

**Middlefield Canadian Income PCC (the “Company”)
including Middlefield Canadian Income – GBP PC (the “Cell”)**

**Terms of Reference of the Audit Committee (the “Committee”),
a delegated Committee of the Board of Directors (the “Board”) of the Company**

Updated by the Secretary on 15 August 2023
Approved by the Board on 14 September 2023

Membership

The members of the Committee shall be Andrew Zychowski, Janine Fraser, Kate Anderson and Michael Phair. The Chairman of the Committee shall be Andrew Zychowski or, failing him, Janine Fraser. For the purposes of transacting business, a quorum of the Committee shall be not less than two members of the Committee and all meetings must take place in the UK.

Secretary

The Secretary of the Committee shall be the Secretary of the Company.

Attendance

A representative of the Secretary and the external auditor should normally attend meetings. At least once a year the Committee shall meet the external auditor without the representatives of the Investment Manager or the Secretary present.

Frequency of Meetings

The Committee shall meet not less than twice a year and at such other times as the Chairman of the Committee shall require. The external auditor may request a meeting if they consider that one is necessary.

Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any agent of the Company. All agents of the Company are directed to co-operate with any reasonable request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers it necessary.

Duties

1. The Committee will consider the appointment, reappointment and removal of the external auditor, conduct any tender process and make recommendations to the Board. The Committee will also consider the auditor’s letters of engagement, the audit fees and any questions of resignation or dismissal of the external auditor.
2. The Committee will review from time to time the effectiveness of the external audit process, taking into account relevant professional and regulatory requirements, and the independence and objectivity of the external auditor.
3. The Committee will review for submission to the Board the Company’s half-yearly and annual financial reports, together with any formal announcements relating to the Company’s financial performance, not excepting the full Board’s ultimate responsibility, focusing particularly on:
 - Any changes in accounting policies and practice;
 - Significant financial reporting judgements;
 - Major judgmental areas;
 - Significant adjustments arising from the audit;
 - The going concern assumption;

- Compliance with accounting standards (and in particular accounting standards adopted in the financial year for the first time);
 - Compliance with requirements of the UKLA Listing Authority's Listing Rules, the UK Financial Services Authority's Disclosure Guidance and Transparency Rules, the AIC Code of Corporate Governance (the "**AIC Code**") and applicable legal requirements (including s.1158 of the Corporation Tax Act 2010); and
 - A review of risk management systems and internal controls.
4. The Committee will discuss problems and reservations arising from the audits, and any other matters the auditor may wish to discuss (in the absence of the Company's agents where necessary).
 5. The Committee will review the external auditor's management letter and any response thereto.
 6. The Committee will provide advice to the Board on whether the annual financial report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.
 7. The Committee will prepare for inclusion in the Company's annual financial reports a report describing the work of the Committee, such report to include the matters prescribed in provision 31 of the AIC Code.
 8. The Committee will review, on behalf of the Board, the Company's system of internal controls (including financial, operational, compliance and risk management) and make recommendations to the Board.
 9. The Committee will review from time to time the appropriateness of internal audit reporting by the Company's agents. Whilst the Company has no internal audit function, the Committee should consider annually whether there is a need for an internal audit function and make a recommendation to the Board and the reasons for the absence of such a function should be explained in the relevant section of the annual report.
 10. The Committee will consider the major findings of internal investigations and management's response.
 11. The Committee will review the Company's operating, financial and accounting policies and practices.
 12. The Committee will review the arrangements by which staff of the Company's service providers may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, ensuring that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.
 13. The Committee will consider any other matters specifically delegated or referred to the Committee by the Board from time to time.

Minutes

The minutes of meetings of the Committee shall be circulated to all members of the Board.

Delegation

Any or all powers of the Committee may be delegated by resolution of the Committee unless otherwise determined by the Board.

Reporting

The Chairman of the Committee shall report on its behalf to the Board at regular intervals, informing the directors of its deliberations and the matters it has reviewed and making recommendations when requested and as required by the FCA's Disclosure Guidance and Transparency Rules and the AIC Code of Corporate Governance.

Terms of Reference Update

Should these terms of reference require update from time to time, they must be circulated to the Board for approval at the next Board meeting of the Company.

Availability on Website

These terms of reference should be made publicly available on the Company's website.