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**Energy Leaders Plus Income ETF**

**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](http://www.harvestportfolios.com); or on SEDAR at [www.sedar.com](http://www.sedar.com).

# Energy Leaders Plus Income ETF

## 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 Energy Leaders Plus Income ETF (the “Fund”) invests in an equally-weighted underlying portfolio of 20 Energy Issuers chosen from the Energy Leaders Investable Universe that at the time of investment and immediately following each quarterly reconstitution and rebalancing (i) have a market capitalization of at least \$10 billion; (ii) are paying a dividend/distribution; (iii) have options in respect of their Equity Securities listed on a recognized options exchange; and (iv) have operations and/or offices in at least two countries.

# Energy Leaders Plus Income ETF

## PRESIDENT'S MESSAGE

Energy Leaders Plus Income ETF

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

# Energy Leaders Plus Income ETF

## 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](http://www.harvestportfolios.com); or on SEDAR at [www.sedar.com](http://www.sedar.com).

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

### INVESTMENT OBJECTIVES AND STRATEGY

The Fund has been created to provide investors with an exposure to a portfolio ("Portfolio") of Equity Securities of 20 Energy Issuers chosen from the Energy Leaders Investable Universe that at the time of investment and immediately following each quarterly reconstitution and rebalancing (i) have a market capitalization of at least \$10 billion; (ii) are paying a dividend/distribution; (iii) have options in respect of their Equity Securities listed on a recognized options exchange; and (iv) have operations and/or offices in at least two countries.

The Fund's investment objectives are to provide unitholders with (i) monthly cash distributions; (ii) the opportunity for capital appreciation; and (iii) lower overall volatility of the Portfolio returns than would otherwise be experienced by owning Equity Securities of the Energy Leaders directly. In order to seek to generate additional returns, the Fund's manager and investment manager, Harvest Portfolios Group Inc. ("Harvest") may sell call options each month on Equity Securities held in the Portfolio. Harvest will not sell call options on more than 33% of the Equity Securities of any of the Energy Leaders held in the Portfolio.

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

- Value** – An average Price-to-Earnings ratio lower than the average for the Energy Leaders Investable Universe;
- Yield** – An average Yield greater than the average for the Energy Leaders Investable Universe; and
- Quality** – An average 5-year Return on Equity growth greater than the average for the Energy Leaders Investable Universe.

### RISK

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

### RESULTS OF OPERATIONS

The Fund returned -0.36% for Series A and 1.49% for Series U for the period ending December 31, 2017 versus the MSCI ACW Energy Index in USD of 6.77%.

Energy prices saw downward pressure and enhanced volatility in the first half of 2017. Oil prices had been under pressure since the latter part of 2014, as innovations in horizontal drilling and fracking techniques in recent years have resulted in improved productivity and allowed for resources that were previously uneconomic to be produced. This increased the supply and inventory levels, particularly in North America. The continued concern surrounding the ability of OPEC/non-OPEC production curtailments to balance the oil market, seemed to overshadow the modest improvements seen in the fundamentals, particularly witnessed in the declining US crude oil inventories that peaked during March 2017. US drill rig counts continued to rise and likely added to the negative sentiment that this would lead to increased shale production and clamp down on the expectations for deeper declines in global inventory. However, continued improvement in the supply/demand fundamentals, and an ultimate OPEC/non-OPEC production cut extension proved to be positive for the commodity. Global synchronized demand growth, especially in the industrial and manufacturing realm, also helped to boost demand expectations.

The Fund is diversified across the sub-sectors with allocations to commodity producers, energy services, integrated producers, refining and pipeline related companies that provided diversity and some volatility buffer during the heightened commodity price volatility.

## Energy Leaders Plus Income ETF

The Fund was invested in 20 Energy Leaders and the Fund sold call options on underlying holdings held in the Portfolio during the period in order to meet its investment and income objectives.

### RECENT DEVELOPMENTS

On July 5, 2017, the Fund made available to unitholders the opportunity to reinvest monthly distributions in additional units of the Fund by participating in a distribution reinvestment plan which would provide that cash distributions, at the election of a unitholder, be automatically reinvested in additional units, as applicable, on such unitholder's behalf in accordance with the terms of the plan.

On November 30, 2017, a change to the monthly distribution amount from \$0.0583 CAD to \$0.0300 CAD per Class A unit and \$0.0583 USD to \$0.0300 USD per Class U unit. The new monthly distribution amount for both Class A and Class U units takes effect for the January 31, 2018 record date.

### 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 daily net asset value ("NAV") and paid monthly in arrears, based on an annual rate of 0.85%, plus applicable taxes, of the NAV of the Fund. Prior to conversion, the calculation was based on the average weekly NAV.

At its sole discretion, the Manager may waive management fees or absorb expenses of the Fund. The amount of absorption for the year ended December 31, 2017 was \$12,987 (2016 - \$nil). 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 \$44,793 for the year ended December 31, 2017 (2016 - \$46,290) 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.

# Energy Leaders Plus Income ETF

## 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 financial statements.

### Series A

<b>THE FUND'S NET ASSETS PER UNIT</b>	<b>2017</b>		<b>2016</b>		<b>2015</b>		<b>2014</b>	
Net assets - beginning of the year <sup>2</sup>	\$	6.16	\$	5.46	\$	8.16	\$	9.33
<b>Increase (decrease) from operations</b>								
Total revenue		0.21		0.17		0.25		0.09
Total expenses		(0.11)		(0.11)		(0.12)		(0.04)
Realized gains (losses) for the year		0.14		(0.50)		(1.86)		(0.23)
Unrealized gains (losses) for the year		(0.16)		1.84		(0.27)		(0.89)
<b>Total increase (decrease) from operations<sup>1</sup></b>	<b>\$</b>	<b>0.08</b>	<b>\$</b>	<b>1.40</b>	<b>\$</b>	<b>(2.00)</b>	<b>\$</b>	<b>(1.07)</b>
<b>Distributions<sup>3</sup></b>								
Return of capital		(0.70)		(0.70)		(0.70)		(0.12)
<b>Total annual distributions<sup>3</sup></b>	<b>\$</b>	<b>(0.70)</b>	<b>\$</b>	<b>(0.70)</b>	<b>\$</b>	<b>(0.70)</b>	<b>\$</b>	<b>(0.12)</b>
<b>Net assets - end of the year<sup>1, 7</sup></b>	<b>\$</b>	<b>5.39</b>	<b>\$</b>	<b>6.16</b>	<b>\$</b>	<b>5.46</b>	<b>\$</b>	<b>8.16</b>

<b>RATIOS AND SUPPLEMENTAL DATA</b>	<b>2017</b>		<b>2016</b>		<b>2015</b>		<b>2014</b>	
<b>Total net asset value</b>	\$	27,368,590	\$	20,956,417	\$	19,593,171	\$	29,790,360
Number of units outstanding		5,077,271		3,402,271		3,585,228		3,650,400
Management expense ratio <sup>4</sup>		1.89%		2.97%		1.72%		10.43%
Management expense ratio before waivers or absorptions <sup>4</sup>		1.94%		2.97%		1.72%		10.43%
Trading expense ratio <sup>5</sup>		0.18%		0.22%		0.25%		0.23%
Portfolio turnover rate <sup>6</sup>		75.77%		87.84%		70.38%		3.38%
<b>Net asset value per unit</b>	<b>\$</b>	<b>5.39</b>	<b>\$</b>	<b>6.16</b>	<b>\$</b>	<b>5.46</b>	<b>\$</b>	<b>8.16</b>
<b>Closing market price (HPF)*</b>	<b>\$</b>	<b>5.41</b>	<b>\$</b>	<b>6.16</b>	<b>\$</b>	<b>5.17</b>	<b>\$</b>	<b>7.51</b>

\* On conversion to an ETF, Series A traded under the symbol HPF. Prior to conversion Series A traded under the symbol HPF.UN as a closed end fund.

# Energy Leaders Plus Income ETF

## Series U (CAD)

THE FUND'S NET ASSETS PER UNIT					
	2017	2016	2015	2014	
<b>Net assets - beginning of the year<sup>2</sup></b>	\$ 8.56	\$ 7.63	\$ 9.45	\$ 10.47	
<b>Increase (decrease) from operations</b>					
Total revenue	0.24	0.24	0.32	0.10	
Total expenses	(0.14)	(0.16)	(0.16)	(0.05)	
Realized gains (losses) for the year	(0.12)	(0.98)	(0.73)	0.04	
Unrealized gains (losses) for the year	0.64	2.69	(0.33)	(0.99)	
<b>Total increase (decrease) from operations<sup>1</sup></b>	\$ 0.62	\$ 1.79	\$ (0.90)	\$ (0.90)	
<b>Distributions<sup>3</sup></b>					
Return of capital	(0.91)	(0.93)	(0.90)	(0.12)	
<b>Total annual distributions<sup>3</sup></b>	\$ (0.91)	\$ (0.93)	\$ (0.90)	\$ (0.12)	
<b>Net assets - end of the year<sup>1</sup></b>	\$ 7.17	\$ 8.56	\$ 7.63	\$ 9.45	

RATIOS AND SUPPLEMENTAL DATA					
	2017	2016	2015	2014	
<b>Total net asset value</b>	\$ 5,098,197	\$ 1,376,343	\$ 1,618,070	\$ 2,061,188	
Number of units outstanding	710,770	160,770	212,170	218,170	
Management expense ratio <sup>4</sup>	1.87%	1.97%	1.73%	10.26%	
Management expense ratio before waivers or absorptions <sup>4</sup>	1.92%	1.97%	1.73%	10.26%	
Trading expense ratio <sup>5</sup>	0.18%	0.22%	0.25%	0.23%	
Portfolio turnover rate <sup>6</sup>	75.77%	87.84%	70.38%	3.38%	
<b>Net asset value per unit</b>	\$ 7.17	\$ 8.56	\$ 7.63	\$ 9.45	
<b>Closing market price - USD (HPF.U)*</b>	\$ 5.86	\$ 6.43	\$ -	\$ -	

\* On conversion to an ETF, Series U traded under the symbol HPF.U. Prior to conversion Series U units did not trade.

### Explanatory Notes:

- Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the reporting period. It is not intended that the Fund's net assets per unit table act as a continuity of opening and closing net assets per unit.
- Net assets, at the commencement of operations on October 21, 2014 was \$9.33, net of agents' commissions and issuance costs of \$0.67 per unit for Series A and was \$10.47 (\$9.33 USD), net of agents' commissions and issuance costs of \$0.75 (\$0.67 USD) per unit for Series U.
- Distributions were paid in cash or reinvested in additional units of the Fund.
- Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) of the stated period and is expressed as an annualized percentage of daily average net asset value during the period. The MER for 2014 (the year of inception) the year of inception, included agents' fees of \$1,946,175 and issue costs of \$515,263 for Series A and agents' fees of \$128,565 and issue costs of \$34,020 for Series U, which were treated as a one-time expenses and therefore were not annualized. The MER without these costs is 2.62% for Series A and 2.64% for Series U. The MER for 2016 included agents' fee of 199,016 for Series A. This cost is treated as one-time expense and therefore is not annualized. The MER without this cost is 1.95%.
- The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
- The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a Fund's portfolio turnover rate, the greater the trading costs payable by the Fund and the greater the chance of an investor receiving taxable capital gains. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.
- The USD amount of the net assets at the end of the period was \$5.72USD.

# Energy Leaders Plus Income ETF

## Past Performance

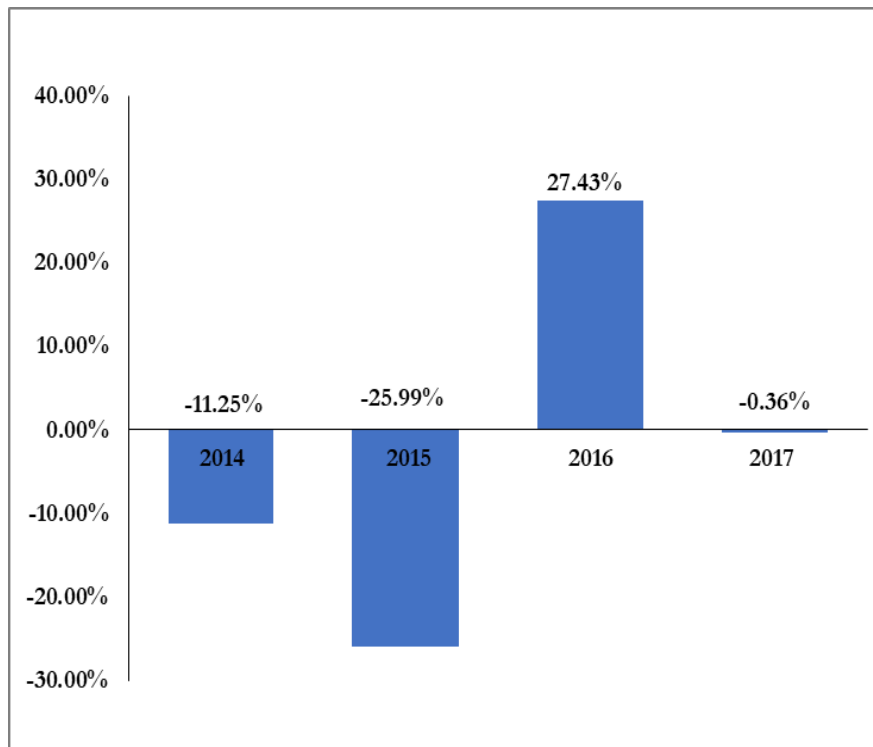
The performance information presented herein assumes all dividends of the Fund during the periods presented were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, or other charges that would have reduced returns or affected performance. 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 A and Series U. The charts show, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

### Fund Performance

#### Series A

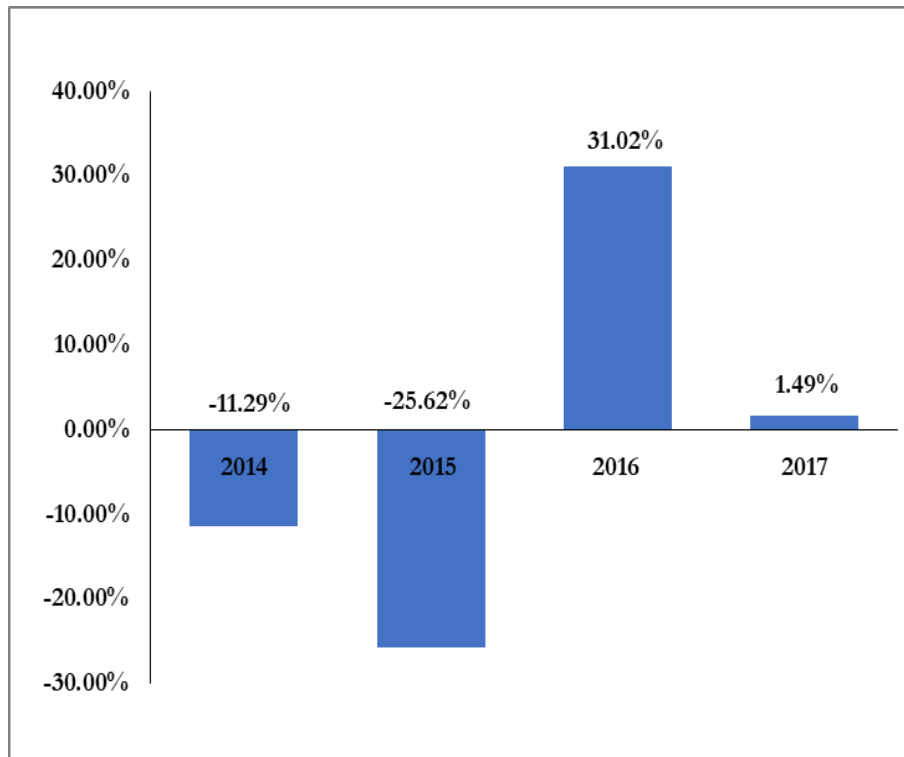


2014 represents the period from October 21 to December 31



## Energy Leaders Plus Income ETF

Series U (USD)



2014 represents the period from October 21 to December 31

### ANNUAL COMPOUND RETURNS

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

For comparison purposes, the MSCI ACW Energy Index (USD) (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 Series A	(0.36)	(2.05)	-	-	(5.53)
Fund Performance Series U (USD)	1.49	(0.37)	-	-	(4.01)
MSCI ACW Energy Index (USD)	6.77	1.97	-	-	(1.41)

\*Since inception October 21, 2014

# Energy Leaders Plus Income ETF

## 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
Hess Corporation	5.2
Anadarko Petroleum Corporation	5.0
Devon Energy Corporation	5.0
Schlumberger Limited	5.0
EOG Resources, Inc.	4.9
Halliburton Company	4.9
BP PLC ADR	4.9
ConocoPhillips	4.9
Chevron Corporation	4.9
Valero Energy Corporation	4.9
Enbridge Inc.	4.8
Andeavor	4.8
Royal Dutch Shell PLC ADR	4.8
Phillips 66	4.8
Exxon Mobil Corporation	4.7
Occidental Petroleum Corporation	4.7
The Williams Companies, Inc.	4.7
Total SA ADR	4.7
Baker Hughes, a GE Company	4.7
Canadian Natural Resources, Ltd.	4.6
Foreign currency forward contracts	1.7
Cash and other assets less liabilities	1.4
<b>Total</b>	<b>100.0</b>

This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund. Quarterly updates of the Fund's investment portfolio are available from Harvest Portfolios Group Inc. at [www.harvestportfolios.com](http://www.harvestportfolios.com).

## Energy Leaders Plus Income ETF

### SECTOR ALLOCATION

Sector	% of Net Asset Value
Energy issuers	96.9
Foreign currency forward contract	1.7
Cash and other assets and liabilities	1.4
<b>Total</b>	<b>100.0</b>

### GEOGRAPHIC ALLOCATION

Country of Issue	% of Net Asset Value
United States of America	93.6
Canada	6.4
<b>Total</b>	<b>100.0</b>

# Energy Leaders Plus Income ETF

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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.