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## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

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### HARVEST Energy Leaders Plus Income ETF (formerly Energy Leaders Plus Income ETF)

June 30, 2018



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).

# **Harvest Energy Leaders Plus Income ETF (formerly Energy Leaders Plus Income ETF)**

## **CORPORATE OVERVIEW**

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

1. Clear investment objectives
2. Transparency
3. Consistent income and growth

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 Harvest Energy Leaders Plus Income ETF (formerly 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.

# Harvest Energy Leaders Plus Income ETF (formerly Energy Leaders Plus Income ETF)

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

The interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the Fund. For your reference, the interim financial statements of the Fund are attached to the interim 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 5.67% for Series A and 6.15% for Series U for the period ended June 30, 2018 versus the MSCI ACW Energy Index in USD of 6.07%.

Energy prices continued their upward march through the first half of 2018, albeit with much volatility. Oil prices set new cycle highs after falling sharply in the latter part of 2014, with supply/demand balances continuing to tighten up the inventory overhang from the past few years. The OPEC/non-OPEC production curtailments have gone a long way to balance the oil market. Global synchronized demand growth, especially in the industrial and manufacturing realm, has also helped to boost demand expectations, and bring the OECD Days of Inventories below the 5-year average for the first time since 2014. However, President Trump's twitter commentaries about OPEC artificially keeping oil prices high and the uncertainty surrounding any expected announcement by OPEC/non-OPEC countries to lift production caps did add some volatility during the period.

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.

## **Harvest Energy Leaders Plus Income ETF (formerly Energy Leaders Plus Income ETF)**

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

### **RECENT DEVELOPMENTS**

On June 14, 2018, the Fund changed its name from Energy Leaders Plus Income ETF to Harvest Energy Leaders Plus Income ETF. No changes were made to the investment objective, strategies or management of the Fund.

### **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 the Fund's overall business and operations and provides key management personnel to the Fund. The Fund pays the Manager an annual management fee, plus applicable taxes, of 0.85% based on a percentage of the average daily net asset value ("NAV") of the Fund.

#### **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.

At its sole discretion, the Manager may waive management fees or absorb expenses of the Fund. The management expense ratios of the Fund with and without the waivers and absorptions are reported in the Ratios and Supplemental Data table.

#### **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 \$19,074 for the period ended June 30, 2018 (2017 - \$24,040) 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 period ended June 30, 2018.

# Harvest Energy Leaders Plus Income ETF

## (formerly 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 period ended June 30, 2018 and past annual periods. This information is derived from the Fund's interim financial statements and past audited annual financial statements.

#### Series A

THE FUND'S NET ASSETS PER UNIT						
	2018	2017	2016	2015	2014	
Net assets - beginning of the period <sup>2</sup>	\$ 5.39	\$ 6.16	\$ 5.46	\$ 8.16	\$ 9.33	
Increase (decrease) from operations						
Total revenue	0.07	0.21	0.17	0.25	0.09	
Total expenses	(0.05)	(0.11)	(0.11)	(0.12)	(0.04)	
Realized gains (losses) for the period	0.02	0.14	(0.50)	(1.86)	(0.23)	
Unrealized gains (losses) for the period	0.21	(0.16)	1.84	(0.27)	(0.89)	
Total increase (decrease) from operations <sup>1</sup>	\$ 0.25	\$ 0.08	\$ 1.40	\$ (2.00)	\$ (1.07)	
Distributions <sup>3</sup>						
From income	(0.18)	-	-	-	-	
Return of capital	-	(0.70)	(0.70)	(0.70)	(0.12)	
Total annual distributions <sup>3</sup>	\$ (0.18)	\$ (0.70)	\$ (0.70)	\$ (0.70)	\$ (0.12)	
Net assets - end of the period <sup>1, 7</sup>	\$ 5.51	\$ 5.39	\$ 6.16	\$ 5.46	\$ 8.16	

RATIOS AND SUPPLEMENTAL DATA							2018	2017	2016	2015	2014
Total net asset value	\$	25,615,436	\$	27,368,590	\$	20,956,417	\$	19,593,171	\$	29,790,360	
Number of units outstanding		4,652,271		5,077,271		3,402,271		3,585,228		3,650,400	
Management expense ratio <sup>4</sup>		1.74%		1.89%		2.97%		1.72%		10.43%	
Management expense ratio before waivers or absorptions <sup>4</sup>		1.74%		1.94%		2.97%		1.72%		10.43%	
Trading expense ratio <sup>5</sup>		0.23%		0.18%		0.22%		0.25%		0.23%	
Portfolio turnover rate <sup>6</sup>		33.29%		75.77%		87.84%		70.38%		3.38%	
Net asset value per unit	\$	5.51	\$	5.39	\$	6.16	\$	5.46	\$	8.16	
Closing market price (HPF)*	\$	5.52	\$	5.41	\$	6.16	\$	5.17	\$	7.51	

\* 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.

# Harvest Energy Leaders Plus Income ETF (formerly Energy Leaders Plus Income ETF)

## Series U (CAD)

THE FUND'S NET ASSETS PER UNIT					
	2018	2017	2016	2015	2014
Net assets - beginning of the period <sup>2</sup>	\$ 7.17	\$ 8.56	\$ 7.63	\$ 9.45	\$ 10.47
<b>Increase (decrease) from operations</b>					
Total revenue	0.10	0.24	0.24	0.32	0.10
Total expenses	(0.07)	(0.14)	(0.16)	(0.16)	(0.05)
Realized gains (losses) for the period	0.09	(0.12)	(0.98)	(0.73)	0.04
Unrealized gains (losses) for the period	0.52	0.64	2.69	(0.33)	(0.99)
<b>Total increase (decrease) from operations<sup>1</sup></b>	<b>\$ 0.64</b>	<b>\$ 0.62</b>	<b>\$ 1.79</b>	<b>\$ (0.90)</b>	<b>\$ (0.90)</b>
<b>Distributions<sup>3</sup></b>					
From income	(0.23)	-	-	-	-
Return of capital	-	(0.91)	(0.93)	(0.90)	(0.12)
<b>Total annual distributions<sup>3</sup></b>	<b>\$ (0.23)</b>	<b>\$ (0.91)</b>	<b>\$ (0.93)</b>	<b>\$ (0.90)</b>	<b>\$ (0.12)</b>
<b>Net assets - end of the period<sup>1</sup></b>	<b>\$ 7.74</b>	<b>\$ 7.17</b>	<b>\$ 8.56</b>	<b>\$ 7.63</b>	<b>\$ 9.45</b>

RATIOS AND SUPPLEMENTAL DATA					
	2018	2017	2016	2015	2014
Total net asset value	\$ 2,211,509	\$ 5,098,197	\$ 1,376,343	\$ 1,618,070	\$ 2,061,188
Number of units outstanding	285,770	710,770	160,770	212,170	218,170
Management expense ratio <sup>4</sup>	1.75%	1.87%	1.97%	1.73%	10.26%
Management expense ratio before waivers or absorptions <sup>4</sup>	1.75%	1.92%	1.97%	1.73%	10.26%
Trading expense ratio <sup>5</sup>	0.23%	0.18%	0.22%	0.25%	0.23%
Portfolio turnover rate <sup>6</sup>	33.29%	75.77%	87.84%	70.38%	3.38%
Net asset value per unit	\$ 7.74	\$ 7.17	\$ 8.56	\$ 7.63	\$ 9.45
Closing market price - USD (HPF.U)*	\$ 5.90	\$ 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 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 \$5.88 USD.

## Harvest Energy Leaders Plus Income ETF (formerly Energy Leaders Plus Income ETF)

### Past Performance

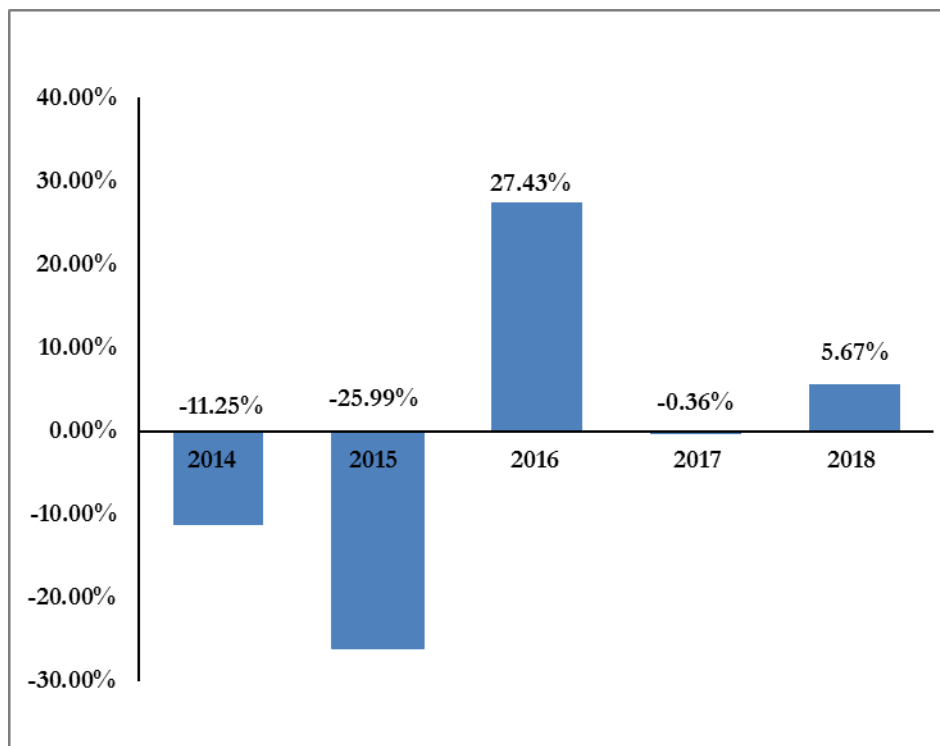
The performance information presented herein assumes all dividends of the Fund during the periods presented were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, or other charges that would have reduced returns or affected performance. 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 except for the 2018 period which represents the interim period.

### Fund Performance

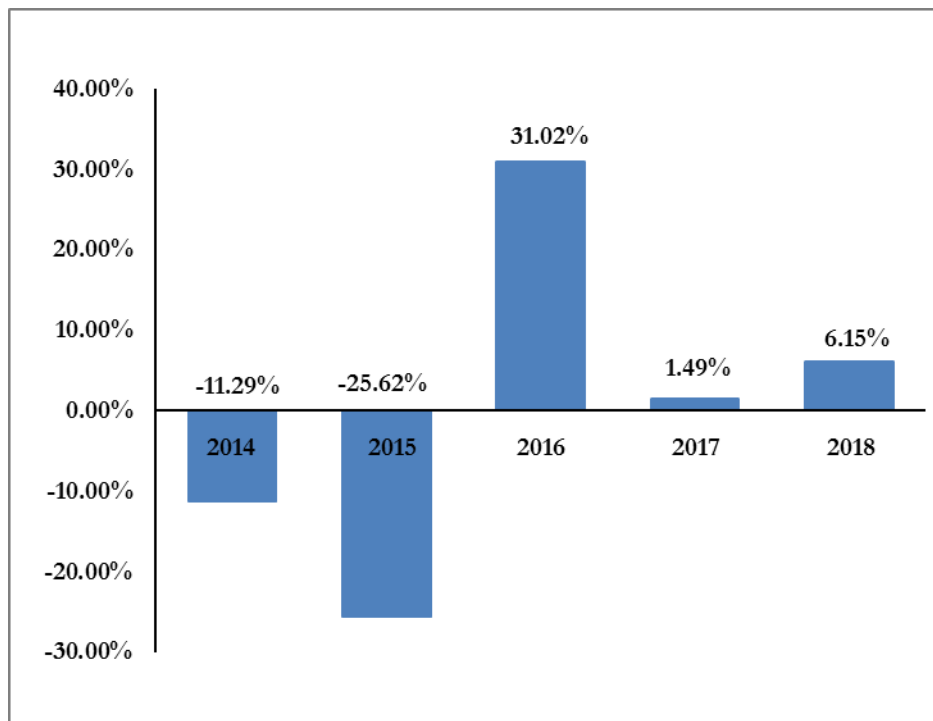
#### Series A



2014 represents the period from October 21 to December 31

## Harvest Energy Leaders Plus Income ETF (formerly Energy Leaders Plus Income ETF)

Series U (USD)



2014 represents the period from October 21 to December 31



# Harvest Energy Leaders Plus Income ETF

## (formerly 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 interim financial statements.

As at June 30, 2018

Top Holdings	% of Net Asset Value
Devon Energy Corporation	5.7
Anadarko Petroleum Corporation	5.7
Enbridge Inc.	5.6
Suncor Energy Inc.	5.6
EOG Resources, Inc.	5.5
Occidental Petroleum Corporation	5.4
CNOOC Limited ADR	5.3
Hess Corporation	5.2
Royal Dutch Shell PLC ADR	5.2
Schlumberger Limited	5.1
TOTAL S.A. ADR	5.1
ConocoPhillips	5.0
Andeavor	5.0
Chevron Corporation	4.9
BP PLC ADR	4.9
Baker Hughes, a GE Company	4.8
Phillips 66	4.7
Valero Energy Corporation	4.6
Halliburton Company	4.6
Exxon Mobil Corporation	4.4
Cash and other assets and liabilities	0.7
Options	(0.9)
Foreign currency forwards contracts	(2.1)
<b>Total</b>	<b>100.0</b>

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

# Harvest Energy Leaders Plus Income ETF (formerly Energy Leaders Plus Income ETF)

## SECTOR ALLOCATION

Sector	% of Net Asset Value
Energy	102.3
Cash and other assets and liabilities	0.7
Options	(0.9)
Foreign currency forward contracts	(2.1)
<b>Total</b>	<b>100.0</b>

## GEOGRAPHIC ALLOCATION

Country of Issue	% of Net Asset Value
United States of America	94.4
Canada	5.6
<b>Total</b>	<b>100.0</b>



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#### **CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Fund may invest and the risks detailed from time to time in the Fund's prospectus or offering memorandum. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the Fund does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.