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## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

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### HARVEST US Equity Plus Income ETF (formerly US Equity 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 US Equity Plus Income ETF (formerly US Equity 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 the investment philosophy of:

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 US Equity Plus Income ETF (formerly US Equity Plus Income ETF) (the “Fund”) has investment objectives 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. As part of the investment strategy, the Fund will invest in an equally-weighted portfolio of equity securities of the 25 issuers selected from the top 100 issuers in the US Buyback Leaders Investable Universe with the highest Buyback Ratio and that have a market capitalization of at least US\$10 billion at the time of investment.

# **Harvest US Equity Plus Income ETF (formerly US Equity 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 established to provide investors with exposure to 25 issuers selected from the top 100 issuers with the largest dollar amount of shares repurchased over the prior four quarters for which information is publicly available relative to the issuer's current market capitalization that meet the following criteria: (i) are included in the S&P 500 Index; (ii) have a market capitalization that is at least US\$10 billion as determined at the time of investment; (iii) are incorporated in the U.S.; (iv) pay a dividend; and v) have bought back their shares within the prior four quarters as determined at the time of investment.

The Fund's investment objectives are to provide Unitholders with (i) the opportunity for capital appreciation; and (ii) quarterly cash distributions.

The Manager will select the Equity Securities for the Portfolio and will quarterly reconstitute and rebalance the Portfolio such that the Portfolio, at the time of the initial investment and immediately following each quarterly reconstitution and rebalancing, will include an equal - weighting of the 25 issuers selected from the top 100 Buyback Issuers in the US Buyback Investable Universe with the highest Buyback Ratio.

## **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 Harvest US Equity Plus Income ETF (formerly US Equity Plus Income ETF) returned -1.96% for Series A and -1.88% for Series U compared to the S&P 500 Total Return Index return of 2.65% in USD for the period ended June 30, 2018.

The US economy started 2018 with a strong momentum following a strong finish to 2017. U.S equity markets also started strongly despite the fears that the world could be facing a trade war with potential tariffs the United States planned to impose. Volatility did pick up in the equity markets as political rhetoric surrounding trade tariffs increased. However, robust earnings seasons, domestic tax cuts and tax repatriation were key drivers for the broader markets to regain some ground following a pullback early in the period. Share repurchases also remained robust during the period and remains a key attribute of the security selection process for the Fund.

The Fund was invested in 25 issuers selected from issuers in the S&P 500 that pay a dividend, are U.S. incorporated, and rank within the top 100 issuers by their share repurchase ratios in accordance with its investment objectives and strategies.

## **RECENT DEVELOPMENTS**

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.

## **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.

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

## **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 0.75% 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.

The Manager may, in some cases, absorb a portion of the Fund's operating expenses. The management expense ratios of the Fund with and without the 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 \$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).

## **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 US Equity Plus Income ETF

(formerly US Equity 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	
Net assets - beginning of the period <sup>2</sup>	\$ 9.34	\$ 8.26	\$ 7.76	\$ 9.33	
Increase (decrease) from operations					
Total revenue	0.07	0.15	0.15	0.13	
Total expenses	(0.10)	(0.16)	(0.10)	(0.10)	
Realized gains (losses) for the period	0.75	0.96	(0.32)	(0.98)	
Unrealized gains (losses) for the period	(0.85)	0.47	0.75	(0.35)	
Total increase (decrease) from operations <sup>1</sup>	\$ (0.13)	\$ 1.42	\$ 0.48	\$ (1.30)	
Distributions <sup>3</sup>					
From income	(0.20)	-	-	-	
Return of capital	-	(0.40)	(0.40)	(0.30)	
Total annual distributions <sup>3</sup>	\$ (0.20)	\$ (0.40)	\$ (0.40)	\$ (0.30)	
Net assets - end of the period <sup>1</sup>	\$ 8.95	\$ 9.34	\$ 8.26	\$ 7.76	

RATIOS AND SUPPLEMENTAL DATA					
	2018	2017	2016	2015	
Total net asset value	\$ 10,488,740	\$ 17,707,612	\$ 20,634,398	\$ 39,001,565	
Number of units outstanding	1,171,723	1,896,723	2,496,723	5,025,054	
Management expense ratio <sup>4</sup>	2.11%	1.86%	1.39%	8.48%	
Management expense ratio before waivers or absorptions <sup>4</sup>	2.11%	1.86%	1.39%	8.48%	
Trading expense ratio <sup>5</sup>	0.06%	0.10%	0.21%	0.20%	
Portfolio turnover rate <sup>6</sup>	32.84%	99.87%	123.37%	64.30%	
Net asset value per unit	\$ 8.95	\$ 9.34	\$ 8.26	\$ 7.76	
Closing market price (HUL)*	\$ 8.99	\$ 9.42	\$ 8.43	\$ 7.56	

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

# Harvest US Equity Plus Income ETF

## (formerly US Equity Plus Income ETF)

### Series U (CAD)

THE FUND'S NET ASSETS PER UNIT		2018	2017	2016	2015
Net assets - beginning of the period <sup>2</sup>	\$	12.00	\$ 11.31	\$ 10.89	\$ 11.66
<b>Increase (decrease) from operations</b>					
Total revenue		0.10	0.19	0.20	0.17
Total expenses		(0.13)	(0.21)	(0.14)	(0.13)
Realized gains (losses) for the period		0.97	1.21	(0.89)	(0.14)
Unrealized gains (losses) for the period		(0.65)	0.09	1.45	(0.50)
<b>Total increase (decrease) from operations<sup>1</sup></b>	<b>\$</b>	<b>0.29</b>	<b>\$ 1.28</b>	<b>\$ 0.62</b>	<b>\$ (0.60)</b>
<b>Distributions<sup>3</sup></b>					
From income		(0.26)	-	-	-
Return of capital		-	(0.52)	(0.53)	(0.40)
<b>Total annual distributions<sup>3</sup></b>	<b>\$</b>	<b>(0.26)</b>	<b>\$ (0.52)</b>	<b>\$ (0.53)</b>	<b>\$ (0.40)</b>
<b>Net assets - end of the period<sup>1, 7</sup></b>	<b>\$</b>	<b>12.09</b>	<b>\$ 12.00</b>	<b>\$ 11.31</b>	<b>\$ 10.89</b>

RATIOS AND SUPPLEMENTAL DATA		2018	2017	2016	2015
Total net asset value	\$	2,066,380	\$ 2,651,280	\$ 2,214,858	\$ 2,759,997
Number of units outstanding		170,850	220,850	195,850	253,500
Management expense ratio <sup>4</sup>		2.12%	1.86%	1.39%	9.05%
Management expense ratio before waivers or absorptions <sup>4</sup>		2.12%	1.86%	1.39%	9.05%
Trading expense ratio <sup>5</sup>		0.06%	0.10%	0.21%	0.20%
Portfolio turnover rate <sup>6</sup>		32.84%	99.87%	123.37%	64.30%
Net asset value per unit	\$	12.09	\$ 12.00	\$ 11.31	\$ 10.89
Closing market price - USD (HUL.U)*	\$	9.32	\$ 9.51	\$ 8.59	\$ N/A

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

#### Explanatory Notes:

1. 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.
2. Net assets, at the commencement of operations on March 25, 2015 was \$9.33, net of agents' commissions and issuance costs of \$0.67 per unit for Series A and net assets, at the beginning of the period was \$11.66 (\$9.33 USD), net of agents' commissions and issuance costs of \$0.80 (\$0.67 USD) per unit for Series U.
3. Distributions were paid in cash or reinvested in additional units of the Fund.
4. 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 2015 (the year of inception) the year of inception, included agents' fees of \$2,705,788 and issue costs of \$571,677 for Series A and agents' fees of \$204,626 and issue costs of \$44,184 for Series U, which were treated as one-time expenses and therefore were not annualized. The MER without these costs is 1.47% for Series A and 1.47% for Series U.
5. 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.
6. 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.
7. The USD amount of the net assets at the end of the period was \$9.19 USD.

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

### Past Performance

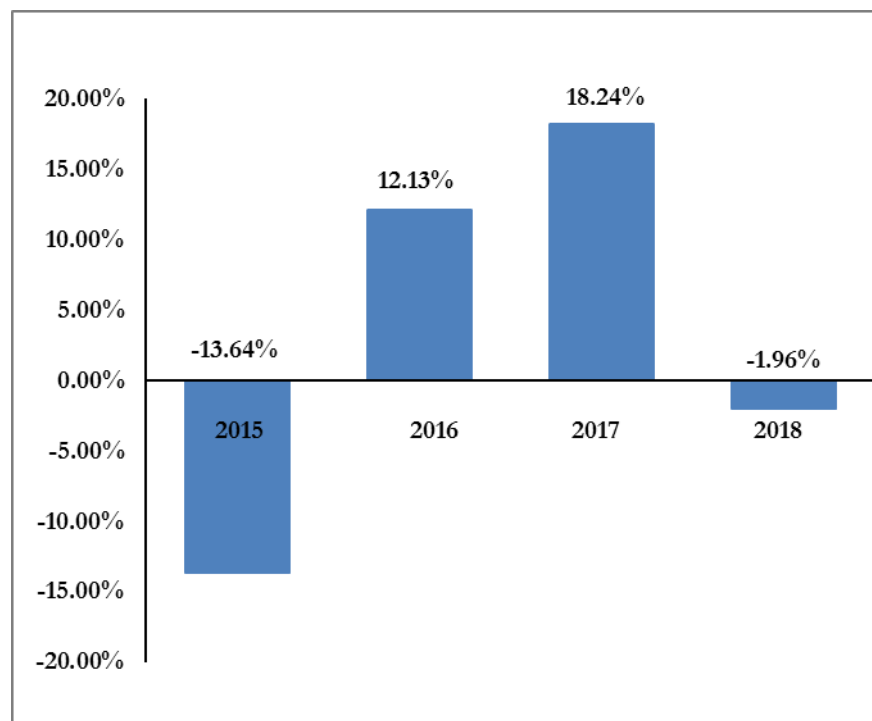
The performance information presented herein assumes all dividends of the Fund during the periods presented were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, or other charges that would have reduced returns or affected performance.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

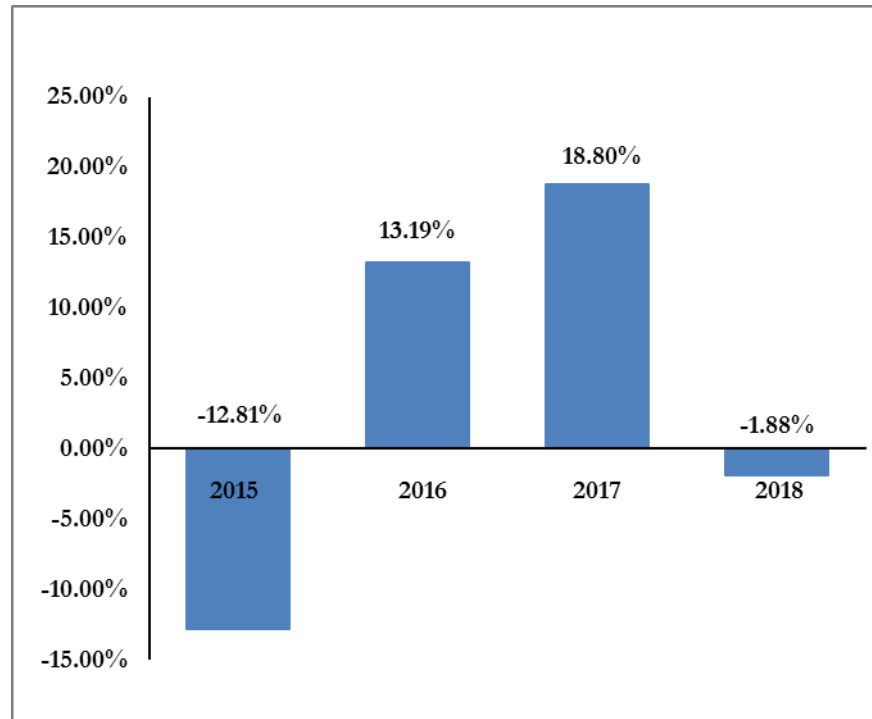
#### Series A



2015 represents the period from March 25 to December 31

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

Series U (USD)



2015 represents the period from March 25 to December 31



# Harvest US Equity Plus Income ETF

## (formerly US Equity 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 25 Holdings	% of Net Asset Value
The Procter & Gamble Company	4.4
American Tower Corporation	4.4
Amgen Inc.	4.4
Visa Inc. Class A	4.3
The Walt Disney Company	4.3
Quest Diagnostics Incorporated	4.2
Corning Incorporated	4.1
Humana Inc.	4.1
General Mills, Inc.	4.1
Apple Inc.	4.1
Masco Corporation	4.0
The Bank of New York Mellon Corporation	4.0
Valero Energy Corporation	4.0
The Home Depot, Inc.	4.0
Union Pacific Corporation	4.0
Textron Inc.	4.0
Walmart Inc.	4.0
Cognizant Technology Solutions Corporation Class A	4.0
JPMorgan Chase & Co.	3.9
Best Buy Co., Inc.	3.9
McDonald's Corporation	3.9
Bank of America Corporation	3.8
The Allstate Corporation	3.8
The Goldman Sachs Group, Inc.	3.7
YUM! Brands, Inc.	3.7
<b>Total</b>	<b>101.1</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 US Equity Plus Income ETF (formerly US Equity Plus Income ETF)

## SECTOR ALLOCATION

Sector	% of Net Asset Value
Consumer Discretionary	19.8
Financials	19.2
Information Technology	16.5
Health Care	12.7
Consumer Staples	12.5
Industrials	12.0
Real Estate	4.4
Energy	4.0
Cash and other assets and liabilities	0.3
Foreign currency forward contracts	(1.4)
<b>Total</b>	<b>100.0</b>



### **Head Office**

710 Dorval Drive, Suite 209  
Oakville, Ontario L6K 3V7

Phone Number: 416.649.4541

Toll Free: 866.998.8298

Fax Number: 416.649.4542

Email: [info@harvestportfolios.com](mailto:info@harvestportfolios.com)

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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.