



INTERIM FINANCIAL STATEMENTS
(Unaudited)

Harvest US Bank Leaders Income ETF

June 30, 2019



Harvest US Bank Leaders Income ETF

STATEMENTS OF FINANCIAL POSITION			
(Unaudited)			
As at		June 30, 2019	December 31, 2018
Assets			
Current assets			
Investments	\$	5,984,347	\$ 4,475,659
Cash		145,344	54,647
Receivable for investments sold		13,643	11,378
Dividends receivable		11,943	9,436
Unrealized appreciation on foreign currency forward contracts (Note 6)		76,907	-
		6,232,184	4,551,120
Liabilities			
Current liabilities			
Payable for investments purchased		13,634	11,370
Distributions payable (Note 4)		32,385	25,955
Payable for option contracts written		63,763	-
Unrealized depreciation on foreign currency forward contracts (Note 6)		-	46,424
		109,782	83,749
Net assets attributable to holders of redeemable units	\$	6,122,402	\$ 4,467,371
Net assets attributable to holders of redeemable units			
Series A	\$	3,541,198	\$ 2,514,147
Series U (CAD)		2,581,204	1,953,224
Series U (USD)		1,971,062	1,430,724
Number of redeemable units outstanding (Note 4)			
Series A		225,000	175,000
Series U		125,000	100,000
Net assets attributable to holders of redeemable units per unit			
Series A	\$	15.74	\$ 14.37
Series U (CAD)		20.65	19.53
Series U (USD)		15.77	14.31

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

Harvest US Bank Leaders Income ETF

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)				
(Unaudited)				
For the period ended June 30, 2019 and from January 31, 2018				
(commencement of operations) to June 30, 2018				
	2019		2018	
Income				
Net gain (loss) on investments				
Dividends	\$	83,281	\$	38,441
Net realized gain (loss) on sale of investments		(44,615)		(34,566)
Net change in unrealized appreciation (depreciation) of investments		500,441		(226,025)
Net gain (loss) on investments		539,107		(222,150)
Net gain (loss) on derivatives				
Net realized gain (loss) on options written		(34,111)		51,352
Net realized gain (loss) on foreign exchange		(21,764)		(86,708)
Net change in unrealized appreciation (depreciation) of options written		(24,779)		13,393
Net change in unrealized appreciation (depreciation) of foreign exchange		123,331		(28,472)
Net gain (loss) on derivatives		42,677		(50,435)
Total income (net)	\$	581,784	\$	(272,585)
Expenses (Note 5)				
Management fees	\$	22,997	\$	14,474
Withholding taxes		12,492		5,697
Unitholder reporting costs		8,660		5,336
Audit fees		6,975		2,500
Transfer agency fees		4,482		4,324
Custodian fees and bank charges		35,868		22,097
Independent Review Committee fees		254		263
Filing fees		21,998		3,471
Legal fees		8,878		-
Transaction costs (Note 9)		5,466		2,560
Total expenses		128,070		60,722
Expenses absorbed by manager (Note 5)		(65,232)		(27,451)
Total expenses (net)		62,838		33,271
Increase (decrease) in net assets attributable to holders of redeemable units	\$	518,946	\$	(305,856)
Increase (decrease) in net assets attributable to holders of redeemable units - Series A	\$	339,742	\$	(200,990)
Increase (decrease) in net assets attributable to holders of redeemable units - Series U		179,204		(104,866)
Increase (decrease) in net assets attributable to holders of redeemable units per unit - Series A (Note 4)	\$	1.60	\$	(2.01)
Increase (decrease) in net assets attributable to holders of redeemable units per unit - Series U (Note 4)		1.73		(1.05)

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STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ALL SERIES (Unaudited) For the period ended June 30, 2019 and from January 31, 2018 (commencement of operations) to June 30, 2018			
	2019		2018
Net assets attributable to holders of redeemable units beginning of period	\$	4,467,371	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	\$	518,946	\$ (305,856)
Redeemable unit transactions			
Proceeds from issue of redeemable units		1,313,577	4,460,000
Net unitholders' transactions	\$	1,313,577	\$ 4,460,000
Distributions to holders of redeemable units			
Net investment income		(177,492)	(95,560)
Total distributions to holders of redeemable units	\$	(177,492)	\$ (95,560)
Net assets attributable to holders of redeemable units end of period	\$	6,122,402	\$ 4,058,584

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STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS SERIES A (Unaudited) For the period ended June 30, 2019 and from January 31, 2018 (commencement of operations) to June 30, 2018			
	2019		2018
Net assets attributable to holders of redeemable units beginning of period	\$	2,514,147	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	\$	339,742	\$ (200,990)
Redeemable unit transactions			
Proceeds from issue of redeemable units		795,599	2,000,000
Net unitholders' transactions	\$	795,599	\$ 2,000,000
Distributions to holders of redeemable units			
Net investment income		(108,290)	(41,651)
Total distributions to holders of redeemable units	\$	(108,290)	\$ (41,651)
Net assets attributable to holders of redeemable units end of period	\$	3,541,198	\$ 1,757,359

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS SERIES U (Unaudited) For the period ended June 30, 2019 and from January 31, 2018 (commencement of operations) to June 30, 2018			
	2019		2018
Net assets attributable to holders of redeemable units beginning of period	\$	1,953,224	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	\$	179,204	\$ (104,866)
Redeemable unit transactions			
Proceeds from issue of redeemable units		517,978	2,460,000
Net unitholders' transactions	\$	517,978	\$ 2,460,000
Distributions to holders of redeemable units			
Net investment income		(69,202)	(53,909)
Total distributions to holders of redeemable units	\$	(69,202)	\$ (53,909)
Net assets attributable to holders of redeemable units end of period	\$	2,581,204	\$ 2,301,225

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STATEMENTS OF CASH FLOWS			
(Unaudited)			
For the period ended June 30, 2019 and from January 31, 2018			
(commencement of operations) to June 30, 2018			
	2019		2018
Operating activities			
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 518,946	\$	(305,856)
Add (deduct) items not affecting cash			
Realized (gain) loss on sale of investments	44,615		34,566
Realized (gain) loss on options written	34,111		(51,352)
Change in unrealized (appreciation) depreciation of investments	(500,441)		226,025
Change in unrealized (appreciation) depreciation of options written	24,779		(13,393)
Change in unrealized (appreciation) depreciation of foreign exchange	(123,331)		28,472
Proceeds from sale of investments**	697,529		416,010
Purchases of investments**	(440,037)		(397,665)
Net change in non-cash assets and liabilities	(2,507)		(5,407)
Net cash flow provided by (used in) operating activities	\$ 253,664	\$	(68,600)
Financing activities**			
Proceeds from redeemable units issued	8,095		221,570
Distributions paid to holders of redeemable units (net of reinvestments)	(171,062)		(76,180)
Net cash flow provided by (used in) financing activities	\$ (162,967)	\$	145,390
Net increase (decrease) in cash during the period	90,697		76,790
Cash, beginning of the period	54,647		-
Cash, end of the period	\$ 145,344	\$	76,790
Supplemental disclosure of cash flow information			
Dividends received, net of withholding taxes*	\$ 68,282	\$	27,337

*included in operating activities

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

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SCHEDULE OF INVESTMENTS				
(Unaudited)				
As at June 30, 2019				
Number of Shares	Security	Average Cost (\$)	Carrying Value (\$)	% of Net Assets
EQUITIES				
Banks				
10,655	Bank of America Corporation	414,767	404,644	6.6
6,199	BB&T Corporation	415,664	398,832	6.5
4,639	Citigroup Inc.	430,077	425,433	6.9
4,065	Comerica Incorporated	464,636	386,686	6.3
11,096	Fifth Third Bancorp	432,402	405,408	6.6
22,652	Huntington Bancshares Incorporated	433,665	409,956	6.7
2,714	JPMorgan Chase & Co.	387,663	397,350	6.5
17,718	KeyCorp	445,309	411,846	6.7
4,876	SunTrust Banks, Inc.	420,108	401,320	6.6
2,297	The PNC Financial Services Group, Inc.	426,317	412,944	6.7
5,868	U.S. Bancorp	407,836	402,665	6.6
5,482	Wells Fargo & Company	407,446	339,708	5.5
		5,085,890	4,796,792	78.2
Diversified Financials				
6,899	Morgan Stanley	448,915	395,805	6.5
6,627	The Bank of New York Mellon Corporation	449,027	383,151	6.3
1,525	The Goldman Sachs Group, Inc.	451,474	408,599	6.7
		1,349,416	1,187,555	19.5
	Total equities	6,435,306	5,984,347	97.7
OPTIONS				
Banks				
(35)	Bank of America Corporation - Jul 2019 @ USD \$28	(2,996)	(6,737)	(0.1)
(20)	BB&T Corporation - Jul 2019 @ USD \$49	(2,424)	(3,195)	(0.1)
(15)	Citigroup Inc. - Jul 2019 @ USD \$68	(3,619)	(5,991)	(0.1)
(13)	Comerica Incorporated - Jul 2019 @ USD \$70	(3,210)	(5,873)	(0.1)
(36)	Fifth Third Bancorp - Jul 2019 @ USD \$27	(2,987)	(5,752)	(0.1)
(34)	Huntington Bancshares Incorporated - Jul 2019 @ USD \$14	(713)	(935)	-
(8)	JPMorgan Chase & Co. - Jul 2019 @ USD \$110	(1,854)	(3,143)	-
(58)	KeyCorp - Jul 2019 @ USD \$17	(3,713)	(6,379)	(0.1)
(16)	SunTrust Banks, Inc. - Jul 2019 @ USD \$62.5	(2,670)	(2,745)	-
(7)	The PNC Financial Services Group, Inc. - Jul 2019 @ USD \$133	(2,846)	(4,813)	(0.1)
(19)	U.S. Bancorp - Jul 2019 @ USD \$52	(2,277)	(2,712)	-
(18)	Wells Fargo & Company - Jul 2019 @ USD \$46.5	(2,584)	(3,748)	(0.1)
		(31,893)	(52,023)	(0.8)

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SCHEDULE OF INVESTMENTS (continued)				
(Unaudited)				
As at June 30, 2019				
Number of Shares	Security	Average Cost (\$)	Carrying Value (\$)	% of Net Assets
Diversified Financials				
(22)	Morgan Stanley - Jul 2019 @ USD \$43.5	(3,511)	(5,071)	(0.1)
(6)	The Bank of New York Mellon Corporation - Jul 2019 @ USD \$43.5	(893)	(1,234)	-
(5)	The Goldman Sachs Group, Inc. - Jul 2019 @ USD \$200	(2,687)	(5,435)	(0.1)
		(7,091)	(11,740)	(0.2)
	Total options	(38,984)	(63,763)	(1.0)
	Total investments	6,396,322	5,920,584	96.7
	Foreign currency forward contracts (Note 6)		76,907	1.3
	Other assets less liabilities		124,911	2.0
	Net assets attributable to holders of redeemable units		6,122,402	100.0

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (Unaudited)

June 30, 2019

1. GENERAL INFORMATION

The Harvest US Bank Leaders Income ETF (the “Fund”) is an investment fund established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated January 26, 2018 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 January 31, 2018. 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 (i) monthly cash distributions; (ii) the opportunity for capital appreciation; and (iii) lower overall volatility of portfolio returns than would otherwise be experienced by owning Equity Securities¹ of the US Bank Leaders¹ directly. To achieve lower overall volatility of portfolio returns, the Fund will generally write covered call options on up to 33% of the portfolio securities.

2. BASIS OF ACCOUNTING

These interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim financial statements, including International Accounting Standard 34, Interim Financial Reporting. These interim financial statements were authorized for issue by Harvest Portfolios Group Inc. (the “Manager”) on August 16, 2019.

3. 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 FVTPL based on its business model. The Fund’s obligation for net assets attributable to holders of redeemable units is presented at the redemption amount, which approximates fair value. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid. Carrying values of other financial assets and liabilities at amortized cost approximate their fair values due to the short term to maturity. The Fund’s accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its net asset value (“NAV”) for transactions with unitholders. As at June 30, 2019 and December 31, 2018, 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 options and foreign currency forward contracts.

Investments and derivatives held that are not traded in an active market are valued using valuation techniques, on such basis and in such a manner established by the Manager. The value of any security for which, in the opinion of the Manager, the published market quotations are not readily available shall be the fair value as determined by the Manager. The fair values of certain securities may be determined using valuation models that are based, in part, on assumptions that are not supported by observable market inputs. These methods and procedures may include, but are not limited to, performing comparisons with prices of comparable or similar securities, obtaining valuation related information from issuers and/or other analytical data relating to the investment and using other available indication of value. These values are independently assessed internally to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for the aforementioned securities and interests may be materially different from the values that would be used had a ready market for the security existed. The fair values of such securities are affected by the perceived credit risks of the issuer, predictability of cash flows and length of time to maturity.

Classification of redeemable units

Under IFRS, IAS 32 Financial Instruments – Presentation requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as a

¹ As defined in the Fund’s prospectus dated January 7, 2019.

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financial liability unless certain criteria are met. The Fund's units include 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 options are included in the Statements of Comprehensive Income (Loss) in "Net realized gain (loss) on options written" and "net change in unrealized appreciation (depreciation) of options written", respectively. Realized and unrealized foreign currency gains or losses on assets and liabilities, other than investments and options, 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 are allocated to Series A only until 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, 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 Toronto Stock Exchange ("TSX") is open for trading ("Business Day").

Options

An option is a contractual arrangement under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, either to buy (a call option) or sell (a put option) at or by a set date or during a set period, a specific amount of securities or a financial instrument at a pre-determined price. The seller receives a premium from the purchaser in consideration for the assumption of a future securities price.

The premium received upon writing an option is recorded at cost as "Payable for option contracts written" in the Statements of Financial Position. As long as the position of the written option is maintained, the liability for written options is revalued at an amount equal to the current market value of the option. Any gain or loss resulting from revaluation is reflected in the Statements of Comprehensive Income (Loss) in "Net changes in unrealized appreciation (depreciation) of options".

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The gain or loss on sale or expiry of options is reflected in the Statements of Comprehensive Income (Loss) in “Net realized gain (loss) on sale of options”.

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.

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.

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. The Series A units trade on the TSX under the symbol HUBL and Series U under the symbol HUBL.U. As at June 30, 2019, the closing price for Series A and Series U units was \$15.53 and \$15.03 USD per unit respectively (December 31, 2018 - Series A \$14.24; Series U \$14.64 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 issued or redeemed; or
- (b) Cash in the amount equal to the NAV of the units issued or 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.

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

	Series A	Series U
Initial issuance, January 31, 2018	100,000	100,000
Redeemable units issued	-	-
Total outstanding as at June 30, 2018	100,000	100,000
Total outstanding as at January 1, 2019	175,000	100,000
Redeemable units issued	50,000	25,000
Redeemable units redeemed	-	-
Total outstanding as at June 30, 2019	225,000	125,000

The weighted average number of units outstanding during the period ended June 30, 2019 was 212,017 units for Series A (2018 - 100,000 units) and 103,315 for Series U (2018 - 100,000 units).

Distributions

The Fund intends to make monthly cash distributions to unitholders of record on the last Business Day of each month and pay such cash distributions on or before the 15th day of the following month. The total distribution amount was \$177,492 (Series A \$108,290 and Series U \$69,202) for the period ended June 30, 2019 (2018 - Series A \$41,651; Series U \$53,909).

5. RELATED PARTY TRANSACTIONS AND OTHER EXPENSES

Management fees

The Manager is responsible for managing the Fund's overall business and operations and provides key management personnel to the Fund. The Fund pays the Manager an annual management fee of 0.75%, plus applicable taxes, based on a percentage of the average daily NAV of the Fund.

Operating expenses

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

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 and benefits; 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 \$2,298 for the period ended June 30, 2019 (2018 - \$2,071) and are included in the unitholder reporting costs on the Statements of Comprehensive Income (Loss).

Waivers and absorptions

At its sole discretion, the Manager may waive management fees or absorb expenses of the Fund. There were no management fee waivers for the period ended June 30, 2019. The Manager absorbed \$65,232 of expenses of the Fund for the period ended June 30, 2019 (2018 - \$27,451). The Manager may cease doing so at any time without notice to unitholders.

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 June 30, 2019 and December 31, 2018, the Fund had entered into the following foreign currency forward contracts:

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As at June 30, 2019					
Counterparty	Settlement date	Purchased currency	Sold currency	Unrealized gain (loss)	Contract price
Canadian Imperial Bank of Commerce A+	August 14, 2019	CAD \$3,504,774	USD \$2,620,000	\$76,907	0.7476
Total				\$76,907	

As at December 31, 2018					
Counterparty	Settlement date	Purchased currency	Sold currency	Unrealized gain (loss)	Contract price
Canadian Imperial Bank of Commerce A+	February 14, 2019	CAD \$2,678,760	USD \$2,000,000	(\$48,700)	0.7466
Canadian Imperial Bank of Commerce A+	February 14, 2019	USD \$100,000	CAD \$134,097	\$2,276	1.341
Total				(\$46,424)	

Offsetting of foreign currency forward contracts

As at June 30, 2019, the Fund did not have any foreign exchange settlements for its foreign currency forward contracts that met the criteria for offsetting in the Statements of Financial Position. As at December 31, 2018 the Fund had foreign exchange settlements for its foreign currency forward contracts that met the offsetting criteria. The following tables present the recognized financial instruments that were not offset as at June 30, 2019 and that were offset as at December 31, 2018. There would be no further offsetting in the event of bankruptcy of the counterparty.

June 30, 2019			
Financial assets and liabilities	Gross assets (liabilities)	Amounts eligible for offset	Net offset amounts
Derivative assets	\$76,907	-	\$76,907
Derivative liabilities	-	-	-

December 31, 2018			
Financial assets and liabilities	Gross assets (liabilities)	Amounts eligible for offset	Net offset amounts
Derivative assets	\$2,276	(\$2,276)	-
Derivative liabilities	(\$48,700)	\$2,276	(\$46,424)

7. FINANCIAL RISK MANAGEMENT

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

Other price risk

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

As at June 30, 2019, 97.7% (December 31, 2018 - 100.2%) of the Fund's net assets attributable to holders of redeemable units were traded on public stock exchanges. If equity prices on these exchanges had increased or decreased by 5%, as at period end, with all other factors remaining constant, net assets attributable to holders of redeemable units would have increased or decreased by approximately \$299,217 (December 31, 2018 - \$223,783).

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

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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 assets (including derivatives and the underlying principal (notional) amount of forward currency contracts, if any).

As at June 30, 2019				
Currency	Currency exposure*	Forward contracts*	Net currency exposure*	As a % of net assets
U.S. Dollars	\$6,043,325	\$3,427,867	\$2,615,458	42.7

*In Canadian dollars

As at December 31, 2018				
Currency	Currency exposure*	Forward contracts*	Net currency exposure*	As a % of net assets
U.S. Dollars	\$4,486,551	\$2,591,087	\$1,895,464	42.4

*In Canadian dollars

The non-monetary currency exposure was \$5,920,584 (December 31, 2018 - \$4,475,659) and the monetary exposure was \$122,741 (December 31, 2018 - \$10,892).

As at June 30, 2019 if the Canadian dollar had strengthened or weakened by 5% in relation to U.S. dollar, with all other variables held constant, the Fund's net assets attributable to holders of redeemable units would have decreased or increased, respectively, by approximately \$130,773 (December 31, 2018 - \$94,773) or 2.1% (December 31, 2018 - 2.1%) based on the net currency exposure. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

As all of the securities in the portfolio investments are denominated in U.S. dollars and related dividends and premiums from call options received, if applicable, are in U.S. dollars, 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. As at June 30, 2019 and December 31, 2018, the Fund did 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 June 30, 2019 and December 31, 2018 all 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 on the forward contracts.

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As at June 30, 2019 and December 31, 2018, 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.

Securities classification:

Investments at fair value as at June 30, 2019				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Totals (\$)
Financial Assets				
Equities				
Common Stock	5,984,347			5,984,347
Derivatives				
Foreign currency forward contracts	-	76,907	-	76,907
Total Financial Assets	5,984,347	76,907		6,061,254
Financial Liabilities				
Derivatives				
Options	(63,763)	-	-	(63,763)
Total Financial Liabilities	(63,763)	-	-	(63,763)

Investments at fair value as at December 31, 2018				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Totals (\$)
Financial Assets				
Equities				
Common Stock	4,475,659	-	-	4,475,659
Total Financial Assets	4,475,659	-	-	4,475,659
Financial Liabilities				
Derivatives				
Foreign currency forward contracts	-	(46,424)	-	(46,424)
Total Financial Liabilities	-	(46,424)	-	(46,424)

There were no Level 3 securities held by the Fund as at June 30, 2019 and December 31, 2018, and there were no transfers between Level 1 and Level 2 for the period ended June 30, 2019 and 2018.

The value of the equities and options 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.

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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 country and industry in which the companies held in the portfolio operate. The prior year presentation has been updated to conform to the current year methodology of presenting the concentration risk based on the country of risk.

Geography:

As at	June 30, 2019	December 31, 2018
	% of net assets	% of net assets
United States	97.7	100.2
Cash and other assets and liabilities	2.0	0.8
Foreign currency forward contracts	1.3	(1.0)
Options	(1.0)	-
Totals	100.0	100.0

Market Segment:

As at	June 30, 2019	December 31, 2018
	% of net assets	% of net assets
EQUITIES		
Banks	78.2	79.3
Diversified Financials	19.5	20.9
Cash and other assets and liabilities	2.0	0.8
Foreign currency forward contracts	1.3	(1.0)
Options	(1.0)	-
Total	100.0	100.0

8. TAXATION

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). For tax purposes, the Fund will elect in 2019 to have a December 15 year end. In previous years, the Fund had 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 \$87,150 of capital losses, which can be carried forward indefinitely and applied against future capital gains. There are no non-capital losses available to offset against income in future years.

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 in the Statements of Comprehensive Income (Loss).

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.

9. 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 period ended June 30, 2019 and 2018 amounted to \$nil.

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10. COMPARATIVE INFORMATION

Certain comparative figures have been changed to conform to the current year presentation.



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

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