

## FUND FACTS

# PICTON MAHONEY FORTIFIED ARBITRAGE ALTERNATIVE FUND (formerly Vertex Liquid Alternative Fund) CLASS A (formerly Class B)



March 27, 2020

This document contains key information you should know about Picton Mahoney Fortified Arbitrage Alternative Fund – Class A (the “Fund”). You can find more detailed information in the Fund’s simplified prospectus. Ask your representative for a copy, or contact Picton Mahoney Asset Management (the “Manager”) toll-free at 1-866-369-4108 or [service@pictonmahoney.com](mailto:service@pictonmahoney.com), or visit [www.pictonmahoney.com](http://www.pictonmahoney.com).

**Before you invest in any fund, consider how the fund would work with your other investments and your tolerance for risk.**

**This mutual fund is an alternative mutual fund. It is permitted to invest in asset classes or use investment strategies that are not permitted for other types of mutual funds. The specific strategies that differentiate this fund from other types of mutual funds include: increased use of derivatives for hedging and non-hedging purposes; increased ability to sell securities short; the ability to borrow cash to use for investment purposes; and increased ability to invest in physical commodities. While these strategies will be used in accordance with the fund’s investment objectives and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value.**

On October 21, 2019, Vertex One Asset Management Inc. (“Vertex One”) and the Manager entered into a purchase agreement pursuant to which the Manager acquired the investment fund management contracts for the Vertex Liquid Alternative Fund (renamed the Picton Mahoney Fortified Arbitrage Alternative Fund) and the Vertex Liquid Alternative Fund Plus (renamed the Picton Mahoney Fortified Arbitrage Plus Alternative Fund) (the “Transaction”).

Unitholders of the funds approved the change of manager from Vertex One to the Manager at a special meeting of each fund’s unitholders on November 28, 2019. Further details of the Transaction were provided in a management information circular that was sent to unitholders in connection with the meetings as required by securities regulations.

The Transaction closed on January 13, 2020 and the Manager became the investment fund manager and portfolio manager of each of the funds. In connection with the closing of the Transaction, the Class B units of each fund were reclassified as Class A units, and the Class O units of the Fund were reclassified as Class I units.

### QUICK FACTS

Fund Code:	VRT1000	Fund Manager:	Picton Mahoney Asset Management
Date Class Started:	January 11, 2019	Portfolio Manager:	Picton Mahoney Asset Management
Total Value of the Fund on January 31, 2020:	\$222,368,808	Distributions:	The Fund distributes any net income and net capital gains annual in December. All distributions paid will be automatically reinvested in additional units unless the holder instructs the Fund to pay such distributions in cash.
Management Expense Ratio (MER):	2.69%	Minimum Investments:	\$500 initial, \$50 additional

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### What does the fund invest in?

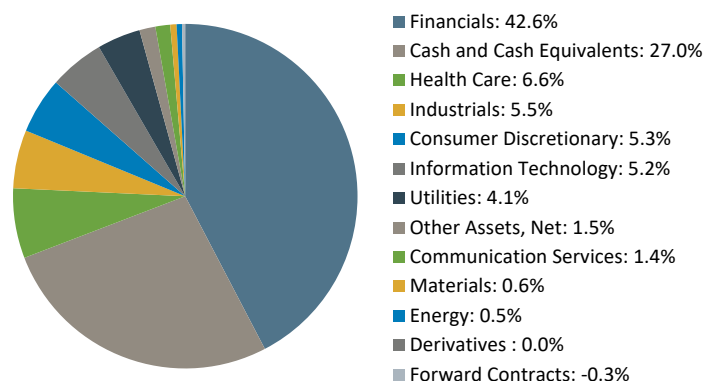
The Fund intends to invest primarily in securities in Canada, the United States and in other foreign jurisdictions. The Fund may also invest in other mutual funds that provide exposure to securities in these jurisdictions. The Fund intends to employ arbitrage strategies, which are specialized investment techniques designed to profit from the successful completion of mergers, take-overs, tender offers, leveraged buyouts, spin-offs, liquidations and other corporate reorganizations. The Fund may engage in physical short sales and borrowing for investment purposes. The Fund may also use leverage through the use of cash borrowing, short selling and specified derivatives. The Fund's aggregate gross exposure must not exceed 200% of its net asset value, calculated on a daily basis. In the ordinary course the Fund will generate leverage through the combined use of short-selling and cash borrowing that will not exceed 50% of its net asset value for a total exposure of 150%.

The charts below give you a snapshot of the Fund's investments on January 31, 2020. The Fund's investments will change.

#### Top 10 Investments (January 31, 2020)

1. Cash and Cash Equivalents	27.0%
2. Allergan Plc	5.0%
3. TD Ameritrade Holding Corp.	3.2%
4. Tech Data Corp.	3.1%
5. Tiffany & Co.	2.9%
6. Wright Medical Group NV	2.8%
7. Altagas Canada Inc.	2.6%
8. Wabco Holdings Inc.	2.4%
9. Advanced Disposal Services Inc.	2.3%
10. Subversive Capital Acquisition Corp.	1.9%
Total percentage of top 10 investments	53.2%
Total number of investments	145

#### Investment Mix (January 31, 2020)



### How risky is it?

The value of the Fund can go down as well as up. You could lose money.

One way to gauge risk is to look at how much the Fund's returns change over time. This is called "volatility".

In general, funds with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. Funds with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money.

### Risk rating

The Manager has rated the volatility of this Fund as **low**.

This rating is based on how much the Fund's returns have changed from year to year. It doesn't tell you how volatile the Fund will be in the future. The rating can change over time. A fund with a low risk rating can still lose money.



For more information about the risk rating and specific risks that can affect the Fund's returns, see the "What is a mutual fund and what are the risks of investing in a mutual fund?" section of the Fund's simplified prospectus.

#### No guarantees

Like most mutual funds, this Fund doesn't have any guarantees. You may not get back the amount of money you invest.

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### How has the fund performed?

This section tells you how the Class A units of the Fund have performed over the past year. Returns are after the annual expenses have been deducted. These expenses reduce the Fund's returns.

#### Year-by-year returns

This information is not available because this class of the Fund has not completed a full calendar year of performance.

#### Best and worst 3-month returns

This table shows the best and worst returns for Class A units of the Fund in a 3-month period over the past year. The best and worst 3-month returns could be higher or lower in the future. Consider how much of a loss you could afford to take in a short period of time.

	Return	3 months ending	If you invested \$1,000 at the beginning of the period
Best Return	1.58%	January 31, 2020	Your investment would rise to \$1,015.81
Worst Return	0.05%	June 30, 2019	Your investment would rise to \$1,000.54

#### Average Return

A person who invested \$1,000 in Class A units of the Fund since inception now has \$1,022.70. This works out to an annual compound return of 2.27%.

### Who is this fund for?

This Fund may be right for you if you:

- are looking for an alternative mutual fund that provides exposure to securities in Canada, the United States and foreign jurisdictions using an arbitrage strategy with low correlation to equity markets;
- are seeking capital gains over a long-term time horizon;
- have a low tolerance for risk; and
- do not invest in this fund if you cannot accept the volatility of equity markets.

### A word about tax

In general, you'll have to pay income tax on any money you make on a fund. How much you pay depends on the tax laws where you live and whether or not you hold the fund in a registered plan such as a Registered Retirement Savings Plan or a Tax-Free Savings Account. Keep in mind that if you hold your fund in a non-registered account, fund distributions are included in your taxable income, whether you get them in cash or have them reinvested.

### How much does it cost?

The following tables show the fees and expenses you could pay to buy, own and sell Class A units of the Fund. The fees and expenses – including any commissions – can vary among classes of a fund and among funds. Higher commissions can influence representatives to recommend one investment over another. Ask about other funds and investments that may be suitable for you at a lower cost.

#### 1. Sales Charges:

The only sales charge option when you buy the Fund is the initial sales charge option. Ask about the pros and cons of this option.

Sales charge option	What you pay		How it works
	In percent (%)	In dollars (\$)	
Initial Sales Charge	0% to 2% of the amount you buy	\$0 to \$20 on every \$1,000 you buy	You and your representative decide on the rate. We deduct the sales charge from the amount you invest and pay it to your representative's firm as a commission.

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### 2. Fund Expenses:

You don't pay these expenses directly. They affect you because they reduce the Fund's returns.

As of December 31, 2019, Class A expenses were 2.95% of its value. This equals to \$29.50 for every \$1,000.

ANNUAL RATE (AS A % OF THE FUND'S VALUE)	
<b>Management expense ratio (MER)</b> This is the total of the Fund's management fee (including the trailing commission), performance fee (if applicable) and operating expenses.	2.69%
<b>Trading expense ratio (TER)</b> These are the Fund's trading costs.	0.26%
<b>Fund expenses</b>	2.95%

The Fund pays the Manager a performance fee determined by the performance of the Fund. It is equal to 15% of the amount by which the performance of the Fund exceeds the previous high-water mark for the class.

#### More about the trailing commission

The trailing commission is an ongoing commission. It is paid for as long as you own units of the Fund. It is for services and advice that your representative and their firm provide to you.

The Manager pays the trailing commission to your representative's firm. It is paid from the Fund's management fee and is based on the value of your investment. For Class A units of the Fund, the Manager pays your representative's firm a trailing commission of 1% each year based on the total value of Class A units. This is the equivalent of \$10 per \$1,000 invested.

### 3. Other Fees:

You may have to pay other fees when you buy, hold, sell or switch Class A units of the Fund.

Fee	What you pay
Short-term trading	The Manager, at its sole discretion, may charge 2.00% of the value of units you sell or switch within 30 days of buying them. This fee goes to Fund.

## What if I Change My Mind?

Under securities law in some provinces and territories, you have the right to:

- withdraw from an agreement to buy mutual fund units within two business days after you receive the simplified prospectus or Fund Facts document, or
- cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the simplified prospectus, annual information form, Fund Facts document or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

## For More Information

Contact Picton Mahoney Asset Management or your representative for a copy of the Fund's simplified prospectus and other disclosure documents. These documents and the Fund Facts make up the Fund's legal documents.

#### Picton Mahoney Asset Management

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To learn more about investing in mutual funds, see the brochure **Understanding mutual funds**, which is available on the website of the Canadian Securities Administrators at [www.securities-administrators.ca](http://www.securities-administrators.ca).