



**HIND**

# Harvest Industrial Leaders Income ETF

Industrial Giants That Drive Innovation

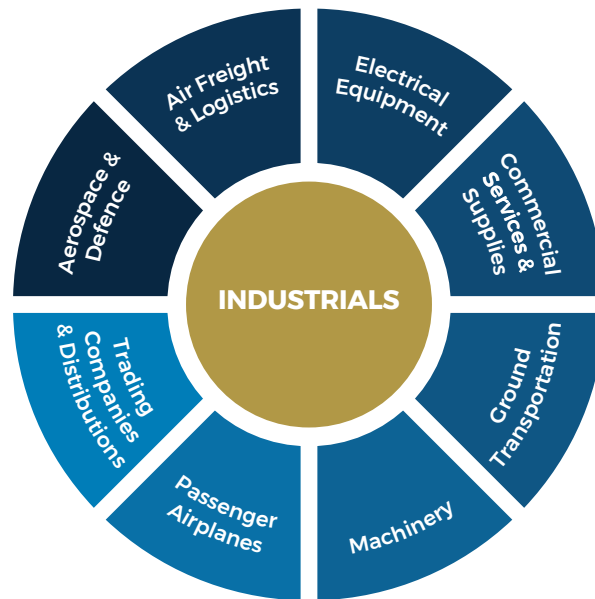
---

May 2024

## Industrials – Why Now?

---

Industrials is a diverse sector with many growth drivers. That means that the revenue generation capabilities of companies within the sector are linked with the broader macroeconomic performance. There are a number of strong secular opportunities in this sector right now.



## The Components of the Industrial Sector

---

Some of the burgeoning sub-sectors that investors will gain exposure to include aerospace and defence, air freight and logistics, commercial services and supplies, electrical equipment, and ground transportation.

## Morning in America | Recovery

---

In 2023, the United States manufacturing industry was able to capitalize on the momentum generated by three significant pieces of legislation that were signed into law in 2021 and 2022. This legislation can power the three Rs in the US: **recovery**, **rebuilding**, and **repatriation**.

The United States economy is emerging from a manufacturing slowdown. These secular opportunities have sprouted up due to the investment the US government is making in its domestic industries.

## Economic Recovery and Growth

In 2023, the U.S. manufacturing industry leveraged momentum from pivotal legislation enacted in the previous two years, driving a period termed as "recovery, rebuilding, and repatriation."

## Legislative Catalysts for Growth

Several pieces of legislation have played a crucial role in shaping the trajectory of the U.S. industrials sector:

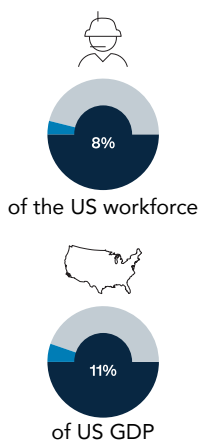
- The [CHIPS and Science Act of 2022](#) aims to enhance U.S. competitiveness by boosting semiconductor manufacturing and accelerating research and development in cutting-edge technologies.
- The [Inflation Reduction Act](#) focuses on economic stabilization through various measures, including investments in clean energy, aiming to foster sustainable growth.
- The [Infrastructure Investment and Jobs Act](#) allocates substantial funding for critical infrastructure, enhancing transportation networks, and supporting clean energy initiatives.

## Strategic Investments for a Robust Future

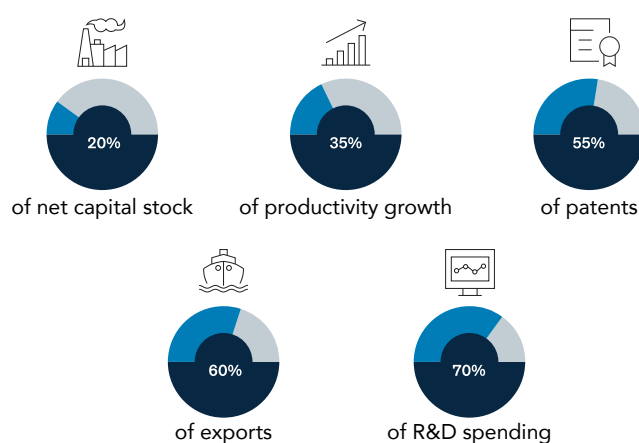
Significant funds are earmarked for revitalizing America's infrastructure and clean energy sectors, with notable allocations for transportation and technological advancements.

### Manufacturing creates outsized economic impact in the United States

US manufacturing directly accounts for...



...but makes disproportionate contributions to the US economy



*Spurs demand in related industries that provide services and inputs*

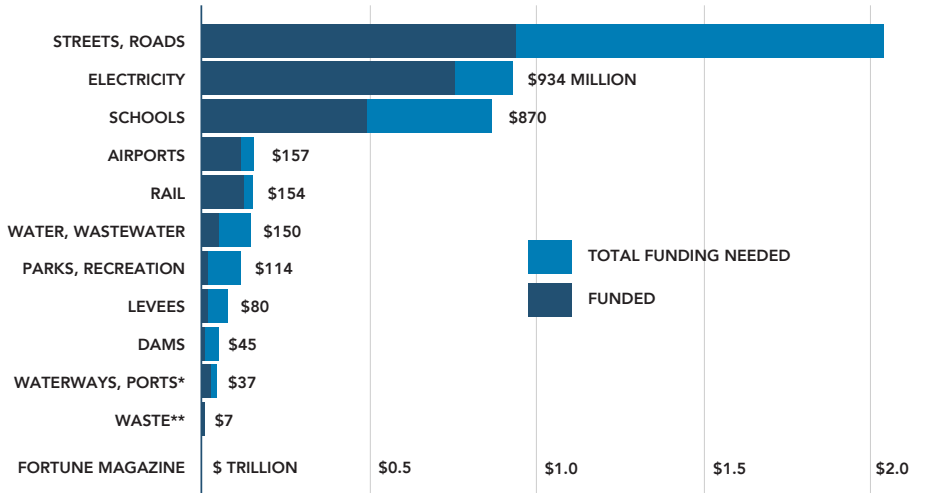
*Supports local economies and small suppliers across the country*

Source: US Bureau of Economic Analysis; US Bureau of Labor Statistics; McKinsey Global Institute analysis

The U.S. is making concerted efforts to increase its share of global semiconductor production, with substantial investments aimed at reversing the decline from previous decades. The semiconductor industry, vital for various technological advancements, is poised for significant growth, necessitating increased production capabilities.

The Infrastructure Investment and Jobs Act (IIJA) has set aside US\$455 billion in public infrastructure and clean energy investments. That will include US\$293 billion announced for transportation investments in roads, bridges, public transit, ports, and airports, as well as electric school and transit buses, EV charging, and more.

## U.S. Infrastructure Needs Over the Next 10 Years



SOURCE: American Society of Civil Engineers, Constant 2015 dollars.  
 \*Inland  
 \*\*Hazardous and solid waste

## Semiconductor manufacturing in the US

The United States manufactures just 12% of the world’s chips. That is down from 37% in 1990, according to a White House statement from 2022. US leadership hopes to dramatically reverse this trend through public and private investment, and it has already made strides in achieving that goal.

The global semiconductor industry is booming. According to research from McKinsey & Company, the semiconductor space is expected to achieve a compound annual growth rate (CAGR) of 6-8% through 2030. Moreover, annual revenues are forecasted to reach US\$1 trillion. The global semiconductor sector will need to double production in order to keep up with future worldwide demand.

Semiconductor projects are already underway in the US, buoyed by renewed domestic commitment. The value of these projects that are under way, announced, or under consideration currently totals US\$223 billion to over US\$260 billion through 2030. The federal government recently approved US\$54 billion in grants for domestic semiconductor manufacturing and research through the US CHIPS and Science Act.

Of the up to US\$260 billion investment in new US fabs, roughly US\$183 billion is attributed to projects that are ongoing or announced. The remaining projects are still under consideration.

## A revolution in industrial automation

Industrial automation has undergone significant changes in the 21st century. The pace of that change has accelerated over the past decade due to technological disruptions and macroeconomic trends.

Reshoring is one of those key trends, as leadership in the US has sought to bring good, well-paying manufacturing jobs back home. Another trend is a global skilled labour shortage, which is spurring industrial leaders to consider alternatives like automation. There are also environmental, social, and political factors at play.

The most advanced manufacturing technologies today include digital twins. This advancement allows for a digital representation that industries can use to gain more knowledge and deepen their production visibility. Other exciting new technologies include robots that are capable of advanced machine learning, as well as devices that can do their own programming.

Business Market Insights recently estimated that the North American industrial automation market was valued at US\$44.1 billion in 2022. It projects that this market will reach US\$82.2 billion by 2030. That would represent a compound annual growth rate (CAGR) of 8.1% over the forecast period.

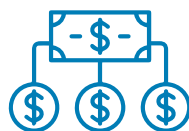
## An Industrials ETF with Income

---

The **Harvest Industrial Leaders Income ETF ( HIND:TSX)** offers exposure to this exciting sector. This ETF will seek to provide unitholders with three-pronged investment objectives from its investment stocks of companies in the Industrials sector that are leaders, as determined by the manager:



**Opportunity for  
Capital Appreciation**



**High Monthly  
Cash Distributions**



**Lower Overall  
Volatility**

To achieve lower volatility of portfolio returns, the HIND ETF will generally write covered call options on up to 33% of the portfolio securities. The level of covered call option writing may vary based on market volatility and other factors.

# About Harvest ETFs

---

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 and Fixed Income ETFs. In 2024, Harvest has expanded its income philosophy to introduce Balanced Income ETFs to our innovative lineup. These portfolios are invested in ETFs listed on a recognized North American stock exchange that provide exposure towards large capitalization equity securities, investment grade bonds or money market instruments issued by corporations or governments and will include ETFs that engage in covered call strategies.

To Learn more about HIND, please visit [harvestportfolios.com/etf/hind](https://harvestportfolios.com/etf/hind).

---

## Disclaimer

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 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. The above is for general information purposes only and does not constitute advice or a solicitation to buy or sell the securities referred to within.

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.

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