


**HPYM**

# Harvest Premium Yield 7-10 Year Treasury ETF



As at February 29, 2024

## US Treasury Income, Monthly Cashflow Through Covered Calls

### Key Details

TSX Ticker:	HPYM   HPYM.U
Management Style:	Active Covered Calls
Asset Class:	Fixed Income
Inception Date:	2024/01/16
Currency:	CAD Hedged
Distribution Frequency:	Monthly
Distribution Method:	Cash or DRIP
Management Fee:	0.45%
Risk Rating:	Low to Medium

### Portfolio Metrics

Cash Distribution per Unit*:	N/A
Average Credit Rating:	AA+
Modified Duration <sup>1</sup> :	7
Weighted Maturity:	8.1 Years
Treasury Bond ETF Holdings:	3
Average Market Capitalization:	CA\$37B

\* First distribution record date February 29, 2024

### Investment Goal

The Harvest Premium Yield 7-10 Year Treasury ETF will seek to provide attractive and tax efficient monthly cash distributions to unitholders supported by writing call options on up to 100% of its investment in US Treasury ETFs, that primarily hold mid-duration US Treasury bonds with average maturities of 7-10 years (intermediate treasury bonds). The level of covered call option writing may vary based on market volatility and other factors. HPYM aims to provide stability from its exposure to US Treasury bonds, which are guaranteed with the full faith and credit of the US government.

### Benefits of investing in HPYM

- Exposure to high quality medium-range US Treasury Bonds through US-listed ETFs
- Covered call strategy increased yields and lower volatility on underlying holdings
- Experienced active covered call specialists at Harvest ETFs
- Currency hedged with attractive tax efficient income
- Competitive management fee

### Key Benefits



#### Tax Efficient Income

Tax efficient income above bond yields generated from covered calls.



#### Downside Protection

Higher income can cushion returns during bond price weakness.



#### Single Ticket Solution

Access multiple ETFs with issuer diversification for optimal option price targeting.



#### Portfolio Diversification

Low correlation with equities- a portfolio exposed to medium term treasuries & generates high income.

## Fixed Income Investment Process

1	<b>Portfolio: US Treasury ETFs</b>	US listed Treasury ETFs selected for liquidity, options and medium term.
2	<b>Active Covered Calls</b>	Using Harvest's covered call strategy, target a 75% baseline write level and adjusting to market conditions for set distributions
3	<b>Ongoing Monitoring</b>	Constantly assess premium capture, early cover chances, and rate-driven upside, while stress-testing distribution for sustainability metrics.
4	<b>Monthly Income</b>	Tax efficient distributions paid monthly.

## Holdings

Tickers	ETF Names	Weight
IEF US	iShares 7-10 Year Treasury Bond ETF	91.6%
SCHR US	Schwab Intermediate-Term U.S. Treasury ETF	4.7%
VGIT US	Vanguard Intermediate-Term Treasury ETF	4.7%
	Market value of options	(0.2)%
	Cash and other assets and liabilities	(0.2)%
	Foreign currency forwards	(0.6)%

**Disclaimer:** Commissions, management fees and expenses all may be associated with investing in HARVEST Exchange Traded Funds managed by Harvest Portfolios Group Inc. (the "Funds" or a "Fund"). Please read the relevant prospectus before investing. The Funds' returns 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 on the units, if any, may consist of income, including foreign source income and dividends from taxable Canadian corporations, and capital gains, less the expenses and may include returns of capital.

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 and Class U units of the Fund. If a Fund earns less than the amounts distributed, the difference is a return of capital.

1 Based on weighted average portfolio of underlying US Treasury Bond ETF holdings. Generally, modified duration can be defined as a measure that assesses a bond's interest rate sensitivity. It is a time-weighted measure that estimates the percentage change in a bond's price for a 1% change in yield. Average credit rating source Bloomberg, based on weighted average credit ratings of underlying bonds.