

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

Lysander-Seamark Balanced Fund



# Lysander-Seamark Balanced Fund

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

## 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-Seamark Balanced Fund (the “Fund”) contains financial highlights for the period ended June 30, 2021 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 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 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 period of 8.77% for Series A and 9.23% for Series F.

Life at the mid-point of 2021 looks so much better than one year ago. mRNA Covid vaccines with surprisingly high efficacy have been developed in short order, they have received emergency use approvals, and for the most part, are finding their way into people’s arms.

In local currencies, by mid-year, the S&P 500 Index rose 8.2%, the S&P/TSX Composite Index rose 7.8% and Morningstar Developed Markets Ex-North America PR Index rose 4.2%. The Canadian dollar appreciated from year end levels, rising to 80.68 cents USD, up from 78.54 six months ago (2.72%). The rise of the CAD had a negative impact on Canadian dollar returns of U.S. denominated assets for the period.

The U.S. and Canadian economies have been printing strong recovery numbers. GDP growth, the broadest measure of economic health, has been impressive, with expectations of 5.0% growth in Canada and 6.0% in the U.S. for this year. Employment numbers on both sides of the border are improving, but many jobs still need to be created before reaching full employment levels seen before the advent of Covid-19.

# Lysander-Seamark Balanced Fund

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

---

The level of uncertainty in the recovery is also being reflected in financial markets. Equities have continued to make a strong recovery this year on the strength of rapidly improving earnings. But in the second quarter, bond yields reversed direction and declined, despite the economic advances and the resurfacing of inflation. The drop in rates may be suggesting some lingering concerns about the economy's transition.

The Fund's asset mix tilt towards equities has driven performance this period. Conservative equity selections outperformed during what has continued to be a decidedly 'risk-on' market in the post-COVID recovery so far. Investors reverted to favoring the pricey growth/momentum stocks and slowed on continuing to buy the cyclical recovery sectors. Our equity overweight was enough to counter the muted enthusiasm for the cyclical recovery companies that we continue to hold.

Currency was once again a mitigating factor when reviewing year to date returns in 2021. Strong foreign equity market returns were mitigated by weakness in the U.S. dollar which depreciated 2.7% against the Canadian dollar. Over the six-month period, the Fund recorded returns of 8.8% for Series A and 9.2% for Series F. At June 30, 2021 the Fund continued to maintain fixed income investments towards the low end of a working range, at about 26% 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.

During the period bonds produced low returns while equities produced high double-digit returns. At year end the largest equity sectors of the Fund were Financials, Information Technology, Consumer Staples and Health Care. In combination, these sectors comprised 36.0% of the portfolio. Financials showed the strongest weighted returns followed by energy while utilities and health care were the weakest. In the equity space the leading performers were Cenovus, Applied Materials, ATS Automaton, Google and Canadian Natural Resources while some of the weakest holdings were Barrick Gold, Canadian National Railways, Merck, Walt Disney and Verizon.

During the period, new positions were established in Major Drilling, New Flyer, American Towers, Visa and Algonquin Power. Positions in ABB and Emerson were sold. Shares in Husky Energy were converted to shares of Cenovus. Shares of Organon- a new spin-off from Merck were also sold, following their receipt.

The Fund decreased cash from a level of 5.5% at year-end 2020 to 4.4% at mid-year 2021. This positioning and performance are consistent with the Fund's fundamental investment objective and strategies.

The net assets of the Fund were \$2.2 million at June 30, 2021 versus \$1.9 million at December 31, 2020.

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 period except for immaterial short term cash overdrafts.

## Recent Developments

Share prices have continued to advance nicely in anticipation of further economic expansion. They may be subject to some near-term correction, but we expect higher share prices a year ahead. Bond prices have had a respite in the last quarter, as yields backtracked somewhat, after their quick run-up in the first quarter. But yields are likely to trend higher over the next year. Notwithstanding the bond rally this quarter, fixed income investors are expressing more concern with the potential for inflation, based on the expansionary monetary and fiscal policies that were initiated to rescue the economy. There will be higher inflation, the question of whether it will only be transitory during the recovery cycle is debatable.

The Fund remains well positioned for continued recovery in the economy. At mid-year, the Fund's bonds comprised 25.8% of the total portfolio and are positioned with a slightly lower duration than that of the FTSE Canada Universe Bond index. The Fund's exposure to bonds, and their duration may be reduced even further in coming months. The Fund will maintain a strong equity bias as the economy continues to transition to being more demand driven, and less dependent on monetary and fiscal policy.

The focus of investors, at least for the next few months, will be on the fate of the corona virus, and the transition away from a government supported economy.

When we look beyond the next few months, as the economy transitions away from Covid restrictions and away from a government sponsored recovery, we expect to see a more normalized recovery.

Interest rates will be trending higher with a tapering of government purchases, and renewed concern over inflation. Cyclical recovery sectors of the market will likely resume market leadership as the recovery is seen to be more entrenched-driven by real demand, rather than government stimulus. Looking beyond the next few months, it is the one-year view and longer that is determining our portfolio management direction.

# Lysander-Seamark Balanced Fund

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

---

We expect investors will be rewarded when positioned for continued economic and market recovery.

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 \$9,182 (including HST) in management fees to the Manager for the period ended June 30, 2021 (June 30, 2020 - \$8,564).

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 \$4,388 (including HST) to the Portfolio Manager for the period ended June 30, 2021 (June 30, 2020 - \$8,564).

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

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

## Financial Highlights

### Series A

Period ended	30-Jun-2021	31-Dec-2020	31-Dec-2019	31-Dec-2018	31-Dec-2017	31-Dec-2016
<b>Net assets per unit<sup>1</sup></b>						
Net assets, beginning of period	\$ 11.55	\$ 11.10	\$ 9.97	\$ 10.73	\$ 10.57	\$ 9.93
Operations:						
Total revenue	0.16	0.33	0.34	0.34	0.31	0.31
Total expenses	(0.13)	(0.23)	(0.23)	(0.22)	(0.22)	(0.21)
Realized gains (losses)	0.18	0.22	-	0.06	(0.15)	0.06
Unrealized gains (losses)	0.79	(0.71)	1.09	(0.67)	0.31	0.60
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$ 1.00</b>	<b>\$ (0.39)</b>	<b>\$ 1.20</b>	<b>\$ (0.49)</b>	<b>\$ 0.25</b>	<b>\$ 0.76</b>
Distributions:						
From income (excluding dividends)	\$ -	\$ (0.02)	\$ -	\$ -	\$ -	\$ -
From dividends	(0.04)	(0.06)	(0.10)	(0.11)	(0.11)	(0.07)
From capital gains	-	-	-	-	-	(0.08)
<b>Total distributions<sup>2 3</sup></b>	<b>\$ (0.04)</b>	<b>\$ (0.08)</b>	<b>\$ (0.10)</b>	<b>\$ (0.11)</b>	<b>\$ (0.11)</b>	<b>\$ (0.15)</b>
<b>Net assets, end of period<sup>2 3</sup></b>	<b>\$ 12.53</b>	<b>\$ 11.55</b>	<b>\$ 11.10</b>	<b>\$ 9.97</b>	<b>\$ 10.73</b>	<b>\$ 10.57</b>

<b>Ratios and supplemental data</b>						
Net asset value <sup>4</sup>	\$ 116,732	\$ 76,933	\$ 251,904	\$ 276,600	\$ 537,458	\$ 510,259
Units outstanding	9,318	6,660	22,692	27,733	50,087	48,268
Management expense ratio <sup>5</sup>	% 1.99	% 1.97	% 1.99	% 1.99	% 1.98	% 1.98
Management expense ratio before waivers or absorption	2.34	2.98	3.07	2.82	2.49	2.84
Portfolio turnover rate <sup>6</sup>	6.14	45.83	29.6	39.6	26.1	27.6
Trading expense ratio <sup>7</sup>	0.01	0.01	0.01	0.05	0.02	0.02
Net asset value per unit, end of period	\$ 12.53	\$ 11.55	\$ 11.10	\$ 9.97	\$ 10.73	\$ 10.57

### Notes

- 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.
- 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

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

## Series F

Period ended	30-Jun-2021	31-Dec-2020	31-Dec-2019	31-Dec-2018	31-Dec-2017	31-Dec-2016
<b>Net assets per unit<sup>1</sup></b>						
Net assets, beginning of period	\$ 11.54	\$ 11.12	\$ 10.02	\$ 10.77	\$ 10.58	\$ 9.97
Operations:						
Total revenue	0.16	0.33	0.34	0.34	0.31	0.31
Total expenses	(0.08)	(0.14)	(0.14)	(0.14)	(0.13)	(0.13)
Realized gains (losses)	0.18	0.08	0.01	(0.03)	(0.16)	0.11
Unrealized gains (losses)	0.81	0.43	1.11	(0.69)	0.36	0.63
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$ 1.07</b>	<b>\$ 0.70</b>	<b>\$ 1.32</b>	<b>\$ (0.52)</b>	<b>\$ 0.38</b>	<b>\$ 0.92</b>
Distributions:						
From income (excluding dividends)	\$ (0.01)	\$ (0.05)	\$ -	\$ -	\$ -	\$ -
From dividends	(0.06)	(0.15)	(0.21)	(0.21)	(0.17)	(0.19)
From capital gains	-	-	-	-	-	(0.10)
<b>Total distributions<sup>2 3</sup></b>	<b>\$ (0.07)</b>	<b>\$ (0.20)</b>	<b>\$ (0.21)</b>	<b>\$ (0.21)</b>	<b>\$ (0.17)</b>	<b>\$ (0.29)</b>
<b>Net assets, end of period<sup>2 3</sup></b>	<b>\$ 12.53</b>	<b>\$ 11.54</b>	<b>\$ 11.12</b>	<b>\$ 10.02</b>	<b>\$ 10.77</b>	<b>\$ 10.58</b>
<b>Ratios and supplemental data</b>						
Net asset value <sup>4</sup>	\$ 2,061,727	\$ 1,906,990	\$ 1,648,724	\$ 1,528,654	\$ 1,918,200	\$ 1,784,139
Units outstanding	164,534	165,319	148,204	152,585	178,111	168,696
Management expense ratio <sup>5</sup>	% 1.15	% 1.12	% 1.14	% 1.14	% 1.13	% 1.14
Management expense ratio before waivers or absorption	1.50	2.19	2.32	2.10	1.64	1.95
Portfolio turnover rate <sup>6</sup>	6.14	45.83	29.6	39.6	26.1	27.6
Trading expense ratio <sup>7</sup>	0.01	0.01	0.01	0.05	0.02	0.02
Net asset value per unit, end of period	\$ 12.53	\$ 11.54	\$ 11.12	\$ 10.02	\$ 10.77	\$ 10.58

## Notes

- 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.
- 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

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

## Management Fees

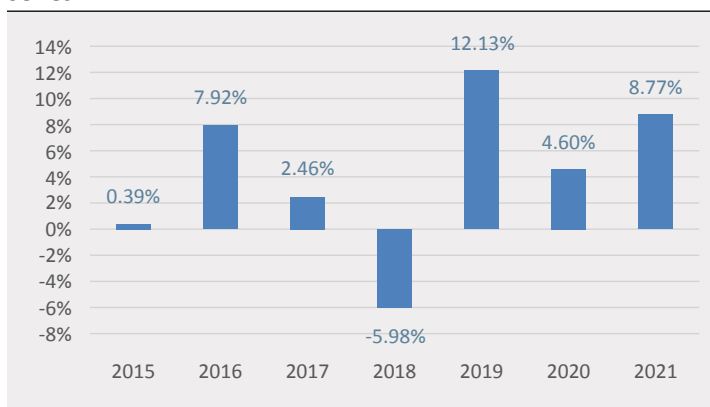
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

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

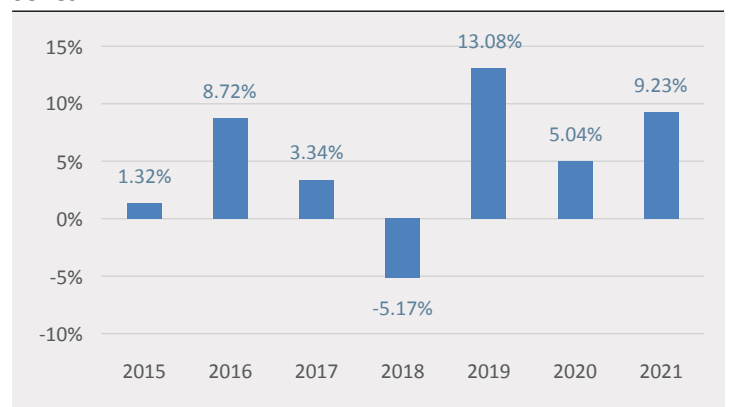


## Past Performance

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



# Lysander-Seamark Balanced Fund

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

## Summary of Investment Portfolio

	% of NAV		% of NAV
<b>Top 25 Issuers</b>		<b>Asset Mix</b>	
Cash and Cash Equivalents	3.8	Canadian Equities	35.1
Canada Housing Trust (Debt)	2.9	Canadian Fixed Income	25.7
Canadian Natural Resources Ltd (Equity)	2.2	Cash and Cash Equivalents	3.8
Province of British Columbia (Debt)	2.1	Foreign Equities	35.2
Province of Ontario (Debt)	2.0	Other Assets less Liabilities	0.2
Cenovus Energy Inc (Equity)	1.9	<b>Total</b>	<b>100.0</b>
Bank of Nova Scotia (Equity)	1.9	<b>Sector</b>	
Toronto-Dominion Bank (Equity)	1.8	Cash and Cash Equivalents	3.8
Royal Bank of Canada (Equity)	1.7	Communication Services	6.8
Alphabet Inc (Equity)	1.7	Consumer Discretionary	4.3
Canadian Government (Debt)	1.7	Consumer Staples	6.5
ATS Automation Tooling Systems (Equity)	1.6	Energy	5.5
Applied Materials Inc (Equity)	1.5	Federal	6.8
KLA Corp (Equity)	1.5	Financials	20.8
Bank Of America Corp (Equity)	1.4	Health Care	7.0
Apple Inc (Equity)	1.4	Industrials	9.1
IA Financial Corp Inc (Equity)	1.4	Information Technology	9.0
Toronto-Dominion Bank (Debt)	1.4	Materials	6.3
JP Morgan Chase & Co (Equity)	1.3	Other Assets less Liabilities	0.2
Royal Dutch Shell Plc (Equity)	1.3	Provincial	7.2
Manulife Financial Corp (Equity)	1.3	Real Estate	3.4
The Walt Disney Co (Equity)	1.3	Utilities	3.3
BHP Group Ltd (Equity)	1.2	<b>Total</b>	<b>100.0</b>
Aimco Realty Investors (Debt)	1.2		
Province of New Brunswick (Debt)	1.2		
<b>Total</b>	<b>42.7</b>		





3080 Yonge Street, Suite 3037  
Toronto, ON M4N 3N1  
[www.lysanderfunds.com](http://www.lysanderfunds.com)

© Lysander Funds is a registered trademark of Lysander Funds Limited