

FORTIFIED LONG SHORT ALTERNATIVE FUND



**THINK AHEAD.
STAY AHEAD.**

TABLE OF CONTENTS

- 2 Management’s Responsibility Statement
- 3 Notice to Unitholders
- 4 Picton Mahoney Fortified Long Short Alternative Fund Financial Statements
- 21 Notes to the Financial Statements

MANAGEMENT'S RESPONSIBILITY STATEMENT

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

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

Picton Mahoney Asset Management

Toronto, Ontario

August 29, 2022

NOTICE TO UNITHOLDERS

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 LONG SHORT ALTERNATIVE FUND

STATEMENTS OF FINANCIAL POSITION

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

	June 30, 2022 \$	December 31, 2021 \$
Assets		
Current assets		
Long positions at fair value*	306,641,898	257,115,579
Cash	49,177,162	58,327,847
Options purchased	3,931,991	2,088,352
Unrealized gain on futures contracts	39,979	-
Deposits with brokers for securities sold short	51,570,759	19,222,125
Due from Manager	-	54,440
Subscriptions receivable	556,710	879,090
Receivable for investments sold	1,527,001	2,511,133
Dividends receivable	385,160	301,712
Interest and other receivable	1,099	-
	<u>413,831,759</u>	<u>340,500,278</u>
Liabilities		
Current liabilities		
Short positions at fair value**	157,685,269	145,051,968
Options written	2,964,515	1,202,455
Unrealized loss on futures contracts	-	76,682
Management fee payable	699,068	115,105
Performance fee payable	-	795,466
Redemptions payable	280,965	56,542
Accrued liabilities	99,676	88,032
Payable for investments purchased	835,602	1,040,188
Dividends payable	168,474	101,574
	<u>162,733,569</u>	<u>148,528,012</u>
Net Assets Attributable to Holders of Redeemable Units	<u>251,098,190</u>	<u>191,972,266</u>
Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	18,045,595	15,655,930
Class F	178,947,362	119,378,988
Class I	8,089,141	16,089,110
Class ETF	46,016,092	40,848,238
Number of Redeemable Units Outstanding		
Class A	1,353,494	1,087,355
Class F	13,175,852	8,180,165
Class I	575,798	1,071,797
Class ETF	3,390,000	2,800,000
Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	13.33	14.40
Class F	13.58	14.59
Class I	14.05	15.01
Class ETF***	13.57	14.59
	<u>325,403,767</u>	<u>227,274,622</u>
	<u>(187,875,632)</u>	<u>(145,057,177)</u>
	<u>13.58</u>	<u>14.64</u>

* Long positions, at cost

** Short positions, at cost

*** Closing Market Price

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

Approved on behalf of the Manager

David Picton

Arthur Galloway




President

CFO

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the six month periods ended June 30 (unaudited)

	2022 \$	2021 \$
Income		
Net gains (losses) on investments and derivatives		
Interest for distribution purposes	103,157	10,678
Dividends	2,733,464	1,025,998
Net realized gain (loss) on investments and options	1,439,543	(3,559)
Net realized gain (loss) on futures contracts	105,359	-
Change in unrealized appreciation (depreciation) on investments, options and futures	(18,167,017)	13,169,674
Interest and borrowing expense	(496,708)	(163,382)
Dividend expense	(1,762,752)	(682,218)
Net gains (losses) on investments and derivatives	<u>(16,044,954)</u>	<u>13,357,191</u>
Other income		
Foreign currency gain (loss) on cash and other assets and liabilities	589,928	(195,937)
Total Income	<u>(15,455,026)</u>	<u>13,161,254</u>
Expenses		
Transaction costs	1,246,790	467,754
Management fees	1,144,010	434,940
Harmonized sales tax	150,309	182,370
Administrative fees	90,151	39,625
Performance fees	87,710	1,263,796
Securityholder reporting fees	41,503	19,181
Withholding taxes	40,219	13,844
Legal fees	34,390	14,801
Audit fees	18,520	5,070
Independent Review Committee Expense	4,374	3,799
Custody fees	-	230
Total Expense before Manager Absorption	<u>2,857,976</u>	<u>2,445,410</u>
Less: Expenses Absorbed by Manager	-	(1,395,910)
Total Expense after Manager Absorption	<u>2,857,976</u>	<u>1,049,500</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	<u>(18,313,002)</u>	<u>12,111,754</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	(1,414,723)	1,038,288
Class F	(12,980,258)	7,551,724
Class I	(499,969)	1,366,161
Class ETF	(3,418,052)	2,155,581
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	(1.12)	1.61
Class F	(1.15)	1.72
Class I	(0.64)	1.79
Class ETF	(1.10)	1.72

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

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

For the six month periods ended June 30 (unaudited)

	2022 \$	2021 \$
Net Assets Attributable to Holders of Redeemable Units at Beginning of Period		
Class A	15,655,930	3,038,458
Class F	119,378,988	30,769,300
Class I	16,089,110	7,178,513
Class ETF	40,848,238	13,807,868
	<u>191,972,266</u>	<u>54,794,139</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
Class A	(1,414,723)	1,038,288
Class F	(12,980,258)	7,551,724
Class I	(499,969)	1,366,161
Class ETF	(3,418,052)	2,155,581
	<u>(18,313,002)</u>	<u>12,111,754</u>
Redeemable Unit Transactions		
Proceeds from redeemable units issued		
Class A	4,929,053	8,573,406
Class F	89,440,961	49,821,055
Class I	-	4,210,000
Class ETF	9,155,518	10,866,866
	<u>103,525,532</u>	<u>73,471,327</u>
Redemption of redeemable units		
Class A	(1,124,665)	(194,092)
Class F	(16,892,329)	(6,367,185)
Class I	(7,500,000)	(200,000)
Class ETF	(569,612)	-
	<u>(26,086,606)</u>	<u>(6,761,277)</u>
Net Increase (Decrease) from Redeemable Unit Transactions	<u>77,438,926</u>	<u>66,710,050</u>
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	<u>59,125,924</u>	<u>78,821,804</u>
Net Assets Attributable to Holders of Redeemable Units at End of Period		
Class A	18,045,595	12,456,060
Class F	178,947,362	81,774,894
Class I	8,089,141	12,554,674
Class ETF	46,016,092	26,830,315
Net Assets Attributable to Holders of Redeemable Units at End of Period	<u>251,098,190</u>	<u>133,615,943</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)

	2022 \$	2021 \$
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable units	(18,313,002)	12,111,754
Adjustments for:		
Unrealized foreign exchange (gain) loss on cash	(165,810)	(85,199)
Net realized (gain) loss on investments and options	(1,439,543)	3,559
Change in unrealized (appreciation) depreciation on investments, options and futures	18,167,017	(13,169,674)
(Increase) decrease in due from manager	54,440	14,020
(Increase) decrease in interest and other receivables	(1,099)	1,619
(Increase) decrease in dividends receivable	(83,448)	(109,926)
(Increase) decrease in deposits with brokers for securities sold short	(32,348,634)	-
Increase (decrease) in dividends payable	66,900	78,700
Increase (decrease) in management fee payable	583,963	257,084
Increase (decrease) in other payables and accrued liabilities	11,644	13,232
Increase (decrease) in performance fee payable	(795,466)	-
Purchase of long positions and repurchases of investments sold short	(408,465,739)	(216,658,826)
Proceeds from sales of long positions and on investments sold short	355,426,553	175,340,252
Net Cash Generated (Used) by Operating Activities	<u>(87,302,224)</u>	<u>(42,203,405)</u>
Cash Flows from Financing Activities		
Distributions to holders of redeemable units, net of reinvested distributions	-	-
Proceeds from redeemable units issued	102,723,960	73,447,101
Amount paid on redemption of redeemable units	(24,738,231)	(6,611,551)
Net Cash Generated (Used) by Financing Activities	<u>77,985,729</u>	<u>66,835,550</u>
Unrealized foreign exchange gain (loss) on cash	165,810	85,199
Net increase (decrease) in cash	(9,316,495)	24,632,145
Cash (overdraft), beginning of period	58,327,847	21,072,457
Cash (Overdraft), End of Period	<u>49,177,162</u>	<u>45,789,801</u>
Cash	49,177,162	45,789,801
Cash overdraft	-	-
Net Cash (Overdraft)	<u>49,177,162</u>	<u>45,789,801</u>
Items classified as operating activities:		
Interest received, net of withholding tax	102,058	12,297
Dividends received, net of withholding tax	2,609,797	902,228
Interest and borrowing expense paid	(496,708)	(163,382)
Dividends paid	(1,695,852)	(603,518)

Net of non-cash transfers and switches of \$1,123,952 (2021 - \$111,703)

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2022 (unaudited)

CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
LONG POSITIONS (123.7%)									
Canadian Equities (87.5%)									
Energy (13.0%)									
	114,600	Advantage Energy Ltd.	923,607	916,800	20,450	Prime Mining Corp., Warrants, 2024-04-27	-	-	
	41,200	Cameco Corp.	1,173,670	1,114,872	57,000	Solaris Resources Inc.	585,945	425,220	
	47,400	Canadian Natural Resources Ltd.	3,385,408	3,278,658	40,600	Sprott Physical Uranium Trust	592,875	563,122	
	56,600	Cenovus Energy Inc.	868,707	1,386,134	57,300	SSR Mining Inc.	1,357,445	1,231,950	
	78,200	Enbridge Inc.	3,719,233	4,250,952	39,173	Wheaton Precious Metals Corp.	2,176,679	1,816,844	
	31,500	Enerplus Corp.	526,412	535,815			30,884,904	27,439,915	
	318,339	Freehold Royalties Ltd.	3,082,111	4,055,639	Industrial (13.2%)				
	230,200	MEG Energy Corp.	2,688,016	4,102,164	57,200	ATS Automation Tooling Systems Inc.	2,265,523	2,022,020	
	96,100	NexGen Energy Ltd.	582,491	443,982	14,300	Badger Infrastructure Solutions Ltd.	432,404	403,832	
	80,236	North American Construction Group Ltd.	1,296,163	1,133,735	4,700	Boyd Group Services Inc.	765,546	651,702	
	56,514	Parkland Corp.	2,067,547	1,975,729	108,835	Canadian Pacific Railway Ltd.	9,808,714	9,785,355	
	58,200	Suncor Energy Inc.	2,364,441	2,628,312	6,500	Cargojet Inc.	1,208,208	926,315	
	423,689	Tidewater Midstream and Infrastructure Ltd.	563,183	555,033	20,550	Drone Delivery Canada Corp., Warrants, 2022-08-05	-	1,439	
	28,300	Tidewater Renewables Ltd.	424,149	324,035	29,700	Hardwoods Distribution Inc.	1,154,058	839,322	
	87,269	Tourmaline Oil Corp.	3,061,821	5,840,914	35,637	Heroux-Devtek Inc.	545,157	495,354	
			26,726,959	32,542,774	10,648	Lion Electric Co.	82,820	57,826	
Materials (10.9%)					25,973	Lion Electric Co., Warrants, 2027-04-30	34,332	29,149	
	60,800	Aris Gold Corp., Warrants, 2025-07-29	440	18,848	7,500	TFI International Inc.	972,041	774,975	
	92,600	Barrick Gold Corp.	2,533,586	2,107,576	33,029	Thomson Reuters Corp.	4,013,550	4,432,162	
	187,500	Capstone Copper Corp.	1,150,872	609,375	27,843	Toromont Industries Ltd.	2,886,622	2,897,899	
	41,486	CCL Industries Inc.	2,582,961	2,524,008	36,127	Waste Connections Inc.	5,446,543	5,765,869	
	32,050	Critical Elements Lithium Corp., Warrants, 2023-11-02	-	-	27,300	WSP Global Inc.	4,015,348	3,973,242	
	27,550	Discovery Metals Corp., Warrants, 2022-08-07	-	-			33,630,866	33,056,461	
	41,894	Discovery Silver Corp.	51,938	48,178	Consumer Discretionary (5.0%)				
	202,083	First Quantum Minerals Ltd.	5,180,133	4,934,867	23,600	Aritzia Inc.	961,047	822,460	
	23,162	Franco-Nevada Corp.	4,150,064	3,921,790	26,900	AutoCanada Inc.	867,740	660,664	
	28,000	Freemgold Ventures Ltd., Warrants, 2022-07-29	-	-	12,201	BRP Inc.	1,115,805	966,563	
	90,300	Frontier Lithium Inc.	269,625	207,690	47,700	Gildan Activewear Inc.	2,290,298	1,767,285	
	196,800	GoGold Resources Inc.	576,774	403,440	8,291	Magna International Inc.	780,932	586,008	
	112,970	Hudbay Minerals Inc.	999,630	593,093	58,604	Park Lawn Corp.	1,913,766	1,994,880	
	98,600	i-80 Gold Corp.	277,066	228,752	47,793	Pet Valu Holdings Ltd.	1,295,293	1,476,804	
	70,100	K92 Mining Inc.	478,473	544,677	76,200	Spin Master Corp.	3,432,201	3,201,162	
	104,700	Karora Resources Inc.	408,371	347,604	40,100	Uni-Select Inc.	853,693	1,146,860	
	131,213	Major Drilling Group International Inc.	1,166,300	1,184,853			13,510,775	12,622,686	
	69,800	Neo Performance Materials Inc.	1,185,215	867,614	Consumer Staples (3.7%)				
	29,300	Nutrien Ltd.	2,842,740	3,003,543	60,000	Alimentation Couche-Tard Inc.	3,087,087	3,012,600	
	480,400	OceanaGold Corp.	1,182,806	1,186,588	14,540	Flow Beverage Corp., Warrants, 2023-06-29	-	73	
	99,560	Orla Mining Ltd.	461,312	350,451	28,800	George Weston Ltd.	4,008,482	4,330,656	
	21,133	Osisko Development Corp.	282,130	130,813	70,774	Neighbourly Pharmacy Inc.	2,012,531	1,733,963	
	63,400	Osisko Development Corp., Warrants, 2027-03-02	-	-	82,022	Waterloo Brewing Ltd.	442,163	336,290	
	40,000	Pan American Silver Corp., Rights, 2029-02-22	40,444	36,614			9,550,263	9,413,582	
	93,500	Prime Mining Corp.	351,080	152,405	Health Care (0.6%)				
					3,400	Carebook Technologies Inc., Warrants	-	-	
					55,900	Chartwell Retirement Residences	701,584	623,285	

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2022 (unaudited)

CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	4,350	CME Group Inc.	1,166,725	1,148,635		2,625	Roper Technologies Inc.	1,413,101	1,336,338
	7,700	Colgate-Palmolive Co.	779,247	796,004		8,900	SeaWorld Entertainment Inc.	732,209	507,213
	10,303	Copart Inc.	1,584,706	1,444,137		2,735	ServiceNow Inc.	1,832,959	1,677,649
	2,925	CrowdStrike Holdings Inc.	664,639	635,998		30,692	Simply Good Foods Co.	1,370,722	1,495,365
	5,025	Danaher Corp.	1,651,617	1,643,324		5,800	SiteOne Landscape Supply Inc.	1,276,594	889,355
	3,100	Datadog Inc.	453,311	380,852		3,150	SolarEdge Technologies Inc.	1,104,494	1,112,061
	4,050	Deere & Co.	1,688,626	1,564,528		7,215	Spirit Realty Capital Inc.	392,391	351,620
	5,200	Dollar Tree Inc.	959,829	1,045,406		6,200	Sprout Social Inc.	555,409	464,428
	11,100	Doximity Inc.	705,246	498,571		2,400	Synopsys Inc.	789,093	940,223
	4,100	Edwards Lifesciences Corp.	634,298	502,914		19,300	Targa Resources Corp.	1,421,778	1,485,554
	5,300	Eli Lilly & Co.	1,589,654	2,216,686		10,000	TJX Cos Inc.	853,497	720,441
	69,118	Embark Technology Inc., Warrants, 2027-12-31	65,685	11,386		21,075	Travel + Leisure Co.	1,396,493	1,055,354
	3,400	Expedia Group Inc.	738,384	415,910		16,100	TreeHouse Foods Inc.	774,293	868,530
	2,700	FedEx Corp.	825,429	789,604		1,550	Ulta Beauty Inc.	792,544	770,741
	7,900	First Republic Bank	1,561,905	1,469,493		4,500	United Rentals Inc.	1,595,978	1,410,045
	13,300	Flywire Corp.	482,653	302,468		2,170	UnitedHealth Group Inc.	1,331,257	1,437,756
	2,400	Gartner Inc.	760,899	748,680		1,500	Vertex Pharmaceuticals Inc.	467,256	545,245
	2,070	Generac Holdings Inc.	756,339	562,293		30,600	Vintage Wine Estates Inc.	424,495	310,255
	15,400	HealthEquity Inc.	1,207,907	1,219,533		43,400	Vivid Seats Inc.	547,237	418,201
	2,350	Intellia Therapeutics Inc.	288,140	156,905		9,750	W R Berkley Corp.	682,778	858,511
	3,700	Intuitive Surgical Inc.	1,307,993	957,956		26,577	WillScot Mobile Mini Holdings Corp.	881,947	1,111,460
	3,100	LPL Financial Holdings Inc.	758,302	737,711		1,721	Wolfspeed Inc.	245,374	140,860
	8,400	Maravai LifeSciences Holdings Inc.	490,073	307,840		4,550	Zoetis Inc.	1,048,582	1,008,874
	23,500	Marvell Technology Inc.	1,613,686	1,319,567				<u>78,422,116</u>	<u>73,155,695</u>
	3,300	Mastercard Inc.	1,496,767	1,342,953		International Equities (5.3%)			
	5,428	Match Group Inc.	543,140	487,961		220,100	Alphamin Resources Corp.	273,395	182,683
	5,370	Microsoft Corp.	1,821,206	1,779,078		56,358	Brookfield Infrastructure Partners LP	2,529,780	2,771,686
	2,675	Motorola Solutions Inc.	708,958	723,253		48,323	Brookfield Renewable Partners LP	2,287,584	2,161,488
	2,850	MSCI Inc.	1,615,576	1,515,218		270,400	Centaurus Metals Ltd.	267,570	221,865
	45,000	Northern Genesis Acquisition Corp. III	564,887	568,871		278,089	Champion Iron Ltd.	1,292,869	1,312,580
	11,250	Northern Genesis Acquisition Corp. III, Warrants, 2027-12-31	-	4,716		3,300	CyberArk Software Ltd.	557,285	544,707
	12,464	Northern Genesis Sponsor II LLC	2	6,001		64,306	Endeavour Mining PLC	1,953,613	1,712,469
	9,621	Northern Genesis Sponsor III LLC	1	1		9,400	Horizon Therapeutics Plc	1,239,683	967,137
	19,178	Northern Genesis Sponsor III LLC, Warrants	35,943	37,108		48,200	International Game Technology PLC	1,297,511	1,153,985
	4,100	NVIDIA Corp.	861,859	801,732		63,100	ReNew Energy Global PLC	640,595	526,634
	17,200	Olaplex Holdings Inc.	336,472	312,618		462,100	Talon Metals Corp.	235,938	235,671
	41,400	Option Care Health Inc.	1,251,698	1,484,103		23,500	Triton International Ltd.	1,705,319	1,596,031
	2,510	Palo Alto Networks Inc.	1,723,788	1,599,274				<u>14,281,142</u>	<u>13,386,936</u>
	1,450	Paycom Software Inc.	557,272	523,947		Total Global Equities - Long			
	12,900	Performance Food Group Co.	787,468	765,127				92,703,258	86,542,631
	334	Pershing Square Tontine Holdings Ltd., Warrants	-	185		Options (1.6%)			
	10,900	Phillips 66	1,190,700	1,152,822		Total Purchased Options - Refer to Appendix A			
	11,237	Pinterest Inc.	551,174	263,234		Transaction Costs			
	700	Pool Corp.	348,770	317,150		Total Long Positions			
	5,450	Procter & Gamble Co.	1,011,313	1,010,881		SHORT POSITIONS (-64.0%)			
	11,400	Progressive Corp.	1,625,948	1,709,809		Canadian Equities (-27.9%)			
	5,900	Quanta Services Inc.	966,786	953,931		Energy (-2.9%)			
	4,125	RBC Bearings Inc.	1,080,624	984,132		(95,100)	Baytex Energy Corp.	(712,691)	(594,375)
						(88,100)	Birchcliff Energy Ltd.	(798,998)	(770,875)

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2022 (unaudited)

CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	(68,500)	Ensign Energy Services Inc.	(143,774)	(230,845)		(289)	Premium Brands Holdings Corp.	(27,066)	(26,961)
	(24,600)	Keyera Corp.	(759,872)	(723,240)		(1,537)	Primo Water Corp.	(27,057)	(26,421)
	(31,900)	Obsidian Energy Ltd.	(241,766)	(317,086)		(909)	Saputo Inc.	(24,517)	(25,516)
	(26,500)	Paramount Resources Ltd.	(928,117)	(814,610)				(2,525,860)	(2,720,751)
	(32,200)	Parex Resources Inc.	(814,905)	(701,960)					
	(13,300)	PrairieSky Royalty Ltd.	(253,632)	(215,593)					
	(38,800)	Secure Energy Services Inc.	(239,078)	(232,800)					
	(7,400)	TC Energy Corp.	(477,998)	(493,432)					
	(43,200)	Vermilion Energy Inc.	(1,184,555)	(1,058,400)					
	(139,300)	Whitecap Resources Inc.	(1,346,952)	(1,245,342)					
			(7,902,338)	(7,398,558)					
		Materials (-2.3%)					Health Care (-0.1%)		
	(90,600)	Artemis Gold Inc.	(619,301)	(496,488)		(46,205)	Aurora Cannabis Inc.	(379,287)	(78,549)
	(91,600)	Equinox Gold Corp.	(830,730)	(525,784)		(18,200)	Curaleaf Holdings Inc.	(139,915)	(118,482)
	(49,100)	First Majestic Silver Corp.	(782,824)	(453,193)		(2,159)	dentalcorp Holdings Ltd.	(24,715)	(25,714)
	(16,200)	Interfor Corp.	(587,034)	(420,228)		(2,075)	HLS Therapeutics Inc.	(26,407)	(25,253)
	(171,700)	Lundin Mining Corp.	(1,936,613)	(1,401,072)		(9,852)	OrganiGram Holdings Inc.	(13,822)	(11,625)
	(48,300)	New Found Gold Corp.	(376,937)	(278,691)				(584,146)	(259,623)
	(164,300)	New Gold Inc.	(342,476)	(225,091)					
	(50,100)	New Pacific Metals Corp.	(247,599)	(183,867)					
	(81,500)	Sandstorm Gold Ltd.	(687,592)	(622,660)					
	(12,500)	Teck Resources Ltd.	(577,758)	(492,000)					
	(5,800)	West Fraser Timber Co., Ltd.	(623,090)	(572,866)					
			(7,611,954)	(5,671,940)					
		Industrial (-0.6%)					Financials (-3.8%)		
	(56,196)	Aecon Group Inc.	(901,690)	(737,853)		(31,700)	Canadian Imperial Bank of Commerce	(2,254,041)	(1,981,567)
	(1,441)	Air Canada	(27,369)	(23,114)		(34,722)	CI Financial Corp.	(604,055)	(474,650)
	(3,020)	Ballard Power Systems Inc.	(27,585)	(24,553)		(19,014)	Definity Financial Corp.	(603,377)	(632,596)
	(1,094)	Bombardier Inc.	(24,992)	(21,136)		(120,100)	ECN Capital Corp.	(696,125)	(661,751)
	(844)	CAE Inc.	(27,414)	(26,772)		(87,200)	Fiera Capital Corp.	(880,981)	(810,960)
	(50,000)	Doman Building Materials Group Ltd.	(387,148)	(313,500)		(755)	First National Financial Corp.	(26,544)	(24,998)
	(595)	GDI Integrated Facility Services Inc.	(27,516)	(27,168)		(7,539)	goeasy Ltd.	(806,992)	(739,576)
	(1,091)	GFL Environmental Inc.	(39,877)	(36,178)		(14,608)	Home Capital Group Inc.	(431,584)	(355,851)
	(784)	K-Bro Linen Inc.	(25,065)	(25,347)		(146,250)	Manulife Financial Corp.	(3,462,971)	(3,264,292)
	(1,714)	Magellan Aerospace Corp.	(12,978)	(12,872)		(769)	Power Corp. of Canada	(26,877)	(25,469)
	(9,418)	Savaria Corp.	(129,145)	(122,811)		(17,419)	Propel Holdings Inc.	(187,724)	(110,436)
	(1,140)	SNC-Lavalin Group Inc.	(26,810)	(25,240)		(3,086)	Timbercreek Financial Corp.	(25,923)	(24,534)
			(1,657,589)	(1,396,544)		(4,200)	TMX Group Ltd.	(570,616)	(550,200)
								(10,577,810)	(9,656,880)
		Consumer Discretionary (-0.8%)					Information Technology (-0.2%)		
	(5,000)	Canadian Tire Corp. Ltd.	(830,557)	(812,000)		(3,678)	Blackberry Ltd.	(26,479)	(25,525)
	(1,211)	Pollard Banknote Ltd.	(26,660)	(24,426)		(26,400)	Converge Technology Solutions Corp.	(284,645)	(135,432)
	(2,055)	Recipe Unlimited Corp.	(27,710)	(25,688)		(38,118)	Copperleaf Technologies Inc.	(562,636)	(243,955)
	(19,409)	Restaurant Brands International Inc.	(1,414,138)	(1,253,239)		(874)	Lightspeed Commerce Inc.	(28,781)	(25,084)
			(2,299,065)	(2,115,353)		(960)	Shopify Inc.	(73,319)	(38,686)
						(1,218)	Softchoice Corp.	(25,660)	(27,417)
						(1,705)	VerticalScope Holdings Inc.	(26,404)	(20,801)
								(1,027,924)	(516,900)
		Consumer Staples (-1.1%)					Communication Services (-0.8%)		
	(2,648)	GURU Organic Energy Corp.	(24,025)	(21,210)		(6,047)	Aimia Inc.	(26,134)	(27,816)
	(207)	Lassonde Industries Inc.	(24,838)	(24,645)		(16,100)	BCE Inc.	(1,088,999)	(1,018,647)
	(7,900)	Loblaw Cos Ltd.	(828,990)	(917,111)		(10,000)	Cogeco Communications Inc.	(990,126)	(870,700)
	(24,300)	Metro Inc.	(1,569,367)	(1,678,887)		(367)	Cogeco Inc.	(25,497)	(25,048)
						(684)	Shaw Communications Inc.	(24,925)	(25,944)
								(2,155,681)	(1,968,155)
							Utilities (-1.2%)		
						(38,400)	Algonquin Power & Utilities Corp.	(741,699)	(664,320)
						(33,100)	Fortis Inc.	(1,990,717)	(2,014,135)
						(2,264)	Superior Plus Corp.	(25,693)	(25,719)
						(19,115)	TransAlta Renewables Inc.	(342,988)	(314,442)
								(3,101,097)	(3,018,616)

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2022 (unaudited)

CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	(13,500)	Hyliion Holdings Corp.	(159,422)	(56,074)		(4,000)	Southern Co.	(380,744)	(367,947)
	(370)	IAC/InterActiveCorp	(59,275)	(36,259)		(343)	Stanley Black & Decker Inc.	(54,827)	(46,396)
	(138)	Illumina Inc.	(34,056)	(32,819)		(10,914)	Sunrun Inc.	(408,141)	(328,876)
	(10,500)	Inovio Pharmaceuticals Inc.	(118,440)	(23,432)		(24,800)	Synchrony Financial	(1,270,462)	(883,589)
	(171)	Insulet Corp.	(50,441)	(48,074)		(4,300)	Tattooed Chef Inc.	(93,277)	(34,945)
	(19,500)	Intel Corp.	(1,247,769)	(941,017)		(375)	Teladoc Health Inc.	(16,930)	(16,065)
	(490)	ITT Inc.	(46,432)	(42,501)		(4,700)	Terreno Realty Corp.	(407,063)	(337,880)
	(27,050)	Kennametal Inc.	(1,103,127)	(810,572)		(5,300)	Texas Instruments Inc.	(1,210,141)	(1,050,470)
	(35,800)	KeyCorp	(880,412)	(795,689)		(2,295)	Toast Inc.	(45,839)	(38,308)
	(764)	Lucid Group Inc.	(17,722)	(16,912)		(6,000)	Tradeweb Markets Inc.	(642,598)	(528,237)
	(1,881)	Lyft Inc.	(34,859)	(32,223)		(4,900)	Travelers Cos Inc.	(1,090,214)	(1,069,035)
	(23,400)	Macerich Co.	(454,494)	(262,911)		(321)	Twilio Inc.	(34,658)	(34,704)
	(3,196)	Marqeta Inc.	(43,535)	(33,435)		(7,064)	UiPath Inc.	(418,755)	(165,752)
	(2,200)	Marriott International Inc.	(449,617)	(385,983)		(38,300)	Umpqua Holdings Corp.	(904,791)	(828,527)
	(52)	MercadoLibre Inc.	(65,543)	(42,720)		(1,100)	United Parcel Service Inc.	(255,376)	(259,016)
	(7,600)	Microchip Technology Inc.	(659,719)	(569,397)		(864)	Unity Software Inc.	(62,415)	(41,037)
	(3,400)	Micron Technology Inc.	(248,249)	(242,450)		(3,900)	Universal Health Services Inc.	(683,045)	(506,655)
	(500)	Mirati Therapeutics Inc.	(34,002)	(43,297)		(5,200)	Upstart Holdings Inc.	(291,065)	(212,100)
	(94)	MongoDB Inc.	(34,378)	(31,466)		(5,700)	Verizon Communications Inc.	(407,342)	(373,152)
	(2,250)	Moody's Corp.	(917,511)	(789,366)		(2,940)	Vertiv Holdings Co.	(41,683)	(31,174)
	(95)	Netflix Inc.	(23,591)	(21,430)		(9,200)	Viatris Inc.	(178,026)	(124,254)
	(15,400)	Newmont Corp.	(1,293,794)	(1,185,364)		(2,150)	VMware Inc.	(340,339)	(316,113)
	(9,300)	Nordstrom Inc.	(291,283)	(253,488)		(2,000)	Watsco Inc.	(668,226)	(616,135)
	(261)	Novavax Inc.	(20,241)	(17,315)		(280)	Wayfair Inc.	(39,987)	(15,733)
	(6,200)	Nucor Corp.	(1,236,735)	(835,043)		(18,400)	Werner Enterprises Inc.	(985,166)	(914,755)
	(1,740)	Oktta Inc.	(313,735)	(202,905)		(23,130)	Western Union Co.	(603,305)	(491,410)
	(22,187)	Opendoor Technologies Inc.	(378,758)	(134,801)		(882)	Zillow Group Inc., Class C	(44,160)	(36,123)
	(4,200)	Oracle Corp.	(477,407)	(378,543)		(9,700)	Zions Bancorp NA	(722,591)	(636,890)
	(10,000)	Ormat Technologies Inc.	(967,473)	(1,010,681)		(1,500)	Zscaler Inc.	(422,008)	(289,292)
	(41,792)	Palantir Technologies Inc.	(734,471)	(488,962)				<u>(56,868,292)</u>	<u>(46,926,714)</u>
	(1,216)	Paramount Global	(46,365)	(38,713)			International Equities (-1.4%)		
	(2,322)	Peloton Interactive Inc.	(162,529)	(27,497)		(31,800)	Antofagasta PLC	(761,051)	(575,392)
	(264)	Penumbra Inc.	(47,580)	(42,405)		(10,367)	Aurora Innovation Inc.	(59,933)	(25,542)
	(9,700)	Pinnacle West Capital Corp.	(953,996)	(914,920)		(494)	Biohaven Pharmaceutical Holding Co., Ltd.	(65,556)	(92,852)
	(9,272)	Plug Power Inc.	(301,586)	(198,185)		(2,200)	Check Point Software Technologies Ltd.	(347,052)	(345,600)
	(3,000)	Polaris Inc.	(431,978)	(384,201)		(2,264)	Clarivate PLC	(44,849)	(40,478)
	(709)	Procore Technologies Inc.	(49,784)	(41,513)		(420)	Elastic NV	(41,089)	(36,662)
	(1,800)	Prologis Inc.	(334,256)	(273,174)		(3,348)	Farfetch Ltd.	(61,139)	(30,922)
	(8,300)	Prudential Financial Inc.	(1,087,205)	(1,024,411)		(4,244)	Galaxy Digital Holdings Ltd.	(28,484)	(20,499)
	(3,543)	QuantumScape Corp.	(64,416)	(39,259)		(6,400)	GLOBALFOUNDRIES Inc.	(352,081)	(333,036)
	(225)	Repligen Corp.	(50,481)	(47,135)		(11,718)	Grab Holdings Ltd.	(59,419)	(38,243)
	(7,800)	Reynolds Consumer Products Inc.	(285,988)	(274,381)		(126)	Monday.com Ltd.	(22,635)	(16,767)
	(239)	RingCentral Inc.	(17,763)	(16,112)		(469)	Novocure Ltd.	(46,157)	(42,047)
	(4,020)	Robinhood Markets Inc.	(50,942)	(42,626)		(11,044)	On Holding AG	(301,189)	(251,732)
	(843)	ROBLOX Corp.	(33,935)	(35,733)		(2,222)	Pagseguro Digital Ltd.	(47,217)	(29,351)
	(374)	Roku Inc.	(59,207)	(39,628)		(19,500)	Rio Tinto PLC, ADR	(1,877,641)	(1,534,403)
	(304)	Scotts Miracle-Gro Co.	(46,879)	(30,976)		(2,000)	Stratasys Ltd.	(48,323)	(48,348)
	(79)	Seagen Inc.	(18,218)	(18,031)		(430)	Wix.com Ltd.	(54,681)	(36,359)
	(19,161)	SentinelOne Inc.	(869,678)	(576,644)		(1,733)	XP Inc.	(42,793)	(40,149)
	(824)	Smartsheet Inc.	(53,340)	(33,408)		(511)	Yandex NV	(30,329)	(12,485)
	(2,236)	Snap Inc.	(35,116)	(37,871)				<u>(4,291,618)</u>	<u>(3,550,867)</u>
	(1,700)	Snap-on Inc.	(443,630)	(432,072)					
	(1,895)	Snowflake Inc.	(493,457)	(339,928)					
	(4,952)	SoFi Technologies Inc.	(67,066)	(33,664)					

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2022 (unaudited)

CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	International Index Equivalents (-14.8%)					Options (-1.2%)			
	(14,790)	iShares 20+ Year Treasury Bond ETF	(2,591,906)	(2,191,542)			Total Written Options - Refer to Appendix A	(6,206,086)	(2,964,515)
	(31,500)	iShares Core S&P 500 ETF	(17,915,402)	(15,406,240)			Transaction Costs	(137,594)	-
	(23,700)	iShares iBoxx \$ High Yield Corporate Bond ETF	(2,525,313)	(2,250,402)			Total Short Positions	(187,875,632)	(160,649,784)
	(8,700)	iShares JP Morgan USD Emerging Markets Bond ETF	(1,103,813)	(957,514)			Futures Contracts (0.0%)		
	(18,000)	iShares MSCI Emerging Markets ETF	(1,030,665)	(931,091)			Total Futures Contracts - Refer to Appendix B		39,979
	(10,800)	SPDR Consumer Staples Select Sector Fund	(993,536)	(1,005,578)			TOTAL INVESTMENT PORTFOLIO (59.7%)	137,528,135	149,964,084
	(25,900)	SPDR Industrial Select Sector Fund	(3,228,738)	(2,918,018)			Other Assets Net of Liabilities (40.3%)		101,134,106
	(23,400)	SPDR S&P Metals & Mining ETF	(1,457,137)	(1,310,028)			TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (100.0%)		251,098,190
	(19,000)	SPDR S&P Retail ETF	(1,811,511)	(1,425,453)					
	(3,400)	Vanguard Real Estate ETF	(489,408)	(399,595)					
	(34,300)	Vanguard Total Stock Market ETF	(9,977,396)	(8,345,587)					
			(43,124,825)	(37,141,048)					
		Total Global Equities - Short	(104,284,735)	(87,618,629)					

*CCY denotes local currency of debt security

APPENDIX A

OPTIONS (0.4%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Advanced Micro Devices Inc.	Call Option	309	\$105	August, 2022	64,279	20,129
Air Canada	Call Option	567	\$27	August, 2022	80,372	1,044
Altgas Ltd.	Call Option	611	\$29	September, 2022	26,487	36,355
Apollo Global Management Inc.	Call Option	439	\$60	September, 2022	42,961	38,224
Arc Resources Ltd.	Call Option	488	\$19	August, 2022	31,232	26,840
Arc Resources Ltd.	Call Option	613	\$23	July, 2022	34,328	182
ARK Innovation ETF	Call Option	250	\$64	July, 2022	57,331	18
Ats Automation Tooling	Call Option	323	\$38	July, 2022	31,008	9,529
Canadian Western Bank	Call Option	613	\$34	September, 2022	30,497	2,759
Datadog Inc.	Call Option	98	\$115	July, 2022	37,042	10,682
Datadog Inc.	Call Option	29	\$135	July, 2022	3,281	262
DEERE & Co	Call Option	61	\$350	August, 2022	74,701	28,721
DEERE & Co	Call Option	22	\$390	August, 2022	7,171	2,313
Doximity Inc.	Call Option	321	\$40	August, 2022	122,272	111,800
Element Fleet Management	Call Option	321	\$13	August, 2022	9,068	27,285
Element Fleet Management	Call Option	905	\$14	August, 2022	26,424	30,770
F5 Inc.	Call Option	27	\$220	July, 2022	26,969	-
F5 Inc.	Call Option	10	\$260	July, 2022	1,149	-
First Quantum Minerals Ltd.	Call Option	489	\$35	August, 2022	41,076	8,313
First Quantum Minerals Ltd.	Call Option	292	\$40	August, 2022	69,058	1,898
First Quantum Minerals Ltd.	Call Option	146	\$46	August, 2022	17,666	84
Gildan Activewear Inc	Call Option	368	\$47	August, 2022	47,840	5,704
Hudbay Minerals Inc.	Call Option	740	\$9	October, 2022	39,960	5,550
IA Financial Corp. Inc.	Call Option	247	\$66	August, 2022	33,604	41,373
IA Financial Corp. Inc.	Call Option	62	\$74	August, 2022	1,907	1,085
International Game Tech	Call Option	368	\$22	July, 2022	36,252	5,934

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

APPENDIX A

OPTIONS (0.4%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
International Game Tech	Call Option	98	\$30	July, 2022	3,993	278
Invesco QQQ Trust	Call Option	350	\$304	July, 2022	93,951	34,313
Invesco QQQ Trust	Call Option	275	\$326	August, 2022	107,439	31,926
Invesco QQQ Trust	Call Option	247	\$334	July, 2022	32,711	1,434
iShares 20+ Year Treasury	Call Option	489	\$118	July, 2022	48,141	46,678
iShares 20+ Year Treasury	Call Option	367	\$120	August, 2022	70,564	75,983
iShares 20+ Year Treasury	Call Option	368	\$128	July, 2022	66,596	2,848
iShares 20+ Year Treasury	Call Option	147	\$130	August, 2022	6,419	7,585
iShares MSCI Emerging Market	Call Option	735	\$44	August, 2022	56,419	22,281
Kinross Gold Corp.	Call Option	778	\$8	July, 2022	25,869	-
Meta Platforms Inc.	Call Option	98	\$230	August, 2022	43,216	11,567
Nuvei Corp.	Call Option	62	\$64	July, 2022	20,522	682
Nvidia Corp.	Call Option	61	\$240	July, 2022	56,952	27
Roblox Corp.	Call Option	154	\$35	October, 2022	71,348	119,191
Roblox Corp.	Call Option	62	\$55	October, 2022	9,440	11,837
Rogers Communications	Call Option	395	\$68	August, 2022	57,947	9,875
Rogers Communications	Call Option	119	\$76	August, 2022	3,302	492
S&P 500 Index 3Wk	Call Option	23	\$3,820	July, 2022	105,831	25,219
S&P 500 Index 3Wk	Call Option	5	\$3,900	July, 2022	11,333	403
S&P 500 Index 3Wk	Call Option	73	\$3,920	July, 2022	62,415	2,354
S&P 500 Index 3Wk	Call Option	87	\$3,930	July, 2022	409,976	238,480
S&P 500 Index 3Wk	Call Option	26	\$3,980	July, 2022	6,294	109
S&P 500 Index 3Wk	Call Option	15	\$4,000	July, 2022	21,560	24
S&P 500 Index 3Wk	Call Option	27	\$4,020	July, 2022	95,564	26,818
S&P 500 Index 3Wk	Call Option	19	\$4,060	July, 2022	24,000	11,642
S&P 500 Index 3Wk	Call Option	37	\$4,140	July, 2022	19,010	8,591
S&P 500 Index 3Wk	Call Option	61	\$4,240	October, 2022	396,188	306,486
S&P 500 Index 3Wk	Call Option	99	\$4,260	August, 2022	147,491	99,610
S&P 500 Index 3Wk	Call Option	73	\$4,320	September, 2022	239,115	121,475
S&P 500 Index 3Wk	Call Option	35	\$4,480	September, 2022	222,706	22,800
S&P 500 Index 3Wk	Call Option	73	\$4,500	July, 2022	69,317	1,202
S&P 500 Index 3Wk	Call Option	93	\$4,750	August, 2022	182,977	4,199
S&P 500 Index 3Wk	Call Option	74	\$5,200	August, 2022	4,992	423
Spin Master Corp.	Call Option	371	\$46	August, 2022	101,098	52,868
Suncor Energy Inc.	Call Option	440	\$49	August, 2022	92,400	78,320
Suncor Energy Inc.	Call Option	110	\$56	August, 2022	6,270	5,830
Trisura Group Ltd	Call Option	371	\$37	August, 2022	76,797	68,635
Wsp Global Inc	Call Option	148	\$145	August, 2022	51,208	91,020
Wsp Global Inc	Call Option	44	\$165	August, 2022	4,444	3,344
					<u>4,119,750</u>	<u>1,963,703</u>
Euribor 3M	Put Option	77	\$100	March, 2023	18,016	284,263
iPATH S&P 500 VIX Short-Term	Put Option	1,450	\$17	August, 2022	189,792	33,668
iPATH S&P 500 VIX Short-Term	Put Option	2,435	\$18	August, 2022	452,694	111,507
iPATH S&P 500 VIX Short-Term	Put Option	4,657	\$20	July, 2022	636,732	18,022
iPATH S&P 500 VIX Short-Term	Put Option	2,451	\$20	August, 2022	697,431	324,071
S&P 500 Index 3Wk	Put Option	18	\$3,760	July, 2022	80,935	177,974
S&P 500 Index 3Wk	Put Option	61	\$3,840	July, 2022	436,444	909,228
SPDR Energy Select Sector	Put Option	76	\$82	July, 2022	11,507	109,555
					<u>2,523,551</u>	<u>1,968,288</u>
Total Purchased Options					<u>6,643,301</u>	<u>3,931,991</u>
Advanced Micro Devices	Written Call Option	(253)	\$115	August, 2022	(51,616)	(6,364)
Advanced Micro Devices	Written Call Option	(74)	\$130	August, 2022	(11,156)	(716)
Air Canada	Written Call Option	(490)	\$31	August, 2022	(21,683)	(196)
Altagas Ltd.	Written Call Option	(550)	\$31	September, 2022	(7,425)	(11,550)
Apollo Global Management	Written Call Option	(203)	\$63	September, 2022	(10,561)	(11,129)
Apollo Global Management	Written Call Option	(52)	\$65	September, 2022	(11,945)	(1,845)
Apollo Global Management	Written Call Option	(208)	\$68	September, 2022	(28,598)	(6,037)
Arc Resources Ltd.	Written Call Option	(488)	\$21	August, 2022	(13,444)	(12,444)
Arc Resources Ltd.	Written Call Option	(490)	\$25	July, 2022	(8,085)	(24)
ARK Innovation ETF	Written Call Option	(263)	\$69	July, 2022	(34,031)	(679)

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

APPENDIX A OPTIONS (0.4%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Ats Automation Tooling	Written Call Option	(186)	\$40	July, 2022	(9,309)	(3,906)
Ats Automation Tooling	Written Call Option	(160)	\$44	July, 2022	(6,280)	(360)
Canadian Western Bank	Written Call Option	(429)	\$36	September, 2022	(8,795)	(1,931)
Datadog Inc.	Written Call Option	(137)	\$125	July, 2022	(27,841)	(5,037)
DEERE & Co	Written Call Option	(92)	\$370	August, 2022	(60,447)	(19,463)
Doximity Inc.	Written Call Option	(353)	\$45	August, 2022	(83,230)	(70,580)
Doximity Inc.	Written Call Option	(100)	\$50	August, 2022	(24,574)	(10,642)
Element Fleet Management	Written Call Option	(721)	\$15	August, 2022	(8,082)	(7,571)
F5 Inc.	Written Call Option	(38)	\$240	July, 2022	(13,881)	-
First Quantum Minerals Ltd.	Written Call Option	(489)	\$38	August, 2022	(19,193)	(4,157)
First Quantum Minerals Ltd.	Written Call Option	(462)	\$43	August, 2022	(75,768)	(2,310)
Gildan Activewear Inc	Written Call Option	(441)	\$52	August, 2022	(17,309)	(2,426)
Hudbay Minerals Inc.	Written Call Option	(666)	\$10	October, 2022	(14,985)	(2,997)
IA Financial Corp. Inc.	Written Call Option	(346)	\$70	August, 2022	(20,414)	(18,338)
International Game Tech	Written Call Option	(123)	\$24	July, 2022	(5,389)	(1,065)
International Game Tech	Written Call Option	(326)	\$27	July, 2022	(26,535)	(1,578)
Invesco QQQ Trust	Written Call Option	(349)	\$316	July, 2022	(35,598)	(10,129)
Invesco QQQ Trust	Written Call Option	(206)	\$335	August, 2022	(49,505)	(13,286)
Invesco QQQ Trust	Written Call Option	(296)	\$344	July, 2022	(21,189)	(955)
Invesco QQQ Trust	Written Call Option	(198)	\$352	August, 2022	(46,937)	(4,342)
Invesco QQQ Trust	Written Call Option	(77)	\$356	July, 2022	(11,389)	(149)
Invesco QQQ Trust	Written Call Option	(121)	\$375	July, 2022	(27,519)	(6)
Invesco QQQ Trust	Written Call Option	(160)	\$380	August, 2022	(15,825)	(722)
iShares 20+ Year Treasury	Written Call Option	(858)	\$123	July, 2022	(30,285)	(18,815)
iShares 20+ Year Treasury	Written Call Option	(550)	\$125	August, 2022	(47,679)	(54,275)
iShares 20+ Year Treasury	Written Call Option	(147)	\$135	August, 2022	(4,089)	(5,025)
iShares 20+ Year Treasury	Written Call Option	(551)	\$136	July, 2022	(38,895)	(1,422)
iShares MSCI Emerging Market	Written Call Option	(221)	\$45	August, 2022	(9,966)	(5,131)
iShares MSCI Emerging Market	Written Call Option	(220)	\$47	August, 2022	(4,078)	(993)
iShares MSCI Emerging Market	Written Call Option	(368)	\$48	August, 2022	(4,939)	(994)
Kinross Gold Corp.	Written Call Option	(778)	\$9	July, 2022	(8,169)	-
Meta Platforms Inc.	Written Call Option	(74)	\$255	July, 2022	(2,402)	(239)
Meta Platforms Inc.	Written Call Option	(74)	\$255	August, 2022	(12,653)	(3,627)
Nuvei Corp.	Written Call Option	(93)	\$80	July, 2022	(11,067)	-
Nvidia Corp.	Written Call Option	(61)	\$270	July, 2022	(25,243)	(3)
Roblox Corp.	Written Call Option	(216)	\$45	October, 2022	(54,815)	(84,703)
Rogers Communications	Written Call Option	(553)	\$72	August, 2022	(33,733)	(3,042)
S&P 500 Index 3Wk	Written Call Option	(31)	\$3,860	July, 2022	(100,579)	(10,197)
S&P 500 Index 3Wk	Written Call Option	(103)	\$3,950	July, 2022	(46,287)	(1,687)
S&P 500 Index 3Wk	Written Call Option	(54)	\$3,960	July, 2022	(201,501)	(107,272)
S&P 500 Index 3Wk	Written Call Option	(30)	\$4,025	July, 2022	(27,197)	(14)
S&P 500 Index 3Wk	Written Call Option	(197)	\$4,100	July, 2022	(160,687)	(74,330)
S&P 500 Index 3Wk	Written Call Option	(61)	\$4,260	July, 2022	(25,282)	(3,738)
S&P 500 Index 3Wk	Written Call Option	(89)	\$4,330	August, 2022	(78,960)	(54,533)
S&P 500 Index 3Wk	Written Call Option	(110)	\$4,400	September, 2022	(226,238)	(114,225)
S&P 500 Index 3Wk	Written Call Option	(122)	\$4,400	October, 2022	(380,436)	(287,207)
S&P 500 Index 3Wk	Written Call Option	(65)	\$4,525	August, 2022	(52,861)	(10,900)
S&P 500 Index 3Wk	Written Call Option	(67)	\$4,620	September, 2022	(199,169)	(20,094)
S&P 500 Index 3Wk	Written Call Option	(1)	\$4,640	July, 2022	(287)	(7)
S&P 500 Index 3Wk	Written Call Option	(74)	\$4,650	August, 2022	(44,080)	(5,966)
S&P 500 Index 3Wk	Written Call Option	(74)	\$4,750	July, 2022	(58,902)	(281)
S&P 500 Index 3Wk	Written Call Option	(76)	\$4,800	August, 2022	(106,472)	(2,696)
S&P 500 Index 3Wk	Written Call Option	(81)	\$4,800	August, 2022	(67,888)	(3,396)
S&P 500 Index 3Wk	Written Call Option	(70)	\$4,925	July, 2022	(220,064)	(90)
S&P 500 Index 3Wk	Written Call Option	(43)	\$5,000	August, 2022	(14,606)	(558)
S&P 500 Index 3Wk	Written Call Option	(21)	\$5,125	August, 2022	(49,923)	(160)
S&P 500 Index 3Wk	Written Call Option	(69)	\$5,200	August, 2022	(90,945)	(395)
SPDR Energy Select Sector	Written Call Option	(83)	\$96	August, 2022	(36,280)	(1,178)
Spin Master Corp.	Written Call Option	(482)	\$49	August, 2022	(83,868)	(37,355)
Suncor Energy Inc.	Written Call Option	(615)	\$52	August, 2022	(73,185)	(65,190)
Trisura Group Ltd	Written Call Option	(408)	\$40	August, 2022	(54,672)	(46,920)
Wsp Global Inc	Written Call Option	(208)	\$155	August, 2022	(30,992)	(48,360)
					<u>(3,547,912)</u>	<u>(1,307,952)</u>

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

APPENDIX A

OPTIONS (0.4%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Advanced Micro Devices	Written Put Option	(33)	\$60	July, 2022	(5,755)	(1,043)
Air Canada	Written Put Option	(151)	\$18	August, 2022	(8,694)	(37,901)
Altagas Ltd.	Written Put Option	(92)	\$23	August, 2022	(2,967)	(1,748)
Apollo Global Management	Written Put Option	(61)	\$45	July, 2022	(6,184)	(5,705)
Arc Resources Ltd.	Written Put Option	(73)	\$15	August, 2022	(4,672)	(5,658)
Arc Resources Ltd.	Written Put Option	(184)	\$16	August, 2022	(3,956)	(21,436)
Canadian Western Bank	Written Put Option	(184)	\$27	July, 2022	(5,566)	(22,356)
DEERE & Co	Written Put Option	(12)	\$260	July, 2022	(7,532)	(1,610)
Element Fleet Management	Written Put Option	(98)	\$10	July, 2022	(1,813)	(11)
Euribor 3M	Written Put Option	(78)	\$99	March, 2023	(11,979)	(113,078)
First Quantum Minerals Ltd.	Written Put Option	(73)	\$26	July, 2022	(5,037)	(16,206)
Gildan Activewear Inc	Written Put Option	(55)	\$37	July, 2022	(15,070)	(6,738)
Gildan Activewear Inc	Written Put Option	(74)	\$38	July, 2022	(8,806)	(12,950)
Hudbay Minerals Inc.	Written Put Option	(185)	\$7	July, 2022	(3,238)	(23,310)
IA Financial Corp. Inc.	Written Put Option	(49)	\$52	July, 2022	(4,496)	(236)
International Game Tech	Written Put Option	(78)	\$16	July, 2022	(8,910)	(2,566)
Invesco QQQ Trust	Written Put Option	(55)	\$242	July, 2022	(19,102)	(4,044)
iPATH S&P 500 VIX Short-Term	Written Put Option	(3,136)	\$15	August, 2022	(174,216)	(14,158)
iPATH S&P 500 VIX Short-Term	Written Put Option	(1,715)	\$16	July, 2022	(47,249)	(876)
iPATH S&P 500 VIX Short-Term	Written Put Option	(13,545)	\$16	August, 2022	(1,115,317)	(148,515)
iPATH S&P 500 VIX Short-Term	Written Put Option	(4,800)	\$17	July, 2022	(173,022)	(4,257)
iPATH S&P 500 VIX Short-Term	Written Put Option	(4,909)	\$18	July, 2022	(266,499)	(6,332)
iPATH S&P 500 VIX Short-Term	Written Put Option	(1,450)	\$19	July, 2022	(138,775)	(2,806)
iShares 20+ Year Treasury	Written Put Option	(74)	\$105	July, 2022	(7,503)	(907)
iShares MSCI Emerging Market	Written Put Option	(221)	\$32	August, 2022	(6,774)	(2,353)
Kinross Gold Corp.	Written Put Option	(311)	\$5	July, 2022	(7,542)	(21,148)
Lundin Mining Corp.	Written Put Option	(390)	\$10	July, 2022	(24,570)	(64,155)
Meta Platforms Inc.	Written Put Option	(15)	\$130	July, 2022	(2,938)	(774)
Rogers Communications	Written Put Option	(99)	\$56	July, 2022	(8,217)	(1,139)
S&P 500 Index 3Wk	Written Put Option	(15)	\$3,300	July, 2022	(21,557)	(2)
S&P 500 Index 3Wk	Written Put Option	(15)	\$3,625	July, 2022	(6,412)	(5,998)
S&P 500 Index 3Wk	Written Put Option	(9)	\$3,650	July, 2022	(6,172)	(668)
S&P 500 Index 3Wk	Written Put Option	(85)	\$3,800	July, 2022	(481,601)	(1,037,798)
SPDR Energy Select Sector	Written Put Option	(43)	\$72	July, 2022	(4,127)	(15,309)
SPDR Energy Select Sector	Written Put Option	(43)	\$76	July, 2022	(2,621)	(28,843)
Spin Master Corp.	Written Put Option	(37)	\$37	July, 2022	(4,958)	(574)
Suncor Energy Inc.	Written Put Option	(88)	\$40	August, 2022	(8,712)	(11,660)
Toronto-Dominion Bank	Written Put Option	(99)	\$82	July, 2022	(9,801)	(9,455)
Trisura Group Ltd	Written Put Option	(56)	\$26	July, 2022	(8,344)	(1,400)
Wsp Global Inc	Written Put Option	(30)	\$120	July, 2022	(7,470)	(840)
					<u>(2,658,174)</u>	<u>(1,656,563)</u>
Total Written Options					(6,206,086)	(2,964,515)

APPENDIX B

FUTURES CONTRACTS (0.0%)

Issuer	Number of Contracts	Fair Value (C\$)	Contracted Value (C\$)	Unrealized Gain/Loss (C\$)
CBOE VIX Index Futures, July 2022	23	847,411	807,432	39,979
				<u>39,979</u>
Total Futures Contracts				39,979

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

FUND SPECIFIC NOTES

As at June 30, 2022 (unaudited)

1. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

ASSETS (LIABILITIES) AT FAIR VALUE AS AT JUNE 30, 2022				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	305,160,319	1,054,078	-	306,214,397
Exchange Traded Funds - Long	183,350	-	-	183,350
Bonds - Long	-	244,151	-	244,151
Options - Long	3,931,991	-	-	3,931,991
Futures - Long	39,979	-	-	39,979
Equities - Short	(87,875,086)	(12,485)	-	(87,887,571)
Exchange Traded Funds - Short	(69,797,698)	-	-	(69,797,698)
Options - Short	(2,964,515)	-	-	(2,964,515)
Total	148,678,340	1,285,744	-	149,964,084

ASSETS (LIABILITIES) AT FAIR VALUE AS AT DECEMBER 31, 2021				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	255,374,931	1,496,350	-	256,871,281
Bonds - Long	-	244,298	-	244,298
Options - Long	2,088,352	-	-	2,088,352
Equities - Short	(145,051,968)	-	-	(145,051,968)
Options - Short	(1,202,455)	-	-	(1,202,455)
Futures - Short	(76,682)	-	-	(76,682)
Total	111,132,178	1,740,648	-	112,872,826

2. TRANSFERS BETWEEN LEVELS 1 AND 2

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

	Transfer from Level 1 to 2 \$	Transfer from Level 2 to 1 \$
June 30, 2022		
Equities - Long	1,439	-
	1,439	-
December 31, 2021		
Equities - Long	12,537	-
	12,537	-

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

3. OTHER PRICE RISK

Using Beta as a measure of the relationship of the Fund's performance versus its index, if the S&P/TSX Composite Total Return Index were to increase or decrease by 10%, net assets would have increased or decreased by approximately \$29,325,385 (December 31, 2021 - \$26,234,348). 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 LONG SHORT 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, 2022 and December 31, 2021 were as follows:

FINANCIAL INSTRUMENTS				
June 30, 2022 Currency	Monetary \$	Non-Monetary \$	Total \$	Percentage of Net Assets %
United States Dollar	14,423,110	(6,501,406)	7,921,704	3.2%
British Pound	688,795	(575,392)	113,403	0.0%
Euro	33,548	-	33,548	0.0%
Australian Dollar	(262,846)	221,865	(40,981)	0.0%
Net Exposure	14,882,607	(6,854,933)	8,027,674	3.2%

FINANCIAL INSTRUMENTS				
December 31, 2021 Currency	Monetary \$	Non-Monetary \$	Total \$	Percentage of Net Assets %
United States Dollar	26,043,521	(15,333,165)	10,710,356	5.6%
Australian Dollar	(3,349,475)	-	(3,349,475)	-1.7%
Net Exposure	22,694,046	(15,333,165)	7,360,881	3.9%

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 \$401,384 (December 31, 2021 - \$368,044). 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 \$5,830 (December 31, 2021 - \$6,984). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at June 30, 2022 and December 31, 2021, the Fund's exposure to debt instruments by maturity were as follows:

Debt Instruments by Maturity Date	June 30, 2022 (\$)		
	Long Positions	Short Positions	Total
Greater than 5 years	244,151	-	244,151
Total	244,151	-	244,151

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

6. CREDIT RISK

The following table shows debt as a percentage of net assets attributable to holders of redeemable units held under each credit rating. All counterparties to derivative contracts had a credit rating of A- or higher. All cash is held with a financial institution with a minimum credit rating of A+.

Bond Ratings	June 30, 2022			Bond Ratings	December 31, 2021		
	Net	Long	Short		Net	Long	Short
NR	0.1%	0.1%	0.0%	NR	0.1%	0.1%	0.0%

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

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

7. CONCENTRATION RISK

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

Jurisdiction	% of Net Assets	
	June 30, 2022	December 31, 2021
LONG POSITIONS	123.7%	135.0%
Canadian Equities	87.5%	96.1%
Financials	21.6%	28.7%
Industrial	13.2%	12.6%
Energy	13.0%	10.1%
Materials	10.9%	12.3%
Information Technology	6.1%	8.3%
Consumer Discretionary	5.0%	5.8%
Real Estate	4.9%	7.3%
Utilities	4.7%	5.1%
Consumer Staples	3.7%	2.5%
Communication Services	3.7%	1.4%
Health Care	0.6%	1.7%
Index Equivalents	0.1%	0.3%
Global Equities	34.5%	37.7%
United States Equities	29.2%	32.3%
Information Technology	7.3%	9.7%
Health Care	6.4%	5.2%
Financials	4.3%	3.4%
Industrial	3.9%	5.4%
Consumer Staples	2.5%	2.0%
Consumer Discretionary	2.1%	3.1%
Energy	1.5%	0.4%
Communication Services	0.8%	1.7%
Materials	0.3%	0.8%
Real Estate	0.1%	0.3%
Utilities	0.0%	0.3%
International Equities	5.3%	5.4%
Utilities	2.2%	1.9%
Materials	1.4%	1.5%
Industrial	0.6%	0.5%
Consumer Discretionary	0.5%	0.8%
Health Care	0.4%	0.0%
Information Technology	0.2%	0.4%
Financials	0.0%	0.2%
Index Equivalents	0.0%	0.1%
Corporate Bonds	0.1%	0.1%
Canada	0.1%	0.1%
Derivatives	1.6%	1.1%
SHORT POSITIONS	-64.0%	-76.2%
Canadian Equities	-27.9%	-31.4%
Index Equivalents	-13.0%	-18.8%
Financials	-3.8%	-4.8%
Energy	-2.9%	-1.1%
Materials	-2.3%	-1.6%
Utilities	-1.2%	-1.3%

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

Jurisdiction	% of Net Assets	
	June 30, 2022	December 31, 2021
Real Estate	-1.1%	-0.9%
Consumer Staples	-1.1%	-0.8%
Consumer Discretionary	-0.8%	-1.0%
Communication Services	-0.8%	0.0%
Industrial	-0.6%	-0.5%
Information Technology	-0.2%	-0.5%
Health Care	-0.1%	-0.1%
Global Equities	-34.9%	-44.2%
United States Equities	-18.7%	-43.2%
Financials	-4.4%	-4.8%
Information Technology	-4.1%	-3.8%
Industrial	-4.0%	-2.8%
Utilities	-1.3%	-1.3%
Health Care	-1.2%	-1.7%
Real Estate	-1.1%	-1.4%
Consumer Discretionary	-0.8%	-1.4%
Materials	-0.8%	-0.8%
Consumer Staples	-0.6%	-0.4%
Communication Services	-0.4%	-0.6%
Index Equivalents	0.0%	-24.1%
International Equities	-16.2%	-1.0%
Index Equivalents	-14.8%	0.0%
Materials	-0.8%	-0.6%
Information Technology	-0.4%	-0.4%
Health Care	-0.1%	0.0%
Consumer Discretionary	-0.1%	0.0%
Derivatives	-1.2%	-0.6%

8. LIQUIDITY RISK

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

June 30, 2022	On Demand	< 3 months	> 3 months	Total
Financial Liabilities	\$	\$	\$	\$
Short positions	157,685,269	-	-	157,685,269
Redemptions payable	280,965	-	-	280,965
Accrued liabilities and other payables	-	967,218	-	967,218
Payable for investments purchased	835,602	-	-	835,602
Derivative liabilities	2,964,515	-	-	2,964,515
December 31, 2021	On Demand	< 3 months	> 3 months	Total
Financial Liabilities	\$	\$	\$	\$
Short positions	145,051,968	-	-	145,051,968
Redemptions payable	56,542	-	-	56,542
Accrued liabilities and other payables	-	1,100,177	-	1,100,177
Payable for investments purchased	1,040,188	-	-	1,040,188
Derivative liabilities	1,279,137	-	-	1,279,137

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

9. FUND UNIT TRANSACTIONS

For the six month periods ended June 30 (unaudited)

	2022				2021			
	Class A	Class F	Class I	Class ETF	Class A	Class F	Class I	Class ETF
Units issued and outstanding, beginning of period	1,087,355	8,180,165	1,071,797	2,800,000	247,390	2,492,299	578,559	1,120,000
Units issued	346,100	6,187,404	-	630,000	662,062	3,805,082	319,522	790,000
Units redeemed	(79,961)	(1,191,717)	(495,999)	(40,000)	(14,951)	(483,110)	(14,514)	-
Units issued and outstanding, end of period	1,353,494	13,175,852	575,798	3,390,000	894,501	5,814,271	883,567	1,910,000
Weighted average number of units held during the period	1,265,646	11,281,779	780,420	3,115,746	645,100	4,391,613	764,381	1,254,309

10. COMMISSIONS

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

	2022	2021
Brokerage commissions	1,247	468
Soft Dollar commissions	200	90

11. TAX LOSS CARRY FORWARDS

As at December 31 (in \$000)

	2021
Net capital losses carry forward	503
Non-capital losses carry forward	2041

12. STRUCTURED ENTITIES

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

Underlying Funds	Fair Value of Fund's Investment (in \$000s)	Underlying Fund's Net Assets (in \$000s)	% of Net Assets of the Underlying Fund
As at June 30, 2022			
CI Galaxy Ethereum ETF	183	160,431	0.1%
As at December 31, 2021			
CI Galaxy Ethereum ETF	598	729,704	0.1%
iPath Series B S&P 500 VIX Short-Term Futures ETF	190	1,040,650	0.0%

13. LEVERAGE

During the six month period ended June 30, 2022, the Fund's aggregate exposure reached a low of 99.64% (year ended 2021 - 68.46%) and a high of 290.84% (year ended 2021 - 215.76%) of the Fund's NAV. As at June 30, 2022, the Fund's aggregate exposure was 272.55% (December 31, 2021 - 95.60%) of the Fund's NAV. The primary source of leverage was short positions in equity securities.

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2022 (unaudited)

1. GENERAL INFORMATION

Picton Mahoney Fortified Long Short Alternative Fund (the "Fund") is an open-ended mutual fund trust established under the laws of the Province of Ontario pursuant to a trust agreement dated September 19, 2018, as amended and restated as of June 26, 2019 and July 7, 2020. (the "Trust Declaration"). The Fund commenced operations on July 7, 2020. Picton Mahoney Asset Management acts as manager (the "Manager"), portfolio advisor (the "Portfolio Advisor"), and trustee (the "Trustee") for the Fund pursuant to the Trust Declaration. The Manager is responsible for the day-to-day business of the Fund, including the management of the Fund's investment portfolio. The address of the Fund's registered office is 33 Yonge Street, Suite 830, Toronto, Ontario, M5E 1G4. The financial statements are presented in Canadian dollars (CAD). These financial statements were authorized for issue by the Manager on August 29, 2022.

On July 7, 2020, 5,001 Class A units, 5,000 Class F units, and 5,000 Class I units of the Fund were issued to the Manager of the Fund, for cash consideration of CAD \$10.00 per unit. These units are not redeemable until an additional \$500,000 has been invested by other investors in the aggregate in the Fund.

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

Class A units are available to all investors. Class F units are available to investors who are enrolled in a dealer sponsored fee for service or wrap program and who are subject to an annual asset based fee rather than commissions on each transaction or, at the discretion of the Manager, any other investor for whom the Manager does not incur distribution costs. Class I units are available to institutional investors or to other investors on a case-by-case basis, all at the discretion of the Manager. Class ETF units are listed and issued and sold on a continuous basis and will be available to investors that purchase such units on the TSX through a registered broker or dealer in the province or territory where the investor resides.

As at June 30, 2022, the Fund currently has 4 Classes of Units: Class A, Class F, Class I and Class ETF. As at June 30, 2022, the Manager holds 1 unit of Class A, 200 units of Class F, and 992 units of Class I.

The investment objective of the Fund is to provide consistent long-term capital appreciation and to provide unitholders with an attractive risk-adjusted rate of return by actively investing in a portfolio comprised of long and short equity securities. The Fund may also invest in fixed income securities, derivative instruments, such as options, futures, forward contracts and swaps, securities of investment funds, and cash and cash equivalents. The Fund may engage in borrowing for investment purposes.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

(b) Classification

(i) Assets

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

(ii) Liabilities

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

(c) Fair Value Measurements

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

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

Fair values are classified as Level 1 when the related security or derivative is actually traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2022 (unaudited)

measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

(d) Valuation of Investments and Derivatives

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets, which include equities, bonds, options, and warrants are based 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) Investment Transactions and Income Recognition

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

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

(g) Valuation of Fund Units

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

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2022 (unaudited)

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

A separate net asset value per unit is calculated for each class of units (the "Unit Price"). The Unit Price is the price used for all purchases, switches, reclassifications and redemptions of units of that class (including purchases made on the reinvestment of distributions). The price at which units are issued or redeemed is based on the next applicable Unit Price determined after the receipt of the purchase or redemption order.

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

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

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

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

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

(h) Foreign Currency Translation

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

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

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

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

(j) Transaction Costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchange, and transfer taxes and

duties. Such costs are expensed and included in "Transaction costs" in the Statement of Comprehensive Income.

(k) Securities Lending Transactions

The Fund may enter into securities lending transactions. These transactions involve the temporary exchange of securities as collateral with a commitment to deliver the same securities on a future date. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on securities held as collateral. Income earned from these transactions is recognized on an accrual basis and included in the Statements of Comprehensive Income.

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

(l) Leverage

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

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

The Fund has received exemptive relief from Canadian securities regulatory authorities from certain investment restrictions set out in NI 81-102 that would restrict the ability of the Fund to leverage their assets through borrowing, short sales and/or derivatives. Investment decisions may be made for the assets of the Fund that exceed the net asset value of the Fund. As a result, if these investment decisions are incorrect, the resulting losses will be more than if investments were made solely in an unleveraged long portfolio as is the case in most conventional equity mutual funds. In addition, leveraged investment strategies can also be expected to increase a Fund's turnover, transaction and market impact costs, interest and other costs and expenses.

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

(m) Structured Entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. Picton Mahoney has determined that all of the underlying funds in which the Fund invests are unconsolidated structured entities. In making this determination, Picton Mahoney evaluated the fact that decision making about the underlying funds' activities is not governed by voting or similar rights held by the Fund and other investors in any underlying funds.

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2022 (unaudited)

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 December 31, 2021 and December 31, 2020, held in the form of redeemable units, are included at their fair value in the Statement of Financial Position, which represent the Fund's maximum exposure in these underlying funds. The Fund does not provide and has not committed to provide any additional significant financial or other support to the underlying funds. The change in fair value of each of the underlying funds during the periods is included in 'Change in unrealized appreciation (depreciation) of investments, options, and foreign exchange forward contracts' in the Statement of Comprehensive Income.

(n) Offsetting

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

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

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

4. FINANCIAL INSTRUMENTS RISKS

The Fund is exposed to various financial risks, including market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk. The investment team reviews and rebalances the portfolio on a regular and ongoing basis to maintain the risk reward targets.

Portfolios within each strategy are reviewed relative to each other and to their benchmark. Active industry and security allocations are analyzed. All investments may result in a risk of loss of capital.

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

Price risk:

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

Short sales entail certain risks, including the risk that a short sale of a security may expose a Fund to losses if the value of the security increases.

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

Currency risk:

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

Interest rate risk:

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

Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2022 (unaudited)

received by the broker. The trade will fail if either party fails to meet its obligation. However, there are risks involved in dealing with custodians or prime brokers who settle trades and in rare circumstances, the securities and other assets deposited with the custodian or broker may be exposed to credit risk with regard to such parties. In addition, there may be practical problems or time delays associated with enforcing the Fund's rights to its assets in the case of an insolvency of any such party.

The Fund is exposed to credit risk. For other financial assets at amortized cost, the Manager considers both historical analysis and forward looking information in determining any expected credit loss. At June 30, 2022 and December 31, 2021, all receivables for investments sold, dividends receivable, 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.

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

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2022 (unaudited)

trading price on the effective date of the cash redemption request, subject to a maximum redemption price of the applicable net asset value per unit. As unitholders will generally be able to sell ETF units at the market price on the TSX or another exchange or marketplace through a registered broker or dealer subject only to customary brokerage commissions.

7. DISTRIBUTIONS

The Fund intends to distribute net income and net realized capital gains, if any, to Unitholders at the end of each taxation year to ensure that the Fund is not liable for income tax under Part I of the Income Tax Act (Canada) (the "Act"), after taking into account any loss carry forwards and capital gains refunds.

All annual distributions paid on Class A, Class F, Class I and Class ETF units will be automatically reinvested in additional units.

8. TAXATION

The Fund qualifies as a "mutual fund trust" and will be subject to tax in each taxation year under Part I of the Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to Unitholders in the year. The Fund deducts, in computing its income in each taxation year, the full amount available for deduction in each year and, therefore, provided the Fund makes distributions in each year of its net income and net realized capital gains, it will generally not be liable in such year for any tax on its net income or profit under Part I of the Tax Act. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statement of Financial Position as a deferred tax asset.

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

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

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

9. OPERATING EXPENSES

The Manager is responsible for the day-to-day operations of the Fund. The Fund pays its own operating expenses, other than advertising costs

and costs of dealer compensation programs, which are paid by the Manager. Operating expenses include, but are not limited to, brokerage commissions and fees, taxes, audit and legal fees, fees of the members of the Independent Review Committee ("IRC"), costs and fees in connection with the operation of the IRC, safekeeping and custodial fees, interest expenses, operating, administrative and systems costs, investor servicing costs and costs of financial and other reports to investors, as well as prospectuses, annual information forms and fund facts.

With the exception of Class specific expenses, all other expenses are allocated to each Class of the Fund based on the Class' pro-rated share of total Net Asset Value of the Fund. The Manager may from time to time waive any portion of the fees and reimbursement of expenses otherwise payable to it, but no such waiver affects its right to received fees and reimbursement of expenses subsequently accruing to it. For the period ended June 30, 2022, the Manager has absorbed \$XXX of expenses (December 31, 2021 - \$59,390).

10. RELATED PARTY TRANSACTIONS

(a) Management Fees

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

Management Fee Distributions

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

(b) Performance Fees

The Manager receives a performance fee in respect of each of the Class A units, Class F units, and Class ETF units of the Fund. The performance fee for each class shall be calculated and become a liability of the Fund on each Valuation Day and shall be payable at the end of each calendar quarter.

The performance fee is equal to 20% of the amount by which the performance of the applicable class exceeds an annual hurdle rate of return equal to 2%, for each of the Class A units, Class F units, or Class ETF units, plus applicable taxes. The performance fee in respect of each of the Class A units, Class F units, and Class ETF units of the Fund on a particular Valuation Day shall be equal to the product of, (a) 20% of the positive difference between (i) the Unit Price on the Valuation Day; and (ii) the greatest Unit Price on any previous Valuation Day or the Unit Price on the date when the units of the class were first issued, where no performance fee liability has previously arisen in respect of units of the class (the "High Water Mark"); less (iii) the hurdle amount (the "Hurdle Amount") per unit

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2022 (unaudited)

on the Valuation Day; and (b) the number of units outstanding on the applicable Valuation Day on which the performance fee is determined, plus applicable taxes.

The Hurdle Amount per unit is the product of (a) 2% for each calendar year (prorated for the number of days in the year); (b) the Unit Price on the applicable Valuation Day; and (c) the number of days since the most recently determined High Water Mark or the beginning of the current calendar year, whichever is most recent. The Manager may make such adjustments to the Unit Price, the High Water Mark and/or the Hurdle Amount per unit as are determined by the Manager to be necessary to account for the payment of any distributions on units, any unit splits or consolidations or any other event or matter that would, in the opinion of the Manager, impact upon the computation of the performance fee. Any such determination of the Manager shall, absent manifest error, be binding on all unitholders. Investors in Class I units may negotiate a different performance fee than the one described herein or no performance fee at all. Any performance fee for Class I units will be paid directly to the Manager. The Manager reserves the right, in its discretion, to discontinue, decrease or waive the performance fee at any time. For the period January 1, 2022 to June 30, 2022, the Fund incurred performance fees of \$87,710 plus applicable taxes.

(c) Fund-on-Fund Fees and Expenses

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

**THINK AHEAD.
STAY AHEAD.**



PICTON MAHONEY ASSET MANAGEMENT CORPORATE INFORMATION

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