

December 31, 2009

TSX symbol: HBB.UN
HBB.WT

Investment Objectives

The investment objectives are to provide Unitholders with monthly distributions and maximize total return by investing in an actively managed portfolio comprised primarily of Banking Issuers, Other Financial Issuers and Real Estate Issuers.

Fund Facts

Sub Advisor	Avenue Investment Management
Assets	\$26 million
Market Price	\$11.48
Net Asset Value	\$12.10
Current Yield	7.30%
Distribution	7 cents per unit monthly

Top 10 Holdings

Artis REIT	6.47%	Real Estate
Manulife Financial 4.48% 2026	6.24%	Banks&Financials
First Capital Realty	5.95%	Real Estate
Killam Properties Inc.	5.25%	Real Estate
Great West LifeCo 7.127% 2068	5.13%	Banks&Financials
Chartwell Seniors REIT	4.57%	Real Estate
Innvest REIT	3.86%	Real Estate
Brookfield Properties	3.09%	Real Estate
Callaway REIT	3.08%	Real Estate
Cominar REIT	3.06%	Real Estate
Total	46.70%	

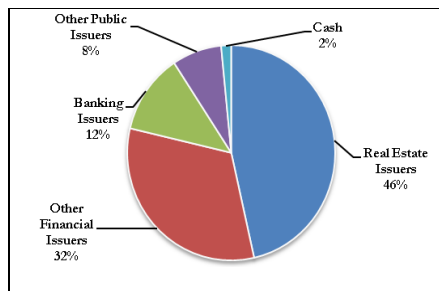
Mutual Fund Conversion Date:
October 18, 2011

Warrant Exercise Date:
April 15, 2011

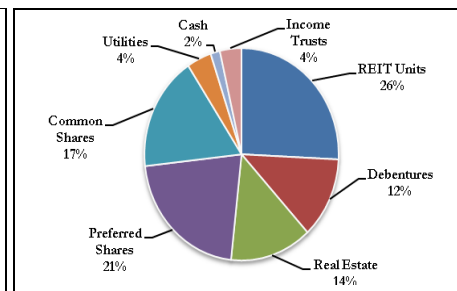
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Sector Allocation Mix (%)



Investment Allocation Mix (%)



Commentary:

During the fourth quarter of 2009, Avenue Investment Management focused on effectively allocating the initial capital of Harvest Banks and Buildings Income Fund to implement the stated strategy and objectives.

During the time of initial investing, yields on many REITs and Utilities were available above the fund's mandate of a 7% distribution. As well, Canadian banks continued to show strong profitability that met or exceeded the street's earnings estimates for the quarter. This helped to provide a strong bid to the banking sector.

We continue to believe that the financial and real estate sectors have balance sheets that are notably healthy. Strong capital ratios and the ability to raise capital will allow these sectors to grow through acquisitions in the near term. In our view, the outlook for dividend increases in the banking sector in late 2010 and early 2011 remains favorable.

As the Canadian economy is tentatively showing signs of emerging from recession and high unemployment, coupled with global overcapacity in the manufacturing base, we believe interest rates will remain low for the foreseeable future. The Bank of Canada's stated commitment to keep short-term interest rates low for the first half of 2010 and a relatively strong Canadian dollar should also inhibit interest rates from climbing substantially higher.

The fund will continue to stay invested and look for opportunities in the banking other financial and real estate sectors while paying a steady monthly distribution.

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