

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

Lysander-Slater Preferred Share ActivETF



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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 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-Slater Preferred Share ActivETF (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 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 St., 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 seeks to generate income while preserving investor capital by investing primarily in preferred shares in Canadian entities that are listed on a Canadian stock exchange.

Investment Strategies

The Fund’s portfolio manager is Slater Asset Management Inc. (“Portfolio Manager” or “Slater”). The Fund’s portfolio positions will primarily be invested in preferred shares of Canadian issuers listed in Canada, using fundamental and credit research. The Fund will not be leveraged. More details are contained in the Fund’s prospectus.

Risks

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

Results of Operations

After a modest year in 2019 where the S&P/TSX Preferred Share index was up 3.48%, preferred shares like many asset classes got hit particularly hard in Q1 2020. The S&P/TSX Preferred Share index was down 22.79% and the Fund was down 26.18% due to the Coronavirus pandemic that forced many economies around the world to shut down non-essential businesses. This forced the Bank of Canada to take emergency action cutting the overnight interest rate from 1.75% in February to 0.25% at the end of March. The 5-year Government of Canada bond yield (benchmark yield for fixed reset preferred shares) reflected this going from 1.6% to 0.35% during Q1 that ultimately led to the sharp decline in preferred shares. In Q2 2020, both the U.S and Canada began to re-open their economies. After record high unemployment numbers in North America the emergency rate cuts along with government fiscal stimulus helped spark a rally in equity stock markets and also helped spark a rally in Preferred Shares despite the CDN 5 year bond yield remaining near all time lows throughout the quarter at 0.35%-0.5%. The S&P/TSX Preferred Share index finished the end of Q2 down 11.19% and the Fund was down 17.38% YTD. There have been no new preferred shares issued in 2020.

Slater decreased the Fund’s fixed reset preferred share exposure from 81% to begin the year to 71% at the end of June after the emergency interest rate cuts in March. The reduction was mainly in low spreads resets of less than 300 basis points, and Slater used the proceeds to purchase higher spread resets >400 basis points and increasing straight perpetual exposure from 8%

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in January to 21% at the end of June on expectation that interest rates should remain low for the foreseeable future due to the impact of Covid-19.

The Fund's net assets under management decreased to approximately \$58.6 million at June 30, 2020 from approximately \$84.4 million at the beginning of the period. This was primarily due to net redemptions of \$9.9 million and net losses of \$14.0 million during the period.

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

At the beginning of the year Slater was committed to holding onto discounted fixed resets on the expectation that a market recovery would follow in preferred shares after a modest year in 2019, and with the 5 year CDN bond yield beginning to recover after a long awaited trade deal was completed between the U.S and China over tariffs. Instead Covid-19 forced governments to shut down their economies in North America due to health concerns, and ultimately led to the 5 year bond yield taking over a 100 basis points drop that hurt discounted fixed resets that receive a new coupon rate based on the 5 year bond yield plus an initial spread at time of reset. The Fund's overweight exposure to discounted fixed resets of 300 basis points than the Preferred Share index negatively impacted performance. Due to the 5-year bond yield being at all time lows and the outlook for interest rates remaining low, Slater began to add to higher spread resets of higher credit names and straight perpetuals that should pay a more consistent coupon in a low interest rate environment. Due to the uncertainty of the length and severity of the pandemic, Slater believes that the Canadian economy may take a year or more to recover to pre-pandemic levels. Slater believes that the shift to more straight perpetuals and higher spread resets will better protect capital should another severe sell-off occur.

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

The Fund paid \$214,701 (excluding HST) in management fees to the Manager for the period ended June 30, 2020 (June 30, 2019 - \$328,258).

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.

The Manager paid \$121,306 (including HST) to the Portfolio Manager for the period ended June 30, 2020 (June 30, 2019 - \$185,466).

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

Period ended	30-Jun-2020	31-Dec-2019	31-Dec-2018	31-Dec-2017	31-Dec-2016	31-Dec-15
Net assets per unit¹						
Net assets, beginning of period	\$ 8.83	\$ 9.06	\$ 10.61	\$ 10.11	\$ 9.59	\$ 10.00*
Operations:						
Total revenue	0.22	0.48	0.47	0.50	0.52	0.19
Total expenses	(0.06)	(0.10)	(0.14)	(0.16)	(0.15)	(0.05)
Realized gains (losses)	(1.25)	(1.05)	0.06	0.55	0.07	(0.14)
Unrealized gains (losses)	(0.52)	0.77	(1.62)	0.28	0.83	(0.15)
Total increase (decrease) from operations²	\$ (1.61)	\$ 0.10	\$ (1.23)	\$ 1.17	\$ 1.27	\$ (0.15)
Distributions:						
From dividends	\$ (0.21)	\$ (0.37)	\$ (0.32)	\$ (0.27)	\$ (0.36)	\$ (0.10)
From capital gains	-	-	(0.06)	(0.44)	-	-
Return of Capital	-	(0.04)	(0.07)	(0.01)	(0.01)	(0.01)
Total distributions^{2 3}	\$ (0.21)	\$ (0.41)	\$ (0.45)	\$ (0.72)	\$ (0.37)	\$ (0.11)
Net assets, end of period^{2 3}	\$ 7.09	\$ 8.83	\$ 9.06	\$ 10.61	\$ 10.11	\$ 9.59
Ratios and supplemental data						
Net asset value ⁴	\$ 58,621,521	\$ 84,454,128	\$ 97,590,059	\$ 90,895,230	\$ 45,183,756	\$ 17,735,216
Units outstanding	8,269,000	9,569,000	10,769,000	8,569,000	4,469,000	1,850,000
Management expense ratio ⁵	% 0.99	% 0.81	% 1.03	% 1.03	% 1.03	% 1.03
Management expense ratio before waivers or absorption	1.07	0.81	1.03	1.07	1.44	1.15
Portfolio turnover rate ⁶	71	107	120	139	200	32
Trading expense ratio ⁷	0.52	0.35	0.37	0.47	0.6	0.3
Net asset value per unit, end of period	7.09	8.83	9.06	10.61	10.11	9.59
Closing market price per unit ⁴	\$ 7.03	\$ 8.80	\$ 9.08	\$ 10.64	\$ 10.14	\$ 9.50

Notes

* The Fund commenced operations on August 10, 2015.

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.

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.

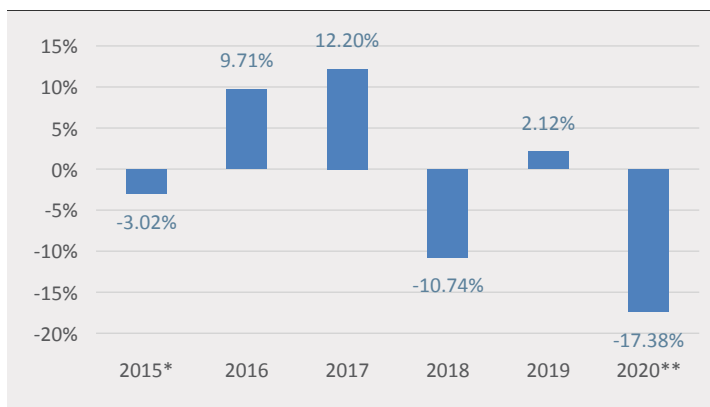
In consideration for such services, the Manager receives a management fee, based on the net asset value of the fund, calculated daily and payable monthly. The Fund pays a management fee of 0.65% per annum.

Past Performance

The Fund's commenced operations on August 10, 2015. Accordingly, returns are shown for the relevant years/periods as indicated below.

The following charts and table show the past performance of the Fund. Past performance does not necessarily indicate how the Fund will perform in the future. The information shown assumes that cash distributions made by the Fund in the periods shown were reinvested in additional units of the Fund.

Year-by-Year Returns



* For the period August 10 to December 31, ** 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	
Royal Bank Of Canada	9.2	Cash and Cash Equivalents	1.8
Manulife Financial Corporation	7.2	Canadian Equities	2.2
Great West Lifeco Inc	6.8	Preferred Shares	95.5
Bank Of Nova Scotia	5.6	Other Assets less Liabilities	0.5
Weston George Limited	5.0	Total	100.0
Bank Of Montreal	4.5	Sector	
TC Energy Corp	4.4	Cash and Cash Equivalents	1.8
Emera Inc	4.3	Communication Services	3.0
Canadian Utilities Limited	4.3	Consumer Staples	5.0
Power Financial Corporation	4.1	Energy	16.4
Toronto Dominion Bank	4.0	Financials	59.9
Enbridge Inc	4.0	Industrials	0.5
Sun Life Financial Inc	3.9	Information Technology	1.0
Pembina Pipeline Corporation	3.6	Other Assets less Liabilities	0.5
Fairfax Financial Holdings Ltd	3.5	Utilities	11.9
Brookfield Asset Management Inc	3.1	Total	100.0
Artis REIT	2.7		
BCE Inc	2.7		
Altagas Ltd	2.3		
Cash and Cash Equivalents	1.8		
Industrial Alliance Insurance And Financial Services Inc	1.7		
Brookfield Office Properties Inc	1.7		
Canadian Imperial Bank Of Commerce	1.3		
Husky Energy Inc	1.1		
Northland Power Inc	1.0		
Total	93.8		



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