

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

Pender US All Cap Equity Fund

For the year ended December 31, 2017

PENDER

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the interim financial statements or annual financial statements at your request, and at no cost, by calling toll-free (866) 377-4743, by writing to us at 1640 – 1066 West Hastings Street, Vancouver, BC V6E 3X1 or by visiting our website at www.penderfund.com or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The objective of the Pender US All Cap Equity Fund (the "Fund") is to achieve capital growth over the long-term. The Fund will invest primarily in US securities but may also invest in Canadian and foreign securities.

PenderFund Capital Management Ltd. ("Pender") is the Manager and Portfolio Advisor of the Fund.

Risks

The risks of investing in the Fund are outlined in the Simplified Prospectus dated June 26, 2017. There were no significant changes to the Fund that affected its overall level of risk during the year.

Results of Operations

The net assets of the Pender US All Cap Equity Fund (the "Fund") as of December 31, 2017 increased overall to \$19,629,016 from \$18,854,911 at December 31, 2016. Of this \$774,105 increase, \$2,920,482 is attributable to investment performance and \$2,146,377 is attributable to net unitholder redemptions of the Fund.

For the year ended December 31, 2017, Class A units of the Fund generated a total return of 15.0%. Fund returns are reported net of all management fees and expenses for all classes, unlike the returns of the Fund's benchmark, which are based on the performance of an index that does not pay fees or incur expenses. Returns for other classes of the Fund will be similar to Class A with any difference in performance being primarily due to different management fees that are applicable to that class. Returns for Class A (USD) and Class F (USD) will differ primarily due to foreign currency as these classes are denominated in US dollars and all remaining classes are denominated in Canadian dollars. Please see the "Past Performance" section for the performance of the Fund's other classes.

The Fund's broad-based benchmark, S&P 500 Index ("S&P 500") (in Canadian dollars), had a total return of 13.8% during the year. In accordance with National Instrument 81-106, we have included a comparison to this broad-based index to help you understand the Fund's performance relative to the general performance of the market, but caution that the Fund's mandate may be significantly different from the index shown. The Fund's mandate is "all cap" which allows for inclusion of securities outside the large cap oriented S&P 500. Most of the Fund's holdings are not members of the S&P 500 at this time because we believe better value and superior long-term opportunities can be found among smaller companies in today's market environment.

The following comments and the comments under "Recent Developments" reflect the views of the portfolio management team and are based on information as at the end of the year. Please read the caution regarding forward-looking statements located on the last page of this document.

The Fund's outperformance as compared to its benchmark was primarily due to stock selection and an overweighting in the Consumer Discretionary and Financials sectors which outperformed during the year. We do not actively manage sector weightings in the Fund. Rather, our sector weightings are determined by individual stock selection through a bottom-up, fundamental, investment analysis process. We seek to own stocks where our estimated range for the long-term intrinsic value of the business is higher than its traded market value.

Key positive individual contributors to the Fund's performance for the year included Panera Bread Company, FRMO Corporation, and POSCO. Conversely, LiLAC Group, Platform Specialty Products Corporation and Kennedy-Wilson Holdings had the largest adverse impact to the Fund's performance.

The Fund's investment portfolio transactions during the year were based on our stock selection process. In general, we increased weightings of individual stocks where we determined the margin of safety had increased and decreased their weightings as their traded market values moved closer to our estimates of their intrinsic values. We are constantly looking for new investment opportunities. Two of the Fund's most significant additions made during the year were Baidu and Tripadvisor. We may liquidate a security for various reasons such as when a company's share price has reached our assessment of its fair value, an acquisition has occurred, or where we have changed our investment thesis of the company. Two of the Fund's most significant dispositions made during the year were Whole Foods Market and Panera Bread.

At the end of the year, the Fund was fully invested with 87% invested in US, and 12% in Canada. We typically do not hold large cash balances however cash levels may vary depending on the availability of investment opportunities. The Fund's investment portfolio is concentrated and not diversified in the conventional sense. The Fund's top 10 holdings account for 73% of the Fund's net assets at the end of the year. This may lead to varied results over any given year.

Recent Developments

Overall sector exposure is determined by stock selection. We are currently skewed to holdings in Diversified Financials, Consumer Discretionary and Materials because these sectors are where we are currently finding the best investment opportunities and, equally important, contain businesses for which we are best equipped to assess value. These top three sectors accounted for 56% of the Fund at the end of the year.

2017 was a much better year for the S&P 500 than we had imagined. The flip side of an above average year, especially within an extended bull market, is that prospective returns will likely be more muted. With the major indices regularly hitting new records and valuations at historic highs, finding new investment opportunities at attractive valuations is becoming increasingly difficult. Nevertheless, we believe there will almost always be mispriced securities available in some corners of the market, despite current market index levels. However, an investor needs to have a contrarian mindset and the capability to follow an idiosyncratic approach to find them.

We are often asked what we think about the “market”. This is usually another way of asking whether we think the S&P 500 or S&P/TSX will be up or down over the next three to six months. First, we believe making useful predictions about the “market” over short time horizons is impossible. Second, we do not necessarily focus too much on the “market” because we are not index investors. To us, the “market” is not a monolithic entity, but rather a universe of many individual stocks which includes securities outside the popular stock indices. As a group, it is clear to us that U.S. large cap stocks have relatively modest growth prospects, yet trade at historically high valuations. The prospect of higher interest rates and potential disruption to legacy incumbents from technologies such as artificial intelligence are real risks to this long-favoured asset class. Instead, we currently own and are seeking investments in idiosyncratic, small and mid-sized companies.

The Fund’s “all cap” mandate allows us to focus on holdings in any area of the market where we find the best value. Today, we continue to believe the best absolute and relative value, which we believe drives future returns, is to be found in the small-to-medium market capitalization universe and among individual names which we believe have been largely ignored and underappreciated by investors.

We believe many of the Fund’s investments have better underlying economics and medium-term growth prospects than the typical large U.S. firm. According to our analyses, most of our holdings have increased their intrinsic values and/or strengthened their competitive advantages during the year, which we believe will be reflected in their respective share prices over time.

Related Party Transactions

The Fund pays management and administration fees to the Manager for management and portfolio advisory services (see “Management Fees”).

As at the end of the year, parties related to the Manager collectively held 10% of the Fund’s units.

Management Fees

The Fund pays management and administration fees calculated as a percentage of the net asset value of each respective class. The fees are calculated at the close of business on each valuation day, and are paid monthly. In exchange for the administration fee, the Manager pays the operating costs of the Fund so that the Management Expense Ratio (MER) for each class does not exceed certain levels as set out in the Fund’s offering documents.

Management fees are used by the Manager, in part, to pay sales commissions, trailer fees, marketing costs and other associated distribution costs relating to the sale of units of the Fund. Such expenses represented approximately 34% of the management fees paid by the Fund to the Manager for the year.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years indicated.

CLASS A					
Fund's Net Assets Per Unit (a)	2017	2016	2015	2014	2013
Net assets – beginning of year	\$11.78	\$12.02	\$12.27	\$11.86	\$10.00
Increase (decrease) from operations:					
Total revenue	0.09	0.47	0.10	0.06	0.03
Total expenses	(0.31)	(0.35)	(0.32)	(0.31)	(0.15)
Realized gains (losses)	2.13	(0.55)	1.22	(0.01)	0.10
Unrealized gains (losses)	(0.04)	0.19	(0.91)	0.50	2.18
Total increase (decrease) from operations (b)	1.87	(0.24)	0.09	0.24	2.15
Distributions:					
From income (excluding dividends)	-	(0.10)	-	-	-
From dividends	-	(0.03)	-	-	-
From capital gains	(0.96)	-	(0.44)	-	-
Return of capital	-	-	-	-	-
Total annual distributions (c)	(0.96)	(0.13)	(0.44)	-	-
Net assets – end of year	\$12.61	\$11.78	\$12.02	\$12.27	\$11.86
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$8,215	\$8,492	\$10,683	\$12,026	\$7,836
Number of units outstanding (a)	651,735	720,635	888,473	980,302	660,953
Management expense ratio (d)	2.35%	2.40%	2.45%	2.45%	2.45%
Management expense ratio before absorptions (e)	2.35%	2.40%	2.45%	2.45%	2.45%
Trading expense ratio (f)	0.04%	0.03%	0.04%	0.03%	0.19%
Portfolio turnover rate (g)	38.30%	40.36%	43.62%	26.46%	5.25%
Net asset value per unit (a)	\$12.61	\$11.78	\$12.02	\$12.27	\$11.86

CLASS D					
Fund's Net Assets Per Unit (a)	2017	2016	2015	2014	2013
Net assets – beginning of year	\$9.05	\$9.25	\$10.00		
Increase (decrease) from operations:					
Total revenue	0.07	0.36	0.08		
Total expenses	(0.05)	(0.14)	(0.08)		
Realized gains (losses)	1.64	(0.43)	0.11		
Unrealized gains (losses)	(0.25)	0.66	(0.20)		
Total increase (decrease) from operations (b)	1.41	0.45	(0.10)		
Distributions:					
From income (excluding dividends)	-	(0.18)	-		
From dividends	-	(0.02)	-		
From capital gains	(0.91)	-	(0.75)		
Return of capital	-	-	-		
Total annual distributions (c)	(0.91)	(0.20)	(0.75)		
Net assets – end of year	\$9.59	\$9.05	\$9.25		
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$18	\$16	\$5		
Number of units outstanding (a)	1,911	1,735	542		
Management expense ratio (d)	1.60%	1.60%	1.60%		
Management expense ratio before absorptions (e)	1.60%	1.60%	1.60%		
Trading expense ratio (f)	0.04%	0.03%	0.04%		
Portfolio turnover rate (g)	38.30%	40.36%	43.62%		
Net asset value per unit (a)	\$9.59	\$9.05	\$9.25		

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS F					
Fund's Net Assets Per Unit (a)	2017	2016	2015	2014	2013
Net assets – beginning of year	\$11.84	\$12.01	\$12.43	\$11.92	\$10.00
Increase (decrease) from operations:					
Total revenue	0.10	0.46	0.10	0.06	0.03
Total expenses	(0.17)	(0.16)	(0.18)	(0.17)	(0.09)
Realized gains (losses)	2.14	(0.55)	0.14	0.05	0.10
Unrealized gains (losses)	(0.13)	(0.45)	0.16	0.51	2.24
Total increase (decrease) from operations (b)	1.94	(0.70)	0.22	0.45	2.28
Distributions:					
From income (excluding dividends)	-	(0.18)	-	-	-
From dividends	-	(0.03)	-	-	-
From capital gains	(1.34)	-	(0.68)	-	-
Return of capital	-	-	-	-	-
Total annual distributions (c)	(1.34)	(0.21)	(0.68)	-	-
Net assets – end of year	\$12.42	\$11.84	\$12.01	\$12.43	\$11.92
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$4,765	\$4,457	\$9,473	\$10,559	\$4,424
Number of units outstanding (a)	383,551	376,605	788,874	849,570	371,268
Management expense ratio (d)	1.35%	1.35%	1.35%	1.35%	1.35%
Management expense ratio before absorptions (e)	1.35%	1.35%	1.35%	1.35%	1.35%
Trading expense ratio (f)	0.04%	0.03%	0.04%	0.03%	0.19%
Portfolio turnover rate (g)	38.30%	40.36%	43.62%	26.46%	5.25%
Net asset value per unit (a)	\$12.42	\$11.84	\$12.01	\$12.43	\$11.92

CLASS H					
Fund's Net Assets Per Unit (a)	2017	2016	2015	2014	2013
Net assets – beginning of year	\$9.70	\$10.00	\$10.32	\$10.00	
Increase (decrease) from operations:					
Total revenue	0.07	0.39	0.08	0.06	
Total expenses	(0.16)	(0.21)	(0.24)	(0.12)	
Realized gains (losses)	1.75	(0.46)	0.12	0.04	
Unrealized gains (losses)	(0.14)	0.12	0.17	0.34	
Total increase (decrease) from operations (b)	1.52	(0.16)	0.13	0.32	
Distributions:					
From income (excluding dividends)	-	(0.25)	-	-	
From dividends	-	(0.02)	-	-	
From capital gains	(1.25)	-	(0.57)	-	
Return of capital	-	-	-	-	
Total annual distributions (c)	(1.25)	(0.27)	(0.57)	-	
Net assets – end of year	\$9.95	\$9.70	\$10.00	\$10.32	
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$353	\$211	\$103	\$5	
Number of units outstanding (a)	35,431	21,747	10,252	500	
Management expense ratio (d)	2.05%	2.13%	2.20%	2.20%	
Management expense ratio before absorptions (e)	2.05%	2.13%	2.20%	2.20%	
Trading expense ratio (f)	0.04%	0.03%	0.04%	0.03%	
Portfolio turnover rate (g)	38.30%	40.36%	43.62%	26.46%	
Net asset value per unit (a)	\$9.95	\$9.70	\$10.00	\$10.32	

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS I					
Fund's Net Assets Per Unit (a)	2017	2016	2015	2014	2013
Net assets – beginning of year	\$9.71	\$9.91	\$10.38	\$10.00	
Increase (decrease) from operations:					
Total revenue	0.08	0.40	0.08	0.06	
Total expenses	(0.09)	(0.12)	(0.13)	(0.07)	
Realized gains (losses)	1.75	(0.46)	0.12	0.04	
Unrealized gains (losses)	0.17	0.21	(0.20)	0.35	
Total increase (decrease) from operations (b)	1.91	0.03	(0.14)	0.38	
Distributions:					
From income (excluding dividends)	-	(0.23)	-	-	
From dividends	-	(0.02)	-	-	
From capital gains	(1.32)	-	(1.22)	-	
Return of capital	-	-	-	-	
Total annual distributions (c)	(1.32)	(0.25)	(1.22)	-	
Net assets – end of year	\$9.99	\$9.71	\$9.91	\$10.38	
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$283	\$230	\$234	\$5	
Number of units outstanding (a)	28,360	23,647	23,601	500	
Management expense ratio (d)	1.20%	1.20%	1.20%	1.20%	
Management expense ratio before absorptions (e)	1.20%	1.20%	1.20%	1.20%	
Trading expense ratio (f)	0.04%	0.03%	0.04%	0.03%	
Portfolio turnover rate (g)	38.30%	40.36%	43.62%	26.46%	
Net asset value per unit (a)	\$9.99	\$9.71	\$9.91	\$10.38	

CLASS O					
Fund's Net Assets Per Unit (a)	2017	2016	2015	2014	2013
Net assets – beginning of year	\$10.03	\$10.22	\$10.59	\$10.00	\$10.00
Increase (decrease) from operations:					
Total revenue	0.08	0.41	0.09	0.06	-
Total expenses	-	-	-	-	-
Realized gains (losses)	1.82	(0.48)	0.12	0.04	-
Unrealized gains (losses)	(0.15)	1.12	0.16	0.35	-
Total increase (decrease) from operations (b)	1.75	1.05	0.36	0.45	-
Distributions:					
From income (excluding dividends)	(0.06)	(0.35)	-	-	-
From dividends	(0.02)	(0.03)	-	-	-
From capital gains	(1.34)	-	(0.83)	-	-
Return of capital	-	-	-	-	-
Total annual distributions (c)	(1.42)	(0.38)	(0.83)	-	-
Net assets – end of year	\$10.39	\$10.03	\$10.22	\$10.59	\$10.00
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$4,701	\$4,209	\$1,154	\$1,113	\$280
Number of units outstanding (a)	452,379	419,774	112,921	105,174	28,000
Management expense ratio (d)	0.00%	0.00%	0.00%	0.00%	0.00%
Management expense ratio before absorptions (e)	0.00%	0.00%	0.00%	0.00%	0.00%
Trading expense ratio (f)	0.04%	0.03%	0.04%	0.03%	0.19%
Portfolio turnover rate (g)	38.30%	40.36%	43.62%	26.46%	5.25%
Net asset value per unit (a)	\$10.39	\$10.03	\$10.22	\$10.59	\$10.00

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS A (USD)					
Fund's Net Assets Per Unit (a)	2017	2016	2015	2014	2013
Net assets – beginning of year	\$11.52	\$11.78	\$12.02	\$11.61	\$10.00
Increase (decrease) from operations:					
Total revenue	0.08	0.45	0.10	0.06	0.03
Total expenses	(0.30)	(0.27)	(0.31)	(0.29)	(0.11)
Realized gains (losses)	2.08	(0.54)	0.14	0.04	0.10
Unrealized gains (losses)	(0.02)	0.23	0.23	0.27	1.54
Total increase (decrease) from operations (b)	1.84	(0.13)	0.16	0.08	1.56
Distributions:					
From income (excluding dividends)	-	(0.13)	-	-	-
From dividends	-	(0.03)	-	-	-
From capital gains	(0.95)	-	(0.43)	-	-
Return of capital	-	-	-	-	-
Total annual distributions (c)	(0.95)	(0.16)	(0.43)	-	-
Net assets – end of year	\$12.32	\$11.52	\$11.78	\$12.02	\$11.61
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$655	\$676	\$727	\$894	\$642
Number of units outstanding (a)	53,195	58,619	61,773	74,439	55,300
Management expense ratio (d)	2.35%	2.40%	2.45%	2.45%	2.45%
Management expense ratio before absorptions (e)	2.35%	2.40%	2.45%	2.45%	2.45%
Trading expense ratio (f)	0.04%	0.03%	0.04%	0.03%	0.19%
Portfolio turnover rate (g)	38.30%	40.36%	43.62%	26.46%	5.25%
Net asset value per unit (a)	\$12.32	\$11.52	\$11.78	\$12.02	\$11.61

CLASS F (USD)					
Fund's Net Assets Per Unit (a)	2017	2016	2015	2014	2013
Net assets – beginning of year	\$11.71	\$11.90	\$12.19	\$11.65	\$10.00
Increase (decrease) from operations:					
Total revenue	0.08	0.47	0.10	0.06	0.03
Total expenses	(0.14)	(0.16)	(0.17)	(0.16)	(0.06)
Realized gains (losses)	2.12	(0.55)	0.14	0.05	0.10
Unrealized gains (losses)	(0.24)	(0.03)	0.12	0.39	1.49
Total increase (decrease) from operations (b)	1.82	(0.27)	0.18	0.34	1.55
Distributions:					
From income (excluding dividends)	-	(0.21)	-	-	-
From dividends	-	(0.03)	-	-	-
From capital gains	(1.36)	-	(0.43)	-	-
Return of capital	-	-	-	-	-
Total annual distributions (c)	(1.36)	(0.24)	(0.43)	-	-
Net assets – end of year	\$12.25	\$11.71	\$11.90	\$12.19	\$11.65
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$639	\$564	\$906	\$1,502	\$866
Number of units outstanding (a)	52,147	48,204	76,066	123,238	74,328
Management expense ratio (d)	1.35%	1.35%	1.35%	1.35%	1.35%
Management expense ratio before absorptions (e)	1.35%	1.35%	1.35%	1.35%	1.35%
Trading expense ratio (f)	0.04%	0.03%	0.04%	0.03%	0.19%
Portfolio turnover rate (g)	38.30%	40.36%	43.62%	26.46%	5.25%
Net asset value per unit (a)	\$12.25	\$11.71	\$11.90	\$12.19	\$11.65

FINANCIAL HIGHLIGHTS (CONTINUED)**Footnotes:**

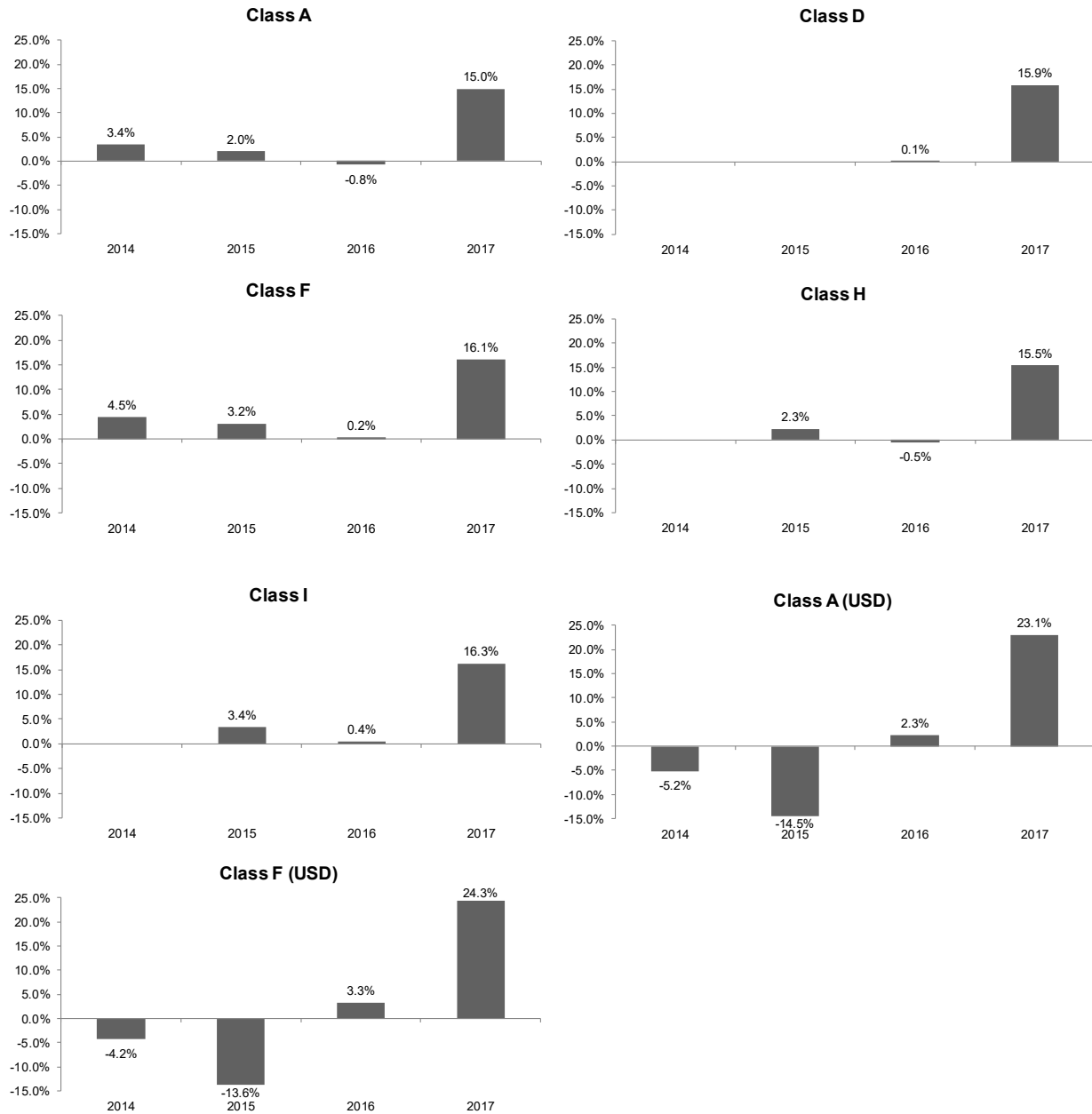
- (a) Information is derived from the Fund's financial statements.
- (b) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding during the year.
- (c) Distributions were paid in cash or reinvested in additional units of the Fund, or both.
- (d) Management expense ratio (MER) is based on total expenses (excluding commissions and other portfolio transaction costs) for the year and is expressed as an annualized percentage of average net asset value during the year. The MER may vary from one fund to another and from one class of units to another because of differences in the applicable management fees and certain fees and expenses may have been absorbed by the Manager which would otherwise be reflected in the Fund.
- (e) The Manager of the Fund has agreed to absorb sufficient expenses of the Fund, if necessary, so that the annual MER after all charges and taxes (including sales, goods and services and other similar charges) will not exceed certain limits as outlined in the Fund's Simplified Prospectus. The amount of expenses absorbed is at the discretion of the Manager as set out in the Fund's Simplified Prospectus. As such, the Manager may in its sole discretion cease to absorb expenses.
- (f) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of average net asset value during the year.
- (g) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

PAST PERFORMANCE

The following charts show the past performance for the units of each class of the Fund and do not necessarily indicate how the Fund will perform in the future. The information shown assumes that any distributions made by the Fund were reinvested in additional units of the Fund; returns would be different if an investor did not reinvest distributions. In addition, the information does not take into account sales, redemptions, income taxes payable or other charges that would have reduced returns or performance. Past performance are not available for any Fund classes that were not reporting issuers for the entire financial year.

Year-by-Year Returns

To illustrate how the Fund's performance has varied from year to year, the following charts show the annual returns for the calendar years indicated. The charts show, in percentage terms, how much an investment held on the first day of the year would have increased or decreased by the last day of the year.



Annual Compound Returns

The annual compound returns table compares the Fund's performance to one or more benchmarks. Benchmarks are usually an index or a composite of more than one index. An index is generally made up of a group of securities. Since the Fund does not necessarily invest in the same securities as an index or in the same proportion, the Fund's performance is not expected to equal the performance of the index. Fund returns are reported net of all management fees and expenses for all classes, unlike the returns of the Fund's benchmark, which is based on the performance of an index that does not pay fees or incur expenses. It may be more helpful to compare the Fund's performance to that of other mutual funds with similar objectives and investment disciplines.

The Fund's broad-based benchmark is S&P 500 Index. The S&P 500 includes 500 leading companies listed on the NASDAQ and NYSE and captures approximately 80% coverage of available market capitalization. With the exception of Class A (USD) and Class F (USD), the performance of the Fund is compared to the benchmark's performance in Canadian dollars. Performance for Class A (USD) and Class F (USD) are compared to the benchmark's performance in U.S. dollars.

A discussion of the performance of the Fund as compared to its benchmarks is found in the "Results of Operations" section of this report.

	One Year	Three Year	Since Inception	Inception Date
Class A	15.0%	5.2%	8.2%	06/28/2013
Benchmark	13.8%	14.3%	18.9%	
Class D	15.9%	-	6.1%	06/30/2015
Benchmark	13.8%	-	13.4%	
Class F	16.1%	6.3%	9.3%	06/28/2013
Benchmark	13.8%	14.3%	18.9%	
Class H	15.5%	5.5%	5.7%	06/30/2014
Benchmark	13.8%	14.3%	16.8%	
Class I	16.3%	6.5%	6.6%	06/30/2014
Benchmark	13.8%	14.3%	16.8%	
Class A (USD)	23.1%	2.5%	2.5%	08/30/2013
Benchmark (USD)	21.8%	11.4%	14.4%	
Class F (USD)	24.3%	3.5%	3.6%	08/30/2013
Benchmark (USD)	21.8%	11.4%	14.4%	

SUMMARY OF INVESTMENT PORTFOLIO

The largest holdings of the Fund as at the end of the year and the major asset classes in which the Fund was invested, are indicated below; should the Fund have less than 25 holdings, the table will show the Fund's entire investment portfolio. The investment portfolio may change due to ongoing portfolio transactions. An update of the Fund's summary of investment portfolio as at the end of each calendar quarter is available from the Manager. Please see the front page of this document for information about how this can be obtained.

Summary of Top 25 Holdings

	% of Net Assets
Colfax Corporation	10.0
TripAdvisor, Inc.	8.4
Platform Specialty Products Corporation	8.3
Baidu, Inc.	8.1
LiLAC Group	7.3
Syntel, Inc.	7.2
Onex Corporation	5.9
Brookfield Asset Management Inc.	5.7
The Howard Hughes Corporation	5.7
Markel Corporation	5.6
Liberty Global plc	5.4
Kennedy-Wilson Holdings, Inc	4.6
POSCO	4.3
FRMO Corporation	4.2
Discovery Communications, Inc.	3.7
Energy XXI Gulf Coast, Inc.	2.8
Navios Maritime Holdings Inc.	1.6

Summary of Composition of the Portfolio

	% of Net Assets
Equities	
Consumer discretionary	24.8
Diversified financials	15.9
Information technology	15.3
Materials	12.7
Industrials	11.6
Real estate	10.3
Insurance	5.6
Energy	2.8
Total investments	99.0
Cash	1.1
Other assets less liabilities	(0.1)
Total net assets	100.0

Caution Regarding Forward-Looking Statements

This report contains forward-looking statements about the Fund, including its strategy, prospects and further actions. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions and are indicated by the use of words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” or negative versions thereof and similar expressions.

In addition, any statement made concerning future performance, strategies or prospects, and possible future Fund action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to risks, uncertainties and assumptions about the Fund and economic factors, among other things.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements. Any number of important factors could contribute to these digressions, including, but not limited to: general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

The above mentioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing undue reliance on forward-looking statements. Further, except as may be required under applicable law, the Manager has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

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