2ND ENGINE BY PICTON

INDEX FACTSHEET

September 30, 2026

2ND ENGINE
OPTION-SELLING INDEX

Index Overview

Option-selling strategies use an options overlay to generate income while retaining exposure to the underlying equity market. Income is typically generated by writing covered calls or cash-covered puts, and some managers apply modest leverage. Strategies vary by underlying asset, option structure and use of leverage. Returns generally move with the underlying market, with upside partially capped by the options written.

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

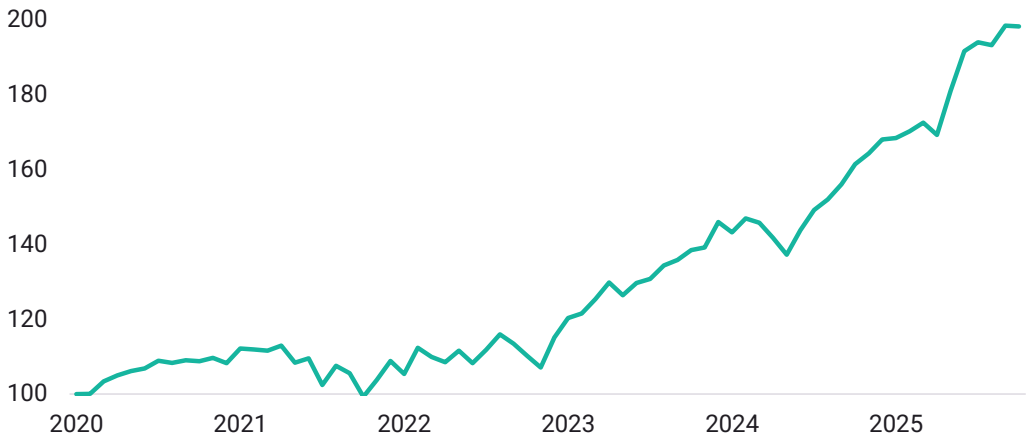
Rebased to 100 on Dec 31, 2020

Number of Constituents

35

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 Option-Selling Index	-0.1	2.2	17.7	22.8	21.6	12.8	12.6
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 Option-Selling Index	9.3	10.9	10.3	1.94	0.68	0.99	-12.1	Jan 2022 - 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

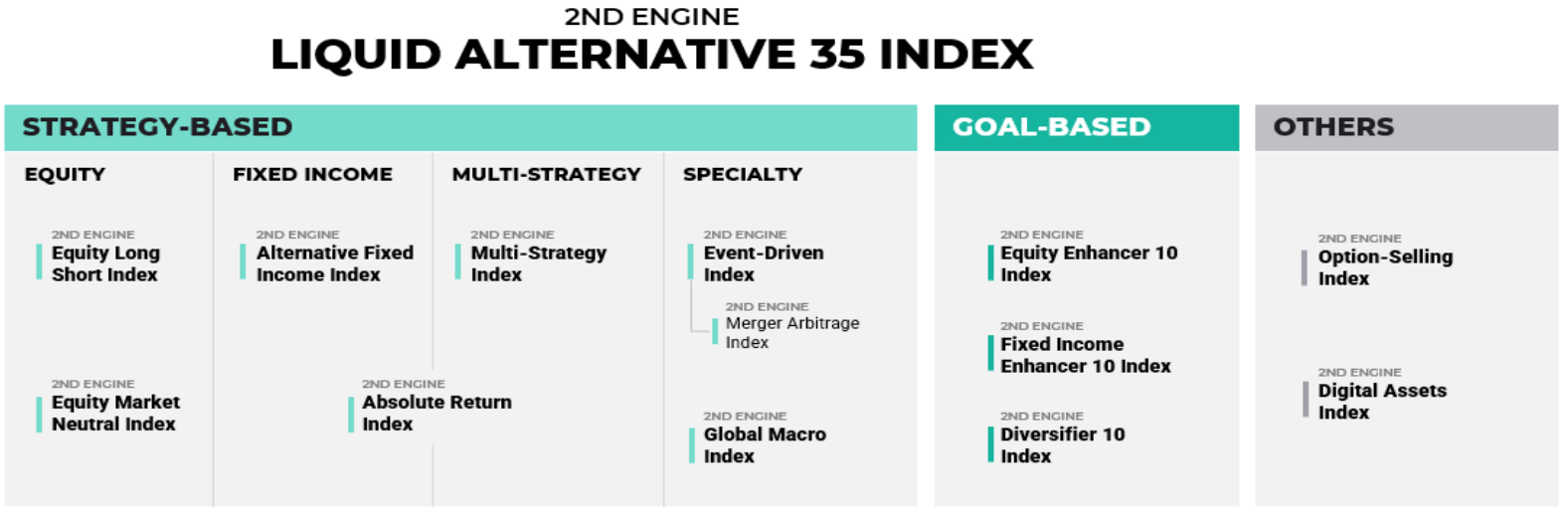
Correlation (12/31/2020 - 09/30/2026)

	2ND ENGINE Option-Selling Index	ICE BofA Canada Broad Market Index	S&P/TSX Composite Index
2ND ENGINE Option-Selling Index	1.00	--	--
ICE BofA Canada Broad Market Index	0.58	1.00	--
S&P/TSX Composite Index	0.87	0.54	1.00

Index AUM Characteristics (C$ million)

Total	Mean	Median	Largest	Smallest
29,317	838	246	13,948	28

Family of 2ND ENGINE Liquid Alternative Indices



Disclosure

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

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