

FORTIFIED MULTI-ASSET FUND



**THINK AHEAD.
STAY AHEAD.**

PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE YEAR ENDED DECEMBER 31, 2019)

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements for Picton Mahoney Fortified Multi-Asset Fund (the "Fund"). If you have not received a copy of the annual financial statements with the management report of fund performance, you may obtain a copy of the annual financial statements, at no cost, by calling 416-955-4108 or toll-free at 1-866-369-4108, by writing to us at Picton Mahoney Asset Management, 33 Yonge Street, Suite 830, Toronto, Ontario, M5E 1G4, or by visiting our website at www.pictonmahoney.com or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the Fund's interim financial report, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

INVESTMENT OBJECTIVE AND STRATEGIES

The investment objective of the Picton Mahoney Fortified Multi-Asset Fund is to achieve long-term capital appreciation by investing primarily in global equity securities and global income securities while mitigating capital loss by engaging in hedging strategies for downside risk protection. Picton Mahoney Asset Management is the manager (the "Manager"), portfolio advisor (the "Portfolio Advisor") and the trustee (the "Trustee") of the Fund.

To achieve its investment objective, the Fund's portfolio will include a tactical blend of global equities, global fixed income securities, derivatives of the securities in these asset classes and cash. The Fund's tactical allocation to these asset classes is based on the Portfolio Advisor's general market outlook, which is derived from the Portfolio Advisor's proprietary fundamental and quantitative research and analysis.

The Fund will typically have exposure of 25% to 75% of its portfolio to global listed equity securities and 25% to 75% to global fixed income securities of public or private companies. However, based on the prevailing market conditions, the Portfolio Advisor may allocate up to 100% of its portfolio in any one asset class.

The global equity component will invest primarily in equities of issuers of varying sizes of market capitalization. The global fixed income component of the Fund's portfolio will be invested primarily in global high yield debt securities, and may also be invested in global investment grade debt securities, government bonds, loans, convertible bonds, preferred shares, and dividend-paying equity securities. The global equity and global fixed income components of the Fund's portfolio may be invested in equity and fixed income mutual funds managed by the Manager in order to obtain exposure to these securities.

The Fund may also choose to: i) invest up to 100% of its portfolio in foreign securities; ii) invest a portion of the Fund's assets in exchange-traded funds to gain exposure to the securities described herein; iii) engage in short selling in a manner which is consistent with the investment objectives of the Fund and as permitted by securities regulations; iv) engage in securities lending, repurchase and reverse repurchase transactions as permitted by securities regulations to seek to generate additional income; and v) use derivative instruments, such as options, futures, forward contracts and swaps, for both hedging and non-hedging strategies, in a manner which is consistent with the investment objectives of the Fund and as permitted by securities regulations, including to: 1) hedge against losses from changes in the prices of the Fund's investments and from exposure to foreign currencies; 2) implement option spreads by purchasing an option on a

security and simultaneously selling an option on the same security with the same expiry date; 3) write covered call options on the securities that the Fund owns in order to seek to generate income from option premium; and 4) gain exposure to individual securities and markets instead of buying the securities directly.

The Fund has also obtained exemptive relief from Canadian securities regulatory authorities to invest in ETFs listed on a Canadian or United States stock exchange that seek to replicate the daily performance of a widely-quoted market index (i) in an inverse multiple of 100%, or (ii) by a multiple of up to 200% or an inverse multiple of up to 200% (in either case, a "Permitted ETF"). In each case: (a) the investment would be made by the Fund in accordance with its investment objective; (b) the Fund would not short sell securities of any Permitted ETF; (c) the aggregate investment by the Fund in Permitted ETFs would not exceed 10% of the Fund's net asset value, taken at market value at the time of purchase; and (d) the Fund would not purchase securities of a Permitted ETF that tracks the inverse of its underlying index (a "Bear ETF") or short sell securities of any issuer if, immediately after such purchase or short sale, more than 20% of the net asset value of the Fund, taken at market value at the time of the transaction, would consist of, in aggregate, securities of Bear ETFs and all securities sold short by the Fund.

RISK

There is no assurance that the Fund will be able to achieve its total return, capital preservation and distribution investment objectives. There is no assurance that the portfolio will earn any return and no assurances can be given as to the amount of distributions in future years and that the net asset value (the "NAV") of the Fund will appreciate or be preserved. While risks are numerous, we believe the following are the most pertinent ones to be mindful of today:

1. **Equity Investment Risk** – Equity investments, such as stocks, carry several risks. A number of factors may cause the price of a stock to fall. These include specific developments relating to the company, stock market conditions where the company's securities trade and general economic, financial and political conditions in the countries where the company operates. Since a Fund's unit price is based on the value of its investments, an overall decline in the value of the stocks it holds will reduce the value of the Fund and, therefore, the value of your investment. However if the price of the stocks in the portfolio increases, your investment will be worth more. Equity funds generally tend to be more volatile than fixed income funds, and the value of their units can vary widely.
2. **Fixed Income Investment Risk** – Certain general investment risks can affect fixed income investments in a manner similar to equity investments. For example, specific developments relating to a company and general financial, political and economic (other than interest rate) conditions in the country in which the company operates. For government fixed income investments, general economic, financial and political conditions may affect the value of government securities. Since a Fund's unit price is based on the value of its investments, an overall decline in the value of its fixed income investments will reduce the value of the Fund and therefore, the value of your investment. However, your investment will be worth more if the value of the fixed income investments in the portfolio increases.
3. **Credit Risk** – An issuer of a bond or other fixed income investment may not be able to pay interest or to repay the principal at maturity. The risk of this occurring is greater with some issuers than with others. For example,

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the risk of default is quite low for most government and high quality corporate securities. Where this risk is considered greater, the interest rate paid by the issuer is generally higher than for an issuer where this risk is considered to be lower. This risk could increase or decline during the term of the fixed income investment. Companies and governments that borrow money, as well as their debt securities, may be rated by specialized rating agencies. A downgrade in an issuer's credit rating or other adverse news regarding an issuer can reduce a security's market value. Lower rated debt instruments generally offer a better yield than higher-grade debt instruments, but have the potential for substantial loss.

For further details relating to risks of investing in the Fund, please refer to the *Specific Investment Risks*, *Investment Risk Classification Methodology*, and *Who Should Invest in the Funds* sections of the Simplified Prospectus.

RESULTS OF OPERATIONS

For the year January 1, 2019 to December 31, 2019, the net asset value of the Fund increased by approximately \$4.6 million from \$87.1 million to \$91.7 million. During the same period, performance on the Fund's portfolio increased its assets by \$10.2 million. The Fund also received \$24.0 million in proceeds, had reinvestment of distributions of \$0.2 million, had net redemptions of \$29.4 million and paid distributions totaling \$0.4 million. For the year ended December 31, 2019, the Fund Class A units returned 11.00%, the Fund Class F units returned 12.22%, the Fund Class FT units returned 12.30%, the Fund Class T units returned 11.08%, and the Fund Class I units returned 13.15%. Class A, F, FT, T, and I units all underperformed the reference index (the "Performance Fee Index"). The Performance Fee Index is comprised of 15% S&P/TSX Composite Total Return Index, 30% MSCI World Index, 10% FTSE TMX Canada 30 Day T-Bill Index, 25% BofA Merrill Lynch Global High Yield Index, 5% BofA Merrill Lynch Global Corporate Index, and 15% BofA Merrill Lynch G7 Global Government Index reported in Canadian dollars. The Performance Fee Index returned 14.82% over the same period.

For the twelve months ended December 31, 2019, late-cycle positioning in place for much of the year has seen shifts toward an extended cycle outcome, per our proprietary asset allocation framework. Relative to the mid-year review, our economic cycle model has seen diminished probability of recession, replaced by probability of economic recovery. In simple terms, while a broad recession had been averted, as notable slowdown in manufacturing and trade argued for more defensive positioning, especially in the front half of the year. We maintain late cycle exposures such as precious metals as a substitute for interest rate exposure / crisis hedge, but within growth asset class exposures (i.e. equities), a more cyclical bias has been expressed. As the Fund closes out its fourth year, we continue to believe it has delivered upon its objectives. Namely, to capture a reasonable amount of upside to the benchmark return, but substantially less downside volatility over a full cycle.

Our proprietary asset allocation framework remains a strong and transparent underpinning to our multi-asset / multi-strategy fund offerings, including the Picton Mahoney Fortified Multi-Asset Fund. Rigorous ongoing research from our multi-strategy team will continue to enhance portfolio construction to effectively utilize the prospectus allowances preceding the Alternative Funds Framework which came into full effect in early 2019, namely, the use of shorting and options-based hedging.

We are pleased to report that there were no unusual trends in redemptions or sales which would affect the investments in the Fund. Likewise, the Fund's revenues and expenses demonstrated no significant deviation from what was expected in the period. Given the differentiation of the strategy and the solid relative performance since inception, flows have been positive, and we foresee continued adoption, especially by advisors who have yet to adopt newly created alternative funds.

The Fund is structured to offer risk-hedging strategies, within the construction and limitation of NI 81-102 guidelines, which pre-existed the new alternative funds framework and those enhancements to prospectus-based offerings. While our near-term view is more constructive than the last update, we believe later-cycle dynamics continue to argue for the ability to hedge volatility via strategies embedded in component funds, as well as at the "top" fund level. Current hedging positions are relatively small when compared with their risk budget, but we maintain the flexibility and discipline of process to engage in more decisive allocations, as dictated by our framework and remain confident the strategy will be significantly differentiated in such an environment.

The Fund does not apply leverage in the form of borrowing. Short positions are utilized to both capture return potential and mitigate risk in declining markets. Outside of the borrowed security, no further capital leverage is applied to these positions.

RECENT DEVELOPMENTS

We believe the U.S. Federal Reserve has effectively admitted a "policy error" vis a vis rate hikes through 2018 which were meaningfully unwound in 2019. Equity markets have rallied, as expected, after the easing of financial conditions, and early signs of recovery in leading economic indicators are now seeing some follow-through. Moreover, European economies, which had been lagging are seeing a somewhat meaningful turn in leading indicators. The net effect has been a relatively "Goldilocks" scenario for risk assets of late and even headline risks relating to U.S./China trade tensions, which were a frustration for markets in 2019, have calmed.

Reversing rate hikes in a late cycle environment can either have the positive effect of extending the cycle, or prove too little, too late (i.e. recession path inescapable). Our research suggests that the former outcome is most likely. When monitoring key economic inputs like jobs and consumer confidence, it appears that the path in economic data most closely resembles an extended cycle rather than a definitive recession path. We await further data to retain and build conviction, but evidence remains constructive. Within our asset allocation framework, we see cross-asset behavior that supports the above: cyclicity has been rewarded of late and credit spreads remain firm. While interest rates have not risen as much as one would expect in a reflationary environment, but remain relatively stable nonetheless.

With the above in mind, we continue to focus on portfolio construction, managing real-time allocations to help "smooth the ride" through this cycle. Against a classic "balanced" construct, opportunities to diversify / redistribute equity risk are a hallmark of the Fund. Historically, fixed-income returns have been a boon to the traditional balanced investor and have helped lower risk, but replicating historical returns increasingly on equity risk. Our Fortified Portfolio Construction framework offers opportunity to improve the quality of returns in a diversified portfolio, regardless of market conditions.

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Where asset markets feel “in gear”, we are willing to allocate risk budget toward growth assets, especially since balanced mandates in general appear to have a meaningful sensitivity to interest rates. Equity markets have likely risen in part because investor positioning has generally been conservative. We respect the truism that markets tend to “climb a wall of worry,” but are keenly focused on the transition toward outright complacency to signal an opportunity to utilize hedging tools to manage volatility. As always, we remain steadfastly focused on delivering Quality of Returns and believe the Fund’s unique approach to asset allocation and risk management highlights the portfolio construction discipline and expertise brought to bear in that endeavor.

The impact of the coronavirus (“COVID-19”) outbreak on the financial performance of the Fund’s investments will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions. These developments and the impact of COVID-19 on the financial markets and the overall economy are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Fund’s future investment results may be materially adversely affected.

RELATED PARTY TRANSACTIONS

Picton Mahoney Asset Management is the manager (the “Manager”), portfolio advisor (the “Portfolio Advisor”), and trustee (“the Trustee”) of the Fund. The Manager is an investment manager focused on equity and fixed income securities investments with approximately \$7.4 billion of assets under management as of December 31, 2019. The Fund holds: i) 3,804,794 units (market value of \$50,498,745) totaling 83.0% of the net assets of Picton Mahoney Fortified Equity Fund; ii) 2,312,199 units (market value of \$27,635,172) totaling 7.1% of the net assets of Picton Mahoney Fortified Income Fund; and iii) 476,417 units (market value of \$5,236,581) totaling 42.2% of the net assets of Picton Mahoney Fortified Active Extension Alternative Fund. For the year ended December 31, 2019, the Manager has absorbed \$141,150 of expenses.

Management Fees

As a result of providing investment and management services, the Manager receives a management fee calculated and accrued daily based on the NAV of the class of units of the Fund, plus applicable taxes, payable on the last day of each calendar quarter. For the year ended December 31, 2019, the Fund incurred management fees of \$1,176,542 plus applicable taxes. Management fees in respect of Class I units are direct fees negotiated with the investor, paid directly by the investor, and would not exceed the management fee payable on Class A units of the Fund. The Manager uses these management fees to pay for sales and trailing commissions to registered dealers on the distribution of the Fund’s shares, investment advice, as well as general administrative expenses relating to Picton Mahoney’s role as Manager. The following is a breakdown:

As a Percentage of Management Fees

	Annual Rates	Dealer Compensation	General Administration and Investment Advice
Class A units	2.00%	50.94%	49.06%
Class F units	1.00%	-	100.00%
Class FT units	1.00%	-	100.00%
Class T units	2.00%	50.58%	49.42%

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$297,684 for the year ended December 31, 2019.

Effective August 20, 2019, the annual management fee payable by the Fund to the Manager on Class A units is 1.90%, on Class F units is 0.90%, on Class FT units is 0.90%, and on Class T units is 1.90%. Unitholders of Class I units pay a negotiated management fee based on the net asset value of the Class I units of a Fund you own directly to the Manager, which will not exceed 1.90%. This fee will be set out in an agreement between you and the Manager.

Performance Fees

The Manager receives a performance fee in respect of each class of units of the Fund. The performance fee is equal to the daily NAV of the class of units of a Fund during the calendar quarter multiplied by 20% of the amount by which the total return of the class of units exceeds the total percentage increase or decrease in a reference index (the “Performance Fee Index”) since the end of the period for which the last performance fee was paid, plus applicable taxes. If at any time the total return of the class of units of a Fund is less than its Performance Fee Index, then no performance fee will be payable until the total return of the class of units of such Fund relative to its Performance Fee Index exceeds the amount of the deficiency calculated on a percentage basis. Investors in Class I units may negotiate a different performance fee than the one described herein or no performance fee at all. Any performance fee for Class I units will be paid directly to the Manager. For the year ended December 31, 2019, no performance fees were paid.

Independent Review Committee

The Fund receives standing instructions (the “SI”) from the independent review committee (the “IRC”). The SI constitutes a written approval or recommendation from the IRC that permits the Manager to proceed with specific action(s) set out in the SI on an ongoing basis. The SI is designed to ensure that the Manager’s actions are carried out in accordance with the law, the instrument and the Manager’s policies and procedures in order to achieve a fair and reasonable result for the Fund. The SI outlines actions related to i) Fees and Expenses; ii) Trade Allocations; iii) Broker Selections; iv) Code of Ethics and Conduct; v) Portfolio Pricing Issues, amongst other things. The Manager must provide the IRC with a written report summarizing each instance where the Manager has relied on the SI. For the year ended December 31, 2019, the IRC did not provide any recommendations to the Manager.

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FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past periods as applicable.

Class A Units - Net Assets per Unit					
	Dec 31, 2019(\$)	Dec 31, 2018(\$)	Dec 31, 2017(\$)	Dec 31, 2016(\$)	Dec 31, 2015(\$) ⁽⁷⁾
Net Assets, beginning of year	11.23	11.65	10.97	10.01	10.00
Increase (decrease) from operations:					
Total revenue	0.21	0.20	0.25	0.18	-
Total expense	(0.27)	(0.27)	(0.29)	(0.23)	(0.05)
Realized gains (losses)	0.08	(0.02)	0.04	0.50	-
Unrealized gains (losses)	1.23	(0.39)	0.57	0.68	0.09
Total increase (decrease) from operations⁽¹⁾	1.25	(0.48)	0.57	1.13	0.04
Distributions:					
From income	(0.03)	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	(0.03)	(0.17)	-
Return of capital	-	-	(0.01)	-	-
Total annual distributions⁽¹⁾⁽²⁾	(0.03)	-	(0.04)	(0.17)	-
Net Assets, end of year	12.43	11.23	11.65	10.97	10.01

Class A Units - Ratios/Supplemental Data					
	Dec 31, 2019(\$)	Dec 31, 2018(\$)	Dec 31, 2017(\$)	Dec 31, 2016(\$)	Dec 31, 2015(\$) ⁽⁷⁾
Total Net Asset Value (\$000's) ⁽³⁾	28,956	28,279	22,368	6,805	581
Number of units outstanding (000's) ⁽³⁾	2,329	2,519	1,920	620	58
Management expense ratio ⁽⁴⁾	2.45%	2.50%	2.77%	2.32%	1.91%
Management expense ratio before waivers and absorptions	2.64%	2.62%	2.82%	3.21%	13.69%
Trading expense ratio ⁽⁵⁾	0.23%	0.27%	0.23%	0.30%	0.01%
Portfolio turnover rate ⁽⁶⁾	6.56%	0.50%	0.28%	30.13%	0.87%
Net Asset Value per unit	12.43	11.23	11.65	10.97	10.01

Class F Units - Net Assets per Unit					
	Dec 31, 2019(\$)	Dec 31, 2018(\$)	Dec 31, 2017(\$)	Dec 31, 2016(\$)	Dec 31, 2015(\$) ⁽⁷⁾
Net Assets, beginning of year	11.60	11.90	11.09	10.02	10.00
Increase (decrease) from operations:					
Total revenue	0.21	0.21	0.26	0.18	-
Total expense	(0.15)	(0.15)	(0.17)	(0.12)	-
Realized gains (losses)	0.08	(0.03)	0.04	0.48	0.01
Unrealized gains (losses)	1.29	(0.43)	0.59	0.58	0.01
Total increase (decrease) from operations⁽¹⁾	1.43	(0.40)	0.72	1.12	0.02
Distributions:					
From income	(0.03)	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	(0.03)	(0.18)	-
Return of capital	-	-	(0.01)	-	-
Total annual distributions⁽¹⁾⁽²⁾	(0.03)	-	(0.04)	(0.18)	-
Net Assets, end of year	12.98	11.60	11.90	11.09	10.02

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Class F Units - Ratios/Supplemental Data					
	Dec 31, 2019(\$)	Dec 31, 2018(\$)	Dec 31, 2017(\$)	Dec 31, 2016(\$)	Dec 31, 2015(\$) ⁽⁷⁾
Total Net Asset Value (\$000's) ⁽³⁾	58,106	53,821	36,016	9,541	1,068
Number of units outstanding (000's) ⁽³⁾	4,476	4,641	3,027	860	107
Management expense ratio ⁽⁴⁾	1.39%	1.38%	1.64%	1.19%	0.00%
Management expense ratio before waivers and absorptions	1.53%	1.50%	1.70%	2.24%	14.30%
Trading expense ratio ⁽⁵⁾	0.23%	0.27%	0.23%	0.30%	0.01%
Portfolio turnover rate ⁽⁶⁾	6.56%	0.50%	0.28%	30.13%	0.87%
Net Asset Value per unit	12.98	11.60	11.90	11.09	10.02

Class FT Units - Net Assets per Unit					
	Dec 31, 2019(\$)	Dec 31, 2018(\$)	Dec 31, 2017(\$)	Dec 31, 2016(\$)	Dec 31, 2015(\$) ⁽⁷⁾
Net Assets, beginning of year	10.00	10.79	10.56	9.95	10.00
Increase (decrease) from operations:					
Total revenue	0.20	0.18	0.26	0.16	-
Total expense	(0.12)	(0.13)	(0.15)	(0.12)	(0.01)
Realized gains (losses)	0.08	(0.02)	0.04	0.51	-
Unrealized gains (losses)	1.02	(0.38)	0.53	0.78	0.08
Total increase (decrease) from operations⁽¹⁾	1.18	(0.35)	0.68	1.33	0.07
Distributions:					
From income	(0.54)	(0.32)	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	(0.03)	(0.14)	-
Return of capital	-	(0.22)	(0.57)	(0.52)	(0.12)
Total annual distributions⁽¹⁾⁽²⁾	(0.54)	(0.54)	(0.60)	(0.66)	(0.12)
Net Assets, end of year	10.67	10.00	10.79	10.56	9.95

Class FT Units - Ratios/Supplemental Data					
	Dec 31, 2019(\$)	Dec 31, 2018(\$)	Dec 31, 2017(\$)	Dec 31, 2016(\$)	Dec 31, 2015(\$) ⁽⁷⁾
Total Net Asset Value (\$000's) ⁽³⁾	3,842	3,171	2,659	697	51
Number of units outstanding (000's) ⁽³⁾	360	317	246	66	5
Management expense ratio ⁽⁴⁾	1.39%	1.38%	1.64%	1.19%	0.00%
Management expense ratio before waivers and absorptions	1.57%	1.49%	1.71%	2.00%	13.20%
Trading expense ratio ⁽⁵⁾	0.23%	0.27%	0.23%	0.30%	0.01%
Portfolio turnover rate ⁽⁶⁾	6.56%	0.50%	0.28%	30.13%	0.87%
Net Asset Value per unit	10.67	10.00	10.79	10.56	9.95

Class T Units - Net Assets per Unit					
	Dec 31, 2019(\$)	Dec 31, 2018(\$)	Dec 31, 2017(\$)	Dec 31, 2016(\$)	Dec 31, 2015(\$) ⁽⁷⁾
Net Assets, beginning of year	9.65	10.53	10.42	9.94	10.00
Increase (decrease) from operations:					
Total revenue	0.12	0.17	0.21	0.17	-
Total expense	(0.23)	(0.24)	(0.26)	(0.25)	(0.06)
Realized gains (losses)	0.04	(0.01)	0.03	0.44	-
Unrealized gains (losses)	1.24	(0.33)	0.67	0.66	0.08
Total increase (decrease) from operations⁽¹⁾	1.17	(0.41)	0.65	1.02	0.02
Distributions:					
From income	(0.48)	(0.31)	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	(0.02)	(0.17)	-
Return of capital	-	(0.22)	(0.54)	(0.54)	(0.08)
Total annual distributions⁽¹⁾⁽²⁾	(0.48)	(0.53)	(0.56)	(0.71)	(0.08)
Net Assets, end of year	10.18	9.65	10.53	10.42	9.94

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Class T Units - Ratios/Supplemental Data					
	Dec 31, 2019(\$)	Dec 31, 2018(\$)	Dec 31, 2017(\$)	Dec 31, 2016(\$)	Dec 31, 2015(\$) ⁽⁷⁾
Total Net Asset Value (\$000's) ⁽³⁾	743	1,807	1,759	1,058	10
Number of units outstanding (000's) ⁽³⁾	73	187	167	101	1
Management expense ratio ⁽⁴⁾	2.45%	2.50%	2.77%	2.32%	2.17%
Management expense ratio before waivers and absorptions	2.45%	2.62%	2.82%	3.33%	12.23%
Trading expense ratio ⁽⁵⁾	0.23%	0.27%	0.23%	0.30%	0.01%
Portfolio turnover rate ⁽⁶⁾	6.56%	0.50%	0.28%	30.13%	0.87%
Net Asset Value per unit	10.18	9.65	10.53	10.42	9.94

Class I Units - Net Assets per Unit					
	Dec 31, 2019(\$)	Dec 31, 2018(\$)	Dec 31, 2017(\$)	Dec 31, 2016(\$)	Dec 31, 2015(\$) ⁽⁷⁾
Net Assets, beginning of year	12.15	12.33	11.37	10.06	10.00
Increase (decrease) from operations:					
Total revenue	0.24	0.20	0.21	0.05	-
Total expense	(0.01)	(0.01)	(0.03)	(0.01)	(0.01)
Realized gains (losses)	0.09	(0.01)	0.03	1.04	-
Unrealized gains (losses)	1.31	(0.29)	0.81	0.41	0.07
Total increase (decrease) from operations⁽¹⁾	1.63	(0.11)	1.02	1.49	0.06
Distributions:					
From income	(0.03)	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	(0.01)	(0.01)	-
Return of capital	-	-	(0.01)	-	-
Total annual distributions⁽¹⁾⁽²⁾	(0.03)	-	(0.02)	(0.01)	-
Net Assets, end of year	13.75	12.15	12.33	11.37	10.06

Class I Units - Ratios/Supplemental Data					
	Dec 31, 2019(\$)	Dec 31, 2018(\$)	Dec 31, 2017(\$)	Dec 31, 2016(\$)	Dec 31, 2015(\$) ⁽⁷⁾
Total Net Asset Value (\$000's) ⁽³⁾	12	11	22	23	976
Number of units outstanding (000's) ⁽³⁾	1	1	2	2	97
Management expense ratio ⁽⁴⁾	0.21%	0.21%	0.51%	0.05%	0.00%
Management expense ratio before waivers and absorptions	0.49%	0.30%	0.55%	0.05%	9.98%
Trading expense ratio ⁽⁵⁾	0.23%	0.27%	0.23%	0.30%	0.01%
Portfolio turnover rate ⁽⁶⁾	6.56%	0.50%	0.28%	30.13%	0.87%
Net Asset Value per unit	13.75	12.15	12.33	11.37	10.06

EXPLANATORY NOTES

- (1) Net Assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.
- (2) Distributions were paid in cash, reinvested in additional units of the Fund, or both.
- (3) This information is provided as at the periods shown.
- (4) The management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. In the period the shares are established, the MER is annualized. Effective August 20, 2019, the management fee was changed in respect of certain classes of the Fund. If the change to the management fee would have been in effect throughout 2019, the adjusted MER for each class of the Fund would be: Class A - 2.40%, Class F - 1.29%, Class FT - 1.29%, Class T - 2.40%.
- (5) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. This figure includes an adjustment for the Fund's portion of the trading expenses for the underlying funds held.
- (6) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund. Portfolio turnover rate is calculated based on the lesser of the cost of purchases or proceeds of sales divided by the average market value of the portfolio, excluding short-term investments.
- (7) For the period October 29, 2015 (commencement of operations) to December 31, 2015.

PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

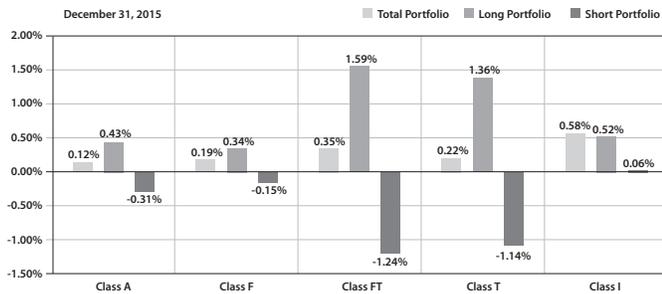
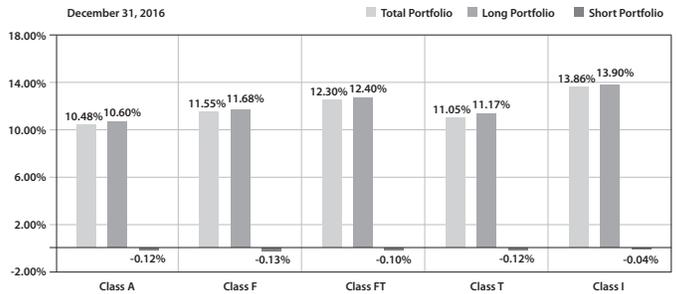
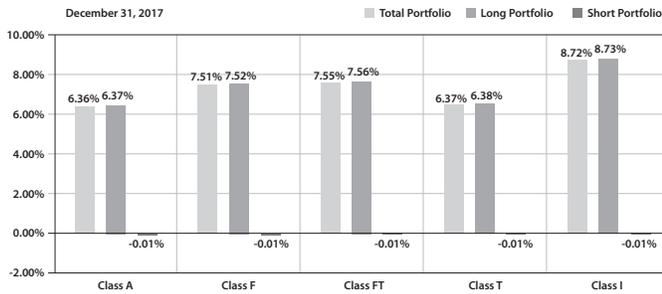
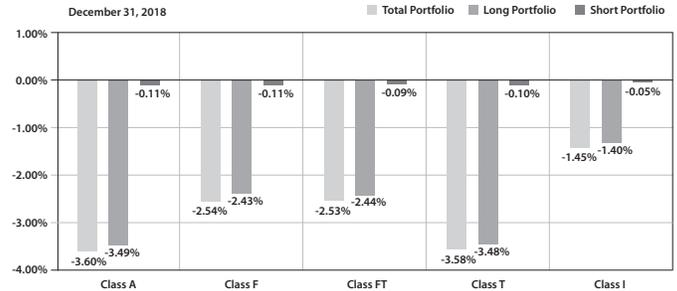
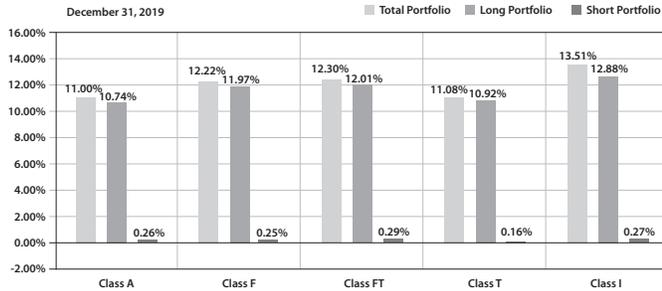
MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE YEAR ENDED DECEMBER 31, 2019)

PAST PERFORMANCE

This section describes the Fund's performance over the past period since inception. The information shown assumes that any distributions made by the Fund were reinvested in additional units of the Fund. All rates of returns are calculated based on the NAV of the particular series of the Fund. Past returns of the Fund do not necessarily indicate how it will perform in the future.

Year-by-Year>Returns

The following chart indicates the annual performance of each series of the Fund each year from inception on October 29, 2015 to December 31, 2019. The chart shows, in percentage terms, how much an investment made on the first day of the period would have grown or decreased by the last day of the period.



PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE YEAR ENDED DECEMBER 31, 2019)

COMPOUND RETURNS

The following table presents the compound returns of the units of the Fund as compared to the Performance Fee Index for the years indicated to December 31, 2019.

The Performance Fee Index is comprised of 15% S&P/TSX Composite Total Return Index, 30% MSCI World Index, 10% FTSE TMX Canada 30 Day T-Bill Index, 25% BofA Merrill Lynch Global High Yield Index, 5% BofA Merrill Lynch Global Corporate Index, and 15% BofA Merrill Lynch G7 Global Government Index reported in Canadian dollars.

Further discussion of the Fund's performance can be found within the Results of Operations section.

Compound Returns	1 Year	3 Year	Since Inception
Total portfolio - Class A units	11.00%	4.40%	5.68%
Long portfolio - Class A units	10.74%	4.22%	5.47%
Short portfolio - Class A units	0.26%	0.18%	0.21%
Total portfolio - Class F units	12.22%	5.55%	6.78%
Long portfolio - Class F units	11.97%	5.34%	6.51%
Short portfolio - Class F units	0.25%	0.21%	0.27%
Total portfolio - Class FT units	12.30%	5.59%	7.02%
Long portfolio - Class FT units	12.01%	5.34%	6.74%
Short portfolio - Class FT units	0.29%	0.25%	0.28%
Total portfolio - Class T units	11.08%	4.44%	5.86%
Long portfolio - Class T units	10.92%	4.44%	5.93%
Short portfolio - Class T units	0.16%	0.00%	-0.07%
Total portfolio - Class I units	13.15%	6.63%	8.20%
Long portfolio - Class I units	12.88%	6.50%	7.76%
Short portfolio - Class I units	0.27%	0.13%	0.44%
Performance Fee Index	14.82%	21.80%	32.14%

PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE YEAR ENDED DECEMBER 31, 2019)

SUMMARY OF INVESTMENT PORTFOLIO AS AT DECEMBER 31, 2019

Portfolio by Category		Top Holdings	
	Percentage of Net Asset Value (%)		Percentage of Net Asset Value (%)
LONG POSITIONS		LONG POSITIONS	
Canadian Equities	93.4%	Picton Mahoney Fortified Equity Fund, Class I Units	55.1%
Investment Funds	91.0%	Picton Mahoney Fortified Income Fund, Class I Units	30.1%
Index Equivalents	2.4%	Picton Mahoney Fortified Active Extension Alternative Fund, Class I Units	5.7%
Global Equities	3.4%	Cash	3.0%
Index Equivalents		iShares Canadian Government Bond Index ETF	2.4%
Derivatives	0.2%	iShares 7-10 Year Treasury Bond ETF	2.3%
Total Long Positions	97.0%	iShares 20+ Year Treasury Bond ETF	1.1%
Cash	3.0%	Total Net Asset Value (\$000)	91,659
Other Assets (net)	0.0%		
Total	100.0%		

The Summary of Investment Portfolio may change due to ongoing portfolio transactions. A quarterly update is available on our website at www.pictonmahoney.com. Picton Mahoney Fortified Multi-Asset Fund invests in other investment funds. The prospectus and other information about the underlying investment funds are available on the internet at www.sedar.com.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements about the Fund, its future performance, strategies and events. Forward-looking statements include words such as "anticipates," "believe," "could," "expect," "estimate," "may" or negative versions thereof and similar expressions. By their nature, forward-looking statements make assumptions on future events that are subject to inherent risks and uncertainties. There is significant risk that predictions on the Fund, future events and economic conditions will not prove to be accurate. Forward-looking statements are not guarantees of future performance and actual results may differ materially from management projected expectations due to factors such as general market and economic conditions, interest rates and foreign currency fluctuations, changes to regulatory requirements and guidelines, changes in technology, effects of competition in the various business areas and unforeseen natural disasters and catastrophes. As a result of these factors, readers of this document are cautioned not to place undue reliance on these statements and before making any investment decisions should clearly consider these factors, among other factors. All opinions contained in the forward-looking statements are subject to change without notice and are provided in good faith, unless required by applicable law.

**THINK AHEAD.
STAY AHEAD.**



PICTON MAHONEY ASSET MANAGEMENT CORPORATE INFORMATION

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Shareholder Services
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