

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

Lysander-Fulcra Corporate Securities 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-Fulcra Corporate Securities Fund (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 Street, 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 objective is to provide income and capital growth by investing in fixed income, floating rate, convertible, preferred equity, and common equity securities of corporations anywhere in the world.

Investment Strategies

The Fund’s portfolio manager is Fulcra Asset Management Inc. (“Portfolio Manager” or “Fulcra”). The Fund seeks to provide income and capital growth by primarily investing in fixed income, floating rate, convertible, preferred equity, and common equity securities of corporations primarily

headquartered in North America, with a focus on fixed income securities.

Fulcra is focused on generating absolute returns that do not replicate any particular index or competing funds in the same category.

The Fund may invest (at the time of purchase) up to 15% of its net assets in issuers based outside of North America. 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

The Fund's Series A units returned -1.03% year-to-date, and the Series F units returned -0.75% year-to-date.

During the first half of 2022, the Sherritt 8.5% bonds due 2026 had the greatest positive impact to Fund performance. Negatively, the Rite Aid 7.5% bond due 2025 had the greatest negative impact. As of end of Q2, the Fund is yielding 8.4% to maturity with a 1.9 year duration.

The US dollar denominated ICE BofAML US High Yield Index performed -14.03% YTD, with a duration of 4.52 years YTD. The ICE BofAML Canada Corporate Index performed -10.92% YTD, with a duration of 5.85 years YTD.

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Up to Q1 of this year, cash and government bond positions have been at a high historic level in the Fund. With recent corporate bond market weakness, the fund has begun to strategically add to existing names and look for new opportunities.

The net assets of the Fund were approximately \$223.3 million at June 30, 2022 from \$176.7 million at the beginning of the period. There were net subscriptions of \$51.2 million during the period

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 below.

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

Recent Developments

While indices' double digit negative performance was mostly the result of the increase in interest rates, credit spreads did rise materially in the back half of the 2nd quarter.

Outflows from index fund mandates recession, concerns being debated in the market and a re-rating of risk is firmly entrenched have created opportunities for Fulcra.

The fund has been looking forward to these conditions. However, it is important to be extra vigilant given the complexities of supply chain issues and the impact shifting business and consumer confidence will have on demand.

During times like these, even companies with dominant positions in their sector will have their bonds go on sale. Even short duration ones like Seaspan Corp's bond due Feb 2024 - Seaspan is the largest independent owner / lessor of containerhips globally.

As a major marketplace for the financing of the shipping sector, the Scandinavian capital market system has also issued many of these bonds in USD. Unfortunately, (fortunately for the Fund!) the recent strength of the USD vs Norwegian Kroner has increased the cost of hedging for many Nordic / European Funds which has only been exacerbated by the weakness in overall credit.

As a result of this, the Fund purchased a healthy position in these Seaspan bonds (rated BB by Fitch) due in 1.8 years at an 8.9% yield to maturity.

At the time of purchase Seaspan's pari passu bonds due over 7yrs later in 2029 were only trading with 30-50 bps more yield.

There have been no changes to the Manager or Portfolio Manager, or change of control of the Manager, or of the Fund in the year. 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 \$1,044,979 (including HST) in management fees to the Manager for the period ended June 30, 2022 (June 30, 2021 - \$748,537)

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 \$477,856 (including HST) to the Portfolio Manager for the period ended June 30, 2022 (June 30, 2021 - \$341,403)

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-22	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17
Net assets per unit¹						
Net assets, beginning of period	\$ 10.09	\$ 9.77	\$ 10.11	\$ 10.09	\$ 10.52	\$ 10.00
Operations:						
Total revenue	0.34	0.60	0.58	0.61	0.57	0.48
Total expenses	(0.08)	(0.16)	(0.15)	(0.16)	(0.18)	(0.19)
Realized gains (losses)	(0.14)	0.16	0.38	0.30	(0.04)	0.12
Unrealized gains (losses)	(0.23)	0.28	(0.14)	(0.14)	(0.48)	0.44
Total increase (decrease) from operations²	\$ (0.11)	\$ 0.88	\$ 0.67	\$ 0.61	\$ (0.13)	\$ 0.85
Distributions:						
From income (excluding dividends)	\$ (0.27)	\$ (0.40)	\$ (0.45)	\$ (0.35)	\$ (0.37)	\$ (0.22)
From dividends	(0.01)	(0.02)	(0.02)	(0.04)	(0.04)	(0.03)
From capital gains	-	(0.31)	(0.36)	(0.21)	-	(0.10)
Total distributions^{2 3}	\$ (0.28)	\$ (0.73)	\$ (0.83)	\$ (0.60)	\$ (0.41)	\$ (0.35)
Net assets, end of period^{2 3}	\$ 9.72	\$ 10.09	\$ 9.77	\$ 10.11	\$ 10.09	\$ 10.52

Ratios and supplemental data						
Net asset value ⁴	\$ 33,605,395	\$ 30,386,349	\$ 19,109,791	\$ 11,070,169	\$ 10,023,553	\$ 5,757,093
Units outstanding	3,456,520	3,010,987	1,956,730	1,095,110	993,883	546,996
Management expense ratio ⁵	% 1.61	% 1.58	% 1.59	% 1.58	% 1.64	% 1.82
Management expense ratio before waivers or absorption	1.61	1.58	1.59	1.58	1.64	1.86
Portfolio turnover rate ⁶	39.89	99.60	150.80	219.30	161.50	85.9
Trading expense ratio ⁷	-	0.01	0.01	0.10	0.04	0.10
Net asset value per unit, end of period	\$ 9.72	\$ 10.09	\$ 9.77	\$ 10.11	\$ 10.09	\$ 10.52

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.

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Series F

Period ended	30-Jun-22	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17
Net assets per unit¹						
Net assets, beginning of period	\$ 10.10	\$ 9.76	\$ 10.08	\$ 10.11	\$ 10.52	\$ 10.00
Operations:						
Total revenue	0.34	0.60	0.59	0.61	0.57	0.49
Total expenses	(0.06)	(0.11)	(0.10)	(0.11)	(0.12)	(0.13)
Realized gains (losses)	(0.14)	0.18	0.38	0.32	(0.03)	0.14
Unrealized gains (losses)	(0.23)	0.30	(0.13)	(0.22)	(0.47)	0.44
Total increase (decrease) from operations²	\$ (0.09)	\$ 0.97	\$ 0.74	\$ 0.60	\$ (0.05)	\$ 0.94
Distributions:						
From income (excluding dividends)	\$ (0.31)	\$ (0.44)	\$ (0.44)	\$ (0.48)	\$ (0.39)	\$ (0.31)
From dividends	(0.01)	(0.02)	(0.02)	(0.04)	(0.04)	(0.03)
From capital gains	-	(0.30)	(0.32)	(0.25)	-	(0.12)
Total distributions^{2 3}	\$ (0.32)	\$ (0.76)	\$ (0.78)	\$ (0.77)	\$ (0.42)	\$ (0.46)
Net assets, end of period^{2 3}	\$ 9.73	\$ 10.10	\$ 9.76	\$ 10.08	\$ 10.11	\$ 10.52
Ratios and supplemental data						
Net asset value ⁴	\$ 189,681,257	\$ 146,306,741	\$ 99,129,915	\$ 55,949,033	\$ 28,257,519	\$ 18,320,094
Units outstanding	19,491,881.19	14,481,867	10,153,197	5,552,827	2,793,809	1,741,358
Management expense ratio ⁵	% 1.05	% 1.04	% 1.06	% 1.06	% 1.11	% 1.26
Management expense ratio before waivers or absorption	1.05	1.04	1.06	1.06	1.11	1.28
Portfolio turnover rate ⁶	39.89	99.60	150.80	219.30	161.50	85.90
Trading expense ratio ⁷	-	0.01	0.01	0.10	0.04	0.10
Net asset value per unit, end of period	\$ 9.73	\$ 10.10	\$ 9.76	\$ 10.08	\$ 10.11	\$ 10.52

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Management Fees

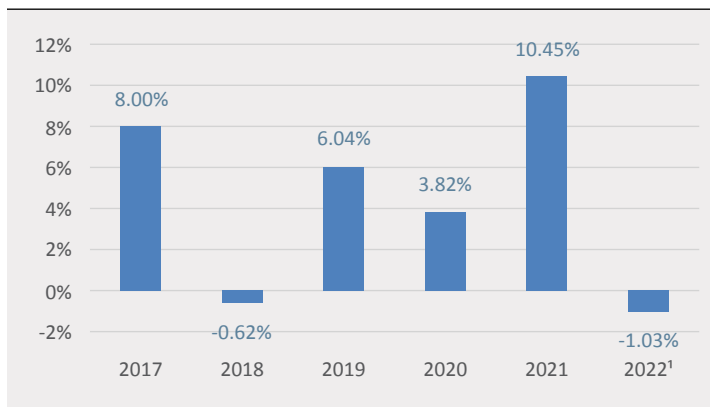
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

In consideration for such services, the Manager receives a monthly management fee, based on the net asset value of each Series, calculated daily and payable monthly. The Fund pays a management fee of 1.35% per annum for Series A units and 0.85% per annum for Series F units.

Service fees or trailing commissions of a maximum of 0.50% per annum are paid on Series A units to dealers. This comprises approximately 42% of the management fee of Series A units.

Year-by-Year Returns

Series A

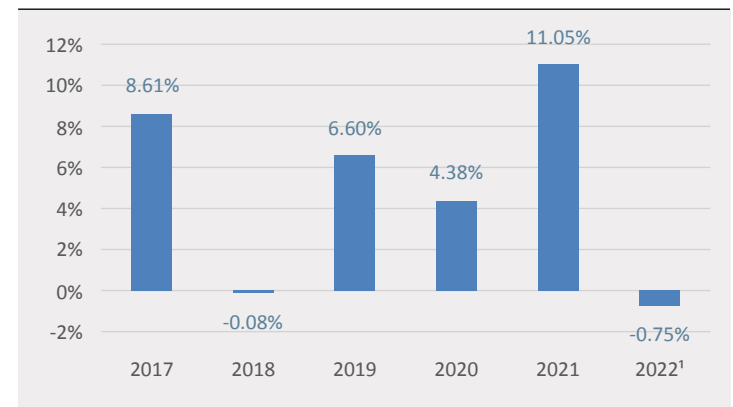


Past Performance

The commencement of operations as a reporting issuer for Series A and F was December 30, 2016. 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



¹ 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		
Cash and Cash Equivalents	%	7.2	Bank Loans	%	11.8
KAR Auction Services, Inc.		4.8	Canadian Equities		1.2
Tidewater Midstream		4.6	Canadian Fixed Income		70.3
Ford Credit Canada Company		4.4	Cash and Cash Equivalents		7.2
Government of Canada		4.4	Foreign Equities		0.4
SNC Lavalin		4.2	Foreign Fixed Income		7.3
Spencer Spirit IH LLC		3.9	Preferred Shares		2.5
Osisko Gold Royalties		3.5	Other Assets less Liabilities		(0.8)
Scotia Capital Inc. NHA MBS		3.5	Total	%	100.0
Sherritt International Inc.		3.4	Sector		
NFI Group Inc		3.3	Cash and Cash Equivalents	%	7.2
Rite Aid Corporation		3.2	Communication Services		5.9
Telesat Corporation		2.6	Consumer Discretionary		20.6
Enbridge Inc		2.5	Consumer Staples		2.6
The GEO Group, Inc.		2.5	Energy		19.7
Cengage Learning Inc.		2.4	Federal		7.9
US Silica Co.		2.4	Financials		5.0
Seaspan Corporation		2.2	Health Care		3.3
Ferroglobe PLC		2.1	Industrials		7.6
Nuvista Energy Ltd.		2.1	Information Technology		4.6
Ensign Drilling Inc.		2.1	Materials		12.7
Optiva Inc.		2.1	Other Assets less Liabilities		(0.8)
Pyxus Holdings		2.0	Real Estate		3.7
Diamond Sports Group LLC		2.0	Total	%	100.0
Tervita Corporation		2.0			
Total	%	77.4			



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