

Annual Management Report of Fund Performance
As at December 31, 2022

Lysander-Canso Equity Fund



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A Note About Forward Looking Statements

This 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 annual Management Report of Fund Performance of Lysander-Canso Equity Fund (the “Fund”) contains financial highlights for the year ended December 31, 2022 but does not contain the complete financial statements of the Fund. This report should be read in conjunction with the annual financial statements of the Fund for the year ended December 31, 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 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 Canso Investment Counsel Ltd. (“Portfolio Manager” or “Canso”), a company under common control as the Manager. The Fund invests primarily in equity securities of small, medium and large companies. The Fund may also hold cash and fixed income securities. The Fund will not be constrained by geographic or sector considerations and could be

substantially exposed to equity securities of issuers not in developed markets.

Canso tends to take a “bottom up” approach to portfolio construction, focusing on security selection. The Portfolio Manager selects securities based on its independent, proprietary research and valuation of individual companies.

The Fund may invest in debt securities convertible into common stock, fixed income securities of governments, government agencies, supranational agencies, companies, trusts, limited partnerships and other funds including ETFs. The Fund will not be leveraged. The Fund may invest up to 100% of its net assets in foreign securities.

The Fund may hold all or a portion of its assets in cash or cash equivalents or invest in short term bonds or money market instruments in response to adverse market, economic and/or political conditions or for liquidity, defensive or other purposes. As a result, the Fund may not always be fully invested in accordance with its investment objectives. 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 year, Canso employed its bottom-up process to buy and sell securities for the Fund. The Fund’s positioning and performance is consistent with the Fund’s fundamental investment objective and strategies.

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The Fund returns for the year ending December 31, 2022 were -6.66% for Series A and -5.60% for Series F.

The net assets of the Fund were approximately \$11.0 million at December 31, 2022 from \$14.0 million at the beginning of the year. There were net redemptions of approximately \$2.3 million during the year.

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 as described below.

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

Recent Developments

The aggressive tightening of monetary policy around the world marks a complete turnaround from central bank policies of a year ago. Policies put in place to support economies during the pandemic have turned out to be major contributors to 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.

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

During the second half of the year the Fund bought Magna and Meta Platforms as new positions. Sells included a reduction in the exposure to Oil and Gas sector with more sells of Cenovus and Ovintiv. Overall, the fund decreased the cash and short government position as the Fund looked to take advantage of adding to some positions that had become more attractive. The

Fund is now ~5% in cash and short governments as it waits for opportunities.

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 to provide 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 \$113,228 (including HST) in management fees to the Manager for the year ended December 31, 2022 (December 31, 2021 - \$109,042).

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. Portfolio management fees for the Portfolio Manager's services are paid from the management fee.

The Manager paid \$54,103 (including HST) to the Portfolio Manager for the year ended December 31, 2022 (December 31, 2021 - \$53,639).

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

Year ended	31-Dec-2022	31-Dec-2021	31-Dec-2020	31-Dec-2019	31-Dec-2018
Net assets per unit¹					
Net assets, beginning of year	\$ 15.60	\$ 12.03	\$ 11.20	\$ 8.96	\$ 12.68
Operations:					
Total revenue	0.38	0.24	0.18	0.27	0.30
Total expenses	(0.32)	(0.36)	(0.22)	(0.27)	(0.34)
Realized gains (losses)	9.08	2.24	0.24	0.08	1.78
Unrealized gains (losses)	(10.82)	3.44	(0.75)	2.24	(4.12)
Total increase (decrease) from operations²	\$ (1.68)	\$ 5.56	\$ (0.55)	\$ 2.32	\$ (2.38)
Distributions:					
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -	\$ -
From dividends	(0.25)	-	-	-	-
From capital gains	(2.57)	(2.65)	(0.06)	(0.07)	(1.29)
Total distributions^{2 3}	\$ (2.82)	\$ (2.65)	\$ (0.06)	\$ (0.07)	\$ (1.29)
Net assets, end of year^{2 3}	\$ 11.75	\$ 15.60	\$ 12.03	\$ 11.20	\$ 8.96

Ratios and supplemental data					
Net asset value ⁴	\$ 420,805	\$ 227,422	\$ 141,145	\$ 369,198	\$ 293,361
Units outstanding	35,828	14,578	11,731	32,964	32,750
Management expense ratio ⁵	% 2.13	% 2.13	% 2.13	% 2.55	% 2.56
Management expense ratio before waivers or absorption	2.38	2.32	2.40	2.84	3.16
Portfolio turnover rate ⁶	29.57	5.09	12.32	18.21	28.23
Trading expense ratio ⁷	0.05	0.03	0.07	0.13	0.23
Net asset value per unit, end of year	\$ 11.75	\$ 15.60	\$ 12.03	\$ 11.20	\$ 8.96

Notes

- The information is derived from the Fund's 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

Year ended	31-Dec-2022	31-Dec-2021	31-Dec-2020	31-Dec-2019	31-Dec-2018
Net assets per unit¹					
Net assets, beginning of year	\$ 16.51	\$ 12.64	\$ 11.7	\$ 9.33	\$ 13.17
Operations:					
Total revenue	0.39	0.25	0.20	0.27	0.32
Total expenses	(0.17)	(0.20)	(0.12)	(0.17)	(0.21)
Realized gains (losses)	2.52	2.41	0.15	0.08	1.83
Unrealized gains (losses)	(3.51)	3.87	1.48	2.22	(4.25)
Total increase (decrease) from operations²	\$ (0.78)	\$ 6.33	\$ 1.71	\$ 2.40	\$ (2.31)
Distributions:					
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -	\$ -
From dividends	(0.21)	(0.06)	(0.08)	(0.11)	(0.10)
From capital gains	(2.15)	(2.41)	(0.16)	(0.08)	(1.89)
Total distributions^{2 3}	\$ (2.36)	\$ (2.47)	\$ (0.24)	\$ (0.19)	\$ (1.99)
Net assets, end of year^{2 3}	\$ 13.23	\$ 16.51	\$ 12.64	\$ 11.70	\$ 9.33
Ratios and supplemental data					
Net asset value ⁴	\$ 10,623,832	\$ 13,790,627	\$ 9,261,160	\$ 6,766,543	\$ 3,616,841
Units outstanding	803,162	835,147	732,963	578,238	387,546
Management expense ratio ⁵	% 1.00	% 1.00	% 1.00	% 1.42	% 1.43
Management expense ratio before waivers or absorption	1.23	1.18	1.29	1.71	2.01
Portfolio turnover rate ⁶	29.57	5.09	12.32	18.21	28.23
Trading expense ratio ⁷	0.05	0.03	0.07	0.13	0.23
Net asset value per unit, end of year	\$ 13.23	\$ 16.51	\$ 12.64	\$ 11.70	\$ 9.33

Notes

- The information is derived from the Fund's audited annual financial statements. All per unit figures presented are referenced to net assets determined in accordance to IFRS.
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- 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

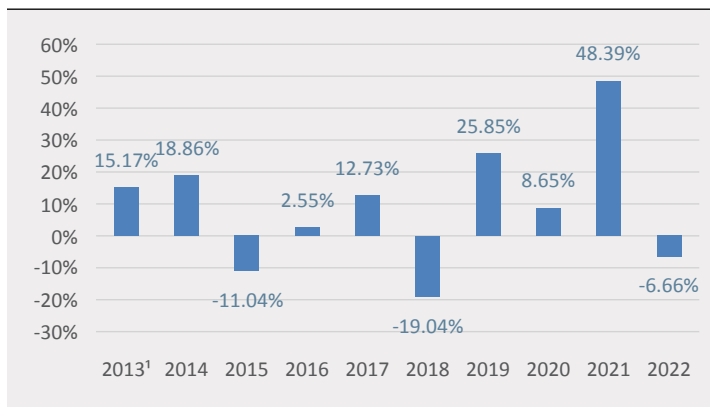
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

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. The Fund pays a management fee at a rate of 1.80% per annum for Series A units and at a rate of 0.80% 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

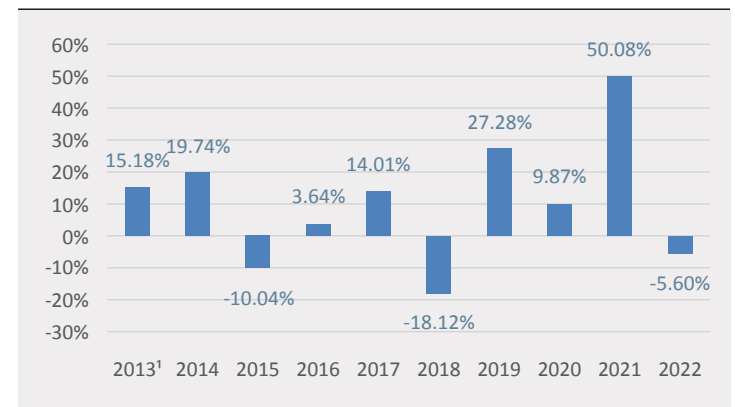


Past Performance

The Fund commenced operations on September 18, 2013. 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 September 18 to December 31

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Annual Compound Returns

The following table shows the Fund's annual compound return for each period indicated, compared with the MSCI All Country World (CAD) Index (the "Index"). The Index captures large and mid cap representation across 24 developed markets countries.

For years ended December 31, 2022		1 Year		3 Year ²		5 Year ²		Since Inception ³
Annual Compound Return								
Series A ¹	%	(6.66)	%	14.59	%	8.92	%	8.64
Series F ¹		(5.60)		15.89		10.16		9.78
MSCI All Country World (CAD) Index ⁴	%	(12.70)	%	5.51	%	6.89	%	10.25

Notes

¹ Returns are based on the net asset value per unit of the relevant series of the Fund and assume that all distributions were reinvested.

² Compound period returns are annualized.

³ Period starting from September 18, 2013. Since inception returns are annualized.

⁴ Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com).

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Summary of Investment Portfolio

	% of NAV		% of NAV
Top 25 Issuers		Asset Mix	
Cenovus Energy Inc	6.7	Asian Equities	2.3
Spirit Aerosystems Holdings Inc.	5.8	Canadian Equities	56.7
Bombardier Inc.	5.7	Canadian Fixed Income	4.3
BT Group PLC	5.0	Cash and Cash Equivalents	0.3
Air Canada	4.6	European Equities	6.9
Apple Inc.	4.5	Other Assets less Liabilities	1.3
Hertz Corp	4.4	Preferred Shares	0.1
Canadian Government (Debt)	4.3	US Equities	28.1
The Kraft Heinz Co.	4.2	Total	100.0
Linamar Corp	4.1	Sector	
SNC-Lavalin Group Inc.	4.1	Cash and Cash Equivalents	0.3
Enbridge Inc	4.1	Communication Services	14.3
Manulife Financial Corp	3.9	Consumer Discretionary	16.7
Meta Platforms Inc	3.5	Consumer Staples	10.7
Bird Construction Inc	3.3	Energy	13.6
Ovintiv Inc	2.9	Financials	3.9
Yellow Pages Ltd/Canada	2.9	Government	4.3
Verizon Communications Inc.	2.8	Industrials	25.1
CAE Inc.	2.8	Information Technology	7.2
Transcontinental Inc	2.8	Materials	2.6
Intel Corp	2.7	Other Assets less Liabilities	1.3
Cineplex Inc	2.6	Total	100.0
Nintendo Co Ltd	2.4		
Magna International Inc	2.2		
Empire Co Ltd	2.0		
Total	94.3		



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