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**GLOBAL ADVANTAGED TELECOM AND
UTILITIES INCOME FUND**

Management Report of Fund Performance

December 31, 2011

Should you require any additional information on this product, please review our information at www.harvestportfolios.com or on SEDAR at www.sedar.com, or call us at 866 998 8298.

Global Advantaged Telecom and Utilities Income Fund

CORPORATE OVERVIEW

Harvest Portfolios Group Inc. (“Harvest”) is a Canadian Investment Manager focused on unique income generating investment products. Harvest was founded 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 desire 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 annual report 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 Global Advantaged Telecom and Utilities Income Fund (the “Fund”) has been created 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 (the GTU Portfolio Trust or the “GTU Trust”).

Global Advantaged Telecom and Utilities Income Fund

PRESIDENT'S MESSAGE

Global Advantaged Telecom and Utilities Income Fund

Unitholder letter February, 2012

Dear Valued Unitholder,

2011 proved to be a year of challenges for global stock markets as we witnessed three major events that stalled global growth. First, the policy gridlock in both Europe and the US to their debt burdens, secondly, the earthquake and tsunami which lead to the nuclear crisis in Japan, and finally the surge in Oil prices due to the political upheaval and/or regime change in the Middle East.

The issues surrounding US and European fiscal policy will no doubt continue to hamper the prospects for global growth. We expect this to translate into overall slower growth in the developed world of 1% - 2% which in turn will keep the prospects for growth in emerging nations at lower than recent averages.

These overall economic conditions reduce inflationary pressures and assist in subduing interest rates. We have in the past and continue to believe that the present scenario of historically low interest rates will continue to stay low for the foreseeable future. These conditions work favourably for well managed corporations with strong balance sheets and solid growth profiles.

Harvest Funds are constructed in well managed businesses that we believe stand the tests of all economic conditions. These Funds are built on the investment principals of i) simple and understandable mandates ii) transparency, and iii) income generation. With the challenges that have faced many businesses over 2011, we can look at the names in the portfolios and are confident that we have invested in businesses that can stand up to these conditions and meet the mandates that our unitholders have invested for.

The European economic environment, in particular the volatility caused by the debt crisis has had an overbearing effect on the European Telecom and Utility sectors. From a fundamental valuation perspective these companies have strong balance sheets and continue to generate solid cash flow and earnings with much of their new growth coming from emerging markets. We believe that the Telecom and Utility sectors offer some of the cheapest valuations and best opportunities for income growth over the coming years and continue to remain committed to the sectors.

(Signed) "Michael Kovacs"
President and Chief Executive Officer

Global Advantaged Telecom and Utilities Income Fund

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

The management report of fund performance contains financial highlights for the Fund. For your reference, the annual audited financial statements of the Fund are attached to the annual 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) 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 (the GTU Trust) comprised primarily of equity securities of Global Telecom Issuers and Global Utilities Issuers.

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.

RISK

The risks associated with investing in the Fund are as described in the simplified prospectus. There were no material changes to the Fund over the period that affected the overall level of risk of the Fund.

RESULTS OF OPERATIONS

During the period ended December 31, 2011 the Global Advantaged Telecom and Utilities Income Fund returned (11.68%). This compares with a return of (3.49%) for the blended index comprised of a 50% weighting of the Morgan Stanley Composite Index (MCSI) for Utilities and a 50% weighting of the MCSI for Telecom.

Global Advantaged Telecom and Utilities Income Fund

CHANGES IN FINANCIAL POSITION

The Fund commenced operations on March 23, 2011 with issuance of 2,600,000 units at \$12.00 per unit, for total proceeds of \$31,200,000. On April 11, 2011, an overallotment option was exercised for an additional 123,662 units for additional gross proceeds of \$1,483,944. The Fund paid agents' commissions and issue costs of \$2,269,900.

Each unit consists of one trust unit and one warrant. Each whole warrant entitles the holder to purchase one unit at a subscription price of \$12.00 on or before 5:00 p.m. (Toronto time) on, and only on, May 31, 2013, when the warrants expire. Warrants not exercised will be void and of no value.

As at December 31, 2011, the Fund had a decrease in operations of \$3,490,072, including realized market loss on the common share portfolio and the forward agreement of \$1,245,098, unrealized depreciation on the common share portfolio and the forward agreement of \$1,528,422 and an investment loss of \$716,552.

The Fund entered into a normal course issuer bid programme for the period from May 20, 2011 to May 18, 2012, which allows the Fund to purchase up to 272,366 listed trust units and warrants of the Fund for cancellation by way of a normal course issuer bid through the facilities of the Toronto Stock Exchange. During the period ended December 31, 2011, 12,500 units were purchased for cancellation for \$119,055 and distributions of \$1,467,525 were paid as a return of capital.

In 2011 we witnessed three major events that stalled global growth and the bull market in equities. First, the world price of oil surged due to the political upheaval and/or regime change in the Middle East. Second, disruptions in the supply chain were felt due to the earthquake, tsunami and nuclear crisis in Japan. Finally, volatility in equity markets persisted due to policy gridlock in both the U.S. and Europe in regards to their respective debt burdens.

Of these three significant events of 2011, the uncertainty in U.S. and European fiscal policy response to the management of their debt burden will be the greatest threat to global growth and equity markets in 2012. In the U.S. the situation may be further exasperated by continued weakness in housing, minimal employment growth and income gains as well as a continued stalemate over debt reductions due to the election cycle they are now entering. In Europe, if political leaders are unable to negotiate long term fiscal reform, the impact of fiscal uncertainty, fiscal austerity or both could potentially unravel the already battered currency compact. Emerging market economies would be impacted due to lessening demand from the U.S. and Europe and they may be forced to stimulate their economies in order to avoid a hard landing. Any further cooling of emerging market growth will most likely lead to reduced demand for commodities and hence weaker economic climates for commodity rich nations such as Canada.

We expect continued economic and market volatility in 2012 including, recessions in parts of the world (E.U. periphery), anemic growth of 1%-2% in developed countries (U.S., Canada, Germany) and below average growth in emerging markets (China). Inflation will remain subdued and interest rates in the developed world will remain low. Well managed corporations with strong balance sheets and consistent growth profiles are expected to thrive and we continue to highlight the divergence between bond yields and equity earnings yield as a fundamental reason to consider equity investment over the long term.

The Global Advantaged Telecom & Utility Income Fund was hurt by the European Telecom and Utility sectors, this negative sentiment was somewhat offset by the positive returns from the US Utilities and Telecom and from the UK Utility sector.

Global Advantaged Telecom and Utilities Income Fund

CHANGES IN FINANCIAL POSITION (continued)

The European economic environment, in particular the debt crisis, continues to play havoc and create tremendous amount of volatility in the European stock markets. This volatility has had an overbearing effect on their Telecom and Utility sectors; however from a fundamental valuation perspective these companies have strong balance sheets and continue to generate strong cash flows and earnings, with much of the growth coming from outside the euro zone, especially emerging markets. Moreover, the low interest rate environment is helping these companies refinance debt at lower levels. We continue to believe that the telco and utility sectors continue to offer some of the cheapest valuations and the best opportunities for income and income growth over the next several years. We continue to leave the portfolio unhedged and will look for opportunities to hedge the portfolio when we deem appropriate.

The portfolio adviser uses a bottom-up strategy that emphasizes the analysis of individual companies to determine if they can maintain and increase their income distributions overtime. This analysis also focuses on selecting securities and allocating investments among asset classes with the objective of maximizing the risk-adjusted returns for the Fund. The fund continues to use leverage in an opportunistic way to increase returns and enhance income.

RECENT DEVELOPMENTS

There are no recent developments to report.

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 calculated based on the net asset value and paid monthly in arrears, based on an annual rate of 0.25% plus HST of the net asset value of the Fund.

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.

The Manager has retained Avenue Investment Management Inc (“Avenue”) to provide investment management services to the Fund and pays Avenue a fee for its portfolio advisory service, from the management fee received from the Fund, calculated on the basis of the Fund’s net assets.

The Fund is also responsible for payment of all expenses relating to the operation of the Fund and the carrying on of its business. This includes, but is not limited to, legal, audit and custodial fees, taxes, brokerage fees, interest, operating and administrative fees, costs and expenses.

The Manager is reimbursed by the Fund for all reasonable costs, expenses and liabilities incurred by the Manager for performance of extraordinary 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; and other administrative expenses and costs incurred in connection with the Fund’s continuous public offering and other obligations. These expenses were \$66,243 for the period ended December 31, 2011 and are included in the unitholder reporting costs on the Statement of Operations in the Annual Financial Statements.

Global Advantaged Telecom and Utilities Income Fund

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

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. The decision was in response to the possibility that the IASB may not complete its Investment Entities project before January 1, 2013. The AcSB expects to issue the amendment in March 2012. 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.

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 Funds’ NAV per series unit or net assets per series 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.

RECOMMENDATION 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 period ended December 31, 2011.

Global Advantaged Telecom and Utilities Income Fund

FINANCIAL HIGHLIGHTS

The following tables present selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the period from March 23, 2011 (commencement of operations) to December 31, 2011. This information is derived from the Fund's annual financial statements as at December 31, 2011.

THE FUND'S NET ASSETS PER UNIT¹		2011
Net assets - beginning of period³	\$	11.17
Increase /(decrease) from operations		
Total revenue		-
Total expenses		(0.26)
Realized gains (losses) for the period		(0.57)
Unrealized losses for the period		(0.46)
Total increase from operations²		(1.29)
Distributions⁴		
From income (excluding dividends)		-
From dividends		-
From capital gains		-
Return of capital		(0.54)
Total annual distributions⁴		(0.54)
Net assets - end of period²	\$	9.35

RATIOS AND SUPPLEMENTAL DATA		2011
Total net asset value¹	\$	25,412,339
Number of units outstanding ¹		2,711,162
Number of warrants outstanding		2,723,662
Management expense ratio ⁵		11.4%
Management expense ratio before waivers or absorptions ⁵		11.4%
Trading expense ratio ⁶		0.00%
Portfolio turnover rate ⁷		19.04%
Net asset value per unit ¹	\$	9.37
Closing market price (HGI.UN)	\$	8.90
Closing market price (HGI.WT)	\$	0.01

Explanatory Notes:

1. 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.
2. 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.
3. Net assets, at the beginning of the period was \$11.17, net of agents' commissions and issuance costs of \$0.83 per unit..
4. Distributions were paid in cash.
5. 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 2011 (the year of inception) was 11.4% and included agents' fees of \$1,715,907 and costs of issue of \$553,993, which were treated as one-time expenses and therefore were not annualized.
6. 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.
7. 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.

Global Advantaged Telecom and Utilities Income Fund

YEAR-BY-YEAR RETURNS

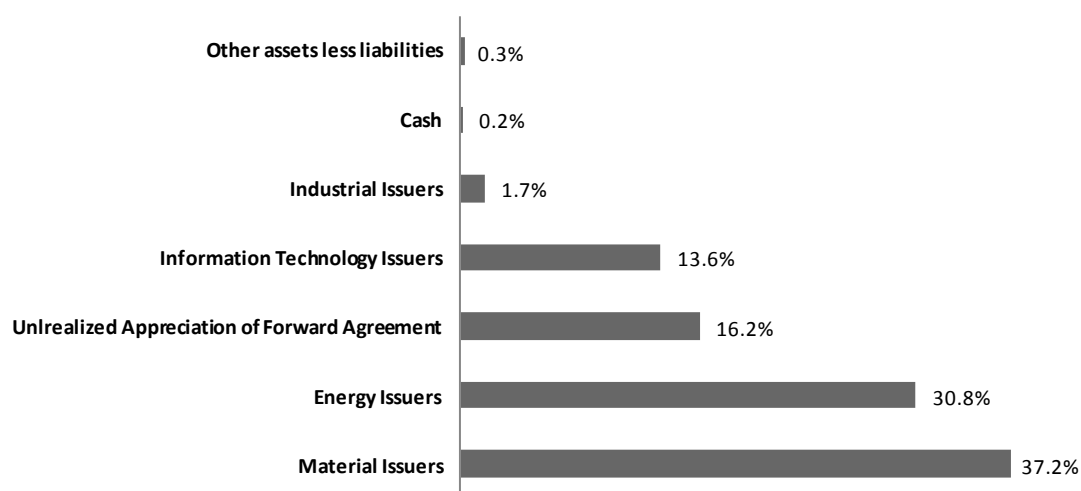
National Instrument 81-106, the regulatory guideline for Continuous Disclosure, does not permit reporting of performance for any investment fund that has been in existence less than one year.

SUMMARY OF INVESTMENT PORTFOLIO

The Portfolio by category 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.

SECTOR ALLOCATION

Total Net Assets (100.0%)



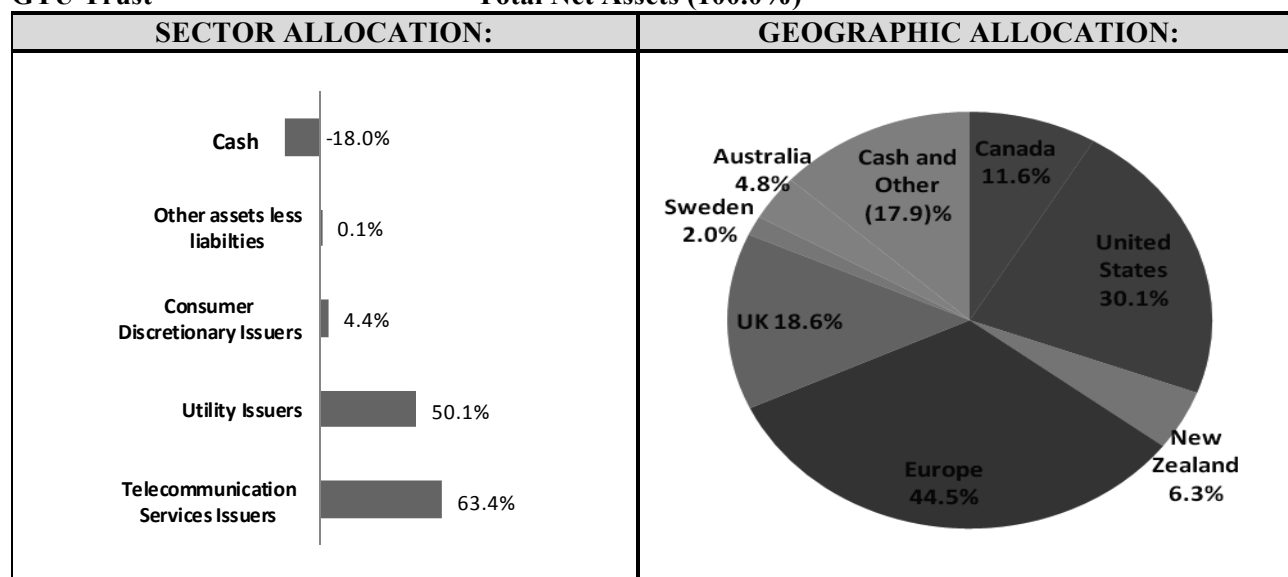
As at December 31, 2011

Top 25 Holdings	% of Net Asset Value
Alacer Gold Corporation	10.0
Quadra FNX Mining Ltd.	8.9
CGI Group Inc. Cl. A Sub. Voting	7.9
MEG Energy Corporation	7.4
Precision Drilling Corporation	6.8
Canfor Corporation	6.5
Detour Gold Corporation	6.2
Celestica Inc. Sub. Voting	5.7
Osisko Mining Corp.	5.7
Crew Energy Inc.	4.9
BlackPearl Resources Inc.	4.7
Bankers Petroleum Ltd.	4.3
Flint Energy Services Ltd.	2.8
Stantec Inc.	1.7
Total Common Shares Portfolio	83.5
Unrealized Appreciation on Forward Agreement	16.2
Other Assets	0.3
Total	100.0

Global Advantaged Telecom and Utilities Income Fund

GTU Trust

Total Net Assets (100.0%)



As at December 31, 2011

Top 25 Holdings	% of Net Asset Value
Bell Aliant, Inc.	6.0
Manitoba Telecom Services Inc.	5.6
Telefonica SA	5.2
Telecom Corporation of New Zealand Limited	4.9
Telstra Corporation Limited	4.8
Vivendi Universal SA	4.4
Verizon Communications Inc.	4.4
AT&T Inc.	4.3
CenturyLink Inc.	3.7
Drax Group PLC	3.4
RWE AG	3.4
Ameren Corp.	3.3
Integrus Energy Group, Inc.	3.3
France Telecom SA	3.2
Duke Energy Corporation	3.1
PPL Corp.	3.0
National Grid PLC	2.9
United Utilities Group PLC	2.8
Gas Natural SDG SA	2.8
FirstEnergy Corp.	2.7
Belgacom SA	2.5
Electricidade de Portugal SA	2.5
Endesa, SA	2.5
Pepco Holdings, Inc.	2.5
Scottish and Southern Energy PLC	2.4
Total	89.6

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

Global Advantaged Telecom and Utilities Income Fund

Head Office

710 Dorval Drive, Suite 209
Oakville, ON L6K 3V7
Phone Number: 416.649.4541
Toll Free: 866.998.8298
Fax Number: 416.649.4542
Email: info@harvestportfolios.com

Western Canada Office

1155 West Pender Street, Suite 708
Vancouver, BC V6E 2P4

Eastern Canada Office

1250 René Lévesque Blvd. West, Suite 2200
Montreal, Quebec H3B 4W8

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.