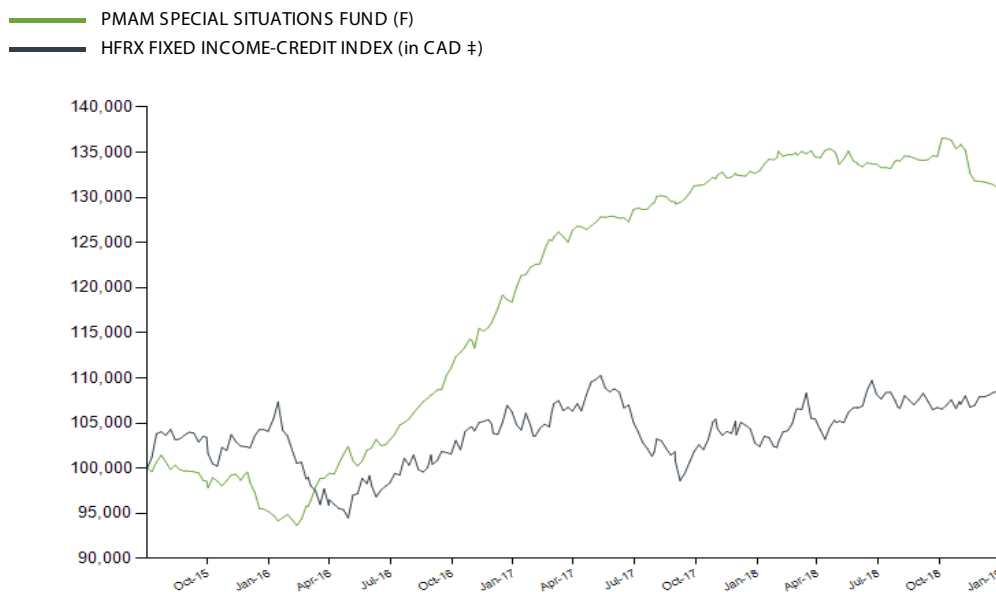


OUTLOOK & REVIEW

- > In December, our Fund returned -0.65% (Class A) and -0.56% (Class F) which slightly underperformed the HFRX Fixed Income-Credit Index benchmark.
- > 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. The purchases included Patient Capital watch-list names, covering short positions, and adding to one of our higher conviction Yield-With-Upside investments.
- > 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% while protecting the downside.
- > For our current views please join the Bond team for our upcoming Income Insights call on January 23rd at 11am for a deep discussion on our positioning and 2019 outlook from a portfolio and market perspective.

PERFORMANCE: VALUE OF \$100,000 INVESTED IN CLASS F ON JULY 2015



‡Calculated in USD by the index provider and converted to CAD using a foreign exchange rate of \$1.36

	1 Mon	3 Mon	6 Mon	1 Yr	3 Yr*	5 Yr*	10 Yr*	Since Inc*
PMAM SPECIAL SITUATIONS FUND (F)	-0.56	-2.60	-1.99	-1.23	11.22	--	--	8.03
HFRX FIXED INCOME-CREDIT INDEX (in CAD \$)	0.95	2.09	0.71	5.99	1.53	--	--	2.48

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.

Strategy

The Fund will take concentrated positions in event driven situations by investing, long or short, in securities that are impacted by some form of catalyst such as a corporate event, capital structure re-organization or other opportunistic situations. The Fund seeks gains through income and movements in security prices that can occur over a short to long-term time horizon providing an attractive risk-adjusted return with less volatility to the traditional equity market.

Fund Information

Fund Assets: \$46.7M
 Firm Assets: \$6.5B
 Fund Details: 3% Target Distribution
 1% Management Fee (F)
 20% Performance Fee
 Weekly Liquidity
 Prime Broker: Goldman Sachs & Co., and Scotia Capital Inc
 Administrator: RBCI&TS
 Auditor: Pricewaterhousecoopers
 Lawyer: McMillan LLP

Fund Code

F Class: PIC551

PIC 551

**PICTON
MAHONEY**
Asset Management

RETURN & RISK ANALYSIS

FUND HIGHLIGHTS	PMAM SPECIAL SITUATIONS FUND (F)	HFrx FIXED INCOME-CREDIT INDEX (IN CAD \$)
NAV per Unit	8.83	
Distribution per Unit - Cumulative YTD	\$0.48	
Net Assets	46.7 M	
MTD Return	-0.56%	0.95%
YTD Return	-1.23%	5.99%
2016 Annual Return (Calendar Year)	24.33	2.10
2017 Annual Return (Calendar Year)	12.06	-3.26

PERFORMANCE ANALYSIS

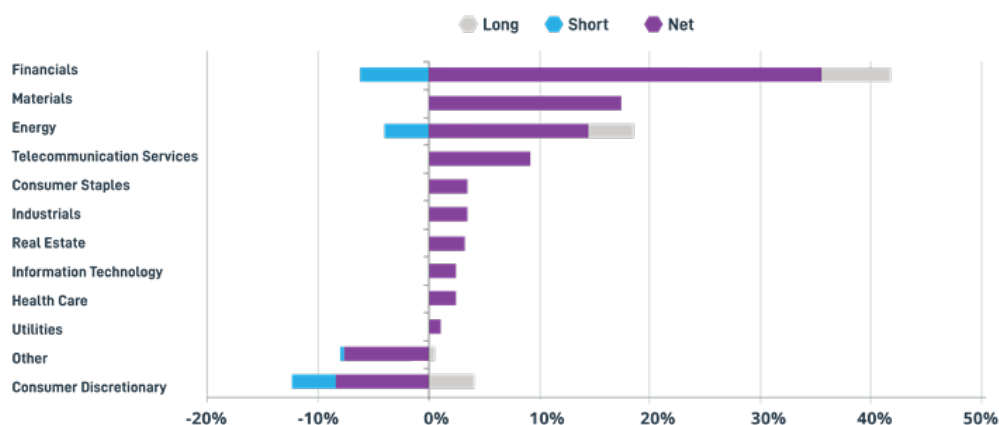
Maximum Drawdown	-5.78%	-9.23%
Period of Drawdown	Aug-15 - Jan-16	Jan-16 - Apr-16
Time Under Water	8 Months	9 Months
Percentage of Positive Months	73.81%	57.14%
Beta	-0.06	1.00
Standard Deviation (%)	4.47%	7.50%
Sharpe Ratio	1.58	0.24
Worst Month	-4.37%	-4.44%

TOP FIVE LONG POSITIONS

	Element Fleet Management 4.25% 06/30/20 Conv	
	Element Fleet Management 5.125% 06/30/19	
	MEG Energy 6.375% 01/30/23	
	MEG Energy Corp 7% Due 03/31/2024	
	Royal Bank of Scotland 1.625% 12/29/49	
Weighted Average Yield (NET)	5.80	0.00
Weighted Average Modified Duration (NET)	1.97	0.00
Weighted Average Credit Rating	BB	0.00

EXPOSURES**GEOGRAPHIC COMPOSITION (GROSS)**

Gross	145.25%	Americas	116.17%
Long	106.02%	Europe	27.94%
Short	-39.24%	Pacific Rim	1.15%
Net	66.78%		

SECTOR EXPOSURE (NET)

33 Yonge Street, Suite 830
Toronto, ON M5E 1G4

Bankers Hall - West Tower
888 3rd Street SW, 10th Floor
Calgary, AB T2P 5C5

1250 René Lévesque West,
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Montréal, QC, H3B 4W8

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416.955.4108 1.866.369.4108

Disclaimer

The inception date of the Class F Units of the fund is July 2, 2015. Performance and Performance Analysis data is presented since inception for Class F Units of the Fund. Net Assets are reported for Class A, F and I combined. 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. The Fund's performance data is compared to the HFrx Fixed Income-Credit Index (in CAD \$), a non-investable index designed to provide a broad measure of the performance of hedge funds that invests across a broad continuum of credit sub-strategies, including corporate, sovereign, distressed, convertible, asset backed, capital structure arbitrage, multi-strategy and other relative value and event driven sub-strategies. The composition of the Fund's portfolio will significantly differ from the Index due to the Fund's investment strategy. Please see the Fund's Confidential Offering Memorandum for more information, including investment strategies, risk factors and investor eligibility. This material is for informational purposes only, is subject to change and is not an offer or solicitation to sell units of the Fund. Commissions, trailing commissions, management fees and expenses all may be associated with fund investments. The Fund is not guaranteed, its value changes frequently and past performance may not be repeated.