

MIDDLEFIELD CANADIAN INCOME TRUSTS

INVESTMENT COMPANY PCC (the "Company") is a Jersey incorporated, protected cell company. The Company's initial cell is Middlefield Canadian Income Trusts – GBP PC (the "Fund") whose shares are listed on the London Stock Exchange. The Fund provides investors with efficient GBP currency-hedged economic exposure to a broadly diversified portfolio of Canadian equity income securities through a swap agreement. The Fund's reference asset under the swap is CIT Trust, a Canadian unit trust.

INVESTMENT OBJECTIVES

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

DIVIDENDS

Dividends are expected to be paid on a quarterly basis at a rate of 1.25 pence per share.

BENCHMARKS

S&P/TSX Income Trust Index (CDN\$) – since inception to December 31, 2010.
S&P/TSX Equity Income Index (CDN\$) – post December 31, 2010.

THE ADVISER

Middlefield Capital Corporation is a specialty investment manager with approximately \$3.0 billion in assets under management. Middlefield has developed expertise in the oil and gas, mining, real estate and equity income sectors. In addition, Middlefield provides strong administrative and marketing support for numerous public and private investment vehicles.

CIT TRUST TOP 15 HOLDINGS (AS AT DECEMBER 31, 2010)

Top 15 Holdings	Sector	% of Portfolio
Bonterra Energy Corp.	Energy Producers	4.9%
ARC Energy Trust	Energy Producers	4.8%
Peyto Energy Trust	Energy Producers	4.3%
Bonavista Energy Trust	Energy Producers	3.9%
Labrador Iron Ore Royalty Corp.	Metals and Mining	3.3%
Consumers' Waterheater	Consumer Discretionary	3.1%
Precision Drilling Corporation	Oil and Gas Services	3.1%
Goldcorp Inc.	Gold	3.1%
Freehold Royalty Trust	Energy Producers	3.1%
Crescent Point Energy Corp.	Energy Producers	3.0%
Vermilion Energy Inc.	Energy Producers	2.9%
Keyera Facilities Income Fund	Power and Pipeline	2.9%
NAL Oil & Gas Trust	Energy Producers	2.6%
NuVista Energy Ltd.	Energy Producers	2.3%
Ag Growth International Inc.	Industrials	2.2%

TOP 15 CUMULATIVE WEIGHTING 49.5%

For more information on each issuer, click on the issuer name above

PERFORMANCE DATA

CUMULATIVE PERFORMANCE ¹	(as at 31/12/10)			
	1 Mth	3 Mth	1 Yr	3 Yr
Share Price	8.2%	18.3%	34.3%	3.3%
NAV	7.1%	20.7%	45.7%	14.2%
Benchmark Index (Total Return) ²	1.1%	8.2%	17.5%	0.2%
S&P/TSX Composite Index (Total Return) ²	3.8%	8.7%	14.4%	-0.9%

ROLLING 12 MONTH PERFORMANCE¹ (Periods ending Dec 31)

	2010/2009	2009/2008	2008/2007	2007/2006
Share Price	34.3%	82.7%	-55.1%	-4.0%
NAV	45.7%	61.1%	-36.5%	6.1%
Benchmark Index ²	17.5%	29.5%	-33.7%	-2.7%

¹Total return including the reinvestment of dividends. Annualized returns for periods greater than one year. Fund returns are net of fees.

²Calculations are based on Canadian dollar returns due to the Fund's embedded currency hedge.

CIT TRUST PORTFOLIO SUMMARY

SECTOR ALLOCATION

Sector	Dec 31/10	Sept 30/10	Change
Energy Producers	48.4%	48.3%	0.1%
Power and Pipeline	7.8%	8.4%	-0.6%
Oil and Gas Services	7.8%	6.5%	1.3%
Utilities	5.9%	6.5%	-0.6%
Consumer Discretionary	5.7%	6.1%	-0.4%
Gold	5.4%	7.1%	-1.7%
Industrials	4.7%	4.7%	-%
Real Estate	4.6%	1.7%	2.9%
Metals and Mining	4.3%	4.1%	0.2%
Other	5.4%	6.6%	-1.2%
Total	100.0%	100.0%	

GEARING

Dec 31/10	Sept 30/10	Change
10.9%	13.7%	-2.8%

TOTAL PORTFOLIO HOLDINGS

Dec 31/10	Sept 30/10	Change
54	54	-

INVESTMENT ADVISER'S COMMENTARY AND OUTLOOK

Strong growth in emerging economies and a gradual recovery in developed economies provided continued support for natural resource prices and corresponding equity prices in 2010. Over the year, Middlefield Capital Corporation ("MCC"), the investment adviser of CIT Trust and an affiliate of Middlefield International Limited ("MIL"), the investment adviser to the Fund, increased positions in those issuers which it believed would benefit from favourable fundamentals and were well positioned to grow their businesses, either organically or by way of acquisition, in order to increase cash flows. Overall, CIT Trust posted a total return of 31.7% for 2010 relative to 26.7% for the benchmark S&P/TSX Income Trust Index and 17.6% for the broader S&P/TSX Composite Index. As a result, the Fund generated a 45.7% total return for 2010.

The commencement of 2011 marks the expiration of the preferential tax treatment for income trusts and, as a result, virtually all income trusts have now converted to corporations. However, as expected, a significant number of former trusts have announced their intention to continue to pay high dividends and, as a result, a unique high yielding equity income asset class, comprised of former trusts and other high-dividend paying corporations, has developed in Canada. With the uncertainty regarding the impact of corporate taxation having been addressed, investor demand for Canadian equity income securities has increased substantially. Given the increasing investor preference for yield, we believe companies offering high levels of dividends will continue to attract significant investor interest and achieve premium valuations.

MCC remains very positive on the Canadian energy income sector. Most of the issuers in which CIT Trust invests have accumulated tax pools and will not be taxable for another three to five years. In addition, many of these companies have adopted a model of paying relatively high levels of dividends while reinvesting sufficient levels of cash flow to maintain or grow production. Over the year, MCC has increased positions in natural gas weighted holdings in order to capitalize on the forecast of Groppe, Long & Littell ("GLL"), MCC's Special Adviser on the energy sector, for substantially higher natural gas prices over the next several months. These factors, together with GLL's forecast of stable long-term crude oil prices, is expected to drive strong total return performance from high yielding oil and gas equities. For the year ended 31 December 2010, the S&P/TSX Capped Energy Trust Index generated a total return of 29.6%.

Strong fundamentals in the Canadian real estate market, namely stable vacancy rates, relatively limited new supply and low interest rates, continued to underpin the sector in 2010 and have enabled REITs to generate strong performance as the S&P/TSX Capped REIT Index produced a total return of 22.6%. MCC remains constructive on the Canadian real estate market and is poised to accumulate a more sizeable position in this sector in response to any pullback in trading prices.

As a result of the significant number of Canadian equities paying high levels of distributions, Standard and Poor's recently launched the S&P/TSX Equity Income Index, which is intended to eventually replace the S&P/TSX Income Trust Index. The new Canadian Equity Income Index is designed to track a well-diversified basket of high yielding securities, which are also constituents of Canada's broader blue-chip S&P/TSX Composite Index. It offers a yield of approximately 6% per annum, which is well in excess of the average yield on the S&P/TSX Composite of approximately 3%. As we have stated previously, we view this development as very positive since this index is expected to become the new benchmark for the vast majority of Canadian investment funds with income and balanced fund mandates. Given its relatively attractive yield, the new index will likely act as a buying catalyst for incremental domestic and foreign institutional investment in the Canadian equity income sector. Accordingly, it is the intention of MCC to adopt the Equity Income Index as its new performance benchmark for CIT Trust going forward.

Quick Facts			
Inception:	6 July 2006	Year end:	31 December
ISIN:	GB00B15PV034	Investment Adviser:	Middlefield International Limited
LSE Symbol:	MCT	Manager, Secretary and Administrator:	Kleinwort Benson (Channel Islands) Corporation Services Limited
Bloomberg Symbol:	MCT LN EQUITY	Sponsor and Corporate Broker:	Collins Stewart Europe Limited
Thompson Symbol:	MCT-LN	Registrar:	CAPITA IRG (Offshore) Limited
Target Quarterly Distributions:	1.25 pence per share	CREST Agent, UK Paying Agent and Transfer Agent:	CAPITA Registrars
Dividend Payments:	Quarterly at end of January, April, July and October	Fund Borrowing Powers:	Up to 25% of the Fund net asset value
Board of Directors:	Raymond Apsey, Philip Bisson, Nicholas Villiers, Garth Jestley		

Past performance is not a guide to the future. Income and investment prices may fall and investors may not get back the full amount invested. Pricing information is indicative only. Nothing herein is to be construed as a solicitation or an offer to buy or sell any financial products. This factsheet is based on information obtained from sources believed to be reliable but are not guaranteed to be accurate, nor are they a complete statement of these securities.