

FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND



THINK AHEAD.
STAY AHEAD.

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MANAGEMENT'S RESPONSIBILITY STATEMENT

The accompanying financial statements have been prepared by Picton Mahoney Asset Management, the Manager of the Picton Mahoney Fortified Market Neutral 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 28, 2020

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 MARKET NEUTRAL ALTERNATIVE FUND

STATEMENTS OF FINANCIAL POSITION

As at June 30, 2020 (unaudited) and December 31, 2019

	June 30, 2020 \$	December 31, 2019 \$
Assets		
Current assets		
Long positions at fair value*	85,601,267	63,680,565
Cash	27,187,300	18,862,516
Options purchased	2,029,206	482,913
Deposits with brokers for securities sold short	9,470,591	14,264,260
Due from Manager	169,808	142,144
Subscriptions receivable	160,645	34,186
Receivable for investments sold	411,409	12,053
Dividends receivable	108,323	70,610
	<u>125,138,549</u>	<u>97,549,247</u>
Liabilities		
Current liabilities		
Short positions at fair value**	31,631,917	21,682,959
Options written	1,754,797	308,697
Unrealized loss on futures contracts	542,681	377,825
Management fee payable	201,259	51,578
Performance fee payable	288,829	-
Redemptions payable	19,768	146,145
Accrued liabilities	24,395	46,692
Payable for investments purchased	381,947	955,430
Interest payable	410	11,347
Dividends payable	48,298	46,059
	<u>34,894,301</u>	<u>23,626,732</u>
Net Assets Attributable to Holders of Redeemable Units	<u>90,244,248</u>	<u>73,922,515</u>
Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	9,485,195	9,251,353
Class F	57,095,625	42,100,683
Class I	11,836,291	13,189,689
Class ETF***	11,827,137	9,380,790
Number of Redeemable Units Outstanding		
Class A	880,426	896,958
Class F	5,209,780	4,026,383
Class I	1,053,873	1,244,859
Class ETF***	1,120,000	930,000
Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	10.77	10.31
Class F	10.96	10.46
Class I	11.23	10.60
Class ETF***	10.56	10.09
* Long positions, at cost	79,736,961	59,176,781
** Short positions, at cost	<u>(34,869,255)</u>	<u>(22,383,714)</u>

***Class ETF units were first issued on July 5, 2019.

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)

	2020 \$	2019 \$
Income		
Net gains (losses) on investments and derivatives		
Interest for distribution purposes	90,091	48,800
Dividends	756,329	132,863
Net realized gain (loss) on investments and options	(1,137,671)	157,192
Net realized gain (loss) on futures contracts	1,556,120	(508,992)
Change in unrealized appreciation (depreciation) on investments, options and futures contracts	3,797,322	1,402,273
Interest and borrowing expense	(135,436)	(30,231)
Dividend expense	(395,813)	(112,149)
	<u>4,530,942</u>	<u>1,089,756</u>
Net gains (losses) on investments and derivatives		
Other income		
Foreign currency gain (loss) on cash and other assets and liabilities	782,166	(90,140)
	<u>5,313,108</u>	<u>999,616</u>
Expenses		
Transaction costs	554,124	60,140
Performance fees	380,662	116,670
Management fees	351,867	79,311
Harmonized sales tax	80,752	31,315
Administrative fees	43,220	16,912
Securityholder reporting fees	24,680	5,787
Withholding taxes	20,110	2,560
Legal fees	11,100	8,794
Audit fees	7,312	1,444
Independent Review Committee fees	3,458	3,888
Custody fees	576	7,866
Total Expense before Manager Absorption	1,477,861	334,687
Less: Expenses Absorbed by Manager	(27,665)	(166,572)
Total Expense after Manager Absorption	<u>1,450,196</u>	<u>168,115</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	<u>3,862,912</u>	<u>831,501</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	393,072	101,395
Class F	2,259,649	508,671
Class I	746,602	221,435
Class ETF***	463,589	-
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	0.45	0.39
Class F	0.49	0.44
Class I	0.63	0.49
Class ETF***	0.64	-

***Class ETF units were first issued on July 5, 2019.

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

STATEMENTS OF CHANGES IN NET ASSETS

ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the six month periods ended June 30 (unaudited)

	2020 \$	2019 \$
Net Assets Attributable to Holders of Redeemable Units at Beginning of Period		
Class A	9,251,353	1,538,254
Class F	42,100,683	5,896,352
Class I	13,189,689	4,452,220
Class ETF***	9,380,790	-
	<u>73,922,515</u>	<u>11,886,826</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
Class A	393,072	101,395
Class F	2,259,649	508,671
Class I	746,602	221,435
Class ETF***	463,589	-
	<u>3,862,912</u>	<u>831,501</u>
Redeemable Unit Transactions		
Proceeds from redeemable units issued		
Class A	1,199,698	2,659,426
Class F	20,924,915	14,007,989
Class I	-	3,255,000
Class ETF***	6,775,651	-
	<u>28,900,264</u>	<u>19,922,415</u>
Reinvestments of distributions to holders of redeemable units		
Class A	-	1,484
Class F	-	5,673
Class I	-	4,272
Class ETF***	-	-
	<u>-</u>	<u>11,429</u>
Redemption of redeemable units		
Class A	(1,358,928)	(154,413)
Class F	(8,189,622)	(607,324)
Class I	(2,100,000)	(2,229,083)
Class ETF***	(4,792,893)	-
	<u>(16,441,443)</u>	<u>(2,990,820)</u>
Net Increase (Decrease) from Redeemable Unit Transactions	<u>12,458,821</u>	<u>16,943,024</u>
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	<u>16,321,733</u>	<u>17,774,525</u>
Net Assets Attributable to Holders of Redeemable Units at End of Period		
Class A	9,485,195	4,146,146
Class F	57,095,625	19,811,361
Class I	11,836,291	5,703,844
Class ETF***	11,827,137	-
Net Assets Attributable to Holders of Redeemable Units at End of Period	<u>90,244,248</u>	<u>29,661,351</u>

***Class ETF units were first issued on July 5, 2019.

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

STATEMENTS OF CASH FLOWS

For the six month periods ended June 30 (unaudited)

	2020 \$	2019 \$
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable units	3,862,912	831,501
Adjustments for:		
Unrealized foreign exchange (gain) loss on cash	(482,092)	92,240
Net realized (gain) loss on investments and options	1,137,671	(157,192)
Change in unrealized (appreciation) depreciation on investments, options and futures contracts	(3,797,322)	(1,402,273)
(Increase) decrease in due from manager	(27,664)	(18,997)
(Increase) decrease in dividends receivable	(37,713)	(17,815)
(Increase) decrease in deposits with brokers for securities sold short	4,793,669	672,033
Increase (decrease) in interest payable	(10,937)	-
Increase (decrease) in dividends payable	2,239	5,529
Increase (decrease) in other payables and accrued liabilities	127,384	45,710
Increase (decrease) in performance fee payable	288,829	-
Purchase of long positions and repurchases of investments sold short	(189,011,383)	(30,598,857)
Proceeds from sales of long positions and on investments sold short	178,791,114	20,685,901
Net Cash Generated (Used) by Operating Activities	<u>(4,363,293)</u>	<u>(9,862,220)</u>
Cash Flows from Financing Activities		
Proceeds from redeemable units issued	28,599,182	18,210,686
Amount paid on redemption of redeemable units	(16,393,197)	(2,980,635)
Net Cash Generated (Used) by Financing Activities	<u>12,205,985</u>	<u>15,230,051</u>
Unrealized foreign exchange gain (loss) on cash	482,092	(92,240)
Net increase (decrease) in cash	7,842,692	5,367,831
Cash, beginning of period	18,862,516	3,211,567
Cash, End of Period	<u>27,187,300</u>	<u>8,487,158</u>
Cash	27,187,300	8,487,158
Cash overdraft	-	-
Net Cash (Overdraft)	<u>27,187,300</u>	<u>8,487,158</u>
Items classified as operating activities:		
Interest received, net of withholding tax	90,091	48,800
Dividends received, net of withholding tax	698,506	112,488
Interest and borrowing expense paid	(146,373)	(30,231)
Dividends paid	(393,574)	(106,620)

Net of non-cash transfers and switches of \$174,623 (2019 - \$nil)

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2020 (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 (97.1%)									
Canadian Equities (62.1%)									
Energy (4.8%)									
	183,800	Advantage Oil & Gas Ltd.	403,771	305,108	8,100	Boyd Group Services Inc.	1,505,926	1,636,767	
	38,000	Enerflex Ltd.	213,294	195,320	4,300	Canadian Pacific Railway Ltd.	1,329,483	1,484,876	
	32,200	Keyera Corp.	636,097	665,574	3,000	Cargojet Inc.	283,970	480,000	
	28,600	North American Construction Group Ltd.	409,755	243,386	48,519	Drone Delivery Canada Corp.	75,794	42,697	
	44,400	Parex Resources Inc.	681,321	726,384	2,550	Drone Delivery Canada Corp., Warrants, 2021-03-25	393	319	
	40,100	Parkland Corp.	1,435,783	1,351,771	9,670	Morneau Shepell Inc.	309,187	306,442	
	41,900	PrairieSky Royalty Ltd.	349,991	359,502	12,200	People Corp.	87,230	107,304	
	18,500	Spartan Delta Corp.	37,000	49,210	37,726	People Corp., CDN	327,368	340,666	
	34,200	Tourmaline Oil Corp.	336,135	405,954	18,300	SNC-Lavalin Group Inc.	541,627	419,253	
			4,503,147	4,302,209	5,794	Thomson Reuters Corp.	497,815	534,439	
					5,750	Toromont Industries Ltd.	372,081	387,378	
					10,800	Waste Connections Inc.	1,304,458	1,373,652	
					44,200	Xebec Adsorption Inc.	159,120	181,220	
							7,628,742	8,132,190	
Materials (10.6%)					Consumer Discretionary (3.8%)				
	28,700	Americas Gold & Silver Corp.	89,261	101,598	17,200	Aritzia Inc.	325,183	326,972	
	11,300	Artemis Gold Inc.	34,390	48,477	56,200	AutoCanada Inc.	559,482	601,340	
	38,200	Ascot Resources Ltd.	26,740	36,672	11,600	BRP Inc.	569,743	671,640	
	6,000	Barrick Gold Corp.	206,698	219,180	114,000	Fire & Flower Holdings Corp.	86,070	82,080	
	56,100	Bluestone Resources Inc.	98,175	110,517	16,411	Great Canadian Gaming Corp.	650,043	443,589	
	57,700	Dundee Precious Metals Inc.	374,909	515,838	9,900	Magna International Inc.	526,387	598,554	
	34,850	Dundee Precious Metals Inc., Warrants, 2021-05-13	-	32,759	15,400	Martinrea International Inc.	148,027	158,312	
	24,800	ERO Copper Corp.	367,146	487,816	22,900	Park Lawn Corp.	571,607	513,418	
	147,600	First Quantum Minerals Ltd.	1,425,359	1,597,032			3,436,542	3,395,905	
	1,600	Franco-Nevada Corp.	247,851	303,440	Consumer Staples (1.2%)				
	21,700	Great Bear Resources Ltd., PP	239,568	405,210	6,400	Alimentation Couche-Tard Inc.	250,305	272,448	
	19,800	Intertape Polymer Group Inc.	280,222	237,204	19,800	Maple Leaf Foods Inc.	493,152	564,498	
	43,200	K92 Mining Inc.	113,822	174,096	73,700	Waterloo Brewing Ltd.	255,606	227,733	
	49,000	Major Drilling Group International Inc.	259,793	210,210			999,063	1,064,679	
	37,150	Marathon Gold Corp., Warrants, 2021-05-26	2,374	2,972	Health Care (1.7%)				
	24,800	Norbord Inc.	698,831	768,552	41,200	Burcon NutraScience Corp., Warrants, 2022-02-19	19,771	-	
	40,100	Osisko Mining Inc., Restricted, 2020-10-23	146,365	143,607	17,300	Charlottes Web Holdings Inc.	116,775	90,479	
	20,050	Osisko Mining Inc., Warrants, 2021-12-23	-	-	10,800	Charlottes Web Holdings Inc., Warrants, 2022-06-18	-	7,020	
	42,000	Pan American Silver Corp., Rights, 2029-02-22	32,082	39,242	44,400	Chartwell Retirement Residences	427,629	416,028	
	153,100	Roxgold Inc.	157,541	234,243	30,700	Curaleaf Holdings Inc.	256,104	254,503	
	76,700	SEMAFO Inc.	237,847	355,121	11,200	Green Organic Dutchman Holdings Ltd., Warrants, 2022-12-19	-	672	
	105,600	SilverCrest Metals Inc., PP	792,000	1,245,088	98,800	HEXO Corp., Warrants	-	2,964	
	54,600	Teranga Gold Corp.	286,996	671,580	14,500	HEXO Corp., Warrants, 2025-05-21	-	-	
	7,000	Trilogy Metals Inc.	27,177	18,900	8,600	HLS Therapeutics Inc.	176,971	156,434	
	148,200	Turquoise Hill Resources Ltd.	121,518	148,200	36,200	Kneat.com Inc.	72,498	62,988	
	14,800	Wheaton Precious Metals Corp.	709,126	883,708	200,000	Oncolytics Biotech Inc., Warrants, 2022-06-01	18,000	16,000	
	83,200	Yamana Gold Inc.	551,336	614,016	68,200	Spectral Medical Inc.	40,920	37,510	
			7,527,127	9,605,278	34,100	Spectral Medical Inc., Warrants, 2022-06-18	-	-	
Industrial (9.0%)					10,000	Trulieve Cannabis Corp.	149,756	171,200	
	27,300	Air Canada	662,771	462,735	8,150	Valens Co Inc., Warrants, 2021-04-09	-	2,282	
	10,200	Andlauer Healthcare Group Inc.	171,519	374,442					

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2020 (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 (\$)
	36,900	Well Health Technologies Corp.	81,180	105,534		43,700	TransAlta Corp.	367,616	351,785
	4,116	Zymerworks Inc.	123,591	202,209				3,305,838	3,056,058
			<u>1,483,195</u>	<u>1,525,823</u>					
	Financials (16.2%)					Real Estate (5.8%)			
	10,500	Bespoke Capital Acquisition Corp., Warrants, 2024-12-31	-	7,365		29,900	Automotive Properties Real Estate Investment Trust	332,354	276,874
	29,100	Brookfield Asset Management Inc.	1,264,375	1,300,188		11,400	Boardwalk Real Estate Investment Trust	350,395	338,694
	247,616	Element Fleet Management Corp.	2,499,926	2,508,353		26,880	BSR Real Estate Investment Trust	367,903	386,244
	21,600	Element Fleet Management Corp., Preferred Series G	487,436	467,640		6,800	Canadian Apartment Properties REIT	328,383	330,412
	70,000	GMP Capital Inc.	126,655	91,700		8,100	Colliers International Group Inc.	645,770	630,990
	17,400	iA Financial Corp. Inc.	794,261	791,004		34,300	European Residential Real Estate Investment Trust	159,156	141,316
	8,200	Intact Financial Corp.	967,806	1,059,522		2,400	FirstService Corp.	303,111	328,200
	13,500	Mercer Park Brand Acquisition Corp.	181,339	182,400		95,000	Fronsac Real Estate Investment Trust	58,900	51,300
	5,600	Mercer Park Brand Acquisition Corp., Warrants, 2024-06-24	-	4,614		12,200	Granite Real Estate Investment Trust	783,658	854,732
	19,700	National Bank of Canada	1,198,564	1,211,944		22,900	Killam Apartment Real Estate Investment Trust	413,220	401,208
	21,100	Royal Bank of Canada	2,042,960	1,943,521		15,958	Minto Apartment Real Estate Investment Trust	322,157	317,564
	32,900	Subversive Capital Acquisition Corp.	424,887	445,860		53,400	NorthWest Healthcare Properties Real Estate Investment Trust	624,256	576,720
	18,250	Subversive Capital Acquisition Corp., Warrants, 2024-08-26	4,761	14,914		15,700	Real Matters Inc.	190,989	415,736
	34,600	Sun Life Financial Inc.	1,660,907	1,726,194		35,436	StorageVault Canada Inc.	117,142	113,041
	13,300	Toronto-Dominion Bank	893,361	805,847		2,179	WPT Industrial Real Estate Investment Trust	40,728	38,285
	24,900	Trisura Group Ltd.	904,181	1,525,125				<u>5,038,122</u>	<u>5,201,316</u>
	106,668	Uranium Participation Corp.	483,018	488,539					
			<u>13,934,437</u>	<u>14,574,730</u>					
							Total Canadian Equities - Long	51,243,243	55,852,550
	Information Technology (3.9%)					Global Equities (32.8%)			
	89,750	CloudMD Software & Services Inc., Warrants, 2022-06-02	14,475	16,155		1,200	Abbott Laboratories	158,326	149,434
	325	Constellation Software Inc.	445,026	498,189		4,200	Activision Blizzard Inc.	352,805	434,181
	23,593	Docebo Inc.	373,736	848,876		400	Adobe Inc.	178,675	237,158
	5,700	Kinaxis Inc.	519,692	1,106,142		3,300	Advanced Micro Devices Inc.	144,128	236,462
	675	Shopify Inc.	465,444	870,595		1,700	Agilent Technologies Inc.	179,179	204,613
	13,217	Sylogist Ltd.	115,151	147,237		230	Alphabet Inc., Class A	395,152	444,221
			<u>1,933,524</u>	<u>3,487,194</u>		160	Amazon.com Inc.	440,245	601,206
						1,060	American Tower Corp.	292,705	373,262
	Communication Services (1.7%)					6,330	Americold Realty Trust	270,972	312,961
	2,575	Cogeco Communications Inc.	238,194	251,861		8,100	Apollo Global Management Inc.	407,246	550,731
	1,400	Rogers Communications Inc.	80,718	76,370		9,900	Bank of America Corp.	334,119	320,242
	8,100	Shaw Communications Inc.	181,033	179,334		7,600	Bank of New York Mellon Corp.	383,552	400,076
	43,900	TELUS Corp.	953,561	999,603		800	Bill.Com Holdings Inc.	86,604	98,293
			<u>1,453,506</u>	<u>1,507,168</u>		5,000	Blackstone Group Inc.	309,672	385,857
	Utilities (3.4%)					5,300	Bristol-Myers Squibb Co.	400,432	424,456
	82,600	AltaGas Ltd.	1,573,180	1,292,690		600	Burlington Stores Inc.	160,103	160,932
	32,092	Innergex Renewable Energy Inc.	629,691	612,957		2,600	Capital One Financial Corp.	246,289	221,645
	11,100	Northland Power Inc.	319,795	377,178		1,800	Catalent Inc.	173,353	179,703
	37,900	Superior Plus Corp.	415,556	421,448					

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2020 (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 (\$)
Industrial (-1.7%)					Communication Services (-0.6%)				
	(11,900)	ATS Automation Tooling Systems Inc.	(214,087)	(227,528)	(5,900)	BCE Inc.	(334,309)	(334,058)	
	(9,950)	Brookfield Infrastructure Corp.	(640,952)	(615,507)	(6,300)	Quebecor Inc.	(185,871)	(183,771)	
	(8,700)	Finning International Inc.	(135,913)	(161,037)			(520,180)	(517,829)	
	(6,900)	GFL Environmental Inc.	(152,489)	(175,881)	Utilities (-1.0%)				
	(2,600)	Ritchie Bros Auctioneers Inc.	(148,782)	(143,702)	(6,700)	Algonquin Power & Utilities Corp.	(123,145)	(117,585)	
	(10,500)	Savaria Corp.	(130,406)	(130,830)	(3,693)	Boralex Inc.	(113,567)	(114,114)	
	(2,800)	Stantec Inc.	(106,774)	(117,348)	(2,700)	Canadian Utilities Ltd.	(89,758)	(91,260)	
			(1,529,403)	(1,571,833)	(2,900)	Fortis Inc.	(158,363)	(149,727)	
Consumer Discretionary (-1.0%)					(12,000)	Hydro One Ltd.	(314,994)	(306,360)	
	(3,300)	Canada Goose Holdings Inc.	(87,105)	(104,016)	(10,900)	TransAlta Renewables Inc.	(190,322)	(159,031)	
	(1,500)	Canadian Tire Corp. Ltd.	(184,224)	(176,460)			(990,149)	(938,077)	
	(7,500)	Dollarama Inc.	(325,513)	(338,700)	Real Estate (-1.3%)				
	(3,800)	Gildan Activewear Inc.	(120,584)	(79,914)	(6,600)	Allied Properties Real Estate Investment Trust	(266,893)	(270,336)	
	(3,100)	Linamar Corp.	(132,131)	(113,770)	(2,800)	Altus Group Ltd.	(117,508)	(114,212)	
	(5,500)	MTY Food Group Inc.	(116,925)	(133,870)	(25,800)	Choice Properties Real Estate Investment Trust	(328,495)	(328,692)	
			(966,482)	(946,730)	(20,000)	Cominar Real Estate Investment Trust	(150,170)	(163,600)	
Consumer Staples (-0.8%)					(17,600)	First Capital Real Estate Investment Trust	(321,757)	(244,288)	
	(6,800)	High Liner Foods Inc.	(41,100)	(39,440)			(1,184,823)	(1,121,128)	
	(5,500)	Metro Inc.	(302,579)	(308,000)	Index Equivalents (-0.1%)				
	(4,200)	North West Co Inc.	(129,760)	(124,656)	(14,000)	BMO Laddered Preferred Share Index ETF	(121,873)	(115,220)	
	(3,100)	Premium Brands Holdings Corp.	(259,274)	(268,460)	Total Canadian Equities - Short				
			(732,713)	(740,556)			(14,593,835)	(14,181,978)	
Health Care (-0.3%)					Global Equities (-19.5%)				
	(2,075)	Aurora Cannabis Inc.	(110,921)	(34,839)	United States Equities (-12.1%)				
	(4,200)	Bausch Health Cos Inc.	(117,071)	(104,328)	(1,050)	3M Co.	(223,889)	(223,083)	
	(2,600)	Canopy Growth Corp.	(77,046)	(57,174)	(2,700)	8x8 Inc.	(65,018)	(58,839)	
	(12,100)	Green Organic Dutchman Holdings Ltd.	(24,116)	(4,417)	(550)	Align Technology Inc.	(156,239)	(205,584)	
	(8,200)	Medical Facilities Corp.	(100,976)	(35,588)	(2,000)	Altair Engineering Inc.	(101,401)	(108,280)	
			(430,130)	(236,346)	(5,100)	American Airlines Group Inc.	(81,816)	(90,787)	
Financials (-4.7%)					(2,000)	American Express Co.	(244,794)	(259,326)	
	(6,100)	Alaris Royalty Corp.	(59,561)	(78,995)	(500)	American Water Works Co Inc.	(84,894)	(87,618)	
	(12,700)	Bank of Montreal	(886,516)	(917,702)	(600)	Aspen Technology Inc.	(79,671)	(84,671)	
	(6,800)	Bank of Nova Scotia	(396,303)	(382,024)	(5,200)	AT&T Inc.	(218,066)	(214,102)	
	(46,500)	ECN Capital Corp.	(192,904)	(179,490)	(3,900)	Avangrid Inc.	(244,105)	(222,991)	
	(800)	Fairfax Financial Holdings Ltd.	(336,758)	(335,544)	(2,200)	Blackbaud Inc.	(190,784)	(171,036)	
	(33,800)	Fiera Capital Corp.	(323,674)	(321,100)	(225)	BlackRock Inc.	(166,161)	(166,737)	
	(4,300)	goeasy Ltd.	(192,454)	(235,124)	(500)	Boeing Co.	(117,291)	(124,828)	
	(10,600)	Great-West Lifeco Inc.	(240,498)	(252,280)	(1,700)	Brown-Forman Corp.	(149,229)	(147,399)	
	(3,300)	Home Capital Group Inc.	(67,929)	(66,594)	(1,700)	Cardinal Health Inc.	(123,268)	(120,841)	
	(27,400)	Laurentian Bank of Canada	(1,011,398)	(783,640)	(1,000)	Cboe Global Markets Inc.	(134,851)	(127,048)	
	(37,900)	Manulife Financial Corp.	(779,933)	(700,013)	(3,100)	CH Robinson Worldwide Inc.	(300,870)	(333,809)	
			(4,487,928)	(4,252,506)	(2,300)	Charles Schwab Corp.	(122,836)	(105,695)	
Information Technology (-0.4%)					(1,300)	CIT Group Inc.	(37,220)	(36,705)	
	(2,100)	Descartes Systems Group Inc.	(151,095)	(150,507)	(500)	CME Group Inc.	(125,964)	(110,690)	
	(2,500)	Lightspeed POS Inc.	(82,848)	(81,075)					
	(10,300)	Sierra Wireless Inc.	(122,190)	(125,557)					
			(356,133)	(357,139)					

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2020 (unaudited)

CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
		TOTAL INVESTMENT PORTFOLIO (59.5%)	44,867,706	53,701,078
		Other Assets Net of Liabilities (40.5%)		36,543,170
		TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (100.0%)		90,244,248

*CCY denotes local currency of debt security

APPENDIX A

OPTIONS (0.3%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Air Canada	Call Option	234	\$22	October, 2020	53,352	43,875
Air Canada	Call Option	105	\$28	October, 2020	10,605	9,398
Air Canada	Call Option	130	\$42	July, 2020	23,530	4
Altagas Ltd.	Call Option	479	\$16	July, 2020	30,392	14,849
Arc Resources Ltd.	Call Option	189	\$5	July, 2020	7,702	1,701
Arc Resources Ltd.	Call Option	76	\$7	July, 2020	1,254	1
Athene Holding Ltd.	Call Option	109	\$30	August, 2020	36,593	60,125
Athene Holding Ltd.	Call Option	44	\$40	August, 2020	4,938	4,345
Barrick Gold Corp.	Call Option	319	\$36	July, 2020	22,649	48,010
Biogen Inc.	Call Option	34	\$310	October, 2020	38,303	43,761
Biogen Inc.	Call Option	15	\$360	October, 2020	3,380	4,392
Brookfield Asset Management BRP Inc	Call Option	202	\$48	July, 2020	7,222	5,353
BRP Inc	Call Option	58	\$68	July, 2020	15,196	2,059
Element Fleet Management	Call Option	1,156	\$11	October, 2020	34,640	66,470
Element Fleet Management	Call Option	142	\$13	October, 2020	1,633	2,343
First Quantum Minerals Ltd.	Call Option	170	\$10	July, 2020	9,520	17,680
First Quantum Minerals Ltd.	Call Option	733	\$11	October, 2020	45,623	102,987
Inter Pipeline Ltd.	Call Option	248	\$15	July, 2020	4,092	868
iShares MSCI Emerging Market	Call Option	221	\$39	July, 2020	20,772	43,645
iShares S&P-TSX 60 Index ETF	Call Option	1,111	\$25	August, 2020	48,606	41,663
iShares S&P-TSX 60 Index ETF	Call Option	444	\$26	August, 2020	7,326	5,772
JPMorgan Chase & Co.	Call Option	133	\$100	July, 2020	40,605	21,466
JPMorgan Chase & Co.	Call Option	53	\$110	July, 2020	4,603	1,696
Laurentian Bank	Call Option	148	\$34	July, 2020	8,288	233
Manulife Financial Corp.	Call Option	235	\$17	July, 2020	19,270	38,775
Morgan Stanley	Call Option	222	\$51	July, 2020	33,630	24,794
Morgan Stanley	Call Option	89	\$55	July, 2020	3,980	2,303
National Bank Of Canada	Call Option	160	\$66	July, 2020	10,240	2,160
Parkland Corp.	Call Option	190	\$40	July, 2020	22,040	1,995
Simply Good Foods Co.	Call Option	60	\$30	August, 2020	8,565	1,022
Southwest Airlines Co.	Call Option	151	\$38	September, 2020	33,477	59,642
Southwest Airlines Co.	Call Option	76	\$48	September, 2020	3,386	7,763
Truist Financial Corp.	Call Option	111	\$40	July, 2020	23,036	12,473
Truist Financial Corp.	Call Option	45	\$45	July, 2020	3,057	490
Vermilion Energy Inc.	Call Option	279	\$8	July, 2020	18,414	1,953
					<u>659,919</u>	<u>696,066</u>

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

APPENDIX A

OPTIONS (0.3%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
IMM Euro\$ Futures	Put Option	74	\$98	December, 2020	6,153	630
IMM Euro\$ Futures	Put Option	126	\$98	March, 2021	10,525	1,073
IMM Euro\$ Futures	Put Option	203	\$100	March, 2021	23,932	12,096
iPATH S&P 500 VIX Short-Term	Put Option	1,277	\$24	July, 2020	49,839	6,957
iShares 20+ Year Treasury	Put Option	85	\$149	July, 2020	6,258	753
iShares 20+ Year Treasury	Put Option	213	\$155	July, 2020	37,811	4,787
S&P 500 Index 3Wk	Put Option	17	\$2,670	September, 2020	181,673	114,844
S&P 500 Index 3Wk	Put Option	21	\$2,700	August, 2020	187,708	92,957
S&P 500 Index 3Wk	Put Option	43	\$2,810	September, 2020	631,917	429,279
S&P 500 Index 3Wk	Put Option	53	\$2,820	August, 2020	647,362	357,321
S&P 500 Index 3Wk	Put Option	17	\$2,890	July, 2020	85,783	43,877
S&P 500 Index 3Wk	Put Option	18	\$2,930	July, 2020	31,184	10,297
S&P 500 Index 3Wk	Put Option	43	\$2,980	July, 2020	309,179	194,146
S&P 500 Index 3Wk	Put Option	44	\$3,000	July, 2020	127,144	64,123
					2,336,468	1,333,140
Total Purchased Options					2,996,387	2,029,206
Air Canada	Written Call Option	(74)	\$22	July, 2020	(4,218)	(1,184)
Air Canada	Written Call Option	(354)	\$25	October, 2020	(52,746)	(44,604)
Altagas Ltd.	Written Call Option	(589)	\$20	July, 2020	(8,082)	(42)
Arc Resources Ltd.	Written Call Option	(282)	\$6	July, 2020	(5,217)	(127)
Aritzia Inc.	Written Call Option	(68)	\$21	July, 2020	(4,352)	(2,380)
Athene Holding Ltd.	Written Call Option	(163)	\$35	August, 2020	(27,761)	(54,391)
Barrick Gold Corp.	Written Call Option	(319)	\$38	July, 2020	(12,680)	(19,300)
Barrick Gold Corp.	Written Call Option	(22)	\$46	July, 2020	(1,166)	(88)
Biogen Inc.	Written Call Option	(51)	\$335	October, 2020	(26,927)	(31,605)
Brookfield Asset Management	Written Call Option	(85)	\$52	July, 2020	(128)	(680)
Brookfield Asset Management	Written Call Option	(80)	\$54	July, 2020	(760)	(10)
BRP Inc	Written Call Option	(42)	\$60	July, 2020	(3,318)	(6,930)
BRP Inc	Written Call Option	(81)	\$74	July, 2020	(9,558)	(1,458)
Element Fleet Management	Written Call Option	(913)	\$12	October, 2020	(14,004)	(28,760)
Element Fleet Management	Written Call Option	(211)	\$12	July, 2020	(1,794)	(289)
Element Fleet Management	Written Call Option	(271)	\$13	July, 2020	(2,575)	(60)
Element Fleet Management	Written Call Option	(271)	\$14	October, 2020	(3,930)	(2,439)
First Quantum Minerals Ltd.	Written Call Option	(140)	\$12	July, 2020	(3,503)	(1,680)
First Quantum Minerals Ltd.	Written Call Option	(189)	\$12	October, 2020	(11,718)	(18,806)
First Quantum Minerals Ltd.	Written Call Option	(476)	\$13	October, 2020	(11,335)	(32,844)
Intact Financial Corp.	Written Call Option	(34)	\$160	July, 2020	(2,516)	-
Inter Pipeline Ltd.	Written Call Option	(124)	\$16	July, 2020	(682)	(56)
Intertape Polymer Group	Written Call Option	(150)	\$16	July, 2020	(2,175)	(7)
iPATH S&P 500 VIX Short-Term	Written Call Option	(173)	\$48	July, 2020	(97,555)	(16,612)
iShares MSCI Emerging Market	Written Call Option	(121)	\$40	July, 2020	(6,397)	(13,679)
iShares MSCI Emerging Market	Written Call Option	(97)	\$41	July, 2020	(2,883)	(4,690)
iShares S&P-TSX 60 Index ETF	Written Call Option	(1,666)	\$25	August, 2020	(43,733)	(36,652)
JPMorgan Chase & Co.	Written Call Option	(200)	\$105	July, 2020	(30,665)	(13,620)
Laurentian Bank	Written Call Option	(247)	\$36	July, 2020	(4,817)	(128)
Manulife Financial Corp.	Written Call Option	(278)	\$20	July, 2020	(8,688)	(2,224)
Morgan Stanley	Written Call Option	(334)	\$53	July, 2020	(26,449)	(18,879)
National Bank Of Canada	Written Call Option	(157)	\$68	July, 2020	(4,906)	(1,099)
National Bank Of Canada	Written Call Option	(63)	\$70	July, 2020	(5,292)	(127)
Norbord Inc.	Written Call Option	(68)	\$27	July, 2020	(3,332)	(29,070)
Parkland Corp.	Written Call Option	(284)	\$42	July, 2020	(16,756)	(2,982)
Silvercorp Metals Inc.	Written Call Option	(50)	\$8	July, 2020	(725)	(525)
Simply Good Foods Co.	Written Call Option	(60)	\$35	August, 2020	(3,084)	(2,043)
Southwest Airlines Co.	Written Call Option	(227)	\$43	September, 2020	(21,978)	(44,830)
Sun Life Financial Inc.	Written Call Option	(101)	\$52	July, 2020	(2,853)	(3,232)
Trust Financial Corp.	Written Call Option	(167)	\$43	July, 2020	(18,013)	(7,392)
Vermilion Energy Inc.	Written Call Option	(307)	\$10	July, 2020	(9,594)	(952)
					(518,865)	(446,476)

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

APPENDIX A

OPTIONS (0.3%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Air Canada	Written Put Option	(58)	\$12	July, 2020	(4,582)	(493)
Air Canada	Written Put Option	(14)	\$34	July, 2020	(4,200)	(23,905)
Altagas Ltd.	Written Put Option	(73)	\$14	July, 2020	(6,132)	(657)
Arc Resources Ltd.	Written Put Option	(75)	\$3	July, 2020	(3,094)	(42)
Aritzia Inc.	Written Put Option	(8)	\$17	July, 2020	(472)	(180)
Athene Holding Ltd.	Written Put Option	(27)	\$18	August, 2020	(6,311)	(1,472)
Barrick Gold Corp.	Written Put Option	(80)	\$25	July, 2020	(2,020)	(97)
Barrick Gold Corp.	Written Put Option	(8)	\$28	July, 2020	(314)	(32)
Biogen Inc.	Written Put Option	(9)	\$230	July, 2020	(3,323)	(1,900)
Brookfield Asset Management	Written Put Option	(43)	\$36	July, 2020	(1,043)	(645)
BRP Inc	Written Put Option	(25)	\$38	July, 2020	(2,475)	(700)
Element Fleet Management	Written Put Option	(36)	\$7	July, 2020	(702)	(3)
Element Fleet Management	Written Put Option	(71)	\$8	August, 2020	(1,172)	(852)
First Quantum Minerals Ltd.	Written Put Option	(100)	\$7	August, 2020	(2,525)	(1,200)
Genworth Mi Canada Inc.	Written Put Option	(23)	\$22	July, 2020	(1,932)	(414)
IMM Euro\$ Futures	Written Put Option	(74)	\$98	December, 2020	(1,172)	(630)
IMM Euro\$ Futures	Written Put Option	(126)	\$98	March, 2021	(2,005)	(1,073)
IMM Euro\$ Futures	Written Put Option	(203)	\$99	March, 2021	(6,995)	(1,728)
Intact Financial Corp.	Written Put Option	(13)	\$110	July, 2020	(1,937)	(267)
Inter Pipeline Ltd.	Written Put Option	(66)	\$11	July, 2020	(1,287)	(429)
Intertape Polymer Group	Written Put Option	(60)	\$10	July, 2020	(1,020)	(240)
iPATH S&P 500 VIX Short-Term	Written Put Option	(1,405)	\$21	July, 2020	(31,269)	(2,870)
iPATH S&P 500 VIX Short-Term	Written Put Option	(638)	\$23	July, 2020	(15,209)	(1,303)
iShares 20+ Year Treasury	Written Put Option	(319)	\$152	July, 2020	(34,678)	(3,259)
iShares MSCI Emerging Market	Written Put Option	(109)	\$34	July, 2020	(9,793)	(817)
iShares S&P-TSX 60 Index ETF	Written Put Option	(333)	\$22	July, 2020	(7,493)	(5,661)
JPMorgan Chase & Co.	Written Put Option	(27)	\$75	August, 2020	(5,129)	(3,861)
Laurentian Bank	Written Put Option	(49)	\$26	July, 2020	(2,401)	(980)
Morgan Stanley	Written Put Option	(56)	\$42	July, 2020	(2,466)	(763)
National Bank Of Canada	Written Put Option	(43)	\$50	July, 2020	(3,182)	(624)
National Bank Of Canada	Written Put Option	(38)	\$54	July, 2020	(2,470)	(1,026)
Norbord Inc.	Written Put Option	(27)	\$15	July, 2020	(527)	(3)
S&P 500 Index 3Wk	Written Put Option	(64)	\$2,740	September, 2020	(802,930)	(528,248)
S&P 500 Index 3Wk	Written Put Option	(80)	\$2,760	August, 2020	(836,186)	(438,024)
S&P 500 Index 3Wk	Written Put Option	(64)	\$2,935	July, 2020	(384,931)	(219,663)
S&P 500 Index 3Wk	Written Put Option	(67)	\$2,965	July, 2020	(149,365)	(61,140)
Silvercorp Metals Inc.	Written Put Option	(199)	\$4	July, 2020	(4,826)	(8)
Sun Life Financial Inc.	Written Put Option	(35)	\$40	July, 2020	(2,765)	(490)
Truist Financial Corp.	Written Put Option	(22)	\$30	August, 2020	(2,313)	(2,622)
					<u>(2,352,646)</u>	<u>(1,308,321)</u>
Total Written Options					<u>(2,871,511)</u>	<u>(1,754,797)</u>

APPENDIX B

FUTURES CONTRACTS (-0.6%)

Issuer	Number of Contracts	Fair Value (C\$)	Contracted Value (C\$)	Unrealized Gain/Loss
E-mini S&P 500 Futures, September 2020	(110)	(23,149,063)	(22,942,414)	(206,649)
S&P TSX 60 Futures, September 2020	(156)	(28,969,200)	(28,633,168)	(336,032)
				<u>(542,681)</u>
Total Futures Contracts				<u>(542,681)</u>

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

FUND SPECIFIC NOTES

As at June 30, 2020 (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, 2020 and December 31, 2019.

ASSETS (LIABILITIES) AT FAIR VALUE AS AT JUNE 30, 2020				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	85,562,572	38,695	-	85,601,267
Options - Long	2,029,206	-	-	2,029,206
Equities - Short	(31,631,917)	-	-	(31,631,917)
Options - Short	(1,754,797)	-	-	(1,754,797)
Futures - Short	(542,681)	-	-	(542,681)
Total	53,662,383	38,695	-	53,701,078

ASSETS (LIABILITIES) AT FAIR VALUE AS AT DECEMBER 31, 2019				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	63,680,565	-	-	63,680,565
Options - Long	482,913	-	-	482,913
Equities - Short	(21,028,515)	(666)	-	(21,029,181)
Bonds - Short	-	(653,778)	-	(653,778)
Options - Short	(308,697)	-	-	(308,697)
Futures - Short	(377,825)	-	-	(377,825)
Total	42,448,441	(654,444)	-	41,793,997

2. OTHER PRICE RISK

Using Beta as a measure of the relationship of the Fund's performance versus its index, if the S&P/TSX Composite Total Return Index were to increase or decrease by 10%, net assets would have increased or decreased by approximately \$1,091,940 (December 31, 2019- \$384,449). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

3. CURRENCY RISK

Foreign currencies to which the Fund had exposure as at June 30, 2020 and December 31, 2019 were as follows:

FINANCIAL INSTRUMENTS				
June 30, 2020 Currency	Monetary \$	Non-Monetary \$	Total \$	Percentage of Net Assets %
United States Dollar	(7,553,795)	9,519,375	1,965,580	2.2%
European Euro	47,433	-	47,433	0.1%
Australian Dollar	164,588	82,632	247,220	0.3%
Net Exposure	(7,341,774)	9,602,007	2,260,233	2.6%

FINANCIAL INSTRUMENTS				
December 31, 2019 Currency	Monetary \$	Non-Monetary \$	Total \$	Percentage of Net Assets %
United States Dollar	5,827,351	6,325,390	12,152,741	16.4%
European Euro	65,892	(86,236)	(20,344)	0.0%
Australian Dollar	129,007	(123,635)	5,372	0.0%
Net Exposure	6,022,250	6,115,519	12,137,769	16.4%

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 \$113,012 (December 31, 2019 - \$606,888). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

4. INTEREST RATE RISK

If the yield curve had shifted in parallel by 1%, with all other variables held constant, net assets will increase or decrease by \$nil (December 31, 2019 - \$10,412). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As of June 30, 2020, the Fund did not have significant exposure to interest rate risk. As of December 31, 2019, the Fund's exposure to debt instruments by maturity were as follows:

Debt Instruments by Maturity Date	December 31, 2019 (\$)		
	Long Positions	Short Positions	Total
3-5 years	–	(653,778)	(653,778)
Total	–	(653,778)	(653,778)

5. CREDIT RISK

As of June 30, 2020, the credit risk is minimal given that the Fund had no significant direct investments in debt instruments.

The following table below shows debt as a percentage of net assets attributable to holders of redeemable units held under each credit rating. All counterparties to derivative contracts had a credit rating of A or higher as at June 30, 2020 and December 31, 2019.

Bond Ratings	December 31, 2019		
	Net	Long	Short
BB	-0.88%	0.00%	-0.88%

6. CONCENTRATION RISK

The table below summarizes the Fund's concentration risk as a percentage of net assets attributable to holders of redeemable units as at June 30, 2020 and December 31, 2019.

Jurisdiction	% of Net Assets	
	June 30, 2020	December 31, 2019
Equities		
Canada	46.5%	49.5%
United States	12.1%	8.5%
International	6.9%	2.9%
International Index Equivalents	-5.7%	-3.3%
Debt		
Canada	0.0%	-0.9%
Derivatives	-0.3%	-0.2%

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

7. LIQUIDITY RISK

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

June 30, 2020 Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Short positions	31,631,917	-	-	31,631,917
Redemptions payable	19,768	-	-	19,768
Accrued liabilities and other payables	-	945,138	-	945,138
Derivative liabilities	2,297,478	-	-	2,297,478

December 31, 2019 Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Short positions	21,682,959	-	-	21,682,959
Redemptions payable	146,145	-	-	146,145
Accrued liabilities and other payables	-	1,111,106	-	1,111,106
Derivative liabilities	686,522	-	-	686,522

8. FUND UNIT TRANSACTIONS

For the six month periods ended June 30 (unaudited)

	2020				2019		
	Class A	Class F	Class I	Class ETF	Class A	Class F	Class I
Units issued and outstanding, beginning of period	896,958	4,026,383	1,244,859	930,000	156,368	597,628	450,065
Units issued	114,337	1,972,511	-	660,000	264,276	1,382,590	319,073
Units reinvested	-	-	-	-	151	575	432
Units redeemed	(130,869)	(789,114)	(190,986)	(470,000)	(15,392)	(59,952)	(220,852)
Units issued and outstanding, end of period	880,426	5,209,780	1,053,873	1,120,000	405,403	1,920,841	548,718
Weighted average number of units held during the period	871,987	4,585,226	1,186,250	723,956	260,147	1,160,545	450,810

9. COMMISSIONS

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

	2020	2019
Brokerage commissions	554	60
Soft Dollar commissions	88	13

10. TAX LOSS CARRY FORWARDS

As at December 31 (in \$000)

	2019
Net capital losses carry forward	860
Non-capital losses carry forward	-

11. STRUCTURED ENTITIES

The table below illustrates the Fund's investment in the underlying funds as at June 30, 2020 and December 31, 2019.

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, 2020			
iPath Series B S&P 500 VIX Short-Term Futures ETF	264	20,804,230	0.0%
iShares Russell 2000 Value ETF	465	10,125,128	0.0%
As at December 31, 2019			
iShares Russell 2000 Value ETF	684	12,824,046	0.0%
ProShares VIX Short-Term Futures ETF	221	367,011	0.1%

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

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As at June 30, 2020 (unaudited)

1. GENERAL INFORMATION

Picton Mahoney Fortified Market Neutral Alternative Fund (the "Fund") is an open-ended mutual fund trust established under the laws of the Province of Ontario pursuant to a trust agreement dated September 19, 2018 (the "Trust Declaration"). The Fund commenced operations on September 21, 2018. Picton Mahoney Asset Management acts as manager (the "Manager"), portfolio advisor (the "Portfolio Advisor"), and trustee (the "Trustee") for the Fund pursuant to the Trust Declaration. The Manager is responsible for the day-to-day business of the Fund, including the management of the Fund's investment portfolio. The address of the Fund's registered office is 33 Yonge Street, Suite 830, Toronto, Ontario, M5E 1G4. The financial statements are presented in Canadian dollars (CAD). These financial statements were authorized for issue by the Manager on August 28, 2020.

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, 2020, the Fund currently has 4 Classes of Units: Class A, Class F, Class I and Class ETF. As at June 30, 2020, the Manager holds 1 unit of Class A.

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 with less volatility than traditional equity markets and low correlation to major equity markets. The Fund invests in long and short positions in equity, derivatives such as such as options, futures, forward contracts and swaps, securities of investment funds, fixed income securities including high yield securities, 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; among other things. Each Fund has obtained exemptive relief from the Canadian securities regulatory authorities to permit the Funds to engage in short sales and cash borrowing transactions in excess of the foregoing exposure limitations under NI 81-102 and use strategies generally prohibited for alternative mutual funds under NI 81-102, provided that (a) the aggregate market value of all securities sold short by the Fund does not exceed 100% of the Fund's net asset value, (b) the aggregate value of all cash borrowing by the Fund does not exceed 100% of the Fund's net asset value, (c) the aggregate market value of securities sold short by the Fund combined with the aggregate value of cash borrowing by the Fund does not exceed 100% of the Fund's net asset value, and (d) the Fund's aggregate exposure to short selling, cash borrowing and specified derivatives does not exceed 300% of the Fund's net asset value. In addition, the relief permits the Fund to deposit portfolio assets with a borrowing agent as security in

connection with a short sale of securities in excess of 25% of the net asset value of the Fund at the time of deposit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

These financial statements have been prepared in accordance with those requirements of International Financial Reporting Standards. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

(b) Classification

(i) Assets

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

(ii) Liabilities

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

(c) Fair Value Measurements

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

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

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

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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.

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

(g) Valuation of Fund Units

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

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

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

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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.

(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 securi-

ties 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) Structured Entities

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

The Fund may invest in underlying funds whose investment objectives range from achieving short- to long-term income and capital growth potential. Underlying funds may use leverage in a manner consistent with their respective investment objectives. Underlying funds finance their operations by issuing redeemable units which are puttable at the holder's option and entitle the holder to a proportionate stake in the respective fund's net assets. The Fund's interests in underlying funds as at June 30, 2020 and December 31, 2019, 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.

(m) 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.

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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, 2020 and December 31, 2019, the Fund held or had exposure to long and short equity positions in publicly traded companies whose securities are actively traded on a recognized public exchange. Equities are susceptible to price risk arising from uncertainties about future prices of those instruments (other than those arising from interest rate risk or currency risk).

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

Currency risk:

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

be affected by fluctuations in the value of such foreign currencies relative to the Canadian dollar.

Interest rate risk:

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

Credit risk:

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

The Fund is exposed to credit risk. For other financial assets at amortized cost, the Manager considers both historical analysis and forward looking information in determining any expected credit loss. At December 31, 2019, all receivables for investments sold, dividends receivable, due from manager, due from manager, deposits with brokers for securities sold short, and cash are held with counterparties with a good credit quality and are due to be settled within one week. The Manager considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

Liquidity Risk:

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

Concentration risk:

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

Leverage Risk:

The Fund has received exemptive relief from Canadian securities regula-

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

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

5. CAPITAL MANAGEMENT

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

6. REDEEMABLE UNIT TRANSACTIONS

The Fund is permitted to have an unlimited number of Classes of Units having such terms and conditions as the Manager may determine. Additional Classes may be offered in future on different terms, including having different fee and dealer compensation terms and different minimum subscription levels. Each Unit of a Class represents an undivided ownership interest in the Net Asset Value of the Fund attributable to that Class of Units.

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

IAS 32, Financial Instrument - Recognition and Measurement, requires that units of an entity that include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units have been classified as financial liabilities.

The Fund has multiple series of units that carry different management fee rates and therefore do not have identical features. As all units are equally subordinate, the units also would not meet the requirements of IAS 32 and therefore do not meet the conditions to be classified as equity.

7. DISTRIBUTIONS

The Fund intends to distribute net income and net realized capital gains, if any, to Unitholders at the end of each taxation year (normally December 15) 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.

Subject to applicable securities legislation, all distributions paid on Class A, Class F and Class I units will be automatically reinvested in additional units unless the holder instructs the Fund to pay such distributions in cash, and all distributions paid on ETF units will be made in cash.

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 10 in the Fund Specific Notes.

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

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

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As at June 30, 2020 (unaudited)

9. OPERATING EXPENSES

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

With the exception of Class specific expenses, all other expenses are allocated to each Class of the Fund based on the Class' pro-rated share of total Net Asset Value of the Fund. The Manager may from time to time waive any portion of the fees and reimbursement of expenses otherwise payable to it, but no such waiver affects its right to received fees and reimbursement of expenses subsequently accruing to it.

10. RELATED PARTY TRANSACTIONS

(a) Management Fees

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

Management Fee Distributions

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

(b) Performance Fees

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

The performance fee 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 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.

(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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