Semi-Annual Management Report of Fund Performance

As at June 30, 2018

Lysander-Triasima Balanced Income Fund

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-Triasima Balanced Income 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 generate returns consisting of income and capital gains by investing primarily in a portfolio of fixed income securities and equities of companies anywhere in the world.

Investment Strategies

The Fund’s portfolio manager is Triasima Portfolio Management Inc. (“Portfolio Manager” or “Triasima”).The Fund’s portfolio positions will be primarily in money market instruments and bonds, as well as income trust, preferred shares and Canadian, American and international equities including American Depositary Receipts and Global Depositary Receipts. 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

During the first semester of 2018, Triasima employed its 3-pillar methodology which analyzes securities from three perspectives: quantitative, fundamental, and trend, in order to determine their suitability and attractiveness for the Fund.

The performance of the Lysander-Triasima Balanced Income is behind the benchmark for the first six months of 2018. Series A performance is -1.9% and Series F, -1.5%, versus the benchmark’s 2.3%. Since inception, two and one half years ago, the benchmark’s annualized return is 8.0%, while Series A and Series F’s show 4.0% and 4.3% respectively.

The underperformance is due to a poor selection of Canadian, American, and Foreign equities. A large cash weighting also detracted from performance in a rising market. In Canada, WestJet Airlines fell 24%, on the back of higher cost guidance for the upcoming quarter as well as high jet fuel prices. IGM Financial and AGF Management, asset managers, both declined 14% with the broader S&P/TSX market, but failed to recover with the market. In the American equity category, a slew of interest sensitive names in the Utilities sector fell more than the S&P 500. In the foreign equity, Turkcell, a Turkish telecommunication company, fell 31%, victim to the selloff in emerging markets, most notably Turkey.

The net assets of the Fund remained essentially flat at approximately $1.6 million compared to 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

As is often the case, macroeconomic and political headlines dominated the financial markets landscape during the second quarter. There was no shortage of drama with President Trump's antics, the G7 meeting, the American-North Korean summit, and the Italian elections won by anti-Eurozone parties.

The China-US trade war intensified during the second quarter as Trump's administration plans to impose tariffs worth $34 billion on Chinese imports and is considering an additional 10% on another $200 billion worth of imports. The Chinese government has responded in kind with tariffs on products, ranging from soybeans to sport utility vehicles, equalling to the same amount.

More importantly, however, underlying economic fundamentals are strong with widespread growth and low unemployment levels. The expectation for the global real GDP is 3.8% in 2018, balanced between developed countries (2.4%) and emerging countries (4.9%).

As usual, the United States is a major driver of the world economy, with rising household income pushing consumption and general economic activity to new highs.

A perfect storm of slowing quantitative easing, rising interest rates, a strong U.S. dollar, and finally rising oil prices weighed heavily upon emerging markets during the semester. Thus, these countries' currencies and stock markets declined during the semester.

In Canada, the focus is on the high level of indebtedness of Canadians and the unpredictability of the economic relations with the United States.

A key issue at this time is the declining pace of growth of corporate earnings in the United States and abroad. Investors are also on the lookout for an inverted yield curve, considered a near necessity for a recession. But slow or no growth in corporate profit and the ongoing phasing out of quantitative accommodations by central bankers, two events currently at play, could produce a major market pullback without an inverted yield curve or a recession occurring.

After raising its overnight discount rate once to 1.25% early in the year, the Bank of Canada (BoC) left it unchanged since. Despite this, the Bank mentioned that "developments since April further reinforce Governing Council's view that higher interest rates will be warranted to keep inflation near target". It also added more recently that solid wage growth, in part because the unemployment rate is very low, should support consumption and housing activity. The BoC is raising rates at a slow pace, seemingly reluctantly, while worrying about accelerating inflation. This behaviour helps keep the Canadian dollar weak, facilitating exports.

Yield curves have steadily been flattening since September 2017, both in Canada and the United States. Illustrative of the strength of the American economy, and of the tightening by the Federal Reserve, the entire yield curve has been steadily rising for nine months in the USA, with yields rising the most from the one-month maturity up to five years. The long end of the American yield curve is mainly a function of domestic and foreign growth trends, which seems to have peaked at the moment from a high level, and of the expected level of inflation in the United States over the long term.

Economic growth is less strong in Canada, and the flattening of the yield curve has centred on the 12-year term, with yields for maturities below 12 increasing and yields for maturities above 12 decreasing.

The yield-to-maturity of the FTSE TMX Canada Universe Bond Index inched up 20 basis points over the first semester to reach 2.67%. This is the highest level since March 2014. Higher rates are supported by rising inflation which reached 2.2% in May for the past 12 months. Also indicative of a strong late-cycle economy is the steady decline in credit spreads over the past two years in Canada.

With most interest rates on the rise, bond performance is understandably poor. As such, the FTSE TMX Canada Universe Bond index returned a small 0.6% over the semester.

As for equities, most major markets moved in lockstep. The month of January was strong, followed by weakness into April caused by worries about the upward trends of interest rates and inflation. The markets next moved up until the end of the semester, although not in Europe due to downward revisions to growth expectations. In the end, the American S&P 500 index returned a strong 7.4%, but both the S&P/TSX Composite index and the MSCI EAFE index posted marginal advances of 1.9% and 2.1%.

Consumer staples, Utilities, and Telecommunications, all defensive and interest-sensitive sectors, underperformed, while the more cyclical and growth-oriented sectors, such as Consumer discretionary and Technology, outperformed. The Energy sector stood out with an average gain of 10% for the three indices, in line with the 14% increase in the oil price (in USD).

Of special note is the strong growth of the Technology sector, up 15% on average for the three indices this past semester. Technology companies have been growing earnings above that of the index for some time now and the sector has climbed each quarter in 2017 and 2018 for a total gain of 43% over that 18-month period.

Many sales of equity securities were of Canadian names, resulting in a significant drop in the weighting of this asset class over the semester, from 38% to 27%. Commensurately, the cash and cash equivalents climbed from 8% to 23%. This leaves the portfolio structure, relative to the benchmark, underweight in Canadian equities and overweight in the cash.

Bonds duration is in line with the index, but this asset class remained underweight throughout the semester in view of the general rise in interest rates. Finally, a few international stock sales pushed this asset class down to a significant underweight.

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 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 $6,949 (including HST) in management fees to the Manager for the period ended June 30, 2018 (June 30, 2017 - $1,997).

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 $4,617 (including HST) to the Portfolio Manager for the year ended June 30, 2018 (June 30, 2017 - $1,317).

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.

Financial Highlights

Series A*

Period ended		30-Jun-2018		31-Dec-2017		31-Dec-2016
Net assets per unit[1]						
Net assets, beginning of period	$	10.88	$	10.16	$	10.00
Operations:						
Total revenue		0.19		0.38		0.31
Total expenses		(0.12)		(0.22)		(0.18)
Realized gains (losses)		(0.09)		0.21		(0.25)
Unrealized gains (losses)		(0.19)		0.47		0.51
Total increase (decrease) from operations[2]	**$**	**(0.21)**	**$**	**0.84**	**$**	**0.39**
Distributions:						
From income (excluding dividends)	$	-	$	-	$	(0.04)
From dividends		(0.09)		(0.12)		(0.19)
From capital gains		-		-		-
Total distributions[2 3]	**$**	**(0.09)**	**$**	**(0.12)**	**$**	**(0.23)**
Net assets, end of period[2 3]	**$**	**10.58**	**$**	**10.88**	**$**	**10.16**

Ratios and supplemental data						
Net asset value[4]	$	5,516	$	5,623	$	5,194
Units outstanding		521		517		511
Management expense ratio[5]	%	1.97	%	1.94	%	1.68
Management expense ratio before waivers or absorption		2.62		3.95		7.62
Portfolio turnover rate[6]		17.5		35.6		52.1
Trading expense ratio[7]		0.1		0.3		0.3
Net asset value per unit, end of period	$	10.58	$	10.88	$	10.16

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 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.

Series F*

Period ended		30-Jun-2018		31-Dec-2017		31-Dec-2016
Net assets per unit[1]						
Net assets, beginning of period	$	10.88	$	10.16	$	10.00
Operations:						
Total revenue		0.19		0.38		0.33
Total expenses		(0.07)		(0.13)		(0.11)
Realized gains (losses)		(0.09)		0.06		(0.28)
Unrealized gains (losses)		(0.19)		0.90		0.71
Total increase (decrease) from operations[2]	**$**	**(0.16)**	**$**	**1.21**	**$**	**0.65**
Distributions:						
From income (excluding dividends)	$	-	$	-	$	-
From dividends		(0.11)		(0.23)		(0.21)
From capital gains		-		-		-
Total distributions[2 3]	**$**	**(0.11)**	**$**	**(0.23)**	**$**	**(0.21)**
Net assets, end of period[2 3]	**$**	**10.58**	**$**	**10.88**	**$**	**10.16**

Ratios and supplemental data						
Net asset value[4]	$	1,681,781	$	1,640,922	$	432,256
Units outstanding		158,588		150,826		42,558
Management expense ratio[5]	%	1.15	%	1.12	%	0.93
Management expense ratio before waivers or absorption		1.79		3.26		6.11
Portfolio turnover rate[6]		17.5		35.6		52.1
Trading expense ratio[7]		0.1		0.3		0.3
Net asset value per unit, end of period	$	10.60	$	10.88	$	10.16

Notes

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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.

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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.

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.

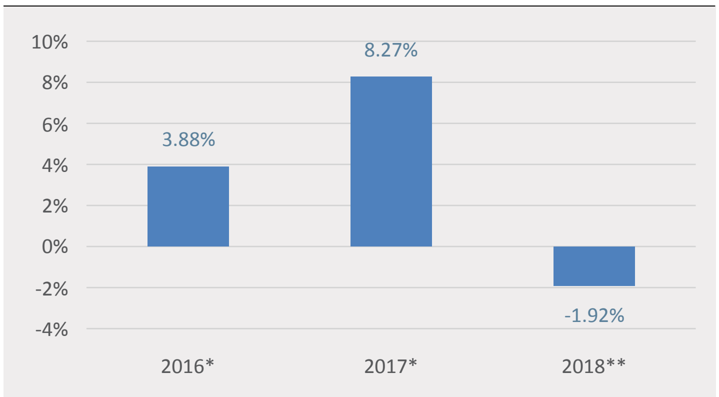
Past Performance

The Fund became a reporting issuer on June 30, 2015. Accordingly, returns are shown for the relevant period as indicated below.

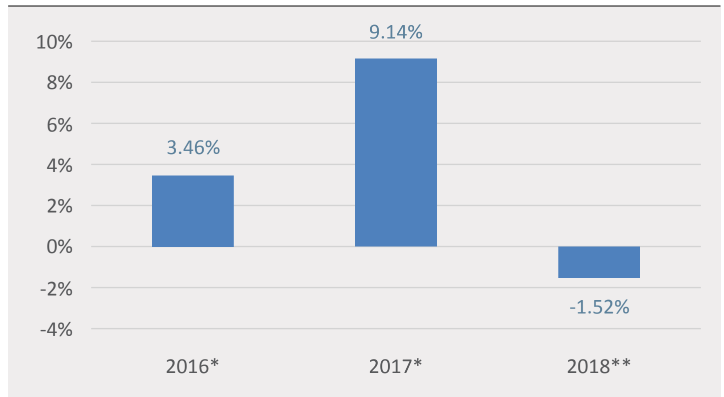
The performance information assumes that any distributions are reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. Past performance does not necessarily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

Year-by-Year Returns

Series A



Series F



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

Summary of Investment Portfolio

% of NAV

Top 25 Issuers		
Cash and Cash Equivalents	%	22.6
WSP Global (Equity)		2.5
Suncor Energy Inc. (Equity)		2.4
Wajax Corporation (Equity)		2.2
Government of Canada (Debt)		2.2
Rio Tinto PLC (ADR) (Equity)		2.2
Royal Dutch Shell ADR (Equity)		2.2
Labrador Iron Royalty Corp (Equity)		2.1
The Boeing Company (Equity)		2.1
Ishares MSCI Hong Kong (Equity)		2.1
Banco Santander Chile (Equity)		2.0
Russel Metals Inc. (Equity)		1.9
National Bank (Equity)		1.9
BC Ferry (Debt)		1.8
Canadian Apartment Property REIT (Equity)		1.8
Bank of Nova Scotia (Equity)		1.8
BAM (Debt)		1.7
NFI Group Inc. (Equity)		1.7
Loblaw Companies Ltd (Debt)		1.7
Bell Canada (Debt)		1.7
Pembina Pipeline Corp. (Equity)		1.7
Manulife Financial Corp. (Equity)		1.7
Fortis Inc. (Equity)		1.7
AllianceBernstein Holding LP (Equity)		1.7
Rogers Communication Inc. (Equity)		1.7
Total	**%**	**69.1**

% of NAV

Asset Mix		
Canadian Equities	%	26.9
Canadian Fixed Income		16.3
Cash and Cash Equivalents		22.6
International Equities		2.2
Other Assets less Liabilities		0.5
Preferreds		8.0
US Equities		23.5
Total	**%**	**100.0**

Sector		
Cash and Cash Equivalents	%	22.6
Consumer Discretionary		1.7
Consumer Staples		1.7
Energy		10.4
Federal		2.2
Financials		15.5
Industrials		11.3
Information Technology		4.6
Materials		7.0
Other Assets less Liabilities		0.5
Provincial		6.2
Real Estate		5.7
Telecommunication Services		4.9
Utilities		5.7
Total	**%**	**100.0**

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