

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 27, 2021

NOTICE TO UNITHOLDERS

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

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

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

STATEMENTS OF FINANCIAL POSITION

As at June 30, 2021 (unaudited) and December 31, 2020

	June 30, 2021 \$	December 31, 2020 \$
Assets		
Current assets		
Long positions at fair value*	349,068,146	172,548,771
Cash	73,605,564	23,311,984
Options purchased	3,678,356	1,510,019
Unrealized gain on futures contracts	72,032	420,264
Deposits with brokers for securities sold short	96,965,505	67,433,267
Due from Manager	-	44,995
Subscriptions receivable	1,299,993	768,097
Receivable for investments sold	2,856,893	6,061,181
Dividends receivable	383,304	204,899
Interest and other receivable	-	6,474
	<u>527,929,793</u>	<u>272,309,951</u>
Liabilities		
Current liabilities		
Short positions at fair value**	179,637,516	88,440,574
Options written	2,626,580	893,254
Unrealized loss on futures contracts	854,668	412,661
Management fee payable	837,850	113,822
Performance fee payable	-	2,514,036
Redemptions payable	86,075	176,966
Accrued liabilities	95,316	50,173
Payable for investments purchased	3,007,668	2,089,414
Interest payable	4,785	4,785
Dividends payable	221,076	117,642
	<u>187,371,534</u>	<u>94,813,327</u>
Net Assets Attributable to Holders of Redeemable Units	<u>340,558,259</u>	<u>177,496,624</u>
Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	33,158,087	19,711,051
Class F	255,588,014	130,515,722
Class I	11,730,726	12,070,941
Class ETF	40,081,432	15,198,910
Number of Redeemable Units Outstanding		
Class A	2,664,971	1,644,511
Class F	20,015,319	10,662,633
Class I	853,208	929,667
Class ETF	3,260,000	1,290,000
Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	12.44	11.99
Class F	12.77	12.24
Class I	13.75	12.98
Class ETF***	12.29	11.78
* Long positions, at cost	<u>294,353,421</u>	<u>140,420,081</u>
** Short positions, at cost	<u>(175,577,726)</u>	<u>(86,787,801)</u>
*** Closing Market Price (TSX)	<u>12.37</u>	<u>11.81</u>

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

Approved on behalf of the Manager

David Picton

Arthur Galloway




President

CFO

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the six month periods ended June 30 (unaudited)

	2021 \$	2020 \$
Income		
Net gains (losses) on investments and derivatives		
Interest for distribution purposes	42,742	90,091
Dividends	2,095,528	756,329
Net realized gain (loss) on investments and options	9,412,354	(1,137,671)
Net realized gain (loss) on futures contracts	(13,240,052)	1,556,120
Change in unrealized appreciation (depreciation) on investments, options and futures contracts	19,861,996	3,797,322
Interest and borrowing expense	(443,726)	(135,436)
Dividend expense	(1,547,012)	(395,813)
Net gains (losses) on investments and derivatives	<u>16,181,830</u>	<u>4,530,942</u>
Other income		
Foreign currency gain (loss) on cash and other assets and liabilities	(624,059)	782,166
Total Income	<u>15,557,771</u>	<u>5,313,108</u>
Expenses		
Performance fees	1,748,911	380,662
Management fees	1,302,560	351,867
Transaction costs	1,245,457	554,124
Harmonized sales tax	332,056	80,752
Securityholder reporting fees	90,810	24,680
Administrative fees	85,100	43,220
Withholding taxes	61,051	20,110
Legal fees	25,430	11,100
Audit fees	16,190	7,312
Independent Review Committee fees	3,799	3,458
Custody fees	-	576
Total Expense before Manager Absorption	<u>4,911,364</u>	<u>1,477,861</u>
Less: Expenses Absorbed by Manager	-	(27,665)
Total Expense after Manager Absorption	<u>4,911,364</u>	<u>1,450,196</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	<u>10,646,407</u>	<u>3,862,912</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	963,324	393,072
Class F	8,081,740	2,259,649
Class I	659,785	746,602
Class ETF	941,558	463,589
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	0.46	0.45
Class F	0.51	0.49
Class I	0.77	0.63
Class ETF	0.46	0.64

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)

	2021 \$	2020 \$
Net Assets Attributable to Holders of Redeemable Units at Beginning of Period		
Class A	19,711,051	9,251,353
Class F	130,515,722	42,100,683
Class I	12,070,941	13,189,689
Class ETF	15,198,910	9,380,790
	<u>177,496,624</u>	<u>73,922,515</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
Class A	963,324	393,072
Class F	8,081,740	2,259,649
Class I	659,785	746,602
Class ETF	941,558	463,589
	<u>10,646,407</u>	<u>3,862,912</u>
Redeemable Unit Transactions		
Proceeds from redeemable units issued		
Class A	14,471,150	1,199,698
Class F	139,624,761	20,924,915
Class I	-	-
Class ETF	25,389,772	6,775,651
	<u>179,485,683</u>	<u>28,900,264</u>
Redemption of redeemable units		
Class A	(1,987,438)	(1,358,928)
Class F	(22,634,209)	(8,189,622)
Class I	(1,000,000)	(2,100,000)
Class ETF	(1,448,808)	(4,792,893)
	<u>(27,070,455)</u>	<u>(16,441,443)</u>
Net Increase (Decrease) from Redeemable Unit Transactions	<u>152,415,228</u>	<u>12,458,821</u>
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	<u>163,061,635</u>	<u>16,321,733</u>
Net Assets Attributable to Holders of Redeemable Units at End of Period		
Class A	33,158,087	9,485,195
Class F	255,588,014	57,095,625
Class I	11,730,726	11,836,291
Class ETF	40,081,432	11,827,137
	<u>340,558,259</u>	<u>90,244,248</u>
Net Assets Attributable to Holders of Redeemable Units at End of Period	<u>340,558,259</u>	<u>90,244,248</u>

STATEMENTS OF CASH FLOWS

For the six month periods ended June 30 (unaudited)

	2021 \$	2020 \$
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable units	10,646,407	3,862,912
Adjustments for:		
Unrealized foreign exchange (gain) loss on cash	369,718	(482,092)
Net realized (gain) loss on investments and options	(9,412,354)	1,137,671
Change in unrealized (appreciation) depreciation on investments, options and futures contracts	(19,861,996)	(3,797,322)
(Increase) decrease in due from manager	44,995	(27,664)
(Increase) decrease in interest and other receivables	6,474	-
(Increase) decrease in dividends receivable	(178,405)	(37,713)
(Increase) decrease in deposits with brokers for securities sold short	(29,532,238)	4,793,669
Increase (decrease) in interest payable	-	(10,937)
Increase (decrease) in dividends payable	103,434	2,239
Increase (decrease) in other payables and accrued liabilities	769,171	127,384
Increase (decrease) in performance fee payable	(2,514,036)	288,829
Purchase of long positions and repurchases of investments sold short	(472,343,673)	(189,011,383)
Proceeds from sales of long positions and on investments sold short	420,773,360	178,791,114
Net Cash Generated (Used) by Operating Activities	<u>(101,129,143)</u>	<u>(4,363,293)</u>
Cash Flows from Financing Activities		
Proceeds from redeemable units issued	177,487,388	28,599,182
Amount paid on redemption of redeemable units	(25,694,947)	(16,393,197)
Net Cash Generated (Used) by Financing Activities	<u>151,792,441</u>	<u>12,205,985</u>
Unrealized foreign exchange gain (loss) on cash	(369,718)	482,092
Net increase (decrease) in cash	50,663,298	7,842,692
Cash, beginning of period	23,311,984	18,862,516
Cash, End of Period	<u>73,605,564</u>	<u>27,187,300</u>
Cash	73,605,564	27,187,300
Cash overdraft	-	-
Net Cash (Overdraft)	<u>73,605,564</u>	<u>27,187,300</u>
Items classified as operating activities:		
Interest received, net of withholding tax	49,216	90,091
Dividends received, net of withholding tax	1,856,072	698,506
Interest and borrowing expense paid	(443,726)	(146,373)
Dividends paid	(1,443,578)	(393,574)

Net of non-cash transfers and switches of \$1,466,399 (2020 - \$174,623)

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2021 (unaudited)

CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
LONG POSITIONS (103.6%)									
Canadian Equities (71.2%)									
Energy (9.0%)									
	139,600	Advantage Energy Ltd.	415,884	706,376	20,050	Osisko Mining Inc., Warrants, 2021-12-23	-	-	
	73,400	ARC Resources Ltd.	715,600	774,370	95,300	Pan American Silver Corp., Rights, 2029-02-22	85,973	100,308	
	86,700	Enbridge Inc.	3,679,128	4,302,921	74,800	Prime Mining Corp., PP	220,660	317,603	
	66,400	Enerflex Ltd.	563,823	557,096	37,400	Prime Mining Corp., Warrants, 2024-04-27	-	-	
	222,400	Enerplus Corp.	1,194,725	1,981,584	38,900	SilverCrest Metals Inc.	367,629	422,454	
	153,300	Freehold Royalties Ltd.	946,142	1,497,741	70,600	Solaris Resources Inc.	491,652	850,730	
	71,800	Keyera Corp.	1,870,991	2,391,658	43,100	SSR Mining Inc.	983,398	834,416	
	231,300	MEG Energy Corp.	1,927,417	2,074,761	640,650	Trevali Mining Corp., Warrants, 2022-12-31	11,520	48,049	
	51,100	NexGen Energy Ltd.	229,950	260,610	24,000	Trilogy Metals Inc.	74,670	74,400	
	99,000	North American Construction Group Ltd.	1,400,696	1,869,120	17,500	West Fraser Timber Co., Ltd.	1,558,496	1,557,325	
	59,400	Parkland Corp.	2,211,156	2,379,564	69,200	Wheaton Precious Metals Corp.	3,657,063	3,781,088	
	29,600	Pembina Pipeline Corp.	1,112,358	1,165,944			<u>30,878,117</u>	<u>36,547,010</u>	
	121,600	ReGen III Corp.	152,000	149,568					
	170,500	Suncor Energy Inc.	4,310,038	5,062,145					
	400,600	Tidewater Midstream and Infrastructure Ltd.	508,256	556,834					
	139,200	Tourmaline Oil Corp.	<u>2,896,628</u>	<u>4,931,856</u>					
			<u>24,134,792</u>	<u>30,662,148</u>					
Materials (10.7%)					Industrial (7.1%)				
	27,400	Agnico Eagle Mines Ltd.	2,376,950	2,053,904	32,500	AG Growth International Inc.	1,352,195	1,251,900	
	16,000	Airboss of America Corp.	657,443	568,000	5,400	Boyd Group Services Inc.	1,026,099	1,218,132	
	278,000	Aris Gold Corp., Warrants, 2025-07-25	-	139,000	45,600	CAE Inc.	1,373,442	1,741,008	
	148,700	Artemis Gold Inc.	615,239	872,869	9,500	Canadian National Railway Co.	1,235,145	1,242,505	
	35,900	Barrick Gold Corp.	991,136	920,476	23,800	Canadian Pacific Railway Ltd.	1,885,577	2,268,616	
	85,600	Cascades Inc.	1,299,858	1,306,256	4,400	Cargojet Inc.	673,734	809,732	
	43,600	CCL Industries Inc.	2,437,704	2,976,572	62,200	Chorus Aviation Inc., Warrants, 2022-04-06	-	23,325	
	147,300	Critical Elements Lithium Corp.	162,030	192,963	138,319	Drone Delivery Canada Corp.	128,911	153,534	
	73,650	Critical Elements Lithium Corp., Warrants, 2023-11-02	-	-	65,900	Drone Delivery Canada Corp., Warrants, 2022-08-05	-	26,360	
	152,250	Discovery Metals Corp., Warrants, 2022-08-07	-	56,333	11,600	Hardwoods Distribution Inc.	427,803	428,272	
	272,400	Discovery Silver Corp.	339,476	577,488	82,400	Heroux-Devtek Inc.	1,236,672	1,470,840	
	69,700	ERO Copper Corp.	1,379,230	1,812,897	90,800	Mullen Group Ltd.	975,314	1,213,088	
	256,000	First Quantum Minerals Ltd.	4,459,468	7,313,920	28,000	Savaria Corp.	396,569	561,120	
	6,800	Franco-Nevada Corp.	1,195,304	1,223,252	23,394	Thomson Reuters Corp.	2,471,196	2,880,503	
	89,000	Freegold Ventures Ltd., Warrants, 2022-07-29	-	-	20,250	Toromont Industries Ltd.	1,857,904	2,187,000	
	272,300	Gold Standard Ventures Corp.	239,624	193,333	31,500	Waste Connections Inc.	4,248,450	4,665,150	
	46,600	Green Impact Partners Inc.	466,000	443,166	15,000	WSP Global Inc.	1,936,673	2,170,500	
	323,800	Hudbay Minerals Inc.	2,708,970	2,671,350			<u>21,225,684</u>	<u>24,311,585</u>	
	63,900	Intertape Polymer Group Inc.	1,353,687	1,836,486					
	97,500	K92 Mining Inc.	512,691	873,600					
	134,100	Karora Resources Inc.	495,099	535,059					
	121,000	Major Drilling Group International Inc.	813,392	1,036,970					
	37,150	Marathon Gold Corp.	70,585	119,623					
	610,500	Moneta Porcupine Mines Inc.	195,360	222,833					
	126,100	OceanaGold Corp.	313,132	296,335					
	62,100	Orla Mining Ltd.	344,678	317,952					
					Consumer Discretionary (4.6%)				
					37,800	AutoCanada Inc.	737,628	1,887,732	
					30,500	BRP Inc.	2,430,088	2,958,500	
					44,900	Lion Electric Co.	550,319	1,087,029	
					129,863	Lion Electric Co., Warrants, 2027-04-30	172,133	1,046,867	
					22,000	Magna International Inc.	1,700,373	2,524,940	
					66,100	Park Lawn Corp.	1,916,849	2,203,774	
					36,800	Pet Valu Holdings Ltd.	736,000	984,032	
					42,100	Spin Master Corp.	1,662,730	2,030,062	
					51,200	Uni-Select Inc.	749,616	840,192	
							<u>10,655,736</u>	<u>15,563,128</u>	
					Consumer Staples (1.0%)				
					316,300	Flow Water Inc.	521,895	521,895	
					34,400	Saputo Inc.	1,293,642	1,271,768	

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2021 (unaudited)

CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	80,050	Sol Cuisine Inc., Warrants, 2023-05-18	-	-					
	206,900	Sol Cuisine Ltd.	384,675	275,177					
	18,250	TPCO Holding Corp., Warrants, 2026-01-15	4,761	28,249					
	169,500	Waterloo Brewing Ltd.	796,693	1,164,465					
			<u>3,001,666</u>	<u>3,261,554</u>					
		Health Care (1.5%)							
	17,000	Ayr Wellness Inc.	594,463	600,610					
	27,500	Burcon NutraScience Corp., Warrants, 2022-02-19	13,197	40,150					
	16,900	Carebook Technologies Inc., Warrants, 2022-10-01	-	-					
	10,800	Charlottes Web Holdings Inc., Warrants, 2022-06-18	-	6,912					
	77,700	dentalcorp Holdings Ltd.	1,087,800	1,278,942					
	11,200	Green Organic Dutchman Holdings Ltd., Warrants, 2022-12-19	-	448					
	88,700	HEXO Corp., Warrants	-	74,508					
	14,500	HEXO Corp., Warrants, 2025-05-21	-	10,875					
	287,700	kneat.com inc	808,881	877,485					
	30,500	Mind Medicine MindMed Inc., Warrants, 2024-01-07	-	53,985					
	34,700	Neighbourly Pharmacy Inc.	589,900	971,600					
	200,000	Oncolytics Biotech Inc., Warrants, 2022-06-01	18,000	23,000					
	68,200	Spectral Medical Inc.	40,920	36,828					
	34,100	Spectral Medical Inc., Warrants, 2022-06-18	-	-					
	17,700	Trulieve Cannabis Corp.	759,779	822,519					
	7,316	Zymeworks Inc.	251,508	314,270					
			<u>4,164,448</u>	<u>5,112,132</u>					
		Financials (21.5%)							
	80,800	Bank of Nova Scotia	5,695,632	6,514,096					
	38,400	Brookfield Asset Management Inc.	1,799,872	2,428,416					
	94	Brookfield Asset Management Reinsurance Partners Ltd.	4,776	6,157					
	48,700	Canadian Imperial Bank of Commerce	5,873,310	6,872,057					
	111,300	Canadian Western Bank	3,768,175	3,873,240					
	95,600	CI Financial Corp.	1,977,437	2,174,900					
	129,400	Dominion Lending Centres Inc.	533,662	515,012					
	99,242	DRI Healthcare Trust	1,232,777	926,920					
	614,216	Element Fleet Management Corp.	7,303,355	8,881,563					
	72,900	Home Capital Group Inc.	2,581,212	2,711,880					
	111,100	iA Financial Corp. Inc.	6,465,560	7,498,139					
	51,300	Intact Financial Corp.	6,806,843	8,639,433					
	59,200	National Bank of Canada	5,041,587	5,491,984					
	58,500	Royal Bank of Canada	6,320,723	7,347,015					
	17,300	Sun Life Financial Inc.	939,750	1,105,816					
	49,792	Trisura Group Ltd.	3,571,556	8,255,016					
			<u>59,916,227</u>	<u>73,241,644</u>					
		Information Technology (5.3%)							
	14,800	CGI Inc.		1,583,086		14,800	CGI Inc.	1,583,086	1,663,372
	38,950	CloudMD Software & Services Inc., Warrants, 2022-06-02		6,282		38,950	CloudMD Software & Services Inc., Warrants, 2022-06-02	6,282	48,688
	1,400	Constellation Software Inc.		2,555,434		1,400	Constellation Software Inc.	2,555,434	2,628,374
	16,400	Docebo Inc.		768,678		16,400	Docebo Inc.	768,678	1,203,104
	34,100	Dye & Durham Ltd.		900,411		34,100	Dye & Durham Ltd.	900,411	1,624,183
	50,952	Magnet Forensics Inc.		927,519		50,952	Magnet Forensics Inc.	927,519	1,300,805
	36,700	Nuvei Corp.		2,489,592		36,700	Nuvei Corp.	2,489,592	3,723,582
	388,400	Quisitive Technology Solutions Inc.		595,836		388,400	Quisitive Technology Solutions Inc.	595,836	621,440
	905	Shopify Inc.		998,199		905	Shopify Inc.	998,199	1,640,647
	26,017	Sylogist Ltd.		292,243		26,017	Sylogist Ltd.	292,243	364,238
	68,600	TELUS International (Cda) Inc.		2,299,585		68,600	TELUS International (Cda) Inc.	2,299,585	2,641,100
	31,400	VerticalScope Holdings Inc.		700,647		31,400	VerticalScope Holdings Inc.	700,647	730,050
				<u>14,117,512</u>				<u>18,189,583</u>	
		Communication Services (1.7%)							
	26,500	Imax Corp.		712,922		26,500	Imax Corp.	712,922	705,520
	92,800	MDF Commerce Inc.		1,057,340		92,800	MDF Commerce Inc.	1,057,340	1,025,440
	64,100	Rogers Communications Inc.		3,986,290		64,100	Rogers Communications Inc.	3,986,290	4,224,190
				<u>5,756,552</u>				<u>5,955,150</u>	
		Utilities (3.8%)							
	212,400	AltaGas Ltd.		4,364,776		212,400	AltaGas Ltd.	4,364,776	5,526,648
	42,200	Anaergia Inc.		590,800		42,200	Anaergia Inc.	590,800	587,846
	16,600	Brookfield Renewable Corp.		880,147		16,600	Brookfield Renewable Corp.	880,147	864,528
	52,100	Innergex Renewable Energy Inc.		1,181,359		52,100	Innergex Renewable Energy Inc.	1,181,359	1,122,755
	38,000	Northland Power Inc.		1,726,926		38,000	Northland Power Inc.	1,726,926	1,607,020
	55,900	Polaris Infrastructure Inc.		1,170,742		55,900	Polaris Infrastructure Inc.	1,170,742	1,080,547
	168,100	TransAlta Corp.		1,610,524		168,100	TransAlta Corp.	1,610,524	2,076,035
				<u>11,525,274</u>				<u>12,865,379</u>	
		Real Estate (4.7%)							
	49,200	Boardwalk Real Estate Investment Trust		1,607,054		49,200	Boardwalk Real Estate Investment Trust	1,607,054	2,011,296
	62,480	BSR Real Estate Investment Trust		844,058		62,480	BSR Real Estate Investment Trust	844,058	1,022,043
	27,600	Colliers International Group Inc.		3,009,474		27,600	Colliers International Group Inc.	3,009,474	3,831,432
	128,200	Dream Industrial Real Estate Investment Trust		1,743,661		128,200	Dream Industrial Real Estate Investment Trust	1,743,661	1,958,896
	7,800	FirstService Corp.		1,345,733		7,800	FirstService Corp.	1,345,733	1,658,358
	45,300	Flagship Communities REIT		931,503		45,300	Flagship Communities REIT	931,503	992,880
	23,400	Granite Real Estate Investment Trust		1,671,907		23,400	Granite Real Estate Investment Trust	1,671,907	1,930,032
	71,100	InterRent Real Estate Investment Trust		918,326		71,100	InterRent Real Estate Investment Trust	918,326	1,198,746
	92,800	Tricon Residential Inc.		1,153,413		92,800	Tricon Residential Inc.	1,153,413	1,323,328
				<u>13,225,129</u>				<u>15,927,011</u>	
		Index Equivalents (0.2%)							
	63,000	CI Galaxy Ethereum ETF		658,871		63,000	CI Galaxy Ethereum ETF	658,871	647,640

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2021 (unaudited)

CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
Investment Funds (0.1%)					29,200	Marvell Technology Inc.	1,689,863	2,109,114	
	5,800	Bitcoin Fund	177,599	265,524	8,100	MasTec Inc.	618,840	1,064,206	
Total Canadian Equities - Long					5,250	Mastercard Inc.	2,272,930	2,373,474	
					7,225	Match Group Inc.	1,268,363	1,442,656	
Canadian Debt (0.3%)					13,800	Micron Technology Inc.	1,292,576	1,452,182	
Corporate Bonds (0.3%)					6,316	Microsoft Corp.	1,683,414	2,118,733	
USD	800,000	Aris Gold Corp. 7.500%, 2027-08-26	1,045,273	975,779	1,700	Moderna Inc.	317,860	494,658	
Total Canadian Debt - Long					18,400	Morgan Stanley	1,237,235	2,089,128	
					3,600	Motorola Solutions Inc.	855,148	966,690	
Global Equities (31.0%)					312,600	Northern Genesis Acquisition Corp. II	3,991,975	3,847,694	
United States Equities (25.9%)					104,200	Northern Genesis Acquisition Corp. II, Warrants, 2027-12-31	-	214,191	
	3,750	Abbott Laboratories	514,168	538,335	115,000	Northern Genesis Acquisition Corp. III	1,443,599	1,392,714	
	1,760	Adobe Inc.	1,035,691	1,276,347	28,750	Northern Genesis Acquisition Corp. III, Warrants, 2027-12-31	-	51,266	
	9,200	Advanced Micro Devices Inc.	769,285	1,070,083	58,711	Northern Genesis Sponsor II LLC	8	7	
	3,700	Agilent Technologies Inc.	606,545	677,222	105,971	Northern Genesis Sponsor II LLC, Warrants	203,262	196,836	
	600	Alphabet Inc., Class A	1,539,021	1,814,198	26,495	Northern Genesis Sponsor III LLC	3	3	
	450	Amazon.com Inc.	1,680,058	1,916,975	52,816	Northern Genesis Sponsor III LLC, Warrants	98,988	98,103	
	2,735	American Tower Corp.	792,109	914,895	53,242	Northern Genesis Sponsor LLC	7	1,073,068	
	12,800	AZEK Co Inc.	651,110	673,000	2,220	NVIDIA Corp.	1,253,747	2,199,492	
	280	Booking Holdings Inc.	791,641	758,662	18,600	Option Care Health Inc.	494,225	503,717	
	1,500	Charles River Laboratories International Inc.	581,394	687,107	1,966	Pershing Square Tontine Holdings Ltd., Warrants, 2021-07-24	-	15,337	
	9,100	Charles Schwab Corp.	784,215	820,460	11,150	Pinterest Inc.	638,219	1,090,065	
	9,900	Coca-Cola Co.	657,108	663,343	3,300	Procter & Gamble Co.	543,175	551,376	
	1,900	Constellation Brands Inc.	533,692	550,289	4,500	RingCentral Inc.	1,449,499	1,619,211	
	6,200	Copart Inc.	821,737	1,012,118	3,350	Roper Technologies Inc.	1,795,534	1,950,530	
	5,700	CoStar Group Inc.	564,997	584,568	10,900	Santander Consumer USA Holdings Inc.	428,514	490,227	
	3,100	Cree Inc.	417,629	375,926	56,700	Senseonics Holdings Inc.	213,919	269,612	
	3,900	Crowdstrike Holdings Inc.	664,399	1,213,667	1,975	ServiceNow Inc.	1,121,339	1,344,001	
	10,300	Crown Holdings Inc.	1,263,831	1,303,634	34,300	Simply Good Foods Co.	1,225,158	1,550,712	
	6,200	Danaher Corp.	1,807,562	2,060,320	2,100	SolarEdge Technologies Inc.	765,491	718,680	
	2,700	Danimer Scientific Inc.	147,220	83,752	15,300	Spirit Realty Capital Inc.	772,712	906,375	
	3,300	Deere & Co.	949,926	1,441,308	2,900	Sprout Social Inc.	234,761	321,113	
	5,700	DR Horton Inc.	348,328	637,858	4,300	Square Inc.	1,180,958	1,298,157	
	26,100	Elanco Animal Health Inc.	1,049,502	1,121,166	4,800	Stitch Fix Inc.	383,418	358,413	
	6,550	Eli Lilly & Co.	1,625,304	1,861,603	2,400	SVB Financial Group	1,284,350	1,653,663	
	2,100	Enphase Energy Inc.	468,922	477,516	3,725	Synopsys Inc.	953,377	1,272,126	
	4,900	Evercore Inc.	792,999	854,145	22,400	Tenable Holdings Inc.	1,266,235	1,146,961	
	5,200	Exact Sciences Corp.	696,023	800,451	29,100	Tiptree Inc.	400,184	335,121	
	3,400	Facebook Inc.	1,131,915	1,463,933	9,000	TJX Cos Inc.	756,822	751,375	
	8,300	Flywire Corp.	259,200	377,609	15,700	Travel + Leisure Co.	744,459	1,155,784	
	9,000	Foot Locker Inc.	618,094	686,847	3,300	Twilio Inc.	1,349,698	1,610,689	
	26,000	Fortress Transportation and Infrastructure Investors LLC	907,835	1,080,167	3,825	United Rentals Inc.	963,519	1,510,988	
	2,300	Gartner Inc.	538,154	689,806	26,100	Vintage Wine Estates Inc.	383,303	387,835	
	1,650	Generac Holdings Inc.	661,167	848,231	10,500	Vintage Wine Estates Inc., Warrants, 2024-12-31	-	32,505	
	22,600	General Motors Co.	1,536,659	1,655,904					
	32,900	GoHealth Inc.	435,980	456,695					
	5,700	Guardant Health Inc.	964,361	876,570					
	71,100	Infinera Corp.	886,086	898,039					
	850	Intuitive Surgical Inc.	795,865	967,970					
	2,175	Lam Research Corp.	1,491,973	1,752,529					
	4,800	Lamb Weston Holdings Inc.	463,853	479,429					

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2021 (unaudited)

CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	6,800	Walmart Inc.	1,161,447	1,187,449		(215,300)	Lundin Mining Corp.	(2,797,567)	(2,407,054)
	38,763	WillScot Mobile Mini Holdings Corp.	952,770	1,337,764		(45,600)	New Pacific Metals Corp.	(291,080)	(271,776)
	4,000	Zillow Group Inc.	608,804	605,379		(57,500)	Pretium Resources Inc.	(780,636)	(681,950)
	2,540	Zoetis Inc.	479,315	586,154		(62,500)	Sandstorm Gold Ltd.	(571,813)	(611,875)
			<u>74,024,581</u>	<u>88,168,211</u>		(80,600)	Teck Resources Ltd.	(2,106,218)	(2,301,130)
								<u>(9,516,769)</u>	<u>(9,150,152)</u>
International Equities (4.8%)					Industrial (-1.2%)				
	13,900	Athene Holding Ltd.	768,718	1,161,833		(105,600)	Aecon Group Inc.	(1,823,062)	(1,900,800)
	14,500	Brookfield Business Partners LP	761,444	830,850		(17,700)	Badger Infrastructure Solutions Ltd.	(690,108)	(665,874)
	73,800	Brookfield Infrastructure Partners LP	4,564,444	5,078,916		(18,900)	Ritchie Bros Auctioneers Inc.	(1,416,082)	(1,388,961)
	41,750	Brookfield Renewable Partners LP	1,928,438	1,999,825				<u>(3,929,252)</u>	<u>(3,955,635)</u>
	362,200	Champion Iron Ltd.	1,034,413	2,205,798					
	40,406	Endeavour Mining PLC	1,091,756	1,075,608					
	39,400	International Game Technology PLC	910,953	1,168,983					
	5,000	NXP Semiconductors NV	921,820	1,273,713					
	866,800	Talon Metals Corp.	388,052	450,736					
	231,150	Talon Metals Corp., Warrants, 2022-03-18	-	-					
	19,200	Triton International Ltd.	1,270,207	1,244,400					
			<u>13,640,245</u>	<u>16,490,662</u>					
International Index Equivalents (0.3%)					Consumer Discretionary (-1.4%)				
	24,175	iPath Series B S&P 500 VIX Short-Term Futures ETF	1,325,833	884,006		(3,100)	Canadian Tire Corp. Ltd.	(608,587)	(608,096)
Total Global Equities - Long					Consumer Staples (-1.6%)				
			88,990,659	105,542,879		(51,000)	Alimentation Couche-Tard Inc.	(2,118,600)	(2,323,050)
Options (1.1%)						(66,500)	GURU Organic Energy Corp.	(1,159,503)	(1,163,750)
			5,122,479	3,678,356		(10,100)	Jamieson Wellness Inc.	(372,534)	(341,380)
Total Purchased Options - Refer to Appendix A						(27,900)	Metro Inc.	(1,617,255)	(1,658,097)
Transaction Costs			(242,597)	-	Health Care (-0.2%)				
Total Long Positions			294,353,421	352,746,502		(30,575)	Aurora Cannabis Inc.	(497,407)	(343,357)
SHORT POSITIONS (-53.5%)						(50,300)	HEXO Corp.	(366,023)	(362,160)
Canadian Equities (-20.1%)					Financials (-7.5%)				
Energy (-2.0%)						(37,000)	ECN Capital Corp.	(268,712)	(344,100)
	(233,800)	Birchcliff Energy Ltd.	(759,562)	(1,215,760)		(3,500)	Fairfax Financial Holdings Ltd.	(1,918,416)	(1,902,600)
	(181,100)	Crescent Point Energy Corp.	(888,985)	(1,015,971)		(180,000)	Fiera Capital Corp.	(1,870,125)	(1,958,400)
	(45,887)	Ensign Energy Services Inc.	(122,443)	(102,787)		(108,200)	Great-West Lifeco Inc.	(3,501,148)	(3,983,924)
	(22,200)	Imperial Oil Ltd.	(738,992)	(838,716)		(19,600)	IGM Financial Inc.	(713,427)	(857,696)
	(55,200)	Paramount Resources Ltd.	(526,449)	(947,232)		(94,600)	Laurentian Bank of Canada	(3,634,990)	(4,133,074)
	(63,000)	Parex Resources Inc.	(1,305,401)	(1,304,100)		(207,400)	Manulife Financial Corp.	(4,871,130)	(5,060,560)
	(30,000)	PrairieSky Royalty Ltd.	(407,969)	(450,300)		(5,900)	TMX Group Ltd.	(784,783)	(772,546)
	(77,000)	Vermilion Energy Inc.	(784,412)	(836,220)		(75,900)	Toronto-Dominion Bank	(6,107,352)	(6,593,432)
			<u>(5,534,213)</u>	<u>(6,711,086)</u>		(20,307)	WeCommerce Holdings Ltd.	(259,606)	(245,105)
								<u>(23,929,689)</u>	<u>(25,851,437)</u>
Materials (-2.7%)					Information Technology (-0.8%)				
	(22,500)	Canfor Corp.	(615,915)	(638,100)		(25,300)	Blackberry Ltd.	(404,193)	(383,295)
	(30,800)	Endeavour Silver Corp.	(154,370)	(233,772)		(5,100)	Canadian Solar Inc.	(356,926)	(283,179)
	(86,700)	Equinox Gold Corp.	(880,139)	(746,487)		(24,800)	Enghouse Systems Ltd.	(1,417,673)	(1,368,712)
	(30,800)	First Majestic Silver Corp.	(704,352)	(603,064)		(5,500)	Lightspeed POS Inc.	(388,427)	(570,625)
	(21,100)	Interfor Corp.	(614,679)	(654,944)				<u>(2,567,219)</u>	<u>(2,605,811)</u>

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2021 (unaudited)

CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	(19,700)	Plug Power Inc.	(789,175)	(834,047)		(5,700)	iShares JP Morgan USD Emerging Markets Bond ETF	(784,774)	(793,776)
	(7,000)	PROS Holdings Inc.	(356,626)	(395,005)		(9,200)	iShares MSCI Brazil Capped ETF	(386,004)	(461,846)
	(15,500)	Romeo Power Inc.	(164,981)	(156,236)		(100)	iShares MSCI EAFE ETF	(9,370)	(9,768)
	(65,900)	Service Properties Trust	(1,037,499)	(1,028,208)		(9,407)	iShares MSCI USA Momentum Factor ETF	(1,978,843)	(2,020,229)
	(8,322)	SL Green Realty Corp.	(674,045)	(824,409)		(6,200)	iShares Russell 2000 Value ETF	(1,224,453)	(1,272,691)
	(1,650)	Snowflake Inc.	(464,364)	(494,044)		(12,800)	SPDR Consumer Staples Select Sector Fund	(1,095,517)	(1,109,040)
	(7,800)	Sprouts Farmers Market Inc.	(272,005)	(240,019)		(33,400)	SPDR S&P Metals & Mining ETF	(1,701,628)	(1,780,925)
	(7,400)	State Street Corp.	(714,024)	(753,965)		(9,700)	SPDR S&P Regional Banking ETF	(788,629)	(787,113)
	(45,200)	StoneMor Inc.	(151,176)	(146,644)		(7,300)	SPDR S&P Retail ETF	(839,650)	(878,918)
	(8,700)	Sunrun Inc.	(590,776)	(600,929)				(23,205,784)	(23,352,358)
	(13,900)	Synchrony Financial	(722,774)	(835,143)			Total Global Equities - Short	(104,935,882)	(109,534,355)
	(6,300)	T Rowe Price Group Inc.	(1,322,820)	(1,544,419)			Global Debt (-0.5%)		
	(31,800)	Tanger Factory Outlet Centers Inc.	(642,876)	(742,273)			International Bonds (-0.5%)		
	(1,245)	Tesla Inc.	(1,030,752)	(1,047,881)	EUR	(1,105,000)	Bundesrepublik Deutschland Bundesanleihe 0.000%, 2031-02-15	(1,755,263)	(1,662,519)
	(4,900)	Texas Instruments Inc.	(1,074,201)	(1,166,811)			Total Global Debt - Short	(1,755,263)	(1,662,519)
	(14,400)	Toll Brothers Inc.	(1,024,616)	(1,030,839)			Options (-0.8%)		
	(10,000)	Truist Financial Corp.	(698,539)	(687,255)			Total Written Options - Refer to Appendix A	(4,077,603)	(2,626,580)
	(43,400)	Umpqua Holdings Corp.	(937,876)	(991,542)			Transaction Costs	(161,866)	-
	(19,600)	Velodyne Lidar Inc.	(266,610)	(258,240)			Total Short Positions	(175,577,726)	(182,264,096)
	(9,000)	Ventas Inc.	(619,695)	(636,361)			Futures Contracts (-0.2%)		
	(12,800)	Verizon Communications Inc.	(957,003)	(888,088)			Total Futures Contracts - Refer to Appendix B	-	(782,636)
	(24,300)	Viatis Inc.	(470,710)	(429,995)			TOTAL INVESTMENT PORTFOLIO (49.9%)	118,775,695	169,699,770
	(33,200)	Virtu Financial Inc.	(1,207,387)	(1,135,911)			Other Assets Net of Liabilities (50.1%)		170,858,489
	(3,400)	VMware Inc.	(608,722)	(673,508)			TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (100.0%)		340,558,259
	(7,400)	Walgreens Boots Alliance Inc.	(456,140)	(482,087)					
	(1,500)	Wayfair Inc.	(554,706)	(586,415)					
	(28,700)	Western Union Co.	(872,095)	(816,334)					
	(2,200)	Whirlpool Corp.	(571,133)	(593,942)					
	(3,210)	Workday Inc.	(899,900)	(948,976)					
	(600)	Zoom Video Communications Inc.	(223,386)	(287,555)					
	(11,800)	ZoomInfo Technologies Inc.	(671,294)	(762,304)					
			(78,998,401)	(83,468,121)					
		International Equities (-0.8%)							
	(2,900)	Check Point Software Technologies Ltd.	(465,909)	(417,030)					
	(3,100)	JinkoSolar Holding Co., Ltd.	(217,630)	(215,045)					
	(14,800)	Rio Tinto PLC	(1,579,064)	(1,537,436)					
	(15,400)	Strataysys Ltd.	(373,576)	(493,145)					
	(28,400)	Whitehaven Coal Ltd.	(95,518)	(51,220)					
			(2,731,697)	(2,713,876)					
		International Index Equivalents (-6.9%)							
	(2,500)	Consumer Discretionary Select Sector SPDR Fund	(522,475)	(552,745)					
	(27,400)	Invesco Nasdaq Next Gen 100 ETF	(1,128,807)	(1,167,510)					
	(6,000)	Invesco QQQ Trust Series 1	(2,433,595)	(2,633,340)					
	(25,300)	Invesco Senior Loan ETF	(730,861)	(693,936)					
	(24,700)	iShares 20+ Year Treasury Bond ETF	(4,788,956)	(4,415,084)					
	(29,000)	iShares iBoxx \$ High Yield Corporate Bond ETF	(3,194,169)	(3,161,573)					
	(9,700)	iShares iBoxx \$ Investment Grade Corporate Bond ETF	(1,598,053)	(1,613,864)					

*CCY denotes local currency of debt security

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

APPENDIX A

OPTIONS (0.3%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
AMC Entertainment Holdings Inc.	Call Option	92	\$85	September, 2021	151,642	126,455
Boralex Inc.	Call Option	470	\$44	July, 2021	66,270	2,201
Canadian Western Bank	Call Option	979	\$36	July, 2021	33,041	14,685
Cenovus Energy Inc.	Call Option	413	\$11	July, 2021	13,526	43,572
Dream Office REIT	Call Option	725	\$23	July, 2021	25,375	32,625
Element Fleet Management	Call Option	1,750	\$15	July, 2021	69,416	22,750
Enphase Energy Inc.	Call Option	124	\$165	August, 2021	231,817	441,454
Enphase Energy Inc.	Call Option	31	\$185	August, 2021	36,859	68,137
First Quantum Minerals Ltd.	Call Option	841	\$29	July, 2021	49,619	76,111
Gamestop Corp.	Call Option	76	\$600	July, 2021	138,305	18,116
Hudbay Minerals Inc.	Call Option	1,541	\$9	September, 2021	69,268	89,378
Innergex Renewable Energy	Call Option	701	\$21	July, 2021	18,752	59,585
Innergex Renewable Energy	Call Option	685	\$25	July, 2021	48,635	3,425
iPATH S&P 500 VIX Short-Term	Call Option	660	\$42	July, 2021	158,005	17,980
Lion Electric Co.	Call Option	185	\$25	July, 2021	7,011	2,151
Lundin Mining Corp.	Call Option	981	\$14	July, 2021	50,031	48
Lundin Mining Corp.	Call Option	701	\$15	July, 2021	26,463	3
Manulife Financial Corp.	Call Option	1,724	\$25	August, 2021	52,151	56,030
Meg Energy Corp.	Call Option	1,728	\$8	July, 2021	80,780	184,032
Microstrategy Inc.	Call Option	66	\$740	July, 2021	78,065	199,416
Pinterest Inc.	Call Option	414	\$75	August, 2021	280,187	438,321
Pinterest Inc.	Call Option	103	\$85	August, 2021	38,359	53,569
Quebecor Inc.	Call Option	621	\$36	July, 2021	25,306	392
Rogers Communications Inc.	Call Option	572	\$66	October, 2021	108,966	116,974
Rogers Communications Inc.	Call Option	229	\$70	October, 2021	23,129	13,855
Simply Good Foods Co.	Call Option	294	\$35	August, 2021	69,464	101,937
Simply Good Foods Co.	Call Option	103	\$45	August, 2021	2,009	2,232
Teck Resources Ltd.	Call Option	898	\$30	July, 2021	61,962	32,777
Teck Resources Ltd.	Call Option	270	\$34	July, 2021	4,995	1,215
Toronto-Dominion Bank	Call Option	1,410	\$90	July, 2021	26,085	3,574
Transalta Corp.	Call Option	453	\$12	July, 2021	13,024	21,971
					<u>2,058,517</u>	<u>2,244,971</u>
AMC Entertainment Holdings Inc.	Put Option	707	\$14	September, 2021	291,513	49,027
AMC Entertainment Holdings Inc.	Put Option	657	\$14	July, 2021	164,288	5,288
AMC Entertainment Holdings Inc.	Put Option	37	\$20	September, 2021	5,660	5,269
AMC Entertainment Holdings Inc.	Put Option	92	\$30	September, 2021	43,018	38,734
Clover Health Investments Corp.	Put Option	836	\$12	July, 2021	159,397	100,934
First Majestic Silver Corp.	Put Option	245	\$16	July, 2021	41,650	735
Gamestop Corp.	Put Option	242	\$20	July, 2021	1,941	450
Gamestop Corp.	Put Option	61	\$50	July, 2021	1,392	1,058
Gamestop Corp.	Put Option	280	\$70	July, 2021	35,948	7,281
IMM Euro\$ Futures	Put Option	411	\$99	June, 2022	33,056	34,990
IMM Euro\$ Futures	Put Option	327	\$99	September, 2021	39,220	75,923
IMM Euro\$ Futures	Put Option	258	\$99	March, 2023	46,193	161,737
IMM Euro\$ Futures	Put Option	487	\$100	June, 2022	41,236	56,536
IMM Euro\$ Futures	Put Option	433	\$100	March, 2022	29,123	20,107
iShares iBoxx Invest Grade Corp. Bond	Put Option	1,310	\$130	July, 2021	57,763	17,033
iShares MSCI EAFE ETF	Put Option	442	\$74	July, 2021	5,100	6,021
iShares MSCI EAFE ETF	Put Option	1,104	\$78	July, 2021	53,299	59,468
iShares MSCI Emerging Market	Put Option	1,310	\$53	July, 2021	59,605	18,655
iShares S&P-TSX 60 Index ETF	Put Option	874	\$28	July, 2021	8,740	1,714
iShares S&P-TSX 60 Index ETF	Put Option	4,366	\$30	July, 2021	76,405	34,928
Lion Electric Co.	Put Option	535	\$20	October, 2021	508,688	298,111
Lion Electric Co.	Put Option	789	\$20	July, 2021	537,178	180,748
Manulife Financial Corp.	Put Option	421	\$18	July, 2021	16,314	413
Manulife Financial Corp.	Put Option	1,091	\$21	September, 2021	24,002	15,274
Microstrategy Inc.	Put Option	39	\$370	July, 2021	43,521	5,554
Microstrategy Inc.	Put Option	87	\$430	July, 2021	186,521	22,893
Microvision Inc.	Put Option	414	\$13	July, 2021	123,203	16,661
S&P 500 Index 3Wk	Put Option	175	\$4,135	July, 2021	392,118	192,865
Tattooed Chef Inc.	Put Option	536	\$18	July, 2021	37,870	4,978
					<u>3,063,962</u>	<u>1,433,385</u>
Total Purchased Options					5,122,479	3,678,356

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

APPENDIX A

OPTIONS (0.3%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
AMC Entertainment Holdings Inc.	Written Call Option	(101)	\$60	September, 2021	(241,739)	(205,112)
AMC Entertainment Holdings Inc.	Written Call Option	(184)	\$145	September, 2021	(159,814)	(128,734)
Boralex Inc.	Written Call Option	(235)	\$46	July, 2021	(20,328)	(2,468)
Boralex Inc.	Written Call Option	(235)	\$48	July, 2021	(11,515)	(231)
Canadian Western Bank	Written Call Option	(685)	\$38	July, 2021	(5,138)	(603)
Cenovus Energy Inc.	Written Call Option	(413)	\$12	July, 2021	(5,163)	(18,379)
Clover Health Investments Corp.	Written Call Option	(220)	\$43	July, 2021	(11,959)	(4,086)
Dream Office REIT	Written Call Option	(544)	\$24	July, 2021	(7,888)	(7,888)
Element Fleet Management	Written Call Option	(1,428)	\$16	July, 2021	(23,722)	(2,407)
Enphase Energy Inc.	Written Call Option	(162)	\$175	August, 2021	(239,938)	(451,867)
First Quantum Minerals Ltd.	Written Call Option	(622)	\$30	July, 2021	(24,414)	(32,344)
First Quantum Minerals Ltd.	Written Call Option	(205)	\$32	July, 2021	(25,420)	(3,178)
Gamestop Corp.	Written Call Option	(141)	\$800	July, 2021	(186,860)	(20,079)
Hudbay Minerals Inc.	Written Call Option	(1,027)	\$10	September, 2021	(25,932)	(33,891)
Hudbay Minerals Inc.	Written Call Option	(604)	\$11	September, 2021	(15,251)	(12,382)
Innervex Renewable Energy	Written Call Option	(741)	\$23	July, 2021	(5,558)	(12,968)
iPATH S&P 500 VIX Short-Term	Written Call Option	(725)	\$48	July, 2021	(125,321)	(10,324)
Lion Electric Co.	Written Call Option	(535)	\$20	October, 2021	(64,752)	(99,374)
Lion Electric Co.	Written Call Option	(327)	\$20	July, 2021	(33,864)	(21,259)
Lion Electric Co.	Written Call Option	(693)	\$23	July, 2021	(43,275)	(10,727)
Lundin Mining Corp.	Written Call Option	(1,402)	\$16	July, 2021	(31,545)	-
Manulife Financial Corp.	Written Call Option	(1,378)	\$27	August, 2021	(6,201)	(3,616)
Meg Energy Corp.	Written Call Option	(1,728)	\$9	July, 2021	(46,541)	(68,256)
Microstrategy Inc.	Written Call Option	(116)	\$800	July, 2021	(77,292)	(219,055)
Pinterest Inc.	Written Call Option	(538)	\$80	August, 2021	(268,919)	(408,051)
Quebecor Inc.	Written Call Option	(590)	\$38	July, 2021	(5,605)	(5)
Rogers Communications Inc.	Written Call Option	(800)	\$68	October, 2021	(103,200)	(96,800)
Senseonics Holdings Inc.	Written Call Option	(426)	\$6	July, 2021	(10,328)	(3,956)
Simply Good Foods Co.	Written Call Option	(411)	\$40	August, 2021	(33,102)	(40,715)
Tattooed Chef Inc.	Written Call Option	(134)	\$25	July, 2021	(14,403)	(6,222)
Teck Resources Ltd.	Written Call Option	(1,257)	\$32	July, 2021	(38,024)	(14,456)
Toronto-Dominion Bank	Written Call Option	(986)	\$92	July, 2021	(3,944)	(444)
Transalta Corp.	Written Call Option	(226)	\$13	July, 2021	(791)	(1,017)
					(1,917,746)	(1,940,894)
AMC Entertainment Holdings Inc.	Written Put Option	(2,201)	\$6	September, 2021	(152,721)	(39,520)
AMC Entertainment Holdings Inc.	Written Put Option	(127)	\$8	September, 2021	(13,353)	(3,460)
AMC Entertainment Holdings Inc.	Written Put Option	(1,413)	\$10	September, 2021	(219,016)	(56,866)
AMC Entertainment Holdings Inc.	Written Put Option	(1,051)	\$12	July, 2021	(166,874)	(5,857)
AMC Entertainment Holdings Inc.	Written Put Option	(138)	\$25	September, 2021	(37,456)	(34,348)
Boralex Inc.	Written Put Option	(165)	\$32	July, 2021	(14,685)	(1,733)
Cenovus Energy Inc.	Written Put Option	(414)	\$8	July, 2021	(7,659)	(1,449)
Clover Health Investments Corp.	Written Put Option	(704)	\$9	July, 2021	(29,352)	(10,897)
Clover Health Investments Corp.	Written Put Option	(875)	\$10	July, 2021	(86,748)	(29,797)
Dream Office REIT	Written Put Option	(218)	\$18	July, 2021	(4,251)	(217)
Element Fleet Management	Written Put Option	(231)	\$12	July, 2021	(4,736)	(256)
First Majestic Silver Corp.	Written Put Option	(446)	\$13	July, 2021	(37,464)	(304)
First Quantum Minerals Ltd.	Written Put Option	(188)	\$21	July, 2021	(14,852)	(470)
First Quantum Minerals Ltd.	Written Put Option	(87)	\$22	July, 2021	(2,545)	(305)
Gamestop Corp.	Written Put Option	(560)	\$40	July, 2021	(193,169)	(5,548)
Gamestop Corp.	Written Put Option	(308)	\$60	July, 2021	(23,195)	(6,102)
Hudbay Minerals Inc.	Written Put Option	(257)	\$7	September, 2021	(5,783)	(8,995)
IMM Euro\$ Futures	Written Put Option	(988)	\$99	June, 2022	(45,077)	(45,879)
IMM Euro\$ Futures	Written Put Option	(298)	\$99	March, 2022	(9,939)	(4,613)
IMM Euro\$ Futures	Written Put Option	(327)	\$99	September, 2021	(20,594)	(40,492)
IMM Euro\$ Futures	Written Put Option	(258)	\$99	March, 2023	(20,916)	(79,870)
Innervex Renewable Energy	Written Put Option	(196)	\$20	July, 2021	(13,034)	(2,940)
iShares iBoxx Invest Grade Corp. Bond	Written Put Option	(1,222)	\$127	July, 2021	(24,560)	(6,053)
iShares MSCI EAFE ETF	Written Put Option	(1,657)	\$76	July, 2021	(41,397)	(34,882)
iShares MSCI Emerging Market	Written Put Option	(1,310)	\$50	July, 2021	(20,274)	(6,824)
iShares S&P-TSX 60 Index ETF	Written Put Option	(5,676)	\$29	July, 2021	(70,950)	(36,894)
Lundin Mining Corp.	Written Put Option	(772)	\$10	July, 2021	(5,790)	(242)

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

APPENDIX A

OPTIONS (0.3%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Manulife Financial Corp.	Written Put Option	(764)	\$20	September, 2021	(8,786)	(7,258)
Manulife Financial Corp.	Written Put Option	(517)	\$21	August, 2021	(7,497)	(5,170)
Microstrategy Inc.	Written Put Option	(131)	\$400	July, 2021	(194,536)	(24,333)
Microvision Inc.	Written Put Option	(828)	\$10	July, 2021	(120,613)	(7,690)
Quebecor Inc.	Written Put Option	(155)	\$29	July, 2021	(3,643)	(370)
S&P 500 Index 3Wk	Written Put Option	(58)	\$4,075	July, 2021	(241,880)	(44,170)
S&P 500 Index 3Wk	Written Put Option	(130)	\$4,110	July, 2021	(250,384)	(122,354)
Simply Good Foods Co.	Written Put Option	(103)	\$25	August, 2021	(7,648)	(241)
Tattooed Chef Inc.	Written Put Option	(536)	\$15	July, 2021	(9,387)	(1,606)
Teck Resources Ltd.	Written Put Option	(270)	\$24	July, 2021	(5,265)	(810)
Toronto-Dominion Bank	Written Put Option	(283)	\$84	July, 2021	(23,489)	(6,792)
Transalta Corp.	Written Put Option	(113)	\$9	July, 2021	(339)	(79)
					<u>(2,159,857)</u>	<u>(685,686)</u>
Total Written Options					<u>(4,077,603)</u>	<u>(2,626,580)</u>

APPENDIX B

FUTURES CONTRACTS (-0.2%)

Issuer	Number of Contracts	Fair Value (C\$)	Contracted Value (C\$)	Unrealized Gain/Loss
S&P TSX 60 Futures, September 2021	(229)	(55,083,660)	(55,155,692)	<u>72,032</u>
				<u>72,032</u>
E-mini S&P 500 Futures, September 2021	(267)	(70,894,501)	(70,039,833)	<u>(854,668)</u>
				<u>(854,668)</u>
Total Futures Contracts				<u>(782,636)</u>

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

FUND SPECIFIC NOTES

As at June 30, 2021 (unaudited)

1. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table illustrates the classifications of the Fund's financial instruments within the fair value hierarchy as at June 30, 2021 and December 31, 2020.

ASSETS (LIABILITIES) AT FAIR VALUE AS AT JUNE 30, 2021				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	345,702,986	2,389,381	-	348,092,367
Bonds - Long	-	975,779	-	975,779
Options - Long	3,678,356	-	-	3,678,356
Futures - Long	72,032	-	-	72,032
Equities - Short	(177,974,997)	-	-	(177,974,997)
Bonds - Short	-	(1,662,519)	-	(1,662,519)
Options - Short	(2,626,580)	-	-	(2,626,580)
Futures - Short	(854,668)	-	-	(854,668)
Total	167,997,129	1,702,641	-	169,699,770

ASSETS (LIABILITIES) AT FAIR VALUE AS AT DECEMBER 31, 2020				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	161,505,860	10,069,576	-	171,575,436
Bonds - Long	-	973,335	-	973,335
Options - Long	1,510,019	-	-	1,510,019
Futures - Long	420,264	-	-	420,264
Equities - Short	(88,440,574)	-	-	(88,440,574)
Options - Short	(893,254)	-	-	(893,254)
Futures - Short	(412,661)	-	-	(412,661)
Total	73,689,654	11,042,911	-	84,732,565

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 \$9,051,002 (December 31, 2020 - \$3,407,509). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

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

3. CURRENCY RISK

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

FINANCIAL INSTRUMENTS				
June 30, 2021 Currency	Monetary \$	Non-Monetary \$	Total \$	Percentage of Net Assets %
United States Dollar	12,377,547	(11,979,672)	397,875	0.1%
European Euro	17,085	-	17,085	0.0%
Australian Dollar	14,013	(51,220)	(37,207)	0.0%
Net Exposure	12,408,645	(12,030,892)	377,753	0.1%

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

FINANCIAL INSTRUMENTS				
December 31, 2020 Currency	Monetary \$	Non-Monetary \$	Total \$	Percentage of Net Assets %
United States Dollar	10,800,206	(7,220,817)	3,579,389	2.0%
Australian Dollar	14,906	217,579	232,485	0.1%
European Euro	(457)	-	(457)	0.0%
Net Exposure	10,814,655	(7,003,238)	3,811,417	2.1%

If the Canadian dollar had strengthened or weakened by 5% in relation to all other currencies held in the investment portfolio, net assets would have decreased or increased by approximately \$18,888 (December 31, 2020 - \$190,571). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

4. INTEREST RATE RISK

If the yield curve had shifted in parallel by 1%, with all other variables held constant, net assets will increase or decrease by \$126,765 (December 31, 2020 - \$37,405). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

Debt Instruments by Maturity Date	June 30, 2021 (\$)		
	Long Positions	Short Positions	Total
Greater than 5 years	975,779	(1,662,519)	(686,740)
Total	975,779	(1,662,519)	(686,740)

Debt Instruments by Maturity Date	December 31, 2020 (\$)		
	Long Positions	Short Positions	Total
Greater than 5 years	973,335	-	973,335
Total	973,335	-	973,335

5. CREDIT RISK

The following tables show debt as a percentage of net assets attributable to holders of redeemable units held under each credit rating. All counterparties to derivative contracts had a credit rating of A- or higher as at June 30, 2021 and December 31, 2020.

Bond Ratings	June 30, 2021		
	Net	Long	Short
AAA	-0.49%	0.00%	-0.49%
BBB+	0.00%	0.00%	0.00%
NR	0.29%	0.29%	0.00%

Bond Ratings	December 31, 2020		
	Net	Long	Short
AAA	0.00%	0.00%	0.00%
BBB+	0.55%	0.55%	0.00%
NR	0.00%	0.00%	0.00%

The above credit ratings are obtained and disclosed from the rating services in the following hierarchical order: 1) Standard & Poor's; 2) Moody's; 3) Dominion Bond Rating Service, using first available. All cash is held with a financial institution with a minimum credit rating of A+.

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

6. CONCENTRATION RISK

The table below summarizes the Fund's concentration risk as a percentage of net assets attributable to holders of redeemable units as at June 30, 2021 and December 31, 2020.

Jurisdiction	% of Net Assets	
	June 30, 2021	December 31, 2020
LONG POSITIONS	103.6%	98.4%
Canadian Equities	71.2%	67.0%
Financials	21.5%	20.2%
Materials	10.7%	12.5%
Energy	9.0%	7.3%
Industrial	7.1%	6.8%
Information Technology	5.3%	5.0%
Real Estate	4.7%	4.1%
Consumer Discretionary	4.6%	3.4%
Utilities	3.8%	2.9%
Communication Services	1.7%	1.6%
Health Care	1.5%	1.8%
Consumer Staples	1.0%	0.8%
Index Equivalents	0.2%	0.0%
Investment Funds	0.1%	0.6%
Global Equities	31.0%	29.8%
United States Equities	25.9%	22.9%
Information Technology	8.3%	7.2%
Financials	4.1%	3.0%
Industrial	3.4%	2.7%
Health Care	3.4%	2.5%
Consumer Discretionary	2.3%	1.9%
Communication Services	1.9%	2.1%
Consumer Staples	1.6%	2.1%
Real Estate	0.5%	0.6%
Materials	0.4%	0.6%
Utilities	0.0%	0.2%
International Equities	5.1%	6.9%
Utilities	2.1%	2.4%
Materials	1.1%	2.1%
Industrial	0.6%	0.3%
Information Technology	0.4%	0.7%
Index Equivalents	0.3%	0.8%
Financials	0.3%	0.6%
Consumer Discretionary	0.3%	0.0%
Corporate Bonds		
Canada	0.3%	0.5%
Derivatives	1.1%	1.1%
SHORT POSITIONS	-53.7%	-50.7%
Canadian Equities	-20.1%	-18.8%
Financials	-7.5%	-8.3%
Materials	-2.7%	-1.3%
Energy	-2.0%	-1.1%
Consumer Staples	-1.6%	-0.5%
Utilities	-1.5%	-2.0%

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

Jurisdiction	% of Net Assets	
	June 30, 2021	December 31, 2020
Consumer Discretionary	-1.4%	-0.9%
Industrial	-1.2%	-2.1%
Information Technology	-0.8%	-0.1%
Real Estate	-0.6%	-1.7%
Communication Services	-0.6%	-0.6%
Health Care	-0.2%	-0.2%
Global Equities	-32.1%	-31.2%
United States Equities	-24.4%	-17.1%
Financials	-5.9%	-3.5%
Information Technology	-4.9%	-3.9%
Industrial	-3.4%	-2.3%
Consumer Discretionary	-2.4%	-1.5%
Real Estate	-1.7%	-1.2%
Health Care	-1.7%	-1.1%
Communication Services	-1.3%	-1.1%
Consumer Staples	-1.1%	-1.0%
Utilities	-1.1%	-0.5%
Materials	-0.8%	-1.0%
Energy	-0.1%	0.0%
International Equities	-7.7%	-14.1%
Index Equivalents	-6.9%	-12.6%
Materials	-0.5%	-0.5%
Information Technology	-0.3%	-0.3%
Communication Services	0.0%	-0.3%
Health Care	0.0%	-0.2%
Real Estate	0.0%	-0.2%
Government Bonds		
International	-0.5%	0.0%
Derivatives	-1.0%	-0.7%

7. LIQUIDITY RISK

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

June 30, 2021	On Demand	< 3 months	> 3 months	Total
Financial Liabilities	\$	\$	\$	\$
Short positions	179,637,516	-	-	179,637,516
Redemptions payable	86,075	-	-	86,075
Accrued liabilities and other payables	-	4,166,695	-	4,166,695
Derivative liabilities	3,481,248	-	-	3,481,248
December 31, 2020	On Demand	< 3 months	> 3 months	Total
Financial Liabilities	\$	\$	\$	\$
Short positions	88,440,574	-	-	88,440,574
Redemptions payable	176,966	-	-	176,966
Accrued liabilities and other payables	-	4,889,872	-	4,889,872
Derivative liabilities	1,305,915	-	-	1,305,915

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

8. FUND UNIT TRANSACTIONS

For the six month periods ended June 30 (unaudited)

	2021				2020			
	Class A	Class F	Class I	Class ETF	Class A	Class F	Class I	Class ETF
Units issued and outstanding, beginning of period	1,644,511	10,662,633	929,667	1,290,000	896,958	4,026,383	1,244,859	930,000
Units issued	1,182,739	11,154,570	-	2,090,000	114,337	1,972,511	-	660,000
Units redeemed	(162,279)	(1,801,884)	(76,459)	(120,000)	(130,869)	(789,114)	(190,986)	(470,000)
Units issued and outstanding, end of period	2,664,971	20,015,319	853,208	3,260,000	880,426	5,209,780	1,053,873	1,120,000
Weighted average number of units held during the period	2,082,967	15,956,011	857,432	2,050,552	871,987	4,585,226	1,186,250	723,956

9. COMMISSIONS

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

	2021	2020
Brokerage commissions	1,245	554
Soft Dollar commissions	229	88

10. TAX LOSS CARRY FORWARDS

As at December 31 (in \$000)

	2020
Net capital losses carry forward	2,627
Non-capital losses carry forward	2040

11. STRUCTURED ENTITIES

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

Underlying Funds	Fair Value of Fund's Investment (in \$000s)	Underlying Fund's Net Assets (in \$000s)	% of Net Assets of the Underlying Fund
As at June 30, 2021			
Bitcoin Fund, CAD	266	532,467	0.0%
CI Galaxy Ethereum ETF	648	251,860	0.3%
iPath Series B S&P 500 VIX Short-Term Futures ETF	884	1,238,997	0.1%
As at December 31, 2020			
Bitcoin Fund, CAD	1,026	786,725	0.0%
iShares Russell 2000 Value ETF	1,393	15,021,903	0.0%

12. LEVERAGE

During the six month period ended June 30, 2021, the Fund's aggregate exposure reached a low of 104.33% (year ended 2020 - 101.77%) and a high of 213.23% (year ended 2020 - 242.51%) of the Fund's NAV.

As at June 30, 2021, the Fund's aggregate exposure was 115.87% (December 31, 2020 - 101.77%) of the Fund's NAV. The primary source of leverage was short positions in equity securities.

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2021 (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 27, 2021.

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

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

As at June 30, 2021, the Fund currently has 4 Classes of Units: Class A, Class F, Class I and Class ETF. As at June 30, 2021, the Manager holds 1 unit of Class A.

The investment objective of the Fund is to provide 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

(b) Classification

(i) Assets

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

(ii) Liabilities

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

(c) Fair Value Measurements

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

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

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

(d) Valuation of Investments and Derivatives

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

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

(g) Valuation of Fund Units

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

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

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

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

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.

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

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

(h) Foreign Currency Translation

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

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

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

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

(j) Transaction Costs

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

(k) Securities Lending Transactions

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

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

(l) Leverage

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

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

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

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

(m) Structured Entities

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

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

The Fund may invest in underlying funds whose investment objectives range from achieving short- to long-term income and capital growth potential. Underlying funds may use leverage in a manner consistent with their respective investment objectives. Underlying funds finance their operations by issuing redeemable units which are puttable at the holder's option and entitle the holder to a proportionate stake in the respective fund's net assets. The Fund's interests in underlying funds as at June 30, 2021 and December 31, 2020, held in the form of redeemable units, are included at their fair value in the Statement of Financial Position, which represent the Fund's maximum exposure in these underlying funds. The Fund does not provide and has not committed to provide any additional significant financial or other support to the underlying funds. The change in fair value of each of the underlying funds during the periods is included in 'Change in unrealized appreciation (depreciation) of investments, options, and foreign exchange forward contracts' in the Statement of Comprehensive Income.

(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

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

Where no market data is available, the Fund may value positions using its own models, which are based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by the Manager, independent of the party that created them. Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

4. FINANCIAL INSTRUMENTS RISKS

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

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

Price risk:

The Fund trades in financial instruments, taking positions in traded and over-the-counter instruments which may include derivatives. As of June 30, 2021 and December 31, 2020, the Fund held or had exposure to long and short equity positions in publicly traded companies whose securities are actively traded on a recognized public exchange. Equities are susceptible to price risk arising from uncertainties about future prices of those instruments (other than those arising from interest rate risk or currency risk).

Short sales entail certain risks, including the risk that a short sale of a security may expose a Fund to losses if the value of the security increases. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying those securities to cover

the short position. In addition, a short sale by a Fund requires the Fund to borrow securities in order that the short sale may be transacted. There is no assurance that the lender of the securities will not require the security to be paid back by a Fund before the Fund wants to do so, possibly requiring the Fund to borrow the security elsewhere or purchase the security on the market at an unattractive price. Moreover, the borrowing of securities entails the payment of a borrowing fee. The borrowing fee may increase during the borrowing period, adding to the expense of the short sale strategy. There is also no guarantee that the securities sold short can be repurchased by a Fund due to supply and demand constraints in the equity markets. Finally, in order to maintain the appropriate ratios between the long portfolio and the short portfolio of a Fund, the Manager may be required to buy or sell short securities at unattractive prices. The maximum risk resulting for financial instruments held long is determined by the fair value of the instrument.

Currency risk:

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

Interest rate risk:

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

Credit risk:

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

The Fund is exposed to credit risk. For other financial assets at amortized cost, the Manager considers both historical analysis and forward looking information in determining any expected credit loss. At June 30, 2021 and December 31, 2020, all receivables for investments sold, dividends receivable, 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.

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Liquidity Risk:

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

Concentration risk:

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

Leverage Risk:

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

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

5. CAPITAL MANAGEMENT

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

6. REDEEMABLE UNIT TRANSACTIONS

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

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

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

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

7. DISTRIBUTIONS

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

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

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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.

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

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NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2021 (unaudited)

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 ended June 30, 2021, the Fund incurred performance fees of \$1,748,911 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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