

# PICTON MAHONEY FORTIFIED INFLATION OPPORTUNITIES ALTERNATIVE FUND

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

This document includes:

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- [WHAT MAKES US DIFFERENT?](#)
- [USEFUL RESOURCES TO COMPLETE THE KYP JOURNEY](#)

## FIRM OVERVIEW

<b>Our Mission</b>	To help investors achieve their financial goals with greater certainty.
<b>Firm Background</b>	<p>In 2004, Picton Mahoney Asset Management ("PMAM") was founded with the goal of providing thought-leading investment management services to institutional, retail, and high net worth investors in Canada.</p> <p>PMAM has about \$11.3 billion in assets under management in sub-advisory, hedge fund and mutual fund assets as at September 30, 2024, and has been 100% employee-owned since inception.</p>
<b>The Investment Team</b>	<p>The Picton Mahoney Fortified Inflation Opportunities Alternative Fund is managed by <b>Neil Simons, Michael White, CFA</b> and <b>Dashmeet Singh, CFA</b>.</p> <p>Neil Simons, Head of Multi-Strategy, is a Portfolio Manager specializing in multi-asset and alternative risk premia strategies. He joined Picton Mahoney Asset Management in 2017 after spending more than a decade at Northwater Capital Management Inc. in various roles, most recently as Managing Director. At Northwater, Mr. Simons led the liquid alternative strategies group and managed custom portfolios for institutional investors. Mr. Simons began his career in the industry at Royal Bank of Canada, where he was responsible for enterprise-wide market risk analysis and reporting across the bank's global trading activities. He holds a Ph.D. in Electrical Engineering from the University of Manitoba and a Masters degree in Mathematical Finance from the University of Toronto.</p> <p>Michael White is responsible for Picton Mahoney Asset Management's multi-asset strategies. Prior to joining Picton Mahoney Asset Management in 2016, Mr. White was a portfolio manager responsible for asset allocation mandates at AGF Investments Inc. Active in the industry since 1996, Mr. White's previous experience includes positions as Director of Institutional Equity Sales at Scotia Capital Inc., Lead Manager of Scotia Canadian Small Cap Fund at Scotia Cassels Investment Counsel, and Co-Chair of the CIO Compliance Committee as well as portfolio manager for small cap, mid cap and ethical categories at Strategiconova Funds Management. Mr. White earned a Bachelor of Arts, History with Finance &amp; Economics Stream from Western University and is a CFA charterholder.</p> <p>Dashmeet Singh Mayal is a Portfolio Manager and Director of Quantitative Research and Risk at Picton Mahoney Asset Management and has been in the industry since 2008. Prior to joining us, he was a Risk Analyst at HSBC Canada. Other experience includes three years at Infosys Technologies Limited as a software engineer. Dashmeet has an MBA from the University of British Columbia, a Bachelor of Mechanical Engineering (with High Distinction) from the Government College of Engineering in Pune, India and is a CFA charterholder.</p>

## THE PROCESS

<b>Our Philosophy and why it works</b>	<p>PMAM's investment philosophy is firmly rooted in the belief that fundamental change is the core driver of share price performance. We also believe that systematic and repeatable processes alongside strong risk management capabilities are the key to successful investing and consistent outperformance. PMAM was born out of these principles, which remain intact and unchanged to this day.</p> <p>The rationale behind our thinking:</p> <ul style="list-style-type: none"> <li>• Disclosure in many markets is efficient and instantaneous with securities quickly reflecting all known information. Therefore, change at the margin is the key driver of price.</li> <li>• Our research has found that positive and negative fundamental changes tend to occur in bundles.</li> <li>• Many investors are reluctant to change their long-standing opinion on a security even though fundamental information is changing before their eyes.</li> <li>• Small changes today have the potential to compound significantly over time.</li> </ul> <p>We believe that proper portfolio construction is a key differentiator in the Canadian investment industry. Our goal is to construct diversified portfolios that maximize our investor's exposure to the fundamental change characteristics we value - while at the same time maintaining our pre-determined risk targets.</p>
<b>Our Process</b>	<p>Using both systematic as well as discretionary approaches, we apply strategic and tactical allocations across the Fund to a variety of asset classes identified as attractive inflation investment opportunities. The strategic allocations will be aligned with a longer-term view of the behaviour and characteristics of markets and strategies. The tactical allocations will be based on a short to intermediate time horizon and may contain portfolio hedges through the use of options, futures and other securities. The fund's tactical allocation to these asset classes is based on our general market outlook, which is derived from our proprietary economic cycle model.</p>
<b>Portfolio Construction</b>	<p>We use proprietary economic and inflation cycle models in order to assess asset class and risk premia strategy behaviour and to construct portfolios that are aligned with the goal of providing positive exposure to inflation. Using both systematic as well as discretionary approaches, we apply strategic and tactical allocations. The strategic allocations will be aligned with a longer-term view of the behaviour and characteristics of markets and strategies that are expected to profit from increases in inflation. The tactical allocations will be based on a short to intermediate time horizon and may contain portfolio hedges through the use of options, futures and other securities.</p> <p>The portfolio management process will also use a risk-budgeting process to weigh different components of the portfolios. A variety of methods are used to measure risk, including, standard deviation of returns (volatility), maximum drawdown experienced through time, tail-risk as defined by a large loss over a short time horizon as well as both historical and hypothetical stress tests. Both qualitative and quantitative approaches are used to estimate risk measures. The risk measures are potentially applied to the individual markets as well as asset classes, strategies, and fund investments.</p>
<b>Risk Management</b>	<p>The Picton Mahoney Fortified Inflation Opportunities Alternative Fund is managed using a systematic process – the same infrastructure and methods as used with all of PMAM's multi-strategy portfolios.</p> <p>The Fund is continuously monitored by our dedicated Risk Management Committee, which is comprised of personnel from each of the following teams:</p> <ul style="list-style-type: none"> <li>• Quantitative Research and Risk;</li> <li>• Portfolio Management, Equity;</li> <li>• Fixed Income; and</li> <li>• Compliance.</li> </ul> <p>The committee is responsible for establishing and reviewing appropriate controls and guidelines to manage potential investment risks (including liquidity risk), overseeing the monitoring of the strategies, and escalating related matters to senior management. This function assures adherence to respective mandate guidelines while mitigating any unintended exposures daily.</p>
<b>Buy/Sell Discipline</b>	<p>Position weights are largely determined via our economic and inflation cycle models. A combination of dollar and risk weights are used to determine position sizes. In the instance of discretionary trades outside of the portfolio model are monitored daily and reviewed by the Portfolio Management group at least weekly.</p>
<b>Investment Research</b>	<p>The vast majority (~80%-90%) of investment research/ideas are generated in-house. Our Quantitative and Fundamental Teams operate independently, providing recommendations based on their thorough assessments of specific trends and fundamental change characteristics.</p>

Our proprietary in-house modelling platform is constructed using data supplied by several providers. Our investment team also leverage information from various sources regarding change stories and earnings models to determine the assumptions that are embedded in their growth forecasts.

## KYP

<b>Objective</b>	The investment objective of the Picton Mahoney Fortified Inflation Opportunities Alternative Fund is to provide exposure to an actively managed, diversified portfolio of inflation related assets that seek to generate positive returns during periods of rising inflation.	
<b>Strategy</b>	<p>The Fund invests globally in asset classes (predominately in commodities and fixed income) that collectively seek to benefit from rising inflation, and applies risk management tools to actively adjust exposures in the Fund. The Fund also invests in long and short positions in equity securities, fixed income securities (including high yield securities, distressed debt, floating rate loans, senior loans and unsecured loans), derivatives such as options, futures, forward contracts, swaps, commodity derivatives, volatility-linked derivatives, currencies, securities of investment funds, cash and cash equivalents. The Fund may engage in borrowing for investment purposes.</p> <p>The investment strategy of the Fund is global in nature and will have exposure to international markets, including emerging markets. Strategies can be implemented within and across various financial markets including global equity markets including emerging markets, global government and corporate fixed income markets, foreign exchange markets, commodity derivative markets, currency markets and volatility markets.</p> <p>To achieve the investment objective, the Fund invests in an actively managed portfolio comprised of securities across a variety of asset classes identified as attractive inflation investment opportunities by the Portfolio Advisor's investment process.</p>	
<b>Inception date</b>	April 26, 2023	
<b>Benchmark</b>	Non-Seasonally Adjusted Consumer Price Index published by Statistics Canada (the "Consumer Price Index")	
<b>Product AUM</b>	\$18.6 million	
<b>CIFSC Classification</b>	Alternative Multi-Strategy	
<b>Minimum Investments</b>	Initial: \$2,000 Subsequent: \$500	
<b>Distribution Frequency</b>	Class A & F - Annually in December of each year; All distributions paid will be automatically reinvested in additional units unless the holder instructs the Fund to pay such distributions in cash.	
<b>Risk Rating</b>	High	
<b>Fees</b>	<b>Management Fee</b>	Class A: 1.95%; Class F: 0.95%
	<b>Performance Fee</b>	20% of the amount by which the performance of the applicable class exceeds the performance of the Consumer Price Index (CPI). Since the CPI is published monthly, a daily extrapolated CPI shall be used for the purposes of performance fee calculation.
	<b>MER<sup>1</sup></b>	As at 31 December, 2023, Class A: 2.36%; Class F: 1.25%
<sup>1</sup> This does not include fees paid to advisor.		
<b>Service Providers</b>	<p>For the Picton Mahoney Fortified Inflation Opportunities Alternative Fund:</p> <ul style="list-style-type: none"> <li>• Auditor: PricewaterhouseCoopers LLP</li> <li>• Custodian: RBC Investor Services Trust</li> <li>• Administrator: RBC Investor Services Trust</li> <li>• Prime Broker: RBC Dominion Securities Inc. and Goldman Sachs &amp; Co. LLC</li> <li>• Registrar: RBC Investor Services Trust</li> <li>• Legal Counsel: Osler, Hoskin &amp; Harcourt LLP</li> </ul>	

## WHAT MAKES US DIFFERENT?

<b>The Fund</b>	<ul style="list-style-type: none"> <li>• The fund acts as a dedicated inflation solution that actively manages its tactical adjustment in different inflation cycles.</li> <li>• The fund aims to profit from inflation assets in the broader portfolio, rather than focusing on mitigating losses in fixed income in a rising rate environment.</li> <li>• The fund seeks to offer uncorrelated returns and diversify portfolios of traditional assets and mitigate portfolio losses in inflationary environment.</li> <li>• PMAM's portfolio management team has over 15 years of experience developing and managing innovative investment strategies for our clients. PMAM's investment solutions manage risk exposures to help investors maximize their overall returns for the level of risk they are comfortable accepting. Our differentiated investment process combines discipline with stringent risk controls to enhance risk-adjusted returns through all market cycles. Our process has been especially important during more uncertain market environments.</li> <li>• Our investment results reflect the unique blending of Fundamental and Quantitative research.</li> </ul>
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## USEFUL LINKS<sup>2</sup>

## KYP Contents

<a href="#">Fund Facts</a>	<ul style="list-style-type: none"> <li>• Typical leverage</li> <li>• Performance highlights</li> <li>• Who is this fund for?</li> </ul>
<a href="#">Fund Profile</a>	<ul style="list-style-type: none"> <li>• Trailing Performance</li> <li>• Exposure data</li> <li>• Geographic breakdown</li> <li>• Sector Breakdown</li> <li>• Top Ten Holdings</li> <li>• Risk/Reward Analysis</li> </ul>
<a href="#">Quarterly Disclosures</a>	<ul style="list-style-type: none"> <li>• Summary of Investment Portfolio</li> </ul>
<a href="#">Meet the Portfolio Managers</a>	<ul style="list-style-type: none"> <li>• Find out more about our thought-leaders</li> </ul>
<a href="#">Our Inflation Opportunities Outlook</a>	<ul style="list-style-type: none"> <li>• Learn about our house-views and economic outlook</li> </ul>

<sup>2</sup> Product-specific links are provided for Class-F of the Fund.

## Disclosure

This material is intended for use by accredited investors or permitted clients in Canada only. Any review, re-transmission, dissemination or other use of this information by persons or entities other than the intended recipient is prohibited.

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Commissions, trailing commissions, management fees, performance fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Alternative mutual funds can only be purchased through a registered dealer and are available only in those jurisdictions where they may be lawfully offered for sale.

All currency noted in this document is in Canadian Dollar.

There is no guarantee that a hedging strategy will be effective or achieve its intended effect. The use of derivatives or short selling carries several risks which may restrict a strategy in realizing its profits, limiting its losses, or, which cause a strategy to realize or magnify losses. There may be additional costs and expenses associated with the use of derivatives and short selling in a hedging strategy.

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