

FORTIFIED MULTI-ASSET FUND



**THINK AHEAD.
STAY AHEAD.**

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MANAGEMENT'S RESPONSIBILITY STATEMENT

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

The semi-annual financial statements have been prepared in accordance with those requirements of International Financial Reporting Standards as issued by the International Accounting Standards Board and include certain amounts that are based on estimates and judgements. Management maintains appropriate processes to ensure that relevant and reliable financial information is produced.

Picton Mahoney Asset Management

Toronto, Ontario

August 29, 2024

NOTICE TO UNITHOLDERS

The auditor of the Fund has not reviewed these financial statements.

Picton Mahoney Asset Management, the Manager of the Fund, appoints an independent auditor to audit the Fund's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Fund's interim financial statements, this must be disclosed in an accompanying notice.

PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

STATEMENTS OF FINANCIAL POSITION

As at June 30, 2024 (unaudited) and December 31, 2023

	June 30, 2024 \$	December 31, 2023 \$
Assets		
Current assets		
Long positions at fair value*	171,455,171	169,604,422
Cash	9,720,325	3,663,167
Options purchased*	110,868	35,329
Unrealized gain on foreign exchange forward contracts at fair value	1,917	354,471
Unrealized gain on futures contracts	212,899	863,743
Distributions receivable from underlying funds	435,240	167,477
Due from Manager	2,210	25,740
Subscriptions receivable	419,139	64,519
Receivable for investments sold	12,944	12,944
Dividends receivable	-	6,644
Interest and other receivable	92,110	96,323
	<u>182,462,823</u>	<u>174,894,779</u>
Liabilities		
Current liabilities		
Options written**	31,767	3,959
Unrealized loss on foreign exchange forward contracts at fair value	36,104	-
Unrealized loss on futures contracts	14,775	26,824
Cash overdraft	-	2,133,745
Management fee payable	597,805	137,017
Redemptions payable	25,971	71,340
Accrued liabilities	362,580	253,067
	<u>1,069,002</u>	<u>2,625,952</u>
Net Assets Attributable to Holders of Redeemable Units	<u>181,393,821</u>	<u>172,268,827</u>
Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	53,466,407	49,551,822
Class F	103,645,182	99,773,900
Class FT	22,577,784	21,207,435
Class T	1,689,173	1,721,656
Class I	15,275	14,014
Number of Redeemable Units Outstanding		
Class A	3,227,151	3,226,080
Class F	5,774,923	6,029,626
Class FT	1,915,252	1,905,168
Class T	155,913	167,351
Class I	758	758
Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	16.57	15.36
Class F	17.95	16.55
Class FT	11.79	11.13
Class T	10.83	10.29
Class I	20.15	18.49
	<u>141,222,319</u>	<u>150,966,666</u>
	<u>(44,933)</u>	<u>(16,872)</u>

* Long positions, at cost

** Short positions, at cost

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

Approved on behalf of the Manager

David Picton

Arthur Galloway




President

CFO

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the six month periods ended June 30 (unaudited)

	2024 \$	2023 \$
Income		
Net gains (losses) on investments and derivatives		
Interest for distribution purposes	601,921	-
Distributions from underlying funds	1,207,920	1,687,620
Net realized gain (loss) on investments and options	3,305,152	3,098,044
Net realized gain (loss) on foreign exchange forward contracts and futures contracts	(374,564)	(836,347)
Change in unrealized appreciation (depreciation) on investments, options, foreign exchange forward contracts and futures contracts	10,648,531	5,182,498
Interest and borrowing expense	(20,149)	(829)
	<u>15,368,811</u>	<u>9,130,986</u>
Net gains (losses) on investments and derivatives		
	<u>15,368,811</u>	<u>9,130,986</u>
Other income		
Securities lending income	22,158	6,780
Foreign currency gain (loss) on cash and other assets and liabilities	12,687	(62,226)
	<u>15,403,656</u>	<u>9,075,540</u>
Total Income		
	<u>15,403,656</u>	<u>9,075,540</u>
Expenses		
Management fees	1,166,845	1,160,169
Administrative fees	84,268	83,703
Transaction costs	78,647	82,502
Securityholder reporting fees	48,997	48,432
Legal fees	24,905	23,029
Audit fees	14,961	14,396
Withholding taxes	13,786	855
Independent review committee fees	3,496	3,396
	<u>1,435,905</u>	<u>1,416,482</u>
Total expense before manager absorption	<u>1,435,905</u>	<u>1,416,482</u>
Less expenses absorbed by manager	(23,660)	(23,660)
Total expense after manager absorption	<u>1,412,245</u>	<u>1,392,822</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
	<u>13,991,411</u>	<u>7,682,718</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	3,915,740	1,997,624
Class F	8,147,389	4,728,291
Class FT	1,793,680	895,343
Class T	133,341	60,799
Class I	1,261	661
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	1.21	0.58
Class F	1.40	0.72
Class FT	0.93	0.49
Class T	0.81	0.39
Class I	1.66	0.87

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

PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

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

For the six month periods ended June 30 (unaudited)

	2024	2023		2024	2023
	\$	\$		\$	\$
Net Assets Attributable to Holders of Redeemable Units at Beginning of Period			Distributions to Holders of Redeemable Units		
Class A	49,551,822	48,933,832	From net investment income		
Class F	99,773,900	103,140,439	Class A	-	-
Class FT	21,207,435	18,635,749	Class F	-	-
Class T	1,721,656	1,277,586	Class FT	(534,169)	(500,356)
Class I	14,014	12,789	Class T	(42,082)	(40,307)
	<u>172,268,827</u>	<u>172,000,395</u>	Class I	-	-
				<u>(576,251)</u>	<u>(540,663)</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units			Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	<u>9,124,994</u>	<u>4,042,157</u>
Class A	3,915,740	1,997,624	Net Assets Attributable to Holders of Redeemable Units at End of Period		
Class F	8,147,389	4,728,291	Class A	53,466,407	51,309,461
Class FT	1,793,680	895,343	Class F	103,645,182	101,951,084
Class T	133,341	60,799	Class FT	22,577,784	20,971,253
Class I	1,261	661	Class T	1,689,173	1,797,304
	<u>13,991,411</u>	<u>7,682,718</u>	Class I	15,275	13,450
Redeemable Unit Transactions			Net Assets Attributable to Holders of Redeemable Units at End of Period	<u>181,393,821</u>	<u>176,042,552</u>
Proceeds from redeemable units issued					
Class A	5,972,215	4,686,201			
Class F	9,645,431	5,178,289			
Class FT	1,323,531	2,732,000			
Class T	2,500	518,680			
Class I	-	-			
	<u>16,943,677</u>	<u>13,115,170</u>			
Reinvestments of distributions to holders of redeemable units					
Class A	-	-			
Class F	-	-			
Class FT	221,389	177,182			
Class T	10,061	3,233			
Class I	-	-			
	<u>231,450</u>	<u>180,415</u>			
Redemption of redeemable units					
Class A	(5,973,370)	(4,308,196)			
Class F	(13,921,538)	(11,095,935)			
Class FT	(1,434,082)	(968,665)			
Class T	(136,303)	(22,687)			
Class I	-	-			
	<u>(21,465,293)</u>	<u>(16,395,483)</u>			
Net Increase (Decrease) from Redeemable Unit Transactions	<u>(4,290,166)</u>	<u>(3,099,898)</u>			

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

PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

STATEMENTS OF CASH FLOWS

For the six month periods ended June 30 (unaudited)

	2024 \$	2023 \$
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable units	13,991,411	7,682,718
Adjustments for:		
Unrealized foreign exchange (gain) loss on cash	(11,022)	(24,481)
Net realized (gain) loss on investments and options	(3,305,152)	(3,098,044)
Change in unrealized (appreciation) depreciation on investments, options, foreign exchange forward contracts and futures contracts	(10,648,531)	(5,182,498)
(Increase) decrease in due from manager	23,530	23,660
(Increase) decrease in interest and other receivables	4,213	54,197
(Increase) decrease in dividends receivable	6,644	6,363
(Increase) decrease in distributions receivable from underlying funds	(267,763)	(424,386)
Increase (decrease) in other payable and accrued liabilities	570,301	479,392
Purchase of long positions and repurchase of investments sold short	(46,785,687)	(18,459,009)
Reinvestment of distributions from underlying funds	(644,018)	(1,164,020)
Proceeds from sale of long positions and on investments sold short	60,512,361	34,401,882
Net cash generated (used) by operating activities	13,446,287	14,295,774
Cash Flows from Financing Activities		
Distributions to holders of redeemable units, net of reinvested distributions	(344,801)	(360,248)
Proceeds from redeemable units issued	15,651,224	12,771,848
Amount paid on redemption of redeemable units	(20,572,829)	(16,116,220)
Net cash generated (used) by financing activities	(5,266,406)	(3,704,620)
Unrealized foreign exchange gain (loss) on cash	11,022	24,481
Net increase (decrease) in cash	8,179,881	10,591,154
Cash, beginning of period	1,529,422	13,484,161
Cash, end of period	9,720,325	24,099,796
Cash	9,720,325	24,099,796
Cash overdraft	-	-
Net Cash (Overdraft)	9,720,325	24,099,796
Items Classified as Operating Activities:		
Interest received, net of withholding tax	606,134	-
Interest and borrowing expense paid	(20,149)	(829)

Net of non-cash transfers and switches of \$937,833 (2023 - \$332,182)

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

PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

APPENDIX A

OPTIONS (0.1%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Chicago Board Options Exchange	Call Option	128	\$18	July, 2024	22,366	4,817
Gold Futures	Call Option	6	\$2,580	November, 2024	21,698	25,698
HG Copper Futures	Call Option	3	\$515	November, 2024	12,480	7,697
Silver Futures	Call Option	4	\$35	August, 2024	23,245	6,349
US 10Y Note Futures	Call Option	43	\$112	July, 2024	14,683	9,194
					<u>94,472</u>	<u>53,755</u>
S&P 500 E-Mini	Put Option	18	\$5,350	July, 2024	29,280	29,863
S&P E-Mini 1st Week	Put Option	1	\$5,450	July, 2024	508	465
S&P E-Mini 2nd Week	Put Option	18	\$5,450	July, 2024	24,170	26,785
					<u>53,958</u>	<u>57,113</u>
Total Purchased Options					148,430	110,868
Gold Futures	Written Call Option	(6)	\$2,850	November, 2024	(6,403)	(7,717)
HG Copper Futures	Written Call Option	(3)	\$575	November, 2024	(5,491)	(3,130)
Silver Futures	Written Call Option	(4)	\$40	August, 2024	(8,863)	(1,861)
US 10Y Note Futures	Written Call Option	(43)	\$114	July, 2024	(4,550)	(1,839)
					<u>(25,307)</u>	<u>(14,547)</u>
S&P 500 E-Mini	Written Put Option	(18)	\$5,175	July, 2024	(13,851)	(11,699)
S&P E-Mini 1st Week	Written Put Option	(1)	\$5,300	July, 2024	(64)	(41)
S&P E-Mini 2nd Week	Written Put Option	(18)	\$5,300	July, 2024	(5,711)	(5,480)
					<u>(19,626)</u>	<u>(17,220)</u>
Total Written Options					(44,933)	(31,767)

APPENDIX B

FUTURES CONTRACTS (0.1%)

Issuer	Number of Contracts	Fair Value (C\$)	Contracted Value (C\$)	Unrealized Gain/Loss
Long Gilt Future, September 2024	41	6,919,565	6,857,865	61,700
MTL Canadian 10-Year Futures, September 2024	66	7,924,620	7,868,690	55,930
US 10 Year T-Note Futures, September 2024	35	5,267,399	5,221,003	46,396
US 5 Year T-Note Futures, September 2024	46	6,708,464	6,662,239	46,225
VIX Index Futures, October 2024	18	447,717	445,069	2,648
				<u>212,899</u>
SFE Australian 10-Year Futures, September 2024	24	2,490,847	2,492,839	(1,992)
VIX Index Futures, September 2024	(18)	(389,348)	(385,984)	(3,364)
COMEX Gold 100 OZ Futures, December 2024	3	979,301	983,119	(3,818)
VIX Index Futures, July 2024	28	537,267	542,868	(5,601)
				<u>(14,775)</u>
Unrealized gain (loss) on Futures Contracts				198,124

APPENDIX C

FOREIGN EXCHANGE FORWARD CONTRACTS (0.0%)

Purchased Currency	Sold Currency	Forward Rate	Maturity Date	Fair Value (\$)	Counterparty	Credit Rating
CAD \$274,705	USD \$200,000	1.37353	2024-08-16	1,346	Canadian Imperial Bank of Commerce	A-1
CAD \$242,570	GBP \$140,000	1.73264	2024-08-08	571	Canadian Imperial Bank of Commerce	A-1
Unrealized gain on foreign exchange forward contracts at fair value				<u>1,917</u>		
CAD \$10,326,381	USD \$7,582,000	1.36196	2024-08-16	(36,104)	Canadian Imperial Bank of Commerce	A-1
Unrealized loss on foreign exchange forward contracts at fair value				<u>(36,104)</u>		
Net unrealized gain (loss) on foreign exchange forward contracts at fair value				<u>(34,187)</u>		

PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

FUND SPECIFIC NOTES

As at June 30, 2024 (unaudited)

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 June 30, 2024 and December 31, 2023.

ASSETS (LIABILITIES) AT FAIR VALUE AS AT JUNE 30, 2024				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	-	-	995,673	995,673
Mutual funds - Long	127,558,892	-	-	127,558,892
Exchange Traded Funds - Long	24,228,918	-	-	24,228,918
Short-term notes - Long	-	18,671,688	-	18,671,688
Options - Long	110,868	-	-	110,868
Forward contracts - Long	-	1,917	-	1,917
Futures - Long	212,899	-	-	212,899
Options - Short	(31,767)	-	-	(31,767)
Forward contracts - Short	-	(36,104)	-	(36,104)
Futures - Short	(14,775)	-	-	(14,775)
Total	152,065,035	18,637,501	995,673	171,698,209

ASSETS (LIABILITIES) AT FAIR VALUE AS AT DECEMBER 31, 2023				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	-	-	527,269	527,269
Mutual funds - Long	129,124,840	-	-	129,124,840
Exchange Traded Funds - Long	21,293,857	-	-	21,293,857
Short-term notes - Long	-	18,658,456	-	18,658,456
Options - Long	35,329	-	-	35,329
Forward contracts - Long	-	354,471	-	354,471
Futures - Long	863,743	-	-	863,743
Options - Short	(3,959)	-	-	(3,959)
Futures - Short	(26,824)	-	-	(26,824)
Total	151,286,986	19,012,927	527,269	170,827,182

PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

FUND SPECIFIC NOTES (CONTINUED)

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 period ended June 30, 2024 and year ended December 31, 2023.

June 30, 2024	Equities - Long \$	Equities-Short \$	Total \$
Balance at Beginning of period	527,269	-	527,269
Investment purchases during the period	455,160	-	455,160
Proceeds from sales during the period	-	-	-
Transfers in during the period	-	-	-
Transfers out during the period	-	-	-
Net realized gain (loss) on sale of investments	-	-	-
Change in unrealized appreciation (depreciation) in value of investments	13,244	-	13,244
Balance at End of period	995,673	-	995,673
Total change in unrealized appreciation (depreciation) for assets held as at June 30, 2024			13,244

December 31, 2023	Equities - Long \$	Equities - Short \$	Total \$
Balance at Beginning of year	243,893	-	243,893
Investment purchases during the year	196,578	-	196,578
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	86,798	-	86,798
Balance at End of Year	527,269	-	527,269
Total change in unrealized appreciation (depreciation) for assets held as at December 31, 2023			86,798

For the period ended June 30, 2024 and year ended December 31, 2023, certain securities held long were classified as Level 3. The Fund's long Level 3 securities consist of equities 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 \$49,784 as at June 30, 2024 (December 31, 2023 - \$26,363). Transfers between levels on the fair value hierarchy table are deemed to have occurred at the beginning of the reporting period.

June 30, 2024							
Security Name	Fair Value	Valuation Technique	Unobservable Inputs	Reasonable Shift (+)	Reasonable Shift (-)	Change in Valuation (+)	Change in Valuation (-)
Eagle SPV LP	344,823	Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$17,241	\$(17,241)
Preservation Capital Partners Strategic Opportunities I LP	200,638	Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$10,032	\$(10,032)
Anthropic, PBC	176,543	Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$8,827	\$(8,827)
Inovia Coinvestors SPV IV, Limited Partnership	273,669	Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$13,683	\$(13,683)

December 31, 2023							
Security Name	Fair Value	Valuation Technique	Unobservable Inputs	Reasonable Shift (+)	Reasonable Shift (-)	Change in Valuation (+)	Change in Valuation (-)
Eagle SPV LP	332,287	Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$16,614	\$(16,614)
Preservation Capital Partners Strategic Opportunities I LP	194,982	Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$9,749	\$(9,749)

PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

FUND SPECIFIC NOTES (CONTINUED)

3. OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

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

Financial Assets and Liabilities	Amounts Eligible for Offset			Net \$
	Gross Assets / (Liabilities) \$	Financial Instruments \$	Collateral received/paid \$	
June 30, 2024				
Derivative assets - Foreign exchange forward contracts	1,917	(1,917)	-	-
Derivative liabilities - Foreign exchange forward contracts	(36,104)	1,917	-	(34,187)
December 31, 2023				
Derivative assets - Foreign exchange forward contracts	354,471	-	-	354,471
Derivative liabilities - Foreign exchange forward contracts	-	-	-	-

4. SECURITIES LENDING TRANSACTIONS

The Fund has entered into a securities lending program with its custodian, RBC Investor Services Trust. The aggregate market value of all securities loaned by the Fund cannot exceed 50% of the assets of the Fund. The Fund will receive collateral of at least 102% of the value of the securities on loan. Collateral consists primarily of fixed income securities. As at June 30, 2024, there was \$17,101,944 (Collateral - \$17,443,987) of securities on loan (December 31, 2023 - \$12,530,783 (Collateral - \$12,781,404) of securities on loan). Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge which the Fund's custodian is entitled to receive.

For the six month periods ended June 30 2024 and 2023 securities lending income were as follows:

	June 30, 2024 (\$)	June 30, 2023 (\$)
Gross securities lending income	34,089	10,431
Securities lending charges	(11,931)	(3,651)
Net securities lending income	22,158	6,780
Withholding taxes on securities lending income	(6,775)	(855)
Net securities lending income received by the Fund	15,383	5,925
Security lending charges percentage of gross securities lending income	35%	35%

5. OTHER PRICE RISK

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Fund moderates this risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy. The Fund's investments are susceptible to other price risk arising from uncertainties about future prices of the instruments.

Using Beta as a measure of the relationship of the Fund's performance versus its index, if the blended index consisting 15% S&P/TSX Composite Total Return Index; 30% MSCI World Index (net total return, in Canadian dollars); 10% FTSE TMX Canada 30 Day T-Bill Index; 25% BofA Merrill Lynch Global High Yield Index (hedged to Canadian dollars); 5% BofA Merrill Lynch Global Corporate Index (hedged to Canadian dollars); and 15% BofA Merrill Lynch G7 Global Government Index (hedged to Canadian dollars) were to increase or decrease by 10%, net assets would have increased or decreased by approximately \$18,212,820 (December 31, 2023 - \$16,162,560). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

FUND SPECIFIC NOTES (CONTINUED)

6. 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 June 30, 2024 and December 31, 2023 were as follows:

FINANCIAL INSTRUMENTS					
June 30, 2024 Currency	Monetary \$	Non-Monetary \$	Forward Currency Contracts \$	Total \$	Percentage of Net Assets %
United States Dollar	315,477	15,077,792	(10,648,500)	4,744,769	2.6%
European Euro	36,401	-	-	36,401	0.0%
British Pound	175,556	200,638	(242,162)	134,032	0.1%
Australian Dollar	(3,706)	-	-	(3,706)	0.0%
Net Exposure	523,728	15,278,430	(10,890,662)	4,911,496	2.7%

FINANCIAL INSTRUMENTS					
December 31, 2023 Currency	Monetary \$	Non-Monetary \$	Forwards Currency Contracts \$	Total \$	Percentage of Net Assets %
United States Dollar	342,604	13,825,916	(9,206,465)	4,962,055	2.9%
European Euro	36,155	-	-	36,155	0.0%
British Pound	299,959	194,982	-	494,941	0.3%
Australian Dollar	56,419	-	-	56,419	0.0%
Net Exposure	735,137	14,020,898	(9,206,465)	5,549,570	3.2%

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 \$245,575 (December 31, 2023 - \$277,479). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

7. INTEREST RATE RISK

If the yield curve had shifted in parallel by 1%, with all other variables held constant, net assets will increase or decrease by \$28,299 (December 31, 2023 - \$nil). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at June 30, 2024, the Fund's exposure to debt instruments by maturity were as follows:

Debt Instruments by Maturity Date	June 30, 2024 (\$)		
	Long Positions	Short Positions	Total
Less than 1 year	18,671,688	-	18,671,688
Total	18,671,688	-	18,671,688

Debt Instruments by Maturity Date	December 31, 2023 (\$)		
	Long Positions	Short Positions	Total
Less than 1 year	18,658,456	-	18,658,456
Total	18,658,456	-	18,658,456

PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

FUND SPECIFIC NOTES (CONTINUED)

8. CREDIT RISK

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

June 30, 2024				December 31, 2023			
Bond Ratings	Net	Long	Short	Bond Ratings	Net	Long	Short
AAA	10.3%	10.3%	0.0%	AAA	10.8%	10.8%	0.0%

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

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

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

The table below summarizes the impact on the Fund's net assets, of reasonable possible changes in the returns of each of the strategies to which the Fund is exposed through the 7 underlying funds in which it invests at period-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.

June 30, 2024				
Strategy	Underlying risk exposures	Number of Funds	Impact on net assets based on 5% increase or decrease \$	
Canadian Equity	P	6	744,417	
US Equity	P	6	2,391,093	
International Equity	P	4	943,098	
Canadian Fixed Income	C,I	5	1,382,590	
US Fixed Income	C,F,I	6	887,999	
International Fixed Income	C,F,I	3	28,747	
Total			6,377,944	

December 31, 2023				
Strategy	Underlying risk exposures	Number of Funds	Impact on net assets based on 5% increase or decrease \$	
Canadian Equity	P	6	705,144	
US Equity	P	6	2,209,244	
International Equity	P	4	976,175	
Canadian Fixed Income	C,I	5	1,471,712	
US Fixed Income	C,F,I	6	1,067,858	
International Fixed Income	C,F,I	3	26,109	
Total			6,456,242	

PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

FUND SPECIFIC NOTES (CONTINUED)

10. 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 June 30, 2024 and December 31, 2023.

Jurisdiction	% of Net Assets	
	June 30, 2024	December 31, 2023
LONG POSITIONS	94.7%	99.2%
Canadian Equities	75.9%	79.7%
Investment Funds	70.3%	75.1%
Index Equivalents	5.5%	4.5%
Financials	0.1%	0.1%
Global Equities	8.3%	8.0%
International Index Equivalents	7.9%	7.8%
United States	0.4%	0.2%
Canadian Debt	10.3%	10.8%
Short term debt	10.3%	10.8%
Derivatives	0.2%	0.7%

11. LIQUIDITY RISK

The table below categorizes the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Amounts due to holders of redeemable units are disclosed as net assets attributable to holders of redeemable units on the statements of financial position and are due on demand.

June 30, 2024 Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Redemptions payable	25,971	-	-	25,971
Accrued liabilities and other payables	-	960,385	-	960,385
Derivative liabilities	82,646	-	-	82,646

December 31, 2023 Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Redemptions payable	71,340	-	-	71,340
Accrued liabilities and other payables	-	390,084	-	390,084
Derivative liabilities	30,783	-	-	30,783
Cash overdraft	2,133,745	-	-	2,133,745

PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

FUND SPECIFIC NOTES (CONTINUED)

12. FUND UNIT TRANSACTIONS

For the six month periods ended June 30 (unaudited)

	2024					2023				
	Class A	Class F	Class FT	Class T	Class I	Class A	Class F	Class FT	Class T	Class I
Units issued and outstanding, beginning of period	3,226,080	6,029,626	1,905,168	167,351	758	3,418,383	6,762,853	1,729,949	126,884	758
Units issued	370,654	548,392	114,070	229	-	317,951	328,791	247,897	50,761	-
Units reinvested	-	-	19,138	945	-	-	-	16,099	315	-
Units redeemed	(369,583)	(803,095)	(123,124)	(12,612)	-	(292,204)	(704,023)	(87,973)	(2,224)	-
Units issued and outstanding, end of period	3,227,151	5,774,923	1,915,252	155,913	758	3,444,130	6,387,621	1,905,972	175,736	758
Weighted average number of units held during the period	3,239,142	5,803,968	1,923,558	165,107	758	3,432,211	6,605,770	1,845,747	157,401	758

13. COMMISSIONS

For the six month periods ended June 30 (in \$000) (unaudited)

	2024	2023
Brokerage commissions	79	83
Soft Dollar commissions	-	-

14. TAX LOSS CARRY FORWARDS

As at December 31 (in \$000)

	2023
Net capital losses carry forward	49
Non capital losses carry forward	-

PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

FUND SPECIFIC NOTES (CONTINUED)

15. STRUCTURED ENTITIES

The table below illustrates the Fund's investment in the underlying funds as at June 30, 2024 and December 31, 2023.

Underlying Funds	Fair Value of Fund's Investment (in \$000s)	Underlying Fund's Net Assets (in \$000s)	% of Net Assets of the Underlying Fund
As at June 30, 2024			
3iQ Bitcoin ETF, CAD	156	282,934	0.1%
Evolve Ether ETF	174	73,424	0.2%
iShares Core Canadian Government Bond Index ETF	2,645	1,075,032	0.2%
iShares S&P/TSX 60 Index ETF	6,971	12,413,128	0.1%
iShares 20+ Year Treasury Bond ETF	1,256	72,489,331	0.0%
iShares 7-10 Year Treasury Bond ETF	2,226	39,681,869	0.0%
iShares MSCI Brazil ETF	1,994	5,897,581	0.0%
iShares MSCI India ETF	2,274	15,362,621	0.0%
iShares MSCI Mexico ETF	2,103	2,415,322	0.1%
iShares MSCI South Africa ETF	2,339	367,289	0.6%
Xtrackers Harvest CSI 300 China A-Shares ETF	2,091	2,338,430	0.1%
Picton Mahoney Fortified Active Extension Alternative Fund*	1,320	136,031	1.0%
Picton Mahoney Fortified Equity Fund*	78,182	110,657	70.7%
Picton Mahoney Fortified Income Fund*	32,229	756,039	4.3%
Picton Mahoney Fortified Inflation Opportunities Alternative Fund*	7,763	16,398	47.3%
Picton Mahoney Fortified Long Short Alternative Fund*	6,896	549,891	1.3%
Picton Mahoney Fortified Market Neutral Alternative Fund*	859	1,236,162	0.1%
Picton Mahoney Fortified Special Situations Alternative Fund*	310	232,760	0.1%

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			
3iQ CoinShares Bitcoin ETF, CAD	107	220,666	0.0%
Ether ETF	117	55,841	0.2%
iShares Core Canadian Government Bond Index ETF	2,805	1,053,106	0.3%
iShares S&P/Tsx 60 Index ETF	4,771	12,346,912	0.0%
iShares 20+ Yr Treasury Bond ETF	1,304	68,259,822	0.0%
iShares 7-10 Year Treasury Bond ETF	2,335	36,548,482	0.0%
iShares MSCI Brazil	2,089	7,936,910	0.0%
iShares MSCI India ETF	1,898	10,436,620	0.0%
iShares MSCI Mexico	1,982	2,786,855	0.1%
iShares MSCI South Africa Index Fund	2,053	436,017	0.5%
Xtrackers Harvest CSI 300 China A Shrs ETF	1,833	2,379,398	0.1%
Picton Mahoney Fortified Equity Fund*	73,997	101,588	72.8%
Picton Mahoney Fortified Income Fund*	38,507	744,230	5.2%
Picton Mahoney Fortified Special Situations Alternative Fund*	542	169,542	0.3%
Picton Mahoney Fortified Active Extension Alternative Fund*	1,170	81,987	1.4%
Picton Mahoney Fortified Market Neutral Alternative Fund*	1,717	1,116,839	0.2%
Picton Mahoney Fortified Inflation Opportunities Alternative Fund*	8,158	16,606	49.1%
Picton Mahoney Fortified Long Short Alternative Fund*	5,034	428,278	1.2%

*Funds managed by Picton Mahoney Asset Management.

PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2024 (unaudited)

1. GENERAL INFORMATION

Picton Mahoney Fortified Multi-Asset Fund (the "Fund") is an open-ended mutual trust established under the laws of the Province of Ontario pursuant to a trust agreement dated October 21, 2015 (the "Trust Declaration"). The Fund commenced operations on October 29, 2015. Picton Mahoney Asset Management acts as manager (the "Manager"), portfolio advisor (the "Portfolio Advisor"), and trustee (the "Trustee") for the Fund pursuant to the Trust Declaration. The Manager is responsible for the day-to-day business of the Fund, including the management of the Fund's investment portfolio. The address of the Fund's registered office is 33 Yonge Street, Suite 320, Toronto, Ontario, M5E 1G4. The financial statements are presented in Canadian dollars (CAD). These financial statements were authorized for issue by the Manager on August 29, 2024.

On October 29, 2015, 15,001 Class A units of the Fund were issued to the Manager of the Fund, for cash consideration of CAD \$10.00 per unit.

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

Class A units are available to all investors. Class F units are available to investors who are enrolled in a dealer sponsored fee for service or wrap program and who are subject to an annual asset based fee rather than commissions on each transaction or, at the discretion of the Manager, any other investor for whom the Manager does not incur distribution costs. Class FT units are available to investors who are enrolled in a dealer sponsored fee for service or wrap program and who are subject to an annual asset based fee rather than commissions on each transaction or, at the discretion of the Manager, any other investor for whom the Manager does not incur distribution costs. Class FT units are also designed to provide cash flow to investors by making monthly distributions of cash. Class T units are available to all investors and are designed to provide cash flow to investors by making monthly distributions of cash. Class I units are available to institutional investors or to other investors on a case-by-case basis, all at the discretion of the Manager.

As at June 30, 2024, the Fund currently has 5 Classes of Units: Class A, Class F, Class FT, Class T, and Class I. As at June 30, 2024, the Manager holds 758 units of Class I. (December 31, 2023 - 758 units of Class I).

The investment objective of the Fund is to achieve long-term capital appreciation by investing primarily in global equity securities and global income securities while mitigating capital loss by engaging in hedging strategies for downside risk protection.

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.

(a) Basis of Preparation

These unaudited interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting Standards as issued by the International Accounting Standards Board as applicable to the preparation of interim financial statements under International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). The accounting policies and methods of computation followed in these unaudited interim financial statements are consistent with the most recent annual financial statements for the year ended December 31, 2023. These unaudited interim financial statements have been prepared under the historical cost convention, as modified

by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

(b) Classification

(i) Assets

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

(ii) Liabilities

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

(c) Fair Value Measurements

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

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

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

(d) Valuation of Investments and Derivatives

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets, which include exchange traded funds, equities, bonds, options, and warrants are based on quoted market prices at the close of

PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

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trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

Securities not listed on any recognized public securities exchange are valued in the same manner based on available public quotations from recognized dealers in such securities. If market quotations are not readily available, securities will be valued at fair value as determined in good faith by or under the supervision of the Manager. The cost of investments represents the amount paid for each security and is determined on an average cost basis.

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

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

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

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

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

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

Other financial assets (held for collection) and other financial liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, where appropriate at the contract's effective interest rate. Due to their short-term nature, the fair value of other financial assets and financial liabilities carried at amortized cost approximates their carrying amount.

Receivable for investments sold and payable for investments purchased

Receivable for investments sold and payable for investments purchased represent trades that have been contracted for but not yet settled or delivered on the statements of financial position dates. These amounts are recognized initially at fair value and subsequently measured at amortized cost. At each reporting date, the Funds measure the loss allowance on receivable for investments sold and payable for investments purchased at an amount equal to the lifetime expected credit losses if

the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganization, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due or a significant deterioration in a counterparty credit quality. Any contractual payment which is more than 90 days past due is considered credit impaired.

(e) Cash

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

(f) Investment Transactions and Income Recognition

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

Distributions received from investment fund holdings are recognized for tax purposes by the Fund in the same form in which they were received from the underlying funds and are recognized on the distribution date. Amounts received from underlying funds are included in distributions from underlying funds.

(g) Valuation of Fund Units

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

The Fund's units are divided into the Class A, Class F, Class FT, Class T and Class I units. Each class is divided into units of equal value. When you invest in the Fund, you are purchasing units of a specific class of the Fund.

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

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

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

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

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

(h) Foreign Currency Translation

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

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

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

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

(j) Transaction Costs

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

(k) Securities Lending Transactions

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

The Fund has entered into a securities lending program with their custodian, RBC Investor Services Trust. The aggregate market value of all securities loaned by the Fund cannot exceed 50% of the assets of the

Fund. The Fund will receive collateral of at least 102% of the value of the securities on loan. Collateral will generally be comprised of cash and obligations of, or guaranteed by, the Government of Canada or a province thereof, or a permitted supranational agency as defined in National Instrument 81-102. Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge which the Fund's custodian, RBC Investor Services Trust, is entitled to receive.

(l) 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.

(m) Structured Entities

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

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

The Fund may invest in underlying funds whose investment objectives range from achieving short- to long-term income and capital growth potential. Underlying funds may use leverage in a manner consistent with their respective investment objectives. Underlying funds finance their operations by issuing redeemable units which are puttable at the holder's option and entitle the holder to a proportionate stake in the respective fund's net assets. The Fund's interests in underlying funds as at June 30, 2024 and December 31, 2023, held in the form of redeemable units, are included at their fair value in the Statement of Financial Position, which represent the Fund's maximum exposure in these underlying funds. The Fund does not provide and has not committed to provide any additional significant financial or other support to the underlying funds. The change in fair value of each of the underlying funds during the periods is included in 'Change in unrealized appreciation (depreciation) of investments, options, and foreign exchange forward contracts' in the Statement of Comprehensive Income.

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(n) Offsetting

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

The Fund may hold financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined using recognized valuation techniques and may be determined using reputable pricing sources or indicative prices from market makers.

Where no market data is available, the Fund may value positions using its own models, which are based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by the Manager, independent of the party that created them.

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

4. FINANCIAL INSTRUMENTS RISKS

The Fund is exposed to various financial risks, including market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk. The investment team reviews and rebalances the portfolio on a regular and ongoing basis to maintain the risk reward targets. Portfolios within each strategy are reviewed relative to each other and to their benchmark. Active industry and security allocations are analyzed. All investments may result in a risk of loss of capital.

Please refer to the Fund Specific Notes for details of the Fund's financial instruments risks.

Price risk:

The Fund trades in financial instruments, taking positions in traded and over-the-counter instruments which may include derivatives. As at June 30, 2024 and December 31, 2023, the Fund held or had exposure to long and short equity positions in publicly traded companies whose securities are actively traded on a recognized public exchange. Equities are susceptible to price risk arising from uncertainties about future prices of those instruments (other than those arising from interest rate risk or currency risk).

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

Currency risk:

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

Interest rate risk:

Interest rate risk arises when a fund invests in interest-bearing financial instruments and from the possibility that changes in the prevailing levels of market interest rates will affect future cash flows or fair values of such financial instruments. There is minimal fair value sensitivity to interest rate fluctuations on any cash and cash equivalents invested at short-term market interest rates. Market prices may also be affected by changes in market interest rates. Also, changes in the market interest rate may affect the borrowing expenses of the short positions held by the Fund.

Credit risk:

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

The Fund is exposed to credit risk. For other financial assets at amortized cost, the Manager considers both historical analysis and forward looking information in determining any expected credit loss. At June 30, 2024 and December 31, 2023, all subscriptions receivable, distributions receivable, due from manager, deposits with brokers for

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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.

Liquidity risk:

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

Concentration risk:

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

5. CAPITAL MANAGEMENT

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

6. REDEEMABLE UNIT TRANSACTIONS

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

Investors may be admitted to the Fund or may acquire additional Units on a daily basis. Units of the Fund are offered at the Class Net Asset Value per Unit calculated as of the applicable Valuation Date. The minimum initial investment in the Fund is \$2,000 for all Classes and the Manager has the discretion to accept a lesser initial subscription, provided, in each case, that the issuance of Units in respect of such subscription shall otherwise be exempt from the prospectus requirements of applicable securities legislation. Subsequent investments are subject to an additional minimum investment of CAD \$500 subject to applicable securities legislation.

The capital of the Fund is represented by issued redeemable Units with no par value. The Units are entitled to distributions, if any, and to payment of a proportionate share based on the Fund's Net Asset Value per Unit upon redemption. The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of Units other than as described above. The relevant movements are shown on the Statement of Changes in Net

Assets Attributable to Holders of Redeemable Units and in the Fund Specific Notes of each Fund.

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

7. DISTRIBUTIONS

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

All annual distributions paid on Class A, Class F and Class I units will be automatically reinvested in additional units. For Class FT and Class T units, unitholders will receive a target monthly distribution at an initial rate of 5% per annum. The target rate of monthly distribution will be reset at the beginning of each calendar year to provide a target yield based on the net asset value per Class FT unit or Class T unit as at December 31 of the prior year. Throughout the year, such monthly distributions to unitholders will be composed of net income, net capital gains and/or a return of capital. All distributions on Class FT and Class T units will be paid in cash.

8. TAXATION

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

Non-capital losses have expiry periods of up to 20 years and can be offset against future taxable income. Net capital losses can be carried forward indefinitely and offset against future taxable capital gains. For tax loss carry forward information, please refer to Note 14 in the Fund Specific Notes.

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

Gains and losses realized by the Fund on the disposition of securities will generally be reported as capital gains and capital losses. The Fund has elected under section 39(4) of the Tax Act so that all gains or losses realized on the disposition of securities that are "Canadian securities" (as defined in the Tax Act), including Canadian securities acquired in connection with short sales,

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

9. OPERATING EXPENSES

The Manager is responsible for the day-to-day operations of the Fund. The Fund pays its own operating expenses, other than advertising costs and costs of dealer compensation programs, which are paid by the Manager. Operating expenses include, but are not limited to, brokerage commissions and fees, taxes, audit and legal fees, fees of the members of the Independent Review Committee ("IRC"), costs and fees in connection with the operation of the IRC, safekeeping and custodial fees, interest expenses, operating, administrative and systems costs, investor servicing costs and costs of financial and other reports to investors, as well as prospectuses, annual information forms and fund facts.

With the exception of Class specific expenses, all other expenses are allocated to each Class of the Fund based on the Class' pro-rated share of total Net Asset Value of the Fund. The Manager may from time to time waive any portion of the fees and reimbursement of expenses otherwise payable to it, but no such waiver affects its right to received fees and reimbursement of expenses subsequently accruing to it.

10. RELATED PARTY TRANSACTIONS

(a) Management Fees

The Manager receives a management fee payable for providing its services to the Fund. The management fee varies for each class of units. The management fee is calculated and accrued daily based on a percentage of the net asset value of the class of units of the Fund, plus applicable taxes, and is payable on the last business day of each calendar quarter. This fee differs among the classes of units of the Fund. The annual management fee payable by the Fund to the Manager on Class A units is 1.90%, on Class F units is 0.90%, on Class FT units is 0.90%, and on Class T units is 1.90%. The management fee for Class I units of the Fund is negotiated by the investor and paid directly by the investor, and would not exceed the management fee payable on Class A units of the Fund.

(b) Performance Fees

The Manager receives a performance fee payable in respect of each class of units of the Fund. The performance fee is equal to the daily net asset value of the class of units of the Fund during the calendar quarter multiplied by 20% of the amount by which the total return of the class of units exceeds the total percentage increase or decrease in the blended benchmark consisting of 15% S&P/TSX Composite Total Return Index; 30% MSCI World Index (net total return, in Canadian dollars); 10% FTSE TMX Canada 30 Day T-Bill Index; 25% BofA Merrill Lynch Global High Yield Index (hedged to Canadian dollars); 5% BofA Merrill Lynch Global Corporate Index (hedged to Canadian dollars); and 15% BofA Merrill Lynch G7 Global Government Index (hedged to Canadian dollars) (the "Performance Fee Index") since the end of the period for which the last performance fee was paid. If at any time the total return of the class of units of the Fund is less than its Performance Fee Index, then no performance fee will be payable until the total return of the class of units of the Fund relative to its Performance Fee Index has exceeded the amount of the deficiency calculated on a percentage basis. Investors in Class I units may negotiate a different performance fee than the one described herein or no performance fee at all. Any performance fee for Class I units will be paid directly to the The Manager reserves the right, in its discretion, to discontinue, decrease or waive the performance fee at any time. For the period January 1, 2024 to June 30, 2024, the Fund incurred no performance fees.

(c) Fund of Fund Expenses

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

**THINK AHEAD.
STAY AHEAD.**



PICTON MAHONEY ASSET MANAGEMENT CORPORATE INFORMATION

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