

Annual Management Report of Fund Performance

As at December 31, 2024

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, 2024 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, 2024. 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’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 (at the time of purchase) up to 15% of its net assets in issuers based outside of North America. 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 year ended December 31, 2024 were 4.33% for Series A and 4.92% for Series F.

The net assets of the Fund were approximately \$604.4 million at December 31, 2024 from \$454.3 million at the beginning of the year. There were net subscriptions of approximately \$152.9 million during the year.

During the year, the Cineplex 7.75% bond due 2030 had positive impact and Wight Watchers Term Loan due 2028 had negative impact to the Fund’s performance. As of December 31, 2024, the Fund’s yield-to-maturity was 9.3% and duration was 1.7 years.

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The US dollar denominated ICE BofAML US High Yield Index CAD-hedged performed 7.3% for the year, with a duration of 3.8 years at year end. The ICE BofAML Canada Corporate Index performed 7.1% for the year, with a duration of 5.9 years at year end.

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 year except for immaterial short-term cash overdrafts.

Recent Developments

Risk markets (equity and credit) rallied aggressively after Donald Trump won his second term as President of the United States in early November 2024. On December 31, 2024, US Investment Grade and High Yield corporate bond spreads were 82 and 292 basis points respectively. At the beginning of 2025, these corporate bond indices had tightened to 80 and 261 basis points respectively. These current spread levels are close to all time lows suggesting that credit markets are very expensive from a historic perspective.

In addition to Fulcra's concern about the expensiveness of credit is that equities are also currently very expensive. The S&P 500 equity index in the US currently trades at a price over 25 times earnings, a level last seen over 20 years ago assuming the exclusion of the two years during the pandemic, when earnings dropped dramatically for most companies over that period. Furthermore, the enterprise value (value of equity market capitalization plus debt) over cash flow suggests that, excluding the two years during the pandemic, current equity prices have never been more expensive. Even more expensive than the internet bubble of the late 90s.

The US 2-year Treasury yields are comparable to where they were a year ago at 4.25%. Yet the yield curve has normalized over the past year, meaning that longer duration bonds have seen their yields increase over the past year. While this can create an opportunity for fixed investors to lock in higher yields for a longer period it increases the attractiveness of government bonds as insurance in respect to future macro events suggesting a recession.

Fulcra is particularly encouraged at the opportunities in higher quality and event driven short duration corporate bonds while waiting for more specific idiosyncratic events and a broader risk market sell off, which might not be that far off.

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.

Effective June 30, 2024, Paul Fahey resigned as a member of the Fund's Independent Review Committee ("IRC"). Effective July 1, 2024, Donna Peters-Imbrogno was appointed as a member of the 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 \$5,735,020 (including HST) in management fees to the Manager for the year ended December 31, 2024 (December 31, 2023 - \$3,686,633).

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 \$2,707,348 (including HST) to the Portfolio Manager for the year ended December 31, 2024 (December 31, 2023 - \$1,726,190).

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-2024	31-Dec-2023	31-Dec-2022	31-Dec-2021	31-Dec-2020
Net assets per unit¹					
Net assets, beginning of year	\$ 9.75	\$ 9.45	\$ 10.09	\$ 9.77	\$ 10.11
Operations:					
Total revenue	0.63	0.63	0.67	0.60	0.58
Total expenses	(0.15)	(0.15)	(0.16)	(0.16)	(0.15)
Realized gains (losses)	(0.35)	0.05	(0.28)	0.16	0.38
Unrealized gains (losses)	0.28	0.24	(0.44)	0.28	(0.14)
Total increase (decrease) from operations²	\$ 0.41	\$ 0.77	\$ (0.21)	\$ 0.88	\$ 0.67
Distributions:					
From income (excluding dividends)	\$ (0.46)	\$ (0.47)	\$ (0.43)	\$ (0.40)	\$ (0.45)
From dividends	-	(0.01)	(0.01)	(0.02)	(0.02)
From capital gains	-	-	-	(0.31)	(0.36)
Total distributions^{2 3}	\$ (0.46)	\$ (0.48)	\$ (0.44)	\$ (0.73)	\$ (0.83)
Net assets, end of year^{2 3}	\$ 9.70	\$ 9.75	\$ 9.45	\$ 10.09	\$ 9.77
Ratios and supplemental data					
Net asset value ⁴	\$ 58,994,231	\$ 47,978,277	\$ 33,887,026	\$ 30,386,349	\$ 19,109,791
Units outstanding	6,079,282	4,921,807	3,586,472	3,010,987	1,956,730
Management expense ratio ⁵	% 1.55	% 1.55	% 1.57	% 1.58	% 1.59
Management expense ratio before waivers or absorption	1.55	1.55	1.57	1.58	1.59
Portfolio turnover rate ⁶	129.1	86.3	66.9	99.6	150.8
Trading expense ratio ⁷	0.01	-	-	0.01	0.01
Net asset value per unit, end of year	\$ 9.70	\$ 9.75	\$ 9.45	\$ 10.09	\$ 9.77

Notes

- 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 Accounting Standards as issued by the International Accounting Standards Board ("IASB").
- 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-2024	31-Dec-2023	31-Dec-2022	31-Dec-2021	31-Dec-2020
Net assets per unit¹					
Net assets, beginning of year	\$ 9.71	\$ 9.40	\$ 10.10	\$ 9.76	\$ 10.08
Operations:					
Total revenue	0.64	0.62	0.67	0.60	0.59
Total expenses	(0.10)	(0.10)	(0.11)	(0.11)	(0.10)
Realized gains (losses)	(0.36)	0.06	(0.28)	0.18	0.38
Unrealized gains (losses)	0.29	0.24	(0.45)	0.30	(0.13)
Total increase (decrease) from operations²	\$ 0.47	\$ 0.82	\$ (0.17)	\$ 0.97	\$ 0.74
Distributions:					
From income (excluding dividends)	\$ (0.51)	\$ (0.50)	\$ (0.54)	\$ (0.44)	\$ (0.44)
From dividends	-	(0.01)	(0.01)	(0.02)	(0.02)
From capital gains	-	-	-	(0.30)	(0.32)
Total distributions^{2 3}	\$ (0.51)	\$ (0.51)	\$ (0.55)	\$ (0.76)	\$ (0.78)
Net assets, end of year^{2 3}	\$ 9.67	\$ 9.71	\$ 9.40	\$ 10.10	\$ 9.76
Ratios and supplemental data					
Net asset value ⁴	\$ 545,328,202	\$ 406,366,096	\$ 229,641,268	\$ 146,306,741	\$ 99,129,915
Units outstanding	56,366,816	41,844,255	24,428,249	14,481,867	10,153,197
Management expense ratio ⁵	% 1.01	% 1.01	% 1.04	% 1.04	% 1.06
Management expense ratio before waivers or absorption	1.01	1.01	1.04	1.04	1.06
Portfolio turnover rate ⁶	129.1	86.3	66.9	99.6	150.8
Trading expense ratio ⁷	0.01	-	-	0.01	0.01
Net asset value per unit, end of year	\$ 9.67	\$ 9.71	\$ 9.40	\$ 10.10	\$ 9.76

Notes

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- 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

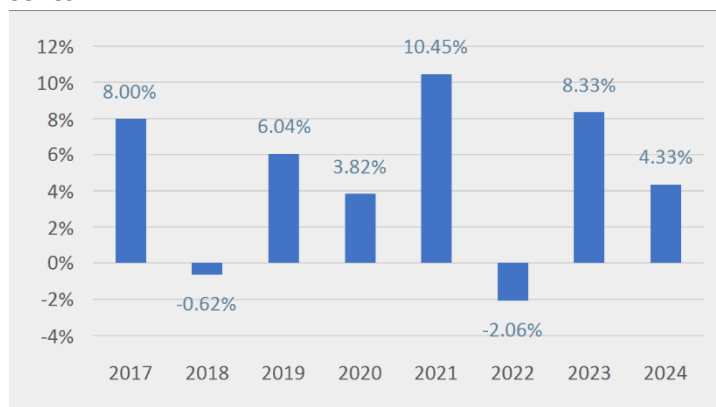
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

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 at a rate of 1.35% per annum for Series A units and at a rate of 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 37% of the management fee of Series A units.

Year-by-Year Returns

Series A

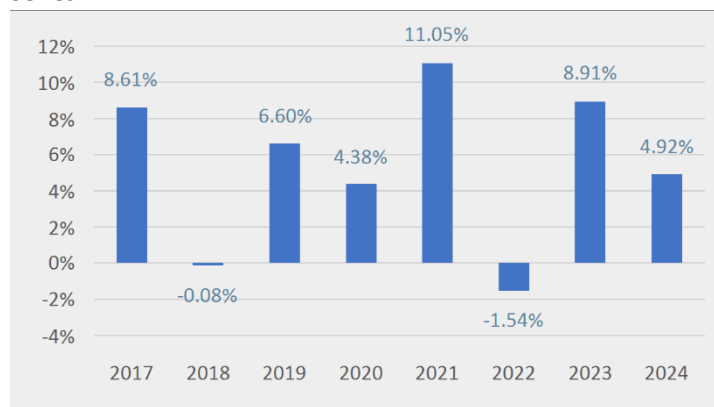


Past Performance

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



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Annual Compound Returns

The following table shows the Fund's annual compound return for each period indicated, compared with the Fund's index ("Index") which is 10% S&P/TSX Composite Total Return Index, 30% FTSE Canada All Corporate Bond Index and 60% ICE BofAML US High Yield Master II Index. The S&P/TSX Composite Total Return Index is a broad economic sector index comprising approximately 95% of the market capitalization for Canadian-based, TSX listed companies. The FTSE Canada All Corporate Bond Index measures the performance of the Canadian corporate bond sector. It is comprised primarily of semi-annual pay fixed rate corporate bonds issued domestically in Canada. The ICE BofAML US High Yield Master II Index tracks the performance of US dollar denominated below investment grade rated corporate debt publicly issued in the US domestic market. The returns of the Index are calculated without the deduction of fees and expenses, whereas the performance of the Fund is calculated after deducting such fees and expenses. The Index for the Fund has changed from the most recently filed MFRP which was the absolute annual return of 5% per annum to the above blended Index. The new Index is chosen because it is comprised of broad-based securities market indices.

For years ended December 31, 2024		1 Year		3 Year ²		5 Year ²		Since Inception ^{2 3}
Annual Compound Return								
Series A ¹	%	4.33	%	3.44	%	4.88	%	4.70
Series F ¹		4.92		4.01		5.45		5.27
Index ^{4 5 6}	%	15.07	%	5.79	%	5.58	%	5.39

Notes

- Returns are based on the net asset value per unit of the relevant series of the Fund and assume that all distributions were reinvested.
- Compound period returns are annualized.
- Period starting from December 30, 2016. Since inception returns are annualized.
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Summary of Investment Portfolio

% of NAV			% of NAV		
Top 25 Issuers			Asset Mix		
Government of Canada	%	11.9	Bank Loans	%	3.4
Government of USA		8.3	Canadian Equities		0.4
Cash and Cash Equivalents		7.1	Canadian Fixed Income		54.9
Rogers Communications Inc.		5.0	Cash and Cash Equivalents		7.1
EG Global Finance PLC		3.6	Foreign Equities		0.6
First Quantum Minerals		3.0	Foreign Fixed Income		31.8
Cascades Inc.		2.9	Income Trusts		0.3
Dye & Durham Ltd.		2.8	Mutual Funds		0.8
Videotron Ltd.		2.6	Preferred Shares		0.5
Parkland Corp.		2.5	Other Assets less Liabilities		0.2
Premium Brands Holdings Corp.		2.5	Total	%	100.0
Wildbrain Ltd.		2.4	Sector		
Nova Chemicals Corp.		2.2	Cash and Cash Equivalents	%	7.1
New Flyer Industries Inc.		2.2	Communication Services		18.8
Nuvista Energy Ltd.		2.0	Consumer Discretionary		11.1
CNG Holdings Inc.		1.8	Consumer Staples		7.2
Corus Entertainment		1.8	Energy		13.1
Openlane Inc.		1.7	Financials		5.6
Source Energy Services		1.5	Government		20.2
Optiva Inc.		1.4	Industrials		5.8
Ford Credit Canada		1.4	Information Technology		4.2
Telus Corp.		1.3	Materials		6.7
Bausch Health Americas		1.3	Other Assets less Liabilities		0.2
Telesat Canada		1.2	Total	%	100.0
Tamarack Valley Energy Ltd.		1.2			
Total	%	75.6			



3080 Yonge Street, Suite 4000
Toronto, ON M4N 3N1
www.lysanderfunds.com

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