HALF YEARLY REPORT AND CONDENSED FINANCIAL STATEMENTS (UNAUDITED) FOR THE PERIOD 1 JANUARY 2013 TO 30 JUNE 2013

MIDDLEFIELD
CANADIAN INCOME PCC

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

MCI
MIDDLEFIELD Canadian Income PCC

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RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the interim report and financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Fund.

- the Interim Management report includes a fair review of the development, performance and position of the Company and the Fund and a description of the principal risks and uncertainties as disclosed in note 16 to the financial statements, that it faces for the next six months as required by DTR 4.2.7.R of the Disclosure and Transparency Rules.

- the Interim Management report includes a fair review of related party transactions and changes therein, as required by DTR 4.2.8.R of the Disclosure and Transparency Rules.

By order of the Board

Nicholas Villiers
Director

Thomas Pierpont Grose
Director

Date: 16 August 2013

INTERIM MANAGEMENT REPORT

Six months to 30 June 2013 (unaudited)

On the invitation of the Directors of the Company, this interim management report is provided by Middlefield International Limited, which acts as the investment manager of the Fund.

This statement has been prepared to provide additional information to Shareholders as a body to meet the relevant requirements of the UK Listing Authority's Disclosure and Transparency Rules. It should not be relied upon by any party for any purpose other than as stated above.

Middlefield Canadian Income 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 – GBP PC (referred to as the "Fund" which term includes, where the context permits, the Company acting in respect of Middlefield Canadian Income – GBP PC). Admission to the Official List of the UK Listing Authority and dealings in redeemable participating preference shares commenced on 6 July 2006. The Fund was admitted to FTSE UK All-Share Index effective 20 June 2011.

Investment Objective

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

The Fund will seek to achieve its investment objective by investing predominantly in the securities of companies and REITs domiciled in Canada and listed on a Canadian Stock Exchange, which the investment manager believes will provide an attractive level of distributions, together with the prospect for capital growth.

Performance Summary

North American equity markets rallied over the first half of 2013. Over this period, U.S. economic growth has been supported largely by improvements in employment, household balance sheets and consumer spending, along with an on-going recovery in the housing market. These improving trends have, in turn, provided significant stimulus for Canadian export growth. Historically, Canadian output growth, which marginally outperformed gains in the U.S. over the past half century, has been closely linked to the economic prosperity of America – the world's largest economy and Canada's largest trading partner. As a result, improving trends in U.S. consumption are expected to support continued Canadian economic expansion over the next several months.

During the first half of the year, the Fund generated a total return of 8.9%, outperforming on a currency-adjusted basis both its benchmark S&P/TSX Equity Income Index as well as the broader S&P/TSX Composite Index by 3.7% and 8.7%, respectively. The Fund's positive returns were primarily attributable to the strong performance of securities held within the industrial, financial and energy sectors over this period. In addition, over the first half of the year, MCI benefited from increased diversification and a broadening of its portfolio asset allocation. Changes included a further reduction in the Fund's energy weighting, particularly with respect to its allocation to those producers focused on oil production, and an increase in the Fund's exposure to U.S. financials, which has been a top performing sector year-to-date.

INTERIM MANAGEMENT REPORT (continued)
Six months to 30 June 2013 (unaudited)

Performance Summary (continued)

We believe that the recent sell-off in 'interest sensitive' issuers provides investors with an attractive opportunity to purchase dividend paying stocks that offer capital appreciation potential and very attractive, tax efficient yields that are significantly higher than the interest income that can be earned from a government bond. Our focus remains on global dividend paying issuers with relatively low leverage, good organic growth potential and strong management teams that have demonstrated an ability to prudently allocate capital.

We remain positive on the long-term outlook for oil and natural gas and maintain the view that North American natural gas and global oil production have peaked. We believe that long-term oil prices will be in the range of US$80 to US$100 per barrel during the next five to ten years as new supply remains expensive to develop. We expect the spread between WTI and Brent oil prices to continue to narrow in 2013 as several energy infrastructure projects will eventually alleviate the bottleneck at the Cushing terminus in Oklahoma. Furthermore, prices realized by Canadian producers are expected to continue to improve as access to U.S. refineries should cause heavy oil differentials to narrow and benefit the Canadian energy sector. With respect to natural gas, prices are expected to appreciate to over $5.00/mcf during the next 12-18 months as colder weather during the first half of the year led to large withdrawals and inventories are now below the five year average. Many gas producers have announced production cuts and slowed drilling activity as shale wells continue to demonstrate sharp production declines. Moreover, the number of U.S. natural gas rigs in operation is near a thirteen year low, which usually presages much higher prices. Demand and pricing should also be supported by rising industrial production and consumption by utilities that are switching from coal to gas fired power generation. Longer term, the development of LNG export facilities should enable producers to access European and Asian markets, where gas sells for more than four times more than it does in North America.

We continue to believe that the real estate sector offers good total return potential. Real estate issuers should be able to increase rents significantly as employment and occupancy increase. Moreover, the replacement value of buildings should escalate as land, construction costs and inflation edge higher. While we expect volatility to persist as investors adjust their expectations to reflect a normalized cost of capital and higher interest rates, valuations are very compelling and should be supported by strong balance sheets, low payout ratios and dividend growth. Canadian REITs are trading at a substantial discount to net asset value versus a historical premium of 6%. Our focus remains on global real estate issuers that: 1) have good organic growth potential with low leverage; 2) demonstrate above average cash flow growth; 3) possess strong management teams with a track record of prudent capital allocation; and 4) have shorter lease-terms or an ability to quickly capture rental growth/inflation as the economy improves.

INTERIM MANAGEMENT REPORT (continued)
Six months to 30 June 2013 (unaudited)

Performance Summary (continued)

The asset class weightings for the Fund as at 30 June 2013 were:

Asset Class	Portfolio Weighting
Energy	24.8%
Financials	18.2%
Bonds and Convertible Debentures	14.5%
Real Estate	12.4%
Utilities	8.9%
Materials	6.5%
Industrials	5.9%
Telecommunications	2.7%
Metals and Mining	2.5%
Consumer Discretionary	1.8%
Consumer Staples	1.8%

Dividends
The Fund paid quarterly dividends of 1.25 pence per share in each of January, April and July 2013.

Related Party Transactions
Related party transactions are disclosed in note 13 to the condensed set of financial statements of the Fund.

There have been no material changes in the related party transactions from those described in the 2012 Annual Report.

Material Events
Further to the announcements issued in February, March and April of this year, the Company has issued for cash a total of 3,350,000 shares of the Fund out of treasury. Each such issue has been at a premium to the Fund's prevailing net asset value.

The Board of Middlefield Canadian Income PCC is not aware of any significant event or transaction which has occurred between 1 July 2013 and the date of publication of this statement which could have a material impact on the financial position of the Fund.

Principal Risks and Uncertainties
There are a number of potential risks and uncertainties, which could have a material impact on the Fund's performance over the remaining six months of the year and could cause actual results to differ materially from expected and historical results. Further information on the principal risks and uncertainties of the Fund are included in the 2012 Annual Report and in note 17 to the condensed set of financial statements.

INTERIM MANAGEMENT REPORT (continued)
Six months to 30 June 2013 (unaudited)

Performance Summary (continued)

Outlook
We believe the global economy will continue to grow at a modest pace in the near-term, with Europe struggling to emerge from recession and developing economies growing at a reduced rate, largely as a result of decreased export demand from western nations. It remains our view that sustainable long-term global growth will take time to achieve and will require structural reforms to: (i) facilitate debt repayment in Europe, the United States and other developed economies; and (ii) finance socio-economic improvements that will stimulate domestic demand in emerging markets.

With respect to North America, we expect continued U.S. economic growth, supported by on-going improvements in employment, consumption and the housing sector. The Fed has indicted that it expects short-term interest rates to remain at very low levels until the unemployment rate falls to at least 6.5%, which we do not anticipate to occur for several months. Following which, we expect the removal of monetary stimulus to occur only at a measured pace. Given this backdrop, together with a low inflationary environment, we anticipate that low interest rates in the U.S. and Canada will prevail for the foreseeable future. This, in turn, is expected to further support growth in the U.S. economy and corresponding Canadian export demand and economic growth.

The Fund remains focused on investing in income-oriented issuers with strong management teams, good balance sheets and sustainable dividends that are well-positioned to benefit from the relative strength of the North American economy. We continue to believe that the high dividend-paying equity income sector will benefit from anticipated improvements in global growth and an ongoing demand for income.

Middlefield International Limited
Date: 16 August 2013

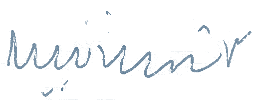
Past performance is not a guide to future performance.
This interim management report is available at: www.middlefield.co.uk.

CONDENSED STATEMENT OF FINANCIAL POSITION OF THE FUND (unaudited)

As at 30 June 2013
with unaudited comparatives as at 30 June 2012
and audited comparatives as at 31 December 2012

	Notes	30.06.2013 £	30.06.2012 £	31.12.2012 £
Current assets				
Securities (at fair value through profit or loss)	3 & 17	129,597,718	84,474,321	111,501,935
Accrued bond interest		213,091	202,019	165,120
Accrued bank interest		2,979	7,731	4,252
Accrued dividend income		375,287	348,998	437,833
Other receivables		2	2	2
Prepayments		15,235	2,095	16,261
Cash and cash equivalents	4	3,906,640	10,921,286	8,428,599
		134,110,952	95,956,452	120,554,002
Current liabilities				
Other payables and accruals	5	(430,818)	(329,686)	(364,257)
Interest payable		(86,894)	–	(75,962)
Securities purchased payable		–	(157,553)	–
		(517,712)	(487,239)	(440,219)
Net current assets		133,593,240	95,469,213	120,113,783
Non-current liabilities				
Loan payable	14	(18,661,637)	(9,334,978)	(15,372,485)
Net assets		114,931,603	86,134,235	104,741,298
Equity attributable to equity holders				
Stated capital account	6	50,796,973	30,827,955	47,110,708
Retained earnings		64,134,630	55,306,280	57,630,590
Total Shareholders' equity		114,931,603	86,134,235	104,741,298
Net asset value per redeemable participating preference share	7	**106.39p**	**97.49p**	**100.06p**

The financial statements on pages 8 to 29 were approved by the Directors on 16 August 2013 and signed on behalf of the Board by:



Nicholas Villiers
Director

Thomas Pierpont Grose
Director

The accompanying notes on pages 12 to 29 form an integral part of these financial statements.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME OF THE FUND (unaudited)

For the period 1 January 2013 to 30 June 2013 with unaudited comparatives for the period 1 January 2012 to 30 June 2012 and audited comparatives for the year ended 31 December 2012

	Notes	Six months ended 30 June 2013 Revenue £	Six months ended 30 June 2013 Capital £	Six months ended 30 June 2013 Total £	Six months ended 30 June 2012 Total £	Year ended 31 December 2012 Total £
Revenue						
Dividend and interest income	8	3,011,058	–	3,011,058	2,414,817	5,149,253
Net movement in the fair value of securities (at fair value through profit or loss)	9	–	7,688,708	7,688,708	(5,617,785)	(3,082,057)
Net movement on foreign exchange		–	(204,507)	(204,507)	(71,529)	386,739
Total revenue		3,011,058	7,484,201	10,495,259	(3,274,497)	2,453,935
Expenditure						
Investment management fees		198,247	297,369	495,616	375,407	783,603
Custodian fees		5,716	–	5,716	4,330	9,038
Sponsor's fees		114,348	–	114,348	98,341	180,741
Other expenses		193,260	–	193,260	204,002	428,582
Operating expenses		511,571	297,369	808,940	682,080	1,401,964
Net operating profit (loss) before finance costs		2,499,487	7,186,832	9,686,319	(3,956,577)	1,051,971
Finance cost		(70,346)	(105,519)	(175,865)	(79,787)	(213,038)
Profit (loss) before tax		2,429,141	7,081,313	9,510,454	(4,036,364)	838,933
Withholding tax expense		(359,983)	–	(359,983)	(295,624)	(627,863)
Net profit (loss)		2,069,158	7,081,313	9,150,471	(4,331,988)	211,070
Profit (loss) per redeemable participating preference share – basic and diluted	10	1.94p	6.65p	8.59p	(4.98p)	0.24p

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

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

The accompanying notes on pages 12 to 29 form an integral part of these financial statements.

CONDENSED STATEMENT OF CHANGES IN REDEEMABLE PARTICIPATING PREFERENCE SHAREHOLDERS' EQUITY OF THE FUND (unaudited)

For the period 1 January 2013 to 30 June 2013 with unaudited comparatives for the period 1 January 2012 to 30 June 2012 and audited comparatives for the year ended 31 December 2012

	Notes	Stated capital account £	Retained Income £	Total £
At 1 January 2012		22,628,627	61,755,954	84,384,581
(Loss) for the period		–	(4,331,988)	(4,331,988)
Issue of shares		8,199,328	–	8,199,328
Dividends paid	11	–	(2,117,686)	(2,117,686)
At 30 June 2012		**30,827,955**	**55,306,280**	**86,134,235**
At 1 January 2012		22,628,627	61,755,954	84,384,581
Issue of shares		24,482,081	–	24,482,081
Profit for the year		–	211,070	211,070
Dividends		–	(4,336,434)	(4,336,434)
At 31 December 2012		**47,110,708**	**57,630,590**	**104,741,298**
At 1 January 2013		47,110,708	57,630,590	104,741,298
Profit for the period		–	9,150,471	9,150,471
Issue of shares	6	3,686,265	–	3,686,265
Dividends paid	11	–	(2,646,431)	(2,646,431)
At 30 June 2013		**50,796,973**	**64,134,630**	**114,931,603**

The accompanying notes on pages 12 to 29 form an integral part of these financial statements.

CONDENSED CASH FLOW STATEMENT OF THE FUND (unaudited)

For the period 1 January 2013 to 30 June 2013
with unaudited comparatives for the period 1 January 2012 to 30 June 2012
and audited comparatives for the year ended 31 December 2012

	Six months ended 30 June		Year ended 31 December
	2013	2012	2012
	£	£	£
Cash flows from operating activities			
Net profit (loss)	9,150,471	(4,331,988)	211,070
Adjustments for:			
Net movement in the fair value of securities (at fair value through profit or loss)	(7,688,708)	5,617,785	3,082,057
Realised loss (gain) on foreign exchange	664,518	47,493	(129,150)
Unrealised (gain) loss on foreign exchange	(460,011)	24,036	(257,589)
Operating cash flows before movements in working capital	1,666,270	1,357,326	2,906,388
(Increase) decrease in other receivables	16,872	(173,958)	(236,581)
Increase in other payables and accruals	77,495	217,768	153,287
Net cash from operating activities	**1,760,637**	**1,401,136**	**2,823,094**
Cash flows from investing activities			
Payment for purchases of securities	(72,522,878)	(45,156,298)	(90,919,628)
Proceeds from sale of securities	62,115,803	38,513,974	59,785,417
Net cash used in investing activities	**(10,407,075)**	**(6,642,324)**	**(31,134,211)**
Cash flows from financing activities			
Dividends paid	(2,646,431)	(2,117,686)	(4,336,434)
New bank loans raised	3,387,351	2,977,652	15,133,546
Proceeds from issue of shares	3,686,265	8,199,328	24,482,081
Repayments of borrowings	(98,199)	–	(6,100,925)
Net cash generated from financing activities	**4,328,986**	**9,059,294**	**29,178,268**
Net (decrease) increase in cash and cash equivalents	(4,317,452)	3,818,106	867,151
Effect of foreign exchange rate changes	(204,507)	(71,529)	386,739
Cash and cash equivalents at beginning of period	8,428,599	7,174,709	7,174,709
Cash and cash equivalents at end of period	**3,906,640**	**10,921,286**	**8,428,599**
Cash and cash equivalents made up of:			
Cash at bank	3,906,640	10,921,286	8,428,599

The accompanying notes on pages 12 to 29 form an integral part of these financial statements.

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

For the period 1 January 2013 to 30 June 2013
with unaudited comparatives for the period 1 January 2012 to 30 June 2012
and audited comparatives for the year ended 31 December 2012

1. General Information

The Company is a closed-ended investment company incorporated in Jersey on 24 May 2006. The Company has one closed-ended Cell: Middlefield Canadian Income – GBP PC, also referred to as the "Fund". The Fund seeks to provide Shareholders with a high level of dividends as well as capital growth over the longer term. The Fund intends to pay dividends on a quarterly basis each year. The Fund seeks to achieve its investment objective by investing predominantly in the securities of companies and REITs domiciled in Canada and listed on a Canadian Stock Exchange that the Investment Manager believes will provide an attractive level of distributions, together with the prospect for capital growth.

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

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

The Company and the Fund have no employees.

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

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

The information presented for the year ended 31 December 2012 does not constitute the statutory financial statements of the Company and the Fund. Copies of the statutory financial statements for that year have been delivered to the Registrar of Companies in Jersey. The auditors' report on those financial statements was unqualified.

2. Accounting Policies

a. Basis of preparation

The condensed financial information for the period ended 30 June 2013 has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2012, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2013 to 30 June 2013 with unaudited comparatives for the period 1 January 2012 to 30 June 2012 and audited comparatives for the year ended 31 December 2012

2. Accounting Policies (continued)

a. Basis of preparation (continued)

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

b. Going concern

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

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

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

c. Standards and Interpretations

Except as described below the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those financial statements.

Standards and Interpretations in issue not yet adopted.

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

- IFRS 9 (revised April 2009) Financial Instruments: Classification and Measurement effective for annual periods beginning on or after 1 January 2015.

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

- IAS 32 (amended) "Offsetting Financial Assets and Financial Liabilities" effective date is 1 January 2014.

The adoption of some of these Standards and Interpretations may require additional disclosure in future financial statements. None are expected to affect the financial position of the Fund.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2013 to 30 June 2013 with unaudited comparatives for the period 1 January 2012 to 30 June 2012 and audited comparatives for the year ended 31 December 2012

2. Accounting Policies (continued)

d. Business and geographical segments

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

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

	30.06.2013 £	30.06.2012 £	31.12.2012 £
Equities	110,852,016	71,759,771	97,544,369
Debentures	18,745,702	12,714,550	13,957,566
	129,597,718	84,474,321	111,501,935

Please refer to Note 17 for the Schedule of Investments.

4. Cash and cash equivalents

	30.06.2013 £	30.06.2012 £	31.12.2012 £
Cash at bank	3,906,640	10,921,286	8,428,599

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

5. Other payables and accruals

	30.06.2013 £	30.06.2012 £	31.12.2012 £
Investment management fees	263,199	185,366	214,906
Sponsor's fees	60,715	53,089	49,555
Administration fees	30,357	21,380	24,787
Directors' fees	27,134	21,914	21,250
General expenses	22,761	17,501	18,554
Audit fees	12,912	19,891	26,000
Registrar's fees	8,024	6,215	7,121
Custodian fees	5,716	4,330	2,084
	430,818	329,686	364,257

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2013 to 30 June 2013 with unaudited comparatives for the period 1 January 2012 to 30 June 2012 and audited comparatives for the year ended 31 December 2012

6. Stated capital account

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

	No. of shares	£
Management shares issued		
At 31 December 2012	2	2
At 30 June 2013	**2**	**2**
At 31 December 2012	**104,682,250**	**47,110,706**
26 February 2013 350,000 shares of no par value issued at 108.50 pence each	350,000	379,750
26 February 2013 issue costs		(3,798)
8 March 2013 500,000 shares of no par value issued at 112.75 pence each	500,000	563,750
8 March 2013 issue costs		(5,637)
19 March 2013 500,000 shares of no par value issued at 112.75 pence each	500,000	563,750
19 March 2013 issue costs		(5,638)
25 March 2013 500,000 shares of no par value issued at 111.50 pence each	500,000	557,500
25 March 2013 issue costs		(5,575)
28 March 2013 500,000 shares of no par value issued at 112.75 pence each	500,000	563,750
28 March 2013 issue costs		(5,637)
10 April 2013 1,000,000 shares of no par value issued at 109.50 pence each	1,000,000	1,095,000
10 April 2013 issue costs		(10,950)
At 30 June 2013	**108,032,250**	**50,796,971**
Total stated capital at 30 June 2013		**50,796,973**

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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2013 to 30 June 2013 with unaudited comparatives for the period 1 January 2012 to 30 June 2012 and audited comparatives for the year ended 31 December 2012

6. Stated capital account (continued)

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.

At period end there were 16,650,000 treasury shares in issue.

7. Net asset value per redeemable participating preference share

The net asset value per share of 106.39p (30 June 2012: 97.49p, 31 December 2012: 100.06p) is based on the net assets at the period end of £114,931,603 (30 June 2012: £86,134,235, 31 December 2012: £104,741,298) and on 108,032,250 redeemable participating preference shares, being the number of Redeemable Participating Preference shares in issue at the period end (30 June 2012: 88,347,500 shares, 31 December 2012: 104,682,250 shares).

8. Dividend and interest income

	Period ended 30.06.2013				
	Revenue £	Capital £	Total £	30.06.2012 £	31.12.2012 £
Bond and debenture interest	556,995	–	556,995	275,107	771,202
Bank interest	80,855	–	80,855	77,968	120,767
Dividend income	2,373,208	–	2,373,208	2,061,742	4,257,284
	3,011,058	**–**	**3,011,058**	**2,414,817**	**5,149,253**

9. Net movement in the fair value of securities

	Period ended 30.06.2013				
	Revenue £	Capital £	Total £	30.06.2012 £	31.12.2012 £
Net movement in the fair value of securities (at fair value through profit or loss)	–	7,688,708	7,688,708	(5,617,785)	(3,082,057)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2013 to 30 June 2013 with unaudited comparatives for the period 1 January 2012 to 30 June 2012 and audited comparatives for the year ended 31 December 2012

10. Profit per redeemable participating preference share

The revenue gain per share is based on £2,069,158 net revenue gain on ordinary activities and a weighted average of 106,502,806 shares in issue. The capital gain per share is based on £7,081,313 net capital gain for the period and a weighted average of 106,502,806 shares in issue.

11. Dividends

Dividends were paid on a quarterly basis during the period in the months of January and April totalling £2,646,431 (30 June 2012: £2,117,686).

12. Taxation

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

13. Related party transactions

The directors are regarded as related parties.

Total directors' fees paid during the period amounted to £52,966 of which £27,134 was due at the period end (30 June 2012: £46,634 of which £21,191 was due at the period end, 31 December 2012: £85,000 of which £21,250 was due at the year end). These fees are all arms length transactions.

14. Loan payable

The Fund entered into a Credit Agreement with Royal Bank of Canada ("RBC") on 6 October 2011, whereby RBC provides a 364-day Revolving Term Credit Facility (the "Credit Facility"), with a maximum principal amount of the lesser of CAD50,000,000 and 25% of the Total Asset Value of the Fund. The Credit Facility was renewed on 5 October 2012 as an On Demand facility.

The Bankers' Acceptance drawn under the Credit Facility totals CAD30,000,000 (GBP equivalent of £18,661,637) (period ended 30 June 2012: CAD 15,000,000 (GBP equivalent of £9,334,978), year ended 31 December 2012: CAD25,000,000 (GBP equivalent £15,372,485)).

Pre-paid interest and stamping fees of £89,319 (period ended 30 June 2012: £46,186, year ended 31 December 2012: £73,375) were paid on the Bankers' Acceptance and these costs are being amortised over 91 days. Interest paid on the Bankers' Acceptance totalled £117,312 (period ended 30 June 2012: £52,759, year ended 31 December 2012: £141,188).

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2013 to 30 June 2013 with unaudited comparatives for the period 1 January 2012 to 30 June 2012 and audited comparatives for the year ended 31 December 2012

15. Security agreement

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

16. Financial instruments

Fair values

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

Management of Capital

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

The capital structure of the Fund consists of proceeds from the issue of preference shares and reserve accounts. The Investment Manager reviews the capital structure on a monthly basis. The Fund and the Company do 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 Canadian equities portfolio.

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

Credit risk

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

The Fund's principal assets are bank balances and cash and investments as set out in the statement of financial position which represents the Fund's maximum exposure to credit risk in relation to the financial assets.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings of AA- and A+ assigned by Standard and Poor's rating agency.

All transactions in listed securities are settled upon delivery using approved brokers. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

The Fund's maximum exposure to credit risk is the carry value of the assets on the statement of financial position.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2013 to 30 June 2013 with unaudited comparatives for the period 1 January 2012 to 30 June 2012 and audited comparatives for the year ended 31 December 2012

16. Financial instruments (continued)

Market price risk

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

Country risk

On 17 January 2012 the Financial Reporting Council ("FRC") released "Responding to the increased country and currency risk in financial reports".

The FRC 17 January 2012 update for directors of listed companies includes guidance on responding to the increased country and currency risk as a result of funding pressures on certain European countries, the curtailment of capital spending programmes (austerity measures) and regime changes in the Middle East.

The Board has reviewed the disclosures and believes that no additional disclosures in light of this update are required since the Canadian economy is stable with a Moody's rating of AAA.

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)

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 of management, considering factors specific to the asset or liability.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2013 to 30 June 2013 with unaudited comparatives for the period 1 January 2012 to 30 June 2012 and audited comparatives for the year ended 31 December 2012

16. Financial instruments (continued)

Fair value measurements (continued)

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

The following table presents the Fund's financial assets and liabilities by level within the valuation hierarchy as of 30 June 2013.

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets				
Securities (at fair value through profit or loss)	129,597,918	–	–	129,597,918

The following table presents the Fund's financial assets and liabilities by level within the valuation hierarchy as of 31 December 2012.

	Level 1 £	Level 2 £	Level 3 £	Total £
Financial assets				
Securities (at fair value through profit or loss)	111,501,935	–	–	111,501,935

The Fund holds securities that trade in active markets. Such financial instruments are classified as Level 1 of the IFRS 7 fair value hierarchy. There were no transfers between Level 1 and 2 during the period.

Price sensitivity

At 30 June 2013, if the market prices of the securities had been 30% higher with all other variables held constant, the increase in net assets attributable to holders of redeemable shares would have been £38,879,315 (30 June 2012: £25,342,296, December 2012: £33,450,580) higher, arising due to the increase in the fair value of financial assets at fair value through profit or loss by £38,879,315 (30 June 2012: £25,342,296, 31 December 2012: £33,450,580).

At 30 June 2013, if the market prices of the securities had been 30% lower with all other variables held constant, the decrease in net assets attributable to holders of redeemable shares would have been equal, but opposite, to the figures stated above.

Interest rate risk

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2013 to 30 June 2013 with unaudited comparatives for the period 1 January 2012 to 30 June 2012 and audited comparatives for the year ended 31 December 2012

16. Financial instruments (continued)

Interest rate risk (continued)

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

The following table details the Fund's exposure to interest rate risk at 30 June 2013, 30 June 2012 and 31 December 2012:

		Floating rate assets	
	30.06.2013	30.06.2012	31.12.2012
	£	£	£
Assets			
Debt securities	18,745,702	12,714,550	13,957,566
Cash and cash equivalents	3,906,640	10,921,286	8,428,599
	22,652,342	23,635,836	22,386,165
Liabilities			
Loan payable	18,661,637	9,334,978	15,372,485
	18,661,637	9,334,978	15,372,485

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

Interest rate sensitivity analysis

At 30 June 2013, had interest rates had been 50 basis points higher and all other variables were held constant, the Company's net assets attributable to redeemable shares for the year would have increased by £265,874 (31 December 2012: £238,660) due to the increase in market value of listed debt securities and to a lesser extent due to an increase in interest payable on the loan.

Liquidity risk

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

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2013 to 30 June 2013 with unaudited comparatives for the period 1 January 2012 to 30 June 2012 and audited comparatives for the year ended 31 December 2012

16. Financial instruments (continued)

Liquidity risk (continued)

As at 30 June 2013, the Fund's exposure to liquidity risk was as follows:

	Less than 1 month £	1 to 3 months £	3 months to 1 year £	More than 1 year £	Total £
Assets					
Securities (at fair value through profit or loss)	129,597,718	–	–	–	129,597,718
Accrued bond interest	213,091	–	–	–	213,091
Accrued dividend income	375,287	–	–	–	375,287
Accrued bank interest	2,979	–	–	–	2,979
Other receivables	2	–	–	–	2
Prepayments	15,235	–	–	–	15,235
Cash and cash equivalents	3,906,640	–	–	–	3,906,640
	134,110,952				134,110,952
Liabilities					
Loan payable	–	–	(18,661,637)	–	(18,661,637)
Other payables and accruals	(430,818)	–	–	–	(430,818)
Interest payable	(86,894)	–	–	–	(86,894)
	(517,712)	–	(18,661,637)	–	(19,179,349)
	133,593,240	–	(18,661,637)	–	114,931,603

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2013 to 30 June 2013 with unaudited comparatives for the period 1 January 2012 to 30 June 2012 and audited comparatives for the year ended 31 December 2012

16. Financial instruments (continued)

Liquidity risk (continued)

As at 30 June 2012, the Fund's exposure to liquidity risk was as follows:

	Less than 1 month £	1 to 3 months £	3 months to 1 year £	More than 1 year £	Total £
Assets					
Securities (at fair value through profit or loss)	84,474,321	–	–	–	84,474,321
Accrued bond interest	202,019	–	–	–	202,019
Accrued bank interest	7,731	–	–	–	7,731
Accrued dividend income	348,998	–	–	–	348,998
Prepayments	2,097	–	–	–	2,097
Cash and cash equivalents	10,921,286	–	–	–	10,921,286
	95,956,452	–	–	–	95,956,452
Liabilities					
Loan payable	–	–	(9,334,978)	–	(9,334,978)
Other payables and accruals	(329,686)	–	–	–	(329,686)
Securities purchased payable	(157,553)	–	–	–	(157,553)
	(487,239)	–	(9,334,978)	–	(9,822,217)
	95,469,213	–	(9,334,978)	–	86,134,235

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2013 to 30 June 2013 with unaudited comparatives for the period 1 January 2012 to 30 June 2012 and audited comparatives for the year ended 31 December 2012

16. Financial instruments (continued)

Liquidity risk (continued)

As at 31 December 2012, the Fund's exposure to liquidity risk was as follows:

	Less than 1 month £	1 to 3 months £	3 months to 1 year £	More than 1 year £	Total £
Assets					
Securities (at fair value through profit or loss)	111,501,935	–	–	–	111,501,935
Accrued bond interest	165,120	–	–	–	165,120
Accrued dividend income	437,833	–	–	–	437,833
Accrued bank interest	4,252	–	–	–	4,252
Other receivables	2	–	–	–	2
Prepayments	16,261	–	–	–	16,261
Cash and cash equivalents	8,428,599	–	–	–	8,428,599
	120,554,002	–	–	–	120,554,002
Liabilities					
Other payables and accruals	(440,219)	–	–	–	(440,219)
Loan payable	–	–	(15,372,485)	–	(15,372,485)
	(440,219)	–	(15,372,485)	–	(15,812,704)
	120,113,783	–	(15,372,485)	–	104,741,298

Currency risk

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

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2013 to 30 June 2013 with unaudited comparatives for the period 1 January 2012 to 30 June 2012 and audited comparatives for the year ended 31 December 2012

16. Financial instruments (continued)

Currency risk (continued)

As at 30 June 2013, the Fund's net exposure to CAD currency was as follows:

	£
Assets	
Cash and cash equivalents	3,893,435
Canadian equities	99,927,149
Canadian debt	17,399,029
Accrued income	582,062
	121,801,675
Liabilities	
Loan payable	(18,661,637)
Interest payable	(86,894)
	(18,748,531)

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

	£
Assets	
United States equities	10,924,867
United States debt	1,346,673
Accrued income	9,295
	12,280,835

As at 31 December 2012, the Fund's net exposure to CAD currency was as follows:

	£
Assets	
Cash and cash equivalents	941,341
Canadian equities	97,544,369
Canadian debt	12,613,738
Accrued income	598,234
	111,697,682
Liabilities	
Loan payable	15,372,485
Interest payable	75,962
	15,448,447

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

	£
Assets	
United States debt	1,343,828
Accrued income	8,972
	1,352,800

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2013 to 30 June 2013 with unaudited comparatives for the period 1 January 2012 to 30 June 2012 and audited comparatives for the year ended 31 December 2012

16. Financial instruments (continued)

Currency sensitivity

At 30 June 2013, had GBP strengthened against the CAD by 5%, with all other variables held constant, the increase in net assets attributable to shareholders would amount to approximately £4,911,430 (31 December 2012: £4,586,914). Had GBP weakened against the CAD by 5%, this would amount to a decrease in net assets attributable to shareholders of approximately £5,428,423 (31 December 2012: £5,069,747).

At 30 June 2013, had GBP strengthened against the USD by 5%, with all other variables held constant, the increase in net assets attributable to shareholders would amount to approximately £584,801 (31 December 2012: £nil). Had GBP weakened against the CAD by 5%, this would amount to a decrease in net assets attributable to shareholders of approximately £646,360 (31 December 2012: £nil).

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

Description	Shares or Par Value	Book Cost £	Bid-Market Value £	% of Net Assets	% of Portfolio
Equities:					
Bermuda – Quoted Investments					
Utilities					
Brookfield Infrastructure Partners LP	160,000	3,486,660	3,814,897	3.32%	2.94%
Canada – Quoted Investments					
Consumer Discretionary					
Enercare Inc	400,000	1,901,550	2,252,439	1.96%	1.74%
Consumer Staples					
Alimentation Couche-Tard Inc – Class B	60,000	2,325,301	2,309,938	2.01%	1.78%
Energy					
AltaGas Ltd	150,000	3,029,240	3,449,907	3.00%	2.66%
ARC Resources Ltd	220,000	2,931,983	3,767,399	3.28%	2.91%
Birchcliff Energy – Preferred Shares	43,000	684,538	679,650	0.59%	0.52%
Birchcliff Energy Ltd	60,000	948,146	862,477	0.75%	0.67%
Birchcliff Energy Warrants	129,000	–	102,391	0.09%	0.08%
Bonterra Energy Corporation	58,000	1,566,605	1,786,352	1.55%	1.38%
Canyon Services Group Inc	210,000	1,160,221	1,564,458	1.36%	1.21%
Crescent Point Energy Corp	125,000	3,075,252	2,785,081	2.42%	2.15%
Enerplus Corporation	200,000	2,023,262	1,941,198	1.69%	1.50%
Keyera Corporation	75,000	2,062,683	2,613,680	2.27%	2.02%
Pembina Pipeline Corporation	145,000	2,943,059	2,912,609	2.53%	2.25%
Peyto Exploration & Development Corp	175,000	2,121,700	3,311,786	2.88%	2.56%
Renegade Petroleum Ltd	1,200,000	1,614,262	772,479	0.67%	0.60%
Trilogy Energy Corp	140,000	2,288,643	2,712,427	2.36%	2.09%

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2013 to 30 June 2013 with unaudited comparatives for the period 1 January 2012 to 30 June 2012 and audited comparatives for the year ended 31 December 2012

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

Description	Shares or Par Value	Book Cost £	Bid-Market Value £	% of Net Assets	% of Portfolio
Energy (continued)					
Veresen Inc	200,000	1,648,699	1,557,458	1.36%	1.20%
Whitecap Resources Inc	200,000	1,142,932	1,353,714	1.18%	1.04%
Financials					
Canadian Western Bank	125,000	2,247,348	2,163,223	1.88%	1.67%
IGM Financial Inc	100,000	2,817,187	2,807,424	2.44%	2.17%
Intact Financial Corporation	60,000	2,269,714	2,213,565	1.93%	1.71%
Manulife Financial Corp	325,000	2,729,397	3,414,439	2.97%	2.63%
Power Financial Corporation	115,000	1,917,304	2,185,660	1.90%	1.69%
Industrials					
Bombardier Inc – Class B	600,000	1,350,555	1,751,203	1.52%	1.35%
Magna International Inc	65,000	1,957,300	3,037,449	2.64%	2.34%
Superior Plus Corp	375,000	2,782,914	2,885,079	2.51%	2.23%
Materials					
Ainsworth Lumber Co Ltd	700,000	1,747,384	1,395,587	1.21%	1.08%
Canexus Corporation	340,000	1,321,924	1,952,822	1.70%	1.51%
Chemtrade Logistics Income Fund	200,000	1,796,857	2,104,943	1.83%	1.62%
Norbord Inc	55,000	1,184,299	1,046,003	0.91%	0.81%
Materials and Mining					
Labrador Iron Ore Royalty Corporation	125,000	2,455,494	2,285,095	1.99%	1.76%
Major Drilling Group International Inc	220,000	1,411,462	974,849	0.85%	0.75%
Real Estate					
Allied Properties Real Estate Investment Trust	125,000	2,698,330	2,492,902	2.17%	1.92%
Brookfield Office Properties Inc	300,000	2,957,940	3,271,787	2.85%	2.52%
H&R Real Estate Investment Trust	200,000	3,003,347	2,744,926	2.39%	2.12%
Killam Properties Incorporated	320,000	2,445,457	2,105,943	1.83%	1.62%
Northern Property Real Estate Investment Trust	85,000	1,773,457	1,454,523	1.27%	1.12%
Northwest Healthcare Properties Real Estate Investment Fund	170,000	1,179,251	1,218,655	1.06%	0.94%
Pure Industrial Real Estate Trust	950,000	2,492,913	2,731,176	2.38%	2.11%
Telecommunication services					
Quebecor Inc – Class B	120,000	3,554,722	3,462,657	3.01%	2.67%
Utilities					
Algonquin Power & Utilities Corporation	500,000	1,964,600	2,265,564	1.97%	1.75%
Boralex Inc	14,500	94,076	97,419	0.08%	0.08%
Capstone Infrastructure Corp	364,800	918,767	864,097	0.75%	0.67%

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2013 to 30 June 2013 with unaudited comparatives for the period 1 January 2012 to 30 June 2012 and audited comparatives for the year ended 31 December 2012

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

Description	Shares or Par Value	Book Cost £	Bid-Market Value £	% of Net Assets	% of Portfolio
Utilities (continued)					
Innergex Renewable Energy Inc	375,000	2,441,347	2,046,039	1.78%	1.58%
Northland Power Inc	230,000	2,338,043	2,430,747	2.11%	1.88%
Netherlands – Quoted Investments					
Materials					
Lyondellbasell Industries	45,000	1,760,268	1,973,033	1.72%	1.52%
United States – Quoted Investments					
Financials					
Capital One Financial Corp	55,000	1,968,380	2,277,312	1.98%	1.76%
Citigroup Inc	60,000	1,837,780	1,898,463	1.65%	1.45%
Discover Financial Services	65,000	1,656,186	2,041,240	1.78%	1.58%
JP Morgan Chase & Co	80,000	2,459,642	2,783,411	2.42%	2.15%
Prudential Financial Inc	40,000	1,508,121	1,924,441	1.67%	1.48%
Total equities:		**103,996,502**	**110,852,016**	**96.45%**	**85.54%**
Debt:					
Canada – Quoted Investments					
Chartwell Seniors Housing Real Estate Investment Trust 5.7% due 31 March 2018	2,000,000	1,269,722	1,299,965	1.13%	1.00%
Chemtrade Logistics Income fund 5.75% due 31 December 2018	2,000,000	1,163,632	1,312,465	1.14%	1.01%
Gamehost Inc. 6.25% due 31 July 2015	2,000,000	1,172,498	1,558,646	1.36%	1.20%
Great Canadian Gaming Corp 6.625% due 25 September 2022	2,000,000	1,272,795	1,273,403	1.11%	0.98%
InnVest Real Estate Investment Trust 6.75% due 31 March 2016	1,000,000	664,078	632,795	0.55%	0.49%
Mullen Group Ltd 10.00% due 1 July 2018	1,500,000	1,617,640	1,997,337	1.74%	1.54%
Paramount Resources Limited 8.25% due 13 December 2017	3,000,000	1,914,576	1,912,449	1.66%	1.48%
Perpetual Energy Inc. 8.75% due 15 March 2018	3,000,000	1,703,916	1,769,484	1.54%	1.37%
Quebecor Inc 6.625% due 15 January 2023	3,500,000	2,355,635	2,212,050	1.92%	1.71%
Savanna Energy Services Corp 7.00% due 25 May 2018	1,325,000	842,150	835,349	0.73%	0.64%
Superior Plus Corp 6% due 30 June 2018	2,650,000	1,788,822	1,681,048	1.46%	1.30%

NOTES TO THE CONDENSED FINANCIAL STATEMENTS OF THE FUND (unaudited) (continued)

For the period 1 January 2013 to 30 June 2013 with unaudited comparatives for the period 1 January 2012 to 30 June 2012 and audited comparatives for the year ended 31 December 2012

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

Description	Shares or Par Value	Book Cost £	Bid-Market Value £	% of Net Assets	% of Portfolio
Canada – Quoted Investments (continued)					
Tricon Capital Group 5.6% due 31 March 2020	1,500,000	961,477	914,038	0.80%	0.71%
United States – Quoted Investments					
Inmet Mining Corp 8.75% due 1 June 2020	2,000,000	1,240,773	1,346,673	1.17%	1.03%
Total debt:		**17,967,714**	**18,745,702**	**16.31%**	**14.46%**
Total investments		**121,964,216**	**129,597,718**	**112.76%**	**100.00%**

STATEMENT OF FINANCIAL POSITION OF THE COMPANY (unaudited)

As at 30 June 2013
with unaudited comparatives as at 30 June 2012
and audited comparatives as at 31 December 2012

	Notes	30.06.2013 £	30.06.2012 £	31.12.2012 £
Current assets				
Other receivables		2	2	2
Net assets		**2**	**2**	**2**
Equity attributable to equity holders				
Stated capital	2	2	2	2
Total Shareholders' equity		**2**	**2**	**2**

The financial statements and notes on pages 30 to 31 were approved by the directors on 16 August 2013 and signed on behalf of the Board by:

Nicholas Villiers
Director

Thomas Pierpont Grose
Director

NOTES TO THE FINANCIAL STATEMENTS OF THE COMPANY (unaudited)

For the period ended 30 June 2013 with comparatives for the year ended 31 December 2012

1. Basis of accounting

The separate financial statements of the Company have been prepared showing results of the Company only. They have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union in accordance with the accounting policies set out in notes 1 and 2 to the financial statements of the Fund.

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

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

Judgements and estimates used by the directors

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

2. The Company's stated capital

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

	No. of shares	£
Management shares issued		
At 30 June 2013	2	2

3. Taxation

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

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