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## MANAGEMENT REPORT OF FUND PERFORMANCE

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### Harvest US Bank Leaders Income ETF

December 31, 2020



The Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure, can be obtained at your request, and at no cost, by calling us at 1-866-998-8298; by writing to us at Harvest Portfolios Group Inc., 610 Chartwell Road, Suite 204, Oakville, Ontario, L6J 4A5; by visiting our website at [www.harvestportfolios.com](http://www.harvestportfolios.com); or on SEDAR at [www.sedar.com](http://www.sedar.com).

# Harvest US Bank Leaders Income ETF

## CORPORATE OVERVIEW

Harvest Portfolios Group Inc. (“Harvest” or the “Manager”) is a Canadian Investment Manager founded in 2009. Harvest is focused on developing investment products that follow three investment criteria.

We (i) endeavor to develop investment products that are clear in their mandate and easy for investors to understand, (ii) strive to be transparent so that our investors can review their financial reports and know exactly what they own and (iii) seek to provide investors with consistent monthly or quarterly income by investing the fund portfolios in well managed companies that have a steady cash flow and dividend-paying history.

## INVESTMENT PRODUCT

The Harvest US Bank Leaders Income ETF (the “Fund”) invests in an equally weighted portfolio of Equity Securities<sup>1</sup> of not less than 15 US Bank Leaders<sup>1</sup> and not more than 20 US Bank Leaders, chosen from the US Bank Leaders Investable Universe<sup>1</sup> that, immediately following each quarterly reconstitution, (i) have a market capitalization that is at least US\$10 billion as determined at the time of investment; (ii) are listed on a US stock exchange; and (iii) pay a dividend.

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<sup>1</sup> As defined in the Fund’s prospectus dated January 7, 2021.

# Harvest US Bank Leaders Income ETF

## PRESIDENT'S MESSAGE

Harvest US Bank Leaders Income ETF

Unitholder letter March 2021

Dear Valued Investor,

Thank you for your patience and persistence in what was an unprecedented year of disruption to human health, global economics and markets. As investors your resolve was truly tested, we have all grown to expect market corrections but to face the first truly global pandemic in 100 years, the ensuing economic fall out, a market correction of 35% in 4 weeks and the polarized divisions in American society leading up to and after the US election showed strength and belief in the longer-term direction of markets.

Throughout all this disruption the US Fed has reinforced their desire to maintain record low interest rates for the next 2 years. These low rates have created a strong floor for stock markets as the alternative risk-free interest rate remains basically at "0". I am of the belief that we are in a bottoming process of what has been a 40-year decline of interest rates which has alternatively led to the great bull market in bonds. This too I believe is in a "topping" process as rising rates will lead to dropping bond prices. This process may take the next couple of years to play out if the Fed holds to its policy; that said, their next move could (down the road) very well be higher.

I am admittedly biased as I have never owned a bond in my investing career; rather I have always leaned towards equity ownership and the long-term growth and value add of great companies run by solid, competent management. As we finish 2020 and roll into 2021 the sentiment is that markets have got ahead of themselves and maybe we are due for a pull back. I would argue here that corrections of 5-10% are commonplace in bull markets and unless we see another Black Swan event like COVID-19, the economy should right itself over the coming 2 to 4 quarters and markets will move ahead as they historically have.

I believe younger investors should always be looking for longer term growth through equities. For those looking at retirement, I was recently interviewed and asked about traditional bond/equity positioning. My thoughts again here are stay more heavily weighted to quality, dividend-paying equities or "Equity Income". People are living longer; rates are low and if they eventually go higher the income will improve at a cost to your capital. Equity markets will move up and down but have averaged approximately 8% per annum (S&P 500 since 1957) which is an excellent rate of return while generating income over what could be 2 to 3 decades of retirement.

Harvest has traditionally focused on large capitalization Equity Income ETFs and this will continue to be our core, but over the last couple of years we have built ETFs focused on long term secular growth trends which include smaller and medium capitalized companies with little to no dividends or option markets for income. Most recently we launched the Harvest Clean Energy ETF (HCLN) and the Harvest Travel & Leisure Index ETF (TRVL), both of which are based on great long-term growth themes. I encourage you to go to our website and find out more about them and their unique prospects.

In conclusion, Harvest will remain true to our long-term equity bias focusing on growth industries and secular growth trends, choosing companies that we feel are best in class and generating attractive income within our Equity Income ETFs.

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

Sincerely,

*Signed "Michael Kovacs"*

Michael Kovacs  
President and Chief Executive Officer

# Harvest US Bank Leaders Income ETF

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

The annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. For your reference, the annual financial statements of the Fund are attached to the annual management report of fund performance. You may obtain additional copies of these documents at your request, and at no cost, by calling toll free at 1-866-998-8298; by writing to us at Harvest Portfolios Group Inc., 610 Chartwell Road, Suite 204, Oakville, Ontario, L6J 4A5; or by visiting our website at [www.harvestportfolios.com](http://www.harvestportfolios.com); or on SEDAR at [www.sedar.com](http://www.sedar.com).

Unitholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## INVESTMENT OBJECTIVES AND STRATEGY

The Fund has been created to provide investors with a unique exposure to a portfolio of Equity Securities that are primarily included in the Banks sector of the Global Industry Classification Standards<sup>1</sup> and (i) have a market capitalization that is at least US\$10 billion as determined at the time of investment; (ii) are listed on a US stock exchange; and (iii) pay a dividend.

The Fund's investment objectives are to provide unitholders with:

- (i) monthly cash distributions; and
- (ii) the opportunity for capital appreciation.

To achieve its investment objectives, the Fund will invest in an equally weighted portfolio of Equity Securities of not less than 15 US Bank Leaders and not more than 20 US Bank Leaders, chosen from the US Bank Leaders Investable Universe. In order to seek to generate additional returns, the Manager will sell call options on no more than 33% of the Equity Securities of each US Bank Leader held in the Fund. At the time of the initial investment and immediately following each quarter reconstitution, the Manager will review and give consideration to select investment characteristics that may include:

- Value** – Price-to-Earnings Ratio, Price-to-Book Value Ratio, Price-to-Cash Flow Ratio and Yield;
- Quality** – Return-on-Equity, Debt-to-Equity, Debt-to-Cash Flow Ratio and debt maturity profile; and
- Growth** – Long term earnings and dividend per share growth.

## RISK

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

## RESULTS OF OPERATIONS

The Fund returned -10.69% for Series A and -7.06% for Series U compared to the S&P 500 Banks Total Return Index (USD) of -13.75% for the year ended December 31, 2020.

Equity markets experienced extreme volatility throughout 2021 as the COVID-19 pandemic led to both unprecedented uncertainty and responses to that uncertainty from governments around the world. While the virus spread across the globe early in the year interest rates in the United States declined precipitously due to dramatic cuts to rates by the U.S. Federal Reserve as well as from a flight to safety as investors sold more risky assets in favor of relatively safe U.S. Treasuries. This move in interest rates coupled with rising concerns about risk to the banking system from potential loan losses due to the unprecedented decline in economic activity weighed heavily on investor sentiment towards banks. In addition to interest rate headwinds, the Federal Reserve also mandated a freeze on dividend increases for banks and halted all stock buyback activity in order to ensure adequate levels of liquidity and capital in the banking system.

For most of the year performance in the sector was led by large cap diversified banks like JPMorgan and Bank of America as investors rotated into names perceived to be of higher quality during a period of heightened uncertainty. These companies also benefitted from strong results in their capital markets businesses as elevated market volatility led to strong results for their trading businesses and enterprises that had sourced liquidity from bank credit lines in the initial phases of the outbreak replaced those lines with lower cost equity and debt issuance as markets rebounded. Companies with more dedicated capital markets operations like Morgan Stanley also benefitted during this period. Regional banks generally lagged through most of the year as their greater exposure to traditional interest rate spread based business weighed on results. One exception to this regional bank underperformance was First Republic Bank which typically caters to more affluent clientele and is generally regarded as having a significantly higher quality loan portfolio than many of its peers.

<sup>1</sup> As defined in the Fund's prospectus dated January 7, 2021

## Harvest US Bank Leaders Income ETF

The decline in long term interest rates began to reverse in August as the economy rebounded and investors began to turn their focus towards an economic recovery in 2021. In November, positive results from several vaccine trials led to a dramatic rotation by investors towards more cyclical areas of the market, including banks. While all bank stocks in the index began to rise, regional banks began to outperform their mega-cap brethren on the back of widening interest rate spreads and expectations of lower than initially forecasted loan losses in the future. Additionally, in the final weeks of the year the Federal Reserve announced that many banks would be allowed to resume share buyback programs that had previously been suspended.

During the year the fund remained invested in 15 U.S. bank leaders and sold call options against positions held in the portfolio in order to meet its investment and income objectives.

### RECENT DEVELOPMENTS

The spread of the coronavirus ("COVID-19") has caused volatility in the global financial markets and a slowdown in the global economy over the past year 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 ongoing government restrictions. If the financial markets and/or the overall economy continue to be impacted for an extended period, the Fund's future investment results may be materially adversely affected.

### RELATED PARTY TRANSACTIONS

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

### MANAGEMENT AND OTHER FEES

The 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 net asset value ("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 the Harvest Portfolios Group Inc. funds, and series of each applicable fund. These expenses were \$6,389 for the year ended December 31, 2020 (2019 - \$4,715) and are included in the unitholder reporting costs on the Statements of Comprehensive Income (Loss) in the financial statements.

#### 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 year ended December 31, 2020 or 2019. The Manager absorbed \$103,616 of expenses of the Fund for the year ended December 31, 2020 (2019 - \$121,672). The management expense ratios of the Fund with and without the waivers and absorptions are reported in the Ratios and Supplemental Data table below.

### RECOMMENDATIONS OR REPORTS BY THE INDEPENDENT REVIEW COMMITTEE

The Independent Review Committee tabled no special reports and made no extraordinary material recommendations to management of the Fund during the year ended December 31, 2020.

# Harvest US Bank Leaders Income ETF

## FINANCIAL HIGHLIGHTS

The following tables present selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the year ended December 31, 2020 and past annual periods. This information is derived from the Fund's annual audited financial statements.

### Series A

THE FUND'S NET ASSETS PER UNIT				
	2020	2019	2018	
<b>Net assets - beginning of the year<sup>2</sup></b>	<b>\$ 17.10</b>	<b>\$ 14.37</b>	<b>\$ 20.00</b>	
<b>Increase (decrease) from operations</b>				
Total revenue	0.36	0.42	0.40	
Total expenses	(0.19)	(0.26)	(0.34)	
Realized gains (losses) for the year	0.16	(0.72)	(0.40)	
Unrealized gains (losses) for the year	3.26	4.00	(5.36)	
<b>Total increase (decrease) from operations<sup>1</sup></b>	<b>\$ 3.59</b>	<b>\$ 3.44</b>	<b>\$ (5.70)</b>	
<b>Distributions<sup>3</sup></b>				
From net investment income	(0.15)	(0.17)	(0.06)	
Return of capital	(0.85)	(0.83)	(0.86)	
<b>Total annual distributions<sup>3</sup></b>	<b>\$ (1.00)</b>	<b>\$ (1.00)</b>	<b>\$ (0.92)</b>	
<b>Net assets - end of the year<sup>1</sup></b>	<b>\$ 14.05</b>	<b>\$ 17.10</b>	<b>\$ 14.37</b>	

RATIOS AND SUPPLEMENTAL DATA				
	2020	2019	2018	
<b>Total net asset value</b>	<b>\$ 15,103,477</b>	<b>\$ 3,420,296</b>	<b>\$ 2,514,147</b>	
Number of units outstanding	1,075,000	200,000	175,000	
Management expense ratio <sup>4</sup>	1.30%	1.59%	1.57%	
Management expense ratio before waivers or absorptions <sup>4</sup>	2.40%	3.69%	3.59%	
Trading expense ratio <sup>5</sup>	0.36%	0.22%	0.13%	
Portfolio turnover rate <sup>6</sup>	69.84%	80.40%	14.20%	
<b>Net asset value per unit</b>	<b>\$ 14.05</b>	<b>\$ 17.10</b>	<b>\$ 14.37</b>	
<b>Closing market price (HUBL)</b>	<b>\$ 13.97</b>	<b>\$ 17.06</b>	<b>\$ 14.24</b>	

# Harvest US Bank Leaders Income ETF

Series U (CAD)

THE FUND'S NET ASSETS PER UNIT	2020	2019	2018
<b>Net assets - beginning of the year<sup>2</sup></b>	<b>\$ 22.33</b>	<b>\$ 19.53</b>	<b>\$ 24.60</b>
<b>Increase (decrease) from operations</b>			
Total revenue	0.51	0.55	0.53
Total expenses	(0.28)	(0.35)	(0.44)
Realized gains (losses) for the year	(2.13)	(1.07)	(0.52)
Unrealized gains (losses) for the year	0.29	5.13	(3.44)
<b>Total increase (decrease) from operations<sup>1</sup></b>	<b>\$ (1.61)</b>	<b>\$ 4.26</b>	<b>\$ (3.87)</b>
<b>Distributions<sup>3</sup></b>			
From net investment income	(0.21)	(0.24)	(0.06)
Return of capital	(1.13)	(1.11)	(1.11)
<b>Total annual distributions<sup>3</sup></b>	<b>\$ (1.34)</b>	<b>\$ (1.35)</b>	<b>\$ (1.17)</b>
<b>Net assets - end of the year<sup>1, 7</sup></b>	<b>\$ 18.77</b>	<b>\$ 22.33</b>	<b>\$ 19.53</b>

RATIOS AND SUPPLEMENTAL DATA	2020	2019	2018
<b>Total net asset value</b>	<b>\$ 3,283,947</b>	<b>\$ 2,232,922</b>	<b>\$ 1,953,224</b>
Number of units outstanding	175,000	100,000	100,000
Management expense ratio <sup>4</sup>	1.31%	1.59%	1.57%
Management expense ratio before waivers or absorptions <sup>4</sup>	2.60%	3.69%	3.59%
Trading expense ratio <sup>5</sup>	0.36%	0.22%	0.13%
Portfolio turnover rate <sup>6</sup>	69.84%	80.40%	14.20%
<b>Net asset value per unit</b>	<b>\$ 18.77</b>	<b>\$ 22.33</b>	<b>\$ 19.53</b>
<b>Closing market price - USD (HUBL.U)</b>	<b>\$ 14.66</b>	<b>\$ 17.34</b>	<b>\$ 14.64</b>

## Explanatory Notes:

1. Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the reporting period. It is not intended that the Fund's net assets per unit table act as a continuity of opening and closing net assets per unit.
2. Net assets, at the commencement of operations on January 31, 2018 was \$20.00 for Class A and \$20.00 USD for Class U.
3. Distributions were paid in cash.
4. Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) of the stated period and is expressed as an annualized percentage of the daily average net asset value during the period.
5. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. In 2020 the calculation was modified to include certain transaction costs charged by the custodian. The trading expense ratio in prior periods was not re-stated.
6. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a Fund's portfolio turnover rate, the greater the trading costs payable by the Fund and the greater the chance of an investor receiving taxable capital gains. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.
7. The USD amount of the net assets at the end of the period was \$14.74 USD.

# Harvest US Bank Leaders Income ETF

## Past Performance

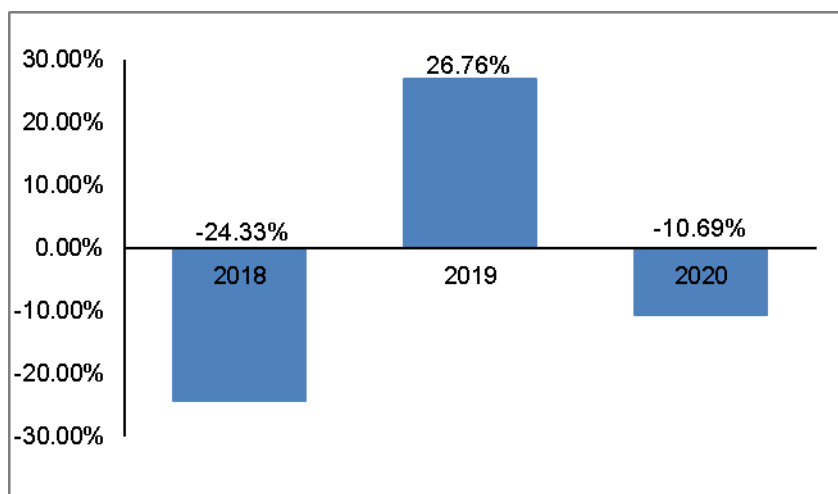
The performance information presented herein assumes all dividends of the Fund during the periods presented were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemptions, or other charges that would have reduced returns or affected performance. Past performance of the Fund is not necessarily indicative of how it will perform in the future.

## YEAR-BY-YEAR RETURNS

The following charts present the Fund's performance for each of the years shown and illustrate how the Fund's performance varied for Series A and Series U. The charts show, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

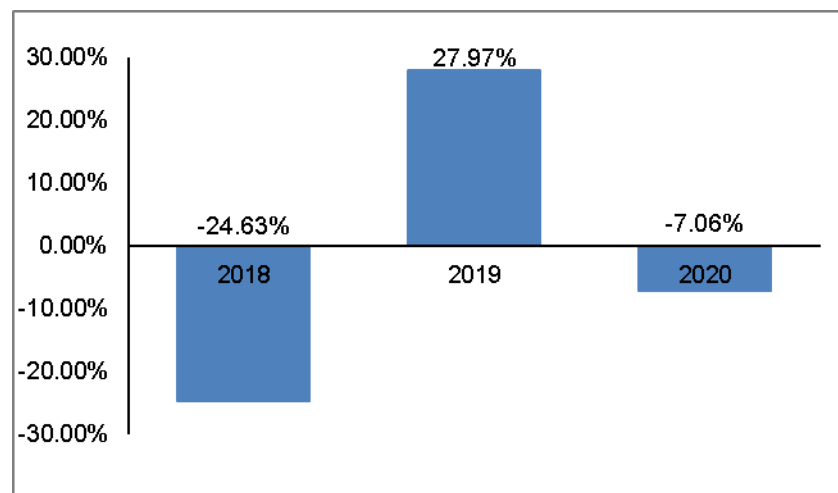
### Fund Performance

#### Series A



2018 represents the period from January 31 to December 31

#### Series U (USD)



2018 represents the period from January 31 to December 31



# Harvest US Bank Leaders Income ETF

## ANNUAL COMPOUND RETURNS

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

For comparison purposes the S&P 500 Banks Total Return Index, in U.S. dollars (the “Index”) is used. While the Fund uses this benchmark for long-term performance comparisons, it is not managed relative to the composition of the Index. As a result, the Fund may experience periods when its performance is not aligned with the Index, either positively or negatively. The return of the Index is calculated without the deduction of management fees and fund expenses whereas the performance of the Fund is calculated after deducting such fees and expenses. Please see the “Results of Operations” section of this report for a discussion on recent performance.

Investment Return %	1 Year	3 Years	5 Years	10 Years	Since Inception*
Fund Performance – Series A	-10.69	-	-	-	-5.17
Fund Performance – Series U (USD)	-7.06	-	-	-	-3.68
S&P 500 Banks Total Return Index (USD)	-13.75	-	-	-	-2.24

\*Since inception January 31, 2018

## SUMMARY OF INVESTMENT PORTFOLIO

The major portfolio categories and top holdings of the Fund at the end of the period are indicated in the following tables. A detailed breakdown of the Fund’s holdings is available in the “Schedule of Investments” section of the Fund’s annual financial statements.

As at December 31, 2020

Top Holdings	% of Net Asset Value
The Goldman Sachs Group, Inc.	6.9
Morgan Stanley	6.8
Citigroup Inc.	6.8
First Republic Bank	6.7
The PNC Financial Services Group, Inc.	6.7
Wells Fargo & Company	6.6
Bank of America Corporation	6.6
KeyCorp	6.6
Regions Financial Corporation	6.5
Truist Financial Corporation	6.5
Fifth Third Bancorp	6.5
The Allstate Corporation	6.5
JPMorgan Chase & Co.	6.5
M&T Bank Corporation	6.4
U.S. Bancorp	6.4
Cash and other assets and liabilities	1.2
Foreign currency forward contracts	0.1
Options	(0.3)
<b>Total</b>	<b>100.0</b>

This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund. Quarterly updates of the Fund’s investment portfolio are available from Harvest Portfolios Group Inc. at [www.harvestportfolios.com](http://www.harvestportfolios.com).

# Harvest US Bank Leaders Income ETF

## SECTOR ALLOCATION

Sector	% of Net Asset Value
Banks	78.8
Diversified Financials	13.7
Insurance	6.5
Cash and other assets and liabilities	1.2
Foreign currency forward contracts	0.1
Options	(0.3)
<b>Total</b>	<b>100.0</b>

## GEOGRAPHIC ALLOCATION

Country of Risk	% of Net Asset Value
United States	99.0
Cash and other assets and liabilities	1.2
Foreign currency forward contracts	0.1
Options	(0.3)
<b>Total</b>	<b>100.0</b>



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#### **CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Fund may invest and the risks detailed from time to time in the Fund's prospectus or offering memorandum. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the Fund does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.