

Semi-Annual Management Report of Fund Performance
As at June 30, 2021

Lysander-Canso U.S. Credit Fund



Lysander-Canso U.S. Credit Fund

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A Note About Forward Looking Statements

This semi-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 semi-annual Management Report of Fund Performance of Lysander-Canso U.S. Credit Fund (the "Fund") contains financial highlights for the period ended June 30, 2020 but does not contain the complete financial statements of the Fund. This report should be read in conjunction with the semi-annual financial statements of the Fund for the period ended June 30, 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 investment Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Investment objective

The Fund's objective is to achieve long term capital growth of returns consisting of income and some capital gains primarily through investments in U.S. debt and money market securities either denominated in U.S. dollars or hedged to U.S. dollars using forward currency contracts.

Investment Strategies

The Fund's portfolio manager is Canso Investment Counsel Ltd. ("Portfolio Manager" or "Canso"), a company under common control as the Manager. The Fund's portfolio positions will primarily be invested in fixed income securities, including those

of foreign issues. The Fund will not be leveraged. More details are contained in the Fund's simplified prospectus.

During the year Canso employed its bottom-up process to buy and sell securities for the Fund.

Unless otherwise noted, all dollar amounts and returns in this document are expressed in USD.

Risks

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

Results of Operations

During the period, Canso employed its bottom-up process to buy and sell securities for the Fund. The Fund's positioning and performance is consistent with the Fund's fundamental investment objective and strategies.

The Fund returns for the period were 7.42% for Series A and 7.72% for Series F.

The net assets of the Fund increased to over \$165.3 million at June 30, 2021 from \$69.5 million at the beginning of the period. There were net subscriptions of over \$88.6 million during the period.

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

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affected performance beyond what would be reasonably expected or have been described below.

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

Recent Developments

Investors entered the new year concerned with medical, economic and political challenges. In the U.S., the Democrats won control of the Senate, paving the way for the new administration to pass a larger stimulus package. Fiscal policy relief did not immediately allay investor concerns over increased COVID-19 cases and the impact of renewed lockdown measures. However, views changed rapidly as the vaccine rollout gathered pace and the prospect for an economic reopening crystallized. Economists quickly altered forecasts predicting a stronger recovery and higher inflation. Reassurance from the Federal Reserve that short rates would remain near zero, coupled with government support for the economy proved good news for equity markets but less so for bond markets as mid and long term yields moved sharply higher in the first quarter.

As inflation pushed to its highest level in more than a decade, U.S. government bond yields surprisingly retreated from their March 31st levels. Government bond yields had risen sharply in the first quarter as the markets rode a wave of optimism. Fed officials began discussions about “tapering” bond purchases and have pushed forward the time frame when they expect to raise interest rates. Many investors agree with the Fed that high inflation is “transitory” and largely confined to the sectors most affected by the pandemic lockdowns.

In Canada, the second wave of the virus did not dent the strong economic recovery. Consumers and businesses are adapting to containment measures, and housing market activity has been much stronger than expected. Improving foreign demand and higher commodity prices have also brightened the prospects for exports and business investment.

Financial markets pushed higher in the second quarter and major equity markets reached record highs. The appetite for risk extended into fixed income with strong returns in the more speculative high yield market. Higher quality, long-term bonds rallied off their first quarter decline following the decline in longer term government bonds yields. Despite this rebound, Government bond market returns remain slightly negative through the first half of 2021 with yields still markedly higher than the pandemic lows. Yield spread narrowing has helped to insulate corporate bonds from this and produce small positive returns for the broad Canadian Corporate bond market.

During the period, the Fund sold down the majority of its long duration bonds, including issues of Continental Resources, Cenovus Energy, Ford, Sobeys and Boeing. The Fund continues to invest in Limited Recourse Capital Notes (LRCNs), purchasing bonds in both the new issue and secondary markets, of Sun Life Financial, Bank of Nova Scotia, Royal Bank and Manulife Financial. Additionally, the Fund will continue to reduce its holdings in lower rated names and increase its exposure to high-quality, short-dated bonds, as credit spreads tighten to levels well inside historic averages.

As of June 30, 2021, the Fund was 22.4% invested in BBB names and 49.4% in high yield names versus 23.7% and 66.2% respectively at the beginning of the period. Duration in the fund was 2.7 years, which is down from 3.8 years as of the beginning of the period.

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 USD \$501,713 (including HST) in management fees to the Manager for the period ended June 30, 2021 (June 30, 2020 - USD \$167,218).

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 CAD \$315,084 (including HST) to the Portfolio Manager for the period ended June 30, 2021 (June 30, 2020 - CAD \$106,735).

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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

Period ended	30-Jun-2021 (USD)	31-Dec-2020 (USD)	31-Dec-2019 (USD)	31-Dec-2018 (USD)	31-Dec-2017 (USD)	31-Dec-2016 (USD)
Net assets per unit¹						
Net assets, beginning of period	\$ 11.53	\$ 9.88	\$ 9.40	\$ 9.78	\$ 9.59	\$ 8.95
Operations:						
Total revenue	0.23	0.49	0.37	0.32	0.36	0.49
Total expenses	(0.09)	(0.16)	(0.15)	(0.15)	(0.16)	(0.15)
Realized gains (losses)	0.11	0.10	(0.04)	0.06	0.09	(0.42)
Unrealized gains (losses)	0.57	1.66	0.54	(0.42)	0.08	0.91
Total increase (decrease) from operations²	\$ 0.82	\$ 2.09	\$ 0.72	\$ (0.19)	\$ 0.36	\$ 0.83
Distributions:						
From income (excluding dividends)	\$ (0.10)	\$ (0.31)	\$ (0.27)	\$ (0.22)	\$ (0.18)	\$ (0.21)
From dividends	(0.02)	(0.01)	-	-	-	-
From capital gains	-	-	-	-	-	-
Total distributions^{2 3}	\$ (0.12)	\$ (0.32)	\$ (0.27)	\$ (0.22)	\$ (0.18)	\$ (0.21)
Net assets, end of period^{2 3}	\$ 12.27	\$ 11.53	\$ 9.88	\$ 9.40	\$ 9.78	\$ 9.59
Ratios and supplemental data						
Net asset value ⁴	\$ 14,982,743	\$ 8,483,661	\$ 3,683,051	\$ 2,526,963	\$ 2,821,663	\$ 2,487,986
Units outstanding	1,221,567	735,635	372,651	268,691	288,432	259,447
Management expense ratio ⁵	% 1.51	% 1.53	% 1.56	% 1.51	% 1.66	% 1.70
Management expense ratio before waivers or absorption	1.51	1.53	1.56	1.51	1.66	1.72
Portfolio turnover rate ⁶	14.69	85.23	44.97	63.67	53	69
Trading expense ratio ⁷	0.01	0.02	-	-	-	-
Net asset value per unit, end of period	\$ 12.27	\$ 11.53	\$ 9.88	\$ 9.40	\$ 9.78	\$ 9.59

Notes

- 1 The information is derived from the Fund's unaudited semi-annual and/or 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

Period ended	30-Jun-2021 (USD)	31-Dec-2020 (USD)	31-Dec-2019 (USD)	31-Dec-2018 (USD)	31-Dec-2017 (USD)	31-Dec-2016 (USD)
Net assets per unit¹						
Net assets, beginning of period	\$ 11.5	\$ 9.85	\$ 9.33	\$ 9.66	\$ 9.47	\$ 8.99
Operations:						
Total revenue	0.23	0.48	0.37	0.32	0.35	0.49
Total expenses	(0.05)	(0.10)	(0.10)	(0.09)	(0.11)	(0.11)
Realized gains (losses)	0.09	0.10	(0.03)	0.06	0.09	(0.37)
Unrealized gains (losses)	0.57	1.6	0.54	(0.41)	0.06	0.81
Total increase (decrease) from operations²	\$ 0.84	\$ 2.08	\$ 0.78	\$ (0.12)	\$ 0.39	\$ 0.82
Distributions:						
From income (excluding dividends)	\$ (0.16)	\$ (0.35)	\$ (0.27)	\$ (0.22)	\$ (0.24)	\$ (0.42)
From dividends	(0.02)	(0.01)	-	-	-	-
From capital gains	-	-	-	-	-	-
Total distributions^{2 3}	\$ (0.18)	\$ (0.36)	\$ (0.27)	\$ (0.22)	\$ (0.24)	\$ (0.42)
Net assets, end of period^{2 3}	\$ 12.23	\$ 11.5	\$ 9.85	\$ 9.33	\$ 9.66	\$ 9.47
Ratios and supplemental data						
Net asset value ⁴	\$ 148,178,370	\$ 61,070,481	\$ 32,612,431	\$ 25,642,093	\$ 25,484,068	\$ 13,420,052
Units outstanding	12,119,938	5,309,423	3,311,921	2,749,678	2,637,839	1,416,951
Management expense ratio ⁵	% 0.94	% 0.97	% 1.00	% 0.97	% 1.09	% 1.13
Management expense ratio before waivers or absorption	0.94	0.97	1.00	0.97	1.09	1.15
Portfolio turnover rate ⁶	14.69	85.23	44.97	63.67	53	69
Trading expense ratio ⁷	0.01	0.02	-	-	-	-
Net asset value per unit, end of period	\$ 12.23	\$ 11.5	\$ 9.85	\$ 9.33	\$ 9.66	\$ 9.47

Notes

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Series O*

Period ended		30-Jun-2021 (USD)
Net assets per unit¹		
Net assets, beginning of period	\$	10.00
Operations:		
Total revenue		0.04
Total expenses		-
Realized gains (losses)		(0.10)
Unrealized gains (losses)		0.23
Total increase (decrease) from operations²	\$	0.17
Distributions:		
From income (excluding dividends)	\$	(0.13)
From dividends		(0.02)
From capital gains		-
Total distributions^{2 3}	\$	(0.15)
Net assets, end of period^{2 3}	\$	10.03
Ratios and supplemental data		
Net asset value ⁴	\$	2,228,275
Units outstanding		222,112
Management expense ratio ⁵	%	0.10
Management expense ratio before waivers or absorption		0.10
Portfolio turnover rate ⁶		14.69
Trading expense ratio ⁷		0.01
Net asset value per unit, end of period	\$	10.03

Notes

* *Series O commenced operations on May 18, 2021

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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

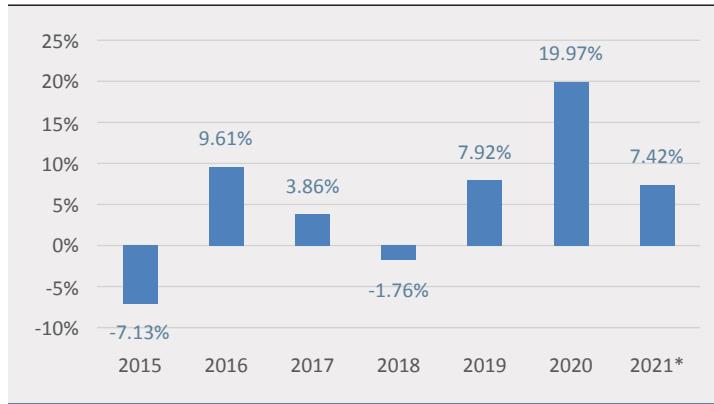
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section "Related Party Transactions" above.

In consideration for such services, the Manager receives a management fee, based on the net asset value of each Series, calculated daily and payable monthly. The Fund pays a management fee of 1.25% per annum for Series A units and 0.75 % per annum for Series F units.

Service fees or trailing commissions of a maximum of 0.50% per annum are paid on Series A units to dealers. This comprises 40% of the management fee of Series A units. No management fee is charged to the Fund with respect to Series O units, but investors are charged a negotiated management fee.

Year-by-Year Returns

Series A

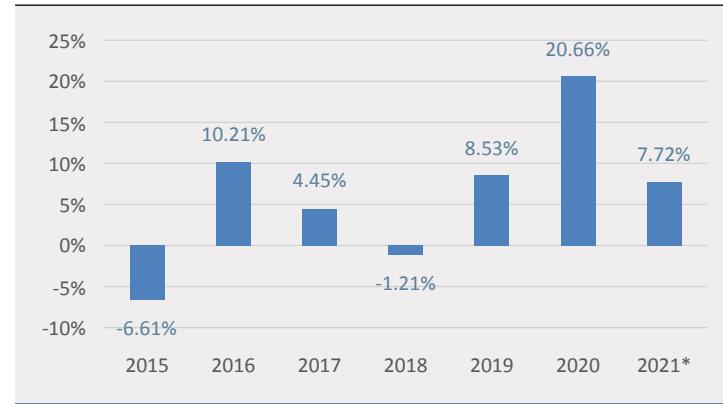


Past Performance

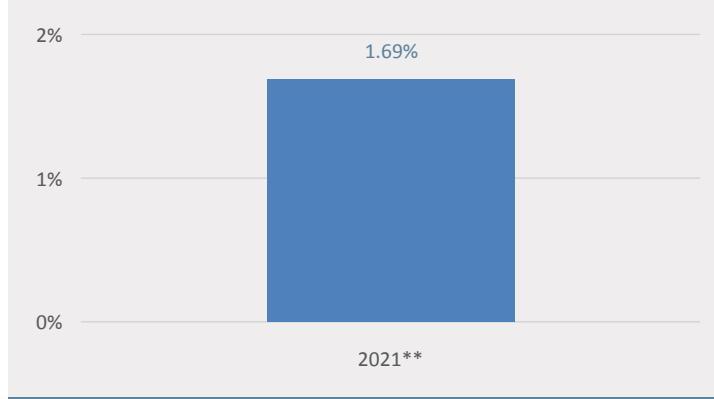
The commencement date of being distributed under a prospectus for Series A and Series F was December 30, 2014. Accordingly, returns are shown for the relevant period/years as indicated below.

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



Series O



* For the period January 1 to June 30, ** For the period May 18 to June 30

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Summary of Investment Portfolio

			% of NAV	% of NAV	
Top 25 Issuers			Asset Mix		
Bombardier Inc.	%	7.0	U.S. Fixed Income	44.7	
Spirit Aerosystems Inc.		5.0	Canadian Fixed Income	43.6	
Met Life Global Funding I		4.8	Canadian Equities	0.1	
Occidental Petroleum Corporation		4.8	Cash and Cash Equivalents	4.7	
Cash and Cash Equivalents		4.7	Preferred Shares	6.3	
Air Canada		4.4	Other Assets less Liabilities	0.7	
American Airlines Inc.		4.1	Total	100.0	
Avis Budget Group, Inc.		3.7			
Bank Of Nova Scotia		3.5	Sector		
Bank Of Montreal		3.0	Cash and Cash Equivalents	4.7	
Hertz Global Holdings Inc.		2.9	Communication Services	5.3	
Canada Housing Trust		2.8	Energy	12.1	
NatWest Group plc		2.8	Federal	3.8	
Ford Credit Canada Company		2.6	Financials	41.6	
JP Morgan Chase & Co.		2.6	Industrials	28.6	
Maxar Technologies Inc.		2.5	Information Technology	3.2	
Scotia Capital Inc NHA MBS (97518704)		2.4	Other Assets less Liabilities	0.7	
GE Capital Corporation Ltd		2.3	Total	100.0	
TC Energy Corporation		2.3			
AMC Entertainment Holdings Inc.		2.1			
Manulife Financial Corporation		2.1			
Boeing Co.		2.1			
Enbridge Inc (Equity)		2.1			
Royal Bank Of Canada		2.1			
Sun Life Financial Inc.		1.7			
Total	%	80.4			



3080 Yonge Street, Suite 3037
Toronto, ON M4N 3N1
www.lysanderfunds.com

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