

Semi-Annual Management Report of Fund Performance
As at June 30, 2019

Lysander-18 Asset Management Canadian Equity 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-18 Asset Management Canadian Equity Fund (the “Fund”) contains financial highlights for the period ended June 30, 2019 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, 2019. 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, 3080 Yonge Street, Suite 3037, Toronto, Ontario, M4N 3N1, 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 Canadian companies.

Investment Strategies

The Fund’s portfolio manager is 18 Asset Management Inc. (“Portfolio Manager” or “18AM”). The Fund uses a hybrid style strategy, with equal allocations to Offence (growth and momentum) and Defense (lower volatility, income, quality) styles. The Portfolio Manager employs a bottom-up systematic stock selection process to buy and sell securities within each style. The Fund will not be leveraged. The Fund may invest up to

30% of its assets in foreign securities. The Fund’s investments will not be constrained by sector considerations. 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

Overall, the Fund’s net performance for the first half of the year was 16.2% for Series A and 16.9% for Series F. Year-to-date, the Offence style has been the better performing style, primarily through exposure to the Information and Technology and Materials sectors. The Defence style lagged due to the styles exposure to the underperforming Real Estate segment. The portfolio benefitted from being underweight the Energy sector, which retreated in Q2 after a strong first quarter. Top performers included: Kirkland Lake Gold (+58.9%), Constellation Software (+45.0%) and Shopify (+32.9%), all held within Offence. B2Gold (-16.4%) was the bottom contributor to the Fund during the period.

The net assets of the Fund are approximately \$5.2 million as of June 30, 2019, up from approximately \$4.1 million at the beginning of the year. The increase is comprised of appreciation of the securities in the Fund, as well as net contributions of approximately \$360 thousand.

The positioning of the Fund by style, market capitalization and sector are consistent with the Fund’s fundamental investment objectives and strategies. There were no unusual changes to the components of revenue and expenses of the Fund and there

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were no unusual events or transactions, economic changes or market conditions that affected performance beyond what would reasonably be expected.

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

Recent Developments

18 AM's investment philosophy is founded on empirical research that supports investing in companies with attractive income statement and balance sheet fundamentals. Additionally, 18AM views style diversification as an effective risk management lever which can provide the Fund with prudent return generation. The Fund's strategy is to maintain a relatively equal allocation to two opposing styles – Offence (companies having attractive growth and momentum characteristics) and Defense (companies with desirable income and quality characteristics). In addition, the Fund had exposure across a majority of sectors throughout the year. There have been no changes to this investment philosophy.

The broad Canadian Equity market, as represented by the TSX Index, has climbed 16.2% year-to-date. While the second quarter gain was a respectable 2.6%, it paled in comparison to Q1's impressive 13.3% advance. Since the start of the year, the TSX fundamentals have moderated but remain attractive. Valuations have risen in line with the market's rebound, from 12.3 times current year earnings at the outset of the year to 15.9 times at the end of Q2. 2019 earnings are expected to grow at 6.0% year over year, down from estimated 11.0% at the beginning of the year. The 18 AM team has been managing Canadian equities for more than 25 years. It has time-tested its disciplined, systematic process through interest rate cycles, growth and retraction phases, and through its share of stock market shocks. It believes a focus on company fundamentals, rather than speculating on macroeconomic and political events, provides investors the best opportunity for long-term success.

The Fund's future performance will be affected by changes in the financial condition of the companies held as well as the general condition of the stock market overall; the degree to which these future changes will occur are highly uncertain.

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 \$23,480 (including HST) in management fees to the Manager for the period ended June 30, 2019 (June 30, 2018: \$22,035).

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 \$12,592 (including HST) to the Portfolio Manager for the period ended June 30, 2019 (June 30, 2018: \$11,555).

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-2019	31-Dec-2018	31-Dec-2017	31-Dec-2016	31-Dec-2015
Net assets per unit¹					
Net assets, beginning of period	\$ 11.29	\$ 12.55	\$ 11.83	\$ 10.66	\$ 11.37
Operations:					
Total revenue	0.19	0.36	0.35	0.36	0.35
Total expenses	(0.16)	(0.32)	(0.31)	(0.28)	(0.29)
Realized gains (losses)	0.51	0.12	-	0.07	(0.06)
Unrealized gains (losses)	1.61	(1.36)	0.78	1.26	(0.82)
Total increase (decrease) from operations²	\$ 2.15	\$ (1.20)	\$ 0.82	\$ 1.41	\$ (0.82)
Distributions:					
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -	\$ -
From dividends	(0.01)	(0.03)	(0.06)	(0.04)	(0.02)
From capital gains	-	(0.04)	-	-	-
Total distributions^{2 3}	\$ (0.01)	\$ (0.07)	\$ (0.06)	\$ (0.04)	\$ (0.02)
Net assets, end of period^{2 3}	\$ 13.12	\$ 11.29	\$ 12.55	\$ 11.83	\$ 10.66
Ratios and supplemental data					
Net asset value ⁴	\$ 308,579	\$ 415,393	\$ 464,596	\$ 383,146	\$ 300,004
Units outstanding	23,516	36,796	37,007	32,378	28,155
Management expense ratio ⁵	% 2.56	% 2.56	% 2.55	% 2.53	% 2.53
Management expense ratio before waivers or absorption	2.67	2.87	2.75	3.11	3.92
Portfolio turnover rate ⁶	39.3	47.6	74.2	92.9	94.8
Trading expense ratio ⁷	0.1	0.1	0.2	0.1	0.2
Net asset value per unit, end of period	\$ 13.12	\$ 11.29	\$ 12.55	\$ 11.83	\$ 10.66

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) 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*

Period ended	30-Jun-2019	31-Dec-2018	31-Dec-2017	31-Dec-2016	31-Dec-2015
Net assets per unit¹					
Net assets, beginning of period	\$ 11.48	\$ 12.77	\$ 12.02	\$ 10.86	\$ 11.59
Operations:					
Total revenue	0.20	0.36	0.36	0.37	0.36
Total expenses	(0.09)	(0.18)	(0.18)	(0.16)	(0.16)
Realized gains (losses)	0.42	0.12	-	0.05	(0.35)
Unrealized gains (losses)	1.29	(1.38)	0.75	1.09	(0.59)
Total increase (decrease) from operations²	\$ 1.82	\$ (1.08)	\$ 0.93	\$ 1.35	\$ (0.74)
Distributions:					
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -	\$ -
From dividends	(0.10)	(0.17)	(0.18)	(0.22)	(0.18)
From capital gains	-	(0.04)	-	-	-
Total distributions^{2 3}	\$ (0.10)	\$ (0.21)	\$ (0.18)	\$ (0.22)	\$ (0.18)
Net assets, end of period^{2 3}	\$ 13.33	\$ 11.48	\$ 12.77	\$ 12.02	\$ 10.86
Ratios and supplemental data					
Net asset value ⁴	\$ 3,725,533	\$ 2,711,951	\$ 3,002,912	\$ 2,698,702	\$ 1,960,285
Units outstanding	279,454	236,250	235,065	224,481	180,539
Management expense ratio ⁵	% 1.43	% 1.43	% 1.42	% 1.41	% 1.41
Management expense ratio before waivers or absorption	1.55	1.73	1.61	1.97	2.80
Portfolio turnover rate ⁶	39.3	47.6	74.2	92.9	94.8
Trading expense ratio ⁷	0.1	0.1	0.2	0.1	0.2
Net asset value per unit, end of period	\$ 13.33	\$ 11.48	\$ 12.77	\$ 12.02	\$ 10.86

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Series O*

Period ended	30-Jun-2019	31-Dec-2018	31-Dec-2017	31-Dec-2016	31-Dec-2015
Net assets per unit¹					
Net assets, beginning of period	\$ 11.59	\$ 12.87	\$ 12.11	\$ 10.92	\$ 11.63
Operations:					
Total revenue	0.18	0.35	0.35	0.35	0.33
Total expenses	(0.02)	(0.04)	(0.04)	(0.04)	(0.03)
Realized gains (losses)	0.44	0.12	-	0.03	0.01
Unrealized gains (losses)	1.43	(1.41)	0.75	1.15	(0.78)
Total increase (decrease) from operations²	\$ 2.03	\$ (0.98)	\$ 1.06	\$ 1.49	\$ (0.47)
Distributions:					
From income (excluding dividends)	\$ -	\$ -	\$ -	\$ -	\$ -
From dividends	(0.16)	(0.3)	(0.3)	(0.31)	(0.24)
From capital gains	-	(0.02)	-	-	-
Total distributions^{2 3}	\$ (0.16)	\$ (0.32)	\$ (0.3)	\$ (0.31)	\$ (0.24)
Net assets, end of period^{2 3}	\$ 13.45	\$ 11.59	\$ 12.87	\$ 12.11	\$ 10.92
Ratios and supplemental data					
Net asset value ⁴	\$ 1,170,202	\$ 995,532	\$ 1,078,021	\$ 990,412	\$ 873,650
Units outstanding	86,977	85,922	83,751	81,781	79,977
Management expense ratio ⁵	% 0.30	% 0.30	% 0.29	% 0.28	% 0.27
Management expense ratio before waivers or absorption	0.42	0.60	0.48	0.86	1.70
Portfolio turnover rate ⁶	39.3	47.6	74.2	92.9	94.8
Trading expense ratio ⁷	0.1	0.1	0.2	0.1	0.2
Net asset value per unit, end of period	\$ 13.45	\$ 11.59	\$ 12.87	\$ 12.11	\$ 10.92

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Management Fees

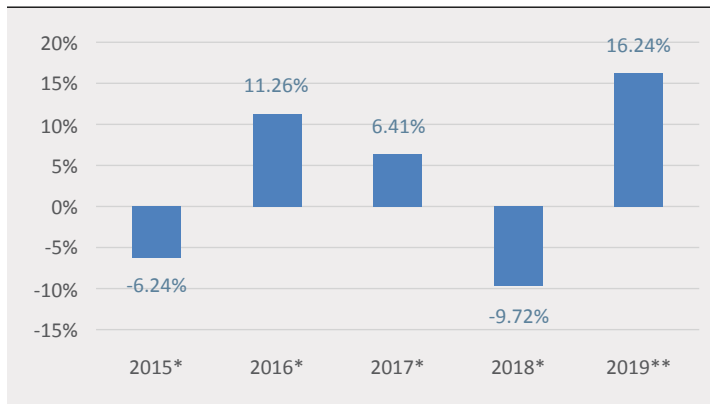
The Manager provides or arranges the provision of all general management and administrative services required by the Fund, and as described in the section “Related Party Transactions” above.

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. No management fee is charged to the Fund with respect to Series O units, but investors are charged a negotiated management fee.

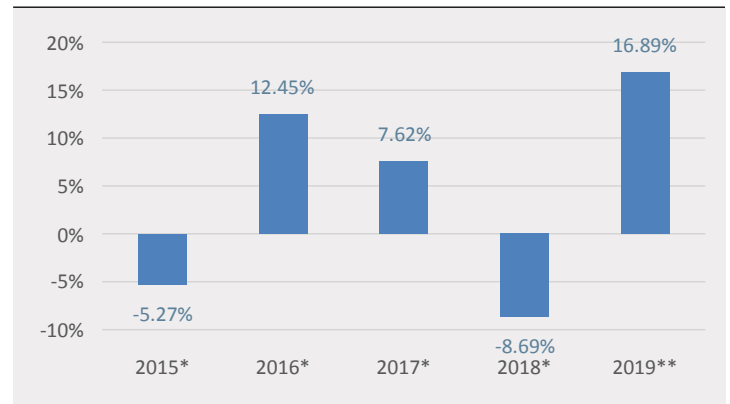
Service fees or trailing commissions of a maximum of 1.00% per annum are paid on Series A units to dealers. This comprises approximately 50% of the management fee of Series A units.

Year-by-Year Returns

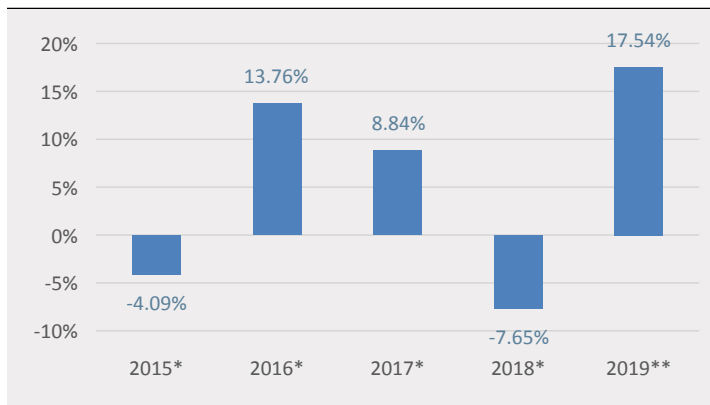
Series A



Series F



Series O



* For the period January 1 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	
Lundin Mining Corp.	3.6	Canadian Equities	99.1
Fortis Inc.	3.6	Cash and Cash Equivalents	0.7
Air Canada	3.5	Other Assets less Liabilities	0.2
Metro Inc.	3.5	Total	100.0
Constellation Software Inc.	3.5	Sector	
Alimentation Couche-Tard Inc.	3.5	Cash and Cash Equivalents	0.7
Restaurant Brands International Inc.	3.5	Consumer Discretionary	10.3
TC Energy Corp.	3.5	Consumer Staples	3.5
Kirkland Lake Gold Inc.	3.5	Energy	12.9
CAE Inc.	3.5	Financials	29.0
Thomson Reuters Corporation	3.4	Healthcare	3.0
Sun Life Financial Inc.	3.4	Industrials	13.5
Royal Bank of Canada	3.4	Information Technology	3.5
Quebecor Inc.	3.4	Materials	7.1
Parkland Fuel Corp.	3.4	Other Assets less Liabilities	0.2
Canadian Pacific Railway Ltd.	3.3	Real Estate	6.2
BCE Inc.	3.3	Telecommunication Services	3.3
Power Financial Corp.	3.3	Utilities	6.8
Emera Inc.	3.3	Total	100.0
Bank of Nova Scotia	3.3		
Waste Connections Inc.	3.2		
Pembina Pipeline Corp.	3.1		
Bank of Montreal	3.1		
Canadian Apartment Property REIT	3.1		
Toronto Dominion Bank	3.1		
Total	84.3		



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