

**Annual Management Report of Fund Performance**

As at December 31, 2019

Lysander-Triasima All Country Equity Fund



**TRIASIMA**



# Lysander-Triasima All Country Equity Fund

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## A Note About Forward Looking Statements

This annual Management Report of Fund Performance includes certain statements that are “forward looking statements”. All statements, other than statements of historical fact, included in this Management Report of Fund Performance that address activities, events or developments that the Fund expects or anticipates will or may occur in the future, including such things as anticipated financial performance, are forward looking statements. The words “may”, “could”, “would”, “should”, “believe”, “plan”, “anticipate”, “expect”, “intend”, “forecast”, “objective” and similar expressions are intended to identify forward looking statements.

These forward looking statements are subject to various risks and uncertainties, including the risks described in the simplified prospectus of the Fund, which could cause actual financial performance and expectations to differ materially from the anticipated performance or other expectations expressed.

Readers are cautioned not to place undue reliance on these forward looking statements. All opinions contained in forward looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

The Fund has no specific intention of updating any forward looking statements whether as a result of new information, future events or otherwise, except as required by securities legislation. Certain research and information about specific holdings in the Fund, including any opinion, is based upon various sources believed to be reliable, but it cannot be guaranteed to be current, accurate or complete. It is for information only, and is subject to change without notice.

## About This Report

This annual Management Report of Fund Performance of Lysander-Triasima All Country Equity Fund (the “Fund”) contains financial highlights for the year ended December 31, 2019 but does not contain the complete financial statements of the Fund. This report should be read in conjunction with the annual financial statements of the Fund for the year ended December 31, 2019. Lysander Funds Limited (the “Manager”) is the manager of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling toll-free 1 877 308 6979, by writing to Lysander Funds Limited, 3080 Yonge Street, Suite 3037, Toronto, Ontario, M4N 3N1, by visiting our website at [www.lysanderfunds.com](http://www.lysanderfunds.com) or at SEDAR at [www.sedar.com](http://www.sedar.com).

Unitholders may also contact Lysander Funds Limited using one of these methods to obtain a copy of the Fund’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## Investment objective

The Fund’s objective is to provide long-term capital growth by investing primarily in equity securities of companies anywhere in the world.

## Investment Strategies

The Fund’s portfolio manager is Triasima Portfolio Management Inc. (“Portfolio Manager” or “Triasima”). The Fund’s portfolio positions are primarily invested in equity securities of companies globally, including American Depositary Receipts and Global Depositary Receipts. The Fund will not be leveraged. The Fund

may invest up to 100% of its assets in foreign securities. More details are contained in the Fund’s simplified prospectus.

## Risks

The risks of this Fund remain as discussed in the Fund’s most recent simplified prospectus.

## Results of Operations

During 2019, Triasima employed its Three-Pillar methodology which analyzes securities from three perspectives: quantitative, fundamental, and trend to determine their suitability and attractiveness for the Lysander-Triasima All Country Fund.

The Fund’s series A and F performance is 15.2% and 16.5% respectively for 2019, versus 20.3% for the MSCI ACWI Index benchmark. On an annualized basis since inception, three years ago, the Index has returned 9.4%, while Series A and F posted returns of 6.8% and 7.7% respectively.

Overall, in 2019, the Fund’s underperformance can primarily be attributed to security selection in the United States. Not owning Apple Inc. had the most impact. This company made up 2.1% of the benchmark in 2019 and was up 79%. Also of note is Quaker Chemical, an American chemical producer, whose operations were hurt by the manufacturing recession and a slowdown in car production. Another large detractor was Grupo Financiero Galicia, an Argentinian bank whose price fell precipitously upon the unexpected election of a socialist candidate as president of the country.

Large positive contributors include Generac Holding (USA, power generation equipment manufacturer), Globant (Argentina, IT

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consulting), and Ring Central (USA, cloud communication and consulting). Additionally, the underweight in advanced Asian countries, mainly Japan, helped relative performance.

The net assets of the Fund increased to \$6.2 million from \$4.1 million at the end of December 2019 due to market appreciation and net subscriptions of \$1.3 million.

There were no unusual changes to the components of revenue and expenses of the Fund and there were no unusual events or transactions, economic changes, or market conditions that affected performance beyond what would be reasonably expected.

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

## Recent Developments

The year 2019 was marked by a global growth slowdown that had begun in 2018 in Europe and China. This slowdown was accompanied by a manufacturing recession.

One cause behind this slowdown has been the trade war between the United States and China that created trade disruptions and raised general uncertainty. Another reason was the lagged effect of the Federal Reserve's and the European Central Bank's abandonment of easy monetary policies in 2018.

Fortunately, in the United States, which represents a little over half of the benchmark, the very robust labour market compensated for the manufacturing sector weakness. To wit, unemployment hit a low of 3.5% in November 2019, a reading last seen in December of 1969. This situation is very advantageous to household finances. It supported robust internal demand that pulled along the economy.

Equity markets demonstrated surprising strength right through the growth slowdown of the first eight months of the year and the rebound of the last four. The strength was supported by a falling discount rate in the first part and by better profit growth expectations in the second part.

The MSCI ACWI thus had an exceptional year. All eleven sectors were up and Energy was the only one that failed to increase by at least 10%. Corporate profits grew little due to the economic slowdown and price-earnings ratios consequently expanded.

The division of the year into two parts was reflected in the style preference of the market. During the first eight months, and part of the ninth, growth and momentum were two highly rewarded

style factors that were also heavily weighted in the Fund. Relative performance was strong during that period.

However, these factors preferences were turned upside-down in the second week of September. A violent factor shift from (overbought) growth into depressed value led to resources and cyclical sectors outperformance over the last third of 2019. To illustrate the factor shift, a basket of Morgan Stanley value stocks rose 16.5% (in USD) in September while one of momentum stocks declined -12.5% (in USD), a huge divergence.

Many of the Fund's holdings were impacted. The three American quality-growth names Dollar General (dollar stores), Zoetis (animal health) and Heico (Aerospace parts) were up 47% on average during the first nine months of the year only to decline 3% during the last three months. The fundamental story of these companies did not change, only the market's desire to pay up growth and quality.

The Fund's structure was relatively in line with the Index at year-end. From a GICS sectors standpoint, the Industrial sector was significantly overweight.

There have been no changes to the Manager or Portfolio Manager, or change of control of the Manager, or of the Fund in the year. There have been no actual or planned reorganizations, mergers or similar transactions.

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

## Related Party Transactions

The Manager provides or arranges for the provision of all general management and administrative services required by the Fund in its day-to-day operations, including but not limited to, calculating and reporting the net asset value of the Fund and its series, preparing all offering documents, unitholder recordkeeping and other administrative services.

The Fund paid \$67,432 (including HST) in management fees to the Manager for the year ended December 31, 2019. (December 31, 2018 - \$30,305).

The Portfolio Manager is responsible for all investment advice provided to the Fund including providing investment analysis and recommendations, making investment decisions and arranging for the acquisition and disposition of portfolio investments. Fees for providing these services are included in the management fee.

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The Manager paid \$32,262 (including HST) to the Portfolio Manager for the year December 31, 2019 (December 31, 2018: \$11,800).

The Manager relied, or may rely on standing instructions from the IRC in respect of securities traded amongst mutual funds, closed end funds, managed accounts or pooled funds managed by the Manager or an affiliate of the Manager. In such cases the Manager is required to comply with the Manager's written policies and procedures presented to the IRC and provide yearic reports to the IRC in accordance with National Instrument 81-107.

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## Financial Highlights

### Series A\*

Year ended	31-Dec-2019	31-Dec-2018	31-Dec-2017	31-Dec-2016
<b>Net assets per unit<sup>1</sup></b>				
Net assets, beginning of year	\$ 11.24	\$ 12.27	\$ 10.54	\$ 10.00
Operations:				
Total revenue	0.21	0.14	0.17	0.15
Total expenses	(0.35)	(0.33)	(0.32)	(0.23)
Realized gains (losses)	(0.53)	(0.49)	0.26	(0.36)
Unrealized gains (losses)	2.40	(3.41)	1.62	1.04
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$ 1.73</b>	<b>\$ (4.09)</b>	<b>\$ 1.73</b>	<b>\$ 0.60</b>
Distributions:				
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -
From dividends	-	-	-	(0.06)
From capital gains	-	-	-	-
<b>Total distributions<sup>2 3</sup></b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (0.06)</b>
<b>Net assets, end of year<sup>2 3</sup></b>	<b>\$ 12.95</b>	<b>\$ 11.24</b>	<b>\$ 12.27</b>	<b>\$ 10.54</b>
<b>Ratios and supplemental data</b>				
Net asset value <sup>4</sup>	\$ 260,276	\$ 238,558	\$ 6,170	\$ 5,300
Units outstanding	20,104	21,232	503	503
Management expense ratio <sup>5</sup>	% 2.55	% 2.55	% 2.54	% 2.21
Management expense ratio before waivers or absorption	2.86	4.10	4.34	8.31
Portfolio turnover rate <sup>6</sup>	82.5	98.0	41.4	64.0
Trading expense ratio <sup>7</sup>	0.3	0.4	0.4	0.4
Net asset value per unit, end of year	\$ 12.95	\$ 11.24	\$ 12.27	\$ 10.54

### Notes

\* The Fund became a reporting issuer on December 31, 2015 and accordingly prior period numbers are not available.

1 The information is derived from the Fund's audited annual financial statements. All per unit figures presented are referenced to net assets determined in accordance to IFRS.

2 Net assets and distributions are based on the actual numbers of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

3 Distributions were paid in cash or reinvested in additional units, or both.

4 This information is provided at the end of the period shown.

5 The management expense ratio is based on the total expenses of the period ended and is expressed as an annualized percentage of daily average net asset values during the period.

6 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund. The portfolio turnover rate is calculated based on the lesser of purchases or sales of securities divided by the weighted average market value of portfolio securities, excluding short term securities.

7 The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

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## Series F\*

Year ended	31-Dec-2019	31-Dec-2018	31-Dec-2017	31-Dec-2016
<b>Net assets per unit<sup>1</sup></b>				
Net assets, beginning of year	\$ 11.51	\$ 12.43	\$ 10.56	\$ 10.00
Operations:				
Total revenue	0.21	0.19	0.17	0.16
Total expenses	(0.21)	(0.20)	(0.19)	(0.13)
Realized gains (losses)	(0.52)	0.08	0.02	(0.37)
Unrealized gains (losses)	2.26	(1.53)	2.19	1.58
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$ 1.74</b>	<b>\$ (1.46)</b>	<b>\$ 2.19</b>	<b>\$ 1.24</b>
Distributions:				
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -
From dividends	-	-	(0.01)	(0.01)
From capital gains	-	-	-	-
<b>Total distributions<sup>2 3</sup></b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Net assets, end of year<sup>2 3</sup></b>	<b>\$ 13.41</b>	<b>\$ 11.51</b>	<b>\$ 12.43</b>	<b>\$ 10.56</b>
<b>Ratios and supplemental data</b>				
Net asset value <sup>4</sup>	\$ 5,937,305	\$ 3,842,737	\$ 1,896,482	\$ 491,765
Units outstanding	442,656	333,855	152,603	46,575
Management expense ratio <sup>5</sup>	% 1.42	% 1.42	% 1.41	% 1.20
Management expense ratio before waivers or absorption	1.74	2.21	3.32	6.47
Portfolio turnover rate <sup>6</sup>	82.5	98.0	41.4	64.0
Trading expense ratio <sup>7</sup>	0.3	0.4	0.4	0.4
Net asset value per unit, end of year	\$ 13.41	\$ 11.51	\$ 12.43	\$ 10.56

## Notes

\* The Fund became a reporting issuer on December 31, 2015 and accordingly prior period numbers are not available.

**1** The information is derived from the Fund's audited annual financial statements. All per unit figures presented are referenced to net assets determined in accordance to IFRS.

**2** Net assets and distributions are based on the actual numbers of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

**3** Distributions were paid in cash or reinvested in additional units, or both.

**4** This information is provided at the end of the period shown.

**5** The management expense ratio is based on the total expenses of the period ended and is expressed as an annualized percentage of daily average net asset values during the period.

**6** The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund. The portfolio turnover rate is calculated based on the lesser of purchases or sales of securities divided by the weighted average market value of portfolio securities, excluding short term securities.

**7** The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

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## Management Fees

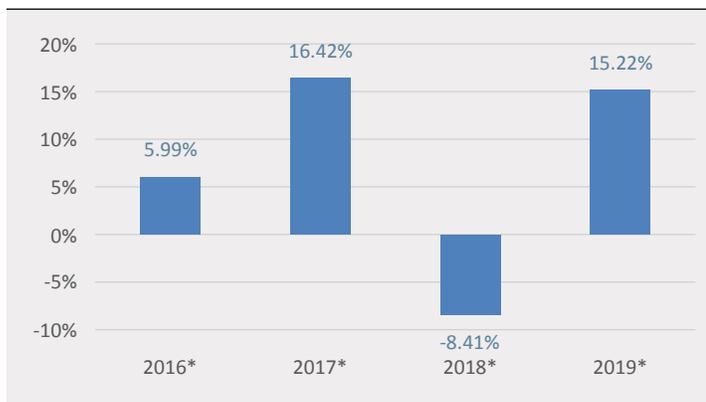
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

In consideration for such services, the Manager receives a management fee, based on the net asset value of each Series, calculated daily and payable monthly. The Fund pays a management fee of 1.80% (formerly 2.00%) per annum for Series A units and 0.80% (formerly 1.00%) per annum for Series F units effective January 1, 2020.

Service fees or trailing commissions of a maximum of 1.00% per annum are paid on Series A units to dealers. This comprises approximately 50% of the management fee of Series A units.

## Year-by-Year Returns

### Series A

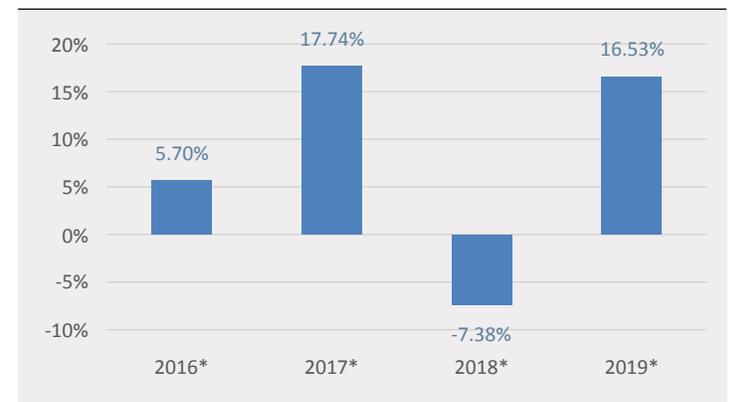


## Past Performance

The Fund became a reporting issuer on December 31, 2015. Accordingly, returns are shown for the relevant year as indicated below.

The performance information assumes that any distributions are reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Past performance does not necessarily indicate how the series will perform in the future.

### Series F



\* For the period January 1 to December 31

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## Annual Compound Returns

The following table shows the Fund's annual compound return for each period indicated, compared with MSCI All Country World (CAD) Index (the "Index"). The returns of the Index are calculated without the deduction of fees and expenses, whereas the performance of the Fund is calculated after deducting such fees and expenses.

For years ended December 31, 2019		1 Year		3 Year <sup>2</sup>		Since Inception <sup>3</sup>
<b>Annual Compound Return</b>						
Series A <sup>1</sup>	%	15.22	%	7.10	%	6.83
Series F <sup>1</sup>		16.53		8.31		7.66
MSCI All Country World (CAD) Index <sup>4</sup>	%	20.28	%	11.03	%	9.44

### Notes

- 1 Returns are based on the net asset value per unit of the relevant series of the Fund and assume that all distributions were reinvested.
- 2 Compound period returns are annualized.
- 3 Period starting from December 31, 2015. Since inception returns are annualized.
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## Summary of Investment Portfolio

		% of NAV
<b>Top 25 Issuers</b>		
Generac Holdings Inc.	%	2.7
Zoetis Inc.		2.5
Orsted A/S		2.4
Dollar General Corp.		2.4
Fiserv Inc.		2.2
Swiss Life Holdings		2.1
ECOLAB INC		2.1
AutoZone Inc.		2.0
Visa Inc.		2.0
Edenred SA		2.0
Walt Disney Co.		1.9
Edwards Lifesciences Corporation		1.9
Geopark Ltd		1.8
Motorola Solutions Inc.		1.8
Rwe Aktiengesellscha FT		1.8
Casella Waste System S Inc.		1.7
Castellum AB		1.6
MSCI Inc.		1.6
Aon		1.6
Costco Wholesale Corporation		1.6
Airbus SE		1.6
Cosan Ltd.		1.5
Ferrari ADR		1.5
Ringcentral Inc.		1.5
Roper Technologies Inc.		1.5
<b>Total</b>	<b>%</b>	<b>47.3</b>

		% of NAV
<b>Asset Mix</b>		
International Equities	%	99.5
Cash and Cash Equivalents		0.3
Other Assets less Liabilities		0.2
<b>Total</b>	<b>%</b>	<b>100.0</b>
<b>Sector</b>		
Cash and Cash Equivalents	%	0.3
Communication Services		1.0
Consumer Discretionary		12.1
Consumer Staples		7.8
Energy		6.3
Financials		15.8
Health Care		7.6
Industrials		21.0
Information Technology		6.9
Materials		8.2
Other Assets less Liabilities		0.2
Real Estate		4.7
Utilities		8.1
<b>Total</b>	<b>%</b>	<b>100.0</b>



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