Global Advantaged Telecom & Utilities Income Fund

Interim Financial Statements (Unaudited)

June 30, 2012

The accompanying interim financial statements have not been reviewed by the external auditors of the Fund. The external auditors will be auditing the annual financial statements of the Fund as at December 31, 2012, in accordance with Canadian generally accepted auditing standards.

Global Advantaged Telecom & Utilities Income Fund

STATEMENTS OF FINANCIAL POSITION (Unaudited)

As at	June 30, 2012	December 31, 2011
Assets		
Investments, at fair value (cost $24,807,564; 2011 - $26,520,702)	$16,403,166	$21,165,547
Forward agreement at fair value (Note 4)	7,104,529	4,110,058
Cash and cash equivalents	45,562	56,055
Receivable for investments sold	210,015	190,015
	$23,763,272	**$25,521,675**
Liabilities		
Distributions payable	156,435	162,670
Interest expense payable (Note 4)	3,438	4,626
Forward fee payable (Note 4)	16,439	16,987
	176,312	184,283
Net assets representing unitholders' equity	**$23,586,960**	**$25,337,392**
Unitholders' equity (Note 3)		
Unitholders' capital	29,114,067	29,947,623
Warrants	-	326,839
Contributed surplus	308,265	20,527
Deficit	(5,835,372)	(4,957,597)
Unitholders' equity	**$23,586,960**	**$25,337,392**
Number of units outstanding (Note 3)	**2,607,246**	**2,711,162**
Number of warrants outstanding (Note 3)	**-**	**2,723,662**
Net assets per unit (Note 9)	**$ 9.05**	**$ 9.35**

The accompanying notes are an integral part of these financial statements.

HARVEST PORTFOLIOS GROUP

Global Advantaged Telecom & Utilities Income Fund

STATEMENTS OF OPERATIONS (Unaudited)

For the periods ended June 30,	2012	2011
Investment income		
Interest	$ 27	$ 28
	27	**28**
Expenses		
Management fees (Note 5)	33,781	23,705
Service fees (Note 5)	53,163	33,565
Unitholder reporting costs (Note 5)	52,569	31,994
Interest expense (Note 4)	25,225	-
Audit fees	6,469	17,500
Transfer agency fees	5,633	-
Custodian fees and bank charges	10,267	8,012
Independent review committee fees	4,661	11,140
Forward fee (Note 4)	99,727	18,497
Filing fees	21,833	42,030
Legal fees	2,874	149,535
	316,202	**335,978**
Net investment loss	**(316,175)**	**(335,950)**
Realized and unrealized loss on investments and foreign currencies		
Realized gain/(loss) on common share portfolio and forward agreement	456,870	(1,483,484)
Change in Unrealized appreciation/(depreciation) on common share portfolio and forward agreement	(54,772)	2,049,657
Net gain on investments	**402,098**	**566,173**
Increase in net assets from operations	**$ 85,923**	**$ 230,223**
Increase in net assets from operations per unit	**$ 0.03**	**$ 0.08**

The accompanying notes are an integral part of these financial statements

HARVEST PORTFOLIOS GROUP

Global Advantaged Telecom & Utilities Income Fund

STATEMENTS OF CHANGES IN FINANCIAL POSITION (Unaudited)

For the periods ended June 30,	**2012**	**2011**
Net assets, beginning of the period	**$ 25,337,392**	**$ -**
Increase/ (decrease) in net assets from operations	**85,923**	**230,223**
Unitholders' transactions		
Proceeds from issue of units	-	32,683,944
Payments on cancellation of units	(872,657)	(16,300)
Agents' fees	-	(1,715,907)
Cost of issue	-	(553,993)
Net unitholders' transactions	**(872,657)**	**30,397,744**
Distributions to unitholders		
Net investment income	(963,698)	(490,169)
Total distributions to unitholders	**(963,698)**	**(490,169)**
Net assets, end of the period	**$ 23,586,960**	**$ 30,137,798**
Balance, beginning of the period	**$ (4,957,597)**	**$ -**
Increase/(decrease) in net assets from operations	85,923	230,223
Distributions to unitholders	(963,698)	(490,169)
Deficit, end of the period	**$(5,835,372)**	**$(259,946)**
Contributed surplus, beginning of the period	**$ 20,527**	**$ -**
Cost of shares repurchased at less than par value	287,738	455
Contributed surplus, end of the period	**$ 308,265**	**$ 455**

The accompanying notes are an integral part of these financial statements.

Global Advantaged Telecom & Utilities Income Fund

STATEMENTS OF CASH FLOWS (Unaudited)

For the periods ended June 30,		2012		2011
Operating activities				
Increase in net assets from operations	$	85,923	$	230,223
Add (deduct) items not affecting cash:				
Realized gain on common share portfolio and forward agreement		(456,870)		1,483,484
Unrealized depreciation on common share portfolio and forward agreement		54,772		(2,049,657)
Proceeds from sale of investments		7,888,745		3,305,716
Purchases of investments		(5,738,737)		(32,944,855)
Net change in non-cash assets and liabilities		**(1,736)**		**18,497**
Net cash flow used in operating activities		**1,832,097**		**(29,956,592)**
Financing activities				
Proceeds from units issued		-		32,683,944
Payments on cancellation of units		(872,657)		(16,300)
Agents' fees		-		(1,715,907)
Issuance costs		-		(553,993)
Distributions to unitholders		(969,933)		(326,839)
Net cash flow provided by financing activities		**(1,842,590)**		**30,070,905**
Net increase in cash and cash equivalents during the period		**(10,493)**		**114,313**
Cash and cash equivalents, beginning of the period		56,055		-
Cash and cash equivalents, end of the period	**$**	**45,562**	**$**	**114,313**
Supplemental disclosure of cash flow information				
Amount of interest paid during the period included in net investment income	**$**	**25,225**	**$**	**-**

The accompanying notes are an integral part of these financial statements.

STATEMENT OF INVESTMENTS (Unaudited)

As at June 30, 2012				
Number of Shares	**Security**	**Average Cost ($)**	**Fair Value ($)**	**% of Net Assets**
COMMON SHARE PORTFOLIO (pledged to the Counterparty under the Forward Agreement)				
	Energy Issuers			
140,482	Athabasca Oil Corporation	1,654,733	1,573,398	6.7
223,002	Bankers Petroleum Ltd.	1,897,747	396,944	1.7
265,446	BlackPearl Resources Inc.	1,897,939	798,992	3.4
100,853	Crew Energy Inc.	1,895,028	579,905	2.4
41,141	MEG Energy Corporation	2,090,374	1,501,235	6.4
149,918	Precision Drilling Corporation	1,894,964	1,038,932	4.4
		11,330,785	**5,889,406**	**25.0**
	Information Technology Issuers			
177,503	Celestica Inc. Sub. Voting	1,895,732	1,313,522	5.6
95,335	CGI Group Inc. Cl. A Sub. Voting	1,896,213	2,332,847	9.9
7,652	Open Text Corporation	444,811	390,329	1.6
		4,236,756	**4,036,698**	**17.1**
	Materials Issuers			
220,373	Alacer Gold Corporation	1,897,411	1,214,255	5.1
176,250	AuRico Gold Inc.	1,656,599	1,441,725	6.1
141,512	Canfor Corporation	1,894,846	1,717,956	7.3
56,764	Detour Gold Corporation	1,895,938	1,164,230	4.9
134,128	Osisko Mining Corp.	1,895,229	938,896	4.0
		9,240,023	**6,477,062**	**27.4**
Total COMMON SHARE PORTFOLIO (pledged to the Counterparty under the Forward Agreement)		**24,807,564**	**16,403,166**	**69.5**
Unrealized appreciation on forward agreement: Investment held in GTU Portfolio Trust under the Forward Agreement				
EQUITIES				
	Consumer Discretionary Issuers			
71,666	Vivendi Universal S.A.	1,700,811	1,356,445	5.8
		1,700,811	**1,356,445**	**5.8**
	Telecommunication Services Issuers			
35,000	AT&T Inc.	988,741	1,272,019	5.4
20,000	Belgacom SA	741,049	580,886	2.5
53,000	Bell Aliant, Inc.	1,426,172	1,353,090	5.8
200,000	BT Group PLC	611,515	675,719	2.9
25,000	CenturyLink, Inc.	994,039	1,006,197	4.3
150,000	Chorus Limited	348,035	385,929	1.6
35,000	Deutsche Telekom AG	539,131	390,908	1.7

The accompanying notes are an integral part of these financial statements.

STATEMENT OF INVESTMENTS (Unaudited)(continued)

As at June 30, 2012

Number of Shares	Security	Average Cost ($)	Fair Value ($)	% of Net Assets
50,000	France Telecom S.A.	1,084,126	670,154	2.8
35,000	Koninklijke (Royal) KPN N.V.	571,292	342,005	1.4
48,000	Manitoba Telecom Services Inc.	1,431,494	1,591,200	6.8
750,000	Telecom Corporation of New Zealand Limited	1,092,943	1,462,598	6.2
300,000	Telecom Italia SPA	448,725	302,734	1.3
40,000	Telefonica SA	986,422	536,382	2.3
45,000	Telekom Austria AG	638,417	453,285	1.9
75,000	Teliasonera AB	578,584	488,058	2.1
350,000	Telstra Corporation Limited	953,403	1,345,944	5.7
27,000	Verizon Communications Inc.	987,370	1,222,942	5.2
200,000	Vodafone Group PLC	548,280	573,226	2.4
		14,969,738	**14,653,276**	**62.3**
	Utility Issuers			
25,000	Ameren Corporation	675,098	854,299	3.6
100,000	Drax Group PLC	602,712	896,215	3.8
35,000	Duke Energy Corporation	612,370	823,155	3.5
25,000	E.ON AG	735,502	547,573	2.3
200,000	Electricidade de Portugal, S.A.	747,681	482,304	2.1
30,000	Endesa, S.A.	897,773	536,964	2.3
100,000	Enel SPA	599,491	328,608	1.4
15,000	FirstEnergy Corp.	536,251	751,895	3.2
40,000	Gas Natural SDG, S.A.	734,593	522,668	2.2
15,000	GDF Suez	577,654	363,960	1.6
85,000	Iberdrola, S.A.	718,975	408,749	1.7
15,000	Integrys Energy Group, Inc.	730,651	869,030	3.7
75,000	National Grid PLC	695,557	810,071	3.5
30,000	Pepco Holdings, Inc.	538,171	598,213	2.5
25,000	PPL Corporation	601,769	708,518	3.0
24,000	RWE AG	1,199,684	995,760	4.2
30,000	Scottish and Southern Energy PLC	580,327	667,245	2.8
150,000	Terna S.p.A	690,973	551,518	2.4
75,000	United Utilities Group PLC	692,549	809,472	3.4
41,000	Veolia Environnement	501,905	529,582	2.3
		13,669,686	**13,055,799**	**55.5**
Total equity investments		**30,340,235**	**29,065,520**	**123.6**
Other assets less liabilities			(5,557,825)	(23.6)
Net assets of GTU Portfolio Trust			**23,507,695**	**100.0**
Unrealized appreciation on forward agreement			**7,104,529**	**30.1**
Other assets less liabilities			**79,265**	**0.4**
Net Assets on the Fund			**23,586,960**	**100.0**

The accompanying notes are an integral part of these financial statements.

HARVEST PORTFOLIOS GROUP

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

1. ORGANIZATION

Global Advantaged Telecom & Utilities Fund (the "Fund") is an investment trust established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated February 25, 2011, being the inception date. There was no significant activity in the Fund from the date of inception, February 25, 2011 to commencement of operations on March 23, 2011. On March 23, 2011, the Fund completed an initial public offering of 2,600,000 units at $12.00 per unit for gross proceeds of $31,200,000.On April 6, 2011; an over-allotment option was exercised for an additional 123,662 units at a price of $12.00 per unit for gross proceeds of $1,483,944.

The Fund has been established to provide exposure, through a forward agreement (the "Forward Agreement"), to the return, in Canadian dollars, of the underlying performance of the GTU Portfolio Trust (the "GTU Trust"). The manager of the Fund, Harvest Portfolios Group Inc. ("Harvest" or the "Manager"), believes that this strategy will provide investors with the opportunity for both long term capital growth that it anticipates from global telecom issuers and the stable returns that it anticipates from global utilities issuers.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are presented in Canadian dollars. The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions. Such estimates and assumptions affect reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates.

Valuation of investments

The fair value of investments as at the financial reporting date is as follows:

a) Investments are categorized as held for trading in accordance with CICA Handbook Section 3855 Financial Instruments – Recognition and Measurement. Investments held that are traded on an active market are valued at their bid prices through recognized public stock exchanges or through recognized investment dealers on the valuation date. Investments held include equities, listed warrants, short-term notes, treasury bills, bonds and other debt instruments. Investments held with no available bid prices are valued at their closing sale price.

b) Investments held that are not traded on an active market are valued using valuation techniques, on such basis and in such a manner established by the Manager. The value of any security for which, in the opinion of the Manager, the published market quotations are not readily available shall be the fair value as determined by the Manager in accordance with CICA Handbook Section 3855 methodologies. The fair values of certain securities are determined using valuation models that are based, in part, on assumptions that are not supported by observable market inputs. These methods and procedures may include, but are not limited to, performing comparisons with prices of comparable or similar securities, obtaining valuation related information from issuers and/or other analytical data relating to the investment and using other available indication of value. These values are independently assessed internally to ensure that they are reasonable. However, because of the inherent uncertainty of valuation, the estimated fair values for the aforementioned securities and interests may be materially different from the values that would be used had a ready market for the security existed. The fair values of such securities are affected by the perceived credit risks of the issuer, predictability of cash flows and length of time to maturity. At June 30, 2012, there were no securities that required pricing using assumptions.

National Instrument 81-106 – ''Investment Fund Continuous Disclosure'' (''NI 81-106'') requires all investment funds to calculate net asset value for all purposes other than for financial statements in accordance with part 14.2, which differs in some respects from the requirements of Section 3855 of Canadian GAAP. Canadian GAAP includes the requirement that the fair value of financial instruments listed on a recognized public stock exchange be valued at their last bid price for securities held in a long position and at their last ask price for securities held in a short position, instead of their close price or the last sale price of the security for the day as required by NI 81-106. This results in differences between net asset value ("NAV") calculated based on NI 81-106 and on net assets calculated based on Canadian GAAP ("Net assets"). A reconciliation between NAV per unit and Net assets per unit at the period end is provided in Note 9.

c) The value of the Forward Agreement will be the amount prepaid pursuant to the agreement and the gain or loss with respect thereto that would be realized if, on the financial reporting date, the position in the Forward Agreement were to be closed out in accordance with its terms.

Cash and cash equivalents

Cash is comprised of cash on deposit. Cash equivalents are comprised of highly liquid investments having terms to maturity of 90 days or less.

Other assets and liabilities

For the purposes of categorization in accordance with CICA Handbook Section 3862, accrued interest and dividends, receivable for securities issued, amounts due from brokers, the Manager, and other Funds, and other net assets are designated as loans and receivables and recorded at cost or amortized cost. Similarly, amounts due to brokers, loan payable, accrued expenses and other liabilities are designated as other financial liabilities and reported at cost or amortized cost, which approximates fair value for these assets and liabilities.

Transaction costs

Transaction costs, such as brokerage commissions, incurred on the purchase and sale of securities by the Fund are expensed in accordance with Section 3855 are recognized in the Statement of Operations in the period in which they are incurred.

Investment transactions and income recognition

Investment transactions are accounted for on the trade date. The cost of investments which represents the amount paid for each security is determined on an average cost basis excluding transaction costs. Realized gains/(losses) from the sale of investments and unrealized appreciation/(depreciation) of investments are calculated on an average cost basis.

The Forward Agreement is recorded at fair value with unrealized gains or losses recorded as unrealized appreciation (depreciation) during the term of the Forward Agreement. Realized gains or losses relating to the Forward Agreement will be recorded upon partial or final settlement of the Forward Agreement.
Investment income is recorded on an accrual basis. Interest income is recorded on an accrual basis and dividend income is recorded on the ex-dividend date.

Distributions received from income trusts are recorded as income, capital gains or a return of capital, based on the best information available to the Manager. Due to the nature of these investments, actual allocations could vary from this information. Distributions from investment trusts treated as a return of capital reduce the average cost of the underlying investment trust. Distributions received from mutual funds are recognized in the same form in which they are received from the underlying funds.

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

June 30, 2012

Foreign currency translation

Purchases and sales of investments denominated in foreign currencies and foreign currency dividend and interest income are translated into Canadian dollars at the rate of exchange prevailing at the time of the transactions. Realized and unrealized foreign currency gains or (losses) on investments are included in the Statement of Operations in ‘‘Realized gain (loss) on sale of investments’’ and ‘‘Unrealized appreciation (depreciation) of investments’’, respectively. Realized and unrealized foreign currency gains or losses on assets, liabilities, and income, other than investments denominated in foreign currencies, are included in the Statement of Operations in “Net realized foreign exchange gain/(loss)” and “Unrealized foreign exchange gain (loss)”. Assets and liabilities in the Statement of Financial Position are translated into Canadian dollars on the statement date.

Securities valuation

The NAV on a particular date will be equal to the aggregate value of the assets of the Fund less the aggregate value of the liabilities of the Fund, expressed in Canadian dollars at the applicable exchange rate on such date. The NAV and NAV per Trust Unit will be calculated on each Thursday during the year (or, if a Thursday is not a Business Day, the Business Day following such Thursday) and on the last Business Day of each month, and any other time as may be determined by the Manager from time to time. “Business Day” means any day on which the TSX is open for trading.

Increase / (decrease) in net assets from operations per unit

“Increase / (decrease) in net assets from operations per unit” in the Statement of Operations represents the increase / (decrease) in net assets from operations, divided by the weighted average units outstanding for the financial period.

Fair value of financial instruments

There was no significant change in the composition of the Fund’s financial instruments levels as at June 30, 2012 compared to the classification as at December 31, 2011. Please refer to the December 31, 2011 audited annual financial statements disclosure of the Fund’s financial assets and liabilities into the fair value levels classification There were no Level 3 securities held by the Fund as at June 30, 2012 and December 31, 2011, and there were no transfers between Level 1 and Level 2 for the periods ended June 30, 2012 and December 31, 2011.

There were no Level 3 securities held by the Fund as at June 30, 2012 and December 31, 2011. As explained in Note 4 below, the Fund is exposed to the performance of the portfolio held by GTU Trust through the Forward Agreement, and there was no significant change in the composition of the GTU Trust’s financial instruments levels as at June 30, 2012 compared to the classification as at December 31, 2011. Please refer to the December 31, 2011 audited annual financial statements disclosure of the Fund’s financial assets and liabilities into the fair value levels classification. There were no Level 3 securities held by the Fund as at June 30, 2012 and December 31, 2011, and there were no transfers between Level 1 and Level 2 for the periods ended June 30, 2012 and December 31, 2011.

Transition to International Financial Reporting Standards (“IFRS”)

As previously confirmed by the Canadian Accounting Standards Board (“AcSB”), most Canadian publicly accountable entities adopted all IFRS, as published by the International Accounting Standards Board (“IASB”), on January 1, 2011. However, the AcSB had initially allowed most investment funds to defer adoption of IFRS until fiscal years beginning on or after January 1, 2013. At its December 12, 2011 meeting, the AcSB decided to extend the deferral of mandatory adoption of IFRS for Investment Companies and Segregated Accounts of Life Insurance Enterprises to 2014. Accordingly, the Fund will adopt IFRS for the fiscal period beginning January 1, 2014 and will issue its initial financial statements in accordance with IFRS, including comparative financial information, for the interim period ending June 30, 2014. Management has been monitoring developments in the IFRS conversion program and has been assessing the likely impacts on implementation decisions, internal controls, information systems and training.

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

June 30, 2012

In May 2011, the IASB issued IFRS 13 Fair Value Measurement, which defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosure about fair value measurements. It only applies when other IFRSs require or permit fair value measurement. If an asset or a liability measured at fair value has a bid price and an ask price, it requires valuation to be based on a price within the bid-ask spread that is most representative of fair value. It allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. This may result in elimination of the differences between the net assets per series unit and NAV per series unit at the financial statements reporting dates.
Based on management's current assessment of the differences between Canadian GAAP and IFRS, other than the impact due to IFRS 13 noted above, it is not expected that there would be any other impact on the Fund's NAV per unit or net assets per unit. Management has presently determined that the impact of IFRS to the financial statements would be otherwise limited to additional note disclosures and potential modifications to presentation including unitholders' equity. However, this determination is subject to change as we finalize our assessment of potential IFRS differences and as new standards are issued by the IASB prior to the Fund's adoption of IFRS.

3. UNITHOLDERS' EQUITY

The authorized capital of the Fund consists of an unlimited number of transferable, units of one class, each of which represents an equal, undivided interest in the net assets of the Fund. Each unit consists of one trust unit and one warrant. Except as provided in the Declaration of Trust, all units have equal rights and privileges. Each whole unit is entitled to one vote at all meetings of unitholders and is entitled to participate equally in any and all distributions made by the Fund.
The Fund entered into a normal course issuer bid program for the period from May 28, 2012 to May 27, 2013 which allows the Fund to purchase up to 260,854 listed trust units of the Fund for cancellation by way of a normal course issuer bid through the facilities of the TSX. During the period ended June 30, 2012, 103,916 trust units were purchased for cancellation. If the price for the redemption of the Fund units is lower than the original average price, the difference is included in "contributed surplus" on the Statement of Financial Position. If the price is greater than the original issue price, the difference is charged to "Contributed surplus" until the entire amount is eliminated, and the remaining amount is charged to "Retained earnings (deficit)".

The following units were issued and redeemed during the period indicated:

For the period ended December 31, 2011	Trust units outstanding	Warrants outstanding
Initial issuance March 23, 2011 and over-allotment – April 6, 2011	**2,723,662**	**2,723,662**
Units cancelled	(12,500)	
Total outstanding as at December 31, 2011	**2,711,162**	**2,723,662**
Warrants expired (March 30, 2012)	-	(2,723,662)
Units cancelled	(103,916)	-
Total outstanding as at June 30, 2012	**2,607,246**	**-**

Warrants
All the warrants of the Fund expired unexercised on March 30, 2012.

Redemptions
Units may be surrendered prior to 5:00 p.m. (Toronto time) on the 10th business day before the last business day of the applicable month by the holders thereof for monthly redemption. Upon receipt by the Fund of the redemption notice, in the manner described below, the holder of a unit shall be entitled to receive a price per unit equal to the lesser of:

(a) 95% of the "market price" of the units on the principal market on which the units are quoted for trading during the 20 trading day period ending immediately before the monthly redemption date; and

(b) 100% of the "closing market price" on the principal market on which the units are quoted for trading on the monthly redemption date.

In accordance with the Fund prospectus, in addition to the monthly redemption rights, on an annual basis, commencing in 2012, units may be surrendered for redemption at the Fund's NAV per unit, subject to the required redemption notice period, for the first business day of August and the unitholder will receive payment on or before the 15th business day of the following month.

Distributions
The Fund intends to make monthly cash distributions to unitholders of record on the last business day of each month and pay such cash distributions on or before the 15th day of the following month. Beginning in April 2011, the Fund will annually determine and announce the indicative distribution amount for the following year based upon the prevailing market conditions. The distribution amount paid was $963,698 or $0.06 per unit per month ($0.36 in total) for the period ended June 30, 2012**.**

4. FORWARD AGREEMENT

The Fund obtains exposure to the Portfolio through the forward agreement (the "Forward Agreement"). The Fund invested the net proceeds of the offering in a portfolio of common shares (the "Common Share Portfolio") that are acceptable to the Counterparty. The Fund entered into a Forward Agreement, the terms of which were negotiated by the Manager on behalf of the Fund, with a Canadian chartered bank - CIBC (the "Counterparty"). Under the terms of the Forward Agreement, the Counterparty agrees to pay to the Fund on the scheduled settlement date of the Forward Agreement (the "Forward Settlement Date"), as the purchase price for the Common Share Portfolio, an amount based on the value of the Portfolio.

The Manager, with the consent of the Counterparty, may extend the Forward Agreement beyond the Forward Settlement Date and/or may enter into additional and/or replacement forward purchase and sale agreements with later termination dates on substantially the same terms with the same or different counterparties. The Counterparty may hedge its obligations under the Forward Agreement by purchasing units of the Portfolio Trust. However, there is no obligation on the Counterparty to acquire units of the Portfolio Trust or to otherwise hedge its obligations. The Notional Portfolio will be managed in accordance with the investment strategy described in this prospectus for the Portfolio and the Portfolio Trust. The Fund will partially settle the Forward Agreement from time to time in order to fund the payment of monthly distributions, any redemption amounts and the expenses of the Fund.

The Fund pays to the Counterparty a fee under the Forward Agreement of approximately 0.50 percent per annum of the net assets of the GTU Trust calculated daily and payable monthly in arrears. The Fund also pays the Counterparty a fee of 0.25 percent per annum for prime brokerage services including a revolving margin utilized in the GTU Trust. The amount drawn on the margin was $5,567,857 at June 30, 2012 (December 31, 2011 – 4,557,901).

The Counterparty has an approved credit rating within the meaning of National Instrument 81-102 – Mutual Funds of the Canadian Securities Administrators.

5. EXPENSES

Management and service fees

HARVEST Portfolios Group Inc. is the Manager of the Fund and is responsible for managing or arranging for managing the Fund's overall business and operations. The Manager has retained Avenue Investment Management Inc. (''Avenue'' or the "Investment Manager") to provide investment management services to the GTU Trust and pays Avenue a fee for its portfolio advisory service, from the management fee received from the GTU Trust, calculated on the basis of the GTU Trust's net assets.

The Manager is entitled to a fee of 0.25 per cent of NAV plus HST payable monthly. The Fund pays service fees to registered dealers at the rate on 0.40 per cent of the daily NAV plus HST of the Fund. Service fees are accrued daily and paid monthly to the manager, who in turn pays the dealers.

Other expenses

The Fund is responsible for all expenses relating to the operation and the carrying on of its business, including legal fees and audit fees, interest, taxes and administrative costs relating to the redemption of securities as well as the cost of financial and other reports, costs and expenses for the Fund's Independent Review Committee ("IRC"), including fees and expenses of the IRC members and compliance with applicable laws, regulations and policies.

The Manager 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 filing and other obligations. These expenses were $42,913 for the period ended June 30, 2012 and are included in the unitholder reporting costs in the Statement of Operations.

6. FINANCIAL RISK MANAGEMENT

The Fund's investment objectives are to provide unitholders with

(i) tax-advantaged monthly distributions; and

(ii) capital appreciation.

The Fund has been established to provide investors with exposure to an actively managed portfolio comprised primarily of equity securities of Global Telecom Issuers and Global Utilities Issuers. The Fund obtains exposure through a Forward Agreement to a portfolio comprised primarily of equity securities of Global Telecom Issuers and Global Utilities Issuers.

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

June 30, 2012

The yields on many Global Telecom Issuers remain above average historical levels and attractive when compared to other equity, bond and fixed income securities. Over the longer term, the Investment Manager believes that Global Telecom Issuers will benefit from the mass acceptance of mobile and broadband communications which will be reflected through increasing distributions and capital appreciation of the individual securities.

The yields on Global Utilities Issuers remain at attractive levels due to the stability of earnings and the long track records of consistent dividends that these issuers provide. The Investment Manager believes that the Global Utilities Issuers in developing markets will continue to benefit and expand with the growth of these economies, while the Global Utilities Issuers in developed economies often have natural monopolies or operate in monopolistic-like markets that give them the ability to maintain pricing levels throughout the economic cycle. The Investment Manager believes that Global Utilities Issuers offer reduced exposure to inflation due to their ability to pass through higher costs to the end consumer.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices The value of securities in the Fund's portfolio may be affected by the stock market conditions rather than each company's performance. Developments in the market are affected by general economic and financial conditions. Political, social and environmental factors can also affect the value of any investment.

The Fund is exposed to other price risk through the Forward Agreement. The Investment Manager of the GTU Trust has attempted to moderate this risk through the careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk of loss resulting from financial instruments is equivalent to their fair value. Although the Fund holds a common share portfolio that is pledged to the Counterparty under the Forward Agreement, the other price risk exposure is minimal due to the Forward Agreement.

As at June 30, 2012, 124% (2011 - 118%) of the GTU Trust's portfolio investments were traded on public stock exchanges. If equity prices on these exchanges had increased or decreased by 10%, as at period end, with all other factors remaining constant, net assets would have increased or decreased by approximately $2,906,552 (2011 - $2,983,197) or 12.4% (2011 – 11.8%) of net assets.

In practice, the actual trading results may differ and the difference could be material.

Currency risk

Currency risk is the risk that the value of investments denominated in currencies other than the financial currency of the Fund will fluctuate as a result of changes in foreign exchange rates. When a Fund, buys an investment priced in a foreign currency and the exchange rate between the Canadian dollar and the foreign currency changes unfavorably, it could reduce the value of the Fund's investment.

The Fund is exposed to currency risk through the Forward Agreement. The table below summarizes the Fund`s exposure to currency risk as at June 30, 2012 and December 31, 2011. Amounts shown are based on the carrying value of the monetary and non-monetary assets (including derivatives and the underlying principal (notional) amount of the forward currency contracts (if any).

NOTES TO THE FINANCIAL STATEMENTS (Unaudited)

June 30, 2012

GTU Trust:

As at June 30, 2012		
Currency	**Currency exposure ($)***	**As a % of net assets (%)**
Euro	10,057,358	42.8
U.S. dollar	8,144,072	34.6
Pound sterling	4,508,624	19.2
New Zealand Dollar	1,848,528	7.9
Australian Dollar	1,345,944	5.7
Swedish Krona	488,058	2.1
As at December 31, 2011		
Currency	**Currency exposure ($)***	**As a % of net assets (%)**
Euro	10,910,793	43.2
U.S. dollar	10,313,119	40.8
Pound sterling	3.842.683	15.2
New Zealand Dollar	1,579,936	6.3
Australian Dollar	1,216,678	4.8
Swedish Krona	520,243	2.1

*Reported in Canadian dollars

As at June 30, 2012, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other variables held constant, the Fund's net assets would have increased or decreased, respectively, by approximately $1,319,629 (2011 - $1,419,173) or 5.6 % of total net assets (2011 – 5.6%). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair value of financial instruments. Interest rate risk arises when the Fund invests in interest-bearing financial instruments.

The Fund is exposed to interest rate risk through the Forward Agreement. At December 31, 2011, the Fund was primarily invested in equities which are non-interest bearing. Accordingly, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations in any cash and cash equivalent, invested at short-term market interest rates.

A Fund that has an interest-bearing liability is exposed to risks associated with the effects of fluctuations in interest rates on its cash flows. As at June 30, 2012, the GTU Trust had a bank overdraft of $5,567,857 (2011 - $4,557,901). The Fund is exposed to the interest rate risk through the Forward Agreement. If interest rates were to change by 1.0%, the interest expense in the GTU Trust could increase / (decrease) by $55,679 (2011 - $46,579).

Liquidity risk

Liquidity risk is defined as the risk that a fund may not be able to settle or meet its obligations on time or at a reasonable price. The Fund is exposed to liquidity risk through the Forward Agreement. The Fund primarily invests in securities that are actively traded in public markets and can be readily disposed of to raise liquidity. At June 30, 2012 and December 31, 2011, all of the Fund's financial liabilities had maturities of less than one year.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund minimizes the concentration of credit risk by trading with a large number of brokers and counterparties on recognized and reputable exchanges. The Fund has exposure to credit risk with the Counterparty in the full amount of the Forward Agreement value. The Fund is also exposed to credit risk through the Forward Agreement. At June 30, 2012, , the Counterparty to the Forward Agreement had a credit rating of A+ from Standard & Poor`s. The maximum credit risk of default is the carrying amount of the investments underlying the Forward Agreement, as presented in the Statement of Investments.

7. SOFT DOLLAR COMMISSIONS

Brokerage commissions paid to certain brokers may, in addition to paying for the cost of brokerage services in respect of security transactions, also provide for the cost of investment research services provided to the investment manager. The value of such research services included in commissions paid to brokers for the period ended June 30, 2012 and December 31, 2011 amounted to $NIL.

8. INCOME TAXES

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada). The Fund is subject to tax on their income including net realized capital gains which are not paid or payable to unitholders. It is the intention of the Fund to distribute all of its net income and sufficient net realized capital gains so the Fund will not be subject to income taxes. The amount of net realized taxable capital gains available for distribution is reduced by the amount of net capital gains to be retained in the Fund. This is done in order to enable the Fund to fully utilize any available tax credits due to application of the capital gain refund formula attributable to redemptions during the

year. In certain circumstances, the fund may distribute a return of capital. A return of capital is taxable but will generally reduce the adjusted cost of the units.

Capital losses may be carried forward indefinitely to reduce future realized capital gains. Non-capital losses may be applied against future taxable income.

As of the Fund’s last taxation year end, there were non-capital losses of $1,102,124 and capital losses of $1,506,121.

9. NET ASSET VALUE AND NET ASSETS

CICA Handbook Section 3855 requires that the fair value of financial instruments which are actively traded be measured based on the bid price for long positions held and the asking price for short positions held.

The NAV per unit for purposes of unitholder transactions (i.e. purchases, switches, redemptions and net assets per unit calculated in accordance with CICA Handbook Section 3855 are shown below:

Per Unit ($):	NAV	Net assets
June 30, 2012	$9.05	$9.05
As at December 31, 2011	$9.37	$9.35

GTU Trust

Per Unit ($):	NAV	Net assets
June 30, 2012	$11.07	$11.06
As at December 31, 2011	$10.88	$10.85