



## **ANNUAL INFORMATION FORM**

### **PICTON MAHONEY FORTIFIED CORE BOND FUND (Class A, Class F, Class I and ETF Units)**

The units of the Fund are offered under this document in all of the provinces and territories of Canada. The units are intended primarily for purchase by residents of Canada.

No securities regulatory authority has expressed an opinion about these units and it is an offence to claim otherwise.

The Fund and the units of the Fund offered under this document are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance upon exemptions from registrations.

October 28, 2022

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## NAME, FORMATION AND HISTORY OF THE FUNDS

In this document, “we”, “us”, or “our” refers to Picton Mahoney Asset Management, the manager (“**Manager**”), portfolio advisor (“**Portfolio Advisor**”), trustee (“**Trustee**”) and promoter (“**Promoter**”) of the Picton Mahoney Fortified Core Bond Fund (the “**Fund**”). References to “you” mean the reader as a potential or actual investor in the Fund.

Picton Mahoney Asset Management is the manager, portfolio advisor and trustee of the Picton Mahoney Fund. The Fund is a mutual fund organized as an open-ended mutual fund trust governed under the laws of Ontario pursuant to a declaration of trust dated September 19, 2018, as amended from time to time (the “**Declaration of Trust**”). The principal office of the Fund and the Manager is located at 33 Yonge Street, Suite 830, Toronto, Ontario, M5E 1G4. The Declaration of Trust was amended on October 28, 2022 to accommodate the addition of the exchange traded fund (“**ETF**”) units and the formation of Picton Mahoney Fortified Core Bond Fund.

## INVESTMENT RESTRICTIONS

The Fund is subject to certain restrictions and practices contained in securities legislation, including National Instrument 81-102 – *Investment Fund* (“**NI 81-102**”). These restrictions are designed in part to ensure that the investments of mutual funds are diversified and relatively liquid and to ensure the proper administration of mutual funds. The Fund is managed in accordance with these restrictions and practices, subject to exemptions therefrom obtained by the Fund.

NI 81-102 prescribes that unitholder approval must be obtained before any change can be made to the fundamental investment objectives of the Fund.

The Fund has obtained exemptive relief from Canadian securities regulatory authorities to invest in certain inverse and leveraged ETFs. Please see “*Fund Governance – Permitted ETFs*” and “*Exemptions and Approvals*” below.

The Fund has obtained exemptive relief from applicable securities laws in connection with the offering of ETF units to:

- (a) relieve the Fund from the requirement to prepare and file a long form prospectus for the ETF units in the form prescribed by Form 41-101F2 *Information Required in an Investment Fund Prospectus* provided that the Manager files (i) a prospectus for the ETF units in accordance with the provisions of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, other than the requirements pertaining to the filing of a fund facts document; and (ii) an ETF facts document in accordance with Part 3B of National Instrument 41-101 *General Prospectus Requirements*;
- (b) relieve the Fund from the requirement to include a certificate of an underwriter in the Fund’s prospectus;
- (c) relief from the requirements of National Instrument 62-104 *Takeover Bids and Issuer Bids* relating to take-over bids, including the requirement to file a report of a take-over bid and to pay the accompanying fee, in each of the provinces and territories of Canada for all purchasers and holders of the ETF units; and

- (d) relief to permit the Manager and the Fund to treat the ETF units and the Class A, Class F, and Class I units as if such securities were separate funds in connection with their compliance with the provisions of Parts 9, 10 and 14 of NI 81-102.

### ***Eligibility for Registered Tax Plans***

Units will be “**qualified investments**” for registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), tax-free savings accounts (“**TFSAs**”), registered education savings plans (“**RESPs**”), registered disability savings plans (“**RDSPs**”) and deferred profit sharing plans (each a “Registered Plan” and, collectively, “**Registered Plans**”) provided that,

- (i) in the case of units other than ETF units, the Fund satisfies certain conditions in the *Income Tax Act* (Canada) (the “**Tax Act**”) to qualify as a “mutual fund trust” for the purposes of the Tax Act, and
- (ii) in the case of ETF units of the Fund, the Fund qualifies as a “mutual fund trust” for such purposes and/or the ETF units are, and continue to be, listed on the Toronto Stock Exchange (“**TSX**”).

The Fund intends to comply with the conditions to qualify as a “mutual fund trust” for purposes of the Tax Act.

Proposals were released by the Department of Finance on August 9, 2022 to implement tax measures applicable to first home savings accounts (“**FHSAs**”) which were first proposed by the 2022 Federal Budget (Canada) (the “**FHSA Amendments**”). If the FHSA Amendments are enacted in the form proposed, a trust governed by a FHSA will generally be subject to the rules in the Tax Act described herein applicable to Registered Plans and, in particular, the units will be a qualified investment for a trust governed by a FHSA provided the conditions discussed above in relation to Registered Plans are satisfied. The FHSA Amendments are proposed to come into force on January 1, 2023.

Annuitants of RRSPs or RRIFs, subscribers of RESPs, or holders of TFSAs, RDSPs or, if the FHSA Amendments are enacted in the form proposed, FHSAs as the case may be, should consult with their own advisors as to whether units would be “prohibited investments” for such plans for the purposes of the Tax Act.

### **DESCRIPTION OF UNITS**

The Fund is a separate trust formed under the Declaration of Trust. The Fund is permitted to issue an unlimited number of classes of units and may issue an unlimited number of units of each class. The Fund has created Class A, Class F, Class I and ETF units. Units of the Fund have the following attributes:

- (a) each unit shall be without nominal or par value;
- (b) at each meeting of unitholders, each unitholder shall have one vote for each unit owned by such unitholder as determined at the close of business on the record date for voting each such meeting, with no voting rights being attributed to fractions of a unit;
- (c) the holder of each unit will participate in distributions of income, capital gains and returns of capital, and in the division of net assets of the Fund on liquidation based on the relative net asset value of the holder’s particular class of units and in accordance with the Fund’s Declaration of Trust;
- (d) there shall be no pre-emptive rights attaching to the units;

- (e) there shall be no cancellation or surrender provisions attaching to the units except as set out in the Declaration of Trust;
- (f) all units shall be issued as fully paid and non-assessable so that there shall be no liability for future calls or assessments with respect to the units;
- (g) all units shall be fully transferable with the consent of the Trustee as provided in the Declaration of Trust; and
- (h) fractional units may be issued and shall be proportionately entitled to all the same rights as whole units, except as provided in the Declaration of Trust.

**Class A units:** Available to all investors.

**Class F units:** 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 I units:** Available to institutional investors or to other investors on a case-by-case basis, all at the discretion of the Manager.

**ETF units:** If such units of the Fund are listed (see “*Purchases, Switches, Reclassifications and Redemptions of Units*” on page 7), such units will be 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.

If you cease to satisfy criteria for holding units of a particular class, the Manager may reclassify your units as such number of units of another class of the same Fund that you are eligible to hold having an aggregate equivalent net asset value.

### **Matters Requiring Unitholder Approval**

Meetings of unitholders may be convened by the Trustee from time to time as it may deem advisable and in accordance with the notice provisions set out in the Declaration of Trust. Unless otherwise provided in the Declaration of Trust or by securities legislation, every question submitted to a meeting of unitholders will be decided by the majority of votes cast. Meetings of unitholders will be convened to consider and approve:

- (a) a change in the basis of the calculation of a fee or expense that is charged to the Fund or directly to its unitholders by the Fund or the Manager in connection with the holding of securities of the Fund where such change could result in an increase in charges to the Fund or to its unitholders;
- (b) the introduction of a fee or expense, to be charged to the Fund or directly to its unitholders, by the Fund or the Manager in connection with the holding of securities of the Fund that could result in an increase in charges to the Fund or to its unitholders;
- (c) a change in the manager of the Fund, unless the new manager is an affiliate of the current manager;
- (d) a change in the fundamental investment objectives of the Fund;

- (e) a decrease in the frequency of the calculation of the net asset value per unit of the Fund;
- (f) in certain cases, a reorganization of the Fund with, or transfers its assets to, another issuer;  
or
- (g) any other matter or thing stated in the Declaration of Trust that is required to be consented to or approved by unitholders.

Unitholder approval will not be obtained in respect of a change of (a) or (b) listed above if the Fund is at arm's length to the person or company charging the fee or expense, and we provide the unitholders with at least 60 days' written notice of the effective date of the proposed change.

Although the approval of unitholders will not be obtained before changing the auditor of the Fund, we will not change the auditor unless:

- (e) the Fund's Independent Review Committee (see "*Fund Governance – Independent Review Committee*" below) has approved the change in compliance with National Instrument 81-107 – *Independent Review Committee for Investment Funds* ("NI 81-107"); and
- (f) we have provided you with written notice at least 60 days prior to the change.

#### **VALUATION OF PORTFOLIO SECURITIES**

The net asset value of the Fund will be calculated by the Administrator (as defined below) as of each Valuation Day (as defined below) by subtracting the amount of the liabilities of the Fund from the total assets of the Fund. The assets and liabilities of the Fund will be valued as follows:

- (a) the value of any cash on hand, on deposit or on call, prepaid expenses, cash dividends declared and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Administrator determines that any such deposit or call loan is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Administrator determines to be the reasonable value thereof;
- (b) the value of any bonds, debentures, and other debt obligations shall be valued at mid prices from recognized pricing vendors on a Valuation Day at such times as the Administrator, in its discretion, deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest;
- (c) the value of any security, index futures or index options thereon which is listed on any recognized exchange shall be determined by the closing sale price at the close of business on the Valuation Day or, if there is no sale price, the average between the closing bid and the closing asked price on the day on which the net asset value of the Fund is being determined, all as reported by any report in common use or authorized as official by a recognized stock exchange; provided that if such stock exchange is not open for trading on that date, then on the last previous date on which such stock exchange was open for trading;
- (d) the value of any security which is traded over-the-counter will be priced at the average of the last bid and asked prices quoted by a major dealer or recognized information provider in such securities;

- (e) the value of any security or other asset for which a market quotation is not readily available shall be its fair market value as determined by the Administrator;
- (f) the value of any security, the resale of which is restricted or limited, shall be the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Fund's acquisition cost was of the market value of such securities at the time of acquisition; provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restriction will be lifted is known;
- (g) purchased or written clearing corporation options, options on futures, over-the-counter options, debt like securities and listed warrants shall be valued at the current market value thereof;
- (h) where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by the Fund shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation of such options shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the net asset value. The securities, if any, which are the subject of a written clearing corporation option, or over-the-counter option shall be valued at their then current market value;
- (i) the value of a futures contract, or a forward contract, shall be the gain or loss with respect thereto that would be realized if, at 4:00 p.m. (Eastern Time) or such other day deemed appropriate by the Manager, the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;
- (j) the value of any swap will be based on dealer-supplied valuations determined by using observable inputs;
- (k) the value of the securities of an investment fund shall be the net asset value or similar value of the securities of the investment fund as provided by the manager, administrator or party acting in a similar capacity of the investment fund and available to the Administrator as of a time proximate to the close of business on the date on which the net asset value is being calculated, whether or not the securities of such investment fund are listed or dealt with on a stock exchange. If a net asset value or similar value of the investment fund as of a time reasonably proximate to the close of business on the date on which the net asset value is being calculated is not available to the Administrator, the value shall be based on an estimate provided by the Manager or in such other manner as the Administrator shall determine;
- (l) margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- (m) all securities, property and assets of the Fund valued in a foreign currency and all liabilities and obligations of the Fund payable by the Fund in foreign currency shall be converted into

Canadian funds by applying the rate of exchange obtained from the best available sources to the Administrator, including, but not limited to, the Administrator or any of its affiliates;

- (n) all expenses or liabilities (including fees payable to the Manager) of the Fund shall be calculated on an accrual basis; and
- (o) the value of any security or property to which, in the opinion of the Administrator, the above valuation principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair value thereof determined in such manner as the Administrator from time to time provides.

The net asset value of the Fund and each class are calculated and reported in Canadian dollars.

If an investment cannot be valued under the foregoing rules or under any other valuation rules adopted under applicable securities laws, or if any rules we have adopted are not set out under applicable securities laws but at any time are considered by us to be inappropriate under the circumstances, then we shall use a valuation which we consider to be fair and reasonable in the interests of investors in the Fund. In those circumstances, the Administrator would typically review current press releases concerning the investment security, discuss an appropriate valuation with other portfolio managers, analysts and consult other industry sources to set an appropriate fair valuation. If at any time the foregoing rules conflict with the valuation rules required under applicable securities laws, the Administrator will follow the valuation rules required under applicable securities laws.

The Declaration of Trust contains details of the liabilities to be included in calculating the net asset value of the Fund and the net asset value per class or Unit price. The liabilities of the Fund include, without limitation, all bills, notes and accounts payable, all administrative fees and operating expenses payable or accrued, all contractual obligations for the payment of money or property, all allowances authorized or approved by us for taxes (if any) or contingencies and all other liabilities of the Fund. In making the calculation of the Unit price, we will use the latest reported information available on each Valuation Day. The purchase or sale of portfolio securities by the Fund will be reflected in the first calculation of the Unit price after the date on which the transaction becomes binding.

### **Differences from International Financial Reporting Standards**

The Fund's financial statements are prepared in accordance with International Financial Reporting Standards and those principles may differ from the valuation principles that are set out in this Annual Information Form.

### **CALCULATION OF NET ASSET VALUE**

#### ***Valuation Days***

The Fund's net asset value is calculated at the close of regular trading, normally 4:00 p.m. (Eastern Time), on a Trading Day (as defined below) and any other day designated by us (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.

As Manager, we are responsible for determining the net asset value of the Fund. However, we may delegate some or all of the responsibility in relation to such determination to the Administrator.



### ***How We Price the Fund's Units***

The Fund's units are divided into the Class A, Class F, Class I and 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 that Fund.

All purchase and exchange transactions are based on the net asset value per unit for each class of units ("Unit Price"). We calculate all Unit Prices at the close of trading on the TSX on each Valuation Day. The Unit Price can change on each Valuation Day.

The Unit Price is calculated for each class of units. 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.

Here is how we calculate the Unit Price of each class of the Fund:

- We take the fair value of all the investments and other assets allocated to the class.
- We then subtract the liabilities allocated to that class. This gives us the net asset value for the class.
- We divide this amount by the total number of units of the class that investors in the Fund are holding. That gives us the Unit Price for the class.

To determine what your investment in the Fund is worth, simply multiply the Unit Price of the class of units you own by the number of units you own.

Although the purchases and redemptions of units are recorded on a class basis, the assets attributable to all of the classes of the 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. The difference in fund costs and management fees between each class means that each class has a different Unit Price.

You can get the net asset value of the Fund or the Unit Price of a class of the Fund, at no cost, by sending an email to [service@pictonmahoney.com](mailto:service@pictonmahoney.com), on the Manager's website at [www.pictonmahoney.com](http://www.pictonmahoney.com), by calling toll-free at 1-866-369-4108 or by asking your dealer.

### **PURCHASES, SWITCHES, RECLASSIFICATIONS AND REDEMPTIONS OF UNITS**

You may purchase units through an authorized dealer or brokers qualified in your province or territory. Your dealer is there to help you with your investment decisions to determine which Fund is most suitable for you to meet your own risk/return objectives and to place orders on your behalf.

The ETF units are exchange-traded units offered by the Fund.

The TSX has conditionally approved the listing of ETF units of the Picton Mahoney Fortified Core Bond Fund subject to fulfillment by the Fund of all of the requirements of the TSX, including distribution of a minimum number of ETF units of the Fund, by May 19, 2023. Once the ETF units of the Picton Mahoney Fortified Core Bond Fund are listed on the TSX, the ETF units will be offered on a continuous basis. Investors will be able to buy or sell ETF units of the Picton Mahoney Fortified Core Bond Fund on the TSX through a registered broker or dealer in the province or territory where the investor resides. The ticker symbol for the ETF units of Picton Mahoney Fortified Core Bond Fund is PFCB.

Investors may incur customary brokerage commissions when buying or selling ETF units on the TSX. No fees are paid by a unitholder to the Manager or the Fund in connection with the buying or selling of Units on the TSX. There is no minimum investment amount for ETF units of the Fund. There is no maximum number of ETF units that may be issued. ETF units can be bought in Canadian dollars only.

### ***Purchases***

#### *Class A, Class F, and Class I units*

You may purchase any class of units of the Fund through a registered dealer that has entered into a distribution agreement with us to sell the Fund. See “*Description of Units*” for a description of each class of units offered by the Fund. The issue price of units is based on the Unit Price for that particular class.

The minimum initial investment in Class A and Class F units of the Fund is \$2,000. The minimum subsequent investment in Class A and Class F units of the Fund is \$500. These minimum investment amounts may be adjusted or waived in the absolute discretion of the Manager.

If we receive your purchase order before 4:00 p.m. (Eastern time) on a Valuation Day, we will process your order at the Unit Price calculated later that day. Otherwise, we will process your order at the Unit Price calculated on the next Valuation Day. We may process orders at an earlier time if the TSX closes for trading earlier on a particular day. Orders received after that earlier closing time would be processed on the next Valuation Day.

Please contact your dealer to find out how to place an order. Please note that dealers may establish cut-off times for receiving purchase orders so that they may be properly processed prior to the 4:00 p.m. (Eastern Time) deadline on the applicable Valuation Day. When you submit money with a purchase order, the money will be held in our trust account and any interest the money earns before it is invested in the Fund is credited to the Fund, not to your account.

We must receive the appropriate documentation and payment in full within two business days of receiving your purchase order in order to process a purchase order. If the Fund does not receive payment in full within the required time or if a cheque is returned because of non-sufficient funds, we will sell the units that you bought. If we sell them for more than you paid, the Fund will keep the difference. If we sell them for less than you paid, we will bill you for the difference plus any costs or interest. Your dealer may make provision in its arrangements with you that will require you to compensate your dealer for any losses suffered by your dealer in connection with a failed settlement of a purchase of units of the Fund caused by you. We do not issue certificates when you purchase the Fund. We are entitled to reject any purchase order, but we can only do so within one business day of receiving it. If we reject an order, we will return immediately to your dealer any monies we have received from you in connection with that order.

At the Manager’s sole discretion, the Fund may suspend new subscriptions of the Fund units.

Please see “*Fees and Expenses*” and “*Dealer Compensation*” in the Simplified Prospectus for more information on the fees and expenses and dealer compensation applicable to each class.

#### *ETF units*

The TSX has conditionally approved the listing of ETF units of the Picton Mahoney Fortified Core Bond Fund subject to fulfillment by the Fund of all of the requirements of the TSX, including distribution of a minimum number of ETF units of the Fund, by May 19, 2023. Once the ETF units of the Picton Mahoney Fortified Core Bond Fund are listed on the TSX, the ETF units will be offered on a continuous basis. Investors will be able to buy or sell ETF units of the Picton Mahoney Fortified Core Bond Fund on the TSX through a

registered broker or dealer in the province or territory where the investor resides. The ticker symbol for the ETF units of Picton Mahoney Fortified Core Bond Fund is PFCB.

Investors may incur customary brokerage commissions when buying or selling ETF units on the TSX. No fees are paid by a unitholder to the Manager or the Fund in connection with the buying or selling of Units on the TSX. There is no minimum investment amount for ETF units of the Fund. There is no maximum number of ETF units that may be issued. ETF units can be bought in Canadian dollars only.

*ETF units – Issuances to Designated Brokers and ETF Dealers*

We, on behalf of the Fund, have entered into designated broker agreements with designated brokers (each, a “**Designated Broker**”) pursuant to which the Designated Broker has agreed to perform certain duties relating to the ETF units of the Fund including, without limitation: (i) to subscribe for a sufficient number of units to satisfy the TSX’s original listing requirements; (ii) to subscribe for units when cash redemptions of units occur; and (iii) to post a liquid two-way market for the trading of units on the TSX. In accordance with the designated broker agreements, we may require the Designated Brokers to subscribe for ETF units for cash.

Generally, all orders to purchase ETF units directly from the 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 the Fund on a continuous basis from time to time.

We reserve the absolute right to reject any subscription order placed by a Designated Broker or ETF Dealer in connection with the issuance of ETF units. If we reject your order, we will immediately return any money received, without interest.

No fees or commissions will be payable by the Fund to a Designated Broker or ETF Dealer in connection with the issuance of ETF units. On the listing, issuance, exchange or redemption of ETF units, we may, in our discretion, charge an administrative fee to a Designated Broker or ETF Dealer to offset the expenses incurred in listing, issuing, exchanging or redeeming the units.

After the initial issuance of ETF units to the Designated Broker(s) to satisfy the TSX’s original listing requirements, a Designated Broker or ETF Dealer may place a subscription order for a Prescribed Number of Units (and any additional multiple thereof) of the Fund on any day on which a regular session of the TSX is held and the primary exchange or marketplace on which the majority of the securities held by that Fund is open for trading (a “**Trading Day**”), or such other day as determined by us. “**Prescribed Number of Units**” means the number of ETF units of the Fund determined by us from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes. The cut-off time for ETF units of the Fund is 2:00 p.m. (Eastern time) on a Trading Day (or such later time on a Trading Day as we may permit) (the “**Cut-Off Time**”). If the TSX’s trading hours are shortened or changed for other regulatory reasons, we may change the Cut-Off-Time. Any subscription order that is received by the Cut-Off Time on a Trading Day will be deemed to be received on such Trading Day and will be based on the net asset value per unit determined on such Trading Day. Any subscription order received after the Cut-Off Time on a Trading Day will be deemed to be received on the next Trading Day and will be based on the net asset value per unit determined on the next Trading Day.

For each Prescribed Number of Units issued, an ETF Dealer must deliver payment consisting of, in our discretion: (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, as determined by us, 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, as determined by us, 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.

We will make available to the Designated Brokers and ETF Dealers information as to the Prescribed Number of Units and any Basket of Securities for each applicable Fund for each Trading Day. We may, in our discretion, increase or decrease the Prescribed Number of Units from time to time.

#### *ETF units – Issuances to Designated Brokers in special circumstances*

ETF units may also be issued by the Fund to a Designated Broker in certain special circumstances, including when cash redemptions of ETF units occur.

### ***Redemptions***

#### *Class A, Class F, and Class I units*

If we receive your redemption order before 4:00 p.m. (Eastern Time) on any Valuation Day, we will process your order at the Unit Price calculated later that day. Otherwise, we will process your order at the Unit Price calculated on the next Valuation Day. We may process orders at an earlier time if the TSX closes for trading earlier on a particular day. Orders received after that earlier closing time would be processed on the next Valuation Day.

The latest we will send you your money will be two business days after the Valuation Day used to process your sell order. Required documentation may include a written order to sell with your signature, guaranteed by an acceptable guarantor. If you redeem through your dealer, they will advise you what documents they require. Your dealer may make provision in its arrangements with you that will require you to compensate your dealer for any losses suffered by your dealer in connection with any failure by to satisfy the requirements of the Fund or securities legislation for a redemption of securities of the Fund. Any interest earned on the proceeds of an order to redeem before you receive the money will be credited to the Fund, not to your account.

#### *ETF units*

#### *ETF units – Redemption of ETF units in any number for cash*

You may choose to redeem ETF units of the Fund equal to the Prescribed Number of Units (and any additional multiple thereof) or such other number of ETF units as we in our sole discretion may permit on any Trading Day. When you redeem ETF units of the 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, unitholders are advised to consult their brokers, dealers or investment advisers before redeeming their ETF units for cash.

For such a cash redemption to be effective on a Trading Day, a cash redemption request in the form prescribed by us from time to time must be delivered to us at our head office on that Trading Day through a registered dealer or other financial institution that is a participant in CDS Clearing and Depository Services Inc. (“CDS”) and that holds ETF units on behalf of beneficial owners of such units (a “**CDS Participant**”). Any cash redemption request that is received by the Cut-Off Time will be deemed to be received on such Trading

Day. Any cash redemption request received after the Cut-Off Time on a Trading Day or on a day which is not a Trading Day will be deemed to be received on the next Trading Day. Subject to the meeting of reasonable requirements applicable to unitholders who wish to redeem their units as we may from time to time establish, including, without limitation, in relation to identification of unitholders and verification of any requests for a redemption, payment of the redemption price will be made by no later than the second Trading Day after the effective day of the redemption (or such shorter period as may be determined by us in response to changes in applicable laws or general changes to settlement procedures in applicable markets). The cash redemption request forms may be obtained from us.

If we haven't received all the required documents within 10 business days of receiving your redemption request, we'll issue the same number of securities on the 10th business day after the redemption request. If the issue price is less than the sale proceeds, the Fund will keep the difference. If the issue price is more than the sale proceeds, your ETF Dealer must pay the shortfall. Your ETF Dealer may have the right to collect it from you.

We will make available to the Designated Brokers and ETF Dealers information as to the Prescribed Number of Units for each applicable Fund for each Trading Day. We may, in our discretion, increase or decrease the Prescribed Number of Units from time to time.

#### *ETF units – Exchange of Prescribed Number of Units*

On any Trading Day, you may exchange a minimum of a Prescribed Number of Units (and any additional multiple thereof) or such other number of ETF units as we in our sole discretion may permit for Baskets of Securities and cash or, in our discretion, cash only. To effect an exchange of ETF units, you must submit an exchange request, in the form prescribed by us from time to time, to us at our head office. The exchange price will be equal to the aggregate net asset value of the ETF units at 4:00 p.m. (Eastern Time) on the effective day of the exchange request, payable by delivery of Baskets of Securities (constituted prior to the receipt of the exchange request) and cash or, in our discretion, cash only. On an exchange, the applicable ETF units will be redeemed. On an exchange we will require you to pay the applicable Fund an exchange transaction fee of 0.25%, or such other amount as we may determine from time to time, which approximates the brokerage expenses, commissions, transaction costs, costs or expenses related to market impact and other costs or expenses incurred or expected to be incurred by the ETF units in effecting securities transactions on the market to obtain the necessary cash for the exchange. The exchange transaction fee may be higher if the costs and expenses incurred or expected to be incurred by the ETF units are higher than generally expected. In certain circumstances and at our discretion, we may waive or reduce the exchange transaction fee.

Any exchange request that is received by the Cut-Off Time on a Trading Day will be deemed to be received on such Trading Day and will be based on the net asset value per unit determined on such Trading Day. Any exchange request received after the Cut-Off Time on a Trading Day or on a day which is not a Trading Day will be deemed to be received as of the next Trading Day and will be based on the net asset value per unit determined on such next Trading Day. Subject to the meeting of reasonable requirements applicable to unitholders who wish to exchange their units as we may from time to time establish, including, without limitation, in relation to identification of unitholders and verification of any requests for an exchange, settlement of exchanges for Baskets of Securities and cash or cash only, as the case may be, will be made by no later than the second Trading Day after the effective day of the exchange request (or such shorter period as may be determined by us in response to changes in applicable laws or general changes to settlement procedures in applicable markets).

We will make available to the Designated Brokers and ETF Dealers information as to the Prescribed Number of Units and any Basket of Securities for each applicable Fund for each Trading Day. We may, in our discretion, increase or decrease the Prescribed Number of Units from time to time.

If securities held in the portfolio of the Fund are cease traded at any time by order of a securities regulatory authority or other relevant regulator or stock exchange, the delivery of such securities to a unitholder on an exchange may be postponed until such time as the transfer of the securities is permitted by law.

*ETF units – Exchange and redemption of ETF units through CDS Participants*

The exchange and redemption rights described above must be exercised through the CDS Participant through which you hold ETF units. Beneficial owners of ETF units should ensure that they provide exchange and/or redemption instructions to the CDS Participants through which they hold units sufficiently in advance of the cut-off times set by CDS Participants to allow such CDS Participants to notify us or as we may direct prior to the relevant cut-off time.

*ETF units – Characterization of redemption or exchange amounts*

The redemption or exchange price paid to a Designated Broker may include capital gains realized by the Fund. The remaining portion of the redemption or exchange price will be proceeds of disposition. Please see the disclosure under “*Income Tax Considerations – Taxation of the Fund*” on page 25 for further details.

*Suspending your right to switch, exchange and redeem Class A, Class F, Class I and ETF units*

Under exceptional circumstances we may be unable to process your exchange request or redemption order. This would most likely occur if market trading has been suspended on any exchanges including stock exchanges, option exchanges or futures exchanges on which more than 50% by value of the Fund’s assets are listed and if the Fund’s portfolio securities cannot be traded on any other exchange that represents a reasonably practical alternative. During these periods, units will also not be issued, switched or reclassified.

The Fund may postpone a redemption payment during any period which redemption rights are suspended in the circumstances described above or with the approval of the applicable securities regulatory authorities.

There are no redemption fees for the Fund, except as described under “*Fees and Expenses – Fees and Expenses Payable Directly by You – Short-Term Trading Fee*” in the Simplified Prospectus.

***Switches between Funds***

You may switch all or part of your investment in a class of units of the Fund to units of the same class of another Picton Mahoney Fortified alternative fund, except that you may not switch ETF units of one Fund for units of another fund. This is called a switch.

If we receive your switch order before 4:00 p.m. (Eastern Time) on any Valuation Day, we will process your order at the Unit Price calculated later that day. Otherwise, we will process your order at the Unit Price calculated on the next Valuation Day. We may process orders at an earlier time if the TSX closes for trading earlier on a particular day. Orders received after that earlier closing time would be processed on the next Valuation Day.

You may have to pay a switch fee of up to 2% based on the net asset value of the applicable class of units of the Fund you switch from one Fund to another Fund. You may negotiate the amount with your dealer. Please see “*Fees and Expenses*” and “*Dealer Compensation*” in the Simplified Prospectus for more information on the fees and expenses and dealer compensation applicable to switches.

A switch will be a disposition for tax purposes and may give rise to a capital gain or loss. Please see “*Income Tax Considerations*” for details.

### ***Reclassifications between Classes of the Same Fund***

You may reclassify all or part of your investment from one class of units to another class of units of the same Fund, as long as you are eligible to hold that class of units, except that ETF units of the Fund may not be changed to units of another class of the same Fund. This is called a reclassification.

If we receive your reclassification order before 4:00 p.m. (Eastern Time) on any Valuation Day, we will process your order at the Unit Price calculated later that day. Otherwise, we will process your order at the Unit Price calculated on the next Valuation Day. We may process orders at an earlier time if the TSX closes for trading earlier on a particular day. Orders received after that earlier closing time would be processed on the next Valuation Day.

You may have to pay a reclassification fee of up to 2% based on the net asset value of the applicable class of units of the Fund you reclassify from one class of units to another class of units of the same Fund. You may negotiate the amount with your dealer. Please see “*Fees and Expenses*” and “*Dealer Compensation*” in the Simplified Prospectus for more information on the fees and expenses and dealer compensation applicable to reclassifications.

The value of your investment, less any fees, will be the same immediately after the reclassification. You may, however, own a different number of units because each class may have a different Unit Price. Reclassifying units from one class to another class of the same fund is generally not a disposition for tax purposes.

## **RESPONSIBILITY FOR FUND OPERATIONS**

### ***The Manager***

Picton Mahoney Asset Management is the manager of the Fund. The registered office of the Manager is located at 33 Yonge Street, Suite 830, Toronto, Ontario M5E 1G4. The Manager can be contacted by telephone at (416) 955-4108, toll-free at 1-866-369-4108, or by email at [service@pictonmahoney.com](mailto:service@pictonmahoney.com). The Manager’s website is [www.pictonmahoney.com](http://www.pictonmahoney.com).

Pursuant to the Declaration of Trust, the Manager retains full authority and responsibility to manage the business and affairs of the Fund and are responsible for the Fund’s day-to-day operations. Pursuant to the Declaration of Trust, the Manager may delegate any or all of its duties and responsibilities to one or more agents to assist it in the performance of such duties and responsibilities.

### ***Directors and Executive Officers of the Manager***

<b>Name</b>	<b>Municipality of Residence</b>	<b>Office</b>	<b>Principal Occupation</b>
David Picton	Toronto, Ontario	Member of the Executive Committee President, Chief Executive Officer and Ultimate Designated Person	Member of the Executive Committee, President, Chief Executive Officer and Portfolio Manager

Arthur Galloway	Toronto, Ontario	Member of the Executive Committee Chief Financial Officer, Chief Operating Officer, and Corporate Secretary	Member of the Executive Committee, Chief Financial Officer, Chief Operating Officer and Corporate Secretary
Catrina Duong	Toronto, Ontario	Chief Compliance Officer	Chief Compliance Officer

***Trustee***

Picton Mahoney Asset Management acts as the trustee of the Fund pursuant to the Declaration of Trust. The Trustee has those powers and responsibilities in respect of the Fund as described in the Declaration of Trust. The Trustee is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Pursuant to the Declaration of Trust, the Manager may remove the Trustee and appoint a successor trustee from time to time on 90 days' written notice or in certain other circumstances. The Trustee or any successor appointed pursuant to the terms of the Declaration of Trust may resign upon 90 days' written notice to the Manager, who shall use its best efforts to appoint a successor trustee. If no successor Trustee is appointed, the Fund shall be terminated.

The Declaration of Trust provides that the Trustee and its affiliates have a right of indemnification from the Fund for any claims arising out of the execution of its duties as trustee, except in cases of negligence, willful default or bad faith on the part of the Trustee. In addition, the Declaration of Trust contains provisions limiting the liability of the Trustee, as described in the Declaration of Trust.

***Portfolio Advisor***

Picton Mahoney Asset Management acts as the Portfolio Advisor of the Fund. The Portfolio Advisor is responsible for portfolio management and advisory services for the Fund. Investment decisions are made based on fundamental research and quantitative analysis. The investment decisions by the Portfolio Advisor's portfolio management team are not subject to the oversight, approval or ratification of a committee.

The following table sets forth the individuals who are principally responsible for the day-to-day management of a material portion of the portfolio of the Fund:

<b>Fund</b>	<b>Portfolio Management Team</b>
Picton Mahoney Fortified Core Bond Fund	T. Philip Mesman and Sam Acton

T. Philip Mesman is a partner and lead Portfolio Manager of Picton Mahoney Asset Management's Income Strategies. Prior to joining Picton Mahoney Asset Management in February 2010, he was Managing Director and Portfolio Manager at HIM Money Inc., a subsidiary of Harris Investments Management Inc. Mr. Mesman's previous experience includes portfolio management, quantitative and credit analytics and trading positions with a Canadian chartered bank, Merrill Lynch Canada Inc. and Greywolf Capital Inc. respectively. He additionally brings expertise in the long/short, special situation and structured product arenas. Mr. Mesman earned a B.A. in Economics from the University of Western Ontario and is a CFA charterholder.



Sam Acton is a Portfolio Manager on Picton Mahoney Asset Management's Fixed Income team. Prior to joining Picton Mahoney Asset Management in 2012, he was an Associate at Greenhill & Co. where he was involved in mergers and acquisitions and other strategic advisory assignments. Mr. Acton holds a B. Math from the University of Waterloo and a BBA from Wilfrid Laurier University and is a CFA charterholder.

### ***Brokerage Arrangements***

Decisions as to the purchase and sale of portfolio securities and decisions as to the execution of all portfolio transactions, including selection of market, dealer or broker and the negotiation, where applicable, of commissions, are made by the Portfolio Advisor.

Execution is based on the most advantageous execution terms reasonably available under the circumstances, including prompt execution of orders in an efficient manner and price. In selecting and monitoring dealers and negotiating commissions, the Portfolio Advisor considers the dealer's reliability, the quality of its execution services on a continuing basis and its financial condition. When more than one dealer is believed to meet these criteria, preference may be given to dealers who provide research or statistical material or other services to the Fund or the Portfolio Advisor. Such research and order execution goods and services include advice, both directly and in writing, as to the value of securities; the advisability of investing in, purchasing or selling securities; the availability of securities, or purchasers or sellers of securities; analyses and reports concerning issues, industries, securities, economic factors and trends, portfolio strategy or the performance of accounts; trading software; market data; custody, clearing and settlement services that were directly related to executed orders; as well as databases and software that supported these goods and services. Dealers and third parties may provide the same or similar goods and services in the future. The users of these research and order execution goods and services are portfolio managers, research analysts and traders. Such services allow the Portfolio Advisor to supplement its own investment research activities and obtain the views and information of others prior to making investment decisions. The Portfolio Advisor is of the opinion that, because this material may be analyzed and reviewed by its staff, its receipt and use does not tend to reduce expenses but may benefit the Fund by supplementing the Portfolio Advisor's research. The Portfolio Advisor conducts trade cost analysis to ensure that the Fund receive a reasonable benefit considering the use of the research and order execution goods and services, as applicable, and the amount of the brokerage commission paid. The Portfolio Advisor also makes a good faith determination that the Fund receive reasonable benefit considering the use of the goods and services, the amount of brokerage commissions paid, the range of services and the quality of research received.

### ***Custodian***

Pursuant to a custodian agreement between the Manager and RBC Investor Services Trust (the "**Custodian**") made as of October 1, 2015 entered into by the Manager on behalf of the Fund and the Custodian, as amended (the "**Custodian Agreement**"), the Custodian has agreed to act as custodian for the Fund and to provide safekeeping and custodian services in respect of the Fund's property. The principal office of the Custodian is located in Toronto, Ontario.

The Custodian receives and holds all cash, portfolio securities and other assets of the Fund for safekeeping and on direction from the Fund will settle on behalf of the Fund the purchase and sale of the Fund's assets. Under the terms of the custodian agreement and subject to the requirements of the Canadian Securities Administrators, the Custodian may appoint one or more sub-custodians. The fees for custodial services provided by the Custodian are paid by the Fund.

The custodian agreement can be terminated by the Fund or by the Custodian on 60 days' prior written notice.

### ***Auditor***

PricewaterhouseCoopers LLP, Chartered Professional Accountants, Toronto, Ontario, is the auditor of the Fund. PricewaterhouseCoopers LLP is independent of the Fund in accordance with the rules of professional conduct of the Chartered Professional Accountants of Ontario.

### ***Registrar and Transfer Agent***

RBC Investor Services Trust is the registrar and transfer agent for the Class A, Class F, and Class I units of the Fund. In such capacity, RBC Investor Services Trust keep the registers of the owners of such units of the Fund, processes purchase and redemption orders, issues investor account statements and issues annual tax reporting information. The registers of the Fund are kept in Toronto, Ontario.

TSX Trust Company is the registrar and transfer agent for the ETF units of the Fund. In such capacity, TSX Trust Company keep the registers of the owners of such units of the Fund, processes purchase and redemption orders, issues investor account statements and issues annual tax reporting information. The registers of the Fund are kept in Toronto, Ontario.

RBC Investor Services Trust and TSX Trust Company are paid fees for performing their duties as registrars and transfer agents of the units of the Fund.

### ***Administrator***

The Manager, on behalf of the Fund, has entered into an administration agreement with RBC Investor Services Trust (the “**Administrator**”) dated as of October 29, 2015, as amended (the “**Administration Agreement**”) to obtain certain administrative services for the Fund.

The Administrator is responsible for providing administrative services to the Fund, including maintaining the accounting records of the Fund, fund valuation, net asset value calculation and financial reporting services. The fees for administrative services provided by the Administrator are paid by the Fund.

The Administration Agreement can be terminated by the Manager or by the Administrator on 30 days’ prior written notice.

### ***Prime Brokers***

RBC Dominion Securities Inc. of Toronto, Ontario and Goldman Sachs & Co. LLC of New York, New York, or such other parties as the Manager may retain, will act as prime brokers for the Fund pursuant to separate prime brokerage agreements. The prime brokers provide prime brokerage services to the Fund, including trade execution and settlement, custody, and securities lending in connection with the short sale strategies of the Fund. The Fund may appoint additional prime brokers from time to time.

### ***Securities Lending Agent***

The Manager has entered into a securities lending agency agreement with RBC Investor Services Trust dated as of October 19, 2015, as amended (the “**Securities Lending Agency Agreement**”).

## **CONFLICTS OF INTEREST**

### ***Principal Holders of Securities***

As at September 30, 2022, Picton Partner Corporation and 2510232 Ontario Inc. own beneficially, directly or indirectly, 48.855% (48.855 units) of the outstanding units of the Manager. Picton Partner Corporation and 2510232 Ontario Inc. are controlled entities of David Picton.

As at October 28, 2022, the following unitholders owned, beneficially and of record, more than 10% of a class of the issued and outstanding units of the Fund:

<b>Holder of Units</b>	<b>Class</b>	<b>Type of Ownership</b>	<b>Number of Units Owned</b>	<b>Percentage of Issued and Outstanding Units of the Class</b>
Picton Mahoney Asset Management	Picton Mahoney Fortified Core Bond Fund Class A	Beneficially and of record	5001	100%
Picton Mahoney Asset Management	Picton Mahoney Fortified Core Bond Fund Class F	Beneficially and of record	5000	100%
Picton Mahoney Asset Management	Picton Mahoney Fortified Core Bond Fund Class I	Beneficially and of record	5000	100%

As at September 30, 2022, the members of the independent review committee of the Fund (the “**IRC**”) do not own, directly or indirectly, any securities of the Fund, the Manager or any person or company that provides services to the Fund or to the Manager.

### ***Affiliated Entities***

There are no affiliated entities of the Manager that provides services to the Fund.

## FUND GOVERNANCE

### *Independent Review Committee*

NI 81-107 requires all publicly offered investment funds, such as the Fund, to establish an independent review committee to whom the Manager must refer conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintain records in respect of these matters and provide assistance to the IRC in carrying out its functions. The IRC is required to conduct regular assessments and provide reports to the Manager and to unitholders in respect of its functions. The IRC's annual report of its activities for unitholders is available on the Fund's website at [www.pictonmahoney.com](http://www.pictonmahoney.com), or at the unitholder's request at no cost by contacting the Fund at (416) 955-4108, toll-free at 1-866-369-4108, or by email at [service@pictonmahoney.com](mailto:service@pictonmahoney.com).

The investment funds in the Manager's family of funds share the same IRC. The fees and expenses of the IRC are borne and shared *pro rata* by all of the applicable investment funds in the Manager's family of funds. Each investment fund is also responsible for its *pro rata* share of all expenses associated with insuring and indemnifying the IRC members.

The annual fee payable to each member is \$14,000 and \$17,000 for the Chair, plus applicable taxes or other deductions. Expenses incurred by the members of the IRC in connection with performing their duties are also the responsibility of the investment funds, including the Fund.

In accordance with NI 81-107, the mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest to which the Manager may be subject when managing the Fund. The IRC is empowered to represent the best interest of the Fund in any matter where the Manager has referred a conflict of interest matter to it. In those cases, it has sought to ensure that the Manager's proposed course of action represents a fair and reasonable result for the Fund.

Effective January 1, 2022, the current members of the IRC are: Michèle McCarthy (Chair), Paul Manias and Patricia Z. Dunwoody.

### *Policies Regarding Business Practices*

The Manager maintains policies, procedures and guidelines concerning governance of the Fund. These policies, procedures and guidelines aim to monitor and manage the business and sales practices, risk management and internal conflicts of interest relating to the Fund, and to ensure compliance with regulatory and corporate requirements. The Fund is also managed in accordance with its investment guidelines and those guidelines are monitored regularly by appropriate personnel and senior management of the Manager to ensure compliance therewith.

The Manager is committed to the fair treatment of investors in the products managed by the Manager through the application of high standards of integrity and ethical business conduct by the employees of Picton Mahoney. As a result of this, the Manager has established a Compliance Manual to guide the firm and its employees. This manual governs policies to a number of subjects including: code of ethics and conduct, trading procedures and proxy voting.

The Manager manages its investment funds in the best interest of each of the funds, in compliance with the requirements of NI 81-107 by setting out its policies and procedures for dealing with conflict of interest matters and providing guidance on managing these conflicts.

In addition to the policies, practices or guidelines applicable to the Fund relating to the business practices, sales practices, risk management and internal conflicts already disclosed in this Annual Information Form, all employees of the Manager are bound by the code of ethics and conduct which, among other things, addresses proper business practices and conflicts of interest and a trading and disclosure policy which sets out the policies and procedures of the Manager with respect to trading and disclosure.

### ***Use of Derivatives***

The Portfolio Advisor may use derivative instruments to reduce or hedge against various risks, including currency exchange risk associated with foreign investments, and as a substitute for purchasing or selling securities directly to obtain investment exposures consistent with the Fund's investment objectives, strategies and risk management. The derivatives that the Portfolio Advisor may use include, but are not limited to, options, swaps, futures and forwards. The Portfolio Advisor may also employ various option strategies to increase income return of the portfolios of the Fund including, but not limited to, covered call and put option writing. No assurance can be given that the portfolios will be hedged from any particular risk at any time.

The Portfolio Advisor has written policies and procedures in place that set out the objectives and goals for derivatives trading and the risk management procedures applicable to those transactions by the Fund. The Chief Compliance Officer of the Portfolio Advisor is responsible for setting and reviewing these policies and procedures. These policies and procedures are reviewed and approved at least annually by the risk management committee of the Portfolio Advisor. The Compliance and Quantitative Research and Risk teams of the Portfolio Advisor monitor the risks associated with the use of derivatives independently of the portfolio management team. Risk measurement procedures and simulations are used to test the portfolios under stress conditions.

### ***Repurchase and Reverse Repurchase Transactions and Securities Lending***

The Fund is authorized to enter into securities lending, repurchase and reverse purchase transactions in accordance with NI 81-102. In a securities lending transaction, the Fund lends its portfolio securities through an authorized agent to another party (often called a "counterparty") in exchange for a fee and a form of acceptable collateral. In a repurchase transaction, the Fund sells its portfolio securities for cash through an authorized agent while at the same time assuming an obligation to repurchase the same securities for cash (usually at a lower price) at a later date. In a reverse repurchase transaction, the Fund buys portfolio securities for cash while at the same time agreeing to resell the same securities for cash (usually at a higher price) at a later date. The following are some examples of the risks associated with securities lending, repurchase and reverse repurchase agreements:

- When entering in securities lending, repurchase and reverse repurchase transactions, the Fund is subject to the credit risk that the counterparty may default under the agreement and the Fund would be forced to make a claim in order to recover its investment.
- When recovering its investment on default, the Fund could incur a loss if the value of the portfolio securities loaned (in a securities lending transaction) or sold (in a repurchase transaction) has increased in value relative to the value of the collateral held by the Fund.
- Similarly, the Fund could incur a loss if the value of the portfolio securities it has purchased (in a reverse repurchase transaction) decreases below the amount of cash paid by the Fund to the counterparty.

### ***Short Sales***

The Fund may, from time to time, engage in short selling as permitted by applicable securities legislation. Where the Fund engages in short selling, it will sell securities short and provide a security interest over fund assets with dealers as security in connection with such transactions.

Written policies and procedures regarding objectives and risk management procedures have been adopted by the Portfolio Advisor in connection with its short selling activities. The Chief Compliance Officer of the Portfolio Advisor is responsible for setting and reviewing these policies and procedures. Such policies and procedures are reviewed and approved at least annually by the risk management committee of the Manager. The authorization of short selling transactions and placing limits or other controls on short selling is the responsibility of the portfolio manager with post-trade review conducted by the compliance department. Risk measurement procedures and simulations are used to test the portfolios of the Fund under stress conditions.

### ***Permitted ETFs***

The Fund has obtained exemptive relief from Canadian securities regulatory authorities to invest in ETFs listed on a Canadian or United States stock exchange that seek to replicate the daily performance of a widely-quoted market index (i) in an inverse multiple of 100%, or (ii) by a multiple of up to 200% or an inverse multiple of up to 200% (in either case, a “**Permitted ETF**”). In each case: (a) the investment would be made by the Fund in accordance with its investment objective; (b) the Fund would not short sell securities of any Permitted ETF; (c) the aggregate investment by the Fund in Permitted ETFs would not exceed 10% of the Fund’s net asset value, taken at market value at the time of purchase; and (d) the Fund would not purchase securities of a Permitted ETF that tracks the inverse of its underlying index (a “**Bear ETF**”) or short sell securities of any issuer if, immediately after such purchase or short sale, more than 20% of the net asset value of the Fund, taken at market value at the time of the transaction, would consist of, in aggregate, securities of Bear ETFs and all securities sold short by the Fund.

### ***Proxy Voting Policy***

The Manager has established policies and procedures in relation to voting on matters for which the Fund receives, in its capacity as securityholder, and for reviewing proxy materials for a meeting of securityholders of an issuer. It is the Manager’s policy to exercise the voting rights of the Fund in the best interest of the Fund and to maximize the value of the applicable Fund’s investments over the long-term. The Manager has retained Institutional Shareholder Services (“ISS”) to provide in-depth research, voting recommendations, vote execution, recordkeeping and reporting. The Manager has elected to follow the ISS International Sustainability Proxy Voting Guidelines and U.S. Sustainability Proxy Voting Guidelines (collectively, the “**Sustainability Guidelines**”), because the Manager believes responsible corporate governance, social and environmental practices may have a significant effect on the value of an issuer. As such, the Manager’s Proxy Voting Policy (the “**Proxy Voting Policy**”) generally mirrors the Sustainability Guidelines. The intention of the Proxy Voting Policy is to provide the Manager with a disciplined and consistent approach to voting and not to dictate precisely how each ballot item must be voted in every circumstance. While the Proxy Voting Policy are intended to reflect the Fund’s general position on certain issues, the Manager may depart from the Proxy Voting Policy on any particular proxy vote depending upon the facts and circumstances. The Manager will document, in writing, occurrences where a proxy vote was cast in a manner inconsistent with the Proxy Voting Policy. While serving as a framework, the Proxy Voting Policy cannot contemplate all possible proposals with which the Fund may be presented. In the absence of a specific guideline for a particular proposal (e.g., in the case of a transactional issue or contested proxy), the Manager will evaluate the issue and cast the Fund’s vote in a manner that, in the Manager’s view, will maximize the value of the Fund’s investment. In certain cases, proxy votes may not be cast. For example, the portfolio manager may determine that it is not in the best interests of the Fund to vote proxies.

The current proxy voting policy and procedures of the Manager are available to unitholders at no cost by calling toll free at 1-866-369-4108, on the Manager's website at [www.pictonmahoney.com](http://www.pictonmahoney.com) or by writing to Picton Mahoney Asset Management, 33 Yonge Street, Suite 830, Toronto, Ontario M5E 1G4.

The Fund's proxy voting record for the annual period from July 1 to June 30 will be available at any time after August 31 following the end of that annual period, to any unitholder on request to the Manager, at no cost, and will also be available on the Manager's website at [www.pictonmahoney.com](http://www.pictonmahoney.com). Information contained on the Manager's website is not part of this Annual Information Form and is not incorporated herein by reference.

### ***Reporting to Unitholders***

The fiscal year end of the Fund is December 31. The Fund will deliver or make available to unitholders: (i) audited comparative annual financial statements; (ii) unaudited interim financial statements; and (iii) annual and interim management reports of fund performance.

Each unitholder will also be mailed annually, by his, her or its broker, no later than March 31, information necessary to enable such unitholder to complete an income tax return with respect to amounts paid or payable by the Fund owned by such unitholder in respect of the preceding taxation year of the Fund.

The Manager will ensure that the Fund complies with all applicable reporting and administrative requirements. The Manager will also ensure that adequate books and records are kept reflecting the activities of the Fund. A unitholder or his, her or its duly authorized representative has the right to examine the books and records of the applicable Fund during normal business hours at the offices of the Administrator. Notwithstanding the foregoing, a unitholder shall not have access to any information that, in the opinion of the Manager, should be kept confidential in the interests of the Fund.

### ***Short-Term Trading***

Short-term trading in units of the Fund can have an adverse effect on the Fund. Such trading can increase brokerage and other administrative costs of the Fund and interfere with our long-term investment decisions.

In order to protect the interest of the majority of unitholders in the Fund and to discourage short-term trading in the Fund, investors may be subject to a short-term trading fee. If an investor redeems units of the Fund within 30 days of purchasing such units, the Fund may deduct and retain, for the benefit of the remaining unitholders in the Fund, one percent (1%) of the net asset value of the class of units being redeemed.

The short-term trading fee will not apply in certain circumstances, such as:

- redemptions of ETF units;
- redemptions of units by another fund managed by the Manager or an affiliate or associate of the Manager;
- redemptions of units purchased by the reinvestment of distributions;
- reclassification of units from one class to another class of the same Fund;
- redemptions initiated by the Manager or where redemption notice requirements have been established by the Manager; or
- in the absolute discretion of the Manager.

RBC Investor Services Trust, on behalf of the Manager, monitors and detects short-term trading. RBC Investor Services Trust on direction from the Manager, automatically charges a short-term trading fee to any redemption of units of the Fund that is made within 30 days of purchasing or switching those securities. The Manager assesses the short-term trading fee charged to an investor on a case-by-case basis and may, at its absolute discretion, reverse a short-term trading fee that has been charged to an investor.

Notwithstanding the foregoing, the Manager does not believe that it is necessary to impose any short-term trading restrictions on ETF units at this time, as such units are exchange traded units that are primarily traded in the secondary market.

### ***Special Considerations for Unitholders***

The provisions of the so-called “early warning” reporting requirements in Canadian securities legislation do not apply if a person or company acquires 10% or more of the ETF units of the Fund. The Fund has obtained exemptive relief to permit unitholders to acquire more than 20% of the ETF units of the Fund without regard to the take-over bid requirements of applicable Canadian securities legislation. Please see “*Exemptions and Approvals*” in the Simplified Prospectus for more information.

## **FEES AND EXPENSES**

### ***Management Fee Distributions***

The Manager may, in its sole 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 as specified by the Manager from time to time. An amount equal to the difference between the management fee otherwise chargeable and the reduced fee payable by the Fund will be distributed regularly by the Fund to those unitholders as “**Management Fee Distributions**”.

The availability and amount of Management Fee Distributions with respect to units of the Fund will be determined by the Manager. Management Fee Distributions will generally be calculated and applied based on the number of units held by a unitholder on the most recent Valuation Date prior to the calculation of the Management Fee Distribution, as specified by the Manager from time to time. Management Fee Distributions will be paid first out of income and capital gains of the Fund and then out of capital. Please see “*Income Tax Considerations – Units Not Held in a Registered Plan*” on page 27 for further details.

The Manager reserves the right, in its discretion, to discontinue or change Management Fee Distributions at any time. The tax consequences of a Management Fee Distribution will generally be borne by the unitholder who receives the distribution.

## **INCOME TAX CONSIDERATIONS**

The following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations generally applicable to the buying, holding and selling of units by a unitholder who acquires units pursuant to the Simplified Prospectus. This summary is applicable to a unitholder who is an individual (other than a trust) and who, for purposes of the Tax Act, is resident in Canada, deals at arm’s length and is not affiliated with the Fund, holds units as capital property, and has not entered into a “derivative forward agreement” (as defined in the Tax Act) with respect to units of the Fund.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, an understanding of the current published administrative and assessing practices of the CRA and all specific



proposals to amend the Tax Act and regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (such proposals referred to hereafter as the “**Tax Proposals**”). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign income tax legislation or considerations. There can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

This summary assumes that none of the issuers of securities held by the Fund will be a foreign affiliate of the Fund or any unitholder, or a non-resident trust that is not an “exempt foreign trust” as defined in section 94 of the Tax Act. This summary also assumes that the Fund (i) will not be a “SIFT trust” for the purposes of the Tax Act, (ii) will not be a “financial institution” for purposes of the Tax Act, (iii) will not be required to include any amounts in income pursuant to section 94.1 or section 94.2 of the Tax Act, and (iv) will not enter into any arrangement where the result is a “dividend rental arrangement” for the purposes of the Tax Act.

This summary applies to unitholders who hold units as capital property. Generally, units will be considered to be capital property to a purchaser, provided the purchaser does not hold such securities in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Provided that the Fund qualifies as a “mutual fund trust” for the purposes of the Tax Act at all material times, certain unitholders who might not otherwise be considered to hold units as capital property may, in certain circumstances, be entitled to have such units and all other “Canadian securities” as defined in the Tax Act owned or subsequently acquired by them treated as capital property by making the irrevocable election available pursuant to subsection 39(4) of the Tax Act. Unitholders should consult their own tax advisors as to whether an election under subsection 39(4) of the Tax Act is available or advisable in their circumstances.

**This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in units and does not describe the income tax consequences relating to the deductibility of interest on money borrowed to acquire units. It does not take into account the tax laws of any province or territory or of any jurisdiction outside Canada. It is not intended to be, nor should it be construed to be, legal or tax advice to any particular investor. Investors are urged to consult with their own tax advisors for advice with respect to the income tax consequences of an investment in units, based on their particular circumstances.**

### ***Tax Status of the Fund***

This summary is based on the assumptions that (i) the Fund will qualify, at all times, as a “mutual fund trust” within the meaning of the Tax Act and will elect under the Tax Act to be a “mutual fund trust” from the date it was established, (ii) the Fund will not be maintained primarily for the benefit of non-residents, and (iii) not more than 50% (based on fair market value) of the units of the Fund will be held by non-residents of Canada or by partnerships that are not Canadian partnerships as defined in the Tax Act, or by any combination of such partnerships and non-residents.

In order to continue to qualify as a mutual fund trust, the Fund must, among other things, comply on a continuous basis with certain minimum requirements respecting the ownership and dispersal of units. If the Fund does not qualify as a “mutual fund trust” at all times, the income tax considerations described below could be materially different.

## *Taxation of the Fund*

In each taxation year, income of the Fund, including the taxable portion of capital gains, if any, that is not paid or made payable to its unitholders in that year will be taxed in the particular Fund under Part I of the Tax Act. Provided the particular Fund distributes all of its net taxable income and net capital gains to its unitholders on an annual basis, it will not be liable for any income tax under Part I of the Tax Act.

The Fund is required to include, in computing its income for each taxation year, the taxable portion of any capital gains realized in the year, any dividends received by it in the year and all interest that accrues to it during 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 derivatives and in respect of short sales of securities (other than Canadian securities) will be treated as being on income account, except where a derivative is used to hedge securities held on capital account provided there is sufficient linkage and the derivative is not subject to the derivative forward agreement rules (“**DFA Rules**”) discussed below. Whether gains or losses realized by the Fund on a particular transaction (other than a disposition of 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.

The DFA Rules in the Tax Act deem gains on the settlement of certain forward agreements (described as “derivative forward agreements”) to be included in ordinary income rather than treated as capital gains. Under the DFA Rules, the return on any derivative entered into by the Fund that is a “derivative forward agreement” within the meaning of the Tax Act will be taxed as ordinary income rather than capital gains. The Tax Act exempts from the application of the DFA Rules currency forward contracts, or certain other derivatives, that are entered into in order to hedge foreign exchange risk in respect of an investment held as capital property.

The Fund’s portfolio may include securities which are not denominated in Canadian dollars. The cost and proceeds of disposition of securities, dividends, interest and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars at the exchange rate prevailing at the time of the transaction, as more particularly determined in accordance with section 261 of the Tax Act. Accordingly, the Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

Income or gains from investments in countries other than Canada may be subject to foreign taxes. To the extent such foreign tax paid by the Fund exceeds 15% of the amount included in the Fund’s income from such investments, such excess may generally be deducted by the Fund in computing its income for purposes of the Tax Act, subject to the detailed provisions of the Tax Act. To the extent that such foreign tax paid does not exceed 15% of such foreign source income and has not been deducted in computing the Fund’s income, the Fund may generally designate a portion of its foreign source income in respect of its unitholders so that such income and a portion of the foreign tax paid by the Fund may be regarded as foreign source

income of, and foreign tax paid by, the unitholders for the purposes of the foreign tax credit provisions of the Tax Act.

The Fund may be subject to loss restriction rules contained in the Tax Act, unless the Fund qualifies as an “investment fund” as defined in the Tax Act, which, among other things, requires that certain investment diversification restrictions are met, and that unitholders hold only fixed (and not discretionary) interests in the Fund. If the Fund that is not an investment fund experiences a “loss restriction event” (i) the Fund will be deemed to have a year-end for tax purposes (which would result in an allocation of the Fund’s net income and net realized capital gains at such time to unitholders so that the Fund is not liable for income tax on such amounts) and (ii) the Fund will be deemed to realize any unrealized capital losses and its ability to carry forward losses will be restricted. Generally, the Fund will have a loss restriction event when a person becomes a “majority-interest beneficiary” of the Fund, or a group of persons becomes a “majority-interest group of beneficiaries” of the Fund, as those terms are defined in the Tax Act.

The Fund may be subject to the “suspended loss” rules contained in the Tax Act, which would generally apply where the Fund disposes of property and subsequently reacquires the property or acquires an identical property within the time period that begins 30 days before the disposition and ends 30 days following the disposition, and the Fund continues to own the reacquired or newly-acquired property following that period. Where the “suspended loss” rules apply, any losses arising from the initial disposition of property would be denied, but may be realized at a future point in time in accordance with the rules in the Tax Act.

The Declaration of Trust governing the Fund provides that when the Fund realizes capital gains as a result of a transfer or disposition of its property occurring in connection with an exchange or redemption of Units by a Unitholder the Fund may designate and treat for income tax purposes all or a portion of the amount paid to the Unitholder on the redemption or exchange as a distribution to the unitholder out of such capital gains rather than being treated as proceeds of disposition of the Units. The taxable portion of the capital gain so designated must be included in the income of the redeeming Unitholder (as taxable capital gains) and may be deductible by the Fund in computing its income, subject to subsection 132(5.3) of the Tax Act. Subsection 132(5.3) of the Tax Act only permits a trust that is a “mutual fund trust” for purposes of the Tax Act a deduction in respect of a capital gain of the “mutual fund trust” designated to a unitholder on a redemption of units where the unitholder’s proceeds of disposition are reduced by the designation, up to the amount of the unitholder’s accrued gain on those units. If certain Tax Proposals are enacted as proposed (the “**ATR Rule**”), the limitation in subsection 132(5.3) would no longer apply in respect of ETF Units of the Fund and instead amounts of taxable capital gain so allocated and designated to Unitholders redeeming ETF Units will be deductible to the Fund to the extent of such redeeming Unitholders’ pro rata share (as determined under the ATR Rule) of the net taxable capital gains of the Fund for the year. For Units that are not ETF Units, the limitation in subsection 132(5.3) will continue to apply on a redemption of those Units, and additionally the ATR Rule, where applicable, will apply to further restrict the amount of capital gains deductible by the Fund. The portion of taxable capital gains that is not deductible by the Fund under subsection 132(5.3) or, if enacted, the ATR Rule may be made payable to non-redeeming Unitholders so that the Fund will not be liable for non-refundable income tax thereon. Accordingly, the amounts and taxable component of distributions to non-redeeming Unitholders of the Fund may be greater than would have been the case in the absence of subsection 132(5.3) or the ATR Rule.

### ***Taxation of Unitholders***

#### *Units Held in a Registered Plan*

If units of the Fund are held in tax-free savings accounts (“**TFSA**”), registered retirement savings plans (“**RRSP**”), registered retirement income funds (“**RRIF**”), registered education savings plans (“**RESP**”), or

registered disability savings plans (“**RDSP**”) (each a “**Registered Plan**” and collectively, “**Registered Plans**”), distributions from the Fund and capital gains from a redemption (or other disposition) of units are generally not subject to tax under the Tax Act until withdrawals are made from the Registered Plan (withdrawals from a TFSA are generally not subject to tax), provided that the units are qualified investments under the Tax Act for such Registered Plan.

Notwithstanding the foregoing, if the units of the Fund are “prohibited investments” (as defined in the Tax Act) for a TFSA, RRSP, RDSP, RESP or RRIF, the holder of the TFSA or the RDSP, the annuitant under the RRSP or RRIF, or the subscriber of the RESP, as the case may be, may be subject to a penalty tax as set out in the Tax Act. The units of the Fund will be a “prohibited investment” for a TFSA, RRSP, RRIF, RDSP or RESP if the holder of the TFSA or the RDSP, the annuitant under a RRSP or RRIF, or the subscriber of the RESP, as applicable, (i) does not deal at arm’s length with the particular Fund for purposes of the Tax Act, or (ii) has a “significant interest”, as defined in the Tax Act, in the particular Fund. Generally, a holder, subscriber or annuitant, as the case may be, will not have a significant interest in the Fund unless the holder, subscriber or annuitant, as the case may be, owns interests as a beneficiary under the Fund that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Fund, either alone or together with persons and partnerships with which the holder, subscriber or annuitant, as the case may be, does not deal at arm’s length. However, the units of the Fund will not be prohibited investments for any TFSA, RRSP, RESP, RDSP or RRIF at any time during the first 24 months after the Fund was established, provided that the Fund substantially complies with NI 81-102 during such time. In addition, the units will not be a “prohibited investment” if such units are otherwise “excluded property” as defined in the Tax Act for a TFSA, RRSP, RRIF, RDSP or RESP.

Annuitants of RRSPs and RRIFs, subscribers of RESPs, and holders of TFSAs, RDSPs and, if the FHSA Amendments are enacted in the form proposed, FHSAs should consult with their own tax advisers regarding the “prohibited investment” rules based on their particular circumstances. You should consult with your own tax advisor with respect to exchanging ETF units for a Basket of Securities in your registered plan.

#### *Units Not Held in a Registered Plan*

If a unitholder of the Fund holds units of the Fund outside a Registered Plan, the unitholder will generally be required to include in computing income for a taxation year such part of the net income of the Fund, including the taxable portion of capital gains, if any, paid or payable to the unitholder in the taxation year. This is the case even though such distributions may be automatically reinvested in additional units and there may therefore be insufficient cash received by a unitholder to pay the tax payable in respect of such distributions of income. Management Fee Distributions paid by the Fund will be paid first out of net income of the Fund, then out of capital gains of the Fund and thereafter out of capital. The tax consequences of a Management Fee Distribution will generally be borne by the unitholder who receives the distribution.

Any distributions to a unitholder in excess of its share of the net income and net capital gains of the Fund in a year will not be taxable in the hands of the unitholder but will reduce the adjusted cost base of the units on which such distributions are paid. To the extent that a unitholder’s adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the unitholder and the unitholder’s adjusted cost base will be nil immediately thereafter. The non-taxable portion of capital gains distributed to a unitholder will not be taxable in the hands of the unitholders and will not, provided the appropriate designations are made by the Fund, reduce the adjusted cost base of the units.

Provided that appropriate designations are made by the particular Fund, such portion of (a) the net realized taxable capital gains of the Fund and (b) the taxable dividends received by the Fund on shares of taxable Canadian corporations as are paid or become payable to a unitholder will effectively retain their character

and be treated as such in the hands of the unitholder. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the normal gross-up and dividend tax credit rules will apply. The Fund may make designations in respect of the income from foreign sources, if any, so that unitholders may be able to claim a foreign tax credit in accordance with the provisions of and subject to the general limitations under the Tax Act for a portion of foreign tax, if any, paid by the Fund.

The net asset value per unit of the Fund may reflect income and gains of the Fund that have accrued up to the time units are acquired. Accordingly, a unitholder who acquires units of the Fund may become taxable on the unitholder's share of income and gains of the Fund that accrued before the units were acquired.

We will provide each unitholder with prescribed information to assist with the preparation of tax returns.

Upon the redemption (or other disposition) of a unit, including on a redemption of units to pay any applicable switch or reclassification fees, a unitholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) the unitholder's adjusted cost base of the unit and any reasonable costs of disposition. For the purpose of determining the adjusted cost base of units to a unitholder, when units of a particular class are acquired, including on the reinvestment of distributions, the cost of the newly acquired units will be averaged with the adjusted cost base of all units of that class owned by the unitholder as capital property immediately before that time.

One-half of any capital gain realized on the disposition of units will be included in the unitholder's income and one-half of any capital loss realized must be deducted from taxable capital gains realized in a particular year. A unitholder may deduct one-half of any unused capital losses arising in a particular taxation year against the taxable portion of any net capital gains arising in the three immediately preceding taxation years or in subsequent taxation years, subject to the rules in the Tax Act.

In general terms, net income of the Fund paid or payable to a unitholder that is designated as net realized taxable capital gains, taxable Canadian dividends or taxable capital gains realized on the disposition of units may increase the unitholder's potential liability for alternative minimum tax.

Management fees paid directly to the Manager by holders of Class I units will generally not be deductible by those unitholders.

### ***International Tax Reporting***

Pursuant to rules in Part XIX of the Tax Act implementing the Organization for Economic Co-operation and Development Common Reporting Standard, "Canadian financial institutions" that are not "non-reporting financial institutions" (as both terms are defined in Part XIX of the Tax Act) are required to have procedures in place to identify accounts held by tax residents of foreign countries (other than the U.S.) or by certain entities the "controlling persons" of which are tax resident in a foreign country (other than the U.S.) and to report required information to the CRA. Such information is expected to be exchanged on a reciprocal, bilateral, basis with the tax authorities of the foreign country in which the account holders or such controlling persons are tax resident, pursuant to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. Pursuant to Part XIX of the Tax Act, unitholders are required to provide to their dealer certain information regarding their investment in the Fund for the purpose of such information exchange, unless the investment is held within a Registered Plan. The FHSA Amendments do not address whether FHSAs would be treated in the same way as Registered Plans for these purposes

In addition, pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-U.S. Tax Convention entered into by Canada and the United States (the "IGA") and related

Canadian legislation found in Part XVIII of the Tax Act, unitholders of a particular fund are required to provide identity and residency and other information to their dealer (and may be subject to penalties for failing to do so), or in the case of certain entities are required to provide their dealer with such information relating to their controlling persons. If a unitholder does not provide the information, and indicia of U.S. status are present, or is identified as, or in the case of certain entities as having one or more controlling persons who is, a “Specified U.S. Person”, as defined under the IGA (including U.S. citizens who are residents of Canada), such information and certain financial information (for example, account balances) will, unless the investment is held within a Registered Plan, be provided to the CRA and from the CRA to the U.S. Internal Revenue Service. The FHSA Amendments do not address whether FHSAs would be treated in the same way as Registered Plans for these purposes

### ***Eligibility for Investment***

Units of the Fund will be “qualified investments” under the Tax Act for Registered Plans and, if the FHSA Amendments are enacted in the form proposed, FHSAs provided that,

- (i) in the case of units other than ETF units, the Fund satisfies certain conditions in Tax Act to qualify as a “mutual fund trust” for the purposes of the Tax Act, and
- (ii) in the case of ETF units of the Fund, the Fund qualifies as a “mutual fund trust” for such purposes and/or the ETF units are, and continue to be, listed on the.

However, as set out above, a penalty tax may apply if units of the Fund are a “prohibited investment” for a Registered Plan or FHSA.

### **REMUNERATION OF DIRECTORS AND OFFICERS**

The Fund does not directly employ any directors, officers or trustees to carry out Fund operations. The Manager, as manager of the Fund, provides or retains all personnel necessary to conduct the Fund’s operations.

### **TERMINATION OF THE FUNDS**

The Fund may be terminated by us (and its units redeemed by the Fund) on at least 60 days’ notice to the unitholders. Upon termination of the Fund, we will discharge all of the liabilities of the Fund and distribute the net assets to unitholders entitled thereto, which distribution may be made at such time or times and in cash or in kind or partly in both, all as we in our discretion may determine. After all liabilities have been discharged and all distributions have been made to unitholders entitled thereto, the Fund shall be deemed to be terminated.

### **MATERIAL CONTRACTS**

The material contracts entered into by the Fund as of the date of this annual information form are:

- (a) the Declaration of Trust;
- (b) the Custodian Agreement;
- (c) the Administration Agreement; and
- (d) the Securities Lending Agency Agreement.

Copies of these agreements are available for inspection at the principal office of the Manager during regular business hours and are also available on [www.sedar.com](http://www.sedar.com).

## EXEMPTIONS AND APPROVALS

The Fund has obtained relief from applicable securities laws in connection with the offering of ETF units to:

- (a) relieve the Fund from the requirement to prepare and file a long form prospectus for the ETF units in the form prescribed by Form 41-101F2 *Information Required in an Investment Fund Prospectus* provided that the Manager files (i) a prospectus for the ETF units in accordance with the provisions of National Instrument 81-101 *Mutual Fund Prospectus Disclosure*, other than the requirements pertaining to the filing of a fund facts document; and (ii) an ETF facts document in accordance with Part 3B of National Instrument 41-101 *General Prospectus Requirements*;
- (b) relieve the Fund from the requirement to include a certificate of an underwriter in the Fund's prospectus;
- (c) relief from the requirements of National Instrument 62-104 *Takeover Bids and Issuer Bids* relating to take-over bids, including the requirement to file a report of a take-over bid and to pay the accompanying fee, in each of the provinces and territories of Canada for all purchasers and holders of the ETF units; and
- (d) relief to permit the Manager and the Fund to treat the ETF units and the Class A, Class F, and Class I units as if such securities were separate funds in connection with their compliance with the provisions of Parts 9, 10 and 14 of NI 81-102.

The Fund has obtained exemptive relief from Canadian securities regulatory authorities to invest in ETFs listed on a Canadian or United States stock exchange that seek to replicate the daily performance of a widely-quoted market index (i) in an inverse multiple of 100%, or (ii) by a multiple of up to 200% or an inverse multiple of up to 200% (in either case, a "**Permitted ETF**"). In each case: (a) the investment would be made by the Fund in accordance with its investment objective; (b) the Fund would not short sell securities of any Permitted ETF; (c) the aggregate investment by the Fund in Permitted ETFs would not exceed 10% of the Fund's net asset value, taken at market value at the time of purchase; and (d) the Fund would not purchase securities of a Permitted ETF that tracks the inverse of its underlying index (a "**Bear ETF**") or short sell securities of any issuer if, immediately after such purchase or short sale, more than 20% of the net asset value of the Fund, taken at market value at the time of the transaction, would consist of, in aggregate, securities of Bear ETFs and all securities sold short by the Fund.

The Fund has obtained exemptive relief from the Canadian securities regulatory authorities to permit the Fund to purchase debt securities from or sell debt securities to another investment fund to which NI 81-102 does not apply and of which the Manager is the manager and/or portfolio manager, provided that certain conditions are met, including that the transaction is consistent with the investment objectives of the Fund and the other investment fund, the IRC and the independent review committee of the other investment fund have approved the transaction in accordance with Section 5.2(2) of NI 81-107 and that the transaction complies with paragraphs (c) to (g) of Section 6.1(2) of NI 81-107.

The Fund has obtained exemptive relief from the Canadian securities regulatory authorities to permit the Fund to purchase securities from, or sell securities to, (a) certain accounts managed by the Manager or certain of its affiliates, (b) certain investment funds which may be either a mutual fund or a non-redeemable

investment fund that is a reporting issuer and subject to NI 81-102, for which the Manager or certain of its affiliates acts as manager and/or portfolio adviser, and (c) certain investment funds that are not reporting issuers, of which the Manager or certain of its affiliates acts as manager and/or portfolio manager, and to engage in certain *in specie* transactions with such managed accounts and investment funds provided that certain conditions are met.

#### **LEGAL AND ADMINISTRATIVE PROCEEDINGS**

As of the date of this annual information form, there are no ongoing material legal or administrative proceedings pending to which the Fund or the Manager is a party or which are known to be contemplated.



**CERTIFICATE OF THE FUNDS, THE MANAGER, THE TRUSTEE AND THE PROMOTER**

Picton Mahoney Fortified Core Bond Fund

This annual information form, together with the simplified prospectus, and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of each of the provinces and territories of Canada and do not contain any misrepresentations.

DATED: October 28, 2022.

*“David Picton”*

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David Picton  
Chief Executive Officer  
Picton Mahoney Asset Management

*“Arthur Galloway”*

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Arthur Galloway  
Chief Financial Officer  
Picton Mahoney Asset Management

On behalf of  
**PICTON MAHONEY ASSET MANAGEMENT,**  
as Manager, Trustee and Promoter of the Fund

*“David Picton”*

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David Picton  
Chief Executive Officer

*“Arthur Galloway”*

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Arthur Galloway  
Chief Financial Officer

Additional information about the Fund is available in the Fund' fund facts, ETF facts, management reports of fund performance and financial statements.

You can get a copy of these documents at no cost by calling toll-free at 1-866-369-4108, online at [www.pictonmahoney.com](http://www.pictonmahoney.com), by email to [service@pictonmahoney.com](mailto:service@pictonmahoney.com), or from your dealer.

These documents and other information about the Fund, such as material contracts and information circulars, are also available at [www.sedar.com](http://www.sedar.com).

### Picton Mahoney Fortified Core Bond Fund

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