

Annual Management Report of Fund Performance

As at December 31, 2018

Lysander-Roundtable Low Volatility Equity Fund



ROUNDTABLE
CAPITAL PARTNERS INC.



Lysander-Roundtable Low Volatility Equity Fund

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A Note About Forward Looking Statements

This annual Management Report of Fund Performance includes certain statements that are “forward looking statements”. All statements, other than statements of historical fact, included in this Management Report of Fund Performance that address activities, events or developments that the Fund expects or anticipates will or may occur in the future, including such things as anticipated financial performance, are forward looking statements. The words “may”, “could”, “would”, “should”, “believe”, “plan”, “anticipate”, “expect”, “intend”, “forecast”, “objective” and similar expressions are intended to identify forward looking statements.

These forward looking statements are subject to various risks and uncertainties, including the risks described in the simplified prospectus of the Fund, which could cause actual financial performance and expectations to differ materially from the anticipated performance or other expectations expressed.

Readers are cautioned not to place undue reliance on these forward looking statements. All opinions contained in forward looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

The Fund has no specific intention of updating any forward looking statements whether as a result of new information, future events or otherwise, except as required by securities legislation. Certain research and information about specific holdings in the Fund, including any opinion, is based upon various sources believed to be reliable, but it cannot be guaranteed to be current, accurate or complete. It is for information only, and is subject to change without notice.

About This Report

This annual Management Report of Fund Performance of Lysander-Roundtable Low Volatility Equity Fund (the “Fund”) contains financial highlights for the year ended December 31, 2018 but does not contain the complete financial statements of the Fund. This report should be read in conjunction with the annual financial statements of the Fund for the year ended December 31, 2018. Lysander Funds Limited (the “Manager”) is the manager of the Fund. You can get a copy of the financial statements at your request, and at no cost, by calling toll-free 1 877 308 6979, by writing to Lysander Funds Limited, 100 York Boulevard, Suite 501, Richmond Hill, Ontario, L4B 1J8, by visiting our website at www.lysanderfunds.com or at SEDAR at www.sedar.com.

Unitholders may also contact Lysander Funds Limited using one of these methods to obtain a copy of the Fund’s proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Investment objective

The Fund’s objective is to provide long-term capital growth by investing primarily in North American securities with a focus on equity securities of Canadian and U.S. companies.

Investment Strategies

The Fund’s portfolio manager is Roundtable Capital Partners Inc. (“Portfolio Manager” or “Roundtable”). The Fund’s portfolio positions are primarily invested in Canadian and U.S. Equity securities that are listed on public stock exchanges. The Fund may invest up to 30% of its assets in issuers located outside of North America.

The Fund expects to write covered calls to seek to generate returns. This strategy consists of the sale of a call option while owning the underlying stock. More details are contained in the Fund’s simplified prospectus.

Risks

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

Results of Operations

The Fund declined by 17.4% (Series F) in 2018. The covered call strategy employed by the Fund helped mitigate market and macro risks by adding 700 basis points (bps) of positive performance. Volatility, as measured by the CBOE S&P 500 Volatility Index (“VIX”), saw outsized moves as it spiked sharply in December to 36%. The spike in volatility can be attributed to geo-political risk, U.S./China trade tensions and investor worries regarding the Federal Reserve’s future interest rate path.

The Fund’s overweight bias to the Energy sector weighed on returns as the price of West Texas Intermediate (WTI) Crude oil tumbled and differentials between WTI and West Canada Select (WCS) blew out. Energy holdings attributed a negative 500 bps to Fund returns. Financials also weighed on Fund returns, however to a lesser extent, as exposure to this sector was underweight relative to the market. The impact of currency translation was benign as the Fund effectively hedged 75% to 100% of the foreign exchange risk associated with U.S. stock positions over the course of the year. Given worries around the economy and possibility of a recession looming, Roundtable believed an increased option coverage to manage volatility was prudent.

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The net assets of the Fund decreased to approximately \$9.4 million as of December 31, 2018 from \$15.0 million on December 31, 2017. This was partly due to net redemptions of approximately \$3.3 million.

There were no unusual changes to the components of revenue or net operating expenses of the Fund and there were no unusual events or transactions, economic changes or market conditions that affected performance beyond what would be reasonably expected.

The Fund borrowed a minimum of \$0 and a maximum of \$1,865,149 during the year as a result of redemption requests. As at December 31, 2018, the amount borrowed represented approximately 14.8% of the Fund's net asset value. The Fund has a borrowing arrangement with its custodian, CIBC Mellon Trust Company ("CIBC Mellon"), which charges a fee on any overdraft based on the daily "BNY Mellon Asset Servicing Global Interest Rates". As at December 31, 2018, the interest rate applied by CIBC Mellon was 4.95%. The Manager and Portfolio Manager bore the cost of the overdraft fee and accordingly the Fund did not bear any cost of the borrowing.

Recent Developments

The Fund maintains an overweight bias to Energy, specifically Canadian energy securities as efforts by the Alberta provincial government to close the WTI/WCS differential have been considered to be successful. The differential now hovers around the \$10.30 but was as wide as \$50 in October 2018. The Fund has increased its exposure to Financials, specifically Canadian banks. Canadian banks grew earnings-per-share by approximately 12% in 2018 however their price-to-earnings multiples (P/E multiples) declined to the lowest point since the financial crisis due to concerns regarding mortgage and loan growth. With valuations at historical lows and Canadian banking business still growing at a decent clip for this stage of the cycle, the set up for banks to outperform market expectations seems likely from a total return perspective.

The Fund holds an option coverage near the 75% mark. While volatility has dissipated from December highs, 2019 may face more inter-month volatility than what the market has experienced of the last few years. As such, a higher cash position and higher option coverage should help protect capital and allow the Fund to tactically deploy capital should the market pullback after a strong start to 2019.

There have been no changes to the Manager or Portfolio Manager, or change of control of the Manager, or of the Fund in the year. On February 11, 2019, the Manager announced its intention to wind up the Fund, effective on or about April 30, 2019 (the "Wind-Up Date"). Starting on the announcement date,

the Fund ceased to accept any purchases, including purchases under systematic purchase programs. Investors who remain in the Fund as of the close of business on the Wind-Up Date will have their units redeemed and will receive cash as the redemption proceeds for such units. The Manager will waive any short-term trading fees for switches or redemptions of Fund units.

There were no changes to the membership of the Fund's Independent Review Committee ("IRC").

Related Party Transactions

The Manager provides or arranges for the provision of all general management and administrative services required by the Fund in its day-to-day operations, including but not limited to, calculating and reporting the net asset value of the Fund and its series, preparing all offering documents, unitholder recordkeeping and other administrative services. The Manager receives a management fee for these services. The fee is calculated based on a percentage of the net asset value of the Fund as disclosed in the simplified prospectus.

The Fund paid \$197,489 (including HST) in management fees to the Manager for the year ended December 31, 2018 (December 31, 2017: \$220,690).

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

The Manager paid \$72,897 (including HST) to the Portfolio Manager for the year ended December 31, 2018 (December 31, 2017: \$86,107).

The Manager relied, or may rely on standing instructions from the IRC in respect of securities traded amongst mutual funds, closed end funds, managed accounts or pooled funds managed by the Manager or an affiliate of the Manager. In such cases the Manager is required to comply with the Manager's written policies and procedures presented to the IRC and provide periodic reports to the IRC in accordance with National Instrument 81-107.

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Financial Highlights

Series A*

Year ended	31-Dec-2018		31-Dec-2017		31-Dec-2016	
Net assets per unit¹						
Net assets, beginning of year	\$	9.89	\$	9.96	\$	10.00
Operations:						
Total revenue		0.29		0.26		0.25
Total expenses		(0.26)		(0.26)		(0.28)
Realized gains (losses)		(0.31)		0.19		1.04
Unrealized gains (losses)		(1.48)		0.08		0.01
Total increase (decrease) from operations²	\$	(1.76)	\$	0.27	\$	1.02
Distributions:						
From income (excluding dividends)	\$	-	\$	-	\$	-
From dividends		-		(0.17)		-
From capital gains		-		(0.19)		(1.65)
Total distributions^{2 3}	\$	-	\$	(0.36)	\$	(1.65)
Net assets, end of year^{2 3}	\$	8.08	\$	9.89	\$	9.96
Ratios and supplemental data						
Net asset value ⁴	\$	3,533,418	\$	5,343,614	\$	4,868,344
Units outstanding		437,479		540,248		488,967
Management expense ratio ⁵	%	2.56	%	2.56	%	2.54
Management expense ratio before waivers or absorption		2.86		2.66		2.97
Portfolio turnover rate ⁶		530.4		494.4		507.4
Trading expense ratio ⁷		1.3		0.7		0.9
Net asset value per unit, end of year	\$	8.08	\$	9.89	\$	9.96

Notes

* The Fund became a reporting issuer on December 31, 2015 and accordingly prior period numbers are not available.

1 The information is derived from the Fund's audited annual financial statements. All per unit figures presented are referenced to net assets determined in accordance to IFRS.

2 Net assets and distributions are based on the actual numbers of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

3 Distributions were paid in cash or reinvested in additional units, or both.

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

5 The management expense ratio is based on the total expenses of the period ended and is expressed as an annualized percentage of daily average net asset values during the period.

6 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio manager manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund. The portfolio turnover rate is calculated based on the lesser of purchases or sales of securities divided by the weighted average market value of portfolio securities, excluding short term securities.

7 The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

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Series F*

Year ended	31-Dec-2018		31-Dec-2017		31-Dec-2016	
Net assets per unit¹						
Net assets, beginning of year	\$	10.06	\$	10.02	\$	10.00
Operations:						
Total revenue		0.29		0.26		0.25
Total expenses		(0.15)		(0.15)		(0.16)
Realized gains (losses)		(0.31)		0.18		1.14
Unrealized gains (losses)		(1.48)		0.16		0.05
Total increase (decrease) from operations²	\$	(1.65)	\$	0.45	\$	1.28
Distributions:						
From income (excluding dividends)	\$	-	\$	-	\$	-
From dividends		-		(0.17)		(0.07)
From capital gains		-		(0.19)		(1.82)
Total distributions^{2 3}	\$	-	\$	(0.36)	\$	(1.89)
Net assets, end of year^{2 3}	\$	8.31	\$	10.06	\$	10.02
Ratios and supplemental data						
Net asset value ⁴	\$	5,833,507	\$	9,639,395	\$	7,893,517
Units outstanding		701,743		957,850		788,114
Management expense ratio ⁵	%	1.43	%	1.43	%	1.41
Management expense ratio before waivers or absorption		1.78		1.57		1.92
Portfolio turnover rate ⁶		530.4		494.4		507.4
Trading expense ratio ⁷		1.3		0.7		0.9
Net asset value per unit, end of year	\$	8.31	\$	10.06	\$	10.02

Notes

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Management Fees

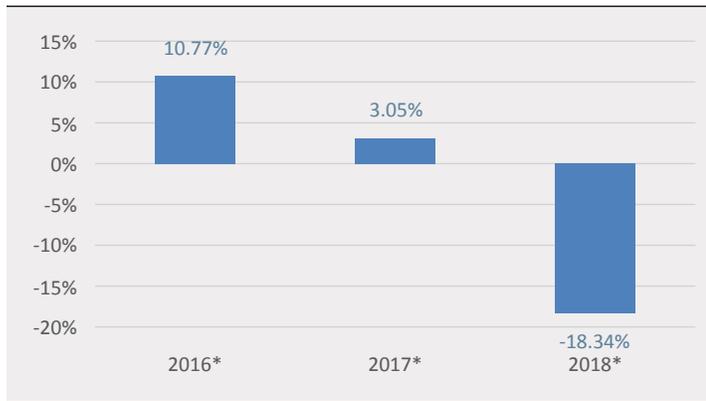
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

In consideration for such services, the Manager receives a monthly management fee, based on the net asset value of each Series, calculated daily and payable monthly. The Fund pays a management fee of 2.00% per annum for Series A units and 1.00% per annum for Series F units.

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

Year-by-Year Returns

Series A

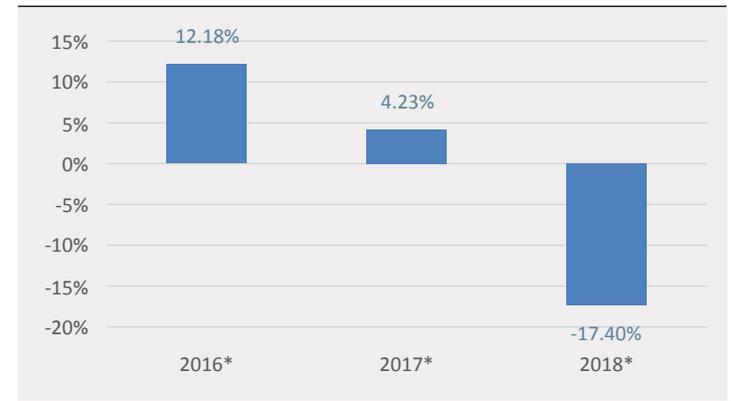


Past Performance

The Fund became a reporting issuer on December 31, 2015. Accordingly, returns are shown for the relevant year as indicated below.

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

Series F



* For the period January 1 to December 31

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Annual Compound Returns

The following table shows the Fund's annual compound return for each period indicated, compared with 65% Montreal Exchange Call Writers' Index and 35% The CBOE S&P 500 (USD) BuyWrite Index (the "Index"). The returns of the Index are calculated without the deduction of fees and expenses, whereas the performance of the Fund is calculated after deducting such fees and expenses. The Fund previously compared its return with 65% S&P/TSX Composite Total Return Index and 35% S&P 500 Composite Total Return Index. The new benchmark more accurately reflects the risk and return characteristics of the Fund with written options.

For years ended December 31, 2018		1 Year		3 Year ²		Since Inception ³
Annual Compound Return						
Series A ¹	%	(18.34)	%	(2.31)	%	(2.31)
Series F ¹		(17.40)		(1.15)		(1.15)
Index ⁴	%	(2.70)	%	5.09	%	5.09

Notes

¹ Returns are based on the net asset value per unit of the relevant series of the Fund and assume that all distributions were reinvested.

² Compound period returns are annualized.

³ Period starting from December 31, 2015. Since inception returns are annualized.

⁴ 65% Montreal Exchange Call Writers' Index and 35% The CBOE S&P 500 BuyWrite Index (USD)

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Summary of Investment Portfolio

		% of NAV		
Top 25 Issuers				
Long positions:				
Royal Bank of Canada	%	5.1	Golar Lng Ltd. (Call Option)	(0.04)
Toronto Dominion Bank		4.9	Restaurant Brands International Inc. (Call Option)	(0.04)
Canadian Imperial Bank of Commerce		4.9	McKesson Corp. (Call Option)	(0.04)
Manulife Financial Corp.		4.7	Suncor Energy Inc. (Call Option)	(0.03)
Alphabet Inc.		4.6	Toronto Dominion Bank (Call Option)	(0.03)
Altagas Ltd.		4.4	BCE Inc. (Call Option)	(0.03)
Walmart Inc.		4.3	Canadian Imperial Bank of Commerce (Call Option)	(0.03)
Cenovus Energy Inc.		4.3	Crescent Point Energy Corp. (Call Option)	(0.03)
Canadian Natural Resources Limited		4.3	Canadian National Railway (Call Option)	(0.03)
Enbridge Inc.		4.1	Total	% (16.39)
Metro Inc.		4.0		
Vermilion Energy Inc.		3.7		
McKesson Corp.		3.7		
Microsoft Corp.		3.7		
Occidental Petroleum Corp		3.7		
Canadian Pacific Railway Ltd.		3.6		
Suncor Energy Inc.		3.5		
CVS Health Corporation		3.5		
Golar Lng Ltd		3.5		
Discovery Communications		3.3		
Stella-Jones Inc.		3.2		
Restaurant Brands International Inc.		3.1		
Target Corporation		3.1		
Facebook Inc.		3.1		
Brookfield Property Partner LP		3.0		
Total	%	97.3		
Short positions:				
Cash and Cash Equivalents	%	(14.77)		
Altagas Ltd. (Call Option)		(0.22)		
Walmart Inc. (Call Option)		(0.15)		
Manulife Financial Corp. (Call Option)		(0.11)		
Target Corporation (Call Option)		(0.10)		
Vermilion Energy Inc. (Call Option)		(0.09)		
Cenovus Energy Inc. (Call Option)		(0.09)		
Brookfield Property Partner LP (Call Option)		(0.08)		
Enbridge Inc. (Call Option)		(0.07)		
Canadian Pacific Railway Ltd. (Call Option)		(0.07)		
Microsoft Corp. (Call Option)		(0.06)		
Canadian Natural Resources Limited (Call Option)		(0.06)		
CVS Health Corporation (Call Option)		(0.06)		
Royal Bank of Canada (Call Option)		(0.06)		
Metro Inc. (Call Option)		(0.05)		
Cognizant Technology Solutions (Call Option)		(0.05)		

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% of NAV

Asset Mix		
Canadian Equities	%	73.6
Cash and Cash Equivalents		(14.8)
Call Options		(1.7)
Other Assets less Liabilities		1.7
US Equities		41.2
Total	%	100.0

Sector		
Cash and Cash Equivalents	%	(14.8)
Consumer Discretionary		3.1
Consumer Staples		11.2
Energy		33.1
Financials		19.4
Health Care		9.2
Industrials		5.9
Information Technology		13.8
Materials		6.6
Other Assets less Liabilities		1.7
Real Estate		2.9
Telecommunication Services		5.8
Utilities		2.1
Total	%	100.0



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