

**HDIF**

**Harvest  
Diversified Monthly  
Income ETF**

**HRIF**

**Harvest  
Diversified Equity  
Income ETF**

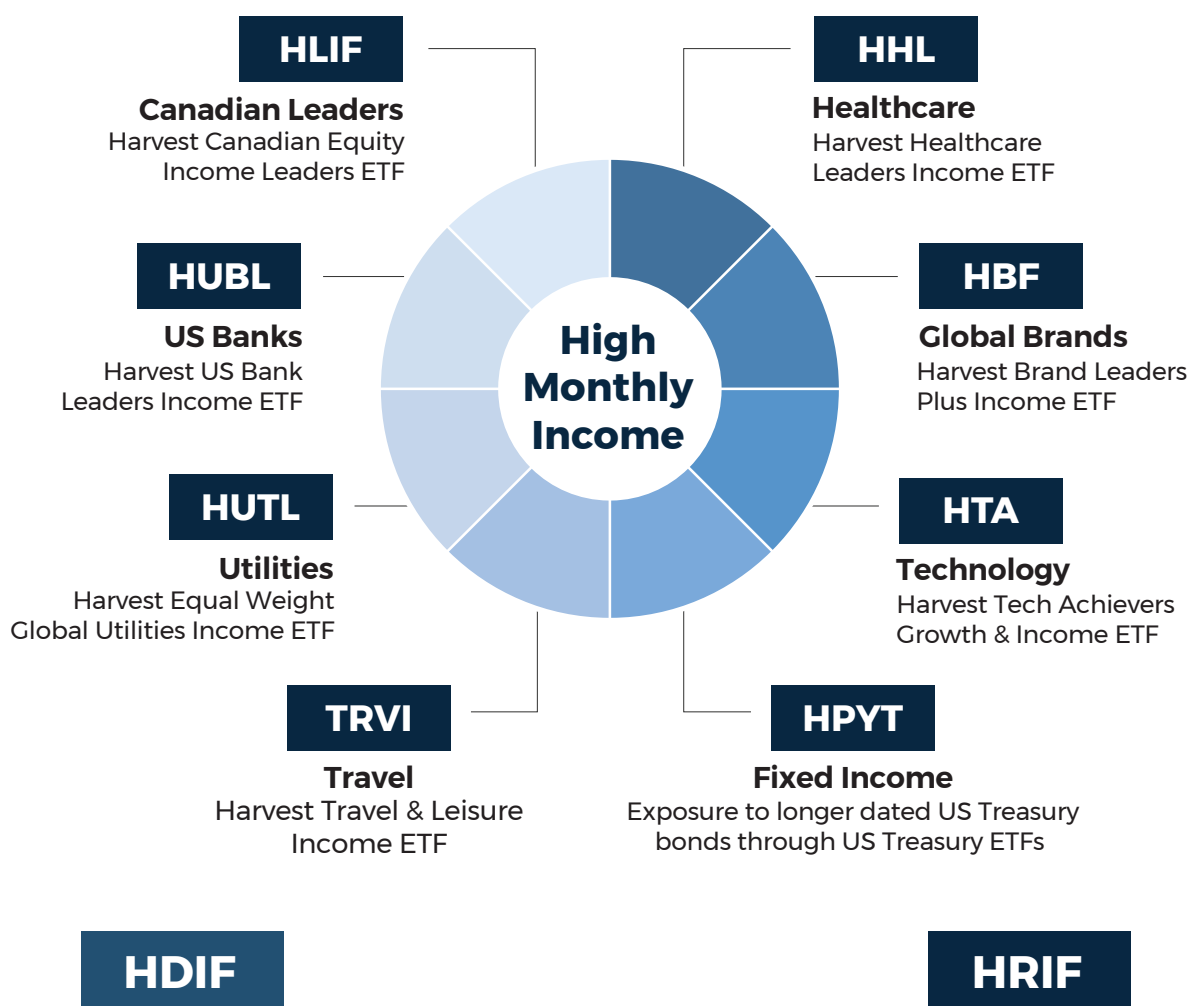
**March 2024**

## Two ETFs that capture ‘The Harvest Way’

At Harvest ETFs, we have established a reputation for delivering consistent monthly income and strong growth opportunities through our Equity Income ETFs. We have done so with a simple investment philosophy: owning high quality businesses with long-term growth prospects combined with a covered call strategy to enhance yield and generate income. That philosophy has delivered stable, consistent income to our unitholders, while giving them exposure to powerful long-term growth trends.

**The Harvest Diversified Monthly Income ETF (HDIF:TSX) and the Harvest Diversified Equity Income ETF (HRIF:TSX) are built on the strength of our investment philosophy.**

**HDIF and HRIF are invested in a basket of primarily Harvest equity income ETFs.**



Each of these ETFs is built to deliver growth opportunity and consistent income to unitholders. Now by offering access to these ETFs through HDIF & HRIF, we are giving unitholders broad diversification across subsectors and geographies, exposure to powerful long-term growth trends, and high monthly cashflow. **The key difference between HDIF and HRIF is leverage. HDIF applies modest leverage to enhance income while HRIF uses no leverage to limit risk.**

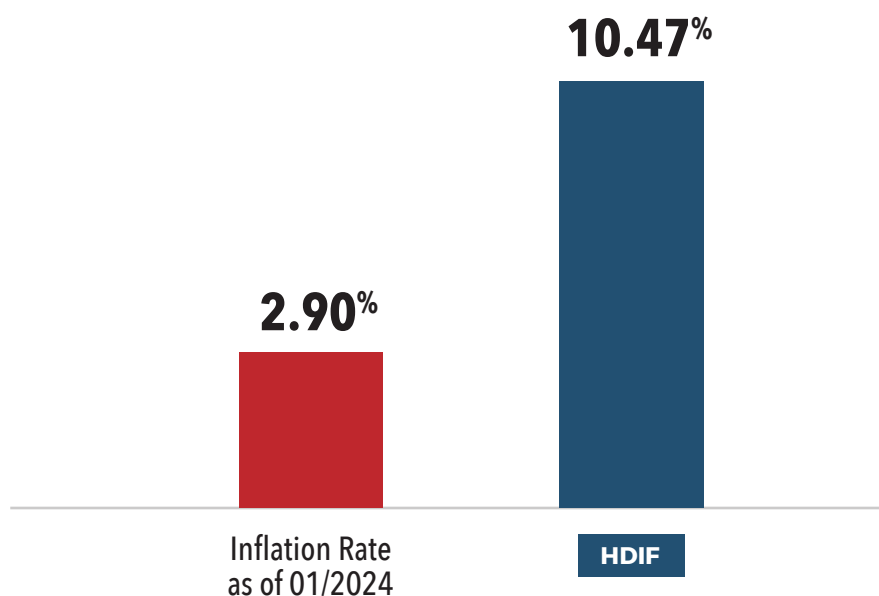


## Why Canadian investors need income

HDIF and HRIF were designed to meet Canadian investors' acute need for income. Many traditional income-paying products haven't provided yields that investors, especially retirees, once relied upon to supplement their CPP. Many alternative solutions lack a consistent or reliable schedule. Generating income has become an increasingly complex task, especially for pre-retirees or retirees. Investors over 71, with RRSP accounts that have been turned to RRIFs, are watching their savings and legacies dwindle as their income sources fail to cover government-mandated drawdowns. Canadians have worked and saved for too long to have to worry that they won't have the income they need to retire.

**Average CPP Monthly Benefit: \$758.32<sup>1</sup>**

## Traditional income yields are still below inflation



Sources: Bloomberg, Harvest Portfolios Group Inc.; Inflation based on StatsCan year over year CPI as at January 31, 2024; HDIF yield is current yield as at February 29, 2024 (yield based on current distribution and price).

## How HDIF and HRIF generate their income

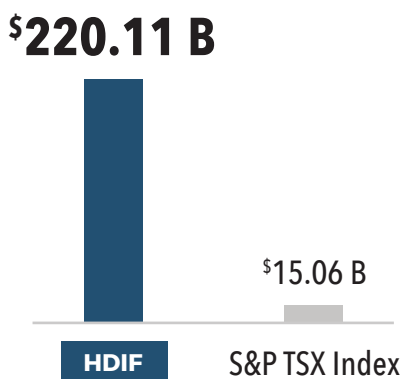
The income mechanics of HDIF and HRIF begin with the ETFs they hold. Each of these ETFs is constructed of 15-30 equally weighted, high-quality, companies that meet stringent financial criteria. Each Harvest Equity Income ETF uses a covered call strategy to sell calls on up to 33% of our positions in these companies. As the third-largest covered call writer in Canada, we have shown that through prudent call writing we can maximize income on our ETFs. The Equity Income ETFs held by HDIF & HRIF generate income yields between 7.5% and 10.00% approximately. Income generated by covered calls can be highly tax efficient when used in non-registered plans, as it is generally taxed as capital gains. In October 2023, we added HPYT, our fixed income ETF, to provide an additional source of income for unitholders. HPYT can write covered calls on up to 100% of its holdings.

In HDIF those yields are further amplified. **HRIF does not include a leverage component, and is therefore an equity ETF without the addition of leverage-related risk.**

## The Power of a Combined Strategy

Through HDIF and HRIF unitholders will gain access to an equal-weight basket of Harvest strategies applying our quality-focused and income-generating investment philosophy to sectors and megatrends with unique and powerful growth tailwinds.

### Scale Comparison: Holdings vs. S&P TSX Index holdings by Average Market Cap



Source: Bloomberg; Harvest Portfolios Group as at February 29, 2024

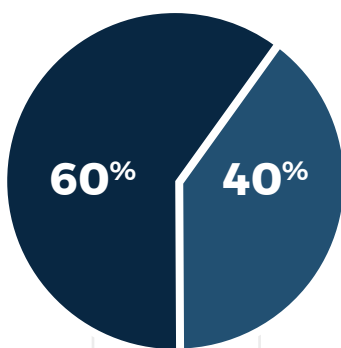
While each of these ETFs have strong growth prospects, they also benefit from the reliable and tangible nature of the industries and sectors they cover. Most of us touch these sectors every day.

We all need healthcare at various points in our lives. We all use banking services. We all need the lights to turn on and the phones to work. We all use the internet and at least one tech device. We all consume products from the world's biggest brands. The sectors captured by these ETFs are embedded in each of our daily lives, whether we notice them or not.

## An alternative to 60/40 investing

The prevailing wisdom among investors crafting a portfolio has been to compose it with 60% equities and 40% bonds or other fixed-income offerings. This balanced approach allows for equities to deliver growth in the long term, while bonds offset the downsides in equities by delivering uncorrelated returns. This form of portfolio has returned to favour with interest rates rising in the aftermath of the COVID-19 pandemic. While the traditional balanced allocation continues to be a viable route, investors may also want to consider Equity Income ETFs as a new source of balance.

### Traditional Balanced Allocation



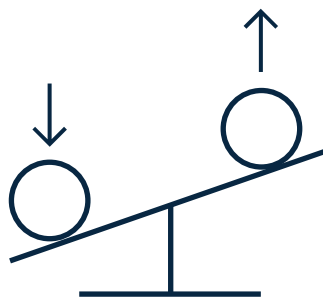
#### Equities Source of returns

- Corporate earnings
- Expanding valuations

#### Fixed Income Source of returns

- Interest Rate/Yield
- Credit risk

### A New Source of Balance



#### Equity Income ETFs Source of returns

- Call Option Derived Yield
- Corporate Earnings
- Expanding valuation

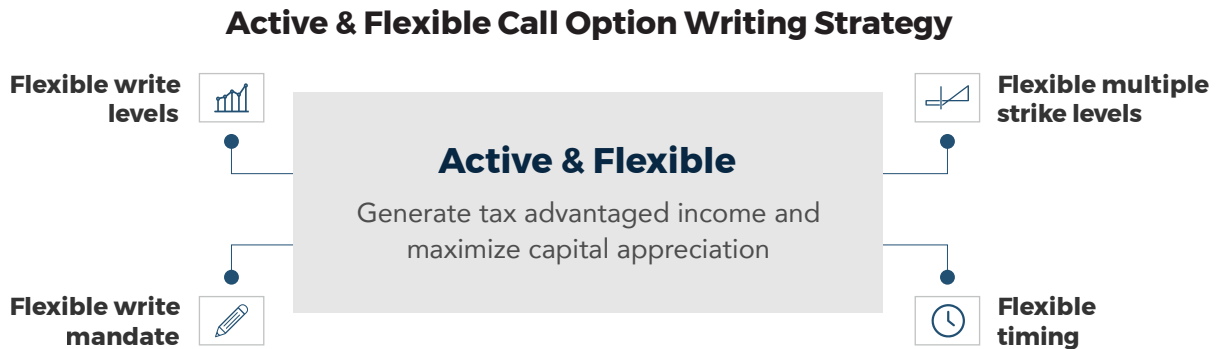
Equity income is one solution. A portfolio of equities, allayed with an active covered call strategy, allows these ETFs to generate consistent monthly cashflow while still participating in market growth opportunity. Harvest launched a full fixed income ETF suite in January 2024, which is now a component of HDIF. So, while equity income ETFs have offered a new path, the balanced allocation still has merit and may experience an evolution alongside the employment of covered calls.

HDIF & HRIF offer simple access to baskets of equity income ETFs, which are becoming a powerful asset class for investors. Meanwhile, it also offers exposure to Harvest fixed income ETFs.

## Turning Volatility Into Cashflow

A unique advantage to covered call strategies is that when they're actively managed, they can actually turn market volatility into cashflow.

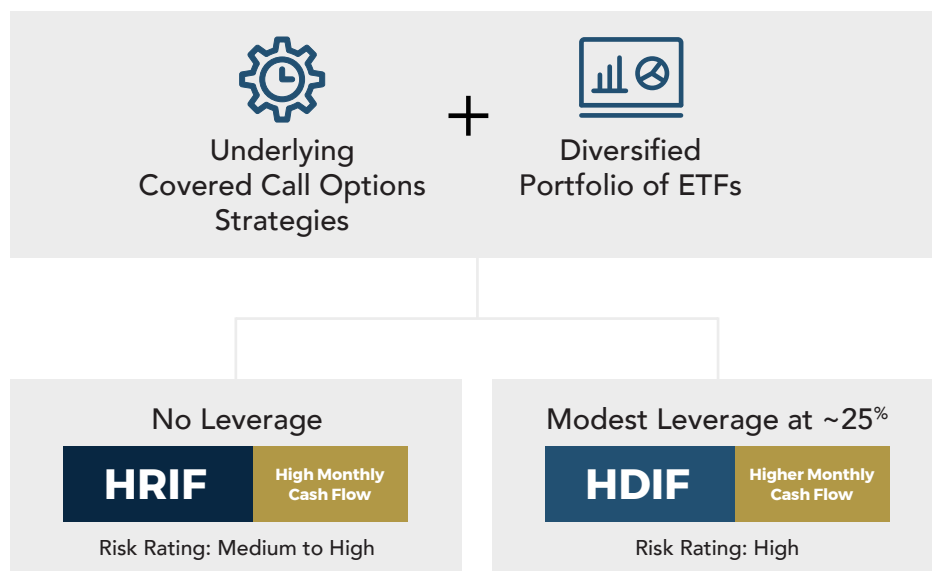
That's because covered calls generate premiums by making an agreement to sell a stock at today's price on a later date. When markets are volatile, those premiums are higher. So, when markets turn spiky an active manager can generate plenty of cashflow from selling fewer call options, giving this asset class a powerful advantage in volatile markets.



Because income from covered calls is taxed as capital gains, these strategies are highly tax-efficient, another advantage for income-seeking investors.

HDIF & HRIF give investors simple access to this powerful strategy and the experienced team of Harvest Portfolio Managers executing it.

## One Income Strategy, Two Tactics



## Investment Highlights

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HDIF & HRIF are built for the long-term investor. These ETFs build on a foundation of performance and yield. They capture the 'Harvest way,' delivering on the growth focus and income we have always worked to offer for long-term investors.

Where many 'funds of funds' charge an additional fee on top of the management fees of their component ETFs, HDIF & HRIF have no additional management fee. We can do that because they are invested in other Harvest ETFs which do charge a fee. We see additional fees charged on existing fees to be costly and a detriment to returns.

The basket of companies owned by the ETFs in HDIF & HRIF are a veritable laundry-list of global leaders. They are, simply put, among the largest and most important companies on the planet. They are all leaders.

## HDIF & HRIF at a Glance

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- One stop diversified core monthly income solutions
- Exposure to leading large capitalization companies across sectors
- High monthly income with opportunity for capital appreciation
- ETF Facts rated medium risk
- Covered call strategy used to enhance portfolio income potential and lower portfolio volatility
- Zero management fee (ETF is subject to fees of the underlying ETFs in the portfolio)
- In HDIF - Modest leverage at approximately 25% to enhance income
- In HRIF - no leverage component to limit risk



## About Harvest

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Founded in 2009, Harvest Portfolios Group Inc. is an independent Canadian Investment Fund Manager. At Harvest, our guiding principles are premised on building wealth for our clients through ownership of strong businesses that have the potential to grow & generate income over the long term. Harvest has an established track record with its stable of equity ETFs. Now, in 2023, Harvest has expanded its income philosophy to introduce Fixed Income ETFs to our innovative lineup. Harvest now offers exposure to the highest rated bonds like US Treasuries, coupled with its covered call strategy that provides high yields to increase monthly income.

To learn more about the ETFs, please visit [harvestportfolios.com/etf/hdif](https://harvestportfolios.com/etf/hdif) and [harvestportfolios.com/etf/hrif](https://harvestportfolios.com/etf/hrif)

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1 <https://www.canada.ca/en/services/benefits/publicpensions/cpp/cpp-benefit/amount.html>

### Disclaimer

For Information Purposes Only. Commissions, management fees and expenses all may be associated with investing in Harvest Exchange Traded Funds (managed by Harvest Portfolios Group Inc.). Please read the relevant prospectus before investing. The indicated rates of return are the historical annual compounded total returns (except for figures of one year or less, which are simple total returns) including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. The funds are not guaranteed, their values change frequently, and past performance may not be repeated. Tax investment and all other decisions should be made with guidance from a qualified professional.

Distributions are paid to you in cash unless you request, pursuant to your participation in a distribution reinvestment plan, that they be reinvested into Class A units of the Fund. If the Fund earns less than the amounts distributed, the difference is a return of capital.

Certain statements included in this communication constitute forward-looking statements ("FLS"), including, but not limited to, those identified by the expressions "expect", "intend", "will" and similar expressions to the extent they relate to the Fund. The FLS are not historical facts but reflect Harvest's, the Manager of the Fund, current expectations regarding future results or events. These FLS statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. Although Harvest, the Manager of the Fund, believes that the assumptions inherent in the FLS are reasonable, FLS are not guarantees of future performance and, accordingly, readers are cautioned not to place undue reliance on such statements due to the inherent uncertainty therein. Harvest, the Manager of the Fund, undertakes no obligation to update publicly or otherwise revise any FLS or information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

Distributions are paid to you in cash unless you request, pursuant to your participation in a distribution reinvestment plan, that they be reinvested into Class A units of the Fund. If the Fund earns less than the amounts distributed, the difference is a return of capital.

Please see [www.harvestportfolios.com](https://www.harvestportfolios.com) for additional information.