A large, light grey, stylized letter "H" watermark is centered on the page, serving as a background element for the title text.

**Energy Leaders Plus Income Fund**

**Annual Management Report of Fund Performance**

**December 31, 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).

# Energy Leaders Plus 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 Energy Leaders Plus Income Fund (the “Fund”) invests in an equally-weighted underlying portfolio of 20 Energy Issuers chosen from the Energy Leaders Investable Universe that at the time of investment and immediately following each quarterly reconstitution and rebalancing (i) have a market capitalization of at least \$10 billion; (ii) are paying a dividend/distribution; (iii) have options in respect of their Equity Securities listed on a recognized options exchange; and (iv) have operations and/or offices in at least two countries.

# Energy Leaders Plus Income Fund

## PRESIDENT'S MESSAGE

Energy Leaders Plus Income Fund

Unitholder letter March 2016

Dear Valued Unitholder,

2015 can be characterized as a year of volatility in global markets. The continued and prolonged slump in commodity prices, in particular oil prices, put further pressure on economic growth in Canada. The lower oil prices have led to a lower dollar which will benefit exports, but has not currently translated into a rebound in manufacturing.

These macro factors will continue to impact our energy producing provinces, with Ontario, BC and Quebec maintaining moderate growth and therefore balancing overall national GDP. We do however expect the new Federal Liberal government to stimulate economic growth with a spending package as 2016 progresses.

Looking globally, many other nations are facing similar challenges due to slowing growth and lower commodity prices. Though the US Federal Reserve raised interest rates a quarter of a point in December we are of the opinion that further increases will be modest, if any at all during 2016, as world economic growth levels remain moderate. Japan and the European Union continue to provide fiscal stimulus and subsequently have lowered interest rates into negative territory.

The investment philosophy we have adhered to is, "if we don't understand it or can't value it, we won't buy it". With all the geo political and economic uncertainty in the world, we remain committed to our core guiding principles as set out below.

**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.

In the latter half of 2015, we experienced turbulent markets and declines in value, but we know and are comfortable with what we own and are confident that returns will turn positive again. Investors who remain patient will see the benefits in the long term as evidenced by the strong bull market that emerged subsequent to the 2008 financial crisis.

I have personally and professionally experienced market declines as far back as 1987 and they always pose challenges and are difficult to navigate. Despite those challenges markets eventually rebounded. At Harvest we believe in our mandates in providing growth and income and we will continue to stay invested and own companies that are long term leaders in their respective industries.

Harvest continues to remain committed to its philosophy and we appreciate the confidence and patience you have placed in us by investing with us.

Sincerely,

*Signed* "Michael Kovacs"

Michael Kovacs  
President and Chief Executive Officer

# Energy Leaders Plus Income Fund

## ANNUAL MANAGEMENT DISCUSSION OF FUND PERFORMANCE

The annual 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 annual 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 created to provide investors with an exposure to a portfolio ("Portfolio") of Equity Securities of 20 Energy Issuers chosen from the Energy Leaders Investable Universe that at the time of investment and immediately following each quarterly reconstitution and rebalancing (i) have a market capitalization of at least \$10 billion; (ii) are paying a dividend/distribution; (iii) have options in respect of their Equity Securities listed on a recognized options exchange; and (iv) have operations and/or offices in at least two countries.

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 the Portfolio returns than would otherwise be experienced by owning Equity Securities of the Energy Leaders directly. In order to seek to generate additional returns, the Investment Manager may sell call options each month on Equity Securities held in the Portfolio. The Investment Manager will not sell call options on more than 33% of the Equity Securities of any of the Energy Leaders held in the Portfolio.

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.

Highstreet will quarterly reconstitute and rebalance the Portfolio such that, at the time of the initial investment and immediately following each quarterly reconstitution and rebalancing, the Portfolio will have the following investment characteristics:

- Value** – An average Price-to-Earnings ratio lower than the average for the Energy Leaders Investable Universe;
- Yield** – An average Yield greater than the average for the Energy Leaders Investable Universe; and
- Quality** – An average 5-year Return on Equity growth greater than the average for the Energy 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.

### RESULTS OF OPERATIONS

The Fund's Series A returned -25.99% and the Series U returned -25.62% for the year ending December 31, 2015 versus the MSCI ACW Energy Index in USD of -22.20%.

Energy prices continued to be extraordinarily volatile during for the entire year following the trend that started in the latter part of 2014. Innovations in horizontal drilling and fracking techniques in recent years have resulted in improved productivity and allowed for resources that were previously uneconomic to be produced. This has increased the supply and inventory levels in particular in North America. More importantly however, enhanced geopolitical uncertainty with Saudi Arabia and OPEC maintaining relatively high production levels has resulted in a sustained lower price of crude oil than seen over recent history. This has continued to put significant downward pressure on energy related equities around the world.

The Fund is mandated to hedge the foreign currency exposure back to the Canadian dollar. The Fund was invested in 20 Energy Leaders and the Fund sold call options on underlying holdings held in the Portfolio during the period in order to meet its investment and income objectives.

# Energy Leaders Plus Income Fund

## RECENT DEVELOPMENTS

The Fund entered into a normal course issuer bid program for the period from November 26, 2015 to November 25, 2016, which allows the Fund to purchase up to 358,735 Series A 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 year ended December 31, 2015, 72,300 Series A units (2014 – 56,600 units) were purchased for cancellation for \$468,796 (2014 - \$459,125).

In December 2015, the Manager gave notice to Highstreet Asset Management Inc. terminating the investment management agreement effective March 31, 2016. On April 1, 2016 the Manager will assume the investment management responsibilities of the Fund.

## 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 0.85%, 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.

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.

### 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 \$59,988 for the year ended December 31, 2015 (2014 - \$20,049) and are included in the unitholder reporting costs on the Statements of Comprehensive Income (Loss) 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.

## Energy Leaders Plus Income Fund

### RECOMMENDATIONS OR REPORTS BY THE INDEPENDENT REVIEW COMMITTEE

As noted in the “Recent Developments” section above, effective April 1, 2016, the Manager will assume the investment management responsibilities of the Fund. This matter was brought to the attention of the IRC on December 11, 2015 and the committee resolved that the change provides a fair and reasonable result for the 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 year ended December 31, 2015 and past periods. This information is derived from the Fund’s annual financial statements and past audited financial statements.

#### Series A

<b>THE FUND’S NET ASSETS PER UNIT</b>				
	<b>2015</b>		<b>2014</b>	
<b>Net assets - beginning of the year<sup>2</sup></b>	<b>\$</b>	<b>8.16</b>	<b>\$</b>	<b>9.33</b>
<b>Increase (decrease) from operations</b>				
Total revenue		0.25		0.09
Total expenses		(0.12)		(0.04)
Realized gains (losses) for the year		(1.86)		(0.23)
Unrealized gains (losses) for the year		(0.27)		(0.89)
<b>Total increase (decrease) from operations<sup>1</sup></b>	<b>\$</b>	<b>(2.00)</b>	<b>\$</b>	<b>(1.07)</b>
<b>Distributions<sup>3</sup></b>				
Return of capital		(0.70)		(0.12)
<b>Total annual distributions<sup>3</sup></b>	<b>\$</b>	<b>(0.70)</b>	<b>\$</b>	<b>(0.12)</b>
<b>Net assets - end of the year<sup>1</sup></b>	<b>\$</b>	<b>5.46</b>	<b>\$</b>	<b>8.16</b>

<b>RATIOS AND SUPPLEMENTAL DATA</b>				
	<b>2015</b>		<b>2014</b>	
<b>Total net asset value</b>	<b>\$</b>	<b>19,593,171</b>	<b>\$</b>	<b>29,790,360</b>
Number of units outstanding		3,585,228		3,650,400
Management expense ratio <sup>4</sup>		1.72%		10.43%
Management expense ratio before waivers or absorptions <sup>4</sup>		1.72%		10.43%
Trading expense ratio <sup>5</sup>		0.25%		0.23%
Portfolio turnover rate <sup>6</sup>		70.38%		3.38%
<b>Net asset value per unit</b>	<b>\$</b>	<b>5.46</b>	<b>\$</b>	<b>8.16</b>
<b>Closing market price (HPF.UN)</b>	<b>\$</b>	<b>5.17</b>	<b>\$</b>	<b>7.51</b>

# Energy Leaders Plus Income Fund

## Series U (CAD)

<b>THE FUND'S NET ASSETS PER UNIT</b>				
	<b>2015</b>		<b>2014</b>	
<b>Net assets - beginning of the year<sup>2</sup></b>	<b>\$</b>	<b>9.45</b>	<b>\$</b>	<b>10.47</b>
<b>Increase (decrease) from operations</b>				
Total revenue		0.32		0.10
Total expenses		(0.16)		(0.05)
Realized gains (losses) for the year		(0.73)		0.04
Unrealized gains (losses) for the year		(0.33)		(0.99)
<b>Total increase (decrease) from operations<sup>1</sup></b>	<b>\$</b>	<b>(0.90)</b>	<b>\$</b>	<b>(0.90)</b>
<b>Distributions<sup>3</sup></b>				
Return of capital		(0.90)		(0.12)
<b>Total annual distributions<sup>3</sup></b>	<b>\$</b>	<b>(0.90)</b>	<b>\$</b>	<b>(0.12)</b>
<b>Net assets - end of the year<sup>1</sup></b>	<b>\$</b>	<b>7.63</b>	<b>\$</b>	<b>9.45</b>

<b>RATIOS AND SUPPLEMENTAL DATA</b>				
	<b>2015</b>		<b>2014</b>	
<b>Total net asset value</b>	<b>\$</b>	<b>1,618,070</b>	<b>\$</b>	<b>2,061,188</b>
Number of units outstanding		212,170		218,170
Management expense ratio <sup>4</sup>		1.73%		10.26%
Management expense ratio before waivers or absorptions <sup>4</sup>		1.73%		10.26%
Trading expense ratio <sup>5</sup>		0.25%		0.23%
Portfolio turnover rate <sup>6</sup>		70.38%		3.38%
<b>Net asset value per unit</b>	<b>\$</b>	<b>7.63</b>	<b>\$</b>	<b>9.45</b>

### 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 on October 21, 2014 was \$9.33, net of agents' commissions and issuance costs of \$0.67 per unit for Series A and was \$10.47 (\$9.33 USD), net of agents' commissions and issuance costs of \$0.75 (\$0.67 USD) per unit for Series U.
- Distributions were paid in cash or reinvested in additional units of the Fund.
- 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 2014 (the year of inception) the year of inception, included agents' fees of \$1,946,175 and issue costs of \$515,263 for Series A and agents' fees of \$128,565 and issue costs of \$34,020 for Series U, which were treated as a one-time expenses and therefore were not annualized. The MER without these costs is 2.62% for Series A and 2.64% for Series U.
- 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.
- 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.

### 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.

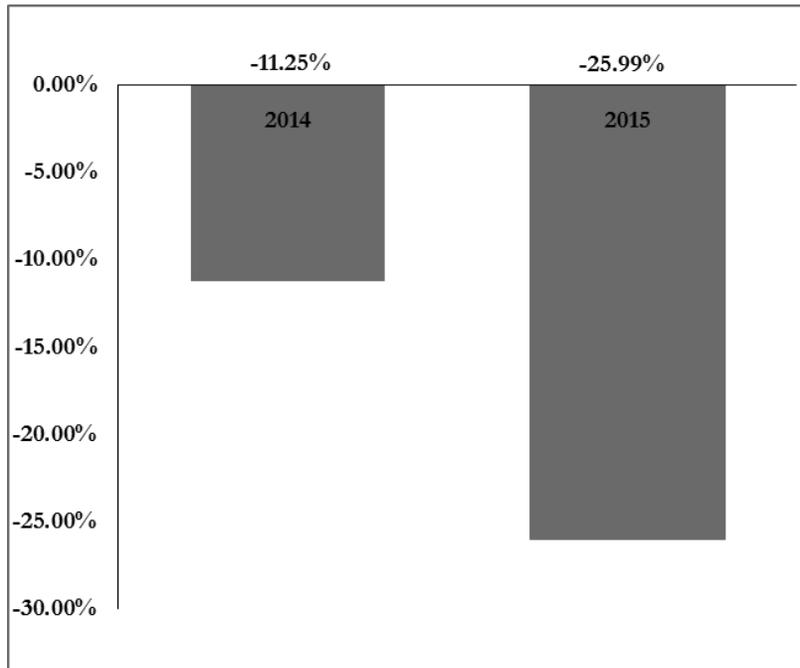
# Energy Leaders Plus Income Fund

## YEAR-BY-YEAR RETURNS

The following charts present the Fund's performance for each of the years shown and illustrate how the Fund's performance varied for Series A and Series U. 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.

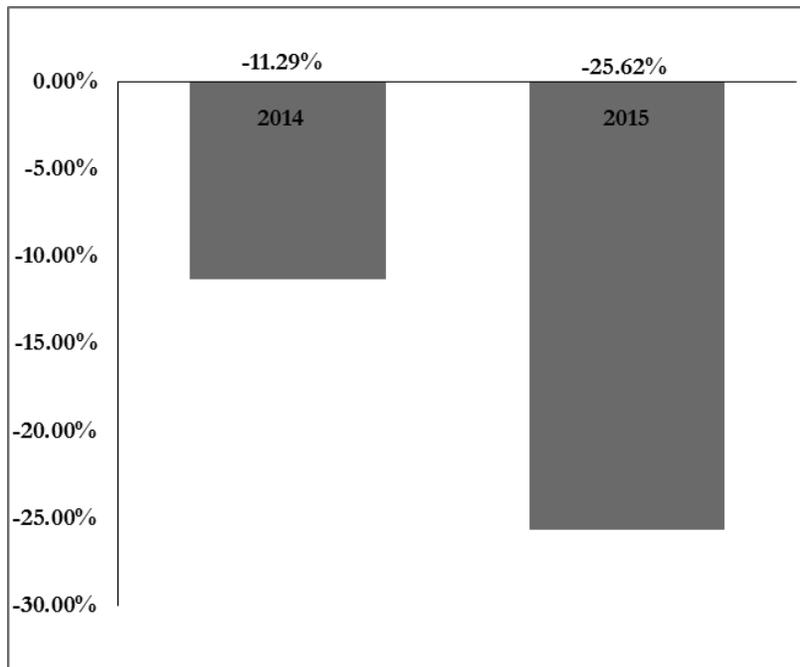
### Fund Performance

#### Series A



2014 represents the period from October 21 to December 31

#### Series U



2014 represents the period from October 21 to December 31

## Energy Leaders Plus 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, the MSCI ACW Energy Index (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.

<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 Series A (%)	(25.99)	-	-	-	(29.69)
Fund Performance Series U (%)	(25.62)	-	-	-	(29.42)
MSCI ACW Energy Index (USD)	(22.20)	-	-	-	(25.73)

\*Since inception October 21, 2014

## Energy Leaders Plus 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.

As at December 31, 2015

Top Holdings	% of Net Asset Value
Canadian Natural Resources Limited	5.7
Valero Energy Corporation	5.6
Occidental Petroleum Corporation	5.5
Chevron Corporation	5.4
Exxon Mobil Corporation	5.4
Phillips 66	5.4
BP PLC ADR	5.4
National Oilwell Varco, Inc.	5.3
Royal Dutch Shell PLC Class A ADR	5.3
Spectra Energy Corp	5.2
Statoil ASA- ADR	5.2
Total S.A. - ADR	5.2
ConocoPhillips	5.1
Schlumberger Ltd.	5.1
TransCanada Corporation	5.0
Halliburton Company	4.9
Devon Energy Corp.	4.4
Marathon Oil Corporation	4.4
The Williams Companies, Inc.	4.1
Kinder Morgan, Inc.	3.3
Cash and other assets and liabilities	0.5
Foreign currency forward contract	(1.4)
<b>Total</b>	<b>100.0</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).

## Energy Leaders Plus Income Fund

### SECTOR ALLOCATION

Sector	% of Net Asset Value
Energy issuers	100.9
Cash and other assets and liabilities	0.5
Foreign currency forward contract	(1.4)
<b>Total</b>	<b>100.0</b>

### GEOGRAPHIC ALLOCATION

Country of Issue	% of Net Asset Value
United States of America	90.0
Canada	10.0
<b>Total</b>	<b>100.0</b>

# Energy Leaders Plus Income Fund

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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 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.