

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

Brand Leaders Income Fund

Annual Management Report of Fund Performance

December 31, 2017

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., 710 Dorval Drive, Suite 209, Oakville, Ontario, L6K 3V7; by visiting our website at www.harvestportfolios.com; or on SEDAR at www.sedar.com.

Brand Leaders Income Fund

CORPORATE OVERVIEW

Harvest Portfolios Group Inc. (“Harvest”) is a Canadian Investment Manager focused on unique income generating investment products. Harvest was founded in 2009 and is focused on developing investment products that follow three investment criteria:

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

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

INVESTMENT PRODUCT

The Brand Leaders Income Fund (the “Fund”) invests in an equally-weighted portfolio of fifteen of the world’s top one hundred rated brand companies, each with a market capitalization of at least US\$10 billion. As the US and global economy generally expands, Harvest believes that a diversified portfolio invested in these blue chip companies will provide investors with an attractive yield and strong capital appreciation potential.

Brand Leaders Income Fund

PRESIDENT'S MESSAGE

Brand Leaders Income Fund

Unitholder letter March 2018

Dear Valued Unitholder,

Fresh off the US Election, 2017 markets started off strong, coasted through the summer months and ended on an upswing. The US Federal Reserve raised the benchmark interest rate three times with December's quarter point hike being the 5th since 2006. President Trump managed to get his tax bill passed while US unemployment drifted ever lower and looks to breach below 4% in 2018. It was also the year of Bitcoin and the crypto currency mania, though back on earth, not a bad year for the portfolios with lower volatility than we have been used to for some time.

As per Warren Buffett, "In the business world, the rearview mirror is always clearer than the windshield". That said, 2017 will go down in the history of markets as one of the surprising "up" years as the preponderance of investors did not feel positive at the outset of the year. We have all heard the term "the most hated bull market", because it was hard to be long equities after what has been one volatile ride for the previous 16 years. It is sometimes forgotten that the S&P 500 highs of March 2000, were not achieved again until October 2007, and then achieved for a third time and finally surpassed in March 2013. If one was long the S&P 500 Index, one basically spent 13 years riding a roller coaster to end up on the same platform where one started. Since the Financial crisis bottomed in March 2009, we have had successive years of negative sentiment, quantitative easing, a new US President, a flash crash and two large pullbacks, the last between May 2015 and February 2016 with the S&P 500 down over 15% during that time. No doubt equity investors were skittish going into 2017.

Our investment philosophy at Harvest doesn't change, markets will change and we accept that, we will fine tune portfolios when the dynamics for a company change, but we maintain our long term thesis. Option writing, in our Leaders Funds, allows us to reduce some of the shorter term risk of a portfolio and monetize that portion of return for income generation. The majority of the portfolio will remain long due to our positive bias towards the businesses we hold. When we develop a new portfolio (Fund) at Harvest, the first thing we look at is the industry or theme, does it have growth characteristics, and will it continue to be part of human, industrial, technological or some other positive advancement. If we can answer "yes", then the deeper work begins on the portfolio construction.

Looking towards 2018, our belief is that investors stay the course. This is not a view of complacency as volatility will reemerge and markets will face new challenges, but one of long term belief that quality companies with established franchises, solid cash flow, earnings and track records of growth will prevail over time. Most importantly is patience, to hold on when times are good and when times are tough.

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

Sincerely,

Signed "Michael Kovacs"

Michael Kovacs
President and Chief Executive Officer

Brand Leaders Income Fund

ANNUAL MANAGEMENT DISCUSSION OF FUND PERFORMANCE

The annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. For your reference, the annual financial statements of the Fund are attached to the annual management report of fund performance. You may obtain additional copies of these documents at your request, and at no cost, by calling toll free at 1(866) 998-8298; by writing to us at Harvest Portfolios Group Inc., 710 Dorval Drive, Suite 209, Oakville, Ontario, L6K 3V7; or by visiting our website at www.harvestportfolios.com; 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 has been created to provide investors with exposure to a portfolio ("Portfolio") of Equity Securities of issuers selected from the world's top 100 rated brand companies, as recognized by Interbrand in its annual study of the best global brands (the "**Brand Leaders**"), from the Brand Leaders Investable Universe. "**Brand Leaders Investable Universe**" means those Brand Leaders that are eligible to have options written on their Equity Securities and where such Equity securities and options are traded on a North American stock exchange.

The Fund's investment objectives are to provide Unitholders with:

- (i) monthly cash distributions;
- (ii) the opportunity for capital appreciation; and
- (iii) lower overall volatility of Portfolio returns than would otherwise be experienced by owning Equity securities of the Brand Leaders directly.

To achieve its investment objectives, the Fund invests in an equally-weighted portfolio of equity securities of 15 Brand Leaders from the Brand Leaders Investable Universe that have a market capitalization of at least US\$10 billion at the time of investment and meet the investment characteristics described below. In order to seek to generate additional returns, the Fund's manager and investment manager, Harvest Portfolios Group Inc. ("Harvest") will sell "at-the-money" call options each month on Equity Securities held in the Portfolio. Harvest will not sell call options on more than 25% of the Equity Securities of each Brand Leader held in the Fund.

Harvest will annually rebalance the Portfolio such that, at the time of the initial investment and immediately following each annual rebalancing, the Portfolio will have the following investment characteristics:

- Growth** – An average 5-year Annual Compound Earnings per Share growth rate greater than the average for the Brand Leaders Investable Universe;
- Value** – An average Price-to-Earnings ratio lower than the average for the Brand Leaders Investable Universe;
- Quality** – An average 5-year Return On Equity growth greater than the average for the Brand Leaders Investable Universe; and
- Yield** – An average Yield greater than the average for the Brand Leaders Investable Universe.

RISK

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

RESULTS OF OPERATIONS

The Brand Leaders Income Fund returned 13.22% compared to the S&P 100 Index Total Return in USD of 21.17% for the year ending December 31, 2017.

Sentiment quickly turned positive late in 2016, as expectations for more pro-growth policies were lifted following the surprising US Presidential election victory by Donald Trump. Momentum continued through the entirety of 2017, despite periods of heightened uncertainty, as the Federal Reserve in the United States raised its Target Funds Rate three times during the course of the year. Political rhetoric also continued to provide a source of shorter term volatility, however strong US corporate earnings

Brand Leaders Income Fund

during the period, particularly those with domestic US earnings, showed resilience while balance sheets remained strong. The passage of tax reform late in the year, also helped to accelerate the equity rally heading into year end. As a result, those positions in the Fund exposed to the domestic US economy, performed strongly.

Notably, sentiment towards the European markets has shifted towards a more positive bias and that has been echoed in economic data, which indicates that the recovery is taking hold. This can have a positive impact on the Funds positions that have global operations and are exposed to the economic recovery occurring in Europe.

The Fund's greater exposure towards the outperforming sectors Information Technology, Financials, and Consumer Discretionary benefited the Fund during the period, while its underexposure to the Telecom and Energy space helped to avoid the lagging performance of those areas.

The Fund sold call options on underlying holdings held in the Portfolio during the year in order to meet its investment and income objectives. The Fund was invested in 15 Brand Leaders during the period.

RECENT DEVELOPMENTS

There were no new developments to note during the year.

RELATED PARTY TRANSACTIONS

There were no related party transactions during the reporting period, except for management fees and other expense reimbursements paid to Harvest, as noted below in Management and Other Fees.

MANAGEMENT AND OTHER FEES

The Fund pays its manager, Harvest, a management fee calculated based on the average weekly net asset value ("NAV") and paid monthly in arrears, based on an annual rate of 0.90%, plus applicable taxes, of the NAV of the Fund. The Manager retained Highstreet Asset Management Inc. ("Highstreet") to provide investment management services to the Fund up until termination on March 31, 2016. The Manager paid Highstreet for the period up to March 31, 2016, a fee for its portfolio advisory service, from the management fee received from the Fund, calculated on the basis of the Fund's NAV. The Fund also pays service fees to registered dealers at the rate on 0.40% of the average weekly NAV, plus applicable taxes, per annum of the Fund. Service fees are accrued daily and paid monthly to the Manager, who in turn pays the dealers quarterly.

At its sole discretion, the Manager may waive management fees or absorb expenses of the Fund. During the year there were no fees waived or absorbed. The management expense ratios of the Fund with and without the waivers and absorptions are reported in the Ratios and Supplemental Data table below.

Operating expenses

The Fund is responsible for operating expenses relating to the carrying on of its business, including custodial services, interest, taxes, legal, audit fees, transfer agency services relating to the issue and redemption of units, and the cost of financial and other reports, costs and expenses for the Fund's Independent Review Committee ("IRC"), including fees and expenses of the IRC members and compliance with applicable laws, regulations and policies. The Manager pays for such expenses on behalf of the Fund, except for certain expenses such as interest, and is then reimbursed by the Fund.

Other expenses

The Manager will be reimbursed by the Fund for all reasonable costs, expenses and liabilities incurred by the Manager for performance of services on behalf of the Fund in connection with the discharge by the Manager of its duties hereunder. Such costs and expenses may include, without limitation: mailing and printing expenses for reports to unitholders and other unitholder communications; a reasonable allocation of salaries, benefits and consulting fees; independent directors of the Manager and other administrative expenses and costs incurred in connection with the Fund's continuous public offering and other obligations. These expenses were \$15,187 for the year ended December 31, 2017 (2016 - \$27,073) and are included in the unitholder reporting costs on the Statements of Comprehensive Income (Loss) in the financial statements.

RECOMMENDATIONS 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, 2017.

Brand Leaders 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, 2017 and past periods. This information is derived from the Fund's annual financial statements and past audited annual financial statements.

| THE FUND'S NET ASSETS PER UNIT | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|--|
| | 2017 | 2016 | 2015 | 2014 | 2013 | |
| Net assets - beginning of the year | \$ 10.96 | \$ 10.83 | \$ 12.26 | \$ 12.43 | \$ 10.89 | |
| Increase (decrease) from operations | | | | | | |
| Total revenue | 0.21 | 0.26 | 0.31 | 0.29 | 0.30 | |
| Total expenses | (0.36) | (0.29) | (0.25) | (0.32) | (0.31) | |
| Realized gains (losses) for the year | 2.92 | 3.84 | (0.10) | 0.42 | 0.01 | |
| Unrealized gains (losses) for the year | (1.36) | (4.02) | (0.71) | 0.41 | 2.32 | |
| Total increase (decrease) from operations¹ | \$ 1.41 | \$ (0.21) | \$ (0.75) | \$ 0.80 | \$ 2.32 | |
| Distributions³ | | | | | | |
| Return of capital | (0.78) | (0.78) | (0.78) | (0.78) | (0.78) | |
| Total annual distributions² | \$ (0.78) | |
| Net assets - end of the year¹ | \$ 11.57 | \$ 10.96 | \$ 10.83 | \$ 12.26 | \$ 12.43 | |

| RATIOS AND SUPPLEMENTAL DATA | | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| | 2017 | 2016 | 2015 | 2014 | 2013 | |
| Total net asset value | \$ 8,478,952 | \$ 10,640,447 | \$ 24,065,966 | \$ 35,085,601 | \$ 29,781,036 | |
| Number of units outstanding | 732,582 | 971,029 | 2,222,285 | 2,862,717 | 2,396,448 | |
| Management expense ratio ³ | 3.17% | 2.68% | 2.15% | 3.27% | 2.65% | |
| Management expense ratio before waivers or absorptions ³ | 3.17% | 2.68% | 2.15% | 3.27% | 2.65% | |
| Trading expense ratio ⁴ | 0.13% | 0.14% | 0.08% | 0.12% | 0.09% | |
| Portfolio turnover rate ⁵ | 73.71% | 25.79% | 10.45% | 47.72% | 14.35% | |
| Net asset value per unit | \$ 11.57 | \$ 10.96 | \$ 10.83 | \$ 12.26 | \$ 12.43 | |
| Closing market price (HBL.UN) | \$ 11.50 | \$ 10.78 | \$ 10.78 | \$ 12.22 | \$ 12.20 | |

Explanatory Notes:

- Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the reporting period. It is not intended that the Fund's net assets per unit table act as a continuity of opening and closing net assets per unit.
- Distributions were paid in cash.
- Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) of the stated period and is expressed as an annualized percentage of daily average net asset value during the period. The MER for the year December 31, 2014 includes agents' fees and issue costs of \$210,849 related to the warrants issued. These costs are treated as one-time expenses and therefore were not annualized. The MER without these costs is 2.57% for 2014.
- 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 year.
- 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.

Brand Leaders Income Fund

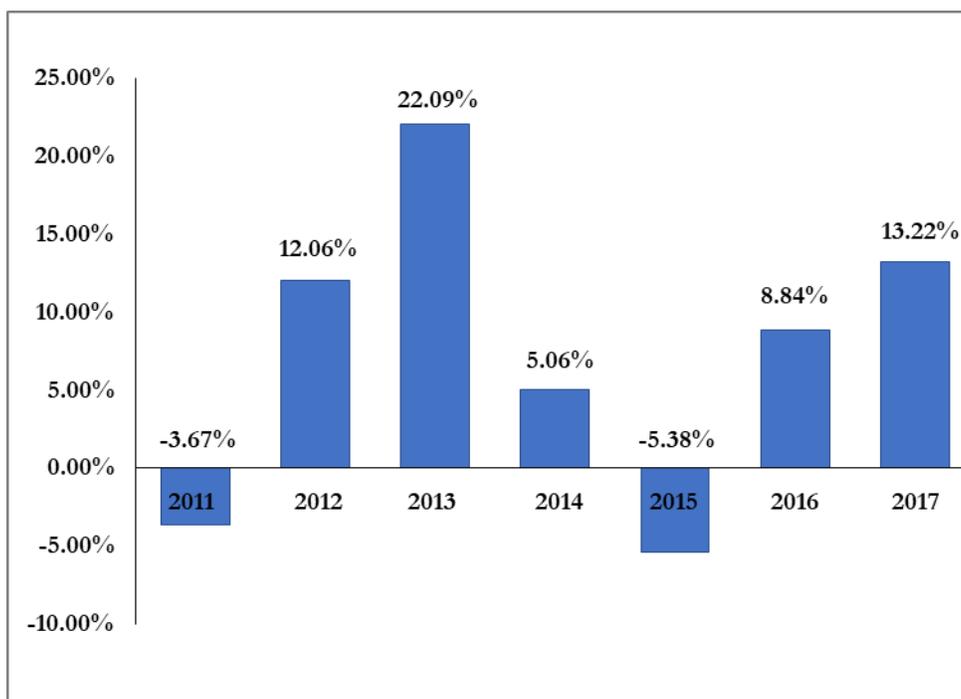
Past Performance

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 periods shown and illustrate how the Fund's performance varied. 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



2011 represents the period from July 19 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 the S&P 100 Index, in Canadian dollars (the "Index") is used. While the Fund uses this benchmark for long-term performance comparisons, it is not managed relative to the composition of the Index. As a result, the Fund may experience periods when its performance is not aligned with the Index, either positively or negatively. The return of the Index is calculated without the deduction of management fees and fund expenses whereas the performance of the Fund is calculated after deducting such fees and expenses. Please see the "Results of Operations" section of this report for a discussion on recent performance.

| Investment Return % | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception |
|------------------------------------|--------|---------|---------|----------|-----------------|
| Fund Performance | 13.22 | 5.25 | 8.38 | - | 7.71 |
| S&P 100 Index, in U.S. dollars | 21.17 | 10.96 | 14.65 | - | 11.93 |
| S&P 100 Index, in Canadian dollars | 13.33 | 13.90 | 20.21 | - | 16.89 |

Brand Leaders Income Fund

SUMMARY OF INVESTMENT PORTFOLIO

The Portfolio by Sector chart below provides a portfolio breakdown based on the total transactional net asset value of the Fund's portfolio holdings. A detailed breakdown of the Fund's holdings is available in the "Schedule of Investments" section of the Fund's annual financial statements.

As at December 31, 2017

| Top Holdings | % of Net Asset Value |
|--|----------------------|
| Deere & Company | 7.0 |
| Intel Corporation | 6.8 |
| Visa Inc. Class A | 6.7 |
| Royal Dutch Shell PLC ADR | 6.7 |
| JPMorgan Chase & Co. | 6.6 |
| Alphabet Inc. Class A | 6.6 |
| Kimberly-Clark Corporation | 6.6 |
| Microsoft Corporation | 6.6 |
| United Parcel Service, Inc. Class B | 6.5 |
| Morgan Stanley | 6.5 |
| Johnson & Johnson | 6.4 |
| PepsiCo, Inc. | 6.4 |
| The Walt Disney Company | 6.4 |
| Apple Inc. | 6.2 |
| Starbucks Corporation | 5.5 |
| Foreign currency forward contracts | 1.9 |
| Cash and other assets less liabilities | 0.6 |
| Total | 100.0 |

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

| Sector | % of Net Asset Value |
|---------------------------------------|----------------------|
| Information Technology Issuers | 32.9 |
| Industrials Issuers | 13.5 |
| Banking & Other Financial Issuers | 13.1 |
| Consumer Staples Issuers | 13.0 |
| Consumer Discretionary Issuers | 11.9 |
| Energy Issuers | 6.7 |
| Health Care Issuers | 6.4 |
| Foreign currency forward contracts | 1.9 |
| Cash and other assets and liabilities | 0.6 |
| Total | 100.0 |

Brand Leaders Income Fund

Head Office

710 Dorval Drive, Suite 209
Oakville, ON L6K 3V7
Phone Number: 416.649.4541
Toll Free: 866.998.8298
Fax Number: 416.649.4542
Email: info@harvestportfolios.com

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.