

SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

Pender Corporate Bond Fund

Six months ended June 30, 2018



This interim Management Report of Fund Performance contains financial highlights but does not contain either the interim financial statements or annual financial statements of the investment fund. You may obtain a copy of the interim financial statements or annual financial statements at your request, at no cost, by calling toll-free 1-866-377-4743, by writing to us at 1640 – 1066 West Hastings Street, Vancouver, BC V6E 3X1 or by visiting our website at www.penderfund.com or the SEDAR website at www.sedar.com.

You 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

Results of Operations

The net assets of the Pender Corporate Bond Fund (the "Fund") as at June 30, 2018 increased overall to \$363,150,982 from \$194,250,014 as at December 31, 2017. Of this \$168,900,968 increase, \$15,268,670 is attributable to investment performance and \$153,632,298 is attributable to net unitholder purchases of the Fund.

For the six months ended June 30, 2018 (the "period"), Class A units of the Fund generated a total return of 5.8%. 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 different classes. Please see the "Past Performance" section for the performance of the Fund's other classes. 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.

The Fund's broad-based benchmark, the FTSE/TMX Canada Universe Bond Index, returned 0.6% during the period. 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.

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 period. Please read the caution regarding forward-looking statements located on the last page of this document.

The Fund's outperformance was due primarily to particular strength in holdings of convertible bonds such as Amyris, Inc., Gran Colombia Gold Corp., Element Fleet Management Corp., Aceto Corp. and Global Eagle Entertainment Inc, which rallied strongly on good earnings results. In addition, the announced acquisition of two of the Fund's holdings, Primero Mining Corp. and Rite Aid Corp., resulted in significant capital price appreciation to par in these holdings. Further, the fund benefited from its position in the distressed Commonwealth of Puerto Rico bonds which rallied on investors' more positive view as the island's recovery and debt restructuring efforts showed progress. Further, the Fund's duration of 2.3 years at the end of the period was relatively shorter than that of the benchmark and as a result, rising interest rates in Canada during the period has less of an impact on the Fund than they did on the benchmark. Offsetting these strengths, weakness in the distressed credit of Orexigen Therapeutics Inc. had the largest adverse impact.

During the period, the Fund reduced its credit risk due to important changes that we observed in credit markets. Our stance became more risk-averse as we saw the interest rate differential (or "spread") between high-yield credit and government bond benchmarks decline to the lowest levels in four years. As a result of this change, the Fund increased its weighting in investment grade securities issued by companies such as McDonald's Corp., Apple Inc., PepsiCo, Inc., Visa Inc., Verisign, Inc. and others. In addition, the fund added positions in "AAA" issuers such as the City of Vancouver and the Government of Canada, the latter being now the highest weight in the Fund by issuer.

Recent Developments

In the aftermath of the financial crisis of 2008 - 2009, income-oriented investors faced with low returns in short term risk free instruments elected to invest in a variety of alternative strategies, including a) much longer duration government bonds offering marginally higher yields, b) lower quality credit, or c) dividend paying equities. For the last 9-years, these options provided better returns than short term high quality credit. Times have changed. Given that central banks have embarked on a program of gradually raising short-term interest rates, the advantage of investing on these higher yielding options became less attractive. For example, in early 2016 the 30-year Government of Canada bond yielded over six times the Canadian T-bill rate; now its advantage is less than two times. In early 2016 the S&P 500 dividend yield was over eight times the US T-bill yield; now both yields are approximately equal.

Our response to the changing environment has been to migrate towards relatively low risk, relatively short duration credit that should allow us to earn a reasonable return while protecting capital. Our strategy, beyond this simple core, continues to favour well-protected positions with a degree of "room to run" upside in areas such as discounted closed-end funds, currently out-of-the-money convertible notes and select credit positions that we believe to be unfairly discounted.

While we cannot expect to predict the Bank of Canada's actions precisely, we certainly are aware of areas vulnerable to interest rate hikes across the Canadian economy. We believe the most exposed areas relate to real estate and certain consumer lending activity, and as a result we avoid these areas within the context of the Canadian market.

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 period, parties related to the Manager collectively held 1% of the Fund's units and the Pender Strategic Growth and Income Fund held 1% of the Fund's outstanding 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 28% of the management fees paid by the Fund to the Manager for the period.

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 period and the calendar years indicated.

CLASS A

Fund's Net Assets Per Unit (a)	2018	2017	2016	2015	2014	2013
Net assets – beginning of period	\$11.92	\$11.48	\$9.70	\$11.26	\$11.63	\$11.70
Increase (decrease) from operations:						
Total revenue	0.32	0.61	0.61	0.84	0.72	0.67
Total expenses	(0.12)	(0.24)	(0.22)	(0.25)	(0.27)	(0.27)
Realized gains (losses)	0.32	0.90	0.18	(1.17)	(0.33)	0.03
Unrealized gains (losses)	0.15	(0.49)	1.56	(0.24)	(0.05)	(0.04)
Total increase (decrease) from operations (b)	0.67	0.78	2.13	(0.82)	0.07	0.39
Distributions:						
From income (excluding dividends)	(0.17)	(0.30)	(0.31)	(0.53)	(0.45)	(0.39)
From dividends	(0.02)	(0.03)	(0.04)	(0.01)	-	(0.01)
From capital gains	-	-	-	-	-	(0.07)
Return of capital	-	-	(0.05)	(0.08)	-	-
Total annual distributions (b), (c)	(0.19)	(0.33)	(0.40)	(0.62)	(0.45)	(0.47)
Net assets – end of period	\$12.42	\$11.92	\$11.48	\$9.70	\$11.26	\$11.63
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$53,344	\$38,229	\$38,595	\$53,812	\$116,928	\$126,140
Number of units outstanding (a)	4,295,614	3,206,403	3,362,129	5,546,256	10,386,906	10,842,064
Management expense ratio (d)	1.95%	1.95%	1.95%	2.22%	2.25%	2.25%
Management expense ratio before absorptions (e)	1.95%	1.95%	1.95%	2.22%	2.25%	2.25%
Trading expense ratio (f)	0.05%	0.07%	0.08%	0.02%	0.00%	0.00%
Portfolio turnover rate (g)	33.66%	95.38%	142.68%	74.82%	97.92%	80.34%
Net asset value per unit (a)	\$12.42	\$11.92	\$11.48	\$9.70	\$11.26	\$11.63

CLASS D

Fund's Net Assets Per Unit (a)	2018	2017	2016	2015	2014	2013
Net assets – beginning of period	\$10.92	\$10.52	\$8.90	\$10.00		
Increase (decrease) from operations:						
Total revenue	0.24	0.50	0.54	0.36		
Total expenses	(0.08)	(0.17)	(0.15)	(0.08)		
Realized gains (losses)	0.29	0.70	0.35	(0.91)		
Unrealized gains (losses)	0.14	(0.35)	1.45	(0.19)		
Total increase (decrease) from operations (b)	0.59	0.68	2.19	(0.82)		
Distributions:						
From income (excluding dividends)	(0.20)	(0.33)	(0.34)	(0.25)		
From dividends	(0.02)	(0.03)	(0.05)	-		
From capital gains	-	-	-	-		
Return of capital	-	-	(0.03)	(0.03)		
Total annual distributions (b), (c)	(0.22)	(0.36)	(0.42)	(0.28)		
Net assets – end of period	\$11.38	\$10.92	\$10.52	\$8.90		
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$1,884	\$182	\$48	\$5		
Number of units outstanding (a)	165,578	16,702	4,562	515		
Management expense ratio (d)	1.40%	1.40%	1.40%	1.61%		
Management expense ratio before absorptions (e)	1.40%	1.40%	1.40%	1.61%		
Trading expense ratio (f)	0.05%	0.07%	0.08%	0.02%		
Portfolio turnover rate (g)	33.66%	95.38%	142.68%	74.82%		
Net asset value per unit (a)	\$11.38	\$10.92	\$10.52	\$8.90		

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS F

Fund's Net Assets Per Unit (a)	2018	2017	2016	2015	2014	2013
Net assets – beginning of period	\$11.92	\$11.48	\$9.70	\$11.27	\$11.64	\$11.69
Increase (decrease) from operations:						
Total revenue	0.31	0.57	0.61	0.85	0.72	0.66
Total expenses	(0.08)	(0.15)	(0.14)	(0.17)	(0.19)	(0.18)
Realized gains (losses)	0.32	0.79	0.19	(1.17)	(0.31)	0.05
Unrealized gains (losses)	0.14	(0.40)	1.54	(0.19)	(0.07)	(0.08)
Total increase (decrease) from operations (b)	0.69	0.81	2.20	(0.68)	0.15	0.45
Distributions:						
From income (excluding dividends)	(0.22)	(0.39)	(0.37)	(0.60)	(0.54)	(0.48)
From dividends	(0.02)	(0.04)	(0.05)	(0.01)	-	(0.01)
From capital gains	-	-	-	-	-	(0.07)
Return of capital	-	-	(0.06)	(0.09)	-	-
Total annual distributions (b), (c)	(0.24)	(0.43)	(0.48)	(0.70)	(0.54)	(0.56)
Net assets – end of period	\$12.42	\$11.92	\$11.48	\$9.70	\$11.27	\$11.64
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$155,109	\$68,365	\$34,938	\$30,490	\$89,393	\$90,880
Number of units outstanding (a)	12,488,546	5,733,494	3,044,053	3,141,898	7,934,923	7,808,048
Management expense ratio (d)	1.15%	1.15%	1.15%	1.47%	1.50%	1.50%
Management expense ratio before absorptions (e)	1.15%	1.15%	1.15%	1.47%	1.50%	1.50%
Trading expense ratio (f)	0.05%	0.07%	0.08%	0.02%	0.00%	0.00%
Portfolio turnover rate (g)	33.66%	95.38%	142.68%	74.82%	97.92%	80.34%
Net asset value per unit (a)	\$12.42	\$11.92	\$11.48	\$9.70	\$11.27	\$11.64

CLASS H

Fund's Net Assets Per Unit (a)	2018	2017	2016	2015	2014	2013
Net assets – beginning of period	\$10.51	\$10.11	\$8.55	\$9.88	\$10.19	\$10.25
Increase (decrease) from operations:						
Total revenue	0.28	0.52	0.60	0.74	0.64	0.58
Total expenses	(0.09)	(0.18)	(0.17)	(0.18)	(0.20)	(0.19)
Realized gains (losses)	0.28	0.74	0.07	(1.07)	(0.26)	0.03
Unrealized gains (losses)	0.13	(0.39)	1.26	(0.13)	(0.12)	(0.06)
Total increase (decrease) from operations (b)	0.60	0.69	1.76	(0.64)	0.06	0.36
Distributions:						
From income (excluding dividends)	(0.16)	(0.30)	(0.29)	(0.49)	(0.44)	(0.39)
From dividends	(0.02)	(0.03)	(0.04)	(0.01)	-	(0.01)
From capital gains	-	-	-	-	-	(0.06)
Return of capital	-	-	(0.05)	(0.07)	-	-
Total annual distributions (b), (c)	(0.18)	(0.33)	(0.38)	(0.57)	(0.44)	(0.46)
Net assets – end of period	\$10.94	\$10.51	\$10.11	\$8.55	\$9.88	\$10.19
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$29,069	\$19,159	\$12,116	\$5,738	\$12,338	\$5,722
Number of units outstanding (a)	2,656,118	1,823,363	1,198,204	671,067	1,248,886	561,466
Management expense ratio (d)	1.65%	1.65%	1.65%	1.84%	1.85%	1.85%
Management expense ratio before absorptions (e)	1.65%	1.65%	1.65%	1.84%	1.85%	1.85%
Trading expense ratio (f)	0.05%	0.07%	0.08%	0.02%	0.00%	0.00%
Portfolio turnover rate (g)	33.66%	95.38%	142.68%	74.82%	97.92%	80.34%
Net asset value per unit (a)	\$10.94	\$10.51	\$10.11	\$8.55	\$9.88	\$10.19

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS I

Fund's Net Assets Per Unit (a)	2018	2017	2016	2015	2014	2013
Net assets – beginning of period	\$10.24	\$9.85	\$8.34	\$9.66	\$10.00	
Increase (decrease) from operations:						
Total revenue	0.26	0.48	0.55	0.70	0.33	
Total expenses	(0.06)	(0.10)	(0.11)	(0.12)	(0.08)	
Realized gains (losses)	0.28	0.66	0.16	(1.03)	(0.29)	
Unrealized gains (losses)	0.14	(0.32)	1.24	(0.37)	(0.11)	
Total increase (decrease) from operations (b)	0.62	0.72	1.84	(0.82)	(0.15)	
Distributions:						
From income (excluding dividends)	(0.20)	(0.35)	(0.33)	(0.53)	(0.25)	
From dividends	(0.02)	(0.03)	(0.04)	(0.01)	-	
From capital gains	-	-	-	-	-	
Return of capital	-	-	(0.06)	(0.08)	-	
Total annual distributions (b), (c)	(0.22)	(0.38)	(0.43)	(0.62)	(0.25)	
Net assets – end of period	\$10.67	\$10.24	\$9.85	\$8.34	\$9.66	
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$88,808	\$42,272	\$16,158	\$14,004	\$9,102	
Number of units outstanding (a)	8,321,394	4,127,027	1,639,624	1,679,060	941,744	
Management expense ratio (d)	1.00%	1.00%	1.00%	1.26%	1.35%	
Management expense ratio before absorptions (e)	1.00%	1.00%	1.00%	1.26%	1.35%	
Trading expense ratio (f)	0.05%	0.07%	0.08%	0.02%	0.00%	
Portfolio turnover rate (g)	33.66%	95.38%	142.68%	74.82%	97.92%	
Net asset value per unit (a)	\$10.67	\$10.24	\$9.85	\$8.34	\$9.66	

CLASS O

Fund's Net Assets Per Unit (a)	2018	2017	2016	2015	2014	2013
Net assets – beginning of period	\$10.37	\$9.97	\$8.49	\$9.84	\$10.14	\$10.19
Increase (decrease) from operations:						
Total revenue	0.30	0.50	0.42	0.74	0.63	0.58
Total expenses	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	-
Realized gains (losses)	0.28	0.70	0.44	(1.01)	(0.24)	0.03
Unrealized gains (losses)	0.12	(0.34)	1.16	(0.06)	(0.07)	(0.08)
Total increase (decrease) from operations (b)	0.69	0.85	2.01	(0.34)	0.31	0.53
Distributions:						
From income (excluding dividends)	(0.24)	(0.44)	(0.42)	(0.65)	(0.63)	(0.57)
From dividends	(0.03)	(0.05)	(0.06)	(0.01)	-	(0.01)
From capital gains	-	-	-	-	-	(0.06)
Return of capital	-	-	(0.05)	(0.09)	-	-
Total annual distributions (b), (c)	(0.27)	(0.49)	(0.53)	(0.75)	(0.63)	(0.64)
Net assets – end of period	\$10.79	\$10.37	\$9.97	\$8.49	\$9.84	\$10.14
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$11,316	\$12,351	\$7,813	\$3,038	\$8,159	\$6,314
Number of units outstanding (a)	1,048,585	1,191,011	783,439	357,754	829,484	622,667
Management expense ratio (d)	0.00%	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%	0.00%
Trading expense ratio (f)	0.05%	0.07%	0.08%	0.02%	0.00%	0.00%
Portfolio turnover rate (g)	33.66%	95.38%	142.68%	74.82%	97.92%	80.34%
Net asset value per unit (a)	\$10.79	\$10.37	\$9.97	\$8.49	\$9.84	\$10.14

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS A (USD)

Fund's Net Assets Per Unit (a)	2018	2017	2016	2015	2014	2013
Net assets – beginning of period	\$12.48	\$12.67	\$11.08	\$10.78	\$10.33	\$9.82
Increase (decrease) from operations:						
Total revenue	0.41	0.46	0.66	0.88	0.67	0.58
Total expenses	(0.13)	(0.26)	(0.24)	(0.25)	(0.25)	(0.27)
Realized gains (losses)	0.34	0.98	(0.24)	0.57	0.57	0.59
Unrealized gains (losses)	0.75	(0.96)	0.58	(0.15)	(0.09)	(0.04)
Total increase (decrease) from operations (b)	1.37	0.22	0.76	1.05	0.90	0.86
Distributions:						
From income (excluding dividends)	(0.19)	(0.31)	(0.34)	(0.57)	(0.38)	(0.35)
From dividends	(0.02)	(0.04)	(0.03)	(0.01)	-	(0.01)
From capital gains	-	-	-	-	-	(0.07)
Return of capital	-	-	(0.08)	(0.08)	-	-
Total annual distributions (b), (c)	(0.21)	(0.35)	(0.45)	(0.66)	(0.38)	(0.43)
Net assets – end of period	\$13.60	\$12.48	\$12.67	\$11.08	\$10.78	\$10.33
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$2,826	\$1,264	\$1,420	\$4,291	\$6,066	\$5,767
Number of units outstanding (a)	207,763	101,249	112,029	387,216	562,640	558,289
Management expense ratio (d)	1.95%	1.95%	1.95%	2.20%	2.25%	2.25%
Management expense ratio before absorptions (e)	1.95%	1.95%	1.95%	2.20%	2.25%	2.25%
Trading expense ratio (f)	0.05%	0.07%	0.08%	0.02%	0.00%	0.00%
Portfolio turnover rate (g)	33.66%	95.38%	142.68%	74.82%	97.92%	80.34%
Net asset value per unit (a)	\$13.60	\$12.48	\$12.67	\$11.08	\$10.78	\$10.33

CLASS F (USD)

Fund's Net Assets Per Unit (a)	2018	2017	2016	2015	2014	2013
Net assets – beginning of period	\$12.35	\$12.54	\$11.04	\$10.74	\$10.29	\$9.81
Increase (decrease) from operations:						
Total revenue	0.37	0.38	1.17	0.88	0.66	0.57
Total expenses	(0.08)	(0.14)	(0.16)	(0.17)	(0.17)	(0.20)
Realized gains (losses)	0.33	0.67	(0.33)	0.80	0.53	0.61
Unrealized gains (losses)	0.73	(0.83)	0.78	(0.24)	(0.12)	0.05
Total increase (decrease) from operations (b)	1.35	0.08	1.46	1.27	0.90	1.03
Distributions:						
From income (excluding dividends)	(0.23)	(0.43)	(0.40)	(0.65)	(0.45)	(0.41)
From dividends	(0.02)	(0.04)	(0.05)	(0.01)	-	(0.01)
From capital gains	-	-	-	-	-	(0.06)
Return of capital	-	-	(0.07)	(0.10)	-	-
Total annual distributions (b), (c)	(0.25)	(0.47)	(0.52)	(0.76)	(0.45)	(0.48)
Net assets – end of period	\$13.46	\$12.35	\$12.54	\$11.04	\$10.74	\$10.29
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$20,794	\$12,427	\$985	\$1,464	\$6,646	\$4,367
Number of units outstanding (a)	1,545,132	1,006,425	78,583	132,598	618,944	424,476
Management expense ratio (d)	1.15%	1.15%	1.15%	1.46%	1.50%	1.50%
Management expense ratio before absorptions (e)	1.15%	1.15%	1.15%	1.46%	1.50%	1.50%
Trading expense ratio (f)	0.05%	0.07%	0.08%	0.02%	0.00%	0.00%
Portfolio turnover rate (g)	33.66%	95.38%	142.68%	74.82%	97.92%	80.34%
Net asset value per unit (a)	\$13.46	\$12.35	\$12.54	\$11.04	\$10.74	\$10.29

FINANCIAL HIGHLIGHTS (CONTINUED)**Footnotes:**

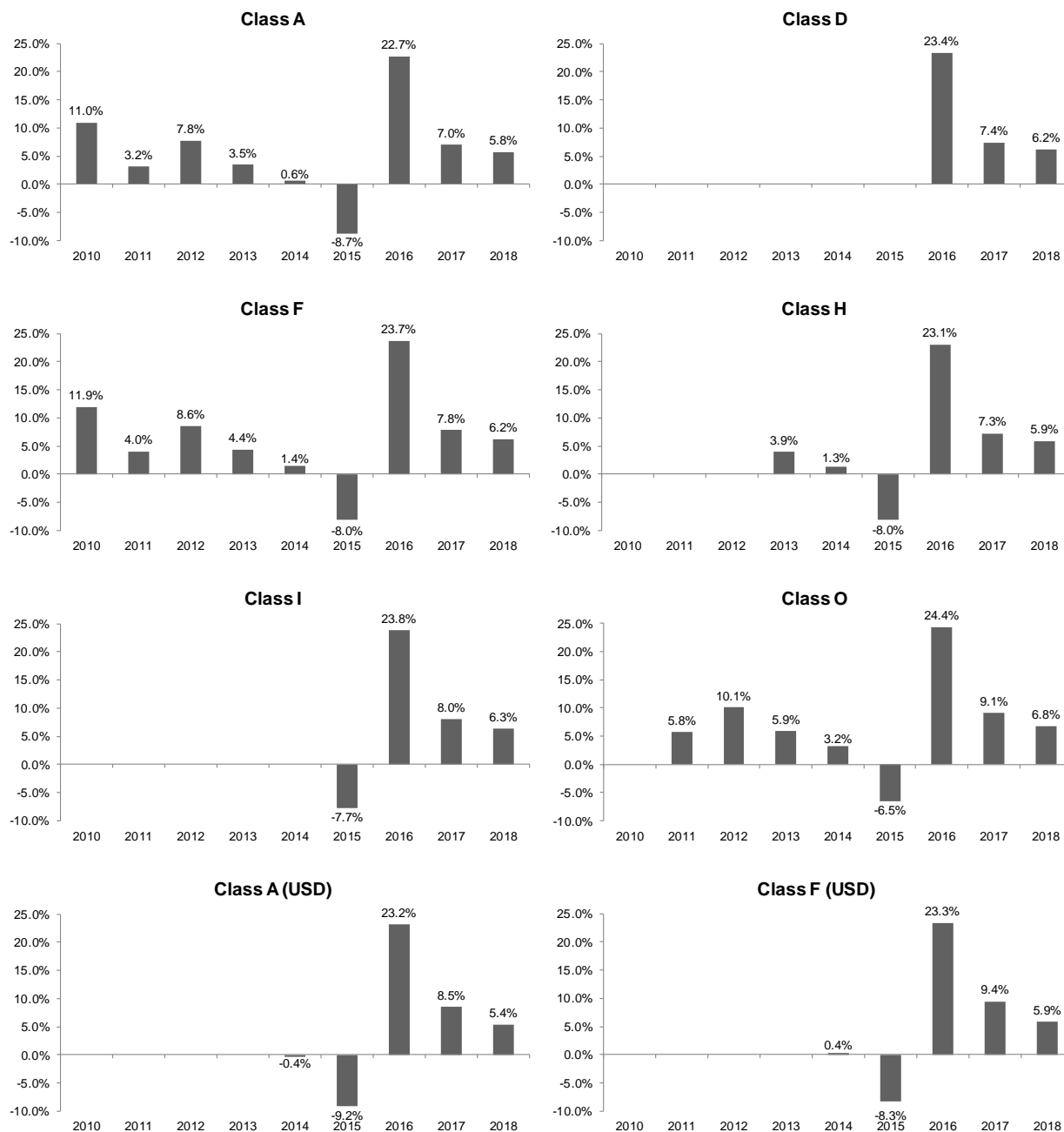
- (a) This information is derived from the Fund's unaudited semi-annual financial statements as at June 30 and audited annual financial statements as at December 31 for the period stated, prepared under International Financial Reporting Standards.
- (b) Net assets per unit and distributions per unit are based on the actual number of units for the relevant Fund class outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding during the period.
- (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 period and is expressed as an annualized percentage of daily average net asset value during the period. The MER may vary 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, as 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 daily average net asset value during the period.
- (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 period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

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.

Period-by-Period Returns

To illustrate how the Fund's performance has varied over time, the following bar charts show the Fund's performance for the six-month period ended June 30, 2018 and for each of the previous 12-month periods ended December 31. The information is presented starting from the first full financial period of the respective Fund class. In percentage terms, the bar charts show how much an investment held on the first day of the period would have increased or decreased by the last day of the period.



SUMMARY OF INVESTMENT PORTFOLIO

The largest holdings of the Fund as at the end of the period and the major asset classes in which the Fund was invested are indicated below. 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
Verisign, Inc., 4.63%, 2023/05/01	3.6
W&T Offshore, Inc., 9%, 2020/05/15	3.3
Just Energy Group Inc., 6.5%, 2019/07/29	3.2
Government of Canada, 2.75%, 2022/06/01	3.0
Eldorado Gold Corp., 6.13%, 2020/12/15	2.5
McDonald's Corp., 3.13%, 2025/03/04	2.5
SunPower Corp., 4%, 2023/01/15	2.4
Aimia Inc., 5.6%, 2019/05/17	2.2
Canadian National Railway Co., 2.75%, 2021/02/18	2.2
Steel Connect, Inc., 5.25%, 2019/03/01	2.2
PepsiCo, Inc., 2.15%, 2024/05/06	2.1
Amyris, Inc., 9.5%, 2019/04/15	2.0
Amyris, Inc., 6.5%, 2019/05/15	2.0
National Grid Electricity Transmission, 2.9%, 2019/11/26	1.9
PHI Inc., 5.25%, 2019/03/15	1.9
Element Fleet Management Corp., 4.25%, 2020/06/30	1.7
Global Eagle Entertainment Inc., 3.25%, 2035/02/15	1.7
Element Fleet Management Corp., 5.13%, 2019/06/30	1.6
Halyard Health Inc., 6.25%, 2022/10/15	1.6
Government of Canada, 1.25%, 2019/11/01	1.5
Symantec Corp., 4.2%, 2020/09/15	1.5
Dorel Industries Inc., 5.5%, 2019/11/30	1.4
Gran Colombia Gold Corp., 8.25%, 2024/04/30	1.4
NAV Canada, 5.3%, 2019/04/17	1.4
Symantec Corp., 3.95%, 2022/06/15	1.4

Summary of Composition of the Portfolio

	% of Net Assets
US corporate bonds and loans	45.3
Canadian corporate bonds and loans	27.4
Closed end funds	6.4
Government bonds	5.3
Preferred shares	5.0
Foreign corporate bonds and loans	4.9
Common shares	0.2
Warrants	0.1
Total investments	94.6
Derivative liabilities	(1.1)
Total investment portfolio	93.5
Cash	4.3
Other assets less liabilities	2.2
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, or that include 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.

We stress that 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.

PENDER

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