

Annual Management Report of Fund Performance
As at December 31, 2018

Lysander TDV 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 TDV Fund (the “Fund”) contains financial highlights for the year ended December 31, 2018 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, 2018. 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, 100 York Boulevard, Suite 501, Richmond Hill, Ontario, L4B 1J8, by visiting our website at www.lysanderfunds.com or at SEDAR at www.sedar.com.

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 Canso Investment Counsel Ltd. (“Portfolio Manager” or “Canso”). The Fund will seek to provide capital growth while moderating the volatility of equities by investing primarily 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 at the time 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 had returns for the year of -13.93% for Series A, -13.31% for Series D and -13.20% for Series F.

This performance is consistent with the Fund’s fundamental investment objective and strategies. The net assets of the Fund decreased to \$1.9 million at December 31, 2018 from \$2.2 million at the beginning of the year. For the year, referral fees of \$8,603 (excluding HST) were paid by the Manager to the Royal Military Colleges Club of Canada in accordance with the disclosures in the Fund’s simplified prospectus.

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.

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

Recent Developments

Equity markets struggled with higher interest rates in the first quarter as the US Federal Reserve raised rates citing the continued strength in the labour market. The Bank of Canada followed suit with its own hike in January. Bond market returns were negative as a result early in the quarter, but yields settled

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back somewhat in March. Corporate bonds modestly underperformed Canada bonds as spreads widened.

The upward trajectory in yields reversed course in June as Canada, the EU and Mexico retaliated against the US steel and aluminum tariffs imposed by the Trump administration. Markets feared a global trade war with US tariffs on Chinese goods (and vice versa) set to begin in July. The Bank of Canada remained on hold in the quarter while the Federal Reserve continued to push US administered rates higher. In this environment, long Government bonds outperformed the bond market and credit spreads widened slightly but the higher yield of corporates allowed them to match the return of the Canada index.

Interest rates continued to creep higher in the third quarter even though the drama with the NAFTA negotiations moderated their increase. The Canadian Government seemed immensely relieved to have a tentative deal on the new NAFTA, called USMCA. This agreement was reached right at the US imposed deadline. Meanwhile, the US Federal Reserve raised rates and remained open about their desire to push rates back to “normal” levels. This makes sense, given that the US economy is booming from tax cuts, Government spending, and the fact that interest rates are still low versus inflation. Third quarter bond returns were mostly negative. Corporate bonds fared better as credit spreads tightened and they have an overall shorter duration than the broader market index.

A nasty confluence of events pushed equity markets sharply lower in the fourth quarter. The US Federal Reserve continued to raise administered interest rates, which is broadly negative for asset prices. There are also signs of an economic slowdown, based on surveys of manufacturing company executives. Trade tensions between the US and China contributed to this. Finally, equity markets seemed to come to the realization that many stocks, especially in the technology sector, were expensive. Falling equity markets caused investors to shift into Government bonds in the quarter. This drove their yields down and led to Government of Canada bonds being the strongest performers in the Canadian bond market.

The very strong performance of Canada bonds in the fourth quarter reversed their year-to-date trend and caused them to be the best performers for the year. Wider credit spreads in the quarter caused Corporate bonds to underperform the broader bond market for the year. Lower quality bonds were the worst performers, with many high yield issues falling in price and even investment grade BBB rated bonds seeing somewhat higher yields.

Equity markets experienced a very volatile end to the year with significant declines in December. In the first half of the year,

Canso continued to decrease the equity weight in the fund from 69% to 64% and remained around that level for the rest of the year. The Fund's largest equity sale of the year was Imvescor which was sold after MTY Foods announced that they would be acquiring the business. The Fund also sold its position in Stryker Corp. New names bought in the Fund's portfolio this year included Bayer AG, Corus Entertainment, Enbridge Energy Partners LP, General Electric, and Maxar Technologies. Enbridge Energy Partners LP was later bought in an all share deal by its parent company Enbridge Inc.

On the fixed income side, the Fund's portfolio continued to increase credit quality during the year and took advantage of spread widening in Q4 to deploy on some attractive opportunities. New opportunities came in issuers such as SES SA, and General Electric. Bombardier 2025's bonds were sold out of the Fund completely early in the year and were re-established at significantly lower levels in late November/December. The Fund continues to maintain a high weight in high quality floating rate bonds.

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.

There were no changes to the membership of the Fund's Independent Review Committee (“IRC”).

Related Party Transactions

The Manager provides or arranges 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 \$19,507 (including HST) in management fees to the Manager for the year ended December 31, 2018 (December 31, 2017 - \$18,067).

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 is included in the management fee.

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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

Series A*

Year ended	31-Dec-2018	31-Dec-2017	31-Dec-16	31-Dec-15
Net assets per unit¹				
Net assets, beginning of year	\$ 11.28	\$ 10.48	\$ 10.11	\$ 10.00*
Operations:				
Total revenue	0.30	0.21	0.18	0.01
Total expenses	(0.24)	(0.22)	(0.19)	(0.02)
Realized gains (losses)	0.96	0.42	0.23	(0.03)
Unrealized gains (losses)	(2.59)	0.83	0.38	0.16
Total increase (decrease) from operations²	\$ (1.57)	\$ 1.24	\$ 0.60	\$ 0.12
Distributions:				
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ (0.01)
From dividends	(0.09)	(0.06)	(0.04)	(0.01)
From capital gains	(0.94)	(0.38)	(0.19)	-
Total distributions^{2 3}	\$ (1.03)	\$ (0.44)	\$ (0.23)	\$ (0.02)
Net assets, end of year^{2 3}	\$ 8.68	\$ 11.28	\$ 10.48	\$ 10.11

Ratios and supplemental data				
Net asset value ⁴	\$ 5,165	\$ 6,001	\$ 5,361	\$ 5,059
Units outstanding	595	532	512	500
Management expense ratio ⁵	% 2.01	% 1.96	% 1.88	% 1.82
Management expense ratio before waivers or absorption	4.77	4.78	4.86	1.82
Portfolio turnover rate ⁶	32.4	22.5	16.8	20.3
Trading expense ratio ⁷	0.14	0.06	0.1	0.2
Net asset value per unit, end of year	\$ 8.68	\$ 11.28	\$ 10.48	\$ 10.11

Notes

* Series A commenced operations on November 20, 2015

- 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.

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Series D*

Year ended	31-Dec-2018	31-Dec-2017	31-Dec-2016	31-Dec-2015
Net assets per unit¹				
Net assets, beginning of year	\$ 11.37	\$ 10.50	\$ 10.11	\$ 10.00*
Operations:				
Total revenue	0.30	0.21	0.19	0.01
Total expenses	(0.16)	(0.14)	(0.12)	(0.01)
Realized gains (losses)	0.96	0.39	0.23	(0.03)
Unrealized gains (losses)	(2.61)	0.88	0.37	0.16
Total increase (decrease) from operations²	\$ (1.51)	\$ 1.34	\$ 0.67	\$ 0.13
Distributions:				
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ (0.01)
From dividends	(0.14)	(0.07)	(0.09)	(0.01)
From capital gains	(0.95)	(0.39)	(0.19)	-
Total distributions^{2 3}	\$ (1.09)	\$ (0.46)	\$ (0.28)	\$ (0.02)
Net assets, end of year^{2 3}	\$ 8.78	\$ 11.37	\$ 10.50	\$ 10.11
Ratios and supplemental data				
Net asset value ⁴	\$ 5,278	\$ 6,088	\$ 5,399	\$ 5,064
Units outstanding	601	535	514	501
Management expense ratio ⁵	% 1.26	% 1.24	% 1.12	% 1.14
Management expense ratio before waivers or absorption	4.02	4.09	3.87	1.14
Portfolio turnover rate ⁶	32.4	22.5	16.8	20.3
Trading expense ratio ⁷	0.14	0.06	0.1	0.2
Net asset value per unit, end of year	\$ 8.78	\$ 11.37	\$ 10.50	\$ 10.11

Notes

* Series D commenced operations on November 20, 2015

- 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.

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Series F*

Year ended	31-Dec-2018	31-Dec-2017	31-Dec-2016	31-Dec-2015
Net assets per unit¹				
Net assets, beginning of year	\$ 11.35	\$ 10.48	\$ 10.11	\$ 10.00*
Operations:				
Total revenue	0.30	0.22	0.25	0.02
Total expenses	(0.14)	(0.13)	(0.11)	(0.01)
Realized gains (losses)	0.96	0.39	0.23	(0.05)
Unrealized gains (losses)	(2.61)	0.88	0.44	0.24
Total increase (decrease) from operations²	\$ (1.49)	\$ 1.36	\$ 0.81	\$ 0.20
Distributions:				
From income (excluding dividends)	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.01)
From dividends	(0.15)	(0.08)	(0.11)	(0.01)
From capital gains	(0.96)	(0.39)	(0.20)	-
Total distributions^{2 3}	\$ (1.12)	\$ (0.48)	\$ (0.34)	\$ (0.02)
Net assets, end of year^{2 3}	\$ 8.77	\$ 11.35	\$ 10.48	\$ 10.11
Ratios and supplemental data				
Net asset value ⁴	\$ 1,985,983	\$ 2,264,275	\$ 2,013,566	\$ 1,654,626
Units outstanding	226,525	199,419	192,159	163,606
Management expense ratio ⁵	% 1.15	% 1.12	% 1.05	% 1.14
Management expense ratio before waivers or absorption	3.91	3.97	4.06	1.14
Portfolio turnover rate ⁶	32.4	22.5	16.8	20.3
Trading expense ratio ⁷	0.14	0.06	0.1	0.2
Net asset value per unit, end of year	\$ 8.77	\$ 11.35	\$ 10.48	\$ 10.11

Notes

* Series F commenced operations on November 20, 2015

- 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.

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Management Fees

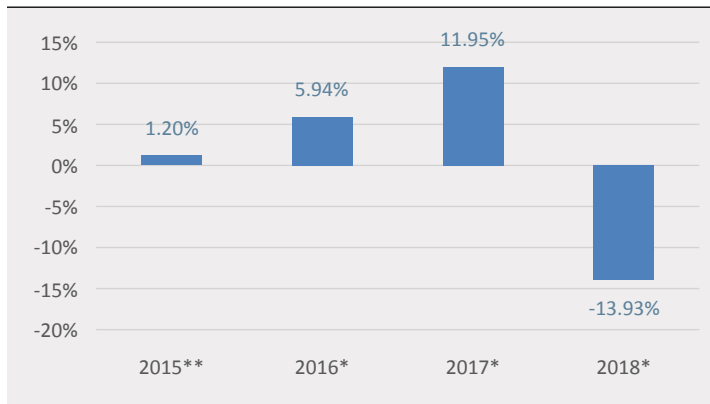
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

In consideration for such services, the Manager receives a monthly management fee, based on the net asset value of each Series, calculated daily and payable monthly. The Fund pays a management fee of 1.50% per annum for Series A units, 0.85% per annum for Series D and 0.75% per annum for Series F units.

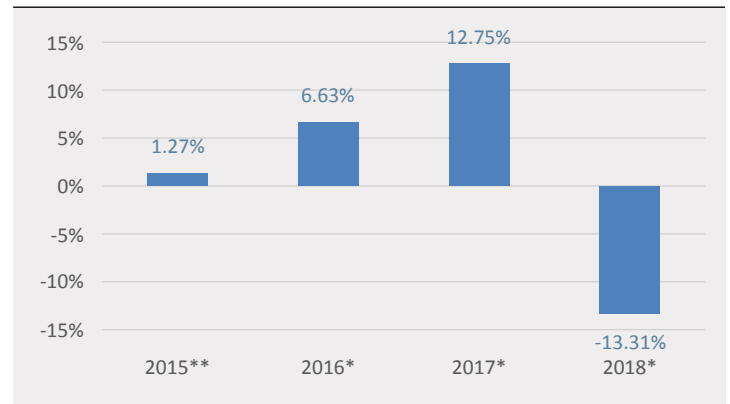
Service fees or trailing commissions of a maximum of 0.75% per annum are paid on Series A units to dealers and 0.10% per annum are paid on Series D units to dealers. This comprises 50.0% of the management fee of Series A units and 11.8% of the management fee of Series D.

Year-by-Year Returns

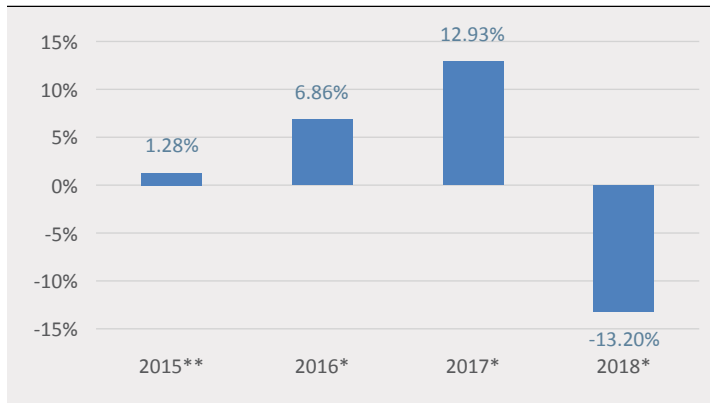
Series A



Series D



Series F



Past Performance

The commencement date of being distributed under a prospectus for Series A, D and F was November 20, 2015. Accordingly, returns are shown for the relevant periods 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.

* For the period January 1 to December 31, ** For the period November 20 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 Fund's index ("Index" which is 50% FTSE TMX Canada All Corporate Bond Index and 50% MSCI World (CAD) Index. The FTSE TMX All Corporate Bond Index is divided into sub-indices based on credit rating: a combined AAA/AA sector, a single A sector, and a BBB sector. The MSCI World (CAD) Index captures large and mid cap representation across 24 Developed Markets countries. 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, 2018		1 Year		3 Year ²		Since Inception ²	
Annual Compound Return							
Series A ¹	%	(13.93)	%	0.69	%	1.05	
Series D ¹		(13.31)		1.39		1.75	
Series F ¹		(13.20)		1.56		1.92	
Index ^{3 4}	%	0.05	%	4.48	%	4.72	

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 Period from November 20, 2015 to December 31, 2018. Since inception returns are annualized.

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Summary of Investment Portfolio

	% of NAV		% of NAV
Top 25 Issuers		Asset Mix	
General Electric Company (Equity)	5.6	Canadian Equities	32.5
Bank of Montreal (Debt)	4.9	Canadian Fixed Income	25.9
Maxar Technologies Ltd. (Equity)	4.1	Cash and Cash Equivalents	(0.3)
Royal Bank of Scotland (Equity)	4.0	Foreign Equities	31.6
Enbridge Inc. (Equity)	3.8	Foreign Fixed Income	7.0
Nutrien Ltd. (Equity)	3.5	Other Assets less Liabilities	3.3
Bombardier Inc. (Equity)	3.5	Total	100.0
Yellow Pages Limited (Equity)	3.4	Sector	
Bayer Aktiengesellschaft (Equity)	3.3	Cash and Cash Equivalents	(0.3)
Commerzbank AG (Equity)	3.1	Communication	13.3
Wal-Mart Stores Inc. (Equity)	3.1	Consumer Discretionary	2.8
Toronto Dominion Bank (Debt)	3.0	Consumer Staples	7.6
Nintendo Co Ltd (Equity)	2.9	Energy	7.6
Empire Co Ltd. (Equity)	2.6	Federal	0.3
Corus Entertainment Inc. (Equity)	2.6	Financials	29.0
Unicredit SPA (Equity)	2.5	Health Care	3.7
Apple Inc. (Equity)	2.4	Industrials	13.6
Second Cup Ltd. (Equity)	2.4	Information Technology	9.4
SLM Corp (Equity)	2.3	Infrastructure	3.2
Apple Inc. (Debt)	2.2	Materials	3.5
Royal Bank of Canada (Debt)	2.1	Other Assets less Liabilities	3.2
SNC Lavalin (Equity)	2.0	Provincial	2.9
Manulife Financial Corp. (Equity)	1.7	Real Estate	0.2
Canfor Pulp Products Inc. (Equity)	1.7	Total	100.0
Access Justice Durham (Debt)	1.5		
Total	74.2		



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