

**Financial Statements**

December 31, 2023

Lysander-Canso Corporate Treasury Fund



## Independent Auditor's Report

To the Unitholders of  
Lysander-Canso Corporate Treasury Fund (the "Fund")

### Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income (loss), changes in net assets attributable to holders of redeemable units and cash flows for the year ended December 31, 2023 and the period from January 5, 2022 (commencement of operations) to December 31, 2022, and notes to the financial statements, including a summary of material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2023 and 2022, and its financial performance and its cash flows for the year the year ended December 31, 2023 and the period from January 5, 2022 (commencement of operations) to December 31, 2022, in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Deloitte LLP, featuring the word "Deloitte" in a cursive script followed by "LLP" in a bold, sans-serif font.

Chartered Professional Accountants

Licensed Public Accountants

March 27, 2024

# Lysander-Canso Corporate Treasury Fund

Financial Statements December 31, 2023

## Table of Contents

---

- 3 Statements of Financial Position
- 3 Statements of Comprehensive Income (Loss)
- 4 Statements of Changes in Net Assets Attributed to Holders of Redeemable Units
- 6 Statements of Cash Flows
- 6 Schedule of Investment Portfolio
- 7 Notes to the Financial Statements

# Lysander-Canso Corporate Treasury Fund

## Statements of Financial Position

As at	31-Dec-23	31-Dec-22
<b>Assets</b>		
Financial assets at fair value through profit or loss*	\$ 132,444,484	\$ 181,881,448
Cash and cash equivalents	299,485	1,095,550
Subscriptions receivable	5,254	5,948,052
Accrued interest	246,702	266,902
Reimbursements receivable	8,871	-
Receivable from forward exchange contracts	10,036	1,914
<b>Total assets</b>	<b>\$ 133,014,832</b>	<b>\$ 189,193,866</b>
<b>Liabilities</b>		
Accrued expenses	\$ 47,478	\$ 60,347
Redemptions payable	106,492	208,800
<b>Total liabilities</b>	<b>\$ 153,970</b>	<b>\$ 269,147</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>\$ 132,860,862</b>	<b>\$ 188,924,719</b>
<b>Net assets attributable to holders of redeemable units, per series</b>		
Series A	\$ 5,020,112	\$ 3,542,718
Series C	29,793,603	27,791,757
Series F	98,047,147	157,590,244
<b>Total net assets</b>	<b>\$ 132,860,862</b>	<b>\$ 188,924,719</b>
<b>Number of redeemable units outstanding</b>		
Series A	486,671	356,724
Series C	2,855,404	2,767,565
Series F	9,483,285	15,833,158
<b>Net assets attributable to holders of redeemable units per unit</b>		
Series A	\$ 10.32	\$ 9.93
Series C	10.43	10.04
Series F	10.34	9.95
* Financial assets at fair value through profit or loss at cost	\$ 129,579,410	\$ 181,813,083

## Statements of Comprehensive Income (Loss)

For the years ended	31-Dec-23	31-Dec-22
<b>Income</b>		
Interest for distribution purposes	\$ 847,719	\$ 958,941
Other income	28,145	17,754
Realized and unrealized gain (loss) on investments		
Net realized gain (loss) on investments sold	2,289,730	1,193,466
Net realized gain (loss) on foreign currency	5,682	(65,985)
Change in unrealized appreciation (depreciation) on foreign currency	2	(24)
Change in appreciation (depreciation) unrealized on forward contracts	8,122	1,914
Change in appreciation (depreciation) unrealized on investments	2,796,709	68,365
<b>Total operating income (loss)</b>	<b>\$ 5,976,109</b>	<b>\$ 2,174,431</b>
<b>Expenses</b>		
Management fees	\$ 294,787	\$ 273,963
Fund administration fees	59,375	41,309
Filing fees	34,140	19,709
Audit fees	7,323	11,166
Unitholder reporting expense	7,087	6,823
Legal fees	1,985	3,226
Regulatory fees expense	1,853	5,635
Custodial fees	1,765	3,452
Independent review committee fees	425	451
Bank charges	24	223
Blended HST expense	1,500	-
<b>Total operating expenses</b>	<b>\$ 410,264</b>	<b>\$ 365,957</b>
<b>Change in net assets attributable to holders of redeemable units from operations</b>	<b>\$ 5,565,845</b>	<b>\$ 1,808,474</b>
<b>Change in net assets attributable to holders of redeemable units from operations per Series</b>		
Series A	\$ 186,272	\$ 21,594
Series C	1,191,824	233,373
Series F	4,187,749	1,553,507
<b>Change in total net assets</b>	<b>\$ 5,565,845</b>	<b>\$ 1,808,474</b>
<b>Change in net assets attributable to holders of redeemable units from operations per unit</b>		
Series A	\$ 0.44	\$ 0.16
Series C	0.47	0.12
Series F	0.49	0.17

# Lysander-Canso Corporate Treasury Fund

## Statements of Changes in Net Assets Attributed to Holders of Redeemable Units

### All Series

For the years ended	31-Dec-23	31-Dec-22
Net assets attributable to holders of redeemable units, beginning of year	\$ 188,924,719	\$ 3,005,010
Change in net assets attributable to holders of redeemable units from operations	5,565,845	1,808,474
<b>Distributions to unitholders of redeemable units</b>		
From net investment income	\$ (488,576)	\$ (531,381)
From management fee rebate income	(27,005)	(17,718)
From net capital gains	(242,467)	(451,751)
<b>Total distributions</b>	<b>\$ (758,048)</b>	<b>\$ (1,000,850)</b>
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued		
Series A	\$ 3,980,309	\$ 4,868,271
Series C	22,053,545	34,716,185
Series F	134,103,152	263,771,928
<b>Total proceeds</b>	<b>\$ 160,137,006</b>	<b>\$ 303,356,384</b>
Cost of units redeemed		
Series A	\$ (2,687,695)	\$ (1,349,917)
Series C	(21,241,516)	(7,154,843)
Series F	(197,697,735)	(110,226,300)
<b>Total cost</b>	<b>\$ (221,626,946)</b>	<b>\$ (118,731,060)</b>
Reinvested distributions		
Series A	\$ 17,891	\$ 20,674
Series C	189,359	137,722
Series F	411,036	328,365
<b>Total reinvested</b>	<b>\$ 618,286</b>	<b>\$ 486,761</b>
Change in net assets attributable to holders of redeemable units for the year	\$ (56,063,857)	\$ 185,919,709
<b>Net assets attributable to holders of redeemable units, end of year</b>	<b>\$ 132,860,862</b>	<b>\$ 188,924,719</b>

### Series A

For the years ended	31-Dec-23	31-Dec-22
Net assets attributable to holders of redeemable units, beginning of year	\$ 3,542,718	\$ 5,000
Change in net assets attributable to holders of redeemable units from operations	186,272	21,594
<b>Distributions to unitholders of redeemable units</b>		
From net investment income	\$ (9,824)	\$ (12,700)
From management fee rebate income	(7)	-
From net capital gains	(9,552)	(10,204)
<b>Total distributions</b>	<b>\$ (19,383)</b>	<b>\$ (22,904)</b>
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued		
	\$ 3,980,309	\$ 4,868,271
Cost of units redeemed	(2,687,695)	(1,349,917)
Reinvested distributions	17,891	20,674
<b>Total redeemable</b>	<b>\$ 1,310,505</b>	<b>\$ 3,539,028</b>
Change in net assets attributable to holders of redeemable units for the year	\$ 1,477,394	\$ 3,537,718
<b>Net assets attributable to holders of redeemable units, end of year</b>	<b>\$ 5,020,112</b>	<b>\$ 3,542,718</b>

### Series C

For the years ended	31-Dec-23	31-Dec-22
Net assets attributable to holders of redeemable units, beginning of year	\$ 27,791,757	\$ -
Change in net assets attributable to holders of redeemable units from operations	1,191,824	233,373
<b>Distributions to unitholders of redeemable units</b>		
From net investment income	\$ (139,198)	\$ (84,185)
From net capital gains	(52,168)	(56,495)
<b>Total distributions</b>	<b>\$ (191,366)</b>	<b>\$ (140,680)</b>
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued		
	\$ 22,053,545	\$ 34,716,185
Cost of units redeemed	(21,241,516)	(7,154,843)
Reinvested distributions	189,359	137,722
<b>Total redeemable</b>	<b>\$ 1,001,388</b>	<b>\$ 27,699,064</b>
Change in net assets attributable to holders of redeemable units for the year	\$ 2,001,846	\$ 27,791,757
<b>Net assets attributable to holders of redeemable units, end of year</b>	<b>\$ 29,793,603</b>	<b>\$ 27,791,757</b>

# Lysander-Canso Corporate Treasury Fund

## Statements of Changes in Net Assets Attributed to Holders of Redeemable Units

### Series F

For the years ended	31-Dec-23	31-Dec-22
Net assets attributable to holders of redeemable units, beginning of year	\$ 157,590,244	\$ 3,000,010
Change in net assets attributable to holders of redeemable units from operations	4,187,749	1,553,507
<b>Distributions to unitholders of redeemable units</b>		
From net investment income	\$ (339,554)	\$ (434,496)
From management fee rebate income	(26,998)	(17,718)
From net capital gains	(180,747)	(385,052)
<b>Total distributions</b>	<b>\$ (547,299)</b>	<b>\$ (837,266)</b>
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued	\$ 134,103,152	\$ 263,771,928
Cost of units redeemed	(197,697,735)	(110,226,300)
Reinvested distributions	411,036	328,365
<b>Total redeemable</b>	<b>\$ (63,183,547)</b>	<b>\$ 153,873,993</b>
Change in net assets attributable to holders of redeemable units for the year	\$ (59,543,097)	\$ 154,590,234
<b>Net assets attributable to holders of redeemable units, end of year</b>	<b>\$ 98,047,147</b>	<b>\$ 157,590,244</b>

# Lysander-Canso Corporate Treasury Fund

## Statements of Cash Flows

For the years ended	31-Dec-23	31-Dec-22
<b>Cash flows from (used in) operating activities</b>		
Change in net assets attributable to holders of redeemable units from operations	\$ 5,565,845	\$ 1,808,474
Adjustments for:		
Foreign exchange loss (gain) on cash and cash equivalents	24	-
Net realized loss (gain) on investments sold	(2,289,730)	(1,193,466)
Change in unrealized depreciation (appreciation) on investments	(2,796,709)	(68,365)
Change in unrealized depreciation (appreciation) on foreign currency	(2)	24
Purchase of investments	(162,535,236)	(611,471,231)
Proceeds from sale and maturity of investments	217,058,639	430,851,614
Receivable from forward exchange contracts	(8,122)	(1,914)
Accrued expenses	(12,869)	60,347
Reimbursements receivable	(8,871)	-
Accrued interest	20,200	(266,902)
<b>Net cash from (used in) operating activities</b>	<b>\$ 54,993,169</b>	<b>\$ (180,281,419)</b>
<b>Cash flows from (used in) financing activities</b>		
Distributions paid to holders of redeemable units, net of reinvested distributions	\$ (139,762)	\$ (514,089)
Proceeds from issuances of redeemable units	166,079,804	297,408,342
Amounts paid on redemption of redeemable units	(221,729,254)	(118,522,260)
<b>Net cash from (used in) financing activities</b>	<b>\$ (55,789,212)</b>	<b>\$ 178,371,993</b>
Foreign exchange gain (loss) on cash and cash equivalents	\$ (22)	\$ (24)
Change in cash and cash equivalents during the year	(796,043)	(1,909,426)
Cash and cash equivalents, beginning of year	1,095,550	3,005,000
<b>Cash and cash equivalents, end of year</b>	<b>\$ 299,485</b>	<b>\$ 1,095,550</b>
<b>Supplementary disclosures on cash flow from operating activities</b>		
Interest received	\$ 867,919	\$ 692,039
Interest paid	24	223

## Schedule of Investment Portfolio as at December 31, 2023

Par Value/Number of Shares	Average Cost (\$)	Fair Value (\$)
<b>Canadian Fixed Income (91.6%)</b>		
4,700,000	Canada 0.25% Apr 1, 2024 \$ 4,508,344	\$ 4,648,704
76,286,000	Canada 0.5% Sep 1, 2025 70,613,158	72,131,358
38,334,000	Canada 0.75% Oct 1, 2024 36,616,320	37,259,364
7,066,000	Nav Canada 0.555% Feb 9, 2024 6,754,562	7,032,757
94,000	TransCanada Pipelines FRN Jun 9, 2024 (Q CDOR+29) 94,061	93,998
501,000	TransCanada Pipelines FRN Mar 10, 2026 (Q CORRA +140) 501,000	501,560
<b>Total</b>	<b>\$ 119,087,445</b>	<b>\$ 121,667,741</b>
<b>Foreign Fixed Income (0.3%)</b>		
350,000	Nestle Holdings Inc. 0.375% Jan 15, 2024 (USD) \$ 423,849	\$ 461,518
<b>Total</b>	<b>\$ 423,849</b>	<b>\$ 461,518</b>
<b>Mortgage Backed Securities (3.0%)</b>		
143,198	Scotia Capital Inc. NHA MBS (97514157) 2.05% Feb 1, 2024 \$ 140,173	\$ 142,589
3,911,750	Scotia Capital Inc. NHA MBS (97514581) 1.9% Jul 1, 2024 3,802,182	3,853,768
<b>Total</b>	<b>\$ 3,942,355</b>	<b>\$ 3,996,357</b>
<b>Private Placements (4.8%)</b>		
3,898,000	Toyota Credit Canada Inc. 1.27% Jul 22, 2024 \$ 3,679,473	\$ 3,816,980
2,527,000	WTH Car Rental ULC (AVIS) 2.781% Jul 22, 2024 2,446,288	2,501,888
<b>Total</b>	<b>\$ 6,125,761</b>	<b>\$ 6,318,868</b>
<b>Total investment portfolio (99.7%)</b>	<b>\$ 129,579,410</b>	<b>\$ 132,444,484</b>
	Cash and Cash Equivalents (0.2%) \$	\$ 299,485
	Other Assets less Liabilities (0.1%)	116,893
<b>Net assets</b>	<b>\$</b>	<b>\$ 132,860,862</b>

## Foreign Exchange Contracts

Counterparty	Settlement Date	Buy	Par Value	Sell	Par Value	Forward Rate	Current Rate	Unrealized Appreciation (Depreciation)
Canadian Imperial Bank of Commerce <sup>1</sup>	2024-03-07	CAD	\$ 472,012	USD	\$ 349,000	0.739	0.755	\$ 10,036

## Notes

<sup>1</sup> Credit rating of counterparty is A+.

The accompanying notes form an integral part of the financial statements.



# Lysander-Canso Corporate Treasury Fund

Notes to the financial statements for December 31, 2023 and 2022

## 1. Formation of Fund

The address of the Fund's registered office is 3080 Yonge St., Suite 4000, Toronto, Ontario.

Lysander Funds Limited (the "Manager" or "Lysander") is the manager and trustee of the Fund and is responsible for providing or arranging 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.

Lysander-Canso Corporate Treasury Fund (the "Fund") is an open-end fund formed under the laws of the Province of Ontario by an amendment dated December 31, 2021 to a master declaration of trust dated December 8, 2011, as the same was amended and/or consolidated from time to time. On January 5, 2022, the Fund commenced operations and became a reporting issuer, with its units qualified for distribution under a simplified prospectus.

The Fund's objective is to provide total returns consisting principally of interest income by investing primarily in liquid short term fixed income and floating rate debt securities of Canadian and foreign issuers.

The portfolio manager of the Fund is Canso Investment Counsel Ltd., ("Portfolio Manager"), a company under common control as the Manager.

## 2. Basis of Presentation

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") effective as at December 31, 2023.

The financial statements were authorized for issue by Lysander's board of directors on March 26, 2024.

## 3. Material Accounting Policy Information

Effective January 1, 2023, the Fund adopted the International Accounting Standard 1 Presentation of Financial Statements ("IAS 1") amendment with regards to disclosure of material accounting policies. This amendment did not have a material impact on these financial statements. There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on January 1, 2023, that have a material effect on the financial statements of the Funds. The material accounting policies applied in the preparation of these financial statements are set out below. These policies have

been consistently applied to all the years presented, unless otherwise indicated.

The material accounting policies of the Fund are as follows:

### Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term investments in an active market with original maturities of three months or less, bank overdrafts and money market funds with daily liquidity and all highly liquid financial instruments that mature within three months of being purchased.

### Financial instruments

The Fund accounts for its financial instruments in accordance with IFRS 9 Financial Instruments ("IFRS 9"), which include cash and cash equivalents, investments at fair value through profit or loss, accrued interest, reimbursement receivable, subscriptions receivable, redemption payable, due to/from investment dealer, receivable/payable from forward exchange contracts and accrued expenses.

### Financial assets and financial liabilities at fair value through profit or loss ("FVTPL"):

#### Financial Assets

The Fund classifies its investments in debt and equity securities and open-ended investment funds based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

These financial assets are managed and their performance is evaluated on a fair value basis. The Fund also manages these financial assets with the objective of realizing cash flows through sales. The Fund has not taken the option to irrevocably designate any of its equity securities at fair value through other comprehensive income ("FVOCI"). Consequently, these financial assets are mandatorily measured at FVTPL.

#### Financial Liabilities

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future or on initial recognition are a part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short term profit-taking.

All derivatives and short positions are included in this category and mandatorily measured at FVTPL.

The Fund does not apply general hedge accounting to any of its derivatives positions.

# Lysander-Canso Corporate Treasury Fund

Notes to the financial statements for December 31, 2023 and 2022

## Financial assets and financial liabilities at amortized cost:

The financial assets and liabilities measured at amortized cost include cash collateral posted on derivative positions, accrued income, due to and from brokers and other short term receivables and payables.

IFRS 9 requires the expected credit loss model ("ECL") as the impairment model for financial assets measured at amortized cost. At each reporting date, the Fund measures the loss allowance on cash collateral held, amounts due from broker, accrued income and other short term receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowance at an amount equal to the 12 month expected credit losses. Given the short-term nature of the receivables and the high credit quality, the Fund has determined that the expected credit loss allowances are not material or considered impaired.

The Fund classifies financial instruments carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified as Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is reclassified as Level 3. The Manager assesses transfers at the time of an event that may cause reason for re-assessment of levelling. The classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability. The determination of what constitutes observable requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent

sources. The classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2023 and 2022, as applicable, is disclosed in the notes to the financial statements of the Fund. Significant transfers between levels are also disclosed in the notes to the financial statements of the Fund, where applicable. The reconciliation of Level 3 fair value measurements for the years ended December 31, 2023 and 2022, if applicable, are included in the notes to the financial statements of the Fund.

## Recognition/Derecognition

At initial recognition, financial assets and liabilities are measured at fair value. Transaction costs on financial assets and liabilities at fair value through profit or loss are expensed as incurred in the statement of comprehensive income (loss).

Subsequent to initial recognition, financial assets and liabilities at fair value through profit or loss are measured at fair value.

Gains and losses arising from changes in their fair value are included in the statement of comprehensive income (loss) for the year in which they arise. Dividend or interest income earned on financial assets at fair value through profit or loss and dividend or interest expense on the financial liabilities at fair value through profit or loss are disclosed in a separate line item in the statement of comprehensive income (loss).

Financial assets are derecognized when the contractual rights to the cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership. Financial liabilities at fair value through profit or loss are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Investment transactions are accounted for on a trade date basis. Realized gains and losses on the disposition of investments, and unrealized appreciation and depreciation of investments, are determined on an average cost basis and are included in the statement of comprehensive income (loss).

Realized gains and losses related to options are included in net realized gain/(loss) on options at fair value through profit or loss. Realized gains and losses relating to written options may arise from expiration of written options whereby realized gains are equivalent to the premium received and from the exercise of written covered call options in addition to the realized gains or losses from disposition of the related investments at the exercise price of the option.

## Fair value measurements

The securities in the Fund's Portfolio are measured at FVTPL. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of

# Lysander-Canso Corporate Treasury Fund

Notes to the financial statements for December 31, 2023 and 2022

trading on the year-end date. The quoted market price used for financial assets and financial liabilities of the Fund is the last traded price provided such price is within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Fund will determine the points within the bid-ask spread that are most representative of the fair value. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques commonly used by market participants making the maximum use of observable inputs and relying as little as possible on unobservable inputs. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

Where available, valuation techniques use market observable assumptions and inputs. If such data is not available, inputs may be derived by reference to similar assets in active markets, from recent prices for comparable transactions or from other observable market data. When measuring fair value, the Fund selects the non-market-observable inputs to be used in its valuation techniques, based on a combination of historical experience, derivation of input levels based on similar products with observable price levels and knowledge of current market conditions and valuation approaches. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk. Unlisted debt securities are valued based on observable inputs such as the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data and using standard market convention practices. Unlisted debt securities for which current quotations are not readily available are valued using another valuation technique as described below.

The Fund uses widely recognized valuation techniques for determining the fair value of financial instruments that are not actively traded and quoted. The most frequently applied valuation techniques include: i) discounted value of expected cash flows, ii) relative value, iii) option pricing methodologies, iv) private placement financing technique, v) internally developed models and vi) market activity. In some cases, it may be reasonable and appropriate to value at cost, where there has been no material subsequent event affecting value. Discounted value of expected cash flows is a valuation technique that measures fair value using estimated expected future cash flows from assets or liabilities and then discounts these cash flows using a discount rate or discount margin that reflects the credit and/or funding spreads required by the market for instruments with similar risk and liquidity profiles to produce a present value. When using such valuation techniques, expected future cash flows are estimated using an observed or implied market price for the future cash flows or by using industry standard cash flow projection models. The discount factors within the calculation are generated using industry standard yield curve modeling techniques and models. Relative value models measure fair value based on the market prices of equivalent or comparable assets or liabilities, making adjustments for differences between the characteristics of the observed instrument and the instrument being valued. Option pricing models incorporate assumptions regarding the behavior of future price movements of an underlying referenced asset or assets to generate a probability-weighted future expected payoff for the option. The resulting probability-weighted expected payoff is then discounted using discount factors generated from industry standard yield curve modeling techniques and models. The option pricing model may be implemented using a closed form analytical formula or other mathematical techniques (e.g., binomial tree or Monte Carlo simulation). For more complex instruments and instruments for which there is no active market, fair values may be estimated using a combination of observed transaction prices, if any, consensus pricing services and relevant broker quotes. Consideration is given to the nature of the quotes (e.g., indicative or firm) and the relationship of recently evidenced market activity to the prices provided by consensus pricing services. Private placement financings are instances where a company raises capital through an offering of additional securities in the private markets. Pertinent details of such offering, including the terms of such offering, the issue price, and total capital raised are considered when assessing the reasonability that the issue price of such offering approximates fair value. In contrast to public offerings on a recognized exchange, private placement financings are not available to the general public. The Fund also uses internally developed models, which are typically based on valuation methods and techniques recognized as standard within the industry. Assumptions and inputs used in valuation techniques include benchmark interest

# Lysander-Canso Corporate Treasury Fund

Notes to the financial statements for December 31, 2023 and 2022

rate curves, credit and funding spreads used in estimating discount rates, bond and equity prices, equity index prices, foreign exchange rates, levels of market volatility and correlation. In situations where there is limited market activity for the asset or liability near the measurement date, the most recent transaction price may be used.

## Income recognition

Dividend income is recognized when the Fund's right to receive the payment has been established, normally being the ex-dividend date. Dividend income is recognized gross of withholding tax, if any.

The interest income for distribution purposes shown on the statement of comprehensive income (loss) represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis. The interest income for distribution purposes is the tax basis of calculating the interest received and which is subject to tax.

## Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

## Accounting estimates

In the application of the Fund's accounting policies, the Fund is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. The most significant estimates relate to the valuation of investments. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

## Net assets attributable to holders of redeemable units

Units issued and outstanding represent the capital of the Fund, with units in each series representing an equal and rateable share in the assets allocated to each series. The management fee rates are different for each of the series. Please refer to Note 6 for discussion of management fee rates. The redeemable units

are classified as financial liabilities and are measured at the redemption amounts.

Units of the Fund may be purchased or redeemed at a price per unit equal to the net asset value ("NAV") of a unit of the applicable series of the Fund on each valuation date.

## Net asset value per unit

The net asset value per unit of each series of units of the Fund is computed by dividing the NAV of a series of units by the total number of units of the series outstanding at the time. The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its NAV for transactions with holders of redeemable units.

## Foreign currency translation

Foreign currency amounts are translated into the Fund's functional currency as follows: fair value of investments, forward currency contracts and other financial assets and liabilities, at the closing rate of exchange on each business day; income and expenses, and purchases, sales and settlements of investments, at the rate of exchange prevailing on the respective dates of such transactions.

## Foreign currency forward contracts

The value of the foreign currency forward contracts is the gain or loss that would be realized if the position in the forward contract was closed out in accordance with its terms. The unrealized gains or losses on the forward contract are reported as part of the change in unrealized appreciation or depreciation on forwards in the statement of comprehensive income (loss). Foreign currency forward contracts manage exposure to foreign currency gains and losses arising from short and long-term investments denominated in foreign currencies.

## Taxation

The Fund is a mutual fund trust within the meaning of the Income Tax Act (Canada). The Fund is subject to tax on its net taxable income, including net realized capital gains, for the calendar year which is not paid or payable to its unitholders as of the end of the calendar year. It is the intention of the Fund to pay all of its net taxable income and net realized capital gains so that the Fund will not be subject to income taxes other than foreign withholding taxes, if applicable. Therefore, no provision for income taxes has been made in these financial statements.

As at December 31, 2023, the Fund had no net capital losses (December 31, 2022 - Nil) and no non-capital losses (December 31, 2022 - Nil).

# Lysander-Canso Corporate Treasury Fund

Notes to the financial statements for December 31, 2023 and 2022

## Distributions

The Fund makes distributions of net income monthly and any net realized capital gains annually. These are recognized in the statement of changes in net assets attributable to holders of redeemable units.

## Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

### *Determination of Functional Currency*

'Functional currency' is the currency of the primary economic environment in which the Fund operates. If indicators of the primary economic environment are mixed, then the Fund uses its judgment to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events, and conditions. The Fund's subscriptions and redemptions are denominated in Canadian Dollars ("CAD"). Accordingly, the Fund has determined that the functional currency of the Fund is CAD unless noted otherwise.

### *Fair Value Measurement of Derivatives and Securities Not Quoted in an Active Market*

The Fund may hold financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined as disclosed in Fair Value Measurement section in Note 3.

## Future changes in accounting standards

As of December 31, 2023, the Fund has determined there are no new IFRS standards that are issued, but not yet effective, that could materially impact the Fund's financial statements.

## 4. Expenses

The Fund is responsible for the payment of all expenses related to its operations, including but not limited to audit fees, Independent Review Committee fees, fund administration fees, filing fees, redeemable unitholder reporting and custodian fees plus harmonized sales tax. At their discretion, the Manager or the Portfolio Manager may pay certain of the expenses of the Fund but any such payments shall not oblige the Manager or the Portfolio Manager to make similar future payments. All expenses are recognized in the statement of comprehensive income (loss) on the accrual basis.

Service fees may be paid by the Manager from the management fees it receives from the Fund. Service fees may be paid to brokers and dealers to compensate them for providing ongoing

services to redeemable unitholders holding Series A units, if applicable.

The maximum service fee is 0.15% per annum on the Series A, exclusive of any applicable taxes.

## 5. Issuance and Redemption of Units

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal undivided interest in the net assets of the Fund. Each unit entitles the holder to the same rights and obligations as a holder of any other unit and no holder of units is entitled to any privilege, priority or preference in relation to any other holder of units. Each holder of units is entitled to one vote for each whole unit held and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains, if any. On termination or liquidation of the Fund, the holders of outstanding units of record are entitled to receive on a pro rata basis all of the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses of the Fund. The units of the Fund are issued and redeemed at their NAV.

During the years ended December 31, 2023 and 2022, the number of units issued, redeemed and outstanding were as follows:

### Series A

For the years ended	31-Dec-23	31-Dec-22
Units outstanding at beginning of year	356,724	500
Redeemable units issued	393,297	489,771
Redeemable units redeemed	(265,111)	(135,626)
Redeemable units issued on reinvestments	1,761	2,079
<b>Units outstanding at end of year</b>	<b>486,671</b>	<b>356,724</b>

### Series C

For the years ended	31-Dec-23	31-Dec-22
Units outstanding at beginning of year	2,767,565	-
Redeemable units issued	2,164,044	3,468,464
Redeemable units redeemed	(2,094,700)	(714,609)
Redeemable units issued on reinvestments	18,495	13,710
<b>Units outstanding at end of year</b>	<b>2,855,404</b>	<b>2,767,565</b>



# Lysander-Canso Corporate Treasury Fund

Notes to the financial statements for December 31, 2023 and 2022

## Series F

For the years ended	31-Dec-23	31-Dec-22
Units outstanding at beginning of year	15,833,158	300,001
Redeemable units issued	13,234,091	26,578,829
Redeemable units redeemed	(19,624,298)	(11,078,658)
Redeemable units issued on reinvestments	40,334	32,986
<b>Units outstanding at end of year</b>	<b>9,483,285</b>	<b>15,833,158</b>

## 6. Related Party Transactions

The Manager is responsible for the day-to-day management of the Fund and its investment portfolio in compliance with the Fund's constating documents. The Manager pays for the investment management services and provides all administrative services required by the Fund. As compensation for its services the Manager is entitled to receive a management fee.

The Manager may offer a reduced management fee to selected investors who (among other considerations) hold large investments in the Fund. This is achieved by reducing the

management fee charged to the Fund based on the assets held by such investors and the Fund distributing the amount of the reduction in additional units of the same series of the Fund to the investor.

At December 31, 2023, the Manager, the majority shareholder of the Manager, the Manager's directors and officers together with certain immediate family members had an ownership interest in the Fund amounting to 8.3% (December 31, 2022 - 3.8%).

The Manager is entitled to receive from the Fund a management fee which is calculated daily and payable monthly at an annualized rate of up to 0.40% on Series A units, up to 0.25% on Series F units and up to 0.10% on Series C units, exclusive of applicable taxes, based on the net asset value of each respective series.

During the year ended December 31, 2023, the Manager paid the Portfolio Manager, an affiliate of the Manager, \$127,209 (December 31, 2022 - \$120,242) for managing the portfolio of the Fund. As at December 31, 2023 the amount payable to the Portfolio Manager was \$12,240 (December 31, 2022 - \$18,221).

## 7. Fair Value Hierarchy

The following fair value hierarchy table presents information about the Fund's assets measured at fair value, as described in Note 3, as at December 31, 2023 and 2022:

As at December 31, 2023	Level 1	Level 2	Level 3	Total
<b>Investments</b>				
Fixed income	\$ -	\$ 132,444,484	\$ -	\$ 132,444,484
<b>Total</b>	<b>\$ -</b>	<b>\$ 132,444,484</b>	<b>\$ -</b>	<b>\$ 132,444,484</b>

  

As at December 31, 2022	Level 1	Level 2	Level 3	Total
<b>Investments</b>				
Fixed income	\$ -	\$ 181,881,448	\$ -	\$ 181,881,448
<b>Total</b>	<b>\$ -</b>	<b>\$ 181,881,448</b>	<b>\$ -</b>	<b>\$ 181,881,448</b>

## 8. Risk Management

The Fund's activities expose it to a variety of financial risks in the normal course of operations. These include credit risk, liquidity risk, and market risk. The value of the investments in the Fund's portfolio can fluctuate as a result of changes in interest rates, general economic conditions, supply and demand conditions relating to specific securities, or news relating to a specific issuer. In order to manage risk, the Portfolio Manager will diversify the portfolio based on industry and credit rating category. Significant risks that are relevant to the Fund are discussed below.

### Credit risk

Credit risk is the risk of financial loss that could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The Fund's main exposure to credit risk consists of investments in debt instruments, such as bonds.

# Lysander-Canso Corporate Treasury Fund

Notes to the financial statements for December 31, 2023 and 2022

The Fund is also exposed to counterparty risk from other assets, such as amounts due from investment dealer or subscriptions receivable. To manage this risk, the Portfolio Manager monitors the Fund's credit exposure and counterparty credit ratings.

The Fund measures credit risk and lifetime ECLs related to these trade receivables using historical analysis and forward looking information in determining the ECL.

As at December 31, 2023 and 2022, the Fund had directly invested in debt instruments with the following credit ratings:

As a % of net assets		31-Dec-23		31-Dec-22	
<b>Credit exposure</b>					
AAA	%	90.7	%	77.6	
AA		5.6		2.7	
A		2.9		15.8	
BBB		0.4		-	

## Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations, including any redemption of units for cash. The Fund is exposed to possible daily redemptions at the then current NAV per unit. Liquidity risk is managed by investing a significant portion of the Fund's assets in investments that are traded in an active market and that can be readily sold. All liabilities of the Fund are due within one year.

The following table presents the Fund's liabilities according to their maturity date as at December 31, 2023 and 2022:

As at 31-Dec-2023	Less Than One Month		1-3 Months		3 Months - 1 Year		
<b>Liquidity exposure</b>							
Redemption Payable	\$	106,492	\$	-	\$	-	
Accrued expenses		-		47,478		-	
As at 31-Dec-2022							
		Less Than One Month		1-3 Months		3 Months - 1 Year	
<b>Liquidity exposure</b>							
Redemption Payable	\$	208,800	\$	-	\$	-	
Accrued expenses		-		60,347		-	

## Market risk

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a fund asset will fluctuate because of changes in market interest rates. If applicable, to manage interest rate risk, the Portfolio Manager monitors exposures and maintains the portfolio duration within the limits specified in the investment policies and objectives of the Fund. If applicable, the Fund has calculated the sensitivity analysis below. Actual results may differ materially from this analysis.

The table below summarizes the Fund's exposure to interest rate risks based on the remaining term to maturity of the investments.

	Less than 1 year		1-5 years		More than 5 years	
<b>Interest rate exposure</b>						
December 31, 2023	\$	59,811,566	\$	72,632,918	\$	-
December 31, 2022		83,198,140		98,683,308		-

If interest rates had increased or decreased by 1% at December 31, 2023, with all other variables remaining constant, net assets of the fund would have decreased or increased by approximately \$1,514,742 (December 31, 2022- \$1,726,416).

### Currency risk

Currency risk arises when the value of investments denominated in currencies other than CAD fluctuate due to changes in exchange rates. If applicable, the currency risk will typically be hedged by entering into foreign currency forward contracts, however some

# Lysander-Canso Corporate Treasury Fund

Notes to the financial statements for December 31, 2023 and 2022

moderate currency exposure may be assumed if deemed to be beneficial to the Fund. If applicable, the Fund has calculated the sensitivity analysis below. Actual results may differ materially from this analysis.

The table below summarizes the Fund's net exposure (before hedging, if any) to currency risk as at:

		31-Dec-23		31-Dec-22	
<b>Currency exposure</b>					
US Dollars	%	0.3	%	0.4	

As at December 31, 2023, if the CAD had strengthened or weakened by 1% in relation to the above currencies, with all other factors remaining constant, the Fund's net assets would have decreased or increased by 0.0% (December 31, 2022 - 0.0%).

## *Price risk*

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in a market or market segment. If applicable, this risk is managed through a careful selection of securities and other financial instruments within the parameters of the investment strategy and by maintaining a well-diversified portfolio. Exposure to price risk arises from investments in equity securities. If applicable, the Fund has calculated the sensitivity analysis below. Actual results may differ materially from this analysis.

As at December 31, 2023 and 2022 there was no significant price risk applicable to the Fund.





3080 Yonge Street, Suite 3037  
Toronto, ON M4N 3N1  
[www.lysanderfunds.com](http://www.lysanderfunds.com)

® Lysander Funds is a registered trademark of Lysander Funds Limited