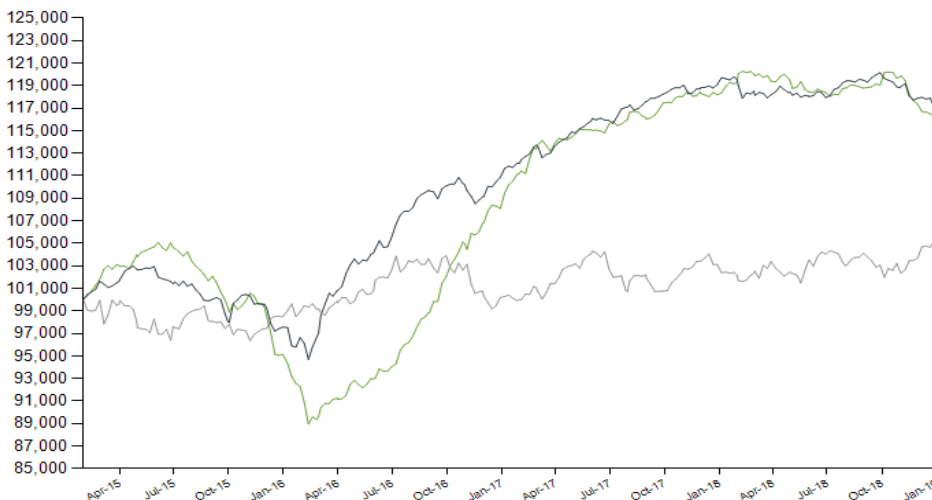


PORTFOLIO DISCUSSION

- > In December, our Fund returned -0.99% (Class A) and -0.73% (Class F) which slightly underperformed the blended benchmark composed of 75% ICE BofAML Global High Yield Index / 25% ICE BofAML Global Corporate Index (TR) (Hedged to CAD) on the month while outperforming the benchmark for the quarter and the year.
- > Credit volatility accelerated in December with risk-off across all markets, compounded by capitulation out of asset managers in an effort to raise cash going into year end. We took advantage of the sell-off, purchasing over 10% of the portfolio at discounted prices—should have bought more but we were cautious given the uncertain macro outlook and, frankly, buying felt almost too easy at times. The purchases included Patient Capital watch-list names, covering short positions, and adding to one of our higher conviction Yield-With-Upside investments.
- > While outperforming relative to many risk assets, we did fall short on our beta target during the quarter. We had a couple things that didn't go as planned (one we exited and the other, as a higher conviction thesis, we added to) and also felt bid-ask spreads from our purchases, mark-to-market noise through a capitulation phase in December, and our rate hedges which added value on the year but detracted during the month.
- > Stepping back from short term performance, on the year we navigated corporate bond yields increasing 2.3% (from 5.8% to 8.1%), put capital to work thereby increasing our portfolio yield from 4.2% to 7.4%

PERFORMANCE: VALUE OF \$100,000 INVESTED IN CLASS UA ON JANUARY 2015

- PMAM Income Opportunities (USD Hedged) (UA)
- 75% ICE BofAML Global High Yield Index/ 25% ICE BofAML Global Corporate Index (TR) (Hedged to USD)
- ICE BofAML CANADA BROAD MARKET INDEX (TR) (HEDGED TO USD)



	1 Mon	3 Mon	6 Mon	1 Yr	3 Yr*	5 Yr*	10 Yr*	Since Inc**
PMAM Income Opportunities (USD Hedged) (UA)	-0.99	-2.37	-1.84	-1.67	6.89	--	--	3.91
75% ICE BofAML GLOBAL HIGH YIELD INDEX/ 25% ICE BofAML LYNCH GLOBAL CORPORATE INDEX (TR) (HEDGED TO USD)	-0.60	-2.47	-0.64	-1.62	6.29	--	--	4.13
ICE BofAML CANADA BROAD MARKET INDEX (TR) (HEDGED TO USD)	1.36	1.99	1.01	1.93	2.18	--	--	1.28

Note: (*) refers to average annualized performance.

Highlight

The Fund's objective is to provide consistent long-term capital appreciation with an attractive risk-adjusted rate of return. Class UA Units are more suitable for investors who want to invest in the Fund in U.S. dollars and minimize the effect of the fluctuations in the exchange rate between the Canadian dollar and U.S. dollar while achieving similar performance and returns to the Class A Units.

Strategy

Build a portfolio that is long the most attractive securities and short the most unattractive securities based on our multi-factor ranking system. We will buy income securities with superior credit quality and reasonable valuations and sell short income securities with inferior credit quality and expensive valuations. This portfolio will be structured to have positive but not full income market exposure.

Fund Information

Fund Assets: \$522.6M
 Firm Assets: \$6.5B
 Fund Details: 5% Initial Distribution
 2% Mgmt Fee (UA)
 20% Performance Fee
 5% Hurdle Rate
 Weekly Liquidity
 RSP Eligible
 Prime Broker: Goldman Sachs & Co., and Scotia Capital Inc
 Administrator: RBCi&TS
 Auditor: PricewaterhouseCoopers
 Lawyer: McMillan LLP

Fund Code

UA Class: PIC507

PIC 507



RETURN & RISK ANALYSIS

FUND HIGHLIGHTS	PMAM INCOME OPPORTUNITIES (USD HEDGED) (UA)	75% ICE BOFAML GLOBAL HIGH YIELD INDEX/25% ICE BOFAML GLOBAL CORPORATE INDEX (TR) (HEDGED TO USD)	ICE BOFAML CANADA BROAD MARKET INDEX (TR) (HEDGED TO USD)
NAV per Unit	9.46		
Net Assets	522.6 M		
MTD Return	-0.99%	-0.60%	1.36%
YTD Return	-1.67%	-1.62%	1.93%
2016 Annual Return (Calendar Year)	13.61	13.64	1.72
2017 Annual Return (Calendar Year)	9.34	7.43	2.91

PERFORMANCE ANALYSIS

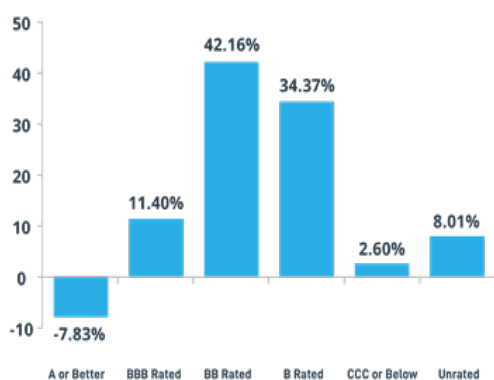
Maximum Drawdown	-14.40%	-6.14%	-3.75%
Period of Drawdown	Jun-15 - Feb-16	Jun-15 - Jan-16	Oct-16 - Jan-17
Time Under Water	16 Months	10 Months	7 Months
Percentage of Positive Months	68.09%	63.83%	55.32%
Beta	0.53	1.00	1.00
Standard Deviation (%)	3.94%	3.49%	4.31%
Sharpe Ratio	0.80	0.95	0.15
Worst Month	-4.26%	-2.04%	-2.03%

TOP 5 POSITIONS

	Lloyds Banking plc Float 8/28/49		
	MEG Energy 6.375% 01/30/23		
	MEG Energy Corp 7% Due 03/31/2024		
	Royal Bank of Scotland 1.625% 12/29/49		
	Standard Chartered 1.7125% 12/06/65		
Weighted Average Yield (NET)	7.43	6.47	2.70
Weighted Average Modified Duration (NET)	2.74	4.66	7.78
Weighted Average Credit Rating	BB-	BB-	AA2

SECTOR EXPOSURE (NET)

RATING DISTRIBUTION



SECURITY TYPE ALLOCATION

	Long	Short	Net
Rate	4.90%	-10.96%	-6.06%
Credit	120.58%	-34.41%	86.17%
Hybrid	7.90%	0.00%	7.90%
Other	0.12%	-0.03%	0.10%
Total	133.50%	-45.39%	88.11%

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Disclaimer

Class UA of the Picton Mahoney Income Opportunities Fund was launched on January 30, 2015. For the complete results since the inception of the Fund on December 31, 2009, please refer to the Class A performance data. Net Assets are reported for Classes A, UA, F, UF, I combined. Commissions, trailing commissions, management fees and expenses all may be associated with fund investments. This is for information only and is not an offer or solicitation to sell units of the fund. Complete information relating to the funds, including risk factors and investor eligibility, is contained in the Confidential Offering Memorandum. This fund is not guaranteed, its values change frequently and past performance may not be repeated. Please see "Risk Factors" in the Confidential Offering Memorandum for more details. Maximum Drawdown, Period of Drawdown and Time Under Water are calculated using monthly data. Beta, standard deviation and Sharpe Ratio are calculated using data from each weekly valuation date. Option positions against credit indices are included in the credit component of the security type allocation. Top 5 holdings are reported in alphabetical order. Weighted Average Credit Rating is calculated using a composite of the S&P, Moody's, DBRS and Fitch credit ratings. Performance data is compared to a blended benchmark of 75% ICE BofAML Global High Yield Index/ 25% ICE BofAML Global Corporate Index (TR) (Hedged to USD) and the ICE BofAML Canada Broad Market Index (TR) (Hedged to USD) (for information purposes only). The composition of the Fund's portfolio will significantly differ from the Index due to the investment strategy employed. Please see "Investment Strategies" in the Confidential Offering Memorandum for more details.