

Semi-Annual Management Report of Fund Performance
As at June 30, 2022

Canso Credit Income 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 Canso Credit Income Fund (the “Fund”) contains financial highlights for the period ended June 30, 2022 but does not contain the complete financial statements of the investment fund. This report should be read in conjunction with the interim financial statements of the Fund for the period ended June 30, 2022. 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 Fund’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Investment objective

The Fund's investment objective is to (i) maximize total returns for unitholders while reducing risk and (ii) provide unitholders with monthly cash distributions by taking long and short positions primarily in corporate bonds and other income securities.

Investment Strategies

The Fund's portfolio manager is Canso Investment Counsel Ltd. (“Canso” or “Portfolio Manager”), a company under common control as the Manager. The Fund's holdings are not restricted by credit ratings. In addition, Canso engages in short selling of securities primarily to hedge credit and interest rate risk. This

allows the Fund's portfolio to be positioned more defensively in both rising interest rate environments and credit downturns.

Risks

The risks of this Fund remain as discussed in the Fund’s most recently filed public disclosure documents.

Results of Operations

The Fund had returns for the period of -7.30% for Class A units and -7.20% for Class F units. At the end of the period, the Fund held approximately 23% of its net asset value in short positions. These consisted of short positions in Government of Canada bonds and U.S. Treasury bonds.

The net assets of the Fund were \$145.7 million at June 30, 2022 compared to \$160.5 million at the beginning of the period. This was mainly due to negative Fund performance, cash distributions of approximately \$2.6 million and net redemptions of approximately \$496,000 during the period.

During the period, the Fund accrued a performance fee of \$Nil. The Fund's performance fee is equal to 20% of its outperformance of the FTSE Canada All Corporate Bond Index.

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 would be reasonably expected as described below.

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

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Recent Developments

The aggressive tightening of monetary policy around the world marks a complete turnaround from central bank policies of only a year ago. Policies put in place to support economies during the pandemic have now turned out to be major contributors to very high inflation. The year-over-year inflation numbers in North America and elsewhere are the highest in decades and central banks are moving to slow it down through interest rate hikes and a reversal of quantitative easing (QE).

QE involves the central banks buying their own country's government bonds to push down yields and put money directly into people's hands. QE is not a new approach to monetary policy but its scale reached records during the pandemic. It is not clear what will happen as central banks stop reinvesting maturing bonds and possibly start selling bonds they hold.

In this environment of high inflation, rising interest rates, and reduced liquidity, financial assets have not performed well. The big question is how much further the monetary and fiscal authorities have to go to get inflation under control. The risk of an economic recession continues to become more likely. This will be negative for unemployment and credit markets.

Canso is positioning the Fund increasingly conservatively. This helps to preserve capital in a market decline and makes it easier to take advantage of future investment opportunities.

The Fund reduced its credit risk and increased its position in short dated, liquid government securities as both credit and interest rate risks remained elevated. The credit rating weight in BB & Below rated securities decreased from 46.6 % to 37.0% in the period while also bringing down its hedged long/short exposure. The Fund continues to take on duration only when it believes it's being compensated for the incremental interest rate risk or is able to effectively hedge by shorting government securities. The Fund ended the period with a 23% short position in government securities, which are offset by corresponding long corporate bond positions, and a positive cash balance. The Fund duration is 2.1 years.

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 involving the Fund.

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 classes, 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 Fund's most recently filed Annual Information Form.

The Fund paid \$575,853 (excluding HST) in management fees to the Manager for the period ended June 30, 2022 (June 30, 2021 - \$567,039).

The Manager is also entitled to receive a performance fee from the Fund (the "Performance Fee") under certain conditions as described in the Fund's most recently filed Annual Information Form. For the period ended June 30, 2022, the Performance Fee accrued payable by the Fund was \$Nil (excluding HST) (December 31, 2021 -\$7,767,526).

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 is included in the management fee. The Manager will also pay to Canso a percentage of any Performance Fee that the Manager receives from the Fund, such percentage to be agreed upon between the Manager and the Portfolio Manager from time to time.

The Manager paid \$268,731 (excluding HST) to the Portfolio Manager for the period ended June 30, 2022 (June 30, 2021 - \$264,618) including performance fees, if applicable.

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

Class A

Period ended	30-Jun-2022	31-Dec-2021	31-Dec-2020	31-Dec-2019	31-Dec-2018	31-Dec-2017
Net assets per unit¹						
Net assets, beginning of period	\$ 15.29	\$ 13.69	\$ 11.34	\$ 10.70	\$ 11.65	\$ 11.32
Operations:						
Total revenue	0.41	1.20	1.45	0.75	0.49	0.78
Total expenses	(0.14)	(1.17)	(0.84)	(0.34)	(0.30)	(0.41)
Realized gains (losses)	1.02	1.88	1.25	(0.15)	0.21	0.21
Unrealized gains (losses)	(2.40)	0.18	0.67	0.88	(0.84)	0.21
Total increase (decrease) from operations²	\$ (1.11)	\$ 2.09	\$ 2.53	\$ 1.14	\$ (0.44)	\$ 0.79
Distributions:						
From income (excluding dividends)	\$ (0.25)	\$ (0.41)	\$ (0.31)	\$ -	\$ (0.11)	\$ (0.52)
From dividends	-	(0.08)	(0.07)	(0.02)	(0.03)	(0.02)
From capital gains	-	(1.70)	(1.70)	-	-	-
From return of capital	-	-	-	(0.48)	(0.36)	-
Total distributions^{2 3}	\$ (0.25)	\$ (2.19)	\$ (2.08)	\$ (0.50)	\$ (0.50)	\$ (0.54)
Net assets, end of period^{2 3}	\$ 13.93	\$ 15.29	\$ 13.69	\$ 11.34	\$ 10.70	\$ 11.65
Ratios and supplemental data						
Net asset value ⁴ (thousands)	\$ 140,354	\$ 152,808	\$ 132,886	\$ 142,866	\$ 138,957	\$ 153,038
Units outstanding	10,073,926	9,992,726	9,706,083	12,603,943	12,986,466	13,139,530
Management expense ratio ⁵	% 1.02	% 6.85	% 5.40	% 1.52	% 1.50	% 2.73
Management expense ratio before waivers or absorption	1.02	6.85	5.40	1.52	1.50	2.73
Portfolio turnover rate ⁶	16.15	37.82	86.43	48.10	34.94	43.11
Trading expense ratio ⁷	0.02	0.01	-	0.01	0.02	0.01
Net asset value per unit, end of period	13.93	15.29	13.69	11.34	10.70	11.65
Closing Market price per unit ⁴	\$ 13.95	\$ 15.15	\$ 13.41	\$ 10.90	\$ 11.16	\$ 11.32

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. A portion of the distributions in 2017, 2020 and 2021 were paid in cash (\$0.50/unit) and the remainder was paid as a special non-cash distribution.
- 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. Prior to July 1, 2020, the Fund paid servicing fees at 0.40% per annum on Class A units. On July 1, 2020, the Fund discontinued the payment of servicing fees.
- 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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Class F

Period ended	30-Jun-2022	31-Dec-2021	31-Dec-2020	31-Dec-2019	31-Dec-2018	31-Dec-2017
Net assets per unit¹						
Net assets, beginning of period	\$ 17.09	\$ 15.01	\$ 12.39	\$ 11.62	\$ 12.55	\$ 12.14
Operations:						
Total revenue	0.46	1.32	1.57	0.82	0.53	0.85
Total expenses	(0.16)	(1.11)	(0.88)	(0.32)	(0.28)	(0.41)
Realized gains (losses)	1.13	1.88	1.35	(0.16)	0.23	0.20
Unrealized gains (losses)	(2.66)	0.59	0.55	0.94	(0.88)	0.27
Total increase (decrease) from operations²	\$ (1.23)	\$ 2.68	\$ 2.59	\$ 1.28	\$ (0.40)	\$ 0.91
Distributions:						
From income (excluding dividends)	\$ (0.25)	\$ (0.30)	\$ (0.37)	\$ -	\$ (0.1)	\$ (0.53)
From dividends	-	(0.06)	(0.08)	(0.02)	(0.04)	(0.03)
From capital gains	-	(2.87)	(1.77)	-	-	-
From return of capital	-	-	-	(0.48)	(0.36)	-
Total distributions^{2 3}	\$ (0.25)	\$ (3.23)	\$ (2.22)	\$ (0.50)	\$ (0.50)	\$ (0.56)
Net assets, end of period^{2 3}	\$ 15.63	\$ 17.09	\$ 15.01	\$ 12.39	\$ 11.62	\$ 12.55
Ratios and supplemental data						
Net asset value ⁴ (thousands)	\$ 5,443	\$ 7,747	\$ 11,253	\$ 13,749	\$ 17,052	\$ 20,160
Units outstanding	348,344	453,278	749,740	1,109,959	1,467,453	1,606,525
Management expense ratio ⁵	% 1.03	% 5.77	% 5.21	% 1.16	% 1.14	% 2.51
Management expense ratio before waivers or absorption	1.03	5.77	5.21	1.16	1.14	2.51
Portfolio turnover rate ⁶	16.15	37.82	86.43	48.1	34.94	43.11
Trading expense ratio ⁷	0.02	0.01	-	0.01	0.02	0.01
Net asset value per unit, end of period	\$ 15.63	\$ 17.09	\$ 15.01	\$ 12.39	\$ 11.62	\$ 12.55

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. A portion of the distributions in 2017, 2020 and 2021 were paid in cash (\$0.50/unit) and the remainder was paid as a special non-cash distribution.
- 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. Prior to July 1, 2020, the Fund paid servicing fees at 0.40% per annum on Class A units. On July 1, 2020, the Fund discontinued the payment of servicing fees.
- 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 monthly management fee, based on the net asset value of each Class, calculated daily and payable monthly. The Fund pays a management fee of 0.75% per annum for Class A and Class F units.

The Fund may also pay a performance fee under certain conditions as described in the Fund's most recent Annual Information Form.

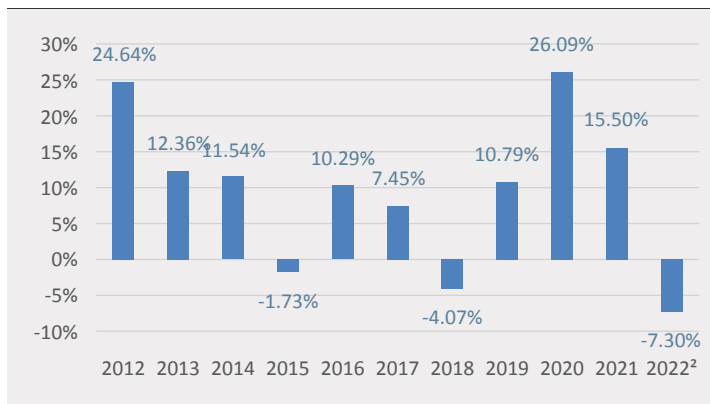
Past Performance

The following charts and table show the past performance of the Fund. Past performance does not necessarily indicate how the Fund will perform in the future. The information shown assumes that cash distributions made by the Fund in the years/periods shown were reinvested in additional units of the Fund.

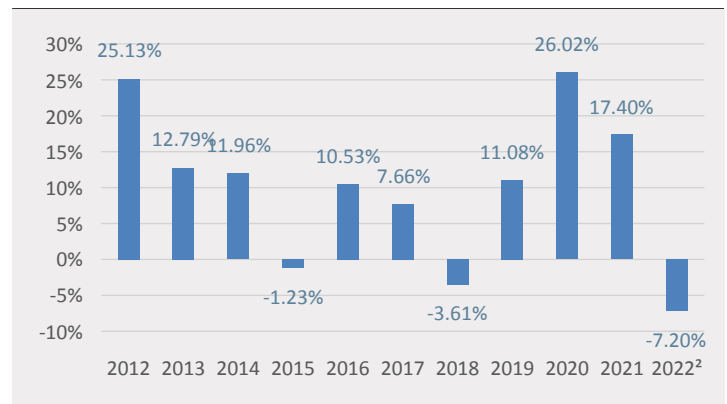
Prior to June 25, 2015, the Fund used a fund-on-fund investment strategy whereby the Fund gained exposure to Canso Credit Trust through a forward agreement. On June 25, 2015, as a result of changes to the Income Tax Act (Canada), CCIF changed its investment objectives, ceased to use a fund-on-fund strategy and began investing in securities directly. In addition, prior to July 1, 2020, the Fund paid servicing fees at 0.40% per annum on Class A units. On July 1, 2020, the Fund discontinued the payment of servicing fees. These changes could have affected the performance of the Fund or a class of units of the Fund had these changes been in effect throughout the performance measurement period.

Year-by-Year Returns

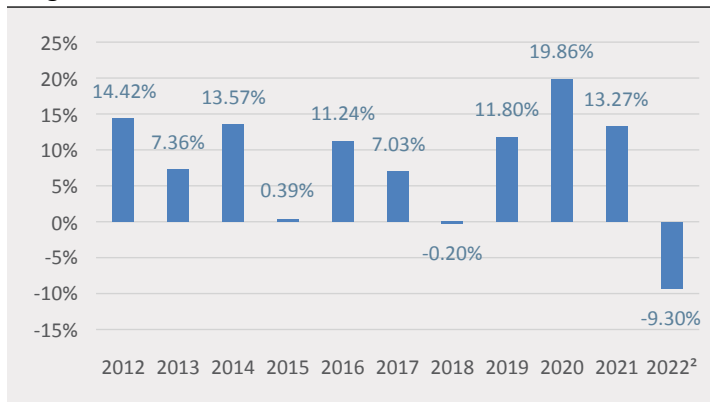
Class A



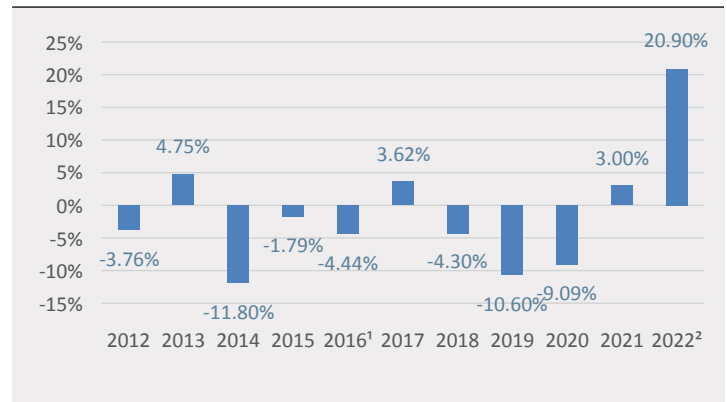
Class F



Long Portfolio



Short Portfolio



1 Restated performance for short portfolio for January 1 to December 31, 2 For the period January 1 to June 30

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Summary of Investment Portfolio

		% of NAV			% of NAV
Top 25 Issuers			Asset Mix		
Long positions:			Canadian Bonds - Corporate	%	64.8
Air Canada (Debt)	%	7.5	Canadian Government Debt		14.0
Manulife Financial Corp. (Debt)		6.8	Foreign Bonds - Corporate		26.3
Yellow Pages Limited (Equity)		6.0	Canadian Equities		16.3
Strait Crossing Development Inc. (Debt)		5.7	Options		1.0
Royal Bank of Canada (Debt)		5.5	Canadian Government Debt - Short		(19.9)
Spirit Aerosystems Inc. (Debt)		4.5	Foreign Government Debt - Short		(2.9)
Bank of Nova Scotia (Debt)		4.4	Cash and Cash Equivalents		0.9
American Airlines Inc (Debt)		4.3	Other Assets less Liabilities		(0.5)
GE Capital Canada (Debt)		4.1	Total	%	100.0
Pembina Pipeline Corporation (Debt)		4.1			
Avis Budget Group, Inc. (Debt)		3.7			
AT&T Inc. (Debt)		3.5			
Videotron Ltee. (Debt)		2.7			
Thomson Reuters Corporation (Equity)		2.6			
Loblaw Companies (Debt)		2.5			
Bombardier Inc. (Debt)		2.5			
Enbridge Inc. (Debt)		2.4			
Shaw Communications Inc (Debt)		2.4			
ClearStream Energy Services Inc. (Debt)		2.4			
Hertz Global Holdings Inc. (Debt)		2.1			
Cenovus Energy Inc. (Equity)		2.1			
TC Energy Corporation (Debt)		2.1			
ClearStream Energy Services Inc. (Equity)		1.9			
Short positions:					
U.S. Treasury Bond (Debt)		(2.9)			
Government of Canada (Debt)		(5.9)			
Total	%	77.0			
Total Portfolio Long Positions	%	122.8			
Total Portfolio Short Positions		22.8			



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