

## INDEX FACTSHEET

January 31, 2026

### Objective

Establish an appropriate and representative baseline for measuring the performance of the liquid alternative strategies in Canada.

### Key Features

- Designed to measure the performance of the liquid alternative universe that is increasingly popular, but difficult to track
- Constituents comprised of NI 81-102 alternative mutual funds
- Consists of 1) an overall index, 2) seven strategy-based indices, and 3) three goal-based indices

### Weighting

Equal weighted

### Rebalance Frequency

Quarterly  
(Mar, Jun, Sep, and Dec)

### Re-constitution Frequency

Semi-annual - Jun and Dec

### AUM Requirement

Inclusion: >C\$20 million  
Maintenance: >C\$10 million

### Base Value

Rebased to 100 on Jun 30, 2019

### Number of Constituents

23

## 2ND ENGINE ALTERNATIVE FIXED INCOME INDEX

### Index Overview

Alternative fixed income managers can take both long and short positions across various debt securities. Strategies can vary widely in terms of portfolio duration, credit quality, net exposure, leverage and concentration. Funds often seek to limit volatility by hedging broad interest rate and credit market risks. Managers typically aim to achieve higher risk-adjusted returns compared to broad fixed income markets.

### Cumulative Performance - Net Returns (CAD)

(Jun 30, 2019 - Jan 31, 2026)



### Index Performance (%)

	1M	3M	YTD	1Y	3Y	5Y	Since 06/30/19
2ND ENGINE Alternative Fixed Income Index	0.7	1.0	0.7	5.0	6.4	4.0	4.4
S&P/TSX Composite Index	0.8	6.1	0.8	28.3	18.9	16.4	14.0
ICE BofA Canada Broad Market Index	0.6	-0.5	0.6	1.9	3.5	-0.1	1.0

### Index Risk and Return Characteristics

	Annualized Standard Deviation (%)			Sharpe Ratio			Maximum Drawdown	
	3Y	5Y	Since 06/30/19	3Y	5Y	Since 06/30/19	%	Period
2ND ENGINE Alternative Fixed Income Index	2.2	2.9	5.3	1.03	-0.31	0.37	-10.5	Jan 2020 - Mar 2020
S&P/TSX Composite Index	10.7	12.0	14.4	1.39	0.95	0.80	-22.3	Jan 2020 - Mar 2020
ICE BofA Canada Broad Market Index	5.2	5.9	5.8	-0.10	-0.85	-0.25	-15.6	Jul 2020 - Sep 2023

**Correlation (06/30/2019 - 01/31/26)**

	2ND ENGINE Alternative Fixed Income Index	ICE BofA Canada Broad Market Index	S&P/TSX Composite Index
<b>2ND ENGINE Alt Fixed Income Index</b>	1.00	--	--
<b>ICE BofA Canada Broad Market Index</b>	0.54	1.00	--
<b>S&amp;P/TSX Composite Index</b>	0.81	0.52	1.00

The table above aims to show the correlation coefficient of the 2ND ENGINE Alternative Fixed Income Index with broad Canadian equity and fixed income markets.

**Index AUM Characteristics (C\$ million)**

Total	Mean	Median	Largest	Smallest
13,783	599	223	3,225	24

**Family of 2ND ENGINE Liquid Alternative Indices**

**2ND ENGINE  
LIQUID ALTERNATIVE 35 INDEX**

**STRATEGY-BASED**

**EQUITY**

2ND ENGINE  
**Equity Long  
Short Index**

2ND ENGINE  
**Equity Market  
Neutral Index**

**BOND**

2ND ENGINE  
**Alternative Fixed  
Income Index**

**MULTI-STRATEGY**

2ND ENGINE  
**Multi-Strategy  
Index**

2ND ENGINE  
**Absolute Return  
Index**

**SPECIALTY**

2ND ENGINE  
**Event-Driven  
Index**

2ND ENGINE  
**Global Macro  
Index**

**GOAL-BASED**

2ND ENGINE  
**Equity Enhancer 10 Index**

2ND ENGINE  
**Fixed Income Enhancer  
10 Index**

2ND ENGINE  
**Diversifier 10 Index**

**Disclosure**

For further information, please email [inquiry@secondengine.com](mailto:inquiry@secondengine.com).

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