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**Energy Leaders Plus Income Fund**

**Interim Management Report of Fund Performance**

**June 30, 2016**

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

### 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 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 Fund's manager and investment manager, Harvest Portfolios Group Inc. ("Harvest") may sell call options each month on Equity Securities held in the Portfolio. Harvest will not sell call options on more than 33% of the Equity Securities of any of the Energy Leaders held in the Portfolio.

Harvest 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 returned 13.97% for Series A and 17.19% for Series U for the period ending June 30, 2016 versus the MSCI ACW Energy Index in USD of 16.32%.

Energy prices stabilized through the middle of the period following extraordinarily volatile prices that have been under pressure since 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 resulted in a sustained lower price of crude oil than seen over recent history. Despite historically high crude oil inventories, capital spending by energy producers has been cut significantly in particular in the United States during the period. This resulted in a significant reduction in drilling and correspondingly production declines in the region.

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. The Fund is mandated to hedge the foreign currency exposure back to the Canadian dollar.

# Energy Leaders Plus Income Fund

## RECENT DEVELOPMENTS

On June 2, 2016, the Fund completed a secondary offering on Series A units of 775,000 units at \$6.00 per unit for gross proceeds of \$4,650,000. Related to this offering an overallotment option was exercised for an additional 116,250 units at a price of \$6.00 per unit for gross proceeds of \$697,500.

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 period ended June 30, 2016, 21,500 Series A units (2015 – 72,300 units) were purchased for cancellation for \$110,915 (2015 - \$468,796).

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

Subsequent to June 30, 2016, the Manager has initiated a process where it intends to convert the Fund into an exchange-traded fund (ETF). The conversion into an ETF is expected to occur in October 2016 subject to unitholder approval and any necessary regulatory approvals.

## 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. Prior to termination, the Manager paid 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 period 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 \$22,116 for the period ended June 30, 2016 (2015 - \$35,672) and are included in the unitholder reporting costs on the Statements of Comprehensive Income (Loss) in the financial statements.

During the Fund’s initial and subsequent offerings, 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. The Manager absorbed \$159,068 of the offering costs associated with the June 2, 2016 secondary offering.

## 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.

Also as noted above, the Manager has initiated a process where it intends to convert the Fund into an exchange-traded fund (ETF). The conversion into an ETF is expected to occur in October 2016 subject to unitholder approval and any necessary regulatory approvals. This matter was brought to the attention of the IRC on July 27, 2016 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 period ended June 30, 2016 and past annual periods. This information is derived from the Fund’s condensed interim financial statements and past audited financial statements.

#### Series A

| <b>THE FUND’S NET ASSETS PER UNIT</b>                        |             |               |             |               |                  |
|--|-------------|---------------|-------------|---------------|------------------|
|  | <b>2016</b> |               | <b>2015</b> |               | <b>2014</b>      |
| <b>Net assets - beginning of the period<sup>2</sup></b>      | \$          | <b>5.46</b>   | \$          | <b>8.16</b>   | \$ <b>9.33</b>   |
| <b>Increase (decrease) from operations</b>                   |             |               |             |               |                  |
| Total revenue  |             | 0.09          |             | 0.25          | 0.09             |
| Total expenses   |             | (0.06)        |             | (0.12)        | (0.04)           |
| Realized gains (losses) for the period                       |             | (0.36)        |             | (1.86)        | (0.23)           |
| Unrealized gains (losses) for the period                     |             | 1.07          |             | (0.27)        | (0.89)           |
| <b>Total increase (decrease) from operations<sup>1</sup></b> | \$          | <b>0.74</b>   | \$          | <b>(2.00)</b> | \$ <b>(1.07)</b> |
| <b>Distributions<sup>3</sup></b>                             |             |               |             |               |                  |
| From income  |             | (0.35)        |             | -             | -                |
| Return of capital  |             | -             |             | (0.70)        | (0.12)           |
| <b>Total distributions<sup>3</sup></b>                       | \$          | <b>(0.35)</b> | \$          | <b>(0.70)</b> | \$ <b>(0.12)</b> |
| <b>Net assets - end of the period<sup>1</sup></b>            | \$          | <b>5.85</b>   | \$          | <b>5.46</b>   | \$ <b>8.16</b>   |

| <b>RATIOS AND SUPPLEMENTAL DATA</b>                                 |             |                   |             |                   |                      |
|---|-------------|-------------------|-------------|-------------------|----------------------|
|   | <b>2016</b> |                   | <b>2015</b> |                   | <b>2014</b>          |
| <b>Total net asset value</b>  | \$          | <b>20,573,762</b> | \$          | <b>19,593,171</b> | \$ <b>29,790,360</b> |
| Number of units outstanding   |             | 3,519,701         |             | 3,585,228         | 3,650,400            |
| Management expense ratio <sup>4</sup>                               |             | 3.10%             |             | 1.72%             | 10.43%               |
| Management expense ratio before waivers or absorptions <sup>4</sup> |             | 3.10%             |             | 1.72%             | 10.43%               |
| Trading expense ratio <sup>5</sup>                                  |             | 0.23%             |             | 0.25%             | 0.23%                |
| Portfolio turnover rate <sup>6</sup>                                |             | 44.40%            |             | 70.38%            | 3.38%                |
| <b>Net asset value per unit</b>                                     | \$          | <b>5.85</b>       | \$          | <b>5.46</b>       | \$ <b>8.16</b>       |
| <b>Closing market price (HPF.UN)</b>                                | \$          | <b>5.95</b>       | \$          | <b>5.17</b>       | \$ <b>7.51</b>       |

# Energy Leaders Plus Income Fund

## Series U (CAD)

| <b>THE FUND'S NET ASSETS<br/>PER UNIT</b>                    | <b>2016</b> |               | <b>2015</b> |               | <b>2014</b> |               |
|--|-------------|---------------|-------------|---------------|-------------|---------------|
| <b>Net assets - beginning of the period<sup>2</sup></b>      | <b>\$</b>   | <b>7.63</b>   | <b>\$</b>   | <b>9.45</b>   | <b>\$</b>   | <b>10.47</b>  |
| <b>Increase (decrease) from operations</b>                   |             |               |             |               |             |               |
| Total revenue  |             | 0.13          |             | 0.32          |             | 0.10          |
| Total expenses   |             | (0.08)        |             | (0.16)        |             | (0.05)        |
| Realized gains (losses) for the period                       |             | (0.83)        |             | (0.73)        |             | 0.04          |
| Unrealized gains (losses) for the period                     |             | 1.43          |             | (0.33)        |             | (0.99)        |
| <b>Total increase (decrease) from operations<sup>1</sup></b> | <b>\$</b>   | <b>0.65</b>   | <b>\$</b>   | <b>(0.90)</b> | <b>\$</b>   | <b>(0.90)</b> |
| <b>Distributions<sup>3</sup></b>                             |             |               |             |               |             |               |
| From income  |             | (0.46)        |             | -             |             | -             |
| Return of capital  |             | -             |             | (0.90)        |             | (0.12)        |
| <b>Total distributions<sup>3</sup></b>                       | <b>\$</b>   | <b>(0.46)</b> | <b>\$</b>   | <b>(0.90)</b> | <b>\$</b>   | <b>(0.12)</b> |
| <b>Net assets - end of the period<sup>1</sup></b>            | <b>\$</b>   | <b>7.85</b>   | <b>\$</b>   | <b>7.63</b>   | <b>\$</b>   | <b>9.45</b>   |

| <b>RATIOS AND<br/>SUPPLEMENTAL DATA</b>                             | <b>2016</b> |                  | <b>2015</b> |                  | <b>2014</b> |                  |
|---|-------------|------------------|-------------|------------------|-------------|------------------|
| <b>Total net asset value</b>  | <b>\$</b>   | <b>1,340,884</b> | <b>\$</b>   | <b>1,618,070</b> | <b>\$</b>   | <b>2,061,188</b> |
| Number of units outstanding   |             | 170,770          |             | 212,170          |             | 218,170          |
| Management expense ratio <sup>4</sup>                               |             | 2.06%            |             | 1.73%            |             | 10.26%           |
| Management expense ratio before waivers or absorptions <sup>4</sup> |             | 2.06%            |             | 1.73%            |             | 10.26%           |
| Trading expense ratio <sup>5</sup>                                  |             | 0.23%            |             | 0.25%            |             | 0.23%            |
| Portfolio turnover rate <sup>6</sup>                                |             | 44.40%           |             | 70.38%           |             | 3.38%            |
| <b>Net asset value per unit</b>                                     | <b>\$</b>   | <b>7.85</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 MER for 2016 included agents' fee of 199,016 for Series A. This cost is treated as one-time expense and therefore is not annualized. The MER without this cost is 2.03%.
- 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.

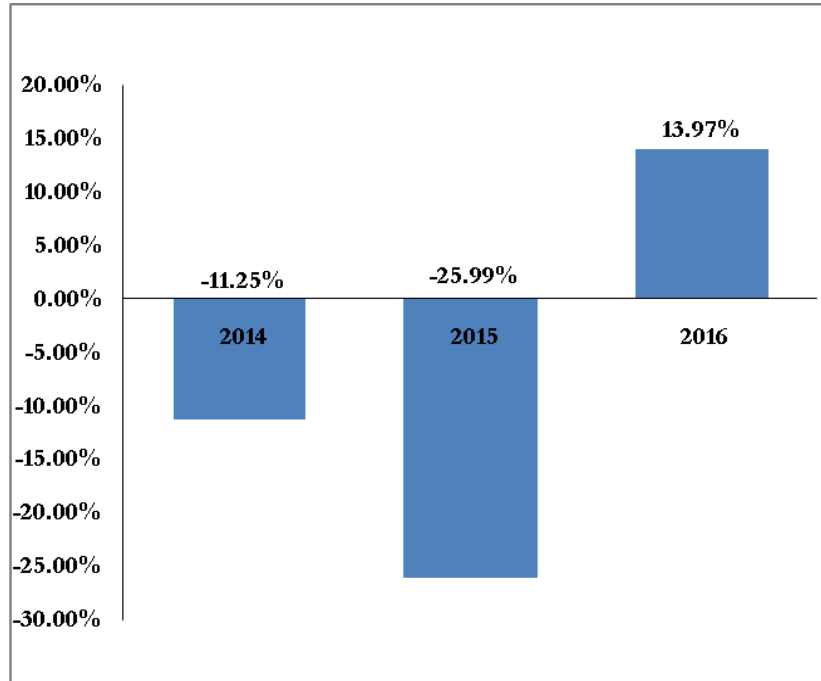
# Energy Leaders Plus Income Fund

## 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 except for the 2016 period which represents the interim period.

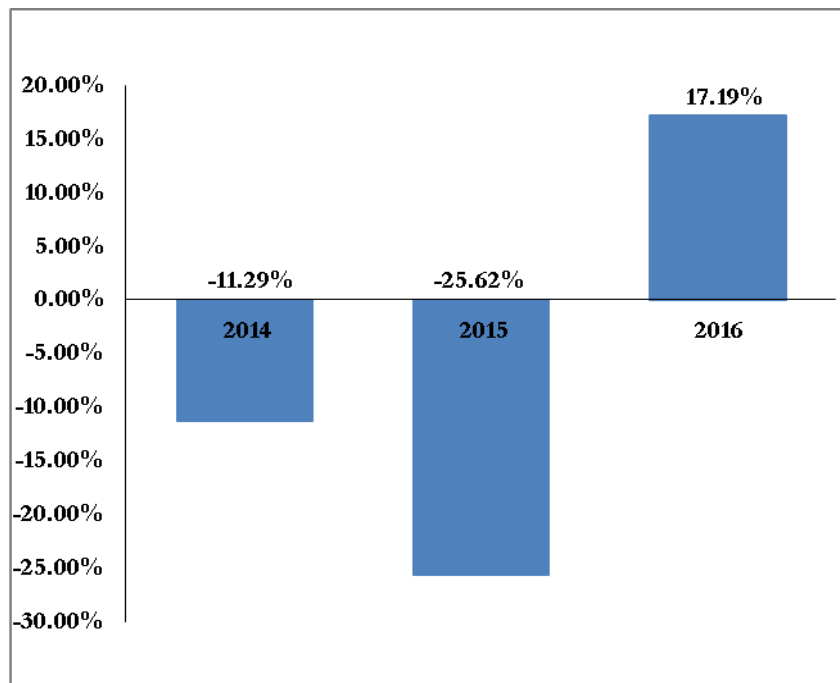
### Fund Performance

#### 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

## 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, 2016

| Top Holdings                          | % of Net Asset Value |
|---------------------------------------|----------------------|
| Statoil ASA ADR                       | 5.2                  |
| Total SA ADR                          | 5.1                  |
| Schlumberger Limited                  | 5.1                  |
| Halliburton Company                   | 5.1                  |
| Occidental Petroleum Corporation      | 4.9                  |
| BP PLC ADR                            | 4.9                  |
| ConocoPhillips                        | 4.9                  |
| Exxon Mobil Corporation               | 4.9                  |
| Devon Energy Corporation              | 4.9                  |
| Royal Dutch Shell PLC ADR             | 4.9                  |
| Chevron Corporation                   | 4.8                  |
| National Oilwell Varco Inc.           | 4.8                  |
| Spectra Energy Corp.                  | 4.8                  |
| Phillips 66                           | 4.7                  |
| Hess Corporation                      | 4.7                  |
| Kinder Morgan, Inc. Class P           | 4.7                  |
| TransCanada Corporation               | 4.6                  |
| The Williams Companies, Inc.          | 4.5                  |
| Canadian Natural Resources Ltd.       | 4.4                  |
| Valero Energy Corporation             | 4.3                  |
| Cash and other assets and liabilities | 4.2                  |
| Foreign currency forward contract     | 0.1                  |
| Options                               | (0.5)                |
| <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                        | 96.2                 |
| Cash and other assets and liabilities | 4.2                  |
| Foreign currency forward contract     | 0.1                  |
| Options                               | (0.5)                |
| <b>Total</b>                          | <b>100.0</b>         |

### GEOGRAPHIC ALLOCATION

| Country of Issue         | % of Net Asset Value |
|--------------------------|----------------------|
| United States of America | 91.0                 |
| Canada                   | 9.0                  |
| <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.