



**LYSANDER
FUNDS**



FULCRA

ASSET MANAGEMENT INC.

Trade Wars

Dear Investors,

In our January and February commentaries we began to discuss the growing risk of political change impacting the financial markets.

We did not know the extent to which government policy uncertainty would impact asset prices, but we did believe that the prevailing market conditions (tight credit spreads and high enterprise valuations) created the potential for significant price moves to the downside.

Our cautious stance was validated in March as corporate debt index spreads blew through the trading range of the last several months and ended the month at six-month highs while North American equity indices began to free fall.¹

At the time of writing (mid-April) we saw the rising fear of March's market conditions hit a crescendo earlier this month. With two weeks to go, our monthly investor update is already full of interesting market anecdotes, and we expect more to come before the month is up.

Now, one might think it is time to panic. After all, the global trade war is heating up, calls for a recession are getting louder, business sentiment is declining, and asset prices are falling.

But, for those who have followed Fulcra for a while, you know that we have been saying now is the time to think about deploying capital into investment opportunities. Financial markets will forever oscillate between fear and greed, and we know that assets are better priced when the person on the other side of the table feels the need to cash out their chips.

[FULCRA ASSET
MANAGEMENT](#)

Matt Shandro,
Portfolio Manager

[LinkedIn Profile](#) 

[LYZ935F](#)

Lysander-Fulcra Corporate
Securities Fund



Portfolio Update

We took the opportunity to scale into two high-quality, low leverage, Canadian energy producers in March. Both companies have relatively high coupons, and we believe they will continue to pay them down with cash or refinance their bonds maturing in 2027 as soon as market conditions allow.

If market conditions continue to deteriorate, we believe the operations of these companies can sustain their current debt loads without issue.

Outlook

The current “tweet-driven” market will no doubt continue to confound investors. With a Canadian federal election on the horizon and changing American trade and economic policy creating confusion, it is impossible to forecast what the next six months may look like.

We will continue to allocate capital as the market provides us with opportunities. Our goal, as always, is to first protect your capital and second to compound that capital at an attractive rate of return.

Sincerely,

FULCRA ASSET MANAGEMENT

1. Source: Bloomberg L.P.

Lysander Funds Limited

WWW.LYSANDERFUNDS.COM

TORONTO Head Office

4000 – 3080 Yonge Street
Toronto, ON M4N 3N1

T. (416) 640-4275

F. (416) 855-6515

TF. 1 (877) 308-6979

E. manager@lysanderfunds.com

Follow Us on [LinkedIn](#) 

MONTRÉAL

3150 - 1 Place Ville Marie
Montréal, QC, H3B 3Y2

T. (514) 316-9257

VANCOUVER

1280 - 333 Seymour Street
Vancouver, BC, V6B 5A6

TF. 1 (877) 308-6979



IMPORTANT DISCLAIMER

Lysander Funds Limited ("Lysander") is the investment fund manager of Lysander-Fulcra Corporate Securities Fund (the "Fund"). Fulcra Asset Management Inc. ("Fulcra") is the portfolio manager of the Fund. This publication has been prepared by Fulcra Asset Management Inc. ("Fulcra") and has been prepared solely for information purposes. In this document, "we", "us", "our" and "ours" mean Fulcra. Information in this publication is not intended to constitute legal, tax, securities or investment advice and is made available on an "as is" basis. Information in this presentation is subject to change without notice. Fulcra does not assume any duty to update any information herein.

Certain information in this publication has been derived or obtained from sources believed to be trustworthy and/or reliable. Fulcra does not assume responsibility for the accuracy, currency, reliability, or correctness of any such information.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Investment funds are not guaranteed, their values change frequently, and past performance may not be repeated. The indicated rates of return are historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns.

This document is not an invitation to invest in the Fund and does not constitute a public offering of sale. Purchases in the Fund can only be made through an Investment Professional on the terms in the fund's offering document by eligible investors. Each purchaser of units in a fund may have statutory or contractual right of action.

Nothing in this document should be considered a recommendation to buy, sell or short a particular security. Any specific securities discussed are intended as an illustration and should not be relied upon for any other purpose. Any specific securities discussed are intended as an illustration of the portfolio manager's security selection process. The portfolio manager may sell these securities at any time, or purchase securities that have previously been sold. The positions may increase or decrease in value after the date hereof, and the portfolio that hold such positions may accordingly gain or lose money on the investment. The statements by the portfolio manager in their commentaries are intended to illustrate their approach in managing the portfolios and should not be relied upon for any other purpose.

This document may contain forward-looking statements. Statements concerning an entity's objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates, and the business, operations, financial performance, and condition are forward-looking statements. The words "believe", "expect", "anticipate", "estimate", "intend", "aims", "may", "will", "would" and similar expressions and the negative of such expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from current expectations. Viewers are cautioned not to place undue reliance on these forward-looking statements. While Fulcra consider these risks and uncertainties to be reasonable based on information currently available, they may prove to be incorrect.

®Lysander Funds is a registered trademark of Lysander Funds Limited.

