



**INDEPENDENT REVIEW COMMITTEE  
2017 ANNUAL REPORT TO UNITHOLDERS OF**

<p>Canso Credit Income Fund Lysander TDV Fund Canso Select Opportunities Fund Lysander-Canso Balanced Fund Lysander-Canso Corporate Value Bond Fund Lysander-Canso Bond Fund Lysander-Canso Short Term and Floating Rate Fund</p>	<p>Lysander-Canso Equity Fund Lysander-Canso U.S. Credit Fund Lysander-Crusader Equity Income Fund Lysander-18 Asset Management Canadian Equity Fund Lysander-Seamark Balanced Fund Lysander-Seamark Total Equity Fund Lysander-Slater Preferred Share Dividend Fund</p>
<p>Lysander-Canso Broad Corporate Bond Fund</p> <p>Lysander-Roundtable Low Volatility Equity Fund</p>	<p>Lysander-Slater Preferred Share <i>Activ</i>ETF Lysander-Triasima Balanced Income Fund Lysander-Triasima All Country Equity Fund Lysander-Fulcra Corporate Securities Fund</p>

The Independent Review Committee (the “IRC”) of the funds listed above (the “Lysander Funds”) is pleased to submit this Report to unitholders of the Lysander Funds for the year ended December 31, 2017. The IRC was formally established on June 23<sup>rd</sup>, 2010.

**MEMBERS OF THE LYSANDER INDEPENDENT REVIEW COMMITTEE**

The following chart sets forth the name of each member of the IRC as of the date of this report, such member’s length of service on the IRC and such member’s other IRC memberships:

Member Name	Length of Service	Does Member serve on the IRC of any other Fund Family?
Paul E. Fahey (Chair)	Appointed on June 23, 2010	Yes, for affiliate Canso Fund Management Ltd.
Jim McGill	Appointed on July 12, 2011	Yes, for affiliate Canso Fund Management Ltd.
Bill Schultz	Appointed on December 11, 2014	Yes, for affiliate Canso Fund Management Ltd.
Ruth Gould	Appointed on January 31, 2017	Yes, for affiliate Canso Fund Management Ltd.

Each member of the IRC is independent of the Lysander Funds and Lysander Funds Limited (the “Manager”), the manager of the Lysander Funds.

**SECURITY HOLDINGS OF THE LYSANDER IRC**

- a) As of December 31, 2017, the percentage of outstanding units of any series or class of the Lysander Funds owned directly or indirectly, in aggregate by all members of the IRC, did not exceed 10%.
- b) As of December 31, 2017, no member of the IRC beneficially owned, directly or indirectly, any class of voting or equity securities of the Manager.

- c) As of December 31, 2017, no member of the IRC beneficially owned directly or indirectly, any class or series of voting or equity securities of a person or company that provides services to the Lysander Funds or to the Manager.

#### **IRC COMPENSATION AND INDEMNITIES**

The aggregate compensation paid by the Lysander Funds to the Lysander IRC for the period of January 1, 2017 to December 31, 2017, was \$46,760 inclusive of applicable HST. The amount was allocated among the Lysander Funds in proportion to the Lysander Funds' assets in a manner that the Manager considers to be fair and reasonable.

The initial IRC compensation was set by the Manager. Going forward the members of the IRC will review and determine the IRC compensation on an annual basis while taking the following into consideration:

- the number, nature and complexity of the investment funds for which the IRC acts;
- the nature and extent of the workload of each member of the IRC, including the commitment of time and energy that is expected from each member;
- industry best practices, including industry averages and surveys on IRC compensation;
- the best interest of the investment funds; and
- the recommendation, if any, of the Manager.

There were no expenses reimbursed from the Lysander Funds to the IRC members during the period from January 1, 2017 to December 31, 2017. No indemnities were paid to the IRC members during this period.

#### **CONFLICT OF INTEREST MATTERS**

National Instrument 81-107 – Independent Review Committee for Investment Funds requires the IRC to review all conflict of interest matters identified and referred to the IRC by the Manager and to give an approval or a recommendation, depending on the nature of the conflict of interest matter. In certain cases, the IRC may also issue standing instructions to the Manager in conjunction with an approval or a recommendation to enable the Manager to act in the particular conflict of interest matter on a continuing basis. Below is a brief summary of specific conflict of interest matters that have been identified by the Manager and referred by the Manager to the IRC for the IRC's approval or recommendation:

- Updated standing instructions relating to the Employee Trading Policy
- Updated standing instructions relating to the Inter-Fund Trade Policy

The IRC is not aware of any instance where the Manager acted in a conflict of interest matter referred to the IRC for which the IRC did not provide a positive recommendation or where the Manager acted in a conflict of interest matter but did not meet a condition imposed by the IRC in its recommendation or approval.

Please see the attached Appendix for standing instructions relied upon by Lysander Funds as at December 31, 2017.

Respectfully submitted this 22<sup>nd</sup> day of March, 2018.

*"Paul Fahey"*

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Paul E. Fahey

Chairman of the Independent Review Committee

## APPENDIX – STANDING INSTRUCTIONS

As of December 31, 2017, Lysander Funds relied on the following standing instructions that were approved by the IRC, based on applicable policies and procedures of Lysander Funds regarding conflicts of interest (“Conflicts”):

- Inter-Fund Cross Trades
- Valuation
- Short Term Trading
- Employee trading
- Gift and Entertainment Policy
- NAV Error Policy
- Allocation of Fund Expenses
- Allocation of Investment Opportunities

The standing instructions for each of the above noted Conflicts require Lysander Funds to comply with the policies and procedures in respect of those Conflicts and provide periodic written reports to the IRC in accordance with National Instrument 81-107. Lysander Funds provided a written report to the IRC in March 2018 regarding its reliance on the standing instructions.