

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

Lysander-Seamark Balanced Fund



# Lysander-Seamark Balanced 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-Seamark Balanced 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](http://www.lysanderfunds.com) or at SEDAR at [www.sedar.com](http://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 total returns consisting of both income and capital gains by investing primarily in a portfolio of fixed income securities and equities.

## Investment Strategies

The Fund’s portfolio manager, is Seamark Asset Management Ltd. (“Portfolio Manager” or “Seamark”). The Fund’s portfolio is primarily invested in a diversified portfolio of both equities and bonds. The Fund will not be leveraged. The Fund may invest up to 100% of its assets in foreign securities. 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 returns for the six-month period ended June 30, 2023 were 4.78% for Series A and 5.23% for Series F.

The net assets of the Fund were approximately \$2.2 million at June 30, 2023 from \$2.0 million at the beginning of the period.

The Fund’s positive performance in recent periods can be attributed to the underweighting of the fixed income component of the Fund. In recent months when bond yields rose to higher levels, the Fund added to its fixed income holdings. At the end of the period, fixed income securities made up 24.8% of the Fund with cash and cash equivalents comprising 9.3%.

The Fund employs certain risk reducing strategies to help mitigate volatility. It maintains a diversified selection of equities from Canada, the U.S. and abroad, covering all eleven industry subgroups. The equity component of the Fund is typically constructed using equal weighting position size, rather than capitalization weighting. Equal weighting removes the concentration risk that is readily apparent in capitalization weighted portfolio construction. Notwithstanding a significant outperformance by mega capitalization companies during the period, over longer time periods, returns from equal weighted and capitalization weighted stock indices are more closely aligned.

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At the end of the period, the largest equity sectors of the Fund were Financials, Information Technology, Health Care and Industrials. In combination, these sectors comprised 34.5% of the portfolio. Information Technology showed the strongest weighted returns followed by Industrials, while Health Care and Real Estate were the weakest.

The Fund purchased three new holdings during the period. Several of the new positions were established at less than full weight, as a means of managing volatility risk. The new purchases, all undertaken at attractive entry prices, included shares of Emerson Electric (largest American automation company) and Aptiv plc (high growth automotive technologies), along with shares of CVS Health Corp (largest US pharmacy health care provider).

The Fund decreased cash from a level of 10.5% at the beginning of the period to 9.3% at the end of the period. This positioning and performance are consistent with the Fund's fundamental investment objective and strategies.

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

The dichotomy between the stock market returns and the evidence of an economic slowdown can be further investigated. One explanation is that stocks look forward, and as such, are looking past the rise in interest rates to a better corporate earnings environment in 2024. A further possible explanation is that market averages have been driven by a narrow selection of mega cap names, while the average stock has been left behind.

Slower growth is impacting most companies, in most industries. That, in turn, is creating many more opportunities for individual stock selection at attractive entry points. Mid and Small Cap companies offer attractive valuations, and better return prospects if one can look beyond some market chop that could be present in future periods. The Fund is looking to take advantage of buying opportunities that will deliver strong risk adjusted rates of return.

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 \$9,715 (including HST) in management fees to the Manager for the period ended June 30, 2023 (June 30, 2022 - \$9,361).

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

The Manager paid \$4,432 (including HST) to the Portfolio Manager for the period ended June 30, 2023 (June 30, 2022 - \$4,411).

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.

# Lysander-Seamark Balanced Fund

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## Financial Highlights

### Series A

Period ended	30-Jun-2023	31-Dec-2022	31-Dec-2021	31-Dec-2020	31-Dec-2019	31-Dec-2018
<b>Net assets per unit<sup>1</sup></b>						
Net assets, beginning of period	\$ 11.64	\$ 13.25	\$ 11.55	\$ 11.10	\$ 9.97	\$ 10.73
<b>Operations:</b>						
Total revenue	0.17	0.33	0.31	0.33	0.34	0.34
Total expenses	(0.13)	(0.26)	(0.26)	(0.23)	(0.23)	(0.22)
Realized gains (losses)	0.12	0.40	0.77	0.22	-	0.06
Unrealized gains (losses)	0.42	(1.22)	1.01	(0.71)	1.09	(0.67)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$ 0.58</b>	<b>\$ (0.75)</b>	<b>\$ 1.83</b>	<b>\$ (0.39)</b>	<b>\$ 1.20</b>	<b>\$ (0.49)</b>
<b>Distributions:</b>						
From income (excluding dividends)	\$ -	\$ (0.03)	\$ (0.01)	\$ (0.02)	\$ -	\$ -
From dividends	(0.04)	(0.15)	(0.05)	(0.06)	(0.10)	(0.11)
From capital gains	-	(0.58)	(0.11)	-	-	-
<b>Total distributions<sup>2 3</sup></b>	<b>\$ (0.04)</b>	<b>\$ (0.76)</b>	<b>\$ (0.17)</b>	<b>\$ (0.08)</b>	<b>\$ (0.10)</b>	<b>\$ (0.11)</b>
<b>Net assets, end of period<sup>2 3</sup></b>	<b>\$ 12.16</b>	<b>\$ 11.64</b>	<b>\$ 13.25</b>	<b>\$ 11.55</b>	<b>\$ 11.10</b>	<b>\$ 9.97</b>

<b>Ratios and supplemental data</b>						
Net asset value <sup>4</sup>	\$ 222,222	\$ 202,725	\$ 116,054	\$ 76,933	\$ 251,904	\$ 276,600
Units outstanding	18,268	17,410	8,762	6,660	22,692	27,733
Management expense ratio <sup>5</sup>	% 1.99	% 1.99	% 1.97	% 1.97	% 1.99	% 1.99
Management expense ratio before waivers or absorption	3.38	3.40	2.85	2.98	3.07	2.82
Portfolio turnover rate <sup>6</sup>	3.66	12.92	19.69	45.83	29.6	39.6
Trading expense ratio <sup>7</sup>	-	0.01	0.02	0.01	0.01	0.05
Net asset value per unit, end of period	\$ 12.16	\$ 11.64	\$ 13.25	\$ 11.55	\$ 11.10	\$ 9.97

### 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-2023	31-Dec-2022	31-Dec-2021	31-Dec-2020	31-Dec-2019	31-Dec-2018
<b>Net assets per unit<sup>1</sup></b>						
Net assets, beginning of period	\$ 11.30	\$ 12.70	\$ 11.54	\$ 11.12	\$ 10.02	\$ 10.77
Operations:						
Total revenue	0.17	0.33	0.32	0.33	0.34	0.34
Total expenses	(0.07)	(0.15)	(0.15)	(0.14)	(0.14)	(0.14)
Realized gains (losses)	0.12	0.66	0.74	0.08	0.01	(0.03)
Unrealized gains (losses)	0.38	(1.52)	1.07	0.43	1.11	(0.69)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$ 0.60</b>	<b>\$ (0.68)</b>	<b>\$ 1.98</b>	<b>\$ 0.70</b>	<b>\$ 1.32</b>	<b>\$ (0.52)</b>
Distributions:						
From income (excluding dividends)	\$ (0.03)	\$ (0.03)	\$ (0.03)	\$ (0.05)	\$ -	\$ -
From dividends	(0.06)	(0.14)	(0.14)	(0.15)	(0.21)	(0.21)
From capital gains	-	(0.53)	(0.65)	-	-	-
<b>Total distributions<sup>2 3</sup></b>	<b>\$ (0.09)</b>	<b>\$ (0.70)</b>	<b>\$ (0.82)</b>	<b>\$ (0.20)</b>	<b>\$ (0.21)</b>	<b>\$ (0.21)</b>
<b>Net assets, end of period<sup>2 3</sup></b>	<b>\$ 11.81</b>	<b>\$ 11.30</b>	<b>\$ 12.70</b>	<b>\$ 11.54</b>	<b>\$ 11.12</b>	<b>\$ 10.02</b>
<b>Ratios and supplemental data</b>						
Net asset value <sup>4</sup>	\$ 1,930,808	\$ 1,833,723	\$ 2,211,131	\$ 1,906,990	\$ 1,648,724	\$ 1,528,654
Units outstanding	163,526	162,216	174,082	165,319	148,204	152,585
Management expense ratio <sup>5</sup>	% 1.15	% 1.14	% 1.12	% 1.12	% 1.14	% 1.14
Management expense ratio before waivers or absorption	2.56	2.41	1.99	2.19	2.32	2.10
Portfolio turnover rate <sup>6</sup>	3.66	12.92	19.69	45.83	29.6	39.6
Trading expense ratio <sup>7</sup>	-	0.01	0.02	0.01	0.01	0.05
Net asset value per unit, end of period	\$ 11.81	\$ 11.30	\$ 12.70	\$ 11.54	\$ 11.12	\$ 10.02

## Notes

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## Management Fees

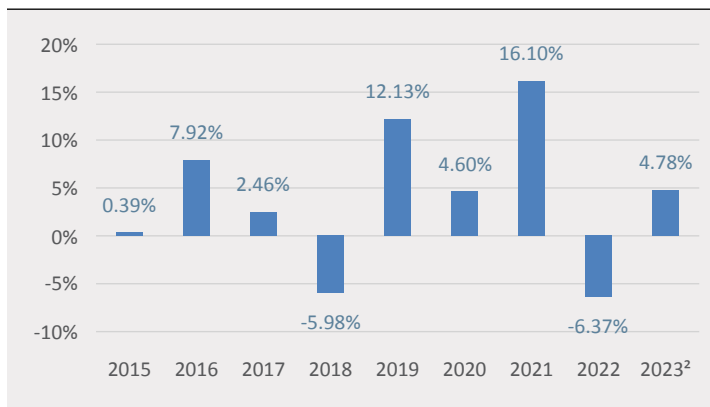
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

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 1.50% per annum for Series A units and at a rate of 0.75 % per annum for Series F units.

Service fees or trailing commissions of a maximum of 0.75% per annum are paid on Series A units to dealers. This comprises approximately 50% of the management fee of Series A units.

## Year-by-Year Returns

### Series A

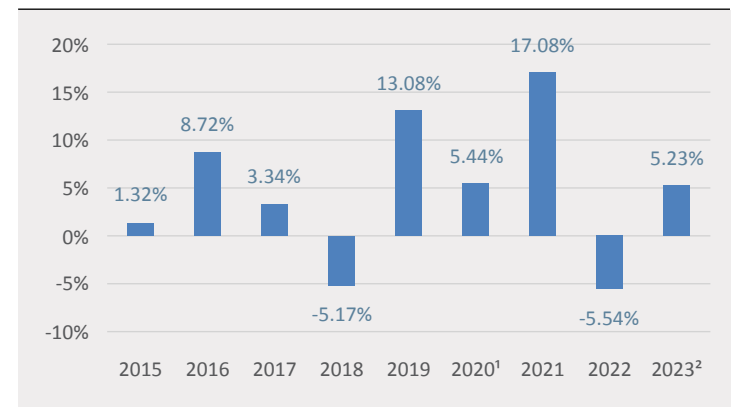


## Past Performance

The Fund became a reporting issuer on December 30, 2014. 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 Restated return for Series F, 2 For the period January 1 to June 30

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## Summary of Investment Portfolio

		% of NAV			% of NAV
<b>Top 25 Issuers</b>			<b>Asset Mix</b>		
Cash and Cash Equivalents	%	9.3	Canadian Equities	%	30.8
Canadian Government (Debt)		2.7	Canadian Fixed Income		23.0
Province of Ontario (Debt)		2.2	Cash and Cash Equivalents		9.3
Kla Corp. (Equity)		2.1	Foreign Fixed Income		0.8
Canada Housing Trust (Debt)		1.8	International Equities		5.1
Applied Materials Inc. (Equity)		1.6	Other Assets less Liabilities		(0.1)
Apple Inc. (Equity)		1.6	Private Placements		1.0
Royal Bank Of Canada (Equity)		1.5	US Equities		30.1
Ats Corp. (Equity)		1.5	<b>Total</b>	<b>%</b>	<b>100.0</b>
Ia Financial Corp. Inc. (Equity)		1.4	<b>Sector</b>		
Toronto-Dominion Bank (Equity)		1.3	Cash and Cash Equivalents	%	9.3
Manulife Financial Corp. (Equity)		1.3	Communication Services		7.1
Sap Se (Equity)		1.3	Consumer Discretionary		6.7
Novartis Ag (Equity)		1.2	Consumer Staples		14.8
Bank Of Nova Scotia (Equity)		1.2	Energy		3.7
Alphabet Inc. (Equity)		1.2	Financials		22.6
JP Morgan Chase & Co. (Equity)		1.2	Government		11.6
Biogen Inc. (Equity)		1.1	Industrials		8.7
BMW Canada Inc. (Debt)		1.1	Information Technology		8.2
Unilever Plc (Equity)		1.1	Materials		4.2
Royal Bank Of Canada (Debt)		1.1	Other Assets less Liabilities		(0.1)
Visa Inc. (Equity)		1.1	Utilities		3.2
Aimco Realty Investors (Debt)		1.1	<b>Total</b>	<b>%</b>	<b>100.0</b>
CCL Industries Inc. (Equity)		1.1			
Canadian Tire Corp. Ltd (Equity)		1.1			
<b>Total</b>	<b>%</b>	<b>43.2</b>			



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