

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

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, 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 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 returns for the six-month period ended June 30, 2023 were 3.9% for Series A and 4.2% for the Series F.

The net assets of the Fund were approximately \$350.7 million from \$263.5 million at the beginning of the period. There were net subscriptions of approximately \$78.6 million during the period.

During the period, the Telesat 5.625% bonds due 2026 had the greatest positive impact to Fund performance. Negatively, the Diamond Sports 5.375% bond due 2026 had the greatest negative impact. As of June 30, 2023, the Fund’s yield-to-maturity was 9.3% and a duration of 1.5 years.

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Investment grade bond issuance period-to-date was \$712 billion, moderately below the \$733 billion issued in the first half of 2022. While high-yield bond issuance totaled \$96 billion period-to-date, compared to \$71 billion during the same period in 2022.

The ICE Bank of America Merrill Lynch US High Yield Index was up 5.4% in the first half of the period and a duration of 4.1 years as at June 30, 2023. The ICE Bank of America Canada Corporate Index was up 2.8% in the first half of the period and a duration of 5.8 years at the end of the period. The FTSE Canada Universe Bond Index returned 2.5% in the first half of the period and ended the period with a duration of 7.3 years.

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

Capital markets behaviour was more positive in the second quarter versus the negative price action of risk assets in the first quarter which was brought on by the bank failures in the United States (Silicon Valley Bank, Signature bank, First Republic) and the overseas forced sale of Credit Suisse to UBS. Despite the volatile backdrop, the US high yield spread tightened from a level of 481 bps at the start of the period to 405 bps by the end of the period.

Banking sector fears drove the US 2-Year Treasury yields 100 bps lower in early March to a yield under 4 percent. The continued inflationary pressures which were driven by strong employment markets and no further stress in the financial sector allowed US 2-Year Treasury yields to approach 5 percent by end of June.

This increase in short term yields, has created a large pool of attractive short duration yield opportunities in both investment grade and high yield corporate bonds. While the opportunity in short duration, corporate bonds has been limited for many years, Fulcra believes it's a transitional path to more attractive long-term total return opportunities for the Fund.

The Fund had opportunities in refinancing issues of existing positions such as that of metallurgical coal producer Conuma Resources. As their 10% coupon bond approached maturity, the company refinanced their issue, and the Fund was able to participate and add to its existing position at a 13% coupon.

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 \$1,622,854 (including HST) in management fees to the Manager for the period ended June 30, 2023 (June 30, 2022 - \$1,044,979).

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 \$757,291 (including HST) to the Portfolio Manager for the period ended June 30, 2023 (June 30, 2022 - \$477,856).

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-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	\$ 9.45	\$ 10.09	\$ 9.77	\$ 10.11	\$ 10.09	\$ 10.52
Operations:						
Total revenue	0.32	0.67	0.60	0.58	0.61	0.57
Total expenses	(0.08)	(0.16)	(0.16)	(0.15)	(0.16)	(0.18)
Realized gains (losses)	0.08	(0.28)	0.16	0.38	0.30	(0.04)
Unrealized gains (losses)	0.03	(0.44)	0.28	(0.14)	(0.14)	(0.48)
Total increase (decrease) from operations²	\$ 0.35	\$ (0.21)	\$ 0.88	\$ 0.67	\$ 0.61	\$ (0.13)
Distributions:						
From income (excluding dividends)	\$ (0.28)	\$ (0.43)	\$ (0.40)	\$ (0.45)	\$ (0.35)	\$ (0.37)
From dividends	-	(0.01)	(0.02)	(0.02)	(0.04)	(0.04)
From capital gains	-	-	(0.31)	(0.36)	(0.21)	-
Total distributions^{2 3}	\$ (0.28)	\$ (0.44)	\$ (0.73)	\$ (0.83)	\$ (0.60)	\$ (0.41)
Net assets, end of period^{2 3}	\$ 9.55	\$ 9.45	\$ 10.09	\$ 9.77	\$ 10.11	\$ 10.09

Ratios and supplemental data						
Net asset value ⁴	\$ 42,046,484	\$ 33,887,026	\$ 30,386,349	\$ 19,109,791	\$ 11,070,169	\$ 10,023,553
Units outstanding	4,404,418	3,586,472	3,010,987	1,956,730	1,095,110	993,883
Management expense ratio ⁵	% 1.59	% 1.57	% 1.58	% 1.59	% 1.58	% 1.64
Management expense ratio before waivers or absorption	1.59	1.57	1.58	1.59	1.58	1.64
Portfolio turnover rate ⁶	33.01	66.87	99.60	150.80	219.30	161.50
Trading expense ratio ⁷	-	-	0.01	0.01	0.10	0.04
Net asset value per unit, end of period	\$ 9.55	\$ 9.45	\$ 10.09	\$ 9.77	\$ 10.11	\$ 10.09

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
Net assets per unit¹						
Net assets, beginning of period	\$ 9.40	\$ 10.10	\$ 9.76	\$ 10.08	\$ 10.11	\$ 10.52
Operations:						
Total revenue	0.32	0.67	0.60	0.59	0.61	0.57
Total expenses	(0.05)	(0.11)	(0.11)	(0.10)	(0.11)	(0.12)
Realized gains (losses)	0.08	(0.28)	0.18	0.38	0.32	(0.03)
Unrealized gains (losses)	0.03	(0.45)	0.30	(0.13)	(0.22)	(0.47)
Total increase (decrease) from operations²	\$ 0.38	\$ (0.17)	\$ 0.97	\$ 0.74	\$ 0.60	\$ (0.05)
Distributions:						
From income (excluding dividends)	\$ (0.30)	\$ (0.54)	\$ (0.44)	\$ (0.44)	\$ (0.48)	\$ (0.39)
From dividends	-	(0.01)	(0.02)	(0.02)	(0.04)	(0.04)
From capital gains	-	-	(0.30)	(0.32)	(0.25)	-
Total distributions^{2 3}	\$ (0.30)	\$ (0.55)	\$ (0.76)	\$ (0.78)	\$ (0.77)	\$ (0.42)
Net assets, end of period^{2 3}	\$ 9.50	\$ 9.40	\$ 10.10	\$ 9.76	\$ 10.08	\$ 10.11
Ratios and supplemental data						
Net asset value ⁴	\$ 308,618,790	\$ 229,641,268	\$ 146,306,741	\$ 99,129,915	\$ 55,949,033	\$ 28,257,519
Units outstanding	32,473,045	24,428,249	14,481,867	10,153,197	5,552,827	2,793,809
Management expense ratio ⁵	% 1.03	% 1.04	% 1.04	% 1.06	% 1.06	% 1.11
Management expense ratio before waivers or absorption	1.03	1.04	1.04	1.06	1.06	1.11
Portfolio turnover rate ⁶	33.01	66.87	99.60	150.80	219.30	161.50
Trading expense ratio ⁷	-	-	0.01	0.01	0.10	0.04
Net asset value per unit, end of period	\$ 9.50	\$ 9.40	\$ 10.10	\$ 9.76	\$ 10.08	\$ 10.11

Notes

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Management Fees

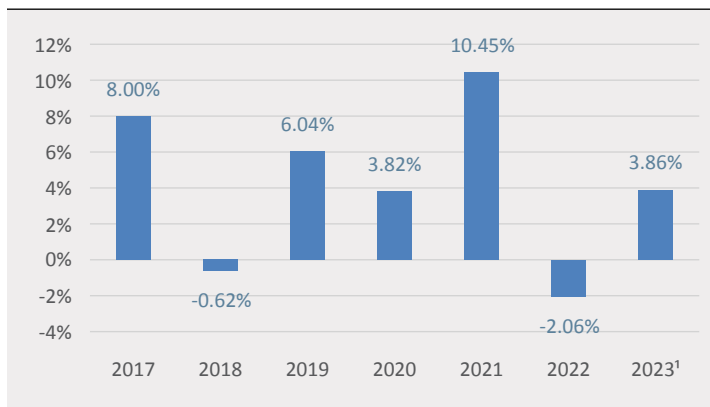
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

In consideration for such services, the Manager receives a 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 1.35% per annum for Series A units and at a rate of 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 37% of the management fee of Series A units.

Year-by-Year Returns

Series A

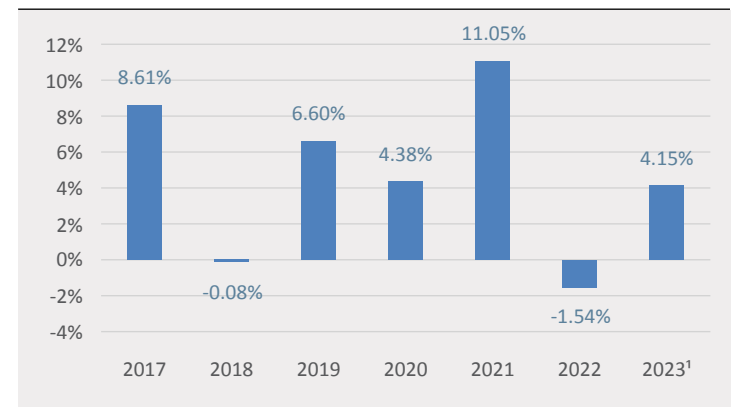


Past Performance

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	
Canadian Government	8.6	Bank Loans	10.8
Cash and Cash Equivalents	7.2	Canadian Equities	0.8
Rogers Communications Inc.	7.1	Canadian Fixed Income	53.8
Ford Credit Canada Co	5.8	Cash and Cash Equivalents	7.2
Eg Global Finance Plc	4.4	Foreign Equities	0.2
New Flyer Industries Inc.	2.9	Foreign Fixed Income	24.5
Seaspan Corp	2.6	Other Assets less Liabilities	1.3
Enerflex Ltd	2.5	Preferred Shares	1.4
Spencer Spirit Ih Llc	2.5	Total	100.0
Kar Auction Services Inc.	2.2	Sector	
Telesat Corp.	2.1	Cash and Cash Equivalents	7.2
Russel Metals Inc.	2.1	Communication Services	16.3
Conuma Resources Ltd	1.9	Consumer Discretionary	31.1
Rite Aid Corp.	1.9	Consumer Staples	7.4
Geo Group Inc./The	1.8	Energy	13.2
Ferroglobe / Globe Spec	1.7	Financials	3.1
Directv Financing	1.7	Government	8.6
Daimler Truck Fi Canada	1.7	Industrials	6.0
Saputo Inc.	1.6	Information Technology	1.5
Ww International Inc.	1.6	Materials	4.3
AMC Entertainment Holdings	1.6	Other Assets less Liabilities	1.3
Bell Canada	1.5	Total	100.0
Citgo Holding Inc.	1.5		
Cineplex Inc.	1.5		
Videotron Ltd	1.5		
Total	71.5		



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