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**INTERIM MANAGEMENT REPORT OF FUND  
PERFORMANCE**

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**Harvest Canadian Equity Income Leaders ETF**

**June 30, 2023**



# Harvest Canadian Equity Income Leaders ETF

## CORPORATE OVERVIEW

Harvest Portfolios Group Inc. (“Harvest” or the “Manager”) manages the Harvest ETFs and 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.

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

The interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the Fund. You can get a copy of the interim financial statements at your request, and at no cost, by calling toll free at 1-866-998-8298; by writing to us at Harvest ETFs, 610 Chartwell Rd, Suite 204, Oakville, Ontario, L6J 4A5; or by visiting our website at [www.harvestetfs.com](http://www.harvestetfs.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.

Throughout this interim management report of fund performance, the term “Period” refers to the time from January 1, 2023 or the commencement of operations, whichever is later, to June 30, 2023 or the time from January 1, 2022 or the commencement of operations, whichever is later to June 30, 2022, as applicable.

## INVESTMENT OBJECTIVES AND STRATEGY

The Fund's investment objective is 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 Securities of the Canadian Equity Income Issuers directly.

In order to achieve its investment objectives, the Fund will invest in an equally weighted portfolio of Equity Securities of 30 Canadian issuers chosen from the Canadian Equity Income Leaders Issuers' Investable Universe that, immediately following each quarterly reconstitution, rank in the top 30 issuers as measured by market capitalization on an equally weighted basis (in Canadian dollars based on the most recent month end value) and that have call options available that, in the determination of the Manager, have sufficient liquidity to meet the Fund's investment objectives. If, in the opinion of the Manager, there are not 30 Canadian Equity Income Issuers that meet the investment criteria of the Fund, the Manager may invest in fewer than 30 Canadian Equity Income Issuers.

Further information including defined terms can be found in the Fund's most recent prospectus which is located at [www.harvestetfs.com](http://www.harvestetfs.com); or on SEDAR at [www.sedar.com](http://www.sedar.com).

## 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 returns compared to the Solactive Canada Large Cap Index (CA NTR)<sup>y</sup> for the Period ending June 30, 2023 are as follows:

Series	Return %
Series A	3.99
Solactive Canada Large Cap Index (CA NTR) <sup>y</sup>	5.72

After a challenging 2022 for the broader Canadian markets, the Canadian stock market has traded in more of a range-bound manner thus far in 2023. However, that aggregate performance belies significant short-term ups and downs.

Two of the bigger drivers during the Period have been the banking crisis in the United States and central bank interest rate policies. A near shock to the broader economic system occurred mid-way through the Period as some U.S. regional banks were faced with significant cash withdrawals in a very short period that put their operations under pressure and very quickly resulted in bankruptcies and forced asset sales. This caused significant volatility in equity markets that also impacted Canadian markets, with spikes up and down in a short period across stocks as concerns that the regional bank failures would inspire contagion across the banking sector and potentially lead to a broader financial crisis. The contagion risk was quickly subdued as the U.S. government intervened to ensure financial stability within the banking sector, albeit made for challenging environment. Similarly, many of the issues that were front and center during 2022, such as rising prices and central banks raising interest rates, appear to have subsided during 2023 as did headline risks for further geopolitical escalation and contagion in Ukraine for investors.

The Information Technology (“IT”) sector was the clear standout to start 2023 in North American markets, as some ‘growth’ sectors rebounded from 2022, led by large capitalization technology companies. Artificial intelligence gained favour as the hot topic and garnered a lot of the media hype. While the Fund's holding in CGI Inc. performed quite well during the Period, Shopify Inc., not owned by the Fund and

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still commands a large weight in the benchmark had outsized returns. Thus, the IT sector would be the biggest source of relative performance for the Fund versus the benchmark during the Period.

Commodities had a bit of a weaker Period of performance, as they gave back some of the gains witnessed in the prior two years. This can be tied to the fading headlines of the Russian invasion of Ukraine, the downward adjustments of crude oil supply by OPEC+, a cartel of oil producing countries. In addition, China's demand growth forecasts also declined, after heightened expectations coming out of COVID-zero policies were not met, and to the macro-economic fears that continue to be debated globally. Resource stocks dragged on the benchmark performance, with the energy sector negative and materials also underperforming. The Fund's exposure towards Energy stocks was a source of drag in the performance during the Period.

Conversely, the Fund's overweight in insurance stocks and underweight in bank stocks versus the benchmark was a welcome positive offset for the Fund. The banking crisis in the United States that flared up in March of 2023, was felt in Canadian banks too. While the U.S. government providing liquidity seemingly addressed the contagion risks and the related issues receded away from the headlines, the impacts on investors' sentiment in the space still weighed heavy.

Other names that added to performance during the Period were Canadian Tire Corporation, Limited, as they navigated through earnings well, and Restaurant Brands International Inc., with coffee and quick-service food seemingly unaffected by concerns about recessionary impacts that other more cyclical areas might feel more strongly. Lundin Mining Corporation also stood out as an outperformer on the TSX, after they announced an acquisition of majority interest in the significant copper-molybdenum mine in Chile – clearly investors see this as adding significant value to the company.

The Fund was invested in a portfolio of 30 Canadian Equity Income Issuers selected from a diverse universe of companies that are listed on recognized Canadian stock exchanges. The portfolio is equally weighted and follows a systematic process in selecting the top 30 largest Canadian Equity Income Issuers measured by market capitalization that meet specific dividend characteristics from the Canadian Equity Income Leaders Issuer's Investable Universe. The Fund used covered calls to generate additional income.

## RECENT DEVELOPMENTS

COVID-19 and the war in Ukraine have had significant impacts to the global economy over the last few years and have contributed to the current inflationary pressures. The significant increase in interest rates globally by central banks to address inflation has increased the likelihood of a global recession impacting financial markets and global economies which may impact the financial performance of the Fund's investments. The Fund's future investment results may be materially adversely affected as a result.

## 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 0.65%, plus applicable taxes, based on a percentage of the average daily net asset value ("NAV") of the Fund charged daily and paid monthly.

The Manager may, in its discretion, agree to charge the Fund and/or certain unitholders a reduced management fee as compared with the management fee that it otherwise would be entitled to receive, provided that the amount of the reduced management fee is distributed periodically by the Fund to the unitholder as a management fee distribution. Any reduction will depend on a number of factors, including the amount of account activity. Any tax consequences of a management fee distribution will generally be borne by the unitholder who receives the distribution.

## 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. The following expenses are included in the unitholder reporting costs on the Statement of Comprehensive Income (Loss):

For the Period ended	Amount (\$)
June 30, 2023	11,893
June 30, 2022	-

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## 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, 2023 or 2022. The Manager absorbed the following expenses and may cease doing so at any time without notice to unitholders:

For the Period ended	Amount (\$)
June 30, 2023	61,193
June 30, 2022	-

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 Period ended June 30, 2023.

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## 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 Period ended June 30, 2023 and past annual periods. This information is derived from the Fund's interim financial statements and past annual audited financial statements.

THE FUND'S NET ASSETS PER UNIT	2023		2022	
<b>Net assets - beginning of the period<sup>2</sup></b>	<b>\$</b>	<b>8.91</b>	<b>\$</b>	<b>10.00</b>
<b>Increase (decrease) from operations</b>				
Total revenue		0.23		0.27
Total expenses		(0.05)		(0.05)
Realized gains (losses) for the period		(0.04)		0.11
Unrealized gains (losses) for the period		0.09		(0.41)
<b>Total increase (decrease) from operations<sup>1</sup></b>	<b>\$</b>	<b>0.23</b>	<b>\$</b>	<b>(0.08)</b>
<b>Distributions<sup>3</sup></b>				
From dividends		(0.19)		(0.10)
From capital gains		(0.05)		-
Return of capital		(0.11)		(0.25)
<b>Total annual distributions<sup>3</sup></b>	<b>\$</b>	<b>(0.35)</b>	<b>\$</b>	<b>(0.35)</b>
<b>Net assets - end of the period<sup>1</sup></b>	<b>\$</b>	<b>8.92</b>	<b>\$</b>	<b>8.91</b>

RATIOS AND SUPPLEMENTAL DATA	2023		2022	
<b>Total net asset value (\$000's)</b>	<b>\$</b>	<b>96,766</b>	<b>\$</b>	<b>66,828</b>
Number of units outstanding (000's)		10,850		7,500
Management expense ratio <sup>4</sup>		0.79%		0.79%
Management expense ratio before waivers or absorptions <sup>4</sup>		0.93%		1.03%
Trading expense ratio <sup>5</sup>		0.29%		0.43%
Portfolio turnover rate <sup>6</sup>		29.66%		47.43%
<b>Net asset value per unit</b>	<b>\$</b>	<b>8.92</b>	<b>\$</b>	<b>8.91</b>
<b>Closing market price (HLIF)</b>	<b>\$</b>	<b>8.92</b>	<b>\$</b>	<b>8.91</b>

### Explanatory Notes:

- 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.
- Net assets, at the commencement of operations on June 8, 2022 was \$10.00.
- Distributions, if any, are paid in cash or reinvested in additional units of the Fund. The Fund may pay additional year-end distributions in the form of reinvested units that are subsequently consolidated. There is no impact on NAV per unit, however such reinvested distributions increase the cost base of units held outside of registered plans.
- 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.
- 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.
- 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.

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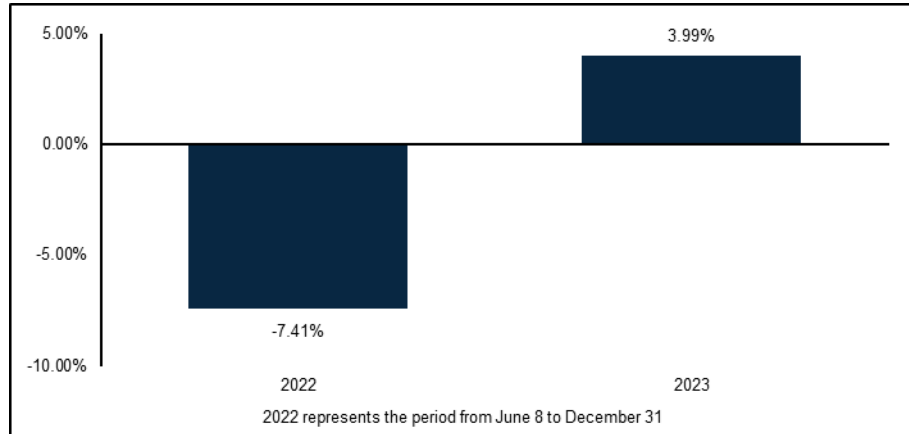
## Past Performance

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 chart presents the Fund's performance for each of the years shown. The chart shows, 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 except for 2023 which represents the interim period.

### Fund Performance



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## 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 interim financial statements.

As at June 30, 2023

Top 25 Holdings	% of Net Asset Value
Canadian Tire Corporation, Limited, Class A	3.4
The Toronto-Dominion Bank	3.4
Power Corporation of Canada	3.4
Manulife Financial Corporation	3.4
Sun Life Financial Inc.	3.4
Canadian Natural Resources Limited	3.4
TC Energy Corporation	3.4
Choice Properties Real Estate Investment Trust	3.4
National Bank of Canada	3.3
Fortis Inc.	3.3
Pembina Pipeline Corporation	3.3
Emera Incorporated	3.3
Great-West Lifeco Inc.	3.3
TELUS Corporation	3.3
Bank of Montreal	3.3
Keyera Corp.	3.3
Magna International Inc.	3.3
Enbridge Inc.	3.3
AltaGas Ltd.	3.3
Nutrien Ltd.	3.3
Quebecor Inc., Class B	3.2
Royal Bank of Canada	3.2
Canadian Utilities Limited, Class A	3.2
Brookfield Renewable Corporation, Class A	3.2
Suncor Energy Inc.	3.2
<b>Total</b>	<b>82.8</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.harvesteffs.com](http://www.harvesteffs.com).

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## SECTOR ALLOCATION

Sector	% of Net Asset Value
Financials	35.6
Energy	19.8
Utilities	16.4
Communication Services	9.8
Consumer Discretionary	6.7
Materials	6.4
Real Estate	3.4
Cash and other assets and liabilities	2.4
Options	(0.5)
<b>Total</b>	<b>100.0</b>



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## Disclaimers

### 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 a 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.

∫ The Fund is not sponsored, promoted, sold or supported in any other manner by Solactive AG nor does Solactive AG offer any express or implicit guarantee or assurance either with regard to the results of using the Index and/or Index trademark or the Index Price at any time or in any other respect. The Index is calculated and published by Solactive AG. Solactive AG uses its best efforts to ensure that the Index is calculated correctly. Irrespective of its obligations towards the Manager, Solactive AG has no obligation to point out errors in the Index to third parties including but not limited to investors and/or financial intermediaries of the financial instrument. Neither publication of the Index by Solactive AG nor the licensing of the Index or Index trademark for the purpose of use in connection with the Fund constitutes a recommendation by Solactive AG to invest capital in said Fund nor does it in any way represent an assurance or opinion of Solactive AG with regard to any investment in this financial instrument.



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