

December 22, 2011

LYSANDER FUNDS

SIMPLIFIED PROSPECTUS

Offering Series A and Series F Units

Lysander Balanced Fund
Lysander Corporate Value Bond Fund
Lysander Canadian Bond Fund

No securities regulatory authority has expressed an opinion about these units. It is an offence to claim otherwise. The Funds and the securities of the Funds offered under this Simplified Prospectus are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance on exemptions from registration.

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Introduction

This document contains selected important information to help you make an informed investment decision and understand your rights as an investor. This document contains information about the Funds and the risks of investing in mutual funds generally, as well as the names of the firms responsible for the management of the Funds.

Throughout this document:

- *we, us, Lysander or the Manager* means Lysander Funds Limited, the trustee, investment fund manager and portfolio manager of the Funds.
- *you* means each person who invests in the Funds.
- *dealer* means the company that sold you the Units of the Funds and the individual who sold them to you.
- *custodian* means CIBC Mellon Trust Company.
- *Fund* means a mutual fund listed on the front cover of this prospectus.
- *HST* means the Harmonized Sales Tax.
- *intermediary* means a third party that you or your dealer may use to administer your accounts.
- *IRC* means the independent review committee established by the Manager under National Instrument 81-107 *Independent Review Committee for Investment Funds*.
- *MER* means management expense ratio and the MER for the Series A and Series F Units of the Funds reflects certain operating expenses paid by the Fund, but excludes brokerage commission on portfolio transactions and certain other costs, including certain taxes.
- *NAV* means the net asset value per Unit of a Series of a Fund.
- *Simplified Prospectus* means this simplified prospectus of the Funds.
- *underlying fund* means any mutual fund in which a Fund invests.
- *Unit* means a mutual fund unit of a Fund.
- *Unitholder* means a holder of Units.

How to use this Simplified Prospectus

This Simplified Prospectus is divided into two parts. The first part, on pages 1 to 15, provides basic information about mutual funds and general information about all of the Funds. The second part, on pages 16 to 24, provides specific information about each Fund.

For more information

You can find more information about each Fund in:

- the Funds' Annual Information Form (**AIF**);
- the most recently filed fund facts (**Fund Facts**);
- the latest annual financial statements for each Fund;

- any interim financial statements filed after those annual financial statements;
- the most recently filed annual management report of fund performance (**MRFP**); and
- any interim MRFP filed after that annual MRFP.

These documents are incorporated by reference into this document, which means that they legally form part of this document just as if they were printed as part of it.

For a free copy of these documents, call us toll-free at 1-877-308-6979 or ask your dealer. These documents and other information about the Funds are also available at www.lysanderfunds.com and www.sedar.com.

What is a mutual fund and what are the risks of investing in a mutual fund?

What is a mutual fund?

The Funds are mutual funds. A mutual fund is a way of making collective investments. When you invest in a mutual fund, you contribute your cash to a pool of investments along with many other people. Professional money managers use the cash to buy securities on behalf of all the contributors to a particular mutual fund.

A mutual fund invests in different kinds of securities based on its investment objectives. For example, a global equity fund buys mainly shares of global corporations, while a global balanced fund buys a mix of global equities and bonds. In each case, these securities form the mutual fund's investment portfolio. The value of these securities changes from day to day, reflecting changes in economic and market conditions, interest rates and company news. See *Price fluctuation* below for details.

What do you own?

You receive units in a mutual fund in exchange for the cash you contribute, and you become a unitholder of the mutual fund. Where a mutual fund issues more than one series (**Series**), a unitholder shares in the fund's income, expenses and any gains and losses allocated to the unitholder's Series, generally in proportion to the units of the Series he or she owns.

Structure of the Funds

Each Fund is an open-end unit trust governed by an amended and restated master declaration of trust under Ontario laws. Lysander, as trustee for the Funds, holds the property and investments of the Funds in trust for the Unitholders and arranges for a professional custodian to hold the investments in safekeeping.

You can buy an unlimited number of Units of each Fund.

What are the general risks of investing in a mutual fund?

Risk is the chance that your investment may not perform as expected. There are different degrees and types of risk but, in general, the more investment risk you are willing to accept, the higher your potential returns and the greater your potential losses.

The general risks include:

Price fluctuation

Mutual funds own different types of investments, depending on their investment objectives. The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions and market and company news. As a result, the value of a mutual fund's units may go up and down and the value of your investment in a mutual fund may be worth more or less when you redeem it than when you purchased it.

Your investment is not guaranteed

The value of your investment in a mutual fund is not guaranteed. Unlike bank accounts or guaranteed investment certificates, mutual fund units are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

Redemptions may be suspended

Under exceptional circumstances, your right to redeem your Units may be suspended. See *Suspending your right to redeem* on page 9 for details.

What are the specific risks of investing in a mutual fund?

Each mutual fund also has specific risks. The description of each Fund, starting on page 19, sets out the risks that apply to that Fund. Following, in alphabetical order, is a description of each of those risks:

Active management risk

All of the Funds are actively managed. The Funds are dependent on their portfolio management team to select individual securities and, therefore, are subject to the risk that poor security selection or market allocation will cause a Fund to underperform relative to other mutual funds with a similar investment objective or relative to its benchmark index.

Credit risk

Credit risk can have a negative impact on the value of a debt security, such as a bond. This risk includes:

- Default risk, which is the risk that the issuer of the debt will not be able to pay interest or repay the debt when it is due. Generally, the greater the risk of default, the lower the quality of the debt security.
- Credit spread risk, which is the risk that the difference in interest rates (called **credit spread**) between the issuer's bond and a bond considered to have little associated risk (such as a treasury bill) will increase. An increase in credit spread generally decreases the value of a debt security.
- Downgrade risk, which is the risk that a specialized credit rating agency will reduce the credit rating of an issuer's securities. A downgrade in credit rating generally decreases the value of a debt security.
- Collateral risk, which is the risk that in the event of a default under secured debt instruments, it may be difficult to sell the assets the issuer has given as collateral for the debt or that the assets may be deficient. This difficulty could cause a significant decrease in the value of a debt security.

Currency risk

The assets and liabilities of each Fund are valued in Canadian dollars. If a Fund valued in Canadian dollars holds a security denominated in a foreign currency for the purposes of calculating the NAV of that Fund, we convert, on a daily basis, the value of the security into Canadian dollars. Fluctuations in the value of the Canadian dollar relative to the foreign currency will impact the NAV of the Fund. If the value of the Canadian dollar has increased relative to the foreign currency, the return on the foreign security may be reduced, eliminated or made negative. The opposite can also occur; that is, a Fund holding a security denominated in a foreign currency may benefit from an increase in the value of the foreign currency relative to the Canadian dollar.

Some foreign governments may restrict currency exchange. If we cannot exchange the currencies in which a Fund is invested, we may be unable to make distributions or process redemptions.

Debt securities risk

Investments in debt securities are subject to certain general investment risks that are similar to equity investments. In addition to credit risk and interest rate risk, a number of other factors may cause the price of a debt security to decline. In the case of corporate debt, this could include specific developments relating to the company, as well as general financial, political and economic conditions in the country where the company operates. In the case of government debt, this could include general economic, financial and political conditions. The market value of a Fund is affected by changes in the prices of the debt securities that it holds.

Derivatives risk

Derivatives are investments whose value is based on, or derived from, an underlying asset, such as a stock or a market index. Derivatives are not a direct investment in the underlying asset itself. Derivatives are often contracts with another party to buy or sell an asset at a later date. Some common derivatives are: (a) a futures or forward contract, which is an agreement to buy or sell currencies, commodities or securities for a set price at a specified future date; or (b) an option, which gives the buyer the right, but not the obligation, to buy or sell currencies, commodities or securities at a set price within a certain time period. The Funds may use derivatives to limit potential gains or losses caused by changes in exchange rates, stock prices or interest rates. This is called hedging. The Funds may also use derivatives for non-hedging purposes, such as reducing transaction costs, increasing liquidity, gaining exposure to financial markets or increasing speed and flexibility in making portfolio changes.

Any use of derivatives has risks, including:

- the hedging strategy may not be effective;

- there is no guarantee that a market for the derivative contract will exist when a Fund wants to buy or sell;
- there is no guarantee that the Fund will be able to find an acceptable counterparty willing to enter into a derivative contract;
- the counterparty to the derivative contract may not be able to meet its obligations;
- a large percentage of the assets of a Fund may be placed on deposit with one or more counterparties, which exposes the Fund to the credit risk of those counterparties;
- securities exchanges may set daily trading limits or halt trading, which may prevent a Fund from selling a particular derivative contract; and
- the price of a derivative may not accurately reflect the value of the underlying asset.

Equity risk

Companies issue equities, or stocks, to help finance their operations and future growth. A company's performance outlook, market activity and the larger economic picture influence its stock price. When the economy is expanding, the outlook for many companies will be positive and the value of their stocks should rise. The opposite is also true. The value of a Fund is affected by changes in the prices of the stocks it holds. The risks and potential rewards are usually greater for small companies, start-ups, resource companies and companies in emerging markets. Investments that are convertible into equity may also be subject to equity risk.

Foreign investment risk

The Funds may invest in securities issued by corporations in, or governments of, countries other than Canada. Investing in foreign securities can be beneficial in expanding your investment opportunities and portfolio diversification, but there are risks associated with foreign investments, including:

- companies outside of Canada may be subject to different regulations, standards, reporting practices and disclosure requirements than those that apply in Canada;
- the legal systems of some foreign countries may not adequately protect investor rights;
- political, social or economic instability may affect the value of foreign securities;
- foreign governments may make significant changes to tax policies, which could affect the value of foreign securities; and
- foreign governments may impose currency exchange controls that prevent a Fund from taking money out of the country.

The foreign investment risk associated with securities in developing countries may be higher than the foreign investment risk associated with securities in developed countries, as many developing countries tend to be less stable politically, socially and economically, may be more subject to corruption and may have less market liquidity and lower standards of business practices and regulation.

Pursuant to new U.S. tax rules, Unitholders of the Funds may be required to provide identity and residency information to the Funds, which may be provided by the Funds to U.S. tax authorities in order to avoid a U.S. withholding tax being imposed on U.S. and certain non-U.S. source income and proceeds of disposition received by the Funds or on certain amounts (including distributions) paid by the Funds to certain Unitholders.

Interest rate risk

The value of Funds that hold fixed income securities will rise and fall as interest rates change. When interest rates fall, the value of an existing bond will rise. When interest rates rise, the value of an existing bond will fall. The value of debt securities that pay a variable (or floating) rate of interest is generally less sensitive to interest rate changes.

Large transaction risk

If an investor in a Fund makes a large transaction, the Fund's cash flow may be affected. For example, if an investor redeems a large number of Units of a Fund, that Fund may be forced to sell securities at unfavourable prices to pay the proceeds of redemption. This unexpected sale may have a negative impact on the value of your investment in the Fund.

We or others may offer investment products that invest all or a significant portion of their assets in a Fund. These investments may become large and could result in large purchases or redemptions of Units of the Fund.

Liquidity risk

A liquid asset trades on an organized market, such as a stock exchange, which provides price quotations for the asset. The use of an organized market means that it should be possible to convert the asset to cash at, or close to, the quoted price.

An asset is considered illiquid if it is more difficult to convert it to a liquid investment, such as cash. A company's securities may be illiquid if:

- the company is not well known;
- there are few outstanding shares;
- there are few potential buyers; and
- they cannot be resold because of a promise or an agreement.

The value of a Fund that holds illiquid securities may rise and fall substantially because the Fund may not be able to sell the securities for the value that we use in calculating the NAV of the Fund. There are restrictions on the amount of illiquid securities a Fund may hold.

Repurchase, reverse repurchase and securities lending risk

The Funds may engage in securities lending, repurchase and reverse repurchase transactions. Under a repurchase transaction, a fund agrees to sell securities for cash while, at the same time, assuming an obligation to repurchase the same securities for cash (usually at a lower price) at a later date. A reverse repurchase transaction is a transaction pursuant to which a fund buys securities for cash while, at the same time, agreeing to resell the same securities for cash (usually at a higher price) at a later date. Securities lending is an agreement whereby a fund lends securities through an authorized agent in exchange for a fee and a form of acceptable collateral.

There is the risk that the other party to these types of transactions may default under the agreement or go bankrupt. If that happens in a reverse repurchase transaction and the market value of the security has dropped, the Fund may be unable to sell the security at the price it paid plus interest. If that happens in a repurchase or a securities lending transaction, the Fund may suffer a loss if the value of the security it sold or loaned has increased more than the value of the cash or collateral the Fund holds.

To reduce these risks, the Funds require the other party to one of these transactions to put up collateral. The value of the collateral must be at least 102% of the market value of the security sold (for a repurchase transaction), bought (for a reverse repurchase transaction) or loaned (for a securities lending transaction). The value of the collateral is checked and reset daily. The market value of securities sold under repurchase transactions and loaned under securities lending agreements must not exceed 50% of a Fund's assets. This calculation excludes cash held by a Fund for sold securities and collateral held for loaned securities.

Series risk

Securities of some mutual funds are offered under a "multi-series" structure where each series of securities is charged, as a separate series, the expenses attributable to that particular series. There is risk, however, that the expenses of one series may affect the value of another series when one series is unable to pay its expenses. In this case, the mutual fund as a whole is responsible for paying the additional expenses.

Specialization risk

A Fund that invests primarily in one industry, market capitalization range or specific region or country may be more volatile than a less specialized Fund and will be strongly affected by the overall economic performance of the area of specialization in which the Fund invests. The Fund must continue to follow its investment objectives regardless of the economic performance of the area of specialization.

Organization and management of the Funds

MANAGER

Lysander Funds Limited
100 York Blvd.
Richmond Hill, Ontario L4B 1J8
1-877-308-6979
www.lysanderfunds.com

The manager is responsible for the day-to-day business and operations of the Funds. We may hire arm's length third parties or affiliates to perform some of the services required by the Funds.

TRUSTEE

Lysander Funds Limited
Richmond Hill, Ontario

The Funds are unit trusts. When you invest in one of the Funds, you buy Units of that trust. The trustee holds actual title to the property (cash and securities) of each Fund on behalf of the investor.

PORTFOLIO MANAGER

Canso Investment Counsel Ltd.
Richmond Hill, Ontario

Canso Investment Counsel Ltd. is the portfolio manager of the Funds and is responsible for selecting the securities held by the Funds and managing the investment portfolio of each Fund. Canso Investment Counsel Ltd. may appoint sub-advisers for the portion of the assets of the Funds that it manages. Currently, no sub-advisers have been appointed for the Funds.

CUSTODIAN

CIBC Mellon Trust Company
Toronto, Ontario

The custodian holds all of the Funds' investments in safekeeping.

REGISTRAR & TRANSFER AGENT

Convexus Managed Services Inc.
Richmond Hill, Ontario

The registrar keeps a record of the owners of Units of the Funds and processes subscriptions, redemptions and any other changes in ownership.

AUDITOR

Deloitte & Touche LLP
Toronto, Ontario

The auditor audits the Funds' annual financial statements and provides an opinion as to whether they present fairly in all material respects the Funds' financial position, results and changes in net assets in accordance with Canadian generally accepted accounting principles for publicly accountable

enterprises.

INDEPENDENT REVIEW COMMITTEE (IRC)

The mandate of the IRC is to review, and provide input on, our written policies and procedures that deal with conflict of interest matters in respect of the Funds and to review and, in some cases, approve conflict of interest matters. The IRC may also approve certain mergers involving the Funds and any change of the auditors of the Funds. Unitholder approval will not be obtained in these circumstances, but you will be sent a written notice at least 30 days before the effective date of any such merger or change of auditor.

Each member of the IRC is independent of us, the Funds and any party related to us. The IRC will prepare, at least annually, a report of its activities for Unitholders. This report will be available on our website at www.lysanderfunds.com or you may request a copy, at no cost to you, by contacting us at manager@lysanderfunds.com.

Additional information about the IRC, including the names of the members, is available in the AIF.

Fund-of-funds

Securities legislation permits mutual funds (referred to in this context as **Top Funds**) to actively manage their investment holdings in other mutual funds (referred to in this context as **Underlying Funds**). The Funds may invest in securities of other mutual funds. Where we are the manager of both a Top Fund and an Underlying Fund, we will not vote the securities of the Underlying Fund. We may, in our discretion, arrange for such securities to be voted by the unitholders of the applicable Top Fund.

Purchases, switches and redemptions

Each Fund may have an unlimited number of series of Units and may issue an unlimited number of Units of each series. Each Fund currently offers Series A and Series F Units. You may purchase, switch (redeem Units of one Fund and purchase Units of the same Series of another Fund), change (change Units of a Fund into Units of another Series of the same Fund) or redeem Units of a Fund only through registered dealers in each jurisdiction where the Units are qualified for sale.

Each Unit of a Series will entitle an investor to:

- receive a *pro rata* share of all net income and net capital gains distributions attributable to that Series made by the Fund (except for Management Fee Distributions and distributions of capital gains to redeeming Unitholders);
- share *pro rata* in the net assets of that Series upon the wind-up or termination of a Fund;
- vote at all meetings of the Fund (where the nature of the business to be transacted at an investor meeting concerns an issue that is relevant only to holders of a particular Series, only holders of that Series will be entitled to vote); and
- redeem, change Units to another Series of the same Fund, or switch Units to the same Series of another Fund as described in this document.

With respect to the different Series of Units described below, we reserve the right to set and change minimum initial and subsequent investment requirements for each of the Funds without notice to you. We reserve the right to redeem your Units if the value of your Units falls below these set minimum investment amounts.

Series A Units: Available to all investors.

Series F Units: Available to investors who participate in fee-based programs through their dealer and whose dealer has signed a Series F Agreement with us, investors for whom we do not incur distribution costs, or individual investors approved by us. You may only buy Series F Units if we and your broker, dealer or adviser approve the order first.

How to purchase Units

You can buy Units of the Funds through a registered dealer. You must be of the age of majority in the province in which you live to buy units in a mutual fund. You may hold Units in trust for a minor.

Purchase price

When you buy Units in a Fund, the price you pay is the NAV of those Units. In general, the NAV is based on the net asset value of the Series of the Fund, divided by the total number of Units of that Series outstanding. The NAV is calculated at the end of each business day.

We calculate the NAV for each Series of the Fund in Canadian dollars.

If we receive your purchase order before 4:00 p.m. (Eastern Time) on a day that the Toronto Stock Exchange (**TSX**) is open for business or before the TSX closes for the day, whichever is earlier, we will process your order based on the NAV calculated on that day. If we receive your order after that time, we will process your order based on the NAV calculated on the next business day.

The Funds do not intend to issue certificates for Units. Ownership will be evidenced by entry in the register maintained by the Funds' registrar. For information on the Funds' registrar, see the chart under *Organization and Management of the Funds*.

Purchasing Series A Units

Series A Units of the Funds are available to all investors under the following purchase option:

Initial Sales Charge Option

Under the Initial Sales Charge Option, investors may pay a fee of up to 5% to the dealer at the time of purchase for Series A Units of the Funds.

Purchasing Series F Units

Series F Units are only available through dealers or financial planners who offer certain fee-based programs that have been approved by us. An investor in one of these programs pays a fee to his or her dealer based on the assets in that investor's account and/or for on-going financial planning and advice. Your dealer or financial adviser must enter into an agreement with us before selling Series F Units.

There are no sales charges, redemption fees, services fees or other commissions payable on the purchase or sale of Series F Units.

If you cease to be eligible to hold Series F Units, we may change your Series F Units into Series A Units of the same Fund after giving you 30 days' prior written notice, unless you notify us during the notice period and we agree that you are once again eligible to hold Series F Units. On a change from Series F to Series A Units, Unitholders will be required to pay the fees and charges applicable to the Initial Sales Charge Option for Series A Units.

Minimum investment

The minimum initial investment in Units of a Series of the Funds is \$15,000 and the minimum additional investment is \$100. The initial minimum investment amount may be adjusted or waived in our absolute discretion and without notice to Unitholders.

How we process your order

You and your dealer are responsible for ensuring that your purchase order is accurate and that we receive all the necessary documents or instructions.

If your purchase is made through a dealer, we must receive full payment within 3 business days of processing your order. If we do not receive payment within that time or if the payment is returned, we will sell your Units on the next business day. If the proceeds are greater than the amount you owe us, the Fund will keep the difference. If the proceeds are less than the amount you owe us, your dealer will pay the difference to the Fund and you may have to reimburse your dealer.

We have discretion to reject any purchase order. The decision to accept or reject any purchase order will be made within 1 business day of receipt of the order. If we accept your order, you will receive a written confirmation from us and/or your dealer or the intermediary. If we reject your order, we will return your money to you without interest.

How to redeem your Units

You may redeem all or a portion of your Units of the Funds on any business day by delivering a written redemption order to your dealer. Your request must be signed by you and, for the protection of investors, we may require that your signature be guaranteed by a guarantor acceptable to us.

We will pay you the current NAV for your Series of Units. If we receive your redemption request before 4:00 p.m. (Eastern Time) on a day that the TSX is open for business or before the TSX closes for the day, whichever is earlier, we will calculate your redemption value as of that day. If we receive your redemption request after that time, we will calculate your redemption value as of the next business day.

Special rules may apply if:

- your redemption proceeds are \$25,000.00 or more;
- you ask us to send your redemption proceeds to another person or to a different address than that is recorded for your account;
- your redemption proceeds are not payable to all joint owners on your account; or
- a corporation, partnership, agent, fiduciary or surviving joint owner is redeeming Units.

These rules are set out in the AIF and are also available from your dealer.

Redemption fees

There are no fees payable when redeeming Units of the Funds.

Excessive short-term trading

In general, the Funds are long-term investments. Some Unitholders may seek to trade or switch Units frequently to try to take advantage of changes in NAV or the difference between NAV and the value of the Fund's portfolio holdings. This activity is sometimes referred to as "market-timing". Frequent trading or switching in order to time the market can hurt a Fund's performance, affecting all the Unitholders in a Fund, by forcing the Fund to keep cash or sell investments to meet redemptions. We use a combination of measures to detect and deter market-timing activity, including:

- monitoring trading activity in our client accounts and, through this monitoring, declining certain trades when necessary;
- imposing short-term trading fees; and
- when appropriate, applying fair value pricing to foreign portfolio holdings in determining the prices of the Funds.

Short-term trading fees

If you redeem or switch within 30 days of purchase, we may charge a short-term trading fee on behalf of the Fund. This is in addition to any switch fee that you may pay to your dealer. See *Switch Fees* on page 10 and *Fees and expenses payable directly by you* on page 11. Each additional switch counts as a new purchase for this purpose.

Fair value pricing

The TSX generally closes at 4:00 p.m. (Eastern Time). We price a Fund's equity holdings using their market values as of 4:00 p.m. (Eastern Time). For securities traded on North American markets, the closing prices are generally an accurate reflection of market values at 4:00 p.m. (Eastern Time). However, closing prices on foreign securities exchanges may, in certain cases, no longer accurately reflect market values, because their local closings may have occurred many hours earlier. Events affecting the values of the Fund's foreign portfolio holdings may have occurred after the foreign market closed but before 4:00 p.m. (Eastern Time). Absent our fair value pricing procedures, these events would not be captured in NAV. We employ fair value pricing for two purposes. Firstly, it increases the likelihood that NAV truly reflects the value of the Fund's holdings at the time the NAV is determined. Secondly, it acts to deter market-timing activity by decreasing the likelihood that a Unitholder is able to take inappropriate advantage of market developments that occur following the foreign market close and prior to 4:00 p.m. (Eastern Time). Our fair value pricing techniques involve assigning values to the Funds' portfolio holdings that may differ from the closing prices on the foreign securities exchanges. We do this in circumstances where we have in good faith determined that to do so better reflects the market values of the securities in question.

How we process your redemption request

We must receive all necessary documentation within 10 business days of receipt of the redemption order. The investor will be sent the redemption proceeds within 5 business days of the date the Units were priced subject to us receiving all necessary documentation. If the documentation is not received within 10 business days of receipt of the redemption order, the redemption order will be reversed by processing a purchase order on the 10th business day for the number of Units of the Series that were redeemed. The redemption proceeds will be used to pay for the Units purchased. Any excess proceeds belong to the Fund. Any shortfall will be paid to the Fund by us. However, we will be entitled to collect the shortfall, plus any costs involved, from the dealer who placed the redemption request. That dealer, in turn, may seek to collect this amount plus the expenses of doing so from the investor on whose behalf the redemption request was made. We will deduct any required withholding tax from the payment, as applicable.

If your account is registered in the name of your dealer or an intermediary, we will send the proceeds to that account unless your dealer or the intermediary tells us otherwise. If your account is registered in your name, we will mail you a cheque, unless you tell us to deliver the proceeds by wire transfer to your account at a Canadian bank, trust company or credit union. If you choose payment by wire transfer, you need to send us an imprinted void cheque so we can deposit the funds directly into your account, and you will be charged the cost of this wire transfer.

Automatic redemption

Unitholders in the Funds must keep at least \$5,000 in each of their accounts. If your account falls below this amount, we may notify you and give you 30 days to make another investment. If your account stays below \$5,000 after those 30 days, we may redeem all of the Units in your account and send the proceeds to you.

Suspending your right to redeem

Your right to redeem Units of a Fund may be suspended for all or part of a period: (i) when normal trading is suspended on a stock, options or futures exchange in Canada or outside Canada upon which securities or derivatives that make up more than 50% of the value or underlying exposure of the Fund's total assets are traded (and those securities or derivatives are not traded on any other exchange that represents a reasonable alternative for the Fund); or (ii) with the consent of any securities commission or regulatory body having jurisdiction. During any period of suspension, no calculations of NAV will be made and a Fund will not be permitted to issue further securities or redeem any securities previously issued.

The calculation of NAVs will resume when trading resumes on the exchange or with the permission of any securities commission or regulatory body having jurisdiction. If the right to redeem Units of a Fund is suspended and you make a redemption request during that period, your Units will be redeemed by the Fund in accordance with the redemption request at the NAV first calculated following the end of the suspension period.

How to switch your Units or Change between Series

You can switch all or some of your Units of one Fund to Units of the same Series of another Fund by completing a transfer order form and depositing it with your dealer. A switch constitutes a sale (redemption) by you of your Units of the original Fund and a purchase of the same Series of Units of the new Fund.

You may change Series A Units of a Fund into Series F Units of the same Fund through your dealer if you meet the Series F eligibility criteria set out above.

We may change your Series F Units of a Fund into Series A Units of the same Fund upon 30 days' prior notice if you cease to be eligible to hold Series F Units in your account. We will not make the change if your dealer notifies us during the notice period, and we agree, that you are once again eligible to hold Series F Units.

Tax consequences of switching or changing

If you switch between Funds, the switch will be treated like a redemption for tax purposes. If you change between Series of the same Fund, the change will not be a disposition for tax purposes. See *Income tax considerations for investors* on page 13 for more details.

Switch fees

Your dealer may charge you a fee of up to 2% of the amount you switch. You and your dealer negotiate the fee.

You may also have to pay to a Fund a short-term trading fee if you switch Units you bought or switched into in the last 30 days. See *Excessive short-term trading* on page 8 and *Short-term trading fees* on page 9.

Fees and expenses

The following tables show the fees and expenses you may have to pay if you invest in the Funds. You will pay some of these fees and expenses directly. Your Fund may pay some of these fees and expenses, which therefore reduces the value of your investment in the Fund. The consent of Unitholders will be obtained if (i) the basis of the calculation of a fee or expense that is charged to a Fund or Series, or directly to its Unitholders by the Fund or us in connection with the holding of Units of the Fund, is changed in a way that could result in an increase in charges to that Fund or Series or to its Unitholders; or (ii) a fee or expense to be charged to a Fund or Series, or directly to its Unitholders by the Fund or us in connection with the holding of Units of the Fund that could result in an increase in charges to that Fund or Series or to its securityholders, is introduced. In either case, Unitholder consent will not be required if the change or new fee or expense is a result of a change made by a third party at arm's length to the Fund, or is not required under securities regulation. In this case, you will be sent a written notice at least 60 days before the effective date of the change.

Fees and expenses payable by the Funds

Management fees

Each Fund pays the Manager an annual management fee (**Management Fee**), which is accrued daily and paid monthly, for day-to-day management and administration services. These Management Fees are unique to each Series of Units and are expressed as an annual percentage of the Fund's average daily NAV attributable to the applicable Series of Units. The Management Fee for each Fund is shown in the description of each Fund, starting on page 19. The Management Fee is subject to HST.

Management Fee Distributions

The Manager reserves the right to offer a reduced management fee to selected investors who (among other considerations) hold large investments in the Funds. This is achieved by reducing the management fee charged by us to a Fund based on the NAV of the Units held by such investor and the Fund distributing the amount of the reduction (a "**Management Fee Distribution**") in additional Units of

the same Series of the Fund to the investor. See “*Income Tax Considerations For Investors*” for more information regarding the tax consequences of a Management Fee Distribution.

Other operating expenses

Each Fund is responsible for paying its own operating expenses, including brokerage commissions and fees on portfolio transactions, interest expenses, custodian fees, regulatory fees, costs and expenses related to the Funds’ IRC (as discussed below), audit and legal fees, insurance, trustee fees, directors’ or advisory committee’s fees (if any), registrar’s fees, distribution costs, the cost of reporting to Unitholders (including proxy solicitation material), the cost of qualifying and maintaining the qualification for sale of the Units of the Fund, any other fees that become commonly charged in the Canadian mutual fund industry, and taxes payable on any of these expenses, including HST.

In their discretion, the Manager or a Portfolio Manager may pay certain of the expenses of the Fund but any such payments shall not oblige the Manager or a Portfolio Manager to make similar future payments, and such payments may be stopped without notice to you.

Each member of the IRC will receive an annual retainer and a fee for each meeting of the IRC attended by the member, and will be reimbursed for reasonable expenses incurred.

Underlying funds

When a Fund invests in an underlying fund, the underlying fund may pay a management fee (if the underlying fund is not a Fund) and other expenses in addition to the expenses payable by the Fund. However, the Fund will not pay a management fee on the portion of its assets that it invests in the underlying fund managed by us that, to a reasonable person, would duplicate a fee payable by the underlying fund for the same service.

Fees and expenses payable directly by you

Sales Charges

Under the Initial Sales Charge Option, a sales charge of up to 5% of the amount you invest may be charged if you purchase Series A Units of the Funds. You can negotiate these amounts with your dealer. No fees are paid to the dealer at the time of purchase of Series F Units.

Switch fees

You may pay up to 2% of the current value of the Series of Units you own being switched between Funds. You negotiate the switch fees with your dealer.

Short-term trading fee

You may pay up to 2% of the current value of the Series of Units of a Fund that you own if you redeem or switch them within 30 days of purchase. All short-term trading fees are deducted from the amount you redeem or switch and are paid to the affected Fund. See *Short-term trading fees* on page 9 for details.

Impact of Sales Charges

The following table shows the amount of fees that you would have to pay under the different purchase options available to you if you made an investment of \$1,000 in a Fund, if you held that investment for 1, 3, 5 or 10 years and redeemed immediately before the end of that period.

		At Time of Purchase	1 Year	3 Years	5 Years	10 Years
Initial Sales Charge Option¹	All Funds	\$50 ²	Nil	Nil	Nil	Nil

¹ A short-term trading fee may be applicable if Units of the Funds are redeemed within 30 days of their date of purchase or switch.

² Assumes the maximum initial sales charge of 5% for Series A Units of Funds. The actual amount of the initial sales charge will be negotiated by you and your dealer.

Dealer compensation

When you purchase Series A Units, your dealer receives two primary types of compensation – sales commissions and service fees. Initially, your dealer may be paid a negotiable sales commission by you. Thereafter, a service fee is accrued daily and paid quarterly by us and is based upon the percentage of the NAV of all Series A Units of a Fund held in your account with your dealer.

There are no sales commissions or service fees paid in respect of Series F Units.

Sales Commissions – Series A

For Series A Units of a Fund purchased under the Initial Sales Charge Option, the dealer which distributes such Units may charge you a sales commission of up to 5.0% (\$50 for each \$1,000 investment) of the value of the Series A Units of the Funds you purchased.

Service Fees – Series A

We pay your dealer a portion of the Management Fee to assist your dealer in providing you with continuing advice and service. We may, at our discretion, negotiate, change the terms and conditions of, or discontinue the service fees with dealers.

For purchases of Series A Units, we will pay service fees to dealers at the annual rates indicated based upon the aggregate value of Series A Units of the Funds held in that dealer's client account:

<u>Fund</u>	<u>Annual Rate</u>
Lysander Balanced Fund	0.75% (\$7.50 for each \$1,000 investment)
Lysander Corporate Value Bond Fund	0.50% (\$5.00 for each \$1,000 investment)
Lysander Canadian Bond Fund	0.50% (\$5.00 for each \$1,000 investment)

The service fee is paid by us to your dealer quarterly during each calendar year and will be calculated based on a daily average asset calculation. This fee is determined by us and may be changed at any time. It is expected that dealers will pay a portion of the service fee to sales representatives as compensation for providing ongoing investment advice and service to the clients.

Sales incentives

In addition to the sales commissions and service fees listed above, we may share the costs of local advertising, dealer training seminars or other marketing or sales-related expenses with registered dealers to better serve their clients. We may also provide dealers non-monetary benefits of a promotional nature and of minimal value and may engage in business promotion activities that result in dealers' sales representatives receiving non-monetary benefits. These activities are in compliance with applicable laws and regulations and any costs incurred by them will be paid by us and not the Funds.

Equity interest

The Manager is an affiliate of Canso Investment Counsel Ltd., which acts as the portfolio manager to the Funds. Canso Investment Counsel Ltd. is also registered as an exempt market dealer in all provinces of Canada and in this capacity may sell Units of the Funds to their clients. At the date of this Simplified Prospectus, each of John Carswell, the President and a director of Canso Investment Counsel Ltd, and Gail Mudie, a shareholder of Canso Investment Counsel Ltd., indirectly owned more than 10% of all the issued and outstanding voting securities of each of the Manager and of Canso Investment Counsel Ltd.

Dealer compensation from management fees

None of the total management fees received by us from the Funds was paid by us to dealers who distributed Units of the Funds for the Funds' financial year ended 2010 because no service fees were paid by the Manager in 2010.

Income tax considerations for investors

This information is a general summary of Canadian federal income tax rules applicable to an individual (other than a trust) who is a Canadian resident who holds Units in the Funds as capital property. It is not intended to be legal or tax advice. More information is contained in the Annual Information Form for the Funds.

We do not describe the tax rules in detail or cover all the tax consequences that may apply. We recommend you consult your tax advisor for advice about your individual situation.

How mutual funds earn taxable income

Mutual funds may earn income and capital gains in a number of ways. For example, a mutual fund is generally required to include in income interest as it accrues, dividends when they are received and trust income when it is paid.

A Fund realizes a capital gain if it sells an investment for more than its cost, or a capital loss if it sells an investment for less than its cost. A fund may realize gains (or losses) from derivative activities. These are treated as either income gains or losses or capital gains or losses, depending on the situation.

Each Fund will distribute enough of its net income and net realized capital gains so that it does not have to pay ordinary income tax. Each Fund generally flows all of its taxable income through to its Unitholders in the form of distributions. This income is generally taxed as if you earned it directly.

How your investment is taxed

The tax you pay on your mutual fund investment depends on whether you hold your Units in a non-registered account or in a registered plan.

Non-registered accounts

Distributions

Generally, you must include the taxable portion of distributions from the Funds (including Management Fee Distributions) in computing your income for tax purposes. This is the case whether you receive them in cash or reinvest them in additional Units. The amount of any reinvested distributions is added to your adjusted cost base (ACB) and thus reduces your capital gain or increases your capital loss when you redeem those Units, so that you do not pay tax twice on the same amount. The Funds will take steps so that capital gains, Canadian dividends and foreign source income will retain their character when paid to you. Canadian dividends are subject to the dividend gross-up and tax credit rules. The Funds will take steps to pass on to you the benefit of the enhanced dividend tax credit that is available with respect to certain eligible dividends received from Canadian corporations.

Distributions from the Funds may be treated as returns of capital. A distribution to you will generally be treated as a return of capital if distributions to you in the year exceed your share of the Fund's net income and net realized capital gains. A return of capital distribution is not included in your income for tax purposes, but will reduce the ACB of your Units on which it was paid. Where net reductions to the ACB of Units would result in an ACB becoming a negative amount, such amount will be treated as a capital gain realized by you and the ACB of your Units will then be adjusted to nil.

We provide you with T3 tax slips showing the amount and type of distributions (ordinary income, Canadian dividends, returns of capital, foreign income and/or capital gains) you received from each Fund, and showing any related foreign tax credits.

Adjusted cost base

The aggregate ACB of your Units in a Series of a Fund is made up of:

- The amount you paid for your Units, including sales commissions, *plus*
- Any reinvested distributions, *minus*
- Any return of capital distributions, *minus*
- The ACB of any Units already redeemed.

Your tax advisor can help you with these calculations.

Buying Units before a distribution date

If you buy Units before a distribution date, the distributions paid to you may include income or capital gains that arose before you owned your Units.

Portfolio turnover rate

The portfolio turnover rate is how often the portfolio manager or portfolio management team buys and sells securities for a Fund. The higher a Fund's portfolio turnover rate, the greater the chance that the Fund will have realized gains on the sale of investments, and therefore that you will receive a distribution of capital gains. Any gains realized by the Fund would be offset by any losses realized on its portfolio transactions. There is not necessarily a relationship between a high portfolio turnover rate and the performance of a Fund.

Tax impact of redeeming your Units

If you redeem Units with a NAV that is greater than the ACB, you will have a capital gain, but if you redeem Units with a NAV that is less than the ACB, you will have a capital loss. You may deduct any redemption expenses in calculating your capital gains or losses.

Generally, one-half of a capital gain is included in your income and you may deduct one-half of your capital losses from your taxable capital gains, subject to certain tax rules.

You must keep a record of the price you paid for your Units, any distributions you receive and the NAV of Units redeemed or switched. This record will allow you to calculate your ACB and capital gains or capital losses when you redeem your Units.

Tax impact of switching between the Funds or between Series of the same Fund

Switching Units of a Fund for Units of another Fund is considered a sale for tax purposes and the same tax rules apply as if you redeemed those Units.

A change of Units of one Series of a Fund to Units of the other Series of the same Fund will not be a disposition and will not result in a capital gain or capital loss.

Registered plans

You generally do not pay tax on distributions you receive in a registered plan as long as you do not make a withdrawal from the plan. You should consult with your own tax advisor as to whether Units of the Funds would be a “prohibited investment” under the *Income Tax Act* (Canada) in your particular circumstances.

Tax impact of redeeming or switching your Units

When you redeem or switch your Units, you generally do not pay tax unless you withdraw the proceeds you receive from your registered plan. In that case, you will generally pay tax on the amount you withdraw at your marginal tax rate. (Special rules apply to Registered Education Savings Plans and Registered Disability Savings Plans, while withdrawals from a Tax-Free Savings Account are not subject to tax).

What are your legal rights?

Securities legislation in some provinces gives you the right to withdraw from an agreement to buy mutual funds within 2 business days after you receive the Simplified Prospectus, or to cancel your purchase within 48 hours after you receive confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund units and get your money back, or to make a claim for damages, if the Simplified Prospectus, AIF or financial statements misrepresent any facts about the Fund. You must usually exercise these rights within a certain time period.

You can get more information by reviewing the securities legislation of your province or territory, or from your lawyer.

Specific information about each of the mutual funds described in this document

You will find detailed descriptions of each of the Funds in this part of the Simplified Prospectus. Here are explanations of what you will find under each heading.

Fund details

This tells you:

- **Fund type:** the type of mutual fund
- **Securities offered:** the Series of Units that the Fund offers. Currently, each of the Funds offers Series A and Series F Units
- **Start date:** the date that Units could first be bought by the public; prior to the start date, Units of each Fund were sold on a private placement basis to qualified purchasers
- **Registered plan eligibility:** whether Units of the Funds are qualified investments for a registered plan
- **Management fee:** the fee payable to the Manager in return for the Manager paying the variable operating expenses of the Fund
- **Portfolio manager:** the entity that is responsible for selecting some or all of the investments for each Fund

What does the Fund invest in?

This tells you the Fund's:

- **Investment objectives:** the goals of the Fund, including any specific focus it has and the kinds of securities in which it may invest
- **Investment strategies:** how the portfolio manager tries to meet the Fund's investment objectives

Each Fund may invest in other mutual funds, which may or may not be managed by us or one of our affiliates or associates. The simplified prospectus and other information about the underlying funds are available on the Internet at www.sedar.com.

In selecting underlying funds, we assess a variety of criteria, including management style, investment performance and consistency, risk tolerance levels, calibre of reporting procedures and, if the underlying fund is managed by a third party, quality of the underlying fund's investment fund manager and/or portfolio manager.

We review and monitor the performance of the underlying funds in which a Fund invests. The review process consists of an assessment of the underlying funds. Factors such as adherence to stated investment mandate, returns, risk-adjusted return measures, assets, investment management process, style, consistency and continued portfolio fit may be considered.

What are the risks of investing in the Fund?

This tells you the specific risks of investing in the Fund. You'll find details about what each risk means in *What are the specific risks of investing in a mutual fund?* beginning on page 1.

Investment risk classification methodology

We identify the investment risk level of each Fund as an additional guide to help you decide whether the Fund is right for you. Our determination of the risk rating for each Fund is guided by the methodology recommended by the Fund Risk Classification Task Force (the "**Task Force**") of The Investment Funds Institute of Canada. The Task Force concluded that the most comprehensive, easily understood form of risk is the historical volatility of a Fund as

measured by the standard deviation of its performance. The use of standard deviation as a measurement tool allows for a reliable and consistent quantitative comparison of a Fund's relative volatility and related risk. Standard deviation is widely used to measure volatility of return. Each Fund's risk is measured using rolling 1, 3 and 5 year standard deviation and comparing these values against other mutual funds and an industry standard framework. The standard deviation represents, generally, the level of volatility in returns that a mutual fund has historically experienced over the set measurement periods. For new Funds or Funds which have a historical performance of less than 3 to 5 years, the Manager uses an appropriate benchmark index to estimate the expected volatility and therefore risk level of the Fund.

Each Fund is assigned an investment risk rating in one of the following categories:

Low – for Funds with a level of risk that is typically associated with investments in money market funds and Canadian fixed income funds;

Low-to-Medium – for Funds with a level of risk that is typically associated with investments in balanced funds and global and/or corporate fixed income funds;

Medium – for Funds with a level of risk that is typically associated with investments in equity portfolios that are diversified among a number of large-capitalization Canadian and/or international equity securities;

Medium-to-High – for Funds with a level of risk that is typically associated with investments in equity funds that may concentrate their investments in specific regions or in specific sectors of the economy; and

High – for Funds with a level of risk that is typically associated with investment in equity portfolios that may concentrate their investments in specific regions or in specific sectors of the economy where there is a substantial risk of loss (e.g., emerging markets, precious metals).

Although monitored on a monthly basis, we review the investment risk level of each Fund on an annual basis and each time a material change is made to the Fund's investment strategies and/or investment objective.

The method that we use to identify the investment risk level of each Fund is available on request, at no cost, by calling us at 1-877-308-6979 or by sending an email to manager@lysanderfunds.com.

Who should invest in this Fund?

This section will help you decide whether a Fund is right for you. **This information is only a guide.** When you are choosing investments, you should, together with your investment and tax advisor, consider your whole portfolio, your investment objectives and your risk tolerance level.

Distribution policy

This tells you how often you will receive a distribution and how it is paid. Each Fund makes distributions to Unitholders if and when it has amounts to distribute.

Each of the Funds has the ability to make distributions as returns of capital.

Fund expenses indirectly borne by investors

Each Fund pays the applicable Management Fee to the Manager and is also responsible for the payment of other operating expenses. The Management Fee and the other operating expenses are paid out of the assets of the Fund, which means that you indirectly pay for these expenses through lower returns.

The table in this section lets you compare the cost of investing in each series of Units of the Fund with the cost of investing in other mutual funds where there is also no management fee paid by the Fund. The table shows the cumulative expenses you would have paid if:

- you invested \$1,000 for the periods shown;
- the Fund's return was 5% each year; and

- the Fund paid the same expenses in each period shown as it did in its last completed financial year (prior to the implementation of the Management Fee).

The information included for each Fund is based on the expenses of the Fund while the Fund was offered only on a private placement basis. The expenses of the Funds may be different in the future because the Funds are publicly offered and because of the introduction of HST. The Management Fee is described on page 10 of this Simplified Prospectus, and is charged at rates shown under *Fund Details* for each Fund, beginning at page 19. The table does not reflect the trading expenses and certain taxes borne by a Fund, as such expenses are not included in the MER in accordance with law.

See *Fees and expenses* on page 10 for more information about the cost of investing in the Funds.

Lysander Balanced Fund

Fund details

Fund type	Balanced
Securities offered	Series A and Series F Units of a unit trust
Start date	Series A: December 22, 2011 Series F: December 22, 2011 (offered on private placement basis since March 31, 2009)
Registered plan eligibility	Qualified investment for registered plans
Management fee	Series A: 1.50% Series F: 0.75%
Portfolio manager	Canso Investment Counsel Ltd. Richmond Hill, Ontario

What does the Fund invest in?

Investment objectives

The Fund's objective is to provide above average, long-term total returns consisting of both income and capital gains by investing primarily in a portfolio of fixed income securities and equities.

The investment objectives of the Fund can only be changed with the approval of a majority of the Unitholders at a meeting called for such purpose.

Investment strategies

The Fund seeks to provide capital growth while moderating the volatility of equities by investing in a diversified portfolio of both equities and bonds.

The Fund is seeking to deliver long-term returns that are better than the average of other similar funds offered by other managers over the same time period. To determine this, we will look at the average return of other balanced funds using a commercially-available, widely-used service that provides this sort of information. For the purposes of this comparison, "long-term" means periods of at least 3 years.

Some of the Fund's portfolio positions will, under normal circumstances, be invested in equity securities of foreign issuers or unit trusts. It also may invest in debt securities convertible into common stock, and

convertible and non-convertible preferred stock, and fixed income securities of governments, government agencies, supranational agencies and companies. The Fund will not be leveraged.

With respect to selecting investments Canso Investment Counsel Ltd. takes a "bottom up" approach to security selection and portfolio construction. Exposure to credit risk in the portfolio will depend on the phase of the credit cycle with concentration in high quality (primarily investment grade) corporate bonds.

The Fund complies with the investment requirements and restrictions applicable to a pension plan governed by generally applicable pension benefits standards legislation of any jurisdiction of Canada. The Units will be qualified investments for pension plans.

Except as permitted by Canadian securities regulatory authorities, the Fund may not invest more than 10% of its total assets at the time of purchase in securities of a single issuer nor hold more than 10% of any issuer's outstanding voting securities. The Fund may invest up to 10% of its assets at the time of purchase in securities which in aggregate are not readily marketable at the time of purchase but which are reasonably expected to be marketable at fair market value within 90 days of purchase.

The Fund may engage in hedging operations and in connection with this, may enter into forward currency contracts and currency and security futures contracts and related options, purchase and sell options (exchange traded or "over-the-counter") on currencies, securities, or related futures. The Fund may also purchase foreign currencies in the form of bank deposits. The Fund may do this to reduce the impact of currency fluctuations on the Fund or to provide protection for the Fund's portfolio. The Fund will only make these investments as permitted by Canadian securities regulatory authorities.

The Fund may invest in securities of other mutual funds, as described on page 16.

The Fund may enter into securities lending, repurchase and reverse repurchase transactions to seek to earn additional returns, subject, in each case, to limits at least as stringent as those required by Canadian securities regulatory authorities. For a description of these transactions and how the Fund

Lysander Balanced Fund (continued)

reduces the risks associated with these transactions, please see the discussion under *Repurchase, reverse repurchase and securities lending risk* on page 4.

The Fund may hold all or a portion of its assets in cash or cash equivalents or invest in short term bonds or money market instruments in response to adverse market, economic and/or political conditions or for liquidity, defensive or other purposes. As a result, the Fund may not be fully invested in accordance with its investment objectives.

What are the risks of investing in the Fund?

The following are the risks associated with an investment in the Fund:

- Active management risk
- Credit risk
- Currency risk
- Debt securities risk
- Derivatives risk
- Equity risk
- Foreign investment risk
- Interest rate risk
- Large transaction risk
- Liquidity risk
- Repurchase, reverse repurchase and securities lending risk
- Series risk
- Specialization risk

For a detailed description of these mutual fund risks, see *What are the specific risks of investing in a mutual fund?* beginning on page 1.

As at November 30, 2011, 4 Unitholders held approximately 26.8%, 25.8%, 16.4% and 10.6% of the Fund. See *Large transaction risk* on page 4 for a description of the risks associated with possible redemption requests by these investors.

Who should invest in this Fund?

This Fund may be suitable for you if you plan to hold this investment for the medium to long term.

In accordance with the methodology described on page 16, we have rated the Fund as **medium** risk.

Distribution policy

It is the policy of the Fund to distribute its income quarterly and a sufficient amount of its net realized capital gains annually between December 14 and

December 31 in each calendar year as will result in the Fund paying no ordinary income tax under Part I of the *Income Tax Act* (Canada). The Fund may make additional distributions from time to time throughout the year at our discretion, including distributions on account of reduced management fee arrangements with certain investors such as institutional investors. Management Fee Distributions will be distributed on such basis as we may determine.

All distributions by the Fund will be reinvested automatically in additional Units of the same Series of the Fund held by the investor at the NAV thereof. No commissions are payable upon automatic reinvestment of distributions. Reinvested distributions will be redeemed on a *pro rata* basis with the Units upon which the distributions were paid.

Fund expenses indirectly borne by investors

Please see *Fund expenses indirectly borne by investors* on page 17 for a description of the expenses included in, and the assumptions required to be used in, this table. Our actual costs may be higher or lower.

This information is not available as the Fund's expenses are not known because it has not been offered under a simplified prospectus for 12 consecutive months.

Lysander Corporate Value Bond Fund

Fund details

Fund type	Global Fixed Income
Securities offered	Series A and Series F Units of a unit trust
Start date	Series A: December 22, 2011 Series F: December 22, 2011 (offered on private placement basis since April 30, 2009)
Registered plan eligibility	Qualified investment for registered plans
Management fee	Series A: 1.25% Series F: 0.75%
Portfolio manager	Canso Investment Counsel Ltd. Richmond Hill, Ontario

What does the Fund invest in?

Investment objectives

The Fund's objective is to provide above average, long-term total returns consisting of interest income and some capital gains by investing primarily in fixed income securities.

The investment objectives of the Fund can only be changed with the approval of a majority of the Unitholders at a meeting called for such purpose.

Investment strategies

The Fund's portfolio positions will, under normal circumstances, be invested in fixed income securities, including those of foreign issuers. It also may invest in debt securities convertible into common stock, and fixed income securities of governments, government agencies, supranational agencies, companies, trusts and limited partnerships. The Fund will not be leveraged.

The Fund seeks to provide income while providing greater safety of principal than offered by equities by investing in a diversified portfolio of fixed income securities.

The Fund is seeking to deliver long-term returns that are better than the average of other similar funds offered by other managers over the same time period. To determine this, we will look at the average return of other bond funds using a commercially-available, widely-used service that provides this sort of information. For the purposes of this comparison, "long-term" means periods of at least 3 years.

With respect to selecting investments for the Fund, Canso Investment Counsel Ltd. takes a "bottom up" approach to portfolio construction focusing on security selection and then adjusting the portfolio to stay within its duration and term targets. The exposure to credit risk depends on the phase of the credit cycle and the bottom up valuation of individual securities. There are no limits on the percentage of funds that can be invested in securities rated below BBB. From time to time the Fund may also invest up to 20% of its assets in other securities such as convertible bonds, equities, or income trusts.

The Fund complies with the investment requirements and restrictions applicable to a pension plan governed by generally applicable pension benefits standards legislation of any jurisdiction of Canada. The Units will be qualified investments for pension plans.

Except as permitted by Canadian securities regulatory authorities, the Fund may not invest more than 10% of its total assets at the time of purchase in securities of a single issuer nor hold more than 10% of any issuer's outstanding voting securities. The Fund may invest up to 10% of its assets at the time of purchase in securities which in aggregate are not readily marketable at the time of purchase but which are reasonably expected to be marketable at fair market value within 90 days of purchase.

The Fund may engage in hedging operations and in this connection may enter into forward currency contracts and currency and security futures contracts and related options, purchase and sell options (exchange traded or "over-the-counter") on currencies, securities, or related futures. The Fund may also purchase foreign currencies in the form of bank deposits. The Fund may do this to reduce the impact of currency fluctuations on the Fund or to provide protection for the Fund's portfolio. The Fund will only make these investments as permitted by Canadian securities regulatory authorities.

The Fund may invest in securities of other mutual funds, as described on page 16.

Lysander Corporate Value Bond Fund (continued)

The Fund may enter into securities lending, repurchase and reverse repurchase transactions to seek to earn additional returns, subject, in each case, to limits at least as stringent as those required by Canadian securities regulatory authorities. For a description of these transactions and how the Fund reduces the risks associated with these transactions, please see the discussion under *Repurchase, reverse repurchase and securities lending risk* on page 4.

The Fund may hold all or a portion of its assets in cash or cash equivalents or invest in short term bonds or money market instruments in response to adverse market, economic and/or political conditions or for liquidity, defensive or other purposes. As a result, the Fund may not be fully invested in accordance with its investment objectives

What are the risks of investing in the Fund?

The following are the risks associated with an investment in the Fund:

- Active management risk
- Credit risk
- Currency risk
- Debt securities risk
- Derivatives risk
- Equity risk
- Foreign investment risk
- Interest rate risk
- Large transaction risk
- Liquidity risk
- Repurchase, reverse repurchase and securities lending risk
- Series risk
- Specialization risk

For a detailed description of these mutual fund risks, see *What are the specific risks of investing in a mutual fund?* beginning on page 1.

As at November 30, 2011, 2 Unitholders held approximately 57.6% and 31.4% of the Fund. See *Large transaction risk* on page 4 for a description of the risks associated with possible redemption requests by these investors.

Who should invest in this Fund?

This Fund may be suitable for you if you plan to hold this investment for the medium to long term.

In accordance with the methodology described on page 16, we have rated the Fund as **low-to-medium** risk.

Distribution policy

It is the policy of the Fund to distribute its income quarterly and a sufficient amount of its net realized capital gains annually between December 14 and December 31 in each calendar year as will result in the Fund paying no ordinary income tax under Part I of the *Income Tax Act* (Canada). The Fund may make additional distributions from time to time throughout the year at our discretion, including distributions on account of reduced management fee arrangements with certain investors such as institutional investors. Management Fee Distributions will be distributed on such basis as we may determine.

All distributions by the Fund will be reinvested automatically in additional Units of the same Series of the Fund held by the investor at the NAV thereof. No commissions are payable upon automatic reinvestment of distributions. Reinvested distributions will be redeemed on a *pro rata* basis with the Units upon which the distributions were paid.

Fund expenses indirectly borne by investors

Please see *Fund expenses indirectly borne by investors* on page 17 for a description of the expenses included in, and the assumptions required to be used in, this table. Our actual costs may be higher or lower.

This information is not available as the Fund's expenses are not known because it has not been offered under a simplified prospectus for 12 consecutive months.

Lysander Canadian Bond Fund

Fund details

Fund type	Canadian Fixed Income
Securities offered	Series A and Series F Units of a unit trust
Start date	Series A: December 22, 2011 Series F: December 22, 2011
Registered plan eligibility	Qualified investment for registered plans
Management fee	Series A: 1.15% Series F: 0.65%
Portfolio manager	Canso Investment Counsel Ltd. Richmond Hill, Ontario

What does the Fund invest in?

Investment objectives

The Fund's objective is to provide above average, long-term total returns consisting principally of interest income by investing primarily in high-quality fixed income securities of Canadian issuers.

The investment objectives of the Fund can only be changed with the approval of a majority of the Unitholders at a meeting called for such purpose.

Investment strategies

The Fund seeks to achieve above average returns through a diversified portfolio composed primarily of Canadian dollar denominated Government and corporate debt and money market securities.

The Fund is seeking to deliver long-term returns that are better than the average of other similar funds offered by other managers over the same time period. To determine this, we will look at the average return of other bond funds using a commercially-available, widely-used service that provides this sort of information. For the purposes of this comparison, "long-term" means periods of at least 3 years.

The Fund's portfolio positions will primarily be invested in Canadian fixed income securities, although some portfolio positions may be held in

securities of foreign issuers. It also may invest in debt securities convertible into common stock, and fixed income securities of governments, government agencies, supranational agencies, companies, trusts and limited partnerships. The Fund will not be leveraged.

With respect to selecting investments for the Fund, Canso Investment Counsel Ltd. takes a "bottom up" approach to portfolio construction, focusing on security selection and then adjusting the portfolio to stay within its duration and credit targets. The exposure to credit risk depends on the phase of the credit cycle and the bottom up valuation of individual securities.

The Fund complies with the investment requirements and restrictions applicable to a pension plan governed by generally applicable pension benefits standards legislation of any jurisdiction of Canada. The Units will be qualified investments for pension plans.

Except as permitted by Canadian securities regulatory authorities, the Fund may not invest more than 10% of its total assets at the time of purchase in securities of a single issuer nor hold more than 10% of any issuer's outstanding voting securities. The Fund may invest up to 10% of its assets at the time of purchase in securities which in aggregate are not readily marketable at the time of purchase but which are reasonably expected to be marketable at fair market value within 90 days of purchase.

The Fund may engage in hedging operations and in this connection may enter into forward currency contracts and currency and security futures contracts and related options, purchase and sell options (exchange traded or "over-the-counter") on currencies, securities, or related futures. The Fund may also purchase foreign currencies in the form of bank deposits. The Fund may do this to reduce the impact of currency fluctuations on the Fund or to provide protection for the Fund's portfolio. The Fund will only make these investments as permitted by Canadian securities regulatory authorities.

The Fund may invest in securities of other mutual funds, as described on page 16.

The Fund may enter into securities lending, repurchase and reverse repurchase transactions to seek to earn additional returns, subject, in each case, to limits at least as stringent as those required by Canadian securities regulatory authorities. For a description of these transactions and how the Fund reduces the risks associated with these transactions,

Lysander Canadian Bond Fund (continued)

please see the discussion under *Repurchase, reverse repurchase and securities lending risk* on page 4.

The Fund may hold all or a portion of its assets in cash or cash equivalents or invest in short term bonds or money market instruments in response to adverse market, economic and/or political conditions or for liquidity, defensive or other purposes. As a result, the Fund may not be fully invested in accordance with its investment objectives

What are the risks of investing in the Fund?

The following are the risks associated with an investment in the Fund:

- Active management risk
- Credit risk
- Currency risk
- Debt securities risk
- Derivatives risk
- Foreign investment risk
- Interest rate risk
- Large transaction risk
- Liquidity risk
- Repurchase, reverse repurchase and securities lending risk
- Series risk
- Specialization risk

For a detailed description of these mutual fund risks, see *What are the specific risks of investing in a mutual fund?* beginning on page 1.

Who should invest in this Fund?

This Fund may be suitable for you if:

- you plan to hold this investment for the medium term; and
- you primarily want to receive interest income.

In accordance with the methodology described on page 16, we have rated the Fund as **low** risk.

Distribution policy

It is the policy of the Fund to distribute its income quarterly and a sufficient amount of its net realized capital gains annually between December 14 and December 31 in each calendar year as will result in the Fund paying no ordinary income tax under Part I of the *Income Tax Act* (Canada). The Fund may make additional distributions from time to time throughout

the year at our discretion, including distributions on account of reduced management fee arrangements with certain investors such as institutional investors. Management Fee Distributions will be distributed on such basis as we may determine.

All distributions by the Fund will be reinvested automatically in additional Units of the same Series of the Fund held by the investor at the NAV thereof. No commissions are payable upon automatic reinvestment of distributions. Reinvested distributions will be redeemed on a *pro rata* basis with the Units upon which the distributions were paid.

Fund expenses indirectly borne by investors

This information is not available for this Fund because the Fund is new.

LYSANDER FUNDS

Lysander Balanced Fund **Lysander Corporate Value Bond Fund** **Lysander Canadian Bond Fund**

You can find more information about each Fund in our Annual Information Form, each Fund's Fund Facts and management report of fund performance and financial statements. These documents are incorporated by reference into this document, which means that they legally form part of this document just as if they were printed as part of it.

For a free copy of these documents, call us toll-free at **1-877-308-6979** or ask your dealer. These documents and other information about the Funds, such as information circulars and material contracts, are also available at www.lysanderfunds.com or www.sedar.com.

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