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**INTERIM MANAGEMENT REPORT OF FUND  
PERFORMANCE**

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**Harvest Clean Energy ETF**

**June 30, 2023**



# Harvest Clean Energy 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.

## INVESTMENT OBJECTIVES AND STRATEGY

The Fund’s investment objective is to provide unitholders with the opportunity for capital appreciation. The Fund primarily invests in issuers that are engaged in clean energy related businesses that are listed on a regulated stock exchange in select North American, Asian or European countries.

In order to achieve its investment objectives, the Fund will invest in an equally weighted portfolio of Equity Securities of 40 Clean Energy Issuers chosen from the Clean Energy Investable Universe that, immediately following each semi-annual reconstitution, rank in the top 40 issuers as measured by market capitalization on an equally weighted basis (in Canadian dollars based on the most recent month end value) and 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 40 Clean Energy Issuers that meet the investment criteria of the Fund, the Manager may invest in fewer than 40 Clean Energy 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 custom benchmark index comprised of 50% weighting of the S&P Global Clean Energy Net Total Return Index (USD) and a 50% weighting of the MSCI World Utilities Gross Total Return Index <sup>±</sup> for the six-month period ending June 30, 2023 are as follows:

Series	Return %
Series A	(7.69)
50% S&P Global Clean Energy Net Total Return Index (USD), 50% MSCI World Utilities Gross Total Return Index <sup>±</sup>	(3.63)

The portfolio selection is a passive approach that utilizes a rules-based selection process. It involves maintaining equal weights in the securities held and choosing the top 40 largest Clean Energy Issuers measured by market capitalization selected from the Clean Energy Investable Universe. The Fund is rebalanced semi-annually following the reconstitution of the Clean Energy Investable Universe.

The Clean Energy Investable Universe is fully described in the Fund’s Prospectus. In summary, the Clean Energy Investable Universe includes companies in select developed markets that are categorized as renewable energy companies or are in specific sub-sectors and have minimum financial metric exposures (for example more than 50% or revenues) derived specific renewable energy areas, such as from the power production from wind, solar, hydro, geothermal, bioenergy & waste, marine energy and renewable equipment & services defined as those in the area of wind, solar, hydro, geothermal, marine energy, as well as biofuels, hydrogen & fuel cells, smart grid, and battery & energy storage. Given this selection process, there may be companies that have business lines that have some exposure towards areas not in renewable energy and may also have exposure to traditional energy.

There were 5 names removed at the semi-annual reconstitution in January, while one name was removed from the Fund, Siemens Gamesa Renewable Energy, S.A., in December 2022 following it being acquired. This resulted in six investment new additions to the Fund following the semi-annual rebalance in January. Consequently, of the 40 equally weighted securities held in the Fund, 21 are focused on renewable power generation and 19 focused on renewable energy equipment & services. These reflect changes from the Fund’s previous composition at the time of the last reconstitution where 25 companies were focused on renewable power generation and 15 companies were focused on renewable energy equipment & services. The changes in composition of the Fund were driven strictly by the passive selection process of

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choosing the top 40 Clean Energy Issuers measured by market capitalization selected from the Clean Energy Investable Universe and rebalancing to equal weight at the time of the reconstitution.

Note, the Fund is not currency hedged, which can skew the comparison between the Fund and the Benchmark returns in USD and the breakdown of the World Utilities Index skews more toward regulated traditional utilities companies, which can also skew the comparison.

Clean Energy stocks have continued to struggle throughout 2023. With supply chain issues, tighter labour, higher inflation, higher debt costs, the clean energy companies—which are capitalizing on an emerging growth area—have struggled with broad-based profitability and have lacked positive investor sentiment lately. This sector seems to be seeking a catalyst, in the short-term. However, progress continues to slowly be made at the high level with countries and companies around the world still working toward the same goal of getting to a halt in the rise of Earth's temperature, but scientists and experts still contend the pace is moving too slow to meet the targets that countries have agreed.

On February 1st, the EU Commission published the final version of the Green Deal Industrial Plan. This was to be in response and to help level the playing field against the U.S. Inflation Reduction Act initiatives that were U.S.-centric. The four pillars surround, simplifying the regulatory environment, accelerating access to financing, boosting sector-focused skills, and opening trade for supply chains. While more of a complement to existing European initiatives, such as the EU Green Deal, RePower EU and Fit for 55, it is nonetheless another incremental step in a decades long transition.

Meanwhile, the clarity around many of the items, like renewable incentives and credits from the Inflation Reduction Act, are still slow to be put down in written detail, however, we should start to see some of these details over the summer, and in some cases, in the 2nd half of 2023. The Treasury Dept. recently released detailed guidance of domestic content for the clean energy space and that's a fundamental positive for domestic U.S.-focused names in certain areas like solar.

Nonetheless, Harvest believes that the changing landscape toward renewable energy production and investment represents a necessary long-term structural change and is an environment that the clean energy sub-sectors are well positioned to benefit from over the long term, despite the shorter-term selloff.

The Fund can effectively be broken up into two general groups: renewable power generation companies and renewable energy equipment & services companies. Generally, renewable energy equipment & services underperformed renewable power generation names, however, both groups were negative in the six-month period. As for the renewable power generation names, they saw mixed results, but were generally impacted by the continued rise in interest rates, and the ultimate narrative that this rate cycle will remain higher for longer. This impacts power generation companies that have a lot of debt through higher costs of that debt and through valuations that get repriced.

However, the renewable energy equipment & services sub-sector, where individual companies can have very different business lines, was the biggest drag on performance for the Fund. Wind energy companies declined as did the entire diverse group of solar equipment/services companies when lumped together. But the biggest source of performance loss for the Fund was in the biofuels names. Enviva Inc. continued to struggle, with the stock down almost 80% during the six-month period. Results missed expectations again and the company eliminated its dividend, as costs and cash flow visibility continue to remain an issue for the company. The other biofuels name, VERBIO Vereinigte BioEnergie AG, was also down almost 39% in the six-month period, given the company's profit warnings on weak biodiesel spreads and issues with Chinese imports flooding into Europe. European companies and countries are asking the European Commission to investigate this issue.

One area of positivity that was notable was the battery and energy storage companies, which fared well during the six-month period, with EnerSys and Fluence Energy, Inc. capitalizing on growth handily beating expectations in the latest quarter.

The Fund invests in a portfolio of the 40 largest Clean Energy Issuers selected from the Clean Energy Investable Universe. The universe includes Equity Securities listed on select North American, European and developed Asian stock exchanges that are categorized as renewable energy or renewable energy generation.

The portfolio is equally weighted and follows a systematic process in selecting the top 40 largest Clean Energy Issuers measured by market capitalization and is reconstituted and rebalanced semi-annually.

## 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 six-month 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 0.40%, plus applicable taxes, based on a percentage of the average daily net asset value ("NAV") of the Fund charged daily and paid monthly.

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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 six-month period ended	Amount (\$)
June 30, 2023	6,736
June 30, 2022	11,079

## 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 six-month 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 six-month period ended	Amount (\$)
June 30, 2023	32,015
June 30, 2022	35,548

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 six-month 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 six-month 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	2021
<b>Net assets - beginning of the period<sup>2</sup></b>	<b>\$ 12.63</b>	<b>\$ 14.86</b>	<b>\$ 20.00</b>
<b>Increase (decrease) from operations</b>			
Total revenue	0.16	0.22	0.23
Total expenses	(0.05)	(0.09)	(0.12)
Realized gains (losses) for the period	(0.30)	(3.20)	(1.01)
Unrealized gains (losses) for the period	(0.78)	0.77	(2.68)
<b>Total increase (decrease) from operations<sup>1</sup></b>	<b>\$ (0.97)</b>	<b>\$ (2.30)</b>	<b>\$ (3.58)</b>
<b>Distributions<sup>3</sup></b>			
From net investment income (excluding dividends)	-	(0.09)	(0.05)
From dividends	-	(0.05)	(0.04)
<b>Total annual distributions<sup>3</sup></b>	<b>\$ -</b>	<b>\$ (0.14)</b>	<b>\$ (0.09)</b>
<b>Net assets - end of the period<sup>1</sup></b>	<b>\$ 11.66</b>	<b>\$ 12.63</b>	<b>\$ 14.86</b>

RATIOS AND SUPPLEMENTAL DATA	2023	2022	2021
<b>Total net asset value (\$000's)</b>	<b>\$ 38,355</b>	<b>\$ 49,253</b>	<b>\$ 65,843</b>
Number of units outstanding (000's)	3,290	3,900	4,430
Management expense ratio <sup>4</sup>	0.69%	0.69%	0.69%
Management expense ratio before waivers or absorptions <sup>4</sup>	0.84%	0.82%	0.78%
Trading expense ratio <sup>5</sup>	0.16%	0.15%	0.31%
Portfolio turnover rate <sup>6</sup>	24.91%	48.65%	44.05%
<b>Net asset value per unit</b>	<b>\$ 11.66</b>	<b>\$ 12.63</b>	<b>\$ 14.86</b>
<b>Closing market price (HCLN)</b>	<b>\$ 11.68</b>	<b>\$ 12.62</b>	<b>\$ 14.88</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 January 11, 2021 was \$20.00.
- Distributions, if any, are paid in cash. 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. Included in the above amounts is the reinvested distribution of \$0.14 per unit paid to unitholders of record on December 31, 2022 (2021 - \$0.09 per unit).
- 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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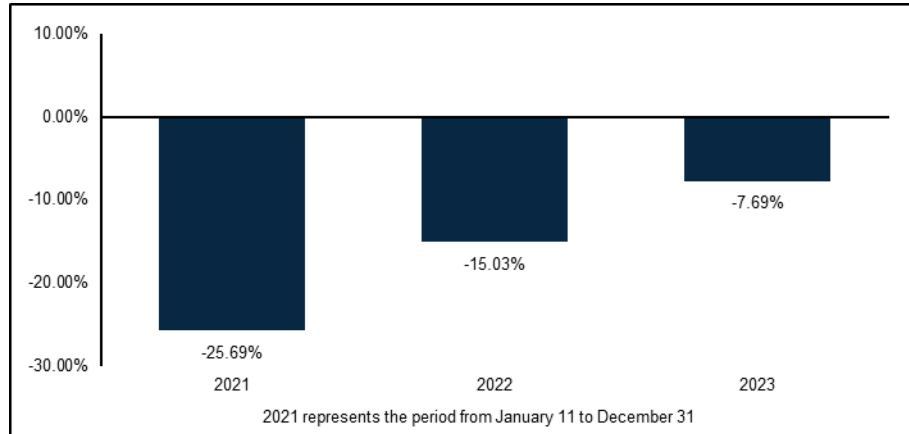
## Past Performance

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
SMA Solar Technology AG	3.9
EnerSys	3.7
Fluence Energy, Inc.	3.6
Infratil Limited	3.2
First Solar, Inc.	3.1
Mercury NZ Limited	3.0
Meridian Energy Limited	2.9
Array Technologies, Inc.	2.8
Contact Energy Limited	2.8
Brookfield Renewable Corporation, Class A	2.7
Orsted A/S	2.7
VERBUND AG, Class A	2.7
ERG S.p.A.	2.7
Xinyi Solar Holdings Limited	2.6
SolarEdge Technologies, Inc.	2.6
Shoals Technologies Group, Inc., Class A	2.6
Encavis AG	2.5
Vestas Wind Systems A/S	2.5
China Everbright Environment Group Limited	2.5
Drax Group PLC	2.5
Ormat Technologies, Inc.	2.5
Boralex Inc., Class A	2.4
EDP Renováveis, S.A.	2.4
GCL Technology Holdings Limited	2.4
Xinyi Energy Holdings Limited	2.4
<b>Total</b>	<b>69.7</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
Utilities	50.5
Industrials	27.4
Information Technology	19.0
Energy	2.5
Cash and other assets and liabilities	0.6
<b>Total</b>	<b>100.0</b>

## GEOGRAPHIC ALLOCATION

Country of Risk	% of Net Asset Value
United States	36.1
China	14.3
New Zealand	11.9
Germany	10.5
Spain	6.9
Denmark	5.2
Canada	4.4
Austria	2.7
Italy	2.7
United Kingdom	2.5
France	2.2
Cash and other assets and liabilities	0.6
<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.

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