

FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND



**THINK AHEAD.
STAY AHEAD.**

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE 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 Market Neutral Alternative 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 Market Neutral Alternative Fund is to provide consistent long-term capital appreciation and to provide unitholders with an attractive risk-adjusted rate of return with less volatility than traditional equity markets and low correlation to major equity markets. The Fund invests in long and short positions in equity, derivatives such as options, futures, forward contracts and swaps, securities of investment funds, fixed income securities including high yield securities, cash and cash equivalents. The Fund may engage in borrowing for investment purposes. Picton Mahoney Asset Management is the manager (the "Manager"), portfolio advisor (the "Portfolio Advisor") and the trustee (the "Trustee") of the Fund.

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

To achieve the investment objective, the Fund invests in an actively managed long portfolio comprised primarily of equity securities identified as attractive investment candidates by the Portfolio Advisor's investment process. Consistent with the investment objectives of the Fund, up to 50% of the aggregate market value of the Fund may be sold short, as permitted by exemptive relief obtained by the Fund and/or securities regulations. The Fund will short sell securities identified as unattractive investments by the Portfolio Advisor's investment process and/or to hedge the market exposure of the Fund's long positions.

In order to achieve its investment objective, the Fund will be structured so that it generally possesses minimal equity market exposure. That is, on average, over an entire economic cycle, the Portfolio Advisor expects the Fund will possess +/- 20% net long exposure, with market beta of approximately 0. Market beta is a measure of the sensitivity of the portfolio when compared to the market as a whole. On a position-by-position basis, margin requirements of the applicable exchange will be adhered to by the Fund.

The Fund invests an amount approximately equal to its Net Asset Value in cash or money market instruments. The Fund is expected on average to generate approximately 1.0 times this amount by selling securities short and

investing in derivatives such as such as options, futures, forward contracts and swaps, cleared and uncleared, for both hedging and non-hedging strategies. Derivatives instruments may be used in a manner which is consistent with the investment objectives of the Fund and as permitted by securities regulations, including to: i) hedge against losses from changes in the prices of the Fund's investments and from exposure to foreign currencies; ii) implement option spreads by purchasing an option on a security and simultaneously selling an option on the same security with the same expiry date; and gain exposure to individual securities, markets and asset classes instead of buying the securities directly.

The Fund will not be limited in the type of equity securities in which it may invest. The Fund may also choose to: i) invest up to 100% of its portfolio in international securities; ii) participate in initial public offerings, secondary offerings, and private financings (including special warrant financings) in existing publicly traded issuers to the extent permitted by securities regulations, but shall not invest in any private placements by a private company; iii) invest up to 20% of its net exposure in the Picton Mahoney Fortified Multi-Strategy Fund or other securities which provide exposure to asset classes set out in the investment objective of the Fund; and iv) hold cash and cash equivalents.

The specific strategies that differentiate this Fund from conventional mutual funds include: increased use of derivatives for hedging and non-hedging purposes, increased ability to sell securities short and the ability to borrow cash to use for investment purposes. While these strategies will be used in accordance with the Fund's investment objective and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value.

The Fund may invest in securities of underlying funds (including underlying funds managed by the Manager or an affiliate or associate of the Manager). The types of underlying funds held by the Fund will be selected with consideration for the underlying fund's investment objectives and strategies, past performance and operational efficiencies. 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.

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

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

to reduce the aggregate gross exposure to three times the Fund's net asset value or less.

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

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.

LEVERAGE

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

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

During the year January 1 to December 31, 2024, the Fund's aggregate exposure reached a low of 117.84% and a high of 161.84% of the Fund's NAV. As at December 31, 2024, the Fund's aggregate exposure was 135.88% of the Fund's NAV. The primary source of leverage was short positions in equity securities.

RESULTS OF OPERATIONS

For the year January 1 to December 31, 2024, the net asset value of the Fund increased by approximately \$560.1 million from \$1,116.8 million to \$1,676.9 million. During the same period, performance on the Fund's portfolio increased its assets by \$179.5 million. The Fund also received \$676.2 million in proceeds, had reinvestment of distributions of \$0.2 million, redemptions of \$295.1 million, and paid distributions totaling \$0.7 million. For the year ended December 31, 2024, the Fund Class A units returned 14.12%, the Fund Class F units returned 15.07%, the Fund Class FT units returned 15.07%, the Fund Class I units returned 19.96% and the Fund Class ETF units returned 15.12%.

The underlying strategy of the Fortified Market Neutral Alternative Fund is to provide consistent long-term capital appreciation with an attractive risk-adjusted rate of return in any market condition. The investment strategy of the Fund is to employ a true market neutral strategy by investing in long and short positions, aiming for an average equity market beta of zero.

The past year was a strong one for equity markets, with the S&P 500 up 28% and the TSX up 24%. Momentum led style factor returns as winners kept winning and with stocks in the highest quintile of nine-month price momentum outperforming the market by 23 percentage points over the past 12 months. Unlike the late 1990s, momentum is still not overly expensive relative to other style dynamics, and the sector diversity of high momentum has improved beyond technology. Stocks in the top quintile of price momentum currently have cap weighted free cash flow margins of 25% (at the peak of the dot come it was negative 2%) highlighting the significantly better

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fundamentals and profitability of today's high momentum stocks. However, as investors continued to chase performance in 2024, there is a growing risk that momentum has become increasingly crowded, which could lead to heightened volatility and potential market corrections.

RECENT DEVELOPMENTS

Despite the prevailing "soft-landing" consensus, we continue to anticipate a heightened potential for speed bumps ahead as noted in the above paragraph. While positive sentiment around a Trump presidency appears largely priced in, current conditions are relatively frothy with many indicators suggesting positioning is stretched at the margin. As a result, we continue to advocate for patience in adding to risk assets and would be buyers of the same on pull backs. We would note that the environment remains lucrative for our strategies from a bottom-up basis as equity markets overall continue to offer compelling opportunities for active management. The backdrop of an uncertain macroeconomic environment, dynamic interest rates, and changes in market structure has created favorable conditions for long-short strategies overall. These factors have contributed to reduced correlations (stocks moving less in tandem) and increased dispersions (wider variation in performance), providing skilled long-short managers with enhanced opportunities to generate alpha through security selection.

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 1 unit of Class A, 803 units of Class FT, 700 units of Class O2 and 700 units of Class PQ of the Fund (December 31, 2023 - 1 unit of Class A and 773 units of Class FT).

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 \$14,568,314 (December 31, 2023 - \$11,824,884). Management fees in respect of Class I units and Class O2 units are direct fees negotiated with the investor, paid directly by the investor, and would not exceed the management fee payable on Class A units of the Fund. The Manager uses these management fees to pay for sales and trailing commissions to registered dealers on the distribution of the Fund's shares, investment advice, as well as general administrative expenses relating to Picton Mahoney's role as Manager. The following is a breakdown:

As a Percentage of Management Fees			
	Annual Rates	Dealer Compensation	General Administration and Investment Advice
Class A units	1.95%	51.09%	48.91%
Class F units	0.95%	-	100.00%
Class ETF units	0.95%	-	100.00%
Class FT units	0.95%	-	100.00%
Class PQ	0.90%	-	100.00%

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$780,083 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 for each class shall be calculated and become a liability of the Fund on each valuation day (the "Valuation Day") and shall be payable at the end of each calendar quarter. The performance fee is equal to 20% of the amount by which the performance of the applicable class exceeds an annual hurdle rate of return equal to 2%, for each class of units of the Fund, plus applicable taxes. The performance fee in respect of each class of units of the Fund on a particular Valuation Day shall be equal to the product of, (a) 20% of the positive difference between (i) the unit price on the Valuation Day; and (ii) the greatest unit price on any previous Valuation Day (or the unit price on the date when the units of the class were first issued, where no performance fee liability has previously arisen in respect of units of the class (the "High Water Mark"); less (iii) the hurdle amount per unit on the Valuation Day; and (b) the number of units outstanding on the applicable Valuation Day on which the performance fee is determined, plus applicable taxes. The hurdle amount per unit is the product of (a) 2% for each calendar year (prorated for the number of days in the year); (b) the unit price on the applicable Valuation Day; and (c) the number of days since the most recently determined High Water Mark or the beginning of the current calendar year, whichever is most recent. 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. For the year ended December 31, 2024, the Fund incurred performance fees of \$40,199,595 (December 31, 2023 - \$6,855,872).

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 period 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	13.26	13.18	12.58	11.99	10.31
Increase (decrease) from operations:					
Total revenue	0.39	0.43	0.06	(0.02)	0.03
Total expense	(0.87)	(0.48)	(0.50)	(0.53)	(0.82)
Realized gains (losses)	(0.37)	(0.12)	0.54	(0.61)	(0.02)
Unrealized gains (losses)	2.72	0.41	0.51	1.66	2.68
Total increase (decrease) from operations⁽¹⁾	1.87	0.24	0.61	0.50	1.87
Distributions:					
From income	-	(0.18)	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	(0.00)	-	-	-
Total annual distributions⁽¹⁾⁽²⁾	-	(0.18)	-	-	-
Net Assets, end of year	15.13	13.26	13.18	12.58	11.99

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⁾	105,927	68,767	61,759	49,077	19,711
Number of units outstanding (000's) ⁽³⁾	7,001	5,187	4,685	3,900	1,645
Management expense ratio ⁽⁴⁾	5.16%	2.79%	2.78%	3.34%	6.19%
Management expense ratio before waivers or absorptions	5.16%	2.79%	2.78%	3.34%	6.23%
Trading expense ratio, excluding short dividend and interest expense ⁽⁵⁾	0.86%	0.79%	0.84%	0.76%	1.14%
Trading expense ratio, including short dividend and interest expense ⁽⁵⁾	3.38%	3.34%	2.86%	2.40%	2.62%
Portfolio turnover rate ⁽⁶⁾	182.01%	144.30%	193.21%	205.34%	306.33%
Net Asset Value per unit	15.13	13.26	13.18	12.58	11.99

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	13.90	13.69	12.96	12.24	10.46
Increase (decrease) from operations:					
Total revenue	0.41	0.44	0.07	(0.02)	0.03
Total expense	(0.79)	(0.37)	(0.39)	(0.42)	(0.82)
Realized gains (losses)	(0.38)	(0.12)	0.43	(0.61)	(0.03)
Unrealized gains (losses)	2.85	0.43	0.68	1.67	2.86
Total increase (decrease) from operations⁽¹⁾	2.09	0.38	0.79	0.62	2.04
Distributions:					
From income	-	(0.18)	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	(0.00)	-	-	-
Total annual distributions⁽¹⁾⁽²⁾	-	(0.18)	-	-	-
Net Assets, end of year	16.00	13.90	13.69	12.96	12.24

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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⁾	1,213,736	845,566	749,427	360,105	130,516
Number of units outstanding (000's) ⁽³⁾	75,876	60,824	54,725	27,778	10,663
Management expense ratio ⁽⁴⁾	4.34%	1.87%	2.02%	2.43%	5.69%
Management expense ratio before waivers or absorptions	4.34%	1.87%	2.02%	2.43%	5.74%
Trading expense ratio, excluding short dividend and interest expense ⁽⁵⁾	0.86%	0.79%	0.84%	0.76%	1.14%
Trading expense ratio, including short dividend and interest expense ⁽⁵⁾	3.38%	3.34%	2.86%	2.40%	2.62%
Portfolio turnover rate ⁽⁶⁾	182.01%	144.30%	193.21%	205.34%	306.33%
Net Asset Value per unit	16.00	13.90	13.69	12.96	12.24

Class FT Units - Net Assets per Unit				
	Dec 31, 2024(\$)	Dec 31, 2023(\$)	Dec 31, 2022(\$)	Dec 31, 2021(\$)⁽⁷⁾
Net Assets, beginning of year	9.98	10.10	9.95	10.00
Increase (decrease) from operations:				
Total revenue	0.29	0.32	0.04	(0.03)
Total expense	(0.55)	(0.27)	(0.32)	(0.12)
Realized gains (losses)	(0.25)	(0.10)	0.52	(0.33)
Unrealized gains (losses)	1.94	0.32	0.23	0.29
Total increase (decrease) from operations⁽¹⁾	1.43	0.27	0.47	(0.19)
Distributions:				
From income	(0.40)	(0.41)	-	-
From dividends	-	-	-	-
From capital gains	-	-	-	-
Return of capital	-	(0.00)	(0.39)	(0.19)
Total annual distributions⁽¹⁾⁽²⁾	(0.40)	(0.41)	(0.39)	(0.19)
Net Assets, end of year	11.06	9.98	10.10	9.95

Class FT Units - Ratios/Supplemental Data				
	Dec 31, 2024(\$)	Dec 31, 2023(\$)	Dec 31, 2022(\$)	Dec 31, 2021(\$)⁽⁷⁾
Total Net Asset Value (\$000's) ⁽³⁾	28,270	11,450	7,857	9,085
Number of units outstanding (000's) ⁽³⁾	2,556	1,147	778	913
Management expense ratio ⁽⁴⁾	4.26%	1.80%	1.85%	1.39%
Management expense ratio before waivers or absorptions	4.26%	1.80%	1.85%	1.39%
Trading expense ratio, excluding short dividend and interest expense ⁽⁵⁾	0.86%	0.79%	0.84%	0.76%
Trading expense ratio, including short dividend and interest expense ⁽⁵⁾	3.38%	3.34%	2.86%	2.40%
Portfolio turnover rate ⁽⁶⁾	182.01%	144.30%	193.21%	205.34%
Net Asset Value per unit	11.06	9.98	10.10	9.95

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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	15.65	15.16	14.10	12.98	10.60
Increase (decrease) from operations:					
Total revenue	0.54	0.53	0.07	(0.02)	0.04
Total expense	(0.27)	-	(0.17)	(0.14)	0.05
Realized gains (losses)	(0.75)	0.07	0.53	(0.58)	0.02
Unrealized gains (losses)	3.95	0.34	0.62	1.80	2.18
Total increase (decrease) from operations⁽¹⁾	3.47	0.94	1.05	1.06	2.29
Distributions:					
From income	-	(0.07)	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	(0.00)	-	-	-
Total annual distributions⁽¹⁾⁽²⁾	-	(0.07)	-	-	-
Net Assets, end of year	18.78	15.65	15.16	14.10	12.98

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⁾	183	7,017	28,316	16,321	12,071
Number of units outstanding (000's) ⁽³⁾	10	448	1,868	1,158	930
Management expense ratio ⁽⁴⁾	0.18%	0.15%	0.16%	0.21%	0.14%
Management expense ratio before waivers or absorptions	0.18%	0.15%	0.16%	0.21%	0.14%
Trading expense ratio, excluding short dividend and interest expense ⁽⁵⁾	0.86%	0.79%	0.84%	0.76%	1.14%
Trading expense ratio, including short dividend and interest expense ⁽⁵⁾	3.38%	3.34%	2.86%	2.40%	2.62%
Portfolio turnover rate ⁽⁶⁾	182.01%	144.30%	193.21%	205.34%	306.33%
Net Asset Value per unit	18.78	15.65	15.16	14.10	12.98

Class O2 Units - Net Assets per Unit	
	Dec 31, 2024(\$) ⁽⁸⁾
Net Assets, beginning of year	-
Increase (decrease) from operations:	
Total revenue	0.02
Total expense	(0.06)
Realized gains (losses)	(0.11)
Unrealized gains (losses)	0.25
Total increase (decrease) from operations⁽¹⁾	0.10
Distributions:	
From income	-
From dividends	-
From capital gains	-
Return of capital	-
Total annual distributions⁽¹⁾⁽²⁾	-
Net Assets, end of year	10.15

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Class O2 Units - Ratios/Supplemental Data	
	Dec 31, 2024(\$)⁽⁸⁾
Total Net Asset Value (\$000's) ⁽³⁾	383
Number of units outstanding (000's) ⁽³⁾	38
Management expense ratio ⁽⁴⁾	1.30%
Management expense ratio before waivers or absorptions	1.30%
Trading expense ratio, excluding short dividend and interest expense ⁽⁵⁾	0.86%
Trading expense ratio, including short dividend and interest expense ⁽⁵⁾	3.38%
Portfolio turnover rate ⁽⁶⁾	182.01%
Net Asset Value per unit	10.15

Class PQ Units - Net Assets per Unit	
	Dec 31, 2024(\$)⁽⁸⁾
Net Assets, beginning of year	-
Increase (decrease) from operations:	
Total revenue	0.02
Total expense	(0.05)
Realized gains (losses)	(0.06)
Unrealized gains (losses)	0.18
Total increase (decrease) from operations⁽¹⁾	0.09
Distributions:	
From income	-
From dividends	-
From capital gains	-
Return of capital	-
Total annual distributions⁽¹⁾⁽²⁾	-
Net Assets, end of year	10.09

Class PQ Units - Ratios/Supplemental Data	
	Dec 31, 2024(\$)⁽⁸⁾
Total Net Asset Value (\$000's) ⁽³⁾	7
Number of units outstanding (000's) ⁽³⁾	1
Management expense ratio ⁽⁴⁾	3.41%
Management expense ratio before waivers or absorptions	3.41%
Trading expense ratio, excluding short dividend and interest expense ⁽⁵⁾	0.86%
Trading expense ratio, including short dividend and interest expense ⁽⁵⁾	3.38%
Portfolio turnover rate ⁽⁶⁾	182.01%
Net Asset Value per unit	10.09

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

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

Class ETF 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	13.39	13.19	12.48	11.78	10.09
Increase (decrease) from operations:					
Total revenue	0.39	0.42	0.07	(0.02)	0.02
Total expense	(0.75)	(0.38)	(0.28)	(0.29)	(0.63)
Realized gains (losses)	(0.36)	(0.15)	0.33	(0.70)	(0.71)
Unrealized gains (losses)	2.72	0.44	0.67	1.54	3.28
Total increase (decrease) from operations⁽¹⁾	2.00	0.33	0.79	0.53	1.96
Distributions:					
From income	-	(0.20)	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	(0.00)	-	-	-
Total annual distributions⁽¹⁾⁽²⁾	-	(0.20)	-	-	-
Net Assets, end of year	15.42	13.39	13.19	12.48	11.78

Class ETF 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⁾	328,442	184,039	126,116	57,548	15,199
Number of units outstanding (000's) ⁽³⁾	21,300	13,740	9,560	4,610	1,290
Management expense ratio ⁽⁴⁾	4.27%	1.81%	2.02%	2.31%	5.69%
Management expense ratio before waivers or absorptions	4.27%	1.81%	2.02%	2.31%	5.77%
Trading expense ratio, excluding short dividend and interest expense ⁽⁵⁾	0.86%	0.79%	0.84%	0.76%	1.14%
Trading expense ratio, including short dividend and interest expense ⁽⁵⁾	3.38%	3.34%	2.86%	2.40%	2.62%
Portfolio turnover rate ⁽⁶⁾	182.01%	144.30%	193.21%	205.34%	306.33%
Net Asset Value per unit	15.42	13.39	13.19	12.48	11.78
Closing Market Price (TSX)	15.48	13.45	13.22	12.49	11.81

EXPLANATORY NOTES

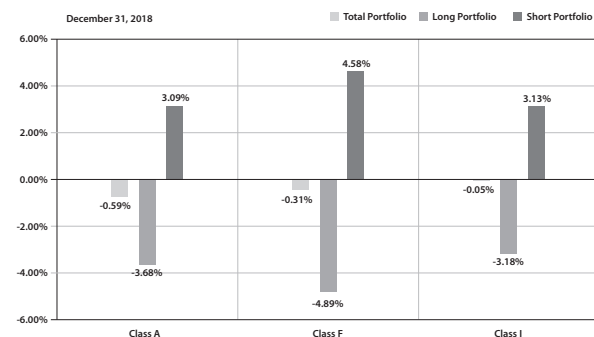
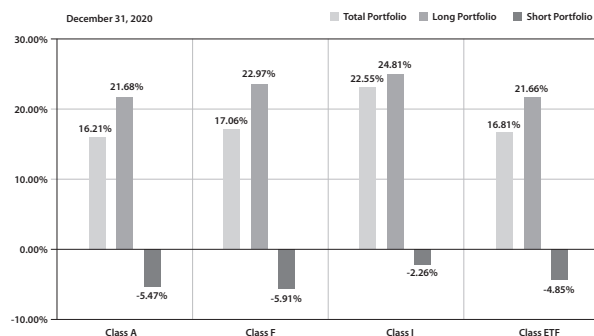
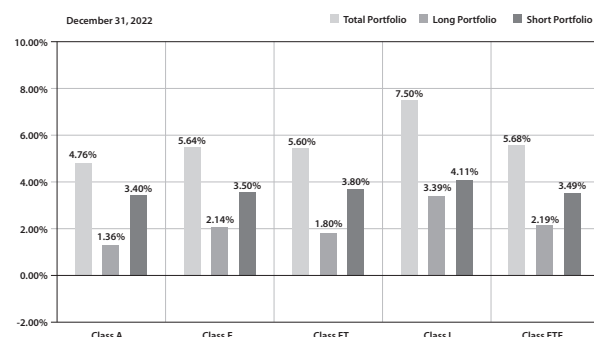
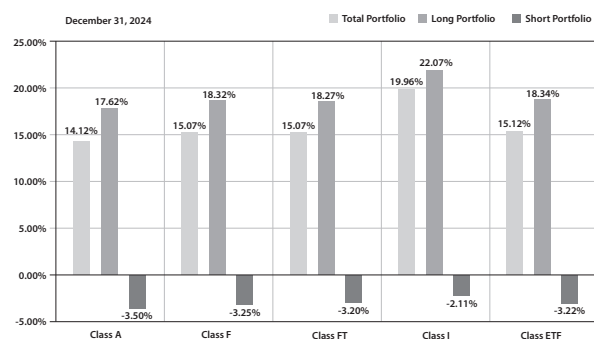
- (1) Net Assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.
- (2) Distributions were paid in cash, reinvested in additional units 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.
- (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 FT units were first issued on July 8, 2021.
- (8) Class O2 units were first issued on November 12, 2024, Class PQ units were first issued on November 28, 2024.

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

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

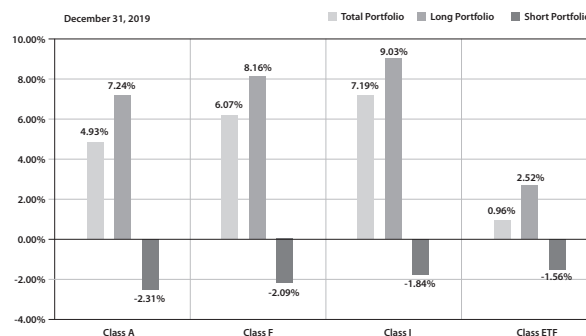
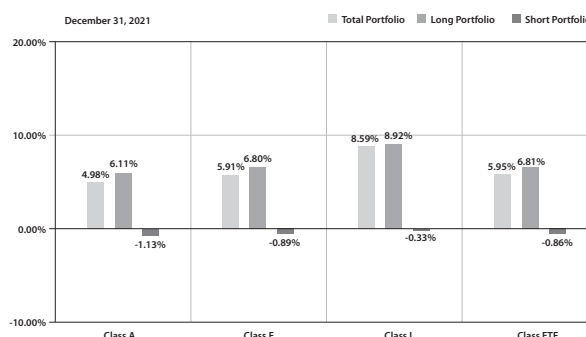
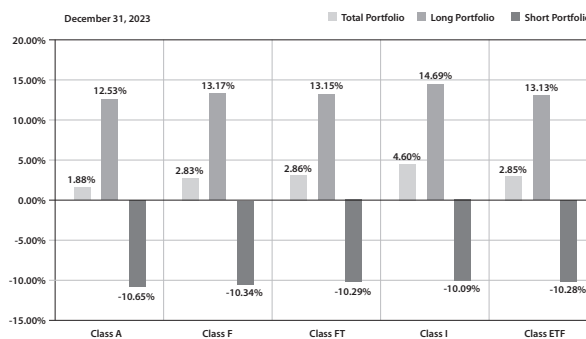
PAST PERFORMANCE

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 September 21, 2018 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 MARKET NEUTRAL ALTERNATIVE FUND

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

ANNUAL COMPOUND RETURNS

The following table presents the compound returns of the units of the Fund for the period indicated to December 31, 2024.

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

Annual Compound Returns	1 Year	3 Year	5 Year	Since Inception
Total portfolio - Class A units	14.12%	6.79%	8.23%	7.26%
Long portfolio - Class A units	17.62%	18.52%	26.32%	29.74%
Short portfolio - Class A units	-3.50%	-11.73%	-18.09%	-22.48%
Total portfolio - Class F units	15.07%	7.71%	9.14%	8.22%
Long portfolio - Class F units	18.32%	19.94%	28.27%	32.13%
Short portfolio - Class F units	-3.25%	-12.23%	-19.13%	-23.91%
Total portfolio - Class FT units*	15.07%	7.71%	-	7.10%
Long portfolio - Class FT units*	18.27%	16.24%	-	16.70%
Short portfolio - Class FT units*	-3.20%	-8.53%	-	-9.60%
Total portfolio - Class I units	19.96%	10.48%	12.40%	11.02%
Long portfolio - Class I units	22.07%	16.04%	20.71%	20.84%
Short portfolio - Class I units	-2.11%	-5.56%	-8.31%	-9.82%
Total portfolio - Class ETF units**	15.12%	7.75%	9.13%	8.50%
Long portfolio - Class ETF units**	18.34%	20.54%	29.37%	30.70%
Short portfolio - Class ETF units**	-3.22%	-12.79%	-20.24%	-22.20%
Total portfolio - Class O2 units***	-	-	-	-
Long portfolio - Class O2 units***	-	-	-	-
Short portfolio - Class O2 units***	-	-	-	-
Total portfolio - Class PQ units****	-	-	-	-
Long portfolio - Class PQ units****	-	-	-	-
Short portfolio - Class PQ units****	-	-	-	-
S&P/TSX Composite Index (TR)	21.65%	8.58%	11.08%	10.35%

*Class FT units were first issued on July 8, 2021.

**Class ETF units were first issued on July 5, 2019.

***Class O2 units were first issued on November 12, 2024; information for this class of the Fund is not available because it has not completed a full calendar year of performance.

****Class PQ units were first issued on November 28, 2024; information for this class of the Fund is not available because it has not completed a full calendar year of performance.

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE 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		Portfolio by Category	
Percentage of Net Asset Value (%)		Percentage of Net Asset Value (%)	
LONG POSITIONS		SHORT POSITIONS	
Canadian Equities	69.7%	Canadian Equities	-30.1%
Financials	17.9%	Index Equivalents	-19.6%
Industrial	12.3%	Financials	-2.5%
Energy	11.6%	Energy	-1.9%
Materials	8.6%	Utilities	-1.4%
Information Technology	6.7%	Materials	-1.3%
Utilities	4.1%	Consumer Staples	-1.1%
Real Estate	2.9%	Consumer Discretionary	-0.6%
Consumer Staples	2.0%	Information Technology	-0.6%
Consumer Discretionary	1.5%	Real Estate	-0.5%
Communication Services	0.9%	Communication Services	-0.4%
Health Care	0.8%	Industrial	-0.2%
Investment Funds	0.4%		
Global Equities	50.4%	Global Equities	-55.4%
United States	44.5%	United States Equities	-28.9%
International	5.4%	International Index Equivalents	-22.3%
International Index Equivalents	0.5%	International Equities	-4.2%
Canadian Debt	35.4%	Global Debt	-0.5%
Short-Term Notes	34.1%	International Bonds	-0.5%
Corporate Bonds	1.3%		
Global Debt	2.3%	Derivatives	-0.9%
Short-Term Notes	2.3%	Total Short Positions	-86.9%
Derivatives	2.1%	Cash	26.5%
Total Long Positions	159.9%	Other Assets (net)	0.5%
		Total	100.0%

PICTON MAHONEY FORTIFIED MARKET NEUTRAL ALTERNATIVE FUND

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

Top 25 Holdings	
	Percentage of Net Asset Value (%)
LONG POSITIONS	
Cash	26.5%
Canadian Treasury Bill 4.080%, 2025-06-18	9.1%
Canadian Treasury Bill 3.479%, 2025-04-09	8.7%
Canadian Treasury Bill 4.029%, 2025-02-12	8.7%
Canadian Treasury Bill 3.350%, 2025-07-16	7.6%
Canadian Pacific Kansas City Ltd.	2.5%
NVIDIA Corp.	2.5%
Shopify Inc.	2.4%
Royal Bank of Canada	2.2%
Suncor Energy Inc.	2.2%
Bank of Montreal	2.2%
Waste Connections Inc.	2.1%
Microsoft Corp.	2.0%
Bank of Nova Scotia	2.0%
Agnico Eagle Mines Ltd.	1.8%
Enbridge Inc.	1.8%
Toronto-Dominion Bank	1.8%
Element Fleet Management Corp.	1.6%
Sun Life Financial Inc.	1.6%
Amazon.com Inc.	1.6%
AltaGas Ltd.	1.6%
SHORT POSITIONS	
iShares Core S&P/TSX Capped Composite Index ETF	-15.5%
iShares Core S&P 500 ETF	-14.2%
iShares S&P/TSX 60 Index ETF	-2.9%
iShares MSCI USA Momentum Factor ETF	-1.9%
Total Net Asset Value (\$000)	1,676,948

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.**

A decorative horizontal bar consisting of a series of colored segments in black, dark grey, medium grey, light grey, and white.

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