

FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND



**THINK AHEAD.
STAY AHEAD.**

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MANAGEMENT'S RESPONSIBILITY STATEMENT

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 27, 2021

NOTICE TO UNITHOLDERS

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, 2021 (unaudited) and December 31, 2020

	June 30, 2021 \$	December 31, 2020 \$
Assets		
Current assets		
Long positions at fair value*	94,394,979	57,910,463
Cash	813,829	489,885
Options purchased	644,750	366,786
Due from Manager	37,610	90,895
Subscriptions receivable	162,785	80,200
Receivable for investments sold	339,370	1,014,063
Dividends receivable	100,813	74,023
Interest and other receivable	-	1,619
	96,494,136	60,027,934
Liabilities		
Current liabilities		
Short positions at fair value**	25,526,046	16,076,381
Options written	500,590	228,576
Management fee payable	154,145	27,260
Performance fee payable	254,393	775,663
Redemptions payable	6,020	38,285
Accrued liabilities	41,962	34,091
Payable for investments purchased	426,127	800,538
Interest payable	851	851
Dividends payable	26,248	17,337
	26,936,382	17,998,982
Net Assets Attributable to Holders of Redeemable Units	69,557,754	42,028,952
Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	5,830,660	3,712,451
Class F	44,111,720	32,026,734
Class I	1,028,293	1,286,993
Class ETF	18,587,081	5,002,774
Number of Redeemable Units Outstanding		
Class A	383,730	287,123
Class F	2,834,067	2,430,256
Class I	61,041	91,133
Class ETF	1,260,000	400,000
Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	15.19	12.93
Class F	15.56	13.18
Class I	16.85	14.12
Class ETF***	14.75	12.51
* Long positions, at cost	81,365,274	49,222,178
** Short positions, at cost	(25,282,866)	(15,815,257)
*** Closing Market Price (TSX)	14.80	12.65

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)

	2021 \$	2020 \$
Income		
Net gains (losses) on investments and derivatives		
Interest for distribution purposes	9,588	17,855
Dividends	614,980	281,360
Net realized gain (loss) on investments and options	4,197,681	(344,247)
Change in unrealized appreciation (depreciation) on investments and options	4,370,558	2,073,338
Interest and borrowing expense	(65,150)	(34,024)
Dividend expense	(185,109)	(96,738)
Net gains (losses) on investments and derivatives	8,942,548	1,897,544
Other income		
Foreign currency gain (loss) on cash and other assets and liabilities	(68,954)	12,791
Total Income	8,873,594	1,910,335
Expenses		
Performance fees	294,348	75,219
Management fees	252,316	74,201
Transaction costs	235,928	171,381
Harmonized sales tax	47,040	22,143
Administrative fees	33,849	24,010
Securityholder reporting fees	20,030	8,612
Legal fees	13,050	11,100
Withholding taxes	7,558	4,878
Audit fees	3,843	1,166
Independent Review Committee fees	3,799	3,458
Custody fees	-	612
Total Expense before Manager Absorption	911,761	396,780
Less: Expenses Absorbed by Manager	(37,610)	(38,620)
Total Expense after Manager Absorption	874,151	358,160
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	7,999,443	1,552,175
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	772,036	(203,006)
Class F	5,546,628	2,006,888
Class I	176,300	(50,638)
Class ETF	1,504,479	(201,069)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	2.26	(1.19)
Class F	2.36	1.73
Class I	2.73	(0.13)
Class ETF	2.17	(1.58)

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)

	2021 \$	2020 \$
Net Assets Attributable to Holders of Redeemable Units at Beginning of Period		
Class A	3,712,451	588,397
Class F	32,026,734	4,725,922
Class I	1,286,993	5,908,217
Class ETF	5,002,774	1,237,345
	<u>42,028,952</u>	<u>12,459,881</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
Class A	772,036	(203,006)
Class F	5,546,628	2,006,888
Class I	176,300	(50,638)
Class ETF	1,504,479	(201,069)
	<u>7,999,443</u>	<u>1,552,175</u>
Redeemable Unit Transactions		
Proceeds from redeemable units issued		
Class A	1,780,452	3,037,226
Class F	17,935,292	15,190,269
Class I	-	500,000
Class ETF	13,920,222	425,538
	<u>33,635,966</u>	<u>19,153,033</u>
Redemption of redeemable units		
Class A	(434,279)	(1,119,148)
Class F	(11,396,934)	(3,459,595)
Class I	(435,000)	(3,046,698)
Class ETF	(1,840,394)	(379,355)
	<u>(14,106,607)</u>	<u>(8,004,796)</u>
Net Increase (Decrease) from Redeemable Unit Transactions	<u>19,529,359</u>	<u>11,148,237</u>
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	<u>27,528,802</u>	<u>12,700,412</u>
Net Assets Attributable to Holders of Redeemable Units at End of Period		
Class A	5,830,660	2,303,469
Class F	44,111,720	18,463,484
Class I	1,028,293	3,310,881
Class ETF	18,587,081	1,082,459
Net Assets Attributable to Holders of Redeemable Units at End of Period	<u>69,557,754</u>	<u>25,160,293</u>

STATEMENTS OF CASH FLOWS

For the six month periods ended June 30 (unaudited)

	2021 \$	2020 \$
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable units	7,999,443	1,552,175
Adjustments for:		
Unrealized foreign exchange (gain) loss on cash	135,375	(53,554)
Net realized (gain) loss on investments and options	(4,197,681)	344,247
Change in unrealized (appreciation) depreciation on investments and options	(4,370,558)	(2,073,338)
(Increase) decrease in due from manager	53,285	(38,620)
(Increase) decrease in interest and other receivables	1,619	-
(Increase) decrease in dividends receivable	(26,790)	(23,971)
Increase (decrease) in interest payable	-	851
Increase (decrease) in dividends payable	8,911	7,573
Increase (decrease) in other payables and accrued liabilities	134,756	48,467
Increase (decrease) in performance fee payable	(521,270)	83,349
Purchase of long positions and repurchases of investments sold short	(109,350,736)	(68,005,492)
Proceeds from sales of long positions and on investments sold short	91,178,456	58,504,221
Net Cash Generated (Used) by Operating Activities	<u>(18,955,190)</u>	<u>(9,654,092)</u>
Cash Flows from Financing Activities		
Proceeds from redeemable units issued	33,511,625	19,064,319
Amount paid on redemption of redeemable units	(14,097,116)	(7,945,191)
Net Cash Generated (Used) by Financing Activities	<u>19,414,509</u>	<u>11,119,128</u>
Unrealized foreign exchange gain (loss) on cash	(135,375)	53,554
Net increase (decrease) in cash	459,319	1,465,036
Cash, beginning of period	489,885	(234,514)
Cash, End of Period	<u>813,829</u>	<u>1,284,076</u>
Cash	813,829	1,284,076
Cash overdraft	-	-
Net Cash (Overdraft)	<u>813,829</u>	<u>1,284,076</u>
Items classified as operating activities:		
Interest received, net of withholding tax	11,207	17,855
Dividends received, net of withholding tax	580,632	252,511
Interest and borrowing expense paid	(65,150)	(33,173)
Dividends paid	(176,198)	(89,165)

Net of non-cash transfers and switches of \$41,756 (2020 - \$14,553)

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2021 (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 (\$)
LONG POSITIONS (136.6%)									
Canadian Equities (104.3%)									
Energy (12.9%)									
	31,390	Advantage Energy Ltd.	98,172	158,833	15,361	Solaris Resources Inc.	113,263	185,100	
	17,399	ARC Resources Ltd.	169,985	183,559	9,573	SSR Mining Inc.	216,646	185,333	
	44,926	Enbridge Inc.	1,941,909	2,229,677	177,200	Trevali Mining Corp., Warrants, 2022-12-31	3,186	13,290	
	15,695	Enerflex Ltd.	133,134	131,681	6,179	Trilogy Metals Inc.	18,042	19,155	
	47,753	Enerplus Corp.	316,601	425,479	3,785	West Fraser Timber Co., Ltd.	336,394	336,827	
	34,284	Freehold Royalties Ltd.	229,044	334,955	18,867	Wheaton Precious Metals Corp.	1,037,948	1,030,893	
	18,302	Keyera Corp.	493,612	609,640			8,345,641	9,400,123	
	56,084	MEG Energy Corp.	472,586	503,073	Industrial (11.1%)				
	10,800	NexGen Energy Ltd.	48,600	55,080	7,569	AG Growth International Inc.	308,800	291,558	
	23,082	North American Construction Group Ltd.	322,160	435,788	1,620	Boyd Group Services Inc.	321,174	365,440	
	13,606	Parkland Corp.	504,997	545,056	12,123	CAE Inc.	370,078	462,856	
	9,173	Pembina Pipeline Corp.	348,736	361,324	4,230	Canadian National Railway Co.	550,355	553,242	
	28,300	ReGen III Corp.	35,375	34,809	19,813	Canadian Pacific Railway Ltd.	1,640,093	1,888,575	
	60,678	Suncor Energy Inc.	1,538,645	1,801,530	1,057	Cargojet Inc.	182,635	194,520	
	98,008	Tidewater Midstream and Infrastructure Ltd.	125,380	136,231	12,250	Chorus Aviation Inc., Warrants, 2022-04-06	-	4,594	
	29,191	Tourmaline Oil Corp.	640,029	1,034,237	26,633	Drone Delivery Canada Corp.	18,665	29,563	
			7,418,965	8,980,952	23,300	Drone Delivery Canada Corp., Warrants, 2022-08-05	-	9,320	
Materials (13.5%)					2,900	Hardwoods Distribution Inc.	106,951	107,068	
	9,350	Agnico Eagle Mines Ltd.	809,636	700,876	24,711	Mullen Group Ltd.	276,533	330,139	
	3,400	Airboss of America Corp.	140,205	120,700	7,993	Thomson Reuters Corp.	844,015	984,178	
	70,600	Aris Gold Corp., Warrants, 2025-07-25	-	35,300	6,001	Toromont Industries Ltd.	541,810	648,108	
	35,620	Artemis Gold Inc.	145,822	209,089	9,324	Waste Connections Inc.	1,271,090	1,380,884	
	17,480	Barrick Gold Corp.	549,638	448,187	3,228	WSP Global Inc.	421,022	467,092	
	10,300	Cascades Inc.	156,409	157,178			6,853,221	7,717,137	
	10,746	CCL Industries Inc.	617,575	733,629	Consumer Discretionary (4.9%)				
	29,800	Discovery Metals Corp., Warrants, 2022-08-07	-	11,026	8,567	AutoCanada Inc.	214,131	427,836	
	53,096	Discovery Silver Corp.	73,171	112,564	8,794	BRP Inc.	709,697	853,018	
	15,732	ERO Copper Corp.	326,765	409,189	7,400	Lion Electric Co.	90,699	179,154	
	66,619	First Quantum Minerals Ltd.	1,268,141	1,903,305	7,347	Magna International Inc.	576,715	843,215	
	4,039	Franco-Nevada Corp.	711,125	726,576	14,409	Park Lawn Corp.	426,411	480,396	
	45,000	Freegold Ventures Ltd., Warrants, 2022-07-29	-	-	7,200	Pet Valu Holdings Ltd.	144,000	192,528	
	56,300	Gold Standard Ventures Corp.	49,544	39,973	9,239	Spin Master Corp.	369,059	445,505	
	12,133	Green Impact Partners Inc.	120,616	115,385			2,530,712	3,421,652	
	73,688	Hudbay Minerals Inc.	615,518	607,926	Consumer Staples (0.7%)				
	13,914	Intertape Polymer Group Inc.	297,794	399,888	61,400	Flow Water Inc.	101,310	101,310	
	21,406	K92 Mining Inc.	127,458	191,798	8,905	Saputo Inc.	332,957	329,218	
	29,649	Karora Resources Inc.	108,626	118,300	16,050	Sol Cuisine Inc., Warrants, 2023-05-18	-	-	
	27,750	Major Drilling Group International Inc.	189,919	237,818	47,700	Sol Cuisine Ltd.	82,237	63,441	
	22,800	OceanaGold Corp.	56,617	53,580	5,050	TPCO Holding Corp., Warrants, 2026-01-15	1,318	7,817	
	16,251	Orla Mining Ltd.	89,321	83,205			517,822	501,786	
	24,043	Pan American Silver Corp., Rights, 2029-02-22	21,583	25,307	Health Care (1.6%)				
	17,400	Prime Mining Corp., PP	51,330	73,881	1,900	Ayr Wellness Inc.	69,140	67,127	
	8,700	Prime Mining Corp., Warrants, 2024-04-27	-	-	5,600	Burcon NutraScience Corp., Warrants, 2022-02-19	2,687	8,176	
	10,575	SilverCrest Metals Inc.	93,349	114,845	3,600	Carebook Technologies Inc., Warrants, 2022-10-01	-	-	

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2021 (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 (\$)
Global Equities (31.0%)									
United States Equities (25.8%)									
	759	Abbott Laboratories	104,549	108,959					
	417	Adobe Inc.	252,397	302,407	2,705		Pinterest Inc.	181,845	264,451
	2,004	Advanced Micro Devices Inc.	192,541	233,092	946		Procter & Gamble Co.	164,784	158,061
	863	Agilent Technologies Inc.	142,858	157,957	1,113		RingCentral Inc.	362,358	400,485
	122	Alphabet Inc., Class A	318,659	368,887	801		Roper Technologies Inc.	432,129	466,380
	104	Amazon.com Inc.	409,693	443,034	2,226		Santander Consumer USA Holdings Inc.	88,790	100,114
	612	American Tower Corp.	185,952	204,722	16,808		Senseonics Holdings Inc.	64,512	79,923
	67	Booking Holdings Inc.	189,250	181,537	479		ServiceNow Inc.	283,874	325,963
	362	Charles River Laboratories International Inc.	142,685	165,822	7,908		Simply Good Foods Co.	286,401	357,523
	2,171	Charles Schwab Corp.	188,853	195,738	468		SolarEdge Technologies Inc.	166,906	160,163
	2,226	Coca-Cola Co.	148,137	149,152	3,562		Spirit Realty Capital Inc.	180,507	211,014
	501	Constellation Brands Inc.	141,199	145,102	700		Sprout Social Inc.	56,488	77,510
	1,330	Copart Inc.	185,523	217,116	957		Square Inc.	266,488	288,916
	1,560	CoStar Group Inc.	155,571	159,987	1,113		Stitch Fix Inc.	88,270	83,107
	668	Cree Inc.	88,379	81,006	557		SVB Financial Group	313,295	383,788
	863	CrowdStrike Holdings Inc.	172,800	268,563	807		Synopsys Inc.	216,195	275,599
	2,226	Crown Holdings Inc.	272,810	281,737	5,009		Tenable Holdings Inc.	285,922	256,479
	1,391	Danaher Corp.	410,029	462,243	2,004		TJX Cos Inc.	167,842	167,306
	600	Danimer Scientific Inc.	32,715	18,612	3,005		Travel + Leisure Co.	151,301	221,219
	668	Deere & Co.	197,532	291,756	757		Twilio Inc.	307,660	369,482
	1,399	DR Horton Inc.	109,146	156,555	712		United Rentals Inc.	190,829	281,261
	6,122	Elanco Animal Health Inc.	250,294	262,980	3,000		Vintage Wine Estates Inc., Warrants, 2024-12-31	-	9,287
	1,430	Eli Lilly & Co.	355,097	406,426	1,414		Walmart Inc.	243,787	246,919
	429	Enphase Energy Inc.	95,758	97,550	7,745		WillScot Mobile Mini Holdings Corp.	200,124	267,291
	1,113	Evercore Inc.	176,807	194,013	1,002		Zillow Group Inc.	150,339	151,647
	1,197	Exact Sciences Corp.	160,418	184,258	668		Zoetis Inc.	133,381	154,154
	757	Facebook Inc.	264,741	325,940				15,476,202	17,923,528
	1,926	Flywire Corp.	67,483	87,624	International Equities (5.0%)				
	2,158	Foot Locker Inc.	149,678	164,691	3,200		Athene Holding Ltd.	180,471	267,472
	5,677	Fortress Transportation and Infrastructure Investors LLC	202,104	235,850	14,819		Brookfield Infrastructure Partners LP	936,767	1,019,844
	512	Gartner Inc.	122,565	153,557	8,657		Brookfield Renewable Partners LP	395,572	414,670
	401	Generac Holdings Inc.	165,346	206,146	85,414		Champion Iron Ltd.	299,979	520,171
	4,981	General Motors Co.	342,031	364,958	14,332		Endeavour Mining PLC	401,719	381,518
	4,200	GoHealth Inc.	55,844	58,302	8,682		International Game Technology PLC	205,868	257,592
	1,380	Guardant Health Inc.	229,665	212,222	1,057		NXP Semiconductors NV	200,610	269,263
	17,365	Infinera Corp.	217,706	219,331	199,970		Talon Metals Corp.	87,881	103,984
	173	Intuitive Surgical Inc.	158,979	197,010	44,650		Talon Metals Corp., Warrants, 2022-03-18	-	-
	479	Lam Research Corp.	334,603	385,959	4,258		Triton International Ltd.	276,873	275,972
	1,113	Lamb Weston Holdings Inc.	107,619	111,168				2,985,740	3,510,486
	6,790	Marvell Technology Inc.	401,352	490,441	International Index Equivalents (0.2%)				
	1,781	MasTec Inc.	144,763	233,994	3,150		iPath Series B S&P 500 VIX Short-Term Futures ETF	171,463	115,186
	1,157	Mastercard Inc.	507,933	523,068	Total Global Equities - Long				
	1,636	Match Group Inc.	291,251	326,669				18,633,405	21,549,200
	3,117	Micron Technology Inc.	290,732	328,004					
	1,369	Microsoft Corp.	387,745	459,238					
	412	Moderna Inc.	81,289	119,882					
	3,952	Morgan Stanley	297,002	448,708					
	807	Motorola Solutions Inc.	193,833	216,700					
	434	NVIDIA Corp.	277,145	429,991					
	4,564	Option Care Health Inc.	121,114	123,600					

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2021 (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 (\$)
Options (0.9%)					Financials (-2.1%)				
		Total Purchased Options - Refer to Appendix A	844,339	644,750	(4,400)	ECN Capital Corp.	(31,955)	(40,920)	
		Transaction Costs	(55,663)	-	(300)	Fairfax Financial Holdings Ltd.	(164,436)	(163,080)	
		Total Long Positions	81,365,274	95,039,729	(10,960)	Fiera Capital Corp.	(110,077)	(119,245)	
SHORT POSITIONS (-37.4%)					(7,100)	Great-West Lifeco Inc.	(222,419)	(261,422)	
Canadian Equities (-14.0%)					(2,640)	IGM Financial Inc.	(101,736)	(115,526)	
Energy (-1.0%)					(4,090)	Laurentian Bank of Canada	(155,511)	(178,692)	
(21,500)		Birchcliff Energy Ltd.	(73,901)	(111,800)	(8,800)	Manulife Financial Corp.	(206,535)	(214,720)	
(20,400)		Crescent Point Energy Corp.	(101,603)	(114,444)	(635)	TMX Group Ltd.	(84,537)	(83,147)	
(12,400)		Ensign Energy Services Inc.	(24,397)	(27,776)	(3,060)	Toronto-Dominion Bank	(254,522)	(265,822)	
(1,500)		Imperial Oil Ltd.	(59,119)	(56,670)				(1,331,728)	(1,442,574)
(6,264)		Paramount Resources Ltd.	(53,312)	(107,490)	Information Technology (-0.4%)				
(6,400)		Parex Resources Inc.	(132,358)	(132,480)	(3,000)	Blackberry Ltd.	(47,928)	(45,450)	
(3,600)		PrairieSky Royalty Ltd.	(48,958)	(54,036)	(875)	Canadian Solar Inc.	(63,137)	(48,585)	
(8,800)		Vermilion Energy Inc.	(86,224)	(95,568)	(2,175)	Enghouse Systems Ltd.	(124,084)	(120,038)	
			(579,872)	(700,264)	(600)	Lightspeed POS Inc.	(42,655)	(62,250)	
							(277,804)	(276,323)	
Materials (-1.4%)					Communication Services (-0.2%)				
(4,730)		Canfor Corp.	(129,468)	(134,143)	(2,040)	BCE Inc.	(115,924)	(124,705)	
(5,100)		Endeavour Silver Corp.	(26,252)	(38,709)	Utilities (-0.9%)				
(9,130)		Equinox Gold Corp.	(91,235)	(78,609)	(4,790)	Algonquin Power & Utilities Corp.	(92,745)	(88,471)	
(2,900)		First Majestic Silver Corp.	(54,456)	(56,782)	(2,970)	Brookfield Infrastructure Corp.	(235,791)	(277,487)	
(4,500)		Interfor Corp.	(131,535)	(139,680)	(1,450)	Canadian Utilities Ltd.	(46,874)	(49,880)	
(18,600)		Lundin Mining Corp.	(234,736)	(207,948)	(3,960)	Hydro One Ltd.	(112,207)	(118,642)	
(5,500)		New Pacific Metals Corp.	(35,640)	(32,780)	(2,800)	TransAlta Renewables Inc.	(53,017)	(58,324)	
(5,200)		Pretium Resources Inc.	(72,923)	(61,672)			(540,634)	(592,804)	
(6,100)		Sandstorm Gold Ltd.	(55,809)	(59,719)	Real Estate (-0.2%)				
(6,700)		Teck Resources Ltd.	(176,760)	(191,285)	(1,200)	Altus Group Ltd.	(68,177)	(68,940)	
			(1,008,814)	(1,001,327)	(3,100)	Choice Properties Real Estate Investment Trust	(39,767)	(44,299)	
Industrial (-0.5%)					(3,500)	Cominar Real Estate Investment Trust	(28,227)	(38,255)	
(7,480)		Aecon Group Inc.	(125,357)	(134,640)			(136,171)	(151,494)	
(1,800)		Badger Infrastructure Solutions Ltd.	(70,199)	(67,716)	Index Equivalents (-6.0%)				
(2,090)		Ritchie Bros Auctioneers Inc.	(154,964)	(153,594)	(136,300)	iShares S&P/TSX 60 Index ETF	(4,000,261)	(4,161,239)	
			(350,520)	(355,950)	Total Canadian Equities - Short				
							(9,240,260)	(9,733,715)	
Consumer Discretionary (-0.5%)					Global Equities (-22.2%)				
(1,600)		Dollarama Inc.	(90,589)	(90,784)	United States Equities (-11.5%)				
(2,090)		MTY Food Group Inc.	(98,121)	(114,051)	(550)	3M Co.	(126,380)	(135,280)	
(1,760)		Restaurant Brands International Inc.	(129,645)	(140,571)	(1,200)	8x8 Inc.	(47,185)	(41,250)	
			(318,355)	(345,406)	(880)	Alliance Data Systems Corp.	(118,998)	(113,536)	
Consumer Staples (-0.7%)					(550)	Allstate Corp.	(85,784)	(88,838)	
(5,500)		Alimentation Couche-Tard Inc.	(232,676)	(250,525)	(3,000)	AMC Entertainment Holdings Inc.	(155,952)	(210,560)	
(6,300)		GURU Organic Energy Corp.	(110,073)	(110,250)	(2,970)	American Airlines Group Inc.	(66,292)	(78,005)	
(1,000)		Jamieson Wellness Inc.	(36,775)	(33,800)	(905)	American Express Co.	(140,884)	(185,167)	
(1,675)		Metro Inc.	(96,381)	(99,545)					
			(475,905)	(494,120)					
Health Care (-0.1%)									
(3,625)		Aurora Cannabis Inc.	(56,973)	(40,709)					
(6,500)		HEXO Corp.	(47,299)	(46,800)					
			(104,272)	(87,509)					

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

APPENDIX A

OPTIONS (0.2%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
AMC Entertainment Holdings Inc.	Call Option	15	\$85	September, 2021	24,724	20,618
Borex Inc.	Call Option	80	\$44	July, 2021	11,280	375
Canadian Western Bank	Call Option	167	\$36	July, 2021	5,636	2,505
Cenovus Energy Inc.	Call Option	91	\$11	July, 2021	2,980	9,601
Dream Office REIT	Call Option	171	\$23	July, 2021	5,985	7,695
Element Fleet Management	Call Option	294	\$15	July, 2021	11,680	3,822
Enphase Energy Inc.	Call Option	27	\$165	August, 2021	50,476	96,123
Enphase Energy Inc.	Call Option	7	\$185	August, 2021	8,323	15,386
First Quantum Minerals Ltd.	Call Option	198	\$29	July, 2021	11,682	17,919
Gamestop Corp.	Call Option	15	\$600	July, 2021	26,486	3,576
Hudbay Minerals Inc.	Call Option	254	\$9	September, 2021	11,417	14,732
Innervex Renewable Energy	Call Option	120	\$21	July, 2021	3,210	10,200
Innervex Renewable Energy	Call Option	117	\$25	July, 2021	8,307	585
iPATH S&P 500 VIX Short-Term	Call Option	155	\$42	July, 2021	37,107	4,223
Lion Electric Co.	Call Option	17	\$25	July, 2021	644	198
Lundin Mining Corp.	Call Option	65	\$14	July, 2021	3,315	3
Lundin Mining Corp.	Call Option	46	\$15	July, 2021	1,737	-
Manulife Financial Corp.	Call Option	64	\$25	August, 2021	1,936	2,080
Meg Energy Corp.	Call Option	299	\$8	July, 2021	14,165	31,844
Microstrategy Inc.	Call Option	15	\$740	July, 2021	17,742	45,322
Pinterest Inc.	Call Option	91	\$75	August, 2021	61,587	96,346
Pinterest Inc.	Call Option	23	\$85	August, 2021	8,566	11,962
Quebecor Inc.	Call Option	137	\$36	July, 2021	5,583	86
Rogers Communications Inc.	Call Option	95	\$66	October, 2021	18,098	19,428
Rogers Communications Inc.	Call Option	38	\$70	October, 2021	3,838	2,299
Simply Good Foods Co.	Call Option	50	\$35	August, 2021	11,814	17,336
Simply Good Foods Co.	Call Option	18	\$45	August, 2021	351	390
Teck Resources Ltd.	Call Option	68	\$30	July, 2021	4,692	2,482
Teck Resources Ltd.	Call Option	20	\$34	July, 2021	370	90
Toronto-Dominion Bank	Call Option	50	\$90	July, 2021	925	127
Transalta Corp.	Call Option	107	\$12	July, 2021	3,076	5,190
					<u>377,732</u>	<u>442,543</u>
AMC Entertainment Holdings Inc.	Put Option	117	\$14	September, 2021	48,242	8,113
AMC Entertainment Holdings Inc.	Put Option	115	\$14	July, 2021	28,757	926
AMC Entertainment Holdings Inc.	Put Option	6	\$20	September, 2021	918	854
AMC Entertainment Holdings Inc.	Put Option	15	\$30	September, 2021	7,014	6,315
Clover Health Investments	Put Option	196	\$12	July, 2021	37,371	23,664
First Majestic Silver Corp.	Put Option	47	\$16	July, 2021	7,990	141
Gamestop Corp.	Put Option	50	\$20	July, 2021	401	93
Gamestop Corp.	Put Option	13	\$50	July, 2021	297	225
Gamestop Corp.	Put Option	57	\$70	July, 2021	7,318	1,482
IMM Euro\$ Futures	Put Option	101	\$99	June, 2022	8,123	8,598
IMM Euro\$ Futures	Put Option	63	\$99	September, 2021	7,563	14,627
IMM Euro\$ Futures	Put Option	30	\$99	March, 2023	4,930	18,807
IMM Euro\$ Futures	Put Option	72	\$100	June, 2022	7,710	8,359
IMM Euro\$ Futures	Put Option	103	\$100	March, 2022	6,900	4,783
iShares iBoxx Invest Grade Corp. Bond	Put Option	308	\$130	July, 2021	13,581	4,005
iShares MSCI EAFE ETF	Put Option	77	\$74	July, 2021	888	1,049
iShares MSCI EAFE ETF	Put Option	192	\$78	July, 2021	9,269	10,342
iShares MSCI Emerging Market	Put Option	308	\$53	July, 2021	14,014	4,386
iShares S&P-TSX 60 Index ETF	Put Option	206	\$28	July, 2021	2,060	404
iShares S&P-TSX 60 Index ETF	Put Option	1,026	\$30	July, 2021	17,955	8,208
Lion Electric Co.	Put Option	74	\$20	July, 2021	48,433	16,952
Manulife Financial Corp.	Put Option	82	\$18	July, 2021	3,178	80
Manulife Financial Corp.	Put Option	256	\$21	September, 2021	5,632	3,584
Microstrategy Inc.	Put Option	9	\$370	July, 2021	10,043	1,282
Microstrategy Inc.	Put Option	20	\$430	July, 2021	42,878	5,263
Microvision Inc.	Put Option	91	\$13	July, 2021	27,057	3,662
S&P 500 Index 3Wk	Put Option	41	\$4,135	July, 2021	91,868	45,186
Tattooed Chef Inc.	Put Option	88	\$18	July, 2021	6,217	817
					<u>466,607</u>	<u>202,207</u>
Total Purchased Options					844,339	644,750

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

APPENDIX A

OPTIONS (0.2%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
AMC Entertainment Holdings Inc.	Written Call Option	(16)	\$60	September, 2021	(38,295)	(32,493)
AMC Entertainment Holdings Inc.	Written Call Option	(30)	\$145	September, 2021	(26,057)	(20,989)
Boralex Inc.	Written Call Option	(40)	\$46	July, 2021	(3,460)	(420)
Boralex Inc.	Written Call Option	(40)	\$48	July, 2021	(1,960)	(39)
Canadian Western Bank	Written Call Option	(117)	\$38	July, 2021	(878)	(103)
Cenovus Energy Inc.	Written Call Option	(91)	\$12	July, 2021	(1,138)	(4,050)
Clover Health Investments Corp.	Written Call Option	(52)	\$43	July, 2021	(2,827)	(966)
Dream Office REIT	Written Call Option	(129)	\$24	July, 2021	(1,871)	(1,871)
Element Fleet Management	Written Call Option	(240)	\$16	July, 2021	(4,000)	(405)
Enphase Energy Inc.	Written Call Option	(36)	\$175	August, 2021	(53,320)	(100,408)
First Quantum Minerals Ltd.	Written Call Option	(176)	\$30	July, 2021	(6,908)	(9,152)
First Quantum Minerals Ltd.	Written Call Option	(21)	\$32	July, 2021	(2,604)	(326)
Gamestop Corp.	Written Call Option	(27)	\$800	July, 2021	(36,523)	(3,845)
Hudbay Minerals Inc.	Written Call Option	(170)	\$10	September, 2021	(4,293)	(5,610)
Hudbay Minerals Inc.	Written Call Option	(99)	\$11	September, 2021	(2,500)	(2,030)
Innervex Renewable Energy	Written Call Option	(127)	\$23	July, 2021	(953)	(2,223)
iPATH S&P 500 VIX Short-Term	Written Call Option	(170)	\$48	July, 2021	(29,386)	(2,421)
Lion Electric Co.	Written Call Option	(31)	\$20	July, 2021	(4,051)	(2,015)
Lion Electric Co.	Written Call Option	(65)	\$23	July, 2021	(4,059)	(1,006)
Lundin Mining Corp.	Written Call Option	(92)	\$16	July, 2021	(2,070)	-
Manulife Financial Corp.	Written Call Option	(51)	\$27	August, 2021	(230)	(134)
Meg Energy Corp.	Written Call Option	(299)	\$9	July, 2021	(8,178)	(11,811)
Microstrategy Inc.	Written Call Option	(27)	\$800	July, 2021	(17,980)	(50,987)
Pinterest Inc.	Written Call Option	(118)	\$80	August, 2021	(58,982)	(89,498)
Quebecor Inc.	Written Call Option	(130)	\$38	July, 2021	(1,235)	(1)
Rogers Communications Inc.	Written Call Option	(133)	\$68	October, 2021	(17,157)	(16,093)
Senseonics Holdings Inc.	Written Call Option	(114)	\$6	July, 2021	(2,764)	(1,059)
Simply Good Foods Co.	Written Call Option	(70)	\$40	August, 2021	(5,638)	(6,934)
Tattooed Chef Inc.	Written Call Option	(22)	\$25	July, 2021	(2,365)	(1,022)
Teck Resources Ltd.	Written Call Option	(95)	\$32	July, 2021	(2,874)	(1,093)
Toronto-Dominion Bank	Written Call Option	(35)	\$92	July, 2021	(140)	(16)
Transalta Corp.	Written Call Option	(54)	\$13	July, 2021	(189)	(243)
					<u>(344,885)</u>	<u>(369,263)</u>
AMC Entertainment Holdings Inc.	Written Put Option	(377)	\$6	September, 2021	(26,153)	(6,769)
AMC Entertainment Holdings Inc.	Written Put Option	(21)	\$8	September, 2021	(2,208)	(572)
AMC Entertainment Holdings Inc.	Written Put Option	(233)	\$10	September, 2021	(36,115)	(9,377)
AMC Entertainment Holdings Inc.	Written Put Option	(185)	\$12	July, 2021	(29,374)	(1,031)
AMC Entertainment Holdings Inc.	Written Put Option	(23)	\$25	September, 2021	(6,243)	(5,725)
Boralex Inc.	Written Put Option	(28)	\$32	July, 2021	(2,492)	(294)
Cenovus Energy Inc.	Written Put Option	(91)	\$8	July, 2021	(1,684)	(319)
Clover Health Investments Corp.	Written Put Option	(165)	\$9	July, 2021	(6,879)	(2,554)
Clover Health Investments Corp.	Written Put Option	(205)	\$10	July, 2021	(20,324)	(6,981)
Dream Office REIT	Written Put Option	(51)	\$18	July, 2021	(995)	(51)
Element Fleet Management	Written Put Option	(38)	\$12	July, 2021	(779)	(42)
First Majestic Silver Corp.	Written Put Option	(87)	\$13	July, 2021	(7,308)	(59)
First Quantum Minerals Ltd.	Written Put Option	(32)	\$21	July, 2021	(2,528)	(80)
First Quantum Minerals Ltd.	Written Put Option	(21)	\$22	July, 2021	(614)	(74)
Gamestop Corp.	Written Put Option	(113)	\$40	July, 2021	(38,453)	(1,119)
Gamestop Corp.	Written Put Option	(63)	\$60	July, 2021	(4,744)	(1,248)
Hudbay Minerals Inc.	Written Put Option	(42)	\$7	September, 2021	(945)	(1,470)
IMM Euro\$ Futures	Written Put Option	(173)	\$99	June, 2022	(8,679)	(8,033)
IMM Euro\$ Futures	Written Put Option	(71)	\$99	March, 2022	(2,348)	(1,099)
IMM Euro\$ Futures	Written Put Option	(63)	\$99	September, 2021	(3,968)	(7,801)
IMM Euro\$ Futures	Written Put Option	(30)	\$99	March, 2023	(1,945)	(9,287)
Innervex Renewable Energy	Written Put Option	(33)	\$20	July, 2021	(2,195)	(495)
iShares iBoxx Invest Grade Corp. Bond	Written Put Option	(287)	\$127	July, 2021	(5,768)	(1,422)
iShares MSCI EAFE ETF	Written Put Option	(288)	\$76	July, 2021	(7,195)	(6,063)
iShares MSCI Emerging Market	Written Put Option	(308)	\$50	July, 2021	(4,767)	(1,604)
iShares S&P-TSX 60 Index ETF	Written Put Option	(1,334)	\$29	July, 2021	(16,675)	(8,671)
Lundin Mining Corp.	Written Put Option	(50)	\$10	July, 2021	(375)	(16)
Manulife Financial Corp.	Written Put Option	(179)	\$20	September, 2021	(2,059)	(1,701)
Manulife Financial Corp.	Written Put Option	(19)	\$21	August, 2021	(276)	(190)

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

APPENDIX A

OPTIONS (0.2%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Microstrategy Inc.	Written Put Option	(31)	\$400	July, 2021	(46,035)	(5,758)
Microvision Inc.	Written Put Option	(182)	\$10	July, 2021	(26,496)	(1,690)
Quebecor Inc.	Written Put Option	(34)	\$29	July, 2021	(799)	(81)
S&P 500 Index 3Wk	Written Put Option	(13)	\$4,075	July, 2021	(54,214)	(9,900)
S&P 500 Index 3Wk	Written Put Option	(31)	\$4,110	July, 2021	(59,707)	(29,174)
Simply Good Foods Co.	Written Put Option	(18)	\$25	August, 2021	(1,336)	(42)
Tattooed Chef Inc.	Written Put Option	(88)	\$15	July, 2021	(1,541)	(264)
Teck Resources Ltd.	Written Put Option	(20)	\$24	July, 2021	(390)	(60)
Toronto-Dominion Bank	Written Put Option	(8)	\$84	July, 2021	(664)	(192)
Transalta Corp.	Written Put Option	(27)	\$9	July, 2021	(81)	(19)
					(435,351)	(131,327)
Total Written Options					(780,236)	(500,590)

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

FUND SPECIFIC NOTES

As at June 30, 2021 (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, 2021 and December 31, 2020.

ASSETS (LIABILITIES) AT FAIR VALUE AS AT JUNE 30, 2021				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	93,935,044	215,990	-	94,151,034
Bonds - Long	-	243,945	-	243,945
Options - Long	644,750	-	-	644,750
Equities - Short	(25,210,092)	-	-	(25,210,092)
Bonds - Short	-	(315,954)	-	(315,954)
Options - Short	(500,590)	-	-	(500,590)
Total	68,869,112	143,981	-	69,013,093

ASSETS (LIABILITIES) AT FAIR VALUE AS AT DECEMBER 31, 2020				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	55,843,566	1,823,563	-	57,667,129
Bonds - Long	-	243,334	-	243,334
Options - Long	366,786	-	-	366,786
Equities - Short	(16,076,381)	-	-	(16,076,381)
Options - Short	(228,576)	-	-	(228,576)
Total	39,905,395	2,066,897	-	41,972,292

2. 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 \$7,534,743 (December 31, 2020 - \$4,463,846). 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.

3. CURRENCY RISK

Foreign currencies to which the Fund had exposure as at June 30, 2021 and December 31, 2020 were as follows:

FINANCIAL INSTRUMENTS				
June 30, 2021 Currency	Monetary \$	Non-Monetary \$	Total \$	Percentage of Net Assets %
United States Dollar	1,217,526	4,329,539	5,547,065	8.0%
European Euro	10,706	-	10,706	0.0%
Australian Dollar	(2,567)	(9,018)	(11,585)	0.0%
Net Exposure	1,225,665	4,320,521	5,546,186	8.0%

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

FINANCIAL INSTRUMENTS				
December 31, 2020 Currency	Monetary \$	Non-Monetary \$	Total \$	Percentage of Net Assets %
United States Dollar	(104,714)	3,062,943	2,958,229	7.0%
Australian Dollar	(2,679)	46,049	43,370	0.1%
European Euro	7,831	-	7,831	0.0%
Net Exposure	(99,562)	3,108,992	3,009,430	7.1%

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 \$277,309 (December 31, 2020 - \$150,472). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

4. 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 \$22,118 (December 31, 2020 - \$9,351). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at June 30, 2021 and December 31, 2020, the Fund's exposure to debt instruments by maturity were as follows:

Debt Instruments by Maturity Date	June 30, 2021 (\$)		
	Long Positions	Short Positions	Total
Greater than 5 years	243,945	(315,954)	(72,009)
Total	243,945	(315,954)	(72,009)

Debt Instruments by Maturity Date	December 31, 2020 (\$)		
	Long Positions	Short Positions	Total
Greater than 5 years	243,334	-	243,334
Total	243,334	-	243,334

5. CREDIT RISK

The following tables show 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 June 30, 2021 and December 31, 2020.

Bond Ratings	June 30, 2021		
	Net	Long	Short
AAA	-0.45%	0.00%	-0.45%
BBB+	0.00%	0.00%	0.00%
NR	0.35%	0.35%	0.00%

Bond Ratings	December 31, 2020		
	Net	Long	Short
AAA	0.00%	0.00%	0.00%
BBB+	0.58%	0.58%	0.00%
NR	0.00%	0.00%	0.00%

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. All cash is held with a financial institution with a minimum credit rating of A+.

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

6. 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, 2021 and December 31, 2020.

Jurisdiction	% of Net Assets	
	June 30, 2021	December 31, 2020
LONG POSITIONS	136.6%	138.8%
Canadian Equities	104.3%	103.8%
Financials	36.7%	33.6%
Materials	13.5%	16.9%
Energy	12.9%	11.8%
Industrial	11.1%	10.7%
Information Technology	10.8%	10.3%
Real Estate	5.3%	5.0%
Consumer Discretionary	4.9%	4.7%
Utilities	4.4%	4.0%
Communication Services	2.1%	2.3%
Health Care	1.6%	2.1%
Consumer Staples	0.7%	1.8%
Index Equivalents	0.2%	0.0%
Investment Funds	0.1%	0.6%
Global Equities	31.0%	33.5%
United States Equities	25.8%	26.3%
Information Technology	9.1%	8.3%
Financials	2.1%	3.2%
Industrial	3.4%	3.1%
Health Care	3.8%	3.0%
Communication Services	2.1%	2.4%
Consumer Staples	1.7%	2.4%
Consumer Discretionary	2.6%	2.2%
Real Estate	0.6%	0.8%
Materials	0.4%	0.7%
Utilities	0.0%	0.2%
International Equities	5.2%	7.2%
Utilities	2.0%	2.6%
Materials	1.4%	2.3%
Information Technology	0.4%	0.9%
Financials	0.4%	0.7%
Industrial	0.4%	0.3%
Consumer Discretionary	0.4%	0.0%
Index Equivalents	0.2%	0.4%
Corporate Bonds		
Canada	0.4%	0.6%
Derivatives	0.9%	0.9%
SHORT POSITIONS	-37.4%	-38.9%
Canadian Equities	-14.0%	-15.8%
Index Equivalents	-6.0%	-7.4%
Financials	-2.1%	-2.8%
Materials	-1.4%	-0.7%
Energy	-1.0%	-0.8%
Utilities	-0.9%	-1.2%

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

Jurisdiction	% of Net Assets	
	June 30, 2021	December 31, 2020
Consumer Staples	-0.7%	-0.1%
Industrial	-0.5%	-1.0%
Consumer Discretionary	-0.5%	-0.6%
Information Technology	-0.4%	-0.1%
Real Estate	-0.2%	-0.8%
Communication Services	-0.2%	-0.2%
Health Care	-0.1%	-0.1%
Global Equities	-22.2%	-22.6%
United States Equities	-11.5%	-11.2%
Financials	-2.7%	-2.1%
Information Technology	-2.4%	-2.4%
Industrial	-1.6%	-1.4%
Consumer Discretionary	-1.0%	-1.0%
Health Care	-0.8%	-0.8%
Real Estate	-0.8%	-0.8%
Communication Services	-0.6%	-0.7%
Consumer Staples	-0.5%	-0.8%
Materials	-0.5%	-0.8%
Utilities	-0.5%	-0.4%
Energy	-0.1%	0.0%
International Equities	-10.7%	-11.4%
Index Equivalents	-10.3%	-10.5%
Materials	-0.2%	-0.3%
Information Technology	-0.2%	-0.1%
Communication Services	0.0%	-0.2%
Real Estate	0.0%	-0.2%
Health Care	0.0%	-0.1%
Government Bonds		
International	-0.5%	0.0%
Derivatives	-0.7%	-0.5%

7. 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, 2021	On Demand	< 3 months	> 3 months	Total
Financial Liabilities	\$	\$	\$	\$
Short positions	25,526,046	-	-	25,526,046
Redemptions payable	6,020	-	-	6,020
Accrued liabilities and other payables	-	903,726	-	903,726
Derivative liabilities	500,590	-	-	500,590
December 31, 2020	On Demand	< 3 months	> 3 months	Total
Financial Liabilities	\$	\$	\$	\$
Short positions	16,076,381	-	-	16,076,381
Redemptions payable	38,285	-	-	38,285
Accrued liabilities and other payables	-	1,655,740	-	1,655,740
Derivative liabilities	228,576	-	-	228,576

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

8. FUND UNIT TRANSACTIONS

For the six month periods ended June 30 (unaudited)

	2021				2020			
	Class A	Class F	Class I	Class ETF	Class A	Class F	Class I	Class ETF
Units issued and outstanding, beginning of period	287,123	2,430,256	91,133	400,000	55,054	435,710	537,523	120,000
Units issued	127,664	1,239,074	-	1,000,000	313,917	1,713,804	62,719	40,000
Units reinvested	-	-	-	-	-	-	-	-
Units redeemed	(31,057)	(835,263)	(30,092)	(140,000)	(142,278)	(365,910)	(287,807)	(50,000)
Units issued and outstanding, end of period	383,730	2,834,067	61,041	1,260,000	226,693	1,783,604	312,435	110,000
Weighted average number of units held during the period	342,173	2,351,434	64,484	691,768	170,028	1,157,458	379,021	126,923

9. COMMISSIONS

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

	2021	2020
Brokerage commissions	236	171
Soft Dollar commissions	34	26

10. TAX LOSS CARRY FORWARDS

As at December 31 (in \$000)

	2020
Net capital losses carry forward	76
Non-capital losses carry forward	-

11. STRUCTURED ENTITIES

The table below illustrates the Fund's investment in the underlying funds as at June 30, 2021 and December 31, 2020.

Underlying Funds	Fair Value of Fund's Investment (in \$000s)	Underlying Fund's Net Assets (in \$000s)	% of Net Assets of the Underlying Fund
As at June 30, 2021			
Bitcoin Fund, CAD	69	532,467	0.0%
CI Galaxy Ethereum ETF	147	251,860	0.1%
iPath Series B S&P 500 VIX Short-Term Futures ETF	115	1,238,997	0.0%
As at December 31, 2020			
Bitcoin Fund, CAD	256	786,725	0.0%
iShares Russell 2000 Value ETF	161	15,021,903	0.0%

12. LEVERAGE

During the six month period ended June 30, 2021, the Fund's aggregate exposure reached a low of 58.81% (year ended 2020 - 55.92%) and a high of 157.93% (year ended 2020 - 172.89%) of the Fund's NAV.

As at June 30, 2021, the Fund's aggregate exposure was 69.40% (December 31, 2020 - 55.92%) 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, 2021 (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 27, 2021.

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, 2021, the Fund currently has 4 Classes of Units: Class A, Class F, and Class I and Class ETF. As at June 30, 2021, 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 financial statements have been prepared in accordance with those requirements of International Financial Reporting Standards. The 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.

(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

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

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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 fund holdings are recognized by the Fund in the same form in which they were received from the underlying funds and are recognized on the distribution date.

(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 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.

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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 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, 2021 and December 31, 2020, 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.

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(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, 2021 and December 31, 2020, 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.

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, 2021 and December 31, 2020, 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

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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.

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

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NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2021 (unaudited)

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 10 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, to discontinue, decrease or waive the performance fee at any time. For the period from January 1, 2021 to June 30, 2021, the Fund incurred performance fees of \$294,348 plus applicable taxes.

(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.**



PICTON MAHONEY ASSET MANAGEMENT CORPORATE INFORMATION

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