



**HARVEST**  
EXCHANGE TRADED FUNDS



**HARVEST GLOBAL GOLD GIANTS  
INDEX ETF**

*October 2021*

**TSX HGGG**

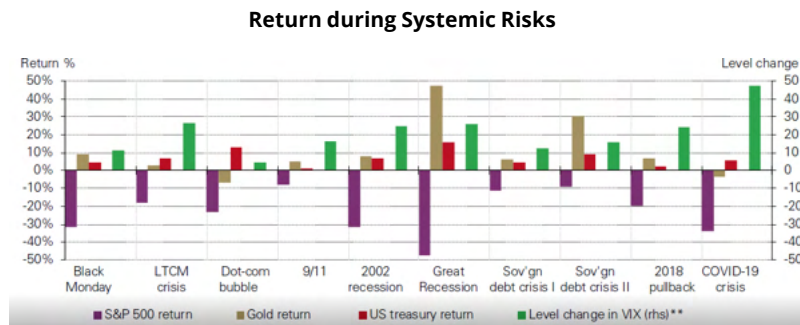
## Gold As a Wealth Protection Strategy

One of the key underlying uses of Gold as an investment has been to provide diversification and defensive positioning to preserve wealth in times of market corrections, inflationary pressures, a weakening US dollar and regional or global conflict.

As highlighted by World Gold Council in their report “The Relevance of Gold as a Strategic Asset (2019)”, the inverse correlation also becomes more apparent as downside market volatility increases.

### Gold versus other asset classes during tail-risk

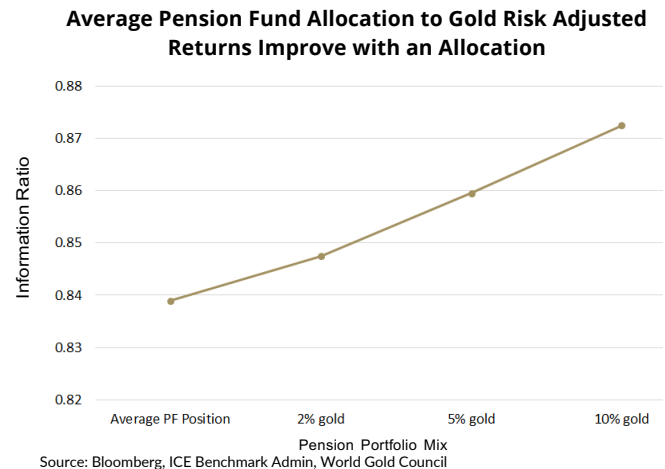
Sometimes even the hint of a potential regional conflict can send the price of Gold spiraling upward in a very short time. Though these short bursts can be driven by speculative trading, the negative or low correlation to stock markets can help preserve wealth or lower market volatility in a portfolio.



Source: Bloomberg, Wold Gold Council

### Gold as a Diversifier

The investment appetite for Gold can ebb and flow depending on economic circumstances, but Gold provides stability for a portfolio, like a hedge, since it has a low correlation to the equity markets. As the chart highlights, historically having a position in Gold has been beneficial for portfolio’s risk adjusted return metrics.



*"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*

## Different ways to get exposure to Gold

To get exposure towards Gold, you can hold: bullion directly (wafers and bars in a safety deposit box), Gold futures contracts, Gold mining shares, Gold ETFs and Mutual Funds which can hold a variety of stocks and metal contracts or the bullion physically, and other structured and derivative based products. The number and variety of products around the world and trading on major markets is overwhelming and the choice of investment can be daunting for an individual investor.

## The Harvest Global Gold Giants Index ETF

Harvest's designed an Index product that would track the performance of the top 20 global Gold producers by market capitalization. As an adjunct to the Harvest Investment Philosophy, which is to own quality long running businesses, this approach to the Gold market made the most sense.

We don't want to own the commodity directly, store it, and insure it while it generates zero earnings for the ETF. We don't want to own the smaller and mid cap names where speculation can run rampant, we wanted to own the large cap established names which have production exposure, have the ability to generate cash flows, and their market dominance will provide opportunities for M&A activity.



## Reasons to own Global Gold Equities

Investing in gold-mining stocks captures organic growth in demand and 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. Gold stocks are highly liquid.

- ◆ Hedge against inflation or volatile market
- ◆ Tangible asset with trading liquidity
- ◆ Uncorrelated to equity investments
- ◆ Earnings momentum has turned positive
- ◆ Gold stocks play a different role to bullion
- ◆ Portfolio diversification to dampen volatility
- ◆ Miners with strong balance sheets can potentially benefit from higher profit margins
- ◆ Potential M&A's can create required scale for growth
- ◆ 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:
- Cost effective 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

Founded in 2009, Harvest Portfolios Group Inc. is a Canadian Investment Fund Manager managing over \$1.8 billion in assets. 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 steady income over the long term.

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Income happens here.

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#### Solactive Indices

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