



ANNUAL FINANCIAL STATEMENTS

Harvest Canadian Income & Growth Fund

December 31, 2018



Harvest Canadian Income & Growth Fund

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by Harvest Portfolios Group Inc. in its capacity as Manager of the Fund and approved by the Board of Directors of the Manager. The Fund's Manager is responsible for the information and representation contained in these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments made by the Manager. The significant accounting policies, which the Manager believes are appropriate, are described in Note 3 to the financial statements.

PricewaterhouseCoopers LLP is the external auditor of the Fund. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements. Their report is included as an integral part of the financial statements.

On behalf of Harvest Portfolios Group Inc.,

Signed "Michael Kovacs"

Michael Kovacs
President and Chief Executive Officer

Signed "Daniel Lazzer"

Daniel Lazzer
Chief Financial Officer

Oakville, Canada
March 14, 2019



Independent auditor's report

To the Unitholders and Trustee of Harvest Canadian Income & Growth Fund (the Fund)

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Fund's financial statements comprise:

- the statements of financial position as at December 31, 2018 and 2017;
- the statements of comprehensive income (loss) for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario,
March 14, 2019

Harvest Canadian Income & Growth Fund

STATEMENTS OF FINANCIAL POSITION			
As at December 31,	2018		2017
Assets			
Current assets			
Investments	\$	10,544,602	\$ 16,987,312
Cash		383,327	521,743
Dividends and interest receivable		43,487	64,844
Subscriptions receivable		47,161	-
		11,018,577	17,573,899
Liabilities			
Current liabilities			
Redemptions payable		78,999	177,367
Distributions payable (Note 4)		70,437	18,943
		149,436	196,310
Net assets attributable to holders of redeemable units	\$	10,869,141	\$ 17,377,589
Net assets attributable to holders of redeemable units			
Series R	\$	7,462,860	\$ 10,750,594
Series A		2,065,902	4,633,835
Series F		1,328,678	1,980,679
Series D		11,701	12,481
Number of redeemable units outstanding (Note 4)			
Series R		650,284	799,656
Series A		181,571	344,758
Series F		106,660	134,370
Series D		984	893
Net assets attributable to holders of redeemable units per unit			
Series R	\$	11.48	\$ 13.44
Series A		11.38	13.44
Series F		12.46	14.74
Series D		11.90	13.97

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

Harvest Canadian Income & Growth Fund

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)				
For the year ended December 31,		2018		2017
Income				
Net gain (loss) on investments				
Dividends	\$	365,205	\$	556,572
Interest for distribution purposes		47,628		144,713
Net realized gain (loss) on sale of investments		1,540,137		1,310,152
Net change in unrealized appreciation (depreciation) of investments		(2,427,200)		(843,658)
Net gain (loss) on investments		(474,230)		1,167,779
Other income (loss)				
Net realized gain (loss) on foreign exchange		3,734		(13,470)
Net change in unrealized appreciation (depreciation) of foreign exchange		3,792		(5,726)
Other income (loss)		7,526		(19,196)
Total income (net)	\$	(466,704)	\$	1,148,583
Expenses (Note 5)				
Management fees	\$	192,689	\$	278,499
Service fees		145,472		213,722
Withholding taxes		14,634		30,029
Unitholder reporting costs		48,786		53,178
Audit fees		30,460		36,364
Transfer agency fees		61,261		65,417
Custodian fees and bank charges		43,230		42,241
Independent Review Committee fees		1,490		3,414
Filing fees		23,666		21,326
Legal fees		6,194		6,565
Transaction costs (Note 7)		14,808		29,208
Total expenses		582,690		779,963
Increase (decrease) in net assets attributable to holders of redeemable units	\$	(1,049,394)	\$	368,620
Increase (decrease) in net assets attributable to holders of redeemable units - Series R	\$	(674,686)	\$	211,129
Increase (decrease) in net assets attributable to holders of redeemable units - Series A		(266,716)		96,382
Increase (decrease) in net assets attributable to holders of redeemable units - Series F		(107,212)		60,715
Increase (decrease) in net assets attributable to holders of redeemable units - Series D		(780)		394
Increase (decrease) in net assets attributable to holders of redeemable units per unit - Series R (Note 4)	\$	(0.95)	\$	0.24
Increase (decrease) in net assets attributable to holders of redeemable units per unit - Series A (Note 4)		(1.08)		0.25
Increase (decrease) in net assets attributable to holders of redeemable units per unit - Series F (Note 4)		(0.99)		0.43
Increase (decrease) in net assets attributable to holders of redeemable units per unit - Series D (Note 4)		(0.85)		0.40

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

Harvest Canadian Income & Growth Fund

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ALL SERIES				
For the year ended December 31,		2018		2017
Net assets attributable to holders of redeemable units beginning of year	\$	17,377,589	\$	22,622,011
Increase (decrease) in net assets attributable to holders of redeemable units	\$	(1,049,394)	\$	368,620
Redeemable unit transactions				
Proceeds from issue of redeemable units		195,726		336,752
Reinvestments of distributions to holders of redeemable units		887,991		935,628
Redemption of redeemable units		(5,412,517)		(5,699,642)
Net increase (decrease) in redeemable unit transactions	\$	(4,328,800)	\$	(4,427,262)
Distributions to holders of redeemable units				
Capital gains		(1,130,254)		(680,523)
Return of capital		-		(505,257)
Total distributions to holders of redeemable units	\$	(1,130,254)	\$	(1,185,780)
Net assets attributable to holders of redeemable units end of year	\$	10,869,141	\$	17,377,589

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS SERIES R				
For the year ended December 31,		2018		2017
Net assets attributable to holders of redeemable units beginning of year	\$	10,750,594	\$	14,279,396
Increase (decrease) in net assets attributable to holders of redeemable units	\$	(674,686)	\$	211,129
Redeemable unit transactions				
Proceeds from issue of redeemable units		83,924		58,827
Reinvestments of distributions to holders of redeemable units		572,470		580,374
Redemption of redeemable units		(2,470,724)		(3,408,070)
Transfer of units		(71,115)		(225,934)
Net increase (decrease) in net assets from redeemable unit transactions	\$	(1,885,445)	\$	(2,994,803)
Distributions to holders of redeemable units				
Capital gains		(727,603)		(423,578)
Return of capital		-		(321,550)
Total distributions to holders of redeemable units	\$	(727,603)	\$	(745,128)
Net assets attributable to holders of redeemable units end of year	\$	7,462,860	\$	10,750,594

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

Harvest Canadian Income & Growth Fund

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS SERIES A				
For the year ended December 31,		2018		2017
Net assets attributable to holders of redeemable units beginning of year	\$	4,633,835	\$	6,237,054
Increase (decrease) in net assets attributable to holders of redeemable units	\$	(266,716)	\$	96,382
Redeemable unit transactions				
Proceeds from issue of redeemable units		108,502		269,834
Reinvestments of distributions to holders of redeemable units		210,186		277,444
Redemption of redeemable units		(2,320,795)		(1,772,917)
Transfer of units		(47,476)		(151,995)
Net increase (decrease) in net assets from redeemable unit transactions	\$	(2,049,583)	\$	(1,377,634)
Distributions to holders of redeemable units				
Capital gains		(251,634)		(185,273)
Return of capital		-		(136,694)
Total distributions to holders of redeemable units	\$	(251,634)	\$	(321,967)
Net assets attributable to holders of redeemable units end of year	\$	2,065,902	\$	4,633,835

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS SERIES F				
For the year ended December 31,		2018		2017
Net assets attributable to holders of redeemable units beginning of year	\$	1,980,679	\$	2,094,413
Increase (decrease) in net assets attributable to holders of redeemable units	\$	(107,212)	\$	60,715
Redeemable unit transactions				
Proceeds from issue of redeemable units		3,300		1,800
Reinvestments of distributions to holders of redeemable units		104,194		77,035
Redemption of redeemable units		(620,998)		(513,346)
Transfer of units		118,591		377,929
Net increase (decrease) in net assets from redeemable unit transactions	\$	(394,913)	\$	(56,582)
Distributions to holders of redeemable units				
Capital gains		(149,876)		(71,148)
Return of capital		-		(46,719)
Total distributions to holders of redeemable units	\$	(149,876)	\$	(117,867)
Net assets attributable to holders of redeemable units end of year	\$	1,328,678	\$	1,980,679

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

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STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS SERIES D			
For the year ended December 31,		2018	2017
Net assets attributable to holders of redeemable units beginning of year	\$	12,481	11,148
Increase (decrease) in net assets attributable to holders of redeemable units	\$	(780)	394
Redeemable unit transactions			
Proceeds from issue of redeemable units		-	6,291
Reinvestments of distributions to holders of redeemable units		1,141	775
Redemption of redeemable units		-	(5,309)
Net increase (decrease) in redeemable unit transactions	\$	1,141	1,757
Distributions to holders of redeemable units			
Capital gains		(1,141)	(524)
Return of capital		-	(294)
Total distributions to holders of redeemable units	\$	(1,141)	(818)
Net assets attributable to holders of redeemable units end of year	\$	11,701	12,481

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

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STATEMENTS OF CASH FLOWS			
For the year ended December 31,	2018		2017
Operating activities			
Increase (decrease) in net assets attributable to holders of redeemable units	\$	(1,049,394)	\$ 368,620
Add (deduct) items not affecting cash:			
Realized (gain) loss on sale of investments		(1,540,137)	(1,310,152)
Change in unrealized (appreciation) depreciation of investments		2,427,200	843,658
Change in unrealized (appreciation) depreciation of foreign exchange		(3,792)	5,726
Proceeds from sale of investments		11,120,767	12,612,247
Purchases of investments		(5,565,120)	(7,832,989)
Net change in non-cash assets and liabilities		25,149	231,986
Net cash flow provided by (used in) operating activities	\$	5,414,673	\$ 4,919,096
Financing activities			
Proceeds from redeemable units issued		148,565	336,752
Redemption and cancellation of redeemable units		(5,510,885)	(5,699,642)
Distributions paid to holders of redeemable units (net of reinvested distributions)		(190,769)	(255,932)
Net cash flow provided by (used in) financing activities	\$	(5,553,089)	\$ (5,618,822)
Net increase (decrease) in cash during the year		(138,416)	(699,726)
Cash, beginning of the year		521,743	1,221,469
Cash, end of the year	\$	383,327	\$ 521,743
Supplemental disclosure of cash flow information			
Interest received during the year*	\$	47,628	\$ 144,713
Dividends received, net of withholding taxes*		371,928	589,897
*included in operating activities			

*included in operating activities

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

Harvest Canadian Income & Growth Fund

SCHEDULE OF INVESTMENTS As at December 31, 2018				
Number of Shares	Security	Average Cost (\$)	Carrying Value (\$)	% of Net Assets
EQUITIES				
Communication Services				
6,100	Rogers Communications Inc., Class B	430,687	426,756	3.9
9,700	TELUS Corporation	358,803	438,925	4.1
		789,490	865,681	8.0
Consumer Discretionary				
11,100	Dollarama Inc.	559,858	360,417	3.3
1,000	Lululemon Athletica Inc.	187,391	166,022	1.5
		747,249	526,439	4.8
Consumer Staples				
6,600	Alimentation Couche-Tard Inc. Class B	413,078	448,206	4.1
9,500	Metro Inc.	394,356	449,730	4.2
		807,434	897,936	8.3
Pipeline				
11,128	Pembina Pipeline Corporation	199,551	450,795	4.1
8,426	TransCanada Corporation	441,023	410,768	3.8
		640,574	861,563	7.9
Financials				
24,900	Timbercreek Financial Corp.	227,517	217,875	2.0
		227,517	217,875	2.0
Health Care				
34,900	Chartwell Retirement Residences	481,085	477,083	4.4
2,700	Johnson & Johnson	397,525	475,683	4.4
		878,610	952,766	8.8
Industrials				
1,500	Boyd Group Income Fund	164,396	169,425	1.5
19,800	CAE Inc.	431,526	496,782	4.6
3,850	Canadian National Railway Company	333,058	389,273	3.6
1,600	Canadian Pacific Railway Limited	316,282	387,584	3.6
9,600	NFI Group Inc.	555,973	326,784	3.0
3,900	Ritchie Bros. Auctioneers Incorporated	167,650	174,174	1.6
42,200	Savaria Corporation	665,134	551,132	5.1
5,300	WSP Global Inc.	261,020	310,951	2.8
		2,895,039	2,806,105	25.8
Information Technology				
5,100	CGI Group Inc., Class A	429,302	425,850	3.9
		429,302	425,850	3.9
Utilities				
30,600	Algonquin Power & Utilities Corp.	328,889	420,138	3.9
44,900	Superior Plus Corporation	551,735	434,632	4.0
		880,624	854,770	7.9

Harvest Canadian Income & Growth Fund

SCHEDULE OF INVESTMENTS (continued) As at December 31, 2018

Number of Shares	Security	Average Cost (\$)	Carrying Value (\$)	% of Net Assets
Real Estate				
2,700	Alexandria Real Estate Equities, Inc.	412,542	424,780	3.9
3,000	Digital Realty Trust, Inc.	441,056	436,386	4.0
32,500	InterRent Real Estate Investment Trust	377,440	424,125	3.9
5,300	Prologis, Inc.	432,769	424,872	3.9
13,800	SmartCentres Real Estate Investment Trust	407,706	425,454	3.9
		2,071,513	2,135,617	19.6
Total investments		10,367,352	10,544,602	97.0
Other assets less liabilities			324,539	3.0
Net assets attributable to holders of redeemable units			10,869,141	100.0

Harvest Canadian Income & Growth Fund

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

December 31, 2018

1. GENERAL INFORMATION

Harvest Canadian Income & Growth Fund (the "Fund") is an investment trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated May 31, 2010 and as amended and restated, being the inception date. There was no significant activity in the Fund from the date of inception to commencement of operations on June 29, 2010. The address of the Fund's registered office is 710 Dorval Drive, Oakville, Ontario, L6K 3V7.

The Fund became an open-end mutual fund on June 20, 2012 (the "Conversion Date"). On the conversion, the units became redeemable at the net asset value per unit on a daily basis, and the Fund became subject to National Instrument 81-102 Investment Funds.

The Fund's investment objectives are to provide unitholders with monthly distributions and maximize long-term total return for unitholders while reducing volatility. The Fund was created to provide investors with income and the potential for capital appreciation. As part of the investment strategy, the Fund will invest in an actively managed portfolio comprised primarily of dividend-paying equity and debt securities of publicly-traded utilities, industrial, communications, real estate and retail issuers domiciled in Canada.

The Fund offers Series R, Series A, Series F and Series D units, only through registered dealers. On conversion, all existing unitholders at June 20, 2012 were rolled into Series R on the Conversion Date, on a unit-for-unit basis. New purchases in Series R are available, in an initial sales charge option. Series A units, which were created on June 20, 2012 but commenced operations on June 25, 2012, are available to all investors in an initial sales charge option and have a higher service fee than Series R. Series F units, which were created on June 20, 2012 but commenced operations on July 9, 2012, have no initial sales charge option and no service fees and are usually only available to investors who have fee-based accounts with the dealers. Series D units, which were created on June 20, 2014 but commenced operations on July 9, 2014, have no initial sales charge option, a lower service fee than Series R and Series A and are available to all investors.

2. BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS). These financial statements were authorized for issue by Harvest Portfolios Group Inc. (the "Manager") on March 14, 2019.

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 December 31, 2018 and December 31, 2017, there were no differences between the Fund's NAV per security and its net assets per security calculated in accordance with IFRS 9.

Fair value of investments

Investments that are traded in an active market are valued at their closing prices through recognized public stock exchanges or through recognized investment dealers on the valuation date. The Fund uses the last traded market price that falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on specific facts and circumstances. Investments held include equities, bonds and other debt instruments.

Investments held that are not traded on an active market are valued using valuation techniques, on such basis and in such a manner established by the Manager. The value of any security for which, in the opinion of the Manager, the published market quotations are not readily available shall be the fair value as determined by the Manager. The fair values of certain securities may be determined using valuation models that are based, in part, on assumptions that are not supported by observable market inputs. These methods and procedures may include, but are not limited to, performing comparisons with prices of comparable or similar securities, obtaining valuation related information from issuers and/or other analytical data relating to the investment and using other available indication of value. These values are independently assessed internally to ensure

Harvest Canadian Income & Growth Fund

that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for the aforementioned securities and interests may be materially different from the values that would be used had a ready market for the security existed. The fair values of such securities are affected by the perceived credit risks of the issuer, predictability of cash flows and length of time to maturity.

Classification of redeemable units

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

Cash

Cash is comprised of cash on deposit.

Investment transactions and income recognition

The interest for distribution purposes shown on the Statements of Comprehensive Income (Loss) represents the coupon interest received by the Fund accounted for on an accrual basis. 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.

Distributions received from income trusts are recorded as income, capital gains or a return of capital, based on the best information available to the Manager. Due to the nature of these investments, actual allocations could vary from this information. Distributions from investment trusts treated as a return of capital reduce the average cost of the underlying investment trust.

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

Management fees and service fees directly attributable to a series are charged to that series. The Fund's shared operating expenses, income, and realized and unrealized capital gains and losses are generally allocated proportionately to each series based upon the relative net assets attributable to holders of redeemable units of each series.

Foreign currency translation

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

Redeemable units valuation

The NAV per unit of each series is determined at the close of business each day the Toronto Stock Exchange is open for business. The NAV of each series of the Fund is computed by calculating the value of that series' proportionate share of the Fund's common assets less common liabilities and less those series-specific liabilities. Expenses directly attributable to a series are charged to that series. Other income and expenses are allocated to each series proportionately based on the relative NAV of each series.

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

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

Income and other taxes

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

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

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

Critical accounting estimates and judgments

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

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

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

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

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

Accounting standards effective January 1, 2018

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

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

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

4. REDEEMABLE UNITS

The Fund is authorized to issue an unlimited number of transferable units and series. Units of the Fund are offered for sale on a continuous basis and may be purchased or redeemed on any Valuation Date at the NAV per unit of a particular series. The NAV per unit of a series for the purposes of subscriptions or redemption is computed by dividing the NAV of the Fund attributable to the series (that is, the total fair value of the assets attributable to the series less the liabilities attributable to the series) by the total number of units of the series of the Fund outstanding at such time.

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The following units were issued and/or redeemed during the years indicated:

	Units Outstanding			
	Series R	Series A	Series F	Series D
Total outstanding as at January 1, 2017	1,018,562	443,757	138,523	773
Redeemable units issued	4,389	20,243	121	438
Redeemable units issued on reinvestment	42,651	20,363	5,205	55
Redeemable units redeemed	(249,695)	(128,411)	(34,800)	(373)
Redeemable units transferred between Series	(16,251)	(11,194)	25,321	-
Total outstanding as at December 31, 2017	799,656	344,758	134,370	893
Redeemable units issued	6,510	8,634	238	-
Redeemable units issued on reinvestment	46,591	17,157	7,892	91
Redeemable units redeemed	(196,704)	(185,323)	(44,354)	-
Redeemable units transferred between Series	(5,769)	(3,655)	8,514	-
Total outstanding as at December 31, 2018	650,284	181,571	106,660	984

The weighted average number of units outstanding during the year ended December 31, 2018 was 713,170 units for Series R (2017 – 897,397 units), 247,152 units for Series A (2017 – 388,372 units), 108,045 units for Series F (2017 – 140,603 units) and 920 units for Series D (2017 – 979 units).

Distributions

Monthly distributions to unitholders are declared and paid to unitholders of record on the Valuation Date prior to the month-end, and automatically reinvested at NAV into additional units of the Fund at the month-end, unless unitholders specifically requested a cash distribution be paid. The total distributions were \$1,130,254 for the year ended December 31, 2018 (2017 - \$1,185,780).

5. RELATED PARTY TRANSACTIONS AND OTHER EXPENSES

Management and service fees

Harvest Portfolios Group Inc. is the Manager of the Fund and is responsible for managing the Fund's overall business and operations and provides key management personnel to the Fund. Each series of units pays the Manager an annual management fee, plus applicable taxes, based on a percentage of the average daily NAV of the Fund attributable to that applicable series (the "Management Fee").

Dealers may be paid a servicing fee, in connection with Series A units, Series R units and Series D units for ongoing services they provide to investors, including investment advice, account statements and newsletters. Generally, the servicing fees, plus applicable taxes, are payable monthly in arrears based on the total client assets invested in each series of units of the Fund held by all of a Dealer's clients throughout the month. The Manager can change or cancel servicing fees at any time.

The fees differ among the series of units of the Fund as set out in the chart below:

Fund Series	Annual Management Fee	Dealer Service Fee	Total Fees
R	1.25%	1.00%	2.25%
A	1.25%	1.25%	2.50%
F	1.25%	0.00%	1.25%
D	1.25%	0.25%	1.50%

Operating expenses

The Fund is responsible for operating expenses relating to the carrying on of its business, including custodial services, interest, taxes, legal, audit fees, transfer agency services relating to the issue and redemption of units, and the cost of financial and other reports, costs and expenses for the Fund's Independent Review Committee ("IRC"), including fees and expenses of the IRC members and compliance with applicable laws, regulations and policies. The Manager pays for such expenses on behalf of the Fund, except for certain expenses such as interest, and is then reimbursed by the Fund.

The Manager may, in some cases, absorb a portion of the Fund's operating expenses. There were no absorptions for the years ended December 31, 2018 and 2017. The Manager may cease doing so at any time without notice to unitholders.

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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 \$41,998 for the year ended December 31, 2018 (2017 - \$43,729) and are included in the unitholder reporting costs on the Statements of Comprehensive Income (Loss).

6. FINANCIAL RISK MANAGEMENT

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

Other price risk

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

As at December 31, 2018, 97.0% (December 31, 2017 – 97.8%) of the Fund's net assets attributable to holders of redeemable units were traded on public stock exchanges. If equity prices on these exchanges had increased or decreased by 5%, as at year end, with all other factors remaining constant, net asset attributable to holders of redeemable units would have increased or decreased by approximately \$527,230 (December 31, 2017 - \$849,366).

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

Currency risk

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

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

Currency	As at December 31, 2018		As at December 31, 2017	
	Currency exposure*	As a % of net assets	Currency exposure*	As a % of net assets
U.S. Dollars	\$2,092,961	19.3	\$2,856,231	16.4

* Amounts are in Canadian Dollars

The non-monetary currency exposure is \$1,927,743 (December 31, 2017 – \$2,759,271) and the monetary currency exposure is \$165,218 (December 31, 2017 – \$96,960).

As at December 31, 2018, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other variables held constant, the Fund's net asset attributable to holders of redeemable units would have increased or decreased, respectively, by approximately \$104,648 (December 31, 2017 - \$142,812) or 1.0% (December 31, 2017 – 0.8%). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair value of financial instruments. A Fund that invests in fixed income securities, such as bonds and money market instruments, is sensitive to changes in interest rates. In general, when interest rates are falling, the value of these investments rises.

Moreover, fixed income securities with longer terms to maturity are usually more sensitive to changes in interest rates. The Fund held no fixed income securities at the end of December 31, 2018 and December 31, 2017.

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

Liquidity risk

Liquidity risk is defined as the risk that a fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to redemptions as units are redeemable on demand and Unitholders may redeem their units on each valuation date. Therefore, in order to maintain sufficient liquidity, the Fund primarily invests in securities that are actively traded in public markets and can be readily disposed of to raise liquidity. Redeemable units are redeemable on demand at the holder's option, however, the Manager does not expect that the contractual maturity will be representative of the actual cash flows as the holder of the instruments typically retain these for a longer period.

As at December 31, 2018 and December 31, 2017 all of the Fund's financial liabilities had maturities of less than three months.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

All transactions executed by the Fund in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund has no holdings of fixed income debt instruments as at December 31, 2018 and December 31, 2017. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. This risk is largely mitigated by the standards used to select corporate investments. Ongoing credit assessments are performed on all the Fund's holdings and the exposure level is managed through careful diversification across industry sectors and individual issuers, which helps to minimize this risk. The maximum credit risk of these investments is their fair value at December 31, 2018 and December 31, 2017.

Fair value of financial instruments

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

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

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

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

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

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

Securities classification:

Investments at fair value as at December 31, 2018				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Totals (\$)
Financial Assets				
Equities				
Common Stock	7,931,902	-	-	7,931,902
REIT	2,612,700	-	-	2,612,700
Total Financial Assets	10,544,602	-	-	10,544,602

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

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

The value of the equities is based on quoted prices.

Concentration Risk

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

Geography:

As at	December 31, 2018	December 31, 2017
	% of net assets	% of net assets
Canada	79.4	81.9
United States of America	17.6	15.9
Totals	97.0	97.8

Market Segment:

As at	December 31, 2018	December 31, 2017
	% of net assets	% of net assets
Industrials	25.8	19.9
Real Estate	19.6	18.6
Health Care	8.8	5.0
Consumer Staples	8.3	16.5
Communication Services	8.0	4.8
Utilities	7.9	5.0
Energy	-	5.1
Consumer Discretionary	4.8	7.3
Information Technology	3.9	-
Financials	2.0	2.4
Pipeline	7.9	13.2
Total	97.0	97.8

7. SOFT DOLLAR COMMISSIONS

Brokerage commissions paid to certain brokers may, in addition to paying for the cost of brokerage services in respect of security transactions, also provide for the cost of investment research services provided to the investment manager. The value of such research services included in commissions paid to brokers for the period ended December 30, 2018 and 2017 amounted to \$nil.



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