



Global Advantaged Telecom & Utilities Income Fund

Interim Management Report of Fund Performance

June 30, 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

CORPORATE OVERVIEW

Harvest Portfolios Group Inc. (“Harvest”) is a Canadian Investment Manager focused on unique income generating investment products. Harvest was founded by long term members of the investment management industry and is focused on developing investment products that follow the investment philosophy of:

1. Clear investment objectives
2. Transparency
3. Income generation

Harvest’s mandate is to develop investment products that are clear in their mandate and easy for our investors to understand. We strive to be transparent, so that our investors can open their annual report and know exactly what they own. Our funds are also invested to provide investors with consistent monthly or quarterly income; therefore, we seek to invest our fund portfolios in well managed companies that have a history of steady cash flow and pay dividends or distributions.

INVESTMENT PRODUCT

The Global Advantaged Telecom and Utilities Income Fund (the “Fund”) has been created to provide investors with exposure to an actively managed portfolio comprised primarily of Equity Securities of Global Telecom Issuers and Global Utilities Issuers. The Fund obtains exposure through a Forward Agreement to a portfolio comprised primarily of equity securities of Global Telecom Issuers and Global Utilities Issuers (the GTU Portfolio Trust or the “GTU Trust”).

Global Advantaged Telecom & Utilities Income Fund

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

The management report of fund performance contains financial highlights for the Fund. For your reference, the unaudited interim financial statements of the Fund are attached to the interim management report of fund performance. You may obtain additional copies of these documents at your request, and at no cost, by calling toll free at 1(866) 998-8298; by writing to us at Harvest Portfolios Group Inc., 710 Dorval Drive, Suite 209, Oakville, Ontario, L6K 3V7; or by visiting our website at www.harvestportfolios.com; or on SEDAR at www.sedar.com.

Unitholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

INVESTMENT OBJECTIVES AND STRATEGY

The Fund's investment objectives are to provide unitholders with:

- (i) tax-advantaged monthly distributions; and
- (ii) capital appreciation.

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

The Fund's manager, Harvest Portfolios Group Inc. ("Harvest"), has retained Avenue Investment Management Inc. ("Avenue") to provide investment management services to the Fund.

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

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

RISK

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

RESULTS OF OPERATIONS

During the period ended June 30, 2012 the Global Advantaged Telecom and Utilities Income Fund returned 0.29%. This compares with a return of 0.46% for the blended index comprised of a 50% weighting of the Morgan Stanley Composite Index (MCSI) for Utilities and a 50% weighting of the MCSI for Telecom. Over the most recent period, fears of a global recession due to a mismanaged European debt crisis and uncertainty over a China slow-down remain of primary concern. Europe continues to come under pressure with overall unemployment near 12%, rising Euro zone borrowing costs and Euro member political uncertainty.

Though the Fund was negatively impacted by the Southern European Telecom exposure, this was offset by the positive returns from the US, Canadian, German and UK Utilities and Telecom sectors. We believe that yield is an important share of total equity returns in a deleveraging cycle and that free cash flow yield is the best measure to value stocks. European stocks have the most attractive valuations trading at 10-19% of free cash yields and 6-11 times earnings.

Global Advantaged Telecom & Utilities Income Fund

CHANGES IN FINANCIAL POSITION

Net assets of the Fund decreased by 6.9% or \$1,750,432, during the period, from \$25,337,392 at December 31, 2011 to \$23,586,960 at June 30, 2012. The change in net assets is attributed to an increase from investment operations of \$85,923 due to net realized gains of \$456.870, which were reduced by net investment loss of \$316,175 and market depreciation of \$54,772. The Fund also paid distributions of \$963,698 or \$0.36 per unit (2011 - \$0.36) or \$0.06 per unit per month

The Fund renewed its normal course issuer bid programme for the period from May 28, 2012 to May 27, 2013, which allows the Fund to purchase up to 260,854 listed trust units and warrants of the Fund for cancellation by way of a normal course issuer bid through the facilities of the Toronto Stock Exchange.

During the period ended June 30, 2012, 103,916 units were purchased for cancellation for \$872,657.

RECENT DEVELOPMENTS

There are no recent developments to report.

RELATED PARTY TRANSACTIONS

There were no related party transactions during the reporting period, except for management fees and other expense reimbursements paid to Harvest, as noted below in Management and Other Fees.

MANAGEMENT AND OTHER FEES

The Fund pays its manager, Harvest, a management fee calculated based on the average net asset value and paid monthly in arrears, based on an annual rate of 0.25% plus HST, of the net asset value of the Fund.

At its sole discretion, the Manager may waive management fees or absorb expenses of the Fund. The management expense ratios of the Fund with and without the waivers and absorptions are reported in the Ratios and Supplemental Data table below.

The Manager 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 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 is 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; and other administrative expenses and costs incurred in connection with the Fund's continuous public offering and other obligations. These expenses were \$42,913 for the period ended June 30, 2012 and are included in the unitholder reporting costs on the Statement of Operations in the Unaudited Interim Financial Statements.

Global Advantaged Telecom & Utilities Income Fund

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

In May 2011, the IASB issued IFRS 13 Fair Value Measurement, which defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosure about fair value measurements. It only applies when other IFRSs require or permit fair value measurement. If an asset or a liability measured at fair value has a bid price and an ask price, it requires valuation to be based on a price within the bid-ask spread that is most representative of fair value. It allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread. This may result in elimination of the differences between the net assets per series unit and NAV per series unit at the financial statements reporting dates.

Based on management’s current assessment of the differences between Canadian GAAP and IFRS, other than the impact due to IFRS 13 noted above, it is not expected that there would be any other impact on the Fund’s NAV per unit or net assets per unit. Management has presently determined that the impact of IFRS to the financial statements would be otherwise limited to additional note disclosures and potential modifications to presentation including unitholders’ equity. However, this determination is subject to change as we finalize our assessment of potential IFRS differences and as new standards are issued by the IASB prior to the Fund’s adoption of IFRS.

RECOMMENDATION OR REPORTS BY THE INDEPENDENT REVIEW COMMITTEE

The Independent Review Committee tabled no special reports and made no extraordinary material recommendations to management of the Fund during the period ended June 30, 2012.

Global Advantaged Telecom & Utilities Income Fund

FINANCIAL HIGHLIGHTS

The following tables present selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the periods ended June 30, 2012 and December 31, 2011. This information is derived from the Fund's unaudited interim and annual financial statements.

THE FUND'S NET ASSETS PER UNIT¹	2012	2011
Net assets - beginning of period³	\$ 9.35	\$11.17
Increase /(decrease) from operations		
Total revenue	-	-
Total expenses	(0.12)	(0.26)
Realized gains (losses) for the period	0.17	(0.57)
Unrealized losses for the period	(0.02)	(0.46)
Total increase from operations²	0.03	(1.29)
Distributions⁴		
From income (excluding dividends)	(0.36)	-
Return of capital	-	(0.54)
Total annual distributions⁴	(0.36)	(0.54)
Net assets - end of period²	\$ 9.05	\$ 9.35

RATIOS AND SUPPLEMENTAL DATA	2012	2011
Total net asset value¹	\$ 23,608,462	\$ 25,412,339
Number of units outstanding ¹	2,607,246	2,711,162
Number of warrants outstanding	-	2,723,662
Management expense ratio ⁵	2.65%	11.4%
Management expense ratio before waivers or absorptions ⁵	2.65%	11.4%
Trading expense ratio ⁶	0.00%	0.00%
Portfolio turnover rate ⁷	28.35%	19.04%
Net asset value per unit¹	\$ 9.05	\$ 9.37
Closing market price (HGL.UN)	\$ 8.86	\$ 8.90
Closing market price (HGL.WT)	-	\$ 0.01

Explanatory Notes:

1. The Net Assets per unit presented in the financial statements differs from the Net Asset Value calculated for fund pricing purposes. The difference is primarily a result of investments being valued at bid prices for financial statement purposes and closing prices for fund pricing purposes. An explanation of these differences can be found in the Notes to Financial Statements.
2. Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/(decrease) from operations is based on the weighted average number of units outstanding over the reporting period. It is not intended that the Fund's net assets per unit table act as a continuity of opening and closing net assets per unit.
3. Net assets, at the beginning of the period was \$11.17, net of agents' commissions and issuance costs of \$0.83 per unit.
4. Distributions were paid in cash.
5. Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs), including interest expense. The MER for the period without the forward fees is 1.81%
6. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
7. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a Fund's portfolio turnover rate, the greater the trading costs payable by the Fund and the greater the chance of an investor receiving taxable capital gains. There is not necessarily a relationship between a high turnover rate and the performance of a Fund. These ratios are annualized.

Global Advantaged Telecom & Utilities Income Fund

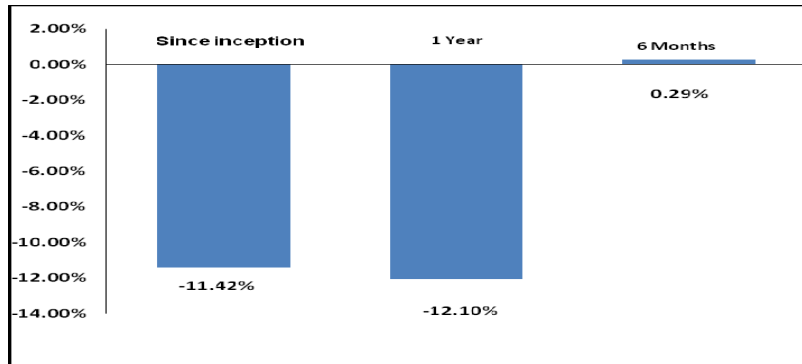
Past Performance

The performance information presented herein assumes all dividends of the Fund during the periods presented were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, or other charges that would have reduced returns or affected performance. Past performance of the Fund is not necessarily indicative of how it will perform in the future.

YEAR-BY-YEAR RETURNS

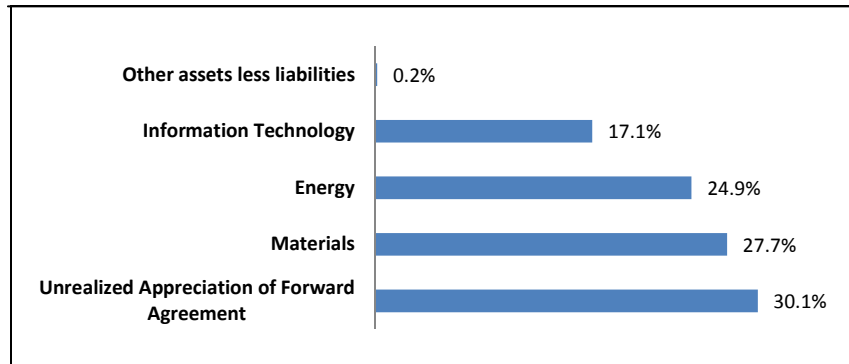
The following chart present the Fund's annual performance for each of the periods shown and illustrate how the Fund's performance varied. The chart show, in percentage terms, how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period.

Fund performance



SECTOR ALLOCATION

Total Net Assets (100.0%)



Global Advantaged Telecom & Utilities Income Fund

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 unaudited interim financial statements.

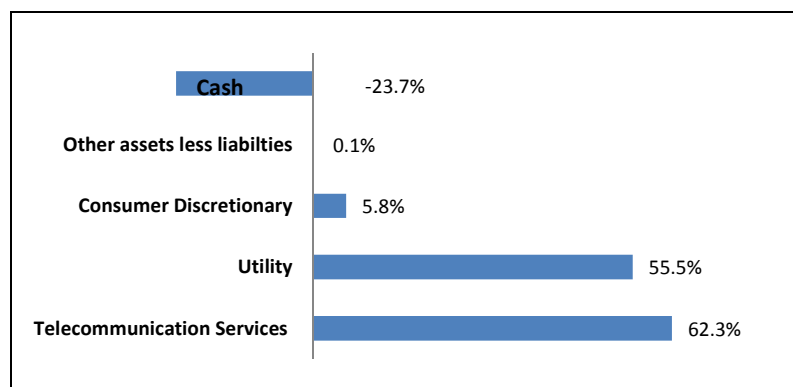
As at June 30, 2012

Top 25 Holdings	% of Net Asset Value
CGI Group Inc., Class. A Sub. Voting	9.9
Canfor Corporation	7.3
Athabasca Oil Corporation	6.7
MEG Energy Corporation	6.4
AuRico Gold Inc.	6.1
Celestica Inc., Sub. Voting	5.6
Alacer Gold Corporation	5.1
Detour Gold Corporation	4.9
Precision Drilling Corporation	4.4
Osisko Mining Corporation	4.0
BlackPearl Resources Inc.	3.4
Crew Energy Inc.	2.5
Bankers Petroleum Ltd.	1.7
Open Text Corporation	1.7
Total Common Shares Portfolio	69.7
Unrealized Appreciation on Forward Agreement	30.1
Other Assets	0.2
Total	100.0

GTU Trust

SECTOR ALLOCATION

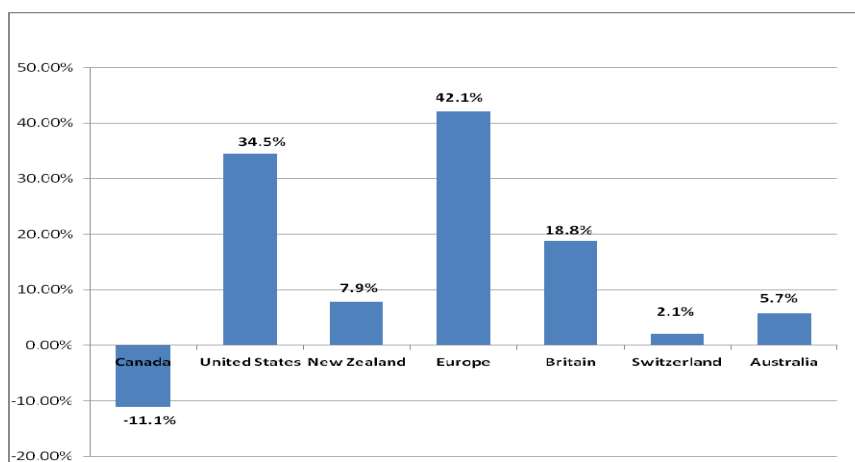
Total Net Assets (100.0%)



Global Advantaged Telecom & Utilities Income Fund

GEOGRAPHIC ALLOCATION

Total Net Assets (100.0%)



GTU Trust

As at June 30, 2012

Top 25 Holdings	% of Net Asset Value
Manitoba Telecom Services Inc.	6.8
Telecom Corporation of New Zealand Limited	6.2
Vivendi SA	5.8
Bell Aliant, Inc.	5.8
Telstra Corporation Limited	5.7
AT&T Inc.	5.4
Verizon Communications Inc.	5.2
CenturyLink, Inc.	4.3
RWE AG	4.2
Drax Group PLC	3.8
Integrus Energy Group, Inc.	3.7
Ameren Corporation.	3.6
Duke Energy Corporation	3.5
National Grid PLC	3.4
United Utilities Group PLC	3.4
FirstEnergy Corp.	3.2
PPL Corporation	3.0
BT Group PLC	2.9
France Telecom S.A.	2.9
Scottish and Southern Energy PLC	2.8
Pepco Holdings, Inc.	2.5
Belgacom SA	2.5
Vodafone Group PLC	2.4
Terna S.p.A	2.3
E.ON AG	2.3
Total	97.6

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