

Semi-Annual Management Report of Fund Performance
As at June 30, 2025

Lysander-Slater Preferred Share ActivETF



Lysander-Slater Preferred Share ActiveETF

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A Note About Forward Looking Statements

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

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

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

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

About This Report

This semi-annual Management Report of Fund Performance of Lysander-Slater Preferred Share ActiveETF (the “Fund”) contains financial highlights for the period ended June 30, 2025 but does not contain the complete financial statements of the Fund. This report should be read in conjunction with the interim financial statements of the Fund for the period ended June 30, 2025. Lysander Funds Limited (the “Manager”) is the manager of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling toll-free 1 877 308 6979, by writing to Lysander Funds Limited, 3080 Yonge St., Suite 4000, Toronto, Ontario, M4N 3N1, by visiting our website at www.lysanderfunds.com or at SEDAR+ at www.sedarplus.ca.

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

Investment objective

The Fund seeks to generate income while preserving investor capital by investing primarily in preferred shares in Canadian entities that are listed on a Canadian stock exchange.

Investment Strategies

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

Risks

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

Results of Operations

The Fund’s returns for the six-month period ended June 30, 2025 was 4.37%. The S&P/TSX Preferred Share Index was up 7.30% during the same period.

The net assets of the Fund were approximately \$80.7 million at June 30, 2025 from approximately \$78.7 million at the beginning of the period. There were net subscriptions of approximately \$477.2 thousand and cash distributions of \$1.9 million during the period.

Steady employment and inflation numbers gave both the Bank of Canada (“BoC”), and the U.S Federal Reserve reason to hold their overnight rates steady during Q2 (with the BoC cutting only once in Q1). The U.S started a tariff war with almost all countries they trade with causing inflationary fears and the potential of a global recession causing volatility. U.S President Trump, quickly delayed many of these tariffs in hopes of striking a more favorable deal for the U.S with a July 9th deadline. Bond yields were up and down throughout the first half including the CAD 5-year bond yield which began the year at 2.98% & finished at 2.95% by the end of June.

Favourable demand/supply dynamics continued to play out positively for the Preferred Share market performance (much like 2024) with approximately \$3.45 billion in Preferred Shares being called for redemption in the first half of 2025, and a further expected \$1.5 billion by year end. Bank redemptions continued to play out as expected, however it was some mid-

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investment grade issuer redemptions that surprised the market (e.g. Fairfax, Brookfield Infrastructure, Cenovus Energy).

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 as described below.

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

Recent Developments

Preferred Shares are expected to continue to perform well in the second half of 2025 (all else equal) for several reasons. Firstly, markets have obtained some clarity over U.S tariffs and economic data has remained stable. Secondly, the CAD 5-year bond yield sits at an attractive level of 2.75-2.95% which could allow upcoming resets to obtain attractive yields. Lastly, supply constraints continue to support performance as Preferred Shares get redeemed and proceeds get reinvested into the secondary market. The Fund reduced its cash equivalent position during Q2 from 25% to approximately 4.6% by the end of June.

The Fund increased its exposure to high spread and dividend rate resets in the OTC \$1000 Preferred Share market & Limited Recourse Capital Notes ("LRCNs:") that are more defensive going from 26.4% at the beginning of the period to 44% of the Fund at the end of June.

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

There were no changes to the membership of the Fund's Independent Review Committee ("IRC").

Related Party Transactions

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

The Fund paid \$252,671 (excluding HST) in management fees to the Manager for the period ended June 30, 2025 (June 30, 2024 - \$251,875).

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. Portfolio management fees for the Portfolio Manager's services are paid from the management fee.

The Manager paid \$142,759 (including HST) to the Portfolio Manager for the period ended June 30, 2025 (June 30, 2024 - \$142,309).

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

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Financial Highlights

| Period ended | 30-Jun-2025 | 31-Dec-2024 | 31-Dec-2023 | 31-Dec-2022 | 31-Dec-2021 | 31-Dec-2020 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| Net assets per unit¹ | | | | | | |
| Net assets, beginning of period | \$ 9.85 | \$ 8.34 | \$ 8.08 | \$ 10.32 | \$ 8.35 | \$ 8.83 |
| Operations: | | | | | | |
| Total revenue | 0.28 | 0.52 | 0.47 | 0.43 | 0.44 | 0.44 |
| Total expenses | (0.05) | (0.10) | (0.10) | (0.11) | (0.14) | (0.12) |
| Realized gains (losses) | 0.40 | 0.78 | (0.90) | (0.14) | 1.27 | (1.33) |
| Unrealized gains (losses) | (0.20) | 0.74 | 1.19 | (2.04) | 0.69 | 0.71 |
| Total increase (decrease) from operations² | \$ 0.43 | \$ 1.94 | \$ 0.66 | \$ (1.86) | \$ 2.26 | \$ (0.30) |
| Distributions: | | | | | | |
| From income (excluding dividends) | \$ (0.23) | \$ (0.06) | \$ (0.02) | \$ - | \$ - | \$ - |
| From dividends | - | (0.37) | (0.38) | (0.34) | (0.30) | (0.36) |
| From capital gains | - | - | - | - | - | - |
| Return of capital | - | (0.01) | - | (0.04) | (0.10) | (0.04) |
| Total distributions^{2 3} | \$ (0.23) | \$ (0.44) | \$ (0.40) | \$ (0.38) | \$ (0.40) | \$ (0.40) |
| Net assets, end of period^{2 3} | \$ 10.04 | \$ 9.85 | \$ 8.34 | \$ 8.08 | \$ 10.32 | \$ 8.35 |
| Ratios and supplemental data | | | | | | |
| Net asset value ⁴ | \$ 80,744,390 | \$ 78,714,559 | \$ 73,319,181 | \$ 74,696,833 | \$ 100,836,205 | \$ 64,876,122 |
| Units outstanding | 8,043,150 | 7,993,150 | 8,793,150 | 9,243,150 | 9,769,000 | 7,769,000 |
| Management expense ratio ⁵ | % 0.90 | % 0.89 | % 0.92 | % 0.90 | % 0.99 | % 1.03 |
| Management expense ratio before waivers or absorption | 0.90 | 0.89 | 0.92 | 0.90 | 0.99 | 1.03 |
| Portfolio turnover rate ⁶ | 52.36 | 99.21 | 119.00 | 95.00 | 140.00 | 164.00 |
| Trading expense ratio ⁷ | 0.22 | 0.24 | 0.33 | 0.24 | 0.42 | 0.60 |
| Net asset value per unit, end of period | 10.04 | 9.85 | 8.34 | 8.08 | 10.32 | 8.35 |
| Closing market price per unit ⁴ | \$ 10.03 | \$ 9.80 | \$ 8.27 | \$ 8.07 | \$ 10.29 | \$ 8.33 |

Notes

- The information is derived from the Fund's unaudited semi-annual and/or audited annual financial statements. All per unit figures presented are referenced to net assets determined in accordance to IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").
- 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.
- This information is provided at the end of the period shown.
- The management expense ratio ("MER") is based on the total expenses of the period ended, including the Fund's proportionate share of the MER, if any, of any underlying fund in which the Fund has invested, and is expressed as an annualized percentage of daily average net asset value 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 ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. Where the Fund invests in any underlying fund, the TER includes the Fund's proportionate share of the commissions of any underlying fund in which the Fund invested.

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Management Fees

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

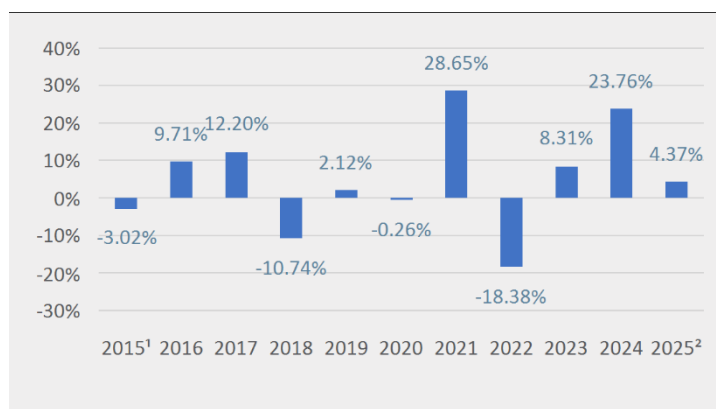
In consideration for such services, the Manager receives a management fee, based on the net asset value of the fund, calculated daily and payable monthly. The Fund pays a management fee at a rate of 0.65% per annum.

Past Performance

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

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

Year-by-Year Returns



1 For the period August 10 to December 31, 2 For the period January 1 to June 30

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Summary of Investment Portfolio

| % of NAV | | | % of NAV | | |
|---|----------|-------------|-------------------------------|----------|--------------|
| Top 25 Issuers | | | Asset Mix | | |
| Enbridge Inc. | % | 9.7 | Cash and Cash Equivalents | % | 4.6 |
| Bank of Montreal (Debt) | | 9.4 | Fixed Income | | 47.2 |
| TD Bank Group (Debt) | | 9.4 | Other Assets less Liabilities | | 0.2 |
| Canadian Imperial Bank of Commerce (Debt) | | 9.2 | Preferred Shares | | 48.0 |
| Royal Bank of Canada (Debt) | | 9.0 | Total | % | 100.0 |
| Bank of Nova Scotia (Debt) | | 4.9 | Sector | | |
| Sun Life Financial Inc. | | 4.8 | Cash and Cash Equivalents | % | 4.6 |
| Cash and Cash Equivalents | | 4.6 | Communication Services | | 1.1 |
| TC Energy Corporation | | 4.0 | Consumer Staples | | 0.4 |
| Manulife Financial Corp. | | 3.9 | Energy | | 16.4 |
| Government of Canada (Debt) | | 3.4 | Financials | | 65.2 |
| Great-West Lifeco Inc. | | 3.2 | Government | | 3.5 |
| Power Financial Corp. | | 3.1 | Other Assets less Liabilities | | 0.2 |
| Pembina Pipeline Corp. | | 2.7 | Utilities | | 8.6 |
| BMO Laddered Preferred Share I | | 2.4 | Total | % | 100.0 |
| Emera Inc. | | 2.1 | | | |
| Fairfax Financial Holdings Ltd. | | 2.1 | | | |
| Capital Power Corp. | | 2.0 | | | |
| iA Financial Corp. Inc. (Debt) | | 2.0 | | | |
| Canadian Utilities Ltd. | | 1.9 | | | |
| TransAlta Corp. | | 1.4 | | | |
| Brookfield Corp. | | 1.2 | | | |
| Fortis Inc. | | 1.1 | | | |
| Thomson Reuters Corp. | | 0.7 | | | |
| TD Bank Group | | 0.4 | | | |
| Total | % | 98.6 | | | |



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