



---

**INTERIM FINANCIAL STATEMENTS**  
**(Unaudited)**

---

**Harvest Banks & Buildings Income Fund**

**June 30, 2020**



## Harvest Banks & Buildings Income Fund

<b>STATEMENTS OF FINANCIAL POSITION</b>			
<b>(Unaudited)</b>			
<b>As at</b>		<b>June 30, 2020</b>	<b>December 31, 2019</b>
<b>Assets</b>			
<b>Current assets</b>			
Investments	\$	6,264,381	\$ 8,474,051
Cash		147,911	69,816
Dividends and interest receivable		16,575	21,152
Subscription receivable		-	1,000
		<b>6,428,867</b>	<b>8,566,019</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Redemptions payable		23,911	1,559
Distributions payable (Note 4)		14,309	15,553
		<b>38,220</b>	<b>17,112</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>\$</b>	<b>6,390,647</b>	<b>\$ 8,548,907</b>
<b>Net assets attributable to holders of redeemable units</b>			
Series R	\$	2,603,409	\$ 3,495,465
Series A		2,752,907	3,721,136
Series F		772,727	963,301
Series D		261,604	369,005
<b>Number of redeemable units outstanding (Note 4)</b>			
Series R		233,818	252,521
Series A		272,158	293,483
Series F		65,196	65,664
Series D		22,577	25,673
<b>Net assets attributable to holders of redeemable units per unit</b>			
Series R	\$	11.13	\$ 13.84
Series A		10.12	12.68
Series F		11.85	14.67
Series D		11.59	14.37

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

## Harvest Banks & Buildings Income Fund

<b>STATEMENTS OF COMPREHENSIVE INCOME (LOSS)</b>			
<b>(Unaudited)</b>			
<b>For the period ended June 30,</b>	<b>2020</b>		<b>2019</b>
<b>Income</b>			
Net gain (loss) on investments			
Dividends	\$	115,945	\$ 122,086
Interest for distribution purposes		20,799	28,841
Net realized gain (loss) on sale of investments		62,195	239,081
Net realized gain (loss) on foreign exchange		3,434	1,665
Net change in unrealized appreciation (depreciation) of investments		(1,446,198)	789,213
Net change in unrealized appreciation (depreciation) of foreign exchange		(150)	(4,968)
Net gain (loss) on investments		(1,243,975)	1,175,918
<b>Total income (net)</b>	<b>\$</b>	<b>(1,243,975)</b>	<b>\$ 1,175,918</b>
<b>Expenses (Note 5)</b>			
Management fees	\$	44,907	\$ 56,225
Service fees		29,197	36,755
Withholding taxes		4,288	3,197
Unitholder reporting costs		16,316	16,973
Audit fees		12,424	7,986
Transfer agency fees		21,336	22,716
Custodian fees and bank charges		14,588	16,082
Independent Review Committee fees		294	364
Filing fees		20,872	19,216
Legal fees		9,132	6,207
Transaction costs (Note 9)		1,555	766
<b>Total expenses</b>		<b>174,909</b>	<b>186,487</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>\$</b>	<b>(1,418,884)</b>	<b>\$ 989,431</b>
Increase (decrease) in net assets attributable to holders of redeemable units - <b>Series R</b>	\$	(572,602)	\$ 411,632
Increase (decrease) in net assets attributable to holders of redeemable units - <b>Series A</b>		(623,450)	424,651
Increase (decrease) in net assets attributable to holders of redeemable units - <b>Series F</b>		(156,190)	125,739
Increase (decrease) in net assets attributable to holders of redeemable units - <b>Series D</b>		(66,642)	27,409
Increase (decrease) in net assets attributable to holders of redeemable units per unit - <b>Series R (Note 4)</b>	\$	(2.33)	\$ 1.51
Increase (decrease) in net assets attributable to holders of redeemable units per unit - <b>Series A (Note 4)</b>		(2.19)	1.34
Increase (decrease) in net assets attributable to holders of redeemable units per unit - <b>Series F (Note 4)</b>		(2.39)	1.64
Increase (decrease) in net assets attributable to holders of redeemable units per unit - <b>Series D (Note 4)</b>		(3.03)	1.32

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

## Harvest Banks & Buildings Income Fund

<b>STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS ALL SERIES (Unaudited)</b>				
<b>For the period ended June 30,</b>	<b>2020</b>		<b>2019</b>	
<b>Net assets attributable to holders of redeemable units beginning of period</b>	<b>\$</b>	<b>8,548,907</b>	<b>\$</b>	<b>8,705,303</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>\$</b>	<b>(1,418,884)</b>	<b>\$</b>	<b>989,431</b>
<b>Redeemable unit transactions</b>				
Proceeds from issue of redeemable units		70,542		123,472
Reinvestments of distributions to holders of redeemable units		168,729		181,578
Redemption of redeemable units		(721,308)		(937,145)
<b>Net redeemable unit transactions</b>	<b>\$</b>	<b>(482,037)</b>	<b>\$</b>	<b>(632,095)</b>
<b>Distributions to holders of redeemable units</b>				
Net investment income		(257,339)		(285,221)
<b>Total distributions to holders of redeemable units</b>	<b>\$</b>	<b>(257,339)</b>	<b>\$</b>	<b>(285,221)</b>
<b>Net assets attributable to holders of redeemable units end of period</b>	<b>\$</b>	<b>6,390,647</b>	<b>\$</b>	<b>8,777,418</b>

<b>STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS SERIES R (Unaudited)</b>				
<b>For the period ended June 30,</b>	<b>2020</b>		<b>2019</b>	
<b>Net assets attributable to holders of redeemable units beginning of period</b>	<b>\$</b>	<b>3,495,465</b>	<b>\$</b>	<b>3,576,737</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>\$</b>	<b>(572,602)</b>	<b>\$</b>	<b>411,632</b>
<b>Redeemable unit transactions</b>				
Proceeds from issue of redeemable units				-
Reinvestments of distributions to holders of redeemable units		73,169		79,046
Redemption of redeemable units		(290,222)		(334,768)
<b>Net redeemable unit transactions</b>	<b>\$</b>	<b>(217,053)</b>	<b>\$</b>	<b>(255,722)</b>
<b>Distributions to holders of redeemable units</b>				
Net investment income		(102,401)		(113,218)
<b>Total distributions to holders of redeemable units</b>	<b>\$</b>	<b>(102,401)</b>	<b>\$</b>	<b>(113,218)</b>
<b>Net assets attributable to holders of redeemable units end of period</b>	<b>\$</b>	<b>2,603,409</b>	<b>\$</b>	<b>3,619,429</b>

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

## Harvest Banks & Buildings Income Fund

<b>STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS SERIES A (Unaudited)</b>				
<b>For the period ended June 30,</b>	<b>2020</b>		<b>2019</b>	
<b>Net assets attributable to holders of redeemable units beginning of period</b>	<b>\$</b>	<b>3,721,136</b>	<b>\$</b>	<b>3,849,072</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>\$</b>	<b>(623,450)</b>	<b>\$</b>	<b>424,651</b>
<b>Redeemable unit transactions</b>				
Proceeds from issue of redeemable units		1,599		34,772
Reinvestments of distributions to holders of redeemable units		74,264		80,125
Redemption of redeemable units		(302,123)		(422,547)
<b>Net redeemable unit transactions</b>	<b>\$</b>	<b>(226,260)</b>	<b>\$</b>	<b>(307,650)</b>
<b>Distributions to holders of redeemable units</b>				
Net investment income		(118,519)		(131,643)
<b>Total distributions to holders of redeemable units</b>	<b>\$</b>	<b>(118,519)</b>	<b>\$</b>	<b>(131,643)</b>
<b>Net assets attributable to holders of redeemable units end of period</b>	<b>\$</b>	<b>2,752,907</b>	<b>\$</b>	<b>3,834,430</b>

<b>STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS SERIES F (Unaudited)</b>				
<b>For the period ended June 30,</b>	<b>2020</b>		<b>2019</b>	
<b>Net assets attributable to holders of redeemable units beginning of period</b>	<b>\$</b>	<b>963,301</b>	<b>\$</b>	<b>1,057,466</b>
<b>Increase (decrease) in net assets attributable to holders of redeemable units</b>	<b>\$</b>	<b>(156,190)</b>	<b>\$</b>	<b>125,739</b>
<b>Redeemable unit transactions</b>				
Proceeds from issue of redeemable units		21,300		2,950
Reinvestments of distributions to holders of redeemable units		14,092		16,133
Redemption of redeemable units		(42,377)		(148,942)
<b>Net redeemable unit transactions</b>	<b>\$</b>	<b>(6,985)</b>	<b>\$</b>	<b>(129,859)</b>
<b>Distributions to holders of redeemable units</b>				
Net investment income		(27,399)		(31,788)
<b>Total distributions to holders of redeemable units</b>	<b>\$</b>	<b>(27,399)</b>	<b>\$</b>	<b>(31,788)</b>
<b>Net assets attributable to holders of redeemable units end of period</b>	<b>\$</b>	<b>772,727</b>	<b>\$</b>	<b>1,021,558</b>

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

## Harvest Banks & Buildings Income Fund

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS SERIES D (Unaudited)				
For the period ended June 30,	2020		2019	
Net assets attributable to holders of redeemable units beginning of period	\$	369,005	\$	222,028
Increase (decrease) in net assets attributable to holders of redeemable units	\$	(66,642)	\$	27,409
<b>Redeemable unit transactions</b>				
Proceeds from issue of redeemable units		47,643		85,750
Reinvestments of distributions to holders of redeemable units		7,204		6,274
Redemption of redeemable units		(86,586)		(30,888)
<b>Net redeemable unit transactions</b>	<b>\$</b>	<b>(31,739)</b>	<b>\$</b>	<b>61,136</b>
<b>Distributions to holders of redeemable units</b>				
Net investment income		(9,020)		(8,572)
<b>Total distributions to holders of redeemable units</b>	<b>\$</b>	<b>(9,020)</b>	<b>\$</b>	<b>(8,572)</b>
<b>Net assets attributable to holders of redeemable units end of period</b>	<b>\$</b>	<b>261,604</b>	<b>\$</b>	<b>302,001</b>

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

## Harvest Banks & Buildings Income Fund

<b>STATEMENTS OF CASH FLOWS</b>			
<b>(Unaudited)</b>			
<b>For the period ended June 30,</b>	<b>2020</b>		<b>2019</b>
<b>Operating activities</b>			
Increase (decrease) in net assets attributable to holders of redeemable units	\$	(1,418,884)	\$ 989,431
<b>Add (deduct) items not affecting cash:</b>			
Foreign exchange (gain) loss on cash		(189)	-
Realized (gain) on sale of investments		(62,195)	(239,081)
Change in unrealized (appreciation) depreciation of investments		1,446,198	(789,213)
Change in unrealized (appreciation) depreciation of foreign exchange.		150	4,968
Proceeds from sale of investments		803,061	838,332
Purchases of investments		22,606	13,005
Net change in non-cash assets and liabilities		4,427	5,927
<b>Net cash flow provided by (used in) operating activities</b>	<b>\$</b>	<b>795,174</b>	<b>\$ 823,369</b>
<b>Financing activities</b>			
Proceeds from redeemable units issued		71,542	199,111
Redemption of redeemable units		(698,956)	(994,119)
Distributions paid to holders of redeemable units (net of reinvested distributions)		(89,854)	(105,293)
<b>Net cash flow provided by (used in) financing activities</b>	<b>\$</b>	<b>(717,268)</b>	<b>\$ (900,301)</b>
Net increase (decrease) in cash during the period		77,906	(76,932)
Foreign exchange (gain) loss on cash		189	-
Cash, beginning of the period		69,816	151,336
<b>Cash, end of the period</b>	<b>\$</b>	<b>147,911</b>	<b>\$ 74,404</b>
<b>Supplemental disclosure of cash flow information</b>			
Interest received during the period*	\$	20,799	\$ 28,841
Dividends received, net of withholding taxes*		116,234	129,784

\*included in operating activities

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

## Harvest Banks & Buildings Income Fund

<b>SCHEDULE OF INVESTMENTS</b>				
<b>(Unaudited)</b>				
<b>As at June 30, 2020</b>				
<b>Number of Shares</b>	<b>Security</b>	<b>Average Cost (\$)</b>	<b>Fair Value (\$)</b>	<b>% of Net Assets</b>
<b>EQUITIES</b>				
<b>Financials</b>				
7,500	Bank of America Corporation	61,223	241,823	3.8
5,200	Bank of Montreal	339,370	375,752	5.9
4,600	Canadian Imperial Bank of Commerce	517,259	417,404	6.5
1,600	JPMorgan Chase & Co.	57,778	204,313	3.2
19,400	Manulife Financial Corporation	426,994	358,318	5.6
4,700	Morgan Stanley	262,305	308,189	4.8
4,500	Royal Bank of Canada	237,023	414,495	6.5
7,600	Sun Life Financial Inc.	192,692	379,164	5.9
7,100	The Bank of Nova Scotia	396,428	398,878	6.2
5,900	The Toronto-Dominion Bank	218,804	357,481	5.6
19,900	Timbercreek Financial Corp.	201,031	170,941	2.7
		2,910,907	3,626,758	56.7
<b>Real Estate</b>				
1,600	Alexandria Real Estate Equities, Inc.	242,239	352,433	5.5
6,500	Allied Properties Real Estate Investment Trust	215,188	266,240	4.2
1,600	Digital Realty Trust, Inc.	235,615	308,686	4.8
23,300	First Capital Real Estate Investment Trust	476,718	323,404	5.1
22,800	InterRent Real Estate Investment Trust	254,570	326,724	5.1
22,000	Killam Apartment Real Estate Investment Trust	211,456	385,440	6.0
2,800	Prologis, Inc.	228,631	354,773	5.6
15,300	SmartCentres Real Estate Investment Trust	407,934	319,923	5.0
		2,272,351	2,637,623	41.3
<b>Total investments</b>		<b>5,183,258</b>	<b>6,264,381</b>	<b>98.0</b>
<b>Other assets less liabilities</b>			<b>126,266</b>	<b>2.0</b>
<b>Net assets attributable to holders of redeemable units</b>			<b>6,390,647</b>	<b>100.0</b>



# Harvest Banks & Buildings Income Fund

## NOTES TO THE INTERIM FINANCIAL STATEMENTS (Unaudited)

June 30, 2020

### 1. GENERAL INFORMATION

Harvest Banks & Buildings Income Fund (the "Fund") is an investment trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated September 25, 2009 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 October 23, 2009. The address of the Fund's registered office is 610 Chartwell Road, Oakville, Ontario, L6J 4A5.

The Fund became an open-end mutual fund on October 18, 2011 (the "Conversion Date"). On the Conversion Date, the Units became redeemable at net asset value per unit on a daily basis, and the Fund became subject to National Instrument 81-102 Investment Funds.

The Fund's investment objectives are to provide unitholders with monthly distributions and to maximize total return for unitholders. As part of the investment strategy the Fund will invest in an actively managed portfolio that will consist primarily of Banking Issuers, Other Financial Issuers and Real Estate Issuers.

The Fund offers Series R, Series A, Series F and Series D units, only through registered dealers. Series R is the series in which all existing unitholders at October 18, 2011 were rolled into on the Conversion Date, on a unit-for-unit basis. New purchases in Series R are available to existing unitholders only, with an initial sales charge option. Series A units, which were created on October 18, 2011 but commenced operations on October 22, 2011, are available to all investors with an initial sales charge option and have a higher service fee than Series R. Series F units, which were created on October 18, 2011 but commenced operations on October 27, 2011, have no initial sales charge option and no service fees and are usually only available to investors who have fee-based accounts with the dealers. Series D units, which were created on June 20, 2014 but commenced operations on July 9, 2014, have no initial sales charge option, a lower service fee than Series R and Series A and are available to all investors.

### 2. BASIS OF ACCOUNTING

These 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 financial statements were authorized for issue by Harvest Portfolios Group Inc. (the "Manager") on August 17, 2020.

### 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 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, 2020 and December 31, 2019, there were no differences between the Fund's NAV per security and its net assets per security calculated in accordance with IFRS 9.

#### Fair value of investments

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

Investments held that are not traded on an active market are valued using valuation techniques, on such basis and in such a manner established by the Manager. The value of any security for which, in the opinion of the Manager, the published market quotations are not readily available shall be the fair value as determined by the Manager. The fair values of certain securities may be determined using valuation models that are based, in part, on assumptions that are not supported by observable

## Harvest Banks & Buildings Income Fund

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 has issued multiple classes of units which are equally subordinate, but which are subject to different fees (Note 5). As a result, not all units have identical features and are presented as financial liabilities as they do not meet the criteria for classification as equity.

### Cash

Cash is comprised of cash on deposit.

### Investment transactions and income recognition

The interest for distribution purposes shown on the Statements of Comprehensive Income (Loss) represents the coupon interest received by the Fund accounted for on an accrual basis. Net realized gain (loss) on investments and net change in unrealized appreciation (depreciation) of investments are determined on an average cost basis. Dividend income is accounted for on the ex-dividend date. The cost of investments is determined using the average cost method.

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

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

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

### Foreign currency translation

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

### Redeemable units valuation

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

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

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

## Harvest Banks & Buildings Income Fund

### Critical accounting estimates and judgments

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

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

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

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

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

### 4. REDEEMABLE UNITS

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

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

	Units outstanding			
	Series R	Series A	Series F	Series D
<b>Total outstanding as at January 1, 2019</b>	<b>284,397</b>	<b>329,139</b>	<b>79,923</b>	<b>17,062</b>
Redeemable units issued	-	2,823	202	6,047
Redeemable units issued on reinvestment	5,786	6,335	1,120	443
Redeemable units redeemed	(24,436)	(33,270)	(10,197)	(2,161)
Redeemable units transferred between Series	-	-	-	-
<b>Total outstanding as at June 30, 2019</b>	<b>265,747</b>	<b>305,027</b>	<b>71,048</b>	<b>21,391</b>
<b>Total outstanding as at January 1, 2020</b>	<b>252,521</b>	<b>293,483</b>	<b>65,664</b>	<b>25,673</b>
Redeemable units issued	-	154	1,756	4,162
Redeemable units issued on reinvestment	6,241	6,944	1,134	591
Redeemable units redeemed	(24,944)	(28,423)	(3,358)	(7,849)
Redeemable units transferred between Series	-	-	-	-
<b>Total outstanding as at June 30, 2020</b>	<b>233,818</b>	<b>272,158</b>	<b>65,196</b>	<b>22,577</b>

The weighted average number of units outstanding during the period ended June 30, 2020 was 245,864 units for Series R (2019 – 271,815 units), 284,784 units for Series A (2019 – 316,056 units), 65,253 units for Series F (2019 – 76,555 units) and 22,009 units for Series D (2019 – 20,703 units).

### Distributions

Monthly distributions to unitholders are declared and paid to unitholders of record on the valuation date prior to the month-end, and automatically reinvested at NAV into additional units of the Fund at the month-end, unless unitholders specifically requested a cash distribution be paid. The total distributions were \$257,339 for the period ended June 30, 2020 (2019 - \$285,221).

# Harvest Banks & Buildings Income Fund

## 5. RELATED PARTY TRANSACTIONS AND OTHER EXPENSES

### Management fees and servicing fees

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

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

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

Fund Series	Annual Management Fee	Dealer Service Fee	Total Fees
R	1.10%	0.40%	1.50%
A	1.10%	1.25%	2.35%
F	1.10%	0.00%	1.10%
D	1.10%	0.25%	1.35%

### 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 the Harvest Portfolios Group Inc. funds, and series of each applicable fund. These expenses were \$14,405 for the period ended June 30, 2020 (2019 - \$14,040) 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 or expense absorptions for the period ended June 30, 2020 or 2019. The Manager may cease doing so at any time without notice to unitholders.

## 6. FINANCIAL RISK MANAGEMENT

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

### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The value of securities in the Fund's portfolio may be affected by the stock market conditions rather than each company's performance. Developments in the market are affected by general economic and financial conditions. Political, social and environmental factors can also affect the value of any investment. The recent spread of the coronavirus ("COVID-19") has caused volatility in the global financial markets and a slowdown in the global economy and may have a continued adverse impact on the financial performance of the Fund's investments. The extent of the overall impact to financial markets and the economy are highly uncertain and cannot be predicted as they will depend on the duration and renewed spread of the outbreak along with further government restrictions. If the financial markets and/or the overall economy are impacted for an extended period, the Fund's future investment results may be materially adversely affected.

## Harvest Banks & Buildings Income Fund

As at June 30, 2020, 98.0% (December 31, 2019 – 99.1%) 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 \$313,219 (December 31, 2019 - \$423,703).

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

### Currency risk

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

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

Currency	As at June 30, 2020		As at December 31, 2019	
	Currency exposure*	As a % of net assets	Currency exposure*	As a % of net assets
U.S. Dollar	\$1,784,348	27.9	\$2,333,988	27.3

\*In Canadian dollars

The non-monetary currency exposure was \$1,770,217 (December 31, 2019 - \$2,289,159) and the monetary currency exposure is \$14,131 (December 31, 2019 - \$44,829).

As at June 30, 2020, 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 decreased or increased, respectively, by approximately \$89,217 (December 31, 2019 - \$116,699) or 1.4% (December 31, 2019 – 1.4%). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

### Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair value of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments. As at June 30, 2020 and December 31, 2019 the Fund did not hold any bonds or money market instruments; therefore, the Fund had 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 redemptions as units are redeemable on demand and Unitholders may redeem their units on each valuation date. Therefore, in order to maintain sufficient liquidity, the Fund primarily invests in securities that are actively traded in public markets and can be readily disposed of to raise liquidity. Redeemable units are redeemable on demand at the holder's option, however, the Manager does not expect that the contractual maturity will be representative of the actual cash flows as the holder of the instruments typically retain these for a longer period.

As at June 30, 2020 and December 31, 2019, all the Fund's financial liabilities had maturities of less than three months.

### Credit risk

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

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

The Fund has no holdings of fixed income debt instruments as at June 30, 2020 and 2019. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. This risk is largely mitigated by the standards used to select corporate investments. Ongoing credit assessments are performed on all the Fund's holdings and the exposure level is managed through careful diversification across industry sectors and individual issuers, which helps to minimize this risk.

The maximum credit risk of these investments is their fair value at June 30, 2020 and December 31, 2019.

## Harvest Banks & Buildings Income Fund

### Fair value of financial instruments

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

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

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

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

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

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

Securities classification:

Investments at fair value as at June 30, 2020				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Totals (\$)
<b>Financial Assets</b>				
<b>Equities</b>				
Common Stock	3,626,758	-	-	3,626,758
REIT	2,637,623	-	-	2,637,623
<b>Total Financial Assets</b>	<b>6,264,381</b>	-	-	<b>6,264,381</b>

Investments at fair value as at December 31, 2019				
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Totals (\$)
<b>Financial Assets</b>				
<b>Equities</b>				
Common Stock	4,809,987	-	-	4,809,987
REIT	3,664,064	-	-	3,664,064
<b>Total Financial Assets</b>	<b>8,474,051</b>	-	-	<b>8,474,051</b>

There were no Level 3 securities held by the Fund as at June 30, 2020 and December 31, 2019. There were no transfers between Level 1 and Level 2 for the period ended June 30, 2020 and 2019.

The value of equities is based on quoted prices.

### Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry, sector or counterparty type. The following is a summary of the Fund's concentration risk by country and industry in which the companies held in the portfolio operate.

Geography:

As at	June 30, 2020	December 31, 2019
	% of net assets	% of net assets
Canada	70.3	72.4
United States	27.7	26.7
Cash and other assets and liabilities	2.0	0.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

## Harvest Banks & Buildings Income Fund

Market Segment:

As at	June 30, 2020	December 31, 2019
	% of net assets	% of net assets
Financials	56.7	56.2
Real Estate	41.3	42.9
Cash and other assets and liabilities	2.0	0.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

### 7. TAXATION

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). For tax purposes, the Fund has a December 15 year end. Prior to 2019, 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 no capital or non-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 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.

### 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 period ended June 30, 2020 and 2019 amounted to \$nil.



### Head Office

610 Chartwell Road, Suite 204  
Oakville, Ontario L6J 4A5

Phone Number: 416.649.4541

Toll Free: 866.998.8298

Fax Number: 416.649.4542

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