HARVEST Canadian Income & Growth Fund

Interim Management Report of Fund Performance

June 30, 2013

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 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; or on SEDAR at www.sedar.com.

HARVEST Canadian Income & Growth Fund

CORPORATE OVERVIEW

Harvest Portfolios Group Inc. ("Harvest") is a Canadian Investment Manager focused on unique income generating investment products. Harvest was founded by long term members of the investment management industry and is focused on developing investment products that follow the investment philosophy of:

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

Harvest's mandate is to develop investment products that are clear in their mandate and easy for our investors to understand. We strive to be transparent, so that our investors can open their annual report and know exactly what they own. Our funds are also invested to provide investors with consistent monthly or quarterly income; therefore, we seek to invest our fund portfolios in well managed companies that have a history of steady cash flow and pay dividends or distributions.

INVESTMENT PRODUCT

The Harvest Canadian Income and Growth Fund (the "Fund") has been created to provide investors with income and the potential for capital appreciation over the course of the business cycle by investing primarily in dividend paying securities of publicly-traded utilities, industrials, communications, real estate and retail issuers domiciled in Canada.

HARVEST Canadian Income & Growth Fund

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

The management report of fund performance contains financial highlights for the Fund. For your reference, the interim financial statements of the Fund are attached to this 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; or on SEDAR at 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 to:

(i) provide unitholders with monthly distributions; and

(ii) maximize long-term total return for unitholders while reducing volatility.

The Fund has been created to provide investors with income and the potential for capital appreciation.

INVESTMENT STARATEGY

To achieve the Fund's objectives , the Fund's portfolio sub-advisor, Avenue Investment Management Inc. ("Avenue" or "Investment Manager") invests in an actively managed portfolio comprised primarily of dividend-paying equity and debt securities of publicly-traded utilities, industrial, communications, real estate and retail issuers domiciled in Canada. The Investment manager focuses on the less cyclical segments of the Canadian equities market with the goal of reducing volatility by diversifying away from the main sectors (financials, energy and materials) that make up the majority of the market capitalization on the Toronto Stock Exchange (the "TSX").

The Fund invests primarily in companies that have: (i) proven long-term histories of earnings; (ii) established and experienced management; and (iii) business models that are not primarily dependent on commodity prices.

The investment manager focuses on free cash flow and free cash flow yield, earnings potential, and the investment's intrinsic value in order to assess dividend sustainability and growth in distributions, with a view to delivering:

1. Attractive income generation;
2. Opportunity for capital gains; and
3. Lower volatility relative to the overall S&P/TSX Composite Index.

RISK

The risks associated with investing in the Fund are as described in the prospectus. There were no material changes to the Fund over the period that affected the overall level of risk of the Fund.

RESULTS OF OPERATIONS

The Fund's return for the second quarter 2013 was (-0.8%) outperforming the S&P TSX Composite Total Return Index return of (-4.1%). Year to date June 30, 2013, the Fund has returned 4.3% while the benchmark returned (-0.9%). Pent up consumer demand, increased capital expenditure and positive market sentiment outweighed the negative effects of higher sequestration taxes early in the year. Economic data on both sides of the border was reasonably optimistic through the first half of the year. While some data missed estimates in the US early in the second quarter, consumer sentiment data was very strong in June. There are also signs that this is translating into higher real disposable personal income and accelerating consumer spending. Domestically in Canada, economic data continued to be strong with solid GDP growth, housing data and strong employment data over recent months.

We expect that the Canadian economy and the portfolio will continue to benefit from the growth in the US and that the sectors that are not resource weighted should continue to outperform the general markets. We also believe that many of the higher yielding equities, in particular in the financials and real estate sectors, have adjusted for the higher interest rates that are projected.

HARVEST Canadian Income & Growth Fund

RECENT DEVELOPMENTS

There are no recent developments to report.

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

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. The Manager 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.

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 assets of the Fund attributable to that applicable series (the "Management Fee").

Dealers may be paid a servicing fee in connection with Series A units 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	1.25%	1.00%	2.25%
A	1.25%	1.25%	2.50%
F	1.25%	0.00%	1.25%

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.

The Manager may, in some cases, absorb a portion of the Fund's operating expenses. The amount of absorption for the period ended June 30, 2013 is $32,900 (2012 - $NIL). The Manager may cease doing so at any time without notice to unitholders.

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 are allocated by the Manager on a reasonable basis, across all of the Harvest Portfolios Group Inc. funds, and series of each applicable fund. These expenses were $24,445 for the period ended June 30, 2013 (2012 - $81,304) and are included in the unitholder reporting costs on the Statements of Operations in the interim financial statements.

HARVEST Canadian Income & Growth Fund

LOAN FACILITY

The Fund previously established a loan facility with a Canadian chartered bank. The loan function was to borrow for the purpose of making investments in accordance with the Fund's investment objectives and restrictions, and to pledge its assets to secure the borrowings. The loan facility was repaid in full and the facility cancelled on May 18, 2012, prior to the Conversion Date.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Investment entities in Canada that are publicly accountable enterprises are required to adopt IFRS for annual periods beginning on or after January 1, 2014. As a result, calendar year reporters need to prepare their comparative financial information on an IFRS basis as of January 1, 2013, the date of transition to IFRS.

The Fund will have to prepare annual financial statements for the first time as of December 31, 2014 with comparatives in accordance with IFRS and semi annual financial statements for the first time as of June 30, 2014 with comparatives in accordance with IFRS.

The Manager has developed a plan to convert the Fund's financial statements to IFRS by establishing a cross-functional IFRS team represented by management and the Fund's service providers (accounting and transfer agent). The Fund does not anticipate any impact on its business arrangements.

As at June 30, 2013, the Manager believes that the major areas of difference between the Fund's current accounting policies and those expected to apply under IFRS have been identified, including the:

- requirement to include a statement of cash flows,
- classification of redeemable instruments issued by the Fund,
- elimination of the differences between net asset value per unit and net asset per unit, and
- classification and measurement of the Fund's investments.

The Manager and the Fund service providers are in the process of developing the Fund's approach to financial statement presentation and disclosure related to these items, as well as finalizing any quantitative impacts upon transition. The Manager does not currently expect that the transition to IFRS will have a significant impact on the Fund's net asset value per unit.

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 period ended June 30, 2013.

HARVEST Canadian Income & Growth 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 past periods. This information is derived from the Fund's interim financial statements at June 30, 2013 and past audited financial statements.

THE FUND'S NET ASSETS PER UNIT[1]	Series R 2013	2012	2011	2010
Net assets - beginning of period[3]	**$ 13.70**	**$ 12.43**	**$ 12.42**	**$ 11.17**
Increase (decrease) from operations				
Total revenue	0.36	0.81	1.06	0.46
Total expenses	(0.23)	(0.45)	(0.42)	(0.25)
Realized gains (losses) for the period	0.08	1.24	0.16	0.55
Unrealized gains (losses) for the period	0.37	0.51	0.31	1.04
Total increase (decrease) from operations[2]	**$ 0.58**	**$ 2.11**	**$ 1.11**	**$ 1.80**
Distributions[4]				
From income (excluding dividends)	(0.42)	-	-	-
From dividends	-	(0.07)	(0.16)	-
From capital gains	-	(0.10)	(0.12)	(0.55)
Return of capital	-	(0.67)	(0.56)	-
Total annual distributions[4]	**$ (0.42)**	**$ (0.84)**	**$ (0.84)**	**$ (0.55)**
Net assets - end of period[2]	**$ 13.84**	**$ 13.70**	**$ 12.43**	**$ 12.42**

THE FUND'S NET ASSETS PER UNIT[1]	Series A* 2013	2012
Net assets - beginning of period[3]	**$ 13.72**	**$ 13.01**
Increase (decrease) from operations		
Total revenue	0.37	0.46
Total expenses	(0.20)	(0.21)
Realized gains (losses) for the period	0.10	0.27
Unrealized gains (losses) for the period	0.10	0.32
Total increase (decrease) from operations[2]	**$ 0.37**	**$ 0.84**
Distributions[4]		
From income (excluding dividends)	(0.42)	-
From dividends	-	(0.04)
From capital gains	-	(0.06)
Return of capital	-	(0.39)
Total annual distributions[4]	**$ (0.42)**	**$ (0.49)**
Net assets - end of period[2]	**$ 13.87**	**$ 13.72**

*Series A commenced operations on June 25, 2012

HARVEST Canadian Income & Growth Fund

THE FUND'S NET ASSETS PER UNIT[1]	Series F*	
	2013	2012
Net assets - beginning of period[3]	$ 13.81	$ 13.37
Increase (decrease) from operations		
Total revenue	0.38	0.47
Total expenses	(0.12)	(0.09)
Realized gains (losses) for the period	0.10	0.35
Unrealized gains (losses) for the period	(0.07)	0.10
Total increase (decrease) from operations[2]	$ 0.29	$ 0.83
Distributions[4]		
From income (excluding dividends)	(0.42)	-
From dividends	-	(0.03)
From capital gains	-	(0.05)
Return of capital	-	(0.34)
Total annual distributions[4]	$ (0.42)	$ (0.42)
Net assets - end of period[2]	$ 14.05	$ 13.81

*Series F commenced operations on July 16, 2012

Series R

RATIOS AND SUPPLEMENTAL DATA	2013	2012	2011	2010
Total net asset value[1]	$ 28,654,464	$ 30,155,370	$ 49,180,568	$ 37,406,232
Number of units outstanding[1]	2,065,453	2,201,587	3,945,599	3,007,822
Number of warrants outstanding	-	-	-	3,028,322
Management expense ratio[5]	3.23%	3.41%	3.03%	10.99%
Management expense ratio before waivers or absorptions[5]	3.23%	3.41%	3.03%	10.99%
Trading expense ratio[6]	0.08%	0.22%	0.10%	0.35%
Portfolio turnover rate[7]	7.14%	28.69%	66.53%	46.92%
Net asset value per unit[1]	$ 13.87	$ 13.70	$ 12.46	$ 12.44
Closing market price (HCF.UN)	n/a	n/a	12.09	11.70
Closing market price (HCF.WT)	n/a	n/a	-	0.11

Series A

RATIOS AND SUPPLEMENTAL DATA	2013	2012
Total net asset value[1]	$ 12,502,548	$ 6,920,267
Number of units outstanding[1]	899,529	504,801
Management expense ratio[5]	2.89%	2.96%
Management expense ratio before waivers or absorptions[5]	3.52%	3.52%
Trading expense ratio[6]	0.08%	0.22%
Portfolio turnover rate[7]	7.14%	28.69%
Net asset value per unit[1]	$ 13.90	$ 13.71

*Series A commenced operations on June 25, 2012

HARVEST Canadian Income & Growth Fund

Series F

RATIOS AND SUPPLEMENTAL DATA		2013		2012
Total net asset value[1]	**$**	**2,421,864**	**$**	**620,786**
Number of units outstanding[1]		171,931		44,960
Management expense ratio[5]		1.75%		1.52%
Management expense ratio before waivers or absorptions[5]		2.09%		2.09%
Trading expense ratio[6]		0.08%		0.22%
Portfolio turnover rate[7]		7.14%		28.69%
Net asset value per unit[1]	**$**	**14.09**	**$**	**13.81**

*Series F commenced operations on July 16, 2012

Explanatory Notes:

1. The net assets per unit presented in the financial statements differs from the net asset value calculated for fund pricing purposes. The difference is primarily a result of investments being valued at bid prices for financial statement purposes and closing prices for fund pricing purposes. An explanation of these differences can be found in the Notes to Financial Statements.
2. 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.
3. Net assets, at the commencement of operations was $11.17, net of agents' commissions and issuance costs of $0.83 per unit. On Conversion Day, June 2, 2012, all Fund units were exchanged one-for-one into Series R, at an NAV of $13.1442. Series A and Series F commenced Operations on June 25, 2012 and July 16 2012 respectively.
4. Distributions were paid in cash until Conversion Day, June 20, 2012, after which, an automatic reinvestment or cash option was made available.
5. 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 Series R MER for 2012 includes interest expense of $93,690, and conversion costs of $183,055, without which the MER would be 2.72%.
6. 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.
7. 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. These ratios are annualized.

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.

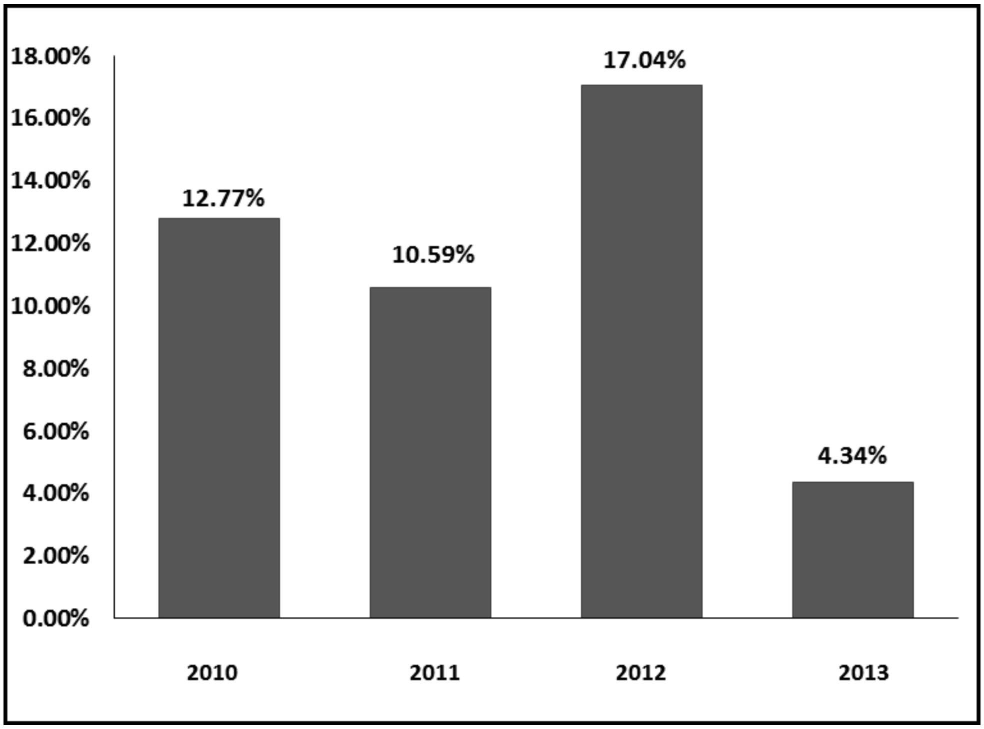
YEAR-BY-YEAR RETURNS

The following charts present the performance for each of the periods shown and illustrate how the performance varied for the Fund's Series R. 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.

HARVEST Canadian Income & Growth Fund

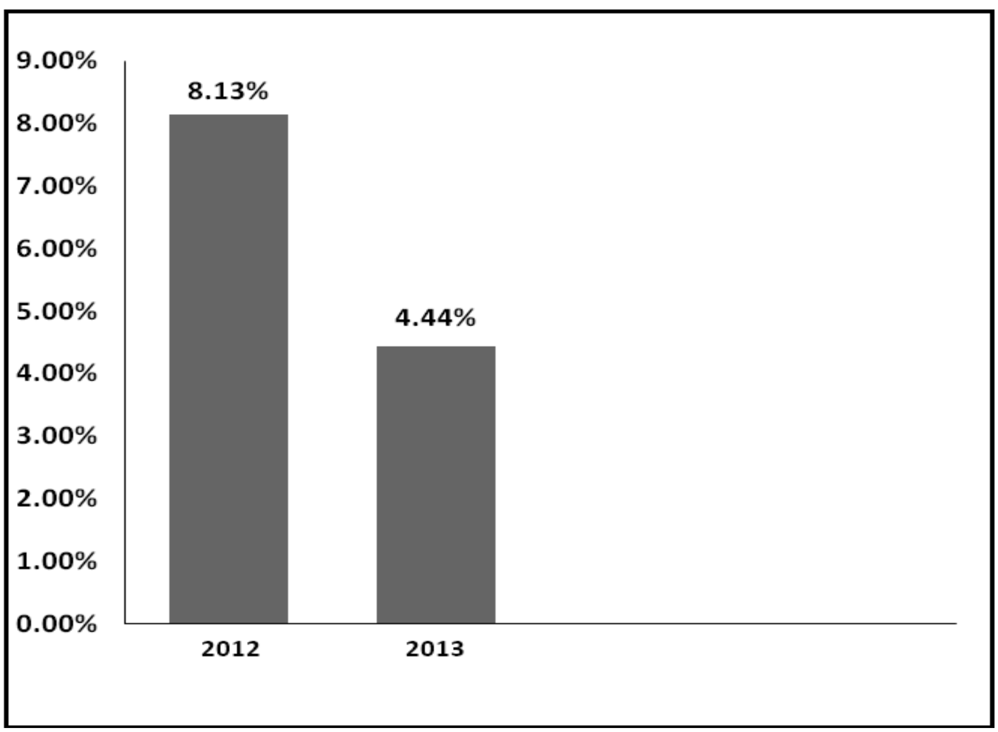
Fund Performance

Series R



2010 represents the period from June 29 to December 31.

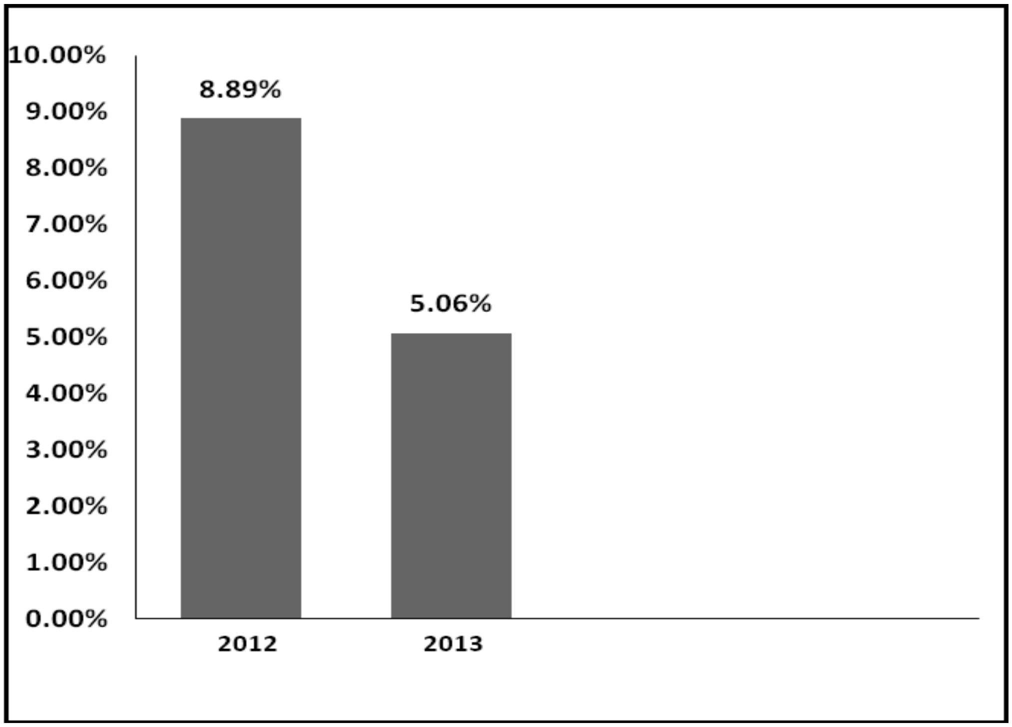
Series A



2012 represents the period from June 25 to December 31.

HARVEST Canadian Income & Growth Fund

Series F



2012 represents the period from July 16 to December 31.

HARVEST Canadian Income & Growth Fund

SUMMARY OF INVESTMENT PORTFOLIO

The Portfolio by category 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 ''Statement of Investments'' section of the Fund's interim financial statements.

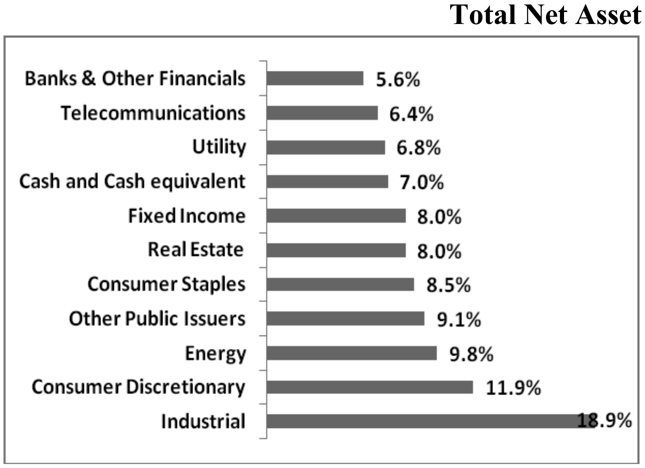
As at June 30, 2013

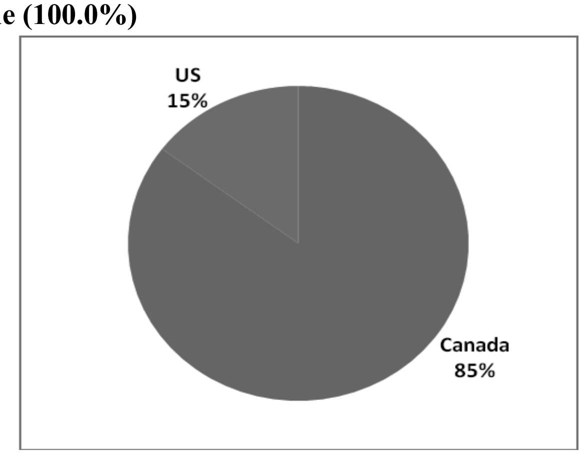
Top 25 Holdings	% of Net Asset Value	Yield (%)
Cash and cash equivalents	6.9	0.0
YPG Financing Inc., 9.25% Nov 30/18	4.7	8.4
Canadian National Railway Company	4.7	1.7
K-Bro Linen Inc.	4.6	3.4
Corby Distilleries Limited, Class A	4.4	3.4
Davis + Henderson Corporation	4.3	5.6
Bell Aliant Inc.	4.2	6.7
Parkland Fuel Corporation	3.9	6.0
Keyera Corp.	3.9	3.7
Inter Pipeline Fund LP, Class A	3.9	5.2
Pembina Pipeline Corporation	3.5	4.9
Leon's Furniture Limited	3.3	3.1
Boralex Inc., 6.75% Jun 30/17	3.3	3.0
Corus Entertainment Inc., Class B	3.2	4.2
Brookfield Infrastructure Partners L.P.	3.2	4.7
Timbercreek Mortgage Investment Corporation	3.0	8.1
Regions Financial Corporation	2.9	1.2
The North West Company Inc.	2.9	4.8
Altria Group, Inc.	2.9	5.0
SunTrust Banks, Inc.	2.7	1.2
Sprott Power Corp.	2.5	6.6
Liquor Stores N.A. Ltd.	2.5	6.1
BCE Inc.	2.2	5.4
Bird Construction Inc.	2.1	5.9
PHX Energy Services Corp.	2.0	6.7
	87.6	

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**.

SECTOR ALLOCATION	GEOGRAPHIC ALLOCATION

Total Net Asset Value (100.0%)





HARVEST Canadian Income & Growth Fund

Interim Financial Statements (Unaudited)

June 30, 2013

HARVEST Canadian Income & Growth Fund

STATEMENTS OF FINANCIAL POSITION As at June 30, 2013 (Unaudited) and December 31, 2012		2013		2012
Assets				
Investments, at fair value (cost $33,757,713; 2012 - $29,179,352)	$	40,368,958	$	34,947,598
Cash and cash equivalents		2,926,048		2,354,271
Dividends and interest receivable		289,255		298,336
Subscriptions receivable		53,773		175,779
		43,638,034		**37,775,984**
Liabilities				
Redemptions payable		90,223		1,171
Distributions payable		74,362		58,246
	$	**164,585**	**$**	**59,417**
Net assets representing unitholders' equity	**$**	**43,473,449**	**$**	**37,716,567**
Net assets representing unitholders' equity				
Series R	**$**	**28,585,093**	**$**	**30,171,484**
Series A*		**12,472,343**		**6,923,966**
Series F*		**2,416,013**		**621,117**
Number of units outstanding (Note 3)				
Series R		**2,065,453**		**2,201,584**
Series A*		**899,529**		**504,801**
Series F*		**171,931**		**44,960**
Net assets per unit (Note 8)				
Series R	**$**	**13.84**	**$**	**13.70**
Series A*		**13.87**		**13.72**
Series F*		**14.05**		**13.81**

*Series A commenced operations on June 25, 2012
*Series F commenced operations on July 16, 2012

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

HARVEST Canadian Income & Growth Fund

STATEMENTS OF OPERATIONS (Unaudited)				
For the six-month period ended June 30,		**2013**		**2012**
Investment income				
Dividends	$	981,395	$	1,622,212
Interest		140,104		40,372
Less: foreign withholding taxes		(49,767)		(88,081)
		1,071,732		**1,574,503**
Expenses (Note 4)				
Management fees		294,367		344,358
Service fees		240,027		116,385
Unitholder reporting costs		30,465		82,089
Audit fees		17,597		20,504
Transfer agency fees		34,087		15,495
Custodian fees and bank charges		24,509		24,896
Independent review committee fees		5,807		8,670
Interest expense (Note 9)		-		93,690
Filing fees		20,231		40,034
Legal fees		9,611		57,161
		676,701		**803,282**
Expenses absorbed by Manager (Note 4)		(32,900)		-
		643,801		**803,282**
Net investment income	**$**	**427,931**	**$**	**771,221**
Realized and unrealized gain (loss) on investments and foreign currencies				
Realized gain (loss) on sale of investments	$	263,507	$	3,475,040
Realized gain (loss) on foreign exchange		2,439		21,606
Transaction costs		(16,145)		(71,908)
Change in unrealized appreciation (depreciation) of foreign exchange		22,300		73
Change in unrealized appreciation (depreciation) of investments		842,999		(263,084)
Net gain on investments	**$**	**1,115,100**	**$**	**3,161,727**
Increase in net assets from operations	**$**	**1,543,031**	**$**	**3,932,948**
Increase (decrease) in net assets from operations - **Series R**	**$**	1,257,042	**$**	3,931,808
Increase (decrease) in net assets from operations - **Series A***		251,706		1,140
Increase (decrease) in net assets from operations - **Series F***		34,283		N/A
Increase (decrease) in net assets from operations per unit - **Series R**	**$**	0.58	**$**	1.04
Increase (decrease) in net assets from operations per unit - **Series A***		0.37		0.16
Increase (decrease) in net assets from operations per unit - **Series F***		0.29		N/A

*Series A commenced operations on June 25, 2012
*Series F commenced operations on July 16, 2012

The accompanying notes are an integral part of these financial statements

HARVEST Canadian Income & Growth Fund

STATEMENTS OF CHANGES IN FINANCIAL POSITION ALL SERIES (Unaudited) For the six-month period ended June 30,		2013		2012
Net assets, beginning of the period	$	**37,716,567**	$	**49,054,915**
Increase (decrease) in net assets from operations		**1,543,031**		**3,932,948**
Unitholders' transactions				
Proceeds from issue of units		13,797,534		916,845
Reinvestments of distributions		849,368		177,495
Cost of units cancelled		-		(14,831,643)
Cost of units redeemed		(9,170,989)		(3,564,081)
Net unitholders' transactions	$	**5,475,913**	$	**(17,301,384)**
Distributions to unitholders				
Net investment income		(1,262,062)		(1,563,418)
Total distributions to unitholders	$	**(1,262,062)**	$	**(1,563,418)**
Net assets, end of the period	$	**43,473,449**	$	**34,123,061**

STATEMENTS OF CHANGES IN FINANCIAL POSITION SERIES R (Unaudited) For the six-month period ended June 30,		2013		2012
Net assets, beginning of the period	$	**30,171,484**	$	**49,054,915**
Increase (decrease) in net assets from operations		**1,257,042**		**3,931,808**
Unitholders' transactions				
Proceeds from issue of units		4,180,344		771,368
Reinvestments of distributions		661,434		176,871
Cost of units cancelled		-		(14,831,643)
Cost of units redeemed		(6,778,540)		(3,564,081)
Net unitholders' transactions	$	**(1,936,762)**	$	**(17,447,485)**
Distributions to unitholders				
Net investment income		(906,671)		(1,562,745)
Total distributions to unitholders	$	**(906,671)**	$	**(1,562,745)**
Net assets, end of the period	$	**28,585,093**	$	**33,976,493**

The accompanying notes are an integral part of these financial statements

HARVEST Canadian Income & Growth Fund

STATEMENTS OF CHANGES IN FINANCIAL POSITION SERIES A* (Unaudited) For the six-month period ended June 30, 2013 and period from June 25, 2012 (commencement of operations) to June 30, 2012		2013		2012
Net assets, beginning of the period	$	**6,923,966**	$	**-**
Increase (decrease) in net assets from operations		**251,706**		**1,140**
Unitholders' transactions				
Proceeds from issue of units		7,669,083		145,477
Reinvestments of distributions		149,348		624
Cost of units redeemed		(2,219,545)		-
Net unitholders' transactions	$	**5,598,886**	$	**146,101**
Distributions to unitholders				
Net investment income		(302,215)		(673)
Total distributions to unitholders	$	**(302,215)**	$	**(673)**
Net assets, end of the period	$	**12,472,343**	$	**146,568**

* Series A commenced operations on June 25, 2012

STATEMENT OF CHANGES IN FINANCIAL POSITION SERIES F* (Unaudited) For the period ended June 30,		2013
Net assets, beginning of the period	$	**621,117**
Increase (decrease) in net assets from operations		**34,283**
Unitholders' transactions		
Proceeds from issue of units		1,948,107
Reinvestments of distributions		38,586
Cost of units redeemed		(172,904)
Net unitholders' transactions	$	**1,813,789**
Distributions to unitholders		
Net investment income		(53,176)
Total distributions to unitholders	$	**(53,176)**
Net assets, end of the period	$	**2,416,013**

*Series F commenced operations on July 16, 2012

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

HARVEST PORTFOLIOS GROUP

HARVEST Canadian Income & Growth Fund

STATEMENT OF INVESTMENTS (Unaudited)
As at June 30, 2013

Number of Shares	Security	Average Cost ($)	Fair Value ($)	% of Net Assets
	EQUITIES			
	Consumer Discretionary Issuers			
57,931	Corus Entertainment Inc., Class B Non-Voting	1,262,607	1,392,661	3.2
113,600	Leon's Furniture Limited	1,418,379	1,443,856	3.3
62,154	Liquor Stores N.A. Ltd.	939,159	1,103,855	2.5
53,088	The North West Company Inc.	1,046,092	1,240,667	2.9
		4,666,237	5,181,039	11.9
	Consumer Staples Issuers			
33,640	Altria Group, Inc.	812,614	1,241,388	2.8
95,654	Corby Distilleries Limited, Class A	1,622,491	1,893,949	4.4
93,661	Rogers Sugar Inc.	462,520	565,713	1.3
		2,897,625	3,701,050	8.5
	Energy Issuers			
11,900	AltaGas Ltd.	389,130	437,920	1.0
20,000	Brookfield Renewable Energy Partners L.P.	595,282	580,200	1.3
30,007	Keyera Corp.	1,368,391	1,673,190	3.9
99,614	Parkland Fuel Corporation	1,168,960	1,702,403	3.9
80,606	PHX Energy Services Corp.	750,603	854,424	2.0
		4,272,366	5,248,137	12.1
	Industrials Issuers			
69,345	Bird Construction Inc.	753,371	897,324	2.1
35,886	Brookfield Infrastructure Partners L.P.	739,791	1,380,301	3.2
20,000	Canadian National Railway Company	2,049,652	2,040,200	4.7
82,536	Davis + Henderson Corporation	1,361,097	1,864,488	4.3
59,203	K-Bro Linen Inc.	1,036,378	2,014,678	4.6
		5,940,289	8,196,991	18.9
	Other Public Issuers			
77,713	Inter Pipeline Fund LP, Class A	1,109,246	1,681,709	3.9
52,064	Medical Facilities Corporation	588,001	788,770	1.8
46,628	Pembina Pipeline Corporation	836,147	1,498,624	3.4
		2,533,394	3,969,103	9.1
	Banks and Other Financials			
125,000	Regions Financial Corporation	988,131	1,256,709	2.9
35,000	SunTrust Banks, Inc.	1,005,695	1,165,298	2.7
		1,993,826	2,422,007	5.6
	Real Estate Issuers			
28,000	American Capital Agency Corp.	803,853	679,388	1.5
51,812	Annaly Capital Management, Inc.	932,162	687,611	1.6
54,106	Artis Real Estate Investment Trust	479,914	811,590	1.9
140,648	Timbercreek Mortgage Investment Corporation	1,422,727	1,302,400	3.0
		3,638,656	3,480,989	8.0

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

STATEMENT OF INVESTMENTS (Unaudited) (continued)
As at June 30, 2013

Number of Shares	Security	Average Cost ($)	Fair Value ($)	% of Net Assets
	Telecommunication Services Issuers			
21,706	BCE Inc.	725,061	935,963	2.2
65,219	Bell Aliant Inc.	1,735,187	1,839,828	4.2
		2,460,248	2,775,791	6.4
	Utility Issuers			
48,542	Northland Power Inc.	717,455	820,845	1.9
1,128,366	Sprott Power Corp.	1,145,291	1,083,231	2.5
798,575	Sprott Power Corp., Warrants (Exp. 03/06/14)	55,900	7,986	-
		1,918,646	1,912,062	4.4
	Total equities	**30,321,287**	**36,887,169**	**89.6**
Par Value				
	FIXED INCOME			
1,355,000	Boralex Inc. 6.75% Jun 30/17	1,424,338	1,432,913	3.3
2,008,702	YPG Financing Inc. 9.25% November 30/18	2,012,088	2,048,876	4.7
		3,436,426	3,481,789	8.0
	Total fixed income	**3,436,426**	**3,481,789**	**8.0**
	Total investments	**33,757,713**	**40,368,958**	**92.9**
	Other assets less liabilities		**3,104,491**	**7.1**
	Net Assets		**43,473,449**	**100.0**

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

HARVEST Canadian Income & Growth Fund

CONCENTRATION BY GEOGRAPHY AS AT JUNE 30, 2013

As at	June 30, 2013		December 31, 2012	
Country of Issue	**$***	**As a % of net assets**	**$***	**As a % of net assets**
Canada	36,557,482	84.1	33,545,755	88.9
United States of America	6,915,967	15.9	4,170,812	11.1
Totals	**43,473,449**	**100.0**	**37,716,567**	**100.0**

*Stated in Canadian dollars

The Fund's investment portfolio is concentrated in the following segments:

	% of Net Assets as at June 30, 2013	% of Net Assets as at December 31, 2012
Consumer Discretionary Issuers	11.9	12.7
Consumer Staples Issuers	8.5	10.7
Energy Issuers	12.1	11.5
Industrial Issuers	18.9	14.9
Other Public Issuers	9.1	8.3
Banks and Other Financials	5.6	-
Real Estate Issuers	8.0	12.0
Telecommunication Service Issuers	6.4	11.3
Utility Issuers	4.4	6.1
Fixed Income	8.0	5.1

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

HARVEST Canadian Income & Growth Fund

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

1. ORGANIZATION

Harvest Canadian Income & Growth Fund (the "Fund") is an investment trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated May 31, 2010, being the inception date. There was no significant activity in the Fund from the date of inception, May 31, 2010 to commencement of operations on June 29, 2010.

The Fund became an open-end mutual fund on June 20, 2012 (the "Conversion Date"). On the conversion, the units became redeemable at the net asset value per unit on a daily basis, and the Fund became subject to National Instrument 81-102.

The Fund offers Series R, Series A and Series F units, only through registered dealers. On conversion, all existing unitholders at June 20, 2012 were rolled into Series R on the Conversion Date, on a unit-for-unit basis. New purchases in Series R are available, in an initial sales charge option. Series A units, which were created on June 20, 2012 but commenced operations on June 25, 2012, are available to all investors in an initial sales charge option and have a higher service fee than Series R. Series F units, which were created on June 20, 2012 but commenced operations on July 16, 2012, have no initial sales charge option and no service fees and are usually only available to investors who have fee-based accounts with the dealers.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation
These financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are presented in Canadian dollars. The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions. Such estimates and assumptions affect reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates.

Valuation of investments
The fair value of investments as at the financial reporting date is as follows:

a) Investments are categorized as held for trading in accordance with CICA Handbook Section 3855 Financial Instruments-Recognition and Measurement. Investments held that are traded in an active market are valued at their bid prices through recognized public stock exchanges or through recognized investment dealers on the valuation date. Investments held include equities, bonds and other debt instruments. Investments held with no available bid prices are valued at their closing sale price.

b) Investments held that are not traded on 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 in accordance with Section 3855 methodologies. The fair values of certain securities are 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. At June 30, 2013 and December 31, 2012, there were no securities that required pricing using assumptions.

c) Unlisted warrants are valued based on a pricing model which considers factors such as the market value of the underlying security, strike price, volatility and terms of the warrant.

HARVEST Canadian Income & Growth Fund

National Instrument 81-106 – "Investment Fund Continuous Disclosure" ("NI 81-106") requires all investments funds to calculate net asset value for all purposes other than for financial statements in accordance with part 14.2, which differs in some respects from the requirements of Section 3855 of Canadian GAAP. Canadian GAAP includes the requirement that the fair value of financial instruments listed on a recognized public stock exchange be valued at their last bid price for securities held in a long position and at their last ask price for securities held in a short position, instead of their close price or the last sale price of the security for the day as required by NI 81-106. This results in differences between net asset value ("NAV") calculated based on NI 81-106 on net assets calculated based on Canadian GAAP ("Net assets"). Reconciliation between NAV per unit and Net assets per unit at the year-end is provided in Note 8.

Cash and cash equivalents
Cash is comprised of cash on deposit. Cash equivalents are comprised of highly liquid investments having terms to maturity of 90 days or less.

Other assets and liabilities
For the purposes of categorization in accordance with CICA Handbook Section 3862, accrued dividends and interest, and other assets are designated as loans and receivables and recorded at cost or amortized cost. Similarly, loan payable, amounts payable to unitholders for redemptions and distributions and other liabilities are designated as other financial liabilities and reported at cost or amortized cost, which approximates fair value for these assets and liabilities.

Transaction costs
Transaction costs, such as brokerage commissions, incurred on the purchase and sale of securities by the Fund are expensed in accordance with Section 3855 and are recognized in the Statement of Operations in the period in which they are incurred.

Investment transactions and income recognition
Investment transactions are accounted for on the trade date. The cost of investments which represents the amount paid for each security is determined on an average cost basis excluding transaction costs. Realized gains and (losses) from the sale of investments and unrealized appreciation (depreciation) of investments are calculated on an average cost basis.

Investment income is recorded on an accrual basis. Interest income is recorded on an accrual basis and dividend income is recorded on the ex-dividend date.

Distributions received from income trusts are recorded as income, capital gains or a return of capital, based on the best information available to the Manager. Due to the nature of these investments, actual allocations could vary from this information. Distributions from investment trusts treated as a return of capital reduce the average cost of the underlying investment trust. Distributions received from mutual funds are recognized in the same form in which they are received from the underlying funds.

Allocation of income and expense, and realized and unrealized capital gains and losses
Management fees and service fees directly attributable to a series are charged to that series. The Fund's shared operating expenses, income, and realized and unrealized capital gains and losses are generally allocated proportionately to each series based upon the relative Net Asset Value of each series.

Foreign currency translation
Purchases and sales of investment 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 fo the transactions. Realized and unrealized foreign currency gains or (losses) on investments are included in the Statements of Operations in "Realized gain (loss) on sale of investments" and "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 Operations in ''Realized gain (loss) on foreign exchange'' and ''Change in unrealized appreciation (depreciation) of foreign exchange'', respectively.

Assets and liabilities in the Statement of Financial Position are translated into Canadian dollars on the statement date.

Securities valuation
The NAV per unit of each series is determined at the close of business each day the Toronto Stock Exchange is open for business. The NAV of each series of the Fund is computed by calculating the value of that series' proportionate share of the Fund's common assets less common liabilities and less those series-specific liabilities. Expenses directly attributable to a series are charged to that series. Other income and expenses are allocated to each series proportionately based on the relative NAV of each series.

HARVEST Canadian Income & Growth Fund

Increase (decrease) in net assets from operations per unit
"Increase (decrease) in net assets from operations per unit" in the Statements of Operations represents the increase (decrease) in net assets from operations, attributed to each series, dividend by the weighted average units outstanding for that series, for the financial period.

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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).

Level 3: Inputs for the asset or liability that are not based on observable market data. Additional quantitative disclosures are required for Level 3 securities.

Securities classification:

Investment at fair value as at June 30, 2013				
	Level 1 ($)	**Level 2 ($)**	**Level 3 ($)**	**Totals ($)**
Equities				
Common stock	29,755,984	-	-	29,755,984
Limited partnership units	3,642,210	-	-	3,642,210
Funds	1,302,400	-	-	1,302,400
REIT	2,178,589	-	-	2,178,589
Warrants	-	7,986	-	7,986
Total equities	**36,879,183**	**7,986**	**-**	**36,887,169**
Fixed income				
Corporate bonds	3,481,789	-	-	3,481,789
Total fixed income	**3,481,789**	**-**	**-**	**3,481,789**
Total investment at fair value	**38,312,096**	**7,986**	**-**	**40,368,958**

Investment at fair value as at December 31, 2012				
	Level 1 ($)	**Level 2 ($)**	**Level 3 ($)**	**Totals ($)**
Equities				
Common stock	25,474,284	-	-	25,474,284
Limited partnership units	3,665,955	-	-	3,665,955
Funds	1,428,984	-	-	1,428,984
REIT	2,376,849	-	-	2,376,849
Warrants	-	71,872	-	71,872
Total equities	**32,946,072**	**71,872**	-	**33,017,944**
Fixed income				
Corporate bonds	858,437	1,071,217	-	1,929,654
Total fixed income	**858,437**	**1,071,217**	-	**1,929,654**
Total investments at fair value	**33,804,509**	**1,143,089**	-	**34,947,598**

There were no Level 3 securities held by the Fund as at June 30, 2013 and December 31, 2012. There was one transfer between Level 2 and Level 1 for the period ended June 30, 2013 in the amount of $2,048,876. There were no transfers for the period ended December 31, 2012.

Transition to International Financial Reporting Standards ("IFRS")

Investment entities in Canada that are publicly accountable enterprises are required to adopt IFRS for annual periods beginning on or after January 1, 2014. As a result, calendar year reporters need to prepare their comparative financial information on an IFRS basis as of January 1, 2013, the date of transition to IFRS.

The Fund will have to prepare annual financial statements for the first time as of December 31, 2014 with comparatives in accordance with IFRS and semi annual financial statements for the first time as of June 30, 2014 with comparatives in accordance with IFRS.

The Manager has developed a plan to convert the Fund's financial statements to IFRS by establishing a cross-functional IFRS team represented by management and the Fund's service providers (accounting and transfer agent). The Fund does not anticipate any impact on its business arrangements.

As at June 30, 2013, the Manager believes that the major areas of difference between the Fund's current accounting policies and those expected to apply under IFRS have been identified, including the:

- requirement to include a statement of cash flows,
- classification of redeemable instruments issued by the Fund,
- elimination of the differences between net asset value per unit and net asset per unit, and
- classification and measurement of the Fund's investments.

The Manager and the Fund service providers are in the process of developing the Fund's approach to financial statement presentation and disclosure related to these items, as well as finalizing any quantitative impacts upon transition. The Manager does not currently expect that the transition to IFRS will have a significant impact on the Fund's net asset value per unit.

3. UNITHOLDERS' EQUITY

The Fund is authorized to issue an unlimited number of transferable units and series.

Units of the Fund are offered for sale on a continuous basis and may be purchased or redeemed on any Valuation Date at the NAV per unit of a particular series. The NAV per unit of a series for the purposes of subscriptions or redemption is computed by dividing the NAV of the Fund attributable to the series (that is, the total fair value of the assets attributable to the series less the liabilities attributable to the series) by the total number of units of the series of the Fund outstanding at such time.

The following units were issued and redeemed during the periods indicated:

	Units Outstanding		
	Series R*	**Series A**	**Series F**
Total outstanding as at December 31, 2011	**3,945,599**	-	-
Units cancelled	**(1,145,982)**	-	-
Total outstanding as at June 20, 2012 (conversion date)	**2,799,617**	-	-
Subscriptions	29,617	498,736	7,756
Reinvestment of distributions	71,218	3,951	532
Redemptions	(651,058)	(6,842)	(1,975)
Transfer between Series	(47,810)	8,956	38,647
Total outstanding as at December 31, 2012	**2,201,584**	**504,801**	**44,960**
Subscriptions	24,208	474,431	119,213
Reinvestment of distributions	46,888	10,576	2,706
Redemptions	(273,716)	(10,913)	(7,748)
Transfer between Series	66,489	(79,366)	12,800
Total outstanding as at June 30, 2013	**2,065,453**	**899,529**	**171,931**

*Existing unitholders under the closed end fund were converted into Series R units on the Conversion Date.

Redemptions
In accordance with the Fund prospectus, in addition to the monthly redemption rights, on June 1, 2012, unitholders could surrender their units for redemption at the Fund's NAV per unit, subject to the required redemption notice period, and the unitholder will receive payment on or before the 15th business day of the following month. Unitholders redeemed $14,831,643 or 1,145,982 units on the First NAV Redemption Date NAV of $12.94. Unitholders received payment on or before June 7, 2012.

After the Conversion Date, units may be redeemed at the NAV per unit on any business day.

Distributions
Monthly distributions to unitholders are declared and paid to unitholders of record on the Valuation Date prior to the month-end, and automatically reinvested into additional units of the Fund at the month-end, unless unitholders specifically requested a cash distribution be paid. The total distributions were $0.42 per unit ($0.07 per unit per month) for the period ended June 30, 2013 (2012 - $0.42 per unit).

4. 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. 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.

Each series of units pays the Manager an annual management fee, plus applicable taxes, based on a percentage of the average daily NAV of the assets of the Fund attributable to that applicable series (the "Management Fee").

Dealers may be paid a servicing fee, in connection with Series A units 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	1.25%	1.00%	2.25%
A	1.25%	1.25%	2.50%
F	1.25%	0.00%	1.25%

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.

The Manager may, in some cases, absorb a portion of the Fund's operating expenses. The amount of absorption for the period ended June 30, 2013 is $32,900 (2012 - $NIL). The Manager may cease doing so at any time without notice to unitholders.

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 are allocated by the Manager on a reasonable basis, across all of the

Harvest Portfolios Group Inc. funds, and series of each applicable fund. These expenses were $24,445 for the period ended June 30, 2013 (2012 - $81,304) and are included in the unitholder reporting costs on the Statements of Operations.

5. FINANCIAL RISK MANAGEMENT

Investment Objectives

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 June 30, 2013, 89.6% (December 31, 2012 – 87.5%) of the Fund's net assets 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 would have increased or decreased by approximately $1,844,358 (December 31, 2012 - $1,650,897).

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 financial 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.

The table below summarizes the Fund's exposure to currency risk. Amounts shown are based on the carrying value of monetary and non-monetary assets (including derivatives and the underlying principal (notional) amount of forward currency contracts, if any).

	As at June 30, 2013		As at December 31, 2012	
Currency	**Currency exposure***	**As a % of net assets**	**Currency exposure***	**As a % of net assets**
U.S. Dollars	$6,915,967	15.9%	$4,170,812	11.1%

* Amounts are in Canadian Dollars

As at June 30, 2013, 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 would have increased or decreased, respectively, by approximately $345,798 (December 31, 2012 - $208,541) or 0.8% (December 31, 2012 – 0.6%) of total net assets. 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. A Fund that invests in fixed income securities, such as bonds and money market instruments, is sensitive to changes in interest rates. In general, when interest rates are falling, the value of these investments rises.

Moreover, fixed income securities with longer terms to maturity are usually more sensitive to changes in interest rates. If interest rates were to change by 1.0%, the increase (decrease) in interest earned by the Fund would change by $34,818 (2012 - $19,297).

HARVEST Canadian Income & Growth Fund

The table below summarizes the Fund's exposure to interest rate risks by either the remaining term to maturity or contractual repricing as at June 30, 2013 and December 31, 2012.

Debt Instruments: June 30, 2013	Fair Value ($)	% of Net Assets
1 to 5 years	1,432,913	3.3%
Greater than 5 years	2,048,876	4.7%
Total	**3,481,789**	**8.0%**

Debt Instruments: December 31, 2012	Fair Value ($)	% of Net Assets
1 to 5 years	747,300	2.0
Greater than 5 years	1,182,354	3.1
Total	**1,929,654**	**5.1**

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 redemptions as units are redeemable on demand and Unitholders may redeem their units on each valuation date. Therefore in order to maintain sufficient liquidity, the Fund primarily invests in securities that are actively traded in public markets and can be readily disposed of to raise liquidity.

As at June 30, 2013 and December 31, 2012, 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.

The Fund has holdings of fixed income debt instruments. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. This risk is largely mitigated by the standards used to select corporate investments. Ongoing credit assessments are performed on all the Fund's holdings and the exposure level is managed through careful diversification across industry sectors and individual issuers, which helps to minimize this risk. The maximum credit risk of these investments is their fair value at June 30, 2012.

At June 30, 2013 and December 31, 2012, the Fund was invested in debt securities with the following credit ratings:

June 30, 2013 Debt Securities by Credit Ratings*	% of Total Debt Instruments	% of Net Assets
A+	-	-
B-	58.8	4.7
Not Rated	41.2	3.3
Total	**100.0**	**8.0**

December 31, 2012 Debt Securities by Credit Ratings*	% of Total Debt Instruments	% of Net Assets
A+	-	-
BB-	-	-
Not Rated	100.0	5.1
Total	**100.0**	**5.1**

*Excludes cash & cash equivalents; Credit ratings are obtained from Standard & Poor's, Moody's and/or, DBRS. Where more than one rating is obtained for a security, the lowest rating has been used.

6. 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 periods ended June 30, 2013 and 2012 amounted to $NIL.

7. INCOME TAXES

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada). The Fund is subject to tax on their income including net realized capital gains which are not paid or payable to unitholders. It is the intention of the Fund to distribute all of its net income and sufficient net realized capital gains so the Fund will not be subject to income taxes.

The amount of net realized taxable capital gains available for distribution is reduced by the amount of net capital gains to be retained in the Fund. This is done in order to enable the Fund to fully utilize any available tax credits due to application of the capital gain refund formula attributable to redemptions during the year. In certain circumstances, the fund may distribute a return of capital. A return of capital is not taxable but will generally reduce the adjusted cost of the units.

Capital losses may be carried forward indefinitely to reduce future realized capital gains. Non-capital losses may be applied against future taxable income.

As at the Fund’s 2012 taxation year, the Fund did not have any tax losses.

Harmonized sales tax
As the Manager is a resident of Ontario, the expenses paid by the Fund 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 Revenue Canada on behalf of the Fund, in arrears, using each province’s HST rate or GST rate in the case of non-participating provinces. Any refund received is applied against future HST pay.

8. NET ASSET VALUE AND NET ASSETS

The net asset value per unit for purposes of unitholder transactions (i.e. purchases, switches, redemptions) and net assets per unit calculated in accordance with Section 3855 is shown below:

Per Unit ($):	NAV ($)	Net assets ($)
As at June 30, 2013		
Series R	$13.87	$13.84
Series A	$13.90	$13.87
Series F	$14.09	$14.05

Per Unit ($):	NAV ($)	Net assets ($)
As at December 31, 2012		
Series R	$13.70	$13.70
Series A	$13.71	$13.72
Series F	$13.81	$13.81

9. LOAN FACILITY

The Fund previously established a loan facility with a Canadian chartered bank. The loan function was to borrow for the purpose of making investments in accordance with the Fund’s investment objectives and restrictions, and to pledge its assets to secure the borrowings. The loan facility was repaid in full and the facility cancelled on May 18, 2012, prior to the Conversion Date.

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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 simplified prospectus or offering memorandum. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the Fund does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.