

Annual Management Report of Fund Performance
As at December 31, 2018

Lysander-Seamark Total 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-Seamark Total 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 equity securities of companies anywhere in the world.

Investment Strategies

The Fund’s portfolio manager is Seamark Asset Management Ltd. (“Portfolio Manager” or “Seamark”). The Fund’s portfolio positions is primarily invested in equity securities of companies globally. The Fund will not be leveraged. The Fund may invest up to 100% of its assets in foreign securities. More details are contained in the Fund’s simplified prospectus.

Risks

On December 21, 2018, the Manager decreased the risk rating of the Fund from “medium” to “low-to-medium” in accordance with the investment risk classification methodology mandated by the Canadian Securities Administrators. Please refer to the Fund’s most recent simplified prospectus.

Results of Operations

World bourses recorded widespread losses in 2018, with various markets each experiencing their own domestic troubles. Notwithstanding that the world economy registered solid GDP growth, many stock markets suffered declines of more than 10%.

The Fund is well diversified across major world equity markets, but that didn’t save it from the many troubled spots around the globe. Strength in the U.S. dollar continued to play havoc with emerging market economies in 2018. Emerging markets declined in the order of 15% in 2018. Protracted Brexit negotiations caused a decline in consumer confidence and business investment in Britain and Europe. China’s economy has faltered, due in part to trade tensions with the U.S. International markets, as represented by the MSCI EAFE Index declined by 13.8% in 2018. U.S. markets started the year with a bang as January witnessed the blow off of the stretch-for-growth phenomenon of 2017. But share prices ended the year with a thud as investors recalibrated their expectations for 2019 and questioned many of President Trump’s “gut instincts”. Buoyed by a very strong January at the start of 2018, the S&P 500 Index dropped 4.4% in the 12-month period (but by 9.6% since January). Canadian share prices declined in response to lower world prices for oil, and a steep discount for Canadian crude relative to its West

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Texas counterpart. The S&P/TSX Composite Index posted a decline of 8.9% in 2018.

Currency was once again a factor when reviewing returns in 2018. As somewhat of a saving grace for Canadian investors, negative foreign returns were partially offset by an 9.0% decline in the Canadian dollar versus its U.S. counterpart.

Over the year, the Fund recorded negative returns (-9.2% for Series A and -8.1% for Series F). Equities held by the Fund underperformed market indexes in the early part of the year when the U.S. technology sector leapt higher. Since the end of that stretch for growth phenomenon, the Fund's equities have shown improvement relative to market indexes. Value stocks have underperformed dramatically in the last couple of years, but as markets become more volatile, investors may gain a new appreciation for value. The Fund's portfolio is strongly tilted toward value sectors which offer unusual opportunity for long term investors. At year end, the Fund yielded 3.7%.

The Fund was fully invested at year-end. Seamark recognizes the recovery opportunity from depressed share valuations following the market's sharp decline in the fourth quarter. The Fund's positioning and performance is consistent with the Fund's fundamental investment objective and strategies. The net assets of the Fund were \$1.9 million at December 31, 2018 versus \$2.0 million at December 31, 2017.

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

The Fund did not borrow money during the year except for immaterial short term cash overdrafts.

Recent Developments

In Seamark's view, most of the concerns affecting equity investors today are man made, or self-inflicted. In every case, Seamark expects cooler heads to prevail in these situations. As we enter 2019, expectations for a slowdown of growth in the U.S. economy are well founded, but Seamark believes a recession is highly unlikely. Expectations for U.S. earning gains of 5-8% may have to be tempered, especially if trade tensions persist past the negotiating period with China. Better trade relations would go a long way to reinvigorating world economies and repairing business and investor psychology.

Seamark believes the market's correction has created attractive investment opportunities that would deliver strong returns to investors upon resolution of the trade tensions. Value sectors of

the market are severely depressed and should provide investors with attractive return potential.

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. There have been no actual or planned reorganizations, mergers or similar transactions.

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 Fund paid \$27,831 (including HST) in management fees to the Manager for the year ended December 31, 2018 (December 31, 2017 - \$30,339).

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 \$11,510 (including HST) to the Portfolio Manager for the year ended December 31, 2018 (December 31, 2017 - \$13,299).

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	31-Dec-2015
Net assets per unit¹				
Net assets, beginning of year	\$ 10.97	\$ 10.72	\$ 9.79	\$ 10.00
Operations:				
Total revenue	0.37	0.33	0.30	0.30
Total expenses	(0.29)	(0.29)	(0.27)	(0.25)
Realized gains (losses)	(0.02)	(0.11)	0.05	0.05
Unrealized gains (losses)	(1.01)	0.32	1.01	(0.23)
Total increase (decrease) from operations²	\$ (0.95)	\$ 0.25	\$ 1.09	\$ (0.13)
Distributions:				
From income (excluding dividends)	\$ -	\$ -	\$ (0.02)	\$ -
From dividends	(0.06)	(0.04)	(0.03)	(0.11)
From capital gains	-	-	(0.10)	(0.06)
Total distributions^{2 3}	\$ (0.06)	\$ (0.04)	\$ (0.15)	\$ (0.17)
Net assets, end of year^{2 3}	\$ 9.92	\$ 10.97	\$ 10.72	\$ 9.79
Ratios and supplemental data				
Net asset value ⁴	\$ 384,818	\$ 437,286	\$ 393,328	\$ 229,592
Units outstanding	38,792	39,857	36,704	23,450
Management expense ratio ⁵	% 2.55	% 2.55	% 2.55	% 2.53
Management expense ratio before waivers or absorption	3.56	3.01	3.54	4.87
Portfolio turnover rate ⁶	32.3	16.0	19.7	8.2
Trading expense ratio ⁷	0.1	-	0.1	0.1
Net asset value per unit, end of year	\$ 9.92	\$ 10.97	\$ 10.72	\$ 9.79

Notes

* The Fund became a reporting issuer on December 30, 2014 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	31-Dec-2015
Net assets per unit¹				
Net assets, beginning of year	\$ 11.11	\$ 10.86	\$ 9.89	\$ 10.00
Operations:				
Total revenue	0.38	0.34	0.31	0.30
Total expenses	(0.18)	(0.17)	(0.16)	(0.14)
Realized gains (losses)	(0.04)	(0.09)	0.08	0.07
Unrealized gains (losses)	(1.03)	0.33	0.99	(0.09)
Total increase (decrease) from operations²	\$ (0.87)	\$ 0.41	\$ 1.22	\$ (0.16)
Distributions:				
From income (excluding dividends)	\$ -	\$ -	\$ (0.02)	\$ -
From dividends	(0.21)	(0.17)	(0.12)	(0.12)
From capital gains	-	-	(0.08)	(0.07)
Total distributions^{2 3}	\$ (0.21)	\$ (0.17)	\$ (0.22)	\$ (0.19)
Net assets, end of year^{2 3}	\$ 10.03	\$ 11.11	\$ 10.86	\$ 9.89
Ratios and supplemental data				
Net asset value ⁴	\$ 1,514,900	\$ 1,607,562	\$ 1,867,495	\$ 1,441,238
Units outstanding	151,025	144,641	171,962	145,786
Management expense ratio ⁵	% 1.42	% 1.42	% 1.42	% 1.42
Management expense ratio before waivers or absorption	2.43	1.90	2.49	3.65
Portfolio turnover rate ⁶	32.3	16.0	19.7	8.2
Trading expense ratio ⁷	0.1	-	0.1	0.1
Net asset value per unit, end of year	\$ 10.03	\$ 11.11	\$ 10.86	\$ 9.89

Notes

* The Fund became a reporting issuer on December 30, 2014 and accordingly prior period numbers are not available.

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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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Management Fees

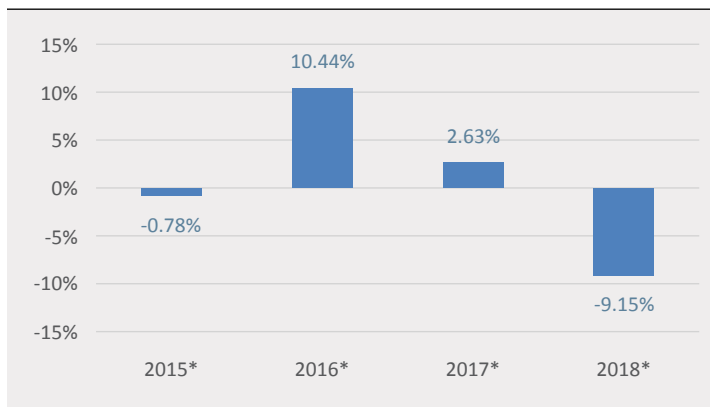
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

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

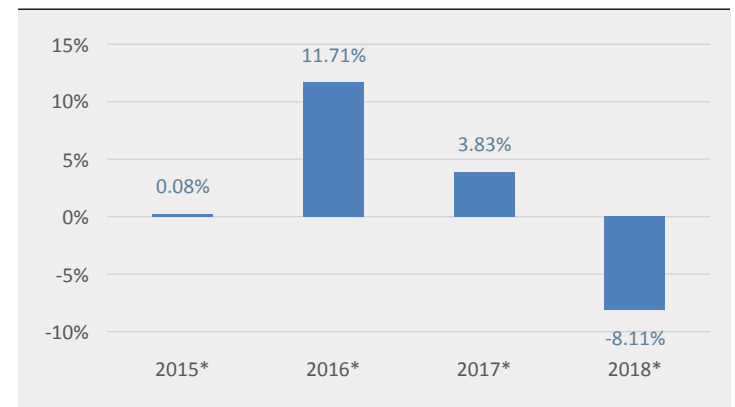


Past Performance

The Fund became a reporting issuer on December 30, 2014. 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 50% S&P/TSX Total Return Index(CAD), 35% S&P Total Return Index (CAD) and 15% MSCI EAFE Composite(CAD) (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.

For years ended December 31, 2018		1 Year		3 Year ²		Since Inception ³
Annual Compound Return						
Series A ¹	%	(9.15)	%	0.98	%	0.54
Series F ¹		(8.11)		2.15		1.62
Index ⁴	%	(3.94)	%	6.68	%	6.20

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 30, 2014. Since inception returns are annualized.

4 Source: TSX Inc. Copyright © TSX Inc. All rights reserved.

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Summary of Investment Portfolio

	% of NAV	
Top 25 Issuers		
Franco-Nevada Corp.	%	2.5
Toronto Dominion Bank		2.3
Royal Bank of Canada		2.2
Bank of Nova Scotia		2.1
Industrial Alliance		2.1
Manulife Financial Corp.		2.0
Suncor Energy Inc.		2.0
Canadian Natural Resources		2.0
Emera Inc.		1.7
Royal Dutch Shell		1.7
Bristol Myers		1.7
Mcdonald'S Corporation		1.7
Abbvie Inc.		1.7
North West Co.		1.7
Merck & Co.		1.6
Aliment'n Couche-Tard		1.6
Kla-Tencor Corp.		1.6
Nestle S A ADR		1.6
Walt Disney Co.		1.6
Pfizer Inc.		1.6
Enbridge Inc.		1.6
BCE Inc.		1.6
BHP Billton Ltd.		1.6
Fortis Inc.		1.6
Cisco Systems		1.6
Total	%	45.0

	% of NAV	
Asset Mix		
Canadian Equities	%	47.2
International Equities		12.7
Other Assets less Liabilities		1.2
US Equities		38.9
Total	%	100.0
Sector		
Consumer Discretionary	%	6.0
Consumer Staples		12.9
Energy		11.2
Financials		18.9
Health Care		9.5
Industrials		8.8
Information Technology		11.9
Materials		8.0
Other Assets less Liabilities		1.2
Telecommunication Services		7.1
Utilities		4.5
Total	%	100.0



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