

Annual Financial Statements of

PENDER MUTUAL FUNDS

And Independent Auditors' Report thereon

Year ended December 31, 2020

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the **Pender Mutual Funds** (the “Funds”) are the responsibility of management. They have been prepared in accordance with International Financial Reporting Standards.

PenderFund Capital Management Ltd. (the “Manager”) has developed and maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to produce relevant, reliable and timely financial information, including the accompanying financial statements.

The Board of Directors of the Manager is responsible for reviewing and approving the financial statements and for overseeing the Manager’s performance of its financial reporting responsibilities. The Board of Directors has approved the accompanying financial statements of the Funds.

These financial statements have been audited by KPMG LLP, Chartered Professional Accountants, on behalf of the unitholders. The auditors’ report outlines the scope of their audit and their opinion on the financial statements.

David Barr
President, CEO
PenderFund Capital Management Ltd.

Gina Jones
Chief Financial Officer
PenderFund Capital Management Ltd.

DATE



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Unitholders of the Pender Mutual Funds (collectively, the "Funds")

Pender Bond Universe Fund
Pender Corporate Bond Fund
Pender Enhanced Income Fund
Pender Small Cap Opportunities Fund
Pender Small/Mid Cap Dividend Fund
Pender Strategic Growth and Income Fund
Pender Strategic Investment Fund
Pender US All Cap Equity Fund
Pender Value Fund
Pender Value Fund II

Opinion

We have audited the financial statements of the Funds, which comprise:

- the statements of financial position as at December 31, 2020 and December 31, 2019 (for the Pender Bond Universe Fund, the Pender Small/Mid Cap Dividend Fund, and the Pender Strategic Investment Fund as at December 31, 2020 only)
- the statements of comprehensive income for the years then ended (for the Pender Bond Universe Fund and the Pender Small/Mid Cap Dividend Fund for the period from January 31, 2020 to December 31, 2020 only; for the Pender Strategic Investment Fund for the period from July 10, 2020 to December 31, 2020 only)
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended (for the Pender Bond Universe Fund and the Pender Small/Mid Cap Dividend Fund for the period from January 31, 2020 to December 31, 2020 only; for the Pender Strategic Investment Fund for the period from July 10, 2020 to December 31, 2020 only)
- the statements of cash flows for the years then ended (for the Pender Bond Universe Fund and the Pender Small/Mid Cap Dividend Fund for the period from January 31, 2020 to December 31, 2020 only; for the Pender Strategic Investment Fund for the period from July 10, 2020 to December 31, 2020 only)
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").



In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2020 and December 31, 2019 (for the Pender Bond Universe Fund, the Pender Small/Mid Cap Dividend Fund, and the Pender Strategic Investment Fund as at December 31, 2020 only), and their financial performance and their cash flows for the years/period then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

We are independent of the Funds in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in the Annual Management Report of Fund Performance for each of the Funds filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in the Annual Management Report of Fund Performance for each of the Funds filed with the relevant Canadian Securities Commissions as at the date of this auditors’ report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors’ report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Funds' ability to continue as going concerns, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Funds' financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Funds to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
March 29, 2021

PENDER BOND UNIVERSE FUND

Statement of Financial Position

December 31, 2020

	Notes	2020
Assets		
Cash		\$ 240,805
Interest receivable		51,629
Other receivable		23
Investments		10,737,915
		<u>11,030,372</u>
Liabilities		
		<u>-</u>
Net assets , attributable to holders of redeemable units		<u>\$ 11,030,372</u>
Net assets attributable to holders of redeemable units per class:		
Class A		\$ 1,277,629
Class D		5,326
Class E		279,613
Class F		3,557,953
Class H		3,756,763
Class I		1,278,496
Class N		5,326
Class O		869,266
		<u>\$ 11,030,372</u>
Net assets attributable to holders of redeemable units per unit:		
Class A		\$ 10.37
Class D		10.37
Class E		10.37
Class F		10.37
Class H		10.37
Class I		10.37
Class N		10.37
Class O		10.37

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Manager, PenderFund Capital Management Ltd.:

_____ Director

_____ Director

PENDER BOND UNIVERSE FUND

Statement of Comprehensive Income

For the period from January 31, 2020 to December 31, 2020

	Notes	2020
Revenue:		
Interest for distribution purposes		\$ 157,768
Distributions from underlying funds		135,297
Securities lending income	5	219
Changes in fair value of investments and derivatives:		
Net realized gain (loss)		(3,467)
Net change in unrealized appreciation (depreciation)		562,714
Total revenue		852,531
Expenses:		
Management fees	4	54,807
Administration fees	4	44,433
Transaction costs		1,707
Independent review committee fees		279
Total expenses		101,226
Less Fees waived and expenses absorbed by the Manager	4	(101,184)
Net expenses		42
Increase (decrease) in net assets attributable to holders of redeemable units		\$ 852,489
Increase (decrease) in net assets attributable to holders of redeemable units per class:		
Class A		\$ 319,731
Class D		326
Class E		16,762
Class F		307,123
Class H		100,429
Class I		43,525
Class N		326
Class O		64,267
		\$ 852,489
Increase (decrease) in net assets attributable to holders of redeemable units per unit:		
Class A		\$ 1.02
Class D		0.64
Class E		0.68
Class F		0.62
Class H		1.11
Class I		1.08
Class N		0.64
Class O		1.11

The accompanying notes are an integral part of these financial statements.

PENDER BOND UNIVERSE FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

For the period from January 31, 2020 to December 31, 2020

Class A	2020
Balance, beginning of period	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	319,731
Unit transactions:	
Proceeds from issue of redeemable units	4,755,579
Issued on reinvestment of distributions	81,645
Amounts paid on redemption of redeemable units	(3,790,818)
	1,046,406
Distributions paid from:	
Net investment income	(88,508)
Realized gains on sale of investments	-
Return of capital	-
	(88,508)
Balance, end of period	\$ 1,277,629
Class D	2020
Balance, beginning of period	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	326
Unit transactions:	
Proceeds from issue of redeemable units	5,000
Issued on reinvestment of distributions	135
Amounts paid on redemption of redeemable units	-
	5,135
Distributions paid from:	
Net investment income	(135)
Realized gains on sale of investments	-
Return of capital	-
	(135)
Balance, end of period	\$ 5,326
Class E	2020
Balance, beginning of period	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	16,762
Unit transactions:	
Proceeds from issue of redeemable units	262,851
Issued on reinvestment of distributions	6,697
Amounts paid on redemption of redeemable units	-
	269,548
Distributions paid from:	
Net investment income	(6,697)
Realized gains on sale of investments	-
Return of capital	-
	(6,697)
Balance, end of period	\$ 279,613

The accompanying notes are an integral part of these financial statements.

PENDER BOND UNIVERSE FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

For the period from January 31, 2020 to December 31, 2020

Class F	2020
Balance, beginning of period	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	307,123
Unit transactions:	
Proceeds from issue of redeemable units	7,520,182
Issued on reinvestment of distributions	8,994
Amounts paid on redemption of redeemable units	<u>(4,143,666)</u>
	3,385,510
Distributions paid from:	
Net investment income	(134,680)
Realized gains on sale of investments	-
Return of capital	<u>-</u>
	(134,680)
Balance, end of period	\$ 3,557,953
Class H	2020
Balance, beginning of period	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	100,429
Unit transactions:	
Proceeds from issue of redeemable units	3,656,334
Issued on reinvestment of distributions	26,137
Amounts paid on redemption of redeemable units	<u>-</u>
	3,682,471
Distributions paid from:	
Net investment income	(26,137)
Realized gains on sale of investments	-
Return of capital	<u>-</u>
	(26,137)
Balance, end of period	\$ 3,756,763
Class I	2020
Balance, beginning of period	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	43,525
Unit transactions:	
Proceeds from issue of redeemable units	2,076,105
Issued on reinvestment of distributions	11,741
Amounts paid on redemption of redeemable units	<u>(841,134)</u>
	1,246,712
Distributions paid from:	
Net investment income	(11,741)
Realized gains on sale of investments	-
Return of capital	<u>-</u>
	(11,741)
Balance, end of period	\$ 1,278,496

The accompanying notes are an integral part of these financial statements.

PENDER BOND UNIVERSE FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

For the period from January 31, 2020 to December 31, 2020

Class N		2020
Balance, beginning of period	\$	-
Increase (decrease) in net assets attributable to holders of redeemable units		326
Unit transactions:		
Proceeds from issue of redeemable units		5,000
Issued on reinvestment of distributions		135
Amounts paid on redemption of redeemable units		-
		<u>5,135</u>
Distributions paid from:		
Net investment income		(135)
Realized gains on sale of investments		-
Return of capital		-
		<u>(135)</u>
Balance, end of period	\$	<u>5,326</u>
Class O		2020
Balance, beginning of period	\$	-
Increase (decrease) in net assets attributable to holders of redeemable units		64,267
Unit transactions:		
Proceeds from issue of redeemable units		804,999
Issued on reinvestment of distributions		16,486
Amounts paid on redemption of redeemable units		-
		<u>821,485</u>
Distributions paid from:		
Net investment income		(16,486)
Realized gains on sale of investments		-
Return of capital		-
		<u>(16,486)</u>
Balance, end of period	\$	<u>869,266</u>

The accompanying notes are an integral part of these financial statements.

PENDER BOND UNIVERSE FUND

Statement of Cash Flows

For the period from January 31, 2020 to December 31, 2020

	2020
Cash provided by (used in):	
Operating:	
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 852,489
Adjustments for:	
Distributions from underlying funds	(135,297)
Interest for distribution purposes	(157,768)
Net realized (gain) loss on sale of investments	3,467
Net change in unrealized (appreciation) depreciation of investments	(562,714)
	177
Proceeds on disposal of investments	8,571,525
Amounts paid on purchase of investments	(18,750,193)
Distributions received from underlying funds	135,297
Interest received	106,116
	(9,937,078)
Financing:	
Proceeds from issue of redeemable units	14,555,127
Amounts paid on redemption of redeemable units	(4,244,695)
Distributions paid to unitholders	(132,549)
	10,177,883
Net increase (decrease) in cash	240,805
Cash, beginning of period	-
Effect of exchange rate fluctuations on cash	-
Cash, end of period	\$ 240,805

The accompanying notes are an integral part of these financial statements.

PENDER BOND UNIVERSE FUND

Schedule of Investment Portfolio

December 31, 2020

	Units	Cost	Fair value
Mutual funds (31.7%):			
Pender Corporate Bond Fund, Class 'O'	313,023	\$ 3,111,436	\$ 3,498,122
		\$ 3,111,436	\$ 3,498,122

	Interest rate	Maturity date	Issue currency	Face value	Cost	Fair value
Corporate bonds:						
Canada (26.3%):						
Bell Canada, Inc.	7.00%	2027/09/24	CAD	\$ 400,000	\$ 540,048	\$ 529,247
Cameco Corporation	2.95%	2027/10/21	CAD	400,000	399,616	412,087
Canadian National Railway Company	2.75%	2021/02/18	CAD	456,316	460,865	457,097
Canadian Pacific Railway Company	5.10%	2022/01/14	CAD	436,816	462,034	456,471
Choice Properties Real Estate Investment Trust	2.98%	2030/03/04	CAD	455,000	435,226	484,871
Royal Bank of Canada	0.62%	2022/06/27	CAD	555,000	548,717	556,351
					2,846,506	2,896,124
United States (29.3%):						
Apple Inc.	2.51%	2024/08/19	CAD	445,316	457,879	473,139
McDonald's Corporation	3.13%	2025/03/04	CAD	440,816	466,275	478,195
PepsiCo, Inc.	2.15%	2024/05/06	CAD	453,316	459,979	474,171
The Goldman Sachs Group, Inc.	3.31%	2025/10/31	CAD	538,000	560,546	582,191
United Parcel Service, Inc.	2.13%	2024/05/21	CAD	363,816	366,409	379,315
Wells Fargo & Company	3.87%	2025/05/21	CAD	533,000	558,476	585,925
Wells Fargo & Company	2.57%	2026/05/01	CAD	250,000	259,423	263,705
					3,128,987	3,236,641
Total corporate bonds (55.6%)					\$ 5,975,493	\$ 6,132,765

Government bonds (10.0%):						
Government of Canada	2.75%	2022/06/01	CAD	255,758	267,720	265,106
Government of Canada	1.00%	2022/09/01	CAD	266,017	268,826	269,710
Province of Quebec	1.90%	2030/09/01	CAD	541,000	551,749	572,212
					1,088,295	1,107,028

Less: Transaction costs included in cost of investments (23)

Total investments (97.3%)					\$ 10,175,201	\$ 10,737,915
Cash (2.2%)						\$ 240,805
Other assets less liabilities (0.5%)						51,652
Total net assets attributable to holders of redeemable units (100.0%)						\$ 11,030,372

The accompanying notes are an integral part of these financial statements.

PENDER CORPORATE BOND FUND

Statements of Financial Position

December 31, 2020 and 2019

	Notes	2020	2019
Assets			
Cash		\$ 29,112,949	\$ 58,800,245
Derivative assets		27,010,808	10,378,740
Interest receivable		7,753,371	10,034,320
Receivable for investments sold		3,207,779	-
Subscriptions receivable		2,017,074	1,422,142
Dividends receivable		278,944	328,715
Investments		948,173,561	998,176,119
		1,017,554,486	1,079,140,281
Liabilities			
Payable for investments purchased		17,640,924	10,551,234
Redemptions payable to holders of redeemable units		1,422,171	837,819
Management and administration fees payable	4	964,724	1,050,899
Accrued expenses		1,855	2,037
Distributions payable to holders of redeemable units		1,186	941
		20,030,860	12,442,930
Net assets , attributable to holders of redeemable units		\$ 997,523,626	\$ 1,066,697,351
Net assets attributable to holders of redeemable units per class:			
Class A		\$ 92,199,475	\$ 115,962,256
Class A (USD)		2,532,696	6,017,604
Class D		2,875,571	3,905,778
Class E		3,291,724	3,912,007
Class F		342,632,816	406,674,118
Class F (USD)		11,381,549	20,175,025
Class H		65,160,966	62,459,296
Class H (USD)		6,636,270	2,680,238
Class I		411,639,551	381,227,620
Class I (USD)		23,198,716	15,621,102
Class N		3,474,945	17,211,198
Class N (USD)		2,713,346	3,647,577
Class O		29,746,446	27,197,679
Class U		39,555	5,853
		\$ 997,523,626	\$ 1,066,697,351
Net assets attributable to holders of redeemable units per unit:			
Class A		\$ 12.87	\$ 12.49
Class A (USD)		14.10	13.66
Class D		11.82	11.45
Class E		10.35	10.07
Class F		12.86	12.50
Class F (USD)		13.96	13.52
Class H		11.33	11.01
Class H (USD)		13.42	13.02
Class I		11.05	10.74
Class I (USD)		13.45	13.04
Class N		10.33	10.01
Class N (USD)		13.41	13.00
Class O		11.18	10.87
Class U		10.21	9.95

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Manager, PenderFund Capital Management Ltd.:

Director

Director

PENDER CORPORATE BOND FUND

Statements of Comprehensive Income

Years ended December 31, 2020 and 2019

	Notes	2020	2019
Revenue:			
Dividend income		\$ 6,705,074	\$ 4,449,883
Interest for distribution purposes		42,802,114	35,905,155
Foreign exchange gain (loss)		569,917	(661,794)
Changes in fair value of investments and derivatives:			
Net realized gain (loss)		(10,714,815)	6,982,306
Net change in unrealized appreciation (depreciation)		28,318,159	3,939,152
Total revenue		67,680,449	50,614,702
Expenses:			
Management fees	4	6,574,965	6,074,081
Administration fees	4	4,736,019	4,183,845
Transaction costs		254,872	203,232
Withholding taxes (recovery)	6	159,044	155,390
Independent review committee fees		25,258	24,135
Total expenses		11,750,158	10,640,683
Less: expenses absorbed by the Manager		(25,258)	(24,135)
Net expenses		11,724,900	10,616,548
Increase (decrease) in net assets attributable to holders of redeemable units		\$ 55,955,549	\$ 39,998,154
Increase (decrease) in net assets attributable to holders of redeemable units per class:			
Class A		\$ 4,253,154	\$ 4,277,570
Class A (USD)		233,323	51,184
Class D		(7,812)	147,128
Class E		234,912	49,993
Class F		19,472,386	17,684,750
Class F (USD)		935,850	317,882
Class H		2,725,335	2,391,032
Class H (USD)		306,902	(6,387)
Class I		24,606,589	14,075,476
Class I (USD)		1,626,592	86,187
Class N		(972,469)	239,273
Class N (USD)		196,974	28,693
Class O		2,341,318	655,357
Class U		2,495	16
		\$ 55,955,549	\$ 39,998,154
Increase (decrease) in net assets attributable to holders of redeemable units per unit:			
Class A		\$ 0.53	\$ 0.53
Class A (USD)		1.04	0.10
Class D		(0.02)	0.53
Class E		0.66	0.18
Class F		0.69	0.63
Class F (USD)		0.92	0.17
Class H		0.49	0.49
Class H (USD)		0.70	(0.19)
Class I		0.64	0.53
Class I (USD)		0.96	0.11
Class N		(1.05)	0.19
Class N (USD)		0.78	0.12
Class O		0.84	0.75
Class U		0.91	0.03

The accompanying notes are an integral part of these financial statements.

PENDER CORPORATE BOND FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

Years ended December 31, 2020 and 2019

Class A	2020	2019
Balance, beginning of year	\$ 115,962,256	\$ 76,888,286
Increase (decrease) in net assets attributable to holders of redeemable units	4,253,154	4,277,570
Unit transactions:		
Proceeds from issue of redeemable units	19,905,190	65,446,591
Issued on reinvestment of distributions	2,220,630	1,976,820
Amounts paid on redemption of redeemable units	(47,204,172)	(30,010,252)
	(25,078,352)	37,413,159
Distributions paid from:		
Net investment income	(2,937,583)	(2,616,759)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(2,937,583)	(2,616,759)
Balance, end of year	\$ 92,199,475	\$ 115,962,256
Class A (USD)	2020	2019
Balance, beginning of year	\$ 6,017,604	\$ 6,177,479
Increase (decrease) in net assets attributable to holders of redeemable units	233,323	51,184
Unit transactions:		
Proceeds from issue of redeemable units	1,785,372	3,141,164
Issued on reinvestment of distributions	67,130	134,681
Amounts paid on redemption of redeemable units	(5,478,639)	(3,309,712)
	(3,626,137)	(33,867)
Distributions paid from:		
Net investment income	(92,094)	(177,192)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(92,094)	(177,192)
Balance, end of year	\$ 2,532,696	\$ 6,017,604
Class D	2020	2019
Balance, beginning of year	\$ 3,905,778	\$ 1,725,989
Increase (decrease) in net assets attributable to holders of redeemable units	(7,812)	147,128
Unit transactions:		
Proceeds from issue of redeemable units	1,961,051	3,814,061
Issued on reinvestment of distributions	95,917	92,138
Amounts paid on redemption of redeemable units	(2,973,166)	(1,770,155)
	(916,198)	2,136,044
Distributions paid from:		
Net investment income	(106,197)	(103,383)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(106,197)	(103,383)
Balance, end of year	\$ 2,875,571	\$ 3,905,778

The accompanying notes are an integral part of these financial statements.

PENDER CORPORATE BOND FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

Years ended December 31, 2020 and 2019

Class E	2020	2019
Balance, beginning of year	\$ 3,912,007	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	234,912	49,993
Unit transactions:		
Proceeds from issue of redeemable units	86,184	4,012,202
Issued on reinvestment of distributions	157,967	35,772
Amounts paid on redemption of redeemable units	(941,376)	(150,187)
	(697,225)	3,897,787
Distributions paid from:		
Net investment income	(157,970)	(35,773)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(157,970)	(35,773)
Balance, end of year	\$ 3,291,724	\$ 3,912,007
Class F	2020	2019
Balance, beginning of year	\$ 406,674,118	\$ 246,708,554
Increase (decrease) in net assets attributable to holders of redeemable units	19,472,386	17,684,750
Unit transactions:		
Proceeds from issue of redeemable units	112,657,451	272,357,093
Issued on reinvestment of distributions	7,490,164	7,050,009
Amounts paid on redemption of redeemable units	(190,387,345)	(125,233,369)
	(70,239,730)	154,173,733
Distributions paid from:		
Net investment income	(13,273,958)	(11,892,919)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(13,273,958)	(11,892,919)
Balance, end of year	\$ 342,632,816	\$ 406,674,118
Class F (USD)	2020	2019
Balance, beginning of year	\$ 20,175,025	\$ 24,368,234
Increase (decrease) in net assets attributable to holders of redeemable units	935,850	317,882
Unit transactions:		
Proceeds from issue of redeemable units	6,198,391	19,516,805
Issued on reinvestment of distributions	309,295	470,921
Amounts paid on redemption of redeemable units	(15,699,481)	(23,627,547)
	(9,191,795)	(3,639,821)
Distributions paid from:		
Net investment income	(537,531)	(871,270)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(537,531)	(871,270)
Balance, end of year	\$ 11,381,549	\$ 20,175,025

The accompanying notes are an integral part of these financial statements.

PENDER CORPORATE BOND FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

Years ended December 31, 2020 and 2019

Class H	2020	2019
Balance, beginning of year	\$ 62,459,296	\$ 38,560,155
Increase (decrease) in net assets attributable to holders of redeemable units	2,725,335	2,391,032
Unit transactions:		
Proceeds from issue of redeemable units	23,933,283	33,199,991
Issued on reinvestment of distributions	1,638,825	1,234,462
Amounts paid on redemption of redeemable units	(23,594,714)	(11,393,646)
	1,977,394	23,040,807
Distributions paid from:		
Net investment income	(2,001,059)	(1,532,698)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(2,001,059)	(1,532,698)
Balance, end of year	\$ 65,160,966	\$ 62,459,296

Class H (USD)	2020	2019
Balance, beginning of year	\$ 2,680,238	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	306,902	(6,387)
Unit transactions:		
Proceeds from issue of redeemable units	5,136,649	2,686,625
Issued on reinvestment of distributions	186,671	5,531
Amounts paid on redemption of redeemable units	(1,475,356)	-
	3,847,964	2,692,156
Distributions paid from:		
Net investment income	(198,834)	(5,531)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(198,834)	(5,531)
Balance, end of year	\$ 6,636,270	\$ 2,680,238

Class I	2020	2019
Balance, beginning of year	\$ 381,227,620	\$ 140,680,255
Increase (decrease) in net assets attributable to holders of redeemable units	24,606,589	14,075,476
Unit transactions:		
Proceeds from issue of redeemable units	208,404,783	300,846,078
Issued on reinvestment of distributions	9,085,222	5,186,366
Amounts paid on redemption of redeemable units	(195,770,472)	(69,392,947)
	21,719,533	236,639,497
Distributions paid from:		
Net investment income	(15,914,191)	(10,167,608)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(15,914,191)	(10,167,608)
Balance, end of year	\$ 411,639,551	\$ 381,227,620

The accompanying notes are an integral part of these financial statements.

PENDER CORPORATE BOND FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

Years ended December 31, 2020 and 2019

Class I (USD)	2020	2019
Balance, beginning of year	\$ 15,621,102	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	1,626,592	86,187
Unit transactions:		
Proceeds from issue of redeemable units	18,585,358	15,953,301
Issued on reinvestment of distributions	455,957	36,106
Amounts paid on redemption of redeemable units	(12,207,601)	(255,775)
	6,833,714	15,733,632
Distributions paid from:		
Net investment income	(882,692)	(198,717)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(882,692)	(198,717)
Balance, end of year	\$ 23,198,716	\$ 15,621,102

Class N	2020	2019
Balance, beginning of year	\$ 17,211,198	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	(972,469)	239,273
Unit transactions:		
Proceeds from issue of redeemable units	3,657,524	18,043,370
Issued on reinvestment of distributions	36,903	43,486
Amounts paid on redemption of redeemable units	(16,081,062)	(865,165)
	(12,386,635)	17,221,691
Distributions paid from:		
Net investment income	(377,149)	(249,766)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(377,149)	(249,766)
Balance, end of year	\$ 3,474,945	\$ 17,211,198

Class N (USD)	2020	2019
Balance, beginning of year	\$ 3,647,577	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	196,974	28,693
Unit transactions:		
Proceeds from issue of redeemable units	202,259	3,685,316
Issued on reinvestment of distributions	76	1,372
Amounts paid on redemption of redeemable units	(1,192,290)	(7,975)
	(989,955)	3,678,713
Distributions paid from:		
Net investment income	(141,250)	(59,829)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(141,250)	(59,829)
Balance, end of year	\$ 2,713,346	\$ 3,647,577

The accompanying notes are an integral part of these financial statements.

PENDER CORPORATE BOND FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

Years ended December 31, 2020 and 2019

Class O	2020	2019
Balance, beginning of year	\$ 27,197,679	\$ 8,387,206
Increase (decrease) in net assets attributable to holders of redeemable units	2,341,318	655,357
Unit transactions:		
Proceeds from issue of redeemable units	7,303,411	19,492,858
Issued on reinvestment of distributions	1,454,974	407,865
Amounts paid on redemption of redeemable units	(7,095,962)	(1,337,742)
	1,662,423	18,562,981
Distributions paid from:		
Net investment income	(1,454,974)	(407,865)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(1,454,974)	(407,865)
Balance, end of year	\$ 29,746,446	\$ 27,197,679
Class U	2020	2019
Balance, beginning of year	\$ 5,853	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	2,495	16
Unit transactions:		
Proceeds from issue of redeemable units	31,207	5,837
Issued on reinvestment of distributions	1,022	95
Amounts paid on redemption of redeemable units	-	-
	32,229	5,932
Distributions paid from:		
Net investment income	(1,022)	(95)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(1,022)	(95)
Balance, end of year	\$ 39,555	\$ 5,853

The accompanying notes are an integral part of these financial statements.

PENDER CORPORATE BOND FUND

Statements of Cash Flows

Years ended December 31, 2020 and 2019

	2020	2019
Cash provided by (used in):		
Operating:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 55,955,549	\$ 39,998,154
Adjustments for:		
Dividend income	(6,705,074)	(4,449,883)
Interest for distribution purposes	(42,802,114)	(35,905,155)
Foreign exchange (gain) loss	(569,917)	661,794
Net realized (gain) loss on sale of investments	(9,562,071)	(10,007,551)
Net change in unrealized (appreciation) depreciation of investments	(11,686,091)	16,705,733
Derivative assets and liabilities	(16,632,068)	(20,644,885)
Management and administration fees payable	(86,175)	492,451
Accrued expenses	(182)	(1,334)
	(32,088,143)	(13,150,676)
Proceeds on disposal of investments	1,051,437,688	501,511,976
Amounts paid on purchase of investments	(976,305,057)	(957,766,456)
Dividends received	6,754,845	4,286,761
Interest received	45,083,063	31,567,171
	94,882,396	(433,551,224)
Financing:		
Proceeds from issue of redeemable units	309,508,357	661,966,128
Amounts paid on redemption of redeemable units	(419,772,460)	(167,262,602)
Distributions paid to unitholders	(14,875,506)	(11,655,696)
	(125,139,609)	483,047,830
Net increase (decrease) in cash	(30,257,213)	49,496,606
Cash, beginning of year	58,800,245	9,965,433
Effect of exchange rate fluctuations on cash	569,917	(661,794)
Cash, end of year	\$ 29,112,949	\$ 58,800,245

The accompanying notes are an integral part of these financial statements.

PENDER CORPORATE BOND FUND

Schedule of Investment Portfolio

December 31, 2020

	Interest rate	Maturity date	Issue currency	Face value	Cost	Fair value
Corporate bonds and loans:						
Canada (23.8%):						
1011778 B.C. ULC / New Red Finance Inc.	4.25%	2024/05/15	USD	\$ 4,106,000	\$ 5,512,560	\$ 5,349,194
Air Canada 2013-1 Pass Through Trusts A	4.13%	2026/11/15	USD	1,998,419	2,410,948	2,458,556
Air Canada 2015-1 Pass Through Trusts A	3.60%	2028/09/15	USD	710,471	857,551	892,008
Air Canada 2015-2 Pass Through Trusts A	4.13%	2029/06/15	USD	3,758,409	4,376,280	4,493,460
Air Canada 2015-1 Pass Through Trusts B	3.88%	2024/09/15	USD	2,184,536	2,488,733	2,712,230
Bell Canada, Inc.	2.90%	2026/08/12	CAD	5,000,000	5,377,500	5,423,382
Bell Canada, Inc.	7.00%	2027/09/24	CAD	600,000	810,072	793,870
Bell Canada, Inc.	3.60%	2027/09/29	CAD	5,000,000	5,652,000	5,658,396
Cameco Corporation	2.95%	2027/10/21	CAD	14,972,000	15,032,694	15,424,400
Canadian National Railway Company	2.75%	2021/02/18	CAD	7,443,684	7,508,710	7,456,420
Canadian National Railway Company	5.10%	2022/01/14	CAD	6,813,184	7,423,835	7,119,748
Choice Properties REIT	3.53%	2029/06/11	CAD	5,800,000	6,240,580	6,447,327
Choice Properties REIT	2.98%	2030/03/04	CAD	1,545,000	1,530,314	1,646,430
Chemtrade Logistics Income Fund	5.00%	2023/08/31	CAD	884,000	780,985	786,230
Chemtrade Logistics Income Fund	4.75%	2024/05/31	CAD	2,200,000	1,758,775	1,750,650
Chemtrade Logistics Income Fund	8.50%	2025/09/30	CAD	3,659,000	3,508,659	3,625,154
Chemtrade Logistics Income Fund	6.50%	2026/10/31	CAD	2,141,000	1,639,144	1,597,507
Crown Capital Partners Inc.	6.00%	2023/06/30	CAD	1,595,000	1,595,000	1,356,548
Enbridge Inc.	5.50%	2077/07/15	USD	750,000	1,016,956	985,315
Fairfax Financial Holdings Limited	4.95%	2025/03/03	CAD	600,000	667,283	669,426
First Majestic Silver Corp.	1.88%	2023/03/01	USD	9,500,000	15,001,287	18,231,938
First Quantum Minerals Ltd.	6.50%	2024/03/01	USD	5,000,000	6,621,860	6,571,346
First Quantum Minerals Ltd.	6.88%	2026/03/01	USD	4,000,000	4,824,195	5,339,816
Hudbay Minerals Inc.	7.63%	2025/01/15	USD	5,000,000	6,772,889	6,611,824
Loblaw Companies Limited	2.28%	2030/05/07	CAD	10,000,000	10,187,150	10,363,115
MEG Energy Corp.	6.50%	2025/01/15	USD	2,080,000	2,800,150	2,728,464
Methanex Corporation	5.65%	2044/12/01	USD	5,000,000	4,882,125	6,873,755
Mullen Group Ltd.	5.75%	2026/11/30	CAD	3,701,000	3,779,646	3,960,070
Norbord Inc.	6.25%	2023/04/15	USD	4,247,000	5,725,290	5,872,274
Open Text Corporation	5.88%	2026/06/01	USD	19,210,000	26,924,696	25,490,292
Open Text Corporation	3.88%	2028/02/15	USD	4,124,000	5,491,868	5,459,522
Osisko Gold Royalties Ltd.	4.00%	2022/12/31	CAD	19,391,000	19,442,605	20,627,176
Quebecor Media Inc.	6.63%	2023/01/15	CAD	991,000	1,063,472	1,078,126
Royal Bank of Canada	0.62%	2022/06/27	CAD	445,000	441,378	446,084
SNC-Lavalin Group Inc.	3.80%	2024/08/19	CAD	2,000,000	2,027,500	2,044,583
SSR Mining Inc.	2.50%	2039/04/01	USD	4,250,000	7,401,408	7,523,038
Surge Energy Inc.	5.75%	2022/12/31	CAD	10,762,000	9,111,945	6,726,250
Surge Energy Inc.	6.75%	2024/06/30	CAD	5,924,000	5,085,287	3,618,083
Taseko Mines Limited	8.75%	2022/06/15	USD	5,472,000	6,596,544	7,076,858
Trulieve Cannabis Corp.	9.75%	2024/06/18	USD	7,800,000	10,613,160	10,509,941
Videotron Ltd.	5.63%	2025/06/15	CAD	2,000,000	2,152,500	2,242,506
Videotron Ltd.	4.50%	2030/01/15	CAD	1,000,000	1,040,000	1,087,208
					234,175,534	237,128,520
United States (51.6%)						
Accelerate Diagnostics, Inc.	2.50%	2023/03/15	USD	10,560,000	10,146,884	7,777,135
Apple Inc.	2.51%	2024/08/19	CAD	4,454,684	4,502,973	4,733,013
Avaya Holdings Corp.	2.25%	2023/06/15	USD	3,700,000	4,380,799	4,929,500
Avaya Inc.	4.41%	2024/12/15	USD	492,903	635,258	631,949
Carvana Co.	5.63%	2025/10/01	USD	4,000,000	5,233,897	5,231,619
CDW LLC / CDW Finance Corporation	5.50%	2024/12/01	USD	1,500,000	2,115,204	2,138,214
Century Communities, Inc.	5.88%	2025/07/15	USD	500,000	689,187	664,228
Chesapeake Energy Corporation	9.00%	2022/12/31	USD	15,000,000	7,987,847	16,261,266
CHS / Community Health Systems, Inc.	8.00%	2026/03/15	USD	2,000,000	2,751,570	2,745,645
CHS / Community Health Systems, Inc.	8.00%	2027/12/15	USD	4,000,000	5,467,108	5,537,115

The accompanying notes are an integral part of these financial statements.

PENDER CORPORATE BOND FUND

Schedule of Investment Portfolio (continued)

December 31, 2020

	Interest rate	Maturity date	Issue currency	Face value	Cost	Fair value
Corporate bonds and loans (continued):						
United States (51.6%) (continued):						
Columbia Care Inc.	13.00%	2023/05/14	USD	\$ 7,000,000	\$ 9,317,422	\$ 9,095,902
Coty Inc.	6.50%	2026/04/15	USD	9,500,000	10,373,828	11,777,176
Curaleaf Holdings, Inc.	13.00%	2024/01/10	USD	10,000,000	14,005,462	13,556,385
Ferrellgas, L.P. / Ferrellgas Finance Corp.	10.00%	2025/04/15	USD	3,000,000	4,412,590	4,226,423
FireEye, Inc.	0.88%	2024/06/01	USD	9,000,000	11,608,246	13,974,398
Fluor Corporation	3.50%	2024/12/15	USD	13,344,000	14,788,572	16,817,760
Fluor Corporation	4.25%	2028/09/15	USD	600,000	681,084	763,763
Forestar Group Inc.	8.00%	2024/04/15	USD	7,425,000	10,720,865	9,981,925
Frontdoor, Inc.	6.75%	2026/08/15	USD	7,410,000	10,706,839	10,080,652
Frontier Communications Corporation	5.88%	2027/10/15	USD	3,000,000	3,993,000	4,136,129
Goldman Sachs Capital II	4.00%	2049/12/31	USD	5,000,000	5,959,583	6,269,033
Granite Construction Incorporated	2.75%	2024/11/01	USD	10,300,000	11,295,567	14,239,220
GTT Communications, Inc.	7.88%	2024/12/31	USD	477,000	246,710	245,146
GTT Communications, Inc.	4.45%	2025/05/31	USD	10,000,000	10,071,821	10,071,821
High Street Capital Partners LLC	15.00%	2024/10/30	USD	10,000,000	12,747,740	12,729,000
Infinera Corporation	2.13%	2024/09/01	USD	3,634,000	3,682,678	5,746,485
Infinera Corporation	2.50%	2027/03/01	USD	2,500,000	3,339,369	4,909,719
Intercept Pharmaceuticals, Inc.	3.25%	2023/07/01	USD	9,605,000	10,021,273	9,486,426
Intercept Pharmaceuticals, Inc.	2.00%	2026/05/15	USD	5,000,000	5,117,397	3,821,177
JPMorgan Chase & Co.	3.68%	2049/12/31	USD	3,000,000	3,673,792	3,819,552
JPMorgan Chase & Co.	4.01%	2049/12/31	USD	5,000,000	6,412,023	6,344,929
JPMorgan Chase & Co.	4.60%	2049/12/31	USD	3,000,000	3,710,766	3,947,581
LGI Homes, Inc.	6.88%	2026/07/15	USD	11,918,000	15,058,087	15,966,869
Louisiana-Pacific Corporation	4.88%	2024/09/15	USD	2,305,000	2,992,845	3,012,887
Macy's, Inc.	8.38%	2025/06/15	USD	8,000,000	11,068,076	11,323,107
McDonald's Corporation	3.13%	2025/03/04	CAD	14,559,184	14,437,760	15,793,730
MicroStrategy Incorporated	0.75%	2025/12/15	USD	1,000,000	1,640,450	1,648,376
Morgan Stanley	3.85%	2049/12/31	USD	10,500,000	12,852,518	13,269,582
MSCI Inc.	4.75%	2026/08/01	USD	6,000,000	8,263,676	7,981,007
Nuance Communications, Inc.	5.63%	2026/12/15	USD	4,923,000	6,746,989	6,642,445
Palo Alto Networks, Inc.	0.38%	2025/06/01	USD	1,850,000	2,619,229	3,112,732
Par Petroleum, LLC	7.75%	2025/12/15	USD	4,500,000	6,085,762	5,519,807
Par Petroleum, LLC	6.98%	2025/12/17	USD	7,684,211	10,197,247	9,341,076
Par Petroleum, LLC	12.88%	2026/01/15	USD	500,000	670,703	687,207
Paratek Pharmaceuticals, Inc.	4.75%	2024/05/01	USD	20,060,000	19,837,399	22,228,873
PepsiCo, Inc.	2.15%	2024/05/06	CAD	8,546,684	8,217,946	8,939,874
Rackspace Hosting, Inc.	5.38%	2028/12/01	USD	5,000,000	6,762,286	6,680,020
Rite Aid Corporation	7.50%	2025/07/01	USD	4,407,000	5,980,533	5,865,051
SS&C Technologies, Inc.	5.50%	2027/09/30	USD	3,000,000	4,243,620	4,083,221
Stride, Inc.	1.13%	2027/09/01	USD	6,000,000	6,853,037	6,235,511
SunPower Corporation	0.88%	2021/06/01	USD	1,904,000	2,295,367	2,493,401
SunPower Corporation	4.00%	2023/01/15	USD	1,000,000	1,082,333	1,658,262
Talos Production Inc.	12.00%	2026/01/15	USD	250,000	290,927	310,419
Talos Production LLC	11.00%	2022/04/03	USD	11,800,000	16,187,893	15,616,523
Teva Pharmaceutical Finance Co., LLC	0.25%	2026/02/01	USD	4,000,000	5,084,310	5,117,058
The Goldman Sachs Group, Inc.	3.31%	2025/10/31	CAD	462,000	482,328	499,949
The Goldman Sachs Group, Inc.	4.13%	2049/12/31	USD	3,500,000	4,311,160	4,457,288
The RealReal, Inc.	3.00%	2025/06/15	USD	1,000,000	1,463,193	1,768,969
TMST, Inc.	8.00%	2013/05/15	USD	9,212,000	3,563,596	3,283,267
Topaz Solar Farms LLC	5.75%	2039/09/30	USD	9,592,125	14,499,978	14,042,800
Tricida, Inc.	3.50%	2027/05/15	USD	15,408,000	10,194,131	9,931,903
Tutor Perini Corporation	2.88%	2021/06/15	USD	1,425,000	1,757,999	1,795,743
Tutor Perini Corporation	6.88%	2025/05/01	USD	8,111,000	10,105,817	10,130,908
Tutor Perini Corporation	5.75%	2027/08/13	USD	5,000,000	6,496,910	6,400,300
Twitter, Inc.	0.25%	2024/06/15	USD	3,000,000	3,975,993	4,624,422

The accompanying notes are an integral part of these financial statements.

PENDER CORPORATE BOND FUND

Schedule of Investment Portfolio (continued)

December 31, 2020

	Interest rate	Maturity date	Issue currency	Face value / number of units / shares	Cost	Fair value
Corporate bonds and loans (continued):						
United States (51.6%) (continued):						
Uber Technologies, Inc.	8.00%	2026/11/01	USD	\$ 12,000,000	\$ 17,012,144	\$ 16,699,098
Uber Technologies, Inc.	6.25%	2028/01/15	USD	3,000,000	4,123,370	4,157,610
United Parcel Service, Inc.	2.13%	2024/05/21	CAD	1,536,184	1,522,169	1,601,625
Verisign, Inc.	4.63%	2023/05/01	USD	8,415,000	10,963,773	10,825,263
Verisign, Inc.	4.75%	2027/07/15	USD	5,360,000	7,350,707	7,332,403
W&T Offshore, Inc.	9.75%	2023/11/01	USD	17,690,000	19,211,969	16,043,790
Wells Fargo & Company	3.87%	2025/05/21	CAD	467,000	490,350	513,371
					497,791,934	514,326,033
Foreign (5.6%):						
Grupo FAMSA, S.A.B de C.V.	9.75%	2024/12/15	USD	5,887,000	7,128,006	1,498,712
Intelsat Jackson Holdings S.A.	6.50%	2021/07/14	USD	1,503,600	2,018,038	1,957,953
Intelsat Jackson Holdings S.A.	8.00%	2024/02/15	USD	17,814,000	25,151,161	23,133,144
Lealand Finance Co. BV	3.15%	2024/06/30	USD	85,929	116,249	90,238
Lealand Finance Co. BV	1.15%	2025/06/30	USD	4,090,287	4,264,618	3,501,389
Mallinckrodt International Finance SA	5.50%	2024/09/24	USD	4,500,000	5,291,733	5,407,308
Novasep Holding SAS	1.00%	2032/12/15	USD	478,750	284,025	-
Teva Pharmaceutical Finance Netherlands III B.V.	2.80%	2023/07/21	USD	5,000,000	5,673,539	6,300,314
Teva Pharmaceutical Finance Netherlands III B.V.	6.00%	2024/04/15	USD	3,000,000	3,714,222	4,072,892
Transocean Poseidon Ltd.	6.88%	2027/02/01	USD	3,967,000	4,329,489	4,582,507
Transocean Sentry Ltd.	5.38%	2023/05/15	USD	4,803,303	5,883,216	5,640,280
					63,854,296	56,184,737
Total corporate bonds and loans (81.0%)					\$ 795,821,764	\$ 807,639,290
Closed end funds (2.2%):						
Aberdeen Asia-Pacific Income Fund Inc.			USD	610,000	3,158,002	3,455,287
Aberdeen Asia-Pacific Income Investment Company Limited			CAD	900,000	2,678,300	2,943,000
BlackRock Limited Duration Income Trust			USD	150,000	2,428,386	3,039,685
BrandywineGLOBAL - Global Opportunities Bond Fund			USD	100,000	1,597,143	1,589,852
First Trust Senior Floating Rate Income Fund II			USD	50,000	792,440	739,555
Invesco Senior Income Trust			USD	300,000	1,490,842	1,519,843
Templeton Global Income Fund			USD	200,000	1,400,277	1,400,190
Western Asset Emerging Markets Debt Fund Inc.			USD	100,000	1,696,048	1,769,331
Western Asset Inflation-Linked Opportunities & Income Fund			USD	350,000	5,007,456	5,528,841
					20,248,894	21,985,584
Common shares (2.0%):						
Chesapeake Energy Corp.			USD	403,907	4,967,527	4,868,842
FTS International, Inc.			USD	201,856	3,961,474	4,933,296
Just Energy Group Inc.			CAD	488,615	4,135,198	2,917,032
McDermott International, Ltd			USD	2,871,369	1,913,976	2,960,522
McDermott International, Ltd.			USD	1,986,310	8,945,017	2,047,983
PHI Group Inc.			USD	180,299	1,878,398	2,122,899
					25,801,590	19,850,574
Government bonds (0.7%):						
City of Vancouver	3.75%	2023/10/24	CAD	500,000	531,700	545,844
Government of Canada	0.75%	2021/03/01	CAD	1,436,684	1,398,908	1,438,264
Government of Canada	1.00%	2022/09/01	CAD	4,435,184	4,290,153	4,496,761
Province of Quebec	1.90%	2030/09/01	CAD	459,000	465,747	485,482
					6,686,508	6,966,351

The accompanying notes are an integral part of these financial statements.

PENDER CORPORATE BOND FUND

Schedule of Investment Portfolio (continued)

December 31, 2020

	Dividend rate	Issue currency	Number of shares	Cost	Fair value
Preferred shares (9.1%):					
Bank of Montreal, Series 38	Variable	CAD	100,000	\$ 2,547,620	\$ 2,575,000
BCE Inc., Series AB	Variable	CAD	99,800	1,447,196	1,394,206
BCE Inc., Series AC	4.38%	CAD	255,900	3,919,012	4,061,133
BCE Inc., Series AF	3.87%	CAD	125,000	1,632,246	1,953,750
BCE Inc., Series AH	Variable	CAD	108,200	1,527,361	1,527,784
BCE Inc., Series AI	2.75%	CAD	100,700	1,719,742	1,414,835
BCE Inc., Series AK	2.95%	CAD	100,000	1,116,980	1,316,000
BCE Inc., Series AM	2.76%	CAD	120,100	1,574,655	1,668,189
BCE Inc., Series AO	4.26%	CAD	82,200	1,580,800	1,625,094
BCE Inc., Series AQ	4.81%	CAD	176,300	3,084,226	3,286,232
BCE Inc., Series R	3.02%	CAD	100,000	1,379,180	1,487,000
Braemar Hotels & Resorts, Series B	5.50%	USD	101,720	2,083,611	2,103,678
Brookfield Asset Management Inc., Series 24	3.01%	CAD	120,000	1,911,501	1,792,800
Brookfield Asset Management Inc., Series 26	3.47%	CAD	100,000	1,581,039	1,491,000
Brookfield Asset Management Inc., Series 28	2.73%	CAD	145,000	1,886,269	1,783,500
Brookfield Office Properties Inc., Series AA	4.71%	CAD	38,000	638,020	559,740
Brookfield Office Properties Inc., Series GG	4.85%	CAD	177,300	3,487,573	2,897,082
Brookfield Office Properties Inc., Series N	3.78%	CAD	141,400	2,292,728	1,668,520
Brookfield Office Properties Inc., Series P	4.16%	CAD	133,800	2,186,203	1,618,980
Brookfield Office Properties Inc., Series R	4.16%	CAD	117,020	2,058,609	1,547,004
Brookfield Renewable Power Preferred Equity Inc., Series 5	5.00%	CAD	47,700	925,914	1,192,500
Capstone Infrastructure Corporation, Series A	3.27%	CAD	31,900	399,088	377,058
Element Fleet Management Corp., Series A	6.60%	CAD	58,700	1,311,358	1,437,563
Fairfax Financial Holdings Limited, Series C	4.71%	CAD	181,200	2,787,015	3,134,760
Fairfax Financial Holdings Limited, Series E	3.18%	CAD	129,800	1,821,995	1,726,340
Fairfax Financial Holdings Limited, Series G	2.96%	CAD	243,700	3,709,379	3,168,100
Fairfax Financial Holdings Limited, Series I	3.33%	CAD	247,550	3,843,224	3,557,294
Fairfax Financial Holdings Limited, Series K	4.67%	CAD	100,800	1,547,572	1,849,680
Fairfax Financial Holdings Limited, Series M	5.00%	CAD	80,900	1,535,372	1,698,900
Fannie Mae, Series P	Variable	USD	252,000	2,868,084	2,303,134
George Weston Limited, Series III	5.20%	CAD	148,300	3,598,496	3,719,364
George Weston Limited, Series IV	5.20%	CAD	98,100	2,346,198	2,457,896
George Weston Limited, Series V	4.75%	CAD	131,500	3,035,109	3,188,875
Husky Energy Inc., Series 1	2.40%	CAD	75,500	835,904	718,005
Husky Energy Inc., Series 3	4.69%	CAD	274,350	4,497,783	4,458,188
Husky Energy Inc., Series 5	4.59%	CAD	271,400	4,658,253	4,741,358
Husky Energy Inc., Series 7	4.60%	CAD	285,775	4,937,893	4,915,329
Power Financial Corp., Series P	2.31%	CAD	100,000	1,162,044	1,163,000
Royal Bank of Canada, Series BK	5.50%	CAD	100,000	2,547,913	2,546,000
The Toronto-Dominion Bank, Series 12	5.50%	CAD	15,800	403,258	403,216
Thomson Reuters Corporation, Series II	Variable	CAD	310,822	3,023,404	3,804,460
				91,449,827	90,332,547

	Exercise price	Expiry date	Issue currency	Number of units	Cost	Fair value
Warrants (0.1%):						
Acreage Holdings, Inc.	3.01	2024/11/02	USD	249,169	-	-
Acreage Holdings, Inc.	3.15	2024/11/02	USD	556,048	-	-
Columbia Care Inc.	5.84	2023/05/14	CAD	420,000	-	211,680
McDermott International, Ltd., Tranche A	12.33	2027/06/30	USD	173,860	-	-
McDermott International, Ltd., Tranche B	15.98	2027/06/30	USD	193,177	-	-
PHI Group Inc.	6.50	2044/08/30	USD	100,858	1,052,475	1,187,535
					1,052,475	1,399,215

Less: Transaction costs included in cost of investments (120,458)

Total investments (95.1%) \$ 940,940,600 \$ 948,173,561

The accompanying notes are an integral part of these financial statements.

PENDER CORPORATE BOND FUND

Schedule of Investment Portfolio (continued)

December 31, 2020

	Settlement date	Contract rate	Pay	Receive	Unrealized gain (loss)
Derivative assets (2.7%):					
BNY Mellon, Foreign Currency Forward	2021/01/13	1.35	USD 263,324,200	CAD 194,728,621	15,462,447
	2021/04/07	1.33	USD 415,818,299	CAD 348,870,985	11,548,361
					27,010,808
Cash (2.9%)				\$	29,112,949
Other assets less liabilities (-0.7%)					(6,773,692)
Total net assets attributable to holders of redeemable units (100.0%)					\$ 997,523,626

The accompanying notes are an integral part of these financial statements.

PENDER ENHANCED INCOME FUND

Statements of Financial Position

December 31, 2020 and 2019

	Notes	2020	2019
Assets			
Cash		\$ 208,327	\$ 5,281,702
Dividends receivable		39,795	50,011
Other receivable		2	-
Subscriptions receivable		-	31,462
Receivable from investments sold		-	338,812
Interest receivable		-	36,496
Investments		39,952,730	61,751,876
		<u>40,200,854</u>	<u>67,490,359</u>
Liabilities			
Redemptions payable to holders of redeemable units		54,840	716,394
Management and administration fees payable	4	51,052	11,697
Accrued expenses		769	524,568
Payable for investments purchased		-	50,525
		<u>106,661</u>	<u>1,303,184</u>
Net assets , attributable to holders of redeemable units		<u>\$ 40,094,193</u>	<u>\$ 66,187,175</u>
Net assets attributable to holders of redeemable units per class:			
Class A		\$ 10,966,906	\$ 18,233,648
Class A1		4,979	5,000
Class E		5,067	5,000
Class F		28,988,987	47,923,527
Class F1		113,078	5,000
Class I		5,035	5,000
Class N		5,050	5,000
Class O		5,091	5,000
		<u>\$ 40,094,193</u>	<u>\$ 66,187,175</u>
Net assets attributable to holders of redeemable units per unit:			
Class A		\$ 7.04	\$ 7.53
Class A1		9.49	10.00
Class E		9.66	10.00
Class F		7.28	7.71
Class F1		9.58	10.00
Class I		9.60	10.00
Class N		9.62	10.00
Class O		9.70	10.00

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Manager, PenderFund Capital Management Ltd.:

_____ Director

_____ Director

PENDER ENHANCED INCOME FUND

Statements of Comprehensive Income

Years ended December 31, 2020 and 2019

	Notes	2020	2019
Revenue:			
Dividend income		\$ 720,152	\$ 616,993
Distributions from underlying funds		829,449	6,104
Interest income		(22,351)	758,271
Other income		383,384	-
Foreign exchange gain (loss)		67,603	(31,551)
Securities lending income	5	812	11,912
Changes in fair value of investments and derivatives:			
Net realized gain (loss)		(6,725,666)	(3,968,322)
Net change in unrealized appreciation (depreciation)		856,694	5,090,569
Total revenue		(3,889,923)	2,483,976
Expenses:			
Management fees	4	443,577	364,659
Administration fees	4	217,172	-
Transaction costs		59,057	49,842
Independent review committee fees		1,017	16,119
Securityholder reporting costs		-	181,826
Audit fees		-	114,546
Legal fees		-	16,369
Custody fees		-	7,039
Trustee fees		-	5,343
Interest expense		-	145
Withholding taxes (recovery)	6	(4,597)	73,047
Other administrative expenses		(8,538)	160,234
Total expenses		707,688	989,169
Less: expenses absorbed by the Manager		(1,017)	-
Net expenses		706,671	989,169
Increase (decrease) in net assets attributable to holders of redeemable units		\$ (4,596,594)	\$ 1,494,807
Increase (decrease) in net assets attributable to holders of redeemable units per class:			
Class A		\$ (1,273,306)	\$ 144,392
Class A1		(21)	-
Class E		67	-
Class F		(3,370,298)	1,350,415
Class F1		46,788	-
Class I		35	-
Class N		50	-
Class O		91	-
		\$ (4,596,594)	\$ 1,494,807
Increase (decrease) in net assets attributable to holders of redeemable units per unit:			
Class A		\$ (0.65)	\$ 0.10
Class A1		(0.03)	-
Class E		0.14	-
Class F		(0.70)	0.52
Class F1		4.12	-
Class I		0.07	-
Class N		0.10	-
Class O		0.18	-

The accompanying notes are an integral part of these financial statements.

PENDER ENHANCED INCOME FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

Years ended December 31, 2020 and 2019

Class A	2020	2019
Balance, beginning of year	\$ 18,233,648	\$ 14,981,887
Increase (decrease) in net assets attributable to holders of redeemable units	(1,273,306)	144,392
Unit transactions:		
Proceeds from issue of redeemable units	56,174	1,995,086
Amounts from issuance of units on merger	-	10,812,495
Issued on reinvestment of distributions	512,574	414,877
Amounts paid on redemption of redeemable units	(5,989,317)	(9,550,742)
	(5,420,569)	3,671,716
Distributions paid from:		
Net investment income	(216,404)	(19,410)
Realized gains on sale of investments	-	-
Return of capital	(356,463)	(544,937)
	(572,867)	(564,347)
Balance, end of year	\$ 10,966,906	\$ 18,233,648
Class A1	2020	2019
Balance, beginning of year	\$ 5,000	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	(21)	-
Unit transactions:		
Proceeds from issue of redeemable units	-	5,000
Issued on reinvestment of distributions	203	-
Amounts paid on redemption of redeemable units	-	-
	203	5,000
Distributions paid from:		
Net investment income	(77)	-
Realized gains on sale of investments	-	-
Return of capital	(126)	-
	(203)	-
Balance, end of year	\$ 4,979	\$ 5,000
Class E	2020	2019
Balance, beginning of year	\$ 5,000	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	67	-
Unit transactions:		
Proceeds from issue of redeemable units	-	5,000
Issued on reinvestment of distributions	205	-
Amounts paid on redemption of redeemable units	-	-
	205	5,000
Distributions paid from:		
Net investment income	(77)	-
Realized gains on sale of investments	-	-
Return of capital	(128)	-
	(205)	-
Balance, end of year	\$ 5,067	\$ 5,000

The accompanying notes are an integral part of these financial statements.

PENDER ENHANCED INCOME FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

Years ended December 31, 2020 and 2019

Class F	2020	2019
Balance, beginning of year	\$ 47,923,527	\$ 27,364,366
Increase (decrease) in net assets attributable to holders of redeemable units	(3,370,298)	1,350,415
Unit transactions:		
Proceeds from issue of redeemable units	187,143	3,149,513
Amounts from issuance of units on merger	-	37,506,919
Issued on reinvestment of distributions	1,365,067	637,112
Amounts paid on redemption of redeemable units	(15,661,280)	(21,092,126)
	(14,109,070)	20,201,418
Distributions paid from:		
Net investment income	(549,696)	(304,965)
Realized gains on sale of investments	-	(100,031)
Return of capital	(905,476)	(587,676)
	(1,455,172)	(992,672)
Balance, end of year	\$ 28,988,987	\$ 47,923,527
Class F1	2020	2019
Balance, beginning of year	\$ 5,000	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	46,788	-
Unit transactions:		
Proceeds from issue of redeemable units	186,368	5,000
Issued on reinvestment of distributions	4,990	-
Amounts paid on redemption of redeemable units	(125,078)	-
	66,280	5,000
Distributions paid from:		
Net investment income	(1,885)	-
Realized gains on sale of investments	-	-
Return of capital	(3,105)	-
	(4,990)	-
Balance, end of year	\$ 113,078	\$ 5,000
Class I	2020	2019
Balance, beginning of year	\$ 5,000	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	35	-
Unit transactions:		
Proceeds from issue of redeemable units	-	5,000
Issued on reinvestment of distributions	204	-
Amounts paid on redemption of redeemable units	-	-
	204	5,000
Distributions paid from:		
Net investment income	(77)	-
Realized gains on sale of investments	-	-
Return of capital	(127)	-
	(204)	-
Balance, end of year	\$ 5,035	\$ 5,000

The accompanying notes are an integral part of these financial statements.

PENDER ENHANCED INCOME FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

Years ended December 31, 2020 and 2019

Class N	2020	2019
Balance, beginning of year	\$ 5,000	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	50	-
Unit transactions:		
Proceeds from issue of redeemable units	-	5,000
Issued on reinvestment of distributions	205	-
Amounts paid on redemption of redeemable units	-	-
	205	5,000
Distributions paid from:		
Net investment income	(78)	-
Realized gains on sale of investments	-	-
Return of capital	(127)	-
	(205)	-
Balance, end of year	\$ 5,050	\$ 5,000
Class O	2020	2019
Balance, beginning of year	\$ 5,000	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	91	-
Unit transactions:		
Proceeds from issue of redeemable units	-	5,000
Issued on reinvestment of distributions	206	-
Amounts paid on redemption of redeemable units	-	-
	206	5,000
Distributions paid from:		
Net investment income	(78)	-
Realized gains on sale of investments	-	-
Return of capital	(128)	-
	(206)	-
Balance, end of year	\$ 5,091	\$ 5,000

The accompanying notes are an integral part of these financial statements.

PENDER ENHANCED INCOME FUND

Statements of Cash Flows

Years ended December 31, 2020 and 2019

	Notes	2020	2019
Cash provided by (used in):			
Operating:			
Increase (decrease) in net assets attributable to holders of redeemable units		\$ (4,596,594)	\$ 1,494,807
Adjustments for:			
Dividend income		(720,152)	(616,993)
Interest income		22,351	(758,271)
Distributions from underlying funds		(829,449)	-
Foreign exchange (gain) loss		(67,603)	31,551
Net realized (gain) loss on sale of investments		6,725,666	3,968,322
Net change in unrealized (appreciation) depreciation of investments		(856,694)	(4,705,918)
Other receivable		(2)	-
Derivative assets and liabilities		-	(384,651)
Management and administration fees payable		39,355	(16,738)
Accrued expenses		(523,799)	524,568
		(806,921)	(463,323)
Proceeds on disposal of investments		30,911,681	61,031,136
Amounts paid on purchase of investments		(14,693,220)	(41,100,991)
Dividends received		730,368	589,570
Distributions from underlying funds		829,449	-
Interest received		14,145	1,516,544
		16,985,502	21,572,936
Financing:			
Proceeds from issue of redeemable units		285,953	3,364,225
Amounts paid on redemption of redeemable units		(22,262,035)	(28,309,167)
Distributions paid to unitholders		(150,398)	(505,030)
Cash received on merger		-	7,418,003
		(22,126,480)	(18,031,969)
Net increase (decrease) in cash		(5,140,978)	3,540,967
Cash, beginning of year		5,281,702	1,772,286
Effect of exchange rate fluctuations on cash		67,603	(31,551)
Cash, end of year		\$ 208,327	\$ 5,281,702

The accompanying notes are an integral part of these financial statements.

PENDER ENHANCED INCOME FUND

Schedule of Investment Portfolio

December 31, 2020

	Number of units / shares	Cost	Fair value
Mutual funds (46.8%):			
Pender Corporate Bond Fund, Class 'O'	1,432,171	\$ 15,485,432	\$ 16,004,941
Pender Small Cap Opportunities Fund, Class 'O'	76,319	1,701,270	2,745,533
		17,186,702	18,750,474
Equities:			
Communication services (5.4%):			
Baidu, Inc., ADR	5,900	978,181	1,623,986
Corus Entertainment Inc., Class 'B'	122,900	670,579	526,012
		1,648,760	2,149,998
Consumer discretionary (3.8%):			
Diversified Royalty Corp.	384,103	1,194,560	914,165
Hanesbrands Inc.	32,300	612,418	599,452
		1,806,978	1,513,617
Consumer staples (4.5%):			
Better Choice Company Inc.	384,612	319,472	621,757
MAV Beauty Brands Inc.	240,139	1,107,147	1,176,681
		1,426,619	1,798,438
Diversified financials (19.3%):			
Brookfield Asset Management Inc., Class 'A'	43,350	2,137,125	2,281,077
Burford Capital Limited	94,000	850,583	1,157,041
Community Vehicle Financing & Leasing Inc.	153	8	-
Community Vehicle Financing & Leasing Inc., Preferred, Series '1', 6.00%	23,400	2,049,148	-
Exor N.V.	8,000	575,420	823,797
Fiera Capital Corporation	54,900	626,409	586,332
Jack Cooper Enterprises Inc.	1,410	18	-
KKR & Co. Inc.	23,400	843,816	1,206,029
Onex Corporation	15,200	1,087,070	1,110,512
Rubix Lending Co. Inc., Class 'B'	698	7	7
Starwood Property Trust, Inc.	23,200	450,587	569,954
		8,620,191	7,734,749
Energy (6.6%):			
ARC Resources Ltd.	162,300	1,019,434	973,800
Artis Exploration Ltd.	183,200	503,800	349,912
CBM Asia Development Corp.	4,166,667	417	417
Pres Initial Capital Aggregator LLC	12,660,000	896,946	2
Spartan Delta Corp.	250,000	250,000	745,000
Texas Pacific Land Trust	600	377,468	555,239
		3,048,065	2,624,370
Health care (0.6%):			
Franchise Cannabis Corp.	250,000	182,500	220,000
Mjardin Group, Inc.	52,215	10,182	2,872
		192,682	222,872
Industrials (1.8%):			
Northrop Grumman Corporation	1,900	788,120	736,968
		788,120	736,968
Information technology (1.4%):			
Alida Inc.	419,699	877,171	579,185
		877,171	579,185
Materials (2.1%):			
CCL Industries Inc., Class 'B'	14,900	830,865	861,071
		830,865	861,071

The accompanying notes are an integral part of these financial statements.

PENDER ENHANCED INCOME FUND

Schedule of Investment Portfolio (continued)

December 31, 2020

	Interest rate / exercise price	Maturity / expiry date	Issue currency	Number of shares / units / face value	Cost	Fair value
Equities (continued):						
Real estate (7.4%):						
Brookfield Property Partners L.P.				65,809	\$ 1,461,261	\$ 1,211,544
Information Services Corporation, Class 'A'				53,503	857,567	1,065,245
Kennedy-Wilson Holdings, Inc.				30,700	576,705	699,106
					2,895,533	2,975,895
Utilities (0.0%):						
Genalta Power Inc.				1	-	-
					-	-
Total equities (52.9%)					22,134,984	21,197,163
Corporate bonds (0.0%):						
Agawa Investments Ltd.	10.00%	2025/08/07	CAD	880,000	610,368	-
Escrow Quicksilver Resources Inc.		2021/07/01	USD	2,000,000	2,294,008	5,092
					2,904,376	5,092
Warrants (0.0%):						
Affinion Group Holdings, Inc.	67.12	2024/04/10	USD	1,858	551,891	-
Better Choice Company Inc.	4.25	2021/05/06	USD	166,667	-	-
Hammerhead Resources Inc.	3.50	2026/05/02	CAD	596,000	-	-
Northern Graphite Corporation	0.60	2021/11/22	CAD	100,000	-	-
PolyMet Mining Corp.	1.00	2021/10/18	CAD	83,335	-	-
Pres Initial Capital Aggregator LLC	0.39	2022/05/01	USD	2,094,136	-	-
Sherritt International Corporation	0.74	2021/07/29	CAD	16,865	-	-
Tower Resources Ltd.	0.22	2022/04/06	CAD	625,000	-	1
					551,891	1
Less: Transaction costs included in cost of investments					(23,305)	
Total investments (99.7%)					\$ 42,754,648	\$ 39,952,730
Cash (0.5%)						208,327
Other assets less liabilities (-0.2%)						(66,864)
Total net assets attributable to holders of redeemable units (100.0%)					\$	40,094,193

The accompanying notes are an integral part of these financial statements.

PENDER SMALL CAP OPPORTUNITIES FUND

Statements of Financial Position

December 31, 2020 and 2019

	Notes	2020	2019
Assets			
Cash		\$ 4,562,907	\$ 14,020,010
Subscriptions receivable		1,126,663	-
Interest receivable		496,908	259,715
Receivable for investments sold		125,115	213,699
Dividends receivable		49,887	109,972
Investments		219,910,025	186,568,067
		226,271,505	201,171,463
Liabilities			
Performance fees payable	4	2,489,097	-
Payable for investments purchased		2,100,000	-
Management and administration fees payable	4	236,000	218,589
Redemptions payable to holders of redeemable units		115,051	-
Distributions payable to holders of redeemable units		43,451	31,259
Accrued expenses		1,588	1,040
		4,985,187	250,888
Net assets , attributable to holders of redeemable units		\$ 221,286,318	\$ 200,920,575
Net assets attributable to holders of redeemable units per class:			
Class A		\$ 32,406,020	\$ 28,865,644
Class B		17,134,689	11,045,160
Class E		2,500,345	1,458,571
Class F		85,902,772	72,426,505
Class G		44,524,413	24,602,219
Class I		19,221,142	13,326,742
Class N		5,607,875	40,783,897
Class O		13,989,062	8,411,837
		\$ 221,286,318	\$ 200,920,575
Net assets attributable to holders of redeemable units per unit:			
Class A		\$ 34.51	\$ 23.84
Class B		12.02	8.77
Class E		14.81	10.03
Class F		35.17	24.06
Class G		12.54	9.12
Class I		16.61	11.34
Class N		15.55	10.58
Class O		35.97	24.23

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Manager, PenderFund Capital Management Ltd.:

Director

Director

PENDER SMALL CAP OPPORTUNITIES FUND

Statements of Comprehensive Income

Years ended December 31, 2020 and 2019

	Notes	2020	2019
Revenue:			
Dividend income		\$ 2,436,563	\$ 2,439,816
Interest for distribution purposes		1,094,211	764,068
Other income		35,551	-
Foreign exchange gain (loss)		410,821	(148,843)
Securities lending income	5	-	234,832
Changes in fair value of investments:			
Net realized gain (loss)		4,799,873	15,021,274
Net change in unrealized appreciation (depreciation)		56,438,884	17,702,788
Total revenue		65,215,903	36,013,935
Expenses:			
Performance fees	4	3,139,097	-
Management fees	4	1,692,524	1,846,509
Administration fees	4	796,933	913,249
Transaction costs		388,393	417,720
Independent review committee fees		5,579	4,495
Withholding taxes (recovery)	6	1,477	4,339
Other taxes (recovery)		(39,731)	(42,462)
Total expenses		5,984,272	3,143,850
Less: expenses absorbed by the Manager		(5,579)	(4,495)
Net expenses		5,978,693	3,139,355
Increase (decrease) in net assets attributable to holders of redeemable units		\$ 59,237,210	\$ 32,874,580
Increase (decrease) in net assets attributable to holders of redeemable units per class:			
Class A		\$ 9,142,862	\$ 5,292,504
Class B		4,445,428	934,867
Class E		822,254	138,736
Class F		26,410,270	13,853,658
Class G		11,634,429	2,252,808
Class I		6,156,936	2,199,510
Class N		(4,376,530)	6,761,278
Class O		5,001,561	1,441,219
		\$ 59,237,210	\$ 32,874,580
Increase (decrease) in net assets attributable to holders of redeemable units per unit:			
Class A		\$ 8.82	\$ 4.33
Class B		3.33	1.29
Class E		4.99	1.99
Class F		9.83	4.67
Class G		3.77	1.28
Class I		5.24	2.12
Class N		(2.46)	1.85
Class O		12.42	4.92

The accompanying notes are an integral part of these financial statements.

PENDER SMALL CAP OPPORTUNITIES FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

Years ended December 31, 2020 and 2019

Class A	2020	2019
Balance, beginning of year	\$ 28,865,644	\$ 30,867,470
Increase (decrease) in net assets attributable to holders of redeemable units	9,142,862	5,292,504
Unit transactions:		
Proceeds from issue of redeemable units	31,195	12,778
Issued on reinvestment of distributions	-	3,377,592
Amounts paid on redemption of redeemable units	(5,633,681)	(7,275,320)
	(5,602,486)	(3,884,950)
Distributions paid from:		
Net investment income	-	(2,670)
Realized gains on sale of investments	-	(3,406,710)
Return of capital	-	-
	-	(3,409,380)
Balance, end of year	\$ 32,406,020	\$ 28,865,644
Class B	2020	2019
Balance, beginning of year	\$ 11,045,160	\$ 735,163
Increase (decrease) in net assets attributable to holders of redeemable units	4,445,428	934,867
Unit transactions:		
Proceeds from issue of redeemable units	3,635,450	14,621,842
Issued on reinvestment of distributions	-	1,152,999
Amounts paid on redemption of redeemable units	(1,991,349)	(5,222,471)
	1,644,101	10,552,370
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	(1,177,240)
Return of capital	-	-
	-	(1,177,240)
Balance, end of year	\$ 17,134,689	\$ 11,045,160
Class E	2020	2019
Balance, beginning of year	\$ 1,458,571	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	822,254	138,736
Unit transactions:		
Proceeds from issue of redeemable units	273,912	1,344,239
Issued on reinvestment of distributions	-	152,780
Amounts paid on redemption of redeemable units	(54,392)	(24,404)
	219,520	1,472,615
Distributions paid from:		
Net investment income	-	(4,509)
Realized gains on sale of investments	-	(148,271)
Return of capital	-	-
	-	(152,780)
Balance, end of year	\$ 2,500,345	\$ 1,458,571

The accompanying notes are an integral part of these financial statements.

PENDER SMALL CAP OPPORTUNITIES FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

Years ended December 31, 2020 and 2019

Class F	2020	2019
Balance, beginning of year	\$ 72,426,505	\$ 74,395,389
Increase (decrease) in net assets attributable to holders of redeemable units	26,410,270	13,853,658
Unit transactions:		
Proceeds from issue of redeemable units	1,326,440	1,058,546
Issued on reinvestment of distributions	115,549	7,718,504
Amounts paid on redemption of redeemable units	(14,249,029)	(15,908,597)
	(12,807,040)	(7,131,547)
Distributions paid from:		
Net investment income	(126,963)	(116,336)
Realized gains on sale of investments	-	(8,574,659)
Return of capital	-	-
	(126,963)	(8,690,995)
Balance, end of year	\$ 85,902,772	\$ 72,426,505

Class G	2020	2019
Balance, beginning of year	\$ 24,602,219	\$ 2,350,683
Increase (decrease) in net assets attributable to holders of redeemable units	11,634,429	2,252,808
Unit transactions:		
Proceeds from issue of redeemable units	13,439,004	22,238,162
Issued on reinvestment of distributions	(1,254)	2,432,722
Amounts paid on redemption of redeemable units	(5,149,985)	(1,841,269)
	8,287,765	22,829,615
Distributions paid from:		
Net investment income	-	(3,239)
Realized gains on sale of investments	-	(2,827,648)
Return of capital	-	-
	-	(2,830,887)
Balance, end of year	\$ 44,524,413	\$ 24,602,219

Class I	2020	2019
Balance, beginning of year	\$ 13,326,742	\$ 10,805,754
Increase (decrease) in net assets attributable to holders of redeemable units	6,156,936	2,199,510
Unit transactions:		
Proceeds from issue of redeemable units	99,999	684,254
Issued on reinvestment of distributions	7,851	1,590,478
Amounts paid on redemption of redeemable units	(361,757)	(364,310)
	(253,907)	1,910,422
Distributions paid from:		
Net investment income	(8,629)	(8,513)
Realized gains on sale of investments	-	(1,580,431)
Return of capital	-	-
	(8,629)	(1,588,944)
Balance, end of year	\$ 19,221,142	\$ 13,326,742

The accompanying notes are an integral part of these financial statements.

PENDER SMALL CAP OPPORTUNITIES FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

Years ended December 31, 2020 and 2019

Class N	2020	2019
Balance, beginning of year	\$ 40,783,897	\$ 32,721,825
Increase (decrease) in net assets attributable to holders of redeemable units	(4,376,530)	6,761,278
Unit transactions:		
Proceeds from issue of redeemable units	1,815,529	14,541,621
Issued on reinvestment of distributions	-	4,183,382
Amounts paid on redemption of redeemable units	(32,615,021)	(12,762,933)
	(30,799,492)	5,962,070
Distributions paid from:		
Net investment income	-	(5,153)
Realized gains on sale of investments	-	(4,656,123)
Return of capital	-	-
	-	(4,661,276)
Balance, end of year	\$ 5,607,875	\$ 40,783,897

Class O	2020	2019
Balance, beginning of year	\$ 8,411,837	\$ 6,518,127
Increase (decrease) in net assets attributable to holders of redeemable units	5,001,561	1,441,219
Unit transactions:		
Proceeds from issue of redeemable units	2,005,000	1,710,001
Issued on reinvestment of distributions	-	842,790
Amounts paid on redemption of redeemable units	(1,429,336)	(1,257,510)
	575,664	1,295,281
Distributions paid from:		
Net investment income	-	(2,943)
Realized gains on sale of investments	-	(839,847)
Return of capital	-	-
	-	(842,790)
Balance, end of year	\$ 13,989,062	\$ 8,411,837

The accompanying notes are an integral part of these financial statements.

PENDER SMALL CAP OPPORTUNITIES FUND

Statements of Cash Flows

Years ended December 31, 2020 and 2019

	2020	2019
Cash provided by (used in):		
Operating:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 59,237,210	\$ 32,874,580
Adjustments for:		
Dividend income	(2,436,563)	(2,439,816)
Interest for distribution purposes	(1,094,211)	(764,068)
Foreign exchange (gain) loss	(410,821)	148,843
Net realized (gain) loss on sale of investments	(4,799,873)	(15,021,274)
Net change in unrealized (appreciation) depreciation of investments	(56,438,884)	(17,702,788)
Other receivable	-	15,754
Performance fees payable	2,489,097	-
Management and administration fees payable	17,411	47,840
Accrued expenses	548	58
	(3,436,086)	(2,840,871)
Proceeds on disposal of investments	130,417,679	104,847,785
Amounts paid on purchase of investments	(100,332,296)	(102,632,566)
Dividends received	2,496,648	2,449,910
Interest received	857,018	665,019
	30,002,963	2,489,277
Financing:		
Proceeds from issue of redeemable units	20,608,241	53,563,897
Amounts paid on redemption of redeemable units	(60,477,874)	(41,827,985)
Distributions paid to unitholders	(1,254)	(1,909,788)
	(39,870,887)	9,826,124
Net increase (decrease) in cash	(9,867,924)	12,315,401
Cash, beginning of year	14,020,010	1,853,452
Effect of exchange rate fluctuations on cash	410,821	(148,843)
Cash, end of year	\$ 4,562,907	\$ 14,020,010

The accompanying notes are an integral part of these financial statements.

PENDER SMALL CAP OPPORTUNITIES FUND

Schedule of Investment Portfolio

December 31, 2020

	Number of shares	Cost	Fair value
Equities:			
Communications services (6.7%):			
Alaska Communications Systems Group, Inc.	332,302	\$ 1,313,646	\$ 1,560,823
BBTV Holdings Inc.	459,400	7,350,400	6,518,886
Corus Entertainment Inc., Class 'B'	1,107,475	6,012,601	4,739,993
Trilogy International Partners Inc.	478,200	1,042,291	683,826
Wow Unlimited Media Inc.	3,059,300	2,920,250	1,376,685
		18,639,188	14,880,213
Consumer discretionary (9.4%):			
Aritzia Inc.	206,000	3,362,273	5,312,740
Avante Logixx Inc.	1,117,300	1,372,667	1,608,912
Diversified Royalty Corp.	1,269,044	3,466,433	3,020,325
Freshii Inc.	1,335,381	5,976,823	2,363,624
Goodfood Market Corp.	405,700	3,547,935	4,917,084
Leaf Group Ltd.	595,039	4,064,798	3,522,027
		21,790,929	20,744,712
Consumer staples (6.6%):			
Alcanna Inc.	716,410	2,149,230	4,241,147
GreenSpace Brands Inc.	37,018,314	7,840,484	2,776,374
MAV Beauty Brands Inc.	1,548,966	8,141,736	7,589,933
		18,131,450	14,607,454
Diversified financials (8.4%):			
Chesswood Group Limited	409,000	4,607,312	3,725,990
Deans Knight Income Corporation	3,000	1,200	1,200
Fiera Capital Corporation	609,491	6,521,450	6,509,364
WeCommerce Holdings Ltd.	434,996	3,405,941	8,299,724
		14,535,903	18,536,278
Energy (4.0%):			
Computer Modelling Group Ltd.	48,400	281,858	236,192
Spartan Delta Corp.	1,396,200	3,086,694	4,160,676
TerraVest Industries Inc.	282,400	1,807,108	4,512,752
		5,175,660	8,909,620
Health care (2.9%):			
Clarius Mobile Health Corp., Preferred, Series '1'	1,123,596	1,000,000	1,000,000
MCI Onehealth Technologies Inc.	420,000	2,100,000	2,100,000
Medicare Inc.	254,496	892,732	302,850
Vigil Health Solutions Inc.	1,589,000	227,433	476,700
Vitalhub Corp.	344,800	999,920	982,680
WELL Health Technologies Corp.	189,500	1,279,125	1,525,475
		6,499,210	6,387,705
Industrials (12.1%):			
Blackline Safety Corp.	669,000	3,986,875	5,050,950
exactEarth Ltd.	592,352	664,406	829,293
Fluor Corporation	211,700	1,916,746	4,303,483
Inscape Corporation, Class 'B'	1,032,740	3,203,656	970,776
Maxar Technologies Inc.	111,061	832,393	5,465,312
Mullen Group Ltd.	448,900	2,847,562	4,893,010
PFB Corporation	232,200	2,459,834	5,224,500
		15,911,472	26,737,324

The accompanying notes are an integral part of these financial statements.

PENDER SMALL CAP OPPORTUNITIES FUND

Schedule of Investment Portfolio (continued)

December 31, 2020

	Number of shares		Cost	Fair value
Equities (continued):				
Information technology (38.2%):				
AgJunction Inc.	3,459,000	\$	2,069,565	\$ 1,937,040
Aviat Networks, Inc.	152,113		3,400,096	6,612,281
BIGG Digital Assets Inc.	6,450,000		1,569,023	3,289,500
Cloudera, Inc.	368,500		3,158,644	6,524,675
Dye & Durham Limited	150,038		2,312,771	7,579,920
LiveTiles Limited	10,079,600		3,794,874	2,373,969
Martello Technologies Group Inc.	5,700,000		1,196,141	1,168,500
MediaValet Inc.	1,125,000		2,250,000	3,127,500
NexJ Systems Inc.	1,068,900		2,577,269	774,953
PAR Technology Corporation	83,981		2,756,636	6,712,214
Photon Control Inc.	1,690,977		1,852,262	3,415,774
ProntoForms Corporation	9,027,067		3,750,906	8,936,796
Quorum Information Technologies Inc.	3,282,477		2,025,153	3,446,601
Redline Communications Group Inc.	1,719,911		4,439,069	773,960
Sangoma Technologies Corporation	2,429,388		2,353,513	8,624,327
SharpSpring, Inc.	250,102		3,844,304	5,182,817
Sylogist Ltd.	531,610		5,245,505	6,272,998
Tantalus Systems Holding Inc., Subscription Receipts	269,000		605,250	605,250
Tantalus Systems Corp., Preferred, Class 'B'	1,772,500		455,355	1,828,440
Tantalus Systems Corp., Preferred, Class 'D'	294,392		910,536	2,568,320
Upland Software, Inc.	29,586		826,287	1,728,218
Vecima Networks Inc.	76,700		957,786	1,119,820
			52,350,945	84,603,873
Materials (1.6%):				
good natured Products Inc.	3,106,700		310,670	2,796,030
good natured Products Inc., Restricted	851,000		399,970	765,900
			710,640	3,561,930
Real estate (1.2%):				
Dream Unlimited Corp., Class 'A'	127,300		1,977,475	2,705,125
			1,977,475	2,705,125
Utilities (3.3%):				
Maxim Power Corp.	1,315,400		3,522,062	2,933,342
Polaris Infrastructure Inc.	247,813		2,859,686	4,388,768
			6,381,748	7,322,110
Total equities (94.4%)		\$	162,104,620	\$ 208,996,344

The accompanying notes are an integral part of these financial statements.

PENDER SMALL CAP OPPORTUNITIES FUND

Schedule of Investment Portfolio (continued)

December 31, 2020

	Interest rate / exercise price	Maturity / expiry date	Issue currency	Face value / number of units	Cost	Fair value
Corporate bonds (4.4%):						
Athabasca Oil Corporation	9.88%	2022/02/24	USD	5,200,000	\$ 1,032,522	\$ 2,473,881
exactEarth Ltd.	9.00%	2023/12/13	CAD	1,866,000	1,867,378	5,224,800
Siyata Mobile Inc.	12.00%	2021/12/23	CAD	2,105,000	2,000,000	1,999,750
					4,899,900	9,698,431
Warrants (0.5%):						
BeWhere Holdings Inc.	0.35	2024/02/15	CAD	15,500	388	-
BIGG Digital Assets Inc.	0.30	2022/11/30	CAD	3,125,000	-	656,250
Energy Fuels Inc.	2.45	2021/09/20	CAD	200,000	-	524,000
GreenSpace Brands Inc.	0.08	2022/12/23	CAD	14,116,334	-	-
HIRE Technologies Inc.	0.70	2021/12/18	CAD	250,000	-	35,000
Martello Technologies Group Inc.	0.30	2023/05/26	CAD	4,700,000	-	-
Medexus Pharmaceuticals Inc.	4.80	2023/10/16	CAD	98,038	126	-
Siyata Mobile Inc.	65.25	2022/12/23	CAD	14,517	-	-
					514	1,215,250
Less: Transaction costs included in cost of investments					(159,226)	
Total investments (99.3%)					\$ 166,845,808	\$ 219,910,025
Cash (2.1%)						\$ 4,562,907
Other assets less liabilities (-1.4%)						(3,186,614)
Total net assets attributable to holders of redeemable units (100.0%)						\$ 221,286,318

The accompanying notes are an integral part of these financial statements.

PENDER SMALL/MID CAP DIVIDEND FUND

Statement of Financial Position

December 31, 2020

	Notes	2020
Assets		
Cash		\$ 5,088,701
Subscriptions receivable		116,327
Dividends receivable		15,981
Other receivable		183
Investments		6,327,486
		<hr/> 11,548,678
Liabilities		
Management and administration fees payable	4	10,145
Redemptions payable to holders of redeemable units		4,288
Accrued expenses		316
		<hr/> 14,749
Net assets , attributable to holders of redeemable units		<hr/> \$ 11,533,929 <hr/>
Net assets attributable to holders of redeemable units per class:		
Class A		\$ 478,636
Class D		293,707
Class E		1,694,166
Class F		2,161,866
Class H		1,439,646
Class I		4,380,584
Class N		7,136
Class O		1,078,188
		<hr/> \$ 11,533,929 <hr/>
Net assets attributable to holders of redeemable units per unit:		
Class A		\$ 13.24
Class D		13.22
Class E		13.21
Class F		13.19
Class H		13.13
Class I		13.16
Class N		13.16
Class O		13.43

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Manager, PenderFund Capital Management Ltd.:

_____ Director

_____ Director

PENDER SMALL/MID CAP DIVIDEND FUND

Statement of Comprehensive Income

For the period from January 31, 2020 to December 31, 2020

	Notes	2020
Revenue:		
Dividend income		\$ 136,992
Foreign exchange gain (loss)		(559)
Securities lending income	5	668
Changes in fair value of investments:		
Net realized gain (loss)		621,407
Net change in unrealized appreciation (depreciation)		1,965,644
Total revenue		2,724,152
Expenses:		
Management fees	4	36,253
Administration fees	4	20,092
Transaction costs		17,106
Independent review committee fees		289
Total expenses		73,740
Less: fees waived and expenses absorbed by the Manager	4	(44,397)
Net expenses		29,343
Increase (decrease) in net assets attributable to holders of redeemable units		
		\$ 2,694,809
Increase (decrease) in net assets attributable to holders of redeemable units per class:		
Class A		\$ 144,116
Class D		121,512
Class E		502,910
Class F		784,429
Class H		365,128
Class I		376,392
Class N		2,136
Class O		398,186
		\$ 2,694,809
Increase (decrease) in net assets attributable to holders of redeemable units per unit:		
Class A		\$ 4.82
Class D		7.85
Class E		4.57
Class F		6.21
Class H		5.49
Class I		5.61
Class N		4.21
Class O		7.48

The accompanying notes are an integral part of these financial statements.

PENDER SMALL/MID CAP DIVIDEND FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

For the period from January 31, 2020 to December 31, 2020

Class A	2020
Balance, beginning of period	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	144,116
Unit transactions:	
Proceeds from issue of redeemable units	553,435
Issued on reinvestment of distributions	28,843
Amounts paid on redemption of redeemable units	(217,513)
	364,765
Distributions paid from:	
Net investment income	(9,396)
Realized gains on sale of investments	(20,849)
Return of capital	-
	(30,245)
Balance, end of period	\$ 478,636
Class D	2020
Balance, beginning of period	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	121,512
Unit transactions:	
Proceeds from issue of redeemable units	178,150
Issued on reinvestment of distributions	18,846
Amounts paid on redemption of redeemable units	(5,955)
	191,041
Distributions paid from:	
Net investment income	(5,236)
Realized gains on sale of investments	(13,610)
Return of capital	-
	(18,846)
Balance, end of period	\$ 293,707
Class E	2020
Balance, beginning of period	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	502,910
Unit transactions:	
Proceeds from issue of redeemable units	1,208,641
Issued on reinvestment of distributions	116,499
Amounts paid on redemption of redeemable units	(17,385)
	1,307,755
Distributions paid from:	
Net investment income	(32,551)
Realized gains on sale of investments	(83,948)
Return of capital	-
	(116,499)
Balance, end of period	\$ 1,694,166

The accompanying notes are an integral part of these financial statements.

PENDER SMALL/MID CAP DIVIDEND FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

For the period from January 31, 2020 to December 31, 2020

Class F	2020
Balance, beginning of period	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	784,429
Unit transactions:	
Proceeds from issue of redeemable units	1,874,350
Issued on reinvestment of distributions	126,118
Amounts paid on redemption of redeemable units	(476,183)
	1,524,285
Distributions paid from:	
Net investment income	(40,826)
Realized gains on sale of investments	(106,022)
Return of capital	-
	(146,848)
Balance, end of period	\$ 2,161,866
Class H	2020
Balance, beginning of period	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	365,128
Unit transactions:	
Proceeds from issue of redeemable units	1,098,511
Issued on reinvestment of distributions	96,096
Amounts paid on redemption of redeemable units	(23,993)
	1,170,614
Distributions paid from:	
Net investment income	(21,446)
Realized gains on sale of investments	(74,650)
Return of capital	-
	(96,096)
Balance, end of period	\$ 1,439,646
Class I	2020
Balance, beginning of period	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	376,392
Unit transactions:	
Proceeds from issue of redeemable units	4,006,745
Issued on reinvestment of distributions	113,544
Amounts paid on redemption of redeemable units	(2,553)
	4,117,736
Distributions paid from:	
Net investment income	(22,514)
Realized gains on sale of investments	(91,030)
Return of capital	-
	(113,544)
Balance, end of period	\$ 4,380,584

The accompanying notes are an integral part of these financial statements.

PENDER SMALL/MID CAP DIVIDEND FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

For the period from January 31, 2020 to December 31, 2020

Class N		2020
Balance, beginning of period	\$	-
Increase (decrease) in net assets attributable to holders of redeemable units		2,136
Unit transactions:		
Proceeds from issue of redeemable units		5,000
Issued on reinvestment of distributions		511
Amounts paid on redemption of redeemable units		-
		<u>5,511</u>
Distributions paid from:		
Net investment income		(141)
Realized gains on sale of investments		(370)
Return of capital		-
		<u>(511)</u>
Balance, end of period	\$	<u>7,136</u>
Class O		2020
Balance, beginning of period	\$	-
Increase (decrease) in net assets attributable to holders of redeemable units		398,186
Unit transactions:		
Proceeds from issue of redeemable units		765,002
Issued on reinvestment of distributions		55,937
Amounts paid on redemption of redeemable units		(85,000)
		<u>735,939</u>
Distributions paid from:		
Net investment income		(18,642)
Realized gains on sale of investments		(37,295)
Return of capital		-
		<u>(55,937)</u>
Balance, end of period	\$	<u>1,078,188</u>

The accompanying notes are an integral part of these financial statements.

PENDER SMALL/MID CAP DIVIDEND FUND

Statement of Cash Flows

For the period from January 31, 2020 to December 31, 2020

	2020
Cash provided by (used in):	
Operating:	
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 2,694,809
Adjustments for:	
Dividend income	(136,992)
Foreign exchange (gain) loss	559
Net realized (gain) loss on sale of investments	(621,407)
Net change in unrealized (appreciation) depreciation of investments	(1,965,644)
Other receivable	(183)
Management and administration fees payable	10,145
Accrued expenses	316
	(18,397)
Proceeds on disposal of investments	3,051,506
Amounts paid on purchase of investments	(6,791,941)
Dividends received	121,011
	(3,637,821)
Financing:	
Proceeds from issue of redeemable units	9,017,121
Amounts paid on redemption of redeemable units	(267,908)
Distributions paid to unitholders	(22,132)
	8,727,081
Net increase (decrease) in cash	5,089,260
Cash, beginning of period	-
Effect of exchange rate fluctuations on cash	(559)
Cash, end of period	\$ 5,088,701

The accompanying notes are an integral part of these financial statements.

PENDER SMALL/MID CAP DIVIDEND FUND

Schedule of Investment Portfolio

December 31, 2020

	Number of shares	Cost	Fair value
Equities:			
Consumer discretionary (6.0%):			
Diversified Royalty Corp.	73,928	\$ 175,291	\$ 175,949
Pollard Banknote Limited	14,500	253,853	518,230
		429,144	694,179
Diversified financials (4.6%):			
Alaris Equity Partners Income Trust	18,600	230,052	281,046
Social Capital Hedosophia Holdings Corp. IV, Class 'A'	5,000	65,645	87,130
Social Capital Hedosophia Holdings Corp. V, Class 'A'	5,000	65,645	79,174
Social Capital Hedosophia Holdings Corp. VI, Class 'A'	5,000	65,645	78,283
		426,987	525,633
Energy (1.2%):			
Computer Modelling Group Ltd.	29,400	169,971	143,472
		169,971	143,472
Industrials (19.0%):			
Dexterra Group Inc.	40,600	211,253	263,494
GDI Integrated Facility Services Inc.	8,100	258,219	360,207
Hardwoods Distribution Inc.	11,900	178,578	301,308
IBI Group Inc.	36,100	151,770	295,659
K-Bro Linen Inc.	7,640	248,756	297,731
Mullen Group Ltd.	30,800	219,955	335,720
PFB Corporation	11,100	126,416	249,750
Transcontinental Inc., Class 'A'	4,100	63,294	84,091
		1,458,241	2,187,960
Information technology (9.7%):			
Dye & Durham Limited	6,362	88,215	321,408
Evertz Technologies Limited	18,800	249,317	248,536
Sylogist Ltd.	21,472	212,343	253,370
Vecima Networks Inc.	20,200	206,609	294,920
		756,484	1,118,234
Materials (6.7%):			
ADF Group Inc.	130,000	135,850	189,800
Intertape Polymer Group Inc.	11,200	138,424	270,368
Major Drilling Group International Inc.	15,600	93,036	119,964
Richards Packaging Income Fund	2,500	113,881	192,125
		481,191	772,257
Real estate (7.6%):			
Colliers International Group Inc.	2,100	150,359	237,888
FirstService Corporation	1,200	158,228	209,064
Information Services Corporation, Class 'A'	21,200	336,331	422,092
		644,918	869,044
Total equities (54.8%)		\$ 4,366,936	\$ 6,310,779

The accompanying notes are an integral part of these financial statements.

PENDER SMALL/MID CAP DIVIDEND FUND

Schedule of Investment Portfolio

December 31, 2020

	Exercise price	Expiry date	Issue currency	Number of units	Cost	Fair value
Warrants (0.1%):						
Social Capital Hedosophia Holdings Corp. IV, Class 'A'	11.50	2025/09/26	USD	1,250	\$ -	\$ 5,887
Social Capital Hedosophia Holdings Corp. V, Class 'A'	11.50	2025/12/31	USD	1,250	-	5,617
Social Capital Hedosophia Holdings Corp. VI, Class 'A'	11.50	2025/12/31	USD	1,250	-	5,203
					-	16,707
Less: Transaction costs included in cost of investments					(5,094)	
Total investments (54.9%)					\$ 4,361,842	\$ 6,327,486
Cash (44.1%)						\$ 5,088,701
Other assets less liabilities (1.0%)						117,742
Total net assets attributable to holders of redeemable units (100.0%)						\$ 11,533,929

The accompanying notes are an integral part of these financial statements.

PENDER STRATEGIC GROWTH AND INCOME FUND

Statements of Financial Position

December 31, 2020 and 2019

	Notes	2020	2019
Assets			
Cash		\$ 136,150	\$ 206,218
Subscriptions receivable		17,900	-
Dividends receivable		15,340	19,191
Other receivable		16	1,571
Investments		10,360,045	12,397,963
		10,529,451	12,624,943
Liabilities			
Management and administration fees payable	4	16,521	20,081
Redemptions payable		6,772	1,000
Accrued expenses		176	273
		23,469	21,354
Net assets, attributable to holders of redeemable units		\$ 10,505,982	\$ 12,603,589
Net assets attributable to holders of redeemable units per class:			
Class A		\$ 6,227,856	\$ 7,665,409
Class D		32,699	21,714
Class E		96,579	75,926
Class F		2,367,806	3,287,412
Class H		867,521	582,383
Class I		905,795	963,659
Class O		7,726	7,086
		\$ 10,505,982	\$ 12,603,589
Net assets attributable to holders of redeemable units per unit:			
Class A		\$ 13.42	\$ 12.90
Class D		11.51	11.00
Class E		11.04	10.74
Class F		13.70	13.09
Class H		9.78	9.54
Class I		10.11	9.67
Class O		11.90	11.61

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Manager, PenderFund Capital Management Ltd.:

_____ Director

_____ Director

PENDER STRATEGIC GROWTH AND INCOME FUND

Statements of Comprehensive Income

Years ended December 31, 2020 and 2019

	Notes	2020	2019
Revenue:			
Dividend income		\$ 206,393	\$ 218,759
Distributions from underlying funds		224,909	174,394
Interest for distribution purposes		763	3,378
Foreign exchange gain (loss)		(9,471)	881
Securities lending income	5	4,225	34,392
Changes in fair value of investments:			
Net realized gain (loss)		233,977	453,164
Net change in unrealized appreciation (depreciation)		49,524	1,688,751
Total revenue		710,320	2,573,719
Expenses:			
Management fees	4	145,733	186,756
Administration fees	4	52,796	69,256
Withholding taxes (recovery)	6	11,485	12,919
Transaction costs		4,941	13,592
Independent review committee fees		266	285
Other taxes (recovery)		-	(735)
Total expenses		215,221	282,073
Less: expenses absorbed by the Manager		(266)	(285)
Net expenses		214,955	281,788
Increase (decrease) in net assets attributable to holders of redeemable units		\$ 495,365	\$ 2,291,931
Increase (decrease) in net assets attributable to holders of redeemable units per class:			
Class A		\$ 270,127	\$ 1,321,213
Class D		286	5,453
Class E		8,506	3,994
Class F		140,012	672,667
Class H		50,543	84,867
Class I		25,251	202,559
Class O		640	1,178
		\$ 495,365	\$ 2,291,931
Increase (decrease) in net assets attributable to holders of redeemable units per unit:			
Class A		\$ 0.51	\$ 1.94
Class D		0.14	1.66
Class E		1.00	1.15
Class F		0.64	2.16
Class H		0.54	1.26
Class I		0.27	1.64
Class O		1.02	1.97

The accompanying notes are an integral part of these financial statements.

PENDER STRATEGIC GROWTH AND INCOME FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

Years ended December 31, 2020 and 2019

Class A	2020	2019
Balance, beginning of year	\$ 7,665,409	\$ 8,503,116
Increase (decrease) in net assets attributable to holders of redeemable units	270,127	1,321,213
Unit transactions:		
Proceeds from issue of redeemable units	470,693	491,828
Issued on reinvestment of distributions	133,758	62,857
Amounts paid on redemption of redeemable units	(2,166,586)	(2,647,288)
	(1,562,135)	(2,092,603)
Distributions paid from:		
Net investment income	(106,284)	(62,274)
Realized gains on sale of investments	(39,261)	(4,043)
Return of capital	-	-
	(145,545)	(66,317)
Balance, end of year	\$ 6,227,856	\$ 7,665,409

Class D	2020	2019
Balance, beginning of year	\$ 21,714	\$ 35,613
Increase (decrease) in net assets attributable to holders of redeemable units	286	5,453
Unit transactions:		
Proceeds from issue of redeemable units	29,500	5,200
Issued on reinvestment of distributions	583	360
Amounts paid on redemption of redeemable units	(18,801)	(24,468)
	11,282	(18,908)
Distributions paid from:		
Net investment income	(583)	(444)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(583)	(444)
Balance, end of year	\$ 32,699	\$ 21,714

Class E	2020	2019
Balance, beginning of year	\$ 75,926	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	8,506	3,994
Unit transactions:		
Proceeds from issue of redeemable units	18,867	71,932
Issued on reinvestment of distributions	4,544	946
Amounts paid on redemption of redeemable units	(6,720)	-
	16,691	72,878
Distributions paid from:		
Net investment income	(2,989)	(834)
Realized gains on sale of investments	(1,555)	(112)
Return of capital	-	-
	(4,544)	(946)
Balance, end of year	\$ 96,579	\$ 75,926

The accompanying notes are an integral part of these financial statements.

PENDER STRATEGIC GROWTH AND INCOME FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

Years ended December 31, 2020 and 2019

Class F	2020	2019
Balance, beginning of year	\$ 3,287,412	\$ 4,375,544
Increase (decrease) in net assets attributable to holders of redeemable units	140,012	672,667
Unit transactions:		
Proceeds from issue of redeemable units	653,322	398,037
Issued on reinvestment of distributions	56,730	51,631
Amounts paid on redemption of redeemable units	(1,700,137)	(2,146,651)
	(990,085)	(1,696,983)
Distributions paid from:		
Net investment income	(69,533)	(63,816)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(69,533)	(63,816)
Balance, end of year	\$ 2,367,806	\$ 3,287,412

Class H	2020	2019
Balance, beginning of year	\$ 582,383	\$ 205,637
Increase (decrease) in net assets attributable to holders of redeemable units	50,543	84,867
Unit transactions:		
Proceeds from issue of redeemable units	393,204	408,374
Issued on reinvestment of distributions	24,865	3,501
Amounts paid on redemption of redeemable units	(145,038)	(112,308)
	273,031	299,567
Distributions paid from:		
Net investment income	(19,439)	(7,200)
Realized gains on sale of investments	(18,997)	(488)
Return of capital	-	-
	(38,436)	(7,688)
Balance, end of year	\$ 867,521	\$ 582,383

Class I	2020	2019
Balance, beginning of year	\$ 963,659	\$ 1,317,043
Increase (decrease) in net assets attributable to holders of redeemable units	25,251	202,559
Unit transactions:		
Proceeds from issue of redeemable units	274,437	142,367
Issued on reinvestment of distributions	15,301	13,460
Amounts paid on redemption of redeemable units	(348,275)	(692,496)
	(58,537)	(536,669)
Distributions paid from:		
Net investment income	(24,578)	(19,274)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(24,578)	(19,274)
Balance, end of year	\$ 905,795	\$ 963,659

The accompanying notes are an integral part of these financial statements.

PENDER STRATEGIC GROWTH AND INCOME FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

Years ended December 31, 2020 and 2019

Class O	2020	2019
Balance, beginning of year	\$ 7,086	\$ 5,908
Increase (decrease) in net assets attributable to holders of redeemable units	640	1,178
Unit transactions:		
Proceeds from issue of redeemable units	-	-
Issued on reinvestment of distributions	413	217
Amounts paid on redemption of redeemable units	-	-
	413	217
Distributions paid from:		
Net investment income	(264)	(205)
Realized gains on sale of investments	(149)	(12)
Return of capital	-	-
	(413)	(217)
Balance, end of year	\$ 7,726	\$ 7,086

The accompanying notes are an integral part of these financial statements.

PENDER STRATEGIC GROWTH AND INCOME FUND

Statements of Cash Flows

Years ended December 31, 2020 and 2019

	2020	2019
Cash provided by (used in):		
Operating:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 495,365	\$ 2,291,931
Adjustments for:		
Dividend income	(206,393)	(218,759)
Distributions from underlying funds	(224,909)	(174,394)
Interest for distribution purposes	(763)	(3,378)
Foreign exchange (gain) loss	9,471	(881)
Net realized (gain) loss on sale of investments	(233,977)	(453,164)
Net change in unrealized (appreciation) depreciation of investments	(49,524)	(1,688,751)
Other receivables	1,555	875
Accrued expenses	(97)	63
Management and administration fees payable	(3,560)	(55)
	(212,832)	(246,513)
Proceeds on disposal of investments	4,392,178	10,346,683
Amounts paid on purchase of investments	(2,070,759)	(6,798,075)
Dividends received	210,244	224,044
Distributions received from underlying funds	224,909	174,394
Interest received	763	3,378
	2,544,503	3,703,911
Financing:		
Proceeds from issue of redeemable units	959,431	780,463
Amounts paid on redemption of redeemable units	(3,517,093)	(4,884,441)
Distributions paid to unitholders	(47,438)	(28,465)
	(2,605,100)	(4,132,443)
Net increase (decrease) in cash	(60,597)	(428,532)
Cash, beginning of year	206,218	633,869
Effect of exchange rate fluctuations on cash	(9,471)	881
Cash, end of year	\$ 136,150	\$ 206,218

The accompanying notes are an integral part of these financial statements.

PENDER STRATEGIC GROWTH AND INCOME FUND

Schedule of Investment Portfolio

December 31, 2020

	Number of units / shares	Cost	Fair value
Mutual funds (46.8%):			
Pender Corporate Bond Fund, Class 'O'	372,583	\$ 3,897,236	\$ 4,163,723
Pender Small Cap Opportunities Fund, Class 'O'	21,008	465,177	755,759
		4,362,413	4,919,482
Equities:			
Communication services (4.4%):			
Baidu, Inc., ADR	1,300	302,181	357,827
Corus Entertainment Inc., Class 'B'	24,100	127,831	103,148
		430,012	460,975
Consumer discretionary (4.2%):			
Diversified Royalty Corp.	79,469	235,268	189,136
Hanesbrands Inc.	13,700	307,248	254,257
		542,516	443,393
Consumer staples (3.8%):			
MAV Beauty Brands Inc.	81,542	379,503	399,556
		379,503	399,556
Diversified financials (21.7%):			
Brookfield Asset Management Inc., Class 'A'	9,600	304,359	505,152
Brookfield Office Properties Inc.	7,600	140,652	124,184
Burford Capital Limited	21,200	189,262	260,950
Exor N.V.	2,100	151,048	216,247
Fiera Capital Corporation	19,400	195,387	207,192
KKR & Co. Inc.	5,600	184,612	288,622
Onex Corporation	4,100	334,208	299,546
Starwood Property Trust, Inc.	15,250	371,880	374,646
		1,871,408	2,276,539
Energy (6.4%):			
ARC Resources Ltd.	44,400	320,938	266,400
Husky Energy Inc., Preferred, Series '3', 4.50%	16,700	299,307	271,375
Texas Pacific Land Trust	140	88,076	129,556
		708,321	667,331
Industrials (1.8%):			
Northrop Grumman Corp.	500	206,501	193,939
		206,501	193,939
Materials (2.1%):			
CCL Industries Inc., Class 'B'	3,800	233,710	219,602
		233,710	219,602
Real estate (7.4%):			
Brookfield Property Partners L.P.	17,000	352,184	312,970
Information Services Corporation, Class 'A'	14,497	227,419	288,635
Kennedy-Wilson Holdings, Inc.	7,800	146,524	177,623
		726,127	779,228
Total equities (51.8%)		5,098,098	5,440,563
Less: Transaction costs included in cost of investments		(4,695)	
Total investments (98.6%)		\$ 9,455,816	\$ 10,360,045
Cash (1.3%)			\$ 136,150
Other assets less liabilities (0.1%)			9,787
Total net assets attributable to holders of redeemable units (100.0%)			\$ 10,505,982

The accompanying notes are an integral part of these financial statements.

PENDER STRATEGIC INVESTMENT FUND

Statement of Financial Position

December 31, 2020

	Notes	2020
Assets		
Cash		\$ 6,860
Dividends receivable		229
Investments		255,524
		<u>262,613</u>
Liabilities		
		<u>-</u>
Net assets , attributable to holders of redeemable units		<u>\$ 262,613</u>
Net assets attributable to holders of redeemable units per class:		
Class A		\$ 131,305
Class F		131,308
		<u>\$ 262,613</u>
Net assets attributable to holders of redeemable units per unit:		
Class A		\$ 14.80
Class F		14.80

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Manager, PenderFund Capital Management Ltd.:

_____ Director

_____ Director

PENDER STRATEGIC INVESTMENT FUND

Statement of Comprehensive Income

For the period from July 10, 2020 to December 31, 2020

	Notes	2020
Revenue:		
Dividend income		\$ 1,220
Foreign exchange gain (loss)		(86)
Changes in fair value of investments:		
Net realized gain (loss)		40,041
Net change in unrealized appreciation (depreciation)		72,060
Total revenue		113,235
Expenses:		
Management fees	4	1,453
Transaction costs		1,142
Administration fees	4	485
Withholding taxes (recovery)	6	21
Independent review committee fees		6
Total expenses		3,107
Less: fees waived and expenses absorbed by the Manager	4	(2,485)
Net expenses		622
Increase (decrease) in net assets attributable to holders of redeemable units		\$ 112,613
Increase (decrease) in net assets attributable to holders of redeemable units per class:		
Class A		\$ 56,305
Class F		56,308
		\$ 112,613
Increase (decrease) in net assets attributable to holders of redeemable units per unit:		
Class A		\$ 7.51
Class F		7.51

The accompanying notes are an integral part of these financial statements.

PENDER STRATEGIC INVESTMENT FUND

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units

For the period from July 10, 2020 to December 31, 2020

Class A		2020
Balance, beginning of period	\$	-
Increase (decrease) in net assets attributable to holders of redeemable units		56,305
Unit transactions:		
Proceeds from issue of redeemable units		75,000
Issued on reinvestment of distributions		20,281
Amounts paid on redemption of redeemable units		-
		95,281
Distributions paid from:		
Net investment income		(486)
Realized gains on sale of investments		(19,795)
Return of capital		-
		(20,281)
Balance, end of period	\$	131,305
Class F		2020
Balance, beginning of period	\$	-
Increase (decrease) in net assets attributable to holders of redeemable units		56,308
Unit transactions:		
Proceeds from issue of redeemable units		75,000
Issued on reinvestment of distributions		20,284
Amounts paid on redemption of redeemable units		-
		95,284
Distributions paid from:		
Net investment income		(486)
Realized gains on sale of investments		(19,798)
Return of capital		-
		(20,284)
Balance, end of period	\$	131,308

The accompanying notes are an integral part of these financial statements.

PENDER STRATEGIC INVESTMENT FUND

Statement of Cash Flows

For the period from July 10, 2020 to December 31, 2020

	2020	
Cash provided by (used in):		
Operating:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 112,613	
Adjustments for:		
Dividend income	(1,220)	
Foreign exchange (gain) loss	86	
Net realized (gain) loss on sale of investments	(40,041)	
Net change in unrealized (appreciation) depreciation of investments	(72,060)	
	(622)	
Proceeds on disposal of investments	146,965	
Amounts paid on purchase of investments	(290,388)	
Dividends received	991	
	(143,054)	
Financing:		
Proceeds from issue of redeemable units	150,000	
Net increase (decrease) in cash		6,946
Cash, beginning of period		-
Effect of exchange rate fluctuations on cash		(86)
Cash, end of period		\$ 6,860

The accompanying notes are an integral part of these financial statements.

PENDER STRATEGIC INVESTMENT FUND

Schedule of Investment Portfolio

December 31, 2020

	Number of shares	Cost	Fair value
Equities:			
Communication services (16.5%):			
Alaska Communications Systems Group, Inc.	1,500	\$ 6,032	\$ 7,046
Baidu, Inc., ADR	50	8,361	13,763
Corus Entertainment Inc., Class 'B'	2,200	5,435	9,416
Gogo Inc.	300	2,436	3,677
IAC/InterActiveCorp	40	6,720	9,641
		28,984	43,543
Consumer discretionary (10.5%):			
Aritzia Inc.	350	6,440	9,027
Dorel Industries Inc., Class 'B'	360	5,166	5,375
Stitch Fix, Inc., Class 'A'	175	5,493	13,080
		17,099	27,482
Consumer staples (10.4%):			
Else Nutrition Holdings Inc.	1,550	5,038	6,061
MAV Beauty Brands Inc.	2,900	6,540	14,210
Premium Brands Holdings Corporation	70	6,370	7,051
		17,948	27,322
Diversified financials (15.5%):			
AGF Management Limited., Class 'B'	1,030	5,389	6,262
Burford Capital Limited	700	6,555	8,616
Fiera Capital Corporation	480	4,883	5,126
Partners Value Investments LP	150	6,503	7,508
Turmeric Acquisition Corp.	1,000	13,190	13,073
		36,520	40,585
Energy (6.9%):			
ARC Resources Ltd.	900	4,734	5,400
MEG Energy Corp.	600	2,139	2,670
Spartan Delta Corp.	2,400	6,604	7,152
Texas Pacific Land Corporation	3	2,340	2,776
		15,817	17,998
Health care (2.3%):			
Bausch Health Companies Inc.	225	5,669	5,942
		5,669	5,942
Industrials (13.5%):			
Blackline Safety Corp.	900	5,400	6,795
GDI Integrated Facility Services Inc.	165	4,747	7,338
Inscape Corporation, Class 'B'	7,600	3,505	7,144
Maxar Technologies Inc.	290	7,153	14,270
		20,805	35,547
Information technology (9.0%):			
Nuvei Corporation	125	4,275	9,715
Sangoma Technologies Corporation	4,000	9,200	14,200
		13,475	23,915
Materials (8.2%):			
CCL Industries Inc., Class 'B'	145	6,465	8,380
Copper Mountain Mining Corporation	3,500	4,655	6,335
First Quantum Minerals Ltd.	125	2,204	2,856
Winpak Ltd.	90	4,013	3,854
		17,337	21,425

The accompanying notes are an integral part of these financial statements.

PENDER STRATEGIC INVESTMENT FUND

Schedule of Investment Portfolio

December 31, 2020

	Number of shares	Cost	Fair value
Equities (continued):			
Real estate (4.5%):			
Dream Unlimited Corp., Class 'A'	200	\$ 3,862	\$ 4,250
Kennedy-Wilson Holdings, Inc.	330	6,125	7,515
		9,987	11,765
Less: Transaction costs included in cost of investments		(177)	
Total equities (97.3%)		\$ 183,464	\$ 255,524
Cash (2.6%)			\$ 6,860
Other assets less liabilities (0.1%)			229
Total net assets attributable to holders of redeemable units (100.0%)			\$ 262,613

The accompanying notes are an integral part of these financial statements.

PENDER US ALL CAP EQUITY FUND

Statements of Financial Position

December 31, 2020 and 2019

	Notes	2020	2019
Assets			
Cash		\$ 565,221	\$ 1,220,656
Subscriptions receivable		5,000	-
Other receivable		320	1,139
Investments		21,589,048	15,445,614
		22,159,589	16,667,409
Liabilities			
Redemptions payable to holders of redeemable units		1,280	-
Management and administration fees payable	4	20,709	18,677
Distributions payable to holders of redeemable units		1,287	924
Accrued expenses		138	116
		23,414	19,717
Net assets , attributable to holders of redeemable units		\$ 22,136,175	\$ 16,647,692
Net assets attributable to holders of redeemable units per class:			
Class A		\$ 7,385,666	\$ 6,196,892
Class A (USD)		328,897	623,214
Class D		164,275	83,697
Class E		2,264,780	1,089,033
Class F		5,635,536	4,288,628
Class F (USD)		199,936	101,527
Class H		123,225	222,894
Class I		7,208	159,822
Class N		7,993	5,134
Class N (USD)		10,478	6,732
Class O		6,008,181	3,870,119
		\$ 22,136,175	\$ 16,647,692
Net assets attributable to holders of redeemable units per unit:			
Class A		\$ 17.90	\$ 11.67
Class A (USD)		17.46	11.38
Class D		13.75	8.89
Class E		17.36	11.11
Class F		17.88	11.54
Class F (USD)		17.91	11.56
Class H		14.25	9.26
Class I		14.41	9.29
Class N		15.98	10.27
Class N (USD)		20.93	13.45
Class O		15.27	9.73

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Manager, PenderFund Capital Management Ltd.:

Director

Director

PENDER US ALL CAP EQUITY FUND

Statements of Comprehensive Income

Years ended December 31, 2020 and 2019

	Notes	2020	2019
Revenue:			
Dividend income		\$ 33,313	\$ 31,426
Interest for distribution purposes		1,462	9,317
Securities lending income	5	10,148	7,408
Foreign exchange gain (loss)		8,286	4,745
Changes in fair value of investments:			
Net realized gain (loss)		(704,776)	(382,075)
Net change in unrealized appreciation (depreciation)		8,537,024	3,014,236
Total revenue		7,885,457	2,685,057
Expenses:			
Management fees	4	141,500	177,069
Administration fees	4	56,795	64,599
Transaction costs		8,877	8,506
Withholding taxes (recovery)		4,996	(79)
Independent review committee fees	6	561	381
Total expenses		212,729	250,476
Less: expenses absorbed by the Manager		(561)	(381)
Net expenses		212,168	250,095
Increase (decrease) in net assets attributable to holders of redeemable units			
		\$ 7,673,289	\$ 2,434,962
Increase (decrease) in net assets attributable to holders of redeemable units per class:			
Class A		\$ 2,598,965	\$ 909,215
Class A (USD)		76,394	81,387
Class D		31,654	7,722
Class E		783,341	83,213
Class F		1,903,966	618,913
Class F (USD)		55,891	35,593
Class H		44,616	43,391
Class I		(8,744)	30,417
Class N		2,859	134
Class N (USD)		3,746	184
Class O		2,180,601	624,793
		\$ 7,673,289	\$ 2,434,962
Increase (decrease) in net assets attributable to holders of redeemable units per unit:			
Class A		\$ 5.56	\$ 1.50
Class A (USD)		3.07	1.44
Class D		5.04	1.19
Class E		7.30	1.53
Class F		5.80	1.51
Class F (USD)		11.18	2.12
Class H		2.46	1.36
Class I		(2.49)	1.22
Class N		5.72	0.27
Class N (USD)		7.48	0.37
Class O		5.52	1.29

The accompanying notes are an integral part of these financial statements.

PENDER US ALL CAP EQUITY FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

Years ended December 31, 2020 and 2019

Class A	2020	2019
Balance, beginning of year	\$ 6,196,892	\$ 6,755,623
Increase (decrease) in net assets attributable to holders of redeemable units	2,598,965	909,215
Unit transactions:		
Proceeds from issue of redeemable units	78,820	138,318
Issued on reinvestment of distributions	-	4,265
Amounts paid on redemption of redeemable units	(1,489,011)	(1,608,633)
	(1,410,191)	(1,466,050)
Distributions paid from:		
Net investment income	-	(1,896)
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	(1,896)
Balance, end of year	\$ 7,385,666	\$ 6,196,892

Class A (USD)	2020	2019
Balance, beginning of year	\$ 623,214	\$ 579,577
Increase (decrease) in net assets attributable to holders of redeemable units	76,394	81,387
Unit transactions:		
Proceeds from issue of redeemable units	38,427	-
Issued on reinvestment of distributions	-	197
Amounts paid on redemption of redeemable units	(409,138)	(37,861)
	(370,711)	(37,664)
Distributions paid from:		
Net investment income	-	(86)
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	(86)
Balance, end of year	\$ 328,897	\$ 623,214

Class D	2020	2019
Balance, beginning of year	\$ 83,697	\$ 33,794
Increase (decrease) in net assets attributable to holders of redeemable units	31,654	7,722
Unit transactions:		
Proceeds from issue of redeemable units	184,079	71,389
Issued on reinvestment of distributions	-	199
Amounts paid on redemption of redeemable units	(135,155)	(29,318)
	48,924	42,270
Distributions paid from:		
Net investment income	-	(89)
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	(89)
Balance, end of year	\$ 164,275	\$ 83,697

The accompanying notes are an integral part of these financial statements.

PENDER US ALL CAP EQUITY FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

Years ended December 31, 2020 and 2019

Class E	2020	2019
Balance, beginning of year	\$ 1,089,033	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	783,341	83,213
Unit transactions:		
Proceeds from issue of redeemable units	402,998	1,005,820
Issued on reinvestment of distributions	-	872
Amounts paid on redemption of redeemable units	(10,592)	-
	392,406	1,006,692
Distributions paid from:		
Net investment income	-	(872)
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	(872)
Balance, end of year	\$ 2,264,780	\$ 1,089,033

Class F	2020	2019
Balance, beginning of year	\$ 4,288,628	\$ 4,241,315
Increase (decrease) in net assets attributable to holders of redeemable units	1,903,966	618,913
Unit transactions:		
Proceeds from issue of redeemable units	164,904	198,627
Issued on reinvestment of distributions	3,606	5,657
Amounts paid on redemption of redeemable units	(721,599)	(771,811)
	(553,089)	(567,527)
Distributions paid from:		
Net investment income	(3,969)	(4,073)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(3,969)	(4,073)
Balance, end of year	\$ 5,635,536	\$ 4,288,628

Class F (USD)	2020	2019
Balance, beginning of year	\$ 101,527	\$ 295,152
Increase (decrease) in net assets attributable to holders of redeemable units	55,891	35,593
Unit transactions:		
Proceeds from issue of redeemable units	126,308	10,133
Issued on reinvestment of distributions	-	1,235
Amounts paid on redemption of redeemable units	(83,790)	(240,586)
	42,518	(229,218)
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of year	\$ 199,936	\$ 101,527

The accompanying notes are an integral part of these financial statements.

PENDER US ALL CAP EQUITY FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

Years ended December 31, 2020 and 2019

Class H	2020	2019
Balance, beginning of year	\$ 222,894	\$ 318,134
Increase (decrease) in net assets attributable to holders of redeemable units	44,616	43,391
Unit transactions:		
Proceeds from issue of redeemable units	114,452	-
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(258,737)	(138,631)
	(144,285)	(138,631)
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of year	\$ 123,225	\$ 222,894
Class I	2020	2019
Balance, beginning of year	\$ 159,822	\$ 230,765
Increase (decrease) in net assets attributable to holders of redeemable units	(8,744)	30,417
Unit transactions:		
Proceeds from issue of redeemable units	4,308	7,000
Issued on reinvestment of distributions	-	7
Amounts paid on redemption of redeemable units	(148,178)	(108,367)
	(143,870)	(101,360)
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of year	\$ 7,208	\$ 159,822
Class N	2020	2019
Balance, beginning of year	\$ 5,134	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	2,859	134
Unit transactions:		
Proceeds from issue of redeemable units	-	5,000
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	-	-
	-	5,000
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of year	\$ 7,993	\$ 5,134

The accompanying notes are an integral part of these financial statements.

PENDER US ALL CAP EQUITY FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

Years ended December 31, 2020 and 2019

Class N (USD)	2020	2019
Balance, beginning of year	\$ 6,732	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	3,746	184
Unit transactions:		
Proceeds from issue of redeemable units	-	6,548
Issued on reinvestment of distributions	-	7
Amounts paid on redemption of redeemable units	-	-
	-	6,555
Distributions paid from:		
Net investment income	-	(7)
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	(7)
Balance, end of year	\$ 10,478	\$ 6,732
Class O	2020	2019
Balance, beginning of year	\$ 3,870,119	\$ 4,284,285
Increase (decrease) in net assets attributable to holders of redeemable units	2,180,601	624,793
Unit transactions:		
Proceeds from issue of redeemable units	-	-
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(42,539)	(1,038,959)
	(42,539)	(1,038,959)
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of year	\$ 6,008,181	\$ 3,870,119

The accompanying notes are an integral part of these financial statements.

PENDER US ALL CAP EQUITY FUND

Statements of Cash Flows

Years ended December 31, 2020 and 2019

	2020	2019
Cash provided by (used in):		
Operating:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 7,673,289	\$ 2,434,962
Adjustments for:		
Dividend income	(33,313)	(31,426)
Interest for distribution purposes	(1,462)	(9,317)
Foreign exchange (gain) loss	(8,286)	(4,745)
Net realized (gain) loss on sale of investments	704,776	382,075
Net change in unrealized (appreciation) depreciation of investments	(8,537,024)	(3,014,236)
Other receivable	819	(792)
Management and administration fees payable	2,032	3,320
Accrued expenses	22	(73)
	(199,147)	(240,232)
Proceeds on disposal of investments	9,298,494	8,429,573
Amounts paid on purchase of investments	(7,609,680)	(4,522,247)
Dividends received	33,313	31,426
Interest received	1,462	9,325
	1,524,442	3,707,845
Financing:		
Proceeds from issue of redeemable units	966,372	218,132
Amounts paid on redemption of redeemable units	(3,154,535)	(2,749,063)
Distributions paid to unitholders	-	(42)
	(2,188,163)	(2,530,973)
Net increase (decrease) in cash	(663,721)	1,176,872
Cash, beginning of year	1,220,656	39,039
Effect of exchange rate fluctuations on cash	8,286	4,745
Cash, end of year	\$ 565,221	\$ 1,220,656

The accompanying notes are an integral part of these financial statements.

PENDER US ALL CAP EQUITY FUND

Schedule of Investment Portfolio

December 31, 2020

	Number of shares	Cost	Fair value
Equities:			
Communication services (28.6%) :			
Baidu, Inc., ADR	7,300	\$ 1,739,562	\$ 2,009,339
IAC/InterActiveCorp	3,600	606,414	867,685
Liberty Latin America Ltd.	55,649	1,612,892	788,400
Zillow Group, Inc.	16,100	686,420	2,660,081
		4,645,288	6,325,505
Consumer discretionary (16.8%):			
JD.com, Inc., ADR	14,800	581,858	1,655,941
Stitch Fix, Inc., Class 'A'	27,600	695,285	2,062,953
		1,277,143	3,718,894
Diversified financials (17.8%):			
Burford Capital Limited	121,100	1,121,568	1,490,613
FRMO Corporation	44,148	249,496	618,156
Interactive Brokers Group, Inc., Class 'A'	6,300	348,209	488,534
KKR & Co. Inc.	26,100	744,662	1,345,187
		2,463,935	3,942,490
Energy (2.3%):			
Texas Pacific Land Trust	560	364,745	518,223
		364,745	518,223
Industrials (3.1%):			
Colfax Corporation	14,312	717,006	696,647
		717,006	696,647
Information technology (25.3%):			
Ebix Inc.	16,700	528,305	807,145
MicroStrategy Incorporated, Class 'A'	2,300	501,578	1,137,546
PAR Technology Corporation	19,800	620,390	1,582,523
SharpSpring, Inc.	27,500	380,269	569,877
Square, Inc., Class 'A'	5,400	471,360	1,495,983
		2,501,902	5,593,074
Real estate (3.6%):			
The Howard Hughes Corporation	7,905	1,110,167	794,215
		1,110,167	794,215
Less: Transaction costs included in cost of investments		(4,566)	
Total investments (97.5%)		\$ 13,075,620	\$ 21,589,048
Cash (2.6%)			\$ 565,221
Other assets less liabilities (-0.1%)			(18,094)
Total net assets attributable to holders of redeemable units (100.0%)			\$ 22,136,175

The accompanying notes are an integral part of these financial statements.

PENDER VALUE FUND

Statements of Financial Position

December 31, 2020 and 2019

	Notes	2020	2019
Assets			
Cash		\$ 8,400,630	\$ 26,268,875
Interest receivable		484,750	12,850
Subscriptions receivable		90,565	141,138
Dividends receivable		71,670	193,444
Investments		273,204,054	292,331,311
		282,251,669	318,947,618
Liabilities			
Redemptions payable to holders of redeemable units		383,120	258,151
Management and administration fees payable	4	336,608	400,400
Distributions payable to holders of redeemable units		1,313	1,172
Accrued expenses		853	893
		721,894	660,616
Net assets , attributable to holders of redeemable units		\$ 281,529,775	\$ 318,287,002
Net assets attributable to holders of redeemable units per class:			
Class A		\$ 50,955,672	\$ 59,409,586
Class D		2,208,560	3,254,784
Class E		860,592	683,871
Class F		107,636,584	144,360,023
Class H		12,283,446	11,561,220
Class I		90,635,563	83,532,012
Class N		6,267	5,190
Class O		16,943,091	15,480,316
		\$ 281,529,775	\$ 318,287,002
Net assets attributable to holders of redeemable units per unit:			
Class A		\$ 22.54	\$ 18.96
Class D		13.58	11.32
Class E		13.19	10.88
Class F		22.85	19.02
Class H		16.33	13.69
Class I		16.76	13.94
Class N		12.15	10.06
Class O		19.34	15.88

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Manager, PenderFund Capital Management Ltd.:

_____ Director

_____ Director

PENDER VALUE FUND

Statements of Comprehensive Income

Years ended December 31, 2020 and 2019

	Notes	2020	2019
Revenue:			
Dividend income		\$ 2,684,172	\$ 3,492,778
Interest for distribution purposes		1,238,150	197,660
Foreign exchange gain (loss)		464,374	(403,235)
Securities lending income	5	-	99,570
Changes in fair value of investments:			
Net realized gain (loss)		(4,894,534)	12,078,220
Net change in unrealized appreciation (depreciation)		40,113,470	47,586,151
Total revenue		39,605,632	63,051,144
Expenses:			
Management fees	4	2,482,479	3,459,523
Administration fees	4	1,158,647	1,594,956
Transaction costs		329,272	390,274
Withholding taxes (recovery)	6	52,802	215,559
Independent review committee fees		7,134	7,204
Total expenses		4,030,334	5,667,516
Less: expenses absorbed by the Manager		(7,134)	(7,204)
Net expenses		4,023,200	5,660,312
Increase (decrease) in net assets attributable to holders of redeemable units			
		\$ 35,582,432	\$ 57,390,832
Increase (decrease) in net assets attributable to holders of redeemable units per class:			
Class A		\$ 6,229,130	\$ 10,374,353
Class D		282,988	611,039
Class E		165,216	68,672
Class F		13,233,989	28,144,200
Class H		1,708,742	2,058,650
Class I		10,994,753	13,481,503
Class N		1,077	190
Class O		2,966,537	2,652,225
		\$ 35,582,432	\$ 57,390,832
Increase (decrease) in net assets attributable to holders of redeemable units per unit:			
Class A		\$ 2.37	\$ 2.97
Class D		1.55	1.91
Class E		2.46	1.96
Class F		2.29	3.15
Class H		2.22	2.26
Class I		1.86	2.28
Class N		2.09	0.38
Class O		3.19	2.82

The accompanying notes are an integral part of these financial statements.

PENDER VALUE FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

Years ended December 31, 2020 and 2019

Class A	2020	2019
Balance, beginning of year	\$ 59,409,586	\$ 62,337,654
Increase (decrease) in net assets attributable to holders of redeemable units	6,229,130	10,374,353
Unit transactions:		
Proceeds from issue of redeemable units	3,138,556	7,857,424
Issued on reinvestment of distributions	-	1,052,788
Amounts paid on redemption of redeemable units	(17,821,600)	(21,072,363)
	(14,683,044)	(12,162,151)
Distributions paid from:		
Net investment income	-	(1,908)
Realized gains on sale of investments	-	(1,138,362)
Return of capital	-	-
	-	(1,140,270)
Balance, end of year	\$ 50,955,672	\$ 59,409,586
Class D	2020	2019
Balance, beginning of year	\$ 3,254,784	\$ 3,604,943
Increase (decrease) in net assets attributable to holders of redeemable units	282,988	611,039
Unit transactions:		
Proceeds from issue of redeemable units	218,215	423,331
Issued on reinvestment of distributions	-	75,772
Amounts paid on redemption of redeemable units	(1,547,427)	(1,383,200)
	(1,329,212)	(884,097)
Distributions paid from:		
Net investment income	-	(1,500)
Realized gains on sale of investments	-	(75,601)
Return of capital	-	-
	-	(77,101)
Balance, end of year	\$ 2,208,560	\$ 3,254,784
Class E	2020	2019
Balance, beginning of year	\$ 683,871	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	165,216	68,672
Unit transactions:		
Proceeds from issue of redeemable units	73,088	640,199
Issued on reinvestment of distributions	-	24,324
Amounts paid on redemption of redeemable units	(61,583)	(25,000)
	11,505	639,523
Distributions paid from:		
Net investment income	-	(3,232)
Realized gains on sale of investments	-	(21,092)
Return of capital	-	-
	-	(24,324)
Balance, end of year	\$ 860,592	\$ 683,871

The accompanying notes are an integral part of these financial statements.

PENDER VALUE FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

Years ended December 31, 2020 and 2019

Class F	2020	2019
Balance, beginning of year	\$ 144,360,023	\$ 161,575,683
Increase (decrease) in net assets attributable to holders of redeemable units	13,233,989	28,144,200
Unit transactions:		
Proceeds from issue of redeemable units	16,982,129	36,625,033
Issued on reinvestment of distributions	4,299	2,737,600
Amounts paid on redemption of redeemable units	(66,939,416)	(81,143,847)
	(49,952,988)	(41,781,214)
Distributions paid from:		
Net investment income	(4,440)	(5,055)
Realized gains on sale of investments	-	(3,573,591)
Return of capital	-	-
	(4,440)	(3,578,646)
Balance, end of year	\$ 107,636,584	\$ 144,360,023
Class H	2020	2019
Balance, beginning of year	\$ 11,561,220	\$ 12,341,767
Increase (decrease) in net assets attributable to holders of redeemable units	1,708,742	2,058,650
Unit transactions:		
Proceeds from issue of redeemable units	1,692,707	4,081,574
Issued on reinvestment of distributions	-	234,036
Amounts paid on redemption of redeemable units	(2,679,223)	(6,911,298)
	(986,516)	(2,595,688)
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	(243,509)
Return of capital	-	-
	-	(243,509)
Balance, end of year	\$ 12,283,446	\$ 11,561,220
Class I	2020	2019
Balance, beginning of year	\$ 83,532,012	\$ 66,759,913
Increase (decrease) in net assets attributable to holders of redeemable units	10,994,753	13,481,503
Unit transactions:		
Proceeds from issue of redeemable units	33,305,783	31,564,385
Issued on reinvestment of distributions	-	1,671,658
Amounts paid on redemption of redeemable units	(37,196,985)	(27,740,858)
	(3,891,202)	5,495,185
Distributions paid from:		
Net investment income	-	(2,104)
Realized gains on sale of investments	-	(2,202,485)
Return of capital	-	-
	-	(2,204,589)
Balance, end of year	\$ 90,635,563	\$ 83,532,012

The accompanying notes are an integral part of these financial statements.

PENDER VALUE FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

Years ended December 31, 2020 and 2019

Class N	2020	2019
Balance, beginning of year	\$ 5,190	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	1,077	190
Unit transactions:		
Proceeds from issue of redeemable units	-	5,000
Issued on reinvestment of distributions	-	160
Amounts paid on redemption of redeemable units	-	-
	-	5,160
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	(160)
Return of capital	-	-
	-	(160)
Balance, end of year	\$ 6,267	\$ 5,190

Class O	2020	2019
Balance, beginning of year	\$ 15,480,316	\$ 12,442,468
Increase (decrease) in net assets attributable to holders of redeemable units	2,966,537	2,652,225
Unit transactions:		
Proceeds from issue of redeemable units	334,097	1,150,339
Issued on reinvestment of distributions	-	380,380
Amounts paid on redemption of redeemable units	(1,837,859)	(632,908)
	(1,503,762)	897,811
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	(512,188)
Return of capital	-	-
	-	(512,188)
Balance, end of year	\$ 16,943,091	\$ 15,480,316

The accompanying notes are an integral part of these financial statements.

PENDER VALUE FUND

Statements of Cash Flows

Years ended December 31, 2020 and 2019

	2020	2019
Cash provided by (used in):		
Operating:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 35,582,432	\$ 57,390,832
Adjustments for:		
Dividend income	(2,684,172)	(3,492,778)
Interest for distribution purposes	(1,238,150)	(197,660)
Foreign exchange (gain) loss	(464,374)	403,235
Net realized (gain) loss on sale of investments	4,894,534	(12,078,220)
Net change in unrealized (appreciation) depreciation of investments	(40,113,470)	(47,586,151)
Other receivable	-	5,509
Management and administration fees payable	(63,792)	(20,255)
Accrued expenses	(40)	(126)
	(4,087,032)	(5,575,614)
Proceeds on disposal of investments	239,122,301	298,522,851
Amounts paid on purchase of investments	(184,776,108)	(223,365,755)
Dividends received	2,805,946	3,427,644
Interest received	766,250	184,810
	53,831,357	73,193,936
Financing:		
Proceeds from issue of redeemable units	28,143,847	60,021,121
Amounts paid on redemption of redeemable units	(100,307,823)	(116,561,056)
Distributions paid to unitholders	-	(1,614,373)
	(72,163,976)	(58,154,308)
Net increase (decrease) in cash	(18,332,619)	15,039,628
Cash, beginning of year	26,268,875	11,632,482
Effect of exchange rate fluctuations on cash	464,374	(403,235)
Cash, end of year	\$ 8,400,630	\$ 26,268,875

The accompanying notes are an integral part of these financial statements.

PENDER VALUE FUND

Schedule of Investment Portfolio

December 31, 2020

	Number of shares	Cost	Fair value
Equities:			
Communication services (18.3%):			
Baidu, Inc., ADR	38,400	\$ 6,865,403	\$ 10,569,673
BBDV Holdings Inc.	343,095	5,489,520	4,868,518
Corus Entertainment Inc., Class 'B'	1,021,885	5,271,099	4,373,668
IAC/InterActiveCorp	42,600	7,245,293	10,267,606
Liberty Latin America Ltd., Class 'A'	216,999	5,272,588	3,074,307
Liberty Latin America Ltd., Class 'C'	64,513	613,089	910,695
TeraGo Inc.	703,088	4,826,750	4,499,763
Twitter, Inc.	69,800	3,161,356	4,811,142
Zillow Group, Inc.	48,654	2,356,660	8,038,732
		41,101,758	51,414,104
Consumer discretionary (12.2%):			
Diversified Royalty Corp.	2,716,827	8,068,822	6,466,048
Freshii Inc., Class 'A'	1,284,073	7,905,997	2,272,809
JD.com Inc., ADR	61,705	1,846,826	6,904,043
Leaf Group Ltd.	677,854	6,134,066	4,012,208
Pollard Banknote Limited	34,657	803,192	1,238,641
Stitch Fix, Inc., Class 'A'	126,300	3,552,357	9,440,254
Universal Technical Institute, Inc.	490,801	4,341,540	4,035,824
		32,652,800	34,369,827
Consumer staples (10.1%):			
CareRx Corporation	213,210	852,840	818,726
GreenSpace Brands Inc.	37,018,314	2,077,143	2,776,374
MAV Beauty Brands Inc.	2,227,050	5,940,782	10,912,545
Premium Brands Holdings Corporation	111,400	9,964,034	11,221,322
Turning Point Brands, Inc.	50,392	2,087,000	2,858,256
		20,921,799	28,587,223
Diversified financials (18.9%):			
Burford Capital Limited	926,106	14,215,903	11,399,386
Exor N.V.	98,400	8,756,606	10,132,704
Fiera Capital Corporation	308,219	3,410,149	3,291,779
Foley Trasimene Acquisition Corp., Class 'A'	150,200	2,252,540	2,137,500
Interactive Brokers Group, Inc., Class 'A'	72,800	4,023,752	5,645,281
KKR & Co. Inc.	126,940	4,176,274	6,542,452
Lux Health Tech Acquisition Corp.	86,200	1,135,426	1,287,062
Onex Corporation	78,500	6,101,979	5,735,210
Pershing Square Tontine Holdings, Ltd.	40,265	1,154,149	1,420,742
Social Capital Hedosophia Holdings Corp. V	173,300	2,399,052	2,744,184
Social Capital Hedosophia Holdings Corp. VI	177,500	2,396,860	2,779,059
		50,022,690	53,115,359
Energy (2.2%):			
Texas Pacific Land Corporation	6,645	4,696,796	6,149,272
		4,696,796	6,149,272
Health care (2.6%):			
Bausch Health Companies Inc.	275,600	6,413,900	7,278,596
		6,413,900	7,278,596

The accompanying notes are an integral part of these financial statements.

PENDER VALUE FUND

Schedule of Investment Portfolio (continued)

December 31, 2020

	Interest rate / exercise price	Maturity / expiry date	Issue currency	Number of shares / units / face value	Cost	Fair value
Equities (continued):						
Information technology (21.1%)						
Dye & Durham Limited				196,000	\$ 4,116,000	\$ 9,901,920
Ebix, Inc.				260,288	9,461,795	12,580,243
eGain Corporation				249,324	2,497,085	3,748,075
Optiva Inc.				30,685	1,384,726	1,071,213
ProntoForms Corporation				8,417,300	3,345,775	8,333,127
Redline Communications Group Inc.				1,200,785	2,857,420	540,353
Sangoma Technologies Corporation				2,026,696	2,571,747	7,194,771
Square, Inc., Class 'A'				19,700	2,086,099	5,457,569
SS&C Technologies Holdings, Inc.				90,700	5,902,958	8,399,135
Tantalus Systems Holding Inc., Subscription Receipts				973,934	2,191,352	2,191,352
					36,414,957	59,417,758
Materials (6.3%)						
CCL Industries Inc., Class 'B'				179,555	10,656,973	10,376,483
Element Solutions Inc.				356,400	2,317,031	2,740,716
Winpak Ltd.				107,464	4,796,748	4,601,608
					17,770,752	17,718,807
Real estate (2.7%)						
The Howard Hughes Corporation				77,074	11,135,264	7,743,625
					11,135,264	7,743,625
Total equities (94.4%)					\$ 221,130,716	\$ 265,794,571
Corporate bonds (2.1%):						
Athabasca Oil Corporation	9.88%	2022/02/24	USD	9,108,000	\$ 6,909,872	\$ 4,333,098
exactEarth Ltd.	9.00%	2023/12/13	CAD	580,000	986,000	1,624,000
					7,895,872	5,957,098
Warrants (0.5%):						
Foley Trasimene Acquisition Corp.	11.50	2025/07/17	USD	50,066	-	161,234
GreenSpace Brands Inc.	0.08	2022/12/23	CAD	21,936,514	-	-
Jaws Acquisition Corp.	11.50	2025/07/06	USD	52,166	-	179,286
Opendoor Technologies Inc.	11.50	2025/12/31	USD	37,930	-	372,730
Pershing Square Tontine Holdings, Ltd.	23.00	2025/07/24	USD	9,444	-	115,404
Social Capital Hedosophia Holdings Corp. II, Class 'A'	11.50	2025/12/31	USD	47,991	-	244,351
Social Capital Hedosophia Holdings Corp. V, Class 'A'	11.50	2025/12/31	USD	43,325	-	194,674
Social Capital Hedosophia Holdings Corp. VI, Class 'A'	11.50	2025/12/31	USD	44,375	-	184,706
					-	1,452,385
Less: Transaction costs included in cost of investments					(118,904)	
Total investments (97.0%)					\$ 228,907,684	\$ 273,204,054
Cash (3.0%)						\$ 8,400,630
Other assets less liabilities (0.0%)						(74,909)
Total net assets attributable to holders of redeemable units (100.0%)						\$ 281,529,775

The accompanying notes are an integral part of these financial statements.

PENDER VALUE FUND II

Statements of Financial Position

December 31, 2020 and 2019

	Notes	2020	2019
Assets			
Cash		\$ 30,393	\$ 1,391,421
Receivable for investments sold		49,814	-
Interest receivable		47,797	123
Dividends receivable		6,266	15,408
Other receivable		100	-
Subscriptions receivable		-	30,450
Investments		24,071,978	27,560,924
		24,206,348	28,998,326
Liabilities			
Redemptions payable to holders of redeemable units		51,086	125,211
Management and administration fees payable	4	35,659	52,537
Accrued expenses		1,024	54,188
		87,769	231,936
Net assets , attributable to holders of redeemable units		\$ 24,118,579	\$ 28,766,390
Net assets attributable to holders of redeemable units per class:			
Class A		\$ 11,343,918	\$ 16,941,045
Class A1		204,325	5,000
Class E		5,969	5,000
Class F		7,239,440	11,795,345
Class F1		1,945,831	5,000
Class I		2,076,611	5,000
Class N		5,947	5,000
Class O		1,296,538	5,000
		\$ 24,118,579	\$ 28,766,390
Net assets attributable to holders of redeemable units per unit:			
Class A		\$ 16.57	\$ 14.22
Class A1		11.71	10.00
Class E		11.94	10.00
Class F		17.58	14.95
Class F1		11.83	10.00
Class I		11.86	10.00
Class N		11.89	10.00
Class O		12.00	10.00

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Manager, PenderFund Capital Management Ltd.:

_____ Director

_____ Director

PENDER VALUE FUND II

Statements of Comprehensive Income

Years ended December 31, 2020 and 2019

	Notes	2020	2019
Revenue:			
Dividend income		\$ 244,727	\$ 1,263,487
Interest for distribution purposes		148,209	30,352
Foreign exchange gain (loss)		43,723	(687,431)
Securities lending income	5	4,413	442,507
Changes in fair value of investments:			
Net realized gain (loss)		(4,131,657)	(54,878,241)
Net change in unrealized appreciation (depreciation)		6,121,900	40,162,766
Total revenue		2,431,315	(13,666,560)
Expenses:			
Management fees	4	317,650	1,295,977
Administration fees	4	112,830	-
Transaction costs		43,051	600,467
Independent review committee fees		611	16,106
Securityholder reporting costs		-	323,848
Audit fees		-	87,230
Custody fees		-	20,537
Legal fees		-	17,207
Trustee fees		-	5,339
Interest expense		-	64
Withholding tax (recovery)	6	(5,256)	76,849
Other administrative expenses		(13,080)	79,316
Other taxes (recovery)		(68,168)	-
Total expenses		387,638	2,522,940
Less: expenses absorbed by the Manager		(611)	-
Increase (decrease) in net assets attributable to holders of redeemable units		\$ 2,044,288	\$ (16,189,500)
Increase (decrease) in net assets attributable to holders of redeemable units per class:			
Class A		\$ 854,970	\$ (6,057,702)
Class A1		37,766	-
Class E		969	-
Class F		416,777	(10,131,798)
Class F1		276,993	-
Class I		173,544	-
Class N		947	-
Class O		282,322	-
		\$ 2,044,288	\$ (16,189,500)
Increase (decrease) in net assets attributable to holders of redeemable units per unit:			
Class A		\$ 0.93	\$ (2.88)
Class A1		3.23	-
Class E		1.94	-
Class F		0.72	(3.29)
Class F1		1.81	-
Class I		0.97	-
Class N		1.88	-
Class O		3.14	-

The accompanying notes are an integral part of these financial statements.

PENDER VALUE FUND II

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

Years ended December 31, 2020 and 2019

Class A	2020	2019
Balance, beginning of year	\$ 16,941,045	\$ 49,409,275
Increase (decrease) in net assets attributable to holders of redeemable units	854,970	(6,057,702)
Unit transactions:		
Proceeds from issue of redeemable units	50,091	5,815,394
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(6,502,188)	(32,225,922)
	(6,452,097)	(26,410,528)
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of year	\$ 11,343,918	\$ 16,941,045
Class A1	2020	2019
Balance, beginning of year	\$ 5,000	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	37,766	-
Unit transactions:		
Proceeds from issue of redeemable units	166,559	5,000
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(5,000)	-
	161,559	5,000
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of year	\$ 204,325	\$ 5,000
Class E	2020	2019
Balance, beginning of year	\$ 5,000	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	969	-
Unit transactions:		
Proceeds from issue of redeemable units	-	5,000
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	-	-
	-	5,000
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of year	\$ 5,969	\$ 5,000

The accompanying notes are an integral part of these financial statements.

PENDER VALUE FUND II

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

Years ended December 31, 2020 and 2019

Class F	2020	2019
Balance, beginning of year	\$ 11,795,345	\$ 93,993,132
Increase (decrease) in net assets attributable to holders of redeemable units	416,777	(10,131,798)
Unit transactions:		
Proceeds from issue of redeemable units	341,527	10,550,078
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(5,314,209)	(82,616,067)
	(4,972,682)	(72,065,989)
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of year	\$ 7,239,440	\$ 11,795,345

Class F1	2020	2019
Balance, beginning of year	\$ 5,000	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	276,993	-
Unit transactions:		
Proceeds from issue of redeemable units	2,148,335	5,000
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(484,497)	-
	1,663,838	5,000
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of year	\$ 1,945,831	\$ 5,000

Class I	2020	2019
Balance, beginning of year	\$ 5,000	\$ -
Increase (decrease) in net assets attributable to holders of redeemable units	173,544	-
Unit transactions:		
Proceeds from issue of redeemable units	2,698,558	5,000
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(800,491)	-
	1,898,067	5,000
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of year	\$ 2,076,611	\$ 5,000

The accompanying notes are an integral part of these financial statements.

PENDER VALUE FUND II

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)

Years ended December 31, 2020 and 2019

Class N	2020		2019	
Balance, beginning of year	\$	5,000	\$	-
Increase (decrease) in net assets attributable to holders of redeemable units		947		-
Unit transactions:				
Proceeds from issue of redeemable units		-		5,000
Issued on reinvestment of distributions		-		-
Amounts paid on redemption of redeemable units		-		-
		-		5,000
Distributions paid from:				
Net investment income		-		-
Realized gains on sale of investments		-		-
Return of capital		-		-
		-		-
Balance, end of year	\$	5,947	\$	5,000

Class O	2020		2019	
Balance, beginning of year	\$	5,000	\$	-
Increase (decrease) in net assets attributable to holders of redeemable units		282,322		-
Unit transactions:				
Proceeds from issue of redeemable units		1,009,216		5,000
Issued on reinvestment of distributions		-		-
Amounts paid on redemption of redeemable units		-		-
		1,009,216		5,000
Distributions paid from:				
Net investment income		-		-
Realized gains on sale of investments		-		-
Return of capital		-		-
		-		-
Balance, end of year	\$	1,296,538	\$	5,000

The accompanying notes are an integral part of these financial statements.

PENDER VALUE FUND II

Statements of Cash Flows

Years ended December 31, 2020 and 2019

	2020	2019
Cash provided by (used in):		
Operating:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 2,044,288	\$ (16,189,500)
Adjustments for:		
Dividend income	(244,727)	(1,263,487)
Interest for distribution purposes	(148,209)	(30,352)
Foreign exchange (gain) loss	(43,723)	687,431
Net realized (gain) loss on sale of investments	4,131,657	54,878,241
Net change in unrealized (appreciation) depreciation of investments	(6,121,900)	(40,162,766)
Other receivable	(100)	-
Management and administration fees payable	(16,878)	13,197
Accrued expenses	(53,164)	54,188
	(452,756)	(2,013,048)
Proceeds on disposal of investments	24,814,366	170,167,470
Amounts paid on purchase of investments	(19,384,991)	(82,495,628)
Dividends received	253,869	1,344,064
Interest received	100,535	57,600
	5,331,023	87,060,458
Financing:		
Proceeds from issue of redeemable units	6,303,384	12,273,136
Amounts paid on redemption of redeemable units	(13,039,158)	(112,148,189)
	(6,735,774)	(99,875,053)
Net increase (decrease) in cash	(1,404,751)	(12,814,595)
Cash, beginning of year	1,391,421	14,893,447
Effect of exchange rate fluctuations on cash	43,723	(687,431)
Cash, end of year	\$ 30,393	\$ 1,391,421

The accompanying notes are an integral part of these financial statements.

PENDER VALUE FUND II

Schedule of Investment Portfolio

December 31, 2020

	Number of shares		Cost	Fair value
Equities:				
Communication services (18.3%) :				
Baidu, Inc., ADR	3,300	\$	585,039	\$ 908,331
BBTV Holdings Inc.	31,931		510,896	453,101
Corus Entertainment Inc., Class 'B'	89,116		440,076	381,416
IAC/InterActiveCorp	3,700		629,953	891,787
Liberty Latin America Ltd., Class 'A'	22,200		486,018	314,516
Liberty Latin America Ltd., Class 'C'	6,604		63,118	93,225
TeraGo Inc.	38,874		300,160	248,794
Twitter, Inc.	6,000		271,550	413,565
Zillow Group, Inc.	4,300		272,234	710,456
			3,559,044	4,415,191
Consumer discretionary (11.8%):				
Diversified Royalty Corp.	238,899		706,076	568,580
JD.com, Inc., ADR	5,500		221,912	615,384
Leaf Group Ltd.	59,742		478,088	353,612
Pollard Banknote Limited	3,303		76,431	118,049
Stitch Fix, Inc., Class 'A'	10,900		303,030	814,717
Universal Technical Institute, Inc.	44,975		398,670	369,826
			2,184,207	2,840,168
Consumer staples (10.2%):				
CareRx Corporation	21,875		87,500	84,000
GreenSpace Brands Inc.	2,596,840		153,800	194,763
MAV Beauty Brands Inc.	195,206		508,106	956,509
Premium Brands Holdings Corporation	9,600		859,051	967,008
Turning Point Brands, Inc.	4,708		194,895	267,040
			1,803,352	2,469,320
Diversified financials (19.3%):				
Burford Capital Limited	79,368		1,134,441	976,936
Exor N.V.	8,500		783,574	875,284
Fiera Capital Corporation	27,262		301,634	291,158
Foley Trasimene Acquisition Corp., Class 'A'	14,300		214,303	203,504
Interactive Brokers Group, Inc., Class 'A'	6,300		348,209	488,534
KKR & Co. Inc.	11,068		394,032	570,442
Lux Health Tech Acquisition Corp.	8,100		106,693	120,942
Onex Corporation	6,700		533,960	489,502
Pershing Square Tontine Holdings, Ltd.	3,735		107,059	131,789
Social Capital Hedosophia Holdings Corp. V	16,100		222,878	254,942
Social Capital Hedosophia Holdings Corp. VI	16,500		222,807	258,335
			4,369,590	4,661,368
Energy (2.3%):				
Texas Pacific Land Corporation	600		420,117	555,239
			420,117	555,239
Health care (2.7%):				
Bausch Health Companies Inc.	24,500		570,236	647,045
			570,236	647,045

The accompanying notes are an integral part of these financial statements.

PENDER VALUE FUND II

Schedule of Investment Portfolio (continued)

December 31, 2020

	Interest rate	Maturity date	Issue currency	Number of shares / face value	Cost	Fair value
Equities (continued):						
Information technology (21.9%):						
Dye & Durham Limited				18,000	\$ 378,000	\$ 909,360
Ebix, Inc.				22,311	790,428	1,078,337
eGain Corporation				23,077	230,114	346,915
Optiva Inc.				2,866	129,334	100,052
ProntoForms Corporation				779,000	584,368	771,210
Sangoma Technologies Corporation				178,723	272,647	634,467
Square, Inc., Class 'A'				1,700	180,019	470,958
SS&C Technologies Holdings, Inc.				7,800	559,754	722,307
Stage Holdco Ltd., Class 'A'				360,677	180,339	34,300
Tantalus Systems Holding Inc., Subscription Receipts				90,400	203,400	203,400
					3,508,403	5,271,306
Materials (6.5%):						
CCL Industries Inc., Class 'B'				15,700	1,022,167	907,303
Major Drilling Group International Inc.				33,600	218,441	258,384
Red Eagle Mining Corporation				428,759	215,951	-
Winpak Ltd.				9,247	414,659	395,957
					1,871,218	1,561,644
Real estate (2.8%):						
The Howard Hughes Corporation				6,758	1,074,079	678,976
					1,074,079	678,976
Total equities (95.8%)					\$ 19,360,246	\$ 23,100,257
Corporate bonds:						
Corporate bonds (3.3%):						
Athabasca Oil Corporation	9.88%	2022/02/24	USD	905,000	\$ 262,753	\$ 430,550
exactEarth Ltd.	9.00%	2023/12/13	CAD	54,000	91,800	151,200
Wolverine Energy and Infrastructure	9.00%	2021/12/31	CAD	500,000	500,000	225,000
Total corporate bonds (3.3%)					854,553	806,750

The accompanying notes are an integral part of these financial statements.

PENDER VALUE FUND II

Schedule of Investment Portfolio (continued)

December 31, 2020

	Exercise price	Expiry date	Issue currency	Number of units	Cost	Fair value
Warrants (0.7%):						
Diamcor Mining Inc.	0.60	2021/06/20	CAD	211,421	\$ -	\$ -
Foley Trasimene Acquisition Corp.	11.50	2025/07/17	USD	4,766	-	15,349
GreenSpace Brands Inc.	0.08	2022/12/23	CAD	999,640	-	-
Jaws Acquisition Corp.	11.50	2025/07/06	USD	4,966	-	17,067
Opendoor Technologies Inc.	11.50	2025/12/31	USD	3,875	-	38,079
Pershing Square Tontine Holdings, Ltd.	23.00	2025/07/24	USD	888	-	10,851
Pipestone Energy Corp.	3.00	2021/05/19	CAD	4,691,669	66,421	23,458
Red Eagle Mining Corporation	0.50	2022/08/07	CAD	8,079,644	-	8
Social Capital Hedosophia Holdings Corp. II, Class 'A'	11.50	2025/12/31	USD	4,891	-	24,903
Social Capital Hedosophia Holdings Corp. V, Class 'A'	11.50	2025/12/31	USD	4,025	-	18,086
Social Capital Hedosophia Holdings Corp. VI, Class 'A'	11.50	2025/12/31	USD	4,125	-	17,170
					66,421	164,971
Less: Transaction costs included in cost of investments					(9,407)	
Total investments (99.8%)					\$ 20,271,813	\$ 24,071,978
Cash (0.1%)						\$ 30,393
Other assets less liabilities (0.1%)						16,208
Total net assets attributable to holders of redeemable units (100.0%)						\$ 24,118,579

The accompanying notes are an integral part of these financial statements.

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

1. The Funds:

The Pender Mutual Funds (individually a “Fund” and collectively the “Funds”) include the following:

	Fund Inception Date	Classes
Bond Universe Fund	January 31, 2020	A, D, E, F, H, I, N, O
Corporate Bond Fund	June 1, 2009	A, A(USD), D, E, F, F(USD), H, H(USD), I, I(USD), N, N(USD), O, U
Enhanced Income Fund	September 21, 2009	A, A1, E, F, F1, I, N, O
Small Cap Opportunities Fund	June 1, 2009	A, B, E, F, G, I, N, O
Small/Mid Cap Dividend Fund	January 31, 2020	A, D, E, F, H, I, N, O
Strategic Growth and Income Fund	November 24, 2010	A, D, E, F, H, I, O
Strategic Investment Fund	July 10, 2020	A, F
US All Cap Equity Fund	June 28, 2013	A, A(USD), D, E, F, F(USD), H, I, N, N(USD), O
Value Fund	June 28, 2013	A, D, E, F, H, I, N, O
Value Fund II	September 21, 2009	A, A1, E, F, F1, I, N, O

The Pender Bond Universe Fund and the Pender Small/Mid Cap Dividend Fund commenced operations on January 31, 2020. The Pender Strategic Investment Fund commenced operations on July 10, 2020. Each of the Funds is an open-end investment trust governed under the laws of the Province of British Columbia pursuant to the Thirteenth Amended and Restated Mutual Fund Trust Agreement dated May 25, 2020 (previously the Twelfth Amended and Restated Mutual Fund Trust Agreement dated November 29, 2019, except for the Pender Enhanced Income Fund (formerly, the Vertex Enhanced Income Fund) and Pender Value Fund II (formerly, the Vertex Value Fund) were previously formed pursuant to a Continued Mutual Fund Trust Agreement dated December 15, 2019).

On December 15, 2019, PenderFund Capital Management Ltd. (“Pender” or the “Manager”) and Vertex One Asset Management Inc. (“Vertex One” or the “Former Manager”) announced the completion of Pender’s acquisition of the investment fund management contracts for Vertex Enhanced Income Fund, which was then renamed as the Pender Enhanced Income Fund, and Vertex Value Fund, which was then renamed as the Pender Value Fund II, (the “Transaction”), whereupon Pender became the investment fund manager and portfolio manager of the funds. Concurrent with the Transaction, the Vertex Growth Fund and the Vertex Fund were merged on a taxable basis into the Vertex Enhanced Income Fund, which was then renamed as the Pender Enhanced Income Fund (see Note 4). The Funds invest primarily in a diversified portfolio of equity securities issued by companies listed on major North American stock exchanges, investment funds, fixed and variable income securities, and derivatives, with the objective of providing unitholders with above-average returns over the long-term.

The Funds’ registered office is located at 1830 - 1066 West Hastings Street, Vancouver, BC, V6E 3X2. The Manager of the Funds is PenderFund Capital Management Ltd. The Manager became manager for the Pender Enhanced Income Fund and Pender Value Fund II effective December 15, 2019. Prior to December 15, 2019 the manager was Vertex One. All information for periods prior to December 15, 2019 included in these financial statements for the Pender Enhanced Income Fund and Pender Value Fund II are as reported by the Former Manager.

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

2. Basis of preparation:

(a) Statement of compliance:

The annual financial statements of the Funds are prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These financial statements were authorized for issue by the Manager on March 29, 2021.

(b) Basis of measurement:

The financial statements have been prepared on a historical cost basis except for investments, investments sold short and derivatives, which are measured at fair value.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, the Funds' functional currency.

(d) Use of estimates and judgment:

The preparation of financial statements in conformity with IFRS requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected.

The Funds may hold financial instruments that are not quoted in an active market, including derivatives.

The determination of the fair value of these investments is the area with the Manager's most significant accounting judgements and estimates in preparing these financial statements.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments:

(i) Recognition and measurement:

Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL in which case transaction costs are expensed as incurred.

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

(i) Recognition and measurement (continued):

Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the particular Fund becomes a party to the contractual provisions of the instrument. The Funds derecognize a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the Statements of Financial Position only when the Funds have a legal right to offset the amounts and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is both to hold assets to collect contractual cash flows and to potentially sell financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition the Funds may irrevocably elect to measure financial assets that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Financial assets are not reclassified subsequent to their initial recognition, unless the Funds change their business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at fair value through profit or loss, such as derivatives liabilities. The Funds may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

(ii) Amortized cost:

Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method, less any impairment losses. The Funds classify cash and cash equivalents, dividends receivable, interest receivable, subscriptions receivable, balances due from brokers, daily variation margins, other receivables, bank indebtedness, management and administration fees payable, performance fees payable, redemptions payable to holders of redeemable units, distributions payable to holders of redeemable units, and other accrued liabilities as amortized cost.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(iii) Fair value through profit and loss:

Financial assets and liabilities classified as FVTPL are recognized initially at fair value at each reporting period with changes in fair value recognized in the Statements of Comprehensive Income in the period in which they occur. The Funds' derivative assets and derivative liabilities, investments in securities, and investments sold short are classified as FVTPL.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) is based on quoted market prices at the close of trading on the reporting date. The Funds use the last traded market price for both financial assets and financial liabilities. In circumstances where there is no closing price, the average of the closing bid and the closing ask price on the valuation date is used. The Funds' policy is to recognize transfers into and out of the fair value hierarchy levels described in Note 10(a) as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market, including non-publicly traded derivative instruments, is determined using valuation techniques. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and other methods commonly used by market participants that make the maximum use of observable inputs. Where the value of a financial asset or liability is not readily available or where the Manager is of the opinion that the value available is inaccurate or unreliable, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

(iv) Fair Value through other comprehensive income:

The Funds have not classified any of their financial assets or liabilities as FVOCI.

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

3. Significant accounting policies (continued):

(b) Redeemable units:

The Funds classify financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Funds have designated redeemable units as financial liabilities at FVTPL because they are managed, and their performance is evaluated on a fair value basis. The redeemable units provide investors with the right to require redemption, subject to available liquidity, for cash at a unit price based on the Funds' valuation policies at each redemption date. Distributions to holders of redeemable units are recognized in comprehensive income when they are authorized and no longer at the discretion of the Manager.

(c) Per unit amounts:

Net assets attributable to holders of redeemable units is calculated based on the number of units outstanding at the end of the period. The increase (decrease) in net assets attributable to holders of redeemable units per unit is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units by the weighted average number of units outstanding during the period.

(d) Securities lending transactions:

The Funds are permitted to enter into securities lending transactions as set out in the Funds' Simplified Prospectus. These transactions involve the temporary exchange of securities for collateral with a commitment to redeliver the same securities on a future date.

Securities lending transactions are administered by Canadian Imperial Bank of Commerce and The Bank of New York Mellon (collectively the "Securities Lending Agent"). The value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned, sold or purchased. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income earned from these transactions is included in the Statements of Comprehensive Income as Securities lending income and recognized when earned.

Note 5 summarizes the details of securities loaned and collateral received, and presents a reconciliation of the gross amount generated from securities lending to the securities lending income earned by the Funds.

(e) Foreign exchange:

The financial statements of the Funds are denominated in Canadian dollars. Foreign denominated investments and other foreign denominated assets and liabilities are translated into Canadian dollars using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign currency gains and losses are recognized in the Statements of Comprehensive Income.

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

3. Significant accounting policies (continued):

(f) Income recognition:

Interest for distribution purposes shown on the Statements of Comprehensive Income is recognized on an accrual basis. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments are determined on the average cost basis of the respective investments.

(g) Income taxes:

The Funds qualify as unit trusts under the *Income Tax Act* (Canada). All of the Funds' net income for tax purposes and net capital gains realized in any period is required to be distributed to unitholders such that no income tax is payable by the Funds. As a result, the Funds do not record income taxes.

4. Related party transactions:

(a) Management fees:

Each Fund pays management 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. 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. The management fees for Class E and Class O units are negotiable and paid directly by the investors and not by the Funds. The annual management fee percentages of the remaining classes as at December 31, 2020 and 2019 are as follows:

2020	Class A / A (USD) /			Class F / F (USD) /		Class G	Class H / H (USD)	Class I / I (USD)	Class N	Class U
	A1	Class B	Class D	F1						
Bond Universe Fund*	0.95%	-	0.45%	0.45%	-	0.65%	0.40%	0.25%	-	
Corporate Bond Fund	1.45%	-	0.65%	0.65%	-	1.15%	0.50%	0.25%	0.65%	
Enhanced Income Fund	1.75%	-	-	0.75%	-	-	0.60%	0.35%	-	
Small Cap Opportunities Fund	2.00%	2.00%	-	1.00%	1.00%	-	0.85%	0.50%	-	
Small/Mid Cap Dividend Fund*	2.00%	-	1.00%	1.00%	-	1.70%	0.85%	0.50%	-	
Strategic Growth and Income Fund	1.75%	-	0.75%	0.75%	-	1.45%	0.60%	-	-	
Strategic Investment Fund*	2.00%	-	-	1.00%	-	-	-	-	-	
US All Cap Equity Fund	1.85%	-	0.85%	0.85%	-	1.55%	0.70%	0.35%	-	
Value Fund	1.90%	-	0.90%	0.90%	-	1.60%	0.75%	0.35%	-	
Value Fund II	1.90%	-	-	0.90%	-	-	0.75%	0.35%	-	

* Refer to note 4 (b) below for further details.

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

4. Related party transactions (continued):

(a) Management fees (continued):

2019	Class A / A (USD) / A1	Class B	Class D	Class F / F (USD) / F1	Class G	Class H / H (USD)	Class I / I (USD)	Class N	Class U
Corporate Bond Fund	1.45%	-	0.90%	0.65%	-	1.15%	0.50%	0.25%	0.65%
Enhanced Income Fund	1.75%	-	-	0.75%	-	-	0.60%	0.35%	-
Small Cap Opportunities Fund	2.00%	2.00%	-	1.00%	1.00%	-	0.85%	0.50%	-
Strategic Growth and Income Fund	1.75%	-	1.00%	0.75%	-	1.45%	0.60%	-	-
US All Cap Equity Fund	1.85%	-	1.10%	0.85%	-	1.55%	0.70%	0.35%	-
Value Fund	1.90%	-	1.15%	0.90%	-	1.60%	0.75%	0.35%	-
Value Fund II	1.90%	-	-	0.90%	-	-	0.75%	0.35%	-

The Management Expense Ratio ("MER") for each class does not exceed certain levels as set out in the Fund's offering documents. Please refer to the tables in note 4 (b) below.

(b) Administration fees and other expenses:

Each Fund pays an administration fee calculated as a percentage of the net asset value of each respective class equal to 0.50%. The fees are calculated at the close of business on each valuation day and are paid monthly. Administration fees are used by the Manager to pay the operating costs of each Fund (including GST/HST, registrar and transfer agency fees, custody fees, unitholder servicing costs, costs of prospectus and reports, regulatory fees, audit and legal fees, and other administrative and operating expenses) other than Independent Review Committee ("IRC") fees and portfolio-related expenses such as interest, withholding taxes, and transaction costs. The administration fees for Class O units are negotiable and paid directly by the investors and not by the Funds.

Prior to December 15, 2019, the Pender Enhanced Income Fund and Pender Value Fund II, under the management of the Former Manager, were responsible for the payment of all fees and expenses relating to its operation, including registrar and transfer agent fees and expenses, audit, accounting, administration (other than advertising and promotional expenses which are paid for by the Manager), recordkeeping, legal fees and expenses, custody and safekeeping charges, all costs and expenses associated with the qualification for sale of units (except for formation and organization costs and costs associated with the preparation and filing of the simplified prospectus and the annual information form), providing financial and other reports to Unitholders and convening and conducting meetings of unitholders, all taxes, assessments or other governmental charges levied against the Fund, interest, all brokerage and other fees relating to the purchase and sale of the assets of the Fund, and the fees and expenses of the IRC. The Former Manager paid for all expenses associated with the identification and management of the funds' investments (other than direct expenses such as interest charges on margin borrowings and brokerage fees, which are the responsibility of the fund).

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

4. Related party transactions (continued):

(b) Administration fees and other expenses (continued):

The Management Expense Ratio ("MER") for each class does not exceed certain levels as set out in the Fund's offering documents. The Manager has agreed to cap the management fees, administration fees and other expenses charged to each Fund class so that the management expense ratio ("MER") as at December 31, 2020 and 2019, being expressed as a percentage of average NAV, does not exceed the following rates:

2020	Class A / Class A (USD)				Class F / Class F (USD)		Class H / H(USD)	Class I/ I(USD)	Class N	Class U
	A1	Class B	Class D	Class E	F1	Class G				
Bond Universe Fund*	1.45%	-	0.95%	0.50%	0.95%	-	1.15%	0.90%	0.75%	-
Corporate Bond Fund	1.95%	-	1.15%	0.50%	1.15%	-	1.65%	1.00%	0.75%	1.15%
Enhanced Income Fund	2.25%	-	-	0.50%	1.25%	-	-	1.10%	0.85%	-
Small Cap Opportunities Fund	2.50%	2.50%	-	0.50%	1.50%	1.50%	-	1.35%	1.00%	-
Small/Mid Cap Dividend Fund*	2.50%	-	1.50%	0.50%	1.50%	-	2.20%	1.35%	1.00%	-
Strategic Growth and Income Fund	2.25%	-	1.25%	0.50%	1.25%	-	1.95%	1.10%	-	-
Strategic Investment Fund*	2.50%	-	-	-	1.50%	-	-	-	-	-
US All Cap Equity Fund	2.35%	-	1.35%	0.50%	1.35%	-	2.05%	1.20%	0.85%	-
Value Fund	2.40%	-	1.40%	0.50%	1.40%	-	2.10%	1.25%	0.85%	-
Value Fund II	2.40%	-	-	0.50%	1.40%	-	-	1.25%	0.85%	-

* The Manager, at its discretion, may reduce or waive management fees and reimburse the Funds for any expenses. During the period from inception through to December 31, 2020 the Manager waived all management and administration fees and custody related transaction costs for the Pender Bond Universe Fund and Pender Strategic Investment Fund. During the period from inception through to October 31, 2020, the Manager waived all management and administration fees and custody related transaction costs for the Pender Small/Mid Cap Dividend Fund.

2019	Class A / Class A (USD)				Class F / Class F (USD)		Class H / H(USD)	Class I/ I(USD)	Class N	Class U
	A1	Class B	Class D	Class E	F1	Class G				
Corporate Bond Fund	1.95%	-	1.40%	0.50%	1.15%	-	1.65%	1.00%	0.75%	1.15%
Enhanced Income Fund	2.25%	-	-	0.50%	1.25%	-	-	1.10%	0.85%	-
Small Cap Opportunities Fund	2.50%	2.50%	-	0.50%	1.50%	1.50%	-	1.35%	1.00%	-
Strategic Growth and Income Fund	2.25%	-	1.50%	0.50%	1.25%	-	1.95%	1.10%	-	-
US All Cap Equity Fund	2.35%	-	1.60%	0.50%	1.35%	-	2.05%	1.20%	0.85%	-
Value Fund	2.40%	-	1.65%	0.50%	1.40%	-	2.10%	1.25%	0.85%	-
Value Fund II	2.40%	-	-	0.50%	1.40%	-	-	1.25%	0.85%	-

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

4. Related party transactions (continued):

(c) Performance fees:

The Manager is also entitled to a performance fee plus applicable taxes in respect of Class B and Class G units of the Pender Small Cap Opportunities Fund, in certain circumstances. The performance fee is equal to 20% of the amount by which the total return of the class of units exceeds the total percentage increase or decrease in the Fund's benchmark for the period since the performance fee was last paid, subject to a relative high water mark. The high water mark for a class of units is the highest year-end net asset value on which a performance fee has previously been paid for that class. The performance fee is calculated monthly and paid annually. A performance fee was incurred for the year ended December 31, 2020 and was payable to the Manager as at December 31, 2020. No performance fee was incurred for the year ended December 31, 2019 or payable to the Manager as at December 31, 2019.

	2020	2019
Small Cap Opportunities Fund Class B	\$ 812,648	\$ -
Small Cap Opportunities Fund Class G	2,326,449	-

Prior to June 28, 2019, the Former Manager was entitled to a performance fee plus applicable taxes in relation to each class of units of Pender Enhanced Income Fund and Pender Value Fund II. The performance fee was equal to 20% of the amount by which the total return of the class of units exceeded the total percentage increase or decrease of certain blended benchmarks, for the period since the performance fee had last been paid. There was no performance fee incurred for the period ended December 31, 2019 or payable to the Former Manager as at December 31, 2019.

(d) Amounts payable to the Manager:

As at December 31, 2020 and 2019, the Funds had the following amounts payable to the Manager relating to management fees, administration fees and other expenses incurred by the Manager on behalf of the Funds:

	2020	2019
Bond Universe Fund	\$ -	\$ -
Corporate Bond Fund	964,724	1,050,899
Enhanced Income Fund	51,052	11,697
Small Cap Opportunities Fund	236,000	218,589
Small/Mid Cap Dividend Fund	10,145	-
Strategic Growth and Income Fund	16,521	20,081
Strategic Investment Fund	-	-
US All Cap Equity Fund	20,709	18,677
Value Fund	336,608	400,400
Value Fund II	35,659	52,537

From time to time the Manager may reduce the effective management fee payable by some unitholders by reducing the management fee it charges to the Funds, and directing the Funds to make distributions to these unitholders in amounts equal to the management fee reduction.

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

4. Related party transactions (continued):

(e) Related party holdings:

As at December 31, 2020 and 2019, parties related to the Manager directly or indirectly held the following percentages of each Fund's outstanding units. Subscriptions and redemptions of related parties are subject to the same terms and conditions as those of arm's length investors in the Funds.

	2020	2019
Bond Universe Fund	3%	<1%
Corporate Bond Fund	<1%	<1%
Enhanced Income Fund	<1%	<1%
Small Cap Opportunities Fund	2%	1%
Small/Mid Cap Dividend Fund	8%	<1%
Strategic Growth and Income Fund	6%	5%
Strategic Investment Fund	100%	-
US All Cap Equity Fund	13%	8%
Value Fund	1%	1%
Value Fund II	<1%	<1%

(f) Fund merger:

On December 15, 2019, the Vertex Fund and Vertex Growth Fund were merged on a taxable basis into the Pender Enhanced Income Fund. Each of these three funds was previously managed by the Former Manager and the taxable merger was approved by unitholders on November 28, 2019. The merger resulted in an increase of \$48,319,414 in net assets attributable to unitholders of the continuing fund, Pender Enhanced Income Fund:

Cash	\$ 8,251,793
Investments	40,901,411
Other liabilities less assets	(833,790)
	\$ 48,319,414

	Units issued	Amount
Class A	1,494,719	\$ 10,812,495
Class F	5,065,970	37,506,919
		\$ 48,319,414

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

5. Securities lending transactions:

The following table shows the value of securities loaned and collateral received from securities lending as at December 31, 2020 and 2019 for certain Funds. The remaining Funds did not have any securities loaned or collateral received as at December 31, 2020 and 2019.

2020	Securities loaned	Collateral received
Bond Universe Fund	\$ 536,229	\$ 563,363
Small/Mid Cap Dividend Fund	465,569	488,847
Strategic Growth and Income Fund	23,198	24,361
US All Cap Equity Fund	3,925,185	4,144,706
Value Fund II	715,641	751,423
2019	Securities loaned	Collateral received
Strategic Growth and Income Fund	\$ 422,914	\$ 444,685
US All Cap Equity Fund	5,395,449	5,730,400

Collateral received on securities lending may be comprised of debt obligations of the Government of Canada and other countries, Canadian provincial or territorial governments, governments of states of the United States of America, and evidence of indebtedness of financial institutions whose short-term debt is rated A-1 or R-1 or equivalent by a recognized, widely followed North American credit rating agency.

The following table is a reconciliation of the gross amount generated from securities lending transactions to the securities lending income earned for the years ended December 2020 and 2019 for certain Funds. The remaining Funds did not have any securities lending income earned for the year ended December 31, 2020 and/or 2019.

2020	Gross income	Withholding taxes	Agent fees	Net income
Bond Universe Fund	\$ 365	\$ -	\$ (146)	\$ 219
Enhanced Income Fund	1,389	(75)	(502)	812
Small/Mid Cap Dividend Fund	1,112	-	(444)	668
Strategic Growth and Income Fund	7,069	(29)	(2,815)	4,225
US All Cap Equity Fund	19,315	(2,404)	(6,763)	10,148
Value Fund II	7,815	(460)	(2,942)	4,413

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

5. Securities lending transactions (continued):

2019	Gross income	Withholding taxes	Agent fees	Net income
Enhanced Income Fund	\$ 18,830	\$ (1,816)	\$ (5,102)	\$ 11,912
Small Cap Opportunities Fund	401,006	(9,646)	(156,528)	234,832
Strategic Growth and Income Fund	57,345	(30)	(22,923)	34,392
US All Cap Equity Fund	12,565	(221)	(4,936)	7,408
Value Fund	175,979	(10,039)	(66,370)	99,570
Value Fund II	705,954	(73,817)	(189,630)	442,507

Agent fees were paid to the Securities Lending Agent (see Note 3(d)) and represented 40% of the gross securities lending income net of withholding taxes through to March 31, 2020, and 35% of the gross securities lending income net of withholding taxes thereafter.

6. Withholding tax expense:

Certain dividend and interest income received by the Funds is subject to withholding tax imposed in the country of origin. During the year, withholding tax rates were between 0% and 35% (2019 - between 0% and 35%).

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

7. Redeemable units:

The Funds are authorized to issue an unlimited number of redeemable units in an unlimited number of classes. The redeemable unit transactions for the Funds during the years ended December 31, 2020 and 2019 were as follows:

2020	Outstanding units, beginning of period	Units issued	Units issued on reinvestment of distributions	Units redeemed	Outstanding units, end of period
Bond Universe Fund:					
Class A	-	488,366	8,185	(373,386)	123,163
Class D	-	500	13	-	513
Class E	-	26,288	668	-	26,956
Class F	-	753,413	892	(411,269)	343,036
Class H	-	359,607	2,561	-	362,168
Class I	-	204,441	1,151	(82,339)	123,253
Class N	-	500	13	-	513
Class O	-	82,169	1,631	-	83,800
Corporate Bond Fund:					
Class A	9,281,603	1,657,382	187,483	(3,960,702)	7,165,766
Class A (USD)	440,638	131,218	4,964	(397,178)	179,642
Class D	341,030	174,932	8,777	(281,542)	243,197
Class E	388,330	9,014	16,563	(95,800)	318,107
Class F	32,530,750	9,396,313	631,684	(15,922,656)	26,636,091
Class F (USD)	1,492,314	460,894	23,126	(1,160,775)	815,559
Class H	5,671,949	2,226,218	156,653	(2,305,175)	5,749,645
Class H (USD)	205,849	390,540	14,538	(116,276)	494,651
Class I	35,491,065	20,090,393	891,873	(19,223,134)	37,250,197
Class I (USD)	1,197,716	1,439,229	35,435	(948,098)	1,724,282
Class U	588	3,182	106	-	3,876
Class N	1,719,279	374,601	3,894	(1,761,369)	336,405
Class N (USD)	280,525	15,405	6	(93,579)	202,357
Class O	2,501,605	715,244	141,301	(696,380)	2,661,770
Enhanced Income Fund					
Class A	2,421,712	8,733	84,123	(956,954)	1,557,614
Class A1	500	-	25	-	525
Class E	500	-	25	-	525
Class F	6,217,314	27,426	217,212	(2,477,721)	3,984,231
Class F1	500	24,416	606	(13,721)	11,801
Class I	500	-	25	-	525
Class N	500	-	25	-	525
Class O	500	-	25	-	525
Small Cap Opportunities Fund:					
Class A	1,210,774	1,696	-	(273,430)	939,040
Class B	1,259,935	380,700	-	(215,453)	1,425,182
Class E	145,477	29,156	-	(5,780)	168,853
Class F	3,011,004	75,209	5,175	(648,712)	2,442,676
Class G	2,697,149	1,398,598	(141)	(544,708)	3,550,898
Class I	1,174,990	11,795	745	(30,029)	1,157,501
Class N	3,853,598	173,591	-	(3,666,557)	360,632
Class O	347,146	92,925	-	(51,208)	388,863
Small/Mid Cap Dividend Fund					
Class A	-	53,124	2,360	(19,331)	36,153
Class D	-	21,225	1,531	(536)	22,220
Class E	-	120,426	9,563	(1,714)	128,275
Class F	-	191,671	10,199	(38,023)	163,847
Class H	-	104,029	7,745	(2,162)	109,612
Class I	-	323,971	9,046	(189)	332,828
Class N	-	500	42	-	542
Class O	-	82,043	4,495	(6,269)	80,269

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

7. Redeemable units (continued):

2020 (continued):	Outstanding units, beginning of period	Units issued	Units issued on reinvestment of distributions	Units redeemed	Outstanding units, end of period
Strategic Growth and Income Fund:					
Class A	594,180	39,028	11,650	(180,789)	464,069
Class D	1,974	2,838	61	(2,031)	2,842
Class E	7,067	1,912	469	(701)	8,747
Class F	251,027	57,143	5,173	(140,491)	172,852
Class H	61,011	39,951	2,831	(15,057)	88,736
Class I	99,659	27,359	1,873	(39,270)	89,621
Class O	610	-	39	-	649
Strategic Investment Fund:					
Class A	-	7,500	1,370	-	8,870
Class F	-	7,500	1,370	-	8,870
US All Cap Equity Fund:					
Class A	530,833	6,441	-	(124,741)	412,533
Class A (USD)	54,748	2,187	-	(38,096)	18,839
Class D	9,416	17,019	-	(14,490)	11,945
Class E	98,020	33,292	-	(829)	130,483
Class F	371,611	10,876	318	(67,552)	315,253
Class F (USD)	8,779	9,983	-	(7,600)	11,162
Class H	24,068	8,648	-	(24,068)	8,648
Class I	17,201	500	-	(17,201)	500
Class N	500	-	-	-	500
Class N (USD)	501	-	-	-	501
Class O	397,813	-	-	(4,430)	393,383
Value Fund:					
Class A	3,134,001	183,137	-	(1,056,692)	2,260,446
Class D	287,601	19,882	-	(144,851)	162,632
Class E	62,855	7,958	-	(5,550)	65,263
Class F	7,587,835	978,393	256	(3,856,138)	4,710,346
Class H	844,511	134,145	-	(226,376)	752,280
Class I	5,993,732	2,516,224	-	(3,103,542)	5,406,414
Class N	516	-	-	-	516
Class O	975,003	28,934	-	(127,828)	876,109
Value Fund II:					
Class A	1,190,982	3,848	-	(510,135)	684,695
Class A1	500	17,533	-	(586)	17,447
Class E	500	-	-	-	500
Class F	789,185	23,139	-	(400,563)	411,761
Class F1	500	222,342	-	(58,340)	164,502
Class I	500	266,652	-	(92,062)	175,090
Class N	500	-	-	-	500
Class O	500	107,589	-	-	108,089

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

7. Redeemable units (continued):

2019	Outstanding units, beginning of period	Units issued	Units issued on reinvestment of distributions	Units redeemed	Outstanding units, end of period
Corporate Bond Fund:					
Class A	6,280,891	5,254,833	158,770	(2,412,891)	9,281,603
Class A (USD)	444,755	227,319	9,740	(241,176)	440,638
Class D	153,752	334,441	8,076	(155,239)	341,030
Class E	-	399,926	3,569	(15,165)	388,330
Class F	20,139,093	21,878,650	566,098	(10,053,091)	32,530,750
Class F (USD)	1,772,010	1,419,434	34,389	(1,733,519)	1,492,314
Class H	3,573,651	3,025,752	112,494	(1,039,948)	5,671,949
Class H (USD)	-	205,428	421	-	205,849
Class I	13,366,024	28,134,339	484,659	(6,493,957)	35,491,065
Class I (USD)	-	1,214,395	2,738	(19,417)	1,197,716
Class U	-	579	9	-	588
Class N	-	1,801,146	4,343	(86,210)	1,719,279
Class N (USD)	-	281,023	109	(607)	280,525
Class O	787,928	1,799,225	37,702	(123,250)	2,501,605
Enhanced Income Fund					
Class A	1,820,922	1,767,054	51,398	(1,217,662)	2,421,712
Class A1	-	500	-	-	500
Class E	-	500	-	-	500
Class F	3,274,932	5,468,481	76,775	(2,602,874)	6,217,314
Class F1	-	500	-	-	500
Class I	-	500	-	-	500
Class N	-	500	-	-	500
Class O	-	500	-	-	500
Small Cap Opportunities Fund:					
Class A	1,355,612	539	145,544	(290,921)	1,210,774
Class B	85,600	1,576,081	135,132	(536,878)	1,259,935
Class E	-	132,108	15,631	(2,262)	145,477
Class F	3,270,076	41,469	329,465	(630,006)	3,011,004
Class G	272,032	2,344,208	274,095	(193,186)	2,697,149
Class I	1,006,376	55,948	144,079	(31,413)	1,174,990
Class N	3,290,720	1,338,472	406,300	(1,181,894)	3,853,598
Class O	288,379	72,245	35,761	(49,239)	347,146
Strategic Growth and Income Fund:					
Class A	766,480	40,816	5,008	(218,124)	594,180
Class D	3,771	499	35	(2,331)	1,974
Class E	-	6,978	89	-	7,067
Class F	388,736	32,005	4,106	(173,820)	251,027
Class H	25,026	47,552	381	(11,948)	61,011
Class I	158,686	14,917	1,459	(75,403)	99,659
Class O	591	-	19	-	610

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

7. Redeemable units (continued):

2019 (continued):	Outstanding units, beginning of period	Units issued	Units issued on reinvestment of distributions	Units redeemed	Outstanding units, end of period
US All Cap Equity Fund:					
Class A	660,864	12,387	388	(142,806)	530,833
Class A (USD)	58,144	-	18	(3,414)	54,748
Class D	4,372	8,382	24	(3,362)	9,416
Class E	-	97,938	82	-	98,020
Class F	423,514	18,061	520	(70,484)	371,611
Class F (USD)	29,410	934	117	(21,682)	8,779
Class H	39,336	-	-	(15,268)	24,068
Class I	28,660	736	1	(12,196)	17,201
Class N	-	500	-	-	500
Class N (USD)	-	500	1	-	501
Class O	513,748	-	-	(115,935)	397,813
Value Fund:					
Class A	3,810,427	437,597	55,727	(1,169,750)	3,134,001
Class D	370,317	40,453	6,736	(129,905)	287,601
Class E	-	63,032	2,245	(2,422)	62,855
Class F	9,883,888	2,049,954	144,429	(4,490,436)	7,587,835
Class H	1,045,603	310,690	17,151	(528,933)	844,511
Class I	5,571,572	2,374,862	120,392	(2,073,094)	5,993,732
Class N	-	500	16	-	516
Class O	916,906	75,375	24,050	(41,328)	975,003
Value Fund II:					
Class A	2,945,589	385,351	-	(2,139,958)	1,190,982
Class A1	-	500	-	-	500
Class E	-	500	-	-	500
Class F	5,390,462	616,091	-	(5,217,368)	789,185
Class F1	-	500	-	-	500
Class I	-	500	-	-	500
Class N	-	500	-	-	500
Class O	-	500	-	-	500

8. Capital management:

The capital of each Fund is represented by its redeemable units issued. The Funds are not subject to any internally or externally imposed restrictions on their capital. The Funds' objective in managing capital is to ensure a stable base to maximize returns to all unitholders, and to manage liquidity risk arising from unitholder redemptions.

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

9. Financial risk management:

The Funds are exposed to various financial risks associated with their respective investment objectives and strategies, financial instruments and the markets in which they invest. These include credit risk, liquidity risk, and market risk, which consists of currency risk, interest rate risk and other price/market risk.

The Manager manages the potential impact of these financial risks on the Funds' performance by employing professional and experienced portfolio advisors who regularly monitor the Funds' positions and market events and diversify investment portfolios within the constraints of the investment guidelines.

Each Fund maintains positions in a variety of financial instruments in accordance with its investment objectives and strategies.

Pender Bond Universe Fund:

The objective of the Pender Bond Universe Fund is to preserve capital and generate returns through current income and capital appreciation. The Fund invests primarily in investment grade fixed income securities. This, however, does not preclude the Fund from making equity investments when the portfolio advisor deems the risk/reward tradeoff to be in the investors' favour.

Pender Corporate Bond Fund:

The Pender Corporate Bond Fund's objective is to preserve capital and generate returns through current income and capital appreciation. The Fund invests primarily in investment and non-investment grade fixed income securities of North American corporations. This, however, does not preclude the Fund from making equity investments when the portfolio advisor deems the risk/reward trade-off to be in the investors' favour.

Pender Enhanced Income Fund:

The objective of the Pender Enhanced Income Fund is to generate long-term growth in value and income by investing in a diversified portfolio of Canadian and foreign equities, corporate bonds, Canadian and foreign government bonds, and exchange traded funds which track sector or broad market indices. The Fund is designed to provide both moderate income and portfolio growth over the long-term, while being sufficiently diversified to mitigate volatility.

Pender Small Cap Opportunities Fund:

The objective of the Pender Small Cap Opportunities Fund is to achieve significant capital appreciation by investing in a concentrated portfolio primarily comprised of well-managed businesses with strong competitive positions that are overlooked by the market. These businesses may be in Canada, the US or in other foreign jurisdictions, with a primary emphasis on companies with a small market capitalization. The Fund may also invest in other securities regardless of market capitalization, sector or region, including other foreign equities where opportunities warrant. In some situations, the Fund may invest directly in companies, through private placements or public offerings, or may acquire previously issued shares, either through the facilities of a stock exchange, quotation system, or by private arrangement.

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

9. Financial risk management (continued):

Pender Small/Mid Cap Dividend Fund:

The Pender Small/Mid Cap Dividend Fund is designed to provide investors with a combination of long-term capital appreciation and a stable quarterly stream of cash distributions. The Fund will invest primarily in Canadian securities, with a focus on, but not limited to, dividend paying small/mid cap companies. Assets in the Fund may also be held in cash or other securities to the extent that the economic, market, or other conditions make it appropriate.

Pender Strategic Growth and Income Fund:

The objective of the Pender Strategic Growth and Income Fund is to generate long-term growth in value and income by primarily investing in a diversified portfolio of Canadian and foreign equities, corporate bonds, Canadian and foreign government bonds, and exchange traded funds which track sector or broad market indices. The Fund is designed to provide both moderate income and portfolio growth over the long-term, while being sufficiently diversified to mitigate volatility.

Pender Strategic Investment Fund:

The objective of the Pender Strategic Investment Fund is to achieve long-term capital appreciation by investing primarily in Canadian securities. The Fund may also invest a portion of its investment portfolio in securities outside of Canada. Assets in the Fund may also be held in cash or other securities to the extent that the economic, market, or other conditions make it appropriate.

Pender US All Cap Equity Fund:

The primary objective of the Pender US All Cap Equity Fund is to achieve capital growth over the long-term. The Fund also aims to provide moderate income to its unitholders, while being sufficiently diversified to mitigate volatility. The Fund will invest primarily in US securities but may also invest in Canadian and foreign securities.

Pender Value Fund:

The objective of the Pender Value 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 favourable prices.

Pender Value Fund II:

The objective of the Pender Value Fund II 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 favourable prices.

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

9. Financial risk management (continued):

A Fund's exposure to financial risks is concentrated in its investment holdings. The Schedule of Investment Portfolio for each Fund groups securities by asset type, geographic region, and/or market segment. The Pender Bond Universe carries out part of its investment strategy by investing in Class O units of the Pender Corporate Bond Fund. The Pender Enhanced Income Fund and Pender Strategic Growth and Income Fund each carry out part of their investment strategy by investing in Class O units of the Pender Corporate Bond Fund and Pender Small Cap Opportunities Fund. The Pender Bond Universe Fund, Pender Enhanced Income Fund and Pender Strategic Growth and Income Fund have indirect exposure to various financial risks through its holdings of underlying mutual funds. The financial risks associated with the Pender Bond Universe Fund's, Pender Enhanced Income Fund's and Pender Strategic Growth and Income Fund's investment strategy are disclosed based on their direct holdings. The Manager's risk management practices include the monitoring of compliance with investment objectives and strategies. The Manager manages the potential effects of these financial risks on each Fund's performance by regularly monitoring each Fund's positions and market events and by diversifying investment portfolios within the constraints of each Fund's investment objective.

Financial risk includes the risk that global pandemics, natural disasters and other catastrophic events may impact markets and security prices. In 2020, the COVID-19 global health pandemic resulted in significant volatility and turmoil in World markets. While the negative economic impact of measures to contain the virus have been mitigated to an extent by fiscal and monetary stimulus, by measures taken to reopen world economies, and by the development of vaccines, the situation had an impact on many entities and the markets for the securities that they issue and the impact may continue. Investment results will depend to a large extent on future developments and new information that may emerge regarding COVID-19 and the pandemic, factors which are beyond the Funds' control.

(a) Credit risk:

Credit risk is the risk that a loss could arise due to a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The determination of fair value of debt securities includes a consideration of the creditworthiness of the debt issuer. The credit exposure of other assets is represented by their carrying amounts.

Credit risk is managed by the portfolio advisor of each Fund through a careful selection of securities and diversification within each respective Fund. Each Fund's portfolio advisor monitors their Fund's overall market positions and positions are maintained within established ranges.

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

9. Financial risk management (continued):

(a) Credit risk (continued):

The Pender Small/Mid Cap Dividend Fund, Pender Strategic Growth and Income Fund, Pender Strategic Investment Fund and Pender US All Cap Equity Fund are not exposed to any significant credit risk. The following table summarizes the maximum exposure to credit risk for the remaining Funds as at December 31, 2020 and 2019, categorized by credit ratings.

	2020	2019
Bond Universe Fund:		
AAA	\$ 1,091,168	\$ -
AA	1,045,352	-
A	1,310,582	-
BBB	3,792,691	-
	\$ 7,239,793	\$ -
Corporate Bond Fund:		
AAA	\$ 6,926,952	\$ 122,529,110
AA	5,218,494	5,052,150
A	18,889,928	34,169,276
BBB	92,677,247	106,691,107
Below BBB	391,546,984	471,334,171
Unrated	299,346,036	172,511,153
	\$ 814,605,641	\$ 912,286,967
Enhanced Income Fund:		
Below BBB	\$ -	\$ 50,500
Unrated	5,092	1,497,986
	\$ 5,092	\$ 1,548,486
Small Cap Opportunities Fund:		
Below BBB	\$ 2,473,881	\$ -
Unrated	7,224,550	7,199,750
	\$ 9,698,431	\$ 7,199,750
Value Fund:		
Below BBB	\$ 4,333,098	\$ -
Unrated	1,624,000	2,211,593
	\$ 5,957,098	\$ 2,211,593
Value Fund II:		
Below BBB	\$ 430,550	\$ -
Unrated	376,200	469,180
	\$ 806,750	\$ 469,180

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

9. Financial risk management (continued):

(b) Liquidity risk:

Liquidity risk is the risk that a Fund may not be able to settle or meet its obligations on time or at a reasonable price.

Each Fund is exposed to liquidity risk through unitholder redemptions of its units. The redeemable units of each Fund are issued and redeemed on demand at the option of the unitholder based on the then current NAV per class of unit.

Each Fund is also exposed to liquidity risk through its investments. This risk is managed by investing the majority of each Fund's assets in investments that are traded in an active market and that can be disposed of readily. In accordance with securities regulations, each Fund must maintain at least 85% of its assets in liquid investments (i.e., investments that are traded in an active market). In the case where the Funds hold thinly traded investments, timely disposition of such investments and the realized price may be significantly different from their carrying values.

The Manager's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity at all times to meet its liabilities, including estimated redemptions of units, when due, without incurring unacceptable losses or risking damage to the Funds' reputation. Each Fund has the ability to borrow up to 5% of the value of its net assets on a temporary basis for the purpose of settling investment portfolio transactions or unitholder redemptions.

The Funds' remaining non-derivative liabilities other than redeemable units are due within one month of the reporting date of the respective Fund. The following were the contractual maturities of derivative assets (liabilities) of the Pender Corporate Bond Fund as at December 31, 2020 and 2019 that were due within four months of the financial reporting date. The amounts are gross and undiscounted. The remaining Funds did not hold any derivatives as at December 31, 2020 and 2019.

	2020		2019	
	Nominal value	Unrealized gain (loss)	Nominal value	Unrealized gain (loss)
Derivative instruments:				
Inflows (Outflows)	\$ 543,599,606	\$ 27,010,808	\$ 615,114,500	\$ 10,378,740

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

9. Financial risk management (continued):

(c) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices, will affect the Funds' income or the fair value of their holdings of financial instruments.

(i) Interest rate risk:

Interest rate risk is the risk that the market value of a Fund's interest-bearing investments will fluctuate due to changes in market interest rates. A Fund's exposure to interest rate risk is concentrated in its investment in debt securities. Other assets and liabilities are short-term in nature and/or non-interest bearing, which reduce interest rate risk.

Interest rate risk is managed by the portfolio advisor of each Fund through a careful selection of securities and diversification within each respective Fund. Where applicable, the Fund's portfolio advisor monitors the Fund's overall duration and positions are maintained within established ranges.

The Pender Small/Mid Cap Dividend Fund, Pender Strategic Growth and Income Fund, Pender Strategic Investment Fund and Pender US All Cap Equity Fund are not exposed to any material interest rate risk. The following table summarizes the exposure to interest rate risk for the remaining Funds as at December 31, 2020 and 2019, categorized by the earlier of contractual re-pricing or maturity dates:

	2020	2019
Bond Universe Fund:		
Less than 1 year	\$ 457,097	\$ -
1 to 3 years	1,547,639	-
3 to 5 years	2,972,935	-
More than 5 years	2,262,122	-
	\$ 7,239,793	\$ -
Corporate Bond Fund:		
Less than 1 year	\$ 18,425,048	\$ 103,132,056
1 to 3 years	177,998,496	262,533,941
3 to 5 years	297,067,503	324,621,868
More than 5 years	321,114,594	221,999,102
	\$ 814,605,641	\$ 912,286,967
Enhanced Income Fund:		
Less than 1 year	\$ 5,092	\$ 832,250
1 to 3 years	-	96,188
More than 5 years	-	620,048
	\$ 5,092	\$ 1,548,486

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

9. Financial risk management (continued):

(c) Market risk (continued):

(i) Interest rate risk (continued):

	2020		2019	
Small Cap Opportunities Fund:				
Less than 1 year	\$	1,999,750	\$	-
1 to 3 years	\$	7,698,681	\$	4,699,750
3 to 5 years		-		2,500,000
	\$	9,698,431	\$	7,199,750
Value Fund:				
Less than 1 year	\$	-	\$	1,038,840
1 to 3 years		5,957,098		-
3 to 5 years		-		1,172,753
	\$	5,957,098	\$	2,211,593
Value Fund II:				
Less than 1 year	\$	225,000	\$	30
1 to 3 years		581,750		469,150
	\$	806,750	\$	469,180

As at December 31, 2020 and 2019, if the prevailing interest rates had been increased or decreased by 1%, assuming a parallel shift in the yield curve and all other factors remaining constant, the net assets of the Funds with exposure to interest rate risk would have decreased or increased by the following amounts:

	2020		2019	
Bond Universe Fund	\$	285,816	\$	-
Corporate Bond Fund		32,379,642		29,942,834
Enhanced Income Fund		-		7,543
Small Cap Opportunities Fund		67,197		99,067
Value Fund		51,186		45,139
Value Fund II		7,218		8,773

Interest rate sensitivity was determined based on portfolio-weighted, modified duration. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

9. Financial risk management (continued):

(c) Market risk (continued):

(ii) Currency risk:

Currency risk is the risk that the value of financial assets and liabilities denominated in currencies other than the Canadian dollar will fluctuate due to changes in foreign exchange rates. Equities in foreign markets and foreign bonds are exposed to currency risk as the prices denominated in foreign currencies are converted to Canadian dollars at the valuation date.

Currency risk is managed by the portfolio advisor of each Fund in accordance with the policies and procedures in place, through a careful selection of securities and diversification within each respective Fund. Each Fund's portfolio advisor monitors their Fund's overall market positions on a daily basis and positions are maintained within established ranges.

The Pender Corporate Bond Fund enters into certain forward foreign currency contracts to mitigate its foreign currency exposure for all classes except Class U, the unhedged class.

The net currency exposure for each of the Funds as at December 31, 2020 and 2019 were as follows:

	Canadian dollar	US dollar	Australian dollar	Euro	British pound	Total
2020						
Bond Universe Fund	\$ 11,030,372	\$ -	\$ -	\$ -	\$ -	\$ 11,030,372
Corporate Bond Fund	800,193,771	197,329,855	-	-	-	997,523,626
Enhanced Income Fund	31,474,696	7,795,700	-	823,797	-	40,094,193
Small Cap Opportunities Fund	179,913,812	38,998,537	2,373,969	-	-	221,286,318
Small/Mid Cap Dividend Fund	11,272,382	261,547	-	-	-	11,533,929
Strategic Growth and Income Fund	8,177,561	2,112,174	-	216,247	-	10,505,982
Strategic Investment Fund	169,324	93,289	-	-	-	262,613
US All Cap Equity Fund	73,178	22,062,997	-	-	-	22,136,175
Value Fund	119,014,486	152,382,585	-	10,132,704	-	281,529,775
Value Fund II	9,980,497	13,262,798	-	875,284	-	24,118,579

	Canadian dollar	US dollar	Australian dollar	Euro	British pound	Total
2019						
Corporate Bond Fund	\$ 940,382,496	\$ 126,314,855	\$ -	\$ -	\$ -	\$ 1,066,697,351
Enhanced Income Fund	60,122,619	6,064,556	-	-	-	66,187,175
Small Cap Opportunities Fund	198,214,097	1,424,029	1,282,449	-	-	200,920,575
Strategic Growth and Income Fund	10,630,537	1,973,052	-	-	-	12,603,589
US All Cap Equity Fund	100,920	16,546,772	-	-	-	16,647,692
Value Fund	163,019,530	132,990,870	-	12,839,213	9,437,389	318,287,002
Value Fund II	15,424,388	11,425,983	-	1,207,449	708,570	28,766,390

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

9. Financial risk management (continued):

(c) Market risk (continued):

(ii) Currency risk (continued):

The Bond Universe Fund is not exposed to any material currency risk. As at December 31, 2020 and 2019, if the Canadian dollar had strengthened or weakened by 10% in relation to all foreign currencies, with all other factors remaining constant, the net assets of the Funds would have decreased or increased respectively by the following amounts:

	2020	2019
Corporate Bond Fund	\$ 19,732,986	\$ 12,631,485
Enhanced Income Fund	861,950	606,456
Small Cap Opportunities Fund	4,137,251	270,648
Small/Mid Cap Dividend Fund	26,155	-
Strategic Growth and Income Fund	232,842	197,305
Strategic Investment Fund	9,329	-
US All Cap Equity Fund	2,206,300	1,654,677
Value Fund	16,251,529	15,526,747
Value Fund II	1,413,808	1,334,200

(iii) Other price risk:

Other price risk is the risk that the fair value of a security will fluctuate as a result of changes in market prices (other than those changes arising from interest rate risk or currency risk), whether caused by factors specific to the security or its issuer, or by factors affecting all similar securities traded in a market. All investments are exposed to other price risk.

Other price risk is moderated by the portfolio advisor of each Fund through a careful selection of securities within specified limits and the Funds' price risk is managed through diversification within each respective Fund. Each Fund's portfolio advisor monitors their Fund's overall market positions and positions are maintained within established ranges.

The Bond Universe Fund is not exposed to any material other price risk. The following table summarizes the exposure to other price risk for each of the Funds as at December 31, 2020 and 2019:

	2020	2019
Corporate Bond Fund	\$ 133,568,220	\$ 85,889,152
Enhanced Income Fund	39,947,638	60,203,390
Small Cap Opportunities Fund	210,211,594	179,368,317
Small/Mid Cap Dividend Fund	6,344,193	-
Strategic Growth and Income Fund	10,360,045	12,397,963
Strategic Investment Fund	255,524	-
US All Cap Equity Fund	21,589,048	15,445,614
Value Fund	265,794,571	290,119,718
Value Fund II	23,265,228	27,091,744

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

9. Financial risk management (continued):

(c) Market risk (continued):

(iii) Other price risk (continued):

As at December 31, 2020 and 2019, if equity prices had increased or decreased by 10% with all other factors remaining constant, the net assets of the Funds would have increased or decreased, respectively, by the following amounts:

	2020	2019
Corporate Bond Fund	\$ 8,977,713	\$ 2,133,395
Enhanced Income Fund	2,886,782	2,647,487
Small Cap Opportunities Fund	27,218,217	11,653,393
Small/Mid Cap Dividend Fund	761,239	-
Strategic Growth and Income Fund	808,961	617,576
Strategic Investment Fund	31,838	-
US All Cap Equity Fund	3,276,154	2,064,314
Value Fund	30,968,275	27,054,395
Value Fund II	2,821,874	2,502,676

Price sensitivity was determined based on portfolio-weighted beta. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

10. Fair value of financial instruments:

(a) Valuation models:

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Funds determine fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Funds measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities that the funds can access at the measurement date.
- Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., as derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

10. Fair value of financial instruments (continued):

(a) Valuation models (continued):

The Funds use widely recognized valuation models for determining the fair value of common and relatively simple financial instruments, such as debt securities, mutual fund units and warrants that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives such as forward foreign currency contracts. The availability of observable market prices and model inputs reduces the need for management judgment and estimation, and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets. Valuation techniques may include discounted cash flow techniques for debt securities and for forward foreign currency contracts, option pricing matrices for warrants and net asset value as published by underlying fund managers for mutual fund units.

For more complex instruments, the Funds use recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market, may be derived from market prices or rates or may be estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value.

In determining fair value for these types of instruments the Manager considers the history and nature of the business; operating results and financial conditions; general economic, industry and market conditions; capital market and transaction market conditions; independent valuations of the business; contractual rights relating to the investment; comparable company trading and transaction multiples, where applicable, and other pertinent considerations. Adjustments to the carrying value of the investments may also be determined to be appropriate by the Manager when there is pervasive and objective evidence of a decline in the value of the investment, as indicated by an assessment of the financial condition of the investment based on operational results, forecasts, or other developments since acquisition.

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

10. Fair value of financial instruments (continued):

(a) Valuation models (continued):

The table below presents the fair value of financial instruments as at December 31, 2020 and 2019 by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statements of Financial Position. All fair value measurements below are recurring.

	Level 1		Level 2		Level 3	
	2020	2019	2020	2019	2020	2019
Bond Universe Fund:						
Mutual funds	\$ 3,498,122	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds	7,239,793	-	-	-	-	-
	\$ 10,737,915	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Bond Fund:						
Bonds and loans	\$ 814,605,641	\$ 907,633,224	\$ -	\$ -	\$ -	\$ 4,653,743
Closed end funds	21,985,584	12,962,134	-	-	-	-
Common shares	17,727,675	-	-	-	2,122,899	2,084,417
Forward foreign currency contracts	-	-	27,010,808	10,378,740	-	-
Preferred shares	90,332,547	69,098,547	-	-	-	-
Warrants	-	-	211,680	-	1,187,535	1,744,054
	\$ 944,651,447	\$ 989,693,905	\$ 27,222,488	\$ 10,378,740	\$ 3,310,434	\$ 8,482,214
Enhanced Income Fund:						
Equities	\$ 20,047,640	\$ 37,988,440	\$ -	\$ -	\$ 1,149,523	\$ 2,571,723
Bonds	-	50,500	-	-	5,092	1,497,986
Mutual funds	16,004,941	17,171,729	2,745,533	1,220,092	-	-
Warrants	-	-	1	1,406	-	-
	\$ 36,052,581	\$ 55,210,669	\$ 2,745,534	\$ 1,221,498	\$ 1,154,615	\$ 4,069,709
Small Cap Opportunities Fund:						
Equities	\$ 202,993,133	\$ 174,400,326	\$ -	\$ -	\$ 6,003,211	\$ 4,033,324
Bonds	2,473,881	-	-	-	7,224,550	7,199,750
Warrants	-	188,000	1,215,250	746,667	-	-
	\$ 205,467,014	\$ 174,588,326	\$ 1,215,250	\$ 746,667	\$ 13,227,761	\$ 11,233,074
Small/Mid Cap Dividend Fund:						
Equities	\$ 6,310,779	\$ -	\$ -	\$ -	\$ -	\$ -
Warrants	16,707	-	-	-	-	-
	\$ 6,327,486	\$ -	\$ -	\$ -	\$ -	\$ -
Strategic Growth and Income Fund:						
Mutual funds	\$ 4,163,723	\$ 5,172,597	\$ 755,759	\$ 669,490	\$ -	\$ -
Equities	5,440,563	6,555,876	-	-	-	-
	\$ 9,604,286	\$ 11,728,473	\$ 755,759	\$ 669,490	\$ -	\$ -
Strategic Investment Fund:						
Equities	\$ 255,524	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 255,524	\$ -	\$ -	\$ -	\$ -	\$ -
US All Cap Equity Fund:						
Equities	\$ 21,589,048	\$ 15,445,614	\$ -	\$ -	\$ -	\$ -
	\$ 21,589,048	\$ 15,445,614	\$ -	\$ -	\$ -	\$ -

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

10. Fair value of financial instruments (continued):

(a) Valuation models (continued):

	Level 1		Level 2		Level 3	
	2020	2019	2020	2019	2020	2019
Value Fund:						
Equities	\$ 263,603,219	\$ 290,119,718	\$ -	\$ -	\$ 2,191,352	\$ -
Bonds	4,333,098	1,172,753	-	-	1,624,000	1,038,840
Warrants	1,452,385	-	-	-	-	-
	<u>\$ 269,388,702</u>	<u>\$ 291,292,471</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,815,352</u>	<u>\$ 1,038,840</u>
Value Fund II:						
Equities	\$ 22,862,557	\$ 26,770,615	\$ -	\$ -	\$ 237,700	\$ 133,451
Bonds	430,550	-	-	-	376,200	469,180
Warrants	164,963	187,668	-	10	8	-
	<u>\$ 23,458,070</u>	<u>\$ 26,958,283</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 613,908</u>	<u>\$ 602,631</u>

The carrying amount of the Funds' net assets attributable to holders of redeemable units also approximates fair value as it is measured at the redemption amount and classified as Level 2 in the fair value hierarchy.

There have been no transfers between the Level 1 and Level 2 during the year ended December 31, 2020. Transfers in and out of level 3 were due to changes in the availability of observable market data.

The following table shows a reconciliation of the movement in fair value of all financial instruments categorized within Level 3 for the years ended December 31, 2020 and 2019, for those Funds holding such financial instruments: the Pender Corporate Bond Fund, Pender Enhanced Income Fund, Pender Small Cap Opportunities Fund, Pender Value Fund and Pender Value Fund II. The remaining Funds did not hold any financial instruments categorized with Level 3.

	2020	2019
Corporate Bond Fund:		
Opening balance	\$ 8,482,214	\$ 5,676,909
Purchase of investments	908,316	4,965,045
Sales of investments	(3,924,660)	(5,108,962)
Transfers in	-	2,986,665
Total gain (loss) recognized in comprehensive income	(186,209)	(37,443)
Ending balance	<u>\$ 5,279,661</u>	<u>\$ 8,482,214</u>
Enhanced Income Fund:		
Opening balance	\$ 4,069,709	\$ 11,933,972
Purchase of investments	-	2,408,700
Sales of investments	(1,571,799)	(8,313,364)
Transfers in	-	1,354,121
Transfers out	-	(15,840)
Total gain (loss) recognized in comprehensive income	(1,343,295)	(3,297,880)
Ending balance	<u>\$ 1,154,615</u>	<u>\$ 4,069,709</u>

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

10. Fair value of financial instruments (continued):

(a) Valuation models (continued):

	2020	2019
Small Cap Opportunities Fund:		
Opening balance	\$ 11,233,074	\$ 10,930,324
Purchase of investments	-	2,024,595
Sales of investments	(4,668,514)	(2,000,000)
Transfers in	(1,865,532)	280,000
Total gain (loss) recognized in comprehensive income	8,528,733	(1,845)
Ending balance	\$ 13,227,761	\$ 11,233,074
Value Fund:		
Opening balance	\$ 1,038,840	\$ -
Purchase of investments	3,815,352	5,503,908
Sales of investments	(941,188)	(7,075,855)
Total gain (loss) recognized in comprehensive income	(97,652)	2,610,787
Ending balance	\$ 3,815,352	\$ 1,038,840
Value Fund II:		
Opening balance	\$ 602,631	\$ 735,951
Purchase of investments	354,600	180,339
Sales of investments	-	(90,000)
Transfers in	-	215,951
Total gain (loss) recognized in comprehensive income	(343,323)	(439,610)
Ending balance	\$ 613,908	\$ 602,631

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

10. Fair value of financial instruments (continued):

(b) Significant unobservable inputs used in measuring fair value:

The table below sets out information about significant unobservable inputs used in measuring financial instruments categorized as Level 3 in the fair value hierarchy, as at December 31, 2020 and 2019, for those funds holding such financial instruments: Pender Corporate Bond Fund, Pender Enhanced Income Fund, Pender Small Cap Opportunities Fund, Pender Value Fund and Pender Value Fund II.

2020				
Description	Fair value	Valuation technique	Unobservable input	Sensitivity to change in significant unobservable input
Corporate Bond Fund:				
Unlisted private investments	\$ 5,279,661	Investment cost/enterprise value	Enterprise value	The estimated fair value would increase if enterprise value increased
Enhanced Income Fund:				
Unlisted private investments	\$ 1,149,523	Comparable trading multiples	Market capitalization/tangible book value/enterprise value	The estimated fair value would increase if the unobservable input increased
	5,092	Investment cost/enterprise value	Enterprise value	The estimated fair value would increase if enterprise value increased
Small Cap Opportunities Fund:				
Unlisted private investments	\$ 13,227,761	Investment cost/enterprise value	Enterprise value	The estimated fair value would increase if enterprise value increased
Value Fund:				
Unlisted private investments	\$ 3,815,352	Investment cost/enterprise value	Enterprise value	The estimated fair value would increase if enterprise value increased
Value Fund II:				
Unlisted private investments	\$ 388,908	Investment cost/enterprise value	Enterprise value	The estimated fair value would increase if enterprise value increased
	225,000	Net debt to EBITDA	Discount rate	The estimated fair value would increase if discount rate decreased

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

10. Fair value of financial instruments (continued):

(b) Significant unobservable inputs used in measuring fair value (continued):

2019				
Description	Fair value	Valuation technique	Unobservable input	Sensitivity to change in significant unobservable input
Corporate Bond Fund:				
Unlisted private investments	\$ 8,482,214	Investment cost/enterprise value	Enterprise value	The estimated fair value would increase if enterprise value increased
Enhanced Income Fund:				
Unlisted private investments	\$ 2,571,723	Comparable trading multiples	Market capitalization/tangible book value/enterprise value	The estimated fair value would increase if the unobservable input increased
	1,497,986	Net debt to EBITDA	Discount rate/loan recoverability	The estimated fair value would increase (decrease for discount rate) if the unobservable input increased
Small Cap Opportunities Fund:				
Unlisted private investments	\$ 11,233,074	Investment cost/enterprise value	Enterprise value	The estimated fair value would increase if enterprise value increased
Value Fund:				
Unlisted private investments	\$ 1,038,840	Investment cost/enterprise value	Enterprise value	The estimated fair value would increase if enterprise value increased
Value Fund II:				
Unlisted private investments	\$ 133,451	Investment cost/enterprise value	Enterprise value	The estimated fair value would increase if enterprise value increased
	469,180	Net debt to EBITDA	Discount rate	The estimated fair value would increase if discount rate decreased

Enterprise value represents the estimate of the amount that market participants would pay when purchasing the investee company. The Manager determines this value using valuation techniques such as the use of comparable recent arm's length transactions in shares of the respective company and net present value calculated using discount rates derived from comparable market yields, for example.

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

10. Fair value of financial instruments (continued):

(c) Effects of unobservable input on fair value measurement:

The Pender Corporate Bond Fund, Pender Enhanced Income Fund, Pender Small Cap Opportunities Fund, Pender Value Fund and Pender Value Fund II believe that their estimates of fair value are appropriate, however the use of different methodologies or assumptions could lead to different measurements of fair value. Changing one or more of the assumptions used for fair value measurements in Level 3 to alternative reasonably possible assumptions would have the following effects on the net assets attributable to holders of redeemable units as at December 31, 2020 and 2019. The remaining Funds did not have any financial instruments categorized with Level 3.

	2020	2019
Corporate Bond Fund:		
Favourable	527,966	848,221
Unfavourable	(527,966)	(848,221)
Enhanced Income Fund:		
Favourable	144,796	524,156
Unfavourable	(287,915)	(497,878)
Small Cap Opportunities Fund:		
Favourable	1,322,776	1,123,307
Unfavourable	(1,322,776)	(1,123,307)
Value Fund:		
Favourable	381,535	103,884
Unfavourable	(381,535)	(103,884)
Value Fund II:		
Favourable	64,884	33,237
Unfavourable	(129,785)	(35,650)

The favourable and unfavourable effects of using alternative reasonably possible assumptions for the valuation of unlisted private equity investments have been calculated by recalibrating the model values using unobservable inputs based on averages of the upper and lower quartiles, respectively of the above noted Funds' ranges of possible estimates. The recalibrated model considers the impact of a 10% increase or decrease in enterprise value, a 1% increase or decrease in the discount rate, a 0.25x increase or decrease in market capitalization and a 10% increase or decrease on loan recoverability.

10. Fair value of financial instruments (continued):

(d) Financial instruments not measured at fair value:

Given their short-term nature, the carrying value of assets and liabilities, other than investments, investments sold short and derivatives, approximates their fair value. These financial instruments are classified as Level 2 in the fair value hierarchy because while prices are available, there is no active market for these instruments.

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

11. Involvement with structured entities:

The table below describes the type of structured entities in which the Pender Bond Universe Fund, Pender Corporate Bond Fund, Pender Enhanced Income Fund and Pender Strategic Growth and Income Fund hold an interest but which they do not consolidate. The remaining Funds did not hold an interest in structured entities as at December 31, 2020 and 2019.

Entity	Nature and purpose	Interest held by the respective Fund
Investment funds	To manage assets on behalf of third party investors and generate fees for the investment manager. These vehicles are financed through the issue of units to investors	Investment in units issued by the underlying funds

The table below sets out interests held by the Pender Bond Universe Fund, Pender Corporate Bond Fund, Pender Enhanced Income Fund and Pender Strategic Growth and Income Fund in unconsolidated structured entities as at December 31, 2020 and 2019. The maximum exposure to loss is the carrying amount of the investment in the underlying funds held.

Bond Universe Fund	Number of investee funds held	Total net assets of investee funds	Carrying amount included in investments
2020	1	\$ 997,523,626	\$ 3,498,122

Corporate Bond Fund	Number of investee funds held	Total net assets of investee funds	Carrying amount included in investments
2020	9	\$ 9,385,000,000	\$ 21,985,584
2019	7	6,042,000,000	12,962,134

Enhanced Income Fund	Number of investee funds held	Total net assets of investee funds	Carrying amount included in investments
2020	2	\$ 1,218,809,944	\$ 18,750,475
2019	2	1,267,617,926	18,391,821

PENDER MUTUAL FUNDS

Notes to Financial Statements

Year/Period ended December 31, 2020

11. Involvement with structured entities (continued):

	Number of investee funds held	Total net assets of investee funds	Carrying amount included in investments
Strategic Growth and Income Fund			
2020	2	\$ 1,218,809,944	\$ 4,919,482
2019	2	1,267,617,926	5,842,087

During the years ended December 31, 2020 and 2019, the Pender Bond Universe Fund, Pender Corporate Bond Fund, Pender Enhanced Income Fund and Pender Strategic Growth and Income Fund did not provide financial support to unconsolidated structured entities and have no intention of providing financial or other support. The Pender Bond Universe Fund, Pender Corporate Bond Fund, Pender Enhanced Income Fund and Pender Strategic Growth and Income Fund can sell or redeem their units in the above investment funds at any time.

12. Income taxes:

The taxation year-end of the Funds is December 15. As at the end of the 2020 tax year-end, the following Funds had accumulated capital losses available for utilization against realized capital gains in future years. Capital losses have no expiry date.

	2020	2019
Corporate Bond Fund	\$ 16,477,587	\$ 1,740,169
Enhanced Income Fund	52,817,833	46,245,028
US All Cap Equities Fund	1,398,664	471,250
Value Fund	6,739,480	-
Value Fund II	73,282,125	67,205,922

As at the end of the tax year-end, the following Funds had accumulated non-capital losses available for carry forward.

	2020	2019	Expiration year
US All Cap Equities Fund	\$ 345,546	\$ 187,792	2040
Value Fund II	1,974,971	1,974,971	2039

The remaining Funds had no accumulated capital losses or non-capital losses as at the end of the 2020 and 2019 tax year-end.