

*A copy of this amended and restated preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces and territories of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this amended and restated preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons authorized to sell such securities.*

*Information has been incorporated by reference in this amended and restated short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Harvest Portfolios Group Inc. from its head and registered office at 710 Dorval Drive, Suite 209, Oakville, Ontario L6K 3V7, or by calling 1-866-998-8298 and are also available electronically at [www.sedar.com](http://www.sedar.com).*

## AMENDED AND RESTATED PRELIMINARY SHORT FORM PROSPECTUS

### AMENDING AND RESTATING THE PRELIMINARY PROSPECTUS DATED FEBRUARY 25, 2015

New Issue

February 26, 2015



## Healthcare Leaders Income Fund

**\$30,300,000**  
**3,000,000 Units**

**Healthcare Leaders Income Fund** (the “**Fund**”) is a closed-end investment fund established under the laws of the Province of Ontario. This short form prospectus qualifies the distribution of 3,000,000 units (the “**Units**”) of the Fund at a price of \$10.10 per Unit (the “**Offering**”). The Units will be sold pursuant to an underwriting agreement (the “**Underwriting Agreement**”) dated February 26, 2015 among the Fund, Harvest Portfolios Group Inc. (the “**Manager**” or “**Harvest**”), Highstreet Asset Management Inc. (“**Highstreet**” or the “**Investment Manager**”) and BMO Nesbitt Burns Inc., CIBC World Markets Inc., Scotia Capital Inc., National Bank Financial Inc., Canaccord Genuity Corp., Global Securities Corporation, GMP Securities L.P., Raymond James Ltd., Desjardins Securities Inc., Dundee Securities Ltd., Industrial Alliance Securities Inc., Mackie Research Capital Corporation and Manulife Securities Incorporated (collectively, the “**Underwriters**”).

The Fund invests in a portfolio (the “**Portfolio**”) of 20 equally-weighted Equity Securities (as defined herein) of Healthcare Issuers (as defined herein) chosen from the Healthcare Leaders Investable Universe (as defined herein) that at the time of investment and immediately following each semi-annual reconstitution and rebalancing (i) have a market capitalization of at least US\$5 billion, and (ii) have options in respect of their Equity Securities listed on a recognized options exchange.

The Fund’s investment objectives are to provide holders of units (the “**Unitholders**”) with (i) the opportunity for capital appreciation; (ii) monthly cash distributions; and (iii) lower overall volatility of the Portfolio returns than would otherwise be experienced by owning Equity Securities of the Healthcare Leaders directly. In order to seek to generate additional returns, the Investment Manager (as defined herein) may sell call options each month on Equity Securities held in the Portfolio. The Investment Manager will not sell call options on more than 33% of the Equity Securities of any of the Healthcare Leaders held in the Portfolio. See “Investment Objectives.”

Harvest acts as the trustee, manager and promoter of the Fund and provides all administrative services required by the Fund. Highstreet has been retained as the investment manager for the Fund.

The outstanding Units are listed and posted for trading on the Toronto Stock Exchange (the “**TSX**”) under the trading symbol “**HHL.UN**”. The closing price for the outstanding Units on the TSX on February 25, 2015 was \$10.48 per Unit and the NAV per Unit (as defined herein) on February 25, 2015 was \$9.57. **The Fund has applied to list the additional Units offered under this short form prospectus on the TSX. The listing will be subject to the Fund fulfilling all of the requirements of the TSX.**

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**Price: \$10.10 per Unit**

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	<b>Price to the Public<sup>(1)</sup></b>	<b>Underwriters' Fee</b>	<b>Net Proceeds to the Fund<sup>(2)</sup></b>
Per Unit.....	\$10.10	\$0.404	\$9.696
Total Offering <sup>(3)</sup> .....	\$30,300,000	\$1,212,000	\$29,088,000

Notes:

- (1) The Offering Price (as defined herein) was established by negotiation between the Underwriters and the Fund. The Offering Price per Unit is equal to or exceeds the most recently calculated NAV per Unit on February 25, 2015 plus the Underwriters' fee and the per Unit expenses of the Offering payable by the Fund. The Offering Price will be not less than the most recently calculated NAV per Unit prior to the date of the final short form prospectus plus the per Unit estimated fees and expenses of the Offering.
- (2) Before deducting the expenses of this Offering (estimated at \$200,000) which, subject to a maximum of 1.5% of the gross proceeds of the Offering, will, together with the Underwriters' fees, be paid out of the proceeds of the Offering.
- (3) The Fund has granted the Underwriters an option (the "**Over-Allotment Option**"), exercisable for a period of 30 days from the closing of the Offering, to purchase up to 450,000 additional Units on the same terms as set forth above, which additional Units are qualified for sale under this short form prospectus. A purchaser who acquires Units forming part of the over-allocation position including the Over-Allotment Option acquires those Units under this short form prospectus, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the total price to the public under the Offering will be \$34,845,000, the total Underwriters' fee will be \$1,393,800 and the total net proceeds to the Fund, before expenses of the Offering, will be \$33,451,200. See "Plan of Distribution".

**There are certain risk factors associated with an investment in Units including that the Fund may not be able to meet its Investment Objectives. See "Risk Factors" for a discussion of certain factors that should be considered by prospective purchasers of Units.**

**The Fund is not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under provisions of that Act or any other legislation.**

The Underwriters, as principals, conditionally offer the Units, subject to prior sale, if, as and when issued by the Fund and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" herein, and subject to the approval of certain legal matters by Borden Ladner Gervais LLP, on behalf of the Fund and the Manager, and Blake, Cassels & Graydon LLP, on behalf of the Underwriters.

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions that stabilize or maintain the market price of the Units at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, maybe discontinued any time. The Underwriters propose to offer the Units initially at the Offering Price. After a reasonable effort has been made to sell all of the Units at the Offering Price, the Offering Price may be decreased, and further changed from time to time, to any amount not greater than the Offering Price. The compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Units is less than the gross proceeds paid by the Underwriters to the Fund. See "Plan of Distribution". The Fund has granted the Over-Allotment Option to the Underwriters on the following basis:

<b>Underwriters' Position</b>	<b>Maximum Size</b>	<b>Exercise Period</b>	<b>Exercise Price</b>
Over-Allotment Option	450,000 Units	Within 30 days of the closing of the Offering	\$10.10 per Unit

The independent review committee of the Fund, each member of which is independent of the Fund and the Manager, is of the view that the Offering achieves a fair and reasonable result for the Fund.

Subscriptions for Units will be received subject to acceptance or rejection in whole or in part, and the right is reserved to close the subscription books at any time without notice. Closing of the Offering is expected to occur on or about March 13, 2015 or such later date as the Fund and the Underwriters may agree, but in any event not later than 90 days after a receipt for the final prospectus is issued (the "**Closing Date**"). The Offering will be conducted under the book-entry only system; accordingly, a subscriber who purchases Units will receive a customer confirmation from the registered dealer from or through whom Units are purchased. CDS will record the CDS participants who hold Units on behalf of owners who have purchased or transferred Units in accordance with the book-entry only system. Certificates evidencing Units will not be issued.

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## GLOSSARY OF TERMS

In this short form prospectus, the following terms have the meanings set forth below, unless otherwise indicated. Unless otherwise indicated, all references to dollar amounts in this short form prospectus are to Canadian dollars.

**“1933 Act”** means the *United States Securities Act of 1933*, as it may be amended from time to time.

**“ADR”** means American Deposit Receipts representing securities in a foreign issuer that is traded on a U.S. stock exchange.

**“Annual Redemption Date”** means the second last Business Day of June in each year commencing in 2016.

**“at-the-money”** means a call option with a price equal to the current market price of the underlying security at the time of writing the call option as determined by the Investment Manager, provided that the determination by the Investment Manager that a call option is “at the money” shall be conclusive for all purposes herein.

**“Business Day”** means any day on which the TSX is open for trading.

**“call option”** means the right, but not the obligation, of the option holder to buy a security from the seller of the option at a specified price at any time during a specified time period or at expiry.

**“CDS”** means CDS Clearing and Depository Services Inc.

**“CDS Participants”** means participants in CDS.

**“Closing”** means the closing of the Offering on the Closing Date.

**“Closing Date”** means the date of the Closing, which is expected to be on or about March 13, 2015 or such later date as the Fund and the Underwriters may agree, but in any event not later than 90 days after a receipt for the final prospectus is issued.

**“covered call option”** means a call option entered into in circumstances where the seller of the call option owns the underlying security for the term of the option.

**“CRA”** means the Canada Revenue Agency.

**“Custodian”** means State Street Trust Company Canada, in its capacity as custodian under the Custodian Agreement.

**“Declaration of Trust”** means the declaration of trust dated November 19, 2014 as amended and restated on December 17, 2014, and as it may be further amended from time to time.

**“Earnings per Share”** means the sum of the most recently reported four fiscal quarter earnings from continuing operations, divided by the average number of shares outstanding during the quarter, as reported by Bloomberg or by another widely available source.

**“Equity Securities”** means any securities that represent an interest in an issuer which includes common shares, and securities convertible into or exchangeable for common shares including ADRs, provided that the determination by the Investment Manager and Manager that a security is an Equity Security shall be conclusive for all purposes herein.

**“Extraordinary Resolution”** means a resolution passed by the affirmative vote of at least two thirds of the votes cast, either in person or by proxy, at a meeting of Unitholders called for the purpose of considering such resolution.

**“Fund”** means Healthcare Leaders Income Fund, a closed-end investment fund established under the laws of Ontario pursuant to the Declaration of Trust.

**“Global Industry Classification Standards”** means the common global industry classification standards developed by MSCI Inc. and Standard & Poor’s.

**“Healthcare Issuer”** means an issuer whose Equity Securities are listed on a North American stock exchange, that is included in the health care sector of the Global Industry Classification Standards (or, if such industry classification system is no longer made available by MSCI Inc. and Standard & Poor’s (or, if applicable, any successor of either of these entities), any other internationally recognized industry classification system as determined by the Investment Manager and the Manager, such determination being conclusive for all purposes herein) at the time of investment and whose underlying business includes, but is not limited to, the provision of healthcare goods and services, including manufacturing and distributing healthcare products, equipment, supplies and technologies, producing and marketing of pharmaceuticals and biotechnology products, and/or engaging in research and development.

**“Healthcare Leaders”** means a Healthcare Issuer that has a market capitalization of at least US\$5 billion determined at the time of investment and has options in respect of its Equity Securities listed on a recognized options exchange.

**“Healthcare Leaders Investable Universe”** means all of the Healthcare Leaders collectively.

**“Indicative Distribution Amount”** means the indicative distribution amount of the Fund, initially \$0.70 per Unit per annum for the first 12 months of the Fund, and thereafter as determined by the Manager annually.

**“in-the-money”** means a call option with a strike price less than the current market price of the underlying security.

**“Investment Manager”** or **“Highstreet”** means the investment manager of the Fund, Highstreet Asset Management Inc.

**“Manager”** or **“Harvest”** means the manager of the Fund, Harvest Portfolios Group Inc.

**“Monthly Redemption”** means the monthly redemption of Units as described under “Redemption of Units – Monthly Redemption”.

**“Monthly Redemption Date”** means the last Business Day of each month in which Units are surrendered for a Monthly Redemption.

**“NAV per Unit”** means the NAV of the Fund divided by the number of Units of such class outstanding at the time the calculation is made.

**“Net Asset Value”** or **“NAV”** means the net asset value of the Fund on a particular date, equal to (i) the aggregate fair value of the assets of the Fund, less (ii) the aggregate fair value of the liabilities of the Fund as more particularly set forth in the Declaration of Trust.

**“NI 81-102”** means National Instrument 81-102 *Investment Funds* of the Canadian Securities Administrators, as it may be amended from time to time.

**“NI 81-107”** means National Instrument 81-107 *Independent Review Committee for Investment Funds* of the Canadian Securities Administrators, as it may be amended from time to time.

**“Offering”** means the offering of additional Units at the Offering Price pursuant to this prospectus.

**“Offering Price”** means a price of \$10.10 per Unit.

**“Option Premium”** means the purchase price of an option.

**“out-of-the-money”** means a call option with a strike price greater than the current market price of the underlying security.

**“Portfolio”** means the assets held by the Fund from time to time.

**“Portfolio Securities”** means the securities held in the Portfolio.

**“Price-to-Earnings ratio”** means the ratio of a stock’s current market price to the company’s Earnings per Share, calculated by dividing the current market price, at the time of the calculation of the ratio, by the Earnings per Share, as reported by Bloomberg or by another widely available source.

**“Redemption Payment Date”** means the date that is on or before the 15th Business Day after the Monthly Redemption Date or Annual Redemption Date, as applicable.

**“Registrar and Transfer Agent”** means Equity Financial Trust Company.

**“Return on Equity”** means the simple annual return on common equity calculated by dividing the trailing net income (losses) minus the trailing cash preferred dividends (each amount calculated by adding the most recently reported four fiscal quarters) by the average total common equity (based on the most recently reported four fiscal quarters), as reported by Bloomberg or by another widely available source.

**“SIFT Rules”** mean the provisions of the Tax Act providing for a tax on certain income distributed by a “SIFT trust”, as defined in the Tax Act.

**“strike price”** means, in relation to a call option, the price specified in the option that must be paid by the option holder to acquire the underlying security.

**“Tax Act”** means the *Income Tax Act* (Canada) and the regulations thereunder, as amended.

**“Trustee”** means initially Harvest, in its capacity as trustee under the Declaration of Trust, and thereafter such successor as may be appointed trustee in accordance with the provisions of the Declaration of Trust.

**“TSX”** means the Toronto Stock Exchange.

**“Underwriters”** means, collectively, BMO Nesbitt Burns Inc. and any underwriters that sign the Underwriting Agreement described under “Plan of Distribution”.

**“Underwriting Agreement”** means the underwriting agreement dated February 26, 2015 among the Fund, the Manager, the Investment Manager and the Underwriters.

**“Units”** means the class of units of the Fund designated as the “Units”.

**“United States”** or **“U.S.”** means the United States of America, its territories and possessions, any state thereof, and the District of Columbia.

**“Unitholders”** means holders of Units.

**“Valuation Time”** means 4:15 p.m. (Toronto time) 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.

## FORWARD LOOKING STATEMENTS

*Certain of the statements contained in this short form prospectus may be forward looking statements. The use of words such as “may,” “will,” “should,” “could,” “anticipate,” “believe,” “expect,” “intend,” “plan,” “potential,” “continue” and similar expressions have been used to identify these forward looking statements. These statements are based on the current expectations of the Fund, the Manager and the Investment Manager and involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward looking statements including, but not limited to, changes in general economic and market conditions and other risk factors that are described in this short form prospectus under “Risk Factors”. Although the forward looking statements contained in this short form prospectus are based upon assumptions that the Fund, the Manager and the Investment Manager believe to be reasonable, no assurance can be given to investors that actual results will be consistent with these forward looking statements. Potential subscribers should not place undue reliance on forward looking statements. These forward looking statements are made as of the date hereof and the Fund, the Manager and the Investment Manager assume no obligation to update or revise them to reflect new events or circumstances except as may be required by applicable law.*

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commissions or similar authorities in each of the provinces and territories of Canada are specifically incorporated by reference and form an integral part of this short form prospectus:

- (a) the annual information form (“AIF”) of the Fund dated February 13, 2015 for the period ending December 31, 2014;
- (b) the annual financial statements of the Fund, together with the accompanying report of the auditors, for the period ending December 31, 2014; and
- (c) the management report of fund performance of the Fund for the period ending December 31, 2014.

Any of the documents of the type referred to above including any material change reports (excluding confidential material change reports), press releases, annual information forms, interim and annual financial statements and related management reports of fund performance, business acquisition reports and information circulars filed by the Fund with a securities commission or similar authority in Canada after the date of this short form prospectus and prior to the termination of the Offering, will be deemed to be incorporated by reference in this short form prospectus.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not constitute a part of this short form prospectus, except as so modified or superseded. Information on any of the websites maintained by the Fund or the Manager does not constitute a part of this short form prospectus.**

## THE FUND

The Fund is an investment fund with a head and registered office located at 710 Dorval Drive, Suite 209, Oakville, Ontario L6K 3V7. The Fund was originally established under the laws of the Province of Ontario pursuant to the Declaration of Trust dated as of November 19, 2014 and amended and restated on December 17, 2014.

The Fund is subject to the provisions of NI 81-102 applicable to non-redeemable investment funds.

This short form prospectus qualifies for distribution 3,000,000 Units at a price of \$10.10 per Unit in addition to the Units issued under the Over-Allotment Option.

## DESCRIPTION OF THE BUSINESS

### Investment Objectives

The Fund’s investment objectives are to provide Unitholders with (i) the opportunity for capital appreciation; (ii) monthly cash distributions; and (iii) lower overall volatility of Portfolio returns than would otherwise be experienced by owning Equity Securities of the Healthcare Leaders directly.

The Fund invests in an equally-weighted Portfolio of Equity Securities of 20 Healthcare Issuers from the Healthcare Leaders Investable Universe that at the time of investment and immediately following each semi-annual



reconstitution and rebalancing (i) have a market capitalization of at least US\$5 billion, and (ii) have options in respect of their Equity Securities listed on a recognized options exchange.

In order to seek to generate additional returns, the Investment Manager may sell call options each month on Equity Securities held in the Portfolio. The Investment Manager will not sell call options on more than 33% of the Equity Securities of any of the Healthcare Leaders held in the Portfolio.

## **Investment Strategies**

To seek to achieve its investment objectives, the Fund invests in an equally-weighted Portfolio of Equity Securities of 20 Healthcare Issuers chosen from the Healthcare Leaders Investable Universe that at the time of investment and immediately following each semi-annual reconstitution and rebalancing (i) have a market capitalization of at least US\$5 billion, and (ii) have options in respect of their Equity Securities listed on a recognized options exchange.

The Investment Manager selects the Equity Securities for the Portfolio and will semi-annually reconstitute and rebalance the Portfolio such that the Portfolio, at the time of the initial investment and immediately following each semi-annual reconstitution and rebalancing, will have the following investment characteristics:

- Value –** An average Price-to-Earnings ratio lower than the average for the Healthcare Investable Universe; and
- Quality –** An average 5-year Return on Equity greater than the average for the Healthcare Leaders Investable Universe.

In determining the composition of the Portfolio, consideration is also given to other quantitative factors such as yield, earnings per share growth, implied volatility and option liquidity.

The Portfolio is reconstituted and rebalanced semi-annually (within 20 Business Days following the last Business Day of June and December) but may be reconstituted and rebalanced more frequently if: (i) a Healthcare Leader in the Portfolio is the subject of a merger or other fundamental corporate action that in the opinion of the Investment Manager requires the Healthcare Leader to be removed from the Portfolio; or (ii) a Healthcare Issuer's options are no longer listed on a recognized options exchange. In such circumstances, the Healthcare Leader that is removed from the Portfolio will be replaced with another Healthcare Leader from the Healthcare Leaders Investable Universe at the discretion of the Investment Manager such that the Portfolio will meet the value and quality investment characteristics described above at the time of such reconstitution and rebalancing. In the event that there are not 20 Healthcare Issuers that meet the investment criteria of the Fund, the Fund will invest in fewer than 20 Healthcare Issuers.

It is the Investment Manager's intention to purchase only ADRs for those Healthcare Leaders from the Healthcare Leaders Investable Universe that are considered to be "foreign issuers" in the U.S. and that are not listed on a Canadian stock exchange. The Investment Manager intends to purchase common shares for all other Healthcare Leaders selected for the Portfolio.

In order to seek to generate additional returns, the Investment Manager may sell call options each month on Equity Securities held in the Portfolio. The Investment Manager will not sell call options on more than 33% of the Equity Securities of any Healthcare Leader held in the Portfolio.

In order to facilitate distributions and/or pay expenses of the Fund, the Fund may sell Equity Securities at its discretion in which case the weighting of the Portfolio will be affected. To the extent that the Fund has excess cash at any time, at the Investment Manager's discretion, in consultation with the Manager, such excess cash may be invested by the Fund in Equity Securities of Healthcare Leaders in the Portfolio, generally targeting investment in Equity Securities of Healthcare Leaders in the Portfolio which have less than average weight in the Portfolio at the time. The Fund does not intend to borrow money or employ other forms of leverage.

The Fund may close out options in advance of year end to reduce the likelihood that gains distributed in any year are reversed in a subsequent year. The Fund may also sell Portfolio Securities that are in a loss position to reduce the capital gain that would otherwise be payable by the Fund by way of a special distribution (either in cash and/or Units) in a particular year where the Manager, in consultation with the Investment Manager, determines that it is in the best interests of the Fund to do so.

### **Covered Option Writing**

The Manager and the Investment Manager believe that option writing may have potential to add value and is an effective way to help lower the level of volatility for an investor and potentially improve returns. All other things being equal, higher volatility in the price of a security results in higher Option Premiums in respect of such security. The Manager believes Equity Securities of Healthcare Leaders are suited for a covered call writing strategy. Each month, covered call options will be written by the Investment Manager on not more than 33% of the Equity Securities of any Healthcare Leader held in the Portfolio. Such options will generally be at a strike price that is at-the-money but the Investment Manager may write options that are out of the money at its discretion. The proportion of the Equity Securities of each Healthcare Leader in respect of which the Investment Manager may write options may differ between Healthcare Leaders. The extent to which any of the individual Equity Securities in the Portfolio are subject to option writing and the terms of such options will vary from time to time based on the Manager's or the Investment Manager's assessment of the market.

**When a call option is written on a security in the Portfolio, the amounts that the Fund will be able to realize on the security if it is called on termination of the call option will be limited to the dividends received prior to the exercise of the call option during such period plus an amount equal to the sum of the strike price and the premium received from writing the option. In essence, the Fund will forego potential returns resulting from any price appreciation of the security underlying the option above the strike price in favour of the certainty of receiving the Option Premium. See "Investment Strategies – Covered Option Writing" and "Risk Factors – Use of Options and Other Derivative Instruments" in the AIF.**

### **Foreign Currency Hedging**

All of the securities expected to make up the Portfolio will be denominated in U.S. dollars and expected dividends and premiums from call options received will be in U.S. dollars. The Investment Manager takes currency exposure into account in managing the Portfolio and will hedge substantially all of the value of the Portfolio attributable to the Units' non-Canadian currency exposure back to the Canadian dollar at all times. It is not intended that the dividends on the Equity Securities comprising the Portfolio or option premiums realized on the call options written by the Fund will be hedged back to the Canadian dollar.

### **Portfolio Composition**

The following tables are unaudited information relating to the composition and top holdings of the Portfolio as of December 31, 2014:

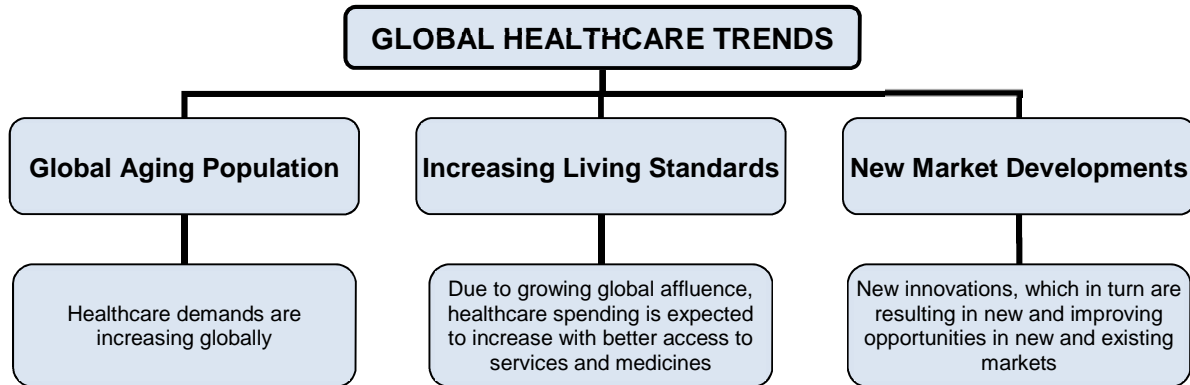
<b><u>Holdings</u></b>	<b><u>% of Net Asset Value</u></b>
Quest Diagnostics Inc.	5.2
Teva Pharmaceutical Industries Limited ADS	5.1
Smith & Nephew PLC ADS	5.1
Agilent Technologies Inc.	5.1
Becton Dickinson and Co.	5.0
Baxter International Inc.	5.0
Anthem Inc.	5.0
Johnson & Johnson	4.9
GlaxoSmithKline PLC ADS	4.9
Novartis AG ADS	4.9
Pfizer Inc.	4.9
Bristol-Myers Squibb Co.	4.9
Medtronic Inc.	4.9
St. Jude Medical Inc.	4.9
Sanofi-Aventis ADR	4.9
Merck & Co. Inc.	4.9
AbbVie Inc.	4.8
Eli Lilly and Co.	4.8
Amgen Inc.	4.8
Gilead Sciences Inc.	4.7
Cash and cash equivalent	1.3
<b>Total</b>	<b>100.0</b>

## OVERVIEW OF THE SECTOR THAT THE FUND INVESTS IN

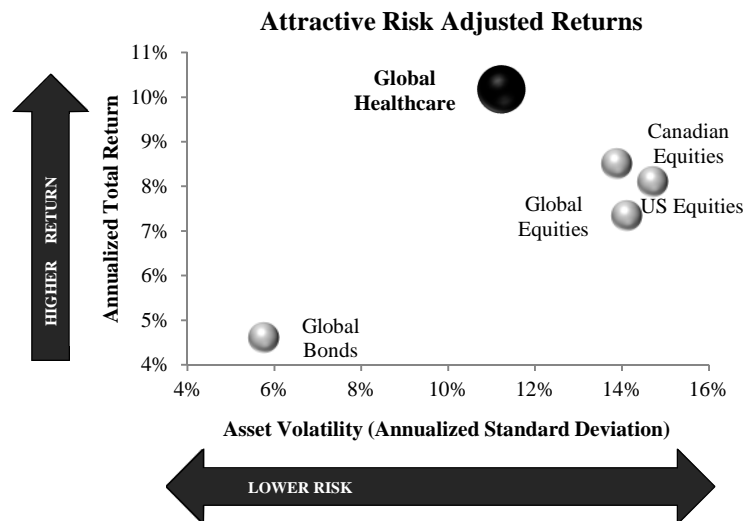
The Canadian universe of Healthcare Issuers is fairly limited, therefore the Fund will provide Canadian investors seeking exposure to the healthcare sector the opportunity to diversify.

The Manager believes that the global healthcare sector offers investors an opportunity to invest in sub-sectors of the healthcare sector that are expected to benefit from increased demand for healthcare services as a result of i) aging populations, ii) improved living standards and iii) medical innovation.

The following is an overview of the sector in which the Fund invests:



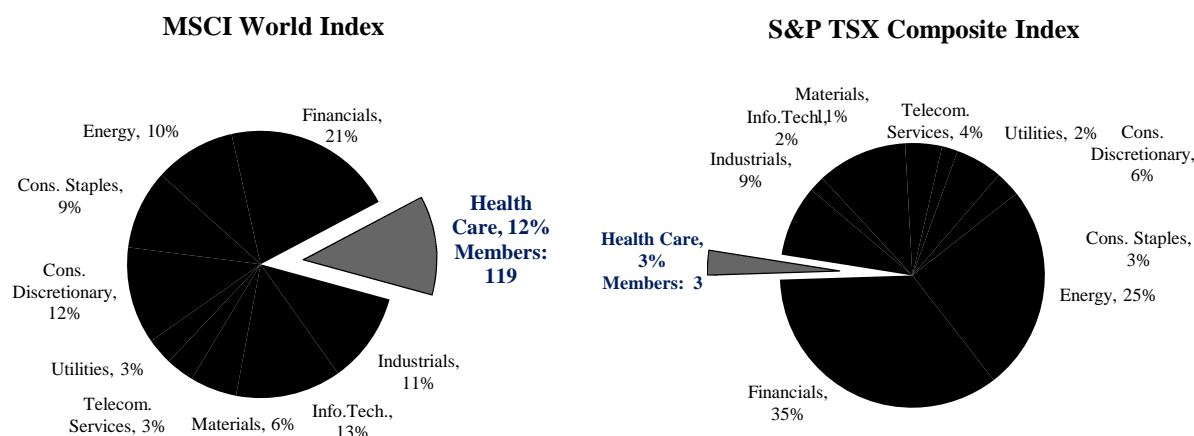
The healthcare sector has historically generated attractive risk adjusted returns compared to Canadian Equities, U.S. Equities and Global Equities and Global Bonds with the Global Healthcare sector having generated superior returns with lower volatility as highlighted in the chart.



Source: Bloomberg. Based on the 10-year period ended September 30, 2014.

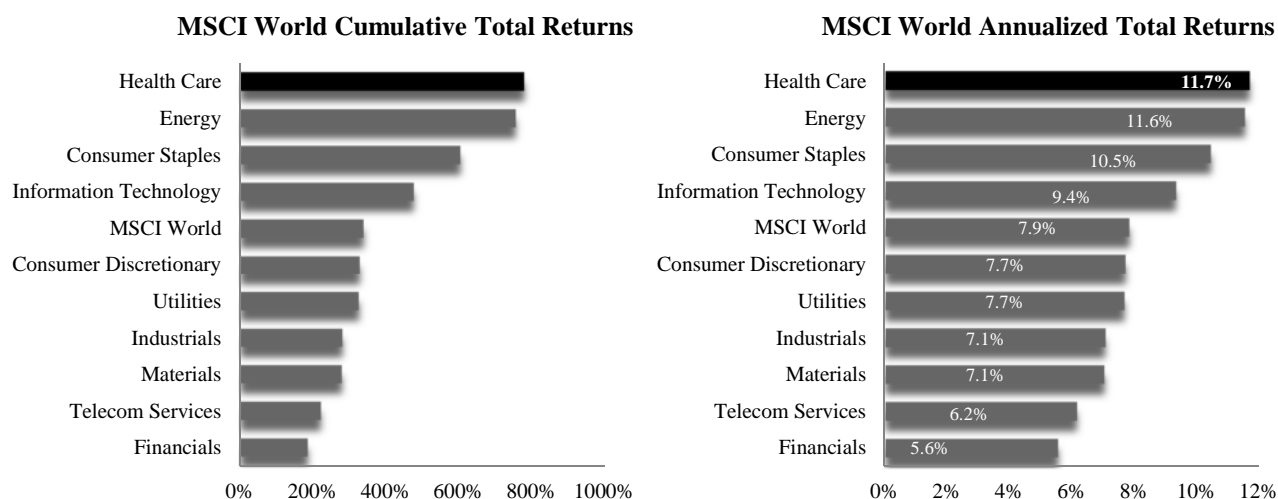
The Investment Manager believes that Healthcare Leaders offer a significant degree of diversification for Canadian equities investors seeking exposure to the healthcare sector. Canadian Healthcare Issuers are limited and

make up less than 3% of the S&P TSX Composite Index, while Healthcare Issuers currently make up 12% of the MSCI World Index.



Source: MSCI Fact Sheets, August 29, 2014, Bloomberg October 6, 2014.

The healthcare sector is considered a defensive sector as many of the products and services are considered essential. The healthcare sector has outperformed all sub-sectors of the MSCI World Index since 1995 both cumulatively and on an annualized basis.



Source: Bloomberg from January 31, 1995 to September 30, 2014.

## MANAGEMENT AND PORTFOLIO MANAGEMENT OF THE FUND

The trustee, manager and promotor of the Fund is Harvest Portfolios Group Inc. (the “**Manager**” or “**Harvest**”). Harvest is a Canadian investment fund manager that was founded by long term members of the investment management industry and is focused on developing income investment products. Harvest’s guiding principles are to seek to provide investment products that are clear and understandable, transparent in portfolio

structure and seek to generate consistent income. Harvest presently manages two mutual funds and seven closed-end funds. The head and registered office of Harvest is 710 Dorval Drive, Suite 209, Oakville, Ontario, L6K 3V7.

Harvest has retained Highstreet Asset Management Inc. (the “**Investment Manager**” or “**Highstreet**”) to act as the investment manager and the options advisor to select Equity Securities and reconstitute and rebalance the Portfolio and execute and maintain the option writing strategy of the Fund. Highstreet is an investment management firm with total assets under management, as at December 31, 2014 of approximately \$1.6 billion including a family of pooled funds and investments for separately managed accounts, pension plans and endowment funds. Highstreet’s principal office is located at 244 Pall Mall Street, Suite 350, London, Ontario, N6A 5P6 and was founded in 1998.

## **DESCRIPTION OF THE UNITS BEING DISTRIBUTED**

The following is a summary only and is subject to, and is qualified in its entirety by reference to, the detailed provisions of the Declaration of Trust.

### **General**

The beneficial interests in the net assets and net income of the Fund are reflected in the Units. The Fund is authorized to issue an unlimited number of classes of units and an unlimited number of units of each class.

Except as provided under “Non-Resident Unitholders”, all Units have equal rights and privileges. Each Unit is entitled to one vote at all meetings of Unitholders and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains, if any, and distributions upon the termination of the Fund. On the redemption of the Units, however, the Fund may in its sole discretion, designate payable to the redeeming Unitholders, as part of the redemption price, any capital gains realized by the Fund in the taxation year in which the redemption occurred. Units are issued only as fully paid and are non-assessable. Units are only issued through the book-entry only system administered by CDS as described below.

### **Units**

Registration of interests in and transfers of the Units are made only through the book-entry only system of CDS. As a result, the Fund will deliver to CDS a certificate evidencing the aggregate number of Units immediately following the closing of the Offering. Units must be purchased, transferred and surrendered for retraction only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS and the CDS Participant through which the owner holds such Units. Upon purchase of any Units, the owner will receive only the customary confirmation. References in this prospectus to a holder of Units means, unless the context otherwise requires, the owner of the beneficial interest in such Units.

Neither the Fund, the Trustee, the Custodian, the Manager, the Investment Manager, nor the Underwriters will have any liability for (i) records maintained by CDS relating to the beneficial interests in the Units or the book-entry only accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such owner’s interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Fund has the option to terminate registration of the Units through the book-entry only system in which case certificates for Units in fully registered form would be issued to beneficial owners of such securities or to their nominees.

The Fund makes monthly cash distributions payable to Unitholders of record on the last Business Day of each month and pays such cash distributions on or before the 15<sup>th</sup> day of the following month. Beginning in January 2016, the Fund will annually determine and announce the Indicative Distribution Amount for the following 12 months based upon the prevailing market conditions. The initial Indicative Distribution Amount will be \$0.0583 per Unit per month (\$0.70 per annum). As closing of the Offering will occur after the record date for the February monthly distribution, purchasers of Units pursuant to the Offering will not receive the February monthly distribution.

The Fund provides Unitholders with the opportunity to reinvest monthly cash distributions made by the Fund in additional Units through the distribution reinvestment plan of the Fund.

## **Redemption of the Units**

### ***Annual Redemption***

Commencing in 2016, Units may be surrendered for redemption (“**Annual Redemption**”) during the period from the first Business Day of June to 5:00 p.m. (Toronto time) on the tenth Business Day prior to the second last Business Day in June (the “**Annual Redemption Notice Period**”), subject to the Fund’s right to suspend redemptions in certain circumstances. Units surrendered for redemption during the applicable Annual Redemption Notice Period will be redeemed on the second last Business Day of June (the “**Annual Redemption Date**”) and the Unitholder will receive payment on the applicable Redemption Payment Date equal to the NAV per Unit, as applicable, on the Annual Redemption Date (the “**Annual Redemption Price**”).

### ***Monthly Redemption***

Units may be surrendered for redemption at any time prior to 5:00 p.m. (Toronto time) on the tenth Business Day before the last Business Day of the applicable month (the “**Monthly Redemption Notice Period**”) by Unitholders thereof (“**Monthly Redemption**”). Upon receipt by the Fund of the redemption notice, in the manner described below, a Unitholder shall be entitled to receive a price per Unit (the “**Monthly Redemption Price**”) equal to the lesser of:

- (i) 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
- (ii) 100% of the “closing market price” on the principal market on which the Units are quoted for the trading on the Monthly Redemption Date.

**Notwithstanding the Monthly Redemption Price formula above, at no time will the Fund pay out redemption proceeds greater than the NAV per Unit as determined on the Monthly Redemption Date for each Unit being redeemed on such Monthly Redemption Date.** For further details with respect to the calculation of “market price” and other information on redemptions, please see the AIF.

### ***Exercise of Redemption Privilege***

The Monthly Redemption privilege or the Annual Redemption privilege must be exercised by causing written notice (the “**Redemption Notice**”) to be given within the Monthly Redemption Notice Period or Annual Redemption Notice Period, as applicable, in the manner described below. Such surrender will be irrevocable upon the delivery of the Redemption Notice to CDS through a CDS Participant, except with respect to those Units which are not paid for by the Fund on the relevant Redemption Payment Date.

A Unitholder who desires to exercise redemption privileges must do so by causing a CDS Participant to deliver to CDS (at its office in the City of Toronto), on behalf of the Unitholder, the Redemption Notice. A Unitholder who desires to redeem Units should ensure that the CDS Participant is provided with the Redemption Notice of his or her intention to exercise his or her redemption privilege sufficiently in advance of the relevant

notice date so as to permit the CDS Participant to deliver the Redemption Notice to CDS and so as to permit CDS to deliver notice to the Registrar and Transfer Agent, in advance of the required time. Any expense associated with the preparation and delivery of Redemption Notices will be for the account of the Unitholder exercising the redemption privilege.

Except as provided under “Suspension of Redemptions and Purchases” below, by causing a CDS Participant to deliver to CDS a notice of the Unitholder’s intention to redeem Units, a Unitholder shall be deemed to have irrevocably surrendered his or her Units for redemption and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise of the redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise. Any Redemption Notice delivered by a CDS Participant regarding a Unitholder’s intent to redeem which CDS determines to be incomplete, not in proper form or not duly executed shall for all purposes be void and of no effect and the redemption privilege to which it relates shall be considered for all purposes not to have been exercised thereby. A failure by a CDS Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with the Unitholder’s instructions will not give rise to any obligations or liability on the part of the Fund to the CDS Participant or to the Unitholder. Pursuant to the Declaration of Trust, the Fund may allocate and designate as payable capital gains realized by the Fund as a result of any disposition of property of the Fund undertaken to facilitate or permit the redemption of Units to a Unitholder whose Units are being redeemed. Any such allocations will reduce the redemption price otherwise payable to the redeeming Unitholder.

### ***Suspension of Redemptions and Purchases***

The Manager may direct the Trustee to suspend the Monthly Redemption and the Annual Redemption of Units or payment of redemption proceeds: (i) during any period when normal trading is suspended on a stock exchange or other market on which securities owned by the Fund are listed and traded, if these securities represent more than 50% by value or underlying market exposure of the total assets of the Fund, without allowance for liabilities, and if these securities are not traded on any other exchange that represents a reasonably practical alternative for the Fund; or (ii) with the prior permission of the applicable securities regulatory authorities, for any period not exceeding 30 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Trustee to determine the value of the assets of the Fund. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first Business Day following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager shall be conclusive.

### **Purchase for Cancellation**

The Declaration of Trust provides that the Fund may, in its sole discretion, from time to time, purchase (in the open market or by invitation for tenders) Units for cancellation subject to applicable law and stock exchange requirements, based on the Manager’s assessment that such purchases are accretive to Unitholders, in all cases at a price per Unit not exceeding the most recently calculated Net Asset Value per Unit of Unit immediately prior to the date of any such purchase of Units. It is expected that these purchases will be made as normal course issuer bids through the facilities and under the rules of the TSX or such other exchange or market on which the Units are then listed.

### **Take-over Bids**

The Declaration of Trust contains provisions to the effect that if a take-over bid is made for the Units and not less than 90% of the aggregate of the Units (but not including any Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the



offeror will be entitled to acquire the Units held by the Unitholders who did not accept the take-over bid on the terms offered by the offeror.

### **Non-Resident Unitholders**

The Fund was not established and shall not be maintained for the benefit of one or more non-resident persons within the meaning of the Tax Act. At no time may non-residents of Canada and partnerships (other than “Canadian partnerships” as defined in the Tax Act) be the beneficial owners of more than 50% of the units of the Fund (on a number of units or fair market value basis) and the Trustee shall inform the Registrar and Transfer Agent of this restriction. The Trustee may require a declaration as to the jurisdiction in which a beneficial owner of units of the Fund is resident and, if a partnership, as to its status as a “Canadian partnership”. If the Trustee becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% or more of the units of the Fund then outstanding (on a number of units or fair market value basis) are, or may be, non-residents and/or partnerships (other than “Canadian partnerships”), or that such a situation is imminent, the Trustee may make a public announcement thereof and the Trustee may send a notice to such non-resident persons and partnerships, chosen in inverse order to the order of acquisition or in such manner as the Trustee may consider equitable and practicable, requiring them to dispose of their units of the Fund or a portion thereof to residents of Canada within a specified period of not less than 30 days. If the persons receiving such notice have not disposed of the specified number of units of the Fund or provided the Trustee with satisfactory evidence that they are not non-residents or partnerships (other than “Canadian partnerships”) within such period, the Trustee may redeem or, on behalf of such persons, dispose of such units of the Fund. Upon such redemption or sale, the affected persons shall cease to be beneficial owners of units of the Fund and their rights shall be limited to receiving the redemption price or the net proceeds of sale of such units of the Fund.

### **Termination of the Fund**

The Fund does not have a fixed termination date. However, the Fund may be terminated at any time upon not less than 90 days’ written notice by the Trustee provided that the prior approval of Unitholders has been obtained by Extraordinary Resolution at a meeting of Unitholders called for that purpose (the “**Termination Date**”); provided, however, that the Trustee may, in its discretion, on 60 days’ notice to Unitholders, terminate the Fund without the approval of Unitholders if, in the opinion of the Trustee, the NAV of the Fund is reduced as a result of redemptions or otherwise so that it is no longer economically feasible to continue the Fund. In either case, a press release disclosing the termination must be issued not earlier than 15 days and not later than 90 days prior to the termination.

The Fund will issue a press release not earlier than 15 days and not later than 90 days prior to the Termination Date setting forth the details of the termination including the fact that, upon termination, the net assets of the Fund will be distributed to Unitholders on a *pro rata* basis.

Immediately prior to the termination of the Fund, including on the Termination Date, the Trustee, the Manager and Investment Manager, as applicable, will, to the extent possible, convert the assets of the Fund to cash and after paying or making adequate provision for all of the Fund’s liabilities, distribute the net assets of the Fund to the Unitholders as soon as practicable after the date of termination, subject to compliance with any securities or other laws applicable to such distributions.

## **FEES AND EXPENSES**

### **Expenses of the Offering**

The expenses of the Offering (including the costs of the Offering, the costs of printing and preparing this short form prospectus, legal expenses of the Fund, marketing expenses and legal and other out-of-pocket expenses incurred by the Underwriters and certain other expenses) will, together with the Underwriters’ fees, be paid from the gross proceeds of the Offering. The Offering expenses are estimated to be \$200,000. The Manager has agreed to pay all expenses incurred in connection with the Offering, other than the Underwriters’ fees, that exceed 1.5% of the gross proceeds of the Offering.

## Management Fees

Pursuant to the Declaration of Trust, the Manager is entitled to a management fee at an annual rate of 0.85% of NAV plus applicable taxes (including HST). Fees payable to Harvest are calculated and payable monthly in arrears based on the average NAV calculated at each Valuation Time during that month. The Management Fee is paid in cash.

## Ongoing Expenses

The Fund pays for all ordinary expenses incurred in connection with its operation and administration and any applicable HST thereon. It is expected that the expenses for the Fund will include, without limitation: fees payable to the Custodian and other third party services providers, legal, accounting, audit and valuation fees and expenses, fees and expenses of the members of the Independent Review Committee (“IRC”), expenses related to compliance with NI 81-107 – *Independent Review Committee for Investment Funds*, fees and expenses relating to the voting of proxies by a third party, premiums for insurance coverage for the members of the IRC, costs of reporting to Unitholders, registrar, transfer and distribution agency costs, fees payable to the plan agent under the reinvestment plan for performing certain financial, record-keeping, Unitholder reporting and general administrative services and for acting as plan agent, listing fees and expenses and other administrative expenses and costs incurred in connection with the continuous public filing requirements, website maintenance costs, taxes, costs and expenses of preparing financial and other reports, costs and expenses arising as a result of complying with all applicable laws, regulations and policies including any costs associated with the printing and mailing costs of any documents that the securities regulatory authorities require be sent or delivered to investors in the Fund and extraordinary expenses that the Fund may incur. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Investment Manager, the Custodian, the IRC and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the Fund. The aggregate annual amount of these fees and expenses is estimated to be \$250,000. The Fund will also be responsible for all commissions and other costs of Portfolio transactions and any extraordinary expenses of the Fund which may be incurred from time to time.

## Additional Services

Any arrangements for additional services between the Fund and the Manager, or any affiliate thereof, that have not been described in this prospectus will be on terms approved by the Fund’s IRC that are no less favourable to the Fund than those available from arm’s length persons (within the meaning of the Tax Act) for comparable services and the Fund will pay all expenses associated with such additional services.

## CAPITALIZATION TABLE

The following table sets forth the unaudited capitalization of the Fund before and after giving effect to the Offering:

<b>Designation</b>	<b>Authorized</b>	<b>Outstanding as at December 31, 2014</b>	<b>Outstanding as at December 31, 2014 after giving effect to the Offering<sup>(1)</sup></b>
Units	Unlimited	\$87,712,909 (9,500,000 Units)	\$116,600,909 (12,500,000 Units)
<b>Total Capitalization</b>		<b>\$87,712,909</b>	<b>\$116,600,909</b>

Notes

- (1) Based on the number of Units outstanding less the payment of the Underwriters’ fees and expenses of the Offering. Assumes no exercise of the Over-Allotment Option.

## PRICE RANGE, NET ASSET VALUE, TRADING VOLUME OF UNITS AND DISTRIBUTIONS

The Units trade on the TSX under the symbol “**HHL.UN**”. On February 25, 2015 the closing price of the Units on the TSX was \$10.48 per Unit.

The following table sets forth the distributions per Unit and the market price range and trading volume of the Units on the TSX, for the period commencing on December 18, 2014, being the date on which the Units were issued pursuant to the initial public offering of the Fund and the date on which the Units began trading on the TSX, and ending the business day immediately prior to the date of this short form prospectus. All such information, other than distributions per Unit, was obtained from Bloomberg or the TSX, and the Fund, the Manager, and the Trustee have not verified the accuracy or completeness of such information.

Period	NAV per Unit <sup>(1)</sup>		Distributions per Unit <sup>(2)</sup>	Market Price <sup>(5)</sup>		Volume
	High	Low		High	Low	
<b>2015</b>						
February <sup>(4)</sup>	<b>\$9.63</b>	<b>\$9.26</b>	<b>\$0.07</b>	<b>\$10.85</b>	<b>\$10.03</b>	<b>600,043</b>
January	<b>\$9.56</b>	<b>\$9.15</b>	<b>\$0.07</b>	<b>\$11.10</b>	<b>\$10.23</b>	<b>746,209</b>
<b>2014</b>						
December <sup>(3)</sup>	<b>\$9.46</b>	<b>\$9.23</b>	<b>\$0.00</b>	<b>\$10.39</b>	<b>\$9.85</b>	<b>377,604</b>

Source: Bloomberg and Toronto Stock Exchange.

Notes:

- (1) The Net Asset Value is presented on a diluted basis where applicable, and is calculated and published on a weekly basis.
- (2) Distributions are listed by the month in which such distribution was declared.
- (3) As of December 18, 2014, which was the closing date for the initial public offering.
- (4) Up to February 25, 2015.
- (5) On January 30, 2015 an over-allotment option was exercised by the agents with respect to the initial public offering.

The Fund makes monthly cash distributions payable to Unitholders of record on the last Business Day of each month and pays such cash distributions on or before the 15th day of the following month. Beginning in January 2016, the Fund will annually determine and announce the Indicative Distribution Amount for the following 12 months based upon the prevailing market conditions.

In addition, depending upon, among other things, the Fund’s cash position and prevailing market conditions, the Investment Manager may also elect to write options on fewer securities than would be necessary to fund distributions at the then current Indicative Distribution Amount in any particular month or months. This may have the effect of reducing amounts available for distribution and consequently, the amount of distributions paid in a particular month or months.

If, in any taxation year after such distributions, there would otherwise remain in the Fund additional net income or net realized capital gains, a special distribution (either in cash or Units) of such portion of the net income and net realized capital gains as is necessary to ensure that the Fund will not be liable for income tax under the Tax Act will be automatically payable on the last day of that taxation year to Unitholders of record on that date. Immediately after a pro rata distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution, except in the case of a non-resident Unitholder to the extent tax was required to be withheld in respect of the distribution. See “Income Tax Considerations”.

There can be no assurance that the Fund will be able to achieve its monthly distribution objective or make payments on any Distribution Payment Date.

## PRIOR SALES

On December 18, 2014, the Fund completed its initial public offering of 9,500,000 Units at a price of \$10.00 per Unit for aggregate gross proceeds of \$95,000,000. On January 13, 2015, the fund issued an additional 259,149 Units at a price of \$10.00 per Unit for aggregate gross proceeds of \$2,591,490 pursuant to an over-allotment option.

## USE OF PROCEEDS

The expected net proceeds of the Offering will be approximately \$28,888,000, after the deduction of the Underwriters' fees and estimated expenses of the Offering (estimated to be \$200,000 but not to exceed 1.5% of the gross proceeds of the Offering) assuming the completion of the Offering but no exercise of the Over-Allotment Option.

The net proceeds of the Offering will be invested by the Fund in accordance with the investment objectives and investment strategy of the Fund and subject to the investment restrictions of the Fund.

## PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement (the "**Underwriting Agreement**") dated February 26, 2015 among the Fund, Harvest, Highstreet and BMO Nesbitt Burns Inc., CIBC World Markets Inc., Scotia Capital Inc., National Bank Financial Inc., Canaccord Genuity Corp., Global Securities Corporation, GMP Securities L.P., Raymond James Ltd., Desjardins Securities Inc., Dundee Securities Ltd., Industrial Alliance Securities Inc., Mackie Research Capital Corporation and Manulife Securities Incorporated (collectively, the **Underwriters**"), the Fund has agreed to issue and sell, and the Underwriters have agreed to purchase as principals, on the closing of this Offering on or about March 13, 2015 or such later date as the Fund and the Underwriters may agree, but in any event not later than 90 days after a receipt for the final prospectus is issued (the "**Closing Date**") all but not less than all of the Units offered under this short form prospectus at the Offering Price payable in cash to the Fund against delivery, subject to compliance with all necessary legal requirements and terms of conditions of the Underwriting Agreement. The Offering Price for the Units was established by negotiation between the Fund and the Underwriters. The Underwriters will receive a fee equal to \$0.404 (4.0%) for each Unit sold, and will be reimbursed for out-of-pocket expenses incurred. The Underwriters may form a sub-underwriting group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Underwriters out of their fee.

The Fund has granted the Underwriters the Over-Allotment Option, solely to cover over-allotments, if any, exercisable for a period of 30 days from the Closing Date, to purchase up to 450,000 additional Units at the Offering Price, which additional Units are qualified for sale under this short form prospectus. The Underwriters will receive a fee equal to \$0.404 (4.0%) for each additional Unit sold pursuant to the exercise of the Over-Allotment Option, and will be reimbursed for out of pocket expenses incurred. A purchaser who acquires Units forming part of the over-allocation position including the Over-Allotment Option acquires those Units under this short form prospectus, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The obligations of the Underwriters under the Underwriting Agreement are several and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and also upon the occurrence of certain stated events. If one or more of the Underwriters fails to purchase the Unit which it has agreed to purchase, the other Underwriters may, but are not obligated to, purchase the Units. The Underwriters are, however, obligated to take-up and pay for all of the Units if any are purchased under the Underwriting Agreement. The Fund has agreed under the Underwriting Agreement to indemnify the Underwriters and their affiliates and the respective directors, officers, employees, partners and agents thereof against certain liabilities and expenses or will contribute to payments that the Underwriters may be required to make in respect thereof.

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part. The right is reserved to close the subscription books at any time without notice.

The Underwriters propose to offer the Units initially at the Offering Price. After the Underwriters have made reasonable efforts to sell all the Units offered under this short form prospectus at the Offering Price, the Offering Price may be decreased, and further changed from time to time to an amount not greater than the Offering Price specified herein. The fee realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Units is less than the gross proceeds paid by the Underwriters to the Fund.

Pursuant to applicable securities legislation, the Underwriters may not, throughout the period of distribution, bid for or purchase the Units. The foregoing restriction is subject to certain exemptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Units. These exceptions include: (i) a bid for, or purchase of, Units if the bid or purchase is made through the facilities of the TSX in accordance with the Universal Market Integrity Rules of the Investment Industry Regulatory Organization of Canada; (ii) a bid or purchase on behalf of a client, other than certain prescribed clients, provided that the client's order was not solicited by the Underwriter or if the client's order was solicited, the solicitation occurred before the commencement of a prescribed restricted period; and (iii) a bid or purchase to cover a short position entered into prior to the commencement of a prescribed restricted period. Subject to applicable law and in connection with this Offering, the Underwriters may effect transactions which stabilize or maintain the market price of the Units at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Fund has applied to list the additional Units offered under this short form prospectus on the TSX. Listing will be subject to the Fund fulfilling all of the listing requirements of the TSX.

The Units have not been and will not be registered under the 1933 Act, as amended or any state securities laws and, subject to certain exemptions, may not be offered or sold within the United States or to U.S. persons. The distribution of this short form prospectus and the offering and sale of the Units are also subject to certain restrictions under the laws of certain jurisdictions outside of Canada. The Underwriters have agreed that they will not offer for sale or sell or deliver the Units in any such jurisdiction except in accordance with the laws hereof.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

The Manager (and Investment Manager) will receive their fees described under "Fees and Expenses" for its services to the Fund and will be reimbursed by the Fund for all expenses incurred in connection with the operation and administration of the Fund.

## **RISK FACTORS**

The AIF contains a detailed discussion of risks and other considerations relating to an investment in Units of the Fund which Unitholders should be aware of (reference should be made to pages 41 through 48 of the AIF). You can obtain a copy of the AIF by contacting the Manager, or you can download or view it on [www.harvestportfolios.com](http://www.harvestportfolios.com) or the internet at [www.sedar.com](http://www.sedar.com). The contents of the AIF are specifically incorporated by reference herein. See "Documents Incorporated by Reference". Information contained on the Manager's website is not part of this short form prospectus and is not incorporated herein by reference.

## **CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Borden Ladner Gervais LLP, counsel to the Fund, and Blake, Cassels & Graydon LLP, counsel to the Underwriters, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units by a Unitholder who acquires Units pursuant to this short form prospectus. This summary is applicable to a Unitholder who is an individual (other than a trust) and who, for the purposes of the Tax Act and at all relevant times, is resident in Canada, deals at arm's length with the Fund and the Underwriters and is not affiliated with the Fund or the Underwriters and holds Units as capital property. Generally, the Units will be considered to be capital property to a purchaser provided that the purchaser does not hold such Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Certain Unitholders who might not otherwise be considered to hold Units as capital property may, in

certain circumstances, be entitled to have such Units and all other “Canadian securities” as defined in the Tax Act owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary does not apply to a Unitholder who has entered or will enter into a “derivative forward agreement” as that term is defined in the Tax Act with respect to the Units.

This summary also assumes that the Fund will comply with its investment restrictions at all relevant times, that none of the issuers of the Portfolio Securities will be foreign affiliates of the Fund or of any Unitholders and that none of the Portfolio Securities will be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act.

Further, this summary assumes that none of the Portfolio Securities will be an “offshore investment fund property” (or an interest in a partnership that holds such property) that would require the Fund (or the partnership) to include significant amounts in income pursuant to section 94.1 of the Tax Act, or an interest in a trust (or a partnership which holds such an interest) which would require the Fund (or the partnership) to report significant amounts of income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or an interest in a non-resident trust (or a partnership which holds such an interest) other than an “exempt foreign trust” as defined in section 94 of the Tax Act.

This summary is based on the facts set out in this short form prospectus, the current provisions of the Tax Act, counsel’s understanding of the current administrative policies and assessing practices of the CRA published in writing prior to the date hereof and all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (such proposals referred to hereafter as the “**Tax Proposals**”) and relies upon advice from the Manager as to certain factual matters. This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign income tax legislation or considerations or changes to the administrative policies and assessing practices of the CRA. There can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

This summary is also based on the assumption that the Fund will at no time be a “SIFT trust” as defined in the SIFT Rules. Provided that the Fund complies with its investment restrictions such that it does not hold “non-portfolio property” as defined in the SIFT Rules, it will not be a SIFT trust. If the Fund were to become a SIFT trust within the meaning of the SIFT Rules, the income tax considerations discussed herein could be materially and adversely different.

**This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units and does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on an investor’s particular circumstances including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on their particular circumstances.**

#### **Status of the Fund**

This summary is based on the assumptions that the Fund will qualify at all times as a “mutual fund trust” within the meaning of the Tax Act, that the Fund will validly elect under the Tax Act to be a mutual fund trust from the date it was established and that the Fund has not been established and will not be maintained primarily for the benefit of non-residents.

To qualify as a mutual fund trust (i) the Fund must be a Canadian resident “unit trust” for purposes of the Tax Act, (ii) the only undertaking of the Fund must be (a) the investing of its funds in property (other than real property or interests in real property or an immovable or a real right in an immovable), (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable (or a real right in an immovable) that is capital property of the Fund, or (c) any combination of the activities described in (a) and (b), and (iii) the Fund must comply with certain minimum requirements respecting the

ownership and dispersal of Units (the “**minimum distribution requirements**”). In this connection, (i) the Manager intends to cause the Fund to qualify as a unit trust throughout the life of the Fund, (ii) the Fund’s undertaking conforms with the restrictions for mutual fund trusts, and (iii) the Manager has advised counsel that it has no reason to believe that the Fund will not comply with the minimum distribution requirements at all material times. The Manager has advised counsel that the Fund meets the requirements necessary for it to qualify as a mutual fund trust and intends to ensure that it will continue to meet such requirements at all times and will file the necessary election so that the Fund will qualify as a mutual fund trust throughout its first taxation year.

If the Fund were not to qualify as a mutual fund trust at all times, the income tax considerations described below would, in some respects, be materially and adversely different.

Provided that the Fund qualifies and continues at all times to qualify as a “mutual fund trust” within the meaning of the Tax Act, or the Units are listed on a “designated stock exchange” within the meaning of the Tax Act (which includes the TSX), the Units will be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts (each a “**plan trust**”). For certain consequences of holding Units in a plan trust, see “Income Tax Considerations – Taxation of Registered Plans”.

### **Taxation of the Fund**

The Fund will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to Unitholders in the year. The Manager has advised counsel that the Fund intends to make distributions payable to Unitholders and to deduct, in computing its income in each taxation year, such amount as will be sufficient to ensure that the Fund will not be liable for income tax under Part I of the Tax Act for each year other than such tax on net realized capital gains that will be recoverable by the Fund in respect of such year by reason of the capital gains refund mechanism. In certain circumstances, losses of the Fund may be suspended or restricted, and therefore would be unavailable to shelter income or capital gains of the Fund.

The Fund will be required to include in its income for each taxation year any dividends received (or deemed to be received) by it in such year on a Portfolio Security.

Premiums received on covered call options written by the Fund that are not exercised prior to the end of the year will constitute capital gains of the Fund in the year received, unless such premiums are received by the Fund as income from a business of buying and selling securities or the Fund has engaged in a transaction or transactions considered to be an adventure in the nature of trade. The Manager has advised counsel that the Fund will purchase the Portfolio with the objective of earning dividends thereon over the life of the Fund and will write covered call options with the objective of increasing the yield on the Portfolio beyond the dividends received on the Portfolio. Thus, having regard to the foregoing and in accordance with the CRA’s published administrative practices, transactions undertaken by the Fund in respect of shares comprising the Portfolio and options on such shares written as described in “Description of the Business – Covered Option Writing” will be treated and reported by the Fund as arising on capital account.

Premiums received by the Fund on covered call options that are subsequently exercised will be added in computing the proceeds of disposition to the Fund of the securities disposed of by the Fund upon the exercise of such call options, unless the premium was in respect of an option granted in a previous year so that it constituted a capital gain of the Fund in the previous year in which case, if such exercise results in the Fund disposing of securities, such capital gain will be reversed.

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income, in accordance with the detailed rules in the Tax Act. The Fund may generally deduct the costs and expenses of issuances and sales of Units, including this Offering, paid by the Fund and not reimbursed at a rate of 20% per year, pro-rated where the Fund’s taxation year is less than 365 days. Any losses incurred by the Fund may not be allocated to Unitholders but may generally be carried forward and back and deducted in computing the taxable income of the Fund in accordance with the detailed rules and limitations in the Tax Act.

Upon the actual or deemed disposition of a security included in the Portfolio, the Fund will realize a capital gain (or capital loss) to the extent the proceeds of disposition net of any reasonable costs of disposition exceed (or are less than) the adjusted cost base of such security unless the Fund were considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Fund has acquired the security in a transaction or transactions considered to be an adventure in the nature of trade. The Manager has advised counsel that the Fund purchases Portfolio Securities with the objective of receiving dividends, distributions and income thereon and will take the position that gains and losses realized on the disposition thereof are capital gains and capital losses.

The Fund will be entitled for each taxation year throughout which it is a mutual fund trust for purposes of the Tax Act to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units during the year (the “**Capital Gains Refund**”). The Capital Gains Refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year which may arise upon the sale or other disposition of Portfolio Securities in connection with the redemption of Units.

One half of the amount of any capital gain (a “**taxable capital gain**”) realized by the Fund in a taxation year on the disposition of Portfolio Securities that are capital property of the Fund must be included in computing the Fund’s income for the year, and one half of the amount of any capital loss (an “**allowable capital loss**”) realized by the Fund in a taxation year must be deducted against any taxable capital gains realized by the Fund in the year. Allowable capital losses for a taxation year in excess of taxable capital gains for that year may be carried back and deducted by the Fund in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net realized taxable capital gains in accordance with the provisions of the Tax Act.

The Fund will enter into transactions denominated in currencies other than the Canadian dollar, including the acquisition of Portfolio Securities and the granting of call options on Portfolio Securities. The cost and proceeds of disposition of securities, option premiums, and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars using the appropriate exchange rates determined in accordance with the detailed rules in the Tax Act in that regard. The amount of income, gains and losses realized by the Fund may be affected by fluctuations in the value of foreign currencies relative to the Canadian dollar. Subject to the derivative forward agreement rules, which are discussed below, gains or losses in respect of currency hedges entered into in respect of amounts invested in the Portfolio will likely constitute capital gains and capital losses to the Fund if the Portfolio Securities are capital property to the Fund, and provided that the hedge is sufficiently linked.

The derivative forward agreement rules are targeted at financial arrangements that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would have the character of ordinary income to capital gains. The derivative forward agreement rules are broad in scope and could apply to other agreements or transactions (including certain options and forward currency contracts). If the derivative forward agreement rules were to apply in respect of derivatives to be utilized by the Fund the gains in respect of which would otherwise be capital gains, the gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains. In general, the writing of a covered call option by the Fund in the manner described in “Description of the Business – Covered Options Writing” is not expected to be subject to the derivative forward agreement rules. It is not clear whether the writing of covered calls, if coupled with certain other transactions, could be subject to the derivative forward agreement rules. Counsel understand that, in response to inquiries from industry participants, the Department of Finance (Canada) is considering clarifications to the derivative forward agreement rules as regards their potential application to currency hedges.

The Fund will derive income or gains from investments in countries other than Canada and, as a result, may be liable to pay income or profits tax to such countries. To the extent that such foreign tax paid by the Fund exceeds 15% of the amount included in the Fund’s income from such investments, such excess may generally be deducted by the Fund in computing its net income for the purposes of the Tax Act. To the extent that such foreign tax paid does not exceed 15% of such amount and has not been deducted in computing the Fund’s income, the Fund may designate in respect of a Unitholder a portion of its foreign source income which can reasonably be considered to be part of the Fund’s income distributed to such Unitholder so that such income and a portion of the foreign tax paid by the Fund may be regarded as foreign source income of, and foreign tax paid by, the Unitholder for the purposes of the foreign tax credit provisions of the Tax Act.



## Taxation of Unitholders

A Unitholder will generally be required to include in computing income for a taxation year the amount of the Fund's net income for the taxation year computed in Canadian dollars, including net realized taxable capital gains, paid or payable to the Unitholder (whether in cash or in Units) in the taxation year. The non-taxable portion of the Fund's net realized capital gains, the taxable portion of which was designated to a Unitholder in a taxation year, that is paid or payable to the Unitholder in that taxation year will not be included in the Unitholder's income for the year. Any other amount in excess of the Unitholder's share of the Fund's net income for a taxation year paid or payable to the Unitholder in the year will not generally be included in the Unitholder's income, but will generally reduce the adjusted cost base of the Unitholder's Units. In addition, the Fund is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions for the year in order to enable the Fund to utilize, in the taxation year, losses from prior years without affecting the ability of the Fund to distribute its income annually. Such amount distributed to a Unitholder but not deducted by the Fund will not be included in the Unitholder's income. However, the adjusted cost base of the Unitholder's Units will be reduced by such amount. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed capital gain to zero. Any losses of the Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Unitholder.

Provided that appropriate designations are made by the Fund, such portion of (i) the net realized taxable capital gains of the Fund, (ii) the income of the Fund from foreign sources, and (iii) the taxable dividends received or deemed to be received by the Fund on shares of taxable Canadian corporations, as is paid or becomes payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that the Fund so designates its income from a foreign source in respect of a Unitholder, the Unitholder will, for the purposes of computing its foreign tax credits, be entitled to treat the Unitholder's proportionate share of foreign taxes paid by the Fund in respect of such income as foreign taxes paid by the Unitholder. The availability of foreign tax credits in respect of foreign source income designated to a Unitholder by the Fund is subject to the foreign tax credit rules under the Tax Act and the Unitholder's particular circumstances. Investors should consult their own tax advisors in this regard. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross up and dividend tax credit rules will apply, including the enhanced gross up and dividend tax credit rules in respect of eligible dividends paid by taxable Canadian corporations.

On the disposition or deemed disposition of a Unit or a fraction of a Unit (whether on a sale, redemption or otherwise), the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder's proceeds of disposition (other than any capital gains allocated and designated as payable by the Fund to the Unitholder on the redemption) exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. If, at any time, the Fund delivers securities from the Portfolio to any Unitholder upon a redemption of a Unitholder's Units on the termination of the Fund, the Unitholder's proceeds of disposition of the Units will generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received, less any capital gain realized by the Fund on the disposition of such distributed property. The cost of any property distributed by the Fund *in specie* will generally be equal to the fair market value of such property at the time of the distribution. Such securities may or may not be qualified investments for plan trusts. If such securities are not qualified investments for plan trusts, such plan trusts (and, in the case of certain plan trusts, the annuitants, subscribers or beneficiaries thereunder or holders thereof) may be subject to adverse tax consequences including, in the case of registered education savings plans, revocation of such plan trusts.

For the purpose of determining the adjusted cost base of Units to a Unitholder, when Units are acquired, the cost of the newly acquired Units will be averaged with the adjusted cost base of all Units owned by the Unitholder as capital property immediately before that time. The cost of Units acquired as a distribution of income or capital gains from the Fund will generally be equal to the amount of the distribution. If a Unitholder participates in the Fund's reinvestment plan and the Unitholder acquires a Unit from the Fund at a price that is less than fair market value of the Unit, it is the administrative position of the CRA that the Unitholder must include the difference in income and that the cost of the Unit will be correspondingly increased. A consolidation of Units following a distribution paid in the form of additional Units will not be regarded as a disposition of Units. See "Description of the Units Being Distributed – Units".

Pursuant to the Declaration of Trust, the Fund may allocate and designate as payable any capital gains realized by the Fund as a result of any disposition of property of the Fund undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming Unitholder and, therefore, the Unitholder's proceeds of disposition.

Generally, one half of any capital gain (a “**taxable capital gain**”) realized on the disposition of Units, or designated in respect of a Unitholder, will be included in the Unitholder's income and one half of any capital loss (an “**allowable capital loss**”) realized may be deducted from taxable capital gains of the Unitholder for that year. Allowable capital losses for a taxation year in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against taxable capital gains in accordance with the provisions of the Tax Act.

In general terms, net income of the Fund paid or payable to a Unitholder that is designated as taxable dividends from taxable Canadian corporations or as net realized taxable capital gains as well as taxable capital gains realized by the Unitholders on the disposition of Units may increase the Unitholder's liability for alternative minimum tax.

### **Taxation of Registered Plans**

Amounts of income and capital gains included in a plan trust's income are generally not taxable under Part I of the Tax Act, provided that the Units are qualified investments for the plan trust. See “Income Tax Considerations – Status of the Fund”. Unitholders should consult their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a plan trust.

### **Tax Implications of the Fund's Distribution Policy**

The NAV per Unit will reflect any income and gains of the Fund that have accrued or have been realized but have not been made payable at the time Units are acquired. A Unitholder who acquires Units, including pursuant to the Fund's reinvestment plan, may become taxable on the Unitholder's share of income and gains of the Fund that accrued before the Units were acquired notwithstanding that such amounts may have been reflected in the price paid by the Unitholder for the Units. Since the Fund intends to make monthly distributions as described under “Distribution Policy”, the consequences of acquiring Units late in a calendar year will generally depend on the amount of monthly distributions throughout the year and whether one or more special distributions to Unitholders are necessary late in the calendar year to ensure that the Fund will not be liable for non-refundable income tax on such amounts under the Tax Act.

## **ELIGIBILITY FOR INVESTMENT**

In the opinion of Borden Ladner Gervais LLP, provided that the Fund qualifies as a mutual fund trust within the meaning of the Tax Act, or the Units are listed on a “designated stock exchange” within the meaning of the Tax Act (which includes the TSX), the Units, if issued on the date hereof, would be qualified investments for a trust governed by a registered retirement savings plan (“**RRSP**”), registered retirement income fund (“**RRIF**”), deferred profit sharing plan, registered disability savings plan, registered education savings plan or tax-free savings account (“**TFSA**”).

Notwithstanding that the Units may be qualified investments for a trust governed by a TSFA, RRSP or RRIF, if the Units are “prohibited investments” for the purposes of a RRSP, RRIF or a TFSA, the annuitant of the RRSP or RRIF or the holder of the TFSA will be subject to a penalty tax as set out in the Tax Act. A “prohibited investment” includes a unit of a trust (i) which does not deal at arm's length with the annuitant or holder, or (ii) in which the annuitant or holder has a “significant interest”. In general terms, “significant interest” means the ownership of 10% or more of the value of a trust's outstanding units or interests by the annuitant or holder, either alone or together with persons with whom the annuitant or holder does not deal at arm's length. In addition, the Units will not be a prohibited investment if the Units are “excluded property” as defined in the Tax Act for a trust governed by an RRSP, RRIF or TFSA. Annuitants or holders should consult their own tax advisors with respect to

whether Units would be prohibited investments, including with respect to whether the Units would be excluded property.

### **TAX INFORMATION REPORTING**

Pursuant to the Canada-United States Enhanced Tax Information Exchange Agreement entered into between Canada and the United States on February 5, 2014 (the “IGA”) and related Canadian legislation found in Part XVIII of the Tax Act, the dealers through which Unitholders hold their Units are required to report certain information with respect to Unitholders who are U.S. residents and U.S. citizens (including U.S. citizens who are residents and/or citizens of Canada), and certain other “U.S. Persons”, as defined under the IGA (excluding plan trusts), to the CRA. The CRA is expected to provide the information to the U.S. Internal Revenue Service.

### **CUSTODIAN AND VALUATION AGENT**

State Street Trust Company Canada is the custodian and valuation agent of the Fund. The custodian’s principal place of business in respect of the Fund is Toronto, Ontario.

### **AUDITORS**

The auditors of the Fund are PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, M5J 0B2.

### **REGISTRAR AND TRANSFER AGENT**

Equity Financial Trust Company, 200 University Avenue, Suite 400, Toronto, Ontario, M5H 4H1, is the registrar and transfer agent for the Units.

### **PROMOTER**

Harvest took the initiative in organizing the Fund and accordingly may be considered to be a “promoter” of the Fund within the meaning of the securities legislation of certain provinces of Canada. Harvest will not receive any fees from the Fund in its capacity as promoter. Harvest will receive management fees from the Fund and will be entitled to reimbursement of expenses incurred in relation to the Fund as described under “Fees and Expenses”.

### **INTEREST OF EXPERTS**

Certain legal matters relating to the Offering will be passed upon by Borden Ladner Gervais LLP on behalf of the Fund and Blake, Cassels & Graydon LLP on behalf of the Underwriters. As of the date hereof, the partners and associates of Borden Ladner Gervais LLP as a group own less than one percent of the outstanding Units and any other outstanding securities of any associate or affiliate of the Fund and the partners and associates of and Blake, Cassels & Graydon LLP as a group own less than one percent of the outstanding Units and any other outstanding securities of any associate or affiliate of the Fund.

The auditors of the Fund are PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, who have prepared an independent auditors’ report dated February 13, 2015 in respect of the statement of financial position as at December 31, 2014 and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for period from December 18, 2014 (commencement of operations) to December 31, 2014, and the related notes, which comprise a summary of significant accounting policies and other explanatory information. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Fund within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

## **LEGAL AND ADMINISTRATIVE PROCEEDINGS**

In September 2013, Michael Kovacs, President and Chief Executive Officer of the Manager, entered into a settlement agreement and order with the Ontario Securities Commission (the “**OSC**”) with respect to certain personal trades and failing to file insider trading reports in connection with a fund managed by the Manager. Pursuant to the settlement agreement reached between the OSC and Mr. Kovacs, he agreed to an order which included that all of his trades be pre-cleared by the chief compliance officer of the Manager for a period of one year following the date of the settlement agreement. Pursuant to the settlement agreement, Mr. Kovacs paid a voluntary payment of \$15,000.00 and paid an administrative penalty and costs of the OSC’s investigation in the amount of \$15,000.00.

## **PURCHASERS’ STATUTORY RIGHTS**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two Business Days after receipt or deemed receipt of a short form prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission, revision of the price or damages if the short form prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal adviser.

**CERTIFICATE OF THE FUND, THE MANAGER AND THE PROMOTER**

Dated: February 26, 2015

This amended and restated short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

**HARVEST PORTFOLIOS GROUP INC.**

(as Manager and Promoter of the Fund)

(*SIGNED*) MICHAEL KOVACS  
Chief Executive Officer and President

(*SIGNED*) DANIEL LAZZER  
Chief Financial Officer

**On behalf of the Board of Directors of  
HARVEST PORTFOLIOS GROUP INC.**

(*SIGNED*) TOWNSEND HAINES  
Director

(*SIGNED*) MARY MEDEIROS  
Director

## CERTIFICATE OF THE UNDERWRITERS

Dated: February 26, 2015

To the best of our knowledge, information and belief, this amended and restated short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this amended and restated short form prospectus as required by the securities legislation of each province and territory of Canada.

**BMO NESBITT BURNS  
INC.**

**CIBC WORLD MARKETS  
INC.**

**SCOTIA CAPITAL INC.**

*(SIGNED)* ROBIN G.  
TESSIER

*(SIGNED)* MICHAEL D.  
SHUH

*(SIGNED)* RAJIV BAHL

**NATIONAL BANK FINANCIAL INC.**

*(SIGNED)* TIMOTHY EVANS

**CANACCORD GENUITY  
CORP.**

*(SIGNED)* RON SEDRAN

**GLOBAL SECURITIES  
CORPORATION**

**GMP SECURITIES L.P.**

**RAYMOND JAMES LTD.**

*(SIGNED)* ADAM GARVIN

*(SIGNED)* ANDREW KIGUEL

*(SIGNED)* J. GRAHAM FELL

**DESJARDINS  
SECURITIES INC.**

**DUNDEE  
SECURITIES LTD.**

**INDUSTRIAL  
ALLIANCE  
SECURITIES INC.**

**MACKIE  
RESEARCH CAPITAL  
CORPORATION**

**MANULIFE  
SECURITIES  
INCORPORATED**

*(SIGNED)* BETH SHAW   *(SIGNED)* AARON UNGER   *(SIGNED)* RICHARD LEGAULT   *(SIGNED)* DAVID KEATING   *(SIGNED)* DAVID MACLEOD



# Healthcare Leaders Income Fund