



INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

HARVEST US Equity Plus Income ETF

(formerly US Equity Plus Income ETF)

June 30, 2018



Harvest US Equity Plus Income ETF

(formerly US Equity Plus Income ETF)

STATEMENTS OF FINANCIAL POSITION (Unaudited)			
As at		June 30, 2018	December 31, 2017
Assets			
Current assets			
Investments	\$	12,692,153	\$ 20,001,052
Cash		168,719	107,921
Dividends receivable		7,607	22,453
Unrealized appreciation on foreign currency forward contracts (Note 6)		-	444,947
		12,868,479	20,576,373
Liabilities			
Current liabilities			
Distributions payable (Note 4)		139,633	217,481
Unrealized depreciation on foreign currency forward contracts (Note 6)		173,726	-
		313,359	217,481
Net assets attributable to holders of redeemable units	\$	12,555,120	\$ 20,358,892
Net assets attributable to holders of redeemable units			
Series A	\$	10,488,740	\$ 17,707,612
Series U (CAD)		2,066,380	2,651,280
Series U (USD)		1,570,854	2,116,030
Number of redeemable units outstanding (Note 4)			
Series A		1,171,723	1,896,723
Series U		170,850	220,850
Net assets attributable to holders of redeemable units per unit			
Series A	\$	8.95	\$ 9.34
Series U (CAD)		12.09	12.00
Series U (USD)		9.19	9.58

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

Harvest US Equity Plus Income ETF

(formerly US Equity Plus Income ETF)

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)			
(Unaudited)			
For the period ended June 30,	2018		2017
Income			
Net gain (loss) on investments			
Dividends	\$	136,352	\$ 224,438
Net realized gain (loss) on sale of investments		1,232,241	1,202,639
Net change in unrealized appreciation (depreciation) of investments		(699,131)	(744,535)
Net gain (loss) on investments		669,462	682,542
Net gain (loss) on derivatives			
Net realized gain (loss) on foreign exchange		4,792	(207,812)
Net change in unrealized appreciation (depreciation) of foreign exchange		(616,171)	714,401
Net gain (loss) on derivatives		(611,379)	506,589
Total income (net)	\$	58,083	\$ 1,189,131
Expenses (Note 5)			
Management fees		64,318	91,292
Withholding taxes		19,557	36,177
Unitholder reporting costs		20,231	31,497
Audit fees		6,454	4,896
Transfer agency fees		8,097	8,053
Custodian fees and bank charges		31,791	28,573
Independent Review Committee fees		893	2,487
Filing fees		21,981	17,254
Legal fees		6,316	5,749
Transaction costs (Note 8)		4,325	12,944
Total expenses		183,963	238,922
Increase (decrease) in net assets attributable to holders of redeemable units	\$	(125,880)	\$ 950,209
Increase (decrease) in net assets attributable to holders of redeemable units - Series A			
	\$	(183,895)	\$ 913,190
Increase (decrease) in net assets attributable to holders of redeemable units - Series U			
		58,015	37,019
Increase (decrease) in net assets attributable to holders of redeemable units per unit - Series A (Note 4)			
	\$	(0.13)	\$ 0.39
Increase (decrease) in net assets attributable to holders of redeemable units per unit - Series U (Note 4)			
		0.29	0.19

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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	\$	20,358,892	\$	22,849,256
Increase (decrease) in net assets attributable to holders of redeemable units	\$	(125,880)	\$	950,209
Redeemable unit transactions				
Redemption of redeemable units		(7,382,422)		(2,747,202)
Net unitholders' transactions	\$	(7,382,422)	\$	(2,747,202)
Distributions to holders of redeemable units				
Net investment income		(295,470)		(508,641)
Total distributions to holders of redeemable units	\$	(295,470)	\$	(508,641)
Net assets attributable to holders of redeemable units end of period	\$	12,555,120	\$	20,543,622

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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	\$	17,707,612	\$ 20,634,398
Increase (decrease) in net assets attributable to holders of redeemable units	\$	(183,895)	\$ 913,190
Redeemable unit transactions			
Redemption of redeemable units		(6,790,632)	(2,747,202)
Net unitholders' transactions	\$	(6,790,632)	\$ (2,747,202)
Distributions to holders of redeemable units			
Net investment income		(244,345)	(456,845)
Total distributions to holders of redeemable units	\$	(244,345)	\$ (456,845)
Net assets attributable to holders of redeemable units end of period	\$	10,488,740	\$ 18,343,541

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS SERIES U (Unaudited)			
For the period ended June 30,		2018	2017
Net assets attributable to holders of redeemable units beginning of period	\$	2,651,280	\$ 2,214,858
Increase (decrease) in net assets attributable to holders of redeemable units	\$	58,015	\$ 37,019
Redeemable unit transactions			
Redemption of redeemable units		(591,790)	-
Net unitholders' transactions	\$	(591,790)	\$ -
Distributions to holders of redeemable units			
Net investment income		(51,125)	(51,796)
Total distributions to holders of redeemable units	\$	(51,125)	\$ (51,796)
Net assets attributable to holders of redeemable units end of period	\$	2,066,380	\$ 2,200,081

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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	\$	(125,880)	\$ 950,209
Add (deduct) items not affecting cash			
Realized gain (loss) on sale of investments		(1,232,241)	(1,202,639)
Change in unrealized (appreciation) depreciation of investments		699,131	744,535
Change in unrealized (appreciation) depreciation of foreign exchange		616,171	(714,401)
Proceeds from sale of investments**		5,393,897	12,050,942
Purchases of investments**		(4,934,310)	(11,301,793)
Net change in non-cash assets and liabilities		17,348	7,210
Net cash flow provided by (used in) operating activities	\$	434,116	\$ 534,063
Financing activities**			
Distributions paid to holders of redeemable units (net of reinvested distributions)		(373,318)	(542,138)
Net cash flow provided by (used in) financing activities	\$	(373,318)	\$ (542,138)
Net increase (decrease) in cash during the period		60,798	(8,075)
Cash, beginning of the period		107,921	722,765
Cash, end of the period	\$	168,719	\$ 714,690
Supplemental disclosure of cash flow information			
Dividends received, net of withholding taxes*	\$	131,641	\$ 208,503

*included in operating activities

**net cash inflows (outflows) excludes trades that were not settled in cash (in-kind trades).

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

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SCHEDULE OF INVESTMENTS (Unaudited)				
As at June 30, 2018				
Number of Shares	Security	Average Cost (\$)	Carrying Value (\$)	% of Net Assets
EQUITIES				
Financials				
12,880	Bank of America Corporation	456,251	477,333	3.8
7,171	The Bank of New York Mellon Corporation	429,971	508,417	4.0
3,610	JPMorgan Chase & Co.	405,376	494,521	3.9
3,970	The Allstate Corporation	365,425	476,353	3.8
1,591	The Goldman Sachs Group, Inc.	385,671	461,346	3.7
		2,092,509	2,417,970	19.2
Consumer Discretionary				
5,018	Best Buy Co., Inc.	492,304	491,998	3.9
2,387	McDonald's Corporation	509,261	491,704	3.9
1,968	The Home Depot, Inc.	380,430	504,769	4.0
3,904	The Walt Disney Company	543,140	537,926	4.3
4,434	Yum! Brands, Inc.	470,767	455,957	3.7
		2,395,902	2,482,354	19.8
Consumer Staples				
8,890	General Mills, Inc.	653,979	517,277	4.1
5,379	The Procter & Gamble Company	573,020	552,001	4.4
4,441	Walmart Inc.	498,682	500,056	4.0
		1,725,681	1,569,334	12.5
Energy				
3,465	Valero Energy Corporation	282,583	504,860	4.0
		282,583	504,860	4.0
Health Care				
2,256	Amgen Inc.	504,598	547,467	4.4
1,326	Humana Inc.	395,995	518,836	4.1
3,614	Quest Diagnostics Incorporated	439,320	522,341	4.2
		1,339,913	1,588,644	12.7
Industrials				
10,348	Masco Corporation	568,992	509,062	4.0
5,781	Textron Inc.	460,517	500,915	4.0
2,690	Union Pacific Corporation	326,050	501,038	4.0
		1,355,559	1,511,015	12.0
Information Technology				
2,101	Apple Inc.	340,757	511,288	4.1
4,802	Cognizant Technology Solutions Corporation Class A	464,223	498,660	4.0
14,351	Corning Incorporated	405,536	519,019	4.1
3,103	Visa Inc. Class A	341,451	540,311	4.3
		1,551,967	2,069,278	16.5
Real Estate				
2,895	American Tower Corporation	506,066	548,698	4.4
		506,066	548,698	4.4
Total investments		11,200,365	12,692,153	101.1
Foreign currency forward contracts (Note 6)			(173,726)	(1.4)
Other assets less liabilities			36,693	0.3
Net assets attributable to holders of redeemable units			12,555,120	100.0

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (Unaudited)

June 30, 2018

1. GENERAL INFORMATION

Harvest US Equity Plus Income ETF (formerly the US Equity Plus Income ETF) (the “Fund”) is an investment fund established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated February 25, 2015, being the inception date. There was no significant activity in the Fund from the date of inception, February 25, 2015 to commencement of operations on March 25, 2015. On March 25, 2015, the Fund completed an initial public offering of 5,000,000 Series A units at \$10.00 per unit for gross proceeds of \$50,000,000 and 311,500 Series U units at \$10.00 USD per unit for gross proceeds of \$3,115,000 USD (\$3,897,644 CAD). On April 23, 2015, an overallotment option was exercised for additional 153,882 Series A units at a price of \$10.00 per unit for gross proceeds of \$1,538,820. The address of the Fund’s registered office is 710 Dorval Drive, Oakville, Ontario, L6K 3V7.

The Fund’s investment objectives are to provide unitholders with quarterly cash distributions, the opportunity for capital appreciation and provide investors with exposure to select large capitalization U.S. companies that are leaders in terms of share repurchase programs or “buybacks”. As part of the investment strategy, the Fund will invest in an equally-weighted portfolio of equity securities of 25 US Buyback Leaders selected from the top 100 that have a market capitalization of at least US\$10 billion at the time of investment.

On September 19, 2016, unitholders approved the conversion of the Series A and Series U units of the Fund into an Exchange Traded Fund (“ETF”) effective October 24, 2016 and the name changed to US Buyback Leaders ETF. The Series A units began trading as an ETF under the symbol HUL and the Series U units began trading under the symbol HUL.U. The Series U units are designed for investors who want to make their investment in U.S. dollars and were not traded prior to conversion.

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

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 and derivatives

Investments and derivatives 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

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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 within the bid-ask spread that is most representative of fair value based on specific facts and circumstances. Investments held are represented by equities. Derivatives held include foreign currency forward contracts.

Investments and derivatives held that are not traded in 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's units included different redemption rights and in some instances are at 95% of market value of the units on the exchange. As a result, the Fund's units contain multiple contractual obligations 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

Net realized gain (loss) on investments and net change in unrealized appreciation (depreciation) on investments are determined on an average cost basis. Dividend income is accounted for on the ex-dividend date. The cost of investments is determined using the average cost method.

Allocation of income and expense, and realized and unrealized capital gains and losses

Management 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. Realized and unrealized gains and losses from foreign currency forward contracts are allocated to Series A only.

Foreign currency translation

The Fund's subscriptions and redemptions are predominately 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.

Foreign currency forward contracts

The Fund will enter into foreign currency forward contracts to hedge against exposure to foreign currency fluctuations. The fair value of these contracts is based on the difference between the contract rate and current forward market rate for the underlying currency at the measurement date applied to the contract's notional amount and adjusted for counterparty risk. Upon closing of a contract, the gain or loss is recorded as a net realized gain or loss on foreign exchange.

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Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Redeemable units valuation

The NAV of each series on a particular date will be equal to each series' proportionate share of the assets of the Fund less each series' proportionate share of the liabilities of the Fund except for forwards which are only attributed to Series A, expressed in Canadian dollars at the applicable exchange rate on such date. The NAV and NAV per unit will be calculated on each Business Day. "Business Day" means any day on which the TSX is open for trading.

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 per series, divided by the weighted average units outstanding for the financial period for the respective series.

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 Statements 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 for 20 years and applied against future taxable income. As at the last taxation year end, the Fund had \$1,683,700 of non-capital losses and \$4,258,250 of net capital 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 7 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

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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.

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 authorized capital of the Fund consists of an unlimited number of transferable units of each series, each of which represents an equal, undivided interest in their respective series' net assets of the Fund. Except as provided in the Declaration of Trust, all units have equal rights and privileges. Each unit is entitled to one vote at all meetings of unitholders and is entitled to participate equally in any and all distributions made by the Fund. Series A and Series U units trade on the TSX under the symbol HUL and HUL.U respectively. Prior to conversion to an ETF, the Series U units did not trade. As at June 30, 2018, the closing price for Series A and Series U units were \$8.99 and \$9.32 USD per unit respectively (December 31, 2017 – Series A \$9.42; Series U \$9.51 USD).

Subscriptions and Redemptions

On any trading day, a designated broker or underwriter may place a subscription or redemption order for an integral multiple of the prescribed number of units of the ETF. A trading day is each day on which the TSX is opened for business.

If the subscription or redemption order is accepted, the ETF will issue or redeem units to/from the designated broker or underwriter by no later than the second trading day after the date on which the subscription or redemption order is accepted. For each prescribed number of units issued or redeemed, a designated broker or underwriter must deliver or receive payment consisting of:

- (a) A basket of applicable securities and cash in an amount sufficient so that the value of the securities, and the cash received is equal to the NAV of the units redeemed; or
- (b) Cash in the amount equal to the NAV of the units redeemed.

On any trading day, unitholders may redeem units for cash or exchange units for baskets of securities and cash. Units redeemed for cash may be redeemed at a redemption price per unit equal to 95% of the closing price for the units on the TSX on the effective day of the redemption, subject to a maximum redemption price per unit equal to NAV. Units exchanged for baskets of securities will be exchanged at a price equal to the NAV of the units on the effective date of the exchange request, payable by delivery of baskets of securities and cash. The units will be redeemed in the exchange.

The following units were issued or redeemed during the period:

	Series A	Series U
Total outstanding as at January 1, 2017	2,496,723	195,850
Redemption of redeemable units	(325,000)	-
Total outstanding as at June 30, 2017	2,171,723	195,850
Total outstanding as at January 1, 2018	1,896,723	220,850
Redemption of redeemable units	(725,000)	(50,000)
Total outstanding as at June 30, 2018	1,171,723	170,850

The weighted average number of units outstanding during the period ended June 30, 2018 was 1,381,806 (2017 – 2,314,679) units for Series A and 202,618 (2017 – 195,850) for Series U.

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Distributions

The Fund intends to make quarterly cash distributions to unitholders of record on the last business day of each quarter and pay such cash distributions on or before the 15th day of the following month. Beginning in April 2016, the Fund will annually determine and announce the distribution amount for the following year based upon the prevailing market conditions. The total distribution amount was \$295,470 (Series A \$244,345 and Series U \$51,125) for the period ended June 30, 2018 (2017 – Series A \$456,845; Series U \$51,796).

The Fund made available to unitholders the opportunity to reinvest quarterly distributions from the Fund in additional Series A units and/or Series U units, as applicable, by participating in a distribution reinvestment plan which would provide that cash distributions made by the Fund, at the election of a unitholder, be automatically reinvested in additional Series A units or Series U units, as applicable, on such unitholder's behalf in accordance with the terms of the plan. Reinvestment of distributions occur through market purchases only.

5. RELATED PARTY TRANSACTIONS AND OTHER EXPENSES

Management 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 is entitled to a fee of 0.75% of the average daily NAV, plus applicable taxes, per annum of the Fund paid monthly in arrears. Prior to conversion, the calculation was based on the average weekly NAV.

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.

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 \$9,438 for the period ended June 30, 2018 (2017 – \$22,880) and are included in the unitholder reporting costs on the Statements of Comprehensive Income (Loss).

6. FOREIGN CURRENCY FORWARD CONTRACTS

The Fund enters into foreign currency forward contracts to hedge assets and liabilities denominated in foreign currencies of Series A only. Foreign currency forward contracts entered into by the Fund represent a firm commitment to buy or sell a currency at a specified value and point in time based upon an agreed or contracted quantity. The value of the foreign currency forward contract is the difference between the contract rate and the current forward rate at the measurement date applied to the contract's notional amount and adjusted for counterparty risk. The unrealized gains or losses on the forward contract are reported as part of the change in unrealized appreciation or depreciation of foreign exchange in the Statements of Comprehensive Income (Loss) and allocated to Series A only until it is closed out or partially settled.

At June 30, 2018 and December 31, 2017, the Fund had entered into the following foreign currency forward contracts:

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As at June 30, 2018					
Counterparty	Settlement Date	Purchased currency	Sold currency	Unrealized gain (loss)	Contract Price
Canadian Imperial Bank of Commerce credit rating A+	August 22, 2018	USD\$310,000	CDN\$411,866	(\$4,804)	0.7527
The Bank of Nova Scotia credit rating A+	August 22, 2018	CDN\$11,012,143	USD\$8,515,000	(\$168,922)	0.7732
Total				(\$173,726)	

As at December 31, 2017					
Counterparty	Settlement Date	Purchased currency	Sold currency	Unrealized gain (loss)	Contract Price
The Bank of Nova Scotia credit rating A+	February 14, 2018	CDN\$18,351,304	USD\$14,300,000	\$444,947	0.7792

Offsetting of foreign currency forward contracts

In 2018, the Fund had foreign exchange settlements for its foreign currency forward contracts that do not meet the criteria for offsetting in the Statements of Financial Position. The following table presents the recognized financial instruments that were not offset, as at June 30, 2018.

June 30, 2018			
Financial assets and liabilities	Gross assets (liabilities)	Amount eligible for offset	Net offset amounts
Derivative assets	-	-	-
Derivative liabilities	(\$173,726)	-	(\$173,726)

7. 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, 101.1% (December 31, 2017 – 98.2%) 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 period end, with all other factors remaining constant, net assets attributable to holders of redeemable units would have increased or decreased by approximately \$634,608 (December 31, 2017 - \$1,000,053).

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.

Harvest US Equity Plus Income ETF (formerly US Equity Plus Income ETF)

The table below summarizes the Fund's net 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).

As at June 30, 2018				
Currency	Currency exposure*	Forward contracts*	Net currency exposure*	As a % of net assets
U.S. Dollars	\$12,776,631	\$10,774,003	\$2,002,628	16.0

*In Canadian dollars

As at December 31, 2017				
Currency	Currency exposure*	Forward contracts*	Net currency exposure*	As a % of net assets
U.S. Dollars	\$20,059,666	\$17,906,357	\$2,153,309	10.6

*In Canadian dollars

The non-monetary currency exposure is \$12,692,153 (December 31, 2017 - \$20,001,052) and the monetary currency exposure is \$84,478 (December 31, 2017 - \$58,614).

As at June 30, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to U.S. dollars, with all other variables held constant, the Fund's net assets attributable to holders of redeemable units would have increased or decreased, respectively, by approximately \$100,131 (December 31, 2017 - \$107,665) or 0.8% (December 31, 2017 - 0.5%) based on the net currency exposure. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

The Fund enters into a forward currency contract on substantially all of the value of the proportionate share of Series A portfolio investments back to the Canadian dollar at all times.

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. Interest rate risk arises when the Fund invests in interest-bearing financial instruments. The Fund does not hold any bonds or money market instruments; therefore, the Fund has no significant exposure to interest rate risk.

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 redemption of units as described in Note 4. Since the settlement of redemptions is primarily by delivery of securities, the ETF is not exposed to any significant liquidity risk. 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. In addition, the ETF retains sufficient cash and cash equivalent positions to maintain liquidity.

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 enters into foreign currency forward contracts which are exposed to credit risk. The maximum credit risk exposure is the unrealized gain (loss) on the forward contracts.

As at June 30, 2018 and December 31, 2017, the Fund did not have significant credit risk exposure. All cash held by the fund is held with a reputable and regulated financial institution.

Harvest US Equity Plus Income ETF

(formerly US Equity Plus Income ETF)

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.

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

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

Securities classification:

Investments at fair value as at June 30, 2018				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Totals (\$)
Financial Assets				
Equities				
Common Stock	12,143,455	-	-	12,143,455
REIT	548,698	-	-	548,698
Total Financial Assets	12,692,153	-	-	12,692,153
Financial Liabilities				
Derivatives				
Foreign currency forward contract	-	(173,726)	-	(173,726)
Total Financial Liabilities	-	(173,726)	-	(173,726)

Investments at fair value as at December 31, 2017				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Totals (\$)
Financial Assets				
Equities				
Common Stock	19,192,265	-	-	19,192,265
REIT	808,787	-	-	808,787
Derivatives				
Foreign currency forward contract	-	444,947	-	444,947
Total Financial Assets	20,001,052	444,947	-	20,445,999

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. The value of the foreign currency forward contract is determined as the difference between the contract rate and the current forward rate at the measurement date applied to the contract's notional amount and adjusted for counterparty risk.

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.

Harvest US Equity Plus Income ETF (formerly US Equity Plus Income ETF)

Geography:

As at	June 30, 2018		December 31, 2017	
Country of Issue	\$*	% of net assets	\$*	% of net assets
United States of America	12,692,153	101.1	20,001,052	98.2
Totals	12,692,153	101.1	20,001,052	98.2

*Stated in Canadian dollars

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

	June 30, 2018	December 31, 2017
	% of net assets	% of net assets
EQUITIES		
Consumer Discretionary	19.8	15.9
Financials	19.2	20.1
Information Technology	16.5	19.3
Health Care	12.7	14.8
Consumer Staples	12.5	8.1
Industrials	12.0	11.9
Real Estate	4.4	4.0
Energy	4.0	4.1
Total	101.1	98.2

8. 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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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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