No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this amended and restated offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 8 "Certain Risk Factors".



Picton Mahoney Long Short US SMid Cap Fund

OFFERING MEMORANDUM

Date: March 31, 2015

The Issuer

Name: PICTON MAHONEY LONG SHORT US SMID CAP FUND

Head Office: Address: 33 Yonge Street

Suite 830 Toronto, Ontario M5E 1G4

Phone Number: (416) 955-4108

E-mail address: service@pictonmahoney.com

Fax Number: (416) 955-4100

Currently Listed or

Quoted? No. These securities do not trade on any exchange or market.

Reporting Issuer? No. SEDAR Filer? No.

The Offering

Securities Offered: Class A and Class F units (the "Units") of Picton Mahoney Long Short US SMid Cap Fund

(the "Fund").

Price per Security: Class Net Asset Value per Unit as at the first Valuation Date following the date on which a

subscription is received (the "Subscription Price").

Minimum Offering: There is no minimum. You may be the only purchaser.

Maximum Offering: There is no maximum to the number of Units offered. Funds available under the offering

may not be sufficient to accomplish our proposed objectives.

Minimum Subscription

Amount: \$25,000 for Class A and Class F Units.

Payment Terms: Certified cheque or wire transfer together with sales commission (if any) payable to your

Dealer, in the amount of the Subscription Price.

Proposed Closing Date(s): Units will be offered on a continuous basis from the date of this Offering Memorandum,

unless extended by the Manager, with closings to occur on the last business day of each week.

Income Tax Consequences: There are important tax consequences to these securities. See Item 6.

Selling Agent(s): None.

Resale Restrictions

You will be restricted from selling your securities for an indefinite period. See Item 10. You may redeem your securities in certain circumstances. See Item 5.3.

Purchasers' Rights

You have two (2) business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel the agreement. See Item 11.

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ITEM 1. USE OF AVAILABLE FUNDS

1.1 Net Proceeds

It is not possible to determine accurately what the net proceeds of the Offering will be as this is a continuing offering and the Subscription Price will vary depending on what the Class Net Asset Value is at the time each Unit is purchased. The Fund sells Units on a continuous basis, with closings to occur on the last business day of each week.

1.2 Use of Available Funds

The Fund intends to use the net proceeds from the sale of the Units to purchase its respective portfolio of securities in accordance with such Fund's stated objective. See Item 2.4 for a detailed description of the Fund's stated objective.

1.3 Reallocation

The Fund intends to spend the net proceeds as stated. The Fund does not intend to reallocate funds.

ITEM 2. BUSINESS OF THE FUND

2.1 Structure

The one (1) fund offered herein is:

Picton Mahoney Long Short US SMid Cap Fund.

The Fund is an open-ended trust established under the laws of the Province of Ontario by an amended and restated master declaration of trust dated as of March 9, 2015, as amended, restated or supplemented from time to time (the "Trust Declaration"). Picton Mahoney Asset Management acts as the trustee and the manager (the "Trustee", the "Manager" or "Picton Mahoney") of the Fund pursuant to the Trust Declaration. The office of the Fund and of the Manager is located at 33 Yonge Street, Suite 830, Toronto, Ontario, M5E 1G4. The Fund is permitted to issue trust units ("Units") in an unlimited number of classes pursuant to the Trust Declaration. The description of provisions of the Trust Declaration contained herein is subject to and qualified in its entirety by the Trust Declaration.

2.2 Our Business

The Fund is an investment fund that invests in assets in accordance with the investment objectives, strategies and restrictions described herein.

2.3 Development of Business

The Fund was established and commenced business on June 28, 2013. The Fund has expanded its business through the sale of Units. As of March 31, 2015, there were approximately 72,878.81 Class A Units, 132,359.93 Class F Units and 661,847.94 Class I Units of the Fund outstanding.

2.4 Investment Approach, Objective and Investment Strategies

Investment Approach

Picton Mahoney utilizes an investment process that combines a quantitative approach with fundamental analysis. The Manager believes this combination creates a highly disciplined and repeatable investment process and is the key to successful investing. In this strategy, the Manager takes advantage of investor's narrow framing bias of evaluating the equity of a company without fully considering the firm's debt and cash positions. The focus of this strategy is on the cash generating ability of companies. The Manager employs a multi-factor model that emphasizes metrics that have shown to be effective at differentiating between strong and weak performing stocks. These factors encompass: valuation with a focus on cash flow, growth and quality. Long candidates with particularly attractive cash flow are examined further in a financial analysis which assesses a firm's fundamental value through forecasting detailed

financial statements and determining the firm's potential to giveback cash to shareholders. The Manager seeks gains through movements in stock prices that can occur over a short to intermediate term time horizon.

Investment Objective

The investment objective of the Fund is to provide consistent long-term capital appreciation and to provide holders of Units ("Unitholders") with an attractive risk-adjusted rate of return with similar volatility to the traditional equity markets.

Investment Strategy

The Fund will be managed in accordance with the investment approach and the following strategies:

Investing Long in Securities

Making long investments in securities of issuers identified as attractive investment candidates by the Manager's investment process.

Short Selling Securities

Short selling of securities of issuers identified as unattractive investments by the Manager's investment process and/or to hedge the market exposure of the Fund's long positions.

Pairs Trading

Taking short positions from time to time in securities of one issuer while taking a long position in securities of another issuer in an attempt to gain from the relative valuation differences between the two issuers. A pairs trade will be made when the Manager feels the long position will appreciate in value when compared to the short position.

Private Placements and IPOs

Participating in initial public offerings, secondary offerings, and private financings (including special warrant financings) in existing publicly traded issuers. The Fund shall not invest in any private placements by a private company.

Derivatives

The Fund may use derivatives to reduce or hedge against various risks including currency exchange risk associated with its foreign investments, and to obtain investment exposures on positions consistent with its investment objective, strategies and risk management. The derivatives that the Fund may use in this regard are clearing corporation and over-the-counter (OTC) options or forwards. The Fund may also employ various option strategies to increase its income return including, but not limited to, covered call and put writing.

Managing Long and Short Positions

Managing the relative weightings of long and short positions to achieve the Fund's investment objective.

In order to achieve its investment objective, the Fund will be structured so that it generally possesses positive but not full equity market exposure. That is, on average, over an entire market cycle, the Manager expects the Fund will possess a 50% net long exposure to the equity market. The Manager may alter the net market exposure of the Fund depending on the Manager's expectations of the direction of the overall equity markets within a permitted range of 75% net long exposure and 25% net short exposure.

Leverage

The Fund is authorized to borrow in order to increase its investment leverage. On a position-by-position basis, margin requirements of the applicable exchange will be adhered to by the Fund.

Investments in other funds managed by the Manager

The Fund may invest in units of other funds for which the Manager is the manager and/or portfolio manager (the "Underlying Funds") in accordance with applicable securities law and with regulatory orders it has obtained. Such investment, which may result in the Fund holding units representing more than 10% of either the votes attaching to the outstanding units of an Underlying Fund or the outstanding units of that Underlying Fund, may only be made if the Manager determines that an investment in the Underlying Fund is consistent with the investment objectives, investment strategies and investment restrictions of the Fund and in the best interests of the Fund. It is expected that the Fund will not invest more than 10% of its assets in an Underlying Fund, but may invest up to all of its assets in an Underlying Fund if the Manager determines that it is in the best interests of the Fund. The investment by the Fund in units of an Underlying Fund will not result in any duplication of management fees and performance fees to the Fund or the investors of the Fund and the Manager will not receive any management fees or performance fees in respect of the units of the Underlying Fund to be purchased by the Fund.

Risk Management

Picton Mahoney utilizes disciplined risk controlled quantitative techniques to construct portfolios. First, using historical analysis the Manager sets an expected volatility target for the portfolio. Second, the Manager jointly constructs a long and short portfolio to minimize unwanted risk exposures. The Manager controls for factors including: liquidity, size, sector exposure, industry exposure, position size, and company specific factors. The portfolio is reviewed and rebalanced on a regular and ongoing basis to maintain the risk reward target.

2.5 Investment Restrictions

The investment activities of the Fund will be conducted in accordance with certain restrictions, which include the following:

Sole Undertaking

The Fund will not engage in any undertaking other than the investment of the Fund's assets in accordance with the Fund's investment objective and investment strategies.

Fixed Price

The Fund will not purchase any security which may by its terms require the Fund to make a contribution in addition to the payment of the purchase price (other than pursuant to a permitted derivative transaction), provided that such restriction will not apply to the purchase of securities which are paid for on an instalment basis where the total purchase price and the amount of all such instalments are fixed at the time the first instalment is paid.

Interest of Manager

The Fund will not purchase securities from, or sell securities to, the Manager or any of its affiliates or any individual who is a partner, director or officer of any of them, any employee of the Manager or any portfolio managed by the Manager. The Fund may, however, purchase units of other funds managed by the Manager, in accordance with applicable securities law and with regulatory orders it has obtained. It is expected that the Fund will not invest more than 10% of its assets in such other funds, but may do so if the Manager determines that it is in the best interest of the Fund.

Commodities

The Fund will not purchase any physical commodity.

Control Restrictions

Except as described herein and as may be permitted by applicable securities laws or regulatory relief therefrom, the Fund will not purchase a security of an issuer if, immediately after the purchase, the Fund would hold securities representing more than 10% of either the votes attaching to the outstanding securities of that issuer or the outstanding equity securities of that issuer, or purchase a security for the purpose of exercising control over or

management of the issuer of the security. If the Fund acquires a security other than as the result of a purchase and the acquisition results in the Fund exceeding the 10% limit described in this paragraph, the Fund will, as quickly as is commercially reasonable (and in any event within 90 days of the acquisition), reduce its holdings of those securities so that it does not hold securities exceeding such limits.

Foreign Investment Proposals

The Fund will not invest in (i) an interest in a trust (or a partnership which holds such interest) which would require the Fund (or the partnership) to report income in connection with such interest pursuant to section 94.2 of the *Income Tax Act* (Canada) (the "Tax Act"); or (ii) the securities of any non-resident corporation, trust or other non-resident entity if the Fund would be required to include an amount in income pursuant to section 94.1 of the Tax Act.

SIFT Trust

The Fund will not invest in any property to the extent that such investment would result in the Fund being a "SIFT trust" as defined in the Tax Act (or amendments to such provisions as enacted into law or successor provisions thereto).

2.6 Material Agreements

The following is a description of all current and proposed material agreements relevant to the management, organization and administration of the Fund.

Trust Declaration

The Fund was created pursuant to the Trust Declaration entered into by Picton Mahoney as the Manager and Trustee to facilitate the administration of the Fund. The Trust Declaration is the Fund's constating document and describes the terms and conditions respecting the issuance and redemption of Units, investment and valuation of the Fund's assets, determination and distribution of gains, management and administration of the Fund, duties of the Manager and Trustee, meetings of Unitholders and how the Trust Declaration can be terminated or amended. The following is a summary of the material provisions of the Trust Declaration, which does not purport to be complete. Please refer to the Trust Declaration for full particulars of these provisions. You may view a copy of the Trust Declaration by contacting the Manager at 33 Yonge Street, Suite 830, Toronto, Ontario, Canada M5E 1G4.

The Manager

Picton Mahoney is the Manager of the Fund and is responsible for the day-to-day business of the Fund, including the management of the Fund's investment portfolio. The Manager was formed under the laws of Ontario in 2004, to provide investment management services to the Canadian marketplace. The Manager is registered with the applicable securities regulatory authorities as an Investment Fund Manager, Exempt Market Dealer, Portfolio Manager and Commodity Trading Manager. The Manager carries out its advisory activities from 33 Yonge Street, Suite 830, Toronto, Ontario, Canada M5E 1G4.

Pursuant to the Trust Declaration, the Manager has authority to manage the business and affairs of the Fund and has authority to bind the Fund. The Manager will be responsible for managing the assets of the Fund, will have complete discretion to invest and reinvest the Fund's assets, and will be responsible for executing all portfolio transactions. The Manager may delegate its powers, including its investment advisory role, to third parties where, in the discretion of the Manager, it would be in the best interests of the Fund to do so. The Manager is required to exercise its powers and discharge its duties honestly, in good faith, and in the best interests of the Fund and to exercise the care, diligence and skill of a reasonable prudent person in comparable circumstances. Among its other powers, the Manager may establish the Fund's operating expense budgets and authorize the payment of operating expenses. For a discussion of the fees payable to the Manager, see Item 2.7 "Fees and Expenses".

The Trust Declaration provides that the Manager and certain affiliated parties have a right of indemnification from the Fund for legal fees, judgments and amounts paid in settlement incurred in carrying out their duties under the Trust Declaration, except in certain circumstances, including where there has been gross negligence, lack of good faith or wilful default on the part of the Manager or the Manager has failed to fulfill its standard of care as set out in the Trust Declaration. In addition, the Trust Declaration contains provisions limiting the liability of the Manager.

Pursuant to the Trust Declaration, the Manager may resign upon 90 days' written notice to the Unitholders. The Manager must appoint a successor, which appointment must be approved by a majority of the Unitholders unless the successor is an affiliate of the Manager. If no successor Manager is appointed or if Unitholders fail to approve a successor, the Fund shall be terminated.

The Trustee

Picton Mahoney acts as the Trustee of the Fund pursuant to the Trust Declaration. The Trustee has those powers and responsibilities in respect of the Fund as described in the Trust Declaration. The Trustee is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Pursuant to the Trust Declaration, the Manager may remove the Trustee and appoint a successor trustee from time to time on 90 days' written notice or in certain other circumstances. The Trustee or any successor appointed pursuant to the terms of the Trust Declaration may resign upon 90 days' written notice to the Manager, who shall use its best efforts to appoint a successor trustee. If no successor Trustee is appointed, the Fund shall be terminated.

The Trust Declaration provides that the Trustee and its affiliates have a right of indemnification from the Fund, and to the extent that the assets of the Fund are insufficient to satisfy such right, from the Manager, for any claims arising out of the execution of its duties as trustee, except in cases of negligence, wilful default or bad faith on the part of the Trustee. In addition, the Trust Declaration contains provisions limiting the liability of the Trustee.

Meetings of Unitholders

The Fund will not hold regular meetings, however the Manager may convene a meeting of Unitholders, or a Class of Unitholders, as it considers appropriate or advisable from time to time. The Trustee must also call a meeting of Unitholders or of a Class of Unitholders on the written request of Unitholders holding not less than 50% of the outstanding Units (or Units of a Class with respect to a Class meeting) in accordance with the Trust Declaration, provided that in the event of a request to call a meeting of Unitholders made by such Unitholders, the Trustee shall not be obliged to call any such meeting until it has been satisfactorily indemnified by such Unitholders against all costs of calling and holding such meeting.

Units of a Class shall vote separately as a Class if the notice calling the meeting so provides.

Not less than 21 days' notice will be given of any meeting of Unitholders. The quorum at any meeting is two or more Unitholders present in person or by proxy representing not less than 10% of the Units, or Units of a Class, as applicable, then outstanding. If no quorum is present at such meeting when called, the meeting will be adjourned by the Manager to a date and time determined by the Manager, and at the adjourned meeting, the Unitholders then present in person or represented by proxy will form the necessary quorum, if notice of the adjourned meeting is given.

Any consent of Unitholders under the Trust Declaration must be given by not less than 50% of the Units or Units of a Class, as applicable.

Amendment of the Trust Declaration

The Trust Declaration may be amended by the Manager, if the amendment is not a material change, is not one of the matters specified in the Trust Declaration as requiring Unitholders' approval, does not adversely affect the pecuniary value of the interest of any Unitholder, or restrict any protection provided for the Trustee or increase the responsibilities of the Trustee. In addition, certain amendments which are necessary or desirable to bring the Trust Declaration into conformity with current practice, to comply with any law, regulation or policy requirement applicable to the Fund, to correct any ambiguity, error or omission in the Trust Declaration, or to enhance the rights of or protect the interests of the Unitholders, may be made by the Manager and the Trustee without any prior notice to or approval of Unitholders. Without limiting the generality of the foregoing, the Manager and the Trustee may agree to amend the Trust Declaration to enhance rights of redemption or to adopt more stringent investment

restrictions or make any other change required such that the Fund may be a qualified investment under any applicable legislative or regulatory requirements, if the Manager deems such qualification to be desirable.

The Class attributes set by the Manager may be amended without notice to Unitholders if the amendment, in the opinion of the Manager, is for the protection of or benefit to Unitholders of that Class.

Any amendment which cannot be made in accordance with the above may be made, at any time, by the Manager and the Trustee to take effect after not less than 90 days' written notice of such amendment to the Unitholders, or earlier with the consent of Unitholders as provided for in the Trust Declaration.

The Fund may be terminated on the occurrence of certain events stipulated in the Trust Declaration. The Manager may resign as manager of the Fund, and if no successor is appointed, the Fund will be terminated. On termination of the Fund, the Trustee will distribute the assets of the Fund in cash or in kind in accordance with the Trust Declaration.

Conflict of Interest

Services of the Manager not Exclusive to the Fund

The services of the Manager and its partners, and their respective directors, officers, employees, agents and associates are not exclusive to the Fund. The Manager and its partners, and any of their respective directors, officers, employees, agents and associates may, at any time, engage in the promotion, management or portfolio management of any other fund or trust (including any Underlying Funds) and provide similar services to other investment funds and other clients and engage in other activities. While the Manager and its partners and their respective directors, officers, employees, agents and associates devote as much of their respective time and resources to the activities of the Fund as in their respective judgment is reasonably required, they will not be devoting their time exclusively to the affairs of the Fund. The Manager and its partners and their respective directors, officers, employees, agents and associates will therefore have conflicts of interest in allocating management time, services and functions among the Fund and such other persons for which it provides services (including any Underlying Funds). However, at all times, the Manager will ensure a fair and equitable allocation of its management time, services and functions between the Fund and any other such persons to whom it provides services.

Allocation of Investment Opportunities

Investment decisions for the Fund will be made independently of those made for other clients and independently of investments of the Manager. On occasion, however, the Manager may make the same investment for the Fund and for one or more of its other clients (including any Underlying Funds). If the Fund and one or more of the other clients of the Manager are engaged in the purchase or sale of the same security, the transactions will **generally be** effected on an equitable basis. However, the Manager may determine from time to time that some investment opportunities are appropriate for certain investment management clients and not others, including the Fund, due to differing objectives, time horizons, liquidity needs or availability, tax consequences and assessments of general market conditions and of individual securities. The Manager may also occasionally determine it to be necessary to allocate limited investment opportunities among the Fund and any other funds or managed accounts under its responsibility (including any Underlying Funds), on a basis deemed appropriate by the Manager. Certain funds or managed accounts may, therefore, show a gain or a loss that would otherwise not be present within other funds or accounts managed by the Manager.

Conflicts of Interest Policy

The Manager is an Exempt Market Dealer, an Investment Fund Manager, a Portfolio Manager and a Commodity Trading Manager. Additionally, the Fund may invest in units of the Underlying Funds for which the Manager is the manager and/or portfolio manager in accordance with applicable securities law and with regulatory orders it has obtained. As a result, there are potential conflicts of interest that could arise in connection with the Manager acting in its capacities as Exempt Market Dealer, Investment Fund Manager, Portfolio Manager and Commodity Trading Manager and as the manager and/or portfolio manager of both the Fund and the Underlying Funds.

The Manager has adopted a conflict of interest policy to address and minimize those potential conflicts of interest. The policy states that the Manager will deal fairly, honestly and in good faith with all clients (including the Fund

and the Underlying Funds) and not advantage one client over another. The securities laws of the Province of Ontario require securities dealers and advisers, when they trade in or advise with respect to their own securities or securities of certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. These rules require dealers and advisers, prior to trading with or advising their customers or clients, to inform them of the relevant relationships and connections with the issuer of the securities. Clients and customers should refer to the applicable provisions of these securities laws for the particulars of these rules and their rights or consult with a legal adviser. The Fund is a related issuer and a connected issuer of the Manager within the meaning of applicable Canadian securities legislation.

Interest of the Manager and Responsible Persons of Manager in Underlying Funds

The Manager and its partners, and their respective directors, officers, employees, agents and associates of the Manager who have access to, or participate in formulating and making decisions on behalf of the Fund or advice to be given to the Fund (each, a "Responsible Person") or affiliates of such Responsible Persons are also partners, directors or officers of the Underlying Funds.

The Fund's investment in an Underlying Fund creates a potential conflict of interest for the Manager relating to the voting of the units of the Underlying Fund held by the Fund in that certain officers and directors of the Manager may be a substantial security holder of the Manager and also may have a significant interest in the Underlying Fund. The Manager intends to address this potential conflict of interest by not voting any units of the Underlying Fund held by the Fund (should the requirement for a vote arise); rather, the Manager may make arrangements to permit Unitholders to exercise the votes attaching to the Fund's investment in the Underlying Fund.

The investment by the Fund in units of an Underlying Fund will not result in any duplication of management fees and performance fees to the Fund or the investors of the Fund and the Manager will not receive any management fees or performance fees in respect of the units of the Underlying Fund to be purchased by the Fund. In executing a subscription agreement for Units of the Fund, investors will acknowledge the multiple roles of the Responsible Persons and consent to the investment by the Fund in the units of any Underlying Funds.

Liability of Unitholders

To the full extent permitted by applicable law, no Unitholder will have any personal liability and no access will be had to the private property of any Unitholder for satisfaction of any obligation or claim arising out of any contract or obligation of the Fund or the Trustee or the Manager (See Item 8 "Certain Risk Factors – Liability of Unitholders"). The Trust Declaration provides that the Fund will indemnify, out of the property of the Fund, each Unitholder in the event any Unitholder is held personally liable.

2.7 Fees and Expenses

Expenses

The Manager paid for the costs of initially organizing the Fund and offering the Units, including the fees and expenses of legal counsel and the Fund's auditors.

The Fund will pay for all routine and customary expenses relating to the Fund's operations, including registrar and transfer agency fees and expenses, trustee fees (if any), custodian fees, auditing, legal and accounting fees, communication expenses, printing and mailing expenses, all costs and expenses associated with the sale of Units including securities filing fees (if any), expenses relating to providing financial and other reports to Unitholders and convening and conducting meetings of Unitholders, all taxes, assessments or other governmental charges levied against the Fund, interest expenses and all brokerage and other fees relating to the purchase and sale of the assets of the Fund. In addition, the Fund will pay for expenses associated with ongoing investor relations and education relating to the Fund.

Each Class of Units is responsible for the expenses specifically related to that Class and a proportionate share of expenses that are common to all Classes of Units. The Manager shall allocate expenses to each Class of Units in its sole discretion as it deems fair and reasonable in the circumstances.

The Manager may from time to time waive any portion of the fees and reimbursement of expenses otherwise payable to it, but no such waiver affects its right to receive fees and reimbursement of expenses subsequently accruing to it.

Management Fee

For providing its services to the Fund, the Manager receives a management fee (the "Management Fee") from the Fund attributable to the Class A Units and Class F Units, respectively. Each Class of Units is responsible for the Management Fee attributable to that Class.

The Class A Units are charged a Management Fee equal to 0.50% per quarter (2.00% per annum) of the Net Asset Value of the Class A Units, plus applicable taxes, calculated and accrued on each Valuation Date (as defined in Item 5.4), and payable on the last Valuation Date of each quarter.

The Class F Units are charged a Management Fee equal to 0.25% per quarter (1.00% per annum) of the Net Asset Value of the Class F Units, plus applicable taxes, calculated and accrued on each Valuation Date, and payable on the last Valuation Date of each quarter.

Other Classes of the Fund are charged such management fee, if any, as described in the applicable offering document or agreement relating to such Classes.

Performance Fee

The Manager receives a performance fee (the "Performance Fee") in respect of each of the Class A Units and Class F Units. The Performance Fee in respect of Class A Units and Class F Units shall be calculated and become a liability of the Fund on each Valuation Date and shall be payable at the end of each calendar quarter.

The Performance Fee in respect of each of the Class A Units and Class F Units, as the case may be, on a particular Valuation Date shall be equal to the product of (a) 20% of the positive difference between (i) the Adjusted Class Net Asset Value per Unit on the Valuation Date; and (ii) the greatest Class Net Asset Value per Unit on any previous Valuation Date (or the date 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"); and (b) the number of Units outstanding on the applicable Valuation Date on which the Performance Fee is determined, plus applicable taxes. As used herein, Adjusted Class Net Asset Value per Unit on a Valuation Date means the Class Net Asset Value per Unit on the Valuation Date, without giving effect to any Performance Fee determined on such Valuation Date.

The Manager may make such adjustments to the Adjusted Net Asset Value per Unit of a Class and/or the applicable "high water mark" as are determined by the Manager to be necessary to account for the payment of any distributions on Units, any Unit splits or consolidations or any other event or matter that would, in the opinion of the Manager, impact upon the computation of Performance Fee. Any such determination of the Manager shall, absent manifest error, be binding on all Unitholders.

The Manager will pay an amount equal to a portion of the Performance Fee, if any, to certain registered dealers ("Dealers").

Other Classes of the Fund will be charged such performance fee, if any, as described in the applicable offering document or agreement relating to such Classes.

Fee Rebates

To encourage large investments in the Fund and to be able to offer fees which are competitive for investments of that size, and in certain other circumstances, the Manager may from time to time reduce the Management Fee and/or the Performance Fee that it otherwise would be entitled to receive with respect to such an investor's investment in the Fund provided that the amount of the fee reduction is distributed (a "Fee Distribution") to such Unitholder. Fee Distributions of the Fund, where applicable, will be computed on each Valuation Date and shall be payable quarterly, or at such other times as the Manager may determine, first out of net income and the net capital gains of the Fund and thereafter out of capital. Any such reduction in Management Fees and/or Performance Fees in respect of a large investment in the Fund will be negotiated by the Manager and the investor or the investor's Dealer and

will be based primarily on the size of the investor's investment in the Fund and the total amount of services provided to the investor with respect to their investment in the Fund. The Manager may also reduce its fees to encourage investors to invest in a new fund. A qualified investor can choose to receive the Fee Distribution in cash or in additional Units of the Fund. The amount of any Fee Distribution is income to the Unitholder receiving it, to the extent it is paid out of net income or net taxable capital gains of the Fund. See Item 6 "Income Tax Consequences and Eligibility for Investment" and Item 5.5 "Distributions".

The Underlying Fund Fees and Expenses

For providing its services to the respective Underlying Funds, the Manager receives a management fee and a performance from the respective Underlying Funds attributable to the certain classes of units of the applicable Underlying Fund. However, any investment by the Fund into units of the respective Underlying Funds will not result in any duplication of management fees and performance fees to the Fund or the investors of the Fund as any investment by the Fund into units of the respective Underlying Funds will only be in a class of units of the applicable Underlying Fund that carries no management fees and performance fees. For greater certainty, the Manager will not receive any management fees or performance fees in respect of the units of the Underlying Fund to be purchased by the Fund. In addition, no sales charges or redemption fees are payable by the Fund in relation to its purchase or redemption of units of the Underlying Fund.

Each Underlying Fund will pay for all routine and customary expenses relating to the Underlying Fund's operations, including registrar and transfer agency fees and expenses, trustee fees (if any), custodian fees, auditing, legal and accounting fees, communication expenses, printing and mailing expenses, all costs and expenses associated with the sale of units of the Underlying Fund including securities filing fees (if any), expenses relating to providing financial and other reports to unitholders of the Underlying Fund and convening and conducting meetings of unitholders of the Underlying Fund, all taxes, assessments or other governmental charges levied against the Underlying Fund, interest expenses and all brokerage and other fees relating to the purchase and sale of the assets of the Underlying Fund. In addition, the Underlying Fund will pay for expenses associated with ongoing investor relations and education relating to the Underlying Fund.

The class of units of the Underlying Fund purchased by the Fund will be responsible for the above expenses specifically related to that class of units of the Underlying Fund and a proportionate share of expenses that are common to all classes of units of the Underlying Fund. As a result, Unitholders of the Fund which invests in an Underlying Fund will indirectly bear a proportionate share of such expenses of such Underlying Fund.

Copies of the offering memorandum, the most recent audited financial statements and the most recent unaudited semi-annual financial statements of the Underlying Funds in which the Fund is invested in will be made available to Unitholders upon request and may be inspected at the principal office of the Fund during normal business hours.

ITEM 3. DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The name, municipality of residence, positions held and securities held of the directors and officers of Picton Mahoney, Manager and Trustee of the Fund are as follows:

Name and Municipality of Principal Residence	Positions Held and the Date of Obtaining that Position	Compensation Paid by the Fund in the Most Recently Completed Financial Year and the Compensation Anticipated to be Paid in the Current Financial Year	Number, Type and Percentage of Securities Held ¹
David Picton Toronto, Ontario	President since September 2004	Nil.	345.44 Units
Michael Mahoney Goodwood, Ontario	Managing Director since September 2004	Nil.	576.43 Units

Name and Municipality of Principal Residence	Positions Held and the Date of Obtaining that Position	Compensation Paid by the Fund in the Most Recently Completed Financial Year and the Compensation Anticipated to be Paid in the Current Financial Year	Number, Type and Percentage of Securities Held ¹
Art Galloway Toronto, Ontario	Chief Financial Officer since April 2005	Nil.	4,876.37 Units
Dean Shepard West Vancouver, British Columbia	Managing Director since March 2006	Nil.	24,090.52 Units
James Lawson Oakville, Ontario	Portfolio Manager since December 2006	Nil.	229.75 Units
Michael Kimmel Toronto, Ontario	Partner since September 2004	Nil.	Nil.
Michael Kuan Toronto, Ontario	Partner since September 2004	Nil.	229.75 Units
Phil Mesman Oakville, Ontario	Partner since May 2010	Nil.	Nil.

¹ As at March 31, 2015, as the Fund offers Units on a continuous basis, the number and percentage of securities held after completion of maximum offering cannot be determined.

3.2 Management Experience

The following table provides information about the principal occupation and past employment history of the directors and executive officers of Picton Mahoney.

Name	Principal occupation and related experience
David Picton Toronto, Ontario	President and Chief Executive Officer of Picton Mahoney. David Picton has 26 years of investment experience, including eight years as a top-ranked analyst and head of quantitative research at RBC Dominion Securities Inc. David has managed portfolios for Synergy Asset Management Inc. ("Synergy") since 1997, including the Synergy Canadian Class. David is a graduate of the University of British Columbia with a Bachelor of Commerce Honours degree. He also received a Leslie Wong Fellowship from UBC's prestigious Portfolio Management Foundation.
Michael Mahoney Goodwood, Ontario	Chief Risk Officer of Picton Mahoney. Michael Mahoney, a principal of Picton Mahoney, has 25 years of investment management experience. He began his investment career at the Alberta Treasury as a U.S. equities analyst. He later became a portfolio manager of U.S. and international equities at Genus Capital Management Inc. and a research manager at HSBC Asset Management Europe, a U.Kbased firm. He has managed global portfolios for Synergy since 1997. Mr. Mahoney is a CFA charterholder and has an MBA from the University of Alberta.

Name	Principal occupation and related experience
Arthur Galloway Toronto, Ontario	Chief Compliance Officer, Chief Financial Officer, Chief Operating Officer and Corporate Secretary of Picton Mahoney. Arthur Galloway is responsible for company-wide financial operations, internal financial control and internal and external financial reporting, in addition to ensuring the firm is compliant with regulatory requirements and exercising control over internal policies and procedures. He is also responsible for the financial oversight and administration of Picton Mahoney's alternative investment funds. Before joining Picton Mahoney, he spent ten years with Investors Financial Services, most recently as a Director, where his clients included numerous global asset management firms. He holds a Bachelor of Business degree in Finance from Brock University and is a CFA charterholder.
Dean Shepard West Vancouver, British Columbia	Managing Director of Picton Mahoney has 23 years of investment experience. Dean Shepard began his investment career in trading and investment advisory and then brought this understanding of the service side of the business to his role as Vice-President, Regional Sales with Synergy Asset Management Inc. in 1998. With his strong understanding of both wealth and asset management, Dean was soon promoted to head up national sales for Synergy Asset Management Inc. In 2003, he joined Rockwater Asset Management Inc. ("Rockwater") and provided leadership for Rockwater's asset management and wealth management subsidiaries. He worked as Senior Vice-President and Director, National Sales and Marketing for Rockwater and also as Senior Vice-President and Director, British Columbia Regional Manager for Blackmont Capital Inc., Rockwater's investment dealer. Dean holds a Bachelor of Arts degree in Economics from the University of British Columbia and is a CFA charterholder.
James Lawson Oakville, Ontario	James Lawson has been a Canadian Equity Portfolio Manager for 19 years. Prior to joining Picton Mahoney, he was a senior member of the investment management team at KBSH Capital Management Inc. James has also managed retail and institutional portfolios at Guardian Capital and Bank of Montreal and was a software analyst at Merrill Lynch. His other business experience includes eight years as a strategy consultant. James has an MBA from York University and an Honours Bachelor of Arts from the University of Western Ontario.
Michael Kimmel Toronto, Ontario	Partner and Portfolio Manager of Picton Mahoney. Michael Kimmel has spent 16 years in the investment industry. Prior to joining Picton Mahoney in 2002, Michael was an analyst at UBS Global Asset Management (Canada) Inc. Michael has also served as an associate at N M Rothschild & Sons Canada, a boutique investment bank specializing in mergers and acquisitions. He has an Honours Bachelor of Commerce degree from McGill University and is a CFA charterholder.
Michael Kuan Toronto, Ontario	Partner and Portfolio Manager of Picton Mahoney. Michael Kuan has spent 17 years in the investment industry. Prior to joining Picton Mahoney, Michael worked in the Equity Research department of Synergy and was a market risk manager at Scotia Capital Inc. Michael is a CFA charterholder and has an MBA from the University of Toronto. His current sector focus is on non-North American equities.
T Philip Mesman	Partner and Portfolio Manager of Picton Mahoney. Philip Mesman has 19 years of investment industry experience specializing in income oriented securities. Prior to joining Picton Mahoney, Phil was Managing Director and Portfolio Manager at HIM Monegy Inc., a subsidiary of Harris Investments Management Inc. Phil's other previous experience includes portfolio management, quantitative and credit analytics and trading through positions at Scotiabank, Merrill Lynch Canada Inc. and Greywolf Capital Inc. Phil earned a B.A. in Economics from the University of Western Ontario and is a CFA charterholder.

3.3 Penalties, Sanctions and Bankruptcy

No director, officer or person holding a sufficient number of securities of the Manager to affect materially the control of the Manager has, in the last 10 years:

- (a) been subject to any penalties or sanctions imposed by a court or by a regulatory authority;
- (b) been a director, senior officer or control person of any issuer that has been subject to any penalties or sanctions imposed by a court or by a regulatory authority while the director, officer or control person was a director, officer or control person of such issuer;
- (c) made any declaration of bankruptcy, voluntary assignment in bankruptcy or proposal under bankruptcy or insolvency legislation or been subject to any proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver-manager or trustee to hold assets; or
- (d) been a director, senior officer or control person of any issuer that has made any declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under bankruptcy or insolvency legislation, or been subject to any proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver-manager or trustee to hold assets while the director, officer or control person was a director, officer or control person of such issuer.

3.4 Interest in Underlying Fund

Each of the above officers, directors and/or substantial security holders of the Manager may each individually, or together in the aggregate, have a significant interest in an Underlying Fund through investments made in units of such Underlying Fund. In addition, each officer and/or director of the Manager may also be a substantial securityholder of the Manager.

ITEM 4. CAPITAL STRUCTURE

4.1 Authorized and Issued Capital

An investment in the Fund is represented by Units. The Fund is permitted to have an unlimited number of classes of Units (each, a "Class") having such terms and conditions as the Manager may determine. Additional Classes may be offered in future on different terms, including having different fee and dealer compensation terms and different minimum subscription levels. Each Unit of a Class represents an undivided ownership interest in the net assets of the Fund attributable to that Class of Units. The Fund will consult with its tax advisors prior to the establishment of each new Class to ensure that the issuance of Units of the Class will not have adverse Canadian tax consequences. Two (2) Classes of Units of the Fund are offered under this Offering Memorandum.

Class A Units are designed for investors investing \$25,000 or more, who are not eligible to purchase Class F Units.

Class F Units are designed for investors who are enrolled in a dealer sponsored fee for service or wrap program and who are subject to an annual asset-based fee rather than commissions on each transaction or, at the discretion of the Manager, any other investor for whom the Manager does incur distribution costs, investing \$25,000 or more. The Fund issues Class I Units, including to other funds managed by the Manager, which are not charged management or performance fees.

Description of Security	Number authorized to be issued	Number outstanding as at March 31, 2015*
Class A Units	Unlimited	72,878.81 Units
Class F Units	Unlimited	132,359.93 Units
Class I Units	Unlimited	661,847.94 Units

^{*}As the Fund offers Units on a continuous basis, the number of Units of each Class after completion of maximum offering cannot be determined.

4.2 Long-term Debt Securities

The Fund has no long-term debt.

4.3 Prior Sales

Type of Security Issued	Date of Issuance	Number of Securities Issued and/or Subscribed For	Average Price per Security	Total Funds Received
Class A Units	April 1, 2014 to March 31, 2015	72,878.81	\$11.444	\$834,031.60
Class F Units	April 1, 2014 to March 31, 2015	132,359.93	\$11.471	\$1,518,301.70

ITEM 5. SECURITIES OFFERED

5.1 Terms of Securities

To date, the Fund has Class A Units, Class F Units and Class I Units, together with each future Class, are referred to collectively as the "Classes".

Although the money invested by investors to purchase Units of any Class of the Fund is tracked on a Class-by-Class basis in the Fund's administration records, the assets of all Classes of the Fund will be combined into a single pool to create one portfolio for investment purposes.

All Units of the same Class have equal rights and privileges. Each whole Unit of a particular Class is entitled to one vote at meetings of Unitholders where all Classes vote together, or to one vote at meetings of Unitholders where that particular Class of Unitholders votes separately as a Class.

The Manager, in its discretion, determines the number of Classes of Units and establishes the attributes of each Class, including investor eligibility, the designation and currency of each Class, the initial closing date and initial offering price for the first issuance of Units of the Class, any minimum initial or subsequent investment thresholds, any minimum redemption amounts or minimum account balances, valuation frequency, fees and expenses of the Class, sales or redemption charges payable in respect of the Class, redemption rights, convertibility among classes and any additional Class specific attributes. The Manager may add additional Classes of Units at any time without prior notice to or approval of Unitholders. No Class of Units will be created for the purpose of giving any Unitholder a percentage interest in the property of the Fund that is greater than the Unitholder's percentage interest in the income of the Fund.

All Units of the same Class are entitled to participate *pro rata*: (i) in any payments or distributions (other than Fee Distributions described in Item 2.6 "Fees and Expenses") made by the Fund to the Unitholders of the same Class; and (ii) upon liquidation of the Fund, in any distributions to Unitholders of the same Class of net assets of the Fund attributable to the Class remaining after satisfaction of outstanding liabilities of such Class. Units are not transferable, except by operation of law (for example, a death or bankruptcy of a Unitholder) or with the consent of the Manager. To dispose of Units, a Unitholder must have them redeemed.

Fractional Units carry the same rights and are subject to the same conditions as whole Units (other than with respect to voting rights) in the proportion which they bear to a whole Unit. Outstanding Units of any Class may be subdivided or consolidated in the Manager's discretion on 21 days' prior written notice. Units of a Class may be redesignated by the Manager as Units of any other Class having an aggregate equivalent Class Net Asset Value (as described in Item 5.4 "Determination of Net Asset Value") if such re-designation is approved by the holder of the Units to be re-designated or with 30 days' prior written notice.

5.2 Subscription Procedure

Purchase of Units

Investors may be admitted to the Fund or may acquire additional Units on a weekly basis as of the last Business Day (any day on which the Toronto Stock Exchange ("TSX") is open for trading is hereinafter referred to as a "Business Day") of each calendar week. The Units are being offered using the mutual fund order entry system FundSERV. Subscription for Units may be made directly through the Manager (only in British Columbia) or from a distributor on the FundSERV network under the Manufacturer Code to Picton Mahoney "PIC" and the order code:

- "PIC950" for Class A Units
- "PIC951" for Class F Units

Funds in respect of any subscription will be payable by investors at the time of the subscription.

Investors who wish to subscribe for Units may do so by delivering a subscription agreement (substantially in the form of the subscription agreement accompanying the Offering Memorandum or such other form of subscription agreement as the Manager may approve) to the Manager, either directly (only in British Columbia) or through Dealers or other persons permitted by applicable securities laws to sell Units, accompanied by a cheque, bank draft or, in the discretion of the Manager, wire transferred funds, in an amount equal to the purchase price on or before the last Business Day of the week. As required by National Instrument 45-106 *Prospectus and Registration Exemptions*, the subscription amount received from investors to whom Units will be issued will be held in trust until at least midnight on the second Business Day after the investors pay such funds to the Fund. Units will be offered at the Class Net Asset Value per Unit calculated as of the applicable Valuation Date. The Class Net Asset Value per Unit for subscriptions which are received and accepted by the Manager prior to 4:00 p.m. (Eastern time) on the last Business Day of a week will be calculated as of the Valuation Date for that week. Subscriptions which are received and accepted by the Manager after 4:00 p.m. (Eastern time) on the last Business Day of a week will be calculated as of the Valuation Date for the following week. See Item 5.4 "Determination of Net Asset Value". All subscriptions for Units are to be forwarded by Dealers, without charge, the same day that they are received, to the Manager or purchased using the FundSERV network, as applicable.

The Manager reserves the right to accept or reject orders, whether made through the Manager or entered on the FundSERV network, and any monies received with a rejected order will be refunded forthwith, without interest, other compensation or deduction, after such determination has been made by the Manager. The Manager shall not accept subscriptions from and shall not direct the issuance or transfer of Units to: (a) any person who is or would be a "designated beneficiary" of the Fund, as such term is defined in Part XII.2 of the Tax Act, if, as a consequence thereof, the Fund would be liable for tax under Part XII.2 of the Tax Act; (b) a "financial institution", as defined in the Tax Act for the purposes of the mark-to-market rules, if the Fund itself would be deemed to be a "financial institution" under such rules as a result of such subscription/issuance of Units; or (c) a non-resident of Canada, if in the opinion of the Manager, the issuance or transfer of a Unit to such person could create a material risk that the Fund could lose its status as a mutual fund trust under the Tax Act. If at any time the Manager becomes aware that Units are beneficially owned by one or more entities described above, the Fund may redeem all or such portion of the Units on such terms as the Manager deems appropriate in the circumstances. All subscriptions for and/or transfers of Units shall, if required by the Manager, be accompanied by evidence satisfactory to the Manager confirming that the investor making the subscription or transfer is not and will not be a "designated beneficiary" of the Fund. All subscriptions will be irrevocable. Fractional Units will be issued up to three decimal points.

A book-based system of registration is maintained for the Fund. Unit certificates will not be issued. The register for the Units is kept at the office of the Administrator.

Minimum Investment

The minimum initial investment in the Fund is \$25,000 for the Class A Units and Class F Units and the Manager has the discretion to accept a lesser initial subscription, provided, in each case, that the issuance of Units of the Fund in respect of such subscription shall otherwise be exempt from the prospectus requirements of applicable securities legislation. Subsequent investments are subject to an additional minimum investment of \$5,000 for the Class A Units and the Class F Units, or such lesser amount as the Manager may, in its sole discretion, determine subject to applicable securities legislation.

Distribution of Units

Units of the Fund are offered under this Offering Memorandum only to investors resident in the Provinces of British Columbia, New Brunswick, Nova Scotia and Newfoundland and Labrador (the "Offering Jurisdictions") pursuant to applicable exemptions from the prospectus requirements of the securities laws in the Offering Jurisdictions.

5.3 Redemption of Units

How to Redeem Units

Units may be surrendered to the Manager for redemption at any time. A Unitholder may have his or her Units redeemed as of the last Business Day of any calendar week (the "Redemption Date") at the Class Net Asset Value per Unit as of the Redemption Date provided the Manager has received a notice of redemption in respect of such Units prior to 4:00 p.m. (Eastern time) on such Valuation Date, otherwise such Units will be redeemed on the next Valuation Date. Requests for redemption made to the Manager must be made in writing with the signature guaranteed by a Dealer, Canadian chartered bank, trust company, a member of a recognized stock exchange in Canada or otherwise guaranteed to the satisfaction of the Manager. If Units are registered in the name of an intermediary such as a Dealer, clearing agency or its nominee, redemption orders must be made through such intermediary. Requests for redemption will be accepted in the order in which they are received.

Where the Units which are the subject of the notice of redemption were purchased from a distributor on the FundSERV network, a request for redemption may also be entered on the FundSERV system in the calendar week in which the Redemption Date occurs, and payment of the redemption proceeds will be made using the FundSERV network. Where the Units which are the subject of the notice of redemption were purchased through the Manager, payment of the redemption proceeds will generally be made by cheque, bank draft or wire transfer. Subject to applicable law, redemption proceeds may be made in kind if in the Manager's discretion circumstances do not permit a payment in cash. The Manager shall within three Business Days following the determination of the Class Net Asset Value per Unit for the applicable Redemption Date distribute an amount equal to the Class Net Asset Value per Unit determined as of the relevant Redemption Date. See Item 5.4 "Determination of Net Asset Value". Any payment referred to above, unless such payment is not honoured, will discharge the Fund, the Trustee, the Manager and their agents from all liability to the redeeming Unitholder in respect of the payment and the Units redeemed.

Suspension of Redemptions

The Manager may suspend the redemption of Units or a Class of Units, or payments in respect thereof, for any period during which (a) the Trustee is closed for business; (b) normal trading is suspended on any stock exchange, options exchange or futures exchange within or outside Canada on which securities which represent more than 50% of the underlying market exposure of the total assets of the Fund, without allowance for liabilities, are listed and traded; or (c) during any other period in which the Manager determines that conditions exist which render impractical the sale of assets or impair the ability to determine the value of any of the Fund's assets. In addition, if the Manager has received requests to redeem 30% or more of the outstanding Units of the Fund on a Redemption Date, payment of the redemption proceeds may be deferred for up to 90 days following the determination of the Net Asset Value for such Redemption Date. The redemption price will be adjusted by changes in the Net Asset Value per Unit of the Class during this suspension period and calculated on the Valuation Date as of when the redemption occurs.

Any suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making redemption requests will (unless the suspension lasts for less than 48 hours) be advised by the Manager of the suspension and that redemption requests previously received will be effected as of the first Valuation Date following the termination of the suspension. All such Unitholders will (unless the suspension lasts for less than 48 hours) be advised that they have the right to withdraw any requests for redemption previously submitted.

The suspension will terminate on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized to be imposed then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of a suspension of redemptions made by the Manager is conclusive. The Unitholder

will receive payment of redemption proceeds based on the Class Net Asset Value per Unit on the Valuation Date that next follows the termination of the suspension.

Short-term Trading Deduction

In order to protect the interest of the majority of investors in the Fund and to discourage short-term trading in the Fund, investors may be subject to a short-term trading deduction. If an investor redeems Units of the Fund within 120 days of purchasing such Units, the Fund may deduct and retain, for the benefit of the remaining Unitholders in the Fund, five percent (5.00%) of the Class Net Asset Value of the Units being redeemed.

Mandatory Redemptions

The Manager may in its discretion cause the Fund to redeem all or a portion of a Unitholder's Units by giving 30 days' prior written notice to the Unitholder, specifying the number of Units to be redeemed. For example, the Manager may cause the Units of any Unitholder to be redeemed if at any time as a result of redemptions the value of the Unitholder's investment in the Fund is less than the minimum initial subscription amount. In addition, the Fund may redeem Units as described above under Item 5.2 "Securities Offered – Subscription Procedure – Purchase of Units".

Resale Restrictions

Units are not transferable except by operation of law or with the consent of the Manager. There is no formal market for the Units and none is expected to develop. Furthermore, this offering of Units is not qualified by way of prospectus and consequently, the resale of Units will be subject to restrictions under applicable securities legislation. Unitholders may not be able to resell Units and may only be able to redeem them. Redemptions of Units may be subject to the limitations described under "Redemption of Units" and "Purchase of Units". Investors are advised to seek legal advice prior to any resale of the Units.

5.4 Determination of Net Asset Value

Valuation Dates

The Fund's net asset value (the "Net Asset Value") is calculated as the value of the Fund's assets, less its liabilities, computed on a particular date in accordance with the Trust Declaration. The Administrator of the Fund (or such other person or entity designated by the Manager) will calculate the Net Asset Value of the Fund as of the last Business Day of each week, and such other days as the Trustee may determine, at the close of regular trading on the TSX, normally 4:00 p.m. (Eastern time) (each, a "Valuation Date"). The Fund will also be valued for reporting purposes only, on the last Business Day of the month on which the TSX is open for business, at the close of regular trading, normally 4:00 p.m. (Eastern time).

The Class Net Asset Value per Unit on a Valuation Date is obtained by dividing the value of the assets of the Fund less the amount of its liabilities, in each case attributable to that Class, by the total number of Units of the Class outstanding at the close of business on the Valuation Date and adjusting the result to a maximum of three decimal places.

Valuation Principles

The Net Asset Value will be calculated by the Valuation Agent as of each Valuation Date by subtracting the amount of the liabilities of the Fund from the total assets of the Fund. The total assets of the Fund will be valued as follows:

- (a) the value of any cash on hand, on deposit or on call, prepaid expenses, cash dividends declared and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Valuation Agent determines that any such deposit or call loan is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Valuation Agent determines to be the reasonable value thereof;
- (b) the value of any bonds, debentures, and other debt obligations shall be valued at bid prices from recognized pricing vendors on a Valuation Date at such times as the Valuation Agent, in its

- discretion, deems appropriate. Short-term investments including notes and money market instruments shall be valued at cost plus accrued interest;
- (c) the value of any security, index futures or index options thereon which is listed on any recognized exchange shall be determined by the closing sale price at the close of business on the Valuation Date or, if there is no sale price, the average between the closing bid and the closing asked price on the day on which the Net Asset Value of the Fund is being determined, all as reported by any report in common use or authorized as official by a recognized stock exchange; provided that if such stock exchange is not open for trading on that date, then on the last previous date on which such stock exchange was open for trading;
- (d) the value of any security which is traded over-the-counter will be priced at the average of the last bid and asked prices quoted by a major dealer or recognized information provider in such securities;
- (e) the value of any security or other asset for which a market quotation is not readily available shall be its fair market value as determined by the Valuation Agent;
- (f) the value of any security, the resale of which is restricted or limited, shall be the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that the Fund's acquisition cost was of the market value of such securities at the time of acquisition; provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restriction will be lifted is known;
- (g) purchased or written clearing corporation options, options on futures, over-the-counter options, debt like securities and listed warrants shall be valued at the current market value thereof;
- (h) where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by the Fund shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation of such options shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the Net Asset Value. The securities, if any, which are the subject of a written clearing corporation option, or over-the-counter option shall be valued at their then current market value;
- (i) the value of a futures contract, or a forward contract, shall be the gain or loss with respect thereto that would be realized if, at 4:00 p.m. (Eastern time), the position in the futures contract, or the forward contract, as the case may be, were to be closed out unless daily limits are in effect in which case fair value shall be based on the current market value of the underlying interest;
- (j) the value of the securities of an investment fund shall be the net asset value or similar value of the securities of the investment fund as provided by the manager, administrator or party acting in a similar capacity of the investment fund and available to the Valuation Agent as of a time proximate to the close of business on the date on which the Net Asset Value is being calculated, whether or not the securities of such investment fund are listed or dealt with on a stock exchange. If a net asset value or similar value of the investment fund as of a time reasonably proximate to the close of business on the date on which the Net Asset Value is being calculated is not available to the Valuation Agent, the value shall be based on an estimate provided by the Manager or in such other manner as the Valuation Agent shall determine;
- (k) margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;

- (l) all securities, property and assets of the Fund valued in a foreign currency and all liabilities and obligations of the Fund payable by the Fund in foreign currency shall be converted into Canadian funds by applying the rate of exchange obtained from the best available sources to the Valuation Agent, including, but not limited to, the Valuation Agent or any of its affiliates;
- (m) all expenses or liabilities (including fees payable to the Manager) of the Fund shall be calculated on an accrual basis; and
- (n) the value of any security or property to which, in the opinion of the Valuation Agent, the above valuation principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair value thereof determined in such manner as the Valuation Agent from time to time provides.

The Net Asset Value of the Fund and each Class are calculated in Canadian dollars. The Net Asset Value of the Fund and each Class are reported in Canadian currency and may also be reported in such other currencies as the Valuation Agent may from time to time determine, based on the current end of day rate or rates of exchange, as the case may be, reported by any report in common use.

The Valuation Agent is entitled to rely on any values or quotations supplied to it by a third party, including the Manager, and is not required to make any investigation or inquiry as to the accuracy or validity of such values or quotations. Provided the Valuation Agent acts in accordance with its standard of care, it shall be held harmless by the Fund and shall not be responsible for any losses or damages resulting from relying on such information.

5.5 Distributions

The Fund intends to distribute sufficient net income (including net realized capital gains, if any) to Unitholders in each taxation year to ensure that the Fund is not liable for income tax under Part I of the Tax Act, after taking into account any loss carry forwards and capital gains refunds. All distributions (other than Fee Distributions) will be made on a *pro rata* basis within each Class to each registered Unitholder determined as of the close of business (prior to any subscriptions or redemptions) on the last Valuation Date prior to the date of the distribution.

Subject to applicable securities legislation, all distributions made by the Fund (net of any deductions or withholdings required by law) will be automatically reinvested in additional Units of the Fund or fractions of Units of the Fund at the Class Net Asset Value per Unit. Potential investors should keep this policy in mind when determining whether or not an investment in the Fund is suitable for their particular circumstances. The Manager reserves the right to change such policy, and may elect to have distributions paid in cash. Distributions paid in cash are expected to be paid within three Business Days after they have been declared.

The Manager may make such designations, determinations and allocations for tax purposes of amounts or portions of amounts which the Fund has received, paid, declared payable or allocated to Unitholder as distributions or redemption proceeds.

The costs of distributions, if any, will be paid by the Fund.

ITEM 6. INCOME TAX CONSEQUENCES AND ELIGIBILITY FOR INVESTMENT

The following is, as of March 31, 2015, a summary of certain of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units by certain Unitholders who acquire Units pursuant to this Offering Memorandum. This summary is applicable to a Unitholder who is an individual (other than a trust) and who, for the purposes of the Tax Act and at all relevant times is resident in Canada, deals at arm's length and is not affiliated with the Fund, and holds Units as capital property.

This summary assumes that none of the issuers of securities held by the Fund will be a foreign affiliate of the Fund or any Unitholder or a non-resident trust that is not an "exempt foreign trust" as defined in section 94 of the Tax Act. This summary also assumes that the Fund (i) will not be a "SIFT trust" for the purposes of the Tax Act, (ii) will, at all material times, constitute a "mutual fund trust" for the purposes of the Tax Act, and (iii) will not be required to include any amounts in income pursuant to section 94.1 or section 94.2 of the Tax Act.

This summary is based on the provisions of the Tax Act and the regulations thereunder, along with an understanding of the current published administrative and assessing practices of the Canada Revenue Agency (the "CRA"), all as of March 31, 2015, and all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to March 31, 2015, (the "Proposed Amendments"). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Units, including those relating to the deductibility of interest paid on money borrowed to acquire Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on the investor's particular circumstances, including the province or territory in which the investor resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on their own particular circumstances.

6.1 Taxation of the Fund

The Fund will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it validly claims in respect of the amount paid or payable to Unitholders in the year. The Fund intends to deduct, in computing its income in each taxation year, the full amount available for deduction in each year and, therefore, provided the Fund makes distributions in each year of its net income and net realized capital gains as described under "Distributions", it will generally not be liable in such year for any tax on its net income under Part I of the Tax Act.

The Fund generally intends to account for gains and losses realized on transactions in derivatives, including forward or future contracts, on income account. However, the Fund may report certain share option and foreign currency transactions on capital account. Gains and losses realized on the disposition of shares held in long positions will generally be reported as capital gains and capital losses. Whether gains and losses realized by the Fund are on income or capital account will depend largely on factual considerations.

The Fund will be required to include in income for each taxation year all interest that accrues to it to the end of the taxation year or that becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing the Fund's income for a preceding taxation year. Where the Fund transfers a debt security to a transferee who becomes entitled to interest that accrued on the security prior to the transfer, such accrued interest will generally be included as interest in computing the Fund's income. The Fund will also be required to include in income any taxable dividends received on shares of corporations and generally any other income earned on its investments.

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income, generally including interest payable by the Fund on money borrowed to purchase securities. Provided that the Fund qualifies as a "unit trust" for the purposes of the Tax Act, the Fund may generally deduct the costs and expenses of the offering of Units under this Offering Memorandum that are paid by the Fund at a rate of 20% per year, pro-rated where the Fund's taxation year is less than 365 days.

The Fund's portfolio may include securities which are not denominated in Canadian dollars. The cost and proceeds of disposition of securities, dividends, interest and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars at the exchange rate prevailing at the time of the transaction, as more particularly determined in accordance with Section 261 of the Tax Act. Accordingly, the Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

The Fund may derive income or gains from investments in countries other than Canada and, as a result, may be liable to pay foreign income or profits tax to such countries. To the extent such foreign tax paid by the Fund exceeds 15% of the amount included in the Fund's income from such investments, such excess may generally be deducted by the Fund in computing its income for purposes of the Tax Act. To the extent that such foreign tax paid does not exceed 15% of such foreign source income and has not been deducted in computing the Fund's income, the Fund may designate a portion of its foreign source income in respect of a Unitholder so that such income and a

portion of the foreign tax paid by the Fund may be regarded as foreign source income of, and foreign tax paid by, the Unitholder for the purposes of the foreign tax credit provisions of the Tax Act.

The Tax Act provides for a special tax on "designated income" of certain trusts that are not "mutual fund trusts" and that have "designated beneficiaries". The Trust Declaration contains certain restrictions that would prevent persons who would be "designated beneficiaries" of the Fund from owning Units when the Fund is not a "mutual fund trust". Accordingly it is expected that the special tax on "designated income" will not apply to the Fund.

The Fund may be subject to alternative minimum tax in any taxation year throughout which the Fund is not a "mutual fund trust" for purposes of the Tax Act.

6.2 Taxation of Unitholders

A Unitholder will generally be required to include in computing income for a taxation year the amount of the Fund's net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder (whether in cash or in Units) in the taxation year. The non-taxable portion of the Fund's net realized capital gains paid or payable to a Unitholder in a taxation year will not be included in the Unitholder's income for the year. Any other amount in excess of the Fund's net income for a taxation year paid or payable to the Unitholder in the year will not generally be included in the Unitholder's income. Such amount, however, will generally reduce the adjusted cost base of the Unitholder's Units. To the extent that the adjusted cost base of the Unit would be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base of the Unit will be increased by the amount of such deemed capital gain.

Provided that appropriate designations are made by the Fund, such portion of: (i) the net realized taxable capital gains of the Fund; (ii) the foreign source income of the Fund and foreign taxes eligible for the foreign tax credit; and (iii) taxable dividends received by the Fund on shares of taxable Canadian corporations, as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules contained in the Tax Act will apply.

The Class Net Asset Value per Unit will reflect any income and gains of the Fund that have accrued at the time Units are acquired. Accordingly, a Unitholder who acquires Units may become taxable on the Unitholder's share of income and gains of the Fund that accrued before the Units were acquired.

On the disposition or deemed disposition of a Unit, the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholder's proceeds of disposition (other than any amount payable by the Fund which represents an amount that is otherwise required to be included in the Unitholder's income as described above) exceed (or are exceeded by) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. For the purpose of determining the adjusted cost base of Units of a particular Class, the cost of newly acquired Units will be averaged with the adjusted cost base of all Units of the Class owned by the Unitholder as capital property before the acquisition. If the Fund distributes property in kind, a Unitholder's proceeds of disposition would generally be equal to the aggregate of the fair market value of the distributed property and the amount of any cash received, less any capital gain realized by the Fund on the disposition. Based on the published administrative position of the CRA, a re-designation of Units of a particular Class to another Class should not result in a disposition of the Units.

One-half of any capital gain ("taxable capital gain") realized on the disposition of Units will be included in the Unitholder's income and one-half of any capital loss realized may be deducted from taxable capital gains in accordance with the provisions of the Tax Act.

In general terms, net income of the Fund paid or payable to a Unitholder that is designated as net realized taxable capital gains or dividends from taxable Canadian corporations, and taxable capital gains realized on the disposition of Units, may increase the Unitholder's liability for alternative minimum tax.

6.3 Eligibility for Investment

Units are not currently "qualified investments" under the Tax Act for trusts governed by registered retirement savings plans ("RRSPs"), registered retirement income funds ("RRIFs"), deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts ("TFSAs" and collectively,

"Registered Plans"). If, at any particular time, the Fund qualifies as a "mutual fund trust" for purposes of the Tax Act, Units will be qualified investments for trusts governed by Registered Plans. Investors should consult the Manager as to whether the Fund qualifies as a "mutual fund trust" at any particular time.

Notwithstanding the foregoing, if Units are "prohibited investments" for a TFSA, a RRSP or a RRIF, the holder of the TFSA, or the annuitant of the RRSP or the RRIF, as the case may be, (each a "Plan Holder") will be subject to a penalty tax as set out in the Tax Act. A "prohibited investment" includes (but is not limited to) a unit of a trust which does not deal at arm's length (for purposes of the Tax Act) with the Plan Holder, or in which the Plan Holder, either alone or together with persons with whom the Plan Holder does not deal at arm's length (for purposes of the Tax Act), owns Units that have a value equal to 10% or more of the value of the trust's outstanding units. Plan Holders should consult their own tax advisors with respect to whether Units are "prohibited investments" for their TFSAs, RRSPs or RRIFs and the tax consequences of Units being acquired or held by trusts governed by such accounts, plans or funds.

ITEM 7. COMPENSATION PAID TO SELLERS AND FINDERS

Units will be distributed in the Offering Jurisdictions through Dealers, including the Manager (only in British Columbia), and such other persons as may be permitted by applicable law. In the event of such distribution, Dealers (other than the Manager) will be entitled to the compensation described below.

Sales Commissions

In the event of a Dealer sale, a sales commission of up to 5.00% may be deducted from the purchase order and paid by the investor to the Dealer. The remaining amount will be invested in the Fund. Sales commissions may be negotiated between the Dealer and the investor. Units issued on a reinvestment of distributions as described under Item 5.5 "Distributions" will not be subject to a sales commission.

No deferred sales charge option is available.

Servicing Fees

The Manager will pay servicing commissions to Dealers whose clients have purchased Class A Units and remain invested in the Fund during the relevant quarter. The servicing commission, expressed as an annual percentage of the Class Net Asset Value per Unit, is 1.00% for Class A Units. The servicing commissions will be paid on a quarterly basis in arrears. The Manager does not pay servicing commissions in respect of Class F Units. Servicing commissions may be modified or discontinued by the Manager at any time.

Performance-Based Servicing Fees

The Manager will pay an amount equal to a portion of its Performance Fee to Dealers with client assets invested in Class A Units and Class F Units. Dealers will be paid an amount equal to 10% of the Manager's Performance Fee attributable to their clients' investment in Class A Units and Class F Units. The foregoing payment shall be to the extent permitted by applicable securities regulation.

The purpose of the performance-based servicing fee of the Fund is to ensure that the Manager, the Dealer, its representatives and investors all have a common interest in the Fund performing well. The Manager at its discretion may calculate and pay performance-based servicing fees of the Fund on a more or less frequent basis, or may modify, discontinue, or otherwise differentiate this fee among dealers at any time and from time to time.

The Manager may pay an amount equal to a portion of its Performance Fee, if any, with respect to other Classes of the Fund, as described in the applicable offering document or agreement relating to such Classes, to the extent permitted by applicable securities regulation.

ITEM 8. CERTAIN RISK FACTORS

There are certain risks associated with an investment in the Fund. Investors should consider the following risk factors in evaluating the merits and suitability of an investment in the Fund.

The Fund may invest in the Underlying Funds. Therefore, the return of the Fund will be affected by the risks described herein associated with an investment not only in the Fund, to the extent applicable, but also in the Underlying Funds. In addition to the Fund, the following risk factors may apply to one or more, or all, of the Underlying Funds.

No Assurance of Achieving Investment Objectives

There is no assurance that the Fund will be able to accomplish its objectives. An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Operating History and Illiquidity of Units

The Fund is an investment fund formed on June 28, 2013. An investment in the Fund entails a degree of risk. There is not now, and there is not likely to develop, any market for the resale of the Units of the Fund. Approval of the transfer by the Manager and satisfaction of certain requirements specified in the Trust Declaration would be required before any transfer may occur. In addition, the Units of the Fund are offered pursuant to prospectus and registration exemptions and, accordingly may not be transferred unless appropriate exemptions are available. The Units of the Fund are subject to limited redemption rights which may be suspended or postponed in certain circumstances.

General Economic and Market Conditions

The success of the Fund's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments. Unexpected volatility or illiquidity may impair the Fund's profitability or result in losses.

Foreign Market Exposure

The Fund will, at any time, include securities established in developed markets outside Canada and the United States. Although most of such issuers will be subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to similar Canadian and U.S. issuers, some issuers may not be subject to such standards and, as a result, there may be less publicly available information about such issuers than a Canadian or U.S. issuer. Other risks include the application of foreign tax law, changes in governmental administration or economic or monetary policy, and the effect of local market conditions on the availability of public information. Investments in foreign markets carry the potential exposure to the risk of political upheaval, acts of terrorism and war, all of which could have an adverse impact on the value of such securities.

Foreign Currency Exposure

Securities included in the Fund will primarily be denominated in U.S. dollars and, accordingly, each Class Net Asset Value will, when measured in Canadian dollars, be affected by fluctuations in the value of the U.S. dollar relative to the Canadian dollar. However, the Manager may hedge the U.S. dollar exposure to the Canadian dollar in whole or in part. There can be no assurance that gains or losses on currency hedging transactions will be matched in timing or characterization with losses and gains on the securities valued in foreign currencies in which the Fund invests.

Leverage

The Manager is generally making investment decisions for assets that exceed the Net Asset Value of the Fund. As a result, if the Manager's 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 the Fund's turnover, transaction and market impact costs, interest and securities lending expenses and other costs and expenses.

Derivatives Risk

The Fund's use of derivatives involves risks different from and possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks, such as liquidity risk, interest rate risk, market risk, credit risk, leveraging risk, counterparty risk and management risk. They

also involve the risk of mispricing or improper valuation and the risk that changes in the value of a derivative may not correlate perfectly with the underlying asset, rate or index. When the Fund invests in a derivative instrument, it could lose more than the initial amount invested.

Risk of Short Sales

Short sales entail certain risks, including the risk that a short sale of a security may expose the Fund to losses if the value of the security increases. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying those securities to cover the short position. In addition, a short sale by the Fund requires the Fund to borrow securities in order that the short sale may be transacted. There is no assurance that the lender of the securities will not require the security to be paid back by the Fund before the Fund wants to do so, possibly requiring the Fund to borrow the security elsewhere or purchase the security on the market at an unattractive price. Moreover, the borrowing of securities entails the payment of a borrowing fee. The borrowing fee may increase during the borrowing period, adding to the expense of the short sale strategy. There is also no guarantee that the securities sold short can be repurchased by the Fund due to supply and demand constraints in the equity markets. Finally, in order to maintain the appropriate ratios between the long portfolio and the short portfolio of the fund, the Manager may be required to buy or sell short securities at unattractive prices.

Counterparty Risk

The Fund may enter into customized financial instrument transactions that are subject to the risk of credit failure or the inability of, or refusal by, the counterparty to perform its obligations with respect to such customized financial instrument transactions, which could subject the Fund to substantial losses.

Use of a Prime Broker

Some or all of the assets of the Fund may be held in one or more margin accounts due to the fact that the Fund may from time to time sell securities short. The margin accounts may provide less segregation of customer assets than would be the case with a more conventional custody arrangement. The prime broker may also lend, pledge or hypothecate the assets of the Fund in such accounts, which may result in a potential loss of such assets. As a result, the assets of the Fund could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time if the prime broker experiences financial difficulty. In such case, the Fund may experience losses due to insufficient assets of the prime broker to satisfy the claims of its creditors. In addition, the possibility of adverse market movements while its positions cannot be traded could adversely affect the total return to the Fund.

Portfolio Turnover

The Manager adjusts the proportions of investments held in the Fund on a relatively frequent basis. In order to do so, the Manager actively trades on a frequent ongoing basis, such that the operation of the Fund may result in a high, annual portfolio turnover rate. The amount of leverage that the Fund operates at also exaggerates the turnover rate of the Fund. The Manager has not placed any limit on the rate of portfolio turnover, and portfolio securities may be sold without regard to the time that they have been held when, in the opinion of the Manager, investment considerations warrant such action. The high rate of portfolio turnover of the Fund involves correspondingly greater expenses than a lower turnover rate (e.g., greater transaction costs such as brokerage fees and market impact costs), and the greater the chance that a Unitholder receiving distributions of income or capital gains from the Fund in a year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.

Liquidity of Investments

The Fund's investments may be subject to liquidity constraints because of insufficient depth or volume on the trading markets for the securities the Fund is or has invested in, or the securities may be subject to legal or contractual restrictions on their resale. Each securities exchange typically has the right to suspend or limit trading and/or quotations in all of the securities that it lists. The Fund may not be able to trade securities when it wants to do so or to realize what it perceives to be the securities' fair market value in the event of a trade. The trading of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other trading expenses than do trades of securities that are eligible for trading on securities exchanges or on

over-the-counter markets or securities that are listed and hence more liquid. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

Class Risk

Since the Fund may have multiple Classes of Units, each Class will be charged, as a separate Class, any expenses such as management fees and servicing commissions that are specifically attributable to that Class. However, all other expenses of the Fund generally will be allocated among the Classes of Units by the Manager in a fair and equitable manner, and a creditor of the Fund may seek to satisfy its claims from the assets of the Fund, as a whole, even though its claims relate only to a particular Class of Units.

Incentive Fee to the Manager

To the extent described in this Offering Memorandum, the Manager receives a Performance Fee in respect of each of the Class A Units and Class F Units based upon the appreciation, if any, in the Class Net Asset Value of the Class A Units and Class F Units. However, the Performance Fee theoretically may create an incentive for the Manager to make investments that are riskier than would be the case if such fee did not exist. In addition, because the Performance Fee is calculated on a basis that includes unrealized appreciation of the Fund's assets, it may be greater than if such compensation were based solely on realized gains.

Lack of Management Control by Unitholders

Investors will become Unitholders. The Unitholders will not take part in the management or control of the Fund's business, which is the sole responsibility of the Manager. The Manager will have wide latitude in making investment decisions. The Manager, in certain circumstances, also has the right to dissolve the Fund. The Unitholders have certain limited voting rights, including the right to amend the Trust Declaration under certain circumstances, but do not have any authority or power to act for or bind the Fund. The Manager may require a Unitholder, at any time, to withdraw, in whole or in part, from the Fund.

Early Termination

In the event of the early termination of the Fund, the Fund would distribute to the Unitholders *pro rata* their interest in the assets of the Fund available for such distribution, subject to the rights of the Trustee or Manager to retain monies for costs and expenses. Certain assets held by the Fund may be illiquid and might have little or no marketable value. In addition, the securities held by the Fund would have to be sold by the Fund or distributed in kind to the Unitholders. It is possible that at the time of such sale or distribution certain securities held by the Fund would be worth less than the initial cost of such securities, resulting in a loss to the Unitholders.

Effects of Substantial Redemptions

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 addition, regardless of the period of time in which redemptions occur, the resulting reduction in the Fund's assets could make it more difficult to generate a positive rate of return or recoup losses due to a reduced equity base.

Conflicts of Interest

The Manager, its directors and officers and affiliates and associates may engage in the promotion, management or investment management of any other fund or trust which invests primarily in securities to be held in the Fund, and may provide similar services to other investment funds with investment objectives and strategies similar to that of the Fund and other funds and clients and engage in other activities. Although none of the directors or officers of the Manager will devote his or her full time to the business and affairs of the Fund or the Manager, each will devote as much time as is necessary to supervise the management of (in the case of the directors) or to manage (in the case of officers) the business and affairs of the Manager and the Fund.

Liability of Unitholders

The Fund is a unit trust and, as such, the Unitholders do not receive the protection of statutorily mandated limited liability as in the case of shareholders of most Canadian corporations. There is no guarantee, therefore, that Unitholders could not be made party to legal actions in connection with the Fund. However, the Trust Declaration provides that no Unitholder, in its capacity as such, will be subject to any personal liability, whatsoever, in tort, contract or otherwise, to any person in connection with the Fund's property or the obligations or the affairs of the Fund and all such persons shall look solely to the Fund's property for satisfaction of claims of any nature arising out of or in connection therewith and the Fund's property only shall be subject to levy or execution. Pursuant to the Trust Declaration, the Fund will indemnify and hold harmless out of the Fund's assets each Unitholder from any costs, damages, liabilities, expenses, charges and losses suffered by a Unitholder resulting from or arising out of such Unitholder not having limited liability.

In any event, it is considered that the risk of any personal liability of Unitholders is minimal and remote in the circumstances, in view of the anticipated equity of the Fund, and the nature of its activities, and the Manager intends to conduct the Fund's operations in such a way to minimize any such risk. In the event that a Unitholder should be required to satisfy any obligation of the Fund, such Unitholder will be entitled to reimbursement from any available assets of the Fund.

The prime brokerage agreement between the Fund and its prime broker(s) provides that no unitholder shall be held to have any personal liability under the prime brokerage agreement and that no recourse shall be had to such unitholder's private property for any obligations of the Fund under the prime brokerage agreement.

Taxation of the Fund

Under special rules contained in the Tax Act, trusts that constitute "SIFT trusts" (as defined in the Tax Act) will generally be precluded from deducting certain amounts that would otherwise be deducted for tax purposes if they were paid or became payable to Unitholders in a particular taxation year. If the Fund were found to be a "SIFT trust", the amounts available to be distributed by the Fund to its Unitholders could be materially reduced.

US FATCA Compliance

Under new U.S. tax rules, Unitholders of the Fund may be required to provide identity and residency information to the Fund, which may be provided by the Fund to U.S. tax authorities, in order to avoid a 30% U.S. withholding tax ("FATCA Withholding Tax") being imposed on certain U.S. source income and on sale proceeds received by the Fund. In certain circumstances, the Fund may be required to withhold a 30% tax from distributions it pays to Unitholders who have not provided the required information.

However, the governments of Canada and the United States have entered into an Intergovernmental Agreement ("IGA") which establishes a framework for cooperation and information sharing between the two countries and may provide relief from FATCA Withholding Tax provided that (i) the Fund complies with the terms of the IGA and the Canadian legislation implementing the IGA (the "Canadian IGA Legislation") and (ii) the government of Canada complies with the terms of the IGA. The Fund will endeavor to comply with the requirements imposed under the IGA and the Canadian IGA Legislation. Accordingly, the Fund anticipates that Unitholders may be required to provide identity, residency and other information to the Fund, which (in the case of specified U.S. persons or specified U.S.-owned non-U.S. persons) will be provided by the Fund to the CRA and from the CRA to the IRS. However, the Fund may be subject to FATCA Withholding Tax if it cannot satisfy the applicable requirements under the IGA or the Canadian IGA Legislation or if the Canadian government is not in compliance with the IGA and if the Fund is otherwise unable to comply with the relevant US legislation. Any such tax would reduce the Fund's distributable cash flow and NAV.

Changes in Legislation

There can be no assurance that applicable laws, or other legislation, legal and statutory rights will not be changed in a manner which adversely affects the Fund and its Unitholders. There can be no assurance that income tax, securities, and other laws or the interpretation and application of such laws by courts or government authorities will not be changed in a manner which adversely affects the distributions received by the Fund or by the Unitholders.

THE FOREGOING LIST OF "CERTAIN RISK FACTORS" DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN AN INVESTMENT IN THE FUND. PROSPECTIVE UNITHOLDERS SHOULD READ THE ENTIRE OFFERING MEMORANDUM AND CONSULT WITH THEIR OWN ADVISORS BEFORE DECIDING TO SUBSCRIBE.

ITEM 9. REPORTING OBLIGATIONS

Reporting to Unitholders

The fiscal year end of the Fund is December 31st. Unitholders will be sent audited annual financial statements within 90 days of the Fund's fiscal year-end and unaudited semi-annual financial statements within 60 days of June 30th, or as otherwise required by law. Additional interim reporting to Unitholders will be at the discretion of the Manager. The Fund may enter into other agreements with certain Unitholders which may entitle such Unitholders to receive additional reporting. Unitholders will receive the applicable required tax form(s) within the time required by applicable law to assist Unitholders in making the necessary tax filings. The Fund is relying on the exemption pursuant to section 2.11 of National Instrument 81-106 – *Investment Fund Continuous Disclosure*, not to file its financial statements with the Ontario Securities Commission.

ITEM 10. RESALE RESTRICTIONS

10.1 General Statement

The securities offered under this Offering Memorandum and acquired by investors will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade these securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation. In addition, no Unit may be transferred without the approval of the Manager. Investors are advised to seek legal advice prior to any resale of the Units.

You may redeem your Units with the Fund in accordance with the Trust Declaration. See Item 5.3 "Redemption of Units".

10.2 Restricted Period

Unless permitted under securities legislation, you cannot trade your Units before the earlier of the date that is four (4) months and a day after the date the Fund becomes a reporting issuer in any province or territory of Canada.

ITEM 11. PURCHASER'S RIGHTS

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

1. **Two Day Cancellation Right** - You can cancel your agreement to purchase these securities. To do so, you must send a notice to the Manager by midnight on the 2nd Business Day after you sign the agreement to buy the securities.

2. Statutory and Contractual Rights of Action in the Event of a Misrepresentation

The following summaries of statutory or contractual rights of action for damages or rescission will apply to a purchase of Units. The applicable securities legislation in certain jurisdictions provides purchasers, or requires purchasers be provided, with remedies for rescission or damages, or both, if this Offering Memorandum or any amendment to it contains a misrepresentation. However, these remedies must be exercised within the time limits prescribed. Purchasers should refer to the applicable legislative provisions, which may be subject to change after the date of this Offering Memorandum, for the complete text of these rights and/or consult with a legal advisor.

In this section "misrepresentation" means: (i) an untrue statement of material fact, or (ii) an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

If a misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, the Offering Memorandum, or amendment thereto, the misrepresentation is deemed to be contained in the Offering Memorandum or amendment thereto.

The rights of action to cancel the agreement or for damages described herein are in addition to and without derogation from any right you may have at law are subject to the express provisions of securities legislation in the province where you resided and the rules, regulations and other instruments thereunder. The following additional provisions apply to statutory or contractual rights of action for damages or rescission will apply to a purchase of Units by purchasers in the provinces listed below:

British Columbia

If there is a misrepresentation in this Offering Memorandum you have a statutory right to sue:

- (a) the Fund to cancel your agreement to buy these Units; or
- (b) for damages against the Fund and every person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you recover will not exceed the price you paid for your Units and will not include any part of the damages the Fund proves does not represent the depreciation in value of the Units resulting from the misrepresentation. The Fund has a defence if it proves you knew of the misrepresentation when you purchased the Units.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence the action to cancel the agreement within 180 days after you signed the agreement to purchase the Units. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and three years the date of the transaction that gave rise to the cause of action.

New Brunswick

The applicable securities legislation in the Province of New Brunswick provides as follows:

- in an action for cancellation or damages, the defendant will not be liable if it proves that you purchased the security with knowledge of the misrepresentation;
- (b) in an action for damages, the defendant is not liable for all or any portion of the damages that it proves do not represent the depreciation in value of the security as a result of the misrepresentation relied upon;
- in no case shall the amount recoverable under the right of action described herein exceed the price at which the security was offered to you.

You are not able to enforce a right of cancellation unless action is commenced no later than 180 days after the date of the transaction that gave rise to the cause of action and in the case of any action, other than an action for cancellation, you must commence such action before the earlier of (i) one year after the plaintiff first had knowledge of the facts giving rise to the cause of action, and (ii) six years after the date of the transaction that gave rise to the cause of action.

The right of action for cancellation or damages described herein is conferred by section 150 of the *Securities Act* (New Brunswick).

Newfoundland and Labrador

The applicable securities legislation in the Province of Newfoundland and Labrador provides as follows:

In an action for cancellation or damages, the defendant is not liable if you had knowledge of the misrepresentation. In an action for damages, the defendant is not liable for all or any portion of the damages that it proves do not

represent the depreciation in value of the security as a result of the misrepresentation relied upon and the amount recoverable under the right of action shall not exceed the price at which the security was offered to you.

No person or company, other than the Fund, is liable if the person proves that:

- (a) the Offering Memorandum was sent to you without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable notice to the Fund that it was sent without the person's or company's knowledge or consent;
- (b) on becoming aware of any misrepresentation in the Offering Memorandum, the person or company proves they withdrew the person's or company's consent to the Offering Memorandum, and gave reasonable notice to the Fund of the withdrawal and the reason for it;
- (c) with respect to any part of the Offering Memorandum purporting to be made on the authority of an expert, the person or company proves they had no reasonable grounds to believe and did not believe that there had been a misrepresentation or the relevant part of the Offering Memorandum did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert, or
- (d) with respect to any part of the Offering Memorandum not purporting to be made on the authority of an expert unless the person or company did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation, or believed there had been a misrepresentation.

The right of action for cancellation or damages described herein is conferred by section 130.1 of the *Securities Act* (Newfoundland and Labrador).

Pursuant to section 138 of the *Securities Act* (Newfoundland and Labrador), you are not able to enforce a right of cancellation unless action is commenced no later than 180 days after the date of the transaction that gave rise to the cause of action and any other action must be commenced by the earlier of:

- (i) 180 days after you first knew of the facts giving rise to the cause of action, or
- (ii) three years after the date of the transaction that gave rise to the cause of action.

Nova Scotia

The applicable securities legislation in the Province of Nova Scotia provides as follows:

- in an action for cancellation or damages, the defendant will not be liable if it proves that you purchased the security with knowledge of the misrepresentation;
- (b) in an action for damages, the defendant is not liable for all or any portion of the damages that it proves do not represent the depreciation in value of the security as a result of the misrepresentation relied upon;
- in no case shall the amount recoverable under the right of action described herein exceed the price at which the security was offered.

In addition no person or company other than the Fund is liable if the person or company proves that

- (a) the Offering Memorandum or the amendment to the Offering Memorandum was sent or delivered to you without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;
- (b) after delivery of the Offering Memorandum or the amendment to the Offering Memorandum and before you purchased the securities, on becoming aware of any misrepresentation in the Offering

Memorandum, or amendment to the Offering Memorandum, the person or company withdrew the person's or company's consent to the Offering Memorandum, or amendment to the Offering Memorandum, and gave reasonable general notice of the withdrawal and the reason for it; or

(c) with respect to any part of the Offering Memorandum or amendment to the Offering Memorandum purporting (i) to be made on the authority of an expert, or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (iii) there had been a misrepresentation, or (iv) the relevant part of the Offering Memorandum or amendment to the offering memorandum (A) did not fairly represent the report, opinion or statement of the expert, or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

Furthermore no person or company other than the Fund is liable with respect to any part of the Offering Memorandum or amendment to the Offering Memorandum not purporting (a) to be made on the authority of an expert; or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (c) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or (d) believed that there had been a misrepresentation.

You can't commence an action to enforce these rights later than 120 days after the date on which payment was made for the security or after the date on which the initial payment for the security was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

The right of action for cancellation or damages described herein is conferred by section 138 of the *Securities Act* (Nova Scotia).

ITEM 12. FINANCIAL STATEMENTS

The audited Financial Statements for the period ended December 31, 2014 are attached hereto and form part hereof.

PICTON MAHONEY ASSET MANAGEMENT AUDITED ANNUAL FINANCIAL STATEMENTS

PICTON MAHONEY LONG SHORT US SMID CAP FUND

PICTON MAHONEY Asset Management

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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Picton Mahoney Long Short US SMID Cap Fund (the Fund)

We have audited the accompanying financial statements of the Fund, which comprise the statements of financial position as at December 31, 2014 and December 31, 2013, the statements of comprehensive income/(loss), changes in net assets attributable to holders of redeemable units and cash flows for year ended December 31, 2014 and the period from July 2, 2013 (commencement of operations) to December 31, 2013, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of

the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements of the Fund present fairly, in all material respects, the financial position of the Fund as at December 31, 2014 and December 31, 2013 and its financial performance and its cash flows for the year ended December 31, 2014 and the period from July 2, 2013 to December 31, 2013 in accordance with International Financial Reporting Standards.

Pricewaterhouse Coopers UP

Chartered Professional Accountants, Licensed Public Accountants Toronto, Ontario

March 30, 2015

A MESSAGE FROM THE PRESIDENT

Dear Fellow Investor.

In the mid-to-late 90s, economies around the world started moving in unison. This global synchronization was driven primarily by the globalization of supply chains, accumulation of leverage and an investment boom in emerging economies. 2014 was the year we saw this global correlation trend reverse somewhat, with the US starting to experience improved growth prospects at the same time that China's growth slowed and Europe appeared on the precipice of falling back into recession. This year we also saw monetary policies beginning to diverge around the world, with the US Fed ending its QE program, Japan doing even more QE, China beginning to ease policies, and the ECB looking to start its own QE program. As we closed out the year, there were many signs that this global desynchronization would be a continuing trend for 2015.

On the surface, it appears that equity markets around the world had a strong year: the S&P/TSX Composite Total Return Index was up 10.5%, the MSCI World TRI (CAD) was up 15.5%, and the S&P 500 Total Return Index (CAD) was also up 24.2%. But these performance figures mask a lot of underlying damage that occurred in the final few months of 2014. At one point during the third quarter, the TSX was up 17.5% year-to-date—the best performing major market in the world at that time. However, in the fourth quarter, Canada's benchmark threatened to turn negative on the year—twice—only to be driven higher in the final two weeks of December.

The significant volatility that returned to the markets in the fall was a wake-up call for many investors who had been lulled into a false sense of security by its seeming absence (it had been over four years since we'd seen a correction greater than 10% in equity markets). There were multiple triggers for volatility's reappearance: deflationary figures out of Europe; the ending of QE in the US; economic instability in Japan; and, most significantly, the breath-taking collapse in oil prices triggered by OPEC's decision to not cut supply. Oil's impact was so great we began to see "contagion" in income asset classes, particularly high yield bonds (where energy comprises

20% of the market). In the last quarter of the year, high yield experienced its largest intra-quarter swings since 2011, against a backdrop of credit spreads that had been stealthily widening since the summer.

The best defence against volatility's return in all asset classes is, we've always said, proper portfolio construction that includes authentic hedge. The volatility we experienced in the fall through the end of the year was a great test of our authentic hedge approach. We are pleased to report that our strategies did what we said they would do: generate returns during market volatility and offer downside protection.

We continue to grow at Picton Mahoney Asset Management. This year we celebrated our tenth anniversary, surpassed \$9 billion in assets under management, and continued reinvesting in our business by adding significant talent across our investment, quantitative analysis and support teams. This was also the year that founding partner Michael Mahoney took on the role of Chief Risk Officer—yet another way we are strengthening our risk management efforts. What remains constant is our unwavering commitment to generating solid risk-adjusted investment returns for our investors while decreasing their exposure to wild market swings. We are humbled by the trust you have placed in us with your wealth and are here to help you protect and grow it.

Thank you for your ongoing support and partnership.

Sincerely.

David Picton President

Picton Mahoney Asset Management

NOTICE TO UNITHOLDERS

To the Unitholders of Picton Mahoney Funds:

Picton Mahoney Asset Management would like to inform you that, on behalf of each current and future Picton Mahoney fund, we have applied for and received an exemptive relief from the securities regulators to invest a portion of each fund's assets in the securities of other funds managed by Picton Mahoney (the "Fund-on-Fund Structure"). Each fund (the "Top Fund") may invest into another fund (the "Underlying Fund") if an investment made by a Top Fund in an Underlying Fund will be aligned with the investment objectives, investment strategy, risk profile and other principal terms of the Top Fund. We believe that the Fund-on-Fund Structure provides an efficient and cost-effective manner of pursuing portfolio diversification on behalf of the funds rather than through the direct purchase of securities. You may receive, upon request and free of charge, a copy of the offering memorandum and the audited annual financial statements and semi-annual financial statements of any Underlying Fund in which the Top Fund invests.

As a result of this additional investment strategy being available to each Picton Mahoney fund, the Trust Declaration for each fund has been amended effective March 9, 2015, in accordance with the provisions in the Trust Declaration. Should you have any questions, feel free to contact our Client Service team at 416-955-4108.

Sincerely,

Arthur Galloway

Chief Financial Officer

Picton Mahoney Asset Management

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2014 \$	December 31 2013†‡
Assets		
Current assets		
Long positions at fair value* Cash	7,505,561 3,899,795	10,177,530 4,676,784
Deposits with brokers for securities sold short	_	1,300,693
Receivable for investments sold	-	1,707,787
Dividends receivable	4,145	6,196
Expense reimbursement receivable from Manager	971	
Irom Manager	11,410,472	17,868,990
Liabilities Current liabilities Short positions at fair value**	2,998,125	4,400,766
Cash overdraft		-
Accrued liabilities Management fee payable	7,739 29	9,828
Performance fee payable	40	-
Payable for investments purchased	-	2,041,402
Dividends payable	355	402
Net Assets Attributable to Holders of	3,006,288	6,452,398
Redeemable Units / Net Assets	8,404,184	11,416,592
Net Assets Attributable to Holders of Redeemable Units / Net Assets per Class		
Class A Class F	39,935 11	-
Class I	8,364,238	11,416,592
Number of Units Outstanding Class A	3,702	_
Class F	Ĺ	-
Class I	732,157	1,035,706
Net Assets Attributable to Holders of Redeemable Units / Net Assets per Unit		
Class A Class F	10.79 10.81	-
Class I	11.42	11.02
*Long positions, at cost	6,119,010	8,817,337
**Proceeds on investments sold short	(3,071,494)	(4,247,288)

†The Fund has established its date of transition to IFRS as being the moment immediately before the commencement of operations. Its assets and liabilities were nominal at that moment. Consequently, no Statement of Financial Position as at the date of transition to IFRS is presented.

‡Units are treated as equity.

Approved on behalf of the Manager

David Picton Arthur Galloway

CFO President

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

STATEMENTS OF COMPREHENSIVE INCOME / (LOSS)

For the years ended December 31

	2014	2013 \$
Income		
Net gains on investments		
Interest for distribution purposes	53,951	25,749
Dividends	69,849	34,101
Net realized gain (loss) on		
investments	927,678	(658)
Change in unrealized appreciation	252.205	1 207 715
(depreciation) on investments	253,205	1,206,715
Net gains on investments	1,304,683	1,265,907
Other income		
Foreign currency gain (loss)		
on cash and other assets	(142,657)	(104,530
	1,162,026	1,161,377
Expenses		
Management fee (Note 10)	26	-
Performance fee (Note 10)	35	-
Administrative fees	26,305	12,151
Audit fees	2,369	1,148
Legal fees	394	191
Securityholder reporting fees	394	191
Interest and borrowing expense	93,890	33,290
Dividend expense	17,877	5,156
Harmonized sales tax	2,940	1,179
Withholding taxes	13,266	8,300
Transaction costs	18,483	33,189
Total Expense before Manager	175 070	04.705
Absorption Less: Expenses Absorbed by Manager	175,979 (971)	94,795
Total Expense after Manager Absorption	175,008	94,795
Increase (Decrease) in Net Assets	173,000	7 1,7 7 3
Attributable to Holders of		
Redeemable Units / Net Assets	987,018	1,066,582
Increase (Decrease) in Net Assets		
Attributable to Holders of Redeemable		
Units / Net Assets per Class Class A	(114)	
Class F	(116)	-
2.77	997 133	1.0// 502
Class I	987,133	1,066,582
Increase (Decrease) in Net Assets		
Attributable to Holders of Redeemable		
Units / Net Assets per Unit		
Class A	(0.38)	-
Class F	0.81	-
Class I	1.13	1.04

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS / UNITHOLDERS' EQUITY

For the years ended December 31

	2014	2013‡ \$
Net Assets Attributable to Holders of Re Units / Net Assets at Beginning of Year	deemable	
Class A	-	-
Class F Class I	-	-
Class I	11,416,592 11,416,592	
Increase (Decrease) in Net Assets Attrib to Holders of Redeemable Units / Net A	utable	
Class A Class F	(116)	-
Class F Class I	987,133	1,066,582
	987,018	1,066,582
Redeemable Unit Transactions Proceeds from redeemable		
units issued / Proceeds Class A	40.051	
Class A Class F	40,051 10	-
Class I	7,510,768	10,400,010
Reinvestments of distributions to holders	7,550,829	10,400,010
of redeemable units / Reinvestments Class A	-	-
Class F Class I	-	-
Class I	677,325 677,325	13,047 13,047
Redemption of redeemable units / Redemption Class A	-	-
Class F Class I	- (11 550 355)	(50,000)
Class I	(11,550,255) (11,550,255)	(50,000) (50,000)
Net Increase (Decrease) from Redeemable Unit / Capital Unit	•	102/2057
Transactions	(3,322,101)	10,363,057
Distributions to Holders of Redeemable Units / Distributions Net investment income Class A		
Class F	-	-
Class I	(129,774)	(13,047)
Capital gains	(129,774)	(13,047)
Class A	-	-
Class F Class I	- (547,551)	-
Class	(547,551)	
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units / Net Assets	, ,	
Class A Class F	39,935 I I	-
Class I	(3,052,354)	11,416,592
Net Assets Attributable to Holders of Redeemable Units / Net Assets at End	(3,012,408)	11,416,592
of Year Class A	39,935	_
Class F	11	-
Class Net Assets Attributable to Holders of	8,364,238	11,416,592
Redeemable Units / Net Assets at End of Year The accompanying notes are an integral part of the financial companying not		11,416,592

STATEMENTS OF CASH FLOWS

For the years ended December 31

	2014	2013 \$
Cash Flow from Operating Activities		
Increase (decrease) in net assets attributable		
to holders of redeemable units / net assets	987,018	1,066,582
Adjustments for:		
Net realized (gain) loss on investments	(927,678)	658
Change in unrealized (appreciation)	(252 225)	(1.20(715)
depreciation on investments (Increase) decrease in deposits with	(253,205)	(1,206,715)
brokers for securities sold short	1,300,693	(1,300,693)
(Increase) decrease in dividends	1,500,075	(1,500,075)
receivable	2,051	(6,196)
(Increase) decrease in other receivable		
and assets	(971)	-
Increase (decrease) in dividends	(47)	402
payable Increase (decrease) in other payable	(47)	702
and accrued liabilities	(2,020)	9,828
Purchase of long positions	(8,127,733)	(15,992,434)
Proceeds from sales of long positions	11,973,642	8,058,676
Repurchase of investments sold short	(8,684,927)	(7,818,631)
Proceeds on investments sold short	6,955,614	11,515,297
Net Cash Generated (Used) by	2 2 2 2 4 2 7	(5 (72 22 ()
Operating Activities	3,222,437	(5,673,226)
Cash Flows from Financing Activities		
Distributions to holders of redeemable units /		
Distributions, net of reinvested distributions	-	-
Proceeds from redeemable units issued /		
proceeds	7,550,829	10,400,010
Amount paid on redemption of	(11,550,355)	(50,000)
redeemable units / redemption Net Cash Generated (Used) by	(11,550,255)	(50,000)
Financing Activities	(3,999,426)	10,350,010
	(, , , , , , , , , , , , , , , , , , ,	.,,.
Net increase (decrease) in cash	(776,989)	4,676,784
Cash, beginning of year	4,676,784	
Cash, End of Year	3,899,795	4,676,784
Items classified as operating activities:	F2 05:	0.5.7.40
Interest received, net of withholding tax	53,951	25,749
Dividends received, net of witholding tax	58,634	19,605
Interest and borrowing expense paid Dividends paid	(93,890) (17,924)	(33,290)
Dividends paid	(17,924)	(4,754)

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

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31,2014

No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	No. of shares/units/ Face value	Security Description	Average cost (\$)	
		(+)	(+)			(+)	
LONG POSIT	TONS (89.3%)			900	Global Payments Inc.	67,257	84,
Canadian Equi	ties (0.9%)			2,800	Globus Medical Inc.	70,85 I	77,
Energy (0.9%)				3,300	GrafTech International		
	Tesco Corporation	81,588	72,903		Limited	18,202	19
	_			2,500	Green Plains Renewable		
Global Equitie	s (88.4%)				Energy Inc.	61,084	71
United States	(81.3%)			300	Greif Inc., Class A	16,656	16
500	Advance Auto Parts Inc.	42,661	92,449	1,600	Halozyme Therapeutics Inc.	17,798	17
500	AeroVironment Inc.	16,338	15,812	900	Harris Corporation	70,664	75
1,600	Alamo Group Inc.	77,272	89,947	800	Harsco Corporation	16,870	17
	'	55,578	97,113	1,100	Health Net Inc.	41,949	68
	Allegiant Travel Company	55,058	87,233	1,300	HealthSouth Corporation	43,091	57
5,300	Alon USA Energy Inc.	84,412	77,932	700	Houghton Mifflin Harcourt		
1,200	American States Water	01,112	77,752		Company	16,531	16
1,200	Company	36,588	52,461	600	Hyperion Therpeutics Inc.	15,965	16
300	Ascent Capital Group Inc.	30,300	32,101	1,900	ICF International Inc.	64,970	90
300	LLC	18.401	18,428	800	ICU Medical Inc.	53,766	76
700	Atlantic Tele-Network Inc.	36,192	54,909	800	Infinity Pharmaceuticals Inc.	16,251	15
1,100	Avery Dennison	30,172	3 1,7 0 7	2,800	Insight Enterprises Inc.	68,844	84
.,	Corporation	62,625	66,230	900	Insmed Inc.	17,170	16
1,500	Avon Products Inc.	16,603	16,346	3,400	Insteel Industries Inc.	69,221	93
1,500	Bill Barrett Corporation	18,314	19,828	2,300	Inter Parfums Inc.	71,685	73
500	Brady Corporation, Class A	15,909	15,865	500	& Snack Foods	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
6,100	Brocade Communications				Corporation	40,811	63
.,	Systems Inc.	44,371	83,820	1,100	Jack in the Box Inc.	45,204	102
400	,	64,296	83,736	1,200	K12 Inc.	17,155	16
1,200	Cabot Corporation	66,618	61,082	4,800	KB Home	88,136	92
2,900	Calgon Carbon Corporation	64,155	69,937	900	KBR Inc.	17,421	1
600	California Water Service	0.,.00	07,737	900	Kelly Services Inc., Class A	17,301	13
	Group	16,943	17,137	5,150	Kimball Electronics Inc.	39,402	7
1,000	Capella Education Company	45,054	89,316	7,200	Kimball International Inc.,	37,102	,
2,200	Career Education	,	,	7,200	Class B	91,537	76
,	Corporation	16,207	17,770	2,600	Kom/Ferry International	85,029	86
800	Carlisle Companies Inc.	68,111	83,792	300	Leidos Holdings Inc.	15,154	15
3,000	Coeur D'Alene Mines	,	•	1,600	Lennar Corporation, Class A	67,457	83
	Corporation	17,303	17,791	2,000	LHC Group Inc.	47,787	72
700	Comverse Inc.	15,793	15,257	400	Liberty Media Corporation,	17,707	/ 2
2,300	CRA International Inc.	79,858	80,932	100	Class A	15,868	Ιé
3,000	CTC Media Inc.	16,716	16,956	2,200	Liberty Tax Inc.	85,206	9
2,200	Delek US Holdings Inc.	80,321	69,652	700	LifePoint Hospitals Inc.	36,503	58
1,100	Deluxe Corporation	42,077	79,469	4,000	Marcus Corporation	62,586	85
500	Dillard's Inc., Class A	41,902	72,645	1,100	Marriott Vacations	02,300	0.
2,000	Donaldson Company Inc.	93,358	89,687	1,100	Worldwide Corporation	67,698	95
1,400	Drew Industries Inc.	79,387	82,977	3,700	Marten Transport Limited	85,730	93
700	DST Systems Inc.	48,807	76,494	700	Movado Group	29,124	23
900	Dynavax Technologies	40,007	70,777	1,400	Mueller Water Products Inc.,	27,127	2.
700	Corporation	16,167	17,610	1,100	Class A	16,138	Ιé
1,400	Electronics for Imaging Inc.	43,850	69,589	4,800	Navigant Consulting Inc.	71,725	8.
2,500	Emulex Corporation	16,491	16,451	1,000	News Corporation, Class A	17,672	18
500	Energizer Holdings Inc.			1,400	Oil States International Inc.		
1,000	EnerSys	66,761	74,606	2,300	Orbital Sciences	81,422	79
1,400	Envision Healthcare	55,547	71,629	2,300	Corporation	67,764	7
1,400	Holdings Inc.	33,234	56,315	1,700	Orbitz Worldwide Inc.	16,640	16
2,400	Exiservice Holdings Inc.	67,519	79,967	900	Packaging Corporation of	10,070	10
				700	America	56,169	8
	First Solar Inc.	90,581	72,457				
1,400 1,100	Foot Locker Inc.	38,359	71,732	1,500	PEP Boys-Manny Moe & Jack	16,480	17

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31,2014

No. of shares/units/	Saguriar Daggitaria	Average cost	Fair value	No. of shares/units/	Committee Documents in the	Average cost	Fair value
race value	Security Description	(\$)	(\$)	race value	Security Description	(\$)	(\$)
1,400	Polyone Corporation	60,200	61,595	Cayman Island	ds (0.9%)		
500	Portola Pharmaceuticals Inc.	17,822	16,433	3,700	Fabrinet	70,039	76,176
1,300	PowerSecure						
	International Inc.	16,636	17,592	Guernsey (0.9	9%)		
1,500	Providence Service			1,400	Amdocs Limited	55,323	75,804
1.500	Corporations	48,851	63,436				
1,500	Quality Distribution Inc.	16,928	18,522	Index Equivale	ents (1.4%)		
900	Quality Systems Inc.	16,321	16,284	1,000	First Trust Dow Jones		
800	Regis Corporation	15,588	15,561		Internet Index Fund ETF	61,742	71,165
1,000	RingCentral Inc., Class A	16,634	17,315	400	First Trust NYSE Arca		
400	Sears Holding Corporation	15,447	15,310		Biotechnology Index	22.270	47.270
900	SeaWorld Entertainment Inc.	18,059	18,696		Fund ETF	33,369	47,360
500	Semtech Corporation	15,817	15,998	laws al (1 09/)	-	95,111	118,525
1,900	ShoreTel Inc.	16,705	16,207	Israel (1.8%)	Orbotech Limited	(2.57/	02.445
1,800	Silver Springs Networks Inc.	16,957	17,610	4,800		63,576	82,445
900	Skyworks Solutions Inc.	30,920	75,945	400	Taro Pharmaceutical Industries Limited	66,213	68,793
2,700	Spartan Stores Inc.	60,193	81,815		Industries Limited	129,789	151,238
2,100	Standard Motor Products Inc.	76,014	92,904		-	127,707	131,230
900	Standex International	F (22F	00.531	Marshall Island	ds (0.2%)		
2.500	Corporation	56,235	80,531		Navios Maritime Holdings Inc.	17412	18,126
2,500 700	Steven Madden Limited	87,941	92,351	3,000	Total Global Equities - Long	17,413 6,040,240	
	Superior Energy Services Inc.	17,461	16,370		Total Global Equities - Long	6,040,240	7,432,658
1,500 2,800	Synopsys Inc.	66,513	75,674		Transaction Costs	(2,818)	
300	TeleTech Holdings Inc. The Andersons Inc.	73,394	76,949		Total Long Positions	6,119,010	7,505,561
		18,610	18,501		Total Long Fositions	6,119,010	7,505,561
3,300	TherapeuticsMD Inc.	17,352	17,043	SHORT POSI	TIONS (-35.7%)		
1,400 700	Thoratec Corporation Treehouse Foods Inc.	36,431	52,740	Global Equitie	, ,		
1,400	U.S. Physical Therapy Inc.	48,198	69,508	United States	,		
1,700	UGI Corporation	52,462	68,175		Agilysys Inc.	(49,516)	(46,756)
300	Ultragenyx Pharmaceutical Inc.	34,889 16,779	52,893	(5,800)		(47,510)	(40,730)
600	UniFirst Corporation	•	15,277	(3,000)	Corporation	(52,625)	(43,887)
	United States Cellular	62,801	84,514	(1,600)	Aruba Networks Inc.	(32,910)	(33,758)
1,100	Corporation	47,808	50,847	(900)	B&G Foods Inc.	(30,827)	(31,230)
1,100		38,522	83,018	(5,200)	BioScrip Inc.	(39,189)	(42,184)
1,300	US Concrete Inc.	30,882	42,923	(5,000)	Black Diamond Inc.	(57,605)	(50,774)
1,300	VCA Antech Inc.	37,823	73,580	(3,400)	Boulder Brands Inc.	(43,700)	(43,641)
5,000	Vishay Intertechnology Inc.	85,873	82,109	(3,400)	Boyd Gaming Corporation	(41,243)	(50,507)
	Visteon Corporation	45,458	74,452	(5,400)	Callaway Golf Company	(47,854)	(48,256)
	Web.com Group Inc.	16,079	15,427	(5,200)	Carrols Restaurant	(, , , , ,	(', ', ',
	Whiting Petroleum	. 0,0 / /	.5, .27	, ,	Group Inc.	(41,348)	(46,046)
	Corporation	32,784	22,979	(1,900)	Chef's Warehouse Inc.	(39,068)	(50,804)
1,300	World Wrestling			(5,700)	Clean Energy Fuels		
	Entertainment Inc.	17,223	18,618		Corporation	(57,091)	(33,043)
1,200	WPX Energy Inc.	16,683	16,197	(700)	Clean Harbors Inc.	(38,387)	(39,035)
	Wright Medical Group Inc.	16,222	15,592	(3,600)	Derma Sciences Inc.	(43,216)	(38,897)
500	7 · T · · ·			(7,700)	Destination XL Group Inc.	(48,874)	(48,792)
	Zebra Technologies		71,871	(1,100)	DigitalGlobe Inc.	(37,529)	(39,562)
	Corporation, Class A	49,810					
800	Corporation, Class A	49,810 5,550,718	6,834,660	(6,200)	EVINE Live Inc.	(42,880)	(47,418)
800 Australia (0.8 %	Corporation, Class A		6,834,660	(6,200) (1,000)	EVINE Live Inc. Foundation Medicine Inc.	(42,880) (27,121)	
800 Australia (0.8 %	Corporation, Class A			, ,			(25,787)
800 Australia (0.8 9 2,400	Corporation, Class A 6) Tronox Limited, Class A	5,550,718	6,834,660	(1,000)	Foundation Medicine Inc.	(27,121)	(25,787 (47,183
800 Australia (0.8 9 2,400	Corporation, Class A 6) Tronox Limited, Class A	5,550,718	6,834,660	(1,000) (2,100)	Foundation Medicine Inc. Franklin Covey Company	(27,121) (45,076)	(25,787 (47,183 (30,534
800 Australia (0.8% 2,400 Bermuda (1.15	Corporation, Class A 6) Tronox Limited, Class A	5,550,718	6,834,660	(1,000) (2,100) (1,000)	Foundation Medicine Inc. Franklin Covey Company Freightcar America Inc.	(27,121) (45,076) (26,469)	(25,787) (47,183) (30,534) (37,987)
800 Australia (0.8% 2,400 Bermuda (1.15	Corporation, Class A 6) Tronox Limited, Class A	5,550,718	6,834,660	(1,000) (2,100) (1,000) (700)	Foundation Medicine Inc. Franklin Covey Company Freightcar America Inc. Generac Holdings Inc.	(27,121) (45,076) (26,469) (35,721)	(25,787) (47,183) (30,534) (37,987)
800 Australia (0.8% 2,400 Bermuda (1.15	Corporation, Class A 6) Tronox Limited, Class A	5,550,718	6,834,660	(1,000) (2,100) (1,000) (700) (2,300)	Foundation Medicine Inc. Franklin Covey Company Freightcar America Inc. Generac Holdings Inc. Gogo Inc.	(27,121) (45,076) (26,469) (35,721)	(47,418) (25,787) (47,183) (30,534) (37,987) (44,123)

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31,2014

No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	No. of shares/units/ Face value	Security Description	Average cost (\$)	
(6,100)	Guidance Software Inc.	(58,624)	(51,325)	Index Equivale	ents (-3.9%)		
(17,000)	Hansen Medical Inc.	(45,036)	(10,916)	(600)	Consumer Staples Select		
(900)	Hawaiian Telcom Holdco Inc.	(26,868)	(28,797)	()	Sector SPDR Fund	(29,432)	(33,765)
(300)	HeartWare International Inc.	(25,110)	(25,566)	(800)	iShares Dow Jones US	(, ,	, ,
(5,100)	InnerWorkings Inc.	(42,960)	(46,107)	, ,	Telecommunications		
(4,700)	Internap Network Services	(12,700)	(10,107)		Sector Index Fund	(26,151)	(27,185)
(), ,	Corporation	(37,782)	(43,418)	(2,900)	Market Vectors-Coal ETF	(53,104)	(49,239)
(2,700)	Intrepid Potash Inc.	(44,558)	(43,493)	(500)	Materials Select Sector	(0.5.000)	(0.0.1.0.0)
(3,600)	lxia	(37,234)	(47,002)	((00)	SPDR Trust	(25,802)	(28,190)
(2,800)	Jamba Inc.	(38,700)	(49,036)	(600)	SPDR S&P Oil &		
(6,100)	Jive Software Inc.	(61,268)	(42,689)		Gas Exploration & Production ETF	(30,017)	(33,479)
(7,800)	Kratos Defense & Security	,	,	(400)	SPDR S&P Retail ETF	(36,638)	(44,570)
	Solutions Inc.	(59,066)	(45,443)	(800)	Technology Select Sector	(36,636)	(++,570)
(4,000)	Layne Christensen Company	(52,084)	(44,287)	(000)	SPDR Fund	(32,636)	(38,428)
(7,800)	Leapfrog Enterprises Inc.	(58,286)	(42,727)	(1,300)	Utilities Selector Sector	(32,030)	(30, 120)
(2,800)	LMI Aerospace Inc.	(36,171)	(45,819)	(1,500)	SPDR Fund	(63,791)	(71,241)
(13,000)	Millennial Media Inc.	(32,483)	(24,139)			(297,571)	(326,097)
(900)	Navistar International			Panama (-0.3%	6)		(
	Corporation	(35,891)	(34,970)	(6,500)	McDermott		
(12,300)	New York & Company Inc.	(52,439)	(37,685)	· · · /	International Inc.	(36,506)	(21,952)
(400)	Nortek Inc.	(37,137)	(37,755)		Total Global		
(1,800)	NxStage Medical Inc.	(29,241)	(37,456)		Equities - Short	(3,068,487)	(2,998,125)
(1,800)	Olympic Steel Inc.	(41,538)	(37,142)				
(1,200)	Overstock.com Inc.	(21,219)	(33,800)		Transaction Costs	(3,007)	
(1,800)	Pinnacle Entertainment Inc.	(46,511)	(46,480)		Total Short Positions	(3,071,494)	(2,998,125)
(2,700)	Ply Gem Holdings Inc.	(33,284)	(43,806)		TOTAL INVESTMENT		
(3,500)	Rally Software Development				PORTFOLIO (53.6%)	3,047,516	4,507,436
(0.1.0.0)	Corporation	(39,700)	(46,184)		Other Assets Net of		2 00 / 7 / 0
(31,200)	Rentech Inc.	(52,670)	(45,624)		Liabilities (46.4%)	-	3,896,748
(17,800)	Resolute Energy	(2 (72 4)	(27.2(0)		TOTAL NET ASSETS ATTRIBUTABLE		
(4 200)	Corporation	(36,734)	(27,268)		TO HOLDERS OF		
(4,200)	Rubicon Technology Inc.	(50,408)	(22,276)		REDEEMABLE UNITS		
(6,200)	Ruby Tuesday Inc.	(49,774)	(49,217)		(100.0%)		8,404,184
(1,600)	Schnitzer Steel Industries Inc., Class A	(46,683)	(41,891)		()	_	
(2,500)	Sciquest Inc.	(46,260)	(41,925)				
(8,900)	Sequenom Inc.	(29,346)	(38,217)				
(3,400)	Silicon Graphics International	(27,540)	(30,217)				
(5, 100)	Corporation	(38,456)	(44,904)				
(900)	Sprouts Farmers Market Inc.	(30,108)	(35,492)				
(3,500)	STAAR Surgical Company	(36,979)	(37,004)				
(2,000)	Stemline Therapeutics Inc.	(33,513)	(39,598)				
(6,200)	Sterling Construction	(33,313)	(37,373)				
(4, 4.4)	Company Inc.	(56,370)	(45,979)				
(3,100)	The Bon-Ton Stores Inc.	(38,261)	(26,659)				
(2,600)	Universal American	, , ,	,				
. ,	Corporation	(20,409)	(28,002)				
(900)	Veeco Instruments Inc.	(34,779)	(36,432)				
(7,900)	Violin Memory Inc.	(44,555)	(43,916)				
(2,700)	Westco Aircraft Holdings Inc.	(58,145)	(43,806)				
(1,400)	Zoe's Kitchen Inc.	(49,685)	(48,597)				
		(2,734,410)	(2,650,076)				

FUND SPECIFIC NOTES

As at December 31, 2014

I. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following tables illustrate the classifications of the Fund's financial instruments within the fair value hierarchy as at December 31, 2014 and December 31, 2013.

ASSETS (LIABILITIES) AT FAIR VALUE	AS AT DECEMBER 31, 2014			
	Level I \$	Level 2 \$	Level 3 \$	Total \$
Picton Mahoney Long Short US SMID C	Cap Fund			
Equities - Long	7,505,561	-	-	7,505,561
Equities - Short	(2,998,125)	-	-	(2,998,125)
Total	4,507,436	-	-	4,507,436

ASSETS (LIABILITIES) AT FAIR VALUE AS AT D	ECEMBER 31, 2013			
	Level I \$	Level 2 \$	Level 3 \$	Total \$
Picton Mahoney Long Short US SMID Cap Fund				
Equities - Long	10,177,530	-	-	10,177,530
Equities - Short	(4,400,766)	-	-	(4,400,766)
Total	5,776,764	-	-	5,776,764

2. OTHER PRICE RISK

Using Beta as a measure of the relationship of the Fund's performance versus its index, if the S&P 500 Index were to increase or decrease by 10%, net assets would have increased or decreased by approximately \$327,763 (December 31, 2013 - \$185,297). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

3. CURRENCY RISK

Foreign currencies to which the Fund had exposure as at December 31, 2014 and December 31, 2013 were as follows:

	Financial Instruments				
December 31, 2014 Currency	Monetary \$	Non-Monetary \$	Total \$	Percentage of Net Assets %	
United States Dollar Net Exposure	(168)	4,507,436	4,507,268 4,507,268	53.6% 53.6%	

		Financial Instruments				
December 31, 2013 Currency	Monetary \$	Non-Monetary \$	Total \$	Percentage of Net Assets %		
United States Dollar Net Exposure	(4,399,199)	5,776,764	1,377,565 1,377,565	12.1%		

If the Canadian dollar had strengthened or weakened by 5% in relation to all other currencies held in the investment portfolio, net assets would have decreased or increased by approximately \$225,363 (December 31, 2013 - 68,878). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

FUND SPECIFIC NOTES (CONTINUED)

4. INTEREST RATE RISK

As of December 31, 2014 and December 31, 2013, the Fund did not have significant exposure to interest rate risk.

5. CREDIT RISK

As of December 31, 2014 and December 31, 2013, the credit risk is minimal given that the Fund had no direct investments in debt instruments or derivatives.

6. CONCENTRATION RISK

Jurisdiction	% of Ne	% of Net Assets	
	December 31, 2014	December 31, 2013	
United States	49.8%	45.2%	
Israel	1.8%	0.6%	
Bermuda	1.1%	1.9%	
Cayman Islands	0.9%	3.4%	
Canada	0.9%	1.3%	
Guernsey	0.9%	1.1%	
Australia	0.8%	0.0%	
Marshall Islands	0.2%	0.0%	
Bahamas	0.0%	1.1%	
Mauritius	0.0%	-0.5%	
British Virgin Islands	0.0%	-0.6%	
Panama	-0.3%	0.0%	
Index Equivalents	-2.5%	0.0%	

7. LIQUIDITY RISK

The tables below categorize the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amount in the tables are the contractual undiscounted cash flows.

December 31, 2014 Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Short positions	2,998,125	-	-	2,998,125
Accrued liabilities and other payables	8,163	-	-	8,163

December 31, 2013 Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Short positions	4,400,766	-	-	4,400,766
Accrued liabilities and other payables	2,041,402	10,230	-	2,051,632

FUND SPECIFIC NOTES (CONTINUED)

8. FINANCIAL INSTRUMENTS BY CATEGORY

The following tables present the carrying amounts of the Fund's financial instruments by category as at December 31, 2014.

Assets	Financial assets classified as held for trading \$	Financial assets designated at FVTPL \$	Financial assets at amortized cost \$	Total \$
Long positions	-	7,505,561	-	7,505,561
Cash	-	-	3,899,795	3,899,795
Dividends receivable	-	-	4,145	4,145
Expense reimbursement				
receivable from Manager		-	971	971
Total	-	7,505,561	3,904,911	11,410,472

Liabilities	Financial liabilities classified as held for trading \$	Financial liabilities designated at FVTPL \$	Financial liabilities at amortized cost	Total
Short positions	2,998,125	-	-	2,998,125
Accrued liabilities	-	-	7,739	7,739
Management fee payable	-	-	29	29
Performance fee payable	-	-	40	40
Dividends payable	-	-	355	355
Total	2,998,125	-	8,163	3,006,288

The following tables present the carrying amounts of the Fund's financial instruments by category as at December 31, 2013.

Assets	Financial assets classified as held for trading \$	Financial assets designated at FVTPL \$	Financial assets at amortized cost \$	Total \$
Long positions	-	10,177,530	-	10,177,530
Cash Deposits with brokers for	-	-	4,676,784	4,676,784
securities sold short	-	-	1,300,693	1,300,693
Receivable for investments sold	-	-	1,707,787	1,707,787
Dividends receivable	-	-	6,196	6,196
Total	-	10,177,530	7,691,460	17,868,990

Liabilities	Financial liabilities classified as held for trading \$	Financial liabilities designated at FVTPL \$	Financial liabilities at amortized cost \$	Total \$
Short positions Accrued liabilities Payable for investments	4,400,766 -		9,828	4,400,766 9,828
purchased Dividends payable	-	- -	2,041,402 402	2,041,402 402
Total	4,400,766	-	2,051,632	6,452,398

FUND SPECIFIC NOTES (CONTINUED)

9. NET GAINS ON INVESTMENTS

The following tables present the net gains (losses) on investments by category for the years ended December 31, 2014 and 2013.

		December 31, 2014	
	Financial assets classified as held for trading \$	Financial assets designated at FVTPL \$	Total \$
Interest for distribution purposes	_	53.951	53,951
Dividends	-	69,849	69,849
Net realized gain (loss) on investments	(488,616)	1,416,294	927,678
Change in unrealized appreciation (depreciation) on investments	226,847	26,358	253,205
Total	(261,769)	1,566,452	1,304,683

		December 31, 2013	
	Financial assets classified as held for trading \$	Financial assets designated at FVTPL	Total \$
Interest for distribution purposes	-	25,749	25,749
Dividends	-	34,101	34,101
Net realized gain (loss) on investments	(617,182)	616,524	(658)
Change in unrealized appreciation (depreciation) on investments	(153,478)	1,360,193	1,206,715
Total	(770,660)	2,036,567	1,265,907

10. TRANSITION TO IFRS

The quantitative effect of the Fund's transition to IFRS is summarized in this note as follows:

Reconciliation of net assets and comprehensive income as previously reported under Canadian GAAP to IFRS

Net Assets	December 31, 2013* \$
Net assets as reported under Canadian GAAP	11,408,677
Revaluation of investments at FVTPL	7,915
Net Assets Attributable to Holders of Redeemable Units	11,416,592

	Year Ended December 31, 2013 \$
Comprehensive income as reported under Canadian GAAP	1,058,667
Revaluation of investments at FVTPL	7,915
Increase (Decrease) in Net Assets Attributable to Holders of	
Redeemable Units	1,066,582_

^{*}The Fund has established its date of transition to IFRS as being the moment immediately before the commencement of operations. Its assets and liabilities were nominal at that moment. Consequently, no Statement of Financial Position as at the date of transition to IFRS is presented.

FUND SPECIFIC NOTES (CONTINUED)

II. FUND UNIT TRANSACTIONS

For the years ended December 31

		2014			2013	
	Class A	Class F	Class I	Class A	Class F	Class I
Units issued and outstanding, beginning of year	-	-	1,035,706	-	-	-
Units issued	3,702	1	641,224	-	-	1,039,538
Units reinvested	-	-	59,286	-	-	1,138
Units redeemed	-	-	(1,004,059)	-	-	(5,015)
Units issued and outstanding, end of year						
• .	3,702	1	732,157	-	-	1,035,706

12. COMMISSIONS

For the years ended December 31 (in \$000)

	2014	2013
Brokerage commissions	18	33
Soft Dollar commissions	24	-

13. TAX LOSS CARRY FORWARDS

As at December 31 (in \$000)

	2014
Net capital losses carry forward	-
Non-capital losses carry forward	-

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2014 and 2013

I. GENERAL INFORMATION

Picton Mahoney Long Short US SMid Cap Fund (the "Fund") is an openended trust established under the laws of the Province of Ontario by an amended and restated master declaration of trust dated June 28, 2013, restated or supplemented from time to time (the "Trust Declaration"). The Fund commenced operations on July 2, 2013. Picton Mahoney Asset Management acts as the trustee (the "Trustee") and the manager (the "Manager") of the Fund pursuant to the Trust Declaration. The Manager is responsible for the day-to-day business of the Fund, including the management of the Fund's investment portfolio. The address of the Fund's registered office is 33 Yonge Street, Suite 830, Toronto, Ontario, M5E IG4. The financial statements are presented in Canadian dollars (CAD). These financial statements were authorized for issue by the Manager on March 30, 2015.

The Fund is permitted to issue trust units (the "Units" and each a "Unit") in an unlimited number of classes ("Classes" and each a "Class") to qualified investors in the provinces and territories of Canada ("Offering Jurisdictions") pursuant to prospectus exemptions. At December 31, 2014, the Fund currently has three Class of Units: Class A, Class F, and Class I.

The Statements of Financial Position are as at December 31, 2014 and December 31, 2013. The Fund has established its date of transition to IFRS as being the moment immediately before the commencement of operations. Its assets and liabilities were nominal at that moment. Consequently, no Statement of Financial Position as at the date of transition to IFRS is presented.

The Statement of Comprehensive Income, Statement of Changes in Net Assets Attributable to Holders of Redeemable Units and Statement of Cash Flows are for the years ended December 31, 2014 and the period from July 2, 2013 (commencement of operations) to December 31, 2013.

The investment objective of the Fund is to provide long-term capital appreciation and to provide holders of Units ("Unitholders") with an attractive risk-adjusted rate of return with similar volatility to the traditional equity market.

No assurance can be given that the investment objective of the Fund will be achieved or that investors will receive a return of their capital.

BASIS OF PRESENTATION AND ADOPTION OF IFRS

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board (the "IASB"). The Fund adopted this basis of accounting in 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Fund prepared their financial statements in accordance with Canadian generally accepted accounting principles as defined in Part V of the CPA Handbook (Canadian GAAP). The Fund has consistently applied the accounting policies used in the preparation of its opening IFRS statements of financial position at July 2, 2013 and throughout all periods presented, as if these policies had always been in effect. Note 12 discloses the impact of the transition to IFRS on the Fund's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Fund's financial statements for the year ended December 31, 2013 prepared under Canadian GAAP.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the Fund.

(a) Financial Instruments

The Fund classifies their investments in equity securities as financial assets or financial liabilities at fair value through profit or loss.

This category has two sub-categories: financial assets or financial liabilities held for trading; and those designated at fair value through profit or loss at inception.

(i) Financial assets and liabilities held for trading

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

(ii) Financial assets and liabilities designated at fair value through profit or loss (FVTPL) at inception

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. Long investments have been designated as FVTPL.

The Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are classified as held for trading.

The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate. As at December 31, 2014 and December 31, 2013, there was no difference between the Fund's net asset value for purposes of unitholder transactions and net assets for financial reporting.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the statement of financial position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts.

The carrying values of cash, dividends receivable, payable for investments purchased, dividends payable, and accrued liabilities approximate their fair values due to their short term nature.

(b) Fair Value Measurements

The Fund utilizes a three tier hierarchy as a framework for disclosing fair value based on inputs used to value the Fund's investments. The three levels of the fair value hierarchy are as follows:

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2014 and 2013

- Level I Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair values are classified as Level I when the related security or derivative is actually traded and a quoted price is available. If an instrument classified as Level I subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3. The Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

(c) Valuation of Investments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets, which include equities, bonds, options, futures, and warrants are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

Securities not listed on any recognized public securities exchange are valued in the same manner based on available public quotations from recognized dealers in such securities. If market quotations are not readily available, securities will be valued at fair value as determined in good faith by or under the supervision of the Manager. The cost of investments represents the amount paid for each security and is determined on an average cost basis.

The difference between fair value and the average cost is shown as the change in unrealized appreciation (depreciation) on investments.

(d) Impairment of financial assets

At each reporting date, the Fund assesses whether there is objective evidence that a financial asset at amortized cost is impaired. If such evidence exists, the Fund recognizes an impairment loss as the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

(e) Cash

Cash is comprised of cash on demand deposit.

(f) Investment Transactions and Income Recognition

Investment transactions are accounted for as of the trade date. Expenses are recorded on an accrual basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded daily as it is earned. Realized gains and losses on sale of investments and unrealized appreciation and depreciation in investments are determined on an average cost basis.

(g) Valuation of Fund Units

The Fund's Net Asset Value is calculated as the value of the Fund's assets, less its liabilities, computed on a particular date in accordance with the Fund's Trust Declaration. The administrator of the Fund (or such other person or entity designated by the Manager) will calculate the Net Asset Value of the Fund as of the last business day (any day on which the Toronto Stock Exchange ("TSX") is open for trading is hereinafter referred to as a "Business Day"), of each week at the close of regular trading on the TSX, normally 4:00 p.m. (Eastern time) (each, a "Valuation Date").

The Fund's Net Asset Value per Unit on a Valuation Date is obtained by dividing the value of each class of the assets of the Fund less the amount of the class of the liabilities by the total number of Units outstanding of that class at the close of business on the Valuation Date.

(h) Foreign Currency Translation

The Fund's functional and presentation currency is Canadian dollars. The fair value of foreign investments and other assets and liabilities are translated into Canadian dollars at the exchange rates prevailing at the close of each valuation day. Purchases and sales of foreign securities and the related income are translated into Canadian dollars at rates of exchange prevailing on the respective dates of such transactions.

Foreign exchange gains and losses relating to cash are presented as 'Foreign currency gain (loss) on cash and other assets' and those relating to other financial assets and liabilities are presented within 'Net realized gain (loss) on investments' and 'Change in unrealized appreciation (depreciation) on investments' in the Statement of Comprehensive Income.

(i) Increase (decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit

Increase (decrease) in net assets attributable to holders of redeemable units per Unit of the Fund is determined by dividing the net increase in net assets attributable to holders of redeemable units of each class by the weighted average number of Units outstanding of that class during the year.

Transaction Costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commissions paid to agents, advisors, brokers and dealer, levies by regulatory agencies and securities exchange, and transfer taxes and duties. Such costs are expensed and included in 'Transaction costs' in the Statement of Comprehensive Income.

(k) Future Accounting Changes

IFRS 9, Financial Instruments

The final version of IFRS 9, Financial instruments, was issued by the IASB in July 2014 and will replace IAS 39 Financial Instruments: Recognition

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2014 and 2013

and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. IFRS 9 is effective for annual periods beginning on or after January I, 2018, however is available for early adoption. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The Fund is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

IAS 24, Related Party Disclosures

In December 2013, the IASB approved amendments to IAS 24, Related Party Disclosures, with respect to the definition of a "related party, to include a person or entity who provides key management personnel services to the reporting entity or to the parent of the reporting entity; including the disclosure of amounts incurred for key management personnel services from a related party. The amendments are effective for annual periods beginning on or after July 1, 2014. The Fund is currently evaluating the impact that the adoption of these amendments will have on its financial statements

IFRS 15, Revenue from Contracts with Customers

In May 2014, the IASB approved IFRS 15, Revenue from Contracts with Customers which specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 Revenue, IAS 11 Construction Contracts and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers, except for leases, financial instruments and insurance contracts. Application of IFRS 15 is mandatory for annual periods beginning on or after January 1, 2017. The Fund is currently evaluating the impact that the adoption of these amendments will have on its non-consolidated financial statements.

(I) Structured Entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. Picton Mahoney has determined that all of the underlying funds in which the Fund invests are unconsolidated structured entities. In making this determination, Picton Mahoney evaluated the fact that decision making about the underlying funds' activities is not governed by voting or similar rights held by the Fund and other investors in any underlying funds.

The Fund invests in underlying funds whose investment objectives range from achieving short- to long-term income and capital growth potential. Underlying funds may use leverage in a manner consistent with their respective investment objectives and as permitted by Canadian securities regulatory authorities. Underlying funds finance their operations by issuing redeemable units which are puttable at the holder's option and entitles the holder to a proportionate stake in the respective fund's net assets.

The Fund's interests in underlying funds as at December 31, 2014 and 2013, held in the form of redeemable units, are included at their fair value in the Statements of Financial Position, which represent the Fund's maximum exposure in these underlying funds. The Fund does not provide and have not committed to provide any additional significant financial or other support to the underlying funds. The change in fair value of each of the underlying funds during the periods is included in Change in unrealized appreciation (depreciation) of investments in the Statements of Comprehensive Income.

The Fund currently has interests in certain unconsolidated structured entities. The tables below illustrate the Fund's investment details in the underlying funds as on December 31, 2014 and 2013.

Picton Mahoney Long Short US SMID Cap Fund						
Underlying Funds	Fair Value of Fund's Investment (in 000s)	Underlying Fund's Net Assets (in 000s)				
As at December 31, 2014						
First Trust Dow Jones Internet Index Fund ETF First Trust NYSE Acra	\$71	\$2,296,947				
Biotechnology Index Fund ETF	\$47	\$2,470,646				
As at December 31, 2013 None	\$-	\$-				

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

These financial statements, include estimates and assumptions by management that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the period. Actual results could differ from these estimates. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements.

Classification and measurement of investments and application of the fair

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments about whether or not the business of the Fund is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39, Financial Instruments – Recognition and Measurement (IAS 39). The most significant judgments made include the determination that certain financial instruments are held-for-trading and that the fair value option can be applied to those which are not.

FINANCIAL INSTRUMENTS RISKS

The Fund is exposed to various financial risks, including market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk. The investment team reviews and rebalances the portfolio on a regular and ongoing basis to maintain the risk reward targets. Portfolios within each strategy are reviewed relative to each other and to their benchmark. Active industry and security allocations are analyzed. All investments may result in a risk of loss of capital.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2014 and 2013

Price risk:

The Fund trades in financial instruments, taking positions in traded and over-the-counter instruments which may include derivatives. As of December 31, 2014 and December 31, 2013, the Fund held or had exposure to long and short equity positions in publicly traded companies whose securities are actively traded on a recognized public exchange. Equities are susceptible to price risk arising from uncertainties about future prices of those instruments (other than those arising from interest rate risk or currency risk).

Short sales entail certain risks, including the risk that a short sale of a security may expose a Fund to losses if the value of the security increases. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying those securities to cover the short position. In addition, a short sale by a Fund requires the Fund to borrow securities in order that the short sale may be transacted. There is no assurance that the lender of the securities will not require the security to be paid back by a Fund before the Fund wants to do so, possibly requiring the Fund to borrow the security elsewhere or purchase the security on the market at an unattractive price. Moreover, the borrowing of securities entails the payment of a borrowing fee. The borrowing fee may increase during the borrowing period, adding to the expense of the short sale strategy. There is also no guarantee that the securities sold short can be repurchased by a Fund due to supply and demand constraints in the equity markets. Finally, in order to maintain the appropriate ratios between the long portfolio and the short portfolio of a Fund, the Manager may be required to buy or sell short securities at unattractive prices. The maximum risk resulting for financial instruments held long is determined by the fair value of the instrument.

Currency risk:

Currency risk is the risk that the cash and securities included in the Fund as well as due to and due from broker balances may be valued in or have exposure to currencies other than the Canadian dollar which is the functional currency of the Fund. The prices of the foreign securities are denominated in foreign currencies which are converted to the Fund's functional currency for determining fair value and, accordingly, the Net Asset Value will be affected by fluctuations in the value of such foreign currencies relative to the Canadian dollar.

Interest rate risk:

Interest rate risk arises when a fund invests in interest-bearing financial instruments and from the possibility that changes in the prevailing levels of market interest rates will affect future cash flows or fair values of such financial instruments. There is minimal fair value sensitivity to interest rate fluctuations on any cash and cash equivalents invested at short-term market interest rates. Market prices may also be affected by changes in market interest rates. Also, changes in the market interest rate may affect the borrowing expenses of the short positions held by the Fund.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its

obligation. However, there are risks involved in dealing with custodians or prime brokers who settle trades and in rare circumstances, the securities and other assets deposited with the custodian or broker may be exposed to credit risk with regard to such parties. In addition, there may be practical problems or time delays associated with enforcing the Fund's rights to its assets in the case of an insolvency of any such party.

Liquidity risk:

Liquidity risk is the risk that a Fund will not be able to generate sufficient cash availability to execute its payment obligations. The Fund primarily invests in liquid securities that are readily realizable in an active market which is essential if the Fund is required to fund redemptions in the course of operations. The Fund from time to time may invest in restricted securities through private placements. However, this type of investment does not constitute a significant percentage of the Fund's Net Asset Value. The Fund may also maintain a cash reserve to accommodate normal-type monthly redemptions. All liabilities of the Fund mature in one year or less with the exception of bonds sold short. At the Manager's discretion, bonds sold short can be repurchased to settle the liability immediately. Redeemable units are redeemable on demand at the holder's option. However, the Manager does not expect that the contractual maturity disclosed above will be representative of the actual cash outflows, as holders of these instruments typically retain them for a longer period.

REDEEMABLE UNIT TRANSACTIONS

The Fund is permitted to have an unlimited number of Classes of Units having such terms and conditions as the Manager may determine. Additional Classes may be offered in future on different terms, including having different fee and dealer compensation terms and different minimum subscription levels. Each Unit of a Class represents an undivided ownership interest in the Net Asset Value of the Fund attributable to that Class of Units.

Investors may be admitted to the Fund or may acquire additional Units on a monthly basis as of the last Business Day of each calendar month. Units of the Fund are offered at the Class Net Asset Value per Unit calculated as of the applicable Valuation Date for Transactional Net Asset Value purposes, based on pricing securities at last traded price on such date.

The minimum initial investment in the Funds is \$25,000 for Class A and Class F and the Manager has the discretion to accept a lesser intial subscription, provided, in each case, that the issuance of Units in respect of such subscription shall otherwise be exempt from the prospectus requirements of applicable securities legislation.

The capital of the Fund is represented by issued redeemable Units with no par value. The Units are entitled to distributions, if any, and to payment of a proportionate share based on the Fund's Net Asset Value per Unit upon redemption. The Fund has no restrictions or specific capital requirements on the subscriptions and redemptions of Units other than as described below. The relevant movements are shown on the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units and in the Fund Specific Notes.

The minimum initial investment in the Fund is \$1,000,000 for the Class I Units and the Manager has the discretion to accept a lesser initial subscription, provided, in each case, that the issuance of Units in respect of such subscription shall otherwise be exempt from the prospectus requirements of applicable securities legislation. Subsequent investments are subject to an additional minimum investment of \$150,000 subject to applicable securities legislation.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2014 and 2013

Class I Units are designed for investors investing \$1,000,000 or more and subsequent investments are subject to additional minimum investment of \$150,000 subject to applicable securities legislation.

Units may be surrendered to the Manager for redemption at any time. In order to protect the interest of the majority of investors in the Fund and to discourage short-term trading, investors may be subject to a shortterm trading deduction. If an investor redeems Units within 120 days of purchasing such Units, the Fund may deduct and retain, for the benefit of the remaining Unitholders, five percent (5%) of the Class Net Asset Value of the Units being redeemed.

During the year ended December 31, 2014, the Fund issued additional classes of units with non-identical features and as a result, the ownership interests of the Fund were classified as financial liabilities. On transition to IFRS the Fund units met the criteria in IAS 32 for classification as equity. However, following the issuance of additional classes of units, the Fund's units no longer meet the criteria and therefore the redeemable units are reclassified as financial liabilities. The reclassification of redeemable units from equity to financial liabilities did not result in any measurement differences.

7. DISTRIBUTIONS

The Fund intends to distribute sufficient net income and net realized capital gains, if any, to Unitholders in each calendar year to ensure that the Fund is not liable for income tax under Part I of the Income Tax Act (Canada) (the "Act"), after taking into account any loss carry forwards. Subject to applicable securities legislation, all distributions made by the Fund (net of any deductions or withholdings required by law) will be automatically reinvested in additional Units or fractions of Units of the Fund at the Class Net Asset Value per Unit.

8. TAXATION

The Fund is currently a Unit Trust and will be subject to tax in each taxation year under Part I of the Act on the amount of its income for the year, less the portion thereof that it claims in respect of the amount paid or payable to Unitholders in the year. The Fund intends to deduct, in computing its income in each taxation year, the full amount available for deduction in each year and, therefore, provided the Fund makes distributions in each year of its net income and net realized capital gains as described under "Distributions", it will generally not be liable in such year for any tax on its net income or profit under Part I of the Act. As a result, the Fund does not record income taxes. Since the Fund does not record income taxes, the tax benefit of capital and non-capital losses has not been reflected in the Statement of Financial Position as a deferred tax asset.

Non-capital losses have expiry periods of up to 20 years and can be offset against future taxable income. Net capital losses can be carried forward indefinitely and offset against future taxable capital gains.

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown as a separate expense in the Statement of Comprehensive Income.

9. OPERATING EXPENSES

The Manager paid for the costs of initially organizing the Fund and offering the Units, including the fees and expenses of legal counsel.

The Fund will pay for all routine and customary expenses relating to its operation, including registrar and transfer agency fees and expenses, trustee fees (if any), custodian fees, auditing, legal and accounting fees, communication expenses, printing and mailing expenses, all costs and expenses associated with the sale of Units including securities filing fees (if any), expenses relating to providing financial and other reports to Unitholders and convening and conducting meetings of Unitholders, all taxes, assessments or other governmental charges levied against the Fund, interest expenses and all brokerage and other fees relating to the purchase and sale of the assets of the Fund. In addition, the Fund will pay for expenses associated with ongoing investor relations and education relating to the Fund. The Manager may from time to time waive any portion of the fees and reimbursement of expenses otherwise payable to it, but no such waiver affects its right to receive fees and reimbursement of expenses subsequently accruing to it.

10. RELATED PARTY TRANSACTIONS

(a) Management Fees

For providing its services to the Fund, the Manager receives a management fee (the "Management Fee") from the Fund attributable to the Class A Units and the Class F Units, respectively. Each Class of Units is responsible for the Management Fee attributable to that Class. The Class A Units are charged a Management Fee equal to 0.50% per quarter (2.00% per annum) of the Net Asset Value of the Class A Units, plus applicable taxes, calculated and accrued on each Valuation Date, and payable on the last Valuation Date of each quarter. The Class F Units are charged a Management Fee equal to 0.25% per quarter (1.00% per annum) of the Net Asset Value of the Class F Units, plus applicable taxes, calculated and accrued on each Valuation Date, and payable on the last Valuation Date of each quarter.

(b) Performance Fees

The Manager receives a performance fee (the "Performance Fee") from the Fund attributable to the Class A Units and the Class F Units, respectively. Each Class of Units is responsible for the Performance Fee attributable to that Class. Each Class is charged a performance fee equal to 20% of the amount by which the performance of the Fund for such Valuation Date on a per Unit basis exceeds the respective high-water mark for the Class A Units or the Class F Units, as the case may be, plus applicable taxes. The Performance Fee shall be calculated and accrued on each Valuation Date and shall be payable at the end of each calendar quarter.

The Manager will be entitled to receive from each Class I Unitholder a management fee and a performance fee as established from time to time by an agreement between the Manager and each Unitholder. The fee is paid directly to the Manager and not charged to the Fund.

II. FILING EXEMPTION

The Fund is relying on the exemption pursuant to section 2.11 of National Instrument 81-106 not to file its financial statements with the Ontario Securities Commission

12. TRANSITION TO IFRS

The effect of the Fund's transition to IFRS is summarized in this note as follows:

Transition elections

The only voluntary exemption adopted by the Fund upon transition was the ability to designate a financial asset or financial liability at fair

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2014 and 2013

value through profit and loss upon transition to IFRS. All financial assets designated at FVTPL upon transition were previously carried at fair value under Canadian GAAP as required by Accounting Guideline 18, Investment Companies.

Revaluation of Investments at FVTPL

Under Canadian GAAP, the Fund measured the fair values of its investments in accordance with Section 3855, Financial Instruments - Recognition and Measurement, which required the use of bid prices for long positions and ask prices for short positions, to the extent such prices are available. Under IFRS, the Fund measures the fair values of their investments using the guidance in IFRS 13, Fair Value Measurement (IFRS 13), which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread.

As a result, upon adoption of IFRS an adjustment was recognized to increase the carrying amount of the Fund's investments by \$7,915 as at December 31, 2013. The impact of this adjustment was to increase the Fund's increase in net assets attributable to holders of redeemable units by \$7,915 for the year ended December 31, 2013.

Please refer to the Fund Specific Notes in the Fund's financial statements for details of these adjustments.

Reclassification Adjustments

In addition to the measurement adjustments noted above, the Fund reclassified certain amounts upon transition in order to conform to its financial statement presentation under IFRS. Withholding taxes for the year ending Dec 31, 2013 which were previously netted against interest income or dividend income under Canadian GAAP have been reclassified and presented separate as an expense under IFRS.

PICTON MAHONEY ASSET MANAGEMENT CORPORATE INFORMATION

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Information pertaining to the Picton Mahoney Funds is not to be construed as a public offering of securities in any jurisdiction of Canada. The offering of units of the Picton Mahoney Funds is made pursuant to their respective offering memorandum only to those investors in jurisdictions of Canada who meet certain eligibility or minimum purchase requirements. Important information about the Picton Mahoney Funds, including a statement of each fund's investment objective, is contained in their respective Offering Memorandum, a copy of which may be obtained from your dealer. Read the applicable Offering Memorandum carefully before investing. Unit values and investment returns will fluctuate.

Terms and Conditions of Use Commissions, trailing commissions, management fees, performance fees and expenses all may be associated with these Funds. Please read the Offering Memorandum before investing. All performance data assume reinvestment of all distributions or dividends and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. The values of the Funds change frequently and past performance may not be repeated.

ITEM 13. DATE AND CERTIFICATE

Dated March 31, 2015.

This offering memorandum does not contain a misrepresentation.

PICTON MAHONEY LONG SHORT US SMID CAP FUND, by its Manager and Promoter, PICTON MAHONEY ASSET MANAGEMENT

By: "David Picton"
David Picton
President (acting in the capacity
as Chief Executive Officer)

By: "Arthur Galloway" Arthur Galloway Chief Financial Officer

By: "Michael Mahoney" Michael Mahoney Director By: "Dean Shepard" Dean Shepard Director

ITEM 14. APPENDIX A

DIRECTORY

ISSUER

Picton Mahoney Long Short US SMid Cap Fund 33 Yonge Street, Suite 830 Toronto, Ontario M5E 1G4

MANAGER AND TRUSTEE

Picton Mahoney Asset Management 33 Yonge Street, Suite 830 Toronto, Ontario M5E 1G4

PRIME BROKERS

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None of the prime brokers has any responsibility for the preparation or accuracy of this Offering Memorandum.

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