PICTON MAHONEY ARBITRAGE FUND

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

THIS DOCUMENT INCLUDES

FIRM OVERVIEW

OUR MISSION	To help investors achieve their financial goals with greater certainty.
FIRM BACKGROUND	In 2004, Picton Mahoney Asset Management ("PMAM") was founded with the goal of providing thought-leading investment management services to institutional, retail, and high-net-worth investors in Canada. PMAM has about $13.6 billion in assets under management in sub-advisory, hedge fund and mutual fund assets as at March 31, 2025, and has been 100% employee-owned since inception.
THE INVESTMENT TEAM	The Picton Mahoney Arbitrage Fund is managed by **Craig Chilton, CFA** and **Tom Savage, CFA**. Craig Chilton, Portfolio Manager, joined the Manager in January 2020. Mr. Chilton has an extensive background in event-driven arbitrage strategies. Prior to joining the Manager, he was a Portfolio Manager at Vertex from January 2010 until the completion of the Transaction. Prior to joining Vertex, he was a Managing Director with CIBC World Markets Inc., where he spent 15 years as a proprietary trader in Toronto, New York and Vancouver. Mr. Chilton began his finance career in investment banking with Lancaster Financial, and subsequently, Richardson Greenshields. Mr. Chilton joined the industry in 1991; he is a CFA charterholder and a member of the Vancouver Society of Financial Analysts. He received a Bachelor of Applied Science (Electrical Engineering) from the University of Toronto. Tom Savage, Portfolio Manager, joined the Manager in January 2020. Mr. Savage has an extensive background in alternative strategies and is part of the Manager team specializing in merger arbitrage, event-driven arbitrage, and special situations. Prior to joining the Manager, he was a Portfolio Manager at Vertex from January 2010 until the competition of the Transaction. Prior to joining Vertex, he was a Portfolio Manager at Vertex from January 2010 until the completion of the Transaction. Prior to joining the Manager, Mr. Savage was a proprietary trader with CIBC World Markets Inc. where he was responsible for equity and derivatives arbitrage and special situations strategies. Formerly, he worked in private equity at Birch Hill Equity Partners and began his career as an equity analyst at KBSH Capital Management. Mr. Savage is a CFA charterholder

and a member of the Vancouver Society of Financial Analysts. He received a Bachelor of Commerce degree from Queen's University and an MBA from Harvard Business School.

THE PROCESS

OUR PHILOSOPHY AND WHY IT WORKS

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

The rationale behind our thinking:

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

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

OUR PROCESS

The typical steps involved in our merger arbitrage investment process are:

- Public announcement of a merger or acquisition deal.
- Assessment of key risks pertaining to deal.
- Review of fundamentals and valuations.
- Review of trading history and notable news.
- Review of legal documentation (definitive merger agreements), SEC filings, etc.
- Review of unique regulatory requirements.
- Antitrust analysis, if required.
- Ongoing monitoring of relevant milestones and news.

We aim to buy securities in companies targeted by M&A activity at a discount to the deal price based on transaction terms and also hedge exposures to acquirer stock when an M&A transaction includes equity issued by the acquirer.

The general rule applied is that if new information reveals the original thesis of a trade to have changed, then holdings of relevant securities may be altered.

PORTFOLIO CONSTRUCTION

Optimization and risk control software are used as a tool to assist Portfolio Managers with the efficient weighting of securities to maximize the potential return of the portfolio without taking on excessive risk while accounting for:

- Security Concentration
- Industry Concentration
- Sector Concentration
- Flows, Positioning and Liquidity

The Portfolio Manager assesses all information and makes the final decision on the selection and weighting of names in the portfolio.

RISK MANAGEMENT

The fund is continuously monitored by our Risk and Quantitative Research Teams along with our Portfolio managers and Compliance Team. This three-tier approach ensures daily adherence to respective investment policy guidelines as well as active risk monitoring.

1. **Portfolio Managers:**
   - Review daily portfolio returns, quantitative/fundamental recommendations and positioning through PM Perform, our proprietary portfolio management tool.
2. **Risk Committee:**
   - Receive reports produced by Risk and Quantitative Teams: Factor/risk exposures, attribution, surplus/deficit of active risk
   - Establish and oversee risk mandate: Set thresholds for active risk factors and conduct ongoing liquidity assessment and stress testing against custom metrics
   - Communicate findings to Portfolio Managers
   - Provide recommendations to Senior Management Committee when necessary
3. **Compliance Team:**
   - Monitor portfolios against Investment Policy Guidelines: Pre- and post-trade warnings, hard rules and monitoring to help prevent breaches

BUY/ SELL DISCIPLINE

Risk management and proprietary portfolio optimization systems act as a tool for position weightings. We always take a position with an investment thesis behind it. When the underlying company exhibits negative relative and/or absolute change and/or our thesis is no longer valid, we adjust position weights accordingly. Portfolio managers have the ultimate say on adds/trims and weighting.

INVESTMENT RESEARCH

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

Our investment team also leverage information from various sources regarding M&A transactions, change stories and earnings forecasts to determine the assumptions that are embedded in their models.

KYP

OBJECTIVE	The investment objective of the Fund is to provide consistent, positive returns, with low volatility and low correlation to equity markets.
STRATEGY	The manager utilizes a risk arbitrage strategy, which is a highly specialized investment approach designed to profit from the successful completion of mergers, take-overs, tender offers, leveraged buyouts, spin-offs, liquidations, and other corporate reorganizations. There are several risk arbitrage techniques that may be used depending on the characteristics of the individual transaction being arbitraged. The most commonly employed risk arbitrage activity involves purchasing the shares of an announced acquisition target company at a discount to their expected value upon completion of the acquisition. When a take-over bid, amalgamation, or arrangement involving cash consideration or securities of the acquiring company is announced, the value of the securities and/or cash to be received may be higher or lower than the market price of the securities of the target company for which they are to be exchanged. If the manager believes that it is probable that the proposed transaction or a higher value transaction will be consummated, the Fund may purchase shares of the target company. The manager uses investment strategies designed to minimize market exposure, including short selling and purchasing and selling options. In particular, the manager may engage in selling securities short when the terms of a proposed acquisition call for the exchange of common shares and/or other securities. If a transaction is consummated, the Fund will then exchange the securities of the target company which it has accumulated for the securities issued by the acquiring company and may cover its short position, if any, with the securities so received. Alternatively, where cash is being offered as consideration, shares of the target company purchased in the open market will normally be tendered as cash to the acquiring company. Transactions in listed stock options may also be used to hedge long and short positions. These hedging transactions are intended to reduce the risk of loss to the Fund in certain exchange offers and mergers. If, after a Fund has established a position, it appears that the transaction is proceeding contrary to expectations, the Fund may take its profits or losses or attempt to minimize potential losses by liquidating its long positions and covering any short positions. Additionally, a Fund may engage in short selling of the target company's shares if the manager determines that there is a likelihood that the merger or other transaction will fail to be consummated. A portion of the Fund's holdings may be in the form of cash or cash equivalents, and from time to time the Fund may invest the majority of its assets in cash or cash equivalents.
INCEPTION DATE	For Class B and Class F: October 31, 2013; Class V: January 10, 2020
FUND STRUCTURE	Open-ended Trust
FUND CODES	Class B: PIC 1808; Class F: PIC 1801; Class V: PIC 1805
BASE CURRENCY	Canadian Dollar
BENCHMARK	HFRI ED Merger Arbitrage Index (Hedged to CAD)
PRODUCT AUM	$28.9 Million
STRATEGY AUM	$1237.9 Million
CIFSC CLASSIFICATION	Alternative Market Neutral
MINIMUM INVESTMENTS	Initial: $25,000 Subsequent: $1,000
DISTRIBUTIONS	Annually in December. All distributions paid will be automatically reinvested in additional units.

RISK RATING	Low
FEES	**Management Fee**: Class B: 1.50%; Class F: 1.00%; Class V: 1.00% **Performance Fee**: 15% with a perpetual high watermark. Performance fee crystallization is quarterly. **MER[1]**: As at December 31, 2024, Class B: 2.31%; Class F: 1.99% [1] This does not include fees paid to advisor.
NAV CALCULATION FREQUENCY	Monthly
LOCKUPS & REDEMPTIONS	The fund does not soft-gate or hard-gate redemptions. The fund does not require a notice period for redemptions.
SERVICE PROVIDERS	For the Picton Mahoney Arbitrage Fund: • Auditor: PricewaterhouseCoopers LLP • Administrator: RBC Investor Services Trust • Valuation Agent: RBC Investor Services Trust • Prime Broker: TD Securities Inc. • Registrar: RBC Investor Services Trust • Legal Counsel: Osler, Hoskin & Harcourt LLP

WHAT MAKES US DIFFERENT?

THE FUND

- The fund allows investors to access a unique source of return and aims to achieve low beta to equities, and aims to avoid large drawdowns.
- The fund has two pillars: merger and acquisition equities (merger arbitrage) and Special Purpose Acquisition Companies (SPACs), which are actively managed based on the opportunity set. The flexibility to increase or decrease weights between both pillars based on the best risk/reward potential is integral to the strategy and is unique in the marketplace.
- Due to the nature of the strategy, returns are primarily capital gains. The strategy also has a low sensitivity to rising rates, unlike most fixed income and dividend-yielding securities.
- PMAM's portfolio management team has over 15 years of experience developing and managing innovative investment strategies for our clients. PMAM's investment solutions manage risk exposures to help investors maximize their overall returns for the level of risk they are comfortable accepting. Our differentiated investment process combines discipline with stringent risk controls to enhance risk-adjusted returns through all market cycles. Our process has been especially important during more uncertain market environments.
- Our investment results reflect the unique blending of Fundamental and Quantitative research.

USEFUL LINKS[2]	KYP Contents
FUND PROFILE	• Trailing Performance • Exposure data • Geographic breakdown • Sector Breakdown • Risk/Reward Analysis
MEET THE PORTFOLIO MANAGERS	• Find out more about our thought-leaders
OUR MERGER ARBITRAGE OUTLOOK	• Learn about our house-views and economic outlook

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

Disclosure