share
5 January 2010	January 2010	1.25p actual
6 April 2010	April 2010	1.25p expected
5 July 2010	July 2010	1.25p expected
5 October 2010	October 2010	1.25p expected

Going concern

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

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

- the Fund has sufficient liquidity to meet all on-going expenses;
- CIBC as counterparty to the Swap has not made any indication that it wishes to terminate the Swap and therefore the Fund expects regular cash flows associated with the Swap for the foreseeable future;
- should the need arise, the Directors have the option to reduce dividend payments further in order to positively affect the Fund's cash flows; and
- assisted by the research of GLL, who are forecasting continued strength in energy prices in 2010, MCC remains positive on the long-term outlook for the oil and gas sector which forms a major portion of the CIT Trust portfolio.

Corporate Governance

Since the Fund has a London Stock Exchange listing, the annual financial report must disclose:

- whether or not it complies with the corporate governance regime of its country of incorporation;
- the significant ways in which its actual corporate governance practices differ from those set out in the Combined Code; and
- the unexpired term of the service contract of any Director proposed for election or re-election at the forthcoming Annual General Meeting and, if any Director for election or re-election does not have a service contract, a statement to that effect.

COMMENTARY OF THE DIRECTORS (continued)

Corporate Governance (continued)
There is no standard code of corporate governance in Jersey. The Fund believes that the principles of the revised AIC Code of Corporate Governance ("the AIC Code") issued by the Association of Investment Companies in February 2006, are appropriate to its circumstances and the following statement details how this has been applied to the affairs of the Fund. In February 2006, the Financial Reporting Council ("the FRC") confirmed that investment companies who report against the revised AIC Code will be deemed to have met their obligations under the Combined Code on Corporate Governance.

The principles laid down by the two Codes are similar but there are some areas where the AIC Code is more specifically applicable to investment companies. In complying with the AIC Code, the Fund is not required to report on the role of the chief executive, executive directors' remuneration and the need for an internal audit function, which are all irrelevant to investment companies.

The Directors attach importance to the matters set out in the AIC code and believe that they have complied with all of the principles of the AIC Code.

The Board
As at 31 December 2009 the Board of Directors comprised four non-executive Directors of whom three were independent of the Investment Adviser.

The Directors who served on the board during the year, together with their beneficial interests and those of their families at the date of approval of this report were as follows:

	Redeemable Participating Preference Shares
Raymond Apsey (Chairman)	10,000
Philip Bisson	180,000
Dean Orrico	-
Nicholas Villiers	10,000

There were no changes in the Directors' interests in the shares of the Fund between 24 May 2006 and 31 December 2008. On 14 and 16 January 2009 respectively, 100,000 and 70,000 redeemable participating preference shares were purchased for the pension account of Mr Philip Bisson, increasing his holding in the Fund to 180,000 shares.

COMMENTARY OF THE DIRECTORS (continued)

Corporate Governance (continued)

The Board (continued)

The Directors are:

Raymond Apsey (Chairman)(66)

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

Philip Bisson (55)

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 the Philean Trust Company Limited.

Dean Orrico (40)

Mr Orrico is a Director and is President, Chief Executive Officer and Chief Investment Officer of Middlefield Capital Corporation and is the Chief Investment Officer for Middlefield Group. Mr Orrico is involved in the creation and ongoing management of all of Middlefield's closed-end funds focused on the income trust sector. Prior to joining Middlefield in 1996, Mr Orrico was employed as a commercial account manager with the Toronto-Dominion Bank. Mr Orrico is an MBA graduate of the Schulich School of Business (York University). Mr Orrico is domiciled in Canada.

Nicholas Villiers (70)

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

The Fund does not have any executive Directors nor does it have any employees.

COMMENTARY OF THE DIRECTORS (continued)

Corporate Governance (continued)

The structure of the Board is such that it is considered unnecessary to identify a senior non-executive Director other than the Chairman. As the Board is small there is no Nomination Committee and appointments of new Directors are considered by the Board as a whole. New Directors will be subject to election by shareholders at the Annual General Meeting following their appointment and, thereafter, at least at every third subsequent Annual General Meeting.

Mr Dean Orrico is currently classified as a non-independent Director under the Listing Rules of the UK Listing Authority.

The Board currently has a majority of independent Directors and will continue to have a majority of independent Directors beyond the forthcoming Annual General Meeting. As such, it complies with the revised terms of the Combined Code. It is the Board's view that Mr Dean Orrico, a non-independent Director, continues to provide effective and impartial scrutiny of the performance of the investment adviser and the Fund's advisors and service providers and should therefore remain on the Board. The Board does not consider it appropriate that Directors should be appointed for a specific term.

Although no formal training in Corporate Governance is given to Directors, the Directors are kept up-to-date on Corporate Governance issues through bulletins and training materials provided from time to time by the Company Secretary, the Manager and the AIC.

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

Directors' Remuneration

No Director has a service contract with the Fund and details of the Directors' fees are shown on page 22. Under the Financial Services Authority Listing Rule 21.20 (i), where an investment company has no executive Directors, the Combined Code's principles relating to Directors' remuneration do not apply.

Directors' Attendance

There were six scheduled Board meetings held during the 12 month period, all of which were attended by the relevant Directors, with the exception of Mr Bisson and Mr Villiers. Mr Villiers was unable to attend one meeting, and Mr Bisson was unable to attend two meetings.

COMMENTARY OF THE DIRECTORS (continued)

Corporate Governance (continued)

Internal Control

The Board is responsible for establishing and maintaining the Fund's system of internal control and reviewing its effectiveness. Internal control systems are designed to meet the particular requirements of the Fund and to manage rather than eliminate the risks of failure to achieve its objectives. The systems by their very nature can provide reasonable but not absolute assurance against material misstatement or loss. There is an ongoing process for identifying, evaluating and maintaining risks significant to the Fund. The Board has reviewed the effectiveness of the internal control systems of the service providers to the Fund including the financial, operational and compliance controls and risk management. These systems have been in place for the period under review and to the date of signing the accounts.

The Fund receives services from the Manager relating to its investment management and administration activities. Documented contractual arrangements are in place with the Manager which define the areas where the Fund has delegated authority to them.

Audit Committee

The Board has not established a separate Audit Committee. Instead, the Board has met to consider the financial reporting by the Fund, the internal controls, and relations with the Fund's external auditors. In addition the Board reviews the independence and objectivity of the auditors.

The Board, having reviewed the effectiveness of the internal control systems of the Manager, and having a regard to the role of its external auditors, does not consider that there is a need for the Fund to establish its own internal audit function.

The Board believes that subject to any exception explained above and the nature of the Fund as an investment fund, that it has complied with the provisions set out in section 1 of the Combined Code and with the Turnbull guidance on internal controls throughout the year.

The London Stock Exchange Listing Rules also require the following additional information:

- The Manager has been appointed for the duration of the life of the Fund for which it receives a Management fee payable by the Fund quarterly in arrears at a rate of 0.1 percent per annum of the average Fund Net Asset Value calculated over the relevant quarterly period. Management fees for the year ended 31 December 2009 total £44,864 (year ended 31 December 2008: £62,764).

COMMENTARY OF THE DIRECTORS (continued)

Corporate Governance (continued)

Audit Committee (continued)

- The Management Agreement may be terminated on at least six months written notice following the first anniversary of the Agreement (19 June 2007) given by the Fund to the Manager or by the Manager to the Fund. The Management Agreement may also be terminated with immediate effect by either party if the other: has been declared en desastre or has gone into liquidation or receivership; has committed a material breach of the Management Agreement; or in the event the Manager ceases to be the holder of a permit under the Collective Investment Funds (Jersey) Law 1988, as amended. The Management Agreement contains provisions limiting the liability of the Manager for any damages and claims suffered by the Fund unless such damages and claims arise from the fraud, wilful default, negligence or dishonesty of the Manager.

The independent Directors have reviewed the performance and terms of appointment of Kleinwort Benson (Channel Islands) Corporate Services Limited as the Fund's Manager as detailed above. The Directors believe that it is in the best interest of shareholders for the Fund to continue the appointment of the Manager on its existing terms of appointment. The Manager has extensive experience and a record of good performance for the various funds under its management.

Having reviewed the various services provided by the Manager and having regard to the Fund's investment performance since the Fund's launch in May 2006 the Directors are of the view that the portfolio should remain under the Manager's stewardship for the foreseeable future.

Note 18 lists all investments (rather than those with a value greater than 5%) of the Fund's investment portfolio.

Independent Auditors

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Secretary

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

Annual General Meeting

The Notice of Annual General Meeting for the Fund is included at the back of the 2009 Annual Financial Report.

By order of the Board
Kleinwort Benson (Channel Islands) Corporate Services Limited
Secretary

Date: 18 March 2010

DIRECTORS' RESPONSIBILITIES

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

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

International Accounting Standard 1 (as amended for annual accounting periods beginning on or after 1 January 2009) requires that financial statements present fairly for each financial period the Fund's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. However, directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- 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 entity's financial position and performance.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Fund's website. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' RESPONSIBILITIES (continued)

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 EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Fund; and
2. the investment adviser's report includes a fair review of the development, performance and position of the Fund, together with a description of the principal risks and uncertainties faced by the Fund.

By order of the Board:

Raymond Apsey
18 March 2010

Philip Bisson
18 March 2010

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
MIDDLEFIELD CANADIAN INCOME TRUSTS –GBP PC ("THE FUND"), A CELL OF MIDDLEFIELD CANADIAN INCOME TRUSTS INVESTMENT COMPANY PCC

We have audited the Fund's financial statements for the year ended 31 December 2009 which comprise the Balance Sheet, the Income Statement, the Statement of Changes in Redeemable Participating Preference Shareholders' Equity, the Cash Flow Statement and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Fund's members, as a body, in accordance with Article 110 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 auditors' 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 and for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors are responsible for the preparation of financial statements in accordance with applicable law, and International Financial Reporting Standards (IFRSs) as adopted by the European Union as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the commentary of the Directors is not consistent with the financial statements, the Fund has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read other information contained in the annual report as described in the table of contents and considered whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements and whether the accounting polices are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
MIDDLEFIELD CANADIAN INCOME TRUSTS –GBP PC ("THE FUND"), A CELL OF MIDDLEFIELD CANADIAN INCOME TRUSTS INVESTMENT COMPANY PCC

Basis of audit opinion (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Fund's affairs as at 31 December 2009 and of its gain for the year then ended; and

- the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Deloitte LLP

Deloitte LLP
Chartered Accountants
St Helier, Jersey

Date: 18 March 2010

BALANCE SHEET

As at 31 December 2009 with comparatives as at 31 December 2008

	Notes	2009 GBP	2008 GBP
Current assets			
Securities (at fair value through profit or loss)	3 & 18	76,668,168	77,134,239
Cash and cash equivalents	4	244,545	110,627
Accrued bond interest		72,815	247,337
Accrued dividend income		605	934
Interest receivable on Swap		1,189,599	844,864
Prepayments		11,566	12,376
		78,187,298	78,350,377
Current Liabilities			
Derivative financial instruments (at fair value through profit or loss)	5	(17,077,273)	(41,207,684)
Other payables and accruals	6	(126,435)	(104,886)
		(17,203,708)	(41,312,570)
Net assets		**60,983,590**	**37,037,807**
Equity attributable to equity holders			
Share capital	7	-	-
Stated capital account	7	22,628,627	22,628,627
Other reserve		54,037,500	54,037,500
Retained deficit		(15,682,537)	(39,628,320)
Total Shareholders' equity		**60,983,590**	**37,037,807**
Net asset value per redeemable participating preference share	**8**	**75.93p**	**46.11p**

The financial statements on pages 21 to 42 were approved by the Directors on 18 March 2010 and signed on behalf of the Board by:

Raymond Apsey
Director

Phillip Bisson
Director

The accompanying notes on pages 25 to 42 form an integral part of these financial statements.

INCOME STATEMENT

For the year ended 31 December 2009 with comparatives
for the year ended 31 December 2008

	Notes	2009 GBP	2008 GBP
Revenue			
Dividend and interest income	9	742,066	3,909,843
Net movement in the fair value of derivative financial instruments	10	28,011,469	(31,725,466)
Net movement in the fair value of securities (at fair value through profit or loss)	11	(42,871)	42,776
Total revenue		**28,710,664**	**(27,772,847)**
Expenditure			
Management fees	2k	44,864	62,764
Custodian fees	2l	15,531	18,829
Sponsor's fees	2m	89,728	91,424
Directors' fees and expenses	2n	82,477	94,489
Investment advisory fees	2o	44,864	62,764
Audit fees		30,600	23,100
Registrar's fees		21,631	15,612
General expenses		19,408	41,867
Total expenditure		**349,103**	**410,849**
Net gain/(loss)		**28,361,561**	**(28,183,696)**
Gain/(loss) per redeemable participating preference share-basic and diluted	12	**35.31p**	**(35.09)p**

The company has no other items of income or expense for the current and prior year and accordingly the net gain for the current year and the loss of the prior year represent total comprehensive income/loss.

There are zero earnings attributable to the management shares.

All activities derive from continuing operations.

The accompanying notes on pages 25 to 42 form an integral part of these financial statements.

STATEMENT OF CHANGES IN REDEEMABLE PARTICIPATING PREFERENCE SHAREHOLDERS' EQUITY

For the year ended 31 December 2009 with comparatives for the year ended 31 December 2008

	Notes	Share Capital GBP	Stated Capital Account GBP	Other Reserve GBP	Retained Deficit GBP	Total GBP
At 1 January 2008		-	22,628,627	54,037,500	(5,828,549)	70,837,578
Loss for the period		-	-	-	(28,183,696)	(28,183,696)
Dividends paid	13	-	-	-	(5,616,075)	(5,616,075)
At 31 December 2008		-	22,628,627	54,037,500	(39,628,320)	37,037,807
Gain for the period		-	-	-	28,361,561	28,361,561
Dividends paid	13	-	-	-	(4,415,778)	(4,415,778)
At 31 December 2009		-	22,628,627	54,037,500	(15,682,537)	60,983,590

The accompanying notes on pages 25 to 42 form an integral part of these financial statements.

CASH FLOW STATEMENT

For the year ended 31 December 2009 with comparatives
for the year ended 31 December 2008

	2009 GBP	2008 GBP
Cash flows from operating activities		
Net gain/(loss)	28,361,561	(28,183,696)
Adjustments for:		
Net movement in the fair value of securities (at fair value through profit or loss)	42,871	(42,776)
Net movement in derivative financial instruments	(24,130,411)	33,913,308
Operating cash flows before movements in working capital	4,274,021	5,686,836
(Increase)/decrease in trade and other receivables	(169,074)	404,194
Increase/(decrease) in trade and other payables	21,549	(21,755)
Net cash from operating activities	**4,126,496**	**6,069,275**
Cash flows from/(used in) investing activities		
Payment for purchases of securities	(311,126,096)	(397,015,150)
Proceeds from sale of securities	311,549,296	396,191,950
Net cash flow from/(used in) investing activities	423,200	(823,200)
Cash flows used in financing activities		
Dividends paid	(4,415,778)	(5,616,075)
Net cash flow used in financing activities	(4,415,778)	(5,616,075)
Net increase/(decrease) in cash and cash equivalents	133,918	(370,000)
Cash and cash equivalents at beginning of the year	110,627	480,627
Cash and cash equivalents at end of year	**244,545**	**110,627**
Cash and cash equivalents made up of:		
Cash at bank	244,545	110,627

The accompanying notes on pages 25 to 42 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009 with comparatives
for the year ended 31 December 2008

1. General Information

The Company is a closed-ended investment company incorporated in Jersey on 24 May 2006. The Company has established one closed-ended Cell: Middlefield Canadian Income Trusts - GBP PC, also referred to as the "Fund". The investment objective of the Fund is to produce a high income return whilst also seeking to preserve shareholder capital. The Fund has entered into a Swap with a fixed seven year life to achieve efficient currency hedged economic exposure to the Canadian income trust market.

The address of the Fund's registered office is PO Box 76, Wests Centre, St. Helier, Jersey, JE4 8PQ, Channel Islands.

The Fund's shares are listed on the London Stock Exchange.

The Fund has no employees.

The functional and presentation currency of the Fund is expressed in Sterling ("GBP").

2. Accounting Policies

a. Basis of preparation

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

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

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are in the valuation of financial instruments, further details of the key components of valuation are disclosed in Note 6.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009 with comparatives
for the year ended 31 December 2008

2. Accounting Policies (continued)

a. Basis of preparation (continued)

Adoption of standards and interpretations

For the year ended 31 December 2009, the following standards and interpretations have been adopted in the preparation of the financial statements:

- Amendments to IAS 1: Presentation of financial statements – A revised presentation (effective for annual periods beginning on or after 1 January 2009); and
- IFRS 7: Disclosures (amendment) (effective for annual periods beginning on or after 1 January 2009).

The Directors believe the adoption of these standards will have no material financial impact other than the revised presentation of the financial statements of the Fund.

The following standards or Interpretations have been issued by the IASB but not yet adopted by the Fund:

- IFRS 9 (revised April 2009) Financial Instruments – Classification and Measurement effective for annual periods beginning on or after 1 January 2013.
- IAS 24 (revised November 2009) Related Party Disclosures effective for annual periods beginning on or after 1 January 2011.
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments effective for annual periods beginning on or after 1 July 2010.

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

b. Financial Instruments

Financial instruments carried on the balance sheet include securities, trade and other receivables, cash at bank, trade and other payables and unrealised gains and losses on derivative financial instruments. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Derivatives are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices on active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. Unrealised fair value gains or losses on these derivative financial instruments are included in the Income Statement.

Disclosures about financial instruments to which the Fund is a party are provided in Note 17.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009 with comparatives
for the year ended 31 December 2008

2. Accounting Policies (continued)

c. Securities (continued)

Investments in 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 cost, which is the fair value of the consideration given. The securities (collectively referred to as the 'Money Market and Bond Portfolio') are subsequently re-measured at fair value based on bid prices quoted at the Balance Sheet date. Gains and losses arising from changes in the fair value of these securities are recognised in the Income Statement as they arise.

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

d. Receivables

Receivables are carried at anticipated realisable value.

e. Prepayments

Prepayments comprise amounts paid in advance for management, administration, custodian, audit and directors' fees. Payments are being expensed to the Income Statement over the period which the Fund is receiving the benefit of these services.

f. Cash and cash equivalents

Cash includes amounts held in interest bearing accounts. Cash and cash equivalents comprise bank balances and cash held by the Fund. The carrying value of these assets approximates their fair value. Deposits held as part of the Money Market and Bond Portfolio are not included within cash and cash equivalents.

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 7).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009 with comparatives
for the year ended 31 December 2008

2. Accounting Policies (continued)

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 balance sheet 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. Management, administration and secretarial fees

Under the provisions of the Management Agreement dated 19 June 2006 between the Fund and Kleinwort Benson (Channel Islands) Corporate Services Limited as Manager, the Fund pays the Manager a quarterly fee in respect of management, administration and secretarial services equal to 0.10 percent per annum of the average NAV of the Fund calculated over the relevant quarterly period. The fee is payable quarterly, in arrears.

l. Custodian fees

In accordance with the Custodian Agreement dated 19 June 2006 between the Fund and Kleinwort Benson (Guernsey) Limited as Custodian, the Fund pays the Custodian 0.03 percent per annum of the Fund's NAV, accrued for at each valuation date, subject to an annual minimum fee of £15,000. The minimum fee is subject to review by the Custodian, every three years from the date of the Custodian Agreement.

m. Sponsor's fees

On 30 June 2008, Dresdner Kleinwort Securities Limited ceased in its role as the Fund's corporate broker. Dresdner Kleinwort Securities Limited was previously entitled to receive ongoing sponsor's fees payable by the Fund quarterly in arrears at a rate of 0.20 percent per annum of the average NAV of the Fund calculated over the relevant quarterly period. From 18 September 2008, Collins Stewart Europe Limited commenced as the Fund's corporate broker and is entitled to ongoing sponsor's fees payable by the Fund quarterly in arrears at a rate of 0.20 percent per annum of the average NAV of the Fund calculated over the relevant quarterly period.

n. Directors' fees

Directors fees amounted to £15,000 per annum and Chairman's fees amounted to £20,000 per annum. Dean Orrico has waived his director's fee.

o. Investment advisory fees

Under the provisions of the Investment Advisory Agreement dated 19 June 2006 between the Fund and Middlefield International Limited as Adviser, the Fund pays the Adviser a quarterly investment advisory fee equal to 0.10 percent per annum of the average NAV of the Fund calculated over the relevant quarterly period. The investment advisory fee is payable quarterly, no later than 10 days in arrears.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009 with comparatives
for the year ended 31 December 2008

2. Accounting Policies (continued)

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 Income Statement 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.

q. Revenue recognition

Interest income comprises bond interest and interest on bank deposits. Bond interest is calculated and accounted for on an effective yield basis. Gains and losses on derivative financial instruments and on securities are recognised and disclosed in Notes 10 and 11 respectively.

r. 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.

s. Business and geographical segments

The Directors are of the opinion that the Fund is engaged in a single segment of business of investing in the Money Market and Bond Portfolio to swap the returns from this under the Swap. The Swap provides exposure to the Canadian income trust market to which the Fund is solely exposed and therefore no segmental reporting is provided.

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

	2009 GBP	2008 GBP
Treasury bills	-	13,650,575
Certificates of deposit	76,621,787	63,451,451
Canadian Income Trust	46,381	32,213
	76,668,168	**77,134,239**

Please refer to Note 18 for the Schedule of Investments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009 with comparatives
for the year ended 31 December 2008

4. Cash and cash equivalents

	2009 GBP	2008 GBP
Cash at bank	244,545	110,627

Cash and cash equivalents comprise bank balances and cash held by the Fund. The carrying value of these assets approximates their fair value.

5. Derivative financial instruments

	2009 GBP	2008 GBP
Fair value of derivative financial instruments at period end (amount owed by the Fund)	(17,077,273)	(41,207,684)

The Fund has entered into a Swap with Canadian Imperial Bank of Commerce ("CIBC"). Under the terms of the Swap, quarterly payments are made that reflect the distributions and other amounts that would be receivable on monies equal to the Canadian Dollar equivalent of the Sterling Reference Investment Amount being notionally invested in CIT Trust, less Swap Costs.

Swap costs comprise:

- The Sterling Reference Investment Amount multiplied by LIBOR (as adjusted to take account of the Cross Currency Margin Differential);
- Margin payments received by the Fund multiplied by the prevailing interest rate for the currency in which the Margin Payment is received; and
- The value of the notional investment in CIT Trust referenced in the Swap multiplied by a rate equivalent to 0.5 percent per annum.

If during the quarter the Swap costs exceed the amount receivable by an investor on the notional investment in CIT Trust referenced in the Swap then the Fund will be obliged to pay CIBC the excess. On termination of the Swap CIBC will be obliged to pay the Fund an amount equal to any increase in the value of the notional investment in CIT Trust referenced in the Swap over the term of the Swap. The Fund, however, will be obliged to pay CIBC on termination of the Swap an amount equal to any decrease in the value of the notional investment in CIT Trust referenced in the Swap over the term of the Swap.

CIT Trust consists of a portfolio of Canadian income trusts and common stocks that the Canadian Investment Adviser (Middlefield Capital Corporation) believes will provide a secure income stream together with the prospect of capital growth. As at 31 December 2009, CIT Trust's portfolio includes investments in approximately 40 income trusts spread across the four main sectors: oil and gas royalty trusts, business trusts, real estate investment trusts and power and pipeline trusts, as well as a select number of investments in common share companies and debt securities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009 with comparatives
for the year ended 31 December 2008

5. Derivative financial instruments (continued)

The Fund has the discretion to terminate the Swap at any time. CIBC has the discretion to terminate the Swap at any time after two years from the inception of the Swap on 6 July 2006, subject to giving at least six months notice. Due to the termination clause, the derivative financial instrument has been reclassified in the current year from a non-current to current liability. CIBC may terminate the Swap on shorter notice on grounds connected with its Swap hedging arrangements. There is also provision for immediate termination by a non-defaulting party following the occurrence of certain events of default.

The Swap contains provisions which hedge the currency risk to the Fund associated with its payment rights and obligations on settlement of the Swap. The currency risk is hedged by embedding a series of three month currency hedges in the terms of the Swap each of which has the effect during any quarter in which the Canadian dollar strengthens against Sterling of resulting in an appropriate decrease in the notional number of CIT Trust units in the Canadian Dollar Notional Reference Investment and during any quarter in which the Canadian dollar weakens against Sterling resulting in an appropriate increase in the notional number of CIT Trust units in the Canadian Dollar Notional Reference Investment.

The Fund is entitled to increase the size of the embedded three month currency hedges with a view to hedging currency risk associated with the Swap being referenced to notional Canadian dollar denominated income produced by CIT Trust.

The Fund provides collateral to CIBC for its obligations under the Swap by granting security in favour of CIBC over the Money Market and Bond Portfolio (See Note 16).

The Swap is structured to ensure its value to the Fund does not exceed 20 percent of the value of the Fund's net assets at any time through a mechanism that requires CIBC in certain circumstances to make margin payments (i.e. transfer cash) to the Fund.

The Swap will, in the absence of early termination, terminate and be cash settled on 28 June 2013. If, at termination, the Fund has a liability to CIBC then some of its assets in the Money Market and Bond Portfolio would be sold to settle the transaction.

6. Other payables and accruals

	2009 GBP	2008 GBP
Management fees	15,135	10,976
Custodian fees	4,541	3,293
Registrar's fees	2,684	2,650
Investment advisory fees	15,135	10,976
Directors' fees	959	956
Audit fees	36,400	30,600
Sponsor's fees	30,270	20,434
General expenses	21,311	25,001
	126,435	**104,886**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009 with comparatives
for the year ended 31 December 2008

7. Share capital and stated capital account

The authorised share capital of the Fund is divided into 2 management shares of no par value and an unlimited number of redeemable participating preference shares of no par value.

	No. of shares	GBP
Management shares issued		
At 24 May 2006	-	-
2 management shares of no par value issued at £1 each	2	2
At 31 December 2008 and 2009	**2**	**2**
Redeemable participating preference shares issued		
At 24 May 2006	-	-
6 July 2006 55,000,000 shares of no par value issued at £1 each	55,000,000	55,000,000
6 July 2006 issue costs	-	(962,500)
6 October 2006 reduction of capital- transfer to other reserve	-	(54,037,500)
23 October 2006 5,490,000 shares of no par value issued at £1 each	5,490,000	5,490,000
23 October 2006 issue costs	-	(55,125)
18 April 2007 19,827,500 shares of no par value issued at 87 pence each	19,827,500	17,500,000
18 April 2007 issue costs	-	(306,250)
At 31 December 2008 and 2009	**80,317,500**	**22,628,625**

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 percent of the shares then in issue, or such lesser percentage as the Directors may decide.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009 with comparatives
for the year ended 31 December 2008

7. Share capital and stated capital account (continued)

On 6 October 2006, the Royal Court of Jersey confirmed the reduction of capital by way of a cancellation of the stated capital account of the Fund. The £54,037,500 cancelled has been credited as a distributable reserve established in the Fund's books of account and is available as distributable profits to be used for all purposes permitted under Jersey Law, including purchase back of shares and the payment of dividends.

8. Net asset value per redeemable participating preference share

The net asset value per share of 75.93p (31 December 2008: 46.11p) is based on the net assets at the year end of £60,983,588 (31 December 2008: £37,037,805) and on 80,317,500 redeemable participating preference shares, being the number of redeemable participating preference share in issue at the year end (31 December 2008: 80,317,500 shares). The net asset value per share of 75.93p reported in these financial statements differs from the net asset value per share of 76.29p announced to the London Stock Exchange on 6 January 2010 due to the requirement to value the Swap, as disclosed in note 6, at the bid price as opposed to the mid market price used in the announced valuation. The requirement to value at the bid price has led to the net asset value per share reported in these financial statements being 0.36p, or 0.47%, lower than that announced to the London Stock Exchange.

9. Dividend and interest income

	2009 GBP	2008 GBP
Bond interest	738,520	3,897,267
Bank interest	423	7,653
Dividend income	3,123	4,923
	742,066	**3,909,843**

10. Net movement in the fair value of derivative financial instruments

	2009 GBP	2008 GBP
Net movement on CIBC Swap	28,011,469	(31,725,466)

The movement in the year on the CIBC Swap comprised amounts received and accrued under the quarterly payments of the Swap of £3,881,058 (2008: £2,187,842) and an increase in Swap value of £24,130,411 (2008: decrease in Swap value of £33,913,308).

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009 with comparatives
for the year ended 31 December 2008

11. Net movement in the fair value of securities

	2009 GBP	2008 GBP
Net movement in the fair value of securities (at fair value through profit or loss)	(42,871)	42,776

12. Gain/(Loss) per redeemable participating preference share - basic and diluted

Basic gain/(loss) per redeemable participating preference share is calculated by dividing the net gain attributable to redeemable participating preference shares of £28,361,561 (31 December 2008: Loss £28,183,696) by the weighted average number of redeemable participating preference shares outstanding during the year of 80,317,500 shares (31 December 2008: 80,317,500 shares).

13. Dividends

Dividends were paid on a quarterly basis during the year in the months of January, April, July and October totalling £4,415,778 (2008: January, April, July and October, £5,616,075).

On 29 January 2010, a further dividend of 1.25p per share was paid amounting to £1,003,969. In accordance with the requirements of IFRS, as this was not approved until after the balance sheet date, no accrual has been reflected in these financial statements for this amount.

14. Taxation

With effect from the 2009 year of assessment Jersey abolished the exempt company regime for existing companies. Profits arising in the Company for the 2009 year of assessment and future periods will be subject to tax at the rate of 0%. In the prior year the Company was exempt from taxation under the provisions of Article 123A of the Income Tax (Jersey) Law 1961 as amended.

15. Related party transactions

Kleinwort Benson (Channel Islands) Corporate Services Limited (the “Manager”, “Secretary” and “Administrator”), Kleinwort Benson (Guernsey) Limited (the “Custodian”) and the Directors are regarded as related parties. Both the Manager and the Custodian are wholly-owned subsidiaries of Kleinwort Benson Channel Islands Holdings Limited, whose ultimate parent company is Commertzbank A.G., a company incorporated in Germany.

Fees payable to the Directors are explained in Note 2n. Total directors’ fees paid during the year amounted to £50,000 of which £959 was due at the year end (2008: £50,408 of which £956 was due at the year end). Dean Orrico has waived his entitlement to directors’ fees.

The fees for the above are all arms length transactions. The fees payable to the Manager and Custodian are explained in Notes 2k and 2l respectively. The balances due to the Manager and Custodian at the period end are disclosed in Note 5 “Other payables and accruals”.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009 with comparatives
for the year ended 31 December 2008

16. CIBC as Counterparty to the Swap

In conjunction with entering into the Swap, the Fund has entered into a Guernsey Security Interest Agreement (the "Guernsey SIA") with CIBC as Swap Counterparty, the Manager and the Custodian. Pursuant to the terms of the Guernsey SIA the Fund has assigned by way of security all of its rights, title and interest under the Bond and Money Market Portfolio Custodian Agreement dated 6 July 2006 to CIBC as security for the Fund's obligations under the Swap Agreement.

17. Financial instruments

Fair values

The carrying amounts of investments, trade and other receivables, cash and cash equivalents and trade and other payables approximate their fair values.

Management of Capital

The Manager manages the capital of the Fund in accordance with the Fund's investment objectives and policies. The Fund's overall strategy remains unchanged from 2008.

The capital structure of the Fund consists of proceeds from the issue of preference shares and the reserve accounts. The Manager reviews the capital structure on a monthly basis. The Fund does not have any externally imposed capital requirements.

Investment and trading activities

It is intended that the Fund will continue throughout its life to be invested in a Money Market and Bond Portfolio and the Swap.

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 credit risk, market price risk and interest rate risk.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet commitments it has entered into with the Fund. If the Fund does not receive a scheduled interest payment from a Bond when that payment is due, this may result in the Fund being unable to meet a corresponding payment under the Swap. Such a failure would entitle CIBC under the terms of the Guernsey SIA (Note 16) to enforce its rights to cause one or more securities to be sold in order to satisfy such payment obligation of the Fund. Additionally or alternatively, CIBC as Swap counterparty would be entitled to terminate the Swap and this may result in a termination payment being owed by the Fund to CIBC. Any sale of securities in these circumstances might not realise their full market value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009 with comparatives
for the year ended 31 December 2008

17. Financial instruments (continued)

Credit risk (continued)

Additionally, the Fund has to consider the risk that CIBC as Swap counterparty may not be able to meet their commitments under the Swap. To mitigate this risk, the Investment Adviser completed due diligence on CIBC and reviewed CIBC's credit history and credit rating to ensure that it would be a suitable counterparty. CIBC currently has a Standard and Poor's rating of A+/Negative/A-1.

The Fund's credit risk concentration risk is spread between the Money Market and Bond Portfolio and the Swap. Concentration risk is mitigated since no individual debt security (other than gilts or treasuries) makes up more than 10 percent of the total portfolio, and the Investment Adviser assesses the risk associated with investments by performing financial analysis on the issuing companies as part of its normal scrutiny of prospective investments.

At 31 December 2009, all of the debt instruments held in the portfolio were graded AA- or better by Standard & Poor's credit rating agency (2008: All AA- or better).

The Fund's maximum exposure to credit risk is the carry value of the assets on the balance sheet.

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.

Fair value measurements

The Fund adopted the amendment to IFRS 7, effective 1 January 2009. IFRS 7 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 7 are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009 with comparatives
for the year ended 31 December 2008

17. Financial instruments (continued)

Fair value measurements (continued)

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

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

The following table presents the Fund's financial assets and liabilities by level within the valuation hierarchy as of 31 December 2009.

	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial assets				
Securities (at fair value through profit or loss)	76,668,168	-	-	76,668,168
Financial liabilities				
Derivative financial instruments (at fair value through profit or loss)	(17,077,273)	-	-	(17,077,273)

The Fund holds financial instruments that trade in active markets. Such financial instruments are classified as level 1 of the IFRS 7 fair value hierarchy.

Price sensitivity

At 31 December 2009, if the market prices of the Swap had been 30% higher with all other variables held constant, the increase in net assets attributable to holders of redeemable shares for the year would have been £17,877,268 (2008: £10,777,967) higher, arising due to the increase in the fair value of financial assets at fair value through profit or loss by £23,000,450 (2008: £23,140,272) offset by the increase in fair value of the financial liabilities at fair value through profit or loss by £5,123,182 (2008: £12,362,305).

At 31 December 2009, if the market prices of the Swap 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009 with comparatives
for the year ended 31 December 2008

17. Financial instruments (continued)

Interest rate risk

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

The Fund holds only short term (three months or less) fixed rate securities that re-price quarterly as they mature and are re-invested. Details of positions and rates at 31 December 2009 are provided in Note 18. Under the terms of the derivatives held by the Fund, and as set out in Note 6, the Fund swaps interest received on the securities with CIBC as Swap transaction counterparty, based on LIBOR rates.

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

	Floating rate assets/(liabilities)	
	2009	2008
	GBP	GBP
Assets		
Money market and bond portfolio	76,668,168	77,134,239
Cash and cash equivalents	244,545	110,627
	76,912,713	**77,244,866**
Liabilities		
Derivative financial instruments	(17,077,273)	(41,207,684)
	(17,077,273)	**(41,207,684)**

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

As explained in note 6 the return on the fixed rate assets held by the Fund are offset by the Swap arrangements in place. The notional value of the Swap of £76,661,637 (2008: £76,661,637) is not included in the above table but is required to consider the overall exposure.

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 and securities at fair value through profit or loss.

The Fund's invest ments are considered to be readily realisable, are issued by approved financial institutions or government entities and are relatively short term in nature.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009 with comparatives
for the year ended 31 December 2008

17. Financial instruments (continued)

Liquidity risk (continued)

As at 31 December 2009, the Fund's exposure to 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)	76,621,787	-	-	46,381	76,668,168
Cash and cash equivalents	244,545	-	-	-	244,545
Accrued bond interest	72,815	-	-	-	72,815
Accrued dividend income	605	-	-	-	605
Interest receivable on Swap	1,189,599	-	-	-	1,189,599
Prepayments	1,918	4,315	5,333	-	11,566
	78,131,269	**4,315**	**5,333**	**46,381**	**78,187,298**
Liabilities					
Derivative financial instruments (at fair value through profit or loss)	-	-	-	(17,077,273)	(17,077,273)
Other payables and accruals	(126,435)	-	-	-	(126,435)
	(126,435)	**-**	**-**	**(17,077,273)**	**(17,203,708)**
	78,004,834	**4,315**	**5,333**	**(17,030,892)**	**60,983,590**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009 with comparatives
for the year ended 31 December 2008

17. Financial instruments (continued)

Liquidity risk (continued)

As at 31 December 2008, the Fund's exposure to 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)	77,102,026	-	-	32,213	77,134,239
Cash and cash equivalents	110,627	-	-	-	110,627
Accrued bond interest	247,337	-	-	-	247,337
Accrued dividend income	934	-	-	-	934
Interest receivable on Swap	844,864	-	-	-	844,864
Prepayments	2,257	4,295	5,824	-	12,376
	78,308,045	**4,295**	**5,824**	**32,213**	**78,350,377**
Liabilities					
Derivative financial instruments (at fair value through profit or loss)	-	-	-	(41,207,684)	(41,207,684)
Other payables and accruals	(104,886)	-	-	-	(104,886)
	(104,886)	**-**	**-**	**(41,207,684)**	**(41,312,570)**
	78,203,159	**4,295**	**5,824**	**(41,175,471)**	**37,037,807**

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009 with comparatives
for the year ended 31 December 2008

17. Financial instruments (continued)

The Directors believe the Fund is not or is immaterially exposed to the following risk:

Currency risk

Aside from the nominal investment in CIT Trust, the Fund does not invest in securities that are denominated in currencies other than the currency in which the shares are denominated. Accordingly, the value of the Fund's assets are minimally affected by fluctuations in currency rates and therefore not subject to material foreign exchange risks. The Fund's exposure to the Canadian dollar is explained in Note 6.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2009 with comparatives
for the year ended 31 December 2008

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

Description	Rate	Issue Date	Maturity Date	Nominal Holding	Book Cost GBP	Bid-Market Value GBP	% of Net Assets	% of Portfolio
United Kingdom - Certificates of Deposit								
Royal Bank of Scotland	0.49%	2 Oct 2009	4 Jan 2010	7,000,000	7,000,000	6,999,980	11.48%	9.13%
Lloyds TSB Bank	0.51%	2 Oct 2009	4 Jan 2010	7,000,000	7,000,000	6,999,996	11.48%	9.13%
BNP Paribas	0.37%	2 Oct 2009	4 Jan 2010	7,000,000	7,000,000	6,999,888	11.48%	9.13%
ING Bank	0.50%	2 Oct 2009	4 Jan 2010	7,000,000	7,000,000	6,999,988	11.48%	9.13%
Bank of Nova Scotia	0.25%	2 Oct 2009	4 Jan 2010	7,000,000	7,000,000	6,999,797	11.48%	9.13%
Intesa Sanpaolo	0.35%	2 Oct 2009	4 Jan 2010	7,000,000	7,000,000	6,999,873	11.48%	9.13%
Commonwealth Bank of Australia	0.20%	2 Oct 2009	4 Jan 2010	6,300,000	6,300,000	6,299,782	10.32%	8.22%
Rabobank	0.35%	2 Oct 2009	4 Jan 2010	7,000,000	7,000,000	6,999,873	11.48%	9.13%
Nordea Bank	0.38%	2 Oct 2009	4 Jan 2010	7,000,000	7,000,000	6,999,896	11.48%	9.13%
Société Générale	0.38%	2 Oct 2009	4 Jan 2010	7,000,000	7,000,000	6,999,896	11.48%	9.13%
Barclays Bank	0.45%	2 Oct 2009	4 Jan 2010	7,000,000	7,000,000	6,999,950	11.48%	9.13%
Kleinwort Benson	0.19%	2 Oct 2009	4 Jan 2010	322,868	322,868	322,868	0.52%	0.42%
		Sub-total - Certificate of Deposit			**76,622,868**	**76,621,787**	**125.64%**	**99.94%**
Canada - Income Trust								
CIT Trust				10,000	48,804	46,381	0.08%	0.06%
Total investments					**76,671,672**	**76,668,168**	**125.72%**	**100.00%**

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 Annual General Meeting of the Fund

Notice is hereby given that the Cell Annual General Meeting of the Fund will be held at Wests Centre, St. Helier, Jersey, JE4 8PQ, Channel Islands on 26 May 2010 at 11.00 a.m for the following purposes:

ORDINARY BUSINESS

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

1. to receive and adopt the Directors' Commentary, Auditors' Report and Financial Statements for the year ended 31 December 2009;

2. to re-elect Raymond Apsey as a Director of the Fund;

3. to re-elect Philip Bisson as a Director of the Fund;

4. to re-elect Nicholas Villiers as a Director of the Fund;

5. to note the resignation of Dean Orrico as a Director of the Fund;

6. to appoint W. Garth Jestley as a Director of the Fund;

7. to fix the remuneration of the Directors in respect of the Accounting Year ending 31 December 2010; and

8. to re-appoint Deloitte LLP as Auditors of the Fund.

Kleinwort Benson (Channel Islands) Corporate Services Limited
As Company Secretary

18 March 2010

Notes:

1. A Cell Member entitled to be present and vote at the Cell Annual General Meeting may appoint one or more proxies to attend and, upon a poll being called for, to vote in his stead. A proxy need not be a Cell Member of the Fund and any instrument appointing a proxy must be deposited at the Registered Office of the Fund not less than 48 hours before the time appointed for the Cell Annual General Meeting (or any adjourned meeting).

2. To be passed, a Cell Ordinary Resolution requires a majority of the votes cast in favour.

3. In the case of joint holders of a share in the Fund, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the share.

4. Two Cell Members present (in person or by proxy, corporate representative or attorney as the case may be) holding one-tenth of the shares but not less than two individuals present shall be a quorum for all purposes provided that if a member is by any means in communication with one or more other members so that each member participating in the communication can hear what is said by any other of them, each member so participating shall be deemed to be present at the Cell Annual General Meeting with the other members so participating.

5. The Fund hereby specifies that only those members registered on its Register of Members as at 11.00 a.m on 26 May 2010 shall be entitled to attend and vote at the Cell Annual General Meeting. Changes to entries on the Register of Members entered after this time shall be disregarded for the purposes of determining the rights of any person to attend and vote at the Cell Annual General Meeting.

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 Annual General Meeting of the Company

Notice is hereby given that the Annual General Meeting of the Company will be held at Wests Centre, St. Helier, Jersey, JE4 8PQ, Channel Islands on 26 May 2010 at 10.30 a.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 Directors' Commentary, Auditors' Report and Financial Statements for the year ended 31 December 2009;

2. to re-elect Raymond Apsey as a Director of the Company;

3. to re-elect Philip Bisson as a Director of the Company;

4. to re-elect Nicholas Villiers as a Director of the Company;

5. to note the resignation of Dean Orrico as a Director of the Company;

6. to appoint W. Garth Jestley as a Director of the Company;

7. to fix the remuneration of the Directors in respect of the Accounting Year ending 31 December 2010; and

8. to re-appoint Deloitte LLP as Auditors of the Company.

Kleinwort Benson (Channel Islands) Corporate Services Limited
As Company Secretary

18 March 2010

Notes:

1. A member entitled to be present and vote at the Annual General Meeting may appoint one or more proxies to attend and, upon a poll being called for, to vote in his stead. A proxy need not be a Member of the Company and any instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time appointed for the Annual General Meeting (or any adjourned meeting).

2. To be passed, an Ordinary Resolution requires a majority of the votes cast in favour.

3. In the case of joint holders of a share in the Company, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the share.

4. Two members present (in person or by proxy, corporate representative or attorney as the case may be) holding one-tenth of the shares but not less than two individuals present shall be a quorum for all purposes provided that if a member is by any means in communication with one or more other members so that each member participating in the communication can hear what is said by any other of them, each member so participating shall be deemed to be present at the Annual General Meeting with the other members so participating.

5. The Company hereby specifies that only those members registered on its Register of Members as at 10.30 a.m on 26 May 2010 shall be entitled to attend and vote at the Annual General Meeting. Changes to entries on the Register of Members entered after this time shall be disregarded for the purposes of determining the rights of any person to attend and vote at the Annual General Meeting.