2ND ENGINE BY PICTON

INDEX FACTSHEET

September 30, 2026

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.

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)

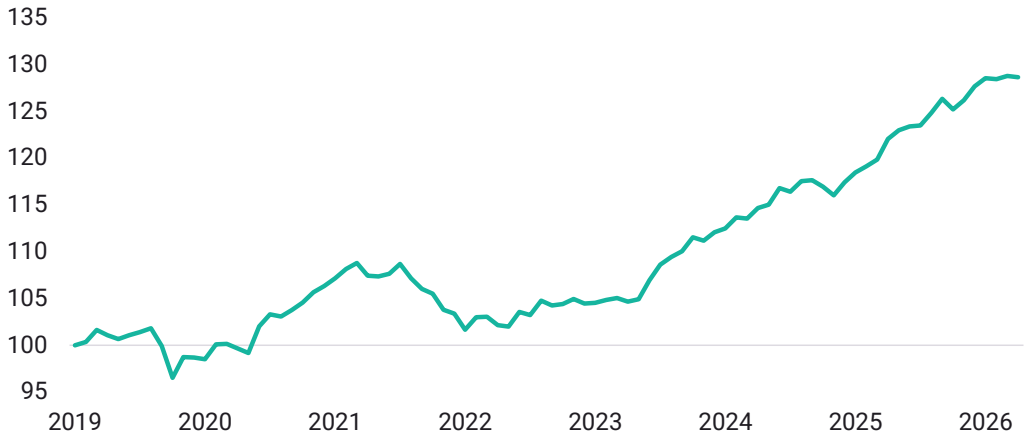
Re-constitution Frequency
Semi-annual - Jun and Dec

AUM Requirement
Inclusion: >C$20 million
Maintanance: >C$10 million

Base Value
Rebased to 100 on Jun 30, 2019

Number of Constituents
9

Cumulative Performance - Net Returns (CAD)
(Jun 30, 2019 - Sep 30, 2026)



Index Performance (%)

	1M	3M	YTD	1Y	3Y	5Y	Since 06/30/19
2ND ENGINE Absolute Return Index	-0.1	0.1	4.2	5.4	7.1	3.7	3.5
S&P/TSX Composite Index	-2.6	1.6	13.0	20.0	25.1	15.2	14.4
ICE BofA Canada Broad Market Index	-1.2	-3.0	-0.9	-1.2	4.6	0.2	0.7

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	2.4	2.9	3.4	1.45	-0.59	0.32	-6.5	Aug 2021 - Jun 2022
S&P/TSX Composite Index	10.6	12.5	14.2	2.03	0.78	0.84	-22.3	Jan 2020 - Mar 2020
ICE BofA Canada Broad Market Index	4.9	5.8	5.7	0.20	-0.89	-0.30	-15.6	Jul 2020 - Sep 2023

Correlation (06/30/2019 - 09/30/2026)

	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
6,628	736	228	2,902	20

Family of 2ND ENGINE Liquid Alternative Indices



Disclosure

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

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