

Semi-Annual Management Report of Fund Performance
As at June 30, 2023

Lysander-Canso Equity Fund



Lysander-Canso Equity Fund

Semi-Annual Management Report of Fund Performance as at June 30, 2023

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-Canso Equity Fund (the “Fund”) contains financial highlights for the period ended June 30, 2023 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, 2023. 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 period, 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.

Lysander-Canso Equity Fund

Semi-Annual Management Report of Fund Performance as at June 30, 2023

The Fund returns for the six-month period ended June 30, 2023 were 10.77% for Series A and 11.40% for Series F.

The net assets of the Fund were approximately \$14 million at June 30, 2023 from \$11 million at the beginning of the period. There were net subscriptions of approximately \$1.6 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 as described below.

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

Recent Developments

Government bond yields rose during the second quarter as the U.S. banking crisis abated and the economy demonstrated resilience despite higher interest rates. Early in the period, bonds rallied as investors worried about the collapse of U.S. regional banks and its potential impact on credit flow to households and businesses. However, yields rebounded higher as the quarter ended because of favourable economic news including the resolution of the U.S. debt-ceiling debate. The labour market remains strong and while inflation has trended lower, it is still at a very high level. There is optimism among one segment of investors who believe that the U.S. Federal Reserve can tame price increases without tipping the economy into recession. On the other side are investors pointing to the persistent inversion of the yield curve, where short bond yields are higher than long bond yields. The inversion of the yield curve generally precedes an economic recession.

Corporate bond spreads tightened in the quarter but the underlying rise in government yields resulted in the U.S. Corporate Bond Index return of 3.2% period-to-date. The U.S. High Yield Bond Index return was 5.4% period-to-date. The Canadian FTSE Universe Bond Index return was 2.5% period-to-date. The FTSE Corporate Bond Index return was 3.0% period-to-date.

At the beginning of June, the Bank of Canada surprised the markets by raising its overnight policy rate to 4.75% after not hiking at its previous two meetings. The central bank admitted to inflation remaining stubbornly high. Consumption and services growth has been strong and spending on interest-sensitive goods including housing has increased. Demand for labour continues to be strong and even with higher immigration, new workers have found employment. The Bank of Canada

believes its monetary policy is not sufficiently restrictive to bring inflation sustainably to its 2% target.

During the period, the Fund continued to be focused on conservative positioning. This includes continuing to hold a 15% weight in short term Canada bonds to have ample liquidity. The positioning within the portfolio only had small changes during the period with a small addition of Spirit AeroSystems and a small decrease in Bombardier Inc. The Fund intends to continue to build liquidity as valuations remain high across the equity markets and looks to deploy capital upon weakness or if a unique opportunity arises.

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 \$60,920 (including HST) in management fees to the Manager for the period ended June 30, 2023 (June 30, 2022 - \$59,797).

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 \$28,686 (including HST) to the Portfolio Manager for the period ended June 30, 2023 (June 30, 2022 - \$28,745).

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

Lysander-Canso Equity Fund

Semi-Annual Management Report of Fund Performance as at June 30, 2023

policies and procedures presented to the IRC and provide periodic reports to the IRC in accordance with National Instrument 81-107.

Lysander-Canso Equity Fund

Semi-Annual Management Report of Fund Performance as at June 30, 2023

Financial Highlights

Series A

Period ended	30-Jun-2023	31-Dec-2022	31-Dec-2021	31-Dec-2020	31-Dec-2019	31-Dec-2018
Net assets per unit¹						
Net assets, beginning of period	\$ 11.75	\$ 15.60	\$ 12.03	\$ 11.20	\$ 8.96	\$ 12.68
Operations:						
Total revenue	0.11	0.38	0.24	0.18	0.27	0.30
Total expenses	(0.14)	(0.32)	(0.36)	(0.22)	(0.27)	(0.34)
Realized gains (losses)	0.21	9.08	2.24	0.24	0.08	1.78
Unrealized gains (losses)	0.83	(10.82)	3.44	(0.75)	2.24	(4.12)
Total increase (decrease) from operations²	\$ 1.00	\$ (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 period^{2 3}	\$ 13.01	\$ 11.75	\$ 15.60	\$ 12.03	\$ 11.20	\$ 8.96

Ratios and supplemental data						
Net asset value ⁴	\$ 832,648	\$ 420,805	\$ 227,422	\$ 141,145	\$ 369,198	\$ 293,361
Units outstanding	63,998	35,828	14,578	11,731	32,964	32,750
Management expense ratio ⁵	% 2.13	% 2.13	% 2.13	% 2.13	% 2.55	% 2.56
Management expense ratio before waivers or absorption	2.44	2.38	2.32	2.40	2.84	3.16
Portfolio turnover rate ⁶	12.89	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 period	\$ 13.01	\$ 11.75	\$ 15.60	\$ 12.03	\$ 11.20	\$ 8.96

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. 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.

Lysander-Canso Equity Fund

Semi-Annual Management Report of Fund Performance as at June 30, 2023

Series F

Period ended	30-Jun-2023	31-Dec-2022	31-Dec-2021	31-Dec-2020	31-Dec-2019	31-Dec-2018
Net assets per unit¹						
Net assets, beginning of period	\$ 13.23	\$ 16.51	\$ 12.64	\$ 11.70	\$ 9.33	\$ 13.17
Operations:						
Total revenue	0.13	0.39	0.25	0.20	0.27	0.32
Total expenses	(0.08)	(0.17)	(0.20)	(0.12)	(0.17)	(0.21)
Realized gains (losses)	0.24	2.52	2.41	0.15	0.08	1.83
Unrealized gains (losses)	1.19	(3.51)	3.87	1.48	2.22	(4.25)
Total increase (decrease) from operations²	\$ 1.48	\$ (0.78)	\$ 6.33	\$ 1.71	\$ 2.40	\$ (2.31)
Distributions:						
From income (excluding dividends)	\$ (0.01)	\$ -	\$ -	\$ -	\$ -	\$ -
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}	\$ (0.01)	\$ (2.36)	\$ (2.47)	\$ (0.24)	\$ (0.19)	\$ (1.99)
Net assets, end of period^{2 3}	\$ 14.74	\$ 13.23	\$ 16.51	\$ 12.64	\$ 11.70	\$ 9.33
Ratios and supplemental data						
Net asset value ⁴	\$ 13,152,558	\$ 10,623,832	\$ 13,790,627	\$ 9,261,160	\$ 6,766,543	\$ 3,616,841
Units outstanding	892,606	803,162	835,147	732,963	578,238	387,546
Management expense ratio ⁵	% 1.00	% 1.00	% 1.00	% 1.00	% 1.42	% 1.43
Management expense ratio before waivers or absorption	1.27	1.23	1.18	1.29	1.71	2.01
Portfolio turnover rate ⁶	12.89	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 period	\$ 14.74	\$ 13.23	\$ 16.51	\$ 12.64	\$ 11.70	\$ 9.33

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. 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.

Lysander-Canso Equity Fund

Semi-Annual Management Report of Fund Performance as at June 30, 2023

Management Fees

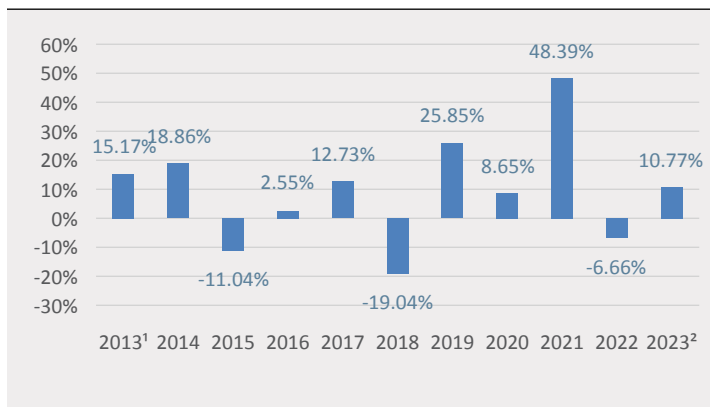
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

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

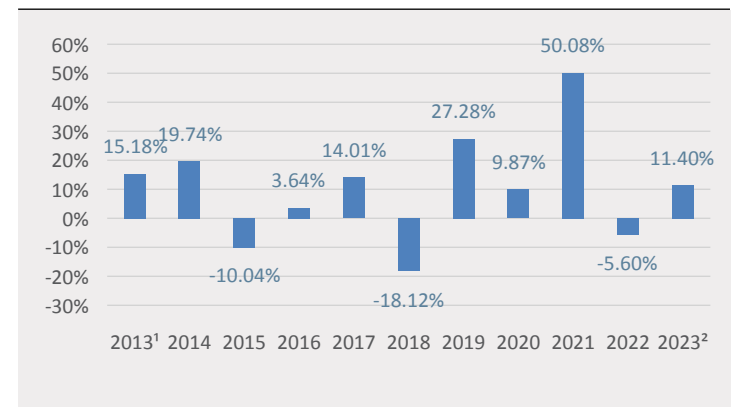


Past Performance

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, 2 For the period January 1 to June 30

Lysander-Canso Equity Fund

Semi-Annual Management Report of Fund Performance as at June 30, 2023

Summary of Investment Portfolio

		% of NAV			% of NAV
Top 25 Issuers			Asset Mix		
Canadian Government (Debt)	%	14.8	Asian Equities	%	2.0
Meta Platforms Inc.		6.5	Canadian Equities		45.0
Apple Inc.		5.2	Canadian Fixed Income		14.7
Spirit Aerosystems Holdings Inc.		5.0	Cash and Cash Equivalents		0.7
SNC-Lavalin Group Inc.		4.7	European Equities		6.1
Air Canada		4.7	Other Assets less Liabilities		3.1
BT Group PLC		4.5	Preferred Shares		0.1
Cenovus Energy Inc.		4.5	US Equities		28.3
Hertz Corp.		4.1	Total	%	100.0
Linamar Corp.		3.7	Sector		
Bombardier Inc.		3.5	Cash and Cash Equivalents	%	0.7
Manulife Financial Corp.		3.2	Communication Services		15.2
Enbridge Inc.		3.0	Consumer Discretionary		14.8
Kraft Heinz Co/The		2.8	Consumer Staples		8.6
Bird Construction Inc.		2.7	Energy		9.2
Intel Corp.		2.7	Financials		3.2
CAE Inc.		2.5	Government		14.7
Cineplex Inc.		2.3	Industrials		20.8
Transcontinental Inc.		2.1	Information Technology		7.8
Verizon Communications Inc.		2.1	Materials		1.9
Yellow Pages Ltd/Canada		2.1	Other Assets less Liabilities		3.1
Nintendo Co Ltd		2.0	Total	%	100.0
Magna International Inc.		1.7			
Empire Co Ltd		1.7			
Ovintiv Inc.		1.7			
Total	%	93.8			



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

® Lysander Funds is a registered trademark of Lysander Funds Limited