GLOBAL X

by Mirae Asset

GLOBAL X ACTIVE HYBRID BOND AND PREFERRED SHARE ETF (HYBR:TSX)

INTERIM REPORT | JUNE 30, 2026

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Innovation X Investing

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A Message from the CEO

As we mark the midpoint of 2026, I am proud to reflect on the continued growth we are achieving as a company and for our clients through the innovative investment solutions we manage for Canadians.

Thanks to the trust of our investors and clients, Global X's assets under management have surpassed $56 billion, as of June 30, 2026. This reflects more than $8 billion in growth since the beginning of the year, driven primarily by the constant growth across our broader ETF suite.

Global X is part of a broader global ETF ecosystem, backed by our parent company, Mirae Asset. Mirae Asset manages more than $1 trillion in client assets across 21 countries and global markets around the world.

As part of this global platform, we are able to bring new and relevant investment exposures to Canada, drawing on the strength of an internationally recognized brand, a worldwide network of experts, and deep local expertise in navigating the Canadian investment landscape.

Through it all, we remain committed to helping Canadians navigate and harness the emerging trends shaping markets, while offering investment solutions and client experiences designed to be informative, relevant, and accessible.

I am proud to highlight several successes that Global X has achieved so far this year, both within our business and on behalf of our investors.

In June, Chris McHaney, Global X's Executive Vice President of Investment Management & Strategy, was recognized at the 2026 Wealth Professional Awards as Fund Manager Innovator of the Year. This award recognizes a fund manager who has implemented unique and groundbreaking investment solutions in Canada over the past 12 months. We are proud of the recognition Chris has received and of his leadership across one of the most ambitious ETF innovation programs in the country.

That innovation has been on full display in 2026. So far this year, we have launched 12 new ETFs and introduced accumulating unit series for four existing ETFs, expanding our suite across thematic, income, and commodity strategies designed for Canadian investors.

In January, we launched the Global X Tokenization Ecosystem Index ETF ("TOKN"), providing exposure to companies driving the development and adoption of tokenized financial infrastructure, including stablecoin issuers, tokenization platforms, trading venues, and payment and settlement infrastructure providers.

In March, we launched the Global X NYSE 100 Index ETF ("NYSX.U"), offering Canadians benchmark exposure to leading technology and tech-enabled growth companies listed on the NYSE.

In April, we expanded our thematic suite further with two new ETFs: the Global X Space Tech Index ETF ("ORBX"), Canada's only ETF focused on the broader commercial space economy, spanning launch and orbital services, satellite communications, and space exploration; and the Global X U.S. Infrastructure Development Index ETF ("PAVE.U"), providing exposure to companies positioned to benefit from U.S. infrastructure investment and development.

In May, we launched nine additional ETFs across multiple product lines. We introduced the Global X Active U.S. Dividend ETF ("DIVY.U"), an actively managed ETF designed to provide Canadians with income-focused exposure to dividend-paying U.S. equities.

We also launched three All-In-One Commodity Producer ETFs, offering single-ticket, broadly diversified exposure to commodity producers across energy, metals, and mining, with covered call and enhanced covered call strategies for income-seeking investors.

We also launched ETFs focused on silver miners, providing Canadians with a range of approaches to investing in global silver mining companies, from benchmark exposure to income-generating covered call strategies. Finally, we launched the Global X Uranium Covered Call ETF ("URCC"), building on our longstanding leadership in uranium investing to offer an income-focused approach to this strategically important sector.

Also in May, we expanded investor access to four of our most popular cash alternative ETFs — including CASH, one of Canada's largest cash alternative ETFs — by introducing accumulating unit series. These new unit classes automatically reinvest distributions, offering investors an alternative way to manage their cash allocations.

At Global X, we embrace innovation in everything we do. From our roots as one of Canada's early ETF providers to our legacy of launching first-of-their-kind investment products, we are driven by bold thinking, strong execution, and a commitment to exceptional quality and client experience.

Our motto is "Innovation Meets Investing." We remain committed to standing alongside you as you explore a world of investment possibilities and global opportunities.

Thank you for your continued support.

Sincerely,

Rohit Mehta
President & CEO of Global X Investments Canada Inc.

MANAGEMENT REPORT OF FUND PERFORMANCE

This interim management report of fund performance for Global X Active Hybrid Bond and Preferred Share ETF ("HYBR" or the "ETF") contains financial highlights and is included with the unaudited interim financial statements for the investment fund. You may request a copy of the ETF's unaudited interim or audited annual financial statements, interim or annual management report of fund performance, current proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosures, at no cost, from the ETF's manager, Global X Investments Canada Inc. ("Global X" or the "Manager"), by calling toll free 1-866-641-5739, or locally (416) 933-5745, by writing to us at: 55 University Avenue, Suite 800, Toronto ON, M5J 2H7, or by visiting our website at www.globalx.ca or SEDAR+ at www.sedarplus.ca.

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance, or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements.

Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the ETF may invest and the risks detailed from time to time in the ETF's prospectus. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors. We caution that the foregoing list of factors is not exhaustive, and that when relying on forward-looking statements to make decisions with respect to investing in the ETF, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the Manager does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

Management Discussion of Fund Performance

Investment Objective and Strategies

The investment objective of HYBR is to seek to provide Unitholders with a high level of income by investing in a portfolio of debt and other debt-like securities, including but not limited to hybrid corporate debt ("Hybrids"), Alternative Tier 1 Capital ("AT1")(such as limited resource capital notes ("LRCNs")), and income generating equities, including but not limited to preferred securities (fixed-rate perpetual, fixed floating rate, retractable and floating rate), of Canadian and U.S. companies. HYBR may hedge some or all of its non-Canadian dollar currency exposure at the discretion of its Sub-Advisor.

To achieve HYBR's investment objectives, HYBR's Sub-Advisor, Fiera Capital Corporation ("Fiera" or the "Sub-Advisor"), uses fundamental research to select companies that, based on the Sub-Advisor's view on the company's industry and growth prospects, should be included in HYBR's investment portfolio. An extensive credit analysis for each security as well as an assessment of each company's risk profile is completed in order to confirm the selection and relative weight of each security held by HYBR.

HYBR primarily invests in a portfolio of corporate debt and debt-like securities, including but not limited to, Hybrids, AT1s (such as LRCNs), Non- viability contingent capital ("NVCC") that can be subordinated debt or preferred shares, preferred securities (fixed-rate perpetual, fixed floating rate, retractable and floating rate), and other income-generating securities of North American issuers.

HYBR may, from time to time, also invest in Hybrids, preferred shares and other income generating securities of non-North American issuers as well as Listed Funds. HYBR may invest in non-investment grade securities which generally in the aggregate will be less than 50% of HYBR's net assets at time of purchase.

Management Discussion of Fund Performance (continued)

In anticipation of, or in response to, adverse conditions or for defensive purposes, or to manage new subscription activity, HYBR may temporarily hold a portion of its assets in cash, money market instruments, or other cash equivalents which, generally, in aggregate, will not exceed 20% of HYBR's net assets. HYBR may also invest in derivatives for currency hedging purposes.

HYBR may rely on exemptions from the securities regulatory authorities allowing it to purchase securities of a related issuer of the Sub-Advisor if certain conditions are met. The investment must also be approved by the ETF's Independent Review Committee ("IRC") and is subject to certain other provisions of National Instrument 81-107 ("NI 81-107").

Please refer to the ETF's most recent prospectus for a complete description of HYBR's investment restrictions.

Risk

The Manager performs a review of the ETF's risk rating at least annually, as well as when there is a material change in the ETF's investment objective or investment strategies. During the period, there were no changes to the ETF that materially affected the overall risk level associated with an investment in the ETF. The current risk rating for the ETF is: medium.

Risk ratings are determined based on the historical volatility of the ETF as measured by the standard deviation of its performance against its mean. The risk categorization of the ETF may change over time and historical volatility is not indicative of future volatility. Generally, a risk rating is assigned to the ETF based on a rolling 10-year standard deviation of its returns, the return of an underlying index, or of an applicable proxy. In cases where the Manager believes that this methodology produces a result that is not indicative of the ETF's future volatility, the risk rating may be determined by the ETF's category. Risk ratings are not intended for use as a substitute for undertaking a proper and complete suitability or financial assessment by an investment advisor.

The risks and the full description of each risk to which an investment in the ETF is subject are disclosed in the ETF's most recent prospectus. The most recent prospectus is available at www.globalx.ca or from www.sedarplus.ca, or by contacting Global X Investments Canada Inc. directly via the contact information on the back page of this document.

Prospective investors should read the ETF's most recent prospectus and consider the full description of the risks contained therein before purchasing units.

Results of Operations

For the period ended June 30, 2026, the ETF returned 5.78%, including distributions paid to unitholders, compared with a return of 4.39% and 6.72% for the S&P/TSX Preferred Share Index™ (the "Index") and the Solactive Laddered Canadian Preferred Share Index (the "Laddered Index"), respectively.

The Index is designed to track the performance of the Canadian preferred stock market. Preferred stocks pay dividends at a specified rate and receive preference over common stocks in terms of dividend payments and liquidation of assets.

The Laddered Index includes preferred shares that generally have an adjustable dividend rate and are laddered using equal weights in annual reset term buckets. Securities are market-capitalization-weighted within the annual term buckets. Constituents are subject to minimum market capitalization, quality and liquidity screens.

Management Discussion of Fund Performance (continued)

General Market Review

The first quarter of 2026 was characterized by a sharp reversal in market sentiment, as an initially constructive environment gave way to heightened risk aversion following the outbreak of the U.S. and Iran conflict at the end of February. Even before geopolitical tensions escalated, markets were grappling with softer economic data, weakness in artificial intelligence-related software stocks, and signs of stress in private credit. Concerns intensified as the prospect of a broader regional conflict drove Brent crude prices from roughly $72 to over $112 per barrel during March.

Central banks remained on hold, with both the Bank of Canada (BoC) maintaining its policy rate at 2.25% and the Federal Reserve (Fed) maintaining its target range at 3.50% to 3.75%. Economic data remained soft on both sides of the border, with Canadian fourth-quarter GDP contracting 0.6% annualized, unemployment rising to 6.7%, and headline inflation easing to 1.8%. In the U.S., fourth-quarter GDP growth was revised down to 0.7% annualized, while unemployment edged higher to 4.4%.

Against this backdrop, credit spreads widened as investor sentiment deteriorated, with Canadian mid-term provincial spreads widening 0.03% to 0.37% and mid-term corporate spreads widening 0.07% to 1.07% basis points, although credit markets proved more resilient than equities and rates.

Market sentiment improved during the second quarter as the conflict in the Middle East moved toward de-escalation. After several months of military action and disruptions to global energy trade, the signing of a memorandum of understanding in mid-June helped reduce geopolitical tensions and reopen the Strait of Hormuz. While the agreement remained fragile, easing of conflict-related concerns led oil prices to retreat sharply toward pre-conflict levels and supported a recovery in both equity and credit markets.

Central banks maintained a cautious stance, although the Fed adopted a more hawkish tone under new Chair Kevin Warsh. Economic performance diverged across regions. Canada experienced a second consecutive contraction, with first-quarter GDP falling 0.1% annualized, while headline inflation accelerated to 3.2% in May, largely due to higher gasoline prices. In contrast, U.S. first-quarter GDP was revised up to 2.1% annualized, though headline inflation climbed to 4.2%, its highest level in over two years.

Credit markets responded positively to improving risk sentiment, successfully absorbing record issuance volumes, including C$8.5 billion from Alphabet and C$14 billion from Amazon. Strong investor demand allowed provincial and corporate spreads to retrace much of the widening experienced earlier in the year.

Over the first half of 2026, bond markets were shaped by geopolitical uncertainty, shifting inflation expectations, and diverging economic growth trends. During the first quarter, Canadian yields curve steepened as short-term rates rose on expectations that central banks might need to respond to higher inflation following the surge in energy prices, while medium- and long-term yields were relatively unchanged.

In the U.S., yields moved higher across the curve, with the greatest increase occurring at the front end as investors reassessed the likelihood of future rate cuts. As geopolitical risks eased in the second quarter, Canadian yields declined modestly across maturities, supported by weaker domestic growth and expectations that the BoC would continue to look through temporary energy-driven inflation pressures.

In contrast, U.S. short-term yields rose further as markets priced out the single 2026 rate cut previously projected by the Fed and began contemplating the possibility of future hikes. Credit markets finished the first half on a stronger footing, with Canadian provincial spreads tightening back toward 0.37% and corporate spreads retracing most of their move toward the 1% area.

Overall, the first six months of 2026 were marked by elevated volatility in rates markets, a sharp rise and subsequent decline in oil prices, and a growing divergence between the Canadian and U.S. economic and policy outlooks.

Management Discussion of Fund Performance (continued)

The Canadian preferred share market continued to perform well in the second quarter, as improving risk sentiment following the de-escalation of the Middle East conflict supported riskier assets, including preferred shares. The Index returned 4.01%, while the Solactive Laddered Canadian Preferred Share Index (100% Rate Reset) returned 4.51%. Floating-rate preferred shares performed well, while fixed-rate perpetual issues rebounded. LRCNs and hybrid issues underperformed the broader preferred share market. Within the rate reset market, issues with lower reset levels that traded at a discount and were scheduled to reset in 2026 outperformed. The Real Estate and Insurance sectors outperformed during the quarter, while the Bank sector underperformed.

Portfolio Review

During the first quarter, the ETF's underweight positioning in Real Estate, Energy, and Utilities sector, combined with overweight allocations to fixed rate perpetuals, hybrids, and LRCNs, were the primary contributors to underperformance. This was partially offset by overweight positions in telecommunications and in fixed reset issues scheduled to reset in 2026. Late in the quarter, we trimmed exposure to low-reset fixed reset issues that had performed strongly in recent periods and participated in the new Rogers Communications hybrid issuance, which offered an attractive coupon floor and reset level.

During the second quarter, underweight positions in real estate and utilities, together with overweight allocations to hybrids and LRCNs, were the main drivers of underperformance. These effects were partly offset by the Fund's overweight position in perpetuals and by security selection within fixed reset issues with low-to-mid spreads. We continued to emphasize high-quality issuers, increasing exposure to mid-reset issues while reducing positions in lower-reset securities that had outperformed. Allocations to LRCNs and hybrids were increased modestly, while the overweight position in fixed rate perpetuals was slightly reduced. Sector positioning also evolved, with higher exposure to utilities and lower exposure to energy. During the quarter, we participated in the new Brookfield Renewable Partners fixed reset issuance and the new National Bank LRCN, both of which were issued with attractive coupon floors and reset levels.

Outlook

The Sub-Advisor expects the Canadian economy to grow a modest 1% to 1.5% over the next 12 to 18 months; however, the outlook remains clouded by the embers of the conflict in Iran. The Sub-Advisor expects core inflation to remain above target in the near term before gradually returning towards 2% in 2027, and the BoC to hold at its policy rate at 2.25%, with the next move equally likely to be a hike or a cut depending on economic conditions and any renewed, sticky inflation.

Although much remains to be negotiated regarding the Iran conflict, signs continue to point towards a desire for agreement, particularly from the U.S., as the economic impacts have become untenable. With conflict-related uncertainty abating, the upcoming Canada-U.S.-Mexico Agreement renewal returns to the forefront as the key risk facing the Canadian economy.

Recent rhetoric from President Trump and Secretary Lutnick points to tense negotiations ahead and the potential for Canada's tariff rate to increase materially. In addition to conflict and tariff uncertainty, growing deficits, higher bond supply, and the impact of continued higher rates on interest-sensitive sectors could also weigh on the economy.

The average yield on preferred shares remains attractive and is expected to continue increasing over the next few years as fixed-reset issues gradually reset at a higher Government of Canada five-year bond yields. Higher give-year Government of Canada bond yields are generally positive for preferred shares, especially when the credit environment is stable.

Volatility could return, particularly if above-target inflation forces a change in central bank policy or if geopolitical risks flare. In addition, the pace of preferred share redemptions, which have supported the market, is expected to slow in 2026. Fund flows could also exacerbate volatility if market participants continue to take profits in the asset class's strong performance over the past three years.

Management Discussion of Fund Performance (continued)

The Sub-Advisor will look to add risk to the portfolio as opportunities arise and will similarly be ready to take profits as needed. In the current environment, the Sub-Advisor's focus remains defensive and geared towards high quality issuers. The Sub-Advisor believes the best risk-reward opportunities are in fixed-reset issues with mid-reset levels that currently provide high current yields and that will reset in 2029 and in 2030.

Other Operating Items and Changes in Net Assets Attributable to Holders of Redeemable Units

For the six-month period ended June 30, 2026, the ETF generated gross comprehensive income (loss) from investments and derivatives (which includes changes in the fair value of the ETF's portfolio) of $4,519,370. This compares to $5,108,230 for the six-month period ended June 30, 2025. The ETF incurred management, operating and transaction expenses of $274,981 (2025 – $253,857) of which $18,536 (2025 – $22,779) was either paid or absorbed by the Manager on behalf of the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at the discretion of the Manager.

The ETF distributed $1,849,037 to unitholders during the period (2025 – $1,472,695).

Presentation

The attached financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS"). Any mention of total net assets, net assets, net asset value or increase (decrease) in net assets in the financial statements and/or management report of fund performance is referring to net assets or increase (decrease) in net assets attributable to holders of redeemable units as reported under IFRS.

Recent Developments

There are no recent industry, management or ETF related developments that are pertinent to the present and future of the ETF.

Related Party Transactions

Certain services have been provided to the ETF by related parties and those relationships are described below.

Manager, Trustee and Investment Manager

The manager, trustee and investment manager of the ETF is Global X Investments Canada Inc., 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7, a corporation incorporated under the laws of Ontario.

If the ETF invests in other Global X ETFs, Global X may receive management fees in respect of the ETF's assets invested in such Global X ETFs. In addition, any management fees paid to the Manager (described in detail on page 14) are related party transactions, as the Manager is considered to be a related party to the ETF. Fees paid to the Independent Review Committee are also considered to be related party transactions. Both the management fees and fees paid to the Independent Review Committee are disclosed in the statement of comprehensive income in the attached financial statements of the ETF. The management fees payable by the ETF as at June 30, 2026, and December 31, 2025 are disclosed in the statement of financial position.

Financial Highlights

The following tables show selected key financial information about the ETF and are intended to help you understand the ETF's financial performance for the current interim reporting period and for the past five fiscal years. This information is derived from the ETF's audited annual financial statements and the current unaudited interim financial statements. Please see the front page for information on how you may obtain the ETF's annual or interim financial statements.

The ETF's Net Assets per Unit

Period [1]		2026	2025	2024	2023	2022	2021
Net assets, beginning of period	$	10.83	9.66	7.88	7.69	9.86	8.08
Increase (decrease) from operations:							
Total revenue		0.29	0.52	0.46	0.46	0.43	0.40
Total expenses		(0.04)	(0.07)	(0.06)	(0.05)	(0.06)	(0.07)
Realized gains (losses) for the period		0.13	0.48	0.14	(0.33)	0.05	0.06
Unrealized gains (losses) for the period		0.24	0.73	1.71	0.51	(2.16)	1.65
Total increase (decrease) from operations [2]		0.62	1.66	2.25	0.59	(1.74)	2.04
Distributions:							
From net investment income (excluding dividends)		(0.27)	(0.07)	(0.05)	(0.05)	–	–
From dividends		–	(0.38)	(0.36)	(0.37)	(0.36)	(0.30)
From net realized capital gains		–	(0.02)	–	–	–	–
From return of capital		–	–	–	–	(0.08)	(0.08)
Total distributions [3]		(0.27)	(0.47)	(0.41)	(0.42)	(0.44)	(0.38)
Net assets, end of period [4]	**$**	11.18	10.83	9.66	7.88	7.69	9.86

1. This information is derived from the ETF's unaudited interim financial statements and audited annual financial statements.
2. Net assets per unit and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period.
3. Income, dividend and/or return of capital distributions, if any, are paid in cash, reinvested in additional units of the ETF, or both. Capital gains distributions, if any, may or may not be paid in cash. Non-cash capital gains distributions are reinvested in additional units of the ETF and subsequently consolidated. They are reported as taxable distributions and increase each unitholder's adjusted cost base for their units. Neither the number of units held by the unitholder, nor the net asset per unit of the ETF change as a result of any non-cash capital gains distributions. Distributions classified as return of capital, if any, decrease each unitholder's adjusted cost base for their units. The characteristics of distributions, if any, are determined subsequent to the end of the ETF's tax year. Until such time, distributions are classified as from net investment income (excluding dividends) for reporting purposes.
4. The Financial Highlights are not intended to act as a continuity of the opening and closing net assets per unit.

Financial Highlights (continued)

Ratios and Supplemental Data

Period [1]		2026	2025	2024	2023	2022	2021
Net asset value (000's)	$	77,348	76,797	63,318	59,090	73,516	75,854
Number of units outstanding (000's)		6,919	7,093	6,553	7,502	9,560	7,697
Management expense ratio [2]		0.65%	0.65%	0.65%	0.64%	0.64%	0.65%
Management expense ratio before waivers and absorptions [3]		0.70%	0.70%	0.73%	0.71%	0.73%	0.92%
Trading expense ratio [4]		0.03%	0.05%	0.05%	0.03%	0.07%	0.12%
Portfolio turnover rate [5]		6.22%	32.53%	15.27%	16.95%	32.92%	32.19%
Net asset value per unit, end of period	$	11.18	10.83	9.66	7.88	7.69	9.86
Closing market price	$	11.18	10.83	9.65	7.85	7.66	9.84

1. This information is provided as at June 30, 2026 and December 31 of the years shown.
2. Management expense ratio is based on total expenses, including sales tax, (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. Out of its management fees, and waivers and absorptions, as applicable, the Manager pays for such services to the ETF as investment manager compensation and marketing.
3. The Manager, at its discretion, may waive and/or absorb a portion of the fees and/or expenses otherwise payable by the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at the discretion of the Manager.
4. The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. Transaction costs related to the purchase and/or sale of fixed income securities are typically embedded in the price of those transactions and are therefore not included in the trading expense ratio.
5. The ETF's portfolio turnover rate indicates how actively its portfolio investments are traded. A portfolio turnover rate of 100% is equivalent to the ETF buying and selling all of the securities in its portfolio once in the course of the year. Generally, the higher the ETF's portfolio turnover rate in a year, the greater the trading costs payable by the ETF in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the ETF.

Financial Highlights (continued)

Management Fees

The Manager provides, or oversees the provision of, administrative services required by the ETF including, but not limited to: negotiating contracts with certain third-party service providers, such as portfolio managers, custodians, registrars, transfer agents, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the ETF; arranging for the maintenance of accounting records for the ETF; preparing reports to unitholders and to the applicable securities regulatory authorities; calculating the amount and determining the frequency of distributions by the ETF; preparing financial statements, income tax returns and financial and accounting information as required by the ETF; ensuring that unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the ETF complies with all other regulatory requirements, including the continuous disclosure obligations of the ETF under applicable securities laws; administering purchases, redemptions and other transactions in units of the ETF; and dealing and communicating with unitholders of the ETF. The Manager provides office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETF. The Manager also monitors the investment strategies of the ETF to ensure that the ETF complies with its investment objectives, investment strategies and investment restrictions and practices.

In consideration for the provision of these services, the Manager receives a monthly management fee at the annual rate of 0.55%, plus applicable sales taxes, of the net asset value of the ETF’s units, calculated and accrued daily and payable monthly in arrears.

The Sub-Advisor is compensated for its services out of the management fees without any further cost to the ETF. Any expenses of the ETF which are waived or absorbed by the Manager are paid out of the management fees received by the Manager.

The table below details, in percentage terms, the services received by the ETF from the Manager in consideration of the management fees paid during the period.

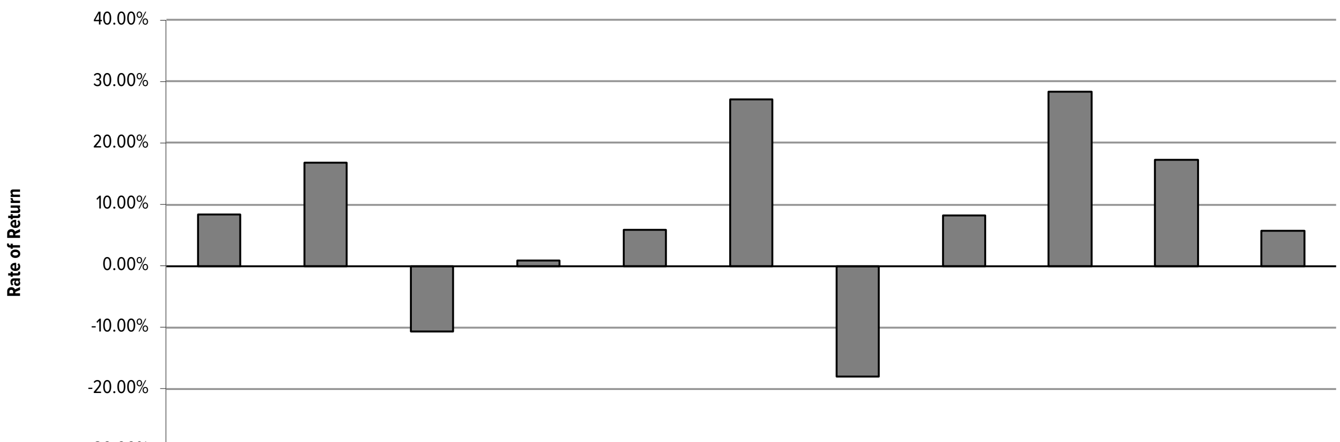
Marketing	Portfolio management fees, general administrative costs and profit	Waived/absorbed expenses of the ETF
7%	84%	8%

Past Performance

Commissions, management fees, expenses and applicable sales taxes all may be associated with an investment in the ETF. Please read the prospectus before investing. The indicated rates of return are the historical total returns including changes in unit value and reinvestment of all distributions, and do not take into account sales, redemptions, distributions or optional charges or income taxes payable by any investor that would have reduced returns. An investment in the ETF is not guaranteed. Its value changes frequently and past performance may not be repeated. The ETF's performance numbers assume that all distributions, if any, are reinvested in additional units of the ETF. If you hold this ETF outside of a registered plan, income and capital gains distributions that are paid to you increase your income for tax purposes whether paid to you in cash or reinvested in additional units. The amount of the reinvested taxable distributions is added to the adjusted cost base of the units that you own. This would decrease your capital gain or increase your capital loss when you later redeem from the ETF, thereby ensuring that you are not taxed on this amount again. Please consult your tax advisor regarding your personal tax situation.

Year-by-Year Returns

The following chart presents the ETF's performance for the periods shown, and illustrates how the performance has changed from period to period. In percentage terms, the chart shows how much an investment made on the first day of the financial period would have grown or decreased by the last day of the financial period.



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026*
HYBR	8.38%	16.78%	-10.74%	0.94%	5.87%	27.12%	-17.95%	8.18%	28.32%	17.26%	5.78%

The ETF effectively began operations on October 1, 2013.
*For the six-month period ended June 30, 2026.

Summary of Investment Portfolio

As at June 30, 2026

Asset Mix		Net Asset Value	% of ETF's Net Asset Value
Canadian Preferred Securities	$	56,265,802	72.74%
Canadian Fixed Income Securities		19,513,532	25.23%
Global Preferred Securities		361,350	0.47%
Cash and Cash Equivalents		1,265,427	1.64%
Other Assets less Liabilities		(58,487)	-0.08%
	$	**77,347,624**	**100.00%**

Sector Mix		Net Asset Value	% of ETF's Net Asset Value
Financials	$	23,126,396	29.90%
Corporate Bonds		19,513,532	25.23%
Energy		16,375,583	21.17%
Utilities		9,182,610	11.87%
Communication Services		7,942,166	10.27%
Consumer Staples		397	0.00%
Cash and Cash Equivalents		1,265,427	1.64%
Other Assets less Liabilities		(58,487)	-0.08%
	$	**77,347,624**	**100.00%**

Summary of Investment Portfolio (continued)

As at June 30, 2026

Top 25 Holdings	% of ETF's Net Asset Value
Enbridge Inc.	10.45%
BCE Inc.	10.27%
Brookfield Corp.	9.86%
TC Energy Corp.	5.70%
Royal Bank of Canada	5.59%
Manulife Financial Corp.	5.10%
Canadian Imperial Bank of Commerce	5.01%
Toronto-Dominion Bank (The)	4.66%
Pembina Pipeline Corp.	4.42%
Brookfield Renewable Power Preferred Equity Inc.	3.81%
Power Financial Corp.	3.13%
National Bank of Canada	2.72%
Great-West Lifeco Inc.	2.41%
Emera Inc.	2.24%
Sun Life Financial Inc.	2.19%
Bank of Montreal	2.01%
Intact Financial Corp.	1.87%
Fortis Inc.	1.84%
Canadian Utilities Ltd.	1.82%
Brookfield Office Properties Inc.	1.67%
Cash and Cash Equivalents	1.64%
iA Financial Corp. Inc.	1.42%
Algonquin Power & Utilities Corp.	1.33%
Keyera Corp.	1.25%
Brookfield Renewable Partners L.P.	1.06%

* Note all of the Top 25 Holdings, excluding cash and cash equivalents, represent the aggregate preferred securities and/or debt instruments of that issuer in the ETF's portfolio.

The summary of investment portfolio may change due to the ongoing portfolio transactions of the ETF. The most recent financial statements are available at no cost by calling 1-866-641-5739, or (416) 933-5745, by writing to us at 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7, by visiting our website at www.globalx.ca or through SEDAR+ at www.sedarplus.ca.

MANAGER'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements of Global X Active Hybrid Bond and Preferred Share ETF (the "ETF") are the responsibility of the manager and trustee to the ETF, Global X Investments Canada Inc. (the "Manager"). They have been prepared in accordance with IFRS Accounting Standards using information available and include certain amounts that are based on the Manager's best estimates and judgements.

The Manager has developed and maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to produce relevant, reliable and timely financial information, including the accompanying financial statements.

These financial statements have been approved by the Board of Directors of the Manager.

Rohit Mehta
Director
Global X Investments Canada Inc.

Thomas Park
Director
Global X Investments Canada Inc.

NOTICE TO UNITHOLDERS

The Auditor of the ETF has not reviewed these Financial Statements.

Global X Investments Canada Inc., the Manager of the ETF, appoints an independent auditor to audit the ETF's annual financial statements.

The ETF's independent auditor has not performed a review of these interim financial statements in accordance with Canadian generally accepted auditing standards.

Statement of Financial Position (unaudited)

As at June 30, 2026 and December 31, 2025

		2026		2025
Assets				
Cash and cash equivalents	$	1,265,427	$	1,783,807
Investments (note 6)		76,140,684		75,210,542
Amounts receivable relating to accrued income		307,643		298,313
Amounts receivable relating to portfolio assets sold		–		2,659
Total assets		**77,713,754**		**77,295,321**
Liabilities				
Accrued management fees (note 9)		39,308		40,207
Accrued operating expenses		7,151		5,665
Amounts payable for portfolio assets purchased		–		158,043
Distribution payable		319,671		294,375
Total liabilities		**366,130**		**498,290**
Net assets	**$**	**77,347,624**	**$**	**76,797,031**
Number of redeemable units outstanding (note 8)		6,919,296		7,093,377
Net assets per unit	$	11.18	$	10.83

(See accompanying notes to financial statements)

Approved on behalf of the Board of Directors of the Manager:

Rohit Mehta
Director

Thomas Park
Director

Statement of Comprehensive Income (unaudited)

For the Periods Ended June 30,

		2026		2025
Income				
Dividend income	$	1,444,175	$	1,329,330
Interest income for distribution purposes		558,650		355,686
Securities lending income (note 7)		121		75
Net realized gain (loss) on sale of investments and derivatives		915,773		1,540,640
Net realized gain (loss) on foreign exchange		–		(308)
Net change in unrealized appreciation (depreciation) of investments and derivatives		1,600,613		1,882,830
Net change in unrealized appreciation (depreciation) of foreign exchange		38		(23)
		4,519,370		**5,108,230**
Expenses (note 9)				
Management fees		220,162		191,139
Audit fees		3,636		8,087
Independent Review Committee fees		280		314
Custodial and fund valuation fees		16,629		15,537
Securityholder reporting costs		9,292		6,625
Administration fees		15,106		14,948
Transaction costs		9,876		17,207
		274,981		**253,857**
Amounts that were payable by the investment fund that were paid or absorbed by the Manager		(18,536)		(22,779)
		256,445		**231,078**
Increase (decrease) in net assets for the period	**$**	**4,262,925**	**$**	**4,877,152**

(See accompanying notes to financial statements)

Statement of Changes in Financial Position (unaudited)

For the Periods Ended June 30,

		2026		2025
Net assets at the beginning of the period	$	76,797,031	$	63,318,449
Increase (decrease) in net assets		4,262,925		4,877,152
Redeemable unit transactions				
Proceeds from the issuance of securities of the investment fund		2,225,595		5,637,329
Aggregate amounts paid on redemption of securities of the investment fund		(4,099,033)		(1,223,049)
Securities issued on reinvestment of distributions		10,143		3,034
Distributions:				
From net investment income		(1,849,037)		(1,472,695)
Net assets at the end of the period	**$**	**77,347,624**	**$**	**71,140,220**

(See accompanying notes to financial statements)

Statement of Cash Flows (unaudited)

For the Periods Ended June 30,

		2026		2025
Cash flows from operating activities:				
Increase (decrease) in net assets for the period	$	4,262,925	$	4,877,152
Adjustments for:				
Net realized (gain) loss on sale of investments and derivatives		(915,773)		(1,540,640)
Net realized gain (loss) on currency forward contracts		–		7,343
Net change in unrealized (appreciation) depreciation of investments and derivatives		(1,600,613)		(1,882,830)
Net change in unrealized (appreciation) depreciation of foreign exchange		(38)		17
Purchase of investments		(4,116,912)		(11,649,279)
Proceeds from the sale of investments		3,893,272		9,444,649
Amounts receivable relating to accrued income		(9,330)		(33,026)
Accrued expenses		587		(148)
Net cash from (used in) operating activities		**1,514,118**		**(776,762)**
Cash flows from financing activities:				
Amount received from the issuance of units		1,508,261		4,776,657
Amount paid on redemptions of units		(1,727,199)		(303,618)
Distributions paid to unitholders		(1,813,598)		(1,488,484)
Net cash from (used in) financing activities		**(2,032,536)**		**2,984,555**
Net increase (decrease) in cash and cash equivalents during the period		(518,418)		2,207,793
Effect of exchange rate fluctuations on cash and cash equivalents		38		(17)
Cash and cash equivalents at beginning of period		1,783,807		452,603
Cash and cash equivalents at end of period	**$**	**1,265,427**	**$**	**2,660,379**

Interest received, net of withholding taxes	$	562,223	$	326,561
Dividends received, net of withholding taxes	$	1,431,272	$	1,325,429
Interest paid	$	–	$	3

(See accompanying notes to financial statements)

Schedule of Investments (unaudited)

As at June 30, 2026

Security	Shares/ Par Value	Average Cost	Fair Value
CANADIAN PREFERRED SECURITIES (72.74%)			
Financials (29.90%)			
Bank of Montreal, Preferred, Class 'B', Series '44', Variable Rate, Perpetual	14,747	$ 389,516	$ 398,169
Brookfield Corp., Preferred, Series '18', 4.75%, Perpetual	198	3,716	4,120
Brookfield Corp., Preferred, Series '24', Variable Rate, Perpetual	80,674	1,430,327	1,905,520
Brookfield Corp., Preferred, Series '26', Variable Rate, Perpetual	70,523	1,317,743	1,622,029
Brookfield Corp., Preferred, Series '28-A', Variable Rate, Perpetual	29,118	539,819	623,416
Brookfield Corp., Preferred, Series '30', Variable Rate, Perpetual	3,248	80,692	83,246
Brookfield Corp., Preferred, Series '32', Variable Rate, Perpetual	1,320	29,581	34,201
Brookfield Corp., Preferred, Series '34', Variable Rate, Perpetual	5,914	105,065	150,807
Brookfield Corp., Preferred, Series '46', Variable Rate, Perpetual	13,128	320,402	332,664
Brookfield Corp., Preferred, Series '51', 6.45%, Perpetual	3,394	38,751	59,836
Brookfield Corp., Preferred, Class 'A', Series '37', 4.90%, Perpetual	259	6,540	5,543
Brookfield Corp., Preferred, Class 'A', Series '38', Variable Rate, Perpetual	30,482	624,728	741,627
Brookfield Corp., Preferred, Class 'A', Series '40', Variable Rate, Perpetual	31,431	646,699	802,119
Brookfield Corp., Preferred, Class 'A', Series '42', Variable Rate, Perpetual	49,919	1,035,103	1,259,456
Brookfield Office Properties Inc., Preferred, Class 'AAA', Series 'N', Variable Rate, Perpetual	24,358	316,629	526,133
Brookfield Office Properties Inc., Preferred, Class 'AAA', Series 'R', Variable Rate, Perpetual	32,744	612,498	769,484
Canadian Imperial Bank of Commerce, Preferred, Class 'A', Series '47', Variable Rate, Perpetual	20,311	519,340	524,024
Fairfax Financial Holdings Ltd., Preferred, Series 'K', 5.00%, Perpetual	5,399	129,434	136,163
Great-West Lifeco Inc., Preferred, Series 'G', 5.20%, Perpetual	2,378	47,691	56,263
Great-West Lifeco Inc., 5.70%, Preferred, Series 'Z', Perpetual	2,880	72,232	72,029
Great-West Lifeco Inc., Preferred, Series 'H', 4.85%, Perpetual	5,437	116,869	118,146
Great-West Lifeco Inc., Preferred, Series 'L', 5.65%, Perpetual	586	14,884	14,697
Great-West Lifeco Inc., Preferred, Series 'N', Variable Rate, Perpetual	36,387	520,305	707,727
Great-West Lifeco Inc., Preferred, Series 'P', 5.40%, Perpetual	2,442	61,687	58,657
Great-West Lifeco Inc., Preferred, Series 'Q', 5.15%, Perpetual	3,891	81,263	90,116
Great-West Lifeco Inc., Preferred, Series 'R', 4.80%, Perpetual	7,850	162,913	170,345
Great-West Lifeco Inc., Preferred, Series 'S', 5.25%, Perpetual	6,165	129,254	145,494
Great-West Lifeco Inc., Preferred, Series 'T', 5.15%, Perpetual	1,517	29,980	35,422
Intact Financial Corp., Preferred, Class 'A', Series '3', Variable Rate, Convertible, Perpetual	49,807	1,040,016	1,248,163
Intact Financial Corp., Preferred, Class 'A', Series '6', 5.30%, Perpetual	4,471	96,744	107,841
Intact Financial Corp., Preferred, Class 'A', Series '7', Variable Rate, Convertible, Perpetual	29	673	742
Intact Financial Corp., Preferred, Class 'A', Series '9', 5.40%, Perpetual	87	1,863	2,181
Intact Financial Corp., Preferred, Class 'A', Series '11', 5.25%, Perpetual	984	18,952	23,616
Intact Financial Corp., 5.50%, Preferred, Series '13', Perpetual	2,882	72,050	72,021

Schedule of Investments (unaudited) (continued)

As at June 30, 2026

Security	Shares/ Par Value	Average Cost	Fair Value
Laurentian Bank of Canada, Preferred, Class 'A', Series '13', Variable Rate, Perpetual	2,992	48,499	74,501
Manulife Financial Corp., Preferred, Class 'A', Series '2', 4.65%, Perpetual	1,721	43,228	38,877
Manulife Financial Corp., Preferred, Class '1', Series '3', Variable Rate, Convertible, Perpetual	38,725	581,642	824,068
Manulife Financial Corp., Preferred, Class '1', Series '9', Variable Rate, Convertible, Perpetual	6,632	165,945	169,249
Manulife Financial Corp., Preferred, Class '1', Series '11', Variable Rate, Perpetual	7,741	166,602	195,228
Manulife Financial Corp., Preferred, Class '1', Series '15', Variable Rate, Perpetual	6,101	128,242	152,586
Manulife Financial Corp., Preferred, Class '1', Series '17', Variable Rate, Perpetual	37,749	782,292	952,030
Manulife Financial Corp., Preferred, Class '1', Series '19', Variable Rate, Perpetual	36,504	745,623	907,489
Manulife Financial Corp., Preferred, Class '1', Series '25', Variable Rate, Perpetual	8,500	205,779	217,430
National Bank of Canada, Preferred, Series '30', Variable Rate, Perpetual	20,461	492,448	538,534
National Bank of Canada, Preferred, Series '38', Variable Rate, Perpetual	6,011	157,963	161,215
National Bank of Canada, Preferred, Series '40', Variable Rate, Perpetual	6,217	156,739	162,077
National Bank of Canada, Preferred, Series '42', Variable Rate, Perpetual	3,349	89,004	90,122
National Bank of Canada, Preferred, Series '47', Variable Rate, Perpetual	6,908	152,550	183,615
Power Corp. of Canada, Preferred, Series 'B', 5.35%, Perpetual	376	9,614	8,907
Power Corp. of Canada, Preferred, Series 'D', 5.00%, Perpetual	242	4,775	5,486
Power Corp. of Canada, Preferred, Series 'G', 5.60%, Perpetual	600	13,892	14,856
Power Corp. of Canada, 5.75%, Preferred, Series 'H', Perpetual	7,298	182,455	184,639
Power Financial Corp., Preferred, Series 'D', 5.50%, Perpetual	54	1,231	1,334
Power Financial Corp., Preferred, Series 'K', 4.95%, Perpetual	4,437	86,396	98,634
Power Financial Corp., Preferred, Series 'O', 5.80%, Perpetual	506	12,984	12,789
Power Financial Corp., Preferred, Series 'P', Variable Rate, Perpetual	68,029	1,091,015	1,411,602
Power Financial Corp., Preferred, Series 'R', 5.50%, Perpetual	3,780	87,236	92,648
Power Financial Corp., Preferred, Series 'S', 4.80%, Perpetual	60	1,511	1,299
Power Financial Corp., Preferred, Series 'V', 5.15%, Perpetual	32,503	734,466	749,844
Power Financial Corp., 4.50%, Preferred, Series '23', Perpetual	2,500	50,475	51,425
Sun Life Financial Inc., Preferred, Class 'A', Series '8R', Variable Rate, Perpetual	24,181	408,215	502,239
Sun Life Financial Inc., Preferred, Class 'A', Series '10R', Variable Rate, Perpetual	45,075	877,563	1,098,478
Toronto-Dominion Bank (The), Preferred, Series '1', Variable Rate, Convertible, Perpetual	48,374	1,098,580	1,237,891
Toronto-Dominion Bank (The), Preferred, Series '18', Variable Rate, Perpetual	3,279	83,732	85,287
		19,274,655	23,126,396

Schedule of Investments (unaudited) (continued)

As at June 30, 2026

Security	Shares/ Par Value	Average Cost	Fair Value
Energy (21.17%)			
AltaGas Ltd., Preferred, Series 'G', Variable Rate, Perpetual	29,139	686,161	751,495
Enbridge Inc., Preferred, Series 'B', Variable Rate, Perpetual	31,939	522,559	730,764
Enbridge Inc., Preferred, Series 'D', Variable Rate, Perpetual	7,416	137,179	169,159
Enbridge Inc., Preferred, Series 'F', Variable Rate, Perpetual	9,676	173,155	227,096
Enbridge Inc., Preferred, Series 'L', Variable Rate, Perpetual	753	22,548	26,335
Enbridge Inc., Preferred, Series 'P', Variable Rate, Perpetual	5,172	97,325	125,317
Enbridge Inc., Preferred, Series 'R', Variable Rate, Perpetual	9,127	171,727	225,528
Enbridge Inc., Preferred, Series '3', Variable Rate, Perpetual	65,277	1,159,521	1,483,746
Enbridge Inc., Preferred, Series '7', Variable Rate, Perpetual	394	6,833	9,519
Enbridge Inc., Preferred, Series '9', Variable Rate, Perpetual	10,204	204,492	245,100
Enbridge Inc., Preferred, Series '11', Variable Rate, Perpetual	74,180	1,424,447	1,763,259
Enbridge Inc., Preferred, Series '13', Variable Rate, Perpetual	66,313	1,114,632	1,576,923
Enbridge Inc., Preferred, Series '15', Variable Rate, Perpetual	59,061	963,195	1,414,511
Pembina Pipeline Corp., Preferred, Class 'A', Series '3', Variable Rate, Perpetual	4,088	82,575	104,653
Pembina Pipeline Corp., Preferred, Class 'A', Series '5', Variable Rate, Perpetual	12,905	245,762	337,208
Pembina Pipeline Corp., Preferred, Class 'A', Series '7', Variable Rate, Perpetual	44,879	959,775	1,175,381
Pembina Pipeline Corp., Preferred, Class 'A', Series '15', Variable Rate, Perpetual	5,908	137,013	154,199
Pembina Pipeline Corp., Preferred, Class 'A', Series '17', Variable Rate, Perpetual	8,680	174,894	227,329
Pembina Pipeline Corp., Preferred, Class 'A', Series '21', Variable Rate, Perpetual	37,439	952,807	969,296
Pembina Pipeline Corp., Preferred, Class 'A', Series '25', Variable Rate, Perpetual	9,673	240,462	250,434
TC Energy Corp., Preferred, Series '1', Variable Rate, Convertible, Perpetual	14,286	263,967	313,435
TC Energy Corp., Preferred, Series '3', Variable Rate, Convertible, Perpetual	15,960	244,977	304,676
TC Energy Corp., Preferred, Series '5', Variable Rate, Convertible, Perpetual	82,312	1,219,368	1,686,573
TC Energy Corp., Preferred, Series '7', Variable Rate, Convertible, Perpetual	31,413	614,471	780,613
TC Energy Corp., Preferred, Series '9', Variable Rate, Perpetual	54,784	1,082,561	1,323,034
		12,902,406	16,375,583
Utilities (11.40%)			
Algonquin Power & Utilities Corp., Preferred, Series 'A', Variable Rate, Convertible, Perpetual	2,160	47,451	56,182
Algonquin Power & Utilities Corp., Preferred, Series 'D', Variable Rate, Perpetual	15,811	387,424	422,312
Brookfield Renewable Partners L.P., Preferred, Variable Rate, Perpetual	21,600	540,000	559,656
Brookfield Renewable Power Preferred Equity Inc., Preferred, Class 'A', Series '1', Variable Rate, Convertible, Perpetual	69,013	1,328,741	1,645,270

Schedule of Investments (unaudited) (continued)
As at June 30, 2026

Security	Shares/ Par Value	Average Cost	Fair Value
Brookfield Renewable Power Preferred Equity Inc., Preferred, Class ‘A’, Series ‘3’, Variable Rate, Convertible, Perpetual	34,264	717,223	890,864
Brookfield Renewable Power Preferred Equity Inc., Preferred, Class ‘A’, Series ‘6’, 5.00%, Perpetual	18,578	350,840	410,202
Canadian Utilities Ltd., Preferred, Series ‘Y’, Variable Rate, Perpetual	34,504	717,913	867,431
Canadian Utilities Ltd., Preferred, Series ‘AA’, 4.90%, Perpetual	2,395	49,901	53,468
Canadian Utilities Ltd., Preferred, Series ‘BB’, 4.90%, Perpetual	715	14,471	16,023
Canadian Utilities Ltd., Preferred, Series ‘DD’, 4.50%, Perpetual	3,357	60,800	69,658
Canadian Utilities Ltd., Preferred, Series ‘HH’, 4.75%, Perpetual	4,543	88,934	97,993
Canadian Utilities Ltd., 5.60%, Preferred, Perpetual	12,200	305,000	305,610
CU Inc., Preferred, Series ‘1’, 4.60%, Perpetual	5,747	100,089	120,744
Emera Inc., Preferred, Series ‘A’, Variable Rate, Convertible, Perpetual	21,552	348,262	474,144
Emera Inc., Preferred, Series ‘F’, Variable Rate, Perpetual	17,854	375,054	459,740
Emera Inc., Preferred, Series ‘J’, Variable Rate, Perpetual	30,219	676,873	806,243
Emera Inc., Preferred, Series ‘L’, 4.60%, Perpetual	88	2,200	1,856
Fortis Inc., Preferred, Series ‘G’, Variable Rate, Perpetual	227	4,677	5,677
Fortis Inc., Preferred, Series ‘H’, 4.25%, Perpetual	3,506	53,634	72,364
Fortis Inc., Preferred, Series ‘K’, Variable Rate, Perpetual	1,216	23,516	29,853
Fortis Inc., Preferred, Series ‘M’, Variable Rate, Perpetual	52,309	1,095,396	1,315,571
TransAlta Corp., Preferred, Series ‘C’, Variable Rate, Convertible, Perpetual	3,338	65,934	83,784
TransAlta Corp., Preferred, Series ‘E’, 5.00%, Perpetual	462	11,793	11,984
TransAlta Corp., Preferred, Series ‘G’, Variable Rate, Perpetual	1,697	44,162	44,631
		7,410,288	8,821,260
Communication Services (10.27%)			
BCE Inc., Preferred, Series ‘R’, Variable Rate, Perpetual	25,017	424,663	541,368
BCE Inc., Preferred, Series ‘T’, Variable Rate, Perpetual	154	2,773	3,357
BCE Inc., Preferred, Series ‘Y’, Variable Rate, Perpetual	3,419	67,586	72,004
BCE Inc., Preferred, Series ‘AA’, Variable Rate, Perpetual	18,348	333,211	396,500
BCE Inc., Preferred, Series ‘AB’, Variable Rate, Perpetual	5,200	98,956	107,250
BCE Inc., Preferred, Series ‘AD’, Variable Rate, Perpetual	5,690	102,728	119,831
BCE Inc., Preferred, Series ‘AF’, Variable Rate, Perpetual	8,894	147,658	205,629
BCE Inc., Preferred, Series ‘AG’, Variable Rate, Perpetual	39,682	736,351	905,147
BCE Inc., Preferred, Series ‘AI’, Variable Rate, Perpetual	72,987	1,215,794	1,613,743
BCE Inc., Preferred, Series ‘AK’, Variable Rate, Convertible, Perpetual	106,185	1,681,000	2,313,771
BCE Inc., Preferred, Series ‘AM’, Variable Rate, Perpetual	74,767	1,200,444	1,663,566
		6,011,164	7,942,166
Consumer Staples (0.00%)			
George Weston Ltd., Preferred, Series ‘V’, 4.75%, Perpetual	18	336	397
TOTAL CANADIAN PREFERRED SECURITIES		**45,598,849**	**56,265,802**

Schedule of Investments (unaudited) (continued)

As at June 30, 2026

Security	Shares/ Par Value	Average Cost	Fair Value
CANADIAN FIXED INCOME SECURITIES (25.23%)			
Corporate Bonds (25.23%)			
Algonquin Power & Utilities Corp., Callable, 5.25%, 2082/01/18	545,000	534,200	546,601
Bank of Montreal, Variable Rate, Perpetual, 7.37%, 2027/11/26	300,000	307,195	314,053
Bank of Montreal, Variable Rate, Perpetual, 7.06%, 2028/04/26	800,000	800,000	840,910
Bank of Nova Scotia (The), Series ‘1’, Variable Rate, Callable, 3.70%, 2081/07/27	410,000	376,440	407,947
Canadian Imperial Bank of Commerce, Variable Rate, Perpetual, 7.37%, 2027/09/28	603,000	603,253	628,514
Canadian Imperial Bank of Commerce, Series ‘57’, Variable Rate, Perpetual, 7.34%, 2029/03/12	1,007,000	1,029,908	1,074,666
Canadian Imperial Bank of Commerce, Series ‘61’, Variable Rate, Perpetual, 6.37%, 2030/03/28	703,000	711,340	733,060
Canadian Imperial Bank of Commerce, Variable Rate, Callable, 4.00%, 2082/01/28	770,000	756,414	771,000
Canadian Imperial Bank of Commerce, Variable Rate, Callable, 7.15%, 2082/07/28	135,000	134,748	139,227
Capital Power Corp., Convertible Bonds, Variable Rate, Callable, 8.13%, 2054/06/05	171,000	171,000	196,235
Capital Power Corp., Series ‘3’, Variable Rate, Callable, 7.95%, 2082/09/09	260,000	260,000	294,375
Empire Life Insurance Co. (The), Convertible Bonds, Series ‘6’, Variable Rate, Perpetual, 6.00%, 2031/03/17	202,000	202,000	204,522
Empire Life Insurance Co. (The), Series ‘1’, Variable Rate, Callable, 6.18%, 2081/04/17	190,000	183,350	192,913
Enbridge Inc., Convertible Bonds, Variable Rate, Callable, 8.75%, 2084/01/15	73,000	73,000	88,366
Gibson Energy Inc., Convertible Bonds, Series ‘20-A’, Variable Rate, Callable, 5.25%, 2080/12/22	370,000	374,937	373,982
Great-West Lifeco Inc., Series ‘1’, Variable Rate, Callable, 3.60%, 2081/12/31	400,000	383,800	393,499
iA Financial Corp. Inc., Convertible Bonds, Series ‘C’, Variable Rate, Perpetual, 6.44%, 2030/06/30	1,050,000	1,058,750	1,094,668
Inter Pipeline Ltd., Variable Rate, Callable, 6.75%, 2054/12/12	164,000	164,000	172,426
Inter Pipeline Ltd., Series ‘19-A’, Variable Rate, Callable, 6.88%, 2079/03/26	448,000	448,000	472,766
Keyera Corp., Convertible Bonds, Series ‘A’, Variable Rate, Callable, 6.00%, 2055/10/15	458,000	459,996	467,474
Keyera Corp., Convertible Bonds, Variable Rate, Callable, 6.88%, 2079/06/13	300,000	339,535	319,494
Keyera Corp., Convertible Bonds, Variable Rate, Callable, 5.95%, 2081/03/10	170,000	170,850	177,692
Laurentian Bank of Canada, Series ‘1’, Variable Rate, Callable, 7.40%, 2081/06/15	350,000	351,750	355,490
Manulife Financial Corp., Series ‘1’, Variable Rate, Callable, 5.88%, 2081/06/19	393,000	292,686	393,900
Manulife Financial Corp., Variable Rate, Callable, 7.12%, 2082/06/19	100,000	100,000	102,819
National Bank of Canada, Variable Rate, Callable, 4.05%, 2081/08/15	570,000	522,695	570,714

Schedule of Investments (unaudited) (continued)

As at June 30, 2026

Security	Shares/ Par Value	Average Cost	Fair Value
National Bank of Canada, Series ‘4’, Variable Rate, Callable, 6.07%, 2086/08/16	385,000	385,000	388,174
Pembina Pipeline Corp., Convertible Bonds, Series ‘2’, Variable Rate, Callable, 5.95%, 2055/06/06	195,000	199,218	201,101
Rogers Communications Inc., Convertible Bonds, Variable Rate, Callable, 6.25%, 2056/07/31	495,000	495,000	511,557
Royal Bank of Canada, Series ‘BT’, Variable Rate, Perpetual, 4.20%, 2027/02/24	1,496,000	1,499,373	1,487,561
Royal Bank of Canada, Variable Rate, Perpetual, 7.41%, 2029/01/25	700,000	719,275	751,428
Royal Bank of Canada, Variable Rate, Perpetual, 6.70%, 2029/10/24	1,810,000	1,856,407	1,912,046
Royal Bank of Canada, Variable Rate, Callable, 3.65%, 2081/11/24	180,000	151,875	178,789
Sun Life Financial Inc., Series ‘21-1’, Variable Rate, Callable, 3.60%, 2081/06/30	90,000	65,362	89,213
TELUS Corp., Convertible Bonds, Variable Rate, Callable, 6.75%, 2055/07/21	353,000	352,855	381,015
Toronto-Dominion Bank (The), Series ‘27’, Variable Rate, Perpetual, 5.75%, 2027/10/01	1,862,000	1,830,865	1,898,082
Toronto-Dominion Bank (The), Series ‘28’, Variable Rate, Perpetual, 7.23%, 2027/10/01	98,000	98,980	102,274
Toronto-Dominion Bank (The), Series ‘1’, Variable Rate, Callable, 3.60%, 2081/10/31	287,000	239,571	284,979
		18,703,628	19,513,532
TOTAL CANADIAN FIXED INCOME SECURITIES		**18,703,628**	**19,513,532**
GLOBAL PREFERRED SECURITIES (0.47%)			
Bermuda (0.47%)			
Brookfield Infrastructure Partners L.P., Preferred, Class ‘A’, Series ‘11’, Variable Rate, Perpetual	3,890	88,801	100,868
Brookfield Renewable Partners L.P., Preferred, Class ‘A’, Series ‘13’, Variable Rate, Perpetual	2,575	65,682	66,229
Brookfield Renewable Partners L.P., Preferred, Class ‘A’, Series ‘18’, 5.50%, Perpetual	8,067	167,324	194,253
		321,807	361,350
TOTAL GLOBAL PREFERRED SECURITIES		**321,807**	**361,350**
Transaction Costs		(21,226)	
TOTAL INVESTMENT PORTFOLIO (98.44%)		**$ 64,603,058**	**$ 76,140,684**
Cash and cash equivalents (1.64%)			1,265,427
Other assets less liabilities (-0.08%)			(58,487)
NET ASSETS (100.00%)			**$ 77,347,624**

Notes to Financial Statements (unaudited)

June 30, 2026

1. REPORTING ENTITY

Global X Active Hybrid Bond and Preferred Share ETF ("HYBR" or the "ETF") is an investment trust established under the laws of the Province of Ontario by Declaration of Trust and effectively began operations on October 1, 2013. The address of the ETF's registered office is: c/o Global X Investments Canada Inc., 55 University Avenue, Suite 800, Toronto, Ontario, M5J 2H7.

The ETF is offered for sale on a continuous basis by its prospectus in Class E units ("Class E") which trade on the Toronto Stock Exchange ("TSX") under the symbol HYBR. An investor may buy or sell units of the ETF on the TSX only through a registered broker or dealer in the province or territory where the investor resides. Investors are able to trade units of the ETF in the same way as other securities traded on the TSX, including by using market orders and limit orders and may incur customary brokerage commissions when buying or selling units.

The investment objective of HYBR is to seek to provide Unitholders with a high level of income by investing in a portfolio of debt and other debt-like securities, including but not limited to hybrid corporate debt ("Hybrids"), Alternative Tier 1 Capital ("AT1")(such as limited resource capital notes ("LRCNs")), and income generating equities, including but not limited to preferred securities (fixed-rate perpetual, fixed floating rate, retractable and floating rate), of Canadian and U.S. companies. HYBR may hedge some or all of its non-Canadian dollar currency exposure at the discretion of its Sub-Advisor.

Global X Investments Canada Inc. is the manager, trustee and investment manager of the ETF ("Global X", the "Manager" or the "Investment Manager"). The Investment Manager is responsible for implementing the ETF's investment strategies and for engaging the services of Fiera Capital Corporation ("Fiera" or the "Sub-Advisor"), to act as the sub-advisor to the ETF.

2. BASIS OF PREPARATION

(i) Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS"). Any mention of total net assets, net assets, net asset value or increase (decrease) in net assets is referring to net assets or increase (decrease) in net assets attributable to holders of redeemable units as reported under IFRS.

These financial statements were authorized for issue on August 13, 2026, by the Board of Directors of the Manager.

(ii) Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments at fair value though profit or loss, which are measured at fair value.

(iii) Functional and presentation currency

The financial statements are presented in Canadian dollars, which is the ETF's functional currency. Functional currency is the currency of the primary economic environment in which the ETF operates. If indicators of the primary economic environment are mixed, then management uses its judgement to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions.

Notes to Financial Statements (unaudited) (continued)

June 30, 2026

3. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments

(i) Recognition, initial measurement and classification

The ETF is subject to IFRS 9, Financial Instruments ("IFRS 9") for the classification and measurement requirements for financial instruments, including impairment of financial assets and hedge accounting.

IFRS 9 requires financial assets to be classified based on the ETF's business model for managing the financial assets and contractual cash flow characteristics of the financial assets. The standard includes three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss ("FVTPL"). IFRS 9 requires classification of debt instruments, if any, based solely on payments of principal and interests, and business model tests.

The ETF's financial assets and financial liabilities are managed and its performance is evaluated on a fair value basis. The contractual cash flows of the ETF's debt securities, if any, consist solely of principal and interest, however, these securities are neither held in held-to-collect, or held-to-collect-and-sell business models in IFRS 9.

Financial assets and financial liabilities at FVTPL are initially recognized on the trade date, at fair value (see below), with transaction costs recognized in the statement of comprehensive income. Other financial assets and financial liabilities are recognized on the date on which they are originated at fair value.

The ETF classifies financial assets and financial liabilities into the following categories:

- Financial assets classified at FVTPL: debt securities, equity investments and derivative financial instruments
- Financial assets at amortized cost: all other financial assets
- Financial liabilities classified at FVTPL: derivative financial instruments and securities sold short, if any
- Financial liabilities at amortized cost: all other financial liabilities

(ii) Impairment

At each reporting date, financial assets measured at amortized cost are assessed for impairment using the expected-credit-loss model, with any loss allowances recognized in profit or loss. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganization, and default in payments are all considered indicators that amounts may be credit impaired.

(iii) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the ETF has access at that date. The fair value of a liability reflects its non-performance risk.

Notes to Financial Statements (unaudited) (continued)

June 30, 2026

Investments are valued at fair value as of the close of business on each day upon which a session of the TSX is held ("Valuation Date") and based on external pricing sources to the extent possible. Investments held that are traded in an active market through recognized public stock exchanges, over-the-counter markets, or through recognized investment dealers, are valued at their closing sale price. For exchange-traded securities, close prices are considered to be fair value if they fall within the bid-ask spread. In circumstances where the close price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. However, such prices may be adjusted if a more accurate value can be obtained from recent trading activity or by incorporating other relevant information that may not have been reflected in pricing obtained from external sources. Short-term investments, including notes and money market instruments, are valued at amortized cost which approximates fair value.

Investments held that are not traded in an active market, including some derivative financial instruments, are valued using observable market inputs where possible, on such basis and in such manner as established by the Manager. Derivative financial instruments are recorded in the statement of financial position according to the gain or loss that would be realized if the contracts were closed out on the Valuation Date. Margin deposits, if any, are included in the schedule of investments as margin deposits. See also, the summary of fair value measurements in note 6.

Fair value policies used for financial reporting purposes are the same as those used to measure the net asset value ("NAV") for transactions with unitholders.

The fair value of other financial assets and liabilities approximates their carrying values due to the short-term nature of these instruments.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

(v) Specific instruments

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and short-term, interest bearing notes with a term to maturity of less than three months from the date of purchase.

As at June 30, 2026, the ETF held cash equivalents of $1,256,371 (2025 – $1,434,479).

Forward foreign exchange contracts

Forward foreign exchange contracts, if any, are valued at the current market value thereof on the Valuation Date. The value of these forward contracts is the gain or loss that would be realized if, on the Valuation Date, the positions were to be closed out and recorded as derivative assets and/or liabilities in the statement of financial position and as a net change in unrealized appreciation (depreciation) of investments and derivatives in the statement of comprehensive income. When the forward contracts are closed out or mature, realized gains or losses on forward contracts are recognized and are included in the statement of comprehensive income in net realized gain (loss) on sale of investments and derivatives. The Canadian dollar value of forward foreign exchange contracts is determined using forward currency exchange rates supplied by an independent service provider.

Notes to Financial Statements (unaudited) (continued)

June 30, 2026

Interest rate swaps

Interest rate swaps, if any, are valued at the current market value thereof on the Valuation Date. The value of these interest rate swaps is the gain or loss that would be realized if, on the Valuation Date, the positions were to be closed out and recorded as derivative assets and/or liabilities, plus any amounts relating to accrued income, if applicable, in the statements of financial position, and as a net change in unrealized appreciation (depreciation) of investments and derivatives and interest income for distribution purposes, if applicable, in the statements of comprehensive income. When the interest rate swaps are closed out or mature, realized gains or losses on interest rate swaps are recognized and are included in the statements of comprehensive income.

Redeemable units

The redeemable units are measured at the redemption amounts and are considered a residual amount of the net assets attributable to holders of redeemable units. They are classified as financial liabilities as a result of the ETF's requirement to distribute net income and capital gains to unitholders.

(b) Investment income

Investment transactions are accounted for as of the trade date. Realized gains and losses from investment transactions are calculated on a weighted average cost basis. The difference between fair value and average cost, as recorded in the financial statements, is included in the statement of comprehensive income as part of the net change in unrealized appreciation (depreciation) of investments and derivatives. Interest income for distribution purposes from investments in bonds and short-term investments represents the coupon interest received by the ETF accounted for on an accrual basis. Dividend income is recognized on the ex-dividend date. Distribution income from investments in other funds or ETFs is recognized when earned.

Income from derivatives is shown in the statement of comprehensive income as net realized gain (loss) on sale of investments and derivatives; net change in unrealized appreciation (depreciation) of investments and derivatives; and, interest income for distribution purposes, in accordance with its nature.

Income from securities lending, if any, is included in “Securities lending income” on the statement of comprehensive income and is recognized when earned. Any securities on loan continue to be displayed in the schedule of investments and the market value of the securities loaned and collateral held is determined daily (see note 7).

If the ETF incurs withholding taxes imposed by certain countries on investment income and capital gains, such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the statement of comprehensive income.

(c) Foreign currency

Transactions in foreign currencies are translated into the ETF's reporting currency using the exchange rate prevailing on the trade date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the period-end exchange rate. Foreign exchange gains and losses are presented as “Net realized gain (loss) on foreign exchange”, except for those arising from financial instruments at fair value through profit or loss, which are recognized as a component within “Net realized gain (loss) on sale of investments and derivatives” and “Net change in unrealized appreciation (depreciation) of investments and derivatives” in the statement of comprehensive income.

(d) Cost basis

The cost of portfolio investments is determined on an average cost basis.

Notes to Financial Statements (unaudited) (continued)

June 30, 2026

(e) Increase (decrease) in net assets attributable to holders of redeemable units per unit

The increase (decrease) in net assets per unit in the statement of comprehensive income represents the change in net assets attributable to holders of redeemable units from operations divided by the weighted average number of units of the ETF outstanding during the reporting period.

(f) Unitholder transactions

The value at which units are issued or redeemed is determined by dividing the net asset value of the ETF by the total number of units outstanding of the ETF on the applicable Valuation Date. Amounts received on the issuance of units and amounts paid on the redemption of units are included in the statement of changes in financial position. Orders for subscriptions or redemptions are only permissible on valid trading days, as defined in the ETF's prospectus.

(g) Amounts receivable (payable) relating to portfolio assets sold (purchased)

In accordance with the ETF's policy of trade date accounting for sale and purchase transactions, sales/purchase transactions awaiting settlement represent amounts receivable/payable for securities sold/purchased, but not yet settled as at the reporting date.

(h) Net assets attributable to holders of redeemable units per unit

Net assets attributable to holders of redeemable units per unit is calculated by dividing the ETF's net assets attributable to holders of redeemable units by the number of units of the ETF outstanding on the Valuation Date.

(i) Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and any applicable transfer taxes and duties. Transaction costs are expensed and are included in "Transaction costs" in the statement of comprehensive income.

(j) Future changes in accounting policies

IFRS 7 and IFRS 9 will have amendments that will apply for annual reporting periods beginning on or after January 1, 2026. The amendments relate to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, including those with Environmental, Social, and Governance linked features. There are additional amended disclosure requirements related to financial instruments with contingent features.

IFRS 18 will replace IAS 1 Presentation of Financial Statements and will apply for annual reporting periods beginning on or after January 1, 2027. IFRS 18 introduces new required categories and subtotals in the statement of comprehensive income and enhances the presentation of management-defined performance measures to be disclosed in a single note. It also requires entities to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. This change will impact the structure of the ETF's statement of comprehensive income, the statement of cash flows and additional required disclosures.

The ETF is in the process of assessing the impact of the amended and new accounting standards to the financial statements.

Notes to Financial Statements (unaudited) (continued)

June 30, 2026

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these financial statements, the Manager has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The ETF may hold financial instruments that are not quoted in active markets, including derivatives. The determination of the fair value of these instruments is the area with the most significant accounting judgements and estimates that the ETF has made in preparing the financial statements. See note 6 for more information on the fair value measurement of the ETF's financial instruments.

5. FINANCIAL INSTRUMENTS RISK

In the normal course of business, the ETF's investment activities expose it to a variety of financial risks. The Manager seeks to minimize potential adverse effects of these risks for the ETF's performance by employing professional, experienced portfolio advisors, by daily monitoring of the ETF's positions and market events, and periodically may use derivatives to hedge certain risk exposures. To assist in managing risks, the Manager maintains a governance structure that oversees the ETF's investment activities and monitors compliance with the ETF's stated investment strategies, internal guidelines and securities regulations.

Significant financial instrument risks that are relevant to the ETF, and analysis thereof, are presented below.

(a) Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the ETF's income or the fair value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Currency risk

Currency risk is the risk that financial instruments which are denominated in currencies other than the ETF's reporting currency, the Canadian dollar, will fluctuate due to changes in exchange rates and adversely impact the ETF's income, cash flows or fair values of its investment holdings. The ETF may reduce its foreign currency exposure through the use of derivative arrangements such as foreign exchange forward contracts or futures contracts. As at June 30, 2026 and December 31, 2025, the ETF did not have any material net exposure to foreign currencies due to the ETF's hedging strategies.

(ii) Interest rate risk

The ETF may be exposed to the risk that the fair value of future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. In general, the value of interest-bearing financial instruments will rise if interest rates fall, and conversely, will generally fall if interest rates rise. There is minimal sensitivity to interest rate fluctuation on cash and cash equivalents invested at short-term market rates since those securities are usually held to maturity and are short term in nature.

Notes to Financial Statements (unaudited) (continued)
June 30, 2026

The following table summarizes the ETF's exposure to interest rate risk, including the ETF's assets categorized by the remaining term to maturity:

Investments	Less than 1 year	1 - 3 years	3 - 5 years	> 5 years	Non-interest bearing	Total
As at	($000's)	($000's)	($000's)	($000's)	($000's)	($000's)
June 30, 2026	1,257	–	–	19,725	56,723	77,705
December 31, 2025	1,435	–	–	19,005	56,503	76,943

The percentage of the ETF's net assets exposed to interest rate risk as at June 30, 2026, was 100.5% (December 31, 2025 – 100.2%). The amount by which the net assets of the ETF would have increased or decreased, as at June 30, 2026, had the prevailing interest rates been lowered or raised by 1%, assuming a parallel shift in the yield curve, with all other variables remaining constant, was $3,162,581 (December 31, 2025 – $3,046,956). The ETF's interest rate sensitivity was determined based on portfolio weighted duration. In practice, actual results may differ from this sensitivity analysis.

(iii) Other market risk

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. The Manager has implemented internal risk management controls on the ETF which are intended to limit the loss on its trading activities.

The table below shows the estimated impact on the ETF of a 1% increase or decrease in a broad-based market index, based on historical correlation, with all other factors remaining constant, as at the dates shown. In practice, actual results may differ from this sensitivity analysis and the difference could be material. The historical correlation may not be representative of future correlation.

Comparative Index	June 30, 2026	December 31, 2025
S&P/TSX Preferred Share IndexTM	$751,204	$746,322

(b) Credit risk

Credit risk on financial instruments is the risk of a financial loss occurring as a result of the default of a counterparty on its obligation to the ETF. It arises principally from debt securities held, and also from derivative financial assets, cash and cash equivalents, and other receivables. The ETF's maximum credit risk exposure as at the reporting date is represented by the respective carrying amounts of the financial assets in the statement of financial position. The ETF's credit risk policy is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the credit standards set out in the ETF's prospectus and, when necessary, receiving acceptable collateral.

Notes to Financial Statements (unaudited) (continued)

June 30, 2026

Analysis of credit quality

The ETF's credit risk exposure by designated rating of the invested portfolio as at June 30, 2026 and December 31, 2025, is listed as follows:

Canadian Preferred Securities by Credit Rating	Percentage of Net Asset Value (%)	
	June 30, 2026	December 31, 2025
P-2 - Second best credit	53.4%	45.3%
P-3 - Third best credit	27.6%	18.7%
Total	**80.9%**	**64.0%**

U.S Preferred Securities by Credit Rating	Percentage of Net Asset Value (%)	
	June 30, 2026	December 31, 2025
AAA	1.6%	–
AA	–	12.2%
A	0.9%	4.3%
BBB	7.8%	12.3%
BB	9.2%	7.4%
Total	**19.5%**	**36.2%**

Designated ratings are obtained by Standard & Poor's, Moody's and/or Dominion Bond Rating Services. Where more than one rating is obtained for a security, the lowest rating has been used. Credit risk is managed by dealing with counterparties the ETF believes to be creditworthy and by regular monitoring of credit exposures. The maximum exposure to any one debt issuer as of June 30, 2026, was 10.5% (December 31, 2025 – 10.5%) of the net assets of the ETF.

(c) Liquidity risk

Liquidity risk is the risk that the ETF will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The ETF's policy and the Investment Manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, including estimated redemptions of shares, without incurring unacceptable losses or risking damage to the ETF's reputation. Generally, liabilities of the ETF are due within 90 days except for net assets attributable to holders of redeemable units, which are due on demand. Liquidity risk is managed by investing the majority of the ETF's assets in investments that are traded in an active market and can be readily disposed. The ETF aims to retain sufficient cash and cash equivalent positions to maintain liquidity; therefore, the liquidity risk for the ETF is considered minimal.

Notes to Financial Statements (unaudited) (continued)

June 30, 2026

6. FAIR VALUE MEASUREMENT

Below is a classification of fair value measurements of the ETF's investments based on a three level fair value hierarchy and a reconciliation of transactions and transfers within that hierarchy. The hierarchy of fair valuation inputs is summarized as follows:

- Level 1: securities that are valued based on quoted prices in active markets.
- Level 2: securities that are valued based on inputs other than quoted prices that are observable, either directly as prices, or indirectly as derived from prices.
- Level 3: securities that are valued with significant unobservable market data.

Changes in valuation methods may result in transfers into or out of an investment's assigned level. The following is a summary of the inputs used as at June 30, 2026 and December 31, 2025, in valuing the ETF's investments and derivatives carried at fair values:

	June 30, 2026			December 31, 2025		
	Level 1 ($)	**Level 2 ($)**	**Level 3 ($)**	**Level 1 ($)**	**Level 2 ($)**	**Level 3 ($)**
Financial Assets						
Bonds	–	19,513,532	–	–	18,789,912	–
Equities	56,627,152	–	–	56,199,184	221,446	–
Total Financial Assets	**56,627,152**	**19,513,532**	**–**	**56,199,184**	**19,011,358**	**–**
Total Financial Liabilities	**–**	**–**	**–**	**–**	**–**	**–**
Net Financial Assets and Liabilities	**56,627,152**	**19,513,532**	**–**	**56,199,184**	**19,011,358**	**–**

There were no significant transfers made between Levels 1 and 2 as a result of changes in the availability of quoted market prices or observable market inputs during the period or year shown. In addition, there were no investments or transactions classified in Level 3 for the period ended June 30, 2026 and for the year ended December 31, 2025.

7. SECURITIES LENDING

In order to generate additional returns, the ETF is authorized to enter into securities lending agreements with borrowers deemed acceptable in accordance with National Instrument 81-102 – *Investment Funds* ("NI 81-102"). Under a securities lending agreement, the borrower must pay the ETF a negotiated securities lending fee, provide compensation to the ETF equal to any distributions received by the borrower on the securities borrowed, and the ETF must receive an acceptable form of collateral in excess of the value of the securities loaned. Although such collateral is marked to market, the ETF may be exposed to the risk of loss should a borrower default on its obligations to return the borrowed securities and the collateral is insufficient to reconstitute the portfolio of loaned securities. Revenue, if any, earned on securities lending transactions during the year is disclosed in the ETF's statement of comprehensive income.

Notes to Financial Statements (unaudited) (continued)

June 30, 2026

The aggregate closing market value of securities loaned and collateral received as at June 30, 2026 and December 31, 2025, was as follows:

As at	Securities Loaned	Collateral Received
June 30, 2026	$377	$397
December 31, 2025	$1,434,976	$1,506,771

Collateral may comprise, but is not limited to, cash and obligations of or guaranteed by the Government of Canada or a province thereof; by the United States government or its agencies; by some sovereign states; by permitted supranational agencies; and short-term debt of Canadian financial institutions, if, in each case, the evidence of indebtedness has a designated rating as defined by NI 81-102.

The table below presents a reconciliation of the securities lending income as presented in the statement of comprehensive income for the periods ended June 30, 2026 and 2025. It shows the gross amount of securities lending revenues generated from the securities lending transactions of the ETF, less any taxes withheld and amounts earned by parties entitled to receive payments out of the gross amount as part of any securities lending agreements.

For the periods ended	June 30, 2026	% of Gross Income	June 30, 2025	% of Gross Income
Gross securities lending income	$190		$135	
Withholding taxes	7	(3.68%)	(11)	8.15%
Lending Agents' fees:				
The Bank of New York Mellon	(76)	40.00%	(49)	36.30%
Net securities lending income paid to the ETF	**$121**	**63.68%**	**$75**	**55.55%**

8. REDEEMABLE UNITS

The ETF is authorized to issue an unlimited number of redeemable, transferable Class E units each of which represents an equal, undivided interest in the net assets of the ETF. Each unit entitles the owner to one vote at meetings of unitholders. Each unit is entitled to participate equally with all other units with respect to all payments made to unitholders, other than management fee distributions, whether by way of income or capital distributions and, on liquidation, to participate equally in the net assets of the ETF remaining after satisfaction of any outstanding liabilities that are attributable to units of that class of the ETF. All units will be fully paid and non-assessable, with no liability for future assessments, when issued and will not be transferable except by operation of law.

The redeemable units issued by the ETF provide an investor with the right to require redemption for cash at a value proportionate to the investor's share in the ETF's net assets at each redemption date. They are classified as liabilities as a result of the ETF's requirement to distribute net income and capital gains to unitholders. The ETF's objectives in managing the redeemable units are to meet the ETF's investment objective, and to manage liquidity risk arising from redemptions. The ETF's management of liquidity risk arising from redeemable units is discussed in note 5.

On any valid trading day, as defined in the ETF's prospectus, unitholders of the ETF may (i) redeem units of the ETF for cash at a redemption price per unit equal to 95% of the closing price for units of the ETF on the TSX on the effective day of the redemption, where the units being redeemed are not equal to a prescribed number of units ("PNU") or a multiple PNU; or (ii) redeem, less any applicable redemption charge as determined by the Manager in its sole discretion from time to time, a PNU or a multiple PNU of the ETF for cash equal to the net asset value of that number of units.

Notes to Financial Statements (unaudited) (continued)

June 30, 2026

Units of the ETF are issued or redeemed on a daily basis at the net asset value per security that is determined as at 4:00 p.m. (Eastern Time) each business day. Purchase and redemption orders are subject to a 9:30 a.m. (Eastern Time) cut-off time.

The ETF is required to distribute any net income and capital gains that it has earned in the period. Income earned by the ETF is distributed to unitholders at least once per year, if necessary, and these distributions are either paid in cash or reinvested by unitholders into additional units of the ETF. Net realized capital gains, if any, are typically distributed in December of each year to unitholders. The annual capital gains distributions are not paid in cash but rather, are reinvested and reported as taxable distributions and used to increase each unitholder's adjusted cost base for the ETF. Distributions paid to holders of redeemable units are recognized in the statement of changes in financial position.

For the periods ended June 30, 2026 and 2025, the number of units issued by subscription and/or distribution reinvestment, the number of units redeemed, the total and average number of units outstanding was as follows:

Period	Beginning Units Outstanding	Units Issued	Units Redeemed	Ending Units Outstanding	Average Units Outstanding
2026	7,093,377	200,919	(375,000)	6,919,296	6,899,206
2025	6,552,554	590,310	(125,000)	7,017,864	6,770,258

9. EXPENSES

Management fees

The Manager provides, or oversees the provision of, administrative services required by the ETF including, but not limited to: negotiating contracts with certain third-party service providers, such as portfolio managers, custodians, registrars, transfer agents, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the ETF; arranging for the maintenance of accounting records for the ETF; preparing reports to unitholders and to the applicable securities regulatory authorities; calculating the amount and determining the frequency of distributions by the ETF; preparing financial statements, income tax returns and financial and accounting information as required by the ETF; ensuring that unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the ETF complies with all other regulatory requirements, including the continuous disclosure obligations of the ETF under applicable securities laws; administering purchases, redemptions and other transactions in units of the ETF; and dealing and communicating with unitholders of the ETF. The Manager provides office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETF. The Manager also monitors the investment strategies of the ETF to ensure that the ETF complies with its investment objectives, investment strategies and investment restrictions and practices.

In consideration for the provision of these services, the Manager receives a monthly management fee at the annual rate of 0.55%, plus applicable sales taxes, of the net asset value of the ETF's units, calculated and accrued daily and payable monthly in arrears. The Sub-Advisor is compensated for its services out of the management fees without any further cost to the ETF. Any expenses of the ETF which are waived or absorbed by the Manager are paid out of the management fees received by the Manager.

Other expenses

Unless otherwise waived or reimbursed by the Manager, the ETF pays all of its operating expenses, including but not limited to: audit fees; trustee and custodial expenses; valuation, accounting and record keeping costs; legal expenses; permitted prospectus preparation and filing expenses; costs associated with delivering documents to unitholders; listing and annual stock exchange fees; index licensing fees, if applicable; fees payable to CDS Clearing and Depository Services Inc.; bank related fees and interest charges; extraordinary expenses; unitholder reports and servicing costs; registrar and transfer agent fees; costs associated with the Independent Review

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Committee; income taxes; sales taxes; brokerage expenses and commissions; withholding taxes; and fees payable to service providers in connection with regulatory compliance and tax matters in foreign jurisdictions.

The Manager, at its discretion, may waive and/or absorb a portion of the fees and/or expenses otherwise payable by the ETF. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at the discretion of the Manager.

10. BROKER COMMISSIONS, SOFT DOLLARS AND RELATED PARTY TRANSACTIONS

Brokerage commissions paid on securities transactions may include amounts paid to related parties of the Manager for brokerage services provided to the ETF.

Research and system usage related services received in return for commissions generated with specific dealers are generally referred to as soft dollars.

Brokerage commissions paid to dealers in connection with investment portfolio transactions, soft dollar transactions incurred and amounts paid to related parties of the Manager, if any, for the periods ended June 30, 2026 and 2025, were as follows:

Period Ended	Brokerage Commissions Paid	Soft Dollar Transactions	Amount Paid to Related Parties
June 30, 2026	$3,502	$nil	$nil
June 30, 2025	$13,308	$nil	$nil

In addition to the information contained in the table above, the management fees paid to the Manager described in note 9 are related party transactions, as the Manager is considered to be a related party to the ETF. Fees paid to the Independent Review Committee are also considered to be related party transactions. Both the management fees and fees paid to the Independent Review Committee are disclosed in the statement of comprehensive income. The management fees payable by the ETF as at June 30, 2026 and December 31, 2025 are disclosed in the statement of financial position.

The ETF may invest in other ETFs managed by the Manager or its affiliates, in accordance with the ETF's investment objectives and strategies. Such investments, if any, are disclosed in the schedule of investments.

11. INCOME TAX

The ETF has qualified as a mutual fund trust under the *Income Tax Act* (Canada) (the "Tax Act") and accordingly, is not taxed on the portion of taxable income that is paid or allocated to unitholders. As a result, the Manager has determined that the ETF is in substance not taxable and therefore does not record income taxes in the statement of comprehensive income nor does it recognize any deferred tax assets or liabilities in the statement of financial position. As well, tax refunds (based on redemptions and realized and unrealized gains during the year) may be available that would make it possible to retain some net capital gains in the ETF without incurring any income taxes.

The ETF may be subject to taxes levied by certain countries on foreign investment income and capital gains. These taxes may be withheld at source or estimated using the most likely method in measuring uncertain tax liabilities in respect of foreign capital gains taxes. Such income and capital gains are recorded on a gross basis with the related foreign withholding tax, or estimate of capital gains taxes, shown as expense in the statement of comprehensive income, and the tax liability amounts included in accrued liabilities in the statement of financial position. The estimate could materially differ from the actual tax payable to the foreign jurisdiction.

As at June 30, 2026 and December 31, 2025, the ETF did not have any tax liabilities.

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12. TAX LOSSES CARRIED FORWARD

Capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future years. Non-capital losses carried forward may be applied against future years' taxable income. Non-capital losses that are realized in the current taxation year may be carried forward for 20 years. As at December 31, 2025, the ETF had capital losses and/or non-capital losses, with the year of expiry of the non-capital losses as follows:

Capital Losses	Non-Capital Losses	Year of Expiry of the Non-Capital Losses
$21,010,518	–	–

13. OFFSETTING OF FINANCIAL INSTRUMENTS

In the normal course of business, the ETF may enter into various master netting arrangements or other similar agreements that do not meet the criteria for offsetting in the statement of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts. As at June 30, 2026 and December 31, 2025, the ETF did not have any financial instruments eligible for offsetting.

14. INTERESTS IN SUBSIDIARIES, ASSOCIATES AND UNCONSOLIDATED STRUCTURED ENTITIES

The ETF may invest in units of other ETFs as part of its investment strategies ("Investee ETF(s)"). The nature and purpose of these Investee ETFs generally, is to manage assets on behalf of third party investors in accordance with their investment objectives, and are financed through the issue of units to investors.

In determining whether the ETF has control or significant influence over an Investee ETF, the ETF assesses voting rights, the exposure to variable returns, and its ability to use the voting rights to affect the amount of the returns. In instances where the ETF has control or has significant influence over an Investee ETF, the ETF qualifies as an investment entity under IFRS 10 - *Consolidated Financial Statements*, and therefore accounts for investments it controls or has significant influence at fair value through profit and loss. The ETF's primary purpose is defined by its investment objectives and uses the investment strategies available to it as defined in the ETF's prospectus to meet those objectives. The ETF also measures and evaluates the performance of any Investee ETFs on a fair value basis.

Investee ETFs over which the ETF has control or significant influence are categorized as subsidiaries and associates, respectively. All other Investee ETFs are categorized as unconsolidated structured entities. Investee ETFs may be managed by the Manager, its affiliates, or by third-party managers. The ETF does not provide financial support to its unconsolidated structured entities or subsidaries and has no intention of providing financial or other support.

Investments in Investee ETFs are susceptible to market price risk arising from uncertainty about future values of those Investee ETFs. The maximum exposure to loss from interests in Investee ETFs is equal to the total fair value of the investment in those respective Investee ETFs at any given point in time. The fair value of Investee ETFs, if any, are disclosed in investments in the statement of financial position and listed in the schedule of investments. As at June 30, 2026, and December 31, 2025, the ETF had no exposure to subsidiaries, associates or unconsolidated structured entities.

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