

# FORTIFIED MULTI-ASSET FUND



**THINK AHEAD.  
STAY AHEAD.**



# PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE PERIOD ENDED JUNE 30, 2023)

This semi-annual management report of fund performance contains financial highlights but does not contain the complete semi-annual financial statements for Picton Mahoney Fortified Multi-Asset Fund (the "Fund"). If you have not received a copy of the semi-annual financial statements with the management report of fund performance, you may obtain a copy of the semi-annual financial statements, at no cost, by calling 416-955-4108 or toll-free at 1-866-369-4108, by writing to us at Picton Mahoney Asset Management, 33 Yonge Street, Suite 830, Toronto, Ontario, M5E 1G4, or by visiting our website at [www.pictonmahoney.com](http://www.pictonmahoney.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the Fund's annual financial report, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

## INVESTMENT OBJECTIVE AND STRATEGIES

The investment objective of the Picton Mahoney Fortified Multi-Asset Fund is to achieve long-term capital appreciation by investing primarily in global equity securities and global income securities while mitigating capital loss by engaging in hedging strategies for downside risk protection. Picton Mahoney Asset Management is the manager (the "Manager"), portfolio advisor (the "Portfolio Advisor") and the trustee (the "Trustee") of the Fund.

To achieve its investment objective, the Fund's portfolio will include a tactical blend of global equities, global fixed income securities, derivatives of the securities in these asset classes and cash. The Fund's tactical allocation to these asset classes is based on the Portfolio Advisor's general market outlook, which is derived from the Portfolio Advisor's proprietary fundamental and quantitative research and analysis.

The Fund will typically have exposure of 25% to 75% of its portfolio to global listed equity securities and 25% to 75% to global fixed income securities of public or private companies. However, based on the prevailing market conditions, the Portfolio Advisor may allocate up to 100% of its portfolio in any one asset class.

The global equity component will invest primarily in equities of issuers of varying sizes of market capitalization. The global fixed income component of the Fund's portfolio will be invested primarily in global high yield debt securities, and may also be invested in global investment grade debt securities, government bonds, loans, convertible bonds, preferred shares, and dividend-paying equity securities. The global equity and global fixed income components of the Fund's portfolio may be invested in equity and fixed income mutual funds managed by the Manager in order to obtain exposure to these securities.

The Fund may also choose to: i) invest up to 100% of its portfolio in foreign securities; ii) invest a portion of the Fund's assets in exchange-traded funds to gain exposure to the securities described herein; iii) engage in short selling in a manner which is consistent with the investment objectives of the Fund and as permitted by securities regulations; iv) engage in securities lending, repurchase and reverse repurchase transactions as permitted by securities regulations to seek to generate additional income; and v) use derivative instruments, such as options, futures, forward contracts and swaps, for both hedging and non-hedging strategies, in a manner which is consistent with the investment objectives of the Fund and as permitted by securities regulations, including to: 1) hedge against losses from changes in the prices of the Fund's investments and from exposure to foreign currencies; 2) implement option spreads by purchasing an option on a security and simultaneously selling an option on

the same security with the same expiry date; 3) write covered call options on the securities that the Fund owns in order to seek to generate income from option premium; and 4) gain exposure to individual securities and markets instead of buying the securities directly.

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

## RISK

There is no assurance that the Fund will be able to achieve its total return, capital preservation and distribution investment objectives. There is no assurance that the portfolio will earn any return and no assurances can be given as to the amount of distributions in future years and that the net asset value (the "NAV") of the Fund will appreciate or be preserved.

While risks are numerous, we believe the following are the most pertinent ones to be mindful of today:

1. **Equity Investment Risk** – Equity investments, such as stocks, carry several risks. A number of factors may cause the price of a stock to fall. These include specific developments relating to the company, stock market conditions where the company's securities trade and general economic, financial and political conditions in the countries where the company operates. Since a Fund's unit price is based on the value of its investments, an overall decline in the value of the stocks it holds will reduce the value of the Fund and, therefore, the value of your investment. However if the price of the stocks in the portfolio increases, your investment will be worth more. Equity funds generally tend to be more volatile than fixed income funds, and the value of their units can vary widely.
2. **Fixed Income Investment Risk** – Certain general investment risks can affect fixed income investments in a manner similar to equity investments. For example, specific developments relating to a company and general financial, political and economic (other than interest rate) conditions in the country in which the company operates. For government fixed income investments, general economic, financial and political conditions may affect the value of government securities. Since a Fund's unit price is based on the value of its investments, an overall decline in the value of its fixed income investments will reduce the value of the Fund and therefore, the value of your investment. However, your investment will be worth more if the value of the fixed income investments in the portfolio increases.
3. **Credit Risk** – An issuer of a bond or other fixed income investment may not be able to pay interest or to repay the principal at maturity. The risk of this occurring is greater with some issuers than with others. For example,

# PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE PERIOD ENDED JUNE 30, 2023)

the risk of default is quite low for most government and high quality corporate securities. Where this risk is considered greater, the interest rate paid by the issuer is generally higher than for an issuer where this risk is considered to be lower. This risk could increase or decline during the term of the fixed income investment. Companies and governments that borrow money, as well as their debt securities, may be rated by specialized rating agencies. A downgrade in an issuer's credit rating or other adverse news regarding an issuer can reduce a security's market value. Lower rated debt instruments generally offer a better yield than higher-grade debt instruments, but have the potential for substantial loss.

For further details relating to risks of investing in the Fund, please refer to the *Specific Investment Risks*, *Investment Risk Classification Methodology*, and *Who Should Invest in the Funds* sections of the Simplified Prospectus.

## RESULTS OF OPERATIONS

For the period January 1, 2023 to June 30, 2023, the net asset value of the Fund increased by approximately \$4.0 million from \$172.0 million to \$176.0 million. During the same period, performance on the Fund's portfolio increased its assets by \$7.7 million. The Fund also received \$13.1 million in proceeds, had reinvestment of distributions of \$0.1 million, had net redemptions of \$16.4 million and paid distributions totaling \$0.5 million. For the period January 1, 2023 to June 30, 2023, the Fund Class A units returned 4.07%, the Fund Class F units returned 4.65%, the Fund Class FT units returned 4.67%, the Fund Class T units returned 4.09%, and the Fund Class I units returned 5.17%. Class A, F, FT, T, and I units all underperformed the reference index (the "Performance Fee Index"). The Performance Fee Index is comprised of 15% S&P/TSX Composite Total Return Index, 30% MSCI World Index, 10% FTSE TMX Canada 30 Day T-Bill Index, 25% BofA Merrill Lynch Global High Yield Index, 5% BofA Merrill Lynch Global Corporate Index, and 15% BofA Merrill Lynch G7 Global Government Index reported in Canadian dollars. The Performance Fee Index returned 6.45% over the same period.

The market environment for the six months ended June 30, 2022 was largely characterized by a rebound from the abysmal experience in 2022 for balanced investors, though the powerful start to the year was more mixed in the second quarter. While more constructive at the margin, we highlight some notable caveats to sounding an "all clear"...

The interest rate environment has been largely range-bound, with the benchmark U.S. 10-Year Treasury Yield moving between ~3.3% and ~4.0% in the period. While significantly less painful to rate-sensitive investments than the steady march higher in the prior six months, equities have nonetheless exhibited fairly narrow leadership year-to-date. The rebound in high-growth, high-multiple tech stocks has been particularly noteworthy and for balanced investors to match or beat benchmark returns, an almost singular "bet" on this thematic would have been in order for the outset of the year.

Needless to say, the Picton Mahoney Multi-Asset Strategies team believes there are far greater benefits to achieving diversification in returns and while the current environment has been "uncomfortable" (especially since our economic cycle models have been more defensive), the Fund has done quite well notwithstanding.

For the six-month period under review, the Picton Mahoney Fortified Multi-Asset Fund (Class F) returned 4.65%, while the Fund's blended benchmark

posted a 6.45% return. As our cycle model has been forecasting recession risk, the allocation to equity risk remained below longer-term average allocation. As such in a roaring equity tape (albeit narrow leadership, as discussed), this presented an opportunity cost for the Fund.

On the fixed income front, interest rate risk in the Fund remained very well-contained in the period. Moreover, the Picton Mahoney Fortified Income Fund, representing our preferred allocation in fixed income, remained conservatively positioned as the risk/reward in corporate credit, at large, has not been compelling. Recession risks should have translated to wider credit spreads in general, presenting buying opportunities for both patient and opportunistic capital alike. Our fixed income team remained very selective in terms of effecting positioning changes in the period.

Despite the fact a "traditional" balanced model's solid year-to-date return belies a narrow equity leadership dynamic, we remain pleased with the Fund's relative performance. We continue to observe many balanced peers remain sensitive to movement in interest rates while the Picton Mahoney Fortified Multi-Asset Fund continues to deliver returns which do not exhibit similar levels of sensitivity. Hovering at or near top quartile returns in its peer group in the period under review is a remarkable achievement for a strategy which aims to diversify equity and interest rate risks and continues to solidify the Fund's longer-term performance and risk metrics.

## RECENT DEVELOPMENTS

As at period-end, our proprietary economic cycle model continues to hold a high probability of recession. What has changed in the period is that the distribution of probabilities has begun to shift away from slowing growth scenarios, such that on the next model update, we anticipate probabilities of recession and recovery could almost be equally-weighted.

This doesn't necessarily indicate indecision, but rather as we move through an economic slowdown, we are starting to see the other side. It is important to note, however, most of the constructive indicators in our model are more market-driven, as opposed to real economic data, so caution is still warranted in the short- to medium term. As always, we let the data do the talking, and are monitoring all our cycle models very closely of late.

As such, equity allocation (on a net basis) remains below the typical 60% in a traditional "balanced" portfolio, but we have a bias toward increasing equity risk and/or cyclical exposure as evidence bears out. We have also been progressively rotating the Fund's dedicated commodity exposure into the Picton Mahoney Inflation Opportunities Fund, which has broader inflation exposures than commodities alone. While inflation is on the wane, it is also difficult to predict, in terms of timing and magnitude. As such, we believe dedicated inflation exposure (risk-weighted, of course) should be part of a robust strategic asset allocation.

We believe that policy interest rates are likely to peak in the near-term, with more recent rate hikes for developed market central banks reflecting backward-looking inflation data. To some extent, equity risk has been front-running this reprieve and the "belly" of the yield curve remains range-bound. This is not a backdrop for heroic / overtly bullish asset allocation calls. To wit, mitigating downside risk allows for compounding returns that do not have to capture all the upside available when markets are in gear. This is a mantra for the Fund and continues to be exhibited in its risk-adjusted return profile.

# PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE PERIOD ENDED JUNE 30, 2023)

## RELATED PARTY TRANSACTIONS

Picton Mahoney Asset Management is the manager (the “Manager”), portfolio advisor (the “Portfolio Advisor”), and trustee (“the Trustee”) of the Fund. The Manager is an investment manager focused on equity and fixed income securities investments with approximately \$9.4 billion of assets under management as of June 30, 2023. The Fund holds: i) 4,235,742 units (market value of \$77,236,211) totaling 74.8% of the net assets of Picton Mahoney Fortified Equity Fund; ii) 3,524,805 units (market value of \$42,704,073) totaling 6.0% of the net assets of Picton Mahoney Fortified Income Fund; iii) 61,380 units (market value of \$1,119,452) totaling 1.6% of the net assets of Picton Mahoney Fortified Active Extension Alternative Fund; iv) 314,767 units (market value of \$5,107,221) totaling 1.5% of the net assets of Picton Mahoney Fortified Long Short Alternative Fund; v) 56,708 units (market value of \$517,454) totaling 0.4% of the net assets of Picton Mahoney Fortified Special Situations Alternative Fund; vi) 238,850 units (market value of \$3,748,678) totaling 0.3% of the net assets of Picton Mahoney Fortified Market Neutral Alternative Fund; and vii) 692,604 units (market value of \$6,853,458) totaling 45.9% of the net assets of Picton Mahoney Fortified Inflation Opportunities Alternative Fund. For the period January 1, 2023 to June 30, 2023, the Manager has absorbed \$23,660 of expenses.

## Management Fees

As a result of providing investment and management services, the Manager receives a management fee calculated and accrued daily based on the NAV of the class of units of the Fund, plus applicable taxes, payable on the last day of each calendar quarter. For the period January 1, 2023 to June 30, 2023, the Fund incurred management fees of \$1,160,169. Management fees in respect of Class I units are direct fees negotiated with the investor, paid directly by the investor, and would not exceed the management fee payable on Class A units of the Fund. The Manager uses these management fees to pay for sales and trailing commissions to registered dealers on the distribution of the Fund’s shares, investment advice, as well as general administrative expenses relating to Picton Mahoney’s role as Manager. The following is a breakdown:

As a Percentage of Management Fees			
	Annual Rates	Dealer Compensation	General Administration and Investment Advice
Class A units	1.90%	52.36%	47.64%
Class F units	0.90%	-	100.00%
Class FT units	0.90%	-	100.00%
Class T units	1.90%	52.41%	47.59%

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$258,848 for the period January 1, 2023 to June 30, 2023.

## Performance Fees

The Manager receives a performance fee in respect of each class of units of the Fund. The performance fee is equal to the daily NAV of the class of units of a 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 a reference index (the “Performance Fee Index”) since the end of the period for which the last performance fee was paid, plus applicable taxes. If at any time the total return of the class of units of a

Fund is less than its Performance Fee Index, then no performance fee will be payable until the total return of the class of units of such Fund relative to its Performance Fee Index exceeds 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 directly to the Manager. For the period January 1, 2023 to June 30, 2023, the Fund incurred no performance fees.

## Independent Review Committee

The Fund receives standing instructions (the “SI”) from the independent review committee (the “IRC”). The SI constitutes a written approval or recommendation from the IRC that permits the Manager to proceed with specific action(s) set out in the SI on an ongoing basis. The SI is designed to ensure that the Manager’s actions are carried out in accordance with the law, the instrument and the Manager’s policies and procedures in order to achieve a fair and reasonable result for the Fund. The SI outlines actions related to i) Fees and Expenses; ii) Trade Allocations; iii) Broker Selections; iv) Code of Ethics and Conduct; v) Portfolio Pricing Issues, amongst other things. The Manager must provide the IRC with a written report summarizing each instance where the Manager has relied on the SI. For the period January 1, 2023 to June 30, 2023, the IRC did not provide any recommendations to the Manager.

# PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE PERIOD ENDED JUNE 30, 2023)

## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past periods as applicable.

Class A Units - Net Assets per Unit						
	June 30, 2023(\$)	Dec 31, 2022(\$)	Dec 31, 2021(\$)	Dec 31, 2020(\$)	Dec 31, 2019(\$)	Dec 31, 2018(\$)
<b>Net Assets, beginning of period</b>	14.31	15.60	14.23	12.43	11.23	11.65
<b>Increase (decrease) from operations:</b>						
Total revenue	0.14	0.27	0.21	0.22	0.21	0.20
Total expense	(0.17)	(0.34)	(0.34)	(0.32)	(0.27)	(0.27)
Realized gains (losses)	0.18	0.27	0.29	0.46	0.08	(0.02)
Unrealized gains (losses)	0.43	(1.49)	1.14	1.42	1.23	(0.39)
<b>Total increase (decrease) from operations<sup>(1)</sup></b>	<b>0.58</b>	<b>(1.29)</b>	<b>1.30</b>	<b>1.78</b>	<b>1.25</b>	<b>(0.48)</b>
<b>Distributions:</b>						
From income	-	-	-	-	(0.03)	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions<sup>(1)(2)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.03)</b>	<b>-</b>
<b>Net Assets, end of period</b>	<b>14.90</b>	<b>14.31</b>	<b>15.60</b>	<b>14.23</b>	<b>12.43</b>	<b>11.23</b>

Class A Units - Ratios/Supplemental Data						
	June 30, 2023(\$)	Dec 31, 2022(\$)	Dec 31, 2021(\$)	Dec 31, 2020(\$)	Dec 31, 2019(\$)	Dec 31, 2018(\$)
Total Net Asset Value (\$000's) <sup>(3)</sup>	51,309	48,934	52,966	32,334	28,956	28,279
Number of units outstanding (000's) <sup>(3)</sup>	3,444	3,418	3,395	2,272	2,329	2,519
Management expense ratio <sup>(4)</sup>	2.49%	2.50%	2.54%	2.51%	2.45%	2.50%
Management expense ratio before waivers or absorptions	2.51%	2.52%	2.58%	2.61%	2.64%	2.62%
Trading expense ratio <sup>(5)</sup>	0.42%	0.51%	0.41%	0.39%	0.23%	0.27%
Portfolio turnover rate <sup>(6)</sup>	12.44%	33.04%	4.10%	30.48%	6.56%	0.50%
Net Asset Value per unit	14.90	14.31	15.60	14.23	12.43	11.23

Class F Units - Net Assets per Unit						
	June 30, 2023(\$)	Dec 31, 2022(\$)	Dec 31, 2021(\$)	Dec 31, 2020(\$)	Dec 31, 2019(\$)	Dec 31, 2018(\$)
<b>Net Assets, beginning of period</b>	15.25	16.52	14.95	12.98	11.60	11.90
<b>Increase (decrease) from operations:</b>						
Total revenue	0.15	0.28	0.23	0.24	0.21	0.21
Total expense	(0.10)	(0.27)	(0.25)	(0.22)	(0.15)	(0.15)
Realized gains (losses)	0.19	0.31	0.37	0.47	0.08	(0.03)
Unrealized gains (losses)	0.48	(1.62)	1.15	1.47	1.29	(0.43)
<b>Total increase (decrease) from operations<sup>(1)</sup></b>	<b>0.72</b>	<b>(1.30)</b>	<b>1.50</b>	<b>1.96</b>	<b>1.43</b>	<b>(0.40)</b>
<b>Distributions:</b>						
From income	-	-	-	-	(0.03)	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions<sup>(1)(2)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.03)</b>	<b>-</b>
<b>Net Assets, end of period</b>	<b>15.96</b>	<b>15.25</b>	<b>16.52</b>	<b>14.95</b>	<b>12.98</b>	<b>11.60</b>

# PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE PERIOD ENDED JUNE 30, 2023)

Class F Units - Ratios/Supplemental Data						
	June 30, 2023(\$)	Dec 31, 2022(\$)	Dec 31, 2021(\$)	Dec 31, 2020(\$)	Dec 31, 2019(\$)	Dec 31, 2018(\$)
Total Net Asset Value (\$000's) <sup>(3)</sup>	101,951	103,140	126,844	58,178	58,106	53,821
Number of units outstanding (000's) <sup>(3)</sup>	6,388	6,763	7,679	3,891	4,476	4,641
Management expense ratio <sup>(4)</sup>	1.37%	1.85%	1.65%	2.01%	1.39%	1.38%
Management expense ratio before waivers or absorptions	1.40%	1.87%	1.69%	2.10%	1.53%	1.50%
Trading expense ratio <sup>(5)</sup>	0.42%	0.51%	0.41%	0.39%	0.23%	0.27%
Portfolio turnover rate <sup>(6)</sup>	12.44%	33.04%	4.10%	30.48%	6.56%	0.50%
Net Asset Value per unit	15.96	15.25	16.52	14.95	12.98	11.60

Class FT Units - Net Assets per Unit						
	June 30, 2023(\$)	Dec 31, 2022(\$)	Dec 31, 2021(\$)	Dec 31, 2020(\$)	Dec 31, 2019(\$)	Dec 31, 2018(\$)
<b>Net Assets, beginning of period</b>	10.77	12.33	11.71	10.67	10.00	10.79
<b>Increase (decrease) from operations:</b>						
Total revenue	0.12	0.20	0.17	0.23	0.20	0.18
Total expense	(0.08)	(0.19)	(0.19)	(0.17)	(0.12)	(0.13)
Realized gains (losses)	0.14	0.22	0.23	0.29	0.08	(0.02)
Unrealized gains (losses)	0.31	(1.17)	0.94	1.66	1.02	(0.38)
<b>Total increase (decrease) from operations<sup>(1)</sup></b>	<b>0.49</b>	<b>(0.94)</b>	<b>1.15</b>	<b>2.01</b>	<b>1.18</b>	<b>(0.35)</b>
<b>Distributions:</b>						
From income	(0.27)	-	-	-	(0.54)	(0.32)
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	(0.62)	(0.60)	(0.56)	-	(0.22)
<b>Total annual distributions<sup>(1)(2)</sup></b>	<b>(0.27)</b>	<b>(0.62)</b>	<b>(0.60)</b>	<b>(0.56)</b>	<b>(0.54)</b>	<b>(0.54)</b>
<b>Net Assets, end of period</b>	<b>11.00</b>	<b>10.77</b>	<b>12.33</b>	<b>11.71</b>	<b>10.67</b>	<b>10.00</b>

Class FT Units - Ratios/Supplemental Data						
	June 30, 2023(\$)	Dec 31, 2022(\$)	Dec 31, 2021(\$)	Dec 31, 2020(\$)	Dec 31, 2019(\$)	Dec 31, 2018(\$)
Total Net Asset Value (\$000's) <sup>(3)</sup>	20,971	18,636	22,092	12,741	3,842	3,171
Number of units outstanding (000's) <sup>(3)</sup>	1,906	1,730	1,792	1,088	360	317
Management expense ratio <sup>(4)</sup>	1.35%	1.84%	1.65%	2.01%	1.39%	1.38%
Management expense ratio before waivers or absorptions	1.37%	1.87%	1.68%	2.28%	1.57%	1.49%
Trading expense ratio <sup>(5)</sup>	0.42%	0.51%	0.41%	0.39%	0.23%	0.27%
Portfolio turnover rate <sup>(6)</sup>	12.44%	33.04%	4.10%	30.48%	6.56%	0.50%
Net Asset Value per unit	11.00	10.77	12.33	11.71	10.67	10.00

Class T Units - Net Assets per Unit						
	June 30, 2023(\$)	Dec 31, 2022(\$)	Dec 31, 2021(\$)	Dec 31, 2020(\$)	Dec 31, 2019(\$)	Dec 31, 2018(\$)
<b>Net Assets, beginning of period</b>	10.07	11.60	11.10	10.18	9.65	10.53
<b>Increase (decrease) from operations:</b>						
Total revenue	0.10	0.19	0.16	0.18	0.12	0.17
Total expense	(0.12)	(0.25)	(0.26)	(0.25)	(0.23)	(0.24)
Realized gains (losses)	0.13	0.22	0.20	0.34	0.04	(0.01)
Unrealized gains (losses)	0.28	(1.15)	0.90	1.11	1.24	(0.33)
<b>Total increase (decrease) from operations<sup>(1)</sup></b>	<b>0.39</b>	<b>(0.99)</b>	<b>1.00</b>	<b>1.38</b>	<b>1.17</b>	<b>(0.41)</b>
<b>Distributions:</b>						
From income	(0.25)	-	-	-	(0.48)	(0.31)
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	(0.58)	(0.56)	(0.52)	-	(0.22)
<b>Total annual distributions<sup>(1)(2)</sup></b>	<b>(0.25)</b>	<b>(0.58)</b>	<b>(0.56)</b>	<b>(0.52)</b>	<b>(0.48)</b>	<b>(0.53)</b>
<b>Net Assets, end of period</b>	<b>10.23</b>	<b>10.07</b>	<b>11.60</b>	<b>11.10</b>	<b>10.18</b>	<b>9.65</b>



# PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE PERIOD ENDED JUNE 30, 2023)

Class T Units - Ratios/Supplemental Data						
	June 30, 2023(\$)	Dec 31, 2022(\$)	Dec 31, 2021(\$)	Dec 31, 2020(\$)	Dec 31, 2019(\$)	Dec 31, 2018(\$)
Total Net Asset Value (\$000's) <sup>(3)</sup>	1,797	1,278	1,745	1,182	743	1,807
Number of units outstanding (000's) <sup>(3)</sup>	176	127	150	107	73	187
Management expense ratio <sup>(4)</sup>	2.45%	2.46%	2.54%	2.51%	2.45%	2.50%
Management expense ratio before waivers or absorptions	2.48%	2.49%	2.55%	2.65%	2.45%	2.62%
Trading expense ratio <sup>(5)</sup>	0.42%	0.51%	0.41%	0.39%	0.23%	0.27%
Portfolio turnover rate <sup>(6)</sup>	12.44%	33.04%	4.10%	30.48%	6.56%	0.50%
Net Asset Value per unit	10.23	10.07	11.60	11.10	10.18	9.65

Class I Units - Net Assets per Unit						
	June 30, 2023(\$)	Dec 31, 2022(\$)	Dec 31, 2021(\$)	Dec 31, 2020(\$)	Dec 31, 2019(\$)	Dec 31, 2018(\$)
<b>Net Assets, beginning of period</b>	16.87	18.00	16.08	13.75	12.15	12.33
<b>Increase (decrease) from operations:</b>						
Total revenue	0.16	0.31	0.23	0.24	0.24	0.20
Total expense	(0.02)	(0.04)	(0.02)	(0.05)	(0.01)	(0.01)
Realized gains (losses)	0.21	0.31	0.28	0.52	0.09	(0.01)
Unrealized gains (losses)	0.52	(1.71)	1.43	1.55	1.31	(0.29)
<b>Total increase (decrease) from operations<sup>(1)</sup></b>	<b>0.87</b>	<b>(1.13)</b>	<b>1.92</b>	<b>2.26</b>	<b>1.63</b>	<b>(0.11)</b>
<b>Distributions:</b>						
From income	-	-	-	-	(0.03)	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions<sup>(1)(2)</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0.03)</b>	<b>-</b>
<b>Net Assets, end of period</b>	<b>17.74</b>	<b>16.87</b>	<b>18.00</b>	<b>16.08</b>	<b>13.75</b>	<b>12.15</b>

Class I Units - Ratios/Supplemental Data						
	June 30, 2023(\$)	Dec 31, 2022(\$)	Dec 31, 2021(\$)	Dec 31, 2020(\$)	Dec 31, 2019(\$)	Dec 31, 2018(\$)
Total Net Asset Value (\$000's) <sup>(3)</sup>	13	13	14	12	12	11
Number of units outstanding (000's) <sup>(3)</sup>	1	1	1	1	1	1
Management expense ratio <sup>(4)</sup>	0.37%	0.38%	0.44%	0.44%	0.21%	0.21%
Management expense ratio before waivers or absorptions	0.40%	0.41%	0.48%	0.44%	0.49%	0.30%
Trading expense ratio <sup>(5)</sup>	0.42%	0.51%	0.41%	0.39%	0.23%	0.27%
Portfolio turnover rate <sup>(6)</sup>	12.44%	33.04%	4.10%	30.48%	6.56%	0.50%
Net Asset Value per unit	17.74	16.87	18.00	16.08	13.75	12.15

## EXPLANATORY NOTES

(1) Net Assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(2) Distributions were paid in cash, reinvested in additional units of the Fund, or both.

(3) This information is provided as at the periods shown.

(4) The management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period. In the period the shares are established, the MER is annualized. Effective August 20, 2019, the management fee was changed in respect of certain classes of the Fund. If the change to the management fee would have been in effect throughout 2019, the adjusted MER for each class of the Fund would be: Class A - 2.40%, Class F - 1.29%, Class FT - 1.29%, Class T - 2.40%.

(5) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. This figure includes an adjustment for the Fund's portion of the trading expenses for the underlying funds held.

(6) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund. Portfolio turnover rate is calculated based on the lesser of the cost of purchases or proceeds of sales divided by the average market value of the portfolio, excluding short-term investments.



# PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

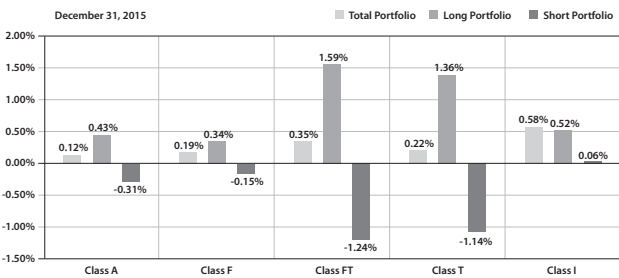
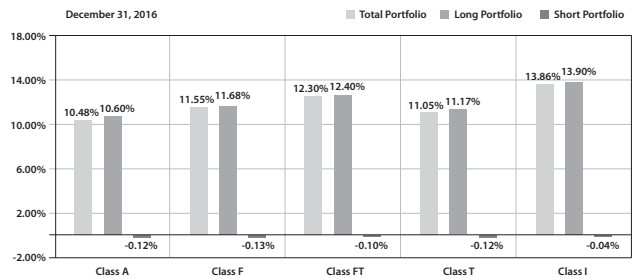
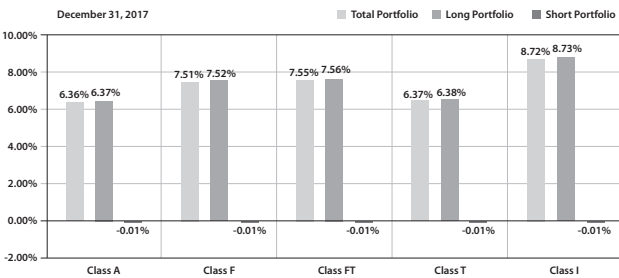
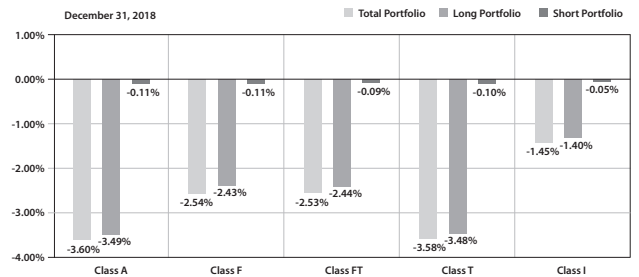
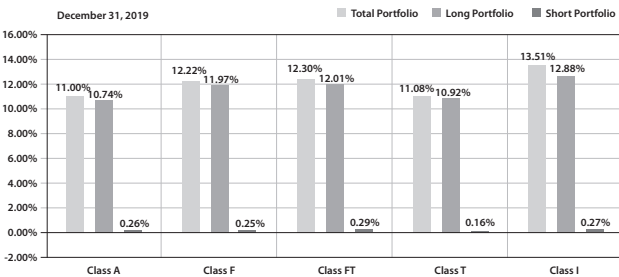
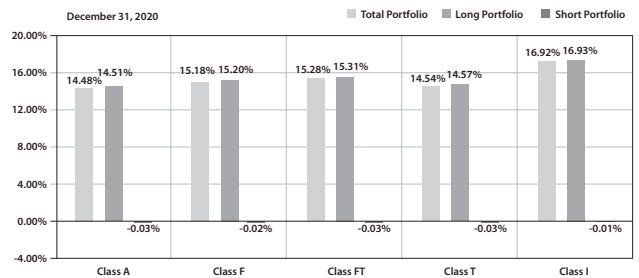
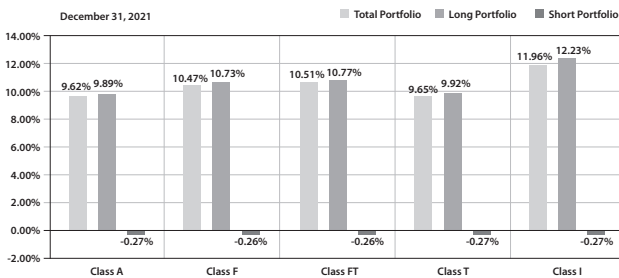
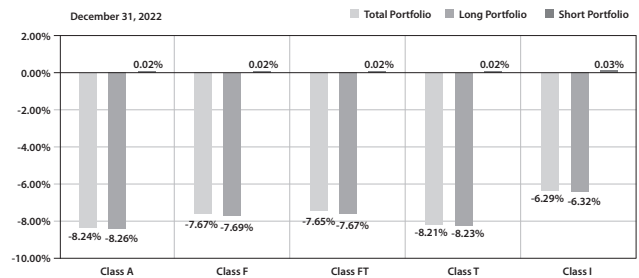
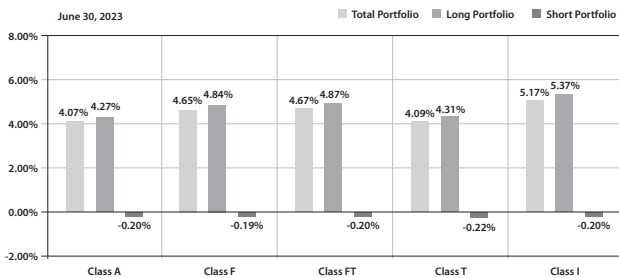
MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE PERIOD ENDED JUNE 30, 2023)

## PAST PERFORMANCE

This section describes the Fund's performance over the past period since inception. The information shown assumes that any distributions made by the Fund were reinvested in additional units of the Fund. All rates of returns are calculated based on the NAV of the particular series of the Fund. Past returns of the Fund do not necessarily indicate how it will perform in the future.

## Year-by-Year>Returns

The following chart indicates the annual performance of each series of the Fund each year from inception on October 29, 2015 to June 30, 2023. The chart shows, in percentage terms, how much an investment made on the first day of the period would have grown or decreased by the last day of the period.



# PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE PERIOD ENDED JUNE 30, 2023)

## SUMMARY OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2023

Portfolio by Category		Portfolio by Category	
	Percentage of Net Asset Value (%)		Percentage of Net Asset Value (%)
<b>LONG POSITIONS</b>		<b>SHORT POSITIONS</b>	
<b>Canadian Equities</b>	<b>82.2%</b>	<b>Canadian Equities</b>	<b>0.0%</b>
Investment Funds	78.1%	Index Equivalents	0.0%
Index Equivalents	4.1%	Real Estate	0.0%
Financials	0.0%	Financials	0.0%
Industrial	0.0%	Energy	0.0%
Energy	0.0%	Industrial	0.0%
Materials	0.0%	Utilities	0.0%
Real Estate	0.0%	Materials	0.0%
Utilities	0.0%	Consumer Discretionary	0.0%
Information Technology	0.0%	Consumer Staples	0.0%
Consumer Discretionary	0.0%	Communication Services	0.0%
Consumer Staples	0.0%	Information Technology	0.0%
Communication Services	0.0%	Health Care	0.0%
Health Care	0.0%	Investment Funds	0.0%
<b>Global Equities</b>	<b>4.6%</b>	<b>Global Equities</b>	<b>0.0%</b>
International Index Equivalents	4.4%	United States Equities	0.0%
United States	0.2%	International Index Equivalents	0.0%
International	0.0%	International Equities	0.0%
<b>Canadian Debt</b>	<b>0.0%</b>	<b>Canadian Debt</b>	<b>0.0%</b>
Corporate Bonds	0.0%	Corporate Bonds	0.0%
Government Bonds	0.0%	Short term debt	0.0%
Short term debt	0.0%	Asset-Backed Securities	0.0%
Asset-Backed Securities	0.0%	Government Bonds	0.0%
<b>Global Debt</b>	<b>0.0%</b>	<b>Global Debt</b>	<b>0.0%</b>
United States Bonds	0.0%	United States Bonds	0.0%
International Bonds	0.0%	International Bonds	0.0%
<b>Derivatives</b>	<b>0.0%</b>	<b>Derivatives</b>	<b>-0.3%</b>
<b>Total Long Positions</b>	<b>86.8%</b>	<b>Total Short Positions</b>	<b>-0.3%</b>
		<b>Cash</b>	<b>13.7%</b>
		<b>Other Liabilities (net)</b>	<b>-0.2%</b>
		<b>Total</b>	<b>100.0%</b>

# PICTON MAHONEY FORTIFIED MULTI-ASSET FUND

MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE PERIOD ENDED JUNE 30, 2023)

<b>Top Holdings</b>	
	<b>Percentage of Net Asset Value (%)</b>
<b>LONG POSITIONS</b>	
Picton Mahoney Fortified Equity Fund	43.9%
Picton Mahoney Fortified Income Fund	24.3%
Cash	13.7%
Picton Mahoney Fortified Inflation Opportunities Alternative Fund	3.9%
Picton Mahoney Fortified Long Short Alternative Fund	2.9%
iShares S&P/TSX 60 Index ETF	2.5%
Picton Mahoney Fortified Market Neutral Alternative Fund	2.1%
iShares Core Canadian Government Bond Index ETF	1.6%
iShares 7-10 Year Treasury Bond ETF	1.3%
iShares 20+ Year Treasury Bond ETF	0.8%
Picton Mahoney Fortified Active Extension Alternative Fund	0.6%
iShares MSCI Brazil Capped ETF	0.4%
iShares MSCI India ETF	0.4%
iShares MSCI Mexico Capped ETF	0.3%
Picton Mahoney Fortified Special Situations Alternative Fund	0.3%
iShares MSCI South Africa ETF	0.3%
db X-trackers Harvest CSI 300 China A-Shares ETF	0.3%
Invesco DB Energy Fund	0.2%
Invesco DB Base Metals Fund	0.2%
Invesco DB Agriculture Fund	0.2%
Eagle SPV LP	0.2%
Ether ETF	0.0%
3iQ Bitcoin ETF	0.0%
<b>Total Net Asset Value (\$000)</b>	<b><u>\$176,043</u></b>

The Summary of Investment Portfolio may change due to ongoing portfolio transactions. A quarterly update is available on our website at [www.pictonmahoney.com](http://www.pictonmahoney.com). Picton Mahoney Fortified Multi-Asset Fund invests in other investment funds. The prospectus and other information about the underlying investment funds are available on the internet at [www.sedar.com](http://www.sedar.com).

## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements about the Fund, its future performance, strategies and events. Forward-looking statements include words such as "anticipates," "believe," "could," "expect," "estimate," "may" or negative versions thereof and similar expressions. By their nature, forward-looking statements make assumptions on future events that are subject to inherent risks and uncertainties. There is significant risk that predictions on the Fund, future events and economic conditions will not prove to be accurate. Forward-looking statements are not guarantees of future performance and actual results may differ materially from management projected expectations due to factors such as general market and economic conditions, interest rates and foreign currency fluctuations, changes to regulatory requirements and guidelines, changes in technology, effects of competition in the various business areas and unforeseen natural disasters and catastrophes. As a result of these factors, readers of this document are cautioned not to place undue reliance on these statements and before making any investment decisions should clearly consider these factors, among other factors. All opinions contained in the forward-looking statements are subject to change without notice and are provided in good faith, unless required by applicable law.

**THINK AHEAD.  
STAY AHEAD.**



---

## **PICTON MAHONEY ASSET MANAGEMENT CORPORATE INFORMATION**

### **Corporate Address**

#### **Picton Mahoney Asset Management**

33 Yonge Street, Suite. 830  
Toronto, Ontario  
Canada M5E 1G4

Telephone: 416.955.4108

Toll free: 1.866.369.4108

Fax: 416.955.4100

Email: [service@pictonmahoney.com](mailto:service@pictonmahoney.com)

[www.pictonmahoney.com](http://www.pictonmahoney.com)

### **Fund Administration & Transfer Agent**

#### **Picton Mahoney Funds**

C/O RBC Investor Services Trust,  
Shareholder Services  
155 Wellington Street West, 3<sup>rd</sup> Floor  
Toronto, ON  
Canada M5V 3L3

### **Auditor**

#### **PricewaterhouseCoopers LLP**

18 York Street, Suite 2600  
Toronto, Ontario  
Canada M5J 0B2

### **Legal Counsel**

#### **McMillan LLP**

Brookfield Place, Suite 4400  
181 Bay Street  
Toronto, Ontario  
Canada M5J 2T3