

### Index Factsheet

September 30, 2024

### **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**

11

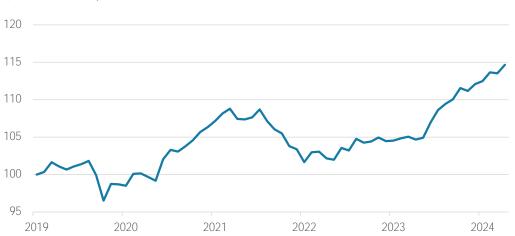
## Second engine Absolute Return Index TM

### **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 - Sep 30, 2024)



Index Performance (%)							
	1M	ЗМ	YTD	1Y	3Y	5Y	Since 06/30/19
Second engine Absolute Return Index	1.0	1.9	5.6	9.5	2.2	2.6	2.6
S&P/TSX Composite Index	3.2	10.5	17.2	26.7	9.5	10.9	10.9
ICE BofA Canada Broad Market Index	1.8	4.5	4.2	12.8	-0.1	0.6	0.8

### **Index Risk and Return Characteristics**

	Annualized Standard							
	Deviation (%)		Sharpe Ratio		Maximum Drawdown			
			Since			Since		
	3Y	5Y	06/30/19	3Y	5Y	06/30/19	%	Period
Second engine Absolute Return Index	3.1	3.7	3.7	-0.36	-0.34	0.11	-6.5	Aug 2021 - Jun 2022
S&P/TSX Composite Index	13.6	15.7	15.4	0.45	0.45	0.57	-22.3	Jan 2020 - Mar 2020
ICE BofA Canada Broad Market Index	6.9	6.3	6.3	-0.49	-0.52	-0.24	-15.6	Jul 2020 - Sep 2023



Correlation (06/30/2019 - 09/30/24)						
	Second engine	ICE BofA	S&P/TSX			
	Absolute Return	Canada Broad	Composite			
	Index	Market Index	Index			
Second engine Absolute Ret	urn 1.00					
Index						
ICE BofA Canada Broad	0.66	1.00				
Market Index						
S&P/TSX Composite	0.83	0.53	1.00			
Index						

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

Index AUM Characteristics (C\$ million)						
Total	Mean	Median	Largest	Smallest		
4,629	421	217	2,029	3		

### Family of Second engine Liquid Alternative Indices

### Second engine

### **Liquid Alternative 35 Index**<sup>™</sup>

Strategy-based						
Equity	Bond	Multi-Strategy	Specialty			
Second engine   Equity Long   Short Index™	Second engine   Alternative Fixed   Income Index™	Second engine   Multi-Strategy   Index™	Second engine   Event-Driven   Index™			
Second engine  Equity Market  Neutral Index™	Second ( Absol Index	Second engine   Global Macro   Index™				

# Second engine | Equity Enhancer 10 Index<sup>TM</sup> Second engine | Fixed Income Enhancer | 10 Index<sup>TM</sup> Second engine | Diversifier 10 Index<sup>TM</sup>



### Disclosure

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

Second engine is a division of Picton Mahoney Asset Management.

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