2ND ENGINE BY PICTON

INDEX FACTSHEET

September 30, 2026

2ND ENGINE
MERGER ARBITRAGE INDEX

Index Overview

Merger arbitrage strategies seek to capture the spread between a target company's trading price and the announced deal price in a merger, acquisition, takeover or other corporate transaction. Managers typically purchase target shares at a discount to deal value and, where applicable, sell short the securities of the acquiring company to hedge market exposure. Strategies vary by deal size, geography and transaction type. Returns are typically idiosyncratic and less dependent on broad markets.

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
Maintanance: >C$10 million

Base Value

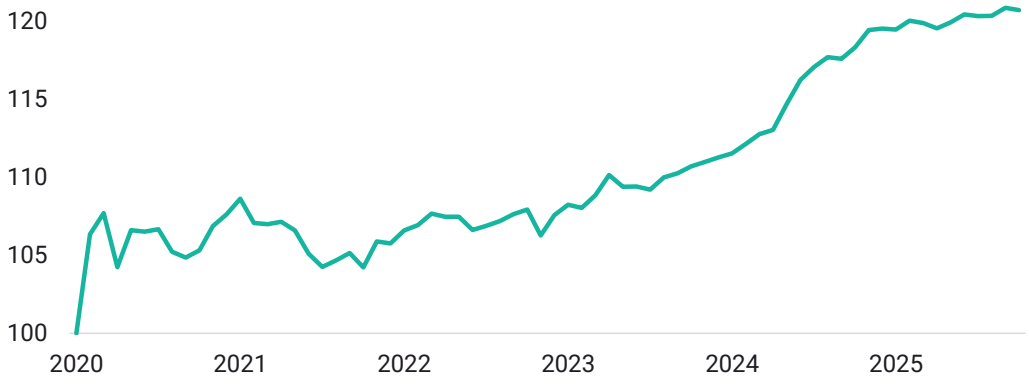
Rebased to 100 on Dec 31, 2020

Number of Constituents

5

Cumulative Performance - Net Returns (CAD)

(Dec 31, 2020 - Sep 30, 2026)



Index Performance (%)

	1M	3M	YTD	1Y	3Y	5Y	Since 12/31/20
2ND ENGINE Merger Arbitrage Index	-0.1	0.3	1.0	2.0	3.8	2.8	3.3
S&P/TSX Composite Index	-2.6	1.6	13.0	20.0	25.1	15.2	14.9
ICE BofA Canada Broad Market Index	-1.2	-3.0	-0.9	-1.2	4.6	0.2	-0.5

Index Risk and Return Characteristics

	Annualized Standard Deviation (%)			Sharpe Ratio			Maximum Drawdown	
	3Y	5Y	Since 12/31/20	3Y	5Y	Since 12/31/20	%	Period
2ND ENGINE Merger Arbitrage Index	2.0	2.3	3.9	0.11	-1.12	0.23	-4.1	Dec 2021 - Sep 2022
S&P/TSX Composite Index	10.6	12.5	12.0	2.03	0.78	1.03	-14.4	Mar 2022 - Sep 2022
ICE BofA Canada Broad Market Index	4.9	5.8	5.7	0.20	-0.89	-0.54	-15.6	Jul 2020 - Sep 2023

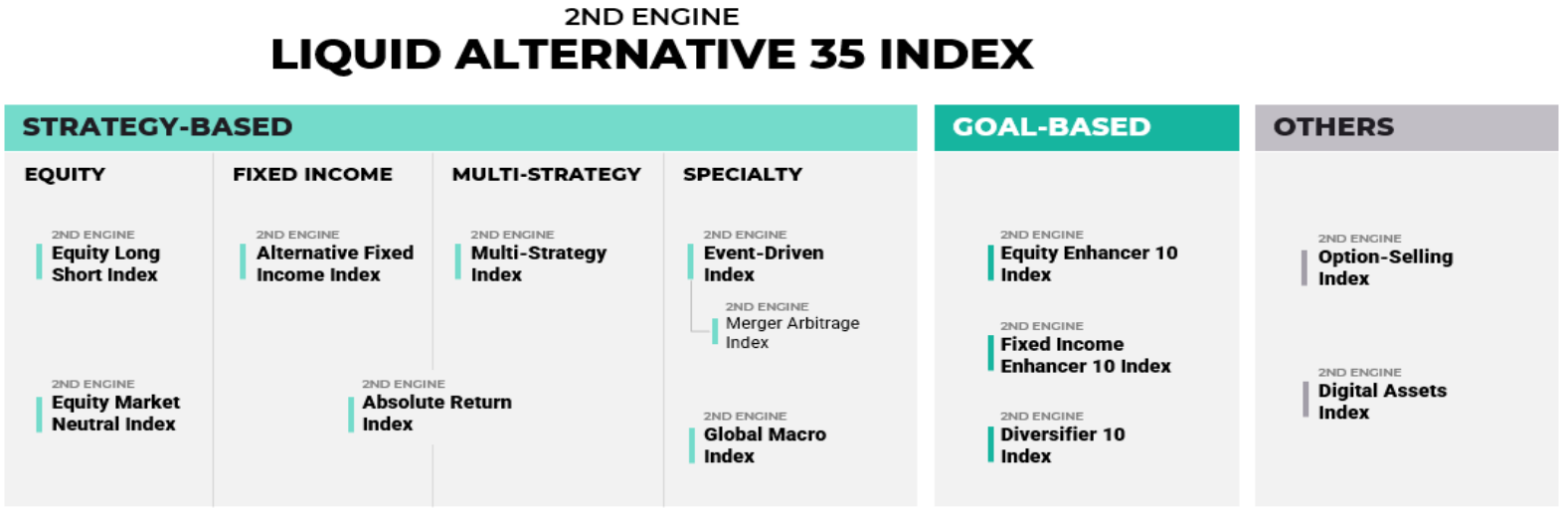
Correlation (12/31/2020 - 09/30/2026)

	2ND ENGINE Merger Arbitrage Index	ICE BofA Canada Broad Market Index	S&P/TSX Composite Index
2ND ENGINE Merger Arbitrage Index	1.00	--	--
ICE BofA Canada Broad Market Index	0.08	1.00	--
S&P/TSX Composite Index	0.20	0.54	1.00

Index AUM Characteristics (C$ million)

Total	Mean	Median	Largest	Smallest
1,196	239	50	1,058	9

Family of 2ND ENGINE Liquid Alternative Indices



Disclosure

For further information, please email inquiry@secondengine.com.

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