

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 8 “Certain Risk Factors”.



Picton Mahoney Diversified Strategies Fund

AMENDED AND RESTATED OFFERING MEMORANDUM

Date: October 1, 2019

The Issuer

Name: **PICTON MAHONEY DIVERSIFIED STRATEGIES FUND**

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Currently Listed

or Quoted?

No. **These securities do not trade on any exchange or market.**

Reporting Issuer?

No.

SEDAR Filer?

No.

The Offering

Securities Offered: Class A and Class F units (the “Units”) of Picton Mahoney Diversified Strategies Fund (the “Fund”).

Price per Security: Class Net Asset Value per Unit as at the first Valuation Date following the date on which a subscription is received (the “Subscription Price”).

Minimum Offering: **There is no minimum. You may be the only purchaser.**

Maximum Offering: There is no maximum to the number of Units offered. **Funds available under the offering may not be sufficient to accomplish our proposed objectives.**

Minimum Subscription

Amount:

\$25,000 for Class A and Class F Units.

Payment Terms:

Certified cheque or wire transfer together with sales commission (if any) payable to your Dealer, in the amount of the Subscription Price.

Proposed Closing Date(s):

Units will be offered on a continuous basis from the date of this Offering Memorandum, unless extended by the Manager, with closings to occur on the last business day of each week.

Income Tax Consequences:

There are important tax consequences to these securities. See Item 6.

Selling Agent(s):

None.

Resale Restrictions

You will be restricted from selling your securities for an indefinite period. See Item 10. You may redeem your securities in certain circumstances. See Item 5.3.

Purchasers’ Rights

You have two (2) business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel the agreement. See Item 11.

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ITEM 1. USE OF AVAILABLE FUNDS

1.1 Net Proceeds

It is not possible to determine accurately what the net proceeds of the Offering will be as this is a continuing offering and the Subscription Price will vary depending on what the Class Net Asset Value is at the time each Unit is purchased. The Fund sells Units on a continuous basis, with closings to occur on the last business day of each week.

1.2 Use of Available Funds

The Fund intends to use the net proceeds from the sale of the Units to purchase its respective portfolio of securities in accordance with such Fund's stated objective. See Item 2.4 for a detailed description of the Fund's stated objective.

1.3 Reallocation

The Fund intends to spend the net proceeds as stated. The Fund does not intend to reallocate funds.

ITEM 2. BUSINESS OF THE FUND

2.1 Structure

The Fund is an open-ended trust established under the laws of the Province of Ontario on December 31, 2009 and is governed by an amended and restated master declaration of trust dated October 1, 2019 and as the same may be amended, restated or supplemented from time to time (the "Trust Declaration"). Picton Mahoney Asset Management acts as the trustee and the manager (the "Trustee", the "Manager" or "Picton Mahoney") of the Fund pursuant to the Trust Declaration. The office of the Fund and of the Manager is located at 33 Yonge Street, Suite 830, Toronto, Ontario M5E 1G4. The Fund is permitted to issue trust units ("Units") in an unlimited number of classes pursuant to the Trust Declaration. The description of provisions of the Trust Declaration contained herein is subject to and qualified in its entirety by the Trust Declaration.

2.2 Our Business

The Fund is an investment fund that invests in assets in accordance with the investment objectives, strategies and restrictions described herein.

2.3 Development of Business

The Fund commenced business on December 31, 2009. The Fund has expanded its business through the sale of Units. As of October 1, 2019, there were approximately 147,039 Class A Units, 971,645 Class F Units and 105,499 Class I Units of the Fund outstanding.

2.4 Investment Approach, Objective and Investment Strategies

Investment Approach

The Manager utilizes a layered investment process based on modern portfolio construction techniques and a comprehensive set of traditional and alternative assets classes, risk premia strategies and alpha processes. The Manager will use a proprietary economic cycle model in order to assess asset class and risk premia strategy behaviour and to construct portfolios. The Manager believes that asset class and risk premia strategy behaviour can be differentiated across different parts of the economic cycle and understanding this behaviour can help to improve portfolio outcomes.

Using both systematic as well as discretionary approaches, the Manager will apply strategic and tactical allocations at all levels of the Fund, within and across layers. The strategic allocations will be aligned with a longer-term view of the behaviour and characteristics of markets and strategies. The tactical allocations will be based on a short to intermediate time horizon and may contain portfolio hedges through the use of options, futures and other securities.

One layer of the strategy will provide long-biased exposure to traditional asset classes, such as global equity markets, global fixed income markets (both government and corporate credit) as well as commodities.

Another layer will consist of multi-asset risk premia strategies implemented using long and short positions across commodity, foreign exchange, global fixed income, global equity markets and other asset classes.

The third layer of the strategy will consist of individual security risk premia strategies implemented primarily through long and short positions across global equity markets and may include global fixed income and other asset classes.

The Manager will seek to obtain exposure to skill-based, alpha processes either directly or indirectly through investment in other funds, including, but not limited to, funds for which the Manager is the manager and/or portfolio manager (collectively, the “Underlying Funds”).

The interaction of all portfolio layers will be considered in both the strategic and tactical aspects of the portfolio management process. Each layer of the portfolio is intended to provide access to a unique return stream, set of asset classes or strategy such as traditional asset classes, risk premia and skill-based investment processes. There is the potential for overlap across and within layers of the portfolio, for example, the risk premia layer may from time to time contain residual exposure to traditional asset classes which are already contained in the traditional asset class layer. Where possible, the portfolio management process will attempt to compensate for this overlap to ensure the overall portfolio contains the desired exposures.

The portfolio management process will also use a risk-budgeting process to weigh different components of the portfolios. The risk-budgeting will occur across layers as well as within layers. In some instances, the Manager will attempt to obtain equal contributions to risk from different components of the portfolio. The risk-weighting process is distinct from the relatively straightforward dollar-weighted approach that is applied in many traditional portfolio management approaches. A variety of methods are used to measure risk, including, standard deviation of returns (volatility), maximum drawdown experienced through time, tail-risk as defined by a large loss over a short time horizon as well as both historical and hypothetical stress tests. Both qualitative and quantitative approaches are used to estimate risk measures. The risk measures are potentially applied to the individual markets as well as asset classes, strategies, layers and fund investments.

Investment Objective

The investment objective of the Fund is to provide consistent long-term capital appreciation and to provide holders of Units (“Unitholders”) with an attractive risk-adjusted rate of return.

Investment Strategies

The investment strategy of the Fund is global in nature and will have exposure to international markets, including emerging markets. Strategies can be implemented within and across various financial markets including global equity markets including emerging markets, global government and corporate fixed income markets, foreign exchange markets, commodity markets and volatility markets. The Fund may, in accordance with applicable securities law and with regulatory orders it has obtained, also invest up to 75% of its assets in securities of Underlying Funds.

Fund Investments

The Fund may invest in Underlying Funds that employ a variety of strategies.

The amounts invested from time to time in an Underlying Fund for which the Manager is the manager and/or portfolio manager may exceed 20% of either the votes attaching to the outstanding units of another Underlying Fund for which the Manager is the manager and/or portfolio manager or the outstanding units of that Underlying Fund for which the Manager is the manager and/or portfolio manager, may only be made if the Manager determines that an investment in an Underlying Fund for which the Manager is the manager and/or portfolio manager is consistent with the investment objectives, investment strategies and investment restrictions of the Fund and in the best interests of the Fund. The investment by the Fund in units of an Underlying Fund for which the Manager is the manager and/or portfolio manager will not result in any duplication of management fees and performance fees to the Fund or the investors of the Fund

and the Manager will not receive any management fees or performance fees in respect of the units of the Underlying Fund for which the Manager is the manager and/or portfolio manager to be purchased by the Fund.

To the extent that the Fund invests in Underlying Funds for which the Manager is the manager and/or portfolio manager, it will invest in Class I Units of each Underlying Fund which will be charged no management or performance fee. As such, the investment by the Fund in units of an Underlying Fund for which the Manager is the manager and/or portfolio manager will not result in any duplication of management fees or performance fees to the Fund or the investors of the Fund and the Manager will not receive any management fees or performance fees in respect of the units of the Underlying Fund for which the Manager is the manager and/or portfolio manager to be purchased by the Fund.

Investing Long in Securities

Making long investments in securities of issuers identified as attractive investment candidates by the Manager's investment process. Eligible securities include equities, subscription rights, warrants, participation units, private equities global depository receipts, American depository receipts, master limited partnerships, other securities with equity characteristics, government bonds, investment grade corporate bonds, credit-linked notes, high-yield bonds, asset-backed securities, collateralized debt and loan obligations, government agency securities, notes, convertible bonds, convertible debentures, preferred shares, bank loans, futures, foreign exchange futures, forward contracts, options, investment funds, real estate investment trusts, master limited partnerships, income trusts, Canadian royalty trusts, closed-end funds, exchange-traded funds.

Short Selling Securities

Short selling of securities of issuers identified as unattractive investments by the Manager's investment process and/or to hedge the market exposure of long positions, whether held directly or indirectly. Eligible securities to include equities, subscription rights, warrants, participation units, private equities global depository receipts, American depository receipts, master limited partnerships, other securities with equity characteristics, government bonds, investment grade corporate bonds, credit-linked notes, high-yield bonds, asset-backed securities, collateralized debt and loan obligations, government agency securities, notes, convertible bonds, convertible debentures, preferred shares, bank loans, futures, foreign exchange futures, forward contracts, options, investment funds, real estate investment trusts, master limited partnerships, income trusts, Canadian royalty trusts, exchange-traded funds.

Pairs Trading

Taking short positions from time to time in securities of one issuer while taking a long position in securities of another issuer in an attempt to gain from the relative valuation differences between the two issuers. A pairs trade will be made when the Manager feels the long position will appreciate in value when compared to the short position.

Private Placements and IPOs

Participating in initial public offerings, secondary offerings, and private financings (including special warrant financings) in existing publicly traded and private issuers.

Derivatives

The Fund may use derivatives to reduce or hedge against various risks including currency exchange risk associated with its foreign investments, and to obtain investment exposures on positions consistent with its investment objective, strategies and risk management. The derivatives that the Fund may use in this regard are clearing corporation and over-the-counter (OTC) options, swaps, contracts for difference (CFD), futures or forwards. The Fund may also employ various option strategies to increase its income return including, but not limited to, covered call and put writing. The Fund may also use option strategies and futures that include both long and short positions to reduce portfolio risk and hedge against adverse market events. Long or short positions in futures, including futures on volatility indices, forwards, swaps or credit derivative swaps may be used to hedge against certain market risks, gain exposure to certain markets and also to implement certain investment strategies.

Leverage

The Fund is authorized to borrow in order to increase its investment leverage. On a position by position basis, margin requirements of the applicable exchange will be adhered to by the Fund. The Fund may also use leverage in order to implement certain investment strategies which may employ derivatives in order to achieve the needed leverage as opposed to direct borrowing. The Fund's direct leverage will not exceed seven times of the Fund's net assets at the time of investment.

Capital Structure Arbitrage

A capital structure arbitrage trade combines a long position in an issuer's senior debt with a short position in its junior debt or common equity using a hedge ratio.

Convertible Arbitrage

A convertible arbitrage trade combines a long position in an issuer's convertible securities (convertible bonds, warrants, convertible preferred shares) with a short position in its common equity.

Yield and Credit Curve Arbitrage

Yield and credit curve trades combine a long position in an issuer's bond at one maturity with a short position in the bonds of the same issuer at a different maturity.

Fixed Income Arbitrage

Taking offsetting long and short positions in government bonds and investment grade corporate bonds, government agency securities, swap contracts, and futures and options on fixed income instruments that are mathematically, fundamentally, or historically interrelated.

Distressed Investments

Taking long positions in securities (typically bonds and bank debt) that are in turnaround situations, default, under bankruptcy protection, or in distress and heading towards bankruptcy.

Special Situations

Taking long and short positions in securities impacted by event driven situations, such as mergers, divestitures, restructurings or other issuer events.

Private Company Investments

Taking long and short positions in private company debt offerings.

Commodities

Purchasing, holding, selling, or otherwise dealing in commodity forward contracts, commodity futures, financial futures or options on financial futures.

Statutory Caution

The foregoing disclosure of the Manager's investment strategies and intentions may constitute "forward-looking information" for the purpose of Ontario securities legislation, as it contains statements of the Manager's intended course of conduct and future operations of the Fund. These statements are based on assumptions made by the Manager of the success of its investment strategies in certain market conditions, relying on the experience of the Manager's officers and employees and their knowledge of historical economic and market trends. Investors are cautioned that the assumptions made by the Manager and the success of its investment strategies are subject to a number of mitigating

factors. Economic and market conditions may change, which may materially impact the success of the Manager's intended strategies as well as its actual course of conduct. Investors are urged to read "Certain Risk Factors" below for a discussion of other factors that will impact the operations and success of the Fund.

2.5 Risk Management and Investment Restrictions

Risk Management

Picton Mahoney utilizes disciplined risk controlled quantitative techniques to construct portfolios. The Fund utilizes a layered investment approach. The portfolio management process will also use a risk-budgeting process to weigh different components of the portfolios. The risk-budgeting will occur across layers as well as within layers. For some of the layers, the Manager will use historical analysis to set an expected volatility target. For other parts of the portfolio, the Manager controls for factors including: liquidity, size, sector exposure, industry exposure, position size, and company specific factors. A variety of methods are used to measure risk, including, standard deviation of returns (volatility), maximum drawdown experienced through time, tail-risk as defined by a large loss over a short time horizon as well as both historical and hypothetical stress tests. Both qualitative and quantitative approaches are used to estimate risk measures. The risk measures are potentially applied to the individual markets as well as asset classes, strategies, layers and fund investments.

The Fund's portfolio is reviewed and rebalanced on a regular and ongoing basis to maintain the risk reward target.

Investment Restrictions

The investment activities of the Fund are conducted in accordance with certain restrictions, which include the following:

Sole Undertaking

The Fund will not engage in any undertaking other than the investment of the Fund's assets in accordance with the Fund's investment objective and investment strategies.

Fixed Price

The Fund will not purchase any security which may by its terms require the Fund to make a contribution in addition to the payment of the purchase price (other than pursuant to a permitted derivative transaction), provided that such restriction will not apply to the purchase of securities which are paid for on an instalment basis where the total purchase price and the amount of all such instalments are fixed at the time the first instalment is paid.

Interest of Manager

Except as described herein, the Fund will not purchase securities from, or sell securities to, the Manager or any of its affiliates or any individual who is a partner, director or officer of any of them, any employee of the Manager or any portfolio managed by the Manager. As described herein, the Fund may invest in Class I Units of the Picton Underlying Funds, (such investments referred to as the "Fund of Fund Investments") and purchase units of other funds managed by the Manager, in accordance with applicable securities law and with regulatory orders it has obtained.

Commodities

The Fund will not purchase any physical commodity.

Control Restrictions

Except as described herein and as may be permitted by applicable securities laws or regulatory relief therefrom, the Fund will not purchase a security of an issuer if, immediately after the purchase, the Fund would hold securities representing more than 10% of either the votes attaching to the outstanding securities of that issuer or the outstanding equity securities of that issuer, or purchase a security for the purpose of exercising control over or management of the

issuer of the security. If the Fund acquires a security other than as the result of a purchase and the acquisition results in the Fund exceeding the 10% limit described in this paragraph, the Fund will, as quickly as is commercially reasonable (and in any event within 90 days of the acquisition), reduce its holdings of those securities so that it does not hold securities exceeding such limits.

Foreign Investment Restrictions

The Fund will not invest in (i) an interest in a trust (or partnership which holds such interest) which would require the Fund (or the partnership) to report income in connection with such interest pursuant to section 94.2 of the *Income Tax Act* (Canada) (the “Tax Act”); or (ii) the securities of any non-resident corporation, trust or other non-resident entity if the Fund would be required to include an amount in income pursuant to section 94.1 of the Tax Act (or amendments to such provisions as enacted into law or successor provisions thereto).

SIFT Trust

The Fund will not invest in any property to the extent that such investment would result in the Fund being a “SIFT trust” as defined in the Tax Act (or amendments to such provisions as enacted into law or successor provisions thereto).

2.6 Material Agreements

The following is a description of all current and proposed material agreements relevant to the management, organization and administration of the Fund.

Trust Declaration

The Fund was created pursuant to the Trust Declaration entered into by Picton Mahoney as the Manager and Trustee to facilitate the administration of the Fund. The Trust Declaration is the Fund’s constating document and describes the terms and conditions respecting the issuance and redemption of Units, investment and valuation of the Fund’s assets, determination and distribution of gains, management and administration of the Fund, duties of the Manager and Trustee, meetings of Unitholders and how the Trust Declaration can be terminated or amended. The following is a summary of the material provisions of the Trust Declaration, which does not purport to be complete. Please refer to the Trust Declaration for full particulars of these provisions. You may view a copy of the Trust Declaration by contacting the Manager at 33 Yonge Street, Suite 830, Toronto, Ontario, Canada M5E 1G4.

The Manager

Picton Mahoney is the Manager of the Fund and is responsible for the day-to-day business of the Fund, including the management of the Fund’s investment portfolio. The Manager was formed as a general partnership under the laws of Ontario in 2004, to provide investment management services to the Canadian marketplace. Two of the Manager’s principals, David Picton and Michael Mahoney, were founding partners at Synergy Asset Management Inc. in 1997 which was purchased by CI Investments in 2003.

With over \$7 billion in assets under management in sub-advisory, hedge fund and mutual fund assets as at August 31, 2019, Picton Mahoney is 100% employee owned. The Manager is registered with applicable securities regulatory authorities as an Investment Fund Manager, Exempt Market Dealer, Portfolio Manager, and Commodity Trading Manager. The Manager carries out its advisory activities from 33 Yonge Street, Suite 830, Toronto, Ontario, Canada M5E 1G4.

Pursuant to the Trust Declaration, the Manager has authority to manage the business and affairs of the Fund and has authority to bind the Fund. The Manager will be responsible for managing the assets of the Fund, will have complete discretion to invest and reinvest the Fund’s assets, and will be responsible for executing all portfolio transactions. The Manager may delegate its powers, including its investment advisory role, to third parties where, in the discretion of the Manager, it would be in the best interests of the Fund to do so. The Manager is required to exercise its powers and discharge its duties honestly, in good faith, and in the best interests of the Fund and to exercise the care, diligence and skill of a reasonable prudent person in comparable circumstances. Among its other powers, the Manager may establish

the Fund's operating expense budgets and authorize the payment of operating expenses. For a discussion of the fees payable to the Manager, see Item 2.8 "Fees and Expenses".

The Trust Declaration provides that the Manager and certain affiliated parties have a right of indemnification from the Fund for legal fees, judgments and amounts paid in settlement incurred in carrying out their duties under the Trust Declaration, except in certain circumstances, including where there has been gross negligence, lack of good faith or wilful default on the part of the Manager or the Manager has failed to fulfill its standard of care as set out in the Trust Declaration. In addition, the Trust Declaration contains provisions limiting the liability of the Manager.

Pursuant to the Trust Declaration, the Manager may resign upon 90 days' written notice to the Unitholders. The Manager must appoint a successor, which appointment must be approved by a majority of the Unitholders unless the successor is an affiliate of the Manager. If no successor Manager is appointed or if Unitholders fail to approve a successor, the Fund shall be terminated.

The Trustee

Picton Mahoney acts as the Trustee of the Fund pursuant to the Trust Declaration. The Trustee has those powers and responsibilities in respect of the Fund as described in the Trust Declaration. The Trustee is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Pursuant to the Trust Declaration, the Manager may remove the Trustee and appoint a successor trustee from time to time on 90 days' written notice or in certain other circumstances. The Trustee or any successor appointed pursuant to the terms of the Trust Declaration may resign upon 90 days' written notice to the Manager, who shall use its best efforts to appoint a successor trustee. If no successor Trustee is appointed, the Fund shall be terminated.

The Trust Declaration provides that the Trustee and its affiliates have a right of indemnification from the Fund, and to the extent that the assets of the Fund are insufficient to satisfy such right, from the Manager, for any claims arising out of the execution of its duties as trustee, except in cases of negligence, wilful default or bad faith on the part of the Trustee. In addition, the Trust Declaration contains provisions limiting the liability of the Trustee.

Meetings of Unitholders

The Fund will not hold regular meetings, however the Manager may convene a meeting of Unitholders, or a Class of Unitholders, as it considers appropriate or advisable from time to time. The Trustee must also call a meeting of Unitholders or of a Class of Unitholders on the written request of Unitholders holding not less than 50% of the outstanding Units (or Units of a Class with respect to a Class meeting) in accordance with the Trust Declaration, provided that in the event of a request to call a meeting of Unitholders made by such Unitholders, the Trustee shall not be obliged to call any such meeting until it has been satisfactorily indemnified by such Unitholders against all costs of calling and holding such meeting.

Units of a Class shall vote separately as a Class if the notice calling the meeting so provides.

Not less than 21 days' notice will be given of any meeting of Unitholders. The quorum at any meeting is two or more Unitholders present in person or by proxy representing not less than 10% of the Units, or Units of a Class, as applicable, then outstanding. If no quorum is present at such meeting when called, the meeting will be adjourned by the Manager to a date and time determined by the Manager, and at the adjourned meeting the Unitholders then present in person or represented by proxy will form the necessary quorum, if notice of the adjourned meeting is given.

Any consent of Unitholders under the Trust Declaration must be given by not less than 50% of the Units or Units of a Class, as applicable.

Amendment of the Trust Declaration

The Trust Declaration may be amended by the Manager, if the amendment is not a material change, is not one of the matters specified in the Trust Declaration as requiring Unitholders' approval, does not adversely affect the pecuniary

value of the interest of any Unitholder or restrict any protection provided for the Trustee or increase the responsibilities of the Trustee. In addition, certain amendments which are necessary or desirable to bring the Trust Declaration into conformity with current practice, to comply with any law, regulation or policy requirement applicable to the Fund, to correct any ambiguity, error or omission in the Trust Declaration, or to enhance the rights of or protect the interests of the Unitholders, may be made by the Manager and the Trustee without any prior notice to or approval of Unitholders. Without limiting the generality of the foregoing, the Manager and the Trustee may agree to amend the Trust Declaration to enhance rights of redemption or to adopt more stringent investment restrictions or make any other change required such that the Fund may be a qualified investment under any applicable legislative or regulatory requirements, if the Manager deems such qualification to be desirable.

The Class attributes set by the Manager may be amended without notice to Unitholders if the amendment, in the opinion of the Manager, is for the protection of or benefit to Unitholders of that Class.

Any amendment which cannot be made in accordance with the above may be made, at any time, by the Manager and the Trustee to take effect after not less than 90 days' written notice of such amendment to the Unitholders, or earlier with the consent of Unitholders as provided for in the Trust Declaration.

The Fund may be terminated on the occurrence of certain events stipulated in the Trust Declaration. The Manager may resign as manager of the Fund, and if no successor is appointed, the Fund will be terminated. On termination of the Fund, the Trustee will distribute the assets of the Fund in cash or in kind in accordance with the Trust Declaration.

Conflict of Interest

Services of the Manager not Exclusive to the Fund

The services of the Manager and its partners, and their respective directors, officers, employees, agents and associates are not exclusive to the Fund. The Manager and its partners, and any of their respective directors, officers, employees, agents and associates may, at any time, engage in the promotion, management or portfolio management of any other fund or trust (including any Underlying Funds) and provide similar services to other investment funds and other clients and engage in other activities. While the Manager and its partners and their respective directors, officers, employees, agents and associates devote as much of their respective time and resources to the activities of the Fund as in their respective judgment is reasonably required, they will not be devoting their time exclusively to the affairs of the Fund. The Manager and its partners and their respective directors, officers, employees, agents and associates will therefore have conflicts of interest in allocating management time, services and functions among the Fund and such other persons for which it provides services (including any Underlying Funds). However, at all times, the Manager will ensure a fair and equitable allocation of its management time, services and functions between the Fund and any other such persons to whom it provides services.

Allocation of Investment Opportunities

Investment decisions for the Fund will be made independently of those made for other clients and independently of investments of the Manager. On occasion, however, the Manager may make the same investment for the Fund and for one or more of its other clients (including any Underlying Funds). If the Fund and one or more of the other clients of the Manager are engaged in the purchase or sale of the same security, the transactions will generally be effected on an equitable basis. However, the Manager may determine from time to time that some investment opportunities are appropriate for certain investment management clients and not others, including the Fund, due to differing objectives, time horizons, liquidity needs or availability, tax consequences and assessments of general market conditions and of individual securities. The Manager may also occasionally determine it to be necessary to allocate limited investment opportunities among the Fund and any other funds or managed accounts under its responsibility (including any Underlying Funds), on a basis deemed appropriate by the Manager. Certain funds or managed accounts may therefore show a gain or a loss that would otherwise not be present within other funds or accounts managed by the Manager.

Conflicts of Interest Policy

The Manager is an Exempt Market Dealer, an Investment Fund Manager, a Portfolio Manager and a Commodity Trading Manager. Additionally, the Fund may invest in units of the Underlying Funds for which the Manager is the

manager and/or portfolio manager in accordance with applicable securities law and with regulatory orders it has obtained. As a result, there are potential conflicts of interest that could arise in connection with the Manager acting in its capacities as Exempt Market Dealer, Investment Fund Manager, Portfolio Manager and Commodity Trading Manager and as the manager and/or portfolio manager of both the Fund and the Underlying Funds.

The Manager has adopted a conflict of interest policy to address and minimize those potential conflicts of interest. The policy states that the Manager will deal fairly, honestly and in good faith with all clients (including the Fund and the Underlying Funds) and not advantage one client over another. The securities laws of the Province of Ontario require securities dealers and advisers, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. These rules require dealers and advisers, prior to trading with or advising their customers or clients, to inform them of the relevant relationships and connections with the issuer of the securities. Clients and customers should refer to the applicable provisions of these securities laws for the particulars of these rules and their rights or consult with a legal adviser. The Fund is a related issuer and a connected issuer of the Manager within the meaning of applicable Canadian securities legislation.

Interest of the Manager and Responsible Persons of Manager in Underlying Funds

The Manager and its partners, and their respective directors, officers, employees, agents and associates of the Manager who have access to, or participate in formulating and making decisions on behalf of the Fund or advice to be given to the Fund (each, a “Responsible Person”) or affiliates of such Responsible Persons are also partners, directors or officers of the Underlying Funds.

The Fund’s investment in an Underlying Fund creates a potential conflict of interest for the Manager relating to the voting of the units of the Underlying Fund held by the Fund in that certain officers, directors and/or substantial security holders of the Manager may be a substantial security holder of the Manager and also may have a significant interest in the Underlying Fund. The Manager intends to address this potential conflict of interest by not voting any units of the Underlying Fund held by the Fund (should the requirement for a vote arise); or the Manager may make arrangements to permit Unitholders to exercise the votes attaching to the Fund’s investment in the Underlying Fund.

The investment by the Fund in units of an Underlying Fund will not result in any duplication of management fees and performance fees to the Fund or the investors of the Fund and the Manager will not receive any management fees or performance fees in respect of the units of the Underlying Fund to be purchased by the Fund. In executing a subscription agreement for Units, investors will acknowledge the multiple roles of the Responsible Persons and consent to the investment by the Fund in the units of any Underlying Funds.

Liability of Unitholders

To the full extent permitted by applicable law, no Unitholder will have any personal liability and no access will be had to the private property of any Unitholder for satisfaction of any obligation or claim arising out of any contract or obligation of the Fund or the Trustee or the Manager (See Item 8 “Certain Risk Factors – Liability of Unitholders”). The Trust Declaration provides that the Fund will indemnify, out of the property of the Fund, each Unitholder in the event any Unitholder is held personally liable.

2.7 Fees and Expenses

Expenses

The Manager paid for the costs of initially organizing the Fund and offering the Units, including the fees and expenses of legal counsel and the Fund’s auditors.

The Fund will pay for all routine and customary expenses relating to the Fund’s operations, including registrar and transfer agency fees and expenses, trustee fees (if any), custodian fees, auditing, legal and accounting fees, communication expenses, printing and mailing expenses, all costs and expenses associated with the sale of Units including securities filing fees (if any), expenses relating to providing financial and other reports to Unitholders and convening and conducting meetings of Unitholders, all taxes, assessments or other governmental charges levied

against the Fund, interest expenses and all brokerage and other fees relating to the purchase and sale of the assets of the Fund. In addition, the Fund will pay for expenses associated with ongoing investor relations and education relating to the Fund.

Each Class of Units is responsible for the expenses specifically related to that Class and a proportionate share of expenses that are common to all Classes of Units. The Manager shall allocate expenses to each Class of Units in its sole discretion as it deems fair and reasonable in the circumstances.

The Manager may from time to time waive any portion of the fees and reimbursement of expenses otherwise payable to it, but no such waiver affects its right to receive fees and reimbursement of expenses subsequently accruing to it.

Management Fee

For providing its services to the Fund pursuant to the Trust Declaration, the Manager receives a management fee (the "Management Fee") from the Fund attributable to the Class A Units and Class F Units, respectively. Each Class of Units is responsible for the Management Fee attributable to that Class.

The Class A Units are charged a Management Fee equal to 0.50% per quarter (2.00% per annum) of the Net Asset Value of the Class A Units, plus applicable taxes, calculated and accrued on each Valuation Date (as defined in Item 5.4), and payable on the last Valuation Date of each quarter.

The Class F Units are charged a Management Fee equal to 0.25% per quarter (1.00% per annum) of the Net Asset Value of the Class F Units, plus applicable taxes, calculated and accrued on each Valuation Date, and payable on the last Valuation Date of each quarter.

Other Classes of the Fund are charged such management fee, if any, as described in the applicable offering document or agreement relating to such Classes.

Performance Fee

The Manager receives a performance fee (the "Performance Fee") in respect of each of the Class A Units and the Class F Units. The Performance Fee in respect of Class A Units and Class F Units shall be calculated and become a liability of the Fund on each Valuation Date and shall be payable at the end of each calendar quarter.

The Performance Fee in respect of each of the Class A Units and Class F Units, as the case may be, on a particular Valuation Date shall be equal to the product of (a) 17.5% of the positive difference between (i) the Adjusted Class Net Asset Value per Unit on the Valuation Date, (ii) the greatest Class Net Asset Value per Unit on any previous Valuation Date (or the date Units of the Class were first issued, where no Performance Fee liability has previously arisen in respect of Units of the Class) (the "high water mark"), less (iii) the Accrued Hurdle Amount per Unit (as defined herein) on the Valuation Date; and (b) the number of Units outstanding on the applicable Valuation Date on which the Performance Fee is determined, plus applicable taxes. As used herein, Adjusted Class Net Asset Value per Unit on a Valuation Date means the Class Net Asset Value per Unit on the Valuation Date, without giving effect to any Performance Fee determined on such Valuation Date.

The "Accrued Hurdle Amount per Unit" on any Valuation Date is the accumulated Hurdle Amount per Unit since the last high water mark that occurred in the current financial year of the Fund. The Hurdle Amount per Unit is calculated and accrued on each Valuation Date and shall be equal to the product of (a) hurdle rate equal to 2% per annum (prorated for the number of days in the year since the last Valuation Date); and (b) the Adjusted Class Net Asset Value per Unit on the applicable Valuation Date.

The Manager may make such adjustments to the Adjusted Net Asset Value per Unit of a Class and/or the applicable "high water mark" as are determined by the Manager to be necessary to account for the payment of any distributions on Units, any Unit splits or consolidations or any other event or matter that would, in the opinion of the Manager, impact upon the computation of Performance Fee. Any such determination of the Manager shall, absent manifest error, be binding on all Unitholders.

The Manager will pay an amount equal to a portion of the Performance Fee, if any, to certain Dealers.

Other Classes of the Fund will be charged such performance fee, if any, as described in the applicable offering document or agreement relating to such Classes.

Fee Rebates

To encourage large investments in the Fund and to be able to offer fees which are competitive for investments of that size, and in certain other circumstances, the Manager may from time to time reduce the Management Fee and/or the Performance Fee that it otherwise would be entitled to receive with respect to such an investor's investment in the Fund provided that the amount of the fee reduction is distributed (a "Fee Distribution") to such unitholder. Fee Distributions of the Fund, where applicable, will be computed on each Valuation Date and shall be payable quarterly, or at such other times as the Manager may determine, first out of net income and the net capital gains of the Fund and thereafter out of capital. Any such reduction in Management Fees and/or Performance Fees in respect of a large investment in the Fund will be negotiated by the Manager and the investor or the investor's Dealer and will be based primarily on the size of the investor's investment in the Fund and the total amount of services provided to the investor with respect to their investment in the Fund. The Manager may also reduce its fees to encourage investors to invest in a new fund. A qualified investor can choose to receive the Fee Distribution in cash or in additional Units. The amount of any Fee Distribution is income to the Unitholder receiving it, to the extent it is paid out of net income or net taxable capital gains of the Fund. See Item 6 "Certain Income Tax Consequences and Eligibility for Investment" and Item 5.5 "Distributions".

Fees and Expenses of the Underlying Funds

For providing its services to the respective Underlying Funds, the Manager receives a management fee and a performance from the respective Underlying Funds attributable to the certain classes of units of the applicable Underlying Fund. However, any investment by the Fund into units of the respective Underlying Funds will not result in any duplication of management fees and performance fees to the Fund or the investors of the Fund as any investment by the Fund into units of the respective Underlying Funds will only be in a class of units of the applicable Underlying Fund that carries no management fees and performance fees. For greater certainty, the Manager will not receive any management fees or performance fees in respect of the units of the Underlying Fund to be purchased by the Fund. In addition, no sales charges or redemption fees are payable by the Fund in relation to its purchase or redemption of units of the Underlying Fund.

Each Underlying Fund will pay for all routine and customary expenses relating to the Underlying Fund's operations, including registrar and transfer agency fees and expenses, trustee fees (if any), custodian fees, auditing, legal and accounting fees, communication expenses, printing and mailing expenses, all costs and expenses associated with the sale of units of the Underlying Fund including securities filing fees (if any), expenses relating to providing financial and other reports to unitholders of the Underlying Fund and convening and conducting meetings of unitholders of the Underlying Fund, all taxes, assessments or other governmental charges levied against the Underlying Fund, interest expenses and all brokerage and other fees relating to the purchase and sale of the assets of the Underlying Fund. In addition, the Underlying Fund will pay for expenses associated with ongoing investor relations and education relating to the Underlying Fund.

The class of units of the Underlying Fund purchased by the Fund will be responsible for the above expenses specifically related to that class of units of the Underlying Fund and a proportionate share of expenses that are common to all classes of units of the Underlying Fund. As a result, Unitholders that invest in an Underlying Fund will indirectly bear a proportionate share of such expenses of such Underlying Fund.

Copies of the offering memorandum, the most recent audited annual financial statements and the most recent unaudited semi-annual financial statements of the Underlying Funds in which the Fund is invested in will be made available to Unitholders free of charge upon request and may be inspected at the principal office of the Fund during normal business hours.

ITEM 3. DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The name, municipality of residence, positions held and securities held of the directors and officers of Picton Mahoney, Manager and Trustee of the Fund are as follows:

Name and Municipality of Principal Residence	Positions Held and the Date of Obtaining that Position	Compensation Paid by the Fund in the Most Recently Completed Financial Year and the Compensation Anticipated to be Paid in the Current Financial Year	Number, Type and Percentage of Securities Held¹
David Picton Toronto, Ontario	Member of Executive Committee, President, Chief Executive Officer and Ultimate Designated Person since September 2004	Nil.	46,224 Units
Arthur Galloway Toronto, Ontario	Member of Executive Committee, Chief Financial Officer, Chief Operating Officer and Corporate Secretary since April 2005	Nil.	880 Units
Catrina Duong Toronto, Ontario	Chief Compliance Officer since June 2017	Nil	0 Units

3.2 Management Experience

The following table provides information about the principal occupation and past employment history of the directors and executive officers of Picton Mahoney.

Name	Principal occupation and related experience
David Picton Toronto, Ontario	David Picton, President and Chief Executive Officer of Picton Mahoney Asset Management, is a founding partner of the firm and lead Portfolio Manager responsible for the Canadian equity market neutral, long short, and long only strategies. Mr. Picton has been a prominent presence in the Canadian investment industry for several decades, including launching Synergy Asset Management Inc. in 1997, working as its lead Canadian momentum portfolio manager and spending eight years as Head of Quantitative Research at RBC Dominion Securities Inc. where he was one of the top ranked analysts in his sector. Mr. Picton holds an Honours Bachelor of Commerce degree from the University of British Columbia. He also received a Leslie Wong Fellowship from the University of British Columbia's prestigious Portfolio Management Foundation.

¹ As at October 1, 2019. As the Fund offers Units on a continuous basis, the number and percentage of securities held after completion of maximum offering cannot be determined.

Name	Principal occupation and related experience
Arthur Galloway Toronto, Ontario	Arthur Galloway, Chief Financial Officer, Chief Operating Officer and Corporate Secretary of Picton Mahoney, is responsible for firm-wide financial operations, internal financial control and internal and external financial reporting. He is also responsible for the financial oversight and administration of Picton Mahoney’s alternative investment funds. Before joining Picton Mahoney, he spent 10 years with Investors Financial Services, holding the position of Director upon his departure, where his clients included numerous global asset management firms. He holds a Bachelor of Business degree in Finance from Brock University and is a CFA charterholder.
Catrina Duong Toronto, Ontario	Catrina Duong, Chief Compliance Officer, is responsible for the monitoring and oversight of Picton Mahoney’s compliance program. Ms. Duong has over 10 years of experience, most recently as a member of the Legal and Compliance Department at BlackRock Asset Management Canada Limited. She has a Bachelor of Arts (Hons) from the University of Toronto, a law degree from Queen’s University and is a member of the Bar of the Province of Ontario.

3.3 Penalties, Sanctions and Bankruptcy

No director, officer or person holding a sufficient number of securities of the Manager to affect materially the control of the Manager has, in the last 10 years:

- (a) been subject to any penalties or sanctions imposed by a court or by a regulatory authority;
- (b) been a director, senior officer or control person of any issuer that has been subject to any penalties or sanctions imposed by a court or by a regulatory authority while the director, officer or control person was a director, officer or control person of such issuer;
- (c) made any declaration of bankruptcy, voluntary assignment in bankruptcy or proposal under bankruptcy or insolvency legislation or been subject to any proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver-manager or trustee to hold assets; or
- (d) been a director, senior officer or control person of any issuer that has made any declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under bankruptcy or insolvency legislation, or been subject to any proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver-manager or trustee to hold assets while the director, officer or control person was a director, officer or control person of such issuer.

3.4 Interest in Underlying Fund

Each of the above officers, directors and/or substantial securityholder of the Manager may each individually, or together in the aggregate, have a significant interest in a Picton Underlying Fund through investments made in units of such Underlying Fund. In addition, each officer and/or director of the Manager may also be a substantial securityholder of the Manager.

As of the date of this Offering Memorandum, the directors and officers of the Manager do not hold, on an aggregate basis, a significant interest in any Picton Underlying Funds.

ITEM 4. CAPITAL STRUCTURE

4.1 Authorized and Issued Capital

An investment in the Fund is represented by Units. The Fund is permitted to have an unlimited number of classes of Units (each, a “Class”) having such terms and conditions as the Manager may determine. Additional Classes may be

offered in future on different terms, including having different fee and dealer compensation terms and different minimum subscription levels. Each Unit of a Class represents an undivided ownership interest in the net assets of the Fund attributable to that Class of Units. The Fund will consult with its tax advisors prior to the establishment of each new Class to ensure that the issuance of Units of the Class will not have adverse Canadian tax consequences. Two (2) Classes of Units are offered under this Offering Memorandum.

Class A Units are designed for investors investing \$25,000 or more, who are not eligible to purchase Class F Units.

Class F Units are designed for investors who are enrolled in a dealer sponsored fee for service or wrap program and who are subject to an annual asset-based fee rather than commissions on each transaction or, at the discretion of the Manager, any other investor for whom the Manager does incur distribution costs, investing \$25,000 or more.

The Fund issues Class I Units, including to other funds managed by the Manager, which are not charged management or performance fees.

Description of Security	Number authorized to be issued	Number outstanding as at October 1, 2019*
Class A Units	Unlimited	147,038
Class F Units	Unlimited	971,645
Class I Units	Unlimited	105,499

*As the Fund offers Units on a continuous basis, the number of Units of each Class after completion of maximum offering cannot be determined.

4.2 Long-term Debt Securities

The Fund has no long-term debt.

4.3 Prior Sales

Type of Security Issued	Date of Issuance	Number of Securities Issued and/or Subscribed For	Average Price per Security	Total Funds Received
Class A Units	November 1, 2018 to October 1, 2019	9,403	14.038	\$132,000
Class F Units	November 1, 2018 to October 1, 2019	284,946	14.723	\$4,195,163

ITEM 5. SECURITIES OFFERED

5.1 Terms of Securities

To date, the Fund has Class A Units and Class F Units, together with each future Class, are referred to collectively as the “Classes.”

Although the money invested by investors to purchase Units of any Class of the Fund is tracked on a Class by Class basis in the Fund’s administration records, the assets of all Classes of the Fund will be combined into a single pool to create one portfolio for investment purposes.

All Units of the same Class have equal rights and privileges. Each whole Unit of a particular Class is entitled to one vote at meetings of Unitholders where all Classes vote together, or to one vote at meetings of Unitholders where that particular Class of Unitholders votes separately as a Class.

The Manager, in its discretion, determines the number of Classes of Units and establishes the attributes of each Class, including investor eligibility, the designation and currency of each Class, the initial closing date and initial offering price for the first issuance of Units of the Class, any minimum initial or subsequent investment thresholds, any minimum redemption amounts or minimum account balances, valuation frequency, fees and expenses of the Class, sales or redemption charges payable in respect of the Class, redemption rights, convertibility among classes and any additional Class specific attributes. The Manager may add additional Classes of Units at any time without prior notice to or approval of Unitholders. No Class of Units will be created for the purpose of giving any Unitholder a percentage interest in the property of the Fund that is greater than the Unitholder's percentage interest in the income of the Fund.

All Units of the same Class are entitled to participate *pro rata*: (i) in any payments or distributions (other than Fee Distributions described in Item 2.8 "Fees and Expenses") made by the Fund to the Unitholders of the same Class; and (ii) upon liquidation of the Fund, in any distributions to Unitholders of the same Class of net assets of the Fund attributable to the Class remaining after satisfaction of outstanding liabilities of such Class. Units are not transferable, except by operation of law (for example, a death or bankruptcy of a Unitholder) or with the consent of the Manager. To dispose of Units, a Unitholder must have them redeemed.

Fractional Units carry the same rights and are subject to the same conditions as whole Units (other than with respect to voting rights) in the proportion which they bear to a whole Unit. Outstanding Units of any Class may be subdivided or consolidated in the Manager's discretion on 21 days' prior written notice. Units of a Class may be re-designated by the Manager as Units of any other Class having an aggregate equivalent Class Net Asset Value (as described in Item 5.4 "Determination of Net Asset Value") if such re-designation is approved by the holder of the Units to be re-designated or with 30 days' prior written notice.

5.2 Subscription Procedure

Purchase of Units

Investors may be admitted to the Fund or may acquire additional Units on a weekly basis as of the last Business Day (any day on which the Toronto Stock Exchange ("TSX") is open for trading is hereinafter referred to as a "Business Day") of each calendar week. The Units are being offered using the mutual fund order entry system FundSERV. Subscription for Units may be made directly through the Manager or from a distributor on the FundSERV network under the Manufacturer Code to Picton Mahoney "PIC" and the order code:

- "PIC600" for Class A Units
- "PIC601" for Class F Units

Funds in respect of any subscription will be payable by investors at the time of the subscription.

Investors who wish to subscribe for Units may do so by delivering a subscription agreement (substantially in the form of the subscription agreement accompanying the Offering Memorandum or such other form of subscription agreement as the Manager may approve) to the Manager, either directly or through Dealers or other persons permitted by applicable securities laws to sell Units, accompanied by a cheque, bank draft or, in the discretion of the Manager, wire transferred funds, in an amount equal to the purchase price on or before the last Business Day of the week. As required by National Instrument 45-106 *Prospectus and Registration Exemptions*, the subscription amount received from investors to whom Units will be issued will be held in trust until at least midnight on the second Business Day after the investors pay such funds to the Fund. Units will be offered at the Class Net Asset Value per Unit calculated as of the applicable Valuation Date. The Class Net Asset Value per Unit for subscriptions which are received and accepted by the Manager prior to 4:00 p.m. (Eastern time) on the last Business Day of a week will be calculated as of the Valuation Date for that week. Subscriptions which are received and accepted by the Manager after 4:00 p.m. (Eastern time) on the last Business Day of a week will be calculated as of the Valuation Date for the following week. See Item 5.4 "Determination of Net Asset Value". All subscriptions for Units are to be forwarded by Dealers, without charge, the same day that they are received, to the Manager or purchased using the FundSERV network, as applicable.

The Manager reserves the right to accept or reject orders, whether made through the Manager or entered on the FundSERV network, and any monies received with a rejected order will be refunded forthwith, without interest, other

compensation or deduction, after such determination has been made by the Manager. The Manager shall not accept subscriptions from and shall not direct the issuance or transfer of Units to: (a) any person who is or would be a “designated beneficiary” of the Fund, as such term is defined in Part XII.2 of the Tax Act, if, as a consequence thereof, the Fund would be liable for tax under Part XII.2 of the Tax Act; (b) a “financial institution”, as defined in the Tax Act for the purposes of the mark-to-market rules, if the Fund itself would be deemed to be a “financial institution” under such rules as a result of such subscription/issuance of Units; or (c) a non-resident of Canada, if in the opinion of the Manager, the issuance or transfer of a Unit to such person could create a material risk that the Fund could lose its status as a mutual fund trust under the Tax Act. If at any time the Manager becomes aware that Units are beneficially owned by one or more entities described above, the Fund may redeem all or such portion of the Units on such terms as the Manager deems appropriate in the circumstances. All subscriptions for and/or transfers of Units shall, if required by the Manager, be accompanied by evidence satisfactory to the Manager confirming that the investor making the subscription or transfer is not and will not be a “designated beneficiary” of the Fund. All subscriptions will be irrevocable. Fractional Units will be issued up to three decimal points.

A book-based system of registration is maintained for the Fund. Unit certificates will not be issued. The register for the Units is kept at the office of the Administrator.

Minimum Investment

The minimum initial investment in the Fund is \$25,000 for the Class A Units and Class F Units and the Manager has the discretion to accept a lesser initial subscription, provided, in each case, that the issuance of Units in respect of such subscription shall otherwise be exempt from the prospectus requirements of applicable securities legislation. Subsequent investments are subject to an additional minimum investment of \$5,000 for all Classes, or such lesser amount as the Manager may, in its sole discretion, determine subject to applicable securities legislation.

Distribution of Units

Units are offered under this Offering Memorandum only to investors resident in the Provinces of British Columbia (the “Offering Jurisdiction”) pursuant to applicable exemptions from the prospectus requirements of the securities laws in the Offering Jurisdiction.

5.3 Redemption of Units

How to Redeem Units

Units may be surrendered to the Manager for redemption at any time. A Unitholder may have his or her Units redeemed as of the last Business Day of any calendar week (the “Redemption Date”) at the Class Net Asset Value per Unit as of the Redemption Date provided the Manager has received a notice of redemption in respect of such Units prior to 4:00 p.m. (Eastern time) on such Valuation Date, otherwise such Units will be redeemed on the next Valuation Date. Requests for redemption made to the Manager must be made in writing with the signature guaranteed by a Dealer, Canadian chartered bank, trust company, a member of a recognized stock exchange in Canada or otherwise guaranteed to the satisfaction of the Manager. If Units are registered in the name of an intermediary such as a Dealer, clearing agency or its nominee, redemption orders must be made through such intermediary. Requests for redemption will be accepted in the order in which they are received.

Where the Units which are the subject of the notice of redemption were purchased from a distributor on the FundSERV network, a request for redemption may also be entered on the FundSERV system in the calendar week in which the Redemption Date occurs, and payment of the redemption proceeds will be made using the FundSERV network. Where the Units which are the subject of the notice of redemption were purchased through the Manager, payment of the redemption proceeds will generally be made by cheque, bank draft or wire transfer. Subject to applicable law, redemption proceeds may be made in kind if in the Manager’s discretion circumstances do not permit a payment in cash. The Manager shall within three Business Days following the determination of the Class Net Asset Value per Unit for the applicable Redemption Date distribute an amount equal to the Class Net Asset Value per Unit determined as of the relevant Redemption Date. See Item 5.4 “Determination of Net Asset Value”. Any payment referred to above, unless such payment is not honoured, will discharge the Fund, the Trustee, the Manager and their agents from all liability to the redeeming Unitholder in respect of the payment and the Units redeemed.

Suspension of Redemptions

The Manager may suspend the redemption of Units or a Class of Units, or payments in respect thereof, for any period during which (a) the Trustee is closed for business; (b) normal trading is suspended on any stock exchange, options exchange or futures exchange within or outside Canada on which securities which represent more than 50% of the underlying market exposure of the total assets of the Fund, without allowance for liabilities, are listed and traded; or (c) during any other period in which the Manager determines that conditions exist which render impractical the sale of assets or impair the ability to determine the value of any of the Fund's assets. In addition, if the Manager has received requests to redeem 30% or more of the outstanding Units on a Redemption Date, payment of the redemption proceeds may be deferred for up to 90 days following the determination of the Net Asset Value for such Redemption Date. The redemption price will be adjusted by changes in the Net Asset Value per Unit of the Class during this suspension period and calculated on the Valuation Date as of when the redemption occurs.

Any suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making redemption requests will (unless the suspension lasts for less than 48 hours) be advised by the Manager of the suspension and that redemption requests previously received will be effected as of the first Valuation Date following the termination of the suspension. All such Unitholders will (unless the suspension lasts for less than 48 hours) be advised that they have the right to withdraw any requests for redemption previously submitted.

The suspension will terminate on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized to be imposed then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of a suspension of redemptions made by the Manager is conclusive. The Unitholder will receive payment of redemption proceeds based on the Class Net Asset Value per Unit on the Valuation Date that next follows the termination of the suspension.

Short-term Trading Deduction

In order to protect the interest of the majority of investors in the Fund and to discourage short-term trading in the Fund, investors may be subject to a short-term trading deduction. If an investor redeems Units within 120 days of purchasing such Units, the Fund may deduct and retain, for the benefit of the remaining Unitholders in the Fund, five percent (5%) of the Class Net Asset Value of the Units being redeemed.

Mandatory Redemptions

The Manager may in its discretion cause the Fund to redeem all or a portion of a Unitholder's Units by giving 30 days' prior written notice to the Unitholder, specifying the number of Units to be redeemed. For example, the Manager may cause the Units of any Unitholder to be redeemed if at any time as a result of redemptions the value of the Unitholder's investment in the Fund is less than the minimum initial subscription amount. In addition, the Manager may cause the Fund to redeem Units owned by a person or partnership that is a "designated beneficiary" without notice if the continued ownership of Units by such person or partnership could have adverse tax consequences to the Fund. In addition, the Fund may redeem Units as described above under Item 5.2 "Securities Offered - Subscription Procedure – Purchase of Units".

Resale Restrictions

Units are not transferable except by operation of law or with the consent of the Manager. There is no formal market for the Units and none is expected to develop. Furthermore, this offering of Units is not qualified by way of prospectus and consequently, the resale of Units will be subject to restrictions under applicable securities legislation. Unitholders may not be able to resell Units and may only be able to redeem them. Redemptions of Units may be subject to the limitations described under "Redemption of Units" and "Purchase of Units". Investors are advised to seek legal advice prior to any resale of the Units.

5.4 Determination of Net Asset Value

Valuation Dates

The Fund's net asset value (the "Net Asset Value") is calculated as the value of the Fund's assets, less its liabilities, computed on a particular date in accordance with the Trust Declaration. The Administrator of the Fund (or such other person or entity designated by the Manager) will calculate the Net Asset Value of the Fund as of the last Business Day of each week, and such other days as the Trustee may determine, at the close of regular trading on the TSX, normally 4:00 p.m. (Eastern time) (each, a "Valuation Date"). The Fund will also be valued for reporting purposes only, on the last Business Day of the month on which the TSX is open for business, at the close of regular trading, normally 4:00 p.m. (Eastern time).

The Class Net Asset Value per Unit on a Valuation Date is obtained by dividing the value of the assets of the Fund less the amount of its liabilities, in each case attributable to that Class, by the total number of Units of the Class outstanding at the close of business on the Valuation Date and adjusting the result to a maximum of three decimal places.

Valuation Principles

The Net Asset Value will be calculated by the Valuation Agent as of each Valuation Date by subtracting the amount of the liabilities of the Fund from the total assets of the Fund. The total assets of the Fund will be valued as follows:

- (a) the value of any cash on hand, on deposit or on call, prepaid expenses, cash dividends declared and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Valuation Agent determines that any such deposit or call loan is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Valuation Agent determines to be the reasonable value thereof;
- (b) the value of any bonds, debentures, and other debt obligations shall be valued by taking the average of the bid and ask prices from recognized pricing vendors on a Valuation Date at such times as the Valuation Agent, in its discretion, deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest;
- (c) the value of any security, index futures or index options thereon which is listed on any recognized exchange shall be determined by the closing sale price at the close of business on the Valuation Date or, if there is no sale price, the average between the closing bid and the closing asked price on the day on which the Net Asset Value of the Fund is being determined, all as reported by any report in common use or authorized as official by a recognized stock exchange; provided that if such stock exchange is not open for trading on that date, then on the last previous date on which such stock exchange was open for trading;
- (d) the value of any security which is traded over-the-counter will be priced at the average of the last bid and asked prices quoted by a major dealer or recognized information provider in such securities;
- (e) the value of any security or other asset for which a market quotation is not readily available shall be its fair market value as determined by the Valuation Agent;
- (f) the value of any security, the resale of which is restricted or limited, shall be the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Fund's acquisition cost was of the market value of such securities at the time of acquisition; provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restriction will be lifted is known;

- (g) purchased or written clearing corporation options, options on futures, over-the-counter options, debt like securities and listed warrants shall be valued at the current market value thereof;
- (h) where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by the Fund shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation of such options shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the Net Asset Value. The securities, if any, which are the subject of a written clearing corporation option, or over-the-counter option shall be valued at their then current market value;
- (i) the value of a futures contract, or a forward contract, shall be the gain or loss with respect thereto that would be realized if, at 4:00 p.m. (Eastern time), the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;
- (j) the value of the securities of an investment fund shall be the net asset value or similar value of the securities of the investment fund as provided by the manager, administrator or party acting in a similar capacity of the investment fund and available to the Valuation Agent as of a time proximate to the close of business on the date on which the Net Asset Value is being calculated, whether or not the securities of such investment fund are listed or dealt with on a stock exchange. If a net asset value or similar value of the investment fund as of a time reasonably proximate to the close of business on the date on which the Net Asset Value is being calculated is not available to the Valuation Agent, the value shall be based on an estimate provided by the Manager or in such other manner as the Valuation Agent shall determine;
- (k) margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- (l) all securities, property and assets of the Fund valued in a foreign currency and all liabilities and obligations of the Fund payable by the Fund in foreign currency shall be converted into Canadian funds by applying the rate of exchange obtained from the best available sources to the Valuation Agent, including, but not limited to, the Valuation Agent or any of its affiliates;
- (m) all expenses or liabilities (including fees payable to the Manager) of the Fund shall be calculated on an accrual basis; and
- (n) the value of any security or property to which, in the opinion of the Valuation Agent, the above valuation principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair value thereof determined in such manner as the Valuation Agent from time to time provides.

The Net Asset Value of the Fund and each Class are calculated in Canadian dollars. The Net Asset Value of the Fund and each Class are reported in Canadian currency. The Net Asset Value of the Fund and each Class may be reported in such other currencies as the Valuation Agent may from time to time determine, based on the current end of day rate or rates of exchange, as the case may be, reported by any report in common use.

The Valuation Agent is entitled to rely on any values or quotations supplied to it by a third party, including the Manager, and is not required to make any investigation or inquiry as to the accuracy or validity of such values or quotations. Provided the Valuation Agent acts in accordance with its standard of care, it shall be held harmless by the Fund and shall not be responsible for any losses or damages resulting from relying on such information.

5.5 Distributions

The Fund intends to distribute sufficient net income (including net realized capital gains, if any) to Unitholders in each taxation year to ensure that the Fund is not liable for income tax under Part I of the Tax Act, after taking into account any loss carry forwards and capital gains refunds. All distributions (other than Fee Distributions) will be made on a *pro rata* basis within each Class to each registered Unitholder determined as of the close of business (prior to any subscriptions or redemptions) on the last Valuation Date prior to the date of the distribution.

Subject to applicable securities legislation, all distributions made by the Fund (net of any deductions or withholdings required by law) will be automatically reinvested in additional Units or fractions of Units at the Class Net Asset Value per Unit. Potential investors should keep this policy in mind when determining whether or not an investment in the Fund is suitable for their particular circumstances. The Manager reserves the right to change such policy, and may elect to have distributions paid in cash. Distributions paid in cash are expected to be paid within three Business Days after they have been declared.

The Manager may make such designations, determinations and allocations for tax purposes of amounts or portions of amounts which the Fund has received, paid, declared payable or allocated to Unitholder as distributions or redemption proceeds.

The costs of distributions, if any, will be paid by the Fund.

ITEM 6. CERTAIN INCOME TAX CONSEQUENCES AND ELIGIBILITY FOR INVESTMENT

The following is, as of October 1, 2019 a summary of certain of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units by a Unitholder who acquires Units pursuant to this Offering Memorandum. This summary is applicable to a Unitholder who is an individual (other than a trust) and who, for the purposes of the Tax Act and at all relevant times is resident in Canada, deals at arm's length and is not affiliated with the Fund, and holds Units as capital property.

Generally, Units will be considered to be capital property to a holder provided the holder does not hold the Units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have their Units, and all other "Canadian securities" owned or subsequently owned by them, treated as capital property by making an irrevocable election under subsection 39(4) of the Tax Act. Unitholders should consult their own tax advisors as to whether an election under subsection 39(4) of the Tax Act is available or advisable in their circumstances.

This summary assumes that none of the issuers of securities held by the Fund will be a foreign affiliate of the Fund or any Unitholder or a non-resident trust that is not an "exempt foreign trust" as defined in section 94 of the Tax Act. This summary also assumes that (i) the Fund will not be a "SIFT trust" for the purposes of the Tax Act, (ii) the Fund will, at all material times, constitute a "mutual fund trust" for the purposes of the Tax Act, and (iii) the Fund will not be required to include any amounts in income pursuant to section 94.1 or section 94.2 of the Tax Act.

This summary is based on the provisions of the Tax Act and the regulations thereunder, along with an understanding of the current published administrative and assessing practices of the Canada Revenue Agency (the "CRA"), all as of March 31, 2015, and all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to March 31, 2015 (the "Proposed Amendments"). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Units, and does not describe the income tax consequences relating to the deductibility of interest paid on money borrowed to acquire Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on an investor's particular circumstances, including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors should consult their own tax advisors

for advice with respect to the income tax consequences of an investment in Units, based on their own particular circumstances.

6.1 Taxation of the Fund

The Fund will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to Unitholders in the year. The Fund intends to deduct, in computing its income in each taxation year, the full amount available for deduction in each year and, therefore, provided the Fund makes distributions in each year of its net income and net realized capital gains as described under Item 5.5 “Distributions”, it will generally not be liable in such year for any tax on its net income or profit under Part I of the Tax Act.

The Fund generally intends to account for gains and losses realized on transactions in derivatives on income account. However, the Fund may report certain share option transactions on capital account. Gains and losses realized on the disposition of shares held in long positions will generally be reported as capital gains and capital losses. Whether gains and losses realized by the Fund are on income or capital account will depend largely on factual considerations. The Fund has elected under section 39(4) of the Tax Act such that all gains and losses realized by the Fund on “Canadian securities” will be deemed to be capital gains and losses. If the Fund is not a “mutual fund trust” for purposes of the Tax Act at any particular time, whether the Fund will be entitled to the benefit of such election will depend on factual considerations.

The Fund will be required to include in income for each taxation year all interest that accrues during the taxation year or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing the Fund’s income for a preceding taxation year. Where the Fund transfers a debt security to a transferee who becomes entitled to interest that accrued on the security prior to the transfer, such accrued interest will generally be included as interest in computing the Fund’s income. The Fund will also be required to include in income any taxable dividends received on shares of corporations and generally any other income earned on its investments.

In computing its income for tax purposes the Fund may deduct reasonable administrative and other expenses incurred to earn income, generally including interest payable by the Fund on money borrowed to purchase securities. The Fund may generally deduct the costs and expenses of the offering of Units under this Offering Memorandum that are paid by the Fund at a rate of 20% per year, pro-rated where the Fund’s taxation year is less than 365 days.

The Fund’s portfolio may include securities which are not denominated in Canadian dollars. The cost and proceeds of disposition of securities, dividends, interest and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars at the exchange rate prevailing at the time of the transaction, as more particularly determined in accordance with section 261 of the Tax Act. Accordingly, the Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

The Fund may be subject to the “straddle losses” rules contained in the Tax Act, which generally defer the realization of any loss on the disposition of a “position” to the extent of any unrealized gain on an offsetting “position”. For the purposes of these rules, a “position” held by the Fund includes any interest in actively traded personal properties such as commodities, derivatives, and certain debt obligations. An offsetting “position” is any similar interest that has the effect of eliminating all or substantially all of the Fund’s risk of loss and opportunity for gain in respect of the underlying “position”.

The Fund may derive income or gains from investments in countries other than Canada and, as a result, may be liable to pay foreign income or profits tax to such countries. To the extent such foreign tax paid by the Fund exceeds 15% of the amount included in the Fund’s income from such investments, such excess may generally be deducted by the Fund in computing its income for purposes of the Tax Act. To the extent that such foreign tax paid does not exceed 15% of such foreign source income and has not been deducted in computing the Fund’s income, the Fund may designate a portion of its foreign source income in respect of a Unitholder so that such income and a portion of the foreign tax paid by the Fund may be regarded as foreign source income of, and foreign tax paid by, the Unitholder for the purposes of the foreign tax credit provisions of the Tax Act.

The Tax Act provides for a special tax on “designated income” of certain trusts that are not mutual fund trusts and that have “designated beneficiaries”. The Trust Declaration contains certain restrictions that would prevent persons who would be designated beneficiaries of the Fund from owning Units when the Fund is not a mutual fund trust. Accordingly it is expected that the special tax on designated income will not apply to the Fund.

The Fund may be subject to alternative minimum tax in any taxation year throughout which the Fund is not a mutual fund trust for purposes of the Tax Act.

Losses incurred by the Fund cannot be allocated to Unitholders but may be deducted by the Fund in future years in accordance with the Trust Declaration and the Tax Act. In the event the Fund would otherwise be liable for tax on its net realized taxable capital gains for a taxation year, it will generally be entitled for such taxation year to reduce (or receive a refund in respect of) its liability for such tax by an amount determined under the Tax Act based on the redemption of Units of the Fund during the year (the “capital gains refund”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the Fund’s tax liability for the taxation year arising in connection with the disposition of property on the redemption of Units.

All or a portion of any capital gain or income realized by the Fund in connection with a redemption of Units may, at the discretion of the Trustee, be treated as capital gains or income paid to, and designated as capital gains or income of, the redeeming Unitholder. Such income or the taxable portion of the capital gain so designated must be included in the income of the redeeming Unitholder (as income or taxable capital gains) and will be deductible by the Fund in computing its income.

6.2 Taxation of Unitholders

A Unitholder will generally be required to include in computing income for a taxation year the amount of the Fund’s net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder (whether in cash or in Units) in the taxation year. Net income (or losses) including capital gains (or capital losses) realized by the Fund in a taxation year in respect of a particular Class of Units must be netted against losses (or gains) or capital losses (or gains) realized by the Fund in that year in respect of all other classes of Units, in accordance with the rules provided in the Tax Act, to determine the net income and net capital gains of the Fund as a whole for that year. This netting may result in income and/or capital gains allocations to a particular Class of Units that differ from those that would result if such Units had been issued by a separate trust having only one class and series of units. The non-taxable portion of the Fund’s net realized capital gains paid or payable to a Unitholder in a taxation year will not be included in the Unitholder’s income for the year. Any other amount in excess of the Fund’s net income for a taxation year paid or payable to the Unitholder in the year will not generally be included in the Unitholder’s income. Such amount, however, will generally reduce the adjusted cost base of the Unitholder’s Units, except to the extent such amount is the non-taxable portion of a capital gain of the Fund the taxable portion of which was designated to the Unitholder. To the extent that the adjusted cost base to a Unitholder of a Unit would be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the adjusted cost base to the Unitholder of Units will be increased by the amount of such deemed capital gain.

Provided that appropriate designations are made by the Fund, such portion of (i) the net realized taxable capital gains of the Fund, (ii) the foreign source income of the Fund and foreign taxes eligible for the foreign tax credit, and (iii) taxable dividends received by the Fund on shares of taxable Canadian corporations, as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules contained in the Tax Act will apply.

The Class Net Asset Value per Unit will reflect any income and gains of the Fund that have accrued at the time Units are acquired. Accordingly, the Fund or a Unitholder who acquires Units may become taxable on the Unitholder’s share of income and gains of the Fund that accrued before the Units were acquired.

On the disposition or deemed disposition of a Unit, the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder’s proceeds of disposition (other than any amount payable by the Fund that represents an amount that is otherwise required to be included in the Unitholder’s income as described above) exceed (or are exceeded by) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. For the

purpose of determining the adjusted cost base of Units of a particular Class, the cost of the newly acquired Units will be averaged with the adjusted cost base to a Unitholder of all Units of the Class owned by the Unitholder as capital property before the acquisition. If the Fund distributes property in kind, a Unitholder's proceeds of disposition would generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received, less any capital gain realized by the Fund on the disposition. Based on published administrative positions of the CRA, a re-designation of Units of a particular Class to another Class should not result in a disposition of the Units.

One-half of any capital gain ("taxable capital gain") realized on the disposition of Units will be included in the Unitholder's income and one-half of any capital loss realized may be deducted from taxable capital gains in accordance with the provisions of the Tax Act.

In general terms, net income of the Fund paid or payable to a Unitholder that is designated as net realized taxable capital gains or dividends from taxable Canadian corporations, and taxable capital gains realized on the disposition of Units may increase the Unitholder's liability for alternative minimum tax.

6.3 International Tax Information Reporting

In March 2010, the U.S. enacted the Foreign Account Tax Compliance Act ("FATCA"), which imposes certain reporting requirements on non-U.S. financial institutions. The governments of Canada and the United States have entered into an Intergovernmental Agreement (the "IGA") which establishes a framework for cooperation and information sharing between the two countries and may provide relief from a 30% U.S. withholding tax under U.S. tax law (the "FATCA Tax") for Canadian entities, such as the Fund, provided that (i) the Fund complies with the terms of the IGA and the Canadian legislation implementing the IGA in Part XVIII of the Tax Act, and (ii) the government of Canada complies with the terms of the IGA. The Fund will endeavour to comply with the requirements imposed under the IGA and Part XVIII of the Tax Act. Under Part XVIII of the Tax Act, Unitholders are required to provide identity and residency and other information to the Fund (and may be subject to penalties for failing to do so), which, in the case of "Specified U.S. Persons" or certain non-U.S. entities controlled by "Specified U.S. Persons", will be provided, along with certain financial information (for example, account balances), by the Fund to the CRA and from the CRA to the U.S. Internal Revenue Service. The Fund may be subject to FATCA Tax if it cannot satisfy the applicable requirements under the IGA or Part XVIII of the Tax Act, or if the Canadian government is not in compliance with the IGA and if the Fund is otherwise unable to comply with any relevant and applicable U.S. legislation. Any such FATCA Tax in respect of the Fund would reduce the Fund's distributable cash flow and net asset value.

Part XIX of the Tax Act implements the Common Reporting Standard developed by the Organisation for Economic Co-operation and Development. Pursuant to Part XIX of the Tax Act, "Canadian financial institutions" that are not "non-reporting financial institutions" (as both terms are defined in Part XIX of the Tax Act) are required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities the "controlling persons" of which are resident in a foreign country, and to report required information to the CRA. Such information is expected to be exchanged on a reciprocal, bilateral, basis with the tax authorities of the foreign country in which the account holders or such controlling persons are resident, pursuant to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. Pursuant to Part XIX of the Tax Act, Unitholders are required to provide certain information regarding their investment in the Fund for the purpose of such information exchange, unless the investment is held within certain Registered Plans.

6.4 Eligibility for Investment

Provided the Fund qualifies as a "mutual fund trust" for purposes of the Tax Act, Units will be qualified investments for a Registered Plan. Investors should consult the Manager as to whether the Fund qualifies as a "mutual fund trust" at any particular time.

Notwithstanding the foregoing, if Units are "prohibited investments" for a TFSA, an RDSP, an RRSP, and RRIF or an RESP, a Plan Holder will be subject to a penalty tax as set out in the Tax Act. A "prohibited investment" includes (but is not limited to) a unit of a trust which does not deal at arm's length (for purposes of the Tax Act) with the Plan Holder, or in which the Plan Holder, either alone or together with persons with whom the Plan Holder does not deal at arm's length (for purposes of the Tax Act), owns Units that have a value equal to 10% or more of the value of the

trust's outstanding units. Plan Holders should consult their own tax advisors with respect to whether Units are "prohibited investments" for their TFSAs, RRSPs, RRIFs, RDSPs, or RESPs and the tax consequences of Units being acquired or held by trusts governed by such accounts, plans or funds.

ITEM 7. COMPENSATION PAID TO SELLERS AND FINDERS

Units will be distributed in the Offering Jurisdiction through Dealers, including the Manager (only in British Columbia), and such other persons as may be permitted by applicable law. In the event of such distribution, Dealers (other than the Manager) will be entitled to the compensation described below.

Sales Commissions

In the event of a Dealer sale, a sales commission of up to 5.00% may be deducted from the purchase order and paid by the investor to the Dealer. The remaining amount will be invested in the Fund. Sales commissions may be negotiated between the Dealer and the investor. Units issued on a reinvestment of distributions as described under Item 5.5 "Distributions" will not be subject to a sales commission.

No deferred sales charge option is available.

Servicing Fees

The Manager will pay servicing commissions to Dealers whose clients have purchased Class A Units and remain invested in the Fund during the relevant quarter. The servicing commission, expressed as an annual percentage of the Class Net Asset Value per Unit, is 1.00% for Class A Units. The servicing commissions will be paid on a quarterly basis in arrears. The Manager does not pay servicing commissions in respect of Class F Units. Servicing commissions may be modified or discontinued by the Manager at any time.

Performance-Based Servicing Fees

The Manager will pay an amount equal to a portion of its Performance Fee to Dealers with client assets invested in Class A Units and Class F Units. Dealers will be paid an amount equal to 10% of the Manager's Performance Fee attributable to their clients' investment in Class A Units and Class F Units. The foregoing payments shall be to the extent permitted by applicable securities legislation.

The purpose of the performance-based servicing fee of the Fund is to ensure that the Manager, the Dealer, its representatives and investors all have a common interest in the Fund performing well. The Manager at its discretion may calculate and pay performance-based servicing fees of the Fund on a more or less frequent basis, or may modify, discontinue, or otherwise differentiate this fee among dealers at any time and from time to time.

The Manager may pay an amount equal to a portion of its Performance Fee, if any, with respect to other Classes of the Fund, as described in the applicable offering document or agreement relating to such Classes, to the extent permitted by applicable securities legislation.

ITEM 8. CERTAIN RISK FACTORS

There are certain risks associated with an investment in the Fund. Investors should consider the following risk factors in evaluating the merits and suitability of an investment in the Fund.

The Fund is expected to invest in the Picton Underlying Funds, and the Picton Underlying Funds may invest in other Underlying Funds. Therefore, the return of the Fund will be affected by the risks described herein associated with an investment not only in the Fund, to the extent applicable, but also in the Picton Underlying Funds and any other Underlying Funds that the Fund or the Picton Underlying Funds may invest in. All references to the Fund in this section, shall, as the context requires, also be deemed to be references to the applicable Picton Underlying Funds or Underlying Funds.

For a detailed description of the specific risks applicable to an investment in the Picton Underlying Funds, we encourage you to obtain from the Manager and review a copy of the offering memorandum for the applicable Picton Underlying Fund.

No Assurance of Achieving Investment Objectives

There is no assurance that the Fund will be able to accomplish its objectives. An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Call Risk

The Fund may invest, directly or indirectly, in callable securities. During periods of falling interest rates, an issuer of a callable security may “call” or repay a security before its stated maturity, which may result in the Fund having to reinvest the proceeds at lower interest rates, resulting in a decline in their respective income.

Concentration Risk

The Fund may concentrate its investments in securities of a small number of issuers, sectors, or countries. A relatively high concentration of assets in a small number of investments may reduce the diversification of the Fund’s portfolio. The Fund may be unable to satisfy redemption requests if it cannot sell these investments in a timely and orderly manner. The Fund’s performance may be more volatile due to the impact of the changes in value of these investments on the Fund.

Credit Risk

An issuer of a bond or other fixed income investment may not be able to pay interest or to repay the principal at maturity. The risk of this occurring is greater with some issuers than with others. For example, the risk of default is quite low for most government and high quality corporate securities. Where this risk is considered greater, the interest rate paid by the issuer is generally higher than for an issuer where this risk is considered to be lower. This risk could increase or decline during the term of the fixed income investment.

Companies and governments that borrow money, as well as their debt securities, may be rated by specialized rating agencies. A downgrade in an issuer’s credit rating or other adverse news regarding an issuer can reduce a security’s market value. Other factors can also influence a debt security’s market value, such as the level of liquidity of the security or a change in the market perception of the creditworthiness of the security, the parties involved in structuring the security and the underlying assets, if any. Lower rated debt instruments such as an instrument that has a credit rating below investment grade or may not be rated at all (sometimes referred to as “high yield”), generally offer a better yield than higher-grade debt instruments, but have the potential for substantial loss as compared to higher grade instruments. High yield securities may also be subject to greater levels of credit or default risk and may be traded on markets that are less liquid as compared to higher-quality securities. The value of high yield securities can be adversely affected by overall economic conditions such as an economic downturn or a period of rising interest rates and high yield securities may be less liquid and more difficult to sell at an advantageous time or price, as well as being more difficult to value than higher-rated securities. In particular, high yield securities are often issued by smaller, less creditworthy companies, or by highly leveraged (indebted) firms, which are generally less able than more financially stable firms, to make scheduled payments of interest and principal. High yield securities may also be issued by sovereign governments of countries with less-well developed economies, political systems, and/or financial markets.

Fixed Income Investment Risk

Certain general investment risks can affect fixed income investments in a manner similar to equity investments. For example, specific developments relating to a company and general financial, political and economic (other than interest rate) conditions in the country in which the company operates. For government fixed income investments, general economic, financial and political conditions may affect the value of such securities. Since the Fund’s unit price is based on the value of its investments, an overall decline in the value of its fixed income investments will reduce the value of the Fund and therefore, the value of an investment. However, an investment will be worth more if the value of the fixed income investments in the portfolio increases.

Investment in the Fund should be made with an understanding that the value of the debt securities in the Fund's portfolio will be affected by changes in the general level of interest rates. Generally, debt securities will decrease in value when interest rates rise and increase in value when interest rates decline. The value of the bonds held in the Fund's investment portfolio will be affected by the risk of default in the payment of interest and principal and price changes due to such factors as general economic conditions and the issuer's creditworthiness.

High Yield Securities Risk

The Fund may invest, directly or indirectly, in high yield securities that are, at the time of purchase, rated below investment grade. High yield securities risk is the risk that securities rated below investment grade by a rating agency and/or determined by the Manager may be more volatile than higher-quality securities of similar maturity. High yield securities may also be subject to greater levels of credit or default risk and may be traded on markets that are less liquid as compared to higher-quality securities. The value of high yield securities can be adversely affected by overall economic conditions such as an economic downturn or a period of rising interest rates, and high yield securities may be less liquid and more difficult to sell at an advantageous time or price, and more difficult to value than higher-rated securities. In particular, high yield securities are often issued by smaller, less creditworthy companies, or by highly leveraged (indebted) firms, which are generally less able than more financially stable firms, to make scheduled payments of interest and principal. High yield securities may also be issued by sovereign governments of countries with less-well developed economies, political systems, and/or financial markets.

Interest Rate Risk

The Fund invests in fixed income securities, such as bonds, and money market instruments, and, as a result, is sensitive to changes in interest rates. In general, when interest rates are rising, the value of these investments tends to fall. When rates are falling, fixed income securities tend to increase in value. Fixed income securities with longer terms to maturity are generally more sensitive to changes in interest rates. Certain types of fixed income securities permit issuers to repay principal before the security's maturity date. There is a risk that an issuer will exercise this prepayment right after interest rates have fallen and the Fund holding these fixed income securities will receive payments of principal before the expected maturity date of the security and may need to reinvest these proceeds in securities that have lower interest rates.

Equity Investment Risk

Companies issue equity securities, or stocks, to help pay for their operations and to finance future growth. Equity securities carry several risks and a number of factors may cause the price of a specific equity security to fall. These include specific developments relating to the company, stock market conditions where the company's securities trade and general economic, financial and political conditions in the countries where the company operates. Since a Fund's unit price is based on the value of its investments, an overall decline in the value of the equity securities it holds will reduce the value of the Fund and, therefore, the value of your investment. However, if the price of the equity securities in a Fund's portfolio increases, your investment will be worth more. Equity funds (such as the Funds) generally tend to be more volatile than fixed income funds, and the value of their units can vary widely. Funds that invest in limited partnership units or trust units, such as oil and gas royalty trusts, real estate investment trusts and income trusts, will have varying degrees of risk depending on the sector and the underlying asset or business and may therefore be susceptible to risks associated with the industry in which the underlying business operates, to changes in business cycles, commodity prices, and to interest rate fluctuations and other economic factors.

European Market Exposure

Investing in European countries may expose the Fund to the economic and political risks associated with Europe in general and the specific European countries in which it invests. The economies and markets of European countries are often closely connected and interdependent, and events in one country in Europe can have an adverse impact on other European countries. The Fund may make direct or indirect investments in securities of issuers that are domiciled in, or have significant operations in, member countries of the European Union. The European Union requires compliance by member countries with restrictions on inflation rates, deficits, interest rates and debt levels, as well as fiscal and monetary controls, each of which may significantly affect every country in Europe, including those countries that are not members of the European Union. Changes in imports or exports, changes in governmental or European Union

regulations on trade, changes in the exchange rate of the euro (the common currency of certain European Union countries), the default or threat of default by a European Union member country on its sovereign debt, and/or an economic recession in a European Union member country may have a significant adverse effect on the economies of European Union member countries and their trading partners. The European financial markets have experienced volatility and adverse trends in recent years due to concerns about economic downturns or rising government debt levels in several European countries, including, but not limited to, Greece, Ireland, Italy, Portugal, Spain and Ukraine. These events have adversely affected the exchange rate of the euro and may continue to significantly affect other European countries. Responses to the financial problems by European governments, central banks and others, including austerity measures and reforms, may not produce the desired results, may result in social unrest and may limit future growth and economic recovery or have other unintended consequences. Further defaults or restructurings by governments and other entities of their debt could have additional adverse effects on economies, financial markets and asset valuations around the world. In addition, one or more countries may abandon the euro and/or withdraw from the European Union. The impact of these actions, especially if they occur in a disorderly fashion, is not clear but could be significant and far reaching, including in the United Kingdom, which is a significant market in the global economy. In a referendum held on June 23, 2016, the United Kingdom, resolved to leave the European Union. The referendum may introduce significant new uncertainties and instability in the financial markets as the United Kingdom negotiates its exit from the European Union. Finally, the occurrence of terrorist incidents throughout Europe also could impact financial markets. The impact of these events is not clear but could be significant and far-reaching and adversely affect the value of certain Funds. The investments of the Fund could be negatively impacted by any economic or political instability in any European country.

Foreign Market Exposure Risk

The Fund will, at any time, include securities established in jurisdictions outside Canada and the United States. Although most of such issuers will be subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to similar Canadian and U.S. issuers, some issuers may not be subject to such standards and, as a result, there may be less publicly available information about such issuers than a Canadian or U.S. issuer. Other risks include the application of foreign tax law, changes in governmental administration or economic or monetary policy, and the effect of local market conditions on the availability of public information. Investments in foreign markets carry the potential exposure to the risk of political upheaval, acts of terrorism and war, all of which could have an adverse impact on the value of such securities.

Foreign Currency Exposure Risk

Securities included in the Fund may be valued in or have exposure to currencies other than the Canadian dollar and, accordingly, each Class Net Asset Value will, when measured in Canadian dollars, be affected by fluctuations in the value of such currencies relative to the Canadian dollar. However, the Manager may hedge the Canadian dollar exposure to the foreign currency in whole or in part. There can be no assurance that gains or losses on currency hedging transactions will be matched in timing or characterization with losses and gains on the securities valued in foreign currencies in which the Fund invests.

Fund on Fund Risk

The Fund may invest directly in, or obtain exposure to, other mutual funds and/or exchange-traded funds as part of their investment strategy. Consequently, the Fund is also subject to the risk of the Underlying Funds. If an Underlying Fund suspends redemptions, the Fund may be unable to value part of its portfolio and may be unable to redeem its investment in the Underlying Fund, which may have an adverse impact on the Fund's ability to satisfy redemption requests from its Unitholders.

General Economic and Market Conditions Risk

The success of the Fund's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments. Unexpected volatility or illiquidity may impair the Fund's profitability or result in losses. There can be no assurance that applicable laws, or other legislation, legal and statutory rights will not be changed in a manner which

adversely affects the Fund or its unitholders. There can be no assurance that income tax, securities, and other laws or the interpretation and application of such laws by courts or government authorities will not be changed in a manner which adversely affects the distributions received by the Fund or by the unitholders.

Leverage Risk

The Manager is generally making investment decisions for assets that exceed the Net Asset Value of the Fund. As a result, if the Manager's investment decisions are incorrect, the resulting losses will be more than if investments were made solely in an unleveraged long portfolio as is the case in most conventional equity mutual funds. In addition, leveraged investment strategies can also be expected to increase the Fund's turnover, transaction and market impact costs, interest and securities lending expenses and other costs and expenses.

Hedging Risk

Various hedging techniques may be used in an attempt to reduce certain risks, including hedging options as a means to reduce the risks of both short-selling and taking long positions in certain transactions and hedging currency risks associated with investments denominated in foreign currencies. Recalculations and adjustments to specific position hedges will be performed as market conditions warrant. However, such position hedges entail risks of their own. For example, unanticipated changes in currency exchange rates may result in an overall poorer performance than if currency risks had not been hedged. If market conditions are analyzed incorrectly or a risk reduction strategy is employed that does not correlate well with the Fund's, or other Underlying Fund's, investments, the Fund's, or any other Underlying Fund's, risk reduction techniques could result in a loss, regardless of whether the intent was to reduce risk or increase return.

Underlying Fund Investments Risk

Several factors may result in the returns of the Fund not being equal to the Underlying Funds invested in by the Fund, including, but not limited to, the timing of an investor's investment relative to when the Fund is able to purchase units of the Underlying Funds.

Derivatives Risk

The Fund's use of derivatives involves risks different from and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks, such as liquidity risk, interest rate risk, market risk, credit risk, leveraging risk, counterparty risk and management risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. When the Fund invests in a derivative instrument, it could lose more than the initial amount invested.

Risk of Short Sales

Short sales entail certain risks, including the risk that a short sale of a security may expose the Fund to losses if the value of the security increases. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying those securities to cover the short position. In addition, a short sale by the Fund requires the Fund to borrow securities in order that the short sale may be transacted. There is no assurance that the lender of the securities will not require the security to be paid back by the Fund before the Fund wants to do so, possibly requiring the Fund to borrow the security elsewhere or purchase the security on the market at an unattractive price. Moreover, the borrowing of securities entails the payment of a borrowing fee. The borrowing fee may increase during the borrowing period, adding to the expense of the short sale strategy. There is also no guarantee that the securities sold short can be repurchased by the Fund due to supply and demand constraints in the equity markets. Finally, in order to maintain the appropriate ratios between the long portfolio and the short portfolio of the Fund, the Manager may be required to buy or sell short securities at unattractive prices.

Risk Premia Securities Risk

Portions of the Fund will employ risk premia investing. This style of investing will emphasize investments in securities that have exhibited higher exposure to certain characteristics. Examples include exposure to securities such as those representing broad markets or individual stocks which have exhibited higher recent price performance (momentum), higher yield (carry) or higher intrinsic value (value). This exposure may be relative to itself or as compared to other securities. This style of investing is subject to the risk that these securities may be more volatile than a broad cross section of securities or that the returns on securities that have previously exhibited exposure to these characteristics are less than returns on other styles of investing or the overall stock market. Exposure to securities which have exposure to these certain characteristics can turn quickly and cause significant variation from other types of investments. The Fund may experience significant losses if the behaviour of these risk premia or characteristics stop, turn or otherwise behave differently than predicted. In addition, there may be periods when the exposure to these characteristics is out of favour and the investment performance of the Fund may suffer.

Operating History and Illiquidity of Units Risk

An investment in the Fund entails a degree of risk. There is not now, and there is not likely to develop, any market for the resale of the Units. Approval of the transfer by the Manager and satisfaction of certain requirements specified in the Trust Declaration would be required before any transfer may occur. In addition, the Units are offered pursuant to prospectus and registration exemptions and, accordingly may not be transferred unless appropriate exemptions are available. The Units are subject to limited redemption rights which may be suspended or postponed in certain circumstances.

Counterparty Risk

The Fund may enter into customized financial instrument transactions that are subject to the risk of credit failure or the inability of, or refusal by, the counterparty to perform its obligations with respect to such customized financial instrument transactions, which could subject the Fund to substantial losses.

Prime Broker Risk

Some or all of the assets of the Fund may be held in one or more margin accounts due to the fact that the Fund may from time to time sell securities short. The margin accounts may provide less segregation of customer assets than would be the case with a more conventional custody arrangement. The prime broker may also lend, pledge or hypothecate the assets of the Fund in such accounts, which may result in a potential loss of such assets. As a result, the assets of the Fund could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time if the prime broker experiences financial difficulty. In such case, the Fund may experience losses due to insufficient assets of the prime broker to satisfy the claims of its creditors. In addition, the possibility of adverse market movements while its positions cannot be traded could adversely affect the total return to the Fund. See “Custodial Arrangements”.

Portfolio Turnover Risk

The Manager adjusts the proportions of investments held in the Fund on a relatively frequent basis. In order to do so, the Manager actively trades on a frequent ongoing basis, such that the operation of the Fund may result in a high, annual portfolio turnover rate. The amount of leverage that the Fund operates at also exaggerates the turnover rate of the Fund. The Manager has not placed any limit on the rate of portfolio turnover, and portfolio securities may be sold without regard to the time that they have been held when, in the opinion of the Manager, investment considerations warrant such action. The high rate of portfolio turnover of the Fund involves correspondingly greater expenses than a lower turnover rate (e.g., greater transaction costs such as brokerage fees and market impact costs), and the greater the chance that a Unitholder receiving distributions of income or capital gains from the Fund in a year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

Liquidity of Investments Risk

The Fund's investments may be subject to liquidity constraints because of insufficient depth or volume on the trading markets for the securities the Fund is or has invested in, or the securities may be subject to legal or contractual restrictions on their resale. Each securities exchange typically has the right to suspend or limit trading and/or quotations in all of the securities that it lists. The Fund may not be able to trade securities when it wants to do so or to realize what it perceives to be the securities' fair market value in the event of a trade. The trading of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other trading expenses than do trades of securities that are eligible for trading on securities exchanges or on over-the-counter markets or securities that are listed and hence more liquid. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

Risk of Income Arising on a Change in Investment Strategies

If the investment strategy of the Fund is altered such that the Fund disposes of the Underlying Funds and acquires an alternate portfolio of securities (a "New Portfolio Acquisition"), the Fund will be subject to tax in respect of any income, including net taxable capital gains, arising on the disposition of the Underlying Funds in the taxation year in which the disposition occurs. The amount of the distributions made by the Fund to Unitholders in the year of a New Portfolio Acquisition may be materially higher than the amount of the distributions made to Unitholders during other taxation years of the Fund. An increase in the distributions made by the Fund to Unitholders may result in a material increase in the tax liabilities of a Unitholder in a particular taxation year. However, the Fund does not intend to distribute additional cash to Unitholders in the year in which a New Portfolio Acquisition occurs. Accordingly, Unitholders will generally be required to use funds from other sources to satisfy the increased tax liabilities that may be attributable to the occurrence of a New Portfolio Acquisition.

Class Risk

Since the Fund may have multiple Classes of Units, each Class will be charged, as a separate Class, any expenses such as management fees and servicing fees that are specifically attributable to that Class. However, all other expenses of the Fund generally will be allocated among the Classes of Units by the Manager in a fair and equitable manner, and a creditor of the Fund may seek to satisfy its claims from the assets of the Fund, as a whole, even though its claims relate only to a particular Class of Units.

Performance Fee to the Manager Risk

To the extent described in this Offering Memorandum, the Manager receives a Performance Fee in respect of each of the Class A Units and Class F Units based upon the appreciation, if any, in the Class Net Asset Value of the Class A Units and Class F Units. However, the Performance Fee theoretically may create an incentive for the Manager to make investments that are riskier than would be the case if such fee did not exist. In addition, because the Performance Fee is calculated on a basis that includes unrealized appreciation of the Fund's assets, it may be greater than if such compensation were based solely on realized gains.

Cyber Security Risk

With the increased use of technology in the course of business, the Funds are susceptible to operational, information security and related risks. Generally, cyber security incidents can result from deliberate attacks or unintentional events that threaten the integrity, confidentiality or availability of the Fund's information resources. A cyber security incident includes, but is not limited to, gaining unauthorized access to the Funds' electronic systems (e.g., through hacking or malicious software) to corrupt data, disrupt business operations or steal confidential or sensitive information, or may involve denial of service attacks which may cause system failures and disrupt business operations. Failures or breaches of the electronic systems of the Fund, Manager, other service providers (e.g., transfer agent, custodian, sub-custodians and prime brokers) or the issuers of securities in which the Fund invests have the ability to cause disruptions and negatively impact the Fund's business operations. These disruptions could potentially result in financial losses, interference with the Fund's ability to calculate their net asset values, impediments to trading, inability of the Fund to process transactions including redeeming units, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or compensation or additional compliance costs associated with

corrective measures. Similar adverse consequences could result from cyber security incidents affecting the issuers of securities in which the Fund invests and counterparties with which the Fund engages in transactions. In addition, substantial costs may be incurred to prevent any cyber security incidents in the future. While the Funds have established business continuity plans and risk management systems seeking to address system breaches or failures, there are inherent limitations in such plans and systems and there is no guarantee that such efforts will succeed. Furthermore, the Funds cannot control the cyber security plans and systems of the Funds' service providers or issuers of securities in which the Fund invests.

Cease Trading of Securities Risk

If the securities held directly or indirectly by the Fund are cease-traded by order of a securities regulatory authority or halted from trading by the relevant exchanges, the Fund may halt trading in its Units or temporarily suspend the right to redeem the Units for cash, subject to applicable regulatory approval.

Lack of Management Control by Unitholders Risk

Investors will become Unitholders. The Unitholders will not take part in the management or control of the Fund's business, which is the sole responsibility of the Manager. The Manager will have wide latitude in making investment decisions. The Manager, in certain circumstances, also has the right to dissolve the Fund. The Unitholders have certain limited voting rights, including the right to amend the Trust Declaration under certain circumstances, but do not have any authority or power to act for or bind the Fund. The Manager may require a Unitholder, at any time, to withdraw, in whole or in part, from the Fund.

Early Termination Risk

In the event of the early termination of the Fund, the Fund would distribute to the Unitholders *pro rata* their interest in the assets of the Fund available for such distribution, subject to the rights of the Trustee or Manager to retain monies for costs and expenses. Certain assets held by the Fund may be illiquid and might have little or no marketable value. In addition, the securities held by the Fund would have to be sold by the Fund or distributed in kind to the Unitholders. It is possible that at the time of such sale or distribution certain securities held by the Fund would be worth less than the initial cost of such securities, resulting in a loss to the Unitholders.

Large Transaction Risk

If a Unitholder has significant holdings in the Fund, the Fund is subject to the risk that such large Unitholder may request a significant purchase or redemption of Units, which may impact the cash flow of the Fund. Substantial purchases and redemptions by Unitholders within a short period of time could require the Manager to arrange for the Fund's positions to be acquired or liquidated more rapidly than would otherwise be desirable, which could adversely affect the value of the remaining Units. Large purchases and redemptions may result in: (a) the Fund maintaining an abnormally high cash balance; (b) large sales of portfolio securities impacting market value; (c) increased transaction costs (e.g., commissions); (d) significant changes to the composition of the Fund's portfolio; (e) purchase and/or sale of investments at unfavourable prices; and/or (f) capital gains being realized which may increase taxable distributions to Unitholders. If this should occur, the returns of Unitholders that invest in the Fund may be adversely affected. In addition, regardless of the period of time in which redemptions occur, the resulting reduction in the Fund's assets could make it more difficult to generate a positive rate of return or recoup losses due to a reduced equity base.

Conflicts of Interest Risk

The Manager, its directors and officers and affiliates and associates may engage in the promotion, management or investment management of any other fund or trust which invests primarily in securities to be held in the Fund, and may provide similar services to other investment funds with investment objectives and strategies similar to that of the Fund and other funds and clients and engage in other activities. Although none of the directors or officers of the Manager will devote his or her full time to the business and affairs of the Fund or the Manager, each will devote as much time as is necessary to supervise the management of (in the case of the directors) or to manage (in the case of officers) the business and affairs of the Manager and the Fund.

Liability of Unitholders Risk

The Fund is a unit trust and, as such, the Unitholders do not receive the protection of statutorily mandated limited liability as in the case of shareholders of most Canadian corporations. There is no guarantee, therefore, that Unitholders could not be made party to legal actions in connection with the Fund. However, the Trust Declaration provides that no Unitholder, in its capacity as such, will be subject to any personal liability whatsoever, in tort, contract or otherwise, to any person in connection with the Fund's property or the obligations or the affairs of the Fund and all such persons shall look solely to the Fund's property for satisfaction of claims of any nature arising out of or in connection therewith and the Fund's property only shall be subject to levy or execution. Pursuant to the Trust Declaration, the Fund will indemnify and hold harmless out of the Fund's assets each Unitholder from any costs, damages, liabilities, expenses, charges and losses suffered by a Unitholder resulting from or arising out of such Unitholder not having limited liability.

In any event, it is considered that the risk of any personal liability of Unitholders is minimal and remote in the circumstances, in view of the anticipated equity of the Fund, and the nature of its activities, and the Manager intends to conduct the Fund's operations in such a way to minimize any such risk. In the event that a Unitholder should be required to satisfy any obligation of the Fund, such Unitholder will be entitled to reimbursement from any available assets of the Fund.

The prime brokerage agreement between the Fund and its prime broker(s) provides that no unitholder shall be held to have any personal liability under the prime brokerage agreement and that no recourse shall be had to such unitholder's private property for any obligations of the Fund under the prime brokerage agreement.

Taxation of the Fund Risk

If the Fund fails or ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading "Income Tax Consequences and Eligibility for Investment" would be materially and adversely different in certain respects. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects Unitholders.

Under special rules contained in the Tax Act, trusts that constitute "SIFT trusts" (as defined in the Tax Act) will generally be precluded from deducting certain amounts that would otherwise be deducted for tax purposes if they were paid or become payable to Unitholders in a particular taxation year. If the Fund were found to be a "SIFT trust", the amounts available to be distributed by the Fund to Unitholders could be materially reduced.

Trust Loss Restriction Rule Risk

The Fund may be subject to loss restriction rules contained in the Tax Act (the "Loss Restriction Rules"). If the Fund experiences a "loss restriction event" (i) the Fund will be deemed to have a year-end for tax purposes (which would result in an allocation of the Fund's net income and net realized capital gains at such time to Unitholders so that the Fund is not liable for income tax on such amounts), and (ii) the Fund will be deemed to realize any unrealized capital losses and its ability to carry forward losses will be restricted. Generally, the Fund will have a loss restriction event when a person becomes a "majority-interest beneficiary" of the Fund or a group of persons becomes a "majority-interest group of beneficiaries" of the Fund, as those terms are defined in the Loss Restriction Rules.

US FATCA Compliance Risk

Under U.S. tax rules, Unitholders may be required to provide identity and residency information to the Fund, which may be provided by the Fund to U.S. tax authorities, in order to avoid the 30% FATCA Withholding Tax being imposed on certain U.S. source income and on sale proceeds received by the Fund. In certain circumstances, the Fund may be required to withhold a 30% tax from distributions it pays to Unitholders who have not provided the required information.

In March 2010, the U.S. enacted FATCA, which imposes certain reporting requirements on non-U.S. financial institutions. The governments of Canada and the United States have entered into the Intergovernmental Agreement ("IGA") which establishes a framework for cooperation and information sharing between the two countries and may

provide relief from the FATCA Tax for Canadian entities, such as the Fund, provided that (i) the Fund complies with the terms of the IGA in Part XVIII of the Tax Act, and (ii) the government of Canada complies with the terms of the IGA. The Fund will endeavor to comply with the requirements imposed under the IGA and Part XVIII of the Tax Act. Under Part XVIII of the Tax Act, Unitholders are required to provide identify and residency and other information to the Fund (and may be subject to penalties for failing to do so), which in the case of “Specified U.S. Persons” or certain non-U.S. entities controlled by “Specified U.S. Persons”, will be provided along with certain financial information (for example, account balances), by the Fund to the CRA and from the CRA to the U.S Internal Revenue Service. The Fund may be subject to FATCA Tax if it cannot satisfy the applicable requirements under the IGA or Part XVIII of the Tax Act, or if the Canadian government is not in compliance with the IGA and if the Fund is otherwise unable to comply with any relevant and applicable U.S. legislation. Any such FATCA Tax in respect of the Fund would reduce the Fund’s distributable cash flow and net asset value.

Securities Regulatory Risk

The investment decisions for the Fund may, at times, be restricted as a result of aggregation limits. For example, corporate and/or regulatory requirements with respect to certain industries and markets may limit the aggregate amount of investment in certain issuers by the Fund and other funds or client accounts managed by Picton Mahoney. Exceeding these limits without reporting or the grant of a license, exemption or other corporate or regulatory consent may result in fines or other adverse consequences to the Manager and/or the Fund. As a consequence of these limits, the ability of the Fund to meet its investment objectives may be affected. In order to avoid exceeding these limits, the Manager may, among other actions, limit purchases, sell existing investments and/or transfer, outsource or limit voting rights in the securities held by the Fund.

Change in Legislation Risk

There can be no assurance that applicable laws, or other legislation, legal and statutory rights will not be changed in a manner which adversely affects the Fund and its Unitholders. There can be no assurance that income tax, securities, and other laws or the interpretation and application of such laws by courts or government authorities will not be changed in a manner which adversely affects the distributions received by the Fund or by the Unitholders.

THE FOREGOING LIST OF “CERTAIN RISK FACTORS” DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN AN INVESTMENT IN THE FUND. PROSPECTIVE UNITHOLDERS SHOULD READ THE ENTIRE OFFERING MEMORANDUM AND CONSULT WITH THEIR OWN ADVISORS BEFORE DECIDING TO SUBSCRIBE.

ITEM 9. INVESTMENT RISK RATING OF THE FUND

The methodology used to determine the investment risk level of the Fund for purposes of disclosure in this Offering Memorandum is the historical volatility risk as measured by the standard deviation of fund performance, which is the standard methodology outlined in Appendix F – *Investment Risk Classification Methodology* to National Instrument 81-102 – *Investment Funds*.

The investment risk level for a fund with at least 10 years of performance history will be based on such fund’s historical volatility, as measured by its 10-year standard deviation of performance. The investment risk level for a fund with less than 10 years of performance history will be based on the historical volatility of a reference index that reasonably approximates such fund’s historical performance, as measured by the reference index’s 10-year standard deviation of performance.

However, the Manager recognizes that other types of risk, both measurable and non-measurable, may exist and we remind you that the historical performance of a fund (or a reference index used as its proxy) may not be indicative of future returns and that the historical volatility of such fund (or a reference index used as its proxy) may not be indicative of its future volatility.

The risk rating categories of this methodology are:

Low (standard deviation range of 0 to less than 6) – for funds with a level of risk that is typically associated with investments in Canadian fixed-income funds and in money market funds;

Low to Medium (standard deviation range of 6 to less than 11) – for funds with a level of risk that is typically associated with investments in balanced funds and global and/or corporate fixed-income funds;

Medium (standard deviation range of 11 to less than 16) – for funds with a level of risk that is typically associated with investments in equity portfolios that are diversified among a number of large-capitalization Canadian and/ or international equity securities;

Medium to High (standard deviation range of 16 to less than 20) – for funds with a level of risk that is typically associated with investments in equity funds that may concentrate their investments in specific regions or in specific sectors of the economy; and

High (standard deviation range of 20 or greater) – for funds with a level of risk that is typically associated with investment in equity portfolios that may concentrate their investments in specific regions or in specific sectors of the economy where there is a substantial risk of loss (e.g., emerging markets, precious metals).

The investment risk level of the Fund is reviewed periodically.

Additionally, just as historical performance may not be indicative of future returns, the historical volatility of the Fund may not be indicative of its future volatility.

In accordance with the methodology described above, the Manager has rated the Fund's investment risk as Low.

ITEM 10. REPORTING OBLIGATIONS

Reporting to Unitholders

The fiscal year-end of the Fund is December 31st. Unitholders will be sent audited annual financial statements within 90 days of the Fund's fiscal year-end and unaudited semi-annual financial statements within 60 days of June 30th, or as otherwise required by law. Additional interim reporting to Unitholders will be at the discretion of the Manager. The Fund may enter into other agreements with certain Unitholders which may entitle such Unitholders to receive additional reporting. Unitholders will receive the applicable required tax form(s) within the time required by applicable law to assist Unitholders in making the necessary tax filings. The Fund is relying on the exemption pursuant to section 2.11 of National Instrument 81-106 – *Investment Fund Continuous Disclosure*, not to file its financial statements with the Ontario Securities Commission.

ITEM 11. AUDITORS

The auditors of the Fund are PricewaterhouseCoopers LLP, or such other party as the Manager may retain.

ITEM 12. ADMINISTRATOR, VALUATION AGENT, RECORD KEEPER, TRANSFER AGENT AND REGISTRAR

RBC Investor & Treasury Services Trust, or such other party as the Manager may retain, will act as the Administrator and Valuation Agent of the Fund.

ITEM 13. PRIME BROKERS

13.1 Prime Brokers

Scotia Capital Inc., RBC Dominion Securities Inc. and Goldman, Sachs & Co and such other parties as the Manager may retain, will hold the assets of the Fund.

None of the prime brokers has any responsibility for the preparation or accuracy of this Offering Memorandum.

13.2 Custodial Arrangements

The assets of the Fund are held in the custody of the Fund's prime brokers (See "Prime Brokers" above) in Toronto, Ontario and New York City, New York, respectively. Each of the prime brokers is a "qualified custodian" under National Instrument 31-103 – Registration Requirements, Exemptions and Ongoing Registration Exemptions.

The Manager has entered into a prime brokerage agreement with each prime broker which contains provisions governing the relationship between the parties, such as where the assets of the Fund will be held, the manner in which the Fund's assets will be held, the standard of care of each prime broker, the responsibility for loss of the Fund's assets and the appointment of sub-custodians, where applicable.

In selecting the prime brokers of the Fund to act as custodians of the Fund's assets, the Manager considered such factors as: (i) ease of execution and speed of access to the markets on which the assets of the Fund are traded; (ii) the size, financial stability and strength of the prime broker; (iii) the reduction in the risk of loss to the Fund's assets through the selection of more than one prime broker to act as custodian; and (iv) the laws and regulations to which each prime broker is subject in its principal jurisdiction.

Although the Manager believes that the selection of large, financially sound and regulated prime brokers to act as custodians of the Fund's assets substantially reduces the risk of loss or misappropriation of the Fund's assets is in the best interests of the Fund, the assets of the Fund could nevertheless potentially be at risk of loss in the event of (i) the insolvency of a prime broker or (ii) an error or negligence on the part of a prime broker resulting in a loss to the Fund which is not reimbursable to the Fund under the terms of the applicable prime brokerage agreement.

The Manager monitors its custodial arrangements with the prime brokers of the Fund and may in the future appoint additional or different custodians if the Manager feels this is in the best interests of the Fund and will further reduce the risk of loss or misappropriation of the Fund's assets.

ITEM 14. RESALE RESTRICTIONS

14.1 General Statement

The securities offered under this Offering Memorandum and acquired by investors will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade these securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation. In addition, no Unit may be transferred without the approval of the Manager. Investors are advised to seek legal advice prior to any resale of the Units.

You may redeem your Units with the Fund in accordance with the Trust Declaration. See Item 5.2 "Redemption of Units".

14.2 Restricted Period

Unless permitted under securities legislation, you cannot trade your Units before the earlier of the date that is four (4) months and a day after the date the Fund becomes a reporting issuer in any province or territory of Canada.

ITEM 15. LEGAL COUNSEL

McMillan LLP, or such other party as the Manager may retain, acts as the legal counsel of the Fund.

ITEM 16. PURCHASER'S RIGHTS

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

1. **Two Day Cancellation Right** - You can cancel your agreement to purchase these securities. To do so, you must send a notice to the Manager by midnight on the 2nd Business Day after you sign the agreement to buy the securities.

2. **Statutory and Contractual Rights of Action in the Event of a Misrepresentation**

The following summaries of statutory or contractual rights of action for damages or rescission will apply to a purchase of Units. The applicable securities legislation in certain jurisdictions provides purchasers, or requires purchasers be provided, with remedies for rescission or damages, or both, if this Offering Memorandum or any amendment to it contains a misrepresentation. However, these remedies must be exercised within the time limits prescribed. Purchasers should refer to the applicable legislative provisions, which may be subject to change after the date of this Offering Memorandum, for the complete text of these rights and/or consult with a legal advisor.

In this section "misrepresentation" means:(i) an untrue statement of material fact, or (ii) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, the Offering Memorandum, or amendment thereto, the misrepresentation is deemed to be contained in the Offering Memorandum or amendment thereto.

The rights of action to cancel the agreement or for damages described herein are in addition to and without derogation from any right you may have at law are subject to the express provisions of securities legislation in the province where you resided and the rules, regulations and other instruments thereunder. The following additional provisions apply to statutory or contractual rights of action for damages or rescission will apply to a purchase of Units by purchasers in the provinces listed below:

British Columbia

If there is a misrepresentation in this Offering Memorandum you have a statutory right to sue:

- (a) the Fund to cancel your agreement to buy these Units; or
- (b) for damages against the Fund and every person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you recover will not exceed the price you paid for your Units and will not include any part of the damages the Fund proves does not represent the depreciation in value of the Units resulting from the misrepresentation. The Fund has a defence if it proves you knew of the misrepresentation when you purchased the Units.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence the action to cancel the agreement within 180 days after you signed the agreement to purchase the Units. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and three years the date of the transaction that gave rise to the cause of action.

ITEM 17. FINANCIAL STATEMENTS

The audited annual Financial Statements for the period ended December 31, 2018 are attached hereto and form part hereof.

ITEM 18. DATE AND CERTIFICATE

Dated October 1, 2019.

This offering memorandum does not contain a misrepresentation.

**PICTON MAHONEY DIVERSIFIED STRATEGIES FUND ,
by its Manager and Promoter,
PICTON MAHONEY ASSET MANAGEMENT**

By: "David Picton"

David Picton
President (acting in the capacity
of Chief Executive Officer)

By: "Arthur Galloway"

Arthur Galloway
Chief Financial Officer

ITEM 19.

APPENDIX A

DIRECTORY

ISSUER

Picton Mahoney Diversified Strategies
Fund
33 Yonge Street, Suite 830
Toronto, Ontario
M5E 1G4

MANAGER AND TRUSTEE

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None of the prime brokers has any
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