

FORTIFIED ACTIVE EXTENSION 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 Active Extension 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 IFRS Accounting 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.

The financial statements have been audited by PricewaterhouseCoopers LLP. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on these financial statements. Their report is set out on the following pages.

Picton Mahoney Asset Management

Toronto, Ontario

March 25, 2024

INDEPENDENT AUDITOR'S REPORT

To the Unitholders and Trustee of
Picton Mahoney Fortified Active Extension Alternative Fund (the Fund)

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Fund's financial statements comprise:

- the statements of financial position as at December 31, 2023 and 2022;
- the statements of comprehensive income (loss) for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the 2023 Annual Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially

inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the

INDEPENDENT AUDITOR'S REPORT

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Patrizia Ferrari.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 25, 2024

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2023 \$	December 31, 2022 \$
Assets		
Current assets		
Long positions at fair value*	113,578,780	88,811,703
Cash	17,806,512	6,686,457
Options purchased*	627,974	379,212
Due from Manager	53,460	53,460
Subscriptions receivable	365,649	12,677
Receivable for investments sold	135,846	119,261
Dividends receivable	181,532	101,585
	<u>132,749,753</u>	<u>96,164,355</u>
Liabilities		
Current liabilities		
Short positions at fair value**	31,576,034	25,147,742
Options written**	413,802	252,845
Cash overdraft	18,405,321	6,214,019
Management fee payable	54,762	42,540
Redemptions payable	77,217	10,465
Accrued liabilities	159,149	112,335
Payable for investments purchased	35,698	129,900
Interest payable	851	851
Dividends payable	40,353	24,540
Distributions payable	-	119,988
	<u>50,763,187</u>	<u>32,055,225</u>
Net Assets Attributable to Holders of Redeemable Units	<u>81,986,566</u>	<u>64,109,130</u>
Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	8,297,763	7,240,447
Class F	51,319,301	34,101,760
Class I	1,170,396	1,043,307
Class O****	7,763	-
Class ETF	<u>21,191,343</u>	<u>21,723,616</u>
Number of Redeemable Units Outstanding		
Class A	512,566	487,935
Class F	3,017,281	2,209,921
Class I	61,810	61,380
Class O****	705	-
Class ETF	<u>1,315,000</u>	<u>1,485,000</u>
Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	16.19	14.84
Class F	17.01	15.43
Class I	18.94	17.00
Class O****	11.01	-
Class ETF***	<u>16.12</u>	<u>14.63</u>
* Long positions, at cost	99,611,623	83,153,850
** Short positions, at cost	<u>(31,683,614)</u>	<u>(28,627,834)</u>
*** Closing Market Price (TSX)	16.15	14.66

**** Class O units were first issued on May 4, 2023.

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 years ended December 31

	2023 \$	2022 \$
Income		
Net gains (losses) on investments and derivatives		
Interest for distribution purposes	435,757	67,390
Dividends	2,099,211	1,751,406
Net realized gain (loss) on investments and options	2,665,552	3,867,208
Change in unrealized appreciation (depreciation) on investments and options	5,027,016	(7,614,613)
Interest and borrowing expense	(686,541)	(255,009)
Dividend expense	(688,939)	(645,618)
Net gains (losses) on investments and derivatives	<u>8,852,056</u>	<u>(2,829,236)</u>
Other income		
Foreign currency gain (loss) on cash and other assets and liabilities	123,283	(70,724)
Total Income	<u>8,975,339</u>	<u>(2,899,960)</u>
Expenses		
Management fees	808,163	737,506
Transaction costs	490,624	526,283
Administrative fees	106,532	106,396
Performance fees	72,957	-
Legal fees	47,415	56,317
Securityholder reporting fees	41,132	44,647
Withholding taxes	34,078	27,590
Audit fees	12,311	10,963
Independent review committee fees	7,007	9,654
Total expense before manager absorption	<u>1,620,219</u>	<u>1,519,356</u>
Less expenses absorbed by manager	<u>(90,418)</u>	<u>(99,760)</u>
Total expense after manager absorption	<u>1,529,801</u>	<u>1,419,596</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	<u>7,445,538</u>	<u>(4,319,556)</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	732,141	(614,867)
Class F	4,283,710	(2,843,330)
Class I	127,089	(59,477)
Class O****	763	-
Class ETF	<u>2,301,835</u>	<u>(801,882)</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	1.47	(1.23)
Class F	1.66	(1.16)
Class I	2.07	(0.97)
Class O****	1.09	-
Class ETF	<u>1.71</u>	<u>(0.64)</u>

**** Class O units were first issued on May 4, 2023.

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

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

For the years ended December 31

	2023 \$	2022 \$		2023 \$	2022 \$
Net Assets Attributable to Holders of Redeemable Units at Beginning of Year			Distributions to Holders of Redeemable Units		
Class A	7,240,447	7,565,143	From net investment income		
Class F	34,101,760	51,104,692	Class A	(56,986)	(39,660)
Class I	1,043,307	1,102,784	Class F	(349,252)	(188,751)
Class O****	-	-	Class I	(8,026)	(5,732)
Class ETF	21,723,616	20,813,864	Class O****	(53)	-
	<u>64,109,130</u>	<u>80,586,483</u>	Class ETF	(146,547)	(119,988)
				<u>(560,864)</u>	<u>(354,131)</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units			From return of capital		
Class A	732,141	(614,867)	Class A	(234)	-
Class F	4,283,710	(2,843,330)	Class F	(1,435)	-
Class I	127,089	(59,477)	Class I	(33)	-
Class O****	763	-	Class O****	-	-
Class ETF	2,301,835	(801,882)	Class ETF	(602)	-
	<u>7,445,538</u>	<u>(4,319,556)</u>		<u>(2,304)</u>	<u>-</u>
Redeemable Unit Transactions			Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
Proceeds from redeemable units issued				<u>17,877,436</u>	<u>(16,477,353)</u>
Class A	1,723,487	2,135,143	Net Assets Attributable to Holders of Redeemable Units at End of Year		
Class F	22,658,695	12,595,828	Class A	8,297,763	7,240,447
Class I	-	-	Class F	51,319,301	34,101,760
Class O****	14,286	-	Class I	1,170,396	1,043,307
Class ETF	7,363,414	11,377,303	Class O****	7,763	-
	<u>31,759,882</u>	<u>26,108,274</u>	Class ETF	21,191,343	21,723,616
Reinvestments of distributions to holders of redeemable units			Net Assets Attributable to Holders of Redeemable Units at End of Year		
Class A	45,766	31,029		<u>81,986,566</u>	<u>64,109,130</u>
Class F	282,061	143,146	**** Class O units were first issued on May 4, 2023.		
Class I	8,059	5,732	The accompanying notes are an integral part of the financial statements.		
Class O****	53	-			
Class ETF	-	-			
	<u>335,939</u>	<u>179,907</u>			
Redemption of redeemable units					
Class A	(1,386,858)	(1,836,341)			
Class F	(9,656,238)	(26,709,825)			
Class I	-	-			
Class O****	(7,286)	-			
Class ETF	(10,050,373)	(9,545,681)			
	<u>(21,100,755)</u>	<u>(38,091,847)</u>			
Net Increase (Decrease) from Redeemable Unit Transactions	<u>10,995,066</u>	<u>(11,803,666)</u>			

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

STATEMENTS OF CASH FLOWS

For the years ended December 31

	2023 \$	2022 \$
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable units	7,445,538	(4,319,556)
Adjustments for:		
Unrealized foreign exchange (gain) loss on cash	(475,895)	(481,102)
Net realized (gain) loss on investments and options	(2,665,552)	(3,867,208)
Change in unrealized (appreciation) depreciation on investments and options	(5,027,016)	7,614,613
(Increase) decrease in due from manager	-	18,140
(Increase) decrease in dividends receivable	(79,947)	35,542
Increase (decrease) in dividends payable	15,813	5,738
Increase (decrease) in other payable and accrued liabilities	59,036	39,412
Purchase of long positions and repurchase of investments sold short	(159,090,085)	(170,020,957)
Proceeds from sale of long positions and on investments sold short	148,245,276	183,848,586
Net cash generated (used) by operating activities	(11,572,832)	12,873,208
Cash Flows from Financing Activities		
Distributions to holders of redeemable units, net of reinvested distributions	(347,217)	(54,236)
Proceeds from redeemable units issued	31,168,472	25,787,633
Amount paid on redemption of redeemable units	(20,795,565)	(37,759,878)
Net cash generated (used) by financing activities	10,025,690	(12,026,481)
Unrealized foreign exchange gain (loss) on cash	475,895	481,102
Net increase (decrease) in cash	(1,547,142)	846,727
Cash, beginning of year	472,438	(855,391)
Cash, end of year	(598,809)	472,438
Cash	17,806,512	6,686,457
Cash overdraft	(18,405,321)	(6,214,019)
Net Cash (Overdraft)	(598,809)	472,438
Items Classified as Operating Activities:		
Interest received, net of withholding tax	435,757	67,390
Dividends received, net of withholding tax	1,985,186	1,759,358
Interest and borrowing expense paid	(686,541)	(255,009)
Dividends paid	(673,126)	(639,880)

Net of non-cash transfers and switches of \$238,438 (2022 - \$326,496)

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

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2023

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 (139.3%)									
Canadian Equities (96.4%)									
Energy (14.6%)									
	29,939	Advantage Energy Ltd.	263,596	255,380		150,300	Osisko Mining Inc.	396,792	401,301
	14,800	ARC Resources Ltd.	330,291	291,116		21,448	Pan American Silver Corp.	463,231	463,920
	11,281	Cameco Corp.	372,097	644,484		21,343	Pan American Silver Corp., Rights, 2029-02-22	19,159	14,494
	27,016	Canadian Natural Resources Ltd.	2,056,162	2,345,259		8,700	Prime Mining Corp., Warrants, 2024-04-27	-	-
	36,799	Enbridge Inc.	1,788,886	1,755,312		26,985	Solaris Resources Inc.	193,730	111,448
	24,529	Encore Energy Corp.	74,074	127,796		19,600	Teck Resources Ltd.	1,082,824	1,097,796
	39,000	Encore Energy Corp., Warrants, 2026-02-14	-	56,940		3,849	West Fraser Timber Co., Ltd.	414,772	436,323
	13,800	Enerplus Corp.	289,721	280,278				9,279,184	8,590,915
	48,000	Freehold Royalties Ltd.	520,017	657,120	Industrial (18.3%)				
	8,383	Imperial Oil Ltd.	616,550	632,749		6,018	Ag Growth International Inc.	325,185	304,029
	59,954	MEG Energy Corp.	897,038	1,419,111		12,300	ATS Corp.	540,779	702,453
	15,804	NexGen Energy Ltd.	95,206	146,503		13,509	Badger Infrastructure Solutions Ltd.	424,942	549,951
	12,884	North American Construction Group Ltd.	259,960	356,243		6,100	Bombardier Inc.	283,322	324,581
	14,097	Parkland Corp.	471,524	602,083		2,250	Boyd Group Services Inc.	442,586	626,603
	10,800	Pembina Pipeline Corp., Sub. Rcpt.	462,780	486,000		36,774	Canadian Pacific Kansas City Ltd.	3,403,077	3,855,386
	1,400	Precision Drilling Corp.	117,277	100,744		35,500	Chorus Aviation Inc.	81,118	90,880
	18,896	Suncor Energy Inc.	784,036	802,135		116,700	Element Fleet Management Corp.	1,732,654	2,516,052
	13,100	Tidewater Midstream and Infrastructure Ltd., Warrants, 2024-08-16	1,311	393		1,400	TFI International Inc.	244,860	252,336
	16,802	Tourmaline Oil Corp.	906,955	1,001,231		6,575	Thomson Reuters Corp.	848,667	1,273,775
			10,307,481	11,960,877		9,429	Toromont Industries Ltd.	968,616	1,094,707
						10,825	Waste Connections Inc.	1,729,516	2,141,835
						6,919	WSP Global Inc.	1,083,036	1,285,135
								12,108,358	15,017,723
Materials (10.5%)					Consumer Discretionary (3.3%)				
	19,209	Agnico Eagle Mines Ltd.	1,256,415	1,395,534		3,900	BRP Inc.	382,807	369,798
	49,300	Aris Mining Corp., Warrants, 2025-07-29	-	12,325		3,460	Dollarama Inc.	296,743	330,395
	5,400	CCL Industries Inc.	340,185	321,786		5,725	MTY Food Group Inc.	366,303	323,520
	39,611	First Quantum Minerals Ltd.	1,033,985	429,779		20,276	Park Lawn Corp.	509,417	400,248
	6,542	Franco-Nevada Corp.	1,161,823	960,169		9,400	Restaurant Brands International Inc.	802,577	973,182
	57,770	Frontier Lithium Inc.	133,757	43,905		9,391	Spin Master Corp.	368,641	327,370
	14,850	Frontier Lithium Inc., Warrants, 2025-11-08	-	-				2,726,488	2,724,513
	65,700	Hudbay Minerals Inc.	442,901	478,953	Consumer Staples (2.4%)				
	4,800	I-80 Gold Corp., Warrants, 2024-04-01	-	-		9,923	Alimentation Couche-Tard Inc.	561,277	774,292
	16,119	K92 Mining Inc.	101,554	104,935		6,050	George Weston Ltd.	892,736	995,225
	21,171	Karora Resources Inc.	79,518	103,103		4,934	North West Co Inc.	175,192	193,758
	23,000	Kinross Gold Corp.	168,092	184,460				1,629,205	1,963,275
	11,916	Lithium Americas Corp.	-	101,286	Health Care (0.2%)				
	30,664	Major Drilling Group International Inc.	242,385	282,415		20,800	HEXO Corp., Warrants	-	-
	42,850	Marathon Gold Corp., Warrants, 2024-09-20	3,516	-		5,500	HEXO Corp., Warrants, 2025-05-21	-	-
	9,923	NGEx Minerals Ltd.	56,016	71,049		56,787	Kneat.com Inc.	174,550	173,200
	7,056	Nutrien Ltd.	666,980	526,730		6,550	Mind Medicine MindMed Inc., Warrants, 2024-01-07	-	33
	155,330	OceanaGold Corp.	396,880	394,538				174,550	173,233
	6,833	Osisko Development Corp., Warrants, 2027-03-02	-	342					
	34,602	Osisko Gold Royalties Ltd.	624,669	654,324					

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2023

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 (\$)
Financials (27.9%)					8,700	Tricon Residential Inc.		99,713	104,922
	42,564	Bank of Montreal	5,318,931	5,580,566				2,942,651	3,284,743
	23,809	Canadian Western Bank	667,215	734,984	Investment Funds (0.2%)				
	1,300	Fairfax Financial Holdings Ltd.	1,299,154	1,589,263	5,969	Sprott Physical Uranium Trust		90,498	168,684
	17,000	Manulife Financial Corp.	481,213	497,760	Total Canadian Equities - Long				
	14,700	Power Corp. of Canada	526,862	556,983				70,600,937	79,003,385
	45,600	Royal Bank of Canada	5,483,824	6,110,401	Global Equities (42.1%)				
	36,009	Sun Life Financial Inc.	2,277,096	2,474,538	United States Equities (38.3%)				
	28,480	TMX Group Ltd.	830,230	912,784	325	Adobe Inc.		232,398	255,670
	33,600	Toronto-Dominion Bank	2,834,748	2,876,832	2,300	Advanced Micro Devices Inc.		293,596	447,062
	43,433	Trisura Group Ltd.	1,342,348	1,476,722	3,137	Aehr Test Systems		144,018	109,740
			<u>21,061,621</u>	<u>22,810,833</u>	2,070	Alphabet Inc., Class A		374,402	381,284
					3,070	Amazon.com Inc.		536,283	615,069
Information Technology (8.4%)					1,100	Apellis Pharmaceuticals Inc.		74,318	86,825
	22,687	Celestica Inc.	448,047	880,482	4,450	Apollo Global Management Inc.		389,801	546,818
	1,367	CGI Inc.	157,343	194,046	325	Appfolio Inc.		78,299	74,241
	490	Constellation Software Inc.	1,041,592	1,609,782	2,000	AppLovin Corp.		110,251	105,092
	427	Constellation Software Inc., Warrants, 2040-03-31	-	-	3,936	Arch Capital Group Ltd.		359,899	385,462
	6,191	Descartes Systems Group Inc.	573,863	689,244	1,650	Arthur J Gallagher & Co.		411,216	489,269
	3,579	Kinaxis Inc.	580,840	532,233	500	Atlassian Corp.		133,215	156,821
	9,016	Lumine Group Inc.	143,459	269,578	9,400	Bank of America Corp.		346,528	417,334
	26,279	Shopify Inc.	2,140,014	2,710,942	2,786	BellRing Brands Inc.		102,616	203,629
			<u>5,085,158</u>	<u>6,886,307</u>	3,200	Bentley Systems Inc.		184,434	220,175
Communication Services (2.0%)					2,500	Berry Global Group Inc.		215,814	222,151
	29,050	FansUnit Entertainment Inc., Warrants, 2024-07-15	-	-	2,080	Boeing Co.		613,699	714,909
	2,600	Quebecor Inc.	80,572	81,952	5,563	Boston Scientific Corp.		377,054	424,058
	24,862	Rogers Communications Inc.	1,477,653	1,542,190	295	Broadcom Inc.		255,136	434,207
			<u>1,558,225</u>	<u>1,624,142</u>	2,300	Builders FirstSource Inc.		345,266	506,292
Utilities (4.6%)					700	Capital One Financial Corp.		121,153	121,026
	59,452	AltaGas Ltd.	1,388,705	1,653,955	4,100	CCC Intelligent Solutions Holdings Inc.		64,024	61,577
	15,230	Boralex Inc.	542,999	512,946	4,625	Charles Schwab Corp.		375,516	419,579
	12,463	Capital Power Corp.	532,095	471,600	9,652	Copart Inc.		402,652	623,629
	5,000	Capital Power Corp.	182,250	186,250	10,800	Corebridge Financial Inc.		285,977	308,458
	11,116	Hydro One Ltd.	383,575	441,305	600	Datadog Inc.		73,892	96,031
	8,253	Innervex Renewable Energy Inc.	113,166	75,845	550	Deere & Co.		224,470	289,998
	41,401	TransAlta Corp.	494,728	456,239	2,530	Dexcom Inc.		360,039	413,971
			<u>3,637,518</u>	<u>3,798,140</u>	575	Domino's Pizza Inc.		303,213	312,551
Real Estate (4.0%)					2,200	DoorDash Inc.		294,706	286,872
	8,633	Boardwalk Real Estate Investment Trust	370,717	615,878	2,270	DR Horton Inc.		288,405	454,910
	9,712	BSR Real Estate Investment Trust	165,583	152,010	800	DTE Energy Co.		111,507	116,311
	16,572	Crombie Real Estate Investment Trust	247,651	228,694	88,000	Eagle SPV LP		119,178	162,452
	7,570	DREAM Unlimited Corp.	193,600	171,461	6,300	Elanco Animal Health Inc.		120,478	123,777
	4,500	FirstService Corp.	880,478	965,925	550	Electronic Arts Inc.		98,718	99,219
	10,165	Flagship Communities REIT	208,973	213,787	570	Eli Lilly & Co.		208,620	438,124
	30,097	InterRent Real Estate Investment Trust	395,037	398,183	4,037	Fastenal Co.		289,729	344,783
	26,816	Minto Apartment Real Estate Investment Trust	380,899	433,883	220	First Citizens BancShares Inc.		410,236	411,632
					600	Gartner Inc.		221,470	356,900
					5,050	Gold Flora Corp., Warrants, 2026-01-15		1,318	33
					280	Goldman Sachs Group Inc.		123,159	142,429
					350	Home Depot Inc.		145,401	159,936
					3,300	Intercontinental Exchange Inc.		466,118	558,848

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2023

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 (\$)
Materials (-0.7%)					Utilities (-0.5%)				
	(10,100)	Artemis Gold Inc.	(67,408)	(63,832)		(4,200)	Brookfield Renewable Corp.	(164,615)	(160,188)
	(6,100)	Equinox Gold Corp.	(50,666)	(39,284)		(3,450)	Fortis Inc.	(191,218)	(188,060)
	(3,200)	ERO Copper Corp.	(83,281)	(67,040)		(4,000)	Superior Plus Corp.	(38,567)	(38,520)
	(6,800)	First Majestic Silver Corp.	(88,406)	(55,284)				<u>(394,400)</u>	<u>(386,768)</u>
	(3,000)	Interfor Corp.	(67,072)	(70,440)					
	(7,300)	Lundin Mining Corp.	(75,296)	(79,132)					
	(11,000)	New Found Gold Corp.	(78,771)	(51,370)					
	(5,400)	New Pacific Metals Corp.	(28,405)	(13,554)					
	(7,600)	Sandstorm Gold Ltd.	(52,591)	(50,616)					
	(6,000)	Wesdome Gold Mines Ltd.	(51,613)	(46,260)					
			<u>(643,509)</u>	<u>(536,812)</u>					
Industrial (-0.1%)					Real Estate (-0.2%)				
	(8,600)	Aecon Group Inc.	(121,465)	(112,402)		(4,700)	Dream Office Real Estate Investment Trust	(83,034)	(49,256)
	(3,300)	Ballard Power Systems Inc.	(26,705)	(16,203)		(1,600)	SmartCentres Real Estate Investment Trust	(38,688)	(39,824)
	(1,500)	Finning International Inc.	(55,980)	(57,480)		(8,300)	StorageVault Canada Inc.	(36,001)	(43,409)
			<u>(204,150)</u>	<u>(186,085)</u>				<u>(157,723)</u>	<u>(132,489)</u>
Consumer Discretionary (-0.2%)					Index Equivalents (-4.0%)				
	(1,000)	Canadian Tire Corp. Ltd.	(165,995)	(140,720)		(48,600)	iShares Core S&P/TSX Capped Composite Index ETF	(1,569,530)	(1,621,782)
Consumer Staples (-0.2%)						(51,000)	iShares S&P/TSX 60 Index ETF	(1,603,329)	(1,633,020)
	(1,900)	Empire Co., Ltd.	(67,459)	(66,595)				<u>(3,172,859)</u>	<u>(3,254,802)</u>
	(1,850)	Metro Inc.	(129,917)	(126,892)	Total Canadian Equities - Short				
			<u>(197,376)</u>	<u>(193,487)</u>				(7,864,681)	(7,536,000)
Health Care (0.0%)					Global Equities (-29.3%)				
	(10,925)	Aurora Cannabis Inc.	(124,289)	(7,098)	United States Equities (-12.1%)				
Financials (-1.6%)						(450)	3M Co.	(63,239)	(64,867)
	(2,700)	Bank of Nova Scotia	(159,916)	(174,150)		(1,000)	AGCO Corp.	(157,282)	(160,091)
	(2,100)	Brookfield Asset Management Ltd.	(92,468)	(111,762)		(600)	Airbnb Inc.	(103,860)	(107,709)
	(4,100)	CI Financial Corp.	(71,233)	(60,926)		(1,000)	Ally Financial Inc.	(41,370)	(46,046)
	(2,600)	Definity Financial Corp.	(93,652)	(97,604)		(400)	Altair Engineering Inc.	(35,870)	(44,384)
	(500)	Goeasy Ltd.	(61,760)	(79,030)		(1,600)	American Airlines Group Inc.	(34,201)	(28,988)
	(4,600)	Great-West Lifeco Inc.	(184,067)	(201,756)		(950)	American Express Co.	(205,135)	(234,675)
	(1,400)	iA Financial Corp. Inc.	(114,549)	(126,462)		(240)	Amgen Inc.	(89,722)	(91,148)
	(3,000)	IGM Financial Inc.	(110,109)	(105,030)		(800)	Apple Inc.	(198,726)	(203,096)
	(700)	Intact Financial Corp.	(139,215)	(142,702)		(700)	Ares Management Corp.	(94,375)	(109,766)
	(1,825)	National Bank of Canada	(160,444)	(184,325)		(1,600)	Atlantic Union Bankshares Corp.	(62,282)	(77,091)
			<u>(1,187,413)</u>	<u>(1,283,747)</u>		(160)	Autodesk Inc.	(47,522)	(51,368)
Information Technology (-0.2%)						(1,800)	Avangrid Inc.	(107,560)	(76,925)
	(6,500)	Converge Technology Solutions Corp.	(41,048)	(26,910)		(1,200)	Bank OZK	(59,704)	(78,847)
	(1,900)	Enghouse Systems Ltd.	(65,651)	(66,690)		(1,400)	Beacon Roofing Supply Inc.	(152,564)	(160,642)
	(1,800)	Open Text Corp.	(97,699)	(100,242)		(450)	BILL Holdings Inc.	(42,790)	(48,413)
			<u>(204,398)</u>	<u>(193,842)</u>		(1,100)	Bloom Energy Corp.	(30,817)	(21,467)
Communication Services (-0.2%)						(2,200)	Blue Owl Capital Inc.	(33,007)	(43,224)
	(3,300)	BCE Inc.	(198,020)	(172,161)		(825)	Bristol-Myers Squibb Co.	(77,979)	(55,817)
						(3,400)	BRP Group Inc.	(106,980)	(107,687)
						(2,400)	Cadence Bank	(71,839)	(93,642)
						(275)	Cadence Design Systems Inc.	(93,297)	(98,765)
						(1,000)	Calix Inc.	(55,961)	(57,610)
						(360)	Caterpillar Inc.	(123,611)	(140,353)
						(895)	CH Robinson Worldwide Inc.	(118,873)	(101,953)
						(190)	Charter Communications Inc.	(98,085)	(97,378)
						(500)	Ciena Corp.	(29,696)	(29,675)
						(400)	Cloudflare Inc.	(41,255)	(43,915)
						(1,900)	Confluent Inc.	(87,120)	(58,625)
						(300)	Crowdstrike Holdings Inc.	(68,306)	(101,000)

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2023

CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	(450)	Chubb Ltd.	(120,604)	(134,102)
	(380)	Everest Group Ltd.	(198,896)	(177,168)
	(1,200)	GLOBALFOUNDRIES Inc.	(89,838)	(95,889)
	(5,900)	Gold Fields Ltd.	(118,564)	(112,495)
	(2,700)	Invesco Ltd.	(65,448)	(63,514)
	(300)	Nabors Industries Ltd.	(37,315)	(32,291)
	(220)	NXP Semiconductors NV	(60,978)	(66,628)
	(1,500)	Rio Tinto PLC	(134,015)	(147,274)
	(500)	Royal Caribbean Cruises Ltd.	(71,648)	(85,373)
	(4,000)	Whitehaven Coal Ltd.	(13,778)	(26,777)
			<u>(1,556,728)</u>	<u>(1,649,004)</u>
		International Index Equivalents (-15.2%)		
	(4,740)	Invesco QQQ Trust Series 1	(2,396,487)	(2,559,568)
	(2,100)	iShares 20+ Year Treasury Bond ETF	(303,435)	(273,805)
	(9,850)	iShares Core S&P 500 ETF	(5,582,111)	(6,203,560)
	(2,250)	iShares iBoxx \$ High Yield Corporate Bond ETF	(245,615)	(229,605)
	(1,000)	iShares J.P. Morgan USD Emerging Markets Bond ETF	(114,127)	(117,435)
	(5,800)	iShares MSCI Emerging Markets ETF	(315,350)	(307,521)
	(775)	iShares Russell 2000 Growth Index Fund	(248,430)	(257,747)
	(7,200)	SPDR Industrial Select Sector Fund	(935,831)	(1,082,212)
	(1,300)	SPDR S&P Metals & Mining ETF	(89,163)	(102,559)
	(2,900)	SPDR S&P Retail ETF	(263,694)	(276,547)
	(3,350)	Vanguard Total Stock Market ETF	(1,010,253)	(1,047,874)
			<u>(11,504,496)</u>	<u>(12,458,433)</u>
		Total Global Equities - Short	<u>(23,107,863)</u>	<u>(24,040,034)</u>
		Options (-0.5%)		
		Total Written Options - Refer to Appendix A	<u>(691,309)</u>	<u>(413,802)</u>
		Transaction Costs	<u>(19,761)</u>	<u>-</u>
		Total Short Positions	<u>(31,683,614)</u>	<u>(31,989,836)</u>
		TOTAL INVESTMENT PORTFOLIO (100.3%)	<u>67,928,009</u>	<u>82,216,918</u>
		Other Assets Net of Liabilities (-0.3%)		<u>(230,352)</u>
		TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (100.0%)		<u>81,986,566</u>

*CCY denotes local currency of debt security

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

APPENDIX A OPTIONS (0.3%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Aehr Test Systems	Call Option	62	\$35	January, 2024	36,693	4,701
Aehr Test Systems	Call Option	11	\$55	January, 2024	3,334	54
Apellis Pharmaceuticals Inc.	Call Option	10	\$50	January, 2024	4,488	16,614
Apellis Pharmaceuticals Inc.	Call Option	4	\$95	January, 2024	558	396
Bank Of Nova Scotia	Call Option	48	\$60	January, 2024	2,765	21,480
Bank Of Nova Scotia	Call Option	19	\$64	January, 2024	162	1,064
Calix Inc.	Call Option	54	\$40	February, 2024	16,424	39,874
Celestica Inc.	Call Option	129	\$35	February, 2024	22,575	69,338
Celestica Inc.	Call Option	26	\$39	February, 2024	2,366	7,605
Centerra Gold Inc.	Call Option	208	\$8	January, 2024	4,888	11,440
Chicago Board Options Exchange	Call Option	329	\$17	January, 2024	41,599	18,654
Dye & Durham Ltd.	Call Option	142	\$11	January, 2024	13,490	48,636
Dye & Durham Ltd.	Call Option	49	\$14	January, 2024	1,752	4,900
First Quantum Minerals Ltd.	Call Option	136	\$15	January, 2024	8,874	1,836
First Quantum Minerals Ltd.	Call Option	181	\$17	June, 2024	33,795	15,295
First Quantum Minerals Ltd.	Call Option	136	\$18	September, 2024	20,713	14,280
First Quantum Minerals Ltd.	Call Option	41	\$26	September, 2024	2,911	1,599
Harmonic Inc.	Call Option	99	\$15	January, 2024	8,021	1,305
iShares Russell 2000 ETF	Call Option	136	\$204	January, 2024	25,183	5,559
iShares Russell 2000 ETF	Call Option	41	\$210	January, 2024	2,335	189
Teck Resources Ltd.	Call Option	116	\$54	January, 2024	28,710	32,016
Toronto-Dominion Bank	Call Option	136	\$84	January, 2024	3,169	24,684
Utilities Select Sector SPDR	Call Option	131	\$61	January, 2024	16,664	61,235
					<u>301,469</u>	<u>402,754</u>
Apple Inc.	Put Option	27	\$175	January, 2024	809	605
Apple Inc.	Put Option	68	\$190	January, 2024	12,836	15,826
Bank OZK	Put Option	136	\$45	February, 2024	19,368	14,346
Brookfield Corp.	Put Option	40	\$38	January, 2024	1,510	127
Brookfield Corp.	Put Option	132	\$44	January, 2024	16,500	726
Caterpillar Inc.	Put Option	10	\$240	February, 2024	1,439	844
Caterpillar Inc.	Put Option	27	\$270	February, 2024	16,725	10,948
Enphase Energy Inc.	Put Option	20	\$65	February, 2024	819	567
Enphase Energy Inc.	Put Option	49	\$95	February, 2024	14,935	10,758
Invesco QQQ Trust Ser.1	Put Option	48	\$366	January, 2024	17,870	1,298
Invesco QQQ Trust Ser.1	Put Option	41	\$375	January, 2024	25,144	1,595
Invesco QQQ Trust Ser.1	Put Option	58	\$377	January, 2024	5,515	4,512
Invesco QQQ Trust Ser.1	Put Option	129	\$378	January, 2024	90,251	5,868
Invesco QQQ Trust Ser.1	Put Option	165	\$392	January, 2024	38,352	34,267
S&P 500 Index 3Wk	Put Option	6	\$4,100	January, 2024	8,057	831
S&P 500 Index 3Wk	Put Option	7	\$4,500	February, 2024	23,760	15,784
S&P 500 Index 3Wk	Put Option	28	\$4,570	January, 2024	50,303	21,229
S&P 500 Index 3Wk	Put Option	22	\$4,600	February, 2024	115,688	79,920
S&P 500 Index 3Wk	Put Option	28	\$4,650	January, 2024	15,087	5,169
					<u>474,968</u>	<u>225,220</u>
Total Purchased Options					776,437	627,974
Aehr Test Systems	Written Call Option	(25)	\$40	January, 2024	(9,099)	(824)
Aehr Test Systems	Written Call Option	(44)	\$45	January, 2024	(24,680)	(1,305)
Aehr Test Systems	Written Call Option	(18)	\$50	January, 2024	(7,258)	(178)
Apellis Pharmaceuticals Inc.	Written Call Option	(8)	\$65	January, 2024	(1,885)	(5,011)
Apellis Pharmaceuticals Inc.	Written Call Option	(4)	\$80	January, 2024	(679)	(1,002)
Bank Of Nova Scotia	Written Call Option	(63)	\$62	January, 2024	(1,103)	(15,530)
Bank OZK	Written Call Option	(14)	\$56	January, 2024	(620)	(415)
Brookfield Corp.	Written Call Option	(20)	\$52	January, 2024	(805)	(4,070)
Calix Inc.	Written Call Option	(43)	\$45	February, 2024	(5,845)	(15,876)
Calix Inc.	Written Call Option	(10)	\$50	February, 2024	(673)	(1,582)
Caterpillar Inc.	Written Call Option	(3)	\$315	January, 2024	(468)	(285)
Celestica Inc.	Written Call Option	(13)	\$36	January, 2024	(962)	(4,323)
Celestica Inc.	Written Call Option	(168)	\$37	February, 2024	(19,992)	(67,200)
Centerra Gold Inc.	Written Call Option	(208)	\$9	January, 2024	(1,976)	(1,352)
Chicago Board Options Exchange	Written Call Option	(268)	\$19	January, 2024	(21,990)	(11,485)
Chicago Board Options Exchange	Written Call Option	(29)	\$24	January, 2024	(3,684)	(727)

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

APPENDIX A OPTIONS (0.3%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Dye & Durham Ltd.	Written Call Option	(109)	\$12	January, 2024	(6,976)	(27,250)
Dye & Durham Ltd.	Written Call Option	(75)	\$13	January, 2024	(3,319)	(12,375)
Enphase Energy Inc.	Written Call Option	(5)	\$220	February, 2024	(692)	(415)
First Quantum Minerals Ltd.	Written Call Option	(88)	\$16	January, 2024	(3,454)	(924)
First Quantum Minerals Ltd.	Written Call Option	(32)	\$18	January, 2024	(1,096)	-
First Quantum Minerals Ltd.	Written Call Option	(129)	\$19	June, 2024	(17,286)	(8,321)
First Quantum Minerals Ltd.	Written Call Option	(22)	\$20	January, 2024	(3,498)	-
First Quantum Minerals Ltd.	Written Call Option	(88)	\$20	September, 2024	(10,472)	(7,480)
First Quantum Minerals Ltd.	Written Call Option	(5)	\$24	January, 2024	(970)	-
First Quantum Minerals Ltd.	Written Call Option	(102)	\$24	September, 2024	(8,058)	(5,559)
First Quantum Minerals Ltd.	Written Call Option	(73)	\$26	January, 2024	(11,972)	-
First Quantum Minerals Ltd.	Written Call Option	(115)	\$30	June, 2024	(14,024)	(2,415)
Harmonic Inc.	Written Call Option	(59)	\$18	January, 2024	(1,136)	(46)
Invesco QQQ Trust Ser.1	Written Call Option	(8)	\$435	January, 2024	(866)	(512)
iShares Russell 2000 ETF	Written Call Option	(95)	\$206	January, 2024	(11,769)	(1,315)
iShares Russell 2000 ETF	Written Call Option	(95)	\$208	January, 2024	(7,973)	(564)
Royal Bank Of Canada	Written Call Option	(4)	\$128	January, 2024	(252)	(2,600)
S&P 500 Index 3Wk	Written Call Option	(3)	\$4,900	January, 2024	(5,181)	(3,086)
Teck Resources Ltd.	Written Call Option	(91)	\$56	January, 2024	(16,744)	(13,423)
Teck Resources Ltd.	Written Call Option	(39)	\$58	January, 2024	(5,421)	(2,652)
Toronto-Dominion Bank	Written Call Option	(109)	\$86	January, 2024	(600)	(6,050)
Utilities Select Sector SPDR	Written Call Option	(117)	\$63	January, 2024	(8,058)	(17,433)
					<u>(241,536)</u>	<u>(243,585)</u>
Apple Inc.	Written Put Option	(51)	\$180	January, 2024	(2,463)	(2,152)
Apple Inc.	Written Put Option	(51)	\$185	January, 2024	(4,620)	(4,707)
Bank Of Nova Scotia	Written Put Option	(33)	\$52	January, 2024	(1,031)	(99)
Bank OZK	Written Put Option	(21)	\$35	February, 2024	(1,118)	(123)
Bank OZK	Written Put Option	(42)	\$38	February, 2024	(3,767)	(553)
Bank OZK	Written Put Option	(102)	\$43	February, 2024	(8,010)	(5,716)
Brookfield Corp.	Written Put Option	(92)	\$40	January, 2024	(4,784)	(407)
Brookfield Corp.	Written Put Option	(92)	\$42	January, 2024	(7,176)	(541)
Calix Inc.	Written Put Option	(12)	\$30	January, 2024	(1,466)	(2)
Caterpillar Inc.	Written Put Option	(20)	\$250	February, 2024	(4,583)	(2,809)
Caterpillar Inc.	Written Put Option	(19)	\$260	February, 2024	(7,163)	(4,510)
Celestica Inc.	Written Put Option	(19)	\$26	January, 2024	(1,691)	(10)
Centerra Gold Inc.	Written Put Option	(65)	\$6	January, 2024	(1,268)	(80)
Dye & Durham Ltd.	Written Put Option	(31)	\$8	January, 2024	(1,674)	(4)
Enphase Energy Inc.	Written Put Option	(37)	\$75	February, 2024	(2,955)	(2,049)
Enphase Energy Inc.	Written Put Option	(37)	\$85	February, 2024	(5,909)	(4,098)
First Quantum Minerals Ltd.	Written Put Option	(13)	\$10	January, 2024	(1,677)	(748)
Invesco QQQ Trust Ser.1	Written Put Option	(48)	\$369	January, 2024	(20,989)	(1,424)
Invesco QQQ Trust Ser.1	Written Put Option	(190)	\$372	January, 2024	(97,229)	(6,389)
Invesco QQQ Trust Ser.1	Written Put Option	(17)	\$377	January, 2024	(904)	(729)
Invesco QQQ Trust Ser.1	Written Put Option	(116)	\$382	January, 2024	(13,941)	(12,237)
Invesco QQQ Trust Ser.1	Written Put Option	(116)	\$387	January, 2024	(19,149)	(16,902)
S&P 500 Index 3Wk	Written Put Option	(13)	\$4,140	January, 2024	(19,530)	(1,971)
S&P 500 Index 3Wk	Written Put Option	(12)	\$4,260	January, 2024	(44,835)	(2,373)
S&P 500 Index 3Wk	Written Put Option	(17)	\$4,520	January, 2024	(22,297)	(8,966)
S&P 500 Index 3Wk	Written Put Option	(31)	\$4,550	February, 2024	(129,397)	(88,293)
S&P 500 Index 3Wk	Written Put Option	(26)	\$4,600	January, 2024	(17,726)	(2,228)
Teck Resources Ltd.	Written Put Option	(19)	\$42	January, 2024	(1,311)	(38)
Teck Resources Ltd.	Written Put Option	(15)	\$46	January, 2024	(1,110)	(59)
					<u>(449,773)</u>	<u>(170,217)</u>
Total Written Options					(691,309)	(413,802)

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

FUND SPECIFIC NOTES

As at December 31, 2023 and December 31, 2022

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 December 31, 2023 and 2022.

ASSETS (LIABILITIES) AT FAIR VALUE AS AT DECEMBER 31, 2023				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	113,175,409	72,235	162,452	113,410,096
Mutual funds - Long	168,684	-	-	168,684
Options - Long	627,974	-	-	627,974
Equities - Short	(15,862,799)	-	-	(15,862,799)
Exchange Traded Funds - Short	(15,713,235)	-	-	(15,713,235)
Options - Short	(413,802)	-	-	(413,802)
Total	81,982,231	72,235	162,452	82,216,918

ASSETS (LIABILITIES) AT FAIR VALUE AS AT DECEMBER 31, 2022				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	88,551,460	141,007	119,236	88,811,703
Options - Long	379,212	-	-	379,212
Equities - Short	(12,228,365)	-	-	(12,228,365)
Exchange Traded Funds - Short	(12,919,377)	-	-	(12,919,377)
Options - Short	(252,845)	-	-	(252,845)
Total	63,530,085	141,007	119,236	63,790,328

2. TRANSFERS BETWEEN LEVELS 1 AND 2

The following table presents the transfers between Levels 1 and 2 for securities held at December 31, 2023.

December 31, 2023	Transfer from Level 1 to 2 \$	Transfer from Level 2 to 1 \$
Equities - Long	426	-
	426	-

There were no transfers between Levels 1 and 2 for securities held at December 31, 2022.

As of December 31, 2023, the equity securities transferred out of Level 1 relate to positions which were thinly traded on and around the period end, but were actively traded on December 31, 2022.

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

3. RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS

The following table reconciles the Fund's Level 3 fair value measurements of financial instruments for the year ended December 31, 2023 and 2022.

December 31, 2023	Equities - Long \$	Equities - Short \$	Total \$
Balance at Beginning of Year	119,236	-	119,236
Investment purchases during the year	-	-	-
Proceeds from sales during the year	-	-	-
Transfers in during the year	-	-	-
Transfers out during the year	-	-	-
Net realized gain (loss) on sale of investments	-	-	-
Change in unrealized appreciation (depreciation) in value of investments	43,216	-	43,216
Balance at End of Year	162,452	-	162,452
Total change in unrealized appreciation (depreciation) for assets held as at December 31, 2023			43,216

December 31, 2022	Equities - Long \$	Equities - Short \$	Total \$
Balance at Beginning of Year	-	-	-
Investment purchases during the year	119,178	-	119,178
Proceeds from sales during the year	-	-	-
Transfers in during the year	-	-	-
Transfers out during the year	-	-	-
Net realized gain (loss) on sale of investments	-	-	-
Change in unrealized appreciation (depreciation) in value of investments	58	-	58
Balance at End of Year	119,236	-	119,236
Total change in unrealized appreciation (depreciation) for assets held as at December 31, 2022			58

For the years ended December 31, 2023 and 2022, certain securities held long were classified as Level 3. The Fund's long Level 3 securities consist of subscription receipts which were measured at the transaction price as determined at the time of purchase. If there was a 5% increase or decrease in the price of Level 3 securities, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively, by approximately \$8,123 as at December 31, 2023 (December 31, 2022 - \$5,962). Transfers between levels on the fair value hierarchy table are deemed to have occurred at the beginning of the reporting period.

December 31, 2023							
Security Name	Fair Value	Valuation Technique	Unobservable Inputs	Reasonable Shift (+)	Reasonable Shift (-)	Change in Valuation (+)	Change in Valuation (-)
Eagle SPV LP	162,452	Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$8,123	\$(8,123)

December 31, 2022							
Security Name	Fair Value	Valuation Technique	Unobservable Inputs	Reasonable Shift (+)	Reasonable Shift (-)	Change in Valuation (+)	Change in Valuation (-)
Eagle SPV LP	119,236	Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$5,962	\$(5,962)

4. 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 \$7,587,499 (December 31, 2022 - \$6,409,152). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

5. CURRENCY RISK

Foreign currencies to which the Fund had exposure as at December 31, 2023 and 2022 were as follows:

FINANCIAL INSTRUMENTS				
December 31, 2023 Currency	Monetary \$	Non-Monetary \$	Total \$	Percentage of Net Assets %
United States Dollar	(2,260,684)	10,107,413	7,846,729	9.6%
European Euro	(366)	-	(366)	0.0%
British Pound	36,332	(49,405)	(13,073)	0.0%
Australian Dollar	6,187	(26,777)	(20,590)	0.0%
Net Exposure	(2,218,531)	10,031,231	7,812,700	9.6%

FINANCIAL INSTRUMENTS				
December 31, 2022 Currency	Monetary \$	Non-Monetary \$	Total \$	Percentage of Net Assets %
United States Dollar	(2,519,616)	6,883,108	4,363,492	6.8%
European Euro	10,086	-	10,086	0.0%
British Pound	58,262	(75,570)	(17,308)	0.0%
Australian Dollar	31,596	9,722	41,318	0.1%
Net Exposure	(2,419,672)	6,817,260	4,397,588	6.9%

If the Canadian dollar had strengthened or weakened by 5% in relation to all other currencies held in the investment portfolio, net assets would have decreased or increased by approximately \$390,635 (December 31, 2022 - \$219,879). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

6. INTEREST RATE RISK

Interest rate risk arises on interest-bearing financial instruments held in the investment portfolio such as bonds. As at December 31, 2023 and 2022, the interest rate risk is minimal given that the majority of the financial instruments held by the Fund are non-interest bearing.

7. CREDIT RISK

Credit risk arises from investments in debt instruments. As at December 31, 2023 and 2022, the Fund had no direct investments in debt instruments. All counterparties to derivative contracts had a credit rating of A- or higher. All cash is held with a financial institution with a minimum of credit rating A+.

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

8. 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 December 31, 2023 and 2022.

Jurisdiction	% of Net Assets	
	December 31, 2023	December 31, 2022
LONG POSITIONS	139.3%	139.1%
Canadian Equities	96.4%	102.7%
Financials	27.9%	31.2%
Industrial	18.3%	16.2%
Energy	14.6%	14.4%
Materials	10.5%	13.4%
Information Technology	8.4%	7.3%
Utilities	4.6%	4.4%
Real Estate	4.0%	4.6%
Consumer Discretionary	3.3%	3.9%
Consumer Staples	2.4%	3.7%
Communication Services	2.0%	3.3%
Health Care	0.2%	0.3%
Investment Funds	0.2%	0.0%
Global Equities	42.1%	35.8%
United States	38.3%	31.3%
International	3.8%	4.5%
Derivatives	0.8%	0.6%
SHORT POSITIONS	-39.0%	-39.6%
Canadian Equities	-9.2%	-15.8%
Index Equivalents	-4.0%	-9.0%
Financials	-1.6%	-2.3%
Energy	-1.3%	-1.3%
Materials	-0.7%	-1.0%
Utilities	-0.5%	-0.3%
Consumer Staples	-0.2%	-0.6%
Communication Services	-0.2%	-0.2%
Real Estate	-0.2%	-0.4%
Consumer Discretionary	-0.2%	-0.3%
Information Technology	-0.2%	-0.2%
Industrial	-0.1%	-0.2%
Health Care	0.0%	0.0%
Global Equities	-29.3%	-23.4%
International Index Equivalents	-15.2%	-11.1%
United States Equities	-12.1%	-11.3%
International Equities	-2.0%	-1.0%
Derivatives	-0.5%	-0.4%

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

9. 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 statements of financial position and are due on demand.

December 31, 2023 Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Short positions	31,576,034	-	-	31,576,034
Redemptions payable	77,217	-	-	77,217
Accrued liabilities and other payables	-	255,115	-	255,115
Payable for investments purchased	35,698	-	-	35,698
Derivative liabilities	413,802	-	-	413,802
Cash overdraft	18,405,321	-	-	18,405,321

December 31, 2022 Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Short positions	25,147,742	-	-	25,147,742
Distributions payable	119,988	-	-	119,988
Redemptions payable	10,465	-	-	10,465
Accrued liabilities and other payables	-	180,266	-	180,266
Payable for investments purchased	129,900	-	-	129,900
Derivative liabilities	252,845	-	-	252,845
Cash overdraft	6,214,019	-	-	6,214,019

10. FUND UNIT TRANSACTIONS

For the years ended December 31

	2023					2022			
	Class A	Class F	Class I	Class O****	Class ETF	Class A	Class F	Class I	Class ETF
Units issued and outstanding, beginning of year	487,935	2,209,921	61,380	-	1,485,000	469,830	3,083,775	61,041	1,325,000
Units issued	110,836	1,383,125	-	1,400	480,000	139,047	806,470	-	780,000
Units reinvested	2,854	16,744	430	5	-	2,101	9,323	339	-
Units redeemed	(89,059)	(592,509)	-	(700)	(650,000)	(123,043)	(1,689,647)	-	(620,000)
Units issued and outstanding, end of year	512,566	3,017,281	61,810	705	1,315,000	487,935	2,209,921	61,380	1,485,000
Weighted average number of units held during the year	496,742	2,584,416	61,392	700	1,344,315	498,361	2,457,066	61,048	1,252,445

**** Class O units were first issued on May 4, 2023.

11. COMMISSIONS

For the years ended December 31 (in \$000)

	2023	2022
Brokerage commissions	491	526
Soft Dollar commissions	68	66

12. TAX LOSS CARRY FORWARDS

As at December 31 (in \$000)

	2023
Net capital losses carry forward	76
Non-capital losses carry forward	-

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

13. STRUCTURED ENTITIES

The table below illustrates the Fund's investment in the underlying funds as at December 31, 2023.

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 December 31, 2023			
Sprott Physical Uranium Trust	169	7,020,801	0.0%

As at December 31, 2022, the Fund did not hold any underlying funds.

14. LEVERAGE

During the year ended December 31, 2023, the Fund's aggregate exposure reached a low of 49.77% (year ended December 31, 2022 - 57.12%) and a high of 117.33% (year ended December 31, 2022 - 297.11%) of the Fund's NAV. As at December 31, 2023, the Fund's aggregate exposure was 81.18% (December 31, 2022 - 59.49%) of the Fund's NAV. The primary source of leverage was cash overdraft and short positions in equity and fixed income securities.

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS

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1. GENERAL INFORMATION

Picton Mahoney Fortified Active Extension 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 March 25, 2024.

On September 21, 2018, 5,001 Class A units, 5,000 Class F units, and 5,000 Class I units of the Fund were issued to the Manager of the Fund, for cash consideration of CAD \$10.00 per unit. These units are not redeemable until an additional \$500,000 has been invested by other investors in the aggregate in the Fund.

The Fund may issue an unlimited number of classes or series and may issue an unlimited number of units of each class or series. The Fund has created Class A, Class F, Class I, Class O 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. Class O units are available to only investors who have a discretionary managed account with the Manager and make the required minimum initial investment and minimum subsequent investment as determined by the Manager from time to time.

As at December 31, 2023, the Fund currently has 5 Classes of Units: Class A, Class F, and Class I, Class O and Class ETF. As at December 31, 2023, the Manager holds 1 unit of Class A, and 704 units of Class O. (December 31, 2022 - 1 unit of Class A).

The investment objective of the Fund is to provide long-term capital appreciation and to provide unitholders with an attractive risk-adjusted rate of return with similar volatility to the traditional equity market by taking long and short investment positions in an actively-managed portfolio comprised primarily of Canadian equity securities. The Fund may also invest in international equity securities, North American and international fixed income securities including high yield securities, derivative instruments, such as options, futures, forward contracts and swaps, securities of investment funds, and cash and cash equivalents. The Fund may engage in physical short sales and/or 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 MATERIAL ACCOUNTING POLICIES

The following is a summary of the material accounting policies and estimation techniques adopted by the Funds and applied in the preparation of these financial statements. Changes in accounting policy information and disclosures. Effective January 1, 2023, the Fund adopted the following new and amended accounting standards. Disclosure of Accounting Policies — Amendments to IAS 1 and IFRS Practice Statement 2 Effective January 1, 2023, the Fund adopted the IAS 1 amendment with regards to disclosure of material accounting policies. This amendment did not have a material impact on these financial statements. There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on January 1, 2023 that have a material effect on the financial statements of the Fund.

(a) Basis of Preparation

These financial statements have been prepared in accordance with those requirements of International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting 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

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- 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. 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. Cash overdrafts are shown in current liabilities in the statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks and brokers and other short-term investments in an active market with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position.

(f) Investment Transactions and Income Recognition

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

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

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a return of capital for income tax purposes reduce the average cost of the income trusts and underlying funds.

(g) Valuation of Fund Units

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

The Fund's units are divided into the Class A, Class F, Class I, Class O, and Class ETF units. Each class is divided into units of equal value. When you invest in the Fund, you are purchasing units of a specific class of the Fund. A separate net asset value per unit is calculated for each class of units (the "Unit Price"). The Unit Price is the price used for all purchases, switches, reclassifications and redemptions of units of that class (including purchases made on the reinvestment of distributions). The price at which units are issued or redeemed is based on the next applicable Unit Price determined after the receipt of the purchase or redemption order.

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

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

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

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

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

(h) Foreign Currency Translation

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

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

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

Increase (decrease) in net assets attributable to holders of redeemable units per unit of each Class of the Fund is determined by dividing the net

increase in net assets attributable to holders of redeemable units from each Class of Units by the weighted average number of Units outstanding of that Class during the year.

(j) Transaction Costs

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

(k) Securities Lending Transactions

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

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

(l) Leverage

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

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

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

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

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(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 December 31, 2023 and December 31, 2022, held in the form of redeemable units, are included at their fair value in the Statement of Financial Position, which represent the Fund's maximum exposure in these underlying funds. The Fund does not provide and has not committed to provide any additional significant financial or other support to the underlying funds. The change in fair value of each of the underlying funds during the periods is included in 'Change in unrealized appreciation (depreciation) of investments, options, and foreign exchange forward contracts' in the Statement of Comprehensive Income.

(n) Offsetting

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

The Fund may hold 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 may consider 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 December 31, 2023 and December 31, 2022, 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

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market interest rates. Market prices may also be affected by changes in market interest rates. Also, changes in the market interest rate may affect the borrowing expenses of the short positions held by the Fund.

Credit risk:

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

The Fund is exposed to credit risk. For other financial assets at amortized cost, the Manager considers both historical analysis and forward looking information in determining any expected credit loss. At December 31, 2023 and December 31, 2022, all receivables for investments sold, dividends receivable, and cash are held with counterparties with a good credit quality and are due to be settled within one week. The Manager considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

Liquidity Risk:

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

Concentration risk:

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

Leverage Risk:

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

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

5. CAPITAL MANAGEMENT

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

6. REDEEMABLE UNIT TRANSACTIONS

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

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

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

Generally, all orders to purchase ETF units directly from a Fund must be placed by a Designated Broker or an "ETF Dealer", which is a registered dealer (that may or may not be a Designated Broker) that has entered into an agreement with us authorizing the dealer to subscribe for, purchase and redeem ETF units from one or more Funds on a continuous basis from time to time. For each Prescribed Number of Units issued, an ETF Dealer must deliver payment consisting of, either: (i) a group of securities or assets representing the constituents of the Fund (a "Basket of Securities")

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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 F, Class I, Class O and Class ETF units will be automatically reinvested in additional units.

8. TAXATION

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

Non-capital losses have expiry periods of up to 20 years and can be offset against future taxable income. Net capital losses can be carried forward indefinitely and offset against future taxable capital gains. For tax loss carry forward information, please refer to Note 12 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.

Auditor's Fees

For the year ended December 31, 2023, fees paid or payable to PricewaterhouseCoopers LLP ("PwC") and other PwC Network firms for audit services to public interest entity funds managed by the Manager were \$359,092. Fees for other services were \$287,172.

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 and Class O 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.

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(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 for the Fund is equal to 20% of the amount by which the performance of the applicable class exceeds the performance of the S&P/TSX Composite Index (TR), 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 shall be equal to the daily net asset value of the class of units of the 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 the S&P/TSX Composite Index (TR) since the end of the period for which the last performance fee was paid for the Class A units, Class F units, or Class ETF units, as the case may be, plus applicable taxes. If at any time the total return of the class of units of the Fund is less than its S&P/TSX Composite Index (TR), then no performance fee will be payable until the total return of the class of units of the Fund relative to the S&P/TSX Composite Index (TR) has exceeded 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. The Manager reserves the right, in its discretion, to discontinue, decrease or waive the performance fee at any time. For the year ended December 31, 2023, the Fund incurred performance fees of \$72,957 (December 31, 2022 - \$nil).

(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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