

# **FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND**



**THINK AHEAD.  
STAY AHEAD.**



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## MANAGEMENT'S RESPONSIBILITY STATEMENT

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The accompanying semi-annual financial statements have been prepared by Picton Mahoney Asset Management, the Manager of the Picton Mahoney Fortified Active Extension Alternative 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

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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 ACTIVE EXTENSION ALTERNATIVE FUND

## STATEMENTS OF FINANCIAL POSITION

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

	June 30, 2024 \$	December 31, 2023 \$
<b>Assets</b>		
<b>Current assets</b>		
Long positions at fair value*	181,726,884	113,578,780
Cash	3,141,148	17,806,512
Options purchased*	741,007	627,974
Due from Manager	4,590	53,460
Subscriptions receivable	237,256	365,649
Receivable for investments sold	-	135,846
Dividends receivable	395,471	181,532
	<u>186,246,356</u>	<u>132,749,753</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Short positions at fair value**	47,285,912	31,576,034
Options written**	448,741	413,802
Cash overdraft	1,149,640	18,405,321
Management fee payable	291,773	54,762
Performance fee payable	622,843	-
Redemptions payable	3,144	77,217
Accrued liabilities	256,440	159,149
Payable for investments purchased	-	35,698
Interest payable	851	851
Dividends payable	155,655	40,353
	<u>50,214,999</u>	<u>50,763,187</u>
<b>Net Assets Attributable to Holders of Redeemable Units</b>	<u>136,031,357</u>	<u>81,986,566</u>
<b>Net Assets Attributable to Holders of Redeemable Units per Class</b>		
Class A	9,242,354	8,297,763
Class F	77,366,012	51,319,301
Class I	1,319,591	1,170,396
Class O****	23,789,311	7,763
Class ETF	24,314,089	21,191,343
<b>Number of Redeemable Units Outstanding</b>		
Class A	512,765	512,566
Class F	4,087,241	3,017,281
Class I	61,810	61,810
Class O****	1,945,023	705
Class ETF	1,355,000	1,315,000
<b>Net Assets Attributable to Holders of Redeemable Units per Unit</b>		
Class A	18.02	16.19
Class F	18.93	17.01
Class I	21.35	18.94
Class O****	12.23	11.01
Class ETF***	17.94	16.12
	<u>157,115,585</u>	<u>99,611,623</u>
** Short positions, at cost	<u>(47,954,616)</u>	<u>(31,683,614)</u>
*** Closing Market Price (TSX)	<u>17.98</u>	<u>16.15</u>

\*\*\*\* Class O units were first issued on May 4, 2023.

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 \$
<b>Income</b>		
Net gains (losses) on investments and derivatives		
Interest for distribution purposes	294,607	138,665
Dividends	1,752,099	1,040,403
Net realized gain (loss) on investments and options	1,446,519	2,945,785
Change in unrealized appreciation (depreciation) on investments and options	11,284,304	1,515,139
Interest and borrowing expense	(489,646)	(256,309)
Dividend expense	(429,597)	(349,011)
Net gains (losses) on investments and derivatives	<u>13,858,286</u>	<u>5,034,672</u>
Other income		
Foreign currency gain (loss) on cash and other assets and liabilities	(114,383)	94,076
Total Income	<u>13,743,903</u>	<u>5,128,748</u>
<b>Expenses</b>		
Performance fees	934,836	39
Management fees	538,020	382,974
Transaction costs	513,918	256,767
Administrative fees	63,436	53,266
Legal fees	34,442	18,622
Withholding taxes	33,117	13,263
Securityholder reporting fees	26,216	20,566
Audit fees	7,966	6,040
Independent review committee fees	3,496	3,511
Total expense before manager absorption	<u>2,155,447</u>	<u>755,048</u>
Less expenses absorbed by manager	<u>(35,140)</u>	<u>(41,269)</u>
Total expense after manager absorption	<u>2,120,307</u>	<u>713,779</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<u>11,623,596</u>	<u>4,414,969</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class</b>		
Class A	951,911	453,922
Class F	6,295,963	2,385,520
Class I	149,195	76,148
Class O****	1,801,617	230
Class ETF	2,424,910	1,499,149
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit</b>		
Class A	1.85	0.94
Class F	1.82	1.02
Class I	2.41	1.24
Class O****	1.19	0.33
Class ETF	<u>1.81</u>	<u>1.07</u>

\*\*\*\* Class O units were first issued on May 4, 2023.

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

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

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

For the six month periods ended June 30 (unaudited)

	2024 \$	2023 \$
<b>Net Assets Attributable to Holders of Redeemable Units at Beginning of Period</b>		
Class A	8,297,763	7,240,447
Class F	51,319,301	34,101,760
Class I	1,170,396	1,043,307
Class O****	7,763	-
Class ETF	21,191,343	21,723,616
	<u>81,986,566</u>	<u>64,109,130</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>		
Class A	951,911	453,922
Class F	6,295,963	2,385,520
Class I	149,195	76,148
Class O****	1,801,617	230
Class ETF	2,424,910	1,499,149
	<u>11,623,596</u>	<u>4,414,969</u>
<b>Redeemable Unit Transactions</b>		
Proceeds from redeemable units issued		
Class A	917,385	1,011,923
Class F	28,407,782	9,540,371
Class I	-	-
Class O****	23,958,307	7,000
Class ETF	1,058,111	4,693,947
	<u>54,341,585</u>	<u>15,253,241</u>
Redemption of redeemable units		
Class A	(924,705)	(858,074)
Class F	(8,657,034)	(5,882,889)
Class I	-	-
Class O****	(1,978,376)	-
Class ETF	(360,275)	(9,101,738)
	<u>(11,920,390)</u>	<u>(15,842,701)</u>
<b>Net Increase (Decrease) from Redeemable Unit Transactions</b>	<u>42,421,195</u>	<u>(589,460)</u>
<b>Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<u>54,044,791</u>	<u>3,825,509</u>
<b>Net Assets Attributable to Holders of Redeemable Units at End of Period</b>		
Class A	9,242,354	7,848,218
Class F	77,366,012	40,144,762
Class I	1,319,591	1,119,455
Class O****	23,789,311	7,230
Class ETF	24,314,089	18,814,974
	<u>136,031,357</u>	<u>67,934,639</u>

\*\*\*\* Class O units were first issued on May 4, 2023.

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

## STATEMENTS OF CASH FLOWS

For the six month periods ended June 30 (unaudited)

	2024 \$	2023 \$
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	11,623,596	4,414,969
Adjustments for:		
Unrealized foreign exchange (gain) loss on cash	38,808	(373,203)
Net realized (gain) loss on investments and options	(1,446,519)	(2,945,785)
Change in unrealized (appreciation) depreciation on investments and options	(11,284,304)	(1,515,139)
(Increase) decrease in due from manager	48,870	49,140
(Increase) decrease in interest and other receivables	-	(25,999)
(Increase) decrease in dividends receivable	(213,939)	(15,714)
Increase (decrease) in dividends payable	115,302	7,089
Increase (decrease) in other payable and accrued liabilities	957,145	150,021
Purchase of long positions and repurchase of investments sold short	(197,131,856)	(69,719,123)
Proceeds from sale of long positions and on investments sold short	157,446,507	71,566,807
<b>Net cash generated (used) by operating activities</b>	<u>(39,846,390)</u>	<u>1,593,063</u>
<b>Cash Flows from Financing Activities</b>		
Distributions to holders of redeemable units, net of reinvested distributions	-	(119,988)
Proceeds from redeemable units issued	54,254,641	15,022,983
Amount paid on redemption of redeemable units	(11,779,126)	(15,637,278)
<b>Net cash generated (used) by financing activities</b>	<u>42,475,515</u>	<u>(734,283)</u>
Unrealized foreign exchange gain (loss) on cash	(38,808)	373,203
Net increase (decrease) in cash	2,629,125	858,780
Cash, beginning of period	(598,809)	472,438
<b>Cash, end of period</b>	<u>1,991,508</u>	<u>1,704,421</u>
Cash	3,141,148	7,859,987
Cash overdraft	(1,149,640)	(6,155,566)
<b>Net Cash (Overdraft)</b>	<u>1,991,508</u>	<u>1,704,421</u>
<b>Items Classified as Operating Activities:</b>		
Interest received, net of withholding tax	294,607	138,665
Dividends received, net of withholding tax	1,505,043	1,011,426
Interest and borrowing expense paid	(489,646)	(256,309)
Dividends paid	(314,295)	(341,922)

Net of non-cash transfers and switches of \$215,337 (2023 - \$177,361)

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

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2024 (unaudited)

CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
<b>LONG POSITIONS (134.1%)</b>									
<b>Canadian Equities (91.1%)</b>									
<b>Energy (16.5%)</b>									
	47,732	Advantage Energy Ltd.	460,072	495,458	44,287	Pan American Silver Corp.	961,398	1,204,164	
	39,899	ARC Resources Ltd.	881,228	973,935	21,343	Pan American Silver Corp., Rights, 2029-02-22	19,159	13,510	
	12,045	Cameco Corp.	506,798	810,749	42,198	Solaris Resources Inc.	258,344	161,196	
	68,060	Canadian Natural Resources Ltd.	2,713,912	3,316,564	39,693	Teck Resources Ltd.	2,248,048	2,602,273	
	78,163	Enbridge Inc.	3,791,369	3,804,193	5,196	West Fraser Timber Co., Ltd.	566,021	545,944	
	26,456	Encore Energy Corp.	97,708	142,069	149,000	West Red Lake Gold Mines Ltd.	107,130	92,380	
	39,000	Encore Energy Corp., Warrants, 2026-02-14	-	63,180	149,000	West Red Lake Gold Mines Ltd., Warrants, 2026-05-16	150	17,880	
	60,177	Freehold Royalties Ltd.	710,059	819,611			14,741,355	16,352,632	
	25,518	Gibson Energy Inc.	543,977	593,294	<b>Industrial (16.7%)</b>				
	9,371	Imperial Oil Ltd.	704,515	874,127	5,400	ADENTRA Inc.	206,667	201,258	
	70,095	MEG Energy Corp.	1,228,544	2,051,681	9,231	Ag Growth International Inc.	512,799	484,812	
	23,772	NexGen Energy Ltd.	182,436	226,785	12,519	AtkinsRealis Group Inc.	692,187	741,375	
	15,434	North American Construction Group Ltd.	363,847	407,149	10,866	ATS Corp.	488,439	481,038	
	30,458	Parkland Corp.	1,187,721	1,168,064	16,941	Badger Infrastructure Solutions Ltd.	619,627	697,800	
	16,564	Pembina Pipeline Corp.	743,726	840,789	6,605	Bombardier Inc.	355,931	579,457	
	2,823	Precision Drilling Corp.	236,128	271,573	3,064	Boyd Group Services Inc.	698,160	787,356	
	70,766	Suncor Energy Inc.	3,298,093	3,690,447	59,315	Canadian Pacific Kansas City Ltd.	5,962,708	6,390,598	
	17,000	TC Energy Corp.	907,750	881,620	153,343	Element Fleet Management Corp.	2,666,524	3,816,707	
	4,137	TerraVest Industries Inc.	317,732	299,064	7,828	Thomson Reuters Corp.	1,142,577	1,805,215	
	13,100	Tidewater Midstream and Infrastructure Ltd., Warrants, 2024-08-16	1,311	66	10,840	Toromont Industries Ltd.	1,161,456	1,313,049	
	12,138	Tourmaline Oil Corp.	662,470	753,163	14,228	Waste Connections Inc.	2,486,271	3,415,147	
			19,539,396	22,483,581	9,161	WSP Global Inc.	1,589,760	1,951,568	
							18,583,106	22,665,380	
<b>Materials (12.0%)</b>					<b>Consumer Discretionary (1.7%)</b>				
	25,529	Agnico Eagle Mines Ltd.	1,720,015	2,284,335	4,800	Dollarama Inc.	459,878	599,568	
	49,300	Aris Mining Corp., Warrants, 2025-07-29	-	18,241	14,438	Restaurant Brands International Inc.	1,374,612	1,391,823	
	23,775	Capstone Copper Corp.	167,637	230,618	13,287	Spin Master Corp.	498,407	374,561	
	22,854	CCL Industries Inc.	1,509,787	1,644,117			2,332,897	2,365,952	
	40,814	First Quantum Minerals Ltd.	843,613	733,428	<b>Consumer Staples (2.7%)</b>				
	9,001	Franco-Nevada Corp.	1,521,556	1,459,962	14,800	Alimentation Couche-Tard Inc.	1,162,718	1,136,196	
	55,855	Frontier Lithium Inc.	129,323	36,864	10,976	George Weston Ltd.	1,773,502	2,159,967	
	14,850	Frontier Lithium Inc., Warrants, 2025-11-08	-	-	10,032	North West Co Inc.	377,521	415,726	
	84,847	Hudbay Minerals Inc.	642,401	1,050,406			3,313,741	3,711,889	
	22,530	K92 Mining Inc.	144,407	176,861	<b>Health Care (0.6%)</b>				
	23,133	Karora Resources Inc.	88,796	137,873	32,200	Chartwell Retirement Residences	402,456	413,770	
	36,033	Kinross Gold Corp.	289,031	410,416	20,800	HEXO Corp., Warrants	-	-	
	40,258	Lithium Americas Corp.	277,176	146,539	5,500	HEXO Corp., Warrants, 2025-05-21	-	-	
	41,552	Major Drilling Group International Inc.	329,904	377,292	71,791	Kneat.com Inc.	227,529	304,394	
	42,850	Marathon Gold Corp., Warrants, 2024-09-20	3,516	-	7,600	Sienna Senior Living Inc.	107,869	108,300	
	12,137	NGEx Minerals Ltd.	74,782	98,310			737,854	826,464	
	12,298	Nutrien Ltd.	997,281	856,556	<b>Financials (25.2%)</b>				
	153,534	OceanaGold Corp.	402,903	482,097	14,882	Bank of Montreal	1,860,719	1,708,900	
	6,833	Osisko Development Corp., Warrants, 2027-03-02	-	683					
	73,672	Osisko Gold Royalties Ltd.	1,438,977	1,570,687					





# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2024 (unaudited)

CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	21,993	OneSpaWorld Holdings Ltd.	365,532	462,545					
	43,675	ReNew Energy Global PLC	400,277	372,918					
	2,900	Schlumberger NV	179,772	187,220					
	1,500	Spotify Technology SA	368,051	644,059					
	173,710	Talon Metals Corp.	80,192	23,451					
	6,800	Teva Pharmaceutical Industries Ltd.	152,661	151,202					
	1,643	Weatherford International PLC	212,001	275,291					
			5,871,614	6,464,635					
		<b>Total Global Equities - Long</b>	<b>46,599,660</b>	<b>57,657,985</b>					
		<b>Options (0.5%)</b>							
		<b>Total Purchased Options - Refer to Appendix A</b>	<b>1,023,142</b>	<b>741,007</b>					
		<b>Transaction Costs</b>	<b>(125,244)</b>	<b>-</b>					
		<b>Total Long Positions</b>	<b>157,115,585</b>	<b>182,467,891</b>					
		<b>SHORT POSITIONS (-35.1%)</b>							
		<b>Canadian Equities (-5.4%)</b>							
		<b>Energy (-1.0%)</b>							
	(33,836)	Baytex Energy Corp.	(185,858)	(160,383)					
	(3,600)	Cenovus Energy Inc.	(101,577)	(96,804)					
	(44,274)	Ensign Energy Services Inc.	(112,122)	(100,945)					
	(3,800)	Obsidian Energy Ltd.	(39,018)	(38,912)					
	(5,016)	Paramount Resources Ltd.	(151,390)	(155,897)					
	(8,895)	Parex Resources Inc.	(199,168)	(194,978)					
	(3,837)	PrairieSky Royalty Ltd.	(86,071)	(99,762)					
	(15,600)	Spartan Delta Corp.	(62,655)	(62,868)					
	(8,711)	Topaz Energy Corp.	(172,180)	(209,064)					
	(5,800)	Trican Well Service Ltd.	(24,133)	(27,956)					
	(5,330)	Veren Inc.	(57,761)	(57,511)					
	(19,153)	Whitecap Resources Inc.	(190,061)	(191,722)					
			(1,381,994)	(1,396,802)					
		<b>Materials (-0.9%)</b>							
	(11,744)	Artemis Gold Inc.	(79,459)	(115,326)					
	(16,800)	B2Gold Corp.	(62,944)	(61,656)					
	(9,100)	Barrick Gold Corp.	(212,959)	(207,662)					
	(9,100)	Equinox Gold Corp.	(65,052)	(64,974)					
	(6,021)	ERO Copper Corp.	(158,524)	(176,054)					
	(12,407)	First Majestic Silver Corp.	(132,163)	(100,497)					
	(9,200)	Ivanhoe Mines Ltd.	(160,366)	(162,380)					
	(9,000)	Lundin Mining Corp.	(100,409)	(137,070)					
	(12,790)	New Found Gold Corp.	(86,542)	(49,369)					
	(5,400)	New Pacific Metals Corp.	(28,405)	(11,124)					
	(8,837)	Sandstorm Gold Ltd.	(59,882)	(65,747)					
	(10,176)	Wesdome Gold Mines Ltd.	(95,763)	(112,140)					
			(1,242,468)	(1,263,999)					
		<b>Industrial (-0.2%)</b>							
	(10,000)	Aecon Group Inc.	(141,862)	(169,800)					
	(3,837)	Ballard Power Systems Inc.	(28,981)	(11,856)					
	(2,291)	Finning International Inc.	(85,884)	(91,892)					
			(256,727)	(273,548)					
		<b>Consumer Discretionary (-0.3%)</b>							
	(1,763)	Canadian Tire Corp. Ltd.	(273,880)	(239,310)					
	(2,400)	Magna International Inc.	(171,152)	(137,616)					
			(445,032)	(376,926)					
		<b>Consumer Staples (-0.3%)</b>							
	(3,974)	Empire Co., Ltd.	(135,986)	(138,971)					
	(800)	Loblaw Cos Ltd.	(124,013)	(126,960)					
	(1,300)	Premium Brands Holdings Corp.	(113,493)	(122,499)					
			(373,492)	(388,430)					
		<b>Health Care (0.0%)</b>							
	(1,092)	Aurora Cannabis Inc.	(124,290)	(6,901)					
		<b>Financials (-0.8%)</b>							
	(7,300)	CI Financial Corp.	(121,219)	(105,120)					
	(4,000)	Great-West Lifeco Inc.	(166,518)	(159,640)					
	(1,279)	iA Financial Corp. Inc.	(107,225)	(109,879)					
	(4,088)	IGM Financial Inc.	(148,762)	(154,404)					
	(1,500)	Laurentian Bank of Canada	(37,513)	(39,825)					
	(2,300)	National Bank of Canada	(257,137)	(249,573)					
	(1,300)	Onex Corp.	(126,065)	(120,926)					
	(4,800)	TMX Group Ltd.	(172,892)	(182,784)					
			(1,137,331)	(1,122,151)					
		<b>Information Technology (-0.2%)</b>							
	(4,709)	Enghouse Systems Ltd.	(166,044)	(142,071)					
	(2,400)	Open Text Corp.	(129,970)	(98,592)					
			(296,014)	(240,663)					
		<b>Communication Services (-0.2%)</b>							
	(1,779)	Cogeco Communications Inc.	(108,856)	(91,779)					
	(4,100)	Quebecor Inc.	(128,582)	(118,367)					
			(237,438)	(210,146)					
		<b>Utilities (-0.3%)</b>							
	(3,000)	Brookfield Renewable Corp.	(127,194)	(116,280)					
	(4,260)	Fortis Inc.	(231,968)	(226,504)					
			(359,162)	(342,784)					
		<b>Real Estate (-0.1%)</b>							
	(3,560)	SmartCentres Real Estate Investment Trust	(81,629)	(78,284)					
	(21,334)	StorageVault Canada Inc.	(101,442)	(99,416)					
			(183,071)	(177,700)					
		<b>Index Equivalents (-1.1%)</b>							
	(29,100)	iShares Core S&P/TSX Capped Composite Index ETF	(1,004,002)	(1,014,135)					
	(19,100)	iShares S&P/TSX Capped Energy Index ETF	(355,853)	(347,620)					
	(8,500)	iShares S&P/TSX Capped REIT Index ETF	(126,841)	(124,185)					
			(1,486,696)	(1,485,940)					
		<b>Total Canadian Equities - Short</b>	<b>(7,523,715)</b>	<b>(7,285,990)</b>					

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2024 (unaudited)

CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	<b>Global Equities (-29.4%)</b>				(292)		FactSet Research Systems Inc.	(166,566)	(163,127)
	<b>United States Equities (-11.7%)</b>				(1,500)		Federated Hermes Inc.	(71,847)	(67,487)
	(3,409)	1-800-Flowers.com Inc.	(44,143)	(44,408)	(175)		First Solar Inc.	(71,278)	(53,989)
	(530)	3M Co.	(72,021)	(74,111)	(1,400)		FirstEnergy Corp.	(72,332)	(73,313)
	(300)	Abercrombie & Fitch Co.	(55,680)	(73,004)	(470)		Floor & Decor Holdings Inc.	(70,958)	(63,933)
	(830)	AGCO Corp.	(130,712)	(111,165)	(1,850)		Fortinet Inc.	(156,951)	(152,570)
	(1,075)	Airbnb Inc.	(217,319)	(223,043)	(2,800)		Fortrea Holdings Inc.	(128,864)	(89,424)
	(852)	Alexandria Real Estate Equities Inc.	(139,985)	(136,367)	(6,395)		FuboTV Inc.	(61,890)	(10,851)
	(600)	Allstate Corp.	(134,165)	(131,082)	(4,100)		FuelCell Energy Inc.	(51,646)	(3,584)
	(3,460)	American Airlines Group Inc.	(65,332)	(53,642)	(1,700)		GameStop Corp.	(76,115)	(57,271)
	(870)	American Express Co.	(257,500)	(275,651)	(581)		GATX Corp.	(82,385)	(105,227)
	(600)	American Water Works Co Inc.	(109,949)	(106,041)	(1,221)		Gilead Sciences Inc.	(135,562)	(114,630)
	(300)	Ameriprise Financial Inc.	(170,612)	(175,363)	(1,998)		Goosehead Insurance Inc.	(177,596)	(157,038)
	(130)	Arista Networks Inc.	(51,926)	(62,345)	(4,839)		Halliburton Co.	(229,274)	(223,672)
	(1,193)	Avangrid Inc.	(68,034)	(58,000)	(1,958)		Hawaiian Holdings Inc.	(43,925)	(33,303)
	(200)	Badger Meter Inc.	(41,995)	(50,998)	(1,046)		Henry Schein Inc.	(98,608)	(91,746)
	(2,000)	Bank OZK	(108,683)	(112,204)	(430)		Hershey Co.	(114,568)	(108,163)
	(900)	Barnes Group Inc.	(43,966)	(50,997)	(1,512)		HNI Corp.	(74,564)	(93,144)
	(1,528)	Beacon Roofing Supply Inc.	(171,107)	(189,220)	(4,200)		Hyllion Holdings Corp.	(49,813)	(9,310)
	(1,000)	Blackstone Inc.	(167,234)	(169,401)	(233)		IAC Inc.	(16,193)	(14,937)
	(2,679)	Bloom Energy Corp.	(63,546)	(44,869)	(648)		Illinois Tool Works Inc.	(212,516)	(210,109)
	(8,358)	Blue Owl Capital Inc.	(190,583)	(203,000)	(300)		Inovio Pharmaceuticals Inc.	(40,946)	(3,317)
	(21)	Booking Holdings Inc.	(102,163)	(113,835)	(2,195)		Intel Corp.	(125,365)	(93,019)
	(759)	Bristol-Myers Squibb Co.	(68,660)	(43,132)	(1,046)		Invitation Homes Inc.	(47,194)	(51,369)
	(250)	Cadence Design Systems Inc.	(93,836)	(105,277)	(100)		IQVIA Holdings Inc.	(29,938)	(28,932)
	(1,628)	Calix Inc.	(89,060)	(78,926)	(598)		Jack Henry & Associates Inc.	(131,616)	(135,849)
	(2,500)	Carlyle Group Inc.	(138,614)	(137,348)	(395)		JB Hunt Transport Services Inc.	(98,222)	(86,479)
	(400)	CarMax Inc.	(42,512)	(40,142)	(4,388)		Kennametal Inc.	(162,435)	(141,341)
	(275)	Caterpillar Inc.	(131,587)	(125,344)	(40)		Kinsale Capital Group Inc.	(25,392)	(21,088)
	(800)	CH Robinson Worldwide Inc.	(99,200)	(96,463)	(150)		KLA Corp.	(130,483)	(169,232)
	(462)	Charter Communications Inc.	(177,700)	(188,995)	(681)		LGI Homes Inc.	(103,022)	(83,391)
	(1,279)	Chegg Inc.	(18,004)	(5,530)	(300)		Lindsay Corp.	(48,124)	(50,443)
	(5,300)	Cleveland-Cliffs Inc.	(144,527)	(111,612)	(1,200)		Lyft Inc.	(25,975)	(23,152)
	(570)	CME Group Inc.	(157,899)	(153,339)	(6,135)		Macerich Co.	(126,012)	(129,616)
	(900)	Comerica Inc.	(62,044)	(62,856)	(525)		Madrigal Pharmaceuticals Inc.	(158,470)	(201,262)
	(550)	ConocoPhillips	(88,023)	(86,081)	(1,400)		Magnite Inc.	(26,658)	(25,459)
	(700)	CoStar Group Inc.	(75,101)	(71,014)	(1,230)		ManpowerGroup Inc.	(125,788)	(117,478)
	(60)	Costco Wholesale Corp.	(58,976)	(69,785)	(3,500)		Maplebear Inc.	(170,657)	(153,925)
	(2,093)	CubeSmart	(125,699)	(129,364)	(1,500)		Marvell Technology Inc.	(141,553)	(143,471)
	(2,600)	CVS Health Corp.	(222,005)	(210,118)	(1,000)		Match Group Inc.	(47,964)	(41,570)
	(800)	Dayforce Inc.	(65,251)	(54,296)	(275)		McDonald's Corp.	(95,196)	(95,895)
	(75)	Deckers Outdoor Corp.	(96,600)	(99,337)	(2,400)		MGIC Investment Corp.	(68,169)	(70,771)
	(200)	Dick's Sporting Goods Inc.	(38,471)	(58,798)	(423)		Mid-America Apartment Communities Inc.	(74,787)	(82,544)
	(300)	Dollar Tree Inc.	(51,598)	(43,829)	(400)		Moderna Inc.	(65,605)	(64,996)
	(2,244)	Dominion Energy Inc.	(142,033)	(150,458)	(958)		Morgan Stanley	(106,537)	(127,404)
	(1,400)	DraftKings Inc.	(73,754)	(73,122)	(1,514)		MSC Industrial Direct Co Inc.	(190,373)	(164,304)
	(100)	Duolingo Inc.	(24,683)	(28,553)	(300)		Nevro Corp.	(17,925)	(3,456)
	(1,100)	eHealth Inc.	(77,596)	(6,818)	(400)		New York Times Co.	(23,303)	(28,029)
	(300)	Electronic Arts Inc.	(54,172)	(57,195)	(800)		NMI Holdings Inc.	(35,939)	(37,263)
	(1,988)	Enerpac Tool Group Corp.	(63,482)	(103,860)	(781)		ON Semiconductor Corp.	(81,273)	(73,258)
	(2,600)	EQT Corp.	(120,170)	(131,564)	(1,221)		Ormat Technologies Inc.	(117,622)	(119,793)
	(880)	Etsy Inc.	(84,300)	(71,020)	(1,200)		Oshkosh Corp.	(185,038)	(177,666)
	(400)	Euronet Worldwide Inc.	(59,444)	(56,649)	(3,000)		Palantir Technologies Inc.	(92,465)	(103,981)
	(2,442)	Extreme Networks Inc.	(86,104)	(44,943)	(230)		Palo Alto Networks Inc.	(100,724)	(106,693)



# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2024 (unaudited)

CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	(200)	SPDR S&P Homebuilders ETF	(28,345)	(27,662)
	(4,479)	SPDR S&P Metals & Mining ETF	(355,110)	(363,623)
	(2,600)	SPDR S&P Retail ETF	(245,973)	(266,756)
	(1,300)	SPDR Utilities Select Sector Fund	(128,748)	(121,211)
	(36,700)	Vanguard Total Stock Market ETF	(12,981,069)	(13,433,883)
			<u>(20,993,121)</u>	<u>(21,978,598)</u>
		<b>Total Global Equities - Short</b>	<b><u>(39,679,828)</u></b>	<b><u>(39,999,922)</u></b>
		<b>Options (-0.3%)</b>		
		<b>Total Written Options - Refer to Appendix A</b>	<b><u>(722,233)</u></b>	<b><u>(448,741)</u></b>
		<b>Transaction Costs</b>	<b><u>(28,840)</u></b>	<b><u>-</u></b>
		<b>Total Short Positions</b>	<b><u>(47,954,616)</u></b>	<b><u>(47,734,653)</u></b>
		<b>TOTAL INVESTMENT PORTFOLIO (99.0%)</b>	<b><u>109,160,969</u></b>	<b><u>134,733,238</u></b>
		Other Assets Net of Liabilities (1.0%)		<u>1,298,119</u>
		<b>TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (100.0%)</b>		<b><u>136,031,357</u></b>

\*CCY denotes local currency of debt security

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## APPENDIX A

### OPTIONS (0.2%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Apple Inc.	Call Option	19	\$200	September, 2024	9,046	43,678
Builders Firstsource Inc.	Call Option	29	\$195	November, 2024	56,415	9,226
Builders Firstsource Inc.	Call Option	9	\$230	November, 2024	7,634	862
Capital Power Corp.	Call Option	219	\$41	August, 2024	10,019	8,651
Chicago Board Options Exchange	Call Option	216	\$17	August, 2024	32,538	32,069
Chicago Board Options Exchange	Call Option	209	\$18	July, 2024	24,569	7,865
Chicago Board Options Exchange	Call Option	180	\$18	September, 2024	36,049	34,359
Doordash Inc.	Call Option	55	\$125	August, 2024	41,959	18,213
Doordash Inc.	Call Option	16	\$155	August, 2024	2,371	444
Elanco Animal Health Inc.	Call Option	144	\$18	October, 2024	10,848	7,882
First Quantum Minerals Ltd.	Call Option	115	\$18	September, 2024	17,515	23,748
Hudbay Minerals Inc.	Call Option	263	\$15	August, 2024	17,621	3,419
Kinross Gold Corp.	Call Option	292	\$12	July, 2024	11,899	9,344
Nvidia Corp.	Call Option	43	\$135	August, 2024	30,392	29,272
Osisko Gold Royalties Ltd.	Call Option	180	\$23	August, 2024	11,160	9,720
Shopify Inc.	Call Option	72	\$94	August, 2024	26,424	35,460
Shopify Inc.	Call Option	13	\$115	August, 2024	1,768	1,034
SPDR S&P Regional Banking	Call Option	216	\$50	July, 2024	16,526	22,463
SPDR S&P Regional Banking	Call Option	86	\$54	July, 2024	646	970
Sun Life Financial Inc.	Call Option	146	\$73	August, 2024	12,556	1,533
Sun Life Financial Inc.	Call Option	58	\$79	August, 2024	870	46
The Charles Schwab Corporation	Call Option	35	\$70	July, 2024	9,273	22,629
The Charles Schwab Corporation	Call Option	16	\$85	July, 2024	357	131
Toronto-Dominion Bank	Call Option	180	\$80	September, 2024	18,486	8,460
Toronto-Dominion Bank	Call Option	54	\$86	September, 2024	1,107	459
					<u>408,048</u>	<u>331,937</u>
Invesco QQQ Trust Ser.1	Put Option	217	\$470	July, 2024	129,864	115,210
iShares MSCI USA Momentum	Put Option	43	\$175	July, 2024	1,381	1,396
iShares MSCI USA Momentum	Put Option	43	\$184	July, 2024	4,832	2,795
iShares MSCI USA Momentum	Put Option	137	\$187	July, 2024	31,137	13,591
Microsoft Corp.	Put Option	13	\$395	July, 2024	979	1,272
Microsoft Corp.	Put Option	36	\$435	July, 2024	20,854	27,709
National Bank Of Canada	Put Option	54	\$95	September, 2024	2,201	1,917
National Bank Of Canada	Put Option	180	\$110	September, 2024	30,870	58,500
S&P 500 Index 3Wk	Put Option	11	\$4,920	July, 2024	10,621	2,785
S&P 500 Index 3Wk	Put Option	36	\$5,100	July, 2024	76,955	16,995
S&P 500 Index 3Wk	Put Option	51	\$5,190	August, 2024	203,615	140,269
Tesla Inc.	Put Option	30	\$120	July, 2024	3,240	267
Tesla Inc.	Put Option	59	\$150	July, 2024	35,005	1,574
Tesla Inc.	Put Option	26	\$175	July, 2024	33,596	5,105
Vaneck Semiconductor ETF	Put Option	16	\$230	July, 2024	1,465	843
Vaneck Semiconductor ETF	Put Option	54	\$253	July, 2024	28,479	18,842
					<u>615,094</u>	<u>409,070</u>
<b>Total Purchased Options</b>					<b><u>1,023,142</u></b>	<b><u>741,007</u></b>
Apple Inc.	Written Call Option	(14)	\$210	September, 2024	(3,018)	(21,552)
Apple Inc.	Written Call Option	(5)	\$220	September, 2024	(494)	(4,105)
Builders Firstsource Inc.	Written Call Option	(21)	\$210	November, 2024	(28,441)	(2,874)
Builders Firstsource Inc.	Written Call Option	(21)	\$220	November, 2024	(22,207)	(1,953)
Capital Power Corp.	Written Call Option	(110)	\$42	August, 2024	(2,668)	(2,090)
Chicago Board Options Exchange	Written Call Option	(173)	\$19	August, 2024	(19,309)	(18,820)
Chicago Board Options Exchange	Written Call Option	(210)	\$20	July, 2024	(18,946)	(6,465)
Chicago Board Options Exchange	Written Call Option	(162)	\$23	September, 2024	(19,531)	(18,066)
Doordash Inc.	Written Call Option	(38)	\$135	August, 2024	(16,840)	(5,148)
Doordash Inc.	Written Call Option	(38)	\$145	August, 2024	(9,802)	(4,810)
Elanco Animal Health Inc.	Written Call Option	(130)	\$20	October, 2024	(4,004)	(3,558)
First Quantum Minerals Ltd.	Written Call Option	(88)	\$20	September, 2024	(10,472)	(10,692)

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## APPENDIX A

### OPTIONS (0.2%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Hudbay Minerals Inc.	Written Call Option	(132)	\$16	August, 2024	(6,732)	(1,320)
Hudbay Minerals Inc.	Written Call Option	(105)	\$16	July, 2024	(3,596)	(245)
Invesco QQQ Trust Ser.1	Written Call Option	(11)	\$500	July, 2024	(1,837)	(1,242)
Kinross Gold Corp.	Written Call Option	(219)	\$13	July, 2024	(3,395)	(1,424)
Microsoft Corp.	Written Call Option	(4)	\$475	July, 2024	(843)	(531)
Nvidia Corp.	Written Call Option	(30)	\$145	August, 2024	(12,583)	(11,145)
Nvidia Corp.	Written Call Option	(30)	\$155	August, 2024	(7,501)	(6,014)
Osisko Gold Royalties Ltd.	Written Call Option	(126)	\$24	August, 2024	(3,182)	(2,709)
Shopify Inc.	Written Call Option	(58)	\$96	August, 2024	(18,212)	(24,070)
Shopify Inc.	Written Call Option	(4)	\$100	August, 2024	(1,436)	(1,150)
Shopify Inc.	Written Call Option	(29)	\$110	August, 2024	(5,191)	(3,118)
SPDR S&P Regional Banking	Written Call Option	(162)	\$51	July, 2024	(5,053)	(7,980)
SPDR S&P Regional Banking	Written Call Option	(151)	\$53	July, 2024	(1,754)	(6,199)
Sun Life Financial Inc.	Written Call Option	(109)	\$75	August, 2024	(4,387)	(483)
Sun Life Financial Inc.	Written Call Option	(109)	\$77	August, 2024	(2,126)	(204)
The Charles Schwab Corporation	Written Call Option	(31)	\$75	July, 2024	(3,939)	(7,190)
The Charles Schwab Corporation	Written Call Option	(19)	\$80	July, 2024	(1,102)	(923)
Toronto-Dominion Bank	Written Call Option	(126)	\$82	September, 2024	(7,434)	(3,024)
Toronto-Dominion Bank	Written Call Option	(126)	\$84	September, 2024	(4,442)	(1,827)
Vaneck Semiconductor ETF	Written Call Option	(5)	\$285	July, 2024	(628)	(325)
					<u>(251,105)</u>	<u>(181,256)</u>
Builders Firstsource Inc.	Written Put Option	(6)	\$140	August, 2024	(2,625)	(7,348)
Doordash Inc.	Written Put Option	(10)	\$90	July, 2024	(1,413)	(137)
Hudbay Minerals Inc.	Written Put Option	(26)	\$12	July, 2024	(507)	(728)
Invesco QQQ Trust Ser.1	Written Put Option	(123)	\$420	July, 2024	(12,211)	(4,881)
Invesco QQQ Trust Ser.1	Written Put Option	(72)	\$450	July, 2024	(18,002)	(10,640)
Invesco QQQ Trust Ser.1	Written Put Option	(50)	\$456	July, 2024	(17,557)	(10,878)
Invesco QQQ Trust Ser.1	Written Put Option	(102)	\$462	July, 2024	(37,853)	(32,381)
iShares MSCI USA Momentum	Written Put Option	(58)	\$178	July, 2024	(2,714)	(2,183)
iShares MSCI USA Momentum	Written Put Option	(195)	\$181	July, 2024	(17,217)	(8,672)
Microsoft Corp.	Written Put Option	(25)	\$410	July, 2024	(3,492)	(5,046)
Microsoft Corp.	Written Put Option	(25)	\$425	July, 2024	(7,669)	(10,126)
National Bank Of Canada	Written Put Option	(126)	\$100	September, 2024	(7,434)	(8,631)
National Bank Of Canada	Written Put Option	(126)	\$105	September, 2024	(11,844)	(18,459)
Nvidia Corp.	Written Put Option	(4)	\$90	August, 2024	(481)	(257)
Osisko Gold Royalties Ltd.	Written Put Option	(36)	\$20	August, 2024	(1,017)	(864)
S&P 500 Index 3Wk	Written Put Option	(25)	\$4,980	July, 2024	(30,267)	(7,526)
S&P 500 Index 3Wk	Written Put Option	(1)	\$5,020	August, 2024	(5,066)	(1,464)
S&P 500 Index 3Wk	Written Put Option	(25)	\$5,040	July, 2024	(39,564)	(9,151)
S&P 500 Index 3Wk	Written Put Option	(18)	\$5,060	August, 2024	(69,207)	(30,295)
S&P 500 Index 3Wk	Written Put Option	(33)	\$5,160	August, 2024	(117,202)	(80,377)
Snowflake Inc.	Written Put Option	(3)	\$130	July, 2024	(652)	(998)
SPDR S&P Regional Banking	Written Put Option	(43)	\$44	July, 2024	(1,204)	(1,030)
Tesla Inc.	Written Put Option	(52)	\$130	July, 2024	(9,526)	(605)
Tesla Inc.	Written Put Option	(52)	\$140	July, 2024	(17,274)	(889)
Tesla Inc.	Written Put Option	(22)	\$165	July, 2024	(19,160)	(1,686)
Toronto-Dominion Bank	Written Put Option	(18)	\$66	September, 2024	(797)	(585)
Vaneck Semiconductor ETF	Written Put Option	(38)	\$238	July, 2024	(5,815)	(3,458)
Vaneck Semiconductor ETF	Written Put Option	(38)	\$248	July, 2024	(13,358)	(8,190)
					<u>(471,128)</u>	<u>(267,485)</u>
<b>Total Written Options</b>					<b><u>(722,233)</u></b>	<b><u>(448,741)</u></b>

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE 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	180,738,124	77,474	688,600	181,504,198
Mutual funds - Long	222,686	-	-	222,686
Options - Long	741,007	-	-	741,007
Equities - Short	(23,821,374)	-	-	(23,821,374)
Exchange Traded Funds - Short	(23,464,538)	-	-	(23,464,538)
Options - Short	(448,741)	-	-	(448,741)
<b>Total</b>	<b>133,967,164</b>	<b>77,474</b>	<b>688,600</b>	<b>134,733,238</b>

ASSETS (LIABILITIES) AT FAIR VALUE AS AT DECEMBER 31, 2023				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	113,175,409	72,235	162,452	113,410,096
Mutual funds - Long	168,684	-	-	168,684
Options - Long	627,974	-	-	627,974
Equities - Short	(15,862,799)	-	-	(15,862,799)
Exchange Traded Funds - Short	(15,713,235)	-	-	(15,713,235)
Options - Short	(413,802)	-	-	(413,802)
<b>Total</b>	<b>81,982,231</b>	<b>72,235</b>	<b>162,452</b>	<b>82,216,918</b>

### 2. TRANSFERS BETWEEN LEVELS 1 AND 2

There were no transfers between Levels 1 and 2 for securities held at June 30, 2024.

The following table presents the transfers between Levels 1 and 2 for securities held at and December 31, 2023.

December 31, 2023	Transfer from Level 1 to 2 \$	Transfer from Level 2 to 1 \$
Equities - Long	426	-
	426	-

As of December 31, 2023, the equity securities transferred out of Level 1 relate to positions which were thinly traded on and around the period end, but were actively traded on December 31, 2022.

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## FUND SPECIFIC NOTES (CONTINUED)

### 3. RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS

The following table reconciles the Fund's Level 3 fair value measurements of financial instruments for the period ended June 30, 2024 and year ended December 31, 2023.

June 30, 2024	Equities - Long \$	Equities - Short \$	Total \$
<b>Balance at Beginning of period</b>	162,452	-	162,452
Investment purchases during the period	528,229	-	528,229
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	(2,081)	-	(2,081)
<b>Balance at End of period</b>	<b>688,600</b>	<b>-</b>	<b>688,600</b>
<b>Total change in unrealized appreciation (depreciation) for assets held as at June 30, 2024</b>			<b>(2,081)</b>

December 31, 2023	Equities - Long \$	Equities - Short \$	Total \$
<b>Balance at Beginning of Year</b>	119,236	-	119,236
Investment purchases during the year	-	-	-
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	43,216	-	43,216
<b>Balance at End of Year</b>	<b>162,452</b>	<b>-</b>	<b>162,452</b>
<b>Total change in unrealized appreciation (depreciation) for assets held as at December 31, 2023</b>			<b>43,216</b>

For the period ended June 30, 2024 and the 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 \$34,430 as at June 30, 2024 (December 31, 2023 - \$8,123). 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	168,580	Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$8,429	\$(8,429)
Anthropic, PBC Inovia Coinvestors SPV IV, Limited Partnership	328,452 191,568	Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$16,423	\$(16,423)
		Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$9,578	\$(9,578)

December 31, 2023							
Security Name	Fair Value	Valuation Technique	Unobservable Inputs	Reasonable Shift (+)	Reasonable Shift (-)	Change in Valuation (+)	Change in Valuation (-)
Eagle SPV LP	162,452	Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$8,123	\$(8,123)

### 4. OTHER PRICE RISK

Using Beta as a measure of the relationship of the Fund's performance versus its index, if the S&P/TSX Composite Total Return Index were to increase or decrease by 10%, net assets would have increased or decreased by approximately \$12,670,528 (December 31, 2023 - \$7,587,499). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## FUND SPECIFIC NOTES (CONTINUED)

### 5. CURRENCY RISK

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 \$	Total \$	Percentage of Net Assets %
United States Dollar	(3,635,000)	15,896,711	12,261,711	9.0%
European Euro	(389)	-	(389)	0.0%
British Pound	(208,479)	171,317	(37,162)	0.0%
Australian Dollar	10,458	(32,515)	(22,057)	0.0%
<b>Net Exposure</b>	<b>(3,833,410)</b>	<b>16,035,513</b>	<b>12,202,103</b>	<b>9.0%</b>

FINANCIAL INSTRUMENTS				
December 31, 2023 Currency	Monetary \$	Non-Monetary \$	Total \$	Percentage of Net Assets %
United States Dollar	(2,260,684)	10,107,413	7,846,729	9.6%
European Euro	(366)	-	(366)	0.0%
British Pound	36,332	(49,405)	(13,073)	0.0%
Australian Dollar	6,187	(26,777)	(20,590)	0.0%
<b>Net Exposure</b>	<b>(2,218,531)</b>	<b>10,031,231</b>	<b>7,812,700</b>	<b>9.6%</b>

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 \$610,105 (December 31, 2023 - \$390,635). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

### 6. INTEREST RATE RISK

Interest rate risk arises on interest-bearing financial instruments held in the investment portfolio such as bonds. As at June 30, 2024 and December 31, 2023, the interest rate risk is minimal given that the majority of the financial instruments held by the Fund are non-interest bearing.

### 7. CREDIT RISK

Credit risk arises from investments in debt instruments. As at June 30, 2024 and December 31, 2023, the Fund had no direct investments in debt instruments. 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+.

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## FUND SPECIFIC NOTES (CONTINUED)

### 8. CONCENTRATION RISK

The table below summarizes the Fund's concentration risk as a percentage of net assets attributable to holders of redeemable units as at June 30, 2024 and December 31, 2023.

Jurisdiction	% of Net Assets	
	June 30, 2024	December 31, 2023
<b>LONG POSITIONS</b>	<b>134.1%</b>	<b>139.3%</b>
<b>Canadian Equities</b>	<b>91.1%</b>	<b>96.4%</b>
Financials	25.2%	27.9%
Industrial	16.7%	18.3%
Energy	16.5%	14.6%
Materials	12.0%	10.5%
Information Technology	6.6%	8.4%
Utilities	4.3%	4.6%
Real Estate	3.0%	4.0%
Consumer Staples	2.7%	2.4%
Consumer Discretionary	1.7%	3.3%
Communication Services	1.6%	2.0%
Health Care	0.6%	0.2%
Investment Funds	0.2%	0.2%
<b>Global Equities</b>	<b>42.5%</b>	<b>42.1%</b>
United States	37.7%	38.3%
International	4.8%	3.8%
<b>Derivatives</b>	<b>0.5%</b>	<b>0.8%</b>
<b>SHORT POSITIONS</b>	<b>-35.1%</b>	<b>-39.0%</b>
<b>Canadian Equities</b>	<b>-5.4%</b>	<b>-9.2%</b>
Index Equivalents	-1.1%	-4.0%
Energy	-1.0%	-1.3%
Materials	-0.9%	-0.7%
Financials	-0.8%	-1.6%
Utilities	-0.3%	-0.5%
Consumer Staples	-0.3%	-0.2%
Consumer Discretionary	-0.3%	-0.2%
Communication Services	-0.2%	-0.2%
Information Technology	-0.2%	-0.2%
Industrial	-0.2%	-0.1%
Real Estate	-0.1%	-0.2%
Health Care	0.0%	0.0%
<b>Global Equities</b>	<b>-29.4%</b>	<b>-29.3%</b>
International Index Equivalents	-16.2%	-15.2%
United States Equities	-11.7%	-12.1%
International Equities	-1.5%	-2.0%
<b>Derivatives</b>	<b>-0.3%</b>	<b>-0.5%</b>

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## FUND SPECIFIC NOTES (CONTINUED)

### 9. LIQUIDITY RISK

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

June 30, 2024 Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Short positions	47,285,912	-	-	47,285,912
Redemptions payable	3,144	-	-	3,144
Accrued liabilities and other payables	-	1,327,562	-	1,327,562
Derivative liabilities	448,741	-	-	448,741
Cash overdraft	1,149,640	-	-	1,149,640

  

December 31, 2023 Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Short positions	31,576,034	-	-	31,576,034
Redemptions payable	77,217	-	-	77,217
Accrued liabilities and other payables	-	255,115	-	255,115
Payable for investments purchased	35,698	-	-	35,698
Derivative liabilities	413,802	-	-	413,802
Cash overdraft	18,405,321	-	-	18,405,321

### 10. FUND UNIT TRANSACTIONS

For the six month periods ended June 30 (unaudited)

	2024					2023				
	Class A	Class F	Class I	Class O****	Class ETF	Class A	Class F	Class I	Class O****	Class ETF
Units issued and outstanding, beginning of period	512,566	3,017,281	61,810	705	1,315,000	487,935	2,209,921	61,380	-	1,485,000
Units issued	52,924	1,544,427	-	2,110,633	60,000	65,661	590,991	-	700	310,000
Units reinvested	-	-	-	-	-	-	-	-	-	-
Units redeemed	(52,725)	(474,467)	-	(166,315)	(20,000)	(55,574)	(363,806)	-	-	(590,000)
<b>Units issued and outstanding, end of period</b>	<b>512,765</b>	<b>4,087,241</b>	<b>61,810</b>	<b>1,945,023</b>	<b>1,355,000</b>	<b>498,022</b>	<b>2,437,106</b>	<b>61,380</b>	<b>700</b>	<b>1,205,000</b>
<b>Weighted average number of units held during the period</b>	<b>515,380</b>	<b>3,462,120</b>	<b>61,810</b>	<b>1,517,208</b>	<b>1,337,418</b>	<b>484,460</b>	<b>2,341,471</b>	<b>61,380</b>	<b>700</b>	<b>1,401,022</b>

\*\*\*\* Class O units were first issued on May 4, 2023.

### 11. COMMISSIONS

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

	2024	2023
Brokerage commissions	514	257
Soft Dollar commissions	75	31

### 12. TAX LOSS CARRY FORWARDS

As at December 31 (in \$000)

	2023
Net capital losses carry forward	76
Non-capital losses carry forward	-

## PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

### FUND SPECIFIC NOTES (CONTINUED)

#### 13. 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
<b>As at June 30, 2024</b>			
Sprott Physical Uranium Trust	223	6,300,337	0.0%
<b>As at December 31, 2023</b>			
Sprott Physical Uranium Trust	169	7,020,801	0.0%

#### 14. LEVERAGE

During the six month period ended June 30, 2024, the Fund's aggregate exposure reached a low of 47.40% (year ended December 31, 2023 - 49.77%) and a high of 82.39% (year ended December 31, 2023 - 117.33%) of the Fund's NAV. As at June 30, 2024, the Fund's aggregate exposure was 49.01% (December 31, 2023 - 81.18%) of the Fund's NAV. The primary source of leverage was cash overdraft and short positions in equity securities.

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2024 (unaudited)

### 1. GENERAL INFORMATION

Picton Mahoney Fortified Active Extension Alternative Fund (the "Fund") is an open-ended mutual fund trust established under the laws of the Province of Ontario pursuant to a trust agreement dated September 19, 2018 (the "Trust Declaration"). The Fund commenced operations on September 21, 2018. Picton Mahoney Asset Management acts as manager (the "Manager"), portfolio advisor (the "Portfolio Advisor"), and trustee (the "Trustee") for the Fund pursuant to the Trust Declaration. The Manager is responsible for the day-to-day business of the Fund, including the management of the Fund's investment portfolio. The address of the Fund's registered office is 33 Yonge Street, Suite 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 September 21, 2018, 5,001 Class A units, 5,000 Class F units, and 5,000 Class I units of the Fund were issued to the Manager of the Fund, for cash consideration of CAD \$10.00 per unit. These units are not redeemable until an additional \$500,000 has been invested by other investors in the aggregate in the Fund.

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

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

As at June 30, 2024, the Fund currently has 5 Classes of Units: Class A, Class F, and Class I, Class O, and Class ETF. As at June 30, 2024, the Manager holds 1 unit of Class A and 705 units of Class O. (December 31, 2023 - 1 unit of Class A and 704 units of Class O).

The investment objective of the Fund is to provide long-term capital appreciation and to provide unitholders with an attractive risk-adjusted rate of return with similar volatility to the traditional equity market by taking long and short investment positions in an actively-managed portfolio comprised primarily of Canadian equity securities. The Fund may also invest in international equity securities, North American and international fixed income securities including high yield securities, derivative instruments, such as options, futures, forward contracts and swaps, securities of investment funds, and cash and cash equivalents. The Fund may engage in physical short sales and/or borrowing for investment purposes.

The Fund is considered an "alternative fund" meaning it has received exemptions from National Instrument 81-102 - Investment Funds ("NI 81-102") to permit it to use strategies generally prohibited by conventional mutual funds, such as the ability to borrow, up to 50% of the

Fund's net asset value, cash to use for investment purposes; sell, up to 50% of the Fund's net asset value, securities short (the combined level of cash borrowing and short selling is limited to 50% in aggregate); and leverage up to 300% of the Fund's net asset value.

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The following is a summary of the material accounting policies and estimation techniques adopted by the Funds and applied in the preparation of these financial statements.

#### (a) Basis of Preparation

These unaudited interim financial statements have been prepared in accordance with International 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

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2024 (unaudited)

- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

### (d) Valuation of Investments and Derivatives

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

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

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

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

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

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

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

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

#### *Receivable for investments sold and payable for investments purchased*

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

### (e) Cash

Cash is comprised of cash on demand deposit with a Canadian financial institution and is stated at fair value. Cash overdrafts are shown in current liabilities in the statement of financial position.

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) Investment Transactions and Income Recognition

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

# PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

## NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2024 (unaudited)

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

### (g) Valuation of Fund Units

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

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

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

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

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

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

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

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

### (h) Foreign Currency Translation

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

Foreign exchange gains and losses relating to cash and other assets and liabilities are presented as 'Foreign currency gain (loss) on cash and other assets and liabilities' and those relating to other financial assets and

liabilities are presented within 'Net realized gain (loss) on investments, options, and foreign exchange forward contracts and 'Change in unrealized appreciation (depreciation) on investments, options, and foreign exchange forward contracts.

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

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

### (j) Transaction Costs

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

### (k) Securities Lending Transactions

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

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

### (l) Leverage

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

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

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

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addition, leveraged investment strategies can also be expected to increase a Fund's turnover, transaction and market impact costs, interest and other costs and expenses.

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

### (m) Structured Entities

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

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

### (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 of 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

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functional currency of the Fund. The prices of the foreign securities are denominated in foreign currencies which are converted to the Fund's functional currency for determining fair value and, accordingly, each Class Net Asset Value will be affected by fluctuations in the value of such foreign currencies relative to the Canadian dollar.

### Interest rate risk:

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

### Credit risk:

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

The Fund is exposed to credit risk. For other financial assets at amortized cost, the Manager considers both historical analysis and forward looking information in determining any expected credit loss. At June 30, 2024 and December 31, 2023, all receivables for investments sold, dividends receivable, 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.

### Leverage Risk:

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

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

## 5. CAPITAL MANAGEMENT

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

## 6. REDEEMABLE UNIT TRANSACTIONS

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

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

IAS 32, Financial Instrument – Recognition and Measurement, requires that units of an entity that include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units have been classified as financial liabilities. The Fund has multiple series of units that carry different management fee

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rates and therefore do not have identical features. As all units are equally subordinate, the units also would not meet the requirements of IAS 32 and therefore do not meet the conditions to be classified as equity.

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

### 7. DISTRIBUTIONS

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

### 8. TAXATION

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

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

The Fund is required to include in income for each taxation year any dividends received by it in a taxation year and all interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year. In computing its

income, the Fund will take into account any loss carry-forwards, any capital gains refund and all deductible expenses, including management fees.

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

### 9. OPERATING EXPENSES

The 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 1.95% and on Class F units and Class ETF units is 0.95%. The management fee for Class I units and Class O units of the Fund is negotiated by the investor and paid directly by the investor, and would not exceed the management fee payable on Class A units of the Fund.

#### Management Fee Distributions

The Manager may, in its discretion, agree to charge a reduced management fee as compared to the fee that the Manager otherwise would be entitled to receive from the Fund with respect to investments in the Fund by unitholders who hold a minimum amount of units during any period and/or meet other criteria as determined by the Manager from time to time. In such cases, an amount equal to the difference between the management

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fee otherwise chargeable and the reduced fee payable by the Fund will be distributed regularly by the Fund to those unitholders as "Management Fee Distributions". The Manager reserves the right, in its discretion, to discontinue or change Management Fee Distributions at any time.

### **(b) Performance Fees**

The Manager receives a performance fee in respect of each of the Class A units, Class F units, Class O units, and Class ETF units of the Fund. The performance fee for each class shall be calculated and become a liability of the Fund on each Valuation Day and shall be payable at the end of each calendar quarter. The performance fee for the Fund is equal to 20% of the amount by which the performance of the applicable class exceeds the performance of the S&P/TSX Composite Index (TR), for each of the Class A units, Class F units, Class O units, or Class ETF units, plus applicable taxes. The performance fee in respect of each of the Class A units, Class F units, Class O units, and Class ETF units of the Fund shall be 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 S&P/TSX Composite Index (TR) since the end of the period for which the last performance fee was paid for the Class A units, Class F units, Class O units, or Class ETF units, as the case may be, plus applicable taxes. If at any time the total return of the class of units of the Fund is less than its S&P/TSX Composite Index (TR), then no performance fee will be payable until the total return of the class of units of the Fund relative to the S&P/TSX Composite Index (TR) 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 Manager. 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 performance fees of \$934,836.

### **(c) Fund-on-Fund Fees and Expenses**

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





**THINK AHEAD.  
STAY AHEAD.**



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## **PICTON MAHONEY ASSET MANAGEMENT CORPORATE INFORMATION**

### **Corporate Address**

#### **Picton Mahoney Asset Management**

33 Yonge Street, Suite. 320  
Toronto, Ontario  
Canada M5E 1G4

Telephone: 416.955.4108

Toll free: 1.866.369.4108

Fax: 416.955.4100

Email: [service@pictonmahoney.com](mailto:service@pictonmahoney.com)

[www.pictonmahoney.com](http://www.pictonmahoney.com)

### **Auditor**

#### **PricewaterhouseCoopers LLP**

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

### **Fund Administration & Transfer Agent**

#### **Picton Mahoney Funds**

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