

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 Market Neutral Equity Fund
Picton Mahoney Long Short Equity Fund

AMENDED AND RESTATED OFFERING MEMORANDUM

Date: March 31, 2017

The Issuers

Name: **PICTON MAHONEY MARKET NEUTRAL EQUITY FUND**
PICTON MAHONEY LONG SHORT EQUITY 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? Yes.

The Offering

Securities Offered: Class A and Class F units (the “Market Neutral Units”) of Picton Mahoney Market Neutral Equity Fund (the “Market Neutral Fund”) and Class A and Class F units (the “Long Short Units”) of Picton Mahoney Long Short Equity Fund (the “Long Short Fund” and, together with the Market Neutral Fund, the “Funds”). The Market Neutral Units and the Long Short Units are, collectively, referred to as the “Units”.
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.

ITEM 1. USE OF AVAILABLE FUNDS	3
1.1 NET PROCEEDS	3
1.2 USE OF AVAILABLE FUNDS	3
1.3 REALLOCATION	3
ITEM 2. BUSINESS OF THE FUNDS	3
2.1 STRUCTURE	3
2.2 OUR BUSINESS	3
2.3 DEVELOPMENT OF BUSINESS	3
2.4 INVESTMENT APPROACH, OBJECTIVES AND INVESTMENT STRATEGIES	4
2.5 RISK MANAGEMENT AND INVESTMENT RESTRICTIONS	7
2.6 MATERIAL AGREEMENTS	8
2.7 FEES AND EXPENSES	11
ITEM 3. DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS	14
3.1 COMPENSATION AND SECURITIES HELD	14
3.2 MANAGEMENT EXPERIENCE	14
3.3 PENALTIES, SANCTIONS AND BANKRUPTCY	15
3.4 INTEREST IN UNDERLYING FUND	15
ITEM 4. CAPITAL STRUCTURE	15
4.1 AUTHORIZED AND ISSUED CAPITAL	15
4.2 LONG-TERM DEBT SECURITIES	16
4.3 PRIOR SALES	16
ITEM 5. SECURITIES OFFERED	16
5.1 TERMS OF SECURITIES	16
5.2 SUBSCRIPTION PROCEDURE	17
5.3 REDEMPTION OF UNITS	18
5.4 DETERMINATION OF NET ASSET VALUE	20
5.5 DISTRIBUTIONS	22
ITEM 6. INCOME TAX CONSEQUENCES AND ELIGIBILITY FOR INVESTMENT	22
6.1 TAXATION OF THE FUNDS	23
6.2 TAXATION OF UNITHOLDERS	24
6.3 ELIGIBILITY FOR INVESTMENT	25
ITEM 7. COMPENSATION PAID TO SELLERS AND FINDERS	25
ITEM 8. CERTAIN RISK FACTORS	26
ITEM 9. REPORTING OBLIGATIONS	31
ITEM 10. RESALE RESTRICTIONS	31
10.1 GENERAL STATEMENT	31
10.2 RESTRICTED PERIOD	31
ITEM 11. PURCHASER'S RIGHTS	31
ITEM 12. FINANCIAL STATEMENTS	33
ITEM 13. DATE AND CERTIFICATE	34
ITEM 14. APPENDIX A	35

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 Funds sell Units on a continuous basis, with closings to occur on the last business day of each week.

1.2 Use of Available Funds

Each 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 each Fund's stated objective.

1.3 Reallocation

The Funds intend to spend the net proceeds as stated. The Funds do not intend to reallocate funds.

ITEM 2. BUSINESS OF THE FUNDS

2.1 Structure

The two (2) separate funds offered herein are:

- 1) Picton Mahoney Market Neutral Equity Fund; and**
- 2) Picton Mahoney Long Short Equity Fund.**

Each 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 Funds pursuant to the Trust Declaration. The office of the Funds and of the Manager is located at 33 Yonge Street, Suite 830, Toronto, Ontario M5E 1G4. Each 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

Each 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 Funds were established and commenced business on December 30, 2005. The Funds have expanded their business through the sale of Units. As of March 31, 2017, there were approximately 4,969,725.59 Class A Units, 7,097,254.71 Class F Units and 361,744.60 Class I Units of the Market Neutral Fund outstanding. As of March 31, 2017 there were approximately 2,489,235.51 Class A Units, 2,520,815.85 Class F Units and 170,780.76 Class I Units of the Long Short Fund outstanding.

2.4 Investment Approach, Objectives 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. The Manager employs a multi-factor model that emphasizes factors that have shown to be effective at differentiating between strong and weak performing investment opportunities. These factors include: fundamental change, valuation, growth and quality. The Manager typically has a shorter investment horizon than other types of fund managers. The Manager seeks gains through significant movements in stock prices that can occur over a short to intermediate term time horizon.

Picton Mahoney Market Neutral Equity Fund

Investment Objective

The investment objective of the Picton Mahoney Market Neutral Equity Fund (the “Market Neutral Fund”) is to provide consistent long-term capital appreciation and to provide Unitholders with an attractive risk-adjusted rate of return with less volatility than traditional equity markets and low correlation to major equity markets.

Investment Strategies

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

Investing Long in Securities

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

Short Selling Securities

Short selling of securities of companies identified as unattractive investments by the Manager’s investment process and/or to hedge the market exposure of the Market Neutral 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 Market Neutral Fund shall not invest in any private placements by a private company.

Derivatives

The Market Neutral 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 Market Neutral Fund may use in this regard are clearing corporation and over-the-counter (OTC) options, futures or forwards. The Market Neutral 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 Market Neutral Fund's investment objective.

In order to achieve its investment objective, the Market Neutral Fund will be structured so that it generally possesses minimal equity market exposure. That is, on average, over an entire market cycle, the Manager expects the Market Neutral Fund will possess a net 0% long exposure with a forecasted market risk, or market beta, of approximately 0.0.

On average, over time, the Manager expects that, for every \$100 invested, the Market Neutral Fund shall be constructed as follows:

\$100 Cash = \$100 stock bought long
 (\$100) stock sold short
 \$100 cash or money market instruments

As illustrated above, the Market Neutral Fund invests an amount approximately equal to its Net Asset Value in cash or money market instruments. The Market Neutral Fund is expected on average to generate approximately 1.0 times this amount by selling securities short and using the cash raised from the shorted securities to buy other securities. The Manager intends to periodically rebalance the portfolio so that, after each rebalancing, the value of the long positions is approximately equal to the Market Neutral Fund's borrowing obligations in connection with the short positions.

Leverage

The Market Neutral 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 Market Neutral Fund. On average, over time the Market Neutral Fund expects to utilize leverage of two times its net assets, at the time of investment.

Investments in other funds managed by the Manager

The Market Neutral 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 Market Neutral Fund and in the best interests of the Market Neutral Fund. It is expected that the Market Neutral 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 Market Neutral Fund. The investment by the Market Neutral Fund in units of an Underlying Fund will not result in any duplication of management fees and performance fees to the Market Neutral Fund or the investors of the Market Neutral 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 Market Neutral Fund.

Picton Mahoney Long Short Equity Fund

Investment Objective

The investment objective of the Picton Mahoney Long Short Equity Fund (the "Long Short Fund") is to provide consistent long-term capital appreciation and to provide Unitholders with an attractive risk-adjusted rate of return.

Investment Strategies

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

Investing Long in Securities

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

Short Selling Securities

Short selling of securities of companies identified as unattractive investments by the Manager's investment process and/or to hedge the market exposure of the Long Short 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 Long Short Fund shall not invest in any private placements by a private company.

Derivatives

The Long Short 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 Long Short Fund may use in this regard are clearing corporation and over-the-counter (OTC) options, futures or forwards. The Long Short 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 Long Short Fund's investment objective.

In order to achieve its investment objective, the Long Short 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 Long Short Fund will possess a 50% net long exposure to the equity market. The Manager may alter the net market exposure of the Long Short Fund depending on the Manager's expectations of the direction of the overall equity markets within a permitted range of 150% net long exposure and 50% net short exposure.

Leverage

The Long Short 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 Long Short Fund.

Investments in other funds managed by the Manager

The Long Short Fund may invest in units of 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 Long Short Fund and in the best interests of the Long Short Fund. It is expected that the Long Short 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 Long Short Fund. The investment by the Long Short Fund in units of

an Underlying Fund will not result in any duplication of management fees and performance fees to the Long Short Fund or the investors of the Long Short 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 Long Short Fund.

2.5 Risk Management and Investment Restrictions

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 each Fund's 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. Each Fund's portfolio is reviewed and rebalanced on a regular and ongoing basis to maintain the risk reward target.

Investment Restrictions

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

Sole Undertaking

A 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

A 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 installment basis where the total purchase price and the amount of all such installments are fixed at the time the first installment is paid.

Interest of Manager

A 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. A 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 a 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

A Fund may not purchase any physical commodity.

Private Company Investments

A Fund may not invest in any company that does not have a public market for its securities.

Control Restrictions

Except as described herein and as may be permitted by applicable securities laws or regulatory relief therefrom, a 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 their holdings of those securities so that they do not hold securities exceeding such limits.

Foreign Investment Proposals

A Fund will not invest in (i) an interest in a trust (or 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 Tax Act.

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 Funds.

Trust Declaration

The Funds were created pursuant to the Trust Declaration entered into by Picton Mahoney as the Manager and Trustee to facilitate the administration of the Funds. The Trust Declaration is the Funds’ constating document and describes the terms and conditions respecting the issuance and redemption of Units, investment and valuation of the Funds’ assets, determination and distribution of gains, management and administration of the Funds, 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 Funds and is responsible for the day-to-day business of the Funds, including the management of the Funds’ investment portfolios. 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, an Exempt Market Dealer, a Portfolio Manager and a 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 each of the Funds and has authority to bind a Fund. The Manager will be responsible for managing the assets of each of the Funds, 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 a 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 Funds 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 Funds’ 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 each of the Funds 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 Funds pursuant to the Trust Declaration. The Trustee has those powers and responsibilities in respect of the Funds 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 each of the Funds 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 Funds shall be terminated.

The Trust Declaration provides that the Trustee and its affiliates have a right of indemnification from each of the Funds, and to the extent that the assets of the Funds 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 Funds 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 of a Fund (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 Funds, 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 each 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 Funds may be terminated on the occurrence of certain events stipulated in the Trust Declaration. The Manager may resign as manager of the Funds, and if no successor is appointed, the Funds will be terminated. On termination of the Funds, the Trustee will distribute the assets of the Funds in cash or in kind in accordance with the Trust Declaration.

Conflict of Interest

Services of the Manager not Exclusive to the Funds

The services of the Manager and its partners, and their respective directors, officers, employees, agents and associates are not exclusive to the Funds. 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 Funds as in their respective judgment is reasonably required, they will not be devoting their time exclusively to the affairs of each Fund or both Funds. 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 Funds 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 each Fund and any other such persons to whom it provides services.

Allocation of Investment Opportunities

Investment decisions for each 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 a Fund and for one or more of its other clients (including any Underlying Funds). If a 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 Funds, 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 Funds 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 Funds 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 Funds 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 Funds 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. Each 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 Funds or advice to be given to the Funds (each, a “Responsible Person”) or affiliates of such Responsible Persons are also partners, directors or officers of the Underlying Funds.

Each 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 a 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 a Fund (should the requirement for a vote arise); rather, the Manager may make arrangements to permit Unitholders of the Fund to exercise the votes attaching to the Fund’s investment in the Underlying Fund.

The investment by each 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, investors will acknowledge the multiple roles of the Responsible Persons and consent to the investment by a 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 Funds or the Trustee or the Manager (See Item 8 “Certain Risk Factors – Liability of Unitholders”). The Trust Declaration provides that a Fund will indemnify, out of the property of the respective 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 Funds and offering the Units, including the fees and expenses of legal counsel and the Funds’ auditors.

Each of the Funds 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 Funds pursuant to the Trust Declaration, the Manager receives a management fee (the “Management Fee”) from each 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.

To the extent permitted by applicable securities legislation, 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 Funds 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 Funds provided that the amount of the fee reduction is distributed (a "Fee Distribution") to such Unitholder. Fee Distributions of the Funds, 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 a Fund and thereafter out of capital. Any such reduction in Management Fees and/or Performance Fees in respect of a large investment in the Funds 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 Funds and the total amount of services provided to the investor with respect to their investment in the Funds. 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 a 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 a 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 a 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 a 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 Funds are as follows:

Name and Municipality of Principal Residence	Positions Held and the Date of Obtaining that Position	Compensation Paid by the Funds 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 Held¹
David Picton Toronto, Ontario	President since September 2004, Member of the Executive Committee since April 2012	Nil	133,289.578 Units of the Market Neutral Fund 82,607.073 Units of the Long Short Fund
Arthur Galloway Toronto, Ontario	Chief Financial Officer since April 2005, Member of the Executive Committee since April 2012, Chief Compliance Officer since March 2017	Nil	11,313.938 Units of the Market Neutral Fund 1,327.995 Units of the Long Short Fund
Picton Mahoney Diversified Strategies Fund	Principal Holder	Nil	86,176.21 Units of the Market Neutral Fund 83,805.20 Units of the Long Short Fund
Investor A ²	Principal Holder	Nil	131,382.51 Units of the Market Neutral Fund
Investor B ²	Principal Holder	Nil	284,026.40 Units of the Long Short Fund

¹ As at March 31, 2017. As the Funds offer Units on a continuous basis, the number and percentage of securities held after completion of maximum offering cannot be determined.

² To protect the privacy of investors who are not directors or officers of the Manager, we have omitted the name and municipality of principal residence of the principal holder. This information is available on request by contacting the Manager.

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 over 28 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.

Name	Principal occupation and related experience
Arthur Galloway Toronto, Ontario	Chief Financial Officer, Chief Operating Officer, Chief Compliance 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. 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.

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;
- (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; or
- (e) been subject to any cease trade order that has been in effect for a period of more than 30 consecutive days.

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 a Fund is represented by Units. Each 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 Funds will consult with their 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 each 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.

Each 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, 2017*
Class A Units of the Market Neutral Fund	Unlimited	4,969,725.59
Class A Units of the Long Short Fund	Unlimited	2,489,235.51
Class F Units of the Market Neutral Fund	Unlimited	7,097,254.71
Class F Units of the Long Short Fund	Unlimited	2,520,815.85
Class I Units of the Market Neutral Fund	Unlimited	361,744.60
Class I Units of the Long Short Fund	Unlimited	170,780.76

*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 Funds have 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 of the Market Neutral Fund	April 1, 2016 to March 31, 2017	48,105.72	19.109	919,234.06
Class A Units of the Long Short Fund	April 1, 2016 to March 31, 2017	13,871.21	24.489	339,698.77
Class F Units of the Market Neutral Fund	April 1, 2016 to March 31, 2017	882,608.48	20.696	18,266,295.03
Class F Units of the Long Short Fund	April 1, 2016 to March 31, 2017	387,188.72	27.040	10,469,637.81

ITEM 5. SECURITIES OFFERED

5.1 Terms of Securities

To date, each 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 a Fund is tracked on a Class by Class basis in each Fund's administration records, the assets of all Classes of a 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 of a Fund where all Classes vote together, or to one vote at meetings of Unitholders where that particular Class of Unitholders of a Fund 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 a Fund that is greater than the Unitholder's percentage interest in the income of that 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 2.7 "Fees and Expenses") made by a Fund to the Unitholders of the same Class; and (ii) upon liquidation of a 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 re-designated 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 a 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 (in jurisdictions where it is registered to sell the securities) or from a distributor on the FundSERV network under the Manufacturer Code to Picton Mahoney "PIC" and the order code:

- "PIC100" for Class A Units of the Market Neutral Fund;
- "PIC101" for Class F Units of the Market Neutral Fund;
- "PIC200" for Class A Units of the Long Short Fund; and
- "PIC201" for Class F Units of the Long Short Fund.

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 (in jurisdictions where it is registered to sell the securities) 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 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 a Fund, as such term is defined in Part XII.2 of the Tax Act, if, as a consequence thereof, a 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 a 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 a 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, a 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 a 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 Funds. 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 a 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 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 all Classes, or such lesser amount as the Manager may, in its sole discretion, determine subject to applicable securities legislation.

Distribution of Units

Units of the Funds are offered under this Offering Memorandum only to investors resident in the Provinces of British Columbia 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 a 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 a Fund's assets. In addition, if the Manager has received requests to redeem 30% or more of the outstanding Units of a 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 Funds, 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 a Fund and to discourage short-term trading in a Fund, investors may be subject to a short-term trading deduction. If an investor redeems Units of a 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 a 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 a Fund is less than the minimum initial subscription amount. In addition, the Manager may cause a Fund to redeem Units owned by a person or partnership that is a "designated beneficiary" without notice if the continued ownership of Units by such person or partnership could have adverse tax consequences to the Fund. In addition, a 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

Each 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 a 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 a Fund from the total assets of a Fund. The total assets of a 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 by taking the average of bid and ask 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 a Fund payable by a 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 a 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 Funds and each Class are calculated in Canadian dollars. The Net Asset Value of each of the Funds 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 Funds and shall not be responsible for any losses or damages resulting from relying on such information.

5.5 Distributions

Each 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 a 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 Funds 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 a 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 Funds.

ITEM 6. INCOME TAX CONSEQUENCES AND ELIGIBILITY FOR INVESTMENT

The following is, as of March 31, 2017, a summary of certain of the principal Canadian federal income tax considerations generally applicable to the acquisition, holding and disposition of Units by a Unitholder who acquires 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 Funds and holds Units as capital property.

This summary assumes that none of the issuers of securities held by a 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 (i) each Fund will not be a "SIFT trust" for the purposes of the Tax Act, (ii) each Fund will, at all material times, constitute a "mutual fund trust" for the purposes of the Tax Act, and (iii) each Fund 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, an understanding of the current published administrative and assessing practices of the Canada Revenue Agency (the "CRA") all as of March 31, 2017, and all specific proposals to amend the Tax Act and regulations thereunder publicly announced by the Minister of Finance (Canada) prior to March 31, 2017 (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. 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 particular circumstances.

6.1 Taxation of the Funds

Each 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 claims in respect of the amount paid or payable to Unitholders in the year. Each 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 Item 5.5 "Distributions", it will generally not be liable in such year for any tax on its net income or profit under Part I of the Tax Act.

The Funds generally intend to account for gains and losses realized on transactions in derivatives on income account. However, a Fund may report certain share option 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 a Fund are on income or capital account will depend largely on factual considerations. Each Fund has elected under subsection 39(4) of the Tax Act such that all gains and losses realized by the Fund on "Canadian securities" will be deemed to be capital gains and losses. Whether a Fund, if it is not a "mutual fund trust" for purposes of the Tax Act at a particular time, will be entitled to the benefit of such election will depend on factual considerations.

Each 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 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 a 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. Each 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 a 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. The Funds may generally deduct the costs and expenses of the offering of Units under this Offering Memorandum that are paid by a Fund at a rate of 20% per year, pro-rated where a Fund's taxation year is less than 365 days.

Each 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, a Fund may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

Each 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 a 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 a 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 a 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 Funds.

A 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 a 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. Net income (or losses) including capital gains (or capital losses) realized by a Fund in a taxation year in respect of a particular Class of Units must be netted against losses (or gains) or capital losses (or capital gains) realized by the Fund in that year in respect of all other classes of Units, in accordance with the rules provided in the Tax Act, to determine the net income and net capital gains of the Fund as a whole for that year. This netting may result in income and/or capital gains allocations to a particular Class of Units that differ from those that would result if such Units had been issued by a separate trust having only one class and series of units. The non-taxable portion of a 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 a 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, except to the extent such amount is the non-taxable portion of a capital gain of a Fund the taxable portion of which was designated to the Unitholder. To the extent that the adjusted cost base of a 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 Units will be increased by the amount of such deemed capital gain.

Provided that appropriate designations are made by a 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 normal 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 Funds 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 a 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 a 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 the 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 a 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 published administrative positions 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 a 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

Provided a Fund qualifies as a “mutual fund trust” for purposes of the Tax Act, Units of such Fund will be qualified investments for trusts governed by registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), deferred profit sharing plans, registered education savings plans (“RESPs”), registered disability savings plans (“RDSPs”) and tax-free savings accounts (“TFSAs”). Investors should consult the Manager as to whether a Fund qualifies as a “mutual fund trust” at any particular time.

Notwithstanding the foregoing, if Units are “prohibited investments” for a TFSA, an RRSP, an RRIF, or, pursuant to Proposed Amendments as of March 22, 2017, for an RDSP or RESP, the holder of the TFSA, or the annuitant of the RRSP or the RRIF, or the holder of an RDSP or the subscriber of an RESP, 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, RRIFs, RDSPs or RESPs 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, 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 Funds is to ensure that the Manager, the Dealer, its representatives and investors all have a common interest in the Funds performing well. The Manager at its discretion may calculate and pay performance-based servicing fees of a 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 Funds. Investors should consider the following risk factors in evaluating the merits and suitability of an investment in the Funds.

The Funds may invest in the Underlying Funds. Therefore, the return of each of the Funds will be affected by the risks described herein associated with an investment not only in the Funds, to the extent applicable, but also in the Underlying Funds. In addition to each of the Funds, 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 a Fund will be able to accomplish its objectives. An investment in a 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

Each Fund is an investment trust formed on December 31, 2005. An investment in a 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 Funds. 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 Funds are offered pursuant to prospectus and registration exemptions and, accordingly may not be transferred unless appropriate exemptions are available. The Units of the Funds are subject to limited redemption rights which may be suspended or postponed in certain circumstances.

General Economic and Market Conditions

The success of a 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 a Fund's investments. Unexpected volatility or illiquidity may impair a Fund's profitability or result in losses.

Foreign Market Exposure

The Funds will, at any time, include securities established in jurisdictions 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 Funds may be valued in or have exposure to currencies other than the Canadian dollar and, accordingly, each Class Net Asset Value will, when measured in Canadian dollars, be affected by fluctuations in the value of such currencies relative to the Canadian dollar. However, the Manager may hedge the Canadian dollar exposure to the foreign currency 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 a 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 a Fund's turnover, transaction and market impact costs, interest and securities lending expenses and other costs and expenses.

Derivatives Risk

A 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 a 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 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.

Counterparty Risk

A 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 a Fund may be held in one or more margin accounts due to the fact that a 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 a Fund in such accounts, which may result in a potential loss of such assets. As a result, the assets of a 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, a 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 a Fund.

Portfolio Turnover

The Manager adjusts the proportions of investments held in the Funds on a relatively frequent basis. In order to do so, the Manager actively trades on a frequent ongoing basis, such that the operation of a Fund may result in a high, annual portfolio turnover rate. The amount of leverage that a 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 Funds 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 a Fund in a year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

Liquidity of Investments

A 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. A 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 Funds 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 a Fund generally will be allocated among the Classes of Units by the Manager in a fair and equitable manner, and a creditor of a Fund may seek to satisfy its claims from the assets of a Fund as a whole, even though its claims relate only to a particular Class of Units.

Performance 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 a 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 of a Fund. The Unitholders will not take part in the management or control of a 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 a 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 a Fund. The Manager may require a Unitholder, at any time, to withdraw, in whole or in part, from a Fund.

Early Termination

In the event of the early termination of a 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 a Fund may be illiquid and might have little or no marketable value. In

addition, the securities held by a 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 a 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 a 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 a 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 a Fund, and may provide similar services to other investment funds with investment objectives and strategies similar to that of the Funds 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 Funds 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 Funds.

Liability of Unitholders

Each 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 Funds. 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 a Fund's property or the obligations or the affairs of a Fund and all such persons shall look solely to a Fund's property for satisfaction of claims of any nature arising out of or in connection therewith and a Fund's property only shall be subject to levy or execution. Pursuant to the Trust Declaration, a 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 Funds, 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 a Fund, such Unitholder will be entitled to reimbursement from any available assets of the Fund.

The prime brokerage agreement between a 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

If a Fund fails or ceases to qualify as a "mutual fund trust" under the Tax Act, the income tax considerations described under Item 6 "Income Tax Consequences and Eligibility for Investment" would be materially and adversely different in certain respects. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects Unitholders.

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 a Fund were found to be a “SIFT trust”, the amounts available to be distributed by such Fund to its Unitholders could be materially reduced.

A Fund may be subject to loss restriction rules contained in the Tax Act (the "Loss Restriction Rules"). If a Fund experiences a "loss restriction event" (i) the Fund will be deemed to have a year-end for tax purposes (which would result in an allocation of the Fund's net income and net realized capital gains at such time to Unitholders so that the Fund is not liable for income tax on such amounts) and (ii) the Fund will be deemed to realize any unrealized capital losses and its ability to carry forward losses will be restricted. Generally a fund will have a loss restriction event when a person becomes a "majority-interest beneficiary" of the Fund or a group of persons becomes a "majority-interest group of beneficiaries" of the Fund, as those terms are defined in the Loss Restriction Rules.

US FATCA Compliance

Under 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.

Change of Law

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.

Investment Risk Rating

The Manager has identified the investment risk level of the Market Neutral Fund as an additional guide to help prospective investors decide whether the Market Neutral Fund is right for the investor. The Manager’s determination of the investment risk rating for the Market Neutral Fund is guided by the methodology recommended by the Fund Risk Classification Task Force of The Investment Funds Institute of Canada (the “Task Force”). The Task Force concluded that the most comprehensive, easily understood form of risk is the historical volatility of a fund as measured by the standard deviation of its performance. The use of standard deviation as a measurement tool allows for a reliable and consistent quantitative comparison of a fund’s relative volatility and related risk. Standard deviation is widely used to measure volatility of return. A fund’s risk is measured using rolling one, three and five year standard deviation and comparing these values against other funds and an industry standard framework. The standard deviation represents, generally, the level of volatility in returns that a fund has historically experienced over the set measurement periods. For new funds or funds which have a historical performance of less than three to five years, an appropriate benchmark index is used to estimate the expected volatility and therefore risk level of the fund.

However, you should be aware that other types of risk, both measurable and non-measurable, may exist. Additionally, just as historical performance may not be indicative of future returns, the Market Neutral Fund’s

historical volatility may not be indicative of its future volatility. In accordance with the methodology described above, the Manager has rated the Market Neutral Fund's investment risk as Medium.

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 FUNDS. 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 Funds 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 Funds 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 Funds are relying on the exemption pursuant to section 2.11 of National Instrument 81-106 – *Investment Fund Continuous Disclosure*, not to file their 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 Funds 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 a 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 summary 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 3 years the date of the transaction that gave rise to the cause of action.

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.

ITEM 12. FINANCIAL STATEMENTS

The audited Financial Statements for the period ended December 31, 2016 are attached hereto and form part hereof.

ITEM 13. DATE AND CERTIFICATE

Dated March 31, 2017.

This offering memorandum does not contain a misrepresentation.

**PICTON MAHONEY MARKET NEUTRAL EQUITY FUND
PICTON MAHONEY LONG SHORT EQUITY FUND,
by their 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

DIRECTORY

ISSUERS

Picton Mahoney Market Neutral Equity Fund
33 Yonge Street, Suite 830
Toronto, Ontario
M5E 1G4

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

MANAGER

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

PRIME BROKERS

Prime Broker for Picton Mahoney Market Neutral Equity Fund:
Scotia Capital Inc.
Scotia Plaza, 65th Floor
40 King Street West
Box 4085, Station "A"
Toronto, Ontario
M5W 2X6

Prime Broker for Picton Mahoney Long Short Equity Fund:
RBC Dominion Securities Inc.
200 Bay Street
Toronto, Ontario
M5J 2W7

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

AUDITORS

PricewaterhouseCoopers LLP
PwC Tower
18 York Street
Suite 2600
Toronto, Ontario
M5J 0B2

**FUND ADMINISTRATOR
AND VALUATION AGENT**

RBC Investor Services Trust
155 Wellington Street West, 2nd Floor
Toronto, Ontario
M5V 3L3

LAWYERS

McMillan LLP
Brookfield Place, Suite 4400
181 Bay Street
Toronto, Ontario
M5J 2T3

MARKET NEUTRAL EQUITY FUND



**THINK AHEAD.
STAY AHEAD.**

A MESSAGE FROM THE PRESIDENT

Dear fellow investor,

Since inception, our focus has been on the active management of volatility and dedication to our fundamental change investment approach. It has been a challenging time for our style, and we thank you for your trust in us as we weathered the crowding challenges earlier in the year. As 2016 came to a close, we were pleased to see our preferred factor exposures to positive change combined with quality and valuation starting to bear fruit once again.

We were also pleased to see our income strategies deliver on their promise to manage interest rate risk. Since rates bottomed in July, our Income Opportunities Fund has significantly outperformed its benchmark, handily demonstrating the advantages of active management and a disciplined approach to managing rate risk in an income portfolio.

2016 is ending in a diametrically opposite fashion to the close of 2015: inflation expectations are rising (instead of falling) and consumer/business confidence is surging on renewed hope for a more growth-friendly environment (instead of collapsing on recessionary fears). We see interesting parallels to the market regime of the mid-1980s and, as such, we remain vigilant that a boom/bust scenario could be in the offing. The tipping point may be triggered by any of the following risks we are attuned to:

- Inflation: the US Federal Reserve is behind the curve and could hike rates more aggressively than expected
- USD strength: continued strength may prove too much for the global economy / markets to bear (particularly emerging economies)
- China: a slowdown is underway, but progressive currency devaluation could get unruly given the government's active intervention in the midst of rampant capital flight
- Growth: the global economy could slow quicker than expected as financial conditions tighten
- Populism: various "movements" globally could bring destabilizing regime shifts (trade wars, geopolitical risks, exclusionism, etc) with implications for de-globalization

Though we remain constructive on equities (and negative on government bonds), we believe the market is poised to "inflate 'til it breaks"—and

caution investors accordingly. With rates on the rise and an unpredictable new leader south of our border, proper portfolio construction will matter in 2017. True hedging should re-take the forefront not as an alternative, but an imperative.

On a related note, we were pleased to see our Fortified Funds ring in their one year anniversary. The Brexit shock in June and rate bottoming in July were excellent tests for the "safety net" built into these prospectus offerings—and provided proof that the rules-based options hedging approach can indeed mitigate market downturns while capturing upside. We continue to believe the average investor portfolio lacks robust construction and proper diversification. These solutions (equity, income and multi-asset) offer the broad investing public more options for growing and protecting wealth at a time when active, nimble risk management matters.

We continued to invest in our investment platform this year. As we mentioned in our semi-annual note, we welcomed significant talent to the team including Michael White, a Portfolio Manager with expertise in asset allocation strategies, as well as Robert Poole, our Financials Analyst. We also undertook an extensive review of our strategies and monitoring systems, looking for areas to fine tune both our fundamental and quantitative processes. Thanks to the refinements made, I firmly believe our investment process is the strongest it has ever been. Our enhanced stress-testing capabilities enabled us to apply even more precision to managing event-driven risk towards the end of the year.

As always, I would like to take this opportunity to thank you for entrusting us with your wealth. We continue to sincerely appreciate the partnership we have with you—and are unfailingly committed to helping you reach your investment objectives with greater certainty. Should you have any questions about your investments with us or the other strategies we offer, please contact our Client Services team at 416-955-4108.

Sincerely,



David Picton
President
Picton Mahoney Asset Management

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of

Picton Mahoney Market Neutral Equity Fund

Picton Mahoney Long Short Equity Fund

Picton Mahoney Global Market Neutral Equity Fund

Picton Mahoney Global Long Short Equity Fund

Picton Mahoney Diversified Strategies Fund

Picton Mahoney Income Opportunities Fund

Picton Mahoney Long Short Global Resource Fund

Picton Mahoney Long Short Emerging Markets Fund

Picton Mahoney Special Situations Fund

Picton Mahoney Concentrated Opportunistic Long Short Fund

(collectively the Funds)

We have audited the accompanying financial statements of each of the Funds, which comprise the statements of financial position, comprehensive income (loss), changes in net assets attributable to holders of redeemable units and cash flows as at and for the periods indicated in note 1, 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 of each of the Funds 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 of each of the Funds 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 each of our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of each of the Funds present fairly, in all material respects, the financial position, financial performance and cash flows of each of the Funds as at and for the periods indicated in note 1 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

March 31, 2017

PICTON MAHONEY MARKET NEUTRAL EQUITY FUND

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2016 \$	December 31, 2015 \$
Assets		
Current assets		
Long positions at fair value*	365,920,687	462,955,574
Unrealized gain on futures contracts	-	372
Cash	33,572,887	119,535,414
Deposits with brokers for securities sold short	163,930,946	210,802,668
Subscriptions receivable	271,292	416,000
Receivable for investments sold	13,252,808	9,641,546
Distributions receivable from underlying funds	59,088	-
Interest and other receivable	79,166	602
Dividends receivable	506,591	790,700
	<u>577,593,465</u>	<u>804,142,876</u>
Liabilities		
Current liabilities		
Short positions at fair value**	283,226,772	378,287,901
Accrued liabilities	221,884	190,904
Management fee payable	245,212	366,003
Redemptions payable	3,314,348	877,043
Payable for investments purchased	10,656,405	4,471,115
Interest payable	41,484	111,071
Dividends payable	554,369	1,445,270
	<u>298,260,474</u>	<u>385,749,307</u>
Net Assets Attributable to Holders of Redeemable Units	<u>279,332,991</u>	<u>418,393,569</u>
Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	112,281,156	180,553,693
Class F	162,191,278	227,869,039
Class I	4,860,557	9,970,837
Number of Units Outstanding		
Class A	5,935,703	9,145,663
Class F	7,859,576	10,694,300
Class I	361,745	725,154
Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	18.92	19.74
Class F	20.64	21.31
Class I	13.44	13.75
*Long positions, at cost	327,637,366	453,876,412
**Proceeds on investments sold short	(280,421,805)	(421,649,629)

Approved on behalf of the Manager

David Picton

Arthur Galloway




President

CFO

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

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the years ended December 31

	2016 \$	2015 \$
Income		
Net gains (losses) on investments and derivatives		
Interest for distribution purposes	1,291,510	2,583,293
Dividends	7,153,431	11,076,310
Distributions from underlying funds	138,098	-
Net realized gain (loss) on investments and options	17,180,200	38,917,689
Net realized gain (loss) on foreign exchange forward contracts, futures, and credit default swaps	(16,868)	909,420
Change in unrealized appreciation (depreciation) on investments, options, foreign exchange forward contracts and futures	(19,033,870)	(13,545,915)
Interest and borrowing expense	(2,624,809)	(3,463,285)
Dividend expense	(6,617,573)	(12,915,478)
Net gains (losses) on investments and derivatives	<u>(2,529,881)</u>	<u>23,562,034</u>
Other income		
Foreign currency gain (loss) on cash and other assets and liabilities	(1,971,958)	3,070,847
	<u>(4,501,839)</u>	<u>26,632,881</u>
Expenses		
Management fee (Note 11)	4,797,386	6,857,622
Performance fee (Note 11)	-	3,497,775
Administrative fees	143,701	33,679
Audit fees	79,211	88,506
Legal fees	16,088	17,602
Securityholder reporting fees	186,464	404,850
Harmonized sales tax	451,952	884,174
Withholding taxes	145,593	195,742
Transaction costs	3,842,489	6,063,712
Total Expense before Manager Absorption	<u>9,662,884</u>	<u>18,043,662</u>
Less: Expenses Absorbed by Manager	-	-
Total Expense after Manager Absorption	<u>9,662,884</u>	<u>18,043,662</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	<u>(14,164,723)</u>	<u>8,589,219</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	(6,965,998)	2,323,586
Class F	(6,972,320)	5,908,794
Class I	(226,405)	356,839
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	(0.93)	0.22
Class F	(0.74)	0.45
Class I	(0.49)	0.50

PICTON MAHONEY MARKET NEUTRAL EQUITY FUND

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

For the years ended December 31

	2016 \$	2015 \$
Net Assets Attributable to Holders of Redeemable Units at Beginning of Year		
Class A	180,553,693	241,556,722
Class F	227,869,039	332,786,125
Class I	9,970,837	9,177,578
	<u>418,393,569</u>	<u>583,520,425</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
Class A	(6,965,998)	2,323,586
Class F	(6,972,320)	5,908,794
Class I	(226,405)	356,839
	<u>(14,164,723)</u>	<u>8,589,219</u>
Redeemable Unit Transactions		
Proceeds from redeemable units issued		
Class A	1,968,297	4,699,519
Class F	23,868,081	34,828,023
Class I	820,878	2,128,204
	<u>26,657,256</u>	<u>41,655,746</u>
Redemption of redeemable units		
Class A	(63,274,836)	(68,026,134)
Class F	(82,573,522)	(145,653,903)
Class I	(5,704,753)	(1,691,784)
	<u>(151,553,111)</u>	<u>(215,371,821)</u>
Net Increase (Decrease) from Redeemable Unit Transactions	<u>(124,895,855)</u>	<u>(173,716,075)</u>
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	<u>(139,060,578)</u>	<u>(165,126,856)</u>
Net Assets Attributable to Holders of Redeemable Units at End of Year		
Class A	112,281,156	180,553,693
Class F	162,191,278	227,869,039
Class I	4,860,557	9,970,837
Net Assets Attributable to Holders of Redeemable Units at End of Year	<u>279,332,991</u>	<u>418,393,569</u>

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

STATEMENTS OF CASH FLOWS

For the years ended December 31

	2016 \$	2015 \$
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable units	(14,164,723)	8,589,219
Adjustments for:		
Unrealized foreign exchange (gain) loss on cash	2,200,149	(906,688)
Net realized (gain) loss on investments and options	(17,180,200)	(38,917,689)
(Increase) decrease in deposits with brokers for futures contracts	44,789	(44,789)
Change in unrealized (appreciation) depreciation on investments, options, foreign exchange forward contracts and futures	19,033,870	13,545,915
Distributions receivable from underlying funds	(59,088)	-
(Increase) decrease in deposits with brokers for securities sold short	46,871,722	89,917,084
(Increase) decrease in interest and other receivable	(78,564)	(602)
(Increase) decrease in dividends receivable	284,109	127,393
Increase (decrease) in interest payable	(69,587)	(46,602)
Increase (decrease) in dividends payable	(890,901)	291,589
Increase (decrease) in other payable and accrued liabilities	(89,811)	(385,269)
Purchase of long positions and repurchase of investments sold short	(1,905,627,510)	(2,125,919,998)
Proceeds from sales of long positions and on investments sold short	1,908,321,998	2,144,542,157
Net Cash Generated (Used) by Operating Activities	<u>38,596,253</u>	<u>90,791,720</u>
Cash Flows from Financing Activities		
Proceeds from redeemable units issued	26,801,964	41,399,746
Amount paid on redemption of redeemable units	(149,115,806)	(215,163,944)
Net Cash Generated (Used) by Financing Activities	<u>(122,313,842)</u>	<u>(173,764,198)</u>
Unrealized foreign exchange gain (loss) on cash	(2,200,149)	906,688
Net increase (decrease) in cash	(83,717,589)	(82,972,478)
Cash (overdraft), beginning of year	119,490,625	201,556,415
Cash (Overdraft), End of Year	<u>33,572,887</u>	<u>119,490,625</u>
Items classified as operating activities:		
Interest received, net of withholding tax	1,212,946	2,582,691
Dividends received, net of withholding tax	7,291,947	11,007,961
Interest and borrowing expense paid	(2,694,396)	(3,028,389)
Dividends paid	(7,508,474)	(12,623,889)

PICTON MAHONEY MARKET NEUTRAL EQUITY FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2016

CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
LONG POSITIONS (131.0%)									
Canadian Equities (107.9%)									
Consumer Discretionary (12.2%)									
	64,200	Alarmforce Industries Inc.	687,502	655,482		14,800	Mullen Group Ltd.	277,111	293,484
	86,600	Aritzia Inc.	1,386,042	1,515,500		234,100	NuVista Energy Limited	1,512,867	1,624,654
	106,500	BRP Inc., Subordinate Voting Shares	2,658,120	3,019,275		3,700	Pacific Exploration and Production Corp.	197,086	217,301
	46,900	Canadian Tire Corporation Limited, Class A	5,037,313	6,531,763		113,600	Parex Resources Inc.	1,137,846	1,919,840
	75,000	Cogeco Inc.	4,293,519	4,254,000		152,000	Parkland Fuel Corp., 2017-01-08 ***	3,724,000	3,724,000
	500	Dorel Industries Inc., Class B	18,280	19,400		123,900	Parkland Fuel Corporation	2,901,095	3,485,307
	223,050	Great Canadian Gaming Corporation	5,131,942	5,571,789		558,800	PHX Energy Services Corp.	2,034,788	2,296,668
	382,000	Imvescor Restaurant Group Inc.	882,687	1,337,000		83,000	Seven Generations Energy Limited	2,318,253	2,598,730
	39,900	Magna International Inc.	2,079,293	2,326,170		4,600	Surge Energy Inc.	13,730	15,226
	84,100	Mettrum Health Corp.	590,660	521,420		191,773	Tamarack Valley Energy Limited	785,092	663,535
	2,600	MTY Food Group Inc.	116,500	131,456		4,300	Tourmaline Oil Corporation	156,857	154,413
	40,300	Park Lawn Corp.	644,800	633,919		201,100	Trican Well Service Ltd.	576,645	925,060
	81,150	Quebecor Inc., Class B	2,656,469	3,028,518		432,200	Trinidad Drilling Limited	1,047,122	1,443,548
	17,900	Restaurant Brands International Inc.	1,105,217	1,144,649		355,100	Veresen Inc.	3,688,737	4,655,361
	23,400	Sleep Country Canada Holdings Inc.	428,308	673,452		428,900	Yangarra Resources Limited	471,501	823,488
	62,612	Spin Master Corporation	1,499,105	2,015,480		3,900	ZCL Composites Inc.	46,002	50,583
	77,700	Stingray Digital Group Inc.	521,025	676,767				45,228,831	53,571,962
			29,736,782	34,056,040					
Consumer Staples (3.4%)					Financials (17.3%)				
	99,500	Cott Corporation	1,717,661	1,512,400		201,200	Acasta Enterprises Inc., Class A	1,991,650	2,046,204
	2,800	George Weston Ltd.	317,934	318,052		90,300	Acasta Enterprises Inc., Class B	903,000	918,351
	200	Lassonde Industries Inc.	34,499	44,602		209,300	Acasta Enterprises Inc. Warrants, 2015-09-08	41,855	272,090
	7,600	Rogers Sugar Inc.	47,659	51,756		57,000	AGF Management Limited	298,973	357,390
	92,400	Saputo Inc.	3,363,092	4,389,923		296,000	Alignvest Acquisition Corporation	2,983,034	3,019,200
	174,700	SunOpta Inc.	1,342,629	1,671,879		117,350	Alignvest Acquisition Corporation Warrants, 2020-08-04	-	151,382
	50,900	The North West Company Inc.	1,358,930	1,400,768		126,750	Brookfield Asset Management Inc., Class A	5,583,223	5,615,025
			8,182,404	9,389,380		30,300	Brookfield Canada Office Properties	802,099	794,769
Energy (19.2%)						1,269,370	DealNet Capital Corporation	587,238	736,235
	193,600	Advantage Oil & Gas Limited	1,671,944	1,765,632		587,050	DealNet Capital Corporation Warrants, 2017-02-18	-	46,964
	195,800	ARC Resources Limited	3,545,633	4,524,937		24,950	ECN Capital Corp.	74,111	82,335
	179,500	Baytex Energy Corporation	985,108	1,177,520		5,200	Equitable Group Inc.	282,248	314,392
	422,100	Bonavista Energy Corporation	1,487,924	2,030,301		124,700	First Mining Finance Corp.	95,395	107,242
	4,200	Bonterra Energy Corporation	105,018	122,178		74,700	First National Financial, Series 1 Preferred	969,802	1,045,800
	13,300	Canacol Energy Ltd.	57,795	60,914		29,000	FirstService Corporation	1,457,527	1,848,460
	188,400	Cenovus Energy Inc.	3,631,430	3,824,520		9,300	Genworth MI Canada Inc.	277,381	313,038
	421,100	Crew Energy Inc.	2,209,692	3,162,461		306,400	Gibraltar Growth Corporation	3,033,359	3,024,168
	86,000	Enbridge Inc.	4,440,039	4,859,000		306,400	Gibraltar Growth Corporation Warrants, 2020-11-11	30,640	143,242
	89,400	Enerflex Limited	1,204,922	1,524,270		2,750	Industrial Alliance Insurance & Financial Services Inc.	122,019	146,823
	161,600	Enerplus Corporation	1,721,468	2,058,784		108,050	INFOR Acquisition Corporation Warrants, 2020-07-06	-	38,898
	17,200	Ensign Energy Services Inc.	144,275	161,336		184,100	Kew Media Group Inc.	1,822,590	1,831,795
	46,100	Freehold Royalties Limited	566,599	653,237					
	57,800	Gibson Energy Inc.	1,064,368	1,097,044					
	11,600	Granite Oil Corporation	79,625	68,324					
	6,700	Imperial Oil Limited	292,594	312,957					
	60,000	Ithaca Energy Inc.	76,471	101,400					
	173,700	Kelt Exploration Limited	1,055,194	1,175,949					

PICTON MAHONEY MARKET NEUTRAL EQUITY FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2016

CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	184,100	Kew Media Group Inc. Warrants, 2021-07-25	18,410	104,937		2,400	Magellan Aerospace Corporation	31,710	43,152
	82,850	Manulife Financial Corporation	1,959,966	1,980,944		69,700	New Flyer Industries Inc.	2,459,193	2,846,548
	96,900	National Bank of Canada	4,705,633	5,283,957		564,900	StorageVault Canada Inc.	480,165	813,456
	1,600	Onex Corporation	144,580	146,208		6,700	TFI International Inc.	220,989	233,763
	63,550	Royal Bank of Canada	5,071,010	5,774,789		28,900	Tidewater Midstream and Infrastructure Ltd.	46,527	45,951
	100,550	Sun Life Financial Inc.	4,690,596	5,183,353		12,600	Transcontinental Inc., Class A	239,119	279,594
	7,800	The Bank of Nova Scotia	514,769	583,128		47,754	Waste Connections Inc.	3,584,428	5,030,405
	81,900	The Toronto-Dominion Bank	4,742,155	5,423,418		11,400	Westshore Terminals Investment Corporation	301,473	295,146
	204,600	The Westaim Corporation	562,671	572,880		13,900	WSP Global Inc.	657,284	621,191
	4,600	TMX Group Ltd.	279,851	328,992				20,564,869	25,680,566
			44,045,785	48,236,409					
Real Estate (5.2%)					Information Technology (3.4%)				
	3,200	Agellan Commercial Real Estate Investment Trust	34,777	34,144		20,600	CGI Group Inc., Class A	1,291,811	1,327,464
	113,200	Altus Group Limited	2,655,891	3,504,672		29,571	Kinaxis Inc.	1,230,665	1,848,188
	15,350	Automotive Properties Real Estate Investment Trust	156,949	163,938		72,700	Open Text Corporation	5,794,580	6,028,284
	189,900	Chartwell Retirement Residences	2,242,627	2,782,035		128,845	Sandvine Corporation	400,060	362,054
	41,850	Granite Real Estate Investment Trust	1,705,322	1,876,136				8,717,116	9,565,990
	7,050	H&R Real Estate Investment Trust	160,028	157,709					
	125,100	Killam Apartment Real Estate Investment Trust	1,526,714	1,493,694		90,400	Agnico Eagle Mines Limited	3,663,394	5,103,080
	60,600	Milestone Apartments Real Estate Investment Trust	1,100,711	1,151,400		20,300	Agrium Inc.	2,499,533	2,739,688
	58,700	Pure Industrial Real Estate Trust	310,694	328,133		1,757,100	Algold Resources Limited	275,710	421,704
	295,900	Pure Multi-Family REIT LP	2,125,159	2,453,011		250,000	Algold Resources Limited Warrants, 2017-07-19	3	-
	1,700	Slate Retail REIT	22,862	25,585		1,257,100	Algold Resources Limited Warrants, 2018-04-01	-	119,173
	17,400	Tricon Capital Group Inc.	161,449	164,604		100,500	Altius Minerals Corporation	1,143,150	1,274,340
	21,050	WPT Industrial Real Estate Investment Trust	291,296	335,081		80,800	Argonaut Gold Inc.	170,851	171,296
			12,494,479	14,470,142		540,500	Avneel Gold Mining Limited Warrants, 2017-05-07	10,810	1
Health Care (1.5%)						11,700	Canfor Corporation	170,475	178,659
	102,200	CanniMed Therapeutics Inc.	1,226,400	1,098,650		143,000	Cascades Inc.	1,563,344	1,730,300
	141,000	CRH Medical Corp.	763,149	1,010,970		12,700	CCL Industries Inc., Class B	2,393,447	3,350,260
	64,100	Novadaq Technologies Inc.	976,740	608,309		76,000	Chemtrade Logistics Income Fund	1,351,655	1,439,440
	143,900	Prometic Life Sciences Inc.	314,368	320,897		60,000	Detour Gold Corporation	1,073,075	1,097,400
	22,800	Sienna Senior Living Inc.	367,762	371,640		200,186	Dominion Diamond Corporation	2,971,493	2,604,420
	245,500	TSO3 Inc.	794,815	694,765		26,800	Endeavour Silver Corp.	166,385	127,300
			4,443,234	4,105,231		282,700	Filo Mining Corp., 2017-03-16 ***	565,400	494,725
Industrials (9.2%)						20,500	First Quantum Minerals Ltd.	278,502	273,675
	4,300	AG Growth International Inc.	202,216	225,836		1,035,500	Golden Star Resources Ltd.	1,058,629	1,025,145
	255,200	Air Canada	2,764,206	3,488,584		231,000	Guyana Goldfields Inc.	1,752,552	1,413,720
	31,630	Badger Daylighting Limited	871,696	1,015,323		257,000	HudBay Minerals Inc.	1,725,262	1,973,760
	9,000	Bird Construction Inc.	108,404	81,540		996,012	Integra Gold Corporation	286,201	557,767
	183,900	Black Diamond Group Ltd.	652,460	831,228		900	Interfor Corporation	12,890	13,527
	103,600	CAE Inc.	1,785,936	1,945,608		68,400	Intertape Polymer Group Inc.	1,280,305	1,722,312
	48,200	Canadian National Railway Company	3,839,041	4,355,352		16,400	Kinross Gold Corporation	90,774	68,716
	57,600	Cargojet Inc.	1,589,107	2,634,624		490,700	Lithium Americas Corporation	447,133	392,560
	13,500	Chorus Aviation Inc.	73,607	97,605		1,200	Lucara Diamond Corporation	4,134	3,648
	44,500	Hardwoods Distribution Inc.	657,308	795,660		264,900	Lundin Mining Corporation	1,181,606	1,695,360
						26,300	Mandalay Resources Corp.	31,852	21,040

PICTON MAHONEY MARKET NEUTRAL EQUITY FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2016

CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	411,400	Nemaska Lithium Inc.	453,661	510,136	Telecommunication Services (0.7%)				
	295,500	Nemaska Lithium Inc. Warrants, 2019-07-08	-	82,740	38,650		Rogers Communications Inc., Class B	2,138,499	2,001,684
	138,500	Northern Dynasty Minerals Ltd.	399,349	383,645	Utilities (3.2%)				
	74,750	Osisko Gold Royalties Limited Warrants, 2019-02-26	142,219	168,188	6,600		Atco Limited, Class I	278,547	294,756
	78,700	Osisko Mining Inc.	176,027	192,028	27,000		Atlantic Power Corp.	89,523	91,260
	389,900	Probe Metals Inc.	387,191	526,365	155,100		Boralex Inc., Subscription Receipts	2,582,415	2,956,206
	135,000	Probe Metals Inc. Warrants, 2018-02-17	-	15,621	13,900		Capital Power Corporation	299,308	322,897
	1,187,400	Pure Gold Mining Inc.	700,045	617,448	39,050		Crius Energy Trust	332,256	329,192
	482,400	Roxgold Inc.	645,660	583,704	41,900		Emera Inc.	1,930,433	1,901,841
	5,682,500	Rye Patch Gold Corp.	1,210,163	1,761,575	78,800		Superior Plus Corp.	932,684	1,004,700
	757,900	Savary Gold Corp.	83,369	75,790	260,450		TransAlta Corporation	1,553,133	1,935,144
	378,950	Savary Gold Corp. Warrants, 2019-02-19	-	5,154				7,998,299	8,835,996
	255,500	Sherritt International Corp.	358,624	339,815	Total Canadian Equities - Long				
	190,400	Silver Standard Resources Inc.	2,107,687	2,286,704				268,343,107	301,141,632
	146,500	SilverCrest Metals Inc.	301,802	345,740	Global Equities (21.4%)				
	73,250	SilverCrest Metals Inc. Warrants, 2018-12-06	20,498	32,963	United States (18.0%)				
	3,292,300	Skeena Resources Limited	445,876	246,923	900		Advance Auto Parts Inc.	178,588	204,120
	84,100	Supremex Inc.	317,445	420,500	31,900		Advanced Drainage Systems Inc.	987,193	881,263
	136,700	Teranga Gold Corp.	128,940	112,094	1,650		Affiliated Managers Group Inc.	323,927	321,512
	500,000	Toachi Mining Inc.	100,000	177,500	6,000		Ally Financial Inc.	156,776	153,042
	250,000	Toachi Mining Inc. Warrants, 2018-06-15	-	13,750	1,800		Alphabet Inc.	1,758,139	1,912,898
	1,642,800	Trevali Mining Corporation	1,355,266	1,856,364	575		Amazon.com Inc.	523,981	578,231
	61,700	Turquoise Hill Resources Ltd.	281,418	265,927	16,600		Baxter International Inc.	914,021	987,078
	426,000	Wesdome Gold Mines Limited	649,851	890,340	5,200		BroadSoft Inc.	299,244	287,657
	3,700	West Fraser Timber Company Limited	183,886	177,637	1,300		Celgene Corp.	197,620	201,796
	42,600	Western Forest Products Inc.	82,571	80,514	15,200		Comcast Corp.	1,320,837	1,407,521
			36,700,113	42,182,181	24,900		Comerica Inc.	1,520,103	2,274,352
Investment Funds** (17.3%)					2,200		CommVault Systems Inc.	126,211	151,647
	168,446	Picton Mahoney Concentrated Opportunistic Long Short Fund, Class I	1,684,088	1,673,867	4,700		Continental Resources Inc.	267,255	324,855
	3,303,148	Picton Mahoney Global Market Neutral Equity Fund, Class I	43,051,665	43,149,356	7,400		Crown Holdings Inc.	544,333	521,696
	203,599	Picton Mahoney Long Short Emerging Markets Fund, Class I	2,548,178	3,293,811	8,400		Edwards Lifesciences Corporation	950,182	1,055,520
	24,739	Picton Mahoney Long Short Global Resource Fund, Class I	257,227	351,421	5,900		Ellie Mae Inc.	357,913	662,096
			47,541,158	48,468,455	6,300		Farmer Bros Company	256,022	310,066
Exchange Traded Funds (0.2%)					8,250		First Republic Bank	814,667	1,019,412
	20,600	First Asset U.S. & Canada Lifeco Income ETF	238,500	260,796	3,300		Five9 Inc.	48,284	62,798
	19,800	iShares S&P/TSX Capped REIT Index ETF	313,038	316,800	33,100		General Growth Properties Inc.	1,142,310	1,108,838
			551,538	577,596	176,500		Gran Tierra Energy Inc.	684,985	714,824
					1,800		HealthEquity Inc.	96,778	97,811
					26,400		HMS Holdings Corp.	595,072	642,935
					56,800		HollyFrontier Corp.	2,145,384	2,495,397
					54,900		Huntington Bancshares Inc.	858,080	973,310
					18,800		Inphi Corporation	881,301	1,124,954
					300		Intuitive Surgical Inc.	248,410	255,138
					1,350		iShares 20+ Year Treasury Bond ETF	214,860	215,676
					45,900		Juniper Networks Inc.	1,651,951	1,739,532
					74,500		KeyCorp.	1,456,658	1,825,334
					3,500		Liberty TripAdvisor Holdings Inc.	103,751	70,640
					5,500		Macys Inc.	278,983	264,128
					9,700		Mastercard Inc.	1,343,842	1,343,103

PICTON MAHONEY MARKET NEUTRAL EQUITY FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2016

CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	46,427	Matador Resources Company	1,441,200	1,603,851					
	15,500	Merck & Co., Inc.	1,279,733	1,223,695					
	17,400	MGM Resorts International	669,565	672,731					
	53,000	Micron Technology Inc.	1,007,957	1,557,987					
	11,100	Molson Coors Brewing Co.	1,505,480	1,448,532					
	1,800	Monster Beverage Corp.	106,351	107,033					
	36,650	Morgan Stanley	1,580,127	2,076,578					
	27,600	Motorcar Parts of America Inc.	1,028,620	996,395					
	22,788	Newfield Exploration Company	1,084,020	1,237,681					
	1,000	NextEra Energy Inc.	169,845	160,203					
	52,100	Nuance Communications Inc.	1,143,777	1,041,050					
	11,800	NVIDIA Corporation	584,196	1,689,105					
	26,400	Parsley Energy Inc.	1,168,865	1,247,634					
	100	Priceline Group Inc.	205,375	196,607					
	7,000	PVH Corporation	975,451	847,119					
	10,500	Sage Therapeutics Inc.	767,580	718,981					
	7,900	Spectrum Brands Holdings Inc.	1,214,293	1,296,008					
	28,955	Summit Materials Inc.	923,929	923,774					
	43,500	TerraForm Power Inc.	613,676	747,284					
	1,650	The Allstate Corp.	148,067	164,009					
	4,300	T-Mobile US Inc.	285,302	331,634					
	1,500	UnitedHealth Group Inc.	253,705	321,934					
	22,800	Varonis Systems Inc.	928,567	819,440					
	10,700	VMware Inc.	1,006,794	1,129,722					
	157,200	Vonage Holdings Corporation	1,250,657	1,444,078					
			44,590,793	50,192,245					
		Australia (0.8%)							
	497,100	Orocobre Limited	1,762,573	2,186,699					
		Bermuda (1.0%)							
	55,372	Brookfield Business Partners LP	1,729,290	1,786,301					
	31,825	Brookfield Property Partners LP	817,558	933,427					
			2,546,848	2,719,728					
		Guernsey (0.0%)							
	128,250	NYX Gaming Group Limited	51,351	3,359					
		France (0.3%)							
	10,800	Eramet	893,105	866,786					
		Ireland (0.3%)							
	17,338	Johnson Controls International plc	1,037,017	957,719					
		South Korea (0.4%)							
	1,200	Samsung Electronics Co., Ltd.	1,156,489	1,202,124					
		Sweden (0.2%)							
	65,800	Tobii AB	657,886	662,934					
		United Kingdom (0.4%)							
	25,100	ARRIS International PLC	969,170	1,014,192					
		Total Global Equities - Long	53,665,232	59,805,786					
		Canadian Debt (1.2%)							
		Corporate Bonds (1.2%)							
CAD	940,000	Cineplex Inc. 0.045%, 2018-12-31	984,776	989,820					
CAD	440,000	Innergex Renewable Energy Inc. 0.043%, 2020-08-31	462,256	473,550					
CAD	1,758,000	Northland Power Inc. 0.048%, 2020-06-30	1,992,143	2,025,480					
			3,439,175	3,488,850					
		Total Canadian Debt - Long	3,439,175	3,488,850					
		Options (0.5%)							
		Total Purchased Options - Refer to Appendix A	2,189,852	1,484,419					
		Total Long Positions	327,637,366	365,920,687					
		SHORT POSITIONS (-101.4%)							
		Canadian Equities (-66.0%)							
		Consumer Discretionary (-4.8%)							
	(46,000)	Aimia Inc.	(374,110)	(408,480)					
	(32,200)	Amaya Inc.	(592,897)	(612,122)					
	(9,300)	AutoCanada Inc.	(182,094)	(215,016)					
	(29,900)	Cineplex Inc.	(1,385,207)	(1,531,478)					
	(45,300)	Cogeco Communications Inc.	(3,112,286)	(3,000,672)					
	(3,500)	Corus Entertainment Inc., Class B	(41,486)	(44,100)					
	(31,100)	DHX Media Limited	(195,411)	(219,255)					
	(3,600)	Dollarama Inc.	(363,223)	(354,168)					
	(13,300)	EnerCare Inc.	(235,477)	(237,272)					
	(5,200)	Gildan Activewear Inc.	(175,147)	(177,268)					
	(16,700)	Hudson's Bay Company	(273,518)	(220,273)					
	(118,700)	Shaw Communications Inc., Class B	(3,070,925)	(3,197,778)					
	(51,700)	Thomson Reuters Corporation	(2,792,162)	(3,037,892)					
	(3,900)	Uni-Select Inc.	(120,465)	(115,011)					
			(12,914,408)	(13,370,785)					
		Consumer Staples (-2.7%)							
	(42,800)	AGT Food & Ingredients Inc.	(1,461,523)	(1,568,192)					
	(24,400)	Alimentation Couche-Tard Inc., Class B	(1,480,126)	(1,485,472)					
	(5,100)	Clearwater Seafoods Inc.	(71,694)	(59,415)					
	(6,400)	Liquor Stores NA Limited	(60,537)	(67,392)					
	(3,400)	Loblaws Companies Limited	(236,224)	(240,856)					
	(100,600)	Metro Inc.	(4,332,275)	(4,040,096)					
			(7,642,379)	(7,461,423)					
		Energy (-12.7%)							
	(16,019)	AltaGas Limited	(498,186)	(543,044)					
	(146,400)	Athabasca Oil Corporation	(184,911)	(300,120)					
	(24,500)	Birchcliff Energy Limited	(236,705)	(229,565)					

As at December 31, 2016

10 | PICTON MAHONEY ASSET MANAGEMENT

PICTON MAHONEY MARKET NEUTRAL EQUITY FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2016

CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	(8,400)	Powershares QQQ Trust Series 1	(1,298,262)	(1,334,664)		(9,200)	Bayerische Motoren Werke AG	(1,035,953)	(1,154,929)
	(1,500)	Qorvo Inc.	(107,793)	(106,071)		(13,400)	Check Point Software Technologies Limited	(1,446,492)	(1,517,761)
	(12,800)	QUALCOMM Inc.	(1,144,973)	(1,119,193)		(42,400)	Deutsche Bank AG	(746,084)	(1,029,181)
	(100)	Regeneron Pharmaceuticals Inc.	(56,511)	(49,229)		(20,800)	HSBC Holdings PLC	(944,610)	(1,120,781)
	(8,500)	RingCentral Inc.	(193,897)	(234,819)		(110,989)	Repsol SA	(1,941,667)	(2,106,840)
	(21,100)	Sabre Corporation	(718,097)	(705,993)		(71,300)	Rio Tinto PLC	(3,181,738)	(3,677,446)
	(29,200)	Santander Consumer USA Holdings Inc.	(424,200)	(528,645)		(2,300)	The Swatch Group AG	(1,035,274)	(961,128)
	(22,800)	Sealed Air Corporation	(1,347,724)	(1,386,321)		(10,300)	Umicore SA	(838,900)	(788,923)
	(21,000)	Silgan Holdings Inc.	(1,343,279)	(1,441,342)		(44,600)	Wipro Ltd.	(637,550)	(578,972)
	(700)	SPDR S&P Biotech ETF	(55,732)	(55,564)		(1,222,100)	Yanzhou Coal Mining Co., Ltd.	(1,191,055)	(1,118,231)
	(4,600)	SPDR S&P Retail ETF	(268,835)	(271,862)				(13,245,151)	(14,297,811)
	(42,500)	SPDR S&P500 ETF Trust	(12,664,204)	(12,740,083)			Total Global Equities - Short	(86,872,421)	(89,974,496)
	(15,800)	SS&C Technologies Holdings Inc.	(606,195)	(605,997)			Global Debt (-2.9%)		
	(4,900)	T Rowe Price Group Inc.	(488,117)	(494,547)			International Government Bond (-2.9%)		
	(10,900)	Tempur Sealy International Inc.	(808,088)	(998,085)	ITL	(1,960,000)	Italy Buoni Poliennali Del Tesoro 1.600%, 2026-06-01	(2,977,016)	(2,743,285)
	(2,100)	Tesla Motors Inc.	(534,667)	(601,798)	ESP	(1,995,000)	Spain Government Bond 1.300%, 2026-10-31	(2,986,181)	(2,804,406)
	(8,800)	The Boeing Company	(1,590,385)	(1,837,228)	GBP	(1,503,000)	United Kingdom Treasury Notes 2.000%, 2020-07-22	(3,083,984)	(2,638,413)
	(3,600)	The Coca-Cola Co.	(200,021)	(200,161)				(9,047,181)	(8,186,104)
	(2,200)	The Goldman Sachs Group Inc.	(533,364)	(706,456)			Total Global Debt - Short	(9,047,181)	(8,186,104)
	(31,200)	The Mosaic Co.	(1,165,104)	(1,227,197)			Options (-0.3%)		
	(3,800)	The Ultimate Software Group Inc.	(1,025,998)	(929,259)			Total Written Options - Refer to Appendix A	(1,228,596)	(803,511)
	(7,800)	The Walt Disney Company	(1,112,971)	(1,090,167)			Transaction Costs	(793,534)	-
	(1,700)	Tiffany & Co.	(175,684)	(176,525)			Total Short Positions	(280,421,805)	(283,226,772)
	(1,200)	TripAdvisor Inc.	(104,650)	(74,622)			TOTAL INVESTMENT PORTFOLIO (29.6%)	47,215,561	82,693,915
	(14,861)	Under Armour Inc., Class C	(369,618)	(501,625)			Other Assets Net of Liabilities (70.4%)		196,639,076
	(100)	US Bancorp.	(6,488)	(6,889)			TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (100.0%)		279,332,991
	(11,400)	Valero Energy Corp.	(1,009,217)	(1,044,480)					
	(2,900)	Verizon Communications Inc.	(196,800)	(207,598)					
	(21,550)	Wells Fargo & Co.	(1,602,000)	(1,592,668)					
	(62,500)	Wesco Aircraft Holdings Inc.	(1,178,558)	(1,253,051)					
	(10,400)	Wynn Resorts Ltd.	(1,201,010)	(1,206,555)					
			(70,866,245)	(72,767,351)					
		Exchange-Traded Funds (-1.0%)							
	(23,300)	iShares iBoxx \$ High Yield Corporate Bond ETF	(2,573,420)	(2,704,397)					
	(2,750)	SPDR S&P Regional Banking ETF	(187,605)	(204,937)					
			(2,761,025)	(2,909,334)					
		International (-5.1%)							
	(2,900)	Akzo Nobel NV	(245,828)	(243,619)					

*CCY denotes local currency of security

**The Picton Mahoney Market Neutral Equity Fund holds 28.18%, 33.52%, 17.96%, and 4.30% of the net assets of Picton Mahoney Concentrated Opportunistic Long Short Fund, Picton Mahoney Global Market Neutral Equity Fund, Picton Mahoney Long Short Emerging Markets Fund, and Picton Mahoney Long Short Global Resource Fund, respectively. Picton Mahoney Asset Management acts as the trustee and manager for all of the funds listed above.

*** Securities restricted for resale until date indicated

PICTON MAHONEY MARKET NEUTRAL EQUITY FUND

APPENDIX A

OPTIONS (0.2%)

Issuer	Option Type	Number of Options	Strike	Expiry	Average Cost \$	Fair Value \$
ARC Resources Ltd.	Call Option	505	26	January, 2017	30,300	988
AT & T Inc.	Call Option	1,000	45	January, 2017	92,533	4,694
Barrick Gold Corp.	Call Option	1,380	24	January, 2017	129,720	32,430
Brookfield Property Partners	Call Option	412	30	January, 2017	28,840	9,270
Canadian National Railway	Call Option	125	92	January, 2017	18,376	11,563
Canadian Western Bank	Call Option	758	29	January, 2017	54,576	130,376
Cenovus Energy Inc.	Call Option	581	21	January, 2017	44,156	12,782
Crescent Point Energy	Call Option	2,121	20	January, 2017	53,026	13,788
Enerplus Corp.	Call Option	1,099	12	January, 2017	27,475	98,910
Enterprise Products Partners	Call Option	686	27	January, 2017	40,479	57,498
Fortis Inc.	Call Option	1,289	42	January, 2017	103,121	40,604
Franco-Nevada Corp.	Call Option	310	86	January, 2017	80,910	28,520
Gibson Energy Inc.	Call Option	708	19	January, 2017	38,940	26,550
Goldcorp Inc.	Call Option	1,464	23	January, 2017	115,656	7,320
Guyana Goldfields Inc.	Call Option	907	8	January, 2017	58,955	9,977
Hudbay Minerals Inc.	Call Option	845	8	January, 2017	49,010	23,660
Husky Energy Inc.	Call Option	1,169	16	January, 2017	32,732	66,633
Hydro One Ltd.	Call Option	1,032	25	January, 2017	33,540	4,099
iShares 20+ Year Treasury	Call Option	55	122	January, 2017	8,995	5,347
iShares S&P/TSX Capped	Call Option	150	16	January, 2017	1,200	2,925
Macy's Inc.	Call Option	403	50	January, 2017	68,636	132
Merck & Co., Inc.	Call Option	514	63	January, 2017	70,998	7,582
Pason Systems Inc.	Call Option	1,089	19	January, 2017	59,895	98,010
Precision Drilling Corp.	Call Option	1,091	8	January, 2017	20,729	6,546
Royal Bank	Call Option	682	90	January, 2017	52,514	118,668
Silver Wheaton Corp.	Call Option	1,171	27	January, 2017	96,022	81,970
Tahoe Resources Inc.	Call Option	1,127	13	February, 2017	66,493	83,962
Tahoe Resources Inc.	Call Option	1,369	14	January, 2017	49,284	23,273
Thomson Reuters Corp.	Call Option	655	60	February, 2017	62,225	58,295
Valeant Pharmaceuticals	Call Option	1	55	January, 2017	671	-
Valeant Pharmaceuticals	Call Option	19	55	January, 2017	13,287	-
Valeant Pharmaceuticals	Call Option	61	55	January, 2017	42,724	-
Valeant Pharmaceuticals	Call Option	357	23	April, 2017	75,644	45,482
Veresen Inc.	Call Option	1,112	13	January, 2017	32,248	36,696
					1,753,910	1,148,550
iShares China Large-Cap	Put Option	456	34	January, 2017	25,684	26,907
iShares China Large-Cap	Put Option	855	33	January, 2017	58,476	25,798
iShares China Large-Cap	Put Option	1,137	33	February, 2017	71,664	45,743
S&P 500 Index	Put Option	23	2,135	January, 2017	2,313	2,390
S&P 500 Index	Put Option	24	2,135	January, 2017	1,609	2,494
S&P 500 Index	Put Option	45	2,075	January, 2017	12,673	5,583
S&P 500 Index	Put Option	60	2,195	January, 2017	16,495	22,530
S&P 500 Index	Put Option	60	2,195	January, 2017	18,426	22,530
S&P 500 Index	Put Option	92	2,175	January, 2017	82,662	46,883
SPDR S&P Regional Banking	Put Option	25	53	January, 2017	3,956	1,408
Teck Resources Ltd.	Put Option	986	27	January, 2017	141,984	133,603
					435,942	335,869
Total Purchased Options					2,189,852	1,484,419

APPENDIX A

OPTIONS (0.2%)

Issuer	Option Type	Number of Options	Strike	Expiry	Average Cost \$	Fair Value \$
ARC Resources Ltd.	Written Call Option	(505)	28	January, 2017	(8,080)	(73)
Barrick Gold Corp.	Written Call Option	(1,380)	26	January, 2017	(75,900)	(18,630)
Baytex Energy	Written Call Option	(803)	8	January, 2017	(17,666)	(4,818)
Canadian National Railway	Written Call Option	(125)	94	January, 2017	(9,625)	(4,375)
Canadian National Railway	Written Call Option	(42)	96	January, 2017	(1,638)	(672)
Canadian Western Bank	Written Call Option	(758)	31	January, 2017	(13,644)	(39,795)
Canadian Western Bank	Written Call Option	(50)	32	January, 2017	(2,350)	(1,200)
Crescent Point Energy	Written Call Option	(1,591)	21	January, 2017	(11,137)	(1,392)
Enerplus Corp.	Written Call Option	(988)	13	January, 2017	(8,398)	(29,640)
Enterprise Products Partners	Written Call Option	(412)	28	January, 2017	(11,050)	(16,575)
Fortis Inc.	Written Call Option	(1,172)	44	January, 2017	(36,332)	(1,647)
Franco-Nevada Corp.	Written Call Option	(310)	92	January, 2017	(40,145)	(8,525)
Gibson Energy Inc.	Written Call Option	(366)	20	January, 2017	(10,980)	(2,196)
Goldcorp., Inc.	Written Call Option	(1,464)	25	January, 2017	(54,168)	(1,236)
Guyana Goldfields Inc.	Written Call Option	(817)	9	January, 2017	(28,595)	(1,082)
Hudbay Minerals Inc.	Written Call Option	(591)	9	January, 2017	(15,969)	(4,433)
Husky Energy Inc.	Written Call Option	(1,169)	17	January, 2017	(10,521)	(15,782)
Hydro One Ltd.	Written Call Option	(825)	26	January, 2017	(9,900)	(1,232)
Industrial Alliance	Written Call Option	(27)	58	January, 2017	(1,080)	(95)
iShares 20+ Year Treasury	Written Call Option	(55)	125	January, 2017	(3,980)	(1,770)
Keyera Corp.	Written Call Option	(85)	20	January, 2017	(2,622)	(627)
Merck & Co., Inc.	Written Call Option	(514)	65	January, 2017	(29,640)	(2,068)
Micron Technology	Written Call Option	(190)	26	February, 2017	(11,049)	(5,096)
Nextera Energy Inc.	Written Call Option	(10)	120	January, 2017	(2,011)	(2,246)
NVIDIA Corp.	Written Call Option	(81)	110	January, 2017	(33,200)	(41,821)
NVIDIA Corp.	Written Call Option	(5)	115	February, 2017	(1,670)	(4,392)
Pason Systems Inc.	Written Call Option	(980)	21	January, 2017	(17,150)	(13,304)
Quebecor Inc.	Written Call Option	(50)	38	January, 2017	(1,750)	(2,000)
Royal Bank	Written Call Option	(750)	92	January, 2017	(21,750)	(47,625)
Saputo Inc.	Written Call Option	(158)	49	January, 2017	(15,800)	(3,950)
Tahoe Resources Inc.	Written Call Option	(676)	14	February, 2017	(20,956)	(28,392)
Tahoe Resources Inc.	Written Call Option	(451)	15	February, 2017	(7,216)	(10,824)
Terraform Power	Written Call Option	(48)	16	January, 2017	(1,287)	(1,397)
Terraform Power	Written Call Option	(37)	16	January, 2017	(1,028)	(1,077)
Thomson Reuters Corp.	Written Call Option	(393)	62	February, 2017	(17,292)	(13,362)
Thomson Reuters Corp.	Written Call Option	(393)	64	February, 2017	(7,861)	(5,699)
Transalta Corp.	Written Call Option	(125)	8	January, 2017	(2,000)	(750)
Valeant Pharmaceuticals	Written Call Option	(429)	33	April, 2017	(27,615)	(16,396)
Versen Inc.	Written Call Option	(834)	14	January, 2017	(5,004)	(2,776)
					(598,059)	(358,970)

PICTON MAHONEY MARKET NEUTRAL EQUITY FUND

APPENDIX A

OPTIONS (0.2%)

Issuer	Option Type	Number of Options	Strike	Expiry	Average Cost \$	Fair Value \$
American Water Works	Written Put Option	(16)	70	January, 2017	(1,823)	(1,126)
ARC Resources Ltd.	Written Put Option	(125)	22	January, 2017	(4,376)	(2,188)
Canadian Western Bank	Written Put Option	(303)	24	January, 2017	(7,575)	(2,424)
CI Financial Corp.	Written Put Option	(293)	24	January, 2017	(3,809)	(49)
Crescent Point Energy	Written Put Option	(636)	17	February, 2017	(19,716)	(25,122)
DH Corp.	Written Put Option	(320)	26	January, 2017	(14,400)	(119,200)
Enerplus Corp.	Written Put Option	(370)	9	January, 2017	(6,660)	(232)
Equity Residential	Written Put Option	(45)	55	January, 2017	(4,224)	(1,095)
Fortis Inc.	Written Put Option	(879)	37	January, 2017	(42,192)	(4,585)
Franco-Nevada Corp.	Written Put Option	(93)	70	January, 2017	(14,415)	(2,604)
Goldcorp., Inc.	Written Put Option	(710)	18	January, 2017	(97,980)	(41,890)
Goldcorp., Inc.	Written Put Option	(367)	18	January, 2017	(18,717)	(21,653)
Guyana Goldfields Inc.	Written Put Option	(227)	6	January, 2017	(10,897)	(7,378)
HollyFrontier Corp.	Written Put Option	(167)	21	January, 2017	(13,438)	(67)
Hudbay Minerals Inc.	Written Put Option	(296)	6	January, 2017	(6,808)	(1,628)
Husky Energy Inc.	Written Put Option	(409)	13	January, 2017	(4,908)	(321)
Hydro One Ltd.	Written Put Option	(207)	22	January, 2017	(2,277)	(1,105)
iShares China Large-Cap	Written Put Option	(1,420)	31	February, 2017	(38,086)	(27,612)
iShares China Large-Cap	Written Put Option	(855)	31	January, 2017	(16,052)	(8,026)
iShares China Large-Cap	Written Put Option	(476)	30	January, 2017	(11,491)	(2,873)
Precision Drilling Corp.	Written Put Option	(409)	6	January, 2017	(4,090)	(1,046)
Royal Bank	Written Put Option	(136)	84	January, 2017	(10,472)	(2,516)
S&P 500 Index	Written Put Option	(147)	2,125	January, 2017	(68,998)	(31,542)
S&P 500 Index	Written Put Option	(84)	2,165	January, 2017	(10,138)	(14,081)
S&P 500 Index	Written Put Option	(83)	2,165	January, 2017	(12,243)	(13,913)
Silver Standard Resources	Written Put Option	(274)	12	January, 2017	(22,742)	(19,043)
Silver Wheaton Corp.	Written Put Option	(585)	20	January, 2017	(15,795)	(2,925)
SPDR S&P Regional Banking	Written Put Option	(50)	49	January, 2017	(2,347)	(570)
Tahoe Resources Inc.	Written Put Option	(624)	11	January, 2017	(14,352)	(6,552)
Tahoe Resources Inc.	Written Put Option	(507)	11	February, 2017	(18,759)	(15,210)
Teck Resources Ltd.	Written Put Option	(1,085)	25	January, 2017	(94,396)	(62,388)
Thomson Reuters Corp.	Written Put Option	(197)	56	January, 2017	(10,245)	(3,054)
Veresen Inc.	Written Put Option	(278)	11	January, 2017	(6,116)	(523)
					(630,537)	(444,541)
Total Written Options					(1,228,596)	(803,511)

PICTON MAHONEY MARKET NEUTRAL EQUITY FUND

FUND SPECIFIC NOTES

As at December 31, 2016

1. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following tables illustrate the classifications of the Fund's financial instruments within the fair value hierarchy as at December 31, 2016 and 2015.

ASSETS (LIABILITIES) AT FAIR VALUE AS AT DECEMBER 31, 2016				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	356,304,570	918,848	3,724,000	360,947,418
Bonds - Long	-	3,488,850	-	3,488,850
Options - Long	1,484,419	-	-	1,484,419
Equities - Short	(274,160,354)	-	(76,803)	(274,237,157)
Bonds - Short	-	(8,186,104)	-	(8,186,104)
Options - Short	(803,511)	-	-	(803,511)
Total	82,825,124	(3,778,406)	3,647,197	82,693,915

ASSETS (LIABILITIES) AT FAIR VALUE AS AT DECEMBER 31, 2015				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	457,704,434	135,022	-	457,839,456
Bonds - Long	-	2,812,544	-	2,812,544
Options - Long	1,965,491	338,083	-	2,303,574
Equities - Short	(356,377,606)	(139,810)	-	(356,517,416)
Bonds - Short	-	(19,914,395)	-	(19,914,395)
Options - Short	(1,768,432)	(87,658)	-	(1,856,090)
Futures - Short	372	-	-	372
Total	101,524,259	(16,856,214)	-	84,668,045

2. RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS

The following table reconciles the Fund's Level 3 fair value measurements of financial instruments for the year ended December 31, 2016.

December 31, 2016	Equities - Long	Equities - Short	Debt Instruments	Total
Balance at Beginning of Year	-	-	-	-
Investment purchases during the year	3,724,000	-	-	3,724,000
Proceeds from sales during the year	-	-	-	-
Transfers in during the year	-	(76,803)	-	(76,803)
Transfers out during the year	-	-	-	-
Net realized gain (loss) on sale of investments	-	-	-	-
Change in unrealized appreciation (depreciation) in value of investments	-	-	-	-
Balance at End of Year	3,724,000	(76,803)	-	3,647,197

During the year ended December 31, 2016, certain equities held short were transferred from Level 1 to Level 3, as they ceased actively trading on a recognized stock exchange.

During the year ended December 31, 2016, certain securities held long and short were classified as Level 3. The Fund's long Level 3 securities consist of subscription receipts which were measured at the transaction price as determined at the time of purchase. If there was a 5% increase or decrease in the price of level 3 securities, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively, by approximately \$182,360 as at December 31, 2016 (December 31, 2015 - \$nil).

Security Name	Fair Value	Valuation Technique	Unobservable Inputs	Reasonable Shift (+)	Reasonable Shift (-)	Change in Valuation (+)	Change in Valuation (-)
Parkland Fuel Corp.	\$3,724,000	Recent financing	Purchase price	5%	5%	\$186,200	\$(186,200)
Lightream Resources	\$(76,803)	Last traded price	Discount to last traded price	5%	5%	\$(3,840)	\$3,840

PICTON MAHONEY MARKET NEUTRAL EQUITY FUND

FUND SPECIFIC NOTES (CONTINUED)

3. OTHER PRICE RISK

Using Beta as a measure of the relationship of the Fund's performance versus its index, if the S&P/TSX Composite Total Return Index were to increase or decrease by 10%, net assets would have increased or decreased by approximately \$7,482,751 (December 31, 2015 - \$5,061,521). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

4. CURRENCY RISK

Foreign currencies to which the Fund had exposure as at December 31, 2016 and 2015 were as follows:

December 31, 2016 Currency	Financial Instruments			Percentage of Net Assets %
	Monetary \$	Non-Monetary \$	Total \$	
Hong Kong Dollar	1,184,712	(1,118,231)	66,481	0.0%
British Pound	(761,671)	-	(761,671)	-0.3%
Australian Dollar	(909,548)	2,186,699	1,277,151	0.5%
Swedish Krone	(625,950)	662,934	36,984	0.0%
Norwegian Krone	-	-	-	0.0%
Danish Krone	-	-	-	0.0%
Mexican Peso	(22,742)	-	(22,742)	0.0%
Malaysian Ringgit	-	-	-	0.0%
South African Rand	(6)	-	(6)	0.0%
Swiss Franc	321,483	(961,128)	(639,645)	-0.2%
Euro	2,020,815	(3,427,524)	(1,406,709)	-0.5%
Japanese Yen	84,490	-	84,490	0.0%
United States Dollar	24,795,525	(30,135,313)	(5,339,788)	-1.9%
Net Exposure	26,087,108	(32,792,563)	(6,705,455)	-2.4%

December 31, 2015 Currency	Financial Instruments			Percentage of Net Assets %
	Monetary \$	Non-Monetary \$	Total \$	
Hong Kong Dollar	798,376	-	798,376	0.2%
British Pound	3,968,163	(1,818,961)	2,149,202	0.6%
Australian Dollar	1,390,270	(1,149,791)	240,479	0.1%
Mexican Peso	21,790	-	21,790	0.0%
South African Rand	(1,449)	-	(1,449)	0.0%
Swiss Franc	724,685	(680,368)	44,317	0.0%
Euro	4,032,636	(3,873,141)	159,495	0.0%
Japanese Yen	(947,766)	-	(947,766)	-0.2%
United States Dollar	5,587,058	(8,393,690)	(2,806,632)	-0.7%
Net Exposure	15,573,763	(15,915,951)	(342,188)	0.0%

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 (\$335,273) (December 31, 2015 - (\$17,109)). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

PICTON MAHONEY MARKET NEUTRAL EQUITY FUND

FUND SPECIFIC NOTES (CONTINUED)

5. INTEREST RATE RISK

If the yield curve had shifted in parallel by 1% with all other variables held constant, net assets will increase or decrease by \$514,311 (December 31, 2015 \$1,244,772). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at December 31, 2016 and 2015, the Fund's exposure to debt instruments by maturity were as follows:

Debt Instruments by Maturity Date	December 31, 2016 (\$)		
	Long Positions	Short Positions	Total
Less than 1 year	-	-	-
1-3 years	989,820	-	989,820
3-5 years	2,499,030	(2,638,413)	(139,383)
Greater than 5 years	-	(5,547,691)	(5,547,691)
Total	3,488,850	(8,186,104)	(4,697,254)

Debt Instruments by Maturity Date	December 31, 2015 (\$)		
	Long Positions	Short Positions	Total
Less than 1 year	-	-	-
1-3 years	-	-	-
3-5 years	-	(3,164,752)	(3,164,752)
Greater than 5 years	2,812,544	(16,749,643)	(13,937,099)
Total	2,812,544	(19,914,395)	(17,101,851)

6. CREDIT RISK

The following tables present the debt instruments by rating category as a % of net assets attributable to holders of redeemable units as at December 31, 2016 and 2015.

December 31, 2016				December 31, 2015			
Bond Ratings	Net	Long	Short	Bond Ratings	Net	Long	Short
AAA	0.00%	0.00%	0.00%	AAA	-2.40%	0.00%	-2.40%
AA	-0.47%	0.43%	-0.90%	AA+	-0.76%	0.00%	-0.76%
A	0.08%	0.08%	0.00%	AA	-1.37%	0.00%	-1.37%
BBB	-1.63%	0.37%	-2.00%	B	-0.23%	0.00%	-0.23%
B	0.00%	0.00%	0.00%	NR	0.67%	0.67%	0.00%
NR	1.27%	1.27%	0.00%				

PICTON MAHONEY MARKET NEUTRAL EQUITY FUND

FUND SPECIFIC NOTES (CONTINUED)

7. CONCENTRATION RISK

The table below summarizes the Fund's concentration risk as a percentage of net assets attributable to holders of redeemable units as at December 31, 2016 and 2015.

Jurisdiction	% of Net Assets	
	December 31, 2016	December 31, 2015
Canadian Equities	42.6%	28.2%
Investment Funds	17.3%	12.2%
Basic Materials	8.9%	6.9%
Financials	8.8%	6.0%
Consumer Discretionary	7.4%	7.5%
Energy	6.5%	0.5%
Real Estate	-0.2%	0.0%
Information Technology	2.0%	1.5%
Industrials	7.6%	4.2%
Health Care	1.4%	0.6%
Fixed Income	1.2%	0.5%
Consumer Staples	0.7%	0.7%
Options	0.2%	0.5%
Telecommunication Services	-1.4%	-0.3%
Utilities	-3.1%	-1.8%
Exchange Traded Funds	-14.2%	-10.8%
United States	-8.1%	2.1%
Bermuda	1.0%	1.8%
Guernsey	0.0%	0.3%
Ireland	0.3%	0.1%
Hong Kong	0.0%	0.0%
Israel	-0.5%	-0.1%
Marshall Islands	0.0%	0.4%
Cayman Islands	0.0%	0.7%
Italy	-1.0%	0.0%
Jersey	0.0%	0.0%
Curacao	0.0%	0.0%
India	-0.2%	0.0%
South Africa	0.0%	0.0%
Switzerland	-0.3%	-0.2%
British Virgin Islands	0.0%	0.0%
Chile	0.0%	0.0%
China	-0.4%	0.0%
South Korea	0.4%	0.0%
Japan	0.0%	0.0%
Netherlands	-0.1%	0.0%
New Zealand	0.0%	0.0%
Brazil	0.0%	-0.2%
Singapore	0.0%	0.0%
Luxembourg	0.0%	0.0%
Belgium	-0.3%	0.0%
Mexico	0.0%	0.0%
France	0.3%	-1.1%
Australia	0.8%	-0.3%
Spain	-1.8%	-0.5%
United Kingdom	-2.2%	-1.9%
Germany	-0.8%	-1.9%
Index Equivalents	-1.0%	-6.9%

PICTON MAHONEY MARKET NEUTRAL EQUITY FUND

FUND SPECIFIC NOTES (CONTINUED)

8. 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. Amounts due to holders of redeemable units are disclosed as net assets attributable to holders of redeemable units on the statement of financial position and are due on demand.

December 31, 2016 Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Short positions	283,226,772	-	-	283,226,772
Redemptions payable	-	3,314,348	-	3,314,348
Accrued liabilities and other payables	-	11,719,354	-	11,719,354

December 31, 2015 Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Short positions	378,287,901	-	-	378,287,901
Redemptions payable	-	877,043	-	877,043
Accrued liabilities and other payables	-	6,584,363	-	6,584,363

9. FINANCIAL INSTRUMENTS BY CATEGORY

The following tables present the carrying amounts of the Fund's financial instruments by category as at December 31, 2016.

Assets	Financial assets classified as held for trading \$	Financial assets designated at FVTPL \$	Financial assets at amortized cost \$	Total \$
Long positions	1,484,419	364,436,268	-	365,920,687
Cash	-	-	33,572,887	33,572,887
Deposits with brokers for securities sold short	-	-	163,930,946	163,930,946
Subscriptions receivable	-	-	271,292	271,292
Receivable for investments sold	-	-	13,252,808	13,252,808
Distributions receivable from underlying funds	-	-	59,088	59,088
Interest and other receivable	-	-	79,166	79,166
Dividends receivable	-	-	506,591	506,591
Total	1,484,419	364,436,268	211,672,778	577,593,465

Liabilities	Financial liabilities classified as held for trading \$	Financial liabilities designated at FVTPL \$	Financial liabilities at amortized cost \$	Total \$
Short positions	283,226,772	-	-	283,226,772
Accrued liabilities	-	-	221,884	221,884
Management fee payable	-	-	245,212	245,212
Redemptions payable	-	-	3,314,348	3,314,348
Payable for investments purchased	-	-	10,656,405	10,656,405
Interest payable	-	-	41,484	41,484
Dividends payable	-	-	554,369	554,369
Total	283,226,772	-	15,033,702	298,260,474

PICTON MAHONEY MARKET NEUTRAL EQUITY FUND

FUND SPECIFIC NOTES (CONTINUED)

The following tables present the carrying amounts of the Fund's financial instruments by category as at December 31, 2015.

Assets	Financial assets classified as held for trading \$	Financial assets designated at FVTPL \$	Financial assets at amortized cost \$	Total \$
Long positions	2,303,574	460,652,000	-	462,955,574
Unrealized gain on futures contracts	372	-	-	372
Cash	-	-	119,535,414	119,535,414
Deposits with brokers for securities sold short	-	-	210,802,668	210,802,668
Subscriptions receivable	-	-	416,000	416,000
Receivable for investments sold	-	-	9,641,546	9,641,546
Interest receivable	-	-	602	602
Dividends receivable	-	-	790,700	790,700
Total	2,303,946	460,652,000	341,186,930	804,142,876

Liabilities	Financial liabilities classified as held for trading \$	Financial liabilities designated at FVTPL \$	Financial liabilities at amortized cost \$	Total \$
Short positions	378,287,901	-	-	378,287,901
Accrued liabilities	-	-	190,904	190,904
Management fee payable	-	-	366,003	366,003
Redemptions payable	-	-	877,043	877,043
Payable for investments purchased	-	-	4,471,115	4,471,115
Interest payable	-	-	111,071	111,071
Dividends payable	-	-	1,445,270	1,445,270
Total	378,287,901	-	7,461,406	385,749,307

PICTON MAHONEY MARKET NEUTRAL EQUITY FUND

FUND SPECIFIC NOTES (CONTINUED)

10. NET GAINS ON INVESTMENTS AND DERIVATIVES

The following tables present the net gains (losses) on investments and derivatives by category for the years ended December 31, 2016 and 2015.

	December 31, 2016		
	Financial assets classified as held for trading \$	Financial assets designated at FVTPL \$	Total \$
Interest for distribution purposes	-	1,291,510	1,291,510
Dividends	-	7,153,431	7,153,431
Distribution from underlying funds	-	138,098	138,098
Net realized gain (loss) on investments and options	(18,519,756)	35,699,956	17,180,200
Net realized gain (loss) on foreign exchange forward contracts and futures	(16,868)	-	(16,868)
Change in unrealized appreciation (depreciation) on investments, options, foreign exchange forward contracts and futures	(46,747,046)	27,713,176	(19,033,870)
Interest and borrowing expense	(2,624,809)	-	(2,624,809)
Dividend expense	(6,617,573)	-	(6,617,573)
Total	(74,526,052)	71,996,106	(2,529,881)

	December 31, 2015		
	Financial assets classified as held for trading \$	Financial assets designated at FVTPL \$	Total \$
Interest for distribution purposes	-	2,583,293	2,583,293
Dividends	-	11,076,310	11,076,310
Net realized gain (loss) on investments and options	(7,877,973)	46,795,662	38,917,689
Net realized gain (loss) on foreign exchange forward contracts and futures	909,420	-	909,420
Change in unrealized appreciation (depreciation) on investments, options, foreign exchange forward contracts and futures	(1,833,066)	(11,712,849)	(13,545,915)
Interest and borrowing expense	(3,463,285)	-	(3,463,285)
Dividend expense	(12,915,478)	-	(12,915,478)
Total	(25,180,382)	48,742,416	23,562,034

11. FUND UNIT TRANSACTIONS

For the years ended December 31

	2016			2015		
	Class A	Class F	Class I	Class A	Class F	Class I
Units issued and outstanding as at January 1	9,145,663	10,694,300	725,154	12,371,791	15,930,999	693,944
Units issued	102,778	1,152,975	61,055	239,441	1,649,539	158,318
Units reinvested	-	-	-	-	3,734	-
Units redeemed	(3,312,738)	(3,987,699)	(424,464)	(3,465,569)	(6,889,972)	(127,108)
Units issued and outstanding as at December 31	5,935,703	7,859,576	361,745	9,145,663	10,694,300	725,154
Weighted average number of units held during the year	7,523,253	9,382,960	466,075	10,603,476	13,165,223	712,388

PICTON MAHONEY MARKET NEUTRAL EQUITY FUND

12. COMMISSIONS

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

	2016	2015
Brokerage commissions	3,842	6,064
Soft Dollar commissions	461	657

13. TAX LOSS CARRY FORWARDS

As at December 31 (in \$000)

	2016
Net capital losses carry forward	-
Non-capital losses carry forward expiring: 2027	1,305
2034	595

14. STRUCTURED ENTITIES

The table below illustrates the Fund's investment in the underlying funds as at December 31, 2016 and 2015.

Underlying Funds	Fair Value of Fund's Investment (in \$000s)	Underlying Fund's Net Assets (in \$000s)	% of Net Assets of the Underlying Fund
As at December 31, 2016			
iShares 20+ Year Treasury Bond ETF	216	6,926,776	0.0%
First Asset U.S. & Canada Lifeco Income ETF \$	261	128,301	0.2%
iShares S&P/TSX Capped REIT Index ETF \$	317	1,401,269	0.0%
Picton Mahoney Concentrated Opportunistic Long Short Fund	1,674	6,159	27.2%
Picton Mahoney Global Market Neutral Equity Fund	43,149	128,731	33.5%
Picton Mahoney Long Short Emerging Markets Fund	3,294	18,343	18.0%
Picton Mahoney Long Short Global Resource Fund	351	8,193	4.3%
As at December 31, 2015			
iShares MSCI Spain Capped ETF	883	1,820,491	0.0%
Picton Mahoney Global Market Neutral Equity Fund	47,060	232,851	20.2%
Picton Mahoney Long Short Emerging Markets Fund	3,758	28,751	13.1%
Picton Mahoney Long Short Global Resource Fund	276	5,589	4.9%

**THINK AHEAD.
STAY AHEAD.**

A decorative horizontal bar consisting of several segments of varying shades of gray and black.

PICTON MAHONEY ASSET MANAGEMENT CORPORATE INFORMATION

Corporate Address

Picton Mahoney Asset Management

33 Yonge Street, Suite. 830
Toronto, Ontario
Canada M5E 1G4

Telephone: 416.955.4108

Toll free: 1.866.369.4108

Fax: 416.955.4100

Email: service@pictonmahoney.com

www.pictonmahoney.com

Fund Administration & Transfer Agent

Picton Mahoney Funds

C/O RBC Investor Services Trust,
Shareholder Services
155 Wellington Street West, 3rd Floor
Toronto, ON M5V 3L3

Auditor

PricewaterhouseCoopers LLP

18 York Street, Suite 2600
Toronto, Ontario
Canada M5J 0B2

Legal Counsel

McMillan LLP

Brookfield Place, Suite 4400
181 Bay Street
Toronto, Ontario
Canada M5J 2T3

LONG SHORT EQUITY FUND



**THINK AHEAD.
STAY AHEAD.**

A MESSAGE FROM THE PRESIDENT

Dear fellow investor,

Since inception, our focus has been on the active management of volatility and dedication to our fundamental change investment approach. It has been a challenging time for our style, and we thank you for your trust in us as we weathered the crowding challenges earlier in the year. As 2016 came to a close, we were pleased to see our preferred factor exposures to positive change combined with quality and valuation starting to bear fruit once again.

We were also pleased to see our income strategies deliver on their promise to manage interest rate risk. Since rates bottomed in July, our Income Opportunities Fund has significantly outperformed its benchmark, handily demonstrating the advantages of active management and a disciplined approach to managing rate risk in an income portfolio.

2016 is ending in a diametrically opposite fashion to the close of 2015: inflation expectations are rising (instead of falling) and consumer/business confidence is surging on renewed hope for a more growth-friendly environment (instead of collapsing on recessionary fears). We see interesting parallels to the market regime of the mid-1980s and, as such, we remain vigilant that a boom/bust scenario could be in the offing. The tipping point may be triggered by any of the following risks we are attuned to:

- Inflation: the US Federal Reserve is behind the curve and could hike rates more aggressively than expected
- USD strength: continued strength may prove too much for the global economy / markets to bear (particularly emerging economies)
- China: a slowdown is underway, but progressive currency devaluation could get unruly given the government's active intervention in the midst of rampant capital flight
- Growth: the global economy could slow quicker than expected as financial conditions tighten
- Populism: various "movements" globally could bring destabilizing regime shifts (trade wars, geopolitical risks, exclusionism, etc) with implications for de-globalization

Though we remain constructive on equities (and negative on government bonds), we believe the market is poised to "inflate 'til it breaks"—and

caution investors accordingly. With rates on the rise and an unpredictable new leader south of our border, proper portfolio construction will matter in 2017. True hedging should re-take the forefront not as an alternative, but an imperative.

On a related note, we were pleased to see our Fortified Funds ring in their one year anniversary. The Brexit shock in June and rate bottoming in July were excellent tests for the "safety net" built into these prospectus offerings—and provided proof that the rules-based options hedging approach can indeed mitigate market downturns while capturing upside. We continue to believe the average investor portfolio lacks robust construction and proper diversification. These solutions (equity, income and multi-asset) offer the broad investing public more options for growing and protecting wealth at a time when active, nimble risk management matters.

We continued to invest in our investment platform this year. As we mentioned in our semi-annual note, we welcomed significant talent to the team including Michael White, a Portfolio Manager with expertise in asset allocation strategies, as well as Robert Poole, our Financials Analyst. We also undertook an extensive review of our strategies and monitoring systems, looking for areas to fine tune both our fundamental and quantitative processes. Thanks to the refinements made, I firmly believe our investment process is the strongest it has ever been. Our enhanced stress-testing capabilities enabled us to apply even more precision to managing event-driven risk towards the end of the year.

As always, I would like to take this opportunity to thank you for entrusting us with your wealth. We continue to sincerely appreciate the partnership we have with you—and are unfailingly committed to helping you reach your investment objectives with greater certainty. Should you have any questions about your investments with us or the other strategies we offer, please contact our Client Services team at 416-955-4108.

Sincerely,



David Picton
President
Picton Mahoney Asset Management

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of

Picton Mahoney Market Neutral Equity Fund

Picton Mahoney Long Short Equity Fund

Picton Mahoney Global Market Neutral Equity Fund

Picton Mahoney Global Long Short Equity Fund

Picton Mahoney Diversified Strategies Fund

Picton Mahoney Income Opportunities Fund

Picton Mahoney Long Short Global Resource Fund

Picton Mahoney Long Short Emerging Markets Fund

Picton Mahoney Special Situations Fund

Picton Mahoney Concentrated Opportunistic Long Short Fund

(collectively the Funds)

We have audited the accompanying financial statements of each of the Funds, which comprise the statements of financial position, comprehensive income (loss), changes in net assets attributable to holders of redeemable units and cash flows as at and for the periods indicated in note 1, 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 of each of the Funds 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 of each of the Funds 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 each of our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of each of the Funds present fairly, in all material respects, the financial position, financial performance and cash flows of each of the Funds as at and for the periods indicated in note 1 in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario

March 31, 2017

PICTON MAHONEY LONG SHORT EQUITY FUND

STATEMENTS OF FINANCIAL POSITION

As at

	December 31, 2016 \$	December 31, 2015 \$
Assets		
Current assets		
Long positions at fair value*	196,568,538	246,014,469
Cash	31,421,707	39,970,114
Unrealized gain on futures contracts	-	124
Deposits with brokers for securities sold short	12,380,335	14,703,877
Deposits with brokers for futures contracts	-	17,345
Distributions receivable from underlying funds	-	118,399
Receivable for investments sold	6,727,430	3,951,402
Interest and other receivable	27,635	47,853
Dividends receivable	307,838	420,561
	<u>247,433,483</u>	<u>305,244,144</u>
Liabilities		
Current liabilities		
Short positions at fair value**	102,242,869	130,543,706
Accrued liabilities	116,628	130,038
Management fee payable	84,791	163,488
Redemptions payable	154,415	266,155
Payable for investments purchased	4,705,090	1,783,034
Interest payable	11,054	73,195
Dividends payable	198,342	501,326
	<u>107,513,189</u>	<u>133,460,942</u>
Net Assets Attributable to Holders of Redeemable Units	<u>139,920,294</u>	<u>171,783,202</u>
Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	67,771,277	88,048,781
Class F	69,399,514	80,988,500
Class I	<u>2,749,503</u>	<u>2,745,921</u>
Number of Redeemable Units Outstanding		
Class A	2,670,247	3,688,818
Class F	2,511,658	3,139,223
Class I	<u>157,087</u>	<u>169,886</u>
Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	25.38	23.87
Class F	27.63	25.80
Class I	<u>17.50</u>	<u>16.16</u>
	<u>171,322,234</u>	<u>239,012,936</u>
*Long positions, at cost		
**Proceeds on investments sold short	<u>(102,006,227)</u>	<u>(144,752,353)</u>

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

Approved on behalf of the Manager

David Picton

Arthur Galloway



President



CFO

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the years ended December 31

	2016 \$	2015 \$
Income		
Net gains (losses) on investments and derivatives		
Interest for distribution purposes	274,756	384,570
Dividends	4,452,136	6,174,994
Distributions from underlying funds	1,465,282	118,399
Net realized gain (loss) on investments and options	7,720,839	15,476,883
Net realized gain (loss) on futures	(18,452)	310,346
Change in unrealized appreciation (depreciation) on investments, options and futures	3,144,090	(11,215,722)
Interest and borrowing expense	(939,675)	(1,364,637)
Dividend expense	(2,227,640)	(4,252,637)
Net gains (losses) on investments and derivatives	<u>13,871,336</u>	<u>5,632,196</u>
Other income		
Foreign currency gain (loss) on cash and other assets and liabilities	(424,478)	(813,928)
Total Income	<u>13,446,858</u>	<u>4,818,268</u>
Expenses		
Management fee (Note 11)	2,173,050	2,976,429
Performance fee (Note 11)	204,826	909,918
Administrative fees	73,697	79,901
Audit fees	26,075	29,231
Legal fees	4,309	4,400
Securityholder reporting fees	56,893	158,420
Harmonized sales tax	215,474	331,595
Withholding taxes	78,481	92,335
Transaction costs	1,821,496	2,366,867
Total Expense before Manager Absorption	<u>4,654,301</u>	<u>6,949,096</u>
Less: Expenses Absorbed by Manager	-	-
Total Expense after Manager Absorption	<u>4,654,301</u>	<u>6,949,096</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	<u>8,792,557</u>	<u>(2,130,828)</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Class		
Class A	4,052,481	(1,510,267)
Class F	4,544,512	(550,469)
Class I	<u>195,564</u>	<u>(70,092)</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit		
Class A	1.30	(0.36)
Class F	1.64	(0.16)
Class I	<u>1.34</u>	<u>(0.45)</u>

PICTON MAHONEY LONG SHORT EQUITY FUND

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

For the years ended December 31

	2016 \$	2015 \$
Net Assets Attributable to Holders of Redeemable Units at Beginning of Year		
Class A	88,048,781	112,181,854
Class F	80,988,500	92,967,316
Class I	2,745,921	5,048,537
	<u>171,783,202</u>	<u>210,197,707</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units		
Class A	4,052,481	(1,510,267)
Class F	4,544,512	(550,469)
Class I	195,564	(70,092)
	<u>8,792,557</u>	<u>(2,130,828)</u>
Redeemable Unit Transactions		
Proceeds from redeemable units issued		
Class A	248,372	1,956,838
Class F	9,060,126	15,251,473
Class I	1,610,633	1,458,000
	<u>10,919,131</u>	<u>18,666,311</u>
Redemption of redeemable units		
Class A	(24,578,357)	(24,579,644)
Class F	(25,193,624)	(26,679,820)
Class I	(1,802,615)	(3,690,524)
	<u>(51,574,596)</u>	<u>(54,949,988)</u>
Net Increase (Decrease) from Redeemable Unit Transactions	<u>(40,655,465)</u>	<u>(36,283,677)</u>
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	<u>(31,862,908)</u>	<u>(38,414,505)</u>
Net Assets Attributable to Holders of Redeemable Units at End of Year		
Class A	67,771,277	88,048,781
Class F	69,399,514	80,988,500
Class I	2,749,503	2,745,921
	<u>139,920,294</u>	<u>171,783,202</u>
Net Assets Attributable to Holders of Redeemable Units at End of Year	<u>139,920,294</u>	<u>171,783,202</u>

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

STATEMENTS OF CASH FLOWS

For the years ended December 31

	2016 \$	2015 \$
Cash Flows from Operating Activities		
Increase (decrease) in net assets attributable to holders of redeemable units	8,792,557	(2,130,828)
Adjustments for:		
Unrealized foreign exchange (gain) loss on cash	542,681	(14,362)
Net realized (gain) loss on investments and options	(7,720,839)	(15,476,883)
Change in unrealized (appreciation) depreciation on investments, options and futures	(3,144,090)	11,215,722
(Increase) decrease in deposits with brokers for securities sold short	2,323,542	3,983,426
(Increase) decrease in deposits with brokers for futures contracts	17,345	(17,345)
(Increase) decrease in distributions receivable from underlying funds	118,399	(118,399)
(Increase) decrease in interest and other receivable	20,218	(47,853)
(Increase) decrease in dividends receivable	112,723	10,518
Increase (decrease) in interest payable	(62,141)	26,744
Increase (decrease) in dividends payable	(302,984)	125,510
Increase (decrease) in other payable and accrued liabilities	(92,107)	(37,539)
Purchase of long positions and repurchase of investments sold short	(797,936,220)	(837,801,561)
Proceeds from sales of long positions and on investments sold short	830,092,395	852,790,340
Net Cash Generated (Used) by Operating Activities	<u>32,761,479</u>	<u>12,507,490</u>
Cash Flows from Financing Activities		
Distributions to holders of redeemable units, net of reinvested distributions	-	-
Proceeds from redeemable units issued	10,919,131	18,666,311
Amount paid on redemption of redeemable units	(51,686,336)	(55,104,175)
Net Cash Generated (Used) by Financing Activities	<u>(40,767,205)</u>	<u>(36,437,864)</u>
Unrealized foreign exchange gain (loss) on cash	(542,681)	14,362
Net increase (decrease) in cash	(8,005,726)	(23,930,374)
Cash (overdraft), beginning of year	39,970,114	63,886,126
Cash (Overdraft), End of Year	<u>31,421,707</u>	<u>39,970,114</u>
Items classified as operating activities:		
Interest received, net of withholding tax	294,974	336,717
Dividends received, net of withholding tax	4,486,378	6,093,177
Interest and borrowing expense paid	(1,001,816)	(1,170,165)
Dividends paid	(2,530,624)	(4,127,127)

PICTON MAHONEY LONG SHORT EQUITY FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2016

CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
LONG POSITIONS (140.6%)									
Canadian Equities (114.8%)									
Consumer Discretionary (12.8%)									
	3,300	Aimia Inc.	28,354	29,304		40,000	Ithaca Energy Inc.	50,551	67,600
	32,600	Alarmforce Industries Inc.	348,283	332,846		94,000	Kelt Exploration Limited	568,687	636,380
	40,201	Aritzia Inc.	643,914	703,518		6,200	Mullen Group Ltd.	116,105	122,946
	53,400	BRP Inc.	1,326,570	1,513,890		109,600	NuVista Energy Limited	725,698	760,624
	24,300	Canadian Tire Corporation Limited, Class A	2,533,752	3,384,261		1,500	Pacific Exploration and Production Corp.	79,900	88,095
	28,100	Cogeco Inc.	1,606,032	1,593,832		64,700	Parex Resources Inc.	639,296	1,093,430
	121,500	Great Canadian Gaming Corporation	2,770,828	3,035,070		72,000	Parkland Fuel Corp. Sub receipts, 2017-01-08 ***	1,764,000	1,764,000
	186,500	Imvescor Restaurant Group Inc.	427,262	652,750		58,100	Parkland Fuel Corporation	1,365,507	1,634,353
	24,450	Magna International Inc.	1,214,308	1,425,435		400	Peyto Exploration & Development Corporation	13,510	13,284
	49,700	Mettrum Health Corp.	349,058	308,140		241,000	PHX Energy Services Corp.	871,004	990,510
	400	MTY Food Group Inc.	18,077	20,224		50,200	Seven Generations Energy Limited	1,391,263	1,571,762
	26,100	Park Lawn Corp.	417,600	410,553		132,127	Tamarack Valley Energy Limited	540,090	457,159
	46,500	Quebecor Inc., Class B	1,508,113	1,735,380		2,800	Tourmaline Oil Corporation	102,139	100,548
	900	Restaurant Brands International Inc.	59,021	57,523		116,900	Trican Well Service Ltd.	338,507	537,740
	13,900	Restaurant Brands International Inc.	852,249	888,905		242,400	Trinidad Drilling Limited	601,021	809,616
	15,200	Sleep Country Canada Holdings Inc.	262,631	437,456		213,500	Veresen Inc.	2,269,561	2,798,985
	30,707	Spin Master Corporation	749,952	988,458		227,800	Yangarra Resources Limited	245,758	437,376
	40,800	Stingray Digital Group Inc.	274,377	355,368		1,800	ZCL Composites Inc.	21,231	23,346
			15,390,381	17,872,913				25,002,935	29,684,398
Consumer Staples (3.6%)					Financials (26.5%)				
	61,800	Cott Corporation	1,038,114	939,360		96,150	Acasta Enterprises Inc. Warrants, 2020-09-08	19,221	124,995
	2,000	George Weston Limited	207,162	227,180		83,000	Acasta Enterprises Inc., Class A	821,325	844,110
	100	Lassonde Industries Inc., Class A	19,668	22,301		42,500	Acasta Enterprises Inc., Class B	425,000	432,225
	48,500	Saputo Inc.	1,793,164	2,304,235		34,000	AGF Management Limited	179,319	213,180
	84,300	SunOpta Inc.	650,391	806,751		119,900	Alignvest Acquisition Corporation	1,205,370	1,222,980
	28,400	The North West Company Inc.	762,507	781,568		66,200	Alignvest Acquisition Corporation Warrants, 2020-08-04	-	85,398
			4,471,006	5,081,395		1,600	Bank of Montreal	153,078	154,512
Energy (21.2%)						88,600	Brookfield Asset Management Inc., Class A	3,864,250	3,924,980
	110,300	Advantage Oil & Gas Limited	952,209	1,005,936		613,730	DealNet Capital Corporation	274,721	355,963
	105,000	ARC Resources Limited	1,868,477	2,426,550		343,150	DealNet Capital Corporation Warrants, 2017-02-18	-	27,452
	102,600	Baytex Energy Corporation	541,185	673,056		15,250	ECN Capital Corp.	45,332	50,325
	24,700	Bellatrix Exploration Limited	31,216	31,616		2,100	Equitable Group Inc.	113,374	126,966
	1,200	Birchcliff Energy Limited	11,244	11,244		59,000	First Mining Finance Corp.	47,241	50,740
	45,000	Blackbird Energy Inc.	21,713	26,100		36,650	First National Financial	477,060	513,100
	250,800	Bonavista Energy Corporation	886,415	1,206,348		6,300	Genworth MI Canada Inc.	188,984	212,058
	4,400	Bonterra Energy Corporation	110,019	127,996		164,600	Gibraltar Growth Corporation	1,629,540	1,624,602
	96,200	Cenovus Energy Inc.	1,841,159	1,952,860		164,600	Gibraltar Growth Corporation Warrants, 2020-11-11	16,460	76,951
	218,600	Crew Energy Inc.	1,187,393	1,641,686		3,450	Industrial Alliance Insurance & Financial Services Inc.	152,609	184,196
	54,400	Enbridge Inc.	2,779,233	3,073,600		49,150	INFOR Acquisition Corporation Warrants, 2020-07-06	-	17,694
	53,300	Enerflex Limited	698,489	908,765		94,500	Kew Media Group Inc.	935,550	940,275
	95,300	Enerplus Corp.	1,007,203	1,214,122		94,500	Kew Media Group Inc. Warrants, 2021-07-25	9,450	53,865
	8,200	Ensign Energy Services Inc.	76,387	76,916					
	33,800	Freehold Royalties Limited	400,507	478,946					
	35,000	Gibson Energy Inc.	642,169	664,300					
	5,500	Granite Oil Corporation	38,545	32,395					
	4,800	Imperial Oil Limited	205,544	224,208					

PICTON MAHONEY LONG SHORT EQUITY FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2016

CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	53,400	Manulife Financial Corporation	1,260,137	1,276,794	Materials (16.1%)				
	50,650	National Bank of Canada	2,460,431	2,761,945	45,660	Agnico Eagle Mines Limited	1,786,007	2,577,507	
	2,100	Onex Corporation	189,761	191,898	10,300	Agrium Inc.	1,266,283	1,390,088	
	82,150	Royal Bank of Canada	6,401,637	7,464,971	600	Airboss of America Corporation	8,205	7,110	
	55,750	Sun Life Financial Inc.	2,542,329	2,873,913	744,100	Algold Resources Limited, Warrants, 2018-04-01	-	70,541	
	47,950	The Bank of Nova Scotia	3,116,425	3,584,742	1,044,100	Algold Resources Ltd.	164,410	250,584	
	107,950	The Toronto-Dominion Bank	5,949,932	7,148,449	150,000	Algold Resources Ltd. Warrants, 2017-07-19	2	-	
	111,400	The Westaim Corporation	317,133	311,920	57,400	Altius Minerals Corporation	645,488	727,832	
	2,000	TMX Group Limited	123,366	143,040	260,000	Avnel Gold Mining Limited Warrants, 2017-05-07	5,200	-	
			32,919,035	36,994,239	6,900	Barrick Gold Corporation	144,181	148,281	
Health Care (2.4%)					12,600	Canfor Corporation	193,118	192,402	
	54,800	CanniMed Therapeutics Inc.	657,600	589,100	75,600	Cascades Inc.	826,469	914,760	
	89,600	Chartwell Retirement Residences	1,060,612	1,312,640	6,400	CCL Industries Inc., Class B	1,032,550	1,688,320	
	72,800	CRH Medical Corp.	401,863	521,976	38,300	Chemtrade Logistics Income Fund	693,273	725,402	
	29,200	Novadaq Technologies Inc.	445,682	277,108	32,600	Detour Gold Corporation	579,477	596,254	
	73,200	Prometic Life Sciences Inc.	154,955	163,236	101,070	Dominion Diamond Corporation	1,491,846	1,314,921	
	8,700	Sienna Senior Living Inc.	140,330	141,810	14,100	Endeavour Silver Corp.	85,263	66,975	
	127,800	TSO3 Inc.	412,772	361,674	137,100	Filo Mining Corp., 2017-03-16 ***	274,200	239,925	
			3,273,814	3,367,544	14,600	First Quantum Minerals Limited	179,898	194,910	
Industrials (11.1%)					559,700	Golden Star Resources Ltd.	568,247	554,102	
	124,700	Air Canada	1,364,149	1,704,649	107,400	Guyana Goldfields Inc.	825,320	657,288	
	21,550	Badger Daylighting Ltd.	582,617	691,755	127,700	HudBay Minerals Inc.	841,997	980,736	
	4,100	Bird Construction Inc.	49,241	37,146	529,090	Integra Gold Corporation	151,771	296,290	
	106,500	Black Diamond Group Ltd.	378,041	481,380	38,700	Intertape Polymer Group Inc.	707,453	974,466	
	54,200	CAE Inc.	889,447	1,017,876	44,400	Kinross Gold Corporation	243,988	186,036	
	50,600	Canadian National Railway Company	3,422,484	4,572,216	296,500	Lithium Americas Corporation	270,645	237,200	
	1,200	Canadian Pacific Railway Limited	232,220	229,872	9,000	Lucara Diamond Corporation	31,005	27,360	
	26,300	Cargojet Inc.	743,894	1,202,962	169,700	Lundin Mining Corporation	757,092	1,086,080	
	13,000	Chorus Aviation Inc.	73,563	93,990	12,100	Mandalay Resources Corp.	14,431	9,680	
	27,600	Hardwoods Distribution Inc.	395,955	493,488	225,200	Nemaska Lithium Inc.	247,723	279,248	
	1,100	Magellan Aerospace Corporation	14,308	19,778	120,900	Nemaska Lithium Inc. Warrants, 2019-07-08	-	33,852	
	37,200	New Flyer Industries Inc.	1,378,194	1,519,248	66,300	Northern Dynasty Minerals Ltd.	192,029	183,651	
	308,800	StorageVault Canada Inc.	262,480	444,672	31,200	Osisko Gold Royalties Limited, Warrants, 2019-02-26	59,361	70,200	
	2,700	TFI International Inc.	89,055	94,203	40,400	Osisko Mining Inc.	89,823	98,576	
	13,700	Tidewater Midstream and Infrastructure Ltd.	22,056	21,783	8,100	Platinum Group Metals Ltd.	18,538	15,714	
	22,926	Waste Connections Inc.	1,668,459	2,415,025	241,600	Probe Metals Inc.	238,382	326,160	
	5,400	Westshore Terminals Investment Corporation	142,803	139,806	89,150	Probe Metals Inc. Warrants, 2018-02-17	-	10,316	
	8,700	WSP Global Inc.	411,393	388,803	539,800	Pure Gold Mining Inc.	322,902	280,696	
			12,120,359	15,568,652	387,200	Roxgold Inc.	518,615	468,512	
Information Technology (4.0%)					2,742,200	Rye Patch Gold Corp.	582,660	850,082	
	2,000	Celestica Inc.	28,912	31,820	333,881	Savary Gold Corp.	36,727	33,388	
	16,200	CGI Group Inc.	951,467	1,043,928	166,941	Savary Gold Corp. Warrants, 2019-02-19	-	2,271	
	14,680	Kinaxis Inc.	539,501	917,500	157,300	Sherritt International Corp.	222,312	209,209	
	37,600	Open Text Corporation	2,980,070	3,117,792					
	69,186	Sandvine Corporation	225,510	194,413					
			4,725,460	5,305,453					

PICTON MAHONEY LONG SHORT EQUITY FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2016

CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	
	94,900	Silver Standard Resources Inc.	998,380	1,139,749	Telecommunication Services (1.0%)					
	65,800	SilverCrest Metals Inc.	135,553	155,288	26,550	Rogers Communications Inc., Class B		1,474,272	1,375,025	
	32,900	SilverCrest Metals Inc. Warrants, 2018-12-06	9,207	14,805	Utilities (3.5%)					
1,636,500	Skeena Resources Limited	222,729	122,738	4,500	Atco Limited, Class I		181,850	200,970		
43,900	Supremex Inc.	163,969	219,500	14,600	Atlantic Power Corp.		49,740	49,348		
40,700	Teranga Gold Corp.	47,908	33,374	79,100	Boralex Inc.		1,317,015	1,507,646		
250,000	Toachi Mining Inc.	50,000	88,750	9,800	Capital Power Corporation		191,352	227,654		
125,000	Toachi Mining Inc., Warrants, 2018-06-15	-	6,875	29,300	Crius Energy Trust		251,448	246,999		
795,240	Trevali Mining Corporation	640,577	898,621	21,433	Emera Inc.		987,725	972,844		
49,300	Turquoise Hill Resources Limited	215,084	212,483	44,700	Superior Plus Corp.		530,684	569,925		
211,500	Wesdome Gold Mines Limited	323,882	442,035	153,150	TransAlta Corporation		929,569	1,137,905		
36,800	Western Forest Products Inc.	76,798	69,552	Total Canadian Equities - Long					4,439,383	4,913,291
		19,200,978	22,380,695						138,299,285	160,570,539
Mutual Funds** (7.2%)					Global Equities (24.3%)					
77,744	Picton Mahoney Concentrated Opportunistic Long Short Fund, Class I Units	777,272	772,554	United States (19.7%)						
503,675	Picton Mahoney Global Long Short Equity Fund, Class I Units	6,852,600	8,450,054	800	Advance Auto Parts Inc.		158,745	181,440		
51,025	Picton Mahoney Long Short Emerging Markets Fund, Class I Units	638,623	825,476	16,300	Advanced Drainage Systems Inc.		498,807	450,300		
6,225	Picton Mahoney Long Short Global Resource Fund, Class I Units	64,733	88,429	1,000	Affiliated Managers Group Inc.		199,943	194,856		
		8,333,228	10,136,513	1,000	Allstate Corp.		89,738	99,399		
Real Estate (5.6%)					3,700	Ally Financial Inc.		96,678	94,376	
1,500	Agellan Commercial Real Estate Investment Trust	16,302	16,005	1,000	Alphabet Inc., Class A		981,411	1,062,721		
54,200	Altus Group Limited	1,290,995	1,678,032	325	Amazon.com Inc.		278,541	326,826		
10,100	Automotive Properties Real Estate Investment Trust	103,219	107,868	9,300	Baxter International Inc.		517,311	553,001		
14,500	Brookfield Canada Office Properties	385,561	380,335	5,100	BroadSoft Inc.		286,617	282,125		
17,600	FirstService Corporation	895,282	1,121,824	1,500	Celgene Corp.		225,331	232,841		
22,850	Granite Real Estate Investment Trust	932,472	1,024,366	7,600	Comcast Corp.		660,761	703,760		
13,350	H&R Real Estate Investment Trust	287,485	298,640	13,400	Comerica Inc.		816,427	1,223,949		
65,850	Killam Apartment Real Estate Investment Trust	804,769	786,249	2,800	CommVault Systems Inc.		160,632	193,005		
36,700	Milestone Apartments Real Estate Investment Trust	660,445	697,300	2,700	Continental Resources Inc.		153,250	186,619		
21,100	Pure Industrial Real Estate Trust	111,681	117,949	2,700	Crown Holdings Inc.		198,608	190,348		
160,600	Pure Multi-Family REIT LP	1,156,349	1,331,374	4,700	Edwards Lifesciences Corporation		525,332	590,588		
800	Slate Retail REIT	10,858	12,040	3,000	Ellie Mae Inc.		190,453	336,659		
11,450	Tricon Capital Group Inc.	110,381	108,317	4,100	Farmer Bros Company		166,689	201,789		
13,200	WPT Industrial Real Estate Investment Trust	182,635	210,122	3,900	First Republic Bank		383,546	481,904		
		6,948,434	7,890,421	2,600	Five9 Inc.		38,054	49,477		
				13,600	General Growth Properties Inc.		469,348	455,595		
				93,300	Gran Tierra Energy Inc., Restricted		362,091	377,865		
				1,100	HealthEquity Inc.		59,142	59,774		
				14,400	HMS Holdings Corp.		324,653	350,692		
				26,200	HollyFrontier Corp.		971,040	1,151,046		
				30,250	Huntington Bancshares Inc.		472,057	536,296		
				9,500	Inphi Corporation		442,419	568,461		
				200	Intuitive Surgical Inc.		165,607	170,092		
				27,200	Juniper Networks Inc.		972,174	1,030,834		
				35,500	KeyCorp.		692,073	869,790		
				1,500	Liberty TripAdvisor Holdings Inc.		44,465	30,274		
				3,000	Macys Inc.		152,410	144,070		
				5,900	Mastercard Inc.		816,921	816,939		

PICTON MAHONEY ASSET MANAGEMENT | 9

PICTON MAHONEY LONG SHORT EQUITY FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2016

CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
Energy (-9.3%)					Industrials (-1.3%)				
	(7,086)	AltaGas Limited	(222,484)	(240,215)		(19,200)	ATS Automation Tooling Systems Inc.	(195,880)	(240,384)
	(67,200)	Athabasca Oil Corporation	(84,794)	(137,760)		(3,900)	DIRTT Environmental Solutions	(24,018)	(24,453)
	(46,400)	Canadian Energy Services & Technology Corporation	(224,596)	(355,424)		(6,200)	MacDonald Dettwiler & Associates Limited	(489,392)	(414,718)
	(4,300)	Canadian Natural Resources Limited	(182,891)	(183,997)		(2,200)	Ritchie Bros Auctioneers Inc.	(87,223)	(100,210)
	(10,100)	Canyon Services Group Inc.	(46,676)	(71,003)		(13,400)	Savaria Corp.	(145,977)	(145,658)
	(49,900)	Cardinal Energy Limited	(456,318)	(528,441)		(2,000)	SNC-Lavalin Group Inc.	(110,415)	(115,580)
	(94,700)	Crescent Point Energy Corporation	(1,610,749)	(1,728,275)		(3,200)	Stantec Inc.	(105,843)	(108,544)
	(21,400)	Denison Mines Corporation	(16,725)	(14,980)		(14,000)	Student Transportation Inc.	(108,891)	(105,140)
	(3,300)	Enbridge Income Fund Holdings Inc.	(106,135)	(114,741)		(12,100)	Toromont Industries Limited	(514,378)	(512,435)
	(48,850)	Inter Pipeline Limited	(1,357,705)	(1,447,914)				(1,782,017)	(1,767,122)
	(2,900)	Keyera Corporation	(119,170)	(117,334)	Health Care (-0.1%)				
	(30,954)	Manitok Energy Inc.	(7,930)	(5,726)		(13,900)	Extencicare Inc.	(131,355)	(137,332)
	(36,500)	MEG Energy Corporation	(233,571)	(336,895)	Information Technology (-1.0%)				
	(37,500)	Northern Blizzard Resources Inc.	(248,944)	(145,500)		(1,800)	Absolute Software Corporation	(12,648)	(11,484)
	(34,800)	Painted Pony Petroleum Limited	(270,232)	(320,856)		(2,700)	Celestica Inc.	(44,284)	(42,907)
	(6,400)	Paramount Resources Limited, Class A	(71,812)	(115,648)		(5,300)	Computer Modelling Group Ltd.	(45,972)	(48,283)
	(79,600)	Pason Systems Inc.	(1,352,896)	(1,563,344)		(400)	Constellation Software Inc.	(238,654)	(244,048)
	(1,300)	Pembina Pipeline Corporation	(50,055)	(54,548)		(11,700)	DH Corporation	(373,699)	(260,676)
	(312,400)	Pengrowth Energy Corporation	(670,980)	(602,932)		(10,900)	Enghouse Systems Limited	(581,743)	(609,746)
	(7,824)	Penn West Petroleum Limited	(12,547)	(18,543)		(1,900)	Shopify Inc.	(107,888)	(109,630)
	(112,300)	PrairieSky Royalty Limited	(3,639,686)	(3,586,862)		(18,400)	Wi-Lan Inc.	(41,247)	(40,296)
	(6,100)	Precision Drilling Corporation	(34,325)	(44,652)				(1,446,135)	(1,367,070)
	(104,300)	Raging River Exploration Inc.	(1,007,572)	(1,101,408)	Materials (-5.0%)				
	(10,400)	Secure Energy Services Inc.	(91,217)	(121,784)		(9,300)	Alamos Gold Inc.	(89,482)	(86,118)
	(32,800)	Spartan Energy Corp.	(251,862)	(109,224)		(105,600)	Arizona Mining Inc.	(305,583)	(258,720)
	(13,800)	TORC Oil & Gas Limited	(106,772)	(114,126)		(3,100)	Canam Group Inc.	(30,184)	(27,962)
			(12,478,644)	(13,182,132)		(62,600)	Continental Gold Inc.	(251,971)	(275,440)
Financials (-5.2%)						(11,700)	Dundee Precious Metals Inc.	(33,530)	(26,325)
	(4,800)	Alaris Royalty Corporation	(108,443)	(114,960)		(27,100)	First Majestic Silver Corporation	(284,276)	(278,046)
	(3,800)	Canaccord Genuity Group Inc.	(17,300)	(18,126)		(1,000)	Franco-Nevada Corporation	(74,509)	(80,280)
	(13,200)	Canadian Imperial Bank of Commerce	(1,481,322)	(1,446,192)		(107,700)	Goldcorp Inc.	(2,100,655)	(1,968,756)
	(31,950)	Canadian Western Bank	(869,235)	(969,363)		(5,000)	Lundin Gold Inc.	(27,762)	(26,300)
	(23,200)	CI Financial Corporation	(643,019)	(669,784)		(200)	MAG Silver Corp.	(3,456)	(2,956)
	(11,200)	Diversified Royalty Corporation	(27,006)	(28,784)		(5,600)	Major Drilling Group International Inc.	(35,896)	(39,312)
	(5,000)	Element Financial Corporation	(59,600)	(62,300)		(1,600)	Methanex Corporation	(87,048)	(94,224)
	(100)	Fairfax Financial Holdings Limited	(70,550)	(64,850)		(33,400)	Novagold Resources Inc.	(207,781)	(205,076)
	(1,600)	First National Financial Corp.	(40,886)	(43,088)		(3,900)	Osisko Gold Royalties Limited	(52,141)	(51,051)
	(63,050)	Great-West Lifeco Inc.	(2,142,572)	(2,217,469)		(4,500)	Potash Corporation of Saskatchewan Inc.	(95,174)	(109,305)
	(19,800)	IGM Financial Inc.	(743,895)	(756,360)		(8,400)	Pretium Resources Inc.	(95,111)	(93,408)
	(6,650)	Intact Financial Corporation	(616,833)	(639,065)		(42,400)	Primero Mining Corp.	(65,866)	(44,944)
	(3,700)	Power Corp. of Canada	(102,756)	(111,185)		(6,500)	Richmont Mines Inc.	(56,804)	(56,680)
	(3,300)	Power Financial Corporation	(107,716)	(110,748)		(16,900)	Sandstorm Gold Limited	(102,707)	(89,063)
			(7,031,133)	(7,252,274)		(5,800)	Seabridge Gold Inc.	(90,466)	(64,032)
						(58,200)	SEMAFO Inc.	(245,206)	(257,244)
						(47,200)	Silver Wheaton Corporation	(1,214,590)	(1,224,368)
						(18,200)	Stella-Jones Inc	(807,206)	(793,156)

PICTON MAHONEY LONG SHORT EQUITY FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2016

CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	(34,800)	Stornoway Diamond Corp.	(35,419)	(34,800)		(21,400)	Northland Power Inc.	(503,598)	(498,620)
	(56,500)	Tahoe Resources Inc.	(709,169)	(714,725)		(26,150)	TransAlta Renewables Inc.	(356,127)	(374,991)
	(2,400)	Winpak Limited	(105,889)	(109,008)				(6,892,029)	(6,927,753)
			(7,207,881)	(7,011,299)			Total Canadian Equities - Short	(53,243,135)	(53,884,172)
Real Estate (-4.4%)					Global Equities (-32.3%) United States (-14.8%)				
	(3,950)	Allied Properties Real Estate Investment Trust	(141,628)	(142,003)		(3,800)	Aflac Inc.	(366,934)	(354,683)
	(1,700)	Artis Real Estate Investment Trust	(16,741)	(21,590)		(4,200)	American Express Company	(412,926)	(417,251)
	(14,350)	Boardwalk Real Estate Investment Trust	(715,673)	(698,128)		(1,400)	American States Water Co.	(72,459)	(85,538)
	(2,200)	Canadian Apartment Properties REIT	(63,177)	(69,014)		(4,050)	American Water Works Co., Inc.	(383,856)	(393,008)
	(16,050)	Canadian Real Estate Investment Trust	(818,151)	(743,115)		(3,300)	Ashland Global Holdings Inc.	(483,661)	(483,662)
	(36,700)	Choice Properties Real Estate Investment Trust	(469,714)	(494,349)		(3,600)	athenahealth Inc.	(581,162)	(507,741)
	(3,600)	Colliers International Group Inc.	(171,690)	(178,164)		(1,900)	Ball Corp.	(198,771)	(191,279)
	(53,200)	Cominar Real Estate Investment Trust	(868,174)	(783,104)		(5,250)	BB&T Corp.	(282,761)	(331,047)
	(49,600)	Crombie Real Estate Investment Trust	(691,093)	(673,568)		(22,200)	Cabot Oil & Gas Corp.	(698,172)	(695,462)
	(11,800)	Dream Global Real Estate Investment Trust	(101,204)	(111,510)		(3,900)	CarMax Inc.	(258,265)	(336,768)
	(6,100)	Dream Office Real Estate Investment Trust	(112,024)	(119,255)		(2,500)	Caseys General Stores Inc.	(389,174)	(398,562)
	(1,900)	Dream Unlimited Corporation	(13,912)	(12,844)		(3,800)	Caterpillar Inc.	(426,191)	(472,605)
	(13,200)	First Asset Canadian REIT Income Fund	(195,416)	(199,453)		(6,800)	Cisco Systems Inc.	(274,811)	(275,582)
	(26,500)	First Capital Realty Inc.	(589,774)	(547,755)		(1,200)	Cognizant Technology Solutions Corp.	(87,773)	(90,167)
	(6,400)	InterRent Real Estate Investment Trust	(49,617)	(47,744)		(3,700)	Colgate-Palmolive Company	(338,960)	(324,708)
	(5,900)	Northview Apartment Real Estate Investment Trust	(120,362)	(118,413)		(1,400)	Deere & Company	(144,266)	(193,456)
	(7,200)	NorthWest Healthcare Properties Real Estate Investment Trust	(70,807)	(73,440)		(2,500)	Ecolab Inc.	(381,009)	(392,997)
	(39,550)	RioCan Real Estate Investment Trust	(1,045,214)	(1,053,217)		(6,250)	Equity Residential	(546,793)	(539,441)
	(3,600)	Slate Office REIT	(28,112)	(28,440)		(4,600)	Express Scripts Holding Company	(418,231)	(424,356)
			(6,282,483)	(6,115,106)		(3,300)	Facebook Inc.	(529,227)	(509,153)
Telecommunication Services (-1.7%)						(1,300)	Federated Investors Inc.	(48,831)	(49,303)
	(850)	BCE Inc.	(49,593)	(49,326)		(42,800)	Ford Motor Co.	(684,529)	(696,229)
	(53,250)	TELUS Corporation	(2,136,898)	(2,276,438)		(19,500)	Freeport-McMoRan Inc.	(366,038)	(344,927)
			(2,186,491)	(2,325,764)		(2,800)	G-III Apparel Group Limited	(168,191)	(110,997)
Utilities (-5.0%)						(800)	Goldman Sachs Group Inc.	(193,950)	(256,893)
	(31,200)	Algonquin Power & Utilities Corp.	(360,808)	(355,368)		(1,600)	Hasbro Inc.	(168,563)	(166,913)
	(62,800)	Boralex Inc., Class A	(1,110,920)	(1,202,620)		(8,000)	Heartland Express Inc.	(194,175)	(218,432)
	(58,050)	Fortis Inc.	(2,391,726)	(2,406,753)		(2,893)	Herc Holdings Inc.	(303,057)	(155,808)
	(69,000)	Hydro One Limited	(1,686,788)	(1,627,020)		(1,700)	Illumina Inc.	(304,758)	(291,905)
	(7,400)	Innervex Renewable Energy Inc.	(103,222)	(103,822)		(2,700)	International Business Machines Corporation	(546,879)	(601,026)
	(48,850)	Just Energy Group Inc.	(378,840)	(358,559)		(2,300)	KAR Auction Services Inc.	(118,569)	(131,459)
						(6,800)	Marathon Petroleum Corporation	(358,318)	(459,151)
						(2,400)	Mattel Inc.	(98,773)	(88,671)
						(12,000)	Mosaic Co.	(447,658)	(471,999)
						(29,050)	New York Community Bancorp., Inc.	(568,062)	(619,817)
						(400)	O'Reilly Automotive Inc.	(136,098)	(149,346)
						(1,600)	Panera Bread Co.	(420,662)	(440,060)
						(850)	Phillips 66	(84,029)	(98,499)
						(2,600)	Pilgrims Pride Corporation	(68,980)	(66,213)
						(3,300)	Polaris Industries Inc.	(365,660)	(364,616)
						(3,100)	Powershares QQQ Trust Series 1	(479,121)	(492,554)
						(800)	Qorvo Inc.	(57,489)	(56,571)
						(5,600)	QUALCOMM Inc.	(501,240)	(489,647)

PICTON MAHONEY LONG SHORT EQUITY FUND

SCHEDULE OF INVESTMENT PORTFOLIO

As at December 31, 2016

CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)	CCY*	No. of shares/units/ Face value	Security Description	Average cost (\$)	Fair value (\$)
	(100)	Regeneron Pharmaceuticals Inc.	(56,511)	(49,229)					
	(4,300)	RingCentral Inc.	(98,089)	(118,791)					
	(8,000)	Sabre Corporation	(272,900)	(267,675)					
	(10,500)	Santander Consumer USA Holdings Inc.	(152,538)	(190,095)					
	(8,800)	Sealed Air Corporation	(522,677)	(535,071)					
	(6,900)	Silgan Holdings Inc.	(440,991)	(473,584)					
	(6,100)	SS&C Technologies Holdings Inc.	(234,037)	(233,961)					
	(12,770)	Swisher Hygiene Inc.	(769,634)	(16,031)					
	(1,800)	T. Rowe Price Group Inc.	(179,308)	(181,670)					
	(4,200)	Tempur Sealy International Inc.	(315,798)	(384,583)					
	(700)	Tesla Motors Inc.	(178,588)	(200,599)					
	(3,200)	The Boeing Company	(598,676)	(668,083)					
	(1,500)	The Coca-Cola Co.	(83,342)	(83,400)					
	(2,700)	The Walt Disney Company	(383,357)	(377,366)					
	(800)	Tiffany & Co.	(82,675)	(83,070)					
	(500)	TripAdvisor Inc.	(43,646)	(31,092)					
	(1,500)	Ultimate Software Group Inc.	(405,232)	(366,813)					
	(5,221)	Under Armour Inc.	(235,071)	(176,232)					
	(4,400)	Valero Energy Corp.	(388,653)	(403,133)					
	(1,000)	Verizon Communications Inc.	(67,861)	(71,587)					
	(7,650)	Wells Fargo & Co.	(569,145)	(565,379)					
	(24,400)	Wesco Aircraft Holdings Inc.	(459,722)	(489,191)					
	(4,400)	Wynn Resorts Ltd	(507,833)	(510,466)					
			(21,005,316)	(20,715,603)					
		Belgium (-0.2%)							
	(4,300)	Umicore SA	(350,220)	(329,356)					
		China (-0.3%)							
	(490,600)	Yanzhou Coal Mining Co., Ltd.	(475,951)	(448,903)					
		Index Equivalents (-14.0%)							
	(401,900)	Horizon S&P/TSX 60 Index ETF	(12,075,970)	(12,257,950)					
	(5,700)	Industrial Select Sector SPDR Fund	(431,285)	(475,612)					
	(15,100)	iShares China Large-Cap ETF	(728,835)	(702,877)					
	(8,300)	iShares iBoxx High Yield Corporate Bond ETF	(928,455)	(963,369)					
	(8,000)	iShares MSCI South Africa ETF	(569,864)	(561,742)					
	(600)	iShares PHLX Semiconductor ETF	(84,499)	(98,745)					
	(500)	SPDR S&P Biotech ETF	(39,809)	(39,689)					
	(1,300)	SPDR S&P Regional Banking ETF	(88,562)	(96,879)					
	(2,100)	SPDR S&P Retail ETF	(123,156)	(124,111)					
	(14,300)	SPDR S&P500 ETF Trust	(4,261,132)	(4,286,663)					
			(19,331,567)	(19,607,637)					
		Germany (-0.3%)							
	(3,200)	Bayerische Motoren Werke AG	(360,551)	(401,714)					
		India (-0.2%)							
	(18,700)	Wipro Ltd.	(266,131)	(242,753)					
		Israel (-0.4%)							
	(5,300)	Check Point Software Technologies Limited	(571,254)	(600,308)					
		Netherlands (-0.1%)							
	(1,300)	Akzo Nobel NV	(110,036)	(109,208)					
		Spain (-0.6%)							
	(42,352)	Repsol SA	(736,706)	(803,943)					
		Switzerland (-0.3%)							
	(900)	The Swatch Group AG	(381,666)	(376,094)					
		United Kingdom (-1.1%)							
	(6,900)	HSBC Holdings PLC	(309,880)	(371,798)					
	(23,300)	Rio Tinto PLC	(1,158,937)	(1,201,746)					
			(1,468,817)	(1,573,544)					
		Total Global Equities - Short	(45,058,215)	(45,209,063)					
		Global Debt (-2.0%)							
		International Government Bonds (-2.0%)							
ITL	(664,000)	Italy Buoni Poliennali Del Tesoro 1.600%, 2026-06-01	(1,008,540)	(929,358)					
ESP	(675,000)	Spain Government Bond 1.300%, 2026-10-31	(1,010,363)	(948,859)					
GBP	(537,000)	United Kingdom Treasury Notes 2.000%, 2020-07-22	(1,101,863)	(942,667)					
			(3,120,766)	(2,820,884)					
		Total Global Debt - Short	(3,120,766)	(2,820,884)					
		Options (-0.2%)							
		Total Written Options - Refer to Appendix A	(505,104)	(328,751)					
		Transaction Costs	(79,007)	-					
		Total Short Positions	(102,006,227)	(102,242,869)					
		TOTAL INVESTMENT PORTFOLIO (67.5%)	69,316,007	94,325,668					
		Other Assets Net of Liabilities (32.5%)		45,594,626					
		TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (100.0%)		139,920,294					

*CCY denotes local currency of security

**The Picton Mahoney Long Short Equity Fund holds 13.01%, 17.37%, 4.50%, and 1.08% of the net assets of Picton Mahoney Concentrated Opportunistic Long Short Fund, Picton Mahoney Global Long Short Equity Fund, Picton Mahoney Long Short Emerging Markets Fund, and Picton Mahoney Long Short Global Resource Fund, respectively. Picton Mahoney Asset Management acts as the trustee and manager for all of the funds listed above.

***Securities restricted for resale until date indicated.

APPENDIX A

OPTIONS (0.3%)

Issuer	Option Type	Number of Options	Strike	Expiry	Average Cost \$	Fair Value \$
ARC Resources	Call Option	222	\$26	January, 2017	13,320	434
AT&T Inc.	Call Option	400	\$45	January, 2017	37,013	1,877
Barrick Gold Corp.	Call Option	450	\$24	January, 2017	42,300	10,575
Brookfield Property Partners	Call Option	176	\$30	January, 2017	12,320	3,960
Canadian National Railway	Call Option	131	\$92	January, 2017	19,258	12,118
Canadian Western Bank	Call Option	264	\$29	January, 2017	19,008	45,408
Cenovus Energy Inc.	Call Option	248	\$21	January, 2017	18,848	5,456
Crescent Point Energy	Call Option	896	\$20	January, 2017	22,400	5,824
Enerplus Corp.	Call Option	501	\$12	January, 2017	12,525	45,091
Enterprise Products Partners	Call Option	313	\$27	January, 2017	18,469	26,234
Fortis Inc.	Call Option	456	\$42	January, 2017	36,480	14,364
Franco-Nevada Corp.	Call Option	138	\$86	January, 2017	36,018	12,696
Gibson Energy Inc.	Call Option	302	\$19	January, 2017	16,610	11,325
Goldcorp Inc.	Call Option	549	\$23	January, 2017	43,371	2,745
Guyana Goldfields Inc.	Call Option	388	\$8	January, 2017	25,220	4,268
Hudbay Minerals Inc.	Call Option	375	\$8	January, 2017	21,750	10,500
Husky Energy Inc.	Call Option	526	\$16	January, 2017	14,728	29,982
Hydro One Ltd.	Call Option	359	\$25	January, 2017	11,668	1,426
iShares 20+ Yr Treasury	Call Option	25	\$122	January, 2017	4,089	2,431
iShares S&P/TSX Capped	Call Option	100	\$16	January, 2017	800	1,950
Macy's Inc.	Call Option	160	\$50	January, 2017	27,251	53
Merck & Co., Inc.	Call Option	226	\$63	January, 2017	31,217	3,334
Pason Systems Inc.	Call Option	465	\$19	January, 2017	25,575	41,850
Precision Drilling Corp.	Call Option	502	\$8	January, 2017	9,538	3,012
Royal Bank	Call Option	314	\$90	January, 2017	24,178	54,637
Silver Wheaton Corp.	Call Option	406	\$27	January, 2017	33,292	28,420
Tahoe Resources Inc.	Call Option	473	\$13	February, 2017	27,907	35,239
Tahoe Resources Inc.	Call Option	521	\$14	January, 2017	18,756	8,857
Thomson Reuters Corp.	Call Option	238	\$60	February, 2017	22,610	21,182
Valeant Pharmaceuticals	Call Option	8	\$55	January, 2017	5,595	-
Valeant Pharmaceuticals	Call Option	24	\$55	January, 2017	16,809	-
Valeant Pharmaceuticals	Call Option	157	\$23	April, 2017	33,266	20,002
Veresen Inc.	Call Option	490	\$13	January, 2017	14,210	16,170
					716,399	481,420
iShares China Large-Cap	Put Option	189	\$34	January, 2017	10,645	11,152
iShares China Large-Cap	Put Option	308	\$33	January, 2017	21,065	9,293
iShares China Large-Cap	Put Option	459	\$33	February, 2017	28,930	18,466
S&P 500 Index	Put Option	12	\$2,135	January, 2017	804	1,247
S&P 500 Index	Put Option	12	\$2,135	January, 2017	1,207	1,247
S&P 500 Index	Put Option	22	\$2,075	January, 2017	6,196	2,729
S&P 500 Index	Put Option	30	\$2,195	January, 2017	9,213	11,265
S&P 500 Index	Put Option	30	\$2,195	January, 2017	8,248	11,266
S&P 500 Index	Put Option	43	\$2,175	January, 2017	38,636	21,913
SPDR S&P Regional Banking	Put Option	15	\$53	January, 2017	2,374	845
Teck Resources Ltd.	Put Option	437	\$27	January, 2017	62,929	59,215
					190,247	148,638
Total Purchased Options					906,646	630,058
ARC Resources	Written Call Option	(222)	\$28	January, 2017	(3,552)	(32)
Barrick Gold Corp.	Written Call Option	(450)	\$26	January, 2017	(24,750)	(6,075)
Baytex Energy	Written Call Option	(377)	\$8	January, 2017	(8,294)	(2,262)
Canadian National Railway	Written Call Option	(131)	\$94	January, 2017	(10,087)	(4,585)
Canadian National Railway	Written Call Option	(44)	\$96	January, 2017	(1,716)	(704)
Canadian Western Bank	Written Call Option	(264)	\$31	January, 2017	(4,752)	(13,860)
Canadian Western Bank	Written Call Option	(25)	\$32	January, 2017	(1,175)	(600)
Crescent Point Energy	Written Call Option	(672)	\$21	January, 2017	(4,704)	(588)
Enerplus Corp.	Written Call Option	(451)	\$13	January, 2017	(3,833)	(13,529)
Enterprise Products Partners	Written Call Option	(188)	\$28	January, 2017	(5,043)	(7,564)
Fortis Inc.	Written Call Option	(415)	\$44	January, 2017	(12,865)	(583)
Franco-Nevada Corp.	Written Call Option	(138)	\$92	January, 2017	(17,871)	(3,795)
Gibson Energy Inc.	Written Call Option	(157)	\$20	January, 2017	(4,710)	(942)
Goldcorp Inc.	Written Call Option	(549)	\$25	January, 2017	(20,313)	(463)
Guyana Goldfields Inc.	Written Call Option	(349)	\$9	January, 2017	(12,215)	(462)

PICTON MAHONEY LONG SHORT EQUITY FUND

APPENDIX A

OPTIONS (0.3%)

Issuer	Option Type	Number of Options	Strike	Expiry	Average Cost \$	Fair Value \$
Hudbay Minerals Inc.	Written Call Option	(262)	\$9	January, 2017	(7,079)	(1,965)
Husky Energy Inc.	Written Call Option	(526)	\$17	January, 2017	(4,734)	(7,101)
Hydro One Ltd.	Written Call Option	(287)	\$26	January, 2017	(3,444)	(429)
Industrial Alliance Insurance	Written Call Option	(16)	\$58	January, 2017	(640)	(56)
iShares 20+ Yr Treasury	Written Call Option	(25)	\$125	January, 2017	(1,810)	(805)
Keyera Corp.	Written Call Option	(50)	\$20	January, 2017	(1,542)	(369)
Merck & Co., Inc.	Written Call Option	(226)	\$65	January, 2017	(13,032)	(909)
Micron Technology Inc.	Written Call Option	(89)	\$26	February, 2017	(5,175)	(2,387)
Nextera Energy Inc.	Written Call Option	(7)	\$120	January, 2017	(1,408)	(1,572)
NVIDIA Corp.	Written Call Option	(12)	\$110	January, 2017	(4,919)	(6,196)
NVIDIA Corp.	Written Call Option	(6)	\$115	February, 2017	(2,003)	(5,270)
Pason Systems Inc.	Written Call Option	(419)	\$21	January, 2017	(7,332)	(5,688)
Quebecor Inc.	Written Call Option	(50)	\$38	January, 2017	(1,750)	(2,000)
Royal Bank	Written Call Option	(345)	\$92	January, 2017	(10,005)	(21,907)
Saputo Inc.	Written Call Option	(71)	\$49	January, 2017	(7,100)	(1,775)
Tahoe Resources Inc.	Written Call Option	(284)	\$14	February, 2017	(8,804)	(11,928)
Tahoe Resources Inc.	Written Call Option	(189)	\$15	February, 2017	(3,024)	(4,536)
Terraform Power	Written Call Option	(34)	\$16	January, 2017	(912)	(990)
Terraform Power	Written Call Option	(26)	\$16	January, 2017	(723)	(757)
Thomson Reuters Corp.	Written Call Option	(143)	\$62	February, 2017	(6,292)	(4,862)
Thomson Reuters Corp.	Written Call Option	(143)	\$64	February, 2017	(2,861)	(2,074)
TransAlta Corp.	Written Call Option	(50)	\$8	January, 2017	(800)	(300)
Valeant Pharmaceuticals	Written Call Option	(188)	\$33	April, 2017	(12,101)	(7,185)
Veresen Inc.	Written Call Option	(367)	\$14	January, 2017	(2,202)	(1,222)
					(245,572)	(148,327)
American Water Works	Written Put Option	(6)	\$70	January, 2017	(684)	(422)
ARC Resources	Written Put Option	(56)	\$22	January, 2017	(1,960)	(980)
Canadian Western Bank	Written Put Option	(106)	\$24	January, 2017	(2,650)	(848)
CI Financial Corporation	Written Put Option	(131)	\$24	January, 2017	(1,703)	(22)
Crescent Point Energy	Written Put Option	(269)	\$17	February, 2017	(8,339)	(10,626)
DH Corp.	Written Put Option	(117)	\$26	January, 2017	(5,265)	(43,583)
Enerplus Corp.	Written Put Option	(169)	\$9	January, 2017	(3,042)	(106)
Equity Residential	Written Put Option	(20)	\$55	January, 2017	(1,878)	(487)
Fortis Inc.	Written Put Option	(311)	\$37	January, 2017	(14,928)	(1,622)
Franco-Nevada Corp.	Written Put Option	(41)	\$70	January, 2017	(6,355)	(1,148)
Goldcorp Inc.	Written Put Option	(253)	\$18	January, 2017	(34,914)	(14,927)
Goldcorp Inc.	Written Put Option	(137)	\$18	January, 2017	(6,987)	(8,082)
Guyana Goldfields Inc.	Written Put Option	(97)	\$6	January, 2017	(4,657)	(3,153)
HollyFrontier Corp.	Written Put Option	(74)	\$21	January, 2017	(5,955)	(30)
Hudbay Minerals Inc.	Written Put Option	(131)	\$6	January, 2017	(3,014)	(721)
Husky Energy Inc.	Written Put Option	(184)	\$13	January, 2017	(2,208)	(145)
Hydro One Ltd.	Written Put Option	(72)	\$22	January, 2017	(792)	(385)
iShares China Large-Cap	Written Put Option	(574)	\$31	February, 2017	(15,396)	(11,162)
iShares China Large-Cap	Written Put Option	(354)	\$31	January, 2017	(6,646)	(3,323)
iShares China Large-Cap	Written Put Option	(171)	\$30	January, 2017	(4,128)	(1,032)
Precision Drilling Corp.	Written Put Option	(188)	\$6	January, 2017	(1,880)	(481)
Royal Bank	Written Put Option	(63)	\$84	January, 2017	(4,852)	(1,166)
S&P 500 Index	Written Put Option	(69)	\$2,125	January, 2017	(32,386)	(14,805)
S&P 500 Index	Written Put Option	(42)	\$2,165	January, 2017	(6,196)	(7,041)
S&P 500 Index	Written Put Option	(42)	\$2,165	January, 2017	(5,070)	(7,041)
Silver Standard Resources	Written Put Option	(114)	\$12	January, 2017	(9,462)	(7,923)
Silver Wheaton Corp.	Written Put Option	(202)	\$20	January, 2017	(5,454)	(1,010)
SPDR S&P Regional Banking	Written Put Option	(25)	\$49	January, 2017	(1,173)	(285)
Tahoe Resources Inc.	Written Put Option	(237)	\$11	January, 2017	(5,452)	(2,489)
Tahoe Resources Inc.	Written Put Option	(213)	\$11	February, 2017	(7,881)	(6,390)
Teck Resources Ltd.	Written Put Option	(481)	\$25	January, 2017	(41,848)	(27,657)
Thomson Reuters Corp.	Written Put Option	(71)	\$56	January, 2017	(3,693)	(1,101)
Veresen Inc.	Written Put Option	(122)	\$11	January, 2017	(2,684)	(231)
					(259,532)	(180,424)
Total Written Options					(505,104)	(328,751)

PICTON MAHONEY LONG SHORT EQUITY FUND

FUND SPECIFIC NOTES

As at December 31, 2016

1. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The following tables illustrate the classifications of the Fund's financial instruments within the fair value hierarchy as at December 31, 2016 and 2015.

ASSETS (LIABILITIES) AT FAIR VALUE AS AT DECEMBER 31, 2016				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	192,253,830	512,719	1,764,000	194,530,549
Bonds - Long	-	1,407,931	-	1,407,931
Options - Long	630,058	-	-	630,058
Equities - Short	(99,077,204)	-	(16,031)	(99,093,235)
Bonds - Short	-	(2,820,884)	-	(2,820,884)
Options - Short	(328,751)	-	-	(328,751)
Total	93,477,933	(900,234)	1,747,969	94,325,668

ASSETS (LIABILITIES) AT FAIR VALUE AS AT DECEMBER 31, 2015				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Equities - Long	243,815,301	95,990	-	243,911,291
Bonds - Long	-	1,138,640	-	1,138,640
Options - Long	820,287	144,251	-	964,538
Futures - Long	124	-	-	124
Equities - Short	(123,334,032)	(59,286)	-	(123,393,318)
Bonds - Short	-	(6,438,261)	-	(6,438,261)
Options - Short	(672,808)	(39,319)	-	(712,127)
Total	120,628,872	(5,157,985)	-	115,470,887

2. RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS

The following table reconciles the Fund's Level 3 fair value measurements of financial instruments for the year ended December 31, 2016.

December 31, 2016	Equities - Long	Equities - Short	Debt Instruments	Total
Balance at Beginning of Year	-	-	-	-
Investment purchases during the year	1,764,000	-	-	1,764,000
Proceeds from sales during the year	-	-	-	-
Transfers in during the year	-	(15,557)	-	(15,557)
Transfers out during the year	-	-	-	-
Net realized gain (loss) on sale of investments	-	-	-	-
Change in unrealized appreciation (depreciation) in value of investments	-	(474)	-	(474)
Balance at End of Year	1,764,000	(16,031)	-	1,747,969

During the year ended December 31, 2016, certain equities held short were transferred from Level 1 to Level 3, as they ceased actively trading on a recognized stock exchange.

During the year ended December 31, 2016, certain securities held long and short were classified as Level 3. The Fund's long Level 3 securities consist of subscription receipts which were measured at the transaction price as determined at the time of purchase. If there was a 5% increase or decrease in the price of level 3 securities, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased, respectively, by approximately \$87,398 as at December 31, 2016 (December 31, 2015 - \$nil).

Security Name	Fair Value	Valuation Technique	Unobservable Inputs	Reasonable Shift (+)	Reasonable Shift (-)	Change in Valuation (+)	Change in Valuation (-)
Parkland Fuel Corp.	\$1,764,000	Recent financing	Purchase price	5%	5%	\$88,200	\$(88,200)
Swisher Hygiene Inc.	\$(16,031)	Last traded price	Discount to last traded price	5%	5%	\$(802)	\$802

PICTON MAHONEY LONG SHORT EQUITY FUND

FUND SPECIFIC NOTES (CONTINUED)

3. OTHER PRICE RISK

Using Beta as a measure of the relationship of the Fund's performance versus its index, if the S&P/TSX Composite Total Return Index were to increase or decrease by 10%, net assets would have increased or decreased by approximately \$20,975,236 (December 31, 2015 - \$10,831,317). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

4. CURRENCY RISK

Foreign currencies to which the Fund had exposure as at December 31, 2016 and 2015 were as follows:

Financial Instruments				
December 31, 2016 Currency	Monetary \$	Non-Monetary \$	Total \$	Percentage of Net Assets %
United States Dollar	(416,974)	(334,031)	(751,005)	-0.5%
Mexican Peso	397,937	-	397,937	0.3%
Australian Dollar	(497,637)	1,106,766	609,129	0.4%
Hong Kong Dollar	473,081	(448,903)	24,178	0.0%
Swedish Krona	(376,999)	388,895	11,896	0.0%
South African Rand	(2)	-	(2)	0.0%
Japanese Yen	25,428	-	25,428	0.0%
Euro	975,615	(1,186,752)	(211,137)	-0.2%
Swiss Franc	176,967	(376,094)	(199,127)	-0.1%
British Pound	(353,645)	-	(353,645)	-0.3%
Net Exposure	403,771	(850,119)	(446,348)	-0.4%

Financial Instruments				
December 31, 2015 Currency	Monetary \$	Non-Monetary \$	Total \$	Percentage of Net Assets %
United States Dollar	(6,342,422)	10,784,050	4,441,628	2.6%
British Pound	1,466,630	(632,272)	834,358	0.5%
Hong Kong Dollar	178,323	-	178,323	0.1%
Euro	1,483,795	(1,165,071)	318,724	0.2%
Australian Dollar	532,611	(383,264)	149,347	0.1%
Mexican Peso	6,107	-	6,107	0.0%
Swiss Franc	225,726	(194,391)	31,335	0.0%
South African Rand	(372)	-	(372)	0.0%
Japanese Yen	(291,225)	-	(291,225)	-0.2%
Net Exposure	(2,740,827)	8,409,052	5,668,225	3.3%

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 (\$22,317) (December 31, 2015 - \$283,411). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

PICTON MAHONEY LONG SHORT EQUITY FUND

FUND SPECIFIC NOTES (CONTINUED)

5. INTEREST RATE RISK

If the yield curve had shifted in parallel by 1%, with all other variables held constant, net assets will increase or decrease by \$171,246 (December 31, 2015 - \$356,143). In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

As at December 31, 2016 and 2015, the Fund's exposure to debt instruments by maturity were as follows:

Debt Instruments by Maturity Date		December 31, 2016 (\$)	
	Long Positions	Short Positions	Total
Less than 1 year	-	-	-
1-3 years	400,140	-	400,140
3-5 years	1,007,791	(942,667)	65,124
Greater than 5 years	-	(1,878,217)	(1,878,217)
Total	1,407,931	(2,820,884)	(1,412,953)

Debt Instruments by Maturity Date		December 31, 2015 (\$)	
	Long Positions	Short Positions	Total
Less than 1 year	-	-	-
1-3 years	-	-	-
3-5 years	-	(1,130,720)	(1,130,720)
Greater than 5 years	1,138,640	(5,307,541)	(4,168,901)
Total	1,138,640	(6,438,261)	(5,299,621)

6. CREDIT RISK

The following tables present the debt instruments by rating category as a % of net assets attributable to holders of redeemable units as at December 31, 2016 and 2015.

December 31, 2016				December 31, 2015			
Bond Ratings	Net	Long	Short	Bond Ratings	Net	Long	Short
AA+	-0.67%	0.00%	-0.67%	AAA	-0.95%	0.00%	-0.95%
BBB+	-0.68%	0.00%	-0.68%	AA+	-0.66%	0.00%	-0.66%
BBB	-0.29%	0.37%	-0.66%	AA-	-0.89%	0.00%	-0.89%
NR	1.18%	1.18%	0.00%	B	-0.22%	0.00%	-0.22%
				NR	-0.36%	0.66%	-1.02%

FUND SPECIFIC NOTES (CONTINUED)

7. CONCENTRATION RISK

Jurisdiction	% of Net Assets	
	December 31, 2016	December 31, 2015
Canada	77.5%	64.7%
Financials	21.1%	22.0%
Energy	11.9%	6.6%
Materials	11.1%	10.0%
Industrials	9.8%	7.1%
Consumer Discretionary	9.2%	10.3%
Mutual Funds	7.2%	8.3%
Information Technology	3.0%	2.9%
Health Care	2.3%	1.5%
Consumer Staples	1.6%	2.5%
Real Estate	1.2%	0.00%
Fixed Income	1.0%	0.4%
Options	0.3%	0.2%
Exchange Traded Funds	0.0%	-7.5%
Telecommunication Services	-0.7%	0.9%
Utilities	-1.5%	-0.5%
United States	4.9%	9.7%
Bermuda	1.2%	2.2%
Australia	0.8%	-0.2%
Germany	-0.3%	-0.4%
Guernsey	0.0%	0.4%
China	-0.3%	0.0%
Ireland	0.4%	0.2%
France	0.3%	0.4%
Finland	0.0%	-0.2%
Belgium	-0.2%	0.0%
Brazil	0.0%	-0.2%
Cayman Islands	0.0%	0.8%
Hong Kong	0.0%	0.0%
India	-0.2%	0.0%
Jersey	0.0%	0.0%
Luxembourg	0.0%	0.0%
Marshall Islands	0.0%	0.5%
Netherlands	-0.1%	0.0%
Liberia	0.0%	0.3%
Sweden	0.3%	0.0%
Israel	-0.4%	-0.1%
South Korea	0.4%	0.0%
Switzerland	-0.3%	-0.1%
Spain	-0.6%	-0.5%
United Kingdom	-0.7%	-0.8%
Fixed Income	-2.0%	-3.5%
Index Equivalents	-13.2%	-6.0%

PICTON MAHONEY LONG SHORT EQUITY FUND

FUND SPECIFIC NOTES (CONTINUED)

8. LIQUIDITY RISK

The tables below analyze 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. Amounts due to holders of redeemable units are disclosed as net assets attributable to holders of redeemable units on the statement of financial position and are due on demand.

December 31, 2016 Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Short positions	102,242,869	-	-	102,242,869
Redemptions payable	-	154,415	-	154,415
Accrued liabilities and other payables	-	5,115,905	-	5,115,905

December 31, 2015 Financial Liabilities	On Demand \$	< 3 months \$	> 3 months \$	Total \$
Short positions	130,543,706	-	-	130,543,706
Redemptions payable	-	266,155	-	266,155
Accrued liabilities and other payables	-	2,651,081	-	2,651,081

9. FINANCIAL INSTRUMENTS BY CATEGORY

The following tables present the carrying amounts of the Fund's financial instruments by category as at December 31, 2016.

Assets	Financial assets classified as held for trading \$	Financial assets designated at FVTPL \$	Financial assets at amortized cost \$	Total \$
Long positions	1,225,272	195,343,266	-	196,568,538
Cash	-	-	31,421,707	31,421,707
Deposits with brokers for securities sold short	-	-	12,380,335	12,380,335
Receivable for investments sold	-	-	6,727,430	6,727,430
Interest and other receivable	-	-	27,635	27,635
Dividends receivable	-	-	307,838	307,838
Total	1,225,272	195,343,266	50,864,945	247,433,483

Liabilities	Financial liabilities classified as held for trading \$	Financial liabilities designated at FVTPL \$	Financial liabilities at amortized cost \$	Total \$
Short positions	102,242,869	-	-	102,242,869
Accrued liabilities	-	-	116,628	116,628
Management fee payable	-	-	84,791	84,791
Redemptions payable	-	-	154,415	154,415
Payable for investments purchased	-	-	4,705,090	4,705,090
Interest payable	-	-	11,054	11,054
Dividends payable	-	-	198,342	198,342
Total	102,242,869	-	5,270,320	107,513,189

PICTON MAHONEY LONG SHORT EQUITY FUND

FUND SPECIFIC NOTES (CONTINUED)

The following tables present the carrying amounts of the Fund's financial instruments by category as at December 31, 2015.

Assets	Financial assets classified as held for trading \$	Financial assets designated at FVTPL \$	Financial assets at amortized cost \$	Total \$
Long positions	964,538	245,049,931	-	246,014,469
Cash	-	-	39,970,114	39,970,114
Unrealized gain on futures contracts	124	-	-	124
Deposits with brokers for securities sold short	-	-	14,703,877	14,703,877
Deposits with brokers for futures contracts	-	-	17,345	17,345
Distributions receivable from underlying funds	-	-	118,399	118,399
Receivable for investments sold	-	-	3,951,402	3,951,402
Interest and other receivable	-	-	47,853	47,853
Dividends receivable	-	-	420,561	420,561
Total	964,662	245,049,931	59,229,551	305,244,144

Liabilities	Financial liabilities classified as held for trading \$	Financial liabilities designated at FVTPL \$	Financial liabilities at amortized cost \$	Total \$
Short positions	130,543,706	-	-	130,543,706
Accrued liabilities	-	-	130,038	130,038
Management fee payable	-	-	163,488	163,488
Redemptions payable	-	-	266,155	266,155
Payable for investments purchased	-	-	1,783,034	1,783,034
Interest payable	-	-	73,195	73,195
Dividends payable	-	-	501,326	501,326
Total	130,543,706	-	2,917,236	133,460,942

PICTON MAHONEY LONG SHORT EQUITY FUND

FUND SPECIFIC NOTES (CONTINUED)

10. NET GAINS ON INVESTMENTS AND DERIVATIVES

The following tables present the net gains (losses) on investments and derivatives by category for the years ended December 31, 2016 and 2015.

	December 31, 2016		
	Financial assets classified as held for trading \$	Financial assets designated at FVTPL \$	Total \$
Interest for distribution purposes	-	274,756	274,756
Dividends	-	4,452,136	4,452,136
Distributions from underlying funds	-	1,465,282	1,465,282
Net realized gain (loss) on investments and options	(5,711,306)	13,432,145	7,720,839
Net realized gain (loss) on futures	(18,452)	-	(18,452)
Change in unrealized appreciation (depreciation) on investments, options, and futures	(15,492,559)	18,636,627	3,144,090
Interest and borrowing expense	(939,675)	-	(939,675)
Dividend expense	(2,227,640)	-	(2,227,640)
Total	(24,389,632)	38,260,968	13,871,336

	December 31, 2015		
	Financial assets classified as held for trading \$	Financial assets designated at FVTPL \$	Total \$
Interest for distribution purposes	-	384,570	384,570
Dividends	-	6,174,994	6,174,994
Distributions from underlying funds	-	118,399	118,399
Net realized gain (loss) on investments and options	(2,805,219)	18,282,102	15,476,883
Net realized gain (loss) on futures	310,346	-	310,346
Change in unrealized appreciation (depreciation) on investments, options, and futures	(814,458)	(10,401,264)	(11,215,722)
Interest and borrowing expense	(1,364,637)	-	(1,364,637)
Dividend expense	(4,252,637)	-	(4,252,637)
Total	(8,926,605)	14,558,801	5,632,196

PICTON MAHONEY LONG SHORT EQUITY FUND

FUND SPECIFIC NOTES (CONTINUED)

11. FUND UNIT TRANSACTIONS

For the years ended December 31

	2016			2015		
	Class A	Class F	Class I	Class A	Class F	Class I
Units issued and outstanding as at January 1	3,688,818	3,139,223	169,886	4,614,076	3,570,545	314,597
Units issued	10,427	344,593	96,191	80,537	578,761	88,169
Units reinvested	-	-	-	-	-	-
Units redeemed	(1,028,998)	(972,158)	(108,990)	(1,005,795)	(1,010,083)	(232,880)
Units issued and outstanding as at December 31	2,670,247	2,511,658	157,087	3,688,818	3,139,223	169,886
Weighted average number of units held during the year	3,124,474	2,771,381	145,980	4,226,228	3,455,682	154,501

12. COMMISSIONS

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

	2016	2015
Brokerage commissions	1,821	2,367
Soft Dollar commissions	195	264

13. TAX LOSS CARRY FORWARDS

As at December 31 (in \$000)

	2016
Net capital losses carry forward	-
Non-capital losses carry forward expiring: 2028	931

PICTON MAHONEY LONG SHORT EQUITY FUND

FUND SPECIFIC NOTES (CONTINUED)

14. STRUCTURED ENTITIES

The table below illustrates the Fund's investment in the underlying funds as at December 31, 2016 and 2015.

Underlying Funds	Fair Value of Fund's Investment (in \$000s)	Underlying Fund's Net Assets (in \$000s)	% of Net Assets of the Underlying Fund
As at December 31, 2016			
First Asset U.S. & Canada Lifeco Income ETF	173	128,301	0.1%
iShares 20+ Year Treasury Bond ETF	119	6,926,776	0.0%
iShares S&P/TSX Capped REIT Index ETF	206	1,401,269	0.0%
SPDR S&P Oil & Gas Exploration & Production ETF	616	3,176,334	0.0%
Picton Mahoney Concentrated Opportunistic Long Short Fund	772	6,159	12.5%
Picton Mahoney Global Long Short Equity Fund	8,450	48,647	17.4%
Picton Mahoney Long Short Emerging Markets Fund	825	18,343	4.5%
Picton Mahoney Long Short Global Resource Fund	88	8,193	1.1%
As at December 31, 2015			
iShares MSCI Spain Capped ETF	353	1,820,491	0.0%
Picton Mahoney Global Long Short Equity Fund	9,042	102,230	8.8%
Picton Mahoney Long Short Emerging Markets Fund	941	28,751	3.3%
Picton Mahoney Long Short Global Resource Fund	70	5,589	1.3%
Picton Mahoney Long Short US SMID Cap Fund	4,207	11,973	35.1%

**THINK AHEAD.
STAY AHEAD.**

A decorative horizontal bar consisting of several segments of varying shades of gray and black.

PICTON MAHONEY ASSET MANAGEMENT CORPORATE INFORMATION

Corporate Address

Picton Mahoney Asset Management

33 Yonge Street, Suite: 830
Toronto, Ontario
Canada M5E 1G4

Telephone: 416.955.4108

Toll free: 1.866.369.4108

Fax: 416.955.4100

Email: service@pictonmahoney.com

www.pictonmahoney.com

Fund Administration & Transfer Agent

Picton Mahoney Funds

C/O RBC Investor Services Trust,
Shareholder Services
155 Wellington Street West, 3rd Floor
Toronto, ON M5V 3L3

Auditor

PricewaterhouseCoopers LLP

18 York Street, Suite 2600
Toronto, Ontario
Canada M5J 0B2

Legal Counsel

McMillan LLP

Brookfield Place, Suite 4400
181 Bay Street
Toronto, Ontario
Canada M5J 2T3

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.