This Amended and Restated Confidential Offering Memorandum ("Offering Memorandum") constitutes an offering of securities only in those jurisdictions and to those persons where and to whom they my lawfully be offered for sale. This Offering Memorandum is not and under no circumstances is to be construed as a prospectus or an advertisement for a public offering of these securities.

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 8 -"Certain Risk Factors".

PICTON MAHONEY
Asset Management

AMENDED AND RESTATED OFFERING MEMORANDUM

Date:	June 3, 2024	
The Issuer		
Name:	**PICTON MAHONEY INCOME OPPORTUNITIES FUND**	
Head Office:	Address:	33 Yonge Street, Suite 320 Toronto, Ontario M5E 1G4
	Phone Number:	(416) 955-4108
	E-mail address:	service@pictonmahoney.com
	Fax Number:	(416) 955-4100
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 A, Class F, Class UA and Class UF units (the "Units") of Picton Mahoney Income Opportunities Fund (the "Fund").	
Price per Security:	Class Net Asset Value per Unit as at the first Valuation Date following the date on which a subscription is received (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. **Funds available under the offering may not be sufficient to accomplish our proposed objectives.**	
Minimum Subscription Amount:	$25,000 for Class A and Class F Units; USD$25,000 for Class UA and Class UF 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 of each week.	
Income Tax Consequences:	There are important tax consequences to these securities. See Item 6.	
Selling Agent(s):	None.	

Resale Restrictions

You will be restricted from selling your securities for an indefinite period. See Item 10. You may redeem your securities in certain circumstances. See Item 5.3.

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 the right to sue either for damages or to cancel the agreement. See Item 11.

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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 week.

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 such Fund's stated objective. See Item 2.4 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

2.1 Structure

The Fund is an open-ended trust established under the laws of the Province of Ontario on December 31, 2009 and governed by an amended and restated master declaration of trust dated as of January 24, 2022 and as the same may be amended, restated or supplemented from time to time (the "Trust Declaration"). Picton Mahoney Asset Management acts as the trustee and the manager (the "Trustee", the "Manager" or "Picton Mahoney") of the Fund pursuant to the Trust Declaration. The office of the 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 Declaration. The description of provisions of the Trust Declaration contained herein is subject to and qualified in its entirety by the Trust Declaration.

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 December 31, 2009. The Fund has expanded its business through the sale of Units.

As of May 3, 2024, there were approximately 4,299,354 Class A Units, 23,871,993 Class F Units, 105,521 Class I Units, 277,403 Class Q Units, 2,776 Class O Units, 56,733 Class UA Units ($USD) and 1,415,597 Class UF Units ($USD) of the Fund outstanding.

2.4 Investment Approach, Objective and Investment Strategies

Investment Approach

Picton Mahoney utilizes an investment process that combines a quantitative approach with fundamental analysis. The Manager believes this combination creates a highly disciplined and repeatable investment process and is the key to successful investing. The Manager employs a multi-factor model that emphasizes factors that have shown to be effective at differentiating between strong and weak performing investment opportunities. These factors include: fundamental change, valuation, growth, default probability, asset volatility and quality. The Manager typically has a shorter investment horizon than other types of fund managers and seeks to generate returns over a short to intermediate time horizon.

Investment Objective

The investment objective of the Fund is to maximize total return, consisting of interest and dividend income and capital appreciation and to provide holders of Units ("Unitholders") with monthly distributions.

Monthly Distribution

In accordance with the Fund's investment objective to provide Unitholders with monthly distributions, the Fund intends to make monthly distributions to Unitholders of record on the last business day prior to the last Valuation Date (as defined herein) of each month (the "Monthly Distribution"). Monthly Distributions will be paid on a business day designated by the Manager that will be no later than the 15th day of the following month. The Fund does not have a fixed Monthly Distribution but will determine and announce each January an expected distribution amount for the following 12 months. The Monthly Distribution for 2024 is targeted to be $0.0334 per Class A Unit, $0.0389 per Class

F Unit, $0.0507 per Class I Unit, $0.0378 per Class Q Unit, USD$0.0357 per Class UA Unit, and USD$0.0393 per Class UF Unit.

Subject to applicable securities legislation, Monthly Distributions will be automatically reinvested in additional Units or fractional 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.

It is expected that distributions to Unitholders may be characterized as capital gains, dividends, foreign source income and/or other income for Canadian federal income tax purposes. If the return on the Fund (including net realized capital gains from the sale of securities) is less than the amount necessary to fund the Monthly Distributions, the Manager will return a portion of the capital of the Fund to Unitholders to ensure the distribution is paid and, accordingly, Net Asset Value per Unit will be reduced. A Unitholder may elect to have Monthly Distributions received from the Fund paid in cash by notifying the Manager.

If the Fund's net income for tax purposes, including net realized capital gains, for any year exceeds the aggregate amount of the regular Monthly Distributions made in the year to Unitholders, the Fund will also be required to pay one or more special distributions in such year to Unitholders as is necessary to ensure that the Fund will not be liable for income tax on such amounts under Part I of the Tax Act (after taking into account all available deductions, credits and refunds) (See Item 6, "Certain Income Tax Consequences and Eligibility for Investment").

There can be no assurance given as to the amount of targeted Monthly Distributions in the future.

Investment Strategies

The Fund is managed in accordance with the following investment approach and strategies:

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 government bonds, investment grade corporate bonds, credit linked notes, high yield bonds, stressed and distressed securities, asset backed securities, collateralized debt and loan obligations, government agency securities, bonds, convertible bonds, convertible debentures, preferred shares, bank loans, real estate investment trusts, master limited partnerships, equities, private equities and post-petition equities, income trusts, Canadian royalty trusts, exchange traded funds and derivatives.

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 the Fund's long positions. Eligible securities include government bonds, investment grade corporate bonds, credit linked notes, high yield bonds, stressed and distressed securities, asset backed securities, collateralized debt and loan obligations, government agency securities, bonds, convertible bonds, convertible debentures, preferred shares, bank loans, real estate investment trusts, master limited partnerships, equities, private equities and post-petition equities, income trusts, Canadian royalty trusts, exchange traded funds and derivatives.

Capital Structure Arbitrage

A capital structure arbitrage trade combines a long position in an issuer's senior debt with a short position in its junior debt or common equity using a hedge ratio.

Convertible Arbitrage

A convertible arbitrage trade combines a long position in an issuer's convertible securities (convertible bonds, warrants, convertible preferred shares) with a short position in its common equity.

Yield and Credit Curve Arbitrage

Yield and credit curve trades combine a long position in an issuer's bond at one maturity with a short position in the bonds of the same issuer at a different maturity.

Fixed Income Arbitrage

Taking offsetting long and short positions in government bonds and investment grade corporate bonds, government agency securities, swap contracts, and futures and options on fixed income instruments that are mathematically, fundamentally, or historically interrelated.

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.

Distressed Investments

Taking long positions in securities (typically bonds and bank debt) that are in turnaround situations, default, under bankruptcy protection, or in distress and heading towards bankruptcy.

Special Situations

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

Private Placements and IPOs

Participating in initial public offerings, secondary offerings, and private financings (including special warrant financings) in existing publicly traded and private issuers.

Private Company Investments

Taking long and short positions in private company debt offerings.

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, swaps, swaptions, CFDs (Contracts for Difference), futures or forwards. The Fund may also employ various option strategies to increase its income return including covered call and put writing.

The Canadian dollar value of the Fund's net assets attributable to its Class UA Units and Class UF Units will be hedged back to U.S. dollars using derivatives. Hedging will limit the opportunity for gain as a result of an increase in the Canadian dollar relative to the U.S. dollar.

Managing Long and Short Positions

Managing the relative weightings of long and short positions to achieve the Fund's investment objectives.

Leverage

The Fund is authorized to borrow in order to increase its investment leverage. On average, over time the Fund expects to utilize leverage of two to three times its net assets, up to a maximum of four times its assets, at the time of investment.

Investments in other funds managed by the Manager

The Fund may invest in units of other funds for which the Manager is the manager and/or portfolio manager (the "Underlying Funds") in accordance with applicable securities law and with regulatory orders it has obtained. The Fund will do so when, in the opinion of the Manager, there is compatibility in investment objectives, investment strategies and investment restrictions between the funds after taking into consideration market conditions such as liquidity, diversified exposures, operational efficiencies, ease of access and reduction in transaction costs. Investments in Underlying Funds may result in the Fund holding units representing more than 10% of either the votes attaching to the outstanding units of an Underlying Fund or the outstanding units of that Underlying Fund. It is expected that the Fund will not invest more than 10% of its assets in an Underlying Fund, but may invest up to all of its assets in an Underlying Fund if the Manager determines that it is in the best interests of the 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.

2.5 Risk Management and Investment Restrictions

Risk Management

Picton Mahoney utilizes disciplined risk controlled quantitative techniques to construct portfolios. First, using historical analysis, the Manager sets an expected volatility target for the Fund's portfolio. Second, the Manager jointly constructs a long and short portfolio to minimize unwanted risk exposures. The Manager controls for factors including: liquidity, size, sector exposure, industry exposure, position size, and company specific factors. The Fund's portfolio is reviewed and rebalanced on a regular and ongoing basis to maintain the risk reward target.

Investment Restrictions

The investment activities of the Fund are be 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.

Fixed Price

The Fund will not purchase any security which may by its terms require the Fund to make a contribution in addition to the payment of the purchase price (other than pursuant to a permitted derivative transaction), provided that such restriction will not apply to the purchase of securities which are paid for on an installment basis where the total purchase price and the amount of all such installments are fixed at the time the first installment is paid.

Interest of Manager

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, however, purchase units of other funds managed by the Manager, in accordance with applicable securities laws and with regulatory orders it has obtained. It is expected that the Fund will not invest more than 10% of its assets in such other funds, but may do so if the Manager determines that it is in the best interest of the Fund.

Commodities

The Fund may 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 10% 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 the 10% limit described in this paragraph, the Fund will, as quickly as is commercially reasonable (and in any event within ninety (90) days of the acquisition), reduce their holdings of those securities so that they do not hold securities exceeding such limits.

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 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).

2.6 Material Agreements

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

Trust Declaration

The Fund was created pursuant to the Trust Declaration entered into by Picton Mahoney as the Manager and Trustee to facilitate the administration of the Fund. The Trust Declaration 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 Declaration can be terminated or amended. The following is a summary of the material provisions of the Trust Declaration, which does not purport to be complete. Please refer to the Trust Declaration for full particulars of these provisions. You may view a copy of the Trust Declaration by contacting the Manager at 33 Yonge Street, Suite 320, Toronto, Ontario, Canada M5E 1G4.

The Manager

Picton Mahoney is the Manager of the Fund and 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 Exempt Market Dealer, Investment Fund Manager, Portfolio Manager, and Commodity Trading Manager. The Manager carries out its advisory activities in relation to the Funds from 33 Yonge Street, Suite 320, Toronto, Ontario, Canada M5E 1G4.

Pursuant to the Trust Declaration, 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 Item 2.7 "Fees and Expenses".

The Trust Declaration 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 Declaration, 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 Declaration. In addition, the Trust Declaration contains provisions limiting the liability of the Manager.

Pursuant to the Trust Declaration, the Manager may resign upon ninety (90) days' written notice to the Unitholders. The Manager must appoint a successor, which appointment must be approved by a majority of the Unitholders unless the successor is an affiliate of the Manager. 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 Declaration. The Trustee has those powers and responsibilities in respect of the Fund as described in the Trust Declaration. 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 Declaration, the Manager may remove the Trustee and appoint a successor trustee from time to time on ninety (90) days' written notice or in certain other circumstances. The Trustee or any successor appointed pursuant to the terms of the Trust Declaration may resign upon ninety (90) days' written notice to the Manager, who shall use its best efforts to appoint a successor trustee. If no successor Trustee is appointed, the Fund shall be terminated.

The Trust Declaration provides that the Trustee and its affiliates have a right of indemnification from the Fund, and to the extent that the assets of the Fund are insufficient to satisfy such right, from the Manager, for any claims arising out of the execution of its duties as trustee, except in cases of negligence, wilful default or bad faith on the part of the Trustee. In addition, the Trust Declaration 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 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 Declaration, provided that in the event of a request to call a meeting of Unitholders made by such Unitholders, the Trustee 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.

Not less than twenty-one (21) days' notice will be given of any meeting of Unitholders. The quorum at any meeting is two or more Unitholders present in person or by proxy representing not less than 10% of the Units, or Units of a Class, as applicable, then outstanding. 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 Unitholders then present in person or represented by proxy will form the necessary quorum, if notice of the adjourned meeting is given.

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

Amendment of the Trust Declaration

The Trust Declaration may be amended by the Manager, if the amendment is not a material change, is not one of the matters specified in the Trust Declaration as requiring Unitholders' approval, does not adversely affect the pecuniary value of the interest of any Unitholder, or restrict any protection provided for the Trustee or increase the responsibilities of the Trustee. In addition, certain amendments which are necessary or desirable to bring the Trust Declaration into conformity with current practice, to comply with any law, regulation or policy requirement applicable to the Fund, to correct any ambiguity, error or omission in the Trust Declaration, or to enhance the rights of or protect the interests of the Unitholders, may be made by the Manager and the Trustee without any prior notice to or approval of Unitholders. Without limiting the generality of the foregoing, the Manager and the Trustee may agree to amend the Trust Declaration to enhance rights of redemption or to adopt more stringent investment restrictions or make any other change required such that the Fund may be a qualified investment under any applicable legislative or regulatory requirements, if the Manager deems such qualification to be desirable.

The Class attributes set by the Manager may be amended without notice to Unitholders if the amendment, in the opinion of the Manager, is for the protection of or benefit to Unitholders of that Class.

Any amendment which cannot be made in accordance with the above may be made, at any time, by the Manager and the Trustee to take effect after not less than ninety (90) days' written notice of such amendment to the Unitholders, or earlier with the consent of Unitholders as provided for in the Trust Declaration.

The Fund may be terminated on the occurrence of certain events stipulated in the Trust Declaration. The Manager may resign as manager of the Fund, and if no successor is appointed, the Fund will be terminated. On termination of the Fund, the Trustee will distribute the assets of the Fund in cash or in-kind in accordance with the Trust Declaration.

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 units of the Underlying Funds for which the Manager is the manager and/or portfolio manager in accordance with applicable securities law and with 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 the Underlying Funds) and not advantage one client over another. The securities laws of the Province of Ontario require securities 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 these securities laws for the particulars of these rules and their rights or consult with a legal adviser. 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 the Underlying Funds.

The 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 the Fund (should the requirement for a vote arise); or the Manager may make arrangements to permit Unitholders 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

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 (See Item 8 "Certain Risk Factors – Liability of Unitholders"). The Trust Declaration provides that the Fund will indemnify, out of the property of the Fund, each Unitholder in the event any Unitholder is held personally liable.

2.7 Fees and Expenses

Expenses

The Manager paid for the costs of initially organizing the Fund and 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, 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.

Management Fee

For providing its services to the Fund, the Manager receives a management fee (the "Management Fee") from the Fund attributable to the Class A Units, Class UA Units, Class F Units and Class UF Units, respectively. Each Class of Units is responsible for the Management Fee attributable to that Class.

The Class A Units and Class UA Units are charged a Management Fee equal to 0.50% per quarter (2.00% per annum) of the Net Asset Value of the Class A Units or the Class UA Units, as the case may be, plus applicable taxes, calculated and accrued on each Valuation Date, and payable on the last Valuation Date of each quarter.

The Class F Units and Class UF Units are charged a Management Fee equal to 0.25% per quarter (1.00% per annum) of the Net Asset Value of the Class F Units or the Class UF Units, as the case may be, plus applicable taxes, calculated and accrued on each Valuation Date, and payable on the last Valuation Date of each quarter.

The Management Fee payable in respect of the Class UA Units or the Class UF Units is payable in Canadian dollars and is equal to the applicable percentage indicated above of the Canadian dollar equivalent of the Net Asset Value of the applicable Class of Units on the applicable Valuation Date.

Other Classes of the 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 the Class A Units, Class UA Units, Class F Units and the Class UF Units. The Performance Fee in respect of each Class shall be calculated and become a liability of the Fund on each Valuation Date and shall be payable at the end of each calendar quarter.

The Performance Fee in respect of the Class A Units, Class UA Units, Class F Units and the Class UF Units, as the case may be, on a particular Valuation Date shall be equal to the product of (a) 17.5% of the positive difference between (i) the Adjusted Class Net Asset Value per Unit on the Valuation Date; and (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"), less (iii) the Accrued Hurdle Amount per Unit on the Valuation Date; 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 Accrued Hurdle Amount per Unit on any Valuation Date is the accumulated Hurdle Amount per Unit since the last high water mark that occurred in the current financial year of the Fund. The Hurdle Amount per Unit is calculated and accrued on each Valuation Date and shall be equal to the product of (a) the hurdle rate equal to 5% per annum (prorated for the number of days in the year since the last Valuation Date); and (b) the Adjusted Class Net Asset Value per Unit on the applicable 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" and/or the Accrued Hurdle Amount per Unit as are determined by the Manager to be necessary to account for the payment of any distributions on Units, any Unit splits or consolidations or any other event or matter that would, in the opinion of the Manager, impact upon the computation of Performance Fee. Any such determination of the Manager shall, absent manifest error, be binding on all Unitholders.

The Performance Fee payable in respect of the Class UA Units or the Class UF Units is calculated as indicated above using the U.S. dollar value of the Net Asset Value of the applicable Class of Units on the applicable Valuation Date, such U.S. dollar value to be determined using an exchange rate on the applicable Valuation Date.

The Manager will pay an amount equal to a portion of the Performance Fee, if any, to certain Dealers.

Other Classes of the Fund will be charged such performance fee, if any, as described in the applicable offering document or agreement relating to such Classes.

Fee Rebates

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. See Item 6 "Certain Income Tax Consequences and Eligibility for Investment" and Item 5.5 "Distributions".

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 from the respective Underlying Funds attributable to the certain classes of units of the applicable Underlying Fund. However, any investment by the Fund into units of the respective Underlying Funds will not result in any duplication of management fees and performance fees to the Fund or the investors of the Fund as any investment by the Fund into units of the respective Underlying Funds will only be in a class of units of the applicable Underlying Fund that carries no management fees and performance fees. For greater certainty, 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 addition, no sales charges or redemption fees are payable by the Fund in relation to its purchase or redemption of 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, all taxes, assessments or other governmental charges levied against the Underlying Fund, 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 of 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 an Underlying Fund will indirectly bear a proportionate share of such expenses of such Underlying Fund.

Copies of the offering memorandum, the most recent audited 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 upon request and may be inspected at the principal office of the Fund during normal business hours.

ITEM 3. INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

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[1]
David Picton Toronto, Ontario	Member of Executive Committee, President, Chief Executive Officer and Ultimate Designated Person since September 2004	Nil	91,867.07 Class I Units, ~87.06%
Arthur Galloway Toronto, Ontario	Member of Executive Committee, Chief Financial Officer, Chief Operating Officer and Corporate Secretary since April 2005	Nil	553.532 Class A Units, ~0.01% 4,847.619 Class F Units, ~0.02% 973.287 Class I Units, ~0.92%
Catrina Duong, Toronto, Ontario	General Counsel since May, 2024 and Chief Compliance Officer since June 2017	Nil	0 Units

[1] As at May 3, 2024. As the Fund offers Units on a continuous basis, the number and percentage of securities held after completion of maximum offering cannot be determined.

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 Honors 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 ten (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 oversightof Picton Mahoney Asset Management's compliance and legal programs. Ms. Duong joined Picton Mahoney in 2017. Prior to joining Picton Mahoney, 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 has 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 Provinceof Ontario.

3.3 Responsibility for Management of the Fund

The Manager is responsible for:

(a) establishing and implementing the investment objective and investment strategies of the Fund; and

(b) setting the investment limitations and restriction for the Fund.

The investment team of the Manager, led by Philip Mesman and Sam Acton, is primarily responsible for monitoring the performance of the investment portfolio of the Market Neutral Fund and making any adjustments to the investment portfolio of the Fund.

3.4 Penalties, Sanctions, Bankruptcy and Criminal or Quasi-Criminal Matters

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

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

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

(c) 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

(d) 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 any proceedings, 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.

3.5 Interest in Underlying Funds

Each of the above officers, directors and/or substantial security holders of the Manager may each individually, or together in the aggregate, have a significant interest in an 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.

3.6 Portfolio Summary

As of May 3, 2024 the investment portfolio of the Fund was comprised of the securities of 189 different issuers. The portfolio of the Fund is comprised primarily of equities and cash, with exposure to derivatives (such as futures and options), fixed income and short positions. The allocation of the portfolio of the Fund can fluctuate frequently due to regular trading activity. No portion of the NAV of the Fund was impaired and no single security held comprised more than 10% or more of the NAV of the Fund.

3.7 Portfolio Performance

The value of the securities in the portfolio of the Fund is based on the values used to calculate the Fund's net asset value. See Section 5.9 "Determination of Net Asset Value" for additional information on how the net asset value of the Fund is calculated.

Picton Mahoney Income Opportunities Fund*

Class of Units	**1 Year (%)**	**3 Year (%)**	**5 Year (%)**	**10 Year (%)**	**Annualized Since Inception** (%)**	**Inception Date**
Class A	4.88%	0.89%	3.42%	3.04%	4.66%	December 31, 2009
Class F	5.93%	1.95%	4.46%	4.08%	5.71%	December 31, 2009
Class I	7.27%	3.13%	5.96%	5.58%	6.27%	January 31, 2011
Class O	N/A	N/A	N/A	N/A	N/A	August 25, 2023
Class Q	6.05%	2.07%	4.56%	-	3.79%	August 10, 2018
Class UA	7.37%	5.23%	4.08%	-	4.30%	January 31, 2015
Class UF	8.44%	6.32%	5.09%	-	5.38%	January 31, 2015

* Performance and returns as at May 3, 2024 for Class A, F, I, O, Q, UA & UF Units.

** “Annualized since inception” means the geometric average performance earned by an investment each year if the investment was held since the inception date of the units.

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 A Units and Class UA Units are designed for investors investing $25,000 or USD $25,000, respectively, or more, who are not eligible to purchase Class F Units or Class UF Units. Class UA Units are more suitable for investors who want to invest in the Fund in U.S. dollars and minimize the effect of the fluctuations in the exchange rate between the Canadian dollar and U.S. dollar while achieving similar performance and returns to the Class A Units.

Class F Units and Class UF 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 $25,000 or USD$25,000, respectively, or more. Class UF Units are more suitable for investors who want to invest in the Fund in U.S. dollars and minimize the effect of the fluctuations in the exchange rate between the Canadian dollar and U.S. dollar while achieving similar performance and returns to the Class F Units.

The Fund also issues Class I Units and Class Q Units (not offered under this Offering Memorandum), including to other funds managed by the Manager, which are not charged management or performance fees.

In addition, the Fund issues Class O Units (not offered under this Offering Memorandum) which are available to investors who have a discretionary managed account with the Manager and make the required minimum initial investment and minimum subsequent investment, each as determined by the Manager from time to time. No management fees are charged to the Fund with respect to the Class O Units.

Description of Security	Number authorized to be issued	Number outstanding as at May 3, 2024 [1, 2]
Class A Units	Unlimited	4,299,354.40
Class F Units	Unlimited	23,871,993.33
Class I Units	Unlimited	105,521.74
Class O Units	Unlimited	2,776.47
Class Q Units	Unlimited	277,403.71
Class UA Units	Unlimited	56,733.82
Class UF Units	Unlimited	1,415,597.95

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

2. As of May 3, 2024, the issued and outstanding Units had the following net asset values: Class A – $8.0423 per Unit; Class F - $9.4032 per Unit; Class I – $12.3122 per Unit; Class O - $10.2411 per Unit; Class Q - $9.139 per Unit; Class UA – $11.7939 CAD ($8.6216 USD) per Unit; Class UF – $13.0176 ($9.5162 USD) per Unit.

4.2 Long-term Debt Securities

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 A Units	April 16, 2023 to May 3, 2024	29,151.881	$8.0349	$233,008.67
Class F Units	April 16, 2023 to May 3, 2024	2,014,791.457	$9.3160	$18,789,743.19
Class I Units	April 16, 2023 to May 3, 2024	0	N/A	N/A
Class O Units	August 25, 2023 to May 3, 2024	3,717.922	$10.1830	$37,771.21
Class Q Units	April 16, 2023 to May 3, 2024	82,029.658	$9.0509	$742,146.50
Class UA Units	April 16, 2023 to May 3, 2024	0	N/A	N/A
Class UF Units	April 16, 2023 to May 3, 2024	105,733.31	$9.4231	$999,911.29

ITEM 5. SECURITIES OFFERED

5.1 Terms of Securities

To date, the Fund has created Class A Units, Class F Units, Class I Units, Class O Units, Class Q Units, Class UA Units, and Class UF Units, together with each future Class, are referred to collectively as the “Classes”. Only the Class A, Class F, Class UA and Class UF Units are offered pursuant to this Offering Memorandum.

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 is entitled to one vote at meetings of Unitholders where all Classes vote together, or to one vote at meetings of Unitholders where that particular Class of Unitholders 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 are entitled to participate *pro rata*: (i) in any payments or distributions (other than Fee Distributions described in Item 2.6 “Fees and Expenses”) made by the Fund to the Unitholders of the same Class; and (i) 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 twenty-one (21) days’ prior written notice. 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 Item 5.9 “Determination of Net Asset Value”) if such re-designation is approved by the holder of the

Units to be re- designated or with thirty (30) days' prior written notice. See "Certain Canadian Federal Income Tax Considerations – Taxation of Unitholders" for the Canadian tax considerations associated with such a re-designation.

5.2 Subscription Procedure

Purchase of Units

Investors may be admitted to the Fund or may acquire additional Units on a weekly basis 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 calendar week. The Units are being offered using the mutual fund order entry system FundSERV. Subscription for Units may be made directly through the Manager (British Columbia only) or from a distributor on the FundSERV network under the Manufacturer Code to Picton Mahoney "PIC" and the order code:

- "PIC500" for Class A Units
- "PIC501" for Class F Units
- "PIC507" for Class UA Units
- "PIC508" for Class UF Units

Funds in respect of any subscription will be payable by investors at the time of the subscription.

Investors who wish to subscribe for Units may do so by delivering a subscription agreement (substantially in the form of the subscription agreement accompanying the Offering Memorandum or such other form of subscription agreement as the Manager may approve) to the Manager, either directly (British Columbia only) or through Dealers or other persons permitted by applicable securities laws to sell Units, accompanied by a cheque, bank draft or, in the discretion of the Manager, wire transferred funds, in an amount equal to the purchase price on or before (i) the last Business Day of the week with respect to a subscription of Class A Units or Class F Units, and (ii) the second last Business Day of the week with respect to a subscription of Class UA Units or Class UF Units. As required by National Instrument 45-106 *Prospectus and Registration Exemptions*, 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 calculated as of the applicable Valuation Date. Units may be purchased in either Canadian dollars or U.S. dollars (the "U.S. dollar purchase option"). Class A Units and Class F Units can be purchased with Canadian dollars only, while Class UA Units and Class UF Units can be purchased with U.S. dollars only. For the purchase of Class UA Units or Class UF Units using the U.S. dollar purchase option, the Fund will convert the Class Net Asset Value of the applicable Class to U.S. dollars using an exchange rate on the trade date of the purchase order to determine the number of Class UA Units and/or Class UF Units purchased.

The U.S. dollar purchase option is offered only as a convenience and allows the investor to invest in the Fund using U.S. dollars. A Unitholder of Class UA Units or Class UF Units will receive U.S. dollars upon redemption of those Units and when receiving cash distributions from the Fund, if any. The purchase of Class UA Units and Class UF Units in U.S. dollars will not affect the investment return of the Fund and in particular, will not protect completely against changes in the exchange rate between the Canadian dollar and the U.S. dollar. The performance of the Fund will be determined by the performance of its investments, regardless of which currency used to purchase Units. However, the returns on the Class UA Units and Class UF Units will differ from the returns on the Fund's other Classes of Units because the entire effect of the currency hedging, as well as the costs associated with employing the hedging strategy, will be reflected only in the Class Net Asset Values of the Class UA Units and Class UF Units.

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 week with respect to the Class A Units and Class F Units and prior to 4:00 p.m. (Eastern time) on the second last Business Day of a week with respect to the Class UA Units and Class UF Units will be calculated as of the Valuation Date for that week. Subscriptions which are received and accepted by the Manager after 4:00 p.m. (Eastern time) on the last Business Day of a week with respect to the Class A Units and Class F Units and after 4:00 p.m. (Eastern time) on the second last Business Day of a week with respect to the Class UA Units and Class UF Units will be calculated as of the Valuation Date for the following week. 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, 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 three 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.

Minimum Investment

The minimum initial investment in the Fund is CAD$25,000 for Class A Units and Class F Units respectively, and USD$25,000 for Class UA Units and Class UF Units. 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 for Class A Units and Class F Units respectively and USD$5,000 for Class UA Units and Class UF Units respectively, or such lesser amount as the Manager may, in its sole discretion, determine subject to applicable securities legislation.

5.3 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.

5.4 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 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 to Class A or Class F Units prior to 4:00 p.m. (Eastern time) on such Valuation Date, or in respect to Class UA or Class UF Units prior to 4:00 p.m. (Eastern time) on the business day prior to such Valuation Date, otherwise such Units will be redeemed on the next Valuation Date. 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 week 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 if in the Manager's discretion circumstances do not permit a payment in cash. 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 Item 5.9 "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.

If the Units redeemed are Class UA Units or Class UF Units, the payment of redemption proceeds will be in U.S. dollars.

5.5 Suspension of Redemptions

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; or (c) during any other period in which the Manager determines that conditions exist which render impractical the sale of assets or impair the ability to determine the value of any of the Fund's assets. In addition, if the Manager has received requests to redeem 30% or more of the outstanding Units on a Redemption Date, payment of the redemption proceeds may be deferred for up to ninety (90) days following the determination of the Net Asset Value for such Redemption Date. The redemption price will be adjusted by changes in the Net Asset Value per Unit of the Class during this suspension period and calculated on the Valuation Date as of when the redemption occurs.

Any suspension may 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.

5.6 Short-term Trading Deduction

In order to protect the interest of the majority of investors in the Fund and to discourage short-term trading in the Fund, investors may be subject to a short-term trading deduction. If an investor redeems Units within one hundred and twenty (120) days of purchasing such Units, the Fund may deduct and retain, for the benefit of the remaining Unitholders in the Fund, five percent (5.00%) of the Class Net Asset Value of the Units being redeemed. The short-term trading deduction payable in respect of the Class A Units or the Class F Units are payable in Canadian dollars and the short-term trading deduction payable in respect of the Class UA Units or the Class UF Units is payable in U.S. dollars.

5.7 Mandatory Redemptions

The Manager may in its discretion cause the Fund to redeem all or a portion of a Unitholder's Units by giving thirty (30) days' prior written notice to the Unitholder, specifying the number of Units to be redeemed. For example, the Manager may cause the Units of any Unitholder to be redeemed if at any time as a result of redemptions the value of the Unitholder's investment in the Fund is less than the minimum initial subscription amount. In addition, the Manager may cause the Fund to redeem Units owned by a person or partnership that is a "designated beneficiary" without notice if the continued ownership of Units by such person or partnership could have adverse tax consequences to the Fund. In addition, the Fund may redeem Units as described above under Item 5.2 "Securities Offered – Subscription Procedure – Purchase of Units".

5.8 Resale Restrictions

Units are not transferable except by operation of law or with the consent of the Manager. 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. 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 Unit" and "Purchase of Units". Investors are advised to seek legal advice prior to any resale of the Units.

5.9 Determination of Net Asset Value

Valuation Dates

The Fund's net asset value (the "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 Trust Declaration. The Administrator of the Fund (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 week, 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.

Valuation Principles

The Net Asset Value will be calculated by the Valuation Agent as of each Valuation Date by subtracting the amount of the liabilities of the Fund from the total assets of the Fund. The total assets of the Fund will be valued 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 Valuation Agent 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 Valuation Agent 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 the bid and ask prices from recognized pricing vendors on a Valuation Date at such times as the Valuation Agent, 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 sale price, the average between the closing bid and the closing asked price on the day on which the Net Asset Value of the 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 which is traded over-the-counter will be priced at the average of the last bid and asked prices quoted by a major dealer or recognized information provider in such securities;

(e) 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 Valuation Agent;

(f) 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;

(g) 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;

(h) 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. 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;

(i) 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 4:00 p.m. (Eastern time), 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;

(j) the value of the securities of an investment fund shall be the net asset value or similar value of the securities of the investment fund as provided by the manager, administrator or party acting in a similar capacity of the investment fund and available to the Valuation Agent as of a time proximate to the close of business on the date on which the Net Asset Value is being calculated, whether or not the securities of such investment fund are listed or dealt with on a stock exchange. If a net asset value or similar value of the investment fund as of a time reasonably proximate to the close of business on the date on which the Net Asset Value is being calculated is not available to the Valuation Agent, the value shall be based on an estimate provided by the Manager or in such other manner as the Valuation Agent shall determine;

(k) 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;

(l) all securities, property and assets of the Fund valued in a foreign currency and all liabilities and obligations of the Fund payable by the Fund in foreign currency shall be converted into Canadian funds by applying the rate of exchange obtained from the best available sources to the Valuation Agent, including, but not limited to, the Valuation Agent or any of its affiliates;

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

(n) the value of any security or property to which, in the opinion of the Valuation Agent, 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 Valuation Agent from time to time provides.

The Net Asset Value of the Fund and the Class Net Asset Value of the Class A Units and Class F Units is calculated in Canadian dollars. The Net Asset Value of the Fund and the Class Net Asset Value of the Class A Units and Class F Units are reported in Canadian dollars.

The Class Net Asset Value for the Class UA Units and Class UF Units, which are purchased and redeemed only in

U.S. dollars, is obtained by converting the Canadian dollar value of the Fund's net assets attributable to its Class UA Units or Class UF Units to U.S. dollars using the exchange rate available on the applicable Valuation Date on which the Class Net Asset Value is being determined and then adjusted for the value of the currency forward hedges entered into solely in respect of such Units in order to minimize the effect of currency movements between the Canadian dollar and the U.S. dollar. The Class Net Asset Value per Class UA Unit or Class UF Unit is the U.S. dollar value of such net assets, as adjusted, divided by the number of such Class UA Units or Class UF Units, as applicable, outstanding at that Valuation Date. The costs associated with employing the currency hedging strategy will be allocated only to the Class UA Units and Class UF Units and therefore will be reflected only in the Class Net Asset Values of the Class UA Units and Class UF Units, and will not be reflected in the Class Net Asset Values of the other Classes of Units.

The Net Asset Value of the Fund and each Class may be reported in such other currencies as the Valuation Agent 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 Valuation Agent is entitled to rely on any values or quotations supplied to it by a third party, including the Manager, and is not required to make any investigation or inquiry as to the accuracy or validity of such values or quotations. Provided the Valuation Agent 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.

5.10 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 available 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.

Subject to applicable securities legislation, Monthly Distributions and all distributions other than Monthly Distributions made by the Fund (net of any deductions or withholdings required by law) will be automatically reinvested in additional Units or fractional Units at the Class Net Asset Value per Unit. The Manager reserves the right to change the foregoing policy. 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 Unitholder as distributions or redemption proceeds.

A Unitholder may elect to have Monthly Distributions received from the Fund paid in cash by notifying the Manager. A Unitholder of Class UA Units or Class UF Units that has elected to have Monthly Distributions paid in cash will receive their distributions payment in U.S. dollars.

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

ITEM 6. CERTAIN CANADIAN FEDERAL INCOME TAX CONSEQUENCES AND ELIGIBILITY FOR INVESTMENT

The following is, as of June 3, 2024, a summary of certain of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units by certain Unitholders who acquire 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 (a "Canadian Unitholder").

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.

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 the Fund (i) will not be a "SIFT trust" for the purposes of the Tax Act, (ii) will, at all material times, constitute a "mutual fund trust" for the purposes of the Tax Act, and (iii) 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 June 3, 2024, 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 June 3, 2024, (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.

6.1 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 its income for the year, including net realized taxable capital gains, less the portion thereof that it validly claims in respect of the amount paid or payable to Unitholders in the year. The 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 transactions in derivatives on income account. However, based on CRA administrative policy, the Fund may report certain share option transactions and currency hedges entered into in connection with Class UA Units and Class UF Units 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. If the Fund is not a "mutual fund trust" for purposes of the Tax Act at any particular time, whether the Fund will be entitled to the benefit of the election made under subsection 39(4) of the Tax Act to deem certain :Canadian securities" held by the Fund to be capital property will depend on factual considerations.

The Fund will be required to include in income for each taxation year all interest that accrues during the taxation year or that 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 its investments.

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. Provided that the Fund qualifies as a "unit trust" for the purposes of the Tax Act, 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.

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 losses" 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 actively traded personal properties such as 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.

The Tax Act provides for a special tax on "designated income" of certain trusts that are not "mutual fund trusts" and that have "designated beneficiaries". The Trust Declaration contains certain restrictions that would prevent persons who would be "designated beneficiaries" of the Fund from owning Units when the Fund is not a "mutual fund trust". Accordingly it is expected that the special tax on "designated income" will not apply to the Fund.

The Fund may be subject to alternative minimum tax in any taxation year throughout which the Fund is not a "mutual fund trust" for purposes 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 Declaration 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 may 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 disposition of property 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, potentially be treated as capital gains paid to, and designated as capital gains of, the redeeming Unitholder. The taxable portion of the capital gain so designated must be included in the income of the redeeming Unitholder (as taxable capital gains) and may potentially be deductible by the Fund in computing its income. However, the Tax Act contains a special anti-avoidance rule that will deny the Fund a deduction for the portion of a capital gain of the Fund designated to a Unitholder on a redemption of Units that is greater than the Unitholder's accrued gain on those Units, where the Unitholder's proceeds of disposition are reduced by the designation. Any taxable capital gains that would otherwise have been designated to redeeming Unitholders may be made payable to the remaining nonredeeming Unitholders to ensure the Fund will not be liable for non-refundable income tax thereon. Accordingly, the amounts of taxable distributions made to Unitholders of the Fund may be greater than they would have been in the absence of the special anti-avoidance rule.

6.2 Taxation of Unitholders

A Unitholder will generally be required to include in computing 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. To the extent that the adjusted cost base to a Unitholder of the 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.

All amounts not denominated in Canadian dollars, including the cost and proceeds of disposition of Class UA Units and Class UF Unit and any distributions denominated in US dollars in respect thereof, 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, a Unitholder who holds Class UA Units or Class UF Units may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

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 gross-up and dividend tax credit rules contained in the Tax Act will apply.

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 of Units of a particular Class, the cost of 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 Class A Units to Class F Units, or vice versa, or Class UA Units to Class UF Units; or vice versa, should not result in a disposition of the Units. However, the CRA has made statements which suggest that a re-designation of Class A Units or Class F Units to Class UA Units or UF Units, or vice versa, would likely give rise to a taxable disposition of the Units. Unitholders should consult with their own tax advisors in this regard.

Currently, 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. If certain Proposed Amendments released as part of the 2024 federal Budget are enacted as proposed, (i) one-half of the first $250,000 of capital gains realized by a Canadian Unitholder in a taxation year (net of current-year capital losses, capital losses of other years applied to reduce current-year capital gains and capital gains subject to certain statutory exemptions and incentives), and (ii) two-thirds of any additional capital gains realized by the Canadian Unitholder in the taxation year will be included in the Canadian Unitholder's income for the taxation year (the "**Capital Gains Changes**"). The Capital Gains Changes are proposed to apply to capital gains realized on or after June 25, 2024. Special transitional rules are proposed to apply to capital gains realized in 2024 to ensure that the historical inclusion rates apply to capital gains realized before June 25, 2024 and the amended inclusion rates apply to capital gains realized on or after June 25, 2024. It is proposed that net capital losses incurred prior to 2024 will continue to be deductible against taxable capital gains realized subsequent to June 24, 2024 by adjusting their value to reflect the inclusion rate of the capital gains being offset. The detailed legislative provisions to be enacted to implement the Capital Gains Changes have yet to be released by the federal government and there is some uncertainty as to how, among other things, capital gains declared payable by the Fund may be treated for tax purposes when the Capital Gains Changes apply. Unitholders are strongly urged to consult with their own tax advisors to assess the impact of the Capital Gains Changes based on their own particular circumstances.

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.

6.3 International Tax Information Reporting

In March 2010, the U.S. enacted the Foreign Account Tax Compliance Act ("FATCA"), which imposes certain reporting requirements on non-U.S. financial institutions. The governments of Canada and the United States have entered into an Intergovernmental Agreement (the "IGA"), which establishes a framework for cooperation and information sharing between the two countries and may provide relief from a 30% U.S. withholding tax under U.S. tax law (the "FATCA Tax") for Canadian entities, such as the Fund, provided that (i) the Fund complies with the terms of the IGA and the Canadian legislation implementing the IGA in Part XVIII of the Tax Act, and (ii) the government of Canada complies with the terms of the IGA. The Fund will endeavour to comply with the requirements imposed under the IGA and Part XVIII of the Tax Act. Under Part XVIII of the Tax Act, Unitholders are required to provide identity and residency and other information to the Fund (and may be subject to penalties for failing to do so), which, in the case of "Specified U.S. Persons" or certain non-U.S. entities controlled by "Specified U.S. Persons", will be provided, along with certain financial information (for example, account balances), by the Fund to the CRA and from the CRA to the U.S. Internal Revenue Service (the "IRS"). The Fund may be subject to FATCA Tax if it cannot satisfy the applicable requirements under the IGA or Part XVIII of the Tax Act, or if the Canadian government is not in compliance with the IGA and if the Fund is otherwise unable to comply with any relevant and applicable U.S. legislation. Any such FATCA Tax in respect of the Fund would reduce the Fund's distributable cash flow and net asset value.

Part XIX of the Tax Act implements the Common Reporting Standard developed by the Organisation for Economic Co-operation and Development. Pursuant to Part XIX of the Tax Act, "Canadian financial institutions" that are not "non-reporting financial institutions" (as both terms are defined in Part XIX of the Tax Act) are required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities the "controlling persons" of which are resident in a foreign country, and to report required information to the CRA. Such information is expected to be exchanged on a reciprocal, bilateral, basis with the tax authorities of the foreign country in which the account holders or such controlling persons are resident, pursuant to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. Pursuant to Part XIX of the Tax Act, Unitholders are required to provide certain information regarding their investment in the Fund for the purpose of such information exchange, unless the investment is held within certain registered plans (other than a first home savings account ("FHSA")). Proposed Amendments included in Bill C-59, which received its third reading in May 2024, would exempt FHSAs from due diligence and reporting obligations imposed under Part XIX of the Tax Act; however, there can be no assurance that such Proposed Amendments will be enacted as proposed.

6.4 Eligibility for Investment

Provided the Fund qualifies as a "mutual fund trust" for purposes of the Tax Act, Units will be "qualified investments" under the Tax Act for trusts governed by a registered retirement savings plan ("RRSP"), registered retirement income fund ("RRIF"), deferred profit sharing plan ("DPSP"), registered education savings plan ("RESP"), registered disability savings plan ("RDSP"), FHSA and tax-free savings account ("TFSA"). Investors should consult the Manager as to whether the Fund qualifies as a "mutual fund trust" at any particular time.

Notwithstanding the foregoing, if Units are "prohibited investments" for a TFSA, RDSP, FHSA, RRSP, RESP or a RRIF, the holder of the TFSA, RDSP or FHSA, the annuitant of the RRSP or RRIF or the subscriber of the RESP, as the case may be, (each a "Plan Holder") will be subject to a penalty tax as set out in the Tax Act. A Unit is a "prohibited investment" for a TFSA, RDSP, RRSP, RRIF, FHSA or RESP if the Plan Holder (i) does not deal at arm's length with the Fund(as defined for purposes of the Tax Act), or (ii) has a "significant interest" (as defined in the Tax Act) in the Fund. Plan Holders should consult their own tax advisors with respect to whether Units are "prohibited investments" for their TFSA RDSP, RRSP, RRIF, FHSA or RESP and the tax consequences of Units being acquired or held by trusts governed by such accounts, plans or funds.

ITEM 7. COMPENSATION PAID TO SELLERS AND FINDERS

Units will be distributed in the Offering Jurisdiction through Dealers, including the Manager, 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

In the event of a Dealer sale, a sales commission of up to 5.00% may be deducted from the purchase order and paid by the investor to the Dealer. The remaining amount will be invested in the Fund. Sales commissions may be negotiated between the Dealer and the investor. Units issued on a reinvestment of distributions as described under Item 5.5 "Distributions" will not be subject to a sales commission.

No deferred sales charge option is available.

Servicing Fees

The Manager will pay servicing commissions to Dealers whose clients have purchased Class A Units and remain invested in the Fund during the relevant quarter. The servicing commission, expressed as an annual percentage of the Class Net Asset Value per Unit, is 1.00% for Class A Units. The servicing commissions will be paid on a quarterly basis in arrears. The Manager does not pay servicing commissions in respect of Class F Units. Servicing commissions may be modified or discontinued by the Manager at any time.

Performance-Based Servicing Fees

The Manager will pay an amount equal to a portion of its Performance Fee to Dealers with client assets invested in Class A Units and Class F Units. Dealers will be paid an amount equal to 10% of the Manager's Performance Fee attributable to their clients' investment in Class A Units and Class F Units. The foregoing payments shall be to the extent permitted by applicable securities legislation.

The purpose of the performance-based servicing fee of the Fund is to ensure that the Manager, the Dealer, its representatives and investors all have a common interest in the Fund performing well. The Manager at its discretion may calculate and pay performance-based servicing fees of the Fund on a more or less frequent basis, or may modify, discontinue, or otherwise differentiate this fee among dealers at any time and from time to time.

The Manager may pay an amount equal to a portion of its Performance Fee, if any, with respect to other Classes of the Fund, as described in the applicable offering document or agreement relating to such Classes, to the extent permitted by applicable securities legislation.

ITEM 8. CERTAIN 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.

The Fund may invest in the Underlying Funds. Therefore, the return 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. In addition to the Fund, the following risk factors may apply to one or more, or all, of the Underlying Funds.

No Assurance of Achieving Investment Objectives Risk

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.

Call Risk

If the securities in which the Fund invests are redeemed by the issuer before maturity (or "called"), the Fund may have to reinvest the proceeds in securities that pay a lower interest rate, which may decrease the Fund's yield. This will most likely happen when interest rates are declining.

Corporate Debt Securities Risk

Corporate debt securities are fixed income securities issued by businesses. The market value of corporate debt may be affected by changes in the market rate of interest, the credit rating of the corporation, the corporation's performance, and perceptions of the corporation in the marketplace. Corporate issuers may not be able to meet their obligations on interest or principal payments at the time called for by an instrument.

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.

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.

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.

Fund on Fund Risk

The Fund may invest directly in, or obtain exposure to, other mutual funds and/or exchange-traded funds as part of their investment strategy. Consequently, the Fund is also subject to the risk of the Underlying Funds. 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.

Interest Rate Risk

The Fund invests 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.

Operating History and Illiquidity of Units Risk

The Fund is an investment trust. An investment in the Fund entails a degree of risk. 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 Declaration would be required before any transfer may occur. In addition, 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.

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 will not be changed in a manner which adversely affects the distributions received by the Fund or by the unitholders.

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.

In addition, movements in the exchange rate between the U.S. dollar and the Canadian dollar value of the net assets attributable to the Class UA Units and Class UF Units could reduce the U.S. dollar value of those Units. While the Fund seeks to hedge this exposure, any such hedging may not fully offset this risk.

Investors should note that an investment in Class UA Units and Class UF Units may be more suitable for investors who want to invest in the Fund in U.S. dollars. The Canadian dollar value of the Fund's net assets attributable to its Class UA Units and Class UF Units respectively will be hedged back to U.S. dollars using derivative instruments such as foreign currency forward contracts in an attempt to minimize the effect of the fluctuations in the exchange rate between the Canadian dollar and U.S. dollar and to achieve substantially similar performance and returns as the Class A Units and Class F Units respectively. However, the returns on the respective Class UA Units and Class UF Units will differ from the returns on the respective Class A Units and Class F Units because the entire effect of this currency hedging, as well as the costs associated with employing the hedging strategy (such as derivative transaction costs and incentive fees), will be reflected in the Class Net Asset Values of the Class UA Units and the Class UF Units only. As such, Class UA Units and Class UF Units are intended for investors who wish to invest in the Fund, which is a Canadian denominated fund, in U.S. dollars but wish to minimize the effect of the fluctuations in exchange rate between the U.S. and Canadian currencies. There may be circumstances where the Fund may not be able to fully hedge at all times its Canadian dollar exposure back to U.S. dollars in respect of the Class UA Units and Class UF Units, in which case the fluctuations in exchange rate between the U.S. and Canadian currencies will affect the returns of the Class UA Units and Class UF Units. Class UA Units and Class UF Units are not suitable for investors who want to speculate on changes in the exchange rate between the Canadian dollar and U.S. dollar.

Leverage Risk

The Manager is generally making investment decisions for assets that exceed the Net Asset Value of the Fund. 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, or other Underlying Fund's, investments, the Fund's, or any other Underlying 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.

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.

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 receiving 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.

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 fees 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.

Class Risk with respect to the Class UA Units and Class UF Units

With respect to Class UA Units and Class UF Units, the Manager intends to hedge against movements of the Canadian dollar relative to the U.S. dollar. While the Manager will attempt to hedge this risk there can be no guarantee that it will be successful in doing so. Hedging transactions will be attributable to a specific share class, in this case, the Class UA Units and Class UF Units. The costs and gains/losses of hedging transactions will accrue solely to the relevant hedged Class UA Units and Class UF Units and will be reflected in the Class Net Asset Value per Unit of that class. However, investors should note that there is no segregation of liability between Classes of Units. Unitholders therefore are exposed to the risk that hedging transactions undertaken in one Class may impact unfavorably the net asset value of another Class.

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.

Market Risk

Market risk is the risk of being invested in the equity and fixed income markets. The market value of a Fund's investments will rise and fall based on specific company developments and broader equity or fixed income market conditions. Market value will also vary with changes in the general economic, political, social and financial conditions in countries where the investments are based.

Epidemic and Pandemic Risk

The impact of global epidemics and pandemics (such as the recent COVID-19 pandemic) 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 future epidemics and pandemics may exacerbate other pre-existing political, social and economic risks in certain countries. The impact of future epidemics and pandemics may be short term or may last for an extended period of time.

Cyber Security Risk

With the increased use of technology in the course of business, the Funds are 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 Funds' 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, Manager, other service providers (e.g., transfer agent, custodian, sub-custodians 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 Funds have 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 Funds cannot control the cyber security plans and systems of the Funds' service providers or issuers of securities in which the Fund invests.

Cease Trading 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.

Lack of Management Control by Unitholders Risk

Investors will become Unitholders. The Unitholders will not take part in the management or control of the Fund's business, which is the sole responsibility of the Manager. The Manager will have wide latitude in making investment decisions. The Manager, in certain circumstances, also has the right to dissolve the Fund. The Unitholders have certain limited voting rights, including the right to amend the Trust Declaration under certain circumstances, but do not have any authority or power to act for or bind the Fund. The Manager may require a Unitholder, at any time, to withdraw, in whole or in part, from the Fund.

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.

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 Declaration 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 Declaration, 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.

The prime brokerage agreement between the Fund and its prime broker(s) provides that no unitholder shall be held to have any personal liability under the prime brokerage agreement and that no recourse shall be had to such unitholder's private property for any obligations of the Fund under the prime brokerage agreement.

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 Item 6 "Certain Canadian Federal 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 or otherwise will not be changed in a manner which adversely affects Unitholders.

Under special rules contained in the Tax Act, trusts that constitute "SIFT trusts" (as defined in the Tax Act) will generally be precluded from deducting certain amounts that would otherwise be deducted for tax purposes if they were paid or became payable to Unitholders in a particular taxation year. If the Fund were found to be a "SIFT trust", the amounts available to be distributed by the Fund to Unitholders could be materially reduced.

Trust Loss Restriction Rule Risk

The Fund may be subject to loss restriction rules (the "Loss Restriction Rules") contained in the Tax Act unless the Fund qualified as an "investment fund" as defined in the Tax Act, which, among other things, requires that certain investment diversification restrictions are met and that Unitholders hold only fixed (and not discretionary) interests in the Fund. 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 may 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.

US FATCA Compliance Risk

Under FATCA, Unitholders of the Fund may be required to provide identity and residency information to the Fund, which may be provided by the Fund to U.S. tax authorities, in order to avoid the FATCA Tax being imposed on certain U.S. source income and on sale proceeds received by the Fund. However, the governments of Canada and the United States have entered into the IGA, which establishes a framework for cooperation and information sharing between the two countries and may provide relief from FATCA Tax provided that (i) the Fund complies with the terms of the IGA and the Canadian legislation implementing the IGA (the "Canadian IGA Legislation") and (ii) the government of Canada complies with the terms of the IGA. The Fund will endeavor to comply with the requirements imposed under the IGA and the Canadian IGA Legislation. Accordingly, the Fund anticipates that Unitholders may be required to provide identity, residency and other information to the Fund, which (in the case of specified U.S. persons or specified U.S.- owned non-U.S. persons) will be provided by the Fund to the CRA and from the CRA to the IRS. However, the Fund may be subject to FATCA Tax if it cannot satisfy the applicable requirements under the IGA or the Canadian IGA Legislation or if the Canadian government is not in compliance with the IGA and if the Fund is otherwise unable to comply with the relevant US legislation. Any such tax would reduce the Fund's distributable cash flow and Net Asset Value.

Changes in Legislation Risk

There can be no assurance that certain laws applicable to the Fund, including income tax laws relating to the treatment of mutual fund trusts under the Tax Act or under any provincial, territorial or foreign tax legislation, will not be changed in a manner which could adversely affect the Fund and/or its Unitholders.

THE FOREGOING LIST OF "CERTAIN 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 9. 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 ten (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 ten (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.

In accordance with the methodology described above, the Manager has rated the Fund's investment risk as Low.

ITEM 10. REPORTING OBLIGATIONS

Reporting to Unitholders

The fiscal year end of the Fund is December 31st. Unitholders will be sent audited annual financial statements within ninety (90) days of the Fund's fiscal year-end and unaudited semi-annual financial statements within sixty (60)days of June 30th, or as otherwise required by law. Additional interim reporting to Unitholders will be at the discretion of the Manager. 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 11. RESALE RESTRICTIONS

11.1 General Statement

The securities offered under this Offering Memorandum and acquired by investors will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade these securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation. In addition, no Unit may be transferred without the approval of the Manager. Investors are advised to seek legal advice prior to any resale of the Units.

You may redeem your Units in the Fund in accordance with the Trust Declaration. See Item 5.5 "Redemption of Units".

11.2 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 12. AUDITORS

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

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

RBC Investor & Treasury Services Trust, or such other party as the Manager may retain, will act as the Administrator and Valuation Agent of the Fund**.**

ITEM 14. PRIME BROKERS AND CUSTODIAL ARRANGEMENTS

14.1 Prime Brokers

Scotia Capital Inc., RBC Dominion Securities Inc. and Goldman, Sachs &Co and such other parties as the Manager may retain, will hold the assets of the Fund.

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

14.2 Custodial Arrangements

The assets of the Fund are held in the custody of the Fund's prime brokers (See "Prime Brokers" above) in Toronto, Ontario and New York City, New York, respectively. Each of the prime brokers 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 prime broker which contains provisions governing the relationship between the parties, such as where the assets of the Fund will be held, the manner in which the Fund's assets will be held, the standard of care of each prime broker, the responsibility for loss of the Fund's assets and the appointment of sub-custodians, where applicable.

In selecting the prime brokers of the Fund to act as custodians 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; (iii) the reduction in the risk of loss to the Fund's assets through the selection of more than one prime broker to act as custodian; and (iv) the laws and regulations to which each prime broker is subject in its principal jurisdiction.

Although the Manager believes that the selection of large, financially sound and regulated prime brokers to act as custodians of the Fund's assets 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 a prime broker or (ii) an error or negligence on the part of a 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 custodial arrangements with the prime brokers of the Fund and may in the future appoint additional or different custodians 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 Fund's assets.

ITEM 15. LEGAL COUNSEL

McMillan LLP, or such other party as the Manager may retain, acts as the legal counsel of the Funds.

ITEM 16. 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.

16.1 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.

16.2 Statutory and Contractual Rights of Action in the Event of a Misrepresentation

The following summary 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 one hundred and eighty (180) days after you signed the agreement to purchase the Units. You must commence your action for damages within the earlier of one hundred and eighty (180) days after learning of the misrepresentation and three years the date of the transaction that gave rise to the cause of action.

ITEM 17. FINANCIAL STATEMENTS

The audited 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

INCOME OPPORTUNITIES FUND

THINK AHEAD.
STAY AHEAD.

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 Market Neutral Equity Fund
Picton Mahoney Long Short Equity Fund
Picton Mahoney Income Opportunities Fund
Picton Mahoney Special Situations Fund
(individually, a Fund)

Our opinion

In our opinion, the accompanying financial statements of each Fund present fairly, in all material respects, the financial position of each 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 financial statements of each Fund comprise:

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

Basis for opinion

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

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

Independence

We are independent of each 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 of each Fund 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 ability of each Fund 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 any Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of each Fund.

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 for each Fund 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 the financial statements of each Fund.

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 of each Fund, 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 internal control of each Fund.
- 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 ability of each Fund 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 of each Fund 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 any Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of each Fund, 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*	**385,954,360**	429,566,672
Cash	**46,743,520**	78,652,873
Cash, pledged as collateral	**16,251,745**	-
Options purchased*	**3,097,486**	786,999
Unrealized gain on foreign exchange forward contracts at fair value	**7,110,542**	258,861
Credit default swap agreements at fair value	**12,071**	-
Distributions receivable from underlying funds	**358,756**	1,929,125
Subscriptions receivable	**873,359**	326,459
Dividends receivable	**28,370**	-
Interest and other receivable	**4,998,239**	5,678,477
	465,428,448	517,199,466
Liabilities		
Current liabilities		
Short positions at fair value**	**59,484,712**	81,146,602
Options written**	**5,007,301**	156,310
Unrealized loss on foreign exchange forward contracts at fair value	**948,371**	2,977,997
Credit default swap agreements at fair value	**2,863,595**	-
Cash overdraft	**110,985,729**	96,972,723
Management fee payable	**230,370**	264,061
Redemptions payable	**268,016**	201,848
Accrued liabilities	**1,383,851**	1,053,469
Payable for investments purchased	**50,826**	-
Interest payable	**865,574**	1,094,362
Distributions payable	**74**	83
	182,088,419	183,867,455
Net Assets Attributable to Holders of Redeemable Units	**283,340,029**	333,332,011
Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	**36,294,396**	40,700,921
Class UA	**635,419**	816,077
Class F	**225,731,839**	269,273,714
Class UF	**17,033,714**	19,393,782
Class I	**1,264,118**	1,175,301
Class O***	**7,208**	-
Class Q	**2,373,335**	1,972,216

	December 31, 2023 $	December 31, 2022 $
Number of Redeemable Units Outstanding		
Class A	**4,531,757**	5,079,263
Class UA	**56,199**	70,635
Class F	**24,179,511**	29,153,506
Class UF	**1,368,975**	1,542,115
Class I	**103,976**	98,851
Class O***	**713**	-
Class Q	**261,660**	220,015
Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	**8.01**	8.01
Class UA	**11.31**	11.55
Class F	**9.34**	9.24
Class UF	**12.44**	12.58
Class I	**12.16**	11.89
Class O***	**10.11**	-
Class Q	**9.07**	8.96
* Long positions, at cost	**392,088,870**	443,773,381
** Short positions, at cost	**(61,617,619)**	(81,142,519)

**** Class O units were first issued on August 28, 2023.*

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 (LOSS)

For the years ended December 31

	2023 $	2022 $
Income		
Net gains (losses) on investments and derivatives		
Interest for distribution purposes	**26,225,390**	26,584,549
Dividends	**936,446**	764,610
Distributions from underlying funds	**1,727,840**	3,006,961
Net realized gain (loss) on investments and options	**(3,353,073)**	4,709,388
Net realized gain (loss) on foreign exchange forward contracts and credit default swap agreements	**(5,836,581)**	(27,933,962)
Change in unrealized appreciation (depreciation) on investments, options, foreign exchange forward contracts and credit default swap agreements	**14,028,600**	(20,451,404)
Interest and borrowing expense	**(6,958,917)**	(8,650,590)
Dividend expense	**(78,551)**	-
Net gains (losses) on investments and derivatives	**26,691,154**	(21,970,448)
Other income		
Foreign currency gain (loss) on cash and other assets and liabilities	**(2,091,719)**	16,077,038
Total Income	**24,599,435**	(5,893,410)
Expenses		
Management fees	**3,845,692**	4,544,473
Transaction costs	**1,415,999**	1,731,906
Securityholder reporting fees	**343,023**	332,200
Administrative fees	**244,306**	237,286
Audit fees	**105,466**	96,514
Legal fees	**24,180**	21,561
Performance fees	**13**	4,522
Withholding taxes	**-**	85,344
Total expense before manager absorption	**5,978,679**	7,053,806
Less expenses absorbed by manager	**(13)**	-
Total expense after manager absorption	**5,978,666**	7,053,806
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	**18,620,769**	(12,947,216)

	2023 $	2022 $
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	**2,019,781**	(2,195,750)
Class UA	**24,681**	20,877
Class F	**15,530,592**	(11,368,431)
Class UF	**818,380**	646,429
Class I	**88,817**	18,871
Class O***	**208**	-
Class Q	**138,310**	(69,212)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	**0.41**	(0.40)
Class UA	**0.38**	0.34
Class F	**0.57**	(0.36)
Class UF	**0.55**	0.48
Class I	**0.88**	0.33
Class O***	**0.29**	-
Class Q	**0.57**	(0.32)

**** Class O units were first issued on August 28, 2023.*

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

For the years ended December 31

	2023 $	2022 $
Net Assets Attributable to Holders of Redeemable Units at Beginning of Year		
Class A	**40,700,921**	52,748,064
Class UA	**816,077**	717,975
Class F	**269,273,714**	310,810,615
Class UF	**19,393,782**	16,112,236
Class I	**1,175,301**	158,830
Class O***	**-**	-
Class Q	**1,972,216**	2,159,899
	333,332,011	382,707,619
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
Class A	**2,019,781**	(2,195,750)
Class UA	**24,681**	20,877
Class F	**15,530,592**	(11,368,431)
Class UF	**818,380**	646,429
Class I	**88,817**	18,871
Class O***	**208**	-
Class Q	**138,310**	(69,212)
	18,620,769	(12,947,216)
Redeemable Unit Transactions		
Proceeds from redeemable units issued		
Class A	**1,016,177**	256,981
Class UA	**-**	106,978
Class F	**17,048,706**	47,622,799
Class UF	**1,522,517**	6,949,387
Class I	**-**	1,000,000
Class O***	**7,000**	-
Class Q	**669,472**	364,472
	20,263,872	56,300,617
Reinvestments of distributions to holders of redeemable units		
Class A	**1,341,738**	2,220,343
Class UA	**18,982**	20,446
Class F	**7,345,864**	12,830,309
Class UF	**492,299**	716,268
Class I	**61,556**	56,370
Class O***	**128**	-
Class Q	**43,544**	34,363
	9,304,111	15,878,099
Redemption of redeemable units		
Class A	**(6,745,305)**	(9,013,989)
Class UA	**(186,551)**	-
Class F	**(70,733,173)**	(69,501,702)
Class UF	**(4,250,440)**	(3,865,407)
Class I	**-**	(2,400)
Class O***	**-**	-
Class Q	**(338,097)**	(370,294)
	(82,253,566)	(82,753,792)
Net Increase (Decrease) from Redeemable Unit Transactions	**(52,685,583)**	(10,575,076)

	2023 $	2022 $
Distributions to Holders of Redeemable Units		
From net investment income		
Class A	**(1,889,925)**	(3,117,304)
Class UA	**(35,010)**	(47,209)
Class F	**(11,802,400)**	(19,861,205)
Class UF	**(873,929)**	(1,095,736)
Class I	**(57,058)**	(53,013)
Class O***	**(119)**	-
Class Q	**(103,918)**	(138,256)
	(14,762,359)	(24,312,723)
From return of capital		
Class A	**(148,991)**	(197,424)
Class UA	**(2,760)**	(2,990)
Class F	**(931,464)**	(1,258,671)
Class UF	**(68,895)**	(69,395)
Class I	**(4,498)**	(3,357)
Class O***	**(9)**	-
Class Q	**(8,192)**	(8,756)
	(1,164,809)	(1,540,593)
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	**(49,991,982)**	(49,375,608)
Net Assets Attributable to Holders of Redeemable Units at End of Year		
Class A	**36,294,396**	40,700,921
Class UA	**635,419**	816,077
Class F	**225,731,839**	269,273,714
Class UF	**17,033,714**	19,393,782
Class I	**1,264,118**	1,175,301
Class O***	**7,208**	-
Class Q	**2,373,335**	1,972,216
Net Assets Attributable to Holders of Redeemable Units at End of Year	**283,340,029**	333,332,011

**** Class O units were first issued on August 28, 2023.*

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	**18,620,769**	(12,947,216)
Adjustments for:		
Unrealized foreign exchange (gain) loss on cash	**4,747,119**	547,894
Net realized (gain) loss on investments and options	**3,353,073**	(4,709,388)
Change in unrealized (appreciation) depreciation on investments, options, foreign exchange forward contracts and credit default swap agreements	**(14,028,600)**	20,451,404
(Increase) decrease in interest and other receivables	**680,238**	(819,111)
(Increase) decrease in dividends receivable	**(28,370)**	1,814
(Increase) decrease in distributions receivable from underlying funds	**1,570,369**	755,250
Increase (decrease) in interest payable	**(228,788)**	(85,065)
Increase (decrease) in other payable and accrued liabilities	**296,691**	185,980
Purchase of long positions and repurchase of investments sold short	**(496,770,727)**	(714,340,834)
Proceeds from sale of long positions and on investments sold short	**525,958,223**	705,141,860
Net cash generated (used) by operating activities	**44,169,997**	(5,817,412)

	2023 $	2022 $
Cash Flows from Financing Activities		
Distributions to holders of redeemable units, net of reinvested distributions	**(6,623,066)**	(9,975,231)
Proceeds from redeemable units issued	**19,497,166**	54,829,763
Amount paid on redemption of redeemable units	**(81,967,592)**	(81,228,329)
Net cash generated (used) by financing activities	**(69,093,492)**	(36,373,797)
Unrealized foreign exchange gain (loss) on cash	**(4,747,119)**	(547,894)
Net increase (decrease) in cash	**(24,923,495)**	(42,191,209)
Cash, beginning of year	**(18,319,850)**	24,419,253
Cash, end of year	**(47,990,464)**	(18,319,850)
Cash	**46,743,520**	78,652,873
Cash, pledged as collateral	**16,251,745**	-
Cash overdraft	**(110,985,729)**	(96,972,723)
Net Cash (Overdraft)	**(47,990,464)**	(18,319,850)
Items Classified as Operating Activities:		
Interest received, net of withholding tax	**26,905,628**	25,765,438
Dividends received, net of withholding tax	**908,076**	681,080
Interest and borrowing expense paid	**(7,187,705)**	(8,735,655)
Dividends paid	**(78,551)**	-

Net of non-cash transfers and switches of $219,806 (2022 - $1,586,800)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2023

No. of shares/ Face value	Security Description	Average cost ($)	Fair value ($)
	LONG POSITIONS (137.3%)		
	Canadian Equities (20.5%)		
	Energy (2.6%)		
24,375	Cenovus Energy Inc., Preferred Series 5	540,248	553,800
20,450	Cenovus Energy Inc., Preferred Series 7	445,749	455,013
55,000	Enbridge Inc., Preferred Series 1	1,677,434	1,522,258
135,000	Enbridge Inc., Preferred Series L	3,758,134	3,389,325
60,950	Pembina Pipeline Corp., Preferred Series 19	1,257,283	1,374,423
5,600	Pembina Pipeline Corp., Preferred Series 9	104,690	110,600
		7,783,538	7,405,419
	Financials (2.4%)		
36,300	Brookfield Corp., Preferred	700,197	747,417
55,000	Element Financial Corp., Preferred Series C	1,194,667	1,361,250
115,000	Element Fleet Management Corp., Preferred Series E	2,526,610	2,863,500
29,050	Fairfax Financial Holdings Ltd., Preferred	614,123	637,648
1,500	Manulife Financial Corp., Preferred	27,770	27,210
5,100	Sun Life Financial Inc., Preferred	91,619	89,352
36,900	Toronto-Dominion Bank, Preferred Series 22	895,086	916,965
4,300	Toronto-Dominion Bank, Preferred Series 24	101,811	106,941
		6,151,883	6,750,283
	Utilities (0.2%)		
21,250	Capital Power Corp., Preferred Series 11	502,060	512,338
	Real Estate (0.3%)		
53,000	Brookfield Office Properties Inc., Preferred Series CC	789,376	642,890
19,000	Brookfield Office Properties Inc., Preferred Series EE	259,950	193,800
		1,049,326	836,690
	Investment Funds (15.0%)		
1,681,061	Picton Mahoney Fortified Core Bond Fund, Class I Units**	16,817,072	17,453,949
2,514,057	Picton Mahoney Special Situations Fund, Class I Units**	26,148,005	25,009,081
		42,965,077	42,463,030
	Total Canadian Equities - Long	**58,451,884**	**57,967,760**

CCY*	No. of shares/ Face value	Security Description	Average cost ($)	Fair value ($)
		Canadian Debt (72.1%)		
		Asset-Backed Securities (1.7%)		
CAD	678,000	Institutional Mortgage Securities Canada Inc. 3.943%, 2025-03-12	681,726	649,748
CAD	283,000	Institutional Mortgage Securities Canada Inc. 3.943%, 2025-03-12	279,934	270,126
USD	3,000,000	St Lawrence Srt Usd Corp. 0.000%, 2033-05-25	4,046,562	3,964,108
			5,008,222	4,883,982
		Corporate Bonds (70.4%)		
USD	2,872,000	Air Canada 3.875%, 2026-08-15	3,382,190	3,620,466
CAD	2,115,000	Air Canada 4.625%, 2029-08-15	1,929,516	1,977,657
CAD	2,234,000	Algonquin Power & Utilities Corp. 5.250%, 2082-01-18	1,792,680	1,862,999
CAD	722,000	AltaGas Ltd. 5.250%, 2082-01-11	597,593	606,253
CAD	3,500,000	AltaGas Ltd. 7.350%, 2082-08-17	3,487,949	3,479,615
CAD	1,825,000	AltaGas Ltd. 8.900%, 2083-11-10	1,825,000	1,911,384
CAD	5,900,000	AutoCanada Inc. 5.750%, 2029-02-07	5,901,800	5,264,521
CAD	2,700,000	Bank of Montreal 7.057%, 2049-12-31	2,700,000	2,696,382
CAD	5,125,000	Bank of Montreal 7.373%, 2049-12-31	5,137,202	5,168,204
CAD	5,625,000	Bank of Montreal 5.625%, 2082-05-26	5,588,539	5,365,830
CAD	1,850,000	Bank of Montreal 7.325%, 2082-11-26	1,850,000	1,843,455
CAD	5,100,000	Bank of Nova Scotia 7.023%, 2082-07-27	5,100,000	5,024,768
USD	2,600,000	Bank of Nova Scotia 8.625%, 2082-10-27	3,578,941	3,570,319
USD	980,000	Brookfield Residential Properties Inc. 6.250%, 2027-09-15	1,200,190	1,253,696
USD	2,607,000	Bruce Trail Funding Corporation 16.340%, 2028-08-31	3,529,795	3,370,901
CAD	200,000	Capital Power Corp. 5.378%, 2027-01-25	199,982	203,397
CAD	2,883,000	Capital Power Corp. 7.950%, 2082-09-09	2,885,282	2,833,902
CAD	1,750,000	Cascades Inc. 5.125%, 2025-01-15	1,717,360	1,739,063
CAD	4,075,000	Chemtrade Logistics Income Fund 6.250%, 2027-08-31	4,085,142	4,108,782
CAD	300,000	Clarity Trust Note 10.923%, 2025-04-15	300,000	300,000
CAD	2,375,000	Corus Entertainment Inc. 5.000%, 2028-05-11	2,379,119	1,597,188
CAD	1,793,000	Corus Entertainment Inc. 6.000%, 2030-02-28	1,793,000	1,166,944

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2023

CCY*	No. of shares/ Face value	Security Description	Average cost ($)	Fair value ($)
CAD	4,275,000	Doman Building Materials Group Ltd. 5.250%, 2026-05-15	4,222,031	3,945,611
CAD	3,750,000	Enbridge Inc. 5.000%, 2082-01-19	3,145,215	3,202,437
CAD	2,200,000	Enbridge Inc. 8.495%, 2084-01-15	2,200,000	2,317,885
CAD	3,150,000	Enbridge Inc. 8.747%, 2084-01-15	3,150,668	3,398,859
USD	1,900,000	First Quantum Minerals Ltd. 7.500%, 2025-04-01	2,409,109	2,391,110
USD	3,250,000	First Quantum Minerals Ltd. 6.875%, 2026-03-01	4,180,909	3,841,673
CAD	2,889,000	Ford Credit Canada Co. 7.000%, 2026-02-10	2,888,682	2,975,779
CAD	3,250,000	Ford Credit Canada Co. 2.961%, 2026-09-16	2,907,134	3,063,900
CAD	300,000	Fusion Trust Note 10.923%, 2025-04-15	300,000	300,000
CAD	500,000	George Weston Ltd. 6.690%, 2033-03-01	519,435	552,797
CAD	3,554,000	Gibson Energy Inc. 5.250%, 2080-12-22	3,007,792	3,047,986
CAD	3,450,000	Gibson Energy Inc. 8.700%, 2083-07-12	3,458,913	3,584,020
USD	2,700,000	Granville Usd Ltd. 0.000%, 2031-07-31	3,566,004	3,562,001
CAD	4,036,000	iA Financial Corp. Inc. 6.611%, 2082-06-30	4,017,127	3,991,537
CAD	2,450,000	Intact Financial Corp. 7.338%, 2083-06-30	2,462,155	2,469,458
CAD	2,825,000	Inter Pipeline Ltd. 6.875%, 2079-03-26	2,948,852	2,723,313
CAD	1,800,000	Inter Pipeline Ltd. 6.625%, 2079-11-19	1,838,839	1,704,515
CAD	2,475,000	Keyera Corp. 6.875%, 2079-06-13	2,490,824	2,403,195
CAD	1,950,000	Keyera Corp. 5.950%, 2081-03-10	1,974,208	1,729,990
USD	5,000,000	Manitoulin USD Ltd. 13.290%, 2027-11-10	6,892,274	6,497,402
CAD	200,000	Manulife Financial Corp. 3.375%, 2081-06-19	144,750	156,328
CAD	200,000	Manulife Financial Corp. 4.100%, 2082-03-19	143,000	153,198
CAD	2,000,000	Manulife Financial Corp. 7.117%, 2082-06-19	1,944,716	1,996,687
CAD	3,700,000	Mattamy Group Corp. 4.625%, 2028-03-01	3,609,779	3,442,927
CAD	5,600,000	National Bank of Canada 7.500%, 2082-11-16	5,600,945	5,578,461
USD	3,000,000	Northriver Midstream Finance LP 5.625%, 2026-02-15	3,817,447	3,839,341
CAD	2,480,000	NuVista Energy Ltd. 7.875%, 2026-07-23	2,487,978	2,535,283
CAD	7,000,000	Parkland Corp. 3.875%, 2026-06-16	6,648,421	6,712,708
CAD	3,600,000	Parkland Corp. 6.000%, 2028-06-23	3,544,775	3,611,250
CAD	4,696,000	Parkland Corp. 4.375%, 2029-03-26	4,655,692	4,336,463
CAD	1,650,000	Pembina Pipeline Corp. 4.800%, 2081-01-25	1,331,206	1,396,733
CAD	1,725,000	Rogers Communications Inc. 5.700%, 2028-09-21	1,719,886	1,810,147
CAD	1,725,000	Rogers Communications Inc. 5.800%, 2030-09-21	1,717,652	1,832,143
CAD	5,000,000	Rogers Communications Inc. 5.000%, 2081-12-17	4,774,992	4,768,375
CAD	6,400,000	Royal Bank of Canada 4.500%, 2080-11-24	6,162,751	6,095,763
CAD	7,175,000	Secure Energy Services Inc. 7.250%, 2026-12-30	7,079,684	7,240,023
CAD	500,000	Secure Energy Services Inc. 7.250%, 2026-12-30	492,500	504,480
CAD	4,650,000	Shawcor Ltd. 9.000%, 2026-12-10	4,725,146	4,859,250
CAD	1,526,000	Superior Plus LP 4.250%, 2028-05-18	1,356,119	1,419,021
CAD	2,357,000	Tamarack Valley Energy Ltd. 7.250%, 2027-05-10	2,297,525	2,318,208
USD	4,775,000	Tervita Corp. 11.000%, 2025-12-01	6,898,795	6,639,559
CAD	5,400,000	Toronto-Dominion Bank 7.232%, 2049-12-31	5,400,000	5,427,756
CAD	1,650,000	Toronto-Dominion Bank 7.283%, 2082-10-31	1,650,000	1,650,749
USD	1,525,000	Toronto-Dominion Bank 8.125%, 2082-10-31	2,085,732	2,097,914
CAD	2,750,000	Videotron Ltd. 3.125%, 2031-01-15	2,435,088	2,357,839
			202,266,030	199,449,800
		Total Canadian Debt - Long	**207,274,252**	**204,333,782**
		Global Equities (0.1%)		
		International Equities (0.1%)		
	15,675	Brookfield Renewable Partners LP	325,207	338,737
		Total Global Equities - Long	**325,207**	**338,737**
		Global Debt(43.5%)		
		United States Bonds (39.8%)		
USD	5,625,000	Acadia Healthcare Co Inc. 5.500%, 2028-07-01	7,249,425	7,313,461
USD	285,000	Alteryx Inc. 1.000%, 2026-08-01	370,740	366,876
USD	748,000	Alteryx Inc. 8.750%, 2028-03-15	1,061,053	1,050,545
USD	858,000	AmeriGas Partners LP 5.875%, 2026-08-20	1,121,437	1,121,033
USD	1,925,000	AmeriGas Partners LP 5.750%, 2027-05-20	2,471,193	2,471,148
USD	2,995,000	AMN Healthcare Inc. 4.625%, 2027-10-01	3,692,889	3,740,689
USD	2,000,000	AMN Healthcare Inc. 4.000%, 2029-04-15	2,319,774	2,381,507
USD	1,000,000	APX Group Inc. 5.750%, 2029-07-15	1,208,570	1,230,964
USD	811,000	Bloomin' Brands Inc. 5.125%, 2029-04-15	974,271	987,521

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2023

CCY*	No. of shares/ Face value	Security Description	Average cost ($)	Fair value ($)
USD	3,000,000	Brookfield Property REIT Inc. 4.500%, 2027-04-01	3,688,292	3,565,106
USD	1,899,000	CCO Holdings LLC 5.125%, 2027-05-01	2,368,478	2,420,875
USD	1,350,000	CCO Holdings LLC 5.000%, 2028-02-01	1,665,209	1,704,567
USD	1,625,000	CCO Holdings LLC 6.375%, 2029-09-01	2,089,698	2,115,926
USD	1,950,000	CCO Holdings LLC 7.375%, 2031-03-01	2,514,796	2,640,666
USD	428,000	Churchill Downs Inc. 6.750%, 2031-05-01	578,114	573,495
USD	575,000	Cimarex Energy Co. 3.900%, 2027-05-15	694,392	668,642
USD	3,144,000	Cleveland-Cliffs Inc. 7.000%, 2027-03-15	4,083,668	4,160,230
USD	1,000,000	Cushman & Wakefield US Borrower LLC 6.750%, 2028-05-15	1,324,911	1,313,346
USD	1,200,000	Cushman & Wakefield US Borrower LLC 8.875%, 2031-09-01	1,589,474	1,678,090
USD	2,234,000	Energy Transfer LP 8.000%, 2029-04-01	3,142,095	3,067,191
USD	4,950,000	Freeport Minerals Corp. 7.125%, 2027-11-01	7,400,799	6,804,471
USD	2,325,000	Freeport Minerals Corp. 9.500%, 2031-06-01	3,869,852	3,659,090
USD	2,450,000	Freeport Minerals Corp. 6.125%, 2034-03-15	3,643,832	3,342,736
USD	2,275,000	Iron Mountain Inc. 7.000%, 2029-02-15	3,049,295	3,085,319
USD	1,050,000	Iron Mountain Inc. 4.875%, 2029-09-15	1,242,070	1,312,775
USD	1,781,000	Iron Mountain Inc. 5.250%, 2030-07-15	2,262,875	2,238,151
USD	783,000	Live Nation Entertainment Inc. 5.625%, 2026-03-15	1,036,473	1,023,962
USD	658,000	Mileage Plus Holdings LLC 6.500%, 2027-06-20	879,694	870,736
USD	3,625,000	Permian Resources Operating LLC 8.000%, 2027-04-15	5,026,121	4,959,464
USD	3,850,000	Permian Resources Operating LLC 9.875%, 2031-07-15	5,708,891	5,647,120
USD	3,050,000	Prime Healthcare Services Inc. 7.250%, 2025-11-01	3,844,770	3,925,591
USD	2,100,000	Sealed Air Corp. 5.000%, 2029-04-15	2,615,042	2,680,726
USD	1,100,000	Sealed Air Corp. 7.250%, 2031-02-15	1,523,523	1,539,736
USD	2,450,000	Sirius XM Radio Inc. 5.000%, 2027-08-01	3,011,978	3,122,729
USD	500,000	SM Energy Co. 5.625%, 2025-06-01	671,097	652,156
USD	2,393,000	Splunk Inc. 1.125%, 2027-06-15	3,156,747	3,071,792
USD	1,483,000	Stagwell Global LLC 5.625%, 2029-08-15	1,829,148	1,800,869
USD	1,425,000	Tenet Healthcare Corp. 6.250%, 2027-02-01	1,878,961	1,889,539
USD	1,385,000	Tenet Healthcare Corp. 6.125%, 2028-10-01	1,703,197	1,822,700
USD	1,025,000	United States Treasury Note 3.875%, 2043-05-15	1,332,566	1,288,950
USD	1,250,000	VICI Properties LP 4.250%, 2026-12-01	1,553,381	1,587,239
USD	2,400,000	Vista Outdoor Inc. 4.500%, 2029-03-15	3,153,792	3,092,898
USD	4,250,000	Vistra Corp. 8.000%, 2049-12-31	5,531,306	5,587,327
USD	1,050,000	Vistra Operations Co LLC 4.375%, 2029-05-01	1,220,976	1,294,008
USD	1,400,000	Vistra Operations Co LLC 7.750%, 2031-10-15	1,897,860	1,918,662
			113,252,725	112,790,624
	International Bonds (3.7%)			
GBP	500,000	Barclays PLC 5.875%, 2049-12-31	827,425	812,785
USD	1,600,000	Barclays PLC 6.125%, 2049-12-31	1,953,420	2,020,538
GBP	1,100,000	Barclays PLC 7.125%, 2049-12-31	1,758,789	1,803,070
USD	2,000,000	Barclays PLC 8.000%, 2049-12-31	2,466,246	2,594,774
GBP	750,000	Barclays PLC 8.875%, 2049-12-31	1,204,235	1,260,716
USD	1,600,000	Standard Chartered PLC 7.162%, 2049-12-31	2,023,434	2,031,574
			10,233,549	10,523,457
		Total Global Debt - Long	**123,486,274**	**123,314,081**
	Options (1.1%)			
		Total Purchased Options - Refer to Appendix A	**2,601,751**	**3,097,486**
		Transaction Costs	**(50,498)**	**-**
		Total Long Positions	**392,088,870**	**389,051,846**
	SHORT POSITIONS (-22.8%)			
	Canadian Debt (-2.9%)			
	Government Bonds (-0.3%)			
CAD	(700,000)	Canadian Government Bond 3.250%, 2033-12-01	(684,040)	(709,120)
	Corporate Bonds (-2.6%)			
CAD	(1,600,000)	Allied Properties REIT 3.394%, 2029-08-15	(1,387,594)	(1,385,644)
USD	(1,225,000)	Canadian Pacific Railway Co. 2.450%, 2031-12-02	(1,432,711)	(1,498,818)
USD	(1,225,000)	Canadian Pacific Railway Co. 3.000%, 2041-12-02	(1,333,682)	(1,443,390)
CAD	(1,650,000)	First Capital Real Estate Investment Trust 3.753%, 2027-07-12	(1,477,472)	(1,555,578)
CAD	(1,513,000)	SmartCentres Real Estate Investment Trust 5.354%, 2028-05-29	(1,430,713)	(1,520,054)
			(7,062,172)	(7,403,484)
		Total Canadian Debt - Short	**(7,746,212)**	**(8,112,604)**

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2023

CCY*	No. of shares/ Face value	Security Description	Average cost ($)	Fair value ($)
		Global Debt (-18.1%)		
		United States Bonds (-17.5%)		
USD	(1,550,000)	ACCO Brands Corp. 4.250%, 2029-03-15	(1,736,004)	(1,846,361)
USD	(650,000)	Allied Universal Holdco LLC 6.625%, 2026-07-15	(835,249)	(853,395)
USD	(1,300,000)	Allied Universal Holdco LLC 9.750%, 2027-07-15	(1,586,298)	(1,681,640)
USD	(1,550,000)	Bath & Body Works Inc. 6.625%, 2030-10-01	(2,006,504)	(2,090,209)
USD	(1,750,000)	Central Garden & Pet Co. 4.125%, 2030-10-15	(1,992,855)	(2,101,294)
USD	(1,400,000)	Chevron Corp. 3.326%, 2025-11-17	(1,840,674)	(1,808,533)
USD	(703,000)	Diversified Healthcare Trust 9.750%, 2025-06-15	(932,147)	(910,785)
USD	(771,000)	Embecta Corp. 5.000%, 2030-02-15	(863,082)	(863,702)
USD	(1,800,000)	Energizer Holdings Inc. 4.375%, 2029-03-31	(2,082,602)	(2,127,412)
USD	(1,650,000)	Hilton Grand Vacations Borrower Escrow LLC 5.000%, 2029-06-01	(1,983,448)	(2,009,829)
USD	(202,000)	Lamar Media Corp. 3.625%, 2031-01-15	(257,167)	(236,906)
USD	(648,000)	Matador Resources Co. 6.875%, 2028-04-15	(864,507)	(867,522)
USD	(1,900,000)	Medline Borrower LP 5.250%, 2029-10-01	(2,220,899)	(2,364,832)
USD	(1,400,000)	MGM Resorts International 4.750%, 2028-10-15	(1,747,941)	(1,760,047)
USD	(1,350,000)	Occidental Petroleum Corp. 5.550%, 2026-03-15	(1,819,481)	(1,794,093)
USD	(783,000)	Office Properties Income Trust 4.250%, 2024-05-15	(1,009,553)	(979,225)
USD	(1,350,000)	Olympus Water US Holding Corp. 9.750%, 2028-11-15	(1,828,519)	(1,891,622)
USD	(1,300,000)	Organon & Co. 5.125%, 2031-04-30	(1,437,630)	(1,468,066)
USD	(1,950,000)	Permian Resources Operating LLC 7.000%, 2032-01-15	(2,649,376)	(2,654,625)
USD	(2,223,000)	Post Holdings Inc. 4.625%, 2030-04-15	(2,714,028)	(2,699,380)
USD	(278,000)	PRA Group Inc. 7.375%, 2025-09-01	(362,297)	(364,768)
USD	(1,750,000)	Prime Security Services Borrower LLC 6.250%, 2028-01-15	(2,221,327)	(2,295,894)
USD	(1,400,000)	Range Resources Corp. 8.250%, 2029-01-15	(1,940,540)	(1,912,908)
USD	(494,000)	Rocket Mortgage LLC 3.875%, 2031-03-01	(534,985)	(573,724)
USD	(1,303,000)	Rocket Mortgage LLC 4.000%, 2033-10-15	(1,432,242)	(1,461,590)
USD	(1,525,000)	SM Energy Co. 6.500%, 2028-07-15	(1,965,060)	(2,014,012)
USD	(1,088,000)	Starwood Property Trust Inc. 4.375%, 2027-01-15	(1,297,517)	(1,353,558)
USD	(1,350,000)	Sunoco LP 7.000%, 2028-09-15	(1,786,263)	(1,837,779)
USD	(2,300,000)	TransDigm Inc. 4.875%, 2029-05-01	(2,852,590)	(2,838,197)
USD	(1,400,000)	WESCO Distribution Inc. 7.250%, 2028-06-15	(1,896,626)	(1,898,726)
			(48,697,411)	(49,560,634)
		International Bonds (-0.6%)		
USD	(1,400,000)	Shell International Finance BV 3.250%, 2025-05-11	(1,853,139)	(1,811,474)
		Total Global Debt - Short	**(50,550,550)**	**(51,372,108)**
		Options (-1.8%)		
		Total Written Options - Refer to Appendix A	**(3,290,814)**	**(5,007,301)**
		Transaction Costs	**(30,043)**	**-**
		Total Short Positions	**(61,617,619)**	**(64,492,013)**
		Foreign Currency Forward Contracts (2.2%)		
		Total Currency Hedge - Refer to Appendix B		**6,162,171**
		Credit Default Swaps (-1.0%)		
		Total Credit Default Swap Agreements - Refer to Appendix C		**(2,851,524)**
		TOTAL INVESTMENT PORTFOLIO (115.7%)	**330,471,251**	**327,870,480**
		Other Assets Net of Liabililties (-15.7%)		(44,530,451)
		TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (100.0%)		**283,340,029**

**CCY denotes local currency of debt security*

***The Picton Mahoney Income Opportunities Fund invests in other Picton Mahoney related Funds. For further details, please refer to the disclosure under Note 14.*

APPENDIX A

OPTIONS (-0.7%)

Issuer	Option Type	Number of Options	Strike $	Expiry	Average Cost $	Fair Value $
CDSOCDX.NA.HY.41V2	Call Option	78,000,000	$105	January, 2024	280,900	1,485,884
CDSOCDX.NA.HY.41V2	Call Option	63,000,000	$105	February, 2024	137,489	617,805
CDSOCDX.NA.HY.41V2	Call Option	31,000,000	$108	March, 2024	22,517	18,435
iShares iBoxx High Yield Corp. Bond	Call Option	1,237	$77	January, 2024	5,953	137,413
iShares iBoxx High Yield Corp. Bond	Call Option	1,237	$78	January, 2024	7,613	41,174
iShares iBoxx High Yield Corp. Bond	Call Option	4,690	$80	February, 2024	19,098	41,128
					473,570	2,341,839
3 Month SOFR	Put Option	644	$94	December, 2024	194,305	58,381
3 Month SOFR	Put Option	605	$95	December, 2025	527,912	234,340
CDSOCDX.NA.HY.41V2	Put Option	63,000,000	$101	February, 2024	423,042	80,995
CDSOCDX.NA.HY.41V2	Put Option	39,000,000	$92	January, 2024	21,200	6,171
CDSOCDX.NA.HY.41V2	Put Option	39,000,000	$100	January, 2024	182,850	35,021
CDSOCDX.NA.HY.41V2	Put Option	31,000,000	$102	March, 2024	185,249	117,357
iShares iBoxx High Yield Corp. Bond	Put Option	5,940	$73	January, 2024	173,488	28,501
iShares iBoxx High Yield Corp. Bond	Put Option	4,690	$74	February, 2024	195,754	103,552
iShares Russell 2000 ETF	Put Option	581	$190	January, 2024	71,980	56,309
S&P E-Mini 1st Week	Put Option	118	$3,800	February, 2024	20,141	8,947
S&P E-Mini 1st Week	Put Option	59	$4,450	February, 2024	80,477	25,284
US 10Y Note Futures	Put Option	598	$103	January, 2024	51,783	789
					2,128,181	755,647
Total Purchased Options					**2,601,751**	**3,097,486**
CDSOCDX.NA.HY.41V2	Written Call Option	(78,000,000)	$104	January, 2024	(424,000)	(2,370,814)
CDSOCDX.NA.HY.41V2	Written Call Option	(63,000,000)	$105	February, 2024	(226,328)	(894,434)
CDSOCDX.NA.HY.41V2	Written Call Option	(31,000,000)	$107	March, 2024	(63,456)	(71,330)
iShares iBoxx High Yield Corp. Bond	Written Call Option	(2,474)	$76	January, 2024	(62,596)	(547,392)
iShares iBoxx High Yield Corp. Bond	Written Call Option	(4,690)	$78	February, 2024	(92,306)	(250,461)
					(868,686)	(4,134,431)
3 Month SOFR	Written Put Option	(644)	$95	December, 2024	(484,646)	(137,991)
3 Month SOFR	Written Put Option	(605)	$96	December, 2025	(1,084,980)	(493,610)
CDSOCDX.NA.HY.41V2	Written Put Option	(63,000,000)	$98	February, 2024	(148,065)	(32,813)
CDSOCDX.NA.HY.41V2	Written Put Option	(78,000,000)	$96	January, 2024	(116,600)	(25,096)
CDSOCDX.NA.HY.41V2	Written Put Option	(31,000,000)	$99	March, 2024	(70,620)	(53,712)
iShares iBoxx High Yield Corp. Bond	Written Put Option	(4,874)	$68	January, 2024	(71,968)	(19,839)
iShares iBoxx High Yield Corp. Bond	Written Put Option	(1,237)	$69	January, 2024	(24,531)	(5,286)
iShares iBoxx High Yield Corp. Bond	Written Put Option	(4,690)	$71	February, 2024	(54,110)	(46,327)
iShares Russell 2000 ETF	Written Put Option	(581)	$180	January, 2024	(24,960)	(15,705)
S&P E-Mini 1st Week	Written Put Option	(176)	$4,200	February, 2024	(86,420)	(30,170)
US 10Y Note Futures	Written Put Option	(598)	$106	January, 2024	(255,228)	(12,321)
					(2,422,128)	(872,870)
Total Written Options					**(3,290,814)**	**(5,007,301)**

APPENDIX B

FOREIGN EXCHANGE FORWARD CONTRACTS (2.2%)

Purchased Currency	Sold Currency	Forward Rate	Maturity Date	Fair Value ($)	Counterparty	Credit Rating
CAD $173,222,345	USD $126,134,000	1.37332	2024-02-15	6,970,903	Canadian Imperial Bank of Commerce	A-1
CAD $1,040,049	USD $758,542	1.37112	2024-02-15	40,261	Canadian Imperial Bank of Commerce	A-1
CAD $860,355	USD $633,000	1.35917	2024-02-15	26,086	Canadian Imperial Bank of Commerce	A-1
CAD $1,912,507	EUR $1,296,000	1.47570	2024-02-08	22,561	Canadian Imperial Bank of Commerce	A-1
CAD $704,558	USD $519,000	1.35753	2024-02-15	20,542	Canadian Imperial Bank of Commerce	A-1
CAD $392,115	USD $283,807	1.38163	2024-02-15	18,027	Canadian Imperial Bank of Commerce	A-1
CAD $253,858	USD $187,000	1.35753	2024-02-15	7,402	Canadian Imperial Bank of Commerce	A-1
CAD $81,477	USD $59,981	1.35838	2024-02-15	2,424	Canadian Imperial Bank of Commerce	A-1
CAD $2,018,748	GBP $1,200,000	1.68229	2024-02-08	2,336	Canadian Imperial Bank of Commerce	A-1
Unrealized gain on foreign exchange forward contracts at fair value				7,110,542		
USD $1,266	CAD $1,736	0.72933	2024-02-15	(67)	Canadian Imperial Bank of Commerce	A-1
USD $2,570	CAD $3,551	0.72378	2024-02-15	(163)	Canadian Imperial Bank of Commerce	A-1
USD $5,185	CAD $7,037	0.73685	2024-02-15	(203)	Canadian Imperial Bank of Commerce	A-1
USD $12,054	CAD $16,374	0.73617	2024-02-15	(487)	Canadian Imperial Bank of Commerce	A-1
USD $155,654	CAD $211,243	0.73685	2024-02-15	(6,100)	Canadian Imperial Bank of Commerce	A-1
USD $320,000	CAD $434,934	0.73574	2024-02-15	(13,187)	Canadian Imperial Bank of Commerce	A-1
USD $532,203	CAD $730,885	0.72816	2024-02-15	(29,413)	Canadian Imperial Bank of Commerce	A-1
USD $2,834,000	CAD $3,891,989	0.72816	2024-02-15	(156,623)	Canadian Imperial Bank of Commerce	A-1
USD $13,428,331	CAD $18,441,396	0.72816	2024-02-15	(742,128)	Canadian Imperial Bank of Commerce	A-1
Unrealized loss on foreign exchange forward contracts at fair value				(948,371)		
Net unrealized gain (loss) on foreign exchange forward contracts at fair value				6,162,171		

APPENDIX C

CREDIT DEFAULT SWAPS (-1.0%)

Buy/Sell Protection	Referenced Entity	Fixed Rate	Expiry Date	Effective Date	Counterparty	Counterparty Credit Rating	Notional Amount	Fair Value
Buy	iTraxx Europe Subordinated Financials Index	1%	20-Jun-28	04-Aug-23	Goldman Sachs International	A-1	EUR 2,850,000	12,071
								12,071
Buy	Markit CDX North America High Yield Index	5%	20-Dec-28	29-Sep-23	Goldman Sachs International	A-1	USD 36,382,500	(2,863,595)
								(2,863,595)
Total credit default swap contracts at fair value								**(2,851,524)**

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	15,843,467	-	-	15,843,467
Mutual funds - Long	42,463,030	-	-	42,463,030
Bonds - Long	-	309,653,451	17,994,412	327,647,863
Options - Long	3,097,486	-	-	3,097,486
Forward contracts - Long	-	7,110,542	-	7,110,542
Credit default swaps - Long	-	12,071	-	12,071
Bonds - Short	-	(59,484,712)	-	(59,484,712)
Options - Short	(5,007,301)	-	-	(5,007,301)
Forward contracts - Short	-	(948,371)	-	(948,371)
Credit default swaps - Short	-	(2,863,595)	-	(2,863,595)
Total	**56,396,682**	**253,479,386**	**17,994,412**	**327,870,480**

ASSETS (LIABILITIES) AT FAIR VALUE AS AT DECEMBER 31, 2022	Level 1 $	Level 2 $	Level 3 $	Total $
Equities - Long	10,334,142	-	-	10,334,142
Mutual funds - Long	41,023,273	-	-	41,023,273
Bonds - Long	-	370,231,755	7,977,502	378,209,257
Options - Long	786,999	-	-	786,999
Forward contracts - Long	-	258,861	-	258,861
Bonds - Short	-	(81,146,602)	-	(81,146,602)
Options - Short	(156,310)	-	-	(156,310)
Forward contracts - Short	-	(2,977,997)	-	(2,977,997)
Total	**51,988,104**	**286,366,017**	**7,977,502**	**346,331,623**

2. RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS

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

December 31, 2023	Debt Instruments - Long $	Debt Instruments - Short $	Total $
Balance at Beginning of Year	7,977,502	-	7,977,502
Investment purchases during the year	11,742,362	-	11,742,362
Proceeds from sales during the year	(1,200,000)	-	(1,200,000)
Transfers in during the year	-	-	-
Transfers out during the year	-	-	-
Net realized gain (loss) on sale of investments	-	-	-
Change in unrealized appreciation (depreciation) in value of investments	(525,452)	-	(525,452)
Balance at End of Year	17,994,412	-	17,994,412
Total change in unrealized appreciation (depreciation) for assets held as at December 31, 2023			(525,452)

FUND SPECIFIC NOTES (CONTINUED)

December 31, 2022	Debt Instruments - Long $	Debt Instruments - Short $	Total $
Balance at Beginning of Year	1,200,000	-	1,200,000
Investment purchases during the year	6,892,274	-	6,892,274
Proceeds from sales during the year	-	-	-
Transfers in during the year	-	-	-
Transfers out during the year	-	-	-
Net realized gain (loss) on sale of investments	-	-	-
Change in unrealized appreciation (depreciation) in value of investments	(114,772)	-	(114,772)
Balance at End of Year	7,977,502	-	7,977,502
Total change in unrealized appreciation (depreciation) for assets held as at December 31, 2022			(114,772)

As at December 31, 2023 and 2022, certain securities held long were classified as Level 3. The Fund's long Level 3 securities consist of debt instruments which were measured at the transaction price as determined at the time of purchase. If there was a 5% increase or decrease in the price of level 3 securities, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively, by approximately $899,721 as at December 31, 2023 (December 31, 2022 - $398,875). Transfers between levels on the fair value hierarchy table are deemed to have occurred at the beginning of the reporting period.

December 31, 2023

Security Name	Fair Value	Valuation Technique	Unobservable Inputs	Reasonable Shift (+)	Reasonable Shift (-)	Change in Valuation (+)	Change in Valuation (-)
Clarity Trust 6.420%, 2023-04-17	300,000	Private valuation	Broker quote	5%	5%	$15,000	$(15,000)
Fusion Trust 6.420%, 2023-04-17	300,000	Private valuation	Broker quote	5%	5%	$15,000	$(15,000)
Bruce Trail Funding Corporation 16.340%, 2028-08-31	3,370,901	Private valuation	Broker quote	5%	5%	$168,545	$(168,545)
Manitoulin USD Ltd. 13.290%, 2027-11-10	6,497,402	Private valuation	Broker quote	5%	5%	$324,870	$(324,870)
St Lawrence Srt Usd Corp. 0.000%, 2033-05-25	3,964,108	Private valuation	Broker quote	5%	5%	$198,205	$(198,205)
Granville Usd Ltd. 0.000%, 2031-07-31	3,562,001	Private valuation	Broker quote	5%	5%	$178,100	$(178,100)

December 31, 2022

Security Name	Fair Value	Valuation Technique	Unobservable Inputs	Reasonable Shift (+)	Reasonable Shift (-)	Change in Valuation (+)	Change in Valuation (-)
Clarity Trust 6.420%, 2023-04-17	600,000	Private valuation	Broker quote	5%	5%	$30,000	$(30,000)
Fusion Trust 6.420%, 2023-04-17	600,000	Private valuation	Broker quote	5%	5%	$30,000	$(30,000)
Manitoulin USD Ltd. 13.290%, 2027-11-10	6,777,502	Private valuation	Broker quote	5%	5%	$338,875	$(338,875)

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	7,110,542	(948,371)	-	6,162,171
Derivative assets - Credit default swaps	12,071	(12,071)	-	-
Derivative liabilities - Foreign exchange forward contracts	(948,371)	948,371	-	-
Derivative liabilities - Credit default swaps	(2,863,595)	12,071	2,851,524	-
December 31, 2022				
Derivative assets - Foreign exchange forward contracts	258,861	(258,861)	-	-
Derivative liabilities - Foreign exchange forward contracts	(2,977,997)	258,861	-	(2,719,136)

FUND SPECIFIC NOTES (CONTINUED)

4. OTHER PRICE RISK

Using Beta as a measure of the relationship of the Fund's performance versus its index, if the blended index consisting of 75% BofA Merrill Lynch Global High Yield Index (hedged to Canadian dollars) and 25% BofA Merrill Lynch Global Corporate Index (hedged to Canadian dollars) were to increase or decrease by 10%, net assets would have increased or decreased by approximately $20,113,011 (December 31, 2022 - $22,961,940). 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	173,864,239	4,911,587	(163,927,033)	14,848,793	5.2%
European Euro	1,792,685	-	(1,887,743)	(95,058)	0.0%
British Pound	2,255,922	-	(2,017,142)	238,780	0.1%
Net Exposure	**177,912,846**	**4,911,587**	**(167,831,918)**	**14,992,515**	**5.3%**

	Financial Instruments				
December 31, 2022 Currency	**Monetary $**	**Non-Monetary $**	**Forward Currency Contracts $**	**Total $**	**Percentage of Net Assets %**
United States Dollar	198,914,736	2,689,513	(182,771,915)	18,832,334	5.6%
European Euro	2,304,923	-	(2,134,400)	170,523	0.1%
British Pound	(64,878)	-	-	(64,878)	0.0%
Net Exposure	**201,154,781**	**2,689,513**	**(184,906,315)**	**18,937,979**	**5.7%**

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 $749,626 (December 31, 2022 - $946,899). 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

If the yield curve had shifted in parallel by 1%, with all other variables held constant, net assets will increase or decrease by $6,761,200 (December 31, 2022 - $11,123,294). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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

Debt Instruments by Maturity Date	December 31, 2023 ($)		
	Long Positions	Short Positions	Total
Less than 1 year	-	(979,225)	(979,225)
1-3 years	64,104,977	(7,543,048)	56,561,929
3-5 years	80,582,959	(18,676,432)	61,906,527
Greater than 5 years	182,959,927	(32,286,007)	150,673,920
Total	**327,647,863**	**(59,484,712)**	**268,163,151**

Debt Instruments by Maturity Date	December 31, 2022 ($)		
	Long Positions	Short Positions	Total
Less than 1 year	1,200,000	-	1,200,000
1-3 years	31,639,006	-	31,639,006
3-5 years	130,637,083	(17,485,905)	113,151,178
Greater than 5 years	214,733,168	(63,660,697)	151,072,471
Total	**378,209,257**	**(81,146,602)**	**297,062,655**

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				December 31, 2022			
Bond Ratings	Net	Long	Short	Bond Ratings	Net	Long	Short
AAA	0.2%	0.5%	-0.3%	AAA	0.0%	0.0%	0.0%
AA	0.1%	0.1%	0.0%	AA	0.0%	0.0%	0.0%
AA-	-0.6%	0.0%	-0.6%	AA-	0.0%	0.0%	0.0%
A+	-0.4%	0.2%	-0.6%	A+	0.2%	0.2%	0.0%
A-	0.0%	0.0%	0.0%	A-	-0.2%	1.1%	-1.3%
BBB+	1.2%	2.2%	-1.0%	BBB+	0.3%	2.4%	-2.1%
BBB	5.4%	6.5%	-1.1%	BBB	6.9%	7.8%	-0.9%
BBB-	16.4%	16.9%	-0.5%	BBB-	11.3%	14.1%	-2.8%
BB+	14.4%	15.0%	-0.6%	BB+	14.8%	18.4%	-3.6%
BB	16.3%	20.7%	-4.4%	BB	19.4%	22.0%	-2.6%
BB-	15.7%	19.9%	-4.2%	BB-	11.0%	13.9%	-2.9%
B+	10.1%	12.1%	-2.0%	B+	7.0%	8.5%	-1.5%
B	4.8%	6.7%	-1.9%	B	9.1%	12.4%	-3.3%
B-	1.6%	4.1%	-2.5%	B-	1.2%	2.9%	-1.7%
CCC+	-1.3%	0.0%	-1.3%	CCC+	1.0%	1.6%	-0.6%
CCC	0.0%	0.0%	0.0%	CCC	0.5%	0.5%	0.0%
NR	10.7%	10.7%	0.0%	NR	6.6%	7.7%	-1.1%

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

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

The table below summarizes the impact on the Fund's net assets, of reasonable possible changes in the returns of each of the strategies to which the Fund is exposed through the 2 underlying fund in which it invests at year-end. The impact on net assets is calculated by applying a 5% possible movement determined for each strategy as a percentage of the net assets of the Fund. The analysis is based on the assumption that the returns on each strategy have increased or decreased as disclosed with all other variables held constant. The underlying risk disclosures represent the market risks to which the various strategies are exposed; C,F,I,P representing Credit, Foreign Currency, Interest Rate, and Other Price Risks, respectively.

December 31, 2023 Strategy	Underlying risk exposures	Number of Funds	Impact on net assets based on 5% increase or decrease $
Canadian Equity	P	2	91,086
US Equity	P	2	(1,475)
Canadian Fixed Income	C,I	2	1,398,696
US Fixed Income	C,F,I	2	600,236
International Fixed Income	C,F,I	2	34,609
Total			**2,123,152**

December 31, 2022 Strategy	Underlying risk exposures	Number of Funds	Impact on net assets based on 5% increase or decrease $
US Equity	P	1	17,996
Canadian Fixed Income	C,I	2	1,117,899
US Fixed Income	C,F,I	2	987,641
International Fixed Income	C,F,I	1	(72,372)
Total			**2,051,164**

FUND SPECIFIC NOTES (CONTINUED)

9. CONCENTRATION RISK

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

Jurisdiction	% of Net Assets			
		December 31, 2023		December 31, 2022
LONG POSITIONS		**139.8%**		**129.1%**
Canadian Equities		**20.5%**		**15.4%**
Investment Funds	15.0%		12.3%	
Energy	2.6%		0.8%	
Financials	2.4%		2.3%	
Real Estate	0.3%		0.0%	
Utilities	0.2%		0.0%	
Global Equities		**0.1%**		**0.0%**
International	0.1%		0.0%	
Canadian Debt		**72.1%**		**65.3%**
Corporate Bonds	70.4%		65.0%	
Asset-Backed Securities	1.7%		0.3%	
Global Debt		**43.5%**		**48.2%**
United States Bonds	39.8%		36.7%	
International Bonds	3.7%		11.5%	
Derivatives		**3.6%**		**0.2%**
SHORT POSITIONS		**-24.1%**		**-25.2%**
Canadian Debt		**-2.9%**		**-4.6%**
Corporate Bonds	-2.6%		-4.6%	
Government Bonds	-0.3%		0.0%	
Global Debt		**-18.1%**		**-19.8%**
United States Bonds	-17.5%		-15.1%	
International Bonds	-0.6%		-4.7%	
Derivatives		**-3.1%**		**-0.8%**

FUND SPECIFIC NOTES (CONTINUED)

10. 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	59,484,712	-	-	59,484,712
Distributions payable	74	-	-	74
Redemptions payable	268,016	-	-	268,016
Accrued liabilities and other payables	-	2,479,795	-	2,479,795
Payable for investments purchased	50,826	-	-	50,826
Derivative liabilities	8,819,267	-	-	8,819,267
Cash overdraft	110,985,729	-	-	110,985,729

December 31, 2022 Financial Liabilities	**On Demand $**	**< 3 months $**	**> 3 months $**	**Total $**
Short positions	81,146,602	-	-	81,146,602
Distributions payable	83	-	-	83
Redemptions payable	201,848	-	-	201,848
Accrued liabilities and other payables	-	2,411,892	-	2,411,892
Derivative liabilities	3,134,307	-	-	3,134,307
Cash overdraft	96,972,723	-	-	96,972,723

11. FUND UNIT TRANSACTIONS

For the years ended December 31

	2023						
	Class A	**Class UA**	**Class F**	**Class UF**	**Class I**	**Class O*** **	**Class Q**
Units issued and outstanding, beginning of year	5,079,263	70,635	29,153,506	1,542,115	98,851	-	220,015
Units issued	125,691	-	1,832,191	121,371	-	700	74,173
Units reinvested	167,727	1,649	791,973	39,050	5,125	13	4,837
Units redeemed	(840,924)	(16,085)	(7,598,159)	(333,561)	-	-	(37,365)
Units issued and outstanding, end of year	4,531,757	56,199	24,179,511	1,368,975	103,976	713	261,660
Weighted average number of units held during the year	4,944,625	64,392	27,022,512	1,482,961	101,151	704	240,543

	2022					
	Class A	**Class UA**	**Class F**	**Class UF**	**Class I**	**Class Q**
Units issued and outstanding, beginning of year	5,844,304	59,627	30,287,413	1,243,879	12,209	217,006
Units issued	31,281	9,253	4,825,615	547,823	82,165	38,609
Units reinvested	265,813	1,755	1,338,896	56,759	4,665	3,748
Units redeemed	(1,062,135)	-	(7,298,418)	(306,346)	(188)	(39,348)
Units issued and outstanding, end of year	5,079,263	70,635	29,153,506	1,542,115	98,851	220,015
Weighted average number of units held during the year	5,449,669	61,107	31,343,612	1,353,786	56,818	218,572

***** *Class O units were first issued on August 28, 2023.*

FUND SPECIFIC NOTES (CONTINUED)

12. COMMISSIONS

For the years ended December 31 (in $000)

	2023	2022
Brokerage commissions	1,416	1,732
Soft Dollar commissions	113	122

13. TAX LOSS CARRY FORWARDS

As at December 31 (in $000)

	2023
Net capital losses carry forward	35,207
Non-capital losses carry forward	-

14. STRUCTURED ENTITIES

The table below illustrates the Fund's investment in the underlying funds as at December 31, 2023 and 2022.

Underlying Funds	Fair Value of Fund's Investment (in $000s)	Underlying Fund's Net Assets (in $000s)	% of Net Assets of the Underlying Fund
As at December 31, 2023			
Picton Mahoney Fortified Core Bond Fund*	17,454	20,939	83.4%
Picton Mahoney Special Situations Fund*	25,009	56,774	44.1%
As at December 31, 2022			
Picton Mahoney Fortified Core Bond Fund*	15,741	17,008	92.6%
Picton Mahoney Special Situations Fund*	25,282	38,761	65.2%

**Funds managed by Picton Mahoney Asset Management.*

15. LEVERAGE

During the year ended December 31, 2023, the Fund's aggregate exposure reached a low of 190.98% (year ended December 31, 2022 - 195.29%) and a high of 254.00% (year ended December 31, 2022 - 594.75%) of the Fund's NAV. As at December 31, 2023, the Fund's aggregate exposure was 253.15% (December 31, 2022 - 594.75%) of the Fund's NAV. The primary source of leverage was cash overdraft and short positions in equity and fixed income securities.

THINK AHEAD.
STAY AHEAD.

PICTON MAHONEY Asset Management

PICTON MAHONEY ASSET MANAGEMENT CORPORATE INFORMATION

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PICTON MAHONEY Asset Management

NOTES TO THE AUDITED ANNUAL FINANCIAL STATEMENTS

THINK AHEAD.
STAY AHEAD.

As at December 31, 2023 and December 31, 2022

1. ESTABLISHMENT OF THE FUNDS

Picton Mahoney Market Neutral Equity Fund, Picton Mahoney Long Short Equity Fund, Picton Mahoney Income Opportunities Fund and Picton Mahoney Special Situations Fund (collectively "the Funds" and each "a Fund") are open-ended trusts established under the laws of the Province of Ontario by a declaration of trust.

Each Fund is permitted to issue trust units (the "Units" and each a "Unit") in an unlimited number of classes (the "Classes" and each a "Class") to qualified investors in the provinces and territories of Canada ("Offering Jurisdictions") pursuant to prospectus exemptions.

Name of the Fund	Fund Tax Structure	Series	Inception Date
Picton Mahoney Market Neutral Equity Fund Picton Mahoney Long Short Equity Fund	Open-ended trusts established under the laws of the Province of Ontario by the declaration of trust dated December 30, 2005 and as amended, March 30, 2007, restated and supplemented from time to time.	Class A Class F Class I	December 31, 2005 September 15, 2006 December 31, 2009
Picton Mahoney Income Opportunities Fund	Open-ended trusts established under the laws of the Province of Ontario by the declaration of trust dated December 30, 2005 and as amended and restated as of December 31, 2009.	Class A Class F Class I Class UA Class UF Class Q	Class A, F, and I started on December 31, 2009; Class Class UA and UF started on January 30, 2015; Class Q started on August 10, 2018; Class O started on August 28, 2023
Picton Mahoney Special Situations Fund	Open-ended trust established under the laws of the Province of Ontario by the declaration of trust dated March 9, 2015 and restated and supplemented from time to time.	Class A Class F Class I	All 3 series started on July 2, 2015

Picton Mahoney Asset Management acts as the trustee (the "Trustee") and the manager (the "Manager") of the Funds pursuant to the Trust Declaration. The Manager is responsible for the day-to-day business of the Funds, including the management of the Funds' investment portfolios. The address of the Funds' registered office is 33 Yonge Street, Suite 830, Toronto, Ontario, M5E 1G4. The financial statements are presented in Canadian dollars (CAD). These financial statements were authorized for issue by the Manager on March 25, 2024.

The Statements of Financial Position of each of the Funds are as at December 31, 2023 and December 31, 2022, as applicable. The Statements of Comprehensive Income (Loss), Statements of Changes in Net Assets Attributable to Holders of Redeemable Units and Statements of Cash Flows are for the years ended December 31, 2023 and 2022, except for Funds established during either period, in which case the information provided relates to the years from the inception date to December 31, 2023 or 2022, as applicable.

The investment objective of the Picton Mahoney Market Neutral Equity Fund is to provide consistent long-term capital appreciation and to provide holders of Units (the "Unitholders") with an attractive risk-adjusted rate of return with less volatility than traditional equity markets and low correlation to major equity markets.

The investment objective of the Picton Mahoney Long Short Equity Fund is to provide consistent long-term capital appreciation and to provide Unitholders with an attractive risk-adjusted rate of return.

The investment objective of the Picton Mahoney Income Opportunities Fund is to maximize total return, consisting of interest and dividend income and capital appreciation and to provide Unitholders with monthly distributions initially targeted for 2023 to be $0.0334 per Unit for the Class A Units, $0.0385 per Unit for the Class F Units, $0.0495 per Unit for the Class I Units, $0.0374 per Unit for the Class Q Units, $0.0417 per Unit for the Class O Units, USD $0.0355 per Unit for the Class UA Units, USD $0.0387 per Unit for the Class UF Units (2022 - monthly distribution of $0.0376 per Unit for the Class A units, $0.0428 per Unit for the Class F Units, $0.0542 per Unit for the Class I Unit, $0.0415 per Unit for the Class Q units, USD $0.0397 per Unit for the Class UA units, USD $0.0427 per Unit for the Class UF Units).

The investment objective of the Picton Mahoney Special Situations Fund is to provide long-term capital appreciation and income and to provide Unitholders with an attractive risk-adjusted rate of return with less volatility to the traditional equity market, with monthly distributions initially targeted for 2023 to be $0.0156 per Unit for Class A Units, $0.0174 per Unit for Class F Units, and $0.0239 per Unit for Class I Units (2022 - monthly distribution of $0.0184 per Unit for Class A Units, $0.0201 per Unit for Class F Units, and $0.0266 per Unit for Class I Units). As at December 31, 2023, the Manager holds 822 units of Class A and 740 units of Class F of the Picton Mahoney Special Situations Fund (December 31, 2022 - 782 units of Class A and 706 units of Class F). As at December 31, 2023, the Manager holds 777 units of Class O of the Picton Mahoney Market Neutral Equity Fund. As at December 31, 2023, the Manager holds 712 units of Class O of the Picton Mahoney Income Opportunities Fund.

The Funds may invest, both long and short, in a variety of financial instruments including equities, debt securities, exchange traded funds, currencies and commodities as well as futures, forwards, credit default swaps, contracts for differences, and options.

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

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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 Funds utilize a three tier hierarchy as a framework for disclosing fair value based on inputs used to value the Funds' 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, futures, 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 Funds 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.

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.

Credit default swaps are agreements to mitigate credit risk exposure to certain issuing entities ("referenced entity") held by the Funds or to increase credit risk exposure to the referenced entity by creating a notional investment position for the Funds. Where a notional investment position is created, the credit risk exposure of the Funds is comparable to the exposure that would have resulted if the Funds were invested directly in the referenced entity. Under a credit default swap agreement, the protection buyer, whose intention is to reduce its credit risk exposure to the referenced entity, pays a premium to the protection seller, who assumes the credit risk of that entity defaulting. This premium is paid at regular intervals over the term of the swap agreement. In return for the premium paid, the protection buyer is entitled to receive from the protection seller full payment for a loss arising from a credit default event of the referenced entity. A credit default event may be triggered by bankruptcy, failure to pay or restructuring of the referenced entity. If a credit default event occurs, the swap may be settled by either the physical delivery of the bond for proceeds equal to par value, or a cash payment equal to the loss amount. Credit default swaps are valued daily based on dealer-supplied valuations determined using observable inputs.

Contracts for differences are valued on each valuation date based on the value of the referenced underlying financial instrument.

Forward currency 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, futures, foreign exchange forward contracts, contracts for differences, and credit default swaps.

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 Fund measures 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 Fund measures 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 and Deposits with Brokers for Securities Sold Short

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

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

(f) 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 "Investments, pledged as 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 statements of comprehensive income represents the coupon interest received by the Funds accounted for on an accrual basis. The Funds do 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 Funds based on the Class' pro-rated share of total Net Asset Value. For any gains and losses on foreign exchange forward contracts attributed to the hedged series classes of the Funds, these gains and losses are allocated only to these classes.

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

(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 week 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 Funds' 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 investments and derivatives are presented within 'Net realized gain (loss) on investments and options', 'Net realized gain (loss) on foreign exchange forward contracts, futures, contracts for difference, and credit default swaps' and 'Change in unrealized appreciation (depreciation) on investments, options, futures, foreign exchange forward contracts, contracts for difference, and credit default swaps'.

(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 Funds 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 period.

(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 dealer, levies by regulatory agencies and securities exchange, and transfer taxes and duties. Such costs are expensed and included in "Transaction costs" in the Statements 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 a Fund. 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 a Fund's turnover, transaction and market impact costs, interest and securities lending expenses and other costs and expenses.

(m) IFRS 9, Financial Instruments

IFRS 9 'Financial Instruments' addresses the classification, measurement and derecognition of financial assets and liabilities.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognized at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income.

The Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortized cost.

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

The Funds 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 Funds' 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 Statements of Financial Position, which represent the Funds' maximum exposure in these underlying funds. The Funds do not provide and have 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) on investments, options, futures, foreign exchange forward contracts, contracts for difference, and credit default swaps' in the Statements of Comprehensive Income (Loss).

Certain Funds invest in mortgage-related and other asset-backed securities. These securities include mortgage pass-through securities, collateralized mortgage obligations, commercial mortgage-backed securities, asset-backed securities, collateralized debt obligations and other securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property. The debt and equity securities issued by these securities may include tranches with varying levels of subordination. These securities may provide a monthly payment which consists of both interest and principal payments.

Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

As at December 31, 2023 and December 31, 2022, the fair value of mortgage related and other asset-backed securities are listed on the Schedule of Investment Portfolio of each Fund. This amount also represents the maximum exposure to losses at that date.

Certain Funds currently have interests in unconsolidated structured entities. For further details, please refer to the Fund Specific Notes in the Fund's financial statements.

(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 Funds have made in preparing the financial statements.

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

Certain Funds 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 Funds may value positions using their 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 Funds 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 Funds are 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 portfolios 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 Funds trade 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 Funds 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 the Funds 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 Funds of buying those securities to cover the short position. In addition, a short sale by the Funds require the Funds 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 Funds before the Funds want to do so, possibly requiring the Funds 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 Funds 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 Funds, 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 included in the Funds 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 Funds. The prices of the foreign securities that are denominated in foreign currencies and are converted to the Funds' 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 Funds.

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 Funds. 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.

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The Income Opportunities Fund and Special Situations Fund primarily invests in fixed income securities and is therefore exposed to the credit risk of the underlying fixed income portfolio. Refer to the fund specific notes in the financial statements for the fund exposure.

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 amounts receivable for investments sold, subscriptions receivable, dividends receivable, interest and other receivable, distributions receivable from underlying funds, 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 Funds primarily invest in liquid securities that are readily realizable in an active market which is essential if the Funds are required to fund weekly redemptions in the course of operations. The Funds 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 Funds' Net Asset Values. The Funds may also maintain a cash reserve to accommodate normal-type redemptions. Bonds and equities sold short are due on demand. At the Manager's discretion, bonds and equities sold short can be repurchased to settle the liability immediately. Redeemable units are redeemable on a weekly basis 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. All liabilities of the Funds, except for equities sold short, bonds sold short and certain derivatives, are due within one year.

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 the 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 its investment objectives, strategies and restrictions, while maintaining sufficient liquidity to meet normal redemptions. The Fund does not have any externally imposed capital requirements.

6. REDEEMABLE UNIT TRANSACTIONS

Each 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 the 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 performance fees will be charged). Class O Units are available only to investors who have a separately managed account with the Manager and who make the required minimum initial investment and minimum subsequent investment (as applicable) in Class O Units as determined by the Manager from time to time and set out in the investment management agreement for the investor's separately managed account.

For Picton Mahoney Income Opportunities Fund, Class UA Units and Class UF Units are also available. Class UA Units and Class UF Units can be purchased in U.S. dollars only (the U.S. dollar purchase option). Under the U.S. dollar purchase option, the Class Net Asset Value per Unit shall be converted from Canadian dollars to U.S. dollars using an exchange rate on the trade date of the applicable purchase order to determine the number of Class UA Units and/or Class UF Units the purchaser will receive. Class UA and Class UF Units are more suitable for investors who want to invest in the Fund in U.S. dollars and minimize the effect of the fluctuations in the exchange rate between the Canadian dollar and U.S. dollar. This hedging back to U.S. dollars will be completed using derivatives, such as foreign exchange forward contracts.

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

Each Fund intends to distribute sufficient net income and net realized capital gains, if any, to Unitholders in each calendar 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. Subject to applicable securities legislation, all annual distributions made by a Fund (net of any deductions or withholdings required by law) will be automatically reinvested in additional Units or fractions of Units of the Fund at the Class Net Asset Value per Unit. The Picton Mahoney Income Opportunities Fund and Picton Mahoney Special Situations Fund also have a monthly distribution that can either be automatically reinvested in additional Units or fractions of Units of the Fund at the Class Net Asset Value per Unit or paid out in cash.

8. TAXATION

With the exception of Picton Mahoney Special Situations Fund, each Fund currently 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. Picton Mahoney Special Situations Fund currently qualify as a "unit trust". 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 their net income and net realized capital gains as described under "Distributions", it will generally not be liable in such year for any tax on their net income or profit under Part I of the Act. As a result, the Funds do not record income taxes. Since the Funds do not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statements of Financial Position as a deferred income 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. The Funds currently incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statement of Comprehensive Income (Loss). For details of the tax loss carryforwards, please refer to the Fund Specific Notes in each Fund.

9. OPERATING EXPENSES

The Manager paid for the costs of initially organizing the Funds and offering the Units, including the fees and expenses of counsel. The Funds will pay for all routine and customary expenses relating to the Funds' operation, 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, all taxes, assessments or other governmental charges levied against the Funds, interest expenses and all brokerage and other fees relating to the purchase and sale of the assets of the Funds. In addition, the Funds will pay for expenses associated with ongoing investor relations and education relating to the Funds. With the exception of Class specific expenses, all other expenses are allocated to each of the Fund based on the Class' pro-rated share of total Net Asset Value of the Fund. The Manager may from time to time waive any portion of the fees and reimbursement of expenses otherwise payable to it, but no such waiver affects its right to receive fees and reimbursement of expenses subsequently accruing to it.

10. RELATED PARTY TRANSACTIONS

(a) Management Fees

For providing its services to the Funds, the Manager receives a management fee (the "Management Fee") from each Fund attributable to the Class A Units and the Class F Units of the Funds. For Picton Mahoney Income Opportunities Fund, the Manager also receives a Management Fee attributable to the Class UA Units and the Class UF Units of this Fund. Management Fee charged to a Class of Units of a Fund is only borne by the holders of Units of that Class of the Fund.

The Class A Units of each Fund are charged a Management Fee equal to 0.50% per quarter (2.00% per annum) of the Net Asset Value of the Class A Units of the Fund; the Class F Units of each Fund are charged a Management Fee equal to 0.25% per quarter (1.00% per annum) of the Net Asset Value of the Class F Units of the Fund. For Picton Mahoney Income Opportunities Fund, Class UA is charged a Management Fee equal to 0.50% per quarter (2.00% per annum) of the Net Asset Value of the Class UA Units of the Fund; Class UF is charged a Management Fee equal to 0.25% per quarter (1.00% per annum) of the Net Asset Value of the Class UF Units of the Fund. Management Fees are calculated and accrued on each Valuation Date and payable on the last Valuation Date of each quarter. Class I Units of each Fund are not charged a Management Fee. Class O Units of each fund is negotiated by the investor and paid directly by the investor, and would not exceed the management fee payable on Class A Units of the Fund.

(b) Performance Fees

Each Fund shall pay the Manager a performance fee (the "Performance Fee") in respect of each of the Class A Units and Class F Units of the Fund. For Picton Mahoney Income Opportunities Fund, the Fund shall also pay the Manager a Performance Fee in respect of each of the Class UA Units and Class UF Units of the Fund. Performance Fee in respect of each Class shall be calculated and become a liability of the Fund on each Valuation Date and shall be payable at the end of each calendar quarter.

With the exception of the Picton Mahoney Income Opportunities Fund, the Performance Fee in respect of each of the Class A Units and Class F Units, on a particular Valuation Date shall be equal to the product of (a) 17.5% of the positive difference between (i) the Adjusted Class Net Asset Value per Unit on the Valuation Date, (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) and (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.

For the calculation of the Performance Fee in respect of the Picton Mahoney Income Opportunities Fund, each of the Class A Units, Class F Units, Class UA Units, and Class UF Units include an Accrued Hurdle Amount per Unit on Valuation Date which must be included in the formula above. The Accrued Hurdle Amount per Unit on any Valuation Date is the accumulated Hurdle Amount per Unit since the last high water mark that occurred in the current financial year of the Fund. The Hurdle Amount per Unit is calculated and accrued on each Valuation Date and shall be equal to the product of (a) the Hurdle Rate equal to 5% per annum (prorated for the number of days in the year since the last Valuation Date), and (b) the Adjusted Class Net Asset Value per Unit on the applicable 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.

The Manager has waived the performance fee for the Class O units of the Picton Mahoney Market Neutral Equity Fund, Picton Mahoney Long Short Equity Fund, and Picton Mahoney Income Opportunities Fund until August 23, 2024. The Manager reserves the option of extending or discontinuing this waiver of the Class O unit performance fee after August 23, 2024.

For the year ended December 31, 2023, Picton Mahoney Market Neutral Equity Fund incurred performance fees of $1,014,900 (December 31, 2022 - $668,987).

For the year ended December 31, 2023, Picton Mahoney Long Short Equity Fund incurred performance fees of $1,268,505 (December 31, 2022 - $nil).

For the year ended December 31, 2023, Picton Mahoney Income Opportunities Fund incurred performance fees of $13 (December 31, 2022 - $4,522).

For the year ended December 31, 2023, Picton Mahoney Special Situations Fund incurred performance fee of $57,168 (December 31, 2022 - $nil).

(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 from the respective Underlying Funds attributable to the certain classes of units of the applicable Underlying Fund. However, any investment by the Fund into units of Picton Underlying Funds will not result in any duplication of management fees and performance fees to the Fund or the investors of the Fund as any investment by the Fund into units of the respective Picton Underlying Funds will only be in a class of units of the applicable Picton 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 units of a Picton Underlying Fund 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 units of a Picton Underlying Fund.

11. FILING EXEMPTION

The Funds are relying on the exemption pursuant to section 2.11 of National Instrument 81-106, not to file their financial statements with the Ontario Securities Commission.

THINK AHEAD.
STAY AHEAD.

PICTON MAHONEY ASSET MANAGEMENT CORPORATE INFORMATION

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Fund Administration & Transfer Agent

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ITEM 18. DATE AND CERTIFICATE

Dated June 3, 2024.

This offering memorandum does not contain a misrepresentation.

PICTON MAHONEY INCOME OPPORTUNITIES FUND

by the Manager and Promoter,

PICTON MAHONEY ASSET MANAGEMENT

By: "David Picton"	By: "Arthur Galloway"
David Picton President (acting in the capacity as Chief Executive Officer)	Arthur Galloway Chief Financial Officer

ITEM 19. **APPENDIX A**

DIRECTORY

ISSUER	**MANAGER AND TRUSTEE**	**PRIME BROKERS**
Picton Mahoney Income Opportunities Fund 33 Yonge Street, Suite 320 Toronto, Ontario M5E 1G4	Picton Mahoney Asset Management 33 Yonge Street, Suite 320 Toronto, Ontario M5E 1G4	Scotia Capital Inc. Scotia Plaza, 65th Floor 40 King Street West Box 4085, Station "A" Toronto, Ontario M5W 2X6
		RBC Dominion Securities Inc. 200 Bay Street Toronto, Ontario M5J 2W7
		Goldman, Sachs & Co. 200 West Street, 6th Floor New York, New York USA, 10282
		None of the prime brokers has any responsibility for the preparation or accuracy of this Offering Memorandum.
AUDITORS	**FUND ADMINISTRATOR AND VALUATION AGENT**	
PricewaterhouseCoopers LLP 18 York Street Toronto, Ontario M5J 0B2	RBC Investor Services Trust 155 Wellington Street West, 10th Floor, Toronto, Ontario M5V 3L3	
LAWYERS		
McMillan LLP Brookfield Place, Suite 4400 181 Bay Street Toronto, Ontario M5J 2T3		