Lysander-Canso Strategic Credit Fund

As at June 30, 2026

Semi-Annual Management Report of Fund Performance

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

Lysander-Canso Strategic Credit Fund

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 seek to achieve total returns by investing primarily in fixed income securities.

Investment Strategies

The Fund’s portfolio manager is Canso Investment Counsel Ltd. (“Portfolio Manager” or “Canso”), a company under common control as the Manager. The Fund’s portfolio will primarily be invested incorporate bonds and other fixed income securities such as debentures, notes, mortgage-backed securities, asset backed securities, loans or other types of indebtedness. The Fund may invest up to 100% of its assets in foreign securities. More details are contained in the Fund’s simplified prospectus.

Risks

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

Results of Operations

The Fund returns for the period ended June 30, 2026 were -0.02% for Series A, 0.26% for Series F, and 0.78% for Series O.

The net assets of the Fund were approximately $203.6 million at June 30, 2026 from $1.2 million at the beginning of the period. There were net subscriptions of $201.2 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.

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 securities such as Government bonds and NHA MBS securities. The weight to Government bonds in the portfolio was at 43%, while the weight to NHA MBS securities was at 14% as at the end of the period. The higher quality, liquid positions will enable the Fund to take advantage of future opportunities in the credit markets at more favourable valuations.

During the period, the Fund added the following corporate bond issues: Avis Budget Car Rental 8.375% June 15, 2032; Bank of Montreal 3.731% June 3, 2031; Bank of Nova Scotia 3.616% January 30, 2032; Canadian Imperial Bank of Commerce 3.65% January 13, 2032; Hertz 12.625% July 15, 2029; Honda Canada 3.539% September 23, 2030; Manulife Financial Corporation 5.883% June 19, 2081; MetLife, Inc. 4.149% June 6, 2033; New York Life Insurance Company 4.00% June 17, 2032; Pacific Life Insurance Company 4.195% July 29, 2032; Royal Bank of Canada 3.572% December 9, 2031; Toronto-Dominion Bank 3.60% October 31, 2081; WTH Car Rental ULC 4.255% August 20, 2029.

The Fund is positioned to take strategic positions in idiosyncratic credit events as opportunities and value is presented. 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 3.9 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 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 $4,870 (excluding HST) in management fees to the Manager for the period ended June 30, 2026.

The Portfolio Manager is responsible for all investment advice provided to the Fund including providing investment analysis and recommendations, making investment decisions and arranging for the acquisition and disposition of portfolio investments. Fees for providing these services are included in the management fee. Portfolio management fees for the Portfolio Manager's services are paid from the management fee.

The Manager paid $2,435 (excluding HST) to the Portfolio Manager for the period ended June 30, 2026.

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 Series, calculated daily and payable monthly. The Fund pays a management fee at a rate of 1.35% per annum for Series A units and at a rate of 0.85% per annum for Series F units. No management fee is charged to the Fund with respect to Series O units, but investors are charged a negotiated management fee.

Service fees or trailing commissions of a maximum of 0.50% per annum are paid on Series A units to dealers. This comprises approximately 37% of the management fee of Series A units.

Financial Highlights

Series A*

Period ended		June 30, 2026		December 31, 2025
Net assets per unit[1]				
Net assets, beginning of period	$	10.02	$	10.00
Operations:				
Total revenue		0.15		0.01
Total expenses		(0.09)		(0.01)
Realized gains (losses)		0.02		-
Unrealized gains (losses)		(0.08)		0.03
Total increase (decrease) from operations[2]	**$**	**-**	**$**	**0.03**
Distributions:				
From income (excluding dividends)		(1.41)		(0.01)
Total distributions[2 3]	**$**	**(1.41)**	**$**	**(0.01)**
Net assets, end of period[2 3]	**$**	**8.60**	**$**	**10.02**

Series F*

Period ended		June 30, 2026		December 31, 2025
Net assets per unit[1]				
Net assets, beginning of period	$	10.03	$	10.00
Operations:				
Total revenue		0.15		0.01
Total expenses		(0.06)		(0.01)
Realized gains (losses)		0.02		-
Unrealized gains (losses)		(0.08)		0.03
Total increase (decrease) from operations[2]	**$**	**0.03**	**$**	**0.03**
Distributions:				
From income (excluding dividends)		(1.43)		-
Total distributions[2 3]	**$**	**(1.43)**	**$**	**0.00**
Net assets, end of period[2 3]	**$**	**8.62**	**$**	**10.03**

Series O*

Period ended		June 30, 2026		December 31, 2025
Net assets per unit[1]				
Net assets, beginning of period	$	10.02	$	10.00
Operations:				
Total revenue		0.14		0.01
Total expenses		(0.01)		-
Realized gains (losses)		0.01		-
Unrealized gains (losses)		0.11		0.03
Total increase (decrease) from operations[2]	**$**	**0.25**	**$**	**0.04**
Distributions:				
From income (excluding dividends)		(0.13)		(0.01)
Total distributions[2 3]	**$**	**(0.13)**	**$**	**(0.01)**
Net assets, end of period[2 3]	**$**	**9.97**	**$**	**10.02**

* Series A commenced operations on December 10, 2025
* Series F commenced operations on December 10, 2025
* Series O commenced operations on December 10, 2025
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
Ratios and supplemental data				
Net asset value[4]	$	10,029	$	10,028
Units outstanding		1,166		1,001
Management expense ratio[5]		1.80%		1.66%
Management expense ratio before waivers or absorption		2.47%		1.66%
Portfolio turnover rate[6]		129.38%		3.72%
Trading expense ratio[7]		-		-
Net asset value per unit, end of period		8.60		10.02

Series F*

Period ended		June 30, 2026		December 31, 2025
Ratios and supplemental data				
Net asset value[4]	$	1,146,817	$	1,127,539
Units outstanding		133,039		112,417
Management expense ratio[5]		1.25%		1.20%
Management expense ratio before waivers or absorption		1.92%		1.20%
Portfolio turnover rate[6]		129.38%		3.72%
Trading expense ratio[7]		-		-
Net asset value per unit, end of period		8.62		10.03

Series O*

Period ended	June 30, 2026	December 31, 2025
Ratios and supplemental data		
Net asset value[4]	$ 202,466,849	$ 10,037
Units outstanding	20,299,946	1,001
Management expense ratio[5]	0.12%	0.33%
Management expense ratio before waivers or absorption	0.12%	0.33%
Portfolio turnover rate[6]	129.38%	3.7%
Trading expense ratio[7]	-	0.00%
Net asset value per unit, end of period	9.97	10.02

* Series A commenced operations on December 10, 2025
* Series F commenced operations on December 10, 2025
* Series O commenced operations on December 10, 2025
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.
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.

Lysander-Canso Strategic Credit Fund

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

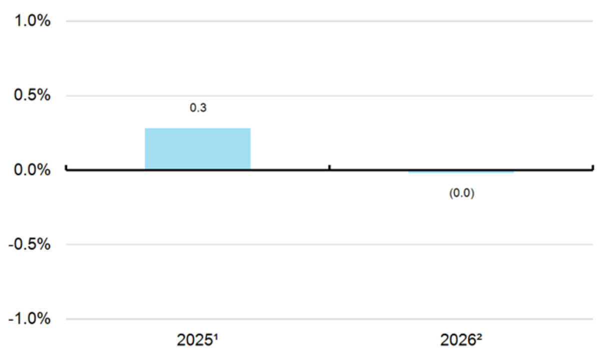
Past Performance

The Fund became a reporting issuer on December 10, 2025. Accordingly, returns are shown for the relevant period/years as indicated below.

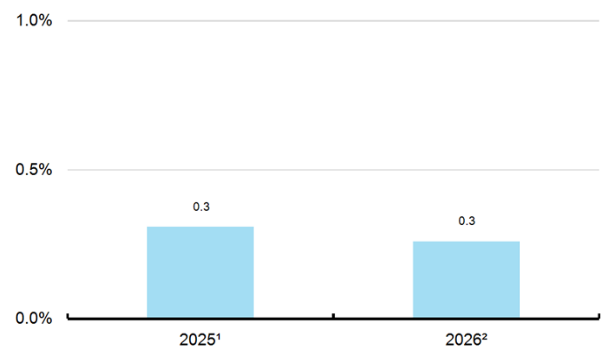
The performance information assumes that any distributions are reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Past performance does not necessarily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

Year-by-Year Returns

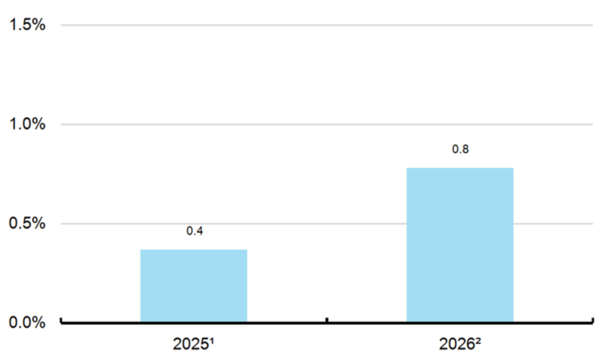
Series A



Series F



Series O



1) For the period December 10 to December 31
2) For the period January 1 to June 30

Summary of Investment Portfolio

Top 25 Issuers

	% of NAV
Government of Canada	43.0
CIBC World Markets	13.6
Royal Bank of Canada	7.8
TD Bank Group	6.0
Bank of Montreal	4.9
Canadian Imperial Bank of Commerce	4.9
Bank of Nova Scotia	4.9
Honda Canada Finance Inc.	3.9
Manulife Financial Corp.	3.0
Avis Budget Car Rental	2.1
Metropolitan Life Global Funding	2.0
The Hertz Corp.	1.5
Pacific Life Global Funding II	1.0
New York Life Global Funding	1.0
Cash and Cash Equivalents	0.9
WTH Car Rental ULC	0.6
Avis Budget Rental Car Funding LLC	0.4
Air Canada	0.1
Hydro One Ltd.	0.1
Massmutual Global Funding	0.1
Cineplex Inc.	0.0
407 International Inc.	0.0
Total	**101.8**

Asset Mix

	% of NAV
Canadian Fixed Income	74.7
Cash and Cash Equivalents	0.9
Foreign Bank Loans	1.5
Foreign Fixed Income	6.5
Inflation Bonds	0.0
Mortgage Backed Securities	13.7
Other Assets less Liabilities	(1.8)
Private Placements	4.5
Total	**100.0**

Sector Allocation

	% of NAV
Cash and Cash Equivalents	0.9%
Consumer Discretionary	3.9%
Consumer Staples	3.7%
Financials	50.3%
Government	43.0%
Industrials	0.0%
Other Assets less Liabilities	(1.8%)
Total	**100.0%**

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