

# Lysander-Canso Credit Opportunities Fund - Series A

Fund Code: LYZ494A

Portfolio Manager: Canso Investment Counsel Ltd.

As of: September 30, 2021

Fund Category: Fixed Income

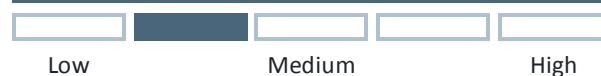
Benchmark: FTSE Canada All Corporate Bond Index<sup>1</sup>



## Investment Focus

The Fund is an alternative mutual fund that primarily invests in a diversified portfolio of corporate debt. The Fund may also sell securities short and deploy leverage to achieve its investment objectives. There are no limits on the percentage of the Fund that can be invested in securities rated below BBB. From time to time the Fund may also invest up to 20% in other securities such as convertible bonds, equities, or income trusts.

## Risk Tolerance



## Why Invest In This Fund

Established in 1997, Canso is an independent firm focused on bottom up security selection. Proprietary research developed over multiple market cycles guides the investment of over \$30 billion in AUM.

Each security is assessed on its own merits using bottom-up, fundamental research. Canso uses its proprietary Maximum Loss grade, where the max loss quantifies recovery value in the event of a default. The greater the potential downside, the lower the portfolio weight. Canso believes in concentrating their best ideas and having high conviction portfolios with limited holdings.

This independent credit expertise and successful investment management experience enables Canso to buy securities when they are out of favour and priced at a discount to their intrinsic value.

- **Alternative Fixed Income Solution** - Corporate bond portfolio that seeks to enhance yield and mitigate interest rate risk through informed security selection and the shorting of government securities.
- **Adaptable to Market Conditions** - Portfolio has the flexibility to shorten duration and diversify across all geographies while maintaining primarily CAD currency exposure.
- **Proven Management Expertise** - Large and experienced team of credit specialists with expertise in determining default risks and recovery values of issuers to identify corporate bond opportunities. The continuity of the team has contributed to the successful management of investor portfolios over different market cycles.

## Compound Returns - Series A

1 Month	3 Months	YTD	1 Year	Since Inception (Annualized)
0.5%	1.5%	9.0%	26.3%	25.4%

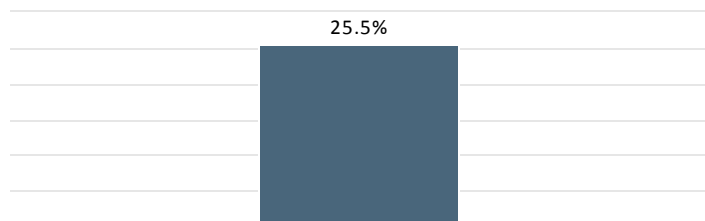
## Fund Facts

Series Inception Date	May 11, 2020
Currency	CAD
NAVPU	\$12.58
Management Fee	1.25%
Performance Fee	20.00%
MER as of June 30, 2021 (unaudited)	7.60%
Minimum Initial Investment	\$1,000
Minimum Subsequent Investment	\$100
Liquidity	Monthly
Next Subscription Deadline <sup>6</sup>	October 29, 2021
Next Redemption Deadline <sup>7</sup>	October 15, 2021
Subsequent Redemption Deadline <sup>7</sup>	November 15, 2021
RRSP Eligible	Yes
Fund Net AUM	\$41.1 Million
Total Long AUM	\$48.0 Million
Total Short AUM	-\$6.9 Million

## Portfolio Characteristics

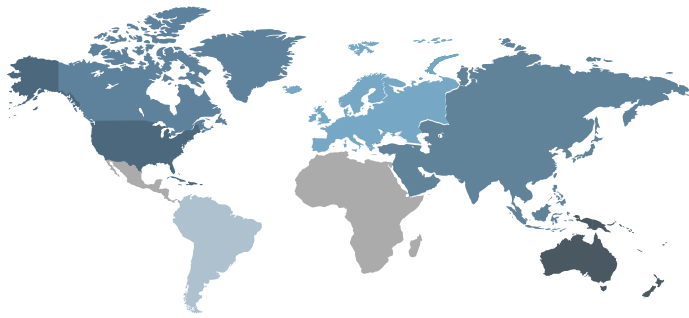
Number of Securities Long	134
Number of Securities Short	14
Number of Issuers	61
Average Term to Maturity (Years)	4.8
Average Duration (Years)	1.9
Average Coupon (%)	4.0%
Yield to Maturity (%)	3.6%
Current Yield (%)	4.1%
Average Credit Quality (long only) <sup>2</sup>	BBB-
Cash Weighting	6.5%

## Calendar Year Returns - Series A



2020 (For the period May 11th to Dec. 31st)

## Geographic Breakdown



● Canada 70.9%	● USA 28.2%	● Australia 0.0%
● South America 0.9%	● Europe 0.0%	● Asia 0.0%
● Other 0.0%		

## Distributions

Distribution Frequency: Quarterly
Most Recent Distribution per Unit: \$0.2025
12-Month Trailing Distribution Yield: 6.2%
Next Record Date: December 16, 2021
Next Distribution Date: December 17, 2021

Distributions (\$)/Unit <sup>3</sup>	YTD*	2020
Total Distributions	0.2243	0.7714
Interest		0.3268
Dividends		0.0282
Capital Gains		0.4164
Withholding Tax		0.0000

\*The final tax character will be determined based on the Fund's tax year end information

## Credit Quality Breakdown (%) (long only)

AAA	6.3%
AA	0.0%
A	18.5%
BBB	32.1%
BB	18.9%
B & Lower	21.7%
NR	2.6%

## Top 10 Holdings

Security	% of Fund	Rating
Air Canada 4.625% Aug 15, 2029	5.5%	BB
BNS FRN Aug 4, 2026 (CORRA +54)	4.4%	A
Merrill Lynch NHA MBS FRN (98004599) Jul 1, 2026(M CDOR-23)	4.2%	AAA
TransCanada Pipelines FRN Jun 9, 2024 (Q CDOR +29)	3.7%	BBB+
CIBC FRN Jul 15, 2026 (CORRA +58)	3.4%	A
RBC (AT1) 4.5% Nov 24, 2025/2080	3.4%	BBB
American Airlines Inc. 11.75% Jul 15, 2025 (USD) 144A	3.2%	B
CIBC FRN Mar 4, 2025 (CORRA +46)	3.0%	A
Ford Credit Canada Co. FRN Mar 21, 2024 (Q CDOR + 314)	2.7%	BB+
JP Morgan Chase FRN (USD) (Q LIBOR+85) Jan 10, 2025	2.7%	A
<b>Total</b>	<b>36.2%</b>	

Lysander Funds Limited is the investment fund manager of Lysander-Canso Credit Opportunities Fund (the "Fund"). This document is not an invitation to invest in the Fund and does not constitute a public offering of sale. This Fund is an alternative mutual fund. It has the ability to invest in asset classes or use investment strategies that are not permitted for other types of mutual funds. The specific strategies that differentiate this Fund from other types of mutual funds include: increased use of derivatives for non-hedging purposes; increased ability to sell securities short; and the ability to borrow cash to use for investment purposes. While these strategies will be used in accordance with the Fund's investment objectives and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value. Purchases in the Fund can only be made through an Investment Professional on the terms in the Fund's offering document by eligible investors. Each purchaser of units in a fund may have statutory or contractual right of action. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual funds are not guaranteed or insured, their values change frequently and past performance may not be repeated. Prior to May 11, 2020, the Fund was offered on a private placement basis. <sup>1</sup>Source: FTSE Canada Global Debt Capital Markets. Copyright © 2021. FTSE Canada Global Debt Capital Markets. All rights reserved. <sup>2</sup>Fixed income securities unrated by external agencies are assigned an internal Canso rating for Average Credit Quality. <sup>3</sup>Distributions are based on the actual number of units outstanding at the relevant time. Distributions are paid in cash or reinvested in additional units. If the series' net income/capital gains is less than the amounts distributed in the year, the distribution will include a return of capital. In these circumstances, if an investor elects to receive their distributions in cash and not reinvest distributions, it is expected that the value of their investment will decline over time. Distributions are not an indication of performance, rate of return or yield. <sup>6</sup>Monthly, by the last business day of the calendar month. <sup>7</sup>Monthly, provided notice is received by the Fund no later than the 15th day of the month (or, if the 15th day is not a valuation day, the preceding immediate valuation day). <sup>8</sup>Lysander Funds is a registered trademark of Lysander Funds Limited.