

Annual Report of the Independent Review Committee of the Picton Mahoney Group of Funds

March 21, 2024

Dear Securityholders,

In accordance with **National Instrument 81-107 - *Independent Review Committee for Investment Funds*** (“NI 81-107” or the “Instrument”), Picton Mahoney Asset Management (the “Manager”) established an Independent Review Committee (the “Committee” or “IRC”) for the Funds in October 2012. The IRC has functioned in accordance with the applicable securities laws and is composed of three individuals, each of whom is independent of the Funds, of the Manager and each entity related to the Manager (as defined in the Instrument).

The IRC is pleased to publish its annual report to securityholders, covering the period from January 1, 2023 to December 31, 2023 (the “Reporting Period”).

Mandate of the IRC

In accordance with the Instrument, the mandate of the IRC is to consider and provide decisions to the Manager on conflicts of interest to which the Manager may be subject when managing the Funds. The Manager is required under the Instrument to identify potential conflicts of interest inherent in its management of the Funds, develop written policies and procedures guiding its management of those conflicts and request input from the IRC on those written policies and procedures, (hereinafter referred to as the “Conflict of Interest Matters manual” or “COIM manual”).

When a conflict matter arises, the Manager must refer its proposed course of action in respect of such conflict to the IRC for its review. While certain matters require the IRC’s prior approval, in most cases the IRC will provide a decision to the Manager as to whether, in the opinion of the IRC, the Manager’s proposed action provides a fair and reasonable result for the Funds. For recurring conflict of interest matters, the IRC can provide the Manager with Standing Instructions (“SIs”). The SIs enable the Manager to proceed with certain matters without having to refer them to the IRC each time for approval, providing the Manager deals with the conflicts in accordance with the SIs.

The IRC is empowered to represent the best interest of the Funds in any matter where the Manager has referred a conflict of interest matter to it. In those cases, the IRC has sought to ensure that the Manager’s proposed course of action represents a fair and reasonable result for the Funds.

Composition of the IRC

The current members of the IRC and their principal occupations are as follows:

<i>Name and municipality of residence</i>	<i>Principal Occupation</i>	<i>Term of Office</i>
Chair: Rod McIsaac, Toronto, Ontario	Corporate Director, former chairman and CEO of HSBC Securities (Canada)	Initially Appointed on January 1, 2023 for a period of three years
Paul Manias, Toronto, Ontario	Partner and Co-Head, Diagram ClimateTech Fund; former Managing Director at OMERS	Initially Appointed on January 1, 2021 for a period of three years Re-appointed in 2023 for a period of three years effective January 1, 2024
Pat Dunwoody, Toronto, Ontario	Financial Services Executive	Initially Appointed on January 1, 2022 for a period of three years

Paul Manias was re-appointed on October 17, 2023 for a period of three years effective January 1, 2024.

Compensation and Indemnification

Review of Compensation

At least annually, the IRC reviews its compensation considering the following:

- the nature and extent of the workload of each member of the IRC, including the commitment of time and energy expected from each member;
- the number of meetings required by the IRC including special meetings to consider conflict issues brought to the committee;
- industry best practices, including industry averages and surveys on IRC compensation; and,
- the complexity of the conflict issues brought to the IRC.

Members' Fees

In aggregate, the IRC members were paid \$45,000 during the Reporting Period, plus applicable taxes.

Disclosure of IRC Members' Holdings

As of December 31, 2023, the IRC Members did not beneficially own, directly or indirectly:

- any units in the Funds;
- any interest in the Manager; or,
- any interest in a company or person that provides services to the Manager or the Funds.

Decisions and Approvals

There were no decisions or approvals during the Reporting Period.

Standing Instructions Approved

The IRC has approved two Standing Instructions (SIs). The Manager can proceed with the specific action(s) set out in an SI without having to refer the conflict of interest matter or its proposed action to the IRC, provided that the Manager complies with the terms and conditions of the SI. The SIs required the Manager to comply with its related policy and procedures and to report periodically to the IRC.

Standing Instruction No. 1: Omnibus.

This SI deals with a number of conflicts of interest matters including:

1. *Fees and expenses*
2. *Trade allocations*
3. *Portfolio pricing issues*
4. *Pricing errors and other errors*
5. *Broker selection and trade allocation*
6. *Showing Favouritism*
7. *Proxy Voting*
8. *Outsourcing to third party services*
9. *Gifts and entertainment*
10. *Personal trading*
11. *Brokerage commissions (soft dollars)*
12. *Client complaints*
13. *Capacity issues*
14. *Investing in securities of related issuers*
15. *Services provided by related issuers*

Standing Instruction (“SI”) No. 2: Inter-fund Trades

Manager’s Report on its Standing Instructions

In accordance with the Instrument, the Manager provided written reports to the IRC describing its reliance on the SIs during the Reporting Period. The Manager relied on SIs No. 1 and 2 during the Reporting Period.

Funds served by the IRC

NI 81-107 Funds:

Picton Mahoney Tactical Income Fund
Picton Mahoney Fortified Equity Fund
Picton Mahoney Fortified Income Fund
Picton Mahoney Fortified Multi-Asset Fund
Picton Mahoney Fortified Active Extension Alternative Fund
Picton Mahoney Fortified Market Neutral Alternative Fund
Picton Mahoney Fortified Multi-Strategy Alternative Fund
Picton Mahoney Fortified Long Short Alternative Fund
Picton Mahoney Fortified Income Alternative Fund
Picton Mahoney Fortified Arbitrage Alternative Fund
Picton Mahoney Fortified Arbitrage Plus Alternative Fund

Picton Mahoney Fortified Special Situations Alternative Fund
Picton Mahoney Fortified Alpha Alternative Fund
Picton Mahoney Fortified Core Bond Fund
Picton Mahoney Fortified Inflation Opportunities Alternative Fund

Additional Funds Subject to SI No. 2 (inter-fund trading):

Picton Mahoney 130/30 Alpha Extension Canadian Equity Fund
Picton Mahoney Income Opportunities Fund
Picton Mahoney Long Short Equity Fund
Picton Mahoney Market Neutral Equity Fund
Picton Mahoney Special Situations Fund
Picton Mahoney World 130/30 Canadian Equity Fund
Picton Mahoney Canadian 130/30 Pension One Fund
Picton Mahoney Arbitrage Fund
Picton Mahoney Arbitrage Plus Fund
Picton Mahoney Absolute Alpha Fund
Picton Mahoney Canadian Equity Fund

This report is available on the Manager's website at <http://www.pictonmahoney.com> or you may request a copy, at no cost to you, by contacting the Fund at 1-866-369-4108 or by emailing the Fund at service@pictonmahoney.com. This document and other information about the Fund are available at www.sedar.com.

Yours truly,

"Rod McIsaac"

Rod McIsaac, Chair

Paul Manias served as a member of the Independent Review Committees for the following funds

Investment funds that are reporting issuers managed by Picton Mahoney Asset Management.
Investment funds that are reporting issuers managed by Forstrong Global Asset Management
(appointed to their IRC effective July 19, 2023)

Pat Dunwoody as a member of the Independent Review Committees for the following funds:

Investment funds that are reporting issuers managed by Picton Mahoney Asset Management
Investment funds that are reporting issuers managed by Next Edge Capital Corp.
(appointed to their IRC effective January 1, 2024)

Rod McIsaac as a member of the Independent Review Committees for the following funds:

Investment funds that are reporting issuers managed by Evolve Funds Group Inc.
Certain investment funds managed by Goodwood Inc.
Investment funds that are reporting issuers managed by Picton Mahoney Asset Management Inc.
Investment funds that are reporting issuers managed by SmartBe Investments Inc.
(ceased to be a member effective July 31, 2023)