

**Annual Management Report of Fund Performance**

As at December 31, 2025

Lysander-Slater Preferred Share Dividend Fund



# Lysander-Slater Preferred Share Dividend 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-Slater Preferred Share Dividend 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](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 seek to generate income while preserving investor capital by investing primarily in preferred securities of Canadian issuers that are listed on a Canadian stock exchange.

## Investment Strategies

The Fund’s portfolio manager is Slater Asset Management Inc. (“Portfolio Manager” or “Slater”). The Fund’s portfolio is primarily invested in preferred shares of Canadian issuers listed in Canada, using fundamental and credit research. The Fund will not be leveraged. The Fund may invest (at the time of purchase)

up to 30% of its assets in foreign securities. 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, 2025 were 9.42% for Series A and 10.05% for Series F. The S&P/TSX Preferred Share Index was up 16.03% during the same period.

The net assets of the Fund were approximately \$113.6 million at December 31, 2025 from \$78.8 million at the beginning of the year. There were net subscriptions of approximately \$30.3 million during the year.

Slater continued to position the Fund defensively, allocating roughly 46% to the \$1,000 OTC Preferred Share market. Historically, OTC Preferred Shares have exhibited significantly lower volatility than traditional listed preferred shares, a trend that was evident again during the market volatility in April 2025 (“Trump’s liberation day”).

A major contributor to the strength of the preferred share market in 2025 was the substantial volume of redemption activity, with approximately \$5.9 billion of preferred shares being redeemed. Institutional investors reinvested these proceeds into the secondary market, alongside retail demand, helping to push prices higher.

# Lysander-Slater Preferred Share Dividend Fund

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

---

Another supportive factor was the attractive 5-year bond yield environment. Over the past few years, yields have remained compelling, with most preferred shares offering current yields in the 5.25% to 7% range. Fixed-rate reset preferred shares have particularly benefited from a healthy 5-year bond yield, which has remained above 2.5% since February 2022. As a result, approximately 90% of all fixed-rate resets have either been reset at higher dividend rates or redeemed by their issuers.

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

In 2026, Slater anticipates only two or three preferred share issues will be redeemed—significantly fewer than the twenty-seven issues redeemed in 2025. This reduction would likely result in less forced buying from institutional funds.

Slater believes that if the 5-year bond yield remains in the 2.25% to 3.25% range, the preferred share market should continue to look attractive relative to other fixed-income alternatives. The Fund remains positioned with a focus on capital preservation while seeking favourable risk-reward opportunities.

Looking ahead, Slater expects to modestly increase exposure to high-spread and dividend-rate reset preferred shares in both the traditional listed market and the more defensive OTC \$1,000 preferred share segment.

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 \$870,222 (including HST) in management fees to the Manager for the year ended December 31, 2025 (December 31, 2024 - \$718,372).

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 \$394,183 (including HST) to the Portfolio Manager for the year ended December 31, 2025 (December 31, 2024 - \$325,700).

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-Slater Preferred Share Dividend Fund

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

## Financial Highlights

### Series A

Year ended	31-Dec-2025	31-Dec-2024	31-Dec-2023	31-Dec-2022	31-Dec-2021
<b>Net assets per unit<sup>1</sup></b>					
Net assets, beginning of year	\$ 9.16	\$ 7.80	\$ 7.57	\$ 9.67	\$ 7.84
Operations:					
Total revenue	0.52	0.48	0.44	0.42	0.42
Total expenses	(0.14)	(0.13)	(0.12)	(0.13)	(0.14)
Realized gains (losses)	0.43	0.62	(0.97)	(0.32)	1.08
Unrealized gains (losses)	0.04	0.81	1.20	(1.77)	0.84
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$ 0.85</b>	<b>\$ 1.78</b>	<b>\$ 0.55</b>	<b>\$ (1.80)</b>	<b>\$ 2.20</b>
Distributions:					
From income (excluding dividends)	\$ (0.01)	\$ (0.04)	\$ (0.01)	\$ -	\$ -
From dividends	(0.34)	(0.33)	(0.33)	(0.30)	(0.24)
From capital gains	-	-	-	-	-
Return of capital	(0.08)	(0.05)	-	-	(0.08)
<b>Total distributions<sup>2 3</sup></b>	<b>\$ (0.43)</b>	<b>\$ (0.42)</b>	<b>\$ (0.34)</b>	<b>\$ (0.30)</b>	<b>\$ (0.32)</b>
<b>Net assets, end of year<sup>2 3</sup></b>	<b>\$ 9.57</b>	<b>\$ 9.16</b>	<b>\$ 7.80</b>	<b>\$ 7.57</b>	<b>\$ 9.67</b>

<b>Ratios and supplemental data</b>					
Net asset value <sup>4</sup>	\$ 18,512,441	\$ 12,251,057	\$ 11,093,819	\$ 12,818,292	\$ 19,517,906
Units outstanding	1,934,762	1,338,140	1,421,796	1,693,176	2,018,179
Management expense ratio <sup>5</sup>	% 1.50	% 1.52	% 1.53	% 1.49	% 1.52
Management expense ratio before waivers or absorption	1.50	1.52	1.53	1.49	1.52
Portfolio turnover rate <sup>6</sup>	92.1	99.3	109.8	82.1	121.8
Trading expense ratio <sup>7</sup>	0.14	0.27	0.34	0.24	0.43
Net asset value per unit, end of year	\$ 9.57	\$ 9.16	\$ 7.80	\$ 7.57	\$ 9.67

### 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").
- 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.
- Distributions were paid in cash or reinvested in additional units, or both.
- This information is provided at the end of the period shown.
- 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.
- 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.
- 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-Slater Preferred Share Dividend Fund

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

## Series F

Year ended	31-Dec-2025	31-Dec-2024	31-Dec-2023	31-Dec-2022	31-Dec-2021
<b>Net assets per unit<sup>1</sup></b>					
Net assets, beginning of year	\$ 9.36	\$ 7.95	\$ 7.70	\$ 9.80	\$ 7.92
Operations:					
Total revenue	0.54	0.50	0.45	0.42	0.42
Total expenses	(0.09)	(0.08)	(0.07)	(0.08)	(0.09)
Realized gains (losses)	0.43	0.65	(0.96)	(0.27)	1.07
Unrealized gains (losses)	0.05	0.77	1.20	(1.88)	0.68
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>\$ 0.93</b>	<b>\$ 1.84</b>	<b>\$ 0.62</b>	<b>\$ (1.81)</b>	<b>\$ 2.08</b>
Distributions:					
From income (excluding dividends)	\$ (0.01)	\$ (0.04)	\$ (0.01)	\$ -	\$ -
From dividends	(0.36)	(0.34)	(0.36)	(0.32)	(0.24)
From capital gains	-	-	-	-	-
Return of capital	(0.09)	(0.05)	-	-	(0.10)
<b>Total distributions<sup>2 3</sup></b>	<b>\$ (0.46)</b>	<b>\$ (0.43)</b>	<b>\$ (0.37)</b>	<b>\$ (0.32)</b>	<b>\$ (0.34)</b>
<b>Net assets, end of year<sup>2 3</sup></b>	<b>\$ 9.82</b>	<b>\$ 9.36</b>	<b>\$ 7.95</b>	<b>\$ 7.70</b>	<b>\$ 9.80</b>

<b>Ratios and supplemental data</b>					
Net asset value <sup>4</sup>	\$ 95,038,907	\$ 66,592,142	\$ 51,598,167	\$ 51,316,465	\$ 78,535,564
Units outstanding	9,676,541	7,110,955	6,489,051	6,661,345	8,011,843
Management expense ratio <sup>5</sup>	% 0.93	% 0.95	% 0.94	% 0.92	% 0.96
Management expense ratio before waivers or absorption	0.93	0.95	0.94	0.92	0.96
Portfolio turnover rate <sup>6</sup>	92.1	99.3	109.8	82.1	121.8
Trading expense ratio <sup>7</sup>	0.14	0.27	0.34	0.24	0.43
Net asset value per unit, end of year	\$ 9.82	\$ 9.36	\$ 7.95	\$ 7.70	\$ 9.80

## 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").
- 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.
- Distributions were paid in cash or reinvested in additional units, or both.
- This information is provided at the end of the period shown.
- 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.
- 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.
- 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-Slater Preferred Share Dividend Fund

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

## Management Fees

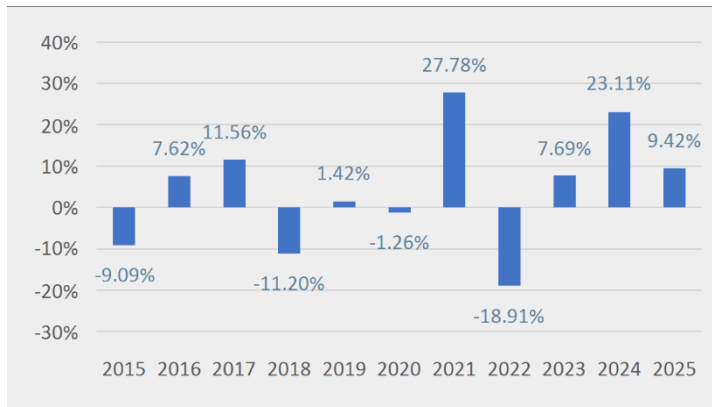
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

In consideration for such services, the Manager receives a 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 1.25% per annum for Series A units and at a rate of 0.75 % 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 40% of the management fee of Series A units.

## Year-by-Year Returns

### Series A

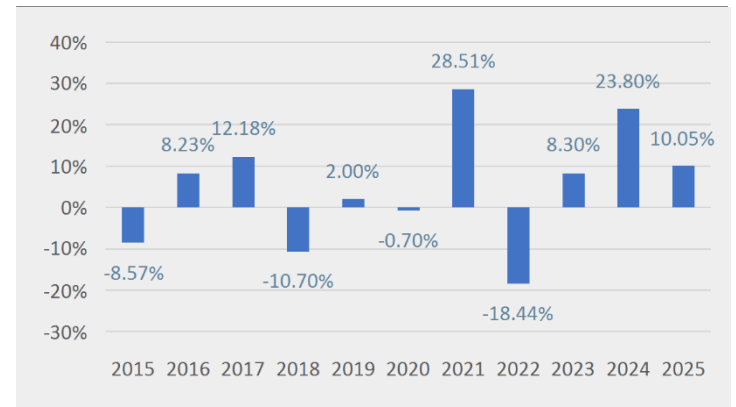


## Past Performance

The Fund became a reporting issuer on December 30, 2014. 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



# Lysander-Slater Preferred Share Dividend 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 S&P/TSX Preferred Share Index (the "Index"). The S&P/TSX Preferred Share Index is comprised of preferred stocks trading on the TSX that meet criteria relating to minimum size, liquidity, issuer rating and exchange listing. 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 <sup>2</sup>	5 Year <sup>2</sup>	10 Year <sup>2</sup>
<b>Annual Compound Return</b>					
Series A <sup>1</sup>	%	9.42	% 13.20	% 8.49	% 4.84
Series F <sup>1</sup>		10.05	13.85	9.11	5.44
S&P/TSX Preferred Share Total Return Index <sup>3</sup>	%	16.03	% 15.29	% 8.42	% 6.30

### 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 year returns are annualized.

<sup>3</sup> TSX © Copyright 2025 TSX Inc. All Rights Reserved.

# Lysander-Slater Preferred Share Dividend Fund

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

## Summary of Investment Portfolio

		% of NAV			% of NAV
<b>Top 25 Issuers</b>			<b>Asset Mix</b>		
Bank of Montreal	%	8.6	Canadian Equities	%	0.5
TD Bank Group		8.6	Canadian Fixed Income		20.2
Canadian Imperial Bank of Commerce		7.7	Cash and Cash Equivalents		4.1
Government of Canada (Debt)		7.3	Foreign Fixed Income		2.9
Royal Bank of Canada		7.1	Other Assets Less Liabilities		0.5
Enbridge Inc.		6.9	Preferred Shares		71.8
Bank of Nova Scotia (Debt)		4.5	<b>Total</b>	<b>%</b>	<b>100.0</b>
Cash and Cash Equivalents		4.1	<b>Sector</b>		
Great-West Lifeco Inc.		3.9	Cash and Cash Equivalents	%	4.1
iA Financial Corp. Inc. (Debt)		3.8	Communication Services		0.9
Manulife Financial Corp.		3.2	Consumer Staples		0.3
TC Energy Corporation		3.1	Energy		12.9
Government of USA (Debt)		2.9	Financials		63.5
Power Financial Corp.		2.7	Government		10.2
Pembina Pipeline Corp.		2.4	Other Assets less Liabilities		0.5
Sun Life Financial Inc.		2.3	Utilities		7.6
BMO Laddered Preferred Share I		2.2	<b>Total</b>	<b>%</b>	<b>100.0</b>
Canadian Utilities Ltd.		2.1			
Emera Inc.		2.0			
Empire Life Insurance (Debt)		2.0			
Royal Bank of Canada (Debt)		1.6			
iShares S&P/TSX Canadian Preferred		1.5			
Power Corporation Canada		1.3			
Fortis Inc.		1.3			
TransAlta Corp.		1.2			
<b>Total</b>	<b>%</b>	<b>94.3</b>			



3080 Yonge Street, Suite 4000  
Toronto, ON M4N 3N1  
[www.lysanderfunds.com](http://www.lysanderfunds.com)

© Lysander Funds is a registered trademark of Lysander Funds Limited