ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

Pender Strategic Growth and Income Fund

For the year ended December 31, 2018

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 may obtain a copy of the 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

Investment Objective and Strategies

The objective of the Pender Strategic Growth and Income Fund (the "Fund") is to generate long-term growth in value and income by primarily investing in a diversified portfolio of Canadian and foreign equities, corporate bonds, Canadian and foreign government bonds, and exchange traded funds which track sector or broad market indices. The Fund is designed to provide both moderate income and portfolio growth over the long-term, while being sufficiently diversified to mitigate volatility.

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 25, 2018. 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 Fund as at December 31, 2018 were $14,442,861 versus $21,283,113 as at December 31, 2017. Of this $6,840,252 decrease, $1,310,700 is attributable to investment performance, and $5,529,552 is attributable to net unitholder redemptions of the Fund.

For the year ended December 31, 2018, Class A units of the Fund generated a total return of -8.9%. 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.

The Fund's broad-based benchmark, the S&P/TSX Composite Index ("S&P/TSX"), returned -8.8% 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. For example, the Fund's 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 blended benchmark, 50% FTSE/TMX Canada Bond Universe, 35% S&P/TSX and 15% S&P 500 Index in Canadian dollars ("S&P 500"), returned -1.7% during the year. We have included this comparison, which more closely reflects the asset classes in which the Funds invests, to provide a more useful comparison to the performance of the Fund.

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 underperformance as compared to its blended benchmark was due to stock selection in the Canadian equity asset classes, mainly Consumer Discretionary and Financials sectors. The Fund had 32% in US equities which is higher than blended benchmark and the US equity asset class outperformed relative to the blended benchmark. The Fund's fixed income asset, the Pender Corporate Bond Fund, remained at approximately 20% to 23% of its portfolio during the year, compared to 50% fixed income in the blended benchmark. The Pender Corporate Bond Fund, returned 5.5% (for Class A units), outperforming the FTSE/TMX Canada Bond Universe which returned 1.4%. The underweighting of the fixed income asset class in the Fund offset the better performance of the Pender Corporate Bond Fund.

Equity performance

Key positive individual contributors to the Fund's equity performance for the year included Starbucks Corp., Discovery, Inc. and Visa Inc. Conversely, Acasta Enterprises Inc., Peyto Exploration & Development Corp. and Freshii Inc. had the largest adverse impact.

Portfolio transactions during the year 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 examples of new investments included Starbucks Corp., KKR & Co. Inc. and Saputo Inc. 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 year, we sold Oaktree Capital Group, LLC, Canadian Natural Resources Ltd., and Discovery Communications, Inc.

Results of Operations (continued)

Fixed income performance

The Fund's outperformance as compared to the fixed income benchmark during 2018 was due to particular strength in holdings of bonds such as Amyris, Inc., Gran Colombia Gold Corp., Element Fleet Management Corp., Aceto Corporation and Global Eagle Entertainment Inc, which rallied strongly on good earnings results. In addition, the announced acquisition of the Fund's holding, Primero Mining Corp. resulted in significant capital price appreciation to par in the holding. The Fund also 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. In second half of 2018, strong performers for the Fund included positions in bonds and preferred shares of Aimia Inc., which rallied on the sale of that company's Aeroplan business back to Air Canada. Offsetting these strengths, weakness in the distressed credit of Orexigen Therapeutics Inc and Global Brokerage, Inc. had the largest adverse impact. In addition the Fund had a modest decline in the last quarter of the year due to lower prices in some high yield positions, which fell parallel with a major decline in the high yield index, offset by a smaller rise in the value in the Fund's AAA government bond holdings, investment grade corporates and certain municipal closed-end fund securities.

During the year, the Fund reduced its credit risk, as we saw the high yield bond index spread 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 Corporation, PepsiCo, Inc., The Walt Disney Company, Verisign, Inc. and others. In addition, the Fund also added positions in "AAA" issuers such as the City of Vancouver, United States ("US") Treasury, and the Government of Canada, which is now the highest weight in the Fund by issuer.

Recent Developments

Equity outlook

The equity portion of the portfolio takes a value-based approach through a portfolio of North American and foreign securities with the objectives of a) capital appreciation, b) income generation, and c) capital preservation. For the mid-to-large market capitalization equity portion of the portfolio, the Fund will continue to target relatively mature companies that have defensible competitive positions, are led by competent and experienced management teams and are available at reasonable valuations.

All things being equal, we prefer dividend-paying companies, but we believe the global chase for income has driven the valuations of many higher dividend yielding stocks to increasingly unattractive levels. As a result, this cautionary view has led to a moderate de-emphasis of dividend-paying equities, meaning we expect total returns will derive more from capital appreciation. We also anticipate that we will have less exposure to resources and more exposure to less cyclically-driven sectors.

The strong US dollar provided a tailwind during the year. The purchasing power of all currencies depreciates over time, but the relative rate of decline between currencies is a function of governmental action and discipline. As value-seeking long-term investors, we believe it makes sense to concentrate action at the extreme points in valuation and remain patient during the longer stretches in between. As such, we are not inclined to hedge currency exposure at this time.

Fixed income outlook

To begin, we believe the risk-free rate still looks attractive for a change. With Treasury Inflation-Protected Securities markets pointing to falling inflation and with some dislocation in corporate credit, a year with at least stable pricing for government bonds seems to be a reasonable bet. We have no heroic assumptions about the level of return from AAA, but we do view this area is likely to yield positive net results.

Taking a step forward into moderate risk, we still observe the closed-end funds that track the US municipal bond market trading at discounts of 15-17% from daily struck-NAV. We believe that US states are, as a group, relatively low risk credits. As the market shook in December, we saw underlying municipal bond holdings rise in price but discounts-to-NAV expand to levels not seen outside of a few weeks in the middle of the 2008-09 financial crisis.

Taking yet another step forward along the risk spectrum, we view with some excitement the depressed state of securities prices in the area of US residential real estate. We think the fundamentals of US housing, given a moderated interest rate environment, are at least OK, and possibly very good. Good consumer debt service ratios on the part of Americans, a degree of pent-up demand in terms of household formation levels, decent asset valuations and a relatively strong current employment situation all support a stronger US housing market. Even in a slowdown scenario, we expect US housing to be resilient. We note that recently Berkshire Hathaway, a capital allocator with above average insight, in our estimation, has increased its investments in the homebuilding industry.

Overall our response to the changing environment has been to position the Fund in short duration credit that should allow us to earn a reasonable return while protecting capital. Our strategy, beyond this simple core, continues to favor 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.

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 3% of the Fund's units.

As part of the Fund's investment strategy, the Fund invests in Class O units of the Pender Corporate Bond Fund and Pender Small Cap Opportunities Fund, mutual funds also managed by the Manager. The Fund does not pay any duplicate management fees on its investment in these mutual funds.

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 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 year and the calendar years indicated.

CLASS A

Fund's Net Assets Per Unit (a)	**2018**	**2017**	**2016**	**2015**	**2014**
Net assets – beginning of year	$12.89	$12.77	$11.10	$12.01	$11.68
Increase (decrease) from operations:					
Total revenue	0.32	0.32	0.37	0.46	0.58
Total expenses	(0.30)	(0.31)	(0.28)	(0.29)	(0.30)
Realized gains (losses)	0.31	0.77	0.11	0.45	0.19
Unrealized gains (losses)	(1.47)	(0.21)	1.49	(0.92)	0.19
Total increase (decrease) from operations (b)	**(1.14)**	**0.57**	**1.69**	**(0.30)**	**0.66**
Distributions:					
From income (excluding dividends)	-	-	-	(0.09)	(0.15)
From dividends	(0.03)	(0.04)	(0.11)	(0.10)	(0.07)
From capital gains	(0.61)	(0.43)	-	(0.39)	(0.05)
Return of capital	-	-	-	-	(0.06)
Total annual distributions (b), (c)	**(0.64)**	**(0.47)**	**(0.11)**	**(0.58)**	**(0.33)**
Net assets – end of year	**$11.09**	**$12.89**	**$12.77**	**$11.10**	**$12.01**
Ratios and Supplemental Data					
Total net asset value ($000s) (a)	$8,503	$9,828	$8,574	$8,791	$13,396
Number of units outstanding (a)	766,481	762,169	671,653	792,073	1,115,354
Management expense ratio (d)	2.25%	2.25%	2.30%	2.35%	2.35%
Management expense ratio before absorptions (e)	2.25%	2.25%	2.30%	2.35%	2.35%
Trading expense ratio (f)	0.05%	0.04%	0.03%	0.01%	0.02%
Portfolio turnover rate (g)	27.29%	32.55%	27.57%	33.48%	20.04%
Net asset value per unit (a)	$11.09	$12.89	$12.77	$11.10	$12.01

CLASS D

Fund's Net Assets Per Unit (a)	**2018**	**2017**	**2016**	**2015**	**2014**
Net assets – beginning of year	$11.14	$10.61	$9.24	$10.00	
Increase (decrease) from operations:					
Total revenue	0.29	0.26	0.26	0.20	
Total expenses	(0.16)	(0.16)	(0.13)	(0.08)	
Realized gains (losses)	0.09	0.51	0.22	(0.29)	
Unrealized gains (losses)	(1.59)	(0.19)	0.89	(0.33)	
Total increase (decrease) from operations (b)	**(1.37)**	**0.42**	**1.24**	**(0.50)**	
Distributions:					
From income (excluding dividends)	-	-	-	(0.02)	
From dividends	(0.12)	(0.05)	(0.08)	(0.03)	
From capital gains	(0.65)	-	-	(0.32)	
Return of capital	-	-	-	-	
Total annual distributions (b), (c)	**(0.77)**	**(0.05)**	**(0.08)**	**(0.37)**	
Net assets – end of year	**$9.44**	**$11.14**	**$10.61**	**$9.24**	
Ratios and Supplemental Data					
Total net asset value ($000s) (a)	$36	$20	$13	$5	
Number of units outstanding (a)	3,771	1,776	1,193	520	
Management expense ratio (d)	1.50%	1.50%	1.55%	1.60%	
Management expense ratio before absorptions (e)	1.50%	1.50%	1.55%	1.60%	
Trading expense ratio (f)	0.05%	0.04%	0.03%	0.01%	
Portfolio turnover rate (g)	27.29%	32.55%	27.57%	33.48%	
Net asset value per unit (a)	$9.44	$11.14	$10.61	$9.24	

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS F

Fund's Net Assets Per Unit (a)	**2018**	**2017**	**2016**	**2015**	**2014**
Net assets – beginning of year	$13.03	$12.79	$11.12	$12.03	$11.71
Increase (decrease) from operations:					
Total revenue	0.31	0.33	0.37	0.47	0.58
Total expenses	(0.18)	(0.19)	(0.16)	(0.17)	(0.18)
Realized gains (losses)	0.49	0.82	0.11	0.36	0.18
Unrealized gains (losses)	(1.41)	(0.49)	1.36	(1.01)	0.22
Total increase (decrease) from operations (b)	**(0.79)**	**0.47**	**1.68**	**(0.35)**	**0.80**
Distributions:					
From income (excluding dividends)	-	-	-	(0.14)	(0.22)
From dividends	(0.12)	(0.11)	(0.22)	(0.15)	(0.10)
From capital gains	(0.60)	(0.39)	-	(0.39)	(0.07)
Return of capital	-	-	-	-	(0.08)
Total annual distributions (b), (c)	**(0.72)**	**(0.50)**	**(0.22)**	**(0.68)**	**(0.47)**
Net assets – end of year	**$11.26**	**$13.03**	**$12.79**	**$11.12**	**$12.03**

Ratios and Supplemental Data					
Total net asset value ($000s) (a)	$4,376	$11,419	$3,190	$3,077	$4,585
Number of units outstanding (a)	388,736	876,675	249,399	276,830	381,274
Management expense ratio (d)	1.25%	1.25%	1.30%	1.35%	1.35%
Management expense ratio before absorptions (e)	1.25%	1.25%	1.30%	1.35%	1.35%
Trading expense ratio (f)	0.05%	0.04%	0.03%	0.01%	0.02%
Portfolio turnover rate (g)	27.29%	32.55%	27.57%	33.48%	20.04%
Net asset value per unit (a)	$11.26	$13.03	$12.79	$11.12	$12.03

CLASS H

Fund's Net Assets Per Unit (a)	**2018**	**2017**	**2016**	**2015**	**2014**
Net assets – beginning of year	$9.67	$10.00			
Increase (decrease) from operations:					
Total revenue	0.27	0.12			
Total expenses	(0.20)	(0.11)			
Realized gains (losses)	0.05	0.42			
Unrealized gains (losses)	(2.67)	(0.30)			
Total increase (decrease) from operations (b)	**(2.55)**	**0.13**			
Distributions:					
From income (excluding dividends)	-	-			
From dividends	(0.17)	(0.04)			
From capital gains	(0.45)	(0.43)			
Return of capital	-	-			
Total annual distributions (b), (c)	**(0.62)**	**(0.47)**			
Net assets – end of year	**$8.22**	**$9.67**			

Ratios and Supplemental Data		
Total net asset value ($000s) (a)	$206	$5
Number of units outstanding (a)	25,026	524
Management expense ratio (d)	1.95%	1.95%
Management expense ratio before absorptions (e)	1.95%	1.95%
Trading expense ratio (f)	0.05%	0.04%
Portfolio turnover rate (g)	27.29%	32.55%
Net asset value per unit (a)	$8.22	$9.67

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS I

Fund's Net Assets Per Unit (a)	**2018**	**2017**	**2016**	**2015**	**2014**
Net assets – beginning of year	$9.68	$10.00			
Increase (decrease) from operations:					
Total revenue	0.26	0.12			
Total expenses	(0.11)	(0.06)			
Realized gains (losses)	(0.02)	0.42			
Unrealized gains (losses)	(1.35)	(0.30)			
Total increase (decrease) from operations (b)	**(1.22)**	**0.18**			
Distributions:					
From income (excluding dividends)	-	-			
From dividends	(0.16)	(0.07)			
From capital gains	(0.46)	(0.43)			
Return of capital	-	-			
Total annual distributions (b), (c)	**(0.62)**	**(0.50)**			
Net assets – end of year	**$8.30**	**$9.68**			

Ratios and Supplemental Data					
Total net asset value ($000s) (a)	$1,317	$5			
Number of units outstanding (a)	158,686	526			
Management expense ratio (d)	1.10%	1.10%			
Management expense ratio before absorptions (e)	1.10%	1.10%			
Trading expense ratio (f)	0.05%	0.04%			
Portfolio turnover rate (g)	27.29%	32.55%			
Net asset value per unit (a)	$8.30	$9.68			

CLASS O

Fund's Net Assets Per Unit (a)	**2018**	**2017**	**2016**	**2015**	**2014**
Net assets – beginning of year	$11.62	$11.50	$10.00	$10.00	
Increase (decrease) from operations:					
Total revenue	0.29	0.29	0.34	-	
Total expenses	(0.01)	(0.01)	(0.01)	-	
Realized gains (losses)	0.28	0.70	0.14	-	
Unrealized gains (losses)	(1.34)	(0.17)	1.39	-	
Total increase (decrease) from operations (b)	**(0.78)**	**0.81**	**1.86**	**-**	
Distributions:					
From income (excluding dividends)	-	-	-	-	
From dividends	(0.28)	(0.17)	(0.34)	-	
From capital gains	(0.55)	(0.51)	-	-	
Return of capital	-	-	-	-	
Total annual distributions (b), (c)	**(0.83)**	**(0.68)**	**(0.34)**	**-**	
Net assets – end of year	**$10.00**	**$11.62**	**$11.50**	**$10.00**	

Ratios and Supplemental Data					
Total net asset value ($000s) (a)	$6	$6	$6	$5	
Number of units outstanding (a)	591	546	515	500	
Management expense ratio (d)	0.00%	0.00%	0.00%	0.00%	
Management expense ratio before absorptions (e)	0.00%	0.00%	0.00%	0.00%	
Trading expense ratio (f)	0.05%	0.04%	0.03%	0.01%	
Portfolio turnover rate (g)	27.29%	32.55%	27.57%	33.48%	
Net asset value per unit (a)	$10.00	$11.62	$11.50	$10.00	

FINANCIAL HIGHLIGHTS (CONTINUED)

Footnotes:

(a) This information is derived from the Fund's audited annual financial statements as at December 31 for the year 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 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 daily average net asset value during the year. 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 year.

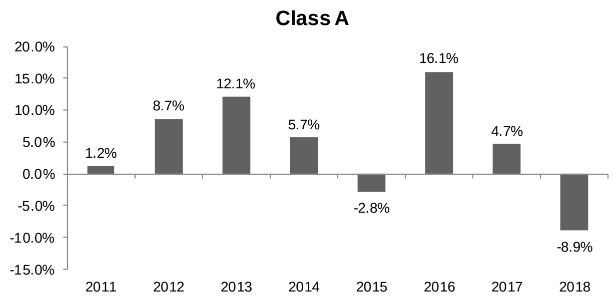
(g) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio 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.

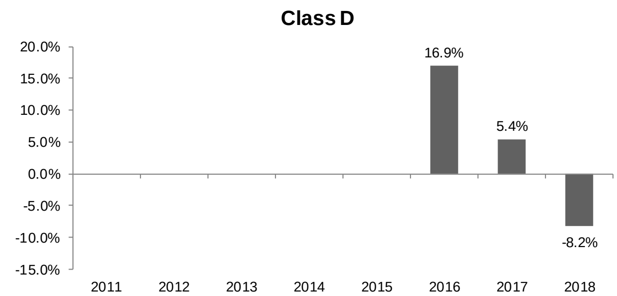
PAST PERFORMANCE

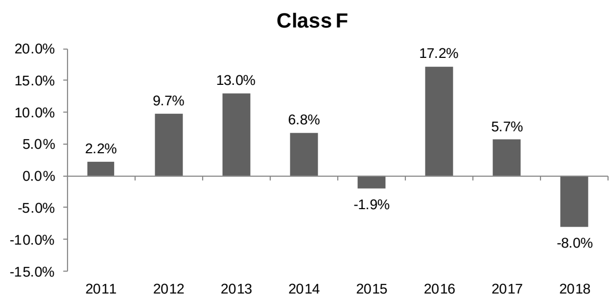
The following charts show the past performance for the units of each class of the Fund and do not necessarily indicate how the Fund will perform in the future. The information shown assumes that any distributions made by the Fund were reinvested in additional units of the Fund; returns would be different 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.

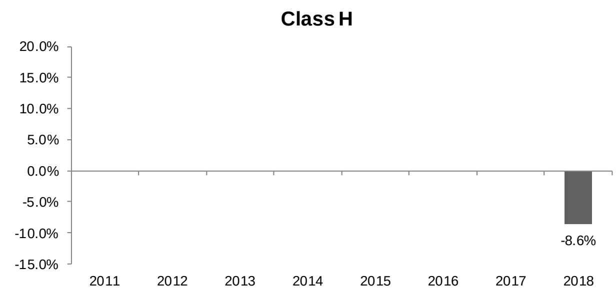
Year-by-Year Returns

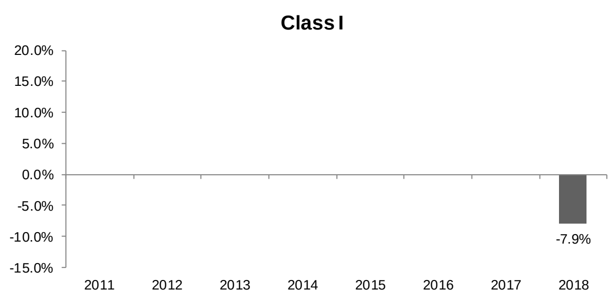
To illustrate how the Fund's performance has varied over time, the following bar charts show the annual returns for the calendar years indicated. The information is presented starting from the first full financial year of the respective Fund class. In percentage terms, the bar charts show how much an investment held on the first day of the year would have increased or decreased by the last day of the year.

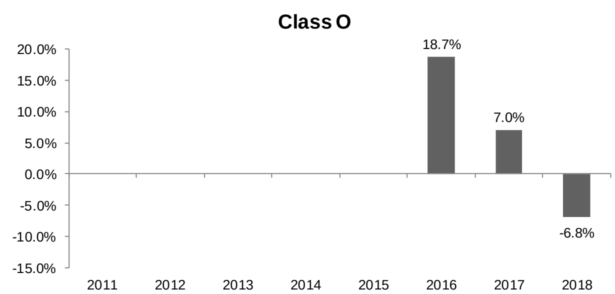












Annual Compound Returns

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 broad-based benchmark is S&P/TSX Composite Index ("S&P/TSX"). The S&P/TSX is the headline index for the Canadian equity market. With approximately 95% coverage of the Canadian equities market, it is the primary gauge for Canadian-based, Toronto Stock Exchange listed companies.

The Fund's blended benchmark is 50% FTSE TMX Canada Bond Universe, 35% S&P/TSX and 15% S&P 500 Index ("S&P 500") in Canadian dollars. The FTSE TMX Canada Bond Universe is the broadest and most widely used measure of performance of marketable government and corporate bonds outstanding in the Canadian market. The S&P 500 includes 500 leading companies listed on the NASDAQ and NYSE and captures approximately 80% coverage of available market capitalization. We have included this comparison, which more closely reflects the asset classes in which the Funds invests, to provide a more useful comparison to the performance of the Fund.

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	Five Year	Since Inception	Inception Date
Class A	-8.9%	3.4%	2.6%	4.3%	11/24/2010
S&P/TSX	-8.8%	6.4%	4.1%	4.3%	
Blended benchmark	-1.7%	4.6%	5.4%	5.8%	
Class D	-8.2%	4.2%	-	2.4%	06/30/2015
S&P/TSX	-8.8%	6.4%	-	2.6%	
Blended benchmark	-1.7%	4.6%	-	3.6%	
Class F	-8.0%	4.5%	3.6%	5.3%	11/24/2010
S&P/TSX	-8.8%	6.4%	4.1%	4.3%	
Blended benchmark	-1.7%	4.6%	5.4%	5.8%	
Class H	-8.6%	-	-	-5.0%	06/30/2017
S&P/TSX	-8.8%	-	-	-0.8%	
Blended benchmark	-1.7%	-	-	1.5%	
Class I	-7.9%	-	-	-4.2%	06/30/2017
S&P/TSX	-8.8%	-	-	-0.8%	
Blended benchmark	-1.7%	-	-	1.5%	
Class O	-6.8%	5.8%	-	5.8%	12/31/2015
S&P/TSX	-8.8%	6.4%	-	6.4%	
Blended benchmark	-1.7%	4.6%	-	4.6%	

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. 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

	% of Net Assets
Pender Corporate Bond Fund, Class 'O'	22.3
Pender Small Cap Opportunities Fund, Class 'O'	5.3
Brookfield Asset Management Inc., Class 'A'	3.7
Alphabet Inc., Class 'C'	3.4
Onex Corporation	3.2
Starbucks Corporation	3.2
Alimentation Couche-Tard Inc., Class 'B'	3.1
Winpak Ltd.	3.0
Trisura Group Ltd.	2.8
CCL Industries Inc., Class 'B'	2.6
Dream Unlimited Corp., Class 'A'	2.5
Roche Holding AG, ADR	2.4
The Bank of Nova Scotia	2.4
KKR & Co. Inc.	2.2
Liberty Global plc, Series 'C'	2.1
Saputo Inc.	2.1
TELUS Corporation	2.1
Brookfield Property Partners L.P.	2.0
The Howard Hughes Corporation	2.0
Baidu, Inc. ADR	1.9
Microchip Technology Incorporated	1.9
Newell Brands, Inc.	1.9
Starwood Property Trust, Inc.	1.8
Visa Inc., Class 'A'	1.8
Berkshire Hathaway Inc., Class 'B'	1.7

Summary of Composition of the Portfolio

	% of Net Assets
Mutual funds	
Pender Corporate Bond Fund, Class 'O'	22.3
Pender Small Cap Opp. Fund, Class 'O'	5.3
Total mutual funds	**27.6**
Equities	
Diversified financials	13.6
Consumer discretionary	10.7
Communications services	9.6
Real estate	7.7
Consumer staples	6.9
Materials	5.6
Information technology	4.8
Insurance	2.8
Energy	2.4
Banks	2.4
Health care	2.4
Industrials	1.7
Total equities	**70.5**
Total investments	**98.1**
Cash	4.4
Other assets less liabilities	(2.5)
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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