

Harbour Fund

Management Report of Fund Performance for the year ended March 31, 2019

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-800-563-5181, by writing to us at CI Investments Inc., 2 Queen Street East, Twentieth Floor, Toronto, ON, M5C 3G7 or by visiting our website at www.ci.com or SEDAR at www.sedar.com.

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

INVESTMENT OBJECTIVE AND STRATEGIES

The objective of the Harbour Fund (the Fund) is to obtain maximum long-term capital growth. It invests primarily in equity and equity-related securities of high-quality, large and mid-capitalization Canadian companies that the portfolio advisor believes have good potential for future growth.

The portfolio advisor uses techniques such as fundamental analysis to assess the growth potential of a company. This means evaluating the financial condition and management of a company, its industry and the overall economy. The portfolio advisor analyzes financial data, assesses the quality of management, and conducts company interviews. Investments in foreign securities will generally be no more than 49% of the Fund's assets.

RISK

No changes affecting the overall level of risk associated with investing in the Fund were made during the year. The risks of the Fund remain as discussed in the Fund's most recently filed simplified prospectus or its amendments. The Manager reviews the risk rating for the Fund on an annual basis, at a minimum, based on the methodology mandated by the Canadian Securities Administrators to determine the risk level of the Fund. Any change to the risk rating made during the year was as a result of such review and was not a result of any change to the investment objective, strategies or management of the Fund.

RESULTS OF OPERATIONS

The net asset value of the Fund decreased by \$550.1 million to \$928.5 million from March 31, 2018 to March 31, 2019. The Fund had net redemptions of \$576.9 million during the year. The portfolio's performance increased assets by \$37.6 million. The Fund paid distributions totalling \$10.8 million. Class A units returned 2.3% after fees and expenses for the one-year period ended March 31, 2019. Over the same time period, the Fund's benchmark returned 8.1%. The benchmark is the S&P/TSX Composite Total Return Index.

The performance of the Fund's other classes is substantially similar to that of Class A units, except for differences in the structure of fees and expenses. For the returns of the Fund's other classes, please refer to the "Past Performance" section.

At March 31, 2019, the Fund had 84.6% of its assets invested in common stocks, while the Fund's cash and equivalent position was 15.4%. At the beginning of the period, 80.7% of the Fund was invested in common stocks while the Fund's cash and equivalent position was 19.3%. The geographic weighting in the Fund is an outcome of the Fund's bottom-up individual company selection process and not a result of top-down country allocations.

The Fund ended the period with a 50% hedge ratio on the U.S. dollar, euro, and British Pound.

Overall, the Fund underperformed its benchmark for the year. The sectors that had the largest contributions to performance of the Fund were information technology, industrials, and real estate. Individual stocks that contributed to performance include Thomson Reuters Corp. and Keysight Technologies Inc. Sectors that detracted from performance were materials and energy. Individual stocks that detracted from performance include Lundin Mining Corp. and Marathon Oil Corp. Major sector weightings include financials, energy and information technology.

During the period, a number of new positions were established including Honeywell International Inc., Fiserv Inc., and Intuit Inc. There were a number of positions eliminated from the Fund including Willis Towers Watson PLC, WABCO Holdings Inc., and Costco Wholesale Corp.

During the period we added to a few of our holdings including Franco Nevada Corp., Agnico Eagle Mines Ltd., and S&P Global Inc. We trimmed positions in a number of holdings including EOG Resources Inc., Sun Life Financial Inc., and Canadian National Railway Co.

The number of companies held in the portfolio at the end of the period was 38, which compares with 50 companies twelve months ago.

RECENT DEVELOPMENTS

We expect our holdings to perform well over the long term, given that fundamentals remain positive and valuations continue to look attractive.

Fund outflows were higher than Fund inflows during the period although the impact on performance was negligible.

New Accounting Standard – IFRS 9

Effective April 1, 2018, the Fund retrospectively without restatement adopted IFRS 9, *Financial Instruments* (IFRS 9). The new standard requires financial assets to be either carried at amortized cost or at fair value with changes in fair value recognized in profit and loss (FVTPL) or in other comprehensive income (FVOCI) based on the Fund's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Upon transition to IFRS 9, the Fund's financial assets and financial liabilities previously designated as FVTPL or classified as held for trading under IAS 39, *Financial Instruments: Recognition and Measurement* (IAS 39) continue to be classified as FVTPL under IFRS 9. There were no changes in the measurement attributes for any of the Fund's financial assets and financial liabilities upon transition to IFRS 9.

Effective September 20, 2018, Tom Eisenhauer became a member of the Independent Review Committee (IRC) and effective October 15, 2018, Mary Robertson resigned as a member of the IRC.

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RELATED PARTY TRANSACTIONS

Manager, Portfolio Advisor, Trustee and Registrar

CI Investments Inc. is the Manager, Portfolio Advisor, Trustee and Registrar of the Fund. CI Investments Inc. is a subsidiary of CI Financial Corp. The Manager, in consideration for management fees, provides management services required in the day-to-day operations of the Fund. The Manager bears all of the operating expenses of the Fund (other than taxes, borrowing costs and new governmental fees) in return for a fixed administration fee.

Management fee and fixed administration fee rates as at March 31, 2019, for each of the classes are shown below:

	Annual management fee rate (%)	Annual fixed administration fee rate (%)
Class A	2.000	0.20
Class A1	1.925	0.20
Class A2	1.900	0.19
Class A3	1.850	0.15
Class A4	1.800	0.12
Class A5	1.700	0.10
Class E	1.950	0.15
Class EF	0.950	0.15
Class F	1.000	0.20
Class F1	0.925	0.20
Class F2	0.900	0.19
Class F3	0.850	0.15
Class F4	0.800	0.12
Class F5	0.700	0.10
Class I	Paid directly by investor	-
Class O	Paid directly by investor	0.15
Class P	Paid directly by investor	0.20
Class W	Paid directly by investor	0.20

The Manager received \$16.9 million in management fees and \$1.8 million in fixed administration fees for the year.

Management Fees

Approximately 27% of total management fees were used to pay for sales and trailing commissions. The remaining 73% of management fees were used to pay for investment management and other general administration.

Inter-Fund Trading

Inter-fund trading occurs when a Fund purchases or sells a security of any issuer from or to another Fund managed by the Manager. These transactions are executed through market intermediaries and under prevailing market terms and conditions. The Independent Review Committee reviews such transactions during scheduled meetings. During the year ended March 31, 2019 the Fund executed inter-fund trades.

Independent Review Committee

The Fund received standing instructions from the Fund's Independent Review Committee with respect to the following related party transactions:

- a) trades in securities of CI Financial Corp.; and
- b) purchases or sales of securities of an issuer from or to another investment fund managed by the Manager.

The applicable standing instructions require that related party transactions be conducted in accordance with the Manager's policies and procedures and that the Manager advise the IRC of any material breach of a condition of the standing instructions. The standing instructions require, among other things, that investment decisions in respect of related party transactions (a) are free from any influence by an entity related to the Manager and without taking into account any consideration relevant to an entity related to the Manager; (b) represent the business judgment of the Manager uninfluenced by considerations other than the best interests of the Fund; (c) are made in compliance with the Manager's policies and procedures; and (d) achieve a fair and reasonable result for the Fund. Transactions made by the Manager under the standing instructions are subsequently reviewed by the IRC on a quarterly basis to monitor compliance.

The Fund relied on the IRC's standing instructions regarding related party transactions during this reporting year.

Except as otherwise noted above, the Fund was not a party to any related party transactions during the year ended March 31, 2019.

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FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years, as applicable.

Net Assets per Unit (\$) ^{(1) (2) (4) *}												
Net assets at the beginning of year ⁽²⁾	Increase (decrease) from operations:					Distributions:						Net assets at the end of the year shown ⁽²⁾
	Total revenue	Total expenses (excluding distributions)	Realized gains (losses) for the year	Unrealized gains (losses) for the year	Total increase (decrease) from operations ⁽²⁾	From net investment income (excluding dividends)	From dividends	From capital gains	Return of capital	Total distributions ^{(2) (3)}		
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Class A												
Commencement of operations June 27, 1997												
Mar. 31, 2019	18.37	0.45	(0.46)	0.48	(0.01)	0.46	-	-	-	-	-	18.79
Mar. 31, 2018	19.20	0.38	(0.46)	1.26	(1.41)	(0.23)	-	(0.02)	(0.47)	-	(0.49)	18.37
Mar. 31, 2017	18.17	0.32	(0.45)	0.39	0.66	0.92	-	-	-	-	-	19.20
Mar. 31, 2016	22.38	0.38	(0.50)	2.01	(4.03)	(2.14)	-	-	(2.09)	-	(2.09)	18.17
Mar. 31, 2015	24.15	0.44	(0.58)	3.80	(2.44)	1.22	-	-	(2.91)	-	(2.91)	22.38
Class A1												
Commencement of operations May 1, 2017												
Mar. 31, 2019	9.48	0.23	(0.22)	0.35	(0.18)	0.18	-	-	-	-	-	9.71
Mar. 31, 2018	10.00	0.19	(0.21)	0.33	(0.75)	(0.44)	-	(0.01)	(0.25)	-	(0.26)	9.48
Class A2												
Commencement of operations May 1, 2017												
Mar. 31, 2019	9.48	0.23	(0.22)	0.29	(0.07)	0.23	-	-	-	-	-	9.71
Mar. 31, 2018	10.00	0.19	(0.21)	0.36	(0.76)	(0.42)	-	(0.01)	(0.26)	-	(0.27)	9.48
Class A3												
Commencement of operations May 1, 2017												
Mar. 31, 2019	9.48	0.23	(0.21)	0.29	(0.10)	0.21	-	-	-	-	-	9.72
Mar. 31, 2018	10.00	0.19	(0.20)	0.39	(0.84)	(0.46)	-	(0.01)	(0.26)	-	(0.27)	9.48
Class A4												
Commencement of operations May 1, 2017												
Mar. 31, 2019	9.48	0.23	(0.21)	0.27	(0.10)	0.19	-	-	-	-	-	9.73
Mar. 31, 2018	10.00	0.19	(0.19)	0.44	(0.87)	(0.43)	-	(0.01)	(0.27)	-	(0.28)	9.48
Class A5												
Commencement of operations May 1, 2017												
Mar. 31, 2019	9.48	0.23	(0.19)	0.27	(0.12)	0.19	-	(0.01)	(0.01)	-	(0.02)	9.72
Mar. 31, 2018	10.00	0.19	(0.18)	0.40	(0.97)	(0.56)	-	(0.01)	(0.29)	-	(0.30)	9.48

*Footnotes for the tables are found at the end of the Net Assets per Unit section of the Financial Highlights.

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FINANCIAL HIGHLIGHTS (cont'd)

Net Assets per Unit (\$) ^{(1) (2) (4) *}		Increase (decrease) from operations:					Distributions:					Net assets at the end of the year shown ⁽²⁾
Net assets at the beginning of year ⁽²⁾		Total revenue	Total expenses (excluding distributions)	Realized gains (losses) for the year	Unrealized gains (losses) for the year	Total increase (decrease) from operations ⁽²⁾	From net investment income (excluding dividends)	From dividends	From capital gains	Return of capital	Total distributions ^(2,3)	
\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Class E												
Commencement of operations October 4, 2011												
Mar. 31, 2019	10.16	0.27	(0.24)	0.28	(0.02)	0.29	-	-	-	-	-	10.41
Mar. 31, 2018	10.62	0.23	(0.24)	0.61	(0.83)	(0.23)	-	(0.01)	(0.28)	-	(0.29)	10.16
Mar. 31, 2017	10.04	0.20	(0.23)	0.36	0.27	0.60	-	-	-	-	-	10.62
Mar. 31, 2016	12.36	0.23	(0.26)	1.09	(2.18)	(1.12)	-	-	(1.16)	-	(1.16)	10.04
Mar. 31, 2015	13.31	0.27	(0.31)	1.98	(1.23)	0.71	-	-	(1.60)	-	(1.60)	12.36
Class EF												
Commencement of operations July 29, 2015												
Mar. 31, 2019	8.42	0.21	(0.10)	0.23	(0.08)	0.26	-	(0.06)	(0.02)	-	(0.08)	8.64
Mar. 31, 2018	8.81	0.18	(0.10)	0.52	(0.68)	(0.08)	-	(0.01)	(0.33)	-	(0.34)	8.42
Mar. 31, 2017	8.24	0.16	(0.10)	0.16	0.38	0.60	-	-	-	-	-	8.81
Mar. 31, 2016	10.00	0.11	(0.07)	0.51	(0.91)	(0.36)	-	-	(1.06)	-	(1.06)	8.24
Class F												
Commencement of operations July 17, 2000												
Mar. 31, 2019	17.68	0.44	(0.24)	0.46	0.07	0.73	-	(0.10)	(0.05)	-	(0.15)	18.14
Mar. 31, 2018	18.49	0.37	(0.25)	1.19	(1.32)	(0.01)	-	(0.02)	(0.66)	-	(0.68)	17.68
Mar. 31, 2017	17.31	0.31	(0.23)	0.42	0.64	1.14	-	-	-	-	-	18.49
Mar. 31, 2016	21.36	0.36	(0.26)	1.91	(3.83)	(1.82)	-	-	(2.23)	-	(2.23)	17.31
Mar. 31, 2015	23.09	0.43	(0.31)	3.59	(2.32)	1.39	-	-	(3.08)	-	(3.08)	21.36
Class F1												
Commencement of operations May 1, 2017												
Mar. 31, 2019	9.46	0.23	(0.12)	0.31	(0.25)	0.17	-	(0.06)	(0.03)	-	(0.09)	9.71
Mar. 31, 2018	10.00	0.19	(0.11)	0.41	(0.92)	(0.43)	-	(0.01)	(0.36)	-	(0.37)	9.46
Class F2												
Commencement of operations May 1, 2017												
Mar. 31, 2019	9.46	0.23	(0.12)	0.27	(0.08)	0.30	-	(0.06)	(0.03)	-	(0.09)	9.71
Mar. 31, 2018	10.00	0.19	(0.11)	0.33	(0.72)	(0.31)	-	(0.01)	(0.37)	-	(0.38)	9.46
Class F3												
Commencement of operations May 1, 2017												
Mar. 31, 2019	9.46	0.24	(0.11)	0.31	(0.18)	0.26	-	(0.07)	(0.03)	-	(0.10)	9.71
Mar. 31, 2018	10.00	0.19	(0.10)	0.51	(0.93)	(0.33)	-	(0.01)	(0.37)	-	(0.38)	9.46

*Footnotes for the tables are found at the end of the Net Assets per Unit section of the Financial Highlights.

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FINANCIAL HIGHLIGHTS (cont'd)

Net Assets per Unit (\$) ^{(1) (2) (4) *}		Increase (decrease) from operations:					Distributions:					Net assets at the end of the year shown ⁽²⁾
Net assets at the beginning of year ⁽²⁾		Total revenue	Total expenses (excluding distributions)	Realized gains (losses) for the year	Unrealized gains (losses) for the year	Total increase (decrease) from operations ⁽²⁾	From net investment income (excluding dividends)	From dividends	From capital gains	Return of capital	Total distributions ^(2,3)	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Class F4												
Commencement of operations May 1, 2017												
Mar. 31, 2019	9.46	0.23	(0.10)	0.21	(0.19)	0.15	-	(0.07)	(0.03)	-	(0.10)	9.70
Mar. 31, 2018	10.00	0.18	(0.09)	0.33	(0.85)	(0.43)	-	(0.01)	(0.38)	-	(0.39)	9.46
Class F5												
Commencement of operations May 1, 2017												
Mar. 31, 2019	9.46	0.23	(0.09)	0.28	(0.06)	0.36	-	(0.08)	(0.04)	-	(0.12)	9.70
Mar. 31, 2018	10.00	0.18	(0.08)	0.54	(0.81)	(0.17)	-	(0.01)	(0.39)	-	(0.40)	9.46
Class I												
Commencement of operations July 31, 2001												
Mar. 31, 2019	19.75	0.49	-	0.37	(0.16)	0.70	-	(0.30)	(0.13)	-	(0.43)	20.26
Mar. 31, 2018	20.67	0.41	-	1.28	(1.57)	0.12	-	(0.04)	(1.01)	-	(1.05)	19.75
Mar. 31, 2017	19.10	0.37	-	0.54	0.92	1.83	-	-	-	-	-	20.67
Mar. 31, 2016	23.59	0.41	-	2.21	(4.71)	(2.09)	-	-	(2.77)	-	(2.77)	19.10
Mar. 31, 2015	25.51	0.47	-	3.98	(2.73)	1.72	-	-	(3.74)	-	(3.74)	23.59
Class O												
Commencement of operations October 4, 2011												
Mar. 31, 2019	10.43	0.26	(0.02)	0.30	(0.03)	0.51	-	(0.15)	(0.06)	-	(0.21)	10.69
Mar. 31, 2018	10.91	0.22	(0.02)	0.64	(0.84)	-	-	(0.02)	(0.52)	-	(0.54)	10.43
Mar. 31, 2017	10.09	0.18	(0.02)	0.32	0.30	0.78	-	-	-	-	-	10.91
Mar. 31, 2016	12.45	0.21	(0.02)	1.07	(2.17)	(0.91)	-	-	(1.43)	-	(1.43)	10.09
Mar. 31, 2015	13.45	0.25	(0.02)	2.01	(1.31)	0.93	-	-	(1.94)	-	(1.94)	12.45
Class P												
Commencement of operations May 1, 2017												
Mar. 31, 2019	9.45	0.22	(0.02)	0.60	0.81	1.61	-	(0.13)	(0.06)	-	(0.19)	9.69
Mar. 31, 2018	10.00	0.18	(0.02)	0.36	(1.01)	(0.49)	-	(0.02)	(0.46)	-	(0.48)	9.45
Class W												
Commencement of operations July 27, 2017												
Mar. 31, 2019	9.44	0.23	(0.02)	0.28	(0.06)	0.43	-	(0.13)	(0.06)	-	(0.19)	9.68
Mar. 31, 2018	10.00	0.13	(0.02)	0.14	(0.34)	(0.09)	-	(0.02)	(0.46)	-	(0.48)	9.44

*Footnotes for the tables are found at the end of the Net Assets per Unit section of the Financial Highlights.

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FINANCIAL HIGHLIGHTS (cont'd)

(1) This information is derived from the Fund's audited annual financial statements.

(2) Net assets per unit and distributions per unit are based on the actual number of units outstanding for the relevant class at the relevant time. The increase (decrease) in net assets from operations per unit is based on the weighted average number of units outstanding for the relevant class over the fiscal year.

(3) Distributions are automatically reinvested in additional units of the Fund.

(4) This information is provided for the years ended March 31.

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FINANCIAL HIGHLIGHTS (cont'd)

Ratios and Supplemental Data ^{(1) (5) *}

	Total net assets ⁽¹⁾ \$000's	Number of units outstanding ⁽¹⁾ 000's	Management expense ratio before taxes ⁽²⁾ %	Harmonized sales tax ⁽²⁾ %	Management expense ratio after taxes ⁽²⁾ %	Effective HST rate for the year ⁽²⁾ %	Trading expense ratio ⁽³⁾ %	Portfolio turnover rate ⁽⁴⁾ %
Class A								
Commencement of operations June 27, 1997								
Mar. 31, 2019	516,761	27,501	2.20	0.23	2.43	10.32	0.12	83.05
Mar. 31, 2018	791,081	43,075	2.20	0.23	2.43	10.36	0.15	83.36
Mar. 31, 2017	1,213,348	63,196	2.20	0.23	2.43	10.37	0.22	136.09
Mar. 31, 2016	1,640,233	90,270	2.21	0.23	2.44	10.37	0.09	51.10
Mar. 31, 2015	2,432,093	108,691	2.20	0.23	2.43	10.40	0.07	28.99
Class A1								
Commencement of operations May 1, 2017								
Mar. 31, 2019	176,336	18,161	2.13	0.22	2.35	10.43	0.12	83.05
Mar. 31, 2018	89,832	9,476	2.13	0.23	2.36	10.85	0.15	83.36
Class A2								
Commencement of operations May 1, 2017								
Mar. 31, 2019	15,952	1,643	2.09	0.22	2.31	10.66	0.12	83.05
Mar. 31, 2018	15,591	1,645	2.09	0.22	2.31	10.19	0.15	83.36
Class A3								
Commencement of operations May 1, 2017								
Mar. 31, 2019	6,853	705	2.00	0.22	2.22	10.80	0.12	83.05
Mar. 31, 2018	6,009	634	2.00	0.22	2.22	11.16	0.15	83.36
Class A4								
Commencement of operations May 1, 2017								
Mar. 31, 2019	566	58	1.92	0.24	2.16	12.31	0.12	83.05
Mar. 31, 2018	636	67	1.92	0.24	2.16	12.05	0.15	83.36
Class A5								
Commencement of operations May 1, 2017								
Mar. 31, 2019	427	44	1.80	0.14	1.94	8.00	0.12	83.05
Mar. 31, 2018	424	45	1.80	0.17	1.97	10.57	0.15	83.36

*Footnotes for the tables are found at the end of the Financial Highlights section.

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FINANCIAL HIGHLIGHTS (cont'd)

Ratios and Supplemental Data ^{(1) (2) *}

	Total net assets ⁽¹⁾ \$000's	Number of units outstanding ⁽¹⁾ 000's	Management expense ratio before taxes ⁽²⁾ %	Harmonized sales tax ⁽²⁾ %	Management expense ratio after taxes ⁽²⁾ %	Effective HST rate for the year ⁽²⁾ %	Trading expense ratio ⁽³⁾ %	Portfolio turnover rate ⁽⁴⁾ %
Class E								
Commencement of operations October 4, 2011								
Mar. 31, 2019	16,866	1,620	2.10	0.21	2.31	9.90	0.12	83.05
Mar. 31, 2018	21,211	2,087	2.10	0.19	2.29	9.21	0.15	83.36
Mar. 31, 2017	15,103	1,422	2.10	0.19	2.29	9.24	0.22	136.09
Mar. 31, 2016	11,676	1,163	2.11	0.20	2.31	9.58	0.09	51.10
Mar. 31, 2015	11,685	946	2.10	0.22	2.32	10.62	0.07	28.99
Class EF								
Commencement of operations July 29, 2015								
Mar. 31, 2019	1,484	172	1.10	0.11	1.21	10.15	0.12	83.05
Mar. 31, 2018	2,061	245	1.10	0.10	1.20	8.80	0.15	83.36
Mar. 31, 2017	1,495	170	1.10	0.08	1.18	7.53	0.22	136.09
Mar. 31, 2016	1,587	193	1.10	0.08	1.18	11.56	0.09	51.10
Class F								
Commencement of operations July 17, 2000								
Mar. 31, 2019	19,392	1,069	1.20	0.13	1.33	10.53	0.12	83.05
Mar. 31, 2018	30,884	1,747	1.20	0.13	1.33	10.73	0.15	83.36
Mar. 31, 2017	44,557	2,409	1.20	0.13	1.33	10.78	0.22	136.09
Mar. 31, 2016	50,138	2,897	1.20	0.13	1.33	10.55	0.09	51.10
Mar. 31, 2015	67,567	3,164	1.20	0.13	1.33	10.61	0.07	28.99
Class F1								
Commencement of operations May 1, 2017								
Mar. 31, 2019	9,041	932	1.13	0.12	1.25	11.08	0.12	83.05
Mar. 31, 2018	5,229	553	1.13	0.13	1.26	11.28	0.15	83.36
Class F2								
Commencement of operations May 1, 2017								
Mar. 31, 2019	1,313	135	1.09	0.11	1.20	10.46	0.12	83.05
Mar. 31, 2018	1,590	168	1.09	0.10	1.19	9.12	0.15	83.36
Class F3								
Commencement of operations May 1, 2017								
Mar. 31, 2019	1,256	129	1.00	0.12	1.12	12.61	0.12	83.05
Mar. 31, 2018	710	75	1.00	0.13	1.13	12.35	0.15	83.36

*Footnotes for the tables are found at the end of the Financial Highlights section.

Harbour Fund

Management Report of Fund Performance for the year ended March 31, 2019

FINANCIAL HIGHLIGHTS (cont'd)

Ratios and Supplemental Data ^{(1) (2) *}

	Total net assets ⁽¹⁾ \$000's	Number of units outstanding ⁽¹⁾ 000's	Management expense ratio before taxes ⁽²⁾ %	Harmonized sales tax ⁽²⁾ %	Management expense ratio after taxes ⁽²⁾ %	Effective HST rate for the year ⁽²⁾ %	Trading expense ratio ⁽³⁾ %	Portfolio turnover rate ⁽⁴⁾ %
--	-----------------------------------------------	-----------------------------------------------------------	-----------------------------------------------------------------	---------------------------------------------	----------------------------------------------------------------	-----------------------------------------------------------	----------------------------------------------	------------------------------------------------

Class F4

Commencement of operations May 1, 2017

Mar. 31, 2019	44	5	0.92	0.12	1.04	13.00	0.12	83.05
Mar. 31, 2018	60	6	0.92	0.12	1.04	13.00	0.15	83.36

Class F5

Commencement of operations May 1, 2017

Mar. 31, 2019	12	1	0.80	0.10	0.90	13.00	0.12	83.05
Mar. 31, 2018	11	1	0.80	0.09	0.89	13.00	0.15	83.36

Class I

Commencement of operations July 31, 2001

Mar. 31, 2019	146,627	7,238	-	-	-	-	0.12	83.05
Mar. 31, 2018	494,378	25,026	-	-	-	-	0.15	83.36
Mar. 31, 2017	517,749	25,045	-	-	-	-	0.22	136.09
Mar. 31, 2016	295,548	15,477	-	-	-	-	0.09	51.10
Mar. 31, 2015	533,069	22,601	-	-	-	-	0.07	28.99

Class O

Commencement of operations October 4, 2011

Mar. 31, 2019	14,963	1,399	0.15	0.02	0.17	10.03	0.12	83.05
Mar. 31, 2018	18,789	1,802	0.15	0.02	0.17	10.34	0.15	83.36
Mar. 31, 2017	15,700	1,439	0.15	0.02	0.17	10.41	0.22	136.09
Mar. 31, 2016	15,147	1,501	0.15	0.02	0.17	10.65	0.09	51.10
Mar. 31, 2015	10,761	864	0.15	0.02	0.17	11.24	0.07	28.99

Class P

Commencement of operations May 1, 2017

Mar. 31, 2019	615	64	0.20	0.03	0.23	13.04	0.12	83.05
Mar. 31, 2018	110	12	0.20	0.03	0.23	13.00	0.15	83.36

Class W

Commencement of operations July 27, 2017

Mar. 31, 2019	10	1	0.20	0.03	0.23	13.00	0.12	83.05
Mar. 31, 2018	10	1	0.20	0.03	0.23	13.00	0.15	83.36

*Footnotes for the tables are found at the end of the Financial Highlights section.

Harbour Fund

Management Report of Fund Performance for the year ended March 31, 2019

FINANCIAL HIGHLIGHTS (cont'd)

(1) This information is derived from the Fund's audited annual financial statements.

(2) Management expense ratio is calculated based on expenses charged to the Fund (excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of daily average net assets for the year, including the Fund's proportionate share of any underlying fund(s) expenses, if applicable. The Effective HST tax rate is calculated using the attribution percentage for each province based on unitholder residency and can be different from 13%.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the year, including the Fund's proportionate share of such expenses of any underlying fund(s), if applicable.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the fiscal year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a higher turnover rate and the performance of a Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the year, and excluding cash and short-term investments maturing in less than one year, and before assets acquired from a merger, if applicable, by the average of the monthly fair value of investments during the year.

(5) This information is provided for the years ended March 31.

Harbour Fund

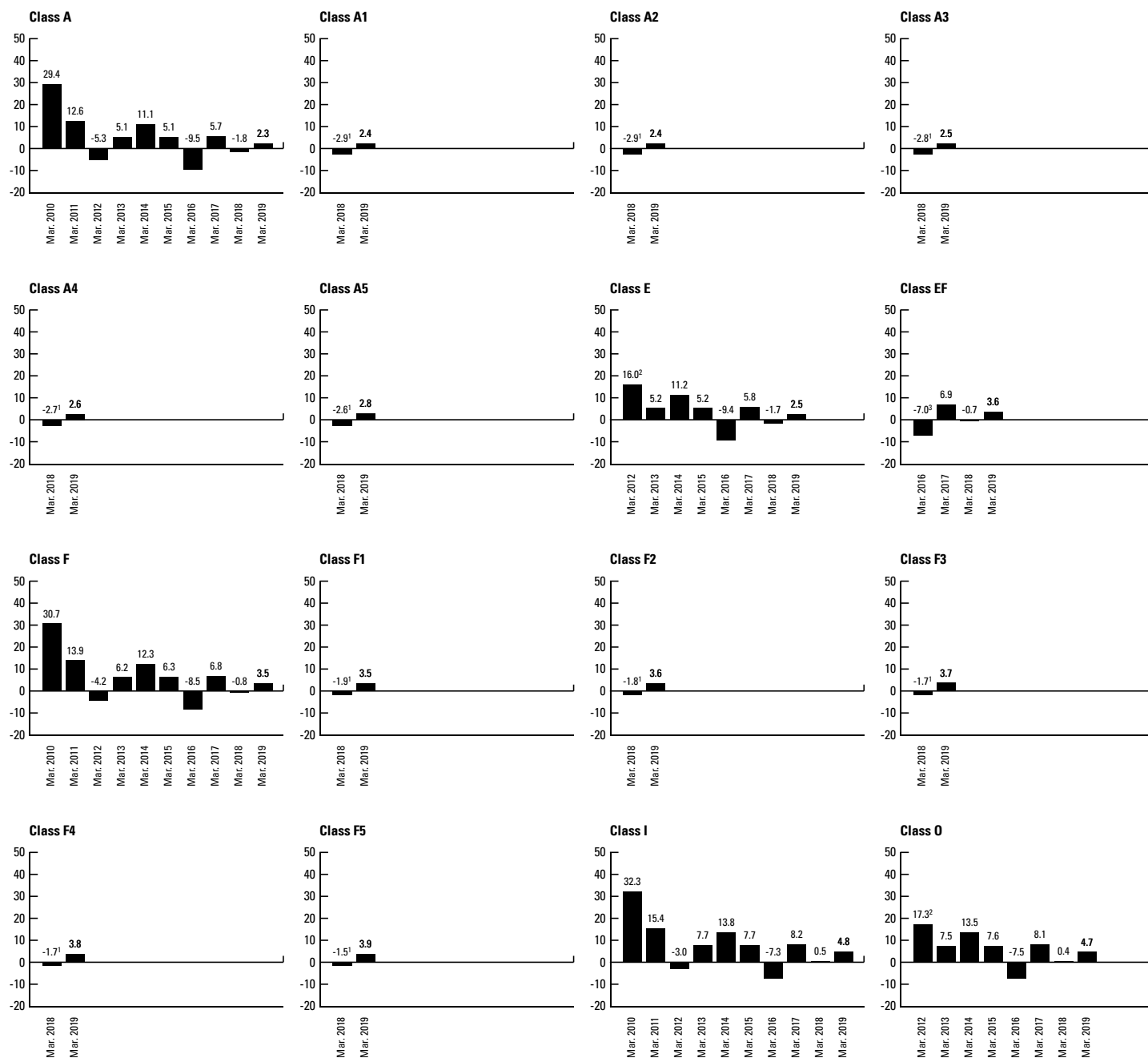
Management Report of Fund Performance for the year ended March 31, 2019

PAST PERFORMANCE

This section describes how the Fund has performed in the past. Remember, past returns do not indicate how the Fund will perform in the future. The information shown assumes that distributions made by the Fund in the years shown were reinvested in additional units of the relevant classes of the Fund. In addition, the information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance.

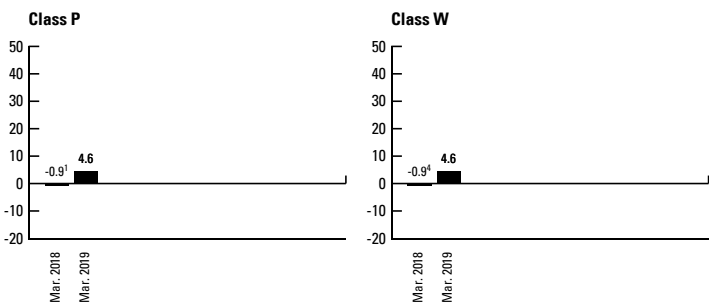
Year-by-Year Returns

The following charts show the Fund's annual performance for each of the years shown and illustrate how the Fund's performance has changed from year to year. In percentage terms, the charts show how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year, except where noted.



Harbour Fund

Management Report of Fund Performance for the year ended March 31, 2019



1 2018 return is for the period from May 1, 2017 to March 31, 2018.
2 2012 return is for the period from October 4, 2011 to March 31, 2012.
3 2016 return is for the period from July 29, 2015 to March 31, 2016.
4 2018 return is for the period from July 27, 2017 to March 31, 2018.

Harbour Fund

Management Report of Fund Performance for the year ended March 31, 2019

Annual Compound Returns

The following table shows the Fund's annual compound returns for each year indicated, compared to the S&P/TSX Composite Total Return Index.

The S&P/TSX Composite Index is a float-adjusted market capitalization weighted index, which is the principal broad measure of the Canadian equity market. It includes common stocks and income trust units of companies incorporated in Canada which are listed on the Toronto Stock Exchange.

A discussion of the performance of the Fund as compared to the benchmark is found in the Results of Operations section of this report.

	One Year (%)	Three Years (%)	Five Years (%)	Ten Years (%)	Since Inception (%)
Class A	2.3	2.0	0.2	5.0	n/a
S&P/TSX Composite Total Return Index	8.1	9.3	5.4	9.5	n/a
Class A1	2.4	n/a	n/a	n/a	(0.3)
S&P/TSX Composite Total Return Index	8.1	n/a	n/a	n/a	11.0
Class A2	2.4	n/a	n/a	n/a	(0.2)
S&P/TSX Composite Total Return Index	8.1	n/a	n/a	n/a	11.0
Class A3	2.5	n/a	n/a	n/a	(0.1)
S&P/TSX Composite Total Return Index	8.1	n/a	n/a	n/a	11.0
Class A4	2.6	n/a	n/a	n/a	(0.1)
S&P/TSX Composite Total Return Index	8.1	n/a	n/a	n/a	11.0
Class A5	2.8	n/a	n/a	n/a	0.1
S&P/TSX Composite Total Return Index	8.1	n/a	n/a	n/a	11.0
Class E	2.5	2.1	0.3	n/a	4.3
S&P/TSX Composite Total Return Index	8.1	9.3	5.4	n/a	6.9
Class EF	3.6	3.2	n/a	n/a	0.6
S&P/TSX Composite Total Return Index	8.1	9.3	n/a	n/a	6.1
Class F	3.5	3.1	1.3	6.1	n/a
S&P/TSX Composite Total Return Index	8.1	9.3	5.4	9.5	n/a
Class F1	3.5	n/a	n/a	n/a	0.8
S&P/TSX Composite Total Return Index	8.1	n/a	n/a	n/a	11.0
Class F2	3.6	n/a	n/a	n/a	0.9
S&P/TSX Composite Total Return Index	8.1	n/a	n/a	n/a	11.0
Class F3	3.7	n/a	n/a	n/a	0.9
S&P/TSX Composite Total Return Index	8.1	n/a	n/a	n/a	11.0
Class F4	3.8	n/a	n/a	n/a	1.0
S&P/TSX Composite Total Return Index	8.1	n/a	n/a	n/a	11.0
Class F5	3.9	n/a	n/a	n/a	1.2
S&P/TSX Composite Total Return Index	8.1	n/a	n/a	n/a	11.0
Class I	4.8	4.5	2.6	7.5	n/a
S&P/TSX Composite Total Return Index	8.1	9.3	5.4	9.5	n/a
Class O	4.7	4.3	2.5	n/a	6.5
S&P/TSX Composite Total Return Index	8.1	9.3	5.4	n/a	6.9
Class P	4.6	n/a	n/a	n/a	1.8
S&P/TSX Composite Total Return Index	8.1	n/a	n/a	n/a	11.0
Class W	4.6	n/a	n/a	n/a	2.2
S&P/TSX Composite Total Return Index	8.1	n/a	n/a	n/a	7.0

Harbour Fund

Management Report of Fund Performance for the year ended March 31, 2019

SUMMARY OF INVESTMENT PORTFOLIO as at March 31, 2019

Category	% of Net Assets	Category	% of Net Assets	Top 25 Holdings	% of Net Assets
Country allocation		Sector allocation			
Canada	62.8	Financials	35.0	Short-Term Investments	10.1
U.S.A.	18.4	Energy	12.1	Royal Bank of Canada	5.7
Short-Term Investments	10.1	Short-Term Investments	10.1	Toronto-Dominion Bank	5.6
Cash & Equivalents	5.5	Information Technology	8.8	Cash & Equivalents	5.5
U.K.	2.2	Materials	6.7	The Bank of Nova Scotia	4.9
Netherlands	1.2	Cash & Equivalents	5.5	Brookfield Asset Management Inc., Class A (USD)	4.4
Foreign Currency Forward Contracts	(0.1)	Industrials	4.9	Thomson Reuters Corp.	4.1
Other Net Assets (Liabilities)	(0.1)	Utilities	4.6	Alimentation Couche-Tard Inc., Class B	3.8
		Consumer Discretionary	4.5	TMX Group Ltd.	3.6
		Consumer Staples	3.8	Pembina Pipeline Corp.	3.1
		Communication Services	2.8	S&P Global Inc.	2.8
		Real Estate	1.4	Northland Power Inc.	2.8
		Foreign Currency Forward Contracts	(0.1)	Rogers Communications Inc., Class B	2.8
		Other Net Assets (Liabilities)	(0.1)	Suncor Energy Inc.	2.8
				Canadian National Railway Co.	2.5
				Enbridge Inc.	2.4
				Microsoft Corp.	2.3
				ConocoPhillips Co.	2.2
				London Stock Exchange Group PLC	2.2
				Fiserv Inc.	2.1
				Wheaton Precious Metals Corp.	2.0
				Franco-Nevada Corp.	1.9
				O'Reilly Automotive Inc.	1.9
				Sun Life Financial Inc.	1.9
				Boralex Inc., Class A	1.8
				Total Net Assets (in \$000's)	\$928,518

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund and updates will be available on a quarterly basis.

A NOTE ON FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective," and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any

forward-looking statement made by the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchanges rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.