HAL: Global X Active Canadian Dividend ETF

1. Transition Overview

Effective July 1, 2026, portfolio management responsibilities for Global X Active Canadian Dividend ETF (HAL) transitioned to Mirae Asset Global Investments (USA) LLC, with AI-driven research from WealthSpot LLC.

During July, the portfolio was repositioned to align with the new investment framework focused on **Total Shareholder Return ("TSR")** - emphasizing companies with durable cash flow generation, capital efficiency, and a demonstrated commitment to returning capital through dividends and buybacks. The transition resulted in portfolio changes across holdings and sectors as legacy positions were evaluated against the new process and portfolio construction approach.

The transition was executed throughout July with attention to liquidity, transaction costs, tax considerations, and market impact. Trading activity was monitored by the portfolio management team and overseen through Global X's established operational and risk-management processes.

Transition Metric	Before (Jun 30, 2026)	After (Jul 31, 2026)	Change
Number of holdings	43	74	+31
Positions exited	—	24	—
Positions added	—	55	—
Positions retained	—	19 (39.1% of prior portfolio)	—
Portfolio turnover during transition	—	74.8% of portfolio value	—
Active share vs. S&P/TSX Composite	66.7%	47.8%	-18.9 pts
Dividend yield (TTM)	2.3%	2.3%	—
Dividend + buyback yield (TTM)	3.8%	5.2%	+1.5 pts
Largest sector overweight	Utilities (+9.7 pts)	Financials (+9.0 pts)	—

Approximately 75% of the portfolio by value was repositioned during July as the new sub-advisor implemented the TSR North Star framework. **19 positions were retained** where holdings already satisfied all four principles; **24 names were exited**, primarily where headline yield did not meet the framework's criteria for total shareholder return or cash-flow sustainability, and **55 names were added**, concentrated in companies executing meaningful net buyback programs alongside growing dividends. The portfolio's total shareholder yield (dividends plus net buybacks) rose from 3.8% to 5.2% as a result of the transition.

2. Why the Portfolio Changed

The new portfolio construction process focuses on several key areas:

- **Broader definition of shareholder return:** The strategy evaluates both dividends and buybacks rather than focusing primarily on headline dividend yield. This may result in exposure to companies with moderate dividend yields but stronger total capital-return profiles.
- **Greater emphasis on cash-flow quality:** Companies are assessed on free-cash-flow durability, balance-sheet strength, and capital efficiency to help support sustainable shareholder distributions not just in the short term but over time.
- **Systematic, data-driven security selection:** The portfolio incorporates WealthSpot's quantitative AI research framework alongside portfolio manager oversight to identify companies exhibiting improving TSR characteristics and other quantitative factors.
- **Canadian opportunity set repositioning:** Sector exposures were adjusted to better reflect where the new process identified the strongest TSR opportunities in the Canadian market.

3. Notable Additions and Exits During Transition

Notable Additions

Company	Action	Rationale
Bank of Montreal	Added	Meets every principle the framework tests for financial-sector companies, and is also selected by the AI engine: shareholder commitment ranks in the upper third among financial-sector peers, and the dividend has been raised again alongside a substantial buyback.
Suncor Energy Inc.	Added	Meets all four principles of the TSR North Star framework, and is also selected by the AI engine: capital efficiency has been sustained in the top tier, shareholder commitment ranks in the top decile of the Canadian universe, and growing returns rank in the top quartile.
The Toronto-Dominion Bank	Increased	Meets every principle the framework tests for financial-sector companies, and is also selected by the AI engine: shareholder commitment ranks in the top decile among financial-sector peers, capital efficiency has been consistently in the upper half of that peer group, and the buyback is among the largest in the market.
Canadian Imperial Bank of Commerce	Increased	Meets every principle the framework tests for financial-sector companies, and is also selected by the AI engine: capital efficiency currently ranks in the top quartile among financial-sector peers, and the dividend has been raised again.
Sun Life Financial Inc.	Added	Meets every principle the framework tests for financial-sector companies, and is also selected by the AI engine: capital efficiency has been consistently in the upper half among financial-sector peers, and the dividend has been raised again.
Alimentation Couche-Tard Inc.	Increased	Meets all four principles of the TSR North Star framework and is also selected by the AI engine: capital efficiency has been sustained in the top quartile; cash-flow sustainability ranks in the top decile; and growing returns rank in the top decile.
Kinross Gold Corporation	Increased	Meets all four principles of the TSR North Star framework and is also selected by the AI engines: capital efficiency has been consistently in the upper half, ranking in the top decile, and capital returned to shareholders has increased.

Notable Exits

Company	Action	Rationale
Altius Minerals Corporation	Exited	Does not meet the capital efficiency, shareholder commitment and growing returns principles: cash-flow return on capital ranks in the top tier neither currently nor over time, capital returned to shareholders is not growing and the total shareholder yield is too low relative to the universe.
DPM Metals Inc.	Exited	Does not meet the shareholder commitment principle: the total shareholder yield is too low relative to the universe.
Exchange Income Corporation	Exited	Meets the principles of the TSR North Star framework but was not selected by the AI engines, and does not meet the framework's tighter criteria on capital efficiency, shareholder commitment and growing returns: cash-flow return on capital ranks in the top tier neither currently nor over time, capital returned to shareholders is not growing and the total shareholder yield is too low relative to the universe.
Power Corporation of Canada	Exited	Does not meet the capital efficiency principle: return on equity has not been sustained in the top tier.
Hydro One	Exited	Does not meet the capital efficiency, shareholder commitment and growing return principle. And the total shareholder yield is too low relative to the universe.
Enbridge	Exited	Does not meet the capital efficiency and growing returns principles: cash-flow return on capital ranks in the top tier neither currently nor over time and capital returned to shareholders is not growing.

4. How the Portfolio Profile Shifted

	Before (Jun 30, 2026)	After (Jul 31, 2026)
Largest sector weight	Financials, 26.4%	Financials, 45.4%
Largest sector shift	—	Financials, +19.0 pts
Top 10 concentration	47.3%	47.1%

Sector Positioning Changes

Sector	Before (%)	After (%)	Change (pts)
Financials	26.39	45.39	+19.00
Energy	22.36	13.88	-8.48
Consumer Staples	2.36	10.93	+8.57
Materials	15.99	10.26	-5.73
Information Technology	0.00	5.86	+5.86
Consumer Discretionary	2.38	5.83	+3.45
Industrials	14.68	5.74	-8.94
Real Estate	3.20	1.73	-1.47
Utilities	12.62	0.24	-12.38
Communication Services	0.00	0.12	+0.12
Cash	0.04	0.02	-0.02

The largest sector shift was an increase in Financials (+19.0 pts), alongside a further build in Consumer Staples (+8.6 pts), reflecting the framework's emphasis on total capital return rather than headline yield. The corresponding reductions came in Utilities (-12.4 pts), Industrials (-8.9 pts) and Energy (-8.5 pts), where high headline yields were not matched by cash-flow durability or capital efficiency.

5. Strategy Going Forward

Following the July repositioning, HAL now reflects the new TSR-focused investment process managed by Mirae Asset Global Investments (USA) and WealthSpot. Going forward, the portfolio will continue to emphasize companies demonstrating the four key principles of the TSR framework:

- **Capital efficiency:** disciplined deployment of capital into opportunities that earn returns above the cost of that capital.
- **Cash flow sustainability:** free cash flow durable enough to fund distributions through a full cycle, not only at the peak.
- **Shareholder commitment:** a consistent record of returning capital through both dividends and share repurchases.
- **Growing returns:** a focus on companies with a record of increasing capital returned to shareholders over time.

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