

# **LYSANDER TDV FUND**

## **SIMPLIFIED PROSPECTUS**

**November 21, 2018**

### **Offering Series A, Series D and Series F Units**

No securities regulatory authority has expressed an opinion about these units. It is an offence to claim otherwise. The Fund and the Units of the Fund offered under this Simplified Prospectus are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance on exemptions from registration.

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# Introduction

This Simplified Prospectus contains selected important information to help you make an informed investment decision and understand your rights as an investor. This Simplified Prospectus contains information about the Fund and the risks of investing in mutual funds generally, as well as the names of the firms responsible for the management of the Fund.

Throughout this Simplified Prospectus:

- *we, us, Lysander or the Manager* means Lysander Funds Limited, the trustee and investment fund manager of Lysander TDV Fund.
- *you* means each person who invests in the Fund.
- *dealer* means the company that sold you the Units of the Fund and the individual who sold them to you.
- *custodian* means CIBC Mellon Trust Company.
- *Fund* means Lysander TDV Fund.
- *HST* means the Harmonized Sales Tax.
- *intermediary* means a third party that you or your dealer may use to administer your accounts.
- *IRC* means the independent review committee of the Fund established pursuant to National Instrument 81-107 *Independent Review Committee for Investment Funds*.
- *the Lysander Funds* means the Fund, together with the additional mutual funds managed by the Manager and offered under a separate simplified prospectus.
- *MER* means the management expense ratio for each series of Units of the Fund which reflects certain operating expenses paid by the Fund, but excludes brokerage commission on portfolio transactions and certain other costs, including certain taxes.
- *NAV* means the net asset value per Unit of a series of the Fund.
- *Simplified Prospectus* means this simplified prospectus of the Fund.
- *underlying fund* means any mutual fund in which the Fund invests.
- *Unit* means a mutual fund unit of the Fund.
- *Unitholder* means a holder of Units.

## For more information

You can find more information about the Fund in:

- the Fund's Annual Information Form (**AIF**);
- the Fund's fund facts (**Fund Facts**);
- the latest annual financial statements for the Fund;

- any interim financial report filed after those annual financial statements;
- the most recently-filed annual management report of fund performance (**MRFP**) of the Fund; and
- any interim MRFP filed after that annual MRFP.

These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as part of it.

For a free copy of these documents, call us toll free at 1-877-308-6979 or ask your dealer. These documents and other information about the Fund are also available at [www.lysanderfunds.com](http://www.lysanderfunds.com) and [www.sedar.com](http://www.sedar.com).

# What is a mutual fund and what are the risks of investing in a mutual fund?

## **What is a mutual fund?**

The Fund is a mutual fund. A mutual fund is a way of making collective investments. When you invest in a mutual fund, you contribute your cash to a pool of investments along with many other people. Professional money managers use the cash to buy securities on behalf of all the contributors to a particular mutual fund.

A mutual fund invests in different kinds of securities based on its investment objectives. For example, a global equity fund buys mainly shares of global corporations, while a global balanced fund buys a mix of global equities and bonds. In each case, these securities form the mutual fund's investment portfolio. The value of these securities changes from day to day, reflecting changes in economic and market conditions, interest rates and company news. See *Price fluctuation* below for details.

## **What do you own?**

You receive units in a mutual fund in exchange for the cash you contribute, and you become a unitholder of the mutual fund. Where a mutual fund issues more than one series (**Series**), a unitholder shares in the fund's income, expenses and any gains and losses allocated to the unitholder's Series, generally in proportion to the units of the Series he or she owns.

## **Structure of the Fund**

The Fund is an open-end unit trust governed by a master declaration of trust under Ontario laws. Lysander, as trustee for the Fund, holds the property and investments of the Fund in trust for the Unitholders and arranges for a professional custodian to hold the investments in safekeeping.

You can buy an unlimited number of Units of a Series of the Fund.

## **What are the general risks of investing in a mutual fund?**

Risk is the chance that your investment may not perform as expected. There are different degrees and types of risk but, in general, the more investment risk you are willing to accept, the higher your potential returns and the greater your potential losses.

The general risks include:

### **Price fluctuation**

Mutual funds own different types of investments, depending on their investment objectives. The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions and market and company news. As a result, the value of a mutual fund's units may go up and down and the value of your investment in a mutual fund may be worth more or less when you redeem it than when you purchased it.

### **Your investment is not guaranteed**

The value of your investment in a mutual fund is not guaranteed. Unlike bank accounts or guaranteed investment certificates, mutual fund units are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

### **Redemptions may be suspended**

Under exceptional circumstances, your right to redeem your Units may be suspended. See *Suspending your right to redeem* on page 10 for details.

## **What are the specific risks of investing in a mutual fund?**

Each mutual fund also has specific risks. The description of the Fund, starting on page 22, sets out the risks that apply to the Fund. Following, in alphabetical order, is a description of each of those risks:

### **Active management risk**

The Fund is actively managed. The Fund is dependent on its portfolio management team to select individual securities and, therefore, is subject to the risk that unfavourable security selection or market allocation will cause the Fund to underperform relative to other mutual funds with a similar investment objective or relative to its benchmark index.

### **Credit risk**

Credit risk can have a negative impact on the value of a debt security, such as a bond. This risk includes:

- Default risk, which is the risk that the issuer of the debt will not be able to pay interest or repay the debt when it is due. Generally, the greater the risk of default, the lower the quality of the debt security.
- Credit spread risk, which is the risk that the difference in interest rates (called **credit spread**) between the issuer's bond and a bond considered to have little associated risk (such as a treasury bill) will increase. An increase in credit spread generally decreases the value of a debt security.
- Downgrade risk, which is the risk that a specialized credit rating agency will reduce the credit rating of an issuer's securities. A downgrade in credit rating generally decreases the value of a debt security.
- Collateral risk, which is the risk that in the event of a default under secured debt instruments, it may be difficult to sell the assets the issuer has given as collateral for the debt or that the assets may be deficient. This difficulty could cause a significant decrease in the value of a debt security.

### **Currency risk**

The assets and liabilities of the Fund are valued in Canadian dollars. As such, if the Fund holds a security denominated in a foreign currency, for the purposes of calculating the net asset value of the Fund, we convert, on a daily basis, the value of the security into Canadian dollars. Fluctuations in the value of the Canadian dollar relative to the foreign currency will impact the net asset value of the Fund. If the value of the Canadian dollar has increased relative to the foreign currency, the return on the foreign security may be reduced, eliminated or made negative. The opposite can also occur; that is, where the Fund is holding a security denominated in a foreign currency, it may benefit from an increase in the value of the foreign currency relative to the Canadian dollar.

Some foreign governments may restrict currency exchange. If we cannot exchange the currencies in which the Fund is invested, we may be unable to make distributions or process redemptions.

### **Cybersecurity risk**

With the increased use of technologies such as the Internet to conduct business, each of the Manager and the Fund has become potentially more susceptible to operational and information security risks through breaches in cybersecurity. In general, a breach in cybersecurity can result from either a deliberate attack or an unintentional event. Cybersecurity breaches may involve, among other things, infection by computer viruses or other malicious software code or unauthorized access to the Manager's or the Fund's digital information systems, networks or devices through "hacking" or other means, in each case for the purpose of misappropriating assets or sensitive information (including, for example, personal unitholder information), corrupting data or causing operational disruption or failures in the physical infrastructure or operating systems that support the Manager or the Fund. Cybersecurity risks also include the risk of losses of service resulting from external attacks that do not require unauthorized access to the Manager's or the Fund's systems, networks or devices. Any such cybersecurity breaches or losses of service may cause the Manager or the Fund to lose proprietary information, suffer data corruption or lose operational capacity, which, in turn, could cause the Manager or the Fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss. While the Fund and the Manager have established business continuity plans and risk management systems designed to prevent or reduce the impact of cybersecurity attacks, there are inherent limitations in such plans and systems due in part to the ever-changing nature of technology and cybersecurity attack tactics, and there is a possibility that certain risks have not been adequately identified or prepared for.

In addition, cybersecurity failures by or breaches of the Manager's or the Fund's third-party service providers may disrupt the business operations of the service providers and of the Manager or the Fund. These disruptions may result in financial losses, the inability of Fund unitholders to transact business with the Fund and inability of the Fund to process transactions, the inability of the Fund to calculate its net asset value, violations of applicable privacy and other laws, rules and regulations, regulatory fines, penalties, reputational damage, reimbursement or other compensatory costs and/or additional compliance costs associated with implementation of any corrective measures. Cybersecurity risks may also impact issuers of securities in which the Fund invests, which may cause the Fund's investments in such issuers to lose value.

#### **Debt securities risk**

Investments in debt securities are subject to certain general investment risks that are similar to equity investments. In addition to credit risk and interest rate risk, a number of other factors may cause the price of a debt security to decline. In the case of corporate debt, this could include specific developments relating to the company, as well as general financial, political and economic conditions in the country where the company operates. In the case of government debt, this could include general economic, financial and political conditions. The market value of the Fund is affected by changes in the prices of the debt securities that it holds.

#### **Derivatives risk**

Derivatives are investments whose value is based on, or derived from, an underlying asset, such as a stock or a market index. Derivatives are not a direct investment in the underlying asset itself. Derivatives are often contracts with another party to buy or sell an asset at a later date. Some common derivatives are: (a) a futures or forward contract, which is an agreement to buy or sell currencies, commodities or securities for a set price at a specified future date; or (b) an option, which gives the buyer the right, but not the obligation, to buy or sell currencies, commodities or securities at a set price within a certain time period. The Fund may use derivatives to limit potential gains or losses caused by changes in exchange rates, stock prices or interest rates. This is called hedging. The Fund may also use derivatives for non-hedging purposes, such as reducing transaction costs, increasing liquidity, gaining exposure to financial markets or increasing speed and flexibility in making portfolio changes.

In addition to the specific risks outlined above, the use of derivatives has general risks, including:

- the hedging strategy may not be effective;
- there is no guarantee that a market for the derivative contract will exist when the Fund wants to buy or sell;
- there is no guarantee that the Fund will be able to find an acceptable counterparty willing to enter into a derivative contract;
- the counterparty to the derivative contract may not be able to meet its obligations;
- a large percentage of the assets of the Fund may be placed on deposit with one or more counterparties, which exposes the Fund to the credit risk of those counterparties;
- securities exchanges may set daily trading limits or halt trading, which may prevent the Fund from selling a particular derivative contract; and
- the price of a derivative may not accurately reflect the value of the underlying asset.

#### **Equity risk**

Companies issue equities, or stocks, to help finance their operations and future growth. A company's performance outlook, market activity and the larger economic picture influence its stock price. When the economy is expanding, the outlook for many companies will be positive and the value of their stocks should rise. The opposite is also true. The value of the Fund is affected by changes in the prices of the stocks it holds. The risks and potential rewards are usually greater for small companies, start-ups, resource companies and companies in emerging markets. Investments that are convertible into equity may also be subject to equity risk.

**Exchange-traded fund risk**

Mutual funds may invest in exchange-traded funds (**ETFs**) that seek to provide returns similar to an underlying benchmark such as particular market indices or industry sector indices. ETFs may not achieve the same return as their benchmark indices due to differences in the actual weightings of securities held in the ETF versus the weightings in the relevant index, and due to the operating and administrative expenses of the ETF.

ETFs are traded on an exchange and as a result are subject to the following risks that do not apply to conventional mutual funds: (i) an ETF's securities often trade on the exchange at a premium or discount to the net asset value of such securities; (ii) an active trading market for an ETF's securities may not develop or be maintained, and (iii) there is no assurance that the ETF will continue to meet the listing requirements of the exchange.

**Foreign investment risk**

The Fund may invest in securities issued by corporations in, or governments of, countries other than Canada. Investing in foreign securities can be beneficial in expanding your investment opportunities and portfolio diversification, but there are risks associated with foreign investments, including:

- companies outside of Canada may be subject to different regulations, standards, reporting practices and disclosure requirements than those that apply in Canada;
- the legal systems of some foreign countries may not adequately protect investor rights;
- political, social or economic instability may affect the value of foreign securities;
- foreign governments may make significant changes to tax policies, which could affect the value of foreign securities; and
- foreign governments may impose currency exchange controls that prevent the Fund from taking money out of the country.

The foreign investment risk associated with securities in developing countries may be higher than the foreign investment risk associated with securities in developed countries, as many developing countries tend to be less stable politically, socially and economically, may be more subject to corruption and may have less market liquidity and lower standards of business practices and regulation.

**Interest rate risk**

The Fund holds fixed income securities and, as such, its value will rise and fall as interest rates change. When interest rates fall, the value of an existing bond will rise. When interest rates rise, the value of an existing bond will fall. The value of debt securities that pay a variable (or floating) rate of interest is generally less sensitive to interest rate changes.

**Large transaction risk**

If an investor in the Fund makes a large transaction, the Fund's cash flow may be affected. For example, if an investor redeems a large number of Units of the Fund, the Fund may be forced to sell securities at unfavourable prices to pay the proceeds of redemption. This unexpected sale may have a negative impact on the value of your investment in the Fund.

We or others may offer investment products that invest all or a significant portion of their assets in the Fund. These investments may become large and could result in large purchases or redemptions of Units of the Fund.

**Liquidity risk**

A liquid asset trades actively on an organized market, such as a stock exchange, which provides price quotations for the asset. The trading of a security or other asset in an organized active market means that it should be possible to convert the asset to cash at, or close to, the quoted price.

An asset is considered illiquid if it is more difficult to convert it to a liquid investment, such as cash. A company's securities may be illiquid if:

- the company is not well known;
- there are few outstanding shares;
- there are few potential buyers;
- there is not an active market; or
- they cannot be resold because of a promise or an agreement.

In addition, in volatile markets securities that are generally liquid (including high yield bonds, floating rate debt instruments and other fixed income securities) may suddenly become illiquid.

The value of a fund that holds illiquid securities may rise and fall substantially because the fund may not be able to sell the securities for the value used in calculating the net asset value of the fund. The Fund may hold illiquid securities from time to time. There are restrictions on the amount of illiquid securities the Fund may hold.

### **Repurchase, reverse repurchase and securities lending risk**

The Fund may engage in securities lending, repurchase and reverse repurchase transactions. Under a repurchase transaction, the Fund agrees to sell securities for cash while, at the same time, assuming an obligation to repurchase the same securities for a set amount of cash at a later date. A reverse repurchase transaction is a transaction pursuant to which the Fund buys securities for cash while, at the same time, agreeing to resell the same securities for cash (usually at a higher price) at a later date. Securities lending is an agreement whereby the Fund lends securities through an authorized agent in exchange for a fee and a form of acceptable collateral.

There is the risk that the other party to these types of transactions may default under the agreement or go bankrupt. If that happens in a reverse repurchase transaction and the market value of the security has dropped, the Fund may be unable to sell the security at the price it paid plus interest. If that happens in a repurchase or a securities lending transaction, the Fund may suffer a loss if the value of the security it sold or loaned has increased more than the value of the cash or collateral the Fund holds.

To reduce these risks, the Fund requires the other party to each of these transactions to put up collateral. The value of the collateral must be at least 102% of the market value of the security sold (for a repurchase transaction), bought (for a reverse repurchase transaction) or loaned (for a securities lending transaction). The value of the collateral is checked and reset daily. The market value of securities sold under repurchase transactions and loaned under securities lending agreements must not exceed 50% of the Fund's net asset value. This calculation excludes cash held by the Fund for sold securities and collateral held for loaned securities.

### **Series risk**

Securities of some mutual funds are offered under a "multi-series" structure where each series of securities is charged, as a separate series, the expenses attributable to that particular series. There is risk, however, that the expenses of one series may affect the value of another series when one series is unable to pay its expenses. In this case, the mutual fund as a whole is responsible for paying the additional expenses.

### **Short selling risk**

A short sale by the Fund involves borrowing securities from a lender which are then sold in the open market. At a future date, the securities are repurchased by the Fund and returned to the lender. While the securities are borrowed, the proceeds from the sale are deposited with the lender and the Fund pays interest to the lender. If the value of the securities declines between the time that the Fund borrows the securities and the time it repurchases and returns the securities to the lender, the Fund makes a profit on the difference (less any interest the Fund is required to pay the lender). Short selling involves risk. There is no assurance that securities will decline in value during the period of the short sale and make a profit for the Fund. Securities sold short may instead appreciate in value creating a loss for the Fund. The Fund may experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender may also recall borrowed securities at any time. The lender from whom the Fund has borrowed securities may go bankrupt and the Fund may lose the collateral it has deposited with the lender. The Fund will adhere to controls and limits that are intended to mitigate these risks by short selling only liquid

securities and by limiting the amount of exposure for short sales to the total market value of all securities of an issuer of the securities sold short by the Fund to 5% of the net asset value of the Fund and the total market value of all securities sold short by the Fund to 20% of the net asset value of the Fund. The Fund will also deposit collateral only with Canadian lenders that are regulated financial institutions or regulated dealers and only up to certain limits.

### **Small company risk**

Small companies can be riskier investments than larger companies. For one thing, they are often newer and may not have a track record, extensive financial resources or a well-established market for their securities. They generally do not have as many shares trading in the market, so it could be difficult for the Fund to buy or sell small company stock when it needs to. All of this means their prices can change significantly in a short period of time.

### **Specialization risk**

If the Fund invests primarily in one industry, market capitalization range or specific region or country, it may be more volatile than a less specialized fund and will be strongly affected by the overall economic performance of the area of specialization in which the Fund invests. The Fund must continue to follow its investment objectives regardless of the economic performance of the area of specialization.

### **Tax risk**

If the Fund experiences a “loss restriction event”: (i) the Fund will be deemed to have a year-end for tax purposes, and (ii) the Fund will become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on their ability to carry forward losses. Generally, the Fund could be subject to a loss restriction event when a person becomes a “majority-interest beneficiary” of the Fund, or a group of persons becomes a “majority-interest group of beneficiaries”, as those terms are defined in the affiliated persons rules contained in the *Income Tax Act* (Canada), with appropriate modifications. Generally, a majority-interest beneficiary of the Fund will be a beneficiary who, together with the beneficial interest of persons and partnerships with whom the beneficiary is affiliated, has a fair market value that is greater than 50% of the fair market value of all interest in the income or capital, respectively, in the Fund. Generally, a person is deemed not to become a majority-interest beneficiary of the Fund, and a group of persons is deemed not to become a majority-interest group of beneficiaries of the Fund, if the Fund meets certain investment requirements and qualifies as an “investment fund” under the rules.

## Purchases, switches and redemptions

The Fund may have an unlimited number of Series and may issue an unlimited number of Units of each Series. The Fund currently offers Series A, Series D and Series F Units. The Fund has been created primarily for investment by members (**Members**) of the Royal Military Colleges Club of Canada (**RMC Club**), as well as friends and family of Members and other investors wishing to support RMC Club. We may redeem a Series D Unitholder’s Units if the Unitholder is no longer a Member, or if we become aware that the Unitholder is not a Member. You may purchase, switch (redeem Units of the Fund and purchase Units of the same Series of another Lysander Fund), reclassify (change Units of the Fund into Units of another Series of the Fund) or redeem Units of the Fund only through registered dealers in each jurisdiction where the Units are qualified for sale, except that switches between the Fund and Lysander-Canso U.S. Credit Fund are not permitted.

Each Unit of a Series will entitle an investor to:

- receive a *pro rata* share of all net income and net capital gains distributions attributable to that Series made by the Fund (except for Management Fee Distributions (as defined in this document) and distributions of capital gains to redeeming Unitholders);
- share *pro rata* in the net assets of that Series upon the wind-up or termination of the Fund;
- vote at all meetings of the Fund (where the nature of the business to be transacted at an investor meeting concerns an issue that is relevant only to holders of a particular Series, only holders of that Series will be entitled to vote); and

- redeem or reclassify Units to another Series of the Fund, or switch Units of the Fund to the same series of another Lysander Fund, as described in this document.

With respect to the different Series of Units described below, we reserve the right to set and change minimum initial and subsequent investment requirements for the Fund without notice to you. We reserve the right to redeem your Units if the value of your Units falls below these set minimum investment amounts.

**Series A Units:** Available to all investors.

**Series D Units:** Available to Members who have an account with an eligible online or other discount brokerage firm or other investors approved by us. You may only buy Series D Units if we and your discount broker or dealer approve the order first. For investors investing through a discount broker, Series D Units may be the most suitable Series for you to own. If you hold Units of the Fund other than Series D Units and they are in a discount brokerage account, you should consider instructing your dealer to reclassify your Units into Series D Units, where available.

**Series F Units:** Available to investors who participate in fee-based programs through their dealer, investors for whom we do not incur distribution costs, or individual investors approved by us. You may only buy Series F Units if we and your broker, dealer or adviser approve the order first.

## How to purchase Units

You can buy Units of the Fund through a registered dealer. You must be of the age of majority in the province in which you live to buy units in a mutual fund. You may hold Units in trust for a minor.

### Purchase price

When you buy Units in the Fund, the price you pay is the NAV. In general, the NAV is the net asset value of the Series of the Fund, divided by the total number of Units of that Series outstanding. The NAV is calculated at the end of each business day.

We calculate the NAV for each Series of the Fund in Canadian dollars.

If we receive your purchase order before 4:00 p.m. (Eastern Time) on a day that the Toronto Stock Exchange (TSX) is open for business or before the TSX closes for the day, whichever is earlier, we will process your order at the NAV calculated on that day. If we receive your order after that time, we will process your order at the NAV calculated on the next business day.

The Fund does not intend to issue certificates for Units. Ownership will be evidenced by entry in the register maintained by the Fund's registrar. For information on the Fund's registrar, see the chart under *Organization and Management of the Fund*.

### Purchasing Series A Units

Series A Units of the Fund are available under the following purchase option:

#### *Initial Sales Charge Option*

Under the Initial Sales Charge Option, investors may pay a fee of up to 5% of the amount invested to the dealer at the time of purchase for Series A Units of the Fund.

### Purchasing Series D Units

Series D Units are only available to Members through eligible online or other discount brokerage firms that have been approved by us, or certain other investors in our sole discretion.

There are no sales charges, redemption fees or other commissions payable on the purchase or sale of Series D Units, but we do pay a trailing commission to dealers who sell Series D Units.

### Purchasing Series F Units

Series F Units are only available to investors through dealers or financial planners who offer certain fee-based programs that have been approved by us, or certain other investors in our sole discretion. An investor in one of these programs pays a fee to his or her dealer based on the assets in that investor's account and/or for on-going financial

planning and advice.

There are no sales charges, redemption fees, trailing commissions or other commissions payable on the purchase or sale of Series F Units.

**If Unitholder ceases to be eligible**

If you cease to be eligible to hold your Series of Units, we may change your Units into another Series of the Fund for which you are eligible after giving you 30 days' prior written notice, unless you notify us during the notice period and we agree that you are once again eligible to hold the original Series of Units. On a change from the original Series of Units to another Series, you will be required to pay the fees and charges under the applicable Series, if any.

**Minimum investment**

The minimum initial investment in Units of Series A, Series D and Series F of the Fund is \$1,000. The minimum additional investment is \$100. The initial minimum investment amount may be adjusted or waived in our absolute discretion and without notice to Unitholders.

**How we process your order**

You and your dealer are responsible for ensuring that your purchase order is accurate and that we receive all the necessary documents or instructions.

If your purchase is made through a dealer, we must receive full payment within 2 business days of processing your order. If we do not receive payment within that time or if the payment is returned, we will sell your Units on the next business day. If the proceeds are greater than the amount you owe us, the Fund will keep the difference. If the proceeds are less than the amount you owe us, your dealer will pay the difference to the Fund and you may have to reimburse your dealer.

We have discretion to reject any purchase order. The decision to accept or reject any purchase order will be made within 1 business day of receipt of the order. If we accept your order, you will receive a written confirmation from us and/or your dealer or the intermediary. If we reject your order, we will return your money to you without interest.

**How to redeem your Units**

You may redeem all or a portion of your Units of the Fund on any business day by delivering a written redemption order to your dealer. Your request must be signed by you and, for the protection of investors, we may require that your signature be guaranteed by a guarantor acceptable to us.

We will pay you the current NAV for your Series of Units. If we receive your redemption request before 4:00 p.m. (Eastern Time) on a day that the TSX is open for business or before the TSX closes for the day, whichever is earlier, we will calculate your redemption value based on the NAV as of that day. If we receive your redemption request after that time, we will calculate your redemption value based on the NAV as of the next business day.

Special rules may apply if:

- your redemption proceeds are \$25,000.00 or more;
- you ask us to send your redemption proceeds to another person or to a different address than that recorded for your account;
- your redemption proceeds are not payable to all joint owners on your account; or
- a corporation, partnership, agent, fiduciary or surviving joint owner is redeeming Units.

These rules are set out in the AIF and are also available from your dealer.

**Redemption fees**

There are no fees payable when redeeming Units of the Fund, other than applicable short-term trading fees that may apply as described below.

### **Excessive short-term trading**

In general, the Fund is a long-term investment. Some Unitholders may seek to trade or switch Units frequently to try to take advantage of changes in the net asset value or the difference between the Fund's calculated net asset value and the actual value of the Fund's portfolio holdings. This activity is sometimes referred to as "market timing". Frequent trading or switching in order to time the market can hurt the Fund's performance, affecting all the Unitholders in the Fund, by forcing the Fund to keep cash or sell investments to meet redemptions. We use a combination of measures to detect and deter market-timing activity, including:

- monitoring trading activity in Unitholder accounts and, through this monitoring, declining certain trades when necessary;
- imposing short-term trading fees; and
- when appropriate, applying fair value pricing to foreign portfolio holdings in determining the net asset value of the Fund.

### **Short-term trading fees**

If you redeem or switch within 30 days of purchase, we may charge a short-term trading fee on behalf of the Fund. This is in addition to any switch fee that you may pay to your dealer. See *Switch fees* on page 10 and *Fees and expenses payable directly by you* on page 12. Each additional switch counts as a new purchase for this purpose.

These short-term trading fees will not be charged for redemption of Units pursuant to a systematic withdrawal program or for redemptions by another investment fund, product or program approved by us or in other appropriate circumstances in our absolute discretion.

### **Fair value pricing**

The TSX generally closes at 4:00 p.m. (Eastern Time). We price the Fund's equity holdings using their market values as of 4:00 p.m. (Eastern Time). For securities traded on North American markets, the closing prices are generally an accurate reflection of market values at 4:00 p.m. (Eastern Time). However, closing prices on foreign securities exchanges may, in certain cases, no longer accurately reflect market values, because their local closings may have occurred many hours earlier. Events affecting the values of the Fund's foreign portfolio holdings may have occurred after the foreign market closed but before 4:00 p.m. (Eastern Time). Absent our fair value pricing procedures, these events would not be captured in the Fund's net asset value. We employ fair value pricing for two purposes. Firstly, it increases the likelihood that the Fund's net asset value truly reflects the value of the Fund's holdings at the time the net asset value is determined. Secondly, it acts to deter market timing activity by decreasing the likelihood that a Unitholder is able to take inappropriate advantage of market developments that occur following the foreign market close and prior to 4:00 p.m. (Eastern Time). Our fair value pricing techniques involve assigning values to the Fund's portfolio holdings that may differ from the closing prices on the foreign securities exchanges. We do this in circumstances where we have in good faith determined that to do so better reflects the market values of the securities in question.

### **How we process your redemption request**

We must receive all necessary documentation within 10 business days of receipt of the redemption order. The investor will generally be sent the redemption proceeds within 2 business days of the date the Units were priced subject to us receiving all necessary documentation. If the documentation is not received within 10 business days of receipt of the redemption order, the redemption order will be reversed by processing a purchase order on the 10<sup>th</sup> business day for the number of Units of the Series that were redeemed. The redemption proceeds will be used to pay for the Units purchased. Any excess proceeds belong to the Fund. Any shortfall will be paid to the Fund by us. However, we will be entitled to collect the shortfall, plus any costs involved, from the dealer who placed the redemption request. That dealer, in turn, may seek to collect this amount plus the expenses of doing so from the investor on whose behalf the redemption request was made. We will deduct any required withholding tax from the payment, as applicable.

If your account is registered in the name of your dealer or an intermediary, we will send the proceeds to that account unless your dealer or the intermediary tells us otherwise. If your account is registered in your name, we will mail you a cheque, unless you tell us to deliver the proceeds by wire transfer to your account at a Canadian bank, trust company or credit union. If you choose payment by wire transfer, you need to send us an imprinted void cheque so we can

deposit the funds directly into your account, and you will be charged the cost of this wire transfer.

### **Automatic redemption**

Unitholders in Series A, Series D or Series F of the Fund must keep at least \$1,000 in each of their accounts. If your account falls below this amount, we may notify you and give you 30 days to make another investment. If your account stays below \$1,000 after those 30 days, we may redeem all of the Units in your account and send the proceeds to you.

### **Suspending your right to redeem**

Your right to redeem Units of the Fund may be suspended for all or part of a period: (i) when normal trading is suspended on a stock, options or futures exchange in Canada or outside Canada upon which securities or derivatives that make up more than 50% of the value or underlying exposure of the Fund's total assets are traded (and those securities or derivatives are not traded on any other exchange that represents a reasonable alternative for the Fund); or (ii) with the consent of any securities commission or regulatory body having jurisdiction. During any period of suspension, no calculations of NAV will be made and the Fund will not be permitted to issue further securities or redeem any securities previously issued.

The calculation of NAV will resume when trading resumes on the exchange or with the permission of any securities commission or regulatory body having jurisdiction. If the right to redeem Units of the Fund is suspended and you make a redemption request during that period, your Units will be redeemed by the Fund in accordance with the redemption request at the NAV first calculated following the end of the suspension period.

### **How to switch your Units or reclassify between Series**

You can switch all or some of your Series A or Series F Units of the Fund to Units of the same Series of another Lysander Fund by completing a transfer order form and depositing it with your dealer (except that switching between the Fund and Lysander-Canso U.S. Credit Fund is not permitted). A switch constitutes a sale (redemption) by you of your Units of the Fund and a purchase of the same Series of Units of the other Lysander Fund.

You may reclassify all or some of your Units of the Fund to Units of a different Series of the Fund through your dealer if you meet the eligibility criteria for the Series into which you are reclassifying, however you will be subject to the sales charge option applicable to that particular Series.

We may reclassify your Series of Units of the Fund into another Series for which you are eligible upon 30 days' prior notice if you cease to be eligible to hold the original Series of Units in your account. We will not make the reclassification if your dealer notifies us during the notice period, and we agree, that you are once again eligible to hold the original Series of Units.

### **Tax consequences of switching or changing**

If you switch between the Lysander Funds, the switch will be treated like a redemption for tax purposes. If you reclassify between Series of the Fund, the reclassification will not be a disposition for tax purposes. See *Income tax considerations for investors* on page 14 for more details.

### **Switch fees**

Your dealer may charge you a fee of up to 2% of the amount you switch. You and your dealer negotiate the fee.

You may also have to pay to the Fund a short-term trading fee if you switch Units you bought or switched into in the last 30 days. See *Excessive short-term trading* on page 9 and *Short-term trading fees* on page 9.

## **Optional Services**

### **Systematic purchase program**

To invest money in the Fund on a regular basis, you may set up a systematic purchase program at no charge other than the fees associated with the purchase option you select. Ask your dealer for details.

### Systematic withdrawal program

To withdraw money from the Fund on a regular basis, you may set up a systematic withdrawal program at no charge. Ask your dealer for details. The systematic withdrawal program may also be used in certain Series of the Fund to generate cash to pay ongoing amounts due from you to your dealer. If your withdrawals over time are greater than your investments in the Fund and the income and growth in the Fund, you may eventually reduce your balance to zero.

## Fees and expenses

The following tables show the fees and expenses you may have to pay if you invest in the Fund. You will pay some of these fees and expenses directly. The Fund may pay some of these fees and expenses, which therefore reduces the value of your investment in the Fund. The consent of Unitholders will be obtained if: (i) the basis of the calculation of a fee or expense that is charged to the Fund or Series, or directly to its Unitholders by the Fund or us in connection with the holding of Units of the Fund, is changed in a way that could result in an increase in charges to that Fund or Series or to its Unitholders; or (ii) a fee or expense to be charged to the Fund or Series, or directly to its Unitholders by the Fund or us in connection with the holding of Units of the Fund that could result in an increase in charges to that Fund or Series or to its securityholders, is introduced. In either case, Unitholder consent will not be required if the change or new fee or expense is a result of a change made by a third party at arm's length to the Fund, or is not required under securities regulation. In this case, you will be sent a written notice at least 60 days before the effective date of the change.

### Fees and expenses payable by the Fund

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|                        |  |
|------------------------|--|
| <b>Management fees</b> | Series A, Series D and Series F Units of the Fund pay the Manager a management fee which is calculated by multiplying the Fund's net asset value attributable to the applicable Series of Units by an annual management fee rate, for day-to-day management and administration services (a <b>Management Fee</b> ). The annual management fee rate is unique to each Series of Units. The Management Fee is calculated and accrued daily and paid monthly. The annual management fee rate for each Series is shown in the description of the Fund on page 22. The Management Fee is subject to HST and other applicable taxes. |
|------------------------|--|

As investment fund manager, the Manager is responsible for the day to day business, operations and affairs of the Fund and provides marketing and administrative services to the Fund, including office space and facilities, clerical help, bookkeeping, internal accounting services, and Unitholder reporting and servicing requirements.

#### Management Fee Distributions

The Manager reserves the right to offer a reduced management fee to selected investors in Series A, Series D or Series F Units who (among other considerations) hold large investments in the Lysander Funds, including the Fund. This is achieved by reducing the annual management fee rate charged by us to the Fund based on the NAV of the Units held by such investor and the Fund distributing an amount equal to such reduction (a **Management Fee Distribution**) in additional Units of the same Series of the Fund to the investor. See *Income Tax Considerations For Investors* for more information regarding the tax consequences of a Management Fee Distribution.

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|                                 |   |
|---------------------------------|---|
| <b>Other operating expenses</b> | The Fund is responsible for paying its own operating expenses, including brokerage commissions and fees on portfolio transactions, interest expenses, operating, administrative and systems costs (including overhead expenses of the Manager that are related to daily fund operating functions such as employee salaries, rent and utilities), custodian fees, regulatory fees (e.g. capital markets participation fees), costs and expenses related to the Fund's IRC (as discussed below), audit and legal fees, insurance, trustee fees, directors' or advisory committee's fees (if any), registrar's fees, distribution costs, the cost of reporting to Unitholders (including proxy solicitation material), the cost of qualifying and maintaining the qualification for sale of the Units of the |
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Fund, any other fees that become commonly charged in the Canadian mutual fund industry, and taxes payable on any of these expenses, including HST.

In their discretion, the Manager or the portfolio manager may pay certain of the expenses of the Fund but any such payments shall not oblige the Manager or the portfolio manager to make similar future payments, and such payments may be stopped without notice to you.

Each member of the IRC receives an annual retainer and is reimbursed for reasonable expenses incurred. The table below sets out the current annual IRC fees and expenses for the funds for which Lysander is fund manager. The Fund will be allocated its *pro rata* share of IRC fees and expenses, which amount will be reflected in the Fund's financial statements.

|                    | Annual IRC Fees<br>\$ | HST on IRC Fees<br>\$ | Other Expenses<br>\$ |
|--------------------|-----------------------|-----------------------|----------------------|
| Paul Fahey (Chair) | 13,760                | N/A                   | See below            |
| Bill Schultz       | 11,000                | N/A                   | See below            |
| Jim McGill         | 11,000                | N/A                   | See below            |
| Ruth Gould         | 11,000                | N/A                   | See below            |

Other Expenses: The Lysander Funds may pay for certain IRC related courses or sessions that they attend, and associated costs such as travel and parking for these events. No such fees have been paid for by the Lysander Funds in the past.

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|                         |  |
|-------------------------|--|
| <b>Underlying funds</b> | If the Fund invests in an underlying fund, the underlying fund may pay a management fee (if the underlying fund is not a Lysander Fund) and other expenses in addition to the expenses payable by the Fund. However, the Fund will not pay a management fee on the portion of its assets that it invests in the underlying fund that, to a reasonable person, would duplicate a fee payable by the underlying fund for the same service. In addition, no sales or redemption fees are payable if the Fund invests in an underlying fund managed by us and if the Fund invests in an underlying fund not managed by us, it will not pay duplicative sales fees or redemption fees with respect to the purchase or redemption by it of securities of that underlying fund. |
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## Fees and expenses payable directly by you

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|----------------------|---|
| <b>Sales Charges</b> | Under the Initial Sales Charge Option, a sales charge of up to 5% of the amount you invest may be charged if you purchase Series A Units of the Fund. You can negotiate this amount with your dealer. No fees are paid to the dealer at the time of purchase of Series F or Series D Units. |
|----------------------|---|

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|                    |   |
|--------------------|---|
| <b>Switch fees</b> | You may pay up to 2% of the current value of the Series of Units you own being switched between the Fund and another Lysander Fund. You negotiate the switch fees with your dealer. |
|--------------------|---|

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|                               |  |
|-------------------------------|--|
| <b>Short-term trading fee</b> | You may pay up to 2% of the current value of the Series of Units of the Fund that you own if you redeem or switch them within 30 days of purchase. All short-term trading fees are deducted from the amount you redeem or switch and are paid to the Fund. See <i>Short-term trading fees</i> on page 9 for details. |
|-------------------------------|--|

No short-term trading fees will be charged for a redemption of Units (a) under a systematic withdrawal program, (b) by another investment fund, product or program approved by us or (c) in other appropriate circumstances in our absolute discretion.

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## Impact of Sales Charges

The following table shows the amount of fees that you would have to pay under the different purchase options available to you if you made an investment of \$1,000 in Series A Units of the Fund, if you held that investment for 1, 3, 5 or 10 years and redeemed immediately before the end of that period. No fees are payable on Series F or Series D Units of the Fund.

|  | <b>At Time of Purchase</b> | <b>1 Year</b> | <b>3 Years</b> | <b>5 Years</b> | <b>10 Years</b> |
|--|----------------------------|---------------|----------------|----------------|-----------------|
| Initial Sales Charge Option <sup>1</sup> | \$50 <sup>2</sup>          | Nil           | Nil            | Nil            | Nil             |

- 1 A short-term trading fee may be applicable if Units of the Fund are redeemed within 30 days of their date of purchase or switch.
- 2 Assumes the maximum initial sales charge of 5% for Series A Units of Funds. The actual amount of the initial sales charge will be negotiated by you and your dealer.

## Dealer compensation

When you purchase Series A Units, your dealer receives two primary types of compensation – sales commissions and trailing commissions. Initially, your dealer may be paid a negotiable sales commission by you. Thereafter, a trailing commission is accrued daily and paid quarterly by us and is based upon the percentage of the NAV of all Series A Units of the Fund held in your account with your dealer.

There are no sales commissions paid in respect of Series D Units but we do pay a trailing commission to dealers who sell Series D Units.

There are no sales commissions or trailing commissions paid in respect of Series F Units.

### Sales Commissions – Series A

For Series A Units of the Fund purchased under the Initial Sales Charge Option, the dealer which distributes such Units may charge you a sales commission of up to 5.0% (\$50 for each \$1,000 investment) of the value of the Series A Units of the Fund you purchased.

### Trailing Commissions – Series A and Series D

We pay your dealer (including a discount broker) a portion of the Management Fee to assist your dealer in providing you with continuing advice and/or service. We may, at our discretion, negotiate, change the terms and conditions of, or discontinue the trailing commissions with dealers.

For Series A or Series D Units, we will pay trailing commissions to dealers at an amount up to the annual rates listed below, based upon the aggregate value of Series A or Series D Units of the Fund held in that dealer’s client accounts:

| <b><u>Series of Units</u></b> | <b><u>Maximum Annual Rate</u></b>             |
|-------------------------------|---|
| Series A Units                | 0.75%<br>(\$7.50 for each \$1,000 investment) |
| Series D Units                | 0.10%<br>(\$1.00 for each \$1,000 investment) |

The trailing commission is paid by us to your dealer quarterly during each calendar year and will be calculated based on a daily average asset calculation. This trailing commission is determined by us and may be changed at any time. It is expected that dealers, other than discount brokers, will pay a portion of the trailing commission to sales representatives as compensation for providing ongoing investment advice and/or service to the clients.

### Sales incentives

In addition to the sales commissions and trailing commissions listed above, we may share the costs of local advertising, dealer training seminars or other marketing or sales-related expenses with registered dealers to better serve their clients. We may also provide dealers non-monetary benefits of a promotional nature and of minimal value and may engage in business promotion activities that result in dealers' sales representatives receiving non-monetary benefits. These activities are in compliance with applicable laws and regulations and costs incurred by them will be paid by us and not the Fund.

### **Equity interest**

The Manager is an affiliate of Canso Investment Counsel Ltd., which is registered as an exempt market dealer in all provinces of Canada and in this capacity may sell Units of the Fund to its clients. At the date of this Simplified Prospectus, each of John Carswell, the President and a director of Canso Investment Counsel Ltd., and Gail Mudie, a shareholder and director of Canso Investment Counsel Ltd., through their direct and indirect ownership of the issued and outstanding voting securities of Canso Investment Counsel Ltd., had more than 10% voting control of Canso Investment Counsel Ltd. In addition, each of John Carswell and Canso Fund Management Ltd. (an affiliate of both the Manager and Canso Investment Counsel Ltd.), through their direct and indirect ownership of the issued and outstanding voting securities of the Manager, had more than 10% voting control of the Manager.

## Dealer compensation from management fees

Of the total management fees received by us from all of the Lysander Funds, 13.3% was paid by us to dealers who distributed units of the Lysander Funds for Lysander's financial year ended 2017.

## Income tax considerations for investors

**This information is a general summary of Canadian federal income tax rules applicable to an individual (other than a trust) who is a Canadian resident who holds Units in the Fund as capital property. It is not intended to be legal or tax advice. More information is contained in the Annual Information Form for the Fund.**

**We do not describe the tax rules in detail or cover all the tax consequences that may apply. We recommend you consult your tax advisor for advice about your individual situation.**

### **How mutual funds earn taxable income**

Mutual funds may earn income and capital gains in a number of ways. For example, a mutual fund is generally required to include in income interest as it accrues, dividends when they are received and income from an underlying fund when it is paid.

The Fund realizes a capital gain if it sells an investment for more than its cost, or a capital loss if it sells an investment for less than its cost. The Fund may realize gains (or losses) from derivative activities and short sales. These are treated as either income gains or losses or capital gains or losses, depending on the situation.

The Fund will distribute enough of its net income and net realized capital gains so that it does not have to pay ordinary income tax. The Fund generally flows all of its taxable income through to its Unitholders in the form of distributions. This income is generally taxed as if you earned it directly.

### **How your investment is taxed**

The tax you pay on your mutual fund investment depends on whether you hold your Units in a non-registered account or in a registered plan.

### **Non-registered accounts**

#### **Distributions**

Generally, you must include the taxable portion of distributions from the Fund (including Management Fee Distributions) in computing your income for tax purposes. This is the case whether you receive them in cash or reinvest them in additional Units. The amount of any reinvested distributions is added to your adjusted cost base

(ACB) and thus reduces your capital gain or increases your capital loss when you redeem those Units, so that you do not pay tax twice on the same amount. The Fund will take steps so that capital gains, Canadian dividends and foreign source income will retain their character when paid to you. Canadian dividends are subject to the dividend gross up and tax credit rules. The Fund will take steps to pass on to you the benefit of the enhanced dividend tax credit that is available with respect to certain eligible dividends received from Canadian corporations.

Distributions from the Fund may be treated as returns of capital. A distribution to you will generally be treated as a return of capital if distributions to you in the year exceed your share of the Fund's net income and net realized capital gains. A return of capital distribution is not included in your income for tax purposes, but will reduce the ACB of your Units on which it was paid. Where net reductions to the ACB of Units would result in an ACB becoming a negative amount, such amount will be treated as a capital gain realized by you and the ACB of your Units will then be adjusted to nil.

We provide you with T3 tax slips showing the amount and type of distributions (ordinary income, Canadian dividends, returns of capital, foreign income and/or capital gains) you received from the Fund, and showing any related foreign tax credits.

### **Adjusted cost base**

The aggregate ACB of your Units in a Series of the Fund is made up of:

- The amount you paid for your Units, including sales commissions, plus
- Any reinvested distributions, minus
- Any return of capital distributions, minus
- The ACB of any Units already redeemed.

Your tax advisor can help you with these calculations.

### **Buying Units before a distribution date**

If you buy Units before a distribution date, the distributions paid to you may include income or capital gains that arose before you owned your Units.

### **Portfolio turnover rate**

The portfolio turnover rate is how often the portfolio manager or portfolio management team buys and sells securities for the Fund. The higher the Fund's portfolio turnover rate, the greater the chance that the Fund will have realized gains on the sale of investments, and therefore that you will receive a distribution of capital gains. Any gains realized by the Fund would be offset by any losses realized on its portfolio transactions. There is not necessarily a relationship between a high portfolio turnover rate and the performance of the Fund.

### **Tax impact of redeeming your Units**

If you redeem Units with a NAV that is greater than the ACB, you will have a capital gain, but if you redeem Units with a NAV that is less than the ACB, you will have a capital loss. You may deduct any reasonable redemption expenses in calculating your capital gains or losses.

Generally, one-half of a capital gain is included in your income and you may deduct one-half of your capital losses from your taxable capital gains, subject to certain tax rules.

You must keep a record of the price you paid for your Units, any distributions you receive and the NAV of Units redeemed or switched. This record will allow you to calculate your ACB and capital gains or capital losses when you redeem your Units.

### **Tax impact of switching between the Fund and the Lysander Funds or reclassifying between Series of the Fund**

Switching Units of the Fund for Units of another Lysander Fund is considered a sale for tax purposes and the same tax rules apply as if you redeemed those Units.

A reclassification of Units of one Series of the Fund to Units of another Series of the Fund will not be a disposition

and will not result in a capital gain or capital loss.

### **Registered plans**

You generally do not pay tax on distributions you receive in a registered plan as long as you do not make a withdrawal from the plan. You should consult with your own tax advisor as to whether Units of the Fund would be a “prohibited investment” under the *Income Tax Act* (Canada) in your registered plan in your particular circumstances.

### **Tax impact of redeeming or switching your Units**

When you redeem or switch your Units, you generally do not pay tax unless you withdraw the proceeds you receive from your registered plan. In that case, you will generally pay tax on the amount you withdraw at your marginal tax rate. Special rules apply to Registered Education Savings Plans and Registered Disability Savings Plans, while withdrawals from a Tax-Free Savings Account are not subject to tax.

### **Tax information reporting**

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-United States Tax Convention entered into between Canada and the U.S. on February 5, 2014 (the **IGA**), and related Canadian legislation, the Fund and/or registered dealers are required to report certain information with respect to unitholders who are U.S. residents and U.S. citizens (including U.S. citizens who are residents or citizens of Canada), and certain other “U.S. Persons” as defined under the IGA (excluding registered plans such as RRSPs), to Canada Revenue Agency (**CRA**). It is expected that the CRA will then exchange the information with the U.S. Internal Revenue Service. In addition, to meet the objectives of the Organization for Economic Co-operation and Development Common Reporting Standards (the **CRS**), the Fund and/or registered dealers are required under Canadian legislation to identify and report to the CRA certain information relating to certain unitholders in the Fund (excluding registered plans such as RRSPs) who are resident in a country outside of Canada and the U.S. which has adopted the CRS. The CRA is expected to provide that information to the tax authorities of the relevant jurisdiction that has adopted the CRS.

## What are your legal rights?

Securities legislation in some provinces gives you the right to withdraw from an agreement to buy mutual funds within 2 business days after you receive the Simplified Prospectus or Fund Facts, or to cancel your purchase within 48 hours after you receive confirmation of your order.

Securities legislation in some provinces also allows you to cancel an agreement to buy mutual fund units and get your money back, or to make a claim for damages, if the Simplified Prospectus, AIF, Fund Facts or financial statements misrepresent any facts about the Fund. You must usually exercise these rights within a certain time period.

You can get more information by reviewing the securities legislation of your province, or from your lawyer.

## Additional Information

### **Referral Arrangement**

RMC Club asked us to create the Fund primarily for investment by Members, as well as friends and family of Members and other investors wishing to support RMC Club. RMC Club will promote the existence and availability of the Fund to Members and others who may be interested in purchasing Units of the Fund through their brokers and dealers (a **Referral**). We have entered into a written agreement governing such Referrals with RMC Club.

The Manager has agreed to act as investment fund manager to the Fund. The Manager is registered as an exempt market dealer in Ontario and as an investment fund manager in each of Ontario, Québec and Newfoundland & Labrador. The Manager will at all times during the period of the referral arrangement maintain its registration in such category of registration or such other categories of registration required or permitted from time to time to provide such services, including the category of investment fund manager.

All activities requiring registration under applicable securities legislation in connection with a Referral will be

provided by the Manager, or by the investor's third-party dealer.

### **Referral Fees**

The current referral fee is determined and payable by the Manager to RMC Club as follows:

1. The Manager shall pay to RMC Club 50% of the Management Fee payable to the Manager on all assets of the Fund, after deducting each of (i) the aggregate investment management fees payable by the Manager to the portfolio manager of the Fund, and (ii) the aggregate trailing commissions payable to dealers in respect of Units (see *Trailing Commissions – Series A and Series D*).
2. The referral fee at any given time is calculated monthly using the formula outlined above.
3. Referral fees are paid to RMC Club by us quarterly in arrears.

### **Conflicts of Interest**

As of the date of this Simplified Prospectus, we are not aware of any conflict of interest between RMC Club and us or the Fund.

# Specific information about Lysander TDV Fund

You will find a detailed description of the Fund in this part of the Simplified Prospectus. Here are explanations of what you will find under each heading.

## **Fund details**

This tells you:

- **Fund type:** the type of mutual fund
- **Securities offered:** the Series of Units that the Fund offers. Currently, the Fund offers Series A, Series D and Series F Units
- **Start date:** the date that Units could first be bought by the public
- **Registered plan eligibility:** whether Units of the Fund are qualified investments for a registered plan
- **Management fee:** the fee payable to the Manager
- **Portfolio manager:** the entity that is responsible for selecting some or all of the investments for the Fund

## **What does the Fund invest in?**

This tells you the Fund's:

- **Investment objective:** the goals of the Fund, including any specific focus it has and the kinds of securities in which it may invest
- **Investment strategies:** how the portfolio manager tries to meet the Fund's investment objectives

The Fund may invest in other mutual funds, which may or may not be managed by us or one of our affiliates or associates. The simplified prospectus and other information about the underlying funds are available on the Internet at [www.sedar.com](http://www.sedar.com).

In selecting underlying funds, we assess a variety of criteria, including management style, investment performance and consistency, risk tolerance levels, calibre of reporting procedures and, if the underlying fund is managed by a third party, quality of the underlying fund's investment fund manager and/or portfolio manager.

We review and monitor the performance of the underlying funds in which the Fund invests. The review process consists of an assessment of the underlying funds. Factors such as adherence to stated investment mandate, returns, risk-adjusted return measures, assets, investment management process, style, consistency and continued portfolio fit may be considered.

## **What are the risks of investing in the Fund?**

This tells you the specific risks of investing in the Fund. You'll find details about what each risk means in *What are the specific risks of investing in a mutual fund?* beginning on page 2.

## **Investment risk classification methodology**

We identify the investment risk level of the Fund as an additional guide to help you decide whether the Fund is right for you.

The investment risk level of the Fund is required to be determined in accordance with a standardized risk classification methodology that is based on the Fund's historical volatility as measured by the 10-year annualized standard deviation of the

returns of the Fund. The use of standard deviation as a measurement tool allows for a reliable and consistent quantitative comparison of the Fund's relative volatility and related risk. Standard deviation is widely used to measure volatility of return. The standard deviation represents, generally, the level of volatility in returns that a mutual fund has historically experienced over the set measurement periods. The higher the standard deviation of the Fund, the greater the range of returns it experienced in the past. In general, the greater the range of observed or possible returns, the higher the risk.

As the Fund does not have a 10-year return history, we calculate the investment risk level of the Fund by using the actual return history of the Fund, and, for the remainder of the 10-year period, the return history of a reference index that reasonably approximates the standard deviation of the Fund. The performance history of the Fund is calculated using the following reference indices, as applicable:

| Reference Index                              | Description   |
|--|---|
| 50% FTSE TMX Canada All Corporate Bond Index | This index is composed of sub-indices based on credit rating: a combined AAA/AA sector, a single A sector and a BBB sector. |
| 50% MSCI World (CAD) Index                   | This index captures large- and mid-cap representation across 24 developed market countries.                                 |

Other types of risk, both measurable and nonmeasurable, may exist. It is also important to note that the Fund's historical volatility may not be indicative of its future volatility.

Although monitored on an ongoing basis, we review the investment risk level of the Fund on an annual basis and each time a material change is made to the Fund's investment strategies and/or investment objective. We may exercise our discretion and assign the Fund a higher risk classification than indicated by the 10-year annualized standard deviation and the prescribed ranges if we believe that the Fund may be subject to other foreseeable risks that the 10-year annualized standard deviation does not reflect.

The method that we use to identify the investment risk level of the Fund is available on request, at no cost, by calling us at 1-877-308-6979 or by sending an email to [manager@lysanderfunds.com](mailto:manager@lysanderfunds.com).

#### **Who should invest in this Fund?**

This section will help you decide whether the Fund is right for you. **This information is only a guide.** When you are choosing investments, you should, together with your investment and tax advisor, consider your whole portfolio, your investment objectives and your risk tolerance level.

#### **Distribution policy**

This tells you how often you will receive a distribution and how it is paid. The Fund makes distributions to Unitholders if and when it has amounts to distribute.

The Fund has the ability to make distributions as returns of capital.

#### **Fund expenses indirectly borne by investors**

The Fund pays the applicable Management Fee to the Manager and is also responsible for the payment of other operating expenses. The Management Fee and the other operating expenses are paid out of the assets of the Fund, which means that you indirectly pay for these expenses through lower returns.

The table in this section lets you compare the cost of investing in each series of Units of the Fund with the cost of investing in other mutual funds. The table shows the cumulative expenses you would have paid if:

- you invested \$1,000 for the periods shown;
- the Fund's return was 5% each year; and
- the Fund paid the same expenses in each period shown as it did in its last completed financial year.

The Management Fee is described on page 11 of this Simplified Prospectus, and is charged at rates shown under *Fund Details* for the Fund at page 22. The table does not reflect the trading expenses and certain taxes borne by the Fund, as such expenses are not included in the MER in accordance with law.

See *Fees and expenses* on page 11 for more information about the cost of investing in the Fund.

## Organization and management of the Fund

### MANAGER

Lysander Funds Limited  
100 York Blvd., Suite 501  
Richmond Hill, Ontario L4B 1J8  
1-877-308-6979  
[www.lysanderfunds.com](http://www.lysanderfunds.com)

The manager is responsible for the day-to-day business and operations of the Fund. We may hire arm's length third parties or affiliates to perform some of the services required by the Fund.

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### TRUSTEE

Lysander Funds Limited  
Richmond Hill, Ontario

The Fund is a unit trust. When you invest in the Fund, you buy Units of that trust. The trustee holds actual title to the property (cash and securities) of the Fund on behalf of the investor.

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### PORTFOLIO MANAGER

Canso Investment Counsel Ltd.  
Richmond Hill, Ontario

Canso Investment Counsel Ltd. is the portfolio manager of the Fund and is responsible for selecting the securities held by the Fund and managing the investment portfolio of the Fund.

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### CUSTODIAN

CIBC Mellon Trust Company  
Toronto, Ontario

The custodian holds all of the Fund's investments in safekeeping.

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### REGISTRAR & TRANSFER AGENT

Convexus Managed Services Inc.  
Richmond Hill, Ontario

The registrar keeps a record of the owners of Units of the Fund and processes subscriptions, switches, conversions, redemptions and any other changes in ownership.

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### SECURITIES LENDING AGENT

CIBC Mellon Trust Company  
Toronto, Ontario

The securities lending agent will act on behalf of the Fund in administering any securities lending and repurchase transactions entered into by the Fund.

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### AUDITOR

Deloitte LLP  
Toronto, Ontario

The auditor audits the Fund's annual financial statements and provides an opinion as to whether they present fairly in all material respects the Fund's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards.

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## **INDEPENDENT REVIEW COMMITTEE (IRC)**

The mandate of the IRC is to review, and provide input on, our written policies and procedures that deal with conflict of interest matters in respect of the Lysander Funds and to review and, in some cases, approve conflict of interest matters. The IRC may also approve certain mergers involving the Lysander Funds and any change of the auditors of the Lysander Funds. Unitholder approval will not be obtained in these circumstances, but you will be sent a written notice at least 60 days before the effective date of any such merger or change of auditor of the Fund.

Each member of the IRC is independent of us, the Fund and any party related to us. The IRC will prepare, at least annually, a report of its activities for Unitholders. This report will be available on our website at [www.lysanderfunds.com](http://www.lysanderfunds.com) or you may request a copy, at no cost to you, by contacting us at [manager@lysanderfunds.com](mailto:manager@lysanderfunds.com).

Additional information about the IRC, including the names of the members, is available in the AIF.

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## **Fund-of-funds**

Securities legislation permits mutual funds (referred to in this context as **Top Funds**) to actively manage their investment holdings in other mutual funds (referred to in this context as **Underlying Funds**). The Fund may invest in securities of other mutual funds. Where we are the manager of both a Top Fund and an Underlying Fund, we will not vote the securities of the Underlying Fund. We may, in our discretion, arrange for such securities to be voted by the unitholders of the applicable Top Fund.

# Fund Details

|                             |   |
|-----------------------------|---|
| Fund type                   | Balanced  |
| Securities offered          | Series A, Series D and Series F Units of a unit trust                                     |
| Start date                  | Series A: November 20, 2015<br>Series D: November 20, 2015<br>Series F: November 20, 2015 |
| Registered plan eligibility | Qualified investment for registered plans   |
| Management fee              | Series A: 1.50%<br>Series D: 0.85%<br>Series F: 0.75%                                     |
| Portfolio manager           | Canso Investment Counsel Ltd.<br>Richmond Hill, Ontario                                   |

## What does the Fund invest in?

### Investment objective

The Fund's objective is to provide long-term total returns consisting of both income and capital gains by investing primarily in a portfolio of fixed income securities and equities.

The investment objective of the Fund can only be changed with the approval of a majority of the Unitholders at a meeting called for such purpose.

### Investment strategies

The Fund seeks to provide capital growth while moderating the volatility of equities by investing primarily in a diversified portfolio of both equities and bonds.

Some of the Fund's portfolio positions will, under normal circumstances, be in equity securities of foreign issuers or unit trusts. It also may invest in debt securities convertible into common stock, and convertible and non-convertible preferred stock, and fixed income securities of governments, government agencies, supranational agencies and companies. It may also invest in ETFs. The Fund will not be leveraged.

The Fund may invest up to 100% of its net assets in foreign securities.

With respect to selecting investments for the Fund,

Canso Investment Counsel Ltd. takes a "bottom up" approach to security selection and portfolio construction. Exposure to credit risk in the portfolio will depend on the phase of the credit cycle with concentration in high quality (primarily investment grade) corporate bonds.

The Fund complies with the investment requirements and restrictions applicable to a pension plan governed by generally applicable pension benefits standards legislation of any jurisdiction of Canada. The Units will be qualified investments for pension plans.

The Fund may engage in hedging transactions and in connection with this, may enter into forward currency contracts and related options, purchase and sell options ("over-the-counter") on currencies or securities. The Fund may also purchase foreign currencies in the form of bank deposits. The Fund may do this to reduce the impact of currency fluctuations on the Fund or to provide protection for the Fund's portfolio. The Fund will only make these investments as permitted by Canadian securities regulatory authorities.

The Fund may invest in securities of other mutual funds, as described on page 18. The Fund may also engage in short selling in a manner which is consistent with the investment objective of the Fund and as permitted by securities regulations (please see *Short selling risk* on page 5 for a description of the short selling process and the strategies used by the Fund to minimize the risks associated with the short sales of securities).

The Fund may hold all or a portion of its assets in cash or cash equivalents or invest in short term bonds or money market instruments in response to adverse market, economic and/or political conditions or for liquidity, defensive or other purposes. As a result, the Fund may not be fully invested in accordance with its investment objective.

The Fund may enter into securities lending, repurchase and reverse repurchase transactions to seek to earn additional returns, subject, in each case, to limits at least as stringent as those required by Canadian securities regulatory authorities. For a description of these transactions and how the Fund reduces the risks associated with these transactions, please see the discussion under *Repurchase, reverse repurchase and*

securities lending risk on page 5.

### What are the risks of investing in the Fund?

The following are the risks associated with an investment in the Fund:

- Active management risk
- Credit risk
- Currency risk
- Cybersecurity risk
- Debt securities risk
- Derivatives risk
- Equity risk
- Exchange-traded fund risk
- Foreign investment risk
- Interest rate risk
- Large transaction risk
- Liquidity risk
- Repurchase, reverse repurchase and securities lending risk
- Series risk
- Short selling risk
- Small company risk
- Specialization risk
- Tax risk

For a detailed description of these mutual fund risks, see *What are the specific risks of investing in a mutual fund?* beginning on page 2.

As at October 31, 2018, 2 Unitholders held approximately 79.8% and 11.6% respectively of all the issued and outstanding Units of the Fund. For a detailed description of this risk, see *Large Transaction Risk* beginning on page 4.

### Who should invest in this Fund?

This Fund may be suitable for you if you plan to hold this investment for the medium-to-long term.

In accordance with the methodology described on page 18, we have rated the Fund as **low-to-medium** risk.

### Distribution policy

It is the policy of the Fund to distribute its income quarterly and a sufficient amount of its net realized capital gains annually between December 14 and December 31 in each calendar year as will result in the Fund paying no ordinary income tax under Part I of the *Income Tax Act* (Canada). The Fund may make additional distributions from time to time throughout the year at our discretion, including distributions on

account of reduced management fee arrangements with certain investors such as institutional investors. Management Fee Distributions will be distributed on such basis as we may determine.

All distributions by the Fund will be reinvested automatically in additional Units of the same Series of the Fund held by you at the NAV thereof, unless you provide your dealer a written request that you wish to receive distributions in cash. No commissions are payable upon automatic reinvestment of distributions. Reinvested distributions will be redeemed on a *pro rata* basis with the Units upon which the distributions were paid.

### Fund expenses indirectly borne by investors

Please see *Fund expenses indirectly borne by investors* on page 19 for a description of the expenses included in, and the assumptions required to be used in, this table. Our actual costs may be higher or lower.

| Time Period | Series A | Series D | Series F |
|-------------|----------|----------|----------|
| One Year    | \$20.09  | \$12.71  | \$11.48  |
| Three Years | \$63.33  | \$40.07  | \$36.19  |
| Five Years  | \$111.01 | \$70.23  | \$63.43  |
| Ten Years   | \$252.69 | \$159.87 | \$144.39 |

You can find more information about the Fund in the Fund's Annual Information Form, the Fund's Fund Facts, the management report of fund performance and the financial statements. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as part of it.

For a free copy of these documents, call us toll-free at **1-877-308-6979** or ask your dealer. These documents and other information about the Fund, such as information circulars and material contracts, are also available at [www.lysanderfunds.com](http://www.lysanderfunds.com) or [www.sedar.com](http://www.sedar.com).

# **Lysander TDV Fund**

**Lysander Funds Limited  
100 York Blvd.  
Suite 501  
Richmond Hill, Ontario  
L4B 1J8**

**1-877-308-6979**

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