

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

# Lysander-Slater Preferred Share Dividend Fund



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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 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 semi-annual Management Report of Fund Performance of Lysander-Slater Preferred Share Dividend Fund (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](http://www.lysanderfunds.com) or at SEDAR+ at [www.sedarplus.ca](http://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’s objective is to seek to generate income while preserving investor capital by investing primarily in preferred securities of Canadian issuers 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 is primarily invested in preferred shares of Canadian issuers listed in Canada, using fundamental and credit research. The Fund will not be leveraged. The Fund may invest (at the time of purchase)

up to 30% of its assets in foreign securities. 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 Fund returns for the six-month period ended June 30, 2025 were 3.97% for Series A and 4.27% for Series F. The S&P/TSX Preferred Share Index was up 7.3% during the same period.

The net assets of the Fund were approximately \$90.6 million at June 30, 2025 from \$78.8 million at the beginning of the period. There were net subscriptions of approximately \$10.3 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 who 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% and 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

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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-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 7% 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 simplified prospectus.

The Fund paid \$388,561 (including HST) in management fees to the Manager for the period ended June 30, 2025 (June 30, 2024 - \$355,132).

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 \$175,664 (including HST) to the Portfolio Manager for the period ended June 30, 2025 (June 30, 2024 - \$161,231).

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

Period ended	30-Jun-2025	31-Dec-2024	31-Dec-2023	31-Dec-2022	31-Dec-2021	31-Dec-2020
<b>Net assets per unit<sup>1</sup></b>						
Net assets, beginning of period	\$ 9.16	\$ 7.80	\$ 7.57	\$ 9.67	\$ 7.84	\$ 8.33
Operations:						
Total revenue	0.26	0.48	0.44	0.42	0.42	0.41
Total expenses	(0.07)	(0.13)	(0.12)	(0.13)	(0.14)	(0.11)
Realized gains (losses)	0.32	0.62	(0.97)	(0.32)	1.08	(1.29)
Unrealized gains (losses)	(0.14)	0.81	1.20	(1.77)	0.84	0.64
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$ 0.37</b>	<b>\$ 1.78</b>	<b>\$ 0.55</b>	<b>\$ (1.80)</b>	<b>\$ 2.20</b>	<b>\$ (0.35)</b>
Distributions:						
From income (excluding dividends)	\$ -	\$ (0.04)	\$ (0.01)	\$ -	\$ -	\$ -
From dividends	(0.22)	(0.33)	(0.33)	(0.30)	(0.24)	(0.34)
From capital gains	-	-	-	-	-	-
Return of capital	-	(0.05)	-	-	(0.08)	-
<b>Total distributions<sup>2 3</sup></b>	<b>\$ (0.22)</b>	<b>\$ (0.42)</b>	<b>\$ (0.34)</b>	<b>\$ (0.30)</b>	<b>\$ (0.32)</b>	<b>\$ (0.34)</b>
<b>Net assets, end of period<sup>2 3</sup></b>	<b>\$ 9.29</b>	<b>\$ 9.16</b>	<b>\$ 7.80</b>	<b>\$ 7.57</b>	<b>\$ 9.67</b>	<b>\$ 7.84</b>

<b>Ratios and supplemental data</b>						
Net asset value <sup>4</sup>	\$ 14,450,785	\$ 12,251,057	\$ 11,093,819	\$ 12,818,292	\$ 19,517,906	\$ 17,676,754
Units outstanding	1,554,980	1,338,140	1,421,796	1,693,176	2,018,179	2,254,836
Management expense ratio <sup>5</sup>	% 1.51	% 1.52	% 1.53	% 1.49	% 1.52	% 1.56
Management expense ratio before waivers or absorption	1.51	1.52	1.53	1.49	1.52	1.56
Portfolio turnover rate <sup>6</sup>	75.5	99.3	109.8	82.1	121.8	157.7
Trading expense ratio <sup>7</sup>	0.11	0.27	0.34	0.24	0.43	0.60
Net asset value per unit, end of period	\$ 9.29	\$ 9.16	\$ 7.80	\$ 7.57	\$ 9.67	\$ 7.84

### 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 or reinvested in additional units, or both.
- 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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## Series F

Period ended	30-Jun-2025	31-Dec-2024	31-Dec-2023	31-Dec-2022	31-Dec-2021	31-Dec-2020
<b>Net assets per unit<sup>1</sup></b>						
Net assets, beginning of period	\$ 9.36	\$ 7.95	\$ 7.70	\$ 9.80	\$ 7.92	\$ 8.38
<b>Operations:</b>						
Total revenue	0.25	0.50	0.45	0.42	0.42	0.43
Total expenses	(0.04)	(0.08)	(0.07)	(0.08)	(0.09)	(0.07)
Realized gains (losses)	0.33	0.65	(0.96)	(0.27)	1.07	(1.24)
Unrealized gains (losses)	(0.13)	0.77	1.20	(1.88)	0.68	0.71
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$ 0.41</b>	<b>\$ 1.84</b>	<b>\$ 0.62</b>	<b>\$ (1.81)</b>	<b>\$ 2.08</b>	<b>\$ (0.17)</b>
<b>Distributions:</b>						
From income (excluding dividends)	\$ -	\$ (0.04)	\$ (0.01)	\$ -	\$ -	\$ -
From dividends	(0.23)	(0.34)	(0.36)	(0.32)	(0.24)	(0.36)
From capital gains	-	-	-	-	-	-
Return of capital	-	(0.05)	-	-	(0.10)	-
<b>Total distributions<sup>2 3</sup></b>	<b>\$ (0.23)</b>	<b>\$ (0.43)</b>	<b>\$ (0.37)</b>	<b>\$ (0.32)</b>	<b>\$ (0.34)</b>	<b>\$ (0.36)</b>
<b>Net assets, end of period<sup>2 3</sup></b>	<b>\$ 9.53</b>	<b>\$ 9.36</b>	<b>\$ 7.95</b>	<b>\$ 7.70</b>	<b>\$ 9.80</b>	<b>\$ 7.92</b>
<b>Ratios and supplemental data</b>						
Net asset value <sup>4</sup>	\$ 76,172,759	\$ 66,592,142	\$ 51,598,167	\$ 51,316,465	\$ 78,535,564	\$ 47,850,514
Units outstanding	7,995,283	7,110,955	6,489,051	6,661,345	8,011,843	6,043,971
Management expense ratio <sup>5</sup>	% 0.95	% 0.95	% 0.94	% 0.92	% 0.96	% 0.99
Management expense ratio before waivers or absorption	0.95	0.95	0.94	0.92	0.96	0.99
Portfolio turnover rate <sup>6</sup>	75.5	99.3	109.8	82.1	121.8	157.7
Trading expense ratio <sup>7</sup>	0.11	0.27	0.34	0.24	0.43	0.60
Net asset value per unit, end of period	\$ 9.53	\$ 9.36	\$ 7.95	\$ 7.70	\$ 9.80	\$ 7.92

## 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").
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## Management Fees

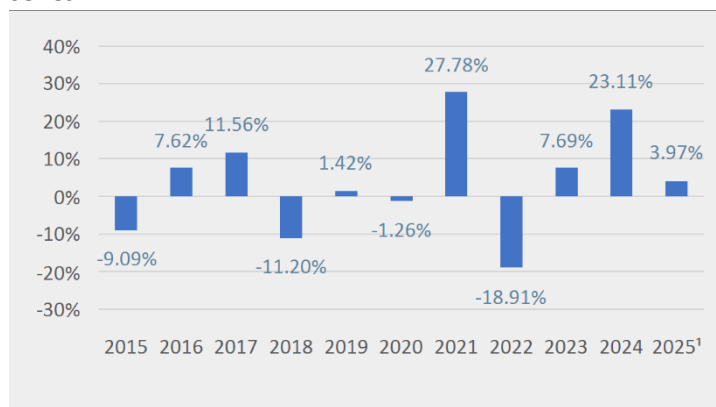
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

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 at a rate of 1.25% per annum for Series A units and at a rate of 0.75 % 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 40% of the management fee of Series A units.

## Year-by-Year Returns

### Series A

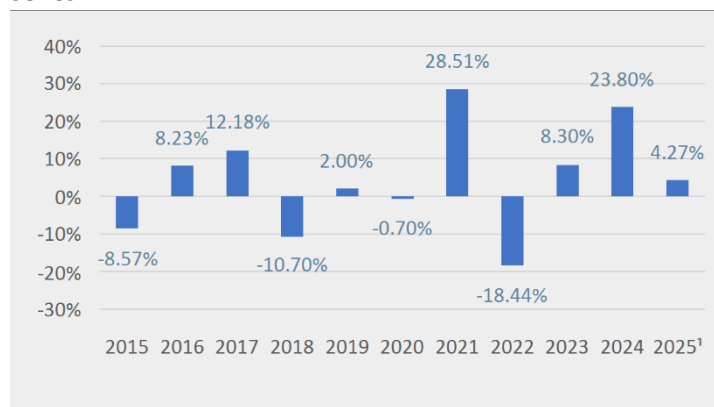


## Past Performance

The Fund became a reporting issuer on December 30, 2014. Accordingly, returns are shown for the relevant period/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



<sup>1</sup> 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		
TD Bank Group	%	9.8	Canadian Fixed Income	%	15.9
Enbridge Inc.		9.5	Cash and Cash Equivalents		2.9
Bank of Montreal		9.4	Other Assets less Liabilities		0.6
Canadian Imperial Bank of Commerce		8.0	Preferred Shares		80.6
Royal Bank of Canada		7.7	<b>Total</b>	<b>%</b>	<b>100.0</b>
Government of Canada (Debt)		6.2	Sector		
Bank of Nova Scotia (Debt)		4.8	Cash and Cash Equivalents	%	2.9
Sun Life Financial Inc.		4.6	Communication Services		1.1
TC Energy Corporation		3.8	Consumer Staples		0.4
Manulife Financial Corp.		3.7	Energy		15.8
Great-West Lifeco Inc.		3.1	Financials		64.6
Power Financial Corp.		3.0	Government		6.2
Cash and Cash Equivalents		2.9	Other Assets less Liabilities		0.6
Pembina Pipeline Corp.		2.6	Utilities		8.4
BMO Laddered Preferred Share I		2.5	<b>Total</b>	<b>%</b>	<b>100.0</b>
Emera Inc.		2.1			
Fairfax Financial Holdings Ltd.		2.1			
iA Financial Corp. Inc. (Debt)		2.0			
Capital Power Corp.		1.9			
Canadian Utilities Ltd.		1.8			
Royal Bank of Canada (Debt)		1.6			
TransAlta Corp.		1.3			
Canadian Imperial Bank of Commerce (Debt)		1.2			
Brookfield Corp.		1.1			
Fortis Inc.		1.0			
<b>Total</b>	<b>%</b>	<b>97.7</b>			



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