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**Global Advantaged Telecom & Utilities 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](http://www.harvestportfolios.com); or on SEDAR at [www.sedar.com](http://www.sedar.com).

# Global Advantaged Telecom & Utilities 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 annual report 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 Global Advantaged Telecom and Utilities Income Fund (the “Fund”) is to provide investors with exposure to an actively managed portfolio comprised primarily of Equity Securities of Global Telecom Issuers and Global Utilities Issuers through a Forward Agreement to the GTU Portfolio Trust (the “GTU Trust”).

# Global Advantaged Telecom & Utilities Income Fund

## PRESIDENT'S MESSAGE

Global Advantaged Telecom & Utilities 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

# Global Advantaged Telecom & Utilities 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](http://www.harvestportfolios.com); or on SEDAR at [www.sedar.com](http://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's investment objectives are to provide unitholders with:

- (i) tax-advantaged monthly distributions; and
- (ii) capital appreciation.

The Fund has been established to provide investors with exposure to an actively managed portfolio comprised primarily of Equity Securities of Global Telecom Issuers and Global Utilities Issuers through a Forward Agreement to the portfolio of the GTU Trust.

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

The yields on many Global Telecom Issuers continue to remain attractive when compared to other equity, bond and fixed income securities. Over the longer term, Avenue believes that Global Telecom Issuers will benefit from the mass acceptance of mobile and broadband communications which will be reflected through increasing distributions and capital appreciation of the individual securities.

The yields on Global Utilities Issuers remain at attractive levels due to the stability of earnings and the long track records of consistent dividends that these issuers provide. Avenue believes that the Global Utilities Issuers in developing markets will continue to benefit and expand with the growth of these economies, while the Global Utilities Issuers in developed economies often have natural monopolies or operate in monopolistic-like markets that give them the ability to maintain pricing levels throughout the economic cycle. Avenue also believes that Global Utilities Issuers offer reduced exposure to inflation due to their ability to pass through higher costs to the end consumer.

## 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.

## RESULTS OF OPERATIONS

The Fund performed very well for the first six months of 2014, returning 12.18% while in the second half of the year returns while slightly positive, were less robust. For the full year the Fund returned 12.59%.

Economic data in the United States continued to show signs of strength during the period. In the broader Eurozone, stimulus via interest rate cuts and a cut to their overnight deposit rate as a result of deflationary pressures through the second quarter aided the performance of many of the higher yielding equities included in the Telecom & Utilities sectors. There continued to be M&A during the period with a number of the Funds underlying holdings being taken over at premiums to their share prices. There were also discussions regarding the potential for further integration in the European Telecom market with the opportunity for consolidation of some of the splintered national markets that inspired speculation of further M&A activity within the sectors.

## Global Advantaged Telecom & Utilities Income Fund

Further steps were taken within the portfolio during the period to reposition some of the sector exposure to companies that are poised to benefit from the current economic dynamics in Europe and the U.S. Specifically, positions were added to several European and US large-cap positions that offer attractive valuations, dividends and exposure towards global growth that are outside of the core Utilities and Telecommunication sub-sectors.

### 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.

### 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 from the Fund and GTU Trust equal in the aggregate to 1.25% per annum of the applicable average net asset value ("NAV"), (0.25% of the average weekly NAV from the Fund and 1.0% of the average daily NAV from the GTU Trust), calculated and payable monthly in arrears, plus applicable taxes.

The management fees charged to the Fund and GTU Trust on a combined basis during the year ended December 31, 2014 were \$226,279 (2013 - \$250,462) inclusive of taxes.

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.

The Manager pays Avenue a fee for its portfolio advisory service, from the management fee received from the Fund, calculated on the basis of the Fund's net asset value.

### 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 counterparty and forward fees which are paid directly by the Fund, and is then reimbursed by the 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 \$82,848 for the year ended December 31, 2014 (2013 - \$120,862) 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.

# Global Advantaged Telecom & Utilities Income Fund

## RECOMMENDATION 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 year ended December 31, 2014. This information is derived from the Fund's annual financial statements and past annual audited financial statements.

THE FUND'S NET ASSETS PER UNIT								
	2014		2013		2012		2011	
Net assets - beginning of year <sup>2</sup>	\$	10.17	\$	8.82	\$	9.35	\$	11.17
Increase (decrease) from operations								
Total revenue		0.01		0.01		-		-
Total expenses		(0.34)		(0.30)		(0.24)		(0.26)
Realized gains (losses) for the year		1.71		(0.14)		(0.21)		(0.57)
Unrealized gains (losses) for the year		(0.06)		2.39		0.51		(0.46)
<b>Total increase (decrease) from operations<sup>1</sup></b>		<b>1.32</b>		<b>1.96</b>		<b>0.06</b>		<b>(1.29)</b>
<b>Distributions<sup>3</sup></b>								
Return of capital		(0.72)		(0.72)		(0.72)		(0.54)
<b>Total annual distributions<sup>3</sup></b>		<b>(0.72)</b>		<b>(0.72)</b>		<b>(0.72)</b>		<b>(0.54)</b>
Net assets - end of year <sup>1,7</sup>	\$	10.72	\$	10.17	\$	8.80	\$	9.35

RATIOS AND SUPPLEMENTAL DATA								
	2014		2013		2012		2011	
Total net asset value	\$	11,759,477	\$	17,002,092	\$	17,788,685	\$	25,412,339
Number of units outstanding		1,097,465		1,672,091		2,016,291		2,711,162
Number of warrants outstanding		-		-		-		2,723,662
Management expense ratio <sup>4</sup>		5.29%		5.20%		4.63%		11.40%
Management expense ratio before waivers or absorptions <sup>4</sup>		5.29%		5.20%		4.63%		11.40%
Trading expense ratio <sup>5</sup>		0.23%		0.16%		0.09%		0.50%
Portfolio turnover rate <sup>6</sup>		11.32%		15.82%		37.60%		19.04%
Net asset value per unit	\$	10.72	\$	10.17	\$	8.82	\$	9.37
Closing market price (HGI.UN)	\$	10.41	\$	9.62	\$	8.45	\$	8.90
Closing market price (HGI.WT)	\$	n/a	\$	n/a	\$	n/a	\$	0.01

### Explanatory Notes:

- 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.
- Net assets, at the commencement of operations March 23, 2011 was \$11.17, net of agents' commissions and issuance costs of \$0.83 per unit.
- Distributions were paid in cash.
- Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs), of the Fund and the GTU Trust expenses. The MER without GTU Trust expenses is 3.18% and the MER for the Fund for the year without GTU Trust expenses, the counterparty and the forward fees is 1.84%.
- The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The TER without GTU Trust expenses is 0.00%.

## Global Advantaged Telecom & Utilities Income Fund

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.

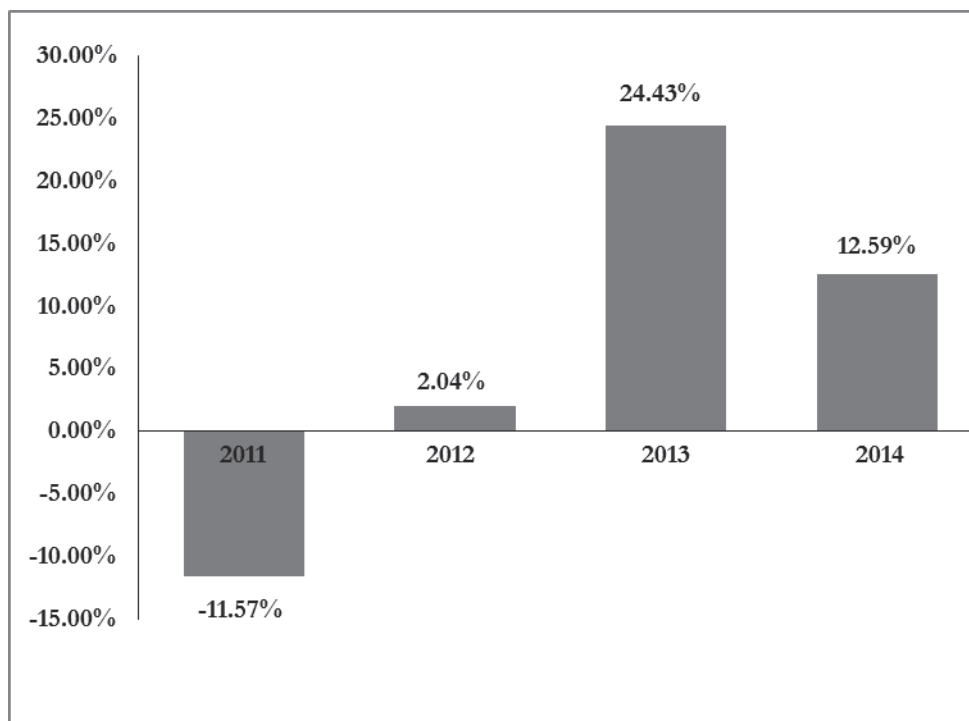
### Past Performance

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 chart presents the Fund's performance for each of the periods shown and illustrates how the Fund's performance varied. The chart shows, in percentage terms, how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period.

#### Fund performance



2011 represents the period from March 23 to December 31

# Global Advantaged Telecom & Utilities Income Fund

## 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, a benchmark comprised of a blended index of 50% weighting of the Morgan Stanley Composite Index (MCSI) for Utilities and a 50% weighting of the MCSI for Telecom, in Canadian dollars, is being 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.

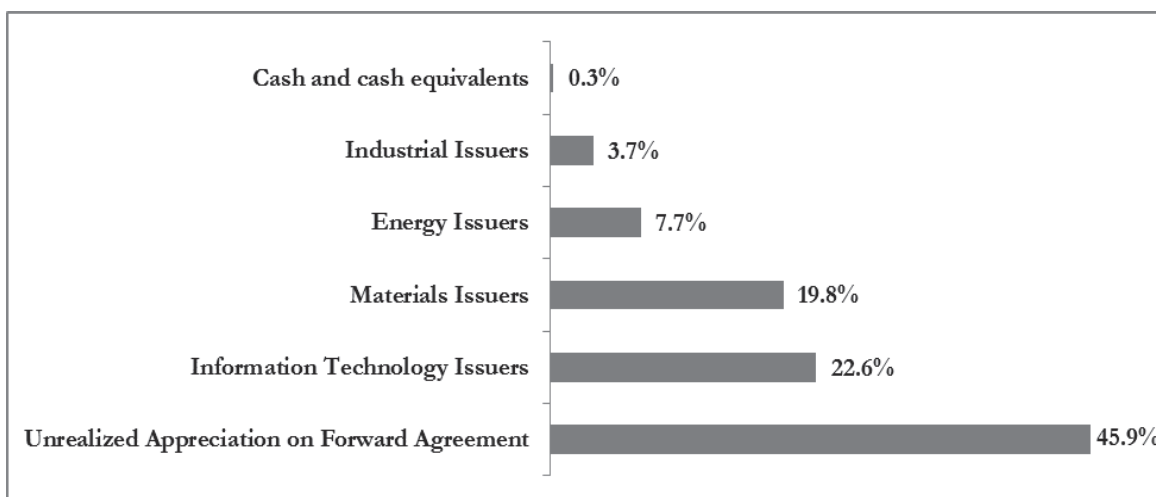
<b>Investment Return %</b>	<b>1 Year</b>	<b>3 Years</b>	<b>5 Years</b>	<b>10 Years</b>	<b>Since Inception</b>
Fund Performance	12.59	12.65	N/A	N/A	6.41
Benchmark Performance	16.51	15.41	N/A	N/A	12.20



# Global Advantaged Telecom & Utilities Income Fund

## SECTOR ALLOCATION

Total Net Asset Value (100.0%)



## SUMMARY OF INVESTMENT PORTFOLIO

The Portfolio by category 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.

As at December 31, 2014

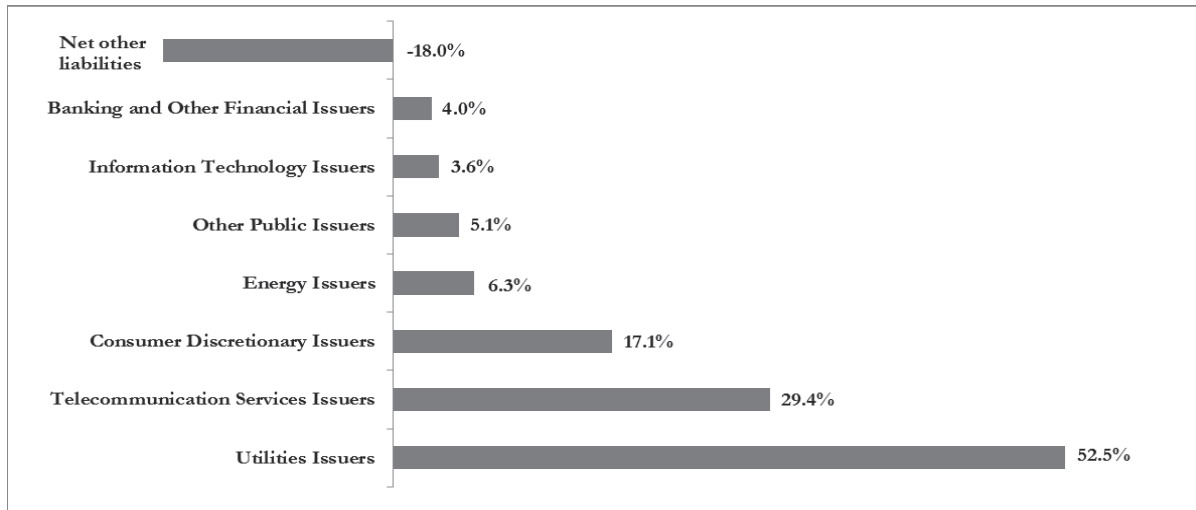
Top Holdings	% of Net Asset Value
CGI Group Inc., Class. A Sub. Voting	11.7
Canfor Corporation	11.6
Celestica Inc., Sub. Voting	6.7
Detour Gold Corporation	6.3
Catamaran Corporation	4.2
ATS Automation Tooling Systems Inc.	3.7
MEG Energy Corp.	2.2
Bankers Petroleum Ltd.	2.0
B2Gold Corp.	1.9
Crew Energy Inc.	1.6
Athabasca Oil Corporation	1.0
BlackPearl Resources Inc.	0.9
<b>Total Common Shares Portfolio</b>	<b>53.8</b>
Unrealized Appreciation on Forward Agreement	45.9
Cash and Cash Equivalents	0.3
<b>Total</b>	<b>100.0</b>

# Global Advantaged Telecom & Utilities Income Fund

GTU Trust

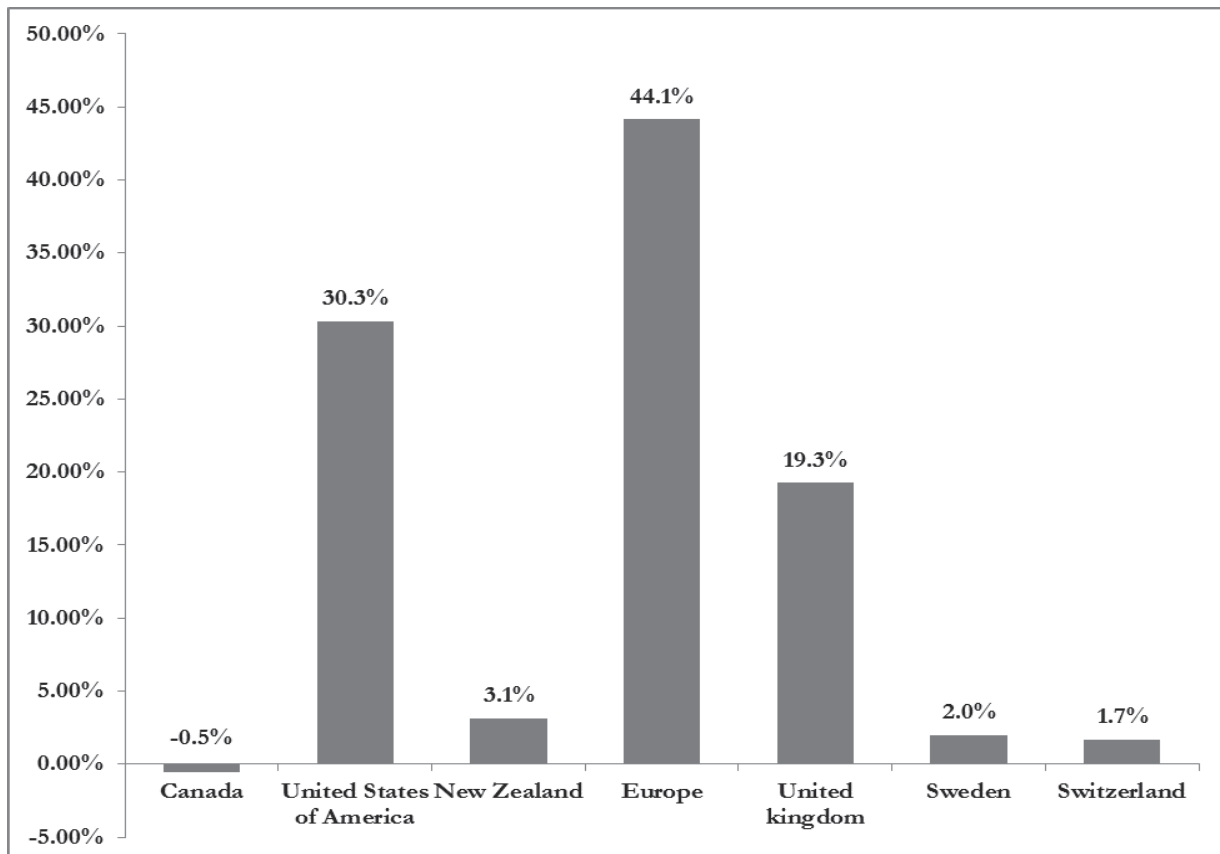
## SECTOR ALLOCATION

Total Net Asset Value (100.0%)



## GEOGRAPHIC ALLOCATION

Total Net Asset Value (100.0%)



# Global Advantaged Telecom & Utilities Income Fund

## GTU Trust

As at December 31, 2014

Top 25 Holdings	% of Net Asset Value
Verizon Communications Inc.	4.7
United Utilities Group PLC	4.2
Ameren Corporation	4.1
Sky PLC	3.9
AT&T Inc.	3.8
ProSiebenSat.1 Media AG	3.7
Duke Energy Corporation	3.7
PPL Corporation	3.6
Gas Natural SDG, S.A.	3.6
National Grid PLC	3.6
Vivendi SA	3.4
Telus Corporation	3.4
Inter Pipeline Ltd.	3.3
Quebecor Inc. Class B	3.3
Spark New Zealand Limited	3.1
Scottish and Southern Energy PLC	3.0
AltaGas Ltd.	3.0
Veolia Environnement	3.0
Electricidade de Portugal, S.A.	3.0
RWE AG	2.8
Comcast Corp Class A	2.8
Terna S.p.A.	2.6
Google Inc. Class C	2.6
Iberdrola, S.A.	2.4
Telefónica, S.A.	2.4
<b>Total</b>	<b>83.0</b>

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](http://www.harvestportfolios.com).

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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.