Global Advantaged Telecom & Utilities Income Fund

Annual Financial Statements

December 31, 2012

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.

Global Advantaged Telecom & Utilities Income Fund

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by Harvest Portfolios Group Inc. in its capacity as Manager of the Fund and approved by the Board of Directors of the Manager. The Fund's Manager is responsible for the information and representation contained in these financial statements.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments made by the Manager. The significant accounting policies, which the Manager believes are appropriate, are described in Note 2 to the financial statements.

PricewaterhouseCoopers LLP are the external auditors of the Fund. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements. Their report is set out below.

On behalf of Harvest Portfolios Group Inc.,

Michael Kovacs
President and Chief Executive Officer

Townsend Haines
Chief Financial Officer

Oakville, Canada
March 8, 2013

March 8, 2013

Independent Auditor's Report

To the Unitholders of
Global Advantage Telecom and Utilities Fund (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statement of investments as at December 31, 2012, the statements of financial position as at December 31, 2012 and 2011 and the statements of operations, changes in financial position and cash flows for the year ended December 31, 2012 and for the period from March 23, 2011 (commencement of operations) to December 31, 2011, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
18 York St, Toronto, Ontario, Canada M5J 0B2
T: +1 416 941 8383, F: +1 416 814 3220

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2012 and 2011 and the results of its operations, the changes in its financial position and its cash flows for the year ended December 31, 2012 and for the period from March 23, 2011 (commencement of operations) to December 31, 2011 in accordance with Canadian generally accepted accounting principles.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants, Licensed Public Accountants

Global Advantaged Telecom & Utilities Income Fund

STATEMENTS OF FINANCIAL POSITION As at December 31,		2012		2011
Assets				
Investments, at fair value (cost $17,688,258; 2011 - $26,520,702)	$	12,860,084	$	21,165,547
Forward agreement at fair value (Note 4)		4,834,912		4,110,058
Cash and cash equivalents		25,711		56,055
Receivable for investments sold		165,015		190,015
		17,885,722		**25,521,675**
Liabilities				
Distributions payable		120,977		162,670
Counterparty fee payable (Note 4)		537		4,626
Forward fee payable (Note 4)		16,437		16,987
		137,951		**184,283**
Net assets representing unitholders' equity	**$**	**17,747,771**	**$**	**25,337,392**
Unitholders' equity (Note 3)				
Unitholders' capital		18,960,146		28,480,098
Warrants*		-		326,839
Contributed surplus		2,132,668		20,527
Deficit		(3,345,043)		(3,490,072)
Unitholders' equity	**$**	**17,747,771**	**$**	**25,337,392**
Number of units outstanding (Note 3)		**2,016,291**		**2,711,162**
Number of warrants outstanding * (Note 3)		**-**		**2,723,662**
Net assets per unit (Note 9)	**$**	**8.80**	**$**	**9.35**

*Warrants expired March 30, 2012

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

Global Advantaged Telecom & Utilities Income Fund

STATEMENTS OF OPERATIONS For the periods ended December 31, (Note 1)		2012		2011
Investment income				
Interest	$	28	$	28
Other income		11,601		-
	$	**11,629**	$	**28**
Expenses				
Management fees (Note 5)		61,850		61,767
Service fees (Note 5)		97,176		95,306
Unitholder reporting costs (Note 5)		106,759		80,998
Counterparty fees (Note 4)		43,740		47,573
Audit fees		29,546		23,820
Transfer agency fees		9,151		16,914
Custodian fees and bank charges		17,869		18,207
Independent review committee fees		7,101		7,147
Forward fee (Note 4)		200,000		152,877
Filing fees		19,481		50,501
Legal fees		3,353		161,470
		596,026		**716,580**
Net investment loss	$	**(584,397)**	$	**(716,552)**
Realized and unrealized loss on investments and foreign currencies				
Realized loss on common share portfolio and forward agreement		(522,409)		(1,528,422)
Change in Unrealized appreciation/(depreciation) on common share portfolio and forward agreement		1,251,835		(1,245,098)
Net gain/ (loss) on investments	$	**729,426**	$	**(2,773,520)**
Increase/ (decrease) in net assets from operations	$	**145,029**	$	**(3,490,072)**
Increase/ (decrease) in net assets from operations per unit	$	**0.06**	$	**(1.29)**

The accompanying notes are an integral part of these financial statements

Global Advantaged Telecom & Utilities Income Fund

STATEMENTS OF CHANGES IN FINANCIAL POSITION For the periods ended December 31, (Note 1)		2012		2011
Net assets, beginning of the period	$	**25,337,392**	$	**-**
Increase/ (decrease) in net assets from operations		145,029		(3,490,072)
Unitholders' transactions				
Proceeds from issue of units		-		32,683,944
Redemption and cancellation of units		(5,974,052)		(119,055)
Agents' fees		-		(1,715,907)
Cost of issue (Note 3)		-		(553,993)
Net unitholders' transactions		**(5,974,052)**		**30,294,989**
Distributions to unitholders				
Return of capital		(1,760,598)		(1,467,525)
Total distributions to unitholders		**(1,760,598)**		**(1,467,525)**
Net assets, end of the period	**$**	**17,747,771**	**$**	**$ 25,337,392**
Deficit, beginning of the period	$	(3,490,072)	$	-
Increase/(decrease) in net assets from operations		145,029		(3,490,072)
Deficit, end of the period	**$**	**(3,345,043)**	**$**	**(3,490,072)**
Contributed surplus, beginning of the period	$	**20,527**	$	**-**
Cost of units repurchased at less than average cost per unit (Note 3)		1,785,302		20,527
Warrants expired		326,839		**-**
Contributed surplus, end of the period	**$**	**2,132,668**	**$**	**20,527**

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

Global Advantaged Telecom & Utilities Income Fund

STATEMENTS OF CASH FLOWS For the periods ended December 31, (Note 1)		2012		2011
Operating activities				
Increase/ (decrease) in net assets from operations	$	145,029	$	(3,490,072)
Add (deduct) items not affecting cash:				
Realized loss on common share portfolio and forward agreement		522,409		1,528,422
Unrealized (appreciation)/ depreciation on common share portfolio and forward agreement		(1,251,835)		1,245,098
Proceeds from sale of investments		14,982,820		4,705,714
Purchases of investments		(6,647,785)		(32,944,854)
Net change in non-cash assets and liabilities		**(4,639)**		**21,613**
Net cash flow used in operating activities	**$**	**7,745,999**	**$**	**(28,934,079)**
Financing activities				
Proceeds from units issued		-		32,683,944
Redemption and cancellation of units		(5,974,052)		(119,055)
Agents' fees		-		(1,715,907)
Issuance costs		-		(553,993)
Distributions to unitholders		(1,802,291)		(1,304,855)
Net cash flow provided by financing activities		**(7,776,343)**		**28,990,134**
Net increase/ (decrease) in cash and cash equivalents during the period		**(30,344)**		56,055
Cash and cash equivalents, beginning of the period		56,055		-
Cash and cash equivalents, end of the period	**$**	**25,711**	**$**	**56,055**

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

Global Advantaged Telecom & Utilities Income Fund

STATEMENT OF INVESTMENTS
As at December 31, 2012

Number of Shares	Security	Average Cost ($)	Fair Value ($)	% of Net Assets
	EQUITIES			
	Energy Issuers			
102,927	Athabasca Oil Corporation	1,212,374	1,075,587	6.0
163,386	Bankers Petroleum Ltd.	1,390,415	524,469	2.9
194,482	BlackPearl Resources Inc.	1,390,546	589,280	3.3
73,891	Crew Energy Inc.	1,388,412	479,553	2.7
30,144	MEG Energy Corporation	1,531,617	917,583	5.2
		6,913,364	**3,586,472**	**20.1**
	Information Technology Issuers			
18,644	Catamaran Corporation	900,692	872,166	4.9
130,051	Celestica Inc. Sub. Voting	1,388,945	1,049,512	5.9
69,850	CGI Group Inc. Cl. A Sub. Voting	1,389,316	1,602,359	9.0
5,608	Open Text Corporation	325,993	311,973	1.8
		4,004,946	**3,836,010**	**21.6**
	Materials Issuers			
161,459	Alacer Gold Corporation	1,390,162	839,587	4.7
129,133	AuRico Gold Inc.	1,213,740	1,057,599	5.9
103,680	Canfor Corporation	1,388,275	1,719,014	9.7
41,592	Detour Gold Corporation	1,389,188	1,035,225	5.8
98,272	Osisko Mining Corp.	1,388,583	786,177	4.4
		6,769,948	**5,437,602**	**30.5**
Total COMMON SHARE PORTFOLIO (pledged to the Counterparty under the Forward Agreement)		**17,688,258**	**12,860,084**	**72.2**

Unrealized appreciation on forward agreement:				
Investments held in GTU Portfolio Trust under the Forward Agreement				
EQUITIES				
	Consumer Discretionary Issuers			
28,000	British Sky Broadcasting Group PLC	337,234	347,138	2.0
56,000	Vivendi S.A.	1,329,018	1,245,677	7.0
		1,666,252	**1,592,815**	**9.0**

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

Global Advantaged Telecom & Utilities Income Fund

STATEMENT OF INVESTMENTS (continued)
As at December 31, 2012

Number of shares	Security	Average Cost $	Fair Value $	% of Net Assets
	Telecommunication Services Issuers			
27,300	AT&T Inc.	771,218	916,598	5.2
15,600	Belgacom SA	578,018	453,601	2.6
41,000	Bell Aliant, Inc.	1,103,265	1,079,120	6.1
156,000	BT Group PLC	476,982	583,499	3.3
19,500	CenturyLink, Inc.	775,350	759,560	4.3
117,000	Chorus Limited	271,467	280,641	1.6
27,300	Deutsche Telekom AG	420,523	308,454	1.7
37,400	Manitoba Telecom Services Inc.	1,115,373	1,214,004	6.9
585,000	Telecom Corporation of New Zealand Limited	852,495	1,086,043	6.1
234,000	Telecom Italia SPA	350,006	209,803	1.2
31,200	Telefonica SA	769,409	413,668	2.3
58,500	Teliasonera AB	451,295	394,504	2.2
273,000	Telstra Corporation Limited	743,654	1,233,256	7.0
21,000	Verizon Communications Inc.	767,955	904,554	5.1
156,000	Vodafone Group PLC	427,658	389,841	2.2
		9,874,668	**10,227,146**	**57.8**
	Utility Issuers			
19,500	Ameren Corporation	526,576	596,658	3.4
78,000	Drax Group PLC	470,115	686,767	3.9
9,000	Duke Energy Corporation	473,747	571,641	3.2
19,500	E.ON AG	573,691	360,423	2.0
156,000	Electricidade de Portugal, S.A.	583,191	467,117	2.6
23,400	Endesa, S.A.	700,263	506,846	2.9
78,000	Enel SPA	467,603	321,309	1.8
11,700	FirstEnergy Corp.	418,276	486,258	2.8
18,000	Fortum OYJ	321,345	334,116	1.9
31,200	Gas Natural SDG, S.A.	572,983	550,875	3.1
11,700	GDF Suez	450,570	238,985	1.4
66,300	Iberdrola, S.A.	560,801	358,580	2.0
11,700	Integrys Energy Group, Inc.	569,907	608,347	3.4
58,500	National Grid PLC	542,535	665,147	3.8
23,400	Pepco Holdings, Inc.	419,774	456,901	2.6
19,500	PPL Corporation	469,380	555,690	3.1
18,720	RWE AG	935,753	767,088	4.3
23,400	Scottish and Southern Energy PLC	452,655	536,663	3.0
117,000	Terna S.p.A	538,959	464,148	2.6
58,500	United Utilities Group PLC	540,188	636,743	3.6
31,980	Veolia Environnement	391,486	384,337	2.2
16,000	Verbund AG	331,419	396,970	2.3
		11,311,217	**10,951,609**	**61.9**
Total equity investments		**22,852,137**	**22,771,570**	**128.7**

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

STATEMENT OF INVESTMENTS (continued)
As at December 31, 2012

Number of shares	Security	Average Cost $	Fair Value $	% of Net Assets
	Other assets less liabilities		(5,076,574)	(28.7)
	Net assets of GTU Portfolio Trust		**17,694,996**	**100.0**
	Unrealized appreciation on forward agreement		**4,834,912**	**27.2**
	Other assets less liabilities		**52,775**	**0.6**
	Net Assets		**17,747,771**	**100.0**

GTU PORTFOLIO TRUST

CONCENTRATION BY GEOGRAPHY AS AT DECEMBER 31, 2012

As at December 31,	2012		2011	
Country of Issue	**$***	**As a % of net assets**	**$***	**As a % of net assets**
Canada	(3,050,257)	(17.2)	(1,623,623)	(6.4)
United States of America	5,928,742	33.5	7,624,483	30.1
New Zealand	1,366,683	7.7	1,579,936	6.3
Europe	7,928,707	44.8	11,253,978	44.5
United Kingdom	3,893,361	22.0	4,703,910	18.6
Sweden	394,504	2.2	520,243	2.1
Australia	1,233,256	7.0	1,216,678	4.8
Totals	**17,694,996**	**100.0**	**25,275,605**	**100.0**

*Stated in Canadian dollars

Global Advantaged Telecom & Utilities Income Fund

NOTES TO THE FINANCIAL STATEMENTS

December 31, 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.

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.

The information provided in these audited financial statements is for the year ended December 31, 2012 and for the period commencing March 23, 2011, the comparative to December 31, 2011.

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 listed Canadian and foreign equities. 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 December 31, 2012 and 2011, 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, 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, redemptions 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.

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 Statements of Operations in ‘‘Realized gain (loss) on sale of investments’’ and ‘‘Change in 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 Statements 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
The table below summarizes the fair value of the Fund’s financial instruments using the following fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liabilities that are not based on observable market data. Additional quantitative disclosures are required for Level 3 securities.

Securities Classification:

Investments at fair value as at December 31, 2012				
	Level 1 ($)	**Level 2 ($)**	**Level 3 ($)**	**Total ($)**
Common shares	12,860,084	-	-	12,860,084
Total investments at fair value	**12,860,084**	**-**	**-**	**12,860,084**
Forward agreement at fair value		**4,834,912**		**4,834,912**

Investments at fair value as at December 31, 2011				
	Level 1 ($)	**Level 2 ($)**	**Level 3 ($)**	**Total ($)**
Common shares	21,165,547	-	-	21,165,547
Total investments at fair value	**21,165,547**	**-**	**-**	**21,165,547**
Forward agreement at fair value		**4,110,058**	**-**	**4,110,058**

There were no Level 3 securities held by the Fund as at December 31, 2012 and 2011. There were no transfers between Level 1 and Level 2 for the periods ended December 31, 2012 and 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 therefore, the following table illustrates the classification of the GTU Trust's financial instruments within the fair value hierarchy as at December 31, 2012 and 2011.

GTU Trust - Securities Classification:

All securities held by the GTU Trust as at December 31, 2012 and 2011, were Level 1 securities.

Transition to International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards On December 12, 2011, the Canadian Accounting Standards Board ("AcSB") extended the deferral of the mandatory International Financial Reporting Standards ("IFRS") changeover date for investment entities to fiscal year beginning on or after January 1, 2014.

In October 2012, the IASB issued Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), which provides an exception to consolidation for a class of entities that are defined as 'investment entities'. The amendments define an investment entity and require a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss instead of consolidating those subsidiaries. The Fund expects to meet the proposed criteria to qualify as investment entities and would measure all controlled investments at fair value with changes in fair value recognized through profit or loss.

In addition, on May 12, 2011, the International Accounting Standards Board ("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 IFRS standards 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 eliminating the difference between the net asset value per units and net assets per units under current Canadian GAAP.

The Manager is currently assessing the Fund's Unitholder structure and investments to determine the impact of these standards. The Manager has determined that there will likely be no material impact to the net asset value per units of each series of the Funds due to the changeover to IFRS. The major qualitative impact noted as of December 31, 2012 would be the addition of a statement of cash flows, the classification of puttable instruments, the reporting of future income tax assets or liabilities, where applicable, and additional note disclosures. However, this present determination is subject to change resulting from the issuance of new standards or new interpretations of existing standards.

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 December 31, 2012, 18,400 trust units were purchased for cancellation for a total of $160,697 (2011 - 12,500). As well, 676,471 (2011 – NIL) units were surrendered for redemptions for total proceeds of $5,813,348.

The following units were issued, cancelled 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 redeemed	(676,471)	-
Units cancelled	(18,400)	-
Total outstanding as at December 31, 2012	**2,016,291**	**-**

Contributed surplus

Contributed surplus is recorded when units of the Fund are redeemed or repurchased at prices per unit which are below the average cost per unit of unitholders' capital. If the redemption price is greater than the average cost per unit, the difference is first charged to contributed surplus until the balance of the contributed surplus is eliminated, and any remaining amounts are charged to retained earnings.

Warrants

All warrants expired on March 30, 2012, unexercised. The cost of the warrants of $326,839 was recorded in contributed surplus.

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 distribution amount for the following year based upon the prevailing market conditions. The distribution amount declared was $1,760,598 or $0.06 per unit per month ($0.72 in total) for the period ended December 31, 2012 (2011 - $1,467,525).

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 Fund 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% per annum, with a minimum annual fee of $200,000, 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% per annum for prime brokerage services including a revolving margin utilized in the GTU Trust. These fees are over and above the interest charged to the GTU Trust. The GTU Trust has the facility in place to borrow up to 25 percent of its total assets or 33⅓% of the NAV of the GTU Trust, and pays interest on such borrowings.

For the period, the Fund recorded counterparty fees of $43,740 (2011- $47,573). Interest charged is included in "Counterparty fees" on the Statements of Operations of the Financial Statements.

The amount drawn on the margin was $5,095,256 or 28.7% of the net assets of GTU Trust at December 31, 2012 (2011 – $4,557,901 or 17.8%).

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 Fund pays its manager, Harvest, a management fee from the Fund and GTU Trust equal in the aggregate to 1.25% per annum of the applicable Net Asset Value, (0.25% from the Fund and 1.0% from the GTU Trust), calculated and payable monthly in arrears, plus applicable taxes.

The management fees charged to the Fund and GTU Trust on a combined basis during the year ended December 31, 2012 were $308,885, inclusive of taxes (2011 - $306,680). The Manager is responsible for payment of the sub-advisory fees out of these management fees.

The Fund also pays service fees to registered dealers at the rate on 0.40% 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.

Operating expenses

The Fund is responsible for operating expenses relating to the carrying on of its business, including custodial services, interest, taxes, legal, audit fees, transfer agency services relating to the issue and redemption of units, and the cost of financial and other reports, costs and expenses for the Fund's Independent Review Committee ("IRC"), including fees and expenses of the IRC members and compliance with applicable laws, regulations and policies. The Manager pays for such expenses on behalf of the Fund, except for certain expenses such as counterparty and forward fees which are paid directly by the Fund, and is then reimbursed by the Fund.

Other expenses

The Manager will be reimbursed by the Fund for all reasonable costs, expenses and liabilities incurred by the Manager for performance of services on behalf of the Fund in connection with the discharge by the Manager of its duties hereunder. Such costs and expenses may include, without limitation: mailing and printing expenses for reports to Unitholders and other Unitholder communications; a reasonable allocation of salaries, 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 $99,203 (2011 - $66,243) for the year ended December 31, 2012 and are included in the unitholder reporting costs in the Statements 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.

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 common share portfolio and Forward Agreement held by the Fund. 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 December 31, 2012, 128.7% (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 5%, as at period end, with all other factors remaining constant, net assets of the GTU Trust would have increased or decreased by approximately $1,138,579 (2011 - $1,491,599) or 6.4% (2011 – 5.9%) of net assets.

As at December 31, 2012, 100% (2011 - 100%) of the common share portfolio investments were traded on public stock exchanges. If equity prices on these exchanges had increased or decreased by 5%, as at period end, with all other factors remaining constant, net assets would have increased or decreased by approximately $643,004 (2011 - $1,058,277) or 3.6% (2011 – 4.2%) 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 December 31, 2012 and 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) and reported in Canadian dollars.

GTU Trust:

As at December 31, 2012		
Currency	**Currency exposure ($)***	**As a % of net assets (%)**
Euro	7,928,707	44.8
U.S. Dollar	5,928,742	33.5
Pound Sterling	3,893,361	22.0
New Zealand Dollar	1,366,683	7.7
Australian Dollar	1,233,257	7.0
Swedish Krona	394,504	2.2
Totals	**20,745,254**	**117.2**

*Amounts are in Canadian dollars

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
Totals	**28,383,452**	**112.4**

*Amounts are in Canadian dollars

As at December 31, 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 $1,037,263 (2011 - $1,419,173) or 5.8 % 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.

At December 31, 2012 and 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.

However, the Fund is exposed to interest rate risk through the Forward Agreement. The GTU Trust has an interest-bearing liability and so the Fund is exposed to risks associated with the effects of fluctuations in interest rates on its cash flows. As at December 31, 2012, GTU Trust had a bank overdraft of $5,095,256 (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 $50,953 (2011 - $45,579).

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 redemptions as units are redeemable on demand and Unitholders may redeem their units on each valuation date. Therefore in order to maintain sufficient liquidity, the Fund primarily invests in securities that are actively traded in public markets and can be readily disposed of to raise liquidity.

As at December 31, 2012 and 2011, all of the Fund's financial liabilities had maturities of less than three months.

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. At December 31, 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 periods ended December 31, 2012 and 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 at the Fund's 2012 taxation year end, there were non-capital losses of $1,787,624 and capital losses of $1,024,760 for income tax purposes.

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
As at December 31, 2012	$8.82	$8.80
As at December 31, 2011	$9.37	$9.35

Global Advantaged Telecom & 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.

HARVEST PORTFOLIOS GROUP