

Semi-Annual Management Report of Fund Performance
As at June 30, 2020

Lysander-Fulcra Corporate Securities Fund



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A Note About Forward Looking Statements

This semi-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 semi-annual Management Report of Fund Performance of Lysander-Fulcra Corporate Securities Fund (the “Fund”) contains financial highlights for the period ended June 30, 2020 but does not contain the complete financial statements of the Fund. This report should be read in conjunction with the semi-annual financial statements of the Fund for the period ended June 30, 2020. 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 or at SEDAR at 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 income and capital growth by investing in fixed income, floating rate, convertible, preferred equity, and common equity securities of corporations anywhere in the world.

Investment Strategies

The Fund’s portfolio manager is Fulcra Asset Management Inc. (“Portfolio Manager” or “Fulcra”). The Fund seeks to provide income and capital growth by primarily investing in fixed income, floating rate, convertible, preferred equity, and common equity securities of corporations primarily

headquartered in North America, with a focus on fixed income securities.

Fulcra is focused on generating absolute returns that do not replicate any particular index or competing funds in the same category.

The Fund may invest up to 15% of its net assets in countries outside North America.

Risks

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

Results of Operations

The Fund’s Series A units returned -5.20% year-to-date, and the Series F units returned -4.93% year-to-date.

The slight YTD underperformance compared to the index speaks to the concentrated off-benchmark focus of the Fund. The securities purchased are not the focus of the Fed stimulus and therefore didn’t see the same rally as the benchmark. However, we have strong conviction in the Fund’s current holdings with several interesting catalysts on the horizon. The Fund is now yielding 11% to maturity with a 1.6 year duration. At the end of the period, the Fund had 59.0% invested in corporate bonds, 10.0% in convertible bonds, 4.3% in government bonds, 2.4% in common stocks, 2.0% in preferred stocks, 2.7% in loans, and 17.3% in cash.

The US dollar denominated ICE BofAML US High Yield Index performed -4.78% year to date, with a duration of 4.75 years at

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June 30, 2020. The ICE BofAML Canada Corporate Index performed 5.31% year to date, with a duration of 7.20 years at June 30, 2020. The FTSE Canada Universe Bond Index returned 7.53% year to date, and ended the period with a duration of 8.49 years.

The net assets of the Fund increased from \$67.0 million to \$90.6 million since the beginning of the period. The Fund has mainly grown through net subscriptions of \$28.7 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 period except for immaterial short-term cash overdrafts.

Recent Developments

The 2nd quarter of 2020 saw equity and credit indices pull away from the realities of an economy that appears to be still mired in a great deal of uncertainty. This past quarter saw some 400 companies in the S&P 500 withdraw guidance, yet the index finished the quarter at 3,100, eerily close to the all-time high of 3,386 hit on Feb. 19, 2020. Credit markets have rallied too aided by government bond yields staying at their all-time low levels throughout the quarter. In June, a record USD 64 billion of High Yield bonds were issued in the U.S. market.

Currently we are operating under the assumption that the Covid-19 pandemic could continue into 2021 or, at a minimum, affect the decision-making capabilities from individuals to large multi-national corporations. While the "markets" have mostly recovered from the initial shock and awe, there still exists many doubts in our opinion about how many facets of the economy will function over the medium term.

Purchases made in the period were mostly bonds, including high-yield bonds, yield-to call investments, and government bonds and high-quality investment grade bonds to serve as a cash proxy. Throughout the period, the Fund participated in numerous unconditional yield-to-call situations with minimal risk.

At the end of the period, the Fund held 17.3% in cash. Overall duration was 1.6 years at the end of the period, which is a defensive position from an interest rate perspective. The yield-to-maturity of the portfolio was 10.9%.

There have been no changes to the Manager or Portfolio Manager, or change of control of the Manager, or of the Fund in

the period. 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 Manager receives a management fee for these services. The fee is calculated based on a percentage of the net asset value of the Fund as disclosed in the simplified prospectus.

The Fund paid \$396,298 (including HST) in management fees to the Manager for the period ended June 30, 2020 (June 30, 2019 - \$259,289)

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 is included in the management fee.

The Manager paid \$181,809 (including HST) to the Portfolio Manager for the period ended June 30, 2020 (June 30, 2019 - \$115,830).

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 periodic reports to the IRC in accordance with National Instrument 81-107.

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Financial Highlights

Series A*

Period ended	30-Jun-20	31-Dec-19	31-Dec-18	31-Dec-17
Net assets per unit¹				
Net assets, beginning of period	\$ 10.11	\$ 10.09	\$ 10.52	\$ 10.00
Operations:				
Total revenue	0.31	0.61	0.57	0.48
Total expenses	(0.08)	(0.16)	(0.18)	(0.19)
Realized gains (losses)	(0.08)	0.30	(0.04)	0.12
Unrealized gains (losses)	(0.55)	(0.14)	(0.48)	0.44
Total increase (decrease) from operations²	\$ (0.40)	\$ 0.61	\$ (0.13)	\$ 0.85
Distributions:				
From income (excluding dividends)	\$ (0.21)	\$ (0.35)	\$ (0.37)	\$ (0.22)
From dividends	(0.01)	(0.04)	(0.04)	(0.03)
From capital gains	-	(0.21)	-	(0.10)
Total distributions^{2 3}	\$ (0.22)	\$ (0.60)	\$ (0.41)	\$ (0.35)
Net assets, end of period^{2 3}	\$ 9.36	\$ 10.11	\$ 10.09	\$ 10.52
Ratios and supplemental data				
Net asset value ⁴	\$ 13,736,255	\$ 11,070,169	\$ 10,023,553	\$ 5,757,093
Units outstanding	1,467,332	1,095,110	993,883	546,996
Management expense ratio ⁵	% 1.66	% 1.58	% 1.64	% 1.82
Management expense ratio before waivers or absorption	1.66	1.58	1.64	1.86
Portfolio turnover rate ⁶	84.94	219.3	161.5	85.9
Trading expense ratio ⁷	-	0.1	0.04	0.1
Net asset value per unit, end of period	\$ 9.36	\$ 10.11	\$ 10.09	\$ 10.52

Notes

* The Fund became a reporting issuer on December 30, 2016 and accordingly prior period numbers are not available.

1 The information is derived from the Fund's unaudited semi-annual and/or 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*

Period ended	30-Jun-20	31-Dec-19	31-Dec-18	31-Dec-17
Net assets per unit¹				
Net assets, beginning of period	\$ 10.08	\$ 10.11	\$ 10.52	\$ 10.00
Operations:				
Total revenue	0.31	0.61	0.57	0.49
Total expenses	(0.05)	(0.11)	(0.12)	(0.13)
Realized gains (losses)	(0.08)	0.32	(0.03)	0.14
Unrealized gains (losses)	(0.55)	(0.22)	(0.47)	0.44
Total increase (decrease) from operations²	\$ (0.37)	\$ 0.60	\$ (0.05)	\$ 0.94
Distributions:				
From income (excluding dividends)	\$ (0.25)	\$ (0.48)	\$ (0.39)	\$ (0.31)
From dividends	(0.01)	(0.04)	(0.04)	(0.03)
From capital gains	-	(0.25)	-	(0.12)
Total distributions^{2 3}	\$ (0.26)	\$ (0.77)	\$ (0.42)	\$ (0.46)
Net assets, end of period^{2 3}	\$ 9.32	\$ 10.08	\$ 10.11	\$ 10.52
Ratios and supplemental data				
Net asset value ⁴	\$ 76,842,589	\$ 55,949,033	\$ 28,257,519	\$ 18,320,094
Units outstanding	8,247,092	5,552,827	2,793,809	1,741,358
Management expense ratio ⁵	% 1.10	% 1.06	% 1.11	% 1.26
Management expense ratio before waivers or absorption	1.10	1.06	1.11	1.28
Portfolio turnover rate ⁶	84.94	219.3	161.5	85.9
Trading expense ratio ⁷	-	0.1	0.04	0.1
Net asset value per unit, end of period	\$ 9.32	\$ 10.08	\$ 10.11	\$ 10.52

Notes

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Management Fees

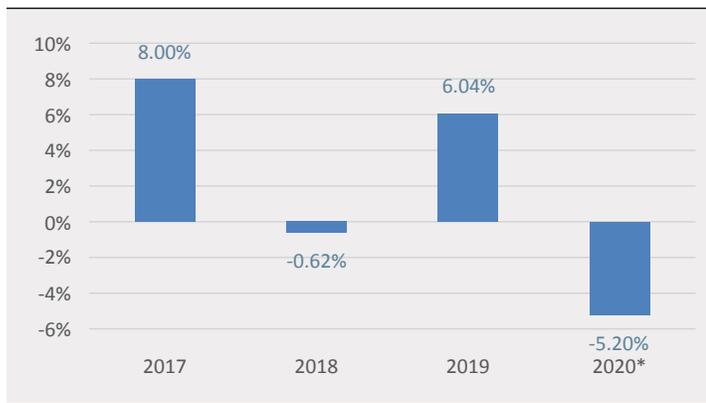
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

In consideration for such services, the Manager receives a monthly management fee, based on the net asset value of each Series, calculated daily and payable monthly. The Fund pays a management fee of 1.35% per annum for Series A units and 0.85% per annum for Series F units.

Service fees or trailing commissions of a maximum of 0.50% per annum are paid on Series A units to dealers. This comprises approximately 42% of the management fee of Series A units.

Year-by-Year Returns

Series A

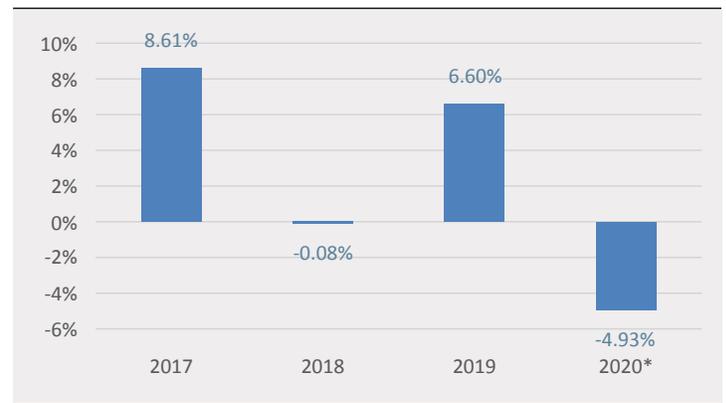


Past Performance

The commencement of operations as a reporting issuer for Series A and F was December 30, 2016. Accordingly, returns are shown for the relevant periods 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 June 30

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Summary of Investment Portfolio

		% of NAV			% of NAV
Top 25 Issuers			Asset Mix		
Cash and Cash Equivalents	%	17.3	Bank Loans	%	2.7
Millar Western (Debt)		6.5	Canadian Equities		2.4
RockPoint Gas Storage (Debt)		5.1	Canadian Fixed Income		40.0
Government of Canada (Debt)		4.2	Cash and Cash Equivalents		17.3
Tidewater Midstream (Debt)		3.8	Foreign Fixed Income		31.1
Global Ship Lease Inc. (Debt)		3.3	Other Assets less Liabilities		4.5
NuVista Energy Ltd. (Debt)		2.6	Preferred Shares		2
Clearwater Seafoods Inc. (Debt)		2.6	Total	%	100.0
Blackberry Ltd. (Debt)		2.6	Sector		
Frontier Communications Corp. (Debt)		2.6	Cash and Cash Equivalents	%	17.3
Rite Aid Corp. (Debt)		2.5	Communication Services		11.1
Pyxus International (Debt)		2.5	Consumer Discretionary		2.7
Ford Credit Canada Co. (Debt)		2.4	Consumer Staples		7.8
Russel Metals Inc. (Debt)		2.2	Energy		14.3
HC2 Holdings Inc. (Debt)		2.2	Federal		4.2
WildBrain Ltd. (Debt)		2.1	Financials		5.1
Tutor Perini Corp. (Debt)		2.1	Health Care		1.5
Chemtrade Logistics (Debt)		2.0	Industrials		10.5
GEO Group (Debt)		1.9	Information Technology		2.6
Briggs Stratton (Debt)		1.8	Materials		16.2
AT&T Inc. (Debt)		1.8	Other Assets less Liabilities		4.5
Dundee Corp. (Equity) (Equity)		1.8	Real Estate		1.9
Sherritt International Corp. (Debt)		1.7	Utilities		0.3
Ferroglobe (Debt)		1.6	Total	%	100.0
Air Canada (Debt)		1.5			
Total	%	80.7			



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