



Second  
engine

# Index Factsheet

September 30, 2024

## Second engine Alternative Fixed Income Index™

### Index Overview

Alternative fixed income managers can take both long and short positions across various debt securities. Strategies can vary widely in terms of portfolio duration, credit quality, net exposure, leverage and concentration. Funds often seek to limit volatility by hedging broad interest rate and credit market risks. Managers typically aim to achieve higher risk-adjusted returns compared to broad fixed income markets.

### 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

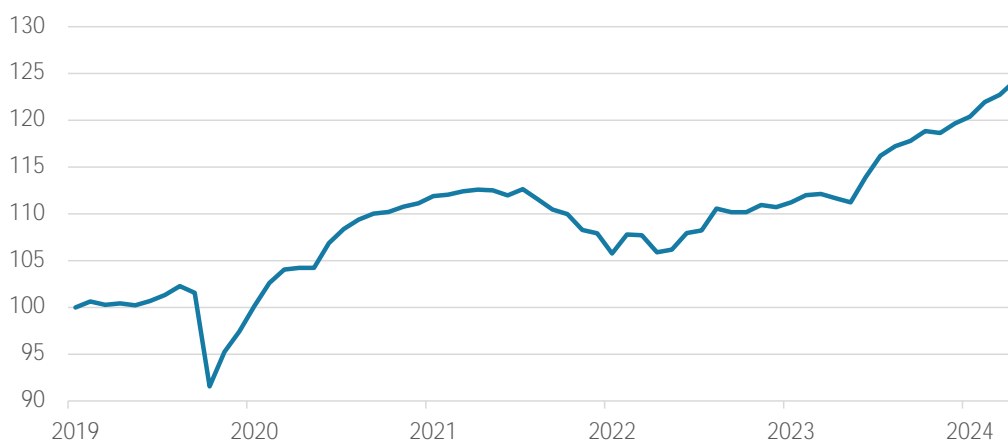
Rebased to 100 on Jun 30, 2019

### Number of Constituents

21

### Cumulative Performance - Net Returns (CAD)

(Jun 30, 2019 - Sep 30, 2024)



### Index Performance (%)

	1M	3M	YTD	1Y	3Y	5Y	Since 06/30/19
Second engine Alternative Fixed Income Index	1.2	3.1	6.9	11.2	3.3	4.3	4.2
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	
	3Y	5Y	Since 06/30/19	3Y	5Y	Since 06/30/19	%	Period
Second engine Alternative Fixed Income Index	3.6	6.0	5.9	0.00	0.09	0.33	-10.5	Jan 2020 - Mar 2020
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 Alternative Fixed Income Index	ICE BofA Canada Broad Market Index	S&P/TSX Composite Index
Second engine Alt Fixed Income Index	1.00	--	--
ICE BofA Canada Broad Market Index	0.54	1.00	--
S&P/TSX Composite Index	0.83	0.53	1.00

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

**Index AUM Characteristics (C\$ million)**

Total	Mean	Median	Largest	Smallest
9,605	457	220	1,623	30

**Family of Second engine Liquid Alternative Indices**

 Second engine  
**Liquid Alternative 35 Index™**
**Strategy-based**
**Equity**

 Second engine  
**Equity Long  
Short Index™**

 Second engine  
**Equity Market  
Neutral Index™**
**Bond**

 Second engine  
**Alternative Fixed  
Income Index™**
**Multi-Strategy**

 Second engine  
**Multi-Strategy  
Index™**

 Second engine  
**Absolute Return  
Index™**
**Specialty**

 Second engine  
**Event-Driven  
Index™**

 Second engine  
**Global Macro  
Index™**
**Goal-based**

 Second engine  
**Equity Enhancer 10 Index™**

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**Fixed Income Enhancer  
10 Index™**

 Second engine  
**Diversifier 10 Index™**

## Disclosure

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

Second engine is a division of Picton Mahoney Asset Management.

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