

**Semi-Annual Management Report of Fund Performance**  
As at June 30, 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 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-Triasima All Country Equity 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 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 positions are 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 the first semester of 2021, Triasima employed its 3-pillar methodology which analyzes securities from three perspectives: quantitative, fundamental, and trend, to determine their suitability and attractiveness for the Fund.

The Lysander-Triasima All Country Equity Fund’s series A and F performance is 3.0% and 3.6% respectively for the first half of 2021, versus 9.3% for the benchmark, the MSCI ACWI Index.

Both security selection and sector allocation were responsible for the underperformance during the semester. From a sector and portfolio structure standpoint, the cash reserve, a slight underweight position in Financials and an overweight position in Utilities were detrimental to performance.

The underweight Financials sector performed well, spurred on by the economic reopening and higher net interest margins due to rising interest rates. Conversely, the overweight Utilities sector did poorly with the stock prices of renewable energy companies deflating due to rising rates and lower investor enthusiasm; after having previously enjoyed a two-year bull market and reached elevated valuations.

In Consumer Discretionary, companies that benefited from the pandemic sold off while economies reopen and people return to offices. As such, JD.com (China, eCommerce) which profited from a stay-at-home world, declined 11%. In the same sector,

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Dollar General (United States, dollar stores) had outsized sales gains during the pandemic and should witness a deceleration. In Information Technology, Ringcentral (United States, enterprise communications) produces mobile business telephone systems and gained from the adoption of teleworking. Another holding, Afterpay (Australia, online small ticket financing) was similarly helped by increased eCommerce penetration. These two holdings fell 36% and 34% respectively.

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

The pandemic shut down the world economy over a year ago. An unprecedented policy response immediately followed, in the form of monetary and fiscal stimuli that kept economies and households afloat. This response is ongoing. Central banks in advanced countries are keeping short-term interest rates at record low levels and are suppressing long-term rates by buying enormous amounts of government bonds, helping finance the fiscal response and national deficits.

The recession was abrupt, but the rebound was steep in the later months of 2020. It carried on during the first semester of 2021, which can be described as the post-vaccine November 2020 announcement period. Covid cases have fallen while vaccines were widely administered in advanced countries. Their economies reopened further and the world started to normalize. By the end of the semester, the expression 'pandemic of the unvaccinated' had been coined to describe the actual situation.

Cyclical companies exposed to a global economic recovery such as those from the Energy, Materials and Financial sectors, performed better. However, that situation reversed course in mid-June when the Federal Reserve spoke of tapering its easy monetary policy sooner than anticipated. On the heels of those comments, the market lowered its growth and inflation forecasts, leading to a flatter yield curve and stronger dollar. This resulted in a sharp selloff in commodities and in some outperformance by the growth factor at the tail end of the semester.

From a regional perspective, the Canadian S&P/TSX Composite fared best, up 8.5% over the first semester, while the American S&P 500 Index rose 6.9%, and the international markets' MSCI EAFE, 3.7%.

Sector returns were positive across the board except for Utilities which declined 2%. The top performers were a mix of growth and cyclical stocks. The Energy sector rose 25% on the heels of rising oil and natural gas prices caused by the buoyant economy and tight supply management by OPEC+. Financials rose 15% as interest rates increased and the yield curve became steeper. Communication Services rose 12% as large cap technology companies such as Facebook and Google continue to perform well no matter the environment. The two traditional risk-off sectors, Utilities (-2.5%) and Consumer Staples (+2.0%), were the laggards in a fast-rising market.

Fund turnover was largely oriented towards increasing the cyclical and value aspects of the Fund while diminishing the weighting of expensive growth securities. In Utilities, Encavis (Germany, solar and wind power) and Orsted (Denmark, wind power) were sold, while Nextera Energy (United States, solar energy) was trimmed. Renewable energy companies have been impacted as rising interest rates make their long duration projects less attractive.

Those sales funded the purchase of several financial securities sensitive to strong economies and steeper yield curves. In Consumer Discretionary, American homebuilders, such as Lennar and DR Horton, were purchased. Homebuilders are facing huge demand due to low interest rates, a scarcity of houses for sale, and favorable demographics and household finances.

The Fund ended the semester significantly (over 5%) overweight the Industrials sector. Conversely, the Utilities sector was reduced to a market-weight position given the sales of renewables companies and the Health Care and Information Technology sectors are significantly underweight.

From a regional perspective, European stocks were reduced, and American stocks, added to during the semester. Overall, the Fund remained significantly overweight the developed markets, mainly through a large presence in Europe, while maintaining a significant underweight in emerging Asian countries, mainly in China.

Effective January 1, 2020 the management fees of Series A and Series F of the Fund have been reduced from 2.00% and 1.00% to 1.80% and 0.80% respectively, exclusive of taxes.

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.

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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 \$28,608 (including HST) in management fees to the Manager for the period ended June 31, 2021. (June 30, 2020 - \$27,951).

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 \$13,581 (including HST) to the Portfolio Manager for the period ended June 30, 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

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	\$ 16.01	\$ 12.95	\$ 11.24	\$ 12.27	\$ 10.54	\$ 10.00
Operations:						
Total revenue	0.09	0.18	0.21	0.14	0.17	0.15
Total expenses	(0.19)	(0.33)	(0.35)	(0.33)	(0.32)	(0.23)
Realized gains (losses)	2.12	(0.11)	(0.53)	(0.49)	0.26	(0.36)
Unrealized gains (losses)	(1.56)	3.19	2.40	(3.41)	1.62	1.04
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$ 0.46</b>	<b>\$ 2.93</b>	<b>\$ 1.73</b>	<b>\$ (4.09)</b>	<b>\$ 1.73</b>	<b>\$ 0.60</b>
Distributions:						
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
From dividends	-	-	-	-	-	(0.06)
From capital gains	-	-	-	-	-	-
<b>Total distributions<sup>2 3</sup></b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (0.06)</b>
<b>Net assets, end of period<sup>2 3</sup></b>	<b>\$ 16.50</b>	<b>\$ 16.01</b>	<b>\$ 12.95</b>	<b>\$ 11.24</b>	<b>\$ 12.27</b>	<b>\$ 10.54</b>

<b>Ratios and supplemental data</b>						
Net asset value <sup>4</sup>	\$ 255,749	\$ 262,172	\$ 260,276	\$ 238,558	\$ 6,170	\$ 5,300
Units outstanding	15,503	16,372	20,104	21,232	503	503
Management expense ratio <sup>5</sup>	% 2.13	% 2.12	% 2.55	% 2.55	% 2.54	% 2.21
Management expense ratio before waivers or absorption	2.33	2.61	2.86	4.10	4.34	8.31
Portfolio turnover rate <sup>6</sup>	31.57	47.82	82.5	98.0	41.4	64.0
Trading expense ratio <sup>7</sup>	0.15	0.15	0.3	0.4	0.4	0.4
Net asset value per unit, end of period	\$ 16.50	\$ 16.01	\$ 12.95	\$ 11.24	\$ 12.27	\$ 10.54

### 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. 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

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	\$ 16.78	\$ 13.41	\$ 11.51	\$ 12.43	\$ 10.56	\$ 10.00
Operations:						
Total revenue	0.09	0.18	0.21	0.19	0.17	0.16
Total expenses	(0.10)	(0.18)	(0.21)	(0.20)	(0.19)	(0.13)
Realized gains (losses)	2.24	(0.14)	(0.52)	0.08	0.02	(0.37)
Unrealized gains (losses)	(1.63)	3.23	2.26	(1.53)	2.19	1.58
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$ 0.60</b>	<b>\$ 3.09</b>	<b>\$ 1.74</b>	<b>\$ (1.46)</b>	<b>\$ 2.19</b>	<b>\$ 1.24</b>
Distributions:						
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
From dividends	-	-	-	-	(0.01)	(0.01)
From capital gains	-	-	-	-	-	-
<b>Total distributions<sup>2 3</sup></b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Net assets, end of period<sup>2 3</sup></b>	<b>\$ 17.38</b>	<b>\$ 16.78</b>	<b>\$ 13.41</b>	<b>\$ 11.51</b>	<b>\$ 12.43</b>	<b>\$ 10.56</b>
<b>Ratios and supplemental data</b>						
Net asset value <sup>4</sup>	\$ 5,776,398	\$ 5,750,186	\$ 5,937,305	\$ 3,842,737	\$ 1,896,482	\$ 491,765
Units outstanding	332,311	342,711	442,656	333,855	152,603	46,575
Management expense ratio <sup>5</sup>	% 1.00	% 0.99	% 1.42	% 1.42	% 1.41	% 1.20
Management expense ratio before waivers or absorption	1.21	1.42	1.74	2.21	3.32	6.47
Portfolio turnover rate <sup>6</sup>	31.57	47.82	82.5	98.0	41.4	64.0
Trading expense ratio <sup>7</sup>	0.15	0.15	0.3	0.4	0.4	0.4
Net asset value per unit, end of period	\$ 17.38	\$ 16.78	\$ 13.41	\$ 11.51	\$ 12.43	\$ 10.56

## 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. 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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## 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

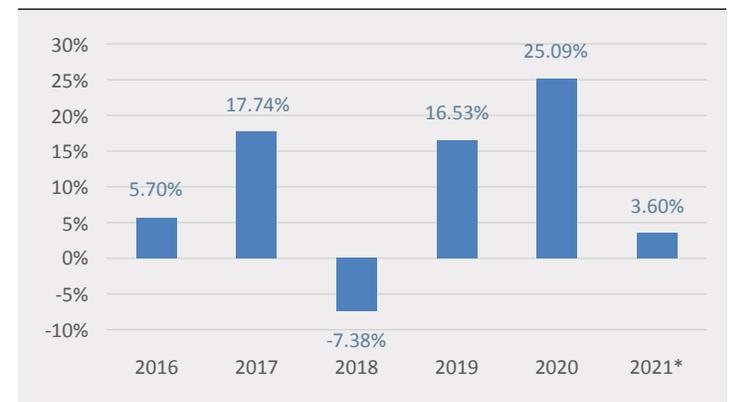


## Past Performance

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



\* For the period January 1 to June 30

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## Summary of Investment Portfolio

		% of NAV			% of NAV
<b>Top 25 Issuers</b>			<b>Asset Mix</b>		
Sea Ltd	%	3.7	Cash and Cash Equivalents	%	3.3
Microsoft Corp		3.3	Foreign Equities		96.7
Generac Holdings Inc		3.3	<b>Total</b>	<b>%</b>	<b>100.0</b>
Cash and Cash Equivalents		3.3	<b>Sector</b>		
MSCI Inc		3.3	Cash and Cash Equivalents	%	3.3
Freshpet Inc		2.7	Communication Services		9.5
Yougov Plc		2.2	Consumer Discretionary		13.6
Zebra Technologies Corp		2.1	Consumer Staples		9.4
Fifth Third Bancorp		2.1	Energy		2.0
Valero Energy Corp		2.0	Financials		20.0
Asml Holding NV		2.0	Health Care		5.0
Old Dominion Freight Line Inc		2.0	Industrials		17.7
Alcoa Corp		1.7	Information Technology		13.0
Southwest Airlines Co		1.7	Materials		3.5
Deutsche Post Ag		1.7	Utilities		3.0
Goldman Sachs Group Inc/The		1.6	<b>Total</b>	<b>%</b>	<b>100.0</b>
Rockwell Automation Inc		1.6			
American Express Co		1.6			
Novo Nordisk A/S		1.6			
Kuehne + Nagel International AG		1.6			
L'Oreal SA		1.6			
Trane Technologies Plc		1.5			
Alphabet Inc		1.5			
Hermes International		1.5			
Deutsche Bank Ag		1.5			
<b>Total</b>	<b>%</b>	<b>52.7</b>			



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