



INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

HARVEST Canadian Income & Growth Fund

June 30, 2018



HARVEST Canadian Income & Growth Fund

STATEMENTS OF FINANCIAL POSITION (Unaudited)			
As at		June 30, 2018	December 31, 2017
Assets			
Current assets			
Investments	\$	13,017,707	\$ 16,987,312
Cash		308,016	521,743
Dividends and interest receivable		49,018	64,844
		13,374,741	17,573,899
Liabilities			
Current liabilities			
Redemptions payable		83,786	177,367
Distributions payable (Note 4)		15,456	18,943
		99,242	196,310
Net assets attributable to holders of redeemable units	\$	13,275,499	\$ 17,377,589
Net assets attributable to holders of redeemable units			
Series R	\$	8,800,954	\$ 10,750,594
Series A		2,999,159	4,633,835
Series F		1,463,208	1,980,679
Series D		12,178	12,481
Number of redeemable units outstanding (Note 4)			
Series R		696,726	799,656
Series A		237,847	344,758
Series F		104,737	134,370
Series D		923	893
Net assets attributable to holders of redeemable units per unit			
Series R	\$	12.63	\$ 13.44
Series A		12.61	13.44
Series F		13.97	14.74
Series D		13.19	13.97

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

HARVEST Canadian Income & Growth Fund

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)			
(Unaudited)			
For the period ended June 30,	2018		2017
Income			
Net gain (loss) on investments			
Dividends	\$	227,147	\$ 374,756
Interest for distribution purposes		-	14,283
Net realized gain (loss) on sale of investments		1,091,210	1,344,124
Net change in unrealized appreciation (depreciation) of investments		(1,602,642)	(1,131,946)
Net gain (loss) on investments		(284,285)	601,217
Other income			
Net realized gain (loss) on foreign exchange		3,001	(6,331)
Net change in unrealized appreciation (depreciation) of foreign exchange		2,851	(5,379)
Other income		5,852	(11,710)
Total income (net)	\$	(278,433)	\$ 589,507
Expenses (Note 5)			
Management fees	\$	102,983	\$ 149,032
Service fees		78,401	115,124
Withholding taxes		7,010	8,501
Unitholder reporting costs		25,179	27,138
Audit fees		7,907	5,991
Transfer agency fees		28,113	31,289
Custodian fees and bank charges		21,910	22,295
Independent Review Committee fees		686	2,453
Filing fees		21,916	22,098
Legal fees		3,964	2,144
Transaction costs (Note 7)		7,695	25,222
Total expenses		305,764	411,287
Increase (decrease) in net assets attributable to holders of redeemable units	\$	(584,197)	\$ 178,220
Increase (decrease) in net assets attributable to holders of redeemable units - Series R			
	\$	(343,511)	\$ 108,334
Increase (decrease) in net assets attributable to holders of redeemable units - Series A			
		(181,627)	45,533
Increase (decrease) in net assets attributable to holders of redeemable units - Series F			
		(58,756)	24,119
Increase (decrease) in net assets attributable to holders of redeemable units - Series D			
		(303)	234
Increase (decrease) in net assets attributable to holders of redeemable units per unit - Series R (Note 4)			
	\$	(0.46)	\$ 0.11
Increase (decrease) in net assets attributable to holders of redeemable units per unit - Series A (Note 4)			
		(0.63)	0.11
Increase (decrease) in net assets attributable to holders of redeemable units per unit - Series F (Note 4)			
		(0.52)	0.17
Increase (decrease) in net assets attributable to holders of redeemable units per unit - Series D (Note 4)			
		(0.33)	0.22

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HARVEST Canadian Income & Growth Fund

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ALL SERIES (Unaudited) For the period ended June 30,					2018	2017
Net assets attributable to holders of redeemable units beginning of period	\$		17,377,589	\$		22,622,011
Increase (decrease) in net assets attributable to holders of redeemable units	\$		(584,197)	\$		178,220
Redeemable unit transactions						
Proceeds from issue of redeemable units			135,501			64,561
Reinvestments of distributions to holders of redeemable units			380,063			493,231
Redemption of redeemable units			(3,554,902)			(3,139,530)
Net increase (decrease) in redeemable unit transactions	\$		(3,039,338)	\$		(2,581,738)
Distributions to holders of redeemable units						
Net investment income			(478,555)			(624,911)
Total distributions to holders of redeemable units	\$		(478,555)	\$		(624,911)
Net assets attributable to holders of redeemable units end of period	\$		13,275,499	\$		19,593,582

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS SERIES R (Unaudited) For the period ended June 30,					2018	2017
Net assets attributable to holders of redeemable units beginning of period	\$		10,750,594	\$		14,279,396
Increase (decrease) in net assets attributable to holders of redeemable units	\$		(343,511)	\$		108,334
Redeemable unit transactions						
Proceeds from issue of redeemable units			24,950			20,247
Reinvestments of distributions to holders of redeemable units			248,712			306,002
Redemption of redeemable units			(1,548,242)			(1,827,018)
Transfer of units			(17,613)			(156,899)
Net increase (decrease) in net assets from redeemable unit transactions	\$		(1,292,193)	\$		(1,657,668)
Distributions to holders of redeemable units						
Net investment income			(313,936)			(394,850)
Total distributions to holders of redeemable units	\$		(313,936)	\$		(394,850)
Net assets attributable to holders of redeemable units end of period	\$		8,800,954	\$		12,335,212

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HARVEST Canadian Income & Growth Fund

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS SERIES A (Unaudited) For the period ended June 30,					2018	2017
Net assets attributable to holders of redeemable units beginning of period	\$		4,633,835	\$		6,237,054
Increase (decrease) in net assets attributable to holders of redeemable units	\$		(181,627)	\$		45,533
Redeemable unit transactions						
Proceeds from issue of redeemable units			107,251			37,123
Reinvestments of distributions to holders of redeemable units			99,031			146,642
Redemption of redeemable units			(1,509,699)			(1,113,395)
Transfer of units			(31,806)			(87,286)
Net increase (decrease) in net assets from redeemable unit transactions	\$		(1,335,223)	\$		(1,016,916)
Distributions to holders of redeemable units						
Net investment income			(117,826)			(170,139)
Total distributions to holders of redeemable units	\$		(117,826)	\$		(170,139)
Net assets attributable to holders of redeemable units end of period	\$		2,999,159	\$		5,095,532

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS SERIES F (Unaudited) For the period ended June 30,					2018	2017
Net assets attributable to holders of redeemable units beginning of period	\$		1,980,679	\$		2,094,413
Increase (decrease) in net assets attributable to holders of redeemable units	\$		(58,756)	\$		24,119
Redeemable unit transactions						
Proceeds from issue of redeemable units			3,300			900
Reinvestments of distributions to holders of redeemable units			31,940			40,187
Redemption of redeemable units			(496,961)			(194,983)
Transfer of units			49,419			244,185
Net increase (decrease) in net assets from redeemable unit transactions	\$		(412,302)	\$		90,289
Distributions to holders of redeemable units						
Net investment income			(46,413)			(59,478)
Total distributions to holders of redeemable units	\$		(46,413)	\$		(59,478)
Net assets attributable to holders of redeemable units end of period	\$		1,463,208	\$		2,149,343

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HARVEST Canadian Income & Growth Fund

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS SERIES D (Unaudited) For the period ended June 30,					2018		2017
Net assets attributable to holders of redeemable units beginning of period	\$		12,481	\$			11,148
Increase (decrease) in net assets attributable to holders of redeemable units	\$		(303)	\$			234
Redeemable unit transactions							
Proceeds from issue of redeemable units			-				6,291
Reinvestments of distributions to holders of redeemable units			380				400
Redemption of redeemable units			-				(4,134)
Net increase (decrease) in redeemable unit transactions	\$		380	\$			2,557
Distributions to holders of redeemable units							
Net investment income			(380)				(444)
Total distributions to holders of redeemable units	\$		(380)	\$			(444)
Net assets attributable to holders of redeemable units end of period	\$		12,178	\$			13,495

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HARVEST Canadian Income & Growth Fund

STATEMENTS OF CASH FLOWS (Unaudited)			
For the period ended June 30,	2018		2017
Operating activities			
Increase (decrease) in net assets attributable to holders of redeemable units	\$	(584,197)	\$ 178,228
Add (deduct) items not affecting cash:			
Realized (gain) loss on sale of investments		(1,091,210)	(1,344,132)
Change in unrealized (appreciation) depreciation of investments		1,602,642	1,131,946
Change in unrealized (appreciation) depreciation of foreign exchange		(2,851)	5,379
Proceeds from sale of investments		6,589,749	9,382,022
Purchases of investments		(3,131,576)	(6,661,396)
Net change in non-cash assets and liabilities		18,677	37,113
Net cash flow provided by (used in) operating activities	\$	3,401,234	\$ 2,729,160
Financing activities			
Proceeds from redeemable units issued		135,501	65,611
Redemption and cancellation of redeemable units		(3,648,483)	(3,070,856)
Distributions paid to holders of redeemable units (net of reinvested distributions)		(101,979)	(135,618)
Net cash flow provided by (used in) financing activities	\$	(3,614,961)	\$ (3,140,863)
Net increase (decrease) in cash during the period		(213,727)	(411,703)
Cash, beginning of the period		521,743	1,221,469
Cash, end of the period	\$	308,016	\$ 809,766
Supplemental disclosure of cash flow information			
Interest received during the period*	\$	-	\$ 14,283
Dividends received, net of withholding taxes*		235,963	408,747
*included in operating activities			

*included in operating activities

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

HARVEST Canadian Income & Growth Fund

SCHEDULE OF INVESTMENTS (Unaudited)

As at June 30, 2018

Number of Shares	Security	Average Cost (\$)	Carrying Value (\$)	% of Net Assets
EQUITIES				
Financials				
44,000	Timbercreek Financial Corp.	402,038	402,160	3.0
		402,038	402,160	3.0
Consumer Discretionary				
32,300	Enercare, Inc.	599,180	580,754	4.4
11,100	Dollarama Inc.	559,858	565,656	4.3
		1,159,038	1,146,410	8.7
Consumer Staples				
10,600	Alimentation Couche-Tard Inc. Class B	663,428	605,366	4.6
13,600	Metro Inc.	564,553	607,784	4.6
		1,227,981	1,213,150	9.2
Health Care				
3,300	Johnson & Johnson	485,864	526,415	4.0
		485,864	526,415	4.0
Industrials				
20,600	CAE Inc.	448,961	562,586	4.2
5,450	Canadian National Railway Company	471,471	586,038	4.4
2,200	Canadian Pacific Railway Company	434,887	530,024	4.0
9,600	NFI Group Inc.	555,973	470,784	3.5
33,600	Savaria Corporation	549,359	538,608	4.1
7,600	WSP Global Inc.	374,294	526,072	4.0
		2,834,945	3,214,112	24.2
Pipeline				
11,700	Enbridge Inc.	518,895	549,900	4.2
7,626	TransCanada Corporation	399,763	433,767	3.2
23,913	Inter Pipeline, Ltd.	422,916	589,216	4.4
11,128	Pembina Pipeline Corporation	199,551	506,658	3.8
		1,541,125	2,079,541	15.6
Real Estate				
3,500	Alexandria Real Estate Equities, Inc.	534,776	580,543	4.4
34,900	Chartwell Retirement Residences	491,239	535,017	4.0
27,200	Crombie Real Estate Investment Trust	360,973	345,984	2.6
4,700	Digital Realty Trust, Inc.	690,987	689,437	5.2
19,600	Smart Real Estate Investment Trust	582,619	598,388	4.5
		2,660,594	2,749,369	20.7
Telecommunication Services				
12,800	TELUS Corporation	473,472	597,760	4.5
		473,472	597,760	4.5
Utility				
45,700	Algonquin Power & Utilities Corp.	491,184	580,390	4.4
40,000	Superior Plus Corporation	504,055	508,400	3.8
		995,239	1,088,790	8.2
Total investments		11,780,296	13,017,707	98.1
Other assets less liabilities			257,792	1.9
Net assets attributable to holders of redeemable units			13,275,499	100.0

HARVEST Canadian Income & Growth Fund

NOTES TO THE INTERIM FINANCIAL STATEMENTS (Unaudited)

June 30, 2018

1. GENERAL INFORMATION

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 and as amended and restated, being the inception date. There was no significant activity in the Fund from the date of inception to commencement of operations on June 29, 2010. The address of the Fund’s registered office is 710 Dorval Drive, Oakville, Ontario, L6K 3V7.

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 Investment Funds.

The Fund’s investment objectives are to provide unitholders with monthly distributions and maximize long-term total return for unitholders while reducing volatility. The Fund was created to provide investors with income and the potential for capital appreciation. As part of the investment strategy, the Fund will invest 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 Fund offers Series R, Series A, Series F and Series D 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 9, 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. Series D units, which were created on June 20, 2014 but commenced operations on July 9, 2014, have no initial sales charge option, a lower service fee than Series R and Series A and are available to all investors.

2. BASIS OF PRESENTATION

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting and should be read in conjunction with the annual financial statements for the year ended December 31, 2017 which have been prepared in accordance with IFRS. These interim financial statements were authorized for issue by Harvest Portfolios Group Inc. (the “Manager”) on August 21, 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments not measured at fair value through profit or loss (FVTPL). Transaction costs on financial assets and liabilities at FVTPL are expensed as incurred. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund’s investments and derivative assets and liabilities are measured at fair value through profit or loss (FVTPL) based on its business model. The Fund’s obligation for net assets attributable to holders of redeemable units is presented at the redemption amount, which approximates fair value. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid. Carrying values of other financial assets and liabilities at amortized cost approximate their fair values due to the short term to maturity. The Fund’s accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its net asset value (NAV) for transactions with unitholders. As at June 30, 2018 and December 31, 2017, there were no differences between the Fund’s NAV per security and its net assets per security calculated in accordance with IFRS 9.

Fair value of investments

Investments that are traded in an active market are valued at their closing prices through recognized public stock exchanges or through recognized investment dealers on the valuation date. The Fund uses the last traded market price that falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point

HARVEST Canadian Income & Growth Fund

within the bid-ask spread that is most representative of fair value based on specific facts and circumstances. Investments held include equities, bonds and other debt instruments.

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

Classification of redeemable units

Under IFRS, IAS 32 Financial Instruments – Presentation requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as a financial liability unless certain criteria are met. The Fund has issued multiple classes of units which are equally subordinate, but which are subject to different fees (Note 5). As a result, not all units have identical features and are presented as financial liabilities as they do not meet the criteria for classification as equity.

Cash

Cash is comprised of cash on deposit.

Investment transactions and income recognition

The interest for distribution purposes shown on the Statements of Comprehensive Income (Loss) represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized. Net realized gain (loss) on investments and net change in unrealized appreciation (depreciation) on investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero coupon bonds. Dividend income is accounted for 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.

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 assets attributable to holders of redeemable units of each series.

Foreign currency translation

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

Redeemable units valuation

The NAV 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

HARVEST Canadian Income & Growth Fund

are charged to that series. Other income and expenses are allocated to each series proportionately based on the relative NAV of each series.

Increase (decrease) in net assets attributable to holders of redeemable units per unit

“Increase (decrease) in net assets attributable to holders of redeemable units per unit” in the Statements of Comprehensive Income (Loss) represents the increase (decrease) in net assets attributable to holders of redeemable units, attributed to each series, divided by the weighted average units outstanding for that series, for the financial period.

Income and other taxes

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). For tax purposes, the Fund has a December 31 year end. All of the Fund’s net income for tax purposes and sufficient net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the statement of financial position as a deferred income tax asset. Capital losses may be carried forward indefinitely to reduce future realized capital gains. Non-capital losses may be carried forward 20 years and applied against future taxable income. As at the last taxation year end, the Fund did not have any tax losses available to be carried forward for income tax purposes.

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

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

Critical accounting estimates and judgments

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

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

The Fund may hold financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Refer to Note 6 for further information about the fair value measurement of the Fund’s financial instruments.

- b) Classification and measurement of investments and derivatives under IFRS 9

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments about the business model in which the portfolio of investments and derivatives is held. The Manager has determined that the Fund’s business model is one in which its portfolio is managed and performance evaluated on a fair value basis under IFRS 9.

Accounting standards effective January 1, 2018

The Funds have adopted IFRS 9, Financial Instruments in the current reporting period commencing January 1, 2018, replacing IAS 39 Financial Instruments – Recognition and Measurement. IFRS 9 introducing a model for classification and measurement, a single, forward-looking ‘expected loss’ impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity’s own credit risk on such liabilities are no longer recognized in profit or loss. The business model determined by the Fund is the fair value business model.

Upon transition to IFRS 9, the Fund’s portfolio investments and derivative instruments previously either designated at fair value through profit and loss or held for trading under IAS 39 continued to be categorized as fair value through profit and loss.

HARVEST Canadian Income & Growth Fund

Other financial assets and liabilities previously classified as loans and receivables under IAS 39 are categorized as amortized cost under IFRS 9.

4. REDEEMABLE UNITS

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	Series D
Total outstanding as at January 1, 2017	1,018,562	443,757	138,523	773
Redeemable units issued	1,462	2,642	59	438
Redeemable units issued on reinvestment	22,029	10,536	2,670	28
Redeemable units redeemed	(130,791)	(79,295)	(12,992)	(286)
Redeemable units transferred between Series	(11,080)	(6,238)	16,024	-
Total outstanding as at June 30, 2017	900,182	371,402	144,284	953
Total outstanding as at January 1, 2018	799,656	344,758	134,370	893
Redeemable units issued	2,016	8,536	237	-
Redeemable units issued on reinvestment	19,915	7,934	2,321	30
Redeemable units redeemed	(123,428)	(120,939)	(35,714)	-
Redeemable units transferred between Series	(1,433)	(2,442)	3,523	-
Total outstanding as at June 30, 2018	696,726	237,847	104,737	923

The weighted average number of units outstanding during the period ended June 30, 2018 was 754,301 units for Series R (2017 – 951,787 units), 287,264 units for Series A (2017 – 412,359 units), 113,267 units for Series F (2017 – 140,647 units) and 905 units for Series D (2017 – 1,058 units).

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 at NAV into additional units of the Fund at the month-end, unless unitholders specifically requested a cash distribution be paid. The total distributions were \$478,555 (\$0.42 per unit) for the period ended June 30, 2018 (2017 - \$624,911 or \$0.42 per unit).

5. RELATED PARTY TRANSACTIONS AND OTHER EXPENSES

Management and service fees

Harvest Portfolios Group Inc. is the Manager of the Fund and is responsible for managing the Fund's overall business and operations and provides key management personnel to the Fund. The Manager retained Avenue Investment Management Inc. ("Avenue" or the "Investment Manager") to provide investment management services to the Fund up until termination on January 15, 2017. Avenue was paid a fee for its portfolio advisory service, from the management fee received from the Fund, calculated on the basis of the Fund's net asset value. On January 16, 2017, the Manager assumed the investment management responsibilities of the Fund.

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

Dealers may be paid a servicing fee, in connection with Series A units, Series R units and Series D 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.

HARVEST Canadian Income & Growth Fund

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%
D	1.25%	0.25%	1.50%

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. There were no absorptions for the period ended June 30, 2018 and 2017. 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 \$20,980 for the period ended June 30, 2018 (2017 - \$22,503) and are included in the unitholder reporting costs on the Statements of Comprehensive Income (Loss).

6. FINANCIAL RISK MANAGEMENT

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

Other price risk

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

As at June 30, 2018, 98.1% (December 31, 2017 – 97.8%) of the Fund's net assets attributable to holders of redeemable units were traded on public stock exchanges. If equity prices on these exchanges had increased or decreased by 5%, as at year end, with all other factors remaining constant, net asset attributable to holders of redeemable units would have increased or decreased by approximately \$650,885 (December 31, 2017 - \$849,366).

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

Currency risk

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

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

HARVEST Canadian Income & Growth Fund

	As at June 30, 2018		As at December 31, 2017	
Currency	Currency exposure*	As a % of net assets	Currency exposure*	As a % of net assets
U.S. Dollars	\$1,858,901	14.0	\$2,856,231	16.4

* Amounts are in Canadian Dollars

The non-monetary currency exposure is \$1,796,394 (December 31, 2017 – \$2,759,271) and the monetary currency exposure is \$62,507 (December 31, 2017 – \$96,960).

As at June 30, 2018, 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 asset attributable to holders of redeemable units would have increased or decreased, respectively, by approximately \$92,945 (December 31, 2017 - \$142,812) or 0.7% (December 31, 2017 – 0.8%). 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. The Fund held no fixed income securities at the end of June 30, 2018 and December 31, 2017.

As at June 30, 2018 and December 31, 2017 the Fund had no interest-bearing liabilities.

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. Redeemable units are redeemable on demand at the holder's option, however, the Manager does not expect that the contractual maturity will be representative of the actual cash flows as the holder of the instruments typically retain these for a longer period.

As at June 30, 2018 and December 31, 2017 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 no holdings of fixed income debt instruments as at June 30, 2018 and December 31, 2017. 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, 2018 and December 31, 2017.

Fair value of financial instruments

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data.

HARVEST Canadian Income & Growth Fund

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

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

Securities classification:

Investments at fair value as at June 30, 2018				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Totals (\$)
Financial Assets				
Equities				
Common Stock	10,268,338	-	-	10,268,338
REIT	2,749,369	-	-	2,749,369
Total Financial Assets	13,017,707	-	-	13,017,707

Investments at fair value as at December 31, 2017				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Totals (\$)
Financial Assets				
Equities				
Common Stock	12,927,822	-	-	12,927,822
REIT	3,223,350	-	-	3,223,350
Trust Units	836,140	-	-	836,140
Total Financial Assets	16,987,312	-	-	16,987,312

There were no Level 3 securities held by the Fund as at June 30, 2018 and December 31, 2017 and there were no significant transfers between Level 1 and Level 2 for the period ended June 30, 2018 and 2017.

The value of the equities is based on quoted prices.

Concentration Risk

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

Geography:

As at	June 30, 2018		December 31, 2017	
Country of Issue	\$*	% of net assets	\$*	% of net assets
Canada	11,221,312	84.5	14,228,041	81.9
United States of America	1,796,395	13.6	2,759,271	15.9
Totals	13,017,707	98.1	16,987,312	97.8

*Stated in Canadian dollars

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

Market Segment	June 30, 2018	December 31, 2017
	% of net assets	% of net assets
Industrials	24.2	19.9
Real Estate	20.7	18.6
Pipeline	15.6	13.2
Consumer Staples	9.2	16.5
Consumer Discretionary	8.7	7.3

HARVEST Canadian Income & Growth Fund

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

Market Segment	June 30, 2018	December 31, 2017
	% of net assets	% of net assets
Utility	8.2	5.0
Telecommunication Services	4.5	4.8
Health Care	4.0	5.0
Financials	3.0	2.4
Energy	-	5.1
Total	98.1	97.8

7. 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 period ended June 30, 2018 and 2017 amounted to \$nil.



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