

**SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE**

# Pender US All Cap Equity 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](http://www.penderfund.com) or the SEDAR website at [www.sedar.com](http://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 US All Cap Equity Fund (the "Fund") as at June 30, 2018 increased overall to \$20,831,974 from \$19,629,016 as at December 31, 2017. Of this \$1,202,958 increase, \$2,104,457 is attributable to investment performance and \$901,499 is attributable to net unitholder redemptions of the Fund.

For the six months ended June 30, 2018 (the "period"), Class A units of the Fund generated a total return of 10.6%. 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. 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. 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 S&P 500 Index (S&P 500) (in Canadian dollars), returned 7.8% 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 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 period. 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 Consumer Discretionary sector, which was the best performing sector for the benchmark during the period. 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 process. We seek to own stocks where our estimated range for the long-term intrinsic value of the business is higher than the current share price.

Key positive contributors to the Fund's performance for the period included TripAdvisor, Inc., Syntel, Inc., and Energy XXI Gulf Coast, Inc. Conversely, Colfax Corporation, FRMO Corporation and Liberty Global plc had the largest adverse impact.

Portfolio transactions during the period were made 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 ideas and one example of a new investment is The Middleby Corporation. We may liquidate our positions for various reasons, such as when share prices have reached our assessment of fair value, when an acquisition has occurred, or where we have changed our investment thesis. During the period, we sold Markel Corporation, POSCO, Onex Corporation, and Energy XXI Gulf Coast, Inc. which was going to be acquired.

As at the end of the period, the Fund was 89% invested in US, 5% in Canada and the Fund's cash position had increased to 6%, up from 1% as at December 31, 2017. As we continue to look for new investment opportunities, the Fund's cash position may decrease. The Fund's investment portfolio is concentrated and not diversified in the conventional sense. The Fund's top 10 holdings account for 75% of the Fund's net assets at the end of the period. This concentration may lead to varied results over any given period.

Overall sector exposure of the Fund is determined by stock selection and may shift from time to time. As at June 30, 2018 we were skewed to holdings in Consumer Discretionary, Industrials and Information Technology because those sectors are where we believe we are currently finding the best investment opportunities and, equally important, they contain businesses for which we are best equipped to assess value. These top three sectors accounted for 66% of the Fund at the end of the period.

## Recent Developments

Stock markets went through a volatile first half of 2018 after a strong 2017. Investors were concerned with many news headlines, including US/China trade wars, tariffs, interest rates, etc. The world is constantly changing and becomes more unpredictable. 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 Composite Index 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 think about 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. The Fund's "all cap" mandate allows us to focus on holdings in any area of the market where we find the best value. We tend to focus on the small-to-medium market capitalization universe and on individual names that we believe have been largely ignored and underappreciated by investors. We believe the best absolute and relative value that will drive future returns is to be found in idiosyncratic small- and mid-sized companies.

That being said, we acknowledge that the FANGMAN stocks, FANG plus Microsoft, Apple, Nvidia, have been spectacular investments and accounted for most the returns from the large cap S&P 500. Regrettably, we have not owned a lot of the FANGMAN stocks. We believe it is constructive to conduct "post mortems" on ideas as learning opportunities to improve the investment process.

As investors, we have been introspective about why we missed these massive winners. We are continually learning and working to alter our methods to reflect how the real world works today and how we expect it will work in the future. Over the last year, we found a few compelling ideas that fit well into this new world. For example, although it is still early, TripAdvisor, Inc. and Baidu, Inc. are larger cap investments that we may not have purchased as aggressively a few years ago.

We believe many of the Fund's holdings have strong underlying economics and medium-term growth prospects. According to our analyses, most of our holdings have increased their intrinsic value and/or deepened their "moats" during the period, 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 period, 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 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**

<b>Fund's Net Assets Per Unit (a)</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Net assets – beginning of period	\$12.61	\$11.78	\$12.02	\$12.27	\$11.86	\$10.00
<b>Increase (decrease) from operations:</b>						
Total revenue	0.03	0.09	0.47	0.10	0.06	0.03
Total expenses	(0.17)	(0.31)	(0.35)	(0.32)	(0.31)	(0.15)
Realized gains (losses)	1.13	2.13	(0.55)	1.22	(0.01)	0.10
Unrealized gains (losses)	0.33	(0.04)	0.19	(0.91)	0.50	2.18
<b>Total increase (decrease) from operations (b)</b>	<b>1.32</b>	<b>1.87</b>	<b>(0.24)</b>	<b>0.09</b>	<b>0.24</b>	<b>2.15</b>
<b>Distributions:</b>						
From income (excluding dividends)	-	-	(0.10)	-	-	-
From dividends	-	-	(0.03)	-	-	-
From capital gains	-	(0.96)	-	(0.44)	-	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>-</b>	<b>(0.96)</b>	<b>(0.13)</b>	<b>(0.44)</b>	<b>-</b>	<b>-</b>
<b>Net assets – end of period</b>	<b>\$13.95</b>	<b>\$12.61</b>	<b>\$11.78</b>	<b>\$12.02</b>	<b>\$12.27</b>	<b>\$11.86</b>
<b>Ratios and Supplemental Data</b>						
Total net asset value (\$000s) (a)	\$8,185	\$8,215	\$8,492	\$10,683	\$12,026	\$7,836
Number of units outstanding (a)	586,709	651,735	720,635	888,473	980,302	660,953
Management expense ratio (d)	2.35%	2.35%	2.40%	2.45%	2.45%	2.45%
Management expense ratio before absorptions (e)	2.35%	2.35%	2.40%	2.45%	2.45%	2.45%
Trading expense ratio (f)	0.05%	0.04%	0.03%	0.04%	0.03%	0.19%
Portfolio turnover rate (g)	40.17%	38.30%	40.36%	43.62%	26.46%	5.25%
Net asset value per unit (a)	\$13.95	\$12.61	\$11.78	\$12.02	\$12.27	\$11.86

**CLASS D**

<b>Fund's Net Assets Per Unit (a)</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Net assets – beginning of period	\$9.59	\$9.05	\$9.25	\$10.00		
<b>Increase (decrease) from operations:</b>						
Total revenue	0.02	0.07	0.36	0.08		
Total expenses	(0.09)	(0.05)	(0.14)	(0.08)		
Realized gains (losses)	0.86	1.64	(0.43)	0.11		
Unrealized gains (losses)	0.17	(0.25)	0.66	(0.20)		
<b>Total increase (decrease) from operations (b)</b>	<b>0.96</b>	<b>1.41</b>	<b>0.45</b>	<b>(0.10)</b>		
<b>Distributions:</b>						
From income (excluding dividends)	-	-	(0.18)	-		
From dividends	-	-	(0.02)	-		
From capital gains	-	(0.91)	-	(0.75)		
Return of capital	-	-	-	-		
<b>Total annual distributions (b), (c)</b>	<b>-</b>	<b>(0.91)</b>	<b>(0.20)</b>	<b>(0.75)</b>		
<b>Net assets – end of period</b>	<b>\$10.64</b>	<b>\$9.59</b>	<b>\$9.05</b>	<b>\$9.25</b>		
<b>Ratios and Supplemental Data</b>						
Total net asset value (\$000s) (a)	\$25	\$18	\$16	\$5		
Number of units outstanding (a)	2,366	1,911	1,735	542		
Management expense ratio (d)	1.60%	1.60%	1.60%	1.60%		
Management expense ratio before absorptions (e)	1.60%	1.60%	1.60%	1.60%		
Trading expense ratio (f)	0.05%	0.04%	0.03%	0.04%		
Portfolio turnover rate (g)	40.17%	38.30%	40.36%	43.62%		
Net asset value per unit (a)	\$10.64	\$9.59	\$9.05	\$9.25		

## FINANCIAL HIGHLIGHTS (CONTINUED)

## CLASS F

<b>Fund's Net Assets Per Unit (a)</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Net assets – beginning of period	\$12.42	\$11.84	\$12.01	\$12.43	\$11.92	\$10.00
<b>Increase (decrease) from operations:</b>						
Total revenue	0.03	0.10	0.46	0.10	0.06	0.03
Total expenses	(0.10)	(0.17)	(0.16)	(0.18)	(0.17)	(0.09)
Realized gains (losses)	1.11	2.14	(0.55)	0.14	0.05	0.10
Unrealized gains (losses)	0.33	(0.13)	(0.45)	0.16	0.51	2.24
<b>Total increase (decrease) from operations (b)</b>	<b>1.37</b>	<b>1.94</b>	<b>(0.70)</b>	<b>0.22</b>	<b>0.45</b>	<b>2.28</b>
<b>Distributions:</b>						
From income (excluding dividends)	-	-	(0.18)	-	-	-
From dividends	-	-	(0.03)	-	-	-
From capital gains	-	(1.34)	-	(0.68)	-	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>-</b>	<b>(1.34)</b>	<b>(0.21)</b>	<b>(0.68)</b>	<b>-</b>	<b>-</b>
<b>Net assets – end of period</b>	<b>\$13.80</b>	<b>\$12.42</b>	<b>\$11.84</b>	<b>\$12.01</b>	<b>\$12.43</b>	<b>\$11.92</b>
<b>Ratios and Supplemental Data</b>						
Total net asset value (\$000s) (a)	\$5,289	\$4,765	\$4,457	\$9,473	\$10,559	\$4,424
Number of units outstanding (a)	383,388	383,551	376,605	788,874	849,570	371,268
Management expense ratio (d)	1.35%	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%	1.35%
Trading expense ratio (f)	0.05%	0.04%	0.03%	0.04%	0.03%	0.19%
Portfolio turnover rate (g)	40.17%	38.30%	40.36%	43.62%	26.46%	5.25%
Net asset value per unit (a)	\$13.80	\$12.42	\$11.84	\$12.01	\$12.43	\$11.92

## CLASS H

<b>Fund's Net Assets Per Unit (a)</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Net assets – beginning of period	\$9.95	\$9.70	\$10.00	\$10.32	\$10.00	
<b>Increase (decrease) from operations:</b>						
Total revenue	0.02	0.07	0.39	0.08	0.06	
Total expenses	(0.12)	(0.16)	(0.21)	(0.24)	(0.12)	
Realized gains (losses)	0.90	1.75	(0.46)	0.12	0.04	
Unrealized gains (losses)	0.29	(0.14)	0.12	0.17	0.34	
<b>Total increase (decrease) from operations (b)</b>	<b>1.09</b>	<b>1.52</b>	<b>(0.16)</b>	<b>0.13</b>	<b>0.32</b>	
<b>Distributions:</b>						
From income (excluding dividends)	-	-	(0.25)	-	-	
From dividends	-	-	(0.02)	-	-	
From capital gains	-	(1.25)	-	(0.57)	-	
Return of capital	-	-	-	-	-	
<b>Total annual distributions (b), (c)</b>	<b>-</b>	<b>(1.25)</b>	<b>(0.27)</b>	<b>(0.57)</b>	<b>-</b>	
<b>Net assets – end of period</b>	<b>\$11.03</b>	<b>\$9.95</b>	<b>\$9.70</b>	<b>\$10.00</b>	<b>\$10.32</b>	
<b>Ratios and Supplemental Data</b>						
Total net asset value (\$000s) (a)	\$501	\$353	\$211	\$103	\$5	
Number of units outstanding (a)	45,473	35,431	21,747	10,252	500	
Management expense ratio (d)	2.05%	2.05%	2.13%	2.20%	2.20%	
Management expense ratio before absorptions (e)	2.05%	2.05%	2.13%	2.20%	2.20%	
Trading expense ratio (f)	0.05%	0.04%	0.03%	0.04%	0.03%	
Portfolio turnover rate (g)	40.17%	38.30%	40.36%	43.62%	26.46%	
Net asset value per unit (a)	\$11.03	\$9.95	\$9.70	\$10.00	\$10.32	

## FINANCIAL HIGHLIGHTS (CONTINUED)

## CLASS I

<b>Fund's Net Assets Per Unit (a)</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Net assets – beginning of period	\$9.99	\$9.71	\$9.91	\$10.38	\$10.00	
<b>Increase (decrease) from operations:</b>						
Total revenue	0.02	0.08	0.40	0.08	0.06	
Total expenses	(0.07)	(0.09)	(0.12)	(0.13)	(0.07)	
Realized gains (losses)	0.90	1.75	(0.46)	0.12	0.04	
Unrealized gains (losses)	0.05	0.17	0.21	(0.20)	0.35	
<b>Total increase (decrease) from operations (b)</b>	<b>0.90</b>	<b>1.91</b>	<b>0.03</b>	<b>(0.14)</b>	<b>0.38</b>	
<b>Distributions:</b>						
From income (excluding dividends)	-	-	(0.23)	-	-	
From dividends	-	-	(0.02)	-	-	
From capital gains	-	(1.32)	-	(1.22)	-	
Return of capital	-	-	-	-	-	
<b>Total annual distributions (b), (c)</b>	<b>-</b>	<b>(1.32)</b>	<b>(0.25)</b>	<b>(1.22)</b>	<b>-</b>	
<b>Net assets – end of period</b>	<b>\$11.10</b>	<b>\$9.99</b>	<b>\$9.71</b>	<b>\$9.91</b>	<b>\$10.38</b>	
<b>Ratios and Supplemental Data</b>						
Total net asset value (\$000s) (a)	\$235	\$283	\$230	\$234	\$5	
Number of units outstanding (a)	21,147	28,360	23,647	23,601	500	
Management expense ratio (d)	1.20%	1.20%	1.20%	1.20%	1.20%	
Management expense ratio before absorptions (e)	1.20%	1.20%	1.20%	1.20%	1.20%	
Trading expense ratio (f)	0.05%	0.04%	0.03%	0.04%	0.03%	
Portfolio turnover rate (g)	40.17%	38.30%	40.36%	43.62%	26.46%	
Net asset value per unit (a)	\$11.10	\$9.99	\$9.71	\$9.91	\$10.38	

## CLASS O

<b>Fund's Net Assets Per Unit (a)</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Net assets – beginning of period	\$10.39	\$10.03	\$10.22	\$10.59	\$10.00	\$10.00
<b>Increase (decrease) from operations:</b>						
Total revenue	0.02	0.08	0.41	0.09	0.06	-
Total expenses	(0.01)	-	-	-	-	-
Realized gains (losses)	0.93	1.82	(0.48)	0.12	0.04	-
Unrealized gains (losses)	0.27	(0.15)	1.12	0.16	0.35	-
<b>Total increase (decrease) from operations (b)</b>	<b>1.21</b>	<b>1.75</b>	<b>1.05</b>	<b>0.36</b>	<b>0.45</b>	<b>-</b>
<b>Distributions:</b>						
From income (excluding dividends)	-	(0.06)	(0.35)	-	-	-
From dividends	-	(0.02)	(0.03)	-	-	-
From capital gains	-	(1.34)	-	(0.83)	-	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>-</b>	<b>(1.42)</b>	<b>(0.38)</b>	<b>(0.83)</b>	<b>-</b>	<b>-</b>
<b>Net assets – end of period</b>	<b>\$11.61</b>	<b>\$10.39</b>	<b>\$10.03</b>	<b>\$10.22</b>	<b>\$10.59</b>	<b>\$10.00</b>
<b>Ratios and Supplemental Data</b>						
Total net asset value (\$000s) (a)	\$5,182	\$4,701	\$4,209	\$1,154	\$1,113	\$280
Number of units outstanding (a)	446,400	452,379	419,774	112,921	105,174	28,000
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%	0.04%	0.03%	0.04%	0.03%	0.19%
Portfolio turnover rate (g)	40.17%	38.30%	40.36%	43.62%	26.46%	5.25%
Net asset value per unit (a)	\$11.61	\$10.39	\$10.03	\$10.22	\$10.59	\$10.00

## FINANCIAL HIGHLIGHTS (CONTINUED)

## CLASS A (USD)

<b>Fund's Net Assets Per Unit (a)</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Net assets – beginning of period	\$12.32	\$11.52	\$11.78	\$12.02	\$11.61	\$10.00
<b>Increase (decrease) from operations:</b>						
Total revenue	0.03	0.08	0.45	0.10	0.06	0.03
Total expenses	(0.16)	(0.30)	(0.27)	(0.31)	(0.29)	(0.11)
Realized gains (losses)	1.10	2.08	(0.54)	0.14	0.04	0.10
Unrealized gains (losses)	0.37	(0.02)	0.23	0.23	0.27	1.54
<b>Total increase (decrease) from operations (b)</b>	<b>1.34</b>	<b>1.84</b>	<b>(0.13)</b>	<b>0.16</b>	<b>0.08</b>	<b>1.56</b>
<b>Distributions:</b>						
From income (excluding dividends)	-	-	(0.13)	-	-	-
From dividends	-	-	(0.03)	-	-	-
From capital gains	-	(0.95)	-	(0.43)	-	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>-</b>	<b>(0.95)</b>	<b>(0.16)</b>	<b>(0.43)</b>	<b>-</b>	<b>-</b>
<b>Net assets – end of period</b>	<b>\$13.63</b>	<b>\$12.32</b>	<b>\$11.52</b>	<b>\$11.78</b>	<b>\$12.02</b>	<b>\$11.61</b>
<b>Ratios and Supplemental Data</b>						
Total net asset value (\$000s) (a)	\$704	\$655	\$676	\$727	\$894	\$642
Number of units outstanding (a)	51,675	53,195	58,619	61,773	74,439	55,300
Management expense ratio (d)	2.35%	2.35%	2.40%	2.45%	2.45%	2.45%
Management expense ratio before absorptions (e)	2.35%	2.35%	2.40%	2.45%	2.45%	2.45%
Trading expense ratio (f)	0.05%	0.04%	0.03%	0.04%	0.03%	0.19%
Portfolio turnover rate (g)	40.17%	38.30%	40.36%	43.62%	26.46%	5.25%
Net asset value per unit (a)	\$13.63	\$12.32	\$11.52	\$11.78	\$12.02	\$11.61

## CLASS F (USD)

<b>Fund's Net Assets Per Unit (a)</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Net assets – beginning of period	\$12.25	\$11.71	\$11.90	\$12.19	\$11.65	\$10.00
<b>Increase (decrease) from operations:</b>						
Total revenue	0.03	0.08	0.47	0.10	0.06	0.03
Total expenses	(0.10)	(0.14)	(0.16)	(0.17)	(0.16)	(0.06)
Realized gains (losses)	1.10	2.12	(0.55)	0.14	0.05	0.10
Unrealized gains (losses)	0.33	(0.24)	(0.03)	0.12	0.39	1.49
<b>Total increase (decrease) from operations (b)</b>	<b>1.36</b>	<b>1.82</b>	<b>(0.27)</b>	<b>0.18</b>	<b>0.34</b>	<b>1.55</b>
<b>Distributions:</b>						
From income (excluding dividends)	-	-	(0.21)	-	-	-
From dividends	-	-	(0.03)	-	-	-
From capital gains	-	(1.36)	-	(0.43)	-	-
Return of capital	-	-	-	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>-</b>	<b>(1.36)</b>	<b>(0.24)</b>	<b>(0.43)</b>	<b>-</b>	<b>-</b>
<b>Net assets – end of period</b>	<b>\$13.61</b>	<b>\$12.25</b>	<b>\$11.71</b>	<b>\$11.90</b>	<b>\$12.19</b>	<b>\$11.65</b>
<b>Ratios and Supplemental Data</b>						
Total net asset value (\$000s) (a)	\$710	\$639	\$564	\$906	\$1,502	\$866
Number of units outstanding (a)	52,198	52,147	48,204	76,066	123,238	74,328
Management expense ratio (d)	1.35%	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%	1.35%
Trading expense ratio (f)	0.05%	0.04%	0.03%	0.04%	0.03%	0.19%
Portfolio turnover rate (g)	40.17%	38.30%	40.36%	43.62%	26.46%	5.25%
Net asset value per unit (a)	\$13.61	\$12.25	\$11.71	\$11.90	\$12.19	\$11.65

**FINANCIAL HIGHLIGHTS (CONTINUED)****Footnotes:**

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- (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 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 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.

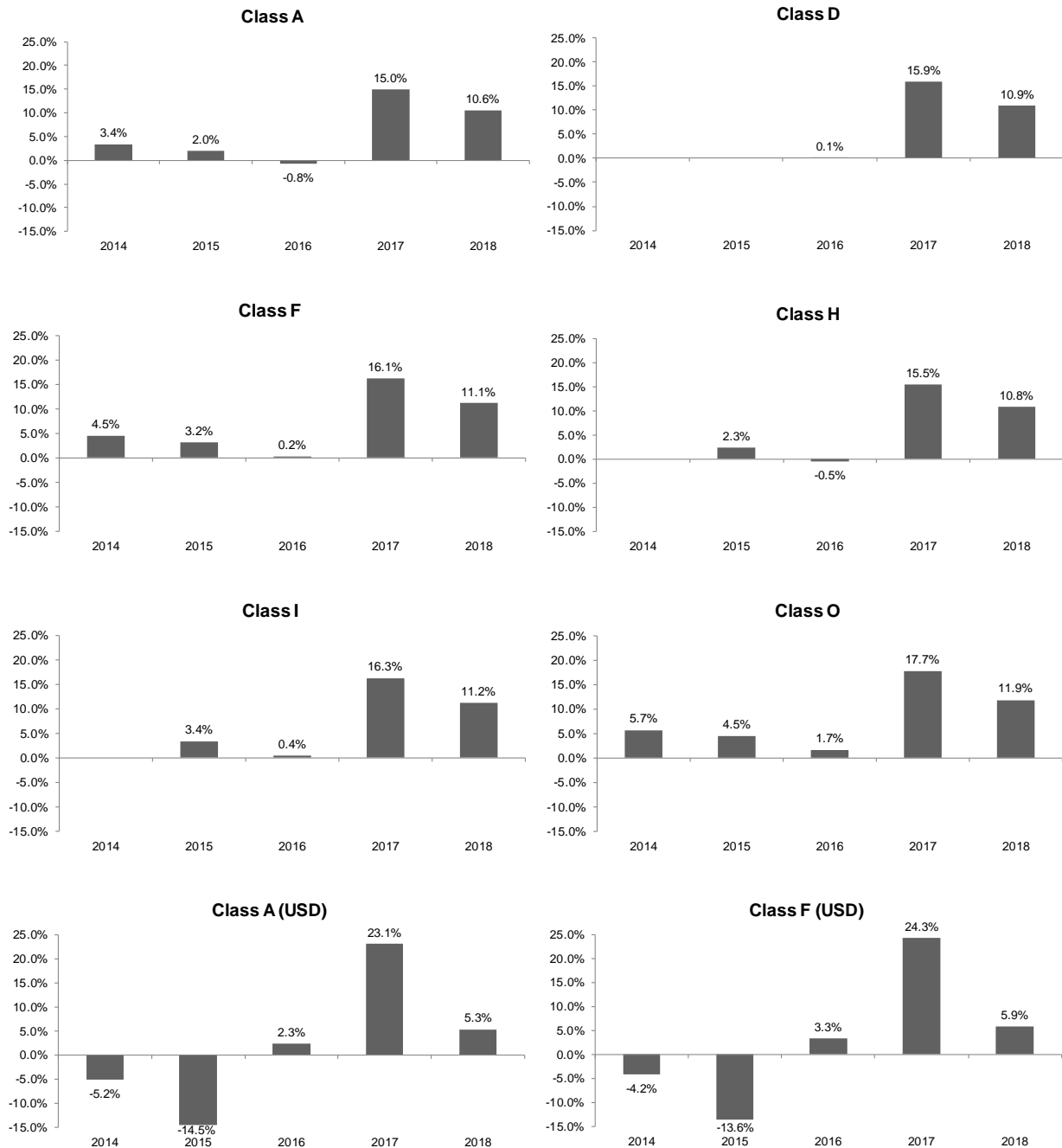


**PAST PERFORMANCE**

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. Where the Fund has 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

	<b>% of Net Assets</b>
TripAdvisor, Inc.	11.4
Platform Specialty Products Corporation	9.6
Baidu, Inc., ADR	9.4
Colfax Corporation	7.3
The Middleby Corporation	7.3
Liberty Latin America Ltd.	6.8
Syntel, Inc.	6.5
The Howard Hughes Corporation	6.3
Brookfield Asset Management Inc., Class 'A'	5.2
Kennedy-Wilson Holdings, Inc.	4.8
Liberty Global plc, Series 'C'	4.6
Liberty Broadband Corporation	4.5
Discovery, Inc., Series 'C'	4.4
FRMO Corporation	2.5
GCI Liberty, Inc.	2.1
Navios Maritime Holdings Inc.	1.7

## Summary of Composition of the Portfolio

	<b>% of Net Assets</b>
<b>Equities:</b>	
Consumer Discretionary	33.8
Industrials	16.3
Information Technology	15.9
Real Estate	11.0
Materials	9.6
Diversified Financials	7.8
<b>Total investments</b>	<b>94.4</b>
Cash	5.6
Other assets less liabilities	0.0
<b>Total net assets</b>	<b>100.0</b>

## 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

MANAGED BY:  
**PENDERFUND CAPITAL MANAGEMENT LTD.**

1640 – 1066 West Hastings St.  
Vancouver, BC V6E 3X1

TELEPHONE        604 688-1511  
FACSIMILE        604 563-3199  
TOLL FREE        1 866 377-4743

**[www.penderfund.com](http://www.penderfund.com)**