

PICTON MAHONEY FORTIFIED ALPHA ALTERNATIVE FUND

At Picton Mahoney Asset Management, we recognize the increasing importance of the Know Your Product (KYP) requirements. To help you with this, we have prepared this KYP document for each of our mutual funds and liquid alternatives. These documents are carefully crafted to include information you might need to satisfy KYP requirements for the portfolios you have entrusted us with. You can expect to find these documents maintained on a quarterly basis.

This document includes:

- [FIRM OVERVIEW](#)
- [UNDERSTAND OUR PROCESS](#)
- [KNOW YOUR PRODUCT \(KYP\)](#)
- [WHAT MAKES US DIFFERENT?](#)
- [USEFUL RESOURCES TO COMPLETE THE KYP JOURNEY](#)

FIRM OVERVIEW

Our Mission	To help investors achieve their financial goals with greater certainty.
Firm Background	<p>In 2004, Picton Mahoney Asset Management (“PMAM”) was founded with the goal of providing thought-leading investment management services to institutional, retail, and high net worth investors in Canada.</p> <p>PMAM has about \$9.9 billion in assets under management in sub-advisory, hedge fund and mutual fund assets as at December 31, 2023, and has been 100% employee-owned since inception.</p>
The Investment Team	<p>The Picton Mahoney Fortified Alpha Alternative Fund is managed by Neil Simons and Dashmeet Singh, CFA.</p> <p>Neil Simons is a Portfolio Manager specializing in multi-asset and alternative risk premia strategies. He joined Picton Mahoney Asset Management in 2017 after spending more than a decade at Northwater Capital Management Inc., most recently as Managing Director. At Northwater, Mr. Simons led the liquid alternative strategies group and managed custom portfolios for institutional investors. Mr. Simons began his career in the industry at Royal Bank of Canada, where he was responsible for enterprise-wide market risk analysis and reporting across the bank’s global trading activities. He holds a Ph.D. in Electrical Engineering from the University of Manitoba and a Master’s degree in Mathematical Finance from the University of Toronto.</p> <p>Dashmeet Singh Mayal is a Portfolio Manager and Director of Quantitative Research and Risk at Picton Mahoney Asset Management and has been in the industry since 2008. Prior to joining us, he was a Risk Analyst at HSBC Canada. Other experience includes three years at Infosys Technologies Limited as a software engineer. Dashmeet has an MBA from the University of British Columbia, a Bachelor of Mechanical Engineering (with High Distinction) from the Government College of Engineering in Pune, India and is a CFA charterholder.</p>

THE PROCESS

Our Philosophy and why it works

PMAM's investment philosophy is firmly rooted in the belief that fundamental change is the core driver of share price performance. We also believe that systematic and repeatable processes alongside strong risk management capabilities are the key to successful investing and consistent outperformance. PMAM was born out of these principles, which remain intact and unchanged to this day.

The rationale behind our thinking:

- Disclosure in many markets is efficient and instantaneous with securities quickly reflecting all known information. Therefore, change at the margin is the key driver of price.
- Our research has found that positive and negative fundamental changes tend to occur in bundles.
- Many investors are reluctant to change their long-standing opinion on a security even though fundamental information is changing before their eyes.
- Small changes today have the potential to compound significantly over time.

We believe that proper portfolio construction is a key differentiator in the Canadian investment industry. Our goal is to construct diversified portfolios that maximize our investor's exposure to the fundamental change characteristics we value - while at the same time maintaining our pre-determined risk targets.

Our Process

The strategy is expected to combine the firm's best ideas by deploying the investment expertise of the firm's investment teams including the equity, fixed income, arbitrage, and quantitative teams. The low correlation among these components to equity and bond markets will aim to enhance risk-adjusted returns by investing in the following Picton Mahoney strategies: Market Neutral Equity, Special Situations (Event-driven Credit) and Merger Arbitrage. The investment strategy of the Fund is global in nature and will have exposure to international markets, including emerging markets. Strategies can be implemented within and across various financial markets including global equity markets, emerging markets, global government and corporate fixed income markets, foreign exchange markets, commodity markets and volatility markets.

The strategy will consist of individual security risk premia strategies implemented primarily through long and short positions across global equity markets and may include global fixed income and other asset classes. The Manager will seek to obtain exposure to skill-based, alpha processes either directly or indirectly through investment in other funds, including funds for which the Manager is the manager and/or portfolio manager.

Markets as well as some strategies possess the propensity for sharp declines in performance, known as tail risk. The Manager will attempt to mitigate some of these risks through tail-risk hedging strategies. These may be run both internally and externally and may involve allocation to external funds or portfolio managers (i.e., sub-advisers).

The portfolio will be considered in both the strategic and tactical aspects of the portfolio management process. The returns of the Fund should be generally independent of the movements in common stock market or bond market indices. Each component of the portfolio is intended to provide access to a unique return stream, such as risk premia and skill-based investment processes. The Manager will also use a risk-budgeting process to weigh different components of the portfolios.

Portfolio Construction

The expertise, experience, and rigorous process of over 30 investment management professionals are applied to target alpha, uncorrelated to previous portfolio components. We rely on the Fund's Portfolio Managers' expertise to leverage uncorrelated alpha generated from a variety of strategies - enhancing returns and diversifying the overall portfolio's exposures/risks.

The strategies include:

- Market Neutral Equity
- Event-Driven Credit (Special Situations)
- Merger Arbitrage

Risk Management

The Picton Mahoney Fortified Alpha Alternative Fund is managed using a systematic process – the same infrastructure and methods as used with all of PMAM's multi-strategy portfolios. Individual component strategies and factors expected to be utilized within the Picton Mahoney Fortified Alpha Alternative Fund are managed by the Equity, Fixed Income, Risk Arbitrage and Quantitative teams. Each element and sub-portfolio and the overall portfolio will be measured using a variety of risk measures. The following existing risk management processes apply to Market Neutral, Arbitrage Plus and Special Situations strategies:

- Historical Realized and Point-in-Time Measures of Risk
- Correlation of all portfolio elements
- Volatility and skewness
- Beta to market variables and factor risk premia, where applicable

Buy/Sell Discipline Position weights are largely determined via our economic model. A combination of dollar and risk weights are used to determine position sizes. In the instance of discretionary trades outside of the portfolio model are monitored daily and reviewed by the Portfolio Management group at least weekly.

Investment Research The vast majority (~80%-90%) of investment research/ideas are generated in-house. Our Quantitative and Fundamental Teams operate independently, providing recommendations based on their thorough assessments of specific trends and fundamental change characteristics.

Our proprietary in-house modelling platform is constructed using data supplied by several providers. Our investment team also leverage information from various sources regarding change stories and earnings models to determine the assumptions that are embedded in their growth forecasts.

For Fixed Income, we use several proprietary quantitative factors, including Rate and Credit Beta and Liquidity Score, as well as conventional quantitative considerations, including yield to worst and duration. Corporate bonds necessitate a value investment style, given the asymmetric return potential of the asset. We comingle quantitative and fundamental analytics to simplify our opportunity set, generate ideas, and assess risk and opportunity.

For initiation of a position, we analyze financial statements and bond covenants with a review of sell-side research and industry analysis. For longer-term positions we maintain regular dialogue with the management team to stay up to date with industry and company developments.

Our stress-testing models are updated daily with an aim to assess portfolio implications from various macro developments, such as increasing government bond yields (Rate Risk), and/or widening credit spreads (Credit Risk), market liquidity changes and risk on/off.

KYP

Objective The investment objective of the Picton Mahoney Fortified Alpha Alternative Fund is to provide consistent long-term capital appreciation to unitholders with an attractive risk-adjusted rate of return.

Strategy The strategy seeks to generate consistent, positive returns with moderate volatility and low correlation to equity markets. The strategy combines the investment skill of our equity, fixed income, arbitrage and quantitative teams. We aim to make use of the low correlation among these components to improve the strategy's risk-adjusted returns.

Inception date May 03, 2022

Product AUM \$299.1 Million

CIFSC Classification Alternative Multi-Strategy

Minimum Investments Initial: \$2,000
Subsequent: \$500

Distribution Frequency The Fund intends to distribute any net income and net capital gains at the end of each taxation year (normally December 15).

Risk Rating Low to Medium

Fees **Management Fee** Class A: 1.95%; Class F: 0.95%; Class FT: 0.95%

Performance Fee 20% (of performance above a hurdle rate of 2%) with a perpetual high watermark

MER¹ As at 30 June, 2023,
Class A: 3.12%; Class F: 2.01%; Class FT: 1.98%

¹ This does not include fees paid to advisor. The Manager has waived performance fees for the Picton Mahoney Fortified Alpha Alternative Fund until April 30, 2023.

Q4 2023

Service Providers

For the Picton Mahoney Fortified Alpha Alternative Fund:

- Auditor: PricewaterhouseCoopers LLP
 - Custodian: RBC Investor Services Trust
 - Administrator: RBC Investor Services Trust
 - Prime Broker: RBC Dominion Securities Inc. and Goldman Sachs & Co. LLC
 - Registrar: RBC Investor Services Trust, TSX Trust Company Inc. (ETF Units)
 - Legal Counsel: Osler, Hoskin & Harcourt LLP
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WHAT MAKES US DIFFERENT?

The Fund

- Access diverse alternative investment strategies that combine the firm's best ideas by deploying the investment expertise of the equity, fixed income, arbitrage, and quantitative teams in one fund.
- Aims for a low correlation to traditional stocks and bonds in a portfolio that can enhance risk-adjusted returns.
- Fundamental, Quantitative, and Strategy investing skills from the Equity, Fixed Income and Merger Arbitrage teams.
- A unique view of Factor Risk Premia.
- Dedicated allocation to tail risk strategies - the new normal of markets contains tail risk.
- PMAM's portfolio management team has over 15 years of experience developing and managing innovative investment strategies for our clients. PMAM's investment solutions manage risk exposures to help investors maximize their overall returns for the level of risk they are comfortable accepting. Our differentiated investment process combines discipline with stringent risk controls to enhance risk-adjusted returns through all market cycles. Our process has been especially important during more uncertain market environments.
- Our investment results reflect the unique blending of Fundamental and Quantitative research.

USEFUL LINKS²

KYP Contents

[Fund Facts](#)

- Typical leverage
 - Performance highlights
 - Who is this fund for?
-

[Fund Profile](#)

- Trailing Performance
 - Exposure data
 - Geographic breakdown
 - Sector Breakdown
 - Top Ten Holdings
 - Risk/Reward Analysis
-

[Quarterly Disclosures](#)

- Summary of Investment Portfolio
-

[Meet the Portfolio Managers](#)

- Find out more about our thought-leaders
-

[Our Absolute Alpha Strategy Outlook](#)

- Learn about our house-views and economic outlook

² Product-specific links are provided for Class-F of the Fund.

Disclosure

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Commissions, trailing commissions, management fees, performance fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Alternative mutual funds can only be purchased through a registered dealer and are available only in those jurisdictions where they may be lawfully offered for sale.

All currency noted in this document is in Canadian Dollar.

There is no guarantee that a hedging strategy will be effective or achieve its intended effect. The use of derivatives or short selling carries several risks which may restrict a strategy in realizing its profits, limiting its losses, or, which cause a strategy to realize or magnify losses. There may be additional costs and expenses associated with the use of derivatives and short selling in a hedging strategy.