HAB: Global X Active Corporate Bond ETF
HFR: Global X Active Ultra-Short Term Investment Grade Bond ETF
HAD: Global X Active Canadian Bond ETF

	YTD	1 MO	3 MO	6 MO	1 YR	2 YR	3YR	5 YR	Rank 1YR	Rank 3YR	Rank 5YR
HAB ETF	**1.72**	**1.26**	**-0.17**	**1.08**	**4.23**	**6.52**	**6.28**	**2.44**	**31**	**32**	**33**
FTSE Canada Corporate Index	1.82	1.26	-0.06	1.22	4.32	6.57	6.27	2.49	-	-	-
HAD ETF	**1.69**	**1.39**	**-0.60**	**0.35**	**3.08**	**5.36**	**4.14**	**0.71**	**35**	**44**	**54**
FTSE TMX Overall Universe	1.72	1.36	-0.51	0.42	2.99	5.10	4.25	0.89	-	-	-
HFR ETF	**1.23**	**0.48**	**0.65**	**1.46**	**3.72**	**4.78**	**5.64**	**3.87**	**9**	**19**	**4**
Peers	**YTD**	**1 MO**	**3 MO**	**6 MO**	**1 YR**	**2 YR**	**3YR**	**5 YR**			
iShares Core Canadian Corporate Bd ETF	1.76	1.28	-0.11	1.12	4.17	6.45	6.15	2.35	34	42	44
RBC Short Term US Corp Bd ETF	1.17	1.46	0.70	-0.25	4.54	5.98	5.89	5.02	39	29	12
iShares US IG Corporate Bond ETF CADH	0.04	0.72	-1.40	-0.86	4.14	3.94	3.44	-1.10	50	98	99
Fidelity Canadian Shrt Term Crprt Bd ETF	1.26	0.84	0.26	1.21	3.74	5.63	5.90	2.89	8	7	18
Dynamic Active Ultra Short Term Bd ETF	1.26	0.33	0.84	1.53	3.55	4.21	4.82	3.63	14	44	6

	Yield	Duration	Assets	Average Credit Quality
HAB ETF	**4.10%**	**5.68 years**	**$298,183,305**	**BBB+**
HAD ETF	**3.74%**	**7.50 years**	**$ 47,479,813**	**A+**
HFR ETF	**3.25%**	**0.95 years**	**$598,789,910**	**BBB+**

Fixed Income Market Update: May 2026

Canadian fixed income markets rallied in May as yields fell across the curve, supported by soft domestic economic data and easing measures of core inflation that improved the odds that the BoC would remain on hold. The Middle East conflict continued to weigh on risk sentiment, though ceasefire optimism provided some relief, easing oil prices from their mid-month highs and pulling yields back from multi-month peaks. Neither the BoC nor the Federal Reserve held a scheduled meeting during the month, leaving the BoC policy rate at 2.25% and the fed funds target range at 3.50% to 3.75%. Minutes from the Fed's late April meeting released in May revealed that a majority of officials anticipated rate increases could become necessary should the conflict continue to push inflation higher. The meeting featured four dissenting votes, the most since 1992, with the split within the FOMC coming just as Kevin Warsh is set to have his first meeting as Federal Chair in June. Economic data remained soft in Canada; first quarter GDP contracted at a 0.1% annualized rate, following a downwardly revised 1.0% decline in Q4, marking two consecutive quarters of contraction, but an April flash estimate pointed to a rebound of 0.4%. Headline CPI rose to 2.8% in April on higher gasoline prices, though the Bank's preferred core measures eased, with CPI-trim at 2.0% and CPI-median at 2.1%, and the unemployment rate ticked up to 6.9%. In the US, the second estimate of Q1 GDP was revised down to 1.6% annualized, headline CPI accelerated to 3.8%, core CPI held at 2.8%, and the unemployment rate was unchanged at 4.3% as payrolls rose 115,000. Canadian government bond yields declined across the curve in a broadly parallel move. US Treasury yields moved in the opposite direction, rising at the front end and repricing to reflect fewer cuts and the growing prospect of hikes. Credit spreads were resilient amid the rates volatility, with Canadian mid-term corporate spreads narrowing by 3 bps on the month.

Performance Commentary (gross of fees)

HFR returned 0.54% in May. HAB returned 1.34%, overperforming the FTSE Canada Corporate Bond Index. HAD returned 1.45% vs 1.36% for the benchmark (FTSE TMX Overall Universe).

Outlook & Investment Strategy

We expect the Canadian economy to achieve modest growth of 1% to 1.5% over the next 12 to 18 months; however, the outlook has been complicated by the conflict in Iran and its impact on global energy markets. We expect core inflation to remain above target in the near term, driven in part by second-order effects of higher energy prices, before gradually returning towards 2%. We expect the Bank of Canada to remain on hold at 2.25%, though the energy shock has effectively taken rate cuts off the table, and tightening is possible should inflation expectations move materially higher. The Iran conflict and associated oil and gas supply disruptions represent the most significant near-term risk to the outlook for rates and spreads. Higher energy prices could be a net positive for the Canadian economy but are negative for the US and other energy-importing regions, and any escalation could further tighten financial conditions globally. Despite these risks, we anticipate the US will look to de-escalate in the near term as the domestic economic impact becomes increasingly restrictive. Uncertainty surrounding the upcoming CUSMA renewal remains a key risk, with the potential for Canada's tariff rate to increase materially. Growing deficits, higher bond supply, the lead-up to US mid-term elections, and the impact of elevated rates on interest-sensitive sectors could also weigh on the economy. We are currently long duration as we expect front-end rates to outperform as the Bank holds steady, contrary to market expectations. The market has priced in a material move higher in implied policy rates following the onset of the Iran conflict, but we view this repricing as overdone and see good value in the front-end of the curve. We maintain a focus on short-dated issues where carry is attractive, and on quality trades where relative spreads are more appealing. Spreads have widened year to date, but credit has remained quite resilient; we will look to add to our position should opportunities arise at more attractive levels but remain cautious given the elevated risk environment.