

## Annual Management Report of Fund Performance

As at December 31, 2021

# Lysander-Patient Capital Equity Fund (formerly Lysander -18 Asset Management Canadian 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-Patient Capital 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 Street, Suite 3037, Toronto, Ontario, M4N 3N1, by visiting our website at [www.lysanderfunds.com](http://www.lysanderfunds.com) or at SEDAR at [www.sedar.com](http://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 provide long-term capital growth by investing primarily in equity securities anywhere in the world.

## Investment Strategies

The Fund’s portfolio manager is Patient Capital Management Inc. (“Portfolio Manager” or “PCM”). The Fund invests primarily in equity securities, including those of foreign issuers. The Fund typically gains exposure to equity securities of issuers located outside North America by investing in American depositary receipts (“ADRs”). The Fund is not constrained by geographic or sector considerations. The Fund will not be leveraged. The

portfolio manager’s investment philosophy is based on long-term absolute value, with the goal of preservation of capital while earning returns. 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

On November 1, 2021, the portfolio manager of the Fund changed from 18 Asset Management Inc. to Patient Capital Management Inc. As a result of the change in portfolio manager, the Fund’s investment style changed from a portfolio with exposure to companies with offence characteristics (growth and momentum) and defence characteristics (income and value) to a value-based investment philosophy.

PCM’s investment philosophy is based on selecting high quality equity securities at a substantial discount to their estimated intrinsic value and which PCM believes have the potential to provide superior long-term returns. The portfolio manager’s disciplined approach could result in the Fund holding significant cash balances when investment opportunities that meet PCM’s criteria are difficult to find. When the Fund’s portfolio is fully invested, the portfolio manager expects that it will hold approximately twenty to twenty-five positions.

The Fund return's for the year were as follows: Series A units returned 23.73%, and Series F units returned 25.13%.

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The net assets of the Fund increased to approximately \$5.5 million at December 31, 2021 from approximately \$4.4 million at the beginning of the year. This was primarily due to positive returns and net subscriptions of \$16,000.

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 reasonably be expected or as described below.

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

## Recent Developments

The Canadian equity market continued its positive performance during the final six months of 2021. The S&P/TSX Composite Total Return Index increased 6.7% for the six months ended December 31, 2021. Global equity markets continued to increase in value as worldwide economies continued to recover from the impacts of the pandemic. Equity markets also responded positively to improved earnings and corporate performance, low interest rates and substantial stimulus through government spending. During the final half of the year the real estate, financials, industrials sectors led the S&P/TSX Composite Total Return Index while the healthcare, information technology, and consumer discretionary sectors were the bottom performing sector groups. Upon PCM becoming the portfolio manager of the Fund, the Fund's the portfolio realized several gains as the portfolio manager and investment strategy were transitioned to a value-based investment philosophy. New additions to the portfolio in early November were Linamar Corp. and Verizon Communications which had a positive impact on portfolio's returns.

During the second half of the year, the pandemic continued to be a significant news item. While there was initial excitement about vaccine developments and high vaccination rates in many countries, the appearance of variants caused renewed concerns. Particularly noteworthy was the Omicron variant, which has a very high transmission rate. As a result, many governments around the world have returned to lockdowns and are encouraging citizens to get third doses of the vaccine.

The second half of year also saw the emergence of several concerns. The pandemic has resulted in several supply disruptions causing a shortage of vital component parts, such as computer chips that are important in the production of cars and trucks. High energy prices also appeared as an area of concern due to severe weather conditions, geopolitical risks and surging demand as the economies recover from the pandemic. Inflation also reared its head again for the first time in several years. The

supply constraints and rising energy prices and a long period of fiscal and monetary easing have caused inflation rates to rise dramatically over the last several months.

There was a change to the Fund's Portfolio Manager on November 1, 2021 from 18 Asset Management Inc. to Patient Capital Management Inc. Associated with the change in portfolio manager were a change in the investment objective and strategies of the Fund. There have been no change of control of the Manager, or of the Fund. There have been no actual or planned reorganizations, mergers or similar transactions involving the Fund.

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 \$37,663 (including HST) in management fees to the Manager for the year ended December 31, 2021 (December 31, 2020 - \$31,867).

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 paid, in the aggregate, \$22,338 (including HST) to the Fund's portfolio manager (18 Asset Management Inc. from January 1, 2021 to October 31, 2021; PCM from November 1, 2021 to December 31, 2021) for the year ended December 31, 2021 (December 31, 2020 - \$18,825).

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	31-Dec-2019	31-Dec-2018	31-Dec-2017
<b>Net assets per unit<sup>1</sup></b>					
Net assets, beginning of year	\$ 12.55	\$ 13.04	\$ 11.29	\$ 12.55	\$ 11.83
Operations:					
Total revenue	0.39	0.40	0.38	0.36	0.35
Total expenses	(0.30)	(0.26)	(0.33)	(0.32)	(0.31)
Realized gains (losses)	3.32	0.02	0.74	0.12	-
Unrealized gains (losses)	(0.14)	(1.57)	2.11	(1.36)	0.78
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$ 3.27</b>	<b>\$ (1.41)</b>	<b>\$ 2.90</b>	<b>\$ (1.20)</b>	<b>\$ 0.82</b>
Distributions:					
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -	\$ -
From dividends	(0.08)	(0.06)	(0.01)	(0.03)	(0.06)
From capital gains	(0.85)	-	(0.51)	(0.04)	-
<b>Total distributions<sup>2 3</sup></b>	<b>\$ (0.93)</b>	<b>\$ (0.06)</b>	<b>\$ (0.52)</b>	<b>\$ (0.07)</b>	<b>\$ (0.06)</b>
<b>Net assets, end of year<sup>2 3</sup></b>	<b>\$ 12.73</b>	<b>\$ 12.55</b>	<b>\$ 13.04</b>	<b>\$ 11.29</b>	<b>\$ 12.55</b>
<b>Ratios and supplemental data</b>					
Net asset value <sup>4</sup>	\$ 47,997	\$ 141,306	\$ 300,049	\$ 415,393	\$ 464,596
Units outstanding	3,769	11,262	23,003	36,796	37,007
Management expense ratio <sup>5</sup>	% 2.13	% 2.14	% 2.55	% 2.56	% 2.55
Management expense ratio before waivers or absorption	2.33	2.57	2.83	2.87	2.75
Portfolio turnover rate <sup>6</sup>	72.92	41.05	62.18	47.6	74.2
Trading expense ratio <sup>7</sup>	0.09	0.07	0.10	0.10	0.20
Net asset value per unit, end of year	\$ 12.73	\$ 12.55	\$ 13.04	\$ 11.29	\$ 12.55

### Notes

- 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.
- 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.
- Distributions were paid in cash or reinvested in additional units, or both.
- This information is provided at the end of the period shown.
- 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. Effective January 1, 2020, the Fund paid a management fee of 1.80% (formerly 2.00%) per annum for Series A units and 0.80% (formerly 1.00%) per annum for Series F units.
- 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.
- 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	31-Dec-2019	31-Dec-2018	31-Dec-2017
<b>Net assets per unit<sup>1</sup></b>					
Net assets, beginning of year	\$ 12.61	\$ 13.22	\$ 11.48	\$ 12.77	\$ 12.02
Operations:					
Total revenue	0.36	0.42	0.41	0.36	0.36
Total expenses	(0.14)	(0.12)	(0.19)	(0.18)	(0.18)
Realized gains (losses)	3.57	(0.11)	0.61	0.12	-
Unrealized gains (losses)	(0.83)	(0.54)	1.61	(1.38)	0.75
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$ 2.96</b>	<b>\$ (0.35)</b>	<b>\$ 2.44</b>	<b>\$ (1.08)</b>	<b>\$ 0.93</b>
Distributions:					
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -	\$ -
From dividends	(0.26)	(0.29)	(0.23)	(0.17)	(0.18)
From capital gains	(4.57)	-	(0.64)	(0.04)	-
<b>Total distributions<sup>2 3</sup></b>	<b>\$ (4.83)</b>	<b>\$ (0.29)</b>	<b>\$ (0.87)</b>	<b>\$ (0.21)</b>	<b>\$ (0.18)</b>
<b>Net assets, end of year<sup>2 3</sup></b>	<b>\$ 12.07</b>	<b>\$ 12.61</b>	<b>\$ 13.22</b>	<b>\$ 11.48</b>	<b>\$ 12.77</b>
<b>Ratios and supplemental data</b>					
Net asset value <sup>4</sup>	\$ 5,538,476	\$ 3,090,046	\$ 3,815,598	\$ 2,711,951	\$ 3,002,912
Units outstanding	458,876	245,030	288,714	236,250	235,065
Management expense ratio <sup>5</sup>	% 0.99	% 0.99	% 1.42	% 1.43	% 1.42
Management expense ratio before waivers or absorption	1.41	1.47	1.74	1.73	1.61
Portfolio turnover rate <sup>6</sup>	72.92	41.05	62.18	47.60	74.20
Trading expense ratio <sup>7</sup>	0.09	0.07	0.10	0.10	0.20
Net asset value per unit, end of year	\$ 12.07	\$ 12.61	\$ 13.22	\$ 11.48	\$ 12.77

## Notes

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- 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. Effective January 1, 2020, the Fund paid a management fee of 1.80% (formerly 2.00%) per annum for Series A units and 0.80% (formerly 1.00%) per annum for Series F units.
- 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.
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# Lysander-Patient Capital Equity Fund (formerly Lysander -18 Asset Management Canadian Equity Fund)

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## Series O

Year ended	31-Dec-2021	31-Dec-2020	31-Dec-2019	31-Dec-2018	31-Dec-2017
<b>Net assets per unit<sup>1</sup></b>					
Net assets, beginning of year	\$ 12.69	\$ 13.34	\$ 11.59	\$ 12.87	\$ 12.11
Operations:					
Total revenue	0.34	0.41	0.38	0.35	0.35
Total expenses	(0.01)	(0.01)	(0.04)	(0.04)	(0.04)
Realized gains (losses)	2.97	(0.11)	0.63	0.12	-
Unrealized gains (losses)	(0.17)	(0.46)	1.76	(1.41)	0.75
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$ 3.13</b>	<b>\$ (0.17)</b>	<b>\$ 2.73</b>	<b>\$ (0.98)</b>	<b>\$ 1.06</b>
Distributions:					
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -	\$ -
From dividends	(0.28)	(0.42)	(0.36)	(0.3)	(0.3)
From capital gains	-	-	(0.64)	(0.02)	-
<b>Total distributions<sup>2 3</sup></b>	<b>\$ (0.28)</b>	<b>\$ (0.42)</b>	<b>\$ (1.00)</b>	<b>\$ (0.32)</b>	<b>\$ (0.3)</b>
<b>Net assets, end of year<sup>2 3</sup></b>	<b>\$ -</b>	<b>\$ 12.69</b>	<b>\$ 13.34</b>	<b>\$ 11.59</b>	<b>\$ 12.87</b>
<b>Ratios and supplemental data</b>					
Net asset value <sup>4</sup>	\$ -	\$ 1,215,853	\$ 1,232,244	\$ 995,532	\$ 1,078,021
Units outstanding	-	95,787	92,392	85,922	83,751
Management expense ratio <sup>5</sup>	% 0.10	% 0.09	% 0.29	% 0.30	% 0.29
Management expense ratio before waivers or absorption	0.48	0.58	0.61	0.60	0.48
Portfolio turnover rate <sup>6</sup>	72.92	41.05	62.18	47.60	74.20
Trading expense ratio <sup>7</sup>	0.09	0.07	0.10	0.10	0.20
Net asset value per unit, end of year	\$ -	\$ 12.69	\$ 13.34	\$ 11.59	\$ 12.87

## Notes

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- 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.
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# Lysander-Patient Capital Equity Fund (formerly Lysander -18 Asset Management Canadian Equity Fund)

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## Management Fees

The Manager provides or arranges to provide 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 management fee, based on the net asset value of each Series, calculated daily and payable monthly. The Fund pays a management fee at a rate of 1.80% per annum for Series A units and at a rate of 0.80% per annum for Series F units.

Service fees or trailing commissions of a maximum of 1.00% per annum were paid on Series A units to dealers. This comprises approximately 55.6% of the management fee of Series A units.

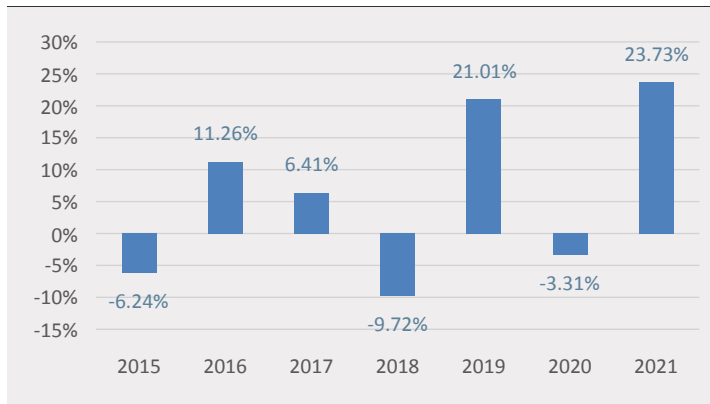
## Past Performance

The Fund became a reporting issuer on December 30, 2014. As at December 9, 2021, the Fund no longer had any Series O units outstanding. Accordingly, returns are shown for the relevant period/years as indicated below. On November 1, 2021, the portfolio manager of the fund changed from 18 Asset Management Inc. to Patient Capital Management Inc. and the investment objective of the fund no longer had a Canadian equity securities focus. These changes could have affected the performance of the fund had these changes been in effect throughout the performance measurement period.

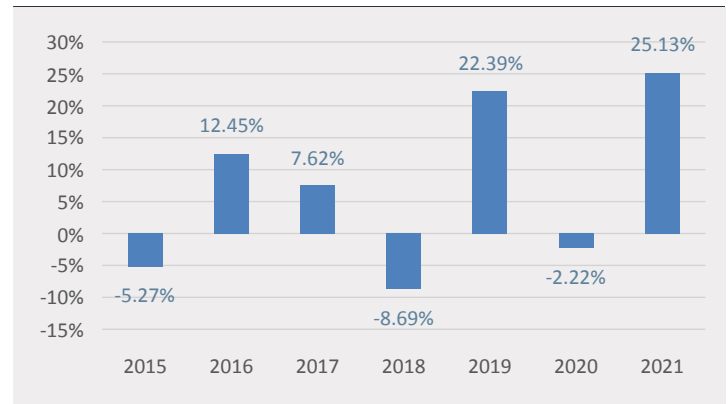
The performance information assumes that any distributions are reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Past performance does not necessarily indicate how the series will perform in the future.

## Year-by-Year Returns

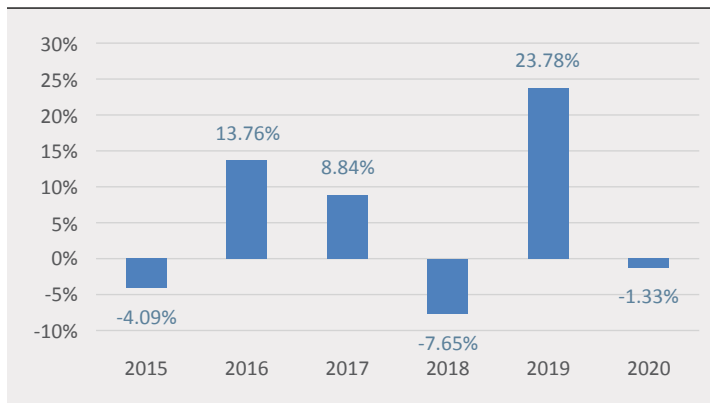
### Series A



### Series F



### Series O



# Lysander-Patient Capital Equity Fund (formerly Lysander -18 Asset Management Canadian Equity Fund)

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## Annual Compound Returns

The following table shows the Fund's annual compound return for each period indicated, compared with the S&P/TSX Composite Total Return Index. The returns of the S&P/TSX Composite Total Return 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 years ended December 31, 2021		1 Year		3 Year <sup>2</sup>		5 Year <sup>2</sup>		Since Inception <sup>3</sup>
<b>Annual Compound Return</b>								
Series A <sup>1</sup>	%	23.73	%	13.13	%	6.82	%	5.50
Series F <sup>1</sup>		25.13		14.41		8.03		6.67
S&P/TSX Composite Total Return Index <sup>4</sup>	%	25.09	%	17.52	%	10.04	%	8.67

### 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 Compound period returns are annualized. Compound returns for Series O are not shown because no Series O units were issued and outstanding on December 31, 2021.
- 3 Period starting from December 30, 2014 to December 31, 2021. Since inception returns are annualized.
- 4 Source: TSX Inc. Copyright © TSX Inc. All rights reserved.



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## Summary of Investment Portfolio

	% of NAV	
<b>Top 25 Issuers</b>		
Cash and Cash Equivalents	%	60.1
Bank of Nova Scotia		4.7
Canadian Natural Resources Ltd		4.4
Honda Motor Co Ltd		4.4
Canadian Utilities Ltd		4.1
Toronto Dominion Bank		3.5
Bank of Montreal		3.4
Royal Bank of Canada		3.3
Canadian Imperial Bank of Commerce		3.1
Verizon Communications Inc		2.8
BCE Inc		2.3
Linamar Corporation		1.6
<b>Total</b>	<b>%</b>	<b>97.7</b>

	% of NAV	
<b>Asset Mix</b>		
Canadian Equities	%	30.5
Cash and Cash Equivalents		60.1
Foreign Equities		7.1
Other Assets less Liabilities		2.3
<b>Total</b>	<b>%</b>	<b>100.0</b>
<b>Sector</b>		
Cash and Cash Equivalents	%	60.1
Communication Services		5.1
Consumer Discretionary		6.0
Financials		18.0
Industrials		4.4
Other Assets less Liabilities		2.3
Utilities		4.1
<b>Total</b>	<b>%</b>	<b>100.0</b>



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