

Annual Management Report of Fund Performance

As at December 31, 2023

Lysander-Canso Credit Opportunities Fund



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A Note About Forward Looking Statements

This annual Management Report of Fund Performance includes certain statements that are “forward looking statements”. All statements, other than statements of historical fact, included in this Management Report of Fund Performance that address activities, events or developments that the Fund expects or anticipates will or may occur in the future, including such things as anticipated financial performance, are forward looking statements. The words “may”, “could”, “would”, “should”, “believe”, “plan”, “anticipate”, “expect”, “intend”, “forecast”, “objective” and similar expressions are intended to identify forward looking statements.

These forward looking statements are subject to various risks and uncertainties, including the risks described in the simplified prospectus of the Fund, which could cause actual financial performance and expectations to differ materially from the anticipated performance or other expectations expressed.

Readers are cautioned not to place undue reliance on these forward looking statements. All opinions contained in forward looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

The Fund has no specific intention of updating any forward looking statements whether as a result of new information, future events or otherwise, except as required by securities legislation. Certain research and information about specific holdings in the Fund, including any opinion, is based upon various sources believed to be reliable, but it cannot be guaranteed to be current, accurate or complete. It is for information only, and is subject to change without notice.

About This Report

This annual Management Report of Fund Performance of Lysander-Canso Credit Opportunities Fund (the “Fund”) contains financial highlights for the year ended December 31, 2023 but does not contain the complete financial statements of the Fund. This report should be read in conjunction with the annual financial statements of the Fund for the year ended December 31, 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 4000, Toronto, Ontario, M4N 3N1, by visiting our website at www.lysanderfunds.com or at SEDAR+ at www.sedarplus.ca.

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 achieve long term capital growth by investing in, or gaining exposure to, a diversified portfolio composed primarily of debt and money market securities. The Fund will use alternative investment strategies such as engaging in short sales and purchasing securities on margin or with borrowed funds.

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 will seek to achieve returns

through a portfolio that primarily invests in, or has exposure to, corporate bonds of Canadian and foreign issuers. Portfolio investments may include higher risk securities and the Fund may take large portfolio exposures to specific countries, market sectors, market movements or other investment insights. The Fund may invest up to 100% of its net 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

During the year, Canso employed its bottom-up process to buy and sell securities for the Fund. The Fund’s positioning and performance is consistent with the Fund’s fundamental investment objective and strategies.

The Fund returns for the year ended December 31, 2023 were 3.8% for Series A, 5.7% for Series C, and 4.1% for Series F.

The net assets of the Fund were approximately \$44.2 million at December 31, 2023 from \$56.3 million at the beginning of the year. There were net redemptions of \$11.6 million during the year.

On February 20, 2020, the trustee and investment fund manager of the Fund changed from Canso Fund Management Ltd., an affiliate of the Manager, to the Manager. Prior to May 11, 2020, securities of the Fund were offered only on a private placement basis. On May 11, 2020, the Fund became a reporting issuer by

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filing a prospectus with securities regulatory authorities in each province and territory in Canada. While these were fundamental changes that occurred to the Fund, neither the Manager nor the Portfolio Manager are of the view that these changes affected the Fund's investment strategies in any material fashion.

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 year except for immaterial short-term cash overdrafts.

Recent Developments

The U.S. Federal Reserve's ("the Fed") about-face on interest rates in the fourth quarter fueled a rally in almost every asset class, from speculative technology shares to junk bonds. The Treasury market posted its first annual gain since 2020 as slowing inflation bolstered views that the Fed's campaign of interest rate increases were seemingly over. The Fed acknowledged that economic activity had slowed, and job gains moderated. The Fed also prepared a potential path towards rate cuts.

The market may have gotten ahead of itself as investors clamored to invest cash before year end. The market is forecasting six quarter-point rate cuts throughout 2024. Investors have also been puzzled by the failure of a widely anticipated recession to materialize.

The Bank of Canada is concerned that inflationary pressures are broad-based. Economic growth stalled during the middle quarters of 2023 as higher interest rates are restraining consumer spending. The labour market is easing, and job creation has slowed. Wages are still rising at an elevated rate despite a modest increase in the unemployment rate.

The Fund maintains a weight in short dated, liquid securities as both credit and interest rate risks remained elevated. The Fund reduced its weight in BB & Below rated securities over the period to 29.4% as spreads on high yield bonds remain tight. The Fund had a net positive exposure of 21.4% to AAA/AA rated securities.

The Fund continues to only take on duration when it believes it's being compensated for the incremental interest rate risk or where we are able to effectively hedge by shorting government securities. Floating rate exposure allows us to mitigate interest rate risk while still being able to benefit from credit spread tightening. The Fund finished the year with a -28.9% short

position in government securities, which are offset by corresponding long corporate and government bonds and a positive cash balance. Duration of the Fund was 2 years at the end of the year.

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 \$445,268 (including HST) in management fees to the Manager for the year ended December 31, 2023 (December 31, 2022 - \$505,851).

The Manager is also entitled to receive a performance fee from Series A and F units of the Fund (the "Performance Fee") under certain conditions as described in the Fund's most recently filed Prospectus. For the year ended December 31, 2023, the Performance Fee accrued and payable by the Fund was \$510,347 (including HST) (December 31, 2022 - nil).

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 will also pay the Portfolio Manager a percentage of any Performance Fee that the Manager receives from the Fund, such percentage to be agreed upon between the Manager and the Portfolio Manager from time to time.

The Manager paid \$469,367 (including HST) to the Portfolio Manager for the year ended December 31, 2023 (December 31, 2022 - \$243,357).

The Manager relied, or may rely on standing instructions from the IRC in respect of securities traded amongst mutual funds,

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closed end funds, managed accounts or pooled funds managed by the Manager or an affiliate of the Manager. In such cases the Manager is required to comply with the Manager's written policies and procedures presented to the IRC and provide periodic reports to the IRC in accordance with National Instrument 81-107.

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Financial Highlights

Series A*

Year ended	31-Dec-2023	31-Dec-2022	31-Dec-2021	31-Dec-2020
Net assets per unit¹				
Net assets, beginning of year	\$ 11.50	\$ 12.44	\$ 11.74	\$ -
Operations:				
Total revenue	0.70	0.49	0.53	0.42
Total expenses	(0.29)	(0.19)	(0.58)	(0.27)
Realized gains (losses)	(0.19)	0.65	0.68	0.32
Unrealized gains (losses)	0.19	(0.99)	0.51	2.03
Total increase (decrease) from operations²	\$ 0.41	\$ (0.04)	\$ 1.14	\$ 2.50
Distributions:				
From income (excluding dividends)	\$ (0.46)	\$ (0.17)	\$ (0.37)	\$ (0.58)
From dividends	(0.03)	(0.04)	(0.05)	(0.05)
From capital gains	-	(0.66)	(0.32)	(0.75)
Total distributions^{2 3}	\$ (0.49)	\$ (0.87)	\$ (0.74)	\$ (1.38)
Net assets, end of year^{2 3}	\$ 11.44	\$ 11.50	\$ 12.44	\$ 11.74
Ratios and supplemental data				
Net asset value ⁴	\$ 2,890,727	\$ 3,612,923	\$ 2,643,911	\$ 988,854
Units outstanding	252,644	314,068	212,520	84,203
Management expense ratio ⁵	% 2.43	% 1.63	% 4.68	% 3.75
Management expense ratio before waivers or absorption	2.91	1.63	4.82	4.13
Portfolio turnover rate ⁶	67.24	93.03	43.80	32.31
Trading expense ratio ⁷	0.09	0.07	-	0.02
Net asset value per unit, end of year	\$ 11.44	\$ 11.50	\$ 12.44	\$ 11.74

Notes

* Series A commenced operations on May 11, 2020.

- The information is derived from the Fund's audited annual financial statements. All per unit figures presented are referenced to net assets determined in accordance to IFRS.
- Net assets and distributions are based on the actual numbers of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.
- Distributions were paid in cash or reinvested in additional units, or both.
- This information is provided at the end of the period shown.
- The management expense ratio is based on the total expenses of the period ended and is expressed as an annualized percentage of daily average net asset values during the period. Effective December 31, 2023 the management expense ratio excludes the stock loan fees which will be reflected in the trading expense ratio.
- 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. Effective December 31, 2023 the stock loan fees which will be reflected in the trading expense ratio.

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Series C*

Year ended	31-Dec-2023	31-Dec-2022	31-Dec-2021	31-Dec-2020
Net assets per unit¹				
Net assets, beginning of year	\$ 13.80	\$ 15.17	\$ 13.68	\$ 12.14
Operations:				
Total revenue	0.85	0.59	0.66	0.72
Total expenses	(0.12)	(0.12)	(0.13)	(0.10)
Realized gains (losses)	(0.17)	0.81	0.81	1.06
Unrealized gains (losses)	0.21	(1.23)	0.84	3.17
Total increase (decrease) from operations²	\$ 0.77	\$ 0.05	\$ 2.18	\$ 4.85
Distributions:				
From income (excluding dividends)	\$ (0.66)	\$ (0.27)	\$ (0.39)	\$ (0.35)
From dividends	(0.04)	(0.06)	(0.04)	(0.03)
From capital gains	-	(1.06)	(0.27)	(0.33)
Total distributions^{2 3}	\$ (0.70)	\$ (1.39)	\$ (0.70)	\$ (0.71)
Net assets, end of year^{2 3}	\$ 13.86	\$ 13.80	\$ 15.17	\$ 13.68
Ratios and supplemental data				
Net asset value ⁴	\$ 2,573,058	\$ 2,434,339	\$ 2,426,610	\$ 2,090,691
Units outstanding	185,680	176,420	159,921	152,830
Management expense ratio ⁵	% 0.78	% 0.79	% 0.85	% 0.86
Management expense ratio before waivers or absorption	0.78	0.79	1.04	1.43
Portfolio turnover rate ⁶	67.24	93.03	43.80	32.31
Trading expense ratio ⁷	0.09	0.07	-	0.02
Net asset value per unit, end of year	\$ 13.86	\$ 13.80	\$ 15.17	\$ 13.68

Notes

* The Fund became a reporting issuer on May 11, 2020; however, Series C units started on December 19, 2008 and were issued pursuant to prospectus exemptions. The information provided is for the full calendar year for 2020.

1 The information is derived from the Fund's audited annual financial statements. All per unit figures presented are referenced to net assets determined in accordance to IFRS.

2 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.

3 Distributions were paid in cash or reinvested in additional units, or both.

4 This information is provided at the end of the period shown.

5 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 December 31, 2023 the management expense ratio excludes the stock loan fees which will be reflected in the trading expense ratio.

6 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.

7 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. Effective December 31, 2023 the stock loan fees which will be reflected in the trading expense ratio.

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Series F*

Year ended	31-Dec-2023	31-Dec-2022	31-Dec-2021	31-Dec-2020
Net assets per unit¹				
Net assets, beginning of year	\$ 10.20	\$ 10.96	\$ 10.22	\$ 9.47
Operations:				
Total revenue	0.62	0.42	0.47	0.58
Total expenses	(0.22)	(0.11)	(0.47)	(0.47)
Realized gains (losses)	(0.16)	0.59	0.55	0.39
Unrealized gains (losses)	0.15	(1.01)	0.50	1.92
Total increase (decrease) from operations²	\$ 0.39	\$ (0.11)	\$ 1.05	\$ 2.42
Distributions:				
From income (excluding dividends)	\$ (0.48)	\$ (0.15)	\$ (0.24)	\$ (0.42)
From dividends	(0.03)	(0.03)	(0.04)	(0.04)
From capital gains	-	(0.57)	(0.29)	(0.56)
Total distributions^{2 3}	\$ (0.51)	\$ (0.75)	\$ (0.57)	\$ (1.02)
Net assets, end of year^{2 3}	\$ 10.10	\$ 10.20	\$ 10.96	\$ 10.22
Ratios and supplemental data				
Net asset value ⁴	\$ 38,703,414	\$ 50,216,122	\$ 55,314,631	\$ 19,745,200
Units outstanding	3,832,950	4,924,179	5,047,372	1,932,671
Management expense ratio ⁵	% 2.10	% 1.08	% 4.32	% 4.91
Management expense ratio before waivers or absorption	2.55	1.08	4.47	5.40
Portfolio turnover rate ⁶	67.24	93.03	43.80	32.31
Trading expense ratio ⁷	0.09	0.07	-	0.02
Net asset value per unit, end of year	\$ 10.10	\$ 10.20	\$ 10.96	\$ 10.22

Notes

* The Fund became a reporting issuer on May 11, 2020 and Series F units have been qualified for distribution under a prospectus commencing on that date; however, Series F units started on March 31, 2014 and were issued pursuant to prospectus exemptions. The information provided is for the full calendar year for 2020.

1 The information is derived from the Fund's audited annual financial statements. All per unit figures presented are referenced to net assets determined in accordance to IFRS.

2 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.

3 Distributions were paid in cash or reinvested in additional units, or both.

4 This information is provided at the end of the period shown.

5 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 December 31, 2023 the management expense ratio excludes the stock loan fees which will be reflected in the trading expense ratio.

6 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.

7 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. Effective December 31, 2023 the stock loan fees which will be reflected in the trading expense ratio.

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Management Fees

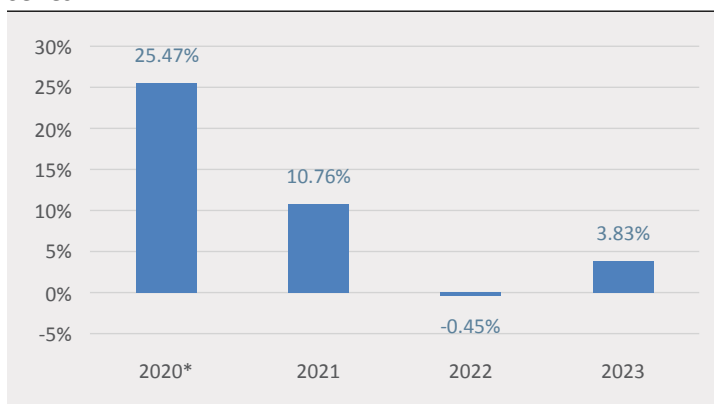
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

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. Effective May 11, 2020, the Fund paid a management fee at a rate of 1.25% per annum for Series A units, at a rate of 0.50% per annum for Series C and at a rate of 0.75% per annum for Series F units.

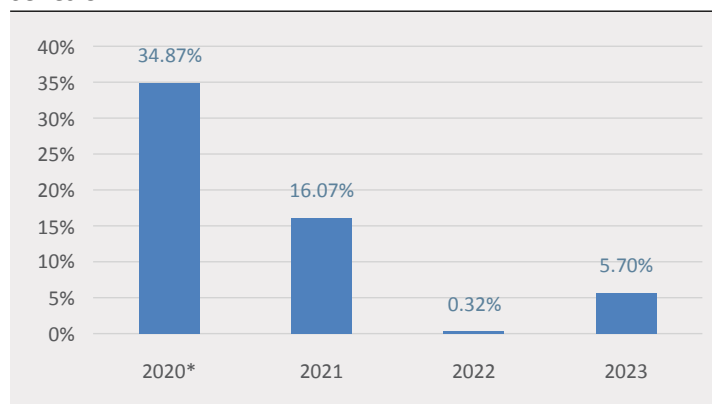
Service fees or trailing commissions of a maximum of 0.50% per annum are paid on Series A units to dealers. This comprises approximately 40% of the management fee of Series A units.

Year-by-Year Returns

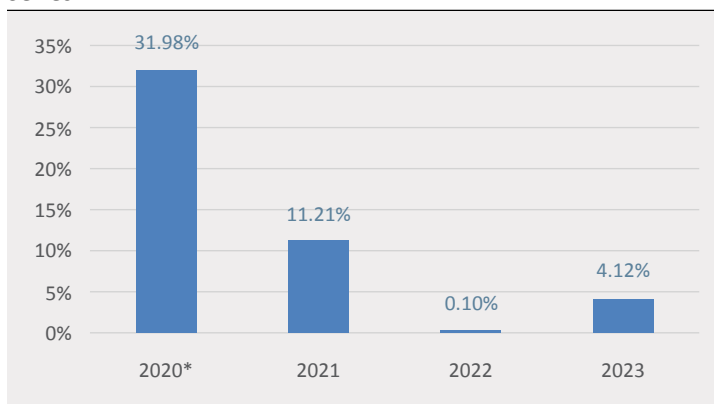
Series A



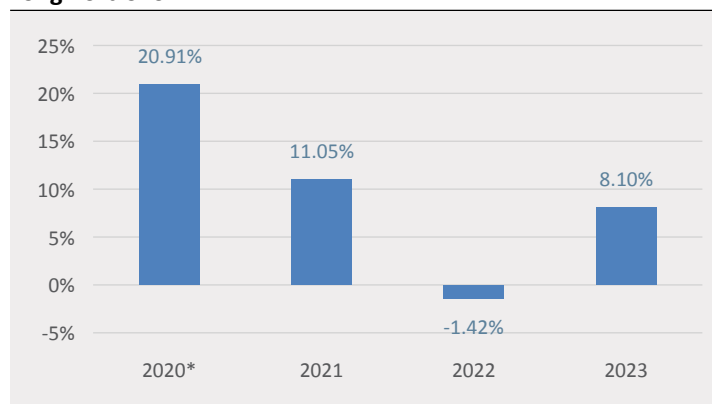
Series C



Series F



Long Portfolio

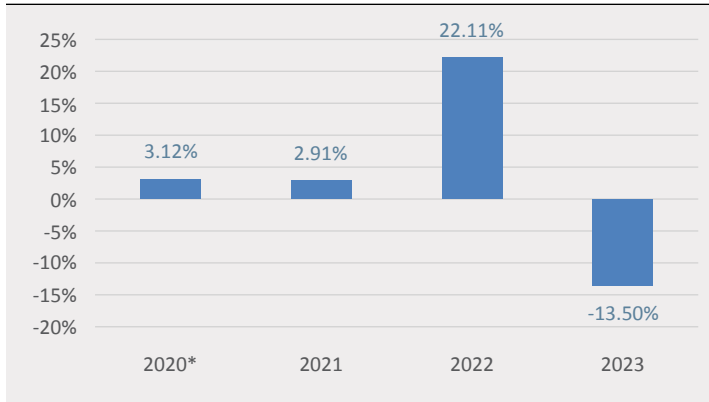


* For the period May 11 to December 31

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Short Portfolio



* For the period May 11 to December 31

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Annual Compound Returns

The following table shows the Fund's annual compound return for each period indicated, compared with the FTSE Canada All Corporate Bond Index (the "Index"). The Index is divided into sub-indices based on credit rating: a combined AAA/AA sector, a single A sector, and a BBB sector. The returns of the Index are calculated without the deduction of fees and expenses, whereas the performance of the Fund is calculated after deducting such fees and expenses.

For years ended December 31, 2023		1 Year		3 Year ²		Since Inception ³	
Annual Compound Return							
Series A ¹	%	3.83	%	4.61	%	10.47	
Series C ¹		5.70		7.16		14.95	
Series F ¹		4.12		5.04		12.40	
Long Portfolio		8.1		5.8		9.4	
Short Portfolio		(13.5)		2.8		3.3	
FTSE Canada All Corporate Bond Index ⁴	%	8.37	%	(1.23)	%	0.54	

Notes

¹ Returns are based on the net asset value per unit of the relevant series of the Fund and assume that all distributions were reinvested.

² Compound period returns are annualized.

³ Period starting from May 11, 2020. Since inception returns are annualized.

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Summary of Investment Portfolio

		% of NAV			% of NAV
Top 25 Issuers			Asset Mix		
Long positions:			Canadian Equities		
Canadian Government	%	28.0		%	1.1
Air Canada		6.9	Canadian Fixed Income		56.0
Toronto-Dominion Bank		6.4	Canadian Securities Sold Short		(24.3)
Bank Of Nova Scotia		5.9	Cash and Cash Equivalents		0.4
Manulife Financial Corp.		5.9	Foreign Fixed Income		30.3
MERRILL LYNCH		5.2	Foreign Securities Sold Short		(4.6)
Pembina Pipeline Corp.		5.1	Inflation Bonds		23.0
Pacific Life Gf li		4.0	Mortgage Backed Securities		11.5
Avis Budget Car/Finance		3.5	Other Assets less Liabilities		0.6
Home Trust Co		3.4	Preferred Shares		3.5
Canadian Imperial Bank of Commerce		3.2	Private Placements		2.5
Bombardier Inc.		2.8	Total	%	100.0
Latam Airlines Group Sa		2.8	Sector		
JP Morgan Chase & Co.		2.5	Cash and Cash Equivalents	%	0.4
Spirit Aerosystems Inc.		2.2	Communication Services		7.0
Royal Bank Of Canada		1.9	Consumer Discretionary		2.7
AT&T Inc.		1.9	Consumer Staples		5.4
AMC Entertainment Holdings		1.9	Energy		10.2
Natwest Group Plc		1.9	Financials		51.4
SNC-Lavalin Group Inc.		1.9	Government		0.7
Credit Suisse Group Ag		1.9	Industrials		21.6
Scotia Capital		1.8	Other Assets less Liabilities		0.6
Loblaw Companies Limited		1.8	Total	%	100.0
Total	%	102.8			
Short positions:					
Canadian Government	%	(24.3)			
US Government		(4.6)			
Total	%	(28.9)			
Total Portfolio Long Positions	%	128.9			
Total Portfolio Short Positions		(28.9)			



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