



Forward thinking. Finding value.

Pender Investment Ideas Lunch – Highlights and Takeaways

Pender has just held its annual Investment Ideas Lunch at which we invite some of the companies held in our funds to present to an audience of advisors and investment professionals.

The companies represented a cross section in terms of size, however they all have at their core three important attributes.

- Founder-led
- Are leaders in well defined, growing markets
- Have strong balance sheets

Syntel, Inc (NASDAQ: SYNT)

Overview

Syntel offers IT outsourcing services, including mission critical strategies, to Fortune 500 companies around the world and, in our opinion, is an ideal kind of investment. Not only does it fulfil nearly all of our criteria, we believe that it is currently selling at a significant discount to intrinsic value. It rarely trades this low. Consequently we have increased our positions making it the largest holding in the Pender US All Cap Equity Fund and one of the largest in the Pender Value Fund.

Highlights for Pender

- A high quality and fast growing business
 - Outpacing sector growth with long secular runway ahead
 - Deep industry expertise and “customer for life” relationships
 - Stellar cash-rich balance sheet and high returns on capital
- Accomplished & aligned management
 - Founder-led ~ 63% insider ownership
 - Track record of under promising & over delivering
- Attractive valuation
 - A mid-teens “Compounder” with P/E ~ 14x and EV/EBIT~ 10

Pender Investment Thesis

A long term compounder.

Volume weighted average purchase price	\$80.72 (low \$65.54; high \$92.66)
Stock price at Conference, June 5 2014	\$80.25
Portfolio Weighting**:	
Pender US All Cap Equity Fund	8.25%
Pender Value Fund	5.76%

* At 31 May 2014

QHR Technologies Inc. (TSX-V: QHR)

Overview

QHR is at the opposite end of the spectrum. Where Syntel has a market cap of \$3.8 billion, QHR is nearer \$60 million, but no less impressive a business. QHR delivers electronic solutions to the North American healthcare industry, such as medical records, which improve the standard of care provided. It was founded in 1997 and has grown through acquisition across Canada to become an industry leader in a market valued at \$350 million in Canada alone. It entered the US market in 2012.

Highlights for Pender

- Market leading position
- Market to double in 3-5 years (penetration in North America is low compared to UK and Australia)
- Predictable recurring revenue model
- High incremental net margins
- Strong balance sheet
- Logical acquirer

Pender Investment Thesis

We believe this is a cheap value stock with the potential for growth through full market adoption.

Volume weighted average purchase price	\$0.67 (low \$0.52; high \$1.30)
Stock price at Conference, June 5 2014	\$1.20
Portfolio Weighting*: Pender Small Cap Opportunities Fund	4.04%

* At 31 May 2014

Points International Ltd. (TSX: PTS; NASDAQ: PCOM)

Overview

Loyalty programs are the world's new, and largest, currency market. Points has developed a bespoke industry leading loyalty commerce platform to partner with globally recognised loyalty programs to deliver services that generate revenue through margin, fee or commission. The overall market in loyalty "currency" is \$48 billion and growing, and Points has a unique position, established partnerships and strong financials.

Highlights for Pender

- Large, visible market opportunity
- Impressive revenue growth
- Strong balance sheet
- Increasing profitability
- Significant opportunity to expand business further

Pender Investment Thesis

A value stock with a big market and a long runway.

Volume weighted average purchase price	\$22.29 (low \$21.85; high \$24.50)
Stock price at Conference, June 5 2014	\$26.00
Portfolio Weighting**: Pender Value Fund	1.03%
Pender Small Cap Opportunities Fund	1.23%

* At 31 May 2014

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. This commentary is intended for information purposes only and does not constitute an offer to buy or sell our products or services nor is it intended as investment and/or financial advice on any subject matter and is provided for your information only. Every effort has been made to ensure the accuracy of its contents.

