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## MANAGEMENT REPORT OF FUND PERFORMANCE

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### Harvest Banks & Buildings Income Fund

December 31, 2022



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 Inc., 610 Chartwell Road, Suite 204, Oakville, Ontario, L6J 4A5; by visiting our website at [www.harvestportfolios.com](http://www.harvestportfolios.com); or on SEDAR at [www.sedar.com](http://www.sedar.com).

# Harvest Banks & Buildings Income Fund

## CORPORATE OVERVIEW

Harvest Portfolios Group Inc. (“Harvest” or the “Manager”) is a Canadian Investment Manager founded in 2009. Harvest is focused on developing investment products that follow three investment criteria.

We (i) endeavor to develop investment products that are clear in their mandate and easy for investors to understand, (ii) strive to be transparent so that our investors can review their financial reports and know exactly what they own and (iii) seek to provide investors with consistent monthly or quarterly income by investing the fund portfolios in well managed companies that have a steady cash flow and dividend-paying history.

## INVESTMENT PRODUCT

The Harvest Banks & Buildings Income Fund (the “Fund”) invests primarily in the Canadian banking, other financial and real estate sectors. The banking, other financial and real estate sectors represent significant components of the Canadian economy. As the Canadian economy generally expands, Harvest believes that a diversified portfolio invested across these sectors will provide investors with an attractive yield and strong capital appreciation potential.

# Harvest Banks & Buildings Income Fund

## PRESIDENT'S MESSAGE

Unitholder letter March 2023

Dear Valued Investor,

Thank you for taking the time to read about Harvest ETFs & Funds in 2022 and our look ahead to 2023.

The past year reminded us of key lessons as investors, advisors, and fund managers. At Harvest Portfolios Group Inc., we were reminded of the importance of our core philosophy for wealth creation and preservation: own great businesses, hold them for the long-term, and generate steady income.

2022 saw central banks hiking key interest rates higher and faster than we, and many others, expected. These were among the highest and fastest rate increases in modern history, driven largely by central banks' goal to tame high and persistent inflation.

It was also a year of high volatility. Interest rate increases played a role, as did geopolitical instability and global economic uncertainty.

In an environment of persistent inflation, rising rates and high volatility, our focus on leading businesses and selling covered call options remained highly effective. Our Equity Income ETFs' defensive characteristics and ability to monetize volatility to generate high yields proved attractive in a turbulent year.

With bonds and equities both underperforming, the reliability of attractive income became a key component of total returns for many investors.

Even as investors have found success with our strategies, there is still a great deal of uncertainty around markets. The U.S. Federal Reserve claims they are trying to combat inflation without pushing the economy into recession. History shows that goal is very rarely achieved, but perhaps lightening up on the brakes early in 2023 could achieve the desired results.

We know that these rate increases will plateau at some point, and we believe we are nearing the end of that cycle. When that time comes, markets will react appropriately and likely move higher. We expect that 2023 will finish positive as rate hikes end and markets process these changes in the economy.

Markets are forward looking indicators, and the economic impact of rate increases are often delayed. This generally means markets recover and begin a growth trajectory before their underlying economies do.

As optimists and believers in the longer-term value of great businesses, we will continue to do what we always have at Harvest. We construct ETFs that hold solid businesses in their sector and use active & flexible covered call strategies to generate income where appropriate. We do that because we believe owning great businesses in the long-term is the best way to build and preserve wealth.

On behalf of Harvest, I would like to thank you for your continued trust and investment in our products.

Sincerely,

*Signed* "Michael Kovacs"

Michael Kovacs

Founder  
President and Chief Executive Officer

# Harvest Banks & Buildings Income Fund

## 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., 610 Chartwell Road, Suite 204, Oakville, Ontario, L6J 4A5; or by visiting our website at [www.harvestportfolios.com](http://www.harvestportfolios.com); or on SEDAR at [www.sedar.com](http://www.sedar.com).

Unitholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## INVESTMENT OBJECTIVES AND STRATEGY

The Fund's investment objectives are:

- i. to provide unitholders with monthly distributions; and
- ii. to maximize total return for unitholders.

To achieve the investment objectives, the Fund invests in an actively managed portfolio that consists primarily of banking issuers, other financial issuers and real estate issuers. It is the investment manager's view that in this environment, dividend paying companies in the financial and real estate sectors will continue to maintain their dividends or distributions. The issuers in the Canadian banking, other financial and real estate industries have capital ratios and leverage ratios that are conservative in nature and therefore justify consistent dividend payout policies.

A combination of top-down, macro analysis is used to evaluate and identify the most attractive companies and types of securities in the sectors mentioned above. A value-based, bottom-up fundamental analysis is also used to identify issuers based on the quality of their assets and the strength of their balance sheets and cash flows. Generally, each company or investment held in the portfolio will have consistent dividend payout history and offers a yield component that will help aid the objectives of the Fund. The investment manager seeks to acquire securities that it believes have strong free cash flow metrics and will not defer future dividend or interest payments and will focus on issuers that it believes offer high levels of income and potential for capital appreciation, and that it believes provide the most attractive total return, relative to risk.

## 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 return for the year ended December 31, 2022 was -18.88% for Series R, -19.65% for Series A, -18.51% for Series F and -18.57% for Series D versus the custom benchmark index comprised of 50% weighting of the S&P/TSX Financials Total Return Index and a 50% weighting of the S&P/Real Estate Total Return Index return of -13.09%.

2022 was challenging across markets and asset classes. Coming into the year, inflationary pressures and expectations for interest rate hikes had started to rise driven in part by supply chain congestions and pent-up demand from the great economic reopening. This filtered through to expectations for interest rates to rise throughout the course of 2022. In turn, volatility started to increase early in the year and coincided with the continuation of the style and sector rotations that were apparent through the latter part of 2021. The invasion of Ukraine by Russia in late February caused significant strain across global markets, asset classes, commodities, and currencies. The event heightened global geopolitical tensions and further disrupted the supply chains that were also impacted by shutdowns in China related to the coronavirus ("COVID-19").

Both financials and REITs were negatively impacted by rising interest rates and the broad market sell off. While financial companies were cushioned a bit more on the downside with more attractive lending rates and net interest margins, fears of an economic growth slowdown were detracting on the potential slowdown in loan demand growth. Meanwhile, REITs with tenant bases more exposed to business cycles fell sharply, in line with the market, as implied cap rates followed rising yields. The same is true for those REITs that were sitting with higher valuations. Rising interest rates curbed the impetus for investors to pay up for future growth. Therefore we saw a sharp move higher in implied cap rates for the REITs. Areas like residential, industrial, and office were the underperformers, while more defensive retail strip malls saw less downside.

The Fund continued to be in a diversified portfolio of Financial Issuers and Real Estate Issuers at the end of the period.

# Harvest Banks & Buildings Income Fund

## RECENT DEVELOPMENTS

The spread of COVID-19 over the last couple of years has had a significant impact on the global economy. Although COVID-19 continues to exist, most countries have largely lifted COVID-19 related restrictions and the world has returned to a more normal level of activity. The lasting impact of COVID-19 has been significant supply chain issues which have begun to subside however persist in some industries, and a significant rise in inflation. Inflationary pressures have been exacerbated by the war in Ukraine and continue to impact global commodity supplies and costs. Central banks globally have quickly raised interest rates to address inflation although increasing the likelihood for a global recession. The above factors continue to impact global economies and financial markets, and uncertainty of the impact on financial performance of the Fund's investments persists. The Fund's future investment results may be materially adversely affected as a result.

Effective May 1, 2022 the Fund no longer pays service fees on Series D units.

In March 2023, banks within the sector have been impacted by liquidity and solvency concerns and the US government agencies assuming control or otherwise intervening in the operations of certain regional banks as a result. While these liquidity issues are currently isolated within specific regional banks, there is no certainty that these issues will not impact other banks. The ultimate resolution of these liquidity and solvency concerns and the extent of the related impact to the Fund is uncertain and could be significant.

## 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 Manager is responsible for managing the Fund's overall business and operations and provides key management personnel to the Fund. Each series of units pays the Manager an annual management fee, plus applicable taxes, based on a percentage of the average daily net asset value ("NAV") of the Fund attributable to that applicable series (the "Management Fee").

Dealers may be paid a servicing fee in connection with Series A and Series R units for ongoing services they provide to investors, including investment advice, account statements and newsletters. Generally, the servicing fees, plus applicable taxes, are payable monthly in arrears based on the total client assets invested in each series of units of the Fund held by all of a Dealer's clients throughout the month. The Manager can change or cancel servicing fees at any time.

The fees differ among the series of units of the Fund as set out in the chart below:

| Fund Series | Annual Management Fee | Dealer Service Fee | Total Fees |
|-------------|-----------------------|--------------------|------------|
| R           | 1.10%                 | 0.40%              | 1.50%      |
| A           | 1.10%                 | 1.25%              | 2.35%      |
| F           | 1.10%                 | 0.00%              | 1.10%      |
| D           | 1.10%                 | 0.00%              | 1.10%      |

## 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 and benefits; and other administrative expenses and costs incurred in connection with the Fund's continuous public offering and other obligations. These expenses are allocated by the Manager on a reasonable basis, across all the Harvest Portfolios Group Inc. funds, and series of each applicable fund. These expenses were \$40,760 for the year ended December 31, 2022 (2021 - \$36,773) and are included in the unitholder reporting costs on the Statements of Comprehensive Income (Loss) in the financial statements.

## Harvest Banks & Buildings Income Fund

### **Waivers and absorptions**

At its sole discretion, the Manager may waive management fees or absorb expenses of the Fund. There were no management fee waivers or expense absorptions for the year ended December 31, 2022 or 2021. The management expense ratios of the Fund with and without the waivers and absorptions are reported in the Ratios and Supplemental Data table below.

### **RECOMMENDATION OR REPORTS BY THE INDEPENDENT REVIEW COMMITTEE**

The Independent Review Committee tabled no special reports and made no extraordinary material recommendations to management of the Fund during the year ended December 31, 2022.

# Harvest Banks & Buildings Income 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, 2022 and past annual periods. This information is derived from the Fund's annual audited financial statements.

| THE FUND'S NET ASSETS<br>PER UNIT – SERIES R                 |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|
|  | 2022             | 2021             | 2020             | 2019             | 2018             |
| <b>Net assets - beginning of year</b>                        | <b>\$ 14.54</b>  | <b>\$ 11.92</b>  | <b>\$ 13.84</b>  | <b>\$ 12.58</b>  | <b>\$ 14.40</b>  |
| <b>Increase (decrease) from operations</b>                   |                  |                  |                  |                  |                  |
| Total revenue  | 0.44             | 0.41             | 0.45             | 0.43             | 0.37             |
| Total expenses   | (0.63)           | (0.60)           | (0.52)           | (0.52)           | (0.49)           |
| Realized gains (losses) for the year                         | 0.56             | 0.47             | 0.43             | 0.90             | 1.33             |
| Unrealized gains (losses) for the year                       | (3.05)           | 3.17             | (1.64)           | 1.37             | (2.15)           |
| <b>Total increase (decrease) from operations<sup>1</sup></b> | <b>\$ (2.68)</b> | <b>\$ 3.45</b>   | <b>\$ (1.28)</b> | <b>\$ 2.18</b>   | <b>\$ (0.94)</b> |
| <b>Distributions<sup>2</sup></b>                             |                  |                  |                  |                  |                  |
| From capital gains   | -                | -                | -                | -                | (0.47)           |
| Return of capital  | (0.84)           | (0.84)           | (0.84)           | (0.84)           | (0.37)           |
| <b>Total annual distributions<sup>2</sup></b>                | <b>\$ (0.84)</b> | <b>\$ (0.84)</b> | <b>\$ (0.84)</b> | <b>\$ (0.84)</b> | <b>\$ (0.84)</b> |
| <b>Net assets - end of year<sup>1</sup></b>                  | <b>\$ 11.01</b>  | <b>\$ 14.54</b>  | <b>\$ 11.92</b>  | <b>\$ 13.84</b>  | <b>\$ 12.58</b>  |

| THE FUND'S NET ASSETS<br>PER UNIT – SERIES A                 |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|
|  | 2022             | 2021             | 2020             | 2019             | 2018             |
| <b>Net assets - beginning of year</b>                        | <b>\$ 12.87</b>  | <b>\$ 10.74</b>  | <b>\$ 12.68</b>  | <b>\$ 11.69</b>  | <b>\$ 13.58</b>  |
| <b>Increase (decrease) from operations</b>                   |                  |                  |                  |                  |                  |
| Total revenue  | 0.39             | 0.37             | 0.41             | 0.40             | 0.36             |
| Total expenses   | (0.66)           | (0.65)           | (0.57)           | (0.61)           | (0.59)           |
| Realized gains (losses) for the year                         | 0.48             | 0.41             | 0.39             | 0.84             | 1.24             |
| Unrealized gains (losses) for the year                       | (2.69)           | 2.88             | (1.51)           | 1.27             | (2.03)           |
| <b>Total increase (decrease) from operations<sup>1</sup></b> | <b>\$ (2.48)</b> | <b>\$ 3.01</b>   | <b>\$ (1.28)</b> | <b>\$ 1.90</b>   | <b>\$ (1.02)</b> |
| <b>Distributions<sup>2</sup></b>                             |                  |                  |                  |                  |                  |
| From capital gains   | -                | -                | -                | -                | (0.33)           |
| Return of capital  | (0.84)           | (0.84)           | (0.84)           | (0.84)           | (0.51)           |
| <b>Total annual distributions<sup>2</sup></b>                | <b>\$ (0.84)</b> | <b>\$ (0.84)</b> | <b>\$ (0.84)</b> | <b>\$ (0.84)</b> | <b>\$ (0.84)</b> |
| <b>Net assets - end of year<sup>1</sup></b>                  | <b>\$ 9.56</b>   | <b>\$ 12.87</b>  | <b>\$ 10.74</b>  | <b>\$ 12.68</b>  | <b>\$ 11.69</b>  |

| THE FUND'S NET ASSETS<br>PER UNIT – SERIES F                 |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|
|  | 2022             | 2021             | 2020             | 2019             | 2018             |
| <b>Net assets - beginning of year</b>                        | <b>\$ 15.68</b>  | <b>\$ 12.75</b>  | <b>\$ 14.67</b>  | <b>\$ 13.23</b>  | <b>\$ 15.04</b>  |
| <b>Increase (decrease) from operations</b>                   |                  |                  |                  |                  |                  |
| Total revenue  | 0.48             | 0.45             | 0.48             | 0.46             | 0.40             |
| Total expenses   | (0.63)           | (0.58)           | (0.50)           | (0.49)           | (0.45)           |
| Realized gains (losses) for the year                         | 0.61             | 0.50             | 0.45             | 0.95             | 1.40             |
| Unrealized gains (losses) for the year                       | (3.30)           | 3.42             | (1.55)           | 1.51             | (2.25)           |
| <b>Total increase (decrease) from operations<sup>1</sup></b> | <b>\$ (2.84)</b> | <b>\$ 3.79</b>   | <b>\$ (1.12)</b> | <b>\$ 2.43</b>   | <b>\$ (0.90)</b> |
| <b>Distributions<sup>2</sup></b>                             |                  |                  |                  |                  |                  |
| From capital gains   | -                | -                | -                | -                | (0.57)           |
| Return of capital  | (0.84)           | (0.84)           | (0.84)           | (0.84)           | (0.27)           |
| <b>Total annual distributions<sup>2</sup></b>                | <b>\$ (0.84)</b> | <b>\$ (0.84)</b> | <b>\$ (0.84)</b> | <b>\$ (0.84)</b> | <b>\$ (0.84)</b> |
| <b>Net assets - end of year<sup>1</sup></b>                  | <b>\$ 11.99</b>  | <b>\$ 15.68</b>  | <b>\$ 12.75</b>  | <b>\$ 14.67</b>  | <b>\$ 13.23</b>  |

## Harvest Banks & Buildings Income Fund

| THE FUND'S NET ASSETS<br>PER UNIT – SERIES D                 |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|------------------|
|  | 2022             | 2021             | 2020             | 2019             | 2018             |
| <b>Net assets - beginning of year</b>                        | <b>\$ 15.23</b>  | <b>\$ 12.44</b>  | <b>\$ 14.37</b>  | <b>\$ 13.01</b>  | <b>\$ 14.85</b>  |
| <b>Increase (decrease) from operations</b>                   |                  |                  |                  |                  |                  |
| Total revenue  | 0.47             | 0.44             | 0.46             | 0.45             | 0.40             |
| Total expenses   | (0.62)           | (0.61)           | (0.52)           | (0.52)           | (0.48)           |
| Realized gains (losses) for the year                         | 0.60             | 0.48             | 0.50             | 0.97             | 1.37             |
| Unrealized gains (losses) for the year                       | (3.41)           | 3.27             | (1.90)           | 1.03             | (2.35)           |
| <b>Total increase (decrease) from operations<sup>1</sup></b> | <b>\$ (2.96)</b> | <b>\$ 3.58</b>   | <b>\$ (1.46)</b> | <b>\$ 1.93</b>   | <b>\$ (1.06)</b> |
| <b>Distributions<sup>2</sup></b>                             |                  |                  |                  |                  |                  |
| From capital gains   | -                | -                | -                | -                | (0.49)           |
| Return of capital  | (0.84)           | (0.84)           | (0.84)           | (0.84)           | (0.35)           |
| <b>Total annual distributions<sup>2</sup></b>                | <b>\$ (0.84)</b> | <b>\$ (0.84)</b> | <b>\$ (0.84)</b> | <b>\$ (0.84)</b> | <b>\$ (0.84)</b> |
| <b>Net assets - end of year<sup>1</sup></b>                  | <b>\$ 11.62</b>  | <b>\$ 15.23</b>  | <b>\$ 12.44</b>  | <b>\$ 14.37</b>  | <b>\$ 13.01</b>  |

### Series R

| RATIOS AND<br>SUPPLEMENTAL<br>DATA                                  |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2022                | 2021                | 2020                | 2019                | 2018                |
| <b>Total net asset value</b>  | <b>\$ 2,169,675</b> | <b>\$ 3,105,610</b> | <b>\$ 2,612,821</b> | <b>\$ 3,495,465</b> | <b>\$ 3,576,737</b> |
| Number of units outstanding   | 197,092             | 213,627             | 219,148             | 252,521             | 284,397             |
| Management expense ratio <sup>3</sup>                               | 5.07%               | 4.43%               | 4.40%               | 3.79%               | 3.54%               |
| Management expense ratio before waivers or absorptions <sup>3</sup> | 5.07%               | 4.43%               | 4.40%               | 3.79%               | 3.54%               |
| Trading expense ratio <sup>4</sup>                                  | 0.01%               | 0.03%               | 0.03%               | 0.01%               | 0.05%               |
| Portfolio turnover rate <sup>5</sup>                                | 0.00%               | 4.66%               | 2.03%               | 5.43%               | 7.30%               |
| <b>Net asset value per unit</b>                                     | <b>\$ 11.01</b>     | <b>\$ 14.54</b>     | <b>\$ 11.92</b>     | <b>\$ 13.84</b>     | <b>\$ 12.58</b>     |

### Series A

| RATIOS AND<br>SUPPLEMENTAL<br>DATA                                  |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2022                | 2021                | 2020                | 2019                | 2018                |
| <b>Total net asset value</b>  | <b>\$ 1,900,211</b> | <b>\$ 2,978,622</b> | <b>\$ 2,716,729</b> | <b>\$ 3,721,136</b> | <b>\$ 3,849,072</b> |
| Number of units outstanding   | 198,774             | 231,428             | 253,027             | 293,483             | 329,139             |
| Management expense ratio <sup>3</sup>                               | 6.04%               | 5.39%               | 5.36%               | 4.75%               | 4.50%               |
| Management expense ratio before waivers or absorptions <sup>3</sup> | 6.04%               | 5.39%               | 5.36%               | 4.75%               | 4.50%               |
| Trading expense ratio <sup>4</sup>                                  | 0.01%               | 0.03%               | 0.03%               | 0.01%               | 0.05%               |
| Portfolio turnover rate <sup>5</sup>                                | 0.00%               | 4.66%               | 2.03%               | 5.43%               | 7.30%               |
| <b>Net asset value per unit</b>                                     | <b>\$ 9.56</b>      | <b>\$ 12.87</b>     | <b>\$ 10.74</b>     | <b>\$ 12.68</b>     | <b>\$ 11.69</b>     |



## Harvest Banks & Buildings Income Fund

### Series F

| <b>RATIOS AND SUPPLEMENTAL DATA</b>                                 | <b>2022</b>       | <b>2021</b>       | <b>2020</b>       | <b>2019</b>       | <b>2018</b>         |
|---|-------------------|-------------------|-------------------|-------------------|---------------------|
| <b>Total net asset value</b>  | <b>\$ 736,253</b> | <b>\$ 999,215</b> | <b>\$ 818,357</b> | <b>\$ 963,301</b> | <b>\$ 1,057,466</b> |
| Number of units outstanding   | 61,381            | 63,709            | 64,184            | 65,664            | 79,923              |
| Management expense ratio <sup>3</sup>                               | 4.63%             | 3.98%             | 3.95%             | 3.33%             | 3.09%               |
| Management expense ratio before waivers or absorptions <sup>3</sup> | 4.63%             | 3.98%             | 3.95%             | 3.33%             | 3.09%               |
| Trading expense ratio <sup>4</sup>                                  | 0.01%             | 0.03%             | 0.03%             | 0.01%             | 0.05%               |
| Portfolio turnover rate <sup>5</sup>                                | 0.00%             | 4.66%             | 2.03%             | 5.43%             | 7.30%               |
| <b>Net asset value per unit</b>                                     | <b>\$ 11.99</b>   | <b>\$ 15.68</b>   | <b>\$ 12.75</b>   | <b>\$ 14.67</b>   | <b>\$ 13.23</b>     |

### Series D

| <b>RATIOS AND SUPPLEMENTAL DATA</b>                                 | <b>2022</b>       | <b>2021</b>       | <b>2020</b>       | <b>2019</b>       | <b>2018</b>       |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Total net asset value</b>  | <b>\$ 586,587</b> | <b>\$ 461,608</b> | <b>\$ 337,932</b> | <b>\$ 369,005</b> | <b>\$ 222,028</b> |
| Number of units outstanding   | 50,496            | 30,305            | 27,170            | 25,673            | 17,062            |
| Management expense ratio <sup>3</sup>                               | 4.78%             | 4.26%             | 4.21%             | 3.63%             | 3.38%             |
| Management expense ratio before waivers or absorptions <sup>3</sup> | 4.78%             | 4.26%             | 4.21%             | 3.63%             | 3.38%             |
| Trading expense ratio <sup>4</sup>                                  | 0.01%             | 0.03%             | 0.03%             | 0.01%             | 0.05%             |
| Portfolio turnover rate <sup>5</sup>                                | 0.00%             | 4.66%             | 2.03%             | 5.43%             | 7.30%             |
| <b>Net asset value per unit</b>                                     | <b>\$ 11.62</b>   | <b>\$ 15.23</b>   | <b>\$ 12.44</b>   | <b>\$ 14.37</b>   | <b>\$ 13.01</b>   |

### Explanatory Notes:

1. Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the reporting period. It is not intended that the Fund's net assets per unit table act as a continuity of opening and closing net assets per unit.
2. Distributions may be paid in cash or automatically reinvested into additional units.
3. 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 the daily average net asset value during the period.
4. 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. In 2020 the calculation was modified to include certain transaction costs charged by the custodian. The trading expense ratio in prior periods was not re-stated.
5. 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.

## Harvest Banks & Buildings Income Fund

### Past Performance

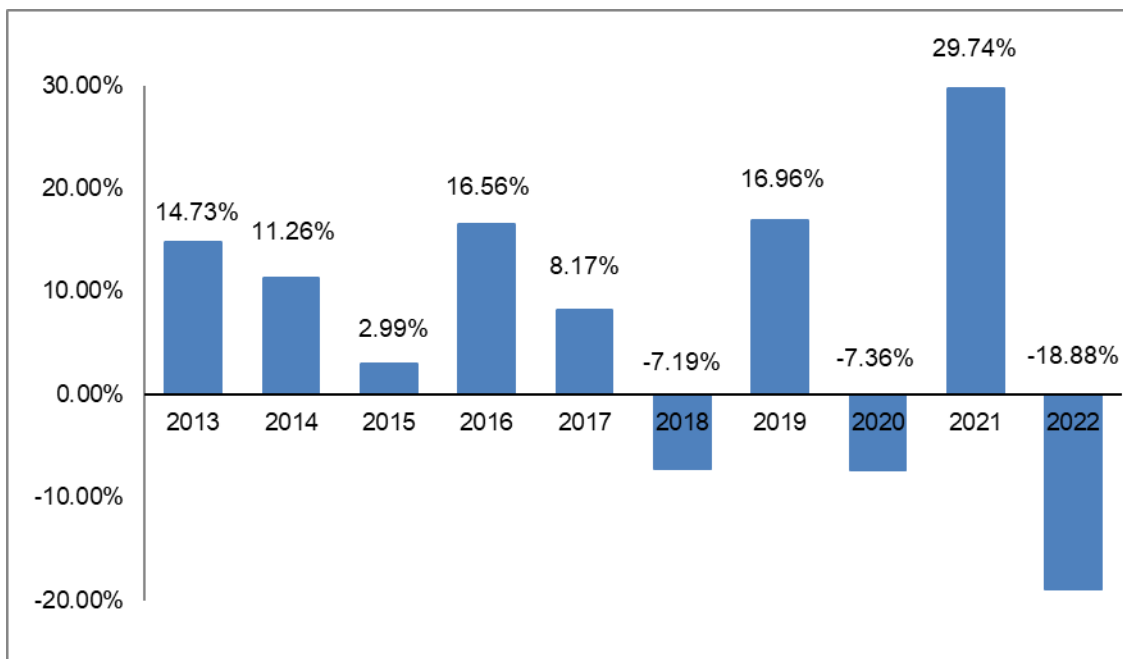
The performance information presented herein assumes all dividends of the Fund during the periods presented were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, or other charges that would have reduced returns or affected performance. Past performance of the Fund is not necessarily indicative of how it will perform in the future.

### YEAR-BY-YEAR RETURNS

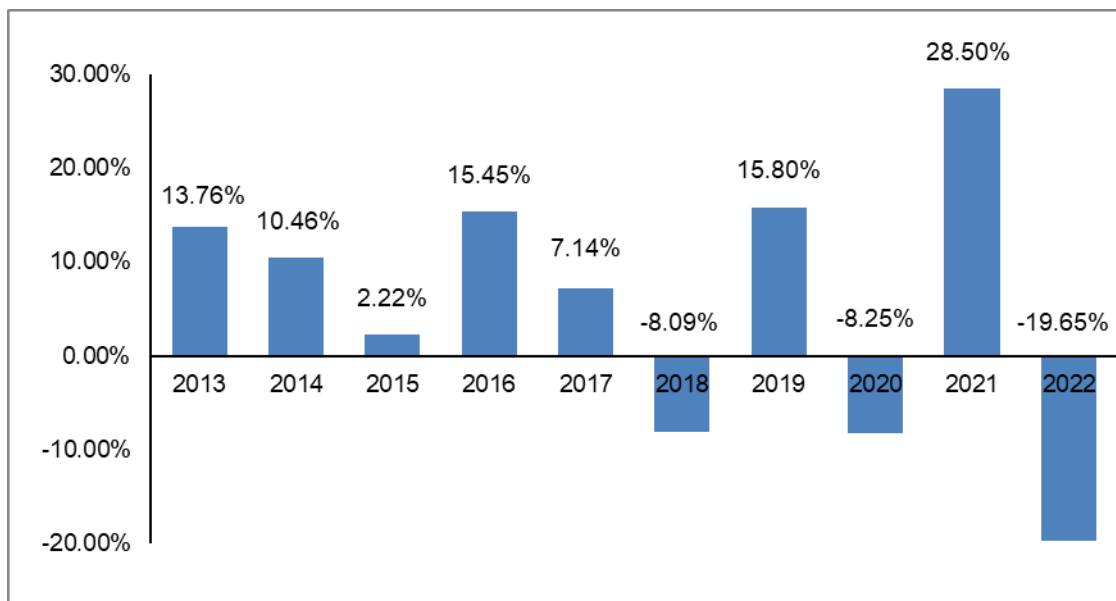
The following charts present the Fund's performance for each of the years shown and illustrate how the Fund's performance varied for Series R, Series A, Series F and Series D. The charts show, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

### Fund Performance

#### Series R

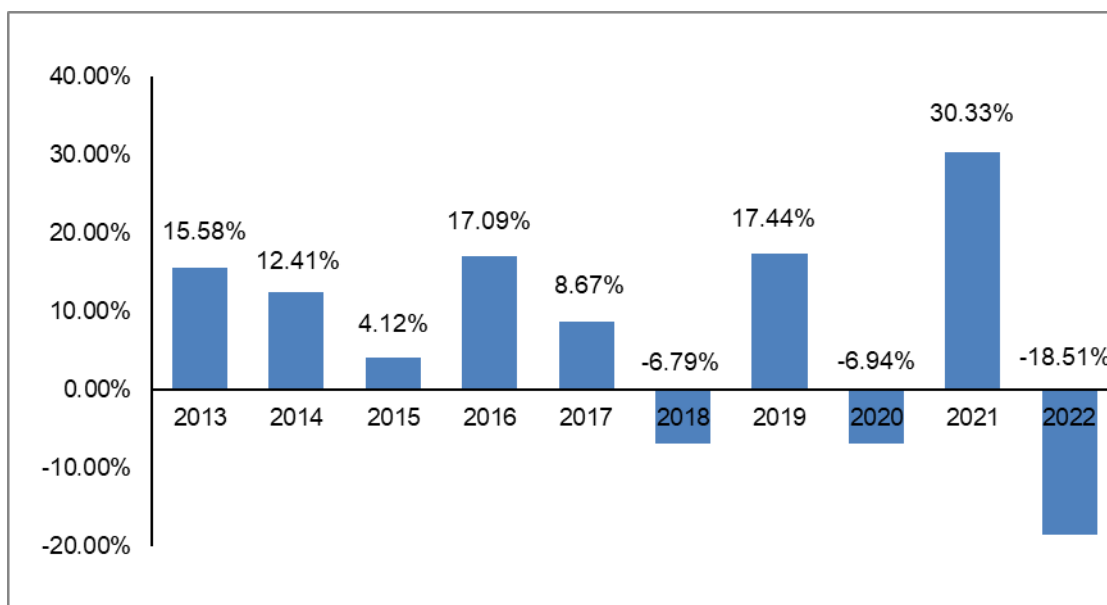


#### Series A

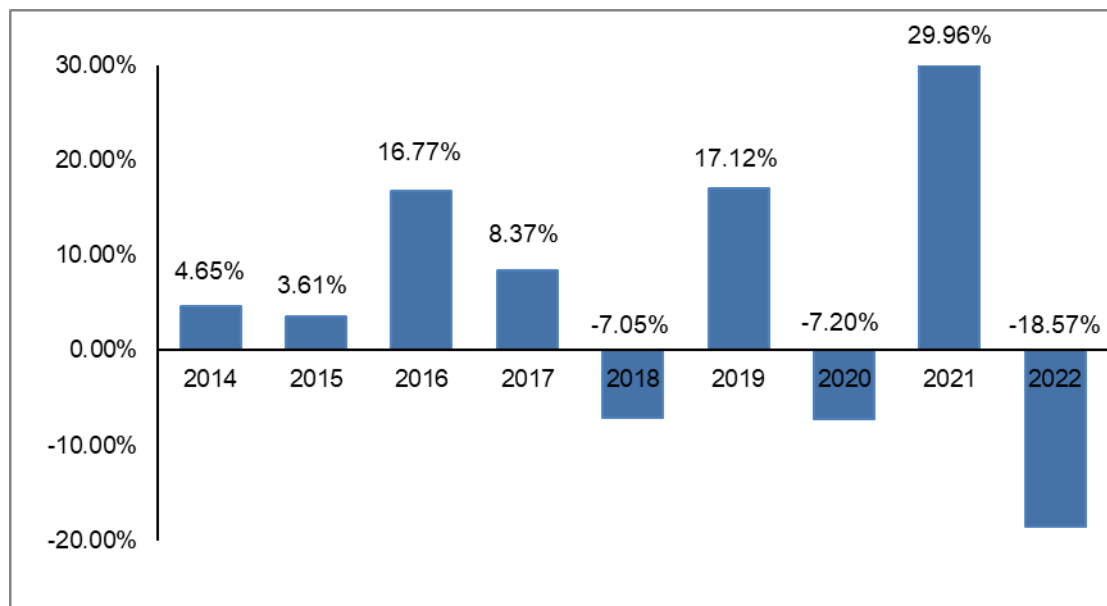


## Harvest Banks & Buildings Income Fund

Series F



Series D



2014 represents the period from July 9 to December 31.

### ANNUAL COMPOUND RETURNS

The following table shows the annual compound returns for the Fund. All returns are in Canadian dollars, on a total return basis, net of fees.

For comparison purposes, a blended benchmark is used comprised of a 50% sector weighting of the S&P/TSX Financial Index and a 50% sector weighting of the S&P/TSX Real Estate Index.

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

## Harvest Banks & Buildings Income Fund

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.

| Investment Return %                                | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception* |
|--|--------|---------|---------|----------|------------------|
| Fund Performance Series R (%)                      | -18.88 | -0.84   | 1.14    | 5.78     | 7.00             |
| 50% S&P/TSX Financial, 50% S&P/TSX Real Estate (%) | -13.09 | 3.57    | 5.97    | 7.87     | 9.78             |
| Fund Performance Series A (%)                      | -19.65 | -1.79   | 0.17    | 4.83     | 6.04             |
| 50% S&P/TSX Financial, 50% S&P/TSX Real Estate (%) | -13.09 | 3.57    | 5.97    | 7.87     | 9.03             |
| Fund Performance Series F (%)                      | -18.51 | -0.39   | 1.59    | 6.42     | 7.62             |
| 50% S&P/TSX Financial, 50% S&P/TSX Real Estate (%) | -13.09 | 3.57    | 5.97    | 7.87     | 9.03             |
| Fund Performance Series D (%)                      | -18.57 | -0.60   | 1.35    | -        | 4.59             |
| 50% S&P/TSX Financial, 50% S&P/TSX Real Estate (%) | -13.09 | 3.57    | 5.97    | -        | 7.21             |

\*Since inception dates are: Series R - October 23, 2009; Series A – October 22, 2011; Series F – October 27, 2011; Series D – July 9, 2014

### SUMMARY OF INVESTMENT PORTFOLIO

The major portfolio categories and top holdings of the Fund at the end of the period are indicated in the following tables. 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, 2022

| Top Holdings                                   | % of Net Asset Value | Yield (%) |
|--|----------------------|-----------|
| Royal Bank of Canada                           | 7.3                  | 4.15      |
| Bank of Montreal                               | 7.3                  | 4.66      |
| The Toronto-Dominion Bank                      | 7.2                  | 4.38      |
| Sun Life Financial Inc.                        | 7.2                  | 4.58      |
| Manulife Financial Corporation                 | 7.2                  | 5.47      |
| The Bank of Nova Scotia                        | 6.9                  | 6.21      |
| Canadian Imperial Bank of Commerce             | 6.5                  | 6.21      |
| Choice Properties Real Estate Investment Trust | 5.6                  | 5.01      |
| JPMorgan Chase & Co.                           | 5.1                  | 2.98      |
| SmartCentres Real Estate Investment Trust      | 4.7                  | 6.91      |
| Morgan Stanley                                 | 4.6                  | 3.65      |
| Bank of America Corporation                    | 4.5                  | 2.66      |
| InterRent Real Estate Investment Trust         | 4.3                  | 2.81      |
| Killam Apartment Real Estate Investment Trust  | 4.0                  | 4.32      |
| Alexandria Real Estate Equities, Inc.          | 3.7                  | 3.32      |
| Digital Realty Trust, Inc.                     | 3.6                  | 4.87      |
| Prologis, Inc.                                 | 3.5                  | 2.80      |
| Allied Properties Real Estate Investment Trust | 3.1                  | 6.83      |
| Timbercreek Financial Corp.                    | 2.6                  | 9.70      |
| Cash and other assets and liabilities          | 1.1                  | -         |
| <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).

## Harvest Banks & Buildings Income Fund

### SECTOR ALLOCATION

| Sector                                | % of Net Asset Value |
|---------------------------------------|----------------------|
| Financials                            | 66.4                 |
| Real Estate                           | 32.5                 |
| Cash and other assets and liabilities | 1.1                  |
| <b>Total</b>                          | <b>100.0</b>         |

### GEOGRAPHIC ALLOCATION

| Country of Risk                       | % of Net Asset Value |
|---------------------------------------|----------------------|
| Canada                                | 73.9                 |
| United States                         | 25.0                 |
| Cash and other assets and liabilities | 1.1                  |
| <b>Total</b>                          | <b>100.0</b>         |



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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.