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**INTERIM MANAGEMENT REPORT OF FUND  
PERFORMANCE**

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**Harvest Tech Achievers Enhanced Income ETF**

**June 30, 2023**



# Harvest Tech Achievers Enhanced Income 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 objectives are to provide unitholders with high monthly cash distributions and the opportunity for capital appreciation by investing, on a levered basis, in the Harvest Tech Achievers Growth & Income ETF (“Underlying ETF” or “HTA”) an exchange traded mutual fund managed by the Manager that is listed on a recognized Canadian stock exchange and that engages in covered call strategies.

HTA’s investment objective is to provide unitholders with (i) the opportunity for capital appreciation; (ii) monthly cash distributions; and (iii) lower overall volatility of portfolio returns than would otherwise be experienced by owning Equity Securities of the Technology Achievers directly. To achieve lower overall volatility of portfolio returns, HTA will generally write covered call options on up to 33% of the portfolio securities. The level of covered call option writing may vary based on market volatility and other factors.

The Fund is considered an alternative mutual fund within the meaning of NI 81-102 and is permitted to invest in asset classes or use investment strategies that are not permitted for other types of mutual funds. As an alternative mutual fund, under NI 81-102, the Fund is permitted to use strategies generally prohibited by conventional mutual funds, including the ability to invest in other alternative mutual funds, borrow cash to use for investment purposes and increased ability to invest in commodities. While these specific strategies will be used in accordance with the Fund’s investment objectives and strategies, during certain market conditions they may accelerate the pace at which an investment decreases in value.

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 began trading following the listing of its units on October 25, 2022 consisting of 100,000 units at \$10.00 for proceeds of \$1,000,000. Performance information is not available for periods less than one year.

Below is a discussion of the results of operations of HTA during the six-month period.

The contributors to HTA’s relatively strong performance came not only from investments in several of the mega cap leaders such as Apple Inc., Microsoft Corporation and NVIDIA Corporation, but also from strong performance in other investments such as social media leader Meta Platforms, Inc., cybersecurity provider Fortinet Inc. and software provider Salesforce, Inc. Strong performance in these names relative to the Fund’s benchmark was partially offset by investments in IT Services provider Accenture PLC, Cisco Systems, Inc. and Texas Instruments Incorporated which all had positive returns, but temporarily lagged the benchmark.

Overall, the Technology sector rose strongly in the first half of 2023 and partially recovered from its steep declines in 2022. That trend was amplified by investor excitement about artificial intelligence (“AI”). The performance was widespread across many companies, but was primarily driven by some of the largest names, including Microsoft Corporation, Apple Inc. and NVIDIA Corporation. This led to a wide divergence in returns between market-capitalization weighted indexes - where companies with very large market capitalizations tend to have more pronounced impacts on performance - and equally weighted indexes where each company commands the same weighting in the index.

For the six-month period, many companies in the sector maintained a more cautious tone with regards to earnings results due to a deteriorating economic backdrop. However, predictions for a rebound in business activity in the second half of the year led to improved investor sentiment towards the group compared to the prior year.

Notably, ChatGPT-3 became a topic of focus among investors and media alike. A string of new “generative AI” focused product announcements from several major software companies including Microsoft Corporation and Alphabet Inc. and culminating with a strong

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earnings report and outlook from semiconductor manufacturer NVIDIA Corporation ignited a buying frenzy for stocks of companies perceived to be beneficiaries of the AI theme.

The sector's overall performance during the six-month period was also characterized by political uncertainty. The growing tensions between the United States and China impacted the semiconductor industry. U.S.-enforced export restrictions on advanced semiconductors into China have resulted in retaliatory actions by the Chinese government. While investors have thus far generally ignored these actions, we see the threat of further escalation as a potential cloud over the sector.

During the six-month period, the top performing industries included Semiconductors & Semiconductor Equipment, Technology Hardware, Storage & Peripherals, and Software. In terms of company specific contributors, continued robust earnings results from Apple Inc. led to strong performance for the stock and given its large weighting in market capitalization weighted indexes, it had an oversized impact on their performances. The story was similar for Microsoft Corporation. While business results at Microsoft Corporation generally remained solid, the stock was not the best performer in the Software industry. However, its massive size still led to a significant positive influence on returns for market cap weighted indexes. Semiconductor stocks saw strong returns with many manufacturers and equipment companies perceived as beneficiaries of both investment in AI and government manufacturing subsidy programs like the U.S. Chips and Sciences Act.

HTA employs a covered call strategy, in which investors receive proceeds from the sale of call options but may forgo some upside when stock prices rise.

## 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 six-month 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 does not pay management fees directly to the Manager. However, the Underlying ETF held by the Fund will pay management fees and incur operating and trading expenses. The Fund invests in an ETF that is managed by the Manager. With respect to such investment, no management fees or incentive fees are payable by the Fund that, to a reasonable person, would duplicate a fee payable by such Underlying ETF for the same service. The Underlying ETF in which the Fund invests will pay applicable management fees. As a result, the actual aggregate management fees indirectly payable to the Manager in respect of an investment in the Fund will be greater than nil.

### 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	2,415

### 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. 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	53,396

The Manager also absorbed the following expenses of the Underlying ETF:

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For the six-month period ended	Amount (\$)
June 30, 2023	140,204

The management expense ratios of the Fund with and without the waivers and absorptions are reported in the Ratios and Supplemental Data table below.

### LOAN FACILITY

The Fund has entered into prime broker agreements with two wholly owned subsidiaries of Canadian chartered banks (the "Prime Brokers") in order to facilitate borrowing for the purpose of investing in accordance with its investment strategy. The Fund may borrow against collateral on deposit with the Prime Brokers with such borrowing being repayable on demand. Interest is payable on any borrowings at a variable rate of interest that is calculated daily and payable monthly. The interest incurred during the six-month period is presented as interest expense on the Statement of Comprehensive Income (Loss) in the financial statements.

The table below summarizes the minimum and maximum amount borrowed under the agreement, the interest incurred, and the range of variable rate of interest during the six-month period:

For the six-month period ended	June 30, 2023
Minimum amount borrowed	\$2,393,428
Maximum amount borrowed	\$5,949,939
Interest expense	\$109,730
Range of variable rate of interest	4.80% - 5.30%

The Fund may borrow up to 33% but intends to borrow approximately 25% of its net asset value at any given time. The amount of borrowing and the percentage of the net asset value of the Fund is as follows:

As at	June 30, 2023	December 31, 2022
Amount of borrowing	\$5,949,939	\$2,393,428
Amount borrowed as % of net assets	24.3%	26.4%
Market value of Underlying ETF held as collateral at prime broker	\$22,634,100	\$8,903,113

### 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	
<b>Net assets - beginning of the period<sup>2</sup></b>	\$	<b>9.80</b>	\$	<b>10.00</b>
<b>Increase (decrease) from operations</b>				
Total revenue		-		-
Total expenses		(0.07)		(0.02)
Realized gains (losses) for the period		0.27		0.02
Unrealized gains (losses) for the period		4.07		(0.52)
<b>Total increase (decrease) from operations<sup>1</sup></b>	\$	<b>4.27</b>	\$	<b>(0.52)</b>
<b>Distributions<sup>3</sup></b>				
From capital gains		(0.23)		-
Return of capital		(0.41)		(0.21)
<b>Total annual distributions<sup>3</sup></b>	\$	<b>(0.64)</b>	\$	<b>(0.21)</b>
<b>Net assets - end of the period<sup>1</sup></b>	\$	<b>13.41</b>	\$	<b>9.80</b>

RATIOS AND SUPPLEMENTAL DATA	2023		2022	
<b>Total net asset value (\$000's)</b>	\$	<b>24,473</b>	\$	<b>9,063</b>
Number of units outstanding (000's)		1,825		925
Management expense ratio <sup>4</sup>		2.50%		1.92%
Management expense ratio excluding the costs of financing <sup>4</sup>		1.23%		1.21%
Management expense ratio before waivers or absorptions <sup>4</sup>		3.20%		6.60%
Trading expense ratio <sup>5</sup>		0.17%		0.14%
Portfolio turnover rate <sup>6</sup>		21.09%		6.00%
<b>Net asset value per unit</b>	\$	<b>13.41</b>	\$	<b>9.80</b>
<b>Closing market price (HHLE)</b>	\$	<b>13.42</b>	\$	<b>9.77</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 October 20, 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) and the proportionate share of the Underlying ETF's related expenses 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 and the proportionate share of the Underlying ETF's related expenses 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 Fund's performance is not shown as National Instrument 81-106, the regulatory guideline for Continuous Disclosure, does not permit reporting of performance for any investment fund that has been in existence less than one year.

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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.

Information presented is for the Underlying ETF in which the Fund primarily invests.

As at June 30, 2023

Top Holdings	% of Net Asset Value
NVIDIA Corporation	6.2
Advanced Micro Devices, Inc.	5.7
Broadcom Inc.	5.4
Oracle Corporation	5.4
ServiceNow, Inc.	5.3
Meta Platforms, Inc., Class A	5.1
Fortinet, Inc.	5.1
Keysight Technologies, Inc.	5.1
Apple Inc.	5.0
Microsoft Corporation	4.9
Accenture PLC, Class A	4.8
Cisco Systems, Inc.	4.8
Alphabet Inc., Class A	4.7
Texas Instruments Incorporated	4.6
Intuit Inc.	4.6
Salesforce, Inc.	4.6
Adobe Inc.	4.5
Micron Technology, Inc.	4.4
QUALCOMM Incorporated	4.4
Motorola Solutions, Inc.	4.3
Foreign currency forward contracts	1.1
Cash and other assets and liabilities	0.5
Options	(0.5)
<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.harvestetfs.com](http://www.harvestetfs.com).

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## SECTOR ALLOCATION

Information presented is for the Underlying ETF in which the Fund primarily invests.

Sector	% of Net Asset Value
Software	34.4
Semiconductors & Semiconductor Equipment	30.7
Interactive Media & Services	9.8
Communications Equipment	9.1
Electronic Equipment, Instruments & Components	5.1
Technology Hardware, Storage & Peripherals	5.0
IT Services	4.8
Foreign currency forward contracts	1.1
Cash and other assets and liabilities	0.5
Options	(0.5)
<b>Total</b>	<b>100.0</b>

## GEOGRAPHIC ALLOCATION

Information presented is for the Underlying ETF in which the Fund primarily invests.

Country of Risk	% of Net Asset Value
United States	98.9
Foreign currency forward contracts	1.1
Cash and other assets and liabilities	0.5
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.



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