



HARVEST MUTUAL FUNDS

Simplified Prospectus

October 18, 2011

HARVEST BANKS & BUILDINGS INCOME FUND

(Series A, Series F and Series R Units)

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

The Fund and the units of the Fund described in this simplified prospectus are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance on exemptions from registration.

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Part A – General Disclosure

Introduction

The simplified prospectus contains selected important information to help you make an informed decision and to help you understand your rights as an investor in Harvest Banks & Buildings Income Fund. In this simplified prospectus, we use the following terms:

- **We, us, our** and the **Manager** refer to Harvest Portfolios Group Inc.;
- **You** refers to an individual investor and everyone who invests or may invest in the Fund;
- **Fund** refers to Harvest Banks & Buildings Income Fund, the mutual fund offered by us under this simplified prospectus;
- **IRC** means the Independent Review Committee established by the Manager for the Fund;
- **Investment Manager** refers to Avenue Investment Management Inc.;
- **Units** refers to units of the Fund;
- **Unitholders** refers to holders of Units of the Fund;
- **Dealer** refers to both the dealer and the registered representative in your province who advises you on your investments;
- **banking issuers** means publicly-traded banking issuers listed on a recognized stock exchange in North America;
- **other financial issuers** means publicly-traded financial services issuers listed on a recognized stock exchange in North America other than banking issuers.

This simplified prospectus contains information about the Fund and the risks of investing in mutual funds generally, as well as the names of the firms responsible for the Management of the Fund.

Additional information about the Fund is available in the following documents:

- the annual information form;
- the most recently filed fund facts;
- the Fund's most recently filed annual financial statements;
- any interim financial statements filed after those annual financial statements;
- the most recently filed annual management report of fund performance; and
- any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this simplified prospectus, which means they legally form part of this simplified prospectus just as if they were printed in it. You can get a copy of these documents, at your request, and at no cost, by calling (416) 506-8189 or toll-free 1-877-506-8128, by e-mailing info@harvestportfolios.com, or by asking your Dealer. You will also find these documents on our website at www.harvestportfolios.com. These documents and other information about the Fund are also available at www.sedar.com.

Former Closed-End Fund

The Fund was previously a closed-end investment trust listed on the Toronto Stock Exchange (“**TSX**”). The initial Units of the Fund, now designated as Series R Units, were delisted from the TSX on October 5, 2011 and the Fund was converted to an open-end mutual fund on October 18, 2011 (the “**Conversion**”). Series R Units are only available for purchase by existing Series R Unitholders. Series R Units may be redeemed by Unitholders on demand without penalty or cost and can be switched into Units of another series of the Fund (see “Switches” on page 8).

What is a mutual fund and what are the risks of investing in a mutual fund?

A mutual fund is a pool of investments made on behalf of a large group of people. There are generally two legal forms for a mutual fund: a mutual fund trust or a mutual fund corporation. Both forms of mutual funds allow you to pool your savings with other investors seeking the same investment objectives. A mutual fund trust issues “units” of the trust to people who invest in the trust fund and a mutual fund corporation issues “shares” of the corporation to people who invest in the corporation. Units and shares both represent an ownership interest in a mutual fund. The Fund has been established as a mutual fund trust so in this simplified prospectus we will refer to “units”.

A mutual fund brings together many different investors with similar goals. Each investor puts money into the mutual fund. A professional portfolio manager uses that money to buy a variety of investments for the mutual fund, depending on the mutual fund’s objectives. The portfolio manager makes all the decisions about which securities to buy and when to buy and sell them. If the value of the investments falls, everyone shares in the loss. The size of your share depends on how much you invested. The more you put in, the more units of the mutual fund you own and the greater your portion of the gains or losses. Mutual fund investors also share the mutual fund’s expenses. Most mutual funds invest in securities like stocks, bonds and money market instruments.

There are many advantages to investing in a mutual fund over investing in individual stocks, bonds and money market instruments on your own. Professional portfolio managers have the skills and the time to do research and make decisions about which investments to buy, hold or sell. Owning several investments can improve long-term results because the ones that increase in value can compensate for those that do not. You can sell your investment back to the mutual fund at any time. With many other investments, your money is locked in or you have to find a specific buyer before you can sell. Mutual fund companies use sophisticated record keeping systems to keep track of all of the individual investments by recording how many units each investor owns and send you regular financial statements, tax slips and reports.

Under exceptional circumstances, a mutual fund may suspend your right to sell your investment. See “Suspending your right to redeem units” on page 10 for details. Some mutual funds offer units in more than one series. Each series generally has different management fees and expenses.

While mutual funds have many advantages, it is important to remember that your investment in the Fund is not guaranteed. Unlike bank accounts or guaranteed investment certificates (“**GICs**”), mutual fund units are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

As with most other investments, mutual funds come with a certain amount of risk. Mutual funds own different types of investments, depending upon their investment objectives. The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions, and market and company news. As a result, the value of a mutual fund’s units may go up and down, and the value of your investment in a mutual fund may be more or less when you redeem it than when you purchased it.

The amount of risk depends on the kind of mutual fund you buy. Before you invest in a mutual fund, you need to decide what level of risk you are comfortable with. The answer depends in part on the kind of returns you expect. Generally, higher risk investments (for example, equity funds) have a higher potential for gains and losses, while lower risk investments (for example, money market funds) have a lower potential for gains and losses.

Below are some of the risks that can affect the value of mutual fund investments. To find out which of these specific risks apply to the Fund, see the individual fund description later in this document, starting on page 22.

Banking and financial issuers risk

The value of the Fund will fluctuate with interest rate changes and corresponding changes in the value of the securities of banking issuers and other financial issuers in the Portfolio. The value of securities of banking issuers and other financial issuers is also affected by such factors as general economic conditions and the customers of such banking issuers creditworthiness. Customers or banking issuers and other financial issuers may default on their obligations to pay interest and/or principal amounts.

Concentration risk

A mutual fund may hold significant investments in a few companies, rather than investing the fund's assets across a large number of companies. In some cases, more than 10% of the net assets of the fund may be invested in securities of a single issuer as a result of the appreciation in value of such investment and/or the liquidation or decline in value of other investments that it owns. The investment portfolios of these funds are less diversified, and therefore potentially subject to larger and more frequent changes in value, than mutual funds which hold more broadly diversified investment portfolios.

Credit risk

When a company or government issues a fixed income security, it promises to pay interest and repay a specified amount on the maturity date. Credit risk is the risk that the company or government will not live up to that promise. Companies and governments that borrow money, and the fixed income or debt securities they issue, are rated by specialized rating agencies. High-quality securities have high ratings, such as A1 or better. A rating of A1 or better indicates that an issuer's capacity to meet its financial commitments on those obligations is extremely strong. The riskiest fixed income securities are those with a low credit rating or no credit rating at all. These securities usually offer higher interest rates to compensate for the increased risk.

Currency risk

The Fund's assets and liabilities are valued in Canadian dollars. When mutual funds buy foreign securities, however, they are purchased with foreign currency. The value of such foreign securities will fluctuate as foreign currencies change value in relation to the Canadian dollar. The U.S. dollar, for example, fluctuates in value against the Canadian dollar. While mutual funds can benefit from changes in exchange rates, an unfavourable move may reduce, or even eliminate, any return on a U.S. investment. A mutual fund's ability to make distributions or process redemptions assumes the continuing free exchange of the currencies in which the mutual fund is invested. However, certain foreign governments sometimes restrict the ability to exchange currencies.

Foreign market risk

A fund may invest in securities sold outside North America. The value of foreign securities, and the unit or share price of such a fund, may fluctuate more than investments in companies whose securities are listed on a North American stock exchange because:

- companies outside North America are not subject to the regulations, standards, reporting practices and disclosure requirements that apply in Canada and the U.S.;
- some foreign markets may not have laws to protect investor rights;
- political instability, social unrest or diplomatic developments in foreign countries could affect the fund's securities or result in their loss;
- certain foreign markets are less liquid than their North American counterparts, which may limit the fund's ability to buy and sell securities in such foreign markets; and
- there is a chance that foreign securities may be highly taxed or that government-imposed exchange controls may prevent the fund from taking money out of the country.

Pursuant to new U.S. tax rules, starting in 2014, Unitholders of the Fund may be required to provide identity and residency information to the Fund, which may be provided by the Fund to U.S. tax authorities in order to avoid a U.S. withholding tax being imposed on U.S. and certain non-U.S. source income and proceeds of disposition received by the Fund or on certain amounts (including distributions) paid by the Fund to certain Unitholders.

Interest rate risk

If a fund invests in bonds and other fixed income securities, a significant influence on the fund's value will be changes in the general level of interest rates. The general level of interest rates is in part affected by the rate of inflation. If interest rates fall, the value of the fund's Units will tend to rise. If interest rates rise, the value of the fund's Units will tend to fall. Changes in interest rates may also have a negative impact on the business of the issuers in which the Fund invests and on the price of the securities of such issuers.

Investment trust risk

The Fund may invest in real estate, royalty, income and other investment trusts which are investment vehicles in the form of trusts rather than corporations. To the extent that claims, whether in contract, in tort or as a result of tax or statutory liability, against an investment trust are not satisfied by the trust, investors in the investment trust, including the Fund, could be held liable for such obligations. Investment trusts generally seek to make this risk remote in the case of contract by including provisions in their agreements that the obligations of the investment trust will not be binding on investors personally. However, investment trusts could still have exposure to damage claims such as personal injury and environmental claims. Certain jurisdictions have enacted legislation to protect investors in investment trusts from the possibility of such liability.

Large transaction risk

Units of the Fund may be purchased in large quantities by an investor or by another investment fund. These types of investors may make large purchases or redemptions in the Fund, due to their substantial investment in the Fund. If these transactions are significant, they may impact the Fund's cash flow, and the Fund may be required to alter its current investment portfolio by buying or selling a large portion of its investments. In the case where a large investor purchases Units with cash, the Fund may temporarily have

a higher than normal cash position until this cash can be invested. In the case of a large redemption, the Fund may be required to sell existing investments at unfavourable prices if it does not have enough cash on hand to fund the redemption.

Liquidity risk

Liquidity is a measure of how easy it is to convert an investment into cash. An investment may be less liquid if it is not widely traded or if there are restrictions on the exchange where the trading takes place. Investments with low liquidity can have dramatic changes in value and may result in a diminished return for a fund.

Market risk

Companies issue equities, or stocks, to help finance their operations and future growth. Investors who purchase these equities become part owners in these companies. The value of these equities varies according to how the market reacts to factors relating to the company, market activity, or the economy in general. For example, when the economy is expanding, the market tends to attach positive outlooks to companies and the value of their stocks tends to rise. The opposite is also true. For start-ups, resource companies and companies in emerging sectors, the risks and potential rewards are usually greater. Some of the products and services offered by technology companies, for example, can become obsolete as science and technology advance. In general, the greater the potential reward, the greater the risk.

Portfolio Management risk

A mutual fund is dependent on its portfolio manager to select its investments. Mutual funds are subject to the risk that poor security selection or asset allocation decisions will cause a mutual fund to underperform relative to its benchmark or other mutual funds with similar investment objectives.

Prepayment risk

Certain fixed income securities, including mortgage-backed or other asset-backed securities, can be prepaid before maturity. If a prepayment is unexpected or if it occurs faster than predicted, the fixed income security may pay less income and its value may decrease.

Real Estate Issuer risk

The assets, earnings and share values of companies involved in the real estate industry are influenced by a number of different factors, including economic cycles, the level of interest rates, consumer confidence, the policies of various levels of government and the economic well-being of various industries. In addition, underlying real estate investments may be difficult to trade, resulting in greater price volatility for companies that manage real estate assets like REITs.

Investments in real estate issuers are subject to the general risks associated with real property investments, which include changes in general economic conditions, the availability of financing, changes in local conditions (such as oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to tenants, competition from other available space and various other factors. In addition, real property is typically illiquid and, as a result, real estate issuers have a limited ability to adjust their portfolios in response to changes in economic or other conditions.

The yields available from investments in real estate depend upon the amount of revenues generated and expenses incurred. These risks include changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations, the attractiveness of properties to tenants, and the ability of the owner to provide adequate maintenance at an economic cost. The performance of the economy in each of the areas in which properties are located affects occupancy, market rental rates and expenses. As a result, these factors can have an impact on revenues from the properties and their underlying values. The financial results and labour decisions of major local employers may also have an impact on the revenues from and value of certain properties.

Recent Global Financial Market Developments risk

Global financial markets have experienced an increase in volatility in recent years. This has been, in part, the result of the revaluation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. While central banks as well as governments are attempting to restore liquidity to the global economies, no assurance can be given that the combined impact of the significant revaluations and constraints on the availability of credit will not materially and adversely affect economies around the world in the near to medium term. Some of these economies have experienced significantly diminished growth and others have experienced or are experiencing a recession. These market conditions and unexpected volatility or illiquidity in financial markets may also adversely affect the prospects of the Fund and the value of the issuers the Fund invests in.

Sector risk

Some funds concentrate their investments in a certain sector or industry in the economy. This allows these funds to focus on that sector's potential, but it also means that they are riskier than mutual funds with broader diversification. Because securities in the same industry tend to be affected by the same factors, sector-specific funds tend to experience greater fluctuations in price. These funds must continue to follow their investment objectives by investing in their particular sector, even during periods when that sector is performing poorly.

Series risk

Where a fund is available in more than one series of units, each series of units has its own fees and expenses which the fund tracks separately. An expense item that can be specifically attributed to a series will be borne by that series. If the fund cannot pay the expenses of one series using that series' share of the fund's assets, the fund will be required to pay those expenses out of the other series' share of the fund's assets. This could lower the investment return of the other series. A fund may, without notice to or approval of Unitholders, issue additional series in the future.

Specific issuer risk

The value of securities will vary positively and negatively with developments within the specific companies or governments that issue the securities. If a fund has a significant portion of its assets in or exposed to any one issuer, it is possible that the fund may experience reduced liquidity and diversification. Additionally, if a fund holds significant investments in a few companies, changes in the value of the securities of those companies may increase the volatility of the net asset value of the fund. Funds are

subject to certain concentration restrictions under applicable securities laws.

Purchases, switches and redemptions

You can buy Units of the Fund or switch from Units of one series to another series of the Fund, or to another fund (when available) through a qualified Dealer.

You can also sell your investment in the Fund through your Dealer. Selling your investment is also known as redeeming. Whether you are buying, selling or switching Units of the Fund, we base the transaction on the value of the Units of the Fund. The price of a Unit is called the net asset value or “NAV” per Unit, or the Unit value. We generally calculate the NAV per Unit of each series of the Fund following the close of trading on the TSX (usually 4:00 p.m.) on each day that the TSX is open for trading (a “Valuation Day”). In unusual circumstances, we may suspend the calculation of the NAV per Unit.

The NAV per Unit of each series of the Fund is calculated as follows:

- we determine the value of each series’ proportionate share of the assets of the Fund;
- we subtract the liabilities of the Fund that are common to all series and the liabilities of the Fund that are specific to the series; and
- finally we divide the balance by the number of Units of the series held by Unitholders.

The Fund is valued and may only be bought in Canadian dollars. When you place your order through a Dealer, the Dealer sends it to us.

Securities offered

The Fund offers Series A, Series F and Series R Units. Additional series may be offered in the future without notice to, or approval of, Unitholders.

Series A:

Series A Units are available to all investors. Series A Units are available only on a front-end sales charge basis. With the front-end sales charge option, you negotiate and pay your Dealer a sales charge of up to 5.00% of the amount invested at the time you purchase such Units. The sales charge you negotiate is deducted from the amount you invest at the time of purchase and is paid to your Dealer as a commission.

Series F:

Series F Units are available to investors who participate in fee-based programs through their Dealer. There is no sales commission payable on purchases of Series F Units of the Fund. Purchasers of Series F Units will be generally required to pay their Dealers a fee for a service or wrap program. These investors pay their Dealer an investment advisory fee for ongoing services. This investment advisory fee is negotiated between the investor and their Dealer. We pay no commissions or service fees to their Dealer. Your Dealer must ensure that you are eligible to buy and continue to hold Series F Units. If you did not qualify to hold Series F Units, or are no longer eligible to hold Series F Units, your Dealer must notify us to change your Series F Units into Series A Units of the Fund, or to redeem them. If we do not receive such instructions within 30 days, we may, at our discretion, change your Series F Units into Series A Units of the Fund, or redeem them.

Series R:

Series R Units are only available to investors who held Units of the Fund at the effective time of the conversion of the Fund into an open ended mutual fund on October 18, 2011. Series R Units are available only on a front-end sales charge basis. With the front-end sales charge option, you negotiate and pay your Dealer a sales charge of up to 5.00% of the amount invested at the time you purchase such Units. The sales charge you negotiate is deducted from the amount you invest at the time of purchase and is paid to your Dealer as a commission.

Purchases

You can purchase Units of the Fund through Dealers who will send your order to the Toronto office of the Fund's registrar and transfer agent. Series A, Series F and Series R Units are qualified for distribution in all Canadian provinces and territories pursuant to this simplified prospectus. Your order must be in the proper form and include all necessary supporting documents. Your Dealer is responsible for sending your order to the Toronto office of the Fund's registrar and transfer agent without cost to you.

If your properly completed order is received at the Toronto office of the Fund's registrar and transfer agent before 4:00 p.m. Eastern time on a valuation day (which is any day the TSX is open for trading), your order will be processed using that day's NAV. If your order is received after that time, your order will be processed using the NAV on the next valuation day. The valuation day used to process your order is called the "**trade date**". Your Dealer will send you a confirmation of your order once your order has been processed. A confirmation shows details of your transaction, including the name of the Fund, the number and series of Units you bought, and the purchase price and the trade date. We do not issue certificates of ownership for the Fund.

We may reject your purchase order within one business day of receiving it. A "business day" means any day on which the TSX is open for trading. If rejected, any monies sent with your order will be returned immediately, without interest, once the payment clears. If we accept your order but do not receive payment within three business days, we will redeem your Units on the next business day. If the proceeds are greater than the payment you owe, the difference will belong to the Fund. If the proceeds are less than the payment you owe, your Dealer will be required to pay the difference to the Fund and is entitled to collect this amount and any associated expenses from you.

The minimum initial investment in Series A, Series F and Series R Units must be at least \$1,000. Each additional investment in Series A, Series F and Series R Units must be at least \$100. If the value of your Units is less than \$1,000, we can sell your Units and send you the proceeds. We will give you 30 days' notice first. We reserve the right to change the minimum investment level required at our discretion.

Switches

Switches to another fund

There are currently no other funds in respect of which you may switch your Units. When the Manager establishes other open-end funds, you will be able to switch from one fund to another fund by contacting your Dealer.

You may have to pay your Dealer a switch fee of up to 2.00% of the value of the Units you are switching. However, the switch fee is negotiable. If you have held the Units for 90 business days or less, you may also have to pay a short-term trading fee to the fund you are switching out of.

Any switch to another fund is a disposition for tax purposes. If you hold your Units outside a registered plan, you may realize a capital gain (or capital loss) on the switch. For more information on the tax consequences, see “Income tax considerations for investors” on page 15.

Switching to another series of the Fund

You can switch your Units of one series to Units of another series of the Fund by contacting your Dealer. You can only switch Units into a different series if you are eligible to buy that other series. No fees apply. You can only switch into Series R Units if you held Series R Units on October 18, 2011.

Switching Units from one series to another series of the Fund is not a disposition for tax purposes.

Redemptions

Unitholders may redeem Units on any business day without charge except for payment of a short-term trading fee, if applicable. To do so, Unitholders must complete a written redemption request. If the redemption request is deposited with a Dealer, the Dealer must send the redemption request to the Toronto office of the Fund’s registrar and transfer agent on the same day. If the Dealer receives the redemption request after the close of business (usually 4:00 p.m. Toronto time) or on a day that is not a business day, the Dealer must send it to the Fund’s registrar and transfer agent on the next business day. A redemption request received by the registrar and transfer agent before 4:00 p.m. Toronto time on a valuation day (which is any day the TSX is open for trading) will be processed at the NAV per Unit on that valuation day. If the TSX closes earlier than 4:00 p.m. on a particular valuation day, we may impose an earlier deadline for that valuation day. Any orders received after this earlier deadline would be processed as of the next valuation day. A redemption request received by the Fund’s registrar and transfer agent after 4:00 p.m. on a valuation day, or on a day which is not a valuation day will be processed at the NAV per Unit determined on the next valuation day. The cost of sending the redemption request must be paid by the Dealer. As a security measure, a redemption request sent by fax directly by an investor will not be accepted.

For the protection of Unitholders in the Fund, a Unitholder’s signature on any redemption request must be guaranteed by a bank, trust company or a Dealer. This procedure must be followed carefully. Other documentation may be required for redemption by corporations or other Unitholders that are not individuals.

We will not process orders to redeem for:

- a past date
- a future date
- a specific price
- any Units that have not been paid for

If all necessary redemption documents have been properly completed and sent to the Fund’s registrar and transfer agent with the redemption request, the Manager will pay the redemption amount within three business days of the day on which the redemption request was placed. Otherwise, the redemption amount will be paid within three business days after the Fund’s registrar and transfer agent receives the missing documentation. If all necessary documents are not received by the Fund’s registrar and transfer agent within ten business days following the date on which the redemption was requested, the Manager will reverse the redemption order by processing a purchase order on the tenth business day after the redemption order for the number of Units that were redeemed. The redemption proceeds will be used to pay for the Units purchased. Any excess proceeds belong to the Fund. Any shortfall will initially be paid to

the Fund by the Manager, but the Manager will be entitled to collect the shortfall, plus any costs involved, from the Dealer who placed the redemption request. The Dealer may, in turn, collect the shortfall plus any costs involved from the Unitholder who placed the redemption request. Where no Dealer has been involved, the Manager will be entitled to collect the shortfall and costs from the Unitholder who placed the redemption request.

We reserve the right to redeem, without notice, all of the Units that you hold in a series of the Fund, if the value of your investment in that series of the Fund falls below \$1,000 other than as a result of market fluctuations.

If you hold your Units in a non-registered account, you may realize a capital gain or loss when your Units are sold. Capital gains are taxable. For more information on the tax consequences, please see “Income tax considerations for investors” on page 15.

Suspending your right to redeem Units

Under extraordinary circumstances the Manager may direct the Trustee to suspend the redemption of Units or payment of redemption proceeds: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the Fund are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the Fund, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Fund; or (ii) with the prior permission of the applicable securities regulatory authorities.

The suspension will apply to all requests for redemption received prior to the suspension in respect of which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first business day following the termination of the suspension. All such Unitholders shall have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager shall be conclusive.

Short-term trading

Redeeming or switching Units of a mutual fund within 90 business days after they were purchased, which is referred to as “**short-term trading**”, may have an adverse effect on other investors in the mutual fund because it can increase trading costs to the mutual fund to the extent the mutual fund purchases and sells portfolio securities in response to each redemption or switch request. An investor who engages in short-term trading also may participate in any appreciation in the net asset value of the mutual fund during the short period that the investor was invested in the mutual fund, which reduces the amount of the appreciation that is experienced by other, longer term investors in the mutual fund.

The Fund may charge you a fee of up to 2.00% of the value of the Units you redeem if you engage in short-term trading. The short-term trading fee does not apply if you switch to another series of Units in the Fund. This fee is paid to the Fund and is in addition to any other fees that may apply. We may in our sole discretion waive the short-term trading fee. We have the discretion to redeem some or all of your Units if we believe you are or may continue to engage in short-term trading.

See “Fees and expenses – Short-term trading fees” on page 16 and “Short-term trading” in the annual information form for additional information.

The Fund does not have any arrangements, formal or informal, with any person or company to permit short-term trading.

Fees and Expenses

This table lists the fees and expenses that you may have to pay if you invest in the Fund. You may have to pay some of these fees and expenses directly. The Fund may have to pay some of these fees and expenses, which will therefore reduce the value of your investment in the Fund.

Generally, any changes to the basis of calculation of a fee or expense that is charged to the Fund or directly to its Unitholders by the Fund or the Manager in connection with holding Units that could result in an increase in those charges is subject to Unitholder approval. However, subject to applicable securities law requirements, no Unitholder approval will be required if the Fund is at arm’s length to the person or company charging the fee or expense to the Fund and if written notice is sent to all Unitholders at least 60 days before the effective date of the change that could result in an increase in charges to the Fund.

Fees and expenses payable by the Fund	
Management and Servicing Fees:	<p>Each series of Units pays the Manager an annual management fee based on a percentage of the average daily NAV of the assets of the Fund attributable to that applicable series (the “Management Fee”).</p> <p>For the Series A Units, the Management Fee is equal to an annual rate of 2.35% of the NAV per Unit, plus applicable taxes including HST.</p> <p>For the Series F Units, the Management Fee is equal to an annual rate of 1.10% of the NAV per Unit, plus applicable taxes including HST.</p> <p>For the Series R Units, the Management Fee is equal to an annual rate of 1.50% of the NAV per Unit, plus applicable taxes including HST.</p> <p>The Management Fees accrue daily and are paid monthly.</p>
Management Fee Reductions:	<p>We may reduce or waive the Management Fees that we are entitled to charge.</p> <p>To encourage large purchases in the Fund, the Manager may reduce the Management Fee that it would otherwise be entitled to receive from the Fund with respect to an investment in the Fund. The amount of any Management Fee reduction is distributed (the “Management Fee Distribution”) to the investor for whose benefit the fees were reduced. The Management Fee may be reduced based on the consideration of several factors, including the size of the investment, the expected level of account activity and the assets under administration. Where applicable, Management Fee Distributions are calculated on each business day and distributed on a regular basis by the Fund to the applicable investor, generally first out of the net investment income and net realized capital gains of the series of the Fund and then out of capital</p>

Fees and expenses payable by the Fund	
	of the particular series. All Management Fee Distributions are automatically reinvested in additional Units of the Fund unless you request to receive them in cash.
Operating Expenses:	<p>The Fund is responsible for the payment of all expenses relating to the operation of the Fund and the carrying on of its business, including, but not limited to:</p> <ul style="list-style-type: none"> • Management Fees • Filing fees • Fund accounting, registrar and transfer agency fees • Brokerage commissions and fees* • Taxes, including HST and foreign withholding taxes • Income taxes* • Transfer agency fees • Accounting, audit and legal fees and expenses • Interest expense • Customer service centre • Safekeeping and custodial fees • Investor servicing costs for our call centre • Costs of annual and semi-annual reports, prospectuses, fund facts and other reports • Fees and expenses payable in connection with the Independent Review Committee • Other operating and administrative expenses <p><i>* These expenses are not included in the calculation of the Fund's management expense ratio ("MER").</i></p> <p>In accordance with the Manager's policies, annual compensation fees of the IRC members are apportioned among all of the investment funds managed by Harvest at that time. Fees for IRC members attending a meeting of the IRC are also apportioned among all of the investment funds managed by Harvest whose business was advanced at that particular meeting of the IRC. The costs associated with an IRC meeting to deal with an issue involving a specific fund are allocated to that particular investment fund only. Each year, the IRC determines and discloses its compensation in its annual report to investors in the Fund.</p> <p>The Fund may have costs associated with portfolio transactions, including brokerage commissions to purchase and sell portfolio securities and research and execution costs, if any. Although these costs are paid for by the Fund (and therefore indirectly by the Unitholders) they are not considered to be operating expenses of the Fund.</p> <p>Each series of Units is responsible for the operating expenses that relate specifically to that series and for its proportionate share of the</p>

Fees and expenses payable by the Fund	
	<p>operating expenses that are common to all series of the Fund. Expenses that are specific to a series include items such as filing fees, and Unitholder servicing costs. The Manager may, in some cases, absorb a portion of the Fund's operating expenses. The Manager may cease doing so at any time without notice to Unitholders.</p> <p>Each IRC member is paid, as compensation for his or her services, \$9,000 per annum (the chairman of the IRC is paid \$12,000 per annum). Additional compensation is also payable to each IRC member for attending meetings that are in excess of four meetings each year. For each such additional meeting attended, each IRC member is entitled to compensation of \$1,500. These fees and expense reimbursements are allocated across all funds that are managed by the Manager in a manner that is considered fair and reasonable.</p>

Fees and expenses payable directly by you	
Sales Charges:	<p>You negotiate the sales charges directly with your Dealer.</p> <p>These sales charges, for Series A and Series R Units, typically range from 0% to 5% of the purchase price of the Units.</p>
Switch Fees:	<p>You may have to pay your Dealer a negotiated switch fee of up to 2.00% of the value of the Units you are switching to another fund (when available). You can negotiate this fee with your Dealer. We do not charge you a switch fee.</p>
Short-Term Trading Fees:	<p>We may charge you a short-term trading fee of up to 2.00% of the total amount you redeem, if you sell or switch your Units within 90 days of buying them. We will redeem a sufficient number of Units to pay the short-term trading fee.</p> <p>This fee does not apply in certain circumstances, including: (a) if you switch to another series of the Fund; (b) redemption of Units purchased on the reinvestment of distributions, if any; (c) reclassification of Units from one series to another series of the Fund; or (d) redemptions initiated by the Trustee.</p> <p>We have the discretion to redeem some or all of your Units if we determine that you are engaged in short-term trading. The short-term trading fee is in addition to any other fees you would otherwise be subject to under this simplified prospectus.</p>

Fees and expenses payable directly by you	
Investment Advisory Fees:	Investors in Series F Units may be charged an investment advisory fee by their Dealer. The amount of the investment advisory fee is to be negotiated between you and your Dealer.
Other Fees:	Duplicate tax receipt – \$10.00 There is a \$25.00 fee plus applicable taxes per dishonoured cheque or electronic transfer.

Impact of sales charges

The following table shows the amount of fees that you would have to pay under the different purchase options available to you if you made an investment of \$1,000 in Series A Units or Series R Units of the Fund; if you held that investment for one, three, five or ten years and redeemed immediately before the end of that period; and if the sales charge under the initial sales charge option is 5.00%.

Series A Units and Series R Units of the Fund can only be purchased through the initial sales charge option.

	At time of purchase	One year	Three Years	Five Years	Ten Years
Sales charge option	\$50.00	–	–	–	–

There are no sales charges to purchase Series F Units. Series F investors generally pay a periodic fee to their Dealers for investment advice and other services.

Dealer compensation

Sales commissions

If you buy Series A Units or Series R Units, you pay your Dealer a sales commission of up to 5.00% at the time of the purchase. The sales commission is negotiable between you and your Dealer.

Switch fees

You may have to pay your Dealer a negotiated switch fee of up to 2.00% of the value of the Units you are switching to another fund (when available). The switch fee is deducted from the amount you switch by redeeming a sufficient number of Units.

Investment advisory fees

When you invest in Series F Units, you may be charged an investment advisory fee by your Dealer for the services provided to you by your Dealer. The amount of the investment advisory fee is to be negotiated between you and your Dealer.

Servicing fees

Dealers may be paid a servicing fee in connection with Series A Units and Series R Units as we may

determine from time to time, for ongoing services they provide to investors, including investment advice, account statements and newsletters. The rate of the service fee paid to Dealers is negotiated between us and your Dealer and generally depends on the series of Units of the Fund in which you invest. Generally, the servicing fees are payable quarterly in arrears based on the total client assets invested in each series of Units of the Fund held by all of a Dealer's clients throughout the quarter. No servicing fees are paid on Series F Units. We can change or cancel servicing fees at any time.

Series A:

For Series A Units, Dealers will receive an annual servicing fee equal to 1.25% of the NAV per Unit for each Unit held by clients of the Dealer (calculated and paid at the end of each calendar quarter, plus applicable taxes).

Series F:

For Series F Units, there are no servicing fees paid.

Series R:

For Series R Units, Dealers will receive an annual servicing fee equal to 0.40% of the NAV per Unit for each Unit held by clients of the Dealer (calculated and paid at the end of each calendar quarter, plus applicable taxes).

Other kinds of dealer compensation

We may make various payments to registered dealers relating to educational and marketing activities in accordance with National Instrument 81-105 - *Mutual Fund Sales Practices*. These include paying up to 50% of the cost of sales communications and investor seminars, up to 100% of the cost of third party educational courses taken by representatives and up to 10% of the cost of conferences put on by dealers. We may also provide representatives with non-monetary items of a promotional nature of minimal value.

Dealer compensation from management fees

Because Units of the Fund are newly qualified for distribution as a retail mutual fund, we have not yet paid compensation to dealers from management fees.

Income tax considerations for investors

This information is a general summary of how investing in the Fund can affect your taxes. It assumes that you are an individual (other than a trust) resident in Canada, you are not affiliated with or deal at arm's length with the Fund, and you hold your Units as capital property or in a Registered Retirement Savings Plan (RRSP), Registered Education Savings Plan (RESP), Registered Retirement Income Fund (RRIF), Locked-in Registered Retirement Savings Plan (LRSP), Registered Disability Savings Plan (RDSP), Deferred Profit Sharing Plan (DPSP) or Tax Free Savings Account (TFSA) and Locked-in Retirement Account (LIRA), Locked-in Retirement Income Fund (LRIF) or Life Income Fund (LIF), to the extent that the LIRA, LRIF or LIF are registered as a RRSP or an RRIF (collectively, "Registered Plans"). It also assumes that the Fund qualifies as a "mutual fund trust" under the Tax Act (as defined below) at all times. In the event the Fund were not to qualify as a mutual fund trust at all times, the income tax consequences described below

would in some respects be materially and adversely different. **This summary is not meant to be legal or tax advice and may not cover all of the tax consequences that apply to an investment in Units. You should consult your tax advisor for details about your individual situation.** This summary also assumes that the Fund has elected pursuant to subsection 39(4) of the *Income Tax Act (Canada)* (the “Tax Act”) to have all Canadian securities owned by it deemed to be capital property.

How your investment can earn money

The Fund earns money in the form of income and capital gains. Income includes the interest and dividends that the Fund earns on its investments and income from certain derivatives. Capital gains are earned when the Fund sells investments for more than their cost for tax purposes. The Fund may realize capital losses if it sells investments for less than their cost.

Every year the Fund distributes to Unitholders enough of its net income and net realized capital gains to ensure that the Fund does not have to pay income tax on its income. In effect, the Fund flows all of its taxable income to Unitholders and it is treated as if you earned your share of it directly. The Fund may also distribute an amount in excess of your share of its net income and net realized capital gains – these excess amounts are returns of capital.

The size of a distribution of net income and/or net realized capital gain (other than Management Fee Distributions and a distribution of capital gains on the redemption of Units, if any) you receive on the Units is in proportion to the number of Units that you own. The higher the Fund’s portfolio turnover rate, the greater the chance the Fund will make distributions of capital gains. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. In the description of the Fund we explain our distribution policy.

Some tax considerations for non-registered accounts

Securities held in non-registered accounts

You must include in your income all net income and net taxable capital gains, if any, payable to you by the Fund (including any Management Fee Distributions), whether paid by reinvestment in additional Units or in cash. To the extent applicable, the Fund intends to make designations to ensure that the maximum portion of its dividends from taxable Canadian corporations (including deemed dividends), foreign income, net realized capital gains and foreign creditable tax will be received by you as dividends from taxable Canadian corporations, foreign income or taxable capital gains, as the case may be, or will be deemed to be paid by you in the case of foreign creditable tax.

Dividends from taxable Canadian corporations distributed by the Fund, whether paid by reinvestment in additional Units or in cash, to you are eligible for a dividend tax credit through the gross-up and dividend tax credit procedure applicable to dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit available for eligible dividends.

When you purchase Units of the Fund, a portion of the price paid may reflect income and capital gains of the Fund for the year. The amounts paid to you must be included in your income for tax purposes subject to the provisions of the Tax Act, even though the Fund earned these amounts before you owned the Units. This could arise if you buy Units before a distribution date, such as just before the year-end of the Fund.

If distributions by the Fund (including any Management Fee Distributions) in any year exceed the Fund's net income and net realized capital gains for the year, the excess amount paid to you will not be included in your income but will reduce the adjusted cost base of your Units by the excess amount paid to you. If the adjusted cost base of your Units of the Fund were to become negative, you would be deemed to realize a capital gain equal to that amount and your adjusted cost base will be reset to nil.

Redeeming your Units

You must also include in computing your income, one-half of any capital gains you realize from redeeming your Units. You will have a capital gain if your sale proceeds are more than the adjusted cost base of your Units and any reasonable costs of disposition. You may use any capital losses you realize to offset capital gains, subject to the detailed rules in the Tax Act.

The amount of capital gains of the Fund, if any, distributed to you when you redeem Units, will reduce the amount of capital gain or increase the amount of capital loss on those Units.

If you dispose of Units of the Fund and you, your spouse or another person affiliated with you (including a corporation controlled by you) has acquired Units of the Fund, within 30 days before or after you dispose of your Units, which are considered to be substituted property, any capital loss you realize may be deemed to be a superficial loss, and denied for tax purposes. If so, you will not be able to recognize the loss and it will be added to the adjusted cost base to the owner of the Units which are substituted property.

Individuals are subject to an alternative minimum tax. Capital gains and Canadian taxable dividends may give rise to liability for such minimum tax.

Calculating adjusted cost base

Your capital gain or loss for tax purposes is the difference between the amount you receive when you sell or switch your Units and the adjusted cost base of those Units.

You are responsible for keeping a record of the adjusted cost base of your investment. The aggregate adjusted cost base of your Units of the Fund is made up of:

- the amount you paid to purchase your initial investment including any sales charges, plus
- the amount you paid for any additional investments including any sales charges, plus
- the amount of distributions (including Management Fee Distributions), and returns of capital reinvested in additional Units, minus
- any return of capital distributions, minus
- the adjusted cost base of any previous Unit redemptions.

The adjusted cost base per Unit is equal to the aggregate adjusted cost base of all Units you own divided by the total number of Units you own.

Switching between funds and series

For tax purposes, switching Units of the Fund for another fund (if available in the future) is the same as redeeming the Units for cash, and then reinvesting in units of the other fund. The same rules that apply for redeeming your Units also apply to a switch between funds.

A switch of Units from one series for Units of another series of the Fund, however, is not a disposition for tax purposes and no capital gain or capital loss will be realized.

Units held in a Registered Plan

The Units of the Fund are expected to be at all material times qualified investments under the Tax Act for Registered Plans. You should consult with your own tax advisor as to whether Units would be a prohibited investment if held in your RRSP, RRIF or TFSA.

If you hold Units of the Fund in a Registered Plan, you pay no tax on distributions from the Fund on those Units as long as you do not make a withdrawal from the plan. When you redeem Units of the Fund or switch Units of the Fund to another fund, you do not pay tax on any capital gains that your Registered Plan realizes as long as you leave the proceeds in the plan.

When you withdraw money from a Registered Plan it will generally be subject to tax at your marginal tax rate. Withdrawals from a TFSA, however, are generally not subject to tax. The amount you receive on withdrawal will be reduced by any applicable tax withholdings.

You should be careful not to contribute more to your Registered Plan than the allowable amount under the Tax Act or you may be required to pay a penalty.

Tax statements

You will receive written confirmation when you buy, sell or switch between funds (if available in the future), as the case may be. Your trade confirmation shows details of the trade including the name of the fund, the number of Units purchased/redeemed and the purchase/redemption price.

You will also receive annual account statements, which summarize the trading activity in your account and the market value of your Fund holdings as at the date of the statement. If you hold Units outside of a Registered Plan, we will send you a tax slip showing all distributions that have been earned by you. Each year, you will receive both the annual audited financial statements of the Fund for the financial year ended December 31 and interim unaudited financial statements of the Fund for the six-month period ended June 30.

What are your legal rights?

Securities legislation in some provinces gives you the right to withdraw from an agreement to buy Units of the Fund within two business days of receiving the simplified prospectus, or to cancel your purchase within 48 hours of receiving confirmation of your order. Securities legislation in some provinces and territories also allows you to cancel an agreement to buy Units of the Fund and get your money back, or to make a claim for damages, if the simplified prospectus, annual information form or financial statements misrepresent any facts about the Fund. These rights must usually be exercised within certain time limits. For more information, refer to the securities legislation of your province or consult your lawyer.

Part B - Specific information about the Harvest Banks & Buildings Income Fund

Organization and management of the Harvest Banks & Buildings Income Fund

<p>Manager Harvest Portfolios Group Inc. Suite 200, 710 Dorval Drive Oakville, Ontario L6K 3V7 1-866-998-8298 info@harvestportfolios.com</p>	<p>As the manager, Harvest Portfolios Group Inc. manages the overall activities of the Fund, including arranging for the provision of administration services and promoting sales of the Fund's securities through financial advisors in each province and territory of Canada. We may engage third parties to perform certain services on our behalf.</p>
<p>Trustee Harvest Portfolios Group Inc. Oakville, Ontario</p>	<p>The Fund is organized as a mutual fund trust. When you invest in a mutual fund trust, you are buying units of the trust. The trustee holds title to the assets owned by the Fund on behalf of Unitholders.</p>
<p>Custodian State Street Trust Company Canada Toronto, Ontario</p>	<p>Independent of the Manager, the custodian has custody of the portfolio assets and carries out settlement of portfolio transactions. It may retain sub-custodians to hold, and settle transactions in, portfolio securities of the Fund both inside and outside Canada.</p>
<p>Registrar and Transfer Agent International Financial Data Services Canada Toronto, Ontario</p>	<p>Independent of the Manager, the registrar and transfer agent keeps track of owners of Units of the Fund, processes purchases, switches and redemption orders, issues investor account statements and trade confirmations and issues annual tax reporting information.</p>
<p>Auditors PricewaterhouseCoopers LLP Toronto, Ontario</p>	<p>The auditors are responsible for auditing the Fund's annual financial statements in accordance with Canadian generally accepted auditing standards. The auditors provide an opinion as to whether the annual financial statements present fairly, in all material respects, the Funds' financial position, results of operations and changes in net assets in accordance with Canadian generally accepted accounting principles. The auditors are independent of the Manager.</p>

	<p>The IRC must approve any change in the auditors of the Fund. Although the approval of Unitholders is not required before such change is made, they will be sent a written notice at least 60 days before the effective date of the change.</p>
<p>Investment Manager Avenue Investment Management Inc. Toronto, Ontario</p>	<p>The investment manager conducts research, selects, purchases, sells and makes all investment decisions with regard to the investment portfolio of the Fund.</p>
<p>Independent Review Committee Toronto, Ontario</p>	<p>The IRC:</p> <ul style="list-style-type: none"> • considers and makes decisions on conflict of interest matters that require its approval under NI 81-107; • considers and provides its recommendations on conflict of interest matters that the Manager refers to it for review; and • performs any other functions required by securities legislation. <p>The IRC currently is comprised of three members, each of whom is independent of the Manager, its affiliates and the Fund. Additional information concerning the IRC, including the names of its members, and governance of the Fund is available in the annual information form of the Fund.</p> <p>If approved by the IRC, we may merge the Fund into another mutual fund provided the merger fulfills the requirements of the Canadian securities regulators and we send you a written notice of the merger at least 60 days before it takes effect. In those circumstances no meeting of Unitholders of the terminating fund is required to approve the merger. In circumstances where Unitholder approval is required for a merger involving the Fund, a recommendation for the merger will also be sought from the IRC.</p> <p>Among other matters, the IRC prepares, at least annually, a report of its activities for investors in the Fund which is available on our website at www.harvestportfolios.com or upon request by any investor, at no cost, by calling: 1-888-998-8298 or by e-mailing info@harvestportfolios.com. It is also available on the SEDAR website at www.sedar.com.</p>

Information about the Fund is summarized in the following pages. Here is an explanation of what you will find under each heading.

Fund details

This section gives you a snapshot of the Fund with information such as the Fund's creation date, the series of Units it offers and its eligibility for Registered Plans.

What does the Fund invest in?

This section includes the Fund's fundamental investment objectives and the strategies it uses in trying to achieve its objective.

What are the risks of investing in the Fund?

This section shows the specific risks associated with an investment in the Fund. For an explanation of these risks, see "What is a mutual fund and what are the risks of investing in a mutual fund" starting on page 2.

Who should invest in this Fund?

This section provides information about the type of investment portfolio and investor the Fund may be suitable for. This is meant as a general guide only. For advice about your own circumstances, you should consult your financial advisor.

Distribution policy

This section tells you when you can expect to receive payments of income, capital gains or a return of capital from the Fund. If the Fund pays a distribution, such distribution is automatically reinvested without charge in additional Units of the same series of the Fund. You can ask to receive your distributions in cash if you hold Units in non-registered accounts. We may change the distribution policy at our discretion. There can be no assurance that the Fund will be able to achieve its monthly distribution objective. For more information about distributions, see "Income tax considerations for investors" on page 15.

Fund expenses indirectly borne by investors

Historical expense information is not available for the Fund because it was only converted to a retail mutual fund on October 18, 2011.

Harvest Banks & Buildings Income Fund

Fund details

Fund Type:	Canadian Equity Fund
Inception Date: *	Series A Units: October 18, 2011 Series F Units: October 18, 2011 Series R Units: October 18, 2011
Securities Offered:	Series A, Series F and Series R Units of a mutual fund trust.
Eligibility for Registered Plans:	Qualified investment for Registered Plans
Management and Servicing Fees: **	Series A Units: Management Fee of 2.35% Series F Units: Management Fee of 1.10% Series R Units: Management Fee of 1.50%

* The Fund was originally established as a closed-end investment fund on September 25, 2009 and was converted to a open-end mutual fund on October 18, 2011.

** See page 11 for further information.

What does the Fund invest in?

Investment objectives

The Fund's investment objectives are to generate monthly income and to maximize total return by investing primarily in a portfolio of banking issuers, other financial issuers and real estate related companies and/or real estate investment trusts ("**REITs**") listed on a recognized stock exchange in North America.

Before a change is made to the fundamental investment objectives of the Fund, the prior approval of Unitholders is required.

Investment strategies

To achieve its investment objectives, the Fund's investment strategies emphasize investments in an actively managed portfolio that consists primarily of Canadian banking issuers, other financial issuers and real estate related companies and/or REITs.

The Investment Manager may also invest up to 20% of its assets in other types of securities in other sectors in order to capitalize on opportunities that it believes provide the most attractive total return relative to risk. The Investment Manager may invest up to 25% of the total value of the Fund in securities outside of Canada.

The Investment Manager will use a combination of top-down, macro analysis to evaluate and identify the most attractive companies and types of securities in the sectors mentioned above. The Investment Manager will also employ a value-based, bottom-up fundamental analysis to identify issuers based on the quality of their assets and the strength of their balance sheets and cash flows. Generally, each company or investment held in the Portfolio will have consistent dividend payout history and offers a yield component that will help aid the objective of the Fund. The Investment Manager, which employs a committee-based decision making structure, will seek to acquire securities that it believes have strong free cash flow metrics and will not defer future dividend or interest payments.

The capital structure will be considered when investing in any issuer. The Investment Manager will focus not only on yield potential but look at risk adjusted rates of returns. At times, the issuer's debt instruments will be purchased with the intent of receiving equity-like returns with the benefits of lower price volatility due to the nature of the bond market.

The Fund may choose to deviate from its investment objectives by temporarily investing most or all of its assets in cash or fixed income securities when it believes that there is greater than usual risk of market downturn or for other reasons.

The portfolio manager may actively trade the Fund's investments. This can increase trading costs, which lowers the Fund's returns. It also increases the possibility that you will receive distributions of capital gains if you hold the Fund in a non-registered account.

What are the risks of investing in the Fund?

The risks associated with an investment in the Fund are as follows:

- Banking and financial issuer risk
- Concentration risk
- Credit risk
- Currency risk
- Foreign market risk
- Interest rate risk
- Investment trust risk
- Large transaction risk
- Liquidity risk
- Market risk
- Portfolio management risk
- Prepayment risk
- Real estate issuer risk
- Recent global financial market developments risk
- Sector risk
- Series risk
- Specific issuer risk

For an explanation of each risk, see “What is a mutual fund and what are the risks of investing in a mutual fund” starting on page 2.

In accordance with the methodology recommended by the Fund Risk Classification Task Force of The Investment Funds Institute of Canada (“**Task Force**”) described below, the risk rating assigned to this Fund is medium risk and it is appropriate if you have the expectation of medium to long-term returns, which requires the ability to assume short-term volatility over a long-term investment horizon.

We identify the investment risk level of the Fund as an additional guide to help you decide whether the Fund is right for you. Our determination of the risk rating for the Fund is guided by the methodology recommended by the Task Force. The Task Force concluded that the most comprehensive, easily understood form of risk is the historical volatility of a fund as measured by the standard deviation of its performance. However, you should be aware that other types of risk, both measurable and non-measurable, may exist. Additionally, just as historical performance may not be indicative of future returns, the Fund’s historical volatility may not be indicative of its future volatility.

Although monitored on a monthly basis, we review the investment risk level of the Fund on an annual basis.

The method that we use to identify the investment risk level of the Fund is available on request, at no cost, by calling us at 1-866-998-8298 or by sending an email to info@harvestportfolios.com.

Who should invest in this Fund?

This Fund is suitable for an investor with a medium to long term horizon and who has a need for monthly income and who wishes to add the appreciation potential of equity securities to his or her portfolio. To invest in this Fund, investors should be able to accept a medium degree of risk.

Distribution policy

The Fund will endeavour to provide Unitholders with monthly distributions on the last business day of each month. If the portfolio earns more income and capital gains in a year than the amount distributed, it will distribute the excess in December. If the portfolio earns less than the amount distributed, the difference is a return of capital. Such distributions are automatically reinvested in additional Units of the same series of the Fund unless you ask to receive your distributions in cash. For more information about distributions, see “Income tax considerations for investors” on page 15.

Fund expenses indirectly borne by investors

Series A and Series F Units are new, and Series R Units were not previously offered as a series of a retail mutual fund, and accordingly, this information is not presently available.

HARVEST BANKS & BUILDINGS INCOME FUND

(Series A, Series F and Series R Units)

You can find additional information about the Fund in the annual information form, fund facts, management reports of fund performance and financial statements. These documents are incorporated by reference into this simplified prospectus. That means they legally form part of this document just as if they were printed in it.

You can get a copy of these documents at your request and at no cost by calling (416) 506-8189 or toll-free 1-877-506-8128 or by e-mailing info@harvestportfolios.com, or by asking your Dealer. These documents and other information about the Fund, such as information circulars and material contracts, are also available on the Manager's website at www.harvestportfolios.com or at www.sedar.com.

Manager of the Fund:

Harvest Portfolios Group Inc.
Suite 200, 710 Dorval Drive
Oakville, Ontario, L6K 3V7