

Global X Launches US Investment Grade Corporate Bond ETF As Credit Demand Soars

Sydney, Australia, 5 April 2023 – As demand for fixed income assets rise, Global X ETFs (Global X) has launched the Global X USD Corporate Bond ETF (Currency Hedged) (ASX: USIG) in Australia, which provides investors with access to the world’s largest corporate bond in a cost-effective, highly liquid and currency hedged vehicle.

The fund has a management fee of 30 basis points and tracks the Bloomberg USD Liquid Investment Grade Corporate Hedged to AUD Index, which offers exposure to US investment grade corporate bonds, with bond maturities of at least three years and a minimum amount outstanding of US\$750 million per bond and US\$2 billion per issuer. This is the fourth product launch for Global X this year and brings its product range to 31 ETFs as it expands its business in Australia.

Blair Hannon, Head of Investment Strategy at Global X, said USIG is designed to provide investors with a steady income from US investment grade corporate bonds, which generally deliver higher yields than US Treasuries, but still offer attractive risk-adjusted returns.

“There has been a significant sentiment shift in a very short space of time that is heavily impacting fixed income markets, especially those in the US. As we’ve seen the Silicon Valley Bank collapse and persistent interest rate hikes from the Fed, many investors are consequently looking to bonds as a safe haven,” Hannon said.

“Only a month ago, US 12-month treasuries were paying more than 5% for the first time since 2001, yet with the recent market dislocation we’ve seen these rates compress back towards 4.50%. This is where US investment grade bonds can shine because they have a low correlation to equity markets – for instance a 28% correlation to the S&P 500, according to Bloomberg.

“Additionally, fixed income strategies can act as a ballast in times of distress – such as the market conditions the US and beyond are currently experiencing – as well as diversifying a portfolio’s risk profile and income potential.”

When it comes to yield, US investment grade bonds are the middle ground in comparison to other types of US bonds, according to Hannon. Still, as with all investments USIG is exposed to potential market, credit and interest rate risks.

“Investment grade bonds strike a balance between risk and reward – offering proportionately higher yields than US treasuries, but lower yield potential than riskier high yield bonds. Therefore, to build up your portfolio’s resilience and yield potential you could consider having multiple US bond ETFs in your investment mix.” Hannon said.

The US corporate bond market is the world's largest, with more than US\$1.2 trillion worth of investment grade bonds being issued in 2022 and over US\$10 trillion in outstanding debt.¹ Despite its scale, Australian investors have had limited access to this fixed income asset. Hence, the launch of USIG will provide an easily accessible, cost-effective solution for local investors.

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About Global X ETFs Australia

Global X ETFs Australia – formally known as ETF Securities Australia – is a leading ETF provider with a growing range of cost-effective and innovation-led products which are built to help Australian investors and their advisers achieve better investment outcomes by providing access to a successful pool of thematic, commodity and digital asset ETFs. Global X Australia's nuanced understanding of the local market is backed by international resources and expertise to deliver a beyond ordinary experience for all stakeholders.

About Global X ETFs

Global X ETFs was founded in 2008. For more than a decade, our mission has been empowering investors with unexplored and intelligent solutions. Our product line-up features over 90 ETF strategies worldwide and over US\$42 billion in assets under management.² While we are distinguished for our Thematic Growth, Income, and International Access ETFs, we also offer Core, Commodity, and Alpha funds to suit a wide range of investment objectives. Explore our ETFs, research, and insights, and more at www.globalxetfs.com.

Global X is a member of Mirae Asset Financial Group, a global leader in financial services, with more than \$640 billion in assets under management worldwide. Mirae Asset has an extensive global ETF platform ranging across the US, Australia, Brazil, Canada, Colombia, Europe, Hong Kong, India, Japan, Korea, and Vietnam with over \$80 billion in assets under management.³

Risk Information

This information is not intended to be individual or personalised investment or tax advice and should not be used for trading purposes. Please consult a financial advisor or tax professional for more information regarding your investment and/or tax situation.

¹ (SIFMA Research, 2023) <https://www.sifma.org/resources/research/us-corporate-bonds-statistics/>

² Assets under management as at August 2022, Global X

³ Assets under management as at June 2022, Mirae Asset Global Investments

Investing involves risk, including the possible loss of principal. Shares of ETFs are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns.

Carefully consider the Funds' investment objectives, risks, and charges and expenses before investing. This and other information can be found in the Fund's summary or full prospectuses, which are available at globalxetfs.com. Please read the prospectus carefully before investing.

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