

# FORTIFIED MARKET NEUTRAL 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 Market Neutral 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 MARKET NEUTRAL 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*	2,143,559,134	1,724,378,204
Cash	257,933,925	2,013,074
Options purchased*	7,224,422	9,162,063
Unrealized gain on futures contracts	638,520	-
Deposits with brokers for securities sold short	-	437,303,936
Distributions receivable from underlying funds	-	91,733
Subscriptions receivable	1,490,394	1,313,820
Receivable for investments sold	-	1,221,667
Dividends receivable	5,300,976	2,447,888
Interest and other receivable	7,620,843	7,090,256
	<b>2,423,768,214</b>	<b>2,185,022,641</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Short positions at fair value**	1,164,183,740	1,052,236,534
Options written**	4,348,993	5,975,283
Unrealized loss on futures contracts	941,089	4,306,665
Management fee payable	3,329,097	718,164
Performance fee payable	9,492,046	505,983
Redemptions payable	246,425	1,282,861
Accrued liabilities	817,398	355,137
Payable for investments purchased	61,103	737,249
Interest payable	501	501
Dividends payable	4,185,429	2,065,360
	<b>1,187,605,821</b>	<b>1,068,183,737</b>
<b>Net Assets Attributable to Holders of Redeemable Units</b>	<b>1,236,162,393</b>	<b>1,116,838,904</b>
<b>Net Assets Attributable to Holders of Redeemable Units per Class</b>		
Class A	72,772,245	68,766,991
Class F	919,672,308	845,566,196
Class FT	18,275,118	11,450,057
Class I	1,060,004	7,016,623
Class ETF	224,382,718	184,039,037
<b>Number of Redeemable Units Outstanding</b>		
Class A	5,092,967	5,187,062
Class F	61,146,205	60,823,514
Class FT	1,725,533	1,147,408
Class I	61,288	448,331
Class ETF	15,480,000	13,740,000
<b>Net Assets Attributable to Holders of Redeemable Units per Unit</b>		
Class A	14.29	13.26
Class F	15.04	13.90
Class FT	10.59	9.98
Class I	17.30	15.65
Class ETF***	14.50	13.39
* Long positions, at cost	1,886,894,886	1,559,445,341
** Short positions, at cost	(1,165,569,612)	(1,032,797,254)
*** Closing Market Price (TSX)	14.54	13.45

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

Approved on behalf of the Manager

David Picton

Arthur Galloway




President

CFO

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## 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	19,584,865	20,336,275
Dividends	14,668,443	10,449,858
Net realized gain (loss) on investments and options	1,122,336	10,013,437
Net realized gain (loss) on futures contracts	(17,194,095)	(4,224,485)
Change in unrealized appreciation (depreciation) on investments, options and futures contracts	116,222,191	18,332,462
Interest and borrowing expense	(2,833,878)	(2,407,131)
Dividend expense	(12,175,897)	(10,768,229)
Net gains (losses) on investments and derivatives	<b>119,393,965</b>	<b>41,732,187</b>
Other income		
Securities lending income	22,507	298
Foreign currency gain (loss) on cash and other assets and liabilities	3,295,536	152,112
Total Income	<b>122,712,008</b>	<b>41,884,597</b>
<b>Expenses</b>		
Performance fees	18,454,676	5,820,318
Management fees	6,452,908	5,589,576
Transaction costs	5,544,828	4,385,336
Withholding taxes	420,571	199,359
Administrative fees	360,163	310,691
Securityholder reporting fees	309,959	258,092
Audit fees	83,281	80,298
Legal fees	79,032	80,162
Independent review committee fees	3,496	3,503
Total expense before manager absorption	<b>31,708,914</b>	<b>16,727,335</b>
Less expenses absorbed by manager	-	-
Total expense after manager absorption	<b>31,708,914</b>	<b>16,727,335</b>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<b>91,003,094</b>	<b>25,157,262</b>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class</b>		
Class A	5,218,016	1,253,002
Class F	68,441,445	19,143,389
Class FT	1,160,714	219,356
Class I	393,381	1,111,593
Class ETF	15,789,538	3,429,922
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit</b>		
Class A	1.04	0.26
Class F	1.14	0.34
Class FT	0.79	0.25
Class I	1.79	0.54
Class ETF	1.09	0.32

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

# PICTON MAHONEY FORTIFIED MARKET NEUTRAL 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 \$		2024 \$	2023 \$
<b>Net Assets Attributable to Holders of Redeemable Units at Beginning of Period</b>			<b>Distributions to Holders of Redeemable Units</b>		
Class A	68,766,991	61,759,161	From net investment income		
Class F	845,566,196	749,426,818	Class A	-	-
Class FT	11,450,057	7,856,808	Class F	-	-
Class I	7,016,623	28,315,733	Class FT	(299,255)	(183,008)
Class ETF	184,039,037	126,115,607	Class I	-	-
	<u>1,116,838,904</u>	<u>973,474,127</u>	Class ETF	-	-
				<u>(299,255)</u>	<u>(183,008)</u>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>			<b>Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<u>119,323,489</u>	<u>128,801,494</u>
Class A	5,218,016	1,253,002	<b>Net Assets Attributable to Holders of Redeemable Units at End of Period</b>		
Class F	68,441,445	19,143,389	Class A	72,772,245	68,474,682
Class FT	1,160,714	219,356	Class F	919,672,308	836,039,599
Class I	393,381	1,111,593	Class FT	18,275,118	10,230,490
Class ETF	15,789,538	3,429,922	Class I	1,060,004	11,027,899
	<u>91,003,094</u>	<u>25,157,262</u>	Class ETF	224,382,718	176,502,951
<b>Redeemable Unit Transactions</b>			<b>Net Assets Attributable to Holders of Redeemable Units at End of Period</b>	<u>1,236,162,393</u>	<u>1,102,275,621</u>
Proceeds from redeemable units issued					
Class A	11,154,981	16,461,714			
Class F	176,488,853	203,746,959			
Class FT	7,425,149	3,036,897			
Class I	-	6,000,573			
Class ETF	36,158,858	65,298,103			
	<u>231,227,841</u>	<u>294,544,246</u>			
Reinvestments of distributions to holders of redeemable units					
Class A	-	-			
Class F	8,683	-			
Class FT	93,530	32,116			
Class I	-	-			
Class ETF	-	-			
	<u>102,213</u>	<u>32,116</u>			
Redemption of redeemable units					
Class A	(12,367,743)	(10,999,195)			
Class F	(170,832,869)	(136,277,567)			
Class FT	(1,555,077)	(731,679)			
Class I	(6,350,000)	(24,400,000)			
Class ETF	(11,604,715)	(18,340,681)			
	<u>(202,710,404)</u>	<u>(190,749,122)</u>			
<b>Net Increase (Decrease) from Redeemable Unit Transactions</b>	<u>28,619,650</u>	<u>103,827,240</u>			

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

# PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

## STATEMENTS OF CASH FLOWS

For the 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	91,003,094	25,157,262
Adjustments for:		
Unrealized foreign exchange (gain) loss on cash	(1,814,728)	4,138,458
Net realized (gain) loss on investments and options	(1,122,336)	(10,013,437)
Change in unrealized (appreciation) depreciation on investments, options and futures contracts	(116,222,191)	(18,332,462)
(Increase) decrease in interest and other receivables	(530,587)	(5,536,581)
(Increase) decrease in dividends receivable	(2,853,088)	(460,618)
(Increase) decrease in deposits with brokers for securities sold short	437,303,936	(94,895,939)
(Increase) decrease in distributions receivable from underlying funds	91,733	-
Increase (decrease) in interest payable	-	36
Increase (decrease) in dividends payable	2,120,069	171,527
Increase (decrease) in other payable and accrued liabilities	12,059,257	2,114,139
Purchase of long positions and repurchase of investments sold short	(3,124,796,501)	(1,653,651,458)
Reinvestment of distributions from underlying funds	(91,733)	-
Proceeds from sale of long positions and on investments sold short	2,931,851,813	1,296,541,132
<b>Net cash generated (used) by operating activities</b>	<b>226,998,738</b>	<b>(454,767,941)</b>
<b>Cash Flows from Financing Activities</b>		
Distributions to holders of redeemable units, net of reinvested distributions	(197,042)	(150,892)
Proceeds from redeemable units issued	229,118,064	290,670,054
Amount paid on redemption of redeemable units	(201,813,637)	(181,339,273)
<b>Net cash generated (used) by financing activities</b>	<b>27,107,385</b>	<b>109,179,889</b>
Unrealized foreign exchange gain (loss) on cash	1,814,728	(4,138,458)
Net increase (decrease) in cash	254,106,123	(345,588,052)
Cash, beginning of period	2,013,074	419,442,336
<b>Cash, end of period</b>	<b>257,933,925</b>	<b>69,715,826</b>
Cash	257,933,925	69,715,826
Cash overdraft	-	-
<b>Net Cash (Overdraft)</b>	<b>257,933,925</b>	<b>69,715,826</b>
<b>Items Classified as Operating Activities:</b>		
Interest received, net of withholding tax	19,054,278	15,235,201
Dividends received, net of withholding tax	11,394,784	9,789,882
Interest and borrowing expense paid	(2,833,878)	(2,407,095)
Dividends paid	(10,055,828)	(10,596,702)

Net of non-cash transfers and switches of \$1,933,203 (2023 - \$2,765,925)

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

# PICTON MAHONEY FORTIFIED MARKET NEUTRAL 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 (174.0%)</b>									
<b>Canadian Equities (74.9%)</b>									
<b>Energy (13.4%)</b>									
	366,800	Advantage Energy Ltd.	3,718,208	3,807,384	502,050	Marathon Gold Corp., Warrants, 2024-09-20		41,198	1
	382,700	ARC Resources Ltd.	8,477,161	9,341,707	151,200	NGEx Minerals Ltd.		830,573	1,224,720
	96,100	Cameco Corp.	3,587,800	6,468,491	76,500	Nutrien Ltd.		6,452,376	5,328,225
	388,400	Canadian Natural Resources Ltd.	15,339,635	18,926,732	1,339,400	OceanaGold Corp.		3,494,607	4,205,716
	425,200	Enbridge Inc.	20,802,437	20,694,484	58,500	Osisko Development Corp., Warrants, 2027-03-02		-	5,850
	239,800	Encore Energy Corp.	719,400	1,287,726	663,200	Osisko Gold Royalties Ltd.		12,460,396	14,139,424
	590,600	Encore Energy Corp., Warrants, 2026-02-14	-	956,772	32,000	Osisko Mining Inc., Warrants, 2024-08-28		-	-
	539,200	Freehold Royalties Ltd.	6,268,982	7,343,904	385,900	Pan American Silver Corp.		8,540,709	10,492,621
	231,500	Gibson Energy Inc.	4,948,154	5,382,375	95,300	Pan American Silver Corp., Rights, 2029-02-22		85,973	60,325
	82,100	Imperial Oil Ltd.	6,044,471	7,658,288	480,047	Solaris Resources Inc.		3,043,278	1,833,780
	741,800	Logan Energy Corp.	830,445	667,620	315,600	Teck Resources Ltd.		17,789,166	20,690,736
	92,900	MattR Corp.	1,374,651	1,553,288	45,300	West Fraser Timber Co., Ltd.		4,984,120	4,759,671
	431,300	MEG Energy Corp.	6,933,087	12,624,151	1,209,000	West Red Lake Gold Mines Ltd.		869,261	749,580
	188,900	NexGen Energy Ltd.	1,243,337	1,802,106	1,209,000	West Red Lake Gold Mines Ltd., Warrants, 2026-05-16		1,219	145,080
	139,100	North American Construction Group Ltd.	3,047,150	3,669,458				124,008,382	136,669,958
	267,500	Parkland Corp.	9,950,030	10,258,625	<b>Industrial (13.6%)</b>				
	182,500	Pembina Pipeline Corp.	8,746,101	9,263,700	48,100	ADENTRA Inc.		1,895,413	1,792,687
	30,500	Precision Drilling Corp.	2,520,149	2,934,100	78,500	Ag Growth International Inc.		4,278,118	4,122,820
	528,400	Suncor Energy Inc.	25,453,000	27,556,060	99,800	AtkinsRealis Group Inc.		5,496,844	5,910,156
	121,459	TC Energy Corp.	6,482,456	6,298,864	57,900	ATS Corp.		2,558,895	2,563,233
	36,123	TerraVest Industries Inc.	2,766,975	2,611,332	156,600	Badger Infrastructure Solutions Ltd.		5,064,297	6,450,354
	109,150	Tidewater Midstream and Infrastructure Ltd., Warrants, 2024-08-16	10,924	546	59,300	Bombardier Inc.		3,015,909	5,202,389
	80,500	Tourmaline Oil Corp.	4,779,633	4,995,025	27,600	Boyd Group Services Inc.		5,744,198	7,092,372
			144,044,186	166,102,738	326,900	Canadian Pacific Kansas City Ltd.		31,910,127	35,220,206
<b>Materials (11.1%)</b>					1,271,588	Element Fleet Management Corp.		19,743,966	31,649,825
	211,600	Agnico Eagle Mines Ltd.	14,081,769	18,933,968	70,500	Element Fleet Management Corp., Preferred Series E		1,752,988	1,761,795
	218,400	Aris Mining Corp., Warrants, 2025-07-29	-	80,808	47,900	Thomson Reuters Corp.		6,182,106	11,046,219
	186,600	Capstone Copper Corp.	1,316,360	1,810,020	104,050	Toromont Industries Ltd.		11,133,402	12,603,577
	191,700	CCL Industries Inc.	12,724,578	13,790,898	104,200	Waste Connections Inc.		17,576,598	25,011,126
	73,650	Critical Elements Lithium Corp.	128,888	53,765	84,500	WSP Global Inc.		13,848,800	18,001,035
	572,400	Faraday Copper Corp.	457,920	463,644				130,201,661	168,427,794
	336,500	First Quantum Minerals Ltd.	7,882,356	6,046,905	<b>Consumer Discretionary (1.7%)</b>				
	60,000	Franco-Nevada Corp.	10,367,665	9,732,000	33,100	Dollarama Inc.		3,040,702	4,134,521
	757,000	Frontier Lithium Inc.	1,785,248	499,620	141,500	Park Lawn Corp.		3,768,243	3,680,415
	162,050	Frontier Lithium Inc., Warrants, 2025-11-08	-	-	106,900	Restaurant Brands International Inc.		10,019,431	10,305,160
	226,100	Gold Royalty Corp.	528,502	436,230	106,400	Spin Master Corp.		4,121,467	2,999,416
	226,100	Gold Royalty Corp., Warrants	3,091	58,783				20,949,843	21,119,512
	769,100	Hudbay Minerals Inc.	5,578,561	9,521,458	<b>Consumer Staples (2.6%)</b>				
	214,700	K92 Mining Inc.	1,331,781	1,685,395	82,100	Alimentation Couche-Tard Inc.		6,460,579	6,302,817
	218,700	Karora Resources Inc.	821,493	1,303,452	111,800	George Weston Ltd.		17,470,552	22,001,122
	314,100	Kinross Gold Corp.	2,295,205	3,577,599	94,600	North West Co Inc.		3,488,988	3,920,224
	330,600	Lithium Americas Corp.	2,276,181	1,203,384				27,420,119	32,224,163
	422,500	Major Drilling Group International Inc.	3,835,908	3,836,300					

# PICTON MAHONEY FORTIFIED MARKET NEUTRAL 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>Health Care (0.6%)</b>					107,500	TELUS Corp.		2,402,335	2,226,325
	253,600	Chartwell Retirement Residences	3,172,128	3,258,760				23,258,316	20,297,443
	88,700	HEXO Corp., Warrants	-	-	<b>Utilities (4.1%)</b>				
	14,500	HEXO Corp., Warrants, 2025-05-21	-	-	764,900	AltaGas Ltd.		19,304,475	23,643,059
	697,000	Kneat.com Inc.	2,049,219	2,955,280	193,100	Boralex Inc.		6,864,727	6,470,781
	69,300	Sienna Senior Living Inc.	983,600	987,525	216,600	Capital Power Corp.		8,773,201	8,445,234
			6,204,947	7,201,565	97,300	Hydro One Ltd.		3,315,634	3,877,405
<b>Financials (17.3%)</b>					468,200	Innergex Renewable Energy Inc.		4,862,799	4,789,686
	78,100	Bank of Nova Scotia	5,070,859	4,887,498	418,300	TransAlta Corp.		5,045,477	4,057,510
	182,200	Brookfield Asset Management Ltd.	9,883,291	9,488,976				48,166,313	51,283,675
	128,800	Brookfield Corp.	7,373,216	7,328,720	<b>Real Estate (3.1%)</b>				
	212,400	Canaccord Genuity Group Inc.	1,676,531	1,796,904	109,600	Boardwalk Real Estate Investment Trust		4,829,042	7,724,608
	403,100	Canadian Imperial Bank of Commerce	27,048,792	26,221,655	151,480	BSR Real Estate Investment Trust		2,714,109	2,485,250
	207,500	Canadian Western Bank	5,793,173	9,001,350	32,200	Colliers International Group Inc.		5,146,438	4,919,194
	302,400	Dominion Lending Centres Inc.	994,466	1,088,640	225,400	Crombie Real Estate Investment Trust		3,334,899	2,873,850
	9,100	Fairfax Financial Holdings Ltd.	9,506,364	14,162,603	113,300	DREAM Unlimited Corp.		2,807,617	2,226,345
	12,300	Goeasy Ltd.	2,175,767	2,424,576	58,900	FirstService Corp.		11,317,734	12,262,980
	53,200	Intact Financial Corp.	11,983,528	12,130,132	373,093	Minto Apartment Real Estate Investment Trust		5,366,212	5,514,315
	906,500	Manulife Financial Corp.	27,578,046	33,023,795				35,516,051	38,006,542
	77,000	Nuvei Corp.	2,610,601	3,411,870	<b>Investment Funds (0.6%)</b>				
	14,346	Osisko Green Acquisition Ltd.	-	1	459,238	Picton Mahoney Fortified Inflation Opportunities Alternative Fund, Class I Units**		4,591,733	4,836,738
	153,500	Power Corp. of Canada	5,572,042	5,836,070	78,800	Sprott Physical Uranium Trust		1,203,053	1,998,368
	911,397	Preservation Capital Partners Strategic Opportunities I LP	1,544,557	1,576,457				5,794,786	6,835,106
	287,600	Royal Bank of Canada	37,210,076	41,888,940	<b>Total Canadian Equities - Long</b>				
	64,500	Sun Life Financial Inc.	4,110,369	4,326,660				<b>801,725,273</b>	<b>926,954,029</b>
	233,500	Toronto-Dominion Bank	18,253,178	17,559,200	<b>Canadian Debt (45.4%)</b>				
	428,609	Trisura Group Ltd.	14,002,749	17,735,840	<b>Short-Term Notes (44.0%)</b>				
			192,387,605	213,889,887	CAD	158,375,000	Canadian Treasury Bill 5.024%, 2024-08-01	154,805,228	154,805,228
<b>Information Technology (5.2%)</b>					CAD	117,900,000	Canadian Treasury Bill 4.823%, 2024-08-29	116,502,885	116,502,885
	103,400	Celestica Inc.	2,020,901	8,100,356	CAD	148,375,000	Canadian Treasury Bill 4.814%, 2024-10-24	145,167,133	145,167,133
	230,300	Computer Modelling Group Ltd.	2,314,956	3,037,657	CAD	129,400,000	Canadian Treasury Bill 4.803%, 2024-11-21	126,494,970	126,494,970
	4,525	Constellation Software Inc.	10,513,885	17,837,007				542,970,216	542,970,216
	3,825	Constellation Software Inc., Warrants, 2040-03-31	-	-	<b>Corporate Bonds (1.4%)</b>				
	85,000	Descartes Systems Group Inc.	8,391,304	11,266,750	CAD	4,724,000	Bank of Montreal 7.373%, 2049-12-31	4,763,618	4,830,243
	139,900	Dye & Durham Ltd.	1,884,982	1,723,568	CAD	3,726,000	Canadian Imperial Bank of Commerce 7.365%, 2049-12-31	3,726,000	3,791,876
	36,300	Kinaxis Inc.	5,610,145	5,726,688	CAD	3,100,000	Intact Financial Corp. 7.338%, 2083-06-30	3,100,000	3,167,704
	60,676	Lumine Group Inc.	1,031,627	2,240,765					
	165,500	Shopify Inc.	12,005,264	14,962,855					
			43,773,064	64,895,646					
<b>Communication Services (1.6%)</b>									
	47,625	Cineplex Inc.	346,234	391,478					
	139,500	FansUnite Entertainment Inc., Warrants, 2024-07-15	-	-					
	349,400	Rogers Communications Inc.	20,509,747	17,679,640					









# PICTON MAHONEY FORTIFIED MARKET NEUTRAL 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 (\$)
	(62,000)	Extreme Networks Inc.	(2,373,888)	(1,141,063)		(5,100)	Lindsay Corp.	(824,573)	(857,525)
	(6,467)	FactSet Research Systems Inc.	(3,585,290)	(3,612,816)		(293)	Lithia Motors Inc.	(108,190)	(101,214)
	(727)	Federal Signal Corp.	(85,405)	(83,234)		(33,200)	Lyft Inc.	(718,650)	(640,550)
	(30,600)	Federated Hermes Inc.	(1,464,935)	(1,376,730)		(119,300)	Macerich Co.	(2,180,605)	(2,520,480)
	(2,900)	First Solar Inc.	(1,181,171)	(894,670)		(8,600)	Madrigal Pharmaceuticals Inc.	(2,570,094)	(3,296,857)
	(35,100)	FirstEnergy Corp.	(1,805,728)	(1,838,066)		(32,300)	Magnite Inc.	(615,033)	(587,385)
	(1,308)	Five Below Inc.	(273,316)	(195,034)		(27,300)	ManpowerGroup Inc.	(2,810,900)	(2,607,436)
	(11,649)	Floor & Decor Holdings Inc.	(1,763,726)	(1,584,580)		(74,223)	Maplebear Inc.	(3,586,559)	(3,264,224)
	(1,283)	Flowserve Corp.	(85,356)	(84,444)		(22,015)	Marvell Technology Inc.	(2,071,597)	(2,105,675)
	(32,600)	Fortinet Inc.	(2,777,593)	(2,688,526)		(19,500)	Match Group Inc.	(935,218)	(810,621)
	(49,400)	Fortrea Holdings Inc.	(2,291,108)	(1,577,696)		(4,600)	McDonald's Corp.	(1,592,373)	(1,604,061)
	(2,193)	Fortune Brands Innovations Inc.	(201,005)	(194,871)		(38)	MercadoLibre Inc.	(83,281)	(85,452)
	(91,300)	FuboTV Inc.	(689,799)	(154,913)		(44,200)	MGIC Investment Corp.	(1,256,654)	(1,303,362)
	(74,300)	FuelCell Energy Inc.	(634,421)	(64,946)		(8,800)	Mid-America Apartment Communities Inc.	(1,579,890)	(1,717,229)
	(18,800)	GameStop Corp.	(802,724)	(633,347)		(5,231)	Mobileye Global Inc.	(206,463)	(201,027)
	(12,100)	GATX Corp.	(1,665,844)	(2,191,481)		(6,000)	Moderna Inc.	(984,078)	(974,946)
	(206)	General Dynamics Corp.	(84,790)	(81,784)		(21,800)	Morgan Stanley	(2,390,475)	(2,899,169)
	(374)	General Electric Co.	(83,513)	(81,355)		(211)	Morningstar Inc.	(85,438)	(85,418)
	(38,600)	Gilead Sciences Inc.	(4,356,031)	(3,623,850)		(27,500)	MSC Industrial Direct Co Inc.	(3,431,015)	(2,984,394)
	(1,895)	Globe Life Inc.	(204,721)	(213,353)		(89)	Netflix Inc.	(81,381)	(82,189)
	(4,446)	GoDaddy Inc.	(656,067)	(849,948)		(8,100)	Nevro Corp.	(481,539)	(93,324)
	(37,400)	Goosehead Insurance Inc.	(3,329,754)	(2,939,555)		(9,900)	New York Times Co.	(576,749)	(693,722)
	(48,700)	Halliburton Co.	(2,306,542)	(2,251,045)		(2,285)	News Corp.	(85,387)	(86,202)
	(55,300)	Hawaiian Holdings Inc.	(1,120,186)	(940,571)		(21,400)	NMI Holdings Inc.	(961,376)	(996,779)
	(656)	HEICO Corp.	(175,459)	(200,720)		(671)	Norfolk Southern Corp.	(205,610)	(197,120)
	(343)	HEICO Corp., Class A	(84,253)	(83,318)		(1,149)	Nutanix Inc.	(82,967)	(89,381)
	(19,500)	Henry Schein Inc.	(1,871,092)	(1,710,362)		(21,051)	ON Semiconductor Corp.	(2,136,702)	(1,974,584)
	(6,790)	Hershey Co.	(1,790,507)	(1,707,976)		(945)	ONEOK Inc.	(104,050)	(105,451)
	(43,600)	HNI Corp.	(2,106,413)	(2,685,886)		(37,181)	Ormat Technologies Inc.	(3,822,082)	(3,647,840)
	(394)	Hubbell Inc.	(199,772)	(197,040)		(22,400)	Oshkosh Corp.	(3,464,758)	(3,316,430)
	(36,800)	Hyllion Holdings Corp.	(437,023)	(81,575)		(52,300)	Palantir Technologies Inc.	(1,603,091)	(1,812,727)
	(8,000)	IAC Inc.	(554,580)	(512,856)		(4,000)	Palo Alto Networks Inc.	(1,751,727)	(1,855,530)
	(14,800)	Illinois Tool Works Inc.	(4,798,959)	(4,798,796)		(25,700)	Papa John's International Inc.	(2,268,049)	(1,652,120)
	(2,766)	Inovio Pharmaceuticals Inc.	(372,713)	(30,582)		(122)	Parker-Hannifin Corp.	(85,633)	(84,439)
	(443)	Inspire Medical Systems Inc.	(105,295)	(81,125)		(13,134)	Paycom Software Inc.	(3,128,451)	(2,570,692)
	(46,648)	Intel Corp.	(2,597,728)	(1,976,832)		(79,100)	Pebblebrook Hotel Trust	(1,472,193)	(1,488,246)
	(25,000)	Invitation Homes Inc.	(1,132,483)	(1,227,747)		(786)	Penumbra Inc.	(228,585)	(193,561)
	(4,800)	IQVIA Holdings Inc.	(1,437,006)	(1,388,749)		(7,300)	PepsiCo Inc.	(1,656,193)	(1,647,472)
	(472)	ITT Inc.	(84,921)	(83,432)		(23,300)	Pfizer Inc.	(1,163,534)	(892,070)
	(1,323)	J M Smucker Co.	(206,804)	(197,397)		(2,075)	Planet Fitness Inc.	(205,082)	(208,945)
	(12,100)	Jack Henry & Associates Inc.	(2,650,941)	(2,748,788)		(42,590)	Plug Power Inc.	(608,323)	(135,787)
	(11,539)	JB Hunt Transport Services Inc.	(2,752,719)	(2,526,293)		(23,200)	PNC Financial Services Group Inc.	(4,251,339)	(4,935,805)
	(109,300)	Kennametal Inc.	(4,062,417)	(3,520,644)		(21,800)	Polaris Inc.	(3,107,674)	(2,335,981)
	(1,487)	Kinsale Capital Group Inc.	(887,729)	(783,940)		(19,800)	Principal Financial Group Inc.	(2,177,768)	(2,125,464)
	(521)	Kirby Corp.	(84,481)	(85,356)		(18,500)	Procore Technologies Inc.	(1,394,159)	(1,678,596)
	(3,275)	KLA Corp.	(2,868,959)	(3,694,901)		(63,400)	ProPetro Holding Corp.	(797,345)	(752,149)
	(3,157)	Knight-Swift Transportation Holdings Inc.	(207,519)	(215,648)		(27,900)	PubMatic Inc.	(558,227)	(775,371)
	(1,702)	Lamb Weston Holdings Inc.	(196,433)	(195,816)		(4,789)	QUALCOMM Inc.	(1,340,938)	(1,305,227)
	(419)	Leidos Holdings Inc.	(85,192)	(83,638)		(13,100)	Qualys Inc.	(2,780,659)	(2,556,150)
	(15,100)	LGI Homes Inc.	(2,259,554)	(1,849,043)		(29,400)	Realty Income Corp.	(2,174,100)	(2,124,913)
	(2,940)	Liberty Broadband Corp.	(242,723)	(220,537)		(123,400)	Regions Financial Corp.	(3,186,467)	(3,383,829)
	(2,038)	Liberty Media Corp-Liberty Formula One	(193,558)	(200,339)		(26,900)	Revolve Group Inc.	(612,945)	(585,623)
						(59,000)	Rivian Automotive Inc.	(822,137)	(1,083,428)



# PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

## SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2024 (unaudited)

CCY*	No. of shares/units/	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/units/	Security Description	Average cost (\$)	Fair value (\$)
	(26,800)	Invesco S&P 500 Equal Weight ETF	(5,994,396)	(6,022,583)			<b>Global Debt (-0.6%)</b>		
	(38,000)	iShares 20+ Year Treasury Bond ETF	(5,667,517)	(4,772,294)			<b>International Bonds (-0.6%)</b>		
	(106,100)	iShares Expanded Tech-Software Sector ETF	(12,097,239)	(12,609,002)	EUR	(5,800,000)	Bundesrepublik Deutschland Bundesanleihe 0.000%, 2031-02-15	(7,969,049)	(7,278,376)
	(63,000)	iShares iBoxx \$ High Yield Corporate Bond ETF	(6,675,658)	(6,649,909)			<b>Total Global Debt - Short</b>	<b>(7,969,049)</b>	<b>(7,278,376)</b>
	(48,900)	iShares J.P. Morgan USD Emerging Markets Bond ETF	(5,914,109)	(5,920,379)			<b>Options (-0.4%)</b>		
	(135,100)	iShares MSCI Emerging Markets ETF	(7,231,759)	(7,873,331)			<b>Total Written Options - Refer to Appendix A</b>	<b>(6,956,826)</b>	<b>(4,348,993)</b>
	(122,400)	iShares MSCI USA Momentum Factor ETF	(30,820,072)	(32,632,854)			<b>Transaction Costs</b>	<b>(658,307)</b>	<b>-</b>
	(69,400)	iShares Russell 2000 Growth ETF	(23,467,485)	(24,930,669)			<b>Total Short Positions</b>	<b>(1,165,569,612)</b>	<b>(1,168,532,733)</b>
	(18,000)	SPDR Consumer Staples Select Sector Fund	(1,862,807)	(1,886,181)			<b>Futures Contracts (0.0%)</b>		
	(117,200)	SPDR Industrial Select Sector Fund	(16,954,786)	(19,544,292)			<b>Total Futures Contracts - Refer to Appendix B</b>		<b>(302,569)</b>
	(4,100)	SPDR S&P Homebuilders ETF	(581,067)	(567,080)			<b>TOTAL INVESTMENT PORTFOLIO (79.5%)</b>	<b>721,325,274</b>	<b>981,948,254</b>
	(141,100)	SPDR S&P Metals & Mining ETF	(10,497,785)	(11,455,047)			Other Assets Net of Liabilities (20.5%)	254,214,139	
	(46,700)	SPDR S&P Retail ETF	(4,376,325)	(4,791,349)			<b>TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (100.0%)</b>		<b>1,236,162,393</b>
	(24,500)	SPDR Utilities Select Sector Fund	(2,426,400)	(2,284,356)					
	(533,800)	Vanguard Total Stock Market ETF	(188,100,341)	(195,395,294)					
			(334,975,305)	(349,594,556)					
		<b>Total Global Equities - Short</b>	<b>(744,065,945)</b>	<b>(748,478,486)</b>					

\*CCY denotes local currency of debt security

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

## APPENDIX A

### OPTIONS (0.2%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Apple Inc.	Call Option	179	\$200	September, 2024	85,222	411,490
Builders Firstsource Inc.	Call Option	279	\$195	November, 2024	542,756	88,761
Builders Firstsource Inc.	Call Option	84	\$230	November, 2024	71,248	8,046
Capital Power Corp.	Call Option	2,035	\$41	August, 2024	93,101	80,383
Chicago Board Options Exchange	Call Option	2,064	\$17	August, 2024	310,920	306,434
Chicago Board Options Exchange	Call Option	1,932	\$18	July, 2024	227,120	72,700
Chicago Board Options Exchange	Call Option	1,720	\$18	September, 2024	344,472	328,322
Doordash Inc.	Call Option	509	\$125	August, 2024	388,315	168,551
Doordash Inc.	Call Option	153	\$155	August, 2024	22,672	4,245
Elanco Animal Health Inc.	Call Option	1,376	\$18	October, 2024	103,621	75,314
First Quantum Minerals Ltd.	Call Option	1,639	\$18	September, 2024	249,620	338,454
Hudbay Minerals Inc.	Call Option	2,442	\$15	August, 2024	163,614	31,746
Kinross Gold Corp.	Call Option	2,714	\$12	July, 2024	110,596	86,848
Nvidia Corp.	Call Option	413	\$135	August, 2024	291,904	281,151

# PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

## APPENDIX A

### OPTIONS (0.2%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Osisko Gold Royalties Ltd.	Call Option	1,720	\$23	August, 2024	106,640	92,880
Shopify Inc.	Call Option	678	\$94	August, 2024	248,826	333,915
Shopify Inc.	Call Option	119	\$115	August, 2024	16,184	9,461
SPDR S&P Regional Banking	Call Option	2,064	\$50	July, 2024	157,917	214,645
SPDR S&P Regional Banking	Call Option	827	\$54	July, 2024	6,214	9,327
Sun Life Financial Inc.	Call Option	1,357	\$73	August, 2024	116,702	14,249
Sun Life Financial Inc.	Call Option	543	\$79	August, 2024	8,145	432
The Charles Schwab Corporation	Call Option	480	\$70	July, 2024	127,178	310,342
The Charles Schwab Corporation	Call Option	224	\$85	July, 2024	4,996	1,839
Toronto-Dominion Bank	Call Option	1,720	\$80	September, 2024	176,644	80,840
Toronto-Dominion Bank	Call Option	517	\$86	September, 2024	10,599	4,395
					<u>3,985,226</u>	<u>3,354,770</u>
Invesco QQQ Trust Ser.1	Put Option	2,066	\$470	July, 2024	1,236,397	1,096,880
iShares MSCI USA Momentum	Put Option	411	\$175	July, 2024	13,196	13,340
iShares MSCI USA Momentum	Put Option	411	\$184	July, 2024	46,188	26,714
iShares MSCI USA Momentum	Put Option	1,308	\$187	July, 2024	297,281	129,761
Microsoft Corp.	Put Option	120	\$395	July, 2024	9,038	11,740
Microsoft Corp.	Put Option	344	\$435	July, 2024	199,271	264,776
National Bank Of Canada	Put Option	517	\$95	September, 2024	21,068	18,354
National Bank Of Canada	Put Option	1,720	\$110	September, 2024	294,980	559,000
S&P 500 Index 3Wk	Put Option	105	\$4,920	July, 2024	101,380	26,580
S&P 500 Index 3Wk	Put Option	344	\$5,100	July, 2024	735,353	162,396
S&P 500 Index 3Wk	Put Option	475	\$5,190	August, 2024	1,896,410	1,306,428
Tesla Inc.	Put Option	278	\$120	July, 2024	30,023	2,473
Tesla Inc.	Put Option	558	\$150	July, 2024	331,062	14,889
Tesla Inc.	Put Option	245	\$175	July, 2024	316,580	48,108
Vaneck Semiconductor ETF	Put Option	155	\$230	July, 2024	14,189	8,166
Vaneck Semiconductor ETF	Put Option	516	\$253	July, 2024	272,136	180,047
					<u>5,814,552</u>	<u>3,869,652</u>
<b>Total Purchased Options</b>					<b><u>9,799,778</u></b>	<b><u>7,224,422</u></b>
Apple Inc.	Written Call Option	(136)	\$210	September, 2024	(29,322)	(209,358)
Apple Inc.	Written Call Option	(39)	\$220	September, 2024	(3,853)	(32,019)
Builders Firstsource Inc.	Written Call Option	(195)	\$210	November, 2024	(264,099)	(26,683)
Builders Firstsource Inc.	Written Call Option	(195)	\$220	November, 2024	(206,211)	(18,139)
Capital Power Corp.	Written Call Option	(1,017)	\$42	August, 2024	(24,662)	(19,323)
Chicago Board Options Exchange	Written Call Option	(1,651)	\$19	August, 2024	(184,268)	(179,602)
Chicago Board Options Exchange	Written Call Option	(1,960)	\$20	July, 2024	(176,828)	(60,344)
Chicago Board Options Exchange	Written Call Option	(1,548)	\$23	September, 2024	(186,631)	(172,634)
Doordash Inc.	Written Call Option	(355)	\$135	August, 2024	(157,324)	(48,091)
Doordash Inc.	Written Call Option	(355)	\$145	August, 2024	(91,569)	(44,933)
Elanco Animal Health Inc.	Written Call Option	(1,238)	\$20	October, 2024	(38,203)	(33,880)
First Quantum Minerals Ltd.	Written Call Option	(1,260)	\$20	September, 2024	(149,940)	(153,090)
Hudbay Minerals Inc.	Written Call Option	(1,221)	\$16	August, 2024	(62,271)	(12,210)
Hudbay Minerals Inc.	Written Call Option	(977)	\$16	July, 2024	(33,462)	(2,284)
Invesco QQQ Trust Ser.1	Written Call Option	(104)	\$500	July, 2024	(17,371)	(11,740)
Kinross Gold Corp.	Written Call Option	(2,036)	\$13	July, 2024	(31,558)	(13,234)
Microsoft Corp.	Written Call Option	(34)	\$475	July, 2024	(7,168)	(4,513)
Nvidia Corp.	Written Call Option	(289)	\$145	August, 2024	(121,219)	(107,366)
Nvidia Corp.	Written Call Option	(289)	\$155	August, 2024	(72,258)	(57,934)
Osisko Gold Royalties Ltd.	Written Call Option	(1,204)	\$24	August, 2024	(30,401)	(25,886)
Shopify Inc.	Written Call Option	(543)	\$96	August, 2024	(170,502)	(225,345)
Shopify Inc.	Written Call Option	(33)	\$100	August, 2024	(11,847)	(9,488)
Shopify Inc.	Written Call Option	(271)	\$110	August, 2024	(48,509)	(29,133)
SPDR S&P Regional Banking	Written Call Option	(1,548)	\$51	July, 2024	(48,283)	(76,255)

# PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

## APPENDIX A

### OPTIONS (0.2%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
SPDR S&P Regional Banking	Written Call Option	(1,445)	\$53	July, 2024	(16,780)	(59,318)
Sun Life Financial Inc.	Written Call Option	(1,018)	\$75	August, 2024	(40,975)	(4,513)
Sun Life Financial Inc.	Written Call Option	(1,018)	\$77	August, 2024	(19,851)	(1,909)
The Charles Schwab Corporation	Written Call Option	(421)	\$75	July, 2024	(53,496)	(97,645)
The Charles Schwab Corporation	Written Call Option	(264)	\$80	July, 2024	(15,313)	(12,824)
Toronto-Dominion Bank	Written Call Option	(1,204)	\$82	September, 2024	(71,036)	(28,896)
Toronto-Dominion Bank	Written Call Option	(1,204)	\$84	September, 2024	(42,441)	(17,458)
Vaneck Semiconductor ETF	Written Call Option	(51)	\$285	July, 2024	(6,411)	(3,315)
					<u>(2,434,062)</u>	<u>(1,799,362)</u>
Builders Firstsource Inc.	Written Put Option	(55)	\$140	August, 2024	(24,065)	(67,357)
Doordash Inc.	Written Put Option	(87)	\$90	July, 2024	(12,295)	(1,190)
Hudbay Minerals Inc.	Written Put Option	(244)	\$12	July, 2024	(4,758)	(6,832)
Invesco QQQ Trust Ser.1	Written Put Option	(1,171)	\$420	July, 2024	(116,051)	(46,468)
Invesco QQQ Trust Ser.1	Written Put Option	(691)	\$450	July, 2024	(172,769)	(102,117)
Invesco QQQ Trust Ser.1	Written Put Option	(474)	\$456	July, 2024	(166,436)	(103,127)
Invesco QQQ Trust Ser.1	Written Put Option	(959)	\$462	July, 2024	(355,895)	(304,441)
iShares MSCI USA Momentum	Written Put Option	(551)	\$178	July, 2024	(25,784)	(20,740)
iShares MSCI USA Momentum	Written Put Option	(1,856)	\$181	July, 2024	(163,900)	(82,539)
Microsoft Corp.	Written Put Option	(243)	\$410	July, 2024	(33,942)	(49,045)
Microsoft Corp.	Written Put Option	(243)	\$425	July, 2024	(74,540)	(98,423)
National Bank Of Canada	Written Put Option	(1,204)	\$100	September, 2024	(71,036)	(82,474)
National Bank Of Canada	Written Put Option	(1,204)	\$105	September, 2024	(113,176)	(176,386)
Nvidia Corp.	Written Put Option	(40)	\$90	August, 2024	(4,809)	(2,573)
Osisko Gold Royalties Ltd.	Written Put Option	(344)	\$20	August, 2024	(9,718)	(8,256)
S&P 500 Index 3Wk	Written Put Option	(243)	\$4,980	July, 2024	(294,199)	(73,152)
S&P 500 Index 3Wk	Written Put Option	(15)	\$5,020	August, 2024	(75,982)	(21,962)
S&P 500 Index 3Wk	Written Put Option	(243)	\$5,040	July, 2024	(384,567)	(88,946)
S&P 500 Index 3Wk	Written Put Option	(181)	\$5,060	August, 2024	(695,915)	(304,636)
S&P 500 Index 3Wk	Written Put Option	(305)	\$5,160	August, 2024	(1,083,231)	(742,877)
Snowflake Inc.	Written Put Option	(32)	\$130	July, 2024	(6,956)	(10,640)
SPDR S&P Regional Banking	Written Put Option	(411)	\$44	July, 2024	(11,511)	(9,842)
Tesla Inc.	Written Put Option	(486)	\$130	July, 2024	(89,027)	(5,653)
Tesla Inc.	Written Put Option	(486)	\$140	July, 2024	(161,445)	(8,313)
Tesla Inc.	Written Put Option	(209)	\$165	July, 2024	(182,018)	(16,015)
Toronto-Dominion Bank	Written Put Option	(172)	\$66	September, 2024	(7,611)	(5,590)
Vaneck Semiconductor ETF	Written Put Option	(359)	\$238	July, 2024	(54,935)	(32,667)
Vaneck Semiconductor ETF	Written Put Option	(359)	\$248	July, 2024	(126,193)	(77,370)
					<u>(4,522,764)</u>	<u>(2,549,631)</u>
<b>Total Written Options</b>					<b><u>(6,956,826)</u></b>	<b><u>(4,348,993)</u></b>

## APPENDIX B

### FUTURES CONTRACTS (0.0%)

Issuer	Number of Contracts	Fair Value \$	Contracted Value \$	Unrealized Gain/Loss
E-mini S&P 500 Futures, September 2024	(368)	(139,018,339)	(139,656,859)	<u>638,520</u>
				<u>638,520</u>
VIX Index Futures, July 2024	100	1,918,810	1,938,829	(20,019)
S&P TSX 60 Futures, September 2024	(468)	(122,662,800)	(121,741,730)	<u>(921,070)</u>
				<u>(941,089)</u>
<b>Unrealized gain (loss) on Futures Contracts</b>				<b><u>(302,569)</u></b>

# PICTON MAHONEY FORTIFIED MARKET NEUTRAL 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	1,500,775,349	1,487,268	8,216,092	1,510,478,709
Mutual funds - Long	6,835,106	-	-	6,835,106
Exchange Traded Funds - Long	28,764,412	-	-	28,764,412
Short-term notes - Long	-	579,620,370	-	579,620,370
Bonds - Long	-	17,860,537	-	17,860,537
Options - Long	7,224,422	-	-	7,224,422
Futures - Long	638,520	-	-	638,520
Equities - Short	(570,790,470)	(30,220)	-	(570,820,690)
Exchange Traded Funds - Short	(586,084,674)	-	-	(586,084,674)
Bonds - Short	-	(7,278,376)	-	(7,278,376)
Options - Short	(4,348,993)	-	-	(4,348,993)
Futures - Short	(941,089)	-	-	(941,089)
<b>Total</b>	<b>382,072,583</b>	<b>591,659,579</b>	<b>8,216,092</b>	<b>981,948,254</b>

ASSETS (LIABILITIES) AT FAIR VALUE AS AT DECEMBER 31, 2023				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	1,351,377,031	933,480	3,821,107	1,356,131,618
Mutual funds - Long	6,602,220	-	-	6,602,220
Exchange Traded Funds - Long	26,856,541	-	-	26,856,541
Short-term notes - Long	-	316,925,454	-	316,925,454
Bonds - Long	-	17,862,371	-	17,862,371
Options - Long	9,162,063	-	-	9,162,063
Equities - Short	(512,378,991)	(29,120)	-	(512,408,111)
Exchange Traded Funds - Short	(536,693,130)	-	-	(536,693,130)
Bonds - Short	-	(3,135,293)	-	(3,135,293)
Options - Short	(5,975,283)	-	-	(5,975,283)
Futures - Short	(4,306,665)	-	-	(4,306,665)
<b>Total</b>	<b>334,643,786</b>	<b>332,556,892</b>	<b>3,821,107</b>	<b>671,021,785</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 December 31, 2023.

December 31, 2023	Transfer from Level 1 to 2 \$	Transfer from Level 2 to 1 \$
Equities - Long	463,644	-
	463,644	-

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

# PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

## FUND SPECIFIC NOTES (CONTINUED)

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

The following table reconciles the Fund's Level 3 fair value measurements of financial instruments for the 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>	3,821,107	-	3,821,107
Investment purchases during the period	4,334,446	-	4,334,446
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	60,539	-	60,539
<b>Balance at End of period</b>	<b>8,216,092</b>	<b>-</b>	<b>8,216,092</b>
<b>Total change in unrealized appreciation (depreciation) for assets held as at June 30, 2024</b>			<b>60,539</b>

December 31, 2023	Equities - Long \$	Equities - Short \$	Total \$
<b>Balance at Beginning of Year</b>	1,680,149	-	1,680,149
Investment purchases during the year	1,544,557	-	1,544,557
Proceeds from sales during the year	-	-	-
Transfers in during the year	-	-	-
Transfers out during the year	-	-	-
Net realized gain (loss) on sale of investments	-	-	-
Change in unrealized appreciation (depreciation) in value of investments	596,401	-	596,401
<b>Balance at End of Year</b>	<b>3,821,107</b>	<b>-</b>	<b>3,821,107</b>
<b>Total change in unrealized appreciation (depreciation) for assets held as at December 31, 2023</b>			<b>596,401</b>

For the period ended June 30, 2024 and year ended December 31, 2023, certain securities held long were classified as Level 3. The Fund's long Level 3 securities consist of equity securities 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 \$410,805 as at June 30, 2024 (December 31, 2023 - \$191,055). 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	2,375,446	Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$118,772	\$(118,772)
Preservation Capital Partners Strategic Opportunities I LP	1,576,457	Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$78,823	\$(78,823)
Anthropic, PBC	2,841,110	Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$142,056	\$(142,056)
Inovia Coinvestors SPV IV, Limited Partnership	1,423,079	Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$71,154	\$(71,154)
December 31, 2023							
Security Name	Fair Value	Valuation Technique	Unobservable Inputs	Reasonable Shift (+)	Reasonable Shift (-)	Change in Valuation (+)	Change in Valuation (-)
Eagle SPV LP	2,289,090	Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$114,455	\$(114,455)
Preservation Capital Partners Strategic Opportunities I LP	1,532,017	Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$76,601	\$(76,601)

# PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

## FUND SPECIFIC NOTES (CONTINUED)

### 4. SECURITIES LENDING TRANSACTIONS

The Fund has entered into a securities lending program with its custodian, RBC Investor Services Trust. The aggregate market value of all securities loaned by the Fund cannot exceed 50% of the assets of the Fund. The Fund will receive collateral of at least 102% of the value of the securities on loan. Collateral consists primarily of fixed income securities. As at June 30, 2024, there was \$121,498,470 (Collateral - \$123,928,440) of securities on loan (December 31, 2023 - \$27,574,284 (Collateral - \$28,125,771) of securities on loan). Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge which the Fund's custodian is entitled to receive.

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

	2024 (\$)	2023 (\$)
Gross securities lending income	34,626	459
Securities lending charges	(12,119)	(161)
<b>Net securities lending income</b>	<b>22,507</b>	<b>298</b>
Withholding taxes on securities lending income	-	(1)
<b>Net securities lending income received by the Fund</b>	<b>22,507</b>	<b>297</b>
Security lending charges percentage of gross securities lending income	35%	35%

### 5. OTHER PRICE RISK

Using Beta as a measure of the relationship of the Fund's performance versus its index, if the S&P/TSX Composite Total Return Index were to increase or decrease by 10%, net assets would have increased or decreased by approximately \$13,166,713 (December 31, 2023 - \$38,162,959). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

### 6. CURRENCY RISK

Foreign currencies to which the Fund had exposure as at 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	162,253,260	(144,561,922)	17,691,338	1.4%
European Euro	9,883	-	9,883	0.0%
British Pound	(3,197,016)	3,009,041	(187,975)	0.0%
Australian Dollar	(1,614,335)	823,354	(790,981)	-0.1%
<b>Net Exposure</b>	<b>157,451,792</b>	<b>(140,729,527)</b>	<b>16,722,265</b>	<b>1.3%</b>

FINANCIAL INSTRUMENTS				
December 31, 2023 Currency	Monetary \$	Non-Monetary \$	Total \$	Percentage of Net Assets %
United States Dollar	77,264,384	(71,462,456)	5,801,928	0.5%
European Euro	(162,090)	-	(162,090)	0.0%
British Pound	(382,492)	(54,601)	(437,093)	0.0%
Australian Dollar	(1,541,091)	899,860	(641,231)	-0.1%
<b>Net Exposure</b>	<b>75,178,711</b>	<b>(70,617,197)</b>	<b>4,561,514</b>	<b>0.4%</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 \$836,113 (December 31, 2023 - \$228,076). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

# PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

## FUND SPECIFIC NOTES (CONTINUED)

### 7. INTEREST RATE RISK

If the yield curve had shifted in parallel by 1%, with all other variables held constant, net assets will increase or decrease by \$1,434,854 (December 31, 2023 - \$370,620). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at June 30, 2024 and December 31, 2023, the Fund's exposure to debt instruments by maturity were as follows:

Debt Instruments by Maturity Date	June 30, 2024 (\$)		
	Long Positions	Short Positions	Total
Less than 1 year	579,620,370	-	579,620,370
Greater than 5 years	17,860,537	(7,278,376)	10,582,161
<b>Total</b>	<b>597,480,907</b>	<b>(7,278,376)</b>	<b>590,202,531</b>

Debt Instruments by Maturity Date	December 31, 2023 (\$)		
	Long Positions	Short Positions	Total
Less than 1 year	316,925,454	-	316,925,454
Greater than 5 years	17,862,371	(3,135,293)	14,727,078
<b>Total</b>	<b>334,787,825</b>	<b>(3,135,293)</b>	<b>331,652,532</b>

### 8. CREDIT RISK

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

Bond Ratings	June 30, 2024			Bond Ratings	December 31, 2023		
	Net	Long	Short		Net	Long	Short
AAA	46.3%	46.9%	-0.6%	AAA	28.0%	28.3%	-0.3%
BBB	0.5%	0.5%	0.0%	BBB	0.6%	0.6%	0.0%
BBB-	1.0%	1.0%	0.0%	BBB-	1.0%	1.0%	0.0%

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

# PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

## FUND SPECIFIC NOTES (CONTINUED)

### 9. CONCENTRATION RISK

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

Jurisdiction	% of Net Assets	
	June 30, 2024	December 31, 2023
<b>LONG POSITIONS</b>	<b>174.1%</b>	<b>155.2%</b>
<b>Canadian Equities</b>	<b>74.9%</b>	<b>76.6%</b>
Financials	17.3%	18.1%
Industrial	13.6%	14.8%
Energy	13.4%	11.7%
Materials	11.1%	9.5%
Information Technology	5.2%	6.2%
Utilities	4.1%	4.5%
Real Estate	3.1%	4.1%
Consumer Staples	2.6%	2.1%
Consumer Discretionary	1.7%	2.8%
Communication Services	1.6%	1.9%
Investment Funds	0.6%	0.6%
Health Care	0.6%	0.3%
<b>Global Equities</b>	<b>50.1%</b>	<b>47.9%</b>
United States	43.1%	41.6%
International	4.7%	3.9%
International Index Equivalents	2.3%	2.4%
<b>Canadian Debt</b>	<b>45.4%</b>	<b>28.4%</b>
Short-Term Notes	44.0%	26.8%
Corporate Bonds	1.4%	1.6%
<b>Global Debt</b>	<b>3.0%</b>	<b>1.5%</b>
Short-Term Notes	3.0%	1.5%
<b>Derivatives</b>	<b>0.7%</b>	<b>0.8%</b>
<b>SHORT POSITIONS</b>	<b>-94.6%</b>	<b>-95.2%</b>
<b>Canadian Equities</b>	<b>-33.0%</b>	<b>-40.1%</b>
Index Equivalents	-19.0%	-24.3%
Energy	-3.6%	-3.8%
Financials	-2.8%	-5.3%
Materials	-2.5%	-1.8%
Consumer Staples	-1.2%	-1.0%
Utilities	-1.0%	-1.1%
Industrial	-0.8%	-0.7%
Consumer Discretionary	-0.8%	-0.5%
Information Technology	-0.6%	-0.6%
Communication Services	-0.4%	-0.6%
Real Estate	-0.3%	-0.4%
<b>Global Equities</b>	<b>-60.5%</b>	<b>-53.9%</b>
United States Equities	-28.3%	-25.8%
International Index Equivalents	-28.3%	-23.8%
International Equities	-3.9%	-4.3%
<b>Global Debt</b>	<b>-0.6%</b>	<b>-0.3%</b>
International Bonds	-0.6%	-0.3%
<b>Derivatives</b>	<b>-0.5%</b>	<b>-0.9%</b>

# PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

## FUND SPECIFIC NOTES (CONTINUED)

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

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

The table below summarizes the impact on the Fund's net assets, of reasonable possible changes in the returns of each of the strategies to which the Fund is exposed through the 1 underlying fund in which it invests at year-end. The impact on net assets is calculated by applying a 5% possible movement determined for each strategy as a percentage of the net assets of the Fund. The analysis is based on the assumption that the returns on each strategy have increased or decreased as disclosed with all other variables held constant. The underlying risk disclosures represent the market risks to which the various strategies are exposed; C,F,I,P representing Credit, Foreign Currency, Interest Rate, and Other Price Risks, respectively.

June 30, 2024			
Strategy	Underlying risk exposures	Number of Funds	Impact on net assets based on 5% increase or decrease \$
Canadian Fixed Income	C,I	1	241,985
US Fixed Income	C,F,I	1	(149)
<b>Total</b>			<b>241,836</b>

  

December 31, 2023			
Strategy	Underlying risk exposures	Number of Funds	Impact on net assets based on 5% increase or decrease \$
Canadian Fixed Income	C,I	1	223,787
US Fixed Income	C,F,I	1	(357)
<b>Total</b>			<b>223,430</b>

### 11. LIQUIDITY RISK

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

June 30, 2024				
Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Short positions	1,164,183,740	-	-	1,164,183,740
Redemptions payable	246,425	-	-	246,425
Accrued liabilities and other payables	-	17,824,471	-	17,824,471
Payable for investments purchased	61,103	-	-	61,103
Derivative liabilities	5,290,082	-	-	5,290,082

  

December 31, 2023				
Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Short positions	1,052,236,534	-	-	1,052,236,534
Redemptions payable	1,282,861	-	-	1,282,861
Accrued liabilities and other payables	-	3,645,145	-	3,645,145
Payable for investments purchased	737,249	-	-	737,249
Derivative liabilities	10,281,948	-	-	10,281,948

# PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

## FUND SPECIFIC NOTES (CONTINUED)

### 12. FUND UNIT TRANSACTIONS

For the six month periods ended June 30 (unaudited)

	2024				
	Class A	Class F	Class FT	Class I	Class ETF
Units issued and outstanding, beginning of period	5,187,062	60,823,514	1,147,408	448,331	13,740,000
Units issued	801,570	12,080,235	718,903	-	2,560,000
Units reinvested	-	609	8,946	-	-
Units redeemed	(895,665)	(11,758,153)	(149,724)	(387,043)	(820,000)
<b>Units issued and outstanding, end of period</b>	<b>5,092,967</b>	<b>61,146,205</b>	<b>1,725,533</b>	<b>61,288</b>	<b>15,480,000</b>
<b>Weighted average number of units held during the period</b>	<b>5,037,313</b>	<b>60,054,541</b>	<b>1,465,357</b>	<b>220,340</b>	<b>14,497,473</b>

	2023				
	Class A	Class F	Class FT	Class I	Class ETF
Units issued and outstanding, beginning of period	4,685,410	54,724,809	778,066	1,868,278	9,560,000
Units issued	1,239,177	14,726,319	299,807	395,221	4,880,000
Units reinvested	-	-	3,176	-	-
Units redeemed	(829,567)	(9,852,771)	(72,198)	(1,560,849)	(1,380,000)
<b>Units issued and outstanding, end of period</b>	<b>5,095,020</b>	<b>59,598,357</b>	<b>1,008,851</b>	<b>702,650</b>	<b>13,060,000</b>
<b>Weighted average number of units held during the period</b>	<b>4,767,906</b>	<b>56,970,576</b>	<b>879,237</b>	<b>2,048,285</b>	<b>10,749,006</b>

### 13. COMMISSIONS

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

	2024	2023
Brokerage commissions	5,545	4,385
Soft Dollar commissions	794	585

### 14. TAX LOSS CARRY FORWARDS

As at December 31 (in \$000)

	2023
Net capital losses carry forward	12,610
Non-capital losses carry forward	-

### 15. STRUCTURED ENTITIES

The table below illustrates the Fund's investment in the underlying funds as at 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>			
Picton Mahoney Fortified Inflation Opportunities Alternative Fund*	4,837	16,398	29.5%
Invesco S&P 500 Low Volatility ETF	6,737	9,377,524	0.1%
iShares Russell 2000 Value Index Fund	22,028	15,536,961	0.1%
Sprott Physical Uranium Trust	1,998	6,300,337	0.0%
<b>As at December 31, 2023</b>			
Picton Mahoney Fortified Inflation Opportunities Alternative Fund*	4,469	16,606	26.9%
Invesco S&P 500 Low Volatility ETF	9,816	10,563,683	0.1%
iShares Russell 2000 Value Index Fund	17,041	16,534,633	0.1%
Sprott Physical Uranium Trust	2,134	7,020,801	0.0%

\*Funds managed by Picton Mahoney Asset Management.

### 16. LEVERAGE

During the six month period ended June 30, 2024, the Fund's aggregate exposure reached a low of 126.05% (year ended December 31, 2023 - 53.91%) and a high of 161.84% (year ended December 31, 2023 - 170.21%) of the Fund's NAV. As at June 30, 2024, the Fund's aggregate exposure was 129.36% (December 31, 2023 - 130.11%) of the Fund's NAV. The primary source of leverage was short positions in equity and fixed income securities.

# PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

## NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2024 (unaudited)

### 1. GENERAL INFORMATION

Picton Mahoney Fortified Market Neutral Alternative Fund (the "Fund") is an open-ended mutual fund trust established under the laws of the Province of Ontario pursuant to a trust agreement dated September 19, 2018 (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.

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

Class A units are available to all investors. Class F units are available to investors who are enrolled in a dealer sponsored fee for service or wrap program and who are subject to an annual asset based fee rather than commissions on each transaction or, at the discretion of the Manager, any other investor for whom the Manager does not incur distribution costs. Class FT units are available to investors who are enrolled in a dealer sponsored fee for service or wrap program and who are subject to an annual asset based fee rather than commissions on each transaction or, at the discretion of the Manager, any other investor for whom the Manager does not incur distribution costs. Class FT units are designed to provide cash flow to investors by making monthly distributions of cash. Class I units are available to institutional investors or to other investors on a case-by-case basis, all at the discretion of the Manager. Class ETF units are listed and issued and sold on a continuous basis and will be available to investors that purchase such units on the TSX through a registered broker or dealer in the province or territory where the investor resides.

As at June 30, 2024, the Fund currently has 5 Classes of Units: Class A, Class F, Class FT, Class I and Class ETF. Class FT was launched on July 8, 2021. As at June 30, 2024, the Manager holds 1 unit of Class A and 789 units of Class FT (December 31, 2023 - 1 unit of Class A and 773 units of Class FT).

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

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

### 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

#### (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
- 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

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measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

### (d) Valuation of Investments and Derivatives

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

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

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

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

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

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

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

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

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

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

### (e) Cash

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

### (f) Investment Transactions and Income Recognition

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

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

### (g) Valuation of Fund Units

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

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

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

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

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

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

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

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

### (h) Foreign Currency Translation

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

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

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

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

### (j) Transaction Costs

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

### (k) Securities Lending Transactions

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

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

### (l) Leverage

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

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

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

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

### (m) Structured Entities

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

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

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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 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

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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, due from manager, deposits with brokers for securities sold short, and cash are held with counterparties with a good credit quality and are due to be settled within one week. The Manager considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

In order to monitor the credit quality of the unrated (NR) underlying debt securities, the Manager, on the basis of internal research, prepares its own shadow ratings for the various instruments for which publicly available credit ratings are not available. The Manager reviews the key financial metrics of the issue and structural features of the instruments in order to calculate the implied ratings for each of these investments. The majority of unrated securities have been assessed by the Manager to have credit quality consistent with BBB/Baa rated securities. A BBB/Baa rating is the lowest rating a bond can have and still be considered investment-grade. An investment grade bond is a bond considered to have a relatively low risk of default.

### Liquidity Risk:

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

### Concentration risk:

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

### Leverage Risk:

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

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

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

## 5. CAPITAL MANAGEMENT

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

## 6. REDEEMABLE UNIT TRANSACTIONS

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

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

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

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

### 7. DISTRIBUTIONS

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

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

### 8. TAXATION

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

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

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

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

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

### 9. OPERATING EXPENSES

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

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

### 10. RELATED PARTY TRANSACTIONS

#### (a) Management Fees

The Manager receives a management fee payable for providing its services to the Fund. The management fee varies for each class of units. The management fee is calculated and accrued daily based on a percentage of the net asset value of the class of units of the Fund, plus applicable taxes, and is payable on the last business day of each calendar quarter. This fee differs among the classes of units of the Fund. The annual management fee payable by the Fund to the Manager on Class A units is 1.95% and on Class F units, Class FT units, and Class ETF units is 0.95%. The management fee for Class I units of the Fund is negotiated by the investor and paid directly by the investor, and would not exceed the management fee payable on Class A units of the Fund.

#### Management Fee Distributions

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

# PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

## NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2024 (unaudited)

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

### (b) Performance Fees

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

The performance fee is equal to 20% of the amount by which the performance of the applicable class exceeds an annual hurdle rate of return equal to 2%, for each of the Class A units, Class F units, Class FT units, or Class ETF units, plus applicable taxes. The performance fee in respect of each of the Class A units, Class F units, Class FT units, and Class ETF units of the Fund on a particular Valuation Day shall be equal to the product of, (a) 20% of the positive difference between (i) the Unit Price on the Valuation Day; and (ii) the greatest Unit Price on any previous Valuation Day or the Unit Price on the date when the units of the class were first issued, where no performance fee liability has previously arisen in respect of units of the class (the "High Water Mark"); less (iii) the hurdle amount (the "Hurdle Amount") per unit on the Valuation Day; and (b) the number of units outstanding on the applicable Valuation Day on which the performance fee is determined, plus applicable taxes.

The Hurdle Amount per unit is the product of (a) 2% for each calendar year (prorated for the number of days in the year); (b) the Unit Price on the applicable Valuation Day; and (c) the number of days since the most recently determined High Water Mark or the beginning of the current calendar year, whichever is most recent. The Manager may make such adjustments to the Unit Price, the High Water Mark and/or the Hurdle Amount per unit as are determined by the Manager to be necessary to account for the payment of any distributions on units, any unit splits or consolidations or any other event or matter that would, in the opinion of the Manager, impact upon the computation of the performance fee. Any such determination of the Manager shall, absent manifest error, be binding on all unitholders. Investors in Class I units may negotiate a different performance fee than the one described herein or no performance fee at all. Any performance fee for Class I units will be paid directly to the Manager. The Manager reserves the right, in its discretion, to discontinue, decrease or waive the performance fee at any time. For the period January 1, 2024 to June 30, 2024, the Fund incurred performance fees of \$18,454,676.

### (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