Canso Credit Income Fund

As at June 30, 2026

Semi-Annual Management Report of Fund Performance

This semi-annual Management Report of Fund Performance of Canso Credit Income Fund (the “Fund”) contains financial highlights for the period ended June 30, 2026 but does not contain the complete financial statements of the Fund. This report should be read in conjunction with the semi-annual financial statements of the Fund for the period ended June 30, 2026. Lysander Funds Limited (the “Manager”) is the manager of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling toll-free 1 877 308 6979, by writing to Lysander Funds Limited, 3080 Yonge St., Suite 4000, Toronto, Ontario, M4N 3N1, by visiting our website at www.lysanderfunds.com or at SEDAR+ at www.sedarplus.ca.
Unitholders may also contact Lysander Funds Limited using one of these methods to obtain a copy of the Fund’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

A Note About Forward Looking Statements

This semi-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.

Investment Objective

The Fund's investment objective is to (i) maximize total returns for unitholders while reducing risk and (ii) provide unitholders with monthly cash distributions by taking long and short positions primarily in corporate bonds and other income securities.

Investment Strategies

The Fund's portfolio manager is Canso Investment Counsel Ltd. (“Canso” or “Portfolio Manager”), a company under common control as the Manager. The Fund's holdings are not restricted by credit ratings. In addition, Canso engages in short selling of securities primarily to hedge credit and interest rate risk. This allows the Fund's portfolio to be positioned more defensively in both rising interest rate environments and credit downturns.

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 period ended June 30, 2026 were 2.79% for Series A and 2.81% for Series F.

At the end of the period, the Fund held approximately 3.9% of its net asset value in short positions. These primarily consisted of short positions in Government of Canada bonds.

The net assets of the Fund were approximately $134.35 million at June 30, 2026 from $148.37 million at the beginning of the period. There were net redemptions of $15.85 million during the period.

During the period, the Fund paid a performance fee of $16,428 (including HST). A performance fee, if applicable, will be equal to 20% of each of Class A and Class F's outperformance of the FTSE Canada All Corporate Bond Index

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 period except for immaterial short-term cash overdrafts.

Recent Developments

During the period, global markets were defined by a striking disconnect between resilient risk assets and a volatile macroeconomic backdrop. Despite geopolitical tensions in the Middle East, persistent inflation, and a shifting narrative toward higher rates, both credit and equity markets remained remarkably resilient, as demonstrated by tight credit spreads, massive debt issuance, and blockbuster IPOs. Historically tight credit spreads appear increasingly at odds with interest rate volatility, persistent inflation, and growing late-cycle pressures. While fundamentals remain strong across select industries, others are beginning to weaken as economic headwinds build.

Throughout the period, the Bank of Canada (the “BoC”) held overnight interest rates at 2.25%. The BoC has continuously highlighted weak economic activity in Canada and ongoing uncertainty surrounding U.S. trade policy. The BoC has also clearly signalled that it will remain on hold for an extended period as monetary policy passes the baton to fiscal policy.

During the period, the Federal Reserve (the “Fed”) held the upper bound of the Fed Funds Target Rate at a level of 3.75%. Newly appointed Fed Chair Kevin Warsh reaffirmed the Fed’s dual mandate and emphasized the committee’s goal of restoring price stability. Markets interpreted the messaging as hawkish, with additional rate hikes in the second half of the year now fully reflected in U.S. swap market pricing.

The Fund maintains a sizeable position in liquid government securities as both credit and interest rate risks remained elevated. The weight to securities in the portfolio with ratings of AAA/AA was at 25.0% as at the end of the period. The higher quality, liquid positions will allow the Fund to take advantage of future opportunities in the credit markets at more favourable valuations. The weight to securities in the portfolio with ratings of BB or below was at 17.4% - this relatively low weighting is indicative of the lack of opportunities in the lower quality segment of the credit markets by virtue of tight credit spreads.

During the period, the Fund added the following corporate bond issues: Avis Budget Car Rental 8.00% February 15, 2031; Canadian Imperial Bank of Commerce 3.65% January 13, 2032; Hertz 8.00% July 15, 2029; New York Life Insurance Company 4.20% May 9, 2033; Royal Bank of Canada 3.572% December 9, 2031; Toronto-Dominion Bank 3.605% September 10, 2031; WTH Car Rental ULC 3.665% August 20, 2029.

Canso's guiding principle in the management of the Fund is to take risk when adequately compensated, which extends to both interest rate risk and credit risk. At June 30, 2026, the Fund’s duration was 3.0 years which is below the benchmark duration of 5.7 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.

There were no changes to the membership of the Fund’s Independent Review Committee (“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 classes, 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 Fund's most recently filed Annual Information Form.

The Fund paid $558,736 (excluding HST) in management fees to the Manager for the period ended June 30, 2026 (December 31, 2025 - $1,113,025).

The Manager is also entitled to receive a performance fee from the Fund (the “Performance Fee”) under certain conditions as described in the Fund's most recently filed Annual Information Form. For the period ended June 30, 2026, the Performance Fee accrued payable by the Fund was $137,751 (excluding HST) (December 31, 2025 - $4,293).

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 will also pay to Canso a percentage of any Performance Fee that the Manager receives from the Fund, such percentage to be agreed upon between the Manager and the Portfolio Manager from time to time.

The Manager paid $272,374 (excluding HST) to the Portfolio Manager for the period ended June 30, 2026 (December 31, 2025 - $522,846) including performance fees, if applicable.

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.

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 Class, calculated daily and payable monthly. The Fund pays a management fee at a rate of 0.75% per annum for Class A and Class F units.

The Fund may also pay a performance fee under certain conditions as described in the Fund's most recent Annual Information Form.

Financial Highlights

Class A*

Period ended		June 30, 2026		December 31, 2025		December 31, 2024		December 31, 2023		December 31, 2022		December 31, 2021
Net assets per unit[1]												
Net assets, beginning of period	$	16.11	$	15.92	$	14.85	$	14.71	$	15.29	$	13.69
Operations:												
Total revenue		0.54		0.88		0.81		1.18		0.59		1.20
Total expenses		(0.20)		(0.25)		(0.52)		(0.57)		(0.28)		(1.17)
Realized gains (losses)		0.40		0.68		0.35		(0.07)		1.58		1.88
Unrealized gains (losses)		(0.29)		(0.62)		0.94		0.08		(1.97)		0.18
Total increase (decrease) from operations[2]	**$**	**0.45**	**$**	**0.69**	**$**	**1.58**	**$**	**0.62**	**$**	**(0.08)**	**$**	**2.09**
Distributions:												
From income (excluding dividends)		(0.25)		(0.30)		(0.32)		(0.29)		(0.36)		(0.41)
From dividends		-		(0.09)		(0.12)		(0.12)		(0.19)		(0.08)
From capital gains		-		(0.73)		(0.14)		(0.34)		(0.51)		(1.70)
From return of capital		-		-		-		-		-		-
Total distributions[2 3]	**$**	**(0.25)**	**$**	**(1.12)**	**$**	**(0.58)**	**$**	**(0.75)**	**$**	**(1.06)**	**$**	**(2.19)**
Net assets, end of period[2 3]	**$**	**16.32**	**$**	**16.11**	**$**	**15.92**	**$**	**14.85**	**$**	**14.71**	**$**	**15.29**

Class F*

Period ended		June 30, 2026		December 31, 2025		December 31, 2024		December 31, 2023		December 31, 2022		December 31, 2021
Net assets per unit[1]												
Net assets, beginning of period	$	18.42	$	18.13	$	16.74	$	16.52	$	17.09	$	15.01
Operations:												
Total revenue		0.62		1.01		0.92		1.33		0.66		1.32
Total expenses		(0.22)		(0.30)		(0.63)		(0.64)		(0.32)		(1.11)
Realized gains (losses)		0.49		0.77		0.40		(0.10)		1.83		1.88
Unrealized gains (losses)		(0.36)		(0.62)		1.06		0.07		(2.48)		0.59
Total increase (decrease) from operations[2]	**$**	**0.53**	**$**	**0.86**	**$**	**1.75**	**$**	**0.66**	**$**	**(0.31)**	**$**	**2.68**
Distributions:												
From income (excluding dividends)		(0.25)		(0.24)		(0.33)		(0.33)		(0.15)		(0.30)
From dividends		-		(0.07)		(0.13)		(0.13)		(0.08)		(0.06)
From capital gains		-		(1.08)		(0.10)		(0.34)		(0.97)		(2.87)
From return of capital		-		-		-		-		-		-
Total distributions[2 3]	**$**	**(0.25)**	**$**	**(1.39)**	**$**	**(0.56)**	**$**	**(0.80)**	**$**	**(1.20)**	**$**	**(3.23)**
Net assets, end of period[2 3]	**$**	**18.69**	**$**	**18.42**	**$**	**18.13**	**$**	**16.74**	**$**	**16.52**	**$**	**17.09**

1) The information is derived from the Fund's unaudited semi-annual and/or 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. A portion of the distributions in 2021, 2022, 2023, 2024 and 2025 were paid in cash ($0.50/unit) and the remainder was paid as a special non-cash distribution.

Ratios and Supplemental Data

Class A*

Period ended	June 30, 2026	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Ratios and supplemental data						
Net asset value[4] (thousands)	$ 132,454	$ 146,379	$ 145,164	$ 135,004	$ 148,933	$ 152,808
Units outstanding	8,118,129	9,084,187	9,116,797	9,093,749	10,123,880	9,992,726
Management expense ratio[5]	1.13%	0.90%	2.08%	2.53%	0.96%	6.85%
Management expense ratio before waivers or absorption	1.13%	0.90%	2.08%	2.53%	0.96%	6.85%
Portfolio turnover rate[6]	38.52%	65.09%	63.61%	41.43%	52.27%	37.82%
Trading expense ratio[7]	0.62%	0.05%	0.12%	0.13%	0.07%	0.01%
Net asset value per unit, end of period	16.32	16.11	15.92	14.85	14.71	15.29
Closing Market price per unit[4]	16.02	15.85	15.95	14.22	13.66	15.15

Class F*

Period ended	June 30, 2026	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Ratios and supplemental data						
Net asset value[4] (thousands)	$ 1,899	$ 1,991	$ 3,497	$ 3,919	$ 5,019	$ 7,747
Units outstanding	101,599	108,099	192,890	234,125	303,844	453,278
Management expense ratio[5]	1.08%	0.94%	2.28%	2.50%	0.98%	5.77%
Management expense ratio before waivers or absorption	1.08%	0.94%	2.28%	2.50%	0.98%	5.77%
Portfolio turnover rate[6]	38.52%	65.09%	63.61%	41.43%	52.3%	37.8%
Trading expense ratio[7]	0.62%	0.05%	0.12%	0.13%	0.07%	0.01%
Net asset value per unit, end of period	18.69	18.42	18.13	16.74	16.52	17.09

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. Prior to July 1, 2020, the Fund paid servicing fees at 0.40% per annum on Class A units. On July 1, 2020, the Fund discontinued the payment of servicing fees. Effective December 31, 2023 the management expense ratio excludes the stock borrows costs which will be reflected in the trading expense ratio.
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 proprotionate share of the commissions of any underlying fund in which the Fund invested. Effective December 31, 2023 the stock borrows costs will be reflected in the trading expense ratio.

Canso Credit Income Fund

Semi-Annual Management Report of Fund Performance as at June 30, 2026

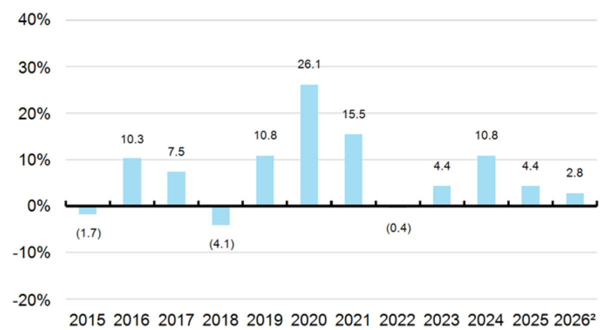
Past Performance

The following charts and table show the past performance of the Fund. Past performance does not necessarily indicate how the Fund will perform in the future. The information shown assumes that cash distributions made by the Fund in the years/periods shown were reinvested in additional units of the Fund.

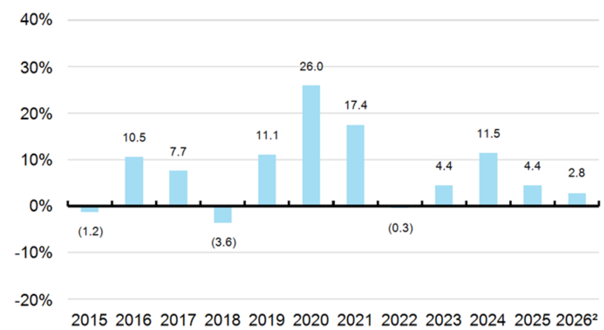
Prior to June 25, 2015, the Fund used a fund-on-fund investment strategy whereby the Fund gained exposure to Canso Credit Trust through a forward agreement. On June 25, 2015, as a result of changes to the Income Tax Act (Canada), CCIF changed its investment objectives, ceased to use a fund-on-fund strategy and began investing in securities directly. In addition, prior to July 1, 2020, the Fund paid servicing fees at 0.40% per annum on Class A units. On July 1, 2020, the Fund discontinued the payment of servicing fees. These changes could have affected the performance of the Fund or a class of units of the Fund had these changes been in effect throughout the performance measurement period.

Year-by-Year Returns

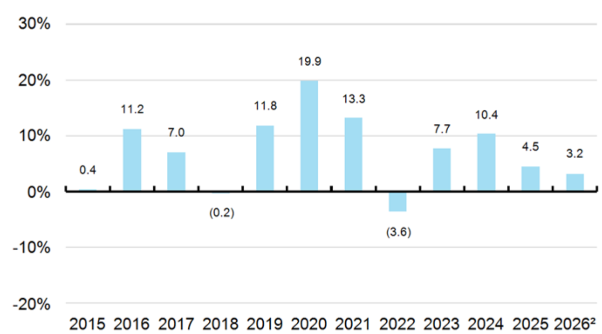
Class A



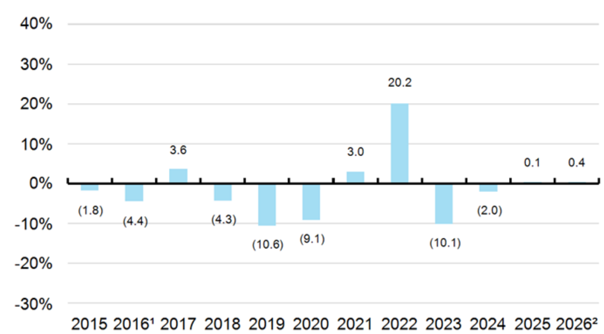
Class F



Long Portfolio



Short Portfolio



1) Restated performance for short portfolio for January 1 to December 31

2) For the period January 1 to June 30

Summary of Investment Portfolio

	% of NAV
Long Positions	
Government of Canada	10.7%
Royal Bank of Canada	8.4%
TD Bank Group	7.5%
Manulife Financial Corp.	6.9%
Air Canada	6.4%
The Hertz Corp.	4.8%
General Electric Capital Canada	4.6%
Strait Crossing Development Inc.	4.3%
FLINT Corp. (Equity)	4.1%
Bank of Nova Scotia	3.9%
TD Securities Inc.	3.6%
CIBC World Markets	3.5%
TransCanada Pipelines Ltd.	3.1%
Thomson Reuters Corp. (Equity)	2.9%
Yellow Pages Ltd. (Equity)	2.8%
Canadian Imperial Bank of Commerce	2.4%
Metropolitan Life Global Funding	2.3%
Sun Life Financial Inc.	2.2%
Avis Budget Car Rental	2.2%
Equitable Bank	2.0%
Hydro One Ltd.	2.0%
MDA Space Ltd. (Equity)	1.9%
Great-West Lifeco Inc.	1.4%
Loblaw Companies Ltd.	1.3%
Total	**95.2%**
Short Positions	
Government of Canada	(3.9%)
Total	**(3.9%)**
Total Portfolio Long Positions	**103.9%**
Total Portfolio Short Positions	**(3.9%)**

Asset Mix

	% of NAV
Cash and Cash Equivalents	0.5
Canadian Fixed Income	81.4
Foreign Fixed Income	12.9
Canadian Equities	10.4
Preferred Shares	4.7
Canadian Fixed Income - Short	(3.9)
Other Assets less Liabilities	(6.0)
Total	**100.0**

Sector Allocation

	% of NAV
Cash and Cash Equivalents	0.5
Communication Services	9.7
Consumer Discretionary	0.2
Consumer Staples	12.8
Energy	7.3
Financials	52.7
Government	6.8
Industrials	14.0
Other Assets less Liabilities	(6.0)
Utilities	2.0
Total	**100.0**

Canso Credit Income Fund

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