



# GLOBAL GOLD'S OUTLOOK SHINES



**Harvest's Global Gold Giants Index ETF** captures the prospects and potential of a recovery in gold prices with a tightly focused ETF of the biggest producers.

Gold is unique as an investment because the things that determine its price are different from the things that determine the price of stocks, bonds or real estate. This is why gold is an attractive way to diversify a portfolio. It can reduce volatility while capturing the upward momentum in the price of this precious metal.

The lack of correlation between gold and other asset classes is best illustrated by its behavior between Oct. 1, 2007, and March 1, 2009, an 18-month period of market setback. The S&P 500 index fell -55%, while the price of gold rose 28%. Investors with some exposure to gold would have mitigated the impact of the broader market decline.

*"Gold has special properties that no other currency...can claim. For more than two millennia, gold has had virtually unquestioned acceptance as payment."  
Former Federal Reserve Chairman Alan Greenspan*

A decade later, global stock markets have recovered. Harvest ETFs believes we are in the late stages of an economic expansion and investors may be looking for more defensive investments. That is the thinking behind the new ETF, the Harvest Global Gold Giants Index ETF (TSX:HGGG).

## *Why a Global Gold ETF now*

At Harvest, we are not gold bugs, but we have been watching the gold market for some time, especially gold company shares. They have been in a bear market since 2012 which is why we see considerable value in them now.

As gold has fallen 35% from a spot peak of US \$1,917.90 in Aug. 2011 to \$1,239.95 as of Dec. 31, 2018, many small companies have gone bankrupt or been acquired by larger companies. Consolidation is a sign of a market bottom, so large firms - the biggest of the big - are well positioned to take advantage of the next advance.

These global gold producers are at the heart of Harvest Global Gold Giants Index ETF (TSX:HGGG). The ETF holds - on an equal weighted basis - the 20 largest global gold companies by market cap. They are mainly headquartered in Canada, Australia, the UK, and the U.S.

## *A hedge in uncertain times*

As we enter the late stages of the economic cycle, at some point rates will peak, markets will weaken, rates will start to decline and the U.S. dollar which has been in a strong upward cycle may also weaken.

These conditions are positive for gold producers. They are an investment haven in volatile times, a hedge against inflation and are good performers when the U.S. dollar weakens.

## *Sources of gold demand*

There are three main sources of demand for gold.

- Jewelry accounts for the largest portion and has grown with the rising incomes in emerging markets.
- Coins, bullion, medals, and gold bars. The buyers include central banks, individuals and ETFs who buy bullion.
- Industrial use, including dentistry, medical procedures, electronic devices and such things as heat shields used in space shuttles.

## Five reasons to own gold

Investing in gold-mining stocks captures organic growth in demand by consumers and their end use in industry. It also provides greater leverage than investing in gold bullion. This is because as the price of gold goes up, the profit margins of gold mining companies increases which can boost earnings exponentially.



Hedge against inflation or volatile market



Tangible asset with trading liquidity



Portfolio diversification to dampen volatility



Increased demand from "newly affluent" middle class in emerging economies



Can offer safe harbor

## Harvest Global **Gold** Giants Index ETF

The Harvest Global Gold Giants Index ETF has been designed to replicate, to the extent possible, the performance of the Solactive Global Gold Giants Index TR, net of expenses. The ETF invests in and holds the Constituent Securities of the Index in the same proportion as they are reflected in the Index.

The benchmark used is the Solactive Global Gold Giants Index TR, which includes global securities in the gold industry. Constituents are subject to minimum market capitalization and liquidity screens. Plus, each security in the index is allocated an equal weight.

Benefits include:

- Low cost access to a portfolio of high quality gold companies
- Globally diversified fund
- Global exposure provides some inflation protection
- Equal weighting to lessen concentration/risk toward top index holdings
- Highly liquid underlying securities

### About Harvest Portfolios Group Inc

Founded in 2009, Harvest Portfolios is a Canadian Investment Fund Manager which offers an innovative suite of exchange traded funds, mutual funds and publicly-listed structured products designed to satisfy the long-term growth and income needs of investors. We pride ourselves in creating trusted investment solutions that meet the expectations of our investors.





# Harvest Global Gold Giants Index ETF

## TSX : HGGG






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Please see [www.harvestportfolios.com](http://www.harvestportfolios.com) for additional information. The ETF is listed for trading on the TSX under ticker symbol **HGGG**.

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