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**US Buyback Leaders Fund**

**Interim Management Report of Fund Performance**

**June 30, 2015**

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).

# US Buyback Leaders 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 by long term members of the investment management industry and is focused on developing investment products that follow the investment philosophy of:

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

Harvest’s mandate is 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 or distributions.

## INVESTMENT PRODUCT

The Fund’s investment objectives are to provide unitholders with quarterly cash distributions, the opportunity for capital appreciation and provide investors with exposure to select large capitalization U.S. companies that are leaders in terms of share repurchase programs or “buybacks”. As part of the investment strategy, the Fund will invest in an equally-weighted portfolio of equity securities of the top 25 ranked US Buyback Leaders that have a market capitalization of at least US\$10 billion at the time of investment.

# US Buyback Leaders Fund

## INTERIM MANAGEMENT DISCUSSION OF FUND PERFORMANCE

The interim management report of fund performance contains financial highlights but does not contain the complete condensed interim financial statements of the Fund. For your reference, the condensed interim financial statements of the Fund are attached to the interim 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 has been established to provide investors with exposure to select large capitalization U.S. companies that are leaders in terms of share repurchase programs or "buybacks". Share buybacks by an issuer (i) are often an indicator of successful companies that generate free cash flow, (ii) may indicate that management believes that the issuer's shares are undervalued or a good investment of the issuer's capital relative to other investment opportunities; (iii) are generally accretive to earnings per share; and (iv) provide additional liquidity and bid support to an issuer's shares in the market.

The Fund's investment objectives are to provide Unitholders with (i) the opportunity for capital appreciation; and (ii) quarterly cash distributions.

To achieve its investment objectives, the Fund invests in an equally-weighted Portfolio of Equity Securities of 25 US Buyback Leaders chosen from the US Buyback Leaders Investable Universe, being those issuers who have spent the most money to buy back their shares, as a percentage of their market capitalization.

The Manager will select the Equity Securities for the Portfolio and will quarterly reconstitute and rebalance the Portfolio such that the Portfolio, at the time of the initial investment and immediately following each quarterly reconstitution and rebalancing, will include an equal - weighting of the 25 issuers in the US Buyback Investable Universe with the highest Buyback Ratio.

## 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 US Buyback Leaders Fund commenced operations following the closing of its initial public offering March 25, 2015 for 5,000,000 Series A units at \$10.00 per unit for gross proceeds of \$50,000,000 and 311,500 Series U units at \$10.00 USD per unit for gross proceeds of \$3,115,000 USD. Performance information is not available for periods less than one year.

Equity market volatility picked up during the second quarter of 2015 as uncertainty surrounding Greek bailout negotiations sent European equities lower and rippled through equity markets around the world. This coupled with uncertainty and the anticipation of changes in monetary policy in the United States also weighed on investor sentiment and exacerbated the volatility following the closing of the Fund. Energy prices continued to be extraordinarily volatile during the first six months of the year and following the closing of the Fund. This has continued to put significant downward pressure across energy related equities around the world and impacted the two energy holdings within the portfolio. In general, the industrial and chemical related equities dragged on the Fund's performance since inception.

The Fund listed for trading on the Toronto Stock Exchange under the ticker symbol of HUL.UN following the closing of its IPO. The Fund subsequently invested the net proceeds of the offering into 25 US Buyback Achievers in accordance with its investment objectives.

# US Buyback Leaders Fund

## RECENT DEVELOPMENTS

The Fund entered into a normal course issuer bid program for the period from May 4, 2015 to May 3, 2016, which allows the Fund to purchase up to 515,288 units of the Fund for cancellation by way of a normal course issuer bid through the facilities of the Toronto Stock Exchange and other Canadian markets. During the period ended June 30, 2015 64,000 units were purchased for cancellation for \$581,581.

## 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 0.75%, plus applicable taxes, of the NAV of the Fund.

At its sole discretion, the Manager may waive management fees or absorb expenses of the Fund. 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.

### 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 \$24,127 for the period ended June 30, 2015 and are included in the unitholder reporting costs on the Statements of Comprehensive Loss in the condensed interim 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 period ended June 30, 2015.

# US Buyback Leaders Fund

## 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 period ended June 30, 2015. This information is derived from the Fund's condensed interim financial statements.

### Series A

<b>THE FUND'S NET ASSETS PER UNIT</b>	<b>2015</b>
Net assets - beginning of the period <sup>2</sup>	\$ 9.33
<b>Increase (decrease) from operations</b>	
Total revenue	0.04
Total expenses	(0.04)
Realized gains (losses) for the period	0.12
Unrealized gains (losses) for the period	(0.35)
<b>Total increase (decrease) from operations<sup>1</sup></b>	<b>\$ (0.23)</b>
<b>Distributions<sup>3</sup></b>	
From income	(0.10)
<b>Total annual distributions<sup>3</sup></b>	<b>\$ (0.10)</b>
<b>Net assets - end of the period<sup>1</sup></b>	<b>\$ 9.04</b>

<b>RATIOS AND SUPPLEMENTAL DATA</b>	<b>2015</b>
<b>Total net asset value</b>	<b>\$ 46,002,217</b>
Number of units outstanding	5,089,882
Management expense ratio <sup>4</sup>	8.39%
Management expense ratio before waivers or absorptions <sup>4</sup>	8.39%
Trading expense ratio <sup>5</sup>	0.28%
Portfolio turnover rate <sup>6</sup>	3.67%
<b>Net asset value per unit</b>	<b>\$ 9.04</b>
<b>Closing market price (HUL.UN)</b>	<b>\$ 8.91</b>

# US Buyback Leaders Fund

## Series U (CAD)

<b>THE FUND'S NET ASSETS PER UNIT</b>		<b>2015</b>
<b>Net assets - beginning of the period<sup>2</sup></b>	<b>\$</b>	<b>11.66</b>
<b>Increase (decrease) from operations</b>		
Total revenue		0.05
Total expenses		(0.05)
Realized gains (losses) for the period		(0.01)
Unrealized gains (losses) for the period		(0.28)
<b>Total increase (decrease) from operations<sup>1</sup></b>	<b>\$</b>	<b>(0.29)</b>
<b>Distributions<sup>3</sup></b>		
From income		(0.12)
<b>Total annual distributions<sup>3</sup></b>	<b>\$</b>	<b>(0.12)</b>
<b>Net assets - end of the period<sup>1</sup></b>	<b>\$</b>	<b>11.30</b>

<b>RATIOS AND SUPPLEMENTAL DATA</b>		<b>2015</b>
<b>Total net asset value</b>	<b>\$</b>	<b>3,521,432</b>
Number of units outstanding		311,500
Management expense ratio <sup>4</sup>		8.46%
Management expense ratio before waivers or absorptions <sup>4</sup>		8.46%
Trading expense ratio <sup>5</sup>		0.28%
Portfolio turnover rate <sup>6</sup>		3.67%
<b>Net asset value per unit</b>	<b>\$</b>	<b>11.30</b>

### 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 March 25, 2015 was \$9.33, net of agents' commissions and issuance costs of \$0.67 per unit for Series A and net assets, at the beginning of the period was \$11.66 (\$9.33 USD), net of agents' commissions and issuance costs of \$0.80 (\$0.67 USD) per unit for Series U.
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 2015 (the year of inception) the year of inception, included agents' fees of \$2,705,788 and issue costs of \$564,908 for Series A and agents' fees of \$204,626 and issue costs of \$43,632 for Series U, which were treated as a one-time expenses and therefore were not annualized. The MER without these costs is 1.54% for Series A and 1.55% for Series U.
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 period.
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.

### YEAR-BY-YEAR RETURNS

National Instrument 81-106, the regulatory guideline for Continuous Disclosure, does not permit reporting of performance for any investment fund that has been in existence less than one year.

## US Buyback Leaders 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 condensed interim financial statements.

As at June 30, 2015

Top 25 Holdings	% of Net Asset Value
CF Industries Holdings, Inc.	4.6
Deere & Company	4.6
The Goldman Sachs Group, Inc.	4.4
The Mosaic Company	4.4
Time Warner Inc.	4.3
Macy's, Inc.	4.3
FedEx Corp.	4.2
The Hartford Financial Services Group	4.2
Starwood Hotels & Resorts Worldwide, Inc.	4.2
Northrop Grumman Corporation	4.1
Hess Corporation	4.1
Illinois Tool Works Inc.	4.0
Caterpillar Inc.	4.0
The Dow Chemical Company	4.0
Apache Corporation	4.0
Motorola Solutions, Inc.	3.9
The Travelers Companies, Inc.	3.9
L-3 Communications Holdings, Inc.	3.9
Xerox Corporation	3.9
The Allstate Corporation	3.8
Monsanto Company	3.8
CBS Corporation Cl. B	3.7
Intel Corporation	3.7
Corning Incorporated	3.7
Netapp Inc.	3.6
<b>Total</b>	<b>101.3</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).

# US Buyback Leaders Fund

## SECTOR ALLOCATION

Sector	% of Net Asset Value
Industrials Issuers	24.8
Information Technology Issuers	18.8
Materials Issuers	16.8
Consumer Discretionary Issuers	16.5
Banking and Other Financial Issuers	16.3
Energy Issuers	8.1
Foreign currency forward contracts	(1.3)
<b>Total</b>	<b>100.0</b>



**Head Office**

710 Dorval Drive, Suite 209  
Oakville, ON L6K 3V7  
Phone Number: 416.649.4541  
Toll Free: 866.998.8298  
Fax Number: 416.649.4542  
Email: [info@harvestportfolios.com](mailto:info@harvestportfolios.com)

**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.