

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

Pender Value 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 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 Value Fund (the "Fund") is to achieve capital growth over the long-term, while being sufficiently diversified to mitigate volatility. The Fund will invest primarily in Canadian and US securities but may also invest in foreign securities. The Fund will focus on businesses that have the potential for growth over the long term and that have securities that trade at favorable prices.

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 \$318,287,002 from \$319,062,428 at December 31, 2018. Of this \$775,426 decrease, \$57,390,832 is attributable to investment performance and \$58,166,258 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 18.1%. 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. 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 22.8% 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% S&P/TSX and 50% S&P 500 Index, in Canadian dollars ("S&P 500"), returned 24.0% during the year. We include information about this blended benchmark, which more closely reflects the asset classes in which the Fund invests, to provide a more useful comparison for 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 a combination of stock selection and sector allocation. That being said, we do not actively manage sector weightings in the Fund, rather, our sector weightings are determined by individual stock selection through a bottom-up fundamental investment process. We seek to own stocks where our estimated range for the long-term intrinsic value of the business is higher than the current share price.

Key positive individual contributors to the Fund's performance for the year included Transat A.T. Inc., Sangoma Technologies Corporation, and KKR & Co, Inc. Conversely, Burford Capital Limited, Baidu, Inc., and Uni-Select 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 Onex Corporation, Zillow Group, Inc., and Burford Capital Limited. 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 Naspers Limited, Absolute Software Corporation, and TripAdvisor, Inc., and four companies were acquired by third parties: BSM Technologies Inc., Espial Group Inc., Transat A.T. Inc. (announced), Carbonite, Inc.

Results of Operations (continued)

As at the end of the year, the Fund was 37.0% invested in United States, 47.7% in Canada, 7.0% in other countries, and the Fund's cash position had increased to 8.3%, up from 4.0% at December 31, 2018. The Fund's cash position may change over time as a result of portfolio transactions. The Fund's investment portfolio is concentrated and not diversified in the conventional sense. The Fund's top 10 holdings account for 41.0% 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 decisions and may shift from time to time. As at December 31, 2019 we were weighted toward holdings in Diversified financials, Consumer discretionary, and Information technology, because those sectors are where we believe we are currently finding the best investment opportunities and, equally important, because they contain businesses for which we are best equipped to assess value. These top three sectors accounted for 51.6% of the Fund at the end of the year.

Recent Developments

Stock markets rebounded strongly in 2019 after an abysmal 2018. According to investor sentiment indicators, investors are feeling much more optimistic in late 2019 than they were in late 2018. Most markets finished 2019 strong despite sizable headwinds across the global landscape throughout the year, including volatile trade wars, elevated geopolitical unrest, yield curve inversion and recession risk, to name a few.

When we look at potential investment opportunities probabilistically, we can see scenarios where stocks continue to increase in value and scenarios where stock prices fall. At this point in time within the extended bull market, we believe that the probability of a downturn in the market warrants a more conservative approach to allocating capital within our portfolio.

Throughout the year one of the key themes we witnessed was significant volatility in the part of market where we tend to focus. In our view, there is very much a negative feedback loop at play in the investment world today. In aggregate, demand for low volatility has grown which has caused prices for securities that possess this attribute to increase in relative valuation. Compared to our historical experience, low volatility appears overvalued and high volatility appears undervalued. In the past we've talked about market inefficiencies that often result in mispricing, like index rebalancing and related buying/selling of index funds. This year there was a particularly pronounced impact from the flight of capital out of companies where volatility had picked up.

In the context of current market conditions, we are actively managing the Fund's investment portfolio, utilizing several strategies to minimize volatility while still seeking to own mispriced securities. First, we use cash as a strategic asset. We keep cash on hand to take advantage of price drops in stocks that may become undervalued in our view during recurring periods of pessimism. In an extended bull market like the one we are seeing now, we will slowly take money off the table for our winners, hold cash, and wait for opportunities to deploy. Second, we actively manage the Fund's individual position sizes based on a discount to our estimate of a security's intrinsic value. Finally, we seek out idiosyncratic opportunities, including special situations, where volatility is not often as highly correlated to the general market because of the presence of potentially stock-specific liquidity events, like strategic reviews, that are on the horizon.

Since inception the Fund's investment strategy has been to estimate a range of intrinsic value of a company and to buy its stock when it trades at an attractive discount relative to that range. Our investment strategy requires rigorous in-depth valuation analysis. We use our investment process when we research a potential holding and maintain an understanding of the key factors affecting our investment thesis after we buy a stock. We believe our deep-diligence allows us to find opportunities ahead of the market and position ourselves to take advantage of future potential increases in a stock's value.

As we run a concentrated investment portfolio, we only need to hold a relatively small number of great companies acquired at a good price to drive the performance of the Fund. We will continue to look for best ideas that trade at significant discounts to intrinsic values.

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 1% 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.

CLASS A

Fund's Net Assets Per Unit (a)	2019	2018	2017	2016	2015
Net assets – beginning of year	\$16.36	\$18.48	\$17.80	\$15.30	\$15.38
Increase (decrease) from operations:					
Total revenue	0.21	0.17	0.14	0.38	0.14
Total expenses	(0.47)	(0.50)	(0.48)	(0.45)	(0.43)
Realized gains (losses)	0.66	0.93	1.58	0.67	0.46
Unrealized gains (losses)	2.57	(2.87)	(0.26)	2.02	(0.90)
Total increase (decrease) from operations (b)	2.97	(2.27)	0.98	2.62	(0.73)
Distributions:					
From income (excluding dividends)	-	(0.30)	-	-	-
From dividends	-	(0.03)	-	-	-
From capital gains	(0.37)	(0.04)	(0.57)	(0.29)	-
Return of capital	-	-	-	-	-
Total annual distributions (b), (c)	(0.37)	(0.37)	(0.57)	(0.29)	-
Net assets – end of year	\$18.96	\$16.36	\$18.48	\$17.80	\$15.30
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$59,410	\$62,338	\$57,013	\$37,724	\$34,600
Number of units outstanding (a)	3,134,001	3,810,427	3,084,249	2,119,812	2,261,917
Management expense ratio (d)	2.40%	2.40%	2.40%	2.45%	2.50%
Management expense ratio before absorptions (e)	2.40%	2.40%	2.40%	2.45%	2.50%
Trading expense ratio (f)	0.12%	0.16%	0.06%	0.06%	0.13%
Portfolio turnover rate (g)	71.36%	76.69%	54.93%	41.39%	17.57%
Net asset value per unit (a)	\$18.96	\$16.36	\$18.48	\$17.80	\$15.30

CLASS D

Fund's Net Assets Per Unit (a)	2019	2018	2017	2016	2015
Net assets – beginning of year	9.73	\$11.02	\$10.59	\$9.14	\$10.00
Increase (decrease) from operations:					
Total revenue	0.12	0.10	0.08	0.23	0.08
Total expenses	(0.19)	(0.21)	(0.19)	(0.19)	(0.10)
Realized gains (losses)	0.40	0.51	0.95	0.40	0.26
Unrealized gains (losses)	1.58	(1.78)	(0.61)	1.57	(0.38)
Total increase (decrease) from operations (b)	1.91	(1.38)	0.23	2.01	(0.14)
Distributions:					
From income (excluding dividends)	-	(0.26)	-	(0.02)	-
From dividends	-	(0.03)	-	(0.03)	-
From capital gains	(0.27)	(0.03)	(0.41)	(0.25)	(0.22)
Return of capital	-	-	-	-	-
Total annual distributions (b), (c)	(0.27)	(0.32)	(0.41)	(0.30)	(0.22)
Net assets – end of year	\$11.32	\$9.73	\$11.02	\$10.59	\$9.14
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$3,255	\$3,605	\$3,168	\$546	\$236
Number of units outstanding (a)	287,601	370,317	287,545	51,572	25,783
Management expense ratio (d)	1.65%	1.65%	1.65%	1.65%	1.65%
Management expense ratio before absorptions (e)	1.65%	1.65%	1.65%	1.65%	1.65%
Trading expense ratio (f)	0.12%	0.16%	0.06%	0.06%	0.13%
Portfolio turnover rate (g)	71.36%	76.69%	54.93%	41.39%	17.57%
Net asset value per unit (a)	\$11.32	\$9.73	\$11.02	\$10.59	\$9.14

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS E					
Fund's Net Assets Per Unit (a)	2019	2018	2017	2016	2015
Net assets – beginning of year	\$10.00				
Increase (decrease) from operations:					
Total revenue	0.04				
Total expenses	0.07				
Realized gains (losses)	(0.15)				
Unrealized gains (losses)	2.00				
Total increase (decrease) from operations (b)	1.96				
Distributions:					
From income (excluding dividends)	-				
From dividends	-				
From capital gains	(0.35)				
Return of capital	-				
Total annual distributions (b), (c)	(0.35)				
Net assets – end of year	\$10.88				
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$684				
Number of units outstanding (a)	62,855				
Management expense ratio (d)	0.50%				
Management expense ratio before absorptions (e)	0.50%				
Trading expense ratio (f)	0.12%				
Portfolio turnover rate (g)	71.36%				
Net asset value per unit (a)	\$10.88				

CLASS F					
Fund's Net Assets Per Unit (a)	2019	2018	2017	2016	2015
Net assets – beginning of year	\$16.35	\$18.52	\$17.88	\$15.41	\$15.52
Increase (decrease) from operations:					
Total revenue	0.21	0.17	0.14	0.39	0.14
Total expenses	(0.29)	(0.31)	(0.29)	(0.28)	(0.26)
Realized gains (losses)	0.68	0.69	1.59	0.67	0.46
Unrealized gains (losses)	2.55	(3.27)	(0.48)	2.13	(0.96)
Total increase (decrease) from operations (b)	3.15	(2.72)	0.96	2.91	(0.62)
Distributions:					
From income (excluding dividends)	-	(0.50)	-	(0.05)	-
From dividends	-	(0.05)	-	(0.06)	-
From capital gains	(0.48)	(0.04)	(0.80)	(0.42)	(0.20)
Return of capital	-	-	-	-	-
Total annual distributions (b), (c)	(0.48)	(0.59)	(0.80)	(0.53)	(0.20)
Net assets – end of year	\$19.02	\$16.35	\$18.52	\$17.88	\$15.41
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$144,360	\$161,576	\$122,313	\$58,224	\$49,180
Number of units outstanding (a)	7,587,835	9,883,888	6,603,036	3,256,192	3,192,145
Management expense ratio (d)	1.40%	1.40%	1.40%	1.40%	1.40%
Management expense ratio before absorptions (e)	1.40%	1.40%	1.40%	1.40%	1.40%
Trading expense ratio (f)	0.12%	0.16%	0.06%	0.06%	0.13%
Portfolio turnover rate (g)	71.36%	76.69%	54.93%	41.39%	17.57%
Net asset value per unit (a)	\$19.02	\$16.35	\$18.52	\$17.88	\$15.41

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS H					
Fund's Net Assets Per Unit (a)	2019	2018	2017	2016	2015
Net assets – beginning of year	\$11.80	\$13.39	\$12.95	\$11.18	\$11.41
Increase (decrease) from operations:					
Total revenue	0.15	0.12	0.10	0.28	0.10
Total expenses	(0.30)	(0.32)	(0.31)	(0.29)	(0.29)
Realized gains (losses)	0.52	0.62	1.15	0.49	0.32
Unrealized gains (losses)	1.89	(2.13)	(0.18)	1.83	(0.92)
Total increase (decrease) from operations (b)	2.26	(1.71)	0.76	2.31	(0.79)
Distributions:					
From income (excluding dividends)	-	(0.29)	-	-	-
From dividends	-	(0.03)	-	(0.00)	-
From capital gains	(0.29)	(0.03)	(0.51)	(0.30)	(0.19)
Return of capital	-	-	-	-	-
Total annual distributions (b), (c)	(0.29)	(0.35)	(0.51)	(0.30)	(0.19)
Net assets – end of year	\$13.69	\$11.80	\$13.39	\$12.95	\$11.18
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$11,561	\$12,342	\$12,187	\$8,895	\$5,551
Number of units outstanding (a)	844,511	1,045,603	910,031	686,980	496,723
Management expense ratio (d)	2.10%	2.10%	2.10%	2.18%	2.25%
Management expense ratio before absorptions (e)	2.10%	2.10%	2.10%	2.18%	2.25%
Trading expense ratio (f)	0.12%	0.16%	0.06%	0.06%	0.13%
Portfolio turnover rate (g)	71.36%	76.69%	54.93%	41.39%	17.57%
Net asset value per unit (a)	\$13.69	\$11.80	\$13.39	\$12.95	\$11.18

CLASS I					
Fund's Net Assets Per Unit (a)	2019	2018	2017	2016	2015
Net assets – beginning of year	\$11.98	\$13.59	\$13.10	\$11.30	\$11.48
Increase (decrease) from operations:					
Total revenue	0.15	0.12	0.10	0.28	0.10
Total expenses	(0.19)	(0.21)	(0.19)	(0.19)	(0.17)
Realized gains (losses)	0.46	0.49	1.17	0.50	0.33
Unrealized gains (losses)	1.86	(2.34)	(0.38)	1.82	(0.86)
Total increase (decrease) from operations (b)	2.28	(1.94)	0.70	2.41	(0.60)
Distributions:					
From income (excluding dividends)	-	(0.39)	-	(0.08)	-
From dividends	-	(0.04)	-	(0.04)	-
From capital gains	(0.38)	(0.03)	(0.59)	(0.31)	(0.26)
Return of capital	-	-	-	-	-
Total annual distributions (b), (c)	(0.38)	(0.46)	(0.59)	(0.43)	(0.26)
Net assets – end of year	\$13.94	\$11.98	\$13.59	\$13.10	\$11.30
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$83,532	\$66,760	\$48,805	\$21,732	\$13,245
Number of units outstanding (a)	5,993,732	5,571,572	3,592,102	1,659,398	1,172,144
Management expense ratio (d)	1.25%	1.35%	1.25%	1.25%	1.25%
Management expense ratio before absorptions (e)	1.25%	1.35%	1.25%	1.25%	1.25%
Trading expense ratio (f)	0.12%	0.16%	0.06%	0.06%	0.13%
Portfolio turnover rate (g)	71.36%	76.69%	54.93%	41.39%	17.57%
Net asset value per unit (a)	\$13.94	\$11.98	\$13.59	\$13.10	\$11.30

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS N					
Fund's Net Assets Per Unit (a)	2019	2018	2017	2016	2015
Net assets – beginning of year	\$10.00				
Increase (decrease) from operations:					
Total revenue	0.05				
Total expenses	(0.05)				
Realized gains (losses)	0.06				
Unrealized gains (losses)	0.32				
Total increase (decrease) from operations (b)	0.38				
Distributions:					
From income (excluding dividends)	-				
From dividends	-				
From capital gains	(0.32)				
Return of capital	-				
Total annual distributions (b), (c)	(0.32)				
Net assets – end of year	\$10.06				
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$5				
Number of units outstanding (a)	516				
Management expense ratio (d)	0.85%				
Management expense ratio before absorptions (e)	0.85%				
Trading expense ratio (f)	0.12%				
Portfolio turnover rate (g)	71.36%				
Net asset value per unit (a)	\$10.06				

CLASS O					
Fund's Net Assets Per Unit (a)	2019	2018	2017	2016	2015
Net assets – beginning of year	\$13.57	\$15.38	\$14.96	\$12.86	\$12.93
Increase (decrease) from operations:					
Total revenue	0.17	0.14	0.12	0.33	0.12
Total expenses	(0.03)	(0.03)	(0.02)	(0.05)	(0.03)
Realized gains (losses)	0.53	0.93	1.34	0.57	0.39
Unrealized gains (losses)	2.15	(2.21)	(0.11)	2.44	(0.70)
Total increase (decrease) from operations (b)	2.82	(1.17)	1.33	3.29	(0.22)
Distributions:					
From income (excluding dividends)	-	(0.59)	-	(0.23)	-
From dividends	-	(0.06)	-	(0.05)	-
From capital gains	(0.54)	(0.04)	(0.99)	(0.35)	(0.30)
Return of capital	-	-	-	-	-
Total annual distributions (b), (c)	(0.54)	(0.69)	(0.99)	(0.63)	(0.30)
Net assets – end of year	\$15.88	\$13.57	\$15.38	\$14.96	\$12.86
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$15,480	\$12,442	\$12,973	\$10,022	\$4,596
Number of units outstanding (a)	975,003	916,906	843,553	670,026	357,211
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)	0.12%	0.16%	0.06%	0.06%	0.13%
Portfolio turnover rate (g)	71.36%	76.69%	54.93%	41.39%	17.57%
Net asset value per unit (a)	\$15.88	\$13.57	\$15.38	\$14.96	\$12.86

FINANCIAL HIGHLIGHTS (CONTINUED)**Footnotes:**

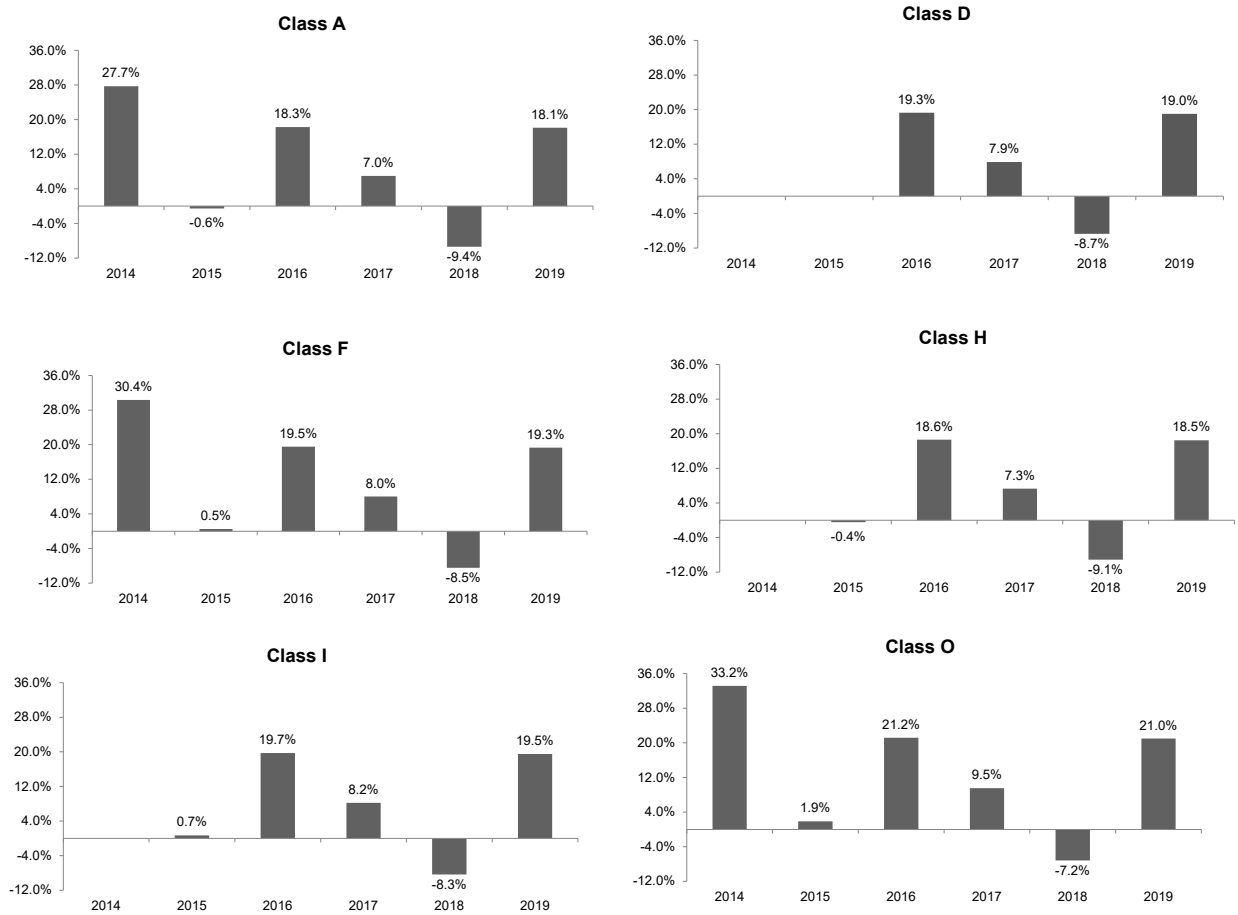
- (a) This information is derived from the Fund's audited annual financial statements as at December 31 for the year stated, prepared under International Financial Reporting Standards. Class N commenced operations on June 28, 2019 and Class E commenced operations on August 30, 2019.
- (b) Net assets 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 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, 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 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/TSX Composite Index. 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% S&P/TSX and 50% S&P 500. 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 Fund 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	18.1%	4.6%	6.1%	12.1%	06/28/2013
S&P/TSX	22.8%	6.9%	6.3%	8.6%	
Blended benchmark	24.0%	10.5%	10.3%	13.0%	
Class D	19.0%	5.4%	-	6.1%	06/30/2015
S&P/TSX	22.8%	6.9%	6.3%	6.8%	
Blended benchmark	24.0%	10.5%	10.3%	10.3%	
Class F	19.3%	5.7%	7.2%	13.3%	06/28/2013
S&P/TSX	22.8%	6.9%	6.3%	8.6%	
Blended benchmark	24.0%	10.5%	10.3%	13.0%	
Class H	18.5%	4.9%	6.4%	9.0%	06/30/2014
S&P/TSX	22.8%	6.9%	6.3%	5.3%	
Blended benchmark	24.0%	10.5%	10.3%	10.6%	
Class I	19.5%	5.8%	7.4%	10.0%	06/30/2014
S&P/TSX	22.8%	6.9%	6.3%	5.3%	
Blended benchmark	24.0%	10.5%	10.3%	10.6%	
Class O	21.0%	7.1%	8.7%	12.4%	12/31/2013
S&P/TSX	22.8%	6.9%	6.3%	7.0%	
Blended benchmark	24.0%	10.5%	10.3%	11.4%	

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
SS&C Technologies Holdings, Inc.	5.2
The Howard Hughes Corporation	4.6
KKR & Co. Inc.	4.4
Diversified Royalty Corp.	4.0
Exor N.V.	4.0
Onex Corporation	4.0
CCL Industries Inc., Class 'B'	3.9
Winpak Ltd.	3.9
Zillow Group, Inc.	3.9
Sangoma Technologies Corp.	3.1
Burford Capital Limited	3.0
JD.com, Inc., ADR	2.9
Mav Beauty Brands Inc.	2.7
The Middleby Corporation	2.7
Enghouse Systems Limited	2.6
Maxar Technologies Inc.	2.5
Wynn Resorts, Limited	2.3
Brookfield Property Partners L.P.	2.0
ProntoForms Corporation	2.0
Blackberry Limited	1.7
eGain Corporation	1.7
Hanesbrands Inc.	1.7
Liberty Latin America Ltd., Class 'A'	1.7
Uni-Select Inc.	1.7
Element Solutions Inc.	1.6

Summary of Composition of the Portfolio

	% of Net Assets
Equities	
Diversified financials	17.7
Consumer discretionary	17.2
Information technology	16.7
Materials	9.5
Communication services	8.2
Real estate	7.8
Industrials	5.2
Consumer staples	3.8
Energy	3.7
Insurance	0.7
Health care	0.6
Total equities	91.1
US bonds	0.7
Total investments	91.8
Cash	8.3
Other assets less liabilities	(0.1)
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.

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