PRESERVATION • TRANSPARENCY • INCOME

GTU PORTFOLIO TRUST

2011 Interim Management Report of Fund Performance
2011 Interim Financial Statements
(Unaudited)

GTU Portfolio Trust

CORPORATE OVERVIEW

HARVEST Portfolios Group Inc. ("Harvest") is a Canadian Asset Management company focused on unique and long term 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 three main guidelines:

1. Clear and sound investment mandates
2. Transparent portfolio structures and holdings
3. Steady and consistent income.

INVESTMENT PRODUCT

The investment objectives of the GTU Portfolio Trust (the "Fund") are to provide Unitholders with exposure to actively managed portfolio comprised primarily of Equity Securities of Global Telecom and Global Utilities. The strategy is to provide 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.

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.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

The semi-annual management report of fund performance contains financial highlights for the Fund. For your reference, the semi-annual unaudited financial statements of the Fund are attached to the semi-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 866 998 8298; by writing to us at HARVEST Portfolios Group Inc., 710 Dorval Drive, Suite 200, Oakville, Ontario, L6K 3V7; 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:

i. to provide Unitholders with tax advantaged monthly distributions; and

ii. to provide Unitholders with long-term capital preservation while reducing volatility.

The Fund has been created to provide investors with tax-advantaged income and capital appreciation by providing exposure to an actively managed portfolio comprised primarily of Equity Securities of Global Telecom Issuers and Global Utilities Issuers.

The Manager and Investment Manager believe that the businesses of the Global Telecom Issuers generally possess one or more of the following characteristics:

1) Attractive cash flows derived from a consistent and steady earnings and dividends stream from long term contracts for services essential to society;
2) Favourable capital growth prospects especially from rapidly growing emerging market demand for mobile and broadband communication and energy and materials;
3) Market stability due to the established and monopolistic-like competitive advantages and high barriers of entry that have contributed to share price stability from comparatively high dividend yields; and
4) Reduced exposure to inflation resulting from the ability to generally flow through cost and price increases.

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 its last completed financial period that affected the overall level of risk of the Fund.

RESULTS OF OPERATIONS

Investing globally presented many challenges in Q2 with a number of issues ranging from the restructuring of Greek Debt, to China's attempts at lowering inflation by raising interest rates, to the growing debate over US debt ceiling limits. These issues create uncertainty in the minds of investors and have led to much more volatility in World Markets with a more recent focus on Macro European economic issues.

This was the first full quarter for the Fund and we continue to believe that the Telecom and Utilities sectors offer some of the best values globally. These companies continue to generate consistent and steady earnings due to their monopolistic-like advantages and high barriers to entry in their specific markets. The Telecommunications sector has some of the highest yields and offer good capital gains potential as volatility settles down and investors recognize the inherent strength these organizations have.

We believe the present low investment sentiment has created some very compelling values and remain fully committed to the long term investment objectives of the fund. As of the end of Q2, the Fund was over weighted in the global telecommunication sector with a view to taking advantage of good values in solid businesses as the Investment climate becomes more positive.

CHANGES IN FINANCIAL POSITION

The Fund commenced operations on March 23, 2011 with issuance of 2.4 million units at $12.00 per unit, for total proceeds of $29 million. On April 6, 2011 an over-allotment option was exercised for an additional 84 thousand units at a price of $12.02 per unit for additional gross proceeds of $1 million.

As at June 30, 2011, the Fund had an increase from operations of $566 thousand, including market appreciation, income and expenses, before deduction due to redemptions paid of $607 thousand.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

RECENT DEVELOPEMENTS

There are no other recent developments to report.

RELATED PARTY TRANSACTIONS

There were no related party transactions during the reporting period, except for management fees paid to Harvest.

MANAGEMENT AND SERVICE FEES

The Fund pays its manager, Harvest Portfolios group ("Harvest"), a management fee calculated daily and paid monthly in arrears, based on an annual rate of 1.00% 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; independent directors of the Manager and other administrative expenses and costs incurred in connection with the Fund's continuous public offering and other obligations. These expenses were $NIL for the period since commencement of operations March 23, 2011 to June 30, 2011.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

In January 2011, the Canadian Accounting Standards Board ("AcSB") amended their mandatory requirement for all Canadian publicly accountable enterprises to prepare their financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), permitting investment companies, which includes mutual funds, to defer the adoption of IFRS to fiscal years beginning on or after January 1, 2013.

The AcSB has deferred the mandatory IFRS adoption date to coincide with a new consolidation standard for investment companies that the IASB is scheduled to publish in the first quarter of 2012. Under the current IFRS guidance, investment companies are required to consolidate their controlled investments. The IASB has announced that they will propose that investment companies be exempted from consolidating their controlled investments and account for them at fair value. Canadian GAAP permits investment companies to fair value their investments regardless of whether those investments are controlled.

The Fund will adopt the IFRS on January 1, 2013. The Fund expects to report its financial results for the six month period ended June 30, 2013 prepared on an IFRS basis. The Fund will also provide comparative data on an IFRS basis, including an opening balance sheet as at January 1, 2013. Further revisions by the AcSB to the IFRS adoption date for investment companies are possible.

The Manager has not identified any changes that will impact NAV per unit as a result of the changeover to IFRS. 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.

LOAN FACILITY

The Fund has established a revolving margin loan facility with a Canadian chartered bank. The amount of the loan is not to exceed 25 per cent of total net asset value. The Fund has the option of borrowing at 1 per cent annual rate of interest, which is calculated daily, payable monthly and is included in "Interest expense" on the Statement of Operations. The amount drawn on the loan facility was $5.774 million at June 30, 2011. There were no standby fees applicable as the Fund is utilizing the full amount of the facility.

For the period from commencement of operations March 23 to June 30, 2011, the Fund recorded interest expense of $33 thousand.

The Loan function is to borrow for the purpose of making investments in accordance with its investment objectives and restrictions, and to pledge its assets to secure the borrowings.

GTU Portfolio Trust

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 since commencement of operations March 23, 2011 to June 30, 2011.

THE FUND'S NET ASSETS PER UNIT[1]

THE FUND'S NET ASSETS PER UNIT[1]	2011
Net assets - beginning of period	$ 12.00
Increase / (decrease) from operations	
Total revenue	0.44
Total expenses	(0.07)
Realized gains (losses) for the period	0.08
Unrealized gains (losses) for the period	(0.22)
Total increase from operations[2]	0.23
Net assets - end of period[2]	$ 12.23

RATIOS AND SUPPLEMENTAL DATA

RATIOS AND SUPPLEMENTAL DATA	2011
Total net asset value (000's)	$ 29,982
Number of units outstanding (000's)	2,450
Management expense ratio[3]	1.96%
Management expense ratio before waivers or absorptions[3]	1.96%
Trading expense ratio[4]	0.30%
Portfolio turnover rate[5]	0.07%
Net asset value per unit[1]	$ 12.24

Explanatory Notes:

1. This information is derived from the Fund's unaudited financial statements as at June 30, 2011. The Net Assets per unit presented in the financial statements differs from the Net Asset Value calculated for weekly Net Asset Value purposes. The difference is primarily a result of investments being valued at bid prices for financial statement purposes and closing prices for weekly Net Asset Value 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. 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 NAV during the period

4. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average NAV during the period.

5. The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

GTU Portfolio Trust

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

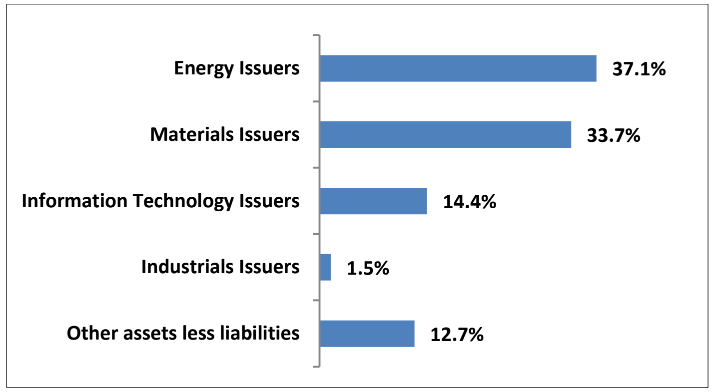
The Portfolio by category chart below provides a portfolio breakdown based on the total transactional net asset value of the Fund's portfolio holdings. A detailed breakdown of the Fund's holdings is available in the ''Statement of Investments'' section of the Fund's semi-annual unaudited financial statements.

Top 25 holdings	% of Net Asset Value
Telefonica SA	5.9
Manitoba Telecom Services Inc.	5.2
Bell Aliant, Inc.	5.1
Telecom Corporation of New Zealand Limited	4.9
Vivendi Universal SA	4.5
Cellcom Israel Ltd.	4.0
Partner Communications Company Ltd. ADR	3.6
AT&T Inc.	3.5
Telstra Corporation Limited	3.5
France Telecom SA	3.4
CenturyTel, Inc.	3.3
Verizon Communications Inc.	3.2
Endesa, SA	3.2
Alaska Communications Systems Group Inc.	2.9
Gas Natural SDG SA	2.7
Drax Group PLC	2.6
Frontier Communications Corporation	2.6
Integrys Energy Group, Inc.	2.5
Iberdrola SA	2.4
National Grid PLC	2.4
United Utilities Group PLC	2.3
Ameren Corp.	2.3
Belgacom SA	2.3
Electricidade de Portugal SA	2.3
E.ON AG	2.3

This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund. Quarterly updates of the Fund's investment portfolio are available from HARVEST Portfolios Group Inc. at www.harvestportfolios.com.

SECTOR ALLOCATION

Total Net Assets (100%)



GTU PORTFOLIO TRUST

2011 Interim Financial Statements
(Unaudited)

Notice to Reader:

These interim financial statements and related notes for the six month period ended June 30, 2011 have been prepared by Management of Harvest Portfolios Group Inc. The auditors of the Fund have not audited these interim financial statements.

GTU Portfolio Trust

STATEMENT OF FINANCIAL POSITION (unaudited)

AS AT June 30, 2011

In thousands ($000's), except per unit figures		
Assets		
Investments, at fair value (Cost - $36,192)	$	35,734
Cash		-
Dividends and interest receivable		308
		36,042
Liabilities		
Loan Payable (Note 8)		5,774
Redemption payable		250
Interest payable		11
Forward fee payable		52
		6,087
Net assets representing unitholders' equity	**$**	**29,955**
Unitholders' equity (Note 3)		
Unitholders' capital		29,389
Retained earnings		566
Unitholders' equity	**$**	**29,955**
Number of units outstanding		**2,450**
Net assets per unit	**$**	**12.23**

STATEMENT OF OPERATIONS (unaudited)

FOR THE PERIOD FROM COMMENCEMENT OF OPERATIONS MARCH 23 to JUNE 30, 2011

In thousands ($000's), except per unit figures		
Investment income		
Dividends	$	1,270
Less: Foreign withholding taxes		(153)
		1,117
Expenses (Note 4)		
Management fees		93
Audit fees		11
Custodian fees and bank charges		3
Interest expense		33
Filing fees		3
Forward fee expense		52
		195
Net investment income		**922**
Realized gain /(loss) on sale of investments		25
Transaction costs)		(90)
Net realized gain on foreign exchange		171
Decrease in unrealized appreciation (depreciation) of foreign exchange		(4)
Unrealized appreciation/ (depreciation) of investments		(458)
Net gain (loss) on investments		**(356)**
Increase/ (decrease) in net assets from operations	**$**	**566**
Increase/ (decrease) in net assets from operations per unit	**$**	**0.23**

The accompanying notes are an integral part of the financial statements

STATEMENT OF CHANGES IN FINANCIAL POSITION (unaudited)

FOR THE PERIOD FROM COMMENCEMENT OF OPERATIONS MARCH 23 to JUNE 30, 2011

In thousands ($000's), except per unit figures		
Net assets, beginning of period	**$**	-
Increase /(decrease) in net assets from operations		566
Unitholder transactions		
Proceeds from issue of units		30,059
Cost of units redeemed		(670)
Net unitholder transactions		**29,389**
Net assets , end of period	**$**	**29,955**

STATEMENT OF CASH FLOWS (unaudited)

FOR THE PERIOD FROM COMMENCEMENT OF OPERATIONS MARCH 23 to JUNE 30, 2011

In thousands ($000's), except per unit figures		
Operating Activities		
Increase /(decrease) in net assets from operations	**$**	**566**
Add (deduct) items not affecting cash:		
Realized gain /(loss) on sale of investments		(25)
Unrealized appreciation of investments		458
Transaction costs		90
Proceeds from sale of investments		25
Purchases of investments		(36,281)
Total operating activities		**(35,167)**
Net change in non-cash assets and liabilities		**(246)**
Financing Activities		
Proceeds from units issued		30,059
Cost of units redeemed		(420)
Total financing activities		**29,639**
Net increase / (decrease) in cash and cash equivalents during the period		**(5,774)**
Cash and cash equivalents, beginning of period		-
Cash and cash equivalents, end of period	**$**	**(5,774)**

Supplemental disclosure of cash flow information

Amount of interest paid during the period - included in net investment income	**$**	**33**

The accompanying notes are an integral part of the financial statements

GTU Portfolio Trust

STATEMENT OF INVESTMENTS (unaudited)

AS AT JUNE 30, 2011

Number of Shares	Security	Average Cost ($000's)	Fair Value ($000's)	% of Net Assets
	EQUITY			
	Consumer Discretionary Issuers (4.5%)			
50,000	Vivendi Universal SA	1,367	1,342	4.5
	Telecommunications Services Issuers (70.9%)			
100,000	Alaska Communications Systems Group Inc.	1,069	855	2.9
35,000	AT&T Inc.	989	1,060	3.5
20,0000	Belgacom SA	741	688	2.3
53,000	Bell Aliant, Inc.	1,426	1,521	5.1
1,000,000	Cable & Wireless Communications PLC	724	627	2.1
850,000	Cable & Wireless Worldwide	725	606	2.0
45,000	Cellcom Israel Ltd.	1,435	1,203	4.0
25,000	CenturyTel, Inc.	994	975	3.3
35,000	Deutsche Telekom AG	539	528	1.8
50,000	France Telecom SA	1,084	1,026	3.4
100,000	Frontier Communications Corporation	794	777	2.6
35,000	Koninklijke (Royal) KPN NV	571	491	1.6
48,000	Manitoba Telecom Services Inc.	1,431	1,566	5.2
75,000	Partner Communications Company Ltd. ADR	1,375	1,080	3.6
70,000	Portugal Telecom SGPS, SA	795	669	2.2
25,000	SK Telecom Co., Ltd. ADR	444	451	1.5
750,000	Telecom Corporation of New Zealand Limited	1,093	1,462	4.9
300,000	Telecom Italia SPA	449	401	1.3
75,000	Telefonica SA	1,850	1,769	5.9
25,000	Telefonos de Mexico SA de CV Series L ADR	430	398	1.3
45,000	Telekom Austria AG	638	556	1.9
75,000	Teliasonera AB	579	532	1.8
350,000	Telstra Corporation Limited	953	1,045	3.5
27,000	Verizon Communications Inc.	987	970	3.2
		22,115	21,256	70.9
	Utility Issuers (43.9%)			
25,000	Ameren Corp.	675	695	2.3
100,000	Drax Group PLC	603	780	2.6
35,000	Duke Energy Corporation	612	635	2.1
25,000	E.ON AG	736	685	2.3
200,000	Electricidade de Portugal SA	748	685	2.3
30,000	Endesa, SA	898	964	3.2
100,000	Enel SPA	599	628	2.1
15,000	First Energy Corp.	535	639	2.1
40,000	Gas Natural SDG SA	735	807	2.7
15,000	GDF Suez	578	530	1.8
85,000	Iberdrola SA	719	730	2.4
15,000	Integrys Energy Group, Inc.	731	750	2.5
75,000	National Grid PLC	696	712	2.4
30,000	Pepco Holdings, Inc.	538	568	1.9
25,000	PPL Corp.	602	671	2.3
12,000	RWE AG	741	641	2.1
30,000	Scottish and Southern Energy PLC	580	648	2.2
150,000	Terna SPA	691	672	2.3
75,000	United Utilities Group PLC	693	696	2.3
		12,710	13,136	43.9
	Total investments (119.3%)	**36,192**	**35,734**	119.3
	Liabilities less other assets (-19.3%)		**(5,779)**	(19.3)
	Net Assets (100.0%)		**$29,955**	**100.0**

NOTES TO STATEMENT OF INVESTMENTS
(unaudited)

AS AT JUNE 30, 2011
(In thousands ($000's), except per unit figures)

Management of Financial Instrument Risk

Investment Objectives
The undertaking of the Fund is to own a portfolio of securities and to derive income and capital gains from these securities and maximize total return for Unitholders.

The Fund's investment objectives are:

i. to provide Unitholders with monthly distributions and
ii. to maximize total return for Unitholders while reducing volatility

Other price risk
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.

As at June 30, 2011, 100% of the Fund'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 $1.3 million or 4.3% of Net Assets. In practice, the actual trading results may differ and the difference could be material.

Currency risk
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 table below summarizes the Fund`s exposure to currency risk as at June 30, 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).

Currency	Currency exposure ($000's)*	As a % of net assets (%)
Euro	13,917	46.6
U.S. Dollar	11,895	39.71
Pound Sterling	4,159	13.88
New Zealand Dollar	1,462	4.88
Australian Dollar	1,045	3.49
Swedish Krona	532	1.78

*In Canadian dollars

As at June 30, 2011, 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 $1,605 or 5.5% of total net assets. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Interest rate risk
A Fund that invests in fixed income securities, such as bonds and money market instruments, is sensitive to changes in interest rates. In general, when interest rates are falling, the value of these investments rise. Moreover, fixed income securities with longer terms to maturity are usually more sensitive to changes in interest rates.

At June 30, 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.

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 primarily invests in securities that are actively traded in public markets and can be readily disposed of to raise liquidity.

At June 30, 2011, all of the Funds 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 has exposure to credit risk in its trading of listed securities. The Fund minimizes the concentration of credit risk by trading with a large number of brokers and counterparties on recognized and reputable exchanges. The risk of default is considered minimal as all transactions are settled and paid for upon delivery using approved brokers.

NOTES TO FINANCIAL STATEMENTS (unaudited)

AS AT JUNE 30, 2011
(In thousands ($000's), except per unit figures)

1. ORGANIZATION

GTU Portfolio Trust (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 commenced operations with gross proceeds of $29,033,160 at $12.00 per Unit for 2,419,430 Units. On April 6, 2011, an over-allotment option was exercised for an additional gross proceeds of $1,026,037 at a price of $12.00 per Trust Unit for 84,053 additional Trust Units.

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.

Financial instruments

The Fund's financial instruments include cash, investments, receivable for securities issued, receivable for investments sold, dividends and interest receivable, accrued management and advisory fees, accrued expenses, payable for securities redeemed, payable for distributions, payable for investments purchased, and payable for the Loan facility and relevant interest charges. Investments are fair valued based on the policies described below.

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. 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, 2011, there were no securities that required pricing using assumptions.

Cost of investments

The cost of investments represents the amount paid, net of transactions costs, for each security, and is determined on an average cost basis.

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. Cash and cash equivalents are held for trading and carried at fair market value.

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 assets are designated as loans and receivables and recorded at cost or amortized cost. Similarly, amounts due to brokers, accrued expenses and other liabilities are designated as other financial liabilities and reported at cost or amortized cost, which approximates fair value.

Transaction costs

Transaction costs, such as brokerage commissions, incurred on the purchase and sale of securities by the Fund 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. Realized gains/(losses) from the sale of investments and unrealized appreciation/(depreciation) of investments are calculated on an average cost basis.

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 investment 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 Statement of Operations in ''Realized gain (loss) on sale of investments'' and ''Unrealized appreciation (depreciation) of investments'', respectively. Realized

NOTES TO FINANCIAL STATEMENTS (unaudited)

AS AT JUNE 30, 2011
(In thousands ($000's), except per unit figures)

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)", respectively.

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 ("NAVP") will be calculated as of 4:00 p.m. (Toronto time) or such other time as the Manager or its agent deem appropriate (the valuation time) every business day (valuation date). A valuation date is each day on which the Toronto Stock Exchange is open for business.

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 liability that are not based on observable market data. Additional quantitative disclosures are required for Level 3 securities.

There were no Level 3 securities held by the Fund as at June 30, 2011. There were no transfers between Level 1 and Level 2 for the period ended June 30, 2011.

Securities Classification:

June 30, 2011	Level 1	Level 2	Level 3	Totals
Investment In Securities ($000's)				
Assets at Fair Value				
EQUITIES				
Common Stock	24,581	-	-	24,581
Common Stock Units	9,224	-	-	9,224
Depository Receipts	1,929	-	-	1,929
TOTAL INVESTMENTS IN SECURITIES	35,734	-	-	35,734

3. UNITHOLDERS' EQUITY

The authorized capital of the Fund consists of an unlimited number of transferable, Trust Units of one class, each of which represents an equal, undivided interest in the net assets of the Fund. Except as provided in the Declaration of Trust, all Trust Units have equal rights and privileges. Each whole Trust 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 following units were issued and redeemed during the periods indicated:

	Units outstanding	Unitholders' capital
Initial issuance March 23, 2011	2,503	30,059
Redemptions	(54)	(670)
Total outstanding as at June 30, 2011	2,449	29,389

4. 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'') 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 Manager is entitled to a fee of 1.00 per cent of net assets payable monthly. Management fees are accrued daily and paid monthly to the Manager.

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 and compliance with applicable laws, regulations and policies.

5. 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, 2011 amounted to $NIL.

(In thousands ($000's), except per unit figures)

6. 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 net income and net realized capital gains during the year which are not paid or payable to unitholders during the year. 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.

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

Harmonized sales tax
Effective July 1, 2010, goods and services tax ("GST") was replaced by the harmonized sales tax ("HST") in certain provinces and is imposed at higher rates than the GST. Since the applicable HST is being paid by the Fund, it has resulted in an overall increase in expenses incurred by the Fund since the effective date of implementation.

7. 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 ($):	Net asset value ($)	Net asset ($)
As at June 30, 2010	12.24	12.23

8. LOAN FACILITY

The Fund has established a revolving margin loan facility with a Canadian chartered bank. The amount of the loan is not to exceed 25 per cent of total net asset value. The Fund has the option of borrowing at 1 per cent annual rate of interest, which is calculated daily, payable monthly and is included in "Interest expense" on the Statement of Operations. The amount drawn on the loan facility was $5,774 at June 30, 2011. There were no standby fees applicable as the Fund is utilizing the full amount of the facility.

For the period from commencement of operations March 23 to June 30, 2011, the Fund recorded interest expense of $33.

The Loan function is to borrow for the purpose of making investments in accordance with its investment objectives and restrictions, and to pledge its assets to secure the borrowings.

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Fund may invest and the risks detailed from time to time in the Fund's simplified prospectus or offering memorandum. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the Fund does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

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