

# FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND



**THINK AHEAD.  
STAY AHEAD.**



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## MANAGEMENT'S RESPONSIBILITY STATEMENT

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The accompanying financial statements have been prepared by Picton Mahoney Asset Management, the Manager of the Picton Mahoney Fortified Active Extension Alternative Fund (the "Fund"). The Manager is responsible for all of the information and representations contained in these financial statements.

The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgements. Management maintains appropriate processes to ensure that relevant and reliable financial information is produced.

### **Picton Mahoney Asset Management**

Toronto, Ontario

August 29, 2022

## NOTICE TO UNITHOLDERS

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The auditor of the Fund has not reviewed these financial statements.

Picton Mahoney Asset Management, the Manager of the Fund, appoints an independent auditor to audit the Fund's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Fund's interim financial statements, this must be disclosed in an accompanying notice.

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## STATEMENTS OF FINANCIAL POSITION

As at June 30, 2022 (unaudited) and December 31, 2021

	June 30, 2022 \$	December 31, 2021 \$
<b>Assets</b>		
<b>Current assets</b>		
Long positions at fair value*	73,476,886	110,963,781
Cash	522,218	-
Options purchased	966,614	923,411
Due from Manager	4,050	71,600
Subscriptions receivable	25,855	18,532
Receivable for investments sold	198,107	1,344,289
Dividends receivable	91,374	137,127
	<u>75,285,104</u>	<u>113,458,740</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Short positions at fair value**	21,151,207	30,820,595
Options written	692,730	526,050
Cash overdraft	-	855,391
Management fee payable	183,320	51,525
Redemptions payable	245	4,992
Accrued liabilities	75,938	63,938
Payable for investments purchased	104,568	530,113
Interest payable	851	851
Dividends payable	19,322	18,802
	<u>22,228,181</u>	<u>32,872,257</u>
<b>Net Assets Attributable to Holders of Redeemable Units</b>	<u>53,056,923</u>	<u>80,586,483</u>
<b>Net Assets Attributable to Holders of Redeemable Units per Class</b>		
Class A	7,229,113	7,565,143
Class F	29,931,934	51,104,692
Class I	954,169	1,102,784
Class ETF	14,941,707	20,813,864
<b>Number of Redeemable Units Outstanding</b>		
Class A	524,260	469,830
Class F	2,098,265	3,083,775
Class I	61,041	61,041
Class ETF	1,105,000	1,325,000
<b>Net Assets Attributable to Holders of Redeemable Units per Unit</b>		
Class A	13.79	16.10
Class F	14.27	16.57
Class I	15.63	18.07
Class ETF***	13.52	15.71
	<u>76,449,557</u>	<u>95,142,661</u>
	<u>(26,885,883)</u>	<u>(31,473,627)</u>
	<u>13.53</u>	<u>15.73</u>

\* Long positions, at cost

\*\* Short positions, at cost

\*\*\* Closing Market Price (TSX)

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Manager

David Picton

Arthur Galloway




President

CFO

## STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the six month periods ended June 30 (unaudited)

	2022 \$	2021 \$
<b>Income</b>		
Net gains (losses) on investments and derivatives		
Interest for distribution purposes	8,973	9,588
Dividends	915,781	614,980
Net realized gain (loss) on investments and options	4,895,841	4,197,681
Change in unrealized appreciation (depreciation) on investments and options	(13,828,343)	4,370,558
Interest and borrowing expense	(115,990)	(65,150)
Dividend expense	(298,639)	(185,109)
Net gains (losses) on investments and derivatives	<u>(8,422,377)</u>	<u>8,942,548</u>
Other income		
Foreign currency gain (loss) on cash and other assets and liabilities	(4,808)	(68,954)
Total Income	<u>(8,427,185)</u>	<u>8,873,594</u>
<b>Expenses</b>		
Management fees	360,277	252,316
Transaction costs	353,691	235,928
Administrative fees	48,879	33,849
Harmonized sales tax	44,390	47,040
Legal fees	25,340	13,050
Securityholder reporting fees	22,100	20,030
Withholding taxes	15,752	7,558
Audit fees	5,430	3,843
Independent Review Committee fees	4,344	3,799
Performance fees	-	294,348
Total Expense before Manager Absorption	<u>880,203</u>	<u>911,761</u>
Less: Expenses Absorbed by Manager	<u>(50,350)</u>	<u>(37,610)</u>
Total Expense after Manager Absorption	<u>829,853</u>	<u>874,151</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<u>(9,257,038)</u>	<u>7,999,443</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class</b>		
Class A	(1,190,581)	772,036
Class F	(5,522,145)	5,546,628
Class I	(148,615)	176,300
Class ETF	(2,395,697)	1,504,479
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit</b>		
Class A	(2.37)	2.26
Class F	(2.00)	2.36
Class I	(2.43)	2.73
Class ETF	(2.15)	2.17

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the six month periods ended June 30 (unaudited)

	2022 \$	2021 \$
<b>Net Assets Attributable to Holders of Redeemable Units at Beginning of Period</b>		
Class A	7,565,143	3,712,451
Class F	51,104,692	32,026,734
Class I	1,102,784	1,286,993
Class ETF	20,813,864	5,002,774
	<u>80,586,483</u>	<u>42,028,952</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>		
Class A	(1,190,581)	772,036
Class F	(5,522,145)	5,546,628
Class I	(148,615)	176,300
Class ETF	(2,395,697)	1,504,479
	<u>(9,257,038)</u>	<u>7,999,443</u>
<b>Redeemable Unit Transactions</b>		
Proceeds from redeemable units issued		
Class A	1,819,849	1,780,452
Class F	7,481,800	17,935,292
Class I	-	-
Class ETF	5,499,013	13,920,222
	<u>14,800,662</u>	<u>33,635,966</u>
Redemption of redeemable units		
Class A	(965,298)	(434,279)
Class F	(23,132,413)	(11,396,934)
Class I	-	(435,000)
Class ETF	(8,975,473)	(1,840,394)
	<u>(33,073,184)</u>	<u>(14,106,607)</u>
<b>Net Increase (Decrease) from Redeemable Unit Transactions</b>	<u>(18,272,522)</u>	<u>19,529,359</u>
<b>Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<u>(27,529,560)</u>	<u>27,528,802</u>
<b>Net Assets Attributable to Holders of Redeemable Units at End of Period</b>		
Class A	7,229,113	5,830,660
Class F	29,931,934	44,111,720
Class I	954,169	1,028,293
Class ETF	14,941,707	18,587,081
<b>Net Assets Attributable to Holders of Redeemable Units at End of Period</b>	<u>53,056,923</u>	<u>69,557,754</u>

## STATEMENTS OF CASH FLOWS

For the six month periods ended June 30 (unaudited)

	2022 \$	2021 \$
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	(9,257,038)	7,999,443
Adjustments for:		
Unrealized foreign exchange (gain) loss on cash	(3,814)	135,375
Net realized (gain) loss on investments and options	(4,895,841)	(4,197,681)
Change in unrealized (appreciation) depreciation on investments and options	13,828,343	(4,370,558)
(Increase) decrease in due from manager	67,550	53,285
(Increase) decrease in interest and other receivables	-	1,619
(Increase) decrease in dividends receivable	45,753	(26,790)
Increase (decrease) in dividends payable	520	8,911
Increase (decrease) in other payables and accrued liabilities	143,795	134,756
Increase (decrease) in performance fee payable	-	(521,270)
Purchase of long positions and repurchases of investments sold short	(106,602,458)	(109,350,736)
Proceeds from sales of long positions and on investments sold short	126,331,577	91,178,456
<b>Net Cash Generated (Used) by Operating Activities</b>	<u>19,658,387</u>	<u>(18,955,190)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from redeemable units issued	14,508,823	33,511,625
Amount paid on redemption of redeemable units	(32,793,415)	(14,097,116)
<b>Net Cash Generated (Used) by Financing Activities</b>	<u>(18,284,592)</u>	<u>19,414,509</u>
Unrealized foreign exchange gain (loss) on cash	3,814	(135,375)
Net increase (decrease) in cash	1,373,795	459,319
Cash, beginning of period	(855,391)	489,885
<b>Cash, End of Period</b>	<u>522,218</u>	<u>813,829</u>
Cash	522,218	813,829
Cash overdraft	-	-
Net Cash (Overdraft)	<u>522,218</u>	<u>813,829</u>
<b>Items classified as operating activities:</b>		
Interest received, net of withholding tax	8,973	11,207
Dividends received, net of withholding tax	945,782	580,632
Interest and borrowing expense paid	(115,990)	(65,150)
Dividends paid	(298,119)	(176,198)

Net of non-cash transfers and switches of \$284,516 (2021 - \$41,756)

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2022 (unaudited)

CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
<b>LONG POSITIONS (140.3%)</b>					<b>Canadian Equities (104.6%)</b>				
<b>Energy (16.1%)</b>					<b>Industrial (14.9%)</b>				
	22,800	Advantage Energy Ltd.	186,527	182,400	11,961	Solaris Resources Inc.	118,831	89,229	
	8,500	Cameco Corp.	243,709	230,010	9,700	Sprott Physical Uranium Trust	143,475	134,539	
	13,800	Canadian Natural Resources Ltd.	976,349	954,546	11,773	SSR Mining Inc.	261,355	253,120	
	18,300	Cenovus Energy Inc.	276,385	448,167	10,800	Wheaton Precious Metals Corp.	607,317	500,904	
	34,000	Enbridge Inc.	1,573,715	1,848,240			<u>7,166,331</u>	<u>6,486,025</u>	
	7,000	Enerplus Corp.	116,981	119,070	<b>Consumer Discretionary (5.4%)</b>				
	61,084	Freehold Royalties Ltd.	578,518	778,210	11,300	ATS Automation Tooling Systems Inc.	451,786	399,455	
	53,784	MEG Energy Corp.	622,307	958,431	3,200	Badger Infrastructure Solutions Ltd.	96,666	90,368	
	19,200	NexGen Energy Ltd.	114,792	88,704	1,000	Boyd Group Services Inc.	158,512	138,660	
	19,200	North American Construction Group Ltd.	290,328	271,296	30,513	Canadian Pacific Railway Ltd.	2,680,611	2,743,424	
	11,706	Parkland Corp.	428,967	409,242	1,300	Cargojet Inc.	234,865	185,263	
	18,878	Suncor Energy Inc.	712,844	852,530	20,700	Drone Delivery Canada Corp., Warrants, 2022-08-05	-	1,449	
	83,406	Tidewater Midstream and Infrastructure Ltd.	108,153	109,262	5,900	Hardwoods Distribution Inc.	231,351	166,734	
	2,000	Tidewater Renewables Ltd.	29,974	22,900	1,600	TFI International Inc.	207,143	165,328	
	19,100	Tourmaline Oil Corp.	<u>576,926</u>	<u>1,278,363</u>	8,600	Thomson Reuters Corp.	1,001,581	1,154,034	
			<u>6,836,475</u>	<u>8,551,371</u>	6,201	Toromont Industries Ltd.	600,002	645,400	
					8,725	Waste Connections Inc.	1,250,490	1,392,510	
					5,725	WSP Global Inc.	831,289	833,217	
							<u>7,744,296</u>	<u>7,915,842</u>	
<b>Materials (12.2%)</b>					<b>Consumer Staples (4.0%)</b>				
	62,700	Aris Gold Corp., Warrants, 2025-07-29	-	19,437	15,300	Alimentation Couche-Tard Inc.	765,848	768,213	
	29,400	Barrick Gold Corp.	837,583	669,144	5,440	Flow Beverage Corp., Warrants, 2023-06-29	-	27	
	40,200	Capstone Copper Corp.	248,370	130,650	5,900	George Weston Ltd.	800,631	887,183	
	8,546	CCL Industries Inc.	530,528	519,939	18,594	Neighbourly Pharmacy Inc.	526,466	455,553	
	29,800	Discovery Metals Corp., Warrants, 2022-08-07	-	-	5,050	TPCO Holding Corp., Warrants, 2026-01-15	1,318	554	
	38,696	Discovery Silver Corp.	53,326	44,500			<u>2,094,263</u>	<u>2,111,530</u>	
	43,200	First Quantum Minerals Ltd.	971,222	1,054,944	<b>Health Care (0.6%)</b>				
	5,739	Franco-Nevada Corp.	1,023,742	971,727	3,600	Carebook Technologies Inc., Warrants	-	-	
	45,000	Freemgold Ventures Ltd., Warrants, 2022-07-29	-	-	3,600	Charlottes Web Holdings Inc., Warrants	-	18	
	16,700	Frontier Lithium Inc.	50,955	38,410	12,500	Chartwell Retirement Residences	156,165	139,375	
	41,100	GoGold Resources Inc.	124,301	84,255	5,000	Cronos Group Inc.	34,731	18,000	
	24,088	Hudbay Minerals Inc.	210,746	126,462					
	3,300	i-80 Gold Corp.	9,273	7,656					
	18,006	K92 Mining Inc.	113,766	139,907					
	21,049	Karora Resources Inc.	82,724	69,883					
	27,300	Major Drilling Group International Inc.	204,151	246,519					
	15,400	Neo Performance Materials Inc.	276,887	191,422					
	7,600	Nutrien Ltd.	744,666	779,076					
	95,600	OceanaGold Corp.	238,873	236,132					
	19,251	Orla Mining Ltd.	93,153	67,764					
	6,833	Osisko Development Corp.	91,225	42,296					
	20,500	Osisko Development Corp., Warrants, 2027-03-02	-	-					
	21,343	Pan American Silver Corp., Rights, 2029-02-22	19,159	19,536					
	29,800	Prime Mining Corp.	110,703	48,574					
	8,700	Prime Mining Corp., Warrants, 2024-04-27	-	-					



# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2022 (unaudited)

CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	1,200	Green Organic Dutchman Holdings Ltd., Warrants, 2022-12-19	-	12					
	20,800	HEXO Corp., Warrants	-	-					
	5,500	HEXO Corp., Warrants, 2025-05-21	-	-					
	60,116	kneat.com Inc.	182,279	156,302					
	6,550	Mind Medicine MindMed Inc., Warrants, 2024-01-07	-	360					
	11,600	Spectral Medical Inc., Warrants	-	-					
	2,675	Zymeworks Inc.	115,650	18,288					
			<u>488,825</u>	<u>332,355</u>					
		<b>Financials (30.4%)</b>							
	27,100	Bank of Montreal	3,833,726	3,354,438					
	6,312	Bank of Nova Scotia	501,414	480,848					
	29,577	Brookfield Asset Management Inc.	1,777,600	1,693,579					
	10,400	Canadian Western Bank	362,694	270,712					
	110,288	Element Fleet Management Corp.	1,354,567	1,480,065					
	4,800	EQB Inc.	333,549	250,464					
	15,133	iA Financial Corp. Inc.	945,923	968,815					
	5,220	Intact Financial Corp.	737,244	947,743					
	5,775	National Bank of Canada	536,041	487,814					
	33,675	Royal Bank of Canada	3,887,752	4,197,250					
	4,000	Sun Life Financial Inc.	238,082	235,920					
	5,500	Toronto-Dominion Bank	513,841	464,255					
	39,100	Trisura Group Ltd.	1,094,479	1,303,203					
			<u>16,116,912</u>	<u>16,135,106</u>					
		<b>Information Technology (7.1%)</b>							
	21,200	Celestica Inc.	306,285	265,424					
	4,243	CGI Inc.	455,404	435,077					
	435	Constellation Software Inc.	785,669	831,228					
	5,650	Descartes Systems Group Inc.	495,380	451,944					
	2,820	Docebo Inc.	189,880	104,255					
	3,700	Dye & Durham Ltd.	113,511	80,475					
	2,575	Kinaxis Inc.	416,557	357,822					
	9,500	Magnet Forensics Inc.	256,457	164,065					
	6,100	Nuvei Corp.	580,967	283,772					
	10,000	Shopify Inc.	1,286,692	402,200					
	12,261	TELUS International CDA Inc.	459,856	396,030					
			<u>5,346,658</u>	<u>3,772,292</u>					
		<b>Communication Services (4.1%)</b>							
	29,050	FansUnite Entertainment Inc., Warrants, 2024-07-15	-	-					
	19,219	MDF Commerce Inc.	202,652	43,435					
	5,800	Quebecor Inc.	168,471	159,558					
	17,800	Rogers Communications Inc.	1,109,100	1,097,904					
	30,700	TELUS Corp.	982,622	880,169					
			<u>2,462,845</u>	<u>2,181,066</u>					
		<b>Utilities (4.6%)</b>							
	46,000	AltaGas Ltd.		992,788		46,000	AltaGas Ltd.	992,788	1,249,360
	6,300	Borex Inc.		238,573		6,300	Borex Inc.	238,573	270,144
	7,200	Hydro One Ltd.		233,324		7,200	Hydro One Ltd.	233,324	249,192
	10,599	Polaris Infrastructure Inc.		215,255		10,599	Polaris Infrastructure Inc.	215,255	206,363
	31,900	TransAlta Corp.		360,080		31,900	TransAlta Corp.	360,080	468,611
				<u>2,040,020</u>				<u>2,040,020</u>	<u>2,443,670</u>
		<b>Real Estate (5.1%)</b>							
	8,591	Boardwalk Real Estate Investment Trust		323,675		8,591	Boardwalk Real Estate Investment Trust	323,675	359,791
	14,885	BSR Real Estate Investment Trust		275,801		14,885	BSR Real Estate Investment Trust	275,801	287,823
	4,600	Colliers International Group Inc.		576,059		4,600	Colliers International Group Inc.	576,059	648,738
	16,509	Dream Industrial Real Estate Investment Trust		221,537		16,509	Dream Industrial Real Estate Investment Trust	221,537	199,429
	1,750	FirstService Corp.		332,760		1,750	FirstService Corp.	332,760	273,245
	14,075	Flagship Communities REIT		311,949		14,075	Flagship Communities REIT	311,949	278,515
	4,550	Granite Real Estate Investment Trust		359,734		4,550	Granite Real Estate Investment Trust	359,734	359,223
	22,861	InterRent Real Estate Investment Trust		327,570		22,861	InterRent Real Estate Investment Trust	327,570	274,103
				<u>2,729,085</u>				<u>2,729,085</u>	<u>2,680,867</u>
		<b>Index Equivalents (0.1%)</b>							
	10,800	CI Galaxy Ethereum ETF		124,468		10,800	CI Galaxy Ethereum ETF	124,468	51,300
		<b>Total Canadian Equities - Long</b>		<b>56,136,610</b>				<b>55,508,172</b>	
		<b>Global Equities (33.9%)</b>							
		<b>United States Equities (28.4%)</b>							
	2,425	Abbott Laboratories		377,368		2,425	Abbott Laboratories	377,368	339,873
	900	Abbvie Inc.		175,060		900	Abbvie Inc.	175,060	177,813
	2,575	Advanced Micro Devices Inc.		304,740		2,575	Advanced Micro Devices Inc.	304,740	254,006
	1,350	Agilent Technologies Inc.		234,591		1,350	Agilent Technologies Inc.	234,591	206,831
	2,575	Alcoa Corp.		175,216		2,575	Alcoa Corp.	175,216	151,400
	115	Alphabet Inc., Class A		333,759		115	Alphabet Inc., Class A	333,759	323,282
	4,300	Apollo Global Management Inc.		351,708		4,300	Apollo Global Management Inc.	351,708	268,909
	985	Arthur J Gallagher & Co.		197,391		985	Arthur J Gallagher & Co.	197,391	207,160
	1,100	Aspen Aerogels Inc.		42,934		1,100	Aspen Aerogels Inc.	42,934	14,019
	4,100	BellRing Brands Inc.		127,394		4,100	BellRing Brands Inc.	127,394	131,639
	6,700	CCC Intelligent Solutions Holdings Inc.		72,516		6,700	CCC Intelligent Solutions Holdings Inc.	72,516	79,513
	430	Charles River Laboratories International Inc.		169,180		430	Charles River Laboratories International Inc.	169,180	118,685
	1,325	Cheniere Energy Inc.		194,897		1,325	Cheniere Energy Inc.	194,897	227,374
	1,200	Clear Secure Inc.		66,832		1,200	Clear Secure Inc.	66,832	30,959
	880	CME Group Inc.		236,180		880	CME Group Inc.	236,180	232,368
	1,500	Colgate-Palmolive Co.		152,363		1,500	Colgate-Palmolive Co.	152,363	155,066
	2,075	Copart Inc.		310,017		2,075	Copart Inc.	310,017	290,846
	655	CrowdStrike Holdings Inc.		139,355		655	CrowdStrike Holdings Inc.	139,355	142,420
	1,210	Danaher Corp.		376,998		1,210	Danaher Corp.	376,998	395,706
	880	Deere & Co.		326,983		880	Deere & Co.	326,983	339,947
	1,050	Dollar Tree Inc.		189,310		1,050	Dollar Tree Inc.	189,310	211,092
	2,100	Doximity Inc.		144,350		2,100	Doximity Inc.	144,350	94,324



# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2022 (unaudited)

CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	(10,500)	Sandstorm Gold Ltd.	(90,956)	(80,220)					
	(1,800)	Teck Resources Ltd.	(83,709)	(70,848)					
	(870)	West Fraser Timber Co., Ltd.	(93,617)	(85,930)					
			<u>(996,624)</u>	<u>(734,755)</u>					
		<b>Industrial (-0.3%)</b>							
	(6,480)	Aecon Group Inc.	(108,396)	(85,082)					
	(8,100)	Doman Building Materials Group Ltd.	(62,879)	(50,787)					
	(1,600)	Savaria Corp.	(21,723)	(20,864)					
			<u>(192,998)</u>	<u>(156,733)</u>					
		<b>Consumer Discretionary (-0.4%)</b>							
	(530)	Canadian Tire Corp. Ltd.	(88,199)	(86,072)					
	(2,050)	Restaurant Brands International Inc.	(151,550)	(132,369)					
			<u>(239,749)</u>	<u>(218,441)</u>					
		<b>Consumer Staples (-0.6%)</b>							
	(1,200)	Loblaw Cos Ltd.	(115,604)	(139,308)					
	(2,275)	Metro Inc.	(142,194)	(157,180)					
			<u>(257,798)</u>	<u>(296,488)</u>					
		<b>Health Care (-0.1%)</b>							
	(10,925)	Aurora Cannabis Inc.	(124,290)	(18,573)					
	(3,200)	Curaleaf Holdings Inc.	(25,898)	(20,832)					
			<u>(150,188)</u>	<u>(39,405)</u>					
		<b>Financials (-1.5%)</b>							
	(1,700)	Canadian Imperial Bank of Commerce	(121,148)	(106,267)					
	(4,400)	CI Financial Corp.	(80,055)	(60,148)					
	(1,890)	Definity Financial Corp.	(57,553)	(62,880)					
	(13,500)	ECN Capital Corp.	(77,407)	(74,385)					
	(11,900)	Fiera Capital Corp.	(119,777)	(110,670)					
	(800)	goeasy Ltd.	(87,527)	(78,480)					
	(1,900)	Home Capital Group Inc.	(56,183)	(46,284)					
	(7,400)	Manulife Financial Corp.	(173,299)	(165,168)					
	(3,901)	Propel Holdings Inc.	(43,303)	(24,732)					
	(525)	TMX Group Ltd.	(71,476)	(68,775)					
			<u>(887,728)</u>	<u>(797,789)</u>					
		<b>Information Technology (-0.1%)</b>							
	(4,700)	Converge Technology Solutions Corp.	(51,110)	(24,111)					
	(6,000)	Copperleaf Technologies Inc.	(99,648)	(38,400)					
			<u>(150,758)</u>	<u>(62,511)</u>					
		<b>Communication Services (-0.2%)</b>							
	(1,200)	Cogeco Communications Inc.	(121,117)	(104,484)					
		<b>Utilities (-0.7%)</b>							
	(5,890)	Algonquin Power & Utilities Corp.	(113,267)	(101,897)					
	(2,900)	Fortis Inc.	(171,411)	(176,465)					
	(4,400)	TransAlta Renewables Inc.	(79,246)	(72,380)					
			<u>(363,924)</u>	<u>(350,742)</u>					
		<b>Real Estate (-0.7%)</b>							
	(2,075)	Altus Group Ltd.	(119,498)	(92,524)					
	(2,700)	Dream Office Real Estate Investment Trust	(63,382)	(52,326)					
	(4,300)	SmartCentres Real Estate Investment Trust	(134,801)	(118,207)					
	(6,500)	Summit Industrial Income REIT	(126,556)	(111,215)					
			<u>(444,237)</u>	<u>(374,272)</u>					
		<b>Index Equivalents (-8.0%)</b>							
	(146,700)	iShares S&P/TSX 60 Index ETF	(4,686,981)	(4,255,767)					
		<b>Total Canadian Equities - Short</b>	<b>(9,195,163)</b>	<b>(8,080,575)</b>					
		<b>Global Equities (-24.6%)</b>							
		<b>United States Equities (-12.6%)</b>							
	(475)	3M Co.	(110,512)	(79,293)					
	(1,200)	Aflac Inc.	(81,444)	(85,648)					
	(975)	AGCO Corp.	(154,035)	(124,136)					
	(1,300)	AMC Entertainment Holdings Inc.	(63,257)	(22,723)					
	(1,600)	American Airlines Group Inc.	(27,517)	(26,171)					
	(980)	Apple Inc.	(214,312)	(172,836)					
	(40)	AutoZone Inc.	(96,112)	(110,891)					
	(1,855)	Avangrid Inc.	(114,307)	(110,359)					
	(1,100)	AZEK Co Inc.	(28,465)	(23,753)					
	(2,200)	Bank of New York Mellon Corp.	(129,781)	(118,369)					
	(1,500)	Bank OZK	(75,359)	(72,618)					
	(1,100)	Bed Bath & Beyond Inc.	(34,418)	(7,052)					
	(1,200)	Berkshire Hills Bancorp Inc.	(41,109)	(38,343)					
	(300)	Biogen Inc.	(80,806)	(78,922)					
	(1,300)	Bloom Energy Corp.	(32,060)	(27,670)					
	(550)	Boston Properties Inc.	(74,681)	(63,129)					
	(1,600)	Bread Financial Holdings Inc.	(185,584)	(76,489)					
	(1,300)	Bumble Inc.	(52,932)	(47,206)					
	(900)	Cardinal Health Inc.	(66,614)	(60,683)					
	(680)	Caterpillar Inc.	(182,595)	(156,803)					
	(650)	CBRE Group Inc.	(74,624)	(61,720)					
	(485)	CH Robinson Worldwide Inc.	(59,012)	(63,420)					
	(545)	Cincinnati Financial Corp.	(82,351)	(83,646)					
	(200)	Clorox Co.	(34,179)	(36,372)					
	(180)	Coinbase Global Inc.	(40,167)	(10,918)					
	(1,600)	Confluent Inc.	(99,367)	(47,966)					
	(260)	Coupa Software Inc.	(61,602)	(19,151)					
	(400)	Digital Realty Trust Inc.	(73,390)	(66,990)					
	(390)	DocuSign Inc.	(104,603)	(28,867)					
	(900)	Editas Medicine Inc.	(53,353)	(13,734)					
	(1,100)	eHealth Inc.	(77,596)	(13,239)					
	(1,760)	Enerpac Tool Group Corp.	(47,658)	(43,182)					
	(925)	First Solar Inc.	(87,421)	(81,293)					
	(2,900)	Freshworks Inc.	(87,030)	(49,192)					
	(1,400)	fuboTV Inc.	(48,473)	(4,461)					
	(4,100)	FuelCell Energy Inc.	(51,646)	(19,833)					
	(100)	GameStop Corp.	(21,504)	(15,776)					
	(630)	GATX Corp.	(76,971)	(76,521)					

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2022 (unaudited)

CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	(1,275)	General Electric Co.	(168,376)	(104,718)		(330)	Watsco Inc.	(114,837)	(101,662)
	(1,625)	General Mills Inc.	(141,319)	(158,157)		(2,300)	Werner Enterprises Inc.	(125,909)	(114,344)
	(760)	Gilead Sciences Inc.	(69,195)	(60,596)		(3,425)	Western Union Co.	(97,885)	(72,766)
	(600)	Gitlab Inc.	(41,299)	(41,129)		(1,100)	Zions Bancorp NA	(87,373)	(72,225)
	(2,500)	Hawaiian Holdings Inc.	(65,210)	(46,148)		(300)	Zscaler Inc.	(96,087)	(57,858)
	(3,020)	Healthcare Services Group Inc.	(98,360)	(67,824)				<u>(8,723,120)</u>	<u>(6,698,255)</u>
	(1,400)	Healthpeak Properties Inc.	(42,767)	(46,792)			<b>International Equities (-0.9%)</b>		
	(700)	Henry Schein Inc.	(62,755)	(69,294)		(4,300)	Antofagasta PLC	(102,373)	(77,805)
	(3,100)	Hilltop Holdings Inc.	(125,761)	(106,610)		(475)	Check Point Software Technologies Ltd.	(75,753)	(74,618)
	(2,100)	HNI Corp.	(101,156)	(93,972)		(1,000)	GLOBALFOUNDRIES Inc.	(55,013)	(52,037)
	(2,300)	HP Inc.	(89,524)	(97,255)		(1,800)	On Holding AG	(49,513)	(41,028)
	(4,200)	Hyllion Holdings Corp.	(49,813)	(17,445)		(2,575)	Rio Tinto PLC, ADR	(246,972)	(202,620)
	(3,600)	Inovio Pharmaceuticals Inc.	(40,946)	(8,034)		(5,000)	Whitehaven Coal Ltd.	(17,222)	(21,466)
	(2,700)	Intel Corp.	(192,983)	(130,295)				<u>(546,846)</u>	<u>(469,574)</u>
	(3,400)	Kennametal Inc.	(149,224)	(101,883)			<b>International Index Equivalents (-11.1%)</b>		
	(4,300)	KeyCorp	(107,541)	(95,572)		(1,000)	Invesco QQQ Trust Series 1	(429,038)	(361,549)
	(4,400)	Macerich Co.	(88,806)	(49,436)		(2,580)	iShares 20+ Year Treasury Bond ETF	(413,915)	(382,297)
	(375)	Marriott International Inc.	(76,014)	(65,793)		(6,725)	iShares Core S&P 500 ETF	(3,850,788)	(3,289,110)
	(900)	Microchip Technology Inc.	(81,753)	(67,429)		(4,950)	iShares iBoxx \$ High Yield Corporate Bond ETF	(540,354)	(470,021)
	(400)	Micron Technology Inc.	(29,206)	(28,524)		(3,500)	iShares MSCI Emerging Markets ETF	(203,826)	(181,045)
	(225)	Moody's Corp.	(99,214)	(78,937)		(1,150)	SPDR Consumer Staples Select Sector Fund	(105,725)	(107,075)
	(1,975)	Newmont Corp.	(159,407)	(152,019)		(5,400)	SPDR Industrial Select Sector Fund	(680,709)	(608,390)
	(1,600)	Nordstrom Inc.	(50,113)	(43,611)		(4,300)	SPDR S&P Metals & Mining ETF	(269,681)	(240,732)
	(740)	Nucor Corp.	(155,624)	(99,666)		(3,500)	SPDR S&P Retail ETF	(349,590)	(262,584)
	(260)	Okta Inc.	(58,415)	(30,319)				<u>(6,843,626)</u>	<u>(5,902,803)</u>
	(4,400)	Opendoor Technologies Inc.	(97,298)	(26,733)			<b>Total Global Equities - Short</b>	<b><u>(16,113,592)</u></b>	<b><u>(13,070,632)</u></b>
	(875)	Oracle Corp.	(104,573)	(78,863)			<b>Options (-1.3%)</b>		
	(1,325)	Ormat Technologies Inc.	(125,495)	(133,915)			<b>Total Written Options - Refer to Appendix A</b>	<b><u>(1,558,681)</u></b>	<b><u>(692,730)</u></b>
	(6,500)	Palantir Technologies Inc.	(139,079)	(76,049)			<b>Transaction Costs</b>	<b><u>(18,447)</u></b>	<b><u>-</u></b>
	(1,400)	Pinnacle West Capital Corp.	(142,967)	(132,050)			<b>Total Short Positions</b>	<b><u>(26,885,883)</u></b>	<b><u>(21,843,937)</u></b>
	(1,300)	Plug Power Inc.	(45,718)	(27,787)			<b>TOTAL INVESTMENT PORTFOLIO (99.1%)</b>	<b><u>49,563,674</u></b>	<b><u>52,599,563</u></b>
	(550)	Polaris Inc.	(81,489)	(70,437)			Other Assets Net of Liabilities (0.9%)		457,360
	(300)	Prologis Inc.	(55,709)	(45,529)			<b>TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (100.0%)</b>		<b><u>53,056,923</u></b>
	(1,175)	Prudential Financial Inc.	(146,601)	(145,022)					
	(1,600)	Reynolds Consumer Products Inc.	(58,664)	(56,283)					
	(2,700)	SentinelOne Inc.	(170,249)	(81,256)					
	(270)	Snap-on Inc.	(70,436)	(68,623)					
	(400)	Snowflake Inc.	(119,457)	(71,753)					
	(2,100)	Sunrun Inc.	(82,721)	(63,280)					
	(2,600)	Synchrony Financial	(141,565)	(92,634)					
	(1,500)	Tattooed Chef Inc.	(32,539)	(12,190)					
	(900)	Terreño Realty Corp.	(77,590)	(64,700)					
	(1,160)	Texas Instruments Inc.	(265,040)	(229,912)					
	(1,400)	Tradeweb Markets Inc.	(149,940)	(123,255)					
	(505)	Travelers Cos Inc.	(112,674)	(110,176)					
	(1,600)	UiPath Inc.	(112,315)	(37,543)					
	(5,500)	Umpqua Holdings Corp.	(125,343)	(118,979)					
	(200)	United Parcel Service Inc.	(46,432)	(47,094)					
	(600)	Universal Health Services Inc.	(105,694)	(77,947)					
	(650)	Upstart Holdings Inc.	(34,787)	(26,512)					
	(1,175)	Verizon Communications Inc.	(85,506)	(76,922)					
	(1,800)	Viatis Inc.	(35,296)	(24,311)					
	(400)	VMware Inc.	(64,224)	(58,812)					

\*CCY denotes local currency of debt security

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## APPENDIX A OPTIONS (0.5%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Advanced Micro Devices Inc.	Call Option	78	\$105	August, 2022	16,226	5,081
Air Canada	Call Option	186	\$27	August, 2022	26,366	342
Altgas Ltd.	Call Option	130	\$29	September, 2022	5,636	7,735
Apollo Global Management Inc.	Call Option	93	\$60	September, 2022	9,101	8,098
Arc Resources Ltd.	Call Option	103	\$19	August, 2022	6,592	5,665
Arc Resources Ltd.	Call Option	149	\$23	July, 2022	8,344	44
ARK Innovation ETF	Call Option	67	\$64	July, 2022	15,365	5
Ats Automation Tooling	Call Option	81	\$38	July, 2022	7,776	2,390
Canadian Western Bank	Call Option	149	\$34	September, 2022	7,413	671
Datadog Inc.	Call Option	24	\$115	July, 2022	9,072	2,616
Datadog Inc.	Call Option	7	\$135	July, 2022	792	63
DEERE & Co	Call Option	15	\$350	August, 2022	18,369	7,062
DEERE & Co	Call Option	5	\$390	August, 2022	1,630	526
Doximity Inc.	Call Option	80	\$40	August, 2022	30,473	27,863
Element Fleet Management	Call Option	85	\$13	August, 2022	2,401	7,225
Element Fleet Management	Call Option	205	\$14	August, 2022	6,259	6,970
F5 Inc.	Call Option	10	\$220	July, 2022	9,988	-
F5 Inc.	Call Option	4	\$260	July, 2022	460	-
First Quantum Minerals Ltd.	Call Option	103	\$35	August, 2022	8,652	1,751
First Quantum Minerals Ltd.	Call Option	90	\$40	August, 2022	21,285	585
First Quantum Minerals Ltd.	Call Option	39	\$46	August, 2022	4,719	22
Gildan Activewear Inc	Call Option	95	\$47	August, 2022	12,350	1,473
Hudbay Minerals Inc.	Call Option	165	\$9	October, 2022	8,910	1,238
IA Financial Corp. Inc.	Call Option	62	\$66	August, 2022	8,435	10,385
IA Financial Corp. Inc.	Call Option	16	\$74	August, 2022	492	280
International Game Tech	Call Option	95	\$22	July, 2022	9,358	1,532
International Game Tech	Call Option	25	\$30	July, 2022	1,019	71
Invesco QQQ Trust	Call Option	85	\$304	July, 2022	22,817	8,333
Invesco QQQ Trust	Call Option	69	\$326	August, 2022	26,957	8,011
Invesco QQQ Trust	Call Option	62	\$334	July, 2022	8,211	360
iShares 20+ Year Treasury	Call Option	105	\$118	July, 2022	10,337	10,023
iShares 20+ Year Treasury	Call Option	78	\$120	August, 2022	14,997	16,149
iShares 20+ Year Treasury	Call Option	95	\$128	July, 2022	17,192	735
iShares 20+ Year Treasury	Call Option	31	\$130	August, 2022	1,354	1,600
iShares MSCI Emerging Market	Call Option	179	\$44	August, 2022	13,740	5,426
Kinross Gold Corp.	Call Option	232	\$8	July, 2022	7,714	-
Meta Platforms Inc.	Call Option	24	\$230	August, 2022	10,583	2,833
Nuvei Corp.	Call Option	16	\$64	July, 2022	5,296	176
Nvidia Corp.	Call Option	17	\$240	July, 2022	15,872	8
Roblox Corp.	Call Option	39	\$35	October, 2022	18,069	30,185
Roblox Corp.	Call Option	16	\$55	October, 2022	2,436	3,055
Rogers Communications	Call Option	99	\$68	August, 2022	14,523	2,475
Rogers Communications	Call Option	30	\$76	August, 2022	833	124
S&P 500 Index 3Wk	Call Option	5	\$3,820	July, 2022	23,007	5,482
S&P 500 Index 3Wk	Call Option	2	\$3,900	July, 2022	4,533	161
S&P 500 Index 3Wk	Call Option	16	\$3,920	July, 2022	13,680	516
S&P 500 Index 3Wk	Call Option	22	\$3,930	July, 2022	103,672	60,305
S&P 500 Index 3Wk	Call Option	5	\$3,980	July, 2022	1,210	21
S&P 500 Index 3Wk	Call Option	3	\$4,000	July, 2022	4,312	5
S&P 500 Index 3Wk	Call Option	3	\$4,020	July, 2022	10,618	2,980
S&P 500 Index 3Wk	Call Option	4	\$4,060	July, 2022	5,053	2,451
S&P 500 Index 3Wk	Call Option	8	\$4,140	July, 2022	4,110	1,858
S&P 500 Index 3Wk	Call Option	15	\$4,240	October, 2022	97,423	75,365
S&P 500 Index 3Wk	Call Option	25	\$4,260	August, 2022	37,245	25,154
S&P 500 Index 3Wk	Call Option	17	\$4,320	September, 2022	55,684	28,289
S&P 500 Index 3Wk	Call Option	8	\$4,480	September, 2022	50,904	5,211
S&P 500 Index 3Wk	Call Option	20	\$4,500	July, 2022	18,991	329
S&P 500 Index 3Wk	Call Option	24	\$4,750	August, 2022	47,220	1,084
S&P 500 Index 3Wk	Call Option	19	\$5,200	August, 2022	1,282	109



# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## APPENDIX A

### OPTIONS (0.5%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Spin Master Corp.	Call Option	93	\$46	August, 2022	25,343	13,253
Suncor Energy Inc.	Call Option	93	\$49	August, 2022	19,530	16,554
Suncor Energy Inc.	Call Option	23	\$56	August, 2022	1,311	1,219
Trisura Group Ltd	Call Option	93	\$37	August, 2022	19,251	17,205
Wsp Global Inc	Call Option	37	\$145	August, 2022	12,802	22,755
Wsp Global Inc	Call Option	11	\$165	August, 2022	1,111	836
					<u>1,006,706</u>	<u>470,328</u>
EURIBOR 3M	Put Option	31	\$100	March, 2023	7,213	114,444
iPATH S&P 500 VIX Short-Term	Put Option	188	\$17	August, 2022	24,608	4,365
iPATH S&P 500 VIX Short-Term	Put Option	655	\$18	August, 2022	121,772	29,995
iPATH S&P 500 VIX Short-Term	Put Option	1,168	\$20	July, 2022	159,510	4,520
iPATH S&P 500 VIX Short-Term	Put Option	633	\$20	August, 2022	180,120	83,695
S&P 500 Index 3Wk	Put Option	4	\$3,760	July, 2022	17,986	39,550
S&P 500 Index 3Wk	Put Option	13	\$3,840	July, 2022	93,013	193,770
SPDR Energy Select Sector	Put Option	18	\$82	July, 2022	2,725	25,947
					<u>606,947</u>	<u>496,286</u>
<b>Total Purchased Options</b>					<b><u>1,613,653</u></b>	<b><u>966,614</u></b>
Advanced Micro Devices	Written Call Option	(64)	\$115	August, 2022	(13,044)	(1,610)
Advanced Micro Devices	Written Call Option	(19)	\$130	August, 2022	(2,864)	(184)
Air Canada	Written Call Option	(160)	\$31	August, 2022	(7,080)	(64)
Altagas Ltd.	Written Call Option	(117)	\$31	September, 2022	(1,580)	(2,457)
Apollo Global Management	Written Call Option	(31)	\$63	September, 2022	(1,613)	(1,700)
Apollo Global Management	Written Call Option	(17)	\$65	September, 2022	(3,905)	(603)
Apollo Global Management	Written Call Option	(51)	\$68	September, 2022	(7,010)	(1,480)
Arc Resources Ltd.	Written Call Option	(103)	\$21	August, 2022	(2,838)	(2,627)
Arc Resources Ltd.	Written Call Option	(119)	\$25	July, 2022	(1,964)	(6)
ARK Innovation ETF	Written Call Option	(71)	\$69	July, 2022	(9,187)	(183)
Ats Automation Tooling	Written Call Option	(44)	\$40	July, 2022	(2,202)	(924)
Ats Automation Tooling	Written Call Option	(42)	\$44	July, 2022	(1,649)	(95)
Canadian Western Bank	Written Call Option	(104)	\$36	September, 2022	(2,132)	(468)
Datadog Inc.	Written Call Option	(34)	\$125	July, 2022	(6,909)	(1,250)
DEERE & Co	Written Call Option	(23)	\$370	August, 2022	(15,112)	(4,866)
Doximity Inc.	Written Call Option	(88)	\$45	August, 2022	(20,749)	(17,595)
Doximity Inc.	Written Call Option	(26)	\$50	August, 2022	(6,402)	(2,767)
Element Fleet Management	Written Call Option	(166)	\$15	August, 2022	(1,977)	(1,743)
F5 Inc.	Written Call Option	(14)	\$240	July, 2022	(5,114)	-
First Quantum Minerals Ltd.	Written Call Option	(103)	\$38	August, 2022	(4,043)	(876)
First Quantum Minerals Ltd.	Written Call Option	(137)	\$43	August, 2022	(22,468)	(685)
Gildan Activewear Inc	Written Call Option	(114)	\$52	August, 2022	(4,475)	(627)
Hudbay Minerals Inc.	Written Call Option	(149)	\$10	October, 2022	(3,353)	(671)
IA Financial Corp. Inc.	Written Call Option	(87)	\$70	August, 2022	(5,133)	(4,611)
International Game Tech	Written Call Option	(32)	\$24	July, 2022	(1,402)	(277)
International Game Tech	Written Call Option	(85)	\$27	July, 2022	(6,919)	(411)
Invesco QQQ Trust	Written Call Option	(85)	\$316	July, 2022	(8,670)	(2,467)
Invesco QQQ Trust	Written Call Option	(52)	\$335	August, 2022	(12,496)	(3,354)
Invesco QQQ Trust	Written Call Option	(74)	\$344	July, 2022	(5,297)	(239)
Invesco QQQ Trust	Written Call Option	(50)	\$352	August, 2022	(11,853)	(1,096)
Invesco QQQ Trust	Written Call Option	(17)	\$356	July, 2022	(2,514)	(33)
Invesco QQQ Trust	Written Call Option	(33)	\$375	July, 2022	(7,505)	(2)
Invesco QQQ Trust	Written Call Option	(40)	\$380	August, 2022	(3,956)	(181)
iShares 20+ Year Treasury	Written Call Option	(184)	\$123	July, 2022	(6,495)	(4,035)
iShares 20+ Year Treasury	Written Call Option	(117)	\$125	August, 2022	(10,143)	(11,546)
iShares 20+ Year Treasury	Written Call Option	(31)	\$135	August, 2022	(862)	(1,060)
iShares 20+ Year Treasury	Written Call Option	(142)	\$136	July, 2022	(10,024)	(366)
iShares MSCI Emerging Market	Written Call Option	(50)	\$45	August, 2022	(2,255)	(1,161)
iShares MSCI Emerging Market	Written Call Option	(55)	\$47	August, 2022	(1,019)	(248)
iShares MSCI Emerging Market	Written Call Option	(91)	\$48	August, 2022	(1,221)	(246)

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## APPENDIX A

### OPTIONS (0.5%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Kinross Gold Corp.	Written Call Option	(232)	\$9	July, 2022	(2,436)	-
Meta Platforms Inc.	Written Call Option	(18)	\$255	July, 2022	(584)	(58)
Meta Platforms Inc.	Written Call Option	(18)	\$255	August, 2022	(3,078)	(882)
Nuvei Corp.	Written Call Option	(23)	\$80	July, 2022	(2,737)	-
Nvidia Corp.	Written Call Option	(16)	\$270	July, 2022	(6,621)	(1)
Roblox Corp.	Written Call Option	(54)	\$45	October, 2022	(13,704)	(21,176)
Rogers Communications	Written Call Option	(139)	\$72	August, 2022	(8,479)	(765)
S&P 500 Index 3Wk	Written Call Option	(6)	\$3,860	July, 2022	(19,467)	(1,974)
S&P 500 Index 3Wk	Written Call Option	(22)	\$3,950	July, 2022	(9,887)	(360)
S&P 500 Index 3Wk	Written Call Option	(13)	\$3,960	July, 2022	(48,510)	(25,825)
S&P 500 Index 3Wk	Written Call Option	(7)	\$4,025	July, 2022	(6,346)	(3)
S&P 500 Index 3Wk	Written Call Option	(42)	\$4,100	July, 2022	(34,671)	(15,847)
S&P 500 Index 3Wk	Written Call Option	(15)	\$4,260	July, 2022	(6,217)	(919)
S&P 500 Index 3Wk	Written Call Option	(23)	\$4,330	August, 2022	(20,405)	(14,093)
S&P 500 Index 3Wk	Written Call Option	(25)	\$4,400	September, 2022	(51,418)	(25,960)
S&P 500 Index 3Wk	Written Call Option	(30)	\$4,400	October, 2022	(93,550)	(70,625)
S&P 500 Index 3Wk	Written Call Option	(16)	\$4,525	August, 2022	(13,106)	(2,683)
S&P 500 Index 3Wk	Written Call Option	(15)	\$4,620	September, 2022	(44,590)	(4,499)
S&P 500 Index 3Wk	Written Call Option	(19)	\$4,650	August, 2022	(11,318)	(1,532)
S&P 500 Index 3Wk	Written Call Option	(19)	\$4,750	July, 2022	(15,123)	(72)
S&P 500 Index 3Wk	Written Call Option	(16)	\$4,800	August, 2022	(22,415)	(568)
S&P 500 Index 3Wk	Written Call Option	(21)	\$4,800	August, 2022	(17,601)	(880)
S&P 500 Index 3Wk	Written Call Option	(23)	\$4,925	July, 2022	(72,307)	(30)
S&P 500 Index 3Wk	Written Call Option	(5)	\$5,000	August, 2022	(1,698)	(65)
S&P 500 Index 3Wk	Written Call Option	(23)	\$5,125	August, 2022	(54,678)	(175)
S&P 500 Index 3Wk	Written Call Option	(25)	\$5,200	August, 2022	(33,050)	(143)
SPDR Energy Select Sector	Written Call Option	(20)	\$96	August, 2022	(8,742)	(284)
Spin Master Corp.	Written Call Option	(121)	\$49	August, 2022	(21,054)	(9,378)
Suncor Energy Inc.	Written Call Option	(130)	\$52	August, 2022	(15,470)	(13,780)
Trisura Group Ltd	Written Call Option	(103)	\$40	August, 2022	(13,802)	(11,845)
Wsp Global Inc	Written Call Option	(52)	\$155	August, 2022	(7,748)	(12,090)
					(926,246)	(311,326)
Advanced Micro Devices	Written Put Option	(8)	\$60	July, 2022	(1,395)	(253)
Air Canada	Written Put Option	(50)	\$18	August, 2022	(2,880)	(12,550)
Altagas Ltd.	Written Put Option	(19)	\$23	August, 2022	(613)	(361)
Apollo Global Management	Written Put Option	(15)	\$45	July, 2022	(1,521)	(1,403)
Arc Resources Ltd.	Written Put Option	(15)	\$15	August, 2022	(960)	(1,163)
Arc Resources Ltd.	Written Put Option	(45)	\$16	August, 2022	(968)	(5,243)
Canadian Western Bank	Written Put Option	(45)	\$27	July, 2022	(1,361)	(5,468)
DEERE & Co	Written Put Option	(3)	\$260	July, 2022	(1,883)	(402)
Element Fleet Management	Written Put Option	(25)	\$10	July, 2022	(463)	(3)
Euribor 3M	Written Put Option	(32)	\$99	March, 2023	(4,886)	(46,391)
First Quantum Minerals Ltd.	Written Put Option	(20)	\$26	July, 2022	(1,380)	(4,440)
Gildan Activewear Inc	Written Put Option	(15)	\$37	July, 2022	(4,110)	(1,838)
Gildan Activewear Inc	Written Put Option	(19)	\$38	July, 2022	(2,261)	(3,325)
Hudbay Minerals Inc.	Written Put Option	(41)	\$7	July, 2022	(718)	(5,166)
IA Financial Corp. Inc.	Written Put Option	(12)	\$52	July, 2022	(1,101)	(58)
International Game Tech	Written Put Option	(20)	\$16	July, 2022	(2,285)	(658)
Invesco QQQ Trust	Written Put Option	(13)	\$242	July, 2022	(4,515)	(956)
iPATH S&P 500 VIX Short-Term	Written Put Option	(648)	\$15	August, 2022	(35,999)	(2,926)
iPATH S&P 500 VIX Short-Term	Written Put Option	(427)	\$16	July, 2022	(11,764)	(218)
iPATH S&P 500 VIX Short-Term	Written Put Option	(3,368)	\$16	August, 2022	(276,925)	(36,929)
iPATH S&P 500 VIX Short-Term	Written Put Option	(1,206)	\$17	July, 2022	(43,409)	(1,070)
iPATH S&P 500 VIX Short-Term	Written Put Option	(1,239)	\$18	July, 2022	(66,970)	(1,598)
iPATH S&P 500 VIX Short-Term	Written Put Option	(356)	\$19	July, 2022	(34,072)	(689)
iShares 20+ Year Treasury	Written Put Option	(19)	\$105	July, 2022	(1,926)	(233)
iShares MSCI Emerging Market	Written Put Option	(54)	\$32	August, 2022	(1,657)	(575)

## PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

### APPENDIX A OPTIONS (0.5%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Kinross Gold Corp.	Written Put Option	(93)	\$5	July, 2022	(2,255)	(6,324)
Lundin Mining Corp.	Written Put Option	(37)	\$10	July, 2022	(2,331)	(6,087)
Meta Platforms Inc.	Written Put Option	(4)	\$130	July, 2022	(783)	(206)
Rogers Communications	Written Put Option	(25)	\$56	July, 2022	(2,075)	(288)
S&P 500 Index 3Wk	Written Put Option	(4)	\$3,300	July, 2022	(5,843)	(1)
S&P 500 Index 3Wk	Written Put Option	(3)	\$3,625	July, 2022	(1,283)	(1,200)
S&P 500 Index 3Wk	Written Put Option	(2)	\$3,650	July, 2022	(1,371)	(148)
S&P 500 Index 3Wk	Written Put Option	(18)	\$3,800	July, 2022	(101,986)	(219,762)
SPDR Energy Select Sector	Written Put Option	(10)	\$72	July, 2022	(960)	(3,560)
SPDR Energy Select Sector	Written Put Option	(10)	\$76	July, 2022	(610)	(6,708)
Spin Master Corp.	Written Put Option	(9)	\$37	July, 2022	(1,206)	(140)
Suncor Energy Inc.	Written Put Option	(19)	\$40	August, 2022	(1,881)	(2,518)
Trisura Group Ltd	Written Put Option	(14)	\$26	July, 2022	(2,086)	(350)
Wsp Global Inc	Written Put Option	(7)	\$120	July, 2022	(1,743)	(196)
					(632,435)	(381,404)
<b>Total Written Options</b>					<b>(1,558,681)</b>	<b>(692,730)</b>



# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## FUND SPECIFIC NOTES

As at June 30, 2022 (unaudited)

### 1. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table illustrates the classifications of the Fund's financial instruments within the fair value hierarchy as at June 30, 2022 and December 31, 2021.

ASSETS (LIABILITIES) AT FAIR VALUE AS AT JUNE 30, 2022				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	73,361,887	63,699	-	73,425,586
Exchange Traded Funds - Long	51,300	-	-	51,300
Options - Long	966,614	-	-	966,614
Equities - Short	(10,992,637)	-	-	(10,992,637)
Exchange Traded Funds - Short	(10,158,570)	-	-	(10,158,570)
Options - Short	(692,730)	-	-	(692,730)
<b>Total</b>	<b>52,535,864</b>	<b>63,699</b>	<b>-</b>	<b>52,599,563</b>

ASSETS (LIABILITIES) AT FAIR VALUE AS AT DECEMBER 31, 2021				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	110,561,523	157,960	-	110,719,483
Bonds - Long	-	244,298	-	244,298
Options - Long	923,411	-	-	923,411
Equities - Short	(30,820,595)	-	-	(30,820,595)
Options - Short	(526,050)	-	-	(526,050)
<b>Total</b>	<b>80,138,289</b>	<b>402,258</b>	<b>-</b>	<b>80,540,547</b>

### 2. TRANSFERS BETWEEN LEVELS 1 AND 2

The following table presents the transfers between Levels 1 and 2 for securities held at June 30, 2022 and December 31, 2021.

	Transfer from Level 1 to 2 \$	Transfer from Level 2 to 1 \$
<b>June 30, 2022</b>		
Equities - Long	1,449	-
	1,449	-
<b>December 31, 2021</b>		
Equities - Long	12,181	-
	12,181	-

As of June 30, 2022 and December 31, 2021, the equity securities transferred out of Level 1 relate to positions which were thinly traded on and around period end, but were actively traded on December 31, 2021 and December 31, 2020, respectively.

### 3. OTHER PRICE RISK

Using Beta as a measure of the relationship of the Fund's performance versus its index, if the S&P/TSX Composite Total Return Index were to increase or decrease by 10%, net assets would have increased or decreased by approximately \$5,558,741 (December 31, 2021 - \$9,553,132). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

The COVID-19 (coronavirus disease) pandemic has caused volatility in global financial markets as well as significant disruptions to global business activity. The continued impact of unanticipated market disruptions, including COVID-19 is uncertain and may exacerbate pre-existing political, social or economic risk, and may disproportionately affect certain issuers, industries or types of securities. Such unanticipated market and economic disruptions, including COVID-19, may be short-term or may last for an extended period of time, and could have effects that cannot necessarily be presently foreseen.

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## FUND SPECIFIC NOTES (CONTINUED)

### 4. CURRENCY RISK

Foreign currencies to which the Fund had exposure as at June 30, 2022 and December 31, 2021 were as follows:

FINANCIAL INSTRUMENTS				
June 30, 2022 Currency	Monetary \$	Non-Monetary \$	Total \$	Percentage of Net Assets %
United States Dollar	(932,585)	3,669,849	2,737,264	5.2%
European Euro	101,829	-	101,829	0.2%
Australian Dollar	32,341	20,790	53,131	0.1%
British Pound	87,145	(77,805)	9,340	0.0%
<b>Net Exposure</b>	<b>(711,270)</b>	<b>3,612,834</b>	<b>2,901,564</b>	<b>5.5%</b>

FINANCIAL INSTRUMENTS				
December 31, 2021 Currency	Monetary \$	Non-Monetary \$	Total \$	Percentage of Net Assets %
United States Dollar	(2,336,730)	8,891,478	6,554,748	8.1%
European Euro	10,027	-	10,027	0.0%
Australian Dollar	(1,479,138)	(11,985)	(1,491,123)	-1.9%
<b>Net Exposure</b>	<b>(3,805,841)</b>	<b>8,879,493</b>	<b>5,073,652</b>	<b>6.2%</b>

If the Canadian dollar had strengthened or weakened by 5% in relation to all other currencies held in the investment portfolio, net assets would have decreased or increased by approximately \$145,078 (December 31, 2021 - \$253,683). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

### 5. INTEREST RATE RISK

If the yield curve had shifted in parallel by 1%, with all other variables held constant, net assets will increase or decrease by \$nil (December 31, 2021 - \$6,984). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at June 30, 2022, the interest rate risk is minimal given that the Fund did not hold any interest-bearing fixed income securities. The Fund had no significant interest rate risk due to fluctuations in the prevailing level of market interest rates which could impact the Fund's cash flows and the fair values of its interest-bearing investments.

As at December 31, 2021, the Fund's exposure to debt instruments by maturity were as follows:

Debt Instruments by Maturity Date	December 31, 2021 (\$)		
	Long Positions	Short Positions	Total
Greater than 5 years	244,298	-	244,298
<b>Total</b>	<b>244,298</b>	<b>-</b>	<b>244,298</b>

### 6. CREDIT RISK

As of June 30, 2022, the Fund had no exposure to debt instruments. The following table shows debt as a percentage of net assets attributable to holders of redeemable units held under each credit rating. All counterparties to derivative contracts had a credit rating of A- or higher as at December 31, 2021. All cash is held with a financial institution with a minimum credit rating of A+.

Bond Ratings	December 31, 2021		
	Net	Long	Short
NR	0.3%	0.3%	0.0%

The above credit ratings are obtained and disclosed from the rating services in the following hierarchical order: 1) Standard & Poor's; 2) Moody's; 3) Dominion Bond Rating Service, using first available.

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## FUND SPECIFIC NOTES (CONTINUED)

### 7. CONCENTRATION RISK

The table below summarizes the Fund's concentration risk as a percentage of net assets attributable to holders of redeemable units as at June 30, 2022 and December 31, 2021.

Jurisdiction	% of Net Assets	
	June 30, 2022	December 31, 2021
<b>LONG POSITIONS</b>	<b>140.3%</b>	<b>138.8%</b>
<b>Canadian Equities</b>	<b>104.6%</b>	<b>103.6%</b>
Financials	30.4%	35.3%
Energy	16.1%	10.3%
Industrial	14.9%	12.7%
Materials	12.2%	11.9%
Information Technology	7.1%	11.0%
Consumer Discretionary	5.4%	5.5%
Real Estate	5.1%	6.9%
Utilities	4.6%	4.5%
Communication Services	4.1%	1.4%
Consumer Staples	4.0%	2.3%
Health Care	0.6%	1.5%
Index Equivalents	0.1%	0.3%
<b>Global Equities</b>	<b>33.9%</b>	<b>33.8%</b>
<b>United States Equities</b>	<b>28.4%</b>	<b>28.9%</b>
Information Technology	7.0%	8.8%
Health Care	6.5%	4.8%
Financials	3.9%	2.6%
Industrial	3.8%	5.0%
Consumer Staples	2.3%	1.9%
Consumer Discretionary	2.0%	2.6%
Energy	1.5%	0.3%
Communication Services	0.9%	1.8%
Materials	0.3%	0.7%
Real Estate	0.2%	0.2%
Utilities	0.0%	0.2%
<b>International Equities</b>	<b>5.5%</b>	<b>4.9%</b>
Utilities	2.3%	1.7%
Materials	1.5%	1.4%
Industrial	0.6%	0.5%
Consumer Discretionary	0.5%	0.7%
Health Care	0.4%	0.0%
Information Technology	0.2%	0.5%
Index Equivalents	0.0%	0.1%
<b>Corporate Bonds</b>	<b>0.0%</b>	<b>0.3%</b>
Canada	0.0%	0.3%
<b>Derivatives</b>	<b>1.8%</b>	<b>1.1%</b>
<b>SHORT POSITIONS</b>	<b>-41.2%</b>	<b>-38.9%</b>
<b>Canadian Equities</b>	<b>-15.3%</b>	<b>-17.1%</b>
Index Equivalents	-8.0%	-11.5%
Financials	-1.5%	-1.5%
Materials	-1.4%	-0.8%
Energy	-1.3%	-0.5%
Utilities	-0.7%	-0.6%
Real Estate	-0.7%	-0.6%

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## FUND SPECIFIC NOTES (CONTINUED)

Jurisdiction	% of Net Assets	
	June 30, 2022	December 31, 2021
Consumer Staples	-0.6%	-0.4%
Consumer Discretionary	-0.4%	-0.5%
Industrial	-0.3%	-0.3%
Communication Services	-0.2%	0.0%
Information Technology	-0.1%	-0.3%
Health Care	-0.1%	-0.1%
<b>Global Equities</b>	<b>-24.6%</b>	<b>-21.1%</b>
<b>United States Equities</b>	<b>-12.6%</b>	<b>-20.5%</b>
Information Technology	-3.1%	-2.5%
Industrial	-2.8%	-1.7%
Financials	-2.6%	-2.6%
Real Estate	-0.8%	-0.9%
Health Care	-0.7%	-1.0%
Utilities	-0.7%	-0.6%
Consumer Discretionary	-0.6%	-1.0%
Materials	-0.5%	-0.5%
Consumer Staples	-0.5%	-0.3%
Communication Services	-0.3%	-0.3%
Index Equivalents	0.0%	-9.1%
<b>International Equities</b>	<b>-12.0%</b>	<b>-0.6%</b>
Index Equivalents	-11.1%	0.0%
Materials	-0.6%	-0.3%
Information Technology	-0.3%	-0.3%
<b>Derivatives</b>	<b>-1.3%</b>	<b>-0.7%</b>

## 8. LIQUIDITY RISK

The table below categorizes the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Amounts due to holders of redeemable units are disclosed as net assets attributable to holders of redeemable units on the statement of financial position and are due on demand.

June 30, 2022 Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Short positions	21,151,207	-	-	21,151,207
Redemptions payable	245	-	-	245
Accrued liabilities and other payables	-	279,431	-	279,431
Payable for investments purchased	104,568	-	-	104,568
Derivative liabilities	692,730	-	-	692,730

December 31, 2021 Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Short positions	30,820,595	-	-	30,820,595
Redemptions payable	4,992	-	-	4,992
Accrued liabilities and other payables	-	135,116	-	135,116
Payable for investments purchased	530,113	-	-	530,113
Derivative liabilities	526,050	-	-	526,050
Cash overdraft	855,391	-	-	855,391

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## FUND SPECIFIC NOTES (CONTINUED)

### 9. FUND UNIT TRANSACTIONS

For the six month periods ended June 30 (unaudited)

	2022				2021			
	Class A	Class F	Class I	Class ETF	Class A	Class F	Class I	Class ETF
Units issued and outstanding, beginning of period	469,830	3,083,775	61,041	1,325,000	287,123	2,430,256	91,133	400,000
Units issued	117,402	469,230	-	360,000	127,664	1,239,074	-	1,000,000
Units reinvested	-	-	-	-	-	-	-	-
Units redeemed	(62,972)	(1,454,740)	-	(580,000)	(31,057)	(835,263)	(30,092)	(140,000)
<b>Units issued and outstanding, end of period</b>	<b>524,260</b>	<b>2,098,265</b>	<b>61,041</b>	<b>1,105,000</b>	<b>383,730</b>	<b>2,834,067</b>	<b>61,041</b>	<b>1,260,000</b>
<b>Weighted average number of units held during the period</b>	<b>502,336</b>	<b>2,763,876</b>	<b>61,041</b>	<b>1,112,845</b>	<b>342,173</b>	<b>2,351,434</b>	<b>64,484</b>	<b>691,768</b>

### 10. COMMISSIONS

For the six month periods ended June 30 (unaudited) (in \$000)

	2022	2021
Brokerage commissions	354	236
Soft Dollar commissions	39	34

### 11. TAX LOSS CARRY FORWARDS

As at December 31 (in \$000)

	2021
Net capital losses carry forward	76
Non-capital losses carry forward	-

### 12. STRUCTURED ENTITIES

The table below illustrates the Fund's investment in the underlying funds as at June 30, 2022 and December 31, 2021.

Underlying Funds	Fair Value of Fund's Investment (in \$000s)	Underlying Fund's Net Assets (in \$000s)	% of Net Assets of the Underlying Fund
<b>As at June 30, 2022</b>			
CI Galaxy Ethereum ETF	51	160,431	0.0%
<b>As at December 31, 2021</b>			
CI Galaxy Ethereum ETF	232	729,704	0.0%
iPath Series B S&P 500 VIX Short-Term Futures ETF	73	1,040,650	0.0%

### 13. LEVERAGE

During the six month period ended June 30, 2022, the Fund's aggregate exposure reached a low of 70.54% (year ended 2021 - 58.81%) and a high of 291.00% (year ended 2021 - 197.62%) of the Fund's NAV. As at June 30, 2022, the Fund's aggregate exposure was 284.60% (December 31, 2021 - 72.43%) of the Fund's NAV. The primary source of leverage was short positions in equity securities.

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2022 (unaudited)

### 1. GENERAL INFORMATION

Picton Mahoney Fortified Active Extension Alternative Fund (the "Fund") is an open-ended mutual fund trust established under the laws of the Province of Ontario pursuant to a trust agreement dated September 19, 2018 (the "Trust Declaration"). The Fund commenced operations on September 21, 2018. Picton Mahoney Asset Management acts as manager (the "Manager"), portfolio advisor (the "Portfolio Advisor"), and trustee (the "Trustee") for the Fund pursuant to the Trust Declaration. The Manager is responsible for the day-to-day business of the Fund, including the management of the Fund's investment portfolio. The address of the Fund's registered office is 33 Yonge Street, Suite 830, Toronto, Ontario, M5E 1G4. The financial statements are presented in Canadian dollars (CAD). These financial statements were authorized for issue by the Manager on August 29, 2022.

On September 21, 2018, 5,001 Class A units, 5,000 Class F units, and 5,000 Class I units of the Fund were issued to the Manager of the Fund, for cash consideration of CAD \$10.00 per unit. These units are not redeemable until an additional \$500,000 has been invested by other investors in the aggregate in the Fund.

The Fund may issue an unlimited number of classes or series and may issue an unlimited number of units of each class or series. The Fund has created Class A, Class F, Class I units, and Class ETF units.

Class A units are available to all investors. Class F units are available to 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 not incur distribution costs. Class I units are available to institutional investors or to other investors on a case-by-case basis, all at the discretion of the Manager. Class ETF units are listed and issued and sold on a continuous basis and will be available to investors that purchase such units on the TSX through a registered broker or dealer in the province or territory where the investor resides.

As at June 30, 2022, the Fund currently has 4 Classes of Units: Class A, Class F, and Class I and Class ETF. As at June 30, 2022, the Manager holds 1 unit of Class A.

The investment objective of the Fund is to provide long-term capital appreciation and to provide unitholders with an attractive risk-adjusted rate of return with similar volatility to the traditional equity market by taking long and short investment positions in an actively-managed portfolio comprised primarily of Canadian equity securities. The Fund may also invest in international equity securities, North American and international fixed income securities including high yield securities, derivative instruments, such as options, futures, forward contracts and swaps, securities of investment funds, and cash and cash equivalents. The Fund may engage in physical short sales and/or borrowing for investment purposes.

The Fund is considered an "alternative fund" meaning it has received exemptions from National Instrument 81-102 - Investment Funds ("NI 81-102") to permit it to use strategies generally prohibited by conventional mutual funds, such as the ability to borrow, up to 50% of the Fund's net asset value, cash to use for investment purposes; sell, up to 50% of the Fund's net asset value, securities short (the combined level of cash borrowing and short selling is limited to 50% in aggregate); and leverage up to 300% of the Fund's net asset value.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the Fund.

#### (a) Basis of Preparation

These unaudited interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"), as published by the International Accounting Standards Board. The accounting policies and methods of computation followed in these unaudited interim financial statements are consistent with the most recent annual financial statements for the year ended December 31, 2021. These unaudited interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

#### (b) Classification

##### (i) Assets

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

##### (ii) Liabilities

The Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss. As such, the Fund classifies all of its investment portfolio as financial assets or liabilities as fair value through profit or loss. The Fund's policy requires the Manager to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

#### (c) Fair Value Measurements

The Fund utilizes a three tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments. The three levels of the fair value hierarchy are as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair values are classified as Level 1 when the related security or derivative is actually traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

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### (d) Valuation of Investments and Derivatives

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets, which include equities, bonds, options, and warrants are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Securities not listed on any recognized public securities exchange are valued in the same manner based on available public quotations from recognized dealers in such securities. If market quotations are not readily available, securities will be valued at fair value as determined in good faith by or under the supervision of the Manager. The cost of investments represents the amount paid for each security and is determined on an average cost basis.

The fair value of financial assets and liabilities that are not traded in an active market, including over-the-counter derivatives, is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and others commonly used by market participants and which make the maximum use of observable inputs.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Investment fund units held as investments are valued at their respective Net Asset Values on the relevant valuation dates as reported by the investment fund manager, as these values are the most readily and regularly available.

Warrants, options, and futures that are not listed on any recognized public securities exchange are valued using the Black-Scholes model and based on observable market inputs.

Foreign exchange forward contracts are valued on each valuation day based on the difference between the value of the contract on the date the contract originated and the value of the contract on the valuation day.

The difference between fair value and the average cost is shown as the change in unrealized appreciation (depreciation) on investments, options and foreign exchange forward contracts.

Other financial assets (held for collection) and other financial liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, where appropriate at the contract's effective interest rate. Due to their short-term nature, the fair value of other financial assets and financial liabilities carried at amortized cost approximates their carrying amount.

#### *Receivable for investments sold and payable for investments purchased*

Receivable for investments sold and payable for investments purchased represent trades that have been contracted for but not yet settled or delivered on the statements of financial position dates. These amounts are recognized initially at fair value and subsequently measured at amortized

cost. At each reporting date, the Funds measure the loss allowance on receivable for investments sold and payable for investments purchased at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganization, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due or a significant deterioration in a counterparty credit quality. Any contractual payment which is more than 90 days past due is considered credit impaired.

### (e) Cash

Cash is comprised of cash on demand deposit with a Canadian financial institution and is stated at fair value. Cash overdrafts are shown in current liabilities in the statement of financial position.

### (f) Investment Transactions and Income Recognition

Investment transactions are accounted for as of the trade date. Expenses are recorded on an accrual basis. Dividend income is recorded on the ex-dividend date. The interest for distribution purposes shown on the statement of comprehensive income represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis. Realized gains and losses on sale of investments and unrealized appreciation and depreciation in investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero coupon bonds. Income, common expenses and gains (losses) are allocated to each Class of the Fund based on the Class' prorated share of total Net Asset Value. Interest and borrowing expense and dividend expense on short sales are included within net gains (losses) on investments and derivatives.

Distributions received from investment trusts and underlying funds are recorded as dividend income, interest for distribution purposes, net realized gains (loss) on non-derivative investment or a return of capital, based on the best information available to the Manager. Due to the nature of those investments, actual allocations could vary from this information. Distributions from income trusts and underlying funds that are treated as a return of capital for income tax purposes reduce the average cost of the income trusts and underlying funds.

### (g) Valuation of Fund Units

The Fund's net asset value is calculated at the close of regular trading, normally 4:00pm (Eastern Time), on a day the Toronto Stock Exchange ("TSX") is open (a "Valuation Day"). The net asset value of the Fund will be calculated in Canadian dollars and the units of the Fund are denominated in Canadian dollars.

The Fund's units are divided into the Class A, Class F, Class I, and Class ETF units. Each class is divided into units of equal value. When you invest in the Fund, you are purchasing units of a specific class of the Fund.

A separate net asset value per unit is calculated for each class of units (the "Unit Price"). The Unit Price is the price used for all purchases, switches, reclassifications and redemptions of units of that class (including purchases

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made on the reinvestment of distributions). The price at which units are issued or redeemed is based on the next applicable Unit Price determined after the receipt of the purchase or redemption order.

The Unit Price of each class of the Fund is calculated by taking the fair value of all the investments and other assets allocated to the class and subtracting the liabilities allocated to that class. This gives us the net asset value for the class. The Unit Price for the class is obtained by dividing the net asset value for the class by the total number of units of the class that investors in a Fund are holding.

Although the purchases and redemptions of units are recorded on a class basis, the assets attributable to all of the class of a Fund are pooled to create one fund for investment purposes.

Each class pays its proportionate share of fund costs in addition to its management fee and performance fee. The difference in fund costs, management fees and performance fees between each class means that each class has a different Unit Price.

Any purchase, switch, reclassification or redemption instruction received after 4:00pm (Eastern Time) on Valuation Day will be processed on the next Valuation Day.

ETF units of the Fund are available for purchase or sale on the TSX through a registered broker or dealer. The cut-off time for ETF units of the Fund is 2:00pm (Eastern Time) on a trading day.

### (h) Foreign Currency Translation

The Fund's functional and presentation currency is Canadian dollars. The fair value of foreign investments and other assets and liabilities are translated into Canadian dollars at the exchange rates prevailing at the close of each valuation day. Purchases and sales of foreign securities and the related income and expenses are translated into Canadian dollars at rates of exchange prevailing on the respective dates of such transactions.

Foreign exchange gains and losses relating to cash and other assets and liabilities are presented as 'Foreign currency gain (loss) on cash and other assets and liabilities' and those relating to other financial assets and liabilities are presented within 'Net realized gain (loss) on investments, options, and foreign exchange forward contracts and 'Change in unrealized appreciation (depreciation) on investments, options, and foreign exchange forward contracts.

### (i) Increase (decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit

Increase (decrease) in net assets attributable to holders of redeemable units per unit of each Class of the Fund is determined by dividing the net increase in net assets attributable to holders of redeemable units from each Class of Units by the weighted average number of Units outstanding of that Class during the year.

### (j) Transaction Costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchange, and transfer taxes and duties. Such costs are expensed and included in "Transaction costs" in the Statement of Comprehensive Income.

### (k) Securities Lending Transactions

The Fund may enter into securities lending transactions. These transactions involve the temporary exchange of securities as collateral with a

commitment to deliver the same securities on a future date. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on securities held as collateral. Income earned from these transactions is recognized on an accrual basis and included in the Statements of Comprehensive Income.

The Fund has entered into a securities lending program with their custodian, RBC Investor Services Trust. The aggregate market value of all securities loaned by the Fund cannot exceed 50% of the assets of the Fund. The Fund will receive collateral of at least 102% of the value of the securities on loan. Collateral will generally be comprised of cash and obligations of, or guaranteed by, the Government of Canada or a province thereof, or a permitted supranational agency as defined in National Instrument 81-102. Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge which the Fund's custodian, RBC Investor Services Trust, is entitled to receive.

### (l) Leverage

Leverage occurs when the Fund borrows money or securities, or uses derivatives, to generate investment exposure that would otherwise not be possible.

The Fund's aggregate exposure to its sources of leverage is calculated as the sum of the following: (i) the market value of short holdings; (ii) the amount of cash borrowed for investment purposes; and (iii) the notional value of the Fund's derivatives positions, excluding any derivatives used for hedging purposes. The Fund's exposure to leverage must not exceed 300% of the Fund's NAV.

The Fund has received exemptive relief from Canadian securities regulatory authorities from certain investment restrictions set out in NI 81-102 that would restrict the ability of the Fund to leverage their assets through borrowing, short sales and/or derivatives. Investment decisions may be made for the assets of the Fund that exceed the net asset value of the Fund. As a result, if these 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 a Fund's turnover, transaction and market impact costs, interest and other costs and expenses.

The Fund has also obtained exemptive relief such that the Fund is permitted to engage in short selling transactions and cash borrowing up to a combined maximum of 100% of its net asset value, which is in excess of the short sale and cash borrowing limits provided for both conventional mutual funds and alternative mutual funds in NI 81-102.

### (m) Structured Entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

Picton Mahoney has determined that all of the underlying funds in which the Fund invests are unconsolidated structured entities. In making this determination, Picton Mahoney evaluated the fact that decision making about the underlying funds' activities is not governed by voting or similar rights held by the Fund and other investors in any underlying funds.

The Fund may invest in underlying funds whose investment objectives range from achieving short- to long-term income and capital growth potential. Underlying funds may use leverage in a manner consistent with their respective investment objectives. Underlying funds finance their operations by issuing redeemable units which are puttable at the holder's



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option and entitle the holder to a proportionate stake in the respective fund's net assets. The Fund's interests in underlying funds as at June 30, 2022 and December 31, 2021, held in the form of redeemable units, are included at their fair value in the Statement of Financial Position, which represent the Fund's maximum exposure in these underlying funds. The Fund does not provide and has not committed to provide any additional significant financial or other support to the underlying funds. The change in fair value of each of the underlying funds during the periods is included in 'Change in unrealized appreciation (depreciation) of investments, options, and foreign exchange forward contracts' in the Statement of Comprehensive Income.

### (n) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

These financial statements, include estimates and assumptions by management that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the period. Actual results could differ from these estimates. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements.

#### *Fair value measurement of derivatives and securities not quoted in an active market*

The Fund holds financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined using recognized valuation techniques and may be determined using reputable pricing sources or indicative prices from market makers.

Where no market data is available, the Fund may value positions using its own models, which are based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by the Manager, independent of the party that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

### 4. FINANCIAL INSTRUMENTS RISKS

The Fund is exposed to various financial risks, including market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk. The investment team reviews and rebalances the portfolio on a regular and ongoing basis to maintain the risk reward targets. Portfolios within each strategy are reviewed relative to each other and to their benchmark. Active industry and security allocations are analyzed. All investments may result in a risk of loss of capital.

Please refer to the Fund Specific Notes for details of the Fund's financial instruments risks.

#### **Price risk:**

The Fund trades in financial instruments, taking positions in traded and over-the-counter instruments which may include derivatives. As of June 30, 2022 and December 31, 2021, the Fund held or had exposure to long and short equity positions in publicly traded companies whose securities are actively traded on a recognized public exchange. Equities are susceptible to price risk arising from uncertainties about future prices of those instruments (other than those arising from interest rate risk or currency risk).

Short sales entail certain risks, including the risk that a short sale of a security may expose a 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 a 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 a 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 a 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 a Fund, the Manager may be required to buy or sell short securities at unattractive prices. The maximum risk resulting for financial instruments held long is determined by the fair value of the instrument.

#### **Currency risk:**

Currency risk is the risk that the cash and securities held by the Fund as well as due to and due from broker balances may be valued in or have exposure to currencies other than the Canadian dollar which is the functional currency of the Fund. The prices of the foreign securities are denominated in foreign currencies which are converted to the Fund's functional currency for determining fair value and, accordingly, each Class Net Asset Value will be affected by fluctuations in the value of such foreign currencies relative to the Canadian dollar.

#### **Interest rate risk:**

Interest rate risk arises when a fund invests in interest-bearing financial instruments and from the possibility that changes in the prevailing levels of market interest rates will affect future cash flows or fair values of such financial instruments. There is minimal fair value sensitivity to interest rate fluctuations on any cash and cash equivalents invested at short-term market interest rates. Market prices may also be affected by changes in market interest rates. Also, changes in the market interest rate may affect the borrowing expenses of the short positions held by the Fund.

#### **Credit risk:**

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. However, there are risks involved in dealing with custodians or prime brokers who settle trades and in rare circumstances, the securities and other assets deposited with the custodian or broker may be exposed to credit risk with regard to such parties. In addition, there may be practical problems or time delays associated with enforcing the Fund's rights to its assets in the case of an insolvency of any such party.

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The Fund is exposed to credit risk. For other financial assets at amortized cost, the Manager considers both historical analysis and forward looking information in determining any expected credit loss. At June 30, 2022 and December 31, 2021, all receivables for investments sold, dividends receivable, and cash are held with counterparties with a good credit quality and are due to be settled within one week. The Manager considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

### Liquidity Risk:

Liquidity risk is the risk that a Fund will not be able to generate sufficient cash availability to execute its payment obligations. The Fund primarily invests in liquid securities that are readily realizable in an active market which is essential if the Fund is required to fund daily redemptions in the course of operations. The Fund from time to time may invest in restricted securities through private placements. However, this type of investment does not constitute a significant percentage of the Fund's Net Asset Value. The Fund may also maintain a cash reserve to accommodate normal-type redemptions. All liabilities of the Fund mature in one year or less. Redeemable units are redeemable on demand at the holder's option. However, the Manager does not expect that the contractual maturity will be representative of the actual cash outflows, as holders of these instruments typically retain them for a longer period.

### Concentration risk:

Concentration risk arises as a result of the concentration of financial instrument exposures within the same category, whether it is geographic region, asset type or industry sector.

### Leverage Risk:

The Fund has received exemptive relief from Canadian securities regulatory authorities from certain investment restrictions set out in NI 81-102 that would restrict the ability of the Fund to leverage their assets through borrowing, short sales and/or derivatives. Investment decisions may be made for the assets of the Fund that exceed the net asset value of the Fund. As a result, if these 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 a Fund's turnover, transaction and market impact costs, interest and other costs and expenses.

Pursuant to the terms of the exemptive relief, the Fund's aggregate gross exposure, calculated as the sum of the following, must not exceed three times the Fund's net asset value: (i) the aggregate market value of the Fund's long positions; (ii) the aggregate market value of physical short sales on equities, fixed income securities or other portfolio assets; and (iii) the aggregate notional value of the Fund's specified derivatives positions excluding any specified derivatives used for hedging purposes. If the Fund's aggregate gross exposure exceeds three times the Fund's net asset value, the Fund must, as quickly as is commercially reasonable, take all necessary steps to reduce the aggregate gross exposure to three times the Fund's net asset value or less.

## 5. CAPITAL MANAGEMENT

The capital of a Fund is represented by the issued and outstanding units and the net asset value attributable to participating unitholders. The Manager utilizes the capital of the Fund in accordance with the Fund's investment objectives, strategies and restrictions, as outlined in the Fund's prospectus, while maintaining sufficient liquidity to meet normal redemptions. The Fund does not have any externally imposed capital requirements.

## 6. REDEEMABLE UNIT TRANSACTIONS

The Fund is permitted to have an unlimited number of Classes of Units 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 Asset Value of the Fund attributable to that Class of Units.

Investors may be admitted to the Fund or may acquire additional Units on a daily basis. Units of the Fund are offered at the Class Net Asset Value per Unit calculated as of the applicable Valuation Date. The minimum initial investment in the Fund is \$2,000 for all Classes 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 CAD \$500 subject to applicable securities legislation. The capital of the Fund is represented by issued redeemable Units with no par value. The Units are entitled to distributions, if any, and to payment of a proportionate share based on the Fund's Net Asset Value per Unit upon redemption. The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of Units other than as described above. The relevant movements are shown on the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units and in the Fund Specific Notes of each Fund.

IAS 32, Financial Instrument – Recognition and Measurement, requires that units of an entity that include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units have been classified as financial liabilities. The Fund has multiple series of units that carry different management fee rates and therefore do not have identical features. As all units are equally subordinate, the units also would not meet the requirements of IAS 32 and therefore do not meet the conditions to be classified as equity.

Generally, all orders to purchase ETF units directly from a Fund must be placed by a Designated Broker or an "ETF Dealer", which is a registered dealer (that may or may not be a Designated Broker) that has entered into an agreement with us authorizing the dealer to subscribe for, purchase and redeem ETF units from one or more Funds on a continuous basis from time to time. For each Prescribed Number of Units issued, an ETF Dealer must deliver payment consisting of, either: (i) a group of securities or assets representing the constituents of the Fund (a "Basket of Securities") for each Prescribed Number of Units for which the subscription order has been accepted and cash, in an amount sufficient so that the value of the securities and cash received is equal to the aggregate net asset value of the Prescribed Number of Units next determined following the receipt of the subscription order; or (ii) cash only, securities other than Baskets of Securities or a combination of securities other than Baskets of Securities and cash, in an amount sufficient so that the value of the securities and cash received is equal to the aggregate net asset value of the Prescribed Number of Units next determined following the receipt of the subscription order. When you redeem ETF units of a Fund, you receive the proceeds of your sale in cash at a redemption price per unit equal to 95% of the closing trading price on the effective date of the cash redemption request, subject to a maximum redemption price of the applicable net asset value per unit. As unitholders will generally be able to sell ETF units at the market price on the TSX or another exchange or marketplace through a registered broker or dealer subject only to customary brokerage commissions.

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### 7. DISTRIBUTIONS

The Fund intends to distribute net income and net realized capital gains, if any, to Unitholders at the end of each taxation year to ensure that the Fund is not liable for income tax under Part I of the Income Tax Act (Canada) (the "Act"), after taking into account any loss carry forwards and capital gains refunds. All annual distributions paid on Class F, Class I and Class ETF units will be automatically reinvested in additional units.

### 8. TAXATION

The Fund qualifies as a "mutual fund trust" and will be subject to tax in each taxation year under Part I of the 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 deducts, 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, 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. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statement of Financial Position as a deferred tax asset.

Non-capital losses have expiry periods of up to 20 years and can be offset against future taxable income. Net capital losses can be carried forward indefinitely and offset against future taxable capital gains. For tax loss carry forward information, please refer to Note 11 in the Fund Specific Notes.

The Fund is required to include in income for each taxation year any dividends received by it in a taxation year and all interest that accrues to it to the end of the 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 its income for a preceding taxation year. In computing its income, the Fund will take into account any loss carry-forwards, any capital gains refund and all deductible expenses, including management fees.

Gains and losses realized by the Fund on the disposition of securities will generally be reported as capital gains and capital losses. The Fund will elect under section 39(4) of the Tax Act so that all gains or losses realized on the disposition of securities that are "Canadian securities" (as defined in the Tax Act), including Canadian securities acquired in connection with short sales, will be deemed to be capital gains or losses to the Fund. Generally, gains and losses realized by the Fund from derivative securities and in respect of short sales of securities (other than Canadian securities) will be treated as income and losses of the Fund, except where a derivative is used to hedge securities held on capital account provided there is sufficient linkage and subject to detailed rules in the Tax Act. Whether gains or losses realized by the Fund in respect of a particular security (other than a Canadian security) is on income or capital account will depend largely on factual considerations. Losses incurred by the Fund in a taxation year cannot be allocated to unitholders, but may be deducted by the Fund in future years in accordance with the Tax Act.

### 9. OPERATING EXPENSES

The Manager is responsible for the day-to-day operations of the Fund. The Fund pays its own operating expenses, other than advertising costs and costs of dealer compensation programs, which are paid by the Manager. Operating expenses include, but are not limited to, brokerage commissions and fees, taxes, audit and legal fees, fees of the members of the Independent Review Committee ("IRC"), costs and fees in connection with the operation of the IRC, safekeeping and custodial fees, interest

expenses, operating, administrative and systems costs, investor servicing costs and costs of financial and other reports to investors, as well as prospectuses, annual information forms and fund facts.

With the exception of Class specific expenses, all other expenses are allocated to each Class of the Fund based on the Class' pro-rated share of total Net Asset Value of the Fund. 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 received fees and reimbursement of expenses subsequently accruing to it.

### 10. RELATED PARTY TRANSACTIONS

#### (a) Management Fees

The Manager receives a management fee payable for providing its services to the Fund. The management fee varies for each class of units. The management fee is calculated and accrued daily based on a percentage of the net asset value of the class of units of the Fund, plus applicable taxes, and is payable on the last business day of each calendar quarter. This fee differs among the classes of units of the Fund. The annual management fee payable by the Fund to the Manager on Class A units is 1.95% and on Class F units and Class ETF units is 0.95%. The management fee for Class I units of the Fund is negotiated by the investor and paid directly by the investor, and would not exceed the management fee payable on Class A units of the Fund.

#### Management Fee Distributions

The Manager may, in its discretion, agree to charge a reduced management fee as compared to the fee that the Manager otherwise would be entitled to receive from the Fund with respect to investments in the Fund by unitholders who hold a minimum amount of units during any period and/or meet other criteria as determined by the Manager from time to time. In such cases, an amount equal to the difference between the management fee otherwise chargeable and the reduced fee payable by the Fund will be distributed regularly by the Fund to those unitholders as "Management Fee Distributions". The Manager reserves the right, in its discretion, to discontinue or change Management Fee Distributions at any time.

#### (b) Performance Fees

The Manager receives a performance fee in respect of each of the Class A units, Class F units, and Class ETF units of the Fund. The performance fee for each class shall be calculated and become a liability of the Fund on each Valuation Day and shall be payable at the end of each calendar quarter. The performance fee for the Fund is equal to 20% of the amount by which the performance of the applicable class exceeds the performance of the S&P/TSX Composite Index (TR), for each of the Class A units, Class F units, or Class ETF units, plus applicable taxes. The performance fee in respect of each of the Class A units, Class F units, and Class ETF units of the Fund shall be equal to the daily net asset value of the class of units of the Fund during the calendar quarter multiplied by 20% of the amount by which the total return of the class of units exceeds the total percentage increase or decrease in the S&P/TSX Composite Index (TR) since the end of the period for which the last performance fee was paid for the Class A units, Class F units, or Class ETF units, as the case may be, plus applicable taxes. If at any time the total return of the class of units of the Fund is less than its S&P/TSX Composite Index (TR), then no performance fee will be payable until the total return of the class of units of the Fund relative to the S&P/TSX Composite Index (TR) has exceeded the amount of the deficiency calculated on a percentage basis. Investors in Class I units may negotiate a different performance fee than the one described herein or no performance fee at all. Any performance fee for Class I units will be paid directly to the Manager. The Manager reserves the right, in its discretion,

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## NOTES TO THE FINANCIAL STATEMENTS

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As at June 30, 2022 (unaudited)

to discontinue, decrease or waive the performance fee at any time.  
For the period January 1, 2022 to June 30, 2022, the Fund incurred no performance fees.

### **(c) Fund-on-Fund Fees and Expenses**

When the Fund invests in an underlying fund, the underlying fund may pay a management and performance fee and other expenses in addition to the fees and expenses payable by the Fund. The fees and expenses of the underlying fund will have an impact on the management expense ratio of the Fund. However, the Fund will not pay a management or performance fee that, to a reasonable person, would duplicate a fee payable by the underlying fund(s) for the same service. In addition, the Fund will not pay any sales charges, redemption fees or short-term trading fees for its purchase or redemption of units of any underlying fund that is managed by the Manager, or that, in respect of the other underlying funds, to a reasonable person, would duplicate a fee payable by an investor in any underlying fund.







**THINK AHEAD.  
STAY AHEAD.**



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## **PICTON MAHONEY ASSET MANAGEMENT CORPORATE INFORMATION**

### **Corporate Address**

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### **Auditor**

#### **PricewaterhouseCoopers LLP**

18 York Street, Suite 2600  
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Canada M5J 0B2

### **Fund Administration & Transfer Agent**

#### **Picton Mahoney Funds**

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