

Annual Management Report of Fund Performance

As at December 31, 2020

Lysander-Seamark Balanced 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-Seamark Balanced Fund (the “Fund”) contains financial highlights for the year ended December 31, 2020 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, 2020. 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 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 provide long-term total returns consisting of both income and capital gains by investing primarily in a portfolio of fixed income securities and equities.

Investment Strategies

The Fund’s portfolio manager, is Seamark Asset Management Ltd. (“Portfolio Manager” or “Seamark”). The Fund’s portfolio positions is primarily invested in a diversified portfolio of both equities and bonds. 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 or its amendments.

Results of Operations

The Fund had positive returns for the year of 4.60% for Series A and 5.04% for Series F.

The net assets of the Fund were \$1.9 million at December 31, 2020 versus \$1.9 million at December 31, 2019.

2020 was a difficult and volatile year for investment markets.

Credit markets provided robust returns in the first half, but cooled markedly post the U.S. election, in the face of concerns about higher taxes and spending. Despite the year-end backup in interest rates, the FTSE Canada Universe Bond Index earned 8.68% for the year. At the end of the year, 10-year Canada bonds yielded 0.67% (1.70% one year ago), and 10-year Treasuries 0.92% (1.92% one year ago).

The strongest equity returns were generated from the U.S. and international markets as foreign stock markets exceeded the returns of the Canadian market. The S&P 500, driven mainly by the biggest of the big cap technology companies appreciated by 16.3% or 14.0% in CAD, the S&P TSX rose just 2.2% and Morningstar Developed Markets Ex-North America PR Index advanced 15.8% or 10.4% in CAD. The Canadian dollar advanced, rising to 78.54 cents USD, up from 76.99 twelve months ago (+2.02%). The rise of the CAD had a corresponding negative impact on Canadian dollar returns of U.S. denominated assets

Lysander-Seamark Balanced Fund

Annual Management Report of Fund Performance as at December 31, 2020

for the year. Over the year, the Fund recorded positive returns (4.6% for Series A and 5.4% for Series F).

Credit markets provided robust returns in the first half but cooled markedly post U.S. elections in the face of concerns about higher taxes and spending. Despite the year-end backup in interest rates, the FTSE Canada Universe Bond Index earned 8.68% for the year. At the end of the year, 10-year Canada bonds yielded 0.67% (1.70% one year ago), and 10-year Treasuries 0.92% (1.92% one year ago).

At December 31, 2020 SEAMARK continued to maintain fixed income investments towards the low end of a working range, at about 27% of the portfolio. In the long run, with interest rates at such depressed levels, we expect to be rewarded for a continued underweight in the bond component.

At year end the largest equity sectors of the Fund were Financials, Information Technology, Consumer Staples and Health Care. In combination, these sectors comprised 35.6% of the portfolio. Information technology showed the strongest weighted returns followed by materials, while energy and financials were the weakest. In the equity space the leading performers were KLA Corp, Applied Materials, Albermarle and UPS, while some of the weakest holdings were energy concerns Suncor, Canadian Natural Resources and Royal Dutch Shell B.

The Fund was more active than usual in 2020. Market volatility drove trading to higher levels as the Fund maneuvered through the ebbs and flows of the pandemic. Throughout, the Fund was managed in a manner that tried to find a risk/reward balance between companies which provide necessary goods or services, regardless of the state of the economy, and other companies whose shares would deliver strong returns when they recover from severely depressed levels reached during the pandemic. Many of the new positions were established at less than full weight, as a means of managing volatility risk. Some of the purchases made at attractive prices included shares of Barrick Gold and Newmont (gold producers), Park Lawn Cemetery and Service Corp., (cemetery and funeral services), ATS Automation Tooling, Emerson Electric, Rockwell Automation (automation industrials), CCL Industries B, Diageo, Loblaw (consumer staples), Allied Properties, Killam Properties, RioCan Properties (REITS), along with shares of health companies Becton Dickinson and Biogen.

Several holdings were sold to fund purchases. Positions in Corby's B, Nestle, WalMart, Canadian Western Bank, HSBC Holdings, Qualcomm, New Flyer, Franco Nevada and Shaw Communications were sold. Taking advantage of much higher prices, positions in Albermarle, Rockwell, and United Rentals were sold. The Fund increased cash from a level of 1.4% at year-

end 2019 to 6.4% at year-end 2020. This positioning and performance are consistent with the Fund's fundamental investment objective and strategies.

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

There is good reason for more hope as we look ahead to 2021. With several vaccine candidates now approved and in production, one would assume that the public's health will be on the mend, and the economy will be on a much stronger footing by the end of 2021. Because stock markets traditionally look six to twelve months ahead, that would normally suggest higher interest rates, (lower prices for bonds), and bode well for corporate earnings and equity markets. But after 2020, one might wonder if the economy matters, as a driver of share prices. Yes, stocks plunged when the economy ground to a halt in March, but by year end, U.S. markets had already recovered to exceed the highs recorded earlier in the year. With the U.S. economy operating at only 82% of its pre-Covid level, that disconnect suggests that a lot of money has already been bet on the recovery, driving valuations to even higher levels in the process. One thing investors can point to is the unprecedented levels of economic stimulus provided by governments, and how some of those funds have found their way into marketable securities. In that regard, recent stimulus packages in Canada and in the U.S. may be creating somewhat of a floor for share prices.

We expect another bumpy year for asset pricing, but not to the extent seen in 2020. Ebbs and flows are likely as the world edges towards coronavirus herd immunity and a more prosperous future. Bond yields will almost surely work their way higher, even if Central Banks remain committed to low short rates. Governments also purchased bonds in order to drive longer term rates down. A reversal of that trade, when it happens, will have negative consequences for bond returns. Fixed income investments will not repeat the strong performance of last year against a backdrop of rising rates.

But it won't be straight ahead for stock prices, which have already discounted a meaningful recovery. There is also a new political reality in the U.S. Change on social, economic and political fronts will become evident in the Biden administration's first year, and will need to be digested by the marketplace.

Lysander-Seamark Balanced Fund

Annual Management Report of Fund Performance as at December 31, 2020

We have traditionally seen the investing world as a market of stocks, rather than just a stock market. While interest rates were falling and taking bond prices higher, yields were rising for companies that pay significant dividends, as the share prices of these companies retreated in the face of the pandemic. This dichotomy of direction has created an undervaluation of the companies that are normally purchased for their attractive dividends, relative to fixed income investments like bonds. As the economy recovers, 2020's safety trade into bonds should reverse, to the benefit of the dividend stalwarts.

In this new year we will continue to invest in a prudent manner, as dictated by the uncertain investment landscape confronting investors. The Fund continues to be positioned to balance the technical positives of monetary and fiscal stimulus, against the obvious economic destruction of Covid-19. A well diversified portfolio of investments with attractive risk/reward characteristics reflects the prudent course being taken with the Fund's assets.

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 \$17,191 (including HST) in management fees to the Manager for the year ended December 31, 2020 (December 31, 2019 - \$18,148).

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 \$7,769 (including HST) to the Portfolio Manager for the year ended December 31, 2020 (December 31, 2019 - \$7,877).

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.

Lysander-Seamark Balanced Fund

Annual Management Report of Fund Performance as at December 31, 2020

Financial Highlights

Series A

Year ended	31-Dec-2020	31-Dec-2019	31-Dec-2018	31-Dec-2017	31-Dec-2016
Net assets per unit¹					
Net assets, beginning of year	\$ 11.10	\$ 9.97	\$ 10.73	\$ 10.57	\$ 9.93
Operations:					
Total revenue	0.33	0.34	0.34	0.31	0.31
Total expenses	(0.23)	(0.23)	(0.22)	(0.22)	(0.21)
Realized gains (losses)	0.22	-	0.06	(0.15)	0.06
Unrealized gains (losses)	(0.71)	1.09	(0.67)	0.31	0.60
Total increase (decrease) from operations²	\$ (0.39)	\$ 1.20	\$ (0.49)	\$ 0.25	\$ 0.76
Distributions:					
From income (excluding dividends)	\$ 0.02	\$ -	\$ -	\$ -	\$ -
From dividends	0.06	(0.10)	(0.11)	(0.11)	(0.07)
From capital gains	-	-	-	-	(0.08)
Total distributions^{2 3}	\$ 0.08	\$ (0.10)	\$ (0.11)	\$ (0.11)	\$ (0.15)
Net assets, end of year^{2 3}	\$ 11.55	\$ 11.10	\$ 9.97	\$ 10.73	\$ 10.57

Ratios and supplemental data

Net asset value ⁴	\$ 76,933	\$ 251,904	\$ 276,600	\$ 537,458	\$ 510,259
Units outstanding	6,660	22,692	27,733	50,087	48,268
Management expense ratio ⁵	% 1.97	% 1.99	% 1.99	% 1.98	% 1.98
Management expense ratio before waivers or absorption	2.98	3.07	2.82	2.49	2.84
Portfolio turnover rate ⁶	45.83	29.6	39.6	26.1	27.6
Trading expense ratio ⁷	0.01	0.01	0.05	0.02	0.02
Net asset value per unit, end of year	\$ 11.55	\$ 11.10	\$ 9.97	\$ 10.73	\$ 10.57

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.
- 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.

Lysander-Seamark Balanced Fund

Annual Management Report of Fund Performance as at December 31, 2020

Series F

Year ended	31-Dec-2020	31-Dec-2019	31-Dec-2018	31-Dec-2017	31-Dec-2016
Net assets per unit¹					
Net assets, beginning of year	\$ 11.12	\$ 10.02	\$ 10.77	\$ 10.58	\$ 9.97
Operations:					
Total revenue	0.33	0.34	0.34	0.31	0.31
Total expenses	(0.14)	(0.14)	(0.14)	(0.13)	(0.13)
Realized gains (losses)	0.08	0.01	(0.03)	(0.16)	0.11
Unrealized gains (losses)	0.43	1.11	(0.69)	0.36	0.63
Total increase (decrease) from operations²	\$ 0.70	\$ 1.32	\$ (0.52)	\$ 0.38	\$ 0.92
Distributions:					
From income (excluding dividends)	\$ 0.05	\$ -	\$ -	\$ -	\$ -
From dividends	0.15	(0.21)	(0.21)	(0.17)	(0.19)
From capital gains	-	-	-	-	(0.10)
Total distributions^{2 3}	\$ 0.20	\$ (0.21)	\$ (0.21)	\$ (0.17)	\$ (0.29)
Net assets, end of year^{2 3}	\$ 11.54	\$ 11.12	\$ 10.02	\$ 10.77	\$ 10.58
Ratios and supplemental data					
Net asset value ⁴	\$ 1,906,990	\$ 1,648,724	\$ 1,528,654	\$ 1,918,200	\$ 1,784,139
Units outstanding	165,319	148,204	152,585	178,111	168,696
Management expense ratio ⁵	% 1.12	% 1.14	% 1.14	% 1.13	% 1.14
Management expense ratio before waivers or absorption	2.19	2.32	2.10	1.64	1.95
Portfolio turnover rate ⁶	45.83	29.6	39.6	26.1	27.6
Trading expense ratio ⁷	0.01	0.01	0.05	0.02	0.02
Net asset value per unit, end of year	\$ 11.54	\$ 11.12	\$ 10.02	\$ 10.77	\$ 10.58

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.
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Lysander-Seamark Balanced Fund

Annual Management Report of Fund Performance as at December 31, 2020

Management Fees

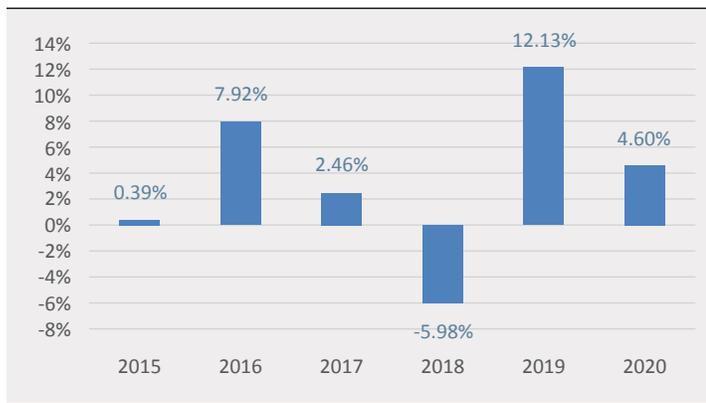
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

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. The Fund pays a management fee of 1.50% per annum for Series A units and 0.75 % per annum for Series F units.

Service fees or trailing commissions of a maximum of 0.75% per annum are paid on Series A units to dealers. This comprises approximately 50% of the management fee of Series A units.

Year-by-Year Returns

Series A

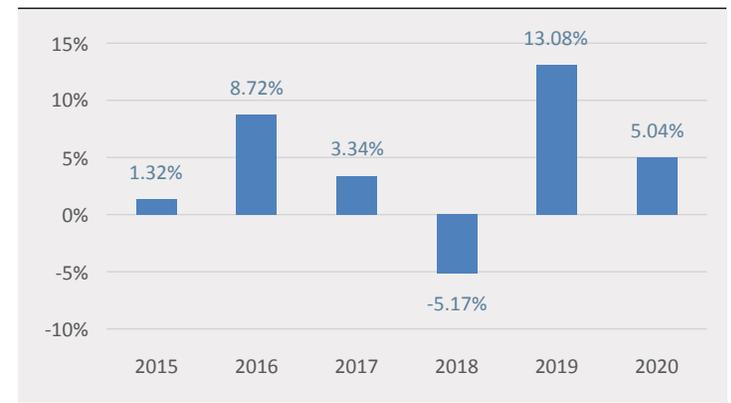


Past Performance

The Fund became a reporting issuer on December 30, 2014. Accordingly, returns are shown for the relevant 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



Lysander-Seamark Balanced Fund

Annual Management Report of Fund Performance as at December 31, 2020

Annual Compound Returns

The following table shows the Fund's annual compound return for each period indicated, compared with 40% FTSE Canada Universe, 5% FTSE Canada 91 Day Tbills, 27% S&P/TSX Total Return Index(CAD), 20% S&P Total Return Index (CAD) and 8% MSCI EAFE Composite(CAD) (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, 2020		1 Year		3 Year ²		5 Year ²		Since Inception ³
Annual Compound Return								
Series A ¹	%	4.60	%	3.31	%	4.05	%	3.43
Series F ¹		5.04		4.05		4.82		4.23
Index ⁴	%	8.68	%	7.27	%	7.42	%	6.93

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 30, 2014. Since inception returns are annualized.

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Lysander-Seamark Balanced Fund

Annual Management Report of Fund Performance as at December 31, 2020

Summary of Investment Portfolio

		% of NAV			% of NAV
Top 25 Issuers			Asset Mix		
Cash and Cash Equivalents	%	6.4	Canadian Equities	%	30.9
Canada Housing Trust (Debt)		3.3	Canadian Fixed Income		27.0
Manulife Financial Corp. (Debt)		2.6	Cash and Cash Equivalents		6.4
Province of Ontario (Debt)		2.6	Foreign Equities		35.1
Province of British Columbia (Debt)		2.4	Other Assets less Liabilities		0.6
Province of Quebec (Debt)		2.1	Total	%	100.0
Government of Canada (Debt)		2.1	Sector		
Bank of Nova Scotia (Equity)		1.7	Cash and Cash Equivalents	%	6.4
Toronto Dominion Bank (Equity)		1.6	Communication Services		5.5
Royal Bank of Canada (Equity)		1.6	Consumer Discretionary		6.1
Apple Inc. (Equity)		1.5	Consumer Staples		5.7
Toronto Dominion Bank (Debt)		1.5	Energy		5.6
Applied Materials Inc. (Equity)		1.5	Federal		6.5
Manulife Financial Corp. (Equity)		1.5	Financials		20.4
Alphabet Inc. (Equity)		1.5	Health Care		7.3
Walt Disney Co. (Equity)		1.5	Industrials		7.9
Husky Energy Inc. (Equity)		1.4	Information Technology		10.0
Aimco Realty Investors (Debt)		1.4	Materials		4.1
Kla-Tencor Corp. (Equity)		1.4	Other Assets less Liabilities		0.6
Alimentation Couche-Tard Inc (Equity)		1.3	Provincial		8.8
Royal Dutch Shell (Equity)		1.3	Real Estate		2.5
BHP Billiton Ltd. SP ADR (Equity)		1.3	Utilities		2.6
IA Financial Corporation (Equity)		1.3	Total	%	100.0
ATS Automation Tooling Systems Inc. (Equity)		1.2			
CCL Industries Inc. (Equity)		1.2			
Total	%	47.2			



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