

FORTIFIED EQUITY FUND



**THINK AHEAD.
STAY AHEAD.**

PICTON MAHONEY FORTIFIED EQUITY FUND

MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE YEAR ENDED DECEMBER 31, 2024)

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements for Picton Mahoney Fortified Equity Fund (the "Fund"). If you have not received a copy of the annual financial statements with the management report of fund performance, you may obtain a copy of the 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 320, Toronto ON M5E 1G4, or by visiting our website at www.pictonmahoney.com or SEDAR+ at www.sedarplus.ca.

Securityholders may also contact us using one of these methods to request a copy of the Fund's interim 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 Equity 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. Picton Mahoney Asset Management is the manager (the "Manager"), portfolio advisor (the "Portfolio Advisor") and the trustee (the "Trustee") of the Fund.

To achieve the investment objective, the Fund will seek to invest in a diversified portfolio of global equity securities of issuers of varying sizes of market capitalization. The Portfolio Advisor employs a momentum based investment strategy based on fundamental changes in the securities as identified by the Portfolio Advisor's proprietary fundamental and quantitative research and analysis. The Fund intends to maintain an equity market exposure below 100%, and may typically range from 60% to 90% based on the Portfolio Advisor's prevailing market outlook.

The Fund may also choose to: i) invest up to 100% of its portfolio in foreign securities; ii) engage in short selling in a manner which is consistent with the investment objectives of the Fund and as permitted by securities regulations; iii) engage in securities lending, repurchase and reverse repurchase transactions as permitted by securities regulations to seek to generate additional income; and iv) use derivative instruments, such as options, futures, forward contracts, swaps and exchange-traded notes, 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. **Currency Risk** – The net asset value and unit price of a Fund's units is calculated in Canadian dollars. Most foreign investments are purchased in currencies other than the Canadian dollar. As a result, the value of foreign investments will be affected by the value of the Canadian dollar relative to the value of the foreign currency. If the Canadian dollar rises in value relative to the other currency but the value of the investment otherwise remains constant, the value of the investment in Canadian dollars will have fallen. Similarly, if the value of the Canadian dollar has fallen relative to the foreign currency, the value of the Fund's investment will have increased.
3. **Liquidity Risk** – Liquidity is a measure of how quickly an investment can be sold for cash at a fair market price. If a Fund cannot sell an investment quickly, it may lose money or make a lower profit, especially if it has to meet a large number of redemption requests. Substantial redemptions by Unitholders within a short period of time could require the Manager to arrange for the Fund's positions to be liquidated more rapidly than would otherwise be desirable, which could adversely affect the value of the remaining units of the Fund. In general, investments in smaller companies, smaller markets or certain sectors of the economy tend to be less liquid than other types of investments. The less liquid an investment, the more its value tends to fluctuate.

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.

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MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE YEAR ENDED DECEMBER 31, 2024)

RESULTS OF OPERATIONS

For the year January 1, 2024 to December 31, 2024, the net asset value of the Fund increased by approximately \$21.3 million from \$101.6 million to \$122.9 million. During the same period, performance on the Fund's portfolio increased its assets by \$30.2 million. The Fund also received \$10.8 million in proceeds, had reinvestment of distributions of \$8.2 million, net redemptions of \$19.6 million, and paid distributions totaling \$8.3 million. For the year ended December 31, 2024, the Fund Class A units returned 29.15%, the Fund Class F units returned 29.61%, the Fund Class FT units returned 29.39%, the Fund Class T units returned 29.22%, the Fund Class I units returned 32.46%, and the Fund Class O units returned 31.76%. Class A, F, FT, T, I and O units all outperformed the reference index (the "Performance Fee Index"). The Performance Fee Index is comprised of 25% S&P/TSX Composite Total Return Index, 50% MSCI World Index, and 25% FTSE TMX Canada 30-Day T-Bill Index reported in Canadian dollars. The Performance Fee Index returned 20.98% over the same period.

The underlying strategy of the Picton Mahoney Fortified Equity Fund (the "Fund") reflects investment in a basket of global equities, diversified by sector and market cap, that meet our core momentum factor and positive fundamental change criteria. Short positions are also diversified globally, with a concentration on special situations. The put options overlay has been invested primarily in equity index puts and put spreads, to match the regional exposures of the underlying portfolio.

For the twelve-month period ending December 31, 2024, Picton Mahoney Fortified Equity Class F returned 29.61% compared to its benchmark (25% S&P/TSX Composite Index Total Return, 50% MSCI World Index Net Returns, 25% FTSE TSM Canada 30 Day T Bill Index) which returned 20.98%.

For the twelve-month period ending December 31, 2024, the portfolio was fully invested with a gross exposure of 97% of total assets. The net exposure of the portfolio (ex the impact of options) was 91% in December.

From a stock selection perspective, there was 810bps of value contribution with particular strength seen in Financials, Technology, Industrials and Communications Services. Areas of weakness included Energy and Consumer Discretionary. Overweight positioning in Technology, Consumer Discretionary and Consumer Services contributed to overall performance. Overweight positioning in Health Care and Underweight positioning in Financials detracted from overall performance.

RECENT DEVELOPMENTS

Investor optimism for equities (especially those in the U.S.) was virtually unabated through most of 2024 and surged in the fourth quarter post the election of U.S. President-elect Donald Trump. As the year progressed, a soft-landing or no landing narrative took hold given resilient U.S. economic data, an accommodative Federal Reserve joining other central banks already in rate-cutting mode and continued fiscal largesse from most governments around the world. In the fourth quarter, bullish predictions for the economic benefits of unleashed "animal spirits" and tax cuts in a Trump presidency only added fuel to investors' bullishness.

Unfortunately for investors, especially in large cap U.S. stocks, the market has priced in much of the good news around this narrative. Equity market valuations are at extremes, positioning is on the full side, and sentiment is exuberant. In other words, the current setup for the U.S. market is not attractive relative to history.

So, investors are faced with an attractive "Goldilocks" economic narrative that keeps them bullish but face a current investing backdrop that is unattractive on most normal measures. Either stock markets need a significant correction to improve the setup for success or investors must embrace the equity market entering some sort of late cycle bubble phase to remain bullish.

Either way, we believe market participants are now in a high stakes game of seeing how high this bubble can blow – and most of the players are long U.S. equities because that's where the excitement is. It appears that many investors do not want to sell at this point, believing that the later stages of a bubble can be very rewarding for those sharp and nimble enough to time a perfect exit from the game.

It appears that the Fed may have become a little less comfortable with all the enthusiasm and tried to throw a little cold water on the narrative at its December Federal Open Market Committee meeting. This might shake out some investors and create an opportunity near-term to re-load positions on some of the long-term winners as they pull back.

However, barring a 10% plus correction to improve the investing backdrop, we suggest that this is a good time to consider other hedges or less beta in long-term portfolios. There are several risks that could send droves of investors fleeing from the market at a moment's notice. We are particularly concerned about an unexpected increase in core inflation that, if it were to materialize, could end the bubble quickly causing significant losses for those still all-in U.S. equities.

For the Fortified Equity Fund, we maintain our disciplined focus on achieving long term capital appreciation by investing in global equities while mitigating capital loss by engaging in hedging strategies for downside risk protection.

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 \$12.0 billion of assets under management as of December 31, 2024. As at December 31, 2024, the Manager holds 690 units of Class T and 762 units of Class O (December 31, 2023 - 690 units of Class T and 710 units of Class O). For the year ended December 31, 2024, the Manager has absorbed \$37,317 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 year ended December 31, 2024, the Fund incurred management fees of \$357,850 (December 31, 2023 - \$395,896). 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:

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As a Percentage of Management Fees			
	Annual Rates	Dealer Compensation	General Administration and Investment Advice
Class A units	1.90%	52.46%	47.54%
Class F units	0.90%	-	100.00%
Class FT units	0.90%	-	100.00%
Class T units	1.90%	52.39%	47.61%

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$35,609 for the year ended December 31, 2024.

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. The Manager reserves the right, in its discretion, to discontinue, decrease or waive the performance fee at any time. The Manager has waived the performance fee for the Class O units of the Fund until August 31, 2024. The Manager reserves the option of extending or discontinuing this waiver of the Class O unit performance fee after August 31, 2024. For the year ended December 31, 2024, the Fund incurred performance fees of \$395,896 (December 31, 2023- \$nil).

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 year ended December 31, 2024, the IRC did not provide any recommendations to the Manager.

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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					
	Dec 31, 2024(\$)	Dec 31, 2023(\$)	Dec 31, 2022(\$)	Dec 31, 2021(\$)	Dec 31, 2020(\$)
Net Assets, beginning of year	15.59	13.89	15.86	14.16	12.10
Increase (decrease) from operations:					
Total revenue	0.47	0.28	0.24	0.22	0.20
Total expense	(0.60)	(0.40)	(0.39)	(0.53)	(0.36)
Realized gains (losses)	2.15	0.84	0.08	1.50	0.96
Unrealized gains (losses)	2.46	1.18	(1.86)	1.49	1.32
Total increase (decrease) from operations⁽¹⁾	4.48	1.90	(1.93)	2.68	2.12
Distributions:					
From income	(0.22)	(0.20)	(0.15)	(0.09)	(0.19)
From dividends	-	-	-	-	-
From capital gains	(1.15)	(0.02)	-	(0.85)	-
Return of capital	-	(0.00)	(0.00)	-	-
Total annual distributions⁽¹⁾⁽²⁾	(1.37)	(0.22)	(0.15)	(0.94)	(0.19)
Net Assets, end of year	18.77	15.59	13.89	15.86	14.16

Class A Units - Ratios/Supplemental Data					
	Dec 31, 2024(\$)	Dec 31, 2023(\$)	Dec 31, 2022(\$)	Dec 31, 2021(\$)	Dec 31, 2020(\$)
Total Net Asset Value (\$000's) ⁽³⁾	3,934	2,678	2,609	3,432	2,965
Number of units outstanding (000's) ⁽³⁾	210	172	188	216	209
Management expense ratio ⁽⁴⁾	2.74%	2.25%	2.27%	2.75%	2.34%
Management expense ratio before waivers or absorptions	2.80%	2.28%	2.31%	2.78%	2.48%
Trading expense ratio, excluding short dividend and interest expense ⁽⁵⁾	0.33%	0.28%	0.37%	0.37%	0.36%
Trading expense ratio, including short dividend and interest expense ⁽⁵⁾	0.40%	0.34%	0.44%	0.48%	0.47%
Portfolio turnover rate ⁽⁶⁾	117.94%	89.29%	92.59%	105.04%	143.83%
Net Asset Value per unit	18.77	15.59	13.89	15.86	14.16

Class F Units - Net Assets per Unit					
	Dec 31, 2024(\$)	Dec 31, 2023(\$)	Dec 31, 2022(\$)	Dec 31, 2021(\$)	Dec 31, 2020(\$)
Net Assets, beginning of year	16.83	14.83	16.74	14.78	12.66
Increase (decrease) from operations:					
Total revenue	0.49	0.30	0.26	0.25	0.21
Total expense	(0.58)	(0.25)	(0.22)	(0.34)	(0.33)
Realized gains (losses)	2.35	0.90	0.05	1.18	1.06
Unrealized gains (losses)	2.73	1.36	(1.65)	1.56	0.65
Total increase (decrease) from operations⁽¹⁾	4.99	2.31	(1.56)	2.65	1.59
Distributions:					
From income	(0.23)	(0.22)	(0.18)	(0.11)	(0.17)
From dividends	-	-	-	-	-
From capital gains	(1.24)	(0.02)	-	(0.98)	-
Return of capital	-	(0.00)	(0.00)	-	-
Total annual distributions⁽¹⁾⁽²⁾	(1.47)	(0.24)	(0.18)	(1.09)	(0.17)
Net Assets, end of year	20.34	16.83	14.83	16.74	14.78

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Class F Units - Ratios/Supplemental Data					
	Dec 31, 2024(\$)	Dec 31, 2023(\$)	Dec 31, 2022(\$)	Dec 31, 2021(\$)	Dec 31, 2020(\$)
Total Net Asset Value (\$000's) ⁽³⁾	32,736	24,817	29,055	27,084	5,334
Number of units outstanding (000's) ⁽³⁾	1,610	1,475	1,959	1,618	361
Management expense ratio ⁽⁴⁾	2.41%	1.13%	1.15%	1.46%	2.60%
Management expense ratio before waivers or absorptions	2.43%	1.16%	1.18%	1.49%	2.67%
Trading expense ratio, excluding short dividend and interest expense ⁽⁵⁾	0.33%	0.28%	0.37%	0.37%	0.36%
Trading expense ratio, including short dividend and interest expense ⁽⁵⁾	0.40%	0.34%	0.44%	0.48%	0.47%
Portfolio turnover rate ⁽⁶⁾	117.94%	89.29%	92.59%	105.04%	143.83%
Net Asset Value per unit	20.34	16.83	14.83	16.74	14.78

Class FT Units - Net Assets per Unit					
	Dec 31, 2024(\$)	Dec 31, 2023(\$)	Dec 31, 2022(\$)	Dec 31, 2021(\$)	Dec 31, 2020(\$)
Net Assets, beginning of year	11.40	10.38	12.28	11.58	10.29
Increase (decrease) from operations:					
Total revenue	0.32	0.21	0.18	0.18	0.16
Total expense	(0.39)	(0.18)	(0.14)	(0.38)	(0.27)
Realized gains (losses)	1.56	0.62	(0.01)	1.03	0.82
Unrealized gains (losses)	1.78	0.91	(1.52)	1.29	1.42
Total increase (decrease) from operations⁽¹⁾	3.27	1.56	(1.49)	2.12	2.13
Distributions:					
From income	(0.57)	(0.52)	(0.59)	(0.71)	(0.67)
From dividends	-	-	-	-	-
From capital gains	-	-	-	(1.30)	-
Return of capital	-	(0.00)	(0.00)	-	-
Total annual distributions⁽¹⁾⁽²⁾	(0.57)	(0.52)	(0.59)	(2.01)	(0.67)
Net Assets, end of year	14.12	11.40	10.38	12.28	11.58

Class FT Units - Ratios/Supplemental Data					
	Dec 31, 2024(\$)	Dec 31, 2023(\$)	Dec 31, 2022(\$)	Dec 31, 2021(\$)	Dec 31, 2020(\$)
Total Net Asset Value (\$000's) ⁽³⁾	214	158	166	363	208
Number of units outstanding (000's) ⁽³⁾	15	14	16	30	18
Management expense ratio ⁽⁴⁾	2.41%	1.16%	1.16%	1.69%	2.60%
Management expense ratio before waivers or absorptions	2.49%	1.19%	1.19%	1.92%	2.85%
Trading expense ratio, excluding short dividend and interest expense ⁽⁵⁾	0.33%	0.28%	0.37%	0.37%	0.36%
Trading expense ratio, including short dividend and interest expense ⁽⁵⁾	0.40%	0.34%	0.44%	0.48%	0.47%
Portfolio turnover rate ⁽⁶⁾	117.94%	89.29%	92.59%	105.04%	143.83%
Net Asset Value per unit	14.12	11.40	10.38	12.28	11.58

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Class T Units - Net Assets per Unit					
	Dec 31, 2024(\$)	Dec 31, 2023(\$)	Dec 31, 2022(\$)	Dec 31, 2021(\$)	Dec 31, 2020(\$)
Net Assets, beginning of year	10.50	9.66	11.55	11.09	9.81
Increase (decrease) from operations:					
Total revenue	0.30	0.19	0.17	0.17	0.16
Total expense	(0.38)	(0.27)	(0.44)	(0.37)	(0.28)
Realized gains (losses)	1.44	0.57	0.44	0.67	0.75
Unrealized gains (losses)	1.65	0.82	(2.35)	1.34	1.35
Total increase (decrease) from operations⁽¹⁾	3.01	1.31	(2.18)	1.81	1.98
Distributions:					
From income	(0.53)	(0.48)	(0.56)	(0.67)	(0.69)
From dividends	-	-	-	-	-
From capital gains	-	-	-	(1.11)	-
Return of capital	-	(0.00)	(0.00)	-	-
Total annual distributions⁽¹⁾⁽²⁾	(0.53)	(0.48)	(0.56)	(1.78)	(0.69)
Net Assets, end of year	12.98	10.50	9.66	11.55	11.09

Class T Units - Ratios/Supplemental Data					
	Dec 31, 2024(\$)	Dec 31, 2023(\$)	Dec 31, 2022(\$)	Dec 31, 2021(\$)	Dec 31, 2020(\$)
Total Net Asset Value (\$000's) ⁽³⁾	286	231	220	672	251
Number of units outstanding (000's) ⁽³⁾	22	22	23	58	23
Management expense ratio ⁽⁴⁾	2.70%	2.18%	2.19%	2.75%	2.34%
Management expense ratio before waivers or absorptions	2.71%	2.21%	2.23%	2.77%	2.35%
Trading expense ratio, excluding short dividend and interest expense ⁽⁵⁾	0.33%	0.28%	0.37%	0.37%	0.36%
Trading expense ratio, including short dividend and interest expense ⁽⁵⁾	0.40%	0.34%	0.44%	0.48%	0.47%
Portfolio turnover rate ⁽⁶⁾	117.94%	89.29%	92.59%	105.04%	143.83%
Net Asset Value per unit	12.98	10.50	9.66	11.55	11.09

Class I Units - Net Assets per Unit					
	Dec 31, 2024(\$)	Dec 31, 2023(\$)	Dec 31, 2022(\$)	Dec 31, 2021(\$)	Dec 31, 2020(\$)
Net Assets, beginning of year	18.89	16.50	18.42	15.90	13.27
Increase (decrease) from operations:					
Total revenue	0.55	0.33	0.28	0.26	0.21
Total expense	(0.16)	(0.11)	(0.14)	(0.12)	(0.11)
Realized gains (losses)	2.68	1.01	0.16	1.49	1.08
Unrealized gains (losses)	3.12	1.47	(2.05)	1.86	1.59
Total increase (decrease) from operations⁽¹⁾	6.19	2.70	(1.75)	3.49	2.77
Distributions:					
From income	(0.27)	(0.23)	(0.17)	(0.12)	(0.20)
From dividends	-	-	-	-	-
From capital gains	(1.42)	(0.02)	-	(1.08)	-
Return of capital	-	(0.00)	(0.00)	-	-
Total annual distributions⁽¹⁾⁽²⁾	(1.69)	(0.25)	(0.17)	(1.20)	(0.20)
Net Assets, end of year	23.34	18.89	16.50	18.42	15.90

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Class I Units - Ratios/Supplemental Data					
	Dec 31, 2024(\$)	Dec 31, 2023(\$)	Dec 31, 2022(\$)	Dec 31, 2021(\$)	Dec 31, 2020(\$)
Total Net Asset Value (\$000's) ⁽³⁾	84,260	73,696	78,193	89,450	52,564
Number of units outstanding (000's) ⁽³⁾	3,611	3,901	4,740	4,856	3,306
Management expense ratio ⁽⁴⁾	0.17%	0.18%	0.19%	0.21%	0.23%
Management expense ratio before waivers or absorptions	0.20%	0.22%	0.22%	0.24%	0.30%
Trading expense ratio, excluding short dividend and interest expense ⁽⁵⁾	0.33%	0.28%	0.37%	0.37%	0.36%
Trading expense ratio, including short dividend and interest expense ⁽⁵⁾	0.40%	0.34%	0.44%	0.48%	0.47%
Portfolio turnover rate ⁽⁶⁾	117.94%	89.29%	92.59%	105.04%	143.83%
Net Asset Value per unit	23.34	18.89	16.50	18.42	15.90

Class O Units - Net Assets per Unit		
	Dec 31, 2024(\$)	Dec 31, 2023(\$)⁽⁷⁾
Net Assets, beginning of year	10.31	10.00
Increase (decrease) from operations:		
Total revenue	0.40	0.05
Total expense	(0.25)	(0.02)
Realized gains (losses)	1.38	0.24
Unrealized gains (losses)	1.39	0.18
Total increase (decrease) from operations⁽¹⁾	2.92	0.45
Distributions:		
From income	(0.15)	(0.14)
From dividends	-	-
From capital gains	(0.77)	(0.01)
Return of capital	-	(0.00)
Total annual distributions⁽¹⁾⁽²⁾	(0.92)	(0.15)
Net Assets, end of year	12.65	10.31

Class O Units - Ratios/Supplemental Data		
	Dec 31, 2024(\$)	Dec 31, 2023(\$)⁽⁷⁾
Total Net Asset Value (\$000's) ⁽³⁾	1,453	7
Number of units outstanding (000's) ⁽³⁾	115	1
Management expense ratio ⁽⁴⁾	1.36%	0.18%
Management expense ratio before waivers or absorptions	1.39%	0.67%
Trading expense ratio, excluding short dividend and interest expense ⁽⁵⁾	0.33%	0.28%
Trading expense ratio, including short dividend and interest expense ⁽⁵⁾	0.40%	0.34%
Portfolio turnover rate ⁽⁶⁾	117.94%	89.29%
Net Asset Value per unit	12.65	10.31

PICTON MAHONEY FORTIFIED EQUITY FUND

MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE YEAR ENDED DECEMBER 31, 2024)

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 class is 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 - 2.26%, Class F - 1.16%, Class FT - 1.12%, Class T - 2.26%.
- (5) The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. In the period the class is established, the TER is annualized. The TER is calculated at the fund level and applies to all classes of the Fund. The Fund's TER is shown both with and without the short dividend expense from equities and interest expense from fixed income securities.
- (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.
- (7) Class O units were first issued on September 1, 2023.

PICTON MAHONEY FORTIFIED EQUITY FUND

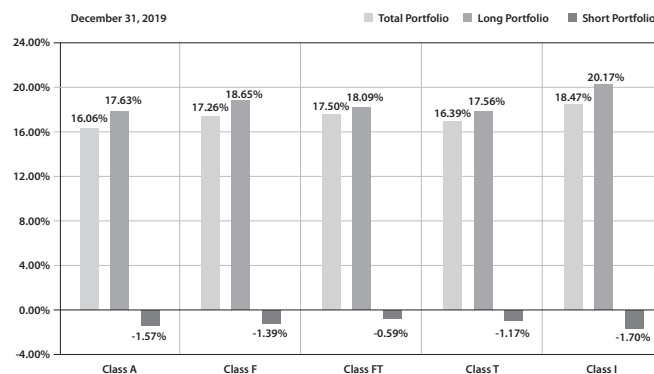
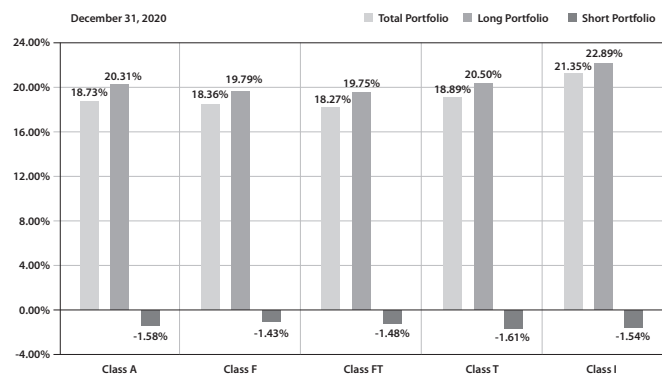
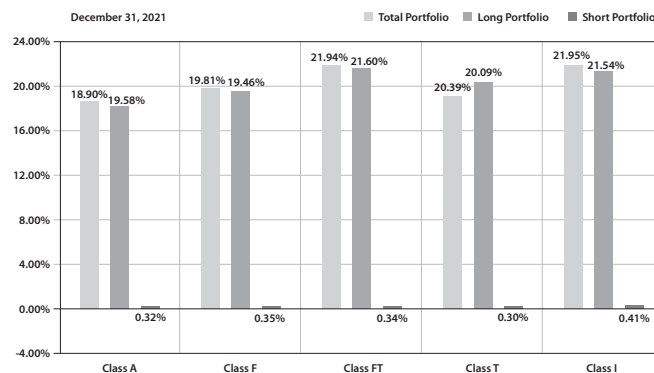
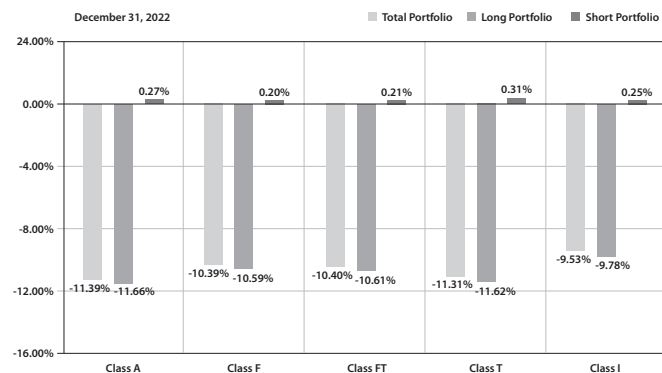
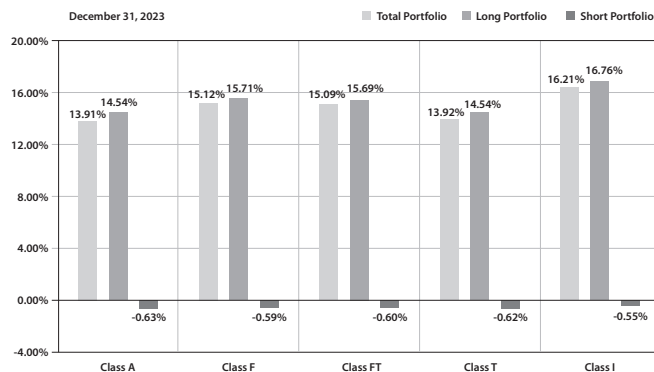
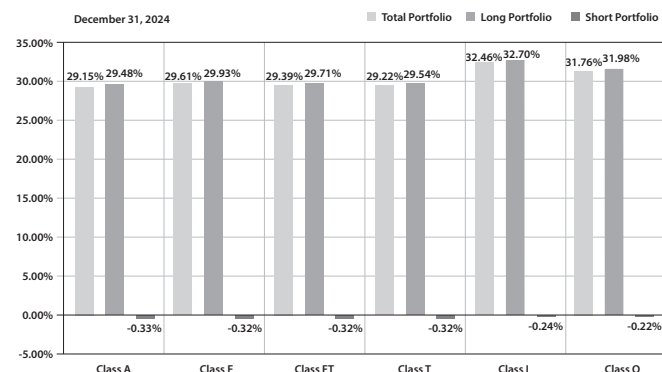
MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE YEAR ENDED DECEMBER 31, 2024)

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.

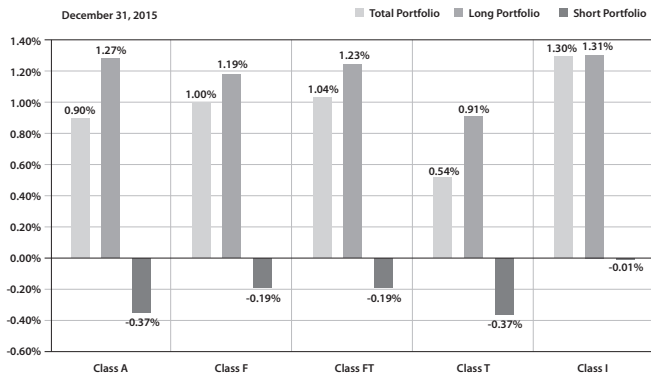
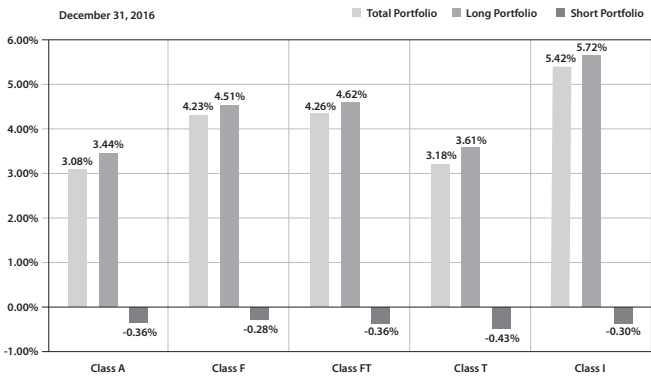
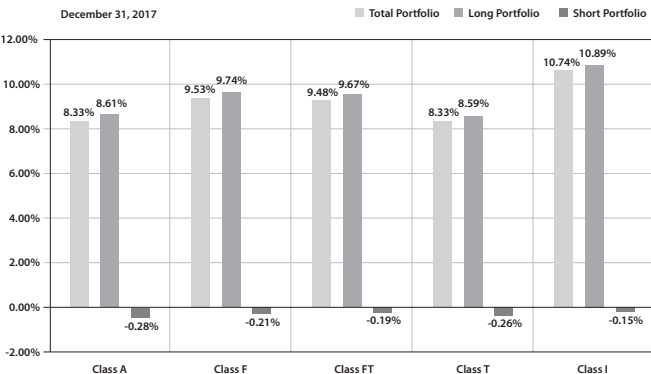
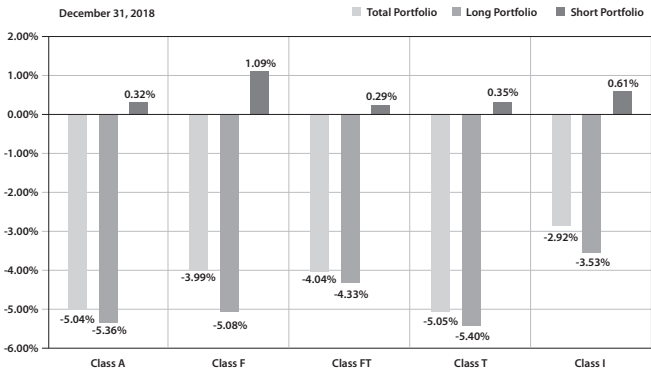
Year-by-Year>Returns

The following chart indicates the annual performance of each series of the Fund each year from inception on October 29, 2015 to December 31, 2024. 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 EQUITY FUND

MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE YEAR ENDED DECEMBER 31, 2024)



PICTON MAHONEY FORTIFIED EQUITY FUND

MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE YEAR ENDED DECEMBER 31, 2024)

COMPOUND RETURNS

The following table presents the compound returns of the units of the Fund as compared to the Performance Fee Index for the years indicated to December 31, 2024.

The Performance Fee Index is comprised of 25% S&P/TSX Composite Total Return Index, 50% MSCI World Index, and 25% FTSE TMX Canada 30-Day T-Bill Index reported in Canadian dollars.

Further discussion of the Fund's performance can be found within the Results of Operations section.

Compound Returns	1 Year	3 Year	5 Year	Since Inception
Total portfolio - Class A units	29.15%	9.23%	12.96%	9.39%
Long portfolio - Class A units	29.48%	9.91%	14.71%	13.09%
Short portfolio - Class A units	-0.33%	-0.68%	-1.75%	-3.70%
Total portfolio - Class F units	29.61%	10.16%	13.63%	10.29%
Long portfolio - Class F units	29.93%	10.82%	14.45%	11.69%
Short portfolio - Class F units	-0.32%	-0.66%	-0.82%	-1.40%
Total portfolio - Class FT units	29.39%	10.08%	13.97%	10.48%
Long portfolio - Class FT units	29.71%	10.52%	15.37%	11.54%
Short portfolio - Class FT units	-0.32%	-0.44%	-1.40%	-1.06%
Total portfolio - Class T units	29.22%	9.29%	13.30%	9.58%
Long portfolio - Class T units	29.54%	9.63%	14.19%	11.91%
Short portfolio - Class T units	-0.32%	-0.34%	-0.89%	-2.33%
Total portfolio - Class I units	32.46%	11.66%	15.54%	11.86%
Long portfolio - Class I units	32.70%	12.20%	16.79%	14.77%
Short portfolio - Class I units	-0.24%	-0.54%	-1.25%	-2.91%
Total portfolio - Class O units*	31.76%	-	-	26.42%
Long portfolio - Class O units*	31.98%	-	-	26.72%
Short portfolio - Class O units*	-0.22%	-	-	-0.30%
Performance Fee Index	20.98%	8.78%	10.39%	9.00%

***Class O units were first issued on September 1, 2023.*

PICTON MAHONEY FORTIFIED EQUITY FUND

MANAGEMENT REPORT OF FUND PERFORMANCE (FOR THE YEAR ENDED DECEMBER 31, 2024)

SUMMARY OF INVESTMENT PORTFOLIO AS AT DECEMBER 31, 2024

Portfolio by Category		Top 25 Holdings	
	Percentage of Net Asset Value (%)		Percentage of Net Asset Value (%)
LONG POSITIONS		LONG POSITIONS	
Canadian Equities	8.2%	Canadian Treasury Bill 3.141%, 2025-04-24	5.0%
Industrial	3.4%	NVIDIA Corp.	4.5%
Materials	1.4%	Apple Inc.	4.4%
Energy	1.3%	Microsoft Corp.	4.1%
Information Technology	1.2%	Cash	3.7%
Financials	0.9%	Amazon.com Inc.	3.1%
Health Care	0.0%	Alphabet Inc.	2.2%
		Eli Lilly & Co.	2.0%
Global Equities	86.3%	Mastercard Inc.	1.6%
United States	55.6%	Broadcom Inc.	1.5%
International	30.7%	Meta Platforms Inc.	1.4%
		Progressive Corp.	1.3%
Canadian Debt	5.0%	Wells Fargo & Co.	1.1%
Short term debt	5.0%	UnitedHealth Group Inc.	1.1%
		Eaton Corp. plc	1.0%
Derivatives	0.6%	Canadian Pacific Kansas City Ltd.	0.9%
Total Long Positions	100.1%	TJX Cos Inc.	0.9%
		JPMorgan Chase & Co.	0.9%
		ServiceNow Inc.	0.8%
SHORT POSITIONS		SAP SE	0.8%
Canadian Equities	-0.2%	ARC Resources Ltd.	0.8%
Information Technology	-0.2%	Goldman Sachs Group Inc.	0.8%
		Spotify Technology S.A.	0.8%
Global Equities	-2.9%	Boston Scientific Corp.	0.8%
United States Equities	-2.0%	Fresenius SE & Co KGaA	0.8%
International Equities	-0.6%		
International Index Equivalents	-0.3%		
		Total Net Asset Value (\$000)	122,883
Derivatives	-0.3%		
Total Short Positions	-3.4%		
Cash	3.7%		
Other Liabilities (net)	-0.4%		
Total	100.0%		

The Summary of Investment Portfolio may change due to ongoing portfolio transactions. A quarterly update is available on our website at www.pictonmahoney.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.**

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PICTON MAHONEY ASSET MANAGEMENT CORPORATE INFORMATION

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