



Brand Leaders Income Fund

Annual Management Report of Fund Performance

December 31, 2014

The Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure, can be obtained at your request, and at no cost, by calling us at 1-866-998-8298; by writing to us at Harvest Portfolios Group, 710 Dorval Drive, Suite 209, Oakville, Ontario, L6K 3V7; by visiting our website at www.harvestportfolios.com; or on SEDAR at www.sedar.com.

Brand Leaders Income Fund

CORPORATE OVERVIEW

Harvest Portfolios Group Inc. (“Harvest”) is a Canadian Investment Manager focused on unique income generating investment products. Harvest was founded in 2009 and is focused on developing investment products that follow three investment criteria:

1. Clear investment objectives
2. Transparency
3. Income generation

Harvest endeavours to develop investment products that are clear in their mandate and easy for our investors to understand. We strive to be transparent, so that our investors can open their financial reports and know exactly what they own. Our funds are also invested to provide investors with consistent monthly or quarterly income; therefore, we seek to invest our fund portfolios in well managed companies that have a history of steady cash flow and pay dividends.

INVESTMENT PRODUCT

The Brand Leaders Income Fund (the “Fund”) invests in an equally-weighted underlying portfolio of fifteen of the world’s top one hundred rated brand companies, each with a market capitalization of at least US\$10 billion. As the US and global economy generally expands, Harvest believes that a diversified portfolio invested in the blue chip companies will provide investors with an attractive yield and strong capital appreciation potential.



Brand Leaders Income Fund

PRESIDENT'S MESSAGE

Brand Leaders Income Fund

Unitholder letter March 2015

Dear Valued Unitholder,

In 1985 I started my career in the investment business as an advisor; two years later in 1987 the markets suffered their worst one day loss since 1929. That was a difficult time for all investors but there were many lessons to be learned over the next several years. I learned that investments in products that are transparent and businesses that I understood could result in long term gains despite market volatility.

As a unitholder of Harvest it is important to understand our philosophy. The three guiding principles we use when developing our products are:

Keep it Simple: A complex product does not mean it is a better product. We want investors to understand exactly what they are investing in and are comfortable that it meets their objectives.

Transparent: A portfolio should reflect what an investor thought they were buying. Investors can check their statements and our website to verify and most importantly to “know what you own”.

Consistent Income: All of our funds provide consistent monthly or quarterly income. We want to provide income from diverse sources.

We are in a period of low interest rates and whether one feels they are being held there artificially or due to deflationary pressures, it is our opinion that this will continue for the foreseeable future. Investors who are in or approaching retirement, or simply want a structure that pays income, should have comfort that Harvest is focused on that feature and will endeavour to ensure all of our products meet their income and investment objectives.

During my 30 years in the business, I have never seen the volatility and technological influences that move markets like we see today and it is likely here to stay. Regardless, these factors don't change the basics of fundamental investing and Harvest's focus on products that meet your needs. Our goal is to establish products invested in good quality companies that can provide solid returns over the long term.

As we look forward, we want to assure our investors that Harvest will remain committed to its philosophy and appreciate the confidence you have placed in us by investing with us.

Sincerely,

Signed “Michael Kovacs”

Michael Kovacs
President and Chief Executive Officer



Brand Leaders Income Fund

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

The management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. For your reference, the annual financial statements of the Fund are attached to the management report of fund performance. You may obtain additional copies of these documents at your request, and at no cost, by calling toll free at 1(866) 998-8298; by writing to us at Harvest Portfolios Group Inc., 710 Dorval Drive, Suite 209, Oakville, Ontario, L6K 3V7; or by visiting our website at www.harvestportfolios.com; or on SEDAR at www.sedar.com.

Unitholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

INVESTMENT OBJECTIVES AND STRATEGY

The Fund has been created to provide investors with a unique exposure to a portfolio of assets ("Portfolio") of Equity Securities of issuers selected from the world's top 100 rated brand companies, as recognized by Interbrand in its annual study of the best global brands (the "**Brand Leaders**"), from the Brand Leaders Investable Universe. "**Brand Leaders Investable Universe**" means those Brand Leaders that are eligible to have options written on their Equity Securities and where such Equity securities and options are traded on a North American stock exchange.

The Fund's investment objectives are to provide Unitholders with:

- (i) monthly cash distributions;
- (ii) the opportunity for capital appreciation; and
- (iii) lower overall volatility of Portfolio returns than would otherwise be experienced by owning Equity securities of the Brand Leaders directly.

The Fund's manager, Harvest Portfolios Group Inc. ("Harvest") has retained Highstreet Asset Management Inc. ("Highstreet" or "Investment Manager") to provide investment management services to the Fund.

To achieve its investment objectives, the Fund will invest in an equally-weighted portfolio of equity securities of 15 Brand Leaders from the Brand Leaders Investable Universe that have a market capitalization of at least US\$10 billion at the time of investment and meet the investment characteristics described below. In order to seek to generate additional returns, Highstreet will sell "at-the-money" call options each month on Equity Securities held in the Portfolio. The Investment Manager will not sell call options on more than 25% of the Equity Securities of each Brand Leader held in the Fund.

Highstreet will select the Fund's initial Equity Securities and will annually rebalance the Portfolio such that, at the time of the initial investment and immediately following each annual rebalancing, the Portfolio will have the following investment characteristics:

- Growth –** An average 5-year Annual Compound Earnings per Share growth rate greater than the average for the Brand Leaders Investable Universe;
- Value –** An average Price-to-Earnings ratio lower than the average for the Brand Leaders Investable Universe;
- Quality –** An average 5-year Return On Equity growth greater than the average for the Brand Leaders Investable Universe; and
- Yield –** An average Yield greater than the average for the Brand Leaders Investable Universe.

RISK

The risks associated with investing in the Fund are as described in the prospectus. There were no material changes to the Fund over the period that affected the overall level of risk of the Fund.

Brand Leaders Income Fund

RESULTS OF OPERATIONS

The Brand Leaders Income Fund returned 5.06% for the year ending December 31, 2014. Strong economic data in the United States during the period led to continued positive performance for the broader US equity markets during 2014. Economic data in other regions around the world was not uniform and resulted in diverging economic data and equity market performance. This is evident in Europe where the broader equity markets underperformed those in the United States. This impacted the Fund's positions that have the parent company domiciled in Europe.

The Fund sold call options on underlying holdings held in the Portfolio during the year in order to meet its investment and income objectives. The Fund remained invested in the original 15 Brand Leaders.

RECENT DEVELOPMENTS

Effective January 1, 2014, the Fund prepared its financial statements in compliance with International Financial Reporting Standards (IFRS). The Fund adopted this basis of accounting as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Fund prepared its financial statements in accordance with Canadian generally accepted accounting principles as defined in the Part V of the CPA Canada Handbook ("Canadian GAAP"). The Fund has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2013 and throughout all periods presented in the financial statements, as if these policies had always been in effect.

The Fund renewed its normal course issuer bid program for the period from August 25, 2014 to August 24, 2015, which allows the Fund to purchase up to 250,250 trust units of the Fund for cancellation by way of a normal course issuer bid through the facilities of the Toronto Stock Exchange. During the year ended December 31, 2014 16,900 (2013 – 5,900) units were purchased for cancellation for \$201,095 (2013 - \$66,120).

On February 5, 2014 the Fund filed a short form prospectus that qualifies the Fund for distribution of warrants. Warrants were issued to unitholders of record on February 18, 2014. A total of 1,917,745 warrants were issued to subscribe for 958,872 units of the fund at a subscription price of \$11.74 per unit. Two whole warrants entitle the holder to purchase one unit on or before 5:00 p.m. (Toronto time) up to August 15, 2014. During the year all warrants issued were exercised to subscribe for 958,872 units for net proceeds of \$11,257,157.

RELATED PARTY TRANSACTIONS

There were no related party transactions during the reporting period, except for management fees and other expense reimbursements paid to Harvest, as noted below in Management and Other Fees.

MANAGEMENT AND OTHER FEES

The Fund pays its manager, Harvest, a management fee calculated based on the average weekly net asset value ("NAV") and paid monthly in arrears, based on an annual rate of 0.90%, plus applicable taxes, of the NAV of the Fund. The Manager pays Highstreet, a fee for its portfolio advisory service, from the management fee received from the Fund, calculated on the basis of the Fund's NAV. The Fund also pays service fees to registered dealers at the rate on 0.40% of the average weekly NAV, plus applicable taxes, per annum of the Fund. Service fees are accrued daily and paid monthly to the Manager, who in turn pays the dealers.

At its sole discretion, the Manager may waive management fees or absorb expenses of the Fund. During the year there were no fees waived or absorbed. The management expense ratios of the Fund with and without the waivers and absorptions are reported in the Ratios and Supplemental Data table below.

Operating expenses

The Fund is responsible for operating expenses relating to the carrying on of its business, including custodial services, interest, taxes, legal, audit fees, transfer agency services relating to the issue and redemption of units, and the cost of financial and other reports, costs and expenses for the Fund's Independent Review Committee ("IRC"), including fees and expenses of the IRC members and compliance with applicable laws, regulations and policies. The Manager pays for such expenses on behalf of the Fund, except for certain expenses such as interest, and is then reimbursed by the Fund.

Brand Leaders Income Fund

Other expenses

The Manager will be reimbursed by the Fund for all reasonable costs, expenses and liabilities incurred by the Manager for performance of services on behalf of the Fund in connection with the discharge by the Manager of its duties hereunder. Such costs and expenses may include, without limitation: mailing and printing expenses for reports to unitholders and other unitholder communications; a reasonable allocation of salaries, benefits and consulting fees; independent directors of the Manager and other administrative expenses and costs incurred in connection with the Fund's continuous public offering and other obligations. These expenses were \$163,271 for the year ended December 31, 2014 (2013 - \$187,977) and are included in the unitholder reporting costs on the Statements of Comprehensive Income in the annual financial statements.

During the Fund's initial offering, certain offering expenses such as costs of creating the Fund, the cost of printing and preparing the prospectus, legal expenses of the Fund and other out-of-pocket expenses incurred by the agents together with the agent's fees payable by the Fund are included in the carrying amount of the Fund's obligation for net assets attributable to holders of redeemable units.

RECOMMENDATIONS OR REPORTS BY THE INDEPENDENT REVIEW COMMITTEE

The Independent Review Committee tabled no special reports and made no extraordinary material recommendations to management of the Fund during the year ended December 31, 2014.

FINANCIAL HIGHLIGHTS

The following tables present selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past periods. This information is derived from the Fund's annual financial statements at December 31, 2014 and past audited annual financial statements.

THE FUND'S NET ASSETS PER UNIT		2014	2013	2012	2011
Net assets - beginning of the year ²	\$ 12.43	\$ 10.89	\$ 10.42	\$ 11.17	
Increase (decrease) from operations					
Total revenue	0.29	0.30	0.25	0.10	
Total expenses	(0.32)	(0.31)	(0.27)	(0.14)	
Realized gains (losses) for the year	0.42	0.01	0.74	(0.66)	
Unrealized gains (losses) for the year	0.41	2.32	0.53	0.28	
Total increase (decrease) from operations¹	\$ 0.80	\$ 2.32	\$ 1.25	\$ (0.42)	
Distributions³					
Return of capital	(0.78)	(0.78)	(0.78)	(0.33)	
Total annual distributions³	\$ (0.78)	\$ (0.78)	\$ (0.78)	\$ (0.33)	
Net assets - end of the year^{4,7}	\$ 12.26	\$ 12.43	\$ 10.89	\$ 10.42	

RATIOS AND SUPPLEMENTAL DATA		2014	2013	2012	2011
Total net asset value	\$ 35,085,601	\$ 29,781,036	\$ 27,735,761	\$ 26,874,375	
Number of units outstanding	2,862,717	2,396,448	2,546,678	2,577,778	
Management expense ratio ⁴	3.27%	2.65%	2.35%	11.06%	
Management expense ratio before waivers or absorptions ⁴	3.27%	2.65%	2.35%	11.06%	
Trading expense ratio ⁵	0.12%	0.09%	0.11%	0.32%	
Portfolio turnover rate ⁶	47.72%	14.35%	16.33%	9.25%	
Net asset value per unit	\$ 12.26	\$ 12.43	\$ 10.89	\$ 10.43	
Closing market price (HBL.UN)	\$ 12.22	\$ 12.20	\$ 10.79	\$ 10.00	

Brand Leaders Income Fund

Explanatory Notes:

1. Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the reporting period. It is not intended that the Fund's net assets per unit table act as a continuity of opening and closing net assets per unit.
2. Net assets, at the commencement of operations on July 19, 2011 was \$11.17, net of agents' commissions and issuance costs of \$0.83 per unit.
3. Distributions were paid in cash.
4. Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) of the stated period and is expressed as an annualized percentage of daily average net asset value during the period. The MER for the year December 31, 2014 includes agents' fees and issue costs of \$210,849 related to the warrants issued. The MER for 2011 (the year of inception) included agents' fee and issue costs of \$2,167,988. In both cases these costs are treated as one-time expenses and therefore were not annualized. The MER without these costs is 2.57% for 2014 and 2.93% for 2011.
5. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the year.
6. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a Fund's portfolio turnover rate, the greater the trading costs payable by the Fund and the greater the chance of an investor receiving taxable capital gains. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.
7. Amounts reported for 2014 and 2013 periods are reported in accordance with International Financial Reporting Standards. All other prior periods are reported under Canadian generally accepted accounting principles.

Past Performance

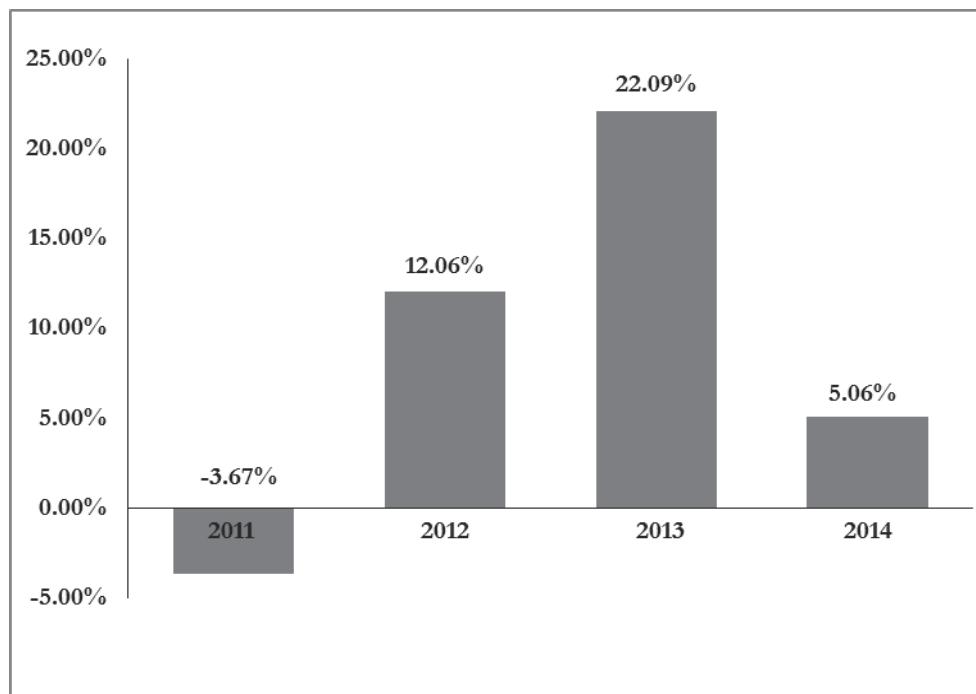
The performance information presented herein assumes all dividends of the Fund during the periods presented were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, or other charges that would have reduced returns or affected performance. Past performance of the Fund is not necessarily indicative of how it will perform in the future.

YEAR-BY-YEAR RETURNS

The following charts present the Fund's performance for each of the periods shown and illustrate how the Fund's performance varied. The charts show, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

Brand Leaders Income Fund

Fund Performance



2011 represents the period from July 19 to December 31

ANNUAL COMPOUND RETURNS

The following table shows the annual compound returns for the Fund. All returns are in Canadian dollars, on a total return basis, net of fees.

For comparison purposes the S&P 100 Index, in Canadian dollars (the “Index”) is used. While the Fund uses this benchmark for long-term performance comparisons, it is not managed relative to the composition of the Index. As a result, the Fund may experience periods when its performance is not aligned with the Index, either positively or negatively. The return of the Index is calculated without the deduction of management fees and fund expenses whereas the performance of the Fund is calculated after deducting such fees and expenses. Please see the “Results of Operations” section of this report for a discussion on recent performance.

Investment Return %	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund Performance	5.06	12.85	-	-	9.89
S&P 100 Index, in U.S. dollars	11.99	18.66	-	-	12.78
S&P 100 Index, in Canadian dollars	22.51	23.88	-	-	19.56

Brand Leaders Income Fund

SUMMARY OF INVESTMENT PORTFOLIO

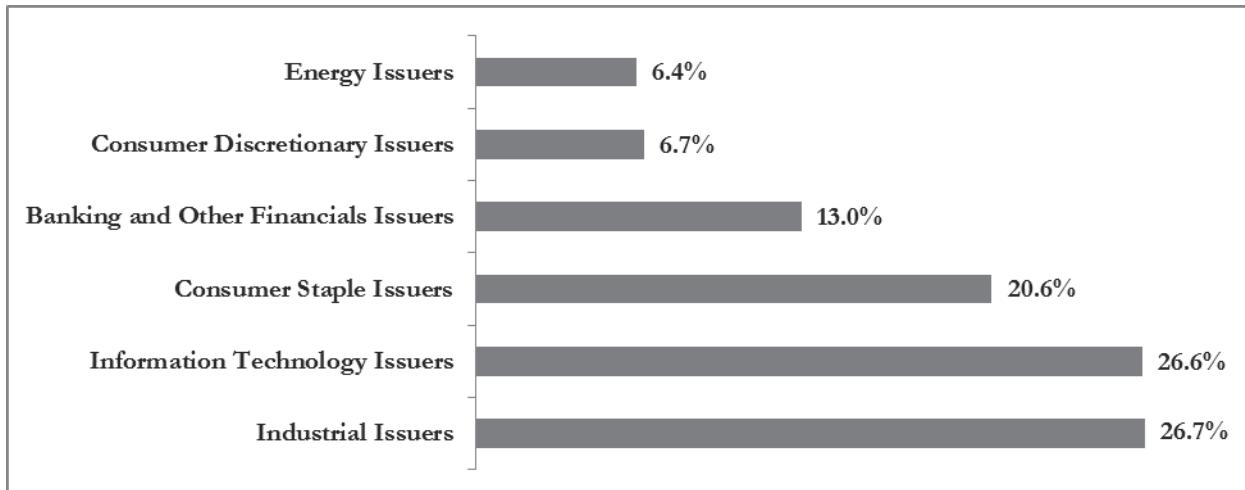
The Portfolio by Sector chart below provides a portfolio breakdown based on the total transactional net asset value of the Fund's portfolio holdings. A detailed breakdown of the Fund's holdings is available in the "Schedule of Investments" section of the Fund's annual financial statements.

Top Holdings	% of Net Asset Value
United Parcel Service, Inc. Cl. B	7.1
Intel Corporation	7.0
Kellogg Co.	6.9
Anheuser-Busch InBev NV ADR	6.9
3M Co.	6.8
The Coca-Cola Company	6.8
The Walt Disney Company	6.7
American Express Company	6.7
International Business Machines Corporation	6.6
Deere & Company	6.6
Microsoft Corporation	6.5
Apple Inc.	6.5
Royal Dutch Shell PLC Cl. A ADR	6.4
HSBC Holdings PLC ADR	6.3
Caterpillar Inc.	6.2
Cash and cash equivalents	0.1
Foreign currency forward contracts	(0.1)
Total	100.0

This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund. Quarterly updates of the Fund's investment portfolio are available from Harvest Portfolios Group Inc. at www.harvestportfolios.com.

SECTOR ALLOCATION

Total Net Asset Value (100.0%)



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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Fund may invest and the risks detailed from time to time in the Fund's simplified prospectus or offering memorandum. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the Fund does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.