No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 9 "Risk Factors".

Picton Mahoney Arbitrage Fund

AMENDED AND RESTATED OFFERING MEMORANDUM

Date:	June 3, 2024	
The Issuer		
Name:	**PICTON MAHONEY ARBITRAGE FUND**	
Head Office:	Address:	33 Yonge Street Suite 320 Toronto, Ontario M5E 1G4
	Phone Number:	(416) 955-4108
	E-mail address:	https://www.pictonmahoney.com
	E-mail address:	service@pictonmahoney.com
Currently Listed or Quoted?	No. **These securities do not trade on any exchange or market**.	
Reporting Issuer?	No.	
SEDAR Filer?	No.	

The Offering

Securities Offered:	Class B, Class F, Class V, and Class I units (the "Units") of Picton Mahoney Arbitrage Fund (the "Fund").
Price per Security:	Class Net Asset Value per Unit as at the first Valuation Date following the date on which the subscription is accepted (the "Subscription Price").
Minimum Offering:	**There is no minimum. You may be the only purchaser.**
Maximum Offering:	There is no maximum to the number of Units offered.
Minimum Subscription Amount:	$25,000 for Class B, Class F and Class V Units. $1,000,000 for Class I units
Payment Terms:	Certified cheque or wire transfer together with sales commission (if any) payable to your dealer, in the amount of the Subscription Price.
Proposed Closing Date(s):	Units will be offered on a continuous basis from the date of this Offering Memorandum, unless extended by the Manager, with closings to occur on the last Business Day (as defined herein) of each month.
Income Tax Consequences:	There are important tax consequences to these securities. See Item 7 "Certain Income Tax Consequences and Eligibility for Investment".
Compensation Paid To Sellers and Finders:	Dealers will receive compensation for their sale of Units. See Item 8 "Compensation Paid to Sellers and Finders".
Selling Agent(s):	None.

Resale Restrictions

You will be restricted from selling your securities for an indefinite period. See Item 14 "Resale Restrictions". You may redeem your securities in certain circumstances. See Item 5.3 "Redemption of Units".

Conditions on Repurchases

You will have a right to require the Fund to repurchase (i.e., redeem) the securities from you, but this right is exercisable at the Class Net Asset Value per Unit as of the Redemption Date, subject to applicable restrictions and terms. As a result, you might not receive the amount of proceeds that you want. See Item 5.3 "Redemption of Units".

Purchasers' Rights

You have two (2) Business Days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have a right to damages or to cancel the agreement. See Item 17 "Purchaser's Rights".

ITEM 1. USE OF AVAILABLE FUNDS

1.1 Net Proceeds

It is not possible to determine accurately what the net proceeds of the Offering will be as this is a continuing offering and the Subscription Price will vary depending on what the Class Net Asset Value is at the time each Unit is purchased. The Fund sells Units on a continuous basis, with closings to occur on the last Business Day of each month.

1.2 Use of Available Funds

The Fund intends to use the net proceeds from the sale of the Units to purchase its respective portfolio of securities in accordance with the Fund's stated objective. See "Investment Approach, Objective and Investment Strategies" for a detailed description of the Fund's stated objective.

1.3 Reallocation

The Fund intends to spend the net proceeds as stated. The Fund does not intend to reallocate funds.

ITEM 2. BUSINESS OF THE FUND AND OTHER INFORMATION AND TRANSACTIONS

2.1 Structure

The Fund is an open-ended trust governed under the laws of the Province of Ontario. The Fund was formed on October 31, 2013 and is governed by an amended and restated Master Declaration of Trust dated August 17, 2020, as amended on January 25, 2021 and January 24, 2022, and as the same may be amended, restated or supplemented from time to time (the "Trust Agreement"). Picton Mahoney Asset Management acts as the trustee (the "Trustee" or "Picton Mahoney") of the Fund pursuant to the Trust Agreement. Effective January 13, 2020, Picton Mahoney Asset Management (the "Manager" or "Picton Mahoney") has been appointed the Manager of the Fund following its acquisition from Vertex One Asset Management Inc. of the rights to manage the Fund pursuant to an agreement of purchase and sale dated October 21, 2019. The Manager acts as the manager of the Fund pursuant to the Trust Agreement. The office of the Trustee, Fund and of the Manager is located at 33 Yonge Street, Suite 320, Toronto, Ontario M5E 1G4. The Fund is permitted to issue trust units ("Units") in an unlimited number of classes pursuant to the Trust Agreement. The description of provisions of the Trust Agreement contained herein is subject to and qualified in its entirety by the Trust Agreement.

2.2 Our Business

The Fund is an investment fund that invests in assets in accordance with the investment objectives, strategies and restrictions described herein.

2.3 Development of Business

The Fund commenced business on October 31, 2013. The Fund has expanded its business through the sale of Units. The Fund introduced Class V Units on January 13, 2020. As of May 31, 2024, there were approximately 99,009 Class B Units, 2,417,086 Class F Units, 197,013 Class V Units and 618 Class I Units of the Fund outstanding.

2.4 Investment Approach, Objective and Investment Strategies

Investment Approach

The Manager utilizes a risk arbitrage strategy, which is a highly specialized investment approach designed to profit from the successful completion of mergers, take-overs, tender offers, leveraged buyouts, spin-offs, liquidations and other corporate reorganizations.

There are a number of risk arbitrage techniques that may be used depending on the characteristics of the individual transaction being arbitraged. The most commonly employed risk arbitrage activity involves purchasing the shares of an announced acquisition target company at a discount to their expected value upon completion of the acquisition. When a take-over bid, amalgamation or arrangement involving cash consideration or securities of the acquiring company is announced, the value of the securities and/or cash to be received may be higher or lower than the market price of the securities of the target company for which they are to be exchanged. If the Manager believes that it is probable that the proposed transaction or a higher value transaction will be consummated, the Fund may purchase shares of the target company.

Investment Objective

The investment objective of the Fund is to provide consistent, positive returns, with low volatility and low correlation to equity markets.

Investment Strategies

The investment strategy of the Fund is to invest in securities in Canada, the United States and other foreign jurisdictions. The Manager uses investment strategies designed to minimize market exposure, including short selling and purchasing and selling options. In particular, the Manager may engage in selling securities short when the terms of a proposed acquisition call for the exchange of common shares and/or other securities. If the transaction is consummated, the Fund will then exchange the securities of the target company which it has accumulated for the securities issued by the acquiring company and may cover its short position, if any, with the securities so received. Alternatively, where cash is being offered as consideration, shares of the target company purchased in the open market will normally be tendered as cash to the acquiring company. Transactions in listed stock options may also be used to hedge long and short positions. These hedging transactions are intended to reduce the risk of loss to the Fund in certain exchange offers and mergers. If, after the Fund has established a position, it appears that the transaction is proceeding contrary to expectations, the Fund may take its profits or losses or attempt to minimize potential losses by liquidating its long positions and covering any short positions. Additionally, the Fund may engage in short selling of the target company's shares if the Manager determines that there is a likelihood that the merger or other transaction will fail to be consummated. A portion of the Fund's holdings may be in the form of cash or cash equivalents, and from time to time the Fund may invest the majority of its assets in cash or cash equivalents.

In seeking to achieve its investment objective, the Manager may also employ a variety of additional investment strategies to take advantage of profitable opportunities in the capital markets. These additional strategies are discussed below.

Put and Call Options

The Fund may purchase and sell options on fixed instruments, commodities and common shares and may also use them for hedging purposes. The use of puts and calls implies the use of leverage through the use of margin.

Fund Investments

The Fund may invest in securities of, or otherwise gain exposure to, other funds ("Underlying Funds"), including funds for which the Manager is the manager and/or portfolio manager, that employ a variety of strategies. The amounts invested from time to time in an Underlying Fund for which the Manager is the manager and/or portfolio manager may exceed 20% of either the votes attaching to the outstanding units of another Underlying Fund for which the Manager is the manager and/or portfolio manager or the outstanding units of that Underlying Fund for which the Manager is the manager and/or portfolio manager, may only be made if the Manager determines that an investment in an Underlying Fund for which the Manager is the manager and/or portfolio manager is consistent with the investment objectives, investment strategies and investment restrictions of the Fund and in the best interests of the Fund. The investment by the Fund in units of an Underlying Fund for which the Manager is the manager and/or portfolio manager will not result in any duplication of management fees and performance fees to the Fund or the investors of the Fund and the Manager will not receive any management fees or performance fees in respect of the units of the Underlying Fund for which the Manager is the manager and/or portfolio manager to be purchased by the Fund.

To the extent that the Fund invests in Underlying Funds for which the Manager is the manager and/or portfolio manager, it will invest in Class I Units of each Underlying Fund which will be charged no management or performance fee. As such, the investment by the Fund in units of an Underlying Fund for which the Manager is the manager and/or portfolio manager will not result in any duplication of management fees or performance fees to the Fund or the investors of the Fund and the Manager will not receive any management fees or performance fees in respect of the units of the Underlying Fund for which the Manager is the manager and/or portfolio manager to be purchased by the Fund.

Investing Long in Securities

Making long investments in securities of issuers identified as attractive investment candidates by the Manager's investment process. Eligible securities include equities, units of special purpose acquisition companies ("SPACs"), subscription rights, warrants, participation units, global depository receipts, American depository receipts, master limited partnerships, other securities with equity characteristics, forward contracts, options and other derivatives, investment funds, and exchange-traded funds.

Short Selling Securities

Short selling of securities of issuers identified as unattractive investments by the Manager's investment process and/or to hedge the market exposure of long positions, whether held directly or indirectly. Eligible securities include equities, units of SPACs, subscription rights, warrants, participation units, global depository receipts, American depository receipts, master limited partnerships, other securities with equity characteristics, forward contracts, options and other derivatives, investment funds, and exchange-traded funds.

Pairs Trading

Taking short positions from time to time in securities of one issuer while taking a long position in securities of another issuer in an attempt to gain from the relative valuation differences between the two issuers. A pairs trade will be made when the Manager feels the long position will appreciate in value when compared to the short position.

Private Placements and IPOs

The Fund will not purchase private securities. Some mergers include a spin-out equity, contingent value right, or other form of consideration that is unlisted at the time of the announcement but is intended to become listed shortly following the consummation of the merger. The Fund may transact in these types of securities when an active non-listed "grey" market exists.

Derivatives

The Fund may use derivatives to reduce or hedge against various risks including currency exchange risk associated with its foreign investments, and to obtain investment exposures on positions consistent with its investment objective, strategies and risk management. The derivatives that the Fund may use in this regard include options and forward contracts. The Fund may also use option strategies that include both long and short positions to reduce portfolio risk and hedge against adverse market events.

Leverage

The Fund is authorized to borrow in order to increase its investment leverage. On a position by position basis, margin requirements of the applicable exchange will be adhered to by the Fund. The Fund may also use leverage in order to implement certain investment strategies which may employ derivatives in order to achieve the needed leverage as opposed to direct borrowing.

The Fund's use of leverage will not exceed 30% of its net asset value, measured at the time of investment.

Special Situations

Taking long and short positions in securities impacted by event driven situations, such as mergers, divestitures, restructurings or other issuer events.

Convertible Arbitrage

The Fund may utilize a convertible arbitrage strategy by investing in convertible securities that are trading at discounts to their fundamental values and attempts to mitigate the various risks associated with investing in such convertible securities. The Fund may, at times, short convertible securities that are trading at premiums to their fundamental values and will attempt to mitigate various risks associated with the short position (for example, by buying common shares into which the convertible security is convertible). There are risks associated with using a convertible arbitrage strategy, due in part, to the nature of a convertible security.

Special Purpose Acquisition Companies

The Manager may also employ a variety of additional investment strategies to take advantage of potentially profitable opportunities in the capital markets, including investing in special purpose acquisition companies ("SPACs"), Master Limited Partnerships, equity options, convertible securities, preferred shares, and corporate or sovereign debt securities.

Other Investments

The Fund may invest in fixed income securities, including preferred shares, convertible securities, and corporate and sovereign debt securities.

Statutory Caution

The foregoing disclosure of the Manager's investment strategies and intentions may constitute "forward-looking information" for the purpose of Canadian securities legislation, as it contains statements of the Manager's intended course of conduct and future operations of the Fund. These statements are based on assumptions made by the Manager of the success of its investment strategies in certain market conditions, relying on the experience of the Manager's officers and employees and their knowledge of historical economic and market trends. Investors are cautioned that the assumptions made by the Manager and the success of its investment strategies are subject to a number of mitigating factors. Economic and market conditions may change, which may materially impact the success of the Manager's intended strategies as well as its actual course of conduct. Investors are urged to read "Certain Risk Factors" below for a discussion of other factors that will impact the operations and success of the Fund.

2.5 Portfolio Summary

The portfolio of the Fund is comprised primarily of equities and cash, with exposure to derivatives, fixed income and short positions. The allocation of the portfolio of the Fund may fluctuate frequently due to regular trading activity.

2.6 Investment Restrictions

The investment activities of the Fund are conducted in accordance with certain restrictions, which include the following:

Sole Undertaking

The Fund will not engage in any undertaking other than the investment of the Fund's assets in accordance with the Fund's investment objective and investment strategies.

Interest of Manager

Except in accordance with applicable securities law and with regulatory orders it has obtained, the Fund will not purchase securities from, or sell securities to, the Manager or any of its affiliates or any individual who is a partner, director or officer of any of them, any employee of the Manager or any portfolio managed by the Manager. The Fund may invest in Class I Units of the Underlying Funds and purchase units of other funds managed by the Manager.

Commodities

The Fund will not purchase any physical commodity.

Control Restrictions

Except as described herein and as may be permitted by applicable securities laws or regulatory relief therefrom, the Fund will not purchase a security of an issuer if, immediately after the purchase, the Fund would hold securities representing more than 15% of either the votes attaching to the outstanding securities of that issuer or the outstanding equity securities of that issuer, or purchase a security for the purpose of exercising control over or management of the issuer of the security. If the Fund acquires a security other than as the result of a purchase and the acquisition results in the Fund exceeding its limit described in this paragraph, the Fund will, as quickly as is commercially reasonable (and in any event within 90 days of the acquisition), reduce its holdings of those securities so that it does not hold securities exceeding such limits. This limit does not apply to holdings of cash or cash equivalents, which may exceed this limit where the Manager considers it desirable due to market conditions or otherwise.

Foreign Investment Restrictions

The Fund will not invest in (i) an interest in a trust (or partnership which holds such interest) which would require the Fund (or the partnership) to report income in connection with such interest pursuant to section 94.2 of the *Income Tax Act* (Canada) (the "Tax Act"), or (ii) the securities of any non-resident corporation, trust or other non-resident entity if the Fund would be required to include an amount in income pursuant to section 94.1 of the Tax Act (or amendments to such provisions as enacted into law or successor provisions thereto).

SIFT Trust

The Fund will not invest in any property to the extent that such an investment would result in the Fund being a "SIFT trust" as defined in the Tax Act (or amendments to such provisions as enacted into law or successor provisions thereto).

Unhedged Foreign Currency

Unhedged foreign currency investments by the Fund will be limited to no more than 10% of its net asset value.

2.7 Material Contracts

The following is a description of all current and proposed material agreements relevant to the management, organization and administration of the Fund.

2.8 Trust Agreement

The Fund was created pursuant to the Trust Agreement entered into by Picton Mahoney as the Manager and Trustee to facilitate the administration of the Fund. The Trust Agreement is the Fund's constating document and describes the terms and conditions respecting the issuance and redemption of Units, investment and valuation of the Fund's assets, determination and distribution of gains, management and administration of the Fund, duties of the Manager and Trustee, meetings of Unitholders and how the Trust Agreement can be terminated or amended. The following is a summary of the material provisions of the Trust Agreement, which does not purport to be complete. Please refer to the Trust Agreement for full particulars of these provisions. You may view a copy of the Trust Agreement by contacting the Manager at 33 Yonge Street, Suite 320, Toronto, Ontario, Canada M5E 1G4.

The Manager

The Manager is responsible for the day-to-day business of the Fund, including the management of the Fund's investment portfolio. The Manager was formed as a general partnership under the laws of Ontario in 2004, to provide investment management services to the Canadian marketplace. Two of the Manager's principals, David Picton and Michael Mahoney, were founding partners at Synergy Asset Management Inc. in 1997 which was purchased by CI Investments in 2003.

With approximately $10.3 billion in assets under management in sub-advisory, hedge fund and mutual fund assets as at April 30, 2024, Picton Mahoney is 100% employee owned. The Manager is registered with applicable securities regulatory authorities as an Investment Fund Manager, Exempt Market Dealer, Portfolio Manager, and Commodity Trading Manager. The Manager carries out its advisory activities from 33 Yonge Street, Suite 320, Toronto, Ontario, Canada M5E 1G4.

Pursuant to the Trust Agreement, the Manager has authority to manage the business and affairs of the Fund and has authority to bind the Fund. The Manager will be responsible for managing the assets of the Fund, will have complete discretion to invest and reinvest the Fund's assets, and will be responsible for executing all portfolio transactions. The Manager may delegate its powers, including its investment advisory role, to third parties where, in the discretion of the Manager, it would be in the best interests of the Fund to do so. The Manager is required to exercise its powers and discharge its duties honestly, in good faith, and in the best interests of the Fund and to exercise the care, diligence and skill of a reasonable prudent person in comparable circumstances. Among its other powers, the Manager may establish the Fund's operating expense budgets and authorize the payment of operating expenses. For a discussion of the fees payable to the Manager, see "Fees and Expenses".

The Trust Agreement provides that the Manager and certain affiliated parties have a right of indemnification from the Fund for legal fees, judgments and amounts paid in settlement incurred in carrying out their duties under the Trust Agreement, except in certain circumstances, including where there has been gross negligence, lack of good faith or wilful default on the part of the Manager or the Manager has failed to fulfill its standard of care as set out in the Trust Agreement. In addition, the Trust Agreement contains provisions limiting the liability of the Manager.

Pursuant to the Trust Agreement, the Manager may resign its role as manager of the Fund upon 60 days' written notice to the Trustee and Unitholders. If no successor Manager is appointed or if Unitholders fail to approve a successor, the Fund shall be terminated.

The Trustee

Picton Mahoney acts as the Trustee of the Fund pursuant to the Trust Agreement. The Trustee has those powers and responsibilities in respect of the Fund as described in the Trust Agreement. The Trustee is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Pursuant to the Trust Agreement, the Manager may remove the Trustee and appoint a successor trustee from time to time on 90 days' written notice or in certain other circumstances. The Trustee or any successor appointed pursuant to the terms of the Trust Agreement may resign upon 90 days' written notice to the Manager, who shall use its best efforts to appoint a successor trustee. If the Manager fails to appoint a new trustee within 30 days of the date of notice provided by the Trustee, the Unitholders may elect, by a majority of the votes cast, a successor trustee at a meeting of Unitholders to be held by the Manager for such purpose within 30 days thereafter. If no successor Trustee is appointed within 90 days of the date of notice of the Trustee's resignation, the Fund shall be terminated.

The Trust Agreement provides that the Trustee and its affiliates have a right of indemnification from, jointly and severally, the Fund and the Manager for any claims arising out of the execution of its duties as trustee, except in cases of gross negligence, willful default or dishonesty on the part of the Trustee. In addition, the Trust Agreement contains provisions limiting the liability of the Trustee.

Meetings of Unitholders

The Fund will not hold regular meetings, however the Manager may convene a meeting of Unitholders, or a Class of Unitholders, as it considers appropriate or advisable from time to time. The Trustee or Manager must also call a meeting of Unitholders or of a Class of Unitholders on the written request of Unitholders holding not less than 50% of the outstanding Units (or Units of a Class with respect to a Class meeting) in accordance with the Trust Agreement, provided that in the event of a request to call a meeting of Unitholders made by such Unitholders, the Trustee or Manager shall not be obliged to call any such meeting until it has been satisfactorily indemnified by such Unitholders against all costs of calling and holding such meeting.

Units of a Class shall vote separately as a Class if the notice calling the meeting so provides.

To the extent that the Fund holds Class I Units of any Underlying Fund, the Manager will not vote any such units at a meeting of such Underlying Fund.

Not less than 21 days' notice will be given of any meeting of Unitholders. The quorum at any meeting of the Fund's Unitholders is a majority of the outstanding Units of the Fund or Units of a Class, as applicable, then outstanding present in person or by proxy. If no quorum is present at such meeting when called, the meeting will be adjourned by the Manager to a date and time determined by the Manager, and at the adjourned meeting the quorum for any such adjourned meeting shall be two unitholders, represented in person or by proxy.

Any consent of Unitholders under the Trust Agreement must be given by not less than 50% of the Units or Units of a Class, as applicable.

Amendment of the Trust Agreement

Any provision of the Trust Agreement or a schedule thereto may be amended, deleted, expanded or varied by the Manager, provided such amendment, deletion, expansion or variation shall not take effect until after a Valuation Date specified in a notice sent by the Manager to the Unitholders and the Trustee at least thirty days prior thereto and provided that the Trustee must consent in writing to any amendment, deletion, expansion or variation which affects the rights, powers and duties of the Trustee. The notice shall either summarize the effect of the amendment or contain the full text of the amendment. No amendment shall operate, directly or indirectly, to impair or deprive any Unitholder of the value of its participation in any of the Fund as of the Valuation Date coinciding with or next preceding the day the amendment is effective.

Notwithstanding the foregoing, the Trust Agreement may be amended by the agreement of the Trustee and the Manager if the amendment is not materially adverse to Unitholders in the opinion of counsel to the Fund or, in the opinion of counsel to the Trustee, is necessary or desirable to comply with Applicable Laws and notice of the amendment is given to Unitholders forthwith.

Conflicts of Interest

Services of the Manager not Exclusive to the Fund

The services of the Manager and its partners, and their respective directors, officers, employees, agents and associates are not exclusive to the Fund. The Manager and its partners, and any of their respective directors, officers, employees, agents and associates may, at any time, engage in the promotion, management or portfolio management of any other fund or trust (including any Underlying Funds) and provide similar services to other investment funds and other clients and engage in other activities. While the Manager and its partners and their respective directors, officers, employees, agents and associates devote as much of their respective time and resources to the activities of the Fund as in their respective judgment is reasonably required, they will not be devoting their time exclusively to the affairs of the Fund. The Manager and its partners and their respective directors, officers, employees, agents and associates will therefore have conflicts of interest in allocating management time, services and functions among the Fund and such other persons for which it provides services (including any Underlying Funds). However, at all times, the Manager will ensure a fair and equitable allocation of its management time, services and functions between the Fund and any other such persons to whom it provides services.

Allocation of Investment Opportunities

Investment decisions for the Fund will be made independently of those made for other clients and independently of investments of the Manager. On occasion, however, the Manager may make the same investment for the Fund and for one or more of its other clients (including any Underlying Funds). If the Fund and one or more of the other clients of the Manager are engaged in the purchase or sale of the same security, the transactions will generally be effected on an equitable basis. However, the Manager may determine from time to time that some investment opportunities are appropriate for certain investment management clients and not others, including the Fund, due to differing objectives, time horizons, liquidity needs or availability, tax consequences and assessments of general market conditions and of individual securities. The Manager may also occasionally determine it to be necessary to allocate limited investment opportunities among the Fund and any other funds or managed accounts under its responsibility (including any Underlying Funds), on a basis deemed appropriate by the Manager. Certain funds or managed accounts may therefore show a gain or a loss that would otherwise not be present within other funds or accounts managed by the Manager.

Conflicts of Interest Policy

The Manager is an Exempt Market Dealer, an Investment Fund Manager, a Portfolio Manager and a Commodity Trading Manager. Additionally, the Fund may invest in securities of the Underlying Funds for which the Manager is the manager and/or portfolio manager in accordance with applicable securities laws and with any regulatory orders it has obtained. As a result, there are potential conflicts of interest that could arise in connection with the Manager acting in its capacities as Exempt Market Dealer, Investment Fund Manager, Portfolio Manager and Commodity Trading Manager and as the manager and/or portfolio manager of both the Fund and the Underlying Funds.

The Manager has adopted a conflict of interest policy to address and minimize those potential conflicts of interest. The policy states that the Manager will deal fairly, honestly and in good faith with all clients (including the Fund and any Underlying Funds**)** and not advantage one client over another. Canadian securities laws require registered securities dealers ("Dealers") and advisers, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. These rules require Dealers and advisers, prior to trading with or advising their customers or clients, to inform them of the relevant relationships and connections with the issuer of the securities. Clients and customers should refer to the applicable provisions of Canadian securities law for the particulars of these rules and their rights or consult with a legal advisor. The Fund is a related issuer and a connected issuer of the Manager within the meaning of applicable Canadian securities legislation.

Interest of the Manager and Responsible Persons of Manager in Underlying Funds

The Manager and its partners, and their respective directors, officers, employees, agents and associates of the Manager who have access to, or participate in formulating and making decisions on behalf of the Fund or advice to be given to the Fund (each, a "Responsible Person") or affiliates of such Responsible Persons are also partners, directors or officers of other investment funds which may be Underlying Funds.

A Fund's investment in an Underlying Fund creates a potential conflict of interest for the Manager relating to the voting of the units of the Underlying Fund held by the Fund in that certain officers and directors of the Manager may be a substantial security holder of the Manager and also may have a significant interest in the Underlying Fund. The Manager intends to address this potential conflict of interest by not voting any units of the Underlying Fund held by a Fund (should the requirement for a vote arise) or the Manager may make arrangements to permit Unitholders of the Fund to exercise the votes attaching to the Fund's investment in the Underlying Fund.

The investment by the Fund in units of an Underlying Fund will not result in any duplication of management fees and performance fees to the Fund or the investors of the Fund and the Manager will not receive any management fees or performance fees in respect of the units of the Underlying Fund to be purchased by the Fund. In executing a subscription agreement for Units, investors will acknowledge the multiple roles of the Responsible Persons and consent to the investment by the Fund in the units of any Underlying Funds.

Liability of Unitholders

Under the terms of the Trust Agreement, to the full extent permitted by applicable law, no Unitholder will have any personal liability and no access will be had to the private property of any Unitholder for satisfaction of any obligation or claim arising out of any contract or obligation of the Fund or the Trustee or the Manager. The Trust Agreement provides that the Fund will indemnify, out of the property of the Fund, each Unitholder in the event any Unitholder is held personally liable. See "Risk Factors – Liability of Unitholders Risk".

Fund Administration Services Agreement

RBC serves as the recordkeeper and fund administrator of the Fund pursuant to the amended Fund Administration

Services Agreement dated August 17, 2020 between Picton Mahoney Asset Management and RBC, as amended on January 25, 2021 and as may be further amended from time to time. See "Administrator, Record Keeper, Transfer Agent and Registrar".

2.9 Fees and Expenses

Expenses

The Manager pays for the costs of offering the Units, including the fees and expenses of legal counsel and the Fund's auditors.

The Fund will pay for all routine and customary expenses relating to the Fund's operations, including registrar and transfer agency fees and expenses, trustee fees (if any), custodian fees, auditing, legal and accounting fees, communication expenses, printing and mailing expenses, all costs and expenses associated with the sale of Units including securities filing fees (if any), expenses relating to providing financial and other reports to Unitholders and convening and conducting meetings of Unitholders, expenses related to the independent review committee of a Fund, all taxes, assessments or other governmental charges levied against the Fund, interest expenses and all brokerage and other fees relating to the purchase and sale of the assets of the Fund. In addition, the Fund will pay for expenses associated with ongoing investor relations and education relating to the Fund.

Each Class of Units is responsible for the expenses specifically related to that Class and a proportionate share of expenses that are common to all Classes of Units. The Manager shall allocate expenses to each Class of Units in its sole discretion as it deems fair and reasonable in the circumstances.

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 receive fees and reimbursement of expenses subsequently accruing to it.

The Manager uses certain brokerage fees otherwise payable as soft dollars to purchase research to support its investment decision-making process. The Manager does not use soft dollars for any purpose other than for research services which are determined to be in the best interests of the Unitholders of the Fund. Soft dollars represent a modest amount of the Manager's overall trading commissions, and the annual soft dollar budget is reviewed and approved by the Manager's Chief Operating Officer and/or Chief Compliance Officer. The Manager monitors trade executions to ensure that all commissions, including soft dollar arrangements, are at competitive levels to satisfy its requirement to seek the best execution for all trades.

Management Fee

The Class B Units are charged a Management Fee equal to 1/12 of 1.5 % per month (1.5% per annum) of the net asset value of the Class B Units of the Fund, plus applicable taxes, on the last Business Day of the month.

The Class F Units are charged a Management Fee equal to 1/12 of 1% per month (1% per annum) of the net asset value of the Class F Units of the Fund, plus applicable taxes, on the last Business Day of the month.

The Class V Units are charged a Management fee equal to 1/12 of 1% per month (1% per annum) of the net asset value of the Class V Units of the Fund, plus applicable taxes, on the last Business Day of the month.

The Class I Units are designed for institutional investors and other investors determined by the Manager in its sole discretion and are subject to management and performance fees as negotiated between the Manager and the investor. Where Class I Units are issued to other funds managed by the Manager, no management or incentive fees will be charged.

Other Classes of Arbitrage Fund are charged such management fee, if any, as described in the applicable offering document or agreement relating to such Classes.

Performance Fee

The Manager receives a performance fee (the "Performance Fee") in respect of each of the Class B Units, Class F Units, Class V Units, and Class I Units. The Performance Fee in respect of Class B Units, Class F Units and Class V Units shall be equal to 15% of the amount by which the performance of the Fund exceeds the previous High Water Mark (as defined herein) for each applicable Class. The performance fee is accrued monthly and is payable for each calendar quarter, provided that the High Water Mark is exceeded, as referred to below. The Performance Fee will be payable by the Fund within 10 Business Days from the quarter-end. Upon the redemption of Units of a particular Class, the accrued portion of the performance fee allocated to the redeemed Units for that Class will be payable by the Fund within 10 Business Days of the end of the month in which the Units were redeemed.

The highest quarter-end net asset value per Unit for each Class from time to time establishes a High Water Mark for each Class which must be exceeded in subsequent quarters for the performance fee applicable to each Class to be payable. The Performance Fee is subject to applicable taxes, such as HST.

The Performance Fee in respect of each of the Class B Units, Class F Units and Class V Units, as the case may be, on a particular Valuation Date (as defined herein) shall be equal to the product of (a) 15% of the positive difference between (i) the adjusted Class Net Asset Value per Unit on the Valuation Date (as defined herein), (ii) the greatest Class Net Asset Value per Unit on any previous Valuation Date (or the date 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"); and (b) the number of Units outstanding on the applicable Valuation Date on which the Performance Fee is determined, plus applicable taxes. As used herein, Adjusted Class Net Asset Value per Unit on a Valuation Date means the Class Net Asset Value per Unit on the Valuation Date, without giving effect to any Performance Fee determined on such Valuation Date.

The Manager may make such adjustments to the Adjusted Net Asset Value per Unit of a Class and/or the applicable "High Water Mark" 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 Performance Fee. Any such determination of the Manager shall, absent manifest error, be binding on all Unitholders.

In addition, the Manager may negotiate a Performance Fee in connection with the issuance of Class I Units to third parties.

Fee Rebates

Effective April 1, 2020, to encourage large investments in the Fund and to be able to offer fees which are competitive for investments of that size, and in certain other circumstances, the Manager may from time to time reduce the Management Fee and/or the Performance Fee that it otherwise would be entitled to receive with respect to such an investor's investment in the Fund provided that the amount of the fee reduction is distributed (a "Fee Distribution") to such Unitholder. Fee Distributions of the Fund, where applicable, will be computed on each Valuation Date and shall be payable quarterly, or at such other times as the Manager may determine, first out of net income and the net capital gains of the Fund and thereafter out of capital. Any such reduction in Management Fees and/or Performance Fees in respect of a large investment in a Fund will be negotiated by the Manager and the investor or the investor's Dealer and will be based primarily on the size of the investor's investment in the Fund and the total amount of services provided to the investor with respect to their investment in the Fund. The Manager may also reduce its fees to encourage investors to invest in a new fund. A qualified investor can choose to receive the Fee Distribution in cash or in additional Units. The amount of any Fee Distribution is income to the Unitholder receiving it, to the extent it is paid out of net income or net taxable capital gains of the Fund. See "Certain Canadian Federal Income Tax Considerations" and "Distributions".

Sales Charges for Class B Units

Investors in Class B Units can elect to purchase Class B Units pursuant to the Sales Charge Option (as defined below). Class F Units are not subject to any sales charges.

Fees and Expenses of the Underlying Funds

For providing its services to the respective Underlying Funds, the Manager receives a management fee and a performance fee from the respective Underlying Funds attributable to the certain classes of units of the applicable Underlying Funds. However, any investment by the Fund into Class I Units of the respective Underlying Funds will not result in any duplication of management fees or performance fees to the Fund or the investors of the Fund as any investment by the Fund in the respective Underlying Funds will only be in Class I Units of the applicable Underlying Fund that carry no management fees and performance fees. For greater certainty, the Manager will not receive any management fees or performance fees in respect of the Class I Units of the Underlying Funds to be purchased by the Fund. In addition, no sales charges or redemption fees are payable by the Fund in relation to its purchase or redemption of Class I Units of the Underlying Fund.

Each Underlying Fund will pay for all routine and customary expenses relating to the Underlying Fund's operations, including registrar and transfer agency fees and expenses, trustee fees (if any), custodian fees, auditing, legal and accounting fees, communication expenses, printing and mailing expenses, all costs and expenses associated with the sale of units of the Underlying Fund including securities filing fees (if any), expenses relating to providing financial and other reports to unitholders of the Underlying Fund and convening and conducting meetings of unitholders of the Underlying Fund, expenses related to the independent review committee of the Underlying Fund, all taxes, assessments or other governmental charges levied against the Underlying Funds, interest expenses and all brokerage and other fees relating to the purchase and sale of the assets of the Underlying Fund. In addition, the Underlying Fund will pay for expenses associated with ongoing investor relations and education relating to the Underlying Fund.

The Class I Units of the Underlying Fund purchased by the Fund will be responsible for the above expenses specifically related to that class of units of the Underlying Fund and a proportionate share of expenses that are common to all classes of units of the Underlying Fund. As a result, Unitholders that invest in Underlying Funds will indirectly bear a proportionate share of such expenses of such Underlying Funds.

Copies of the offering memorandum, the most recent audited annual financial statements and the most recent unaudited semi-annual financial statements of the Underlying Funds in which the Fund is invested in will be made available to Unitholders free of charge upon request and may be inspected at the principal office of the Fund during normal business hours.

ITEM 3. COMPENSATION AND SECURITY HOLDINGS OF CERTAIN PARTIES

3.1 Compensation and Securities Held

The name, municipality of residence, positions held and securities held of the directors and officers of Picton Mahoney, Manager and Trustee of the Fund are as follows:

Name and Municipality of Principal Residence	Positions Held and the Date of Obtaining that Position	Compensation Paid by the Fund in the Most Recently Completed Financial Year and the Compensation Anticipated to be Paid in the Current Financial Year	Number, Type and Percentage of Securities Held as at May 31, 2024*
David Picton Toronto, Ontario	Member of Executive Committee, President, Chief Executive Officer and Ultimate Designated Person since September 2004	Nil	Nil
Arthur Galloway Toronto, Ontario	Member of Executive Committee, Chief Financial Officer, Chief Operating Officer and Corporate Secretary since April 2005	Nil	Nil

Catrina Duong Toronto, Ontario	General Counsel since May 2024 and Chief Compliance Officer since June 2017	Nil	Nil

3.2 Management Experience

The following table provides information about the principal occupation and past employment history of the directors and executive officers of Picton Mahoney.

Name	Principal occupation and related experience
David Picton Toronto, Ontario	David Picton, President and Chief Executive Officer of Picton Mahoney Asset Management, is a founding partner of the firm and lead Portfolio Manager responsible for the Canadian equity market neutral, long short, and long only strategies. Mr. Picton has been a prominent presence in the Canadian investment industry for several decades, including launching Synergy Asset Management Inc. in 1997, working as its lead Canadian momentum portfolio manager and spending eight years as Head of Quantitative Research at RBC Dominion Securities Inc. where he was one of the top ranked analysts in his sector. Mr. Picton holds an Honours Bachelor of Commerce degree from the University of British Columbia. He also received a Leslie Wong Fellowship from the University of British Columbia's prestigious Portfolio Management Foundation.
Arthur Galloway Toronto, Ontario	Arthur Galloway, Chief Financial Officer, Chief Operating Officer and Corporate Secretary of Picton Mahoney Asset Management, is responsible for firm-wide financial operations, internal financial control and internal and external financial reporting. He is also responsible for the financial oversight and administration of Picton Mahoney's alternative investment funds. Before joining Picton Mahoney, he spent 10 years with Investors Financial Services, holding the position of Director upon his departure, where his clients included numerous global asset management firms. He holds a Bachelor of Business degree in Finance from Brock University and is a CFA charterholder.*
Catrina Duong Toronto, Ontario	Catrina Duong, General Counsel and Chief Compliance Officer, is responsible for the management and oversight of Picton Mahoney Asset Management's compliance and legal programs. Ms. Duong joined the firm in June 2017. Prior to joining the firm, she was most recently at BlackRock Asset Management Canada Limited, with experience across a broad array of investment products and strategies, including exchange-traded funds, mutual funds, exempt market products and managed accounts. She holds a Bachelor of Arts (Hons) from the University of Toronto, a law degree from Queen's University and is a member of the Bar of the Province of Ontario.

3.3 Penalties, Sanctions, Bankruptcy, Insolvency and Criminal or Quasi-Criminal Matters

No director, executive officer or person holding a sufficient number of securities of the Manager or the Fund to affect materially the control of the Manager or the Fund has, in the last 10 years:

(a) been subject to any penalties or sanctions imposed by a court or by a regulatory authority;

(b) been subject to an order restricting trading in securities that was in effect for more than 30 days;

(c) been a director, senior officer or control person of any issuer that has been subject to any penalties or sanctions imposed by a court or by a regulatory authority while the director, officer or control

* As the Fund offers Units on a continuous basis, the number and percentage of securities held after completion of maximum offering cannot be determined.

person was a director, officer or control person of such issuer;

(d) made any declaration of bankruptcy, voluntary assignment in bankruptcy or proposal under bankruptcy or insolvency legislation or been subject to any proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver-manager or trustee to hold assets; or

(e) been a director, senior officer or control person of any issuer that has made any declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under bankruptcy or insolvency legislation, or been subject to a proceeding, arrangement or compromise with creditors or appointment of a receiver, receiver-manager or trustee to hold assets while the director, officer or control person was a director, officer or control person of such issuer.

None of the Fund, the Manager nor any director, executive officer or person holding a sufficient number of securities of the Manager or Fund to affect materially the control of the Manager or Fund has ever pled guilty to or been found guilty of: (i) a summary conviction or indictable offence under the *Criminal Code* (Canada); (ii) a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction; (iii) a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory of the United States of America; or (iv) an offence under the criminal legislation of any other foreign jurisdiction.

<u>Portfolio Management, Penalties, Sanctions, Bankruptcy, Insolvency and Criminal or Quasi-Criminal Matters</u>

(1) Responsible Persons

The Manager, Picton Mahoney Asset Management, is the person responsible for the following:

- establishing and implementing the Fund's investment objectives and investment strategy;
- setting any limitations or restrictions on investments of the Fund;
- monitoring the performance of the portfolio; and
- making any adjustments to the Fund's portfolio.

During the ten years preceding the date of this Offering Memorandum, neither the Manager nor person holding a sufficient number of securities of the Manager to affect materially the control at the time: (i) has been subject to any penalty or other sanction imposed by a court or a regulatory body relating to a contravention of securities legislation or an order restricting trading in securities that was in effect for more than 30 days; or (ii) has made a declaration of bankruptcy, a voluntary assignment in bankruptcy, a proposal under bankruptcy or insolvency legislation or a proceeding, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets. None of the Manager persons listed above nor person holding a sufficient number of securities of the Manager to affect materially the control has ever pled guilty to or been found guilty of any of: (i) a summary conviction or indictable offence under the *Criminal Code* (Canada); (ii) a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction; (iii) a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory of the United States of America; or (iv) an offence under the criminal legislation of any other foreign jurisdiction.

3.4 Interest in Underlying Fund

Each of the above officers, directors and/or substantial securityholder of the Manager may each individually, or together in the aggregate, have a significant interest in a Picton Underlying Fund through investments made in units of such Underlying Fund. In addition, each officer and/or director of the Manager may also be a substantial securityholder of the Manager.

As of the date of this Offering Memorandum, the directors and officers of the Manager do not hold, on an aggregate basis, a significant interest in any Picton Underlying Funds.

ITEM 4. CAPITAL STRUCTURE

4.1 Authorized and Issued Capital

An investment in the Fund is represented by Units. The Fund is permitted to have an unlimited number of classes of Units (each, a "Class") 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 assets of the Fund attributable to that Class of Units. The Fund will consult with its tax advisors prior to the establishment of each new Class to ensure that the issuance of Units of the Class will not have adverse Canadian tax consequences. Four (4) Classes of Units are offered under this Offering Memorandum.

Class B Units are designed for investors investing $25,000 or more who are not eligible to purchase Class F Units.

Class F Units are designed for investors investing $25,000 or more that have fee-based accounts with Dealers who have been approved by the Manager to sell Class F Units.

Class V Units are designed for investors previously held Class F Units through managed accounts at Vertex One Asset Management Inc. (the former manager of the Fund) or, at the discretion of the Manager, for clients of a Dealer investing $25,000 or more and which Dealer has obtained consent from the Manager to offer Class V units.

Class I Units are designed for other investment funds managed by the Manager, institutional investors and other investors on a case-by-case basis, all at the discretion of the Manager. The minimum investment amount for a third party is $1,000,000.

Description of Security	Number authorized to be issued	Number outstanding as at May 31, 2024*, **
Class B Units	Unlimited	99,009.64
Class F Units	Unlimited	2,417,086.59
Class V Units	Unlimited	197,013.83
Class I Units	Unlimited	618.17

*As the Fund offers Units on a continuous basis, the number of Units of each Class after completion of maximum offering cannot be determined.

** As of May 31, 2024, the issued and outstanding Units had the following net asset values: Class B – $11.8200 per Unit; Class F – $12.0939 per Unit; Class V – $12.1123 per Unit; Class I - $11.8713 per Unit.

4.2 Long-term Debt

The Fund has no long-term debt.

4.3 Prior Sales

Type of Security Issued	Date of Issuance	Number of Securities Issued and/or Subscribed For	Average Price per Security	Total Funds Received
Class B Units	April 16, 2023 to May 31, 2024	0	0	0
Class F Units	April 16, 2023 to May 31, 2024	153,488.027	$11.9182	$1,828,890.96
Class V Units	April 16, 2023 to May 31, 2024	0	0	0
Class I Units	April 16, 2023 to May 31, 2024	0	0	0

The Fund began offering Class I Units as of January 31, 2020. The Fund began Offering Class V Units as of January 13, 2020. Over the 13 months from April 16, 2023 to May 31, 2024, an aggregate of 41,785.876 Class B Units, 647,517.900 Class F Units, 22,259.882 Class V Units, and 232.312 Class I Units have been redeemed for an aggregated gross redemption amount of $8,474,976.73.

ITEM 5. SECURITIES OFFERED

5.1 Terms of Securities

To date, the Fund has Class B Units, Class F Units, Class V Units and Class I Units, together with each future Class, are referred to collectively as the “Classes”.

Although the money invested by investors to purchase Units of any Class of the Fund is tracked on a Class by Class basis in the Fund’s administration records, the assets of all Classes of the Fund will be combined into a single pool to create one portfolio for investment purposes.

All Units of the same Class have equal rights and privileges. Each whole Unit of a particular Class of the Fund is entitled to one vote at a meeting of Unitholders of the Fund where all Classes vote together, or to one vote at a meeting of Unitholders where that particular Class of Unitholders of the Fund votes separately as a Class.

The Manager, in its discretion, determines the number of Classes of Units and establishes the attributes of each Class, including investor eligibility, the designation and currency of each Class, the initial closing date and initial offering price for the first issuance of Units of the Class, any minimum initial or subsequent investment thresholds, any minimum redemption amounts or minimum account balances, valuation frequency, fees and expenses of the Class, sales or redemption charges payable in respect of the Class, redemption rights, convertibility among classes and any additional Class specific attributes. The Manager may add additional Classes of Units at any time without prior notice

to or approval of Unitholders. No Class of Units will be created for the purpose of giving any Unitholder a percentage interest in the property of the Fund that is greater than the Unitholder’s percentage interest in the income of the Fund.

All Units of the same Class of the Fund are entitled to participate pro rata: (i) in any payments or distributions (other than Fee Distributions described in “Fees and Expenses”) made by the Fund to the Unitholders of the same Class; and

(ii) upon liquidation of the Fund, in any distributions to Unitholders of the same Class of net assets of the Fund attributable to the Class remaining after satisfaction of outstanding liabilities of such Class. Units are not transferable, except by operation of law (for example, a death or bankruptcy of a Unitholder) or with the consent of the Manager. To dispose of Units, a Unitholder must have them redeemed.

Fractional Units carry the same rights and are subject to the same conditions as whole Units (other than with respect to voting rights) in the proportion which they bear to a whole Unit. Outstanding Units of any Class may be subdivided or consolidated in the Manager's discretion on 90 days' prior written notice to the Trustee. Units of a Class may be re-designated by the Manager as Units of any other Class having an aggregate equivalent Class Net Asset Value (as described in "Determination of Net Asset Value").

5.2 Subscription Procedure

Purchase of Units

Investors may be admitted to a Fund or may acquire additional Units on a monthly basis as of the last business day (any day on which the Toronto Stock Exchange ("TSX") is open for trading is referred to as a "Business Day") of each calendar month. The Units are being offered using the mutual fund order entry system FundSERV. Subscription for Units may be made directly through the Manager (in jurisdictions where it is registered to sell the securities) or from a distributor on the FundSERV network.

The subscription price is payable upon subscription, by cheque or by bank draft. No financing of the subscription price will be provided by the Manager. As of the date of this Offering Memorandum, the minimum subscription price for initial investments in Class A Units, Class B Units, Class F Units and Class V Units is $25,000. The minimum subscription price for initial investments in Class I Units is $1,000,000. The Manager may in its discretion waive these minimum investment amounts established by it, accept investments in other minimum amounts permitted under applicable securities laws, or require higher minimum investment amounts.

Each prospective and qualified investor who desires to subscribe for Units must:

(a) complete and sign the form of subscription agreement in substantially the form provided by the Manager, specifying the number of Units being subscribed for either directly or through Dealers or other persons permitted by applicable securities laws to sell Unit; and

(b) deliver to the Manager, in trust, either a copy of a void cheque or direct deposit form for the subscription amount to be withdrawn from the prospective investor's bank account; or a wire transfer through a financial institution utilizing the instructions of the Fund.

The purchase price per Unit will be an amount equal to the net asset value per Unit subscribed for and may vary from class to class. The net asset value per Unit for subscriptions which are received and accepted by the Manager before the close of business on a Valuation Date will be calculated as of that Valuation Date. The net asset value per Unit for subscriptions received and accepted after the close of business will be calculated on the next Valuation Date.

Subscriptions will be received subject to prior sale and acceptance of the investor's subscription, in whole or in part (subject to compliance with applicable securities laws), by the Manager on behalf of the Fund. Funds in respect of any subscription will be payable by investors at the time of the subscription.

The subscription funds, subscription agreements and other documents received by the Manager will be held in trust and released upon closing. Where required pursuant to National Instrument 45-106 P*rospectus Exemptions* ("NI 45-106"), the subscription amount will be held in trust until the earlier of: (i) the time the purchase is processed; or (ii) midnight on the second Business Day after the investor signs a subscription agreement. Closings will occur on a continuous basis at the end of each month in which subscriptions are received.

As required by NI 45-106, the subscription amount received from investors to whom Units will be issued will be held in trust until at least midnight on the second Business Day after the investors pay such funds to the Fund. Units will be offered at the Class Net Asset Value per Unit (as described in "Determination of Net Asset Value") calculated as of the applicable Valuation Date. The Class Net Asset Value per Unit for subscriptions which are received and accepted by the Manager prior to 4:00 p.m. (Eastern time) on the last Business Day of a month will be calculated as of the Valuation Date for that month. Subscriptions which are received and accepted by the Manager after 4:00 p.m. (Eastern time) on the last Business Day of a month will be calculated as of the Valuation Date for the following month (see "Determination of Net Asset Value"). All subscriptions for Units are to be forwarded by Dealers, without charge, the same day that they are received, to the Manager or purchased using the FundSERV network, as applicable.

The Manager reserves the right to accept or reject orders, whether made through the Manager or entered on the FundSERV network, within 30 days of their receipt by the Manager, and any monies received with a rejected order will be refunded forthwith, without interest, other compensation or deduction, after such determination has been made by the Manager. The Manager shall not accept subscriptions from and shall not direct the issuance or transfer of Units to: (a) any person who is or would be a "designated beneficiary" of the Fund, as such term is defined in Part XII.2 of the Tax Act, if, as a consequence thereof, the Fund would be liable for tax under Part XII.2 of the Tax Act; (b) a "financial institution", as defined in the Tax Act for the purposes of the mark-to-market rules, if the Fund itself would be deemed to be a "financial institution" under such rules as a result of such subscription/issuance of Units; or (c) a non-resident of Canada, if in the opinion of the Manager, the issuance or transfer of a Unit to such person could create a material risk that the Fund could lose its status as a mutual fund trust under the Tax Act. If at any time the Manager becomes aware that Units are beneficially owned by one or more entities described above, the Fund may redeem all or such portion of the Units on such terms as the Manager deems appropriate in the circumstances. All subscriptions for and/or transfers of Units shall, if required by the Manager, be accompanied by evidence satisfactory to the Manager confirming that the investor making the subscription or transfer is not and will not be a "designated beneficiary" of the Fund. All subscriptions will be irrevocable. Fractional Units will be issued up to four decimal points.

A book-based system of registration is maintained for the Fund. Unit certificates will not be issued. The register for the Units is kept at the office of the Administrator (as defined herein). Following each purchase or redemption of Units, Unitholders will receive a written confirmation from the Trustee indicating details of the transaction including the class, number and dollar value of the Units purchased or redeemed, the net asset value per Unit and the class, number and dollar value of Units held by the Unitholder following such purchase or redemption.

Minimum Investment

The minimum initial investment in the Fund is $25,000 for the Class B Units, Class F Units and Class V Units 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. The minimum initial investment in Class I Units of the Fund is $1,000,000.

Additional investments in the Fund are generally permitted, provided that the Unitholder's initial investment was equal to a minimum of $150,000 and the additional investment is for the same class as the initial investment and the Unitholder, as at the date of the subsequent trade, holds securities of the Fund that have an acquisition cost of not less than $150,000 or a net asset value of not less than $150,000. The minimum additional subscription for Class B Units, Class F Units and Class V Units is $1,000 or such greater amount as may be otherwise required to comply with applicable securities laws or as may be prescribed by the Manager. The minimum additional subscription for Class I Units for a third party is $500,000 or such other amount that may be prescribed by the Manager in its sole discretion.

Distribution of Units

Units are offered under this Offering Memorandum only to investors resident in the Province of British Columbia (the "Offering Jurisdiction") pursuant to applicable exemptions from the prospectus requirements of the securities laws in the Offering Jurisdiction.

5.3 Redemption of Units

How to Redeem Units

Units may be surrendered to the Manager for redemption at any time. A Unitholder may have his or her Units redeemed as of the last business day of each month (the "Redemption Date") at the Class Net Asset Value per Unit as of the Redemption Date provided the Manager has received a notice of redemption in respect of such Units prior to the close of business twenty Business Days (or such shorter period as is approved by the Manager) prior to the Valuation Date on which the Units are intended to be redeemed, otherwise such Units will be redeemed on the next Valuation Date that is at least twenty Business Days after the date when the notice was received (or such later Valuation Date as may be specified in the redemption request). Requests for redemption made to the Manager must be made in writing with the signature guaranteed by a Dealer, Canadian chartered bank, trust company, a member of a recognized stock exchange in Canada or otherwise guaranteed to the satisfaction of the Manager. If Units are registered in the name of an intermediary such as a Dealer, clearing agency or its nominee, redemption orders must be made through such intermediary. Requests for redemption will be accepted in the order in which they are received.

Where the Units which are the subject of the notice of redemption were purchased from a distributor on the FundSERV network, a request for redemption may also be entered on the FundSERV system in the calendar month in which the Redemption Date occurs, and payment of the redemption proceeds will be made using the FundSERV network. Where the Units which are the subject of the notice of redemption were purchased through the Manager, payment of the redemption proceeds will generally be made by cheque, bank draft or wire transfer. Subject to applicable law, redemption proceeds may be made in kind in the Manager's discretion. The Manager shall within three Business Days following the determination of the Class Net Asset Value per Unit for the applicable Redemption Date distribute an amount equal to the Class Net Asset Value per Unit determined as of the relevant Redemption Date. See "Determination of Net Asset Value". Any payment referred to above, unless such payment is not honoured, will discharge the Fund, the Trustee, the Manager and their agents from all liability to the redeeming Unitholder in respect of the payment and the Units redeemed. In no event shall the Fund, the Trustee or the Manager be liable to a Unitholder for interest or income on the proceeds of any redemption pending the payment thereof.

If Unitholders submit notices to redeem more than 25% of the Net Asset Value of a Fund in aggregate in any given month then their individual redemptions will be prorated so as to the limit the total amount redeemed to 25%.

Suspension of Redemptions

The Trustee, at the direction of the Manager, may suspend the redemption of Units or a Class of Units, or payments in respect thereof, for any period during which (a) the Trustee is closed for business; (b) normal trading is suspended on any stock exchange, options exchange or futures exchange within or outside Canada on which securities which represent more than 50% of the underlying market exposure of the total assets of the Fund, without allowance for liabilities, are listed and traded.

Any suspension may, at the discretion of the Manager, apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making redemption requests will (unless the suspension lasts for less than 48 hours) be advised by the Manager of the suspension and that redemption requests previously received will be effected as of the first Valuation Date following the termination of the suspension. All such Unitholders will (unless the suspension lasts for less than 48 hours) be advised that they have the right to withdraw any requests for redemption previously submitted.

The suspension will terminate on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized to be imposed then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of a suspension of redemptions made by the Manager is conclusive. The Unitholder will receive payment of redemption proceeds based on the Class Net Asset Value per Unit on the Valuation Date that next follows the termination of the suspension.

Repurchase Requests

The tables below disclose information regarding redemptions of Units for each of the two most recently completed financial years:

Description of security	Date of end of financial year	Number of securities with outstanding redemption requests on the first day of the year	Number of securities for which investors made redemption requests during the year	Number of securities redeemed during the year	Average price paid for the redeemed securities	Source of funds used to complete the redemptions	Number of securities with outstanding redemption requests on the last day of the year
Class B Units	December 31, 2023	Nil	12,090.221	12,090.221	$11.5027	Fund assets	Nil
Class F Units	December 31, 2023	Nil	2,068,807.354	2,068,807.354	$11.6978	Fund assets	Nil
Class V Units	December 31, 2023	Nil	290,734.525	290,734.525	$11.6993	Fund assets	Nil
Class I Units	December 31, 2023	Nil	277,893.966	277,893.966	$11.2030	Fund assets	Nil
Class B Units	December 31, 2022	Nil	81,566.99	81,566.987	$12.16	Fund assets	Nil
Class F Units	December 31, 2022	Nil	2,488,934.40	2,488,934.398	$11.79	Fund assets	Nil
Class V Units	December 31, 2022	Nil	724,587.60	724,587.596	$12.06	Fund assets	Nil
Class I Units	December 31, 2022	Nil	277,661.70	277,661.7	$10.99	Fund assets	Nil

The table below discloses information regarding redemptions of Units as at May 31, 2024:

Description of security	Beginning and end dates of the period	Number of securities with outstanding redemption requests on the first day of the period	Number of securities for which investors made redemption requests during the period	Number of securities redeemed during the period	Average price paid for the redeemed securities	Source of funds used to complete the redemptions	Number of securities with outstanding repurchase requests on the last day of the period
Class B Units	April 28, 2023 to May 31, 2024	Nil	41,785.876	41,785.876	$11.6789	Fund assets	Nil
Class F Units	April 28, 2023 to May 31, 2024	Nil	647,517.900	647,517.900	$11.9182	Fund assets	Nil
Class V Units	April 28, 2023 to May 31, 2024	Nil	22,259.882	22,259.882	$11.9388	Fund assets	Nil
Class I Units	April 28, 2023 to May 31, 2024	Nil	232.312	232.312	$11.6223	Fund assets	Nil

Resale Restrictions

Units are not transferable except by operation of law or with the consent of the Manager. Such consent may be withheld by the Manager at its discretion, and in any case will be withheld if such a transfer is not permitted by applicable laws. There is no formal market for the Units and none is expected to develop. Furthermore, this offering of Units is not qualified by way of prospectus and consequently, the resale of Units will be subject to restrictions under applicable securities legislation. The Fund will be entitled to require and may require, as a condition of allowing any transfer of any Unit, the transferor or transferee, at their expense, to furnish to the Fund evidence satisfactory to it in form and substance (which may include an opinion of counsel satisfactory to the Fund) in order to establish that such transfer will not constitute a violation of the securities laws of any jurisdiction whose securities laws are applicable thereto. Unitholders may not be able to resell Units and may only be able to redeem them. Redemptions of Units may be subject to the limitations described under “Redemption of Units” and “Purchase of Units”. Investors are advised to seek legal advice prior to any resale of the Units.

No Unitholder may assign or transfer, or offer to sell, assign, or transfer all or any of its Units to a U.S. Person (as defined in Rule 902 of Regulation S under the U.S. Securities Act, which definition generally includes a natural person resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or corporation organized or incorporated under the laws of the United States) without the prior written consent of the Fund (which consent may be withheld for any reason) other than by will or the laws of intestacy and distribution. No U.S. Person transferee of Units will be admitted to the Fund without agreeing to the terms of the Trust Agreement and receiving the consent of the Fund, which consent may be withheld in the Fund’s sole and absolute discretion. No purported transferee shall have any right to any profits, losses or distributions of the Fund. **Any attempt by a Unitholder to make any assignment or transfer in violation of the terms described in this section shall be null and void ab initio and of no legal force or effect whatsoever**

5.4 Determination of Net Asset Value

Valuation Dates

The Fund's net asset value (the "Net Asset Value"), the net asset value of a class of the Fund (the "Class Net Asset Value") and the net asset value per Unit of a Class (the "Class Net Asset Value per Unit") is calculated as the value of the Fund's assets, less its liabilities, computed on a particular date in accordance with the Trust Agreement. The Administrator (or such other person or entity designated by the Manager) will calculate the Net Asset Value of the Fund as of the last Business Day of each month, and such other days as the Trustee may determine, at the close of regular trading on the TSX, normally 4:00 p.m. (Eastern time) (each, a "Valuation Date"). The Fund will also be valued, for reporting purposes only, on the last Business Day of the month on which the TSX is open for business, at the close of regular trading, normally 4:00 p.m. (Eastern time).

The Class Net Asset Value per Unit on a Valuation Date is obtained by dividing the value of the assets of the Fund less the amount of its liabilities, in each case attributable to that Class, by the total number of Units of the Class outstanding at the close of business on the Valuation Date and adjusting the result to a maximum of three decimal places.

The Net Asset Value of a Fund, Class Net Asset Value and Class Net Asset Value per Unit established by the Manager in accordance with the provisions of this Section shall be conclusive and binding on all Unitholders.

Valuation Principles

The Manager shall determine and calculate or cause the Administrator to determine and calculate the Net Asset Values, Class Net Asset Values and Class Net Asset Values per Unit on a particular Valuation Date on behalf of the Fund in accordance with generally accepted accounting principles as follows:

(a) The value of any cash on hand, on deposit or on call, prepaid expenses, cash dividends declared and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Manager or Administrator determines that any such deposit or call loan is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Manager or Administrator determines to be the reasonable value thereof;

(b) the value of any bonds, debentures, and other debt obligations shall be valued by taking the average of bid and ask prices on a Valuation Date at such times as the Manager or Administrator, in its discretion, deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest;

(c) the value of any security, index futures or index options thereon which is listed on any recognized exchange shall be determined by the closing sale price at the close of business on the Valuation Date or, if there is no closing sale price, the average between the closing bid and the closing asked price on the day on which the Net Asset Value of a Fund is being determined, all as reported by any report in common use or authorized as official by a recognized stock exchange; provided that if such stock exchange is not open for trading on that date, then on the last previous date on which such stock exchange was open for trading;

(d) the value of any security or other asset for which a market quotation is not readily available shall be its fair market value as determined by the Manager or Administrator;

(e) the value of any security, the resale of which is restricted or limited, shall be the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Fund's acquisition cost was of the market value of such securities at the time of acquisition; provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restriction will be lifted is known;

(f) purchased or written clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants shall be valued at the current market value thereof;

(g) where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by the Fund shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation of such options shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the Net Asset Value of a Fund. The securities, if any, which are the subject of a written clearing corporation option, or over-the-counter option shall be valued at their then current market value;

(h) the value of a futures contract, or a forward contract, shall be the gain or loss with respect thereto that would be realized if, at the Valuation Date, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;

(i) margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;

(j) all securities, property and assets of the Fund valued in a foreign currency and all liabilities and obligations of a Fund payable by the Fund in foreign currency shall be converted into Canadian funds by applying the applicable rate of exchange obtained by the Manager in accordance with the Trust Agreement;

(k) all expenses or liabilities (including fees payable to the Manager) of a Fund shall be calculated on an accrual basis; and

(l) the value of any security or property to which, in the opinion of the Manager or Administrator, the above valuation principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair value thereof determined in such manner as the Manager or Administrator from time to time provides.

The Net Asset Values of the Fund and each Class is calculated in Canadian dollars. The Net Asset Values of the Fund and each Class are reported in Canadian currency. The Net Asset Values of the Fund and each Class may be reported in such other currencies as the Manager or Administrator may from time to time determine, based on the current end of day rate or rates of exchange, as the case may be, reported by any report in common use.

The Manager and Administrator are entitled to rely on any values or quotations supplied by a third party, or each other, and are not required to make any investigation or inquiry as to the accuracy or validity of such values or quotations. Provided the Manager or Administrator acts in accordance with its standard of care, it shall be held harmless by the Fund and shall not be responsible for any losses or damages resulting from relying on such information.

5.5 Distributions

The Fund intends to distribute sufficient net income (including net realized capital gains, if any) to Unitholders in each taxation year to ensure that the Fund is not liable for income tax under Part I of the Tax Act, after taking into account any loss carry forwards and capital gains refunds. **All distributions (other than Fee Distributions) will be made on a pro rata basis within each Class to each registered Unitholder determined as of the close of business (prior to any subscriptions or redemptions) on the last Valuation Date prior to the date of the distribution.**

Each distribution period, the Fund will normally distribute to Unitholders all of the net income of the Fund for such distribution period. The Manager may, however, upon providing written notice of no less than 10 Business Days to the Trustee, direct an amount less than all of the net income of the Fund to be distributed to Unitholders. The distributions of the net income of each distribution period are payable on the distribution date for the period to

Unitholders of record on the valuation date immediately prior to that distribution date.

Subject to applicable securities legislation, all distributions made by the Fund (net of any deductions or withholdings required by law) will be automatically reinvested in additional Units or fractions of Units at the Class Net Asset Value per Unit. **Potential investors should keep this policy in mind when determining whether or not an investment in the Fund is suitable for their particular circumstances. The Manager reserves the right to change such policy, and may elect to have distributions paid in cash. Distributions paid in cash are expected to be paid within three Business Days after they have been declared.**

The Manager may make such designations, determinations and allocations for tax purposes of amounts or portions of amounts which the Fund has received, paid, declared payable or allocated to Unitholders as distributions or redemption proceeds.

The costs of distributions, if any, will be paid by the Fund.

ITEM 6. PORTFOLIO PERFORMANCE

As of May 31, 2024, the performance of the Units on an annualized basis since the Fund began offering each class of Units is set out below.

Class	Inception Date	Annualized Since Inception[1]
B	October 31, 2013	4.30%
F	October 31, 2013	4.74%
V	January 10, 2020	6.36%
I	January 31, 2020	8.93%

The value of the securities in the portfolio is based on the values used to calculate the Fund's net asset value. See Section 5.4 "Determination of Net Asset Value" for additional information on how the net asset value of the Fund is calculated.

ITEM 7. CERTAIN INCOME TAX CONSEQUENCES AND ELIGIBILITY FOR INVESTMENT

The following is, as of the date of this Offering Memorandum, a summary of certain of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units by a Unitholder who acquires Units pursuant to this Offering Memorandum. This summary is applicable to a Unitholder who is an individual (other than a trust) and who, for the purposes of the Tax Act and at all relevant times is resident in Canada, deals at arm's length and is not affiliated with the Fund and holds Units as capital property.

Generally, Units will be considered to be capital property to a holder provided the holder does not hold the Units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have their Units, and all other "Canadian securities" owned or subsequently owned by them, treated as capital property by making an irrevocable election under subsection 39(4) of the Tax Act. Unitholders should consult their own tax advisors as to whether an election under subsection 39(4) of the Tax Act is available or advisable in their circumstances.

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[1] Annualized since inception is the geometric average performance earned by an investment each year if the investment was held since the inception date of the units.

This summary assumes that none of the issuers of securities held by the Fund will be a foreign affiliate of the Fund or any Unitholder for the purposes of the Tax Act or a non-resident trust that is not an "exempt foreign trust" as defined in section 94 of the Tax Act. This summary also assumes that (i) the Fund will not be a "SIFT trust" for the purposes of the Tax Act, (ii) the Fund will, at all material times, constitute a "mutual fund trust" for the purposes of the Tax Act, and (iii) the Fund will not be required to include any amounts in income pursuant to section 94.1 or section 94.2 of the Tax Act.

This summary is based on the provisions of the Tax Act and the regulations promulgated thereunder (the "Regulations"), along with an understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "CRA"), all as of the date of this Offering Memorandum, and all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to that date (the "Proposed Amendments"). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Units, and does not describe the income tax consequences relating to the deductibility of interest paid on money borrowed to acquire Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on an investor's particular circumstances, including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any investor.

Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on their own particular circumstances.

Proposed Amendments to the Capital Gains Inclusion Rate and the Capital Losses Deduction Rate

Tax Amendments released on June 10, 2024 (the "June 10 Tax Amendments") propose to generally increase the proportion of a capital gain that would be included in income as a taxable capital gain, or the proportion of a capital loss that would constitute an allowable capital loss, from one-half to two-thirds for any capital gains or losses realized on or after June 25, 2024. The one-half inclusion of capital gains will continue to apply to individuals (other than most types of trusts) up to a maximum of $250,000 of net capital gains per year.

Under the June 10 Tax Amendments two different inclusion and deduction rates would apply for taxation years that begin before June 25, 2024, and end after June 24, 2024 ("Transitional Year"). As a result, for its Transitional Year a taxpayer will be required to separately identify capital gains and capital losses realized before June 25, 2024 ("Period 1") and those realized after June 24, 2024 ("Period 2", each of Period 1 and Period 2 being a "Period"). The annual $250,000 threshold for an individual will be fully available in 2024 without proration and would apply only in respect of net capital gains realized in Period 2 less any net capital losses from Period 1.

If the June 10 Tax Amendments are enacted as proposed, the tax consequences described below will, in some respects, be different. The below summary only generally describes, and is not exhaustive of all possible, Canadian federal income tax considerations arising from the June 10 Tax Amendments as they relate to capital gains (or losses) of trusts and their unitholders. Accordingly, Unitholders are advised to consult their own tax advisors regarding the implications of the June 10 Tax Amendments with respect to their particular circumstances.

7.1 Taxation of the Fund

The Fund will be subject to tax in each taxation year under Part I of the Tax Act on the amount of their income for the year, including net realized taxable capital gains, less the portion thereof that they claim in respect of the amount paid or payable to Unitholders in the year. Each Fund intends to deduct, 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 as described under "Distributions", it will generally not be liable in such year for any tax on its net income under Part I of the Tax Act.

The Fund generally intends to account for gains and losses realized on most periodic transactions in derivatives on income account. However, the Fund may report certain share option transactions on capital account. Gains and losses realized on the disposition of shares held in long positions will generally be reported as capital gains and capital losses. Whether gains and losses realized by the Fund are on income or capital account will depend largely on factual considerations. The Fund has elected under subsection 39(4) of the Tax Act such that all gains and losses realized by the Fund on “Canadian securities” will be deemed to be capital gains and losses.

The Fund will be required to include in income for each taxation year all interest that accrues to it during the taxation 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 the Fund’s income for a preceding taxation year. Where the Fund transfers a debt security to a transferee who becomes entitled to interest that accrued on the security prior to the transfer, such accrued interest will generally be included as interest in computing the Fund’s income. The Fund will also be required to include in income any taxable dividends received on shares of corporations and generally any other income earned on their investments.

To the extent that the Fund invests in one or more Underlying Funds and subsequently disposes of its units of an Underlying Fund, the Fund will be subject to tax in respect of any income, including net taxable capital gains, arising as a result of the disposition of the units of the Underlying Fund in the taxation year in which the disposition occurs. The Fund intends to make distributions to Unitholders in the amount of any income arising on the disposition of units of Underlying Funds in the year of any such disposition, such that it will generally not be liable for any tax under Part I of the Tax Act as a result of any such disposition.

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income, generally including interest payable by the Fund on money borrowed to purchase securities. The Fund may generally deduct the costs and expenses of the offering of Units under this Offering Memorandum that are paid by the Fund at a rate of 20% per year, pro-rated where the Fund’s taxation year is less than 365 days.

Under the Tax Act, the excessive interest and financing expenses limitation rules (the “EIFEL Rules”), if applicable to an entity, may limit the deductibility of interest and other financing-related expenses by the entity to the extent that such expenses, net of interest and other financing-related income, exceed a fixed ratio of the entity’s adjusted EBITDA. The EIFEL Rules and their application are highly complex, and there can be no assurances that the EIFEL Rules will not have adverse consequences to the Fund or its Unitholders. In particular, if these rules were to apply to restrict deductions otherwise available to the Fund, the taxable component of distributions paid by the Fund to Unitholders may be increased, which could reduce the after-tax return associated with an investment in Units. Although certain investment funds that are considered to be “excluded entities” for purposes of the EIFEL Rules may be excluded from the application of the EIFEL Rules, there can be no assurance that the Fund would qualify as an “excluded entity” for these purposes, and hence the Fund could be subject to the EIFEL Rules.

The Fund’s portfolio may include securities which are not denominated in Canadian dollars. The cost and proceeds of disposition of securities, dividends, interest and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars at the exchange rate prevailing at the time of the transaction, as more particularly determined in accordance with section 261 of the Tax Act. Accordingly, the Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

The Fund may be subject to the “straddle loss” rules contained in the Tax Act, which generally defer the realization of any loss on the disposition of a “position” to the extent of any unrealized gain on an offsetting “position”. For the purposes of these rules, a “position” held by the Fund includes any interest in personal properties such as shares, trust interests, commodities, derivatives, and certain debt obligations. An offsetting “position” is any similar interest that has the effect of eliminating all or substantially all of the Fund’s risk of loss and opportunity for gain in respect of the underlying “position”.

The Fund may derive income or gains from investments in countries other than Canada and, as a result, may be liable to pay foreign income or profits tax to such countries. To the extent such foreign tax paid by the Fund exceeds 15% of the amount included in the Fund’s income from such investments, such excess may generally be deducted by the Fund in computing its income for purposes of the Tax Act. To the extent that such foreign tax paid does not exceed 15% of such foreign source income and has not been deducted in computing the Fund’s income, the Fund may designate a portion of its foreign source income in respect of a Unitholder so that such income and a portion of the foreign tax paid by the Fund may be regarded as foreign source income of, and foreign tax paid by, the Unitholder for the purposes of the foreign tax credit provisions of the Tax Act.

Losses incurred by the Fund cannot be allocated to Unitholders but may be deducted by the Fund in future years in accordance with the Trust Agreement and the Tax Act. In the event the Fund would otherwise be liable for tax on its net realized taxable capital gains for a taxation year, it will generally be entitled for such taxation year to reduce (or receive a refund in respect of) its liability for such tax by an amount determined under the Tax Act based on the redemption of Units of the Fund during the year (the "capital gains refund"). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the Fund's tax liability for the taxation year arising in connection with the transfer of property in kind to redeeming unitholders on the redemption of Units.

All or a portion of any capital gain realized by the Fund in connection with a redemption of Units may, at the discretion of the Trustee, be treated as capital gains paid to, and designated as capital gains of, the redeeming Unitholder. The full amount of the capital gain so designated will reduce the redeeming Unitholder's proceeds of disposition. The taxable portion of the capital gain so designated must be included in the income of the redeeming Unitholder (as taxable capital gains) and will be deductible by the Fund in computing its income, except to the extent that the amount of capital gain so designated were to exceed the Unitholder's accrued gain on those Units.

7.2 Taxation of Unitholders

A Unitholder will generally be required to include in computing the Unitholder's income for a taxation year the amount of the Fund's net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder (whether in cash or in Units) in the taxation year. Net income (or losses) including capital gains (or capital losses) realized by the Fund in a taxation year in respect of a particular Class of Units must be netted against losses (or gains) or capital losses (or gains) realized by the Fund in that year in respect of all other classes of Units, in accordance with the rules provided in the Tax Act, to determine the net income and net capital gains of the Fund as a whole for that year. This netting may result in income and/or capital gains allocations to a particular Class of Units that differ from those that would result if such Units had been issued by a separate trust having only one class and series of units. The non-taxable portion of the Fund's net realized capital gains paid or payable to a Unitholder in a taxation year will not be included in the Unitholder's income for the year. Any other amount in excess of the Fund's net income for a taxation year paid or payable to the Unitholder in the year will not generally be included in the Unitholder's income. Such amount, however, will generally reduce the adjusted cost base of the Unitholder's Units, except to the extent such amount is the non-taxable portion of a capital gain of the Fund the taxable portion of which was designated to the Unitholder. To the extent that the adjusted cost base to a Unitholder of a Unit would be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the adjusted cost base to the Unitholder of the Unit will be increased by the amount of such deemed capital gain.

Provided that appropriate designations are made by the Fund, such portion of (i) the net realized taxable capital gains of the Fund, (ii) the foreign source income of the Fund and foreign taxes eligible for the foreign tax credit, and (iii) taxable dividends received by the Fund on shares of taxable Canadian corporations, as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the normal gross-up and dividend tax credit rules contained in the Tax Act will apply.

If the June 10 Tax Amendments are enacted as proposed, the amount designated by the Fund to a Unitholder in respect of the Fund's net taxable capital gains realized in the Transitional Year of the Fund will be grossed up (i.e., effectively doubled for net taxable capital gains in Period 1 or multiplied by 3/2 for net taxable capital gains in Period 2), and the grossed-up amount will be deemed to be a capital gain realized by the Unitholder (the "Deemed Capital Gain"). The extent to which the Deemed Capital Gain will be apportioned as between Period 1 and Period 2 of the Unitholder's Transitional Year depends on which allocation method the Fund chooses for its Transitional Year:

(i) if the Fund reports to a Unitholder the portion of the Deemed Capital Gain of the Unitholder that relates to dispositions of capital property that occurred in Period 1 and/or Period 2 of the Fund's Transitional Year (the "Transitional Year Reporting"), it can apportion the Deemed Capital Gain as between the two Periods either:

(a) based on which Period the relevant dispositions of capital property actually took place, or

(b) by electing to treat the Deemed Capital Gain to be realized proportionally within the two Periods based on the number of days in each Period, and

(ii) if the Fund does not provide the Unitholder with Transitional Year Reporting, the entire Deemed Capital Gain will be deemed to have been from dispositions of capital property that occurred in Period 2.

Counsel has been advised that the manager currently intends to provide Transitional Year Reporting to Unitholders.

The Class Net Asset Value per Unit will reflect any income and gains of the Fund that have accrued at the time Units are acquired. Accordingly, a Unitholder who acquires Units may become taxable on the Unitholder's share of income and gains of the Fund that accrued before the Units were acquired.

On the disposition or deemed disposition of a Unit, the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder's proceeds of disposition (other than any amount payable by the Fund that represents an amount that is otherwise required to be included in the Unitholder's income as described above) exceed (or are exceeded by) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. For the purpose of determining the adjusted cost base to a Unitholder of Units of a particular Class, the cost of the newly acquired Units will be averaged with the adjusted cost base to a Unitholder of all Units of the Class owned by the Unitholder as capital property before the acquisition. If the Fund distributes property in kind, a Unitholder's proceeds of disposition would generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received, less any capital gain realized by the Fund on the disposition. Based on published administrative positions of the CRA, a re-designation of a particular Class of Units of the Fund to another Class of Units of the same Fund denominated in the same currency should not result in a disposition of the Units.

Subject to the June 10 Tax Amendments, one-half of any capital gain ("taxable capital gain") realized on the disposition of Units will be included in the Unitholder's income and one-half of any capital loss realized may be deducted from taxable capital gains in accordance with the provisions of the Tax Act.

In general terms, net income of the Fund paid or payable to a Unitholder that is designated as net realized taxable capital gains or dividends from taxable Canadian corporations, and taxable capital gains realized on the disposition of Units may increase the Unitholder's liability for alternative minimum tax.

7.3 International Tax Information Reporting

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-U.S. Tax Convention entered into between Canada and the U.S. on February 5, 2014 (the "IGA"), and related Canadian legislation, the Funds and/or registered dealers are required to report to the CRA certain information with respect to Unitholders who are U.S. tax residents or U.S. citizens (including U.S. citizens who are residents or citizens of Canada), and certain other "U.S. Persons" as defined under the IGA, unless the investment is held within a Registered Plan. The CRA will then exchange the information with the U.S. Internal Revenue Service. In addition, to meet the objectives of the Organization for Economic Co-operation and Development Common Reporting Standard (the "CRS"), the Funds and/or registered dealers are required under Canadian legislation to identify and report to the CRA certain information relating to certain unitholders in the Fund who are tax residents in a country outside of Canada and the U.S., unless the investment is held within a Registered Plan. The CRA is expected to provide that information to the tax authorities of the relevant jurisdiction that is a signatory of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information or that has otherwise agreed to a bilateral exchange with Canada under the CRS.

7.4 Eligibility for Investment

The Fund qualifies as a "mutual fund trust" as defined in the Tax Act and are expected to continue to so qualify effective at all material times. For the purposes of this summary, it is assumed that the Fund will continue to qualify as a "mutual fund trust" at all material times. In the event that the Fund did not qualify as a "mutual fund trust" at all material times, the income tax considerations would in some respects be materially different from those described below.

Provided that the Fund qualifies as a mutual fund trusts as described above, the Units will be “qualified investments” as defined in the Tax Act for Registered Plans such as registered retirement savings plans RRSPs, RRIFs, registered education savings plans, deferred profit savings plans, registered disability savings plans, first home savings accounts and TFSAs (each, a “Registered Plan”).

Notwithstanding the foregoing, if Units are “prohibited investments” for a Registered Plan, the holder of a TFSA, FHSA or RDSP, the annuitant of an RRSP or RRIF, or the subscriber of an RESP (each, a “Plan Holder”) will be subject to a penalty tax as set out in the Tax Act.

A “prohibited investment” includes (but is not limited to) a unit of a trust which does not deal at arm’s length (for purposes of the Tax Act) with the Plan Holder, or in which the Plan Holder, either alone or together with persons with whom the Plan Holder does not deal at arm’s length (for purposes of the Tax Act), owns Units that have a value equal to 10% or more of the value of the trust’s outstanding units.

Plan Holders should consult their own tax advisors with respect to whether Units are “prohibited investments” for their TFSAs, FHSAs, RRSPs, RRIFs, RDSPs, or RESPs and the tax consequences of Units being acquired or held by trusts governed by such accounts, plans or funds.

ITEM 8. COMPENSATION PAID TO SELLERS AND FINDERS

Units will be distributed in the Offering Jurisdiction through Dealers, including the Manager (only in British Columbia), and such other persons as may be permitted by applicable law. In the event of such distribution, Dealers (other than the Manager) will be entitled to the compensation described below.

Sales Commissions

No selling commissions or fees will be paid by the Fund or Manager in connection with the sale of Units under this Offering Memorandum.

Service Fees

A service fee will be paid to qualified Dealers and brokers for on-going advice and service provided by the Dealers or brokers to their clients who have invested in a Fund. This service fee is a portion of the Manager’s management fee that is shared with a qualified Dealer or broker. The service fee is payable by the Manager for as long as such broker’s or Dealer’s clients’ investments remain in a Fund. Qualified brokers or Dealers will not charge the investor a commission or fee on the redemption of Units.

Service fees will be calculated and payable by the Manager at least semi-annually to qualified Dealers or brokers for salespersons of the qualified Dealer or broker with client assets invested in a Fund having an aggregate net asset value of not less than $100,000.

Service fees will be based on the aggregate value of the clients’ investments in the Fund at the end of each month equal to 1/12 of 0.75% (0.75% per annum) of the net asset value of the Class B Units and 1/12 of 0.40% (0.40% per annum) of the net asset value of the Class V Units held by the clients on the last business day of that month. No service fees are paid for Class F and Class I Units. Service fees may be modified or discontinued by the Manager at any time.

Sales Charge Option

Under the sales charge option for Class B Units (the “Sales Charge Option”), a sales charge is deducted from the amount of the subscription and paid to the investor’s Dealer. The remaining amount is divided by the net asset value per Unit for the class of Units subscribed for, as described under “Subscription Procedure”, to determine the number of Units purchased. Sales charges are negotiable between investors and their Dealers. The maximum sales charge for the Fund is 2% of the total amount invested. No sales charge applies to additional Units issued through the automatic reinvestment of distributions.

ITEM 9. RISK FACTORS

There are certain risks associated with an investment in the Fund. Investors should consider the following risk factors in evaluating the merits and suitability of an investment in the Fund.

No Assurance of Achieving Investment Objectives

There is no assurance that the Fund will be able to accomplish its objectives. An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Arbitrage Risk

Investments may be purchased pursuant to a risk arbitrage strategy in order to take advantage of the difference between the current market values of securities and their anticipated values in the event of a merger, restructuring, acquisition, or other corporate transaction (see "Business of the Fund – Investment Objective, Strategies, Policies and Restrictions"). Securities purchased or sold short pursuant to the Fund's risk arbitrage strategy may not perform as intended, which may result in a loss to the Fund. Additionally, predicted corporate events may not proceed as expected or may fail, which may result in significant losses.

Call Risk

The Fund may invest, directly or indirectly, in callable securities. During periods of falling interest rates, an issuer of a callable security may "call" or repay a security before its stated maturity, which may result in the Fund having to reinvest the proceeds at lower interest rates, resulting in a decline in their respective income.

Concentration Risk

The Fund may concentrate its investments in securities of a small number of issuers, sectors, or countries. A relatively high concentration of assets in a small number of investments may reduce the diversification of the Fund's portfolio. The Fund may be unable to satisfy redemption requests if it cannot sell these investments in a timely and orderly manner. The Fund's performance may be more volatile due to the impact of the changes in value of these investments on the Fund.

Unlike many mutual funds, the Fund is not subject to applicable securities laws that require them to diversify portfolio holdings so that no more than a fixed percentage of their assets are invested in any one industry or group of industries.

Convertible Securities Risk

A convertible security is a debenture or a preferred security that the holder may exchange for common stock at a pre-specified conversion rate. Because of the option to convert the security into common stock, the convertible security pays a lower coupon or preferred dividend than a comparable non-convertible debt or preferred stock issued by the company. Convertible securities are usually sold by issuing companies at discounts to their fundamental values. Due to their lower level of liquidity relative to listed equities, they often trade at discounts in the secondary market. The market value of a convertible security performs like that of a regular debt security, that is, if market interest rates rise, the value of a convertible security usually falls. In addition, a convertible security is subject to the risk that the issuer will not be able to pay interest or dividends when due, and its market value may change based on changes in the issuer's credit rating or the market's perception of the issuer's creditworthiness. Since it derives a portion of its valuefrom the common stock into which it may be converted, a convertible security is also subject to the same types of market and issuer risks that apply to the underlying common stock. Further, the holding period for an investment in a convertible security may be longer than one year and could be several years for some investments.

Credit Risk

An issuer of a bond or other fixed income investment may not be able to pay interest or to repay the principal at maturity. The risk of this occurring is greater with some issuers than with others. For example, the risk of default is quite low for most government and high quality corporate securities. Where this risk is considered greater, the interest rate paid by the issuer is generally higher than for an issuer where this risk is considered to be lower. This risk could increase or decline during the term of the fixed income investment.

Companies and governments that borrow money, as well as their debt securities, may be rated by specialized rating agencies. A downgrade in an issuer's credit rating or other adverse news regarding an issuer can reduce a security's market value. Other factors can also influence a debt security's market value, such as the level of liquidity of the security or a change in the market perception of the creditworthiness of the security, the parties involved in structuring the security and the underlying assets, if any. Lower rated debt instruments such as an instrument that has a credit rating below investment grade or may not be rated at all (sometimes referred to as "high yield"), generally offer a better yield than higher-grade debt instruments, but have the potential for substantial loss as compared to higher grade instruments. High yield securities may also be subject to greater levels of credit or default risk and may be traded on markets that are less liquid as compared to higher-quality securities. The value of high yield securities can be adversely affected by overall economic conditions such as an economic downturn or a period of rising interest rates and high yield securities may be less liquid and more difficult to sell at an advantageous time or price, as well as being more difficult to value than higher-rated securities. In particular, high yield securities are often issued by smaller, less creditworthy companies, or by highly leveraged (indebted) firms, which are generally less able than more financially stable firms, to make scheduled payments of interest and principal. High yield securities may also be issued by sovereign governments of countries with less-well developed economies, political systems, and/or financial markets.

The Fund may invest, from time to time, in unsecured debt obligations of small capitalization companies. In the event of a default in the repayment of these obligations, the Fund's investment in such indebtedness may be lost in whole or in part.

Fixed Income Investment Risk

Certain general investment risks can affect fixed income investments in a manner similar to equity investments. For example, specific developments relating to a company and general financial, political and economic (other than interest rate) conditions in the country in which the company operates. For government fixed income investments, general economic, financial and political conditions may affect the value of such securities. Since the Fund's unit price is based on the value of its investments, an overall decline in the value of its fixed income investments will reduce the value of the Fund and therefore, the value of an investment. However, an investment will be worth more if the value of the fixed income investments in the portfolio increases.

Investment in the Fund should be made with an understanding that the value of the debt securities in the Fund's portfolio will be affected by changes in the general level of interest rates. Generally, debt securities will decrease in value when interest rates rise and increase in value when interest rates decline. The value of the bonds held in the Fund's investment portfolio will be affected by the risk of default in the payment of interest and principal and price changes due to such factors as general economic conditions and the issuer's creditworthiness.

High Yield Securities Risk

The Fund may invest, directly or indirectly, in high yield securities that are, at the time of purchase, rated below investment grade. High yield securities risk is the risk that securities rated below investment grade by a rating agency and/or determined by the Manager may be more volatile than higher-quality securities of similar maturity. High yield securities may also be subject to greater levels of credit or default risk and may be traded on markets that are less liquid as compared to higher-quality securities. The value of high yield securities can be adversely affected by overall economic conditions such as an economic downturn or a period of rising interest rates, and high yield securities maybe less liquid and more difficult to sell at an advantageous time or price, and more difficult to value than higher-rated securities. In particular, high yield securities are often issued by smaller, less creditworthy companies, or by highly leveraged (indebted) firms, which are generally less able than more financially stable firms, to make scheduled payments of interest and principal. High yield securities may also be issued by sovereign governments of countries with less-well developed economies, political systems, and/or financial markets.

Interest Rate Risk

The Fund may invest, directly or indirectly, in fixed income securities, such as bonds, and money market instruments, and, as a result, is sensitive to changes in interest rates. In general, when interest rates are rising, the value of these investments tends to fall. When rates are falling, fixed income securities tend to increase in value. Fixed income securities with longer terms to maturity are generally more sensitive to changes in interest rates. Certain types of fixed income securities permit issuers to repay principal before the security's maturity date. There is a risk that an issuer will exercise this prepayment right after interest rates have fallen and the Fund holding these fixed income securities will receive payments of principal before the expected maturity date of the security and may need to reinvest these proceeds in securities that have lower interest rates.

Equity Investment Risk

Companies issue equity securities, or stocks, to help pay for their operations and to finance future growth. Equity securities carry several risks and a number of factors may cause the price of a specific equity security to fall. These include specific developments relating to the company, stock market conditions where the company's securities trade and general economic, financial and political conditions in the countries where the company operates. Since a Fund's unit price is based on the value of its investments, an overall decline in the value of the equity securities it holds will reduce the value of the Fund and, therefore, the value of your investment. However, if the price of the equity securities in a Fund's portfolio increases, your investment will be worth more. Equity funds (such as the Fund) generally tend to be more volatile than fixed income funds, and the value of their units can vary widely. Funds that invest in limited partnership units or trust units, such as oil and gas royalty trusts, real estate investment trusts and income trusts, will have varying degrees of risk depending on the sector and the underlying asset or business and may therefore be susceptible to risks associated with the industry in which the underlying business operates, to changes in business cycles, commodity prices, and to interest rate fluctuations and other economic factors.

European Market Exposure Risk

Investing in European countries may expose the Fund to the economic and political risks associated with Europe in general and the specific European countries in which it invests. The economies and markets of European countries are often closely connected and interdependent, and events in one country in Europe can have an adverse impact on other European countries. The Fund may make direct or indirect investments in securities of issuers that are domiciled in, or have significant operations in, member countries of the European Union. A number of countries within the EU are also members of the Economic and Monetary Union (the "eurozone") and have adopted the euro as their currency. Eurozone membership requires member countries to comply with restrictions on inflation rates, deficits, interest rates, debt levels, and fiscal and monetary controls, each of which may significantly affect every country in Europe. Changes in import or export tariffs, changes in governmental or European Union regulations on trade, changes in the exchange rate of the euro and other currencies of certain European Union countries which are not in the eurozone, the default or threat of default by a European Union member country on its sovereign debt, and/or an economic recession in a European Union member country may have a significant adverse effect on the economies of European Union member countries and their trading partners. Although certain European countries are not in the eurozone, many of these countries are obliged to meet the criteria for joining the eurozone. Consequently, these countries must comply with many of the restrictions noted above. The European financial markets have experienced volatility and adverse trends in recent years due to concerns about economic downturns, rising government debt levels and the possible default of government debt in several European countries, including, but not limited to, Austria, Belgium, Cyprus, France, Greece, Ireland, Italy, Portugal, Spain and Ukraine. In order to prevent further economic deterioration, certain countries, without prior warning, can institute "capital controls". Countries may use these controls to restrict volatile movements of capital entering and exiting their country. Such controls may negatively affect a Fund's investments. A default or debt restructuring by any European country would adversely impact holders of that country's debt and sellers of credit default swaps linked to that country's creditworthiness, which may be located in countries other than those listed above. In addition, the credit ratings of certain European countries were downgraded in the past. These events have adversely affected the value and exchange rate of the euro and may continue to significantly affect the economies of every country in Europe, including countries that do not use the euro and non-EU member countries. Responses to the financial problems by European governments, central banks and others, including austerity measures and reforms, may not produce the desired results, may result in social unrest and may limit future growth and economic recovery or have other unintended consequences. Further defaults or restructurings by governments and other entities of their debt could have additional adverse effects on economies, financial markets and asset valuations around the world. In addition, one or more countries may abandon the euro and/or withdraw from the EU. The impact of these actions, especially if they occur in a disorderly fashion, is not clear but could be significant and far-reaching, and could adversely impact the value of a Fund's investments in the region.

Foreign Market Exposure Risk

The Fund will, at any time, include securities established in jurisdictions outside Canada and the United States. Although most of such issuers will be subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to similar Canadian and U.S. issuers, some issuers may not be subject to such standards and, as a result, there may be less publicly available information about such issuers than a Canadian or U.S. issuer. Other risks include the application of foreign tax law, changes in governmental administration or economic or monetary policy, and the effect of local market conditions on the availability of public information. Investments in foreign markets carry the potential exposure to the risk of political upheaval, acts of terrorism and war, all of which could have an adverse impact on the value of such securities.

Foreign Currency Exposure Risk

Securities included in the Fund may be valued in or have exposure to currencies other than the Canadian dollar and, accordingly, each Class Net Asset Value will, when measured in Canadian dollars, be affected by fluctuations in the value of such currencies relative to the Canadian dollar. However, the Manager may hedge the Canadian dollar exposure to the foreign currency in whole or in part. There can be no assurance that gains or losses on currency hedging transactions will be matched in timing or characterization with losses and gains on the securities valued in foreign currencies in which the Fund invests. The use of currency hedging could result in the Fund incurring losses as a result of the imposition of exchange controls, suspension of settlements, or the inability to deliver or receipt a specified currency.

Hedging against changes in the value of currency does not eliminate fluctuations in the prices of portfolio securities and does not prevent losses if the prices of such securities decline. Hedging may also limit the opportunity for gain if the value of the hedged currency should rise. Moreover, it may not be possible for the Fund to enter into transactions which hedge against generally anticipated changes in currencies. The use of currency hedging could result in the Fund incurring losses as a result of the imposition of exchange controls, suspension of settlements, or the inability to deliver or receipt a specified currency.

Fund on Fund Risk

The Fund may invest directly in, or obtain exposure to, other funds (which may also invest directly in, or obtain exposure to, other funds) as part of its investment strategy. Consequently, the Fund is also subject to the risk of the Underlying Funds and any other funds that the Underlying Funds invest in. Therefore, the returns of the Fund will be affected by the risks described herein associated with an investment not only in the Fund, to the extent applicable, but also in the Underlying Funds and any other funds that the Underlying Funds may invest in. All references to the Fund in this section, shall, as the context requires, also be deemed to be references to an applicable Underlying Fund.

If an Underlying Fund suspends redemptions, the Fund may be unable to value part of its portfolio and may be unable to redeem its investment in the Underlying Fund, which may have an adverse impact on the Fund's ability to satisfy redemption requests from its Unitholders.

Several factors may result in the returns of the Fund associated with Underlying Funds not being equal to the Underlying Funds invested in by the Fund, including, but not limited to, the timing of an investor's investment relative to when the Fund is able to purchase units of the Underlying Fund.

General Economic and Market Conditions Risk

The success of the Fund's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments. Unexpected volatility or illiquidity may impair the Fund's profitability or result in losses. There can be no assurance that applicable laws, or other legislation, legal and statutory rights will not be changed in a manner which adversely affects the Fund or its unitholders. There can be no assurance that income tax, securities, and other laws or the interpretation and application of such laws by courts or government authorities, both in Canada and internationally, will not be changed in a manner which adversely affects the distributions received by the Fund or by the unitholders.

An outbreak of an infectious respiratory illness, COVID-19, caused by a novel coronavirus that was first detected in China in December 2019 spread globally and resulted in a slowdown of the global economy and volatility in the global financial markets The coronavirus may also require employees of the Manager or certain key service providers to the Funds to be absent from work or work remotely for prolonged periods of time. The ability of the employees of the Manager and/or other service providers to the Funds to work effectively on a remote basis may adversely impact the day-to-day operations of the Funds. The continuing impact of this coronavirus, and other epidemics and pandemics that may arise in the future, could affect the economies of many nations, individual companies and the market in general in ways that cannot necessarily be foreseen at the present time. In addition, the impact of infectious diseases in emerging developing or emerging market countries may be greater due to less established health care systems. Health crises caused by the coronavirus outbreak, and other epidemics and pandemics that may arise in the future, may exacerbate other pre-existing political, social and economic risks in certain countries. The impact of the coronavirus, and other epidemics and pandemics that may arise in the future, may be short term or may last for an extended period of time.

Leverage Risk

The Manager is generally making investment decisions for assets that exceed the Net Asset Value of the Fund by borrowing funds. As a result, if the Manager's 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 the Fund's turnover, transaction and market impact costs, interest and securities lending expenses and other costs and expenses.

Hedging Risk

Various hedging techniques may be used in an attempt to reduce certain risks, including hedging options as a means to reduce the risks of both short-selling and taking long positions in certain transactions and hedging currency risks associated with investments denominated in foreign currencies. Recalculations and adjustments to specific position hedges will be performed as market conditions warrant. However, such position hedges entail risks of their own. For example, unanticipated changes in currency exchange rates may result in an overall poorer performance than if currency risks had not been hedged. If market conditions are analyzed incorrectly or a risk reduction strategy is employed that does not correlate well with the Fund's, investments, the Fund's risk reduction techniques could result in a loss, regardless of whether the intent was to reduce risk or increase return.

Derivatives Risk

The Fund's use of derivatives involves risks different from and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks, such as liquidity risk, interest rate risk, market risk, credit risk, leveraging risk, counterparty risk and management risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. When the Fund invests in a derivative instrument, it could lose more than the initial amount invested.

The use of options entails certain special risks. Call options will not protect the Fund from declines in the value of the underlying security and may limit the Fund's potential to realize a gain on the value of the underlying security. The Fund may also forego potential returns resulting from any price appreciation of the security underlying the option above the exercise price in favour of the certainty of receiving the option premium. Purchasing call options may expose the Fund to losses if the value of the underlying security has decreased compared to the transaction price at which the Fund may purchase the security. Selling put options may expose the Fund to losses if the value of the underlying security has decreased when compared to the transaction price that the Fund must purchase the security. Purchasing put options on securities exposes the Fund to losses if the value of the underlying security has increased in value when compared to the transaction price at which the Fund may sell the security. Options markets could be illiquid in some circumstances and certain over-the counter options could have no markets. There can be no assurance that a market will exist to permit the Fund to realize its profits or limit its losses by closing out certain positions. If the Fund is unable to close out a position, it will be unable to realize its profits or limit its losses until such time as the option becomes exercisable or expires or the forward contract terminates, as the case may be. The ability of the Fund to close out a position may be affected by exchange imposed daily trading limits on options. The change in volatility of an option may change the value associated with the option and the proceeds that the Fund may receive from the sale of that option.

Risk of Short Sales

Short sales entail certain risks, including the risk that a short sale of a security may expose the 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 the 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 the 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 the 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 the Fund, the Manager may be required to buy or sell short securities at unattractive prices.

Operating History and Illiquidity of Units Risk

An investment in the Fund entails a degree of risk and investments in the Fund provide limited liquidity. There is not now, and there is not likely to develop, any market for the resale of the Units. Approval of the transfer by the Manager and satisfaction of certain requirements specified in the Trust Agreement would be required before any transfer may occur.

In addition, the Units are subject to indefinite resale restrictions under applicable securities laws. The Units are offered pursuant to prospectus and registration exemptions and, accordingly may not be transferred unless appropriate exemptions are available.

The Units are subject to limited redemption rights which may be suspended or postponed in certain circumstances. When redemption rights are not suspended or postponed, Unitholders generally may redeem their Units on the last day of each month and the Manager may take up to five business days after month-end to pay out any such redemption.

Counterparty Risk

The Fund may enter into customized financial instrument transactions that are subject to the risk of credit failure or the inability of, or refusal by, the counterparty to perform its obligations with respect to such customized financial instrument transactions, which could subject the Fund to substantial losses.

Prime Broker Risk

Some or all of the assets of the Fund may be held in one or more margin accounts due to the fact that the Fund may from time to time sell securities short. The margin accounts may provide less segregation of customer assets than would be the case with a more conventional custody arrangement. The prime broker may also lend, pledge or hypothecate the assets of the Fund in such accounts, which may result in a potential loss of such assets. As a result,the assets of the Fund could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time if the prime broker experiences financial difficulty. In such case, the Fund may experience losses due to insufficient assets of the prime broker to satisfy the claims of its creditors. In addition, the possibility of adverse market movements while its positions cannot be traded could adversely affect the total return to the Fund. See “Custodial Arrangements”.

Portfolio Turnover Risk

The Manager adjusts the proportions of investments held in the Fund on a relatively frequent basis. In order to do so, the Manager actively trades on a frequent ongoing basis, such that the operation of the Fund may result in a high, annual portfolio turnover rate. The amount of leverage that the Fund operates at also exaggerates the turnover rate of the Fund. The Manager has not placed any limit on the rate of portfolio turnover, and portfolio securities may be sold without regard to the time that they have been held when, in the opinion of the Manager, investment considerations warrant such action. The high rate of portfolio turnover of the Fund involves correspondingly greater expenses than a lower turnover rate (e.g., greater transaction costs such as brokerage fees and market impact costs), and the greater the chance that a Unitholder will receive distributions of income or capital gains from the Fund in a year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

Liquidity of Investments Risk

The Fund's investments may be subject to liquidity constraints because of insufficient depth or volume on the trading markets for the securities the Fund is or has invested in, or the securities may be subject to legal or contractual restrictions on their resale. Each securities exchange typically has the right to suspend or limit trading and/or quotations in all of the securities that it lists. The Fund may not be able to trade securities when it wants to do so or to realize what it perceives to be the securities' fair market value in the event of a trade. The trading of restricted and illiquid securities often requires more time and results in higher brokerage charges or Dealer discounts and other trading expenses than do trades of securities that are eligible for trading on securities exchanges or on over-the-counter markets or securities that are listed and hence more liquid. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

SPAC Risk

The Fund may invest a portion of its assets in the stock, warrants, and other securities of special purpose acquisition companies ("SPACs") or similar special purpose entities that raise funds for the sole purpose of seeking potential acquisition opportunities. All assets (net of operating expenses) of the SPAC are invested in U.S. Government securities, money market fund securities and/or cash until an acquisition is completed. Once the SPAC identifies a transaction, common holders have the right to vote on the transaction and also to decide whether to roll their equity in the transaction or redeem shares for their pro rata share of the escrow account holdings. Should the SPAC be unable to complete an acquisition that meets its defined requirements within a pre-established period of time, the invested funds are returned to the entity's shareholders. SPACs may have specific risks, including increased volatility, associated with the regions or industries for which they pursue an acquisition. Since a SPAC is a new entity created for the purpose of acquiring another company or entity, it may have limited or no business operating history; this makes the pricing and liquidity of the security dependent on management's ability to source and complete a profitable acquisition. Furthermore, these securities may trade in the over-the-counter market which may have associated issues with price sourcing and illiquidity.

Class Risk

Since the Fund may have multiple Classes of Units, each Class will be charged, as a separate Class, any expenses such as management fees and servicing commissions that are specifically attributable to that Class. However, all other expenses of the Fund generally will be allocated among the Classes of Units by the Manager in a fair and equitable manner, and a creditor of the Fund may seek to satisfy its claims from the assets of the Fund, as a whole, even though its claims relate only to a particular Class of Units.

Performance Fee to the Manager Risk

To the extent described in this Offering Memorandum, the Manager receives a Performance Fee in respect of each of the Class A Units and Class F Units based upon the appreciation, if any, in the Class Net Asset Value of the Class A Units and Class F Units. However, the Performance Fee theoretically may create an incentive for the Manager to make investments that are riskier than would be the case if such fee did not exist. In addition, because the Performance Fee is calculated on a basis that includes unrealized appreciation of the Fund's assets, it may be greater than if such compensation were based solely on realized gains.

Cyber Security Risk

With the increased use of technology in the course of business, the Fund is susceptible to operational, information security and related risks. Generally, cyber security incidents can result from deliberate attacks or unintentional events that threaten the integrity, confidentiality or availability of the Fund's information resources. A cyber security incident includes, but is not limited to, gaining unauthorized access to the Fund's electronic systems (e.g., through hacking or malicious software) to corrupt data, disrupt business operations or steal confidential or sensitive information, or may involve denial of service attacks which may cause system failures and disrupt business operations. Failures or breaches of the electronic systems of the Fund, the Manager, other service providers (e.g., transfer agent and prime brokers) or the issuers of securities in which the Fund invests have the ability to cause disruptions and negatively impact the Fund's business operations. These disruptions could potentially result in financial losses, interference with the Fund's ability to calculate their net asset values, impediments to trading, inability of the Fund to process transactions including redeeming units, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or compensation or additional compliance costs associated with corrective measures. Similar adverse consequences could result from cyber security incidents affecting the issuers of securities in which the Fund invests and counterparties with which the Fund engages in transactions. In addition, substantial costs may be incurred to prevent any cyber security incidents in the future. While the Fund has established business continuity plans and risk management systems seeking to address system breaches or failures, there are inherent limitations in such plans and systems and there is no guarantee that such efforts will succeed. Furthermore, the Fund cannot control the cyber security plans and systems of the Fund's service providers or issuers of securities in which the Fund invests.

Cease Trading of Securities Risk

If the securities held directly or indirectly by the Fund are cease-traded by order of a securities regulatory authority or halted from trading by the relevant exchanges, the Fund may halt trading in its Units or temporarily suspend the right to redeem the Units for cash, subject to applicable regulatory approval.

Early Termination Risk

In the event of the early termination of the Fund, the Fund would distribute to the Unitholders *pro rata* their interest in the assets of the Fund available for such distribution, subject to the rights of the Trustee or Manager to retain monies for costs and expenses. Certain assets held by the Fund may be illiquid and might have little or no marketable value. In addition, the securities held by the Fund would have to be sold by the Fund or distributed in kind to the Unitholders. It is possible that at the time of such sale or distribution certain securities held by the Fund would be worth less than the initial cost of such securities, resulting in a loss to the Unitholders.

Large Transaction Risk

If a Unitholder has significant holdings in the Fund, the Fund is subject to the risk that such large Unitholder may request a significant purchase or redemption of Units, which may impact the cash flow of the Fund. Substantial purchases and redemptions by Unitholders within a short period of time could require the Manager to arrange for the Fund's positions to be acquired or liquidated more rapidly than would otherwise be desirable, which could adversely affect the value of the remaining Units. Large purchases and redemptions may result in: (a) the Fund maintaining an abnormally high cash balance; (b) large sales of portfolio securities impacting market value; (c) increased transaction costs (e.g., commissions); (d) significant changes to the composition of the Fund's portfolio; (e) purchase and/or sale of investments at unfavourable prices; and/or (f) capital gains being realized which may increase taxable distributions to Unitholders. If this should occur, the returns of Unitholders that invest in the Fund may be adversely affected. In addition, regardless of the period of time in which redemptions occur, the resulting reduction in the Fund's assets could make it more difficult to generate a positive rate of return or recoup losses due to a reduced equity base.

Conflicts of Interest Risk

The Manager, its directors and officers and affiliates and associates may engage in the promotion, management or investment management of any other fund or trust which invests primarily in securities to be held in the Fund, and may provide similar services to other investment funds with investment objectives and strategies similar to that of the Fund and other funds and clients and engage in other activities. Although none of the directors or officers of the

Manager will devote his or her full time to the business and affairs of the Fund or the Manager, each will devote as much time as is necessary to supervise the management of (in the case of the directors) or to manage (in the case of officers) the business and affairs of the Manager and the Fund.

Investment in the Fund will not carry with it the right of the Fund or of any Unitholder to invest in any other venture of the Manager or its affiliates or associates or to any profit therefrom or to any interest therein. The Manager may have a conflict of interest in carrying out its obligations to the Fund as a result of its involvement in competing activities.

Liability of Unitholders Risk

The Fund is a unit trust and, as such, the Unitholders do not receive the protection of statutorily mandated limited liability as in the case of shareholders of most Canadian corporations. There is no guarantee, therefore, that Unitholders could not be made party to legal actions in connection with the Fund. However, the Trust Agreement provides that no Unitholder, in its capacity as such, will be subject to any personal liability whatsoever, in tort, contract or otherwise, to any person in connection with the Fund's property or the obligations or the affairs of the Fund and all such persons shall look solely to the Fund's property for satisfaction of claims of any nature arising out of or in connection therewith and the Fund's property only shall be subject to levy or execution. Pursuant to the Trust Agreement, the Fund will indemnify and hold harmless out of the Fund's assets each Unitholder from any costs, damages, liabilities, expenses, charges and losses suffered by a Unitholder resulting from or arising out of such Unitholder not having limited liability.

In any event, it is considered that the risk of any personal liability of Unitholders is minimal and remote in the circumstances, in view of the anticipated equity of the Fund, and the nature of its activities, and the Manager intends to conduct the Fund's operations in such a way to minimize any such risk. In the event that a Unitholder should be required to satisfy any obligation of the Fund, such Unitholder will be entitled to reimbursement from any available assets of the Fund.

Taxation of the Fund Risk

If the Fund fails or ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading "Certain Income Tax Consequences and Eligibility for Investment" would be materially and adversely different in certain respects. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects Unitholders. If the Fund ceases to qualify as a "mutual fund trust", the Units will cease to be qualified investments for trusts governed by RRSPs, RRIFs, RESPs, DPSPs, RDSPs, FHSAs and TFSAs under the Tax Act. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

Trust Loss Restriction Rule Risk

The Fund may be subject to loss restriction rules contained in the Tax Act (the "Loss Restriction Rules"). If the Fund experiences a "loss restriction event" (i) the Fund will be deemed to have a year-end for tax purposes (which would result in an allocation of the Fund's net income and net realized capital gains at such time to Unitholders so that the Fund is not liable for income tax on such amounts), and (ii) the Fund will be deemed to realize any unrealized capital losses and its ability to carry forward losses will be restricted.

Generally, the Fund will have a loss restriction event when a person becomes a "majority-interest beneficiary" of the Fund or a group of persons becomes a "majority-interest group of beneficiaries" of the Fund, as those terms are defined in the Loss Restriction Rules. Generally, a majority-interest beneficiary of the Fund will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, respectively, in the Fund. Generally, a person is deemed not to become a majority-interest beneficiary, and a group of persons is deemed not to become a majority-interest group of beneficiaries, of the Fund if the Fund meets certain investment requirements and qualifies as an "investment fund".

US Regulation and Tax Risk

The offering and sale of the Units has not been registered under the U.S. Securities Act or any similar United States state law, in reliance upon various exemptions therefrom. In addition, the Fund is not registered under the United States Investment Company Act of 1940, as amended (the "U.S. Investment Company Act"). Accordingly, Unitholders will not have the benefits afforded generally by the provisions of the U.S. Investment Company Act (which, among other matters, require investment companies to have a majority of disinterested directors, require securities held in custody at all times to be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company). The Manager is exempt from registration with the United States Securities and Exchange Commission pursuant to the United States Investment Advisers Act of 1940, as amended, and is not subject to the recordkeeping and other requirements thereunder.

An investment in the Fund by a person subject to taxation under the United States Internal Revenue Code of 1986, as amended, may have United States tax consequences not discussed in the summary of "Certain Canadian Federal Income Tax Considerations" contained herein. Such taxpayers should consult their tax advisors about the income tax consequences of acquiring or holding Units.

Securities Regulatory Risk

The investment decisions for the Fund may, at times, be restricted as a result of aggregation limits. For example, corporate and/or regulatory requirements with respect to certain industries and markets may limit the aggregate amount of investment in certain issuers by the Fund and other funds or client accounts managed by Picton Mahoney. Exceeding these limits without reporting or the grant of a license, exemption or other corporate or regulatory consent may result in fines or other adverse consequences to the Manager and/or the Fund. As a consequence of these limits, the ability of the Fund to meet its investment objectives may be affected. In order to avoid exceeding these limits, the Manager may, among other actions, limit purchases, sell existing investments and/or transfer, outsource or limit voting rights in the securities held by the Fund.

Change in Legislation Risk

There can be no assurance that applicable laws, or other legislation, legal and statutory rights will not be changed in a manner which adversely affects the Fund and its Unitholders. There can be no assurance that income tax, securities, and other laws or the interpretation and application of such laws by courts or government authorities will not be changed in a manner which adversely affects the distributions received by the Fund or by the Unitholders.

Lack of Separate Counsel

Counsel for the Fund in connection with this offering is also counsel to the Manager. The Unitholders, as a group, have not been represented by separate counsel and counsel for the Fund and the Manager does not purport to have acted for the Unitholders or to have conducted any investigation or review on their behalf.

THE FOREGOING LIST OF "RISK FACTORS" DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN AN INVESTMENT IN THE FUND. PROSPECTIVE UNITHOLDERS SHOULD READ THE ENTIRE OFFERING MEMORANDUM AND CONSULT WITH THEIR OWN ADVISORS BEFORE DECIDING TO SUBSCRIBE.

ITEM 10. INVESTMENT RISK RATING OF THE FUND

The methodology used to determine the investment risk level of the Fund for purposes of disclosure in this Offering Memorandum is the historical volatility risk as measured by the standard deviation of fund performance, which is the standard methodology outlined in Appendix F – *Investment Risk Classification Methodology* to National Instrument 81-102 *Investment Funds*.

The investment risk level for a fund with at least 10 years of performance history will be based on such fund's historical volatility, as measured by its 10-year standard deviation of performance. The investment risk level for a fund with less than 10 years of performance history will be based on the historical volatility of a reference index that reasonably approximates such fund’s historical performance, as measured by the reference index's 10-year standard deviation of performance.

However, the Manager recognizes that other types of risk, both measurable and non-measurable, may exist and we remind you that the historical performance of a fund (or a reference index used as its proxy) may not be indicative of future returns and that the historical volatility of such fund (or a reference index used as its proxy) may not be indicative of its future volatility.

The risk rating categories of this methodology are:

Low (standard deviation range of 0 to less than 6) – for funds with a level of risk that is typically associated with investments in Canadian fixed-income funds and in money market funds;

Low to Medium (standard deviation range of 6 to less than 11) – for funds with a level of risk that is typically associated with investments in balanced funds and global and/or corporate fixed-income funds;

Medium (standard deviation range of 11 to less than 16) – for funds with a level of risk that is typically associated with investments in equity portfolios that are diversified among a number of large-capitalization Canadian and/ or international equity securities;

Medium to High (standard deviation range of 16 to less than 20) – for funds with a level of risk that is typically associated with investments in equity funds that may concentrate their investments in specific regions or in specific sectors of the economy; and

High (standard deviation range of 20 or greater) – for funds with a level of risk that is typically associated with investment in equity portfolios that may concentrate their investments in specific regions or in specific sectors of the economy where there is a substantial risk of loss (e.g., emerging markets, precious metals).

The investment risk level of the Fund is reviewed periodically.

Additionally, just as historical performance may not be indicative of future returns, the historical volatility of the Fund may not be indicative of its future volatility.

The Manager has rated this Fund’s investment risk as “Low” risk. As this Fund has less than 10 years of performance history, the Fund’s investment risk level is based on the historical return of the Fund since inception and the return of the following reference index for the remainder of the 10 year period, Hedge Fund Research’s (HFRI) Merger Arbitrage Index. This index is event-driven and equal-weighted, focusing on merger arbitrage globally in U.S. dollars, with a monthly reporting interval.

ITEM 11. REPORTING OBLIGATIONS

Reporting to Unitholders

The fiscal year-end of the Fund is December 31. Unitholders will be sent audited annual financial statements within 90 days of the Fund’s fiscal year-end and unaudited semi-annual financial statements within 60 days of June 30, or as otherwise required by law. Additional interim reporting to Unitholders will be at the discretion of the Manager.

Monthly performance information is made available on the Fund’s website, as well as monthly commentary. The Fund may enter into other agreements with certain Unitholders which may entitle such Unitholders to receive additional reporting. Unitholders will receive the applicable required tax form(s) within the time required by applicable law to assist Unitholders in making the necessary tax filings. The Fund is relying on the exemption pursuant to section 2.11 of National Instrument 81-106 *Investment Fund Continuous Disclosure* not to file its financial statements with the Ontario Securities Commission.

ITEM 12. AUDITORS

The auditors of the Fund are PricewaterhouseCoopers LLP, or such other party as the Manager may retain.

ITEM 13. ADMINISTRATOR, RECORD KEEPER, TRANSFER AGENT AND REGISTRAR

RBC Investor Services Trust ("The Administrator") acts as the recordkeeper and fund administrator of the Fund pursuant to a fund administration services agreement dated August 17, 2020 among the Fund, the Manager and the Administrator.

ITEM 14. PRIME BROKER

14.1 Prime Brokers

TD Securities Inc. ("TDSI") or such other party as the Manager may retain, acts as the prime broker of the Fund (the "Prime Broker") pursuant to an amended and restated institutional prime brokerage account agreement made as of January 13, 2020, between the Fund and TDSI.

The Prime Broker does not have any responsibility for the preparation or accuracy of this Offering Memorandum.

Assets of the Fund held in the custody of the Fund's prime broker are held in Toronto, Ontario. The Prime Broker is a "qualified custodian" under National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registration Exemptions*.

The Manager has entered into a prime brokerage agreement with each party holding assets of the Fund that contains provisions governing the relationship between the parties.

In selecting the parties to act as the prime broker of the Fund's assets, the Manager considered such factors as: (i) ease of execution and speed of access to the markets on which the assets of the Fund are traded; (ii) the size, financial stability and strength of the Prime Broker; and (iv) the laws and regulations to which the Prime Broker is subject in its principal jurisdiction.

Although the Manager believes that the selection of a large, financially sound and regulated prime broker to hold assets of the Fund substantially reduces the risk of loss or misappropriation of the Fund's assets is in the best interests of the Fund, the assets of the Fund could nevertheless potentially be at risk of loss in the event of (i) the insolvency of the prime broker or (ii) an error or negligence on the part of the prime broker resulting in a loss to the Fund which is not reimbursable to the Fund under the terms of the applicable prime brokerage agreement.

The Manager monitors its arrangements with the Prime Broker of the Fund and may in the future appoint additional or different prime brokers if the Manager feels this is in the best interests of the Fund and will further reduce the risk of loss or misappropriation of the assets of the Fund.

ITEM 15. RESALE RESTRICTIONS

15.1 General Statement

The Units are not transferable except by operation of law or with the consent of the Manager. Such consent may be withheld by the Manager at its discretion, and in any case will be withheld if such a transfer is not permitted by applicable laws. There is no formal market for the Units and none is expected to develop. Furthermore, this offering of Units is not qualified by way of prospectus and consequently, the resale of Units will be subject to restrictions under applicable securities legislation. The Fund will be entitled to require and may require, as a condition of allowing any transfer of any Unit, the transferor or transferee, at their expense, to furnish to the Fund evidence satisfactory to it in form and substance (which may include an opinion of counsel satisfactory to the Fund) in order to establish that such transfer will not constitute a violation of the securities laws of any jurisdiction whose securities laws are applicable thereto. Unitholders may not be able to resell Units and may only be able to redeem them. Redemptions of Units may be subject to the limitations described under "Redemption of Units" and "Purchase of Units". Investors are advised to seek legal advice prior to any resale of the Units.

No Unitholder may assign or transfer, or offer to sell, assign, or transfer all or any of its Units to a U.S. Person (as defined in Rule 902 of Regulation S under the U.S. Securities Act, which definition generally includes a natural person resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or corporation organized or incorporated under the laws of the United States) without the prior written consent of the Fund (which consent may be withheld for any reason) other than by will or the laws of intestacy and distribution. No U.S. Person transferee of Units will be admitted to the Fund without agreeing to the terms of the Trust Agreement and receiving the consent of the Fund, which consent may be withheld in the Fund's sole and absolute discretion. No purported transferee shall have any right to any profits, losses or distributions of the Fund. **Any attempt by a Unitholder to make any assignment or transfer in violation of the terms described in this section shall be null and void ab initio and of no legal force or effect whatsoever.**

15.2 Restricted Period

Unless permitted under securities legislation, you cannot trade your Units before the earlier of the date that is four (4) months and a day after the date the Fund becomes a reporting issuer in any province or territory of Canada.

ITEM 16. LEGAL COUNSEL

Osler, Hoskin & Harcourt LLP, or such other party as the Manager may retain, will act as the legal counsel of the Fund.

ITEM 17. PURCHASER'S RIGHTS

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights, you should consult a lawyer.

1. **Two Day Cancellation Right** - You can cancel your agreement to purchase these securities. To do so, you must send a notice to the Manager by midnight on the 2nd Business Day after you sign the agreement to buy the securities.

2. **Statutory and Contractual Rights of Action in the Event of a Misrepresentation**

The following summaries of statutory or contractual rights of action for damages or rescission will apply to a purchase of Units. The applicable securities legislation in certain jurisdictions provides purchasers, or requires purchasers be provided, with remedies for rescission or damages, or both, if this Offering Memorandum or any amendment to it contains a misrepresentation. However, these remedies must be exercised within the time limits prescribed. Purchasers should refer to the applicable legislative provisions, which may be subject to change after the date of this Offering Memorandum, for the complete text of these rights and/or consult with a legal advisor.

In this section "misrepresentation" means: (i) an untrue statement of material fact, or (ii) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, the Offering Memorandum, or amendment thereto, the misrepresentation is deemed to be contained in the Offering Memorandum or amendment thereto.

The rights of action to cancel the agreement or for damages described herein are in addition to and without derogation from any right you may have at law are subject to the express provisions of securities legislation in the province where you resided and the rules, regulations and other instruments thereunder. The following additional provisions apply to statutory or contractual rights of action for damages or rescission will apply to a purchase of Units by purchasers in the provinces listed below:

British Columbia

If there is a misrepresentation in this Offering Memorandum you have a statutory right to sue:

(a) the Fund to cancel your agreement to buy these Units; or

(b) for damages against the Fund and every person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you recover will not exceed the price you paid for your Units and will not include any part of the damages the Fund proves does not represent the depreciation in value of the Units resulting from the misrepresentation. The Fund has a defence if it proves you knew of the misrepresentation when you purchased the Units.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence the action to cancel the agreement within 180 days after you signed the agreement to purchase the Units. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and three years the date of the transaction that gave rise to the cause of action.

ITEM 18. FINANCIAL STATEMENTS

The audited annual Financial Statements for the period ended December 31, 2023 are attached hereto and form part hereof.

AUDITED ANNUAL FINANCIAL STATEMENTS **DECEMBER 2023**

PICTON MAHONEY Asset Management

ARBITRAGE FUND

THINK AHEAD.
STAY AHEAD.

TABLE OF CONTENTS

A MESSAGE FROM THE PRESIDENT

Fellow investors,

As we embark upon a new year, our firm's strategy remains focused on our mission of helping investors achieve their financial goals with greater certainty. From an investment strategy perspective, it is worth noting that robust gains at the index level in 2023 tended to be driven by narrow leadership in high-growth / high-multiple (tech) stocks and investor portfolios generally remain very sensitive to interest rates. This dynamic is important looking forward, as markets have priced-in some meaningful interest rate cuts in 2024, all while earnings growth expectations are fairly constructive. We do not believe market participants can "have their cake and eat it too" and continue to believe that robust portfolio construction safely steers away from reliance on binary outcomes and builds in meaningful diversification benefits from uncorrelated return streams.

To further address portfolio construction shortfalls we see in many investor portfolios, we launched the Picton Mahoney Fortified Inflation Opportunities Alternative Fund in May 2023. While inflation is cooling, our team believes we are entering a new era of shorter and more frequent boom-and-bust economic cycles driven by repeated periods of rising and moderating inflation. Investors will need to manage those impacts and we believe dedicated inflation-sensitive exposures should be embedded in a robust strategic asset allocation.

Early in 2023, our investment team was recognized by the FundGrade A+ Awards for the second year running, where two equity mandates and a multi-asset mandate were given awards for consistent, outstanding, risk-adjusted returns through prior years. We are humbled given the methodology focuses on consistency and risk-adjusted performance. Later in the year, we were proud to mark the five-year anniversary of the launch of our suite of Fortified Alternative Funds. While still in what appears to be the early stages of adoption of alternative strategies in Canada, we are nonetheless pleased to be in an established position to educate advisors and their investor clients on the benefits of alts in portfolio construction, through our dedicated "Alts Ed" series.

We also remain committed to achieving our growth objectives with a keen focus on people and culture. For the fourth consecutive year, our firm continues to shine as one of the Best Workplaces in Canada and Best Workplaces in Financial Services and Insurance lists. It is also pleasing to see our firm maintain its entrepreneurial spirit as it builds and establishes larger departments and even more rigorous processes within and across them.

The challenges investors and their advisors face may not be as evident while equity markets are trending positive, but we believe the year ahead will present ample opportunity to revisit some of the portfolio construction imperatives we have long discussed. Of course, preparation trumps reaction and the benefits alternatives can offer investors should not be lost on advisors who seek to differentiate their practice. Our proprietary Portfolio Construction Consultation Service stands ready to offer a thorough review of positioning and potential solutions to improve portfolio outcomes. At the very least, a more informed view of one's practice is offered, but we continue to see a significant number of our advisor partners embrace this call to action.

As always, we remain committed to the success of all our stakeholders and do so while holding core values including transparency and integrity dear.

Sincerely,

David Picton
President
Picton Mahoney Asset Management

INDEPENDENT AUDITOR'S REPORT

To the Unitholders and Trustee of
Picton Mahoney Arbitrage 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.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

- 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario
March 25, 2024

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2023 $	December 31, 2022 $
Assets		
Current assets		
Long positions at fair value*	**24,608,091**	30,358,057
Cash	**17,813**	-
Cash, pledged as collateral	**14,247,983**	15,126,108
Options purchased*	**13,610**	33,563
Unrealized gain on foreign exchange forward contracts at fair value	**1,277,478**	5,200
Unrealized gain on contracts for differences	**858**	-
Subscriptions receivable	**62,853**	184,315
Receivable for investments sold	**38,000**	95,541
Dividends receivable	**123,724**	105,781
Interest and other receivable	**86,059**	3,838
	40,476,469	45,912,403
Liabilities		
Current liabilities		
Short positions at fair value**	**4,670,353**	1,555,899
Options written**	**7,316**	18,575
Unrealized loss on foreign exchange forward contracts at fair value	**-**	462,824
Unrealized loss on contracts for differences	**60,124**	-
Loan payable	**-**	3,385,748
Management fee payable	**32,466**	37,083
Performance fee payable	**65,433**	75,653
Redemptions payable	**89,429**	839,671
Accrued liabilities	**78,618**	57,847
Payable for investments purchased	**178,660**	80,439
Interest payable	**23,157**	1,109
Dividends payable	**14,401**	-
	5,219,957	6,514,848
Net Assets Attributable to Holders of Redeemable Units	**35,256,512**	39,397,555
Net Assets Attributable to Holders of Redeemable Units per Class		
Class B	**1,602,425**	1,593,484
Class F	**31,299,972**	34,548,067
Class I	**7,164**	9,417
Class V	**2,346,951**	3,246,587
Number of Redeemable Units Outstanding		
Class B	**137,707**	138,740
Class F	**2,630,974**	2,955,647
Class I	**618**	841
Class V	**197,018**	277,574
Net Assets Attributable to Holders of Redeemable Units per Unit		
Class B	**11.64**	11.49
Class F	**11.90**	11.69
Class I	**11.59**	11.20
Class V	**11.91**	11.70
* Long positions, at cost	**25,024,111**	28,626,699
** Short positions, at cost	**(4,660,724)**	(1,471,781)

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

Approved on behalf of the Manager

David Picton — President

Arthur Galloway — 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	**995,667**	281,812
Dividends	**146,359**	124,015
Net realized gain (loss) on investments and options	**2,814,227**	3,953,481
Net realized gain (loss) on foreign exchange forward contracts and contracts for differences	**(1,124,220)**	(5,034,568)
Change in unrealized appreciation (depreciation) on investments, options, foreign exchange forward contracts and contracts for differences	**(405,759)**	1,438,377
Interest and borrowing expense	**(153,978)**	(281,764)
Dividend expense	**(90,465)**	(38,060)
Net gains (losses) on investments and derivatives	**2,181,831**	443,293
Other income		
Foreign currency gain (loss) on cash and other assets and liabilities	**(176,731)**	840,980
Total Income	**2,005,100**	1,284,273
Expenses		
Management fees	**414,096**	564,174
Performance fees	**229,561**	83,254
Transaction costs	**79,909**	90,761
Administrative fees	**49,298**	42,450
Securityholder reporting fees	**33,947**	30,767
Withholding taxes	**14,059**	13,955
Audit fees	**6,185**	6,040
Legal fees	**2,525**	7,305
Total expense before manager absorption	**829,580**	838,706
Less expenses absorbed by manager	**-**	-
Total expense after manager absorption	**829,580**	838,706
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	**1,175,520**	445,567
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class		
Class B	**44,933**	10,172
Class F	**1,047,841**	379,381
Class I	**447**	30,918
Class V	**82,299**	25,096
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit		
Class B	**0.33**	0.07
Class F	**0.38**	0.10
Class I	**0.56**	0.15
Class V	**0.37**	0.06

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 B	**1,593,484**	1,685,489
Class F	**34,548,067**	48,090,096
Class I	**9,417**	3,042,498
Class V	**3,246,587**	5,896,310
	39,397,555	58,714,393
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
Class B	**44,933**	10,172
Class F	**1,047,841**	379,381
Class I	**447**	30,918
Class V	**82,299**	25,096
	1,175,520	445,567
Redeemable Unit Transactions		
Proceeds from redeemable units issued		
Class B	**-**	-
Class F	**2,063,749**	4,234,075
Class I	**-**	-
Class V	**3,500**	7,100
	2,067,249	4,241,175
Reinvestments of distributions to holders of redeemable units		
Class B	**23,921**	-
Class F	**443,342**	-
Class I	**107**	-
Class V	**34,235**	-
	501,605	-
Redemption of redeemable units		
Class B	**(35,992)**	(102,177)
Class F	**(6,345,259)**	(18,155,485)
Class I	**(2,700)**	(3,063,999)
Class V	**(985,435)**	(2,681,919)
	(7,369,386)	(24,003,580)
Net Increase (Decrease) from Redeemable Unit Transactions	**(4,800,532)**	(19,762,405)

	2023 $	2022 $
Distributions to Holders of Redeemable Units		
From capital gains		
Class B	**(23,921)**	-
Class F	**(457,768)**	-
Class I	**(107)**	-
Class V	**(34,235)**	-
	(516,031)	-
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	**(4,141,043)**	(19,316,838)
Net Assets Attributable to Holders of Redeemable Units at End of Year		
Class B	**1,602,425**	1,593,484
Class F	**31,299,972**	34,548,067
Class I	**7,164**	9,417
Class V	**2,346,951**	3,246,587
Net Assets Attributable to Holders of Redeemable Units at End of Year	**35,256,512**	39,397,555

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

STATEMENTS OF CASH FLOWS

For the years ended December 31

	2023 $	2022 $
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable units	1,175,520	445,567
Adjustments for:		
Unrealized foreign exchange (gain) loss on cash	369,893	(155,527)
Net realized (gain) loss on investments and options	(2,814,227)	(3,953,481)
Change in unrealized (appreciation) depreciation on investments, options, foreign exchange forward contracts and contracts for differences	405,759	(1,438,377)
(Increase) decrease in interest and other receivables	(82,221)	(3,838)
(Increase) decrease in dividends receivable	(17,943)	7,807
Increase (decrease) in interest payable	22,048	1,109
Increase (decrease) in dividends payable	14,401	(1,503)
Increase (decrease) in other payable and accrued liabilities	5,934	73,030
Purchase of long positions and repurchase of investments sold short	(86,083,065)	(93,428,596)
Proceeds from sale of long positions and on investments sold short	95,844,573	118,080,776
Net cash generated (used) by operating activities	8,840,672	19,626,967

	2023 $	2022 $
Cash Flows from Financing Activities		
Distributions to holders of redeemable units, net of reinvested distributions	(14,426)	-
Proceeds from redeemable units issued	2,012,455	9,967,211
Amount paid on redemption of redeemable units	(7,943,372)	(23,519,971)
Loan payable	(3,385,748)	(5,443,279)
Net cash generated (used) by financing activities	(9,331,091)	(18,996,039)
Unrealized foreign exchange gain (loss) on cash	(369,893)	155,527
Net increase (decrease) in cash	(490,419)	630,928
Cash, beginning of year	15,126,108	14,339,653
Cash, end of year	14,265,796	15,126,108
Cash	17,813	-
Cash, pledged as collateral	14,247,983	15,126,108
Cash overdraft	-	-
Net Cash (Overdraft)	14,265,796	15,126,108
Items Classified as Operating Activities:		
Interest received, net of withholding tax	913,446	277,974
Dividends received, net of withholding tax	114,357	117,867
Interest and borrowing expense paid	(131,930)	(280,655)
Dividends paid	(76,064)	(39,563)

Net of non-cash transfers and switches of $176,256 (2022 - $0)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2023

CCY*	No. of shares/ units/ Face value	Security Description	Average cost ($)	Fair value ($)
		LONG POSITIONS (69.8%)		
		Canadian Equities (3.6%)		
		Energy (2.3%)		
	17,472	Pembina Pipeline Corp., Sub. Rcpt.	769,507	786,237
		Health Care (0.0%)		
	12,200	CRAFT 1861 Global Holdings Inc., Warrants, 2027-12-31	2,129	2,013
		Financials (0.0%)		
	6,347	FG Acquisition Corp., Warrants, 2030-04-05	-	9,206
	3,600	Osisko Green Acquisition Ltd.	-	-
	1,200	VM Hotel Acquisition Corp., Class B (Restricted)	13	13
	400	VM Hotel Acquisition Corp., Class B Units	5,064	4
	2,400	VM Hotel Acquisition Corp., Warrants, 2026-12-31	61	32
			5,138	9,255
		Utilities (1.3%)		
	12,200	Capital Power Corp.	445,403	454,450
		Total Canadian Equities - Long	**1,222,177**	**1,251,955**
		Global Equities (39.9%)		
		United States Equities (23.2%)		
	8,800	Accretion Acquisition Corp., Rights	-	29
	2,900	Achari Ventures Holdings Corp. I, Warrants, 2026-08-05	-	86
	2,600	Adit EdTech Acquisition Corp., Warrants, 2027-12-31	144	288
	4,900	Airship AI Holdings Inc., Warrants, 2028-12-31	513	375
	4,300	AltEnergy Acquisition Corp., Warrants	-	210
	8,500	Alteryx Inc.	533,369	528,574
	1,276	American Equity Investment Life Holding Co.	94,630	93,885
	1,900	Arrowroot Acquisition Corp., Warrants, 2026-01-29	151	203
	4,500	Athena Technology Acquisition Corp. II	61,681	64,084
	3,600	Atlantic Coastal Acquisition Corp. II, Warrants	-	98
	1,900	Atlantic Coastal Acquisition Corp., Warrants, 2027-12-31	22	65
	3,900	Cerevel Therapeutics Holdings Inc.	217,236	218,044
	9,800	CF Acquisition Corp. VII	134,009	140,207
	1,400	CF Acquisition Corp. VII, Warrants, 2026-03-15	-	75
	33,800	Churchill Capital Corp. VII	470,719	467,971
	6,600	Daseke Inc.	70,856	70,492
	1,400	Direct Selling Acquisition Corp., Warrants	100	18
	1,900	Electriq Power Holdings Inc., Warrants, 2026-01-28	182	8
	1,700	EngageSmart Inc.	52,832	51,333
	2,600	Everest Consolidator Acquisition Corp.	38,790	37,506
	2,800	ExcelFin Acquisition Corp., Warrants	-	130
	2,892	FTAC Emerald Acquisition Corp.	41,795	40,308
	9,800	Gores Holdings IX Inc.	130,079	135,684
	3,600	Hess Corp.	726,280	684,322
	8,500	ImmunoGen Inc.	335,922	332,320
	4,300	Insight Acquisition Corp., Warrants	355	215
	1,000	Karuna Therapeutics Inc.	419,804	417,350
	2,200	Newbury Street Acquisition Corp., Warrants, 2027-12-31	181	290
	3,814	Northern Genesis Sponsor III LLC	-	1
	7,600	Northern Genesis Sponsor III LLC, Warrants	14,244	1
	600	Northern Star Investment Corp. II, Warrants, 2028-01-31	-	4
	3,600	Papaya Growth Opportunity Corp. I, Warrants	-	95
	3,300	Pershing Square Tontine Holdings Ltd.	-	-
	2,100	Phoenix Biotech Acquisition Corp., Warrants, 2026-09-01	-	76
	4,700	Pioneer Natural Resources Co.	1,544,241	1,393,676
	1,400	Power & Digital Infrastructure Acquisition II Corp.	17,843	20,159
	1,100	Power & Digital Infrastructure Acquisition II Corp., Warrants, 2024-12-14	-	43
	2,100	Roadzen Inc., Warrants, 2028-11-30	-	194
	5,400	SilverBox Corp. III	73,545	73,625
	1,866	SilverBox Corp. III, Warrants, 2028-04-28	-	228
	1,700	Sovos Brands Inc.	52,544	49,383
	21,698	Spirit Realty Capital Inc.	1,100,254	1,250,014
	6,200	Splunk Inc.	1,247,046	1,245,510
	2,100	Syntec Optics Holdings Inc., Warrants, 2026-11-08	-	280
	2,900	Twelve Seas Investment Co II, Warrants, 2028-03-02	258	154
	4,300	United States Steel Corp.	279,378	275,845
	5,350	Viveon Health Acquisition Corp., Warrants, 2027-12-31	386	42
	10,700	Westrock Co.	559,763	585,807
	1,400	XBP Europe Holdings Inc., Warrants, 2027-12-31	189	108
			8,219,341	8,179,415

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2023

CCY*	No. of shares/ units/ Face value	Security Description	Average cost ($)	Fair value ($)
		International Equities (16.7%)		
	12,400	Agriculture & Natural Solutions Acquisition Corp.	170,512	165,959
	10,700	Alchemy Investments Acquisition Corp. 1	145,141	150,120
	5,650	Alchemy Investments Acquisition Corp. 1, Warrants, 2028-06-26	-	1,118
	1,200	Alpha Partners Technology Merger Corp.	17,513	16,931
	7,300	AP Acquisition Corp.	108,002	107,135
	1,400	AP Acquisition Corp., Warrants, 2026-12-07	-	67
	21,500	Ares Acquisition Corp. II	291,068	295,973
	10,950	Ares Acquisition Corp. II, Warrants, 2028-06-12	-	2,196
	2,300	Bowen Acquisition Corp.	30,269	33,103
	4,300	Cactus Acquisition Corp. 1 Ltd., Warrants	-	170
	6,100	Capri Holdings Ltd.	434,906	404,103
	2,100	Captivision Inc., Warrants, 2028-11-16	-	181
	11,600	Cartesian Growth Corp. Ii	162,676	167,642
	2,000	Chain Bridge I	29,546	28,614
	14,900	Chenghe Acquisition Co.	210,006	216,119
	2,700	Chenghe Acquisition I Co.	40,314	39,234
	5,300	Colombier Acquisition Corp. II	72,560	70,445
	1,400	Consilium Acquisition Corp. I Ltd., Warrants, 2027-06-01	-	85
	1,900	Corner Growth Acquisition Corp., Warrants, 2027-12-31	417	175
	2,900	CSLM Acquisition Corp., Rights	-	229
	2,700	DP Cap Acquisition Corp. I	36,923	38,771
	3,600	DP Cap Acquisition Corp. I, Warrants	-	95
	4,300	Enphys Acquisition Corp., Warrants, 2024-07-15	-	284
	5,000	ESGEN Acquisition Corp., Warrants	-	264
	4,300	Finnovate Acquisition Corp., Warrants	-	40
	3,700	Global Blue Group Holding AG, Warrants, 2025-08-31	3,348	341
	7,100	Global Technology Acquisition Corp. I, Warrants	-	352
	3,600	Haymaker Acquisition Corp. 4	47,594	48,751
	1,800	Haymaker Acquisition Corp. 4, Warrants, 2028-09-12	-	372
	5,000	Hcm Acquisition Corp., Warrants, 2027-12-31	-	177
	1,219	HH&L Acquisition Co., Warrants, 2026-02-04	150	40
	4,500	Inflection Point Acquisition Corp. II	61,328	61,295
	2,250	Inflection Point Acquisition Corp. II, Warrants, 2028-07-17	-	297
	2,900	Innovative International Acquisition Corp., Warrants	-	306
	10,000	Investcorp Europe Acquisition Corp. I	142,240	145,310
	3,750	Investcorp India Acquisition Corp., Warrants, 2027-06-28	-	161
	9,800	Israel Acquisitions Corp.	132,618	138,139
	10,100	Israel Acquisitions Corp., Warrants, 2028-02-28	-	932
	9,900	Keyarch Acquisition Corp., Rights	-	756
	4,600	Keyarch Acquisition Corp., Warrants, 2028-07-25	-	73
	16,800	L Catterton Asia Acquisition Corp.	245,705	238,804
	5,132	Learn CW Investment Corp.	72,753	73,355
	5,500	Mars Acquisition Corp.	75,715	77,092
	1,500	Mars Acquisition Corp., Rights	-	435
	1,691	Moringa Acquisition Corp., Warrants, 2026-02-10	224	72
	16,000	Nabors Energy Transition Corp. II	215,086	219,837
	5,350	Nabors Energy Transition Corp. II, Warrants, 2028-09-05	-	943
	1,400	Noble Rock Acquisition Corp., Warrants, 2027-12-31	170	28
	900	Olink Holding AB	29,919	30,855
	1,500	Onyx Acquisition Co I, Warrants	-	40
	2,100	Oxus Acquisition Corp., Warrants	-	209
	10,000	Patria Latin American Opportunity Acquisition Corp.	152,071	146,365
	5,700	Pearl Holdings Acquisition Corp., Warrants, 2026-12-15	-	301
	7,200	Pegasus Digital Mobility Acquisition Corp.	106,378	104,908
	2,900	Pegasus Digital Mobility Acquisition Corp., Warrants	-	278
	2,800	Pono Capital Three Inc.	39,181	39,210
	1,400	PowerUp Acquisition Corp., Warrants, 2027-02-18	-	111
	20,400	Project Energy Reimagined Acquisition Corp.	287,626	284,596
	9,100	RCF Acquisition Corp.	122,236	131,752
	21,750	Rigel Resource Acquisition Corp.	307,027	314,328
	2,900	Roth CH Acquisition Co., Warrants, 2028-10-29	-	96
	25,000	Screaming Eagle Acquisition Corp.	337,693	349,429
	2,100	Semper Paratus Acquisition Corp., Warrants, 2026-11-04	-	111
	7,200	SK Growth Opportunities Corp.	99,259	102,534
	18,400	Slam Corp.	275,577	263,003
	4,300	Spark I Acquisition Corp.	58,972	57,494
	2,150	Spark I Acquisition Corp., Warrants, 2028-11-27	-	340
	18,200	Spring Valley Acquisition Corp. II	253,921	260,144

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2023

CCY*	No. of shares/ units/ Face value	Security Description	Average cost ($)	Fair value ($)
	6,500	Textainer Group Holdings Ltd.	437,635	421,688
	19,500	TortoiseEcofin Acquisition Corp. III	279,923	273,069
	4,823	TortoiseEcofin Acquisition Corp. III, Warrants	18	19
	17,900	Tristar Acquisition I Corp.	261,361	254,558
	7,000	Two/CA	95,844	97,748
	6,400	Valuence Merger Corp. I, Warrants, 2027-03-01	-	253
			5,891,425	5,880,360
		Total Global Equities - Long	**14,110,766**	**14,059,775**
	Global Debt (26.3%)			
	Short-Term Notes (22.5%)			
USD	6,100,000	United States Treasury Bill 5.309%, 2024-02-15	8,270,636	7,942,702
	United States Bonds (3.8%)			
USD	115,000	Alteryx Inc. 1.000%, 2026-08-01	149,582	148,038
USD	318,000	PDC Energy Inc. 5.750%, 2026-05-15	423,827	418,779
USD	328,000	Splunk Inc. 1.125%, 2025-09-15	493,381	477,481
USD	241,000	Splunk Inc. 1.125%, 2027-06-15	318,431	309,361
			1,385,221	1,353,659
		Total Global Debt - Long	**9,655,857**	**9,296,361**
	Options (0.0%)			
		Total Purchased Options - Refer to Appendix A	**41,288**	**13,610**
		Transaction Costs	**(5,977)**	**-**
		Total Long Positions	**25,024,111**	**24,621,701**
	SHORT POSITIONS (-13.3%)			
	Canadian Equities (-3.7%)			
	Energy (-2.3%)			
	(17,472)	Pembina Pipeline Corp.	(781,463)	(797,072)
	Financials (-0.1%)			
	(483)	Brookfield Asset Management Ltd., NYSE	(22,837)	(25,584)
	Utilities (-1.3%)			
	(12,200)	Capital Power Corp.	(448,942)	(461,648)
		Total Canadian Equities - Short	**(1,253,242)**	**(1,284,304)**
	Global Equities (-9.6%)			
	United States Equities (-9.6%)			
	(3,693)	Chevron Corp.	(756,098)	(726,348)
	(10,660)	Exxon Mobil Corp.	(1,537,158)	(1,405,347)
	(16,567)	Realty Income Corp.	(1,106,729)	(1,254,354)
			(3,399,985)	(3,386,049)
		Total Global Equities - Short	**(3,399,985)**	**(3,386,049)**
	Options (0.0%)			
		Total Written Options - Refer to Appendix A	**(6,425)**	**(7,316)**
		Transaction Costs	**(1,072)**	**-**
		Total Short Positions	**(4,660,724)**	**(4,677,669)**
	Foreign Currency Forward Contracts (3.6%)			
		Total Currency Hedge - Refer to Appendix B		**1,277,478**
	Contracts For Differences (-0.2%)			
		Total Contracts for Differences - Refer to Appendix C		**(59,266)**
		TOTAL INVESTMENT PORTFOLIO (59.9%)	**20,363,387**	**21,162,244**
		Other Assets Net of Liabililties (40.1%)		14,094,268
		TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (100.0%)		**35,256,512**

**CCY denotes local currency of debt security*

APPENDIX A

OPTIONS (0.0%)

Issuer	Option Type	Number of Options	Strike $	Expiry	Average Cost $	Fair Value $
Brookfield Asset Management	Call Option	4	$35	April, 2024	923	3,166
					923	3,166
Cerevel Therapeutics Holding	Put Option	17	$35	December, 2024	3,029	1,793
ImmunoGen Inc.	Put Option	43	$25	July, 2024	3,685	2,977
Mirati Therapeutics Inc.	Put Option	27	$45	March, 2024	2,062	85
Mirati Therapeutics Inc.	Put Option	8	$50	January, 2024	939	463
Mirati Therapeutics Inc.	Put Option	2	$50	March, 2024	424	6
Seagen Inc.	Put Option	22	$140	January, 2024	13,674	1,530
Seagen Inc.	Put Option	13	$190	January, 2024	5,201	1,729
Seagen Inc.	Put Option	8	$200	January, 2024	6,499	1,188
Seagen Inc.	Put Option	4	$210	January, 2024	4,852	673
					40,365	10,444
Total Purchased Options					**41,288**	**13,610**
Alteryx Inc.	Written Call Option	(6)	$48	January, 2024	(81)	(59)
Cerevel Therapeutics Holding	Written Call Option	(17)	$45	December, 2024	(498)	(1,289)
Engagesmart Inc.	Written Call Option	(17)	$23	March, 2024	(1,585)	(1,457)
ImmunoGen Inc.	Written Call Option	(43)	$30	January, 2024	(701)	(709)
Splunk Inc.	Written Call Option	(10)	$150	January, 2024	(2,498)	(3,659)
Textainer Group Holdings Ltd.	Written Call Option	(9)	$50	January, 2024	(487)	(91)
					(5,850)	(7,264)
ImmunoGen Inc.	Written Put Option	(34)	$15	July, 2024	(575)	(52)
					(575)	(52)
Total Written Options					**(6,425)**	**(7,316)**

APPENDIX B

FOREIGN EXCHANGE FORWARD CONTRACTS (3.6%)

Purchased Currency	Sold Currency	Forward Rate	Maturity Date	Fair Value ($)	Counterparty	Credit Rating
CAD $31,675,626	USD $23,065,000	1.37332	2024-02-15	1,274,707	Canadian Imperial Bank of Commerce	A-1
CAD $95,027	USD $70,000	1.35753	2024-02-15	2,771	Canadian Imperial Bank of Commerce	A-1
Unrealized gain on foreign exchange forward contracts at fair value				1,277,478		
Net unrealized gain (loss) on foreign exchange forward contracts at fair value				**1,277,478**		

APPENDIX C

CONTRACTS FOR DIFFERENCES (-0.2%)

Referenced Entity	Notional Units	Expiry Date	Counterparty	Counterparty Credit Rating	Cost	Fair Value	Unrealized Gain (Loss)
Smurfit Kappa Group PLC	(400)	25-Sep-25	Goldman Sachs International	A-1	(21,193)	(20,893)	300
Smurfit Kappa Group PLC	(400)	25-Sep-25	Goldman Sachs International	A-1	(21,174)	(20,893)	281
Smurfit Kappa Group PLC	(500)	25-Sep-25	Goldman Sachs International	A-1	(26,393)	(26,116)	277
Unrealized gain on contracts for differences						**(67,902)**	**858**
Smurfit Kappa Group PLC	(100)	25-Sep-25	Goldman Sachs International	A-1	(4,723)	(5,223)	(500)
Smurfit Kappa Group PLC	(400)	25-Sep-25	Goldman Sachs International	A-1	(20,115)	(20,893)	(778)
Smurfit Kappa Group PLC	(100)	25-Sep-25	Goldman Sachs International	A-1	(4,428)	(5,223)	(795)
Smurfit Kappa Group PLC	(100)	25-Sep-25	Goldman Sachs International	A-1	(4,402)	(5,223)	(821)
Smurfit Kappa Group PLC	(100)	25-Sep-25	Goldman Sachs International	A-1	(4,394)	(5,223)	(829)
Smurfit Kappa Group PLC	(400)	25-Sep-25	Goldman Sachs International	A-1	(19,853)	(20,893)	(1,040)
Smurfit Kappa Group PLC	(200)	25-Sep-25	Goldman Sachs International	A-1	(9,094)	(10,446)	(1,352)
Smurfit Kappa Group PLC	(200)	25-Sep-25	Goldman Sachs International	A-1	(8,917)	(10,446)	(1,529)
Smurfit Kappa Group PLC	(200)	25-Sep-25	Goldman Sachs International	A-1	(8,907)	(10,446)	(1,539)
Smurfit Kappa Group PLC	(300)	25-Sep-25	Goldman Sachs International	A-1	(13,679)	(15,669)	(1,990)
Smurfit Kappa Group PLC	(800)	25-Sep-25	Goldman Sachs International	A-1	(39,511)	(41,785)	(2,274)
Smurfit Kappa Group PLC	(400)	25-Sep-25	Goldman Sachs International	A-1	(18,154)	(20,893)	(2,739)
Smurfit Kappa Group PLC	(400)	25-Sep-25	Goldman Sachs International	A-1	(17,807)	(20,893)	(3,086)
Smurfit Kappa Group PLC	(400)	25-Sep-25	Goldman Sachs International	A-1	(17,709)	(20,893)	(3,184)
Smurfit Kappa Group PLC	(400)	25-Sep-25	Goldman Sachs International	A-1	(17,706)	(20,893)	(3,187)
Smurfit Kappa Group PLC	(800)	25-Sep-25	Goldman Sachs International	A-1	(36,363)	(41,785)	(5,422)
Smurfit Kappa Group PLC	(800)	25-Sep-25	Goldman Sachs International	A-1	(36,215)	(41,785)	(5,570)
Smurfit Kappa Group PLC	(1,300)	25-Sep-25	Goldman Sachs International	A-1	(60,328)	(67,901)	(7,573)
Smurfit Kappa Group PLC	(1,000)	25-Sep-25	Goldman Sachs International	A-1	(44,439)	(52,232)	(7,793)
Smurfit Kappa Group PLC	(1,000)	25-Sep-25	Goldman Sachs International	A-1	(44,109)	(52,232)	(8,123)
Unrealized loss on contracts for differences						**(490,977)**	**(60,124)**
Net gain (loss) on contracts for differences						**(558,879)**	**(59,266)**

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	15,267,184	44,546	-	15,311,730
Short-term notes - Long	-	7,942,702	-	7,942,702
Bonds - Long	-	1,353,659	-	1,353,659
Options - Long	13,610	-	-	13,610
Forward contracts - Long	-	1,277,478	-	1,277,478
Contracts for differences - Long	-	858	-	858
Equities - Short	(4,670,353)	-	-	(4,670,353)
Options - Short	(7,316)	-	-	(7,316)
Contracts for differences - Short	-	(60,124)	-	(60,124)
Total	**10,603,125**	**10,559,119**	**-**	**21,162,244**

ASSETS (LIABILITIES) AT FAIR VALUE AS AT DECEMBER 31, 2022	Level 1 $	Level 2 $	Level 3 $	Total $
Equities - Long	27,611,278	1,920,492	-	29,531,770
Bonds - Long	-	826,287	-	826,287
Options - Long	33,563	-	-	33,563
Forward contracts - Long	-	5,200	-	5,200
Equities - Short	(1,367,400)	-	-	(1,367,400)
Bonds - Short	-	(188,499)	-	(188,499)
Options - Short	(18,575)	-	-	(18,575)
Forward contracts - Short	-	(462,824)	-	(462,824)
Loan payable	(3,385,748)	-	-	(3,385,748)
Total	**22,873,118**	**2,100,656**	**-**	**24,973,774**

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 and December 31, 2022.

December 31, 2023	Transfer from Level 1 to 2 $	Transfer from Level 2 to 1 $
Equities - Long	60	215
	60	215

December 31, 2022	Transfer from Level 1 to 2 $	Transfer from Level 2 to 1 $
Equities - Long	620,534	285,700
	620,534	285,700

As of December 31, 2023 and , 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.

The equity securities transferred into Level 1 relate to positions for which significant trading activity existed on December 31, 2023 and but which were thinly traded around December 31, 2022.

FUND SPECIFIC NOTES (CONTINUED)

3. OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The following table shows the net impact of the Fund's statement of financial position if all set-off rights were exercised.

Financial Assets and Liabilities	Amounts Eligible for Offset			
	Gross Assets / (Liabilities) $	Financial Instruments $	Collateral received/paid $	Net $
December 31, 2023				
Derivative assets - Foreign exchange forward contracts	1,277,478	-	-	1,277,478
Derivative assets - Contracts for differences	858	(858)	-	-
Derivative liabilities - Foreign exchange forward contracts	-	-	-	-
Derivative liabilities - Contracts for differences	(60,124)	858	59,266	-
December 31, 2022				
Derivative assets - Foreign exchange forward contracts	5,200	(5,200)	-	-
Derivative liabilities - Foreign exchange forward contracts	(462,824)	5,200	-	(457,624)

4. OTHER PRICE RISK

Using Beta as a measure of the relationship of the Fund's performance versus its index, if the HFRI ED Merger Arbitrage Index (Hedged to Canadian dollar) were to increase or decrease by 10%, net assets would have increased or decreased by approximately $1,466,550 (December 31, 2022 - $1,900,626). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

5. CURRENCY RISK

The currency risk reflects the net impact after taking into consideration the forward contracts. 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 $	Forward Currency Contracts $	Total $	Percentage of Net Assets %
United States Dollar	20,136,019	10,657,394	(30,505,811)	287,602	0.8%
Net Exposure	**20,136,019**	**10,657,394**	**(30,505,811)**	**287,602**	**0.8%**

FINANCIAL INSTRUMENTS					
December 31, 2022 Currency	Monetary $	Non-Monetary $	Forward Currency Contracts $	Total $	Percentage of Net Assets %
United States Dollar	15,917,722	24,737,397	(40,621,401)	33,718	0.1%
British Pound	-	205,594	(205,364)	230	0.0%
Net Exposure	**15,917,722**	**24,942,991**	**(40,826,765)**	**33,948**	**0.1%**

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 $14,380 (December 31, 2022 - $1,697). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

FUND SPECIFIC NOTES (CONTINUED)

6. INTEREST RATE RISK

As at December 31, 2023 and 2022, the Fund's investment portfolio includes interest bearing corporate bonds. As a result, the Fund is subject to interest rate risk due to fluctuations in the prevailing level of market interest rates which could impact the Fund's cash flows and the fair values of its interest bearing investments.

The Fund also has financial liabilities in the form of a loan payable and is therefore subject to interest rate risk due to fluctuations in the prevailing level of market interest rates which could impact the Fund's cash flows. As at December 31, 2023, should interest rates increase or decrease by 100 basis points (December 31, 2022 - 100 basis points) with all other variables remaining constant, the increase or decrease in net assets would amount to approximately $92,964 (December 31, 2022 - $8,263) for financial assets and approximately $nil (December 31, 2022 - $35,742) for financial liabilities. Actual results may differ from this sensitivity analysis and those results could be material. The Manager reviews the interest rate exposure on a regular basis.

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	7,942,702	-	7,942,702
1-3 years	1,044,298	-	1,044,298
3-5 years	309,361	-	309,361
Total	**9,296,361**	**-**	**9,296,361**

Debt Instruments by Maturity Date	December 31, 2022 ($)		
	Long Positions	Short Positions	Total
Less than 1 year	-	(3,385,748)	(3,385,748)
1-3 years	476,418	-	476,418
3-5 years	154,749	-	154,749
Greater than 5 years	195,120	(188,499)	6,621
Total	**826,287**	**(3,574,247)**	**(2,747,960)**

7. CREDIT RISK

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

December 31, 2023			
Bond Ratings	Net	Long	Short
AAA	22.5%	22.5%	0.0%
BBB+	0.0%	0.0%	0.0%
BB-	0.0%	0.0%	0.0%
NR	3.8%	3.8%	0.0%

December 31, 2022			
Bond Ratings	Net	Long	Short
AAA	0.0%	0.0%	0.0%
BBB+	0.0%	0.5%	-0.5%
BB-	0.4%	0.4%	0.0%
NR	1.2%	1.2%	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.

FUND SPECIFIC NOTES (CONTINUED)

8. CONCENTRATION RISK

The table below summarizes the Fund's concentration risk as a percentage of net assets attributable to holders of redeemable units as at December 31, 2023 and 2022.

Jurisdiction	% of Net Assets			
	December 31, 2023		December 31, 2022	
LONG POSITIONS		**73.4%**		**77.1%**
Canadian Equities		**3.6%**		**11.0%**
Energy	2.3%		0.0%	
Utilities	1.3%		0.0%	
Financials	0.0%		2.3%	
Materials	0.0%		2.3%	
Consumer Staples	0.0%		0.1%	
Communication Services	0.0%		2.3%	
Real Estate	0.0%		4.0%	
Global Equities		**39.9%**		**63.9%**
United States	23.2%		21.5%	
International	16.7%		42.4%	
Canadian Debt		**0.0%**		**0.5%**
Corporate Bonds	0.0%		0.5%	
Global Debt		**26.3%**		**1.6%**
United States Bonds	3.8%		1.6%	
Short term Debt	22.5%		0.0%	
Derivatives		**3.6%**		**0.1%**
SHORT POSITIONS		**-13.5%**		**-5.2%**
Canadian Equities		**-3.7%**		**-2.0%**
Energy	-2.3%		0.0%	
Utilities	-1.3%		0.0%	
Financials	-0.1%		0.0%	
Materials	0.0%		-1.9%	
Information Technology	0.0%		-0.1%	
Global Equities		**-9.6%**		**-1.5%**
United States Equities	-9.6%		-1.5%	
Canadian Debt		**0.0%**		**-0.5%**
Corporate Bonds	0.0%		-0.5%	
Derivatives		**-0.2%**		**-1.2%**

FUND SPECIFIC NOTES (CONTINUED)

9. LIQUIDITY RISK

The table below categorizes the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date.

The amounts in the table are the contractual undiscounted cash flows. Amounts due to holders of redeemable units are disclosed as net assets attributable to holders of redeemable units on the statements of financial position and are due on demand.

December 31, 2023 Financial Liabilities	On Demand $	< 3 months $	> 3 months $	Total $
Short positions	4,670,353	-	-	4,670,353
Redemptions payable	89,429	-	-	89,429
Accrued liabilities and other payables	-	214,075	-	214,075
Payable for investments purchased	178,660	-	-	178,660
Derivative liabilities	67,440	-	-	67,440

December 31, 2022 Financial Liabilities	On Demand $	< 3 months $	> 3 months $	Total $
Short positions	1,555,899	-	-	1,555,899
Redemptions payable	839,671	-	-	839,671
Accrued liabilities and other payables	-	171,692	-	171,692
Payable for investments purchased	80,439	-	-	80,439
Derivative liabilities	481,399	-	-	481,399
Loan payable	3,385,748	-	-	3,385,748

10. FUND UNIT TRANSACTIONS

For the years ended December 31

	2023				2022			
	Class B	Class F	Class I	Class V	Class B	Class F	Class I	Class V
Units issued and outstanding, beginning of year	138,740	2,955,647	841	277,574	147,742	4,158,129	278,503	509,702
Units issued	-	174,580	-	298	-	366,704	-	614
Units reinvested	2,055	37,266	9	2,874	-	-	-	-
Units redeemed	(3,088)	(536,519)	(232)	(83,728)	(9,002)	(1,569,186)	(277,662)	(232,742)
Units issued and outstanding, end of year	137,707	2,630,974	618	197,018	138,740	2,955,647	841	277,574
Weighted average number of units held during the year	137,708	2,776,405	802	219,515	139,457	3,913,270	201,688	388,472

11. COMMISSIONS

For the years ended December 31 (in $000)

	2023	2022
Brokerage commissions	80	91
Soft Dollar commissions	6	9

12. TAX LOSS CARRY FORWARDS

As at December 31 (in $000)

		2023
Net capital losses carry forward		-
Non-capital losses carry forward	2042	9

13. LEVERAGE

During the year ended December 31, 2023, the Fund's aggregate exposure reached a low of 5.51% (year ended December 31, 2022 - 1.62%) and a high of 15.06% (year ended December 31, 2022 - 11.70%) of the Fund's NAV. As at December 31, 2023, the Fund's aggregate exposure was 14.85% (December 31, 2022 - 5.01%) of the Fund's NAV. The primary source of leverage was short positions in equity securities.

As at December 31, 2023 and December 31, 2022

1. GENERAL INFORMATION

Picton Mahoney Arbitrage Fund (formerly Vertex Arbitrage Fund) (the "Fund") was created on October 31, 2013 under the laws of British Columbia. The Fund commenced operations on October 31, 2013. Picton Mahoney Asset Management acts as manager (the "Manager"), portfolio advisor (the "Portfolio Advisor") and trustee (the "Trustee") for the Fund. The Manager is responsible for the day-to-day business of the Fund, including the management of the Fund's investment portfolio. The address of the Fund's registered office is 33 Yonge Street, Suite 830, Toronto, Ontario, M5E 1G4. The financial statements are presented in Canadian dollars (CAD). These financial statements were authorized for issue by the Manager on March 25, 2024.

On October 21, 2019, the Manager and Vertex One Asset Management Inc. ("Vertex"), the previous manager for the Fund, entered into a purchase agreement (the "Purchase Agreement") pursuant to which the Manager acquired the investment fund management contracts for the Fund as of January 13, 2021 (the "Transaction").

Unitholders of the Fund approved the change of manager from Vertex to the Manager at a special meeting of the Fund's unitholders on November 28, 2019. Further details of the Transaction were provided in a management information circular that was sent to unitholders in connection with the meetings as required by securities regulations, which is also available under the Fund's profile at www.sedarplus.ca. On closing of the Transaction, the Manager became the investment fund manager and Portfolio Advisor of the Fund.

The Fund may issue an unlimited number of classes or series and may issue an unlimited number of units of each class or series. The Fund has created Class B, Class F, Class V, and Class I units.

Class B units are designed for investors investing $25,000 or more who are not eligible to purchase Class F units. Class F units are designed for investors investing $25,000 or more who have fee-based accounts with registered dealers who have been approved by the Manager to sell Class F units. Class V units are designed for investors who previously held Class F units through managed accounts at Vertex or, at the discretion of the Manager, for clients of a dealer investing $25,000 or more and which dealer has obtained consent from the Manager to offer Class V units. Class I units are designed for other investment funds managed by the Manager, institutional investors and other investors on a case-by-case basis, all at the discretion of the Manager. The minimum investment amount for a third party is $1,000,000. Class I units were first issued on February 1, 2020. Class V units were first issued on January 14, 2020. As at December 31, 2023, the Fund currently has 4 classes of units: Class B, Class F, Class V, and Class I units. As at December 31, 2023, the Manager holds 618 units of Class I (December 31, 2022 - 841 units of Class I).

The Fund invests in securities in Canada, the United States and in other foreign jurisdictions. The investment objective of the Fund is to generate consistent, positive returns, with low volatility and low correlation to equity markets. The Fund attempts to achieve its investment objective by using risk arbitrage strategies, short selling and trading in options. Leveraging is restricted to 30% of the net asset value of the Fund.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(a) Basis of Preparation

These financial statements have been prepared in accordance with those requirements of International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

(b) Classification

(i) Assets

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

(ii) Liabilities

The Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss. As such, the Fund classifies all of its investment portfolio as financial assets or liabilities as fair value through profit or loss.The Fund's policy requires the Manager to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

(c) Fair Value Measurements

The Fund utilizes a three tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments. The three levels of the fair value hierarchy are as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair values are classified as Level 1 when the related security or derivative is actually traded and a quoted price is available. If an instrument classified 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) Collateral

Cash collateral provided by the Fund is identified in the Statements of Financial Position as "Cash, pledged as collateral", if any. For collateral other than cash, if the party to whom the collateral is provided has the right by contract or custom to sell or re-pledge the collateral, the Fund classifies that asset in its Statements of Financial Position separately from other assets and identifies the asset as pledged collateral. Where the party to whom the collateral is provided does not have the right to sell or re-pledge, the collateral provided is disclosed in the notes to the financial statements.

(g) 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 fund holdings are recognized by the Fund in the same form in which they were received from the underlying funds and are recognized on the distribution date.

(h) Valuation of Fund Units

Each Fund's Net Asset Value is calculated as the value of the Fund's assets, less its liabilities, computed on a particular date in accordance with the Fund's Trust Declaration. The administrator of the Funds (or such other person or entity designated by the Manager) will calculate the Net Asset Value of the Funds as of the last business day (any day on which the Toronto Stock Exchange ("TSX") is open for trading is hereinafter referred to as a "Business Day"), of each month at the close of regular trading on the TSX, normally 4:00 p.m. (Eastern time) (each, a "Valuation Date").

The Class Net Asset Value per Unit on a Valuation Date is obtained by dividing the value of the assets of a Class less the amount of its liabilities, in each case attributable to that Class, by the total number of Units of the Class outstanding at the close of business on the Valuation Date.

(i) 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.

(j) 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.

(k) 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.

(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 Manager is generally making investment decisions for assets that exceed the net asset value of the Fund by borrowing funds. As a result, if the Manager's 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 the Fund's turnover, transaction and market impact costs, interest and securities lending expenses and other costs and expenses.

(m) Loan Payable

Loan Payable is recognized at fair value net of transaction costs incurred. They are subsequently valued at amortized cost; any difference is recognized in the Statement of Comprehensive Income over the period of the loan using the effective interest method.

The Fund has a loan facility for investment purposes up to 50% of its most recently calculated net asset value attributable to holders of redeemable units.

The loan facility has no maturity and bears interest at Canadian overnight rates plus agreed spread with TDSI. The loan facility can be settled by the Fund at its discretion without any penalty. The loan is payable on demand.

The carrying value of the loan approximates its fair value and is shown as Loan payable in the Statement of Financial Position.

Pursuant to an agreement with TDSI, the Fund maintains a 365-day revolving loan facility. The loan facility provides for borrowing at the US Federal Credit Union (U.S FED) funds effective rate, plus 0.25%. The U.S. FED effective rate fluctuates and is marked daily, ranging between 4.50% to 5.50% (December 31, 2022, 0.25% to 4.50%) for the year ended December 31, 2023. The loan was made in accordance with Canadian Investment Regulatory Organization ("CIRO") guidelines associated with margin borrowing purposes where qualifying principal cash and security borrowing and lending agreements are subject to margin requirements that reflect the risk of loss associated with such arrangements. The securities held with TDSI form collateral for the loan facility. The amounts due to TDSI are payable on demand.

During the year ended December 31, 2023, the Fund borrowed a minimum of CAD $nil and a maximum of CAD $4,186,383 [December 31, 2022 – minimum of CAD $2,025,333 and a maximum of CAD $30,018,393] under this loan facility. As at December 31, 2023, there were CAD $nil borrowings [December 31, 2022 – CAD $3,385,748]. During the year ended December 31, 2023, the Fund paid CAD $144,931 [December 31, 2022 – CAD $261,981] of interest. Aside from the borrowings, the Fund had an excess margin position of CAD $24,885,948 (cash of CAD $14,155,681 kept as collateral) as at December 31, 2023 [December 31, 2022 – excess margin position of CAD $26,397,522 (cash of CAD $15,126,108 kept as collateral)].

(n) Structured Entities

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

Picton Mahoney has determined that all of the underlying funds in which the Fund invests are unconsolidated structured entities. In making this determination, Picton Mahoney evaluated the fact that decision making about the underlying funds' activities is not governed by voting or similar rights held by the Fund and other investors in any underlying funds.

The Fund may invest in underlying funds whose investment objectives range from achieving short- to long-term income and capital growth potential. Underlying funds may use leverage in a manner consistent with their respective investment objectives. Underlying funds finance their operations by issuing redeemable units which are puttable at the holder's option and entitle the holder to a proportionate stake in the respective fund's net assets. The Fund's interests in underlying funds as at December 31, 2023 and December 31, 2022, held in the form of redeemable units, are included at their fair value in the Statement of Financial Position, which represent the Fund's maximum exposure in these underlying funds. The Fund does not provide and has not committed to provide any additional significant financial or other support to the underlying funds. The change in fair value of each of the underlying funds during the periods is included in 'Change in unrealized appreciation (depreciation) of investments, options, and foreign exchange forward contracts' in the Statement of Comprehensive Income.

(o) 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, 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, 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.

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 Funds or may acquire additional Units on a weekly basis as of the last business day of each calendar week. Units of the Funds are offered at the Class Net Asset Value per Unit calculated as of the applicable Valuation Date. The minimum initial investment in the Funds is $25,000 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 $5,000 subject to applicable securities legislation.

The capital of the Funds 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 Funds' Net Asset Value per Unit upon redemption. The Funds have 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 Statements of Changes in Net Assets Attributable to Holders of Redeemable Units and in the Fund Specific Notes of each Fund.

Class A Units are designed for investors investing CAD $25,000 or more, who are not eligible to purchase Class F Units. Class F Units are designed for 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 investing CAD $25,000 or more. Class I units are designed primarily for institutional investors and may be subject to management or performance fees as negotiated between the Manager and the investor. Class I units may also be issued to other funds managed by the Manager (in which case no management or incentive fees will be charged).

Units may be surrendered to the Manager for redemption at any time. A Unitholder may have his or her Units redeemed as of the last Business Day of any calendar week (the "Redemption Date") at the Class Net Asset Value per Unit as of the Redemption Date provided the Manager has received a notice of redemption in respect of such Units prior to 4:00 p.m. (Eastern time) on such Valuation Date, otherwise such Units will be redeemed on the next Valuation Date. In order to protect the interest of the majority of investors in the Funds and to discourage short-term trading, investors may be subject to a short-term trading deduction. If an investor redeems Units within 120 days of purchasing such Units, the Funds may deduct and retain, for the benefit of the remaining Unitholders, five percent (5%) of the Class Net Asset Value of the Units being redeemed.

Under IFRS, IAS 32 requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. This is applicable to all Funds. The Funds also have 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 to be classified as equity and are therefore classified as liabilities.

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 B, Class F, Class I and Class V units will be automatically reinvested in additional units.

8. TAXATION

The Fund qualifies as a "mutual fund trust" and will be subject to tax in each taxation year under Part I of the Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to

Unitholders in the year. The Fund deducts, in computing its income in each taxation year, the full amount available for deduction in each year and, therefore, provided the Fund makes distributions in each year of its net income and net realized capital gains, it will generally not be liable in such year for any tax on its net income or profit under Part I of the Tax Act. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statement of Financial Position as a deferred tax asset.

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

The Fund is required to include in income for each taxation year any dividends received by it in a taxation year and all interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year. In computing its income, the Fund will take into account any loss carry-forwards, any capital gains refund and all deductible expenses, including management fees.

Gains and losses realized by the Fund on the disposition of securities will generally be reported as capital gains and capital losses. The Fund will elect under section 39(4) of the Tax Act so that all gains or losses realized on the disposition of securities that are "Canadian securities" (as defined in the Tax Act), including Canadian securities acquired in connection with short sales, will be deemed to be capital gains or losses to the Fund. Generally, gains and losses realized by the Fund from derivative securities and in respect of short sales of securities (other than Canadian securities) will be treated as income and losses of the Fund, except where a derivative is used to hedge securities held on capital account provided there is sufficient linkage and subject to detailed rules in the Tax Act. Whether gains or losses realized by the Fund in respect of a particular security (other than a Canadian security) is on income or capital account will depend largely on factual considerations. Losses incurred by the Fund in a taxation year cannot be allocated to unitholders, but may be deducted by the Fund in future years in accordance with the Tax Act.

9. OPERATING EXPENSES

The Fund is responsible for the payment of all fees and expenses relating to its operation, including the fees and expenses of the recordkeeper, audit, accounting, administration (other than advertising and promotional expenses which are paid for by the Manager), record keeping and legal fees and expenses, custody and safekeeping charges, all costs and expenses associated with the qualification for sale of units, providing financial and other reports to Unitholders and convening and conducting meetings of Unitholders, all taxes, assessments or other governmental charges levied against the Fund, interest and all brokerage and other fees relating to the purchase and sale of the assets of the Fund. The Manager will pay for all expenses associated with the identification and management of the Fund's investments (other than direct expenses such as interest charges on margin borrowings and brokerage fees, which are the responsibility of the Fund).

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 B units is 1.50% and on Class F units and Class V units is 1.00%. 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 B units of the Fund.

Management Fee Distributions

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

(b) Performance Fees

The Manager is entitled to a performance fee equal to 15% of the amount by which the performance of the Fund exceeds the previous high-water mark for each class of units. The performance fee is accrued monthly and is payable for each calendar quarter, provided that the high-water mark is exceeded, as referred to below. The performance fee plus applicable taxes will be payable by the Fund within 10 business days from the quarter-end. Upon the redemption of units of a particular class, the accrued portion of the performance fee allocated to the redeemed units for that class will be payable by the Fund within 10 business days of the end of the month in which the units were redeemed.

The highest quarter-end NAV per unit for each class of units from time to time establishes a high-water mark for each class of units which must be exceeded in subsequent quarters for the performance fee applicable to each class of units to be payable.

No change in the Manager's performance fee payment policy will be made without at least 60 days' notice to the unitholders. The Manager has reserved the right to change the period for which any performance fee may be paid by the Fund to the Manager.

For the year ended December 31, 2023, the Fund incurred performance fees of $229,561 (December 31, 2022 - $83,254).

(c) Fees and expenses of the underlying funds

For providing its services to the respective underlying funds, the Manager receives a management fee and a performance fee from the respective underlying funds attributable to the certain classes of units of the applicable underlying funds. However, any investment by the Fund into Class I units of the respective underlying funds will not result in any duplication of management fees or performance fees to the Fund or the investors of the Fund as any investment by the Fund in the respective underlying funds will only be in Class I units of the applicable underlying fund that carry no management fees and performance fees. For greater certainty, the Manager will not receive any management fees or performance fees in respect of the Class I units of the underlying funds to be purchased by the Fund. In addition, no sales charges or redemption fees are payable by the Fund in relation to its purchase or redemption of Class I units of the underlying fund.

Each underlying fund will pay for all routine and customary expenses relating to the underlying fund's operations, including registrar and transfer agency fees and expenses, trustee fees (if any), custodian fees, auditing, legal and accounting fees, communication expenses, printing and mailing expenses, all costs and expenses associated with the sale of units of the underlying fund including securities filing fees (if any), expenses relating to providing financial and other reports to unitholders of the underlying fund and convening and conducting meetings of unitholders of the underlying fund, expenses related to the independent review committee of the underlying fund, all taxes, assessments or other governmental charges levied against the underlying funds, interest expenses and all brokerage and other fees relating to the purchase and sale of the assets of the underlying fund. In addition, the underlying fund will pay for expenses associated with ongoing investor relations and education relating to the underlying fund.

The Class I units of the underlying fund purchased by the Fund will be responsible for the above expenses specifically related to that class of units of the underlying fund and a proportionate share of expenses that are common to all classes of units of the underlying fund. As a result, unitholders that invest in underlying funds will indirectly bear a proportionate share of such expenses of such underlying funds.

(d) Fee rebates

Effective April 1, 2020, to encourage large investments in the Fund and to be able to offer fees which are competitive for investments of that size, and in certain other circumstances, the Manager may from time to time reduce the management fee and/or the performance fee that it otherwise would be entitled to receive with respect to such an investor's investment in the Fund provided that the amount of the fee reduction is distributed (a "fee distribution") to such unitholder. Fee distributions of the Fund, where applicable, will be computed on each valuation date and shall be payable quarterly, or at such other times as the Manager may determine, first out of net income and the net capital gains of the Fund and thereafter out of capital. Any such reduction in management fees and/or performance fees in respect of a large investment in the Fund will be negotiated by the Manager and the investor or the investor's dealer and will be based primarily on the size of the investor's investment in the Fund and the total amount of services provided to the investor with respect to their investment in the Fund. The Manager may also reduce its fees to encourage investors to invest in a new fund. A qualified investor can choose to receive the fee distribution in cash or in additional units. The amount of any fee distribution is income to the unitholder receiving it, to the extent it is paid out of net income or net taxable capital gains of the Fund.

11. EXEMPTION FROM REGULATORY FILING

The Fund is relying on the exemption pursuant to Section 2.11 of National Instrument 81-106 not to file its financial statements with the Ontario Securities Commission.

THINK AHEAD.
STAY AHEAD.

PICTON MAHONEY Asset Management

PICTON MAHONEY ASSET MANAGEMENT CORPORATE INFORMATION

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Auditor

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ITEM 19. DATE AND CERTIFICATE

Dated June 3, 2024.

This offering memorandum does not contain a misrepresentation.

PICTON MAHONEY ARBITRAGE FUND,
by its Manager and Promoter,
PICTON MAHONEY ASSET MANAGEMENT

By: "David Picton"
David Picton
President (acting in the capacity
of Chief Executive Officer)

By: "Arthur Galloway"
Arthur Galloway
Chief Financial Officer

ITEM 20. **APPENDIX A**

DIRECTORY

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PRIME BROKER

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None of the prime brokers has any responsibility for the preparation or accuracy of this Offering Memorandum.

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