

**Financial Statements**

December 31, 2020

Lysander-Canso Corporate Value Bond Fund



## Independent Auditor's Report

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

### Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of comprehensive income (loss), 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, 2020 and 2019, 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. The other information comprises the Management Report of Fund Performance.

Our opinion on the financial statements does not cover the other information and we do 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.

The signature of Deloitte LLP is written in a cursive, handwritten style.

Chartered Professional Accountants  
Licensed Public Accountants  
March 25, 2021

# Lysander-Canso Corporate Value Bond Fund

Financial Statements December 31, 2020

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# Lysander-Canso Corporate Value Bond Fund

## Statements of Financial Position

As at	31-Dec-20	31-Dec-19
<b>Assets</b>		
Financial assets at fair value through profit or loss*	\$ 4,362,625,422	\$ 2,792,582,332
Cash and cash equivalents	87,058,122	54,086,065
Accrued interest	44,652,721	13,158,256
Receivable from forward exchange contracts	17,239,988	7,525,200
Subscriptions receivable	17,679,283	4,545,559
Due from investment dealers	–	572,259
Dividends receivable	866,552	234,536
Accounts receivable	229	–
<b>Total assets</b>	<b>\$ 4,530,122,317</b>	<b>\$ 2,872,704,207</b>
<b>Liabilities</b>		
Accrued expenses	\$ 3,953,281	\$ 2,570,077
Redemptions payable	1,291,709	1,482,731
Distributions payable	101	1,239
Due to investment dealers	919,328	–
<b>Total liabilities</b>	<b>\$ 6,164,419</b>	<b>\$ 4,054,047</b>
<b>Net assets attributable to holders of redeemable units</b>	<b>\$ 4,523,957,898</b>	<b>\$ 2,868,650,160</b>
<b>Net assets attributable to holders of redeemable units, per series</b>		
Series A	\$ 643,577,429	\$ 451,758,414
Series A5	9,269,659	7,105,555
Series F	3,788,753,864	2,380,821,570
Series F5	82,356,946	28,964,621
<b>Total net assets</b>	<b>\$ 4,523,957,898</b>	<b>\$ 2,868,650,160</b>
<b>Number of redeemable units outstanding</b>		
Series A	49,884,791	39,790,326
Series A5	967,815	820,422
Series F	266,323,962	189,883,228
Series F5	8,274,855	3,237,479
<b>Net assets attributable to holders of redeemable units per unit</b>		
Series A	\$ 12.9	\$ 11.35
Series A5	9.58	8.66
Series F	14.23	12.54
Series F5	9.95	8.95
* Financial assets at fair value through profit or loss at cost	\$ 3,959,768,071	\$ 2,768,047,570

## Statements of Comprehensive Income

For the years ended	31-Dec-20	31-Dec-19
<b>Income</b>		
Interest for distribution purposes	\$ 164,587,440	\$ 89,993,258
Dividend income	13,816,547	1,630,614
Other income	206,782	125,415
Realized and unrealized gain (loss) on investments		
Net realized gain (loss) on investments sold	67,228,352	(2,586,810)
Net realized gain on foreign currency	151,197,886	6,940,977
Change in (depreciation) unrealized on foreign currency	(4,685)	(302)
Change in appreciation unrealized on forward contracts	9,714,788	16,412,853
Change in appreciation unrealized on investments	378,735,286	50,915,608
<b>Total operating income</b>	<b>\$ 785,482,396</b>	<b>\$ 163,431,613</b>
<b>Expenses</b>		
Management fees	\$ 32,368,724	\$ 25,112,904
Fund administration fees	2,014,317	1,581,098
Audit fees	428,150	370,419
Transaction costs	412,697	176,076
Custodial fees	253,327	127,909
Filing fees	171,406	106,211
Unitholder reporting expense	150,803	117,308
Regulatory fees expense	55,291	92,813
Legal fees	52,941	77,214
Independent review committee fees	38,170	39,257
Bank charges	14,987	1,718
Blended HST expense	(245,084)	(195,575)
<b>Total operating expenses</b>	<b>\$ 35,715,729</b>	<b>\$ 27,607,352</b>
Withholding tax	\$ 322,339	\$ –
<b>Total net operating expenses</b>	<b>\$ 36,038,068</b>	<b>\$ 27,607,352</b>
<b>Change in net assets attributable to holders of redeemable units from operations</b>	<b>\$ 749,444,328</b>	<b>\$ 135,824,261</b>
<b>Change in net assets attributable to holders of redeemable units from operations, per series</b>		
Series A	\$ 103,617,571	\$ 20,550,508
Series A5	1,504,764	315,595
Series F	630,137,225	113,478,693
Series F5	14,184,768	1,479,465
<b>Change in total net assets</b>	<b>\$ 749,444,328</b>	<b>\$ 135,824,261</b>
<b>Change in net assets attributable to holders of redeemable units from operations per unit</b>		
Series A	\$ 2.45	\$ 0.52
Series A5	1.80	0.41
Series F	2.86	0.64
Series F5	2.41	0.47

# Lysander-Canso Corporate Value Bond Fund

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

### All Series

For the years ended	31-Dec-20	31-Dec-19
Net assets attributable to holders of redeemable units, beginning of year	\$ 2,868,650,160	\$ 2,399,154,610
Change in net assets attributable to holders of redeemable units from operations	749,444,328	135,824,261
<b>Distributions to unitholders of redeemable units</b>		
From net investment income	\$ (135,237,928)	\$ (63,888,000)
From management fee rebate income	(164,437)	(121,575)
From net capital gains	(149,040,671)	-
	<b>\$ (284,443,036)</b>	<b>\$ (64,009,575)</b>
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued		
Series A	\$ 198,124,729	\$ 107,982,344
Series A5	2,653,839	2,069,686
Series F	1,536,181,594	858,759,925
Series F5	52,159,195	7,703,818
<b>Total proceeds</b>	<b>\$ 1,789,119,357</b>	<b>\$ 976,515,773</b>
Cost of units redeemed		
Series A	\$ (103,577,503)	\$ (96,816,286)
Series A5	(1,365,930)	(1,411,093)
Series F	(680,683,882)	(520,246,198)
Series F5	(7,439,130)	(5,027,818)
<b>Total cost</b>	<b>\$ (793,066,445)</b>	<b>\$ (623,501,395)</b>
Reinvested distributions		
Series A	\$ 30,941,982	\$ 6,457,873
Series A5	119,264	50,077
Series F	162,786,060	38,031,708
Series F5	406,228	126,828
<b>Total reinvested</b>	<b>\$ 194,253,534</b>	<b>\$ 44,666,486</b>
Change in net assets attributable to holders of redeemable units for the year	\$ 1,655,307,738	\$ 469,495,550
<b>Net assets attributable to holders of redeemable units, end of year</b>	<b>\$ 4,523,957,898</b>	<b>\$ 2,868,650,160</b>

### Series A

For the years ended	31-Dec-20	31-Dec-19
Net assets attributable to holders of redeemable units, beginning of year	\$ 451,758,414	\$ 421,225,993
Change in net assets attributable to holders of redeemable units from operations	103,617,571	20,550,508
<b>Distributions to unitholders of redeemable units</b>		
From net investment income	\$ (16,336,440)	\$ (7,626,095)
From management fee rebate income	(16,491)	(15,923)
From net capital gains	(20,934,833)	-
<b>Total distributions</b>	<b>\$ (37,287,764)</b>	<b>\$ (7,642,018)</b>
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued		
Series A	\$ 198,124,729	\$ 107,982,344
Cost of units redeemed	(103,577,503)	(96,816,286)
Reinvested distributions	30,941,982	6,457,873
<b>Total redeemable</b>	<b>\$ 125,489,208</b>	<b>\$ 17,623,931</b>
Change in net assets attributable to holders of redeemable units for the year	\$ 191,819,015	\$ 30,532,421
<b>Net assets attributable to holders of redeemable units, end of year</b>	<b>\$ 643,577,429</b>	<b>\$ 451,758,414</b>

### Series A5

For the years ended	31-Dec-20	31-Dec-19
Net assets attributable to holders of redeemable units, beginning of year	\$ 7,105,555	\$ 6,469,535
Change in net assets attributable to holders of redeemable units from operations	1,504,764	315,595
<b>Distributions to unitholders of redeemable units</b>		
From net investment income	\$ (440,981)	\$ (388,245)
From management fee rebate income	-	-
From net capital gains	(306,852)	-
<b>Total distributions</b>	<b>\$ (747,833)</b>	<b>\$ (388,245)</b>
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued		
Series A5	\$ 2,653,839	\$ 2,069,686
Cost of units redeemed	(1,365,930)	(1,411,093)
Reinvested distributions	119,264	50,077
<b>Total redeemable</b>	<b>\$ 1,407,173</b>	<b>\$ 708,670</b>
Change in net assets attributable to holders of redeemable units for the year	\$ 2,164,104	\$ 636,020
<b>Net assets attributable to holders of redeemable units, end of year</b>	<b>\$ 9,269,659</b>	<b>\$ 7,105,555</b>

# Lysander-Canso Corporate Value Bond Fund

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

### Series F

For the years ended	31-Dec-20	31-Dec-19
Net assets attributable to holders of redeemable units, beginning of year	\$ 2,380,821,570	\$ 1,945,192,293
Change in net assets attributable to holders of redeemable units from operations	630,137,225	113,478,693
<b>Distributions to unitholders of redeemable units</b>		
From net investment income	\$ (115,319,166)	\$ (54,290,315)
From management fee rebate income	(142,962)	(104,536)
From net capital gains	(125,026,575)	-
<b>Total distributions</b>	<b>\$ (240,488,703)</b>	<b>\$ (54,394,851)</b>
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued	\$ 1,536,181,594	\$ 858,759,925
Cost of units redeemed	(680,683,882)	(520,246,198)
Reinvested distributions	162,786,060	38,031,708
<b>Total redeemable</b>	<b>\$ 1,018,283,772</b>	<b>\$ 376,545,435</b>
Change in net assets attributable to holders of redeemable units for the year	\$ 1,407,932,294	\$ 435,629,277
<b>Net assets attributable to holders of redeemable units, end of year</b>	<b>\$ 3,788,753,864</b>	<b>\$ 2,380,821,570</b>

### Series F5

For the years ended	31-Dec-20	31-Dec-19
Net assets attributable to holders of redeemable units, beginning of year	\$ 28,964,621	\$ 26,266,789
Change in net assets attributable to holders of redeemable units from operations	14,184,768	1,479,465
<b>Distributions to unitholders of redeemable units</b>		
From net investment income	\$ (3,141,341)	\$ (1,583,345)
From management fee rebate income	(4,984)	(1,116)
From net capital gains	(2,772,411)	-
<b>Total distributions</b>	<b>\$ (5,918,736)</b>	<b>\$ (1,584,461)</b>
<b>Redeemable unit transactions</b>		
Proceeds from redeemable units issued	\$ 52,159,195	\$ 7,703,818
Cost of units redeemed	(7,439,130)	(5,027,818)
Reinvested distributions	406,228	126,828
<b>Total redeemable</b>	<b>\$ 45,126,293</b>	<b>\$ 2,802,828</b>
Change in net assets attributable to holders of redeemable units for the year	\$ 53,392,325	\$ 2,697,832
<b>Net assets attributable to holders of redeemable units, end of year</b>	<b>\$ 82,356,946</b>	<b>\$ 28,964,621</b>

# Lysander-Canso Corporate Value Bond Fund

## Statements of Cash Flows

For the years ended	31-Dec-20	31-Dec-19
<b>Cash flows from (used in) operating activities</b>		
Change in net assets attributable to holders of redeemable units from operations	\$ 749,444,328	\$ 135,824,261
Adjustments for:		
Foreign exchange loss (gain) on cash and cash equivalents	261	(41)
Net realized (gain) loss on sales of investments	(67,228,352)	2,586,810
Change in unrealized (appreciation) on investments	(378,322,589)	(50,739,532)
Change in unrealized depreciation on foreign currency	4,685	302
Purchase of investments	(4,263,052,185)	(1,499,736,915)
Proceeds from sale and maturity of investments	3,138,560,036	1,141,644,032
Accrued expenses	1,383,204	457,079
Due to investment dealers	919,328	-
Due from investment dealers	572,259	(572,259)
Accounts receivable	(229)	500
Distributions payable	(1,138)	1,239
Redemptions payable	(191,022)	(256,363)
Dividends receivable	(632,016)	(127,093)
Receivable from forward exchange contracts	(9,714,788)	(7,525,200)
Subscriptions receivable	(13,133,724)	(926,589)
Accrued interest	(31,494,465)	(23,251)
Payable on forward exchange contracts	-	(8,887,653)
<b>Net cash from (used in) operating activities</b>	<b>\$ (872,886,407)</b>	<b>\$ (288,280,673)</b>
<b>Cash flows from (used in) financing activities</b>		
Distributions paid to holders of redeemable units, net of reinvested distributions	\$ (90,189,502)	\$ (19,343,089)
Proceeds from issuances of redeemable units	1,789,119,357	976,515,773
Amounts paid on redemption of redeemable units	(793,066,445)	(623,501,395)
<b>Net cash from (used in) financing activities</b>	<b>\$ 905,863,410</b>	<b>\$ 333,671,289</b>
Foreign exchange (loss) on cash and cash equivalents	\$ (4,946)	\$ (261)
Increase in cash and cash equivalents during the year	32,977,003	45,390,616
Balance of cash and cash equivalents, beginning of year	54,086,065	8,695,710
<b>Cash and cash equivalents at the end of year</b>	<b>\$ 87,058,122</b>	<b>\$ 54,086,065</b>
<b>Supplementary disclosures on cash flow from operating activities</b>		
Interest received	\$ 133,092,975	\$ 89,970,007
Dividends received	13,184,531	1,503,521
Withholding tax	322,339	-
Interest paid	14,987	1,718

## Schedule of Investment Portfolio as at December 31, 2020

Par Value/Number of Shares		Average Cost (\$)	Fair Value (\$)
<b>Canadian Equities (1.3%)</b>			
3,081,827	Bird Construction Inc.	\$ 27,681,231	\$ 24,654,616
519,864	ClearStream Energy Services Inc.	403,833	14,296
4,975,000	Neptune Acquisition GP Inc.	4,975,000	4,975,000
584,472	Nordstar Capital Inc. LP	584	584,472
614,753	Xplore Mobile Inc. (Mobility Spinco)	879,097	879,097
614,753	Xplornet Wireless Inc. (License Spinco)	3,012,290	3,012,290
1,939,693	Yellow Pages Limited	30,247,224	24,304,353
<b>Total</b>		<b>\$ 67,199,259</b>	<b>\$ 58,424,124</b>
<b>Canadian Fixed Income (39.5%)</b>			
27,201,000	Air Canada 4% Jul 1, 2025 (USD)	\$ 38,450,793	\$ 51,361,942
1,895,000	Air Canada 4.75% Oct 6, 2023	1,839,842	1,929,742
215,630,000	Air Canada 9% Jun 22, 2024	211,324,900	228,837,338
61,541,000	BMO (AT1) 4.30% Nov 26, 2025/2080	61,541,000	63,929,099
8,530,000	BNS FRN Aug 31, 2085 (USD) (SA LIBOR +12.5)	7,096,429	9,013,197
8,314,000	Boeing Co 3.9% May 1, 2049 (USD)	10,406,018	11,257,102
8,018,000	Bombardier Inc. 5.75% March 15, 2022 (USD) 144A	8,003,466	9,948,337
19,049,000	Bombardier Inc. 6% Oct 15, 2022 (USD) 144A	20,786,701	23,918,191
500,000	Bombardier Inc. 6.125% (USD) Jan 15, 2023 REGS	472,727	624,203
15,702,000	Bombardier Inc. 6.125% Jan 15, 2023 (USD) 144A	15,286,356	19,602,464
23,928,000	Bombardier Inc. 7.35% Dec. 22, 2026	20,002,021	19,143,516
200,000	Bombardier Inc. 7.45% May 1, 2034 (USD) REGS	117,862	224,298
22,777,000	Bombardier Inc. 7.50% Dec 1, 2024 (USD) 144A	21,269,743	27,948,909
32,524,000	Bombardier Inc. 7.50% March 15, 2025 (USD) 144A	31,283,975	38,538,751

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# Lysander-Canso Corporate Value Bond Fund

## Schedule of Investment Portfolio as at December 31, 2020

Par Value/Number of Shares		Average Cost (\$)	Fair Value (\$)	Par Value/Number of Shares		Average Cost (\$)	Fair Value (\$)
<b>Canadian Fixed Income (39.5%)</b>							
<i>Cont'd</i>							
74,649,000	Bombardier Inc. 7.875% Apr 15, 2027 (USD) 144A	71,927,021	87,713,074	311,000	Husky Energy Inc. 3.6% Mar 10, 2027	256,264	329,095
17,753,000	Bombardier Inc. 8.75% 144A (USD) Dec 1, 2021	18,883,613	23,593,625	130,000	NBC FRN Aug 29, 2087 (USD) (S/A LIBOR +12.5)	138,271	134,346
2,245,000	Cenovus Energy Inc. 3.8% Sep 15, 2023 (USD)	2,311,405	2,976,377	41,000,000	Neptune Acquisition GP Inc. 10% Apr 8, 2027	40,077,500	43,306,250
34,282,000	Cenovus Energy Inc. 4.25% Apr 15, 2027 (USD)	26,517,802	47,784,436	2,425,000	Newfield Exploration Co. 5.375% Jan 1, 2026 (USD)	1,840,443	3,322,326
20,413,000	Cenovus Energy Inc. 5.25% Jun 15, 2037 (USD)	16,304,719	29,484,526	17,227,000	Newfield Exploration Co. 5.625% Jul 1, 2024 (USD)	18,788,367	23,607,289
22,925,000	Cenovus Energy Inc. 5.375% Jul 15, 2025 (USD)	30,650,210	32,995,603	20,788,000	Nordstar Capital LP. 10% Aug 5, 2025	20,788,000	20,788,000
26,171,000	Cenovus Energy Inc. 5.4% Jun 15, 2047 (USD)	29,150,053	39,198,114	11,987,000	Ovintiv Inc. 6.5% Feb 1, 2038 (USD)	14,434,938	17,093,959
30,002,000	Cenovus Energy Inc. 6.75% Nov 15, 2039 (USD)	32,048,400	50,608,197	7,651,000	Ovintiv Inc. 6.625% Aug 1, 2037 (USD)	8,404,687	10,913,136
16,066,440	ClearStream Energy Services Inc. 8% Mar 23, 2026	16,066,440	11,246,508	10,250,322	Postmedia Network Inc. 8.25% Jul 15, 2023	10,242,557	8,200,258
2,800,000	Enbridge Inc. FRN Feb 18, 2022 (USD) (Q LIBOR +50)	3,791,621	3,574,769	94,909,000	RBC (AT1) 4.5% Nov 24, 2025/2080	94,909,000	99,511,137
5,000,000	Ford Credit Canada Co. 3.742% May 8, 2023	4,387,500	5,078,078	4,080,000	RBC FRN Jun 29, 2085(USD)(Q LIMEAN+25)	3,268,566	4,060,220
2,636,000	Ford Credit Canada Co. 4.46% Nov 13, 2024	2,082,440	2,702,250	14,574,000	SNC Lavalin 3.235% Mar 2, 2023	14,509,724	14,626,552
47,125,000	Ford Credit Canada Co. FRN Jan 10, 2022 (Q CDOR + 303)	47,024,938	47,396,831	41,929,000	SNC Lavalin 3.8% Aug 19, 2024	41,970,925	42,863,669
103,285,000	Ford Credit Canada Co. FRN Mar 21, 2024 (Q CDOR + 314)	103,512,540	103,285,516	11,910,000	SNC Lavalin FRN Mar 2, 2021 (Q CDOR + 54)	11,840,894	11,902,124
88,758,000	GE Capital Canada 4.60% Jan 26, 2022	90,369,698	92,169,023	9,261,000	Sobeys Inc. 5.79% Oct 6, 2036	9,281,452	11,712,605
33,666,000	GE Capital Canada FRN Feb 15, 2022 (Q CDOR +35)	33,052,679	33,555,175	9,956,000	Sobeys Inc. 6.06% Oct 29, 2035	10,101,715	12,772,249
10,379,000	GE Capital Canada FRN Feb 6, 2023 (Q CDOR +120)	10,682,783	10,471,385	10,159,000	Sobeys Inc. 6.64% Jun 7, 2040	10,618,361	14,366,344
39,257,000	General Motors Fin Canada 5.95% May 14, 2024	39,171,420	44,966,923	48,092,000	Suncor Energy Inc. 5% Apr 9, 2030	48,165,662	58,890,635
2,263,000	Husky Energy Inc. 3.55% Mar 12, 2025	1,916,354	2,397,114	11,191,000	Sysco Canada 3.65% Apr 25, 2025	10,431,243	12,225,928
				1,808,000	Teck Resources Ltd. 6.25% Jul 15, 2041 (USD)	2,562,384	2,949,176
				260,000	Teck Resources Ltd. 5.2% Mar 1, 2042 (USD)	254,794	379,033
				2,759,000	Teck Resources Ltd. 6% Aug 15, 2040 (USD)	3,578,088	4,413,247

Continued on next page ...

# Lysander-Canso Corporate Value Bond Fund

## Schedule of Investment Portfolio as at December 31, 2020

Par Value/Number of Shares			Average Cost (\$)	Fair Value (\$)	Par Value/Number of Shares			Average Cost (\$)	Fair Value (\$)	
<b>Canadian Fixed Income (39.5%)</b>				<b>Foreign Fixed Income (38.2%)</b>						
<i>Cont'd</i>										
2,411,000	TransCanada Pipelines 3.8% Apr 5, 2027		2,407,167	2,717,805	39,895,000	AMC Entertainment Holdings 10.5% Apr 15, 2025 (USD)	\$ 52,796,960	\$ 36,234,065		
108,441,000	TransCanada Pipelines FRN May 15, 2067 (Q LIBOR+221) (USD)		114,061,358	108,619,240	109,208,000	American Airlines Inc. 11.75% Jul 15, 2025 (USD) 144A	145,738,034	160,893,047		
16,330,000	Videotron Ltee 5.75% Jan 15, 2026		17,229,944	16,868,691	56,609,000	Avis Budget Car Rental LLC 10.5% May 15, 2025 (USD)	77,035,252	85,359,504		
27,566,000	Videotron Ltee Sr Notes 4.50% Jan 15, 2030		27,654,430	29,969,984	32,630,000	Avis Budget Car/Finance 5.75% Jul 15, 2027 (USD)	40,189,867	42,593,235		
18,140,000	Videotron Ltee Sr Notes 5.625% Jun 15, 2025		18,828,725	20,339,529	2,513,000	Avis -Series 2019-3A C 3.15% Mar 20, 2026 (USD)	2,711,488	3,202,818		
10,485,089	Yellow Pages Digital & Media Solutions Ltd 8.0% Nov 30, 2022		9,657,357	10,728,867	11,358,000	Boeing Co 2.25% Jun 15, 2026 (USD)	14,638,816	14,868,314		
<b>Total</b>			<b>\$ 1,594,036,285</b>	<b>\$ 1,785,086,307</b>	4,084,000	Boeing Co 2.7% Feb 1, 2027 (USD)	5,356,862	5,420,603		
<b>Domestic Bank Loans (0.9%)</b>										
17,436,256	Asterix Inc. Term Loan	\$	17,436,256	\$ 17,436,256	350,000	Boeing Co 2.8% Mar 1, 2027 (USD)	372,147	464,622		
22,000,000	ClearStream Energy Services Inc. Term Loan (1) Prime + 450 basis points		22,000,000	22,000,000	5,205,000	Boeing Co 2.95% Feb 1, 2030 (USD)	6,557,346	6,874,694		
987,000	Neptune Acquisition GP Inc. TL Apr 8, 2025		987,000	987,000	10,262,000	Boeing Co 3.1% May 1, 2026 (USD)	13,487,834	14,025,798		
<b>Total</b>			<b>\$ 40,423,256</b>	<b>\$ 40,423,256</b>	2,775,000	Boeing Co 3.2% Mar 1, 2029 (USD)	3,637,762	3,738,289		
<b>Foreign Bank Loans(4.7%)</b>										
11,807,438	AMC Entertainment Holdings TL B USD Q LIBOR+300 Apr 22, 2026	\$	10,370,147	\$ 9,685,547	1,445,000	Boeing Co 3.25% Mar 1, 2028 (USD)	1,904,298	1,952,625		
48,371,768	BRP Inc. TL B2 USD 1M L + 500 May 24, 2027 (USD)		66,375,168	62,987,303	875,000	Boeing Co 3.3% Mar 1, 2035 (USD)	1,084,160	1,117,391		
55,541,790	Hertz Corp. TL B USD 3m L + 275 Jun 30, 2023 (USD)		52,917,003	69,880,608	2,485,000	Boeing Co 3.375% Jun 15, 2046 (USD)	2,958,046	3,104,345		
29,834,046	Maxar Technologies Inc TL B USD 3m L + 275 Oct 5, 2024 (USD)		32,869,822	37,611,348	11,564,000	Boeing Co 3.45% Nov 1, 2028 (USD)	15,124,979	15,844,404		
23,311,000	Spirit Aerosystems Inc. TL B USD 3m L+525 Jan 30, 2025 (USD)		30,909,451	30,149,952	3,230,000	Boeing Co 3.55% Mar 1, 2038 (USD)	3,948,826	4,209,579		
<b>Total</b>			<b>\$ 193,441,591</b>	<b>\$ 210,314,758</b>	12,524,000	Boeing Co 3.6% May 1, 2034 (USD)	16,498,728	16,901,745		
					3,600,000	Boeing Co 4.875% May 1, 2025 (USD)	5,209,085	5,238,691		
					945,000	Boeing Co 5.875% Feb 15, 2040 (USD)	1,273,153	1,535,948		
					4,814,000	Boeing Co 6.125% Feb 15, 2033 (USD)	6,487,621	8,056,653		
					2,271,000	Boeing Co 6.875% Mar 15, 2039 (USD)	3,514,185	3,949,243		
					375,000	CIT Group Inc. 5% Aug 1, 2023 (USD)	453,636	523,591		

Continued on next page ...

# Lysander-Canso Corporate Value Bond Fund

## Schedule of Investment Portfolio as at December 31, 2020

Par Value/Number of Shares		Average Cost (\$)	Fair Value (\$)	Par Value/Number of Shares		Average Cost (\$)	Fair Value (\$)
<b>Foreign Fixed Income (38.2%)</b>							
<i>Cont'd</i>							
22,055,000	Continental Resources 3.8% Jun 1, 2024 (USD)	24,880,373	29,035,480	48,865,000	Hertz 6% Jan 15, 2028 (USD)	23,722,726	33,782,506
45,846,000	Continental Resources 4.375% Jan 15, 2028 (USD)	45,897,470	59,766,517	12,462,000	Hertz 6.25% Oct 15, 2022 (USD)	6,179,229	8,625,462
273,000	Continental Resources 4.5% Apr 15, 2023 (USD)	233,468	359,773	22,463,000	Hertz 7.125% Aug 1, 2026 (USD)	11,120,686	15,529,652
16,127,000	Continental Resources 4.9% Jun 01, 2044 (USD)	14,509,499	20,253,916	2,200,000	Hertz -Series 2017-2A B 4.2% Oct 25, 2023 (USD)	2,544,428	2,822,943
61,972,000	Continental Resources 5.75% Jan 15, 2031 (USD) 144A	80,577,296	87,910,048	211,177	Hertz -Series 2018-1A A 3.29% Feb 25, 2024 (USD)	275,647	269,972
22,327,000	Delta Airlines Inc. 7% May 1, 2025 (USD)	31,362,558	32,907,021	9,459,000	Hertz -Series 2018-1A B 3.6% Feb 25, 2024 (USD)	10,733,596	12,101,043
837,000	Embraer S.A 5.05% Jun 15, 2025 (USD)	982,290	1,133,560	1,705,000	Hertz -Series 2018-1A C 4.39% Feb 25, 2024 (USD)	1,837,696	2,171,526
2,775,000	Embraer S.A 5.4% Feb 1, 2027 (USD)	3,157,397	3,766,183	4,237,000	Hertz -Series 2019-1A C 4.99% Mar 25, 2023 (USD)	4,406,111	5,383,068
3,111,000	Embraer S.A 5.696% Sept 15, 2023 (USD) REGS	3,968,668	4,237,081	3,422,000	Hertz -Series 2019-2A C 4.26% May 25, 2025 (USD)	3,291,781	4,356,162
29,397,000	Ford Motor Credit Co LLC 4.75% Jan 15, 2043 (USD)	25,291,443	38,302,748	30,262,000	Howmet Aerospace Inc. 6.875% May 1, 2025 (USD)	42,963,846	45,607,294
3,300,000	Ford Motor Credit Co LLC FRN Aug 3, 2022(USD)(Q LIBOR+108)	3,334,080	4,106,523	4,032,000	Husky Energy Inc. 4.4% Apr 15, 2029 (USD)	3,966,296	5,728,818
7,797,000	Ford Motor Credit Co LLC FRN Feb 15, 2023(USD)(Q LIBOR+123.5)	8,287,637	9,602,829	25,000	Lehman Bros Hldg Inc 4.85% Sep 3, 2013 (USD)	-	159
36,461,000	Ford Motor Credit Co LLC FRN Jan 7, 2022 (USD)(Q LIBOR+314)	48,832,454	46,843,005	31,504,000	Maxar Technologies Inc. 7.54% Dec 31, 2027 (USD)	41,827,935	44,700,960
11,569,000	GE Capital Corp FRN Mar 15, 2023 (USD) (Q LIBOR +100)	14,648,546	14,850,567	94,033,000	Maxar Technologies Inc. 9.75% Dec 31, 2023 (USD)	123,227,550	135,791,821
21,487,000	GE Capital Corp FRN May 5, 2026 (USD) (Q LIBOR +38)	25,213,638	26,203,370	3,444,000	Merrill Lynch FRN (Q CDOR +92) May 30, 2022	3,629,632	3,441,951
10,361,000	GE Capital Int. Funding 4.418% Nov 15, 2035 (USD)	15,396,523	15,780,581	399,000	MetLife Global Funding I FRN Sep 27, 2022 (Q CDOR +50)	400,109	402,236
8,821,000	Hertz 2nd Lien 7.625% Jun 1, 2022 (USD)	9,232,579	11,099,405	23,759,000	MPLX LP. 6.875% Feb 15, 2023/2080 (USD)	27,547,273	29,327,428
44,079,000	Hertz 5.5% Oct 15, 2024 (USD)	20,986,364	30,473,736	11,162,000	Navient Corp 5.625% Aug 1, 2033 (USD)	11,923,722	13,697,948
				990,000	Navient Corp 5.625% Jan 25, 2025 (USD)	932,048	1,204,437
				1,072,000	Occidental Petroleum Cor 7.2% Apr 01, 2028 (USD)	1,391,940	1,401,889

Continued on next page ...

# Lysander-Canso Corporate Value Bond Fund

## Schedule of Investment Portfolio as at December 31, 2020

Foreign Fixed Income (38.2%)			Mortgage Backed Securities (2.8%)				
Par Value/Number of Shares	Average Cost (\$)	Fair Value (\$)	Par Value/Number of Shares	Average Cost (\$)	Fair Value (\$)		
<i>Cont'd</i>							
2,509,000	Occidental Petroleum Corp. 3% Feb 15, 2027 (USD)	2,445,858	2,854,957	2,948,000	Occidental Petroleum Corp. 7.2% Mar 15, 2029 (USD)	3,714,125	3,855,194
5,686,000	Occidental Petroleum Corp. 3.2% Aug 15, 2026 (USD)	4,110,565	6,796,469	435,000	Occidental Petroleum Corp. 7.5% May 1, 2031 (USD)	544,309	620,200
6,160,000	Occidental Petroleum Corp. 3.5% Aug 15, 2029 (USD)	4,287,773	7,205,033	11,140,000	Occidental Petroleum Corp. 7.875% Sep 15, 2031 (USD)	15,534,420	15,909,468
7,749,000	Occidental Petroleum Corp. 4.1% Feb 15, 2047 (USD)	4,845,611	8,100,218	14,914,000	Occidental Petroleum Corp. 7.95% Jun 15, 2039 (USD)	16,577,489	21,204,125
10,285,000	Occidental Petroleum Corp. 4.2% Mar 15, 2048 (USD)	6,628,306	10,694,408	5,927,000	Occidental Petroleum Corp. 8.875% Jul 15, 2030 (USD)	8,113,619	8,889,935
10,392,000	Occidental Petroleum Corp. 4.3% Aug 15, 2039 (USD)	6,197,900	11,210,383	8,940,000	Ovintiv Inc. 5.15% Nov 15, 2041 (USD)	10,766,230	10,821,805
7,186,000	Occidental Petroleum Corp. 4.4% Apr 15, 2046 (USD)	5,089,817	8,005,360	1,665,000	Ovintiv Inc. 6.5% Aug 15, 2034 (USD)	1,710,537	2,460,756
2,660,000	Occidental Petroleum Corp. 4.4% Aug 15, 2049 (USD)	1,696,189	2,866,594	1,500,000	Ovintiv Inc. 7.2% Nov 01, 2031 (USD)	1,911,185	2,265,576
18,436,000	Occidental Petroleum Corp. 4.5% Jul 15, 2044 (USD)	14,065,943	20,037,218	5,722,000	Ovintiv Inc. 7.375% Nov 01, 2031 (USD)	7,463,264	8,670,382
9,877,000	Occidental Petroleum Corp. 4.625% Jun 15, 2045 (USD)	6,285,005	11,015,290	6,713,000	Spirit Aerosystems Inc. 3.85% Jun 15, 2026 (USD)	8,604,400	9,029,707
11,028,000	Occidental Petroleum Corp. 5.55% Mar 15, 2026 (USD)	8,391,166	14,708,131	16,414,000	Spirit Aerosystems Inc. 3.95% Jun 15, 2023 (USD)	19,078,152	20,562,006
9,553,000	Occidental Petroleum Corp. 6.2% Mar 15, 2040 (USD)	8,129,248	12,127,121	58,467,000	Spirit Aerosystems Inc. 4.6% Jun 15, 2028 (USD)	66,291,296	73,894,982
3,879,000	Occidental Petroleum Corp. 6.45% Sept 15, 2036 (USD)	4,616,524	5,188,993	10,723,000	Spirit Aerosystems Inc. 5.5% Jan 15, 2025 144A (USD)	14,385,102	14,448,966
6,373,000	Occidental Petroleum Corp. 6.6% Mar 15, 2046 (USD)	5,030,382	8,268,112	58,349,000	Spirit Aerosystems Inc. 7.5% Apr 15, 2025 (USD) 144A	80,723,305	79,980,881
40,166,000	Occidental Petroleum Corp. 6.625% Sept 1, 2030 (USD)	53,057,243	55,716,375	17,630,000	UniCredit S.p.A Sr Pref 3.75% Apr 12, 2022 (USD) 144A	22,100,181	23,313,571
7,123,000	Occidental Petroleum Corp. 7.15% May 15, 2028 (USD)	8,918,382	9,246,816	<b>Total</b>		<b>\$ 1,541,007,145</b>	<b>\$ 1,729,057,854</b>
<b>Mortgage Backed Securities (2.8%)</b>							
459	BMO FRN NHA MBS (98003572) Jul 1, 2024 (M CDOR -3)	503,038	8,268,112	\$	457	\$	460
44,432,989	Equitable Bank NHA MBS (97518284) 0.8% Nov 01, 2025	53,057,243	55,716,375		44,547,182		44,675,616

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# Lysander-Canso Corporate Value Bond Fund

## Schedule of Investment Portfolio as at December 31, 2020

Par Value/Number of Shares		Average Cost (\$)	Fair Value (\$)	Par Value/Number of Shares		Average Cost (\$)	Fair Value (\$)
<b>Mortgage Backed Securities (2.8%)</b>							
<i>Cont'd</i>							
52,136,250	First National NHA MBS (97518449) Sep 1, 2022 (M CDOR)	52,351,573	52,428,824	191,500	BCE Inc. (BCE.PR.Y)	3,051,076	2,688,660
215,643	MLFA 2002-BC2P A 6.673% May 7, 2021	236,890	217,929	250,100	BMO (BMO.PR.A)	5,627,054	6,227,490
278,354	MLML 2000 BMCC 7.373% May 10, 2022	321,903	287,212	87,500	BMO (BMO.PR.E)	1,758,720	1,960,000
29,445,980	Scotia Capital Inc. NHA MBS (97518499) 0.6% Dec 01, 2025	29,339,386	29,399,575	266,300	BMO (BMO.PR.S)	4,665,439	5,469,802
<b>Total</b>		<b>\$ 126,797,391</b>	<b>\$ 127,009,616</b>	100,000	BMO (BMO.PR.T)	1,746,112	1,994,000
<b>Private Placements (0.6%)</b>							
15,636,323	Black Press Group Ltd. 12% Mar 31, 2024	\$ 15,636,323	\$ 11,570,879	166,900	BMO (BMO.PR.W)	2,837,656	3,370,545
582,694	Blue Water Bridge Authority (amort) 6.41% Jul 9, 2027	706,347	670,179	8,085,025	BMO Laddered Preferred Share ETF	67,032,519	79,394,945
5,109,000	Golf Town/Golfsmith 10.5% Jul 24, 2019 (144A)	2,815,576	11,240	787,300	BNS (BNS.PR.F)	17,900,551	19,725,801
1,588,000	Kruger Packaging Holdings L.P. 6% Jun 1, 2026	1,591,970	1,711,070	149,049	Canadian Life Companies Split Corp 6.25% 2012 PFD	1,271,323	1,496,452
12,576,000	WTH Car Rental ULC (AVIS) 2.781% Jul 22, 2024	12,621,793	13,121,954	239,300	CIBC (CM.PR.O)	4,154,406	4,659,171
<b>Total</b>		<b>\$ 33,372,009</b>	<b>\$ 27,085,322</b>	331,900	CIBC (CM.PR.P)	5,878,372	6,574,939
<b>Preferred Shares (8.5%)</b>							
100,300	Bank of Nova Scotia NVCC (BNS.PR.I)	\$ 2,050,618	\$ 2,252,738	447,200	CIBC (CM.PR.S)	8,109,314	9,212,320
60,300	BCE Inc (BCE.PR.A)	915,354	890,028		ClearStream Energy Services Inc. Series 1 Preferred Share	33,106,000	23,273,600
190,800	BCE Inc (BCE.PR.H)	2,879,676	2,694,096	21,772	ClearStream Energy Services Inc. Series 2 Pfd (restricted)	21,760,900	15,240,400
858,100	BCE Inc (BCE.PR.J)	13,327,348	12,013,400	30,100	Enbridge Inc (ENB.PF.A)	415,079	441,567
41,300	BCE Inc (BCE.PR.L)	552,594	506,131	1,353,400	Enbridge Inc (ENB.PR.F)	18,018,542	19,705,504
46,800	BCE Inc. (BCE.PR.B)	705,744	653,796	1,709,600	Enbridge Inc (ENB.PR.H)	21,614,486	23,404,424
843,294	BCE Inc. (BCE.PR.C)	12,708,865	13,383,076	260,000	Enbridge Inc. (ENB.PF.C)	3,933,167	3,816,800
33,900	BCE Inc. (BCE.PR.E)	519,985	472,905	42,600	Enbridge Inc. (ENB.PF.E)	647,271	579,360
105,700	BCE Inc. (BCE.PR.K)	1,286,007	1,391,012	89,300	Enbridge Inc. (ENB.PF.G)	1,409,497	1,203,764
83,500	BCE Inc. (BCE.PR.Q)	1,332,599	1,556,440	561,200	Enbridge Inc. (ENB.PR.D)	7,176,353	7,677,216
83,900	BCE Inc. (BCE.PR.S)	1,232,799	1,176,278	435,300	Enbridge Inc. (ENB.PR.N)	6,507,606	6,855,975
				424,200	Enbridge Inc. (ENB.PR.P)	5,539,128	6,095,754
				111,700	Enbridge Inc. (ENB.PR.T)	1,560,793	1,574,970
				23,100	Husky Energy Inc (HSE.PR.A)	123,207	219,681
				293,600	Husky Energy Inc (HSE.PR.C)	3,146,978	4,771,000
				96,300	Husky Energy Inc (HSE.PR.E)	983,359	1,682,361
				92,900	Husky Energy Inc (HSE.PR.G)	873,028	1,597,880
				100,577	M Split Corp 7.5% Dec 1, 2024 Series B	489,173	516,966

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# Lysander-Canso Corporate Value Bond Fund

## Schedule of Investment Portfolio as at December 31, 2020

Par Value/Number of Shares			Average Cost (\$)	Fair Value (\$)	Par Value/Number of Shares			Average Cost (\$)	Fair Value (\$)
<b>Preferred Shares (8.5%)</b>									
<i>Cont'd</i>									
117,100	Manulife Financial (MFC.PR.J)		1,789,124	2,459,100		Other assets less liabilities (1.6%)		74,274,354	
367,900	Manulife Financial (MFC.PR.K)		5,058,584	6,964,347	<b>Net assets attributable to holders of redeemable units</b>				
122,000	Manulife Financial (MFC.PR.L)		2,015,219	2,232,600		\$	\$	<b>4,523,957,898</b>	
135,300	Manulife Financial (MFC.PR.M)		1,942,184	2,647,821					
39,700	Manulife Financial (MFC.PR.N)		622,496	766,607					
244,900	Manulife Financial (MFC.PR.Q)		4,337,205	5,118,410					
21,100	National Bank of Canada (NA.PR.E)		331,794	444,999					
805,500	Pembina Pipeline Corp (PPL.PR.A)		10,200,137	12,130,830					
50,300	Pembina Pipeline Corp (PPL.PR.C)		676,291	744,440					
120,400	Pembina Pipeline Corp (PPL.PR.E)		1,392,824	1,943,256					
111,700	Pembina Pipeline Corp (PPL.PR.O)		1,178,010	1,754,807					
72,600	Pembina Pipeline Corp (PPL.PR.Q)		845,326	1,166,682					
40,000	RBC (RY.PR.H)		720,604	850,000					
273,500	RBC (RY.PR.S)		5,589,082	6,153,750					
285,500	RBC (RY.PR.Z)		5,113,515	5,981,225					
43,800	Royal Bank Preferred Share Series BF 3.60%		816,432	939,510					
107,700	TC Energy Corp (TRP.PR.C)		1,334,936	1,135,158					
171,400	TC Energy Corp (TRP.PR.D)		2,454,955	2,608,708					
257,857	TC Energy Corp (TRP.PR.F)		3,334,171	2,929,256					
86,400	TC Energy Corp (TRP.PR.H)		912,135	762,048					
1,900	TC Energy Corp (TRP.PR.I)		16,013	19,998					
417,400	TD Bank (TD.PF.A)		7,235,352	8,640,180					
229,200	TD Bank (TD.PF.B)		3,966,480	4,710,060					
289,700	TD Bank (TD.PF.C)		5,391,252	6,066,318					
155,700	TD Bank (TD.PF.K)		3,065,908	3,456,540					
341,200	Thomson Reuters Corp (TRI.PR.B)		4,302,408	4,176,288					
<b>Total</b>			<b>\$ 363,491,135</b>	<b>\$ 385,224,185</b>					
<b>US Equities (0.0%)</b>									
<b>Total</b>			<b>\$ -</b>	<b>\$ -</b>					
<b>Total investment portfolio (96.4%)</b>									
	Cash and cash equivalents (1.9%)		\$	\$ 87,058,122					

# Lysander-Canso Corporate Value Bond Fund

## Foreign Exchange Contracts

CounterParty	Settlement Date	Buy	Par Value	Sell	Par Value	Forward Rate	Current Rate	Unrealized Appreciation (Depreciation)
Canadian Imperial Bank of Commerce <sup>1</sup>	2021-03-10	CAD	\$ 2,603,460,455	USD	\$ 2,031,652,000	0.78	0.786	\$ 17,240,761
Canadian Imperial Bank of Commerce <sup>1</sup>	2021-03-10	CAD	22,929,300	USD	18,000,000	0.785	0.786	15,949
Canadian Imperial Bank of Commerce <sup>1</sup>	2021-03-10	CAD	9,912,396	USD	7,800,000	0.787	0.786	(16,722)

### Notes

<sup>1</sup> Credit rating of counterparty is A+.

# Lysander-Canso Corporate Value Bond Fund

Notes to the financial statements for December 31, 2020 and 2019

## 1. Formation of Fund

The address of the Fund's registered office is 3080 Yonge St., Suite 3037, Toronto, Ontario.

Lysander Funds Limited (the "Manager" or "Lysander") is the manager and trustee of the Fund and is responsible for providing or arranging the provision of all general management and administrative services required by the Fund in its day-to-day operations, including but not limited to, calculating and reporting the net asset value of the Fund and its series, preparing all offering documents, unitholder recordkeeping and other administrative services.

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

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

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

## 2. Basis of Presentation

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB") effective as at December 31, 2020.

The financial statements were authorized for issue by Lysander's board of directors on March 22, 2021.

## 3. Significant Accounting Policies

The significant accounting policies of the Fund are as follows:

### Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term investments in an active market with original maturities of three months or less, bank overdrafts and money market funds with daily liquidity and all highly liquid financial instruments that mature within three months of being purchased.

### Financial instruments

The Fund accounts for its financial instruments in accordance with IFRS 9 Financial Instruments ("IFRS 9"), which include cash

and cash equivalents, investments at fair value through profit or loss, accrued interest, reimbursement receivable, subscriptions receivable, redemption payable, due to/from investment dealer, receivable/payable from forward exchange contracts and accrued expenses.

### Financial assets and financial liabilities at fair value through profit or loss ("FVTPL"):

#### Financial Assets

The Fund classifies its investments in debt and equity securities and open-ended investment funds based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

These financial assets are managed and their performance is evaluated on a fair value basis. The Fund also manages these financial assets with the objective of realizing cash flows through sales. The Fund has not taken the option to irrevocably designate any of its equity securities at fair value through other comprehensive income ("FVOCI"). Consequently, these financial assets are mandatorily measured at FVTPL.

#### Financial Liabilities

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future or on initial recognition are a part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short term profit-taking.

All derivatives and short positions are included in this category and mandatorily measured at FVTPL.

The Fund does not apply general hedge accounting to any of its derivatives positions.

### Financial assets and financial liabilities at amortized cost:

The financial assets and liabilities measured at amortized cost include cash collateral posted on derivative positions, accrued income, due to and from brokers and other short term receivables and payables.

IFRS 9 requires the expected credit loss model ("ECL") as the impairment model for financial assets measured at amortized cost. At each reporting date, the Fund measures the loss allowance on cash collateral held, amounts due from broker, accrued income and other short term receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowance at an amount equal to the 12 month expected credit losses. Given

# Lysander-Canso Corporate Value Bond Fund

Notes to the financial statements for December 31, 2020 and 2019

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, 2020 and December 31, 2019, 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, 2020 and December 31, 2019, if applicable, are included in the notes to the financial statements of the Fund.

## Recognition/Derecognition

At initial recognition, financial assets and liabilities are measured at fair value. Transaction costs on financial assets and liabilities at fair value through profit or loss are expensed as incurred in the statement of comprehensive income.

Subsequent to initial recognition, financial assets and liabilities at fair value through profit or loss are measured at fair value.

Gains and losses arising from changes in their fair value are included in the statement of comprehensive income for the year in which they arise. Dividend or interest income earned on financial assets at fair value through profit or loss and dividend or interest expense on the financial liabilities at fair value through profit or loss are disclosed in a separate line item in the statement of comprehensive income.

Financial assets are derecognized when the contractual rights to the cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership. Financial liabilities at fair value through profit or loss are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Investment transactions are accounted for on a trade date basis. Realized gains and losses on the disposition of investments, and unrealized appreciation and depreciation of investments, are determined on an average cost basis and are included in the statement of comprehensive income.

Realized gains and losses related to options are included in net realized gain/(loss) on options at fair value through profit or loss. Realized gains and losses relating to written options may arise from expiration of written options whereby realized gains are equivalent to the premium received and from the exercise of written covered call options in addition to the realized gain or losses from disposition of the related investments at the exercise price of the option.

## Fair value measurements

The securities in the Fund's Portfolio are measured at FVTPL. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the year-end date. The quoted market price used for financial assets and financial liabilities of the Fund is the last traded price provided such price is within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Fund will determine the points within the bid-ask spread that are most representative of the fair value. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques commonly used by market participants making the maximum use of observable inputs and relying as little as possible on unobservable inputs. The Fund uses a variety of methods and

# Lysander-Canso Corporate Value Bond Fund

Notes to the financial statements for December 31, 2020 and 2019

makes assumptions that are based on market conditions existing at each reporting date.

Where available, valuation techniques use market observable assumptions and inputs. If such data is not available, inputs may be derived by reference to similar assets in active markets, from recent prices for comparable transactions or from other observable market data. When measuring fair value, the Fund selects the non-market-observable inputs to be used in its valuation techniques, based on a combination of historical experience, derivation of input levels based on similar products with observable price levels and knowledge of current market conditions and valuation approaches. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk. Unlisted debt securities are valued based on observable inputs such as the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data and using standard market convention practices. Unlisted debt securities for which current quotations are not readily available are valued using another valuation technique as described below.

The Fund uses widely recognized valuation techniques for determining the fair value of financial instruments that are not actively traded and quoted. The most frequently applied valuation techniques include: i) discounted value of expected cash flows, ii) relative value, iii) option pricing methodologies, iv) private placement financing technique v) internally developed models and vi) market activity. In some cases, it may be reasonable and appropriate to value at cost, where there has been no material subsequent event affecting value. Discounted value of expected cash flows is a valuation technique that measures fair value using estimated expected future cash flows from assets or liabilities and then discounts these cash flows using a discount rate or discount margin that reflects the credit and/or funding spreads required by the market for instruments with similar risk and liquidity profiles to produce a present value.

When using such valuation techniques, expected future cash flows are estimated using an observed or implied market price for the future cash flows or by using industry standard cash flow projection models. The discount factors within the calculation are generated using industry standard yield curve modeling techniques and models. Relative value models measure fair value based on the market prices of equivalent or comparable assets or liabilities, making adjustments for differences between the characteristics of the observed instrument and the instrument being valued. Option pricing models incorporate assumptions regarding the behavior of future price movements of an underlying referenced asset or assets to generate a probability-weighted future expected payoff for the option. The resulting probability-weighted expected payoff is then discounted using discount factors generated from industry standard yield curve modeling techniques and models. The option pricing model may be implemented using a closed form analytical formula or other mathematical techniques (e.g., binomial tree or Monte Carlo simulation). For more complex instruments and instruments for which there is no active market, fair values may be estimated using a combination of observed transaction prices, if any, consensus pricing services and relevant broker quotes. Consideration is given to the nature of the quotes (e.g., indicative or firm) and the relationship of recently evidenced market activity to the prices provided by consensus pricing services. Private placement financings are instances where a company raises capital through an offering of additional securities in the private markets. Pertinent details of such offering, including the terms of such offering, the issue price, and total capital raised are considered when assessing the reasonability that the issue price of such offering approximates fair value. In contrast to public offerings on a recognized exchange, private placement financings are not available to the general public. The Fund also uses internally developed models, which are typically based on valuation methods and techniques recognized as standard within the industry. Assumptions and inputs used in valuation techniques include benchmark interest rate curves, credit and funding spreads used in estimating discount rates, bond and equity prices, equity index prices, foreign exchange rates, levels of market volatility and correlation. In situations where there is limited market activity for the asset or liability near the measurement date, the most recent transaction price may be used.

## Income recognition

Dividend income is recognized when the Fund's right to receive the payment has been established, normally being the ex-dividend date. Dividend income is recognized gross of withholding tax, if any.

The interest income for distribution purposes shown on the statement of comprehensive income represents the coupon interest received by the Fund accounted for on an accrual basis.

# Lysander-Canso Corporate Value Bond Fund

Notes to the financial statements for December 31, 2020 and 2019

The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis. The interest income for distribution purposes is the tax basis of calculating the interest received and which is subject to tax.

## Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

## Accounting estimates

In the application of the Fund's accounting policies, the Fund is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. The most significant estimates relate to the valuation of investments. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

## Net assets attributable to holders of redeemable units

Units issued and outstanding represent the capital of the Fund, with units in each series representing an equal and rateable share in the assets allocated to each series. The management fee rates are different for each of the series. Please refer to Note 6 for discussion of management fee rates. The redeemable units are classified as financial liabilities and are measured at the redemption amounts.

Units of the Fund may be purchased or redeemed at a price per unit equal to the net asset value ("NAV") of a unit of the applicable series of the Fund on each valuation date.

## Net asset value per unit

The net asset value per unit of each series of units of the Fund is computed by dividing the NAV of a series of units by the total number of units of the series outstanding at the time. The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its NAV for transactions with holders of redeemable units.

## Foreign currency translation

Foreign currency amounts are translated into the Fund's functional currency as follows: fair value of investments, forward currency contracts and other financial assets and liabilities, at the closing rate of exchange on each business day; income and expenses, and purchases, sales and settlements of investments, at the rate of exchange prevailing on the respective dates of such transactions.

## Foreign currency forward contracts

The value of the foreign currency forward contracts is the gain or loss that would be realized if the position in the forward contract was closed out in accordance with its terms. The unrealized gains or losses on the forward contract are reported as part of the change in unrealized appreciation or depreciation on forwards in the statement of comprehensive income. Foreign currency forward contracts manage exposure to foreign currency gains and losses arising from short and long-term investments denominated in foreign currencies.

## Taxation

The Fund is a mutual fund trust within the meaning of the Income Tax Act (Canada). The Fund is subject to tax on its net taxable income, including net realized capital gains, for the calendar year which is not paid or payable to its unitholders as of the end of the calendar year. It is the intention of the Fund to pay all of its net taxable income and net realized capital gains so that the Fund will not be subject to income taxes other than foreign withholding taxes, if applicable. Therefore, no provision for income taxes has been made in these financial statements.

As at December 31, 2020, the Fund had no net capital losses (December 31, 2019 - \$5,295,420) and no non-capital losses (December 31, 2019 - Nil).

## Distributions

The Fund makes distributions of net income quarterly for Series A and F, and monthly for Series A5 and Series F5, and any net realized capital gains annually. These are recognized in the statement of changes in net assets attributable to holders of redeemable units.

## Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

### *Determination of Functional Currency*

'Functional currency' is the currency of the primary economic environment in which the Fund operates. If indicators of the

# Lysander-Canso Corporate Value Bond Fund

Notes to the financial statements for December 31, 2020 and 2019

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, 2020, there are no future standards that could have a material or significant impact on the Fund.

## **4. Expenses**

The Fund is responsible for the payment of all expenses related to its operations, including but not limited to audit fees, Independent Review Committee fees, fund administration fees, filing fees, redeemable unitholder reporting and custodian fees plus harmonized sales tax. At their discretion, the Manager or the Portfolio Manager may pay certain of the expenses of the Fund but any such payments shall not oblige the Manager or the Portfolio Manager to make similar future payments. All expenses are recognized in the statement of comprehensive income on the accrual basis.

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

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

## **5. Issuance and Redemption of Units**

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal undivided interest in the net assets of the Fund. Each unit entitles the holder to the same rights and obligations as a holder of any other unit and no holder of units is entitled to any privilege, priority or preference in relation to any other holder of units. Each holder of units is entitled to one vote for each whole unit held and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains, if any. On termination or liquidation of the Fund, the

holders of outstanding units of record are entitled to receive on a pro rata basis all of the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses of the Fund. The units of the Fund are issued and redeemed at their NAV.

During the years ended December 31, 2020 and 2019 the number of units issued, redeemed and outstanding were as follows:

### **Series A**

For the years ended	31-Dec-20	31-Dec-19
Units outstanding at beginning of year	39,790,326	38,216,646
Redeemable units issued	16,388,935	9,615,854
Redeemable units redeemed	(8,780,645)	(8,616,898)
Redeemable units issued on reinvestments	2,486,175	574,724
<b>Units outstanding at end of year</b>	<b>49,884,791</b>	<b>39,790,326</b>

### **Series A5**

For the years ended	31-Dec-20	31-Dec-19
Units outstanding at beginning of year	820,422	739,055
Redeemable units issued	291,878	236,787
Redeemable units redeemed	(157,555)	(161,173)
Redeemable units issued on reinvestments	13,070	5,753
<b>Units outstanding at end of year</b>	<b>967,815</b>	<b>820,422</b>

### **Series F**

For the years ended	31-Dec-20	31-Dec-19
Units outstanding at beginning of year	189,883,228	159,558,445
Redeemable units issued	116,843,584	69,138,046
Redeemable units redeemed	(52,308,387)	(41,875,688)
Redeemable units issued on reinvestments	11,905,537	3,062,425
<b>Units outstanding at end of year</b>	<b>266,323,962</b>	<b>189,883,228</b>

### **Series F5**

For the years ended	31-Dec-20	31-Dec-19
Units outstanding at beginning of year	3,237,479	2,925,896
Redeemable units issued	5,803,294	856,525
Redeemable units redeemed	(808,860)	(559,102)
Redeemable units issued on reinvestments	42,942	14,160
<b>Units outstanding at end of year</b>	<b>8,274,855</b>	<b>3,237,479</b>

## **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

# Lysander-Canso Corporate Value Bond Fund

Notes to the financial statements for December 31, 2020 and 2019

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

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

At December 31, 2020, 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 0.0% (December 31, 2019 - 0.0%).

The Manager is entitled to receive from the Fund a management fee which is calculated daily and payable monthly at an annualized rate of up to 1.25% on Series A and Series A5 units and up to 0.75% on Series F and Series F5 units, exclusive of applicable taxes, based on the net asset value of each respective series. Series O has no management fees because investors will pay a negotiated management fee directly to the Manager.

During the year ended December 31, 2020, the Manager paid the Portfolio Manager, an affiliate of the Manager, \$13,065,274 (December 31, 2019 - \$9,993,549) for managing the portfolio of the Fund. As at December 31, 2020 the amount payable to the Portfolio Manager was \$1,411,729 (December 31, 2019 - \$907,043).

## 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, 2020 and 2019:

As at December 31, 2020	Level 1		Level 2		Level 3		Total
<b>Investments</b>							
Equities	\$	395,683,450	\$	–	\$	47,964,859	\$ 443,648,309
Fixed income		10,728,867		3,864,462,006		43,786,240	3,918,977,113
<b>Total</b>	<b>\$</b>	<b>406,412,317</b>	<b>\$</b>	<b>3,864,462,006</b>	<b>\$</b>	<b>91,751,099</b>	<b>\$ 4,362,625,422</b>

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

As at	31-Dec-20		31-Dec-19	
<b>Level 3 reconciliation</b>				
Balance, beginning of year	\$	116,010,408	\$	76,033,209
Purchases		51,199,658		40,587,549
Sales		(45,577,364)		–
Transfers In		–		–
Transfers Out		–		–
Realized gains and losses		(2,265,397)		–
Change in unrealized appreciation (depreciation)		(27,616,206)		(610,350)
<b>Balance, end of year</b>	<b>\$</b>	<b>91,751,099</b>	<b>\$</b>	<b>116,010,408</b>

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

## Lysander-Canso Corporate Value Bond Fund

Notes to the financial statements for December 31, 2020 and 2019

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ongoing basis. Security valuations are discussed on a case-by-case basis with a view to establish the most suitable valuation method. During the year ended December 31, 2020 there were no transfers between levels.

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

### ClearStream Energy Services Inc. Series 1 Preferred Share

Price: \$700.00

Valuation Technique: The private placement financing technique.

Unobservable Inputs: The last transacted price unless there is a material event that warrants a review. The preferred shares were issued on January 16, 2018 at \$1,000.00. On March 31, 2020, the Pricing Committee reviewed and agreed that the steep drop in oil prices along with the COVID-19 pandemic were material events which would impact the price. As a result, the Pricing Committee wrote down the price from \$1,000.00 to \$700.00. Despite the fact that oil prices have recovered, Exploration and Production producers are delaying their capital expenditure which directly impacts ClearStream's revenues. The Pricing Committee concluded that maintaining the price of \$700.00 is reasonable.

Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of \$210.00

### ClearStream Energy Services Inc. Series 2 Pfd (restricted)

Price: \$700.00

Valuation Technique: The private placement financing technique.

Unobservable Inputs: The last transacted price unless there is a material subsequent event that warrants a review. The preferred shares series 2 were issued on June 27, 2019 at \$1,000.00. On March 31, 2020, the Pricing Committee reviewed and agreed the steep drop in oil prices along with the COVID-19 pandemic were material events which would impact the price. As a result, the Pricing Committee wrote down the price from \$1,000.00 to \$700.00. Despite the fact that oil prices have recovered, Exploration and Production producers are delaying their capital expenditure which directly impacts ClearStream's revenues. The Pricing Committee concluded that maintaining the price of \$700.00 is reasonable.

Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of \$210.00

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

Price: \$100.00

Valuation Technique: The private placement financing technique.

Unobservable Inputs: The primary unobservable input for this security is the most recent transacted price in private offerings unless a material subsequent event that warrants a review. The term loan was issued on November 2, 2018 at \$100. There were subsequent draws on the term facility, each at par.

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

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

Price: \$0.27

Valuation Technique: Discounted value of expected cash flows.

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

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

### Neptune Acquisition GP Inc.

Price: \$1.00

Valuation Technique: The private placement financing technique.

Unobservable Inputs: The primary unobservable input for this security is the last price where the security recently privately transacted.

# Lysander-Canso Corporate Value Bond Fund

Notes to the financial statements for December 31, 2020 and 2019

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Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of \$0.30.

Neptune Acquisition GP Inc. TL Apr 8, 2025

Price: \$100.00

Valuation Technique: The private placement financing technique.

Unobservable Inputs: The primary unobservable input for this security is the last price where the security recently privately transacted.

Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of \$30.00.

Nordstar Capital Inc. LP

Price: \$1.00

Valuation Technique: The private placement financing technique.

Unobservable Inputs: The primary unobservable input for this security is the last price where the security recently privately transacted.

Change in input values: A reasonably possible change to the value of the next private placement financing could result in an increase or decrease of 30%, or an increase or decrease in the security price of \$0.30.

Nordstar Capital LP. 10% Aug 5, 2025

Price: \$100.00

Valuation Technique: Cost

Unobservable Inputs: The primary unobservable input for this security is the last price that the security was purchased.

Change in input values: A reasonably possible change in the price of the security could result in an increase or decrease of 30% or an increase or decrease in the security price of \$30.00.

Xplore Mobile Inc. ("Mobility Spinco")

Price: \$1.43

Valuation Technique: The relative value technique.

Unobservable Inputs: The primary unobservable inputs for this security were take from financial data provided by the company's management and government publications.

Change in input values: A reasonably possible change to the value of the assets that make up the business could result in an increase or decrease of 40%, or an increase or decrease in the security price of \$0.57.

Xplornet Wireless Inc. ("License Spinco")

Price: \$4.90

Valuation Technique: The relative value technique.

Unobservable Inputs: The primary unobservable inputs for this security were take from financial data provided by the company's management and government publications.

Change in input values: A reasonably possible change to the value of the assets that make up the business could result in an increase or decrease of 40%, or an increase or decrease in the security price of \$1.96.

## 8. Risk Management

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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.

# Lysander-Canso Corporate Value Bond Fund

Notes to the financial statements for December 31, 2020 and 2019

## Credit risk

Credit risk is the risk of financial loss that could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The Fund's main exposure to credit risk consists of investments in debt instruments, such as bonds. The Fund is also exposed to counterparty risk from other assets, such as amounts due from investment dealer or subscriptions receivable. To manage this risk, the Portfolio Manager monitors the Fund's credit exposure and counterparty credit ratings.

The Fund measures credit risk and lifetime ECLs related to these trade receivables using historical analysis and forward looking information in determining the ECL.

As at December 31, 2020 and 2019, the Fund had directly invested in debt instruments with the following credit ratings:

As a % of net assets		31-Dec-20	31-Dec-19
<b>Credit exposure</b>			
AAA	%	3.1	30.8
AA		-	0.5
A		-	13.3
BBB		21.2	29.3
BB		33.5	6.5
B		18.1	7.9
CCC		8.8	-
Not Rated		10.3	6.3

## 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, 2020 and 2019:

As at 31-Dec-2020	Less Than One Month	1-3 Months	3 Months - 1 Year
<b>Liquidity exposure</b>			
Redemption Payable	\$ 1,291,709	\$ -	\$ -
Due to investment dealers	919,328	-	-
Accrued expenses	-	3,953,281	-
Distribution payable	101	-	-
<b>As at 31-Dec-2019</b>			
<b>Liquidity exposure</b>			
Redemption Payable	\$ 1,482,731	\$ -	\$ -
Accrued expenses	-	2,570,077	-
Distribution payable	1,239	-	-

## Market risk

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a fund asset will fluctuate because of changes in market interest rates. If applicable, to manage interest rate risk, the Portfolio Manager monitors exposures and maintains the portfolio duration within the limits specified in the investment policies and objectives of the Fund. If applicable, the Fund has calculated the sensitivity analysis below. Actual results may differ materially from this analysis.

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

# Lysander-Canso Corporate Value Bond Fund

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	Less than 1 year	1-5 years	More than 5 years
<b>Interest rate exposure</b>			
December 31, 2020	\$ 57,724,918	\$ 2,271,357,578	\$ 1,589,894,617
December 31, 2019	349,213,754	2,013,571,669	225,921,736

If interest rates had increased or decreased by 1% at December 31, 2020, with all other variables remaining constant, net assets of the fund would have decreased or increased by approximately \$168,673,832 (December 31, 2019 - \$32,358,846).

## Currency risk

Currency risk arises when the value of investments denominated in currencies other than CAD fluctuate due to changes in exchange rates. If applicable, the currency risk will typically be hedged by entering into foreign currency forward contracts, however some moderate currency exposure may be assumed if deemed to be beneficial to the Fund. If applicable, the Fund has calculated the sensitivity analysis below. Actual results may differ materially from this analysis.

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

		31-Dec-20	31-Dec-19
<b>Currency exposure</b>			
US Dollars	%	58.0	% 21.2

As at December 31, 2020, 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 0.6% (December 31, 2019 - 0.2%).

## Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in a market or market segment. If applicable, this risk is managed through a careful selection of securities and other financial instruments within the parameters of the investment strategy and by maintaining a well-diversified portfolio. Exposure to price risk arises from investments in equity securities. If applicable, the Fund has calculated the sensitivity analysis below. Actual results may differ materially from this analysis.

As at December 31, 2020, approximately 9.8% (December 31, 2019 - 7.1%) of the Fund's net assets were invested in equity securities. If prices of these investments had increased or decreased by 5% as at December 31, 2020 with all other factors remaining constant, net assets would have increased or decreased, by approximately \$22,182,415 (December 31, 2019 - \$10,193,734).



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