

Interim Financial Statements (unaudited)
For the six month periods ended June 30, 2019 and 2018

Lysander-Slater Preferred Share ActivETF



SLATER
ASSET MANAGEMENT



Lysander-Slater Preferred Share ActivETF

Interim Financial Statements Six-Month Period Ended June 30, 2019 (unaudited)

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Interim Statements of Financial Position (unaudited)

As at	30-Jun-19	31-Dec-18
Assets		
Financial assets at fair value through profit or loss*	\$ 97,388,867	\$ 97,350,127
Cash and cash equivalents	982,997	822,279
Due from investment dealers	364,992	199,960
Accrued dividends	220,297	79,379
Total assets	\$ 98,957,153	\$ 98,451,745
Liabilities		
Due to investment dealers	\$ 785,493	\$ 259,268
Accrued management fees	51,565	54,353
Other accrued expenses	121,940	160,381
Distributions payable to holders of redeemable units	396,165	387,684
Total liabilities	\$ 1,355,163	\$ 861,686
Net assets attributable to holders of redeemable units	\$ 97,601,990	\$ 97,590,059
Number of redeemable units outstanding		
	11,319,000	10,769,000
Net assets attributable to holders of redeemable units per unit		
	\$ 8.62	\$ 9.06
* Financial assets at fair value through profit or loss at cost	\$ 112,273,033	\$ 110,298,138

Interim Statements of Comprehensive Income (unaudited)

For the periods ended	30-Jun-19	30-Jun-18
Income		
Dividend income	\$ 2,787,110	\$ 2,295,188
Realized and unrealized gain (loss) on investments		
Net realized gain (loss) on investments	(2,966,382)	1,516,268
Net foreign exchange gain (loss) on cash	504	1,889
Net other gain (loss)	1,717	2,625
Change in appreciation (depreciation) unrealized on investments	(1,936,155)	(2,531,828)
Total operating income	\$ (2,113,206)	\$ 1,284,142
Expenses		
Management fees	\$ 328,258	\$ 334,074
Commissions and other portfolio transaction costs	161,543	216,261
Operating fees	56,503	136,451
Harmonized sales tax	46,956	55,106
Other expenses	33	508
Total operating expenses	\$ 593,293	\$ 742,400
Expense reimbursement	\$ -	\$ (28,576)
Total net operating expenses	\$ 593,293	\$ 742,400
Change in net assets attributable to holders of redeemable units	\$ (2,706,499)	\$ 541,742
Change in net assets attributable to holders of redeemable units per unit		
	\$ (0.24)	\$ 0.04

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Interim Statements of Changes in Net Assets Attributed to Holders of Redeemable Units (unaudited)

For the periods ended	30-Jun-19	30-Jun-18
Net assets attributable to holders of redeemable units, beginning of period	\$ 97,590,059	\$ 90,895,230
Change in net assets attributable to holders of redeemable units	(2,706,499)	541,742
Distributions to unitholders of redeemable units		
From net investment income	\$ (2,430,597)	\$ (2,214,968)
Total distributions	\$ (2,430,597)	\$ (2,214,968)
Redeemable unit transactions		
Proceeds from redeemable units issued	\$ 12,354,436	\$ 26,463,861
Cost of units redeemed	(7,205,409)	(3,127,396)
Change in net assets attributable to holders of redeemable units for the period	11,931	21,663,239
Net assets attributable to holders of redeemable units, end of period	\$ 97,601,990	\$ 112,558,469

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Interim Statements of Cash Flows (unaudited)

For the periods ended	30-Jun-19	30-Jun-18
Cash flows from (used in) operating activities		
Change in net assets attributable to holders of redeemable units	\$ (2,706,499)	\$ 541,742
Adjustments for:		
Foreign exchange loss/(gain) on cash and cash equivalents	(504)	(1,889)
Net realized loss/(gain) on sales of investments and derivatives	2,966,382	(1,516,268)
Change in unrealized (appreciation) depreciation of investments and derivatives	1,936,155	2,531,828
Purchase of investments	(53,636,744)	(81,925,952)
Proceeds from the sale and maturity of investments	49,056,660	62,389,799
Accrued dividends	(140,918)	28,576
Other receivables	-	28,576
Other liabilities	(41,229)	57,858
Net cash from (used in) operating activities	\$ (2,566,697)	\$ (17,713,102)
Cash flows from (used in) financing activities		
Distributions paid to holders of redeemable units	\$ (2,422,116)	\$ (4,276,948)
Proceeds from issuances of redeemable units	12,354,436	26,447,176
Amounts paid on redemption of redeemable units	(7,205,409)	(3,127,396)
Net cash from (used in) financing activities	\$ 2,726,911	\$ 19,042,832
Foreign exchange (loss) on cash and cash equivalents	\$ 504	\$ 1,889
(Decrease) Increase in cash and cash equivalents during the period	160,214	1,129,730
Balance of cash and cash equivalents, beginning of the period	822,279	2,905,416
Cash and cash equivalents at the end of period	\$ 982,997	\$ 4,037,035
Supplementary disclosures on cash flow from operating activities		
Dividends received, net of withholding taxes	\$ 2,646,192	\$ 2,276,392

Interim Schedule of Investment Portfolio as at June 30, 2019 (unaudited)

Par Value/Number of Shares	Average Cost (\$)	Fair Value (\$)
Preferreds (99.3%)		
12,667	\$ 248,506	\$ 234,086
73,621	1,308,733	1,030,694
26,738	601,409	427,006
80,566	1,640,594	1,633,073
134,452	2,810,326	2,309,885
16,975	289,507	287,896
50,460	1,059,888	976,401
2,738	58,079	60,209
6,382	100,857	94,454
7,115	112,325	105,302
37,025	586,067	550,191
84,740	1,579,068	1,369,398
50,108	791,094	742,601
8,631	136,260	127,739

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Interim Schedule of Investment Portfolio as at June 30, 2019 (unaudited)

Par Value/Number of Shares			Average Cost (\$)	Fair Value (\$)	Par Value/Number of Shares			Average Cost (\$)	Fair Value (\$)
Preferreds (99.3%)									
<i>Cont'd</i>									
25,067	BCE Inc., Preferred, Series 'AH', Variable Rate, Convertible, Perpetual		395,246	370,992	14,657	Brookfield Office Properties Inc., 6.15%, Preferred, Class 'AAA', Series 'N', Perpetual	244,885	226,744	
21,358	BCE Inc., Preferred, Series 'AK', Variable Rate, Convertible, Perpetual		401,342	290,255	17,733	Brookfield Office Properties Inc., Preferred, Class 'AAA', Series 'AA', Variable Rate, Perpetual	372,313	295,254	
67,083	BCE Inc., Preferred, Series 'AM', Variable Rate, Perpetual		1,026,426	932,454	50,128	Brookfield Office Properties Inc., Preferred, Class 'AAA', Series 'R', Variable Rate, Perpetual	1,020,827	839,644	
54,230	BCE Inc., Preferred, Series 'Y', Variable Rate, Perpetual		858,172	802,604	38,752	Brookfield Office Properties Inc., Preferred, Series 'P', Variable Rate, Convertible, Perpetual	742,888	606,469	
46,813	Brookfield Asset Management Inc., 4.40%, Preferred, Series '38', Perpetual		837,905	749,476	24,890	Brookfield Renewable Power Preferred Equity Inc., Preferred, Series '1', Variable Rate, Convertible, Perpetual	389,280	362,149	
8	Brookfield Asset Management Inc., 4.75%, Preferred, Class 'A', Series '18', Perpetual		167	161	35,814	Canadian Imperial Bank of Commerce, Preferred, Class 'A', Series '39', Variable Rate, Perpetual	760,593	616,001	
35,240	Brookfield Asset Management Inc., Preferred, Class 'A', Series '13', Floating Rate		426,877	392,926	20,039	Canadian Imperial Bank of Commerce, Preferred, Class 'A', Series '41', Variable Rate, Perpetual	399,400	332,848	
52,349	Brookfield Asset Management Inc., Preferred, Class 'A', Series '24', Variable Rate, Convertible, Perpetual		935,302	781,571	84,594	Canadian Imperial Bank of Commerce, Preferred, Class 'A', Series '43', Variable Rate, Perpetual	1,745,643	1,606,440	
4,969	Brookfield Asset Management Inc., Preferred, Class 'A', Series '25', Floating Rate, Convertible, Perpetual		82,781	72,051	36,962	Canadian Imperial Bank of Commerce, Preferred, Series '45', Variable Rate, Perpetual	804,367	807,250	
22,752	Brookfield Asset Management Inc., Preferred, Class 'A', Series '26', Variable Rate, Convertible, Perpetual		394,299	343,328	48,588	Canadian Utilities Ltd., 4.50%, Preferred, Series 'DD', Perpetual	1,029,545	1,017,433	
12,234	Brookfield Asset Management Inc., Preferred, Class 'A', Series '32', Variable Rate, Convertible, Perpetual		265,610	232,324	176	Canadian Utilities Ltd., 4.90%, Preferred, Series 'BB', Perpetual	4,077	3,969	
15,265	Brookfield Asset Management Inc., Preferred, Series '8', Variable Rate, Perpetual		269,218	248,056					

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Interim Schedule of Investment Portfolio as at June 30, 2019 (unaudited)

Par Value/Number of Shares			Average Cost (\$)	Fair Value (\$)	Par Value/Number of Shares			Average Cost (\$)	Fair Value (\$)
Preferreds (99.3%)									
<i>Cont'd</i>									
265,651	Canadian Utilities Ltd., Preferred, Series 'Y', Variable Rate, Perpetual		5,502,332	4,848,131	14,890	Enbridge Inc., Preferred, Series 'B', Variable Rate, Perpetual		223,911	223,201
55,309	Capital Power Corp., Preferred, Series '1', Variable Rate, Convertible, Perpetual		980,012	721,229	822	Enbridge Inc., Preferred, Series 'J', Variable Rate, Perpetual		23,703	19,268
23,952	Element Fleet Management Corp., Preferred, Series 'G', Variable Rate, Perpetual		552,118	511,136	31,815	Enbridge Inc., Preferred, Series 'L', Variable Rate, Perpetual		929,023	756,189
181,947	Emera Inc., Preferred, Series 'A', Variable Rate, Convertible, Perpetual		3,181,503	2,523,605	25,965	Enbridge Inc., Preferred, Series 'P', Variable Rate, Perpetual		428,163	416,479
169,609	Emera Inc., Preferred, Series 'C', Variable Rate, Convertible, Perpetual		3,834,042	3,215,787	14,895	Enbridge Inc., Preferred, Series 'R', Variable Rate, Perpetual		240,373	234,447
33,397	Emera Inc., Preferred, Series 'F', Variable Rate, Perpetual		666,628	580,774	69,931	Fairfax Financial Holdings Ltd., 5.00%, Preferred, Series 'K', Perpetual		1,566,540	1,316,801
111,590	Enbridge Inc., 4.00%, Preferred, Series 'H', Perpetual		2,045,764	1,740,804	155,009	Fairfax Financial Holdings Ltd., Preferred, Series 'C', Variable Rate, Convertible, Perpetual		3,371,938	2,774,661
3	Enbridge Inc., Preferred, Series '1', Variable Rate, Perpetual		90	79	86,997	Fairfax Financial Holdings Ltd., Preferred, Series 'G', Variable Rate, Perpetual		1,625,519	1,280,596
5,974	Enbridge Inc., Preferred, Series '3', Variable Rate, Perpetual		91,655	89,311	68,120	Fairfax Financial Holdings Ltd., Preferred, Series 'I', Variable Rate, Convertible, Perpetual		1,377,955	1,074,252
44,337	Enbridge Inc., Preferred, Series '5', Variable Rate, Perpetual		1,261,560	1,088,653	45,414	Fortis Inc., 4.25%, Preferred, Series 'H', Perpetual		776,433	583,570
14,934	Enbridge Inc., Preferred, Series '7', Variable Rate, Perpetual		257,843	244,320	26,179	Fortis Inc., 4.90%, Preferred, Series 'F', Perpetual		610,360	591,907
4,805	Enbridge Inc., Preferred, Series '9', Variable Rate, Perpetual		96,949	77,312	133,451	Fortis Inc., Preferred, Series 'G', Variable Rate, Perpetual		2,786,043	2,366,086
8	Enbridge Inc., Preferred, Series '11', Variable Rate, Perpetual		162	129	27,461	Fortis Inc., Preferred, Series 'I', Floating Rate, Perpetual		454,174	339,418
39,203	Enbridge Inc., Preferred, Series '13', Variable Rate, Perpetual		708,857	634,697	11,052	Fortis Inc., Preferred, Series 'K', Variable Rate, Perpetual		221,286	185,563
202	Enbridge Inc., Preferred, Series '15', Variable Rate, Perpetual		3,563	3,283	89,392	Fortis Inc., Preferred, Series 'M', Variable Rate, Perpetual		1,659,936	1,554,527

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Interim Schedule of Investment Portfolio as at June 30, 2019 (unaudited)

Par Value/Number of Shares			Average Cost (\$)	Fair Value (\$)	Par Value/Number of Shares			Average Cost (\$)	Fair Value (\$)
Preferreds (99.3%)									
<i>Cont'd</i>									
661	George Weston Ltd., 4.75%, Preferred, Series 'V', Perpetual		14,502	14,542	21,670	Manulife Financial Corp., 4.50%, Preferred, Class 'A', Series '3', Perpetual	456,613	458,104	
14	George Weston Ltd., 5.20%, Preferred, Series 'III', Perpetual		336	337	55,474	Manulife Financial Corp., 4.65%, Preferred, Class 'A', Series '2', Perpetual	1,201,770	1,205,450	
50,999	George Weston Ltd., 5.80%, Preferred, Series 'I', Perpetual		1,305,410	1,306,084	4,956	Manulife Financial Corp., Preferred, Class '1', Series '5', Variable Rate, Convertible, Perpetual	103,283	95,849	
64,875	Great-West Lifeco Inc., 4.85%, Preferred, Series 'H', Perpetual		1,487,047	1,436,981	7,716	Manulife Financial Corp., Preferred, Class '1', Series '9', Variable Rate, Convertible, Perpetual	148,457	149,382	
44,169	Great-West Lifeco Inc., 5.15%, Preferred, Series 'Q', Perpetual		1,055,945	1,033,113	103,440	Manulife Financial Corp., Preferred, Class '1', Series '15', Variable Rate, Perpetual	2,037,688	1,746,067	
10,665	Husky Energy Inc., Preferred, Series '5', Variable Rate, Perpetual		220,109	214,366	13,070	Manulife Financial Corp., Preferred, Class '1', Series '19', Variable Rate, Perpetual	241,490	215,786	
25,198	Husky Energy Inc., Preferred, Series '7', Variable Rate, Perpetual		504,533	498,668	27,032	Manulife Financial Corp., Preferred, Class '1', Series '25', Variable Rate, Perpetual	557,396	520,636	
68,732	Industrial Alliance Insurance and Financial Services Inc., Preferred, Class 'A', Series 'G', Variable Rate, Convertible, Perpetual		1,538,119	1,357,457	9,745	Manulife Financial Corp., Preferred, Series '11', Variable Rate, Perpetual	209,318	186,714	
42,978	Industrial Alliance Insurance and Financial Services Inc., Preferred, Series 'I', Variable Rate, Perpetual		920,431	872,453	17,278	Manulife Financial Corp., Preferred, Series '23', Variable Rate, Perpetual	421,717	413,463	
14,635	Intact Financial Corp., Preferred, Class 'A', Series '3', Variable Rate, Perpetual		267,855	270,747	4,890	National Bank of Canada, Preferred, Series '30', Variable Rate, Perpetual	93,972	86,309	
4	Intact Financial Corp., Preferred, Series '7', Variable Rate, Perpetual		100	81	39,644	National Bank of Canada, Preferred, Series '38', Variable Rate, Perpetual	950,788	863,050	
86,700	Kinder Morgan Canada Ltd., Preferred, Series '1', Variable Rate, Perpetual		2,121,987	1,993,233	36,968	National Bank of Canada, Preferred, Series '40', Variable Rate, Perpetual	868,998	733,445	
49,417	Kinder Morgan Canada Ltd., Preferred, Series '3', Variable Rate, Convertible, Perpetual		1,227,847	1,126,708	79,698	Northland Power Inc., Preferred, Series '1', Variable Rate, Perpetual	1,548,956	1,216,191	

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Lysander-Slater Preferred Share ActivETF

Interim Schedule of Investment Portfolio as at June 30, 2019 (unaudited)

Par Value/Number of Shares			Average Cost (\$)	Fair Value (\$)	Par Value/Number of Shares			Average Cost (\$)	Fair Value (\$)
Preferreds (99.3%)									
<i>Cont'd</i>									
6,321	Pembina Pipeline Corp., Preferred, Class 'A', Series '1', Variable Rate, Perpetual		131,224	104,929	29,999	Sun Life Financial Inc., 4.75%, Preferred, Class 'A', Series '1', Perpetual	677,888	666,878	
89,967	Pembina Pipeline Corp., Preferred, Class 'A', Series '3', Variable Rate, Perpetual		1,861,990	1,477,258	24,317	Sun Life Financial Inc., 4.80%, Preferred, Class 'A', Series '2', Convertible, Perpetual	556,347	548,348	
24,302	Pembina Pipeline Corp., Preferred, Class 'A', Series '15', Variable Rate, Perpetual		517,307	408,274	43,612	Sun Life Financial Inc., Preferred, Class 'A', Series '10R', Variable Rate, Convertible, Perpetual	855,228	719,162	
21,310	Pembina Pipeline Corp., Preferred, Class 'A', Series 'S', Variable Rate, Perpetual		506,140	473,082	206,480	Sun Life Financial Inc., Preferred, Class 'A', Series '12R', Variable Rate, Convertible, Perpetual	4,687,742	3,999,518	
396	Pembina Pipeline Corp., Preferred, Series '7', Variable Rate, Perpetual		7,104	6,625	99,037	TC Energy Corp., Preferred, Series '1', Variable Rate, Convertible, Perpetual	1,710,488	1,363,739	
89,420	Pembina Pipeline Corp., Preferred, Series '9', Variable Rate, Perpetual		1,973,481	1,825,062	29,169	TC Energy Corp., Preferred, Series '2', Floating Rate, Perpetual	429,109	394,948	
17,087	Power Corp. of Canada, 5.00%, Preferred, Series 'D', Perpetual		386,661	378,819	13,591	TC Energy Corp., Preferred, Series '3', Variable Rate, Convertible, Perpetual	189,753	156,840	
65,874	Power Financial Corp., 4.80%, Preferred, Series 'S', Perpetual		1,470,819	1,448,569	232,828	TC Energy Corp., Preferred, Series '5', Variable Rate, Convertible, Perpetual	3,880,946	2,812,562	
38,474	Power Financial Corp., Preferred, Series 'A', Floating Rate, Perpetual		512,878	467,459	111,119	TC Energy Corp., Preferred, Series '9', Variable Rate, Perpetual	2,385,155	1,774,570	
27,977	Power Financial Corp., Preferred, Series 'P', Variable Rate, Perpetual		394,589	367,058	62,724	TC Energy Corp., Preferred, Series '11', Variable Rate, Perpetual	1,465,765	1,150,985	
1,360	Power Financial Corp., Preferred, Series 'Q', Floating Rate, Convertible, Perpetual		19,990	17,680	46,414	Thomson Reuters Corp., Preferred, Series 'II', Floating Rate	742,668	540,259	
16,727	Power Financial Corp., Preferred, Series 'T', Variable Rate, Perpetual		321,869	307,777	1,500	Toronto-Dominion Bank (The), Preferred, Series '5', Variable Rate, Perpetual	25,985	26,295	
89,330	Royal Bank of Canada, Preferred, Series 'BD', Variable Rate, Perpetual		2,096,966	1,783,920	20,735	TransAlta Corp., Preferred, Series 'B', Floating Rate, Perpetual	310,319	236,172	
156,738	Royal Bank of Canada, Preferred, Series 'BF', Variable Rate, Perpetual		3,660,906	3,040,717					

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Lysander-Slater Preferred Share ActivETF

Interim Schedule of Investment Portfolio as at June 30, 2019 (unaudited)

Par Value/Number of Shares Average Cost (\$) Fair Value (\$)

Preferreds (99.3%)

Cont'd

Par Value/Number of Shares	Description	Average Cost (\$)	Fair Value (\$)
29,238	TransAlta Corp., Preferred, Series 'E', Variable Rate, Perpetual	492,721	485,351
Total		\$ 111,985,016	\$ 96,873,621

Equities (0.5%)

24,358	AltaGas Ltd.	\$ 430,683	\$ 482,532
329	Bank of Nova Scotia	25,326	23,142
65	Canadian Utilities Ltd., Class 'A'	2,152	2,402
11	Fortis Inc.	488	569
363	Hudson's Bay Co.	3,627	3,485
48	TC Energy Corp.	2,581	3,116
Total		\$ 464,857	\$ 515,246

Transaction costs

	Transaction costs	\$ (176,840)	\$
Total transaction costs		\$ (176,840)	\$

Total investment portfolio (99.8%)

	Cash and cash equivalents (1.0%)	\$	\$ 982,997
	Other assets less liabilities (-0.8%)		(769,874)
Net assets		\$	\$ 97,601,990

Lysander-Slater Preferred Share ActivETF

Notes to the interim financial statements for the six-month period ended June 30, 2019 (unaudited)

1. Formation of Fund

The address of the Fund's registered office is 3080 Yonge St., Suite 3037, Toronto, Ontario.

Lysander Funds Limited (the "Manager" or "Lysander") is the manager and trustee of the Fund and is responsible for providing or arranging 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, preparing all offering documents, unitholder recordkeeping and other administrative services.

Lysander-Slater Preferred Share ActivETF (the "Fund") was established as a trust on July 28, 2015 in accordance with the Declaration of Trust dated July 28, 2015. The Fund commenced operations on August 10, 2015.

The Fund is an exchange-traded mutual fund under the laws of the Province of Ontario. The Fund is authorized to issue an unlimited number of redeemable, transferable Units, each of which represents an equal, undivided interest in the Fund.

The Fund's objective is to seek to generate income while preserving investor capital by investing primarily in preferred shares in Canadian entities that are listed on a Canadian stock exchange.

The portfolio manager of the Fund is Slater Asset Management Inc. ("Portfolio Manager").

2. Basis of Presentation

These interim financial statements (the "financial statements") have been prepared in compliance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB"). These financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all of the information and disclosures required in the annual financial statements. These financial statements should be read in conjunction with the Fund's annual financial statements and accompanying note disclosures.

The financial statements were authorized for issue by Lysander's board of directors on August 21, 2019.

3. Significant Accounting Policies

The significant accounting policies of the Fund are as follows:

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term investments in an active market with original maturities of three months or less, bank overdrafts and money market funds with daily liquidity and all highly liquid financial instruments that mature within three months of being purchased.

Financial instruments

The Fund accounts for its financial instruments in accordance with IFRS 9, which include cash and cash equivalents, investments at fair value through profit or loss, accrued interest, reimbursement receivable, subscriptions receivable, redemption payable, due to/from investment dealer, receivable/payable from forward exchange contracts and accrued expenses.

Financial assets and financial liabilities at fair value through profit or loss:

Financial Assets

The Fund classifies its investments in debt and equity securities and open-ended investment funds based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

These financial assets are managed and their performance is evaluated on a fair value basis. The Fund also manages these financial assets with the objective of realizing cash flows through sales. The fund has not taken the option to irrevocably designate any of its equity securities at fair value through other comprehensive income ("FVOCI"). Consequently, these financial assets are mandatorily measured at FVTPL.

Liabilities

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future or on initial recognition they are a part of a portfolio of identified financial instruments that the Fund manages and has a recent actual pattern of short term profit-taking.

All derivatives and short positions are included in this category and mandatorily measured at FVTPL.

The Fund does not apply general hedge accounting to any of its derivatives positions.

Financial Liabilities

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future or on initial recognition are a part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short term profit-taking.

Lysander-Slater Preferred Share ActivETF

Notes to the interim financial statements for the six-month period ended June 30, 2019 (unaudited)

All derivatives and short positions are included in this category and mandatorily measured at FVTPL.

The Fund does not apply general hedge accounting to any of its derivatives positions.

Financial assets and financial liabilities at amortized cost:

The financial assets and liabilities measured at amortized cost include cash collateral posted on derivative positions, accrued income, due to and from brokers and other short term receivables and payables.

IFRS 9 introduced the expected credit loss model ("ECL") as the new impairment model for financial assets measured at amortized cost. At each reporting date, the Fund measures the loss allowance on cash collateral held, amounts due from broker, accrued income and other short term receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowance at an amount equal to the 12 month expected credit losses. Given the short-term nature of the receivables and the high credit quality, the Fund has determined that the expected credit loss allowances are not material.

The Fund classifies financial instruments carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified as Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is reclassified as Level 3. The Manager assesses transfers at the time of an event that may cause reason for re-assessment of levelling. The classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement

in its entirety requires judgment, considering factors specific to the asset or liability. The determination of what constitutes observable requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources. The classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2019 and December 31, 2018, as applicable, is disclosed in the notes to the financial statements of the Fund. Significant transfers between levels are also disclosed in the notes to the financial statements of the Fund, where applicable. The reconciliation of level 3 fair value measurements for the periods ended June 30, 2019 and December 31, 2018, if applicable, are included in the notes to the financial statements of the Fund.

Recognition/Derecognition

At initial recognition, financial assets and liabilities are measured at fair value. Transaction costs on financial assets and liabilities at fair value through profit or loss are expensed as incurred in the statement of comprehensive income.

Subsequent to initial recognition, financial assets and liabilities at fair value through profit or loss are measured at fair value.

Gains and losses arising from changes in their fair value are included in the statement of comprehensive income for the period in which they arise. Dividend or interest income earned on financial assets at fair value through profit or loss and dividend or interest expense on the financial liabilities at fair value through profit or loss are disclosed in a separate line item in the statement of comprehensive income.

Financial assets are derecognized when the contractual rights to the cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership. Financial liabilities at fair value through profit or loss are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Investment transactions are accounted for on a trade date basis. Realized gains and losses on the disposition of investments, and unrealized appreciation and depreciation of investments, are determined on an average cost basis and are included in the statement of comprehensive income.

Realized gains and losses related to options are included in net realized gain/(loss) on options at fair value through profit or loss. Realized gains and losses relating to written options may arise from expiration of written options whereby realized gains are equivalent to the premium received and from the exercise of written covered call options in addition to the realized gain or

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losses from disposition of the related investments at the exercise price of the option.

Fair value measurements

The securities in the Fund's Portfolio are measured at FVTPL. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the period-end date. The quoted market price used for financial assets and financial liabilities of the Fund is the last traded price provided such price is within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Fund will determine the points within the bid-ask spread that are most representative of the fair value. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques commonly used by market participants making the maximum use of observable inputs and relying as little as possible on unobservable inputs. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

Where available, valuation techniques use market observable assumptions and inputs. If such data is not available, inputs may be derived by reference to similar assets in active markets, from recent prices for comparable transactions or from other observable market data. When measuring fair value, the Fund selects the non-market-observable inputs to be used in its valuation techniques, based on a combination of historical experience, derivation of input levels based on similar products with observable price levels and knowledge of current market conditions and valuation approaches. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk. Unlisted debt securities are valued based on observable inputs such as the prices provided by an

independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data and using standard market convention practices. Unlisted debt securities for which current quotations are not readily available are valued using another valuation technique as described below.

The Fund uses widely recognized valuation techniques for determining the fair value of financial instruments that are not actively traded and quoted. The most frequently applied valuation techniques include: i) discounted value of expected cash flows, ii) relative value, iii) option pricing methodologies, iv) private placement financing technique v) internally developed models and vi) market activity. In some cases, it may be reasonable and appropriate to value at cost, where there has been no material subsequent event affecting value. Discounted value of expected cash flows is a valuation technique that measures fair value using estimated expected future cash flows from assets or liabilities and then discounts these cash flows using a discount rate or discount margin that reflects the credit and/or funding spreads required by the market for instruments with similar risk and liquidity profiles to produce a present value. When using such valuation techniques, expected future cash flows are estimated using an observed or implied market price for the future cash flows or by using industry standard cash flow projection models. The discount factors within the calculation are generated using industry standard yield curve modeling techniques and models. Relative value models measure fair value based on the market prices of equivalent or comparable assets or liabilities, making adjustments for differences between the characteristics of the observed instrument and the instrument being valued. Option pricing models incorporate assumptions regarding the behavior of future price movements of an underlying referenced asset or assets to generate a probability-weighted future expected payoff for the option. The resulting probability-weighted expected payoff is then discounted using discount factors generated from industry standard yield curve modeling techniques and models. The option pricing model may be implemented using a closed form analytical formula or other mathematical techniques (e.g., binomial tree or Monte Carlo simulation). For more complex instruments and instruments for which there is no active market, fair values may be estimated using a combination of observed transaction prices, if any, consensus pricing services and relevant broker quotes. Consideration is given to the nature of the quotes (e.g., indicative or firm) and the relationship of recently evidenced market activity to the prices provided by consensus pricing services. Private placement financings are instances where a company raises capital through an offering of additional securities in the private markets. Pertinent details of such offering, including the terms of such offering, the issue price, and total capital raised are considered when assessing the

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reasonability that the issue price of such offering approximates fair value. In contrast to public offerings on a recognized exchange, private placement financings are not available to the general public. The Fund also uses internally developed models, which are typically based on valuation methods and techniques recognized as standard within the industry. Assumptions and inputs used in valuation techniques include benchmark interest rate curves, credit and funding spreads used in estimating discount rates, bond and equity prices, equity index prices, foreign exchange rates, levels of market volatility and correlation. In situations where there is limited market activity for the asset or liability near the measurement date, the most recent transaction price may be used.

Income recognition

Dividend income is recognized when the Fund's right to receive the payment has been established, normally being the ex-dividend date. Dividend income is recognized gross of withholding tax, if any.

The interest income for distribution purposes shown on the statement of comprehensive income represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis. The interest income for distribution purposes is the tax basis of calculating the interest received and which is subject to tax.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Accounting estimates

In the application of the Fund's accounting policies, the Fund is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. The most significant estimates relate to the valuation of investments. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Net assets attributable to holders of redeemable units

Units issued and outstanding represent the capital of the Fund, with each unit representing an equal and rateable share in the assets allocated to the Fund. Please refer to Note 6 for discussion of management fee rates. The redeemable units are classified as financial liabilities and are measured at the redemption amounts.

Units of the Fund may be purchased or redeemed at a price per unit equal to the net asset value ("NAV") of a unit of the Fund on each valuation date.

Net asset value per unit

The net asset value per unit of the Fund is computed by dividing the NAV by the total number of units outstanding at the time. The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its NAV for transactions with holders of redeemable units.

Foreign currency translation

Foreign currency amounts are translated into the Fund's functional currency as follows: fair value of investments, forward currency contracts and other financial assets and liabilities, at the closing rate of exchange on each business day; income and expenses, and purchases, sales and settlements of investments, at the rate of exchange prevailing on the respective dates of such transactions.

Foreign currency forward contracts

The value of the foreign currency forward contracts is the gain or loss that would be realized if the position in the forward contract was closed out in accordance with its terms. The unrealized gains or losses on the forward contract are reported as part of the change in unrealized appreciation or depreciation on forwards in the statement of comprehensive income. Foreign currency forward contracts manage exposure to foreign currency gains and losses arising from short and long-term investments denominated in foreign currencies.

Taxation

The Fund is a mutual fund trust within the meaning of the Income Tax Act (Canada). The Fund is subject to tax on its net taxable income, including net realized capital gains, for the calendar year which is not paid or payable to its unitholders as of the end of the calendar year. It is the intention of the Fund to pay all of its net taxable income and net realized capital gains so that the Fund will not be subject to income taxes other than foreign withholding taxes, if applicable. Therefore, no provision for income taxes has been made in these financial statements.

As at December 31, 2018, the Fund had no net capital losses

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(December 31, 2017 - Nil) and no non-capital losses (December 31, 2016 - Nil).

Distributions

The Fund makes distributions of net income monthly and any net realized capital gains annually. These are recognized in the statement of changes in net assets attributable to holders of redeemable units.

Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

Determination of Functional Currency

'Functional currency' is the currency of the primary economic environment in which the Fund operates. If indicators of the primary economic environment are mixed, then the Fund uses its judgment to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events, and conditions. The Fund's subscriptions and redemptions are denominated in Canadian Dollars ("CAD"). Accordingly, the Fund has determined that the functional currency of the Fund is CAD unless noted otherwise.

Fair Value Measurement of Derivatives and Securities Not Quoted in an Active Market

The Fund may hold financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined as disclosed in Fair Value Measurement section in Note 3.

Future changes in accounting standards

As of June 30, 2019, there are no future standards that could have a material impact on the Fund.

4. Expenses

The Fund is responsible for the payment of all expenses related to its operations, including but not limited to audit fees, Independent Review Committee fees, fund administration fees, filing fees, redeemable unitholder reporting and custodian fees plus harmonized sales tax. At their discretion, the Manager or the Portfolio Manager may pay certain of the expenses of the Fund but any such payments shall not oblige the Manager or the Portfolio Manager to make similar future payments. All expenses are recognized in the statement of comprehensive income on the accrual basis.

5. Issuance and Redemption of Units

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal undivided interest in the net assets of the Fund. Each unit entitles the holder to the same rights and obligations as a holder of any other unit and no holder of units is entitled to any privilege, priority or preference in relation to any other holder of units. Each holder of units is entitled to one vote for each whole unit held and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains, if any. On termination or liquidation of the Fund, the holders of outstanding units of record are entitled to receive on a pro rata basis all of the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses of the Fund. The units of the Fund are issued and redeemed at their NAV.

During the periods ended June 30, 2019 and 2018, the number of units issued, redeemed and outstanding were as follows:

For the periods ended	30-Jun-19	30-Jun-18
Units outstanding at beginning of period	10,769,000	8,569,000
Redeemable units issued	1,350,000	2,500,000
Redeemable units redeemed	(800,000)	(300,000)
Units outstanding at end of period	11,319,000	10,769,000

6. Related Party Transactions

The Manager is responsible for the day-to-day management of the Fund and its investment portfolio in compliance with the Fund's constating documents. The Manager pays for the investment management services and provides all administrative services required by the Fund. As compensation for its services the Manager is entitled to receive a management fee.

At June 30, 2019, the Manager, the majority shareholder of the Manager, the Manager's directors and officers together with certain immediate family members had an ownership interest in the Fund amounting to Nil (December 31, 2018 – Nil)

The Manager is entitled to receive from the Fund a management fee which is calculated daily and payable monthly at an annualized rate of up to 0.65%, exclusive of any applicable taxes.

During the period ended June 30, 2019, the Manager paid the Portfolio Manager \$164,129 (June 30, 2018- \$167,038) for managing the Portfolio of the Fund. As at June 30, 2019 the

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amount payable to the Portfolio Manager was \$81,952 (December 31, 2018 - \$90,712).

7. Fair Value Hierarchy

The following fair value hierarchy table presents information about the Fund's assets measured at fair value, as described in Note 3, as at June 30, 2019 and December 31, 2018.

As at June 30, 2019	Level 1		Level 2		Level 3		Total
Investments							
Equities	\$	97,388,967	\$	-	\$	-	\$ 97,388,967
Total	\$	97,388,967	\$	-	\$	-	\$ 97,388,967
<hr/>							
As at December 31, 2018	Level 1		Level 2		Level 3		Total
Investments							
Equities	\$	97,350,127	\$	-	\$	-	\$ 97,350,127
Total	\$	97,350,127	\$	-	\$	-	\$ 97,350,127

8. Risk Management

The Fund's activities expose it to a variety of financial risks in the normal course of operations. These include credit risk, liquidity risk, and market risk. The value of the investments in the Fund's portfolio can fluctuate as a result of changes in interest rates, general economic conditions, supply and demand conditions relating to specific securities, or news relating to a specific issuer. In order to manage risk, the Portfolio Manager will diversify the portfolio based on industry and credit rating category. Significant risks that are relevant to the Fund are discussed below.

Credit risk

Credit risk is the risk of financial loss that could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The Fund's main exposure to credit risk consists of investments in debt instruments, such as bonds. The Fund is also exposed to counterparty risk from other assets, such as amounts due from investment dealer or subscriptions receivable. To manage this risk, the Portfolio Manager monitors the Fund's credit exposure and counterparty credit ratings.

The Fund measures credit risk and lifetime ECLs related to these trade receivables using historical analysis and forward looking information in determining the ECL.

As at June 30, 2019 and December 31, 2018, the Fund had directly invested in preferred shares with the following credit ratings:

As a % of net assets	30-Jun-19		31-Dec-18	
Credit exposure				
P2	%	54.1	%	64.6
P2/P3		20.6		14.1
P3		24.6		20.2

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations, including any redemption of units for cash. The Fund is exposed to possible daily redemptions at the then current NAV per unit. Liquidity risk is managed by investing a significant portion of the Fund's assets in investments that are traded in an active market and that can be readily sold. All liabilities of the Fund are due within one year.

The following table presents the Fund's liabilities according to their maturity date as at June 30, 2019 and December 31, 2018:

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As at 30-Jun-2019	Less Than One Month		1-3 Months		3 Months – 1 Year		
Liquidity exposure							
Due to investment dealers	\$	785,493	\$	-	\$	-	
Accrued management fees		51,565		-		-	
Other accrued expenses		-		121,940		-	
Distributions payable to holders of redeemable units		396,165		-		-	
As at 31-Dec-2018							
		Less Than One Month		1-3 Months		3 Months – 1 Year	
Liquidity exposure							
Due to investment dealers	\$	259,268	\$	-	\$	-	
Accrued management fees		54,353		-		-	
Other accrued expenses		-		160,381		-	
Distributions payable to holders of redeemable units		387,684		-		-	

Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a fund asset will fluctuate because of changes in market interest rates. To manage interest rate risk, the Portfolio Manager monitors exposures and maintains the portfolio duration within the limits specified in the investment policies and objectives of the Fund. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

If interest rates had increased or decreased by 1% at June 30, 2019, with all other variables remaining constant, net assets of the fund would have decreased or increased by approximately \$3,855,570 (December 31, 2018 - \$6,919,135).

Currency risk

Currency risk arises when the value of investments denominated in currencies other than CAD fluctuate due to changes in exchange rates. The currency risk will typically be hedged by entering into foreign currency forward contracts, however some moderate currency exposure may be assumed if deemed to be beneficial to the Fund. In practice, actual results could differ from this sensitivity analysis and the difference could be material.

The table below summarizes the Fund's net exposure (after hedging, if any) to currency risk as at:

	30-Jun-19		31-Dec-18		
Currency exposure					
US Dollars		%	2.0	%	3.3

As at June 30, 2019, if the CAD had strengthened or weakened by 1% in relation to the above currency, with all other factors remaining constant, the Fund's net assets would have decreased or increased by 0.02% (December 31, 2018 - 0.03%).

Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in a market or market segment. This risk is managed through a careful selection of securities and other financial instruments within the parameters of the investment strategy and by maintaining a well-diversified portfolio. Exposure to price risk arises from investments in equity securities. In practice, actual results will differ from this sensitivity analysis and the difference could be material.

As at June 30, 2019 approximately 99.8% (December 31, 2018 - 99.8%) of the Fund's net assets were invested in these asset types. If prices of these investments had increased or decreased by 5% as at June 30, 2019 with all other factors remaining constant, net assets would have increased or decreased, by approximately \$4,869,443 (December 31, 2018 - \$4,867,506). In practice, actual results will differ from this sensitivity analysis and the difference could be material.



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