

Annual Management Report of Fund Performance

As at December 31, 2021

Lysander-Triasima All Country Long/Short Equity Fund



TRIASIMA



Lysander-Triasima All Country Long/Short Equity Fund

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A Note About Forward Looking Statements

This annual Management Report of Fund Performance includes certain statements that are “forward looking statements”. All statements, other than statements of historical fact, included in this Management Report of Fund Performance that address activities, events or developments that the Fund expects or anticipates will or may occur in the future, including such things as anticipated financial performance, are forward looking statements. The words “may”, “could”, “would”, “should”, “believe”, “plan”, “anticipate”, “expect”, “intend”, “forecast”, “objective” and similar expressions are intended to identify forward looking statements.

These forward looking statements are subject to various risks and uncertainties, including the risks described in the simplified prospectus of the Fund, which could cause actual financial performance and expectations to differ materially from the anticipated performance or other expectations expressed.

Readers are cautioned not to place undue reliance on these forward looking statements. All opinions contained in forward looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

The Fund has no specific intention of updating any forward looking statements whether as a result of new information, future events or otherwise, except as required by securities legislation. Certain research and information about specific holdings in the Fund, including any opinion, is based upon various sources believed to be reliable, but it cannot be guaranteed to be current, accurate or complete. It is for information only, and is subject to change without notice.

About This Report

This annual Management Report of Fund Performance of Lysander-Triasima All Country Long/Short Equity Fund (the “Fund”) contains financial highlights for the year ended December 31, 2021 but does not contain the complete financial statements of the Fund. This report should be read in conjunction with the annual financial statements of the Fund for the year ended December 31, 2021. Lysander Funds Limited (the “Manager”) is the manager of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling toll-free 1 877 308 6979, by writing to Lysander Funds Limited, 3080 Yonge St., Suite 3037, Toronto, Ontario, M4N 3N1, by visiting our website at www.lysanderfunds.com or at SEDAR at www.sedar.com.

Unitholders may also contact Lysander Funds Limited using one of these methods to obtain a copy of the Fund’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Investment objective

The Fund’s objective is to seek to provide long-term returns that are not correlated to major stock market indices by investing in, or gaining exposure to, primarily equity securities anywhere in the world. The Fund will use alternative investment strategies such as engaging in short sales and purchasing securities on margin or with borrowed funds.

Investment Strategies

The Fund’s portfolio manager is Triasima Portfolio Management Inc. (“Portfolio Manager” or “Triasima”). The Fund seeks long and short exposure to a diversified portfolio comprised primarily

of equity securities which involves simultaneously investing in equity securities (investing long) that the portfolio manager expects to increase in value and selling equity securities (investing short) that the portfolio manager expects to decrease in value relative to their comparables and/or where the portfolio manager expects these positions will reduce portfolio risk. The Fund is not constrained by geographic or sector considerations and could be substantially exposed to equity securities of issuers not in developed markets. From time to time, the Fund may also have exposure to depositary receipts, debt securities convertible into common stock, fixed income securities of governments, government agencies, supranational agencies, companies, trusts, limited partnerships and other funds including ETFs. More details are contained in the Fund’s simplified prospectus.

Risks

The risks of this Fund remain as discussed in the Fund’s most recent simplified prospectus.

Results of Operations

The Lysander-Triasima All Country Long/Short Equity Fund was launched on May 11, 2020.

Since the inception of the Fund, Triasima employed its 3-pillar methodology that analyzes securities from three perspectives: quantitative, fundamental, and trend, to determine their suitability and attractiveness for the Fund.

The Lysander-Triasima All Country Long/Short Equity Fund is a liquid alternative fund of the long and short category. As such, the Fund does buy securities and is also allowed to borrow

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securities it does not own, and to sell these borrowed securities short.

The Fund's Series A and F performance are 14.1% and 15.1%, respectively, for the year, versus 4% for the performance benchmark. The performance benchmark is the greater of i) the return generated by Canada 91-day Index, plus 3% per year or ii) a floor of 4% per annum.

This performance is consistent with the Fund's fundamental investment objective and strategies. The net assets of the Fund increased to \$9.6 million at December 31, 2021 from \$6.9 million at the beginning of the year. There were net subscriptions of \$1.4 million during the year.

The Fund may also borrow money up to a maximum of 50% of its net market value to purchase additional long positions; hence, the maximum leverage for the long positions is 150% of net market value. During the year, and using month-end data only, the market value of the long positions averaged 112% of the net market value of the Fund, and the maximum leverage was 127%.

As for the short positions, their market value must not exceed -50% of the net market value of the Fund; they averaged -38% during the year.

Performance for the Long positions was very steady throughout 2021 with 10 out of 12 positive months. Long positions were up 20.9% overall for the year. The Fund's Short positions behaved differently, moving up in price (a bad outcome) in the first half of the year but subsequently turning down in the second half. For the full year, Shorts were nearly unchanged at -1.4%, performing far below the Longs.

From a "regions of the world" perspective, the Fund's near total absence from emerging Asian countries, down 5% as a group, was beneficial to both absolute and relative performance. Security selection was strong in North America but was a detractor in Europe. The cash emanating from the Short sales, a permanent fixture of the Fund, was a large detractor to relative performance in a strong year for the MSCI ACWE.

At the sector level, the absolute return was generated by holdings from the Materials, Consumer Discretionary and Financials sectors, with the contributions of the other 8 sectors offsetting each other. Amongst the standout contributors to absolute performance, we note the long position in Alcoa (USA, aluminum producer), Trisura Group (Canada, insurance), GoEasy (Canada, sub-prime lending), Converge Technologies Solutions (Canada, infrastructure software) and Storm Resources (Canada, natural gas producer). On the short side of the ledger, Fang

Holdings (China, real estate internet portal), down 70%, was also a large performance contributor.

There were no unusual changes to the components of revenue and expenses of the Fund and there were no unusual events or transactions, economic changes or market conditions that affected performance beyond what would be reasonably expected or have been described below.

The Fund did not borrow money during the year except for immaterial short-term cash overdrafts.

Recent Developments

The pandemic shut down the world economy from March to May 2020, over a year and a half ago. An unprecedented policy response immediately followed, in the form of monetary and fiscal stimuli that kept economies and households afloat, and subsequently helped with the recovery. But with economic activity nearly back to the previous high in the last months of 2021, the fiscal policy response from governments came to end while central bankers began ratcheting back their very expansionary monetary policies. Bond buying programs started being tapered and a few countries implemented their first interest rate hike.

Labour scarcity, mainly in low-paying jobs in service industries, and supply-chain failings, due to both pandemic disruptions and the demand recovery surge, represent headwinds to growth. The COVID-19 pandemic is still an issue, but rising vaccination levels everywhere are helping with a return to normalcy.

These headwinds have led to a rise in inflation. The end of fiscal transfers and subsidies to individuals will help ease labour scarcity, and less accommodative monetary policies should lead to increases in interest rates and an economic slowdown. All of this should combine to restrain inflation over time.

Untoward developments for 2022 growth include lingering labour scarcity in some service industries, increasing wages in low-paying jobs, the Federal Reserve tapering its very expansionary monetary policies, and concerns over a Chinese economic growth slowdown and real estate overbuilding in that country. The main geopolitical concerns involve Russia invading Eastern Ukraine and the Chinese rhetoric over Taiwan.

The top sectors were a mix of cyclical and quality with Energy leading the way, providing a 35% return during the year. Oil prices rose substantially in 2021 due to the recovering economy and production discipline from OPEC+ members. Information Technology continued its strong multi-year run and rose 27% as investors flocked to mega cap names. demand for eCommerce, software and semiconductors remains especially resilient. The

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Financials sector was up 24%, driven by strong banks performance. The economic recovery and steepening yield curves enhanced their profitability.

Fund turnover during the year saw large weightings gains by the Financials and Real Estate sectors, up 5% and 10% respectively. The economic recovery and accelerating inflation are beneficial to real estate returns. The Financial sector has the largest weighting in the Fund, at 21%.

Conversely, the weightings of the Industrials and Utilities sectors fell dramatically, by 21% and 10% respectively. Industrials companies suffer from the growth slowdown while, in the Utilities sector, the Fund moved away from green energy producers. This industry witnessed elevated investor interest in 2020, with strong performance to boot, and reached lofty valuations. It failed, however, to deliver sufficient revenue growth and to meet profitability expectations. Both these sectors are 'net short' at year-end.

The Fund ended 2021 with 33 Long positions and 44 Short Positions. Individually, Short positions are smaller than Long positions in the Fund.

In terms of portfolio structure, Shorts positions were steadily added throughout the year while Long positions were pared back in the second half. The Fund concluded 2021 with a Long/Net Market Value ratio of 85%, thus being underinvested. The Short/Net Market Value ratio stands at 47.8%. The Short/Long ratio, an important determinant for performance is 54%.

There have been no changes to the Manager or Portfolio Manager, or change of control of the Manager, or of the Fund. There have been no actual or planned reorganizations, mergers or similar transactions.

There were no changes to the membership of the Fund's Independent Review Committee ("IRC").

Related Party Transactions

The Manager provides or arranges for the provision of all general management and administrative services required by the Fund in its day-to-day operations, including but not limited to, calculating and reporting the net asset value of the Fund and its series, preparing all offering documents, unitholder recordkeeping and other administrative services. The Manager receives a management fee for these services. The fee is calculated based on a percentage of the net asset value of the Fund as disclosed in the simplified prospectus.

The Fund paid \$87,675 (including HST) to the Manager for the year ended December 31, 2021 (December 31, 2020 - \$15,234).

The Manager is also entitled to receive a performance fee from the Fund (the "Performance Fee") under certain conditions as described in the Fund's most recently filed prospectus. For the year ended December 31, 2021 the Performance Fee accrued payable by the Fund was \$330,091 (including HST) (December 31, 2020 - Nil).

The Portfolio Manager is responsible for all investment advice provided to the Fund including providing investment analysis and recommendations, making investment decisions and arranging for the acquisition and disposition of portfolio investments. Fees for providing these services are included in the management fee. The Manager will also pay the Portfolio Manager a percentage of any Performance Fee that the Manager receives from the Fund, such percentage to be agreed upon between the Manager and the Portfolio Manager from time to time.

The Manager paid \$43,290 (including HST) to the Portfolio Manager for the year ended December 31, 2021 (December 31, 2020 - \$8,243).

The Manager relied, or may rely on standing instructions from the IRC in respect of securities traded amongst mutual funds, closed end funds, managed accounts or pooled funds managed by the Manager or an affiliate of the Manager. In such cases the Manager is required to comply with the Manager's written policies and procedures presented to the IRC and provide periodic reports to the IRC in accordance with National Instrument 81-107.

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Financial Highlights

Series A*

Year ended	31-Dec-2021		31-Dec-2020	
Net assets per unit¹				
Net assets, beginning of year	\$	10.81	\$	10.00
Operations:				
Total revenue		(1.07)		(2.29)
Total expenses		(0.74)		(0.15)
Realized gains (losses)		(0.03)		(0.56)
Unrealized gains (losses)		3.27		3.63
Total increase (decrease) from operations²	\$	1.43	\$	0.63
Distributions:				
From income (excluding dividends)	\$	-	\$	-
From dividends		-		-
From capital gains		-		-
Total distributions^{2 3}	\$	-	\$	-
Net assets, end of year^{2 3}	\$	12.34	\$	10.81
Ratios and supplemental data				
Net asset value ⁴	\$	135,600	\$	30,618
Units outstanding		10,989		2,832
Management expense ratio ⁵	%	6.34	%	2.24
Management expense ratio before waivers or absorption		6.72		3.44
Portfolio turnover rate ⁶		273.85		281.4
Trading expense ratio ⁷		0.66		0.8
Net asset value per unit, end of year	\$	12.34	\$	10.81

Notes

* The Fund commenced operations on May 11, 2020 and accordingly prior period numbers are not available.

1 The information is derived from the Fund's audited annual financial statements. All per unit figures presented are referenced to net assets determined in accordance to IFRS.

2 Net assets and distributions are based on the actual numbers of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

3 Distributions were paid in cash or reinvested in additional units, or both.

4 This information is provided at the end of the period shown.

5 The management expense ratio is based on the total expenses of the period ended and is expressed as an annualized percentage of daily average net asset values during the period.

6 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund. The portfolio turnover rate is calculated based on the lesser of purchases or sales of securities divided by the weighted average market value of portfolio securities, excluding short term securities.

7 The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

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Series F*

Year ended	31-Dec-2021		31-Dec-2020	
Net assets per unit¹				
Net assets, beginning of year	\$	10.68	\$	10.00
Operations:				
Total revenue		(1.09)		(2.20)
Total expenses		(0.61)		(0.09)
Realized gains (losses)		(0.03)		(0.58)
Unrealized gains (losses)		3.35		3.13
Total increase (decrease) from operations²	\$	1.62	\$	0.26
Distributions:				
From income (excluding dividends)	\$	-	\$	-
From dividends		-		-
From capital gains		-		-
Total distributions^{2 3}	\$	-	\$	-
Net assets, end of year^{2 3}	\$	12.29	\$	10.68
Ratios and supplemental data				
Net asset value ⁴	\$	9,464,728	\$	6,906,079
Units outstanding		770,027		646,491
Management expense ratio ⁵	%	5.18	%	1.22
Management expense ratio before waivers or absorption		5.61		2.24
Portfolio turnover rate ⁶		273.85		281.4
Trading expense ratio ⁷		0.66		0.8
Net asset value per unit, end of year	\$	12.29	\$	10.68

Notes

* The Fund commenced operations on May 11, 2020 and accordingly prior period numbers are not available.

1 The information is derived from the Fund's audited annual financial statements. All per unit figures presented are referenced to net assets determined in accordance to IFRS.

2 Net assets and distributions are based on the actual numbers of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

3 Distributions were paid in cash or reinvested in additional units, or both.

4 This information is provided at the end of the period shown.

5 The management expense ratio is based on the total expenses of the period ended and is expressed as an annualized percentage of daily average net asset values during the period.

6 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund. The portfolio turnover rate is calculated based on the lesser of purchases or sales of securities divided by the weighted average market value of portfolio securities, excluding short term securities.

7 The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

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Management Fees

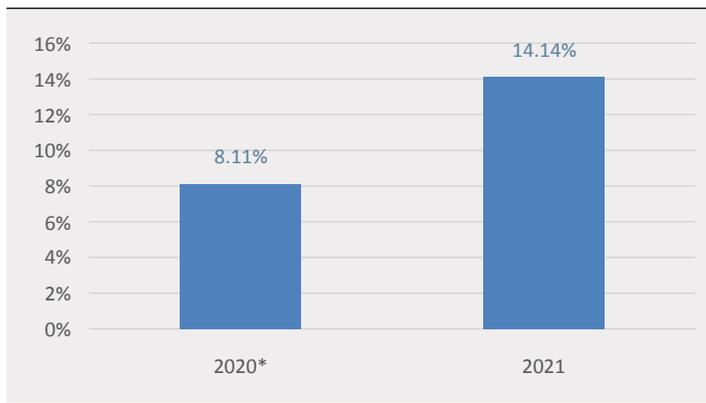
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

In consideration for such services, the Manager receives a monthly management fee, based on the net asset value of each Series, calculated daily and payable monthly. The Fund pays a management fee of 1.90% per annum for Series A units and 0.90% per annum for Series F units.

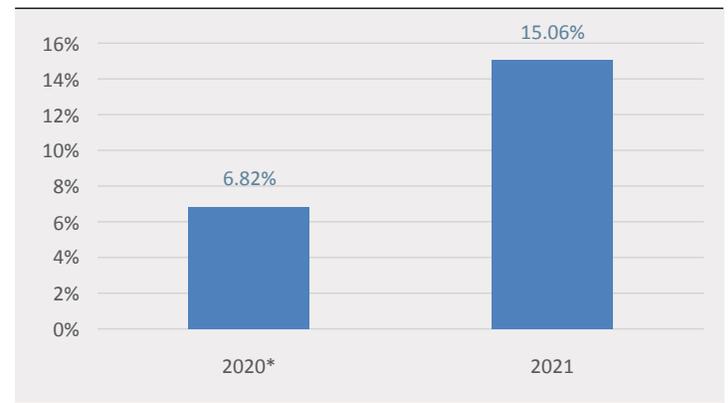
Service fees or trailing commissions of a maximum of 1.00% per annum are paid on Series A units to dealers. This comprises approximately 52.6% of the management fee of Series A units.

Year-by-Year Returns

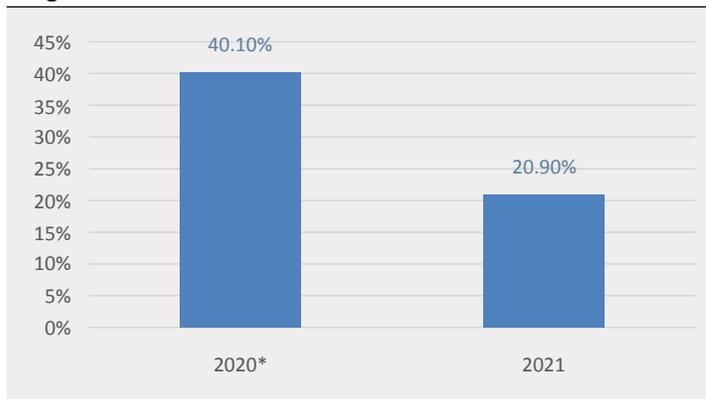
Series A



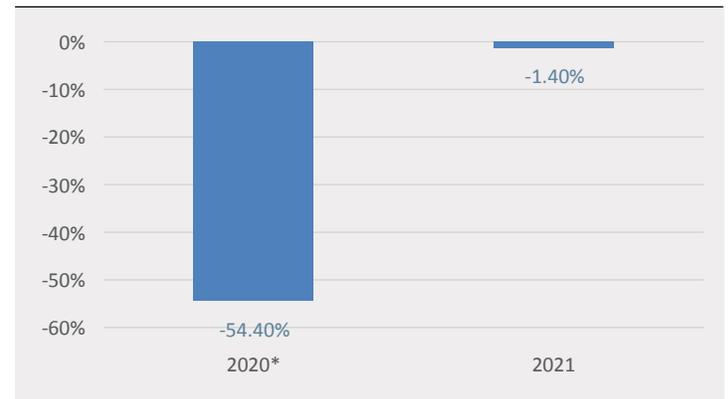
Series F



Long Portfolio



Short Portfolio



* For the period May 11 to December 31

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Annual Compound Returns

The following table shows the Fund's annual compound return for each period indicated, compared with the Fund's index ("Index" which is the greater of i) the Canadian Government Bonds 3 Month Bill + 3% per annum, or ii) 4% per annum. The Canadian Government Bonds 3 Month Bill Index tracks the performance of generic 3-month Government of Canada bills. The returns of the Index are calculated without the deduction of fees and expenses, whereas the performance of the Fund is calculated after deducting such fees and expenses.

For year ended December 31, 2021		1 Year	Since Inception ²
Annual Compound Return			
Series A ¹	%	14.14	% 13.70
Series F ¹		15.06	13.43
Long Portfolio ¹		20.90	38.00
Short Portfolio ¹		(1.40)	(31.90)
Index	%	4.00	% 4.00

Notes

¹ Returns are based on the net asset value per unit of the relevant series of the Fund and assume that all distributions were reinvested.

² Period starting from May 11, 2020. Since inception returns are annualized.

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Summary of Investment Portfolio

		% of NAV			% of NAV
Top 25 Issuers			Asset Mix		
Long positions:			Canadian Equities	%	38.2
Cash And Cash Equivalents	%	60.0	Canadian Fixed Income		15.6
Alcoa Corp.		5.9	Canadian Equities - Short		(9.6)
Trisura Group Ltd.		4.6	Cash and Cash Equivalents		60.0
Converge Technology Solutions		3.6	Foreign Equities		49.6
Tata Motors Ltd.		3.3	Foreign Equities- Short		(38.2)
The Goodyear Tire & Rubber Co		3.2	Other Assets less Liabilities		(15.6)
John Deere Canada Fnd In (Debt)		3.1	Total	%	100.0
Royal Bank Of Canada (Debt)		3.1	Sector		
Toronto Hydro Corp. (Debt)		3.1	Cash and Cash Equivalents	%	60.0
Toyota Credit Canada Inc. (Debt)		3.1	Communication Services		(5.7)
Manulife Bank Of Canada (Debt)		3.1	Consumer Discretionary		9.9
Nvidia Corp.		3.1	Consumer Staples		(6.2)
Ford Motor Co.		3.1	Energy		5.6
West Fraser Timber Co Ltd.		3.0	Financials		26.4
Pool Corporation		3.0	Health Care		(1.1)
MSCI Inc.		2.8	Industrials		0.9
Bank Of America Corp.		2.7	Information Technology		8.2
Microsoft Corp.		2.7	Materials		9.6
Tricon Capital Group Inc.		2.6	Other Assets less Liabilities		(15.6)
Cameco Corp.		2.6	Real Estate		7.2
Carrier Global Corp.		2.6	Utilities		0.8
Teck Resources Ltd		2.5	Total	%	100.0
Meg Energy Corp.		2.4			
Goeasy Ltd.		2.4			
Bank Of Montreal		2.4			
Total	%	134.0			
Total Portfolio Long Positions	%	147.8			
Total Portfolio Short Positions		(47.8)			



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