

Annual Management Report of Fund Performance

As at December 31, 2020

Lysander-Fulcra Corporate Securities 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-Fulcra Corporate Securities 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 provide income and capital growth by investing in fixed income, floating rate, convertible, preferred equity, and common equity securities of corporations anywhere in the world.

Investment Strategies

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

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

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

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

Risks

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

Results of Operations

The Fund's Series A units returned 3.8% year-to-date, and the Series F units returned 4.4% year-to-date.

As the overall market continued to rally during the fourth quarter, several names contributed to the positive performance. One of our largest holdings and a company we’ve had strong conviction on, Millar Western, continued its positive performance in the fund as the company benefited from a surge in demand for lumber in the second half of the year. A new investment in organic grocer The Fresh Market has contributed positively with its strong online presence and consumers continuing their demand for grocery delivery. Deep value investments Sherritt and Ferroglobe also continue to add to performance as the investment theses play out. As at year end, the Fund is yielding 7.3% to maturity with a 1.9 year duration. At the end of the year, the Fund had 61.1% invested in corporate bonds, 7.0% in convertible bonds, 1.9% in government bonds,

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2.0% in common stocks, 1.9% in preferred stocks, 5.3% in loans, and 21.7% in cash.

The US dollar denominated ICE BofAML US High Yield Index performed 6.2% in 2020, with a duration of 5.1 years at December 31, 2020. The ICE BofAML Canada Corporate Index performed 8.57% for the year, with a duration of 7.2 years at December 31, 2020. The FTSE Canada Universe Bond Index returned 8.7% for the year, and ended the year with a duration of 8.4 years.

The net assets of the Fund increased from \$67.0 million to \$118.2 million since the beginning of the year. The Fund has mainly grown through net subscriptions of \$47.5 million.

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

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

Recent Developments

Global markets rallied in Q4 2020 driven by the emergence of viable coronavirus vaccines and a presidential victory from Joe Biden that was followed by the passing of a \$900 billion stimulus package. The high yield bond market followed suit in the rally with CCC's leading the charge after BB's had made up the bulk of the performance for the year. The ICE BofA High Yield Index Index (CAD Hedged) returned 6.2% in the 4th quarter, finishing the year up 4.8% and closing the year at record low yield of 4.2% and close to record tight spreads of 388 basis points. A return that was hard to imagine when the high yield market was down 14.0% and high yield spreads were close to 900 basis points at the end of Q1.

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 \$939,730 (including HST) in management fees to the Manager for the year ended December 31, 2020 (December 31, 2019 - \$593,769)

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

The Manager paid \$431,585 (including HST) to the Portfolio Manager for the year ended December 31, 2020 (December 31, 2019 - \$268,499).

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

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Financial Highlights

Series A*

Year ended	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17
Net assets per unit¹				
Net assets, beginning of year	\$ 10.11	\$ 10.09	\$ 10.52	\$ 10.00
Operations:				
Total revenue	0.58	0.61	0.57	0.48
Total expenses	(0.15)	(0.16)	(0.18)	(0.19)
Realized gains (losses)	0.38	0.30	(0.04)	0.12
Unrealized gains (losses)	(0.14)	(0.14)	(0.48)	0.44
Total increase (decrease) from operations²	\$ 0.67	\$ 0.61	\$ (0.13)	\$ 0.85
Distributions:				
From income (excluding dividends)	\$ (0.45)	\$ (0.35)	\$ (0.37)	\$ (0.22)
From dividends	(0.02)	(0.04)	(0.04)	(0.03)
From capital gains	(0.36)	(0.21)	-	(0.10)
Total distributions^{2 3}	\$ (0.83)	\$ (0.60)	\$ (0.41)	\$ (0.35)
Net assets, end of year^{2 3}	\$ 9.77	\$ 10.11	\$ 10.09	\$ 10.52
Ratios and supplemental data				
Net asset value ⁴	\$ 19,109,791	\$ 11,070,169	\$ 10,023,553	\$ 5,757,093
Units outstanding	1,956,730	1,095,110	993,883	546,996
Management expense ratio ⁵	% 1.59	% 1.58	% 1.64	% 1.82
Management expense ratio before waivers or absorption	1.59	1.58	1.64	1.86
Portfolio turnover rate ⁶	150.8	219.3	161.5	85.9
Trading expense ratio ⁷	0.01	0.1	0.04	0.1
Net asset value per unit, end of year	\$ 9.77	\$ 10.11	\$ 10.09	\$ 10.52

Notes

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

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

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

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

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

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

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

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

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Series F*

Year ended	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17
Net assets per unit¹				
Net assets, beginning of year	\$ 10.08	\$ 10.11	\$ 10.52	\$ 10.00
Operations:				
Total revenue	0.59	0.61	0.57	0.49
Total expenses	(0.10)	(0.11)	(0.12)	(0.13)
Realized gains (losses)	0.38	0.32	(0.03)	0.14
Unrealized gains (losses)	(0.13)	(0.22)	(0.47)	0.44
Total increase (decrease) from operations²	\$ 0.74	\$ 0.60	\$ (0.05)	\$ 0.94
Distributions:				
From income (excluding dividends)	\$ (0.44)	\$ (0.48)	\$ (0.39)	\$ (0.31)
From dividends	(0.02)	(0.04)	(0.04)	(0.03)
From capital gains	(0.32)	(0.25)	-	(0.12)
Total distributions^{2 3}	\$ (0.78)	\$ (0.77)	\$ (0.42)	\$ (0.46)
Net assets, end of year^{2 3}	\$ 9.76	\$ 10.08	\$ 10.11	\$ 10.52
Ratios and supplemental data				
Net asset value ⁴	\$ 99,129,915	\$ 55,949,033	\$ 28,257,519	\$ 18,320,094
Units outstanding	10,153,197	5,552,827	2,793,809	1,741,358
Management expense ratio ⁵	% 1.06	% 1.06	% 1.11	% 1.26
Management expense ratio before waivers or absorption	1.06	1.06	1.11	1.28
Portfolio turnover rate ⁶	150.8	219.3	161.5	85.9
Trading expense ratio ⁷	0.01	0.1	0.04	0.1
Net asset value per unit, end of year	\$ 9.76	\$ 10.08	\$ 10.11	\$ 10.52

Notes

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

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

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

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

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

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

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

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

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Management Fees

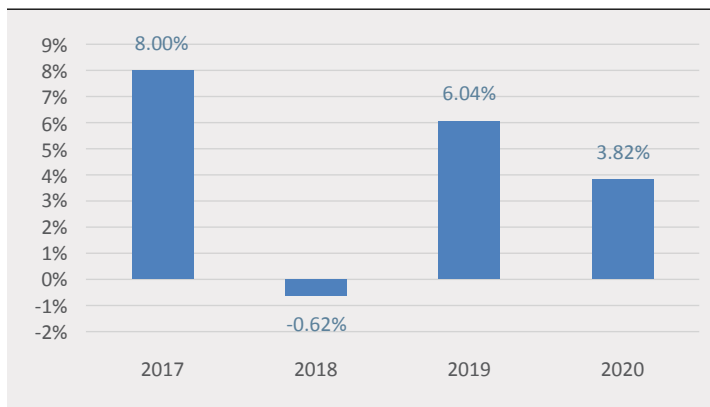
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

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

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

Year-by-Year Returns

Series A

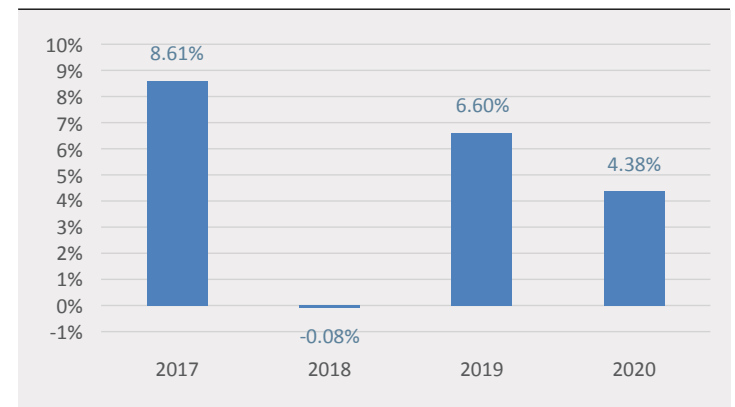


Past Performance

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

Series F



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Annual Compound Returns

The following table shows the Fund's annual compound return for each period indicated:

For years ended December 31, 2020		1 Year		3 Year ²		Since Inception ²	
Annual Compound Return							
Series A ¹	%	3.82	%	3.04	%	4.26	
Series F ¹		4.38		3.60		4.82	
Index ³	%	5.00	%	5.00	%	5.00	

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, 2016. Since inception returns are annualized.
- 4 The Fund aims to exceed an absolute annual return of 5% per annum. Therefore, an annual return of 5% has been used as the Fund's benchmark.

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Summary of Investment Portfolio

	% of NAV			% of NAV	
Top 25 Issuers			Asset Mix		
Cash and Cash Equivalents	%	21.7	Bank Loans	%	5.3
Tidewater Midstream (Debt)		5.9	Canadian Equities		2.0
Millar Western (Debt)		5.7	Canadian Fixed Income		68.4
Tervita (Debt)		4.0	Cash and Cash Equivalents		21.7
Fresh Market (Debt)		3.9	Foreign Fixed Income		0.6
RockPoint Gas Storage (Debt)		3.8	Other Assets less Liabilities		0.1
Teekay Corp (Debt)		3.8	Preferred Shares		1.9
Sherritt International Inc. (Debt)		3.3	Total	%	100.0
Global Ship Lease Inc. (Debt)		3.1	Sector		
Chemtrade Logistics (Debt)		2.8	Cash and Cash Equivalents	%	21.7
NuVista Energy Ltd (Debt)		2.8	Communication Services		9.4
Optiva Inc. (Debt)		2.8	Consumer Discretionary		5.9
US Silica Co (Debt)		2.7	Consumer Staples		5.6
PetSmart Inc (Debt)		2.6	Energy		21.1
WildBrain Ltd. (Debt)		2.6	Federal		1.9
Rite Aid Corp. (Debt)		2.4	Financials		4.1
Diamond Sports Group (Debt)		2.3	Health Care		2.4
Cengage Learning Inc (Debt)		2.2	Industrials		6.7
Ferroglobe (Debt)		2.0	Information Technology		2.8
Conuma Coal Resources (Debt)		2.0	Materials		16.5
Government of Canada (Debt)		1.9	Other Assets less Liabilities		0.1
GameStop (Debt)		1.8	Real Estate		1.5
Pyxus International Inc. (Debt)		1.6	Utilities		0.3
GEO Group (Debt)		1.5	Total	%	100.0
Dundee Corp. (Equity)		1.3			
Total	%	90.5			



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