

Annual Management Report of Fund Performance

As at December 31, 2020

Lysander-Crusader Equity Income Fund



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A Note About Forward Looking Statements

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

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

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

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

About This Report

This annual Management Report of Fund Performance of Lysander-Crusader Equity Income Fund (the “Fund”) contains financial highlights for the year ended December 31, 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 year ended December 31, 2020. Lysander Funds Limited (the “Manager”) is the manager of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling toll-free 1 877 308 6979, by writing to Lysander Funds Limited, 3080 Yonge Street, Suite 3037, Toronto, Ontario, M4N 3N1, by visiting our website at www.lysanderfunds.com or at SEDAR at www.sedar.com.

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

Investment objective

The Fund’s objective is to earn income and to achieve long term capital growth through a diversified portfolio composed primarily of equity securities, however other equity-like income-producing securities, debt and money market securities may be used to achieve this objective.

Investment Strategies

The Fund’s portfolio manager is Crusader Asset Management Inc. (“Portfolio Manager” or “Crusader”). The Fund’s portfolio positions will invest primarily in Canadian equity securities. The Fund will not be leveraged. The Fund may invest up to 30% of its

assets in foreign securities. The Fund’s investments will not be constrained by sector considerations. More details are contained in the Fund’s simplified prospectus.

Risks

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

Results of Operations

The Lysander-Crusader Equity Income Fund Series A units returned -31.6%, and Series F units returned -30.9% for the year ended December 31, 2020.

The Fund’s performance was most negatively affected by the pandemic influenced stock market drawdown which began at the end of February and ended in late March. A material overweight exposure to energy-based equity securities which fell most amongst the GIC sectors from December 2019 into the March 23rd stock market low. A second negative factor leading to underperformance for the Fund when compared to the Canadian benchmark stock index was a protective put option that was purchased in late April whose purchase was intended to protect capital in anticipation of another bout of stock market volatility. The put option expired valueless at the September expiry.

The net assets of the Fund decreased to approximately \$4.3 million at December 31, 2020 from \$7.5 million at December 31, 2019. This was primarily due to negative returns and net redemptions of \$677 thousand.

Lysander-Crusader Equity Income Fund

Annual Management Report of Fund Performance as at December 31, 2020

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 has been described or what would be reasonably expected.

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

Recent Developments

The Fund has since been repositioned without “portfolio protection” in the form of index put options. The Fund is positioned for a cyclical upturn in economic activity believing global monetary and fiscal response to the pandemic will lead to higher growth. These cyclical exposures are most specifically equity securities in the “industrial, material, and energy” sectors.

Effective January 1, 2020 the management fees of Series A and Series F of the Fund were reduced from 2.00% and 1.00% to 1.80% and 0.80% respectively, exclusive of taxes.

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

There were no changes to the membership of the Fund’s Independent Review Committee (“IRC”).

Related Party Transactions

The Manager provides or arranges for the provision of all general management and administrative services required by the Fund in its day-to-day operations, including but not limited to, calculating and reporting the net asset value of the Fund and its series, preparing all offering documents, unitholder recordkeeping and other administrative services. The Manager receives a management fee for these services. The fee is calculated based on a percentage of the net asset value of the Fund as disclosed in the simplified prospectus.

The Fund paid \$28,692 (including HST) in management fees to the Manager for the year ended December 31, 2020 (December 31, 2019 - \$86,359).

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

The Manager paid \$19,843 (including HST) to the Portfolio Manager for the year ended December 31, 2020 (December 31, 2019 - \$49,867).

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.

Lysander-Crusader Equity Income Fund

Annual Management Report of Fund Performance as at December 31, 2020

Financial Highlights

Series A

Year ended	31-Dec-2020	31-Dec-2019	31-Dec-2018	31-Dec-2017	31-Dec-2016
Net assets per unit¹					
Net assets, beginning of year	\$ 9.66	\$ 10.67	\$ 13.03	\$ 12.97	\$ 11.56
Operations:					
Total revenue	0.35	0.48	0.59	0.62	1.07
Total expenses	(0.15)	(0.26)	(0.32)	(0.33)	(0.31)
Realized gains (losses)	(3.56)	(2.65)	(0.16)	0.80	0.38
Unrealized gains (losses)	(0.1)	1.64	(2.42)	(0.16)	1.88
Total increase (decrease) from operations²	\$ (3.46)	\$ (0.79)	\$ (2.31)	\$ 0.93	\$ 3.02
Distributions:					
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -	\$ -
From dividends	(0.16)	(0.27)	(0.37)	(0.25)	(0.77)
From capital gains	-	-	-	(0.69)	-
Total distributions^{2 3}	\$ (0.16)	\$ (0.27)	\$ (0.37)	\$ (0.94)	\$ (0.77)
Net assets, end of year^{2 3}	\$ 6.42	\$ 9.66	\$ 10.67	\$ 13.03	\$ 12.97

Ratios and supplemental data					
Net asset value ⁴	\$ 260,884	\$ 538,337	\$ 840,928	\$ 551,950	\$ 315,486
Units outstanding	40,622	55,745	78,804	42,350	24,327
Management expense ratio ⁵	% 2.34	% 2.56	% 2.49	% 2.56	% 2.53
Management expense ratio before waivers or absorption	2.53	2.56	2.49	2.58	2.88
Portfolio turnover rate ⁶	55.3	45.9	59.6	56.8	116.1
Trading expense ratio ⁷	0.19	0.2	0.3	0.4	0.9
Net asset value per unit, end of year	\$ 6.42	\$ 9.66	\$ 10.67	\$ 13.03	\$ 12.97

Notes

- The information is derived from the Fund's audited annual financial statements. All per unit figures presented are referenced to net assets determined in accordance to IFRS.
- 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.
- Distributions were paid in cash or reinvested in additional units, or both.
- This information is provided at the end of the period shown.
- 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.
- 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.
- 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.

Lysander-Crusader Equity Income Fund

Annual Management Report of Fund Performance as at December 31, 2020

Series F

Year ended	31-Dec-2020	31-Dec-2019	31-Dec-2018	31-Dec-2017	31-Dec-2016
Net assets per unit¹					
Net assets, beginning of year	\$ 9.71	\$ 10.57	\$ 12.83	\$ 12.78	\$ 11.33
Operations:					
Total revenue	0.35	0.47	0.57	0.62	0.87
Total expenses	(0.08)	(0.14)	(0.17)	(0.18)	(0.17)
Realized gains (losses)	(3.67)	(2.55)	(0.03)	0.78	0.32
Unrealized gains (losses)	(0.19)	1.50	(2.29)	(0.09)	1.71
Total increase (decrease) from operations²	\$ (3.59)	\$ (0.72)	\$ (1.92)	\$ 1.13	\$ 2.73
Distributions:					
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -	\$ -
From dividends	(0.22)	(0.27)	(0.39)	(0.46)	(0.87)
From capital gains	-	-	-	(0.73)	-
Total distributions^{2 3}	\$ (0.22)	\$ (0.27)	\$ (0.39)	\$ (1.19)	\$ (0.87)
Net assets, end of year^{2 3}	\$ 6.47	\$ 9.71	\$ 10.57	\$ 12.83	\$ 12.78
Ratios and supplemental data					
Net asset value ⁴	\$ 1,750,529	\$ 3,888,088	\$ 7,911,696	\$ 9,459,579	\$ 5,677,470
Units outstanding	270,592	400,580	748,457	737,215	444,236
Management expense ratio ⁵	% 1.21	% 1.43	% 1.37	% 1.43	% 1.42
Management expense ratio before waivers or absorption	1.34	1.40	1.37	1.45	1.75
Portfolio turnover rate ⁶	55.30	45.9	59.6	56.8	116.1
Trading expense ratio ⁷	0.19	0.2	0.3	0.4	0.9
Net asset value per unit, end of year	\$ 6.47	\$ 9.71	\$ 10.57	\$ 12.83	\$ 12.78

Notes

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Lysander-Crusader Equity Income Fund

Annual Management Report of Fund Performance as at December 31, 2020

Series O

Year ended	31-Dec-2020	31-Dec-2019	31-Dec-2018	31-Dec-2017	31-Dec-2016
Net assets per unit¹					
Net assets, beginning of year	\$ 10.25	\$ 11.44	\$ 13.92	\$ 13.16	\$ 11.52
Operations:					
Total revenue	0.36	0.50	0.61	0.62	0.82
Total expenses	(0.02)	(0.03)	(0.03)	(0.04)	(0.04)
Realized gains (losses)	(3.62)	(2.55)	(0.05)	0.87	(0.19)
Unrealized gains (losses)	0.43	1.55	(2.45)	(0.16)	1.59
Total increase (decrease) from operations²	\$ (2.85)	\$ (0.53)	\$ (1.92)	\$ 1.29	\$ 2.18
Distributions:					
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -	\$ -
From dividends	(0.43)	(0.66)	(0.60)	(0.52)	(0.53)
From capital gains	-	-	-	-	-
Total distributions^{2 3}	\$ (0.43)	\$ (0.66)	\$ (0.60)	\$ (0.52)	\$ (0.53)
Net assets, end of year^{2 3}	\$ 6.68	\$ 10.25	\$ 11.44	\$ 13.92	\$ 13.16

Ratios and supplemental data					
Net asset value ⁴	\$ 2,322,536	\$ 3,054,167	\$ 3,204,868	\$ 3,725,559	\$ 3,388,465
Units outstanding	347,864	297,947	280,193	267,634	257,443
Management expense ratio ⁵	% 0.30	% 0.30	% 0.25	% 0.30	% 0.29
Management expense ratio before waivers or absorption	0.57	0.37	0.25	0.32	0.67
Portfolio turnover rate ⁶	55.3	45.9	59.6	56.8	116.1
Trading expense ratio ⁷	0.19	0.2	0.3	0.4	0.9
Net asset value per unit, end of year	\$ 6.68	\$ 10.25	\$ 11.44	\$ 13.92	\$ 13.16

Notes

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Lysander-Crusader Equity Income Fund

Annual Management Report of Fund Performance as at December 31, 2020

Management Fees

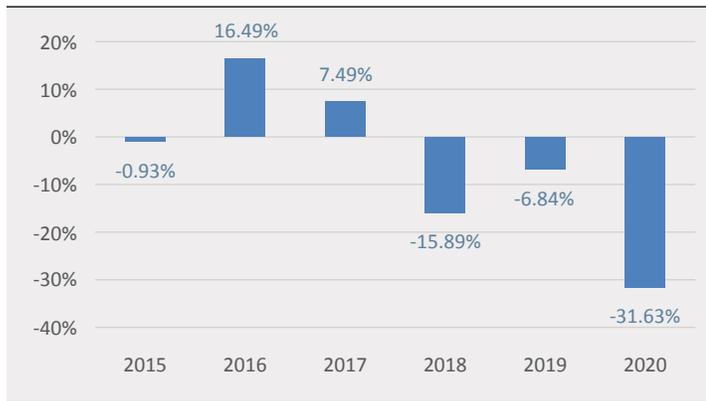
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

In consideration for such services, the Manager receives a monthly management fee, based on the net asset value of each Series, calculated daily and payable monthly. Effective January 1, 2020, the Fund pays a management fee of 1.80% (formerly 2.00%) per annum for Series A units and 0.80% (formerly 1.00%) per annum for Series F units. No management fee is charged to the Fund with respect to Series O units, but investors are charged a negotiated management fee.

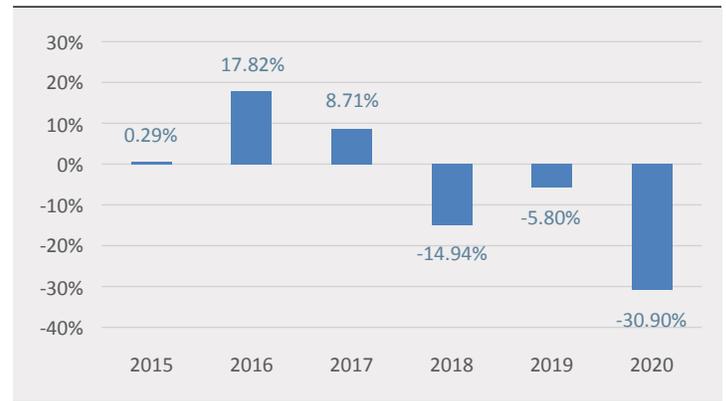
Service fees or trailing commissions of a maximum of 1.00% per annum were paid on Series A units to dealers. This comprises approximately 55.6% of the management fee of Series A units.

Year-by-Year Returns

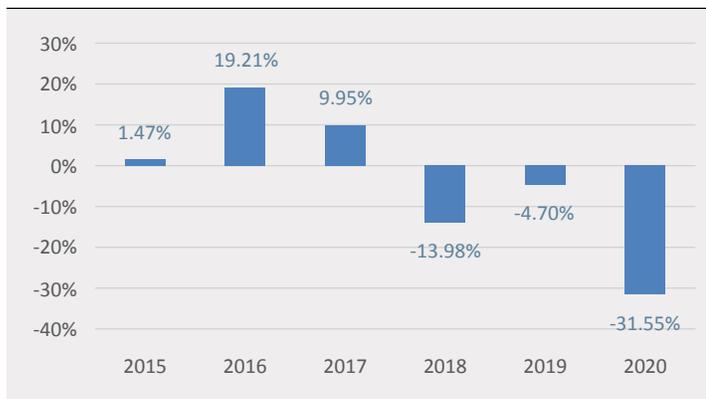
Series A



Series F



Series O



Past Performance

The Fund became a reporting issuer on December 30, 2014. Accordingly, returns are shown for the relevant years as indicated below.

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

Lysander-Crusader Equity Income Fund

Annual Management Report of Fund Performance as at December 31, 2020

Annual Compound Returns

The following table shows the Fund's annual compound return for each period indicated, compared with the S&P/TSX Composite Total Return Index. The returns of the S&P/TSX Composite Total Return Index are calculated without the deduction of fees and expenses, whereas the performance of the Fund is calculated after deducting such fees and expenses.

For years ended December 31, 2020		1 Year		3 Year ²		5 Year ²		Since Inception ³
Annual Compound Return								
Series A ¹	%	(31.63)	%	(18.78)	%	(7.67)	%	(6.55)
Series F ¹		(30.90)		(17.89)		(6.64)		(5.48)
Series O ¹		(31.55)		(17.52)		(5.96)		(4.72)
S&P/TSX Composite Total Return Index ⁴	%	5.60	%	5.74	%	9.33	%	6.15

Notes

- 1 Returns are based on the net asset value per unit of the relevant series of the Fund and assume that all distributions were reinvested.
- 2 Compound period returns are annualized.
- 3 Period starting from December 30, 2014. Since inception returns are annualized.
- 4 Source: TSX © Copyright 2019 TSX Inc. All rights reserved.

Lysander-Crusader Equity Income Fund

Annual Management Report of Fund Performance as at December 31, 2020

Summary of Investment Portfolio

	% of NAV	
Top 25 Issuers		
Superior Plus Corp. (Equity)	%	8.6
Toronto Dominion Bank (Equity)		8.2
Lundin Mining Corp. (Equity)		7.0
Altius Minerals Corp. (Equity)		6.7
Royal Bank of Canada (Equity)		6.1
IA Financial Corporation (Equity)		5.8
Tourmaline Oil Corp. (Equity)		5.8
Ag Growth International (Equity)		5.7
Manulife Financial Corp. (Equity)		5.7
Mullen Group Ltd. (Equity)		5.3
Teck Resources Limited (Equity)		5.2
ARC Resources Ltd. (Equity)		5.1
Westshore Terminals Investment Corp (Equity)		4.8
Suncor Energy Inc. (Equity)		4.6
AirBoss of America Corp. (Equity)		4.5
Canadian Natural Resources (Equity)		4.0
Kirkland Lake Gold Inc. (Equity)		3.8
Polaris Infrastructure Inc. (Equity)		2.9
Cogeco Cable Inc. (Debt)		0.1
Cash and Cash Equivalents		(0.2)
Total	%	99.6

	% of NAV	
Asset Mix		
Canadian Equities	%	99.8
Canadian Fixed Income		0.1
Cash and Cash Equivalents		(0.2)
Other Assets less Liabilities		0.3
Total	%	100.0
Sector		
Cash and Cash Equivalents	%	(0.2)
Energy		19.6
Financials		25.8
Industrials		15.8
Information Technology		0.1
Materials		27.1
Other Assets less Liabilities		0.3
Utilities		11.5
Total	%	100.0



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