

# Understanding HMP's Approach to Fixed Income

**ACTIVELY MANAGED EXPOSURE TO CANADIAN MUNICIPAL BONDS  
SHORTER-DURATION ALPHA WITH MUNICIPAL INCOME**

**HMP**

Global X Active Canadian Municipal Bond ETF  
Sub-advised by Fiera Capital

## Why Municipal Bonds in the Current Rate Environment - An Active Income Approach

**Municipal Bonds have historically exhibited Yield and Risk characteristics distinct from Corporate Bonds and Cash.**

With markets beginning to reflect expectations of potential rate hikes in 2026 due to inflation concerns stemming from the Middle Eastern conflict, the Canadian fixed income landscape continues to evolve. Under the base-case scenario and given economic considerations, the price of oil has the potential to remain in the upper ranges near-term. Accordingly, the Bank of Canada could look through any short-term rise in inflation and potentially hold rates at the current 2.25% level. As a result, we can expect Canadian growth trending between 1% and 1.5% with inflation remaining above target before returning to 2% in 2027. Under this environment, short-duration credit exposure with incremental yield can be a constructive play relative to investors parking funds in cash and government bonds.

Canadian municipal bonds sit in a sweet spot. The nearly \$40 billion Canadian municipal bond market has seen debt growth outpace provincial issuance in recent years, supported by infrastructure spending on roads, water systems, ports, and bridges across more than 600 issuing entities in Quebec alone. For investors seeking yield above government bonds without taking on corporate credit risk, municipal bonds offer a differentiated and compelling option.

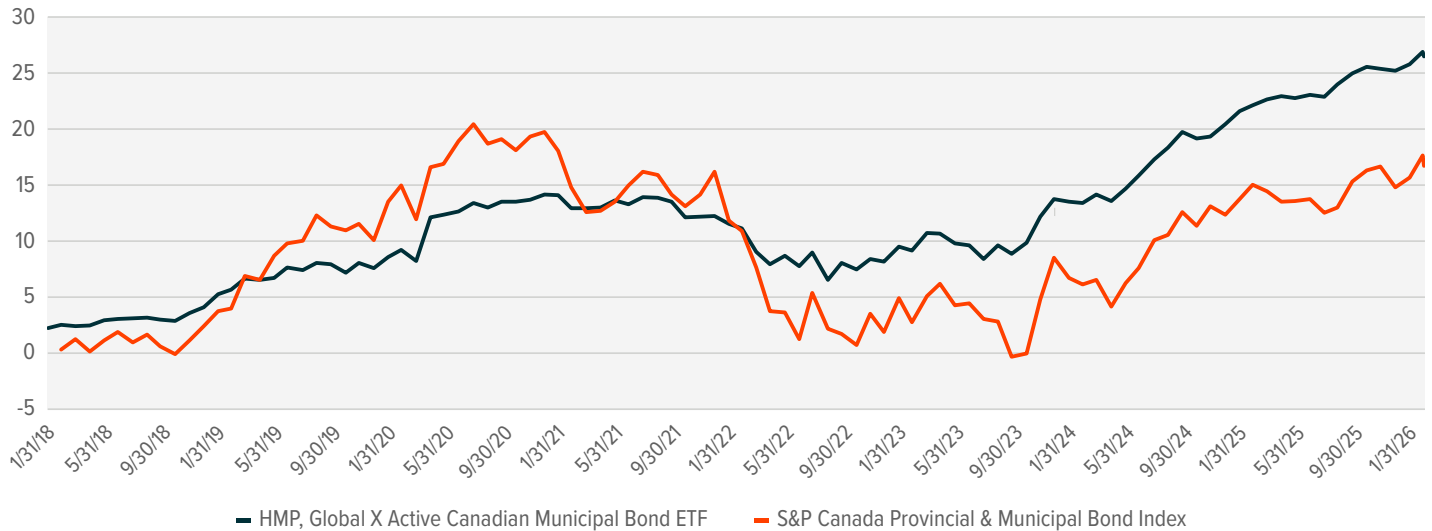
\*Source: Bank of Canada Official Press Release, January 28, 2026.

## **NEW: Permanent Fee Reduction:**

**Effective February 10, 2026, HMP's management fee has been permanently reduced from 0.29% to 0.25%. Every basis point saved flows directly to investors as enhanced yield and total return.**

## CUMULATIVE TOTAL RETURNS - NET OF DIVIDENDS - LAST 7 YEARS HMP VS BENCHMARK INDEX

Source, Bloomberg data - as of March 4, 2026.



## A Differentiated Spread Opportunity

Non-rated municipal bonds have historically traded at a meaningful spread premium to provincial bonds, reflecting a liquidity premium in the fragmented municipal market. On an absolute basis, non-rated municipal bonds tend to trade more in line with senior bank and investment-grade corporate issuers, but without the corporate credit risk. Municipal issuers are backed by taxing authority and essential-service revenues, with historically very low default rates, allowing investors to access corporate-like yields with a more conservative risk profile.

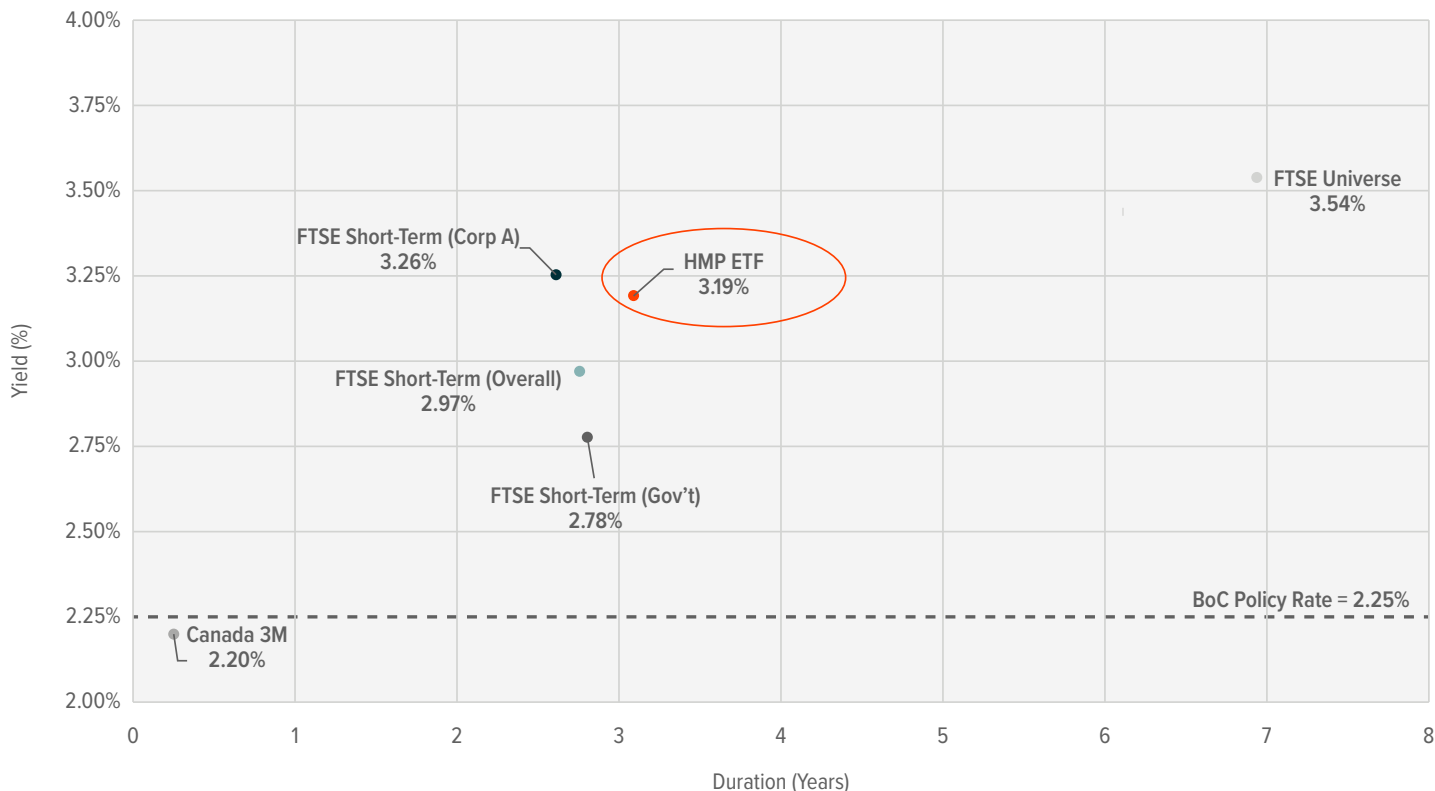
Active management is essential in this space. The market is dominated by smaller, serial issuances where the top issuers represent large dollar volume but a small fraction of deal count. Fiera's specialized credit team conducts independent analysis on every non-rated issuer, applying rigorous criteria around indebtedness, fiscal flexibility, and demographics. Only entities receiving an internal rating of "A" or greater are permitted in the portfolio.

## Yield Opportunity at Lower Duration

HMP offers a yield-to-maturity of 3.19% with just 3.01 years of duration—meaningfully higher than short-term government or broad market indices at roughly half the duration risk of the FTSE Universe Bond Index.

## GLOBAL X ACTIVE CANADIAN MUNICIPAL BOND ETF (HMP)

Source: Yield & Duration - As of January 30, 2026.



## Proven Track Record

Since inception in August 2015, HMP has delivered +54 bps of annualized alpha (gross) through active credit selection and duration management, with positive added value in 9 of 10 calendar years. In 2025, the ETF returned 4.51% gross (4.08% net), outperforming by 66 bps. With the new 0.25% fee, net-of-fee outperformance strengthens further going forward.

Annualized Performance	1-Year	3-Years	5-Years	Since Inception August 12, 2015
<b>HMP</b>	3.90%	5.31%	2.39%	2.30%
<b>Benchmark</b> 20% FTSE Canada Short-Term Provincial Bond Index + 80% FTSE Canada Short-Term Municipal Bond Index	3.58%	4.90%	2.17%	2.12%
<b>Excess Returns</b> Added Value vs Benchmark Returns	+0.32%	+0.41%	+0.22%	+0.18%

Source: Fiera Capital, as of February 28, 2026. Returns are net of the management fee. The indicated ETF rates of return are the historical annual compounded total returns, including changes in unit/share value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Additionally, index returns do not take into account management, operating or trading expenses. The rates of return above are not indicative of future returns. Investment funds are not guaranteed, their values change frequently, and past performance may not be repeated. The indices are not directly investible. Only the returns for periods of one year or greater are annualized returns

# Calendar Year Performance (%) as of February 28, 2026

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	2018	2019	2020	2021	2022	2023	2024	2025
Global X Active Canadian Municipal Bond ETF	2.18	3.15	5.56	-1.01	-4.20	5.34	5.85	4.08

	HMP	Benchmark <sup>1</sup>
Yield-to-Maturity	2.98%	2.64%
Duration	2.94 yrs	2.79 yrs
Mgmt Fee	0.25% <sup>2</sup>	—

<sup>1</sup>Benchmark: 20% FTSE Canada Short-Term Provincial Bond Index + 80% FTSE Canada Short-Term Municipal Bond Index. Data as of February 28, 2026. <sup>2</sup>Effective February 10, 2026, the Management Fees were reduced from 0.29% to 0.25%

## What Sets HMP Apart?



### INCREMENTAL YIELD

Over federal, provincial, and GIC alternatives at comparable or shorter duration—ideal for advisors building income-oriented client portfolios.



### LOWER RISK THAN CORPORATES

Municipal issuers carry no corporate credit risk; bonds are backed by taxing authority and essential-service revenues with historically very low default rates.



### ACTIVE CREDIT EXPERTISE

Fiera's Integrated Fixed Income team (\$23.8B AUM) applies proprietary analysis to every non-rated issuer, permitting only those rated "A" or higher internally.



### DIVERSIFICATION & LIQUIDITY

Single-ticket access to a diversified portfolio of municipal bonds with daily ETF liquidity, far more efficient than sourcing individual municipal issues. The ETF also accepts in-kind subscriptions of municipal bonds for ETF units.



### PORTFOLIO FIT

HMP is a simple, single-ticket municipal bond exposure ideally suited as a dedicated municipal sleeve within conservative income allocations, liability-matching buckets, or credit-diversification strategies alongside core government and corporate bonds.



### NOW AT 0.25%

The permanent fee reduction combined with active municipal credit selection makes HMP a compelling, cost-efficient building block for advisors who need differentiated fixed-income exposures for client portfolios.

Source: Fiera Capital Corporation. Portfolio and market data as of January 30, 2026. Past performance is not indicative of future results. This communication is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to purchase investment products managed by Global X Investments Canada Inc., and should not be construed as investment, tax, legal, or accounting advice. Investors should consult their professional advisors prior to implementing any changes to their investment strategies.

## Benjamin Hiscott | Raghav Mehta, CFA

Co-Authored by: Global X Canada and Fiera Capital.

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