

Lysander-Pembroke U.S. Small-Mid Cap Fund

As at June 30, 2026

Semi-Annual Management Report of Fund Performance



This semi-annual Management Report of Fund Performance of Lysander-Pembroke U.S. Small-Mid Cap 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 provide long-term growth through capital appreciation by investing primarily in equity securities of a concentrated number of small to mid-sized U.S. companies judged to have above average growth potential or to be undervalued.

Investment Strategies

The Fund’s portfolio manager is Pembroke Management Ltd. (“Portfolio Manager” or “Pembroke”). The Fund’s portfolio is primarily invested in small to mid-sized U.S. companies that are listed on a U.S. stock exchange. The Fund will not be leveraged. 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 11.50% for Series A and 12.13% for Series F.

The Fund’s benchmark, the S&P 600 Total Return Index (“Index”), declined by 2.82% for the same period.

The net assets of the Fund were approximately \$1.63 million at June 30, 2026 from \$1.48 million at the beginning of the period. There were net redemptions of \$25.2 thousand during the period.

The Fund is more concentrated than the S&P 600, by design, and maintains meaningfully different industry exposures than those of the Index. By investing in a select group of high-quality growth companies, Pembroke seeks to deliver attractive risk-adjusted returns when measured over the long term, while accepting that short-term relative performance can vary negatively or positively to a significant degree.

During the period, the U.S. small- and mid-cap equity market delivered strong positive absolute returns overall, though leadership was unusually narrow and concentrated. A significant portion of the Index gains was driven by biotechnology and life sciences companies, where merger and acquisition activity and speculative re-rating produced exceptional short-term results, and by a small cluster of artificial intelligence-related names where momentum significantly outweighed near-term fundamental valuation. The Fund does not invest in pre-revenue or unprofitable biotechnology companies, a longstanding feature of Pembroke’s quality-growth discipline reflecting the binary-outcome risk profile of that category. The Fund also maintained a measured, valuation-anchored approach to AI-related exposures rather than index-tracking weights. Both of these structural differences were contributors to the gap between the Fund’s return and that of the Index during the period.

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The Fund's relative performance reflected meaningful differences in both sector allocation and stock selection versus the index. Within the Industrials sector — in which the Fund maintained a significant overweight — absolute contributions to return were positive and substantial, supported by exceptional performance from data-centre and infrastructure-adjacent holdings. This sector positioning was additive to results. The primary driver of relative underperformance was the Information Technology sector, where Index returns were significantly elevated by the extraordinary appreciation of semiconductor and AI hardware names, while a number of the Fund's software-oriented holdings experienced sustained valuation multiple compression. Investor concerns about the long-term competitive implications of artificial intelligence for enterprise software business models — particularly the potential for AI-enabled tools to reduce barriers to entry and compress pricing power — weighed on the segment broadly, and certain holdings of the Fund were more acutely affected. The team reduced software exposure throughout the period, exiting positions where conviction in long-term competitive positioning had diminished and redeploying capital toward businesses with more defensible earnings trajectories.

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

The Fund continues to be positioned in a concentrated group of high-quality, profitable small and mid-sized U.S. companies with specific and identifiable long-term growth drivers. During the period, the Fund reduced its exposure to enterprise software businesses and increased its allocation in what Pembroke describes as "secularly growing businesses" — companies in industrials, government services, consumer, and healthcare end markets where demand is structurally rather than cyclically driven. Key portfolio themes include exposure to artificial intelligence data-centre infrastructure through power management semiconductor and thermal management holdings, domestic U.S. economic activity and government services through defence logistics and commercial services businesses, and selected consumer brands with demonstrated earnings growth and operating leverage.

The environment for quality-growth investing in U.S. small and mid-cap equities has been characterised by narrow market leadership in recent periods. Pembroke believes the conditions supporting a broadening of that leadership — including a historically large valuation gap between small and large-cap equities, fiscal tailwinds from capital investment incentives, and the domestic-revenue orientation of small-cap businesses that provides relative insulation from global trade disruptions — remain intact. The portfolio is positioned to benefit as capital allocation normalises toward profitable, growing businesses with reasonable valuations.

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 \$7,649 (excluding HST) in management fees to the Manager for the period ended June 30, 2026 (June 30, 2025 - \$3,964).

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 \$3,795 (excluding HST) to the Portfolio Manager for the period ended June 30, 2026 (June 30, 2025 - \$1,973).

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.

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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 2.00% per annum for Series A units and at a rate of 1.00% per annum for Series F units.

Service fees or trailing commissions of a maximum of 1.00% per annum are paid on Series A units to dealers. This comprises approximately 50% of the management fee of Series A units.

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Financial Highlights

Series A*

Period ended	June 30, 2026	December 31, 2025
Net assets per unit¹		
Net assets, beginning of period	\$ 8.76	\$ 10.00
Operations:		
Total revenue	0.02	0.03
Total expenses	(0.11)	(0.21)
Realized gains (losses)	(0.86)	(0.52)
Unrealized gains (losses)	1.21	0.11
Total increase (decrease) from operations²	\$ 0.26	\$ (0.59)
Distributions:		
From income (excluding dividends)	-	-
From dividends	-	-
From capital gains	-	-
Total distributions^{2 3}	\$ -	\$ -
Net assets, end of period^{2 3}	\$ 9.77	\$ 8.76

Series F*

Period ended	June 30, 2026	December 31, 2025
Net assets per unit¹		
Net assets, beginning of period	\$ 8.86	\$ 10.00
Operations:		
Total revenue	0.02	0.03
Total expenses	(0.06)	(0.12)
Realized gains (losses)	(0.75)	(0.53)
Unrealized gains (losses)	1.86	(0.14)
Total increase (decrease) from operations²	\$ 1.07	\$ (0.76)
Distributions:		
From income (excluding dividends)	-	-
From dividends	-	-
From capital gains	-	-
Total distributions^{2 3}	\$ -	\$ -
Net assets, end of period^{2 3}	\$ 9.93	\$ 8.86

* Series A commenced operations on January 31, 2025

* Series F commenced operations on January 31, 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.

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Ratios and Supplemental Data

Series A*

Period ended	June 30, 2026	December 31, 2025
Ratios and supplemental data		
Net asset value ⁴	\$ 9,772	\$ 14,625
Units outstanding	1,000	1,669
Management expense ratio ⁵	2.39%	2.42%
Management expense ratio before waivers or absorption	3.61%	4.98%
Portfolio turnover rate ⁶	31.65%	0.08%
Trading expense ratio ⁷	0.08%	0.11%
Net asset value per unit, end of period	9.77	8.76

Series F*

Period ended	June 30, 2026	December 31, 2025
Ratios and supplemental data		
Net asset value ⁴	\$ 1,618,148	\$ 1,463,407
Units outstanding	162,931	165,222
Management expense ratio ⁵	1.26%	1.26%
Management expense ratio before waivers or absorption	2.70%	3.75%
Portfolio turnover rate ⁶	31.65%	0.08%
Trading expense ratio ⁷	0.08%	0.11%
Net asset value per unit, end of period	9.93	8.86

* Series A commenced operations on January 31, 2025

* Series F commenced operations on January 31, 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 proportionate share of the commissions of any underlying fund in which the Fund invested.

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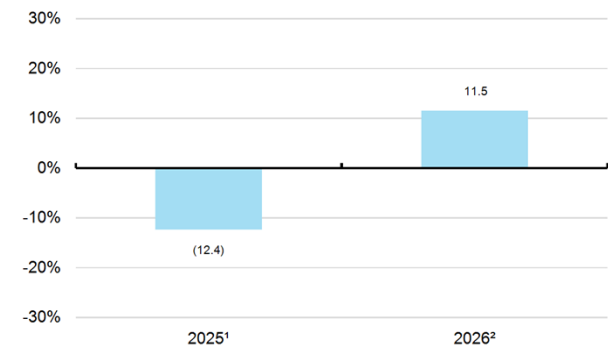
Past Performance

The Fund became a reporting issuer on January 31, 2025. Accordingly, returns are shown for the relevant period/years as indicated below.

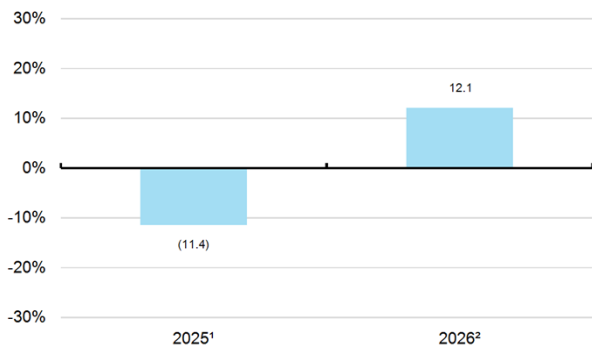
The performance information assumes that any distributions are reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Past performance does not necessarily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

Year-by-Year Returns

Series A



Series F



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

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Summary of Investment Portfolio

Top 25 Issuers

	% of NAV
Modine Manufacturing Co	9.2
AAON Inc.	8.3
Everpure Inc	8.0
Resideo Technologies Inc.	7.5
Federal Signal Corporation	7.5
VSE Corp	7.4
Core & Main Inc.	7.4
Monolithic Power Systems Inc.	7.2
Globus Medical Inc.	5.2
Hagerty Inc.	4.2
Louisiana-Pacific Corp	3.8
Saia Inc	3.5
Installed Building Products Inc.	3.4
SiteOne Landscape Supply Inc.	3.1
Timken Co/The	3.0
Watsco Inc.	2.9
Ligand Pharmaceuticals Inc	2.4
Healthcare Services Group Inc	2.3
Ollie's Bargain Outlet Holding	1.8
Cash and Cash Equivalents	1.3
Total	99.4

Asset Mix

	% of NAV
Cash and Cash Equivalents	1.3
Other Assets less Liabilities	0.5
US Equities	98.2
Total	100.0

Sector Allocation

	% of NAV
Cash and Cash Equivalents	1.3%
Consumer Discretionary	5.1%
Financials	4.2%
Health Care	7.7%
Industrials	65.9%
Information Technology	15.3%
Other Assets less Liabilities	0.5%
Total	100.0%



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Lysander-Pembroke U.S. Small-Mid Cap Fund

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