

## INDEX FACTSHEET

July 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 Dec 31, 2020

### Number of Constituents

35

## 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.

### Cumulative Performance - Net Returns (CAD)

(Dec 31, 2020 - Jul 31, 2026)



### Index Performance (%)

|                                    | 1M   | 3M  | YTD  | 1Y   | 3Y   | 5Y   | Since 12/31/20 |
|------------------------------------|------|-----|------|------|------|------|----------------|
| 2ND ENGINE Option-Selling Index    | -0.5 | 6.7 | 14.7 | 27.1 | 18.5 | 12.3 | 12.5           |
| S&P/TSX Composite Index            | 1.2  | 4.3 | 12.5 | 32.3 | 22.9 | 14.9 | 15.3           |
| ICE BofA Canada Broad Market Index | -1.6 | 0.2 | 0.6  | 2.4  | 4.1  | 0.2  | -0.3           |

### 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    | 9.8                               | 10.9 | 10.4           | 1.50         | 0.64  | 0.97           | -12.1            | Jan 2022 - Sep 2022 |
| S&P/TSX Composite Index            | 10.8                              | 12.5 | 12.0           | 1.77         | 0.77  | 1.06           | -14.4            | Mar 2022 - Sep 2022 |
| ICE BofA Canada Broad Market Index | 5.1                               | 5.8  | 5.8            | 0.07         | -0.87 | -0.50          | -15.6            | Jul 2020 - Sep 2023 |

Correlation (12/31/2020 - 07/31/2026)

|                                       | 2ND ENGINE<br>Option-Selling Index | ICE BofA<br>Canada Broad<br>Market Index | S&P/TSX<br>Composite<br>Index |
|---------------------------------------|------------------------------------|------------------------------------------|-------------------------------|
| 2ND ENGINE<br>Option-Selling Index    | 1.00                               | --                                       | --                            |
| ICE BofA Canada Broad<br>Market Index | 0.58                               | 1.00                                     | --                            |
| S&P/TSX Composite<br>Index            | 0.88                               | 0.54                                     | 1.00                          |

Index AUM Characteristics (C\$ million)

| Total  | Mean | Median | Largest | Smallest |
|--------|------|--------|---------|----------|
| 27,395 | 783  | 225    | 12,996  | 27       |

Family of 2ND ENGINE Liquid Alternative Indices

2ND ENGINE

LIQUID ALTERNATIVE 35 INDEX

| STRATEGY-BASED                                                                                                                                                    |                                                                                                                                                                          |                                                                                              |                                                                                                                                                                                                                             | GOAL-BASED                                                                                                                                                                                                             | OTHERS                                                                                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| <div>EQUITY</div> <div> <div>2ND ENGINE</div> <div>Equity Long Short Index</div> </div> <div> <div>2ND ENGINE</div> <div>Equity Market Neutral Index</div> </div> | <div>FIXED INCOME</div> <div> <div>2ND ENGINE</div> <div>Alternative Fixed Income Index</div> </div> <div> <div>2ND ENGINE</div> <div>Absolute Return Index</div> </div> | <div>MULTI-STRATEGY</div> <div> <div>2ND ENGINE</div> <div>Multi-Strategy Index</div> </div> | <div>SPECIALTY</div> <div> <div>2ND ENGINE</div> <div>Event-Driven Index</div> <div> <div>2ND ENGINE</div> <div>Merger Arbitrage Index</div> </div> <div> <div>2ND ENGINE</div> <div>Global Macro Index</div> </div> </div> | <div> <div>2ND ENGINE</div> <div>Equity Enhancer 10 Index</div> </div> <div> <div>2ND ENGINE</div> <div>Fixed Income Enhancer 10 Index</div> </div> <div> <div>2ND ENGINE</div> <div>Diversifier 10 Index</div> </div> | <div> <div>2ND ENGINE</div> <div>Option-Selling Index</div> </div> <div> <div>2ND ENGINE</div> <div>Digital Assets Index</div> </div> |

**Disclosure**

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

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