

INDEX FACTSHEET

June 30, 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 Dec 31, 2020

Number of Constituents

5

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.

Cumulative Performance - Net Returns (CAD)

(Dec 31, 2020 - Jun 30, 2026)



Index Performance (%)

	1M	3M	YTD	1Y	3Y	5Y	Since 12/31/20
2ND ENGINE Merger Arbitrage Index	-0.1	0.7	0.7	2.8	4.0	2.4	3.4
S&P/TSX Composite Index	0.5	7.0	11.2	32.9	23.5	14.9	15.3
ICE BofA Canada Broad Market Index	0.4	1.9	2.2	3.3	4.3	0.7	0.0

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	2.4	3.9	0.11	-1.14	0.25	-4.1	Dec 2021 - Sep 2022
S&P/TSX Composite Index	10.8	12.5	12.1	1.82	0.77	1.05	-14.4	Mar 2022 - Sep 2022
ICE BofA Canada Broad Market Index	5.1	5.8	5.8	0.09	-0.77	-0.45	-15.6	Jul 2020 - Sep 2023

Correlation (12/31/2020 - 06/30/2026)

	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
1,211	242	50	1,063	9

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

FIXED INCOME

2ND ENGINE
Alternative Fixed
Income Index

2ND ENGINE
Absolute Return
Index

MULTI-STRATEGY

2ND ENGINE
Multi-Strategy
Index

SPECIALTY

2ND ENGINE
Event-Driven
Index

2ND ENGINE
Merger Arbitrage
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

OTHERS

2ND ENGINE
Option-Selling
Index

2ND ENGINE
Digital Assets
Index

Disclosure

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

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