

Financial Statements

December 31, 2019

Lysander-Canso Corporate Value Bond Fund



Independent Auditor's Report

To the Unitholders of Lysander-Canso Corporate Value Bond Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information which comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 24, 2020

Lysander-Canso Corporate Value Bond Fund

Financial Statements December 31, 2019

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Lysander-Canso Corporate Value Bond Fund

Statements of Financial Position

As at	31-Dec-19	31-Dec-18
Assets		
Financial assets at fair value through profit or loss*	\$ 2,792,582,332	\$ 2,386,336,727
Cash and cash equivalents	54,086,065	8,695,710
Accrued interest	13,158,256	13,135,005
Receivable from forward exchange contracts	7,525,200	–
Subscriptions receivable	4,545,559	3,618,970
Due from investment dealers	572,259	–
Dividends receivable	234,536	107,443
Accounts receivable	–	500
Total assets	\$ 2,872,704,207	\$ 2,411,894,355
Liabilities		
Accrued expenses	\$ 2,570,077	\$ 2,112,998
Redemptions payable	1,482,731	1,739,094
Distributions payable	1,239	–
Payable on forward exchange contracts	–	8,887,653
Total liabilities	\$ 4,054,047	\$ 12,739,745
Net assets attributable to holders of redeemable units	\$ 2,868,650,160	\$ 2,399,154,610
Net assets attributable to holders of redeemable units, per series		
Series A	\$ 451,758,414	\$ 421,225,993
Series A5	7,105,555	6,469,535
Series F	2,380,821,570	1,945,192,293
Series F5	28,964,621	26,266,789
Total net assets	\$ 2,868,650,160	\$ 2,399,154,610
Number of redeemable units outstanding		
Series A	39,790,326	38,216,646
Series A5	820,422	739,055
Series F	189,883,228	159,558,445
Series F5	3,237,479	2,925,896
Net assets attributable to holders of redeemable units per unit		
Series A	\$ 11.35	\$ 11.02
Series A5	8.66	8.75
Series F	12.54	12.19
Series F5	8.95	8.98
* Financial assets at fair value through profit or loss at cost	\$ 2,768,047,570	\$ 2,412,541,497

Statements of Comprehensive Income

For the years ended	31-Dec-19	31-Dec-18
Income		
Interest for distribution purposes	\$ 89,993,258	\$ 62,311,974
Dividend income	1,630,614	472,789
Other income	125,415	118,942
Realized and unrealized gain (loss) on investments		
Net realized (loss) gain on investments sold	(2,586,810)	18,093,733
Net realized gain (loss) on foreign currency	6,940,977	(10,103,297)
Change in (depreciation) appreciation unrealized on foreign currency	(302)	41
Change in appreciation (depreciation) unrealized on forward contracts	16,412,853	(16,649,838)
Change in appreciation (depreciation) unrealized on investments	50,915,608	(20,979,505)
Total operating income	\$ 163,431,613	\$ 33,264,839
Expenses		
Management fees	\$ 25,112,904	\$ 21,849,336
Fund administration fees	1,581,098	1,413,873
Audit fees	370,419	327,754
Transaction costs	176,076	4,130
Custodial fees	127,909	114,500
Unitholder reporting expense	117,308	113,524
Filing fees	106,211	114,187
Regulatory fees expense	92,813	53,576
Legal fees	77,214	64,031
Independent review committee fees	39,257	33,626
Bank charges	1,718	8,778
Blended HST expense	(195,575)	(142,734)
Total operating expenses	\$ 27,607,352	\$ 23,954,581
Total net operating expenses	\$ 27,607,352	\$ 23,954,581
Change in net assets attributable to holders of redeemable units from operations	\$ 135,824,261	\$ 9,310,258
Change in net assets attributable to holders of redeemable units from operations, per series		
Series A	\$ 20,550,508	\$ 64,269
Series A5	315,595	5,831
Series F	113,478,693	9,065,797
Series F5	1,479,465	174,361
Change in total net assets	\$ 135,824,261	\$ 9,310,258
Change in net assets attributable to holders of redeemable units from operations per unit		
Series A	\$ 0.52	\$ –
Series A5	0.41	0.01
Series F	0.64	0.06
Series F5	0.47	0.06

Lysander-Canso Corporate Value Bond Fund

Statements of Changes in Net Assets Attributed to Holders of Redeemable Units

All Series

For the years ended	31-Dec-19	31-Dec-18
Net assets attributable to holders of redeemable units, beginning of year	\$ 2,399,154,610	\$ 2,134,422,860
Change in net assets attributable to holders of redeemable units from operations	135,824,261	9,310,258
Distributions to unitholders of redeemable units		
From net investment income	\$ (63,888,000)	\$ (39,984,624)
From management fee rebate income	(121,575)	(118,942)
From net capital gains	-	(2,488,222)
	\$ (64,009,575)	\$ (42,591,788)
Redeemable unit transactions		
Proceeds from redeemable units issued		
Series A	\$ 107,982,344	\$ 101,995,072
Series A5	2,069,686	1,404,222
Series F	858,759,925	721,887,031
Series F5	7,703,818	4,161,946
Total proceeds	\$ 976,515,773	\$ 829,448,271
Cost of units redeemed		
Series A	\$ (96,816,286)	\$ (98,109,994)
Series A5	(1,411,093)	(1,199,922)
Series F	(520,246,198)	(455,702,975)
Series F5	(5,027,818)	(5,917,044)
Total cost	\$ (623,501,395)	\$ (560,929,935)
Reinvested distributions		
Series A	\$ 6,457,873	\$ 4,396,564
Series A5	50,077	49,212
Series F	38,031,708	24,958,342
Series F5	126,828	90,826
Total reinvested	\$ 44,666,486	\$ 29,494,944
Change in net assets attributable to holders of redeemable units for the year	\$ 469,495,550	\$ 264,731,750
Net assets attributable to holders of redeemable units, end of year	\$ 2,868,650,160	\$ 2,399,154,610

Series A

For the years ended	31-Dec-19	31-Dec-18
Net assets attributable to holders of redeemable units, beginning of year	\$ 421,225,993	\$ 418,056,559
Change in net assets attributable to holders of redeemable units from operations	20,550,508	64,269
Distributions to unitholders of redeemable units		
From net investment income	\$ (7,626,095)	\$ (4,728,723)
From management fee rebate income	(15,923)	(12,318)
From net capital gains	-	(435,436)
Total distributions	\$ (7,642,018)	\$ (5,176,477)
Redeemable unit transactions		
Proceeds from redeemable units issued		
Series A	\$ 107,982,344	\$ 101,995,072
Cost of units redeemed	(96,816,286)	(98,109,994)
Reinvested distributions	6,457,873	4,396,564
Total redeemable	\$ 17,623,931	\$ 8,281,642
Change in net assets attributable to holders of redeemable units for the year	\$ 30,532,421	\$ 3,169,434
Net assets attributable to holders of redeemable units, end of year	\$ 451,758,414	\$ 421,225,993

Series A5

For the years ended	31-Dec-19	31-Dec-18
Net assets attributable to holders of redeemable units, beginning of year	\$ 6,469,535	\$ 6,595,328
Change in net assets attributable to holders of redeemable units from operations	315,595	5,831
Distributions to unitholders of redeemable units		
From net investment income	\$ (388,245)	\$ (378,435)
From net capital gains	-	(6,701)
Total distributions	\$ (388,245)	\$ (385,136)
Redeemable unit transactions		
Proceeds from redeemable units issued		
Series A5	\$ 2,069,686	\$ 1,404,222
Cost of units redeemed	(1,411,093)	(1,199,922)
Reinvested distributions	50,077	49,212
Total redeemable	\$ 708,670	\$ 253,512
Change in net assets attributable to holders of redeemable units for the year	\$ 636,020	\$ (125,793)
Net assets attributable to holders of redeemable units, end of year	\$ 7,105,555	\$ 6,469,535

Lysander-Canso Corporate Value Bond Fund

Statements of Changes in Net Assets Attributed to Holders of Redeemable Units

Series F

For the years ended	31-Dec-19	31-Dec-18
Net assets attributable to holders of redeemable units, beginning of year	\$ 1,945,192,293	\$ 1,680,465,791
Change in net assets attributable to holders of redeemable units from operations	113,478,693	9,065,797
Distributions to unitholders of redeemable units		
From net investment income	\$ (54,290,315)	\$ (33,356,178)
From management fee rebate income	(104,536)	(106,624)
From net capital gains	–	(2,018,891)
Total distributions	\$ (54,394,851)	\$ (35,481,693)
Redeemable unit transactions		
Proceeds from redeemable units issued	\$ 858,759,925	\$ 721,887,031
Cost of units redeemed	(520,246,198)	(455,702,975)
Reinvested distributions	38,031,708	24,958,342
Total redeemable	\$ 376,545,435	\$ 291,142,398
Change in net assets attributable to holders of redeemable units for the year	\$ 435,629,277	\$ 264,726,502
Net assets attributable to holders of redeemable units, end of year	\$ 2,380,821,570	\$ 1,945,192,293

Series F5

For the years ended	31-Dec-19	31-Dec-18
Net assets attributable to holders of redeemable units, beginning of year	\$ 26,266,789	\$ 29,305,182
Change in net assets attributable to holders of redeemable units from operations	1,479,465	174,361
Distributions to unitholders of redeemable units		
From net investment income	\$ (1,583,345)	\$ (1,521,288)
From management fee rebate income	(1,116)	–
From net capital gains	–	(27,194)
Total distributions	\$ (1,584,461)	\$ (1,548,482)
Redeemable unit transactions		
Proceeds from redeemable units issued	\$ 7,703,818	\$ 4,161,946
Cost of units redeemed	(5,027,818)	(5,917,044)
Reinvested distributions	126,828	90,826
Total redeemable	\$ 2,802,828	\$ (1,664,272)
Change in net assets attributable to holders of redeemable units for the year	\$ 2,697,832	\$ (3,038,393)
Net assets attributable to holders of redeemable units, end of year	\$ 28,964,621	\$ 26,266,789

Lysander-Canso Corporate Value Bond Fund

Statements of Cash Flows

For the years ended	31-Dec-19	31-Dec-18
Cash flows from (used in) operating activities		
Change in net assets attributable to holders of redeemable units from operations	\$ 135,824,261	\$ 9,310,258
Adjustments for:		
Foreign exchange (gain) on cash and cash equivalents	(41)	–
Net realized loss (gain) on sales of investments	2,586,810	(18,093,733)
Change in unrealized (appreciation) depreciation on investments	(50,739,532)	20,983,635
Change in unrealized depreciation (appreciation) on foreign currency	302	(41)
Purchase of investments	(1,499,736,915)	(1,603,768,475)
Proceeds from sale and maturity of investments	1,141,644,032	1,183,354,323
Accrued expenses	457,079	216,422
Distributions payable	1,239	–
Accounts receivable	500	(500)
Accrued interest	(23,251)	(1,468,318)
Dividends receivable	(127,093)	(32,885)
Redemptions payable	(256,363)	786,113
Due from investment dealers	(572,259)	45,212
Subscriptions receivable	(926,589)	20,548
Receivable from forward exchange contracts	(7,525,200)	7,762,185
Payable on forward exchange contracts	(8,887,653)	8,887,653
Net cash from (used in) operating activities	\$ (288,280,673)	\$ (391,997,603)
Cash flows from (used in) financing activities		
Distributions paid to holders of redeemable units, net of reinvested distributions	\$ (19,343,089)	\$ (13,096,844)
Proceeds from issuances of redeemable units	976,515,773	829,448,271
Amounts paid on redemption of redeemable units	(623,501,395)	(560,929,935)
Net cash from (used in) financing activities	\$ 333,671,289	\$ 255,421,492
Foreign exchange (loss) gain on cash and cash equivalents	\$ (261)	\$ 41
Increase (Decrease) in cash and cash equivalents during the year	45,390,616	(136,576,111)
Balance of cash and cash equivalents, beginning of year	8,695,710	145,271,780
Cash and cash equivalents at the end of year	\$ 54,086,065	\$ 8,695,710
Supplementary disclosures on cash flow from operating activities		
Interest received	\$ 89,970,007	\$ 60,841,858
Dividends received	1,503,521	439,903
Interest paid	1,718	8,778

Schedule of Investment Portfolio as at December 31, 2019

Par Value/Number of Shares		Average Cost (\$)	Fair Value (\$)
Canadian Equities (1.5%)			
516,026	Clearstream Energy Services Inc.	\$ 403,717	\$ 25,801
116,892	Postmedia Network Canada	14,176,519	198,716
12,485	Xplornet Comm Inc. Warrants Series A Sept 30, 2020 144A	391,319	1,186,739
12,215	Xplornet Comm Inc. Warrants Series B Sept 30, 2020 144A	313,465	464,317
26,445	Xplornet Comm Inc. Warrants Series C Oct 25, 2023 Restricted	10,201,104	12,480,375
21,542	Xplornet Comm Inc. Warrants Series D Oct 25, 2023	3,562,171	10,921,648
1,936,900	Yellow Pages Limited	30,224,643	17,548,314
Total		\$ 59,272,938	\$ 42,825,910
Canadian Fixed Income (45.2%)			
221,903,000	BMO CB FRN Feb 1, 2023 (3M CDOR + 19)	\$ 221,545,524	\$ 222,598,267
8,420,000	BNS FRN Aug 31, 2085 (USD) (SA LIBOR +12.5)	6,980,282	8,570,666
626,000	Bombardier Inc. 6.125% Jan 15, 2023 (USD) 144A	800,948	834,113
6,777,000	Bombardier Inc. 7.35% Dec. 22, 2026	6,735,455	6,603,339
15,448,500	ClearStream Energy Services Inc. 8% Mar 23, 2026	15,448,500	13,903,650
39,329,000	Cogeco Cable Inc. 4.175% May 26, 2023	40,835,074	40,973,420
22,377,000	Cogeco Cable Inc. 4.925% Feb 14, 2022	23,674,975	23,429,408
3,895,000	Cogeco Cable Inc. 5.15% Nov 16, 2020	4,172,215	3,986,543
20,459,000	Element Fleet Management 4.25% Jun 30, 2020	19,820,613	20,555,157
3,686,000	Element Fleet Management 4.25% Jun 30, 2024	3,686,000	4,233,002

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Lysander-Canso Corporate Value Bond Fund

Schedule of Investment Portfolio as at December 31, 2019

Par Value/Number of Shares		Average Cost (\$)	Fair Value (\$)	Par Value/Number of Shares		Average Cost (\$)	Fair Value (\$)
Canadian Fixed Income (45.2%)							
<i>Cont'd</i>							
275,000	Enbridge Inc. 3.5% Jun 10, 2024 (USD)	316,429	373,392	9,261,000	Sobeys Inc. 5.79% Oct 6, 2036	9,281,452	10,640,791
42,237,000	Ford Credit Canada Co. FRN Jan 10, 2022 (3M CDOR + 303)	42,257,036	43,560,999	9,956,000	Sobeys Inc. 6.06% Oct 29, 2035	10,101,716	11,745,441
101,395,000	Ford Credit Canada Co. FRN Mar 21, 2024 (3M CDOR + 314)	101,622,540	104,319,201	10,159,000	Sobeys Inc. 6.64% Jun 7, 2040	10,618,361	12,938,414
86,165,000	GE Capital Canada 4.60% Jan 26, 2022	87,717,846	89,133,281	11,596,000	Stuart Olson Inc. 7% Sep 20, 2024	11,596,000	10,528,008
29,836,000	GE Capital Canada FRN Feb 15, 2022 (Q CDOR +35)	29,229,956	29,445,310	99,507,000	TD Bank CB 1.68% Jun 8, 2021	98,245,360	99,072,533
9,619,000	GE Capital Canada FRN Feb 6, 2023 (Q CDOR +120)	9,916,627	9,674,522	78,992,000	TD CB FRN Jun 28, 2023 (3M CDOR + 31)	79,052,823	79,653,463
56,780,000	Kraft Canada Inc. FRN July 6, 2020 (Q CDOR +105)	56,923,009	57,014,257	2,662,316	Toronto Hospital Secured (amort) 5.64% Dec 8, 2022	2,811,406	2,790,525
9,240,000	Magna International Inc. 3.10% Dec 15, 2022	9,382,735	9,378,498	45,520,000	TransCanada Pipelines FRN May 15, 2067 (3M LIBOR+221) (USD)	53,782,952	49,473,457
31,665,000	Manufacturers Life Insurance FF 2.10% Jun 1, 2020/2025	31,368,389	31,652,856	16,330,000	Videotron Ltee 5.75% Jan 15, 2026	17,229,944	17,177,119
6,270,000	Manufacturers Life Insurance FF 2.389% Jan 5, 2021/26	6,214,343	6,278,409	26,530,000	Videotron Ltee Sr Notes 4.50% Jan 15, 2030	26,530,000	26,884,839
38,522,000	Manufacturers Life Insurance FF 2.64% Jan 15, 2020/2025	38,639,217	38,528,002	15,087,000	Videotron Ltee Sr Notes 5.625% Jun 15, 2025	15,539,015	16,260,957
9,088,000	Manufacturers Life Insurance FF 3.181% Nov 22, 2022/2027	9,214,867	9,291,231	27,881,000	VW Credit Canada Inc. FRN Mar 30, 2020 (Q CDOR+50)	27,905,234	27,901,969
130,000	NBC FRN Aug 29, 2087 (USD) (S/A LIBOR +12.5)	138,271	132,326	2,488,000	VW Credit Canada Inc. FRN Nov 13, 2020 (3M CDOR + 63)	2,488,124	2,492,118
11,601,052	Postmedia Network Inc. 8.25% Jul 15, 2023	11,602,212	11,601,052	10,485,089	Yellow Pages Digital & Media Solutions Ltd 8.0% Nov 30, 2022	9,657,357	10,694,791
86,607,000	RBC CB FRN Jun 27, 2022 (3M CDOR + 14)	86,607,000	86,825,856	Total		\$ 1,284,859,822	\$ 1,297,893,876
4,010,000	RBC FRN Jun 29, 2085(USD)(Q LIMEAN+25)	3,198,360	4,051,336	Domestic Bank Loans (1.6%)			
7,926,000	SNC Lavalin 3.235% Mar 2, 2023	7,789,183	7,795,124	23,882,861	Asterix Inc. Term Loan	\$ 23,882,861	\$ 23,882,861
5,061,000	SNC Lavalin FRN Mar 2, 2021 (Q CDOR + 54)	5,065,465	5,022,739	22,000,000	ClearStream Energy Services Inc. Term Loan (1) Prime + 450	22,000,000	22,000,000
28,227,000	Sobeys Inc. 4.7% Aug 8, 2023	29,117,007	29,873,495	Total		\$ 45,882,861	\$ 45,882,861
				Foreign Bank Loans(1.2%)			
				27,498,657	Maxar Technologies Ltd TL B USD 3m L + 275 Oct 5, 2024 (USD)	\$ 29,452,291	\$ 34,275,251
				Total		\$ 29,452,291	\$ 34,275,251
				Foreign Fixed Income (24.8%)			
				12,364,000	Apple Inc. 2.513% Aug 19, 2024	\$ 12,461,312	\$ 12,489,393

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Lysander-Canso Corporate Value Bond Fund

Schedule of Investment Portfolio as at December 31, 2019

Par Value/Number of Shares		Average Cost (\$)	Fair Value (\$)	Par Value/Number of Shares		Average Cost (\$)	Fair Value (\$)
Foreign Fixed Income (24.8%)							
<i>Cont'd</i>							
77,927,000	AT&T Inc. FRN (Q LIBOR + 118) Jun 12, 2024 (USD)	102,468,082	102,865,753	114,833,000	SSL Robotics LLC 9.75% Dec 31, 2023 (USD) (Maxar Technologies Inc.)	148,896,944	162,302,803
6,622,000	BZ Holdings Inc. 3% May 22, 2022	8,079,502	8,586,615	28,023,000	UniCredit S.p.A Sr Pref 3.75% Apr 12, 2022 (USD) 144A	34,803,838	37,233,756
8,374,000	Cigna Corp FRN (Q LIBOR +89) Jul 15, 2023 (USD)	10,823,953	10,861,794	33,914,000	UniCredit S.p.A S Non-Pref FRN Jan 14, 2022 (3M L+390) (USD)	45,146,418	46,113,805
44,641,000	Ford Motor Credit Co LLC FRN Jan 7, 2022 (USD)(Q LIBOR+314)	60,211,781	59,834,205	24,860,000	VW Credit Canada Inc. FRN Sep 27, 2021(Q CDOR +68)	24,883,547	24,939,602
				Total		\$ 691,494,271	\$ 711,201,457
1,754,000	GE Capital Corp FRN Apr 15, 2020 (USD) (Q LIBOR +80)	2,274,874	2,277,383	Mortgage Backed Securities (12.9%)			
7,167,000	GE Capital Corp FRN Apr 15, 2023 (USD) (Q LIBOR +100)	9,171,511	9,300,932	14,917,490	BMO FRN NHA MBS (98003572) Jul 1, 2024 (M CDOR -3)	\$ 14,842,604	\$ 14,853,934
14,546,000	GE Capital Corp FRN Mar 15, 2023 (USD) (Q LIBOR +100)	18,301,865	18,940,782	14,717,435	BMO FRN NHA MBS (98003780) Oct 1, 2024 (M CDOR -4)	14,643,848	14,645,040
19,325,000	GE Capital Corp FRN May 5, 2026 (USD) (Q LIBOR +38)	22,531,269	23,816,996	9,634,491	BMO NHA MBS FRN (98003728) Sep 1, 2024(M CDOR -4)	9,586,993	9,588,245
11,203,000	Heathrow Funding Limited 3.0% Jun 17, 2021/23	11,618,797	11,318,318	16,138,313	First National FRN NHA MBS (98003562) Jun 1, 2024 (M CDOR+8)	16,116,365	16,132,656
13,826,000	KFW 1.375% Jan 28, 2020	13,739,830	13,821,299	16,312,257	First National NHA FRN (98003699) Aug 1, 2024 (M CDOR+7)	16,282,079	16,262,978
25,000	Lehman Bros Hldg Inc 4.85% Sep 3, 2013 (USD)	-	486	24,054,741	First National NHA MBS (97508460) 1.7% Feb 1, 2022	23,988,591	23,930,655
139,169,000	Lloyds Bank PLC FRN Jul 11, 2023 (3M CDOR + 55)	138,911,682	138,544,034	17,604,503	First National NHA MBS (97513654) 2.4% Feb 1, 2024	17,795,512	17,766,465
5,409,000	Lloyds Bank PLC FRN May 7, 2021 (Q LIBOR+49) (USD)	6,987,410	7,038,292	9,871,777	I.G Investment NHA MBS (97514891) 1.95% Jul 1, 2024	9,912,942	9,801,564
3,444,000	Merrill Lynch FRN (Q CDOR +92) May 30, 2022	3,629,632	3,444,344	143	I.G Investment NHA MBS FRN (98001007) Feb 1, 2020 (M CDOR+10)	143	143
399,000	Metlife Global Funding I FRN Sep 27, 2022 (Q CDOR +50)	400,109	401,115	8,072,524	MCAP Service NHA MBS (97511636) 2.19% Mar 1, 2023	8,088,426	8,099,410
11,162,000	Navient Corp 5.625% Aug 1, 2033 (USD)	11,923,722	12,480,861	4,343,265	MCAP Service NHA MBS FRN (98001603) Apr 1, 2021 (M CDOR+48)	4,342,266	4,363,797
990,000	Navient Corp 5.625% Jan 25, 2025 (USD)	932,048	1,219,532	<i>Continued on next page ...</i>			
2,569,000	Royal Bank of Scotland Group PLC FRN May 15, 2023 (USD)	3,296,145	3,369,357				

Lysander-Canso Corporate Value Bond Fund

Schedule of Investment Portfolio as at December 31, 2019

Par Value/Number of Shares		Average Cost (\$)	Fair Value (\$)	Par Value/Number of Shares		Average Cost (\$)	Fair Value (\$)
Mortgage Backed Securities (12.9%)							
<i>Cont'd</i>							
21,504,894	MCAP Service NHA MBS FRN (98003539) May 1, 2024 (M CDOR+8.62)	21,453,282	21,503,152	11,434,731	People's Trust NHA MBS FRN (98003583) Jul 1, 2024 (M CDOR-4)	11,378,015	11,383,989
2,091,051	MCAP Service NHA MBS FRN(98001797)SE PT 1, 2021(M CDOR+45.21)	2,081,369	2,097,706	6,822,383	People's Trust NHA MBS FRN (98003689) Aug 1, 2024 (M CDOR-2)	6,785,338	6,794,644
3,013,732	MCAP Service NHA MBS FRN(98001833) (M CDOR+25) Oct 1, 2021	3,003,073	3,011,441	3,233,097	Scotia Capital Inc. NHA MBS (97514157) 2.05% Feb 1, 2024	3,226,118	3,228,738
4,020,656	Merrill Lynch FRN NHA MBS (98001681)Jun 1, 2021 (M CDOR +35)	4,004,329	4,020,270	52,895,496	Scotia Capital Inc. NHA MBS (97514581) 1.9% Jul 1, 2024	52,847,890	52,513,114
29,262,392	Merrill Lynch FRN NHA MBS (98002097)May 1, 2022 (M CDOR +20)	29,160,852	29,342,132	Total		\$ 369,507,523	\$ 369,537,497
15,001,908	Merrill Lynch FRN NHA MBS FRN(98002156)Jun 1, 2022(M CDOR+24)	14,954,052	15,044,401	Private Placements (4.5%)			
30,423,580	Merrill Lynch NHA MBS (98002946) Aug 1, 2023 (M CDOR+6)	30,414,149	30,403,303	16,728,081	Black Press Group Ltd. 12% Mar 31, 2024	\$ 16,728,081	\$ 16,728,081
12,701,566	Merrill Lynch NHA MBS FRN (98001212) Jun 1, 2020(M CDOR +10)	12,664,096	12,697,590	646,857	Blue Water Bridge Authority (amort) 6.41% Jul 9, 2027	784,127	730,781
14,638,813	Merrill Lynch NHA MBS FRN (98001289) Aug 1, 2020 (MCDOR +30)	14,506,331	14,652,859	5,109,000	Golf Town/Golfsmith 10.5% Jul 24, 2019 (144A)	2,815,576	11,240
1,832,229	Merrill Lynch NHA MBS FRN (98001384) Oct 1, 2020 (M CDOR+39)	1,821,328	1,836,248	18,593,000	Honda Canada Finance Inc FRN Apr 17, 2020 (Q CDOR+52)	18,629,759	18,617,413
3,157,768	Merrill Lynch NHA MBS FRN (98001703) Jul 1, 2021 (M CDOR+35)	3,156,672	3,154,096	37,331,000	Honda Canada Finance Inc FRN Aug 28, 2020 (Q CDOR +38)	37,415,151	37,408,928
21,270,338	Merrill Lynch NHA MBS FRN (98002887) Jul 1, 2023 (M CDOR-5)	21,142,078	21,203,889	39,175,000	Honda Canada Finance Inc FRN Dec 18, 2020 (Q CDOR+28)	39,277,581	39,246,103
709,189	MLFA 2002-BC2P A 6.673% May 7, 2021	779,068	723,568	4,515,584	PSPIB-RE Summit Inc. (amort) 3.266% Jun 12, 2020	4,541,413	4,524,886
458,051	MLML 2000 BMCC 7.373% May 10, 2022	529,714	481,470	12,576,000	WTH Car Rental ULC (AVIS) 2.781% Jul 22, 2024	12,621,793	12,649,271
				Total		\$ 132,813,481	\$ 129,916,703
				Preferred Shares (5.6%)			
				120,737	BCE Inc Cum Red 4.38% 1st Pfd Series AC	\$ 1,890,539	\$ 1,994,575
				60,300	BCE Inc Pfd Series AA (prime)	915,354	950,629
				165,800	BCE Inc Pfd Series AH (prime)	2,518,926	2,541,714
				384,100	BCE Inc Pfd Series AJ (prime)	5,789,471	5,918,981
				41,300	BCE Inc Pfd Series AL (prime)	552,594	579,026

Continued on next page ...

Lysander-Canso Corporate Value Bond Fund

Schedule of Investment Portfolio as at December 31, 2019

Par Value/Number of Shares			Average Cost (\$)	Fair Value (\$)	Par Value/Number of Shares			Average Cost (\$)	Fair Value (\$)
Preferred Shares (5.6%)									
<i>Cont'd</i>									
60,500	BCE Inc. 2.954% Perpetual Cum Pfd Series AK		764,115	842,765	38,800	Enbridge Inc. Pfd E (Series 13) (5yr+2.66%)	599,848	635,156	
31,300	BCE Inc. Floating Dec 1, 2022 Cum Pfd Series Y		478,264	483,898	39,700	Manulife Financial 3.8% Series 19 Pfd	622,496	681,649	
77,900	BCE Inc. Prime Flat Nov 1, 2021 Cum Pfd Series S		1,164,297	1,216,798	115,000	Manulife Financial 3.9% June 19, 2019 NC Pfd CI 1 Series 15	1,928,437	2,002,150	
18,100	BCE Inc. Prime Flat Feb 1, 2020 Cum Pfd Series AE		269,871	278,378	55,700	Manulife Financial 3.9% Series 17 Pfd	870,591	993,688	
46,800	BCE Inc. Prime Flat Sep 1, 2022 Cum Pfd Series AB		705,744	719,784	64,500	Manulife Financial 4.7% Pfd CI Series 25	1,203,135	1,273,230	
165,400	BMO Dec 31, 2049 NC Class A Pfd Series 26		3,662,840	4,020,874	106,300	TC Energy Corp 3.903% Perpetual Cum Pfd Ser 7	1,630,864	1,773,084	
3,268,400	BMO Laddered Preferred Share ETF		31,324,836	32,177,398	84,800	TC Energy Corp. 2.152% Perpetual Cum Pfd Ser 3	899,899	1,037,104	
769,500	BNS FRN Feb 2, 2021 Series 33 90CTB+134		17,474,508	18,902,768	60,000	TC Energy Corp. 2.263% Perpetual Cum Pfd Ser 5	721,800	757,800	
769,641	BZ Holdings Inc. Series C Preferred Share		4,335,513	4,502,039	30,100	TC Energy Corp. 3.266% Perpetual Cum Pfd Ser 1	380,163	440,363	
32,775	ClearStream Energy Services Inc. Series 1 Preferred Share		32,774,900	32,775,000	35,600	Thomson Reuters. Prime*0.7 Oct 7, 2013 Cum Pfd Series B	424,467	469,564	
21,735	ClearStream Energy Services Inc. Series 2 Pfd (restricted)		21,735,000	21,735,000	1,097	Xplornet Comm Pfd Class F	759,000	1,347,435	
118,900	Enbridge Inc 4.376% Series H Pfd		1,745,452	1,831,060	Total		\$ 154,764,383	\$ 161,048,777	
30,100	Enbridge Inc 4.4% Cum Red Series FA Pfd		415,079	495,747	US Equities (0.0%)				
136,900	Enbridge Inc 4.689% Cum Series F Pfd		2,123,640	2,271,171	1,707,872	BZ Holdings Inc. Convertible Bond Warrants	\$ -	\$ -	
110,300	Enbridge Inc. 4.073% Perpetual Cum Pfd Series R		1,544,024	1,759,285	933,059	BZ Holdings Inc. Preferred Share Warrants	-	-	
227,700	Enbridge Inc. 4.379% Perpetual Cum Pfd Series P		3,332,482	3,693,294	Total		\$ -	\$ -	
56,400	Enbridge Inc. 4.4% Pfd FG Series 15		862,823	922,140	Total investment portfolio (97.3%)				
234,200	Enbridge Inc. 4.40% Perpetual Cum Pfd Series 11		3,604,295	3,859,616		Cash and cash equivalents (1.9%)	\$	\$ 54,086,065	
104,900	Enbridge Inc. 4.46% Mar 1, 2018 Cum Pfd Series D		1,527,463	1,664,763		Other assets less liabilities (0.8%)		21,981,763	
197,900	Enbridge Inc. 5.086% Perpetual Cum Pfd Series N		3,211,653	3,500,851	Net assets		\$	\$ 2,868,650,160	

Lysander-Canso Corporate Value Bond Fund

Foreign Exchange Contracts

CounterParty	Settlement Date	Buy	Par Value	Sell	Par Value	Forward Rate	Current Rate	Unrealized Appreciation (Depreciation)
Canadian Imperial Bank of Commerce ¹	2020-03-18	CAD	\$ 618,293,249	USD	\$ 470,507,000	0.761	0.77	\$ 7,525,200

Notes

¹ Credit rating of counterparty is A+.

Lysander-Canso Corporate Value Bond Fund

Notes to the financial statements for December 31, 2019 and 2018

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 and its series, preparing all offering documents, unitholder recordkeeping and other administrative services.

Lysander-Canso Corporate Value Bond Fund (the "Fund") is an open-end fund formed under the laws of the Province of Ontario by a declaration of trust dated April 24, 2009. The Fund commenced operations on April 30, 2009 and distributed units under a prospectus exemption. The Fund became a reporting issuer on December 23, 2011.

The Fund's objective is to provide above average, long-term total returns consisting of interest income and some capital gains by investing primarily in fixed income securities.

The portfolio manager of the Fund is Canso Investment Counsel Ltd., ("Portfolio Manager"), a company under common control as the Manager.

2. Basis of Presentation

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by Lysander's board of directors on March 19, 2020.

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 Financial Instruments ("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 ("FVTPL"):

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.

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.

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

Lysander-Canso Corporate Value Bond Fund

Notes to the financial statements for December 31, 2019 and 2018

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 or considered impaired.

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 December 31, 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 years ended December 31, 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 year 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 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 year-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

Lysander-Canso Corporate Value Bond Fund

Notes to the financial statements for December 31, 2019 and 2018

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 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.

Lysander-Canso Corporate Value Bond Fund

Notes to the financial statements for December 31, 2019 and 2018

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 year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Net assets attributable to holders of redeemable units

Units issued and outstanding represent the capital of the Fund, with units in each series representing an equal and rateable share in the assets allocated to each series. The management fee rates are different for each of the series. 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 applicable series of the Fund on each valuation date.

Net asset value per unit

The net asset value per unit of each series of units of the Fund is computed by dividing the NAV of a series of units by the total number of units of the series 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, 2019, the Fund had \$5,295,420 (December 31, 2018 - Nil) net capital losses and no non-capital losses (December 31, 2018 - Nil).

Distributions

The Fund makes distributions of net income quarterly for Series A and F, and monthly for Series A5 and Series F5, 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

Lysander-Canso Corporate Value Bond Fund

Notes to the financial statements for December 31, 2019 and 2018

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 December 31, 2019, there are no future standards that could have a material or significant 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.

Service fees may be paid by the Manager from the management fees it receives from the Fund. Service fees may be paid to brokers and dealers to compensate them for providing ongoing services to redeemable unitholders holding Series A and A5 units, if applicable.

The maximum service fee is 0.50% per annum on the Series A and Series A5 units, exclusive of any applicable taxes.

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 years ended December 31, 2019 and 2018 the number of units issued, redeemed and outstanding were as follows:

Series A

For the years ended	31-Dec-19	31-Dec-18
Units outstanding at beginning of year	38,216,646	37,473,830
Redeemable units issued	9,615,854	9,135,740
Redeemable units redeemed	(8,616,898)	(8,788,803)
Redeemable units issued on reinvestments	574,724	395,879
Units outstanding at end of year	39,790,326	38,216,646

Series A5

For the years ended	31-Dec-19	31-Dec-18
Units outstanding at beginning of year	739,055	712,250
Redeemable units issued	236,787	154,149
Redeemable units redeemed	(161,173)	(132,791)
Redeemable units issued on reinvestments	5,753	5,447
Units outstanding at end of year	820,422	739,055

Series F

For the years ended	31-Dec-19	31-Dec-18
Units outstanding at beginning of year	159,558,445	136,047,541
Redeemable units issued	69,138,046	58,377,747
Redeemable units redeemed	(41,875,688)	(36,896,948)
Redeemable units issued on reinvestments	3,062,425	2,030,105
Units outstanding at end of year	189,883,228	159,558,445

Series F5

For the years ended	31-Dec-19	31-Dec-18
Units outstanding at beginning of year	2,925,896	3,106,933
Redeemable units issued	856,525	448,249
Redeemable units redeemed	(559,102)	(639,084)
Redeemable units issued on reinvestments	14,160	9,798
Units outstanding at end of year	3,237,479	2,925,896

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 certain

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investment management services and provides certain administrative services required by the Fund. As compensation for its services the Manager is entitled to receive a management fee.

The Manager may offer a reduced management fee to selected investors who (among other considerations) hold large investments in the Fund. This is achieved by reducing the management fee charged to the Fund based on the assets held by such investors and the Fund distributing the amount of the reduction in additional units of the same series of the Fund to the investor.

At December 31, 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 1.25% on Series A and Series A5 units and up to 0.75% on Series F and Series F5 units, exclusive of applicable taxes, based on the net asset value of each respective series. Series O has no management fees because investors will pay a negotiated management fee directly to the Manager.

During the year ended December 31, 2019, the Manager paid the Portfolio Manager, an affiliate of the Manager, \$9,993,549 (December 31, 2018 - \$8,594,364) for managing the portfolio of the Fund. As at December 31, 2019 the amount payable to the Portfolio Manager was \$907,403 (December 31, 2018 - \$766,544).

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 December 31, 2019 and 2018.

As at December 31, 2019	Level 1	Level 2	Level 3	Total
Investments				
Equities	\$ 118,462,134	\$ -	\$ 85,412,553	\$ 203,874,687
Fixed income	35,482,950	2,522,626,840	30,597,855	2,588,707,645
Total	\$ 153,945,084	\$ 2,522,626,840	\$ 116,010,408	\$ 2,792,582,332

As at December 31, 2018	Level 1	Level 2	Level 3	Total
Investments				
Equities	\$ 29,811,824	\$ -	\$ 62,984,164	\$ 92,795,988
Fixed income	24,495,329	2,255,996,365	13,049,045	2,293,540,739
Total	\$ 54,307,153	\$ 2,255,996,365	\$ 76,033,209	\$ 2,386,336,727

As at	31-Dec-19	31-Dec-18
Level 3 reconciliation		
Balance, beginning of year	\$ 76,033,209	\$ 54,563,718
Purchases	40,587,549	18,722,249
Sales	-	(16,764,381)
Transfers In	-	17,354,900
Transfers Out	-	-
Realized gains and losses	-	1,714,565
Change in unrealized appreciation/depreciation	(610,350)	442,158
Balance, end of year	\$ 116,010,408	\$ 76,033,209

The Portfolio Manager's internal valuation team is comprised of individuals from across the functional areas of the firm (Trading, Settlements, Research, Portfolio Management, Compliance, and Fund Administration) who have broad and deep experience in the fair value techniques for debt and equity investments. The team reports to the Chief Investment Officer of the Portfolio Manager and the internal valuation team's valuation processes and results are reviewed by the Portfolio Manager's management on an ongoing basis. Security valuations are discussed on a case-by-case basis with a view to establish the most suitable valuation method.

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During the year ended December 31, 2019 there were no transfers between levels. (December 31, 2018 - \$17,354,900 was transferred from level 2 to level 3).

The following sections provides information regarding Level 3 securities. It includes a summary of the valuation techniques used and the sensitivity of the fair value of these securities to changes in input values.

BZ Holdings Inc. 3% May 22, 2022

Price: \$100.00 USD

Valuation Technique: Internal Model which uses a combination of three techniques: 1) discounted value of expected cash flows, 2) relative value and 3) option pricing methodologies. The output of the model is compared to recent private placement funding rounds to confirm its reasonability.

Unobservable Inputs: The primary unobservable inputs for this security include financial statement data, recent private offering valuation multiples of competitors, and liquidation preference rights.

Change in input values: A reasonably possible change in the key inputs to the model could result in an increase or decrease of 9%, or an increase or decrease in the security price of \$9.00 USD.

BZ Holdings Inc. Series C Preferred Share

Price: \$4.51 USD

Valuation Technique: Internal Model which uses a combination of three techniques: 1) discounted value of expected cash flows, 2) relative value and 3) option pricing methodologies. The output of the model is compared to recent private placement funding rounds to confirm its reasonability.

Unobservable Inputs: The primary unobservable inputs for this security include financial statement data, recent private offering valuation multiples of competitors, and liquidation preference rights.

Change in input values: A reasonably possible change in the key inputs to the model could result in an increase or decrease of 12%, or an increase or decrease in the security price of \$0.54 USD.

BZ Holdings Inc. Convertible Bond Warrants

Price: \$0.00 USD

Valuation Technique: Internal Model which uses a combination of three techniques: 1) discounted value of expected cash flows, 2) relative value and 3) option pricing methodologies. The output of the model is compared to recent private placement funding rounds to confirm its reasonability.

Unobservable Inputs: The primary unobservable inputs for this security include financial statement data, recent private offering, valuation multiples of competitors, and liquidation preference rights.

Change in input values: A reasonably possible change in the key inputs to the model could result in an increase or decrease of 0%, or an increase or decrease in the security price of \$0.

BZ Holdings Inc. Preferred Share Warrants

Price: \$0.00 USD

Valuation Technique: Internal Model which uses a combination of three techniques: 1) discounted value of expected cash flows, 2) relative value and 3) option pricing methodologies. The output of the model is compared to recent private placement funding rounds to confirm its reasonability.

Unobservable Inputs: The primary unobservable inputs for this security include financial statement data, recent private offering valuation multiples of competitors, and liquidation preference rights.

Change in input values: A reasonably possible change in the key inputs to the model could result in an increase or decrease of 0%, or an increase or decrease in the security price of \$0.

ClearStream Energy Services Inc. Series 1 Preferred Share

Price: \$1,000.00

Valuation Technique: The private placement financing technique.

Unobservable Inputs: The last transacted price unless there is a material subsequent event that warrants a review. The preferred shares were issued on Jan 16, 2018 at \$1,000. There have been no subsequent material events affecting value.

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Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of \$300.00.

ClearStream Energy Services Inc. Series 2 Pfd (restricted)

Price: \$1,000.00

Valuation Technique: The private placement financing technique.

Unobservable Inputs: The last transacted price unless there is a material subsequent event that warrants a review. The preferred shares were issued on June 27, 2019 at \$1,000. There have been no subsequent material events affecting value.

Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of \$300.00.

ClearStream Energy Services Inc. Term Loan (1) Prime + 450

Price: \$100.00

Valuation Technique: The private placement financing technique.

Unobservable Inputs: The primary unobservable input for this security is the most recent transacted price in private offerings unless a material subsequent event that warrants a review. The term loan was issued on Nov 2, 2018 at \$100. There were subsequent draws on the term facility, each at par as shown in the Term 2 and 4 (funded on June 26th) and Term Loan 3 (funded on the 27th).

Change in input values: A reasonably possible change to the price that we pay in the next private offering could result in an increase or decrease of 10%, or an increase or decrease in the security price of \$10.00 .

Golf Town/Golfsmith 10.5% Jul 24, 2018 (144A)

Price: \$0.22

Valuation Technique: Discounted value of expected cash flows.

Unobservable Inputs: The primary unobservable input for this issue is the projected net cash value of assets being liquidated under bankruptcy protection.

Change in input values: A reasonably possible change to the value of the liquidated assets could result in an increase or decrease of 40%, or an increase or decrease in the security price of \$0.09.

Xplornet Comm Pfd Class F

Price: \$1,228.57

Valuation Technique: The private placement financing technique.

Unobservable Inputs: The primary unobservable input for this security is the last price where the common shares were traded in a private sale transaction.

Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of \$368.57.

Xplornet Comm Inc. Warrants Series A Sept 30, 2020 144A

Price: \$95.05

Valuation Technique: The private placement financing technique.

Unobservable Inputs: The primary unobservable input for this security is the last price where the common shares were traded in a private sale transaction.

Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of \$28.51.

Xplornet Comm Inc. Warrants Series B Sept 30, 2020 144A

Price: \$38.01

Valuation Technique: The private placement financing technique.

Unobservable Inputs: The primary unobservable input for this security is the last price where the common shares were traded in a private sale transaction.

Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of \$11.40.

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Xplornet Comm Inc. Warrants Series C Oct 25, 2023 Restricted

Price: \$471.94

Valuation Technique: The private placement financing technique.

Unobservable Inputs: The primary unobservable input for this security is the last price where the common shares were traded in a private sale transaction.

Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of \$141.58.

Xplornet Comm Inc. Warrants Series D Oct 25, 2023

Price: \$506.99

Valuation Technique: The private placement financing technique.

Unobservable Inputs: The primary unobservable input for this security is the last price where the common shares were traded in a private sale transaction.

Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of \$152.10.

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 December 31, 2019 and December 31, 2018, the Fund had directly invested in debt instruments with the following credit ratings:

As a % of net assets		31-Dec-19		31-Dec-18
Credit exposure				
AAA	%	30.8	%	31.0
AA		0.5		3.9
A		13.3		19.1
BBB		29.3		30.2
BB		6.5		6.8
B		7.9		2.8
CCC		-		0.4
Not Rated		6.3		3.6

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.

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

As at 31-Dec-2019	Less Than One Month		1-3 Months		3 Months – 1 Year		
Liquidity exposure							
Redemption Payable	\$	1,482,731	\$	-	\$	-	
Accrued expenses		-		2,570,077		-	
Distribution payable		1,239		-		-	
As at 31-Dec-2018							
		Less Than One Month		1-3 Months		3 Months – 1 Year	
Liquidity exposure							
Redemption Payable	\$	1,739,094	\$	-	\$	-	
Accrued expenses		-		2,112,998		-	
Payable on forward exchange contracts		-		8,887,653		-	

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. If applicable, 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. If applicable, the Fund has calculated the sensitivity analysis below. Actual results may differ materially from this analysis.

The table below summarizes the Fund's exposure to interest rate risks based on the remaining term to maturity of the investments.

	Less than 1 year		1-5 years		More than 5 years	
Interest rate exposure						
December 31, 2019	\$	349,213,754	\$	2,013,571,669	\$	225,921,736
December 31, 2018		255,416,513		1,605,705,628		432,418,598

If interest rates had increased or decreased by 1% at December 31, 2019, with all other variables remaining constant, net assets of the fund would have decreased or increased by approximately \$32,358,846 (December 31, 2018 - \$32,092,473).

Currency risk

Currency risk arises when the value of investments denominated in currencies other than CAD fluctuate due to changes in exchange rates. If applicable, 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. If applicable, the Fund has calculated the sensitivity analysis below. Actual results may differ materially from this analysis.

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

	31-Dec-19		31-Dec-18		
Currency exposure					
US Dollars		%	21.2	%	18.3

As at December 31, 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 0.2% (December 31, 2018 - 0.2%).

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. If applicable, 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. If applicable, the Fund has calculated the sensitivity analysis below. Actual results may differ materially from this analysis.

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As at December 31, 2019, approximately 7.1% (December 31, 2018 - 3.9%) of the Fund's net assets were invested in equity securities. If prices of these investments had increased or decreased by 5% as at December 31, 2019 with all other factors remaining constant, net assets would have increased or decreased, by approximately \$10,193,734 (December 31, 2018 - \$4,639,799).

Subsequent to year end, the spread of the COVID-19 virus has impacted equity markets significantly and the continued volatility and ultimate impact on markets cannot be predicted. At March 19, 2020 the NAV of the Fund has declined by 5.7% since December 31, 2019.



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