

## **ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE**

# Pender US All Cap Equity Fund

For the year ended December 31, 2019



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 1830 – 1066 West Hastings Street, Vancouver, BC V6E 3X2 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

### Investment Objective and Strategies

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

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

### Risks

The risks of investing in the Fund are outlined in the Simplified Prospectus dated June 26, 2019. There were no significant changes to the Fund's objectives and strategies that affected its overall level of risk during the year.

Beginning in late 2019, there was an outbreak of a novel strain of coronavirus (COVID-19) in China, which has since then spread rapidly to many parts of the world. The epidemic has resulted in quarantines, travel restrictions, and the temporary closure of stores and facilities in most of the world. In March 2020, the World Health Organization declared the COVID-19 a pandemic. Any potential impact on investment results will depend, to a large extent, on future developments and new information that may emerge regarding the duration and severity of the COVID-19 and the actions taken by government authorities and other entities to contain the COVID-19 or treat its impact, almost all of which are beyond our control.

### Results of Operations

The net assets of the Fund as at December 31, 2019 decreased overall to \$16,647,692 from \$16,738,645 as at December 31, 2018. Of this \$90,953 decrease, \$2,434,962 is attributable to investment performance and \$2,525,915 is attributable to net unitholder redemptions of the Fund.

For the year ended December 31, 2019, Class A units of the Fund generated a total return of 15.7%. Returns for other classes of the Fund will be similar to Class A with any difference in performance being primarily due to the 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.

The Fund's broad-based benchmark, the S&P 500 Index in Canadian dollars ("S&P 500"), returned 25.1% 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. 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. Further, 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 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 benchmark was mainly due to stock selection in the Communication services sector. 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 securities where our estimated range for the long-term intrinsic value of the underlying assets are higher than implied by the current share price.

Key positive contributors to the Fund's performance for the year included JD.com, Inc., Colfax Corporation, and Zillow Group. Conversely, TripAdvisor, Inc., Baidu, Inc., and Yatra Online, 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 are PAR Technology Corporation, BlackBerry Limited, and Tutor Perini 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 year, we sold TripAdvisor, Inc., Liberty Broadband Corporation, and Brookfield Asset Management Inc., and one of our investee companies, Yatra Online, Inc. announced that it was being acquired by third parties.

## Results of Operations (continued)

As at the end of the year, the Fund holds 92.7% in US-listed securities and 7.3% in cash. Historically, we have not held large cash balances in this mandate, however, cash level may vary in the future depending on the market opportunity set. The Fund's investment portfolio is concentrated and not diversified in the conventional sense. The Fund's top 10 holdings account for 77.3% of the Fund's net assets at the end of the year. This concentration may lead to varied results over any given year.

Overall sector exposure of the Fund is determined by stock selection and may shift from time to time. As at December 31, 2019 we were weighted toward holdings in Communication services, Consumer discretionary, and Industrials sectors 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 63.4% of the Fund at the end of the year.

## Recent Developments

Considering the elevated levels of investor fear in December 2018, few would have predicted that in 2019 the S&P 500 would surpass all previous rallies to become the best performing bull market since World War II. Indeed, today's bull market is the best performing and longest ever for S&P 500. The S&P 500 outperformed the vast majority of asset classes and global markets over the last decade. The flip side of stellar outperformance, especially within an extended bull market, is that prospective returns will likely be more muted. With the major indices regularly hitting new records and valuations at historic highs, finding good value and the proverbial "needles in the haystack" amongst US large caps is increasingly difficult. Nevertheless, we believe there will almost always be mispriced securities available in some corner of the market, whether the S&P 500 is at all-time highs or not. However, we think an investor needs to have a contrarian mindset and the capacity to follow an idiosyncratic approach to find them.

We are often asked what we think about the "Market". This is usually another way of asking whether we think the S&P 500 or S&P/TSX 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. Today, the top ten largest companies in the S&P 500 equate to 25% of the total index's value, while the top 46 largest stocks are half the entire index's value. If this trend continues, the "Market" will become narrower, as fewer and fewer companies will carry more and more of the weight to drive the broad US market returns higher. The consensus trade on the S&P 500 is really a bet on the continued outperformance of the largest mega caps in the index. We are less sure that this trend will continue. 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 believe we can find the best value. Historically, we have tended 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 think the best absolute and relative value may often be found in idiosyncratic small-and mid-sized companies.

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 year, which we believe will be reflected in their respective share prices over time.

While the initial impact to world markets of the COVID-19 outbreak was muted in January, the widening global impact of COVID-19 and the breakdown of OPEC has resulted in markets reacting with significant downward volatility and turmoil in late February and into the early weeks of March 2020. Certain industries, like tourism, are expected to be hard hit over the short-term and it may take some time for certain industries to rebound. Any potential impact on investment results will depend, to a large extent, on future developments and new information that may emerge regarding the duration and severity of the COVID-19 and the actions taken by government authorities and other entities to contain the COVID-19 or treat its impact, almost all of which are beyond our control.

## 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 8% 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 24% 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.

<b>CLASS A</b>					
<b>Fund's Net Assets Per Unit (a)</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net assets – beginning of year	\$10.22	\$12.61	\$11.78	\$12.02	\$12.27
<b>Increase (decrease) from operations:</b>					
Total revenue	0.03	0.07	0.09	0.47	0.10
Total expenses	(0.27)	(0.32)	(0.31)	(0.35)	(0.32)
Realized gains (losses)	(0.24)	1.78	2.13	(0.55)	1.22
Unrealized gains (losses)	1.98	(2.18)	(0.04)	0.19	(0.91)
<b>Total increase (decrease) from operations (b)</b>	<b>1.50</b>	<b>(0.65)</b>	<b>1.87</b>	<b>(0.24)</b>	<b>0.09</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	(0.80)	-	(0.10)	-
From dividends	-	(0.01)	-	(0.03)	-
From capital gains	-	(0.73)	(0.96)	-	(0.44)
Return of capital	-	-	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>-</b>	<b>(1.54)</b>	<b>(0.96)</b>	<b>(0.13)</b>	<b>(0.44)</b>
<b>Net assets – end of year</b>	<b>\$11.67</b>	<b>\$10.22</b>	<b>\$12.61</b>	<b>\$11.78</b>	<b>\$12.02</b>
<b>Ratios and Supplemental Data</b>					
Total net asset value (\$000s) (a)	\$6,197	\$6,756	\$8,215	\$8,492	\$10,683
Number of units outstanding (a)	530,833	660,864	651,735	720,635	888,473
Management expense ratio (d)	2.35%	2.35%	2.35%	2.40%	2.45%
Management expense ratio before absorptions (e)	2.35%	2.35%	2.35%	2.40%	2.45%
Trading expense ratio (f)	0.05%	0.05%	0.04%	0.03%	0.04%
Portfolio turnover rate (g)	27.31%	50.44%	38.30%	40.36%	43.62%
Net asset value per unit (a)	\$11.67	\$10.22	\$12.61	\$11.78	\$12.02
<b>CLASS D</b>					
<b>Fund's Net Assets Per Unit (a)</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net assets – beginning of year	\$7.73	\$9.59	\$9.05	\$9.25	\$10.00
<b>Increase (decrease) from operations:</b>					
Total revenue	0.02	0.05	0.07	0.36	0.08
Total expenses	(0.13)	(0.14)	(0.05)	(0.14)	(0.08)
Realized gains (losses)	(0.12)	1.36	1.64	(0.43)	0.11
Unrealized gains (losses)	1.42	(4.02)	(0.25)	0.66	(0.20)
<b>Total increase (decrease) from operations (b)</b>	<b>1.19</b>	<b>(2.75)</b>	<b>1.41</b>	<b>0.45</b>	<b>(0.10)</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	(0.73)	-	(0.18)	-
From dividends	-	(0.01)	-	(0.02)	-
From capital gains	-	(0.56)	(0.91)	-	(0.75)
Return of capital	-	-	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>-</b>	<b>(1.29)</b>	<b>(0.91)</b>	<b>(0.20)</b>	<b>(0.75)</b>
<b>Net assets – end of year</b>	<b>\$8.89</b>	<b>\$7.73</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)	\$84	\$34	\$18	\$16	\$5
Number of units outstanding (a)	9,416	4,372	1,911	1,735	542
Management expense ratio (d)	1.60%	1.60%	1.60%	1.60%	1.60%
Management expense ratio before absorptions (e)	1.60%	1.60%	1.60%	1.60%	1.60%
Trading expense ratio (f)	0.05%	0.05%	0.04%	0.03%	0.04%
Portfolio turnover rate (g)	27.31%	50.44%	38.30%	40.36%	43.62%
Net asset value per unit (a)	\$8.89	\$7.73	\$9.59	\$9.05	\$9.25

## FINANCIAL HIGHLIGHTS (CONTINUED)

<b>CLASS E</b>					
<b>Fund's Net Assets Per Unit (a)</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net assets – beginning of year	\$10.00				
<b>Increase (decrease) from operations:</b>					
Total revenue	0.01				
Total expenses	-				
Realized gains (losses)	(0.14)				
Unrealized gains (losses)	1.66				
<b>Total increase (decrease) from operations (b)</b>	<b>1.53</b>				
<b>Distributions:</b>					
From income (excluding dividends)	-				
From dividends	-				
From capital gains	-				
Return of capital	-				
<b>Total annual distributions (b), (c)</b>	<b>-</b>				
<b>Net assets – end of year</b>	<b>\$11.11</b>				
<b>Ratios and Supplemental Data</b>					
Total net asset value (\$000s) (a)	\$1,089				
Number of units outstanding (a)	98,020				
Management expense ratio (d)	0.50%				
Management expense ratio before absorptions (e)	0.50%				
Trading expense ratio (f)	0.05%				
Portfolio turnover rate (g)	27.31%				
Net asset value per unit (a)	\$11.11				

<b>CLASS F</b>					
<b>Fund's Net Assets Per Unit (a)</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net assets – beginning of year	\$10.01	\$12.42	\$11.84	\$12.01	\$12.43
<b>Increase (decrease) from operations:</b>					
Total revenue	0.03	0.07	0.10	0.46	0.10
Total expenses	(0.14)	(0.17)	(0.17)	(0.16)	(0.18)
Realized gains (losses)	(0.22)	1.76	2.14	(0.55)	0.14
Unrealized gains (losses)	1.84	(2.25)	(0.13)	(0.45)	0.16
<b>Total increase (decrease) from operations (b)</b>	<b>1.51</b>	<b>(0.59)</b>	<b>1.94</b>	<b>(0.70)</b>	<b>0.22</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	(0.95)	-	(0.18)	-
From dividends	-	(0.01)	-	(0.03)	-
From capital gains	-	(0.73)	(1.34)	-	(0.68)
Return of capital	-	-	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>-</b>	<b>(1.68)</b>	<b>(1.34)</b>	<b>(0.21)</b>	<b>(0.68)</b>
<b>Net assets – end of year</b>	<b>\$11.54</b>	<b>\$10.01</b>	<b>\$12.42</b>	<b>\$11.84</b>	<b>\$12.01</b>
<b>Ratios and Supplemental Data</b>					
Total net asset value (\$000s) (a)	\$4,289	\$4,241	\$4,765	\$4,457	\$9,473
Number of units outstanding (a)	371,611	423,514	383,551	376,605	788,874
Management expense ratio (d)	1.35%	1.35%	1.35%	1.35%	1.35%
Management expense ratio before absorptions (e)	1.35%	1.35%	1.35%	1.35%	1.35%
Trading expense ratio (f)	0.05%	0.05%	0.04%	0.03%	0.04%
Portfolio turnover rate (g)	27.31%	50.44%	38.30%	40.36%	43.62%
Net asset value per unit (a)	\$11.54	\$10.01	\$12.42	\$11.84	\$12.01

## FINANCIAL HIGHLIGHTS (CONTINUED)

<b>CLASS H</b>					
<b>Fund's Net Assets Per Unit (a)</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net assets – beginning of year	\$8.09	\$9.95	\$9.70	\$10.00	\$10.32
<b>Increase (decrease) from operations:</b>					
Total revenue	0.03	0.05	0.07	0.39	0.08
Total expenses	(0.19)	(0.23)	(0.16)	(0.21)	(0.24)
Realized gains (losses)	(0.14)	1.42	1.75	(0.46)	0.12
Unrealized gains (losses)	1.66	(1.78)	(0.14)	0.12	0.17
<b>Total increase (decrease) from operations (b)</b>	<b>1.36</b>	<b>(0.54)</b>	<b>1.52</b>	<b>(0.16)</b>	<b>0.13</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	(0.64)	-	(0.25)	-
From dividends	-	(0.01)	-	(0.02)	-
From capital gains	-	(0.58)	(1.25)	-	(0.57)
Return of capital	-	-	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>-</b>	<b>(1.23)</b>	<b>(1.25)</b>	<b>(0.27)</b>	<b>(0.57)</b>
<b>Net assets – end of year</b>	<b>\$9.26</b>	<b>\$8.09</b>	<b>\$9.95</b>	<b>\$9.70</b>	<b>\$10.00</b>
<b>Ratios and Supplemental Data</b>					
Total net asset value (\$000s) (a)	\$223	\$318	\$353	\$211	\$103
Number of units outstanding (a)	24,068	39,336	35,431	21,747	10,252
Management expense ratio (d)	2.05%	2.05%	2.05%	2.13%	2.20%
Management expense ratio before absorptions (e)	2.05%	2.05%	2.05%	2.13%	2.20%
Trading expense ratio (f)	0.05%	0.05%	0.04%	0.03%	0.04%
Portfolio turnover rate (g)	27.31%	50.44%	38.30%	40.36%	43.62%
Net asset value per unit (a)	\$9.26	\$8.09	\$9.95	\$9.70	\$10.00

<b>CLASS I</b>					
<b>Fund's Net Assets Per Unit (a)</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net assets – beginning of year	\$8.05	\$9.99	\$9.71	\$9.91	\$10.38
<b>Increase (decrease) from operations:</b>					
Total revenue	0.03	0.06	0.08	0.40	0.08
Total expenses	(0.11)	(0.14)	(0.09)	(0.12)	(0.13)
Realized gains (losses)	(0.16)	1.42	1.75	(0.46)	0.12
Unrealized gains (losses)	1.46	(2.38)	0.17	0.21	(0.20)
<b>Total increase (decrease) from operations (b)</b>	<b>1.22</b>	<b>(1.04)</b>	<b>1.91</b>	<b>0.03</b>	<b>(0.14)</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	(0.78)	-	(0.23)	-
From dividends	-	(0.01)	-	(0.02)	-
From capital gains	-	(0.58)	(1.32)	-	(1.22)
Return of capital	-	-	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>-</b>	<b>(1.37)</b>	<b>(1.32)</b>	<b>(0.25)</b>	<b>(1.22)</b>
<b>Net assets – end of year</b>	<b>\$9.29</b>	<b>\$8.05</b>	<b>\$9.99</b>	<b>\$9.71</b>	<b>\$9.91</b>
<b>Ratios and Supplemental Data</b>					
Total net asset value (\$000s) (a)	\$160	\$231	\$283	\$230	\$234
Number of units outstanding (a)	17,201	28,660	28,360	23,647	23,601
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%	0.05%	0.04%	0.03%	0.04%
Portfolio turnover rate (g)	27.31%	50.44%	38.30%	40.36%	43.62%
Net asset value per unit (a)	\$9.29	\$8.05	\$9.99	\$9.71	\$9.91

## FINANCIAL HIGHLIGHTS (CONTINUED)

<b>CLASS N</b>					
<b>Fund's Net Assets Per Unit (a)</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net assets – beginning of year	\$10.00				
<b>Increase (decrease) from operations:</b>					
Total revenue	0.01				
Total expenses	(0.05)				
Realized gains (losses)	(0.18)				
Unrealized gains (losses)	0.49				
<b>Total increase (decrease) from operations (b)</b>	<b>0.27</b>				
<b>Distributions:</b>					
From income (excluding dividends)	-				
From dividends	-				
From capital gains	-				
Return of capital	-				
<b>Total annual distributions (b), (c)</b>	<b>-</b>				
<b>Net assets – end of year</b>	<b>\$10.27</b>				
<b>Ratios and Supplemental Data</b>					
Total net asset value (\$000s) (a)	\$5				
Number of units outstanding (a)	500				
Management expense ratio (d)	0.85%				
Management expense ratio before absorptions (e)	0.85%				
Trading expense ratio (f)	0.05%				
Portfolio turnover rate (g)	27.31%				
Net asset value per unit (a)	\$10.27				

<b>CLASS O</b>					
<b>Fund's Net Assets Per Unit (a)</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net assets – beginning of year	\$8.34	\$10.39	\$10.03	\$10.22	\$10.59
<b>Increase (decrease) from operations:</b>					
Total revenue	0.03	0.06	0.08	0.41	0.09
Total expenses	-	(0.01)	-	-	-
Realized gains (losses)	(0.18)	1.48	1.82	(0.48)	0.12
Unrealized gains (losses)	1.44	(1.92)	(0.15)	1.12	0.16
<b>Total increase (decrease) from operations (b)</b>	<b>1.29</b>	<b>(0.39)</b>	<b>1.75</b>	<b>1.05</b>	<b>0.36</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	(0.95)	(0.06)	(0.35)	-
From dividends	-	(0.01)	(0.02)	(0.03)	-
From capital gains	-	(0.61)	(1.34)	-	(0.83)
Return of capital	-	-	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>-</b>	<b>(1.58)</b>	<b>(1.42)</b>	<b>(0.38)</b>	<b>(0.83)</b>
<b>Net assets – end of year</b>	<b>\$9.73</b>	<b>\$8.34</b>	<b>\$10.39</b>	<b>\$10.03</b>	<b>\$10.22</b>
<b>Ratios and Supplemental Data</b>					
Total net asset value (\$000s) (a)	\$3,870	\$4,284	\$4,701	\$4,209	\$1,154
Number of units outstanding (a)	397,813	513,748	452,379	419,774	112,921
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)	0.05%	0.05%	0.04%	0.03%	0.04%
Portfolio turnover rate (g)	27.31%	50.44%	38.30%	40.36%	43.62%
Net asset value per unit (a)	\$9.73	\$8.34	\$10.39	\$10.03	\$10.22

## FINANCIAL HIGHLIGHTS (CONTINUED)

<b>CLASS A (USD)</b>					
<b>Fund's Net Assets Per Unit (a)</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net assets – beginning of year	\$9.97	\$12.32	\$11.52	\$11.78	\$12.02
<b>Increase (decrease) from operations:</b>					
Total revenue	0.03	0.07	0.08	0.45	0.10
Total expenses	(0.26)	(0.31)	(0.30)	(0.27)	(0.31)
Realized gains (losses)	(0.23)	1.74	2.08	(0.54)	0.14
Unrealized gains (losses)	1.90	(2.25)	(0.02)	0.23	0.23
<b>Total increase (decrease) from operations (b)</b>	<b>1.44</b>	<b>(0.75)</b>	<b>1.84</b>	<b>(0.13)</b>	<b>0.16</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	(0.59)	-	(0.13)	-
From dividends	-	(0.01)	-	(0.03)	-
From capital gains	-	(0.52)	(0.95)	-	(0.43)
Return of capital	-	-	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>-</b>	<b>(1.13)</b>	<b>(0.95)</b>	<b>(0.16)</b>	<b>(0.43)</b>
<b>Net assets – end of year</b>	<b>\$11.38</b>	<b>\$9.97</b>	<b>\$12.32</b>	<b>\$11.52</b>	<b>\$11.78</b>
<b>Ratios and Supplemental Data</b>					
Total net asset value (\$000s) (a)	\$623	\$580	\$655	\$676	\$727
Number of units outstanding (a)	54,748	58,144	53,195	58,619	61,773
Management expense ratio (d)	2.35%	2.35%	2.35%	2.40%	2.45%
Management expense ratio before absorptions (e)	2.35%	2.35%	2.35%	2.40%	2.45%
Trading expense ratio (f)	0.05%	0.05%	0.04%	0.03%	0.04%
Portfolio turnover rate (g)	27.31%	50.44%	38.30%	40.36%	43.62%
Net asset value per unit (a)	\$11.38	\$9.97	\$12.32	\$11.52	\$11.78

<b>CLASS F (USD)</b>					
<b>Fund's Net Assets Per Unit (a)</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Net assets – beginning of year	\$10.04	\$12.25	\$11.71	\$11.90	\$12.19
<b>Increase (decrease) from operations:</b>					
Total revenue	0.03	0.07	0.08	0.47	0.10
Total expenses	(0.16)	(0.16)	(0.14)	(0.16)	(0.17)
Realized gains (losses)	(0.15)	1.77	2.12	(0.55)	0.14
Unrealized gains (losses)	2.40	(1.98)	(0.24)	(0.03)	0.12
<b>Total increase (decrease) from operations (b)</b>	<b>2.12</b>	<b>(0.31)</b>	<b>1.82</b>	<b>(0.27)</b>	<b>0.18</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	(0.57)	-	(0.21)	-
From dividends	-	(0.01)	-	(0.03)	-
From capital gains	-	(0.53)	(1.36)	-	(0.43)
Return of capital	-	-	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>-</b>	<b>(1.10)</b>	<b>(1.36)</b>	<b>(0.24)</b>	<b>(0.43)</b>
<b>Net assets – end of year</b>	<b>\$11.56</b>	<b>\$10.04</b>	<b>\$12.25</b>	<b>\$11.71</b>	<b>\$11.90</b>
<b>Ratios and Supplemental Data</b>					
Total net asset value (\$000s) (a)	\$102	\$295	\$639	\$564	\$906
Number of units outstanding (a)	8,779	29,410	52,147	48,204	76,066
Management expense ratio (d)	1.35%	1.35%	1.35%	1.35%	1.35%
Management expense ratio before absorptions (e)	1.35%	1.35%	1.35%	1.35%	1.35%
Trading expense ratio (f)	0.05%	0.05%	0.04%	0.03%	0.04%
Portfolio turnover rate (g)	27.31%	50.44%	38.30%	40.36%	43.62%
Net asset value per unit (a)	\$11.56	\$10.04	\$12.25	\$11.71	\$11.90



## FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS N (USD)					
Fund's Net Assets Per Unit (a)	2019	2018	2017	2016	2015
Net assets – beginning of year	\$13.10				
<b>Increase (decrease) from operations:</b>					
Total revenue	0.01				
Total expenses	(0.04)				
Realized gains (losses)	(0.24)				
Unrealized gains (losses)	0.64				
<b>Total increase (decrease) from operations (b)</b>	<b>0.37</b>				
<b>Distributions:</b>					
From income (excluding dividends)	-				
From dividends	-				
From capital gains	-				
Return of capital	-				
<b>Total annual distributions (b), (c)</b>	<b>-</b>				
<b>Net assets – end of year</b>	<b>\$13.45</b>				
<b>Ratios and Supplemental Data</b>					
Total net asset value (\$000s) (a)	\$7				
Number of units outstanding (a)	501				
Management expense ratio (d)	0.85%				
Management expense ratio before absorptions (e)	0.85%				
Trading expense ratio (f)	0.05%				
Portfolio turnover rate (g)	27.31%				
Net asset value per unit (a)	\$13.45				

## Footnotes:

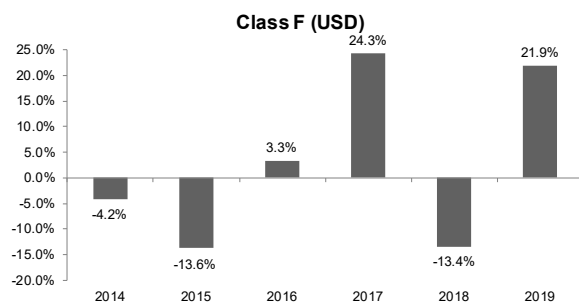
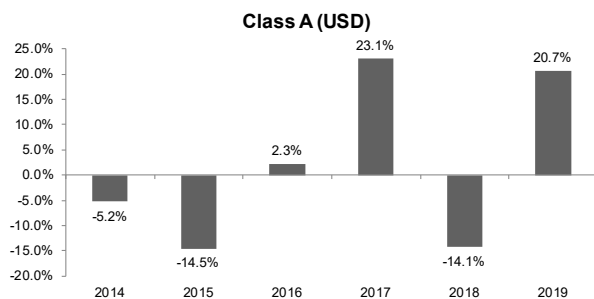
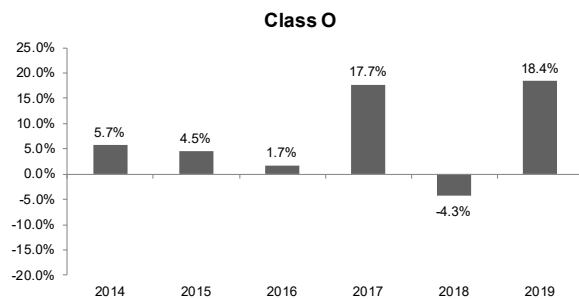
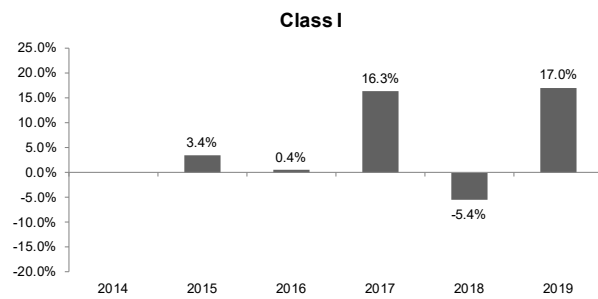
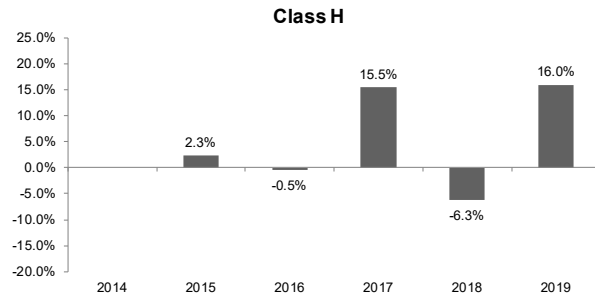
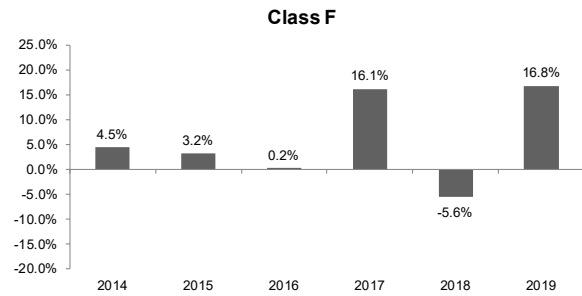
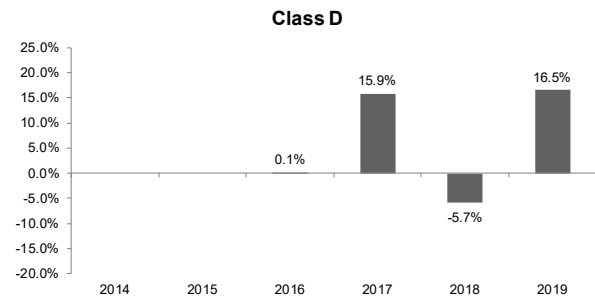
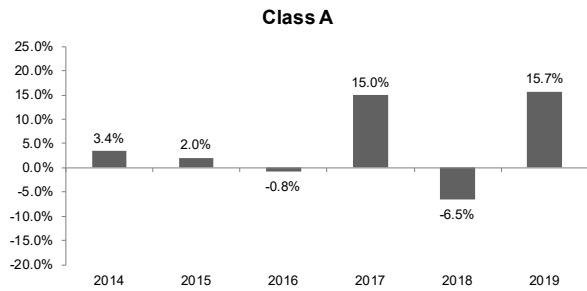
- (a) This information is derived from the Fund's audited annual financial statements as at December 31 for the year stated, prepared under International Financial Reporting Standards. Class N and Class N (USD) commenced operations on June 28, 2019 and Class E commenced operations on August 30, 2019.
- (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 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 year and is expressed as an annualized percentage of 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, 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 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. In general, 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-based benchmark is S&P 500 Index. The S&P 500 includes 500 leading companies listed on the NASDAQ and NYSE and captures approximately 80% coverage of available market capitalization. With the exception of Class A (USD) and Class F (USD), the performance of the Fund is compared to the benchmark's performance in Canadian dollars. Performance for Class A (USD) and Class F (USD) are compared to the benchmark's performance in U.S. dollars.

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

	<b>One Year</b>	<b>Three Year</b>	<b>Five Year</b>	<b>Since Inception</b>	<b>Inception Date</b>
Class A	15.7%	7.5%	4.7%	6.9%	06/28/2013
S&P 500	25.1%	14.0%	14.3%	17.4%	
Class D	16.5%	8.4%	-	5.5%	06/30/2015
S&P 500	25.1%	14.0%	14.3%	13.7%	
Class F	16.8%	8.6%	5.8%	7.9%	06/28/2013
S&P 500	25.1%	14.0%	14.3%	17.4%	
Class H	16.0%	7.9%	5.0%	5.2%	06/30/2014
S&P 500	25.1%	14.0%	14.3%	15.8%	
Class I	17.0%	8.8%	6.0%	6.1%	06/30/2014
S&P 500	25.1%	14.0%	14.3%	15.8%	
Class O	18.4%	10.1%	7.2%	7.0%	12/31/2013
S&P 500	25.1%	14.0%	14.3%	15.8%	
Class A (USD)	20.7%	8.5%	2.2%	2.3%	08/30/2013
S&P 500 (USD)	31.5%	15.3%	11.7%	13.7%	
Class F (USD)	21.9%	9.5%	3.2%	3.3%	08/30/2013
S&P 500 (USD)	31.5%	15.3%	11.7%	13.7%	

**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

	<b>% of Net Assets</b>
Zillow Group, Inc.	11.8
JD.com, Inc. ADR	10.9
Liberty Latin America Ltd.	10.3
Colfax Corporation	8.7
The Howard Hughes Corporation	8.6
Baidu, Inc., ADR	8.4
Element Solutions Inc	5.4
KKR & Co. Inc.	5.1
PAR Technology Corporation	4.1
Despegar.com, Corp.	4.0
BlackBerry Limited	3.9
The Middleby Corporation	3.2
Wynn Resorts, Limited	2.7
FRMO Corporation	2.4
Tutor Perini Corporation	2.1
Yatra Online, Inc.	1.3

## Summary of Composition of the Portfolio

	<b>% of Net Assets</b>
<b>Equities:</b>	
Communication services	30.6
Consumer discretionary	18.9
Industrials	13.9
Real estate	8.6
Information technology	7.9
Diversified financials	7.5
Materials	5.4
<b>Total investments</b>	<b>92.8</b>
Cash	7.3
Other assets less liabilities	(0.1)
<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

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