

SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

Pender Strategic Growth and Income Fund

Six months ended June 30, 2019

The logo for Pender, featuring the word "PENDER" in a bold, serif font. The letter "N" is stylized with a diagonal slash through it.

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 (effective September 1, 2019, at 1830 – 1066 West Hastings Street, Vancouver, BC V6E 3X2) 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 Strategic Growth and Income Fund (the "Fund") as at June 30, 2019 were \$13,811,395 versus \$14,442,861 as at December 31, 2018. This \$631,466 decrease represents an increase of \$1,463,323 attributable to investment performance, offset by \$2,094,789 of net unitholder redemptions of the Fund.

For the six months ended June 30, 2019 (the "period"), Class A units of the Fund generated a total return of 10.2%. 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 16.2% 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. 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 11.0% during the period. We have included the comparison to this index, 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 period. 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 and US equity asset classes. The Fund had 53.0% in Canadian equities which is higher than blended benchmark and the Canadian equity asset class underperformed relative to the S&P TSX Composite Index. The Fund had 24.6% in US equities which is higher than blended benchmark and the US equity asset class underperformed relative to the S&P 500 Index in C\$. The Fund's fixed income asset, its investment in the Pender Corporate Bond Fund, represented approximately 21.7% to 22.8% of its portfolio during the period, compared to 50% fixed income in the blended benchmark. The Pender Corporate Bond Fund returned 3.6% (for Class A units), underperforming the FTSE/TMX Canada Bond Universe which returned 6.5%.

Equity performance

Key positive contributors to the Fund's equity performance for the period included Real Matters Inc., Alimentation Couche-Tard Inc., and CCL Industries Inc. Conversely, Peyto Exploration & Development Corp., Baidu, Inc., and Newell Brands Inc. 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 examples of new investments included Diversified Royalty Corp., Just Energy Group Inc., and MAV Beauty Brands 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, and when we have changed our investment thesis. During the period, we sold Alimentation Couche-Tard Inc., The Bank of Nova Scotia, and Roche Holding AG.

Results of Operations (continued)

Fixed income performance

The Fund carries out its fixed income strategy by investing in units of the Pender Corporate Bond Fund. The following commentary and the commentary under “Recent Developments” are reflective of that fund.

The Fund’s underperformance as compared to its benchmark during the first half of 2019 was primarily due to a lower average duration than the index, at a time when long duration government and investment grade bonds rallied sharply as term rates fell. In addition, lower tiers of credit and distressed credit did not perform as well as the index, due to investor risk aversion. The Fund’s performance was strengthened in the six months ended June 30, 2019 by holdings in investment grade positions from issuers including Microsoft Corporation, McDonald’s Corporation and Canadian National Railway Company, which performed well as the risk-free rate decreased. Our holdings issued by Avadel Pharmaceuticals, Coeur Mining, Inc., SunPower Corporation, Federal National Mortgage Association and Aceto Corporation, rallied on favourable company developments in the period, to further strengthen the portfolio. The Fund also benefited from the tightening of credit spreads, which was positive for high yield holdings. On the other hand, weakness in variable rate securities in the period such as rate reset preferred shares, and continuing declines in select distressed credits such as Dean Foods and defaulted PHI, Inc. offset some of the Fund’s strengthening positions.

During the half year, the Fund maintained its level of credit risk as preparations for a widening spread environment had been made in 2018. The Fund continues to hold a large weighting in investment grade and lower risk issuers such as McDonald’s Corporation, PepsiCo, Inc., The Walt Disney Company, Verisign, Inc. and others. In addition, the Fund maintains positions in “AAA” issuers such as the City of Vancouver, United States (“US”) Treasury, and the Government of Canada, which holds the highest weight of any issuer in the Fund.

Recent Developments

Equity outlook

Global stock markets rebounded and returned to a more normal state as most markets posted double-digit gains for the first half of 2019. Of note, the total return of the large cap focused S&P500 was 18.5% in the first half of 2019, following a dismal 2018 during which the index posted its worst performance since 2008. The market’s decline in 2018 and subsequent rebound in 2019 was driven almost entirely by investor sentiment and psychology. Corporate earnings continue to march higher during this period of stock market volatility, albeit at a slower pace, but changes in investor moods tend to have an outsized impact on stock prices over the short term.

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. We have taken a cautious approach which 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.

Fixed income outlook

Taking a look at the recent history of relative yields, the past six months have seen high yield credit rise from as low as 2.4x the risk-free five-year rate to over 3.3x today. This ratio has risen recently to be close to its average level over the past four years. Therefore, we expect that the marginal impulse towards taking credit risk ought to increase, as we are being paid somewhat more to accept that risk. Credit spreads can be a useful guide to assessing whether credit is priced attractively or not, and today’s current market spreads in North America of approximately 4.0%, while higher than last year, are still below average.

Our response to an uncertain environment has been to maintain the Fund in short duration credit which should allow us to earn a reasonable return while protecting capital. The Fund added positions in Frontier Communications Corporation, which operates in the internet access, telephony and data services markets in smaller communities in the United States. We think the company’s business is essential to its markets and likely to persist profitably for an extended period of time, upon completion of a debt restructuring. In addition, the Fund initiated a position in the credit securities of Lamar Media Corp. (“Lamar”), one of four major players in the North American outdoor advertising market. Structured as an REIT, Lamar generates healthy levels of free cash flow which are paid out to equity unitholders. The Fund also added preferred shares of Husky Energy Inc. (“Husky”), a smaller integrated oil and gas player. Husky is a strongly cash-generative producer at much lower oil prices than those currently prevailing and its very strong balance sheet provides capacity to support fixed charges. 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.

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 4% 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 25% 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)	2019	2018	2017	2016	2015	2014
Net assets – beginning of period	\$11.09	\$12.89	\$12.77	\$11.10	\$12.01	\$11.68
Increase (decrease) from operations:						
Total revenue	0.17	0.32	0.32	0.37	0.46	0.58
Total expenses	(0.14)	(0.30)	(0.31)	(0.28)	(0.29)	(0.30)
Realized gains (losses)	0.36	0.31	0.77	0.11	0.45	0.19
Unrealized gains (losses)	0.78	(1.47)	(0.21)	1.49	(0.92)	0.19
Total increase (decrease) from operations (b)	1.17	(1.14)	0.57	1.69	(0.30)	0.66
Distributions:						
From income (excluding dividends)	-	-	-	-	(0.09)	(0.15)
From dividends	(0.00)	(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)	(0.00)	(0.64)	(0.47)	(0.11)	(0.58)	(0.33)
Net assets – end of period	12.21	\$11.09	\$12.89	\$12.77	\$11.10	\$12.01
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$8,297	\$8,503	\$9,828	\$8,574	\$8,791	\$13,396
Number of units outstanding (a)	679,124	766,481	762,169	671,653	792,073	1,115,354
Management expense ratio (d)	2.25%	2.25%	2.25%	2.30%	2.35%	2.35%
Management expense ratio before absorptions (e)	2.25%	2.25%	2.25%	2.30%	2.35%	2.35%
Trading expense ratio (f)	0.07%	0.05%	0.04%	0.03%	0.01%	0.02%
Portfolio turnover rate (g)	20.23%	27.29%	32.55%	27.57%	33.48%	20.04%
Net asset value per unit (a)	\$12.21	\$11.09	\$12.89	\$12.77	\$11.10	\$12.01

CLASS D						
Fund's Net Assets Per Unit (a)	2019	2018	2017	2016	2015	2014
Net assets – beginning of period	9.44	\$11.14	\$10.61	\$9.24	\$10.00	
Increase (decrease) from operations:						
Total revenue	0.14	0.29	0.26	0.26	0.20	
Total expenses	(0.08)	(0.16)	(0.16)	(0.13)	(0.08)	
Realized gains (losses)	0.31	0.09	0.51	0.22	(0.29)	
Unrealized gains (losses)	0.69	(1.59)	(0.19)	0.89	(0.33)	
Total increase (decrease) from operations (b)	1.06	(1.37)	0.42	1.24	(0.50)	
Distributions:						
From income (excluding dividends)	-	-	-	-	(0.02)	
From dividends	(0.05)	(0.12)	(0.05)	(0.08)	(0.03)	
From capital gains	-	(0.65)	-	-	(0.32)	
Return of capital	-	-	-	-	-	
Total annual distributions (b), (c)	(0.05)	(0.77)	(0.05)	(0.08)	(0.37)	
Net assets – end of period	\$10.39	\$9.44	\$11.14	\$10.61	\$9.24	
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$37	\$36	\$20	\$13	\$5	
Number of units outstanding (a)	3,564	3,771	1,776	1,193	520	
Management expense ratio (d)	1.50%	1.50%	1.50%	1.55%	1.60%	
Management expense ratio before absorptions (e)	1.50%	1.50%	1.50%	1.55%	1.60%	
Trading expense ratio (f)	0.07%	0.05%	0.04%	0.03%	0.01%	
Portfolio turnover rate (g)	20.23%	27.29%	32.55%	27.57%	33.48%	
Net asset value per unit (a)	\$10.39	\$9.44	\$11.14	\$10.61	\$9.24	

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS F						
Fund's Net Assets Per Unit (a)	2019	2018	2017	2016	2015	2014
Net assets – beginning of period	\$11.26	\$13.03	\$12.79	\$11.12	\$12.03	\$11.71
Increase (decrease) from operations:						
Total revenue	0.17	0.31	0.33	0.37	0.47	0.58
Total expenses	(0.09)	(0.18)	(0.19)	(0.16)	(0.17)	(0.18)
Realized gains (losses)	0.37	0.49	0.82	0.11	0.36	0.18
Unrealized gains (losses)	0.83	(1.41)	(0.49)	1.36	(1.01)	0.22
Total increase (decrease) from operations (b)	1.28	(0.79)	0.47	1.68	(0.35)	0.80
Distributions:						
From income (excluding dividends)	-	-	-	-	(0.14)	(0.22)
From dividends	(0.07)	(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)	(0.07)	(0.72)	(0.50)	(0.22)	(0.68)	(0.47)
Net assets – end of period	12.39	\$11.26	\$13.03	\$12.79	\$11.12	\$12.03
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$3,696	\$4,376	\$11,419	\$3,190	\$3,077	\$4,585
Number of units outstanding (a)	298,163	388,736	876,675	249,399	276,830	381,274
Management expense ratio (d)	1.25%	1.25%	1.25%	1.30%	1.35%	1.35%
Management expense ratio before absorptions (e)	1.25%	1.25%	1.25%	1.30%	1.35%	1.35%
Trading expense ratio (f)	0.07%	0.05%	0.04%	0.03%	0.01%	0.02%
Portfolio turnover rate (g)	20.23%	27.29%	32.55%	27.57%	33.48%	20.04%
Net asset value per unit (a)	\$12.39	\$11.26	\$13.03	\$12.79	\$11.12	\$12.03

CLASS H						
Fund's Net Assets Per Unit (a)	2019	2018	2017	2016	2015	2014
Net assets – beginning of period	\$8.22	\$9.67	\$10.00			
Increase (decrease) from operations:						
Total revenue	0.13	0.27	0.12			
Total expenses	(0.09)	(0.20)	(0.11)			
Realized gains (losses)	0.25	0.05	0.42			
Unrealized gains (losses)	0.40	(2.67)	(0.30)			
Total increase (decrease) from operations (b)	0.69	(2.55)	0.13			
Distributions:						
From income (excluding dividends)	-	-	-			
From dividends	(0.03)	(0.17)	(0.04)			
From capital gains	-	(0.45)	(0.43)			
Return of capital	-	-	-			
Total annual distributions (b), (c)	(0.03)	(0.62)	(0.47)			
Net assets – end of period	\$9.03	\$8.22	\$9.67			
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$657	\$206	\$5			
Number of units outstanding (a)	72,676	25,026	524			
Management expense ratio (d)	1.95%	1.95%	1.95%			
Management expense ratio before absorptions (e)	1.95%	1.95%	1.95%			
Trading expense ratio (f)	0.07%	0.05%	0.04%			
Portfolio turnover rate (g)	20.23%	27.29%	32.55%			
Net asset value per unit (a)	\$9.03	\$8.22	\$9.67			

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS I						
Fund's Net Assets Per Unit (a)	2019	2018	2017	2016	2015	2014
Net assets – beginning of period	\$8.30	\$9.68	\$10.00			
Increase (decrease) from operations:						
Total revenue	0.12	0.26	0.12			
Total expenses	(0.06)	(0.11)	(0.06)			
Realized gains (losses)	0.27	(0.02)	0.42			
Unrealized gains (losses)	0.63	(1.35)	(0.30)			
Total increase (decrease) from operations (b)	0.96	(1.22)	0.18			
Distributions:						
From income (excluding dividends)	-	-	-			
From dividends	(0.06)	(0.16)	(0.07)			
From capital gains	-	(0.46)	(0.43)			
Return of capital	-	-	-			
Total annual distributions (b), (c)	(0.06)	(0.62)	(0.50)			
Net assets – end of period	\$9.14	\$8.30	\$9.68			
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$1,118	\$1,317	\$5			
Number of units outstanding (a)	122,287	158,686	526			
Management expense ratio (d)	1.10%	1.10%	1.10%			
Management expense ratio before absorptions (e)	1.10%	1.10%	1.10%			
Trading expense ratio (f)	0.07%	0.05%	0.04%			
Portfolio turnover rate (g)	20.23%	27.29%	32.55%			
Net asset value per unit (a)	\$9.14	\$8.30	\$9.68			
CLASS O						
Fund's Net Assets Per Unit (a)	2019	2018	2017	2016	2015	2014
Net assets – beginning of period	\$10.00	\$11.62	\$11.50	\$10.00	\$10.00	
Increase (decrease) from operations:						
Total revenue	0.15	0.29	0.29	0.34	-	
Total expenses	(0.01)	(0.01)	(0.01)	(0.01)	-	
Realized gains (losses)	0.33	0.28	0.70	0.14	-	
Unrealized gains (losses)	0.67	(1.34)	(0.17)	1.39	-	
Total increase (decrease) from operations (b)	1.14	(0.78)	0.81	1.86	-	
Distributions:						
From income (excluding dividends)	-	-	-	-	-	
From dividends	(0.14)	(0.28)	(0.17)	(0.34)	-	
From capital gains	-	(0.55)	(0.51)	-	-	
Return of capital	-	-	-	-	-	
Total annual distributions (b), (c)	(0.14)	(0.83)	(0.68)	(0.34)	-	
Net assets – end of period	\$11.00	\$10.00	\$11.62	\$11.50	\$10.00	
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$7	\$6	\$6	\$6	\$5	
Number of units outstanding (a)	598	591	546	515	500	
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)	0.07%	0.05%	0.04%	0.03%	0.01%	
Portfolio turnover rate (g)	20.23%	27.29%	32.55%	27.57%	33.48%	
Net asset value per unit (a)	\$11.00	\$10.00	\$11.62	\$11.50	\$10.00	

FINANCIAL HIGHLIGHTS (CONTINUED)**Footnotes:**

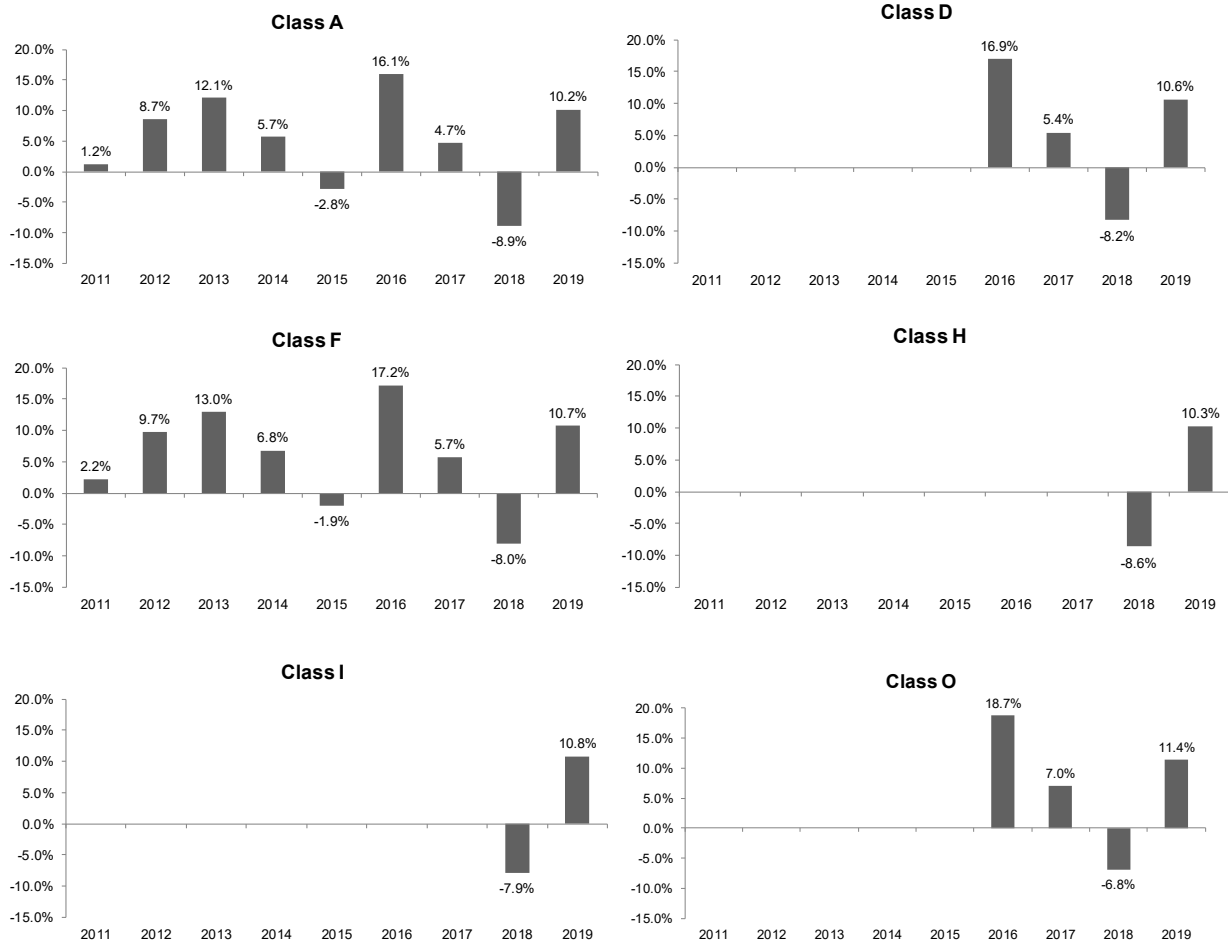
- (a) This information is derived from the Fund's unaudited semi-annual financial statements as at June 30 and audited annual financial statements as at December 31 for the period stated, prepared under International Financial Reporting Standards.
- (b) Net assets per unit and distributions per unit 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 and/or reinvested in additional units of the Fund.
- (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, such 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, and 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. In general, 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, 2019 and for each of the previous 12-month periods ended December 31. 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 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

	% of Net Assets
Pender Corporate Bond Fund, Class 'O'	22.5
Pender Small Cap Opportunities Fund, Class 'O'	9.3
Brookfield Asset Management Inc., Class 'A'	4.6
Alphabet Inc., Class 'C'	3.6
Onex Corporation	3.5
CCL Industries Inc., Class 'B'	3.4
Trisura Group Ltd.	3.4
Dream Unlimited Corp., Class 'A'	2.8
KKR & Co. Inc.	2.8
Winpak Ltd.	2.8
The Howard Hughes Corporation	2.6
Brookfield Property Partners L.P.	2.4
Exchange Income Corporation	2.4
TELUS Corporation	2.4
Visa Inc., Class 'A'	2.4
Husky Energy Inc., Preferred, Series '3', 4.50%	2.3
Diversified Royalty Corp.	2.1
Starbucks Corporation	2.1
Starwood Property Trust, Inc.	2.1
Maxar Technologies Inc.	1.9
SS&C Technologies Holdings, Inc.	1.9
Wynn Resorts, Limited	1.9
Just Energy Group Inc.	1.7
Real Matters Inc.	1.7
Mediagrif Interactive Technologies Inc.	1.5

Summary of Composition of the Portfolio

	% of Net Assets
Mutual funds	
Pender Corporate Bond Fund, Class 'O'	22.5
Pender Small Cap Opp. Fund, Class 'O'	9.3
Total mutual funds	31.8
Equities	
Diversified financials	14.2
Consumer discretionary	10.2
Communications services	8.9
Real estate	8.9
Materials	6.3
Industrials	4.3
Information technology	4.3
Energy	3.9
Insurance	3.4
Utilities	1.7
Consumer staples	1.4
Total equities	67.5
Total investments	99.3
Cash	1.0
Other assets less liabilities	(0.3)
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

MANAGED BY:
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