

FORTIFIED EQUITY FUND



**THINK AHEAD.
STAY AHEAD.**

PICTON MAHONEY FORTIFIED EQUITY FUND

MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE YEAR ENDED DECEMBER 31, 2018)

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements for Picton Mahoney Fortified Equity 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 ON 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 Equity Fund is to achieve long-term capital appreciation by investing primarily in global equity 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 the investment objective, the Fund will seek to invest in a diversified portfolio of global equity securities of issuers of varying sizes of market capitalization. The Portfolio Advisor employs a momentum based investment strategy based on fundamental changes in the securities as identified by the Portfolio Advisor's proprietary fundamental and quantitative research and analysis. The Fund intends to maintain an equity market exposure below 100%, and may typically range from 60% to 90% based on the Portfolio Advisor's prevailing market outlook.

The Fund may also choose to: i) invest up to 100% of its portfolio in foreign securities; ii) engage in short selling in a manner which is consistent with the investment objectives of the Fund and as permitted by securities regulations; iii) engage in securities lending, repurchase and reverse repurchase transactions as permitted by securities regulations to seek to generate additional income; and iv) use derivative instruments, such as options, futures, forward contracts, swaps and exchange-traded notes, 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. **Currency Risk** – The net asset value and unit price of a Fund's units is calculated in Canadian dollars. Most foreign investments are purchased in currencies other than the Canadian dollar. As a result, the value of foreign investments will be affected by the value of the Canadian dollar relative to the value of the foreign currency. If the Canadian dollar rises in value relative to the other currency but the value of the investment otherwise remains constant, the value of the investment in Canadian dollars will have fallen. Similarly, if the value of the Canadian dollar has fallen relative to the foreign currency, the value of the Fund's investment will have increased.
3. **Liquidity Risk** – Liquidity is a measure of how quickly an investment can be sold for cash at a fair market price. If a Fund cannot sell an investment quickly, it may lose money or make a lower profit, especially if it has to meet a large number of redemption requests. Substantial redemptions by Unitholders within a short period of time could require the Manager to arrange for the Fund's positions to be liquidated more rapidly than would otherwise be desirable, which could adversely affect the value of the remaining units of the Fund. In general, investments in smaller companies, smaller markets or certain sectors of the economy tend to be less liquid than other types of investments. The less liquid an investment, the more its value tends to fluctuate.

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.

PICTON MAHONEY FORTIFIED EQUITY FUND

MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE YEAR ENDED DECEMBER 31, 2018)

RESULTS OF OPERATIONS

For the year January 1, 2018 to December 31, 2018, the net asset value of the Fund increased by approximately \$23.1 million from \$44.0 million to \$67.1 million. During the same period, performance on the Fund's portfolio decreased its assets by \$3.5 million. The Fund also received \$31.7 million in proceeds, had reinvestment of distributions of \$0.4 million, net redemptions of \$4.9 million, and paid distributions totaling \$0.6 million. For the year ended December 31, 2018, the Fund Class A units returned -5.04%, the Fund Class F units returned -3.99%, the Fund Class FT units returned -4.04%, the Fund Class T units returned -5.05%, and the Fund Class I units returned -2.92%. Class A, F, FT, T and I units all underperformed the reference index (the "Performance Fee Index"). The Performance Fee Index is comprised of 25% S&P/TSX Composite Total Return Index, 50% MSCI World Index, and 25% FTSE TMX Canada 30-Day T-Bill Index reported in Canadian dollars. The Performance Fee Index returned -2.13% over the same period.

The underlying strategy of the Picton Mahoney Fortified Equity Fund reflects investment in a basket of global equities, diversified by sector and market cap, that meet our core momentum factor and positive fundamental change criteria. Short positions are also diversified globally, with a concentration on special situations. The put options overlay has been invested primarily in equity index puts and put spreads, to match the regional exposures of the underlying portfolio.

For the year ending December 31, 2018, the portfolio was fully invested with a gross exposure of 101.7% of total assets. The net exposure of the portfolio (excluding the impact of options) has been 82.7% on average, ranging from a low of 78.9% in September to a high of 85.2% in January.

From a geographical exposure perspective, during the period we reduced our exposure to Canada and significantly increased our allocation to U.S. equities. With respect to sector exposure, we are underweight Communication Services as the sector has benefited from a defensive rotation amidst plummeting yields and recessionary fears despite obvious fundamental challenges. During the period, we increased our exposure to Health Care and Staples. Health Care has benefited from some idiosyncratic stories that could grow regardless of economic concerns. Our preference has been to focus on names in medtech and animal health. The increase in Staples reflects a narrowing of the large underweight that previously existed within the Fund.

The portfolio generated negative returns during the year. Relative to the MSCI World, the portfolio did lag global equity markets due to the Fund's lower net market exposure and a significant unwind in the momentum factor in the late fall. Nonetheless, we are pleased with the way the Fund held up in a year with two large drawdowns – something we haven't seen in quite some time. Through the primary tools of shorting and options-based overlay, the Fund is able to reduce the severity of the market drawdown periods—thus providing a smoother, less volatile return profile versus the MSCI Global Equity Index. From a sector perspective, key contributors to performance was stock selection within Health Care and Real Estate while stock selection in Communication Services and Consumer Staples were detractors to performance during the period.

Our option strategy worked as it was designed to do in the past twelve months, which is to protect against sharp declines in the market and limit the drag during market rallies. The option book, which includes put and put spreads on the TSX, S&P, and MSCI EAFE ETFs added significant value

during the sharp market drop in the last quarter of 2018. In the second half of the year, we increased our option hedging budget to the high end of the 1.25-3% annualized cost range to reflect the heightened risk in the market. This proved to be timely and resulted in the option hedging book generating a positive (net of cost) return of 1.34% for the year.

RECENT DEVELOPMENTS

This is a critical juncture for markets. One gets the sense that the Fed must acquiesce in order to prevent a further disorderly market sell-off. We observe that the continued deterioration in macroeconomic fundamentals globally might suggest a pause in hiking rates may even be too late. Washed out sentiment among market participants may present ample fuel for a rally, but there is precious little fuel in macroeconomic terms, unless China engages in broad stimulus, or markets are grossly underestimating the lasting effects of Trump's tax policy. Against this backdrop, we remain steadfastly focused on portfolio construction, focus intently on Quality of Returns and believe the Fund's unique approach to drawdown protection offset by upside participation highlights our portfolio construction discipline and expertise. For the Fund, we maintain our disciplined focus on achieving long term capital appreciation by investing in global equities while mitigating capital loss by engaging in hedging strategies for downside risk protection.

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 \$6.5 billion of assets under management as of December 31, 2018. The Fund holds: i) 80,000 units (market value of \$705,784) totaling 26.73% of the net assets of Picton Mahoney Fortified Active Extension Alternative Fund; ii) 35,000 units (market value of \$346,266) totaling 2.91% of the net assets of Picton Mahoney Fortified Market Neutral Alternative Fund. For the year ended December 31, 2018, the Manager has absorbed \$76,945 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, 2018, the Fund incurred management fees of \$212,695 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%	49.70%	50.30%
Class F units	1.00%	-	100.00%
Class FT units	1.00%	-	100.00%
Class T units	2.00%	49.82%	50.18%

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Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$42,091 for the year ended December 31, 2018.

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. For the year ended December 31, 2018, 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, 2018, the IRC did not provide any recommendations to the Manager.

PICTON MAHONEY FORTIFIED EQUITY FUND

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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, 2018(\$)	Dec 31, 2017(\$)	Dec 31, 2016(\$)	Dec 31, 2015(\$) ⁽⁷⁾
Net Assets, beginning of year	11.18	10.37	10.09	10.00
Increase (decrease) from operations:				
Total revenue	0.19	0.29	0.21	0.07
Total expense	(0.33)	(0.42)	(0.35)	(0.11)
Realized gains (losses)	(0.18)	0.07	(0.25)	0.24
Unrealized gains (losses)	(0.48)	0.94	1.02	(0.09)
Total increase (decrease) from operations⁽¹⁾	(0.80)	0.88	0.63	0.11
Distributions:				
From income	(0.07)	(0.06)	-	-
From dividends	-	-	-	-
From capital gains	-	-	-	-
Return of capital	-	-	-	-
Total annual distributions⁽¹⁾⁽²⁾	(0.07)	(0.06)	-	-
Net Assets, end of year	10.54	11.18	10.37	10.09

Class A Units - Ratios/Supplemental Data				
	Dec 31, 2018(\$)	Dec 31, 2017(\$)	Dec 31, 2016(\$)	Dec 31, 2015(\$) ⁽⁷⁾
Total Net Asset Value (\$000's) ⁽³⁾	3,336	3,041	1,943	326
Number of units outstanding (000's) ⁽³⁾	316	272	187	32
Management expense ratio ⁽⁴⁾	2.41%	2.60%	2.43%	2.08%
Management expense ratio before waivers and absorptions	2.45%	2.75%	3.52%	10.55%
Trading expense ratio ⁽⁵⁾	0.34%	0.37%	0.84%	1.31%
Portfolio turnover rate ⁽⁶⁾	149.58%	153.58%	304.51%	155.33%
Net Asset Value per unit	10.54	11.18	10.37	10.09

Class F Units - Net Assets per Unit				
	Dec 31, 2018(\$)	Dec 31, 2017(\$)	Dec 31, 2016(\$)	Dec 31, 2015(\$) ⁽⁷⁾
Net Assets, beginning of year	11.45	10.50	10.10	10.00
Increase (decrease) from operations:				
Total revenue	0.17	0.29	0.21	0.11
Total expense	(0.23)	(0.27)	(0.23)	(0.07)
Realized gains (losses)	(0.29)	0.06	(0.22)	0.11
Unrealized gains (losses)	(1.36)	0.90	0.99	0.02
Total increase (decrease) from operations⁽¹⁾	(1.71)	0.98	0.75	0.17
Distributions:				
From income	(0.16)	(0.06)	-	-
From dividends	-	-	-	-
From capital gains	-	-	-	-
Return of capital	-	-	-	-
Total annual distributions⁽¹⁾⁽²⁾	(0.16)	(0.06)	-	-
Net Assets, end of year	10.92	11.45	10.50	10.10

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Class F Units - Ratios/Supplemental Data				
	Dec 31, 2018(\$)	Dec 31, 2017(\$)	Dec 31, 2016(\$)	Dec 31, 2015(\$) ⁽⁷⁾
Total Net Asset Value (\$000's) ⁽³⁾	18,713	3,668	2,122	456
Number of units outstanding (000's) ⁽³⁾	1,714	320	202	45
Management expense ratio ⁽⁴⁾	1.32%	1.47%	1.30%	0.64%
Management expense ratio before waivers and absorptions	1.66%	1.64%	2.21%	10.72%
Trading expense ratio ⁽⁵⁾	0.34%	0.37%	0.84%	1.31%
Portfolio turnover rate ⁽⁶⁾	149.58%	153.58%	304.51%	155.33%
Net Asset Value per unit	10.92	11.45	10.50	10.10

Class FT Units - Net Assets per Unit				
	Dec 31, 2018(\$)	Dec 31, 2017(\$)	Dec 31, 2016(\$)	Dec 31, 2015(\$) ⁽⁷⁾
Net Assets, beginning of year	10.27	9.90	10.02	10.00
Increase (decrease) from operations:				
Total revenue	0.17	0.27	0.19	0.11
Total expense	(0.18)	(0.25)	(0.23)	(0.06)
Realized gains (losses)	(0.09)	0.05	(0.13)	0.04
Unrealized gains (losses)	(0.17)	0.81	0.80	(0.08)
Total increase (decrease) from operations⁽¹⁾	(0.27)	0.88	0.63	0.01
Distributions:				
From income	(0.56)	(0.52)	-	-
From dividends	-	-	-	-
From capital gains	-	-	-	-
Return of capital	(0.01)	(0.02)	(0.53)	(0.09)
Total annual distributions⁽¹⁾⁽²⁾	(0.57)	(0.54)	(0.53)	(0.09)
Net Assets, end of year	9.29	10.27	9.90	10.02

Class FT Units - Ratios/Supplemental Data				
	Dec 31, 2018(\$)	Dec 31, 2017(\$)	Dec 31, 2016(\$)	Dec 31, 2015(\$) ⁽⁷⁾
Total Net Asset Value (\$000's) ⁽³⁾	2,155	3,802	2,398	577
Number of units outstanding (000's) ⁽³⁾	232	370	242	58
Management expense ratio ⁽⁴⁾	1.32%	1.47%	1.30%	0.47%
Management expense ratio before waivers and absorptions	1.35%	1.56%	2.95%	10.47%
Trading expense ratio ⁽⁵⁾	0.34%	0.37%	0.84%	1.31%
Portfolio turnover rate ⁽⁶⁾	149.58%	153.58%	304.51%	155.33%
Net Asset Value per unit	9.29	10.27	9.90	10.02

Class T Units - Net Assets per Unit				
	Dec 31, 2018(\$)	Dec 31, 2017(\$)	Dec 31, 2016(\$)	Dec 31, 2015(\$) ⁽⁷⁾
Net Assets, beginning of year	10.00	9.74	9.97	10.00
Increase (decrease) from operations:				
Total revenue	0.16	0.29	0.19	0.11
Total expense	(0.28)	(0.38)	(0.35)	(0.10)
Realized gains (losses)	(0.11)	0.06	(0.18)	0.04
Unrealized gains (losses)	(0.29)	0.85	0.57	(0.05)
Total increase (decrease) from operations⁽¹⁾	(0.52)	0.82	0.23	-
Distributions:				
From income	(0.57)	(0.51)	-	-
From dividends	-	-	-	-
From capital gains	-	-	-	-
Return of capital	(0.01)	(0.02)	(0.51)	(0.09)
Total annual distributions⁽¹⁾⁽²⁾	(0.58)	(0.53)	(0.51)	(0.09)
Net Assets, end of year	8.95	10.00	9.74	9.97

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Class T Units - Ratios/Supplemental Data				
	Dec 31, 2018(\$)	Dec 31, 2017(\$)	Dec 31, 2016(\$)	Dec 31, 2015(\$) ⁽⁷⁾
Total Net Asset Value (\$000's) ⁽³⁾	327	222	231	80
Number of units outstanding (000's) ⁽³⁾	37	22	24	8
Management expense ratio ⁽⁴⁾	2.41%	2.60%	2.43%	1.73%
Management expense ratio before waivers and absorptions	2.47%	2.60%	3.78%	11.44%
Trading expense ratio ⁽⁵⁾	0.34%	0.37%	0.84%	1.31%
Portfolio turnover rate ⁽⁶⁾	149.58%	153.58%	304.51%	155.33%
Net Asset Value per unit	8.95	10.00	9.74	9.97

Class I Units - Net Assets per Unit				
	Dec 31, 2018(\$)	Dec 31, 2017(\$)	Dec 31, 2016(\$)	Dec 31, 2015(\$) ⁽⁷⁾
Net Assets, beginning of year	11.74	10.64	10.13	10.00
Increase (decrease) from operations:				
Total revenue	0.20	0.30	0.20	0.07
Total expense	(0.08)	(0.12)	(0.11)	(0.02)
Realized gains (losses)	(0.16)	0.04	(0.16)	0.24
Unrealized gains (losses)	(0.47)	0.84	0.87	(0.16)
Total increase (decrease) from operations⁽¹⁾	(0.51)	1.06	0.80	0.13
Distributions:				
From income	(0.08)	(0.07)	-	-
From dividends	-	-	-	-
From capital gains	-	-	-	-
Return of capital	-	-	-	-
Total annual distributions⁽¹⁾⁽²⁾	(0.08)	(0.07)	-	-
Net Assets, end of year	11.32	11.74	10.64	10.13

Class I Units - Ratios/Supplemental Data				
	Dec 31, 2018(\$)	Dec 31, 2017(\$)	Dec 31, 2016(\$)	Dec 31, 2015(\$) ⁽⁷⁾
Total Net Asset Value (\$000's) ⁽³⁾	42,626	33,324	9,152	2,259
Number of units outstanding (000's) ⁽³⁾	3,766	2,838	860	223
Management expense ratio ⁽⁴⁾	0.20%	0.34%	0.17%	0.00%
Management expense ratio before waivers and absorptions	0.30%	0.67%	1.90%	7.88%
Trading expense ratio ⁽⁵⁾	0.34%	0.37%	0.84%	1.31%
Portfolio turnover rate ⁽⁶⁾	149.58%	153.58%	304.51%	155.33%
Net Asset Value per unit	11.32	11.74	10.64	10.13

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.

(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.

(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.

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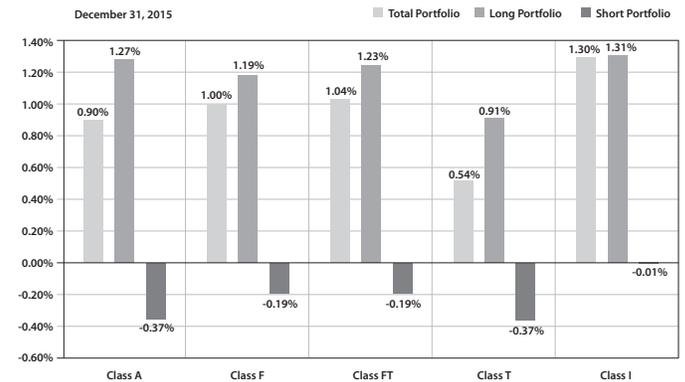
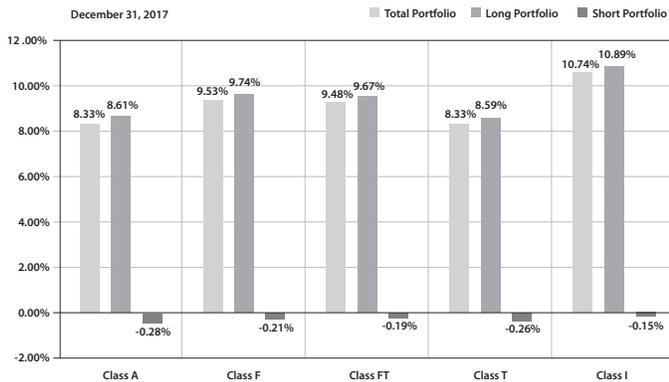
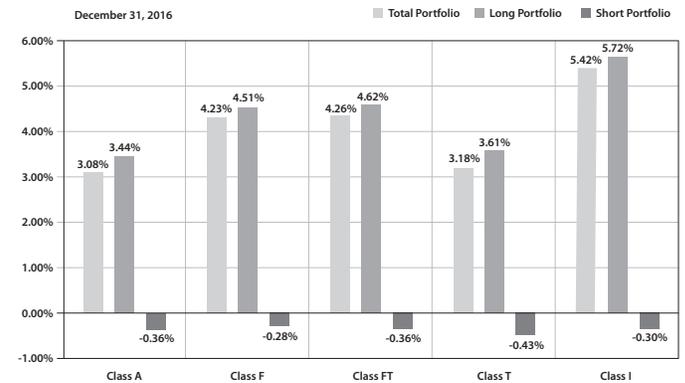
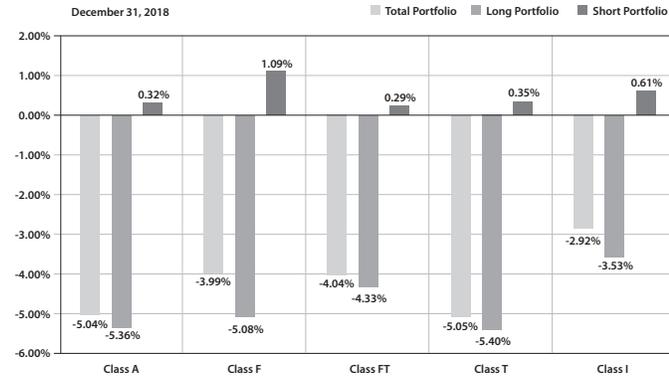
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PAST PERFORMANCE

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, 2018. 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.



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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, 2018.

The Performance Fee Index is comprised of 25% S&P/TSX Composite Total Return Index, 50% MSCI World Index, and 25% FTSE TMX Canada 30-Day T-Bill 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	-5.04%	1.97%	2.05%
Long portfolio - Class A units	-5.36%	1.92%	2.05%
Short portfolio - Class A units	0.32%	0.05%	0.00%
Total portfolio - Class F units	-3.99%	3.10%	3.18%
Long portfolio - Class F units	-5.08%	1.11%	1.09%
Short portfolio - Class F units	1.09%	1.99%	2.09%
Total portfolio - Class FT units	-4.04%	3.08%	3.16%
Long portfolio - Class FT units	-4.33%	3.15%	3.25%
Short portfolio - Class FT units	0.29%	-0.07%	-0.09%
Total portfolio - Class T units	-5.05%	2.00%	1.99%
Long portfolio - Class T units	-5.40%	1.96%	2.02%
Short portfolio - Class T units	0.35%	0.04%	-0.03%
Total portfolio - Class I units	-2.92%	4.26%	4.35%
Long portfolio - Class I units	-3.53%	3.30%	3.35%
Short portfolio - Class I units	0.61%	0.96%	1.00%
Performance Fee Index	-2.13%	15.25%	15.66%

PICTON MAHONEY FORTIFIED EQUITY FUND

MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE YEAR ENDED DECEMBER 31, 2018)

SUMMARY OF INVESTMENT PORTFOLIO AS AT DECEMBER 31, 2018

Portfolio by Category		Portfolio by Category	
	Percentage of Net Asset Value (%)		Percentage of Net Asset Value (%)
LONG POSITIONS		SHORT POSITIONS	
Canadian Equities	11.6%	Canadian Equities	-1.2%
Industrials	1.8%	Financials	-0.5%
Energy	1.9%	Consumer Discretionary	-0.3%
Financials	2.5%	Industrials	-0.2%
Funds	1.6%	Materials	-0.2%
Consumer Discretionary	1.2%		
Materials	1.0%	Global Equities	
Consumer Staples	1.0%	United States Equities	-5.1%
Communication Services	0.4%	Financials	-1.5%
Real Estate	0.2%	Industrials	-1.1%
		Information Technology	-0.7%
Global Equities		Consumer Discretionary	-0.6%
United States Equities	50.1%	Energy	-0.4%
Information Technology	10.7%	Health Care	-0.3%
Health Care	10.5%	Communication Services	-0.2%
Financials	7.7%	Materials	-0.2%
Consumer Discretionary	6.1%	Consumer Staples	-0.1%
Industrials	4.9%		
Real Estate	2.6%	International Equities	-3.1%
Communication Services	2.4%	Consumer Discretionary	-1.6%
Energy	1.7%	Industrials	-0.6%
Utilities	1.5%	Communication Services	-0.3%
Materials	1.2%	Consumer Staples	-0.3%
Consumer Staples	0.8%	Financials	-0.3%
International Equities	29.3%	Derivatives	-0.6%
Consumer Discretionary	5.6%	Total Short Positions	-10.0%
Financials	5.5%		
Consumer Staples	4.7%	Cash	15.4%
Industrials	4.2%	Other Assets (net)	1.7%
Health Care	2.3%	Total Net Asset Value	100.0%
Energy	2.0%		
Communication Services	1.2%		
Real Estate	1.1%		
Information Technology	1.1%		
Utilities	1.0%		
Materials	0.6%		
Derivatives	1.9%		
Total Long Positions	92.9%		

PICTON MAHONEY FORTIFIED EQUITY FUND

MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE YEAR ENDED DECEMBER 31, 2018)

Top 25 Holdings	
	Percentage of Net Asset Value (%)
LONG POSITIONS	
Cash	15.4%
Microsoft Corporation	2.6%
Amazon.com Inc.	2.1%
Apple Inc.	2.1%
UnitedHealth Group Inc.	1.9%
Alphabet Inc., Class A	1.7%
Zoetis Inc.	1.7%
Abbott Laboratories	1.5%
JPMorgan Chase & Co.	1.5%
NextEra Energy Inc.	1.5%
Mastercard Inc.	1.3%
Progressive Corp.	1.3%
Sony Corp.	1.3%
Picton Mahoney Fortified Active Extension Alternative Fund	1.1%
Bank of America Corp.	1.1%
PayPal Holdings Inc.	1.1%
Carrefour SA	1.1%
Vinci SA	1.1%
Aroundtown SA	1.1%
Chipotle Mexican Grill Inc.	1.0%
Intuitive Surgical Inc.	1.0%
Norfolk Southern Corporation	1.0%
Salesforce.com Inc.	1.0%
Sun Communities Inc.	1.0%
ENI SpA	1.0%
Total Net Asset Value (\$000)	\$ 67,156

The Summary of Investment Portfolio may change due to ongoing portfolio transactions. A quarterly update is available on our website at www.pictonmahoney.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.**



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