

MATERIAL CHANGE REPORT
(Section 11.2 of National Instrument 81-106)

Item 1. Name and Address of Reporting Issuer

Canso Select Opportunities Fund (the “**Fund**”)
c/o Lysander Funds Limited (the “**Manager**”)
100 York Blvd., Suite 501
Richmond Hill, ON L4B 1J8

Item 2. Date of Material Change

February 1, 2018

Item 3. News Release

A news release dated February 1, 2018 reporting the material change was issued by the Manager through GlobeNewswire and filed on SEDAR on February 1, 2018. A copy of the news release is attached hereto as Appendix “A”.

Item 4. Summary of Material Change

On February 1, 2018, the Manager announced that it is calling a special meeting of unitholders of the Fund (TSX: SCW.UN) on April 12, 2018 to vote upon a proposal to restructure the Fund into a publicly listed corporate structure (the “**Corporation**”). If approved, the proposed restructuring of the Fund (the “**Restructuring**”) is expected to be implemented in the second quarter of 2018. Under the Restructuring, unitholders of the Fund will become shareholders of the Corporation.

Item 5. Full Description of Material Change

Please refer to the attached press release dated February 1, 2018.

Item 6. Reliance on subsection 11.2(2) of National Instrument 81-106

Not applicable.

Item 7. Omitted Information

No information has been omitted.

Item 8. Officer of the Manager

Further information regarding the matters described in this report may be obtained from Richard Usher-Jones, President, who is knowledgeable about the details of the material change described herein and may be contacted by telephone at 416-640-4275.

Item 9. Date of Report

February 5, 2018

Appendix “A” – News Release

LYSANDER FUNDS LIMITED ANNOUNCES PROPOSED FUND RESTRUCTURING

FOR IMMEDIATE RELEASE

Richmond Hill, Ontario – February 1, 2018 - Lysander Funds Limited (“**Lysander**”) announced today that it is calling a special meeting of unitholders of Canso Select Opportunities Fund (TSX: SCW.UN) (the “**Fund**”) on April 12, 2018 (the “**Special Meeting**”) to vote upon a proposal to restructure the Fund.

The proposed restructuring of the Fund (the “**Restructuring**”) includes:

1. Converting the existing publicly listed trust structure of the Fund into a publicly listed corporate structure (the “**Corporation**”), which may, for a transitional period, hold some of its investments through the original trust structure.
2. Replacement of the investment objective, investment strategy and investment restrictions of the Fund to reflect the business strategy of a private equity corporation that is actively involved in corporate activities, activist investing, potentially taking large private positions and holding increased illiquid investments including private equity and debt, loans, real estate and infrastructure.
3. Elimination of all redemption options after the Restructuring. The Restructuring will occur after all unitholders of the Fund have had the opportunity to redeem their units of the Fund at net asset value pursuant to the Fund’s annual redemption right in accordance with the terms of the Fund’s offering documents. In order to exercise the annual redemption right, existing unitholders of the Fund must surrender their units for redemption during the period commencing on March 15, 2018 until 5:00pm (Toronto time) on March 30, 2018.
4. Replacement of the manager of the Fund with a corporate board of directors.
5. Elimination of daily reporting of net asset value per unit after the Restructuring. The Corporation will publicly report on its operations on a quarterly basis.
6. Elimination of management fees and performance fees. The Corporation will be responsible for paying its own operating expenses including, but not limited to, the remuneration to the board of directors, fees of service providers and professional advisors, audit, legal, custodial, brokerage commissions, fees on portfolio transactions, interest, rent, systems, insurance, recordkeeping, regulatory, reporting and other operating costs.
7. The Fund’s monthly distributions will be replaced by periodic dividends at the discretion of the Corporation’s board of directors.

As a result of the Restructuring, unitholders of the Fund will also be asked to approve the change of status of the Fund from an investment fund to a corporate finance issuer.

Under the Restructuring, unitholders of the Fund will become shareholders of the Corporation. A transfer of units of the Fund to the Corporation for shares of the Corporation will be a disposition for Canadian income tax purposes, which may result in a capital gain or loss to unitholders who hold their units outside of registered plans. Such unitholders may be entitled to obtain a full or partial tax deferral subject to making a joint tax election with the Corporation. Unitholders who redeem their units prior to the Restructuring will realize a capital gain or loss for Canadian income tax purposes. Unitholders are encouraged to seek counsel from their investment and tax advisors with respect to the Restructuring.

Details of the Restructuring will be outlined in a management information circular to be prepared and delivered to unitholders of the Fund in connection with the Special Meeting and which will be available on www.sedar.com. Implementation of the Restructuring is also subject to receipt of all necessary regulatory approvals. If approved, the Restructuring is expected to be implemented in the second quarter of 2018. If the Restructuring is not approved, Lysander expects to terminate the Fund.

Lysander is the trustee and investment fund manager of the Fund. The head office of Lysander is located at 100 York Blvd., Richmond Hill, Ontario L4B 1J8.

For further information on Lysander, please visit www.lysanderfunds.com or manager@lysanderfunds.com or you can reach Lysander at 1-877-308-6979.

Richard Usher-Jones
President
Lysander Funds Limited
Tel. No. 416-640-4275
Fax No. 905-764-0000

Forward Looking Information

This press release contains forward-looking statements and information within the meaning of applicable securities legislation. Forward-looking statements can be identified by the expressions “seeks”, “expects”, “believes”, “estimates”, “will”, “target” and similar expressions. The forward-looking statements are not historical facts but reflect the current expectations of Lysander regarding future results or events and are based on information currently available to it. Certain material factors and assumptions were applied in providing these forward-looking statements. All forward-looking statements in this press release are qualified by these cautionary statements. Lysander believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions; however, Lysander can give no assurances that the actual results or developments will be realized. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed under “Risk Factors” in the annual information form of the Fund dated March 24, 2017. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. Lysander undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances except as required by securities laws. These forward-looking statements are made as of the date of this press release.