

MINT

INCOME FUND

ANNUAL INFORMATION FORM
RESPECTING UNITS OF
MINT *INCOME FUND*

FOR THE YEAR ENDED DECEMBER 31, 2022

March 31, 2023

TABLE OF CONTENTS

NAME AND FORMATION OF THE FUND.....	1
HISTORY OF THE FUND	2
INVESTMENT RESTRICTIONS.....	3
Investment Objectives.....	4
Investment Policies	4
Investment Restrictions.....	5
Change in Investment Guidelines	7
Securities Lending	7
DESCRIPTION OF SECURITIES OF THE FUND	7
Meetings of Unitholders and Extraordinary Resolutions	7
Amendments to the Trust Agreement.....	8
VALUATION OF PORTFOLIO SECURITIES	9
CALCULATION OF NET ASSET VALUE	11
PURCHASES OF UNITS.....	11
REDEMPTIONS OF UNITS.....	12
Suspension of Redemptions.....	14
RESPONSIBILITY FOR FUND OPERATIONS	14
Manager	14
Portfolio Advisor	15
Trustee	16
Brokerage Arrangements	16
Independent Review Committee.....	17
Custodian	17
Valuation Agent.....	17
Auditor	17
Registrar and Transfer Agent.....	18
Securities Lending Agent.....	18
Designated Website	18
CONFLICTS OF INTEREST.....	18
Principal Holders of Securities	18
Affiliated Entities.....	19
Dealer Manager Disclosure	19
FUND GOVERNANCE	20
Independent Review Committee.....	20
Derivatives Risk Management.....	21
Short Selling Risk Management	21
Securities Lending	23
Proxy Voting Policies	23
Short-Term Trades	24
INCOME TAX CONSIDERATIONS	24
Taxation of the Fund.....	24
Units Held in Registered Tax Plans.....	26
Units Not Held in Registered Tax Plans.....	27
International Information Reporting.....	29
REMUNERATION OF DIRECTORS, OFFICERS AND TRUSTEE	29

MATERIAL CONTRACTS	30
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NAME AND FORMATION OF THE FUND

MINT *Income Fund* (formerly Middlefield High Income Trust) (“MINT” or the “Fund”) is a closed-end investment trust which was initially established under the laws of Ontario pursuant to a trust agreement (as amended, restated, supplemented or replaced from time to time, the “Trust Agreement”) made as of February 28, 1997. Middlefield High Income Trust changed its name to MINT *Income Fund* effective August 26, 2002. Since 2009, the Trust Agreement has been amended as follows. The Trust Agreement was amended and restated on August 12, 2009 to broaden the Fund's investment mandate, including authorizing the Fund to invest in high income producing securities other than income trusts and to make short sales of securities and maintain short positions equal to up to 10% of the net asset value (the “NAV”) of the Fund. The Trust Agreement was further amended on September 26, 2009 to change its governing law from the laws of the Province of Ontario to the laws of the Province of Alberta, to change the principal office and the place of administration of the Fund, to permit meetings of holders of the Fund’s units (“Unitholders”) to be held in Calgary and to permit the use of auditors duly licensed to practise in the Province of Alberta. The Trust Agreement was further amended on October 29, 2009 to change the principal office and the place of administration of the Fund, which was then changed to the current principal office and place of administration by an amendment to the Trust Agreement on December 1, 2009. Additionally, on December 1, 2009, the Trust Agreement was further amended to cure an ambiguity. The Trust Agreement was further amended on January 18, 2010 to cure an ambiguity and also to amend the investment objectives of the Fund to provide Unitholders with the potential for capital appreciation by investing in an actively managed, diversified portfolio comprised primarily of high yielding equity securities, including income trusts as they transition to taxable entities and convert to corporations. The Trust Agreement was amended and restated on June 26, 2013, to, among other things, allow for monthly redemptions and to create a class of trust units called “Class A Units”, which were offered pursuant to a prospectus dated July 31, 2013 (as described below). The Trust Agreement was further amended on August 15, 2013 to cure an ambiguity. The Trust Agreement was further amended on March 21, 2017 to allow for the merger of MINT with COMPASS *Income Fund* and, following completion of such merger, with YIELDPLUS *Income Fund*. The Trust Agreement was further amended on May 31, 2022 to change its governing law from the laws of the Province of Alberta to the laws of the Province of Ontario and to change the head office and residence of the Fund to the City of Toronto, in the Province of Ontario.

Middlefield Fund Management Limited (the successor by amalgamation to MINT Management Limited) was appointed as the manager of the Fund under the Trust Agreement. The amalgamation was effected under the *Business Corporations Act* (Ontario) on April 30, 2007. Middlefield Fund Management Limited also was appointed as the trustee under the amended Trust Agreement. Pursuant to a deed of appointment and replacement of trustee and pursuant to an assignment and assumption agreement both effective as of December 1, 2009, Middlefield Limited became the trustee (the “Trustee”) and manager (the “Manager”) of the Fund in replacement for Middlefield Fund Management Limited.

The advisor of the Fund is Middlefield Capital Corporation (“MCC” or the “Advisor”).

The head office of the Fund is 1 First Canadian Place, 100 King Street West, 58th Floor, P.O. Box 192 Toronto, Ontario, M5X 1A6.

HISTORY OF THE FUND

On March 13, 1997, pursuant to the Fund's prospectus dated February 28, 1997, 9,000,000 units of the Fund (the "Units") were issued at a price of \$10.00 per Unit, payable on an instalment basis by way of an initial payment of \$6.00 per Unit paid on the closing of the offering and a final instalment of \$4.00 per Unit paid on February 26, 1998. On April 17, 1997, an additional 800,000 Units were issued pursuant to the prospectus upon exercise of the over-allotment option granted to the agents who offered the Units for sale.

On February 21, 2005, SAGE Management Limited, on behalf of SAGE *Income Fund*, accepted a proposal made by MINT *Income Fund* to merge SAGE and MINT. The Unitholders of SAGE approved this merger on April 4, 2005 and SAGE was terminated on April 18, 2005 with MINT being the continuing fund. MINT issued 1.79391453 Units for each SAGE unit held. The exchange ratio was based on the relative NAVs of MINT and SAGE as at the close of trading on the Toronto Stock Exchange ("TSX") on April 15, 2005.

On July 10, 2006, pursuant to a rights offering to Unitholders of record on June 12, 2006, 1,211,899 Units were issued at a price of \$11.75 per Unit.

At a special meeting of Unitholders of MINT held on February 16, 2006, Unitholders voted to approve a special resolution authorizing the board of directors of the Manager to merge or otherwise combine the Fund with one or more other funds, provided that certain criteria for a fund merger are satisfied. Effective May 24, 2007, in accordance with its power granted under the Trust Agreement, Middlefield Fund Management Limited, the manager of MINT at that time, caused MINT to merge with MATRIX *Income Fund* ("MATRIX"). MATRIX was terminated on May 24, 2007, with MINT being the continuing fund. MINT issued 0.68846815 Units for each MATRIX unit in the merger. The exchange ratio was based on the relative NAVs of MINT and MATRIX as at the close of trading on the TSX on May 23, 2007.

On January 15, 2008, pursuant to a rights offering to Unitholders of record on December 12, 2007, 4,588,479 Units were issued at a price of \$9.75 per Unit.

On January 5, 2009, pursuant to a rights offering to Unitholders of record on November 24, 2008, 4,219,054 Units were issued at a price of \$6.50 per Unit.

Effective September 25, 2009, in accordance with its power granted under the Trust Agreement, Middlefield Fund Management Limited, the manager of MINT at that time, caused MINT to merge with STaRS *Income Fund* ("STaRS"). STaRS was terminated on September 25, 2009, with MINT being the continuing fund. MINT issued 1.34864982 Units for each STaRS unit in the merger, or an aggregate of 3,371,368 Units. This exchange ratio was based on the relative NAVs of MINT and STaRS as at the close of trading on the TSX on September 24, 2009.

On February 26, 2010, 8,081,774 Units were issued in exchange for the securities of certain issuers listed in the Fund's prospectus dated February 16, 2010. Pursuant to the cash offering in the prospectus, an additional 5,977,299 Units were issued on February 26, 2010. The Units were issued at a price of \$9.5519 per Unit under both the exchange and cash offerings.

As a result of the exercise of purchase warrants under the Fund's warrant offering which expired on February 15, 2011, 11,143,780 Units were issued at a price of \$9.75 per Unit for total gross proceeds of \$108.7 million.

On January 30, 2013, pursuant to a rights offering to Unitholders of record on January 2, 2013, 3,774,659 Units were issued at a price of \$9.00 per Unit.

On August 13, 2013, pursuant to the Fund's prospectus dated July 31, 2013, the Fund issued 6,486,526 Class A Units at a price of \$10.0208 per Class A Unit for gross proceeds of \$65 million. Of such 6,486,526 Class A Units, 5,061,246 were issued for cash and 1,425,280 were issued in exchange for the securities of certain issuers listed in the Fund's prospectus. On November 15, 2013 the Class A Units were converted into Units on a one-for-one basis.

As a result of the exercise of purchase warrants under the Fund's warrant offering which expired on January 31, 2014, 10,263,971 Units were issued at a price of \$9.88 per Unit for total gross proceeds of \$101.4 million.

On January 16, 2017, the Manager announced the proposed mergers of COMPASS *Income Fund* ("COMPASS") and YIELDPLUS *Income Fund* ("YIELDPLUS") into the Fund (together, the "Mergers"). The Mergers were completed on March 22, 2017 with COMPASS and YIELDPLUS being terminated and MINT being the continuing fund. MINT issued 1.69281793 Units for each COMPASS unit held and 0.89235573 Units for each YIELDPLUS unit held in the Mergers, or an aggregate of 19,771,221 Units. The exchange ratio was based on the relative NAVs of MINT, COMPASS and YIELDPLUS as at the close of trading on the TSX on March 21, 2017.

On May 25, 2022, the Fund commenced a normal course issuer bid which will expire on May 25, 2023. The Fund is permitted to purchase up to 1,346,188 Units through the facilities of the TSX pursuant to this bid.

INVESTMENT RESTRICTIONS

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

The Fund currently qualifies and the Manager expects the Fund will continue to qualify as a mutual fund trust under the *Income Tax Act* (Canada) (the "Tax Act"). The Fund also is a registered investment under the Tax Act. Accordingly, Units of the Fund are qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, deferred profit sharing plans, first home savings accounts (commencing April 1, 2023), registered disability savings plans and tax-free savings accounts. The Fund has not deviated in the last year from the rules under the Tax Act relating to its status as a registered investment and its Units' status as qualified investments.

Investment Objectives

The Fund's investment objectives are to provide Unitholders with (i) a high level of sustainable income distributed monthly over the life of the Fund, (ii) a cost-effective method of reducing the risk of investing in high income securities, and (iii) the potential for capital appreciation by investing in an actively managed, diversified portfolio (the “Portfolio”) comprised primarily of high yielding equity securities, including income trusts as they transition to taxable entities and convert to corporations.

Investment Policies

The investment activities of the Fund are to be conducted in accordance with the following investment policies:

- (a) The Fund will seek to achieve its investment objectives by diligently selecting and actively managing a portfolio consisting of any of the following: (i) high income securities of specialized investment vehicles, such as royalty trust units, income fund units, real estate investment trust units, high-yield debt, convertible debt and various debt or debt-like securities with returns linked to movements in equity prices, commodity prices or currencies, (ii) preferred shares, (iii) fixed income securities, (iv) common shares, (v) securities convertible into or exchangeable for preferred shares or common shares, (vi) income deposit securities and the securities of issuers in new income trust sectors, and (vii) other equity securities (including equity investments in private enterprises).
- (b) The Fund will endeavour to diversify its Portfolio among various asset categories, industries and geographic regions. The Fund will limit investment in the securities of any one issuer to not more than 10% of the total assets of the Fund (determined at the time of purchase). In keeping with the active management strategy, the Portfolio composition will vary over time depending on the Advisor's assessment of the appropriate strategy given overall market conditions and outlook.
- (c) To enhance yield, the Fund may incur indebtedness to make additional investments in accordance with its investment policies and restrictions (collectively, as outlined in this “Investment Policies” section and below in the “Investment Restrictions” section, the “Investment Guidelines”) and, to this end, the Fund has entered into a loan facility.
- (d) To generate additional returns, the Fund may, from time to time, write covered call options in respect of all or part of the common shares in the Portfolio. The Fund may, from time to time, hold a portion of its assets in cash equivalents. The Fund may also, from time to time, utilize such cash equivalents to provide cover in respect of the writing of cash covered put options, which are intended to generate additional returns and to reduce the net cost of acquiring common shares subject to put options. Cash covered put options will be written only in respect of common shares in which the Fund is permitted to invest.

- (e) Subject to the investment restrictions listed in the Trust Agreement (see “Investment Restrictions” below), the Fund may engage in short selling of securities.

Investment Restrictions

The Fund is subject to the following investment restrictions and in addition will invest its assets in compliance with the investment restrictions set out in NI 81-102 that are applicable to non-redeemable investment funds from time to time:

- (a) The Fund will not engage in any undertaking other than the investment of the Fund's assets in accordance with the Investment Guidelines.
- (b) In order to ensure that the Fund qualifies as a unit trust within the meaning of the Tax Act: (i) at least 80% of the property of the Fund at all times must consist of shares, bonds, marketable securities, cash, notes or other similar obligations; (ii) at least 95% of its income for each year must be derived from, or from dispositions of, investments described in (i) above; and (iii) at no time may more than 10% of its property consist of shares, bonds or securities of any one corporation or debtor other than Her Majesty in right of Canada or a province or a Canadian municipality.
- (c) The Fund will not purchase securities other than through normal market facilities unless the purchase price therefore approximates the prevailing market price or is negotiated or established on an arm's length basis with the Fund, the Manager and the Advisor.
- (d) The Fund will not purchase any security which may by its terms require the Fund to make a contribution in addition to the payment of the purchase price other than a permitted derivative pursuant to a transaction described below, provided that this restriction shall not apply to the purchase of securities which are paid for on an instalment basis where the total purchase price and the amount of all such instalments is fixed at the time the first instalment is paid.
- (e) Subject to the provisions of the Trust Agreement, the Fund will not purchase securities from, sell securities to, or otherwise contract for the acquisition and disposition of securities with the Advisor or MFL Management Limited or any of their respective affiliates, any officer, director or shareholder of any of them, any person, trust, firm or corporation managed by the Advisor or MFL Management Limited or any of their respective affiliates or any firm or corporation in which any officer, director or shareholder of the Advisor or MFL Management Limited may have a material interest (which, for these purposes, includes beneficial ownership of more than 10% of the voting securities of such entity) unless, with respect to any purchase or sale of securities, any such transaction is effected through normal market facilities and the purchase price approximates the prevailing market price.
- (f) The Fund will not purchase the securities of any mutual fund (as defined under the *Securities Act* (Ontario)).

- (g) The Fund will not own more than 10% of any class of securities of any one issuer or purchase securities of an issuer for the purpose of exercising control or management over such issuer.
- (h) The Fund will not purchase or sell derivatives other than: (i) to the extent that the derivative instruments are consistent with the Investment Guidelines and consistent with the policies for investing in derivatives applicable to mutual funds as established from time to time by the Canadian securities administrators; (ii) to offset or reduce the risks associated with an investment or group of investments, to reduce transaction costs, achieve greater liquidity, create exposure to international financial markets or increase the speed and flexibility of making changes to the Portfolio and to enhance returns; or (iii) for hedging and non-hedging purposes as permitted by the policies of the Canadian securities administrators applicable to mutual funds. In addition, the Fund also is authorized to write covered call options and cash covered put options on the common shares, if any, held in the Portfolio. The Manager is authorized to change this restriction at any time, without the consent, approval or ratification of Unitholders, if the Canadian securities administrators change how mutual funds may invest in or use derivatives.
- (i) The Fund may: (i) write a call option in respect of common shares only if such common shares are actually held by the Fund at the time the option is written; (ii) dispose of common shares included in the Portfolio that are subject to a call option written by the Fund only if such option has either terminated or expired; (iii) write put options in respect of common shares only if (A) the Fund is permitted to invest in such common shares, and (B) so long as the options are exercisable, the Fund continues to hold cash equivalents sufficient to acquire the common shares underlying the options at the aggregate strike price of such options; and (iv) reduce the total amount of cash equivalents held by the Fund, only if the total amount of cash equivalents held by the Fund remains an amount not less than the aggregate strike price of all outstanding put options written by the Fund.
- (j) The Fund will not act as an underwriter except to the extent that the Fund may be deemed to be an underwriter in connection with the sale of securities in the Portfolio.
- (k) The Fund will not make short sales of securities or maintain short positions, in each case in excess of 10% of the NAV of the Fund.
- (l) The Fund will not purchase or sell commodities if the intention is to take physical delivery.
- (m) Subject to the provisions of the Trust Agreement, the Fund shall not knowingly make an investment in any class of securities of any issuer, other than those issued or guaranteed by Canadian governments, which would constitute a related party transaction as described in the Trust Agreement.

Notwithstanding anything in the Trust Agreement to the contrary, the Fund may invest up to 25% of its assets in securities of any fund managed by the Manager or an affiliate of the Manager

provided that the management fee payable to the Manager is not paid in respect of the NAV of the Fund attributable to any assets invested in the securities of any such funds.

Change in Investment Guidelines

To change the fundamental investment objectives or any of the material investment strategies to be used to achieve the investment objectives, a resolution must be passed by the affirmative vote of at least two-thirds of the votes cast at a meeting of Unitholders duly called for the consideration of such matter (an “Extraordinary Resolution”). Notwithstanding the foregoing, the Manager, without the approval of or notice to Unitholders, may make amendments to, among other matters, (i) ensure that additional benefit or protection is provided for the interest of Unitholders or the Fund as the Manager may consider expedient or beneficial; or (ii) bring the Trust Agreement into conformity with what the Manager believes is current practice within the securities industry, provided that any such amendment does not adversely affect the pecuniary value of the interests of the Unitholders.

Securities Lending

In order to generate additional returns, the Fund may lend securities included in the Portfolio to securities borrowers acceptable to the Fund pursuant to the terms of a securities lending agreement between the Fund and such borrower (a “Securities Lending Agreement”). Under a Securities Lending Agreement: (i) the borrower will pay to the Fund a negotiated securities lending fee and will make compensation payments to the Fund equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as “securities lending arrangements” for the purposes of the Tax Act; and (iii) the Fund will receive collateral security.

DESCRIPTION OF SECURITIES OF THE FUND

The Fund is authorized to issue an unlimited number of redeemable transferable Units of beneficial interest, each of which represents an equal, undivided interest in the net assets of the Fund. Each whole Unit is entitled to one vote at all meetings of Unitholders and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains, and distributions upon the termination of the Fund.

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

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

Meetings of Unitholders and Extraordinary Resolutions

The Fund does not hold annual meetings of Unitholders. The Trustee may at any time convene a meeting of the Unitholders and will be required to convene a meeting on receipt of a

request in writing of the Manager or of Unitholders holding, in aggregate, 25% or more of the Units outstanding. The Fund will call and give notice of any meeting of Unitholders as may from time to time be required by applicable law.

Any matter to be considered at a meeting of Unitholders, other than certain matters requiring the approval of Unitholders by Extraordinary Resolution as discussed below or unanimous approval of Unitholders as discussed under the heading “**Description of Securities of The Fund - Amendments to the Trust Agreement**”, will require the approval of Unitholders by a resolution passed by the affirmative vote of not less than 50% of the votes cast at a meeting of Unitholders duly called for the consideration of such matter (an “Ordinary Resolution”).

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

- (a) the confirmation of the appointment of a new manager of the Fund in certain circumstances where the Manager is removed by the Trustee pursuant to the Management Agreement (described below) or where the Management Agreement is terminated pursuant to its terms;
- (b) the termination of the Investment Management Agreement (described below);
- (c) certain amendments to the Trust Agreement other than those described in the section “**Amendments to the Trust Agreement**” (see below); and
- (d) approval of a proposal to Unitholders providing for an alternative to the extension of the Fund as described under “**Description of Units and Unitholder Matters - Termination of the Fund**”.

Amendments to the Trust Agreement

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

Notwithstanding the foregoing, the Manager may, without the approval of or notice to Unitholders, amend the Trust Agreement for certain limited purposes specified therein, including to:

- (a) cure an ambiguity with any provision of the Trust Agreement or for the purpose of supplementing any provision which may be defective or inconsistent with another provision;
- (b) ensure that the Fund will comply with any applicable laws or requirements of any governmental agency or authority of Canada or of any province;

- (c) ensure that the Fund satisfies certain provisions of the Tax Act;
- (d) ensure that the Units qualify or continue to qualify as investments for registered retirement savings plans, deferred profit sharing plans, registered retirement income funds or registered education savings plans under the Tax Act;
- (e) ensure that additional benefit or protection is provided for the interest of Unitholders or the Fund as the Manager may consider expedient or beneficial;
- (f) make any typographical or other non-substantive changes that are necessary or desirable for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omission, mistake or manifest error therein; or
- (g) bring the Trust Agreement into conformity with what the Manager believes is current practice within the securities industry, provided that any such amendment does not adversely affect the pecuniary value of the interests of the Unitholders.

The determination of whether an amendment to the Trust Agreement is for any of the above purposes is within the sole discretion of the Manager.

VALUATION OF PORTFOLIO SECURITIES

The Manager shall on any Valuation Date (as defined below), calculate the NAV of the Fund by subtracting the aggregate amount of the Fund's liabilities from the aggregate value of the Fund's assets. The Fund's liabilities are valued at fair value. The following principles will be followed when valuing the Fund's assets:

- (a) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash received (or declared to holders of record on a date before the Valuation Date as of which the NAV is being determined and to be received) and interest accrued and not yet received, shall be deemed to be the full amount thereof, provided that (i) the value of any security which is a debt obligation which, at the time of acquisition, had a remaining term to maturity of one year or less shall be the amount paid to acquire the obligation plus the amount of any interest accrued on such obligation since the time of acquisition (for this purpose, interest accrued will include amortization over the remaining term to maturity of any discount or premium from the face value of an obligation at the time of its acquisition); (ii) any interest or other amount due in respect of an obligation in respect of which the issuer has ceased paying interest or has otherwise defaulted shall be excluded from such calculation; and (iii) if the Manager has determined that any such deposit, bill, demand note or account receivable is not otherwise worth the full amount thereof, the value thereof shall be deemed to be such value as the Manager determines to be the fair value thereof;
- (b) the value of any security which is listed or traded upon a stock exchange shall be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Manager such

value does not reflect the value thereof and in which case the latest offer price or bid price should be used), as at the Valuation Date on which the NAV is being determined, all as reported by any means in common use;

- (c) the value of any security which is traded over-the-counter will be priced at the average of the last bid and asked prices quoted by a major dealer in such securities;
- (d) the value of any security which is not listed or traded on a stock exchange or the resale of which is restricted by reason of a representation, undertaking or agreement by the Fund or by the Fund's predecessor in title shall be determined on the basis of such price or yield equivalent quotations (which may be public quotations or may be obtained from major market makers) as the Manager determines best reflects its fair value;
- (e) any market price reported in currency other than Canadian dollars shall be translated into Canadian currency at the prevailing rate of exchange, as determined by the Manager, at the Valuation Date;
- (f) long positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants shall be valued at the current market value thereof;
- (g) where a clearing corporation option, option on futures or over-the-counter option is written by the Fund, the premium received by the Fund will be reflected as a deferred credit which will be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option which would have the effect of closing the position; any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment; the deferred credit shall be deducted in arriving at the NAV; the securities, if any, which are the subject of a written clearing corporation option or over-the-counter option will be valued in the manner described above for listed securities;
- (h) the value of a futures contract or a forward contract shall be the gain or loss, if any, that would arise as a result of closing the position in the futures contract or forward contract, as the case may be, on the Valuation Date unless daily limits are in effect, in which case fair market value shall be based on the current value of the underlying interest;
- (i) listed securities subject to a hold period will be valued as described above with an appropriate discount and investments in private companies and other assets for which no published market exists will be valued at the lesser of cost and the most recent value at which such securities have been exchanged in an arm's length transaction which approximates a trade effected in a published market, unless a different fair market value is otherwise determined to be appropriate; and
- (j) the value of any security or property to which the above principles cannot be applied (whether because no price or yield equivalent quotations are available as

above provided, or for any other reason) shall be the fair value thereof determined in good faith.

If an investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Manager to be inappropriate under the circumstances, then notwithstanding such rules, the Manager will make such valuation as it considers fair and reasonable and, if there is an industry practice, in a manner consistent with industry practice for valuing such investment. In the past three years, the Manager has not exercised its discretion to deviate from the Fund's valuation practices described herein.

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

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

CALCULATION OF NET ASSET VALUE

The NAV per Unit will be calculated as set forth above under the heading “**Valuation of Portfolio Securities**”, at a minimum, on Thursday of each week (or if any Thursday is not a business day, then on the immediately preceding business day), on each November Valuation Date, as well as on any other dates on which the Manager elects in its discretion to calculate the NAV per Unit (any such day being a “Valuation Date”) in each case as at the close of trading. The NAV per Unit calculated as of a time on a day will continue to be the NAV calculation used until such time as the NAV per Unit is next calculated. For details related to the calculation of the redemption price per units, please refer to the information provided under the heading “**Redemptions of Units**.” The NAV calculation on a particular date will be equal to the aggregate value of the assets of the Fund, less the aggregate value of the liabilities of the Fund, including all indebtedness of the Fund and any income, capital gains or other amounts payable to Unitholders on or before such date.

The NAV per Unit, on any date on which NAV per Unit is determined, is calculated by dividing the NAV on such date by the total number of Units issued and outstanding on such date.

PURCHASES OF UNITS

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

REDEMPTIONS OF UNITS

Subject to the Fund's right to suspend redemptions in certain circumstances described below, a Unit may be surrendered for redemption on the last business day of any month (each such date a "Redemption Date"). Redemptions shall be effected by the redeeming Unitholder causing its CDS participant (each a "CDS Participant") to deliver to CDS Clearing and Depository Services Inc. ("CDS") on behalf of the Unitholder a written notice of the Unitholder's intention to redeem by 5:00 p.m. (Toronto time) on a date that is at least 20 business days prior to a Redemption Date in order for the Unit to be redeemed on such Redemption Date. A Unitholder who desires to redeem Units should ensure that the CDS Participant is provided with notice of the intention to exercise the redemption privilege sufficiently in advance of the notice deadline so as to permit the CDS Participant to deliver notice to CDS by the required time. The form of redemption notice will be available from a CDS Participant or from CDS. Any expense associated with the preparation and delivery of redemption notices will be for the account of the Unitholder exercising the redemption privilege. A Unitholder who properly surrenders a Unit for redemption will receive payment on or before the last business day of the month following the month in which such Redemption Date (the "Redemption Payment Date") occurs.

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

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

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

Each Unit properly surrendered for redemption on a November Redemption Date (each, an "Annual Redemption Date") will be redeemed at an amount, if any, equal to the Redemption Price per Unit as of the relevant Annual Redemption Date. For this purpose, "Redemption Price per Unit" means the amount which is equal to (A) the NAV (as calculated in the manner described under the heading "**Calculation of Net Asset Value**") per Unit as at the Annual Redemption Date, less (B) any costs associated with the redemption including, without limitation, if the Manager determines that it is not practicable or necessary for the Fund to sell Portfolio securities to fund such redemption, the aggregate of all brokerage fees, commissions and other transaction costs that the Manager estimates would have resulted from such a sale ("Redemption Costs"). For the

purpose of calculating Redemption Price per Unit, the Manager, in its sole discretion, may value any security which is listed or traded on a stock exchange (or if more than one, on the principal stock exchange where the security primarily trades) by taking the volume weighted average trading price of the security on such exchange during the three most recent trading days ending on and including such Annual Redemption Date, or lacking any sales during such period or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the fair market value as determined by the Manager shall be used). For the purpose of the foregoing, the Manager may consider prices and volumes as reported by any means in common use.

Each Unit properly surrendered for redemption on any Redemption Date other than an Annual Redemption Date will be redeemed at an amount, if any, equal to the Monthly Redemption Price per Unit as of the relevant Redemption Date. For this purpose, the “Monthly Redemption Price per Unit” means the amount equal to the lesser of (A) 94% of the weighted average trading price of the Units on the principal market on which the Units are quoted for trading during the 15 trading days preceding the applicable Redemption Date, and (B) the “closing market price” of the Units on the principal market on which the Units are quoted for trading on the applicable Redemption Date, less, in either case, applicable Redemption Costs, provided that in all circumstances such amounts shall not exceed the NAV per Unit on the applicable Redemption Date. The “closing market price” means an amount equal to (i) the closing price of the Units if there was a trade on the applicable Redemption Date and such principal market provides a closing price, (ii) the average of the highest and lowest prices of the Units if there was trading on the applicable Redemption Date and such principal market provides only the highest and lowest prices of the Units traded on a particular day, or (iii) the average of the last bid and last asking prices of the Units on such principal market if there was no trading on the applicable Redemption Date.

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

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

The Fund has entered into an agreement with MCC (in such capacity, the “Recirculation Agent”) whereby the Recirculation Agent has agreed to use commercially reasonable efforts to find purchasers for any Units surrendered for redemption prior to the relevant Redemption Payment Date. The Fund may, but is not obligated to, require the Recirculation Agent to seek such purchasers. In such event, the amount to be paid to the Unitholder on or before the Redemption Payment Date will be an amount equal to the proceeds of the sale of thereof less any applicable commission. Such amount will not be less than the Redemption Price per Unit or Monthly Redemption Price per Unit (as the case may be) otherwise payable.

Suspension of Redemptions

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

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

RESPONSIBILITY FOR FUND OPERATIONS

Manager

The Manager, a wholly-owned subsidiary of MFL, is responsible for managing the business and administration of the Fund pursuant to the Management Agreement (described below). The address, phone number and website address of the Manager is 100 King Street West, Suite 5855, Toronto, Ontario M5X 1A6, 1-888-890-1868 outside Greater Toronto, 416-362-0714 in Greater Toronto, and www.middlefield.com. You can contact the Manager by e-mail at invest@middlefield.com.

The Manager entered into a management agreement (the "Management Agreement") with the Fund made as of February 28, 1997 as amended and restated as of May 25, 2004, and as further amended as of March 1, 2006, as supplemented by an assignment and assumption agreement dated as of December 1, 2009 and as further amended as of August 13, 2013. Pursuant to the Management Agreement, the Manager will continue as manager until the termination of the Fund. The Manager receives a management fee for its services which is payable by the Fund and also is reimbursed for all reasonable costs and expenses incurred on behalf of the Fund. The Manager may terminate the Management Agreement in the event the Fund is in breach or default of the provisions thereof and, if capable of being cured, such breach or default has not been cured within 20 business days' notice of such breach or default to the Fund. The Management Agreement may not be terminated by the Fund other than by an Extraordinary Resolution of the Unitholders. In the event that the Manager is in breach or default of the provisions of the Management Agreement and, if capable of being cured, such breach or default has not been cured within 20 business days'

notice to the Manager of such breach or default, the Trustee shall give notice to Unitholders and Unitholders may direct the Trustee to remove the Manager and appoint a successor manager. The Management Agreement will automatically terminate if (a) the Manager becomes bankrupt or insolvent or makes a general assignment for the benefit of its creditors or a receiver is appointed in respect of the Manager or a substantial portion of its assets or (b) the Manager ceases to carry on business or an order is made or an effective resolution is passed for the winding-up, dissolution or liquidation of the Manager.

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

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

Portfolio Advisor

Middlefield Capital Corporation, an affiliate of the Manager, provides investment advisory and portfolio management services to the Fund pursuant to an investment management agreement (the "Investment Management Agreement") entered into between the Manager on behalf of the Fund, the Manager and the Advisor made as of February 28, 1997 as amended and restated as of April 18, 2005, as supplemented by an assignment and assumption agreement dated as of December 1, 2009 and as further amended as of August 13, 2013. The Advisor receives a fee for its services which is payable by the Manager (not the Fund) and also is reimbursed for all reasonable costs and expenses incurred on behalf of the Fund. The principal office of the Advisor is located in Toronto, Ontario.

The Investment Management Agreement will continue until the termination of the Fund. The Manager in certain circumstances may, and the Manager upon the direction of the Unitholders authorized by an Extraordinary Resolution will, terminate the Investment Management Agreement upon six months' prior written notice. In the event of the termination of the Investment Management Agreement as a result of the passing of a resolution by the Unitholders as described above, the Advisor will be entitled to a termination payment in an amount equal to the fees paid or payable to the Advisor in or with respect to the most recently completed 12-month period. In order to permit the Manager to make the termination payment to the Advisor, the Fund will be

required to pay to the Manager an amount equal to the termination payment. The Advisor may terminate the Investment Management Agreement, without payment to the Advisor or to the Fund, in the event the Fund is in breach or default of the provisions thereof and, if capable of being cured, such breach or default has not been cured within 20 business days' notice to the Fund of such breach or default. In the event that the Investment Management Agreement is terminated as provided above, the Manager will appoint a successor investment advisor to carry out the activities of the Advisor until a meeting of the Unitholders is held to confirm such appointment.

The Advisor provides independent investment recommendations for the Fund based on its own independent investment analysis. All investment recommendations made by the Advisor are subject to the oversight and approval of an investment committee which is comprised of senior officers of the firm (the "Investment Committee"). The Investment Committee meets regularly to ensure a current awareness of the Fund's requirements. The Advisor also provides investment advisory and portfolio management services to other funds that are managed by the Manager of the Fund or an affiliate of the Manager.

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

<u>Name and Municipality of Residence</u>	<u>Title</u>	<u>Experience in Portfolio Management</u>
DEAN ORRICO Vaughan, Ontario	President and Chief Executive Officer of Middlefield Capital Corporation	26 years

Trustee

Middlefield Limited, the Manager of the Fund, located in Toronto, Canada, is also the Trustee under the Trust Agreement. The name, municipality of residence and principal occupation of each of the directors and officers of the Trustee are listed above under the chart included under "Responsibility for Fund Operations – Manager." The Trustee or any successor trustee may resign upon 90 days' written notice to Unitholders and to the Manager.

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

Brokerage Arrangements

Decisions as to the purchase and sale of portfolio securities and decisions as to the execution of portfolio transactions are made by the Advisor in accordance with and subject to the Investment Guidelines. The Advisor may allocate brokerage business to various dealers to compensate them for the provision to the Fund of order execution or investment decision-making services. As the Advisor also is registered as a dealer with the Ontario, Alberta and Nova Scotia Securities Commissions, the Advisor may effect portfolio transactions itself, provided that the execution, prices and terms it offers are, in its opinion, no less favourable than those offered by

other brokers or dealers. Brokerage commissions paid by the Fund to MCC in connection with securities transactions during 2022 amounted to \$93,261. In the purchase and sale of securities for the Fund, the Advisor seeks to obtain overall services and prompt execution of orders on favourable terms.

Independent Review Committee

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

Custodian

RBC Investor Services Trust (“RBC”) of Calgary, Canada serves as custodian of the cash and securities comprising the investment portfolio of the Fund pursuant to a master custodian agreement (the “Custodian Agreement”) dated as of September 25, 2009, as amended by an amending agreement dated as of December 1, 2009. The Fund pays RBC for its services. The Custodian Agreement with RBC may be terminated by either party on 60 days' prior written notice.

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

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

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

Valuation Agent

RBC serves as the valuation agent for the Fund pursuant to a master fund valuation services agreement (the “Valuation Agreement”) dated as of December 21, 2009, as amended by an amending agreement dated as of January 1, 2010. RBC provides, among other things, valuation and accounting services to the Fund and calculates the NAV in the manner described under the heading “**Valuation of Portfolio Securities**”. The Fund pays RBC for its services. The Valuation Agreement with RBC may be terminated by either party on 60 days' prior written notice.

Auditor

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

Registrar and Transfer Agent

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

Securities Lending Agent

RBC serves as the securities lending agent for the Fund pursuant to a securities lending agency agreement (the “SLA Agreement”) dated as of April 15, 2011. RBC’s head office is located in Toronto, Canada. RBC is not affiliated with the Manager. Pursuant to the SLA Agreement, the Fund receives collateral of at least 105% of the value of the securities on loan. Collateral is generally comprised of cash and obligations of, or guaranteed by, the Government of Canada or a province thereof, or the United States Government or its agencies. Collateral may also be comprised of securities that are convertible into, or exchangeable for, securities of the same issuer as the securities that are on loan. Pursuant to the SLA Agreement, RBC has agreed to indemnify the Manager against any direct loss suffered or incurred that is the result of negligence, fraud, or wilful misconduct on the part of RBC in the performance of its obligations, subject to limitations within the SLA Agreement. The Manager and RBC each have the right to terminate the SLA Agreement upon five (5) business days’ written notice.

Designated Website

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

CONFLICTS OF INTEREST

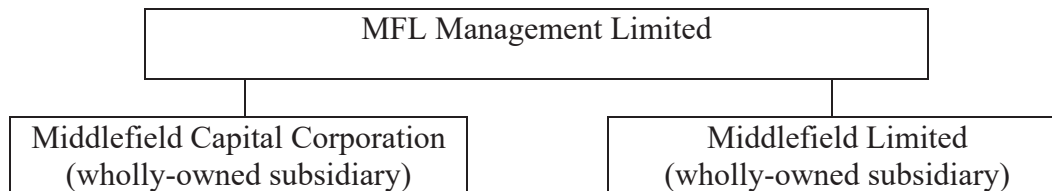
Principal Holders of Securities

As at March 10, 2023, no person or company owns of record or, to the knowledge of the Fund or the Manager, beneficially, directly or indirectly, more than 10% of the outstanding Units of the Fund. All of the outstanding shares of the Manager are beneficially owned by MFL. The directors and senior officers of the Manager beneficially own, directly or indirectly, all securities of the Manager, Middlefield Capital Corporation and MFL Management Limited, but do not own beneficially, directly or indirectly, in aggregate, more than 0.5% of any class of voting securities of any other person or company that provides services to the Fund other than the Manager, Middlefield Capital Corporation and MFL Management Limited.

As at March 10, 2023, the members of the IRC did not own beneficially, directly or indirectly, in aggregate: any securities of the Manager; more than 0.5% of any class of voting securities of any person or company that provides services to the Fund; or more than 10% of the Units of the Fund.

Affiliated Entities

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



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

Dealer Manager Disclosure

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

- (a) for which any person or company who is a dealer manager of the Fund (as defined in NI 81-102) or who is an associate or affiliate of such dealer manager has acted as an underwriter in the distribution of such class of securities of the issuer (except as a member of the selling group distributing 5% or less of the securities underwritten) for a period of at least 60 days following the conclusion of the distribution of the underwritten securities to the public; or
- (b) of which any partner, director, officer or employee of a person or company who is a dealer manager of the Fund or any partner, director, officer or employee of any affiliate or associate of such dealer manager is an officer or director, provided that this prohibition shall not apply where any such partner, director, officer or employee does not:
 - (i) participate in the formulation of investment decisions made on behalf of the Fund;
 - (ii) have access prior to implementation to information concerning investment decisions made on behalf of the Fund; and
 - (iii) influence (other than through research, statistical and other reports generally available to clients) the investment decisions made on behalf of the Fund.

FUND GOVERNANCE

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

Independent Review Committee

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

The report to Unitholders prepared by the IRC is available at www.middlefield.com, or at a Unitholder's request at no cost, by contacting the Fund at First Canadian Place, 100 King St. West, 58th Floor, Toronto, Ontario M5X 1A6; telephone: (416) 362-0714; toll free: 1-888-890-1868; or through www.middlefield.com.

The members of the IRC for the Fund during 2022 were George S. Dembroski, Bernard I. Ghert (Chair), H. Roger Garland and Edward V. Jackson. Bernard Ghert resigned from the IRC effective March 6, 2023. On March 15, 2023, Christine Tekker was appointed to the IRC and Edward Jackson was appointed Chair of the IRC.

The IRC engages in the following activities:

- (a) reviews and provides input on the Manager's written policies and procedures that deal with conflict of interest matters;
- (b) reviews conflict of interest matters referred to it by the Manager and makes recommendations to the Manager regarding whether the Manager's proposed actions in connection with the conflict of interest matter achieve a fair and reasonable result for the Fund;
- (c) considers and, if deemed appropriate, approves the Manager's decision on a conflict of interest matter that the Manager refers to the IRC for approval; and
- (d) performs other duties as may be required of the IRC under applicable securities laws.

Derivatives Risk Management

The Fund may purchase or sell derivatives in accordance with its Investment Guidelines. The Investment Committee has established policies and procedures which stipulate the objectives and goals for derivatives trading and related risk management procedures.

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

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

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

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

The Fund may utilize derivatives for hedging purposes and, to a limited extent, non-hedging purposes. Risks associated with the use of derivatives include: (i) hedging to reduce risk does not guarantee that there will not be a loss or that there will be a gain; (ii) there is no guarantee that a market will exist when the Fund wants to complete the derivative contract, which could prevent the Fund from reducing a loss or making a profit; (iii) securities exchanges may impose trading limits on options and futures contracts, and these limits may prevent the Fund from completing the derivative contract; (iv) the Fund could experience a loss if the other party to the derivative contract is unable to fulfill its obligations; and (v) if the Fund has an open position in an option, a futures contract or a forward contract with a dealer who goes bankrupt, the Fund could experience a loss and, for an open futures or forward contract, a loss of margin deposits with that dealer. In circumstances where there is an interest rate hedge employed, total returns on the Portfolio may be higher with the hedge than without it when interest rates rise significantly, but total returns may be lower than it otherwise would be in a stable to falling interest rate environment.

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

Short Selling Risk Management

The Fund may engage in short selling in accordance with its policies as described under the heading “**Investment Restrictions - Investment Restrictions**”. The Investment Committee

has established written policies and procedures which stipulate the objectives and goals for short selling and related risk management procedures.

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

Securities will be sold short only for cash and the Fund will receive the cash proceeds within normal trading settlement periods for the market in which the short sale is made. All short sales will be effected only through market facilities through which those securities normally are bought and sold and the Fund will short sell a security only if: (i) the security is listed and posted for trading on a stock exchange and either the issuer of the security has a market capitalization of not less than \$100 million of the security sold short at the time the short sale is made or MCC has pre-arranged to borrow securities for the purposes of such short sale; or (ii) the security is a bond, debenture or other evidence of indebtedness of or guaranteed by the Government of Canada or any province or territory of Canada or the Government of the U.S. As well, at the time securities of a particular issuer are sold short by the Fund, the aggregate fair value of all securities of that issuer sold short will not exceed 5% of the net assets of the Fund. The Fund will also place a “stop-loss” order (effectively a standing instruction) with a dealer to immediately repurchase for the Fund the securities sold short if the trading price of the securities exceeds 120% (or a lower percentage determined by us) of the price at which the securities were sold short. The aggregate fair value of all securities sold short by the Fund will not exceed 10% of its net assets on a daily marked-to-market basis. The Fund may deposit assets with lenders in accordance with industry practice in relation to its obligations arising under short sale transactions. The Fund also will hold cash cover in an amount, including the Fund's assets deposited with lenders, that is at least 150% of the aggregate fair value of all securities it sold short on a daily marked-to-market basis. No proceeds from short sales will be used by the Fund to purchase long positions other than cash cover. Where a short sale is effected in Canada, every dealer that holds Fund assets as security in connection with the short sale must be a registered dealer and a member of a self-regulatory organization that is a participating member of the Canadian Investor Protection Fund. Where a short sale is effected outside Canada, every dealer that holds Fund assets as security in connection with the short sale must be a member of a stock exchange and have a net worth in excess of the equivalent of \$50 million determined from its most recent audited financial statements. The aggregate assets deposited by the Fund with any single dealer as security in connection with short sales will not exceed 10% of the Fund's total assets at the time of deposit.

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

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

Securities Lending

The Fund engages in securities lending from time to time as described under the headings “**Investment Restrictions - Securities Lending**” and “**Responsibility for Fund Operations - Securities Lending Agent**”. RBC or a sub-custodian acts as agent for the Fund in administering such securities lending transactions, including negotiating the agreements, assessing the creditworthiness of counterparties and collecting the fees earned by the Fund. RBC is not affiliated or associated with the Manager. The agent is required to monitor the collateral provided to ensure that it remains within the prescribed limits. Although the Fund receives collateral for the loans and such collateral is marked-to-market, the Fund is exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities.

Written policies and procedures will be established to set out the objectives and goals for these particular types of transactions. The Manager is responsible for reviewing the policies, procedures, and controls for these transactions, authorizing trading limits and reporting to its board of directors on an as-needed basis. The Manager sets credit limits in an effort to control risk. Risk measurement or simulations are not currently used to test the Portfolio under stress conditions.

Proxy Voting Policies

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

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

The Fund's proxy voting policies and procedures are available on request at no cost, by calling 1-888-890-1868 outside Greater Toronto or 416-362-0714 in Greater Toronto or by writing to 100 King Street West, Suite 5855, Toronto, Ontario M5X 1A6..

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

Short-Term Trades

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

INCOME TAX CONSIDERATIONS

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

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

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

This summary is not exhaustive of all possible federal income tax considerations and does not take into account or anticipate any changes in law, administrative policy or assessing practice, whether by legislative, governmental or judicial action. This summary does not deal with foreign, provincial or territorial income tax considerations, which may differ from the federal considerations.

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

Taxation of the Fund

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

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

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

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

The Fund is required to compute net income and net realized capital gains in Canadian dollars for the purposes of the Tax Act. As a result, the Fund may realize income or capital gains by virtue of changes in the value of a foreign currency relative to the Canadian dollar.

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

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

The Fund is entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units during the year (“capital gains refund”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year which may arise upon the sale of securities in connection with redemptions of Units.

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

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

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

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

Units Held in Registered Tax Plans

In this section a registered tax plan means a trust governed by a first home savings account (“FHSA”), a registered retirement savings plan (“RRSP”), a registered retirement income fund (“RRIF”), a deferred profit sharing plan (“DPSP”), a registered disability savings plan (“RDSP”), a registered education savings plan (“RESP”) or a tax-free savings account (“TFSA”), each within the meaning of the Tax Act.

If Units are held in a registered tax plan, income and capital gains received from the Fund, and capital gains realized on selling or transferring the Units of the Fund, will generally not be

taxable in such registered tax plans, but any amounts withdrawn from such registered tax plans will be taxable at such time (other than withdrawals from a TFSA and certain withdrawals from a FHSA, RESP, or RDSP).

Provided the Fund continues to qualify as a mutual fund trust within the meaning of the Tax Act, or the Units continue to be listed on a “designated stock exchange” within the meaning of the Tax Act, the Units will be qualified investments under the Tax Act for registered tax plans.

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

The rules governing a FHSA will come into force on April 1, 2023. Holders should consult their own advisors in this regard.

Units Not Held in Registered Tax Plans

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

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

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

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

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

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

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

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

In general terms, net income of the Fund paid or payable to a Unitholder that is designated as taxable dividends from taxable Canadian corporations or as net taxable capital gains, and capital

gains realized by a Unitholder on the disposition of Units, may increase such Unitholders' liability for alternative minimum tax.

Tax Implications of the Fund's Distribution Policy

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

International Information Reporting

The dealers through which Unitholders hold their Units are subject to registration, information collection and reporting obligations contained in Part XVIII of the Tax Act, which implemented the Canada-United States Enhanced Tax Information Exchange Agreement (the "IGA") with respect to "financial accounts" such dealers maintain for their clients. Unitholders, or the controlling person of a Unitholder, will generally be requested to provide their dealer with information related to their citizenship, residency and, if applicable, a U.S. federal tax identification number. If a Unitholder is a U.S. person (including a U.S. citizen or green card holder who is resident in Canada) or if a Unitholder does not provide the requested information and there are no indicators of U.S. status, Part XVIII of the Tax Act and the IGA will generally require information about the Unitholder's investment in the Fund to be reported to the CRA, unless the investment is held within certain Registered Plans. The CRA is expected to provide that information to the U.S. Internal Revenue Service.

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

REMUNERATION OF DIRECTORS, OFFICERS AND TRUSTEE

During 2022, Bernard I. Ghert, the Chair of the IRC received \$35,000 and each other IRC member, H. Roger Garland, George S. Dembroski and Edward V. Jackson received \$25,000. In addition, each IRC member received \$1,500 per meeting attended. These fees were allocated across investment funds that are managed by the Manager in a manner that is fair and

reasonable. There were no amounts paid by the Fund in respect of fees to the members of the IRC during 2022, nor was any amount paid in respect of IRC expenses. No other fees or reimbursement of expenses were paid by the Fund to the directors or officers of the Manager, to the Trustee or to the IRC members.

MATERIAL CONTRACTS

The material contracts of the Fund are as follows:

- (a) Trust Agreement of the Fund. For further details, see the description under the headings **“Name and Formation of the Fund”** and **“History of the Fund”**;
- (b) Management Agreement with the Manager. For further details, see the description under the heading **“Responsibility for Fund Operations - Manager”**;
- (c) Investment Management Agreement with Middlefield Capital Corporation. For further details, see the description under the heading **“Responsibility for Fund Operations - Portfolio Advisor”**; and
- (d) Master Custodian Agreement between Middlefield Limited and RBC Investor Services Trust. For further details, see the description under the heading **“Responsibility for Fund Operations - Custodian”**.

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

[BACK COVER]

MINT *INCOME FUND*

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- Additional information about the Fund is available in the Fund's management reports of fund performance and financial statements.
- You can get a copy of these documents at no cost by calling toll-free 1-888-890-1868 outside Greater Toronto or 416-362-0714 in Greater Toronto, or from your broker or dealer, or by e-mailing invest@middlefield.com.
- These documents and other information about the Fund, such as information circulars and material contracts, are also available by visiting the website www.middlefield.com or www.sedar.com.