

FORTIFIED ARBITRAGE 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 Arbitrage 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 ARBITRAGE 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*	224,986,333	68,529,406
Cash	31,242,300	14,149,555
Cash, pledged as collateral	35,077,396	5,829,949
Options purchased	248,570	206,644
Unrealized gain on foreign exchange forward contracts at fair value	-	9,481,864
Subscriptions receivable	1,371,983	1,693,552
Receivable for investments sold	4,256,768	905,899
Dividends receivable	9,020	6,468
Interest and other receivable	1,801	25,463
	<u>297,194,171</u>	<u>100,828,800</u>
Liabilities		
Current liabilities		
Short positions at fair value**	54,917,948	10,060,548
Options written	107,967	218,265
Unrealized loss on foreign exchange forward contracts at fair value	3,961,218	1,967,996
Margin borrowings	-	2,950,240
Management fee payable	213,034	59,703
Performance fee payable	-	550,629
Redemptions payable	465,925	306,426
Accrued liabilities	82,987	187,278
Payable for investments purchased	2,897,978	365,666
Dividends payable	19,665	561
	<u>62,666,722</u>	<u>16,667,312</u>
Net Assets Attributable to Holders of Redeemable Units	<u>234,527,449</u>	<u>84,161,488</u>
Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	20,601,779	8,502,586
Class F	209,161,769	72,948,354
Class I	4,763,901	2,710,548
Number of Redeemable Units Outstanding		
Class A	1,707,897	727,387
Class F	16,937,551	6,129,733
Class I	359,410	216,048
Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	12.06	11.69
Class F	12.35	11.90
Class I	13.25	12.55
	<u>223,176,627</u>	<u>65,442,816</u>
	<u>(50,511,005)</u>	<u>(9,626,292)</u>

* Long positions, at cost

** Short positions, at cost

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	54,345	236,698
Dividends	143,325	924,407
Net realized gain (loss) on investments and options	7,167,478	11,080,571
Net realized gain (loss) on foreign exchange forward contracts	12,958,013	(10,410,458)
Change in unrealized appreciation (depreciation) on investments, options and foreign exchange forward contracts	(16,569,581)	13,248,112
Interest and borrowing expense	(90,402)	(49,164)
Dividend expense	(196,561)	(404,265)
	<u>3,466,617</u>	<u>14,625,901</u>
Net gains (losses) on investments and derivatives		
Other income		
Foreign currency gain (loss) on cash and other assets and liabilities	1,906,149	(260,330)
	<u>5,372,766</u>	<u>14,365,571</u>
Total Income		
	<u>5,372,766</u>	<u>14,365,571</u>
Expenses		
Performance fees	1,284,394	254,945
Management fees	932,717	188,477
Transaction costs	209,404	342,952
Harmonized sales tax	179,838	64,186
Administrative fees	53,712	43,991
Securityholder reporting fees	48,834	45,049
Audit fees	23,213	46,387
Legal fees	19,595	32,697
Withholding taxes	9,718	88,752
Independent Review Committee Expense	4,479	3,590
Custody fees	-	15,963
	<u>2,765,904</u>	<u>1,126,989</u>
Total Expense before Manager Absorption		
Absorption	2,765,904	1,126,989
Less: Expenses Absorbed by Manager	-	-
	<u>2,765,904</u>	<u>1,126,989</u>
Total Expense after Manager Absorption		
	<u>2,765,904</u>	<u>1,126,989</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
	<u>2,606,862</u>	<u>13,238,582</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	189,630	102,526
Class F	2,261,841	1,296,781
Class I	155,391	11,839,275
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	0.14	0.33
Class F	0.18	0.42
Class I	0.47	0.57

PICTON MAHONEY FORTIFIED ARBITRAGE 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	8,502,586	3,168,006
Class F	72,948,354	29,678,363
Class I	2,710,548	175,793,823
	<u>84,161,488</u>	<u>208,640,192</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
Class A	189,630	102,526
Class F	2,261,841	1,296,781
Class I	155,391	11,839,275
	<u>2,606,862</u>	<u>13,238,582</u>
Redeemable Unit Transactions		
Proceeds from redeemable units issued		
Class A	13,591,392	605,767
Class F	158,797,843	14,952,562
Class I	3,404,500	112,650,000
	<u>175,793,735</u>	<u>128,208,329</u>
Redemption of redeemable units		
Class A	(1,681,829)	(659,235)
Class F	(24,846,269)	(9,581,588)
Class I	(1,506,538)	(45,861,126)
	<u>(28,034,636)</u>	<u>(56,101,949)</u>
Net Increase (Decrease) from Redeemable Unit Transactions	<u>147,759,099</u>	<u>72,106,380</u>
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	<u>150,365,961</u>	<u>85,344,962</u>
Net Assets Attributable to Holders of Redeemable Units at End of Period		
Class A	20,601,779	3,217,064
Class F	209,161,769	36,346,118
Class I	4,763,901	254,421,972
Net Assets Attributable to Holders of Redeemable Units at End of Period	<u>234,527,449</u>	<u>293,985,154</u>

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

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	2,606,862	13,238,582
Adjustments for:		
Unrealized foreign exchange (gain) loss on cash	(18,150)	82,657
Net realized (gain) loss on investments and options	(7,167,478)	(11,080,571)
Change in unrealized (appreciation) depreciation on investments, options and foreign exchange forward contracts	16,569,581	(13,248,112)
(Increase) decrease in interest and other receivables	23,662	(232,757)
(Increase) decrease in dividends receivable	(2,552)	8,248
Increase (decrease) in dividends payable	19,104	(44,556)
Increase (decrease) in other payables and accrued liabilities	(104,291)	3,788
Increase (decrease) in management fee payable	153,331	10,576
Increase (decrease) in performance fee payable	(550,629)	134,728
Purchase of long positions and repurchases of investments sold short	(314,306,292)	(469,098,806)
Proceeds from sales of long positions and on investments sold short	203,808,967	436,689,652
Net Cash Generated (Used) by Operating Activities	<u>(98,967,885)</u>	<u>(43,536,571)</u>
Cash Flows from Financing Activities		
Proceeds from redeemable units issued	175,692,322	134,351,134
Amount paid on redemption of redeemable units	(27,452,155)	(63,986,542)
Increase (decrease) in margin borrowings	(2,950,240)	(12,048,571)
Net Cash Generated (Used) by Financing Activities	<u>145,289,927</u>	<u>58,316,021</u>
Unrealized foreign exchange gain (loss) on cash	18,150	(82,657)
Net increase (decrease) in cash	46,322,042	14,779,450
Cash, beginning of year	19,979,504	56,103,124
Cash, End of Year	<u>66,319,696</u>	<u>70,799,917</u>
Cash	31,242,300	8,235,867
Cash, pledged as collateral	35,077,396	62,564,050
Cash overdraft	-	-
Net Cash (Overdraft)	<u>66,319,696</u>	<u>70,799,917</u>
Items classified as operating activities:		
Interest received, net of withholding tax	78,007	23,002
Dividends received, net of withholding tax	131,055	843,903
Interest and borrowing expense paid	(90,402)	(21)
Dividends paid	(177,457)	(448,821)

Net of non-cash transfers and switches of \$422,982 (2020 - \$0)

PICTON MAHONEY FORTIFIED ARBITRAGE 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 (96.0%)					12,000		AF Acquisition Corp.	149,712	146,367
Canadian Equities (2.9%)					4,000		AF Acquisition Corp., Warrants, 2028-03-31	-	4,359
Energy (0.2%)					33,213		Alexion Pharmaceuticals Inc.	6,891,181	7,555,550
	18,000	Inter Pipeline Ltd.	319,685	362,700	41,900		Alkuri Global Acquisition Corp.	530,983	513,658
Materials (0.3%)					11,592		Amplitude Healthcare Acquisition Corp.	151,494	142,826
	336,485	Roxgold Inc.	764,820	635,957	35,898		Anzu Special Acquisition Corp. I	451,198	431,189
Consumer Discretionary (1.1%)					11,966		Anzu Special Acquisition Corp. I, Warrants, 2027-12-31	-	14,075
	32,479	Great Canadian Gaming Corp.	1,407,084	1,445,640	29,900		Archimedes Tech SPAC Partners Co.	374,344	368,030
	35,000	Lion Electric Co.	428,979	847,350	24,000		Arrowroot Acquisition Corp.	301,761	286,790
	28,801	Lion Electric Co., Warrants, 2027-04-30	38,070	232,174	12,000		Arrowroot Acquisition Corp., Warrants, 2026-01-29	-	12,779
			1,874,133	2,525,164	24,000		Astrea Acquisition Corp.	303,633	287,384
Consumer Staples (0.0%)					12,000		Astrea Acquisition Corp., Warrants, 2026-01-13	1,835	9,956
	19,600	TPCO Holding Corp., Warrants, 2026-01-15	21,464	30,338	6,400		At Home Group Inc.	287,563	291,961
Health Care (0.0%)					12,000		Athena Technology Acquisition Corp.	149,331	148,150
	6,800	Harvest Health & Recreation Inc.	35,433	35,020	29,900		Athlon Acquisition Corp.	382,830	371,732
Financials (1.3%)					8,300		ATI Physical Therapy Inc.	108,348	98,051
	119,800	BGP Acquisition Corp.	1,506,988	1,453,811	24,000		Atlantic Coastal Acquisition Corp.	301,251	287,087
	59,900	BGP Acquisition Corp., Warrants, 2027-12-31	9,969	66,757	8,000		Atlantic Coastal Acquisition Corp., Warrants, 2027-12-31	-	8,718
	8,300	Ceres Acquisition Corp.	108,494	103,807	24,000		Atlas Crest Investment Corp. II	314,510	289,762
	81	Ceres Acquisition Corp., Warrants, 2025-04-13	24	243	6,000		Atlas Crest Investment Corp., Warrants, 2026-02-28	513	8,544
	47,900	Choice Consolidation Corp.	604,086	590,179	12,000		B Riley Principal 150 Merger Corp.	150,547	144,881
	11,600	Silver Spike III Acquisition Corp.	140,017	145,079	11,200		B Riley Principal 250 Merger Corp.	136,119	138,273
	59,900	VM Hotel Acquisition Corp.	748,026	689,819	35,900		Big Cypress Acquisition Corp.	455,306	443,660
	3,600	VM Hotel Acquisition Corp., Class B restricted shares	38	38	15,000		Big Cypress Acquisition Corp., Warrants, 2025-12-07	4,672	17,087
	1,200	VM Hotel Acquisition Corp., Class B units	15,192	14,860	35,900		Big Sky Growth Partners Inc.	441,105	444,104
	29,900	VM Hotel Acquisition Corp., Warrants, 2026-12-31	808	14,810	29,900		Bite Acquisition Corp.	376,284	358,033
			3,133,642	3,079,403	15,000		Bite Acquisition Corp., Warrants, 2027-12-31	721	13,002
		Total Canadian Equities - Long	6,149,177	6,668,582	12,000		BOA Acquisition Corp.	149,925	143,692
Global Equities (92.6%)					4,000		BOA Acquisition Corp., Warrants, 2028-02-22	215	4,146
United States Equities (57.5%)					24,000		Bright Lights Acquisition Corp.	306,120	287,681
	24,000	26 Capital Acquisition Corp.	311,427	303,730	12,000		Bright Lights Acquisition Corp., Warrants, 2027-12-31	2,243	11,592
	29,898	Accelerate Acquisition Corp.	370,701	358,749	24,000		Broadscale Acquisition Corp.	306,576	288,276
	9,966	Accelerate Acquisition Corp., Warrants, 2027-12-31	-	15,179	6,000		Broadscale Acquisition Corp., Warrants, 2026-02-02	411	8,544
	35,900	Adit EdTech Acquisition Corp.	455,103	430,768	12,000		Build Acquisition Corp.	149,362	147,853
	18,000	Adit EdTech Acquisition Corp., Warrants, 2027-12-31	2,827	15,603	8,900		Capitol Investment Corp. V	114,691	109,878
	35,898	Advanced Merger Partners Inc.	454,631	432,967	35,900		Capstar Special Purpose Acquisition Corp.	472,969	435,213
	5,983	Advanced Merger Partners Inc., Warrants, 2026-06-30	-	8,890	18,000		Capstar Special Purpose Acquisition Corp., Warrants, 2027-07-09	12,772	20,058
	12,000	Aequi Acquisition Corp.	156,405	148,744	24,000		Carney Technology Acquisition Corp. II	308,377	296,894

PICTON MAHONEY FORTIFIED ARBITRAGE 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 (\$)
	24,000	Cascade Acquisition Corp.	308,547	293,625		12,000	Delwinds Insurance Acquisition Corp.		
	12,000	Cascade Acquisition Corp., Warrants, 2027-11-30	6,633	14,117			Warrants, 2027-08-01	2,072	10,699
	24,000	CBRE Acquisition Holdings Inc.	306,730	288,573		18,000	DFP Healthcare Acquisitions Corp.	244,273	221,556
	9,000	CBRE Acquisition Holdings Inc., Warrants, 2027-12-31	3,552	12,036		41,898	DHB Capital Corp.	526,452	506,889
	35,900	CF Acquisition Corp. IV	461,588	430,768		13,966	DHB Capital Corp., Warrants, 2028-03-15	-	15,565
	12,000	CF Acquisition Corp. IV, Warrants, 2025-12-14	2,961	16,791		24,000	DiamondHead Holdings Corp.	304,515	296,894
	35,900	CF Acquisition Corp. V	465,440	433,880		3,548	Digital Media Solutions Inc., Warrants, 2023-04-05	3,582	6,238
	12,000	CF Acquisition Corp. V, Warrants, 2027-12-31	823	16,346		24,000	Digital Transformation Opportunities Corp.	301,897	288,276
	24,000	CF Acquisition Corp. VI	308,226	289,465		6,000	Digital Transformation Opportunities Corp., Warrants, 2028-03-31	-	6,925
	6,000	CF Acquisition Corp. VI, Warrants, 2028-12-31	425	7,341		5,000	DILA Capital Acquisition Corp.	60,903	62,348
	35,900	CF Acquisition Corp. VIII	448,045	438,325		18,000	dMY Technology Group Inc. IV	230,352	217,767
	8,975	CF Acquisition Corp. VIII, Warrants, 2027-12-31	-	11,336		3,600	dMY Technology Group Inc. IV, Warrants, 2027-12-31	-	6,330
	10,398	CF Finance Acquisition Corp. III	136,893	129,145		26,200	Domtar Corp.	1,727,393	1,783,090
	37,800	Change Healthcare Inc.	1,124,539	1,078,449		41,900	DPCM Capital Inc.	551,565	512,621
	14,994	Chardan Healthcare Acquisition 2 Corp., Warrants, 2025-03-05	7,909	11,896		24,000	E.Merge Technology Acquisition Corp.	313,304	290,059
	24,200	CHP Merger Corp.	318,320	298,170		4,000	E.Merge Technology Acquisition Corp., Warrants, 2025-07-30	2,985	4,805
	12,000	Churchill Capital Corp. VI	152,773	146,515		12,000	East Resources Acquisition Co.	156,717	145,029
	2,400	Churchill Capital Corp. VI, Warrants, 2027-12-31	217	4,161		5,800	East Resources Acquisition Co., Warrants, 2027-07-01	3,624	7,541
	41,900	Churchill Capital Corp. VII	530,245	504,838		24,000	ECP Environmental Growth Opportunities Corp.	304,901	300,163
	8,400	Churchill Capital Corp. VII, Warrants, 2028-02-29	761	14,458		18,000	EdtechX Holdings Acquisition Corp. II	229,931	221,333
	24,000	Clarim Acquisition Corp.	305,279	295,111		9,000	EdtechX Holdings Acquisition Corp. II, Warrants, 2027-06-15	1,551	6,812
	24,000	Class Acceleration Corp.	312,631	299,272		18,000	Empowerment & Inclusion Capital I Corp.	230,758	217,990
	15,000	Climate Real Impact Solutions II Acquisition Corp.	192,105	187,974		9,000	Empowerment & Inclusion Capital I Corp., Warrants, 2027-12-31	1,131	8,249
	8,562	Coherent Inc.	2,735,936	2,802,614		12,000	Environmental Impact Acquisition Corp.	154,842	153,054
	29,900	Colicity Inc.	388,510	372,843		24,000	Epiphany Technology Acquisition Corp.	306,663	289,167
	24,000	Compute Health Acquisition Corp.	311,949	291,842		7,700	Epiphany Technology Acquisition Corp., Warrants, 2027-12-31	1,573	10,679
	6,000	Compute Health Acquisition Corp., Warrants, 2027-12-31	524	11,219		24,000	EQ Health Acquisition Corp.	305,911	296,300
	37,100	Concord Acquisition Corp.	468,711	452,517		29,900	Equity Distribution Acquisition Corp.	389,208	365,068
	18,600	Concord Acquisition Corp., Warrants, 2025-11-28	11,139	23,032		6,200	Equity Distribution Acquisition Corp., Warrants, 2025-09-09	4,262	9,059
	47,700	Conx Corp.	620,169	582,399		29,900	Executive Network Partnering Corp.	384,945	360,625
	18,000	Crucible Acquisition Corp.	235,571	216,207					
	5,800	Crucible Acquisition Corp., Warrants, 2025-12-26	1,288	7,613					
	24,000	D & Z Media Acquisition Corp.	306,038	288,573					
	4,800	D & Z Media Acquisition Corp., Warrants, 2027-12-31	741	5,588					
	18,000	DD3 Acquisition Corp. II	232,298	220,888					
	23,600	Decarbonization Plus Acquisition Corp. II	291,599	288,439					
	2	Decarbonization Plus Acquisition Corp. III	-	28					
	24,000	Delwinds Insurance Acquisition Corp.	306,280	290,653					

PICTON MAHONEY FORTIFIED ARBITRAGE 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 (\$)
	7,500	Executive Network Partnering Corp., Warrants, 2028-09-25	4,293	9,194		47,900	Golden Falcon Acquisition Corp.	607,347	576,537
	24,000	FAST Acquisition Corp. II	298,243	297,786		24,000	Golden Falcon Acquisition Corp., Warrants, 2026-11-04	7,753	27,639
	18,700	FG New America Acquisition Corp.	243,023	236,425		11,100	Good Works Acquisition Corp.	145,393	136,764
	21,000	Figure Acquisition Corp. I	265,291	260,043		29,900	Gores Guggenheim Inc.	373,876	361,365
	24,000	FinServ Acquisition Corp. II	307,255	288,276		5,980	Gores Guggenheim Inc., Warrants, 2027-12-31	-	10,145
	6,000	FinServ Acquisition Corp. II, Warrants, 2026-02-03	400	8,916		14,400	Gores Holdings VII Inc.	183,627	179,741
	6,200	FinTech Acquisition Corp. VI	76,499	77,465		32,296	Gores Holdings VIII Inc.	418,014	396,721
	24,000	First Reserve Sustainable Growth Corp.	303,339	288,276		4,037	Gores Holdings VIII Inc., Warrants, 2027-12-31	-	6,249
	6,000	First Reserve Sustainable Growth Corp., Warrants, 2027-12-31	-	8,916		16,100	Gores Metropoulos II Inc.	205,997	197,173
	12,000	FirstMark Horizon Acquisition Corp.	158,146	147,407		18,000	Gores Technology Partners II Inc.	225,001	220,888
	21,000	Flame Acquisition Corp.	262,197	251,201		3,600	Gores Technology Partners II Inc., Warrants, 2027-12-31	-	7,980
	10,500	Flame Acquisition Corp., Warrants, 2028-12-31	-	13,912		12,000	Gores Technology Partners Inc.	150,959	149,339
	29,900	Foresight Acquisition Corp.	376,822	366,178		2,400	Gores Technology Partners Inc., Warrants, 2027-12-31	-	3,953
	24,000	Forest Road Acquisition Corp. II	302,285	291,248		47,600	Group Nine Acquisition Corp.	615,642	595,324
	4,800	Forest Road Acquisition Corp. II, Warrants, 2026-01-15	-	8,292		18,000	Hamilton Lane Alliance Holdings I Inc.	230,173	224,900
	35,900	Fortistar Sustainable Solutions Corp.	466,124	456,996		35,900	Haymaker Acquisition Corp. III	451,655	431,657
	22,100	Fortress Value Acquisition Corp. III	286,018	268,191		8,975	Haymaker Acquisition Corp. III, Warrants, 2025-12-31	-	11,669
	1,400	Fortress Value Acquisition Corp. III, Warrants, 2027-12-31	409	2,080		18,000	Health Assurance Acquisition Corp.	223,790	223,117
	24,000	Fortress Value Acquisition Corp. IV	298,747	297,192		24,000	Healthcare Capital Corp.	306,948	296,003
	47,900	Forum Merger IV Corp.	595,071	577,723		29,900	Healthcare Services Acquisition Corp.	384,265	358,403
	11,975	Forum Merger IV Corp., Warrants, 2027-12-31	-	19,129		15,000	Healthcare Services Acquisition Corp., Warrants, 2027-12-31	2,923	16,535
	12,000	FS Development Corp. II	152,530	148,596		41,900	Hudson Executive Investment Corp. II	529,592	503,800
	18,000	FTAC Parnassus Acquisition Corp.	227,977	217,544		10,100	Hudson Executive Investment Corp. II, Warrants, 2027-01-31	2,737	14,883
	4,500	FTAC Parnassus Acquisition Corp., Warrants, 2026-03-10	-	6,965		35,900	Hudson Executive Investment Corp. III	449,879	444,104
	29,898	Fusion Acquisition Corp. II	378,522	357,979		12,000	HumanCo Acquisition Corp.	151,309	144,881
	9,966	Fusion Acquisition Corp. II, Warrants, 2027-12-31	-	12,093		24,000	IG Acquisition Corp.	313,737	289,465
	21,000	G&P Acquisition Corp.	263,043	253,281		12,000	IG Acquisition Corp., Warrants, 2027-10-05	8,770	16,643
	10,500	G&P Acquisition Corp., Warrants, 2027-03-05	-	9,101		4,600	Ignyte Acquisition Corp.	58,549	57,076
	15,000	Gaming & Hospitality Acquisition Corp.	190,483	185,373		35,900	INSU Acquisition Corp. III	452,431	431,213
	35,898	GigCapital4 Inc.	453,871	437,856		4,000	INSU Acquisition Corp. III, Warrants, 2026-12-31	1,118	5,795
	2	GigCapital4 Inc., Units	-	25		12,000	InterPrivate II Acquisition Corp.	151,403	144,138
	18,000	GO Acquisition Corp.	234,107	217,990		2,400	InterPrivate II Acquisition Corp., Warrants, 2028-12-31	-	3,359
	5,800	GO Acquisition Corp., Warrants, 2027-08-31	4,117	7,900		12,000	InterPrivate III Financial Partners Inc.	151,414	144,138
	35,900	Goal Acquisitions Corp.	454,762	457,441		2,400	InterPrivate III Financial Partners Inc., Warrants, 2027-12-31	-	3,433
	9,000	Golden Arrow Merger Corp.	112,012	110,778		12,000	InterPrivate IV InfraTech Partners Inc.	151,431	145,624

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	2,400	InterPrivate IV InfraTech Partners Inc., Warrants, 2027-12-31	-	3,329		8,000	M3-Brigade Acquisition II Corp., Warrants, 2027-12-31	-	11,442
	18,700	Jaws Hurricane Acquisition Corp.	227,121	232,951		35,900	Mason Industrial Technology Inc.	454,267	429,337
	15,000	Jiya Acquisition Corp.	194,522	184,630		12,000	Mason Industrial Technology Inc., Warrants, 2027-12-31	766	13,369
	24,000	JOFF Fintech Acquisition Corp.	304,198	287,087		43,763	Maxim Integrated Products Inc.	4,763,093	5,709,631
	7,700	JOFF Fintech Acquisition Corp., Warrants, 2027-12-31	265	9,726		24,000	MCAP Acquisition Corp.	302,220	285,898
	16,400	Kansas City Southern	5,934,493	5,754,703		8,000	MCAP Acquisition Corp., Warrants, 2027-12-31	-	10,005
	6,000	Kensington Capital Acquisition Corp. II	80,647	73,926		30,100	MDH Acquisition Corp.	385,710	359,310
	18,000	Khosla Ventures Acquisition Co II	225,731	220,888		15,000	MDH Acquisition Corp., Warrants, 2028-02-02	725	14,678
	29,900	Khosla Ventures Acquisition Co III	374,271	366,549		26,900	MedTech Acquisition Corp.	342,889	325,108
	35,900	Khosla Ventures Acquisition Co.	461,683	439,659		9,000	MedTech Acquisition Corp., Warrants, 2025-12-18	3,913	11,063
	9,000	KINS Technology Group Inc.	114,560	109,887		33,042	Merida Merger Corp. I	424,419	407,113
	4,300	KINS Technology Group Inc., Warrants, 2025-12-31	1,160	4,457		19,500	Merida Merger Corp. I, Warrants, 2026-11-07	20,580	28,735
	44,900	KKR Acquisition Holdings I Corp.	560,028	558,220		35,898	Mission Advancement Corp.	451,203	431,633
	18,000	KL Acquisition Corp.	227,820	216,207		11,966	Mission Advancement Corp., Warrants, 2028-12-31	-	11,998
	5,800	KL Acquisition Corp., Warrants, 2028-01-12	984	6,751		47,400	Montes Archimedes Acquisition Corp.	606,591	580,497
	2,100	Landcadia Holdings IV Inc.	26,487	25,406		18,000	Monument Circle Acquisition Corp.	228,587	223,785
	525	Landcadia Holdings IV Inc., Warrants, 2028-12-31	-	702		24,000	Music Acquisition Corp.	308,472	287,384
	12,000	Lefteris Acquisition Corp.	153,762	144,881		12,000	Music Acquisition Corp., Warrants, 2028-02-05	722	12,631
	13,400	Legato Merger Corp.	169,944	166,264		6,200	NavSight Holdings Inc.	81,888	76,621
	24,000	Lerer Hippeau Acquisition Corp.	302,812	292,734		18,881	Newbury Street Acquisition Corp.	235,929	233,803
	12,000	Liberty Media Acquisition Corp.	158,348	151,270		24,000	NightDragon Acquisition Corp.	305,733	290,059
	38,900	LightJump Acquisition Corp.	493,126	470,619		4,800	NightDragon Acquisition Corp., Warrants, 2027-12-31	-	8,143
	19,500	LightJump Acquisition Corp., Warrants, 2027-12-31	3,279	19,322		96,500	Northern Genesis Acquisition Corp. II	1,272,863	1,187,788
	18,000	Lionheart Acquisition Corp. II	233,076	219,773		19,500	Northern Genesis Acquisition Corp. II, Warrants, 2027-12-31	4,613	40,084
	9,000	Lionheart Acquisition Corp. II, Warrants, 2026-02-14	5,287	10,253		50,000	Northern Genesis Acquisition Corp. III	627,652	605,528
	23,100	Live Oak Acquisition Corp. II	296,469	283,758		12,500	Northern Genesis Acquisition Corp. III, Warrants, 2027-12-31	-	22,289
	18,000	Live Oak Mobility Acquisition Corp.	228,721	218,436		20,871	Northern Genesis Sponsor II LLC	3	3
	3,600	Live Oak Mobility Acquisition Corp., Warrants, 2028-03-04	-	6,776		37,670	Northern Genesis Sponsor II LLC, Warrants	72,272	69,970
	12,000	Locust Walk Acquisition Corp.	152,317	146,961		11,238	Northern Genesis Sponsor III LLC	1	1
	4,000	Locust Walk Acquisition Corp., Warrants, 2027-12-31	799	4,953		22,400	Northern Genesis Sponsor III LLC, Warrants	41,981	41,607
	41,900	Longview Acquisition Corp. II	522,976	508,470		20,172	Northern Genesis Sponsor LLC	3	406,557
	8,380	Longview Acquisition Corp. II, Warrants, 2026-05-10	-	14,216		8,200	Northern Star Investment Corp. II	108,265	101,134
	9,000	Lux Health Tech Acquisition Corp.	119,920	110,221					
	24,000	M3-Brigade Acquisition II Corp.	301,141	288,870					

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	1,640	Northern Star Investment Corp. II, Warrants, 2028-01-31	-	4,955		32,100	Proofpoint Inc.	6,802,050	6,906,850
	24,000	Northern Star Investment Corp. III	303,438	290,653		65,900	Property Solutions Acquisition Corp. II	825,533	796,454
	4,000	Northern Star Investment Corp. III, Warrants, 2028-02-25	-	6,092		16,500	Property Solutions Acquisition Corp. II, Warrants, 2026-03-01	1,202	26,766
	24,000	Northern Star Investment Corp. IV	303,113	292,734		17,793	PTK Acquisition Corp.	234,202	217,246
	4,000	Northern Star Investment Corp. IV, Warrants, 2027-12-31	-	7,182		12,000	PTK Acquisition Corp., Warrants, 2025-12-31	5,100	7,727
	24,000	Novus Capital Corp. II	306,350	289,762		29,900	PWP Forward Acquisition Corp. I	375,862	362,106
	7,700	Novus Capital Corp. II, Warrants, 2027-12-31	311	11,251		5,980	PWP Forward Acquisition Corp. I, Warrants, 2027-12-31	-	7,258
	102,900	Nuance Communications Inc.	6,801,356	6,936,792		30,400	QTS Realty Trust Inc.	2,897,641	2,909,901
	9,000	OCA Acquisition Corp.	115,413	113,119		29,900	Quantum FinTech Acquisition Corp.	379,944	371,362
	24,000	Omnichannel Acquisition Corp.	313,927	292,139		24,000	Recharge Acquisition Corp.	313,669	291,545
	12,000	Omnichannel Acquisition Corp., Warrants, 2027-12-30	3,235	15,157		12,000	Recharge Acquisition Corp., Warrants, 2027-10-05	3,811	12,185
	18,000	One Equity Partners Open Water I Corp.	227,345	216,653		18,000	Revolution Healthcare Acquisition Corp.	224,764	218,882
	5,800	One Equity Partners Open Water I Corp., Warrants, 2027-12-31	1,061	6,464		3,600	Revolution Healthcare Acquisition Corp., Warrants, 2028-12-31	-	6,241
	35,900	Orion Acquisition Corp.	452,183	429,434		12,000	Rosecliff Acquisition Corp. I	151,357	143,544
	8,975	Orion Acquisition Corp., Warrants, 2026-02-19	-	10,602		4,000	Rosecliff Acquisition Corp. I, Warrants, 2027-12-31	203	4,013
	12,000	OTR Acquisition Corp.	157,369	149,190		24,000	RXR Acquisition Corp.	301,165	288,573
	5,800	OTR Acquisition Corp., Warrants, 2025-12-31	929	6,034		4,800	RXR Acquisition Corp., Warrants, 2026-03-08	-	6,182
	29,900	Oyster Enterprises Acquisition Corp.	376,876	370,251		38,799	Sandbridge X2 Corp.	488,787	464,593
	18,000	Periphys Capital Partnering Corp.	570,500	546,368		12,933	Sandbridge X2 Corp., Warrants, 2027-12-31	-	16,816
	4,300	Periphys Capital Partnering Corp., Warrants, 2028-12-10	1,863	11,448		24,000	Science Strategic Acquisition Corp. Alpha	302,398	295,408
	34,698	Pine Technology Acquisition Corp.	434,502	416,775		35,900	SCP & CO Healthcare Acquisition Co.	455,019	447,661
	11,566	Pine Technology Acquisition Corp., Warrants, 2028-03-31	-	11,960		15,600	Seaport Global Acquisition Corp.	202,512	192,402
	29,900	Pivotal Investment Corp. III	388,272	370,251		59,900	Senior Connect Acquisition Corp. I	772,973	750,641
	29,900	Power & Digital Infrastructure Acquisition Corp.	379,547	363,957		24,000	SilverBox Engaged Merger Corp. I	302,409	288,276
	7,500	Power & Digital Infrastructure Acquisition Corp., Warrants, 2028-02-12	698	12,909		8,000	SilverBox Engaged Merger Corp. I, Warrants, 2027-12-31	-	7,629
	102,900	PPD Inc.	5,850,053	5,872,828		24,000	Simon Property Group Acquisition Holdings Inc.	313,724	289,762
	6,575	PRA Health Sciences Inc.	1,302,706	1,345,108		4,800	Simon Property Group Acquisition Holdings Inc., Warrants, 2026-02-04	411	8,678
	41,900	Priveterra Acquisition Corp.	529,647	499,650		104,726	Slack Technologies Inc.	5,624,893	5,744,913
	14,000	Priveterra Acquisition Corp., Warrants, 2027-12-31	779	17,510		35,900	Social Leverage Acquisition Corp. I	454,789	432,057
	27,500	Progress Acquisition Corp.	344,404	331,338		9,000	Social Leverage Acquisition Corp. I, Warrants, 2027-12-31	726	12,148
	13,800	Progress Acquisition Corp., Warrants, 2027-12-31	2,629	11,962		29,900	Spartan Acquisition Corp. III	379,757	372,473
						12,000	SportsTek Acquisition Corp.	153,116	142,949
						6,000	SportsTek Acquisition Corp., Warrants, 2027-12-31	285	5,647

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	24,400	Star Peak Corp. II	309,122	299,123		18,000	Warrior Technologies		
	12,300	Starboard value Acquisition Corp.	162,729	152,311		9,000	Warrior Technologies Acquisition Co.	226,720	215,761
	24,000	Sustainable Development Acquisition I Corp.	305,418	302,541			Warrior Technologies Acquisition Co., Warrants, 2028-03-31	-	8,470
	17,100	Tailwind Acquisition Corp.	226,554	211,114		10,058	Weingarten Realty Investors	394,127	399,426
	12,000	Tastemaker Acquisition Corp.	152,186	144,881		39,356	Xilinx Inc.	6,491,822	7,048,952
	5,800	Tastemaker Acquisition Corp., Warrants, 2025-12-31	955	5,315		12,000	Zanite Acquisition Corp.	149,537	149,487
	59,898	TCW Special Purpose Acquisition Corp.	752,939	720,948		12,000	Z-Work Acquisition Corp.	152,215	144,286
	19,966	TCW Special Purpose Acquisition Corp., Warrants, 2028-12-31	-	23,485		4,000	Z-Work Acquisition Corp., Warrants, 2027-12-31	253	4,458
	47,900	Tech and Energy Transition Corp.	596,694	593,145				<u>133,850,307</u>	<u>135,043,110</u>
	18,000	Thimble Point Acquisition Corp.	232,783	220,442			International Equities (35.1%)		
	18,000	Thunder Bridge Capital Partners III Inc.	231,300	216,653		18,000	ABG Acquisition Corp. I	228,890	219,550
	3,600	Thunder Bridge Capital Partners III Inc., Warrants, 2028-02-15	314	5,795		11,600	ACON S2 Acquisition Corp.	152,086	142,206
	24,000	Tishman Speyer Innovation Corp. II	307,550	293,328		29,900	AEA-Bridges Impact Corp.	392,581	360,625
	4,800	Tishman Speyer Innovation Corp. II, Warrants, 2027-12-31	393	7,668		12,000	AEA-Bridges Impact Corp., Warrants, 2025-12-31	9,370	14,265
	24,000	TLG Acquisition One Corp.	304,240	287,384		35,900	African Gold Acquisition Corp.	451,352	428,990
	7,700	TLG Acquisition One Corp., Warrants, 2028-01-25	206	7,556		26,900	African Gold Acquisition Corp., Warrants, 2028-03-13	1,024	20,985
	24,000	Tribe Capital Growth Corp. I	305,288	289,762		35,898	Agile Growth Corp.	451,588	429,855
	6,000	Tribe Capital Growth Corp. I, Warrants, 2026-03-05	-	9,807		11,966	Agile Growth Corp., Warrants, 2027-12-31	-	14,077
	8,000	Tuscan Holdings Corp. II, Warrants, 2025-07-16	6,687	10,005		10,700	Ajax I	146,611	131,968
	16,100	TWC Tech Holdings II Corp.	212,152	197,970		12,000	Alpha Capital Acquisition Co.	153,991	144,286
	35,898	Twelve Seas Investment Co II	451,997	428,966		6,000	Alpha Capital Acquisition Co., Warrants, 2027-12-31	304	6,167
	11,966	Twelve Seas Investment Co II, Warrants, 2028-03-02	-	13,188		18,000	Altimar Acquisition Corp. II	234,574	216,653
	15,000	USHG Acquisition Corp.	192,542	180,172		4,500	Altimar Acquisition Corp. II, Warrants, 2027-12-31	353	6,464
	5,000	USHG Acquisition Corp., Warrants, 2028-12-31	-	6,377		35,900	Altimar Acquisition Corp. III	451,063	433,435
	12,000	VECTOIQ ACQUISITION CORP II	151,544	148,596		8,975	Altimar Acquisition Corp. III, Warrants, 2028-12-31	-	12,225
	14,400	Velocity Acquisition Corp.	184,188	177,423		3,500	Altimeter Growth Corp. 2	46,669	44,424
	18,000	Ventoux CCM Acquisition Corp.	231,214	221,779		15,000	AMERICAS TECHNOLOGY ACQUISITION CORP	188,757	185,745
	18,000	Ventoux CCM Acquisition Corp., Rights	945	5,017		7,500	Americas Technology Acquisition Corp., Warrants, 2027-12-31	2,572	6,039
	18,000	Ventoux CCM Acquisition Corp., Warrants, 2025-09-30	2,012	8,033		48,200	Apollo Strategic Growth Capital	632,847	583,729
	78,153	VEREIT Inc.	4,598,951	4,444,954		24,000	Apollo Strategic Growth Capital II	310,169	289,465
	35,900	Viveon Health Acquisition Corp.	461,629	440,104		4,800	Apollo Strategic Growth Capital II, Warrants, 2027-12-31	374	7,311
	47,900	Viveon Health Acquisition Corp., Rights	2,284	16,021		35,900	ArcLight Clean Transition Corp. II	449,436	436,992
	47,900	Viveon Health Acquisition Corp., Warrants, 2027-12-31	4,638	20,849		7,180	ArcLight Clean Transition Corp. II, Warrants, 2023-02-04	-	15,470
	47,900	VPC Impact Acquisition Holdings III Inc.	604,582	586,620		24,000	Arctos NorthStar Acquisition Corp.	301,132	297,192
	45,500	W R Grace & Co.	3,821,462	3,894,398		41,900	Ares Acquisition Corp.	532,700	505,876
						8,400	Ares Acquisition Corp., Warrants, 2027-12-31	667	13,002

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	25,600	Ascendant Digital Acquisition Corp.	343,281	315,419		12,000	Deep Lake Capital Acquisition Corp.	154,116	150,528
	67,738	Athene Holding Ltd.	5,190,508	5,661,889		47,898	DHC Acquisition Corp.	602,077	575,326
	39,900	Aurora Acquisition Corp.	494,108	489,634		15,966	DHC Acquisition Corp., Warrants, 2027-12-31	-	19,871
	20,200	Austerlitz Acquisition Corp. I	258,976	248,135		35,898	Disruptive Acquisition Corp. I	449,032	431,189
	47,900	Austerlitz Acquisition Corp. II	608,206	577,130		2	Disruptive Acquisition Corp. I, Units	-	25
	11,975	Austerlitz Acquisition Corp. II, Warrants, 2027-12-31	-	18,536		11,966	Disruptive Acquisition Corp. I, Warrants, 2026-03-06	-	13,631
	24,000	Authentic Equity Acquisition Corp.	308,383	300,461		18,000	Dragoneer Growth Opportunities Corp. II	236,784	225,123
	35,900	Avanti Acquisition Corp.	459,732	432,991		8,100	Dragoneer Growth Opportunities Corp. III	101,509	100,302
	2,300	BCLS Acquisition Corp.	30,549	29,990		24,000	EJF Acquisition Corp.	301,409	287,384
	18,000	Biotech Acquisition Co.	229,719	225,123		8,000	EJF Acquisition Corp., Warrants, 2027-02-28	-	8,123
	36,400	BlueRiver Acquisition Corp.	469,598	437,669		35,898	ESM Acquisition Corp.	451,934	431,189
	12,100	BlueRiver Acquisition Corp., Warrants, 2026-01-04	745	14,383		11,966	ESM Acquisition Corp., Warrants, 2026-02-02	-	14,966
	18,000	Bridgetown 2 Holdings Ltd.	232,528	227,352		15,000	European Biotech Acquisition Corp.	186,689	179,429
	12,000	Broadstone Acquisition Corp.	155,271	146,813		5,000	European Biotech Acquisition Corp., Warrants, 2026-05-10	-	5,944
	274,739	Brookfield Property Partners LP	6,123,860	6,446,956		15,000	European Sustainable Growth Acquisition Corp.	191,964	189,088
	41,900	BYTE Acquisition Corp.	523,447	500,687		55,600	Far Peak Acquisition Corp.	708,411	685,051
	20,950	BYTE Acquisition Corp., Warrants, 2028-12-31	-	33,206		9,000	Far Peak Acquisition Corp., Warrants, 2025-12-07	7,800	15,825
	18,000	Cartesian Growth Corp.	227,125	222,448		24,000	Fintech Evolution Acquisition Group	301,547	286,493
	29,900	Catcha Investment Corp.	377,284	357,663		8,000	Fintech Evolution Acquisition Group, Warrants, 2028-03-31	-	9,906
	10,000	Catcha Investment Corp., Warrants, 2027-12-31	598	12,137		12,000	Fortress Capital Acquisition Corp.	153,856	148,893
	65,900	CC Neuberger Principal Holdings II	871,881	807,062		12,000	Frazier Lifesciences Acquisition Corp.	154,599	145,029
	5,800	CC Neuberger Principal Holdings II, Warrants, 2025-07-29	4,334	9,768		4,000	Frazier Lifesciences Acquisition Corp., Warrants, 2025-11-30	1,025	5,498
	35,900	CC Neuberger Principal Holdings III	473,872	434,769		35,900	Freedom Acquisition I Corp.	455,425	431,213
	7,200	CC Neuberger Principal Holdings III, Warrants, 2027-12-31	685	11,323		8,975	Freedom Acquisition I Corp., Warrants, 2027-12-31	-	12,003
	21,600	Centricus Acquisition Corp.	273,540	264,798		29,900	Frontier Acquisition Corp.	377,082	360,625
	22,800	Cerberus Telecom Acquisition Corp.	300,050	280,356		7,475	Frontier Acquisition Corp., Warrants, 2028-12-31	-	12,959
	59,900	Cohn Robbins Holdings Corp.	784,629	730,614		24,000	FTAC Athena Acquisition Corp.	312,157	302,838
	12,000	Colonnade Acquisition Corp. II	151,082	145,104		47,900	FTAC Hera Acquisition Corp.	602,130	578,316
	2,400	Colonnade Acquisition Corp. II, Warrants, 2027-12-31	-	3,180		11,975	FTAC Hera Acquisition Corp., Warrants, 2027-12-31	-	19,574
	21,500	Consonance-HFW Acquisition Corp.	277,918	264,437		24,000	G Squared Ascend I Inc.	304,654	293,328
	24,000	Constellation Acquisition Corp. I	304,916	297,192		4,800	G Squared Ascend I Inc., Warrants, 2027-12-31	371	7,192
	24,000	Corner Growth Acquisition Corp.	303,926	289,465		12,500	G Squared Ascend II Inc.	152,257	154,942
	7,700	Corner Growth Acquisition Corp., Warrants, 2027-12-31	2,626	11,442		17,800	Global Blue Group Holding AG, Warrants, 2025-08-31	24,593	32,622
	18,000	COVA Acquisition Corp.	228,581	224,900		35,900	Global Partner Acquisition Corp. II	457,091	440,104
	24,000	Crown PropTech Acquisitions	304,721	295,111					
	24,100	D8 Holdings Corp.	319,759	297,535					

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	15,000	Global Synergy Acquisition Corp.	190,027	180,172		12,000	Kismet Acquisition Three Corp.	151,226	143,098
	7,500	Global Synergy Acquisition Corp., Warrants, 2027-12-31	1,289	7,338		4,000	Kismet Acquisition Three Corp., Warrants, 2027-12-31	236	4,015
	9,400	Health Sciences Acquisitions Corp. 2	129,049	118,728		12,000	Kismet Acquisition Two Corp.	151,205	143,841
	15,400	HealthCor Catalio Acquisition Corp.	197,493	187,837		4,000	Kismet Acquisition Two Corp., Warrants, 2027-12-31	214	4,507
	8,400	Helix Acquisition Corp.	110,546	107,450		26,898	L Catterton Asia Acquisition Corp.	337,381	323,085
	35,900	HH&L Acquisition Co.	477,007	431,213		8,966	L Catterton Asia Acquisition Corp., Warrants, 2026-03-15	-	9,992
	18,000	HH&L Acquisition Co., Warrants, 2027-01-31	1,094	19,394		9,000	L&F Acquisition Corp.	116,915	111,224
	35,900	HIG Acquisition Corp.	464,823	431,657		4,300	L&F Acquisition Corp., Warrants, 2027-05-23	1,239	4,419
	12,000	HIG Acquisition Corp., Warrants, 2025-10-23	8,175	16,938		24,000	Lazard Growth Acquisition Corp. I	310,525	290,653
	24,000	Highland Transcend Partners I Corp.	304,965	289,167		4,800	Lazard Growth Acquisition Corp. I, Warrants, 2027-12-31	390	6,835
	7,700	Highland Transcend Partners I Corp., Warrants, 2027-12-31	5,727	10,488		18,000	LDH Growth Corp. I	226,528	217,098
	11,600	Horizon Acquisition Corp. II	151,080	140,339		3,600	LDH Growth Corp. I, Warrants, 2028-12-31	-	5,060
	15,000	HPX Corp.	197,881	182,959		29,900	Lead Edge Growth Opportunities Ltd.	373,754	362,106
	7,500	HPX Corp., Warrants, 2025-07-14	4,191	8,172		7,475	Lead Edge Growth Opportunities Ltd., Warrants, 2028-12-31	-	12,959
	24,000	Ibere Pharmaceuticals	302,271	287,384		59,900	Leo Holdings Corp. II	758,788	720,601
	12,000	Ibere Pharmaceuticals, Warrants, 2027-12-31	-	11,293		15,000	Leo Holdings Corp. II, Warrants, 2028-01-07	3,084	18,017
	66,129	IHS Markit Ltd.	8,022,276	9,225,429		7,180	Leo Holdings III Corp., Warrants, 2028-03-02	-	10,314
	47,900	Independence Holdings Corp.	604,594	593,145		47,898	Levere Holdings Corp.	598,166	580,071
	9,580	Independence Holdings Corp., Warrants, 2028-03-31	-	14,235		15,966	Levere Holdings Corp., Warrants, 2028-12-31	-	19,771
	24,000	Investindustrial Acquisition Corp.	313,698	290,059		24,000	Magnum Opus Acquisition Ltd.	300,055	285,898
	7,700	Investindustrial Acquisition Corp., Warrants, 2027-10-30	1,758	9,916		12,000	Magnum Opus Acquisition Ltd., Warrants, 2027-12-31	-	12,488
	11,400	ION Acquisition Corp. 3 Ltd.	139,681	138,484		41,900	Marlin Technology Corp.	536,359	521,960
	6,500	ironSource Ltd.	84,843	84,514		36,100	Marquee Raine Acquisition Corp.	457,409	442,555
	12,800	Isos Acquisition Corp.	160,985	156,599		10,400	Marquee Raine Acquisition Corp., Units	133,319	132,131
	8,000	Isos Acquisition Corp., Warrants, 2026-03-01	-	9,906		24,000	Moringa Acquisition Corp.	307,592	286,790
	24,000	Itiquira Acquisition Corp.	312,687	297,489		12,000	Moringa Acquisition Corp., Warrants, 2026-02-10	744	11,293
	24,000	Ivanhoe Capital Acquisition Corp.	313,362	302,244		47,900	Motive Capital Corp.	613,141	579,502
	24,000	Jack Creek Investment Corp.	302,745	287,087		10,000	Motive Capital Corp., Warrants, 2025-12-09	5,722	11,800
	12,000	Jack Creek Investment Corp., Warrants, 2027-12-31	2,159	12,041		24,000	New Vista Acquisition Corp.	311,008	287,384
	12,500	Jaws Juggernaut Acquisition Corp.	155,631	155,716		7,700	New Vista Acquisition Corp., Warrants, 2027-12-31	278	9,535
	29,900	Jaws Mustang Acquisition Corp.	393,255	361,365		17,900	NextGen Acquisition Corp. II	223,680	228,083
	7,500	Jaws Mustang Acquisition Corp., Warrants, 2026-01-30	634	11,702		18,000	Noble Rock Acquisition Corp.	230,271	215,538
	47,900	Kairos Acquisition Corp.	608,280	575,350		6,000	Noble Rock Acquisition Corp., Warrants, 2027-12-31	367	6,315
	23,400	Kairos Acquisition Corp., Warrants, 2027-12-31	4,171	22,891		29,900	North Atlantic Acquisition Corp.	377,719	359,884
	24,000	Kernel Group Holdings Inc.	303,906	289,167					
	12,000	Kernel Group Holdings Inc., Warrants, 2027-01-31	605	15,454					

PICTON MAHONEY FORTIFIED ARBITRAGE 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 (\$)
	10,000	North Atlantic Acquisition Corp., Warrants, 2025-10-20	2,048	13,002		15,000	Sarissa Capital Acquisition Corp.	196,911	184,259
	24,000	Oaktree Acquisition Corp. II	315,132	293,625		4,400	Sarissa Capital Acquisition Corp., Warrants, 2027-10-23	2,414	7,301
	3,000	Oaktree Acquisition Corp. II, Warrants, 2027-09-15	2,819	4,569		47,900	SciON Tech Growth I	612,764	579,502
	18,000	Orion Biotech Opportunities Corp.	218,372	225,123		16,000	SciON Tech Growth I, Warrants, 2025-11-01	4,259	20,803
	24,000	Pathfinder Acquisition Corp.	304,395	289,465		24,000	SciON Tech Growth II	303,522	288,276
	4,800	Pathfinder Acquisition Corp., Warrants, 2027-12-31	341	6,717		7,700	SciON Tech Growth II, Warrants, 2027-12-31	256	8,817
	24,000	Peridot Acquisition Corp. II	301,849	289,613		24,000	Silver Crest Acquisition Corp.	304,601	298,380
	4,800	Peridot Acquisition Corp. II, Warrants, 2028-04-30	-	6,598		29,900	Silver Spike Acquisition Corp. II	374,864	360,995
	24,000	Pioneer Merger Corp.	304,966	294,517		7,475	Silver Spike Acquisition Corp. II, Warrants, 2026-02-26	-	12,496
	18,000	Plum Acquisition Corp. I	223,642	221,333		35,900	Slam Corp.	460,413	443,660
	35,900	Poema Global Holdings Corp.	457,957	430,323		75,200	Soaring Eagle Acquisition Corp.	943,970	927,475
	18,000	Poema Global Holdings Corp., Warrants, 2027-12-31	3,569	17,007		5,800	Social Capital Hedosophia Holdings Corp. IV	80,579	74,622
	15,000	Pontem Corp.	191,272	185,930		12,000	Social Capital Hedosophia Holdings Corp. VI	167,279	151,568
	35,900	Population Health Investment Co Inc.	469,118	436,103		18,000	Sports Ventures Acquisition Corp.	228,408	216,430
	12,000	Population Health Investment Co Inc., Warrants, 2025-10-01	3,973	15,900		5,800	Sports Ventures Acquisition Corp., Warrants, 2027-12-31	1,279	7,110
	15,000	Powered Brands	191,092	185,930		18,000	Supernova Partners Acquisition Co II Ltd.	229,229	216,207
	35,900	Primavera Capital Acquisition Corp.	461,752	452,551		4,500	Supernova Partners Acquisition Co II Ltd., Warrants, 2027-12-31	-	6,687
	24,000	Prime Impact Acquisition I	309,881	289,762		20,600	Supernova Partners Acquisition Co III Ltd.	258,521	248,202
	7,700	Prime Impact Acquisition I, Warrants, 2030-10-01	5,002	9,535		4,120	Supernova Partners Acquisition Co III Ltd., Warrants, 2027-03-31	-	6,122
	12,000	Prospector Capital Corp.	153,971	143,989		24,700	Sustainable Opportunities Acquisition Corp.	331,876	304,330
	4,000	Prospector Capital Corp., Warrants, 2025-12-22	1,089	4,706		24,000	SVF Investment Corp.	309,794	293,625
	12,000	Provident Acquisition Corp.	154,818	144,138		24,000	SVF Investment Corp. 2	314,482	295,706
	5,800	Provident Acquisition Corp., Warrants, 2026-01-12	1,186	5,889		21,000	SVF Investment Corp. 3	272,734	258,482
	47,900	Queen's Gambit Growth Capital	608,122	575,350		30,800	Switchback II Corp.	378,777	377,200
	7,000	Queen's Gambit Growth Capital, Warrants, 2027-12-31	1,745	8,755		24,000	Tailwind International Acquisition Corp.	300,286	287,384
	47,900	RedBall Acquisition Corp.	628,183	579,502		7,700	Tailwind International Acquisition Corp., Warrants, 2028-03-01	213	8,959
	5,000	RedBall Acquisition Corp., Warrants, 2022-08-17	4,249	6,687		41,898	Tailwind Two Acquisition Corp.	528,961	501,182
	37,400	Reinvent Technology Partners	462,337	462,197		13,966	Tailwind Two Acquisition Corp., Warrants, 2028-03-09	-	17,294
	24,000	Reinvent Technology Partners Y	303,023	299,866		34,700	Talend SA	2,789,510	2,818,763
	18,700	Rice Acquisition Corp. II	227,746	236,656		18,000	TCV Acquisition Corp.	226,591	220,888
	29,900	RMG Acquisition Corp. III	380,293	370,251		12,000	Tekcorp Digital Acquisition Corp.	159,955	144,881
	30,500	Rocket Internet Growth Opportunities Corp.	381,495	366,350		5,800	Tekcorp Digital Acquisition Corp., Warrants, 2027-10-26	1,328	7,900
	7,625	Rocket Internet Growth Opportunities Corp., Warrants, 2027-12-31	-	12,463		5,800	Tiga Acquisition Corp.	76,568	72,037
	24,000	Ross Acquisition Corp. II	299,211	288,276		3,000	Tiga Acquisition Corp., Warrants, 2026-11-27	1,381	4,161
	8,000	Ross Acquisition Corp. II, Warrants, 2026-02-12	-	9,510		15,000	TPG Pace Beneficial II Corp.	189,304	187,231

PICTON MAHONEY FORTIFIED ARBITRAGE 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 (\$)
	24,000	TPG Pace Solutions Corp.	303,607	296,003			SHORT POSITIONS (-23.5%)		
	36,600	Trebia Acquisition Corp.	488,302	448,685			Canadian Equities (-2.6%)		
	35,900	TREPONT ACQUISITION CORP I	467,591	439,659			Materials (-0.3%)		
	18,000	Trepont Acquisition Corp. I, Warrants, 2025-11-24	3,839	19,948		(95,034)	Fortuna Silver Mines Inc.	(793,368)	(656,685)
	22,300	Tuatara Capital Acquisition Corp.	284,242	267,304			Industrial (-1.1%)		
	11,150	Tuatara Capital Acquisition Corp., Warrants, 2027-12-31	-	15,878		(12,485)	Canadian National Railway Co., NYSE	(1,639,040)	(1,631,355)
	24,000	Turmeric Acquisition Corp.	310,652	293,922		(10,422)	Canadian Pacific Railway Ltd., NYSE	(980,961)	(992,565)
	7,700	Turmeric Acquisition Corp., Warrants, 2025-10-08	2,873	8,773				(2,620,001)	(2,623,920)
	24,000	Twin Ridge Capital Acquisition Corp.	301,292	286,790			Consumer Discretionary (0.0%)		
	8,000	Twin Ridge Capital Acquisition Corp., Warrants, 2028-12-31	-	8,983		(2,100)	Lion Electric Co., NYSE	(41,204)	(50,552)
	12,000	two/CA	150,661	146,367			Health Care (0.0%)		
	47,900	TZP Strategies Acquisition Corp.	614,176	591,958		(800)	Trulieve Cannabis Corp.	(38,130)	(37,176)
	24,000	Vector Acquisition Corp. II	301,992	295,111			Financials (-1.2%)		
	41,900	Virgin Group Acquisition Corp. II	524,187	507,951		(45,789)	Brookfield Asset Management Inc., NYSE	(2,574,526)	(2,890,588)
	8,380	Virgin Group Acquisition Corp. II, Warrants, 2026-03-13	-	13,282			Utilities (0.0%)		
	35,900	VPC Impact Acquisition Holdings II	453,177	434,769		(781)	Brookfield Infrastructure Corp.	(67,910)	(72,969)
	8,975	VPC Impact Acquisition Holdings II, Warrants, 2027-12-31	-	12,781			Total Canadian Equities - Short	(6,135,139)	(6,331,890)
	29,900	Vy Global Growth	394,509	368,400			Global Equities (-20.9%)		
	24,000	Waldencast Acquisition Corp.	300,783	295,706		(66,899)	Advanced Micro Devices Inc.	(7,046,146)	(7,781,246)
	8,000	Waldencast Acquisition Corp., Warrants, 2027-12-31	-	10,897		(27,596)	Analog Devices Inc.	(5,026,748)	(5,883,064)
	35,900	Warburg Pincus Capital Corp. I-A	456,676	435,658		(77,702)	Apollo Global Management Inc.	(5,449,915)	(5,984,774)
	7,180	Warburg Pincus Capital Corp. I-A, Warrants, 2027-12-31	-	12,536		(7,783)	II-VI Inc.	(650,870)	(699,599)
	35,900	Warburg Pincus Capital Corp. I-B	454,313	439,214		(14,330)	Kimco Realty Corp.	(365,186)	(369,979)
	7,180	Warburg Pincus Capital Corp. I-B, Warrants, 2022-02-17	-	11,558		(55,027)	Realty Income Corp.	(4,670,797)	(4,547,652)
	17,538	Willis Towers Watson PLC	4,895,141	4,995,407		(18,795)	S&P Global Inc.	(8,283,518)	(9,552,738)
	29,900	Yucaipa Acquisition Corp.	392,767	365,438		(8,102)	Salesforce.com Inc.	(2,308,007)	(2,450,685)
			81,788,720	82,333,448				(33,801,187)	(37,269,737)
		Total Global Equities - Long	215,639,027	217,376,558			International Equities (-4.9%)		
						(18,263)	Aon PLC	(5,021,962)	(5,399,566)
						(70,489)	AstraZeneca PLC, ADR	(4,712,577)	(5,228,455)
						(2,689)	Icon PLC	(675,788)	(688,300)
								(10,410,327)	(11,316,321)
							Total Global Equities - Short	(44,211,514)	(48,586,058)
		Global Debt (0.4%)					Options (0.0%)		
		United States Bonds (0.4%)					Total Written Options - Refer to Appendix A	(148,144)	(107,967)
USD	716,000	WR Grace & Co-Conn 4.875%, 2027-06-15	917,686	941,193			Transaction Costs	(16,208)	-
		Total Global Debt - Long	917,686	941,193			Total Short Positions	(50,511,005)	(55,025,915)
		Options (0.1%)					Foreign Currency Forward Contracts (-1.7%)		
		Total Purchased Options - Refer to Appendix A	560,777	248,570			Total Currency Hedge - Refer to Appendix B	-	(3,961,218)
		Transaction Costs	(90,040)	-					
		Total Long Positions	223,176,627	225,234,903					

PICTON MAHONEY FORTIFIED ARBITRAGE 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 (\$)
		TOTAL INVESTMENT PORTFOLIO (70.8%)	172,665,622	166,247,770
		Other Assets Net of Liabilities (29.2%)		68,279,679
		TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (100.0%)		234,527,449

*CCY denotes local currency of debt security

APPENDIX A

OPTIONS (0.1%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Churchill Capital Corp. V	Call Option	498	\$10	August, 2021	21,686	13,875
					<u>21,686</u>	<u>13,875</u>
Lion Electric Co.	Put Option	203	\$20	October, 2021	192,967	113,119
Lion Electric Co.	Put Option	479	\$20	July, 2021	321,367	109,732
Nuance Communications Inc.	Put Option	121	\$42	January, 2022	13,054	5,993
Nuance Communications Inc.	Put Option	189	\$45	October, 2021	11,703	5,851
					<u>539,091</u>	<u>234,695</u>
Total Purchased Options					560,777	248,570
Churchill Capital Corp. V	Written Call Option	(498)	\$13	August, 2021	(11,828)	(7,708)
Lion Electric Co.	Written Call Option	(203)	\$20	October, 2021	(24,588)	(37,706)
Lion Electric Co.	Written Call Option	(477)	\$20	July, 2021	(57,628)	(31,010)
Nuance Communications Inc.	Written Call Option	(315)	\$55	August, 2021	(14,197)	(10,727)
Nuance Communications Inc.	Written Call Option	(226)	\$55	July, 2021	(7,958)	(2,099)
Reinvent Technology Partners	Written Call Option	(374)	\$10	July, 2021	(10,611)	(5,789)
					<u>(126,810)</u>	<u>(95,039)</u>
Nuance Communications Inc.	Written Put Option	(124)	\$50	July, 2021	(2,843)	(1,536)
Pershing Square Tontine Holdings Ltd.	Written Put Option	(186)	\$23	July, 2021	(16,014)	(9,213)
PPD Inc.	Written Put Option	(64)	\$45	August, 2021	(2,477)	(2,179)
					<u>(21,334)</u>	<u>(12,928)</u>
Total Written Options					(148,144)	(107,967)

APPENDIX B

FOREIGN EXCHANGE FORWARD CONTRACTS (-1.7%)

Purchased Currency	Sold Currency	Forward Rate	Maturity Date	Fair Value (\$)	Counterparty	Credit Rating
CAD \$64,168,955	USD \$53,000,000	1.21074	2021-08-12	(1,461,890)	Canadian Imperial Bank of Commerce	A-1
CAD \$102,495,126	USD \$84,788,000	1.20884	2021-08-12	(2,499,328)	Canadian Imperial Bank of Commerce	A-1
Unrealized loss on foreign exchange forward contracts at fair value				(3,961,218)		
Net unrealized gain (loss) on foreign exchange forward contracts at fair value				(3,961,218)		

PICTON MAHONEY FORTIFIED ARBITRAGE 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	221,871,704	2,173,436	-	224,045,140
Bonds - Long	-	941,193	-	941,193
Options - Long	248,570	-	-	248,570
Equities - Short	(54,917,948)	-	-	(54,917,948)
Options - Short	(107,967)	-	-	(107,967)
Forward Contracts - Short	-	(3,961,218)	-	(3,961,218)
Total	167,094,359	(846,589)	-	166,247,770

ASSETS (LIABILITIES) AT FAIR VALUE AS AT DECEMBER 31, 2020				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	67,384,860	67,090	-	67,451,950
Bonds - Long	-	1,077,456	-	1,077,456
Options - Long	206,644	-	-	206,644
Forward Contracts - Long	-	9,481,864	-	9,481,864
Equities - Short	(10,060,548)	-	-	(10,060,548)
Options - Short	(218,265)	-	-	(218,265)
Forward Contracts - Short	-	(1,967,996)	-	(1,967,996)
Total	57,312,691	8,658,414	-	65,971,105

2. OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The following table shows the net impact of the Fund's statement of financial position if all set-off rights were exercised.

Financial Assets and Liabilities	Amounts Eligible for Offset			Net \$
	Gross Assets / (Liabilities) \$	Financial Instruments \$	Collateral received/paid \$	
June 30, 2021				
Derivative assets - Foreign exchange forward contracts	-	-	-	-
Derivative liabilities - Foreign exchange forward contracts	(3,961,218)	-	-	(3,961,218)
December 31, 2020				
Derivative assets - Foreign exchange forward contracts	9,481,864	(1,967,996)	-	7,513,868
Derivative liabilities - Foreign exchange forward contracts	(1,967,996)	1,967,996	-	-

3. OTHER PRICE RISK

Using Beta as a measure of the relationship of the Fund's performance versus its index, if the HFRI ED Merger Arbitrage Index (Hedged to Canadian dollar) were to increase or decrease by 5%, net assets would have increased or decreased by approximately \$11,420,816 (December 31, 2020 - \$2,922,862). 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 ARBITRAGE ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

4. CURRENCY RISK

The currency risk reflects the net impact after taking into consideration the forward contracts. 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 \$	Forward Currency Contracts \$	Total \$	Percentage of Net Assets %
United States Dollar	1,473,804	166,567,355	(170,622,880)	(2,581,721)	-1.1%
Net Exposure	1,473,804	166,567,355	(170,622,880)	(2,581,721)	-1.1%

FINANCIAL INSTRUMENTS					
December 31, 2020 Currency	Monetary \$	Non-Monetary \$	Forward Currency Contracts \$	Total \$	Percentage of Net Assets %
United States Dollar	6,084,532	54,089,478	(60,995,298)	(821,288)	-1.0%
Net Exposure	6,084,532	54,089,478	(60,995,298)	(821,288)	-1.0%

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 \$129,086 (December 31, 2020 - \$41,064). 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 \$16,894 (December 31, 2020 - \$7,625). 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	941,193	-	941,193
Total	941,193	-	941,193

Debt Instruments by Maturity Date	December 31, 2020 (\$)		
	Long Positions	Short Positions	Total
3-5 years	1,077,456	-	1,077,456
Total	1,077,456	-	1,077,456

6. 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
BB-	0.40%	0.40%	0.00%
CCC+	0.00%	0.00%	0.00%

Bond Ratings	December 31, 2020		
	Net	Long	Short
BB-	0.00%	0.00%	0.00%
CCC+	1.28%	1.28%	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 ARBITRAGE 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, 2021 and December 31, 2020.

Jurisdiction	% of Net Assets	
	June 30, 2021	December 31, 2020
LONG POSITIONS	96.0%	92.9%
Canadian Equities	2.9%	7.7%
Financials	1.3%	5.0%
Consumer Discretionary	1.1%	1.5%
Materials	0.3%	0.0%
Energy	0.2%	0.0%
Industrial	0.0%	0.7%
Communication Services	0.0%	0.5%
Global Equities	92.6%	72.5%
United States Equities	57.5%	45.1%
Financials	27.5%	31.5%
Information Technology	15.0%	8.5%
Health Care	6.8%	4.0%
Real Estate	3.3%	0.0%
Industrial	2.5%	0.9%
Materials	2.4%	0.0%
Energy	0.0%	0.2%
International Equities	35.1%	27.4%
Financials	27.2%	26.6%
Industrial	3.9%	0.8%
Real Estate	2.7%	0.0%
Information Technology	1.3%	0.0%
Corporate Bonds	0.4%	1.3%
United States	0.4%	1.3%
Derivatives	0.1%	11.4%
SHORT POSITIONS	-25.2%	-14.5%
Canadian Equities	-2.6%	0.0%
Financials	-1.2%	0.0%
Industrial	-1.1%	0.0%
Materials	-0.3%	0.0%
Global Equities	-20.9%	-11.9%
United States Equities	-16.0%	-7.7%
Information Technology	-7.2%	-5.9%
Financials	-6.7%	-1.1%
Real Estate	-2.1%	0.0%
Industrial	0.0%	-0.4%
Communication Services	0.0%	-0.2%
Energy	0.0%	-0.1%
International Equities	-4.9%	-4.2%
Health Care	-2.6%	-1.1%
Financials	-2.3%	-3.1%
Derivatives	-1.7%	-2.6%

PICTON MAHONEY FORTIFIED ARBITRAGE ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

8. LIQUIDITY RISK

The tables below categorize the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the tables 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 Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Short positions	54,917,948	-	-	54,917,948
Redemptions payable	465,925	-	-	465,925
Accrued liabilities and other payables	-	3,213,664	-	3,213,664
Derivative liabilities	4,069,185	-	-	4,069,185

December 31, 2020 Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Short positions	10,060,548	-	-	10,060,548
Redemptions payable	306,426	-	-	306,426
Accrued liabilities and other payables	-	1,163,837	-	1,163,837
Derivative liabilities	2,186,261	-	-	2,186,261
Margin borrowings	2,950,240	-	-	2,950,240

9. FUND UNIT TRANSACTIONS

For the six month periods ended June 30 (unaudited)

	2021			2020		
	Class A	Class F	Class I	Class A	Class F	Class I
Units issued and outstanding, beginning of period	727,387	6,129,733	216,048	313,264	2,914,364	17,062,872
Units issued	1,119,548	12,812,763	257,134	59,518	1,471,354	10,968,474
Units redeemed	(139,038)	(2,004,945)	(113,772)	(65,077)	(953,003)	(4,587,650)
Units issued and outstanding, end of period	1,707,897	16,937,551	359,410	307,705	3,432,715	23,443,696
Weighted average number of units held during the period	1,316,707	12,703,517	330,443	311,707	3,109,468	20,619,957

10. COMMISSIONS

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

	2021	2020
Brokerage commissions	209	343
Soft Dollar commissions	21	59

11. TAX LOSS CARRY FORWARDS

As at December 31 (in \$000)

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

12. LEVERAGE

During the six month period ended June 30, 2021, the Fund's aggregate exposure reached a low of 11.49% (year ended 2020 - 10.34%) and a high of 55.52% (year ended 2020 - 21.37%) of the Fund's NAV.

As at June 30, 2021, the Fund's aggregate exposure was 27.93% (December 31, 2020 - 17.50%) of the Fund's NAV. The primary source of leverage was short positions in equity securities and margin borrowings, which is governed by a prime brokerage agreement between the Fund and CIBC.

PICTON MAHONEY FORTIFIED ARBITRAGE ALTERNATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2021 (unaudited)

1. GENERAL INFORMATION

Picton Mahoney Fortified Arbitrage Alternative Fund (formerly Vertex Liquid Alternative Fund) (the "Fund") was formed on January 3, 2019 under the laws of British Columbia. The Fund commenced operations on January 17, 2019. Picton Mahoney Asset Management acts as manager (the "Manager"), portfolio advisor (the "Portfolio Advisor") and trustee (the "Trustee") for the Fund. 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 October 21, 2019, the Manager and Vertex One Asset Management Inc. ("Vertex"), the previous manager for the Fund, entered into a purchase agreement (the "Purchase Agreement") pursuant to which the Manager acquired the investment fund management contracts for the Fund as of January 13, 2020 (the "Transaction").

Unitholders of the Fund approved the change of manager from Vertex to the Manager at a special meeting of the Fund's unitholders on November 28, 2019.

Further details of the Transaction were provided in a management information circular that was sent to unitholders in connection with the meetings as required by securities regulations, which is also available under the Fund's profile at www.sedar.com. On closing of the Transaction, the Manager became the investment fund manager and Portfolio Advisor of 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, and Class I (formerly Class O) units.

Class A units are available to all investors. Class F units have lower fees than Class A units and are generally available only to investors who have fee-based accounts with dealers who have been approved by us to sell Class F units. Class I units are available to the Picton Mahoney Fortified Arbitrage Plus Alternative Fund, other investment funds managed by the Manager, institutional investors and to other investors on a case-by-case basis, all at the discretion of the Manager. There are no fees associated with this class in order to prevent fee duplication. As at June 30, 2021, the Fund currently has 3 classes of units: Class A, Class F, and Class I.

The investment objective of the Fund is to generate consistent, positive returns, with low volatility and low correlation to equity markets by investing in securities in Canada, the United States and in other foreign jurisdictions.

The Fund falls within the definition of an "alternative mutual fund" set out in NI 81-102 as it is permitted to use strategies generally prohibited by other types of mutual funds, such as the ability to invest more than 10% of its NAV in securities of a single issuer, either directly or through the use of specified derivatives, the ability to borrow cash, up to 50% of its NAV, to use for investment purposes, the ability to sell securities short (the combined level of cash borrowing and short selling is limited to 50% of its NAV in aggregate), and the ability to use leverage through the use of cash borrowing, short selling and specified derivatives. The maximum aggregate exposure to these sources of leverage, as calculated in accordance with section 2.9.1 of NI 81-102, shall not exceed 300% of the fund's NAV.

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

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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.

(f) Collateral

Cash collateral provided by the Fund is identified in the Statements of Financial Position as "Cash, pledged as collateral", if any. For collateral other than cash, if the party to whom the collateral is provided has the right by contract or custom to sell or re-pledge the collateral, the Fund classifies that asset in its Statements of Financial Position separately from other assets and identifies the asset as "Investments, pledged as collateral". Where the party to whom the collateral is provided does not have the right to sell or re-pledge, the collateral provided is disclosed in the notes to the financial statements.

(g) 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.

(h) 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, and Class I 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,

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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.

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.

(i) 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.

(j) 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.

(k) 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.

(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) Margin Borrowings

Borrowings are recognized at fair value net of transaction costs incurred. They are subsequently valued at amortized cost; any difference is recognized in the Statements of Comprehensive Income over the period of the borrowing using the effective interest method.

The Fund has a margin borrowing facility for investment purposes up to 50% of its most recently calculated net asset value attributable to holders of redeemable units. The margin borrowing facility has no maturity and bears interest at Canadian overnight rates plus agreed spread with CIBC. The margin borrowing facility can be settled by the Fund at its discretion without any penalty. The securities held with CIBC form collateral for the margin borrowings. As at June 30, 2021, the total value of securities held as collateral was \$155,615,478 (December 31, 2020 - \$41,817,898). The margin borrowings from CIBC are due on demand. The carrying value of the margin borrowing approximates its fair value and is shown as "Margin borrowings" in the Statements of Financial Position.

(n) 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

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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.

(o) 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

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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, due from manager, due from manager, deposits with brokers for securities sold short, 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.

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 A, Class F, and Class I 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

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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 2.00% and on Class F units is 1.00%. 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 is entitled to a performance fee in relation to each Class A Units and Class F Units that is equal to 15% of the amount by which the total return of the class of Units exceeds the previous high water mark for each applicable class of Units. Any day a performance fee is paid for the Fund, a high water mark is set, which is equal to the NAV of such Fund on such date, after deducting all fees and expenses. No further performance fee will be paid until the NAV, adjusted for any distributions since the high water mark was last set, exceeds this high water mark value. This high water mark is perpetual and cannot be reset. Deficiencies to the high water mark accrue for each day the Fund does not exceed the high water mark and performance fees will not be accrued until the class of Units of the Fund has exceeded the high water mark. There is no performance fee associated with Class I Units of the Fund.

Performance fees for the Fund will be calculated and accrued (and become payable) daily, and such accrued fees will be paid by the Fund quarterly such that, to the extent possible, the Unit price each day will reflect any performance fees payable at the end of such day. The Manager reserves the right to change the period for which any performance fee may be paid by a Fund to the Manager.

Performance fees are subject to applicable taxes. No change in the Manager's performance fee payment policy will be made without at least 60 days notice to the unitholders. The Manager has reserved the right to change the period for which any performance fee may be paid by the Fund to the Manager.

For the period ended June 30, 2021, the Fund incurred performance fees of \$1,284,394 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

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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.

11. COMPARATIVE FIGURES

For the period ended June 30, 2020, the Fund reported HST expenses in "Performance fees", "Management fees", "Securityholder reporting costs", "Other administrative expenses", "Audit fees", "Custody fees", "Legal fees", "Trustee fees" and "IRC fees" on the Statement of Comprehensive Income. For the period ended June 30, 2021, the Fund reported such expenses in "Harmonized sales tax" and revised the comparative amounts to conform to the current year presentation.

For the period ended June 30, 2020, the Fund reported trustee and administrative expenses in "Trustee fees" and "Other administrative expenses", respectively, on the Statements of Comprehensive Income. For the period ended June 30, 2021, the Fund reported such expenses in "Administrative fees" and revised the comparative amounts to conform to the current year presentation.

For the period ended June 30, 2020, the Fund reported securities borrowing fees and interest expenses in "Securities borrowing fees" and "Interest expense", respectively, on the Statements of Comprehensive Income. For the period ended June 30, 2021, the Fund reported such expenses in "Interest and borrowing expense" and revised the comparative amounts to conform to the current year presentation.

For the period ended June 30, 2020, the Fund reported net foreign exchange gain (loss) on cash in "Foreign exchange gain on cash" and "Change in unrealized foreign exchange gain on cash" on the Statements of Comprehensive Income. For the period ended June 30, 2021, the Fund reported such amounts in "Foreign currency gain (loss) on cash and other assets and liabilities" and revised the comparative amounts to conform to the current year presentation.

For the period ended June 30, 2020, the Fund reported realized gain (loss) on options and forwards in "Net realized gain on investments and derivatives" on the Statements of Comprehensive Income. For the period ended June 30, 2021, the Fund reported the realized gain (loss) on options in "Net realized gain (loss) on investments and options" and realized gain (loss) on forwards in "Net realized gain (loss) on foreign exchange forward contracts" and revised the comparative amounts to conform to the current year presentation. "Net realized (gain) loss on investments and options" and "Proceeds from sales of long positions and on investments sold short" on the Statements of Cash Flows have also been revised to conform to the presentation on the Statements of Comprehensive Income.

For the period ended June 30, 2020, the Fund reported investments and investments pledged as collateral in "Investments" and "Investments, Pledged as Collateral", respectively, on the Statements of Financial Position. For the period ended June 30, 2021, the Fund reported all investments in "Long Positions at fair value" and reported the value of investments pledged as collateral in the notes to the financial statements. The Fund revised the comparative amounts to conform to the current year presentation.

**THINK AHEAD.
STAY AHEAD.**



PICTON MAHONEY ASSET MANAGEMENT CORPORATE INFORMATION

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