

Financial Statements

December 31, 2019

Lysander-Slater Preferred Share ActivETF



SLATER
ASSET MANAGEMENT



Independent Auditor's Report

To the Unitholders of Lysander-Slater Preferred Share *Activ*ETF (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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Michael Darroch.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 24, 2020

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Financial Statements December 31, 2019

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Statements of Financial Position

As at	31-Dec-19	31-Dec-18
Assets		
Financial assets at fair value through profit or loss*	\$ 82,603,415	\$ 97,350,127
Cash and cash equivalents	1,916,420	822,279
Due from investment dealers	655,433	199,960
Accrued dividends	90,075	79,379
Total assets	\$ 85,265,343	\$ 98,451,745
Liabilities		
Due to investment dealers	\$ 447,470	\$ 259,268
Accrued management fees	46,974	54,353
Other accrued expenses	29,701	160,381
Distributions payable to holders of redeemable units	287,070	387,684
Total liabilities	\$ 811,215	\$ 861,686
Net assets attributable to holders of redeemable units	\$ 84,454,128	\$ 97,590,059
Number of redeemable units outstanding		
	9,569,000	10,769,000
Net assets attributable to holders of redeemable units per unit		
	\$ 8.83	\$ 9.06
* Financial assets at fair value through profit or loss at cost	\$ 87,017,797	\$ 110,298,138

Statements of Comprehensive Income

For the years ended	31-Dec-19	31-Dec-18
Income		
Dividend income	\$ 5,326,914	\$ 4,947,957
Realized and unrealized gain (loss) on investments		
Net realized gain (loss) on investments	(11,637,970)	609,485
Net foreign exchange gain (loss) on cash	9,263	1,363
Net other gain (loss)	(801)	7,551
Change in appreciation (depreciation) unrealized on investments	8,533,629	(16,894,688)
Total operating income	\$ 2,231,035	\$ (11,328,332)
Expenses		
Management fees	\$ 627,035	\$ 699,686
Commissions and other portfolio transaction costs	338,757	398,886
Operating fees	66,443	285,784
Harmonized sales tax	85,010	117,641
Other expenses	212	921
Total operating expenses	\$ 1,117,457	\$ 1,502,918
Change in net assets attributable to holders of redeemable units	\$ 1,113,578	\$ (12,831,250)
Change in net assets attributable to holders of redeemable units per unit		
	\$ 0.10	\$ (1.23)

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

For the years ended	31-Dec-19	31-Dec-18
Net assets attributable to holders of redeemable units, beginning of year	\$ 97,590,059	\$ 90,895,230
Change in net assets attributable to holders of redeemable units from operations	1,113,578	(12,831,250)
Distributions to unitholders of redeemable units		
From net investment income	\$ (4,009,537)	\$ (3,390,564)
From net capital gains	-	(625,945)
From return of capital	(550,110)	(728,476)
Total distributions	\$ (4,559,647)	\$ (4,744,985)
Redeemable unit transactions		
Proceeds from redeemable units issued	\$ 18,367,622	\$ 38,008,151
Cost of units redeemed	(28,057,484)	(13,737,087)
Change in net assets attributable to holders of redeemable units for the year	(13,135,931)	6,694,829
Net assets attributable to holders of redeemable units, end of year	\$ 84,454,128	\$ 97,590,059

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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	\$ 1,113,578	\$ (12,831,250)
Adjustments for:		
Foreign exchange loss/(gain) on cash and cash equivalents	(9,263)	(1,363)
Net realized loss/(gain) on sales of investments and derivatives	11,637,970	(609,485)
Change in unrealized (appreciation) depreciation of investments and derivatives	(8,533,629)	16,894,688
Purchase of investments	(100,316,759)	(148,445,630)
Proceeds from the sale and maturity of investments	111,691,859	125,323,528
Accrued dividends	(10,696)	(8,097)
Other receivables	-	28,576
Other liabilities	(138,059)	109,353
Net cash from (used in) operating activities	\$ 15,435,001	\$ (19,539,680)
Cash flows from (used in) financing activities		
Distributions paid to holders of redeemable units	\$ (4,660,261)	\$ (6,815,884)
Proceeds from issuances of redeemable units	18,367,622	38,008,151
Amounts paid on redemption of redeemable units	(28,057,484)	(13,737,087)
Net cash from (used in) financing activities	\$ (14,350,123)	\$ 17,455,180
Foreign exchange (loss) on cash and cash equivalents	\$ 9,263	\$ 1,363
(Decrease) Increase in cash and cash equivalents during the period	1,084,878	(2,084,500)
Balance of cash and cash equivalents, beginning of the period	822,279	2,905,416
Cash and cash equivalents at the end of year	\$ 1,916,420	\$ 822,279
Supplementary disclosures on cash flow from operating activities		
Dividends received, net of withholding taxes	\$ 5,316,218	\$ 4,939,860

Schedule of Investment Portfolio as at December 31, 2019

Par Value/Number of Shares	Average Cost (\$)	Fair Value (\$)
Preferred Shares (97.7%)		
12,240	\$ 237,522	\$ 239,414
27,542	533,117	563,509
63,008	1,108,357	967,173
26,035	601,093	638,378
58,374	1,190,742	1,342,017
39,713	919,427	919,356
19,716	422,093	436,709
11,737	206,303	211,853
25,604	435,463	441,413
26,966	504,558	521,522
20,468	436,641	436,992
2,000	51,683	51,440
26,916	592,079	588,653
11,688	302,273	305,057

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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 (97.7%)									
<i>Cont'd</i>									
7,906	Bank of Nova Scotia, Preferred, Series '38', Variable Rate, Perpetual		202,195	203,817	4,124	Brookfield Asset Management Inc., Preferred, Class 'A', Series '25', Floating Rate, Convertible, Perpetual	68,533	66,170	
5,284	BCE Inc., 5.28%, Preferred, Series 'S'		83,408	82,536		Brookfield Asset Management Inc., Preferred, Class 'A', Series '26', Variable Rate, Convertible, Perpetual	612,357	609,605	
5,882	BCE Inc., Preferred, Class 'A', Series 'AJ', Floating Rate, Perpetual		92,752	90,642	37,445	Brookfield Asset Management Inc., Preferred, Class 'A', Series '32', Variable Rate, Convertible, Perpetual	296,958	294,831	
31,025	BCE Inc., Preferred, Series 'AB', Floating Rate, Perpetual		490,584	477,165	14,354	Brookfield Asset Management Inc., Preferred, Series '8', Variable Rate, Perpetual	222,232	202,112	
35,069	BCE Inc., Preferred, Series 'AD', Variable Rate, Perpetual		553,070	538,309	12,632	Brookfield Asset Management Inc., Preferred, Series '42', Variable Rate, Perpetual	295,792	309,019	
7,151	BCE Inc., Preferred, Series 'AE', Floating Rate, Perpetual		112,770	109,982	16,320	Brookfield Infrastructure Partners L.P., Preferred, Class 'A', Series '9', Variable Rate, Perpetual	122,493	121,802	
20,754	BCE Inc., Preferred, Series 'AH', Variable Rate, Convertible, Perpetual		326,879	318,159	5,440	Brookfield Infrastructure Partners L.P., Preferred, Series '7', Variable Rate, Perpetual	129,151	130,923	
17,685	BCE Inc., Preferred, Series 'AK', Variable Rate, Convertible, Perpetual		329,842	246,352	9,271	Brookfield Infrastructure Partners L.P., Preferred, Series '11', Variable Rate, Perpetual	207,260	205,353	
39,158	BCE Inc., Preferred, Series 'AM', Variable Rate, Perpetual		589,169	561,917	11,367	Brookfield Office Properties Inc., 4.85%, Preferred, Class 'AAA', Series 'GG', Perpetual	239,468	242,117	
35,199	BCE Inc., Preferred, Series 'Y', Variable Rate, Perpetual		556,368	544,177	35,601	Brookfield Office Properties Inc., 6.15%, Preferred, Class 'AAA', Series 'N', Perpetual	562,852	588,129	
41,955	Brookfield Asset Management Inc., 4.40%, Preferred, Series '38', Perpetual		744,629	742,604	25,541	Brookfield Office Properties Inc., Preferred, Class 'AAA', Series 'AA', Variable Rate, Perpetual	487,108	457,184	
416	Brookfield Asset Management Inc., 4.85%, Preferred, Class 'A', Series '36', Perpetual		8,713	9,231					
29,167	Brookfield Asset Management Inc., Preferred, Class 'A', Series '13', Floating Rate		352,626	351,462					
43,338	Brookfield Asset Management Inc., Preferred, Class 'A', Series '24', Variable Rate, Convertible, Perpetual		771,020	687,774					

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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 (97.7%)									
<i>Cont'd</i>									
5,880	Brookfield Office Properties Inc., Preferred, Class 'AAA', Series 'EE', Variable Rate, Perpetual		130,990	131,124	51,806	Canadian Imperial Bank of Commerce, Preferred, Class 'A', Series '43', Variable Rate, Perpetual	1,066,478	993,639	
10,628	Brookfield Office Properties Inc., Preferred, Class 'AAA', Series 'II', Variable Rate, Perpetual		217,349	217,980	3,241	Canadian Imperial Bank of Commerce, Preferred, Class 'A', Series '47', Variable Rate, Perpetual	58,051	59,505	
41,477	Brookfield Office Properties Inc., Preferred, Class 'AAA', Series 'R', Variable Rate, Perpetual		841,204	749,904	45,127	Canadian Imperial Bank of Commerce, Preferred, Series '45', Variable Rate, Perpetual	978,993	963,010	
34,792	Brookfield Office Properties Inc., Preferred, Series 'P', Variable Rate, Convertible, Perpetual		654,412	575,808	136	Canadian Utilities Ltd., 4.90%, Preferred, Series 'BB', Perpetual	3,141	3,176	
5,312	Brookfield Renewable Partners L.P., Preferred, Class 'A', Series '13', Variable Rate, Perpetual		118,064	123,823	80,187	Canadian Utilities Ltd., Preferred, Series 'Y', Variable Rate, Perpetual	1,641,401	1,413,295	
10,915	Brookfield Renewable Partners L.P., Preferred, Series '11', Variable Rate, Perpetual		254,077	254,210	52,450	Capital Power Corp., Preferred, Series '1', Variable Rate, Convertible, Perpetual	885,087	687,095	
12,465	Brookfield Renewable Power Preferred Equity Inc., Preferred, Class 'A', Series '3', Variable Rate, Convertible, Perpetual		209,679	219,259	279	ECN Capital Corp., Preferred, Series 'A', Variable Rate, Perpetual	5,873	5,941	
20,592	Brookfield Renewable Power Preferred Equity Inc., Preferred, Series '1', Variable Rate, Convertible, Perpetual		321,889	354,079	2,678	E-L Financial Corp. Ltd., 5.30%, Preferred, Series '1'	66,151	64,942	
43,124	Canadian Imperial Bank of Commerce, Preferred, Class 'A', Series '39', Variable Rate, Perpetual		851,660	727,071	9,827	Element Fleet Management Corp., Preferred, Series 'C', Variable Rate, Perpetual	205,905	219,142	
43,235	Canadian Imperial Bank of Commerce, Preferred, Class 'A', Series '41', Variable Rate, Perpetual		762,086	736,724	24,527	Element Fleet Management Corp., Preferred, Series 'G', Variable Rate, Perpetual	571,565	586,931	
					537	Element Fleet Management Corp., Preferred, Series 'I', Variable Rate, Perpetual	11,954	12,995	
					73,500	Emera Inc., Preferred, Series 'A', Variable Rate, Convertible, Perpetual	1,264,570	1,036,350	
					55,528	Emera Inc., Preferred, Series 'C', Variable Rate, Convertible, Perpetual	1,245,615	1,024,492	

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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 (97.7%)									
<i>Cont'd</i>									
40,410	Emera Inc., Preferred, Series 'F', Variable Rate, Perpetual		764,622	699,093	43,642	Enbridge Inc., Preferred, Series 'R', Variable Rate, Perpetual	680,715	696,090	
3	Enbridge Inc., Preferred, Series '1', Variable Rate, Perpetual		90	82	57,509	Fairfax Financial Holdings Ltd., 5.00%, Preferred, Series 'K', Perpetual	1,248,001	1,103,598	
49,445	Enbridge Inc., Preferred, Series '3', Variable Rate, Perpetual		734,447	738,708	67,950	Fairfax Financial Holdings Ltd., Preferred, Series 'C', Variable Rate, Convertible, Perpetual	1,462,470	1,261,152	
36,686	Enbridge Inc., Preferred, Series '5', Variable Rate, Perpetual		1,040,360	930,858	752	Fairfax Financial Holdings Ltd., Preferred, Series 'F', Variable Rate, Convertible, Perpetual	10,356	11,224	
5,336	Enbridge Inc., Preferred, Series '7', Variable Rate, Perpetual		88,815	88,578	56,346	Fairfax Financial Holdings Ltd., Preferred, Series 'G', Variable Rate, Perpetual	1,029,669	893,084	
39,255	Enbridge Inc., Preferred, Series '9', Variable Rate, Perpetual		613,401	646,530	33,504	Fairfax Financial Holdings Ltd., Preferred, Series 'I', Variable Rate, Convertible, Perpetual	673,775	569,568	
38,061	Enbridge Inc., Preferred, Series '11', Variable Rate, Perpetual		574,720	627,245	28,659	Fortis Inc., 4.25%, Preferred, Series 'H', Perpetual	486,772	386,610	
37,787	Enbridge Inc., Preferred, Series '13', Variable Rate, Perpetual		651,974	618,573	11,791	Fortis Inc., 4.75%, Preferred, Series 'J', Perpetual	259,053	265,062	
36,838	Enbridge Inc., Preferred, Series '15', Variable Rate, Perpetual		567,892	602,301	64,917	Fortis Inc., Preferred, Series 'G', Variable Rate, Perpetual	1,330,207	1,091,255	
41,295	Enbridge Inc., Preferred, Series 'B', Variable Rate, Perpetual		583,217	604,972	22,723	Fortis Inc., Preferred, Series 'I', Floating Rate, Perpetual	373,496	294,263	
4,896	Enbridge Inc., Preferred, Series 'C', Floating Rate, Perpetual		71,346	73,440	63,974	Fortis Inc., Preferred, Series 'M', Variable Rate, Perpetual	1,180,432	1,108,030	
1,504	Enbridge Inc., Preferred, Series 'F', Variable Rate, Perpetual		23,542	24,951	920	George Weston Ltd., 5.20%, Preferred, Series 'IV', Perpetual	21,926	22,549	
2,936	Enbridge Inc., Preferred, Series 'J', Variable Rate, Perpetual		72,693	71,295	76,218	George Weston Ltd., 5.80%, Preferred, Series 'I', Perpetual	1,959,484	1,966,423	
25,245	Enbridge Inc., Preferred, Series 'L', Variable Rate, Perpetual		594,115	622,856	3,507	Great-West Lifeco Inc., 4.85%, Preferred, Series 'H', Perpetual	80,359	81,152	
1,504	Enbridge Inc., Preferred, Series 'N', Variable Rate, Perpetual		25,494	26,606					
27,277	Enbridge Inc., Preferred, Series 'P', Variable Rate, Perpetual		446,187	442,433					

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Par Value/Number of Shares			Average Cost (\$)	Fair Value (\$)	Par Value/Number of Shares			Average Cost (\$)	Fair Value (\$)
Preferred Shares (97.7%)									
<i>Cont'd</i>									
37,121	Great-West Lifeco Inc., 5.15%, Preferred, Series 'Q', Perpetual		885,809	901,298	11,429	Intact Financial Corp., Preferred, Series '1', Variable Rate, Convertible, Perpetual	161,174	166,063	
5,314	Great-West Lifeco Inc., 5.20%, Preferred, Series 'G', Perpetual		125,354	130,884	1,884	Intact Financial Corp., Preferred, Series '7', Variable Rate, Perpetual	34,573	35,702	
2,678	Great-West Lifeco Inc., 5.25%, Preferred, Series 'S', Perpetual		65,379	66,441	9,778	Manulife Financial Corp., 4.50%, Preferred, Class 'A', Series '3', Perpetual	206,072	211,205	
2,678	Great-West Lifeco Inc., 5.40%, Preferred, Series 'P', Perpetual		66,227	67,271	44,520	Manulife Financial Corp., Preferred, Class '1', Series '5', Variable Rate, Convertible, Perpetual	840,137	876,599	
48,910	Great-West Lifeco Inc., 5.90%, Preferred, Series 'F', Perpetual		1,266,822	1,264,324	40,275	Manulife Financial Corp., Preferred, Class '1', Series '7', Variable Rate, Perpetual	832,866	849,400	
25,171	Great-West Lifeco Inc., Preferred, Series 'O', Floating Rate, Perpetual		340,347	342,326	33,578	Manulife Financial Corp., Preferred, Class '1', Series '9', Variable Rate, Convertible, Perpetual	653,733	668,202	
38,972	Husky Energy Inc., Preferred, Series '1', Variable Rate, Perpetual		432,746	485,201	39,565	Manulife Financial Corp., Preferred, Class '1', Series '15', Variable Rate, Perpetual	776,482	688,827	
36,186	Husky Energy Inc., Preferred, Series '5', Variable Rate, Perpetual		672,356	687,534	37,334	Manulife Financial Corp., Preferred, Class '1', Series '17', Variable Rate, Perpetual	609,245	666,039	
31,475	Husky Energy Inc., Preferred, Series '7', Variable Rate, Perpetual		621,264	597,396	37,491	Manulife Financial Corp., Preferred, Class '1', Series '19', Variable Rate, Perpetual	614,530	643,720	
40,084	Industrial Alliance Insurance and Financial Services Inc., Preferred, Class 'A', Series 'G', Variable Rate, Convertible, Perpetual		865,189	783,642	26,118	Manulife Financial Corp., Preferred, Class '1', Series '25', Variable Rate, Perpetual	520,965	515,569	
38,060	Industrial Alliance Insurance and Financial Services Inc., Preferred, Series 'I', Variable Rate, Perpetual		813,546	756,633	23,097	Manulife Financial Corp., Preferred, Series '11', Variable Rate, Perpetual	464,170	445,079	
7,450	Innergex Renewable Energy Inc., Preferred, Series 'A', Variable Rate, Perpetual		107,242	106,610	2,100	Manulife Financial Corp., Preferred, Series '21', Variable Rate, Perpetual	54,164	54,138	
2,678	Intact Financial Corp., 5.30%, Preferred, Series '6', Perpetual		64,785	66,361	25,311	Manulife Financial Corp., Preferred, Series '23', Variable Rate, Perpetual	616,742	631,003	
13,877	Intact Financial Corp., Preferred, Class 'A', Series '3', Variable Rate, Perpetual		253,081	250,410					

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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 (97.7%)									
<i>Cont'd</i>									
1,504	National Bank of Canada, Preferred, Series '30', Variable Rate, Perpetual		25,971	26,846	12,706	Power Corp. of Canada, 5.00%, Preferred, Series 'D', Perpetual		287,507	297,193
30,746	National Bank of Canada, Preferred, Series '32', Variable Rate, Perpetual		494,498	527,909	28,079	Power Financial Corp., 4.80%, Preferred, Series 'S', Perpetual		626,869	644,694
32,811	National Bank of Canada, Preferred, Series '38', Variable Rate, Perpetual		784,896	708,718	3,814	Power Financial Corp., 4.95%, Preferred, Series 'K', Perpetual		84,956	89,057
14,949	National Bank of Canada, Preferred, Series '40', Variable Rate, Perpetual		340,661	280,294	5,314	Power Financial Corp., 5.10%, Preferred, Series 'L', Callable		122,248	127,563
66,675	Northland Power Inc., Preferred, Series '1', Variable Rate, Perpetual		1,267,574	1,050,131	2,678	Power Financial Corp., 5.15%, Preferred, Series 'V', Perpetual		63,646	64,781
7,003	Pembina Pipeline Corp., Preferred, Class 'A', Series '1', Variable Rate, Perpetual		137,657	121,502	2,678	Power Financial Corp., 5.25%, Preferred, Series 'E', Perpetual		63,877	66,187
68,286	Pembina Pipeline Corp., Preferred, Class 'A', Series '3', Variable Rate, Perpetual		1,387,094	1,176,226	7,745	Power Financial Corp., 6.00%, Preferred, Series 'I', Perpetual		200,343	197,343
34,667	Pembina Pipeline Corp., Preferred, Class 'A', Series '15', Variable Rate, Perpetual		670,251	603,552	31,841	Power Financial Corp., Preferred, Series 'A', Floating Rate, Perpetual		423,180	418,709
20,413	Pembina Pipeline Corp., Preferred, Class 'A', Series '21', Variable Rate, Perpetual		463,506	496,648	62,133	Power Financial Corp., Preferred, Series 'P', Variable Rate, Perpetual		838,481	862,095
316	Pembina Pipeline Corp., Preferred, Series '7', Variable Rate, Perpetual		5,660	5,789	1,120	Power Financial Corp., Preferred, Series 'Q', Floating Rate, Convertible, Perpetual		16,420	15,557
50,157	Pembina Pipeline Corp., Preferred, Series '9', Variable Rate, Perpetual		1,104,911	1,040,758	43,237	Power Financial Corp., Preferred, Series 'T', Variable Rate, Perpetual		777,911	795,993
71,758	Pembina Pipeline Corp., Preferred, Series '23', Variable Rate, Perpetual		1,754,334	1,776,010	56,463	Royal Bank of Canada, Preferred, Series 'BD', Variable Rate, Perpetual		1,279,598	1,124,743
44,130	Pembina Pipeline Corp., Preferred, Series '25', Variable Rate, Perpetual		1,066,928	1,088,246	48,090	Royal Bank of Canada, Preferred, Series 'BF', Variable Rate, Perpetual		1,099,565	932,946
					12,336	Royal Bank of Canada, Preferred, Series 'BK', Variable Rate, Perpetual		318,279	319,996
					11,447	Royal Bank of Canada, Preferred, Series 'BM', Variable Rate, Perpetual		296,828	298,309

Continued on next page ...

Lysander-Slater Preferred Share ActivETF

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 (97.7%)									
<i>Cont'd</i>									
3,384	Shaw Communications Inc., Preferred, Series 'B', Floating Rate, Perpetual		44,757	47,376	11,447	TC Energy Corp., Preferred, Series '15', Variable Rate, Perpetual		286,559	293,501
	Sun Life Financial Inc., 4.80%, Preferred, Class 'A', Series '2', Convertible, Perpetual		221,675	224,273	42,563	Thomson Reuters Corp., Preferred, Series 'II', Floating Rate		658,678	561,406
9,692	Sun Life Financial Inc., Preferred, Class 'A', Series '9QR', Floating Rate, Perpetual		97,312	100,929	13,718	Toronto-Dominion Bank (The), Preferred, Series '1', Variable Rate, Perpetual		235,132	240,888
7,532	Sun Life Financial Inc., Preferred, Class 'A', Series '10R', Variable Rate, Convertible, Perpetual		593,105	524,133	31,468	Toronto-Dominion Bank (The), Preferred, Series '7', Variable Rate, Perpetual		607,361	623,066
31,404	Sun Life Financial Inc., Preferred, Class 'A', Series '12R', Variable Rate, Convertible, Perpetual		1,718,720	1,456,315	34,842	Toronto-Dominion Bank (The), Preferred, Series '9', Variable Rate, Perpetual		701,055	695,795
76,729	TC Energy Corp., Preferred, Series '1', Variable Rate, Convertible, Perpetual		916,049	787,416	9,486	Toronto-Dominion Bank (The), Preferred, Series '14', Variable Rate, Perpetual		241,249	244,929
53,822	TC Energy Corp., Preferred, Series '2', Floating Rate, Perpetual		379,619	371,631	95	Toronto-Dominion Bank (The), Preferred, Series '20', Variable Rate, Perpetual		1,945	1,871
25,970	TC Energy Corp., Preferred, Series '4', Floating Rate, Convertible, Perpetual		16,953	18,123	17,157	TransAlta Corp., Preferred, Series 'B', Floating Rate, Perpetual		255,155	205,884
1,504	TC Energy Corp., Preferred, Series '5', Variable Rate, Convertible, Perpetual		1,027,270	787,746	1,504	TransAlta Corp., Preferred, Series 'C', Variable Rate, Convertible, Perpetual		21,987	22,492
62,371	TC Energy Corp., Preferred, Series '6', Floating Rate, Convertible, Perpetual		54,103	58,192	28,453	TransAlta Corp., Preferred, Series 'E', Variable Rate, Perpetual		478,348	491,952
4,518	TC Energy Corp., Preferred, Series '9', Variable Rate, Perpetual		1,352,832	1,070,525	Total		\$ 87,058,647	\$ 82,496,352	
64,841	TC Energy Corp., Preferred, Series '11', Variable Rate, Perpetual		1,596,911	1,395,212	Equities (0.1%)				
74,174	TC Energy Corp., Preferred, Series '13', Variable Rate, Perpetual		567,819	573,091	288	Bank of Nova Scotia	\$	22,141	\$ 21,125
22,025					65	Canadian Utilities Ltd., Class 'A'		2,152	2,546
					5,412	Cominar REIT		73,667	76,634
					11	Fortis Inc.		488	593
					288	Hudson's Bay Co.		2,873	2,845
					48	TC Energy Corp.		2,581	3,320
					Total		\$ 103,902	\$ 107,063	
					Transaction costs				
						Transaction costs	\$	(144,752)	\$
					Total transaction costs		\$ (144,752)	\$	

Continued on next page ...

Lysander-Slater Preferred Share ActivETF

Schedule of Investment Portfolio as at December 31, 2019

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

Cont'd

Total investment portfolio (99.8%)		\$	87,017,797	\$	82,603,415
	Cash and cash equivalents (2.3%)	\$		\$	1,916,420
	Other assets less liabilities (-0.1%)				(65,707)
Net assets		\$		\$	84,454,128

Lysander-Slater Preferred Share ActivETF

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, 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 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.

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.

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.

Lysander-Slater Preferred Share ActivETF

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

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 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

Lysander-Slater Preferred Share ActivETF

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

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 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

Lysander-Slater Preferred Share ActivETF

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

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 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 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, 2019, the Fund had \$4,918,172 (December 31, 2018 - Nil) net capital losses and no non-capital losses (December 31, 2018 - 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.

Lysander-Slater Preferred Share ActivETF

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

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 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.

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:

For the years ended	31-Dec-19	31-Dec-18
Units outstanding at beginning of year	10,769,000	8,569,000
Redeemable units issued	2,050,000	3,650,000
Redeemable units redeemed	(3,250,000)	(1,450,000)
Units outstanding at end of year	9,569,000	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 certain 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.

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 0.65%, exclusive of any applicable taxes.

During the year ended December 31, 2019, the Manager paid the Portfolio Manager \$313,518 (December 31, 2018 - \$349,843) for managing the Portfolio of the Fund. As at December 31, 2019 the amount payable to the Portfolio Manager was \$72,164 (December 31, 2018 - \$90,712).

Lysander-Slater Preferred Share ActivETF

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

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	\$	82,603,415	\$	-	\$	-	\$ 82,603,415
Total	\$	82,603,415	\$	-	\$	-	\$ 82,603,415

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 preferred shares. 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 2018, the Fund had directly invested in preferred shares with the following credit ratings:

As a % of net assets	31-Dec-19		31-Dec-18	
Credit exposure				
P2	%	47.4	%	64.6
P2/P3		19.8		14.1
P3		29.7		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 December 31, 2019 and 2018:

Lysander-Slater Preferred Share ActivETF

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

As at 31-Dec-2019	Less Than One Month		1-3 Months		3 Months – 1 Year	
Liquidity exposure						
Due to investment dealers	\$	447,470	\$	-	\$	-
Accrued management fees		46,974		-		-
Other accrued expenses		-		29,701		-
Distributions payable to holders of redeemable units		287,070		-		-
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 may rebalance between different types of preferred shares depending on the interest rate environment. The Fund has calculated the sensitivity analysis below. Actual results may differ materially from this analysis.

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 \$2,879,886 (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. 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 (after hedging, if any) to currency risk as at:

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

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 0.02% (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. 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.

As at December 31, 2019 approximately 97.8% (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 December 31, 2019 with all other factors remaining constant, net assets would have increased or decreased, by approximately \$4,130,171 (December 31, 2018 - \$4,867,506). In practice, actual results will differ from this sensitivity analysis and the difference could be material.

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 43.9% since December 31, 2019.



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