UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS **JUNE 2022**

PICTON MAHONEY
Asset Management

FORTIFIED EQUITY 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 Equity 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, 2022

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.

STATEMENTS OF FINANCIAL POSITION

As at June 30, 2022 (unaudited) and December 31, 2021

	June 30, 2022 $	December 31, 2021 $
Assets		
Current assets		
Long positions at fair value*	**80,577,235**	112,496,930
Cash	**10,338,335**	12,362,164
Deposits with brokers for securities sold short	**273,713**	978,127
Due from Manager	**1,350**	8,280
Receivable for investments sold	**7,982**	225,564
Dividends receivable	**93,850**	133,542
	91,292,465	126,204,607
Liabilities		
Current liabilities		
Short positions at fair value**	**3,151,256**	4,501,609
Management fee payable	**77,403**	21,041
Redemptions payable	**232,806**	1,988
Accrued liabilities	**131,416**	98,861
Payable for investments purchased	**-**	578,444
Dividends payable	**-**	1,358
	3,592,881	5,203,301
Net Assets Attributable to Holders of Redeemable Units	**87,699,584**	121,001,306
Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	**2,652,131**	3,432,416
Class F	**20,497,036**	27,083,559
Class FT	**296,202**	363,483
Class T	**374,427**	671,883
Class I	**63,879,788**	89,449,965
Number of Redeemable Units Outstanding		
Class A	**205,091**	216,399
Class F	**1,493,396**	1,617,769
Class FT	**30,266**	29,599
Class T	**40,899**	58,192
Class I	**4,209,939**	4,856,089
Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	**12.93**	15.86
Class F	**13.73**	16.74
Class FT	**9.79**	12.28
Class T	**9.15**	11.55
Class I	**15.17**	18.42
* Long positions, at cost	**81,053,002**	88,122,867
** Short positions, at cost	**(4,251,655)**	(4,846,907)

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

Approved on behalf of the Manager

David Picton — President

Arthur Galloway — CFO

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the six month periods ended June 30 (unaudited)

	2022 $	2021 $
Income		
Net gains (losses) on investments and derivatives		
Interest for distribution purposes	**3,433**	1,030
Dividends	**995,509**	672,904
Net realized gain (loss) on investments and options	**3,211,327**	7,749,561
Change in unrealized appreciation (depreciation) on investments and options	**(24,094,730)**	1,395,631
Interest and borrowing expense	**(21,035)**	(18,470)
Dividend expense	**(17,526)**	(19,371)
Net gains (losses) on investments and derivatives	**(19,923,022)**	9,781,285
Other income		
Securities lending income	**6,636**	6,891
Foreign currency gain (loss) on cash and other assets and liabilities	**175,206**	(338,382)
Total Income	**(19,741,180)**	9,449,794
Expenses		
Transaction costs	**261,165**	203,662
Withholding taxes	**170,927**	80,669
Management fees	**149,763**	118,456
Administrative fees	**49,765**	34,672
Harmonized sales tax	**23,702**	31,851
Securityholder reporting fees	**21,765**	16,765
Legal fees	**19,184**	17,689
Audit fees	**7,618**	7,607
Independent Review Committee Expense	**4,344**	3,779
Performance fees	**-**	80,008
Total Expense before Manager Absorption	**708,233**	595,158
Less: Expenses Absorbed by Manager	**(16,290)**	(13,290)
Total Expense after Manager Absorption	**691,943**	581,868
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	**(20,433,123)**	8,867,926
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	**(615,291)**	326,491
Class F	**(5,063,837)**	1,650,305
Class FT	**(65,882)**	22,049
Class T	**(117,936)**	33,319
Class I	**(14,570,177)**	6,835,762
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	**(2.94)**	1.56
Class F	**(3.00)**	1.38
Class FT	**(2.18)**	1.26
Class T	**(2.16)**	1.01
Class I	**(3.18)**	2.01

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

For the six month periods ended June 30 (unaudited)

	2022 $	2021 $
Net Assets Attributable to Holders of Redeemable Units at Beginning of Period		
Class A	**3,432,416**	2,964,762
Class F	**27,083,559**	5,333,749
Class FT	**363,483**	207,644
Class T	**671,883**	250,722
Class I	**89,449,965**	52,563,609
	121,001,306	61,320,486
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
Class A	**(615,291)**	326,491
Class F	**(5,063,837)**	1,650,305
Class FT	**(65,882)**	22,049
Class T	**(117,936)**	33,319
Class I	**(14,570,177)**	6,835,762
	(20,433,123)	8,867,926
Redeemable Unit Transactions		
Proceeds from redeemable units issued		
Class A	**161,041**	142,144
Class F	**3,168,162**	19,896,838
Class FT	**7,300**	291
Class T	**11,000**	430,000
Class I	**3,500,000**	5,825,106
	6,847,503	26,294,379
Reinvestments of distributions to holders of redeemable units		
Class A	**-**	-
Class F	**-**	-
Class FT	**582**	14
Class T	**-**	-
Class I	**-**	-
	582	14
Redemption of redeemable units		
Class A	**(326,035)**	(120,534)
Class F	**(4,690,848)**	(1,534,818)
Class FT	**-**	(14,480)
Class T	**(175,205)**	-
Class I	**(14,500,000)**	-
	(19,692,088)	(1,669,832)
Net Increase (Decrease) from Redeemable Unit Transactions	**(12,844,003)**	24,624,561

	2022 $	2021 $
Distributions to Holders of Redeemable Units		
Net investment income		
Class A	**-**	-
Class F	**-**	-
Class FT	**(9,281)**	(4,951)
Class T	**(15,315)**	(9,465)
Class I	**-**	-
	(24,596)	(14,416)
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	**(33,301,722)**	33,478,071
Net Assets Attributable to Holders of Redeemable Units at End of Period		
Class A	**2,652,131**	3,312,863
Class F	**20,497,036**	25,346,074
Class FT	**296,202**	210,567
Class T	**374,427**	704,576
Class I	**63,879,788**	65,224,477
Net Assets Attributable to Holders of Redeemable Units at End of Period	**87,699,584**	94,798,557

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

STATEMENTS OF CASH FLOWS

For the six month periods ended June 30 (unaudited)

	2022 $	2021 $
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable units	**(20,433,123)**	8,867,926
Adjustments for:		
Unrealized foreign exchange (gain) loss on cash	**(213,381)**	263,902
Net realized (gain) loss on investments and options	**(3,211,327)**	(7,749,561)
Change in unrealized (appreciation) depreciation on investments and options	**24,094,730**	(1,395,631)
(Increase) decrease in due from manager	**6,930**	24,980
(Increase) decrease in dividends receivable	**39,692**	(8,668)
(Increase) decrease in deposits with brokers for securities sold short	**704,414**	(48,684)
Increase (decrease) in dividends payable	**(1,358)**	(3,202)
Increase (decrease) in other payables and accrued liabilities	**88,917**	98,727
Increase (decrease) in performance fee payable	**-**	(31,951)
Purchase of long positions and repurchases of investments sold short	**(46,712,755)**	(73,446,795)
Proceeds from sales of long positions and on investments sold short	**56,037,832**	52,679,192
Net Cash Generated (Used) by Operating Activities	**10,400,571**	(20,749,765)

	2022 $	2021 $
Cash Flows from Financing Activities		
Distributions to holders of redeemable units, net of reinvested distributions	**(24,014)**	(16,127)
Proceeds from redeemable units issued	**6,667,786**	26,151,078
Amount paid on redemption of redeemable units	**(19,281,553)**	(1,650,342)
Net Cash Generated (Used) by Financing Activities	**(12,637,781)**	24,484,609
Unrealized foreign exchange gain (loss) on cash	**213,381**	(263,902)
Net increase (decrease) in cash	**(2,237,210)**	3,734,844
Cash, beginning of period	**12,362,164**	3,795,942
Cash, End of Period	**10,338,335**	7,266,884
Cash	**10,338,335**	7,266,884
Cash overdraft	**-**	-
Net Cash (Overdraft)	**10,338,335**	7,266,884
Items classified as operating activities:		
Interest received, net of withholding tax	**3,433**	1,030
Dividends received, net of withholding tax	**864,693**	583,582
Interest and borrowing expense paid	**(21,035)**	(18,470)
Dividends paid	**(18,884)**	(22,573)

Net of non-cash transfers and switches of $179,717 (2021 - $11,440)

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2022 (unaudited)

CCY*	No. of shares/ units/ Face value	Security Description	Average cost ($)	Fair value ($)
		LONG POSITIONS (91.9%)		
		Canadian Equities (9.5%)		
		Energy (1.4%)		
	7,600	Cameco Corp.	217,984	205,656
	28,300	MEG Energy Corp.	282,312	504,306
	8,000	Tourmaline Oil Corp.	387,567	535,440
			887,863	1,245,402
		Materials (1.3%)		
	7,800	CCL Industries Inc.	457,774	474,552
	22,700	First Quantum Minerals Ltd.	288,314	554,334
	24,200	Hudbay Minerals Inc.	221,932	127,050
			968,020	1,155,936
		Industrial (1.8%)		
	3,469	Thomson Reuters Corp.	281,782	465,505
	1,700	Waste Connections Inc.	285,019	271,320
	5,600	WSP Global Inc.	803,483	815,024
			1,370,284	1,551,849
		Consumer Discretionary (0.6%)		
	13,300	Spin Master Corp.	642,165	558,733
		Consumer Staples (0.3%)		
	5,100	Alimentation Couche-Tard Inc.	300,990	256,071
		Financials (3.8%)		
	7,900	Brookfield Asset Management Inc.	553,700	452,354
	9,400	Canadian Western Bank	325,319	244,682
	35,200	Element Fleet Management Corp.	358,106	472,384
	5,900	iA Financial Corp. Inc.	376,734	377,718
	3,800	Intact Financial Corp.	622,186	689,928
	5,200	Royal Bank of Canada	679,720	648,128
	13,400	Trisura Group Ltd.	567,706	446,622
			3,483,471	3,331,816
		Information Technology (0.3%)		
	20,600	Celestica Inc.	321,050	257,912
		Total Canadian Equities - Long	7,973,843	8,357,719
		Global Equities (82.4%)		
		United States Equities (54.2%)		
	2,530	Abbvie Inc.	523,042	499,851
	620	Adobe Inc.	287,147	292,765
	1,600	Advanced Micro Devices Inc.	239,070	157,829
	760	Alphabet Inc., Class A	1,996,701	2,136,474
	10,400	Amazon.com Inc.	1,722,977	1,424,865
	2,350	Analog Devices Inc.	523,360	442,857
	5,300	Apollo Global Management Inc.	295,889	331,447
	13,500	Apple Inc.	1,508,369	2,380,900
	2,270	Arthur J Gallagher & Co.	463,164	477,414
	1,100	Aspen Aerogels Inc.	85,537	14,019
	4,300	BJ's Wholesale Club Holdings Inc.	341,550	345,677
	610	Broadcom Inc.	457,263	382,271
	5,200	Calix Inc.	316,468	229,003
	2,300	CarMax Inc.	373,689	268,445
	3,200	CF Industries Holdings Inc.	212,945	353,881
	3,800	Charles Schwab Corp.	347,078	309,698
	2,850	CME Group Inc.	768,174	752,554
	8,300	Coca-Cola Co.	576,684	673,555
	1,650	Constellation Brands Inc.	452,768	496,051
	3,410	Danaher Corp.	1,019,061	1,115,171
	1,340	Deere & Co.	416,629	517,646
	4,120	DexCom Inc.	660,050	396,099
	2,450	Dollar Tree Inc.	329,113	492,547
	4,030	Eli Lilly & Co.	1,070,576	1,685,518
	1,520	Estee Lauder Cos Inc.	475,519	499,340
	1,740	Expedia Group Inc.	414,748	212,848
	1,620	Extra Space Storage Inc.	347,114	355,505
	8,000	Exxon Mobil Corp.	610,489	883,775
	910	FedEx Corp.	266,498	266,126
	3,730	First Republic Bank	773,624	693,824
	1,250	Gartner Inc.	313,006	389,938
	1,030	Generac Holdings Inc.	294,261	279,788
	4,800	HealthEquity Inc.	393,096	380,114
	2,550	Hershey Co.	568,037	707,745
	5,300	Hilton Grand Vacations Inc.	216,602	244,278
	2,050	Honeywell International Inc.	453,982	459,625
	1,920	International Flavors & Fragrances Inc.	319,178	295,026
	1,450	Intuitive Surgical Inc.	610,826	375,415
	1,360	IQVIA Holdings Inc.	457,632	380,674
	3,320	Lamar Advertising Co.	472,854	376,745
	3,700	Live Nation Entertainment Inc.	408,682	394,141
	7,400	Marvell Technology Inc.	381,592	415,523
	3,460	Mastercard Inc.	1,221,455	1,408,066
	3,600	Match Group Inc.	563,483	323,629
	10,300	Microsoft Corp.	2,242,546	3,412,395
	5,300	Morgan Stanley	489,999	520,005
	1,320	Motorola Solutions Inc.	330,245	356,895
	10,800	NextEra Energy Inc.	738,870	1,079,136
	2,300	NIKE Inc.	399,883	303,217
	3,000	NVIDIA Corp.	537,848	586,633
	17,400	Olaplex Holdings Inc.	346,700	316,253
	8,400	Option Care Health Inc.	313,704	301,122
	950	Palo Alto Networks Inc.	641,345	605,303
	4,100	Papa John's International Inc.	674,643	441,722
	940	Paycom Software Inc.	352,753	339,662
	530	Pool Corp.	260,082	240,128
	3,950	Procter & Gamble Co.	662,318	732,657
	5,450	Progressive Corp.	771,937	817,409
	13,300	Qualtrics International Inc.	705,011	214,627
	1,400	RBC Bearings Inc.	377,481	334,008
	3,100	Republic Services Inc.	505,754	523,331
	2,550	Robert Half International Inc.	223,113	246,342

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2022 (unaudited)

CCY*	No. of shares/ units/ Face value	Security Description	Average cost ($)	Fair value ($)
	1,030	S&P Global Inc.	512,414	447,836
	6,400	SeaWorld Entertainment Inc.	519,563	364,738
	1,300	ServiceNow Inc.	703,977	797,420
	9,200	Simply Good Foods Co.	360,476	448,239
	1,000	Synopsys Inc.	176,997	391,760
	3,200	Tenet Healthcare Corp.	322,726	216,960
	6,300	TJX Cos Inc.	577,412	453,878
	4,200	T-Mobile US Inc.	662,911	728,913
	830	Ulta Beauty Inc.	318,588	412,719
	5,300	Union Pacific Corp.	1,689,000	1,458,146
	950	United Rentals Inc.	280,953	297,676
	2,470	UnitedHealth Group Inc.	975,396	1,636,524
	3,200	Valero Energy Corp.	373,011	438,709
	4,600	W R Berkley Corp.	332,603	405,041
	8,300	Warner Music Group Corp.	445,834	260,814
	13,100	Wells Fargo & Co.	628,730	661,911
	15,200	WillScot Mobile Mini Holdings Corp.	402,322	635,670
	2,150	Zoetis Inc.	431,221	476,721
			44,838,348	47,423,182
International Equities (27.1%)				
	21,000	3i Group PLC	485,887	364,678
	1,350	Accenture PLC	587,028	483,511
	12,000	Asahi Group Holdings Ltd.	628,727	506,468
	1,200	ASM International NV	479,124	386,126
	800	ASML Holding NV	674,585	491,801
	26,000	Austevoll Seafood ASA	419,580	391,410
	6,500	BNP Paribas SA	419,192	397,660
	7,500	Brookfield Infrastructure Partners LP	219,509	368,850
	4,470	Bunge Ltd.	421,592	522,928
	22,000	BW LPG Ltd.	189,203	209,401
	4,800	Capri Holdings Ltd.	271,307	253,925
	17,500	Carrefour SA	477,805	398,489
	47,690	Champion Iron Ltd.	112,874	225,097
	29,000	Charter Hall Group	421,973	278,591
	1,200	Comet Holding AG	288,856	243,182
	1,650	CyberArk Software Ltd.	278,642	272,354
	375,000	DDH1 Ltd.	381,909	212,889
	11,500	Deutsche Post AG	806,554	554,280
	22,500	Deutsche Telekom AG	546,179	574,880
	2,700	D'ieteren Group	415,390	508,307
	40,000	Drax Group PLC	362,874	402,926
	3,300	Eaton Corp. PLC	576,106	536,321
	9,000	Ebara Corp.	545,048	434,116
	18,000	Entain PLC	509,370	351,072
	23,000	Euroapi SA	436,767	466,935
	70,000	Glencore PLC	383,631	488,102
	6,000	GN Store Nord AS	293,080	270,600
	10,200	H+H International A/S	307,059	245,640
	10,000	Hitachi Ltd.	604,692	611,294
	30,000	IG Group Holdings PLC	396,487	324,519
	55,000	Indivior PLC	260,899	266,414
	30,000	ING Groep NV	360,986	381,554
	11,000	International Game Technology PLC	272,373	263,358
	5,600	Johnson Controls International PLC	455,747	345,873
	400	Lonza Group AG	277,607	274,334
	600	LVMH Moet Hennessy Louis Vuitton SE	566,112	470,682
	4,000	Mercedes-Benz Group AG	383,669	297,875
	65,000	Mitsubishi UFJ Financial Group Inc.	466,024	450,172
	70,000	Norva24 Group AB	318,236	300,391
	60,000	OSB Group PLC	458,846	451,365
	75,000	Redrow PLC	830,024	575,486
	45,000	Renesas Electronics Corp.	687,013	526,835
	35,000	RS GROUP PLC	567,272	476,478
	13,000	RWE AG	694,604	615,007
	2,700	Sanofi	366,728	350,790
	80,000	SITC International Holdings Co., Ltd.	356,783	291,956
	6,500	Sony Group Corp.	705,210	684,763
	27,500	Sumitomo Forestry Co., Ltd.	672,278	502,124
	3,000	Taiwan Semiconductor Manufacturing Co., Ltd.	457,251	316,362
	35,000	Tate & Lyle PLC	472,764	410,900
	1,600	Teleperformance	803,064	632,862
	10,000	TotalEnergies SE	666,116	679,280
	22,500	UBS Group AG	538,099	466,577
	7,000	Ulvac Inc.	520,436	307,071
	37,500	UniCredit SpA	591,263	458,433
	30,000	Unipol Gruppo SpA	199,638	175,423
	2,000	Volkswagen AG, Preferred	512,017	343,672
	12,000	West Holdings Corp.	622,094	415,885
	300,000	WH Group Ltd.	298,820	298,860
			27,323,003	23,807,134
International Index Equivalents (1.1%)				
	3,600	ARK Innovation ETF	195,108	185,196
	4,000	iShares 20+ Year Treasury Bond ETF	602,986	592,709
	5,000	KraneShares CSI China Internet ETF	207,586	211,295
			1,005,680	989,200
		Total Global Equities - Long	**73,167,031**	**72,219,516**
		Transaction Costs	**(87,872)**	**-**
		Total Long Positions	**81,053,002**	**80,577,235**
SHORT POSITIONS (-3.6%)				
Global Equities (-3.6%)				
United States Equities (-3.2%)				
	(230)	Align Technology Inc.	(189,231)	(70,218)
	(425)	Boston Beer Co Inc.	(184,367)	(166,098)
	(320)	Carvana Co.	(93,190)	(9,321)
	(3,500)	Gitlab Inc.	(174,749)	(239,919)
	(2,250)	IPG Photonics Corp.	(294,159)	(273,203)
	(960)	Lithia Motors Inc.	(351,874)	(340,313)

SCHEDULE OF INVESTMENT PORTFOLIO

As at June 30, 2022 (unaudited)

CCY*	No. of shares/ units/ Face value	Security Description	Average cost ($)	Fair value ($)
	(675)	Moderna Inc.	(241,707)	(124,382)
	(700)	Okta Inc.	(197,819)	(81,628)
	(22,250)	Palantir Technologies Inc.	(260,515)	(260,323)
	(2,700)	Proto Labs Inc.	(163,220)	(166,621)
	(3,800)	SentinelOne Inc.	(237,424)	(114,360)
	(500)	Snowflake Inc.	(124,180)	(89,691)
	(500)	T Rowe Price Group Inc.	(115,516)	(73,276)
	(2,900)	Thor Industries Inc.	(388,057)	(279,555)
	(1,275)	Whirlpool Corp.	(358,720)	(254,714)
	(4,200)	Zillow Group Inc.	(260,499)	(172,341)
	(1,000)	Zions Bancorp NA	(88,607)	(65,659)
			(3,723,834)	(2,781,622)
	International Equities (-0.1%)			
	(10,000)	Carnival Corp.	(174,484)	(111,581)
	(100)	Monday.com Ltd.	(25,129)	(13,307)
			(199,613)	(124,888)
	International Index Equivalents (-0.3%)			
	(8,150)	Invesco Nasdaq Next Gen 100 ETF	(326,054)	(244,746)
		Total Global Equities - Short	**(4,249,501)**	**(3,151,256)**
		Transaction Costs	**(2,154)**	**-**
		Total Short Positions	**(4,251,655)**	**(3,151,256)**
		TOTAL INVESTMENT PORTFOLIO (88.3%)	**76,801,347**	**77,425,979**
		Other Assets Net of Liabililties (11.7%)		10,273,605
		TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (100.0%)		**87,699,584**

**CCY denotes local currency of debt security*

FUND SPECIFIC NOTES

As at June 30, 2022 (unaudited)

1. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following tables illustrate the classifications of the Fund's financial instruments within the fair value hierarchy as at June 30, 2022 and December 31, 2021.

ASSETS (LIABILITIES) AT FAIR VALUE AS AT JUNE 30, 2022	Level 1 $	Level 2 $	Level 3 $	Total $
Equities - Long	79,588,035	-	-	79,588,035
Exchange Traded Funds - Long	989,200	-	-	989,200
Equities - Short	(2,906,510)	-	-	(2,906,510)
Exchange Traded Funds - Short	(244,746)	-	-	(244,746)
Total	**77,425,979**	**-**	**-**	**77,425,979**

ASSETS (LIABILITIES) AT FAIR VALUE AS AT DECEMBER 31, 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Equities - Long	112,496,930	-	-	112,496,930
Equities - Short	(4,501,609)	-	-	(4,501,609)
Total	**107,995,321**	**-**	**-**	**107,995,321**

2. SECURITIES LENDING TRANSACTIONS

The Fund has entered into a securities lending program with its 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 consists primarily of fixed income securities. As at June 30, 2022, there was $10,083,300 (Collateral - $10,287,871) of securities on loan (December 31, 2021 - $9,453,409 (Collateral - $9,642,485) of securities on loan).

Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge which the Fund's custodian is entitled to receive. For the six month periods ended June 30, securities lending income were as follows:

	June 30, 2022 ($)	June 30, 2021 ($)
Gross securities lending income	10,209	10,601
Securities lending charges	(3,573)	(3,710)
Net securities lending income	**6,636**	**6,891**
Withholding taxes on securities lending income	(419)	(15)
Net securities lending income received by the Fund	**6,217**	**6,876**
Security lending charges percentage of gross securities lending income	35%	35%

3. OTHER PRICE RISK

Using Beta as a measure of the relationship of the Fund's performance versus its index, if the blended index consisting of 25% S&P/TSX Composite Total Return Index; 50% MSCI World Index; and 25% FTSE TMX Canada 30-Day T-Bill Index were to increase or decrease by 10%, net assets would have increased or decreased by approximately $7,985,065 (December 31, 2021 - $11,857,771). 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.

FUND SPECIFIC NOTES (CONTINUED)

4. CURRENCY RISK

Foreign currencies to which the Fund had exposure as at June 30, 2022 and December 31, 2021 were as follows:

FINANCIAL INSTRUMENTS				
June 30, 2022 Currency	**Monetary $**	**Non-Monetary $**	**Total $**	**Percentage of Net Assets %**
United States Dollar	7,559,873	48,255,753	55,815,626	63.6%
European Euro	(23,042)	8,184,058	8,161,016	9.3%
Japanese Yen	15,701	4,438,730	4,454,431	5.1%
British Pound	79,341	4,111,941	4,191,282	4.8%
Swiss Franc	64,853	984,094	1,048,947	1.2%
Norwegian Krone	-	600,811	600,811	0.7%
Hong Kong Dollar	5,754	590,816	596,570	0.7%
Danish Krone	-	516,240	516,240	0.6%
Australian Dollar	11,448	491,480	502,928	0.6%
Swedish Krona	45,326	300,391	345,717	0.4%
South African Rand	9,781	-	9,781	0.0%
Mexican Peso	(4,141)	-	(4,141)	0.0%
Net Exposure	**7,764,894**	**68,474,314**	**76,239,208**	**87.0%**

FINANCIAL INSTRUMENTS				
December 31, 2021 Currency	**Monetary $**	**Non-Monetary $**	**Total $**	**Percentage of Net Assets %**
United States Dollar	2,647,927	66,169,261	68,817,188	56.9%
European Euro	(31,307)	13,058,627	13,027,320	10.8%
British Pound	116,860	7,470,090	7,586,950	6.3%
Japanese Yen	3,324	6,155,180	6,158,504	5.1%
Hong Kong Dollar	24,627	1,459,147	1,483,774	1.2%
Australian Dollar	9,047	982,319	991,366	0.8%
Swedish Krona	51,069	820,407	871,476	0.7%
Swiss Franc	66,717	787,157	853,874	0.7%
Norwegian Krone	–	852,452	852,452	0.7%
Singapore Dollar	–	356,042	356,042	0.3%
South African Rand	9,831	–	9,831	0.0%
Mexican Peso	(3,851)	–	(3,851)	0.0%
Net Exposure	**2,894,244**	**98,110,682**	**101,004,926**	**83.5%**

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 $3,811,960 (December 31, 2021 - $5,050,246). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

5. INTEREST RATE RISK

Interest rate risk arises on interest-bearing financial instruments held in the investment portfolio such as bonds. As at June 30, 2022 and December 31, 2021, the interest rate risk is minimal given that the majority of the financial instruments held by the Fund are non-interest bearing.

6. CREDIT RISK

Credit risk arises from investments in debt instruments. As of June 30, 2022 and December 31, 2021, 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 credit rating of A+.

FUND SPECIFIC NOTES (CONTINUED)

7. 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, 2022 and December 31, 2021.

Jurisdiction	% of Net Assets	
	June 30, 2022	December 31, 2021
LONG POSITIONS	**91.9%**	**93.0%**
Canadian Equities	**9.5%**	**7.6%**
Financials	3.8%	3.7%
Industrial	1.8%	1.2%
Energy	1.4%	0.5%
Materials	1.3%	1.4%
Consumer Discretionary	0.6%	0.8%
Consumer Staples	0.3%	0.0%
Information Technology	0.3%	0.0%
Global Equities	**82.4%**	**85.4%**
United States Equities	54.2%	53.6%
International Equities	27.1%	31.8%
International index equivalents	1.1%	0.0%
SHORT POSITIONS	**-3.6%**	**-3.7%**
Global Equities	**-3.6%**	**-3.7%**
United States Equities	-3.2%	-3.5%
International Equities	-0.1%	0.0%
International index equivalents	-0.3%	-0.2%

8. 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 statement of financial position and are due on demand.

June 30, 2022 Financial Liabilities	On Demand $	< 3 months $	> 3 months $	Total $
Short positions	3,151,256	-	-	3,151,256
Redemptions payable	232,806	-	-	232,806
Accrued liabilities and other payables	-	208,819	-	208,819

December 31, 2021 Financial Liabilities	On Demand $	< 3 months $	> 3 months $	Total $
Short positions	4,501,609	-	-	4,501,609
Redemptions payable	1,988	-	-	1,988
Accrued liabilities and other payables	-	121,260	-	121,260
Payable for investments purchased	578,444	-	-	578,444

FUND SPECIFIC NOTES (CONTINUED)

9. FUND UNIT TRANSACTIONS

For the six month periods ended June 30 (unaudited)

	2022					2021				
	Class A	Class F	Class FT	Class T	Class I	Class A	Class F	Class FT	Class T	Class I
Units issued and outstanding, beginning of period	216,399	1,617,769	29,599	58,192	4,856,089	209,427	360,762	17,933	22,607	3,305,810
Units issued	10,942	203,188	608	959	207,484	9,477	1,277,795	24	36,421	336,927
Units reinvested	-	-	59	-	-	-	-	1	-	-
Units redeemed	(22,250)	(327,561)	-	(18,252)	(853,634)	(7,972)	(96,094)	(1,201)	-	-
Units issued and outstanding, end of period	205,091	1,493,396	30,266	40,899	4,209,939	210,932	1,542,463	16,757	59,028	3,642,737
Weighted average number of units held during the period	209,211	1,686,874	30,177	54,486	4,584,140	209,528	1,198,469	17,462	33,094	3,398,328

10. COMMISSIONS

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

	2022	2021
Brokerage commissions	261	204
Soft Dollar commissions	23	25

11. TAX LOSS CARRY FORWARDS

As at December 31 (in $000)

	2021
Net capital losses carry forward	34
Non-capital losses carry forward	-

12. STRUCTURED ENTITIES

The table below illustrates the Fund's investment in the underlying funds as at June 30, 2022 and December 31, 2021.

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, 2022			
ARK Innovation ETF	185	10,115,274	0.0%
iShares 20+ Year Treasury Bond ETF	593	26,067,834	0.0%
KraneShares CSI China Internet ETF	211	10,719,276	0.0%
As at December 31, 2021			
None	-	-	-

As at June 30, 2022 (unaudited)

1. GENERAL INFORMATION

Picton Mahoney Fortified Equity Fund (the "Fund") is an open-ended mutual trust established under the laws of the Province of Ontario pursuant to a trust agreement dated October 21, 2015 (the "Trust Declaration"). The Fund commenced operations on October 29, 2015. 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, 2022.

On October 29, 2015, 15,001 Class A units of the Fund were issued to the Manager of the Fund, for cash consideration of CAD $10.00 per unit.

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 FT, Class T and Class I 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 FT 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 FT units are also designed to provide cash flow to investors by making monthly distributions of cash. Class T units are available to all investors and are designed to provide cash flow to investors by making monthly distributions of cash. 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.

As at June 30, 2022, the Fund currently has 5 Classes of Units: Class A, Class F, Class FT, Class T, and Class I.

The investment objective of the Fund is to achieve long-term capital appreciation by investing primarily in global equity securities while mitigating capital loss by engaging in hedging strategies for downside risk protection.

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, 2021. 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 as 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 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.

(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.

Distributions received from investment fund holdings are recognized by the Fund in the same form in which they were received from the underlying funds and are recognized on the distribution date.

(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 FT, Class T and Class I 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.

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.

(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) IFRS 9, Financial Instruments

IFRS 9 'Financial Instruments' addresses the classification, measurement and derecognition of financial assets and liabilities.

Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognized at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income.

The Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortized cost.

(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.

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, 2022 and December 31, 2021, 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, 2022 and December 31, 2021, 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 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, 2022 and December 31, 2021, all amounts receivable for investments sold, subscriptions receivable, dividends receivable, distributions receivable from underlying funds, due from manager, deposits with brokers for securities sold short, 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.

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.

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 A, Class F and Class I units will be automatically reinvested in additional units. For Class FT and Class T units, unitholders will receive a target monthly distribution at an initial rate of 5% per annum. The target rate of monthly distribution will be reset at the beginning of each calendar year to provide a target yield based on the net asset value per Class FT unit or Class T unit as at December 31 of the prior year. Throughout the year, such monthly distributions to unitholders will be composed of net income, net capital gains and/or a return of capital. All distributions on Class FT and Class T units will be paid in cash.

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 11 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.

As at June 30, 2022 (unaudited)

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 1.90%, on Class F units is 0.90%, on Class FT units is 0.90%, and on Class T units is 1.90%. The management fee for Class I 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..

(b) Performance Fees

The Manager receives a performance fee payable in respect of each class of units of the Fund. The performance fee is 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 blended benchmark consisting of 25% S&P/TSX Composite Total Return Index; 50% MSCI World Index (net total return, in Canadian dollars); and 25% FTSE TMX Canada 30 Day T-Bill Index (the "Performance Fee Index") since the end of the period for which the last performance fee was paid. If at any time the total return of the class of units of the 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 the Fund relative to its Performance Fee Index 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 directly to the The Manager reserves the right, in its discretion, to discontinue, decrease or waive the performance fee at any time. For the period January 1, 2022 to June 30, 2022, the Fund incurred no performance fees.

(c) Fund of Fund Expenses

When a Top 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 Top Fund. The fees and expenses of the underlying fund will have an impact on the management expense ratio of a Top Fund that invests in such underlying fund as the Top Fund is required, in determining its management expense ratio, to take into account the expenses incurred by the Top Fund that are attributable to its investment in the underlying fund. However, the Top 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 Top 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, its affiliate or associate, 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.

THINK AHEAD.
STAY AHEAD.

PICTON MAHONEY
Asset Management

PICTON MAHONEY ASSET MANAGEMENT CORPORATE INFORMATION

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