

## Annual Management Report of Fund Performance

As at December 31, 2024

# Lysander-Patient Capital Equity 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-Patient Capital Equity 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](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 provide long-term capital growth by investing primarily in equity securities anywhere in the world.

## Investment Strategies

The Fund’s portfolio manager is Patient Capital Management Inc. (“Portfolio Manager” or “PCM”). The Fund invests primarily in equity securities, including those of foreign issuers. The Fund typically gains exposure to equity securities of issuers located outside North America by investing in American depositary receipts (“ADRs”). The Fund is not constrained by geographic or sector considerations. The Fund will not be leveraged. The

portfolio manager’s investment philosophy is based on long-term absolute value, with the goal of preservation of capital while earning returns. 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 6.94% for Series A and 8.25% for Series F.

The net assets of the Fund were approximately \$15.3 million at December 31, 2024 from \$12.1 million at the beginning of the year. There were net subscriptions of approximately \$2.8 million during the year.

During the year, equity markets posted strong returns. The S&P/TSX Composite Index increased 21.65%. The S&P 500 Index rose 25.02%. The Fund added to existing positions in BCE Inc, Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Canadian Utilities, Firm Capital Property Trust, Linamar, TD Bank and Honda. A new position in Telus Corp. was established in the year. Royal Bank of Canada and WPP plc, were sold during the year.

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.

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

## Recent Developments

The U.S. financial markets continued their strong performance in the year. The stock market ended the year near record highs, with the Nasdaq Composite rallying 28.64% and the S&P 500 posting a total return of 25.02%. The Federal Reserve made its first interest rate cut in roughly four years, and earnings growth accelerated across sectors. The market rally broadened, with tech stocks, including Nvidia, Tesla, Alphabet, Amazon, Apple, Microsoft, and Meta, posting significant gains.

Canadian equity markets followed their American counterpart. The S&P/TSX Composite rose 21.65%. The technology, energy, and materials sectors led the gains. Companies in these sectors benefited from global economic recovery and rising commodity prices.

Overall, both the S&P 500 and the S&P/TSX Composite performance in the year reflected a combination of favorable economic conditions, supportive monetary policy, and strong corporate performance, making it a standout year for investors.

The U.S. economy remained strong during the year, with several positive indicators. Real GDP increased at an annual rate of 3.1% in the third quarter of the year, driven by consumer spending, exports, business investment, and federal government spending. Annual inflation approached the Federal Reserve's target. Consumer spending continued to exceed expectations, contributing significantly to economic growth. The labor market remained healthy with the unemployment rate hovering just above the 4% rate.

The Canadian economy showed signs of recovery and growth in the year. The GDP expanded at a moderate pace, supported by increases in household spending, non-residential business investment, and government consumption expenditures. Consumer inflation slowed to the Bank of Canada's target of 2% by August 2024, marking a soft landing without triggering a recession. Employment growth slowed, particularly in the private sector, but wage growth remained robust. The household debt-to-income ratio continued to trend lower, reflecting improved financial health among consumers. Improved consumer sentiment was observed due to recent interest rate cuts and expectations of further cuts.

Overall, both the Canadian and American economies showed resilience and growth during the year. The financial markets in both countries reflected positive investor sentiment and recovery from previous challenges. The outlook remains

cautiously optimistic, with expectations of continued growth and stability.

The Fund continues to be well positioned for current market conditions. As of December 31, 2024, the Fund's total portfolio yield was 5.2%. In addition, the portfolio's overall characteristics compare favorably to major benchmarks such as the S&P 500 Index and S&P/TSX Composite Index. The Fund's return relative to its benchmarks was held back by its large cash balances during the year. Also, the Fund was underrepresented in the high performing technology sector. The Fund's value-based investment philosophy will stand up well as interest rates normalize and valuations return to historical means.

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 \$136,747 (including HST) in management fees to the Manager for the year ended December 31, 2024 (December 31, 2023 - \$110,930).

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 \$63,896 (including HST) to the Portfolio Manager for the year ended December 31, 2024 (December 31, 2023 - \$51,436).

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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
<b>Net assets per unit<sup>1</sup></b>					
Net assets, beginning of year	\$ 12.71	\$ 12.40	\$ 12.73	\$ 12.55	\$ 13.04
Operations:					
Total revenue	0.67	0.59	0.35	0.39	0.40
Total expenses	(0.29)	(0.28)	(0.27)	(0.30)	(0.26)
Realized gains (losses)	0.11	0.21	-	3.32	0.02
Unrealized gains (losses)	0.35	0.34	(0.57)	(0.14)	(1.57)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$ 0.84</b>	<b>\$ 0.86</b>	<b>\$ (0.49)</b>	<b>\$ 3.27</b>	<b>\$ (1.41)</b>
Distributions:					
From income (excluding dividends)	\$ (0.06)	\$ (0.11)	\$ (0.03)	\$ -	\$ -
From dividends	(0.33)	(0.26)	(0.11)	(0.08)	(0.06)
From capital gains	(0.06)	(0.14)	-	(0.85)	-
<b>Total distributions<sup>2 3</sup></b>	<b>\$ (0.45)</b>	<b>\$ (0.51)</b>	<b>\$ (0.14)</b>	<b>\$ (0.93)</b>	<b>\$ (0.06)</b>
<b>Net assets, end of year<sup>2 3</sup></b>	<b>\$ 13.12</b>	<b>\$ 12.71</b>	<b>\$ 12.40</b>	<b>\$ 12.73</b>	<b>\$ 12.55</b>
<b>Ratios and supplemental data</b>					
Net asset value <sup>4</sup>	\$ 904,177	\$ 676,684	\$ 785,347	\$ 47,997	\$ 141,306
Units outstanding	68,908	53,253	63,336	3,769	11,262
Management expense ratio <sup>5</sup>	% 2.13	% 2.13	% 2.13	% 2.13	% 2.14
Management expense ratio before waivers or absorption	2.18	2.29	2.42	2.33	2.57
Portfolio turnover rate <sup>6</sup>	73.3	1.8	0.01	72.9	41.1
Trading expense ratio <sup>7</sup>	0.01	0.02	0.01	0.09	0.07
Net asset value per unit, end of year	\$ 13.12	\$ 12.71	\$ 12.40	\$ 12.73	\$ 12.55

### 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
<b>Net assets per unit<sup>1</sup></b>					
Net assets, beginning of year	\$ 12.18	\$ 11.86	\$ 12.07	\$ 12.61	\$ 13.22
Operations:					
Total revenue	0.66	0.58	0.31	0.36	0.42
Total expenses	(0.13)	(0.13)	(0.12)	(0.14)	(0.12)
Realized gains (losses)	0.11	0.19	(0.01)	3.57	(0.11)
Unrealized gains (losses)	0.35	0.28	(0.35)	(0.83)	(0.54)
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$ 0.99</b>	<b>\$ 0.92</b>	<b>\$ (0.17)</b>	<b>\$ 2.96</b>	<b>\$ (0.35)</b>
Distributions:					
From income (excluding dividends)	\$ (0.08)	\$ (0.12)	\$ (0.03)	\$ -	\$ -
From dividends	(0.40)	(0.30)	(0.12)	(0.26)	(0.29)
From capital gains	(0.08)	(0.17)	-	(4.57)	-
<b>Total distributions<sup>2 3</sup></b>	<b>\$ (0.56)</b>	<b>\$ (0.59)</b>	<b>\$ (0.15)</b>	<b>\$ (4.83)</b>	<b>\$ (0.29)</b>
<b>Net assets, end of year<sup>2 3</sup></b>	<b>\$ 12.62</b>	<b>\$ 12.18</b>	<b>\$ 11.86</b>	<b>\$ 12.07</b>	<b>\$ 12.61</b>
<b>Ratios and supplemental data</b>					
Net asset value <sup>4</sup>	\$ 14,435,135	\$ 11,444,565	\$ 9,737,044	\$ 5,538,476	\$ 3,090,046
Units outstanding	1,143,596	939,328	821,039	458,876	245,030
Management expense ratio <sup>5</sup>	% 1.00	% 1.00	% 1.00	% 0.99	% 0.99
Management expense ratio before waivers or absorption	1.16	1.16	1.28	1.41	1.47
Portfolio turnover rate <sup>6</sup>	73.3	1.8	0.01	72.9	41.1
Trading expense ratio <sup>7</sup>	0.01	0.02	0.01	0.09	0.07
Net asset value per unit, end of year	\$ 12.62	\$ 12.18	\$ 11.86	\$ 12.07	\$ 12.61

## Notes

- 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").
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- This information is provided at the end of the period shown.
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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 each Series, calculated daily and payable monthly. The Fund pays a management fee at a rate of 1.80% per annum for Series A units and at a rate of 0.80% per annum for Series F units.

Service fees or trailing commissions of a maximum of 1.00% per annum were paid on Series A units to dealers. This comprises approximately 55.6% of the management fee of Series A units.

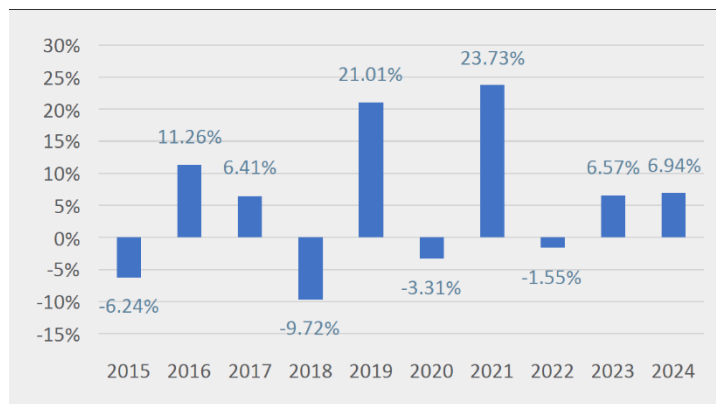
## Past Performance

The Fund became a reporting issuer on December 30, 2014. As at December 9, 2021, the Fund no longer had any Series O units outstanding. Accordingly, returns are shown for the relevant period/years as indicated below. Effective January 1, 2020, the management fee for Series A changed from 2.00% to 1.80% and Series F changed from 1.00% to 0.80%. This change could have affected the performance of the Fund had this change been in effect throughout the performance measurement period. On November 1, 2021, the portfolio manager of the fund changed from 18 Asset Management Inc. to Patient Capital Management Inc. and the investment objective of the fund no longer had a Canadian equity securities focus. These changes could have affected the performance of the fund had these changes been in effect throughout the performance measurement period.

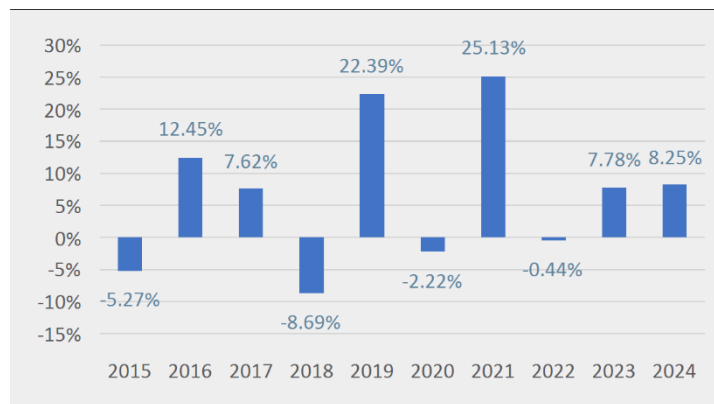
The performance information assumes that any distributions are reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Past performance does not necessarily indicate how the series will perform in the future.

## Year-by-Year Returns

### Series A



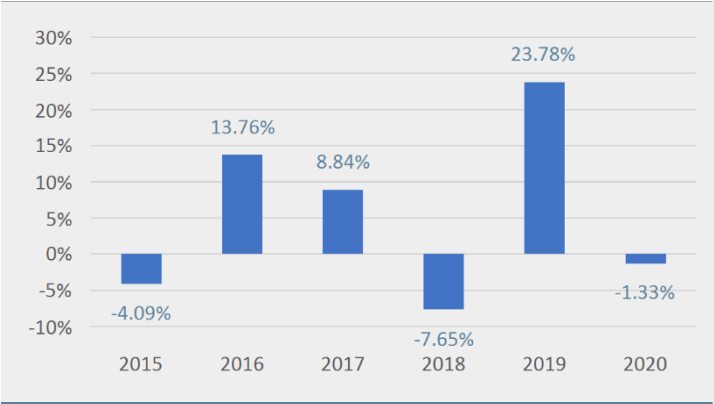
### Series F



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Series O





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## Annual Compound Returns

The following table shows the Fund's annual compound return for each period indicated, compared with the S&P/TSX Composite Total Return Index. The returns of the S&P/TSX Composite Total Return Index are calculated without the deduction of fees and expenses, whereas the performance of the Fund is calculated after deducting such fees and expenses.

For years ended December 31, 2024		1 Year		3 Year <sup>2</sup>		5 Year <sup>2</sup>		10 Year <sup>2</sup>	
Annual Compound Return									
Series A <sup>1</sup>	%	6.94	%	3.91	%	6.06	%	4.99	
Series F <sup>1</sup>		8.25		5.12		7.29		6.18	
S&P/TSX Composite Total Return Index <sup>3</sup>	%	21.65	%	8.58	%	11.08	%	8.65	

### Notes

<sup>1</sup> Returns are based on the net asset value per unit of the relevant series of the Fund and assume that all distributions were reinvested.

<sup>2</sup> Compound period returns are annualized.

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## Summary of Investment Portfolio

% of NAV			% of NAV		
Top 25 Issuers			Asset Mix		
Cash and Cash Equivalents	%	32.8	Canadian Equities	%	50.8
Canadian Imperial Bank of Commerce		8.5	Cash and Cash Equivalents		32.8
Bank of Nova Scotia		7.4	Foreign Equities		10.8
BCE Inc.		6.9	Income Trusts		5.2
Firm Capital Corp.		6.7	Other Assets less Liabilities		0.4
Canadian Utilities Ltd.		6.2	<b>Total</b>	<b>%</b>	<b>100.0</b>
Honda Motor Company Ltd.		5.6	Sector		
Bank of Montreal		5.5	Cash and Cash Equivalents	%	32.8
Verizon Communications Inc.		5.2	Communication Services		14.1
Linamar Corp.		5.1	Consumer Discretionary		10.7
TD Bank Group		4.9	Energy		2.7
Canadian Natural Resources Ltd.		2.7	Financials		33.1
Telus Corp.		2.0	Other Assets less Liabilities		0.4
<b>Total</b>	<b>%</b>	<b>99.5</b>	Utilities		6.2
			<b>Total</b>	<b>%</b>	<b>100.0</b>



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