

SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

Pender Strategic Growth and Income Fund

Six months ended June 30, 2020



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 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") were \$10,198,238 as at June 30, 2020 versus \$12,603,589 as at December 31, 2019. Of this \$2,405,351 decrease, \$1,838,993 is attributable to negative investment performance, and \$566,358 is attributable to net unitholder redemptions of the Fund.

For the six months ended June 30, 2020 (the "period"), Class A units of the Fund generated a total return of -15.1%. 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 -7.5% 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 1.6% during the period. 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 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 mainly due to the contribution of the Canadian equity asset class and its fixed income assets. The Diversified Financials and Energy sectors were the main detractors in the Canadian equity asset class. The Fund's fixed income asset, the Pender Corporate Bond Fund, was approximately 44.5% of the Fund's portfolio at the end of the period, compared to 50% fixed income in the blended benchmark. The Pender Corporate Bond Fund, returned -4.8% (for Class A units), underperforming the FTSE/TMX Canada Bond Universe Index which returned 7.5%.

Equity performance

Key positive individual contributors to the Fund's equity performance for the period included KKR & Co. Inc, Texas Pacific Land Trust and Trisura Group Ltd. Conversely, Diversified Royalty Corp., MAV Beauty Brands Inc., and Chesswood Group Limited 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 include Information Services Corporation, Burford Capital Limited, and Texas Pacific Land Trust. We may liquidate our positions for various reasons, such as when share prices have reached our assessment of fair value, when an acquisition has occurred, or where we have changed our investment thesis. During the period, we sold Wynn Resorts, Limited, Chesswood Group Limited, and Mediagrif Interactive Technologies Inc., for example.

Fixed income performance

The Pender Corporate Bond Fund had several areas of relative weakness during the first half of 2020 including its energy sector holdings, floating rate or rate reset securities along with high yield bonds, regardless of industry as investors fled risk. Floating rate or rate reset securities fell in sympathy with rate cuts and investor sentiment respecting the direction of long-term interest rates. Although a negative contributor lately, we believe this asset class remains undervalued and provides a diversification effect with merit. Offsetting these areas of weakness to some degree was relative strength in several Health Care & Pharma holdings, positions in Government of Canada bonds along with other high quality, short-duration credit from issuers such as Canadian National Railway Company and Apple Inc. Several specific names that contributed to offsetting weakness on the Health Care & Pharma side included Paratek Pharmaceuticals, Inc., OPKO Health, Inc. and Avadel Pharmaceuticals plc.

Recent Developments

Equity outlook

The equity portion of the portfolio takes a value-based approach through a portfolio of North American and foreign securities with the objectives of a) capital appreciation, b) income generation and c) capital preservation.

Recent Developments (continued)

Equity outlook (continued)

World markets have experienced unparalleled volatility during 2020. While the initial impact of the COVID-19 outbreak on world markets was muted in January, the widening global impact of COVID-19 and the breakdown of OPEC resulted in markets reacting with significant downward volatility and turmoil in late February and into March 2020. World markets made an astonishing rebound in April. Since then, unprecedented monetary and fiscal stimulus, the initial reopening of global economies, and promising medical progress for potential COVID-19 therapies/vaccines have continued to push world markets higher. World markets in general seem to be on a recovery path. Nonetheless, there remains many uncertainties remain that could cause world markets to turn rapidly and unexpectedly. 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 virus or treat its impact, all of which are beyond our control.

An unprecedented level of monetary stimulus has driven interest rates down and increased the demand for higher yield investments. This has driven the valuations of many higher dividend yielding large-cap stocks to unattractive levels. As a result, the Fund's holdings of small and mid-cap dividend paying stocks is expected to increase. Our investment process is focused on estimating the range of intrinsic value of a company and to buy its stock when it trades at an attractive discount relative to that range. There has also been an abrupt and in some cases, material change to the intrinsic value of companies as a result of COVID-19. In some cases intrinsic value has been impaired while in others it has increased. We have been focusing on increasing our exposure where the spread between a company's share price and our estimate of its intrinsic value has widened, providing what we believe to be an attractive margin of safety.

Fixed income outlook

The recovery in bond markets has been robust thus far, even if it has been unevenly distributed. The US BBB Rated Index's effective yield to maturity, after spiking as high as 5.6% on March 23, closed the quarter at approximately the same level that prevailed at the beginning of the year. Government bonds, helped in no small way by limitless central bank interventions, have been bid to record low yields in North America.

Looking down the table, lower tiers of credit have begun to rebound, but less completely. Single-B credits ended the quarter at a spread to treasuries of approximately 7%, which does represent a significant improvement from over 12% at the peak of the crisis but is still several points wider than in early 2020. And the CCC and below index, which is home to the markets most distressed (and lowest priced) bonds has recovered the least. Touching 20% effective yield on March 23, the BoAML CCC Index still had a yield of approximately 15% towards the end of the period, approximately 5 points wider than where things stood in early January. The recovery in deeply discounted credits is at an earlier stage.

We remained committed to our guiding principles through this period including maintaining the shape of the fund. In order to have the ability to take advantage of opportunities as they presented themselves, as well as to keep investor confidence in the Fund, it is important to maintain the "shape" of the Fund in terms of our weighting by risk tier. The Fund remains positioned with a bias toward short duration credit and our strategy continues to favour well-covered positions with room for capital appreciation in areas such as discounted closed-end funds, currently out-of-the-money convertible notes, select rate reset preferreds and floating rate notes along with credit positions that we believe to be relatively undervalued.

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 5% 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 23% 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)	2020	2019	2018	2017	2016	2015
Net assets – beginning of period	\$12.90	\$11.09	\$12.89	\$12.77	\$11.10	\$12.01
Increase (decrease) from operations:						
Total revenue	\$0.25	0.38	0.32	0.32	0.37	0.46
Total expenses	(0.14)	(0.30)	(0.30)	(0.31)	(0.28)	(0.29)
Realized gains (losses)	(0.01)	0.39	0.31	0.77	0.11	0.45
Unrealized gains (losses)	(2.05)	1.47	(1.47)	(0.21)	1.49	(0.92)
Total increase (decrease) from operations (b)	(1.95)	1.94	(1.14)	0.57	1.69	(0.30)
Distributions:						
From income (excluding dividends)	(0.11)	(0.02)	-	-	-	(0.09)
From dividends	-	(0.08)	(0.03)	(0.04)	(0.11)	(0.10)
From capital gains	-	(0.01)	(0.61)	(0.43)	-	(0.39)
Return of capital	-	-	-	-	-	-
Total annual distributions (b), (c)	(0.11)	(0.11)	(0.64)	(0.47)	(0.11)	(0.58)
Net assets – end of period	\$10.84	\$12.90	\$11.09	\$12.89	\$12.77	\$11.10
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$5,923	\$7,665	\$8,503	\$9,828	\$8,574	\$8,791
Number of units outstanding (a)	546,530	594,180	766,481	762,169	671,653	792,073
Management expense ratio (d)	2.25%	2.25%	2.25%	2.25%	2.30%	2.35%
Management expense ratio before absorptions (e)	2.25%	2.25%	2.25%	2.25%	2.30%	2.35%
Trading expense ratio (f)	0.05%	0.10%	0.05%	0.04%	0.03%	0.01%
Portfolio turnover rate (g)	12.56%	48.55%	27.29%	32.55%	27.57%	33.48%
Net asset value per unit (a)	\$10.84	\$12.90	\$11.09	\$12.89	\$12.77	\$11.10

CLASS D						
Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016	2015
Net assets – beginning of period	\$11.00	\$9.44	\$11.14	\$10.61	\$9.24	\$10.00
Increase (decrease) from operations:						
Total revenue	\$0.22	0.32	0.29	0.26	0.26	0.20
Total expenses	(0.08)	(0.17)	(0.16)	(0.16)	(0.13)	(0.08)
Realized gains (losses)	(0.01)	0.43	0.09	0.51	0.22	(0.29)
Unrealized gains (losses)	(2.44)	1.08	(1.59)	(0.19)	0.89	(0.33)
Total increase (decrease) from operations (b)	(2.31)	1.66	(1.37)	0.42	1.24	(0.50)
Distributions:						
From income (excluding dividends)	(0.13)	(0.01)	-	-	-	(0.02)
From dividends	-	(0.14)	(0.12)	(0.05)	(0.08)	(0.03)
From capital gains	-	-	(0.65)	-	-	(0.32)
Return of capital	-	-	-	-	-	-
Total annual distributions (b), (c)	(0.13)	(0.15)	(0.77)	(0.05)	(0.08)	(0.37)
Net assets – end of period	\$9.24	\$11.00	\$9.44	\$11.14	\$10.61	\$9.24
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$15	\$22	\$36	\$20	\$13	\$5
Number of units outstanding (a)	1,601	1,974	3,771	1,776	1,193	520
Management expense ratio (d)	1.50%	1.50%	1.50%	1.50%	1.55%	1.60%
Management expense ratio before absorptions (e)	1.50%	1.50%	1.50%	1.50%	1.55%	1.60%
Trading expense ratio (f)	0.05%	0.10%	0.05%	0.04%	0.03%	0.01%
Portfolio turnover rate (g)	12.56%	48.55%	27.29%	32.55%	27.57%	33.48%
Net asset value per unit (a)	\$9.24	\$11.00	\$9.44	\$11.14	\$10.61	\$9.24

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS E						
Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016	2015
Net assets – beginning of period	\$10.74	\$10.00				
Increase (decrease) from operations:						
Total revenue	0.21	0.14				
Total expenses	(0.03)	0.05				
Realized gains (losses)	(0.04)	(0.15)				
Unrealized gains (losses)	(1.67)	1.11				
Total increase (decrease) from operations (b)	(1.53)	1.15				
Distributions:						
From income (excluding dividends)	(0.19)	(0.05)				
From dividends	-	(0.12)				
From capital gains	-	(0.02)				
Return of capital	-	-				
Total annual distributions (b), (c)	(0.19)	(0.19)				
Net assets – end of period	\$9.00	\$10.74				
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$79	\$76				
Number of units outstanding (a)	8,780	7,067				
Management expense ratio (d)	0.50%	0.50%				
Management expense ratio before absorptions (e)	0.50%	0.50%				
Trading expense ratio (f)	0.05%	0.10%				
Portfolio turnover rate (g)	12.56%	48.55%				
Net asset value per unit (a)	\$9.00	\$10.74				

CLASS F						
Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016	2015
Net assets – beginning of period	\$13.09	\$11.26	\$13.03	\$12.79	\$11.12	\$12.03
Increase (decrease) from operations:						
Total revenue	0.26	0.38	0.31	0.33	0.37	0.47
Total expenses	(0.08)	(0.18)	(0.18)	(0.19)	(0.16)	(0.17)
Realized gains (losses)	(0.01)	0.44	0.49	0.82	0.11	0.36
Unrealized gains (losses)	(1.83)	1.52	(1.41)	(0.49)	1.36	(1.01)
Total increase (decrease) from operations (b)	(1.66)	2.16	(0.79)	0.47	1.68	(0.35)
Distributions:						
From income (excluding dividends)	(0.18)	(0.03)	-	-	-	(0.14)
From dividends	-	(0.20)	(0.12)	(0.11)	(0.22)	(0.15)
From capital gains	-	-	(0.60)	(0.39)	-	(0.39)
Return of capital	-	-	-	-	-	-
Total annual distributions (b), (c)	(0.18)	(0.23)	(0.72)	(0.50)	(0.22)	(0.68)
Net assets – end of period	\$10.99	\$13.09	\$11.26	\$13.03	\$12.79	\$11.12
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$2,613	\$3,287	\$4,376	\$11,419	\$3,190	\$3,077
Number of units outstanding (a)	237,901	251,027	388,736	876,675	249,399	276,830
Management expense ratio (d)	1.25%	1.25%	1.25%	1.25%	1.30%	1.35%
Management expense ratio before absorptions (e)	1.25%	1.25%	1.25%	1.25%	1.30%	1.35%
Trading expense ratio (f)	0.05%	0.10%	0.05%	0.04%	0.03%	0.01%
Portfolio turnover rate (g)	12.56%	48.55%	27.29%	32.55%	27.57%	33.48%
Net asset value per unit (a)	\$10.99	\$13.09	\$11.26	\$13.03	\$12.79	\$11.12

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS H						
Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016	2015
Net assets – beginning of period	\$9.54	\$8.22	\$9.67	\$10.00		
Increase (decrease) from operations:						
Total revenue	0.19	0.29	0.27	0.12		
Total expenses	(0.09)	(0.19)	(0.20)	(0.11)		
Realized gains (losses)	(0.07)	0.21	0.05	0.42		
Unrealized gains (losses)	(1.76)	0.95	(2.67)	(0.30)		
Total increase (decrease) from operations (b)	(1.73)	1.26	(2.55)	0.13		
Distributions:						
From income (excluding dividends)	(0.11)	(0.01)	-	-		
From dividends	-	(0.10)	(0.17)	(0.04)		
From capital gains	-	(0.01)	(0.45)	(0.43)		
Return of capital	-	-	-	-		
Total annual distributions (b), (c)	(0.11)	(0.12)	(0.62)	(0.47)		
Net assets – end of period	\$8.00	\$9.54	\$8.22	\$9.67		
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$811	\$582	\$206	\$5		
Number of units outstanding (a)	101,438	61,011	25,026	524		
Management expense ratio (d)	1.95%	1.95%	1.95%	1.95%		
Management expense ratio before absorptions (e)	1.95%	1.95%	1.95%	1.95%		
Trading expense ratio (f)	0.05%	0.10%	0.05%	0.04%		
Portfolio turnover rate (g)	12.56%	48.55%	27.29%	32.55%		
Net asset value per unit (a)	\$8.00	\$9.54	\$8.22	\$9.67		

CLASS I						
Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016	2015
Net assets – beginning of period	\$9.67	\$8.30	\$9.68	\$10.00		
Increase (decrease) from operations:						
Total revenue	0.19	0.28	0.26	0.12		
Total expenses	(0.05)	(0.11)	(0.11)	(0.06)		
Realized gains (losses)	(0.02)	0.34	(0.02)	0.42		
Unrealized gains (losses)	(1.81)	1.13	(1.35)	(0.30)		
Total increase (decrease) from operations (b)	(1.69)	1.64	(1.22)	0.18		
Distributions:						
From income (excluding dividends)	(0.14)	(0.02)	-	-		
From dividends	-	(0.15)	(0.16)	(0.07)		
From capital gains	-	-	(0.46)	(0.43)		
Return of capital	-	-	-	-		
Total annual distributions (b), (c)	(0.14)	(0.17)	(0.62)	(0.50)		
Net assets – end of period	\$8.11	\$9.67	\$8.30	\$9.68		
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$750	\$964	\$1,317	\$5		
Number of units outstanding (a)	92,528	99,659	158,686	526		
Management expense ratio (d)	1.10%	1.10%	1.10%	1.10%		
Management expense ratio before absorptions (e)	1.10%	1.10%	1.10%	1.10%		
Trading expense ratio (f)	0.05%	0.10%	0.05%	0.04%		
Portfolio turnover rate (g)	12.56%	48.55%	27.29%	32.55%		
Net asset value per unit (a)	\$8.11	\$9.67	\$8.30	\$9.68		

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS O						
Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016	2015
Net assets – beginning of period	\$11.61	\$10.00	\$11.62	\$11.50	\$10.00	\$10.00
Increase (decrease) from operations:						
Total revenue	\$0.23	0.35	0.29	0.29	0.34	-
Total expenses	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	-
Realized gains (losses)	(0.02)	0.32	0.28	0.70	0.14	-
Unrealized gains (losses)	(1.83)	1.32	(1.34)	(0.17)	1.39	-
Total increase (decrease) from operations (b)	(1.63)	1.97	(0.78)	0.81	1.86	-
Distributions:						
From income (excluding dividends)	(0.23)	(0.04)	-	-	-	-
From dividends	-	(0.30)	(0.28)	(0.17)	(0.34)	-
From capital gains	-	(0.02)	(0.55)	(0.51)	-	-
Return of capital	-	-	-	-	-	-
Total annual distributions (b), (c)	(0.23)	(0.36)	(0.83)	(0.68)	(0.34)	-
Net assets – end of period	\$9.72	\$11.61	\$10.00	\$11.62	\$11.50	\$10.00
Ratios and Supplemental Data						
Total net asset value (\$000s) (a)	\$6	\$7	\$6	\$6	\$6	\$5
Number of units outstanding (a)	626	610	591	546	515	500
Management expense ratio (d)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Management expense ratio before absorptions (e)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Trading expense ratio (f)	0.05%	0.10%	0.05%	0.04%	0.03%	0.01%
Portfolio turnover rate (g)	12.56%	48.55%	27.29%	32.55%	27.57%	33.48%
Net asset value per unit (a)	\$9.72	\$11.61	\$10.00	\$11.62	\$11.50	\$10.00

Footnotes:

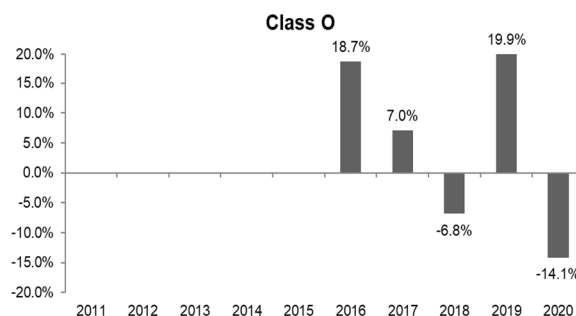
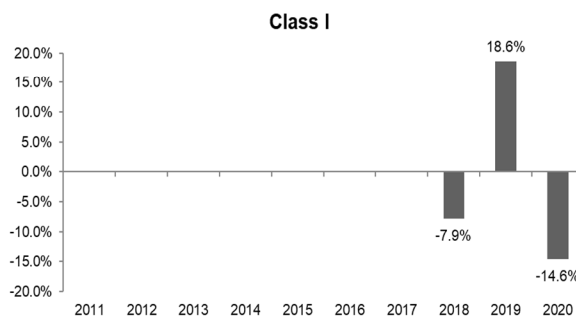
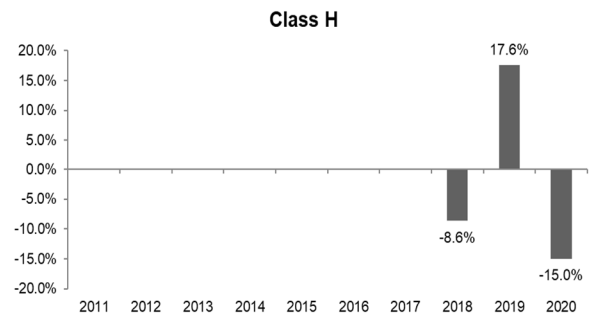
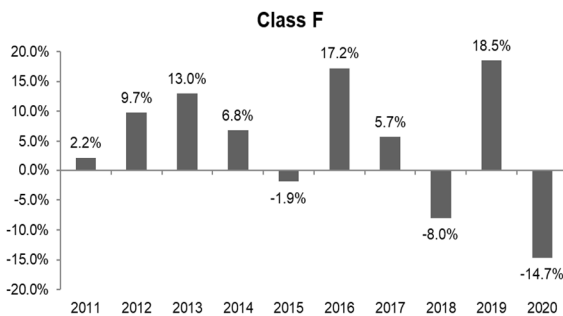
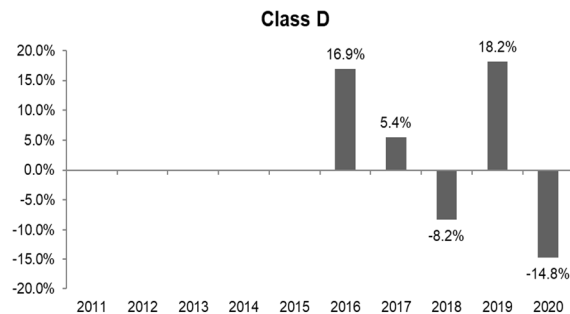
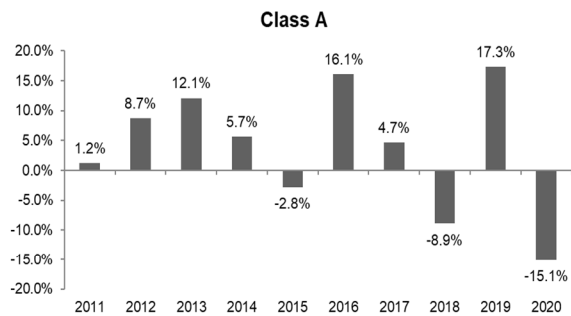
- (a) This information is derived from the Fund's unaudited semi-annual financial statements as at June 30 and audited annual financial statements as at December 31 for the period stated, prepared under International Financial Reporting Standards.
- (b) Net assets per unit and distributions per unit 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, 2020 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'	44.5
Pender Small Cap Opportunities Fund, Class 'O'	7.2
KKR & Co. Inc.	5.4
Brookfield Asset Management Inc., Class 'A'	4.2
CCL Industries Inc., Class 'B'	3.2
Starwood Property Trust, Inc.	3.0
Diversified Royalty Corp.	2.6
Starbucks Corporation	2.6
Onex Corporation	2.5
Brookfield Property Partners L.P.	2.2
Baidu, Inc., ADR	2.1
Hanesbrands Inc.	2.1
Information Services Corporation, Class 'A'	2.1
ARC Resources Ltd.	2.0
MAV Beauty Brands Inc.	2.0
Fiera Capital Corporation	1.8
Husky Energy Inc., Preferred, Series '3', 4.50%	1.8
Burford Capital Limited	1.6
Exchange Income Corporation	1.5
Dream Unlimited Corp., Class 'A'	1.2
Brookfield Office Properties Inc.	1.1
Texas Pacific Land Trust	1.1
Northrop Grumman Corp.	0.8
Corus Entertainment Inc., Class 'B'	0.7
Just Energy Group Inc., Preferred, Series 'A', 8.50%	0.3

Summary of Composition of the Portfolio

	% of Net Assets
Mutual funds	
Pender Corporate Bond Fund, Class 'O'	44.5
Pender Small Cap Opp. Fund, Class 'O'	7.2
Total mutual funds	51.7
Equities	
Diversified financials	19.5
Consumer discretionary	7.2
Real estate	5.5
Energy	4.9
Materials	3.2
Communications services	2.8
Industrials	2.3
Consumer staples	2.0
Utilities	0.3
Insurance	0.2
Total equities	47.9
Total investments	99.6
Cash	0.5
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.

PENDER

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