

FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND



**THINK AHEAD.
STAY AHEAD.**

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MANAGEMENT'S RESPONSIBILITY STATEMENT

The accompanying financial statements have been prepared by Picton Mahoney Asset Management, the Manager of the Picton Mahoney Fortified Market Neutral Alternative Fund (the "Fund"). The Manager is responsible for all of the information and representations contained in these financial statements.

The financial statements have been prepared in accordance with 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 Market Neutral 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.

INDEPENDENT AUDITOR'S REPORT

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the 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 MARKET NEUTRAL ALTERNATIVE FUND

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2023 \$	December 31, 2022 \$
Assets		
Current assets		
Long positions at fair value*	1,724,378,204	960,214,533
Cash	2,013,074	419,442,336
Options purchased*	9,162,063	4,977,703
Unrealized gain on futures contracts	-	4,991,968
Deposits with brokers for securities sold short	437,303,936	301,897,158
Distributions receivable from underlying funds	91,733	-
Subscriptions receivable	1,313,820	2,106,229
Receivable for investments sold	1,221,667	1,507,195
Dividends receivable	2,447,888	1,142,681
Interest and other receivable	7,090,256	191,051
	<u>2,185,022,641</u>	<u>1,696,470,854</u>
Liabilities		
Current liabilities		
Short positions at fair value**	1,052,236,534	706,888,845
Options written**	5,975,283	3,303,411
Unrealized loss on futures contracts	4,306,665	111,203
Management fee payable	718,164	601,740
Performance fee payable	505,983	4,467,496
Redemptions payable	1,282,861	1,209,597
Accrued liabilities	355,137	356,010
Payable for investments purchased	737,249	4,915,962
Interest payable	501	501
Dividends payable	2,065,360	1,141,962
	<u>1,068,183,737</u>	<u>722,996,727</u>
Net Assets Attributable to Holders of Redeemable Units	<u>1,116,838,904</u>	<u>973,474,127</u>
Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	68,766,991	61,759,161
Class F	845,566,196	749,426,818
Class FT	11,450,057	7,856,808
Class I	7,016,623	28,315,733
Class ETF	184,039,037	126,115,607
Number of Redeemable Units Outstanding		
Class A	5,187,062	4,685,410
Class F	60,823,514	54,724,809
Class FT	1,147,408	778,066
Class I	448,331	1,868,278
Class ETF	13,740,000	9,560,000
Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	13.26	13.18
Class F	13.90	13.69
Class FT	9.98	10.10
Class I	15.65	15.16
Class ETF***	13.39	13.19
* Long positions, at cost	1,559,445,341	908,628,685
** Short positions, at cost	(1,032,797,254)	(753,551,918)
*** Closing Market Price (TSX)	13.45	13.22

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	40,272,982	7,301,385
Dividends	21,823,846	12,185,774
Distributions from underlying funds	91,732	-
Net realized gain (loss) on investments and options	(7,687,394)	6,009,979
Net realized gain (loss) on futures contracts	(9,235,296)	20,686,217
Change in unrealized appreciation (depreciation) on investments, options and futures contracts	39,606,771	31,214,804
Interest and borrowing expense	(5,109,400)	(3,002,952)
Dividend expense	(22,751,072)	(12,319,979)
Net gains (losses) on investments and derivatives	<u>57,012,169</u>	<u>62,075,228</u>
Other income		
Securities lending income	33,462	-
Foreign currency gain (loss) on cash and other assets and liabilities	1,517,781	5,261,624
Total Income	<u>58,563,412</u>	<u>67,336,852</u>
Expenses		
Management fees	11,824,884	8,305,072
Transaction costs	8,513,847	6,373,152
Performance fees	6,855,872	5,811,269
Administrative fees	620,004	536,030
Withholding taxes	569,796	221,122
Securityholder reporting fees	494,601	367,228
Audit fees	186,179	158,604
Legal fees	115,124	69,091
Independent review committee fees	6,999	9,754
Total expense before manager absorption	<u>29,187,306</u>	<u>21,851,322</u>
Less expenses absorbed by manager	-	-
Total expense after manager absorption	<u>29,187,306</u>	<u>21,851,322</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	<u>29,376,106</u>	<u>45,485,530</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	1,195,519	2,711,472
Class F	22,704,188	34,351,530
Class FT	260,554	567,602
Class I	1,200,317	1,994,418
Class ETF	4,015,528	5,860,508
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	0.24	0.61
Class F	0.38	0.79
Class FT	0.27	0.47
Class I	0.94	1.05
Class ETF	0.33	0.79

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

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

For the years ended December 31

	2023 \$	2022 \$
Net Assets Attributable to Holders of Redeemable Units at Beginning of Year		
Class A	61,759,161	49,077,178
Class F	749,426,818	360,105,280
Class FT	7,856,808	9,084,746
Class I	28,315,733	16,321,315
Class ETF	126,115,607	57,547,744
	<u>973,474,127</u>	<u>492,136,263</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
Class A	1,195,519	2,711,472
Class F	22,704,188	34,351,530
Class FT	260,554	567,602
Class I	1,200,317	1,994,418
Class ETF	4,015,528	5,860,508
	<u>29,376,106</u>	<u>45,485,530</u>
Redeemable Unit Transactions		
Proceeds from redeemable units issued		
Class A	27,915,027	26,869,975
Class F	361,657,316	529,210,920
Class FT	4,722,674	13,864,475
Class I	6,000,573	20,450,000
Class ETF	98,585,484	77,957,486
	<u>498,881,074</u>	<u>668,352,856</u>
Reinvestments of distributions to holders of redeemable units		
Class A	833,972	-
Class F	9,113,408	-
Class FT	58,747	23,010
Class I	89,010	-
Class ETF	-	-
	<u>10,095,137</u>	<u>23,010</u>
Redemption of redeemable units		
Class A	(22,061,545)	(16,899,464)
Class F	(286,613,781)	(174,240,912)
Class FT	(1,045,028)	(15,203,878)
Class I	(28,500,000)	(10,450,000)
Class ETF	(42,311,554)	(15,250,131)
	<u>(380,531,908)</u>	<u>(232,044,385)</u>
Net Increase (Decrease) from Redeemable Unit Transactions	128,444,303	436,331,481

	2023 \$	2022 \$
Distributions to Holders of Redeemable Units		
From net investment income		
Class A	(873,709)	-
Class F	(10,704,152)	-
Class FT	(403,036)	-
Class I	(88,864)	-
Class ETF	(2,362,151)	-
	<u>(14,431,912)</u>	<u>-</u>
From return of capital		
Class A	(1,434)	-
Class F	(17,601)	-
Class FT	(662)	(479,147)
Class I	(146)	-
Class ETF	(3,877)	-
	<u>(23,720)</u>	<u>(479,147)</u>
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	143,364,777	481,337,864
Net Assets Attributable to Holders of Redeemable Units at End of Year		
Class A	68,766,991	61,759,161
Class F	845,566,196	749,426,818
Class FT	11,450,057	7,856,808
Class I	7,016,623	28,315,733
Class ETF	184,039,037	126,115,607
	<u>1,116,838,904</u>	<u>973,474,127</u>

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

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

STATEMENTS OF CASH FLOWS

For the years ended December 31

	2023 \$	2022 \$		2023 \$	2022 \$
Cash Flows from Operating Activities			Cash Flows from Financing Activities		
Increase (decrease) in net assets attributable to holders of redeemable units	29,376,106	45,485,530	Distributions to holders of redeemable units, net of reinvested distributions	(4,360,495)	(456,137)
Adjustments for:			Proceeds from redeemable units issued	495,048,587	663,962,259
Unrealized foreign exchange (gain) loss on cash	6,028,316	(6,786,961)	Amount paid on redemption of redeemable units	(375,833,748)	(227,225,032)
Net realized (gain) loss on investments and options	7,687,394	(6,009,979)	Net cash generated (used) by financing activities	114,854,344	436,281,090
Change in unrealized (appreciation) depreciation on investments, options and futures contracts	(39,606,771)	(31,214,804)	Unrealized foreign exchange gain (loss) on cash	(6,028,316)	6,786,961
(Increase) decrease in interest and other receivables	(6,899,205)	(191,051)	Net increase (decrease) in cash	(411,400,946)	335,690,413
(Increase) decrease in dividends receivable	(1,305,207)	(534,739)	Cash, beginning of year	419,442,336	76,964,962
(Increase) decrease in deposits with brokers for securities sold short	(135,406,778)	(128,226,446)	Cash, end of year	2,013,074	419,442,336
(Increase) decrease in distributions receivable from underlying funds	(91,733)	-	Cash	2,013,074	419,442,336
Increase (decrease) in interest payable	-	91	Cash overdraft	-	-
Increase (decrease) in dividends payable	923,398	875,528	Net Cash (Overdraft)	2,013,074	419,442,336
Increase (decrease) in other payable and accrued liabilities	(3,845,962)	4,025,405	Items Classified as Operating Activities:		
Purchase of long positions and repurchase of investments sold short	(3,738,143,507)	(2,170,678,326)	Interest received, net of withholding tax	33,373,777	7,110,334
Proceeds from sale of long positions and on investments sold short	3,355,028,659	2,192,665,075	Dividends received, net of withholding tax	19,948,848	11,429,913
Net cash generated (used) by operating activities	(526,255,290)	(100,590,677)	Interest and borrowing expense paid	(5,109,400)	(3,002,861)
			Dividends paid	(21,827,674)	(11,444,451)

Net of non-cash transfers and switches of \$4,624,896 (2022 - \$3,930,923)

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

PICTON MAHONEY FORTIFIED MARKET NEUTRAL 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 (155.2%)									
Canadian Equities (76.6%)									
Energy (11.7%)									
	440,934	Advantage Energy Ltd.	4,032,235	3,761,167	155,721	K92 Mining Inc.	912,520	1,013,744	
	200,600	ARC Resources Ltd.	4,477,362	3,945,802	321,800	Karora Resources Inc.	1,208,763	1,567,166	
	136,600	Cameco Corp.	4,374,584	7,803,958	314,100	Kinross Gold Corp.	2,295,205	2,519,082	
	283,500	Canadian Natural Resources Ltd.	21,965,195	24,610,635	157,300	Lithium Americas Corp.	-	1,337,050	
	31,748	Crew Energy Inc.	145,771	144,136	422,500	Major Drilling Group International Inc.	3,835,908	3,891,225	
	188,000	Enbridge Inc.	9,218,861	8,967,600	502,050	Marathon Gold Corp., Warrants, 2024-09-20	41,198	1	
	333,700	Encore Energy Corp.	1,001,100	1,738,577	71,793	NanoXplore Inc.	146,458	174,457	
	590,600	Encore Energy Corp., Warrants, 2026-02-14	-	862,276	151,200	NGEx Minerals Ltd.	830,573	1,082,592	
	191,600	Enerplus Corp.	4,090,992	3,891,396	68,500	Nutrien Ltd.	6,283,002	5,113,525	
	604,900	Freehold Royalties Ltd.	6,877,224	8,281,081	2,087,200	OceanaGold Corp.	5,394,601	5,301,488	
	17,948	Frontera Energy Corp.	148,813	143,046	58,500	Osisko Development Corp., Warrants, 2027-03-02	-	2,925	
	102,900	Imperial Oil Ltd.	7,520,728	7,766,892	475,400	Osisko Gold Royalties Ltd.	8,560,155	8,989,814	
	937,400	Logan Energy Corp.	1,049,419	749,920	1,175,400	Osisko Mining Inc.	3,103,056	3,138,318	
	519,300	MEG Energy Corp.	8,043,932	12,291,831	32,000	Osisko Mining Inc., Warrants, 2024-08-28	-	-	
	190,000	NexGen Energy Ltd.	1,141,744	1,761,300	264,100	Pan American Silver Corp.	5,732,361	5,712,483	
	186,300	North American Construction Group Ltd.	4,081,121	5,151,195	95,300	Pan American Silver Corp., Rights, 2029-02-22	85,973	64,716	
	186,600	Parkland Corp.	6,469,268	7,969,686	37,400	Prime Mining Corp., Warrants, 2024-04-27	-	-	
	271,800	Pembina Pipeline Corp., Sub. Rcpt.	11,646,630	12,231,000	23,575	Skeena Resources Ltd.	153,583	152,059	
	22,880	Precision Drilling Corp.	1,894,037	1,646,445	410,863	Solaris Resources Inc.	2,769,356	1,696,864	
	119,300	Shawcor Ltd.	1,765,294	1,808,588	77,226	Taseko Mines Ltd.	151,019	143,640	
	105,300	Suncor Energy Inc.	4,666,427	4,469,985	262,800	Teck Resources Ltd.	14,448,557	14,719,428	
	21,779	Surge Energy Inc.	146,294	141,128	21,355	Victoria Gold Corp.	148,311	148,631	
	109,150	Tidewater Midstream and Infrastructure Ltd., Warrants, 2024-08-16	10,924	3,275	50,500	West Fraser Timber Co., Ltd.	5,522,490	5,724,680	
	179,900	Tourmaline Oil Corp.	10,681,440	10,720,241			114,533,179	106,548,153	
	8,653	Vermilion Energy Inc.	146,517	138,188	Industrial (14.8%)				
			115,595,912	130,999,348	4,944	ADENTRA Inc.	154,988	158,060	
Materials (9.5%)					86,900	Ag Growth International Inc.	4,741,781	4,390,188	
	241,200	Agnico Eagle Mines Ltd.	15,827,547	17,523,180	158,100	ATS Corp.	6,765,211	9,029,091	
	218,400	Aris Mining Corp., Warrants, 2025-07-29	-	54,600	181,300	Badger Infrastructure Solutions Ltd.	5,704,241	7,380,723	
	8,857	Canfor Corp.	160,179	158,097	82,934	Bombardier Inc.	3,978,103	4,412,918	
	70,800	CCL Industries Inc.	4,480,788	4,218,972	30,300	Boyd Group Services Inc.	5,886,578	8,438,247	
	73,650	Critical Elements Lithium Corp.	128,888	68,495	282,800	Canadian Pacific Kansas City Ltd.	26,908,052	29,648,752	
	52,141	Endeavour Silver Corp.	144,881	135,567	811,713	Chorus Aviation Inc.	1,898,923	2,077,985	
	467,400	Faraday Copper Corp.	373,920	294,462	1,598,600	Element Fleet Management Corp.	23,417,263	34,465,816	
	494,664	First Quantum Minerals Ltd.	13,284,429	5,367,104	12,917	TELUS International CDA Inc.	145,075	146,995	
	57,900	Franco-Nevada Corp.	10,270,823	8,497,983	15,800	TFI International Inc.	2,771,136	2,847,792	
	757,000	Frontier Lithium Inc.	1,785,248	575,320	49,700	Thomson Reuters Corp.	6,414,419	9,628,381	
	162,050	Frontier Lithium Inc., Warrants, 2025-11-08	-	-	127,150	Toromont Industries Ltd.	13,530,468	14,762,115	
	118,072	GoGold Resources Inc.	149,702	159,397	101,200	Waste Connections Inc.	16,892,435	20,023,432	
	920,788	Hudbay Minerals Inc.	6,003,960	6,712,545	99,100	WSP Global Inc.	15,654,076	18,406,834	
	63,780	I-80 Gold Corp.	149,164	148,607			134,862,749	165,817,329	
	127,100	I-80 Gold Corp., Warrants, 2024-04-01	13	-	Consumer Discretionary (2.8%)				
	41,897	IAMGOLD Corp.	150,548	139,936	41,800	BRP Inc.	4,237,603	3,963,476	
					35,400	Dollarama Inc.	3,028,941	3,380,346	
					2,278	Linamar Corp.	146,183	145,838	
					79,450	MTY Food Group Inc.	5,084,381	4,489,720	
					294,291	Park Lawn Corp.	7,885,305	5,809,304	

PICTON MAHONEY FORTIFIED MARKET NEUTRAL 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 (\$)
	95,400	Restaurant Brands International Inc.	8,214,787	9,876,762		122,576	Lumine Group Inc.	2,084,065	3,665,022
	115,600	Spin Master Corp.	4,587,257	4,029,816		218,215	Shopify Inc.	14,968,299	22,511,059
			<u>33,184,457</u>	<u>31,695,262</u>				<u>48,285,484</u>	<u>68,688,914</u>
Consumer Staples (2.1%)					Communication Services (1.9%)				
	84,100	Alimentation Couche-Tard Inc.	5,072,538	6,562,323		139,500	FansUnite Entertainment Inc., Warrants, 2024-07-15	-	-
	85,900	George Weston Ltd.	12,919,593	14,130,550		54,900	Quebecor Inc.	1,701,313	1,730,448
	64,304	North West Co Inc.	2,278,822	2,525,218		318,200	Rogers Communications Inc.	18,978,798	19,737,946
			<u>20,270,953</u>	<u>23,218,091</u>				<u>20,680,111</u>	<u>21,468,394</u>
Health Care (0.3%)					Utilities (4.5%)				
	14,460	Bausch Health Cos Inc.	145,912	153,710		790,200	AltaGas Ltd.	19,723,757	21,983,364
	56,919	Cronos Group Inc.	147,936	157,666		195,500	Borex Inc.	7,118,637	6,584,440
	178,300	Curaleaf Holdings Inc.	893,961	982,433		174,000	Capital Power Corp.	7,458,945	6,584,160
	20,887	Dentalcorp Holdings Ltd.	147,293	145,374		47,000	Capital Power Corp.	1,713,150	1,750,750
	88,700	HEXO Corp., Warrants 2025-04-13	-	-		151,300	Hydro One Ltd.	5,155,760	6,006,610
	14,500	HEXO Corp., Warrants, 2025-05-21	-	-		133,145	Innergex Renewable Energy Inc.	1,741,465	1,223,603
	793,900	Kneat.com Inc.	2,334,110	2,421,395		5,940	Northland Power Inc.	143,732	142,976
	30,500	Mind Medicine MindMed Inc., Warrants, 2024-01-07	-	153		555,300	TransAlta Corp.	6,697,952	6,119,406
			<u>3,669,212</u>	<u>3,860,731</u>				<u>49,753,398</u>	<u>50,395,309</u>
Financials (18.1%)					Real Estate (4.1%)				
	307,100	Bank of Montreal	36,665,141	40,263,877		7,230	Allied Properties Real Estate Investment Trust	143,023	145,901
	327,900	Canadian Western Bank	9,183,240	10,122,273		125,600	Boardwalk Real Estate Investment Trust	5,534,011	8,960,304
	302,400	Dominion Lending Centres Inc.	994,466	846,720		151,480	BSR Real Estate Investment Trust	2,714,109	2,370,932
	12,500	Element Fleet Management Corp., Preferred Series E	306,101	311,250		225,400	Crombie Real Estate Investment Trust	3,334,899	3,110,520
	17,100	Fairfax Financial Holdings Ltd.	16,567,615	20,904,921		110,568	DREAM Unlimited Corp.	2,780,564	2,504,365
	5,535	Laurentian Bank of Canada	145,316	154,260		57,600	FirstService Corp.	10,891,060	12,363,840
	236,500	Manulife Financial Corp.	6,703,063	6,924,720		141,800	Flagship Communities REIT	2,996,967	2,982,291
	4,361	Nuvei Corp.	147,554	151,806		14,744	H&R Real Estate Investment Trust	143,081	145,966
	14,346	Osisko Green Acquisition Ltd.	-	1		430,100	InterRent Real Estate Investment Trust	5,614,249	5,690,223
	291,300	Power Corp. of Canada	10,503,105	11,037,357		358,893	Minto Apartment Real Estate Investment Trust	5,117,444	5,806,889
	911,397	Preservation Capital Partners Strategic Opportunities I LP	1,544,557	1,532,017		18,293	Nexus Industrial REIT	145,287	147,990
	244,600	Royal Bank of Canada	30,763,545	32,776,400		12,599	Slate Grocery REIT	144,086	152,070
	462,200	Sun Life Financial Inc.	29,250,428	31,762,384		92,900	Tricon Residential Inc.	1,059,897	1,120,374
	360,000	TMX Group Ltd.	10,469,211	11,538,000				<u>40,618,677</u>	<u>45,501,665</u>
	131,900	Toronto-Dominion Bank	10,864,296	11,293,278	Investment Funds (0.6%)				
	621,762	Trisura Group Ltd.	19,796,261	21,139,908		450,000	Picton Mahoney Fortified Inflation Opportunities Alternative Fund, Class I Units**	4,500,000	4,468,590
			<u>183,903,899</u>	<u>200,759,172</u>		75,500	Sprott Physical Uranium Trust	1,107,174	2,133,630
Information Technology (6.2%)								<u>5,607,174</u>	<u>6,602,220</u>
	269,200	Celestica Inc.	5,261,380	10,447,652	Total Canadian Equities - Long				
	15,400	CGI Inc.	1,739,861	2,186,030	770,965,205 855,554,588				
	4,325	Constellation Software Inc.	9,447,445	14,208,793					
	3,825	Constellation Software Inc., Warrants, 2040-03-31	-	-					
	76,200	Descartes Systems Group Inc.	7,124,022	8,483,346					
	9,621	Dye & Durham Ltd.	144,504	138,158					
	47,400	Kinaxis Inc.	7,515,908	7,048,854					

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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 (\$)
Canadian Debt (28.4%)									
Short-Term Notes (26.8%)									
CAD	158,375,000	Canadian Treasury Bill 5.204%, 2024-02-15	154,681,791	154,681,791	62,100		Charles Schwab Corp.	5,042,549	5,633,693
CAD	148,375,000	Canadian Treasury Bill 5.053%, 2024-05-09	<u>145,014,823</u>	<u>145,014,823</u>	2,083		Chesapeake Utilities Corp.	290,089	290,128
			<u>299,696,614</u>	<u>299,696,614</u>	49,938		Chevy Inc.	1,525,862	1,555,994
					6,471		Citizens Financial Group Inc.	289,691	282,772
					3,902		Comerica Inc.	290,573	287,152
					133,400		Copart Inc.	5,204,563	8,619,162
					143,900		Corebridge Financial Inc.	3,790,429	4,109,911
					8,887		Cousins Properties Inc.	286,300	285,343
					4,414		Darling Ingredients Inc.	296,026	290,084
CAD	4,724,000	Bank of Montreal 7.373%, 2049-12-31	4,763,618	4,763,823	9,200		Datadog Inc.	1,133,014	1,472,476
CAD	3,726,000	Canadian Imperial Bank of Commerce 7.365%, 2049-12-31	3,726,000	3,742,059	7,200		Deere & Co.	2,996,464	3,796,334
CAD	3,100,000	Intact Financial Corp. 7.338%, 2083-06-30	3,100,000	3,124,621	33,700		Dexcom Inc.	4,844,845	5,514,166
CAD	6,200,000	Toronto-Dominion Bank 7.232%, 2049-12-31	<u>6,213,750</u>	<u>6,231,868</u>	7,600		Domino's Pizza Inc.	4,028,081	4,131,106
			<u>17,803,368</u>	<u>17,862,371</u>	28,000		DoorDash Inc.	3,753,280	3,651,098
					31,000		DR Horton Inc.	3,901,018	6,212,426
					15,137		Driven Brands Holdings Inc.	290,440	284,625
					10,400		DTE Energy Co.	1,451,398	1,512,044
					1,240,000		Eagle SPV LP	1,679,329	2,289,090
					14,699		Eastern Bankshares Inc.	290,288	275,226
					86,600		Elanco Animal Health Inc.	1,658,558	1,701,443
					7,700		Electronic Arts Inc.	1,382,058	1,389,062
					7,200		Eli Lilly & Co.	2,373,085	5,534,197
					4,389		Envestnet Inc.	286,141	286,589
					1,493		Estee Lauder Cos Inc.	297,254	287,918
					52,300		Fastenal Co.	3,722,215	4,466,720
					3,150		First Citizens BancShares Inc.	5,870,738	5,893,820
					6,819		First Interstate BancSystem Inc.	289,124	276,490
					3,622		FMC Corp.	294,265	301,125
					8,300		Gartner Inc.	2,899,265	4,937,120
					23,259		Global Net Lease Inc.	292,195	305,160
					18,250		Gold Flora Corp., Warrants, 2026-01-15	4,761	120
					7,500		Goldman Sachs Group Inc.	3,274,652	3,815,073
					4,300		Home Depot Inc.	1,786,353	1,964,932
					3,289		Independent Bank Corp.	290,199	285,410
					44,900		Intercontinental Exchange Inc.	6,186,889	7,603,717
					3,600		Intuit Inc.	2,185,348	2,966,993
					15,747		Intuitive Surgical Inc.	5,560,481	7,004,942
					9,700		IQVIA Holdings Inc.	2,745,575	2,959,448
					25,900		JPMorgan Chase & Co.	5,061,048	5,809,212
					39,200		Kenvue Inc.	1,112,388	1,112,867
					193,516		KeyCorp	3,273,612	3,674,451
					51,000		KKR & Co Inc.	4,419,646	5,571,547
					1,400		Lam Research Corp.	1,382,920	1,445,929
					18,000		Lamb Weston Holdings Inc.	2,409,259	2,565,495
					17,600		Lennar Corp.	2,917,474	3,458,825
					78,100		LXP Industrial Trust	1,027,753	1,021,588
					12,500		MarketAxess Holdings Inc.	4,569,276	4,826,901
					27,500		Masimo Corp.	3,315,156	4,250,211
					2,989		MasTec Inc.	293,019	298,435
					11,700		Mastercard Inc.	5,495,738	6,580,035
					26,400		Merck & Co Inc.	3,801,693	3,795,100
					5,807		Mercury Systems Inc.	291,252	280,021
					15,200		Meta Platforms Inc.	4,535,381	7,094,322
					49,000		Micron Technology Inc.	4,297,470	5,513,938
					28,800		Microsoft Corp.	11,503,284	14,280,377
Corporate Bonds (1.6%)									
Total Canadian Debt - Long									
			317,499,982	317,558,985					
Global Equities (47.9%)									
United States Equities (41.6%)									
	4,300	Adobe Inc.	3,066,493	3,382,711					
	3,516	Advance Auto Parts Inc.	283,944	282,947					
	32,226	Advanced Micro Devices Inc.	3,995,966	6,263,924					
	41,100	Aehr Test Systems	1,770,510	1,437,779					
	11,214	AES Corp.	290,074	284,646					
	5,431	Alaska Air Group Inc.	293,493	279,793					
	1,462	Albemarle Corp.	290,811	278,528					
	6,988	Alcoa Corp.	304,456	313,289					
	1,652	Alexandria Real Estate Equities Inc.	286,504	276,147					
	42,100	Alphabet Inc., Class A	7,549,162	7,754,620					
	54,300	Amazon.com Inc.	9,544,158	10,878,902					
	164,400	Angi Inc.	561,246	539,777					
	13,500	Apellis Pharmaceuticals Inc.	907,719	1,065,574					
	62,000	Apollo Global Management Inc.	5,270,640	7,618,582					
	3,800	Appfolio Inc.	914,240	868,050					
	29,700	AppLovin Corp.	1,637,233	1,560,623					
	51,100	Arch Capital Group Ltd.	4,549,676	5,004,347					
	11,243	Array Technologies Inc.	329,081	249,060					
	22,400	Arthur J Gallagher & Co.	5,686,036	6,642,200					
	6,200	Atlassian Corp.	1,636,365	1,944,582					
	15,489	Banc of California Inc.	287,610	274,292					
	177,200	Bank of America Corp.	6,597,518	7,867,196					
	34,400	BellRing Brands Inc.	1,225,718	2,514,296					
	43,000	Bentley Systems Inc.	2,425,223	2,958,596					
	33,800	Berry Global Group Inc.	2,918,191	3,003,484					
	27,100	Boeing Co.	7,897,822	9,314,441					
	76,900	Boston Scientific Corp.	5,240,964	5,861,954					
	4,325	Broadcom Inc.	4,001,868	6,365,913					
	31,300	Builders FirstSource Inc.	4,526,320	6,889,979					
	7,700	Capital One Financial Corp.	1,332,681	1,331,290					
	149,200	CCC Intelligent Solutions Holdings Inc.	2,329,893	2,240,813					

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

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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 (\$)
	34,600	Mobileye Global Inc.	1,943,334	1,976,413		9,285	UGI Corp.	288,443	301,183
	57,500	Mondelez International Inc.	5,603,627	5,491,607		19,000	Union Pacific Corp.	5,471,949	6,153,617
	7,400	Motorola Solutions Inc.	2,614,647	3,055,020		8,900	United Rentals Inc.	3,272,166	6,729,394
	27,000	Natera Inc.	1,915,321	2,230,122		3,900	UnitedHealth Group Inc.	2,860,896	2,707,393
	50,400	Neogen Corp.	1,338,446	1,336,459		53,800	Upwork Inc.	1,122,883	1,054,888
	1,700	Netflix Inc.	767,801	1,091,400		949	Valmont Industries Inc.	290,279	292,203
	24,989	Newell Brands Inc.	295,641	286,010		25,300	Ventas Inc.	1,579,652	1,662,692
	48,100	NiSource Inc.	1,692,513	1,683,925		2,333	Veralto Corp.	266,215	253,056
	26,495	Northern Genesis Sponsor III LLC	3	3		27,700	Verizon Communications Inc.	1,377,345	1,377,001
	52,816	Northern Genesis Sponsor III LLC, Warrants	98,988	7		4,600	Vertex Pharmaceuticals Inc.	1,750,755	2,468,016
	19,100	NVIDIA Corp.	7,751,158	12,472,246		10,500	Vintage Wine Estates Inc., Warrants, 2024-12-31	-	144
	7,250	Old Dominion Freight Line Inc.	3,238,145	3,874,895		95,100	Vita Coco Co Inc.	3,312,004	3,216,481
	16,700	Onto Innovation Inc.	2,898,889	3,366,953		31,400	W R Berkley Corp.	2,657,938	2,928,094
	64,700	Option Care Health Inc.	2,312,453	2,874,210		26,800	Walmart Inc.	5,391,165	5,571,112
	7,337	Pacific Premier Bancorp Inc.	286,947	281,627		76,500	Western Alliance Bancorp	5,107,390	6,636,429
	17,900	Palo Alto Networks Inc.	4,607,287	6,960,036		6,200	Zillow Group Inc.	463,864	473,024
	81,300	Patterson-UTI Energy Inc.	1,382,462	1,157,784		4,955	Zions Bancorp NA	290,296	286,632
	1,299	Paylocity Holding Corp.	287,919	282,365		23,200	ZipRecruiter Inc.	449,069	425,222
	15,600	PennyMac Financial Services Inc.	1,639,902	1,817,785		23,640	Zoetis Inc.	5,445,164	6,152,360
	1,966	Pershing Square Tontine Holdings Ltd., Warrants, 2025-07-24	-	3		126,435	Zymeworks Inc.	1,256,755	1,732,192
	78,100	Pinterest Inc.	2,845,054	3,814,478			International Equities (3.9%)		
	65,600	PPL Corp.	2,284,857	2,344,155		151,700	Brookfield Infrastructure Partners LP	6,536,392	6,334,992
	11,000	Procter & Gamble Co.	2,090,166	2,125,504		6,212,400	Burgundy Diamond Mines Ltd.	1,367,599	1,089,973
	43,200	Progressive Corp.	7,545,620	9,073,151		481,602	Champion Iron Ltd.	2,128,174	3,592,751
	39,900	Pure Storage Inc.	1,503,551	1,876,149		18,386	CNH Industrial NV	291,029	295,289
	24,900	Quanta Services Inc.	4,788,856	7,085,393		20,083	Cushman & Wakefield PLC	288,747	286,000
	36,700	RadNet Inc.	1,614,438	1,682,612		27,100	CyberArk Software Ltd.	5,384,648	7,827,547
	17,500	RBC Bearings Inc.	5,015,376	6,573,980		8,300	Eaton Corp. PLC	2,403,867	2,635,626
	36,400	Reinsurance Group of America Inc.	6,920,776	7,764,962		5,200	ICON PLC	1,841,580	1,940,932
	8,000	Roper Technologies Inc.	4,362,086	5,750,890		173,800	International Game Technology PLC	5,523,160	6,281,624
	6,700	ServiceNow Inc.	4,269,305	6,241,572		199,700	OneSpaWorld Holdings Ltd.	3,098,349	3,712,875
	13,542	Shoals Technologies Group Inc.	287,249	277,490		352,800	ReNew Energy Global PLC	3,218,895	3,563,448
	10,915	Simmons First National Corp.	289,939	285,548		21,000	Spotify Technology SA	3,881,439	5,203,341
	7,500	Snowflake Inc.	1,451,584	1,968,011		1,932,500	Talon Metals Corp.	982,194	347,850
	7,362	Southwest Airlines Co.	291,091	280,354				<u>36,946,073</u>	<u>43,112,248</u>
	132,300	Southwestern Energy Co.	1,138,171	1,142,653			International Index Equivalents (2.4%)		
	91,400	Sunnova Energy International Inc.	1,367,096	1,837,931		118,800	Invesco S&P 500 Low Volatility ETF	9,964,163	9,815,670
	7,625	Synopsys Inc.	3,060,397	5,177,073		83,200	iShares Russell 2000 Value ETF	15,655,621	17,040,871
	9,100	Take-Two Interactive Software Inc.	1,555,715	1,931,281				<u>25,619,784</u>	<u>26,856,541</u>
	23,900	Targa Resources Corp.	1,807,755	2,737,668			Total Global Equities - Long	443,092,646	534,035,791
	27,900	Teradata Corp.	1,710,212	1,600,687			Global Debt (1.5%)		
	40,700	TJX Cos Inc.	3,822,688	5,034,504			Short-Term Notes (1.5%)		
	12,458	Toast Inc.	299,972	299,959	USD	13,424,000	United States Treasury Bill 5.420%, 2024-02-22	17,717,582	17,228,840
	15,300	Topgolf Callaway Brands Corp.	293,395	289,304				Total Global Debt - Long	17,717,582
	20,700	Trade Desk Inc.	1,892,615	1,964,150					17,228,840
	7,900	Tyler Technologies Inc.	3,955,710	4,355,532					
	1,583	Ubiquiti Inc.	292,025	291,310					

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

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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 (0.8%)					Consumer Discretionary (-0.5%)				
		Total Purchased Options			(15,011)	Canada Goose Holdings Inc.	(258,547)	(236,273)	
		- Refer to Appendix A	11,179,263	9,162,063	(34,803)	Canadian Tire Corp. Ltd.	(5,701,341)	(4,897,478)	
		Transaction Costs	(1,009,337)	-	(8,782)	Pet Valu Holdings Ltd.	(226,526)	(252,746)	
		Total Long Positions	1,559,445,341	1,733,540,267				(6,186,414)	(5,386,497)
SHORT POSITIONS (-94.8%)					Consumer Staples (-1.0%)				
Canadian Equities (-40.1%)					(51,900)	Empire Co., Ltd.	(1,836,260)	(1,819,095)	
Energy (-3.8%)					(30,800)	Loblaw Cos Ltd.	(3,482,603)	(3,951,024)	
(1,322,200)	Baytex Energy Corp.	(7,717,985)	(5,791,236)	(10,134)	Maple Leaf Foods Inc.	(253,020)	(255,782)		
(477,600)	Birchcliff Energy Ltd.	(3,749,379)	(2,760,528)	(70,500)	Metro Inc.	(4,964,595)	(4,835,595)		
(153,400)	Cenovus Energy Inc.	(3,950,564)	(3,387,072)	(2,711)	Premium Brands Holdings Corp.	(251,424)	(254,915)		
(553,200)	Ensign Energy Services Inc.	(1,610,770)	(1,200,444)			(10,787,902)	(11,116,411)		
(129,400)	NuVista Energy Ltd.	(1,695,218)	(1,428,576)	Financials (-5.3%)					
(233,500)	Paramount Resources Ltd.	(7,159,555)	(6,054,655)	(121,400)	Bank of Nova Scotia	(7,194,563)	(7,830,300)		
(219,600)	Parex Resources Inc.	(5,055,640)	(5,479,020)	(85,400)	Brookfield Asset Management Ltd.	(3,699,227)	(4,544,988)		
(100,600)	Pembina Pipeline Corp.	(4,469,903)	(4,589,372)	(4,775)	Brookfield Corp.	(218,090)	(253,791)		
(91,200)	PrairieSky Royalty Ltd.	(2,002,571)	(2,115,840)	(3,995)	Canadian Imperial Bank of Commerce	(220,054)	(254,881)		
(236,200)	Spartan Delta Corp.	(986,392)	(710,962)	(123,000)	CI Financial Corp.	(2,086,073)	(1,827,780)		
(409,200)	Tamarack Valley Energy Ltd.	(1,593,331)	(1,256,244)	(89,900)	Definity Financial Corp.	(3,248,432)	(3,374,846)		
(221,600)	Topaz Energy Corp.	(4,332,757)	(4,294,608)	(11,600)	Goeasy Ltd.	(1,429,075)	(1,833,496)		
(371,100)	Whitecap Resources Inc.	(3,915,796)	(3,291,657)	(261,800)	Great-West Lifeco Inc.	(10,743,767)	(11,482,548)		
		(48,239,861)	(42,360,214)	(3,605)	Guardian Capital Group Ltd.	(140,370)	(159,557)		
Materials (-1.8%)					(72,300)	iA Financial Corp. Inc.	(5,910,217)	(6,530,859)	
(13,606)	Altius Minerals Corp.	(265,709)	(250,895)	(102,051)	IGM Financial Inc.	(3,651,032)	(3,572,806)		
(373,600)	Artemis Gold Inc.	(2,092,601)	(2,361,152)	(31,200)	Intact Financial Corp.	(6,198,779)	(6,360,432)		
(37,751)	Capstone Copper Corp.	(219,265)	(243,494)	(100,553)	National Bank of Canada	(8,853,682)	(10,155,853)		
(200,200)	Equinox Gold Corp.	(1,463,943)	(1,289,288)	(97,235)	Propel Holdings Inc.	(840,418)	(1,261,138)		
(96,565)	ERO Copper Corp.	(2,436,773)	(2,023,037)	(47,984)	Westaim Corp.	(140,316)	(180,420)		
(11,207)	Filo Corp.	(219,635)	(236,580)			(54,574,095)	(59,623,695)		
(264,500)	First Majestic Silver Corp.	(3,057,993)	(2,150,385)	Information Technology (-0.6%)					
(64,524)	Foran Mining Corp.	(266,499)	(251,644)	(177,834)	Converge Technology Solutions Corp.	(669,097)	(736,233)		
(66,700)	Interfor Corp.	(1,465,306)	(1,566,116)	(91,900)	Enghouse Systems Ltd.	(3,152,766)	(3,225,690)		
(19,427)	Ivanhoe Mines Ltd.	(231,329)	(249,637)	(51,400)	Open Text Corp.	(2,791,021)	(2,862,466)		
(285,000)	Lundin Mining Corp.	(2,944,448)	(3,089,400)			(6,612,884)	(6,824,389)		
(327,500)	New Found Gold Corp.	(2,117,892)	(1,529,425)	Communication Services (-0.6%)					
(127,600)	New Pacific Metals Corp.	(529,225)	(320,276)	(119,400)	BCE Inc.	(7,090,200)	(6,229,098)		
(251,400)	Sandstorm Gold Ltd.	(1,775,704)	(1,674,324)	(30,401)	Cineplex Inc.	(249,206)	(254,456)		
(170,000)	SilverCrest Metals Inc.	(1,174,825)	(1,477,300)			(7,339,406)	(6,483,554)		
(198,700)	Wesdome Gold Mines Ltd.	(1,719,065)	(1,531,977)	Utilities (-1.1%)					
		(21,980,212)	(20,244,930)	(29,792)	Algonquin Power & Utilities Corp.	(242,643)	(249,061)		
Industrial (-0.7%)					(118,400)	Brookfield Renewable Corp.	(4,733,697)	(4,515,776)	
(294,733)	Aecon Group Inc.	(3,819,987)	(3,852,160)	(5,167)	Emera Inc.	(257,471)	(259,900)		
(90,800)	Ballard Power Systems Inc.	(734,276)	(445,828)	(111,600)	Fortis Inc.	(6,365,366)	(6,083,316)		
(8,862)	CAE Inc.	(264,551)	(253,453)	(10,257)	Polaris Renewable Energy Inc.	(139,179)	(135,700)		
(1,541)	Canadian National Railway Co.	(248,134)	(256,654)	(112,776)	Superior Plus Corp.	(1,108,677)	(1,086,033)		
(5,622)	Exchange Income Corp.	(267,619)	(253,552)			(12,847,033)	(12,329,786)		
(58,900)	Finning International Inc.	(2,198,148)	(2,257,048)						
(5,712)	GFL Environmental Inc.	(257,765)	(261,096)						
(2,443)	GFL Environmental Inc., NYSE	(94,190)	(111,168)						
(18,476)	NFI Group Inc.	(235,334)	(252,936)						
		(8,120,004)	(7,943,895)						

PICTON MAHONEY FORTIFIED MARKET NEUTRAL 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 (\$)
	(8,600)	Goosehead Insurance Inc.	(877,852)	(859,569)		(14,800)	PNC Financial Services Group Inc.	(2,463,944)	(3,021,942)
	(29,000)	Hartford Financial Services Group Inc.	(2,835,763)	(3,073,683)		(28,200)	Polaris Inc.	(4,020,019)	(3,523,977)
	(27,431)	HashiCorp Inc.	(1,066,609)	(855,071)		(19,695)	Procore Technologies Inc.	(1,467,774)	(1,797,632)
	(78,300)	Hawaiian Holdings Inc.	(1,586,086)	(1,466,099)		(63,400)	ProPetro Holding Corp.	(797,345)	(700,562)
	(455)	HEICO Corp.	(105,104)	(107,315)		(10,100)	Qualys Inc.	(2,083,830)	(2,614,030)
	(19,500)	Henry Schein Inc.	(1,845,375)	(1,946,709)		(11,400)	Raymond James Financial Inc.	(1,667,909)	(1,676,073)
	(6,500)	Hershey Co.	(1,696,088)	(1,597,959)		(29,400)	Realty Income Corp.	(2,168,437)	(2,225,992)
	(59,000)	HNI Corp.	(2,850,422)	(3,254,266)		(551)	Regal Rexnord Corp.	(101,474)	(107,544)
	(24,300)	HP Inc.	(993,719)	(964,143)		(5,247)	Repligen Corp.	(1,155,649)	(1,243,981)
	(3,000)	HubSpot Inc.	(1,834,977)	(2,296,500)		(770)	Revvity Inc.	(95,733)	(110,985)
	(36,800)	Hyllion Holdings Corp.	(437,023)	(39,484)		(35,200)	Robert Half Inc.	(3,768,350)	(4,080,783)
	(10,500)	Illinois Tool Works Inc.	(3,347,575)	(3,626,638)		(6,319)	Robinhood Markets Inc.	(76,956)	(106,153)
	(581)	Illumina Inc.	(100,310)	(106,673)		(1,831)	ROBLOX Corp.	(88,749)	(110,384)
	(33,200)	Inovio Pharmaceuticals Inc.	(372,713)	(22,327)		(14,500)	Roku Inc.	(1,881,533)	(1,752,512)
	(209)	Inspire Medical Systems Inc.	(51,166)	(56,063)		(213)	Shockwave Medical Inc.	(71,111)	(53,521)
	(17,300)	Jack Henry & Associates Inc.	(3,790,188)	(3,727,673)		(15,100)	Silicon Laboratories Inc.	(2,788,335)	(2,633,610)
	(11,006)	JB Hunt Transport Services Inc.	(2,643,607)	(2,898,729)		(21,500)	Simply Good Foods Co.	(1,134,371)	(1,122,656)
	(45,300)	Juniper Networks Inc.	(1,769,992)	(1,760,917)		(56,100)	Snap Inc.	(920,311)	(1,252,371)
	(189)	Karuna Therapeutics Inc.	(50,889)	(78,879)		(10,200)	SolarEdge Technologies Inc.	(1,128,858)	(1,258,894)
	(1,505)	KBR Inc.	(110,323)	(109,961)		(26,000)	Spire Inc.	(2,260,210)	(2,137,240)
	(78,400)	Kennametal Inc.	(3,051,034)	(2,666,125)		(12,600)	Steel Dynamics Inc.	(1,775,166)	(1,962,156)
	(4,200)	KLA Corp.	(2,544,143)	(3,219,310)		(64,690)	Sunrun Inc.	(1,509,561)	(1,674,444)
	(6,900)	LGI Homes Inc.	(1,202,979)	(1,211,535)		(67,100)	Synchrony Financial	(2,966,479)	(3,378,978)
	(1,040)	Liberty Broadband Corp.	(116,505)	(110,517)		(16,400)	T Rowe Price Group Inc.	(2,436,374)	(2,328,801)
	(1,266)	Liberty Media Corp-Liberty Formula One	(108,233)	(105,386)		(13,600)	Tattooed Chef Inc.	(295,017)	-
	(127)	Lithia Motors Inc.	(46,917)	(55,142)		(112,600)	Tellurian Inc.	(335,752)	(112,187)
	(117,400)	Macerich Co.	(2,039,622)	(2,388,620)		(42,500)	Terex Corp.	(3,278,225)	(3,220,088)
	(366)	Madrigal Pharmaceuticals Inc.	(104,769)	(111,666)		(56,500)	Terreno Realty Corp.	(4,576,127)	(4,668,972)
	(926)	Marriott Vacations Worldwide Corp.	(128,068)	(103,653)		(6,300)	Tesla Inc.	(2,175,760)	(2,064,168)
	(11,900)	Marvell Technology Inc.	(838,533)	(946,345)		(24,688)	Texas Instruments Inc.	(5,529,632)	(5,549,087)
	(6,400)	Moody's Corp.	(3,206,638)	(3,295,952)		(409)	Toro Co.	(45,901)	(51,768)
	(38,900)	Morgan Stanley	(4,265,572)	(4,783,123)		(4,785)	Tractor Supply Co.	(1,399,527)	(1,356,732)
	(17,400)	MSC Industrial Direct Co Inc.	(2,149,408)	(2,323,273)		(1,198)	TransUnion	(96,344)	(108,540)
	(2,700)	MSCI Inc.	(1,804,820)	(2,013,839)		(16,600)	Travelers Cos Inc.	(3,764,437)	(4,169,590)
	(59,800)	Mueller Industries Inc.	(3,171,675)	(3,717,885)		(21,700)	TripAdvisor Inc.	(561,102)	(616,051)
	(8,100)	Nevro Corp.	(481,539)	(229,848)		(17,500)	Uber Technologies Inc.	(1,467,988)	(1,420,759)
	(150,000)	Newmont Corp.	(10,138,891)	(8,186,529)		(27,500)	UiPath Inc.	(639,116)	(900,736)
	(3,983)	NOV Inc.	(103,409)	(106,510)		(40,251)	Unity Software Inc.	(1,924,078)	(2,170,236)
	(7,200)	Okta Inc.	(686,031)	(859,485)		(8,700)	Valero Energy Corp.	(1,697,386)	(1,491,337)
	(10,674)	ON Semiconductor Corp.	(1,186,387)	(1,175,663)		(170,000)	Valley National Bancorp	(1,967,832)	(2,434,400)
	(10,100)	ONEOK Inc.	(787,325)	(935,180)		(24,300)	Viatris Inc.	(470,710)	(347,015)
	(37,181)	Ormat Technologies Inc.	(3,822,082)	(3,715,747)		(33,100)	Vornado Realty Trust	(975,044)	(1,232,990)
	(45,600)	Palantir Technologies Inc.	(692,201)	(1,032,401)		(40,700)	Warner Music Group Corp.	(1,725,648)	(1,920,743)
	(394)	Paycom Software Inc.	(100,392)	(107,397)		(248)	Waters Corp.	(94,733)	(107,662)
	(90,300)	Pebblebrook Hotel Trust	(1,680,645)	(1,902,732)		(34,600)	Webster Financial Corp.	(2,390,864)	(2,315,852)
	(315)	Penumbra Inc.	(89,289)	(104,479)		(58,900)	Werner Enterprises Inc.	(3,334,866)	(3,290,689)
	(62,700)	Pfizer Inc.	(3,238,177)	(2,380,249)		(5,800)	Williams-Sonoma Inc.	(1,074,604)	(1,543,189)
	(1,122)	Planet Fitness Inc.	(72,222)	(108,001)		(1,815)	Wolfspeed Inc.	(121,352)	(104,131)
	(43,890)	Plug Power Inc.	(748,978)	(260,430)		(4,500)	Workday Inc.	(1,284,406)	(1,638,057)
						(1,961)	Yum China Holdings Inc.	(113,217)	(109,714)
						(3,802)	Zebra Technologies Corp.	(1,373,873)	(1,370,290)
						(36,400)	ZoomInfo Technologies Inc.	(1,193,865)	(887,465)
								<u>(283,654,855)</u>	<u>(288,047,550)</u>

PICTON MAHONEY FORTIFIED MARKET NEUTRAL 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 (\$)
International Equities (-4.3%)						(85,000)	SPDR S&P Metals & Mining ETF	(5,539,731)	(6,705,807)
	(56,200)	Antofagasta PLC	(1,310,166)	(1,586,618)		(74,900)	SPDR S&P Retail ETF	(6,765,997)	(7,142,551)
	(8,900)	Aon PLC	(3,784,147)	(3,415,277)	(401,820)	Vanguard Total Stock Market ETF		(111,229,323)	(125,688,626)
	(33,000)	ARM Holdings PLC	(2,459,422)	(3,269,845)				(246,177,387)	(265,492,824)
	(1,508)	ASML Holding NV	(1,424,092)	(1,505,097)					
	(73,200)	BHP Group Ltd.	(5,950,706)	(6,593,386)					
	(18,900)	Check Point Software Technologies Ltd.	(3,081,022)	(3,807,763)			Total Global Equities - Short		(574,433,410) (601,216,178)
	(14,700)	Chubb Ltd.	(3,931,344)	(4,380,654)					
	(561)	Diageo PLC	(106,381)	(107,750)			Global Debt (-0.3%)		
	(8,600)	Everest Group Ltd.	(4,536,233)	(4,009,584)			International Bonds (-0.3%)		
	(30,681)	GLOBALFOUNDRIES Inc.	(2,219,557)	(2,451,632)	EUR	(2,460,000)	Bundesrepublik Deutschland Bundesanleihe 0.000%, 2031-02-15	(3,779,643)	(3,135,293)
	(185,000)	Gold Fields Ltd.	(3,711,438)	(3,527,387)			Total Global Debt - Short	(3,779,643)	(3,135,293)
	(94,400)	Invesco Ltd.	(2,257,172)	(2,220,649)					
	(6,500)	Nabors Industries Ltd.	(808,492)	(699,643)			Options (-0.5%)		
	(8,100)	NXP Semiconductors NV	(2,241,315)	(2,453,134)			Total Written Options - Refer to Appendix A		(9,686,819) (5,975,283)
	(52,600)	Rio Tinto PLC	(4,676,135)	(5,164,424)			Transaction Costs		(628,165) -
	(7,727)	Roivant Sciences Ltd.	(97,748)	(114,420)			Total Short Positions		(1,032,797,254) (1,058,211,817)
	(11,600)	Royal Caribbean Cruises Ltd.	(1,636,513)	(1,980,648)					
	(6,100)	Stratasys Ltd.	(147,975)	(114,861)			Futures Contracts (-0.4%)		
	(595)	Valaris Ltd.	(56,585)	(53,798)			Total Futures Contracts - Refer to Appendix B		(4,306,665)
	(28,400)	Whitehaven Coal Ltd.	(95,518)	(190,114)					
	(1,166)	Yandex NV	(69,207)	(29,120)					
			(44,601,168)	(47,675,804)			TOTAL INVESTMENT PORTFOLIO (60.0%)	526,648,087	671,021,785
International Index Equivalents (-23.8%)							Other Assets Net of Liabilities (40.0%)		445,817,119
	(59,300)	Invesco QQQ Trust Series 1	(30,250,517)	(32,021,593)			TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (100.0%)		1,116,838,904
	(42,900)	iShares 20+ Year Treasury Bond ETF	(6,481,755)	(5,593,439)					
	(63,000)	iShares iBoxx \$ High Yield Corporate Bond ETF	(6,675,658)	(6,428,927)					
	(48,900)	iShares J.P. Morgan USD Emerging Markets Bond ETF	(5,914,109)	(5,742,549)					
	(135,100)	iShares MSCI Emerging Markets ETF	(7,231,759)	(7,163,125)					
	(53,700)	iShares Russell 2000 Growth Index Fund	(17,291,936)	(17,859,403)					
	(117,200)	SPDR Industrial Select Sector Fund	(16,954,786)	(17,616,008)					
	(53,500)	SPDR S&P 500 ETF Trust	(31,841,816)	(33,530,796)					

*CCY denotes local currency of debt security

**The Picton Mahoney Fortified Market Neutral Alternative Fund invests in other Picton Mahoney related Funds. For further details, please refer to the disclosure under Note 15.

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

APPENDIX A

OPTIONS (0.3%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Aehr Test Systems	Call Option	933	\$35	January, 2024	552,177	70,740
Aehr Test Systems	Call Option	163	\$55	January, 2024	49,403	798
Apellis Pharmaceuticals Inc.	Call Option	159	\$50	January, 2024	71,366	264,168
Apellis Pharmaceuticals Inc.	Call Option	50	\$95	January, 2024	6,976	4,945
Bank Of Nova Scotia	Call Option	688	\$60	January, 2024	39,629	307,880
Bank Of Nova Scotia	Call Option	271	\$64	January, 2024	2,304	15,176
Calix Inc.	Call Option	812	\$40	February, 2024	246,963	599,594
Celestica Inc.	Call Option	1,952	\$35	February, 2024	341,600	1,049,198
Celestica Inc.	Call Option	390	\$39	February, 2024	35,490	114,075
Centerra Gold Inc.	Call Option	3,110	\$8	January, 2024	73,085	171,050
Chicago Board Options Exchange	Call Option	4,892	\$17	January, 2024	618,548	277,375
Dye & Durham Ltd.	Call Option	2,140	\$11	January, 2024	203,300	732,950
Dye & Durham Ltd.	Call Option	738	\$14	January, 2024	26,384	73,800
First Quantum Minerals Ltd.	Call Option	1,737	\$15	January, 2024	113,339	23,450
First Quantum Minerals Ltd.	Call Option	2,733	\$17	June, 2024	510,278	230,939
First Quantum Minerals Ltd.	Call Option	1,937	\$18	September, 2024	295,005	203,385
First Quantum Minerals Ltd.	Call Option	582	\$26	September, 2024	41,322	22,698
Harmonic Inc.	Call Option	1,594	\$15	January, 2024	129,151	21,018
iShares Russell 2000 ETF	Call Option	1,889	\$204	January, 2024	349,782	77,216
iShares Russell 2000 ETF	Call Option	567	\$210	January, 2024	32,290	2,617
Teck Resources Ltd.	Call Option	1,756	\$54	January, 2024	434,610	484,656
Toronto-Dominion Bank	Call Option	1,936	\$84	January, 2024	45,109	351,384
Utilities Select Sector SPDR	Call Option	1,957	\$61	January, 2024	248,945	914,787
					<u>4,467,056</u>	<u>6,013,899</u>
Apple Inc.	Put Option	377	\$175	January, 2024	11,300	8,451
Apple Inc.	Put Option	944	\$190	January, 2024	178,194	219,700
Bank OZK	Put Option	1,936	\$45	February, 2024	275,710	204,225
Brookfield Corp.	Put Option	588	\$38	January, 2024	22,197	1,871
Brookfield Corp.	Put Option	1,957	\$44	January, 2024	244,625	10,764
Caterpillar Inc.	Put Option	131	\$240	February, 2024	18,847	11,055
Caterpillar Inc.	Put Option	378	\$270	February, 2024	234,151	153,267
Enphase Energy Inc.	Put Option	271	\$65	February, 2024	11,091	7,683
Enphase Energy Inc.	Put Option	680	\$95	February, 2024	207,256	149,292
Invesco QQQ Trust Ser.1	Put Option	679	\$366	January, 2024	252,789	18,354
Invesco QQQ Trust Ser.1	Put Option	582	\$375	January, 2024	356,925	22,639
Invesco QQQ Trust Ser.1	Put Option	789	\$377	January, 2024	75,024	61,382
Invesco QQQ Trust Ser.1	Put Option	1,840	\$378	January, 2024	1,287,306	83,705
Invesco QQQ Trust Ser.1	Put Option	2,249	\$392	January, 2024	522,747	467,071
S&P 500 Index 3Wk	Put Option	194	\$4,100	January, 2024	156,268	26,860
S&P 500 Index 3Wk	Put Option	93	\$4,500	February, 2024	315,671	209,697
S&P 500 Index 3Wk	Put Option	401	\$4,570	January, 2024	720,408	304,036
S&P 500 Index 3Wk	Put Option	308	\$4,600	February, 2024	1,619,638	1,118,885
S&P 500 Index 3Wk	Put Option	375	\$4,650	January, 2024	202,060	69,227
					<u>6,712,207</u>	<u>3,148,164</u>
Total Purchased Options					<u>11,179,263</u>	<u>9,162,063</u>
Aehr Test Systems	Written Call Option	(373)	\$40	January, 2024	(135,764)	(12,296)
Aehr Test Systems	Written Call Option	(651)	\$45	January, 2024	(365,156)	(19,314)
Aehr Test Systems	Written Call Option	(262)	\$50	January, 2024	(105,639)	(2,591)
Apellis Pharmaceuticals Inc.	Written Call Option	(120)	\$65	January, 2024	(28,273)	(75,160)
Apellis Pharmaceuticals Inc.	Written Call Option	(51)	\$80	January, 2024	(8,660)	(12,777)
Bank Of Nova Scotia	Written Call Option	(909)	\$62	January, 2024	(15,908)	(224,069)
Bank OZK	Written Call Option	(193)	\$56	January, 2024	(8,541)	(5,726)
Brookfield Corp.	Written Call Option	(293)	\$52	January, 2024	(11,793)	(59,626)
Calix Inc.	Written Call Option	(640)	\$45	February, 2024	(86,999)	(236,293)
Calix Inc.	Written Call Option	(144)	\$50	February, 2024	(9,689)	(22,785)
Caterpillar Inc.	Written Call Option	(38)	\$315	January, 2024	(5,923)	(3,608)
Celestica Inc.	Written Call Option	(195)	\$36	January, 2024	(14,430)	(64,838)
Celestica Inc.	Written Call Option	(2,539)	\$37	February, 2024	(302,141)	(1,015,600)
Centerra Gold Inc.	Written Call Option	(3,111)	\$9	January, 2024	(29,555)	(20,222)
Chicago Board Options Exchange	Written Call Option	(3,994)	\$19	January, 2024	(327,701)	(171,161)
Chicago Board Options Exchange	Written Call Option	(431)	\$24	January, 2024	(54,757)	(10,798)
Dye & Durham Ltd.	Written Call Option	(1,638)	\$12	January, 2024	(104,832)	(409,500)
Dye & Durham Ltd.	Written Call Option	(1,131)	\$13	January, 2024	(50,047)	(186,615)

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

APPENDIX A

OPTIONS (0.3%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Enphase Energy Inc.	Written Call Option	(69)	\$220	February, 2024	(9,551)	(5,732)
First Quantum Minerals Ltd.	Written Call Option	(1,160)	\$16	January, 2024	(45,530)	(12,180)
First Quantum Minerals Ltd.	Written Call Option	(277)	\$18	January, 2024	(9,487)	(1)
First Quantum Minerals Ltd.	Written Call Option	(1,952)	\$19	June, 2024	(261,568)	(125,904)
First Quantum Minerals Ltd.	Written Call Option	(399)	\$20	January, 2024	(63,441)	-
First Quantum Minerals Ltd.	Written Call Option	(1,260)	\$20	September, 2024	(149,940)	(107,100)
First Quantum Minerals Ltd.	Written Call Option	(85)	\$24	January, 2024	(16,490)	-
First Quantum Minerals Ltd.	Written Call Option	(1,453)	\$24	September, 2024	(114,787)	(79,189)
First Quantum Minerals Ltd.	Written Call Option	(1,097)	\$26	January, 2024	(179,908)	-
First Quantum Minerals Ltd.	Written Call Option	(1,733)	\$30	June, 2024	(211,033)	(36,393)
Harmonic Inc.	Written Call Option	(958)	\$18	January, 2024	(18,451)	(754)
Invesco QQQ Trust Ser.1	Written Call Option	(113)	\$435	January, 2024	(12,237)	(7,227)
iShares Russell 2000 ETF	Written Call Option	(1,323)	\$206	January, 2024	(163,904)	(18,317)
iShares Russell 2000 ETF	Written Call Option	(1,323)	\$208	January, 2024	(111,032)	(7,850)
Royal Bank Of Canada	Written Call Option	(59)	\$128	January, 2024	(3,717)	(38,350)
S&P 500 Index 3Wk	Written Call Option	(46)	\$4,900	January, 2024	(79,436)	(47,311)
Teck Resources Ltd.	Written Call Option	(1,366)	\$56	January, 2024	(251,344)	(201,485)
Teck Resources Ltd.	Written Call Option	(585)	\$58	January, 2024	(81,315)	(39,780)
Toronto-Dominion Bank	Written Call Option	(1,548)	\$86	January, 2024	(8,514)	(85,914)
Utilities Select Sector SPDR	Written Call Option	(1,749)	\$63	January, 2024	(120,457)	(260,604)
					<u>(3,577,950)</u>	<u>(3,627,070)</u>
Apple Inc.	Written Put Option	(708)	\$180	January, 2024	(34,189)	(29,874)
Apple Inc.	Written Put Option	(708)	\$185	January, 2024	(64,134)	(65,350)
Bank Of Nova Scotia	Written Put Option	(465)	\$52	January, 2024	(14,531)	(1,399)
Bank OZK	Written Put Option	(310)	\$35	February, 2024	(16,501)	(1,822)
Bank OZK	Written Put Option	(598)	\$38	February, 2024	(53,638)	(7,877)
Bank OZK	Written Put Option	(1,453)	\$43	February, 2024	(114,098)	(81,427)
Brookfield Corp.	Written Put Option	(1,368)	\$40	January, 2024	(71,136)	(6,047)
Brookfield Corp.	Written Put Option	(1,368)	\$42	January, 2024	(106,704)	(8,044)
Calix Inc.	Written Put Option	(189)	\$30	January, 2024	(23,097)	(30)
Caterpillar Inc.	Written Put Option	(285)	\$250	February, 2024	(65,301)	(40,023)
Caterpillar Inc.	Written Put Option	(265)	\$260	February, 2024	(99,903)	(62,897)
Celestica Inc.	Written Put Option	(293)	\$26	January, 2024	(26,077)	(157)
Centerra Gold Inc.	Written Put Option	(971)	\$6	January, 2024	(18,935)	(1,202)
Dye & Durham Ltd.	Written Put Option	(468)	\$8	January, 2024	(25,272)	(53)
Enphase Energy Inc.	Written Put Option	(511)	\$75	February, 2024	(40,807)	(28,300)
Enphase Energy Inc.	Written Put Option	(511)	\$85	February, 2024	(81,614)	(56,600)
First Quantum Minerals Ltd.	Written Put Option	(194)	\$10	January, 2024	(25,026)	(11,155)
Invesco QQQ Trust Ser.1	Written Put Option	(674)	\$369	January, 2024	(294,723)	(19,997)
Invesco QQQ Trust Ser.1	Written Put Option	(2,709)	\$372	January, 2024	(1,386,273)	(91,088)
Invesco QQQ Trust Ser.1	Written Put Option	(224)	\$377	January, 2024	(11,907)	(9,599)
Invesco QQQ Trust Ser.1	Written Put Option	(1,574)	\$382	January, 2024	(189,161)	(166,038)
Invesco QQQ Trust Ser.1	Written Put Option	(1,574)	\$387	January, 2024	(259,837)	(229,340)
S&P 500 Index 3Wk	Written Put Option	(178)	\$4,260	January, 2024	(665,059)	(35,207)
S&P 500 Index 3Wk	Written Put Option	(255)	\$4,520	January, 2024	(334,448)	(134,497)
S&P 500 Index 3Wk	Written Put Option	(431)	\$4,550	February, 2024	(1,799,039)	(1,227,564)
S&P 500 Index 3Wk	Written Put Option	(363)	\$4,600	January, 2024	(249,852)	(31,112)
Teck Resources Ltd.	Written Put Option	(293)	\$42	January, 2024	(20,217)	(591)
Teck Resources Ltd.	Written Put Option	(235)	\$46	January, 2024	(17,390)	(923)
					<u>(6,108,869)</u>	<u>(2,348,213)</u>
Total Written Options					<u>(9,686,819)</u>	<u>(5,975,283)</u>

APPENDIX B

FUTURE CONTRACTS (-0.4%)

Issuer	Number of Contracts	Fair Value (C\$)	Contracted Value (C\$)	Unrealized Gain/Loss (\$)
CBOE VIX Index Futures, January 2024	100	1,852,791	1,887,523	(34,732)
S&P TSX 60 Futures, March 2024	(260)	(66,060,800)	(64,050,480)	(2,010,320)
E-mini S&P 500 Futures, March 2024	(215)	(68,323,259)	(66,061,646)	(2,261,613)
				<u>(4,306,665)</u>
Unrealized gain (loss) on Futures Contracts				<u>(4,306,665)</u>

PICTON MAHONEY FORTIFIED MARKET NEUTRAL 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	1,351,377,031	933,480	3,821,107	1,356,131,618
Mutual funds - Long	6,602,220	-	-	6,602,220
Exchange Traded Funds - Long	26,856,541	-	-	26,856,541
Short-term notes - Long	-	316,925,454	-	316,925,454
Bonds - Long	-	17,862,371	-	17,862,371
Options - Long	9,162,063	-	-	9,162,063
Equities - Short	(512,378,991)	(29,120)	-	(512,408,111)
Exchange Traded Funds - Short	(536,693,130)	-	-	(536,693,130)
Bonds - Short	-	(3,135,293)	-	(3,135,293)
Options - Short	(5,975,283)	-	-	(5,975,283)
Futures - Short	(4,306,665)	-	-	(4,306,665)
Total	334,643,786	332,556,892	3,821,107	671,021,785

ASSETS (LIABILITIES) AT FAIR VALUE AS AT DECEMBER 31, 2022				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	938,982,212	3,926,770	1,680,149	944,589,131
Bonds - Long	-	15,625,402	-	15,625,402
Options - Long	4,977,703	-	-	4,977,703
Futures - Long	4,991,968	-	-	4,991,968
Equities - Short	(399,166,659)	(29,923)	-	(399,196,582)
Exchange Traded Funds - Short	(304,771,063)	-	-	(304,771,063)
Bonds - Short	-	(2,921,200)	-	(2,921,200)
Options - Short	(3,303,411)	-	-	(3,303,411)
Futures - Short	(111,203)	-	-	(111,203)
Total	241,599,547	16,601,049	1,680,149	259,880,745

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	3,428	-
	3,428	-

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 MARKET NEUTRAL 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	1,680,149	-	1,680,149
Investment purchases during the year	1,544,557	-	1,544,557
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	596,401	-	596,401
Balance at End of Year	3,821,107	-	3,821,107
Total change in unrealized appreciation (depreciation) for assets held as at December 31, 2023			596,401

December 31, 2022	Equities - Long \$	Equities - Short \$	Total \$
Balance at Beginning of Year	-	-	-
Investment purchases during the year	1,679,329	-	1,679,329
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	820	-	820
Balance at End of Year	1,680,149	-	1,680,149
Total change in unrealized appreciation (depreciation) for assets held as at December 31, 2022			820

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 \$191,055 as at December 31, 2023 (December 31, 2022 - \$84,007). 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 Preservation Capital Partners Strategic Opportunities I LP	2,289,090	Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$114,455	\$(114,455)
	1,532,017	Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$76,601	\$(76,601)
December 31, 2022							
Security Name	Fair Value	Valuation Technique	Unobservable Inputs	Reasonable Shift (+)	Reasonable Shift (-)	Change in Valuation (+)	Change in Valuation (-)
Eagle SPV LP	1,680,149	Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$84,007	\$(84,007)

PICTON MAHONEY FORTIFIED MARKET NEUTRAL 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 \$27,574,284 (Collateral - \$28,125,771) 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	51,480
Securities lending charges	(18,018)
Net securities lending income	33,462
Withholding taxes on securities lending income	(5)
Net securities lending income received by the Fund	33,457
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 \$38,162,959 (December 31, 2022 - \$23,204,252). 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	77,264,384	(71,462,456)	5,801,928	0.5%
European Euro	(162,090)	-	(162,090)	0.0%
British Pound	(382,492)	(54,601)	(437,093)	0.0%
Australian Dollar	(1,541,091)	899,860	(641,231)	-0.1%
Net Exposure	75,178,711	(70,617,197)	4,561,514	0.4%

FINANCIAL INSTRUMENTS				
December 31, 2022 Currency	Monetary \$	Non-Monetary \$	Total \$	Percentage of Net Assets %
United States Dollar	89,133,542	(63,810,730)	25,322,812	2.6%
European Euro	68,350	-	68,350	0.0%
British Pound	1,689,383	(2,279,684)	(590,301)	-0.1%
Australian Dollar	(168,396)	402,259	233,863	0.0%
Net Exposure	90,722,879	(65,688,155)	25,034,724	2.5%

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 \$228,076 (December 31, 2022 - \$1,251,736). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

PICTON MAHONEY FORTIFIED MARKET NEUTRAL 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 \$370,620 (December 31, 2022 - \$364,508). 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	316,925,454	-	316,925,454
Greater than 5 years	17,862,371	(3,135,293)	14,727,078
Total	334,787,825	(3,135,293)	331,652,532

Debt Instruments by Maturity Date	December 31, 2022 (\$)		
	Long Positions	Short Positions	Total
3-5 years	870,019	-	870,019
Greater than 5 years	14,755,383	(2,921,200)	11,834,183
Total	15,625,402	(2,921,200)	12,704,202

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 credit rating of A+.

Bond Ratings	December 31, 2023			Bond Ratings	December 31, 2022		
	Net	Long	Short		Net	Long	Short
AAA	28.0%	28.3%	-0.3%	AAA	-0.3%	0.0%	-0.3%
BBB	0.6%	0.6%	0.0%	BBB	0.6%	0.6%	0.0%
BBB-	1.0%	1.0%	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 MARKET NEUTRAL 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	155.2%	99.7%
Canadian Equities	76.6%	65.1%
Financials	18.1%	15.6%
Industrial	14.8%	10.1%
Energy	11.7%	8.4%
Materials	9.5%	10.1%
Information Technology	6.2%	4.7%
Utilities	4.5%	3.8%
Real Estate	4.1%	3.6%
Consumer Discretionary	2.8%	3.6%
Consumer Staples	2.1%	2.5%
Communication Services	1.9%	2.4%
Investment Funds	0.6%	0.0%
Health Care	0.3%	0.3%
Global Equities	47.9%	31.9%
United States	41.6%	27.2%
International	3.9%	4.7%
International Index Equivalents	2.4%	0.0%
Canadian Debt	28.4%	1.6%
Short-Term Notes	26.8%	0.0%
Corporate Bonds	1.6%	1.6%
Global Debt	1.5%	0.0%
Short-Term Notes	1.5%	0.0%
Derivatives	0.8%	1.1%
SHORT POSITIONS	-95.2%	-73.0%
Canadian Equities	-40.1%	-35.1%
Index Equivalents	-24.3%	-18.2%
Financials	-5.3%	-7.1%
Energy	-3.8%	-2.8%
Materials	-1.8%	-2.1%
Utilities	-1.1%	-1.3%
Consumer Staples	-1.0%	-1.2%
Industrial	-0.7%	-0.4%
Communication Services	-0.6%	-0.3%
Information Technology	-0.6%	-0.2%
Consumer Discretionary	-0.5%	-0.6%
Real Estate	-0.4%	-0.9%
Global Equities	-53.9%	-37.3%
United States Equities	-25.8%	-22.0%
International Index Equivalents	-23.8%	-13.2%
International Equities	-4.3%	-2.1%
Global Debt	-0.3%	-0.3%
International Bonds	-0.3%	-0.3%
Derivatives	-0.9%	-0.3%

PICTON MAHONEY FORTIFIED MARKET NEUTRAL 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	223,787
US Fixed Income	C,F,I	1	(357)
Total			223,430

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	1,052,236,534	-	-	1,052,236,534
Redemptions payable	1,282,861	-	-	1,282,861
Accrued liabilities and other payables	-	3,645,145	-	3,645,145
Payable for investments purchased	737,249	-	-	737,249
Derivative liabilities	10,281,948	-	-	10,281,948

December 31, 2022 Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Short positions	706,888,845	-	-	706,888,845
Redemptions payable	1,209,597	-	-	1,209,597
Accrued liabilities and other payables	-	6,567,709	-	6,567,709
Payable for investments purchased	4,915,962	-	-	4,915,962
Derivative liabilities	3,414,614	-	-	3,414,614

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

12. FUND UNIT TRANSACTIONS

For the years ended December 31

	2023				
	Class A	Class F	Class FT	Class I	Class ETF
Units issued and outstanding, beginning of year	4,685,410	54,724,809	778,066	1,868,278	9,560,000
Units issued	2,088,440	25,942,809	466,632	395,221	7,330,000
Units reinvested	63,208	658,839	5,819	5,717	-
Units redeemed	(1,649,996)	(20,502,943)	(103,109)	(1,820,885)	(3,150,000)
Units issued and outstanding, end of year	5,187,062	60,823,514	1,147,408	448,331	13,740,000
Weighted average number of units held during the year	4,924,462	59,004,609	981,549	1,279,863	12,111,123

	2022				
	Class A	Class F	Class FT	Class I	Class ETF
Units issued and outstanding, beginning of year	3,900,319	27,777,580	912,824	1,157,614	4,610,000
Units issued	2,106,340	40,125,213	1,401,239	1,428,285	6,140,000
Units reinvested	-	-	2,305	-	-
Units redeemed	(1,321,249)	(13,177,984)	(1,538,302)	(717,621)	(1,190,000)
Units issued and outstanding, end of year	4,685,410	54,724,809	778,066	1,868,278	9,560,000
Weighted average number of units held during the year	4,418,142	43,442,332	1,216,609	1,904,534	7,419,588

13. COMMISSIONS

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

	2023	2022
Brokerage commissions	8,514	6,373
Soft Dollar commissions	1,380	1,246

14. TAX LOSS CARRY FORWARDS

As at December 31 (in \$000)

	2023
Net capital losses carry forward	12,610
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*	4,469	16,606	26.9%
Invesco S&P 500 Low Volatility ETF	9,816	10,563,683	0.1%
iShares Russell 2000 Value Index Fund	17,041	16,534,633	0.1%
Sprott Physical Uranium Trust	2,134	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 53.91% (year ended December 31, 2022 - 75.71%) and a high of 170.21% (year ended December 31, 2022 - 293.32%) of the Fund's NAV. As at December 31, 2023, the Fund's aggregate exposure was 130.11% (December 31, 2022 - 99.91%) of the Fund's NAV. The primary source of leverage was short positions in equity and fixed income securities.

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS

As at December 31, 2023 and December 31, 2022

1. GENERAL INFORMATION

Picton Mahoney Fortified Market Neutral Alternative Fund (the "Fund") is an open-ended mutual fund trust established under the laws of the Province of Ontario pursuant to a trust agreement dated September 19, 2018, as amended and restated as of June 26, 2019, July 7, 2020, August 17, 2020, July 8, 2021, April 20, 2022, October 28, 2022 and further amended and restated April 26, 2023 (the "Trust Declaration"). The Fund commenced operations on September 21, 2018. Picton Mahoney Asset Management acts as manager (the "Manager"), portfolio advisor (the "Portfolio Advisor"), and trustee (the "Trustee") for the Fund pursuant to the Trust Declaration. The Manager is responsible for the day-to-day business of the Fund, including the management of the Fund's investment portfolio. The address of the Fund's registered office is 33 Yonge Street, Suite 830, Toronto, Ontario, M5E 1G4. The financial statements are presented in Canadian dollars (CAD). These financial statements were authorized for issue by the Manager on March 25, 2024.

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 FT, Class I, 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 FT 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 FT units are designed to provide cash flow to investors by making monthly distributions of cash. 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 5 Classes of Units: Class A, Class F, Class FT, Class I and Class ETF. Class FT was launched on July 8, 2021. As at December 31, 2023, the Manager holds 1 unit of Class A and 773 units of Class FT (December 31, 2022 - 1 unit of Class A and 743 units of Class FT).

The investment objective of the Fund is to provide consistent long-term capital appreciation and to provide unitholders with an attractive risk-adjusted rate of return with less volatility than traditional equity markets and low correlation to major equity markets. The Fund invests in long and short positions in equity, derivatives such as such as options, futures, forward contracts and swaps, securities of investment funds, fixed income securities including high yield securities, cash and cash equivalents. The Fund may engage in borrowing for investment purposes.

The Fund is considered an "alternative fund" meaning it has received exemptions from National Instrument 81-102 - Investment Funds ("NI 81-102") to permit it to use strategies generally prohibited by conventional mutual funds, such as the ability to borrow, up to 50% of the Fund's net asset value, cash to use for investment purposes; sell, up to 50% of the Fund's net asset value, securities short (the combined level of cash borrowing and short selling is limited to 50% in aggregate); and leverage up to 300% of the Fund's net asset value.

2. SUMMARY OF 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).

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

(d) Valuation of Investments and Derivatives

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets, which include equities, bonds, options, and warrants are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Securities not listed on any recognized public securities exchange are valued in the same manner based on available public quotations from recognized dealers in such securities. If market quotations are not readily available, securities will be valued at fair value as determined in good faith by or under the supervision of the Manager. The cost of investments represents the amount paid for each security and is determined on an average cost basis.

The fair value of financial assets and liabilities that are not traded in an active market, including over-the-counter derivatives, is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and others commonly used by market participants and which make the maximum use of observable inputs.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Investment fund units held as investments are valued at their respective Net Asset Values on the relevant valuation dates as reported by the investment fund manager, as these values are the most readily and regularly available.

Warrants, options, and futures that are not listed on any recognized public securities exchange are valued using the Black-Scholes model and based on observable market inputs.

Foreign exchange forward contracts are valued on each valuation day based on the difference between the value of the contract on the date the contract originated and the value of the contract on the valuation day.

The difference between fair value and the average cost is shown as the change in unrealized appreciation (depreciation) on investments, options and foreign exchange forward contracts.

Other financial assets (held for collection) and other financial liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted,

where appropriate at the contract's effective interest rate. Due to their short-term nature, the fair value of other financial assets and financial liabilities carried at amortized cost approximates their carrying amount.

Receivable for investments sold and payable for investments purchased

Receivable for investments sold and payable for investments purchased represent trades that have been contracted for but not yet settled or delivered on the statements of financial position dates. These amounts are recognized initially at fair value and subsequently measured at amortized cost. At each reporting date, the Funds measure the loss allowance on receivable for investments sold and payable for investments purchased at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganization, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due or a significant deterioration in a counterparty credit quality. Any contractual payment which is more than 90 days past due is considered credit impaired.

(e) Cash

Cash is comprised of cash on demand deposit with a Canadian financial institution and is stated at fair value.

(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 FT, 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 December 31, 2022, the Fund held or had exposure to long and short equity positions in publicly traded companies whose securities are actively traded on a recognized public exchange. Equities are susceptible to price risk arising from uncertainties about future prices of those instruments (other than those arising from interest rate risk or currency risk).

Short sales entail certain risks, including the risk that a short sale of a security may expose a Fund to losses if the value of the security increases. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying those securities to cover the short position. In addition, a short sale by a Fund requires the Fund to borrow securities in order that the short sale may be transacted. There is no assurance that the lender of the securities will not require the security to be paid back by a Fund before the Fund wants to do so, possibly requiring the Fund to borrow the security elsewhere or purchase the security on the market at an unattractive price. Moreover, the borrowing of securities entails the payment of a borrowing fee. The borrowing fee may increase during the borrowing period, adding to the expense of the short sale strategy. There is also no guarantee that the securities sold short can be repurchased by a Fund due to supply and demand constraints in the equity markets. Finally, in order to maintain the appropriate ratios between the long portfolio and the short portfolio of a Fund, the Manager may be required to buy or sell short securities at unattractive prices. The maximum risk resulting for financial instruments held long is determined by the fair value of the instrument.

Currency risk:

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

Interest rate risk:

Interest rate risk arises when a fund invests in interest-bearing financial instruments and from the possibility that changes in the prevailing levels of market interest rates will affect future cash flows or fair values of such financial instruments. There is minimal fair value sensitivity to interest rate fluctuations on any cash and cash equivalents invested at short-term 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,

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as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. However, there are risks involved in dealing with custodians or prime brokers who settle trades and in rare circumstances, the securities and other assets deposited with the custodian or broker may be exposed to credit risk with regard to such parties. In addition, there may be practical problems or time delays associated with enforcing the Fund's rights to its assets in the case of an insolvency of any such party.

The Fund is exposed to credit risk. For other financial assets at amortized cost, the Manager considers both historical analysis and forward looking information in determining any expected credit loss. At December 31, 2023 and December 31, 2022, all receivables for investments sold, dividends receivable, 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.

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

7. DISTRIBUTIONS

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

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

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, Class FT 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/

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As at December 31, 2023 and December 31, 2022

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, Class FT units, and Class ETF units of the Fund. The performance fee for each class shall be calculated and become a liability of the Fund on each Valuation Day and shall be payable at the end of each calendar quarter.

The performance fee is equal to 20% of the amount by which the performance of the applicable class exceeds an annual hurdle rate of return equal to 2%, for each of the Class A units, Class F units, Class FT units, or Class ETF units, plus applicable taxes. The performance fee in respect of each of the Class A units, Class F units, Class FT 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 \$6,855,872 (December 31, 2022 - \$5,811,269).

(c) Fund-on-Fund Fees and Expenses

When the Fund invests in an underlying fund, the underlying fund may pay a management and performance fee and other expenses in addition to the fees and expenses payable by the Fund. The fees and expenses of the underlying fund will have an impact on the management expense ratio of the Fund. However, the Fund will not pay a management or performance fee that, to a reasonable person, would duplicate a fee payable by the underlying fund(s) for the same service. In addition, the Fund will not pay any sales charges, redemption fees or short-term trading fees for its purchase or redemption of units of any underlying fund that is managed by the Manager, or that, in respect of the other underlying funds, to a reasonable person, would duplicate a fee payable by an investor in any underlying fund.

**THINK AHEAD.
STAY AHEAD.**



PICTON MAHONEY ASSET MANAGEMENT CORPORATE INFORMATION

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Fund Administration & Transfer Agent

Picton Mahoney Funds

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