

# FUND FACTS

## PICTON MAHONEY FORTIFIED INCOME ALTERNATIVE FUND

### CLASS A

April 26, 2023



This document contains key information you should know about Picton Mahoney Fortified Income Alternative Fund – Class A (the “Fund”). You can find more detailed information in the Fund’s simplified prospectus. Ask your representative for a copy, or contact Picton Mahoney Asset Management (the “Manager”) toll-free at 1-866-369-4108 or [service@pictonmahoney.com](mailto:service@pictonmahoney.com), or visit [www.pictonmahoney.com](http://www.pictonmahoney.com).

**Before you invest in any fund, consider how the fund would work with your other investments and your tolerance for risk.**

**This mutual fund is an alternative mutual fund. It has the ability to invest in asset classes or use investment strategies that are not permitted for conventional mutual funds. The specific strategies that differentiate this Fund from conventional mutual funds include: increased use of derivatives for hedging and non-hedging purposes; increased ability to sell securities short; and the ability to borrow cash to use for investment purposes. While these strategies will be used in accordance with the Fund’s investment objectives and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value.**

**This mutual fund has obtained exemptive relief to permit it to utilize short selling and/or cash borrowing to provide additional investment exposure pursuant to which the mutual fund may engage in the short selling of securities and/or cash borrowing with a combined limit of 100% of its net asset value. This short selling and cash borrowing limit is greater than the limits permitted under applicable securities legislation for conventional mutual funds as well as alternative mutual funds.**

#### QUICK FACTS

Fund Code:	3500	Fund Manager:	Picton Mahoney Asset Management
Date Class Started:	July 5, 2019	Portfolio Manager:	Picton Mahoney Asset Management
Total Value of the Fund on February 28, 2023:	\$1,058,365,176	Distributions:	The Fund distributes any net income monthly and any net capital gains annually in December. All distributions paid will be automatically reinvested in additional units unless the holder instructs the Fund to pay such distributions in cash.
Management Expense Ratio (MER):	2.36%	Minimum Investments:	\$2,000 initial, \$500 additional
		Leverage:	The Fund’s aggregate gross exposure must not exceed three times its net asset value, calculated on a daily basis. During normal market conditions, the Fund’s expected range of aggregate gross exposure is 1.5 to 2.5 times its net asset value.

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## What does the fund invest in?

The investment objective of the Fund is to maximize total return to unitholders through income and capital appreciation by investing primarily in global income securities while mitigating capital loss through shorting and other hedging strategies.

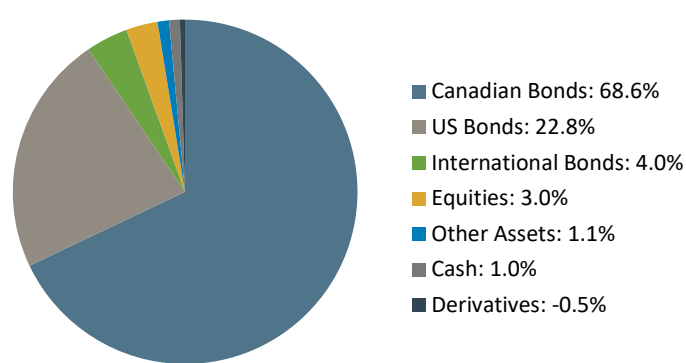
The Fund's aggregate gross exposure is calculated as the sum of the following, and must not exceed three times its net asset value: (i) the aggregate market value of the Fund's long positions; (ii) the aggregate market value of physical short sales on equities, fixed-income securities or other portfolio assets; and (iii) the aggregate notional value of the Fund's specified derivatives positions excluding any specified derivatives used for hedging purposes.

The charts below give you a snapshot of the Fund's investments on February 28, 2023. The Fund's investments will change.

### Top 10 Investments (February 28, 2023)

1. Secure Energy	7.25%	30-Dec-26	2.8%
2. Parkland Corp.	3.875%	16-Jun-26	2.6%
3. Toronto-Dominion Bank	8.125%	31-Oct-82	2.4%
4. National Bank Of Canada	7.50%	16-No-v82	2.3%
5. Acadia Healthcare Co Inc.	5.50%	01-Jul-28	2.3%
6. Nuvista Energy Ltd	7.875%	23-Jul-26	2.2%
7. Northriver Midstream	5.625%	15-Feb-26	2.1%
8. Freeport Minerals Corp.	7.125%	01-Nov-27	2.1%
9. American Airlines Inc.	11.75%	15-Jul-25	2.0%
10. Royal Bank of Canada	4.50%	24-Nov-80	1.9%
Total percentage of top 10 investments			22.7%
Total number of investments			167

### Investment Mix (February 28, 2023)



## How risky is it?

The value of the Fund can go down as well as up. You could lose money.

One way to gauge risk is to look at how much a fund's returns change over time. This is called "volatility".

In general, funds with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. Funds with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money.

## Risk rating

The Manager has rated the volatility of this Fund as **low**.

This rating is based on how much the Fund's returns have changed from year to year. It doesn't tell you how volatile the Fund will be in the future. The rating can change over time. A fund with a low risk rating can still lose money.



For more information about the risk rating and specific risks that can affect the Fund's returns, see the "What is a mutual fund and what are the risks of investing in a mutual fund?" section of the Fund's simplified prospectus.

### No guarantees

Like most mutual funds, this Fund doesn't have any guarantees. You may not get back the amount of money you invest.

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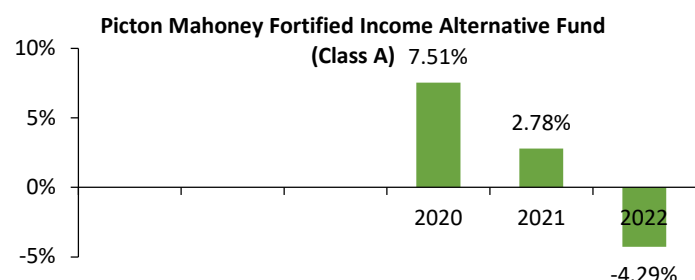


## How has the fund performed?

This section tells you how the Class A units of the Fund have performed over the past three years. Returns are after expenses have been deducted. These expenses reduce the Fund's returns.

### Year-by-year returns

This chart shows how the Class A units of the Fund have performed in each of the past three years. The Fund dropped in value in the past year. The range of returns and change from year to year can help you assess how risky the Fund has been in the past. It does not tell you how the Fund will perform in the future.



### Best and worst 3-month returns

This table shows the best and worst returns for Class A units of the Fund in a 3-month period over the past three years. The best and worst 3-month returns could be higher or lower in the future. Consider how much of a loss you could afford to take in a short period of time.

	Return	3 months ending	If you invested \$1,000 at the beginning of the period
Best Return	5.84%	August 31, 2020	Your investment would rise to \$1,058.42
Worst Return	-5.12%	March 31, 2020	Your investment would drop to \$948.80

### Average Return

A person who invested \$1,000 in Class A units of the Fund since inception now has \$1,105.36. This works out to an annual compound return of 2.79%.

## Who is this fund for?

This Fund may be right for you if:

- you plan to hold your investment for the long-term;
- you want to gain exposure to a portfolio of high yield, income securities of global corporate issuers; and
- you can tolerate a low to medium level of risk.

## A word about tax

In general, you will have to pay tax on any money you make on a fund. How much you pay depends on the tax laws where you live and whether or not you hold the Fund in a registered plan such as a Registered Retirement Savings Plan or a Tax-Free Savings Account. Keep in mind that if you hold your fund in a non-registered account, fund distributions are included in your taxable income, whether you get them in cash or have them reinvested.

## How much does it cost?

The following tables show the fees and expenses you could pay to buy, own and sell Class A units of the Fund. The fees and expenses – including any commissions – can vary among classes of a fund and among funds. Higher commissions can influence representatives to recommend one investment over another. Ask about other funds and investments that may be suitable for you at a lower cost.

### 1. Sales Charges:

The only sales charge option when you buy the Fund is the initial sales charge option. Ask about the pros and cons of this option.

Sales charge option	What you pay		How it works
	In percent (%)	In dollars (\$)	
Initial Sales Charge	0% up to 5% of the amount you buy	\$0 to \$50 on every \$1,000 you buy	You may have to pay a sales charge to your representative's firm when you buy Class A units. You and your representative negotiate the amount you pay, up to a maximum of 5%. We deduct the sales charge from the amount you invest and pay it to your representative's firm as a commission.

### 2. Fund Expenses:

You don't pay these expenses directly. They affect you because they reduce the Fund's returns.

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As of December 31, 2022, the Fund's expenses were 3.01% of its value. This equals \$30.10 for every \$1,000 invested.

ANNUAL RATE (AS A % OF THE FUND'S VALUE)	
<b>Management expense ratio (MER)</b>	2.36%
This is the total of the Fund's management fee (including the trailing commission), performance fee (if applicable), operating expenses and the Fund's proportionate share of the MER, if applicable, of any underlying fund(s).	
<b>Trading expense ratio (TER)</b>	0.65%
These are the Fund's trading costs.	
<b>Fund expenses</b>	3.01%

The Fund pays the Manager quarterly a performance fee equal to 20% of, the positive difference between the unit price on each valuation day and high water mark less the hurdle amount per unit on the valuation day, multiplied by the number of units outstanding on the applicable valuation day on which the performance fee is determined. The high water mark is the greatest unit price on any previous valuation day. The hurdle amount per unit on a valuation day is the product of (a) 2% for each calendar year (pro-rated 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.

## **More about the trailing commission**

The trailing commission is an ongoing commission. It is paid for as long as you own units of the Fund. It is for services and advice that your representative and their firm provide to you.

The Manager pays the trailing commission to your representative's firm. It is paid from the Fund's management fee and is based on the value of your investment.

For Class A units of the Fund, the Manager pays your representative's firm a trailing commission of 1% each year based on the total value of Class A units. This is the equivalent of \$10 per \$1,000 invested.

## **3. Other Fees:**

You have to pay other fees when you buy, hold, sell or switch Class A units of the Fund.

Fee	What you pay
Short-term trading	A fee of 1% of the amount redeemed may be charged if you redeem units within 30 days of purchasing such units. This fee goes to the Fund.
Switch and Reclassification Fee	You may have to pay a switch fee or a reclassification fee, as applicable, of up to 2% based on the net asset value of the applicable class of units of a fund you switch or reclassify. You may negotiate the amount with your representative. Dealers' fees for switches and reclassifications are paid by redeeming units held by you.

## **What if I Change My Mind?**

Under securities law in some provinces and territories, you have the right to:

- withdraw from an agreement to buy mutual fund units within two business days after you receive the simplified prospectus or Fund Facts document, or
- cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the simplified prospectus, Fund Facts document or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

## **For More Information**

Contact Picton Mahoney Asset Management or your representative for a copy of the Fund's simplified prospectus and other disclosure documents. These documents and the Fund Facts make up the fund's legal documents.

## **Picton Mahoney Asset Management**

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To learn more about investing in mutual funds, see the brochure **Understanding mutual funds**, which is available on the website of the Canadian Securities Administrators at [www.securities-administrators.ca](http://www.securities-administrators.ca).