



MANAGEMENT REPORT OF FUND PERFORMANCE

Global Telecom & Utilities Income Fund

December 31, 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; or on SEDAR at www.sedar.com.

Global Telecom & Utilities Income Fund

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 annual report 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 Global Telecom & Utilities Income Fund (the "Fund") provides investors with exposure to an actively managed portfolio comprised primarily of Equity Securities of Global Telecom Issuers and Global Utilities Issuers.

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PRESIDENT'S MESSAGE

Global Telecom & Utilities Income Fund

Unitholder letter March 2019

Dear Valued Investor,

Like 2017, 2018 proved to be a year of unexpected surprises, though this time with considerably more volatility and global markets ending the year in negative territory.

Should we really be that surprised? As we break into the tenth year since the financial crisis when the market put in a bottom in March 2009, we can point to three additional periods of market disruption: 1) in 2011, 2) late 2015 to early 2016, and 3) most of 2018. I have heard people referring to the current situation as a trader's market while investors have been sidelined. Though the volatility is tough to endure, remaining focused on long term growth by staying invested in great businesses will prove itself now as it has in the past.

A stockholder or unitholder never thinks of himself/herself as a business owner, though in the case of equity investing, that's what you are. You own a piece of many businesses through your ETF or Fund holdings, and if you like what you own and feel comfortable with the underlying companies its best to ignore noise and stay with the program. In short periods of time, interest rates, inflation, analyst reports and media articles can move a company's share price around, but over longer time horizons the trendline economics of the underlying business will override short term price fluctuations with the true direction of the stock price.

One thing we do know is that our investment philosophy at Harvest doesn't change, markets will change, and we accept that, we will fine tune portfolios when the dynamics for a company change, but we maintain our long-term thesis. Option writing, in our Leaders ETFs, allows us to reduce some of the shorter-term risk of a portfolio and monetize that portion of return for income generation. Most of the portfolio will remain long due to our positive bias towards the businesses we hold.

Early in 2018 Harvest launched its first specialty index ETF, the Blockchain Technologies ETF, as a long-term proxy on the transformational Blockchain technology. We truly believe this technology will change the way businesses and consumers transact, track and verify goods and services in a secure and non-corruptible manner. The sell off in crypto currencies early in the year washed through the burgeoning Blockchain technology sector due to its close association to cryptos as Blockchain provides the framework for the crypto currencies to transact upon. As tough as the inaugural year was, we hold steadfast in our belief that it is still early days for Blockchain technology, and it will continue to emerge as the go to transactional technology of the future.

As we look towards 2019, we expect to see some of the macro trade issues resolved and a relatively flat trend for interest rates, it wouldn't surprise us to see markets end the year on a positive note, but to predict how much or how we will get there is like trying to predict the weather. Plan your picnic, just keep an umbrella in the car.

On behalf of Harvest, I would like to thank you for your trust and investment in our products.

Sincerely,

Signed "Michael Kovacs"

Michael Kovacs
President and Chief Executive Officer

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

The annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. For your reference, the annual financial statements of the Fund are attached to the annual management report of fund performance. You may obtain additional copies of these documents at your request, and at no cost, by calling toll free at 1(866) 998-8298; by writing to us at Harvest Portfolios Group Inc., 710 Dorval Drive, Suite 209, Oakville, Ontario, L6K 3V7; or by visiting our website at www.harvestportfolios.com; or on SEDAR at 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's investment objectives are to provide unitholders with:

- (i) monthly distributions; and
- (ii) capital appreciation.

The Fund has been established to provide investors with exposure to an actively managed portfolio comprised primarily of Equity Securities of Global Telecom Issuers and Global Utilities Issuers. The Manager believes that this strategy will provide investors with the opportunity for both long term capital growth and attractive income that it anticipates from Global Telecom Issuers and the stable returns that it anticipates from Global Utilities Issuers.

RISK

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

RESULTS OF OPERATIONS

The Fund returned -0.15% for the year ending December 31, 2018 versus the custom benchmark index comprised of 50% weighting of the MSCI World Utilities Sector Total Return Index in Canadian currency and a 50% weighting of the MSCI World Telecom Service Sector Total Return Index in Canadian currency return of 4.03% over the same period.

The global economy continued to grow in 2018 following robust growth in 2017. The US economy in particular showed signs of continued robust economic growth through the middle of the year. This had expectations of interest rates hikes in the US continuing to look for several rate hikes through 2018 and more so into 2019 while at the same time the European Central Bank indicated that their bond buying program in Europe would stop. These factors combined resulted in headwinds for traditionally higher yielding defensive sectors like dividend paying telecom and utilities companies. Growing concerns over global economic growth coupled with broad based political unease in Europe, the US coupled with heightened trade relations globally resulted in an increase in volatility. This resulted in investors seeking traditionally more sectors like telecom and utilities. This had a positive impact on the Fund during the latter part of the year. In addition, the decline in Canadian dollar against several major global currencies resulted in a modest positive return to the fund as the portfolio remains unhedged during 2018.

The Fund remained invested primarily in a diversified portfolio of global issuers engaged in the Telecommunications and Utility related sub-sectors.

RECENT DEVELOPMENTS

No new recent developments to note for the year ended December 31, 2018.

RELATED PARTY TRANSACTIONS

There were no related party transactions during the reporting period, except for management fees and other expense reimbursements paid to Harvest, as noted below in Management and Other Fees.

MANAGEMENT AND OTHER FEES

The Fund pays its manager, Harvest, a management fee from the Fund of 1.25% per annum of the applicable average weekly NAV calculated and payable monthly in arrears, plus applicable taxes.

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At its sole discretion, the Manager may waive management fees or absorb expenses of the Fund. During the year there were no fees waived or absorbed. The management expense ratios of the Fund with and without the waivers and absorptions are reported in the Ratios and Supplemental Data table below.

The Fund also pays service fees to registered dealers at the rate on 0.40%, plus applicable taxes, of the average weekly NAV of the Fund. Service fees are accrued daily and paid monthly to the manager, who in turn pays the dealers quarterly.

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 counterparty and forward fees which are paid directly by the Fund and is then reimbursed by the Fund.

Other expenses

The Manager will be reimbursed by the Fund for all reasonable costs, expenses and liabilities incurred by the Manager for performance of services on behalf of the Fund in connection with the discharge by the Manager of its duties hereunder. Such costs and expenses may include, without limitation: mailing and printing expenses for reports to unitholders and other unitholder communications; a reasonable allocation of salaries, benefits and consulting fees; independent directors of the Manager and other administrative expenses and costs incurred in connection with the Fund's continuous public offering and other obligations. These expenses were \$4,259 for the year ended December 31, 2018 (2017 - \$9,483) and are included in the unitholder reporting costs in the Statements of Comprehensive Income in the financial statements.

BORROWINGS

The Fund established a revolving margin with its Prime Broker, a Canadian chartered bank. Interest charged at floating rates is included in "Interest expense" on the Statements of Comprehensive Income (Loss). The Fund has the facility in place to borrow up to 25 percent of its total assets or 33.3% of the Fund's NAV. The overdraft function is to borrow for the purpose of making investments in accordance with its investment objectives and restrictions, and to pledge its assets to secure the borrowings. The borrowing is a revolving margin that is due on demand with no fixed repayment terms.

The amount drawn on the margin was \$50,949 (December 31, 2017 - \$nil) or 1.4% (December 31, 2017 - nil%) of net assets attributable to holders of redeemable units at December 31, 2018. For the year ended December 31, 2018 the Fund recorded interest expense of \$1,059 (2017 - \$11,573). The amount of borrowings ranged between \$nil and \$50,949 during the year (December 31, 2017 between \$nil and \$1,227,279) and represented 0.0% to 1.4% of the Fund's net assets attributable to holders of redeemable units during the year ended December 31, 2018 (December 31, 2017 - 0.0% to 21.9%).

RECOMMENDATION OR REPORTS BY THE INDEPENDENT REVIEW COMMITTEE

The Independent Review Committee tabled no special reports and made no extraordinary material recommendations to management of the Fund during the year ended December 31, 2018.

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FINANCIAL HIGHLIGHTS

The following tables present selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the year ended December 31, 2018 and past annual periods. This information is derived from the Fund's annual audited financial statements.

THE FUND'S NET ASSETS PER UNIT					
	2018	2017	2016	2015	2014
Net assets - beginning of year	\$ 9.26	\$ 9.94	\$ 11.59	\$ 10.72	\$ 10.17
Increase (decrease) from operations					
Total revenue	0.31	0.28	0.43	0.02	0.01
Total expenses	(0.38)	(0.40)	(0.39)	(0.39)	(0.34)
Realized gains (losses) for the year	0.15	0.11	(0.52)	6.24	1.71
Unrealized gains (losses) for the year	(0.10)	0.10	(0.56)	(4.28)	(0.06)
Total increase (decrease) from operations¹	\$ (0.02)	\$ 0.09	\$ (1.04)	\$ 1.59	\$ 1.32
Distributions³					
Return of capital	(0.72)	(0.72)	(0.72)	(0.72)	(0.72)
Total annual distributions²	\$ (0.72)	\$ (0.72)	\$ (0.72)	\$ (0.72)	\$ (0.72)
Net assets - end of year¹	\$ 8.52	\$ 9.26	\$ 9.94	\$ 11.59	\$ 10.72

RATIOS AND SUPPLEMENTAL DATA					
	2018	2017	2016	2015	2014
Total net asset value	\$ 3,538,132	\$ 3,972,145	\$ 5,591,022	\$ 10,524,382	\$ 11,759,477
Number of units outstanding	415,484	429,184	562,445	907,709	1,097,465
Management expense ratio ³	4.35%	4.03%	3.72%	5.46%	5.29%
Management expense ratio before waivers or absorptions ³	4.35%	4.03%	3.72%	5.46%	5.29%
Trading expense ratio ⁴	0.01%	0.03%	0.09%	0.00%	0.23%
Portfolio turnover rate ⁵	0.21%	14.28%	10.74%	133.04%	11.32%
Net asset value per unit	\$ 8.52	\$ 9.26	\$ 9.94	\$ 11.59	\$ 10.72
Closing market price HGI.UN)	\$ 8.12	\$ 9.32	\$ 9.41	\$ 10.66	\$ 10.41

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. Distributions were paid in cash.
3. Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs), of the Fund. In prior years, the MER included expenses of the Fund and the GTU Trust. On December 16, 2015, the Forward Agreement between the Fund and the GTU Trust was settled and the GTU Trust was terminated. The 2015 MER includes the expenses of the GTU Trust up to December 16, 2015. The MER without the GTU Trust was 3.48%.
4. The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
5. 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.

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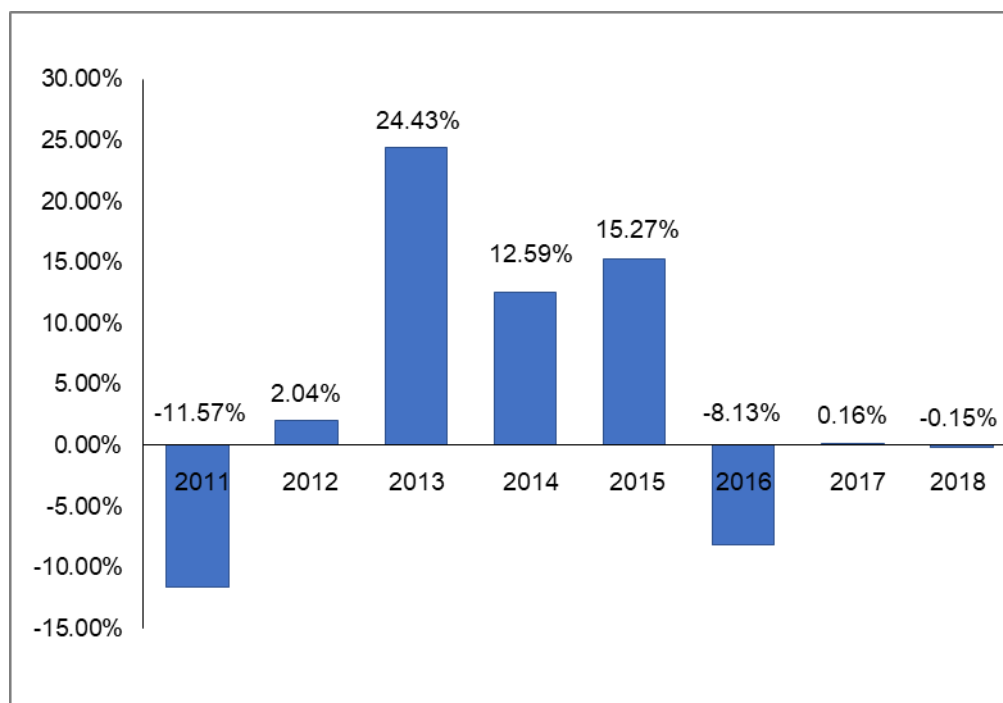
Past Performance

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 chart presents the Fund's performance for each of the periods shown and illustrates how the Fund's performance varied. The chart shows, in percentage terms, how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial year.

Fund performance



2011 represents the period from March 23 to December 31

ANNUAL COMPOUND RETURNS

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

For comparison purposes, a benchmark comprised of a blended index of 50% weighting of the Morgan Stanley Composite Index (MSCI) for Utilities and a 50% weighting of the MSCI for Telecom, in Canadian dollars, is being used. While the Fund uses this benchmark for long-term performance comparisons, it is not managed relative to the composition of the Index. As a result, the Fund may experience periods when its performance is not aligned with the Index, either positively or negatively. The return of the Index is calculated without the deduction of management fees and fund expenses whereas the performance of the Fund is calculated after deducting such fees and expenses. Please see the "Results of Operations" section of this report for a discussion on recent performance.

Investment Return %	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund Performance	-0.15	-2.78	3.58	-	3.83
Benchmark Performance	4.03	3.20	8.39	-	9.20

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SUMMARY OF INVESTMENT PORTFOLIO

The Portfolio by category chart below provides a portfolio breakdown based on the total transactional net asset value of the Fund's portfolio holdings. A detailed breakdown of the Fund's holdings is available in the "Schedule of Investments" section of the Fund's annual financial statements.

As at December 31, 2018

Top 25 Holdings	% of Net Asset Value
Naturgy Energy Group, SA	6.1
Spark New Zealand Limited	5.9
Verizon Communications Inc.	5.0
Iberdrola, SA	4.9
Vivendi SA	4.6
Terna S.p.A.	4.1
Deutsche Telekom AG	4.0
National Grid PLC	3.9
EDP - Energias de Portugal, SA	3.9
Veolia Environnement SA	3.8
Endesa SA	3.7
Duke Energy Corporation	3.5
United Utilities Group PLC	3.4
Ameren Corporation	3.3
AT&T Inc.	3.2
PPL Corporation	3.1
TransCanada Corporation	3.0
SSE PLC	2.7
TELUS Corporation	2.6
RWE AG	2.5
Mediaset S.p.A.	2.5
ProSiebenSat.1 Media SE	2.3
Telefonica, SA	2.1
Vodafone Group PLC	2.1
Telia Company AB	2.1
Total	88.3

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.

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SECTOR ALLOCATION

Sector	% of Net Asset Value
Utilities	52.0
Communication Services	37.7
Energy	4.5
Cash and other assets and liabilities	5.8
Total	100.0

GEOGRAPHIC ALLOCATION

Country of Issue	% of Net Asset Value
Eurozone	49.0
United States of America	18.0
United Kingdom	12.2
Canada	12.8
New Zealand	5.9
Sweden	2.1
Total	100.0



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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.