

Canso Select Opportunities Corporation

Management's Discussion and Analysis For the Three Months Ended September 30, 2023

Management's Discussion and Analysis ("MD&A") provides a review of Canso Select Opportunities Corporation's ("CSOC" or the "Corporation") interim financial results for the three-month period ended September 30, 2023 and assesses factors that may affect future results. The financial condition and results of operations are analyzed noting the significant factors that impacted the interim statements of financial position, interim statements of comprehensive gain (loss), interim statements of changes in equity, and interim statements of cash flows of CSOC. As such, this MD&A should be read in conjunction with the interim financial statements and notes thereto. The interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") to provide information about CSOC.

The following MD&A is the responsibility of management and is dated November 27, 2023. The Board of Directors carries out its responsibility for the review of this disclosure through its Audit Committee, comprised of independent directors and CSOC's Chief Financial Officer. The Audit Committee has reviewed and recommended approval of the MD&A by the Board of Directors. The Board of Directors has approved this disclosure.

Business of the Corporation

CSOC is an Ontario-based investment holding company. CSOC's investment objective is to provide capital gains and dividend income to its shareholders. We believe the average returns of the portfolio of investments will exceed average market returns in the long term. Consistent with these objectives, the Corporation evaluates potential investments in debt, public and private equity and other securities. The deployment of funds to new investments depends on both the attractiveness of new investment opportunities and the availability of capital as generated from the realization of value from existing portfolio investments. The investment portfolio consists of public and private equity and debt investments primarily in North America, however, there is no geographic constraint on the investment portfolio.

The Class A common shares held in Lysander Funds Ltd. ("Lysander") will remain a core holding of the Corporation for the foreseeable future and are expected to generate an important source of dividend income for the corporation in the long term. The remainder of the portfolio will be invested in undervalued securities and will be disposed of when their value has been fully realized. The private debt and equity securities we hold are normally in early-stage companies. Such investments are made with the expectation that the average return will meet or exceed that of returns available in the public markets.

Recent Developments

Acquisition of Lysander Shares

On January 13, 2023, CSOC announced the acquisition of 70,000 Class A common shares of Lysander at a purchase price of \$12.25 million. The Corporation issued 2,440,239 Class B subordinate voting shares as consideration for the Lysander shares purchased.

Prior to the acquisition of shares, Lysander's normalized quarterly dividend was \$1.50 per share. In addition to the normally quarterly dividend, Lysander paid a special dividend of \$1.00 per share for the first two quarters of 2023, bringing the total dividend to \$2.50 per share. For the third quarter of 2023 the Lysander board declared a normal dividend of \$2.50 per share. If that dividend is maintained, CSOC would receive approximately \$700,000 in dividends from Lysander per annum. At the time of acquisition we had assumed \$420,000 in annual dividends from Lysander and are pleased to report that the acquisition has been very positive for CSOC shareholders.

Market Performance

Government bond yields continued their march higher in both Canada and the U.S. during the third quarter as investors continued to adjust expectations around inflation and central bank interest rate decisions. Yields on the 5-year government of Canada bond moved higher by 57 basis points during the third quarter and by 85 basis points year-to-date, to end the quarter at 4.25%. Similarly in the U.S., 5-year yields moved higher by 45 basis points during third quarter and by 61 basis points year-to-date, to end the quarter at 4.61%. Interest rates across the yield curve have moved higher in both Canada and the U.S. resulting in negative returns for 'safe' government bonds through the first nine months of the year. Yields began to ease somewhat mid-way into the fourth quarter, as inflation showed signs of easing in the U.S.

At the beginning of June, the Bank of Canada surprised the markets by raising its overnight policy rate to 4.75% after not hiking at its previous two meetings, and then made a further hike to 5% in July. The central bank admitted to inflation remaining stubbornly high. The U.S. Fed also raised its overnight rate in July to 5.5%. Both central banks appear to be on pause for the time being with no changes in the overnight rate in the past few meetings, however, both have signaled a willingness to increase further should conditions warrant. The most recently reported weak GDP number in Canada, and lower inflation in the U.S. show that the aggressive increase in interest rates over the past two years are beginning to have their desired effective.

Performance in the corporate bond market has been weak this year largely driven by rising government yields and offset partially by modest credit spread narrowing. Corporate bond spreads have been volatile during the year with spread narrowing in the first and second quarters, followed by widening in the third quarter and now some slight narrowing again heading into the final quarter of the year. Through the first nine months of the year, the Canadian FTSE Corporate Bond Index is up 0.69% and the government bond index is down 1.69%. The corporate bond index is on pace to generate a modest positive return for the year. In the U.S., the government bond index is similarly on pace for a down year posting a negative return of 1.7% through the first nine months of the year. The U.S. corporate bond market is on pace to generate a modest positive return. The U.S. High Yield Bond Index is poised for a positive year with the return at almost 6% through the first nine-months of the year.

Equity markets were negative in the quarter but were positive through the first nine months of the year with the S&P/TSX index higher by about 3.6%, the Dow Jones higher by 2.7% and the S&P 500 higher by about 13.1%. U.S. equity indices are up solidly in the year with each of the S&P 500 and NASDAQ showing double digit returns. The technology sectors in both the U.S. and Canada have experienced significant gains since the beginning of the year in part due to hype surrounding artificial intelligence. Mid-way through the fourth quarter equity indices are continuing to show positive momentum as investors react positively to the lower inflation levels and expectations that any economic downturn will be relatively short-lived.

Outlook

In the short term we believe the fixed income markets will continue to experience higher than normal volatility in the face of inflation uncertainty. It seems clear that inflation is not moving back down to 2% any time soon, the stated target level of the Bank of Canada. Significant wage increases continue to be negotiated by unions and workers in general which will take some time to work its way through the economy. Central banks are on hold for the time being and have repeatedly stated their next interest rate move will be data dependent. While central banks tend to overshoot in both directions, we are at least back to a period of normalcy with respect to the stated approach to interest rate policy, as opposed to the hyper-accommodative policy up until early 2022.

Equity and credit markets reacted positively to recent lower inflation numbers and showed positive momentum halfway through the fourth quarter. However, we appear to be entering a mild recession in Canada and the mountain of mortgages up for refinancing over the next 2-3 years at significantly higher rates could tip us into a more significant downturn. Economic weakness in China as well as geo-political events are having a dampening affect on markets as well.

In the face of economic and political uncertainty we continue to find value in select opportunities in the equity and debt markets. We will continue to focus on the long-term prospects for income and capital appreciation for the investments in the portfolio. We currently believe there to be reasonable value in corporate bonds in Canada and the U.S. For the first time in several years yields remain well above 3% in Canada and above 4% in the U.S. across the curve. Investment grade corporate bond spreads are at reasonable long-term levels, but the all-in-yields on corporate bonds are looking more attractive than they have in several years. Shorter term and floating rate bonds are also attractive. On the equity side we are invested in companies that are undervalued or have strong growth prospects, and believe they will outperform the market in the long-term. We will continue to ignore short term equity price volatility.

Overall Performance

The Corporation's ability to generate income and to pay dividends depends on the performance of the holdings in its portfolio. Each fixed income and equity investment in the portfolio is unique. Portfolio companies vary from early-stage start-up enterprises, to private companies in more advanced stages of development and publicly traded companies operating in mature industries.

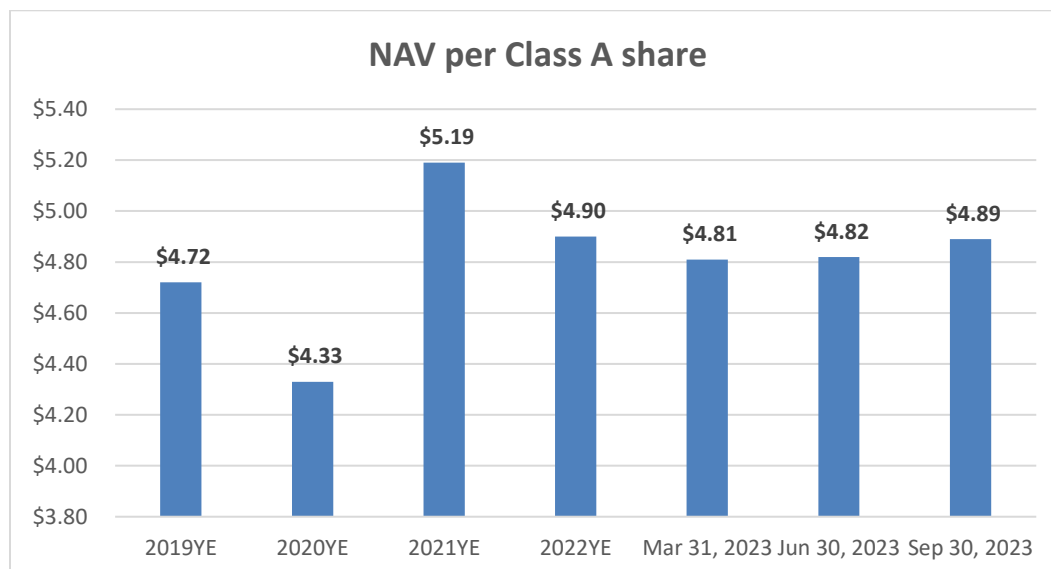
Investments in corporate bonds and preferred shares are based on relative value analysis versus other securities available in the market. CSOC will invest in corporate bonds and preferred shares

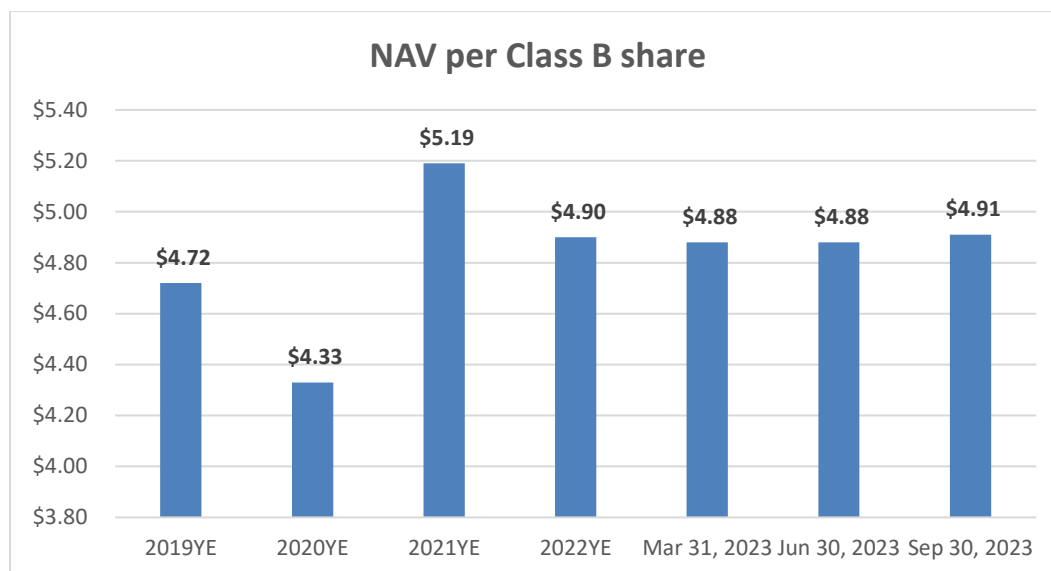
where the yield spread above the relevant government benchmark is attractive given the relative risk of the investment.

The performance of equity securities in the investment portfolio depends on a variety of factors, which include but are not limited to, economic conditions, interest rates and investor confidence as indicated by equity market valuations. In addition, for private equity investments, access to capital and improving business performance are key factors to long-term success.

Specific Factors

For the quarter ended September 30, 2023, CSOC shareholders' equity increased by \$234,747 (September 30, 2022: (\$227,762)). On a per unit basis, the Class A and Class B shares realized gains of \$0.07 and \$0.03, respectively (September 30, 2022: (\$0.08) and (\$0.08), respectively.). The increase (decline) in value per share was 1.5% (September 30, 2022: (1.7%)) for the Class A shares and 0.60% (September 30, 2022: (1.7%)) for the Class B shares. The slight discrepancy in per unit values is based on the price at which the Class B shares were issued in exchange for the Lysander Shares. The overall flat performance of the portfolio was based on a number of positive and negative performers during the quarter as outlined in more detail below.





Summary of Investment Portfolio

Investment Activity in the quarter ended September 30, 2023

During the quarter we sold approximately 1/3rd of our holdings in Bird Construction in order to further diversify the portfolio and given the strong performance of Bird in the last twelve months. At quarter end we continued to maintain a large weight in Bird at 4.2% of the portfolio.

We established a new position in Enbridge Inc. in September with a weight of about 1.5% of the portfolio. We believe Enbridge is well positioned for long-term business stability and revenue and cash flow growth. We view positively the recently announced acquisition of assets from Dominion Energy as well as an attractive dividend yield of about 7.5%.

Investment Performance in the Quarter ended September 30, 2023

Performance in the quarter was modestly positive as there were a number of positive and negative contributors, a small number of which accounted for the bulk of the movements in portfolio value.

One of the largest positive contributors to performance in the quarter was the \$175,000 in third quarter dividends that were received from Lysander in August. This included a special dividend of \$1.00 per share or \$70,000.

Other sizable positive contributors to performance included the equity positions held in Bird (up 22% in the quarter) MDA (up 41% for the quarter) and Cineplex (up 7% in the quarter). The secured bonds of LATAM Airlines (up 7% for the quarter) also had a positive affect on performance in the quarter.

The more material negative contributors to performance were the common shares held in Hertz (down 32% in the quarter), and Aegis Brands (down 29% in the quarter).

On the private side, we lowered the value of Fibracast shares in the second quarter in anticipation of a capital raise, which was announced, and then lowered the price again in the third quarter as they finalized their capital raise at a lower price than originally contemplated. Fibracast shares are down 39% in the quarter and 55% on a year-to-date basis.

Detailed Investment Portfolio

CSOC's corporate structure provides a permanent capital base allowing the realization of value from its existing portfolio over time. We have modified the discussion around the portfolio to provide more granular detail around our public and private investments to give investors a better sense of the opportunities and risks in the portfolio. We begin with a review of the private investments which form the largest portion of the portfolio followed by a discussion of public equity and fixed income investments.

The table below summarizes CSOC's investments into Private and Marketable securities. A full list of securities held is listed in the subsequent table.

September 30, 2023

| Description | Average Cost \$ | Fair Value \$ | % of Portfolio |
|--|------------------------|----------------------|-----------------------|
| Cash and Marketable Securities | \$ 431,102 | \$ 431,565 | 1.8% |
| <u>Private Investments</u> | | | |
| Total Private Investments | \$ 15,798,767 | \$ 15,256,490 | 62.0% |
| Common Equity Held Long | \$ 13,603,615 | \$ 13,247,532 | 53.8% |
| Private Fixed Income | \$ 1,266,585 | \$ 1,073,200 | 4.4% |
| Private Preferred Shares | \$ 928,567 | \$ 935,758 | 3.8% |
| <u>Marketable Investments</u> | | | |
| Total Marketable Investments | \$ 14,346,963 | \$ 9,357,818 | 38.0% |
| Marketable Fixed Income | \$ 2,169,899 | \$ 2,207,048 | 9.0% |
| Fixed Income Held Short | \$ (793,660) | \$ (756,863) | -3.1% |
| Common Equity Held Long | \$ 10,760,038 | \$ 6,165,391 | 25.0% |
| Preferred Shares | \$ 1,779,584 | \$ 1,310,677 | 5.3% |
| Total Marketable and Private Assets | \$ 30,145,730 | \$ 24,614,308 | 100.0% |
| Other Assets, Net of Liabilities | | \$ 56,209 | |
| CSOC's Investments at Fair Value | | \$ 24,504,784 | |

Private Equity Investments

Private equity investments represented 53.8% of the portfolio at September 30, 2023, with Lysander being the largest single investment in the portfolio at about 50%.

On January 13, 2023, CSOC announced the acquisition of 70,000 Class A common shares of Lysander at a purchase price of \$12.25 million. The Corporation issued 2,440,239 Class B subordinate voting shares as consideration for the Lysander shares purchased.

It is our intention to obtain an independent third party valuation of Lysander shares on an annual basis and we also intend to provide investors with a quarterly estimate of the per share value of Lysander. The formal valuation will be completed by Blair Franklin Capital Partners as of December 31 each year. The quarterly estimate will be prepared by management beginning with the first quarter of 2024.

Lysander has performed very well since the acquisition of shares in January 2023. Total assets under management (AUM) at Lysander are currently in excess of \$11 billion and AUM growth in 2023 is on pace to exceed 20%. Revenues, cash flow and net income have all grown commensurately. We therefore expect to report a higher value per share for year end.

In addition to the capital appreciation on the Lysander shares, the current annualized dividend is \$10.00 per share or the equivalent of \$700,000 in expected dividends per annum. CSOC has received a total of \$525,000 in dividends from Lysander on a year-to-date basis. Lysander has been one of the best performing assets in CSOC's portfolio in 2023.

Lysander is a multi-asset manager which provides an attractive addition to the CSOC portfolio. The purpose of the transaction was to diversify the company's portfolio of investments and to increase its cash flows by way of consistent dividends. The primary growth in Lysander funds over the past ten years has come from its partner portfolio manager, Canso Funds.

Further information on the transaction, the background and approval process can be found in CSOC's Notice of Meeting and Management Information Circular dated November 30, 2022 available on SEDAR and at www.selectopportunitiescorporation.com.

The only other change to CSOC's private equity investments was a revaluation lower of its holdings in Fibracast. Fibracast raised new preferred shares in a private placement at a price of \$0.49/share and we therefore lowered the price from \$0.74/share to \$0.49 per share, or a decline of 39%. This resulted in an overall negative impact on the net assets of CSOC of about 0.90%.

Private Fixed Income Investments

At September 30, 2023, private fixed income investments represented 4.4% of CSOC's invested assets. There was no material change in the value of private fixed income investments in the quarter. For two of the investments, AdHawk and Smooth Commerce, we have the right to convert to equity securities and would do so if the company raises equity capital at a higher valuation.

Private Preferred Share Investments

At September 30, 2023, private preferred share investments represented 3.8% of CSOC's net assets. There was no material change in the value of private preferred share investments in the quarter.

Marketable Equity Investments

At September 30, 2023, public equity investments represented 25% of the portfolio, with the largest holdings in Yellow Pages (6.2), Bird Construction (4.2%), MDA Ltd. (2.9%), Manulife (3.2%), Cineplex (2.8%) and Hertz Global (1.6%).

On a weighted average basis, the public equities were higher by about 3.1% during the quarter. Positive performance was driven by unrealized gains in the share prices of Bird Construction (up 22% in the quarter), MDA (up 41%), Cineplex (up 7%) and UBS (up 24%). This was partially offset by unrealized losses in Hertz (down 32% in the quarter), Aegis (down 29%), and Yellow Pages (down 2%). Other smaller holdings had an immaterial affect on the portfolio, as did Manulife which was up only 1% on the quarter.

Marketable Fixed Income Investments

At September 30, 2023, marketable fixed income investments (net of government securities shorted) represented 5.9% of CSOC's invested assets. Positions in LATAM airlines (up 7% in the quarter) and the long/short position held in UBS bonds were positive contributors to performance in the quarter. The Air Canada convertible bond was down 17% in the quarter but had only a modest negative impact on performance given its small weight in the portfolio.

Marketable Preferred Share Investments

At September 30, 2023, marketable preferred share investments represented 5.3% of CSOC's invested assets. There was no material change in the value of marketable preferred share investments in the quarter.

Detailed Investment Portfolio

The table below consolidates CSOC's investments into Private and Marketable.

| September 30, 2023 | | | |
|---|----------------------|----------------------|----------------|
| Description | Average Cost \$ | Fair Value \$ | % of Portfolio |
| Cash and Marketable Securities | \$ 431,102 | \$ 431,565 | 1.8% |
| Private Investments | | | |
| Common Equity Held Long | \$ 13,603,615 | \$ 13,247,532 | 53.8% |
| Brill Power Limited | \$ 105,559 | \$ 287,525 | 1.2% |
| Fibrecast | \$ 800,000 | \$ 377,580 | 1.5% |
| Lysander Funds Limited | \$ 12,250,000 | \$ 12,250,000 | 49.8% |
| Our Home and Miniature Land Inc. Warrant | \$ - | \$ - | 0.0% |
| Smooth Payment Inc. July 5, 2031 Warrant | \$ - | \$ - | 0.0% |
| TC Fund I LP | \$ 12,541 | \$ 12,559 | 0.1% |
| Portfolio HiWay Inc. | \$ 50,000 | \$ 62,500 | 0.3% |
| Reformulary Group Inc. | \$ 200,000 | \$ 250,000 | 1.0% |
| X-Spectrum 1 Inc. (previously Xplornet Wireless Inc.) | \$ 133,723 | \$ 7,368 | 0.0% |
| X-Spectrum 2 Inc. (previously Xplornet Mobile Inc.) | \$ 51,792 | \$ - | 0.0% |
| Private Fixed Income | \$ 1,266,585 | \$ 1,073,200 | 4.4% |
| AdHawk Microsystems Inc. | \$ 466,585 | \$ 473,200 | 1.9% |
| Our Home and Miniature Land Inc. | \$ 400,000 | \$ 400,000 | 1.6% |
| Smooth Payment Inc. | \$ 400,000 | \$ 200,000 | 0.8% |
| Private Preferred Shares | \$ 928,567 | \$ 935,758 | 3.8% |
| BZ Holdings Inc. | \$ - | \$ 2 | 0.0% |
| Flint Corp - Preferred (previously ClearStream Energy Services - Preferred) | \$ 729,400 | \$ 488,022 | 2.0% |
| HashTag Paid Inc. | \$ 199,167 | \$ 447,734 | 1.8% |
| Total Private Investments | \$ 15,798,767 | \$ 15,256,490 | 62.0% |
| Marketable Investments | | | |
| Marketable Fixed Income | \$ 2,169,899 | \$ 2,207,048 | 9.0% |
| Air Canada convertible | \$ 207,684 | \$ 186,421 | 0.8% |
| AMC Entertainment Holdings | \$ 237,219 | \$ 176,265 | 0.7% |
| Bank of Nova Scotia | \$ 563,450 | \$ 551,938 | 2.2% |
| Goldman Sachs | \$ 250,024 | \$ 251,025 | 1.0% |
| UBS Group AG 144A (previously Credit Suisse Group AG 144A) | \$ 270,313 | \$ 300,586 | 1.2% |
| Latam Airlines Group | \$ 641,209 | \$ 740,813 | 3.0% |
| Fixed Income Held Short | \$ (793,660) | \$ (756,863) | (3.1%) |
| Government of Canada | \$ (514,437) | \$ (484,248) | (2.0%) |
| US Treasury Note | \$ (279,223) | \$ (272,615) | (1.1%) |
| Common Equity Held Long | \$ 10,760,038 | \$ 6,165,391 | 25.0% |
| Aegis Brands Inc. (previously Second Cup Ltd.) | \$ 3,400,936 | \$ 274,110 | 1.1% |
| Bird Construction Inc. | \$ 672,874 | \$ 1,023,361 | 4.2% |
| Cineplex Inc. | \$ 618,090 | \$ 690,363 | 2.8% |
| Enbridge Inc. | \$ 384,298 | \$ 364,905 | 1.5% |
| Flint Corp (previously ClearStream Energy SVCS Inc.) | \$ 2,012,939 | \$ 144,992 | 0.6% |
| UBS Group AG (previously Credit Suisse Group AG) | \$ 150,789 | \$ 184,555 | 0.8% |
| Hertz Global Holdings Inc. | \$ 424,452 | \$ 399,148 | 1.6% |
| Manulife Financial Group | \$ 683,099 | \$ 788,166 | 3.2% |
| MDA Ltd. | \$ 879,998 | \$ 724,741 | 2.9% |
| NorthStar Gaming Holdings Inc (Escrow) | \$ 3,041 | \$ 669 | 0.0% |
| NorthStar Gaming Holdings Inc (Restricted + Delayed Release) | \$ 4,501 | \$ 1,140 | 0.0% |
| NorthStar Gaming Holdings Inc | \$ 1,013 | \$ 223 | 0.0% |
| VerticalScope Holdings Inc | \$ 54,397 | \$ 41,563 | 0.2% |
| Yellow Pages Limited | \$ 1,469,611 | \$ 1,527,455 | 6.2% |
| Preferred Shares | \$ 1,779,584 | \$ 1,310,677 | 5.3% |
| Bombardier Inc. | \$ 379,277 | \$ 488,732 | 2.0% |
| Canadian Life Companies Split | \$ 78,572 | \$ 85,680 | 0.4% |
| M-Split Corp | \$ 838,474 | \$ 344,715 | 1.4% |
| Sun Life Financial Corp | \$ 483,261 | \$ 391,550 | 1.6% |
| Total Marketable Investments | \$ 14,346,963 | \$ 9,357,818 | 38.0% |
| Total Marketable and Private Assets | \$ 30,145,730 | \$ 24,614,308 | 100.0% |
| Other Assets, Net of Liabilities | | \$ 56,209 | |
| CSOC's Investments at Fair Value | | \$ 24,670,517 | |

Summary of Quarterly Results

The following table shows selected financial information about CSOC for the most recently completed eight quarters of the Corporation:

| Description | 30-Sep-2023 | 30-Jun-2023 | 31-Mar-2023 | 31-Dec-2022 | 30-Sep-2022 | 30-Jun-2022 | 31-Mar-2022 | 31-Dec-2021 |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total Revenue | \$300,770 | \$268,773 | (\$510,815) | \$71,413 | (\$210,696) | (\$561,770) | (\$20,221) | \$314,395 |
| Total Revenue Per Share | \$0.06 | \$0.05 | (\$0.10) | \$0.03 | (\$0.08) | (\$0.20) | (\$0.01) | \$0.11 |
| Realized Gains (Losses) | (\$2,280) | \$0 | \$52,169 | \$200,381 | \$49,943 | \$201,696 | (\$5,921) | \$213 |
| Realized Gains (Losses) Per Share | (\$0.00) | \$0.00 | \$0.01 | \$0.07 | \$0.02 | \$0.07 | (\$0.00) | \$0.00 |
| Unrealized Gains (Losses) | \$115,711 | \$87,987 | (\$558,562) | (\$121,315) | (\$255,414) | (\$787,177) | (\$36,762) | \$291,772 |
| Unrealized Gains (Losses) Per Share | \$0.02 | \$0.02 | (\$0.11) | (\$0.04) | (\$0.09) | (\$0.28) | (\$0.01) | \$0.11 |
| Shareholders' Equity | \$25,593,112 | \$25,358,365 | \$25,374,742 | \$13,606,074 | \$13,565,387 | \$13,793,149 | \$14,326,086 | \$14,410,546 |
| Equity per Class A Share | \$4.89 | \$4.82 | \$4.81 | \$4.90 | \$4.88 | \$4.96 | \$5.16 | \$5.19 |
| Equity per Class B Share | \$4.91 | \$4.88 | \$4.88 | \$4.90 | \$4.88 | \$4.96 | \$5.16 | \$5.19 |

The variations shown in the table above relate to the timing of investment decisions and do not reflect any general trends or seasonality. For each quarterly period, the financial data has been prepared in accordance with IFRS and the Canadian Dollar has been the presentation and functional currency.

Discussion of Operations

See “Investment Activity and Performance” above.

CSOC Tax Status

On September 4, 2018, Canso Select Opportunities Fund (the “Fund”) completed a plan of arrangement (the “Arrangement”) with the Corporation whereby the Corporation issued Class A Multiple Voting Shares and Class B Subordinate Voting Shares of CSOC in exchange for the outstanding units of the Fund and the Fund became a wholly-owned investment of CSOC.

The Fund has a pool of tax loss carry forwards that can be utilized to shelter gains of the Fund so long as the trust continues to be maintained and certain other conditions are met. If the Fund were to be wound-up into CSOC at a time when it had losses, such losses would expire unutilized. Consequently, the current intention is to maintain the continued existence of the Fund until such time as all or substantially all of the losses of the Fund are utilized, or so long as the benefits associated with maintaining and utilizing such losses (e.g., current and potential cash tax savings) outweighs the cost of maintaining the Fund. As the holding period for many of these investments

of the Fund is measured in years, and the Fund has tax losses, the “transitional period” could be a year or more. Any new investments will be made directly by CSOC.

Liquidity

Liquidity risk is managed by maintaining a portion of the Corporation's assets in investments traded in an active market that can be readily sold. All liabilities of the Corporation are due within one year.

The securities of the Corporation are listed on the TSX Venture Exchange under the ticker CSOC.A and CSOC.B.

Subsequent Events

On October 31, 2023, Lysander Funds declared a regular dividend of \$2.50 per share. The Corporation received a total dividend of \$175,000 on October 31, 2023.

Capital Resources

CSOC has no commitments for any capital expenditures as of September 30, 2023.

Off-Balance Sheet Arrangements

CSOC does not have any off-balance sheet arrangements.

Changes in Accounting Policies Including Initial Adoption

There were no changes during the period ending September 30, 2023 to the Corporation's accounting policies. The Corporation's accounting policies for its financial instruments are disclosed in detail in Note 2 of the Annual Audited Financial Statements.

Financial Instruments and Other Instruments

For the period ended September 30, 2023, CSOC continued to have the capability to hold derivatives and short positions in an investment portfolio in accordance with its investment mandate. At quarter-end, CSOC held two warrants that were issued by the respective companies. The list of all associated risks is disclosed in detail in Notes 3 and Note 10 of the 2022 Annual Audited Financial Statements.

Transactions between Related Parties

On August 1, 2018, CSOC entered into an operational services agreement with Canso Investment Counsel Ltd. ("Canso"). The operational services agreement sets out that Canso will provide the day-to-day operational services to carry out the business affairs of CSOC. Under the terms of the agreement, until July 31, 2023, no fees are payable for services provided by Canso to CSOC. Subsequently, this arrangement was extended for a further 12 months. There were no

management fees charged for the quarter ended September 30, 2023. No management fees have been charged since the completion of the Arrangement on September 4, 2018.

Disclosure of Outstanding Share Data

As at September 30, 2023, there were 1,555,160 Class A Shares and 3,663,277 Class B Shares of the Corporation outstanding.

Litigation

The Corporation may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Corporation becomes involved be determined against the Corporation, such a determination could adversely affect the Corporation's performance and the market price for the Corporation's securities.

In August 2021, a proposed class action complaint was brought in the Superior Court of the State of California relating to the sale of BZ Holdings, Inc. ("**BZ**"), a Delaware corporation, to Centerfield Media Parent, Inc., which was accomplished by merger approved by BZ's board of directors in December 2020. The proposed representative plaintiffs are three former common shareholders of BZ, purporting to represent a class of other common shareholders. As a result of the merger transaction, which was managed and approved by a special committee of the BZ board of directors, who were advised by sophisticated U.S. legal counsel and an investment banking advisor, the preferred shareholders recovered some, but not all of their investments, and the common shareholders did not receive any compensation. The defendants named in the complaint are BZ's board of directors, certain officers of BZ, BZ's financial adviser, and certain preferred shareholders who the plaintiffs allege promoted and approved the merger. CSOC, was a preferred shareholder of BZ and CDS & Co. is named in the complaint as the registered holder of CSOC's preferred shares. CDS & Co. has not been served with the complaint. Upon motions by the other defendants, on February 22, 2022, the court stayed the lawsuit on jurisdictional grounds. To date, the Corporation has not been served by the plaintiffs with any official documentation regarding the anticipated lawsuit by mail or any other approved means, and we are otherwise unaware of any activity relating to the suit since last year. The Corporation denies the allegations in the complaint and, if necessary, will vigorously defend the action.

Other MD&A Requirements

Additional information relating to the Corporation is available on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements and information within the meaning of applicable securities legislation. Forward-looking statements can be identified by the words “seeks”, “expects”, “believes”, “estimates”, “will”, “target” and similar expressions. The forward-looking statements reflect the current expectations of CSOC regarding future results or events and are based on information currently available to it. Certain material factors and reasonable assumptions were applied in providing these forward-looking statements. All forward looking statements in this press release are qualified by these cautionary statements. CSOC believes that the expectations reflected in forward-looking statements are based upon reasonable assumptions; however, CSOC can give no assurances that the actual results or developments will be realized. These forward-looking statements are subject to several risks and uncertainties that could cause actual results or events to differ materially from current expectations. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, a forward-looking statement speaks only as of the date on which such statement is made. CSOC undertakes no obligation to publicly update any such statement or to reflect new information or the occurrence of future events or circumstances except as required by securities laws. These forward-looking statements are made as of the date of this report.

Additional information about CSOC is available under its SEDAR profile at www.sedar.com.