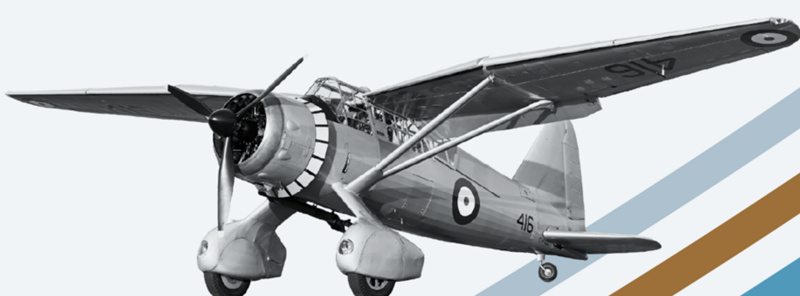
Lysander-Canso Credit Opportunities Fund

Six-Month Period Ended June 30, 2026

Interim Financial Statements

Unaudited



THE AUDITORS OF THE FUND HAVE NOT REVIEWED THESE FINANCIAL STATEMENTS.

Lysander Funds Limited, the Manager of the Fund, appoints an independent auditor to audit the Fund's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Fund's interim financial statements, this must be disclosed in an accompanying notice. The next report on the Fund will contain annual audited financial information as at December 31, 2026.

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Interim Financial Statements

Lysander-Canso Credit Opportunities Fund

Interim Statements of Financial Position (unaudited)

As at		June 30, 2026		December 31, 2025
Assets				
Financial assets at fair value through profit or loss*	$	38,522,080	$	42,649,345
Cash and cash equivalents		527,943		124,320
Reimbursements receivable		2,974		1,784
Accrued interest		336,108		248,876
Dividends receivable		3,074		3,361
Subscriptions receivable		595,225		14,716
Receivable from forward exchange contracts		-		10,154
Total assets	**$**	**39,987,404**	**$**	**43,052,556**
Liabilities				
Financial liabilities at fair value through profit or loss	$	-	$	1,205,389
Payable on foreign currency forward contracts		79,853		-
Accrued expenses		72,018		80,903
Due to investment dealers		328,027		-
Redemptions payable		238,621		1,224,976
Total liabilities	**$**	**718,519**	**$**	**2,511,268**
Net assets attributable to holders of redeemable units	**$**	**39,268,885**	**$**	**40,541,288**
Net assets attributable to holders of redeemable units, per series				
Series A	$	3,422,117	$	3,299,493
Series C		3,000,284		2,944,331
Series F		32,846,484		34,297,464
Total net assets	**$**	**39,268,885**	**$**	**40,541,288**
Number of redeemable units outstanding				
Series A		280,161		269,922
Series C		208,719		204,626
Series F		3,016,918		3,146,329
Net assets attributable to holders of redeemable units per unit				
Series A	$	12.21	$	12.22
Series C		14.37		14.39
Series F		10.89		10.90

* Financial assets at fair value through profit or loss at cost	$	38,593,730	$	40,620,310

The accompanying notes form an integral part of the interim financial statements.

Lysander-Canso Credit Opportunities Fund

Interim Statements of Comprehensive Income (Loss) (unaudited)

For the periods ended		June 30, 2026		June 30, 2025
Income				
Interest for distribution purposes	$	863,595	$	864,596
Dividend income		58,129		57,436
Other income		16,649		19,434
Realized and unrealized gain (loss) on investments				
Net realized gain (loss) on investments sold		933,268		(288,127)
Net realized gain (loss) on investments sold short		248,131		253,211
Net realized gain (loss) on foreign currency		(240,365)		193,275
Change in unrealized appreciation (depreciation) on foreign currency		13,366		(885)
Change in unrealized appreciation (depreciation) on forward contracts		(90,007)		269,189
Change in unrealized appreciation (depreciation) on securities sold short		(250,433)		(157,050)
Change in unrealized appreciation (depreciation) on investments		(644,682)		61,237
Total operating income (loss)	**$**	**907,651**	**$**	**1,272,316**
Expenses				
Management fees	$	173,236	$	172,726
Bank charges		11,598		18,703
Fund administration fees		9,901		7,023
Filing fees		7,168		11,341
Stock Borrow Costs		3,727		18,437
Custodial fees		3,103		2,608
Unitholder reporting expense		1,462		1,423
Performance fees		914		34,235
Audit fees		548		1,828
Regulatory fees		184		113
Transaction costs		181		9
Legal fees		80		112
Independent review committee fees		50		71
Total operating expenses	**$**	**212,152**	**$**	**268,629**
Change in net assets attributable to holders of redeemable units from operations	**$**	**695,499**	**$**	**1,003,687**
Change in net assets attributable to holders of redeemable units from operations per Series				
Series A	$	47,392	$	66,092
Series C		55,953		76,062
Series F		592,154		861,533
Change in total net assets	**$**	**695,499**	**$**	**1,003,687**
Change in net assets attributable to holders of redeemable units from operations per unit				
Series A	$	0.18	$	0.27
Series C		0.27		0.39
Series F		0.19		0.27

The accompanying notes form an integral part of the interim financial statements.

Lysander-Canso Credit Opportunities Fund

Interim Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (unaudited)

For the periods ended		June 30, 2026		June 30, 2025
Net assets attributable to holders of redeemable units, beginning of period	$	40,541,288	$	39,622,740
Change in net assets attributable to holders of redeemable units from operations		695,499		1,003,687
Distributions to unitholders of redeemable units				
From net investment income		(725,537)		(451,437)
From management fee rebate income		(8,025)		(8,872)
Total distributions	**$**	**(733,562)**	**$**	**(460,309)**
Redeemable unit transactions				
Proceeds from redeemable units issued				
Series A	$	152,368	$	154,707
Series F		1,519,337		3,164,695
Total proceeds	**$**	**1,671,705**	**$**	**3,319,402**
Cost of units redeemed				
Series A		(68,722)		(47,543)
Series F		(3,432,421)		(2,034,506)
Total cost	**$**	**(3,501,143)**	**$**	**(2,082,049)**
Reinvested distributions				
Series A		43,197		24,879
Series C		58,706		56,551
Series F		493,195		284,619
Total reinvested	**$**	**595,098**	**$**	**366,049**
Change in net assets attributable to holders of redeemable units for the period	**$**	**(1,272,403)**	**$**	**2,146,780**
Net assets attributable to holders of redeemable units, end of period	**$**	**39,268,885**	**$**	**41,769,520**

Series A

For the periods ended		June 30, 2026		June 30, 2025
Net assets attributable to holders of redeemable units, beginning of period	$	3,299,493	$	2,919,247
Change in net assets attributable to holders of redeemable units from operations		47,392		66,092
Distributions to unitholders of redeemable units				
From net investment income		(51,604)		(30,977)
From management fee rebate income		(7)		(7)
Total distributions	**$**	**(51,611)**	**$**	**(30,984)**
Redeemable unit transactions				
Proceeds from redeemable units issued		152,368		154,707
Cost of units redeemed		(68,722)		(47,543)
Reinvested distributions		43,197		24,879
Total redeemable	**$**	**126,843**	**$**	**132,043**
Change in net assets attributable to holders of redeemable units for the period	**$**	**122,624**	**$**	**167,151**
Net assets attributable to holders of redeemable units, end of period	**$**	**3,422,117**	**$**	**3,086,398**

Lysander-Canso Credit Opportunities Fund

Interim Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (unaudited) (cont'd)

Series C

For the periods ended		June 30, 2026		June 30, 2025
Net assets attributable to holders of redeemable units, beginning of period	$	2,944,331	$	2,812,946
Change in net assets attributable to holders of redeemable units from operations		55,953		76,062
Distributions to unitholders of redeemable units				
From net investment income		(58,706)		(56,551)
Total distributions	**$**	**(58,706)**	**$**	**(56,551)**
Redeemable unit transactions				
Reinvested distributions		58,706		56,551
Total redeemable	**$**	**58,706**	**$**	**56,551**
Change in net assets attributable to holders of redeemable units for the period	**$**	**55,953**	**$**	**76,062**
Net assets attributable to holders of redeemable units, end of period	**$**	**3,000,284**	**$**	**2,889,008**

Series F

For the periods ended		June 30, 2026		June 30, 2025
Net assets attributable to holders of redeemable units, beginning of period	$	34,297,464	$	33,890,547
Change in net assets attributable to holders of redeemable units from operations		592,154		861,533
Distributions to unitholders of redeemable units				
From net investment income		(615,227)		(363,909)
From management fee rebate income		(8,018)		(8,865)
Total distributions	**$**	**(623,245)**	**$**	**(372,774)**
Redeemable unit transactions				
Proceeds from redeemable units issued		1,519,337		3,164,695
Cost of units redeemed		(3,432,421)		(2,034,506)
Reinvested distributions		493,195		284,619
Total redeemable	**$**	**(1,419,889)**	**$**	**1,414,808**
Change in net assets attributable to holders of redeemable units for the period	**$**	**(1,450,980)**	**$**	**1,903,567**
Net assets attributable to holders of redeemable units, end of period	**$**	**32,846,484**	**$**	**35,794,114**

Lysander-Canso Credit Opportunities Fund

Interim Statements of Cash Flows (unaudited)

For the periods ended		June 30, 2026		June 30, 2025
Cash flows from (used in) operating activities				
Change in net assets attributable to holders of redeemable units from operations	$	695,499	$	1,003,687
Adjustments for:				
Foreign exchange loss (gain) on cash and cash equivalents		13,715		13,650
Net realized loss (gain) on sales of investments		(933,268)		288,127
Change in unrealized depreciation (appreciation) on investments		644,863		(61,228)
Change in unrealized depreciation (appreciation) on foreign currency		(13,366)		157,050
Change in unrealized depreciation (appreciation) on investments sold short		250,433		885
Purchase of investments		(9,079,587)		(8,970,987)
Proceeds from sale and maturity of investments		12,039,435		6,447,023
Receivable from foreign currency forward contracts		10,154		(66,584)
Dividends receivable		287		(502)
Accrued expenses		(8,885)		(237,847)
Receivable from Manager		-		7,131
Reimbursements receivable		(1,190)		(1,340)
Accrued interest		(87,232)		4,027
Payable on foreign currency forward contracts		79,853		(202,606)
Due to investment dealers		328,027		-
Net cash from (used in) operating activities	**$**	**3,938,738**	**$**	**(1,619,514)**
Cash flows from (used in) financing activities				
Distributions paid to holders of redeemable units, net of reinvested distributions	$	(138,464)	$	(94,260)
Proceeds from issuances of redeemable units		1,091,196		3,896,464
Amounts paid on redemption of redeemable units		(4,487,498)		(2,064,198)
Net cash from (used in) financing activities	**$**	**(3,534,766)**	**$**	**1,738,006**
Foreign exchange gain (loss) on cash and cash equivalents		(349)		(14,535)
Change in cash and cash equivalents during the period		403,972		118,492
Cash and cash equivalents, beginning of period		124,320		97,804
Cash and cash equivalents, end of period	**$**	**527,943**	**$**	**201,761**
Supplementary disclosures on cash flow from operating activities				
Interest received	$	776,363	$	868,623
Dividends received		58,416		56,934
Interest paid		11,598		18,703

The accompanying notes form an integral part of the interim financial statements.

Lysander-Canso Credit Opportunities Fund

Interim Schedule of Investment Portfolio as at June 30, 2026 (unaudited)

	Par Value/Number of Shares		Average Cost $		Fair Value $
Canadian Equities (2.7%)					
Aegis Brands Inc.	329,896	$	160,000	$	89,072
Bird Construction Inc.	6,535		41,301		423,011
Black Press - 1000817790 Ontario Ltd. Class A Shares	9,312		9,312		9,312
FLINT Corp	119,969		343,087		173,955
MDA Space Ltd	3,929		55,006		230,239
NorthStar Gaming Holdings Inc	8,774		4,043		88
Postmedia Network Canada	533		1,119		498
TC Fund I LP Class B	352		6,014		3,653
X-Spectrum 1 Inc.	1,143		-		309
X-Spectrum 2 Inc.	1,872		-		-
Yellow Pages Limited	10,202		124,030		131,096
Total		**$**	**743,912**	**$**	**1,061,233**
Canadian Fixed Income (55.5%)					
407 International Inc. 4.11% Oct 3, 2035	96,000		96,025		95,436
Air Canada 4.625% Aug 15, 2029	2,121,000		2,045,532		2,138,180
Bell Canada 7.85% Apr 2, 2031	38,000		44,954		43,869
BMO Sr. Unsec. 3.731% Jun 3, 2030/31	342,000		342,000		343,640
BNS (AT1) 3.7% Jul 27, 2026/2081	454,000		409,479		452,624
BNS Sr. Unsec. 3.616% Jan 30, 2031/32	1,017,000		1,017,000		1,014,407
Canada 0.5% Dec 1, 2030	2,073,000		1,848,938		1,863,042
Canada 1.5% Dec 1, 2031	2,560,000		2,285,873		2,361,074
Canada 2.0% Jun 1, 2032	122,000		113,667		114,763
Canada 2.75% Jun 1, 2033	872,000		856,841		849,548
Canada Housing Trust 3.6% Sep 15, 2035	587,000		593,997		590,458
Canada Housing Trust 4.25% Mar 15, 2034	400,000		427,736		423,005
CIBC Sr. Unsec. 3.6% Jan 13, 2031/32	885,000		883,115		883,876
Cineplex Inc. 7.625% Mar 31, 2029 144a	353,000		353,000		366,539
Cineplex Inc. 7.75% Mar 1, 2030	28,000		29,104		36,782
Corus Entertainment Inc. 6% Feb 28, 2030 REGS	605,000		605,000		184,525
GE Capital Canada 5.73% Oct 22, 2037	329,000		336,073		343,743
Great West Life Co Inc. (AT1) 3.6% Dec 31, 2026/2081	639,000		635,000		628,614
Hydro One Inc. 3.9% Nov 21, 2033	740,000		739,549		744,126
Manulife Financial Corp (AT1) 4.1% Mar 19, 2027/2082	1,638,000		1,588,138		1,622,303
Manulife Financial Corp (AT1) 5.883% Jun 19, 2031/2081	644,000		618,127		645,475
RBC FRN Jun 29, 2085 (SOFR+44.911)(USD)	50,000		37,002		65,299
RBC Sr. Unsec. 3.572% Dec 9, 2030/31	1,125,000		1,125,480		1,122,137
RBC Sr. Unsec. 3.985% Jul 22, 2030/31	367,000		367,000		372,172
Sobeys Inc. 6.06% Oct 29, 2035	50,000		51,500		54,346
Sunlife Financial Inc. (AT1) 3.6% Jun 30, 2031/2081	701,000		697,191		694,866
TD Bank (AT1) 3.6% Oct 31, 2026/2081	500,000		486,000		496,480
TD Bank Sr. Unsec. 3.687% Jan 9, 2031/32	350,000		350,000		350,416
TD Bank Sr. Unsec. 4.133% Jan 9, 2032/33	1,941,000		1,941,000		1,971,401
TransCanada Pipelines FRN May 15, 2067 (Q LIBOR+221)(USD)	705,000		741,721		922,869
Total		**$**	**21,666,042**	**$**	**21,796,015**
Foreign Fixed Income (10.5%)					
Avis Budget Car/Finance 5.375% Mar 1, 2029 REGS (USD)	136,000		172,403		193,353
Avis Budget Car/Finance 8.375% Jun 15, 2032 REGS (USD)	502,000		688,058		718,268
Avis Series 2024-2A 5.13% Oct 20, 2028 (USD)	127,000		171,575		181,349

The accompanying notes form an integral part of the interim financial statements.

Lysander-Canso Credit Opportunities Fund

Interim Schedule of Investment Portfolio as at June 30, 2026 (unaudited) (cont'd)

	Par Value/Number of Shares	Average Cost $	Fair Value $
Foreign Fixed Income (10.5%) (cont'd)			
Hertz 12.625% Jul 15, 2029 REGS (USD)	891,000	1,244,755	1,030,549
Hertz 5% Dec 1, 2029 REGS (USD)	1,085,000	1,055,681	474,895
Lehman Bros Hldg Inc. 4.85% Sep 3, 2013 (USD)	44,000	-	22
MassMutual Global Funding II 4.127% Jul 15, 2032	138,000	137,939	139,460
MetLife Global Funding I 4.149% Jun 6, 2033	589,000	589,000	593,457
New York Life Global FDG 4.0% Jun 17, 2032	420,000	419,341	422,936
New York Life Global FDG 4.2% May 9, 2033	35,000	35,309	35,444
Pacific Life Global Funding II 4.195% Jul 29, 2032	343,000	343,000	348,299
Total		**$ 4,857,061**	**$ 4,138,032**
Inflation Bonds (15.3%)			
Canada RRB 0.5% Dec 1, 2050	403,257	311,872	306,203
Canada RRB 4.0% Dec 1, 2031	1,268,365	1,476,991	1,476,291
Canada RRB 4.25% Dec 1, 2026	4,167,664	4,490,293	4,234,816
Total		**$ 6,279,156**	**$ 6,017,310**
Mortgage Backed Securities (8.5%)			
CIBC NHA MBS (97532465) 3.0% Sep 1, 2030	242,101	241,571	239,910
Equitable Bank NHA MBS (97527023) 3.79% Nov 1, 2028	4	-	4
First National NHA MBS (97531888) 3.24% Jul 1, 2030	301,765	300,289	301,055
Peoples Trust NHA MBS (97532906) 2.79% Dec 1, 2030	118,239	116,127	116,215
RBC NHA MBS (96502783) 3.02% Jun 1, 2030	1,285,884	1,257,633	1,268,786
TD Bank NHA MBS (97531855) 3.04% Jul 1, 2030	691,249	681,897	685,971
TD Bank NHA MBS (97532364) 3.14% Sep 1, 2030	712,428	714,052	708,510
Total		**$ 3,311,569**	**$ 3,320,451**
Preferred Shares (4.7%)			
BCE Inc. (BCE.PR.AD)	6,700	104,807	141,102
BCE Inc. (BCE.PR.F)	5,700	89,093	131,784
BCE Inc. (BCE.PR.L)	4,700	56,416	100,486
Enbridge Inc. (ENB.PR.I)	29,300	377,755	633,173
Manulife Financial (MFC.PR.L)	100	1,686	2,501
Manulife Financial (MFC.PR.M)	100	1,563	2,522
RBC (AT1) pref 4.2% (5y GoC + 271) Feb 24, 2027	395,000	395,000	392,772
Sun Life Financial Inc. (SLF.PR.K)	11,500	237,245	281,060
TC Energy Corp (TRP.PR.B)	100	1,023	1,909
TC Energy Corp (TRP.PR.D)	100	1,478	2,485
Thomson Reuters Corp (TRI.PR.B)	10,400	128,541	151,840
Total		**$ 1,394,607**	**$ 1,841,634**
Private Placements (0.9%)			
Black Press Group Ltd. 10% Mar 22, 2029	88,551	74,792	79,019
Strait Crossing Dev. Inc. (amort) 6.17% Sep 15, 2031	7,463	8,591	7,693
WTH Car Rental ULC -Series 2026-1 A 3.665% Feb 20, 2030	54,000	54,000	54,091
WTH Car Rental ULC (AVIS) 6.028% Feb 20, 2027	204,000	204,000	206,602
Total		**$ 341,383**	**$ 347,405**
Total investment portfolio (98.1%)		**$ 38,593,730**	**$ 38,522,080**

The accompanying notes form an integral part of the interim financial statements.

Lysander-Canso Credit Opportunities Fund

Interim Schedule of Investment Portfolio as at June 30, 2026 (unaudited) (cont'd)

Cash and Cash Equivalents (1.3%)		527,943
Other Assets less Liabilities (0.6%)		218,862
Net assets	**$**	**39,268,885**

The accompanying notes form an integral part of the interim financial statements.

Foreign Exchange Contracts

Counterparty	Settlement Date	Buy	Par Value	Sell	Par Value	Forward Rate	Current Rate	Unrealized Appreciation (Depreciation)
Royal Bank of Canada[1]	14-Sep-26	CAD	4,365,906	USD	3,142,000	0.720	0.707	$ (79,702)
Royal Bank of Canada[1]	14-Sep-26	USD	160,000	CAD	226,535	0.706	0.707	(151)

1 Credit rating of counterparty is AA-.

1. Formation of Fund

The address of the Fund's registered office is 3080 Yonge St., Suite 4000, Toronto, Ontario.

Lysander Funds Limited (the "Manager" or "Lysander") is the manager and trustee of the Fund and is responsible for providing or arranging 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.

Lysander-Canso Credit Opportunities Fund (the "Fund") is an open-end fund formed under the laws of the Province of Ontario by a declaration of trust dated August 14, 2008, which has been subsequently amended and restated master declaration of trust dated as of November 26, 2025, as may be amended and/or restated from time to time. At the time it was formed, the Fund's name was "Canso Credit Opportunities Fund". On December 19, 2008, The Fund commenced operations and offered units pursuant to prospectus exemptions. On May 11, 2020, the Fund became a reporting issuer, with its units qualified for distribution under a simplified prospectus and its name changed to "Lysander-Canso Credit Opportunities Fund".

The Fund's investment objective is to achieve long term capital growth by investing in, or gaining exposure to, a diversified portfolio composed primarily of debt and money market securities. The Fund will use alternative investment strategies such as engaging in short sales and purchasing securities on margin or with borrowed funds.

The portfolio manager of the Fund is Canso Investment Counsel Ltd., ("Portfolio Manager"), a company under common control as the Manager.

2. Basis of Presentation

These interim financial statements (the "financial statements") have been prepared in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). These financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all of the information and disclosures required in the annual financial statements. These financial statements should be read in conjunction with the Fund's annual financial statements and accompanying note disclosures.

The financial statements were authorized for issue by Lysander's board of directors on August 27, 2026.

3. Material Accounting Policy Information

The material accounting policies of the Fund are as follows:

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term investments in an active market with original maturities of three months or less, bank overdrafts and money market funds with daily liquidity and all highly liquid financial instruments that mature within three months of being purchased.

Financial instruments

The Fund accounts for its financial instruments in accordance with IFRS 9 Financial Instruments ("IFRS 9"), which include cash and cash equivalents, investments at fair value through profit or loss, accrued interest, reimbursement receivable, subscriptions receivable, redemption payable, due to/from investment dealer, receivable/payable from forward exchange contracts and accrued expenses.

Financial assets and financial liabilities at fair value through profit or loss ("FVTPL")

Financial Assets

The Fund classifies its investments in debt and equity securities and open-ended investment funds based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

These financial assets are managed and their performance is evaluated on a fair value basis. The Fund also manages these financial assets with the objective of realizing cash flows through sales. The Fund has not taken the option to irrevocably designate any of its equity securities at fair value through other comprehensive income ("FVOCI"). Consequently, these financial assets are mandatorily measured at FVTPL.

3. Material Accounting Policy Information (continued):

Financial assets and financial liabilities at fair value through profit or loss ("FVTPL") (continued):

Financial Liabilities

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future or on initial recognition are a part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short term profit-taking.

All derivatives and short positions are included in this category and mandatorily measured at FVTPL.

The Fund does not apply general hedge accounting to any of its derivatives positions.

Financial assets and financial liabilities at amortized cost

The financial assets and liabilities measured at amortized cost include cash collateral posted on derivative positions, accrued income, due to and from brokers and other short term receivables and payables.

IFRS 9 requires the expected credit loss model ("ECL") as the impairment model for financial assets measured at amortized cost. At each reporting date, the Fund measures the loss allowance on cash collateral held, amounts due from broker, accrued income and other short term receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund measures the loss allowance at an amount equal to the 12 month expected credit losses. Given the short-term nature of the receivables and the high credit quality, the Fund has determined that the expected credit loss allowances are not material or considered impaired.

The Fund classifies financial instruments carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified as Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is reclassified as Level 3. The Manager assesses transfers at the time of an event that may cause reason for re-assessment of levelling. The classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability. The determination of what constitutes observable requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources. The classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2026 and December 31, 2025, as applicable, is disclosed in the notes to the financial statements of the Fund. Significant transfers between levels are also disclosed in the notes to the financial statements of the Fund, where applicable. The reconciliation of Level 3 fair value measurements for the periods ended June 30, 2026 and December 31, 2025, if applicable, are included in the notes to the financial statements of the Fund.

Recognition/Derecognition

At initial recognition, financial assets and liabilities are measured at fair value. Transaction costs on financial assets and liabilities at fair value through profit or loss are expensed as incurred in the statement of comprehensive income (loss).

Subsequent to initial recognition, financial assets and liabilities at fair value through profit or loss are measured at fair value.

Gains and losses arising from changes in their fair value are included in the statement of comprehensive income (loss) for the period in which they arise. Dividend or interest income earned on financial assets at fair value through profit or loss and dividend or interest expense on the financial liabilities at fair value through profit or loss are disclosed in a separate line item in the statement of comprehensive income (loss).

3. Material Accounting Policy Information (continued):

Recognition/Derecognition (continued):

Financial assets are derecognized when the contractual rights to the cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership. Financial liabilities at fair value through profit or loss are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Investment transactions are accounted for on a trade date basis. Realized gains and losses on the disposition of investments, and unrealized appreciation and depreciation of investments, are determined on an average cost basis and are included in the statement of comprehensive income (loss).

Realized gains and losses related to options are included in net realized gain (loss) on options at fair value through profit or loss. Realized gains and losses relating to written options may arise from expiration of written options whereby realized gains are equivalent to the premium received and from the exercise of written covered call options in addition to the realized gains or losses from disposition of the related investments at the exercise price of the option.

Fair value measurements

The securities in the Fund's Portfolio are measured at FVTPL. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the period-end date. The quoted market price used for financial assets and financial liabilities of the Fund is the last traded price provided such price is within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Fund will determine the points within the bid-ask spread that are most representative of the fair value. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques commonly used by market participants making the maximum use of observable inputs and relying as little as possible on unobservable inputs. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

Where available, valuation techniques use market observable assumptions and inputs. If such data is not available, inputs may be derived by reference to similar assets in active markets, from recent prices for comparable transactions or from other observable market data. When measuring fair value, the Fund selects the non-market-observable inputs to be used in its valuation techniques, based on a combination of historical experience, derivation of input levels based on similar products with observable price levels and knowledge of current market conditions and valuation approaches. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk. Unlisted debt securities are valued based on observable inputs such as the prices provided by an independent reputable pricing services company who prices the securities based on recent transactions and quotes received from market participants and through incorporating observable market data and using standard market convention practices. Unlisted debt securities for which current quotations are not readily available are valued using another valuation technique as described below.

3. Material Accounting Policy Information (continued):

Fair value measurements (continued):

The Fund uses widely recognized valuation techniques for determining the fair value of financial instruments that are not actively traded and quoted. The most frequently applied valuation techniques include: i) discounted value of expected cash flows, ii) relative value, iii) option pricing methodologies, iv) private placement financing technique, v) internally developed models and vi) market activity. In some cases, it may be reasonable and appropriate to value at cost, where there has been no material subsequent event affecting value. Discounted value of expected cash flows is a valuation technique that measures fair value using estimated expected future cash flows from assets or liabilities and then discounts these cash flows using a discount rate or discount margin that reflects the credit and/or funding spreads required by the market for instruments with similar risk and liquidity profiles to produce a present value. When using such valuation techniques, expected future cash flows are estimated using an observed or implied market price for the future cash flows or by using industry standard cash flow projection models. The discount factors within the calculation are generated using industry standard yield curve modeling techniques and models. Relative value models measure fair value based on the market prices of equivalent or comparable assets or liabilities, making adjustments for differences between the characteristics of the observed instrument and the instrument being valued. Option pricing models incorporate assumptions regarding the behavior of future price movements of an underlying referenced asset or assets to generate a probability-weighted future expected payoff for the option. The resulting probability-weighted expected payoff is then discounted using discount factors generated from industry standard yield curve modeling techniques and models. The option pricing model may be implemented using a closed form analytical formula or other mathematical techniques (e.g., binomial tree or Monte Carlo simulation). For more complex instruments and instruments for which there is no active market, fair values may be estimated using a combination of observed transaction prices, if any, consensus pricing services and relevant broker quotes. Consideration is given to the nature of the quotes (e.g., indicative or firm) and the relationship of recently evidenced market activity to the prices provided by consensus pricing services. Private placement financings are instances where a company raises capital through an offering of additional securities in the private markets. Pertinent details of such offering, including the terms of such offering, the issue price, and total capital raised are considered when assessing the reasonability that the issue price of such offering approximates fair value. In contrast to public offerings on a recognized exchange, private placement financings are not available to the general public. The Fund also uses internally developed models, which are typically based on valuation methods and techniques recognized as standard within the industry. Assumptions and inputs used in valuation techniques include benchmark interest rate curves, credit and funding spreads used in estimating discount rates, bond and equity prices, equity index prices, foreign exchange rates, levels of market volatility and correlation. In situations where there is limited market activity for the asset or liability near the measurement date, the most recent transaction price may be used.

Income recognition

Dividend income is recognized when the Fund's right to receive the payment has been established, normally being the ex-dividend date. Dividend income is recognized gross of withholding tax, if any.

The interest income for distribution purposes shown on the statement of comprehensive income (loss) represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis. The interest income for distribution purposes is the tax basis of calculating the interest received and which is subject to tax.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Accounting estimates

In the application of the Fund's accounting policies, the Fund is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. The most significant estimates relate to the valuation of investments. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

3. Material Accounting Policy Information (continued):

Net assets attributable to holders of redeemable units

Units issued and outstanding represent the capital of the Fund, with units in each series representing an equal and rateable share in the assets allocated to each series. The management fee rates are different for each of the series. Please refer to Note 6 for discussion of management fee rates. The redeemable units are classified as financial liabilities and are measured at the redemption amounts.

Units of the Fund may be purchased or redeemed at a price per unit equal to the net asset value ("NAV") of a unit of the applicable series of the Fund on each valuation date.

Net asset value per unit

The net asset value per unit of each series of units of the Fund is computed by dividing the NAV of a series of units by the total number of units of the series outstanding at the time. The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its NAV for transactions with holders of redeemable units.

Foreign currency translation

Foreign currency amounts are translated into the Fund's functional currency as follows: fair value of investments, forward currency contracts and other financial assets and liabilities, at the closing rate of exchange on each business day; income and expenses, and purchases, sales and settlements of investments, at the rate of exchange prevailing on the respective dates of such transactions.

Foreign currency forward contracts

The value of the foreign currency forward contracts is the gain or loss that would be realized if the position in the forward contract was closed out in accordance with its terms. The unrealized gains or losses on the forward contract are reported as part of the change in unrealized appreciation or depreciation on forwards in the statement of comprehensive income (loss). Foreign currency forward contracts manage exposure to foreign currency gains and losses arising from short and long-term investments denominated in foreign currencies.

Taxation

The Fund is a mutual fund trust within the meaning of the Income Tax Act (Canada). The Fund is subject to tax on its net taxable income, including net realized capital gains, for the calendar year which is not paid or payable to its unitholders as of the end of the calendar year. It is the intention of the Fund to pay all of its net taxable income and net realized capital gains so that the Fund will not be subject to income taxes other than foreign withholding taxes, if applicable. Therefore, no provision for income taxes has been made in these financial statements.

As at December 31, 2025, the Fund had no net capital losses (December 31, 2024 - Nil) and no non-capital losses (December 31, 2024 - Nil).

Distributions

The Fund makes distributions of net income quarterly and any net realized capital gains annually. These are recognized in the statement of changes in net assets attributable to holders of redeemable units.

Significant accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

Determination of Functional Currency

'Functional currency' is the currency of the primary economic environment in which the Fund operates. If indicators of the primary economic environment are mixed, then the Fund uses its judgment to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events, and conditions. The Fund's subscriptions and redemptions are denominated in Canadian Dollars ("CAD"). Accordingly, the Fund has determined that the functional currency of the Fund is CAD unless noted otherwise.

Fair Value Measurement of Derivatives and Securities Not Quoted in an Active Market

3. Material Accounting Policy Information (continued):

Significant accounting estimates and judgments (continued):

The Fund may hold financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined as disclosed in Fair Value Measurement section in Note 3.

New accounting standards and Future changes in accounting standards

Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued the new standard IFRS 18 – Presentation and Disclosure in Financial Statements that will replace IAS 1 – Presentation of Financial Statements. The new standard introduces newly defined subtotals on the income statement, requirements for aggregation and disaggregation of information, and disclosure of Management Performance Measures ("MPMs") in the financial statements. The new standard is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The Fund is assessing the impacts to the financial statements.

4. Expenses

The Fund is responsible for the payment of all expenses related to its operations, including but not limited to audit fees, Independent Review Committee fees, fund administration fees, filing fees, redeemable unitholder reporting and custodian fees plus harmonized sales tax. At their discretion, the Manager or the Portfolio Manager may pay certain of the expenses of the Fund but any such payments shall not oblige the Manager or the Portfolio Manager to make similar future payments. All expenses are recognized in the statement of comprehensive income (loss) on the accrual basis.

Service fees may be paid by the Manager from the management fees it receives from the Fund. Service fees may be paid to brokers and dealers to compensate them for providing ongoing services to redeemable unitholders holding Series A units, if applicable.

The maximum service fee is 0.50% per annum on the Series A units, exclusive of any applicable taxes.

5. Issuance and Redemption of Units

The Fund is authorized to issue an unlimited number of transferable, redeemable units of beneficial interest, each of which represents an equal undivided interest in the net assets of the Fund. Each unit entitles the holder to the same rights and obligations as a holder of any other unit and no holder of units is entitled to any privilege, priority or preference in relation to any other holder of units. Each holder of units is entitled to one vote for each whole unit held and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net income and net realized capital gains, if any. On termination or liquidation of the Fund, the holders of outstanding units of record are entitled to receive on a pro rata basis all of the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses of the Fund. The units of the Fund are issued and redeemed at their NAV.

During the periods ended June 30, 2026 and 2025, the number of units issued, redeemed and outstanding were as follows:

Series A

For the periods ended	30-Jun-26	30-Jun-25
Units oustanding at beginning of period	269,922	240,166
Redeemable units issued	12,308	12,602
Redeemable units redeemed	(5,611)	(3,913)
Redeemable units issued on reinvestments	3,542	2,049
Units oustanding at end of period	**280,161**	**250,904**

Series C

For the periods ended	30-Jun-26	30-Jun-25
Units oustanding at beginning of period	204,626	194,705
Redeemable units issued on reinvestments	4,093	3,956
Units oustanding at end of period	**208,719**	**198,661**

5. Issuance and Redemption of Units (continued):

Series F

For the periods ended	30-Jun-26	30-Jun-25
Units oustanding at beginning of period	3,146,329	3,134,600
Redeemable units issued	138,823	291,545
Redeemable units redeemed	(313,661)	(187,789)
Redeemable units issued on reinvestments	45,427	26,253
Units oustanding at end of period	**3,016,918**	**3,264,609**

6. Related Party Transactions

The Manager is responsible for the day-to-day management of the Fund and its investment portfolio in compliance with the Fund's constating documents. The Manager pays for the investment management services and provides all administrative services required by the Fund. As compensation for its services the Manager is entitled to receive a management fee.

The Manager may offer a reduced management fee to selected investors who (among other considerations) hold large investments in the Fund. This is achieved by reducing the management fee charged to the Fund based on the assets held by such investors and the Fund distributing the amount of the reduction in additional units of the same series of the Fund to the investor.

At June 30, 2026, the Manager, the majority shareholder of the Manager, the Manager's directors and officers together with certain immediate family members had an ownership interest in the Fund amounting to 7.2% (December 31, 2025 - 6.8%).

The Manager is entitled to receive from the Fund a management fee which is calculated daily and payable monthly at an annualized rate of up to 1.25% on Series A units, 0.50% on Series C units, and up to 0.75% on Series F units, exclusive of applicable taxes, based on the net asset value of each respective series.

During the period ended June 30, 2026, the Manager paid the Portfolio Manager, an affiliate of the Manager, $72,521 (June 30, 2025 - $72,732) for managing the portfolio of the Fund. As at June 30, 2026 the amount payable to the Portfolio Manager was $11,735 (December 31, 2025 - $13,320).

Performance Fees:

Subject to certain terms and conditions as described in the Fund's Prospectus, the Manager is entitled to receive a Performance Fee (the "Performance Fee") on Series A and F equal to 20% of the Fund's outperformance of the FTSE All Corporate Bond Index.

Performance fees are calculated and accrued monthly and paid annually, if earned. For the period ended June 30, 2026, the Performance Fee accrued by the Fund was $914 (December 31, 2025 - $737).

7. Fair Value Hierarchy

The following fair value hierarchy table presents information about the Fund's assets measured at fair value, as described in Note 3, as at June 30, 2026 and December 31, 2025:

As at June 30, 2026	Level 1	Level 2	Level 3	Total
Financial Assets				
Equities	$ 1,047,959	$ -	$ 13,274	$ 1,061,233
Fixed income	-	35,540,194	79,019	35,619,213
Preferred shares	1,841,634	-	-	1,841,634
Total	**$ 2,889,593**	**$ 35,540,194**	**$ 92,293**	**$ 38,522,080**

7. Fair Value Hierarchy (continued):

As at June 30, 2026	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Payable on foreign currency forward contracts	$ -	$ 79,853	$ -	$ 79,853
Total	**$ -**	**$ 79,853**	**$ -**	**$ 79,853**

As at December 31, 2025	Level 1	Level 2	Level 3	Total
Financial Assets				
Equities	$ 1,919,409	$ -	$ 15,434	$ 1,934,843
Fixed income	-	38,613,120	83,122	38,696,242
Preferred shares	2,018,260	-	-	2,018,260
Receivable from foreign currency forward contracts	-	10,154	-	10,154
Total	**$ 3,937,669**	**$ 38,623,274**	**$ 98,556**	**$ 42,659,499**

As at December 31, 2025	Level 1	Level 2	Level 3	Total
Financial Liabilities				
Fixed income sold short	$ -	$ 1,205,389	$ -	$ 1,205,389
Total	**$ -**	**$ 1,205,389**	**$ -**	**$ 1,205,389**

As at	30-Jun-26	31-Dec-25
Level 3 reconciliation		
Balance, beginning of period	98,556	204,869
Purchases	-	-
Sales	(4,000)	(3,000)
Transfers In	-	-
Transfers Out	-	(192,000)
Realized gains and losses	622	466
Change in unrealized appreciation (depreciation)	(2,885)	88,221
Balance, end of period	**92,293**	**98,556**

The Portfolio Manager's internal valuation team is comprised of individuals from across the functional areas of the firm (Trading, Settlements, Research, Portfolio Management, Compliance, and Fund Administration) who have broad and deep experience in the fair value techniques for debt and equity investments. The team reports to the Chief Investment Officer of the Portfolio Manager and the internal valuation team's valuation processes and results are reviewed by the Portfolio Manager's management on an ongoing basis. Security valuations are discussed on a case-by-case basis with a view to establish the most suitable valuation method. During the period ended June 30, 2026, there were no transfers between levels. During the year ended December 31, 2025, the Fund held Flint Corp Series 1 Preferred Shares and Flint Corp Series 2 Preferred Shares, which were classified within Level 3 of the fair value hierarchy due to the use of significant unobservable inputs. As a result of a mandatory corporate action completed by Flint Corp, these preferred shares were automatically converted into Flint Corp Common Shares, which are traded in an active market and therefore qualify for Level 1 classification. These instruments were transferred out of Level 3 and into Level 1 upon conversion at a fair value of $192,000.

The following section provides information regarding Level 3 securities. It includes a summary of the valuation techniques used and the sensitivity of the fair value of these securities to changes in input values.

X-Spectrum 1 Inc.
Price: $0.27
Valuation Technique: The relative value technique.
Unobservable Inputs: The primary unobservable inputs for this security were the expected sale prices of the spectrum assets.
Change in input values: A reasonably possible change to the value of the assets that make up the business could result in an increase or decrease of 40%, or an increase or decrease in the security price of $0.11, or an increase or decrease in net assets of $126.

7. Fair Value Hierarchy (continued):

X-Spectrum 2 Inc.
Price: $0.00
Valuation Technique: The relative value technique.
Unobservable Inputs: Company is being wound up and with all assets being liquidated. The liquidation value is likely to be zero since the portfolio manager believes that the liquidation value of assets will likely be less than the amount of liabilities. The primary unobservable input is the liquidation value of assets.
Change in input values: The portfolio manager believes it is highly unlikely that the salvage value of assets will exceed the company's liabilities and therefore believe the possibility of any recovery on this security is remote.

Black Press - 1000817790 Ontario Ltd. Class A Shares
Price: $1.00
Valuation Technique: The private placement financing technique.
Unobservable Inputs: The primary unobservable input for this security is the last price where the company raised capital in a private offering of additional securities.
Change in input values: Since the company emerged from protection under the Companies' Creditors Arrangement Act ("CCAA") in Spring 2024 - a Canadian federal statute that allows insolvent companies with debts exceeding $5 million to restructure under court supervision - and continues to have significant debt ranking ahead of equity, a reasonably possible change in the valuation of the next private placement financing could increase or decrease by 50%, or a decrease in the security price of $0.50, or an increase or decrease of net assets of $4,656.

Black Press Group Ltd. 10% Mar 22, 2029
Price: $89.06
Valuation Technique: A discounted cash flow model.
Unobservable Inputs: The model discounts the bond's future cash flows using a discount rate that reflects (i) yields on Government of Canada bonds with the closest matching maturity, (ii) yields on comparably rated corporate bonds, and (iii) a liquidity premium.
Change in input values: A reasonably possible change in yields of similarly rated companies could lead to a decrease of 20%, or a decrease in the security price of $17.81, or an increase or decrease of net assets of $15,771.

TC Fund I LP Class B
Price: $10.378
Valuation Technique: Internally developed model.
Unobservable Inputs: The primarily unobservable inputs for this security include TC Fund I FY25 Q4 Financial Statements, the market value of Blue Ant's equity, intrinsic value of Blue Ant's warrants, TC Fund's book value of Equity on the balance sheet of Boreal and Sing Tao, our 15% ownership stake in TC Fund I and the amount payable to Rivett LP upon distribution of the partnership, of which is in relation to the tax benefit received.
Change in input values: A reasonably possible change in the value of the investments could result in an increase or decrease of 50%, or an increase or decrease in the security price of $5.19, or an increase or decrease in net assets of $1,827.

8. Risk Management

The Fund's activities expose it to a variety of financial risks in the normal course of operations. These include credit risk, liquidity risk, and market risk. The value of the investments in the Fund's portfolio can fluctuate as a result of changes in interest rates, general economic conditions, supply and demand conditions relating to specific securities, or news relating to a specific issuer. In order to manage risk, the Portfolio Manager will diversify the portfolio based on industry and credit rating category. Significant risks that are relevant to the Fund are discussed below.

Credit risk

Credit risk is the risk of financial loss that could arise from a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The Fund's main exposure to credit risk consists of investments in debt instruments, such as bonds. The Fund is also exposed to counterparty risk from other assets, such as amounts due from investment dealer or subscriptions receivable. To manage this risk, the Portfolio Manager monitors the Fund's credit exposure and counterparty credit ratings.

The Fund measures credit risk and lifetime ECLs related to these trade receivables using historical analysis and forward looking information in determining the ECL.

8. Risk Management (continued):

Credit risk (continued):

As at June 30, 2026 and December 31, 2025, the Fund had directly invested in debt instruments with the following credit ratings:

As at	30-Jun-26 (%)	31-Dec-25 (%)
Credit exposure		
AAA	40.7	46.0
AA	3.9	5.1
A	22.0	18.2
BBB	11.8	15.7
BB	6.5	7.7
B	4.9	1.5
CCC	1.2	2.5
D	0.5	0.5
Not Rated	0.2	0.3

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations, including any redemption of units for cash. The Fund is exposed to possible daily redemptions at the then current NAV per unit. Liquidity risk is managed by investing a significant portion of the Fund's assets in investments that are traded in an active market and that can be readily sold. All liabilities of the Fund are due within one year.

The following table presents the Fund's liabilities according to their maturity date as at June 30, 2026 and December 31, 2025:

As at June 30, 2026	Less Than One Month	1-3 Months	3 Months – 1 Year
Liquidity exposure			
Accrued expenses	$ -	$ 72,018	$ -
Redemptions payable	238,621	-	-
Payable on forward exchange contracts	-	79,853	-
Due to investment dealers	328,027	-	-

As at December 31, 2025	Less Than One Month	1-3 Months	3 Months – 1 Year
Liquidity exposure			
Fixed income sold short	$ -	$ -	$ 1,205,389
Accrued expenses	-	80,903	-
Redemptions payable	1,224,976	-	-

Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a fund asset will fluctuate because of changes in market interest rates. If applicable, to manage interest rate risk, the Portfolio Manager monitors exposures and maintains the portfolio duration within the limits specified in the investment policies and objectives of the Fund. If applicable, the Fund has calculated the sensitivity analysis below. Actual results may differ materially from this analysis.

8. Risk Management (continued):

Market risk (continued):

The table below summarizes the Fund's exposure to interest rate risks based on the remaining term to maturity of the investments.

	Less than 1 year	1-5 years	More than 5 years
Interest rate exposure			
June 30, 2026	$ 8,034,211	$ 15,393,633	$ 12,584,141
December 31, 2025	8,483,795	13,437,746	15,948,972

If interest rates had increased or decreased by 1% at June 30, 2026, with all other variables remaining constant, net assets of the Fund would have decreased or increased by approximately $1,268,385 (December 31, 2025- $1,325,700).

Currency risk

Currency risk arises when the value of investments denominated in currencies other than CAD fluctuate due to changes in exchange rates. If applicable, the currency risk will typically be hedged by entering into foreign currency forward contracts, however some moderate currency exposure may be assumed if deemed to be beneficial to the Fund. If applicable, the Fund has calculated the sensitivity analysis below. Actual results may differ materially from this analysis.

The table below summarizes the Fund's net exposure (before hedging, if any) to currency risk as at:

Currency exposure	-30-Jun-26	-31-Dec-25
USD	10.3	12.0

As at June 30, 2026, if the CAD had strengthened or weakened by 1% in relation to the above currencies, with all other factors remaining constant, the Fund's net assets would have decreased or increased by 0.1% (December 31, 2025 - 0.1%).

Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in a market or market segment. If applicable, this risk is managed through a careful selection of securities and other financial instruments within the parameters of the investment strategy and by maintaining a well-diversified portfolio. Exposure to price risk arises from investments in equity securities. If applicable, the Fund has calculated the sensitivity analysis below. Actual results may differ materially from this analysis.

As at June 30, 2026, approximately 7.4% (December 31, 2025 - 9.8%) of the Fund's net assets were invested in equity securities. If prices of these investments had increased or decreased by 5% as at June 30, 2026 with all other factors remaining constant, net assets would have increased or decreased, by approximately $145,143 (December 31, 2025 - $197,655).

Lysander-Canso Credit Opportunities Fund

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