Morguard
Lincluden Global Investments

THE CANADIAN MAPLE BOND MARKET — STRUCTURE, EVOLUTION, AND STRATEGIC OUTLOOK

By Kon-Yu Lau

Executive Summary

A full-scale invasion by foreign companies into our Canadian bond market has been quietly happening since last year but is only now getting attention with the recent $14 Billion Amazon deal that occurred earlier this June.

The maple bond market—Canadian dollar bonds issued in Canada by foreign entities—has evolved from a niche funding channel into a strategically important segment of Canada's fixed income market. Issuance has accelerated in recent years, driven by favourable funding costs, investor demand for diversification, and structural changes such as the 2025 inclusion of Maple bonds in the FTSE Canada Universe Bond Index.

Evolution

In 2005, the maple bond market took off following the elimination of foreign property rules, allowing Canadian investors to easily diversify their portfolios domestically. By 2006, issuance had totaled approximately $30 Billion CAD. By 2012, issuance was mostly dominated by government and supranational entities, but corporate maple issuance saw some landmark deals like National Grid's $750 Million deal. The Maple bond market steadily grew but always remained a small portion of the overall Canadian Corporate bond market.

In 2025, the inclusion of select maple bonds into the FTSE Canada Universe Bond Index was a pivotal catalyst, granting foreign issuers access to massive index-tracking institutional funds. Maple issuance reached C$16.32 Billion by September, surpassing the full year totals for both 2023 and 2024, reflecting strong global issuer interest and a shift toward non-USD funding markets. 2026 is shaping up to be a record-breaking issuance year with hyper-scalers such as Google-parent Alphabet and Amazon issuing multi tranche deals of $8.5 Billion and $14 Billion respectively this year.

The recent $14 Billion Amazon deal was a multi-tranche deal with maturity dates ranging from five to thirty years. It was not only the largest maple bond the market has ever seen, but it was also the largest corporate bond ever issued in Canada. Prior to Alphabet and Amazon, 2024 saw the largest corporate deal in Canada with Coastal GasLink's $7.15 Billion multi-tranche issue.

Purpose

Maple bonds serve a few primary functions for issuers and investors:

FOR ISSUERS:

- Diversify Funding Sources: Uncertainty around U.S. trade policy and USD volatility has encouraged issuers to diversify funding currencies
- Access Competitive CAD Borrowing Rates: Lower CAD yields relative to USD yields and attractive cross-currency swap economics
- Access To High-Quality Investor Base: Strong demand from Canadian institutional investors

FOR INVESTORS:

- Gain exposure to high-quality credit
- Relative value versus domestic peers
- Enhance portfolio diversification

Market Growth

Over the last few years, growth in the Maple bond market can be attributable to:

- Cheaper borrowing costs in Canada relative to the U.S.
- Strong investor appetite for non-USD assets
- Increased participation by U.S. and global corporates
- A more aggressive easing cycle by the Bank of Canada compared to the Federal Reserve

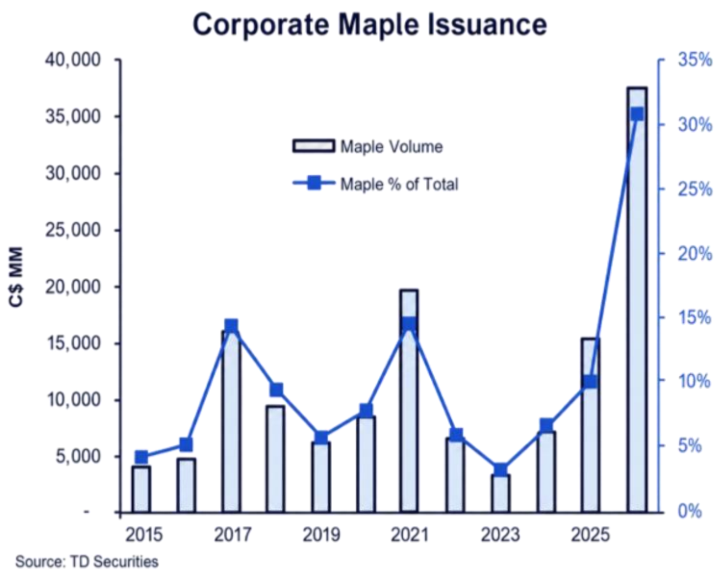
Issuers have been drawn to Canada due to:

- Lower CAD yields relative to USD yields
- Attractive cross currency swap economics (though volatile)
- Strong demand from Canadian institutional investors

Maple bonds attract Life Insurance companies, mutual funds, pension funds, and investment counsellors. Compared to domestic Canadian credit, maple bonds provide attractive spreads and are often of high credit quality (i.e. Google and Amazon are rated-AA). And most importantly, maple bonds are now included in the FTSE Universe Canadian Bond Index.

As the Maple market evolves beyond as a niche previously dominated by banks (i.e. Citigroup, Goldman Sachs etc.), new foreign non-bank issuers are tapping Canadian debt markets. In addition to the Google and Amazon deals, we have seen so far this year Corebridge Financial Inc-a life insurance company, SmartStop Self Storage REIT based in Maryland, and Oncor – a Texas-based energy distributor, to name a few.

At the end of June 2026, the total size of the Maple market is approximately $83 Billion. This compares to the Canadian Bond Universe of $2,743 Billion, so approximately 3% of the Universe. However, not all Maple bonds are included in the Index. Legacy bonds prior to January 1st, 2025, are excluded from the Index.



In previous years, Maple Corporate issuance represented anywhere from 3% - 9% of total corporate issuance on average. However, with the recent onset of large hyper-scalers, favorable market conditions, and Index inclusion, Maple issuance in the first half of 2026 has amounted to $37.825 Billion out of a total of $118 Billion in total corporate issuance. This represents over 30% of total corporate issuance in the first half of 2026 and a significant increase from previous years, hence the reason Morguard Lincluden Global Investments (MLGI) is monitoring the maple market with great diligence and care.

Outlook

The Canadian Maple bond market is maturing into a core component of Canada's fixed income landscape. Structural enhancements such as most notably the FTSE index inclusion—combined with strong investor demand and favorable funding conditions, position the Maple market for continued expansion.

Issuers benefit from diversified funding, while investors gain access to high-quality global credits within a CAD framework. Despite challenges such as swap volatility and global rates uncertainty, the medium-term outlook remains robust.

Global companies are continually seeking alternative sources of capital. Canada has become increasingly attractive because of its deep, stable investor base. Currency and interest rate dynamics are key drivers of this momentum; if they become less favourable, global issuance could slow.

For now, however, cost advantages remain meaningful, and current expectations suggest they should persist over the medium term. As a result, we believe the outlook for the Maple bond market remains robust. We also expect more hyper-scalers to pursue cost-effective, diversified funding in Canada as they continue to expand and finance their AI initiatives. Morguard Lincluden Global Investments ("MLGI") monitors the maple bond market diligently, as we are continuously looking to add value and diversification for our clients. At the end of June 2026, MLGI fixed income portfolios hold approximately 1.35%-1.65% in Maple bonds.

About The Author

Kon-Yu Lau is a fixed income portfolio manager at Morguard Lincluden. Prior to joining MLGI, Mr. Lau served as Vice President and Senior Portfolio Manager at Fiera Capital, where he oversaw approximately C$8 billion in Canadian fixed income corporate credit on behalf of insurance, institutional, and mutual fund clients. He brings over 20 years of investment experience, including senior roles in fixed income management at Foresters Financial and AEGON Capital Management Inc. Mr. Lau is a CFA charter holder and holds the FRM designation.

Disclosures

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