

Annual Management Report of Fund Performance

As at December 31, 2022

Lysander-Canso U.S. Corporate Treasury 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 U.S. Corporate Treasury 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 total returns consisting principally of interest income by investing primarily in U.S. dollar denominated, liquid, short term fixed income and floating rate debt securities of Canadian and foreign issuers.

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’s portfolio will primarily be invested in U.S. dollar denominated (or effectively denominated in U.S. dollars using forward currency contracts or similar

means) fixed income and floating rate debt securities of Canadian and foreign issuers. It also may invest in debt securities convertible into common stock, and fixed income and floating rate debt securities of governments, government agencies, supranational agencies, companies, trusts and limited partnerships. The Fund will not be leveraged. 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.

The Fund Series A and Series F was first made available under a prospectus on January 5, 2022 and Series C on July 15, 2022. The Fund returns for the period since inception were 0.17% for Series A, 0.07% for Series F and 0.98% for Series C.

The net assets of the Fund were approximately \$18.9 million at December 31, 2022 from \$255 thousand at January 5, 2022. Since the Fund’s inception on January 5, 2022, there were net subscriptions of over \$18.5 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

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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 period, the Fund focused on establishing and adding to positions in short-dated, liquid government securities as both credit and interest rate risks remained elevated during the period. The Fund added to its weight in U.S. Treasuries with coupons of 0.125%, trading at a discount to par. This position represents over 93% of the portfolio at year-end. The Fund also established weights in high-quality, short-term issuers including Nav Canada and New York Life Global. Although the Fund's target weighted average term is 1.5 years, the Fund's weighted average term as of year-end remains short at 0.9 years and a duration of 0.9 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 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 USD \$20,516 (including HST) in management fees to the Manager for the year ended December 31, 2022.

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 USD \$10,612 (including HST) to the Portfolio Manager for the year ended December 31, 2022.

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 (USD)	
Net assets per unit¹		
Net assets, beginning of year	\$	10.00
Operations:		
Total revenue		0.03
Total expenses		(0.05)
Realized gains (losses)		0.08
Unrealized gains (losses)		(0.04)
Total increase (decrease) from operations²	\$	0.02
Distributions:		
From income (excluding dividends)	\$	-
From dividends		-
From capital gains		(0.04)
Total distributions^{2 3}	\$	(0.04)
Net assets, end of year^{2 3}	\$	9.98
Ratios and supplemental data		
Net asset value ⁴	\$	5,008
Units outstanding		502
Management expense ratio ⁵	%	0.50
Management expense ratio before waivers or absorption		0.90
Portfolio turnover rate ⁶		210.80
Trading expense ratio ⁷		-
Net asset value per unit, end of year	\$	9.98

Notes

* Series A commenced operations on January 5, 2022.

- 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.
- 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 C*

Year ended	31-Dec-2022 (USD)	
Net assets per unit¹		
Net assets, beginning of year	\$	10.00
Operations:		
Total revenue		0.01
Total expenses		(0.01)
Realized gains (losses)		0.10
Unrealized gains (losses)		0.02
Total increase (decrease) from operations²	\$	0.12
Distributions:		
From income (excluding dividends)	\$	-
From dividends		-
From capital gains		(0.06)
Total distributions^{2 3}	\$	(0.06)
Net assets, end of year^{2 3}	\$	10.04
Ratios and supplemental data		
Net asset value ⁴	\$	5,210,975
Units outstanding		518,997
Management expense ratio ⁵	%	0.20
Management expense ratio before waivers or absorption		0.42
Portfolio turnover rate ⁶		210.80
Trading expense ratio ⁷		-
Net asset value per unit, end of year	\$	10.04

Notes

* Series C commenced operations on July 15, 2022.

- 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.
- 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 (USD)	
Net assets per unit¹		
Net assets, beginning of year	\$	10.00
Operations:		
Total revenue		0.03
Total expenses		(0.04)
Realized gains (losses)		0.10
Unrealized gains (losses)		0.03
Total increase (decrease) from operations²	\$	0.12
Distributions:		
From income (excluding dividends)	\$	-
From dividends		-
From capital gains		(0.05)
Total distributions^{2 3}	\$	(0.05)
Net assets, end of year^{2 3}	\$	9.96
Ratios and supplemental data		
Net asset value ⁴	\$	13,687,244
Units outstanding		1,374,583
Management expense ratio ⁵	%	0.38
Management expense ratio before waivers or absorption		0.62
Portfolio turnover rate ⁶		210.80
Trading expense ratio ⁷		-
Net asset value per unit, end of year	\$	9.96

Notes

* Series F commenced operations on January 5, 2022.

- 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.
- 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

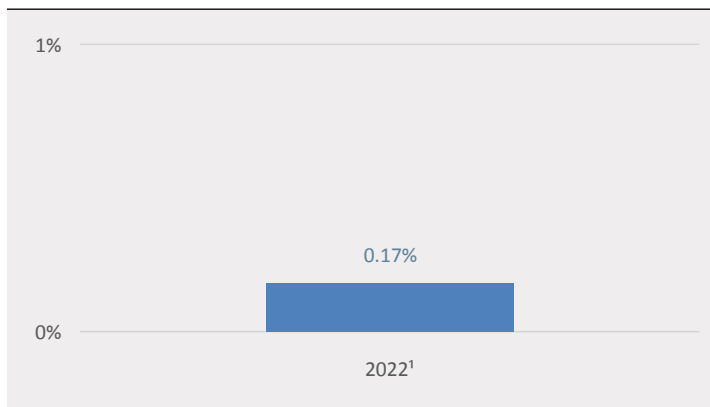
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

In consideration for such services, the Manager receives a monthly management fee, based on the net asset value of each Series, calculated daily and payable monthly. The Fund pays a management fee at a rate of 0.40% per annum for Series A units and at a rate of 0.25 % per annum for Series F units.

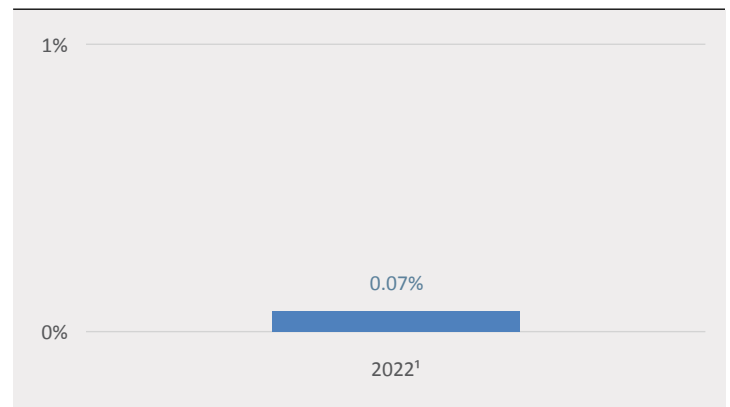
Service fees or trailing commissions of a maximum of 0.15% per annum are paid on Series A units to dealers. This comprises approximately 37.5% of the management fee of Series A units.

Year-by-Year Returns

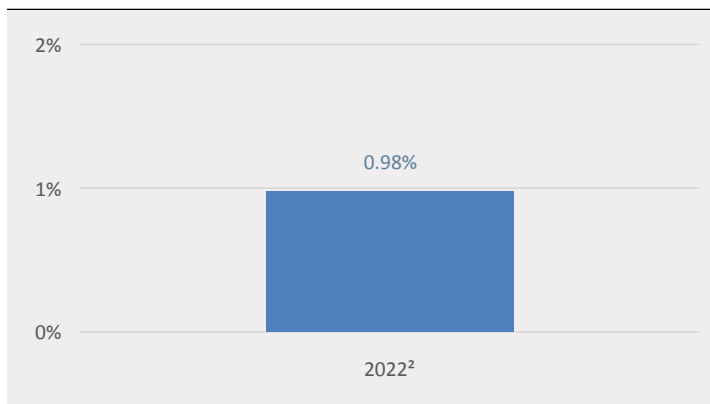
Series A



Series F



Series C



Past Performance

The Fund became a reporting issuer on January 5, 2022. Accordingly, returns are shown for the relevant periods/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.

1 For the period January 5 to December 31, 2 For the period July 15 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 ICE BofA US 1 Year Treasury Bill Index (the "Index"). The returns of the Index are calculated without the deduction of fees and expenses, whereas the performance of the Fund is calculated after deducting such fees and expenses.

For years ended December 31, 2022		Since Inception ²
Annual Compound Return		
Series A ¹	%	0.17
Series F ¹		0.07
Series C ¹		0.98
ICE BofA US 1 Year Treasury Bill Index ⁴	%	0.09

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 Series A and Series F period starting from January 5, 2022. Series C period starting from July 15, 2022.
- 3 Any unauthorized use or disclosure is prohibited. Nothing herein should in any way be deemed to alter the legal rights and obligations contained in agreements between any ICE Data Services entity ("ICE") and their clients relating to any of the Indices or products or services described herein. The information provided by ICE and contained herein is subject to change without notice and does not constitute any form of representation or undertaking. ICE and its affiliates make no warranties whatsoever either express or implied as to merchantability fitness for a particular purpose or any other matter in connection with the information provided. Without limiting the foregoing ICE and its affiliates makes no representation or warranty that any information provided hereunder are complete or free from errors omissions or defects. All information provided by ICE is owned by or licensed to ICE. ICE retains exclusive ownership of the ICE Indices including the ICE BofAML Indexes and the analytics used to create this analysis ICE may in its absolute discretion and without prior notice revise or terminate the ICE information Indices and analytics at any time. The information in this analysis is for internal use only and redistribution of this information to third parties is expressly prohibited. Neither the analysis nor the information contained therein constitutes investment advice or an offer or an invitation to make an offer to buy or sell any securities or any options futures or other derivatives related to such securities. The information and calculations contained in this analysis have been obtained from a variety of sources including those other than ICE and ICE does not guarantee their accuracy. Prior to relying on any ICE information and/or the execution of a security trade based upon such ICE information you are advised to consult with your broker or other financial representative to verify pricing information. There is no assurance that hypothetical results will be equal to actual performance under any market conditions. THE ICE INFORMATION IS PROVIDED TO THE USERS "AS IS." NEITHER ICE NOR ITS AFFILIATES NOR ANY THIRD PARTY DATA PROVIDER WILL BE LIABLE TO ANY USER OR ANYONE ELSE FOR ANY INTERRUPTION INACCURACY ERROR OR OMISSION REGARDLESS OF CAUSE IN THE ICE INFORMATION OR FOR ANY DAMAGES RESULTING THEREFROM. In no event shall ICE or any of its affiliates employees officers directors or agents of any such persons have any liability to any person or entity relating to or arising out of this information analysis or the indices contained herein.

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Summary of Investment Portfolio

		% of NAV			% of NAV
Top 25 Issuers			Asset Mix		
US Government	%	93.1	Canadian Fixed Income	%	2.6
New York Life Global Funding		3.6	Cash and Cash Equivalents		0.6
Hydro One Inc		1.3	Foreign Fixed Income		96.7
Nav Canada		1.3	Other Assets less Liabilities		0.1
Total	%	99.3	Total	%	100.0
			Sector		
			Cash and Cash Equivalents	%	0.6
			Financials		3.6
			Government		93.1
			Industrials		1.3
			Other Assets less Liabilities		0.1
			Utilities		1.3
			Total	%	100.0



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