

Annual Management Report of Fund Performance

As at December 31, 2025

Lysander-Canso U.S. Short Term and Floating Rate Fund



Lysander-Canso U.S. Short Term and Floating Rate Fund

Annual Management Report of Fund Performance as at December 31, 2025

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-Canso U.S. Short Term and Floating Rate Fund (the “Fund”) contains financial highlights for the year ended December 31, 2025 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, 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 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 investment Fund’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Investment objective

The Fund’s objective is to provide total return by investing primarily in investments in U.S. dollar denominated short term fixed income and floating rate debt securities of Canadian and foreign issuers.

Investment Strategies

The Fund’s portfolio manager is Canso Investment Counsel Ltd. (“Portfolio Manager” or “Canso”), a company under common control as the Manager. The Fund’s portfolio positions will primarily be invested in fixed income securities, including those

of foreign issuers. The Fund will not be leveraged. More details are contained in the Fund’s simplified prospectus.

Unless otherwise noted, all dollar amounts and returns in this document are expressed in USD.

Risks

The risks of this Fund remain as discussed in the Fund’s most recent simplified prospectus.

Results of Operations

During the year, Canso employed its bottom-up process to buy and sell securities for the Fund. The Fund’s positioning and performance is consistent with the Fund’s fundamental investment objective and strategies.

The Fund returns for the year ended December 31, 2025 were 5.04% for Series A and 5.62% for Series F.

The net assets of the Fund were approximately \$7.5 million at December 31, 2025 from \$4.7 million at the beginning of the year. There were net subscriptions of approximately \$2.6 million 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.

Lysander-Canso U.S. Short Term and Floating Rate Fund

Annual Management Report of Fund Performance as at December 31, 2025

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

Recent Developments

During the year, markets defied expectations as trade policy disruptions, idiosyncratic credit events, and delayed U.S. economic data heightened uncertainty. Beneath the headlines, a broader theme of caution persisted, reflected in consumer confidence surveys, subdued corporate hiring intentions, and ongoing concerns surrounding tariffs, immigration, and fiscal policy. Labour markets in both the U.S. and Canada remain fragile, while core inflation continues to exceed central bank targets.

Throughout the year, the Bank of Canada (the “BoC”) reduced the overnight interest rate by 100 bps to 2.25% as trade conflicts weighed on economic activity. Employment growth slowed, influenced by lower immigration levels and the impact of U.S. tariffs on select sectors. Despite these pressures, consumer spending has remained resilient. The Canadian dollar appreciated against the U.S. dollar but remains below historical averages, which may contribute to higher import prices. The BoC has signalled that it expects to remain on hold for an extended period as monetary policy hands off to fiscal policy.

During the year, the Federal Reserve (the “Fed”) cut the upper bound of the Fed Funds Target Rate by 75 bps to 3.75%. The Fed’s stance reflected caution amid mixed economic data, including rising unemployment, even as core inflation remained above target.

The Fund maintained a sizeable position in liquid government securities throughout the year, reflecting elevated credit and interest-rate risks. Government securities represented 30% of the portfolio, while securities rated AAA/AA accounted for 61.9%. These higher-quality, liquid holdings position the Fund to take advantage of future opportunities in the credit markets at more attractive valuations.

During the year, the Fund added the following corporate bond issues: Canadian Imperial Bank of Commerce 5.26% April 8, 2029; MassMutual Global Funding II 1.55% October 9, 2030; Royal Bank of Canada 4.305% November 3, 2031; Royal Bank of Canada 4.65% October 18, 2030; The Toronto-Dominion Bank 4.808% June 3, 2030; UBS Group AG 4.194% April 1, 2031; Volkswagen International Finance N.V. 4.25% February 15, 2028; and Volkswagen Group of America Finance LLC 4.85% September 11, 2030.

The Fund continues to extend duration selectively when it believes it is being adequately compensated for the associated risk. Overall positioning remains conservative, and the Fund’s

high-quality, liquid holdings provide flexibility to capitalize on future market opportunities. At year-end, the Fund’s duration was 2.9 years, closely aligned with the benchmark duration of 2.8 years.

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, 2025, James McGill ceased to be a member of the Fund’s Independent Review Committee (“IRC”). Effective June 30, 2025, Mary Anne Wiley 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 USD \$29,114 (excluding HST) in management fees to the Manager for the year ended December 31, 2025 (December 31, 2024 - USD \$31,790).

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. Portfolio management fees for the Portfolio Manager’s services are paid from the management fee.

The Manager paid USD \$15,485 (including HST) to the Portfolio Manager for the year ended December 31, 2025 (December 31, 2024 - USD \$17,534 including HST).

The Independent Review Committee (“IRC”) continues to oversee transactions involving securities traded among mutual funds, closed-end funds, managed accounts, or pooled funds managed by the Manager or its affiliates. In such cases, the Manager must adhere to its written policies and procedures presented to the IRC and provide periodic reporting in accordance with National Instrument 81-107.

Lysander-Canso U.S. Short Term and Floating Rate Fund

Annual Management Report of Fund Performance as at December 31, 2025

Financial Highlights

Series A*

Year ended	31-Dec-2025 (USD)	31-Dec-2024 (USD)	31-Dec-2023 (USD)	31-Dec-2022 (USD)	31-Dec-2021 (USD)
Net assets per unit¹					
Net assets, beginning of year	\$ 9.97	\$ 9.74	\$ 9.46	\$ 9.89	\$ 10.00
Operations:					
Total revenue	0.34	0.34	0.47	0.26	0.13
Total expenses	(0.12)	(0.15)	(0.14)	(0.13)	(0.09)
Realized gains (losses)	0.08	(3.32)	0.17	(0.07)	0.03
Unrealized gains (losses)	0.20	3.54	0.22	(0.45)	(0.13)
Total increase (decrease) from operations²	\$ 0.50	\$ 0.41	\$ 0.72	\$ (0.39)	\$ (0.06)
Distributions:					
From income (excluding dividends)	\$ (0.21)	\$ (0.20)	\$ (0.39)	\$ (0.08)	\$ (0.06)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	(0.05)
Total distributions^{2 3}	\$ (0.21)	\$ (0.20)	\$ (0.39)	\$ (0.08)	\$ (0.11)
Net assets, end of year^{2 3}	\$ 10.26	\$ 9.97	\$ 9.74	\$ 9.46	\$ 9.89
Ratios and supplemental data					
Net asset value ⁴	\$ 389,186	\$ 228,848	\$ 126,112	\$ 863,141	\$ 1,547,827
Units outstanding	37,921	22,953	12,950	91,258	156,522
Management expense ratio ⁵	% 1.18	% 1.49	% 1.42	% 1.41	% 1.35
Management expense ratio before waivers or absorption	1.42	1.64	1.42	1.41	1.35
Portfolio turnover rate ⁶	116.77	226.86	47.04	160.98	45.18
Trading expense ratio ⁷	-	-	-	-	-
Net assets, end of year ^{2 3}	\$ 10.26	\$ 9.97	\$ 9.74	\$ 9.46	\$ 9.89

Notes

* Series A was first made available under a prospectus on May 12, 2021

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 ("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. Effective January 1, 2025, the Fund paid a management fee of 0.95% (formerly 1.05%) per annum for Series A units and 0.45% (formerly 0.55%) per annum for Series F units.

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 ("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.

Lysander-Canso U.S. Short Term and Floating Rate Fund

Annual Management Report of Fund Performance as at December 31, 2025

Series F*

Year ended	31-Dec-2025 (USD)	31-Dec-2024 (USD)	31-Dec-2023 (USD)	31-Dec-2022 (USD)	31-Dec-2021 (USD)
Net assets per unit¹					
Net assets, beginning of year	\$ 9.98	\$ 9.74	\$ 9.44	\$ 9.92	\$ 10.00
Operations:					
Total revenue	0.34	0.34	0.40	0.26	0.13
Total expenses	(0.06)	(0.09)	(0.07)	(0.08)	(0.05)
Realized gains (losses)	0.06	0.06	(0.39)	(0.02)	0.03
Unrealized gains (losses)	0.20	0.17	0.72	(0.49)	(0.13)
Total increase (decrease) from operations²	\$ 0.54	\$ 0.48	\$ 0.66	\$ (0.33)	\$ (0.02)
Distributions:					
From income (excluding dividends)	\$ (0.27)	\$ (0.25)	\$ (0.37)	\$ (0.18)	\$ (0.07)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	(0.04)
Total distributions^{2 3}	\$ (0.27)	\$ (0.25)	\$ (0.37)	\$ (0.18)	\$ (0.11)
Net assets, end of year^{2 3}	\$ 10.26	\$ 9.98	\$ 9.74	\$ 9.44	\$ 9.92
Ratios and supplemental data					
Net asset value ⁴	\$ 7,083,557	\$ 4,484,841	\$ 6,032,050	\$ 12,229,311	\$ 13,540,593
Units outstanding	690,224	449,500	619,240	1,295,041	1,365,103
Management expense ratio ⁵	% 0.62	% 0.92	% 0.74	% 0.83	% 0.80
Management expense ratio before waivers or absorption	0.84	1.12	0.74	0.83	0.80
Portfolio turnover rate ⁶	116.77	226.86	47.04	160.98	45.18
Trading expense ratio ⁷	-	-	-	-	-
Net assets, end of year ^{2 3}	\$ 10.26	\$ 9.98	\$ 9.74	\$ 9.44	\$ 9.92

Notes

* Series F was first made available under a prospectus on May 12, 2021

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 ("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. Effective January 1, 2025, the Fund paid a management fee of 0.95% (formerly 1.05%) per annum for Series A units and 0.45% (formerly 0.55%) per annum for Series F units.

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 ("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.

Lysander-Canso U.S. Short Term and Floating Rate Fund

Annual Management Report of Fund Performance as at December 31, 2025

Management Fees

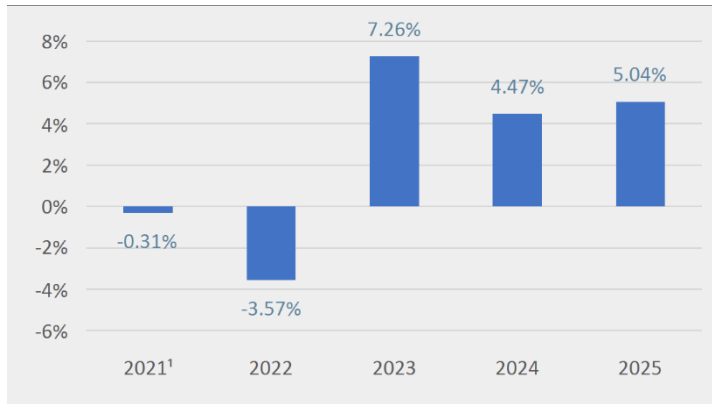
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

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. Effective January 1, 2025, the Fund pays a management fee at a rate of 0.95% (formerly 1.05%) per annum for Series A units and at a rate of 0.45% (formerly 0.55%) 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 52.6% of the management fee of Series A units.

Year-by-Year Returns

Series A

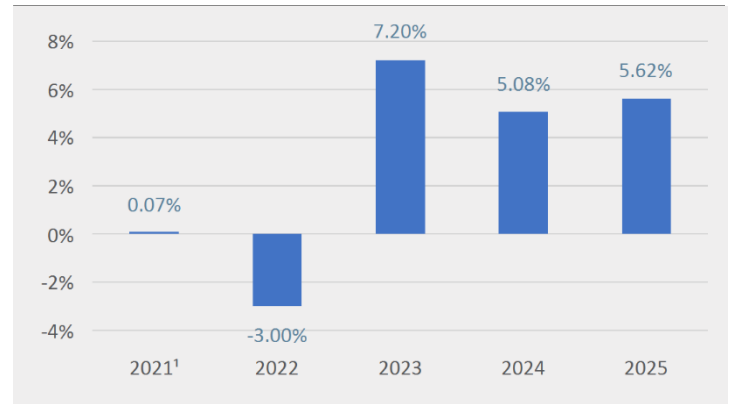


Past Performance

Series A and Series F were first made available under a prospectus on May 12, 2021. Accordingly, returns are shown for the relevant period/years as indicated below. Effective January 1, 2025, the management fee for Series A changed from 1.05% to 0.95% and Series F changed from 0.55% to 0.45%. This change could have affected the performance of the Fund had this change 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.

Series F



¹ For the period May 12 to December 31

Lysander-Canso U.S. Short Term and Floating Rate Fund

Annual Management Report of Fund Performance as at December 31, 2025

Annual Compound Returns

The following table shows the Fund's annual compound return for each period indicated, compared with the ICE BofA 1-5 Year US Corporate and Government (the "Index"). The ICE BofA 1-5 Year US Corporate & Government Index tracks U.S. bonds with a term to maturity of 1 to 5 years. It assumes the reinvestment of all coupon interest earned. 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.

For years ended December 31, 2025		1 Year		3 Year ²		Since Inception ³	
Annual Compound Return							
Series A ¹	%	5.04	%	5.58	%	2.68	
Series F ¹		5.62		5.96		3.13	
ICE BofA 1-5 Year US Corporate and Government ³	%	6.05	%	4.94	%	1.75	

Notes

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

2 Compound period returns are annualized.

3 Series A and Series F period starting from May 12, 2021. Since inception returns are annualized.

4 Any unauthorized use or disclosure is prohibited. Nothing herein should in any way be deemed to alter the legal rights and obligations contained in agreements between any ICE Data Services entity ("ICE") and their clients relating to any of the Indices or products or services described herein. The information provided by ICE and contained herein is subject to change without notice and does not constitute any form of representation or undertaking. ICE and its affiliates make no warranties whatsoever either express or implied as to merchantability fitness for a particular purpose or any other matter in connection with the information provided. Without limiting the foregoing ICE and its affiliates makes no representation or warranty that any information provided hereunder are complete or free from errors omissions or defects. All information provided by ICE is owned by or licensed to ICE. ICE retains exclusive ownership of the ICE Indices including the ICE BofAML Indexes and the analytics used to create this analysis ICE may in its absolute discretion and without prior notice revise or terminate the ICE information Indices and analytics at any time. The information in this analysis is for internal use only and redistribution of this information to third parties is expressly prohibited. Neither the analysis nor the information contained therein constitutes investment advice or an offer or an invitation to make an offer to buy or sell any securities or any options futures or other derivatives related to such securities. The information and calculations contained in this analysis have been obtained from a variety of sources including those other than ICE and ICE does not guarantee their accuracy. Prior to relying on any ICE information and/or the execution of a security trade based upon such ICE information you are advised to consult with your broker or other financial representative to verify pricing information. There is no assurance that hypothetical results will be equal to actual performance under any market conditions. THE ICE INFORMATION IS PROVIDED TO THE USERS "AS IS." NEITHER ICE NOR ITS AFFILIATES NOR ANY THIRD PARTY DATA PROVIDER WILL BE LIABLE TO ANY USER OR ANYONE ELSE FOR ANY INTERRUPTION INACCURACY ERROR OR OMISSION REGARDLESS OF CAUSE IN THE ICE INFORMATION OR FOR ANY DAMAGES RESULTING THEREFROM. In no event shall ICE or any of its affiliates employees officers directors or agents of any such persons have any liability to any person or entity relating to or arising out of this information analysis or the indices contained herein.

Lysander-Canso U.S. Short Term and Floating Rate Fund

Annual Management Report of Fund Performance as at December 31, 2025

Summary of Investment Portfolio

		% of NAV			% of NAV
Top 25 Issuers			Asset Mix		
Government of USA	%	25.1	Canadian Fixed Income	%	23.9
Delta Air Lines Inc.		6.1	Foreign Fixed Income		70.0
TD Bank Group		5.0	Mortgage Backed Securities		1.6
Royal Bank of Canada		5.0	Other Assets less Liabilities		0.7
Volkswagen Group of America Inc.		4.9	Private Placements		3.8
Bank of America Corp.		4.8	Total	%	100.0
Province of Ontario		4.8	Sector		
Massmutual Global Funding		4.6	Communication Services	%	0.2
JPMorgan Chase & Co.		4.5	Consumer Discretionary		20.2
Goldman Sachs Group Inc.		4.2	Consumer Staples		0.8
American Honda Finance		3.8	Financials		46.8
Lloyds Banking Group PLC		3.8	Government		30.0
Manulife Financial Corp.		3.6	Industrials		1.3
UBS Group AG		3.3	Other Assets less Liabilities		0.7
Toyota Credit Canada Inc.		3.1	Total	%	100.0
Canadian Imperial Bank of Commerce		3.1			
Air Canada		2.3			
Avis Budget Rental Car Funding LLC		1.4			
Hertz Vehicle Financing LLC		1.3			
Boeing Co.		1.3			
Scotia Capital Inc.		1.3			
The Hertz Corp.		0.8			
BMW Canada Auto Trust		0.6			
First National Financial Corp.		0.3			
Corus Entertainment		0.2			
Total	%	99.2			



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

© Lysander Funds is a registered trademark of Lysander Funds Limited