

HarvestETFs

Harvest Balanced Income & Growth ETF

Management Report of Fund Performance

December 31, 2024



Harvest Balanced Income & Growth ETF

PRESIDENT'S MESSAGE

Unitholder Letter March 2025

Dear Valued Investor,

Thank you for placing your trust and confidence in Harvest's investment products through 2024. Harvest ETFs invests in strong, industry-leading companies, and in secular trends. That philosophy has held strong in our ETFs and funds through the past year. We will remain committed to this philosophy going forward.

In 2024, Harvest Portfolios Group Inc. celebrated its 15th year in business. On October 23, 2009, we launched our first income-oriented equity fund – The Harvest Banks & Buildings Income Fund. It was a market traded closed-end fund at the time. Banks and REITs offered some exceptional yields at the tail end of the financial crisis. This would form the basis of Harvest's first monthly income fund. Today, it is a small mutual fund but has a steady 15-year track record of consistent monthly income.

Our company has been a steadfast equity investor. Back in late September of 2023, we expanded into the fixed income space launching two fixed income covered call ETFs that provided exposure to high-quality treasury securities, which have done well with investors. Our focus as an equity investor is grounded in taking advantage of the long-term growth in capital markets, major industries, and the growth of well-positioned and managed companies. Using our finely tuned and time-tested covered call option writing strategy we aim to generate predictable, consistent, and high levels of income for unitholders in both our Equity Income and Fixed Income ETFs.

2024 saw long-term bond rates rise more than expected due to U.S. inflationary pressures. The biggest takeaway over the past year is that expectations can change quickly and significantly over a relatively short period of time in the market. For Harvest covered call treasury ETFs, large movements in the yield curve have been challenging as the funds have longer duration exposure. However, Harvest's approach reiterates that the consistent cash flow is a critical component when bond markets are volatile. This can provide a tactical advantage during times of extreme rate movements, as portfolio managers can write more options, or less options, depending on market dynamics.

Equity markets shined through 2024, finishing in the black for the second year in a row with a 20% upward movement. That was despite a negative December 2024, where the market was impacted by many factors, including tax loss selling and policy rhetoric.

In 2024 we added yet another new category to our product lineup with the launch of Harvest High Income Shares ETFs. High Income Shares ETFs are single stock ETFs that offer exposure to top U.S. companies. These ETFs are overlaid with an active covered call strategy and seek to generate high levels of monthly income.

Harvest ETFs was again honoured the LSEG Lipper Funds Awards Canada 2024 Winner, Harvest Tech Achievers Growth & Income ETF as Best Sector Equity Fund Over 5 Years (Class U) and Best Sector Equity Fund Over 3 Years (Class B). This is the third year in a row as winner of this award. This ETF also announced the 5th and 6th distribution increase in its history.

Today, Harvest manages \$5.5 billion for Canadian investors across 45 ETF strategies with most of our products still built on long-term equity mandates with steady monthly income where we have now paid over \$1 billion of income to unitholders. We have built a 15-year pedigree of quality and award-winning products for Canadian investors and are proud of our track record.

Moving ahead to 2025, we remain steadfast to our philosophy of choosing long-term growth industries or mega-trends. Our outlook on these industries is framed by our orientation towards high quality companies and long-term trends.

Thank you again for your support and confidence in the Harvest team and our products. We will remain dedicated in our management and development of innovative and income generating products for many years to come.

Sincerely,

Signed "Michael Kovacs"

Michael Kovacs,

President and Chief Executive Officer



Harvest Balanced Income & Growth 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 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 annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Harvest Balanced Income & Growth ETF (the "Fund"). You can get a copy of the annual 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; or on SEDAR+ at www.sedarplus.ca.

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 invests primarily in equity income ETFs managed by the Manager ("Underlying ETFs") with the investment objective of providing unitholders with high monthly cash distributions and opportunity for long-term capital appreciation from access to a diversified portfolio of ETFs.

To achieve its investment objective, the Fund invests primarily in a portfolio of exchange traded mutual funds that are listed on a recognized North American stock exchange that provide exposure towards large capitalization equity securities, investment grade bonds or money market instruments issued by corporations or governments, and engage in covered call strategies.

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 from April 10, 2024 to December 31, 2024 (the "Period") that affected the overall level of risk of the Fund.

RESULTS OF OPERATIONS

Overall Performance

The Fund initially launched with 50,000 Class A units at \$24.00 for proceeds of \$1,200,000 and began trading following the listing of its units on April 15, 2024. Performance information is not available for periods less than one year.

Factors Affecting Fund Results

During the Period, the Fund was invested in a balanced portfolio comprised of twelve Canadian listed ETFs with most of them issued by the Manager.

The Fund benefitted from its diverse exposure primarily to the U.S. & Canadian equities. The Harvest Tech Achievers Growth & Income ETF added to returns for the Period powered by the perceived benefits of investments in artificial intelligence focused infrastructure. U.S. bank stocks also performed well during 2024, as investor expectations for a transition from an interest rate hiking cycle to an easing cycle by the U.S. Federal Reserve led to brighter outlooks for bank fundamentals. This had a positive impact on the Fund's investment in the Harvest US Bank Leaders Income ETF, which was the biggest gainer of all ETFs in the Fund for the Period.

While returns across most of the market sectors were generally positive, market capitalization weighted indexes were heavily influenced by above average performance in a relatively small number of mega-cap stocks, particularly those perceived as beneficiaries of investment on artificial intelligence focused infrastructure. The Fund's investment in the Harvest Energy Leaders Plus Income ETF detracted from performance as Energy sector underperformed during the Period. The Fund's investment in the Harvest Premium Yield Treasury ETF and Harvest Premium Yield 7-10 Year Treasury ETFs also detracted from performance as yields in the medium to longer duration bonds were volatile during the Period and inched higher towards the end of Period on stronger inflation prints in October – December.

At the end of the Period the Fund was invested in thirteen ETFs including the Harvest Canadian T-Bill ETF.

RECENT DEVELOPMENTS

Potential Impact for the Fund

In the shorter-term, the macro environment (both economic and geopolitical), while appearing to stabilize, continues to have some uncertainty. Inflationary pressures have subsided and expectations that central banks will continue to cut interest rates further have been a reprieve for broader markets. Nonetheless, inflationary pressures and the potential for fewer interest rate cuts, or even the potential for interest rate increases, and expectations can change quickly based on economic data.

Uncertainty surrounding potential policy changes from the new U.S. administration, including tariffs and geopolitical trade relations, remains a source of negative sentiment and risk within the market. There is no certainty on what policy initiatives may actually be implemented by the incoming administration and this will likely continue to be a cloud overhanging broader markets through 2025.

Israel and Hamas reached an armistice that included a hostages/prisoners exchange on January 15, 2025, giving faint hope for cooling hostilities in that region to begin the year. Meanwhile, the new administration has vowed to work to end the costly war between Russia and Ukraine.



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2024 Market Review

For the Period, the broader U.S. equity markets recorded above average returns of more than 20%. This came on the back of the momentum from 2023, when the broader U.S. markets performed strongly. Back-to-back returns in the broader market of over 20% annually has only occurred a few times over the past 40+ years. Despite performing strongly, the U.S. markets did see some meaningful shorter-term corrections over the course of the review Period.

For the Period, the strong performance of the equity market was not uniform across sectors nor individual stocks. Information Technology and Communication Services posted the best returns of all sectors in the first six months of the Period. Within these two leading sectors, returns were highly concentrated in a few large companies. This saw market capitalization weighted indexes being heavily influenced by above average performance in a relatively small number of mega-cap stocks, particularly those perceived as beneficiaries of investment in artificial intelligence (“AI”) focused infrastructure. While select large companies were a key driver of the overall market performance during the first half, owing to their strong relative performances and sizes, the breadth of participation across stocks and sectors expanded over the course of the Period with all the 11 main sectors in the U.S. posting positive returns.

In the Fixed Income market, U.S. Treasury 10-Year Bond Yields moved modestly higher early in 2024, bouncing back from over-sold conditions coming into the end of 2023. For the review Period, the fixed income market, like the equity market, was sensitive to any new data that signaled, or failed to signal, the end of the U.S. Federal Reserve (the “Fed”) restrictive monetary policy. For example, in April, new data showed that inflation was still strong. This caused long-term bond yields to move higher and the equity market to pull back. In the months that immediately followed, new data showed that inflation was subsiding. This resulted in a reversal of the pullback in both the bond and equity markets.

As additional data was unveiled through the early fall, we saw stabilization across the economic data and validation through improving corporate earnings. Further, stronger earnings guidance gave rise to improved sentiment and a rebound in equities. Most notably, there was broader market participation across the various sub-sectors and within sub-sectors. Amidst the recovery in stocks and improving economic strength, there were growing inflationary metrics that triggered concerns that the Fed may reduce the number of interest rate cuts over the coming year. This put upward pressure on longer dated interest rates during this time.

Following the U.S. election results in early November, markets continued to move higher as the election results eliminated an uncertainty that had been prevalent in the market. However, that was quickly followed by rhetoric surrounding tariffs that instilled policy concerns across the market. This caused volatility in the equity markets at the end of the Period. Given the fact that many of the proposed tariff policies would likely be inflationary, this added to further speculation that inflation pressures will be forthcoming through 2025. It also served to push longer dated bond yields higher, and changed expectations for the number of Fed’s cuts in interest rates expected during 2025. This caused bond prices across durations to come under pressure during the latter part of the Period.

With economic data moderating more quickly in Canada than the U.S., the Bank of Canada (“BoC”) announced an interest rate cut in June. This was the first in four years, and the first G7 country to do so this economic cycle. The BoC continued to cut its overnight lending rate for a total of seven effective 0.25% cuts during the Period.

Geopolitical tensions worsened in key regions of the globe during the Period. Specifically, ongoing wars in Eastern Europe and in the Middle East were a source of headline risks during and post the end of the Period. The ongoing geopolitical tensions during the Period did provide some support to safe-haven assets such as gold and helped to keep global oil prices trading in relatively high ranges. However, the broader markets were less sensitive to the daily headlines compared to the previous years, even though these headlines remain a source of risks for them.

RELATED PARTY TRANSACTIONS AND OTHER EXPENSES

Management 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 ETFs held by the Fund will pay management fees and incur operating and trading expenses. The Fund invests in ETFs that are managed by the Manager. With respect to such investments, no management fees or incentive fees are payable by the Fund that, to a reasonable person, would duplicate a fee payable by such Underlying ETFs for the same service. The Underlying ETFs 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 classes of each applicable fund. These expenses were \$273 for the Period and are included in the unitholder reporting costs on the Statement 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 Period. The Manager absorbed \$75,947 of expenses of the Fund for the Period. The Manager may cease doing so at any time without notice to unitholders.

The Manager absorbed \$1,417,835 of expenses of the Underlying ETFs for the Period.

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



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Other transactions

Officers, directors and related entities of the Manager invest in units of the Fund from time to time in the normal course of business and on the same basis as arm's length investors. As at December 31, 2024 officers and directors did not own units of the Fund.

RECOMMENDATIONS OR REPORTS BY THE INDEPENDENT REVIEW COMMITTEE

The IRC tabled no special reports and made no extraordinary material recommendations to management of the Fund during the Period.



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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. This information is derived from the Fund's annual audited financial statements.

THE FUND'S NET ASSETS PER UNIT	2024
Net assets - beginning of the period²	\$ 24.00
Increase (decrease) from operations	
Total revenue	0.48
Total expenses	(0.02)
Realized gains (losses) for the period	0.72
Unrealized gains (losses) for the period	0.25
Total increase (decrease) from operations¹	\$ 1.43
Distributions³	
From net investment income (excluding dividends)	(0.34)
From dividends	(0.09)
From capital gains	(0.45)
Return of capital	(0.56)
Total annual distributions³	\$ (1.44)
Net assets - end of the period¹	\$ 23.79

RATIOS AND SUPPLEMENTAL DATA	2024
Total net asset value (\$000's)	\$ 1,784
Number of units outstanding (000's)	75
Management expense ratio ⁴	0.99%
Management expense ratio before waivers or absorptions ⁴	6.32%
Trading expense ratio ⁵	0.21%
Portfolio turnover rate ⁶	34.00%
Net asset value per unit	\$ 23.79
Closing market price (HBIG)	\$ 23.81

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 April 10, 2024 was \$24.00.
3. 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.
4. Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) and the proportionate share of the Underlying ETFs' related expenses 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 and the proportionate share of the Underlying ETFs' related expenses expressed as an annualized percentage of daily average net asset value during the period.
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.



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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.

Annual Compound 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.

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 audited financial statements.

As at December 31, 2024

Top Holdings	% of Net Asset Value
Harvest Premium Yield 7-10 Year Treasury ETF, Class A Units	14.4
Harvest Tech Achievers Growth & Income ETF, Class A Units	12.1
Harvest Healthcare Leaders Income ETF, Class A Units	11.5
Harvest Premium Yield Treasury ETF, Class A Units	10.3
Harvest Canadian Equity Income Leaders ETF, Class A Units	8.7
Harvest Equal Weight Global Utilities Income ETF, Class A Units	8.7
Harvest Global REIT Leaders Income ETF, Class A Units	8.1
iShares Core Canadian Short Term Bond Index ETF	5.2
BMO Short Provincial Bond Index ETF	5.2
Harvest Industrial Leaders Income ETF, Class A Units	4.8
Harvest US Bank Leaders Income ETF, Class A Units	4.7
Harvest Canadian T-Bill ETF, Class A Units	3.4
Harvest Energy Leaders Plus Income ETF, Class A Units	2.5
Cash and other assets and liabilities	0.4
Total	100.0

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 at www.harvestetfs.com.

The prospectus and other information about the Underlying ETFs are available at www.harvestetfs.com or www.sedarplus.ca.

SECTOR ALLOCATION

Sector	% of Net Asset Value
Government Bonds	35.1
Information Technology	12.1
Health Care	11.5
Diversified	8.7
Utilities	8.7
Real Estate	8.1
Industrials	4.8
US Banks	4.7
Money Market ETF	3.4
Energy	2.5
Cash and other assets and liabilities	0.4
Total	100.0



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GEOGRAPHIC ALLOCATION

Country of Risk	% of Net Asset Value
Canada	74.9
United States	24.7
Cash and other assets and liabilities	0.4
Total	100.0



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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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