

**Semi-Annual Management Report of Fund Performance**  
As at June 30, 2024

Lysander-Seamark Balanced Fund



# Lysander-Seamark Balanced Fund

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## A Note About Forward Looking Statements

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

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

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

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

## About This Report

This semi-annual Management Report of Fund Performance of Lysander-Seamark Balanced Fund (the “Fund”) contains financial highlights for the period ended June 30, 2024 but does not contain the complete financial statements of the Fund. This report should be read in conjunction with the interim financial statements of the Fund for the period ended June 30, 2024. 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](http://www.lysanderfunds.com) or at SEDAR+ at [www.sedarplus.ca](http://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 six-month period ended June 30, 2024 were 4.13% for Series A and 4.57% for Series F.

The net assets of the Fund were approximately \$2.3 million at June 30, 2024 from approximately \$2.2 million at the beginning of the period. There were net redemptions of approximately \$47.6 thousand during the period.

The period has been a challenging environment for investors. There are signs that world economies are slowing, consistent with some additional signals that inflation rates continue to temper. But the signals are mixed, often changing direction from month to month.

Bonds were disappointing in the period. Anticipated cuts to short-term rates have been delayed with economic growth and inflation continuing to sputter along. In June, the Bank of Canada led the way in North America with a 25-basis point cut to its key overnight rate. The European Central Bank (ECB) announced a similar reduction, and the Swiss announced their second 25 basis point cut of 2024. The tepid language around the cuts doesn’t commit these monetary authorities to further cuts, although that appears to be in the cards as inflation rates continue to inch lower. The FTSE Canada Universe Bond Index posted a six month return of -0.4%. The fixed income segment of the portfolio increased to 28.6% at mid-year 2024 from 28.1% at December 31, 2023.

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Canada's equity benchmark, the S&P/TSX Composite Index ("TSX"), underperformed its U.S. counterpart year to date, recording an increase of 4.4%. When dividends are included, the TSX registered a 6.1% total return. As measured by the S&P 500 Index, stock prices increased by 14.5% in the U.S. (15.3% total return including dividends). Adjusting for a 3.5% decrease in the value of the Canadian dollar, the tech heavy S&P 500 logged a 19.2% total return for Canadian investors. Other world markets, represented by Morningstar Developed Markets ex North America Price Index, increased by 6.7%, but when adjusted for dividends and the weaker Canadian dollar, it recorded a return of approximately 9.0%.

The lesser performance of Canadian equities stood in stark contrast to the robust U.S. equity market performance, which is still being driven by just a handful of technology stocks. Boosted by high expectations for Artificial Intelligence, Nvidia achieved a recent valuation in excess of three trillion dollars. When combined with Apple and Microsoft, the market value of the trio exceeded that of the entire Chinese stock market. The largest capitalization stocks in the S&P 500 continued to drive that index to a world leading result. When the top ten names are removed from the calculation, the S&P 500 performance for the period was 5%. For the period, the capitalization weighted S&P 500 Index returns have been roughly twice as high as the returns for the better diversified S&P 500 Equal Weight Index, and three times the return of Canadian stocks, as measured by the S&P TSX Index. The wide divergence of the S&P 500 Cap Weighted and the S&P 500 Equal Weight index continues to call into question the validity of pursuing cap weighted benchmarks that are subject to high concentration risk. The Fund's equity portfolio seeks more prudent levels of diversification and, as such, perform more in line with equal weighted benchmark indexes.

At June 30, 2024, the largest equity sectors of the Fund were Information Technology, Financials, Health Care and Consumer Discretionary. In combination, these sectors comprised 49.7% of the portfolio. The information technology sector showed the strongest weighted return followed by financials, while interest sensitive sectors real estate and utilities were the weakest. In the equity space the leading performers in the first half were Applied Materials, KLA Corp, Park Lawn, SAP and Alphabet (all of which registered gains of more than 30%), while the weaker holdings were Intel, Albermarle, CVS Health and Allied Properties Units.

The Fund established four new positions the period. A position in Schlumberger (leading energy service provider) was reestablished on a price correction. Other purchases made at attractive prices included shares of General Mills (US packaged foods), Expedia (travel bookings) and Palo Alto Networks (high growth cybersecurity).

The Fund eliminated one position in the period. Shares of Shell Plc were sold on strength in the energy sector.

The Fund started to increase its duration by buying long term provincial issues such as Nova Scotia maturing in 2042 with a coupon 4.4%. The Fund also continued to participate in new issues such as CPP 3.6% maturing in 2029.

The Fund decreased its cash position to 1.5%. This positioning and performance are consistent with the Fund's fundamental investment objective and strategies.

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

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

## Recent Developments

The Fund's equity portion was positioned somewhat defensively for a slowing economy. Companies that make everyday consumable goods or provide services have been negatively impacted by a slowing economy. Many companies are reporting earnings which fall short of analysts' expectations, accounting for single digit equity returns in the first half.

There are only limited signs of broad-based significant profit or capital spending declines which often coincide with recessions. Against this soft-landing scenario, corporate management teams are having to adopt to a more grinding effort to generate earnings and resultant stock price increases.

A stronger economy in the United States needs to demonstrate more progress on price inflation. There is now an expectation of a second rate cut by the BOC (July) and a rate cut by the Federal Reserve in September. So, an easier monetary stance seems to be in the offing for the period. The initial cuts by monetary authorities probably won't feed through to the economy in their entirety for about a year, so a trend to lower short-term rates may be seeing just its beginnings. A less restrictive monetary policy should sow the seeds for the next economic cycle.

Individual security selection provides opportunity in this environment. With the market over-focused on companies expected to be beneficiaries of AI initiatives, there remain plenty of overlooked companies to be purchased at attractive valuations. We continue to take advantage, expecting today's purchases to drive returns during the coming economic expansion.

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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 \$10,224 (including HST) in management fees to the Manager for the period ended June 30, 2024 (June 30, 2023 - \$9,715).

The Portfolio Manager is responsible for all investment advice provided to the Fund including providing investment analysis and recommendations, making investment decisions and arranging for the acquisition and disposition of portfolio investments. Fees for providing these services are included in the management fee. Portfolio management fees for the Portfolio Manager's services are paid from the management fee.

The Manager paid \$4,711 (including HST) to the Portfolio Manager for the period ended June 30, 2024 (June 30, 2023 - \$4,432).

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

# Lysander-Seamark Balanced Fund

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## Financial Highlights

### Series A

Period ended	30-Jun-2024	31-Dec-2023	31-Dec-2022	31-Dec-2021	31-Dec-2020	31-Dec-2019
<b>Net assets per unit<sup>1</sup></b>						
Net assets, beginning of period	\$ 12.36	\$ 11.64	\$ 13.25	\$ 11.55	\$ 11.10	\$ 9.97
<b>Operations:</b>						
Total revenue	0.18	0.34	0.33	0.31	0.33	0.34
Total expenses	(0.13)	(0.25)	(0.26)	(0.26)	(0.23)	(0.23)
Realized gains (losses)	0.35	0.15	0.40	0.77	0.22	-
Unrealized gains (losses)	0.09	0.75	(1.22)	1.01	(0.71)	1.09
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$ 0.49</b>	<b>\$ 0.99</b>	<b>\$ (0.75)</b>	<b>\$ 1.83</b>	<b>\$ (0.39)</b>	<b>\$ 1.20</b>
<b>Distributions:</b>						
From income (excluding dividends)	\$ (0.06)	\$ -	\$ (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)	-	-
<b>Total distributions<sup>2 3</sup></b>	<b>\$ (0.06)</b>	<b>\$ (0.25)</b>	<b>\$ (0.76)</b>	<b>\$ (0.17)</b>	<b>\$ (0.08)</b>	<b>\$ (0.10)</b>
<b>Net assets, end of period<sup>2 3</sup></b>	<b>\$ 12.81</b>	<b>\$ 12.36</b>	<b>\$ 11.64</b>	<b>\$ 13.25</b>	<b>\$ 11.55</b>	<b>\$ 11.10</b>

<b>Ratios and supplemental data</b>						
Net asset value <sup>4</sup>	\$ 174,139	\$ 231,920	\$ 202,725	\$ 116,054	\$ 76,933	\$ 251,904
Units outstanding	13,592	18,757	17,410	8,762	6,660	22,692
Management expense ratio <sup>5</sup>	% 2.00	% 1.97	% 1.99	% 1.97	% 1.97	% 1.99
Management expense ratio before waivers or absorption	3.13	2.73	3.40	2.85	2.98	3.07
Portfolio turnover rate <sup>6</sup>	7.7	6.9	12.9	19.7	45.8	29.6
Trading expense ratio <sup>7</sup>	-	0.01	0.01	0.02	0.01	0.01
Net asset value per unit, end of period	\$ 12.81	\$ 12.36	\$ 11.64	\$ 13.25	\$ 11.55	\$ 11.10

### Notes

- The information is derived from the Fund's unaudited semi-annual and/or audited annual financial statements. All per unit figures presented are referenced to net assets determined in accordance to IFRS.
- Net assets and distributions are based on the actual numbers of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.
- Distributions were paid in cash or reinvested in additional units, or both.
- This information is provided at the end of the period shown.
- The management expense ratio is based on the total expenses of the period ended and is expressed as an annualized percentage of daily average net asset values during the period.
- The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund. The portfolio turnover rate is calculated based on the lesser of purchases or sales of securities divided by the weighted average market value of portfolio securities, excluding short term securities.
- The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

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## Series F

Period ended	30-Jun-2024	31-Dec-2023	31-Dec-2022	31-Dec-2021	31-Dec-2020	31-Dec-2019
<b>Net assets per unit<sup>1</sup></b>						
Net assets, beginning of period	\$ 12.00	\$ 11.30	\$ 12.70	\$ 11.54	\$ 11.12	\$ 10.02
Operations:						
Total revenue	0.18	0.35	0.33	0.32	0.33	0.34
Total expenses	(0.08)	(0.14)	(0.15)	(0.15)	(0.14)	(0.14)
Realized gains (losses)	0.35	0.14	0.66	0.74	0.08	0.01
Unrealized gains (losses)	0.10	0.70	(1.52)	1.07	0.43	1.11
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$ 0.55</b>	<b>\$ 1.05</b>	<b>\$ (0.68)</b>	<b>\$ 1.98</b>	<b>\$ 0.70</b>	<b>\$ 1.32</b>
Distributions:						
From income (excluding dividends)	\$ (0.09)	\$ -	\$ (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)	-	-
<b>Total distributions<sup>2 3</sup></b>	<b>\$ (0.09)</b>	<b>\$ (0.34)</b>	<b>\$ (0.70)</b>	<b>\$ (0.82)</b>	<b>\$ (0.20)</b>	<b>\$ (0.21)</b>
<b>Net assets, end of period<sup>2 3</sup></b>	<b>\$ 12.46</b>	<b>\$ 12.00</b>	<b>\$ 11.30</b>	<b>\$ 12.70</b>	<b>\$ 11.54</b>	<b>\$ 11.12</b>
<b>Ratios and supplemental data</b>						
Net asset value <sup>4</sup>	\$ 2,097,551	\$ 2,004,808	\$ 1,833,723	\$ 2,211,131	\$ 1,906,990	\$ 1,648,724
Units outstanding	168,360	167,003	162,216	174,082	165,319	148,204
Management expense ratio <sup>5</sup>	% 1.15	% 1.12	% 1.14	% 1.12	% 1.12	% 1.14
Management expense ratio before waivers or absorption	2.42	1.89	2.41	1.99	2.19	2.32
Portfolio turnover rate <sup>6</sup>	7.7	6.9	12.9	19.7	45.8	29.6
Trading expense ratio <sup>7</sup>	-	0.01	0.01	0.02	0.01	0.01
Net asset value per unit, end of period	\$ 12.46	\$ 12.00	\$ 11.30	\$ 12.70	\$ 11.54	\$ 11.12

## Notes

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

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## Management Fees

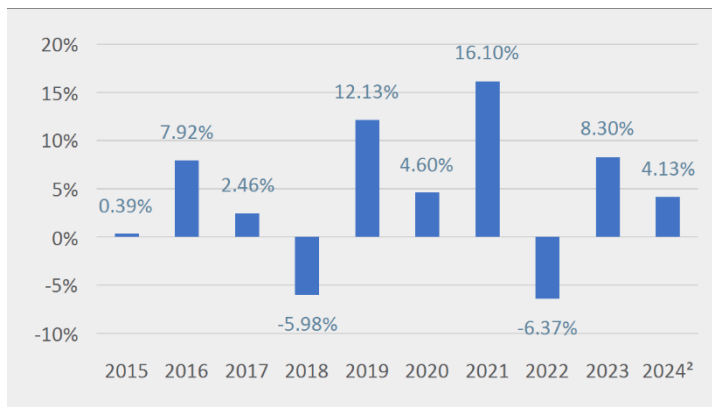
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

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

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

## Year-by-Year Returns

### Series A

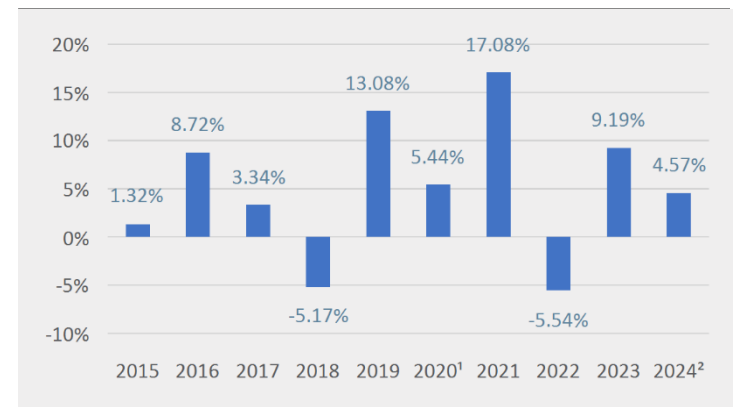


## Past Performance

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

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

### Series F



<sup>1</sup> Restated return for Series F, <sup>2</sup> For the period January 1 to June 30

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## Summary of Investment Portfolio

		% of NAV			% of NAV
<b>Top 25 Issuers</b>			<b>Asset Mix</b>		
Government of Canada (Debt)	%	4.8	Canadian Equities	%	29.0
Applied Materials Inc. (Equity)		2.6	Canadian Fixed Income		26.7
Kla Corp. (Equity)		2.5	Cash and Cash Equivalents		1.5
Alphabet Inc. (Equity)		1.8	Foreign Fixed Income		0.4
Manulife Financial Corp. (Equity)		1.8	International Equities		4.8
Apple Inc. (Equity)		1.7	Other Assets less Liabilities		0.8
Royal Bank Of Canada (Equity)		1.7	Private Placements		1.0
Canada Housing Trust (Debt)		1.6	US Equities		35.8
Cash and Cash Equivalents		1.5	<b>Total</b>	<b>%</b>	<b>100.0</b>
Province Of Quebec (Debt)		1.4	<b>Sector</b>		
Bank Of Nova Scotia (Equity)		1.4	Cash and Cash Equivalents	%	1.5
Province of Nova Scotia (Debt)		1.3	Communication Services		5.7
Toronto-Dominion Bank (Equity)		1.3	Consumer Discretionary		9.1
Province Of New Brunswick (Debt)		1.3	Consumer Staples		6.8
Novartis Ag (Equity)		1.3	Energy		3.4
Ia Financial Corp. Inc. (Equity)		1.2	Financials		22.6
JP Morgan Chase & Co. (Equity)		1.2	Government		14.5
Bank Of America Corp. (Equity)		1.2	Industrials		7.8
Province Of British Columbia (Debt)		1.2	Information Technology		10.5
Visa Inc. (Equity)		1.2	Materials		6.2
Fedex Corp. (Equity)		1.2	Other Assets less Liabilities		0.8
Amazon.Com Inc. (Equity)		1.2	Real Estate		1.2
Unilever PLC (Equity)		1.2	Utilities		2.4
BMW Canada Inc. (Debt)		1.1	Health Care		7.5
CCL Industries Inc. (Equity)		1.1	<b>Total</b>	<b>%</b>	<b>100.0</b>
<b>Total</b>	<b>%</b>	<b>39.8</b>			





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