

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

Lysander-Seamark Balanced 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-Seamark Balanced Fund (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 Seamark Asset Management Ltd. (“Portfolio Manager” or “Seamark”). The Fund’s portfolio positions will primarily be invested 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 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

After the markets opened the first quarter of the year with a decline from 2017 year-end levels, the second quarter saw them regain much of the ground lost in the first quarter of 2018. At mid-year, before the effects of currency, the S&P 500 Index rose by 2.7%, and the S&P/TSX Composite Index rose by 2.0%. The MSCI EAFE Index went the other way, declining by 2.8%.

Against this background, the Fund recovered most of the ground lost in the first quarter when world bourses retreated by as much as 11% from their January highs. The Fund’s return for the six-month period was -0.27% for Series A and 0.14% for Series F. Sectors including energy, information technology and health care were the strongest performers during the period, while weak returns in interest sensitive utilities and telecommunications had a negative impact on performance.

The principal equity indexes are exhibiting an uneven make-up today that reduces their utility as true industry benchmarks. The S&P 500 and the S&P TSX each have a composition characterized by a few heavily weighted industry sectors. For example, in the U.S., Information Technology, although just one of 11 sectors, comprised 26.0% of that ‘broad’ index as at June 30. In Canada, the oil and gas sector made up 20.2% of the S&P TSX index. Coincidentally, both of these heavy weight sectors have been among the leaders in their respective markets year-to-date. The Fund is positioned to capture more durable growth of earnings and dividends over the longer term, and as such may record

Lysander-Seamark Balanced Fund

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

investment returns that differ markedly from an industry benchmark. At period end, the Fund had a dividend yield of 3.3% which aims to function as an anchor for stable returns in the future.

This positioning and performance is entirely consistent with the Fund's fundamental investment objective and strategies. The net assets of the Fund decreased slightly to \$2.0 million at June 30, 2018 versus \$2.4 million at June 30, 2017, mainly due to net redemptions of approximately \$400 thousand.

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

The trend of rising interest rates in the first quarter persisted into the second quarter of the year. In June, the U.S. Federal Reserve increased its target rate by 25 bps once again to 1.75-2.00%. Facing inflationary pressures, the Bank of Canada is expected to hike rates by 25 bps at its July meeting. Against this background, in the fixed income segment of the portfolio, we have continued to favour Floating Rate Notes (FRNs) for their defensive characteristics in a rising rate environment.

At mid-year, the U.S. economy continues to look strong. Corporate earnings are being buoyed by lower tax rates and the consumer continues to spend. Many U.S. multinationals are repatriating profits that had been stranded offshore, to reinvest stateside. It is ironic that President Trump would choose this particular time to turn insular, and protectionist even, with U.S. trade policies. A full out trade war could derail the economy that is the envy of the world.

The Canadian economic outlook is much less certain when compare to the U.S. The strength witnessed in recent years in consumer spending is sure to slow, with household debt levels at very elevated levels. Our energy sector continues to be assailed from outside interests as well as internal objectors. Business confidence is shaky, as we attempt to renegotiate NAFTA.

Trade issues bear close watching. Negotiations are progressing, but aggressive rhetoric and tit-for-tat tariff impositions are concerning to industry. We expect that cooler heads will ultimately prevail, but it may be a bumpy road to conclusion. For now, we are avoiding the Canadian auto, dairy and lumber

industries in our portfolio construction. With this background, we expect market volatility to reflect a more normal level than the benign experience of 2017. SEAMARK equities remain tilted to risk-off undervalued companies as the best defense for today's uncertainties.

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 \$11,959 (including HST) in management fees to the Manager for the period ended June 30, 2018 (June 30, 2017: \$12,456).

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 \$4,914 (including HST) to the Portfolio Manager for the period ended June 30, 2018 (June 30, 2017: \$5,038).

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.

Lysander-Seamark Balanced Fund

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

Financial Highlights

Series A*

Period ended	30-Jun-2018	31-Dec-2017	31-Dec-2016	31-Dec-2015
Net assets per unit¹				
Net assets, beginning of period	\$ 10.73	\$ 10.57	\$ 9.93	\$ 10.00
Operations:				
Total revenue	0.18	0.31	0.31	0.31
Total expenses	(0.11)	(0.22)	(0.21)	(0.20)
Realized gains (losses)	0.22	(0.15)	0.06	0.06
Unrealized gains (losses)	(0.35)	0.31	0.60	(0.33)
Total increase (decrease) from operations²	\$ (0.06)	\$ 0.25	\$ 0.76	\$ (0.16)
Distributions:				
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -
From dividends	(0.04)	(0.11)	(0.07)	(0.10)
From capital gains	-	-	(0.08)	(0.04)
Total distributions^{2 3}	\$ (0.04)	\$ (0.11)	\$ (0.15)	\$ (0.14)
Net assets, end of period^{2 3}	\$ 10.67	\$ 10.73	\$ 10.57	\$ 9.93
Ratios and supplemental data				
Net asset value ⁴	\$ 365,267	\$ 537,458	\$ 510,259	\$ 609,832
Units outstanding	34,236	50,087	48,268	61,390
Management expense ratio ⁵	% 1.99	% 1.98	% 1.98	% 1.97
Management expense ratio before waivers or absorption	2.45	2.49	2.84	3.88
Portfolio turnover rate ⁶	17.8	26.1	27.6	14.3
Trading expense ratio ⁷	0.02	0.02	0.02	0.01
Net asset value per unit, end of period	\$ 10.67	\$ 10.73	\$ 10.57	\$ 9.93

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 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.

Lysander-Seamark Balanced Fund

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

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	\$ 10.77	\$ 10.58	\$ 9.97	\$ 10.00
Operations:				
Total revenue	0.18	0.31	0.31	0.31
Total expenses	(0.07)	(0.13)	(0.13)	(0.11)
Realized gains (losses)	0.24	(0.16)	0.11	0.06
Unrealized gains (losses)	(0.35)	0.36	0.63	0.01
Total increase (decrease) from operations²	\$ -	\$ 0.38	\$ 0.92	\$ 0.27
Distributions:				
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -
From dividends	(0.11)	(0.17)	(0.19)	(0.18)
From capital gains	-	-	(0.10)	(0.06)
Total distributions^{2 3}	\$ (0.11)	\$ (0.17)	\$ (0.29)	\$ (0.24)
Net assets, end of period^{2 3}	\$ 10.68	\$ 10.77	\$ 10.58	\$ 9.97
Ratios and supplemental data				
Net asset value ⁴	\$ 1,624,665	\$ 1,918,200	\$ 1,784,139	\$ 1,451,895
Units outstanding	152,122	178,111	168,696	145,685
Management expense ratio ⁵	% 1.15	% 1.13	% 1.14	% 1.14
Management expense ratio before waivers or absorption	1.61	1.64	1.95	3.11
Portfolio turnover rate ⁶	17.8	26.1	27.6	14.3
Trading expense ratio ⁷	0.02	0.02	0.02	0.01
Net asset value per unit, end of period	\$ 10.68	\$ 10.77	\$ 10.58	\$ 9.97

Notes

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

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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.

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Lysander-Seamark Balanced Fund

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

Management Fees

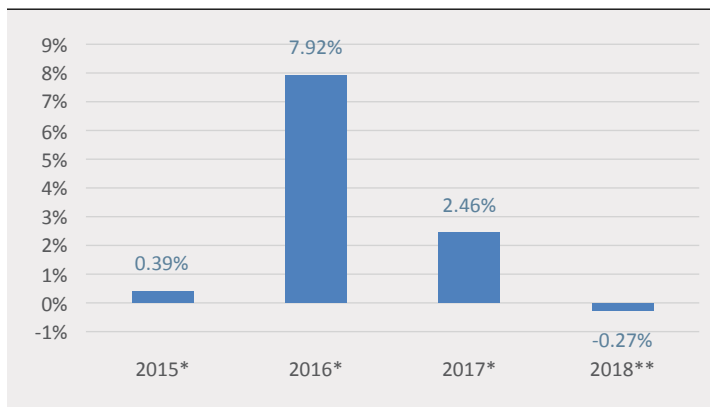
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

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 and 0.75 % per annum for Series F units.

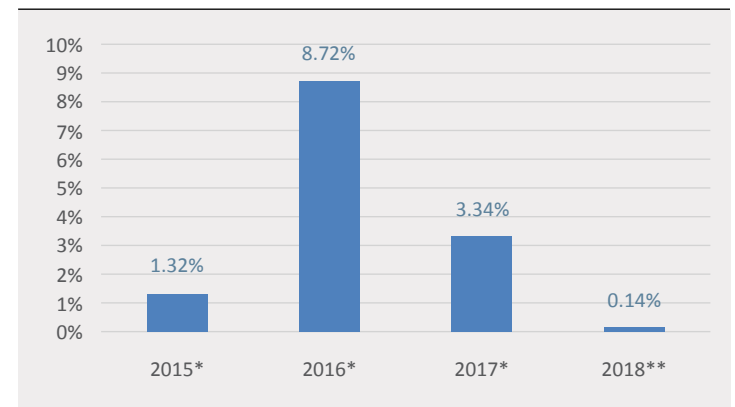
Service fees or trailing commissions of a maximum of 0.75% per annum are paid on Series A units to dealers. This comprises approximately 50% of the management fee of Series A units.

Year-by-Year Returns

Series A



Series F



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

Past Performance

The Fund became a reporting issuer on December 30, 2014. 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.

Lysander-Seamark Balanced Fund

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

Summary of Investment Portfolio

		% of NAV			% of NAV
Top 25 Issuers			Asset Mix		
Canada Housing Trust (Debt)	%	3.1	Canadian Equities	%	39.1
Province of British Columbia (Debt)		2.3	Canadian Fixed Income		26.1
Province of Ontario (Debt)		2.1	Cash and Cash Equivalents		(0.3)
PSP Capital Inc. (Debt)		2.0	Foreign Fixed Income		1.0
Toyota Inc. (Debt)		2.0	International Equities		8.5
407 International Inc. (Debt)		1.8	Other Assets less Liabilities		0.9
Royal Bank of Canada (Equity)		1.7	US Equities		24.7
Province of Manitoba (Debt)		1.7	Total	%	100.0
Franco-Nevada Corp. (Equity)		1.6	Sector		
Toronto Dominion Bank (Equity)		1.5	Cash and Cash Equivalents	%	(0.3)
CPPIB CAP Inc. (Debt)		1.5	Consumer Discretionary		9.7
HSBC (Debt)		1.5	Consumer Staples		9.3
Bank of Nova Scotia (Equity)		1.5	Energy		9.5
Government of Canada (Debt)		1.4	Federal		8.0
Anheuser Busch (Equity)		1.3	Financials		20.6
Verizon Communications Inc. (Equity)		1.3	Health Care		4.2
Emera Inc. (Equity)		1.3	Industrials		8.4
Nestle SA ADR (Equity)		1.3	Information Technology		6.6
BCE Inc. (Equity)		1.2	Materials		5.3
Enbridge Inc. (Equity)		1.2	Other Assets less Liabilities		0.9
Telus Corp. (Equity)		1.2	Provincial		6.4
Fortis Inc. (Equity)		1.2	Real Estate		1.3
Maxar Technologies Ltd. (Equity)		1.2	Technology		0.7
ABB Ltd-Spon ADR (Equity)		1.2	Telecommunication Services		5.3
Aliment'n Couche-Tard (Equity)		1.1	Utilities		3.9
Total	%	39.2	Total	%	100.0



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