

# **LYSANDER TDV FUND**

## **ANNUAL INFORMATION FORM**

**November 21, 2019**

### **Offering Series A, Series D and Series F Units**

No securities regulatory authority has expressed an opinion about these units. It is an offence to claim otherwise. The Fund and the Units of the Fund under this Annual Information Form are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance upon exemptions from registrations.

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## NAME, HISTORY AND FORMATION OF THE FUND

Lysander TDV Fund (the “**Fund**”) is a unit trust established under the laws of Ontario on November 20, 2015. The Fund is governed by a master declaration of trust dated as of December 8, 2011, as amended February 3, 2012, December 21, 2012, September 16, 2013, December 30, 2014, November 20, 2015, December 31, 2015, December 30, 2016, December 21, 2017 and April 30, 2019. The master declaration of trust of the Fund, as amended, is referred to as the “**Declaration of Trust**”.

Lysander Funds Limited (the “**Manager**”, “**Lysander**”, “**we**” or “**us**”) is the trustee and investment fund manager of the Fund. Lysander is also the investment fund manager for other mutual funds, which are offered under a separate simplified prospectus (together with the Fund, the “**Lysander Funds**”).

The registered office of the Fund and of the Manager is located at 3080 Yonge Street, Suite 3037, Toronto, Ontario M4N 3N1.

## INVESTMENT RESTRICTIONS OF THE FUND

### Regular Practices and Restrictions

The Fund is subject to certain standard investment restrictions and practices contained in securities legislation, including National Instrument 81-102 *Investment Funds* (“**NI 81-102**”). This legislation is designed, in part, to ensure that the investments of the Fund are diversified and relatively liquid and to ensure the proper administration of the Fund. The Fund is managed in accordance with these standard investment restrictions and practices. A copy of these investment restrictions and practices may be obtained from the Manager upon request.

The fundamental investment objectives of the Fund are set out in the Simplified Prospectus of the Fund. Any change in the fundamental investment objectives of the Fund requires the approval of a majority of unitholders of the Fund (“**Unitholders**”) at a meeting called for that purpose. We may change the Fund’s investment strategies from time to time at our sole discretion.

### Exceptions to Regular Practices and Restrictions

Each Lysander Fund (including the Fund) where Canso Investment Counsel Ltd. (“**Canso**”) acts as portfolio manager (each, a “**Lysander-Canso Fund**”) has obtained exemptive relief from applicable securities regulatory authorities such that each Lysander-Canso Fund may purchase portfolio securities from, or sell portfolio securities to (in each instance, an “**Inter-fund Trade**”): (i) any Lysander-Canso Fund and the price at which the securities are purchased or sold at could be at the “last sale price”; (ii) any fund where Canso acts as portfolio manager that is not subject to NI 81-102 (a “**pooled fund**”); or (iii) an account managed by Canso where it has discretionary authority (a “**managed account**”), subject to certain conditions, including that the Inter-fund Trade has received the approval of the independent review committee of the applicable fund. In addition, each Fund has obtained exemptive relief from applicable securities regulatory authorities to engage in in specie transactions with a pooled fund or a managed account, subject to certain conditions.

### Eligibility under the Income Tax Act

The Fund is registered as a “registered investment” under the *Income Tax Act* (Canada) (the “**Tax Act**”) for registered retirement savings plans, registered retirement income funds and deferred profit sharing plans. As a result, units of the Fund (“**Units**”) are qualified investments for trusts governed by registered retirement savings plans (including group registered retirement savings plans, locked in retirement savings

plans and locked in retirement accounts), registered retirement income funds (including life income funds, locked in retirement income funds and prescribed retirement income funds), deferred profit sharing plans, registered disability savings plans, registered education savings plans and tax-free savings accounts (referred to collectively as “**Registered Plans**”). Annuitants of registered retirement savings plans and registered retirement income funds, holders of tax-free savings accounts and registered disability savings plans, and subscribers of registered education savings plans, should consult with their own tax advisers as to whether Units of the Fund would be a “prohibited investment” under the Tax Act in their particular circumstances.

## DESCRIPTION OF UNITS

### General

Although the money which you and other investors pay to purchase Units of any series (“**Series**”) is tracked on a Series-by-Series basis in the Fund’s administrative records, the assets of all Series of the Fund are combined into a single pool to create one portfolio for investment purposes. Please refer to the Fund’s Simplified Prospectus for further information pertaining to Series A, Series D and Series F Units of the Fund, as applicable.

Units of a Series of the Fund represent your ownership in the Fund. You receive distributions of the Fund’s net income and net capital gains attributable to your Series of Units (except for Management Fee Distributions (as defined below) and distributions of capital gains to redeeming Unitholders) based on their relative net asset value (“**NAV**”) and net asset value per Unit (“**NAV per Unit**”) for each Series in the Fund. Upon the wind-up or termination of the Fund, Unitholders will be entitled to participate *pro rata* in the Fund’s net assets allocated to the applicable Series less applicable sales charges, if any. If you hold Units in the Fund, you will be entitled to vote at Unitholder meetings of the Fund as a whole as well as any Unitholder meetings for the particular Series of Units that you own. Each Unit, regardless of the Series, will entitle the holder to 1 vote at all meetings of Unitholders. Units are issued as fully paid and non-assessable and are redeemable at their NAV per Unit. Series A and Series F Units of the Fund may be switched into units of the same Series of another Lysander Fund and Series D Units of the Fund may be switched into Series A or Series F units of another Lysander Fund (except that switching between the Fund and Lysander-Canso U.S. Credit Fund is not permitted), and, in some cases, Units of the Fund can be reclassified between Series of the Fund (see “**Switching Privileges**”). Additional information relating to switching between different Lysander Funds is also available in the Simplified Prospectus of the Fund. The Fund may issue fractional Units, which will entitle the holder to similar proportionate participation in the Fund but will not entitle the holder to receive notice of, or vote at, meetings of Unitholders of the Fund.

Unitholders of the Fund can redeem all or any of their Units at the NAV per Unit of the relevant Series as described under “Redemption of Units”.

The rights and conditions attaching to the Units of each Series of the Fund may be modified only in accordance with the provisions attaching to such Units and the provisions of the Declaration of Trust. A description of the Series of Units offered by the Fund and the eligibility requirements attached to such Series of Units is contained in the Simplified Prospectus of the Fund.

### Meetings of Unitholders

The Fund does not hold regular meetings. Unitholders are entitled to vote on all matters that require Unitholder approval under NI 81-102 or under the Declaration of Trust. Some of these matters are:

- the introduction of a fee or expense, or a change in the basis of the calculation of a fee or expense, that is or is to be charged to the Fund or directly to its Unitholders by the Fund or the Manager in connection with the holding of Units of the Fund, in a way that could result in an increase in charges to the Fund or to its Unitholders, except where a meeting is not required in such a case under securities legislation;
- a change of the Manager, unless the new manager is an affiliate of the Manager;
- a change in the fundamental investment objectives of the Fund;
- a decrease in the frequency of the calculation of the NAV per Unit of the Fund; and
- certain material reorganizations of the Fund.

Approval of these matters requires an affirmative vote of at least a majority of the Unitholders present in person or by proxy at a meeting called to consider these matters.

## **CALCULATION OF NET ASSET VALUE AND VALUATION OF PORTFOLIO SECURITIES**

### **Calculation of NAV and NAV per Unit**

As at 4:00 p.m. (Eastern time) on each day that the Toronto Stock Exchange (“**TSX**”) is open for business (a “**Valuation Date**”), the NAV per Unit is calculated for each Series of the Fund in Canadian dollars. The NAV per Unit (or Unit price) of a Series will be based on the fair value of the Series’ proportionate share of the assets of the Fund, less that Series’ proportionate share of common liabilities and less any liabilities attributable to that Series of the Fund, divided by the total outstanding Units of that Series. The NAV per Unit of a Series is the basis for all purchases, switches, reclassifications and redemptions and for reinvestment of distributions.

### **Valuation of Portfolio Securities**

In determining the fair value of the assets of the Fund the following rules apply:

- the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest, declared or accrued and not yet received, shall be deemed to be the full amount thereof, unless the Manager has determined that any such deposit, bill, demand note or account receivable is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Manager determines to be the reasonable value thereof;
- the value of any share, subscription right or other equity security which is listed or dealt in upon a stock exchange shall be determined by taking the latest available sale price or closing price (or lacking any sales or any record thereof, a price not higher than the latest available asked price and not lower than the latest available bid price therefor as the Manager may from time to time determine) on the day as of which the NAV or NAV per Unit is being determined, as reported by any means in common use. The value of any bond or other debt security, other than a short-term security, shall be determined by using prices supplied by the Fund’s pricing agents which reflect broker/dealer supplied valuations and electronic data processing techniques. If it is not possible to value a particular debt security pursuant to these valuation methods, then the value of such security shall be the most recent bid quotation supplied by a bona fide market-maker. Short-term securities with remaining maturities of sixty days or less are valued by the amortized cost method, which the

Manager believes approximates market value. The value of interlisted securities shall be computed in a manner which in the opinion of the Manager most accurately reflects their fair value. If, in the opinion of the Manager, the above valuations do not properly reflect the prices which would be received by the Fund upon the disposal of shares or securities necessary to effect any redemption or redemptions, the Manager may place such value upon such shares or securities as appears to it to most closely reflect the fair value of such shares or securities;

- the value of any bond, time note, share, subscription right or other security or other property which is not listed or dealt in on a stock exchange shall be determined on the basis of such price quotations which in the opinion of the Manager best reflect its fair value;
- the value of any restricted security, as defined in NI 81-102, shall be valued at such value which in the opinion of the Manager best reflect its fair value;
- long positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants shall be valued at the current market value thereof;
- any premium received by the Fund for a written covered clearing corporation option, option on futures or over-the-counter option shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. The deferred credit shall be deducted in arriving at the NAV of the Fund or the Series of the Fund. The securities, if any, which are the subject of a written clearing corporation option or over-the-counter option shall be valued in accordance with the provisions of this paragraph;
- futures contracts and forward contracts shall be valued according to the gain or loss with respect thereto that would be realized if, on the Valuation Date, the position in the futures contract or forward contract, as the case may be, were to be closed out unless daily limits are in effect, in which case fair value shall be based on the current market value of the underlying interest;
- margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;
- all assets of the Fund valued in terms of foreign currency, funds on deposit, contractual obligations payable to the Fund in foreign currency and liabilities payable by the Fund in foreign currency shall be taken at the current rate of exchange as nearly as practicable at the time as of which the NAV is computed. Foreign currency for the purpose of this section is currency other than Canadian currency; and
- the value of any bond, time note, share, subscription right or other security or other property for which none of the above valuation procedures is applicable shall be the fair value thereof as determined from time to time in such manner as the Manager may determine.

The Manager has the discretion noted above to deviate from the Fund's valuation principles set out above. We have not exercised such discretion in the past three years.

The liabilities of the Fund shall be deemed to include:

- all bills and accounts payable;

- all expenses payable by the Fund and/or accrued;
- all contractual obligations for the payment of money or property, including the amount of any declared but unpaid distributions;
- all allowances authorized or approved by the Manager for taxes or contingencies; and
- all other liabilities of the Fund or Series of the Fund of whatsoever kind and nature, except liabilities represented by outstanding Units.

The Manager will make available the NAV per Unit for each Series of the Fund on the Manager's website at [www.lysanderfunds.com](http://www.lysanderfunds.com). Such information will also be available on request, free of charge, by calling the Manager toll free at 1-877-308-6979, by sending an email to [manager@lysanderfunds.com](mailto:manager@lysanderfunds.com) or by mailing the Manager at 3080 Yonge Street, Suite 3037, Toronto, Ontario M4N 3N1.

## PURCHASE OF UNITS

### General

The Fund is permitted to issue an unlimited number of Series of Units and may issue an unlimited number of Units in each Series. The Fund currently offers Series A, Series D and Series F Units. The Fund has been created primarily for investment by members (“**RMC Members**”) of the Royal Military Colleges Club of Canada (“**RMC Club**”), as well as friends and family of RMC Members and other investors wishing to support RMC Club (collectively, “**Members**”). We may redeem a Series D Unitholder's Units if the Unitholder is no longer a Member, or if we become aware that the Unitholder is not a Member. You may purchase, switch (redeem Units of the Fund and purchase units of another Lysander Fund), reclassify (change Units of the Fund into Units of another Series of the Fund) or redeem Units of the Fund only through registered dealers in each jurisdiction where the Units are qualified for sale, except that switches between the Fund and Lysander-Canso U.S. Credit Fund are not permitted.

**Series A Units:** Available to all investors.

**Series D Units:** Available to Members who have an account with an eligible online or other discount brokerage firm or other investors approved by the Manager.

**Series F Units:** Available to investors who participate in fee-based programs through their dealer, investors for whom the Manager does not incur distribution costs or persons approved by the Manager.

Units of each Series of the Fund are offered for sale on a continuous basis. Purchase orders must be placed with registered dealers in an investor's province or territory, except for orders placed under any applicable registration exemption. You may purchase, switch, reclassify or redeem Units of the Fund directly through your registered dealer approved by the Manager. The procedures to be followed by investors who desire to purchase Units of the Fund are described in the Fund's Simplified Prospectus.

The Fund does not intend to issue certificates for Units. Ownership will be evidenced by entry in the register maintained by the Fund's registrar. For information on the Fund's registrar, see the chart under “*Organization and Management of the Fund*” in the Simplified Prospectus.

## **Purchase Price**

Units of the Fund may be purchased at their NAV per Unit of a Series from time to time, computed as described under “Calculation of Net Asset Value and Valuation of Portfolio Securities”. The purchase price per Unit is the NAV per Unit of a Series next determined following receipt by the Fund of a completed subscription. Any subscription received on a Valuation Date after the cut-off time or on any day that is not a Valuation Date is deemed to have been received on the following Valuation Date. The purchase price per Unit is then the NAV per Unit of a Series established on the Valuation Date following the day of actual receipt of the subscription. The cut-off time for receipt of subscriptions is 4:00 p.m. (Eastern Time), except on days when the TSX closes early, when the cut-off time is such earlier closing time.

## **Purchasing Series A Units**

There is only 1 purchase option when purchasing Series A Units of the Fund, namely the Initial Sales Charge Option. Under the Initial Sales Charge Option, you negotiate a sales charge with your dealer at the time of purchase of Series A Units (see “*Sales Charges*” in the Fees and Expenses table in the Simplified Prospectus for more information).

## **Purchasing Series D Units**

Series D Units are only available to Members who have an account with an eligible online or other discount brokerage firm that has been approved by us, or certain other investors in our sole discretion.

There are no sales charges, redemption fees or other commissions payable on the purchase or sale of Series D Units, but we do pay a trailing commission to dealers who sell Series D Units.

## **Purchasing Series F Units**

Series F Units are only available to investors through dealers or financial planners who offer certain fee-based programs that have been approved by us, or certain other investors in our sole discretion. An investor in one of these programs pays a fee to his or her dealer based on the assets in that investor’s account and/or for on-going financial planning and advice.

There are no sales charges, redemption fees, trailing commissions or other commissions payable on the purchase or sale of Series F Units.

## **If Unitholder Ceases to be Eligible**

If you cease to be eligible to hold your Series of Units, we may change your Units into another Series of the Fund for which you are eligible after giving you 30 days’ prior written notice, unless you notify us during the notice period and we agree that you are once again eligible to hold the original Series of Units. On a change from the original Series of Units to another Series, you will be required to pay the fees and charges under the applicable Series, if any.

## **Minimum Investment**

The minimum initial investment in Units of Series A, Series D and Series F of the Fund is \$1,000. The minimum additional investment is \$100. The initial minimum investment amount may be adjusted or waived in our absolute discretion and without notice to Unitholders.



## **Processing Orders**

All orders for Units are forwarded to the registered office of the Fund for acceptance or rejection and the Fund reserves the right to reject any order in whole or in part. Dealers must transmit an order for Units to the registered office of the Fund without charge to the Unitholder. They must make such transmittal wherever practical by same day courier, priority post or telecommunications facility. This transmittal may be done through the electronic facility known as “Fundserv”. Receipt of an order, payment or other documentation by such a facility on behalf of the Fund will be considered to be receipt by the Fund. You and your dealer are responsible for ensuring that your purchase order is accurate and that we receive all the necessary documents or instructions. The decision to accept or reject any order for Units will be made within 1 business day of receipt of the order by the Fund. In the event that any purchase order is rejected, all monies received with the order are returned to the subscriber. Full and proper payment for all orders for Units must be received at the Fund’s registered office on or before the settlement date. The settlement date is the 2<sup>nd</sup> business day after the day on which the subscription price for the Units so ordered is determined.

Orders placed must be settled within the time periods described above. Where payment of the subscription price is not received on a timely basis or where the payment is returned or dishonoured, we, on behalf of the Fund, redeem the Units ordered by the cut-off time on the 1<sup>st</sup> business day following such period. The redemption proceeds reduce the amount owing to the Fund in respect of the failed purchase transaction. If the proceeds are greater than the amount you owe us, the Fund keeps the difference. If the proceeds are less than the amount you owe us, your dealer will pay the difference to the Fund and you may have to reimburse your dealer.

## **SWITCHING PRIVILEGES**

### **Switching Between the Lysander Funds or Between Series**

You can switch all or some of your Series A or Series F Units of the Fund to units of the same Series of another Lysander Fund by completing a transfer order form and depositing it with your dealer (except that switching between the Fund and Lysander-Canso U.S. Credit Fund is not permitted). You may switch your Series D Units of the Fund to Series A or Series F units of another Lysander Fund (except that switching between the Fund and Lysander-Canso U.S. Credit Fund is not permitted), however you will be subject to the sales charge option applicable to that particular Series. A switch constitutes a sale (redemption) by you of your Units of the Fund and a purchase of units of the new Lysander Fund. Please refer to “*Income Tax Considerations*” for more details.

You may reclassify all or some of your Units of the Fund to Units of a different Series of the Fund through your dealer if you meet the eligibility criteria for the Series into which you are reclassifying, however you will be subject to the sales charge option applicable to that particular Series, if any.

We may reclassify your Series of Units of the Fund into another Series for which you are eligible upon 30 days’ prior notice if you cease to be eligible to hold the original Series of Units in your account. We will not make the reclassification if your dealer notifies us during the notice period, and we agree, that you are once again eligible to hold the original Series of Units.

### **Switch Fees**

Dealers may charge Unitholders a switch fee of up to 2% of the amount switched or reclassified to cover the time, advice and processing costs involved in a switch or reclassification. The Unitholder and dealer negotiate this fee.

Unitholders may also have to pay to the Fund a short-term trading fee if you switch Units you bought or switched into in the last 30 days. See “*Fund Governance – Short-Term Trading Fees*” below.

## **REDEMPTION OF UNITS**

### **Price on Redemption**

Units of a Series of the Fund may be redeemed at the NAV per Unit of that Series next determined after receipt of a redemption request at the registered office of the Fund.

Redemption requests received on any day that is not a Valuation Date or received after the cut-off time on a Valuation Date are deemed to have been received on the following Valuation Date. In that case, the price on redemption will be the NAV per Unit of the Series established on the Valuation Date following the day of actual receipt. The cut-off time for receipt of redemption requests is 4:00 p.m. (Eastern Time), except on days when the TSX closes early, when the cut-off time is such earlier closing time.

### **Processing Redemptions**

Redemption requests may be forwarded to dealers for delivery to the Fund. Dealers must transmit the particulars of such redemption requests to the Fund without charge to a Unitholder and must make such transmittal wherever practical by same day courier, priority post or telecommunications facility. This transmittal may be done through the electronic facility known as “Fundserv”. Receipt of a redemption request or other documentation by such a facility on behalf of the Fund will be considered to be receipt by the Fund. You and your dealer are responsible for ensuring that your redemption request is accurate and that we receive all necessary documents or instructions.

No payment of redemption proceeds is made until a duly completed redemption request has been received from the registered holder of the Units. Redemption requests:

- for redemption proceeds of \$25,000 or more;
- that direct redemption proceeds to be paid to someone other than the dealer or to an address other than the registered address of the investor;
- for redemption proceeds not payable to all joint owners on an investor’s account; or
- from a corporation, partnership, agent, fiduciary or surviving joint owner

may, in each case, be required to have signatures guaranteed by a Canadian chartered bank or trust company or by the Unitholder’s dealer. You should consult your dealer with respect to the documentation required.

Where the Fund has received a duly-completed redemption request, the Fund generally pays the redemption proceeds within 2 business days of receipt of such documents. If you fail to provide the Fund with a duly completed redemption request within 10 business days of the date on which the NAV is determined for the purposes of the redemption, we, on behalf of the Fund, will purchase the Units redeemed on the 10th business day. The redemption proceeds which would have been paid on the failed transaction are used to pay the purchase price. If the redemption proceeds are more than the purchase price, the difference belongs to the Fund. If the redemption proceeds are less than the purchase price, the dealer placing the redemption request pays the difference to the Fund and you may have to reimburse your dealer.

Payment for the Units that are redeemed shall be made as described above, provided that your cheque in payment for the purchase of any of the Units being redeemed has cleared. Any withholding taxes are deducted from the payment.

Unless you otherwise request, the cheque representing the redemption proceeds is mailed to your address as shown on the register of the Fund. As a convenience to Unitholders whose Units are registered in their own names, we will, if you so request, deliver by wire transfer the redemption proceeds to your designated Canadian dollar account at a Canadian bank, trust company or credit union on the day on which the redemption proceeds are made available by the Fund to us. There are no charges for this service, other than any costs or other fees in connection with a wire transfer that may be charged by your financial institution.

Unitholders whose Units are registered in the name of their dealer, broker or other intermediary must instruct that entity to provide us with a redemption request. Redemption proceeds are paid only to registered holders of Units, so Unitholders holding through financial intermediaries should expect redemption proceeds to be paid into their account with their financial intermediary.

There may be additional fees to pay if you switch or redeem your Units within 30 days of a purchase or a switch – see “*Short-Term Trading Fee*” in the Fees and Expenses table in the Simplified Prospectus for more information. You should also refer to “*Switching Privileges – Switch Fees*” above and “*Fund Governance – Short-Term Trading Fees*” below in connection with any redemption of Units.

### **Automatic Redemption**

Unitholders must be a Canadian resident in order to purchase and hold Units of the Fund. If you cease to be a Canadian resident, we will redeem all of the Units in your account and send the proceeds to you.

Unitholders in Series A, Series D or Series F of the Fund must keep at least \$1,000 in each of their accounts. If your account falls below this amount, we may notify you and give you 30 days to make another investment. If your account stays below \$1,000 after those 30 days, we may redeem all of the Units in your account and send the proceeds to you.

### **Suspension of Redemption Rights**

We reserve the right to suspend the right of redemption and to postpone the date of payment upon redemption for any period, but only in compliance with applicable securities legislation. The right of redemption with respect to Units of a Series of the Fund may be suspended during any period when normal trading is suspended on any exchange on which are traded portfolio securities or specified derivatives representing more than 50% of the Fund’s total asset value without allowance for liabilities, provided that those portfolio securities or specified derivatives are not traded on another exchange that represents a reasonably practical alternative for the Fund. In addition, the right of redemption may be suspended with the consent of securities regulatory authorities. In the case of a suspension of the right of redemption before the redemption proceeds have been determined, a Unitholder may either withdraw a redemption request or receive payment based on the applicable NAV per Unit of the applicable Series next determined after the termination of such suspension. During any period of suspension of redemption rights, orders to purchase Units will not be accepted.

## RESPONSIBILITY FOR MUTUAL FUND OPERATIONS

### The Manager

Lysander Funds Limited is the trustee and investment fund manager of the Fund. The head office of the Manager is located at 3080 Yonge Street, Suite 3037, Toronto, Ontario M4N 3N1. The phone number for the Manager is 1-877-308-6979, the email address is [manager@lysanderfunds.com](mailto:manager@lysanderfunds.com) and the website address is [www.lysanderfunds.com](http://www.lysanderfunds.com). As investment fund manager, we are responsible for the day-to-day business, operations and affairs of the Fund and provide marketing and administrative services to the Fund. We also furnish the office space and facilities, clerical help, bookkeeping and the internal accounting services required by the Fund. All Unitholder reporting and servicing requirements are also furnished by us or on our behalf. The Manager has retained Convexus Managed Services Inc. (“**Convexus**” or the “**Administrative Agent**”) to carry out certain administrative services for the Fund, consisting of fund accounting, valuation, including Unitholder recordkeeping, processing of all subscriptions and redemptions and calculating and processing all income and capital gains distributions. In this capacity, the receipt by the Administrative Agent of any document pertaining to the purchase, redemption, switch or reclassification of Units will be considered to be the receipt by the Fund.

The names and municipalities of residence of the directors and executive officers of the Manager, their respective positions and offices with the Manager, and their principal occupations in the past 5 years, are as follows:

Name and Municipality of Residence	Position with the Manager	Principal Occupation in Past 5 Years
John P. Carswell Richmond Hill, Ontario	Director	President, Canso Investment Counsel Ltd.
Timothy Hicks Toronto, Ontario	Chief Investment Officer and Director	Chief Investment Officer of the Manager  Portfolio Manager, Canso Investment Counsel Ltd.
Ruth Liu Vaughan, Ontario	Corporate Secretary	General Counsel of the Manager since August 2018; Senior Counsel, TD Bank from November 2015 to July 2018; Director, Compliance Legal Counsel, Scotiabank from April 2015 to October 2015; Partner, Borden Ladner Gervais LLP from January 2013 to April 2015.
Heather Mason-Wood Richmond Hill, Ontario	Director	Chief Strategy and Operating Officer, Canso Investment Counsel Ltd. since May 2019.  Portfolio Manager and Chief Compliance Officer, Canso

Name and Municipality of Residence	Position with the Manager	Principal Occupation in Past 5 Years
		Investment Counsel Ltd. until May 2019.
Raymond Oh Richmond Hill, Ontario	Director	Currently retired. President and Chief Operating Officer, Toogood Financial Systems Inc. until November 2018. Chief Executive Officer, Convexus Manager Services Inc. until November 2018.
Salvatore Reda Verdun, Québec	Director	President, Maralex Capital Inc. since 2011.
B. Richard Usher-Jones Toronto, Ontario	President, Chief Executive Officer and Ultimate Designated Person	President and Chief Executive Officer of the Manager Portfolio Manager, Canso Investment Counsel Ltd.
Rajeev Vijn Toronto, Ontario	Chief Operating Officer, Chief Financial Officer and Chief Compliance Officer	Chief Operating Officer, Chief Financial Officer and Chief Compliance Officer of the Manager.
Lee Wong Markham, Ontario	Director	Chief Executive Officer, Toogood Financial Systems Inc.

We act as investment fund manager of the Fund pursuant to a master management agreement made as of December 8, 2011, as amended on February 3, 2012, December 20, 2012, September 16, 2013, December 30, 2014, November 20, 2015, December 31, 2015 and December 30, 2016 (the “**Management Agreement**”). The Management Agreement may be terminated by us or the Fund on 60 days’ prior written notice. Any change in the investment fund manager of the Fund (other than to one of our affiliates) may be made only with the approval of the Unitholders of the Fund and, where applicable, in accordance with securities legislation.

### **Management Fees**

For its services rendered to the Fund, the Manager receives from the Fund a management fee which is calculated by multiplying the Fund’s NAV attributable to the applicable Series of Units by an annual management fee rate. The annual management fee rate is unique to each Series of Units. The management fee is calculated and accrued daily and paid monthly.

Series A:	1.50%
Series D:	0.85%
Series F:	0.75%

Management fees are subject to harmonized sales tax (HST).

### **Management Fee Distributions**

The Manager reserves the right to offer a reduced management fee to selected investors in Series A, Series D or Series F Units who (among other considerations) hold large investments in the Lysander Funds, including the Fund. This is achieved by reducing the management fee charged by us to the Fund based on the aggregate NAV of the Units held by such investor, and the Fund distributing an amount equal to the reduction (a “**Management Fee Distribution**”) in additional Units of the same Series of the Fund to the investor. Management Fee Distributions are paid first out of net income and net realized capital gains, and thereafter out of capital. The tax consequences of Management Fee Distributions will generally be borne by the qualifying investors receiving these Management Fee Distributions. See “*Income Tax Considerations for Investors*” in the Simplified Prospectus for more information regarding the tax consequences of a Management Fee Distribution.

### **Fund-of-Fund Investments**

If the Fund invests in an underlying fund, the underlying fund may pay a management fee and other expenses in addition to the expenses payable by the Fund. However, the Fund will not pay a management fee on the portion of its assets that it invests in the underlying fund that, to a reasonable person, would duplicate a fee payable by the underlying fund for the same service. In addition, no sales or redemption fees are payable by the Fund if it invests in an underlying fund managed by us and if the Fund invests in an underlying fund not managed by us, it will not pay duplicative sales fees or redemption fees with respect to the purchase or redemption by it of securities of that underlying fund.

### **Trustee**

We have been appointed as trustee of the Fund under the Declaration of Trust (in such capacity, the “**Trustee**”), which establishes the fundamental operating structure for the Fund. In our capacity as trustee, we have ultimate responsibility for the business and undertaking of the Fund and must carry out the terms of the Declaration of Trust. Currently, we receive no compensation in our capacity as trustee. We may resign as trustee of the Fund by giving 60 days’ prior written notice to Unitholders. If a successor trustee can be found and agrees to accept the appointment, such successor trustee will assume the duties and obligations of the incumbent trustee within the notice period. If a successor trustee cannot be found or is not appointed by Unitholders in accordance with the provisions of the Declaration of Trust, then the Fund will be terminated at the expiry of the notice period.

### **Portfolio Manager**

Pursuant to an Investment Management Retainer Agreement dated as of December 22, 2011, as amended February 3, 2012, December 20, 2012, September 16, 2013, December 30, 2014, November 20, 2015, December 31, 2015 and December 30, 2016 (the “**Canso IMA**”), Canso Investment Counsel Ltd. (“**Canso**”), located in Richmond Hill, Ontario, is the portfolio manager of the Fund. The Canso IMA may be terminated by either us or Canso on 30 days’ prior written notice.

In its role as portfolio manager, Canso is responsible for the management of the investment portfolio, the establishment of investment policies and guidelines and the provision of investment analysis relating to the Fund. In carrying out these responsibilities, Canso may retain the services of other portfolio managers as sub-advisers for the Fund. Certain of these sub-advisers may be affiliated with either Canso or the Manager.

Investment decisions for the Fund are made by one or more teams of individual portfolio managers employed by Canso, and are not subject to the approval of any committee. The individuals who make up the portfolio management team for the Fund are as set forth in the table below.

Name and Title	Years with Canso	Business Experience in the Past Five Years
John P. Carswell	22	Director of the Manager since 2009; President of Canso since 1997.
Timothy Hicks	10	Chief Investment Officer and Director of the Manager since 2009; Portfolio Manager of Canso since July 2009.
Vivek Verma	17	Portfolio Manager of Canso since June 2005.

### Brokerage Arrangements

Decisions as to the purchase and sale of portfolio securities and decisions as to the execution of all portfolio transactions, including selection of market, dealer or broker, and the negotiation, where applicable, of commissions are made by Canso, as the portfolio manager for the Fund.

In selecting brokers, many factors will be considered in the context of a particular trade and in regard to Canso's overall responsibilities with respect to the Fund and to other investment accounts Canso manages. Factors deemed relevant may include the following: (i) price; (ii) size and type of the transaction; (iii) reasonableness of compensation to be paid; (iv) speed and certainty of trade executions, including the broker's willingness to commit capital; (v) nature of markets on which the security is to be purchased or sold; (vi) the availability of liquidity in the security; (vii) reliability of a market center or broker; (viii) overall trading relationship with the broker; (ix) assessment of whether and how closely the broker will likely follow instructions; (x) degree of anonymity that a particular broker or market can provide; (xi) the potential for avoiding market impact; (xii) the execution services rendered on a continuing basis; (xiii) the execution efficiency, settlement capability and financial condition of the firm; (xiv) arrangements for payment of Fund expenses, if applicable; and (xv) the provision of additional brokerage and research products and services, if applicable.

Portfolio transactions may be executed with brokers who provide research services to assist Canso with its investment management responsibilities. Such services include reports and analysis which are used to assist with investment decisions in the following subject areas: economic, industry, company, municipal, sovereign, legal or political research reports, market colour commentary, company meeting facilitation, compilation of securities prices, earnings, dividends and similar data; quotation services, data, information and other services; analytical computer software and services; and investment recommendations.

Canso has established procedures to assist it in making a good faith determination that their clients, including the Fund, receive a reasonable benefit considering the value of research goods and services and the amount of brokerage commissions paid.

The name of any dealer or third party that provided a good or service referred to in the foregoing list will be provided to Unitholders upon request by contacting us at 1-877-308-6979 or [manager@lysanderfunds.com](mailto:manager@lysanderfunds.com).

## **Custodian**

The portfolio assets of the Fund are held under the principal custodianship of CIBC Mellon Trust Company, located in Toronto, Ontario, pursuant to a custodial services agreement made as of December 8, 2011 and effective as of September 25, 2009, as amended on July 30, 2012, December 31, 2012, August 29, 2013, December 22, 2014, April 2, 2015, November 20, 2015, December 31, 2015 and December 30, 2016 (the “**Custodian Agreement**”). As custodian, CIBC Mellon Trust Company holds the cash and securities of the Fund. Any party to the Custodian Agreement may terminate it at any time upon 90 days’ written notice or immediately, if any party becomes insolvent, or makes an assignment for the benefit of creditors, or a petition in bankruptcy is filed by or against that party and is not discharged within 30 days, or proceedings for the appointment of a receiver for that party are commenced and not discontinued within 30 days. The principal custodian has a qualified foreign sub-custodian in each jurisdiction in which the Fund invests in securities. The agreements between CIBC Mellon Trust Company and such sub-custodians are consistent with the provisions of the Custodian Agreement, provide that the Fund may enforce its rights in respect of its assets held in accordance with their provisions and otherwise comply with the relevant provisions of NI 81-102.

## **Auditor**

Deloitte LLP of Toronto, Ontario is the auditor of the Fund.

## **Registrar and Transfer Agent**

Convexus acts as the registrar and transfer agent and provides other administrative services for the Fund, from its principal offices in Richmond Hill, Ontario, pursuant to an administrative services agreement dated July 1, 2009 (the “**Administrative Services Agreement**”). Convexus delivers administration processing for the Fund for investment accounting, NAV calculations, transfer agency, Unitholder record keeping, tax preparation, client statements and client servicing.

## **Securities Lending Agent**

In the event that the Fund engages in securities lending or repurchase or reverse repurchase transactions, CIBC Mellon Trust Company of Toronto, Ontario will be appointed as the Fund’s securities lending agent. The securities lending agent is not an affiliate of the Manager.

## **CONFLICTS OF INTEREST**

### **Principal Holders of Securities**

As of October 31, 2019, the directors and senior officers of the Manager beneficially owned, directly or indirectly, in aggregate, 94.73% of the Class A voting and 48.12% of the Class B subordinated voting shares of the Manager.

As of October 31, 2019, the directors and senior officers of the Manager beneficially owned, directly or indirectly, in aggregate, 76% of the Class A voting and 36% of the Class B subordinated voting shares of Canso.

As at October 31, 2019, the directors and senior officers of the Manager beneficially owned, directly or indirectly, in aggregate, 93.64% of the Class A voting shares of Convexus.

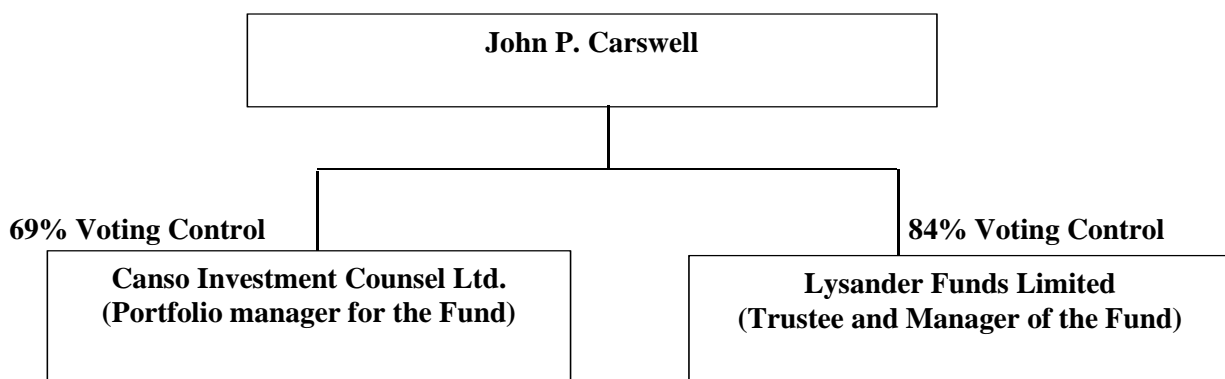


As at October 31, 2019, the following persons owned of record or, to our knowledge, beneficially, directly or indirectly, more than 10% of the outstanding Units of a Series of the Fund:

<b>Name of Holder</b>	<b>Series</b>	<b>Type of Ownership</b>	<b>Number of Units</b>	<b>Percentage of Outstanding Series of Fund Units</b>
Lysander Funds Limited	Series A	Of record and beneficially	600.4167	100%
Lysander Funds Limited	Series D	Of record and beneficially	609.5899	100%
GRIP Investments Limited	Series F	Of record and beneficially	37,322.823	15.49%
Royal Military Colleges Club of Canada	Series F	Of record and beneficially	183,051.270	75.95%

### **Affiliated Entities**

The following diagram shows the respective relationship between the Manager and any affiliated entity that provides services to the Fund and/or to the Manager with regard to the Fund:



Amounts material to the Fund paid by the Manager to an affiliated entity for services provided to the Fund will be reported in the audited financial statements of the Fund.

## **FUND GOVERNANCE**

### **General**

The Manager, as the trustee and the investment fund manager of the Fund, has the ultimate and overriding authority to manage and direct the business, operations and affairs of the Fund, subject to applicable law and the Declaration of Trust. The Manager has established appropriate policies, procedures and guidelines to ensure the proper management of the Fund. The systems implemented monitor and manage the business

and sales practices, risks and internal conflicts of interest relating to the Fund while ensuring compliance with regulatory and corporate requirements.

### **Independent Review Committee (“IRC”)**

In accordance with National Instrument 81-107 *Independent Review Committee for Investment Funds* (“**NI 81-107**”), an IRC has been established for all of the Lysander Funds, including the Fund. The IRC is composed of 4 individuals, each of whom is independent of the Lysander Funds, the Manager and its affiliates. The current members of the IRC are Paul Fahey as Chair, Jim McGill, Bill Schultz and Ruth Gould.

For the financial year ended December 31, 2018, the aggregate amount paid to members of the IRC by all the investment funds managed by the Manager (including its closed-end funds, exchange-traded fund and the other Lysander Funds) was \$46,760, excluding applicable HST. Each of the Lysander Funds, including the Fund, pays its *pro rata* share of the fees paid to the IRC which amount is reflected in the fund’s financial statements.

The IRC has adopted a written charter that includes its mandate, responsibilities and functions and the policies and procedures that it follows when performing its functions.

In accordance with NI 81-107, the mandate of the IRC is to consider and provide recommendations to us on conflicts of interest to which we are subject when managing the Fund. We are required under NI 81-107 to identify conflicts of interest inherent in our management of the Fund and to request input from the IRC on how we manage those conflicts of interest, as well as on our written policies and procedures outlining our management of those conflicts of interest. We must refer our proposed course of action in respect of any such conflict of interest matter to the IRC for its review. Certain matters require the IRC’s prior approval. In most cases, however, the IRC will provide a recommendation to us as to whether or not, in the opinion of the IRC, our proposed action will provide a fair and reasonable result for the Fund. For recurring conflict of interest matters, the IRC can provide us with standing instructions.

The IRC will report annually to the Unitholders on its activities, as required by NI 81-107. The reports of the IRC will be available free of charge from us on request by contacting us at [manager@lysanderfunds.com](mailto:manager@lysanderfunds.com) and will be posted on our website at [www.lysanderfunds.com](http://www.lysanderfunds.com). The annual report of the IRC will be available on or about March 31 in each year.

Each member of the IRC receives a quarterly retainer, and will be reimbursed for reasonable expenses incurred.

### **Use of Derivatives**

The Fund may use derivatives as described under the heading “Investment Strategies” in the Simplified Prospectus. The Fund must comply with the investment restrictions and practices in NI 81-102 in connection with its use of derivatives for hedging and non-hedging purposes. The decision as to the use of derivatives is made by Canso, as the Fund’s portfolio manager. The Fund has investment policies which includes the use of derivatives. The Manager’s Chief Investment Officer is responsible for the oversight of all derivative strategies used by the Fund.

Limits and controls on the use of derivatives are part of our Fund compliance regime and include reviews by analysts who ensure that the derivative positions of the Fund are within applicable policies. As the use of derivatives by the Fund is limited, we do not currently conduct simulations to test the portfolios under stress conditions.

## **Securities Lending, Repurchase or Reverse Repurchase Transactions**

The Fund may engage in securities lending, repurchase and reverse repurchase transactions to the extent permitted by the Canadian securities regulators. Prior to engaging in such transactions, the Fund will implement policies and practices to manage the risks associated with these types of transactions, and which will be reviewed at least annually by the Manager's Chief Compliance Officer.

Specifically, where the Fund engages in such investments, it will:

- require that the other party to the transaction establish collateral equal to a minimum of 102% of the market value of the securities loaned (for securities lending transactions) or sold (for repurchase transactions), or 102% of the cash paid for the securities (for reverse repurchase transactions), as the case may be;
- hold collateral consisting only of cash, qualified securities or securities that can be immediately converted into securities identical to those that are on loan. The collateral is marked to market daily;
- adjust the amount of collateral each business day to ensure the collateral's value relative to the market value of the securities loaned, sold or purchased remains within the 102% limit; and
- limit the aggregate value of all securities loaned or sold through securities lending and repurchase transactions, as the case may be, to under 50% of the NAV (without including the collateral) of the Fund.

Should the Fund engage in securities lending, repurchase and reverse repurchase transactions, we will appoint an agent under the terms of a written agreement established and reviewed by us, in order to administer any securities lending, repurchase and reverse repurchase transactions for the Fund. Under the provisions of this agreement, the agent shall be required to:

- assess the creditworthiness of potential counterparties to these transactions (typically, registered brokers and/or dealers);
- negotiate the actual securities lending, repurchase and reverse repurchase agreements with such counterparties;
- collect lending and repurchase fees and provide such fees to us;
- monitor (daily) the market value of the securities sold, loaned or purchased and the collateral and ensure that the Fund holds collateral equal to at least 102% of the market value of the securities sold, loaned or purchased; and
- ensure that the market value of securities loaned or sold, as the case may be, by the Fund through lending and repurchase transactions does not exceed 50% of the NAV of the Fund (not including the collateral held by the Fund).

Should the Fund engage in such transactions, we will establish written policies and procedures that set out the objectives and goals for these particular types of investments. There are no limits or controls restricting these transactions and risk measurement or simulations are not used to test the portfolio under stress conditions. We are responsible for reviewing these investments on an as-needed basis and such review will be independent of the agent.

## **Short selling**

The Fund may engage in short selling. A short sale by the Fund involves borrowing securities from a lender which are then sold in the open market. At a future date, the securities are repurchased by the Fund and returned to the lender. While the securities are borrowed, the proceeds from the sale are deposited with the lender and the Fund pays interest to the lender. If the value of the securities declines between the time that the Fund borrows the securities and the time it repurchases and returns the securities to the lender, the Fund makes a profit on the difference (less any interest the Fund is required to pay the lender). Short selling involves risk. There is no assurance that securities will decline in value during the period of the short sale and make a profit for the Fund. Securities sold short may instead appreciate in value creating a loss for the Fund. The Fund may experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender may also recall borrowed securities at any time. The lender from whom the Fund has borrowed securities may go bankrupt and the Fund may lose the collateral it has deposited with the lender. The Fund will adhere to controls and limits that are intended to mitigate these risks by short selling only liquid securities and by limiting the amount of exposure for short sales to the total market value of all securities of an issuer of the securities sold short by the Fund to 5% of the NAV of the Fund and the total market value of all securities sold short by the Fund to 20% of the NAV of the Fund.

## **Excessive Short-Term Trading**

The Fund is generally designed as a long term investment. Some investors may seek to trade or switch frequently their holdings of the Fund to try to take advantage of the difference between the Fund's NAV and the actual value of the Fund's portfolio holdings. This activity is sometimes referred to as "market timing". Frequent trading or switching in order to time the market can harm the Fund's performance, affecting all the Unitholders in the Fund, by forcing the Fund to keep cash or sell investments to meet redemptions. We use a combination of measures to detect and deter market timing activity, including:

- monitoring trading activity in client accounts and, through this monitoring, declining certain trades when necessary;
- imposing short-term trading fees; and
- when appropriate, applying fair value pricing to foreign portfolio holdings in determining the prices of the Fund.

## **Short-Term Trading Fees**

If you redeem or switch within 30 days of purchase, we may charge a short-term trading fee on behalf of the Fund of up to 2% of the value of the Units redeemed or switched. This fee is payable to the Fund. This is in addition to any switch fees that you may pay. Each additional switch counts as a new purchase for this purpose. We may waive the short-term trading fee charged by the Fund for other trades if the size of the trade is small enough or if the short-term trade did not otherwise harm other Unitholders in the Fund.

These short-term trading fees will not be charged for a redemption of Units pursuant to a systematic withdrawal program or for redemptions by another investment fund, product or program approved by us or in other appropriate circumstances in our absolute discretion.

## Proxy Voting Policies and Procedures

A summary of proxy voting policies and procedures to which the Fund is subject is set out below. Copies of the complete proxy voting policies and procedures for the Fund are available to you on request, free of charge, by calling us toll free at 1-877-308-6979, by sending an e-mail to [manager@lysanderfunds.com](mailto:manager@lysanderfunds.com) or by mailing to Lysander Funds Limited at 3080 Yonge Street, Suite 3037, Toronto, Ontario M4N 3N1.

The Manager's proxy voting policy requires the portfolio manager of the Fund to vote proxies in the best interests of the Fund and adopt proxy voting policies that are in line with the requirements in Part 10 of National Instrument 81-106 *Investment Fund Continuous Disclosure*.

Canso has adopted proxy voting policies that require Canso to vote proxies in the best interest of the Fund, which generally means voting in a manner that includes maximizing positive economic effect on the Fund's value and to protect the Fund's rights as a shareholder. The policies generally provide for voting in favour of management's recommendations unless there are specific circumstances for voting against and/or Canso believes the Fund's best interests would be better served by voting against such recommendations. Canso will document the reasons for a decision to cast a proxy vote in a manner that deviates from Canso's voting policies.

Canso's proxy voting policies provide that non-routine matters, including corporate restructurings, mergers and acquisitions, proposals affecting security holder rights and executive compensation, will usually be addressed on a case-by-case basis with a focus on the best interests of the Fund.

The Fund is considered to have received a solicitation at the time it or Canso has received notice at its offices. In the event that Canso does not receive a solicitation within sufficient time to execute a vote or the proxy is not submitted to the issuer in the time required, the Fund will not be able to vote on the matters solicited.

The proxy voting policies and procedures are available at no cost upon request in writing to the Manager at 3080 Yonge St. Suite 3037, Toronto, Ontario M4N 3N1.

The voting record, if any, for the previous year ended June 30 will be available free of charge to any Unitholder of the Fund upon request at any time after August 31 of that year and will be made available on the Manager's website at [www.lysanderfunds.com](http://www.lysanderfunds.com).

## INCOME TAX CONSIDERATIONS

The following summary fairly presents the principal Canadian federal income tax considerations under the Tax Act, as of the date hereof, for the Fund and for individuals (other than trusts) who, for the purposes of the Tax Act, are resident in Canada and hold Units of the Fund as capital property. This summary is based upon the current provisions of the Tax Act and the regulations issued thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and Regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof and the current published administrative practices and assessing policies of the Canada Revenue Agency. Except for the foregoing, this summary does not take into account or anticipate any change in law, whether by legislative, regulatory, administrative or judicial action. Furthermore, this summary does not take into account provincial or foreign income tax legislation or considerations.

The Fund does not qualify as a mutual fund trust under the Tax Act but is registered as a registered investment under the Tax Act for registered retirement savings plans, registered retirement income funds and deferred profit sharing plans. This summary is based on the assumption that not more than 50% of the

Units of the Fund will at any time that the Fund does not qualify as a mutual fund trust under the Tax Act, be held by one or more financial institutions, as defined under section 142.2 of the Tax Act.

**This summary is of a general nature only, is not exhaustive of all possible income tax considerations and is not intended to be legal or tax advice. We do not describe the tax rules in detail or cover all the tax consequences that may apply. Accordingly, prospective investors should consult their own tax advisors about their individual circumstances.**

### **Taxation of the Fund**

In each year, the Fund will distribute its net income and net realized capital gains to investors to such an extent that it will not be liable for ordinary income tax under Part I of the Tax Act (after taking into account any applicable losses, capital gains refunds or available dividend tax credits of the Fund). If the Fund does not qualify as a mutual fund trust under the Tax Act, it is not entitled to capital gains refunds and may be subject to alternative minimum tax. In certain circumstances, losses of the Fund may be suspended or restricted and, as a result, would be unavailable to shelter income or capital gains.

The Fund is required to compute its net income and net realized capital gains in Canadian dollars for the purposes of the Tax Act and may, as a consequence, realize income or capital gains by virtue of changes in the value of the U.S. dollar, or other relevant currency, relative to the Canadian dollar. Gains realized by the Fund on the sale or closure of derivative contracts entered into as a substitute for direct investment, and from short sales, will generally be treated on income account rather than as capital gains.

The Fund is registered as a registered investment under the Tax Act. If the Fund is not a mutual fund trust under the Tax Act, it is subject to a special tax under Part X.2 of the Tax Act if, generally, at the end of any month, it holds property that is not a “qualified investment” under the Tax Act. The Fund will restrict its investments so that it will not be liable for tax under Part X.2 of the Tax Act.

If at any time in a year the Fund is not a mutual fund trust under the Tax Act throughout that year and has a Unitholder that is a “designated beneficiary” within the meaning of the Tax Act, the Fund will be subject to a special tax at the rate of 40% under Part XII.2 of the Tax Act on its “designated income” within the meaning of the Tax Act. A “designated beneficiary” includes a non-resident of Canada and could include the Fund if it invests in other Lysander Funds. Designated income may include income from certain derivatives, and will include gains and losses from dispositions of taxable Canadian property. Where the Fund is subject to tax under Part XII.2, provisions in the Tax Act are intended to afford Unitholders who are not designated beneficiaries with an appropriate refundable tax credit.

### **Taxation of Investors**

Income and capital gains (or capital losses) must be computed in Canadian dollars for tax purposes.

#### ***Distributions of Income and Capital Gains***

The amount of any net income and the taxable portion of net realized capital gains of the Fund that is paid or payable to you in the year will generally be required to be included in your income for income tax purposes, whether such amount is reinvested in additional Units or paid in cash. This may include a Management Fee Distribution. If distributions are reinvested in additional Units of the Fund, the adjusted cost base (“ACB”) of your Units will be increased by the amount reinvested. To the extent that distributions (including Management Fee Distributions) to you by the Fund in any year (other than as proceeds of disposition) exceed the net income and the net realized capital gains of the Fund for the year, such excess distributions will be a return of capital and will not be taxable in your hands but will reduce the ACB of

your Series of Units. Where net reductions to the ACB of your Units would result in an ACB becoming a negative amount, such amount will be treated as a capital gain realized by you and your ACB of such Units will then be adjusted to nil. Any further net reductions in ACB to a negative amount will similarly be treated as capital gains for you.

The Fund will designate, to the extent permitted by the Tax Act, the portion of the income distributed to investors as may reasonably be considered to consist of, respectively, (i) taxable dividends received by it on shares of taxable Canadian corporations and (ii) net taxable capital gains. Any such designated amount will be deemed for tax purposes to be a taxable dividend received by investors in the year and a taxable capital gain realized by investors in the year, respectively. The applicable dividend gross up and tax credit rules will apply to amounts designated as taxable dividends from taxable Canadian corporations. An enhanced dividend gross up and tax credit is available for certain eligible dividends from Canadian corporations.

In addition, the Fund may make designations in respect of its foreign source income so that, for purposes of computing any foreign tax credit to you, you will be deemed to have paid as tax to the government of a foreign country that portion of the taxes paid by the Fund to that country that is equal to your share of the Fund's income from sources in that country.

### ***Redemptions and Other Dispositions***

Upon the actual or deemed disposition of a Unit of the Fund, including the redemption of a Unit on the exercise of the switch privilege, a capital gain (or a capital loss) will generally be realized to the extent that the proceeds of disposition of the Unit exceed (or are exceeded by) the aggregate of the ACB to you of the Unit and any costs of disposition. Generally, one half of a capital gain or a capital loss is taken into account in determining taxable capital gains and allowable capital losses. Allowable capital losses may only be deducted against taxable capital gains, subject to detailed rules in the Tax Act. Allowable capital losses may be carried back three years and carried forward indefinitely.

When a Unitholder redeems all or any of the Units of the Fund held by such Unitholder, the Trustee shall have the sole discretion to distribute all or any portion of the Fund's net capital gains to such Unitholder, provided that the amount of the net realized capital gains allocated to a particular redeeming Unitholder shall not exceed the amount, if any, by which the amount payable on the redemption of the Units exceeds the adjusted cost base of the Units being redeemed. The balance of the amount paid to such Unitholder at the time of redemption shall be paid as proceeds of redemption.

### ***Adjusted Cost Base***

For the purpose of determining the ACB to you of Units of a Series of the Fund when a Unit of Series of the Fund is acquired, whether on the reinvestment of distributions or otherwise, the ACB of the Unit is determined by averaging the cost of the newly acquired Unit with the ACB to you of all other identical Units of the Fund held by you immediately before that time. The reinvestment of distributions may cause your ACB per Unit to change.

### ***Purchasing Units Prior to Distributions***

The NAV per Unit of the applicable Series at any time may reflect accrued income or gains that have not yet been realized and distributed. If you purchase a Unit before a distribution is made, you will be taxed on that distribution even though the Fund may have earned the income or realized the gain giving rise to the distribution before you purchased the Unit. The effect will be greater if you purchase Units close to a distribution date.

### ***Alternative Minimum Tax***

You may be liable for alternative minimum tax in respect of Canadian dividends and realized capital gains (including capital gains distributions received). You should consult your own tax advisors regarding this potential tax.

### ***Registered Plans***

Units of the Fund are “qualified investments” under the Tax Act for Registered Plans. Annuitants of registered retirement savings plans and registered retirement income funds, holders of tax-free savings accounts and registered disability savings plans, and subscribers of registered education savings plans should consult with their own tax advisors as to whether Units of the Fund would be a “prohibited investment” under the Tax Act in their particular circumstances. Registered Plans are, generally, not subject to tax on income earned on, and proceeds realized on the disposition of, Units of the Fund as long as the income and proceeds remain in the Registered Plan. Special rules apply to registered education savings plans and registered disability savings plans, while withdrawals from a tax-free savings account are not subject to tax.

Investors who choose to purchase Units of the Fund through a Registered Plan should consult their own tax advisors regarding the tax treatment of contributions to, and acquisitions of property by, such Registered Plan.

## **MATERIAL CONTRACTS**

The material contracts that have been entered into by or on behalf of the Fund are as follows:

- the Declaration of Trust by the Manager, as amended, in its capacity as trustee, as described under “Responsibility for Mutual Fund Operations”;
- the Management Agreement between the Manager and the Fund, as amended, as described under “Responsibility for Mutual Fund Operations”;
- the Custodian Agreement between the Manager, as trustee of the Fund, and CIBC Mellon Trust Company, as custodian, as amended, as described under “Responsibility for Mutual Fund Operations”; and
- the Canso IMA between the Manager and Canso, as portfolio manager to the Fund, as amended, as described under “Responsibility for Mutual Fund Operations”.

Copies of the foregoing may be inspected during ordinary business hours on any business day at the head office of the Fund.



**CERTIFICATE OF THE FUND, THE MANAGER AND THE PROMOTER**

**Lysander TDV Fund**

This annual information form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of each province and territory of Canada and do not contain any misrepresentations.

DATED the 21st day of November, 2019

*(signed) "B. Richard Usher-Jones"*

\_\_\_\_\_  
B. Richard Usher-Jones  
Chief Executive Officer

*(signed) "Rajeev Vijn"*

\_\_\_\_\_  
Rajeev Vijn  
Chief Financial Officer

On behalf of the Board of Directors of Lysander Funds Limited,  
the trustee, manager and promoter of the Fund

*(signed) "John Carswell"*

\_\_\_\_\_  
John Carswell  
Director

*(signed) "Timothy Hicks"*

\_\_\_\_\_  
Timothy Hicks  
Director

## **ANNUAL INFORMATION FORM**

### **Lysander TDV Fund**

*Lysander Funds Limited*  
3080 Yonge St  
Toronto, Ontario  
M4N 3N1  
Telephone: 1-877-308-6979  
Facsimile: 416-855-6515  
  
[www.lysanderfunds.com](http://www.lysanderfunds.com)

You can find more information about the Fund in the Fund's Simplified Prospectus, and the Fund's management report of fund performance and financial statements, once available. For a free copy of these documents, call us toll free at 1-877-308-6979 or ask your dealer. You may find these documents and other information about the Fund, such as information circulars and material