

Lysander-Triasima

All Country Equity Fund

Second Quarter Commentary

The economy

COVID-19's influence on economic activity has become largely immaterial by now. Notwithstanding, some impact was recently felt in China due to their zero-COVID policy shutdowns.

Inflation rose further in advanced countries to levels unexpected to most observers. A key reason for the elevated inflation is the rise in household wealth over the past two years and the consequent surge on spending for goods. Other causes include the tight labour market and lingering supply chain disruptions.

Central bankers stayed the course too long with their easy monetary policies and now must catch up by aggressively raising short-term interest rates. Mid- and long-term rates also rose further in the quarter.

The war in Ukraine carries on, limiting supply and causing prices to rise for energy in Europe and for foodstuff at large.

Growth in most countries is slowing due to the inflation headwinds and declining real disposable income. Some advanced countries started showing signs of recession late this quarter.


The world equity market


The MSCI All Country World Equity Index (CAD)* (the Index or the benchmark) lost 13.0% this quarter.

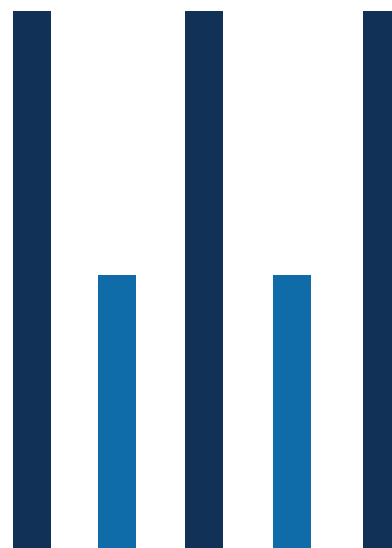
Weakness was broad-based with every sector posting a negative return. The main causes are high inflation and rising interest rates leading to fear of falling profits. The fall in the market so far is only due to an earnings multiples compression, since earnings estimates for 2022 are still rising.

The worst-performing sectors were Information Technology (-19%) and Communication Services (-16%), due to higher rates reducing growth stocks valuations, and the cyclical Materials (-17%) and the Consumer Discretionary (-18%) sectors.

TRIASIMA PORTFOLIO MANAGEMENT

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The best-performing sectors were Energy (-2%) as well as Utilities (-4%) and Consumer Staples (-3%), both with defensive characteristics.

*The Index is comprised of equity securities of large- and mid-cap companies from developed and emerging markets.

Lysander-Triasima All Country Equity Fund (the “Fund”)

Sector allocation contributed positively to relative performance, but security selection detracted value. The Energy overweight and the Information Technology underweight added value. The Real Estate and Financials sectors had a negative impact, but it was selection in Materials that was most detrimental to relative performance.

Main security contributors to relative performance:

Positive Impact	Negative Impact
Amazon Com Inc.*	Alcoa Corp.
TotalEnergies SE	YouGov PLC
Novo Nordisk A/S	Watches of Switzerland PLC
BP Plc	Live Nation Ent. Inc
Eli Lilly & Co.	Swissquote Group Hold. SA

**Amazon was not held in the Fund’s portfolio but was in the Index during the quarter. Not holding Amazon had a positive impact on the Fund’s performance relative to the Index.*

Sales exceeded purchases in the Fund’s portfolio this quarter, with the portfolio tilting away from cyclical and towards defensive sectors. The Financials, Materials, and Consumer Discretionary sectors were reduced and Consumer Staples, and Health Care, were added to.

The Three-Pillar Approach™

On the **quantitative** side, combining the Long and Short positions, the Fund’s portfolio has better parameters and factors exposure relative to the MSCI ACWI, with two exceptions. Profitability level is in line and revenue growth is lower.

The world equity market’s negative **trend** continued this quarter. Defensive factors such as dividends, value, and profitability outperformed the growth and volatility factors.

The **fundamental** background to world equities deteriorated further due to elevated inflation and rising interest rates. Slowing economies and lower expected corporate earnings point to poor outlooks in the short term and for 2022.

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