



ANNUAL FINANCIAL STATEMENTS

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

December 31, 2018



Harvest US Equity Plus Income ETF

(formerly US Equity Plus Income ETF)

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

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215



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

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Christopher Pitts.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario,
March 14, 2019

Harvest US Equity Plus Income ETF

(formerly US Equity Plus Income ETF)

STATEMENTS OF FINANCIAL POSITION			
As at December 31	2018		2017
Assets			
Current assets			
Investments	\$	9,768,589	\$ 20,001,052
Cash		162,569	107,921
Dividends receivable		10,140	22,453
Receivable for investments sold		200,545	-
Unrealized appreciation on foreign currency forward contracts (Note 6)		-	444,947
		10,141,843	20,576,373
Liabilities			
Current liabilities			
Redemptions payable		196,738	-
Distributions payable (Note 4)		123,008	217,481
Unrealized depreciation on foreign currency forward contracts (Note 6)		152,557	-
		472,303	217,481
Net assets attributable to holders of redeemable units	\$	9,669,540	\$ 20,358,892
Net assets attributable to holders of redeemable units			
Series A	\$	7,745,323	\$ 17,707,612
Series U (CAD)		1,924,217	2,651,280
Series U (USD)		1,409,476	2,116,030
Number of redeemable units outstanding (Note 4)			
Series A		971,723	1,896,723
Series U		170,850	220,850
Net assets attributable to holders of redeemable units per unit			
Series A	\$	7.97	\$ 9.34
Series U (CAD)		11.26	12.00
Series U (USD)		8.25	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)			
For the year ended December 31,	2018		2017
Income			
Net gain (loss) on investments			
Dividends	\$ 261,106	\$	423,094
Net realized gain (loss) on sale of investments	1,848,899		2,130,733
Net change in unrealized appreciation (depreciation) of investments	(1,799,803)		145,540
Net gain (loss) on investments	310,202		2,699,367
Net gain (loss) on derivatives			
Net realized gain (loss) on foreign exchange	(388,805)		192,183
Net change in unrealized appreciation (depreciation) of foreign exchange	(593,239)		889,828
Net gain (loss) on derivatives	(982,044)		1,082,011
Total income (net)	\$ (671,842)	\$	3,781,378
Expenses (Note 5)			
Management fees	114,454		175,534
Withholding taxes	37,831		69,348
Unitholder reporting costs	34,137		52,214
Audit fees	31,670		34,364
Transfer agency fees	18,255		17,644
Custodian fees and bank charges	63,475		61,607
Independent Review Committee fees	1,622		3,816
Filing fees	21,981		20,443
Legal fees	11,751		19,371
Transaction costs (Note 8)	8,469		20,568
Total expenses	343,645		474,909
Increase (decrease) in net assets attributable to holders of redeemable units	\$ (1,015,487)	\$	3,306,469
Increase (decrease) in net assets attributable to holders of redeemable units -			
Series A	\$ (988,523)	\$	3,054,443
Increase (decrease) in net assets attributable to holders of redeemable units -			
Series U	(26,964)		252,026
Increase (decrease) in net assets attributable to holders of redeemable units per			
unit - Series A (Note 4)	\$ (0.80)	\$	1.42
Increase (decrease) in net assets attributable to holders of redeemable units per			
unit - Series U (Note 4)	(0.15)		1.28

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 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	\$	20,358,892	\$	22,849,256
Increase (decrease) in net assets attributable to holders of redeemable units	\$	(1,015,487)	\$	3,306,469
Redeemable unit transactions				
Proceeds from issue of redeemable units		718,150		562,385
Redemption of redeemable units		(9,844,837)		(5,414,628)
Net unitholders' transactions	\$	(9,126,687)	\$	(4,852,243)
Distributions to holders of redeemable units				
Return of capital		(547,178)		(944,590)
Total distributions to holders of redeemable units	\$	(547,178)	\$	(944,590)
Net assets attributable to holders of redeemable units end of year	\$	9,669,540	\$	20,358,892

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 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	\$	17,707,612	\$ 20,634,398
Increase (decrease) in net assets attributable to holders of redeemable units	\$	(988,523)	\$ 3,054,443
Redeemable unit transactions			
Proceeds from issue of redeemable units		424,545	-
Redemption of redeemable units		(8,944,622)	(5,137,540)
Net unitholders' transactions	\$	(8,520,077)	\$ (5,137,540)
Distributions to holders of redeemable units			
Return of capital		(453,689)	(843,689)
Total distributions to holders of redeemable units	\$	(453,689)	\$ (843,689)
Net assets attributable to holders of redeemable units end of year	\$	7,745,323	\$ 17,707,612

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS SERIES U			
For the year ended December 31,	2018		2017
Net assets attributable to holders of redeemable units beginning of year	\$	2,651,280	\$ 2,214,858
Increase (decrease) in net assets attributable to holders of redeemable units	\$	(26,964)	\$ 252,026
Redeemable unit transactions			
Proceeds from issue of redeemable units		293,605	562,385
Redemption of redeemable units		(900,215)	(277,088)
Net unitholders' transactions	\$	(606,610)	\$ 285,297
Distributions to holders of redeemable units			
Return of capital		(93,489)	(100,901)
Total distributions to holders of redeemable units	\$	(93,489)	\$ (100,901)
Net assets attributable to holders of redeemable units end of year	\$	1,924,217	\$ 2,651,280

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 CASH FLOWS			
For the year ended December 31,		2018	2017
Operating activities			
Increase (decrease) in net assets attributable to holders of redeemable units	\$	(1,015,487)	\$ 3,306,469
Add (deduct) items not affecting cash			
Realized gain (loss) on sale of investments		(1,848,899)	(2,130,733)
Change in unrealized (appreciation) depreciation of investments		1,799,803	(145,540)
Change in unrealized (appreciation) depreciation of foreign exchange		593,239	(889,828)
Proceeds from sale of investments**		12,974,515	19,847,043
Purchases of investments**		(9,698,164)	(19,608,081)
Net change in non-cash assets and liabilities		16,578	9,192
Net cash flow provided by (used in) operating activities	\$	2,821,585	\$ 388,522
Financing activities**			
Redemption of redeemable units		(2,125,286)	-
Distributions paid to holders of redeemable units (net of reinvested distributions)		(641,651)	(1,003,366)
Net cash flow provided by (used in) financing activities	\$	(2,766,937)	\$ (1,003,366)
Net increase (decrease) in cash during the year		54,648	(614,844)
Cash, beginning of the year		107,921	722,765
Cash, end of the year	\$	162,569	\$ 107,921
Supplemental disclosure of cash flow information			
Dividends received, net of withholding taxes*	\$	235,588	\$ 364,868

*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.

Harvest US Equity Plus Income ETF

(formerly US Equity Plus Income ETF)

SCHEDULE OF INVESTMENTS				
As at December 31, 2018				
Number of Shares	Security	Average Cost (\$)	Carrying Value (\$)	% of Net Assets
EQUITIES				
Communication Services				
2,799	The Walt Disney Company	391,468	418,994	4.3
		391,468	418,994	4.3
Consumer Discretionary				
4,568	Best Buy Co., Inc.	443,488	330,271	3.4
1,672	McDonald's Corporation	358,481	405,324	4.2
4,245	NIKE, Inc., Class B	419,114	429,661	4.5
3,328	YUM! Brands, Inc.	355,030	417,628	4.3
		1,576,113	1,582,884	16.4
Consumer Staples				
3,238	The Procter & Gamble Company	347,325	406,334	4.2
		347,325	406,334	4.2
Energy				
4,613	ConocoPhillips	423,733	392,660	4.1
3,519	Valero Energy Corporation	320,255	360,166	3.7
		743,988	752,826	7.8
Financials				
11,574	Bank of America Corporation	410,129	389,332	4.0
2,905	JPMorgan Chase & Co.	333,476	387,152	4.0
3,299	The Allstate Corporation	312,091	372,149	3.9
6,408	The Bank of New York Mellon Corporation	386,153	411,778	4.3
1,451	The Goldman Sachs Group, Inc.	358,894	330,910	3.4
		1,800,743	1,891,321	19.6
Health Care				
1,616	Amgen Inc.	365,522	429,474	4.4
2,305	HCA Healthcare, Inc.	404,879	391,618	4.1
1,000	Humana Inc.	306,170	391,102	4.0
		1,076,571	1,212,194	12.5
Industrials				
5,956	Textron Inc.	462,064	373,951	3.9
924	The Boeing Company	431,220	406,816	4.2
2,118	Union Pacific Corporation	266,137	399,691	4.1
		1,159,421	1,180,458	12.2
Information Technology				
1,429	Apple Inc.	241,644	307,730	3.2
6,550	Cisco Systems, Inc.	394,384	387,460	4.0
9,926	Corning Incorporated	288,654	409,375	4.2
3,281	Texas Instruments Incorporated	462,875	423,286	4.4
		1,387,557	1,527,851	15.8
Materials				
4,107	Eastman Chemical Company	514,227	409,919	4.2
		514,227	409,919	4.2

Harvest US Equity Plus Income ETF

(formerly US Equity Plus Income ETF)

SCHEDULE OF INVESTMENTS (Continued)				
As at December 31, 2018				
Number of Shares	Security	Average Cost (\$)	Carrying Value (\$)	% of Net Assets
Real Estate				
2,953	Mid-America Apartment Communities, Inc.	380,060	385,808	4.0
		380,060	385,808	4.0
Total investments		9,377,473	9,768,589	101.0
Foreign currency forward contracts (Note 6)			(152,557)	(1.6)
Other assets less liabilities			53,508	0.6
Net assets attributable to holders of redeemable units			9,669,540	100.0

Harvest US Equity Plus Income ETF

(formerly US Equity Plus Income ETF)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

December 31, 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 22, 2017, the Fund changed its name from US Buyback Leaders ETF to US Equity Plus Income ETF. No changes were made to the investment objective, strategies or management of the Fund.

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 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 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 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.

Harvest US Equity Plus Income ETF

(formerly US Equity Plus Income ETF)

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 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.

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 included in the Statements of Comprehensive Income (Loss) in "Net realized gain (loss) on foreign exchange". The unrealized gains or losses on forward contracts are included in the Statements of Comprehensive Income (Loss) in "Net change in unrealized appreciation (depreciation) of foreign exchange" and allocated to Series A only until it is closed out or partially settled.

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,

Harvest US Equity Plus Income ETF

(formerly US Equity Plus Income ETF)

expressed in Canadian dollars at the applicable exchange rate on such date. The NAV and NAV per unit will be calculated on any day on which the TSX is open for trading ("Business Day").

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 \$1,753,075 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 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.

Harvest US Equity Plus Income ETF

(formerly US Equity Plus Income ETF)

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 December 31, 2018, the closing price for Series A and Series U units were \$7.96 and \$8.22 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 generally by 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 and/or redeemed during the year:

	Series A	Series U
Total outstanding as at January 1, 2017	2,496,723	195,850
Redeemable units issued	-	50,000
Redemption of redeemable units	(600,000)	(25,000)
Total outstanding as at December 31, 2017	1,896,723	220,850
Redeemable units issued	50,000	25,000
Redemption of redeemable units	(975,000)	(75,000)
Total outstanding as at December 31, 2018	971,723	170,850

The weighted average number of units outstanding during the year ended December 31, 2018 was 1,232,202 (2017 – 2,144,737) units for Series A and 179,275 (2017 – 196,740) for Series U.

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. The total distribution amount was \$547,178 (Series A \$453,689 and Series U \$93,489) for the year ended December 31, 2018 (2017 – Series A \$843,689; Series U \$100,901).

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.

Harvest US Equity Plus Income ETF

(formerly US Equity Plus Income ETF)

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.

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. In 2018 and 2017, none of the Fund's operating expenses were absorbed by the Manager.

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 \$15,876 for the year ended December 31, 2018 (2017 – \$37,375) 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.

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

As at December 31, 2018					
Counterparty	Settlement Date	Purchased currency	Sold currency	Unrealized gain (loss)	Contract Price
The Bank of Nova Scotia credit rating A+	February 14, 2019	USD\$80,000	CAN\$107,302	\$1,798	0.7456
The Bank of Nova Scotia credit rating A+	February 14, 2019	USD\$630,000	CAN\$847,674	\$11,492	0.7432
The Bank of Nova Scotia credit rating A+	February 14, 2019	CAD\$8,971,320	USD\$6,700,000	(\$165,847)	0.7468
Total				(\$152,557)	

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

Harvest US Equity Plus Income ETF

(formerly US Equity Plus Income ETF)

Offsetting of foreign currency forward contracts

In 2018, the Fund had foreign exchange settlements for its foreign currency forward contracts that met the criteria for offsetting in the Statements of Financial Position. The following table presents the recognized financial instruments that were offset, as at December 31, 2018. In 2017, the Fund did not have foreign exchange settlements for its foreign currency forward contracts that met the criteria for offsetting in the Statements of Financial Position. Please note that there would be no further offsetting in the event of bankruptcy of the counterparty.

December 31, 2018			
Financial assets and liabilities	Gross assets (liabilities)	Amount eligible for offset	Net offset amounts
Derivative assets	\$13,290	(\$13,290)	-
Derivative liabilities	(\$165,847)	\$13,290	(\$152,557)

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 December 31, 2018, 101.0% (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 year end, with all other factors remaining constant, net assets attributable to holders of redeemable units would have increased or decreased by approximately \$488,429 (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.

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 December 31, 2018				
Currency	Currency exposure*	Forward contracts*	Net currency exposure*	As a % of net assets
U.S. Dollars	\$9,885,141	\$8,168,901	\$1,716,240	17.7

*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 \$9,768,589 (December 31, 2017 - \$20,001,052) and the monetary currency exposure is \$116,552 (December 31, 2017 - \$58,614).

Harvest US Equity Plus Income ETF

(formerly US Equity Plus Income ETF)

As at December 31, 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 \$85,812 (December 31, 2017 - \$107,665) or 0.9% (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 Fund 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 Fund retains sufficient cash and cash equivalent positions to maintain liquidity.

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 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 December 31, 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.

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.

Harvest US Equity Plus Income ETF

(formerly US Equity Plus Income ETF)

Securities classification:

Investments at fair value as at December 31, 2018				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Totals (\$)
Financial Assets				
Equities				
Common Stock	9,382,781	-	-	9,382,781
REIT	385,808	-	-	385,808
Total Financial Assets	9,768,589	-	-	9,768,589
Financial Liabilities				
Derivatives				
Foreign currency forward contract	-	(152,557)	-	(152,557)
Total Financial Liabilities	-	(152,557)	-	(152,557)

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 December 31, 2018 and December 31, 2017 and there were no significant transfers between Level 1 and Level 2 for the year ended December 31, 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.

Geography:

As at	December 31, 2018	December 31, 2017
	% of net assets	% of net assets
United States	101.0	98.2
Total	101.0	98.2

Harvest US Equity Plus Income ETF

(formerly US Equity Plus Income ETF)

Market Segment:

As at	December 31, 2018	December 31, 2017
	% of net assets	% of net assets
EQUITIES		
Financials	19.6	20.1
Consumer Discretionary	16.4	15.9
Information Technology	15.8	19.3
Health Care	12.5	14.8
Industrials	12.2	11.9
Energy	7.8	4.1
Communication Services	4.3	-
Materials	4.2	-
Consumer Staples	4.2	8.1
Real Estate	4.0	4.0
Total	101.0	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 year ended December 31, 2018 and 2017 amounted to \$nil.



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

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.