Global Telecom & Utilities Income Fund
(formerly Global Advantaged Telecom & Utilities Income Fund)

Annual Financial Statements

December 31, 2016

Global Telecom & Utilities Income Fund
(formerly Global Advantaged Telecom & Utilities Income Fund)

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by Harvest Portfolios Group Inc. in its capacity as Manager of the Fund and approved by the Board of Directors of the Manager. The Fund's Manager is responsible for the information and representation contained in these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments made by the Manager. The significant accounting policies, which the Manager believes are appropriate, are described in Note 3 to the financial statements.

PricewaterhouseCoopers LLP is the external auditor of the Fund. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements. Their report is included as an integral part of the financial statements.

On behalf of Harvest Portfolios Group Inc.,

Signed "Michael Kovacs"

Michael Kovacs
President and Chief Executive Officer

Signed "Daniel Lazzer"

Daniel Lazzer
Chief Financial Officer

Oakville, Canada
March 27, 2017

March 27, 2017

Independent Auditor's Report

To the Unitholders of
Global Telecom & Utilities Income Fund (formerly Global Advantaged Telecom & Utilities Income Fund) (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statements of financial position as at December 31, 2016 and 2015 and the statements of comprehensive income (loss), changes in net assets attributable to holders of redeemable units and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
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Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2016 and 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

Global Telecom & Utilities Income Fund
(formerly Global Advantaged Telecom & Utilities Income Fund)

STATEMENTS OF FINANCIAL POSITION

As at December 31,		2016		2015
Assets				
Current assets				
Investments	$	5,667,823	$	13,231,911
Cash		1,052,899		-
Dividends and other receivables		133,028		166,345
		6,853,750		**13,398,256**
Liabilities				
Current liabilities				
Borrowings (Note 9)		1,227,279		2,817,137
Distributions payable (Note 4)		33,747		54,463
Interest payable (Note 9)		1,702		2,274
		1,262,728		**2,873,874**
Net assets attributable to holders of redeemable units	**$**	**5,591,022**	**$**	**10,524,382**
Number of redeemable units outstanding (Note 4)		**562,445**		**907,709**
Net assets attributable to holders of redeemable units per unit	**$**	**9.94**	**$**	**11.59**

The accompanying notes are an integral part of these financial statements.

Global Telecom & Utilities Income Fund
(formerly Global Advantaged Telecom & Utilities Income Fund)

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)				
For the year ended December 31,		**2016**		**2015**
Income				
Net gain (loss) on investments				
Dividends	$	407,547	$	9,729
Net realized gain (loss) on investments		(412,023)		-
Net realized gain (loss) on common share portfolio		-		810,000
Net change in unrealized appreciation (depreciation) on investments		(450,140)		(4,438,873)
Net change in unrealized appreciation (depreciation) on foreign exchange		2,862		11,930
Net realized gain (loss) on foreign exchange		7,600		-
Net gain (loss) on investments		(444,154)		(3,607,214)
Net gain (loss) on derivatives				
Forward fee (Note 5)		-		(192,179)
Counterparty fees (Note 5)		-		(8,915)
Net realized gain (loss) on forward agreement		-		5,636,920
Net realized gain (loss) on foreign exchange		-		15,662
Net gain (loss) on derivatives		-		5,451,488
Other income				
Securities lending		-		5,951
Other income		-		5,951
Total income (net)	**$**	**(444,154)**	**$**	**1,850,225**
Expenses (Note 6)				
Management fees	$	117,850	$	37,953
Service fees		36,435		51,867
Withholding taxes		65,514		-
Unitholder reporting costs		21,459		31,312
Audit fees		19,001		21,801
Transfer agency fees		9,229		8,674
Custodian fees and bank charges		29,438		19,598
Independent Review Committee fees		1,575		1,521
Filing fees		22,336		27,232
Legal fees		6,104		5,424
Interest expense (Note 9)		44,812		-
Other fees		158		-
Transaction costs (Note 8)		7,619		-
Total expenses	**$**	**381,530**	**$**	**205,382**
Increase (decrease) in net assets attributable to holders of redeemable units	**$**	**(825,684)**	**$**	**1,644,843**
Increase (decrease) in net assets attributable to holders of redeemable units per unit (Note 4)	**$**	**(1.04)**	**$**	**1.59**

The accompanying notes are an integral part of these financial statements.

Global Telecom & Utilities Income Fund
(formerly Global Advantaged Telecom & Utilities Income Fund)

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the year ended December 31,		2016		2015
Net assets attributable to holders of redeemable units beginning of year	$	**10,524,382**	$	**11,759,477**
Increase (decrease) in net assets attributable to holders of redeemable units	$	**(825,684)**	$	**1,644,843**
Redeemable unit transactions				
Redemption and cancellation of redeemable units		(3,536,989)		(2,135,305)
Net unitholders' transactions	$	**(3,536,989)**	$	**(2,135,305)**
Distributions to holders of redeemable units				
Return of capital		(570,687)		(744,633)
Total distributions to unitholders	$	**(570,687)**	$	**(744,633)**
Net assets attributable to holders of redeemable units end of year	$	**5,591,022**	$	**10,524,382**

The accompanying notes are an integral part of these financial statements.

Global Telecom & Utilities Income Fund
(formerly Global Advantaged Telecom & Utilities Income Fund)

STATEMENTS OF CASH FLOWS				
For the year ended December 31,		**2016**		**2015**
Operating activities				
Increase (decrease) in net assets attributable to holders of redeemable units	$	(825,684)	$	1,644,843
Add (deduct) items not affecting cash:				
Net realized (gain) loss on common share portfolio		-		(810,000)
Net realized (gain) loss on sale of investments		412,023		-
Change in unrealized (appreciation) depreciation on investments		450,140		4,438,873
Change in unrealized (appreciation) depreciation on foreign exchange		(2,862)		(11,930)
Proceeds from sale of investments		7,742,434		8,766,303
Purchases of investments		(1,040,509)		(13,795,406)
Net change in non-cash assets and liabilities		35,607		(169,386)
Net cash flow provided by (used in) operating activities	**$**	**6,771,149**	**$**	**63,297**
Financing activities				
Redemption and cancellation of redeemable units		(3,536,989)		(2,135,305)
Borrowings		(1,589,858)		2,817,137
Distributions paid to holders of redeemable units		(591,403)		(756,018)
Net cash flow provided by (used in) financing activities	**$**	**(5,718,250)**	**$**	**(74,186)**
Net increase (decrease) in cash during the year		1,052,899		**(10,889)**
Cash, beginning of the year		-		10,889
Cash, end of the year	**$**	**1,052,899**	**$**	**-**
Supplemental disclosure of cash flow information				
Dividends received, net of withholding taxes*	$	375,350	$	9,729
Interest paid during the year*		44,812		-

*included in operating activities

The accompanying notes are an integral part of these financial statements.

Global Telecom & Utilities Income Fund
(formerly Global Advantaged Telecom & Utilities Income Fund)

SCHEDULE OF INVESTMENTS

As at December 31, 2016

Number of shares	Security	Average Cost ($)	Carrying Value ($)	% of Net Assets
	EQUITIES			
	Banking and Other Financial Issuers			
1,250	Visa Inc. Class A	138,038	130,786	2.3
		138,038	130,786	2.3
	Consumer Discretionary Issuers			
150	Amazon.com, Inc.	116,110	150,842	2.7
1,900	Comcast Corporation Class A	154,224	175,939	3.2
2,000	Luxottica Group SPA	180,836	144,559	2.6
20,550	Mediaset SPA	120,597	119,467	2.1
750	Netflix, Inc.	97,980	124,517	2.2
3,900	ProSiebenSat.1 Media AG Registered	279,890	201,957	3.6
12,000	Sky PLC	273,102	197,058	3.5
12,400	Vivendi SA	360,936	316,675	5.7
		1,583,675	1,431,014	25.6
	Consumer Staples Issuers			
750	Anheuser-Busch InBev SA	128,363	106,669	1.9
		128,363	106,669	1.9
	Energy Related Issuers			
1,750	Duke Energy Corporation	169,466	182,161	3.3
2,650	Engie SA	64,243	45,430	0.8
4,675	Inter Pipeline, Ltd.	102,569	138,567	2.5
425	Uniper SE	6,211	7,884	0.1
		342,489	374,042	6.7
	Information Technology Issuers			
75	Alphabet Inc. Class C	78,621	77,629	1.4
1,500	Microsoft Corporation	116,425	124,999	2.2
5,000	Twitter, Inc.	93,081	109,295	2.0
		288,127	311,923	5.6
	Telecommunication Services Issuers			
4,700	AT&T Inc.	223,571	268,064	4.8
6,150	Deutsche Telekom AG	150,534	142,272	2.5
55,000	Spark New Zealand Limited	162,117	175,381	3.1
59,000	Telecom Italia SPA	101,782	69,851	1.3
6,600	Telefonica SA	106,468	82,339	1.5
11,450	Telia Company AB	77,503	62,048	1.1
4,700	TELUS Corporation	190,914	200,925	3.6
4,099	Verizon Communications Inc.	263,623	293,428	5.3
28,127	Vodafone Group PLC	124,175	93,147	1.7
		1,400,687	1,387,455	24.9

SCHEDULE OF INVESTMENTS (continued)
As at December 31, 2016

Number of Shares	Security	Average Cost ($)	Carrying Value ($)	% of Net Assets
	Utilities Issuers			
3,700	Ameren Corp.	220,003	260,300	4.7
4,250	E.ON AG	53,458	40,277	0.7
33,500	EDP - Energias de Portugal SA	156,038	137,132	2.5
4,150	Endesa, SA	116,652	118,135	2.1
6,250	Gas Natural SDG SA Series E	181,497	158,333	2.8
15,517	Iberdrola SA	145,465	136,826	2.4
11,450	National Grid PLC	217,424	180,551	3.2
4,300	PPL Corp.	201,154	196,350	3.5
3,010	RWE AG Class A	50,241	50,303	0.9
5,100	SSE PLC	155,005	131,245	2.4
24,800	Terna SPA	173,985	152,663	2.7
13,350	United Utilities Group PLC	259,651	199,318	3.6
7,190	Veolia Environnement	238,009	164,501	2.9
		2,168,582	1,925,934	34.4
Total investments		**6,049,961**	**5,667,823**	**101.4**
Borrowings (Note 9)			**(1,227,279)**	**(21.9)**
Other assets less liabilities			**1,150,478**	**20.5**
Net assets attributable to holders of redeemable units			**5,591,022**	**100.0**

1. GENERAL INFORMATION

Global Telecom & Utilities Income Fund (formerly Global Advantaged Telecom & Utilities Income Fund) (the "Fund") is an investment trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated February 25, 2011 and as amended and restated, being the inception date. There was no significant activity in the Fund from the date of inception to commencement of operations on March 23, 2011. On March 23, 2011, the Fund completed an initial public offering of 2,600,000 units at $12.00 per unit for gross proceeds of $31,200,000. On April 6, 2011, an over-allotment option was exercised for an additional 123,662 units at a price of $12.00 per unit for gross proceeds of $1,483,944. The address of the Fund's registered office is 710 Dorval Drive, Oakville, Ontario, L6K 3V7.

The Fund's investment objectives are to provide unitholders with monthly distributions and capital appreciation. Up until December 16, 2015 the investment objectives were to provide tax-advantaged month distributions by way of an investment strategy where the Fund provides exposure, through a forward agreement (the "Forward Agreement"), to the return, in Canadian dollars, of the underlying performance of the GTU Portfolio Trust (the "GTU Trust"). The GTU Trust portfolio was an actively managed portfolio comprised primarily of equity securities of Global Telecom Issuers and Global Utilities Issuers. On December 16, 2015 the Forward Agreement was terminated (Note 5) and subsequently the Fund owns the equity securities directly.

On June 22, 2016, the Fund changed its name from Global Advantaged Telecom & Utilities Income Fund to Global Telecom & Utilities Income Fund. No changes were made to the investment objective, strategies or management of the Fund.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These financial statements were authorized for issue by Harvest Portfolios Group Inc. (the "Manager") on March 27, 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments
The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments not measured at fair value through profit or loss (FVTPL). Transaction costs on financial assets and liabilities at FVTPL are expensed as incurred. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's investments and derivative assets and liabilities are measured at fair value through profit or loss (FVTPL), including investments which have been designated at FVTPL. Derivative assets and liabilities are classified as held-for-trading (HFT). The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate. Carrying values of other financial assets and liabilities at amortized cost approximate their fair values due to the short term to maturity. The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its net asset value (NAV) for transactions with unitholders. As at December 31, 2016 and December 31, 2015 there were no differences between the Fund's NAV per security and its net assets per security calculated in accordance with IFRS.

Fair value of investments
Investments that are traded in an active market are valued at their closing prices through recognized public stock exchanges or through recognized investment dealers on the valuation date. The Fund uses the last traded market price that falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on specific facts and circumstances. Investments held include equities.

Investments held that are not traded in an active market are valued using valuation techniques, on such basis and in such a manner established by the Manager. The value of any security for which, in the opinion of the Manager, the published market quotations are not readily available shall be the fair value as determined by the Manager. The fair values of certain securities may be determined using valuation models that are based, in part, on assumptions that are not supported by observable market inputs. These methods and procedures may include, but are not limited to, performing comparisons with prices of comparable or similar securities, obtaining valuation related information from issuers and/or other analytical data relating to the investment and using other available indication of value. These values are independently assessed internally to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for the aforementioned securities and interests may be materially different from the values that would be used had a ready market for the security existed. The fair values of such securities are affected by the perceived credit risks of the issuer, predictability of cash flows and length of time to maturity.

Classification of redeemable units
Under IFRS, IAS 32 Financial Instruments – Presentation requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as a financial liability unless certain criteria are met. In addition to the annual redemption at 100% of NAV, the Fund's units are redeemable at 95% of their market price monthly. As a result, the Fund's units contain multiple contractual obligations and are presented as financial liabilities on transition to IFRS as they do not meet the criteria for classification as equity.

Cash
Cash is comprised of cash on deposit.

Investment transactions and income recognition
Net realized gain (loss) on investments and net change in unrealized appreciation (depreciation) on investments are determined on an average cost basis. Dividend income is accounted for on the ex-dividend date. The cost of investments is determined using the average cost method.

The Forward Agreement is recorded at fair value with unrealized gains or losses recorded as unrealized appreciation (depreciation) during the term of the Forward Agreement. Realized gains or losses relating to the Forward Agreement will be recorded upon partial or final settlement of the Forward Agreement.

Foreign currency translation
The Fund's subscriptions and redemptions are denominated in Canadian dollars which is also the Fund's functional and presentation currency. Purchases and sales of investments denominated in foreign currencies and foreign currency dividend and interest income are translated into Canadian dollars at the rate of exchange prevailing at the time of the transactions. Realized and unrealized foreign currency gains or (losses) on investments are included in the Statements of Comprehensive Income (Loss) in "Net realized gain (loss) on sale of investments" and "Net change in unrealized appreciation (depreciation) of investments", respectively. Realized and unrealized foreign currency gains or losses on assets, liabilities, and income, other than investments denominated in foreign currencies, are included in the Statements of Comprehensive Income (Loss) in "Net realized gain (loss) on foreign exchange" and "Net change in unrealized appreciation (depreciation) of foreign exchange", respectively. Foreign currency assets and liabilities in the Statements of Financial Position are translated into Canadian dollars on the statement date.

Redeemable units valuation
The NAV on a particular date will be equal to the aggregate value of the assets of the Fund less the aggregate value of the liabilities of the Fund, expressed in Canadian dollars at the applicable exchange rate on such date. The NAV and NAV per unit will be calculated on each Thursday during the year (or, if a Thursday is not a Business Day, the Business Day following such Thursday) and on the last Business Day of each month, and any other time as may be determined by the Manager from time to time. "Business Day" means any day on which the TSX is open for trading.

Increase (decrease) in net assets attributable to holders of redeemable units per unit
"Increase (decrease) in net assets attributable to holders of redeemable units per unit" in the Statement of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable units, divided by the weighted average units outstanding for the financial year.

Income and other taxes
The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). For tax purposes, the Fund has a December 31 year end. All of the Fund's net income for tax purposes and sufficient net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the

statement of financial position as a deferred income tax asset. Capital losses may be carried forward indefinitely to reduce future realized capital gains. Non-capital losses may be carried forward 20 years and applied against future taxable income. As at the last taxation year end, the Fund had non-capital losses of $1,788,665 and $205,643 net capital losses available to be carried forward for income tax purposes.

The Fund may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense.

As the Manager is a resident of Ontario, the expenses paid by the Fund generally include HST of 13%. HST is calculated using the residency of unitholders in the Fund as at specific times, rather than the physical location of the Manager. A blended rate refund is filed with the Canada Revenue Agency on behalf of the Fund, in arrears, using each province's HST rate or GST rate in the case of non-participating provinces.

Critical accounting estimates and judgments
The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

a) Fair value measurement of derivatives and securities not quoted in an active market

   The Fund may hold financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Refer to Note 7 for further information about the fair value measurement of the Fund's financial instruments.

b) Classification and measurement of investment and application of the fair value option

   In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments about whether or not the business of the Fund is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39, Financial Instruments – Recognition and Measurement (IAS 39). The most significant judgments made include the determination that certain investments are held-for trading and that the fair value option can be applied to those which are not.

Accounting standards issued but not yet adopted

IFRS 9, Financial Instruments

The final version of IFRS 9, Financial Instruments, was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments – Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however, is available for early adoption. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Fund is in the process of assessing the impact of IFRS 9.

4. REDEEMABLE UNITS

The authorized capital of the Fund consists of an unlimited number of transferable units of one class representing an equal, undivided interest in the net assets of the Fund. Except as provided in the Declaration of Trust, all units have equal rights and privileges. Each whole unit is entitled to one vote at all meetings of unitholders and is entitled to participate equally in any and all distributions made by the Fund. The units trade on the TSX under the symbol HGI.UN. As at December 31, 2016, the closing price for the units was $9.41 per unit (December 31, 2015 - $10.66 per unit).

Redemptions

Units may be surrendered prior to 5:00 p.m. (Toronto time) on the 10th business day before the last business day of the applicable month by the holders for monthly redemption. Upon receipt by the Fund of the redemption notice the holder of a unit shall be entitled to receive a price per unit equal to the lesser of:

(a) 95% of the "market price" of the units on the principal market on which the units are quoted for trading during the 20 trading day period ending immediately before the monthly redemption date; and

(b) 100% of the "closing market price" on the principal market on which the units are quoted for trading on the monthly redemption date.

Notwithstanding the monthly redemption price formula above, at no time will the Fund pay out redemption proceeds greater than the NAV per Unit as determined on the monthly redemption date for each Unit being redeemed.

In accordance with the Fund prospectus, in addition to the monthly redemption rights, on an annual basis, units may be surrendered for redemption at the Fund's NAV per unit, subject to the required redemption notice period, in August and the unitholder will receive payment on or before the 15th business day of the following month. On August 31, 2016, 345,264 (2015 – 189,756) units were surrendered for redemption for total proceeds of $3,536,989 (2015 - $2,135,305).

The following units were redeemed and/or cancelled during the period:

	Trust units outstanding
Total outstanding as at January 1, 2015	**1,097,465**
Redeemable units redeemed	(189,756)
Total outstanding as at December 31, 2015	**907,709**
Redeemable units redeemed	(345,264)
Total outstanding as at December 31, 2016	**562,445**

The weighted average number of units outstanding during the year ended December 31, 2016 was 792,621 units (2015 – 1,034,040 units).

Distributions

The Fund intends to make monthly cash distributions to unitholders of record on the last business day of each month and pay such cash distributions on or before the 15th day of the following month. The Fund will annually determine and announce the indicative distribution amount for the following year based upon the prevailing market conditions. The distribution amount paid was $570,687 or $0.06 per unit per month for the year ended December 31, 2016 (2015 – $744,633 or $0.06 per unit per month).

5. FORWARD AGREEMENT

Up until December 16, 2015, the Fund obtained exposure to a Common Share Portfolio through a forward agreement (the "Forward Agreement") with a Canadian chartered bank (the "Counterparty"). Under the terms of the Forward Agreement, the Counterparty agreed to pay to the Fund on the settlement date of the Forward Agreement, as the purchase price for the Common Share Portfolio, an amount based on the value of the Portfolio. The Forward Agreement was scheduled to terminate on March 23, 2016 but was terminated early on December 16, 2015. On termination, the Fund realized a gain of $5,636,920 on settlement of the Forward Agreement.

Under the Forward Agreement, the Fund paid to the Counterparty, a fee of approximately 0.50% per annum, with a minimum annual fee of $200,000, of the net assets of the GTU Trust calculated daily and payable monthly in arrears. The Fund also paid the Counterparty a fee of 0.15% per annum for prime brokerage services including a revolving margin utilized in the GTU Trust. These fees are over and above the interest charged to the GTU Trust. For the period up to the termination of the Forward Agreement, the Fund recorded forward fees of $192,179 and counterparty fees of $8,915. Interest charged is included in "Counterparty fees" on the Statements of Comprehensive Income.

6. RELATED PARTY TRANSACTIONS AND OTHER EXPENSES

Management and service fees

Harvest Portfolios Group Inc. is the Manager of the Fund and is responsible for managing or arranging for managing the Fund's overall business and operations and provides key management personnel to the Fund. The Manager has retained Avenue Investment Management Inc. ("Avenue" or the "Investment Manager") to provide investment management services to the Fund and 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 assets.

The Fund pays its manager, Harvest, a management fee from the Fund of 1.25% per annum of the applicable average weekly NAV calculated and payable monthly in arrears, plus applicable taxes. Prior to termination of the Forward Agreement, the management fee was paid from 0.25% of the average weekly NAV from the Fund and 1.0% of the average daily NAV from the GTU Trust.

The Fund also pays service fees to registered dealers at the rate on 0.40% of the average weekly NAV plus HST of the Fund. Service fees are accrued daily and paid monthly to the manager, who in turn pays the dealers quarterly.

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 filing and other obligations. These expenses were $17,865 for the year ended December 31, 2016 (2015 - $24,344) and are included in the unitholder reporting costs in the Statements of Comprehensive Income.

7. FINANCIAL RISK MANAGEMENT

Investment activities of the Fund expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, other price risk and currency risk). The Manager seeks to minimize these risks by employing experienced portfolio managers that will manage the security portfolios of the Fund on a daily basis according to market events and the investment objectives of the Fund. To assist in managing risk, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The value of securities in the Fund's portfolio may be affected by the stock market conditions rather than each company's performance. Developments in the market are affected by general economic and financial conditions. Political, social and environmental factors can also affect the value of any investment.

As at December 31, 2016 101.4% (December 31, 2015 – 125.7%) of the Fund's net assets attributable to holders of redeemable units were traded on public stock exchanges. If equity prices on these exchanges had increased or decreased by 5%, as at period end, with all other factors remaining constant, net assets attributable to holders of redeemable units of the Fund would have increased or decreased by approximately $283,391 (December 31, 2015 - $661,596).

In practice, the actual trading results may differ and the difference could be material.

Currency risk

Currency risk is the risk that the value of investments denominated in currencies other than the functional currency of the Fund will fluctuate as a result of changes in foreign exchange rates. When a Fund, buys an investment priced in a foreign currency and the exchange rate between the Canadian dollar and the foreign currency changes unfavorably, it could reduce the value of the Fund's investment.

As at December 31, 2016		
Currency	**Currency exposure ($)***	**As a % of net assets**
U.S. dollar	2,574,020	46.0
Euro	2,206,741	39.5
New Zealand Dollar	181,809	3.3
Pound sterling	816,049	14.6
Swedish Krona	64,203	1.1
Totals	**5,842,822**	**104.5**

*Amounts are in Canadian dollars

As at December 31, 2015		
Currency	**Currency exposure ($)***	**As a % of net assets**
Euro	4,904,853	46.6
U.S. dollar	3,665,013	34.8
Pound sterling	2,071,318	19.7
New Zealand Dollar	345,205	3.3
Swiss Franc	270,881	2.6
Swedish Krona	159,192	1.5
Totals	**11,416,462**	**108.5**

*Amounts are in Canadian dollars

The non-monetary currency exposure is $5,328,331 (December 31, 2015 – $11,416,462) and the monetary currency exposure is $514,491 (December 31, 2015 – $nil).

As at December 31, 2016, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other variables held constant, the Fund's net assets attributable to holders of redeemable units would have increased or decreased, respectively, by approximately $292,141 (December 31, 2015 - $570,823) or 5.2% (December 31, 2015 – 5.4%). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair value of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments. The Fund does not hold any bonds or money market instruments; therefore, the Fund has no significant exposure to interest rate risk.

The Fund has an interest bearing liability and so the Fund is exposed to risks associated with the effects of fluctuations in interest rates on its cash flows. As at December 31, 2016, the Fund had a net borrowing of $1,227,279 (December 31, 2015 - $2,817,137). If interest rates were to change by 1.0%, the interest expense in the Fund could increase (decrease) by $12,273 (December 31, 2015 - $28,171). In the prior year, the Fund's exposure to interest rate risk included exposure through the Forward Agreement up to termination of the agreement.

Liquidity risk

Liquidity risk is defined as the risk that a fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to redemption of units as described in Note 4. However, the Manager does not expect that the contractual maturity will be representative of the actual cash outflows as holders of those units typically retain them for a longer period.

Therefore in order to maintain sufficient liquidity, the Fund primarily invest in securities that are actively traded in public markets and can be readily disposed of to raise liquidity.

As at December 31, 2016 and December 31, 2015, all of the Fund's financial liabilities had maturities of less than three months.

Credit risk
Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

All transactions executed by the Fund in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

As at December 31, 2016, the Fund did not have significant credit risk exposure. All cash held by the fund is held with a reputable and regulated financial institution.

The Fund participated in a securities lending program wherein certain major brokers/dealers and institutions ("approved borrowers") borrow securities from the Fund. Loans are required at all times to be secured by collateral to at least 102% of the current market value of the loaned securities measured each business day. In the event of default or bankruptcy by an approved borrower, realization and/or retention of the collateral may be subject to legal proceedings. In the event that an approved borrower fails to return loaned securities and the value of the collateral being maintained by the lending agent is insufficient to cover replacing the loaned securities, the lending agent has agreed to indemnify the Funds for the difference between market value of the loaned securities and the value of the collateral held against such loaned securities, provided that the collateral insufficiency is not the result of collateral investment losses. However, such indemnity may not continue to be available at all times. In the event of a borrower default, the Fund could experience a delay in recovering the loaned securities or only recover cash or a security of equivalent value. The Fund could lose money if they do not recover the loaned securities and/or the value of the collateral decreases, including the value of investments made with cash collateral. On December 16, 2015, the Fund terminated its securities lending program.

Fair value of financial instruments
The Fund classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

> **Level 1**: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
> **Level 2**: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
> **Level 3**: Inputs for the asset or liability that are not based on observable market data.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

The table below summarizes the fair value of the Fund's financial instruments using the following fair value hierarchy:

Securities classification:

Investments at fair value as at December 31, 2016				
	Level 1 ($)	**Level 2 ($)**	**Level 3 ($)**	**Totals ($)**
Financial Assets				
Equities				
Common Shares	5,667,823	-	-	5,667,823
Total Financial Assets	**5,667,823**	**-**	**-**	**5,667,823**

Investments at fair value as at December 31, 2015				
	Level 1 ($)	**Level 2 ($)**	**Level 3 ($)**	**Totals ($)**
Financial Assets				
Equities				
Common Shares	13,231,911	-	-	13,231,911
Total Financial Assets	**13,231,911**	**-**	**-**	**13,231,911**

There were no Level 3 securities held by the Fund as at December 31, 2016 and December 31, 2015 there were no transfers between Level 1 and Level 2 for the year ended December 31, 2016 or the year ended December 31, 2015.

Concentration Risk
Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry, sector or counterparty type. The following is a summary of the Fund's concentration risk by geography and segment.

Geography:

As at	December 31, 2016		December 31, 2015	
Country of Issue	**$***	**% of net assets**	**$***	**% of net assets**
Canada	339,492	6.1	1,815,449	17.2
United States of America	2,094,310	37.5	3,665,013	34.8
New Zealand	175,381	3.1	345,205	3.3
Europe	2,195,273	39.3	4,904,853	46.6
United Kingdom	801,319	14.3	2,071,318	19.7
Sweden	62,048	1.1	159,192	2.6
Switzerland	-	-	270,881	1.5
Totals	**5,667,823**	**101.4**	**13,231,911**	**125.7**

*Stated in Canadian dollars

Market Segment (percentage of net assets attributable to holders of redeemable units):

	December 31, 2016	**December 31, 2015**
	% of net assets	**% of net assets**
EQUITIES		
Utilities Issuers	34.4	41.7
Consumer Discretionary Issuers	25.6	27.3
Telecommunication Services Issuers	24.9	26.8
Energy Related Issuers	6.7	8.5
Information Technology Issuers	5.6	9.2
Banking and Other Financial Issuers	2.3	9.7
Consumer Staples Issuers	1.9	2.5
Total	**101.4**	**125.7**

8. SOFT DOLLAR COMMISSIONS

Brokerage commissions paid to certain brokers may, in addition to paying for the cost of brokerage services in respect of security transactions, also provide for the cost of investment research services provided to the investment manager. The value of such research services included in commissions paid to brokers for the years ended December 31, 2016 and 2015 amounted to $nil.

9. BORROWINGS

The Fund established a revolving margin with its Prime Broker, a Canadian chartered bank. Interest charged at floating rates is included in "Interest expense" on the Statements of Comprehensive Income. The Fund has the facility in place to borrow up to 25 percent of its total assets or 33.3% of the Fund's NAV. The overdraft function is to borrow for the purpose of making investments in accordance with its investment objectives and restrictions, and to pledge its assets to secure the borrowings. The borrowing is a revolving margin that is due on demand with no fixed repayment terms. For 2015, the Fund was exposed to the revolving margin through the GTU Trust up until termination of the forward agreement.

The amount drawn on the margin was $1,227,279 (December 31, 2015 - $2,817,137) or 21.9% (December 31, 2015 – 26.8%) of net assets attributable to holders of redeemable units at December 31, 2016. For the year ended December 31, 2016 the Fund recorded interest expense of $44,812 (2015 - $nil). The amount of borrowings ranged between $1,227,279 and $2,817,137 during the year (December 31, 2015 between $2,222,048 and $2,817,137) and represented 21.9% to 26.8% of the Fund's net assets attributable to holders of redeemable units during the year ended December 31, 2016 (December 31, 2015 – 18.9% to 26.8%).

10. SUBSEQUENT EVENTS

Subsequent to December 31, 2016, the Manager completed the process of assuming the investment management responsibilities of the Fund from Avenue Investment Management Inc. effective January 16, 2017.

Global Telecom & Utilities 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.