

## INDEX FACTSHEET

March 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

9

# 2ND ENGINE ABSOLUTE RETURN INDEX

### Index Overview

Absolute return strategies can invest in a broad range of asset classes, maintain both long and short positions, and/or use a diversified set of strategies. Managers of this category aim to generate consistent positive returns through market cycles regardless of the directional movements in equity and fixed income markets. Underlying strategies are either managed as a sub-sleeve of the overall portfolio or as a fund-of-fund (FoF) structure.

### Cumulative Performance - Net Returns (CAD)

(Jun 30, 2019 - Mar 31, 2026)



### Index Performance (%)

	1M	3M	YTD	1Y	3Y	5Y	Since 06/30/19
2ND ENGINE Absolute Return Index	-0.9	1.4	1.4	7.1	6.2	3.7	3.4
S&P/TSX Composite Index	-4.3	3.9	3.9	34.8	21.2	15.2	14.2
ICE BofA Canada Broad Market Index	-2.0	0.3	0.3	0.7	3.4	0.7	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 Absolute Return Index	2.5	3.0	3.5	0.92	-0.45	0.27	-6.5	Aug 2021 - Jun 2022
S&P/TSX Composite Index	11.5	12.5	14.6	1.50	0.82	0.80	-22.3	Jan 2020 - Mar 2020
ICE BofA Canada Broad Market Index	5.1	5.8	5.8	-0.12	-0.75	-0.26	-15.6	Jul 2020 - Sep 2023

## Correlation (06/30/2019 - 03/31/2026)

	2ND ENGINE Absolute Return Index	ICE BofA Canada Broad Market Index	S&P/TSX Composite Index
2ND ENGINE Absolute Return Index	1.00	--	--
ICE BofA Canada Broad Market Index	0.67	1.00	--
S&P/TSX Composite Index	0.83	0.54	1.00

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

## Index AUM Characteristics (C\$ million)

Total	Mean	Median	Largest	Smallest
6,329	703	216	2,695	45

## 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**

2ND ENGINE  
**Absolute Return Index**

##### MULTI-STRATEGY

2ND ENGINE  
**Multi-Strategy 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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