

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

Lysander-Slater Preferred Share ActivETF



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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 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-Slater Preferred Share ActivETF (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 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 seeks to generate income while preserving investor capital by investing primarily in preferred shares in Canadian entities that are listed on a Canadian stock exchange.

Investment Strategies

The Fund’s portfolio manager is Slater Asset Management Inc. (“Portfolio Manager” or “Slater”). The Fund’s portfolio will primarily be invested in preferred shares of Canadian issuers listed in Canada, using fundamental and credit research. The Fund will not be leveraged. More details are contained in the Fund’s prospectus.

Risks

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

Results of Operations

The Fund returns for the six-month period ended June 30, 2024 was 14.47%. The S&P/TSX Preferred Share Index was up 14.19% during the same period.

The net assets of the Fund were approximately \$82.5 million at June 30, 2024 from approximately \$73.3 million at the beginning of the period. There were net subscriptions of approximately \$569 thousand and cash distributions of \$1.8 million during the period.

Following last year’s persistent high inflation, the Bank of Canada cut interest rates by a quarter of a percentage point in May 2024, with the overnight lending rate sitting at 4.75% at the end of the period. As a result, the CAD 5-year bond yield (“benchmark” for fixed rate preferred share resets) finished at 3.4%, only slightly down from the 3.57% level it was at the beginning of the period. The strong bond yields helped support fixed rate resets that were due for reset as they received 200-400 basis points higher current yield pick-up as they received a new higher dividend rate.

Furthermore, favourable demand/supply dynamics continued to be the star theme for the Preferred Share market’s positive performance with approximately \$5 billion in Preferred Shares being called for redemption in 2024. Redemptions of certain preferred shares from TD, BMO, CIBC, and RBC surprised the market and helped spark a rally as Slater expects all of these bank resets to be called upon their next reset date.

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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

Slater's view is that the Canadian Preferred Share market remains at an attractive level with bond yields remaining above 3% and continued favorable demand/supply dynamics. However, the market is due for a slight pullback after being up over 25% since October 2023. Another risk to Slater's outlook is that a severe recession occurs, resulting in extreme downward pressure on bond yields.

With this in mind, the Fund has reduced exposure to resets that are fully valued and approaching par value and to other mid-level investment grade resets that have duration risks. The Fund increased its exposure to high spread and dividend rate resets in the OTC \$1000 Preferred Share market that are more defensive to 18.4% at the end of the period.

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 prospectus.

The Fund paid \$251,875 (excluding HST) in management fees to the Manager for the period ended June 30, 2024 (June 30, 2023-\$242,476).

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 \$142,309 (including HST) to the Portfolio Manager for the period ended June 30, 2024 (June 30, 2023 - \$136,999).

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

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Financial Highlights

| Period ended | 30-Jun-2024 | 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2021 | 31-Dec-2020 | 31-Dec-2019 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Net assets per unit¹ | | | | | | |
| Net assets, beginning of period | \$ 8.34 | \$ 8.08 | \$ 10.32 | \$ 8.35 | \$ 8.83 | \$ 9.06 |
| Operations: | | | | | | |
| Total revenue | 0.24 | 0.47 | 0.43 | 0.44 | 0.44 | 0.48 |
| Total expenses | (0.05) | (0.10) | (0.11) | (0.14) | (0.12) | (0.10) |
| Realized gains (losses) | 0.32 | (0.90) | (0.14) | 1.27 | (1.33) | (1.05) |
| Unrealized gains (losses) | 0.69 | 1.19 | (2.04) | 0.69 | 0.71 | 0.77 |
| Total increase (decrease) from operations² | \$ 1.20 | \$ 0.66 | \$ (1.86) | \$ 2.26 | \$ (0.30) | \$ 0.10 |
| Distributions: | | | | | | |
| From income (excluding dividends) | \$ (0.21) | \$ (0.02) | \$ - | \$ - | \$ - | \$ - |
| From dividends | - | (0.38) | (0.34) | (0.30) | (0.36) | (0.37) |
| From capital gains | - | - | - | - | - | - |
| Return of capital | - | - | (0.04) | (0.10) | (0.04) | (0.04) |
| Total distributions^{2 3} | \$ (0.21) | \$ (0.40) | \$ (0.38) | \$ (0.40) | \$ (0.40) | \$ (0.41) |
| Net assets, end of period^{2 3} | \$ 9.33 | \$ 8.34 | \$ 8.08 | \$ 10.32 | \$ 8.35 | \$ 8.83 |
| Ratios and supplemental data | | | | | | |
| Net asset value ⁴ | \$ 82,486,695 | \$ 73,319,181 | \$ 74,696,833 | \$ 100,836,205 | \$ 64,876,122 | \$ 84,454,128 |
| Units outstanding | 8,843,150 | 8,793,150 | 9,243,150 | 9,769,000 | 7,769,000 | 9,569,000 |
| Management expense ratio ⁵ | % 0.90 | % 0.92 | % 0.90 | % 0.99 | % 1.03 | % 0.81 |
| Management expense ratio before waivers or absorption | 0.90 | 0.92 | 0.90 | 0.99 | 1.03 | 0.81 |
| Portfolio turnover rate ⁶ | 44 | 119 | 95 | 140 | 164 | 107 |
| Trading expense ratio ⁷ | 0.24 | 0.33 | 0.24 | 0.42 | 0.60 | 0.35 |
| Net asset value per unit, end of period | 9.33 | 8.34 | 8.08 | 10.32 | 8.35 | 8.83 |
| Closing market price per unit ⁴ | \$ 9.30 | \$ 8.27 | \$ 8.07 | \$ 10.29 | \$ 8.33 | \$ 8.80 |

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.
- 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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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.

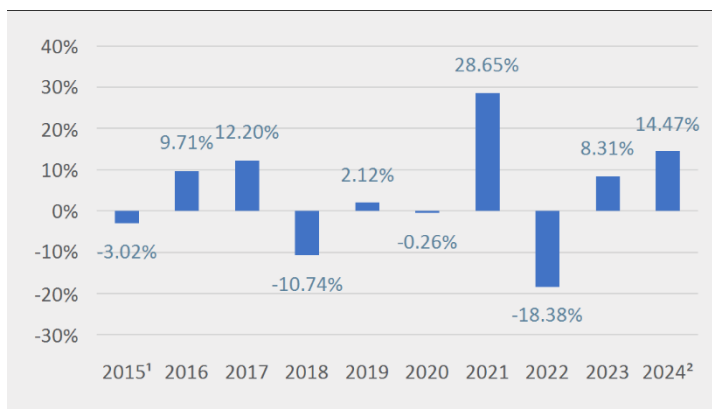
In consideration for such services, the Manager receives a management fee, based on the net asset value of the fund, calculated daily and payable monthly. The Fund pays a management fee at a rate of 0.65% per annum.

Past Performance

The Fund commenced operations on August 10, 2015. Accordingly, returns are shown for the relevant years/periods as indicated below.

The following charts and table show the past performance of the Fund. Past performance does not necessarily indicate how the Fund will perform in the future. The information shown assumes that cash distributions made by the Fund in the periods shown were reinvested in additional units of the Fund.

Year-by-Year Returns



¹ For the period August 10 to December 31, ² For the period January 1 to June 30

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Summary of Investment Portfolio

| | % of NAV | | % of NAV |
|---|-------------|-------------------------------|--------------|
| Top 25 Issuers | | Asset Mix | |
| Manulife Financial Corp. | 8.9 | Cash and Cash Equivalents | 4.4 |
| Toronto-Dominion Bank | 8.5 | Equities | 1.6 |
| Royal Bank Of Canada (Debt) | 7.0 | Fixed Income | 18.6 |
| Canadian Imperial Bank of Commerce (Debt) | 6.1 | Other Assets less Liabilities | 0.1 |
| Pembina Pipeline Corp. | 5.6 | Preferred Shares | 75.3 |
| Enbridge Inc. | 5.5 | Total | 100.0 |
| Bank Of Montreal (Debt) | 5.5 | Sector | |
| Sun Life Financial Inc. | 5.2 | Cash and Cash Equivalents | 4.4 |
| Fairfax Financial Holdings Ltd | 4.5 | Communication Services | 1.9 |
| Cash and Cash Equivalents | 4.4 | Energy | 18.4 |
| TC Energy Corp. | 4.2 | Financials | 61.9 |
| Great-West Lifeco Inc. | 4.0 | Other Assets less Liabilities | 0.1 |
| Power Financial Corp. | 3.8 | Utilities | 13.3 |
| Cenovus Energy Inc. | 3.1 | Total | 100.0 |
| Altagas Ltd | 2.8 | | |
| Canadian Utilities Ltd. | 2.7 | | |
| Bank Of Montreal | 2.6 | | |
| Emera Inc. | 2.3 | | |
| Royal Bank Of Canada | 2.1 | | |
| Canadian Imperial Bank of Commerce | 2.0 | | |
| Capital Power Corp. | 2.0 | | |
| Fortis Inc. | 1.5 | | |
| Purpose High Interest Savings | 1.2 | | |
| BCE Inc. | 1.1 | | |
| Transalta Corp. | 1.0 | | |
| Total | 97.6 | | |



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