

FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND



**THINK AHEAD.
STAY AHEAD.**

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MANAGEMENT'S RESPONSIBILITY STATEMENT

The accompanying financial statements have been prepared by Picton Mahoney Asset Management, the Manager of the Picton Mahoney Fortified Active Extension Alternative Fund (the "Fund"). The Manager is responsible for all of the information and representations contained in these financial statements.

The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgements. Management maintains appropriate processes to ensure that relevant and reliable financial information is produced.

Picton Mahoney Asset Management

Toronto, Ontario

August 29, 2023

NOTICE TO UNITHOLDERS

The auditor of the Fund has not reviewed these financial statements.

Picton Mahoney Asset Management, the Manager of the Fund, appoints an independent auditor to audit the Fund's annual financial statements.

Applicable securities laws require that if an auditor has not reviewed the Fund's interim financial statements, this must be disclosed in an accompanying notice.

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

STATEMENTS OF FINANCIAL POSITION

As at June 30, 2023 (unaudited) and December 31, 2022

	June 30, 2023 \$	December 31, 2022 \$
Assets		
Current assets		
Long positions at fair value*	92,616,745	88,811,703
Cash	7,859,987	6,686,457
Options purchased*	483,769	379,212
Due from Manager	4,320	53,460
Subscriptions receivable	65,574	12,677
Receivable for investments sold	202,905	119,261
Dividends receivable	117,299	101,585
Interest and other receivable	25,999	-
	<u>101,376,598</u>	<u>96,164,355</u>
Liabilities		
Current liabilities		
Short positions at fair value**	25,965,185	25,147,742
Options written**	303,626	252,845
Cash overdraft	6,155,566	6,214,019
Management fee payable	190,379	42,540
Redemptions payable	38,527	10,465
Accrued liabilities	114,517	112,335
Payable for investments purchased	641,679	129,900
Interest payable	851	851
Dividends payable	31,629	24,540
Distributions payable	-	119,988
	<u>33,441,959</u>	<u>32,055,225</u>
Net Assets Attributable to Holders of Redeemable Units	<u>67,934,639</u>	<u>64,109,130</u>
Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	7,848,218	7,240,447
Class F	40,144,762	34,101,760
Class I	1,119,455	1,043,307
Class O****	7,230	-
Class ETF	18,814,974	21,723,616
Number of Redeemable Units Outstanding		
Class A	498,022	487,935
Class F	2,437,106	2,209,921
Class I	61,380	61,380
Class O****	700	-
Class ETF	1,205,000	1,485,000
Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	15.76	14.84
Class F	16.47	15.43
Class I	18.24	17.00
Class O****	10.33	-
Class ETF***	15.61	14.63
	<u>83,604,429</u>	<u>83,153,850</u>
	<u>(27,515,980)</u>	<u>(28,627,834)</u>
	<u>15.64</u>	<u>14.66</u>

* Long positions, at cost

** Short positions, at cost

*** Closing Market Price (TSX)

**** Class O units were first issued on May 4, 2023.

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Manager

David Picton

Arthur Galloway




President

CFO

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the six month periods ended June 30 (unaudited)

	2023 \$	2022 \$
Income		
Net gains (losses) on investments and derivatives		
Interest for distribution purposes	138,665	8,973
Dividends	1,040,403	915,781
Net realized gain (loss) on investments and options	2,945,785	4,895,841
Change in unrealized appreciation (depreciation) on investments and options	1,515,139	(13,828,343)
Interest and borrowing expense	(256,309)	(115,990)
Dividend expense	(349,011)	(298,639)
	<u>5,034,672</u>	<u>(8,422,377)</u>
Net gains (losses) on investments and derivatives		
Other income		
Foreign currency gain (loss) on cash and other assets and liabilities	94,076	(4,808)
	<u>5,128,748</u>	<u>(8,427,185)</u>
Total Income		
Expenses		
Management fees	382,974	390,875
Transaction costs	256,767	353,691
Administrative fees	53,266	55,233
Securityholder reporting fees	20,566	24,973
Legal fees	18,622	28,634
Withholding taxes	13,263	15,752
Audit fees	6,040	6,136
Independent review committee expense	3,511	4,909
Performance fees	39	-
	<u>755,048</u>	<u>880,203</u>
Total expense before manager absorption	755,048	880,203
Less expenses absorbed by manager	(41,269)	(50,350)
Total expense after manager absorption	<u>713,779</u>	<u>829,853</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	<u>4,414,969</u>	<u>(9,257,038)</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	453,922	(1,190,581)
Class F	2,385,520	(5,522,145)
Class I	76,148	(148,615)
Class O****	230	-
Class ETF	1,499,149	(2,395,697)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	0.94	(2.37)
Class F	1.02	(2.00)
Class I	1.24	(2.43)
Class O****	0.33	-
Class ETF	1.07	(2.15)

**** Class O units were first issued on May 4, 2023.

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the six month periods ended June 30 (unaudited)

	2023 \$	2022 \$
Net Assets Attributable to Holders of Redeemable Units at Beginning of Period		
Class A	7,240,447	7,565,143
Class F	34,101,760	51,104,692
Class I	1,043,307	1,102,784
Class O****	-	-
Class ETF	21,723,616	20,813,864
	<u>64,109,130</u>	<u>80,586,483</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
Class A	453,922	(1,190,581)
Class F	2,385,520	(5,522,145)
Class I	76,148	(148,615)
Class O****	230	-
Class ETF	1,499,149	(2,395,697)
	<u>4,414,969</u>	<u>(9,257,038)</u>
Redeemable Unit Transactions		
Proceeds from redeemable units issued		
Class A	1,011,923	1,819,849
Class F	9,540,371	7,481,800
Class I	-	-
Class O****	7,000	-
Class ETF	4,693,947	5,499,013
	<u>15,253,241</u>	<u>14,800,662</u>
Redemption of redeemable units		
Class A	(858,074)	(965,298)
Class F	(5,882,889)	(23,132,413)
Class I	-	-
Class O****	-	-
Class ETF	(9,101,738)	(8,975,473)
	<u>(15,842,701)</u>	<u>(33,073,184)</u>
Net Increase (Decrease) from Redeemable Unit Transactions	<u>(589,460)</u>	<u>(18,272,522)</u>
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	<u>3,825,509</u>	<u>(27,529,560)</u>
Net Assets Attributable to Holders of Redeemable Units at End of Period		
Class A	7,848,218	7,229,113
Class F	40,144,762	29,931,934
Class I	1,119,455	954,169
Class O****	7,230	-
Class ETF	18,814,974	14,941,707
	<u>67,934,639</u>	<u>53,056,923</u>

**** Class O units were first issued on May 4, 2023.

STATEMENTS OF CASH FLOWS

For the six month periods ended June 30 (unaudited)

	2023 \$	2022 \$
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable units	4,414,969	(9,257,038)
Adjustments for:		
Unrealized foreign exchange (gain) loss on cash	(373,203)	(3,814)
Net realized (gain) loss on investments and options	(2,945,785)	(4,895,841)
Change in unrealized (appreciation) depreciation on investments and options	(1,515,139)	13,828,343
(Increase) decrease in due from manager	49,140	67,550
(Increase) decrease in interest and other receivables	(25,999)	-
(Increase) decrease in dividends receivable	(15,714)	45,753
Increase (decrease) in dividends payable	7,089	520
Increase (decrease) in other payable and accrued liabilities	150,021	143,795
Purchase of long positions and repurchases of investments sold short	(69,719,123)	(106,602,458)
Proceeds from sales of long positions and on investments sold short	<u>71,566,807</u>	<u>126,331,577</u>
Net cash generated (used) by operating activities	<u>1,593,063</u>	<u>19,658,387</u>
Cash Flows from Financing Activities		
Distributions to holders of redeemable units, net of reinvested distributions	(119,988)	-
Proceeds from redeemable units issued	15,022,983	14,508,823
Amount paid on redemption of redeemable units	(15,637,278)	(32,793,415)
Net cash generated (used) by financing activities	<u>(734,283)</u>	<u>(18,284,592)</u>
Unrealized foreign exchange gain (loss) on cash	373,203	3,814
Net increase (decrease) in cash	858,780	1,373,795
Cash, beginning of period	472,438	(855,391)
Cash, end of period	<u>1,704,421</u>	<u>522,218</u>
Cash	7,859,987	522,218
Cash overdraft	(6,155,566)	-
Net Cash (Overdraft)	<u>1,704,421</u>	<u>522,218</u>
Items Classified as Operating Activities:		
Interest received, net of withholding tax	138,665	8,973
Dividends received, net of withholding tax	1,011,426	945,782
Interest and borrowing expense paid	(256,309)	(115,990)
Dividends paid	<u>(341,922)</u>	<u>(298,119)</u>

Net of non-cash transfers and switches of \$177,361 (2022 - \$284,516)

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2023 (unaudited)

CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
LONG POSITIONS (137.0%)					Canadian Equities (96.5%)				
Energy (14.2%)					Industrial (15.6%)				
	23,600	Advantage Energy Ltd.	203,760	204,140	14,400	Osisko Gold Royalties Ltd.	268,356	293,184	
	11,200	Cameco Corp.	341,663	464,688	4,300	Pan American Silver Corp.	92,990	82,990	
	19,100	Canadian Natural Resources Ltd.	1,380,613	1,422,568	21,343	Pan American Silver Corp., Rights, 2029-02-22	19,159	14,406	
	43,200	Enbridge Inc.	2,116,115	2,127,160	22,400	Prime Mining Corp.	83,213	40,096	
	24,200	Encore Energy Corp.	72,600	77,440	8,700	Prime Mining Corp., Warrants, 2024-04-27	-	-	
	39,000	Encore Energy Corp., Warrants, 2026-02-14	-	-	19,261	Solaris Resources Inc.	150,347	114,025	
	12,400	Enerplus Corp.	258,326	238,080	9,800	Teck Resources Ltd.	557,876	546,252	
	50,784	Freehold Royalties Ltd.	525,917	682,537	2,550	West Fraser Timber Co., Ltd.	273,392	290,216	
	5,100	Imperial Oil Ltd.	357,659	345,678	1,300	Wheaton Precious Metals Corp.	70,422	74,477	
	55,784	MEG Energy Corp.	751,833	1,171,464			7,769,813	7,920,192	
	15,200	NexGen Energy Ltd.	90,877	95,000	Consumer Discretionary (3.9%)				
	9,300	North American Construction Group Ltd.	140,628	235,755	3,600	Ag Growth International Inc.	194,310	182,412	
	10,400	Parkland Corp.	322,657	343,200	5,400	Air Canada	132,415	134,946	
	3,300	Pembina Pipeline Corp.	149,720	137,445	12,600	ATS Corp.	520,198	767,970	
	29,578	Suncor Energy Inc.	1,227,256	1,149,401	7,300	Badger Infrastructure Solutions Ltd.	216,856	196,370	
	13,100	Tidewater Midstream and Infrastructure Ltd., Warrants, 2024-08-16	1,311	524	3,200	Bombardier Inc.	115,853	208,992	
	15,500	Tourmaline Oil Corp.	789,112	967,510	1,450	Boyd Group Services Inc.	246,750	366,488	
			8,730,047	9,662,590	2,730	Canadian National Railway Co.	423,758	437,947	
Materials (11.7%)					32,350	Canadian Pacific Kansas City Ltd.	2,946,785	3,461,450	
	11,500	Agnico Eagle Mines Ltd.	732,031	760,725	40,400	Exro Technologies Inc.	90,900	86,860	
	49,300	Aris Mining Corp., Warrants, 2025-07-29	-	10,846	6,747	Thomson Reuters Corp.	816,617	1,206,768	
	28,300	Atex Resources Inc.	44,490	24,055	8,101	Toromont Industries Ltd.	818,854	881,632	
	9,800	Canfor Corp.	230,639	233,044	9,150	Waste Connections Inc.	1,392,093	1,732,370	
	4,146	CCL Industries Inc.	265,203	269,988	5,325	WSP Global Inc.	787,183	931,982	
	22,300	Centerra Gold Inc.	179,560	177,062			8,702,572	10,596,187	
	43,800	First Quantum Minerals Ltd.	1,091,971	1,372,692	Consumer Staples (2.3%)				
	8,100	Franco-Nevada Corp.	1,442,566	1,529,361	3,410	BRP Inc.	319,173	381,886	
	52,900	Frontier Lithium Inc.	126,774	98,923	3,000	Dollarama Inc.	249,495	269,160	
	14,850	Frontier Lithium Inc., Warrants, 2025-11-08	-	-	16,600	Park Lawn Corp.	436,107	403,878	
	38,888	Hudbay Minerals Inc.	270,494	246,939	8,000	Pet Valu Holdings Ltd.	244,911	243,200	
	9,600	I-80 Gold Corp.	26,496	28,257	9,220	Restaurant Brands International Inc.	765,814	946,986	
	4,800	I-80 Gold Corp., Warrants, 2024-04-01	-	-	6,239	Spin Master Corp.	270,894	218,677	
	14,706	K92 Mining Inc.	92,916	84,560	4,200	Uni-Select Inc.	104,354	197,610	
	19,349	Karora Resources Inc.	71,435	78,363			2,390,748	2,661,397	
	9,400	Lithium Americas Corp.	271,040	252,014	Health Care (0.2%)				
	26,000	Major Drilling Group International Inc.	203,147	237,640	15,000	Alimentation Couche-Tard Inc.	816,864	1,018,950	
	103,200	Marathon Gold Corp.	110,536	83,592	3,400	George Weston Ltd.	466,119	532,508	
	42,850	Marathon Gold Corp., Warrants, 2024-09-20	3,516	-	5,050	TPCO Holding Corp., Warrants, 2026-01-15	1,318	134	
	9,100	NGEx Minerals Ltd.	49,987	65,884			1,284,301	1,551,592	
	7,400	Nutrien Ltd.	728,509	578,754					
	125,600	OceanaGold Corp.	312,748	327,816	20,800	HEXO Corp., Warrants	-	-	
	6,833	Osisko Development Corp., Warrants, 2027-03-02	-	4,031	5,500	HEXO Corp., Warrants, 2025-05-21	-	-	
					52,816	Kneat.com Inc.	160,145	156,335	

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2023 (unaudited)

CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
SHORT POSITIONS (-38.7%)									
Canadian Equities (-14.3%)									
Energy (-1.7%)									
	(17,300)	Baytex Energy Corp.	(105,526)	(74,736)		(1,500)	Definity Financial Corp.	(53,096)	(52,725)
	(11,700)	Birchcliff Energy Ltd.	(104,398)	(91,728)		(3,600)	Great-West Lifeco Inc.	(138,198)	(138,492)
	(6,700)	Cenovus Energy Inc.	(155,099)	(150,750)		(1,300)	IGM Financial Inc.	(50,131)	(52,429)
	(17,500)	Headwater Exploration Inc.	(114,130)	(111,125)		(3,400)	Laurentian Bank of Canada	(111,658)	(112,404)
	(5,800)	Kelt Exploration Ltd.	(29,646)	(32,422)		(6,300)	Manulife Financial Corp.	(164,245)	(157,752)
	(3,600)	Keyera Corp.	(110,705)	(109,980)		(2,050)	National Bank of Canada	(200,635)	(202,335)
	(5,000)	Paramount Resources Ltd.	(160,105)	(144,000)				<u>(791,986)</u>	<u>(789,841)</u>
	(2,900)	Parex Resources Inc.	(57,775)	(77,024)	Information Technology (-0.2%)				
	(3,600)	Peyto Exploration & Development Corp.	(44,928)	(39,456)		(6,500)	Converge Technology Solutions Corp.	(41,048)	(20,800)
	(3,700)	PrairieSky Royalty Ltd.	(78,459)	(85,692)		(6,000)	Copperleaf Technologies Inc.	(99,648)	(34,200)
	(20,100)	Tamarack Valley Energy Ltd.	(80,081)	(64,521)		(1,900)	Enghouse Systems Ltd.	(65,651)	(61,161)
	(4,400)	Topaz Energy Corp.	(82,804)	(90,772)				<u>(206,347)</u>	<u>(116,161)</u>
	(1,300)	Vermilion Energy Inc.	(25,775)	(21,476)	Communication Services (-0.3%)				
	(3,400)	Whitecap Resources Inc.	(36,744)	(31,518)		(2,300)	BCE Inc.	(141,681)	(138,912)
			<u>(1,186,175)</u>	<u>(1,125,200)</u>		(1,050)	Cogeco Communications Inc.	(102,666)	(74,225)
								<u>(244,347)</u>	<u>(213,137)</u>
Materials (-0.8%)					Utilities (-0.5%)				
	(11,400)	Artemis Gold Inc.	(76,084)	(54,264)		(3,300)	Algonquin Power & Utilities Corp.	(37,378)	(36,135)
	(6,600)	Equinox Gold Corp.	(54,819)	(40,062)		(2,000)	Brookfield Infrastructure Corp.	(115,264)	(120,820)
	(1,400)	ERO Copper Corp.	(32,854)	(37,520)		(1,800)	Brookfield Renewable Corp.	(80,457)	(75,222)
	(7,000)	First Majestic Silver Corp.	(103,674)	(52,430)		(750)	Fortis Inc.	(43,731)	(42,818)
	(9,400)	I-80 Gold Corp.	(35,096)	(28,012)		(4,200)	Superior Plus Corp.	(40,482)	(39,858)
	(3,200)	Interfor Corp.	(98,511)	(79,936)				<u>(317,312)</u>	<u>(314,853)</u>
	(11,000)	Lundin Mining Corp.	(115,458)	(114,180)	Real Estate (-0.3%)				
	(8,000)	New Found Gold Corp.	(62,829)	(52,720)		(2,400)	Allied Properties Real Estate Investment Trust	(66,111)	(52,128)
	(11,500)	New Pacific Metals Corp.	(60,493)	(33,005)		(3,000)	Artis Real Estate Investment Trust	(27,967)	(21,690)
	(2,000)	Sandstorm Gold Ltd.	(16,500)	(13,580)		(5,100)	Dream Office Real Estate Investment Trust	(90,101)	(65,994)
	(6,000)	Wesdome Gold Mines Ltd.	(51,613)	(41,400)		(1,500)	SmartCentres Real Estate Investment Trust	(47,024)	(36,435)
			<u>(707,931)</u>	<u>(547,109)</u>				<u>(231,203)</u>	<u>(176,247)</u>
Industrial (-0.1%)					Index Equivalents (-8.6%)				
	(5,700)	Aecon Group Inc.	(89,769)	(70,509)		(14,800)	Horizon S&P/TSX 60 Index ETF	(719,483)	(745,920)
	(3,300)	Ballard Power Systems Inc.	(26,705)	(19,140)		(166,400)	iShares S&P/TSX 60 Index ETF	(5,230,258)	(5,113,472)
			<u>(116,474)</u>	<u>(89,649)</u>				<u>(5,949,741)</u>	<u>(5,859,392)</u>
Consumer Discretionary (-0.2%)					Total Canadian Equities - Short				
	(900)	Canadian Tire Corp. Ltd.	(148,119)	(163,008)				(10,286,388)	(9,690,942)
Consumer Staples (-0.4%)					Global Equities (-24.0%)				
	(750)	Loblaw Cos Ltd.	(76,948)	(90,960)	United States Equities (-10.7%)				
	(1,300)	Maple Leaf Foods Inc.	(32,938)	(33,644)		(525)	3M Co.	(101,157)	(69,533)
	(1,950)	Metro Inc.	(133,286)	(145,899)		(725)	AGCO Corp.	(112,552)	(126,078)
	(613)	Saputo Inc.	(19,291)	(18,194)		(300)	Airbnb Inc.	(45,707)	(50,876)
			<u>(262,463)</u>	<u>(288,697)</u>		(600)	Akero Therapeutics Inc.	(29,732)	(37,069)
Health Care (0.0%)						(655)	American Express Co.	(139,851)	(150,983)
	(10,925)	Aurora Cannabis Inc.	(124,290)	(7,648)		(155)	Amgen Inc.	(58,564)	(45,537)
Financials (-1.2%)									
	(600)	Bank of Nova Scotia	(39,876)	(39,768)					
	(600)	Canadian Imperial Bank of Commerce	(34,147)	(33,936)					

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2023 (unaudited)

CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	(430)	Apple Inc.	(89,210)	(110,368)		(530)	Jack Henry & Associates Inc.	(116,213)	(117,352)
	(600)	Aramark	(32,269)	(34,179)		(100)	JB Hunt Transport Services Inc.	(23,248)	(23,955)
	(775)	Ares Management Corp.	(84,908)	(98,808)		(1,500)	Juniper Networks Inc.	(59,855)	(62,186)
	(900)	Atlantic Union Bankshares Corp.	(33,732)	(30,904)		(2,000)	Kennametal Inc.	(84,660)	(75,134)
	(1,955)	Avangrid Inc.	(116,822)	(97,476)		(100)	Kinsale Capital Group Inc.	(44,404)	(49,516)
	(1,900)	Bank OZK	(88,738)	(100,969)		(105)	KLA Corp.	(57,914)	(67,389)
	(1,400)	Bed Bath & Beyond Inc.	(34,061)	(509)		(4,600)	Macerich Co.	(89,347)	(68,599)
	(1,100)	Bloom Energy Corp.	(30,817)	(23,799)		(500)	Morgan Stanley	(57,655)	(56,502)
	(3,000)	Blue Owl Capital Inc.	(45,138)	(46,247)		(700)	MSC Industrial Direct Co Inc.	(86,470)	(88,255)
	(825)	Bristol-Myers Squibb Co.	(77,979)	(69,813)		(450)	Mueller Industries Inc.	(50,882)	(51,972)
	(3,000)	BRP Group Inc.	(103,214)	(98,370)		(300)	NetApp Inc.	(28,403)	(30,329)
	(3,700)	Cadence Bank	(105,398)	(96,157)		(700)	Nevro Corp.	(41,826)	(23,546)
	(400)	Carvana Co.	(24,118)	(13,719)		(2,300)	Newmont Corp.	(175,620)	(129,834)
	(390)	Caterpillar Inc.	(122,192)	(126,978)		(450)	Nucor Corp.	(88,196)	(97,643)
	(200)	Cboe Global Markets Inc.	(36,533)	(36,524)		(225)	Okta Inc.	(43,104)	(20,648)
	(675)	CBRE Group Inc.	(70,557)	(72,089)		(700)	ONEOK Inc.	(54,567)	(57,169)
	(495)	CH Robinson Worldwide Inc.	(66,982)	(61,800)		(925)	Ormat Technologies Inc.	(91,308)	(98,483)
	(200)	Charter Communications Inc.	(103,247)	(97,224)		(525)	Packaging Corp. of America	(94,177)	(91,812)
	(800)	Cincinnati Financial Corp.	(115,608)	(103,022)		(2,700)	Palantir Technologies Inc.	(51,813)	(54,770)
	(1,200)	Cloudflare Inc.	(92,892)	(103,800)		(3,100)	Pebblebrook Hotel Trust	(57,427)	(57,183)
	(725)	Coinbase Global Inc.	(58,094)	(68,641)		(1,450)	Pfizer Inc.	(83,178)	(70,378)
	(1,200)	Confluent Inc.	(67,008)	(56,068)		(2,350)	Plug Power Inc.	(46,170)	(32,309)
	(1,300)	CubeSmart	(78,358)	(76,825)		(350)	PNC Financial Services Group Inc.	(60,058)	(58,332)
	(80)	Cummins Inc.	(22,864)	(25,952)		(800)	Polaris Inc.	(118,392)	(128,016)
	(400)	Digital Realty Trust Inc.	(54,531)	(60,271)		(1,700)	Procure Technologies Inc.	(124,697)	(146,376)
	(390)	DocuSign Inc.	(104,603)	(26,366)		(500)	Qualys Inc.	(79,296)	(85,462)
	(900)	Editas Medicine Inc.	(53,353)	(9,801)		(750)	Realty Income Corp.	(62,108)	(59,337)
	(750)	Edwards Lifesciences Corp.	(77,447)	(93,616)		(3,100)	Regions Financial Corp.	(68,150)	(73,099)
	(1,100)	eHealth Inc.	(77,596)	(11,703)		(150)	Repligen Corp.	(33,055)	(28,078)
	(1,500)	Endeavor Group Holdings Inc.	(45,599)	(47,478)		(150)	Roku Inc.	(15,194)	(12,695)
	(1,310)	Enerpac Tool Group Corp.	(37,614)	(46,803)		(2,000)	RXO Inc.	(50,894)	(59,996)
	(115)	Enphase Energy Inc.	(34,517)	(25,486)		(440)	Silicon Laboratories Inc.	(85,499)	(91,840)
	(600)	Etsy Inc.	(88,472)	(67,176)		(3,500)	SoFi Technologies Inc.	(40,495)	(38,625)
	(2,500)	Extreme Networks Inc.	(80,250)	(86,176)		(1,450)	Southern Copper Corp.	(139,903)	(137,648)
	(75)	FactSet Research Systems Inc.	(39,094)	(39,762)		(525)	Steel Dynamics Inc.	(75,850)	(75,674)
	(5,500)	FuboTV Inc.	(59,547)	(15,138)		(1,400)	Sunrun Inc.	(51,073)	(33,086)
	(4,100)	FuelCell Energy Inc.	(51,646)	(11,719)		(1,300)	Synchrony Financial	(55,465)	(58,350)
	(300)	GameStop Corp.	(16,128)	(9,627)		(745)	T Rowe Price Group Inc.	(118,543)	(110,431)
	(330)	GATX Corp.	(40,318)	(56,217)		(1,500)	Tattooed Chef Inc.	(32,539)	(1,084)
	(1,075)	General Mills Inc.	(121,137)	(109,105)		(8,100)	Tellurian Inc.	(21,636)	(15,113)
	(600)	Gilead Sciences Inc.	(71,044)	(61,189)		(1,100)	Terex Corp.	(86,584)	(87,086)
	(300)	Gitlab Inc.	(20,649)	(20,289)		(1,300)	Terreno Realty Corp.	(109,293)	(103,385)
	(1,000)	HashiCorp Inc.	(43,610)	(34,642)		(285)	Tesla Inc.	(71,044)	(98,720)
	(2,200)	Hawaiian Holdings Inc.	(57,385)	(31,353)		(610)	Texas Instruments Inc.	(140,111)	(145,308)
	(550)	Henry Schein Inc.	(51,413)	(59,023)		(200)	Travelers Cos Inc.	(48,784)	(45,959)
	(1,900)	HNI Corp.	(91,523)	(70,849)		(250)	Universal Health Services Inc.	(44,255)	(52,192)
	(2,000)	HP Inc.	(80,540)	(81,273)		(1,200)	US Bancorp	(52,170)	(52,464)
	(4,200)	Hyllion Holdings Corp.	(49,813)	(9,281)		(425)	Valero Energy Corp.	(65,327)	(65,967)
	(160)	Illinois Tool Works Inc.	(50,135)	(52,964)		(1,800)	Viatrix Inc.	(35,296)	(23,771)
	(3,600)	Inovio Pharmaceuticals Inc.	(40,946)	(2,127)		(350)	VMware Inc.	(56,196)	(66,548)
	(1,200)	Intel Corp.	(73,823)	(53,099)		(1,200)	Vornado Realty Trust	(39,198)	(28,804)
	(200)	International Business Machines Corp.	(35,607)	(35,413)		(1,400)	Warner Music Group Corp.	(58,868)	(48,333)
						(1,500)	Werner Enterprises Inc.	(85,249)	(87,691)
						(2,225)	Western Union Co.	(63,589)	(34,536)

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2023 (unaudited)

CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/ units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	(320)	Williams-Sonoma Inc.	(55,163)	(52,989)		(3,300)	iShares MSCI Emerging Markets ETF	(186,397)	(172,747)
	(900)	Wolfspeed Inc.	(82,771)	(66,203)		(6,700)	SPDR Industrial Select Sector Fund	(857,401)	(951,469)
	(150)	Zebra Technologies Corp.	(58,211)	(58,718)		(900)	SPDR S&P Metals & Mining ETF	(62,056)	(60,522)
	(2,000)	Zions Bancorp NA	(78,226)	(71,085)		(1,400)	SPDR S&P Retail ETF	(131,624)	(118,099)
	(1,600)	ZoomInfo Technologies Inc.	(55,362)	(53,755)				(7,949,095)	(8,284,575)
			(7,881,623)	(7,239,983)			Total Global Equities - Short	(16,619,613)	(16,274,243)
		International Equities (-1.1%)					Options (-0.4%)		
	(2,900)	Antofagasta PLC	(68,697)	(71,278)			Total Written Options - Refer to Appendix A	(590,968)	(303,626)
	(1,550)	BHP Group Ltd.	(134,613)	(122,385)			Transaction Costs	(19,011)	-
	(525)	Check Point Software Technologies Ltd.	(85,201)	(87,268)			Total Short Positions	(27,515,980)	(26,268,811)
	(515)	Chubb Ltd.	(138,102)	(131,224)			TOTAL INVESTMENT PORTFOLIO (98.3%)	56,088,449	66,831,703
	(6,800)	Gold Fields Ltd.	(141,390)	(124,443)			Other Assets Net of Liabilities (1.7%)		1,102,936
	(3,200)	Invesco Ltd.	(78,489)	(71,180)			TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (100.0%)		67,934,639
	(1,400)	Rio Tinto PLC	(128,625)	(118,266)					
	(4,000)	Whitehaven Coal Ltd.	(13,778)	(23,641)					
			(788,895)	(749,685)					
		International Index Equivalents (-12.2%)							
	(2,400)	Invesco QQQ Trust Series 1	(1,136,170)	(1,173,196)					
	(1,480)	iShares 20+ Year Treasury Bond ETF	(221,637)	(201,597)					
	(8,900)	iShares Core S&P 500 ETF	(4,972,235)	(5,249,059)					
	(2,450)	iShares iBoxx \$ High Yield Corporate Bond ETF	(267,448)	(243,373)					
	(1,000)	iShares JP Morgan USD Emerging Markets Bond ETF	(114,127)	(114,513)					

*CCY denotes local currency of debt security

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

APPENDIX A

OPTIONS (0.3%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Activision Blizzard Inc.	Call Option	6	\$90	August, 2023	1,441	1,620
Activision Blizzard Inc.	Call Option	2	\$95	August, 2023	166	109
Aritzia Inc.	Call Option	72	\$38	July, 2023	13,644	9,900
Aritzia Inc.	Call Option	22	\$42	July, 2023	1,892	1,177
AT&T Inc.	Call Option	179	\$16	July, 2023	7,383	3,908
Centerra Gold Inc.	Call Option	191	\$9	August, 2023	6,064	2,292
Centerra Gold Inc.	Call Option	67	\$11	August, 2023	771	268
Chicago Board Options Exchange	Call Option	122	\$22	August, 2023	23,155	13,561
Chicago Board Options Exchange	Call Option	138	\$24	September, 2023	36,055	22,917
First Quantum Minerals Ltd.	Call Option	98	\$34	September, 2023	11,858	12,495
First Quantum Minerals Ltd.	Call Option	103	\$36	July, 2023	7,313	1,185
First Quantum Minerals Ltd.	Call Option	49	\$40	September, 2023	1,262	1,127
Impinj Inc.	Call Option	13	\$110	September, 2023	10,125	6,365
iShares 20+ Year Treasury	Call Option	119	\$104	July, 2023	8,506	12,204
iShares S&P/TSX Capped Financials Index ETF	Call Option	243	\$45	August, 2023	9,416	20,655
iShares S&P-TSX 60 Index ETF	Call Option	699	\$31	July, 2023	8,039	39,144
National Bank Of Canada	Call Option	38	\$100	July, 2023	2,356	1,672
Progressive Corp.	Call Option	24	\$135	August, 2023	13,443	9,448
SPDR S&P Regional Banking	Call Option	98	\$42	July, 2023	13,985	14,200
Toronto-Dominion Bank	Call Option	107	\$80	July, 2023	4,788	23,754
Trisura Group Ltd.	Call Option	79	\$36	August, 2023	18,407	29,230
Trisura Group Ltd.	Call Option	26	\$42	August, 2023	2,236	2,730
					<u>202,305</u>	<u>229,961</u>
Bank OZK	Put Option	86	\$37	July, 2023	9,144	7,112
Canadian Imperial Bank	Put Option	123	\$55	September, 2023	11,255	11,993
Carvana Co.	Put Option	59	\$13	July, 2023	978	468
Carvana Co.	Put Option	98	\$19	July, 2023	8,670	7,521
Caterpillar Inc.	Put Option	12	\$190	August, 2023	859	484
Caterpillar Inc.	Put Option	29	\$220	August, 2023	13,065	7,406
Invesco QQQ Trust	Put Option	25	\$326	July, 2023	3,096	1,340
Invesco QQQ Trust	Put Option	82	\$350	July, 2023	39,985	18,392
Invesco QQQ Trust	Put Option	123	\$357	July, 2023	10,514	1,465
National Bank Of Canada	Put Option	49	\$90	September, 2023	3,136	2,695
National Bank Of Canada	Put Option	123	\$96	September, 2023	18,327	15,314
S&P 500 Index 3Wk	Put Option	3	\$3,750	October, 2023	10,749	7,225
S&P 500 Index 3Wk	Put Option	6	\$3,800	September, 2023	42,075	8,813
S&P 500 Index 3Wk	Put Option	14	\$3,980	September, 2023	146,059	32,698
S&P 500 Index 3Wk	Put Option	6	\$4,020	August, 2023	13,159	7,622
S&P 500 Index 3Wk	Put Option	9	\$4,100	July, 2023	6,710	2,025
S&P 500 Index 3Wk	Put Option	10	\$4,125	October, 2023	83,541	56,169
S&P 500 Index 3Wk	Put Option	15	\$4,200	August, 2023	61,066	37,713
S&P 500 Index 3Wk	Put Option	24	\$4,230	July, 2023	36,902	9,130
Tesla Inc.	Put Option	44	\$220	July, 2023	21,864	13,362
US Bancorp	Put Option	29	\$25	July, 2023	924	147
US Bancorp	Put Option	95	\$30	July, 2023	12,828	4,714
					<u>554,906</u>	<u>253,808</u>
Total Purchased Options					757,211	483,769
Activision Blizzard Inc.	Written Call Option	(10)	\$90	July, 2023	(1,526)	(1,866)
Aritzia Inc.	Written Call Option	(101)	\$40	July, 2023	(12,019)	(4,545)
AT&T Inc.	Written Call Option	(153)	\$17	July, 2023	(1,562)	(506)
Centerra Gold Inc.	Written Call Option	(134)	\$10	August, 2023	(1,809)	(670)
Centerra Gold Inc.	Written Call Option	(134)	\$10	August, 2023	(2,479)	(1,072)
Chicago Board Options Exchange	Written Call Option	(110)	\$25	August, 2023	(16,125)	(9,170)
Chicago Board Options Exchange	Written Call Option	(38)	\$27	September, 2023	(7,894)	(5,003)

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

APPENDIX A
OPTIONS (0.3%)

Issuer	Option Type	Number of Options	Strike \$	Expiry	Average Cost \$	Fair Value \$
Chicago Board Options Exchange	Written Call Option	(77)	\$29	September, 2023	(27,976)	(8,814)
First Quantum Minerals Ltd.	Written Call Option	(73)	\$36	September, 2023	(5,329)	(5,548)
First Quantum Minerals Ltd.	Written Call Option	(73)	\$38	September, 2023	(2,865)	(3,139)
First Quantum Minerals Ltd.	Written Call Option	(86)	\$38	July, 2023	(2,086)	(430)
Impinj Inc.	Written Call Option	(12)	\$125	September, 2023	(4,866)	(2,501)
iShares 20+ Year Treasury	Written Call Option	(48)	\$105	July, 2023	(2,051)	(2,922)
iShares S&P/TSX Capped Financials Index ETF	Written Call Option	(146)	\$46	August, 2023	(1,387)	(5,767)
iShares S&P-TSX 60 Index ETF	Written Call Option	(250)	\$31	July, 2023	(1,125)	(5,625)
Progressive Corp.	Written Call Option	(19)	\$145	August, 2023	(3,858)	(1,069)
S&P 500 Index 3Wk	Written Call Option	(1)	\$4,575	September, 2023	(2,501)	(6,497)
S&P 500 Index 3Wk	Written Call Option	(2)	\$4,675	October, 2023	(7,956)	(11,168)
SPDR S&P Regional Banking	Written Call Option	(85)	\$44	July, 2023	(5,180)	(5,680)
Tesla Inc.	Written Call Option	(2)	\$305	July, 2023	(1,720)	(1,019)
Toronto-Dominion Bank	Written Call Option	(48)	\$81	July, 2023	(888)	(6,168)
Toronto-Dominion Bank	Written Call Option	(35)	\$84	July, 2023	(333)	(298)
Trisura Group Ltd.	Written Call Option	(64)	\$38	August, 2023	(10,176)	(16,320)
Trisura Group Ltd.	Written Call Option	(46)	\$40	August, 2023	(4,554)	(7,590)
					<u>(128,265)</u>	<u>(113,387)</u>
AT&T Inc.	Written Put Option	(76)	\$14	July, 2023	(968)	(251)
Bank OZK	Written Put Option	(19)	\$30	July, 2023	(3,053)	(251)
Bank OZK	Written Put Option	(63)	\$35	July, 2023	(3,360)	(2,918)
Canadian Imperial Bank	Written Put Option	(110)	\$52	September, 2023	(4,868)	(5,335)
Carvana Co.	Written Put Option	(78)	\$15	July, 2023	(1,862)	(1,548)
Carvana Co.	Written Put Option	(78)	\$17	July, 2023	(4,009)	(3,096)
Caterpillar Inc.	Written Put Option	(22)	\$200	August, 2023	(3,061)	(1,616)
Caterpillar Inc.	Written Put Option	(22)	\$210	August, 2023	(5,480)	(3,100)
Centerra Gold Inc.	Written Put Option	(19)	\$7	July, 2023	(314)	(44)
First Quantum Minerals Ltd.	Written Put Option	(24)	\$24	July, 2023	(1,176)	(85)
Invesco QQQ Trust	Written Put Option	(78)	\$332	July, 2023	(13,361)	(5,728)
Invesco QQQ Trust	Written Put Option	(45)	\$338	July, 2023	(7,453)	(4,585)
Invesco QQQ Trust	Written Put Option	(54)	\$350	July, 2023	(1,397)	(393)
Invesco QQQ Trust	Written Put Option	(78)	\$355	July, 2023	(4,578)	(774)
iShares S&P-TSX 60 Index ETF	Written Put Option	(74)	\$29	July, 2023	(703)	(154)
National Bank Of Canada	Written Put Option	(8)	\$90	July, 2023	(416)	(64)
National Bank Of Canada	Written Put Option	(92)	\$92	September, 2023	(7,084)	(6,256)
National Bank Of Canada	Written Put Option	(92)	\$94	September, 2023	(9,384)	(8,188)
S&P 500 Index 3Wk	Written Put Option	(11)	\$3,860	September, 2023	(87,942)	(18,704)
S&P 500 Index 3Wk	Written Put Option	(7)	\$3,875	October, 2023	(32,816)	(22,045)
S&P 500 Index 3Wk	Written Put Option	(11)	\$3,920	September, 2023	(100,308)	(21,834)
S&P 500 Index 3Wk	Written Put Option	(7)	\$4,000	October, 2023	(43,536)	(29,226)
S&P 500 Index 3Wk	Written Put Option	(11)	\$4,080	August, 2023	(29,310)	(17,321)
S&P 500 Index 3Wk	Written Put Option	(11)	\$4,140	August, 2023	(35,924)	(21,688)
S&P 500 Index 3Wk	Written Put Option	(17)	\$4,150	July, 2023	(16,120)	(4,443)
S&P 500 Index 3Wk	Written Put Option	(17)	\$4,190	July, 2023	(20,172)	(5,118)
SPDR S&P Regional Banking	Written Put Option	(24)	\$36	July, 2023	(206)	(56)
Tesla Inc.	Written Put Option	(2)	\$150	July, 2023	(885)	(33)
Tesla Inc.	Written Put Option	(5)	\$170	July, 2023	(3,857)	(142)
Tesla Inc.	Written Put Option	(4)	\$180	July, 2023	(836)	(169)
Tesla Inc.	Written Put Option	(26)	\$195	July, 2023	(7,321)	(2,150)
Tesla Inc.	Written Put Option	(3)	\$205	July, 2023	(818)	(415)
Toronto-Dominion Bank	Written Put Option	(18)	\$72	July, 2023	(707)	(63)
Trisura Group Ltd.	Written Put Option	(10)	\$33	July, 2023	(640)	(230)
US Bancorp	Written Put Option	(134)	\$28	July, 2023	(8,778)	(2,216)
					<u>(462,703)</u>	<u>(190,239)</u>
Total Written Options					(590,968)	(303,626)

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

FUND SPECIFIC NOTES

As at June 30, 2023 (unaudited)

1. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following table illustrates the classifications of the Fund's financial instruments within the fair value hierarchy as at June 30, 2023 and December 31, 2022.

ASSETS (LIABILITIES) AT FAIR VALUE AS AT JUNE 30, 2023				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	92,315,077	47,353	142,291	92,504,721
Mutual funds - Long	112,024	-	-	112,024
Options - Long	483,769	-	-	483,769
Equities - Short	(11,820,709)	(509)	-	(11,821,218)
Exchange Traded Funds - Short	(14,143,967)	-	-	(14,143,967)
Options - Short	(303,626)	-	-	(303,626)
Total	66,642,568	46,844	142,291	66,831,703

ASSETS (LIABILITIES) AT FAIR VALUE AS AT DECEMBER 31, 2022				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	88,551,460	141,007	119,236	88,811,703
Options - Long	379,212	-	-	379,212
Equities - Short	(12,228,365)	-	-	(12,228,365)
Exchange Traded Funds - Short	(12,919,377)	-	-	(12,919,377)
Options - Short	(252,845)	-	-	(252,845)
Total	63,530,085	141,007	119,236	63,790,328

2. TRANSFERS BETWEEN LEVELS 1 AND 2

The following table presents the transfers between Levels 1 and 2 for securities held at June 30, 2023.

June 30, 2023	Transfer from Level 1 to 2 \$	Transfer from Level 2 to 1 \$
Equities - Long	658	-
	658	-
Equities - Short	(509)	-
	(509)	-

There were no transfers between Levels 1 and 2 for securities held at December 31, 2022.

As of June 30, 2023, the equity securities transferred out of Level 1 relate to positions which were thinly traded on and around the period end, but were actively traded on December 31, 2022.

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

3. RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS

The following table reconciles the Fund's Level 3 fair value measurements of financial instruments for the period ended June 30, 2023 and year ended December 31, 2022.

June 30, 2023	Equities - Long \$	Equities - Short \$	Total \$
Balance at Beginning of period	119,236	-	119,236
Investment purchases during the period	-	-	-
Proceeds from sales during the period	-	-	-
Transfers in during the period	-	-	-
Transfers out during the period	-	-	-
Net realized gain (loss) on sale of investments	-	-	-
Change in unrealized appreciation (depreciation) in value of investments	23,055	-	23,055
Balance at End of period	142,291	-	142,291
Total change in unrealized appreciation (depreciation) for assets held as at June 30, 2023			23,055

December 31, 2022	Equities - Long \$	Equities - Short \$	Total \$
Balance at Beginning of Year	-	-	-
Investment purchases during the year	119,178	-	119,178
Proceeds from sales during the year	-	-	-
Transfers in during the year	-	-	-
Transfers out during the year	-	-	-
Net realized gain (loss) on sale of investments	-	-	-
Change in unrealized appreciation (depreciation) in value of investments	58	-	58
Balance at End of Year	119,236	-	119,236
Total change in unrealized appreciation (depreciation) for assets held as at December 31, 2022			58

For the period ended June 30, 2023 and year ended December 31, 2022, certain securities held long were classified as Level 3. The Fund's long Level 3 securities consist of subscription receipts which were measured at the transaction price as determined at the time of purchase. If there was a 5% increase or decrease in the price of Level 3 securities, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively, by approximately \$7,115 as at June 30, 2023 (December 31, 2022 - \$5,962). Transfers between levels on the fair value hierarchy table are deemed to have occurred at the beginning of the reporting period.

June 30, 2023							
Security Name	Fair Value	Valuation Technique	Unobservable Inputs	Reasonable Shift (+)	Reasonable Shift (-)	Change in Valuation (+)	Change in Valuation (-)
Eagle SPV LP	142,291	Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$7,115	\$(7,115)

December 31, 2022							
Security Name	Fair Value	Valuation Technique	Unobservable Inputs	Reasonable Shift (+)	Reasonable Shift (-)	Change in Valuation (+)	Change in Valuation (-)
Eagle SPV LP	119,236	Discounted cash flow, Enterprise value	Discount rate, peer multiples	5%	5%	\$5,962	\$(5,962)

4. OTHER PRICE RISK

Using Beta as a measure of the relationship of the Fund's performance versus its index, if the S&P/TSX Composite Total Return Index were to increase or decrease by 10%, net assets would have increased or decreased by approximately \$6,341,652 (December 31, 2022 - \$6,409,152). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

The COVID-19 (coronavirus disease) pandemic has caused volatility in global financial markets as well as significant disruptions to global business activity. The continued impact of unanticipated market disruptions, including COVID-19 is uncertain and may exacerbate pre-existing political, social or economic risk, and may disproportionately affect certain issuers, industries or types of securities. Such unanticipated market and economic disruptions, including COVID-19, may be short-term or may last for an extended period of time, and could have effects that cannot necessarily be presently foreseen.

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

5. CURRENCY RISK

Foreign currencies to which the Fund had exposure as at June 30, 2023 and December 31, 2022 were as follows:

FINANCIAL INSTRUMENTS				
June 30, 2023 Currency	Monetary \$	Non-Monetary \$	Total \$	Percentage of Net Assets %
United States Dollar	(3,746,259)	9,873,214	6,126,955	9.0%
European Euro	(194,470)	217,487	23,017	0.0%
British Pound	69,168	(71,278)	(2,110)	0.0%
Australian Dollar	(11,897)	11,871	(26)	0.0%
Net Exposure	(3,883,458)	10,031,294	6,147,836	9.0%

FINANCIAL INSTRUMENTS				
December 31, 2022 Currency	Monetary \$	Non-Monetary \$	Total \$	Percentage of Net Assets %
United States Dollar	(2,519,616)	6,883,108	4,363,492	6.8%
European Euro	10,086	-	10,086	0.0%
British Pound	58,262	(75,570)	(17,308)	0.0%
Australian Dollar	31,596	9,722	41,318	0.1%
Net Exposure	(2,419,672)	6,817,260	4,397,588	6.9%

If the Canadian dollar had strengthened or weakened by 5% in relation to all other currencies held in the investment portfolio, net assets would have decreased or increased by approximately \$307,392 (December 31, 2022 - \$219,879). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

6. INTEREST RATE RISK

Interest rate risk arises on interest-bearing financial instruments held in the investment portfolio such as bonds. As at June 30, 2023 and December 31, 2022, the interest rate risk is minimal given that the majority of the financial instruments held by the Fund are non-interest bearing.

7. CREDIT RISK

Credit risk arises from investments in debt instruments. As at June 30, 2023 and December 31, 2022, the Fund had no direct investments in debt instruments. All counterparties to derivative contracts had a credit rating of A- or higher. All cash is held with a financial institution with a minimum of credit rating A+.

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

8. CONCENTRATION RISK

The table below summarizes the Fund's concentration risk as a percentage of net assets attributable to holders of redeemable units as at June 30, 2023 and December 31, 2022.

Jurisdiction	% of Net Assets	
	June 30, 2023	December 31, 2022
LONG POSITIONS	137.0%	139.1%
Canadian Equities	96.5%	102.7%
Financials	29.1%	31.2%
Industrial	15.6%	16.2%
Energy	14.2%	14.4%
Materials	11.7%	13.4%
Information Technology	8.3%	7.3%
Utilities	4.5%	4.4%
Real Estate	4.5%	4.6%
Consumer Discretionary	3.9%	3.9%
Consumer Staples	2.3%	3.7%
Communication Services	2.0%	3.3%
Health Care	0.2%	0.3%
Investment Funds	0.2%	0.0%
Global Equities	39.8%	35.8%
United States	35.0%	31.3%
International	4.8%	4.5%
Derivatives	0.7%	0.6%
SHORT POSITIONS	-38.7%	-39.6%
Canadian Equities	-14.3%	-15.8%
Index Equivalents	-8.6%	-9.0%
Energy	-1.7%	-1.3%
Financials	-1.2%	-2.3%
Materials	-0.8%	-1.0%
Utilities	-0.5%	-0.3%
Consumer Staples	-0.4%	-0.6%
Communication Services	-0.3%	-0.2%
Real Estate	-0.3%	-0.4%
Consumer Discretionary	-0.2%	-0.3%
Information Technology	-0.2%	-0.2%
Industrial	-0.1%	-0.2%
Global Equities	-24.0%	-23.4%
International Index Equivalents	-12.2%	-11.1%
United States Equities	-10.7%	-11.3%
International Equities	-1.1%	-1.0%
Derivatives	-0.4%	-0.4%

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

9. LIQUIDITY RISK

The table below categorizes the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Amounts due to holders of redeemable units are disclosed as net assets attributable to holders of redeemable units on the statements of financial position and are due on demand.

June 30, 2023 Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Short positions	25,965,185	-	-	25,965,185
Redemptions payable	38,527	-	-	38,527
Accrued liabilities and other payables	-	337,376	-	337,376
Payable for investments purchased	641,679	-	-	641,679
Derivative liabilities	303,626	-	-	303,626
Cash overdraft	6,155,566	-	-	6,155,566

December 31, 2022 Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Short positions	25,147,742	-	-	25,147,742
Distributions payable	119,988	-	-	119,988
Redemptions payable	10,465	-	-	10,465
Accrued liabilities and other payables	-	180,266	-	180,266
Payable for investments purchased	129,900	-	-	129,900
Derivative liabilities	252,845	-	-	252,845
Cash overdraft	6,214,019	-	-	6,214,019

10. FUND UNIT TRANSACTIONS

For the six month periods ended June 30 (unaudited)

	2023					2022			
	Class A	Class F	Class I	Class O****	Class ETF	Class A	Class F	Class I	Class ETF
Units issued and outstanding, beginning of period	487,935	2,209,921	61,380	-	1,485,000	469,830	3,083,775	61,041	1,325,000
Units issued	65,661	590,991	-	700	310,000	117,402	469,230	-	360,000
Units reinvested	-	-	-	-	-	-	-	-	-
Units redeemed	(55,574)	(363,806)	-	-	(590,000)	(62,972)	(1,454,740)	-	(580,000)
Units issued and outstanding, end of period	498,022	2,437,106	61,380	700	1,205,000	524,260	2,098,265	61,041	1,105,000
Weighted average number of units held during the period	484,460	2,341,471	61,380	700	1,401,022	502,336	2,763,876	61,041	1,112,845

**** Class O units were first issued on May 4, 2023.

11. COMMISSIONS

For the six month periods ended June 30 (unaudited) (in \$000)

	2023	2022
Brokerage commissions	257	354
Soft Dollar commissions	31	39

12. TAX LOSS CARRY FORWARDS

As at December 31 (in \$000)

	2022
Net capital losses carry forward	76
Non-capital losses carry forward	-

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

FUND SPECIFIC NOTES (CONTINUED)

13. STRUCTURED ENTITIES

The table below illustrates the Fund's investment in the underlying funds as at June 30, 2023 and December 31, 2022.

Underlying Funds	Fair Value of Fund's Investment (in \$000s)	Underlying Fund's Net Assets (in \$000s)	% of Net Assets of the Underlying Fund
As at June 30, 2023			
Sprott Physical Uranium Trust	112	4,153,850	0.0%

As at December 31, 2022, the Fund did not hold any underlying funds.

14. LEVERAGE

During the six month period ended June 30, 2023, the Fund's aggregate exposure reached a low of 49.77% (year ended December 31, 2022 - 57.12%) and a high of 97.47% (year ended December 31, 2022 - 297.11%) of the Fund's NAV. As at June 30, 2023, the Fund's aggregate exposure was 69.09% (December 31, 2022 - 59.49%) of the Fund's NAV. The primary source of leverage was short positions in equity and fixed income securities.

PICTON MAHONEY FORTIFIED ACTIVE EXTENSION ALTERNATIVE FUND

NOTES TO THE FINANCIAL STATEMENTS

As at June 30, 2023 (unaudited)

1. GENERAL INFORMATION

Picton Mahoney Fortified Active Extension Alternative Fund (the "Fund") is an open-ended mutual fund trust established under the laws of the Province of Ontario pursuant to a trust agreement dated September 19, 2018 (the "Trust Declaration"). The Fund commenced operations on September 21, 2018. Picton Mahoney Asset Management acts as manager (the "Manager"), portfolio advisor (the "Portfolio Advisor"), and trustee (the "Trustee") for the Fund pursuant to the Trust Declaration. The Manager is responsible for the day-to-day business of the Fund, including the management of the Fund's investment portfolio. The address of the Fund's registered office is 33 Yonge Street, Suite 830, Toronto, Ontario, M5E 1G4. The financial statements are presented in Canadian dollars (CAD). These financial statements were authorized for issue by the Manager on August 29, 2023.

On September 21, 2018, 5,001 Class A units, 5,000 Class F units, and 5,000 Class I units of the Fund were issued to the Manager of the Fund, for cash consideration of CAD \$10.00 per unit. These units are not redeemable until an additional \$500,000 has been invested by other investors in the aggregate in the Fund.

The Fund may issue an unlimited number of classes or series and may issue an unlimited number of units of each class or series. The Fund has created Class A, Class F, Class I, Class O, and Class ETF units.

Class A units are available to all investors. Class F units are 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 are available to institutional investors or to other investors on a case-by-case basis, all at the discretion of the Manager. Class O units are available to only investors who have a discretionary managed account with the Manager and make the required minimum initial investment and minimum subsequent investment as determined by the Manager from time to time. Class ETF units are listed and 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.

As at June 30, 2023, the Fund currently has 5 Classes of Units: Class A, Class F, and Class I, Class O, and Class ETF. As at June 30, 2023, the Manager holds 1 unit of Class A and 700 units of Class O.

The investment objective of the Fund is to provide long-term capital appreciation and to provide unitholders with an attractive risk-adjusted rate of return with similar volatility to the traditional equity market by taking long and short investment positions in an actively-managed portfolio comprised primarily of Canadian equity securities. The Fund may also invest in international equity securities, North American and international fixed income securities including high yield securities, derivative instruments, such as options, futures, forward contracts and swaps, securities of investment funds, and cash and cash equivalents. The Fund may engage in physical short sales and/or borrowing for investment purposes.

The Fund is considered an "alternative fund" meaning it has received exemptions from National Instrument 81-102 - Investment Funds ("NI 81-102") to permit it to use strategies generally prohibited by conventional mutual funds, such as the ability to borrow, up to 50% of the Fund's net asset value, cash to use for investment purposes; sell, up to 50% of the Fund's net asset value, securities short (the combined level of cash borrowing and short selling is limited to 50% in aggregate); and leverage up to 300% of the Fund's net asset value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the Fund.

(a) Basis of Preparation

These unaudited interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"), as published by the International Accounting Standards Board. The accounting policies and methods of computation followed in these unaudited interim financial statements are consistent with the most recent annual financial statements for the year ended December 31, 2022. These unaudited interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

(b) Classification

(i) Assets

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

(ii) Liabilities

The Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss. As such, the Fund classifies all of its investment portfolio as financial assets or liabilities at fair value through profit or loss. The Fund's policy requires the Manager to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

(c) Fair Value Measurements

The Fund utilizes a three tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments. The three levels of the fair value hierarchy are as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair values are classified as Level 1 when the related security or derivative is actually traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the

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measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

(d) Valuation of Investments and Derivatives

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets, which include equities, bonds, options, and warrants are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. Securities not listed on any recognized public securities exchange are valued in the same manner based on available public quotations from recognized dealers in such securities. If market quotations are not readily available, securities will be valued at fair value as determined in good faith by or under the supervision of the Manager. The cost of investments represents the amount paid for each security and is determined on an average cost basis.

The fair value of financial assets and liabilities that are not traded in an active market, including over-the-counter derivatives, is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and others commonly used by market participants and which make the maximum use of observable inputs.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Investment fund units held as investments are valued at their respective Net Asset Values on the relevant valuation dates as reported by the investment fund manager, as these values are the most readily and regularly available.

Warrants, options, and futures that are not listed on any recognized public securities exchange are valued using the Black-Scholes model and based on observable market inputs.

Foreign exchange forward contracts are valued on each valuation day based on the difference between the value of the contract on the date the contract originated and the value of the contract on the valuation day.

The difference between fair value and the average cost is shown as the change in unrealized appreciation (depreciation) on investments, options and foreign exchange forward contracts.

Other financial assets (held for collection) and other financial liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, where appropriate at the contract's effective interest rate. Due to their short-term nature, the fair value of other financial assets and financial liabilities carried at amortized cost approximates their carrying amount.

Receivable for investments sold and payable for investments purchased

Receivable for investments sold and payable for investments purchased represent trades that have been contracted for but not yet settled or delivered on the statements of financial position dates. These amounts are recognized initially at fair value and subsequently measured at amortized cost. At each reporting date, the Funds measure the loss allowance on receivable for investments sold and payable for investments purchased at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganization, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the Manager as any contractual payment which is more than 30 days past due or a significant deterioration in a counterparty credit quality. Any contractual payment which is more than 90 days past due is considered credit impaired.

(e) Cash

Cash is comprised of cash on demand deposit with a Canadian financial institution and is stated at fair value. Cash overdrafts are shown in current liabilities in the statement of financial position.

(f) Investment Transactions and Income Recognition

Investment transactions are accounted for as of the trade date. Expenses are recorded on an accrual basis. Dividend income is recorded on the ex-dividend date. The interest for distribution purposes shown on the statement of comprehensive income represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis. Realized gains and losses on sale of investments and unrealized appreciation and depreciation in investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero coupon bonds. Income, common expenses and gains (losses) are allocated to each Class of the Fund based on the Class' prorated share of total Net Asset Value. Interest and borrowing expense and dividend expense on short sales are included within net gains (losses) on investments and derivatives.

Distributions received from investment trusts and underlying funds are recorded as dividend income, interest for distribution purposes, net realized gains (loss) on non-derivative investment or a return of capital, based on the best information available to the Manager. Due to the nature of those investments, actual allocations could vary from this information. Distributions from income trusts and underlying funds that are treated as a return of capital for income tax purposes reduce the average cost of the income trusts and underlying funds.

(g) Valuation of Fund Units

The Fund's net asset value is calculated at the close of regular trading, normally 4:00pm (Eastern Time), on a day the Toronto Stock Exchange ("TSX") is open (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.

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

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A separate net asset value per unit is calculated for each class of units (the "Unit Price"). 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.

The Unit Price of each class of the Fund is calculated by taking the fair value of all the investments and other assets allocated to the class and subtracting the liabilities allocated to that class. This gives us the net asset value for the class. The Unit Price for the class is obtained by dividing the net asset value for the class by the total number of units of the class that investors in a Fund are holding.

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

Any purchase, switch, reclassification or redemption instruction received after 4:00pm (Eastern Time) on Valuation Day will be processed on the next Valuation Day.

ETF units of the Fund are available for purchase or sale on the TSX through a registered broker or dealer. The cut-off time for ETF units of the Fund is 2:00pm (Eastern Time) on a trading day.

(h) Foreign Currency Translation

The Fund's functional and presentation currency is Canadian dollars. The fair value of foreign investments and other assets and liabilities are translated into Canadian dollars at the exchange rates prevailing at the close of each valuation day. Purchases and sales of foreign securities and the related income and expenses are translated into Canadian dollars at rates of exchange prevailing on the respective dates of such transactions.

Foreign exchange gains and losses relating to cash and other assets and liabilities are presented as 'Foreign currency gain (loss) on cash and other assets and liabilities' and those relating to other financial assets and liabilities are presented within 'Net realized gain (loss) on investments, options, and foreign exchange forward contracts and 'Change in unrealized appreciation (depreciation) on investments, options, and foreign exchange forward contracts.

(i) Increase (decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit

Increase (decrease) in net assets attributable to holders of redeemable units per unit of each Class of the Fund is determined by dividing the net increase in net assets attributable to holders of redeemable units from each Class of Units by the weighted average number of Units outstanding of that Class during the year.

(j) Transaction Costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchange, and transfer taxes and duties. Such costs are expensed and included in "Transaction costs" in the Statement of Comprehensive Income.

(k) Securities Lending Transactions

The Fund may enter into securities lending transactions. These transactions involve the temporary exchange of securities as collateral with a commitment to deliver the same securities on a future date. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on securities held as collateral. Income earned from these transactions is recognized on an accrual basis and included in the Statements of Comprehensive Income.

The Fund has entered into a securities lending program with their custodian, RBC Investor Services Trust. The aggregate market value of all securities loaned by the Fund cannot exceed 50% of the assets of the Fund. The Fund will receive collateral of at least 102% of the value of the securities on loan. Collateral will generally be comprised of cash and obligations of, or guaranteed by, the Government of Canada or a province thereof, or a permitted supranational agency as defined in National Instrument 81-102. Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge which the Fund's custodian, RBC Investor Services Trust, is entitled to receive.

(l) Leverage

Leverage occurs when the Fund borrows money or securities, or uses derivatives, to generate investment exposure that would otherwise not be possible.

The Fund's aggregate exposure to its sources of leverage is calculated as the sum of the following: (i) the market value of short holdings; (ii) the amount of cash borrowed for investment purposes; and (iii) the notional value of the Fund's derivatives positions, excluding any derivatives used for hedging purposes. The Fund's exposure to leverage must not exceed 300% of the Fund's NAV.

The Fund has received exemptive relief from Canadian securities regulatory authorities from certain investment restrictions set out in NI 81-102 that would restrict the ability of the Fund to leverage their assets through borrowing, short sales and/or derivatives. Investment decisions may be made for the assets of the Fund that exceed the net asset value of the Fund. As a result, if these investment decisions are incorrect, the resulting losses will be more than if investments were made solely in an unleveraged long portfolio as is the case in most conventional equity mutual funds. In addition, leveraged investment strategies can also be expected to increase a Fund's turnover, transaction and market impact costs, interest and other costs and expenses.

The Fund has also obtained exemptive relief such that the Fund is permitted to engage in short selling transactions and cash borrowing up to a combined maximum of 100% of its net asset value, which is in excess of the short sale and cash borrowing limits provided for both conventional mutual funds and alternative mutual funds in NI 81-102.

(m) Structured Entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

Picton Mahoney has determined that all of the underlying funds in which the Fund invests are unconsolidated structured entities. In making this determination, Picton Mahoney evaluated the fact that decision making about the underlying funds' activities is not governed by voting or similar rights held by the Fund and other investors in any underlying funds.

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The Fund may invest in underlying funds whose investment objectives range from achieving short- to long-term income and capital growth potential. Underlying funds may use leverage in a manner consistent with their respective investment objectives. Underlying funds finance their operations by issuing redeemable units which are puttable at the holder's option and entitle the holder to a proportionate stake in the respective fund's net assets. The Fund's interests in underlying funds as at June 30, 2023 and December 31, 2022, held in the form of redeemable units, are included at their fair value in the Statement of Financial Position, which represent the Fund's maximum exposure in these underlying funds. The Fund does not provide and has not committed to provide any additional significant financial or other support to the underlying funds. The change in fair value of each of the underlying funds during the periods is included in 'Change in unrealized appreciation (depreciation) of investments, options, and foreign exchange forward contracts' in the Statement of Comprehensive Income.

(n) Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

These financial statements, include estimates and assumptions by management that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the period. Actual results could differ from these estimates. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements.

Fair value measurement of derivatives and securities not quoted in an active market

The Fund holds financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined using recognized valuation techniques and may be determined using reputable pricing sources or indicative prices from market makers.

Where no market data is available, the Fund may value positions using its own models, which are based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by the Manager, independent of the party that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

4. FINANCIAL INSTRUMENTS RISKS

The Fund is exposed to various financial risks, including market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk. The investment team reviews and rebalances the portfolio on a regular and ongoing basis to maintain the risk reward targets.

Portfolios within each strategy are reviewed relative to each other and to their benchmark. Active industry and security allocations are analyzed. All investments may result in a risk of loss of capital.

Please refer to the Fund Specific Notes for details of the Fund's financial instruments risks.

Price risk:

The Fund trades in financial instruments, taking positions in traded and over-the-counter instruments which may include derivatives. As of June 30, 2023 and December 31, 2022, the Fund held or had exposure to long and short equity positions in publicly traded companies whose securities are actively traded on a recognized public exchange. Equities are susceptible to price risk arising from uncertainties about future prices of those instruments (other than those arising from interest rate risk or currency risk).

Short sales entail certain risks, including the risk that a short sale of a security may expose a Fund to losses if the value of the security increases. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying those securities to cover the short position. In addition, a short sale by a Fund requires the Fund to borrow securities in order that the short sale may be transacted. There is no assurance that the lender of the securities will not require the security to be paid back by a Fund before the Fund wants to do so, possibly requiring the Fund to borrow the security elsewhere or purchase the security on the market at an unattractive price. Moreover, the borrowing of securities entails the payment of a borrowing fee. The borrowing fee may increase during the borrowing period, adding to the expense of the short sale strategy. There is also no guarantee that the securities sold short can be repurchased by a Fund due to supply and demand constraints in the equity markets. Finally, in order to maintain the appropriate ratios between the long portfolio and the short portfolio of a Fund, the Manager may be required to buy or sell short securities at unattractive prices. The maximum risk resulting for financial instruments held long is determined by the fair value of the instrument.

Currency risk:

Currency risk is the risk that the cash and securities held by the Fund as well as due to and due from broker balances may be valued in or have exposure to currencies other than the Canadian dollar which is the functional currency of the Fund. The prices of the foreign securities are denominated in foreign currencies which are converted to the Fund's functional currency for determining fair value and, accordingly, each Class Net Asset Value will be affected by fluctuations in the value of such foreign currencies relative to the Canadian dollar.

Interest rate risk:

Interest rate risk arises when a fund invests in interest-bearing financial instruments and from the possibility that changes in the prevailing levels of market interest rates will affect future cash flows or fair values of such financial instruments. There is minimal fair value sensitivity to interest rate fluctuations on any cash and cash equivalents invested at short-term market interest rates. Market prices may also be affected by changes in market interest rates. Also, changes in the market interest rate may affect the borrowing expenses of the short positions held by the Fund.

Credit risk:

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation. However, there are risks involved in dealing with custodians or

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prime brokers who settle trades and in rare circumstances, the securities and other assets deposited with the custodian or broker may be exposed to credit risk with regard to such parties. In addition, there may be practical problems or time delays associated with enforcing the Fund's rights to its assets in the case of an insolvency of any such party.

The Fund is exposed to credit risk. For other financial assets at amortized cost, the Manager considers both historical analysis and forward looking information in determining any expected credit loss. At June 30, 2023 and December 31, 2022, all receivables for investments sold, dividends receivable, and cash are held with counterparties with a good credit quality and are due to be settled within one week. The Manager considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognized based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

Liquidity Risk:

Liquidity risk is the risk that a Fund will not be able to generate sufficient cash availability to execute its payment obligations. The Fund primarily invests in liquid securities that are readily realizable in an active market which is essential if the Fund is required to fund daily redemptions in the course of operations. The Fund from time to time may invest in restricted securities through private placements. However, this type of investment does not constitute a significant percentage of the Fund's Net Asset Value. The Fund may also maintain a cash reserve to accommodate normal-type redemptions. All liabilities of the Fund mature in one year or less. Redeemable units are redeemable on demand at the holder's option. However, the Manager does not expect that the contractual maturity will be representative of the actual cash outflows, as holders of these instruments typically retain them for a longer period.

Concentration risk:

Concentration risk arises as a result of the concentration of financial instrument exposures within the same category, whether it is geographic region, asset type or industry sector.

Leverage Risk:

The Fund has received exemptive relief from Canadian securities regulatory authorities from certain investment restrictions set out in NI 81-102 that would restrict the ability of the Fund to leverage their assets through borrowing, short sales and/or derivatives. Investment decisions may be made for the assets of the Fund that exceed the net asset value of the Fund. As a result, if these investment decisions are incorrect, the resulting losses will be more than if investments were made solely in an unleveraged long portfolio as is the case in most conventional equity mutual funds. In addition, leveraged investment strategies can also be expected to increase a Fund's turnover, transaction and market impact costs, interest and other costs and expenses.

Pursuant to the terms of the exemptive relief, the Fund's aggregate gross exposure, calculated as the sum of the following, must not exceed three times the Fund's net asset value: (i) the aggregate market value of the Fund's long positions; (ii) the aggregate market value of physical short sales on equities, fixed income securities or other portfolio assets; and (iii) the aggregate notional value of the Fund's specified derivatives positions excluding any specified derivatives used for hedging purposes. If the Fund's aggregate gross exposure exceeds three times the Fund's net asset value, the Fund must, as quickly as is commercially reasonable, take all necessary steps to reduce the aggregate gross exposure to three times the Fund's net asset value or less.

5. CAPITAL MANAGEMENT

The capital of a Fund is represented by the issued and outstanding units and the net asset value attributable to participating unitholders. The Manager

utilizes the capital of the Fund in accordance with the Fund's investment objectives, strategies and restrictions, as outlined in the Fund's prospectus, while maintaining sufficient liquidity to meet normal redemptions. The Fund does not have any externally imposed capital requirements.

6. REDEEMABLE UNIT TRANSACTIONS

The Fund is permitted to have an unlimited number of Classes of Units having such terms and conditions as the Manager may determine. Additional Classes may be offered in future on different terms, including having different fee and dealer compensation terms and different minimum subscription levels. Each Unit of a Class represents an undivided ownership interest in the Net Asset Value of the Fund attributable to that Class of Units.

Investors may be admitted to the Fund or may acquire additional Units on a daily basis. Units of the Fund are offered at the Class Net Asset Value per Unit calculated as of the applicable Valuation Date. The minimum initial investment in the Fund is \$2,000 for all Classes and the Manager has the discretion to accept a lesser initial subscription, provided, in each case, that the issuance of Units in respect of such subscription shall otherwise be exempt from the prospectus requirements of applicable securities legislation. Subsequent investments are subject to an additional minimum investment of CAD \$500 subject to applicable securities legislation. The capital of the Fund is represented by issued redeemable Units with no par value. The Units are entitled to distributions, if any, and to payment of a proportionate share based on the Fund's Net Asset Value per Unit upon redemption. The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of Units other than as described above. The relevant movements are shown on the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units and in the Fund Specific Notes of each Fund.

IAS 32, Financial Instrument – Recognition and Measurement, requires that units of an entity that include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Fund's units have been classified as financial liabilities. The Fund has multiple series of units that carry different management fee rates and therefore do not have identical features. As all units are equally subordinate, the units also would not meet the requirements of IAS 32 and therefore do not meet the conditions to be classified as equity.

Generally, all orders to purchase ETF units directly from a 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 one or more Funds on a continuous basis from time to time. For each Prescribed Number of Units issued, an ETF Dealer must deliver payment consisting of, either: (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, 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, 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. When you redeem ETF units of a 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.

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7. DISTRIBUTIONS

The Fund intends to distribute net income and net realized capital gains, if any, to Unitholders at the end of each taxation year to ensure that the Fund is not liable for income tax under Part I of the Income Tax Act (Canada) (the "Act"), after taking into account any loss carry forwards and capital gains refunds. All annual distributions paid on Class F, Class I, Class O, and Class ETF units will be automatically reinvested in additional units.

8. TAXATION

The Fund qualifies as a "mutual fund trust" and will be subject to tax in each taxation year under Part I of the Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to Unitholders in the year. The Fund deducts, in computing its income in each taxation year, the full amount available for deduction in each year and, therefore, provided the Fund makes distributions in each year of its net income and net realized capital gains, it will generally not be liable in such year for any tax on its net income or profit under Part I of the Tax Act. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statement of Financial Position as a deferred tax asset.

Non-capital losses have expiry periods of up to 20 years and can be offset against future taxable income. Net capital losses can be carried forward indefinitely and offset against future taxable capital gains. For tax loss carry forward information, please refer to Note 12 in the Fund Specific Notes.

The Fund is required to include in income for each taxation year any dividends received by it in a taxation year and all interest that accrues to it to the end of 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 derivative securities and in respect of short sales of securities (other than Canadian securities) will be treated as income and losses of the Fund, except where a derivative is used to hedge securities held on capital account provided there is sufficient linkage and subject to detailed rules in the Tax Act. Whether gains or losses realized by the Fund in respect of a particular security (other than 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.

9. OPERATING EXPENSES

The Manager is responsible for the day-to-day operations of the Fund. The Fund pays its own operating expenses, other than advertising costs and costs of dealer compensation programs, which are paid by the Manager. Operating expenses include, but are not limited to, brokerage commissions and fees, taxes, audit and legal fees, fees of the members of the Independent Review Committee ("IRC"), costs and fees in connection with the operation of the IRC, safekeeping and custodial fees, interest expenses, operating, administrative and systems costs, investor servicing

costs and costs of financial and other reports to investors, as well as prospectuses, annual information forms and fund facts.

With the exception of Class specific expenses, all other expenses are allocated to each Class of the Fund based on the Class' pro-rated share of total Net Asset Value of the Fund. The Manager may from time to time waive any portion of the fees and reimbursement of expenses otherwise payable to it, but no such waiver affects its right to received fees and reimbursement of expenses subsequently accruing to it.

10. RELATED PARTY TRANSACTIONS

(a) Management Fees

The Manager receives a management fee payable for providing its services to the Fund. The management fee varies for each class of units. The management fee is calculated and accrued daily based on a percentage of the net asset value of the class of units of the Fund, plus applicable taxes, and is payable on the last business day of each calendar quarter. This fee differs among the classes of units of the Fund. The annual management fee payable by the Fund to the Manager on Class A units is 1.95% and on Class F units and Class ETF units is 0.95%. The management fee for Class I units and Class O units of the Fund is negotiated by the investor and paid directly by the investor, and would not exceed the management fee payable on Class A units of the Fund.

Management Fee Distributions

The Manager may, in its 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 and/or meet other criteria as determined by the Manager from time to time. In such cases, 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 Manager reserves the right, in its discretion, to discontinue or change Management Fee Distributions at any time.

(b) Performance Fees

The Manager receives a performance fee in respect of each of the Class A units, Class F units, Class O units, and Class ETF units of the Fund. The performance fee for each class shall be calculated and become a liability of the Fund on each Valuation Day and shall be payable at the end of each calendar quarter. The performance fee for the Fund is equal to 20% of the amount by which the performance of the applicable class exceeds the performance of the S&P/TSX Composite Index (TR), for each of the Class A units, Class F units, Class O units, or Class ETF units, plus applicable taxes. The performance fee in respect of each of the Class A units, Class F units, Class O units, and Class ETF units of the Fund shall be equal to the daily net asset value of the class of units of the Fund during the calendar quarter multiplied by 20% of the amount by which the total return of the class of units exceeds the total percentage increase or decrease in the S&P/TSX Composite Index (TR) since the end of the period for which the last performance fee was paid for the Class A units, Class F units, Class O units, or Class ETF units, as the case may be, plus applicable taxes. If at any time the total return of the class of units of the Fund is less than its S&P/TSX Composite Index (TR), then no performance fee will be payable until the total return of the class of units of the Fund relative to the S&P/TSX Composite Index (TR) has exceeded the amount of the deficiency calculated on a percentage basis. Investors in Class I units may negotiate a different performance fee than the one described herein or no performance fee at all. Any performance fee for Class I units will be paid

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directly to the Manager. The Manager reserves the right, in its discretion, to discontinue, decrease or waive the performance fee at any time. For the period January 1, 2023 to June 30, 2023, the Fund incurred \$39 of performance fees. At the Manager's discretion, these fees were waived for the period.

(c) Fund-on-Fund Fees and Expenses

When the Fund invests in an underlying fund, the underlying fund may pay a management and performance fee and other expenses in addition to the fees and expenses payable by the Fund. The fees and expenses of the underlying fund will have an impact on the management expense ratio of the Fund. However, the Fund will not pay a management or performance fee that, to a reasonable person, would duplicate a fee payable by the underlying fund(s) for the same service. In addition, the Fund will not pay any sales charges, redemption fees or short-term trading fees for its purchase or redemption of units of any underlying fund that is managed by the Manager, or that, in respect of the other underlying funds, to a reasonable person, would duplicate a fee payable by an investor in any underlying fund.

11. COMPARATIVE FIGURES

For the period January 1, 2022 to June 30, 2022, the Fund reported HST expenses in "Harmonized sales tax" on the Statement of Comprehensive Income. For the period January 1, 2023 to June 30, 2023, the Fund reported HST expenses in "Management fees", "Performance fees", "Administrative fees", "Securityholder reporting fees", "Legal fees", "Independent Review Committee fees", "Audit fees", and "Custody fees" on the Statement of Comprehensive Income and revised the comparative amounts to conform to the current year presentation.

**THINK AHEAD.
STAY AHEAD.**



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