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Energy Leaders Income Fund
Annual Management Report of Fund Performance
December 31, 2013

The Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure, can be obtained at your request, and at no cost, by calling us at 866 998 8298; by writing to us at Harvest Portfolios Group, 710 Dorval Drive, Suite 209, Oakville, Ontario, L6K 3V7; by visiting our website at www.harvestportfolios.com; or on SEDAR at www.sedar.com.

Energy Leaders Income Fund

CORPORATE OVERVIEW

Harvest Portfolios Group Inc. (“Harvest”) is a Canadian Investment Manager focused on unique income generating investment products. Harvest was founded in 2009 by long term members of the investment management industry and is focused on developing investment products that follow the investment philosophy of:

1. Clear investment objectives
2. Transparency
3. Income generation

Harvest’s mandate is to develop investment products that are clear in their mandate and easy for our investors to understand. We strive to be transparent, so that our investors can open their financial reports and know exactly what they own. Our funds are also invested to provide investors with consistent monthly or quarterly income; therefore, we seek to invest our fund portfolios in well managed companies that have a history of steady cash flow and pay dividends or distributions.

INVESTMENT PRODUCT

The Energy Leaders Income Fund (“the Fund”) invests in a portfolio of Equity securities of 15 Energy Issuers listed on a North American stock exchange (the “**Energy Issuers Investable Universe**”) that have the following characteristics:

- a market capitalization of at least \$10 billion determined at the time of investment;
- are currently paying a dividend/distribution;
- are eligible to have options written on their equity securities; and
- have operations and/or offices in at least two countries.

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PRESIDENT'S MESSAGE

Energy Leaders Income Fund

Unitholder letter March 2014

Dear Valued Unitholder,

As 2013 appears in the rear-view mirror, it will be remembered as the year US Equities rebounded on the back of positive economic sentiment both in the US and abroad. It will also be remembered as the year the Euro zone emerged from recession driving additional positive sentiment into previously beaten down stock markets. Here at home, our heavily resource weighted markets turned out positive numbers but at lower levels than our US and European counterparts. All in though, a good year for developed Western markets producing returns beyond expectations at the outset of the year.

Leading into the fourth quarter economic data continued to strengthen led by strong US manufacturing and housing data coupled with strengthening employment statistics. In addition the US Federal Reserve announced that it would begin to taper bond-buying stimulus starting in January 2014 which was also positively viewed by market as a signal of confidence in the economy. Though some may argue that a strengthening economy may lead to higher interest rates we don't believe that over the balance of 2014, rates will climb much higher than they are today. We also believe that the markets have become more comfortable with a potential 3% 10 year US Treasury Yield.

When constructing Harvest products we want to ensure that the underlying securities can meet the tests of all economic conditions. Being invested in market traded securities will lead to volatility which is a reality we can endeavor to dampen but can't completely control. What we can control are the investments we make and the quality of the companies we buy. All of our Funds are built on the basic investment principals of i) simple and understandable mandates, ii) transparency and iii) income generation.

As we look towards 2014 and into the future we want to assure our investors that Harvest Portfolios will remain committed to quality products that generate consistent income over the long term.

We appreciate your investment and support of Harvest Funds.

Sincerely,

(Signed) "Michael Kovacs"

Michael Kovacs
President and Chief Executive Officer

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

The management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. For your reference, the annual financial statements of the Fund are attached to the management report of fund performance. You may obtain additional copies of these documents at your request, and at no cost, by calling toll free at 1(866) 998-8298; by writing to us at Harvest Portfolios Group Inc., 710 Dorval Drive, Suite 209, Oakville, Ontario, L6K 3V7; or by visiting our website at www.harvestportfolios.com; or on SEDAR at www.sedar.com.

Unitholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

INVESTMENT OBJECTIVES AND STRATEGY

The Fund's investment objectives are to provide unitholders with:

- (i) monthly cash distributions;
- (ii) the opportunity for capital appreciation; and
- (iii) lower overall volatility of portfolio returns than would otherwise be experienced by owning Equity securities of the Energy Issuers directly.

INVESTMENT STRATEGY

To seek to achieve its investment objectives, the Fund will invest in equity securities of 15 energy issuers from the Energy Issuers Investable Universe that have the following characteristics:

- a market capitalization of at least \$10 billion determined at the time of investment;
- are currently paying a dividend/distribution;
- are eligible to have options written on their equity securities; and
- have operations and/or offices in at least two countries.

The Fund manager, Harvest Portfolios Group Inc. ("Harvest") has retained Highstreet Asset Management Inc. ("Highstreet" or "Investment Manager") to provide investment management services to the Fund.

In order to seek to generate additional returns, the Investment manager will sell call options each month on up to 33% of equity securities held in the Fund. Such call options may be either exchange-traded options or over-the-counter options.

The Investment Manager will acquire 15 Equity securities of Energy Issuers for the Fund, and thereafter rebalance quarterly on an equally weighted basis within 15 business days following the last business day of March, June, September and December. Equity securities of an Energy Issuer will be replaced for the Fund at the time of each quarterly rebalancing only if:

- i) an Energy Issuer no longer has a market capitalization of at least \$10 billion;
- ii) an Energy Issuer has publicly announced that it will cease the payment of its dividend/distribution;
- iii) the Investment Manager, in its discretion, is no longer able to write call options on the Equity security of an Energy Issuer on terms acceptable to the Investment Manager; or
- iv) an Energy Issuer ceases to have operations and/or offices in at least two countries.

In such circumstances, the equity security that is removed from the Fund will be replaced with another Equity security from the Energy Issuers Investable Universe at the discretion of the Investment Manager. At the time of any rebalancing, it is the Investment Manager's intention to acquire a new equity security for the Fund only when an equity security needs to be replaced.

Energy Leaders Income Fund

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 year that affected the overall level of risk of the Fund.

RESULTS OF OPERATIONS

The Fund returned 13.10% the year ending December 31, 2013 versus the MSCI ACW Energy Index in Canadian dollars return of 21.64%. The Benchmark return benefited from the currency translation of the Index return into Canadian dollars which had a positive impact on the Benchmark return. While the Fund did not hedge the currency during the period and therefore there was a positive impact from the currency translation, a portion of the Portfolio is in Canadian dollar denominated holdings and that portfolio of the Fund did not benefit from the currency translation. In addition, covered call strategies tend to drag on relative performance in strong markets.

Evidence of an improving economic backdrop through the year had a positive impact in the US markets during 2013. Economic data including improving employment numbers, low inflation, higher corporate earnings, and increasing house prices, among others gained momentum through the end of the year. This coupled with signs of improving economic data in Europe provided for strong demand across the broader energy markets.

It is worth noting that the portfolio of Energy Leaders in general have diversified operations globally. During the year there were a number of discrepancies seen in the broader energy markets globally with wide differentials amongst various crude oil and natural gas prices in Canada, US and Europe due to various local supply / demand and infrastructure imbalances. We continue to believe that the global operations will provide for diversified income for the underlying holdings and will provide for less volatile cash flows than those energy producers that are more exposed to one or limited geographic prices.

The Fund sold call options on underlying holdings held in the Portfolio during the year in order to meet its investment and income objectives. The Fund remained invested in the original 15 Energy Leaders.

RECENT DEVELOPMENTS

The Fund commenced a normal course issuer bid program for the period from June 22, 2012 to June 21, 2013 and has renewed the program for the period from June 24, 2013 to June 23, 2014, which allows the Fund to purchase up to 227,570 trust units of the Fund for cancellation by way of a normal course issuer bid through the facilities of the Toronto Stock Exchange. During the year ended December 31, 2013, 19,600 (2012 – 15,100) units were purchased for cancellation for \$224,585 (2012 - \$170,332).

On December 20, 2013 the Fund filed a short form preliminary prospectus that qualifies the Fund for distribution of warrants (“Warrant Offering”). The Warrant Offering was finalized on January 14, 2014 and issued to unitholders of record on January 23, 2014. A total of 1,907,992 warrants were issued to subscribe for 953,996 units of the fund at a subscription price of \$12.13 per unit.

RELATED PARTY TRANSACTIONS

There were no related party transactions during the reporting period, except for management fees and other expense reimbursements paid to Harvest, as noted below in Management and Other Fees.

MANAGEMENT AND OTHER FEES

The Fund pays its manager, Harvest, a management fee, plus applicable taxes, calculated based on the net asset value and paid monthly in arrears, based on an annual rate of 1.00% of the net asset value of the Fund. The Manager pays Highstreet, a fee for its portfolio advisory service, from the management fee received from the Fund, calculated on the basis of the Fund’s net asset value.

The Fund pays service fees to registered dealers at the rate on 0.40% of the NAV, plus applicable taxes, per annum of the Fund. Service fees are accrued daily and paid monthly to the Manager, who in turn pays the dealers.

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At its sole discretion, the Manager may waive management fees or absorb expenses 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.

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.

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, benefits and consulting fees; independent directors of the Manager 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 of the Harvest Portfolios Group Inc. funds, and series of each applicable fund. These expenses were \$179,674 for the year ended December 31, 2013 (2012 - \$82,170) and are included in the unitholder reporting costs on the Statement of Operations in the annual financial statements.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Investment entities in Canada that are publicly accountable enterprises are required to adopt IFRS for annual periods beginning on or after January 1, 2014. As a result, calendar year reporters need to prepare their comparative financial information on an IFRS basis as of January 1, 2013, the date of transition to IFRS.

The Fund will have to prepare annual financial statements for the first time as of December 31, 2014 with comparatives in accordance with IFRS and semi-annual financial statements for the first time as of June 30, 2014 with comparatives in accordance with IFRS.

The Manager has developed a plan to convert the Fund's financial statements to IFRS by establishing a cross-functional IFRS team represented by management and the Fund's service providers (accounting and transfer agent). The Fund does not anticipate any impact on its business arrangements.

As at December 31, 2013, the Manager believes that the major areas of difference between the Fund's current accounting policies and those expected to apply under IFRS have been identified, including the:

- requirement to include a statement of cash flows,
- classification of redeemable instruments issued by the Fund,
- elimination of the differences between net asset value per unit and net asset per unit, and
- classification and measurement of the Fund's investments.

The table below summarizes the 2013 quantitative impact of the changeover from Canadian GAAP to IFRS.

Per Unit:	NAV	Net assets
As at December 31, 2013	\$12.04	\$12.03
As at January 1, 2013	\$11.38	\$11.37

RECOMMENDATIONS OR REPORTS BY THE INDEPENDENT REVIEW COMMITTEE

The Independent Review Committee tabled no special reports and made no extraordinary material recommendations to management of the Fund during the year ended December 31, 2013.

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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 year ended December 31, 2013. This information is derived from the Fund's annual financial statements and past audited annual financial statements.

THE FUND'S NET ASSETS PER UNIT¹				
	2013		2012	
Net assets - beginning of the year³	\$	11.37	\$	11.17
Increase (decrease) from operations				
Total revenue		0.39		0.23
Total expenses		(0.34)		(0.24)
Realized gains (losses) for the year		0.80		0.13
Unrealized gains (losses) for the year		0.64		0.59
Total increase (decrease) from operations²	\$	1.49	\$	0.71
Distributions⁴				
From income		(0.23)		-
Return of capital		(0.61)		(0.49)
Total annual distributions⁴	\$	(0.84)	\$	(0.49)
Net assets - end of the year²	\$	12.03	\$	11.37

RATIOS AND SUPPLEMENTAL DATA				
	2013		2012	
Total net asset value¹	\$	22,962,852	\$	25,994,725
Number of units outstanding ¹		1,907,992		2,284,900
Number of warrants outstanding ¹		-		2,300,000
Management expense ratio ⁵		2.74%		10.27%
Management expense ratio before waivers or absorptions ⁵		2.74%		10.27%
Trading expense ratio ⁶		0.21%		0.42%
Portfolio turnover rate ⁷		26.94%		19.65%
Net asset value per unit¹	\$	12.04	\$	11.38
Closing market price (HEN.UN)	\$	11.46	\$	10.80
Closing market price (HEN.WT)	\$	-	\$	0.01

Explanatory Notes:

- The Net Assets per unit presented in the financial statements differs from the Net Asset Value calculated for fund pricing purposes. The difference is primarily a result of investments being valued at bid prices for financial statement purposes and closing prices for fund pricing purposes. An explanation of these differences can be found in the Notes to Financial Statements.
- Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the reporting period. It is not intended that the Fund's net assets per unit table act as a continuity of opening and closing net assets per unit.
- Net assets, at the commencement of operations in 2012 was \$11.17, net of agents' commissions and issuance costs of \$0.83 per unit.
- Distributions were paid in cash.
- 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 daily average net asset value during the period. The MER for 2012, the year of inception, included agents' fees of \$1,449,000 and issue costs of \$467,820, which were treated as one-time expenses and therefore were not annualized. The MER without these costs is 3.05%.
- The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
- The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a Fund's portfolio turnover rate, the greater the trading costs payable by the Fund and the greater the chance of an investor receiving taxable capital gains. There is not necessarily a relationship between a high turnover rate and the performance of a Fund. These ratios are annualized.

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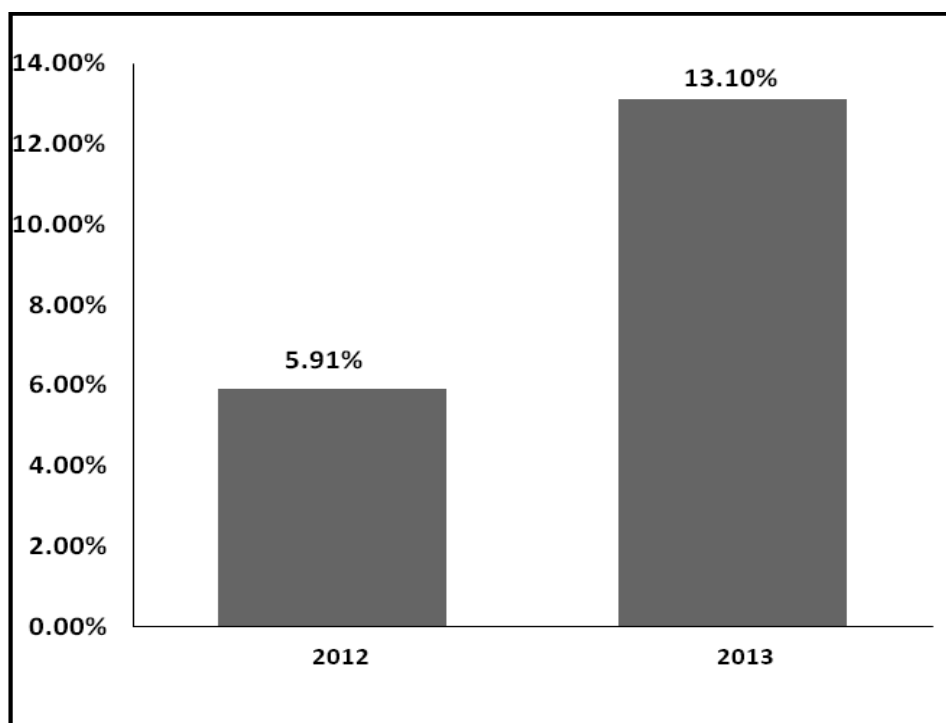
Past Performance

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, redemption, or other charges that would have reduced returns or affected performance. Past performance of the Fund is not necessarily indicative of how it will perform in the future.

YEAR-BY-YEAR RETURNS

The following charts present the Fund's performance for each of the periods shown and illustrate how the Fund's performance varied. The charts show, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year.

Fund Performance



2012 represents the period from May 18 to December 31

ANNUAL COMPOUND RETURNS

The following table shows the annual compound returns for the Fund. All returns are in Canadian dollars, on a total return basis, net of fees.

For comparison purposes the S&P 100 Index, in Canadian dollars (the "Index") is used. While the Fund uses this benchmark for long-term performance comparisons, it is not managed relative to the composition of the Index. As a result, the Fund may experience periods when its performance is not aligned with the Index, either positively or negatively. The return of the Index is calculated without the deduction of management fees and fund expenses whereas the performance of the Fund is calculated after deducting such fees and expenses. Please see the "Results of Operations" section of this report for a discussion on recent performance.

Investment Return %	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund Performance	13.10	N/A	N/A	N/A	11.81
MSCI ACW Energy Index, in Canadian dollars	21.64	N/A	N/A	N/A	18.56

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SUMMARY OF INVESTMENT PORTFOLIO

The Portfolio by Sector chart below provides a portfolio breakdown based on the total transactional net asset value of the Fund's portfolio holdings. A detailed breakdown of the Fund's holdings is available in the "Statement of Investments" section of the Fund's annual financial statements.

As at December 31, 2013

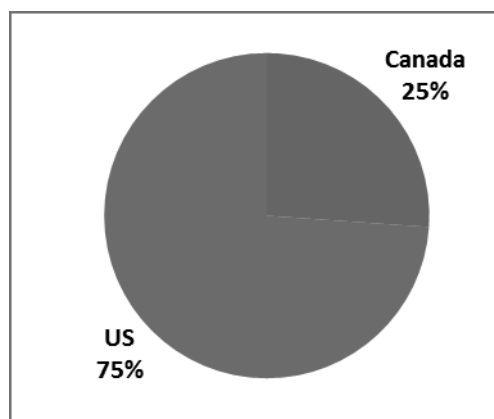
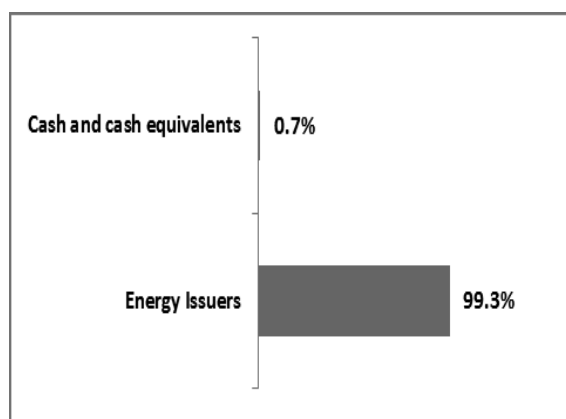
Top 16 Holdings	% of Net Asset Value
Exxon Mobil Corporation	7.3
BP PLC-SPONS ADR	7.1
The Williams Companies, Inc.	7.0
Chevron Corporation	6.9
EnSCO PLC, Class A	6.8
STATOIL ASA- SPON ADR	6.8
Encana Corporation	6.7
TOTAL SA - SPON ADR	6.6
Marathon Oil Corporation	6.6
Spectra Energy Corp	6.5
ConocoPhillips	6.3
Talisman Energy Inc.	6.3
Cenovus Energy Inc.	6.3
Canadian Oil Sands Limited	6.2
Petroleo Brasileiro SA ADR	5.9
Cash and cash equivalents	0.7
	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 from Harvest Portfolios Group Inc. at www.harvestportfolios.com

SECTOR ALLOCATION

GEOGRAPHIC ALLOCATION

Total Net Asset Value (100.0%)



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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 simplified 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 the 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.