PICTON INVESTMENTS

WHY ALTERNATIVES?

JOIN HOW THE WORLD INVESTS

IT'S TIME FOR INVESTING TO EVOLVE

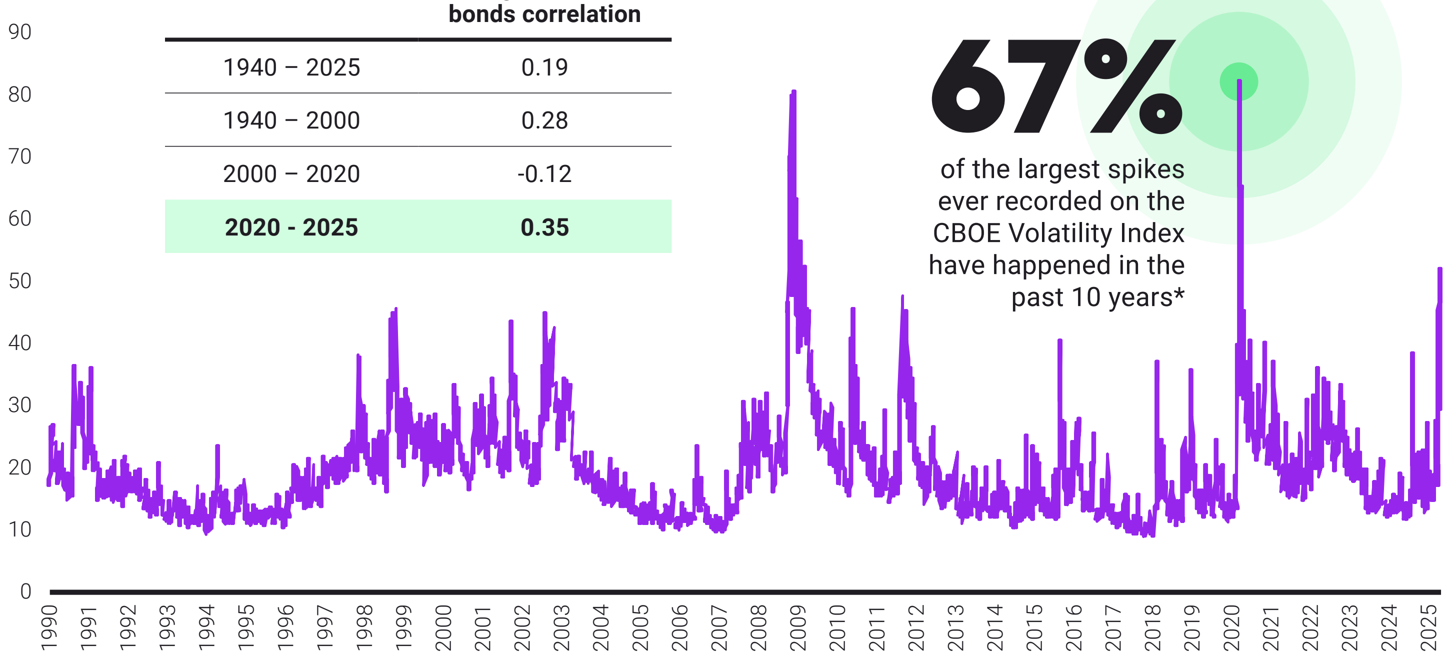
Innovation has always made the world better, shaping how we live, work, and connect. Yet investing has been slow to evolve, with most portfolios still concentrated in traditional mutual funds. Alternatives bring innovation directly to investing, modernizing the way portfolios are built. By combining high-value alternative strategies with low-cost ETFs, portfolios can become more diversified and resilient, helping investors move forward with greater certainty.

MARKETS ARE BECOMING INCREASINGLY VOLATILE

WHILE STOCKS AND BONDS ARE BECOMING MORE CORRELATED

	Average stocks and bonds correlation
1940 – 2025	0.19
1940 – 2000	0.28
2000 – 2020	-0.12
2020 - 2025	**0.35**

67% of the largest spikes ever recorded on the CBOE Volatility Index have happened in the past 10 years*

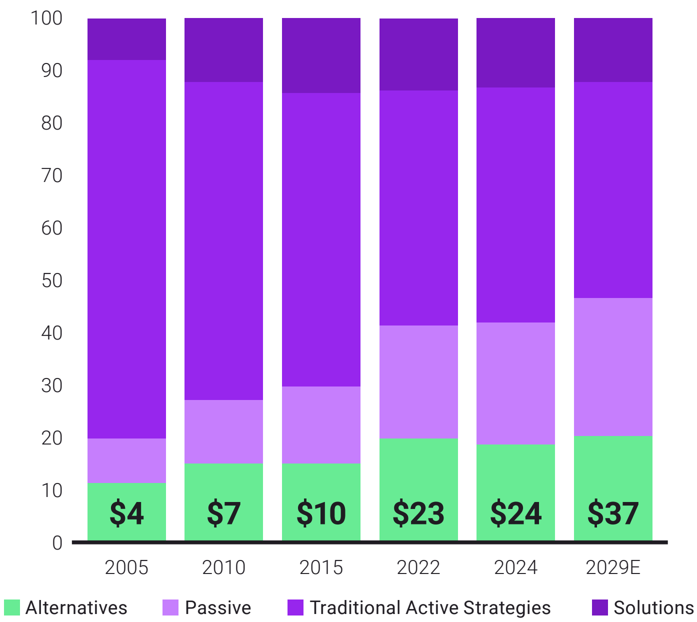


Source: Bloomberg, L.P. Period from January 2, 1990 to April 15, 2025. Based on positive or negative changes on the VIX of at least 50% in a single trading day. PICTON Investments Research. Period from January 1, 1940, to April 30, 2025. For illustrative purposes only. The above table illustrates the average correlation between Canadian Fixed Income and Canadian Equity. Canadian Fixed Income - From 1986-today is ICE BofA 10+ Year Canada Government Index. Prior to 1986 is calculated by PMAM using Government of Canada marketable bonds historical yields from Bank of Canada with an assumption of constant 15-year maturity. Canadian Equity - is S&P/TSX Composite TR Index.

GLOBAL ALLOCATIONS TO ALTERNATIVES **CONTINUE TO GROW**

The global alternatives market is expected to reach $30 trillion (USD) by 2030, yet Canadian portfolios are lagging behind global portfolios. By aligning with global trends, Canadian investors can unlock the diversification, risk management, and resilience alternatives can offer.

Global AUM by Product ($Trillions)



Source: Picton Mahoney Asset Management Research, Boston Consulting Group. Data as of Apr 2025

LEAVING UNTAPPED OPPORTUNITY FOR GROWTH

$66.6B
AUM IN LIQUID ALTERNATIVES IN CANADA*

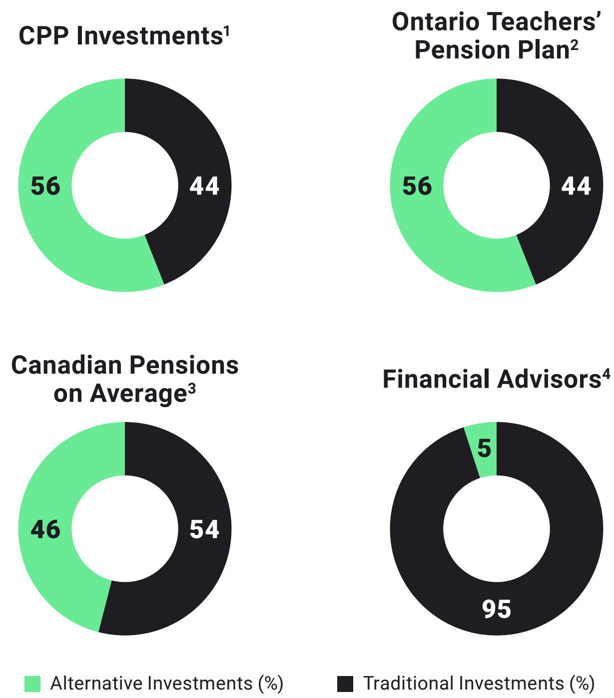
$30T
EXPECTED AUM (USD) IN ALTERNATIVES GLOBALLY BY 2030†

Source: * 2ND ENGINE™ Liquid Alternative Indices Quarterly Industry Report. As of June 30, 2025; † PREQUIN

LIQUID ALTERNATIVES CAN OFFER INVESTORS **OPPORTUNITY TO INVEST LIKE INSTITUTIONS**

Historically offered to institutions and pension funds, the introduction of liquid alternatives now provides Canadian investors with access to strategies used by institutional investors.

Compared to institutional investors, investors are still heavily concentrated in traditional assets (stocks & bonds), with just approximately 5% allocated to alternatives.



[1]CPP Investments Annual Report 2025. As of March 31,2025. [2]OTPP 2024 Annual Report. As of December 31,2024. [3]Think Ahead Institute 2025 Global Pension Assets Study. As of December 31, 2024. [4]Fidelity - A study of allocations to alternative investments by institutions and financial advisors. As of June 23, 2023

ALTERNATIVES CAN OFFER KEY BENEFITS TO YOUR INVESTMENT PORTFOLIO

ENHANCERS
Add alpha potential without overexposing risk.

DIVERSIFIERS
Seek to reduce correlation and add resilience.

INFLATION PROTECTORS
Help preserve purchasing power.

01. **Lower Market Correlation**
Reduces reliance on stocks and bonds with the aim of smoothing portfolio returns.

02. **Enhanced Diversification**
Expands opportunities beyond traditional equities and fixed income.

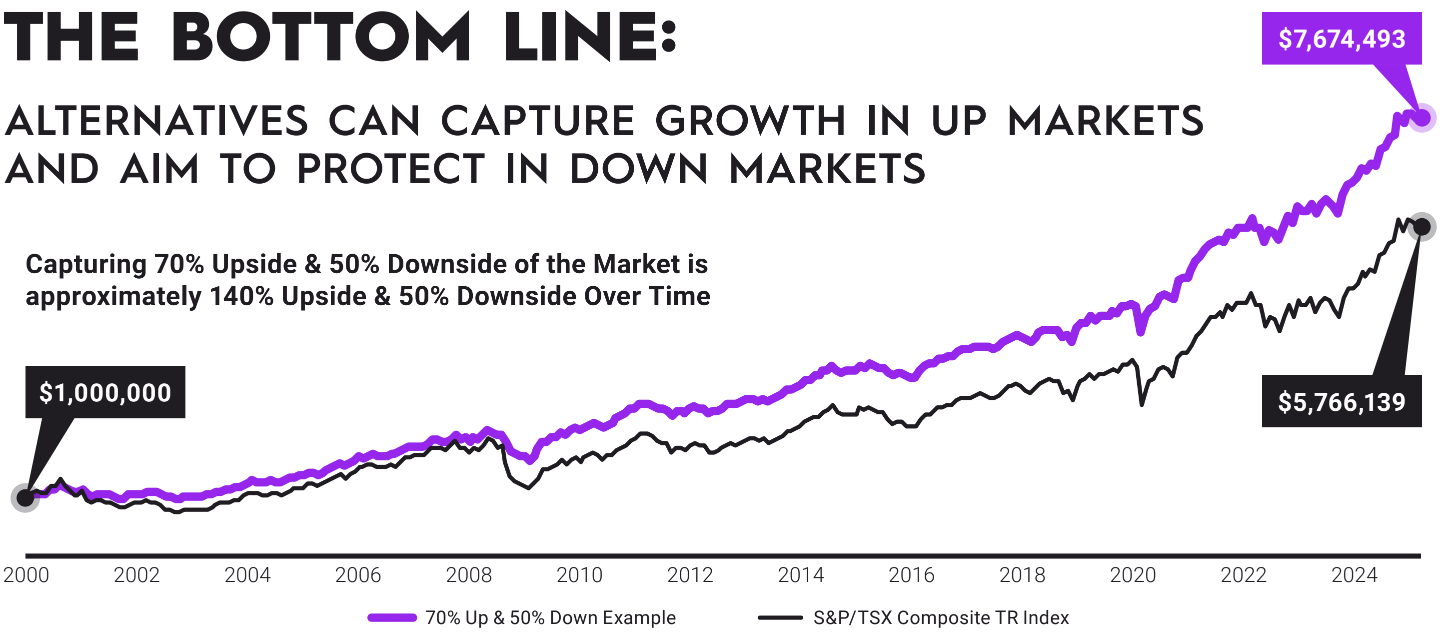
03. **Designed for Stability in Volatile Markets**
Uses sophisticated techniques like hedging and short-selling to manage volatility.

04. **Aims to Provide Greater Certainty of Outcomes**
Focuses on consistent, risk-adjusted returns in varying market conditions.

05. **Liquidity and Flexibility**
Maintains flexibility comparable to traditional investments, without sacrificing diversification.

THE BOTTOM LINE:

ALTERNATIVES CAN CAPTURE GROWTH IN UP MARKETS AND AIM TO PROTECT IN DOWN MARKETS

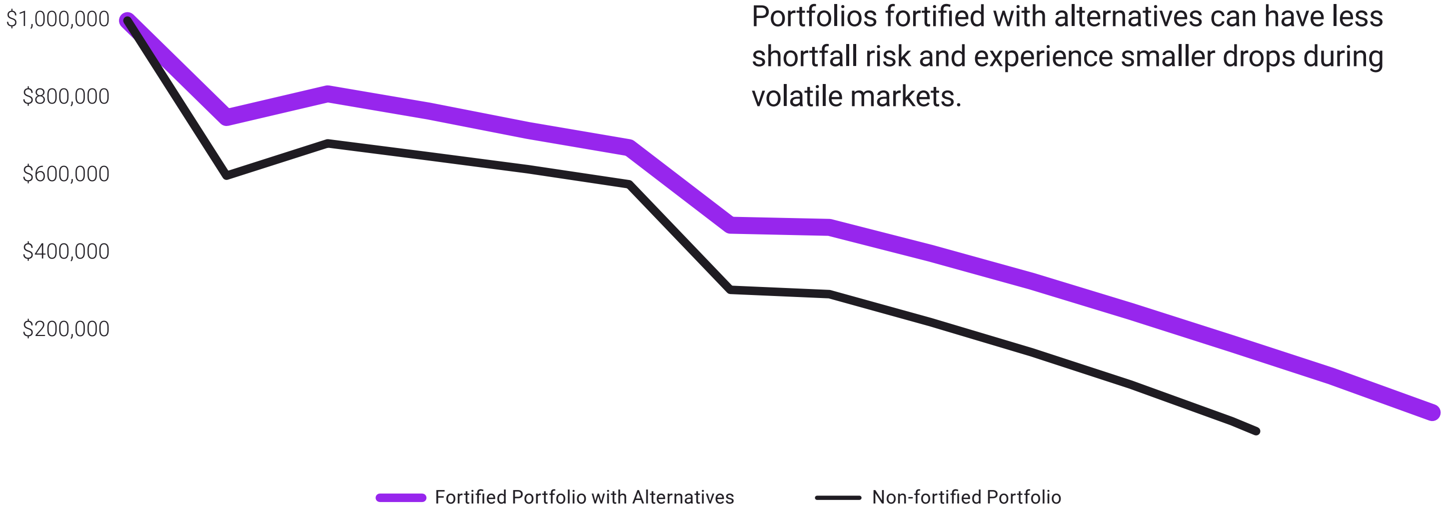


Source: Morningstar, Inc, PICTON Research. For illustrative purpose only. The rates of return shown above are intended to illustrate the effects of the compound growth rate and are not intended to reflect actual returns on any investment. Actual performance may differ significantly. The 70% Up/50% Down Example was calculated by using equity investments which captures 70% of the upside and 50% of the downside of the S&P/TSX Composite Index monthly returns. Returns illustrated are based on actual monthly index from January 2000 to March 2025. Performance does not take into account any trading costs, optional charges or income taxes payable by any unitholder that would have reduced returns.

WHILE AIMING TO REDUCE SHORT-FALL DECUMULATION RISK

Sequence of returns can impact early losses making it harder to recover, no matter your life stage.

Portfolios fortified with alternatives can have less shortfall risk and experience smaller drops during volatile markets.



For illustrative purposes only

The world is evolving and with new forms of investments, like alternatives, you now have an opportunity to evolve the way you invest. Alternatives can be essential to building portfolios that are better equipped for today's risks and tomorrow's opportunities. By integrating alternatives, Canadian investors can join a more advanced global approach, one that strengthens diversification, helps manage volatility, and aims to support more consistent outcomes.

Disclosure

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