

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

Lysander-Slater Preferred Share ActivETF



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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 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-Slater Preferred Share ActivETF (the “Fund”) contains financial highlights for the period ended June 30, 2022 but does not contain the complete financial statements of the 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 seeks to generate income while preserving investor capital by investing primarily in preferred shares in Canadian entities that are listed on a Canadian stock exchange.

Investment Strategies

The Fund’s portfolio manager is Slater Asset Management Inc. (“Portfolio Manager” or “Slater”). The Fund’s portfolio will primarily be invested in preferred shares of Canadian issuers listed in Canada, using fundamental and credit research. The Fund will not be leveraged. More details are contained in the Fund’s prospectus.

Risks

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

Results of Operations

During the period, the S&P/TSX Preferred Share Index return was -9.86% and the Lysander-Slater Preferred Share ActivETF (“the ETF”) return was -9.67%.

The net assets of the Fund were approximately \$87.9 million at June 30, 2022 from approximately \$100.8 million at the beginning of the period. This was primarily due to net redemptions of \$1.5 million, cash distributions of \$1.8 million and net operating losses of \$9.5 million during the period.

The first quarter of 2022 saw another wave of Covid-19 lockdowns across most of the Canadian provinces only to re-open to a string of other economic issues, record high inflation. The Russian invasion of Ukraine, supply chain issues, and further lockdowns across China were all contributing factors to higher prices of goods and services globally. The Canadian 5-year bond yield (benchmark for fixed rate reset Preferred Shares) increased from 1.25% at the beginning of the period, to as high as 3.62% in mid June, as analysts expected the Bank of Canada to tighten monetary policy to help get inflation under control. The \$10 billion in Preferred Share redemptions that helped spur the best year performing year for Preferred Shares in 2021, did not transfer over in 2022 despite over \$6 billion in product being redeemed by the end of June. The Limited Recourse Capital Market (“LRCN”) grew another \$4.3 billion to a market cap of approximately \$22.4 billion, and Toronto Dominion Bank launched a \$850 million \$1000 institutional Preferred Share bringing that market space to \$1.6 billion in size. There was

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issuance of \$400 million in traditional Preferred Share product in the first half of 2022, the theme of calling in traditional Preferred Shares and re-issuing lower cost LRCNs and \$1000 Preferred Shares has continued in the first half of 2022, and the Fund expects it to continue over the next few years, specifically for bank and insurance products.

The Fund continued to position the portfolio in anticipation of higher interest rates as the market has sold off roughly 10% and the 5-year bond yield has increased over 200bps. The Fund increased its weighting in 225-300bp spread resets from an approximate weighting of 37.1% at the beginning of the period to 45.8% at the end of the quarter. Also, the Fund increased its weighting in <225bp fixed rate resets from 15.2% to 23.9% by the end June. The Fund decreased its straight perpetual exposure from 23% to approximately 13% at the end of the period amid rising interest rates.

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 or have been described herein.

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

Recent Developments

Slater's thesis was for the Bank of Canada to begin raising rates in the first half of 2022, and for continued redemptions of Preferred Share product, both of which has played out. However, the unexpected war in Ukraine and continued supply chain issues have caused inflation to spiral globally causing negative effects on both equity and fixed income markets including Canadian Preferred Shares. Slater had anticipated \$7 billion in Preferred Share redemptions and its anticipated to be close to \$9 billion by the end of 2022. The Fund expects the Canadian 5-year bond yield will be 2.25%-3% over the next few years, which is a healthy level. The Fund continues to be positioned in discounted fixed rate resets that should reset higher over the next few years upon reset date.

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 prospectus.

The Fund paid \$303,408 (excluding HST) in management fees to the Manager for the period ended June 30, 2022 (June 30, 2021 - \$253,869).

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 \$171,425 (including HST) to the Portfolio Manager for the period ended June 30, 2022 (June 30, 2021 - \$143,436).

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

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	\$ 10.32	\$ 8.35	\$ 8.83	\$ 9.06	\$ 10.61	\$ 10.11
Operations:						
Total revenue	0.21	0.44	0.44	0.48	0.47	0.50
Total expenses	(0.06)	(0.14)	(0.12)	(0.10)	(0.14)	(0.16)
Realized gains (losses)	0.16	1.27	(1.33)	(1.05)	0.06	0.55
Unrealized gains (losses)	(1.30)	0.69	0.71	0.77	(1.62)	0.28
Total increase (decrease) from operations²	\$ (0.99)	\$ 2.26	\$ (0.30)	\$ 0.10	\$ (1.23)	\$ 1.17
Distributions:						
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
From dividends	(0.19)	(0.30)	(0.36)	(0.37)	(0.32)	(0.27)
From capital gains	-	-	-	-	(0.06)	(0.44)
Return of Capital	-	(0.10)	(0.04)	(0.04)	(0.07)	(0.01)
Total distributions^{2 3}	\$ (0.19)	\$ (0.40)	\$ (0.40)	\$ (0.41)	\$ (0.45)	\$ (0.72)
Net assets, end of period^{2 3}	\$ 9.14	\$ 10.32	\$ 8.35	\$ 8.83	\$ 9.06	\$ 10.61
Ratios and supplemental data						
Net asset value ⁴	\$ 87,965,348	\$ 100,836,205	\$ 64,876,122	\$ 84,454,128	\$ 97,590,059	\$ 90,895,230
Units outstanding	9,619,000	9,769,000	7,769,000	9,569,000	10,769,000	8,569,000
Management expense ratio ⁵	% 0.94	% 0.99	% 1.03	% 0.81	% 1.03	% 1.03
Management expense ratio before waivers or absorption	0.94	0.99	1.03	0.81	1.03	1.07
Portfolio turnover rate ⁶	51	140	164	107	120	139
Trading expense ratio ⁷	0.28	0.42	0.60	0.35	0.37	0.47
Net asset value per unit, end of period	9.14	10.32	8.35	8.83	9.06	10.61
Closing market price per unit ⁴	\$ 9.18	\$ 10.29	\$ 8.33	\$ 8.80	\$ 9.08	\$ 10.64

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.
- 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.

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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.

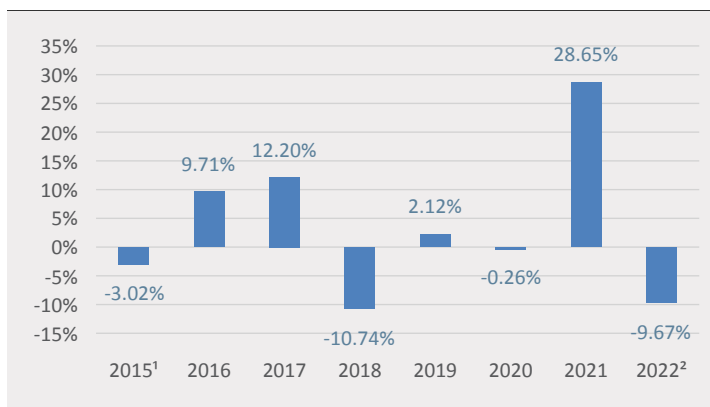
In consideration for such services, the Manager receives a management fee, based on the net asset value of the fund, calculated daily and payable monthly. The Fund pays a management fee of 0.65% per annum.

Past Performance

The Fund's commenced operations on August 10, 2015. Accordingly, returns are shown for the relevant years/periods as indicated below.

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 periods shown were reinvested in additional units of the Fund.

Year-by-Year Returns



1 For the period August 10 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		
Enbridge Inc	%	9.1	Canadian Equities	%	1.0
Bank of Montreal		7.7	Cash and Cash Equivalents		1.8
Toronto Dominion Bank		7.2	Fixed Income		2.7
Fairfax Financial Holdings Ltd		6.6	Preferred Shares		94.8
Royal Bank of Canada		5.3	Other Assets less Liabilities		(0.3)
Fortis Inc		5.2	Total	%	100.0
Canadian Utilities Limited		4.9	Sector		
Emera Inc		4.4	Cash and Cash Equivalents	%	1.8
Great West Lifeco Inc		4.0	Communication Services		3.8
BCE Inc		3.8	Consumer Staples		1.3
Pembina Pipeline Corporation		3.8	Energy		20.5
Canadian Imperial Bank Of Commerce		3.6	Financials		51.6
TC Energy Corporation		3.3	Industrials		0.6
Brookfield Asset Management Inc		2.8	Other Assets less Liabilities		(0.3)
Artis REIT		2.8	Utilities		20.7
Sun Life Financial Inc		2.5	Total	%	100.0
Northland Power Inc		2.4			
Altagas Ltd		2.2			
Cenovus Energy Inc.		2.1			
Royal Bank of Canada (Debt)		2.0			
Power Financial Corporation		1.8			
Cash and Cash Equivalents		1.8			
Capital Power Corporation		1.8			
National Bank of Canada		1.6			
Manulife Financial Corporation		1.3			
Total	%	94.0			



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

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