

Lysander-Canso Credit Opportunities Fund

As at June 30, 2026

Semi-Annual Management Report of Fund Performance



This semi-annual Management Report of Fund Performance of Lysander-Canso Credit Opportunities 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.

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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 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.

Investment Strategies

The Fund's portfolio manager is Canso Investment Counsel Ltd. (“Portfolio Manager” or “Canso”), a company under common control as the Manager. The Fund will seek to achieve returns through a portfolio that primarily invests in, or has exposure to, corporate bonds of Canadian and foreign issuers. Portfolio investments may include higher risk securities and the Fund may take large portfolio exposures to specific countries, market sectors, market movements or other investment insights. The Fund may invest up to 100% of its net 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

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

The Fund returns for the period ended June 30, 2026 were 1.47% for Series A, 1.90% for Series C and 1.76% for Series F.

The net assets of the Fund were approximately \$39.3 million at June 30, 2026 from \$40.5 million at the beginning of the period. There were net redemptions of \$1.2 million during the period.

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.

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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 maintained a sizeable weight in liquid securities as both credit and interest rate risks remained elevated. The Fund's weight in BB & below rated securities is 13.3% as spreads on high yield bonds remained expensive. The Fund had a net positive exposure of 44.6% to AAA/AA rated securities.

During the period, the Fund added the following corporate bond issues: Avis Budget Car Rental 5.75% July 15, 2027; Avis Budget Car Rental 8.375% June 15, 2032; Canadian Imperial Bank of Commerce 3.65% January 13, 2032; Hertz 5.00% December 1, 2029; Hertz 12.625% July 15, 2029; New York Life Insurance Company 4.20% May 9, 2033; Toronto-Dominion Bank 3.687% January 9, 2032.

The top three securities that contributed to the Fund's performance over the period were: Manulife Financial 4.1% March 19, 2082, TransCanada Pipeline FRN May 15, 2067, and Air Canada 4.625% August 15, 2029.

The Fund continues to only take on duration when it believes it's being compensated for the incremental interest rate risk or where it can effectively hedge by shorting government securities. At June 30, 2026 the Fund held no short positions. The Fund's duration was 3.3 years at the end of the period below its benchmark 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 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 \$173,236 (including HST) in management fees to the Manager for the period ended June 30, 2026 (June 30, 2025 - \$172,726).

The Manager is also entitled to receive a performance fee from Series A and F units of the Fund (the "Performance Fee") under certain conditions as described in the Fund's most recently filed Prospectus. For the period ended June 30, 2026, the Performance Fee accrued and payable by the Fund was \$914 (including HST) (June 30, 2025 - \$34,235).

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 the Portfolio Manager 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 \$81,949 (including HST) to the Portfolio Manager for the period ended June 30, 2026 (June 30, 2025 - \$82,187).

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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 management fee, based on the net asset value of each Series, calculated daily and payable monthly. Effective May 11, 2020, the Fund paid a management fee at a rate of 1.25% per annum for Series A units, at a rate of 0.50% per annum for Series C 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.

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Financial Highlights

Series A

Period ended	June 30, 2026	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Net assets per unit¹						
Net assets, beginning of year	\$ 12.22	\$ 12.16	\$ 11.44	\$ 11.50	\$ 12.44	\$ 11.74
Operations:						
Total revenue	0.29	0.62	0.90	0.70	0.49	0.53
Total expenses	(0.10)	(0.21)	(0.28)	(0.29)	(0.19)	(0.58)
Realized gains (losses)	0.29	0.03	0.01	(0.19)	0.65	0.68
Unrealized gains (losses)	(0.30)	0.01	0.35	0.19	(0.99)	0.51
Total increase (decrease) from operations²	\$ 0.18	\$ 0.45	\$ 0.98	\$ 0.41	\$ (0.04)	\$ 1.14
Distributions:						
From income (excluding dividends)	(0.19)	(0.26)	(0.19)	(0.46)	(0.17)	(0.37)
From dividends	-	(0.03)	(0.05)	(0.03)	(0.04)	(0.05)
From capital gains	-	(0.10)	(0.03)	-	(0.66)	(0.32)
Total distributions^{2 3}	\$ (0.19)	\$ (0.39)	\$ (0.27)	\$ (0.49)	\$ (0.87)	\$ (0.74)
Net assets, end of year^{2 3}	\$ 12.21	\$ 12.22	\$ 12.16	\$ 11.44	\$ 11.50	\$ 12.44

Series C

Period ended	June 30, 2026	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Net assets per unit¹						
Net assets, beginning of period	\$ 14.39	\$ 14.45	\$ 13.86	\$ 13.80	\$ 15.17	\$ 13.68
Operations:						
Total revenue	0.33	0.74	1.04	0.85	0.59	0.66
Total expenses	(0.05)	(0.13)	(0.14)	(0.12)	(0.12)	(0.13)
Realized gains (losses)	0.33	0.03	0.07	(0.17)	0.81	0.81
Unrealized gains (losses)	(0.34)	0.02	0.38	0.21	(1.23)	0.84
Total increase (decrease) from operations²	\$ 0.27	\$ 0.66	\$ 1.35	\$ 0.77	\$ 0.05	\$ 2.18
Distributions:						
From income (excluding dividends)	(0.29)	(0.48)	(0.51)	(0.66)	(0.27)	(0.39)
From dividends	-	(0.06)	(0.14)	(0.04)	(0.06)	(0.04)
From capital gains	-	(0.19)	(0.10)	-	(1.06)	(0.27)
Total distributions^{2 3}	\$ (0.29)	\$ (0.73)	\$ (0.75)	\$ (0.70)	\$ (1.39)	\$ (0.70)
Net assets, end of period^{2 3}	\$ 14.37	\$ 14.39	\$ 14.45	\$ 13.86	\$ 13.80	\$ 15.17

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Series F

Period ended	June 30, 2026	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Net assets per unit¹						
Net assets, beginning of period	\$ 10.90	\$ 10.81	\$ 10.10	\$ 10.20	\$ 10.96	\$ 10.22
Operations:						
Total revenue	0.26	0.56	0.73	0.62	0.42	0.47
Total expenses	(0.06)	(0.13)	(0.21)	(0.22)	(0.11)	(0.47)
Realized gains (losses)	0.26	0.03	0.10	(0.16)	0.59	0.55
Unrealized gains (losses)	(0.27)	0.02	0.29	0.15	(1.01)	0.50
Total increase (decrease) from operations²	\$ 0.19	\$ 0.48	\$ 0.91	\$ 0.39	\$ (0.11)	\$ 1.05
Distributions:						
From income (excluding dividends)	(0.20)	(0.25)	(0.13)	(0.48)	(0.15)	(0.24)
From dividends	-	(0.03)	(0.04)	(0.03)	(0.03)	(0.04)
From capital gains	-	(0.10)	(0.03)	-	(0.57)	(0.29)
Total distributions^{2 3}	\$ (0.20)	\$ (0.38)	\$ (0.20)	\$ (0.51)	\$ (0.75)	\$ (0.57)
Net assets, end of period^{2 3}	\$ 10.89	\$ 10.90	\$ 10.81	\$ 10.10	\$ 10.20	\$ 10.96

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 or reinvested in additional units, or both.

Ratios and Supplemental Data

Series 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	\$ 3,422,117	\$ 3,299,493	\$ 2,919,247	\$ 2,890,727	\$ 3,612,923	\$ 2,643,911
Units outstanding	280,161	269,922	240,166	252,644	314,068	212,520
Management expense ratio ⁵	1.58%	1.61%	2.26%	2.43%	1.63%	4.68%
Management expense ratio before waivers or absorption	1.58%	1.61%	2.27%	2.91%	1.63%	4.82%
Portfolio turnover rate ⁶	52.6%	51.6%	131.1%	67.2%	93.0%	43.8%
Trading expense ratio ⁷	0.01%	0.09%	0.10%	0.09%	0.07%	-
Net asset value per unit, end of period	12.21	12.22	12.16	11.44	11.50	12.44

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Series C

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	\$ 3,000,284	\$ 2,944,331	\$ 2,812,946	\$ 2,573,058	\$ 2,434,339	\$ 2,426,610
Units outstanding	208,719	204,626	194,705	185,680	176,420	159,921
Management expense ratio ⁵	0.74%	0.78%	0.86%	0.78%	0.79%	0.85%
Management expense ratio before waivers or absorption	0.74%	0.78%	0.90%	0.78%	0.79%	1.04%
Portfolio turnover rate ⁶	52.6%	51.6%	131.1%	67.2%	93.0%	43.8%
Trading expense ratio ⁷	0.01%	0.09%	0.10%	0.09%	0.07%	-
Net asset value per unit, end of period	14.37	14.39	14.45	13.86	13.80	15.17

Series 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	\$ 32,846,484	\$ 34,297,464	\$ 33,890,547	\$ 38,703,414	\$ 50,216,122	\$ 55,314,631
Units outstanding	3,016,918	3,146,329	3,134,600	3,832,950	4,924,179	5,047,372
Management expense ratio ⁵	1.03%	1.05%	1.90%	2.10%	1.08%	4.32%
Management expense ratio before waivers or absorption	1.03%	1.05%	1.91%	2.55%	1.08%	4.47%
Portfolio turnover rate ⁶	56.2%	51.6%	131.1%	67.2%	93.0%	43.8%
Trading expense ratio ⁷	0.01%	0.09%	0.10%	0.09%	0.07%	-
Net asset value per unit, end of period	10.89	10.90	10.81	10.10	10.20	10.96

4) This information is provided at the end of the period shown.

5) The management expense ratio ("MER") is based on the total expenses of the period ended, including the Fund's proportionate share of the MER, if any, of any underlying fund in which the Fund has invested, and is expressed as an annualized percentage of daily average net asset value during the period. Effective December 31, 2023 the management expense ratio excludes the stock borrow 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. Effective December 31, 2023 the stock borrow costs will be reflected in the trading expense ratio.

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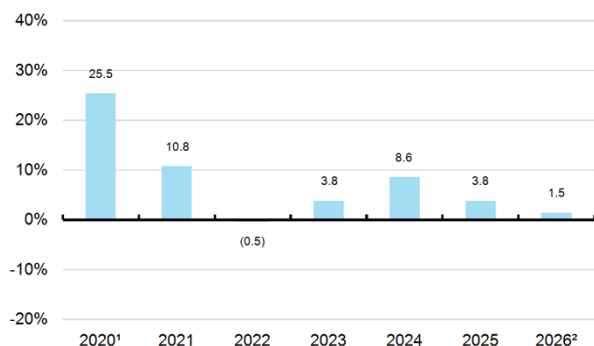
Past Performance

The Fund became a reporting issuer on May 11, 2020. Accordingly, returns are shown for the relevant period/years as indicated below.

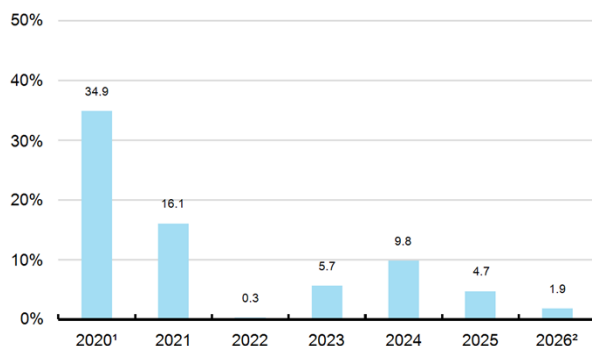
The performance information assumes that any distributions are reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Past performance does not necessarily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

Year-by-Year Returns

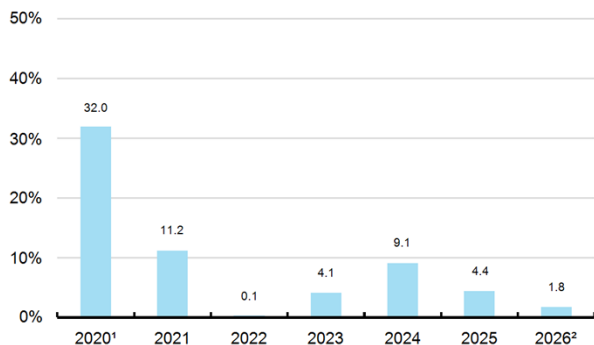
Series A



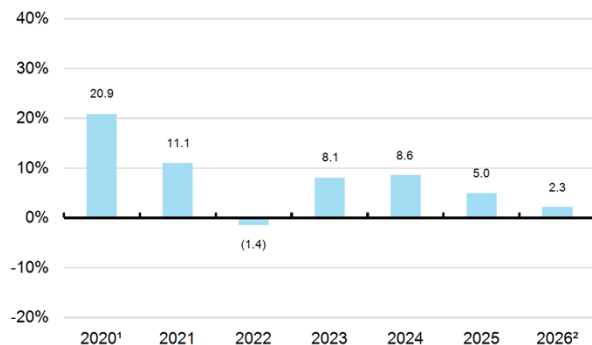
Series C



Series F



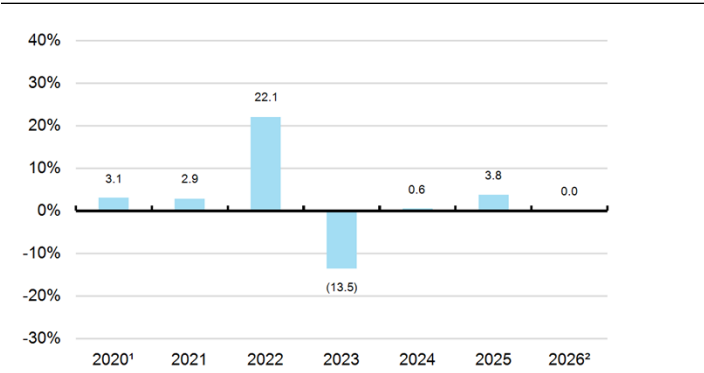
Long Portfolio



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Short Portfolio



1) For the period May 11 to December 31

2) For the period Janauary 1 to June 30

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Summary of Investment Portfolio

Top 25 Issuers

	% of NAV
Long Positions	
Government of Canada	31.1%
TD Bank Group	7.2%
Manulife Financial Corp.	5.8%
Air Canada	5.4%
Royal Bank of Canada	4.0%
The Hertz Corp.	3.8%
Bank of Nova Scotia	3.7%
TD Securities Inc.	3.6%
RBC Dominion Securities Inc.	3.2%
TransCanada Pipelines Ltd.	2.4%
Avis Budget Car Rental	2.3%
Canadian Imperial Bank of Commerce	2.3%
Hydro One Ltd.	1.9%
Sun Life Financial Inc.	1.8%
Enbridge Inc. (Equity)	1.6%
Great-West Lifeco Inc.	1.6%
Metropolitan Life Global Funding	1.5%
Cash and Cash Equivalents	1.3%
New York Life Global Funding	1.2%
Bird Construction Inc. (Equity)	1.1%
Cineplex Inc.	1.0%
Royal Bank of Canada (Equity)	1.0%
BCE Inc. (Equity)	1.0%
Pacific Life Global Funding II	0.9%
General Electric Capital Canada	0.9%
Total	91.6%
Short Positions	
Total Portfolio Long Positions	100.0%
Total Portfolio Short Positions	0.0%

Asset Mix

	% of NAV
Canadian Equities	2.7
Canadian Fixed Income	55.5
Cash and Cash Equivalents	1.3
Foreign Fixed Income	10.5
Inflation Bonds	15.3
Mortgage Backed Securities	8.5
Other Assets Less Liabilities	0.6
Preferred Shares	4.7
Private Placements	0.9
Total	100.0

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Sector Allocation

	% of NAV
Cash and Cash Equivalents	1.3
Communication Services	3.1
Consumer Discretionary	0.2
Consumer Staples	6.6
Energy	4.4
Financials	42.4
Government	31.1
Industrials	8.4
Other Assets Less Liabilities	0.6
Utilities	1.9
Total	100.0



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

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