FUND RESEARCH NOTE · CANADIAN LISTED ETFs · U.S. SINGLE-STOCK COVERED CALL BASKET

HHIS — Harvest Diversified High Income Shares ETF

A Basket of Levered Single-Stock Covered-Call ETFs — Very High Income, Real Growth Stock Risk

July 17, 2026 | Prepared by Dividend North Research | For education & informational purposes only — not investment advice

VERDICT	
SPECULATIVE / HIGH RISK	HHIS is a fund-of-funds holding a basket of Harvest's own single-stock covered-call ETFs on trending U.S. growth and technology names, each using ~25% leverage and writing calls on up to 50% of holdings. The 26.58% trailing yield is genuinely very high, and unlike some concentrated single-fund products, HHIS has still delivered a positive one-year total return — but the underlying single-stock concentration and layered leverage make this a high-risk, actively-monitored holding, not a core income position.

EXECUTIVE SUMMARY

Launched in January 2025, HHIS grew to over $1.3 billion in assets within its first year — a striking pace of adoption. It holds a diversified basket of individual Harvest single-stock covered-call ETFs (each wrapping one trending U.S. company, often technology or AI-linked names), with each underlying ETF employing roughly 25% leverage and writing calls on up to 50% of its holdings to generate high monthly cash income.

The fund's current yield of 26.58% is one of the highest in this comparison group, and its distribution has actually been raised twice since launch (from $0.25 to $0.27 monthly). Unlike some concentrated, leveraged single-basket income products, HHIS has also delivered a positive one-year total return of 17.37%, suggesting the underlying single-stock picks have broadly performed — but the structure (leverage stacked on individual stocks, further stacked with covered calls) carries real, layered risk that a diversified index fund does not.

FUND SNAPSHOT

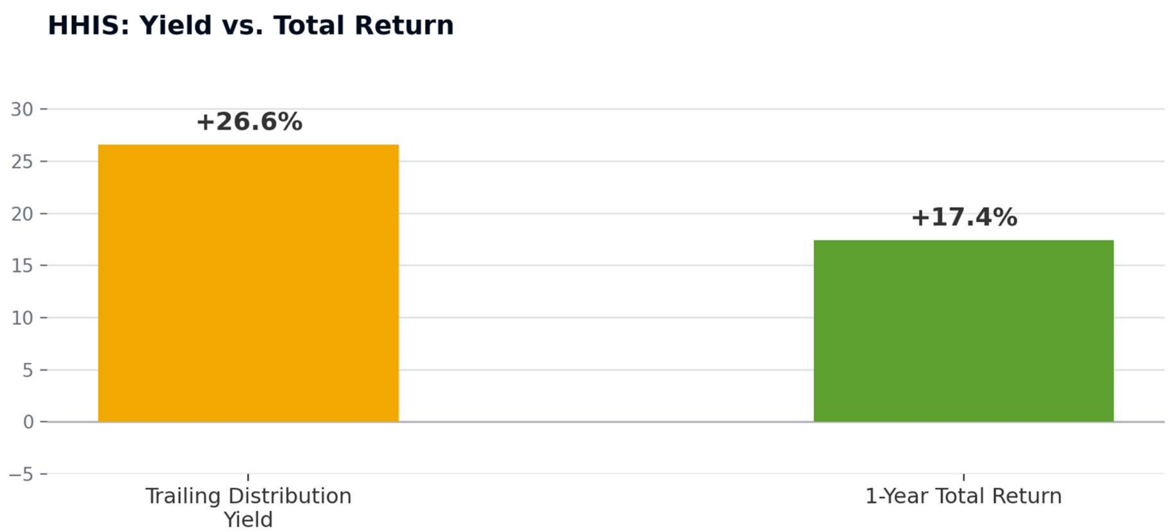
FIELD	DETAIL	FIELD	DETAIL
Ticker	HHIS (and HHIS.U) — Toronto Stock Exchange	**Inception Date**	January 16, 2025
Issuer	Harvest Portfolios Group Inc.	**Assets Under Mgmt.**	>$1.3B CAD
Management Fee	0% at HHIS level; MER ~1.88% all-in	**Distribution Freq.**	Monthly (cash)
Strategy	Basket of ~14–20 single-stock covered-call ETFs	**Current Yield**	26.58% (Harvest); 28.48% (Yahoo)
Leverage	~25% at each underlying ETF level	**1-Year Total Return**	+17.37%
Max Write Level	Up to 50% of each holding	**Registered Accounts**	TFSA, RRSP, RRIF, FHSA, RESP

Source: Harvest Portfolios Group (harvestportfolios.com/high-income-shares/hhis), Yahoo Finance, as at July 2026.

HOW IT'S BUILT

HHIS is a fund-of-funds of Harvest's single-stock covered-call ETFs — each underlying ETF holds one individual U.S. company (frequently a trending mega-cap tech or AI-linked name) and independently applies roughly 25% leverage plus covered calls on up to 50% of its position. HHIS then bundles many of these single-stock ETFs into one basket, which provides diversification across companies but does nothing to reduce the fact that each individual sleeve carries single-stock-level volatility amplified by leverage.

This differs meaningfully from a diversified sector or index-based covered-call fund: the return of any one underlying company (a disappointing earnings report, a stock-specific selloff) is amplified by that stock's own 25% leverage before it even reaches the basket level.



HHIS trailing distribution yield vs. one-year total return, as at July 2026. The fund's initial monthly distribution of $0.25 has since been raised twice, to $0.27.

THE BULL CASE

- Very high, and so far growing, monthly income. A 26.58% current yield with two distribution increases since a January 2025 launch suggests the underlying option-writing has been productive.
- Positive total return alongside the high yield. Unlike some concentrated leveraged products, HHIS has still delivered a +17.37% one-year total return, indicating the yield has not (yet) come purely at the expense of NAV.
- Exposure to today's most in-demand growth and AI-linked names, wrapped with income generation for investors who want cash flow from those holdings rather than pure growth exposure.
- Rapid asset growth ($1.3B+ in year one) suggests strong demand and reasonable liquidity for a relatively new product.

KEY RISKS & CONSIDERATIONS

- Layered leverage on single stocks. Each underlying ETF applies leverage to one individual company — a much more concentrated and volatile bet than leverage applied to a diversified index, even before HHIS bundles them together.

- High effective cost. A 1.88% all-in MER is materially higher than diversified index or even most diversified covered-call alternatives in this comparison set.
- Covered calls cap upside on up to half of each holding, meaning HHIS will structurally lag the underlying stocks in a strong rally even as leverage would otherwise help.
- Short track record. Launched January 2025, HHIS has not been tested through a full market cycle or a sustained growth-stock drawdown.
- Tax character and sustainability of distributions over a full cycle are unproven; a portion of the yield may prove to be return of capital once longer performance history is available.

WHO IT'S FOR

HHIS suits investors who specifically want high monthly income tied to trending U.S. growth and technology stocks, and who understand that leverage is being applied at the individual-stock level, not just the fund level. It is not a substitute for diversified core equity exposure, and given the short track record and layered leverage, it warrants close, ongoing monitoring rather than a passive buy-and-hold approach.

FINAL VERDICT

VERDICT **SPECULATIVE / HIGH RISK**	HHIS's combination of a very high yield and a still-positive one-year total return is a better outcome than a pure yield-trap pattern, but the underlying structure — leverage applied to individual, often-volatile growth stocks, stacked with covered calls up to 50% of each holding — is inherently higher risk than the diversified, sector-based alternatives elsewhere in this comparison set. Suitable only as a smaller, closely monitored allocation for investors who specifically want this risk profile.