

FORTIFIED LONG SHORT 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 Long Short 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 Long Short 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 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 LONG SHORT ALTERNATIVE FUND

STATEMENTS OF FINANCIAL POSITION

As at

| | December 31, 2023 \$ | December 31, 2022 \$ |
|---|----------------------------|----------------------------|
| Assets | | |
| Current assets | | |
| Long positions at fair value* | 707,204,886 | 407,538,602 |
| Cash | 37,734,354 | 98,316,143 |
| Options purchased* | 2,541,910 | 1,752,617 |
| Deposits with brokers for securities sold short | 46,902,958 | 18,907,023 |
| Distributions receivable from underlying funds | 50,963 | - |
| Subscriptions receivable | 1,112,487 | 63,941 |
| Receivable for investments sold | 484,264 | 945,973 |
| Dividends receivable | 1,030,514 | 462,284 |
| Interest and other receivable | 1,349,056 | 61,863 |
| | <u>798,411,392</u> | <u>528,048,446</u> |
| Liabilities | | |
| Current liabilities | | |
| Short positions at fair value** | 366,040,706 | 220,758,723 |
| Options written** | 1,671,248 | 1,167,024 |
| Unrealized loss on futures contracts | 12,653 | 43,800 |
| Management fee payable | 268,193 | 189,090 |
| Redemptions payable | 435,683 | 581,405 |
| Accrued liabilities | 209,363 | 169,137 |
| Payable for investments purchased | 269,512 | 1,528,815 |
| Dividends payable | 699,810 | 320,952 |
| Distributions payable | 525,735 | - |
| | <u>370,132,903</u> | <u>224,758,946</u> |
| Net Assets Attributable to Holders of Redeemable Units | <u>428,278,489</u> | <u>303,289,500</u> |
| Net Assets Attributable to Holders of Redeemable Units per Class | | |
| Class A | 25,033,467 | 19,648,630 |
| Class F | 344,300,650 | 222,234,215 |
| Class I | 5,042,876 | 13,958,561 |
| Class ETF | 53,901,496 | 47,448,094 |
| Number of Redeemable Units Outstanding | | |
| Class A | 1,661,400 | 1,369,170 |
| Class F | 22,140,331 | 15,119,099 |
| Class I | 306,068 | 913,390 |
| Class ETF | 3,470,000 | 3,230,000 |
| Net Assets Attributable to Holders of Redeemable Units per Unit | | |
| Class A | 15.07 | 14.35 |
| Class F | 15.55 | 14.70 |
| Class I | 16.48 | 15.28 |
| Class ETF*** | 15.53 | 14.69 |
| | <u>633,959,096</u> | <u>387,862,114</u> |
| | <u>(361,407,030)</u> | <u>(238,237,528)</u> |
| | <u>15.56</u> | <u>14.73</u> |

* Long positions, at cost

** Short positions, at cost

*** Closing Market Price (TSX)

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

For the years ended December 31

| | 2023 \$ | 2022 \$ |
|--|-------------------|------------------|
| Income | | |
| Net gains (losses) on investments and derivatives | | |
| Interest for distribution purposes | 7,318,559 | 1,482,288 |
| Dividends | 9,659,667 | 6,036,988 |
| Distributions from underlying funds | 50,962 | - |
| Net realized gain (loss) on investments and options | (7,315,508) | (1,966,792) |
| Net realized gain (loss) on futures contracts | (1,140,942) | (197,337) |
| Change in unrealized appreciation (depreciation) on investments, options and futures contracts | 31,780,204 | 7,036,391 |
| Interest and borrowing expense | (1,586,221) | (1,123,992) |
| Dividend expense | (7,226,627) | (4,411,865) |
| Net gains (losses) on investments and derivatives | <u>31,540,094</u> | <u>6,855,681</u> |
| Other income | | |
| Securities lending income | 5,395 | - |
| Foreign currency gain (loss) on cash and other assets and liabilities | 744,246 | 1,689,339 |
| Total Income | <u>32,289,735</u> | <u>8,545,020</u> |
| Expenses | | |
| Management fees | 3,815,340 | 2,756,491 |
| Performance fees | 2,741,237 | 96,929 |
| Transaction costs | 2,648,169 | 2,211,659 |
| Administrative fees | 235,033 | 224,620 |
| Withholding taxes | 222,840 | 92,522 |
| Securityholder reporting fees | 125,769 | 110,542 |
| Audit fees | 64,077 | 50,543 |
| Legal fees | 61,698 | 69,682 |
| Independent review committee fees | 6,894 | 9,911 |
| Total expense before manager absorption | <u>9,921,057</u> | <u>5,622,899</u> |
| Less expenses absorbed by manager | - | - |
| Total expense after manager absorption | <u>9,921,057</u> | <u>5,622,899</u> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units | <u>22,368,678</u> | <u>2,922,121</u> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class | | |
| Class A | 1,264,846 | (31,881) |
| Class F | 17,385,808 | 2,252,488 |
| Class I | 684,315 | 376,451 |
| Class ETF | 3,033,709 | 325,063 |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit | | |
| Class A | 0.85 | (0.02) |
| Class F | 0.97 | 0.18 |
| Class I | 1.63 | 0.47 |
| Class ETF | 0.96 | 0.10 |

PICTON MAHONEY FORTIFIED LONG SHORT 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 | 19,648,630 | 15,655,930 | From net investment income | | |
| Class F | 222,234,215 | 119,378,988 | Class A | (240,875) | - |
| Class I | 13,958,561 | 16,089,110 | Class F | (3,324,306) | - |
| Class ETF | 47,448,094 | 40,848,238 | Class I | (48,752) | - |
| | <u>303,289,500</u> | <u>191,972,266</u> | Class ETF | (523,349) | - |
| | | | | <u>(4,137,282)</u> | <u>-</u> |
| Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units | | | From return of capital | | |
| Class A | 1,264,846 | (31,881) | Class A | (960) | - |
| Class F | 17,385,808 | 2,252,488 | Class F | (13,265) | - |
| Class I | 684,315 | 376,451 | Class I | (194) | - |
| Class ETF | 3,033,709 | 325,063 | Class ETF | (2,086) | - |
| | <u>22,368,678</u> | <u>2,922,121</u> | | <u>(16,505)</u> | <u>-</u> |
| Redeemable Unit Transactions | | | Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units | <u>124,988,989</u> | <u>111,317,234</u> |
| Proceeds from redeemable units issued | | | Net Assets Attributable to Holders of Redeemable Units at End of Year | | |
| Class A | 8,267,314 | 6,633,047 | Class A | 25,033,467 | 19,648,630 |
| Class F | 174,294,926 | 132,379,740 | Class F | 344,300,650 | 222,234,215 |
| Class I | - | 8,100,000 | Class I | 5,042,876 | 13,958,561 |
| Class ETF | 19,018,076 | 13,695,993 | Class ETF | 53,901,496 | 47,448,094 |
| | <u>201,580,316</u> | <u>160,808,780</u> | Net Assets Attributable to Holders of Redeemable Units at End of Year | <u>428,278,489</u> | <u>303,289,500</u> |
| Reinvestments of distributions to holders of redeemable units | | | | | |
| Class A | 190,498 | - | | | |
| Class F | 2,494,638 | - | | | |
| Class I | 48,946 | - | | | |
| Class ETF | - | - | | | |
| | <u>2,734,082</u> | <u>-</u> | | | |
| Redemption of redeemable units | | | | | |
| Class A | (4,095,986) | (2,608,466) | | | |
| Class F | (68,771,366) | (31,777,001) | | | |
| Class I | (9,600,000) | (10,607,000) | | | |
| Class ETF | (15,072,948) | (7,421,200) | | | |
| | <u>(97,540,300)</u> | <u>(52,413,667)</u> | | | |
| Net Increase (Decrease) from Redeemable Unit Transactions | <u>106,774,098</u> | <u>108,395,113</u> | | | |

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

PICTON MAHONEY FORTIFIED LONG SHORT 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 | 22,368,678 | 2,922,121 |
| Adjustments for: | | |
| Unrealized foreign exchange (gain) loss on cash | 12,402 | (119,631) |
| Net realized (gain) loss on investments and options | 7,315,508 | 1,966,792 |
| Change in unrealized (appreciation) depreciation on investments, options and futures contracts | (31,780,204) | (7,036,391) |
| (Increase) decrease in due from manager | - | 54,440 |
| (Increase) decrease in interest and other receivables | (1,287,193) | (61,863) |
| (Increase) decrease in dividends receivable | (568,230) | (160,572) |
| (Increase) decrease in deposits with brokers for securities sold short | (27,995,935) | 315,102 |
| (Increase) decrease in distributions receivable from underlying funds | (50,963) | - |
| Increase (decrease) in dividends payable | 378,858 | 219,378 |
| Increase (decrease) in other payable and accrued liabilities | 119,329 | (640,376) |
| Purchase of long positions and repurchase of investments sold short | (1,219,501,634) | (782,639,967) |
| Proceeds from sale of long positions and on investments sold short | 1,088,468,219 | 715,314,507 |
| Net cash generated (used) by operating activities | (162,521,165) | (69,866,460) |
| Cash Flows from Financing Activities | | |
| Distributions to holders of redeemable units, net of reinvested distributions | (893,970) | - |
| Proceeds from redeemable units issued | 199,530,483 | 160,600,708 |
| Amount paid on redemption of redeemable units | (96,684,735) | (50,865,583) |
| Net cash generated (used) by financing activities | 101,951,778 | 109,735,125 |
| Unrealized foreign exchange gain (loss) on cash | (12,402) | 119,631 |
| Net increase (decrease) in cash | (60,569,387) | 39,868,665 |
| Cash, beginning of year | 98,316,143 | 58,327,847 |
| Cash, end of year | 37,734,354 | 98,316,143 |
| Cash | 37,734,354 | 98,316,143 |
| Cash overdraft | - | - |
| Net Cash (Overdraft) | 37,734,354 | 98,316,143 |
| Items Classified as Operating Activities: | | |
| Interest received, net of withholding tax | 6,031,366 | 1,420,425 |
| Dividends received, net of withholding tax | 8,868,597 | 5,783,894 |
| Interest and borrowing expense paid | (1,586,221) | (1,123,992) |
| Dividends paid | (6,847,769) | (4,192,487) |

Net of non-cash transfers and switches of \$1,001,287 (2022 - \$1,023,221)

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

PICTON MAHONEY FORTIFIED LONG SHORT 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 (165.7%) | | | | | | | | | |
| Canadian Equities (95.9%) | | | | | | | | | |
| Energy (14.4%) | | | | | | | | | |
| | 186,017 | Advantage Energy Ltd. | 1,623,279 | 1,586,725 | 138,100 | Kinross Gold Corp. | 1,008,918 | 1,107,562 | |
| | 88,300 | ARC Resources Ltd. | 1,966,261 | 1,736,861 | 67,614 | Lithium Americas Corp. | - | 574,719 | |
| | 63,345 | Cameco Corp. | 2,106,929 | 3,618,900 | 176,237 | Major Drilling Group International Inc. | 1,561,304 | 1,623,143 | |
| | 125,689 | Canadian Natural Resources Ltd. | 9,659,657 | 10,911,062 | 224,650 | Marathon Gold Corp., Warrants, 2024-09-20 | 18,435 | - | |
| | 12,044 | Crew Energy Inc. | 55,300 | 54,680 | 27,234 | NanoXplore Inc. | 55,557 | 66,179 | |
| | 142,971 | Enbridge Inc. | 6,980,781 | 6,819,717 | 50,016 | NGEx Minerals Ltd. | 279,706 | 358,115 | |
| | 147,181 | Encore Energy Corp. | 444,731 | 766,813 | 32,571 | Nutrien Ltd. | 3,059,646 | 2,431,425 | |
| | 248,200 | Encore Energy Corp., Warrants, 2026-02-14 | - | 362,372 | 816,102 | OceanaGold Corp. | 2,036,323 | 2,072,899 | |
| | 83,078 | Enerplus Corp. | 1,772,021 | 1,687,314 | 21,133 | Osisko Development Corp., Warrants, 2027-03-02 | - | 1,057 | |
| | 234,339 | Freehold Royalties Ltd. | 2,420,232 | 3,208,101 | 187,586 | Osisko Gold Royalties Ltd. | 3,351,927 | 3,547,251 | |
| | 6,809 | Frontera Energy Corp. | 56,459 | 54,268 | 798,900 | Osisko Mining Inc. | 2,109,096 | 2,133,063 | |
| | 47,399 | Imperial Oil Ltd. | 3,484,712 | 3,577,677 | 15,100 | Osisko Mining Inc., Warrants, 2024-08-28 | - | - | |
| | 312,946 | Logan Energy Corp. | 350,773 | 250,357 | 124,346 | Pan American Silver Corp. | 2,678,892 | 2,689,604 | |
| | 276,342 | MEG Energy Corp. | 4,161,915 | 6,541,015 | 40,000 | Pan American Silver Corp., Rights, 2029-02-22 | 40,444 | 27,163 | |
| | 91,785 | NexGen Energy Ltd. | 558,884 | 850,847 | 20,450 | Prime Mining Corp., Warrants, 2024-04-27 | - | - | |
| | 68,455 | North American Construction Group Ltd. | 1,408,878 | 1,892,781 | 8,943 | Skeena Resources Ltd. | 58,263 | 57,682 | |
| | 75,584 | Parkland Corp. | 2,628,978 | 3,228,193 | 180,548 | Solaris Resources Inc. | 1,222,571 | 745,663 | |
| | 110,000 | Pembina Pipeline Corp., Sub. Rcpt. | 4,713,500 | 4,950,000 | 29,295 | Taseko Mines Ltd. | 57,288 | 54,489 | |
| | 8,151 | Precision Drilling Corp. | 674,160 | 586,546 | 110,080 | Teck Resources Ltd. | 6,076,521 | 6,165,581 | |
| | 51,810 | Shawcor Ltd. | 792,481 | 785,440 | 8,101 | Victoria Gold Corp. | 56,261 | 56,383 | |
| | 59,900 | Suncor Energy Inc. | 2,581,936 | 2,542,755 | 21,080 | West Fraser Timber Co., Ltd. | 2,291,482 | 2,389,629 | |
| | 8,262 | Surge Energy Inc. | 55,498 | 53,538 | | | 50,614,589 | 46,670,681 | |
| | 36,200 | Tidewater Midstream and Infrastructure Ltd., Warrants, 2024-08-16 | 3,623 | 1,086 | Industrial (18.6%) | | | | |
| | 91,087 | Tourmaline Oil Corp. | 5,173,946 | 5,427,874 | 1,875 | ADENTRA Inc. | 58,772 | 59,944 | |
| | 3,283 | Vermilion Energy Inc. | 55,589 | 52,430 | 34,726 | Ag Growth International Inc. | 1,869,618 | 1,754,358 | |
| | | | 53,730,523 | 61,547,352 | 66,851 | ATS Corp. | 2,936,779 | 3,817,861 | |
| Materials (10.9%) | | | | | 75,815 | Badger Infrastructure Solutions Ltd. | 2,409,862 | 3,086,429 | |
| | 101,226 | Agnico Eagle Mines Ltd. | 6,569,092 | 7,354,069 | 36,675 | Bombardier Inc. | 1,729,733 | 1,951,477 | |
| | 47,800 | Aris Mining Corp., Warrants, 2025-07-29 | 346 | 11,950 | 13,000 | Boyd Group Services Inc. | 2,568,494 | 3,620,370 | |
| | 3,360 | Canfor Corp. | 60,766 | 59,976 | 187,039 | Canadian Pacific Kansas City Ltd. | 17,933,690 | 19,609,169 | |
| | 32,446 | CCL Industries Inc. | 2,045,078 | 1,933,457 | 363,921 | Chorus Aviation Inc. | 850,332 | 931,638 | |
| | 19,780 | Endeavour Silver Corp. | 54,964 | 51,428 | 641,824 | Element Fleet Management Corp. | 9,821,997 | 13,837,725 | |
| | 154,600 | Faraday Copper Corp. | 123,680 | 97,398 | 4,900 | TELUS International CDA Inc. | 55,034 | 55,762 | |
| | 218,170 | First Quantum Minerals Ltd. | 6,003,237 | 2,367,145 | 8,600 | TFI International Inc. | 1,504,476 | 1,550,064 | |
| | 30,102 | Franco-Nevada Corp. | 5,335,368 | 4,418,071 | 28,300 | Thomson Reuters Corp. | 3,641,526 | 5,482,559 | |
| | 302,772 | Frontier Lithium Inc. | 720,062 | 230,107 | 47,706 | Toromont Industries Ltd. | 5,052,475 | 5,538,667 | |
| | 81,050 | Frontier Lithium Inc., Warrants, 2025-11-08 | - | - | 58,732 | Waste Connections Inc. | 9,834,103 | 11,620,714 | |
| | 44,790 | GoGold Resources Inc. | 56,789 | 60,467 | 39,600 | WSP Global Inc. | 6,345,805 | 7,355,304 | |
| | 371,506 | Hudbay Minerals Inc. | 2,528,824 | 2,708,279 | | | 66,612,696 | 80,272,041 | |
| | 24,195 | I-80 Gold Corp. | 56,586 | 56,374 | Consumer Discretionary (3.6%) | | | | |
| | 37,500 | I-80 Gold Corp., Warrants, 2024-04-01 | 4 | - | 21,500 | BRP Inc. | 2,147,432 | 2,038,630 | |
| | 15,893 | IAMGOLD Corp. | 57,108 | 53,083 | 20,221 | Dollarama Inc. | 1,736,970 | 1,930,903 | |
| | 83,962 | K92 Mining Inc. | 565,518 | 546,593 | 864 | Linamar Corp. | 55,444 | 55,313 | |
| | 127,449 | Karora Resources Inc. | 474,533 | 620,677 | 32,164 | MTY Food Group Inc. | 2,061,131 | 1,817,588 | |
| | | | | | 117,646 | Park Lawn Corp. | 3,174,854 | 2,322,332 | |

PICTON MAHONEY FORTIFIED LONG SHORT 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 (\$) |
|------|------------------------------------|--|-------------------|-----------------|------|------------------------------------|--|--------------------|--------------------|
| | 51,700 | Restaurant Brands International Inc. | 4,409,456 | 5,352,501 | | 65,350 | FansUnite Entertainment Inc., Warrants, 2024-07-15 | - | - |
| | 52,543 | Spin Master Corp. | 2,075,398 | 1,831,649 | | 27,600 | Quebecor Inc. | 855,305 | 869,952 |
| | | | 15,660,685 | 15,348,916 | | 139,466 | Rogers Communications Inc. | 8,305,216 | 8,651,076 |
| | | | | | | | | 9,160,521 | 9,521,028 |
| | | Consumer Staples (2.5%) | | | | | Utilities (5.0%) | | |
| | 52,496 | Alimentation Couche-Tard Inc. | 3,100,349 | 4,096,263 | | 331,566 | AltaGas Ltd. | 8,176,360 | 9,224,166 |
| | 33,467 | George Weston Ltd. | 4,974,890 | 5,505,322 | | 84,778 | Borex Inc. | 3,021,430 | 2,855,323 |
| | 29,503 | North West Co Inc. | 1,048,714 | 1,158,583 | | 71,925 | Capital Power Corp. | 3,070,187 | 2,721,642 |
| | | | 9,123,953 | 10,760,168 | | 26,000 | Capital Power Corp. | 947,700 | 968,500 |
| | | | | | | 62,557 | Hydro One Ltd. | 2,145,974 | 2,483,513 |
| | | | | | | 60,394 | Innergex Renewable Energy Inc. | 788,368 | 555,021 |
| | | | | | | 2,253 | Northland Power Inc. | 54,517 | 54,230 |
| | | | | | | 222,185 | TransAlta Corp. | 2,681,292 | 2,448,479 |
| | | | | | | | | 20,885,828 | 21,310,874 |
| | | Health Care (0.4%) | | | | | Real Estate (4.4%) | | |
| | 5,485 | Bausch Health Cos Inc. | 55,347 | 58,306 | | 2,743 | Allied Properties Real Estate Investment Trust | 54,262 | 55,354 |
| | 21,592 | Cronos Group Inc. | 56,119 | 59,810 | | 46,934 | Boardwalk Real Estate Investment Trust | 2,090,155 | 3,348,272 |
| | 86,100 | Curaleaf Holdings Inc. | 431,688 | 474,411 | | 57,925 | BSR Real Estate Investment Trust | 1,052,241 | 906,630 |
| | 7,923 | Dentalcorp Holdings Ltd. | 55,871 | 55,144 | | 104,057 | Crombie Real Estate Investment Trust | 1,541,435 | 1,435,987 |
| | 314,786 | Kneat.com Inc. | 958,733 | 960,097 | | 49,353 | DREAM Unlimited Corp. | 1,217,033 | 1,117,845 |
| | 11,500 | Mind Medicine MindMed Inc., Warrants, 2024-01-07 | - | 58 | | 24,444 | FirstService Corp. | 4,732,134 | 5,246,905 |
| | | | 1,557,758 | 1,607,826 | | 56,736 | Flagship Communities REIT | 1,188,179 | 1,193,253 |
| | | | | | | 5,593 | H&R Real Estate Investment Trust | 54,277 | 55,371 |
| | | | | | | 172,404 | InterRent Real Estate Investment Trust | 2,266,768 | 2,280,905 |
| | | | | | | 156,075 | Minto Apartment Real Estate Investment Trust | 2,231,429 | 2,525,294 |
| | | Financials (25.0%) | | | | 6,939 | Nexus Industrial REIT | 55,107 | 56,137 |
| | 186,134 | Bank of Montreal | 22,368,321 | 24,404,029 | | 4,779 | Slate Grocery REIT | 54,654 | 57,683 |
| | 133,431 | Canadian Western Bank | 3,744,902 | 4,119,015 | | 53,200 | Tricon Residential Inc. | 603,300 | 641,592 |
| | 114,062 | Dominion Lending Centres Inc. | 391,762 | 319,374 | | | | 17,140,974 | 18,921,228 |
| | 7,100 | Fairfax Financial Holdings Ltd. | 7,071,528 | 8,679,821 | | | Investment Funds (0.8%) | | |
| | 2,100 | Laurentian Bank of Canada | 55,134 | 58,527 | | 250,000 | Picton Mahoney Fortified Inflation Opportunities Alternative Fund, Class I Units** | 2,500,000 | 2,482,550 |
| | 91,000 | Manulife Financial Corp. | 2,577,900 | 2,664,480 | | 33,951 | Sprott Physical Uranium Trust | 501,826 | 959,455 |
| | 1,654 | Nuvei Corp. | 55,965 | 57,576 | | | | 3,001,826 | 3,442,005 |
| | 6,351 | Osisko Green Acquisition Ltd. | - | 1 | | | Total Canadian Equities - Long | 371,555,275 | 411,557,745 |
| | 111,600 | Power Corp. of Canada | 4,011,293 | 4,228,524 | | | Canadian Debt (16.6%) | | |
| | 306,561 | Preservation Capital Partners Strategic Opportunities I LP | 519,533 | 515,315 | | | Short-Term Notes (15.2%) | | |
| | 186,397 | Royal Bank of Canada | 23,347,348 | 24,977,179 | | 33,250,000 | Canadian Treasury Bill 5.204%, 2024-02-15 | 32,474,630 | 32,474,630 |
| | 191,900 | Sun Life Financial Inc. | 12,204,402 | 13,187,368 | | | | | |
| | 157,426 | TMX Group Ltd. | 4,584,888 | 5,045,503 | | | | | |
| | 127,603 | Toronto-Dominion Bank | 10,670,076 | 10,925,369 | | | | | |
| | 243,475 | Trisura Group Ltd. | 7,975,743 | 8,278,150 | | | | | |
| | | | 99,578,795 | 107,460,231 | | | | | |
| | | Information Technology (8.1%) | | | | | | | |
| | 122,819 | Celestica Inc. | 2,337,539 | 4,766,605 | | | | | |
| | 8,900 | CGI Inc. | 1,017,048 | 1,263,355 | | | | | |
| | 2,465 | Constellation Software Inc. | 5,665,813 | 8,098,191 | | | | | |
| | 1,842 | Constellation Software Inc., Warrants, 2040-03-31 | - | - | | | | | |
| | 34,619 | Descartes Systems Group Inc. | 3,248,251 | 3,854,133 | | | | | |
| | 3,650 | Dye & Durham Ltd. | 54,822 | 52,414 | | | | | |
| | 19,800 | Kinaxis Inc. | 3,133,346 | 2,944,458 | | | | | |
| | 52,266 | Lumine Group Inc. | 853,743 | 1,562,753 | | | | | |
| | 117,812 | Shopify Inc. | 8,176,565 | 12,153,486 | | | | | |
| | | | 24,487,127 | 34,695,395 | | | | | |

PICTON MAHONEY FORTIFIED LONG SHORT 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 (\$) |
|------|------------------------------------|---|-------------------|-----------------|------|------------------------------------|--|--------------------|--------------------|
| | 11,400 | Natera Inc. | 801,633 | 941,607 | | 8,300 | Union Pacific Corp. | 2,383,688 | 2,688,159 |
| | 22,016 | Neogen Corp. | 609,170 | 583,799 | | 3,470 | United Rentals Inc. | 1,368,814 | 2,623,708 |
| | 1,050 | Netflix Inc. | 483,491 | 674,100 | | 1,925 | UnitedHealth Group Inc. | 1,411,342 | 1,336,342 |
| | 9,480 | Newell Brands Inc. | 112,157 | 108,503 | | 26,900 | Upwork Inc. | 563,212 | 527,444 |
| | 24,100 | NiSource Inc. | 847,666 | 843,713 | | 360 | Valmont Industries Inc. | 110,116 | 110,846 |
| | 9,621 | Northern Genesis Sponsor III LLC | 1 | 1 | | 9,959 | Ventas Inc. | 621,438 | 654,496 |
| | 19,178 | Northern Genesis Sponsor III LLC, Warrants | 35,943 | 3 | | 1,062 | Veralto Corp. | 119,286 | 115,193 |
| | 6,527 | NVIDIA Corp. | 2,503,558 | 4,262,113 | | 13,000 | Verizon Communications Inc. | 646,407 | 646,246 |
| | 3,070 | Old Dominion Freight Line Inc. | 1,406,397 | 1,640,817 | | 2,260 | Vertex Pharmaceuticals Inc. | 845,301 | 1,212,547 |
| | 7,400 | Onto Innovation Inc. | 1,281,657 | 1,491,943 | | 39,663 | Vita Coco Co Inc. | 1,385,006 | 1,341,486 |
| | 27,876 | Option Care Health Inc. | 996,543 | 1,238,353 | | 13,700 | W R Berkley Corp. | 1,158,279 | 1,277,544 |
| | 2,783 | Pacific Premier Bancorp Inc. | 108,842 | 106,824 | | 10,900 | Walmart Inc. | 2,197,662 | 2,265,863 |
| | 7,700 | Palo Alto Networks Inc. | 2,023,299 | 2,993,982 | | 27,400 | Western Alliance Bancorp | 1,758,253 | 2,376,969 |
| | 34,000 | Patterson-UTI Energy Inc. | 578,151 | 484,190 | | 2,400 | Zillow Group Inc. | 179,509 | 183,106 |
| | 493 | Paylocity Holding Corp. | 109,272 | 107,164 | | 1,880 | Zions Bancorp NA | 110,142 | 108,752 |
| | 7,300 | PennyMac Financial Services Inc. | 766,930 | 850,630 | | 8,900 | ZipRecruiter Inc. | 172,272 | 163,124 |
| | 334 | Pershing Square Tontine Holdings Ltd., Warrants, 2025-07-24 | - | - | | 9,279 | Zoetis Inc. | 2,170,507 | 2,414,879 |
| | 36,280 | Pinterest Inc. | 1,358,449 | 1,771,950 | | 50,391 | Zymeworks Inc. | 504,372 | 690,370 |
| | 29,300 | PPL Corp. | 1,018,926 | 1,047,008 | | | | 159,659,997 | 193,036,237 |
| | 5,529 | Procter & Gamble Co. | 1,063,334 | 1,068,356 | | | International Equities (4.4%) | | |
| | 18,924 | Progressive Corp. | 3,349,793 | 3,974,544 | | 74,404 | Brookfield Infrastructure Partners LP | 3,269,879 | 3,107,111 |
| | 18,328 | Pure Storage Inc. | 706,620 | 861,806 | | 2,166,400 | Burgundy Diamond Mines Ltd. | 476,912 | 380,098 |
| | 10,098 | Quanta Services Inc. | 1,974,726 | 2,873,425 | | 229,341 | Champion Iron Ltd. | 1,098,837 | 1,710,884 |
| | 14,300 | RadNet Inc. | 629,762 | 655,623 | | 6,975 | CNH Industrial NV | 110,406 | 112,022 |
| | 7,024 | RBC Bearings Inc. | 2,038,753 | 2,638,608 | | 7,618 | Cushman & Wakefield PLC | 109,528 | 108,487 |
| | 15,900 | Reinsurance Group of America Inc. | 3,026,722 | 3,391,838 | | 10,675 | CyberArk Software Ltd. | 2,148,435 | 3,083,360 |
| | 3,089 | Roper Technologies Inc. | 1,701,562 | 2,220,562 | | 3,400 | Eaton Corp. PLC | 984,717 | 1,079,654 |
| | 3,000 | ServiceNow Inc. | 1,954,043 | 2,794,734 | | 2,200 | ICON PLC | 770,188 | 821,164 |
| | 5,137 | Shoals Technologies Group Inc. | 108,958 | 105,263 | | 74,486 | International Game Technology PLC | 2,425,526 | 2,692,135 |
| | 4,141 | Simmons First National Corp. | 109,999 | 108,333 | | 88,195 | OneSpaWorld Holdings Ltd. | 1,386,550 | 1,639,745 |
| | 3,470 | Snowflake Inc. | 689,406 | 910,533 | | 162,002 | ReNew Energy Global PLC | 1,508,823 | 1,636,298 |
| | 2,793 | Southwest Airlines Co. | 110,434 | 106,361 | | 8,600 | Spotify Technology SA | 1,585,860 | 2,130,892 |
| | 60,100 | Southwestern Energy Co. | 517,038 | 519,074 | | 1,029,231 | Talon Metals Corp. | 517,389 | 185,262 |
| | 39,700 | Sunnova Energy International Inc. | 605,170 | 798,314 | | | | 16,393,050 | 18,687,112 |
| | 3,393 | Synopsis Inc. | 1,439,465 | 2,303,713 | | | International Index Equivalents (2.3%) | | |
| | 3,677 | Take-Two Interactive Software Inc. | 635,500 | 780,365 | | 44,754 | Invesco S&P 500 Low Volatility ETF | 3,749,745 | 3,697,732 |
| | 11,135 | Targa Resources Corp. | 845,421 | 1,275,479 | | 29,080 | iShares Russell 2000 Value ETF | 5,523,551 | 5,956,112 |
| | 13,300 | Teradata Corp. | 814,715 | 763,052 | | | | 9,273,296 | 9,653,844 |
| | 15,736 | TJX Cos Inc. | 1,488,846 | 1,946,510 | | | Total Global Equities - Long | 185,326,343 | 221,377,193 |
| | 4,726 | Toast Inc. | 113,796 | 113,791 | | | Global Debt (0.8%) | | |
| | 5,804 | Topgolf Callaway Brands Corp. | 111,298 | 109,746 | | | Short-Term Notes (0.8%) | | |
| | 9,894 | Trade Desk Inc. | 925,368 | 938,807 | USD | 2,576,000 | United States Treasury Bill 5.420%, 2024-02-22 | 3,399,917 | 3,306,130 |
| | 3,185 | Tyler Technologies Inc. | 1,594,073 | 1,755,996 | | | Total Global Debt - Long | 3,399,917 | 3,306,130 |
| | 601 | Ubiquiti Inc. | 110,870 | 110,598 | | | | | |
| | 3,522 | UGI Corp. | 109,412 | 114,245 | | | | | |

PICTON MAHONEY FORTIFIED LONG SHORT 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 (\$) |
|-----------------------------------|------------------------------------|----------------------|--------------------|---------------------------------------|---------------------------------------|------------------------------------|----------------------|-------------------|-----------------|
| Options (0.6%) | | | | | | (7,063) | NFI Group Inc. | (90,225) | (96,692) |
| Total Purchased Options | | | | | | | | (2,575,585) | (2,560,663) |
| - Refer to Appendix A | | | | | | | | | |
| | | | 3,156,199 | 2,541,910 | Consumer Discretionary (-0.4%) | | | | |
| Transaction Costs | | | (430,636) | - | (5,738) | Canada Goose Holdings Inc. | (98,416) | (90,316) | |
| Total Long Positions | | | 633,959,096 | 709,746,796 | (10,328) | Canadian Tire Corp. Ltd. | (1,687,680) | (1,453,356) | |
| SHORT POSITIONS (-85.9%) | | | | | (3,357) | Pet Valu Holdings Ltd. | (86,798) | (96,614) | |
| Canadian Equities (-34.3%) | | | | | | | (1,872,894) | (1,640,286) | |
| Energy (-3.0%) | | | | | Consumer Staples (-0.9%) | | | | |
| (382,225) | Baytex Energy Corp. | (2,205,585) | (1,674,146) | (17,600) | Empire Co., Ltd. | (623,462) | (616,880) | | |
| (152,363) | Birchcliff Energy Ltd. | (1,190,691) | (880,658) | (11,996) | Loblaw Cos Ltd. | (1,358,823) | (1,538,847) | | |
| (49,300) | Cenovus Energy Inc. | (1,264,823) | (1,088,544) | (3,874) | Maple Leaf Foods Inc. | (96,662) | (97,780) | | |
| (195,700) | Ensign Energy Services Inc. | (569,841) | (424,669) | (22,246) | Metro Inc. | (1,566,687) | (1,525,853) | | |
| (45,400) | NuVista Energy Ltd. | (594,765) | (501,216) | (1,036) | Premium Brands Holdings Corp. | (96,160) | (97,415) | | |
| (74,935) | Paramount Resources Ltd. | (2,302,749) | (1,943,065) | | | (3,741,794) | (3,876,775) | | |
| (61,494) | Parex Resources Inc. | (1,429,927) | (1,534,275) | Health Care (0.0%) | | | | | |
| (29,000) | Pembina Pipeline Corp. | (1,288,540) | (1,322,980) | (34,440) | Aurora Cannabis Inc. | (282,710) | (22,386) | | |
| (25,900) | PrairieSky Royalty Ltd. | (583,583) | (600,880) | Financials (-4.3%) | | | | | |
| (66,423) | Spartan Delta Corp. | (279,190) | (199,933) | (38,900) | Bank of Nova Scotia | (2,307,140) | (2,509,049) | | |
| (108,771) | Tamarack Valley Energy Ltd. | (416,064) | (333,927) | (28,500) | Brookfield Asset Management Ltd. | (1,229,144) | (1,516,770) | | |
| (1,831) | TC Energy Corp. | (97,221) | (94,773) | (1,825) | Brookfield Corp. | (83,495) | (96,999) | | |
| (783) | TC Energy Corp., NYSE | (41,580) | (40,359) | (1,527) | Canadian Imperial Bank of Commerce | (84,172) | (97,423) | | |
| (69,681) | Topaz Energy Corp. | (1,373,187) | (1,350,418) | (37,900) | CI Financial Corp. | (639,326) | (563,194) | | |
| (117,377) | Whitecap Resources Inc. | (1,223,570) | (1,041,134) | (26,677) | Definity Financial Corp. | (967,276) | (1,001,455) | | |
| | | (14,861,316) | (13,030,977) | (3,200) | Goeasy Ltd. | (393,479) | (505,792) | | |
| Materials (-1.4%) | | | | | (75,465) | Great-West Lifeco Inc. | (3,095,419) | (3,309,895) | |
| (5,201) | Altius Minerals Corp. | (101,385) | (95,906) | (1,144) | Guardian Capital Group Ltd. | (44,548) | (50,633) | | |
| (99,401) | Artemis Gold Inc. | (613,953) | (628,214) | (21,400) | iA Financial Corp. Inc. | (1,751,461) | (1,933,062) | | |
| (14,432) | Capstone Copper Corp. | (83,735) | (93,086) | (33,042) | IGM Financial Inc. | (1,183,823) | (1,156,800) | | |
| (60,081) | Equinox Gold Corp. | (452,976) | (386,922) | (9,449) | Intact Financial Corp. | (1,876,561) | (1,926,273) | | |
| (26,914) | ERO Copper Corp. | (678,111) | (563,848) | (33,276) | National Bank of Canada | (2,926,670) | (3,360,876) | | |
| (4,284) | Filo Corp. | (83,892) | (90,435) | (26,240) | Propel Holdings Inc. | (249,196) | (340,333) | | |
| (77,046) | First Majestic Silver Corp. | (875,951) | (626,384) | (15,407) | Westaim Corp. | (45,054) | (57,930) | | |
| (24,666) | Foran Mining Corp. | (101,877) | (96,197) | | | (16,876,764) | (18,426,484) | | |
| (18,800) | Interfor Corp. | (411,476) | (441,424) | Information Technology (-0.5%) | | | | | |
| (7,426) | Ivanhoe Mines Ltd. | (88,319) | (95,424) | (44,508) | Converge Technology Solutions Corp. | (166,901) | (184,263) | | |
| (86,234) | Lundin Mining Corp. | (895,279) | (934,777) | (25,169) | Enghouse Systems Ltd. | (852,437) | (883,432) | | |
| (94,381) | New Found Gold Corp. | (628,804) | (440,759) | (3,664) | Lightspeed Commerce Inc. | (96,978) | (101,932) | | |
| (37,304) | New Pacific Metals Corp. | (162,505) | (93,633) | (15,500) | Open Text Corp. | (841,660) | (863,195) | | |
| (74,606) | Sandstorm Gold Ltd. | (520,056) | (496,876) | | | (1,957,976) | (2,032,822) | | |
| (50,000) | SilverCrest Metals Inc. | (340,955) | (434,500) | Communication Services (-0.5%) | | | | | |
| (57,299) | Wesdome Gold Mines Ltd. | (489,995) | (441,775) | (36,032) | BCE Inc. | (2,128,415) | (1,879,789) | | |
| | | (6,529,269) | (5,960,160) | (11,622) | Cineplex Inc. | (95,268) | (97,276) | | |
| Industrial (-0.6%) | | | | | (1,680) | Cogeco Communications Inc. | (96,329) | (99,708) | |
| (96,775) | Aecon Group Inc. | (1,233,040) | (1,264,849) | | | (2,320,012) | (2,076,773) | | |
| (23,883) | Ballard Power Systems Inc. | (190,148) | (117,266) | | | | | | |
| (3,388) | CAE Inc. | (100,747) | (96,897) | | | | | | |
| (589) | Canadian National Railway Co. | (94,842) | (98,098) | | | | | | |
| (2,149) | Exchange Income Corp. | (102,117) | (96,920) | | | | | | |
| (16,900) | Finning International Inc. | (630,708) | (647,608) | | | | | | |
| (2,184) | GFL Environmental Inc. | (97,747) | (99,831) | | | | | | |
| (934) | GFL Environmental Inc., NYSE | (36,011) | (42,502) | | | | | | |

PICTON MAHONEY FORTIFIED LONG SHORT 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 (\$) |
|--|------------------------------------|---|-------------------|-----------------|------|------------------------------------|---------------------------------|-------------------|-----------------|
| Utilities (-0.8%) | | | | | | | | | |
| | (11,389) | Algonquin Power & Utilities Corp. | (92,819) | (95,212) | | (1,534) | Annaly Capital Management Inc. | (41,255) | (39,180) |
| | (32,057) | Brookfield Renewable Corp. | (1,255,825) | (1,222,654) | | (4,200) | Apple Inc. | (1,040,380) | (1,066,254) |
| | (1,975) | Emera Inc. | (98,414) | (99,343) | | (6,000) | Ares Management Corp. | (830,502) | (940,848) |
| | (33,099) | Fortis Inc. | (1,889,441) | (1,804,226) | | (20,360) | Atlantic Union Bankshares Corp. | (788,134) | (980,978) |
| | (3,293) | Polaris Renewable Energy Inc. | (44,685) | (43,566) | | (1,000) | Autodesk Inc. | (297,014) | (321,053) |
| | (34,090) | Superior Plus Corp. | (335,706) | (328,287) | | (18,741) | Avangrid Inc. | (1,109,758) | (800,912) |
| | | | (3,716,890) | (3,593,288) | | (1,360) | Avantor Inc. | (38,623) | (40,941) |
| | | | | | | (121) | Axon Enterprise Inc. | (38,855) | (41,217) |
| Real Estate (-0.4%) | | | | | | | | | |
| | (2,238) | Altus Group Ltd. | (87,249) | (94,309) | | (15,858) | Bank OZK | (788,730) | (1,041,963) |
| | (2,004) | Canadian Apartment Properties REIT | (97,290) | (97,795) | | (11,200) | Beacon Roofing Supply Inc. | (1,212,757) | (1,285,139) |
| | (594) | Colliers International Group Inc. | (89,501) | (99,554) | | (4,600) | BILL Holdings Inc. | (444,913) | (494,889) |
| | (24,220) | Dream Office Real Estate Investment Trust | (426,218) | (253,826) | | (405) | Block Inc. | (38,499) | (41,307) |
| | (2,414) | Killam Apartment Real Estate Investment Trust | (44,394) | (43,355) | | (8,033) | Bloom Energy Corp. | (223,874) | (156,766) |
| | (5,278) | RioCan Real Estate Investment Trust | (93,095) | (98,276) | | (25,754) | Blue Owl Capital Inc. | (399,992) | (505,993) |
| | (14,000) | SmartCentres Real Estate Investment Trust | (338,501) | (348,460) | | (7,818) | Bristol-Myers Squibb Co. | (745,721) | (528,945) |
| | (91,138) | StorageVault Canada Inc. | (413,797) | (476,652) | | (31,009) | BRP Group Inc. | (984,341) | (982,141) |
| | | | (1,590,045) | (1,512,227) | | (82) | Burlington Stores Inc. | (20,793) | (21,028) |
| Index Equivalents (-21.5%) | | | | | | | | | |
| | (1,782,160) | iShares Core S&P/TSX Capped Composite Index ETF | (57,608,100) | (59,470,679) | | (26,680) | Cadence Bank | (807,538) | (1,040,984) |
| | (1,019,444) | iShares S&P/TSX 60 Index ETF | (31,582,237) | (32,642,597) | | (2,300) | Cadence Design Systems Inc. | (779,230) | (826,038) |
| | | | (89,190,337) | (92,113,276) | | (6,800) | Calix Inc. | (380,533) | (391,746) |
| Total Canadian Equities - Short | | | | | | | | | |
| | | | | | | (198) | CarMax Inc. | (20,225) | (20,036) |
| | | | | | | (4,300) | Caterpillar Inc. | (1,481,487) | (1,676,443) |
| | | | | | | (231) | Ceridian HCM Holding Inc. | (21,103) | (20,445) |
| | | | | | | (9,334) | CH Robinson Worldwide Inc. | (1,228,805) | (1,063,272) |
| | | | | | | (1,550) | Charter Communications Inc. | (805,765) | (794,396) |
| | | | | | | (234) | Churchill Downs Inc. | (37,456) | (41,633) |
| | | | | | | (4,000) | Ciena Corp. | (241,518) | (237,401) |
| | | | | | | (1,146) | Clearway Energy Inc. | (41,599) | (41,450) |
| | | | | | | (2,300) | Cloudflare Inc. | (199,083) | (252,509) |
| | | | | | | (742) | Cognex Corp. | (38,595) | (40,838) |
| | | | | | | (707) | Coherent Corp. | (41,601) | (40,581) |
| | | | | | | (17,939) | Confluent Inc. | (672,811) | (553,512) |
| | | | | | | (132) | Constellation Energy Corp. | (20,905) | (20,345) |
| | | | | | | (85) | Cooper Cos Inc. | (38,769) | (42,416) |
| | | | | | | (658) | Corteva Inc. | (41,414) | (41,577) |
| | | | | | | (1,923) | Coupang Inc. | (41,890) | (41,052) |
| | | | | | | (1,900) | Crowdstrike Holdings Inc. | (439,936) | (639,663) |
| | | | | | | (13,060) | CubeSmart | (783,764) | (798,190) |
| | | | | | | (1,757) | Cummins Inc. | (543,833) | (555,031) |
| | | | | | | (6,000) | Digital Realty Trust Inc. | (927,943) | (1,064,743) |
| | | | | | | (239) | Dollar General Corp. | (46,401) | (42,844) |
| | | | | | | (116) | Dollar Tree Inc. | (18,643) | (21,728) |
| | | | | | | (10,700) | Dominion Energy Inc. | (704,105) | (663,124) |
| | | | | | | (10,600) | Dropbox Inc. | (417,564) | (412,047) |
| | | | | | | (1,121) | Duolingo Inc. | (226,361) | (335,319) |
| | | | | | | (9,619) | Dynatrace Inc. | (652,624) | (693,667) |
| | | | | | | (5,900) | eBay Inc. | (336,027) | (339,352) |
| | | | | | | (2,800) | eHealth Inc. | (185,747) | (32,195) |
| | | | | | | (8,724) | Endeavor Group Holdings Inc. | (266,366) | (272,977) |
| | | | | | | (17,109) | Enerpac Tool Group Corp. | (530,941) | (701,388) |
| | | | | | | (4,033) | Enphase Energy Inc. | (791,551) | (702,709) |
| | | | | | | (1,276) | Envista Holdings Corp. | (39,725) | (40,482) |
| | | | | | | (10,100) | EQT Corp. | (504,678) | (514,869) |
| Global Equities (-51.2%) | | | | | | | | | |
| United States Equities (-21.0%) | | | | | | | | | |
| | (3,000) | 3M Co. | (421,592) | (432,448) | | | | | |
| | (406) | Acadia Healthcare Co Inc. | (39,900) | (41,629) | | | | | |
| | (8,100) | AGCO Corp. | (1,290,956) | (1,296,739) | | | | | |
| | (1,235) | Agilon health Inc. | (27,609) | (20,437) | | | | | |
| | (1,569) | AGNC Investment Corp. | (18,076) | (20,296) | | | | | |
| | (115) | Air Products and Chemicals Inc. | (41,577) | (41,519) | | | | | |
| | (6,013) | Airbnb Inc. | (1,053,677) | (1,079,419) | | | | | |
| | (114) | Align Technology Inc. | (41,073) | (41,188) | | | | | |
| | (1,016) | Allegro MicroSystems Inc. | (41,045) | (40,553) | | | | | |
| | (8,100) | Ally Financial Inc. | (335,099) | (372,969) | | | | | |
| | (2,800) | Altair Engineering Inc. | (251,153) | (310,689) | | | | | |
| | (20,800) | American Airlines Group Inc. | (444,616) | (376,845) | | | | | |
| | (9,883) | American Express Co. | (2,131,900) | (2,441,363) | | | | | |
| | (237) | American Water Works Co Inc. | (42,172) | (41,248) | | | | | |
| | (1,878) | Amgen Inc. | (696,268) | (713,233) | | | | | |

PICTON MAHONEY FORTIFIED LONG SHORT 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 (\$) |
|------|------------------------------------|--|-------------------|-----------------|----------|------------------------------------|-----------------------------------|-------------------|-----------------|
| | (129) | Equifax Inc. | (31,853) | (42,064) | (47,229) | | Newmont Corp. | (3,118,369) | (2,577,611) |
| | (6,794) | Etsy Inc. | (879,224) | (726,092) | (1,523) | | NOV Inc. | (39,834) | (40,727) |
| | (199) | Extra Space Storage Inc. | (33,755) | (42,071) | (2,100) | | Okta Inc. | (200,092) | (250,683) |
| | (17,400) | Extreme Networks Inc. | (664,358) | (404,726) | (3,372) | | ON Semiconductor Corp. | (373,937) | (371,401) |
| | (1,700) | FactSet Research Systems Inc. | (948,633) | (1,069,365) | (2,834) | | ONEOK Inc. | (222,807) | (262,406) |
| | (183) | First Solar Inc. | (44,769) | (41,572) | (11,367) | | Ormat Technologies Inc. | (1,149,571) | (1,135,981) |
| | (156) | Five Below Inc. | (35,601) | (43,847) | (14,000) | | Palantir Technologies Inc. | (214,563) | (316,965) |
| | (399) | Fluor Corp. | (20,670) | (20,608) | (151) | | Paycom Software Inc. | (38,469) | (41,160) |
| | (16,800) | Foot Locker Inc. | (660,013) | (690,050) | (25,748) | | Pebblebrook Hotel Trust | (481,680) | (542,542) |
| | (16,326) | Fortinet Inc. | (1,419,393) | (1,260,003) | (120) | | Penumbra Inc. | (34,037) | (39,802) |
| | (29,881) | FuboTV Inc. | (232,600) | (125,295) | (18,517) | | Pfizer Inc. | (902,124) | (702,952) |
| | (19,600) | FuelCell Energy Inc. | (179,393) | (41,351) | (429) | | Planet Fitness Inc. | (27,898) | (41,295) |
| | (3,410) | GATX Corp. | (462,893) | (540,560) | (13,142) | | Plug Power Inc. | (217,779) | (77,981) |
| | (21,859) | General Mills Inc. | (2,200,004) | (1,877,549) | (4,500) | | PNC Financial Services Group Inc. | (748,809) | (918,834) |
| | (11,226) | Gilead Sciences Inc. | (1,257,112) | (1,199,159) | (9,440) | | Polaris Inc. | (1,321,991) | (1,179,658) |
| | (577) | Globus Medical Inc. | (43,056) | (40,545) | (6,257) | | Procore Technologies Inc. | (476,588) | (571,098) |
| | (1,500) | GoDaddy Inc. | (211,355) | (209,974) | (22,800) | | ProPetro Holding Corp. | (286,750) | (251,937) |
| | (2,900) | Goosehead Insurance Inc. | (296,020) | (289,855) | (2,900) | | Qualys Inc. | (598,327) | (750,563) |
| | (8,700) | Hartford Financial Services Group Inc. | (849,268) | (922,105) | (3,500) | | Raymond James Financial Inc. | (512,077) | (514,584) |
| | (7,865) | HashiCorp Inc. | (303,925) | (245,165) | (9,040) | | Realty Income Corp. | (662,145) | (684,455) |
| | (19,767) | Hawaiian Holdings Inc. | (408,366) | (370,120) | (211) | | Regal Rexnord Corp. | (38,859) | (41,183) |
| | (174) | HEICO Corp. | (40,205) | (41,039) | (1,456) | | Repligen Corp. | (321,318) | (345,195) |
| | (6,063) | Henry Schein Inc. | (575,050) | (605,277) | (294) | | Revvity Inc. | (36,552) | (42,376) |
| | (1,600) | Hershey Co. | (417,499) | (393,344) | (101) | | RH | (40,679) | (38,819) |
| | (17,564) | HNI Corp. | (825,905) | (968,778) | (11,018) | | Robert Half Inc. | (1,176,485) | (1,277,331) |
| | (7,000) | HP Inc. | (286,256) | (277,737) | (2,415) | | Robinhood Markets Inc. | (29,403) | (40,570) |
| | (850) | HubSpot Inc. | (519,910) | (650,675) | (700) | | ROBLOX Corp. | (33,997) | (42,200) |
| | (13,500) | Hyllion Holdings Corp. | (159,422) | (14,485) | (4,900) | | Roku Inc. | (632,802) | (592,228) |
| | (3,171) | Illinois Tool Works Inc. | (1,013,096) | (1,095,245) | (81) | | Shockwave Medical Inc. | (26,607) | (20,353) |
| | (222) | Illumina Inc. | (38,328) | (40,760) | (4,513) | | Silicon Laboratories Inc. | (816,006) | (787,118) |
| | (10,500) | Inovio Pharmaceuticals Inc. | (118,440) | (7,061) | (6,200) | | Simply Good Foods Co. | (327,121) | (323,743) |
| | (80) | Inspire Medical Systems Inc. | (19,585) | (21,459) | (16,900) | | Snap Inc. | (280,835) | (377,274) |
| | (4,991) | Jack Henry & Associates Inc. | (1,090,757) | (1,075,423) | (3,000) | | SolarEdge Technologies Inc. | (332,017) | (370,263) |
| | (3,204) | JB Hunt Transport Services Inc. | (782,139) | (843,861) | (7,400) | | Spire Inc. | (643,291) | (608,291) |
| | (14,243) | Juniper Networks Inc. | (555,489) | (553,659) | (3,905) | | Steel Dynamics Inc. | (547,229) | (608,113) |
| | (72) | Karuna Therapeutics Inc. | (19,482) | (30,049) | (19,600) | | Sunrun Inc. | (450,472) | (507,329) |
| | (575) | KBR Inc. | (42,138) | (42,012) | (19,737) | | Synchrony Financial | (867,319) | (993,903) |
| | (22,973) | Kennametal Inc. | (903,820) | (781,236) | (5,269) | | T Rowe Price Group Inc. | (780,887) | (748,198) |
| | (1,350) | KLA Corp. | (828,739) | (1,034,778) | (4,300) | | Tattooed Chef Inc. | (93,277) | - |
| | (1,900) | LGI Homes Inc. | (331,255) | (333,611) | (27,600) | | Tellurian Inc. | (82,298) | (27,499) |
| | (398) | Liberty Broadband Corp. | (44,850) | (42,294) | (13,331) | | Terex Corp. | (1,042,841) | (1,010,047) |
| | (484) | Liberty Media Corp-Liberty Formula One | (41,374) | (40,290) | (14,459) | | Terreno Realty Corp. | (1,179,890) | (1,194,844) |
| | (48) | Lithia Motors Inc. | (17,722) | (20,841) | (1,822) | | Tesla Inc. | (626,107) | (596,971) |
| | (32,563) | Macerich Co. | (572,731) | (662,527) | (7,687) | | Texas Instruments Inc. | (1,725,478) | (1,727,796) |
| | (140) | Madrigal Pharmaceuticals Inc. | (40,207) | (42,714) | (156) | | Toro Co. | (17,522) | (19,745) |
| | (354) | Marriott Vacations Worldwide Corp. | (48,661) | (39,625) | (1,547) | | Tractor Supply Co. | (452,542) | (438,634) |
| | (3,900) | Marvell Technology Inc. | (274,813) | (310,147) | (458) | | TransUnion | (36,853) | (41,495) |
| | (2,000) | Moody's Corp. | (1,006,434) | (1,029,985) | (5,770) | | Travelers Cos Inc. | (1,336,913) | (1,449,309) |
| | (12,012) | Morgan Stanley | (1,308,041) | (1,476,989) | (8,300) | | TripAdvisor Inc. | (214,615) | (235,633) |
| | (5,034) | MSC Industrial Direct Co Inc. | (624,884) | (672,147) | (5,100) | | Uber Technologies Inc. | (427,814) | (414,050) |
| | (700) | MSCI Inc. | (468,175) | (522,106) | (8,600) | | UiPath Inc. | (199,970) | (281,685) |
| | (20,000) | Mueller Industries Inc. | (1,049,117) | (1,243,440) | (13,284) | | Unity Software Inc. | (614,973) | (716,241) |
| | (2,312) | Nevro Corp. | (132,852) | (65,606) | (2,700) | | Valero Energy Corp. | (526,775) | (462,829) |
| | (420) | New Fortress Energy Inc. | (21,011) | (20,895) | (54,000) | | Valley National Bancorp | (629,133) | (773,280) |

PICTON MAHONEY FORTIFIED LONG SHORT 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 (\$) |
|------|--|---|-------------------|-----------------|------|--|--|----------------------|----------------------|
| | (9,853) | Viatrix Inc. | (187,064) | (140,705) | | (23,626) | SPDR S&P Metals & Mining ETF | (1,546,105) | (1,863,899) |
| | (9,500) | Vornado Realty Trust | (283,540) | (353,879) | | (22,396) | SPDR S&P Retail ETF | (1,997,819) | (2,135,709) |
| | (12,840) | Warner Music Group Corp. | (547,305) | (605,954) | | (216,314) | Vanguard Total Stock Market ETF | (65,585,161) | (67,662,659) |
| | (95) | Waters Corp. | (36,255) | (41,242) | | | | (110,255,365) | (114,080,188) |
| | (11,400) | Webster Financial Corp. | (786,901) | (763,026) | | | | | |
| | (18,901) | Werner Enterprises Inc. | (1,058,551) | (1,055,982) | | | Total Global Equities - Short | (212,883,373) | (219,194,589) |
| | (1,800) | Williams-Sonoma Inc. | (339,771) | (478,921) | | | | | |
| | (694) | Wolfspeed Inc. | (46,043) | (39,816) | | | Options (-0.4%) | | |
| | (1,400) | Workday Inc. | (399,593) | (509,618) | | | Total Written Options - Refer to Appendix A | (2,812,952) | (1,671,248) |
| | (750) | Yum China Holdings Inc. | (43,262) | (41,961) | | | Transaction Costs | (195,113) | - |
| | (1,163) | Zebra Technologies Corp. | (415,024) | (419,160) | | | Total Short Positions | (361,407,030) | (367,711,954) |
| | (10,638) | ZoomInfo Technologies Inc. | (340,907) | (259,364) | | | | | |
| | | | (88,378,981) | (89,916,110) | | | | | |
| | | International Equities (-3.5%) | | | | | Futures Contracts (0.0%) | | |
| | (17,600) | Antofagasta PLC | (413,734) | (496,877) | | | Total Futures Contracts - Refer to Appendix B | | (12,653) |
| | (2,857) | Aon PLC | (1,214,295) | (1,096,342) | | | | | |
| | (11,000) | ARM Holdings PLC | (833,526) | (1,089,948) | | | TOTAL INVESTMENT PORTFOLIO (79.8%) | 272,552,066 | 342,022,189 |
| | (721) | ASML Holding NV | (680,838) | (719,612) | | | Other Assets Net of Liabilities (20.2%) | | 86,256,300 |
| | (20,839) | BHP Group Ltd. | (1,676,817) | (1,877,043) | | | TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (100.0%) | | 428,278,489 |
| | (247) | Biohaven Ltd. | (2,350) | (13,940) | | | | | |
| | (5,900) | Check Point Software Technologies Ltd. | (971,560) | (1,188,667) | | | | | |
| | (4,691) | Chubb Ltd. | (1,253,930) | (1,397,935) | | | | | |
| | (3,373) | Clarivate PLC | (41,663) | (41,185) | | | | | |
| | (214) | Diageo PLC | (40,595) | (41,102) | | | | | |
| | (2,700) | Everest Group Ltd. | (1,427,893) | (1,258,823) | | | | | |
| | (9,760) | GLOBALFOUNDRIES Inc. | (708,451) | (779,894) | | | | | |
| | (59,122) | Gold Fields Ltd. | (1,185,615) | (1,127,277) | | | | | |
| | (27,202) | Invesco Ltd. | (643,564) | (639,895) | | | | | |
| | (2,300) | Nabors Industries Ltd. | (286,082) | (247,566) | | | | | |
| | (2,400) | NXP Semiconductors NV | (664,105) | (726,855) | | | | | |
| | (17,579) | Rio Tinto PLC | (1,557,194) | (1,725,958) | | | | | |
| | (2,954) | Roivant Sciences Ltd. | (37,478) | (43,742) | | | | | |
| | (3,600) | Royal Caribbean Cruises Ltd. | (509,120) | (614,684) | | | | | |
| | (2,000) | Stratasys Ltd. | (48,323) | (37,659) | | | | | |
| | (227) | Valaris Ltd. | (21,565) | (20,525) | | | | | |
| | (511) | Yandex NV | (30,329) | (12,762) | | | | | |
| | | | (14,249,027) | (15,198,291) | | | | | |
| | | International Index Equivalent (-26.7%) | | | | | | | |
| | (25,500) | Invesco QQQ Trust Series 1 | (12,902,875) | (13,769,825) | | | | | |
| | (17,142) | iShares 20+ Year Treasury Bond ETF | (2,500,559) | (2,235,029) | | | | | |
| | (19,313) | iShares iBoxx \$ High Yield Corporate Bond ETF | (2,048,708) | (1,970,823) | | | | | |
| | (14,137) | iShares J.P. Morgan USD Emerging Markets Bond ETF | (1,725,721) | (1,660,172) | | | | | |
| | (39,398) | iShares MSCI Emerging Markets ETF | (2,123,656) | (2,088,918) | | | | | |
| | (17,100) | iShares Russell 2000 Growth Index Fund | (5,480,418) | (5,687,072) | | | | | |
| | (42,085) | SPDR Industrial Select Sector Fund | (6,103,133) | (6,325,680) | | | | | |
| | (13,850) | SPDR S&P 500 ETF Trust | (8,241,210) | (8,680,402) | | | | | |

*CCY denotes local currency of debt security

**The Picton Mahoney Fortified Long Short Alternative Fund invests in other Picton Mahoney related Funds. For further details, please refer to the disclosure under Note 14.

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

APPENDIX A

OPTIONS (0.2%)

| Issuer | Option Type | Number of Options | Strike \$ | Expiry | Average Cost \$ | Fair Value \$ |
|--------------------------------|---------------------|-------------------|-----------|-----------------|------------------|------------------|
| Aehr Test Systems | Call Option | 253 | \$35 | January, 2024 | 149,733 | 19,182 |
| Aehr Test Systems | Call Option | 44 | \$55 | January, 2024 | 13,336 | 215 |
| Apellis Pharmaceuticals Inc. | Call Option | 37 | \$50 | January, 2024 | 16,607 | 61,473 |
| Apellis Pharmaceuticals Inc. | Call Option | 11 | \$95 | January, 2024 | 1,535 | 1,088 |
| Bank Of Nova Scotia | Call Option | 195 | \$60 | January, 2024 | 11,232 | 87,263 |
| Bank Of Nova Scotia | Call Option | 77 | \$64 | January, 2024 | 655 | 4,312 |
| Calix Inc. | Call Option | 218 | \$40 | February, 2024 | 66,303 | 160,975 |
| Celestica Inc. | Call Option | 525 | \$35 | February, 2024 | 91,875 | 282,188 |
| Celestica Inc. | Call Option | 105 | \$39 | February, 2024 | 9,555 | 30,713 |
| Centerra Gold Inc. | Call Option | 842 | \$8 | January, 2024 | 19,787 | 46,310 |
| Chicago Board Options Exchange | Call Option | 1,371 | \$17 | January, 2024 | 173,350 | 77,735 |
| Dye & Durham Ltd. | Call Option | 575 | \$11 | January, 2024 | 54,625 | 196,938 |
| Dye & Durham Ltd. | Call Option | 198 | \$14 | January, 2024 | 7,079 | 19,800 |
| First Quantum Minerals Ltd. | Call Option | 551 | \$15 | January, 2024 | 35,953 | 7,439 |
| First Quantum Minerals Ltd. | Call Option | 735 | \$17 | June, 2024 | 137,232 | 62,108 |
| First Quantum Minerals Ltd. | Call Option | 551 | \$18 | September, 2024 | 83,917 | 57,855 |
| First Quantum Minerals Ltd. | Call Option | 165 | \$26 | September, 2024 | 11,715 | 6,435 |
| Harmonic Inc. | Call Option | 371 | \$15 | January, 2024 | 30,060 | 4,892 |
| iShares Russell 2000 ETF | Call Option | 553 | \$204 | January, 2024 | 102,398 | 22,605 |
| iShares Russell 2000 ETF | Call Option | 166 | \$210 | January, 2024 | 9,454 | 766 |
| Teck Resources Ltd. | Call Option | 472 | \$54 | January, 2024 | 116,820 | 130,272 |
| Toronto-Dominion Bank | Call Option | 551 | \$84 | January, 2024 | 12,838 | 100,007 |
| Utilities Select Sector SPDR | Call Option | 530 | \$61 | January, 2024 | 67,420 | 247,745 |
| | | | | | <u>1,223,479</u> | <u>1,628,316</u> |
| Apple Inc. | Put Option | 111 | \$175 | January, 2024 | 3,327 | 2,488 |
| Apple Inc. | Put Option | 277 | \$190 | January, 2024 | 52,288 | 64,467 |
| Bank OZK | Put Option | 551 | \$45 | February, 2024 | 78,469 | 58,124 |
| Brookfield Corp. | Put Option | 164 | \$38 | January, 2024 | 6,191 | 522 |
| Brookfield Corp. | Put Option | 548 | \$44 | January, 2024 | 68,500 | 3,014 |
| Caterpillar Inc. | Put Option | 39 | \$240 | February, 2024 | 5,611 | 3,291 |
| Caterpillar Inc. | Put Option | 111 | \$270 | February, 2024 | 68,759 | 45,007 |
| Enphase Energy Inc. | Put Option | 80 | \$65 | February, 2024 | 3,274 | 2,268 |
| Enphase Energy Inc. | Put Option | 199 | \$95 | February, 2024 | 60,653 | 43,690 |
| Invesco QQQ Trust Ser.1 | Put Option | 193 | \$366 | January, 2024 | 71,853 | 5,217 |
| Invesco QQQ Trust Ser.1 | Put Option | 165 | \$375 | January, 2024 | 101,190 | 6,418 |
| Invesco QQQ Trust Ser.1 | Put Option | 233 | \$377 | January, 2024 | 22,155 | 18,127 |
| Invesco QQQ Trust Ser.1 | Put Option | 523 | \$378 | January, 2024 | 365,903 | 23,792 |
| Invesco QQQ Trust Ser.1 | Put Option | 667 | \$392 | January, 2024 | 155,034 | 138,522 |
| S&P 500 Index 3Wk | Put Option | 27 | \$4,100 | January, 2024 | 36,258 | 3,738 |
| S&P 500 Index 3Wk | Put Option | 27 | \$4,500 | February, 2024 | 91,646 | 60,880 |
| S&P 500 Index 3Wk | Put Option | 119 | \$4,570 | January, 2024 | 213,787 | 90,225 |
| S&P 500 Index 3Wk | Put Option | 89 | \$4,600 | February, 2024 | 468,012 | 323,313 |
| S&P 500 Index 3Wk | Put Option | 111 | \$4,650 | January, 2024 | 59,810 | 20,491 |
| | | | | | <u>1,932,720</u> | <u>913,594</u> |
| Total Purchased Options | | | | | 3,156,199 | 2,541,910 |
| Aehr Test Systems | Written Call Option | (101) | \$40 | January, 2024 | (36,762) | (3,329) |
| Aehr Test Systems | Written Call Option | (177) | \$45 | January, 2024 | (99,282) | (5,251) |
| Aehr Test Systems | Written Call Option | (72) | \$50 | January, 2024 | (29,030) | (712) |
| Apellis Pharmaceuticals Inc. | Written Call Option | (28) | \$65 | January, 2024 | (6,597) | (17,537) |
| Apellis Pharmaceuticals Inc. | Written Call Option | (11) | \$80 | January, 2024 | (1,868) | (2,756) |
| Bank Of Nova Scotia | Written Call Option | (258) | \$62 | January, 2024 | (4,515) | (63,597) |
| Bank OZK | Written Call Option | (55) | \$56 | January, 2024 | (2,434) | (1,632) |
| Brookfield Corp. | Written Call Option | (82) | \$52 | January, 2024 | (3,301) | (16,687) |
| Calix Inc. | Written Call Option | (172) | \$45 | February, 2024 | (23,381) | (63,504) |
| Calix Inc. | Written Call Option | (39) | \$50 | February, 2024 | (2,624) | (6,171) |
| Caterpillar Inc. | Written Call Option | (11) | \$315 | January, 2024 | (1,714) | (1,044) |
| Celestica Inc. | Written Call Option | (52) | \$36 | January, 2024 | (3,848) | (17,290) |
| Celestica Inc. | Written Call Option | (682) | \$37 | February, 2024 | (81,158) | (272,800) |
| Centerra Gold Inc. | Written Call Option | (841) | \$9 | January, 2024 | (7,990) | (5,467) |
| Chicago Board Options Exchange | Written Call Option | (1,119) | \$19 | January, 2024 | (91,809) | (47,954) |
| Chicago Board Options Exchange | Written Call Option | (120) | \$24 | January, 2024 | (15,246) | (3,006) |
| Dye & Durham Ltd. | Written Call Option | (441) | \$12 | January, 2024 | (28,224) | (110,250) |
| Dye & Durham Ltd. | Written Call Option | (304) | \$13 | January, 2024 | (13,452) | (50,160) |
| Enphase Energy Inc. | Written Call Option | (20) | \$220 | February, 2024 | (2,768) | (1,661) |

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

APPENDIX A

OPTIONS (0.2%)

| Issuer | Option Type | Number of Options | Strike \$ | Expiry | Average Cost \$ | Fair Value \$ |
|------------------------------|---------------------|-------------------|-----------|-----------------|---------------------------|---------------------------|
| First Quantum Minerals Ltd. | Written Call Option | (358) | \$16 | January, 2024 | (14,052) | (3,759) |
| First Quantum Minerals Ltd. | Written Call Option | (129) | \$18 | January, 2024 | (4,418) | - |
| First Quantum Minerals Ltd. | Written Call Option | (525) | \$19 | June, 2024 | (70,350) | (33,863) |
| First Quantum Minerals Ltd. | Written Call Option | (92) | \$20 | January, 2024 | (14,628) | - |
| First Quantum Minerals Ltd. | Written Call Option | (358) | \$20 | September, 2024 | (42,602) | (30,430) |
| First Quantum Minerals Ltd. | Written Call Option | (23) | \$24 | January, 2024 | (4,462) | - |
| First Quantum Minerals Ltd. | Written Call Option | (413) | \$24 | September, 2024 | (32,627) | (22,509) |
| First Quantum Minerals Ltd. | Written Call Option | (295) | \$26 | January, 2024 | (48,380) | - |
| First Quantum Minerals Ltd. | Written Call Option | (466) | \$30 | June, 2024 | (56,754) | (9,786) |
| Harmonic Inc. | Written Call Option | (222) | \$18 | January, 2024 | (4,276) | (175) |
| Invesco QQQ Trust Ser.1 | Written Call Option | (33) | \$435 | January, 2024 | (3,574) | (2,110) |
| iShares Russell 2000 ETF | Written Call Option | (387) | \$206 | January, 2024 | (47,945) | (5,358) |
| iShares Russell 2000 ETF | Written Call Option | (387) | \$208 | January, 2024 | (32,479) | (2,296) |
| Royal Bank Of Canada | Written Call Option | (16) | \$128 | January, 2024 | (1,008) | (10,400) |
| S&P 500 Index 3Wk | Written Call Option | (13) | \$4,900 | January, 2024 | (22,449) | (13,371) |
| Teck Resources Ltd. | Written Call Option | (367) | \$56 | January, 2024 | (67,528) | (54,133) |
| Teck Resources Ltd. | Written Call Option | (157) | \$58 | January, 2024 | (21,823) | (10,676) |
| Toronto-Dominion Bank | Written Call Option | (441) | \$86 | January, 2024 | (2,426) | (24,476) |
| Utilities Select Sector SPDR | Written Call Option | (473) | \$63 | January, 2024 | (32,576) | (70,478) |
| | | | | | <u>(980,360)</u> | <u>(984,628)</u> |
| Apple Inc. | Written Put Option | (208) | \$180 | January, 2024 | (10,044) | (8,777) |
| Apple Inc. | Written Put Option | (208) | \$185 | January, 2024 | (18,842) | (19,199) |
| Bank Of Nova Scotia | Written Put Option | (132) | \$52 | January, 2024 | (4,125) | (397) |
| Bank OZK | Written Put Option | (88) | \$35 | February, 2024 | (4,684) | (517) |
| Bank OZK | Written Put Option | (171) | \$38 | February, 2024 | (15,338) | (2,253) |
| Bank OZK | Written Put Option | (413) | \$43 | February, 2024 | (32,431) | (23,145) |
| Brookfield Corp. | Written Put Option | (384) | \$40 | January, 2024 | (19,968) | (1,697) |
| Brookfield Corp. | Written Put Option | (384) | \$42 | January, 2024 | (29,952) | (2,258) |
| Calix Inc. | Written Put Option | (50) | \$30 | January, 2024 | (6,110) | (8) |
| Caterpillar Inc. | Written Put Option | (83) | \$250 | February, 2024 | (19,018) | (11,656) |
| Caterpillar Inc. | Written Put Option | (77) | \$260 | February, 2024 | (29,029) | (18,276) |
| Celestica Inc. | Written Put Option | (79) | \$26 | January, 2024 | (7,031) | (42) |
| Centerra Gold Inc. | Written Put Option | (263) | \$6 | January, 2024 | (5,129) | (326) |
| Dye & Durham Ltd. | Written Put Option | (126) | \$8 | January, 2024 | (6,804) | (14) |
| Enphase Energy Inc. | Written Put Option | (149) | \$75 | February, 2024 | (11,899) | (8,252) |
| Enphase Energy Inc. | Written Put Option | (149) | \$85 | February, 2024 | (23,797) | (16,504) |
| First Quantum Minerals Ltd. | Written Put Option | (53) | \$10 | January, 2024 | (6,837) | (3,048) |
| Invesco QQQ Trust Ser.1 | Written Put Option | (193) | \$369 | January, 2024 | (84,394) | (5,726) |
| Invesco QQQ Trust Ser.1 | Written Put Option | (772) | \$372 | January, 2024 | (395,056) | (25,958) |
| Invesco QQQ Trust Ser.1 | Written Put Option | (67) | \$377 | January, 2024 | (3,561) | (2,871) |
| Invesco QQQ Trust Ser.1 | Written Put Option | (467) | \$382 | January, 2024 | (56,123) | (49,263) |
| Invesco QQQ Trust Ser.1 | Written Put Option | (467) | \$387 | January, 2024 | (77,093) | (68,044) |
| S&P 500 Index 3Wk | Written Put Option | (54) | \$4,140 | January, 2024 | (81,125) | (8,189) |
| S&P 500 Index 3Wk | Written Put Option | (51) | \$4,260 | January, 2024 | (190,551) | (10,087) |
| S&P 500 Index 3Wk | Written Put Option | (71) | \$4,520 | January, 2024 | (93,121) | (37,448) |
| S&P 500 Index 3Wk | Written Put Option | (124) | \$4,550 | February, 2024 | (517,589) | (353,174) |
| S&P 500 Index 3Wk | Written Put Option | (106) | \$4,600 | January, 2024 | (72,828) | (9,085) |
| Teck Resources Ltd. | Written Put Option | (79) | \$42 | January, 2024 | (5,451) | (159) |
| Teck Resources Ltd. | Written Put Option | (63) | \$46 | January, 2024 | (4,662) | (247) |
| | | | | | <u>(1,832,592)</u> | <u>(686,620)</u> |
| Total Written Options | | | | | <u>(2,812,952)</u> | <u>(1,671,248)</u> |

APPENDIX B

FUTURE CONTRACTS (0.0%)

| Issuer | Number of Contracts | Fair Value (C\$) | Contracted Value (C\$) | Unrealized Gain/Loss (\$) |
|--|---------------------|------------------|------------------------|---------------------------|
| CBOE VIX Index Futures, January 2024 | 37 | 685,533 | 698,186 | (12,653) |
| Unrealized gain (loss) on Futures Contracts | | | | <u>(12,653)</u> |

PICTON MAHONEY FORTIFIED LONG SHORT 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 | 618,064,394 | 391,741 | 1,382,954 | 619,839,089 |
| Mutual funds - Long | 3,442,005 | - | - | 3,442,005 |
| Exchange Traded Funds - Long | 9,653,844 | - | - | 9,653,844 |
| Short-term notes - Long | - | 68,277,763 | - | 68,277,763 |
| Bonds - Long | - | 5,992,185 | - | 5,992,185 |
| Options - Long | 2,541,910 | - | - | 2,541,910 |
| Equities - Short | (159,834,116) | (13,126) | - | (159,847,242) |
| Exchange Traded Funds - Short | (206,193,464) | - | - | (206,193,464) |
| Options - Short | (1,671,248) | - | - | (1,671,248) |
| Futures - Short | (12,653) | - | - | (12,653) |
| Total | 265,990,672 | 74,648,563 | 1,382,954 | 342,022,189 |

| ASSETS (LIABILITIES) AT FAIR VALUE AS AT DECEMBER 31, 2022 | | | | |
|--|--------------------|------------------|----------------|--------------------|
| | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
| Equities - Long | 400,129,856 | 1,664,896 | 636,830 | 402,431,582 |
| Bonds - Long | - | 5,107,020 | - | 5,107,020 |
| Options - Long | 1,752,617 | - | - | 1,752,617 |
| Equities - Short | (114,127,115) | (13,114) | - | (114,140,229) |
| Exchange Traded Funds - Short | (106,618,494) | - | - | (106,618,494) |
| Options - Short | (1,167,024) | - | - | (1,167,024) |
| Futures - Short | (43,800) | - | - | (43,800) |
| Total | 179,926,040 | 6,758,802 | 636,830 | 187,321,672 |

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 | 1,144 | - |
| | 1,144 | - |

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 LONG SHORT 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 | 636,830 | - | 636,830 |
| Investment purchases during the year | 519,533 | - | 519,533 |
| 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 | 226,591 | - | 226,591 |
| Balance at End of Year | 1,382,954 | - | 1,382,954 |
| Total change in unrealized appreciation (depreciation) for assets held as at December 31, 2023 | | | 226,591 |

| December 31, 2022 | Equities - Long \$ | Equities - Short \$ | Total \$ |
|---|-----------------------|------------------------|----------------|
| Balance at Beginning of Year | - | - | - |
| Investment purchases during the year | 636,520 | - | 636,520 |
| 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 | 310 | - | 310 |
| Balance at End of Year | 636,830 | - | 636,830 |
| Total change in unrealized appreciation (depreciation) for assets held as at December 31, 2022 | | | 310 |

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 \$69,148 as at December 31, 2023 (December 31, 2022 - \$31,842). 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 | 867,639 | Discounted cash flow, Enterprise value | Discount rate, peer multiples | 5% | 5% | \$43,382 | \$(43,382) |
| Preservation Capital Partners Strategic Opportunities I LP | 515,315 | Discounted cash flow, Enterprise value | Discount rate, peer multiples | 5% | 5% | \$25,766 | \$(25,766) |

| December 31, 2022 | | | | | | | |
|-------------------|------------|--|-------------------------------|----------------------|----------------------|-------------------------|-------------------------|
| Security Name | Fair Value | Valuation Technique | Unobservable Inputs | Reasonable Shift (+) | Reasonable Shift (-) | Change in Valuation (+) | Change in Valuation (-) |
| Eagle SPV LP | 636,830 | Discounted cash flow, Enterprise value | Discount rate, peer multiples | 5% | 5% | \$31,842 | \$(31,842) |

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

4. SECURITIES LENDING TRANSACTIONS

The Fund has entered into a securities lending program with its 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 consists primarily of fixed income securities. As at December 31, 2023, there was \$nil (Collateral - \$nil) of securities on loan (December 31, 2022 - \$nil (Collateral - \$nil) of securities on loan). Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge which the Fund's custodian is entitled to receive.

For the year ended December 31, 2023 securities lending income were as follows:

| | 2023 (\$) |
|--|--------------|
| Gross securities lending income | 8,300 |
| Securities lending charges | (2,905) |
| Net securities lending income | 5,395 |
| Withholding taxes on securities lending income | - |
| Net securities lending income received by the Fund | 5,395 |
| Security lending charges percentage of gross securities lending income | 35% |

There were no securities lending income for the year ended December 31, 2022.

5. 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 \$49,469,925 (December 31, 2022 - \$28,597,181). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

6. 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 | 14,073,062 | (659,689) | 13,413,373 | 3.1% |
| European Euro | (2,212) | - | (2,212) | 0.0% |
| British Pound | (128,037) | 18,438 | (109,599) | 0.0% |
| Australian Dollar | (604,859) | 380,098 | (224,761) | -0.1% |
| Net Exposure | 13,337,954 | (261,153) | 13,076,801 | 3.0% |

| FINANCIAL INSTRUMENTS | | | | |
|-------------------------------|------------------|--------------------|------------------|----------------------------------|
| December 31, 2022 Currency | Monetary \$ | Non-Monetary \$ | Total \$ | Percentage of Net Assets % |
| United States Dollar | 8,376,333 | (1,250,817) | 7,125,516 | 2.3% |
| British Pound | 445,919 | (597,000) | (151,081) | 0.0% |
| Australian Dollar | (277,584) | 278,276 | 692 | 0.0% |
| Net Exposure | 8,544,668 | (1,569,541) | 6,975,127 | 2.3% |

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 653,840 (December 31, 2022 - \$348,756). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

7. INTEREST RATE RISK

If the yield curve had shifted in parallel by 1%, with all other variables held constant, net assets will increase or decrease by \$197,519 (December 31, 2022 - \$196,022). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at December 31, 2023 and 2022, the Fund's exposure to debt instruments by maturity were as follows:

| Debt Instruments by Maturity Date | December 31, 2023 (\$) | | |
|-----------------------------------|------------------------|-----------------|-------------------|
| | Long Positions | Short Positions | Total |
| Less than 1 year | 68,277,763 | - | 68,277,763 |
| Greater than 5 years | 5,992,185 | - | 5,992,185 |
| Total | 74,269,948 | - | 74,269,948 |

| Debt Instruments by Maturity Date | December 31, 2022 (\$) | | |
|-----------------------------------|------------------------|-----------------|------------------|
| | Long Positions | Short Positions | Total |
| 3-5 years | 217,504 | - | 217,504 |
| Greater than 5 years | 4,889,516 | - | 4,889,516 |
| Total | 5,107,020 | - | 5,107,020 |

8. CREDIT RISK

The following table shows debt as a percentage of net assets attributable to holders of redeemable units held under each credit rating. All counterparties to derivative contracts had a credit rating of A- or higher. All cash is held with a financial institution with a minimum of credit rating A+.

| Bond Ratings | December 31, 2023 | | | Bond Ratings | December 31, 2022 | | |
|--------------|-------------------|-------|-------|--------------|-------------------|------|-------|
| | Net | Long | Short | | Net | Long | Short |
| AAA | 16.0% | 16.0% | 0.0% | AAA | 0.0% | 0.0% | 0.0% |
| BBB | 0.5% | 0.5% | 0.0% | BBB | 0.7% | 0.7% | 0.0% |
| BBB- | 0.9% | 0.9% | 0.0% | BBB- | 0.9% | 0.9% | 0.0% |
| NR | 0.0% | 0.0% | 0.0% | NR | 0.1% | 0.1% | 0.0% |

The above credit ratings are obtained and disclosed from the rating services in the following hierarchical order: 1) Standard & Poor's; 2) Moody's; 3) Dominion Bond Rating Service, using first available.

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

9. 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 | 165.7% | 135.0% |
| Canadian Equities | 95.9% | 92.8% |
| Financials | 25.0% | 24.0% |
| Industrial | 18.6% | 14.7% |
| Energy | 14.4% | 12.5% |
| Materials | 10.9% | 13.6% |
| Information Technology | 8.1% | 6.9% |
| Utilities | 5.0% | 4.5% |
| Real Estate | 4.4% | 4.8% |
| Consumer Discretionary | 3.6% | 4.8% |
| Consumer Staples | 2.5% | 3.4% |
| Communication Services | 2.2% | 3.2% |
| Investment Funds | 0.8% | 0.0% |
| Health Care | 0.4% | 0.4% |
| Global Equities | 51.8% | 39.9% |
| United States | 45.1% | 34.1% |
| International | 4.4% | 5.8% |
| International Index Equivalents | 2.3% | 0.0% |
| Canadian Debt | 16.6% | 1.7% |
| Short-Term Notes | 15.2% | 0.0% |
| Corporate Bonds | 1.4% | 1.7% |
| Global Debt | 0.8% | 0.0% |
| Short-Term Notes | 0.8% | 0.0% |
| Derivatives | 0.6% | 0.6% |
| SHORT POSITIONS | -85.9% | -73.2% |
| Canadian Equities | -34.3% | -34.4% |
| Index Equivalents | -21.5% | -18.6% |
| Financials | -4.3% | -6.6% |
| Energy | -3.0% | -2.6% |
| Materials | -1.4% | -2.0% |
| Consumer Staples | -0.9% | -1.1% |
| Utilities | -0.8% | -1.3% |
| Industrial | -0.6% | -0.4% |
| Communication Services | -0.5% | -0.3% |
| Information Technology | -0.5% | -0.2% |
| Consumer Discretionary | -0.4% | -0.5% |
| Real Estate | -0.4% | -0.8% |
| Health Care | 0.0% | 0.0% |
| Global Equities | -51.2% | -38.4% |
| International Index Equivalents | -26.7% | -16.6% |
| United States Equities | -21.0% | -19.9% |
| International Equities | -3.5% | -1.9% |
| Derivatives | -0.4% | -0.4% |

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

10. UNDERLYING FUND EXPOSURE TO OTHER PRICE RISK, CURRENCY RISK, INTEREST RATE RISK, CREDIT RISK

The Fund may also be exposed to indirect other price risk, currency risk, and credit risk through its investments in other Picton Mahoney Funds.

The table below summarizes the impact on the Fund's net assets, of reasonable possible changes in the returns of each of the strategies to which the Fund is exposed through the 1 underlying fund in which it invests at year-end. The impact on net assets is calculated by applying a 5% possible movement determined for each strategy as a percentage of the net assets of the Fund. The analysis is based on the assumption that the returns on each strategy have increased or decreased as disclosed with all other variables held constant. The underlying risk disclosures represent the market risks to which the various strategies are exposed; C,F,I,P representing Credit, Foreign Currency, Interest Rate, and Other Price Risks, respectively.

| December 31, 2023 | | | |
|-----------------------|---------------------------|-----------------|--|
| Strategy | Underlying risk exposures | Number of Funds | Impact on net assets based on 5% increase or decrease \$ |
| Canadian Fixed Income | C,I | 1 | 124,326 |
| US Fixed Income | C,F,I | 1 | (198) |
| Total | | | 124,128 |

As at December 31, 2022, the Fund did not have any investment in the underlying funds and therefore did not have any exposure to indirect other price risk, currency risk, interest rate risk, and credit risk.

11. 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 | 366,040,706 | - | - | 366,040,706 |
| Distributions payable | 525,735 | - | - | 525,735 |
| Redemptions payable | 435,683 | - | - | 435,683 |
| Accrued liabilities and other payables | - | 1,177,366 | - | 1,177,366 |
| Payable for investments purchased | 269,512 | - | - | 269,512 |
| Derivative liabilities | 1,683,901 | - | - | 1,683,901 |
| December 31, 2022 Financial Liabilities | On Demand \$ | < 3 months \$ | > 3 months \$ | Total \$ |
| Short positions | 220,758,723 | - | - | 220,758,723 |
| Redemptions payable | 581,405 | - | - | 581,405 |
| Accrued liabilities and other payables | - | 679,179 | - | 679,179 |
| Payable for investments purchased | 1,528,815 | - | - | 1,528,815 |
| Derivative liabilities | 1,210,824 | - | - | 1,210,824 |

PICTON MAHONEY FORTIFIED LONG SHORT ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

12. FUND UNIT TRANSACTIONS

For the years ended December 31

| | 2023 | | | | 2022 | | | |
|--|------------------|-------------------|----------------|------------------|------------------|-------------------|----------------|------------------|
| | Class A | Class F | Class I | Class ETF | Class A | Class F | Class I | Class ETF |
| Units issued and outstanding, beginning of year | 1,369,170 | 15,119,099 | 913,390 | 3,230,000 | 1,087,355 | 8,180,165 | 1,071,797 | 2,800,000 |
| Units issued | 555,778 | 11,364,259 | - | 1,250,000 | 466,928 | 9,170,946 | 548,869 | 950,000 |
| Units reinvested | 12,742 | 161,725 | 2,995 | - | - | - | - | - |
| Units redeemed | (276,290) | (4,504,752) | (610,317) | (1,010,000) | (185,113) | (2,232,012) | (707,276) | (520,000) |
| Units issued and outstanding, end of year | 1,661,400 | 22,140,331 | 306,068 | 3,470,000 | 1,369,170 | 15,119,099 | 913,390 | 3,230,000 |
| Weighted average number of units held during the year | 1,484,745 | 17,993,037 | 420,227 | 3,171,479 | 1,314,478 | 12,632,510 | 802,245 | 3,204,725 |

13. COMMISSIONS

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

| | 2023 | 2022 |
|-------------------------|-------|-------|
| Brokerage commissions | 2,648 | 2,212 |
| Soft Dollar commissions | 457 | 427 |

14. TAX LOSS CARRY FORWARDS

As at December 31 (in \$000)

| | 2023 |
|----------------------------------|-------|
| Net capital losses carry forward | 1,940 |
| Non-capital losses carry forward | - |

15. 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 | | | |
| Picton Mahoney Fortified Inflation Opportunities Alternative Fund* | 2,483 | 16,606 | 15.0% |
| Invesco S&P 500 Low Volatility ETF | 3,698 | 10,563,683 | 0.0% |
| iShares Russell 2000 Value ETF | 5,956 | 16,534,633 | 0.0% |
| Sprott Physical Uranium Trust | 959 | 7,020,801 | 0.0% |

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

*Funds managed by Picton Mahoney Asset Management.

16. LEVERAGE

During the year ended December 31, 2023, the Fund's aggregate exposure reached a low of 84.38% (year ended December 31, 2022 - 85.90%) and a high of 141.08% (year ended December 31, 2022 - 290.84%) of the Fund's NAV. As at December 31, 2023, the Fund's aggregate exposure was 100.42% (December 31, 2022 - 88.43%) of the Fund's NAV. The primary source of leverage was short positions in equity and fixed income securities.

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1. GENERAL INFORMATION

Picton Mahoney Fortified Long Short 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, as amended and restated as of June 26, 2019 and July 7, 2020. (the "Trust Declaration"). The Fund commenced operations on July 7, 2020. 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 July 7, 2020, 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 units, and Class ETF units.

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

As at December 31, 2023, the Fund currently has 4 Classes of Units: Class A, Class F, Class I and Class ETF. As at December 31, 2023, the Manager holds 1 unit of Class A, 203 units of Class F, and 539 units of Class I (December 31, 2022 - 1 unit of Class A, 200 units of Class F and 533 units of Class I).

The investment objective of the Fund is to provide consistent long-term capital appreciation and to provide unitholders with an attractive risk-adjusted rate of return by actively investing in a portfolio comprised of long and short equity securities. The Fund may also invest in fixed income 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 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
- 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

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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.

(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 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.

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

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

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

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

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

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

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

(h) Foreign Currency Translation

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

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

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

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

(j) Transaction Costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies

by regulatory agencies and securities exchange, and transfer taxes and duties. Such costs are expensed and included in "Transaction costs" in the Statement of Comprehensive Income.

(k) Securities Lending Transactions

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

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

(l) Leverage

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

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

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

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

(m) Structured Entities

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

Picton Mahoney has determined that all of the underlying funds in which the Fund invests are unconsolidated structured entities. In making this determination, Picton Mahoney evaluated the fact that decision making

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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 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 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

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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, due from manager, deposits with brokers for securities sold short, and cash are held with counterparties with a good credit quality and are due to be settled within one week. The Manager considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

In order to monitor the credit quality of the unrated (NR) underlying debt securities, the Manager, on the basis of internal research, prepares its own shadow ratings for the various instruments for which publicly available credit ratings are not available. The Manager reviews the key financial metrics of the issue and structural features of the instruments in order to calculate the implied ratings for each of these investments. The majority of unrated securities have been assessed by the Manager to have credit quality consistent with BBB/Baa rated securities. A BBB/Baa rating is the lowest rating a bond can have and still be considered investment-grade. An investment grade bond is a bond considered to have a relatively low risk of default.

Liquidity Risk:

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

Concentration risk:

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

Leverage Risk:

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

market impact costs, interest and other costs and expenses.

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

5. CAPITAL MANAGEMENT

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

6. REDEEMABLE UNIT TRANSACTIONS

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

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

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

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

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been accepted and cash, in an amount sufficient so that the value of the securities and cash received is equal to the aggregate net asset value of the Prescribed Number of Units next determined following the receipt of the subscription order; or (ii) cash only, securities other than Baskets of Securities or a combination of securities other than Baskets of Securities and cash, in an amount sufficient so that the value of the securities and cash received is equal to the aggregate net asset value of the Prescribed Number of Units next determined following the receipt of the subscription order. When you redeem ETF units of a Fund, you receive the proceeds of your sale in cash at a redemption price per unit equal to 95% of the closing trading price on the effective date of the cash redemption request, subject to a maximum redemption price of the applicable net asset value per unit. As unitholders will generally be able to sell ETF units at the market price on the TSX or another exchange or marketplace through a registered broker or dealer subject only to customary brokerage commissions.

7. DISTRIBUTIONS

The Fund intends to distribute net income and net realized capital gains, if any, to Unitholders at the end of each taxation year to ensure that the Fund is not liable for income tax under Part I of the Income Tax Act (Canada) (the "Act"), after taking into account any loss carry forwards and capital gains refunds. All annual distributions paid on Class A, Class F, Class I and Class ETF units will be automatically reinvested in additional units.

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 14 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 of the Fund is negotiated by the investor and paid directly by the investor, and would not exceed the management fee payable on Class A units of the Fund.

Management Fee Distributions

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

(b) Performance Fees

The Manager receives a performance fee in respect of each of the Class A units, Class F units, and Class ETF units of the Fund. The performance fee for

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each class shall be calculated and become a liability of the Fund on each Valuation Day and shall be payable at the end of each calendar quarter.

The performance fee is equal to 20% of the amount by which the performance of the applicable class exceeds an annual hurdle rate of return equal to 2%, for each of the Class A units, Class F units, or Class ETF units, plus applicable taxes. The performance fee in respect of each of the Class A units, Class F units, and Class ETF units of the Fund on a particular Valuation Day shall be equal to the product of, (a) 20% of the positive difference between (i) the Unit Price on the Valuation Day; and (ii) the greatest Unit Price on any previous Valuation Day or the Unit Price on the date when the units of the class were first issued, where no performance fee liability has previously arisen in respect of units of the class (the "High Water Mark"); less (iii) the hurdle amount (the "Hurdle Amount") per unit on the Valuation Day; and (b) the number of units outstanding on the applicable Valuation Day on which the performance fee is determined, plus applicable taxes.

The Hurdle Amount per unit is the product of (a) 2% for each calendar year (prorated for the number of days in the year); (b) the Unit Price on the applicable Valuation Day; and (c) the number of days since the most recently determined High Water Mark or the beginning of the current calendar year, whichever is most recent. The Manager may make such adjustments to the Unit Price, the High Water Mark and/or the Hurdle Amount per unit as are determined by the Manager to be necessary to account for the payment of any distributions on units, any unit splits or consolidations or any other event or matter that would, in the opinion of the Manager, impact upon the computation of the performance fee. Any such determination of the Manager shall, absent manifest error, be binding on all unitholders. Investors in Class I units may negotiate a different performance fee than the one described herein or no performance fee at all. Any performance fee for Class I units will be paid directly to the Manager. The Manager reserves the right, in its discretion, to discontinue, decrease or waive the performance fee at any time. For the year ended December 31, 2023, the Fund incurred performance fees of \$2,741,237 (December 31, 2022 - \$96,929).

(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

Corporate Address

Picton Mahoney Asset Management

33 Yonge Street, Suite. 830
Toronto, Ontario
Canada M5E 1G4

Telephone: 416.955.4108

Toll free: 1.866.369.4108

Fax: 416.955.4100

Email: service@pictonmahoney.com

www.pictonmahoney.com

Auditor

PricewaterhouseCoopers LLP

18 York Street, Suite 2500
Toronto, Ontario
Canada M5J 0B2

Fund Administration & Transfer Agent

Picton Mahoney Funds

C/O RBC Investor Services Trust,
Shareholder Services
155 Wellington Street West, 3rd Floor
Toronto, ON
Canada M5V 3L3