

Annual Management Report of Fund Performance
As at December 31, 2023

Lysander-Seamark Balanced 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-Seamark Balanced 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 provide long-term total returns consisting of both income and capital gains by investing primarily in a portfolio of fixed income securities and equities.

Investment Strategies

The Fund’s portfolio manager, is Seamark Asset Management Ltd. (“Portfolio Manager” or “Seamark”). The Fund’s portfolio is primarily invested in a diversified portfolio of both equities and bonds. The Fund will not be leveraged. The Fund may invest up to 100% of its assets in foreign securities. More details are contained in the Fund’s simplified prospectus.

Risks

The risks of this Fund remain as discussed in the Fund’s most recent simplified prospectus.

Results of Operations

The Fund returns for the year ended December 31, 2023 were 8.3% for Series A and 9.2% for Series F.

The net assets of the Fund were approximately \$2.2 million at December 31, 2023 from approximately \$2.0 million at the beginning of the period.

Investment markets delivered positive returns in 2023, despite investor concerns about high interest rates and economists’ calls for recession. Early in the year, the fight against inflation was front and center for Central Banks around the world. Interest rates ratcheted higher, with short term rates in Canada and in the U.S. eventually peaking at 5.0% and 5.5% respectively. Inflation rates declined markedly in the face of rising interest rates. By year end, quarterly inflation rates in Canada and the U.S. had fallen to just over 3%. Investors concluded that 2024 would see the start of a decline in short term interest rates. As 2023 wound down, investors had become more confident that the illusive soft landing monetary authorities had hoped for, would be delivered.

At year-end, the largest equity sectors of the Fund were Financials, Information Technology, Materials and Health Care. Information technology showed the strongest weighted returns followed by industrials, while health care and real estate were the weakest. In the equity space, the leading performers were Intel, Amazon, Applied Materials, Alphabet and Stella Jones,

Lysander-Seamark Balanced Fund

Annual Management Report of Fund Performance as at December 31, 2023

while some of the weakest holdings were Pfizer, Park Lawn, Allied Properties Units and Diageo.

The Fund bought six new positions in 2023. Several of the new positions were established at less than full weight, as a means of managing volatility risk. A position in Albermarle (lithium producer) was reestablished. Some of the purchases made at attractive prices included shares of Dollar General (US dollar store), Emerson Electric (large American automation company) and Aptiv plc (high growth automotive technologies), along with shares of CVS Health Corp (large US pharmacy health care provider) and Medtronic (global medical devices).

The Fund sold two positions in 2023. It sold Transalta Renewables ahead of a takeover by the parent Transalta. It also sold a spin-off from Novartis called Sandoz AG because generic drugs were not the focus of our investment.

The Fund decreased cash from a level of 10.5% at year-end 2022 to 1.1% at year-end 2023. This positioning and performance are consistent with the Fund's fundamental investment objective and strategies.

There were no unusual changes to the components of revenue and expenses of the Fund and there were no unusual events or transactions, economic changes or market conditions that affected performance beyond what would be reasonably expected or as described below.

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

Recent Developments

The investment landscape has improved markedly from a year ago. Inflation is much lower which should result in monetary conditions being loosened by central banks. The yield curve remains in an inverted state in Canada and in the U.S., i.e. short-rates are higher than long-rates. This phenomenon should begin to reverse itself as central banks initiate interest rate cuts in 2024. Short term bond yields are still attractive and would benefit from a return to a positively shaped yield curve.

What is relevant now for equity investors is the wide divergence in valuation between the market's growth and value sectors. Throughout 2023, the Fund has been using share price weakness in strong companies with depressed valuations to position portfolios to benefit from the next economic cycle. Many sectors outside of technology are attractively priced. Even small and mid-cap companies trade at compelling valuations. The Fund is positioned to benefit from the recovery of the undervalued sectors of the market.

It is common for the U.S. economy to perform well in an election year. This year appears no different, with a soft landing currently unfolding. Inflation has subsided, and job growth in the U.S. has been resilient. Canadian economic data has been softer, other than housing, but the table has been set for the Federal Reserve and the Bank of Canada to loosen their grips on short term interest rates this year. Investors will no longer be 'fighting the Fed' in 2024, which will set a more optimistic tone for investment. Based on this outlook, the Fund is almost fully invested as we enter the new year.

Notwithstanding the improving economic scene, geopolitical risks cannot be completely ignored in 2024. Armed conflicts – in Ukraine and the Middle East, and a contentious U.S. election season lie ahead. Prudent security selection will still be the focus of the Fund.

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 \$19,799 (including HST) in management fees to the Manager for the year ended December 31, 2023 (December 31, 2022 - \$18,828).

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 \$9,002 (including HST) to the Portfolio Manager for the year ended December 31, 2023 (December 31, 2022 - \$8,711).

Lysander-Seamark Balanced Fund

Annual Management Report of Fund Performance as at December 31, 2023

The Manager relied, or may rely on standing instructions from the IRC in respect of securities traded amongst mutual funds, closed end funds, managed accounts or pooled funds managed by the Manager or an affiliate of the Manager. In such cases the Manager is required to comply with the Manager's written policies and procedures presented to the IRC and provide periodic reports to the IRC in accordance with National Instrument 81-107.

Lysander-Seamark Balanced Fund

Annual Management Report of Fund Performance as at December 31, 2023

Financial Highlights

Series A

Year ended	31-Dec-2023	31-Dec-2022	31-Dec-2021	31-Dec-2020	31-Dec-2019
Net assets per unit¹					
Net assets, beginning of year	\$ 11.64	\$ 13.25	\$ 11.55	\$ 11.10	\$ 9.97
Operations:					
Total revenue	0.34	0.33	0.31	0.33	0.34
Total expenses	(0.25)	(0.26)	(0.26)	(0.23)	(0.23)
Realized gains (losses)	0.15	0.40	0.77	0.22	-
Unrealized gains (losses)	0.75	(1.22)	1.01	(0.71)	1.09
Total increase (decrease) from operations²	\$ 0.99	\$ (0.75)	\$ 1.83	\$ (0.39)	\$ 1.20
Distributions:					
From income (excluding dividends)	\$ -	\$ (0.03)	\$ (0.01)	\$ (0.02)	\$ -
From dividends	(0.14)	(0.15)	(0.05)	(0.06)	(0.10)
From capital gains	(0.11)	(0.58)	(0.11)	-	-
Total distributions^{2 3}	\$ (0.25)	\$ (0.76)	\$ (0.17)	\$ (0.08)	\$ (0.10)
Net assets, end of year^{2 3}	\$ 12.36	\$ 11.64	\$ 13.25	\$ 11.55	\$ 11.10
Ratios and supplemental data					
Net asset value ⁴	\$ 231,920	\$ 202,725	\$ 116,054	\$ 76,933	\$ 251,904
Units outstanding	18,757	17,410	8,762	6,660	22,692
Management expense ratio ⁵	% 1.97	% 1.99	% 1.97	% 1.97	% 1.99
Management expense ratio before waivers or absorption	2.73	3.40	2.85	2.98	3.07
Portfolio turnover rate ⁶	6.86	12.92	19.69	45.83	29.6
Trading expense ratio ⁷	0.01	0.01	0.02	0.01	0.01
Net asset value per unit, end of year	\$ 12.36	\$ 11.64	\$ 13.25	\$ 11.55	\$ 11.10

Notes

- 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.
- The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund. The portfolio turnover rate is calculated based on the lesser of purchases or sales of securities divided by the weighted average market value of portfolio securities, excluding short term securities.
- The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

Lysander-Seamark Balanced Fund

Annual Management Report of Fund Performance as at December 31, 2023

Series F

Year ended	31-Dec-2023	31-Dec-2022	31-Dec-2021	31-Dec-2020	31-Dec-2019
Net assets per unit¹					
Net assets, beginning of year	\$ 11.30	\$ 12.70	\$ 11.54	\$ 11.12	\$ 10.02
Operations:					
Total revenue	0.35	0.33	0.32	0.33	0.34
Total expenses	(0.14)	(0.15)	(0.15)	(0.14)	(0.14)
Realized gains (losses)	0.14	0.66	0.74	0.08	0.01
Unrealized gains (losses)	0.70	(1.52)	1.07	0.43	1.11
Total increase (decrease) from operations²	\$ 1.05	\$ (0.68)	\$ 1.98	\$ 0.70	\$ 1.32
Distributions:					
From income (excluding dividends)	\$ -	\$ (0.03)	\$ (0.03)	\$ (0.05)	\$ -
From dividends	(0.20)	(0.14)	(0.14)	(0.15)	(0.21)
From capital gains	(0.14)	(0.53)	(0.65)	-	-
Total distributions^{2 3}	\$ (0.34)	\$ (0.70)	\$ (0.82)	\$ (0.20)	\$ (0.21)
Net assets, end of year^{2 3}	\$ 12.00	\$ 11.30	\$ 12.70	\$ 11.54	\$ 11.12
Ratios and supplemental data					
Net asset value ⁴	\$ 2,004,808	\$ 1,833,723	\$ 2,211,131	\$ 1,906,990	\$ 1,648,724
Units outstanding	167,003	162,216	174,082	165,319	148,204
Management expense ratio ⁵	% 1.12	% 1.14	% 1.12	% 1.12	% 1.14
Management expense ratio before waivers or absorption	1.89	2.41	1.99	2.19	2.32
Portfolio turnover rate ⁶	6.86	12.92	19.69	45.83	29.6
Trading expense ratio ⁷	0.01	0.01	0.02	0.01	0.01
Net asset value per unit, end of year	\$ 12.00	\$ 11.30	\$ 12.70	\$ 11.54	\$ 11.12

Notes

- 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.
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- The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

Lysander-Seamark Balanced Fund

Annual Management Report of Fund Performance as at December 31, 2023

Management Fees

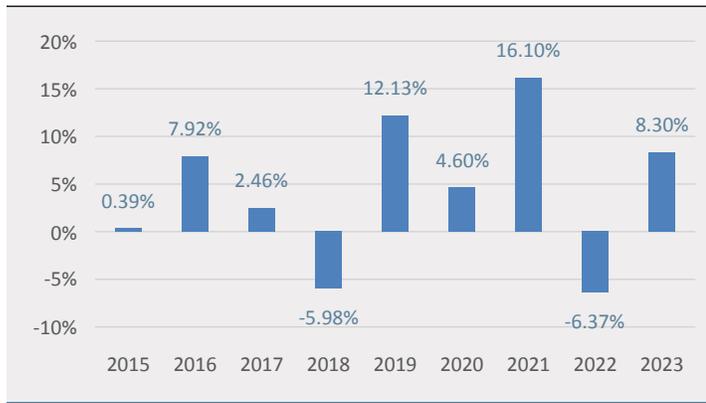
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

In consideration for such services, the Manager receives a management fee, based on the net asset value of each Series, calculated daily and payable monthly. The Fund pays a management fee at a rate of 1.50% per annum for Series A units and at a rate of 0.75 % per annum for Series F units.

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

Year-by-Year Returns

Series A

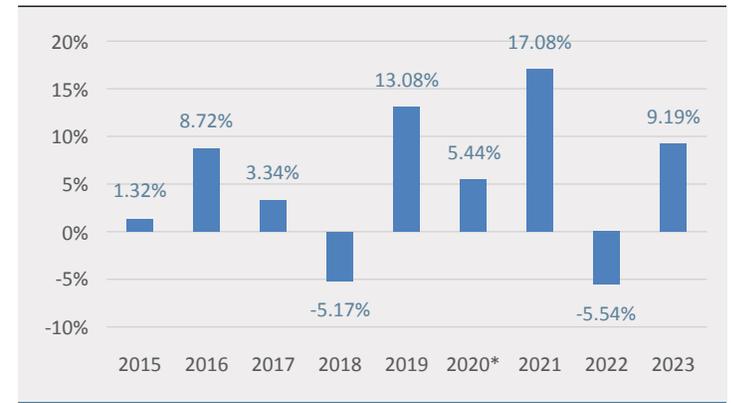


Past Performance

The Fund became a reporting issuer on December 30, 2014. Accordingly, returns are shown for the relevant period/years as indicated below.

The performance information assumes that any distributions are reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Past performance does not necessarily indicate how the series will perform in the future.

Series F



* Restated return for Series F

Lysander-Seamark Balanced Fund

Annual Management Report of Fund Performance as at December 31, 2023

Annual Compound Returns

The following table shows the Fund's annual compound return for each period indicated, compared with 40% FTSE Canada Universe, 5% FTSE Canada 91 Day Tbills, 27% S&P/TSX Total Return Index(CAD), 20% S&P Total Return Index (CAD) and 8% MSCI EAFE Composite(CAD) (the "Index"). 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		5 Year ²		Since Inception ³
Annual Compound Return								
Series A ¹	%	8.30	%	5.59	%	6.66	%	4.14
Series F ¹		9.19		6.49		7.56		5.02
Index ⁴	%	11.93	%	4.28	%	7.38	%	6.11

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 December 30, 2014. Since inception returns are annualized.

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Lysander-Seamark Balanced Fund

Annual Management Report of Fund Performance as at December 31, 2023

Summary of Investment Portfolio

		% of NAV			% of NAV
Top 25 Issuers			Asset Mix		
Canadian Government (Debt)	%	4.6	Canadian Equities	%	29.8
CDP Financial Inc. (Debt)		3.0	Canadian Fixed Income		29.0
Canada Housing Trust (Debt)		2.5	Cash and Cash Equivalents		1.1
Kla Corp. (Equity)		2.4	Foreign Fixed Income		0.8
Applied Materials Inc. (Equity)		1.8	International Equities		4.9
Province of Ontario (Debt)		1.6	Other Assets less Liabilities		0.7
Royal Bank Of Canada (Equity)		1.6	Private Placements		1.0
Apple Inc. (Equity)		1.5	US Equities		32.7
Bank Of Nova Scotia (Equity)		1.4	Total	%	100.0
Manulife Financial Corp. (Equity)		1.4	Sector		
Sap Se (Equity)		1.4	Cash and Cash Equivalents	%	1.1
Toronto-Dominion Bank (Equity)		1.3	Communication Services		5.3
Ia Financial Corp. Inc. (Equity)		1.3	Consumer Discretionary		8.4
Alphabet Inc. (Equity)		1.3	Consumer Staples		5.9
Ats Corp. (Equity)		1.3	Energy		3.5
JP Morgan Chase & Co. (Equity)		1.3	Financials		23.9
Novartis Ag (Equity)		1.2	Government		16.0
Royal Bank Of Canada (Debt)		1.2	Industrials		7.1
Visa Inc. (Equity)		1.2	Information Technology		9.9
BMW Canada Inc. (Debt)		1.1	Materials		6.9
Cash and Cash Equivalents		1.1	Other Assets less Liabilities		0.7
Aimco Realty Investors (Debt)		1.1	Real Estate		1.3
North West Co Inc./The (Equity)		1.1	Utilities		2.4
Shell Plc (Equity)		1.0	Health Care		7.6
Alimentation Couche-Tard Inc. (Equity)		1.0	Total	%	100.0
Total	%	39.7			



3080 Yonge Street, Suite 4000
Toronto, ON M4N 3N1
www.lysanderfunds.com

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