

Semi-Annual Management Report of Fund Performance
As at June 30, 2018

Lysander TDV Fund



Lysander TDV Fund

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A Note About Forward Looking Statements

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

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

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

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

About This Report

This semi-annual Management Report of Fund Performance of Lysander TDV (the “Fund”) contains financial highlights for the period ended June 30, 2018 but does not contain the complete financial statements of the Fund. This report should be read in conjunction with the semi-annual financial statements of the Fund for the period ended June 30, 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 us at 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 us using one of these methods to obtain a copy of the investment 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 total returns consisting of both income and capital gains by investing primarily in a portfolio of fixed income securities and equities.

Investment Strategies

The Fund’s portfolio manager, is Canso Investment Counsel (“Portfolio Manager” or “Canso”). The Fund will seek to provide capital growth while moderating the volatility of equities by investing primarily in a diversified portfolio of both equities and bonds. The Fund will not be leveraged. The Fund may invest up to 100% of its assets at the time in foreign securities. More details are contained in the Fund’s simplified prospectus.

Risks

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

Results of Operations

The Fund had positive returns for the period of 2.68% for Series A, 3.04% for Series D and 3.11% for Series F.

This performance is consistent with the Fund’s fundamental investment objective and strategies. The net assets of the Fund increased to \$2.3 million at June 30, 2018 from \$2.2 million at the beginning of the period. For the period, referral fees of \$4,335 (excluding HST) were paid by the Manager to the Royal Military Colleges Club of Canada in accordance with the disclosures in the Fund’s simplified prospectus.

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 period except for immaterial short-term cash overdrafts.

Recent Developments

The upward trajectory in yields reversed course in June as Canada, Mexico and the EU implemented their retaliatory tariffs for the US steel and aluminum tariffs imposed by the Trump administration. This, combined with the possibility of tariffs on imported vehicles into the US, the threat of retaliation for the retaliatory tariffs, and July’s start of US tariffs on Chinese goods

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with Beijing retaliating, began to look like a global trade war. The Bank of Canada raised rates in January and then stayed on hold for the remainder of the period while the Federal Reserve continued to push their administered rates higher. The Canadian central bank is expected to follow the US rate hikes, but more cautiously given Canadian economic uncertainty.

In this environment, Government of Canada bonds outperformed and longer duration Provincials lagged. Credit yield spreads widened but the higher yield of corporate bonds allowed them to come close to matching the return of the Canada index. Within the corporate bond segment, BBB rated bonds were the strongest performers.

Equity market performance was narrowly based with the tech-heavy NASDAQ providing the strongest return. The Canadian and broad US equity markets were slightly positive as were European and Asian markets although a weaker Canadian dollar provided the biggest boost to foreign equity results.

Canso continues to believe the U.S. economy is demonstrating strong job growth. Protectionist trade policies are creating strength in the US dollar. This is the opposite of what the Trump administration is looking for. Canso remains concerned about consumer debt levels and stretched house prices in Canada, especially in Toronto and Vancouver. Measures introduced to restrict mortgage lending are timely but may erode the valuation of the single largest asset in Canadian households. Canadian households are vulnerable to a sharp rise in interest rates and an increase in unemployment.

Canso believes many equity valuations are at high levels. As a result, Canso has been selling shares in the names they believe to be the most overvalued. Some of the larger equity sales have been in Apple, Imvescor, and Bombardier. This has led to a reduction in the equity weight of the Fund to 64% at the end of the period from 69% at the beginning of the period. In spite of the reduction in the equity weight, Clearwater Seafoods was added as a new equity position in the period.

Canso has been deliberately increasing the credit quality of the bond positions in the Fund, believing that the additional yield offered on lower quality credits has declined to the point where it is unattractive in most cases.

There have been no changes to the Manager or Portfolio Manager, or change of control of the Manager, or of the Fund. There have been no actual or planned reorganizations, mergers or similar transactions.

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 \$9,826 (including HST) in management fees to the Manager for the period ended June 30, 2018 (June 30, 2017 - \$8,720).

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 is included in the management fee.

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*

| Period ended | 30-Jun-2018 | 31-Dec-2017 | 31-Dec-16 | 31-Dec-15 |
|--|-----------------|------------------|------------------|------------------|
| Net assets per unit¹ | | | | |
| Net assets, beginning of period | \$ 11.28 | \$ 10.48 | \$ 10.11 | \$ 10.00* |
| Operations: | | | | |
| Total revenue | 0.13 | 0.21 | 0.18 | 0.01 |
| Total expenses | (0.13) | (0.22) | (0.19) | (0.02) |
| Realized gains (losses) | 0.78 | 0.42 | 0.23 | (0.03) |
| Unrealized gains (losses) | (0.48) | 0.83 | 0.38 | 0.16 |
| Total increase (decrease) from operations² | \$ 0.30 | \$ 1.24 | \$ 0.60 | \$ 0.12 |
| Distributions: | | | | |
| From income (excluding dividends) | \$ - | \$ - | \$ - | \$ (0.01) |
| From dividends | - | (0.06) | (0.04) | (0.01) |
| From capital gains | - | (0.38) | (0.19) | - |
| Total distributions^{2 3} | \$ - | \$ (0.44) | \$ (0.23) | \$ (0.02) |
| Net assets, end of period^{2 3} | \$ 11.58 | \$ 11.28 | \$ 10.48 | \$ 10.11 |
| Ratios and supplemental data | | | | |
| Net asset value ⁴ | \$ 6,162 | \$ 6,001 | \$ 5,361 | \$ 5,059 |
| Units outstanding | 532 | 532 | 512 | 500 |
| Management expense ratio ⁵ | % 2.02 | % 1.96 | % 1.88 | % 1.82 |
| Management expense ratio before waivers or absorption | 3.97 | 4.78 | 4.86 | 1.82 |
| Portfolio turnover rate ⁶ | 14.0 | 22.5 | 16.8 | 20.3 |
| Trading expense ratio ⁷ | 0.07 | 0.06 | 0.1 | 0.2 |
| Net asset value per unit, end of period | \$ 11.58 | \$ 11.28 | \$ 10.48 | \$ 10.11 |

Notes

* Series A commenced operations on November 20, 2015

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

2 Net assets and distributions are based on the actual numbers of units outstanding at the relevant time. The increase (decrease) in 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 D*

| Period ended | 30-Jun-2018 | 31-Dec-2017 | 31-Dec-2016 | 31-Dec-2015 |
|--|------------------|------------------|------------------|------------------|
| Net assets per unit¹ | | | | |
| Net assets, beginning of period | \$ 11.37 | \$ 10.50 | \$ 10.11 | \$ 10.00* |
| Operations: | | | | |
| Total revenue | 0.13 | 0.21 | 0.19 | 0.01 |
| Total expenses | (0.08) | (0.14) | (0.12) | (0.01) |
| Realized gains (losses) | 0.78 | 0.39 | 0.23 | (0.03) |
| Unrealized gains (losses) | (0.48) | 0.88 | 0.37 | 0.16 |
| Total increase (decrease) from operations² | \$ 0.35 | \$ 1.34 | \$ 0.67 | \$ 0.13 |
| Distributions: | | | | |
| From income (excluding dividends) | \$ - | \$ - | \$ - | \$ (0.01) |
| From dividends | (0.04) | (0.07) | (0.09) | (0.01) |
| From capital gains | - | (0.39) | (0.19) | - |
| Total distributions^{2 3} | \$ (0.04) | \$ (0.46) | \$ (0.28) | \$ (0.02) |
| Net assets, end of period^{2 3} | \$ 11.68 | \$ 11.37 | \$ 10.50 | \$ 10.11 |
| Ratios and supplemental data | | | | |
| Net asset value ⁴ | \$ 6,273 | \$ 6,088 | \$ 5,399 | \$ 5,064 |
| Units outstanding | 537 | 535 | 514 | 501 |
| Management expense ratio ⁵ | % 1.26 | % 1.24 | % 1.12 | % 1.14 |
| Management expense ratio before waivers or absorption | 3.21 | 4.09 | 3.87 | 1.14 |
| Portfolio turnover rate ⁶ | 14.0 | 22.5 | 16.8 | 20.3 |
| Trading expense ratio ⁷ | 0.07 | 0.06 | 0.1 | 0.2 |
| Net asset value per unit, end of period | \$ 11.68 | \$ 11.37 | \$ 10.50 | \$ 10.11 |

Notes

* Series D commenced operations on November 20, 2015

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

2 Net assets and distributions are based on the actual numbers of units outstanding at the relevant time. The increase (decrease) in 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*

| Period ended | 30-Jun-2018 | 31-Dec-2017 | 31-Dec-2016 | 31-Dec-2015 |
|--|------------------|------------------|------------------|------------------|
| Net assets per unit¹ | | | | |
| Net assets, beginning of period | \$ 11.35 | \$ 10.48 | \$ 10.11 | \$ 10.00* |
| Operations: | | | | |
| Total revenue | 0.13 | 0.22 | 0.25 | 0.02 |
| Total expenses | (0.07) | (0.13) | (0.11) | (0.01) |
| Realized gains (losses) | 0.78 | 0.39 | 0.23 | (0.05) |
| Unrealized gains (losses) | (0.48) | 0.88 | 0.44 | 0.24 |
| Total increase (decrease) from operations² | \$ 0.36 | \$ 1.36 | \$ 0.81 | \$ 0.20 |
| Distributions: | | | | |
| From income (excluding dividends) | \$ - | \$ (0.01) | \$ (0.03) | \$ (0.01) |
| From dividends | (0.05) | (0.08) | (0.11) | (0.01) |
| From capital gains | - | (0.39) | (0.20) | - |
| Total distributions^{2 3} | \$ (0.05) | \$ (0.48) | \$ (0.34) | \$ (0.02) |
| Net assets, end of period^{2 3} | \$ 11.66 | \$ 11.35 | \$ 10.48 | \$ 10.11 |
| Ratios and supplemental data | | | | |
| Net asset value ⁴ | \$ 2,358,109 | \$ 2,264,275 | \$ 2,013,566 | \$ 1,654,626 |
| Units outstanding | 202,283 | 199,419 | 192,159 | 163,606 |
| Management expense ratio ⁵ | % 1.15 | % 1.12 | % 1.05 | % 1.14 |
| Management expense ratio before waivers or absorption | 3.10 | 3.97 | 4.06 | 1.14 |
| Portfolio turnover rate ⁶ | 14.0 | 22.5 | 16.8 | 20.3 |
| Trading expense ratio ⁷ | 0.07 | 0.06 | 0.1 | 0.2 |
| Net asset value per unit, end of period | \$ 11.66 | \$ 11.35 | \$ 10.48 | \$ 10.11 |

Notes

* Series F commenced operations on November 20, 2015

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

2 Net assets and distributions are based on the actual numbers of units outstanding at the relevant time. The increase (decrease) in 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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Management Fees

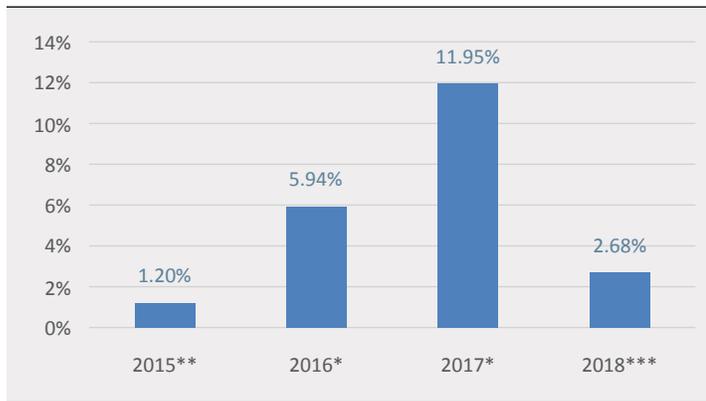
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

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 1.50% per annum for Series A units, 0.85% per annum for Series D and 0.75% per annum for Series F units.

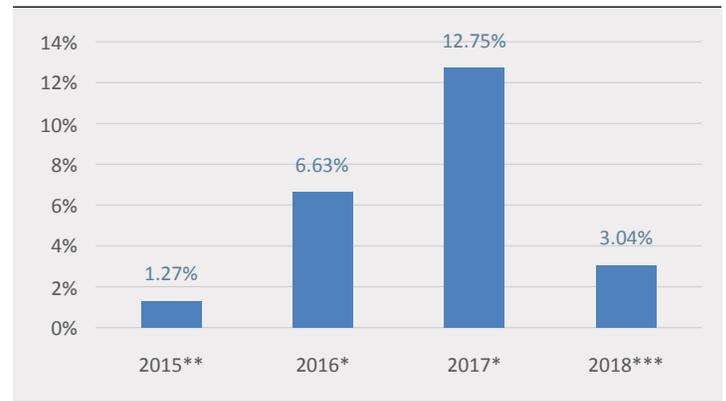
Service fees or trailing commissions of a maximum of 0.75% per annum are paid on Series A units to dealers and 0.10% per annum are paid on Series D units to dealers. This comprises 50.0% of the management fee of Series A units and 11.8% of the management fee of Series D.

Year-by-Year Returns

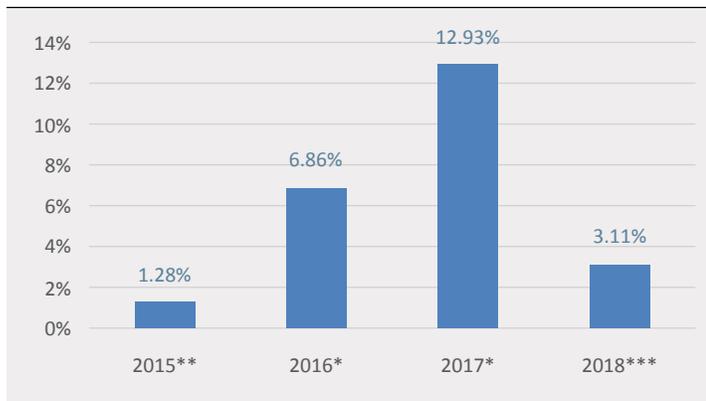
Series A



Series D



Series F



Past Performance

The commencement of operations as a reporting issuer for Series A, D and F was November 20, 2015. Accordingly, returns are shown for the relevant period 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.

* For the period January 1 to December 31, ** For the period November 20 to December 31, *** For the period January 1 to June 30

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Summary of Investment Portfolio

| | % of NAV | | % of NAV |
|--------------------------------------|-------------|-------------------------------|--------------|
| Top 25 Issuers | | Asset Mix | |
| Bank of Montreal (Debt) | 7.7 | Canadian Equities | 34.6 |
| Yellow Pages Limited (Equity) | 6.4 | Canadian Fixed Income | 29.7 |
| Royal Bank of Canada (Debt) | 5.0 | Cash and Cash Equivalents | 0.2 |
| Royal Bank of Scotland (Equity) | 4.7 | Foreign Equities | 28.9 |
| Maxar Technologies Ltd. (Equity) | 4.5 | Foreign Fixed Income | 5.5 |
| Commerzbank AG (Equity) | 3.7 | Other Assets less Liabilities | 1.1 |
| Bombardier Inc. (Equity) | 3.5 | Total | 100.0 |
| Toronto Dominion Bank (Debt) | 3.4 | Sector | |
| Apple Inc. (Equity) | 3.3 | Cash and Cash Equivalents | 0.2 |
| Nutrien Ltd. (Equity) | 3.3 | Communication | 12.2 |
| Enbridge Energy Partners LP (Equity) | 3.3 | Consumer Discretionary | 3.4 |
| SLM Corp (Equity) | 3.0 | Consumer Staples | 9.0 |
| Unicredit SPA (Equity) | 2.9 | Energy | 6.5 |
| Nintendo Co Ltd (Equity) | 2.9 | Federal | 0.3 |
| Empire Co Ltd (Equity) | 2.9 | Financials | 42.9 |
| Second Cup Ltd. (Equity) | 2.9 | Health Care | 0.3 |
| Wal-Mart Stores Inc. (Equity) | 2.8 | Industrials | 12.2 |
| Manulife Financial Corp. (Equity) | 2.6 | Information Technology | 2.9 |
| SNC Lavalin (Equity) | 2.4 | Infrastructure | 2.7 |
| Clearwater Seafoods Inc (Equity) | 2.3 | Materials | 3.7 |
| Canfor Pulp Products Inc. (Equity) | 2.2 | Other Assets less Liabilities | 1.1 |
| Apple Inc. (Debt) | 1.9 | Provincial | 2.4 |
| CIT Group Inc. (Equity) | 1.4 | Real Estate | 0.2 |
| Access Justice Durham (Debt) | 1.3 | Total | 100.0 |
| ORNGE Issuer Trust (Debt) | 1.2 | | |
| Total | 81.5 | | |



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