

Harvest Premium Yield 7-10 Year Treasury ETF

June 30, 2024

Interim Management Report of Fund Performance



Harvest Premium Yield 7-10 Year Treasury 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 Harvest Premium Yield 7-10 Year Treasury ETF (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; 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 in US Treasury ETFs traded on a regulated stock exchange in North America and sells covered call options on up to 100% of the its holdings with the investment objective to generate high monthly cashflow for the unitholders.

To achieve its objective, the Fund invests in ETFs that primarily hold longer dated US treasury bonds. The Fund seeks to maintain a weighted average duration that is less than 10 years, but may go lower than 7 years or higher than 10 years from time to time when it is beneficial to the Fund. The Fund's allocation to the underlying ETF holdings will be driven by options liquidity, diversification, and duration.

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 January 11, 2024 to June 30, 2024 (the "Period") that affected the overall level of risk of the Fund.

RESULTS OF OPERATIONS

Overall Performance

The Fund initially commenced operations on January 11, 2024 with 100,000 Class A units at \$12.00 for proceeds of \$1,200,000 and 100,000 Class U units at \$12.00 USD for proceeds of \$1,200,000 USD and began trading following the listing of its units on January 16, 2024. Performance information is not available for periods less than one year.

Factors Affecting Fund Results

During the Period, the Fund ended slightly lower on a total return basis in what was a relatively volatile environment given the interest rate dynamics. After yields fell sharply at the end of 2023, economic data and inflation pick up early in the year, leading to the speculation that rate cuts from the U.S. Federal Reserve were unlikely to materialize, if at all, until later in the year. Some market participants suggested another hike may be warranted. Since that time, economic data has slowed, and inflation data has cooled leading once again to the market expecting rate cuts to begin in 2024.

The result of these changing dynamics was that mid and longer-dated U.S. Treasury Bonds saw yields oscillating back and forth in a wide range during the Period. For example, shortly after the Fund launched, the U.S. 10 Year Treasury Bonds yield moved from 3.8% to 4.7% between February and April. These are material moves in the bond market. While the duration of these bonds does magnify the moves on the pricing side, the movements are meaningfully less sensitive to moves in rates compared to longer dated bonds with 20+ years to maturity.

Every economic data point is being scrutinized on a daily basis by the market as investors try to pinpoint more accurately as to when it will eventually start to cut interest rates. This is causing an elevated level of sensitivity to economic data sets that would not normally command such pronounced movements that were seen during the Period in the bond market.

The Fund sold call options on the underlying holdings during the Period to meet its investment objectives.

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 the U.S. Federal Reserve will start cuts at some point during the calendar year. Nonetheless, inflationary pressures and potential for interest rate increases can change quickly based on economic data.

Rising interest rates can be negative for the longer dated bonds. Similarly declining interest rates can be positive for bond prices. The movements of longer dated bond yields may move in the same or different directions despite the potential for lower U.S. Federal Reserve interest rates. Generally, periods of significant movements in longer dated bond yields in short periods is a negative headwind for covered call strategies. Although more normalized yield curves appear to be on the horizon, the possibility remains that the interest rate environment could continue to be very volatile in short time frames as we move through the remainder of 2024.

Global geopolitical tensions remain elevated, although the markets seemed to be less sensitive to the geopolitical headlines this Period relative to previous periods. Notwithstanding, as the conflicts in Eastern Europe and the Middle East prolong, there remain potential threats to the world economies and the stock markets.

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Mid-Year Market Review

For the Period, the broader U.S. equity markets recorded above average returns. This came on back of the momentum from 2023, when the U.S. markets also returned above average performance. This was partly aided by the new tone from the Federal Reserve in the United States (the "Fed") in the fall of 2023, suggesting that a pause in the interest rates hiking was warranted. In addition, the U.S. markets saw a few meaningful corrections in the review Period, unlike the significant market volatility of 2022 and 2023 that was the result of several global events.

During the Period, the above average performance of the equity market was not uniform across sub-sectors nor individual stocks. The leadership role of technology companies and communications companies was once again re-enforced with both posting the best returns out of all sub-sectors for the Period. Even within these sub-sectors, returns were highly concentrated in a few large companies. This was borne out in market capitalization weighted indexes that 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 ("AI") focused infrastructure. While select large companies were a key driver of the overall market performance, given their relatively very strong performance and their sizes, the breadth of participation across stocks and sub-sectors expanded over the course of the Period with 10 out of the 11 main sub-sectors in the U.S. all posting positive returns. Bond prices stabilized following the uptick in rates in April. However, longer dated bond yields remained highly sensitive to daily economic data sets as the Fed transitions from a hiking to easing environment and the market tries to pinpoint more accurately as to when it will eventually start to cut interest rates.

In the Fixed Income market, U.S. Treasury 10-Year Bond Yields moved modestly higher early in the year, seemingly bouncing from over-sold conditions coming into the end of 2023. During April, there were some concerns that the inflationary economic indicators were not subsiding sufficiently to warrant the Fed to pause on raising interest rates. This caused a shorter-term pull-back in both equity and bond prices as longer dated bond yields moved higher. However, for both bonds and equities, the pullback was short lived and prices started to recover as economic data that followed over the course of the following month suggested inflation is subsiding.

In Canada, the broader equity markets posted positive returns for the Period. In part due to the economic growth disparities and structural differences between the two markets, the Canadian equity markets lagged those of the U.S. and within the Canadian market's sub-sectors, just over half ended the Period with positive returns. With economic data moderating more quickly in Canada than the U.S., the Bank of Canada announced an interest rate cut in June, the first in four years and the first G7 country to do so this economic cycle.

Global geopolitical tensions remained elevated during the Period and provided some support to safe-haven assets such as gold and helped to keep global oil prices above where they closed in 2023. However, the markets were less sensitive to these geopolitical headlines (i.e. the wars in the Middle East and Europe, and tensions between U.S. and China) compared to previous years.

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 pays the Manager an annual management fee of 0.45%, 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 classes of each applicable fund. These expenses were \$3,625 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 \$65,978 of expenses of the Fund for the Period. The Manager may cease doing so at any time without notice to unitholders.

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 June 30, 2024 officers and directors owned 17,200 units of the Fund.

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 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 interim financial statements.

Class A

THE FUND'S NET ASSETS PER UNIT	2024
Net assets - beginning of the period²	\$ 12.00
Increase (decrease) from operations	
Total revenue	0.11
Total expenses	(0.03)
Realized gains (losses) for the period	(0.16)
Unrealized gains (losses) for the period	0.08
Total increase (decrease) from operations¹	\$ -
Distributions³	
From net investment income	(0.07)
Return of capital	(0.33)
Total annual distributions³	\$ (0.40)
Net assets - end of the period¹	\$ 11.39

RATIOS AND SUPPLEMENTAL DATA	2024
Total net asset value (000's)	\$ 56,681
Number of units outstanding (000's)	4,975
Management expense ratio ⁴	0.67%
Management expense ratio before waivers or absorptions ⁴	1.01%
Trading expense ratio ⁵	0.18%
Portfolio turnover rate ⁶	31.03%
Net asset value per unit	\$ 11.39
Closing market price (HPYM)	\$ 11.40

Class U (CAD)

THE FUND'S NET ASSETS PER UNIT	2024
Net assets - beginning of the period²	\$ 16.08
Increase (decrease) from operations	
Total revenue	0.15
Total expenses	(0.05)
Realized gains (losses) for the period	0.08
Unrealized gains (losses) for the period	0.10
Total increase (decrease) from operations¹	\$ 0.28
Distributions³	
From net investment income	(0.10)
Return of capital	(0.45)
Total annual distributions³	\$ (0.55)
Net assets - end of the period¹	\$ 15.63

RATIOS AND SUPPLEMENTAL DATA	2024
Total net asset value (000's)	\$ 5,469
Number of units outstanding (000's)	350
Management expense ratio ⁴	0.68%
Management expense ratio before waivers or absorptions ⁴	1.02%
Trading expense ratio ⁵	0.18%
Portfolio turnover rate ⁶	31.03%
Net asset value per unit	\$ 15.63
Net asset value per unit (USD)	\$ 11.42
Closing market price - USD (HPYM.U)	\$ 11.43

Explanatory Notes:

1. Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the reporting period. It is not intended that the Fund's net assets per unit table act as a continuity of opening and closing net assets per unit.
2. Net assets, at the commencement of operations on January 11, 2024 was \$12.00 for Class A and \$12.00 USD for Class U.

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3. 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.
4. Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) of the stated period and is expressed as an annualized percentage of the daily average net asset value during the period.
5. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
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.

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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, 2024

Top Holdings	% of Net Asset Value
iShares 7-10 Year Treasury Bond ETF	91.2
Vanguard Intermediate-Term Treasury ETF	4.2
Schwab Intermediate-Term U.S. Treasury ETF	4.2
Cash and other assets and liabilities	0.6
Foreign currency forward contracts	(0.0)
Options	(0.2)
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.

SECTOR ALLOCATION

Sector	% of Net Asset Value
Treasury Bond ETFs	99.6
Cash and other assets and liabilities	0.6
Foreign currency forward contracts	(0.0)
Options	(0.2)
Total	100.0

GEOGRAPHIC ALLOCATION

Country of Risk	% of Net Asset Value
United States	99.6
Cash and other assets and liabilities	0.6
Foreign currency forward contracts	(0.0)
Options	(0.2)
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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The logo features a large, stylized white letter 'H' in a script font. To its right, the word 'ARVEST' is written in a white, all-caps serif font. Below 'ARVEST', the letters 'ETFs' are written in a smaller, white, all-caps sans-serif font. A thin white horizontal line is positioned below the 'ARVEST' text.

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