

**Annual Management Report of Fund Performance**

As at December 31, 2021

Lysander-Triasima All Country Equity Fund



**TRIASIMA**



# Lysander-Triasima All Country 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 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 of companies anywhere in the world.

## Investment Strategies

The Fund’s portfolio manager is Triasima Portfolio Management Inc. (“Portfolio Manager” or “Triasima”). The Fund’s portfolio is primarily invested in equity securities of companies globally, including American Depositary Receipts and Global Depositary Receipts. The Fund will not be leveraged. The Fund may invest

up to 100% of its assets in foreign securities. 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

During 2021, Triasima employed its unique Three-Pillar Approach methodology which analyzes securities from three perspectives: quantitative, fundamental, and trend, to determine their suitability and attractiveness for the Fund.

The Fund returns for the year were 12.99% for Series A and 14.27% for Series F.

The net assets of the Fund increased to approximately \$6.1 million at December 31, 2021 from \$6.0 million at the beginning of the year. This was due to positive performance and net redemptions of \$585 thousand during the year.

From a regions of the world perspective, the underweight in emerging Asian countries was very beneficial since stocks in these countries lost value in 2021. Offsetting this, however, was security selection in the advanced countries of Europe which was detrimental to relative performance.

From a sector standpoint, sector allocation was responsible for the underperformance during the year, and this was partially offset by security selection. Underweights in the better-performing energy and technology sectors, and the cash drag, were detrimental to relative performance.

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Security selection added relative performance in the industrials and communication services sectors, while subtracting some of it in the energy and utilities sectors.

The Fund's holdings from the industrials sector were a heterogeneous group with different themes and stories. Two outperformers were Generac (United States, Generators) and Old Dominion Freight Lines (United States, trucking). Generac rose a large 57% as the company is seeing strong demand for its generators due to increased blackouts and extreme weather events, especially in California. Old Dominion Freight Lines rose 83%, as it is one of the best run trucking companies and is benefitting from increasing demand from eCommerce and returning consumer purchasing. In communications services, YouGov (United Kingdom, polling and marketing services) rose 51% as demand for online marketing services increases.

In utilities, the renewables industry which was well represented in the Fund fell out of favour as interest rates rose and lowered future expected returns for renewables projects. The Orsted holding, a wind turbine manufacturer and wind farm operator, suffered from this turn of events, falling 30%.

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 has been described or 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 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. With recovering economies, this response is now coming to an end and central bankers have begun ratcheting back their very expansionary monetary policies in the last months of 2021. Bond buying programs are being tapered and a few countries have implemented their first interest rate hike. COVID-19 cases have fallen while vaccines were widely administered in advanced countries. Their economies reopened further, and the world started to normalize.

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 could soon ease labour scarcity, and less accommodative monetary policies, with increases in short-term rates or bond purchases tapering, expected in the coming months, should lead to increases in interest rates and an economic slowdown. All of this should combine to restrain inflation.

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 MSCI ACWI returned 18.0% during the year 2021. All eleven sectors of the index provided a positive return, ranging from 9% to 35%.

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 stocks, which are considered safer to own in an uncertain environment. Demand for eCommerce, software and semiconductors remains especially resilient.

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

The Fund turnover was focused on reducing the exposure of the Fund to the expensive growth factor in the face of rising interest rates while increasing the cyclical and economic reopening sensitivity of the holdings. As such, three renewables-related stocks, Enel (Italy), Encavis (Germany) and Orsted (Denmark) were sold. As stated, expected returns fell on the long-dated projects of these companies due to rising interest rates.

In the expensive growth category Ringcentral (United States, mobile communications), Nvidia (United States, semiconductors) and Netease (China, internet) were sold. The funds were used to purchase companies such as Alcoa (United States, aluminum), Goldman Sachs (United States, investment banking) and BP (United Kingdom, integrated oil and gas).

In terms of portfolio structure, the industrials sector is the only one significantly (over 5%) overweight relative to the benchmark, holding several quality cyclical securities. The heterogeneous consumer discretionary sector is also

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overweight. Many themes are captured. For example, the Fund owns Ford (United States, autos) due to its new emphasis on electric vehicles. The Fund also holds Watches of Switzerland (United Kingdom luxury stores), which is benefitting from strong consumer demand for luxury watches, which are very supply constrained.

Conversely, the consumer staples sector is underweight. Companies in this sector generally lack growth and are too defensive in the context of an economic recovery such as in 2021.

From the perspective of the major regions of the world, the Fund concluded the year overweight in Europe, but with underweights in both the advanced and emerging Asian countries regions. In terms of changes, developed Europe was increased while developed Asia was decreased.

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 \$58,461 (including HST) in management fees to the Manager for the year ended December 31, 2021. (December 31, 2020 - \$56,165).

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 \$27,770 (including HST) to the Portfolio Manager for the period ended December 31, 2021 (December 31, 2020: \$26,706).

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	\$ 16.01	\$ 12.95	\$ 11.24	\$ 12.27	\$ 10.54
Operations:					
Total revenue	0.17	0.18	0.21	0.14	0.17
Total expenses	(0.39)	(0.33)	(0.35)	(0.33)	(0.32)
Realized gains (losses)	2.99	(0.11)	(0.53)	(0.49)	0.26
Unrealized gains (losses)	(0.71)	3.19	2.40	(3.41)	1.62
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$ 2.06</b>	<b>\$ 2.93</b>	<b>\$ 1.73</b>	<b>\$ (4.09)</b>	<b>\$ 1.73</b>
Distributions:					
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -	\$ -
From dividends	-	-	-	-	-
From capital gains	(2.01)	-	-	-	-
<b>Total distributions<sup>2 3</sup></b>	<b>\$ (2.01)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net assets, end of year<sup>2 3</sup></b>	<b>\$ 15.81</b>	<b>\$ 16.01</b>	<b>\$ 12.95</b>	<b>\$ 11.24</b>	<b>\$ 12.27</b>

<b>Ratios and supplemental data</b>					
Net asset value <sup>4</sup>	\$ 218,195	\$ 262,172	\$ 260,276	\$ 238,558	\$ 6,170
Units outstanding	13,805	16,372	20,104	21,232	503
Management expense ratio <sup>5</sup>	% 2.12	% 2.12	% 2.55	% 2.55	% 2.54
Management expense ratio before waivers or absorption	2.53	2.61	2.86	4.10	4.34
Portfolio turnover rate <sup>6</sup>	65.30	47.82	82.50	98.00	41.4
Trading expense ratio <sup>7</sup>	0.27	0.15	0.30	0.40	0.40
Net asset value per unit, end of year	\$ 15.81	\$ 16.01	\$ 12.95	\$ 11.24	\$ 12.27

### 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	\$ 16.78	\$ 13.41	\$ 11.51	\$ 12.43	\$ 10.56
Operations:					
Total revenue	0.18	0.18	0.21	0.19	0.17
Total expenses	(0.20)	(0.18)	(0.21)	(0.20)	(0.19)
Realized gains (losses)	3.16	(0.14)	(0.52)	0.08	0.02
Unrealized gains (losses)	(0.79)	3.23	2.26	(1.53)	2.19
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$ 2.35</b>	<b>\$ 3.09</b>	<b>\$ 1.74</b>	<b>\$ (1.46)</b>	<b>\$ 2.19</b>
Distributions:					
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -	\$ -
From dividends	-	-	-	-	(0.01)
From capital gains	(2.34)	-	-	-	-
<b>Total distributions<sup>2 3</sup></b>	<b>\$ (2.34)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (0.01)</b>
<b>Net assets, end of year<sup>2 3</sup></b>	<b>\$ 16.69</b>	<b>\$ 16.78</b>	<b>\$ 13.41</b>	<b>\$ 11.51</b>	<b>\$ 12.43</b>
<b>Ratios and supplemental data</b>					
Net asset value <sup>4</sup>	\$ 5,947,880	\$ 5,750,186	\$ 5,937,305	\$ 3,842,737	\$ 1,896,482
Units outstanding	356,393	342,711	442,656	333,855	152,603
Management expense ratio <sup>5</sup>	% 0.99	% 0.99	% 1.42	% 1.42	% 1.41
Management expense ratio before waivers or absorption	1.39	1.42	1.74	2.21	3.32
Portfolio turnover rate <sup>6</sup>	65.30	47.82	82.50	98.00	41.40
Trading expense ratio <sup>7</sup>	0.27	0.15	0.30	0.40	0.40
Net asset value per unit, end of year	\$ 16.69	\$ 16.78	\$ 13.41	\$ 11.51	\$ 12.43

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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 management fee, based on the net asset value of each Series, calculated daily and payable monthly. Effective January 1, 2020, the Fund will pay 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.

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.

## Year-by-Year Returns

### Series A

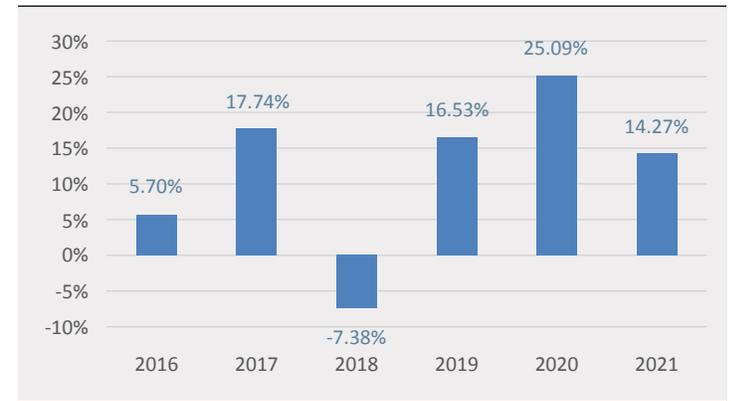


## Past Performance

The Fund became a reporting issuer on December 31, 2015. Accordingly, returns are shown for the relevant period/years as indicated below.

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.

### Series F



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## Annual Compound Returns

The following table shows the Fund's annual compound return for each period indicated, compared with MSCI All Country World (CAD) Index (the "Index"). 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 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>	%	12.99	%	17.21	%	11.42	%	10.50
Series F <sup>1</sup>		14.27		18.54		12.68		11.49
MSCI All Country World (CAD) Index <sup>4</sup>	%	17.61	%	17.40	%	12.99	%	11.58

### 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.
- 3 Period starting from December 31, 2015 to December 31, 2021. Since inception returns are annualized.
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## Summary of Investment Portfolio

		% of NAV			% of NAV
<b>Top 25 Issuers</b>			<b>Asset Mix</b>		
Microsoft Corp	%	4.1	Cash and Cash Equivalents	%	(2.1)
MSCI Inc		3.1	Foreign Equities		99.9
YouGov PLC		2.9	Other Assets less Liabilities		2.2
Alcoa Corp		2.8	<b>Total</b>	<b>%</b>	<b>100.0</b>
Old Dominion Freight Line Inc		2.8	<b>Sector</b>		
Zebra Technologies Corp		2.3	Cash and Cash Equivalents	%	(2.1)
ASML Holding NV		2.3	Communication Services		6.6
Novo Nordisk A/S		2.1	Consumer Discretionary		17.1
Verbund AG		2.1	Consumer Staples		4.7
Rockwell Automation Inc		2.0	Energy		1.9
Ferrari ADR		1.8	Financials		21.1
Hermes International		1.8	Health Care		9.5
Alphabet Inc		1.8	Industrials		13.0
Alexandria Real Estate Equities Inc.		1.7	Information Technology		18.2
Tractor Supply Co		1.7	Materials		2.8
L'Oreal SA		1.7	Other Assets less Liabilities		2.2
Sony Corp		1.7	Real Estate		2.8
Pool Corporation		1.6	Utilities		2.2
Globant SA		1.6	<b>Total</b>	<b>%</b>	<b>100.0</b>
Wolters Kluwer		1.6			
Swiss Life Holdings		1.6			
Aflac Inc		1.6			
CATALENT INC		1.5			
Monolithic Power Systems Inc		1.5			
Zoetis Inc		1.5			
<b>Total</b>	<b>%</b>	<b>51.2</b>			



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