

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

Pender Corporate Bond Fund

For the year ended December 31, 2020

PENDER

This annual Management Report of Fund Performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You may obtain a copy of the annual financial statements at your request, at no cost, by calling toll-free 1-866-377-4743, by writing to us at 1830 – 1066 West Hastings Street, Vancouver, BC V6E 3X2 or by visiting our website at www.penderfund.com or the SEDAR website at www.sedar.com.

You may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The Pender Corporate Bond Fund's (the "Fund") 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. The remaining balance of the Fund's assets are invested primarily in preferred or common shares, closed-end funds, government securities, derivatives for hedging purposes, and cash or cash equivalents.

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

Risks

The risks of investing in the Fund are outlined in the Simplified Prospectus dated June 25, 2020. Interest rate risk and credit risk remain the principal risks associated with the Fund. There were no significant changes to the Fund's objectives and strategies that affected its overall level of risk during the year.

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 Fund's control.

Results of Operations

The net assets of the Pender Corporate Bond Fund were \$997,523,626 as at December 31, 2020 versus \$1,066,697,351 as at December 31, 2019. Of this \$69,173,725 decrease, \$55,955,549 is attributable to positive investment performance and \$125,129,274 is attributable to net unitholder redemptions of the Fund.

For the year ended December 31, 2020, Class A units of the Fund generated a total return of 6.2%. Returns for Class U will differ primarily due to foreign currency as this class is the only class of the Fund that is not hedged against the US dollar. Returns for other classes of the Fund will be similar to Class A with any difference in performance being primarily due to the different management fees that are applicable to different classes and, for US-dollar denominated classes, the impact of any foreign exchange rate fluctuations on the net assets of that class of the Fund. Please see the "Past Performance" section for the performance of the Fund's other classes.

The Fund's broad-based benchmark, the FTSE/TMX Canada Universe Bond Index ("FTSE/TMX"), returned 8.7% during the year. In accordance with National Instrument 81-106, we have included a comparison to this broad-based index to help you understand the Fund's performance relative to the general performance of the market, but caution that the Fund's mandate may be significantly different from the index. For example, the Fund's returns are reported net of all management fees and expenses for all classes, unlike the returns of the Fund's benchmark, which are based on the performance of an index that does not pay fees or incur expenses.

The following comments and the comments under "Recent Developments" reflect the views of the portfolio management team and are based on information as at the end of the year. Please read the caution regarding forward-looking statements located on the last page of this document.

The Fund's allocation to high yield bonds, floating rate and rate reset securities, led it to finish off the year slightly behind its benchmark. Following a tumultuous start to the year, these asset classes acted as negative contributors to the Fund's performance in the first half of 2020 but saw a sharp turnaround and began to outpace the benchmark towards year end. Gains in the second half of the year were extremely broad-based as many of our credit positions moved higher during the last quarter. Our positions in convertible bonds from issuers such as FireEye Inc., Palo Alto Networks Inc. and SunPower Corporation were areas of strength. Weakness in the portfolio was limited during the second half of the year, however, we did see pressure in some names including the credit of Accelerate Diagnostics, Inc. and Intercept Pharmaceuticals, Inc.

Recent Developments

World markets experienced an unparalleled recovery during 2020, after kicking the year off with significant downward volatility and turmoil in reaction to the COVID-19 outbreak. Since then, extraordinary monetary and fiscal stimulus, the reopening of global economies, and the development of promising COVID-19 vaccines helped markets push through their previous high-water mark. Nevertheless, there remain uncertainties that could impact the trajectory of the global recovery and turn markets unexpectedly. In particular, the timely distribution of inoculations, their overall efficacy and the actions taken by government authorities are top of mind for market participants. Any potential impact on investment results will depend, to a large extent, on future developments and new information that may emerge regarding COVID-19.

Results of Operations (continued)

The recovery in bond markets was widespread, although disjointed. Sovereign and Investment grade bonds led the initial stages of the rebound but plateaued in the second half of the year. The US BBB Rated Index's effective yield to maturity, after spiking as high as 5.56% on March 23, entered the third quarter at 2.67% and finished the year at approximately 2.06%. After being bid to record lows in North America, government bond yields finished the year inching slightly higher.

Looking down the table, the lower tiers of credit are now in the spotlight of the fixed income rebound. Single-B credits ended the year at a spread to treasuries of approximately 4.13%, which does represent a significant improvement from over 11.89% at the peak of the crisis but is still slightly wider than in early 2020. And the CCC and below index, which is home to the markets most distressed (and lowest priced) bonds, saw relative strength in the fourth quarter. Touching 19.62% effective yield on March 23, the BoAML CCC Index had a yield of approximately 8.03% towards the end of the year, approximately 2 points lower than where things stood in early January.

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

Related Party Transactions

The Fund pays management and administration fees to the Manager for management and portfolio advisory services (see "Management Fees").

As at the end of the year, parties related to the Manager collectively held less than 1% of the Fund's units. In addition, the Pender Bond Universe Fund, the Pender Enhanced Income Fund, the Pender Partners Fund, and the Pender Strategic Growth and Income Fund, funds also managed by the Manager, collectively held 3% of outstanding units.

Management Fees

The Fund pays management and administration fees calculated as a percentage of the net asset value of each respective class. The Management Expense Ratio ("MER") for each class does not exceed certain levels as set out in the Fund's offering documents. 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 the Fund.

Management fees are used by the Manager, in part, to pay sales commissions, trailer fees, marketing costs and other associated distribution costs relating to the sale of units of the Fund.

Such expenses represented approximately 23% of the management fees paid by the Fund to the Manager for the year.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the calendar years indicated.

CLASS A

Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016
Net assets – beginning of year	\$12.49	\$12.24	\$11.92	\$11.48	\$9.70
Increase (decrease) from operations:					
Total revenue	0.58	0.59	0.56	0.61	0.61
Total expenses	(0.24)	(0.25)	(0.25)	(0.24)	(0.22)
Realized gains (losses)	(0.13)	0.06	0.18	0.90	0.18
Unrealized gains (losses)	0.32	0.13	-	(0.49)	1.56
Total increase (decrease) from operations (b)	0.53	0.53	0.49	0.78	2.13
Distributions:					
From income (excluding dividends)	(0.33)	(0.30)	(0.32)	(0.30)	(0.36)
From dividends	(0.04)	(0.02)	(0.02)	(0.03)	(0.04)
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual distributions (b), (c)	(0.37)	(0.32)	(0.34)	(0.33)	(0.40)
Net assets – end of year	\$12.87	\$12.49	\$12.24	\$11.92	\$11.48
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$92,199	\$115,962	\$76,888	\$38,229	\$38,595
Number of units outstanding (a)	7,165,766	9,281,603	6,280,891	3,206,403	3,362,129
Management expense ratio (d)	1.95%	1.95%	1.95%	1.95%	1.95%
Management expense ratio before absorptions (e)	1.95%	1.95%	1.95%	1.95%	1.95%
Trading expense ratio (f)	0.03%	0.02%	0.05%	0.07%	0.08%
Portfolio turnover rate (g)	103.95%	61.95%	69.13%	95.38%	142.68%
Net asset value per unit (a)	\$12.87	\$12.49	\$12.24	\$11.92	\$11.48

CLASS D

Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016
Net assets – beginning of year	\$11.45	\$11.23	\$10.92	\$10.52	\$8.90
Increase (decrease) from operations:					
Total revenue	0.28	0.57	0.43	0.50	0.54
Total expenses	(0.14)	(0.16)	(0.17)	(0.17)	(0.15)
Realized gains (losses)	(0.02)	0.07	0.16	0.70	0.35
Unrealized gains (losses)	(0.14)	0.05	0.04	(0.35)	1.45
Total increase (decrease) from operations (b)	(0.02)	0.53	0.46	0.68	2.19
Distributions:					
From income (excluding dividends)	(0.37)	(0.33)	(0.36)	(0.33)	(0.37)
From dividends	(0.04)	(0.03)	(0.02)	(0.03)	(0.05)
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual distributions (b), (c)	(0.41)	(0.36)	(0.38)	(0.36)	(0.42)
Net assets – end of year	\$11.82	\$11.45	\$11.23	\$10.92	\$10.52
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$2,876	\$3,906	\$1,726	\$182	\$48
Number of units outstanding (a)	243,197	341,030	153,752	16,702	4,562
Management expense ratio (d)	1.28%	1.40%	1.40%	1.40%	1.40%
Management expense ratio before absorptions (e)	1.28%	1.40%	1.40%	1.40%	1.40%
Trading expense ratio (f)	0.03%	0.02%	0.05%	0.07%	0.08%
Portfolio turnover rate (g)	103.95%	61.95%	69.13%	95.38%	142.68%
Net asset value per unit (a)	\$11.82	\$11.45	\$11.23	\$10.92	\$10.52

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS E		
Fund's Net Assets Per Unit (a)	2020	2019
Net assets – beginning of year	\$10.07	\$10.00
Increase (decrease) from operations:		
Total revenue	0.51	0.16
Total expenses	(0.05)	(0.01)
Realized gains (losses)	(0.11)	(0.05)
Unrealized gains (losses)	0.31	0.08
Total increase (decrease) from operations (b)	0.66	0.18
Distributions:		
From income (excluding dividends)	(0.39)	(0.11)
From dividends	(0.05)	(0.01)
From capital gains	-	-
Return of capital	-	-
Total annual distributions (b), (c)	(0.44)	(0.12)
Net assets – end of year	\$10.35	\$10.07
Ratios and Supplemental Data		
Total net asset value (\$000s) (a)	\$3,292	\$3,912
Number of units outstanding (a)	318,107	388,330
Management expense ratio (d)	0.50%	0.50%
Management expense ratio before absorptions (e)	0.50%	0.50%
Trading expense ratio (f)	0.03%	0.02%
Portfolio turnover rate (g)	103.95%	61.95%
Net asset value per unit (a)	\$10.35	\$10.07

CLASS F					
Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016
Net assets – beginning of year	\$12.50	\$12.25	\$11.92	\$11.48	\$9.70
Increase (decrease) from operations:					
Total revenue	0.58	0.59	0.56	0.57	0.61
Total expenses	(0.14)	(0.15)	(0.15)	(0.15)	(0.14)
Realized gains (losses)	(0.12)	0.07	0.13	0.79	0.19
Unrealized gains (losses)	0.37	0.12	(0.07)	(0.40)	1.54
Total increase (decrease) from operations (b)	0.69	0.63	0.47	0.81	2.20
Distributions:					
From income (excluding dividends)	(0.42)	(0.11)	(0.42)	(0.39)	(0.43)
From dividends	(0.05)	(0.01)	(0.02)	(0.04)	(0.05)
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual distributions (b), (c)	(0.47)	(0.12)	(0.44)	(0.43)	(0.48)
Net assets – end of year	\$12.86	\$12.50	\$12.25	\$11.92	\$11.48
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$342,633	\$406,674	\$246,709	\$68,365	\$34,938
Number of units outstanding (a)	26,636,091	32,530,750	20,139,093	5,733,494	3,044,053
Management expense ratio (d)	1.15%	1.15%	1.15%	1.15%	1.15%
Management expense ratio before absorptions (e)	1.15%	1.15%	1.15%	1.15%	1.15%
Trading expense ratio (f)	0.03%	0.02%	0.05%	0.07%	0.08%
Portfolio turnover rate (g)	103.95%	61.95%	69.13%	95.38%	142.68%
Net asset value per unit (a)	\$12.86	\$12.50	\$12.25	\$11.92	\$11.48

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS H					
Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016
Net assets – beginning of year	\$11.01	\$10.79	\$10.51	\$10.11	\$8.55
Increase (decrease) from operations:					
Total revenue	0.48	0.51	0.51	0.52	0.60
Total expenses	(0.18)	(0.19)	(0.19)	(0.18)	(0.17)
Realized gains (losses)	(0.10)	0.06	0.15	0.74	0.07
Unrealized gains (losses)	0.29	0.11	(0.03)	(0.39)	1.26
Total increase (decrease) from operations (b)	0.49	0.49	0.44	0.69	1.76
Distributions:					
From income (excluding dividends)	(0.32)	(0.30)	(0.31)	(0.30)	(0.34)
From dividends	(0.04)	(0.02)	(0.02)	(0.03)	(0.04)
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual distributions (b), (c)	(0.36)	(0.32)	(0.33)	(0.33)	(0.38)
Net assets – end of year	\$11.33	\$11.01	\$10.79	\$10.51	\$10.11
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$65,161	\$62,459	\$38,560	\$19,159	\$12,116
Number of units outstanding (a)	5,749,645	5,671,949	3,573,651	1,823,363	1,198,204
Management expense ratio (d)	1.65%	1.65%	1.65%	1.65%	1.65%
Management expense ratio before absorptions (e)	1.65%	1.65%	1.65%	1.65%	1.65%
Trading expense ratio (f)	0.03%	0.02%	0.05%	0.07%	0.08%
Portfolio turnover rate (g)	103.95%	61.95%	69.13%	95.38%	142.68%
Net asset value per unit (a)	\$11.33	\$11.01	\$10.79	\$10.51	\$10.11

CLASS I					
Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016
Net assets – beginning of year	\$10.74	\$10.53	\$10.24	\$9.85	\$8.34
Increase (decrease) from operations:					
Total revenue	0.51	0.51	0.51	0.48	0.55
Total expenses	(0.11)	(0.11)	(0.12)	(0.10)	(0.11)
Realized gains (losses)	(0.13)	0.05	0.10	0.66	0.16
Unrealized gains (losses)	0.37	0.08	(0.09)	(0.32)	1.24
Total increase (decrease) from operations (b)	0.64	0.53	0.40	0.72	1.84
Distributions:					
From income (excluding dividends)	(0.37)	(0.35)	(0.37)	(0.35)	(0.39)
From dividends	(0.05)	(0.03)	(0.02)	(0.03)	(0.04)
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual distributions (b), (c)	(0.42)	(0.38)	(0.39)	(0.38)	(0.43)
Net assets – end of year	\$11.05	\$10.74	\$10.53	\$10.24	\$9.85
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$411,640	\$381,228	\$140,680	\$42,272	\$16,158
Number of units outstanding (a)	37,250,197	35,491,065	13,366,024	4,127,027	1,639,624
Management expense ratio (d)	1.00%	1.00%	1.00%	1.00%	1.00%
Management expense ratio before absorptions (e)	1.00%	1.00%	1.00%	1.00%	1.00%
Trading expense ratio (f)	0.03%	0.02%	0.05%	0.07%	0.08%
Portfolio turnover rate (g)	103.95%	61.95%	69.13%	95.38%	142.68%
Net asset value per unit (a)	\$11.05	\$10.74	\$10.53	\$10.24	\$9.85

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS N		
Fund's Net Assets Per Unit (a)	2020	2019
Net assets – beginning of year	\$10.01	\$10.00
Increase (decrease) from operations:		
Total revenue	0.01	0.22
Total expenses	(0.07)	(0.04)
Realized gains (losses)	0.07	(0.03)
Unrealized gains (losses)	(1.06)	0.04
Total increase (decrease) from operations (b)	(1.05)	0.19
Distributions:		
From income (excluding dividends)	(0.37)	(0.17)
From dividends	(0.04)	(0.02)
From capital gains	-	-
Return of capital	-	-
Total annual distributions (b), (c)	(0.41)	(0.19)
Net assets – end of year	\$10.33	\$10.01
Ratios and Supplemental Data		
Total net asset value (\$000s) (a)	\$3,475	\$17,211
Number of units outstanding (a)	336,405	1,719,279
Management expense ratio (d)	0.75%	0.75%
Management expense ratio before absorptions (e)	0.75%	0.75%
Trading expense ratio (f)	0.03%	0.02%
Portfolio turnover rate (g)	103.95%	61.95%
Net asset value per unit (a)	\$10.33	\$10.01

CLASS O					
Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016
Net assets – beginning of year	\$10.87	\$10.64	\$10.37	\$9.97	\$8.49
Increase (decrease) from operations:					
Total revenue	0.51	0.48	0.51	0.50	0.42
Total expenses	-	-	(0.01)	(0.01)	(0.01)
Realized gains (losses)	(0.15)	0.06	0.23	0.70	0.44
Unrealized gains (losses)	0.48	0.21	0.11	(0.34)	1.16
Total increase (decrease) from operations (b)	0.84	0.75	0.84	0.85	2.01
Distributions:					
From income (excluding dividends)	(0.47)	(0.43)	(0.47)	(0.44)	(0.47)
From dividends	(0.06)	(0.05)	(0.03)	(0.05)	(0.06)
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual distributions (b), (c)	(0.53)	(0.48)	(0.50)	(0.49)	(0.53)
Net assets – end of year	\$11.18	\$10.87	\$10.64	\$10.37	\$9.97
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$29,746	\$27,198	\$8,387	\$12,351	\$7,813
Number of units outstanding (a)	2,661,770	2,501,605	787,928	1,191,011	783,439
Management expense ratio (d)	0.00%	0.00%	0.00%	0.00%	0.00%
Management expense ratio before absorptions (e)	0.00%	0.00%	0.00%	0.00%	0.00%
Trading expense ratio (f)	0.03%	0.02%	0.05%	0.07%	0.08%
Portfolio turnover rate (g)	103.95%	61.95%	69.13%	95.38%	142.68%
Net asset value per unit (a)	\$11.18	\$10.87	\$10.64	\$10.37	\$9.97

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS U		
Fund's Net Assets Per Unit (a)	2020	2019
Net assets – beginning of year	\$9.95	\$10.00
Increase (decrease) from operations:		
Total revenue	0.76	0.25
Total expenses	(0.12)	(0.06)
Realized gains (losses)	(0.25)	-
Unrealized gains (losses)	0.52	(0.16)
Total increase (decrease) from operations (b)	0.91	0.03
Distributions:		
From income (excluding dividends)	(0.34)	(0.14)
From dividends	(0.05)	(0.02)
From capital gains	-	-
Return of capital	-	-
Total annual distributions (b), (c)	(0.39)	(0.16)
Net assets – end of year	\$10.21	\$9.95
Ratios and Supplemental Data		
Total net asset value (\$000s) (a)	\$40	\$6
Number of units outstanding (a)	3,876	588
Management expense ratio (d)	1.15%	1.15%
Management expense ratio before absorptions (e)	1.15%	1.15%
Trading expense ratio (f)	0.03%	0.02%
Portfolio turnover rate (g)	103.95%	61.95%
Net asset value per unit (a)	\$10.21	\$9.95

CLASS A (USD)					
Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016
Net assets – beginning of year	\$13.66	\$13.89	\$12.48	\$12.67	\$11.08
Increase (decrease) from operations:					
Total revenue	1.25	0.78	1.07	0.46	0.66
Total expenses	(0.28)	(0.28)	(0.29)	(0.26)	(0.24)
Realized gains (losses)	(0.24)	0.08	0.01	0.98	(0.24)
Unrealized gains (losses)	0.31	(0.48)	0.73	(0.96)	0.58
Total increase (decrease) from operations (b)	1.04	0.10	1.52	0.22	0.76
Distributions:					
From income (excluding dividends)	(0.36)	(0.33)	(0.35)	(0.31)	(0.42)
From dividends	(0.05)	(0.03)	(0.02)	(0.04)	(0.03)
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual distributions (b), (c)	(0.41)	(0.36)	(0.37)	(0.35)	(0.45)
Net assets – end of year	\$14.10	\$13.66	\$13.89	\$12.48	\$12.67
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$2,533	\$6,018	\$6,177	\$1,264	\$1,420
Number of units outstanding (a)	179,642	440,638	444,755	101,249	112,029
Management expense ratio (d)	1.95%	1.95%	1.95%	1.95%	1.95%
Management expense ratio before absorptions (e)	1.95%	1.95%	1.95%	1.95%	1.95%
Trading expense ratio (f)	0.03%	0.02%	0.05%	0.07%	0.08%
Portfolio turnover rate (g)	103.95%	61.95%	69.13%	95.38%	142.68%
Net asset value per unit (a)	\$14.10	\$13.66	\$13.89	\$12.48	\$12.67

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS F (USD)					
Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016
Net assets – beginning of year	\$13.52	\$13.75	\$12.35	\$12.54	\$11.04
Increase (decrease) from operations:					
Total revenue	1.30	0.75	1.05	0.38	1.17
Total expenses	(0.16)	(0.16)	(0.17)	(0.14)	(0.16)
Realized gains (losses)	(0.30)	0.11	0.08	0.67	(0.33)
Unrealized gains (losses)	0.08	(0.53)	0.75	(0.83)	0.78
Total increase (decrease) from operations (b)	0.92	0.17	1.71	0.08	1.46
Distributions:					
From income (excluding dividends)	(0.47)	(0.43)	(0.44)	(0.43)	(0.47)
From dividends	(0.05)	(0.03)	(0.02)	(0.04)	(0.05)
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total annual distributions (b), (c)	(0.52)	(0.46)	(0.46)	(0.47)	(0.52)
Net assets – end of year	\$13.96	\$13.52	\$13.75	\$12.35	\$12.54
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$11,382	\$20,175	\$24,368	\$12,427	\$985
Number of units outstanding (a)	815,559	1,492,314	1,772,010	1,006,425	78,583
Management expense ratio (d)	1.15%	1.15%	1.15%	1.15%	1.15%
Management expense ratio before absorptions (e)	1.15%	1.15%	1.15%	1.15%	1.15%
Trading expense ratio (f)	0.03%	0.02%	0.05%	0.07%	0.08%
Portfolio turnover rate (g)	103.95%	61.95%	69.13%	95.38%	142.68%
Net asset value per unit (a)	\$13.96	\$13.52	\$13.75	\$12.35	\$12.54

CLASS H (USD)		
Fund's Net Assets Per Unit (a)	2020	2019
Net assets – beginning of year	\$13.02	\$13.10
Increase (decrease) from operations:		
Total revenue	1.27	0.31
Total expenses	(0.22)	(0.11)
Realized gains (losses)	(0.36)	(0.01)
Unrealized gains (losses)	0.01	(0.38)
Total increase (decrease) from operations (b)	0.70	(0.19)
Distributions:		
From income (excluding dividends)	(0.41)	(0.18)
From dividends	(0.04)	(0.01)
From capital gains	-	-
Return of capital	-	-
Total annual distributions (b), (c)	(0.45)	(0.19)
Net assets – end of year	\$13.42	\$13.02
Ratios and Supplemental Data		
Total net asset value (\$000s) (a)	\$6,636	\$2,680
Number of units outstanding (a)	494,651	205,849
Management expense ratio (d)	1.65%	1.65%
Management expense ratio before absorptions (e)	1.65%	1.65%
Trading expense ratio (f)	0.03%	0.02%
Portfolio turnover rate (g)	103.95%	61.95%
Net asset value per unit (a)	\$13.42	\$13.02

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS I (USD)		
Fund's Net Assets Per Unit (a)	2020	2019
Net assets – beginning of year	\$13.04	\$13.10
Increase (decrease) from operations:		
Total revenue	1.21	0.38
Total expenses	(0.14)	(0.07)
Realized gains (losses)	(0.33)	(0.03)
Unrealized gains (losses)	0.22	(0.17)
Total increase (decrease) from operations (b)	0.96	0.11
Distributions:		
From income (excluding dividends)	(0.47)	(0.21)
From dividends	(0.06)	(0.02)
From capital gains	-	-
Return of capital	-	-
Total annual distributions (b), (c)	(0.53)	(0.23)
Net assets – end of year	\$13.45	\$13.04
Ratios and Supplemental Data		
Total net asset value (\$000s) (a)	\$23,199	\$15,621
Number of units outstanding (a)	1,724,282	1,197,716
Management expense ratio (d)	1.00%	1.00%
Management expense ratio before absorptions (e)	1.00%	1.00%
Trading expense ratio (f)	0.03%	0.02%
Portfolio turnover rate (g)	103.95%	61.95%
Net asset value per unit (a)	\$13.45	\$13.04

CLASS N (USD)		
Fund's Net Assets Per Unit (a)	2020	2019
Net assets – beginning of year	\$13.00	\$13.10
Increase (decrease) from operations:		
Total revenue	1.29	0.36
Total expenses	(0.11)	(0.05)
Realized gains (losses)	(0.33)	(0.02)
Unrealized gains (losses)	(0.07)	(0.17)
Total increase (decrease) from operations (b)	0.78	0.12
Distributions:		
From income (excluding dividends)	(0.50)	(0.22)
From dividends	(0.06)	(0.02)
From capital gains	-	-
Return of capital	-	-
Total annual distributions (b), (c)	(0.56)	(0.24)
Net assets – end of year	\$13.41	\$13.00
Ratios and Supplemental Data		
Total net asset value (\$000s) (a)	\$2,713	\$3,648
Number of units outstanding (a)	202,357	280,525
Management expense ratio (d)	0.75%	0.75%
Management expense ratio before absorptions (e)	0.75%	0.75%
Trading expense ratio (f)	0.03%	0.02%
Portfolio turnover rate (g)	103.95%	61.95%
Net asset value per unit (a)	\$13.41	\$13.00

FINANCIAL HIGHLIGHTS (CONTINUED)**Footnotes:**

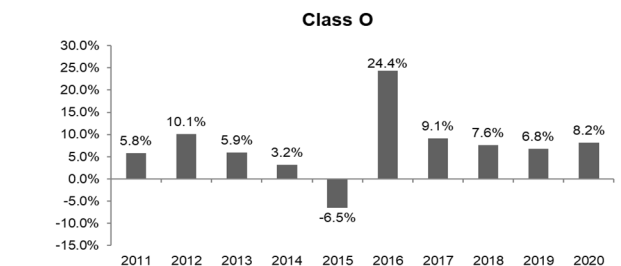
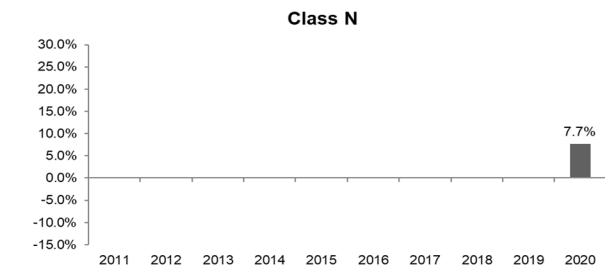
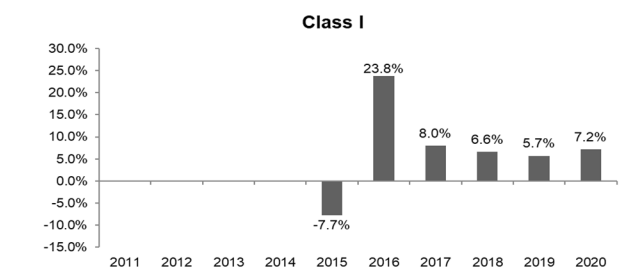
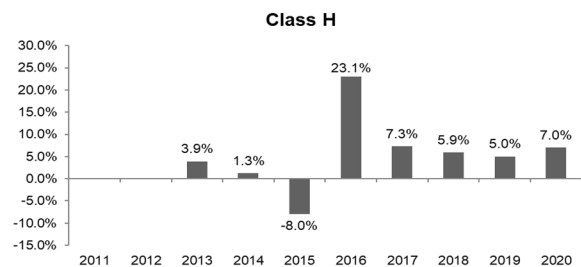
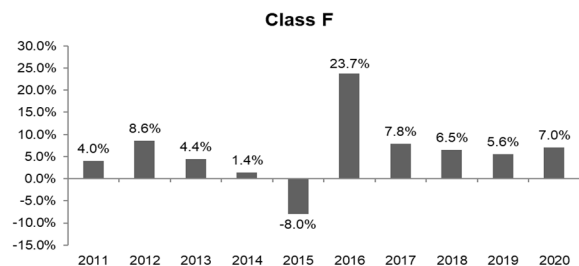
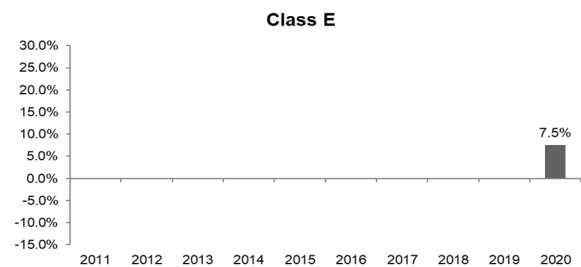
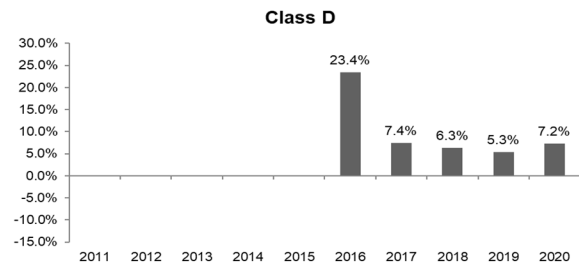
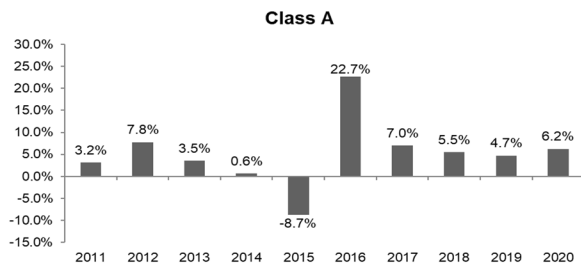
- (a) This information is derived from the Fund's audited annual financial statements as at December 31 for the year stated, prepared under International Financial Reporting Standards.
- (b) Net assets per unit and distributions per unit are based on the actual number of units for the relevant Fund class outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding during the year.
- (c) Distributions were paid in cash and/or reinvested in additional units of the Fund.
- (d) Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) for the year and is expressed as an annualized percentage of daily average net asset value during the year. The MER may vary from one class of units to another because of differences in the applicable management fees and certain fees and expenses may have been absorbed by the Manager which would otherwise be reflected in the Fund.
- (e) The Manager of the Fund has agreed to absorb sufficient expenses of the Fund, as necessary, such that the annual MER after all charges and taxes (including sales, goods and services and other similar charges) will not exceed certain limits as outlined in the Fund's Simplified Prospectus. The amount of expenses absorbed is at the discretion of the Manager as set out in the Fund's Simplified Prospectus and the Manager may in its sole discretion cease to absorb expenses.
- (f) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the year.
- (g) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. In general, the higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

PAST PERFORMANCE

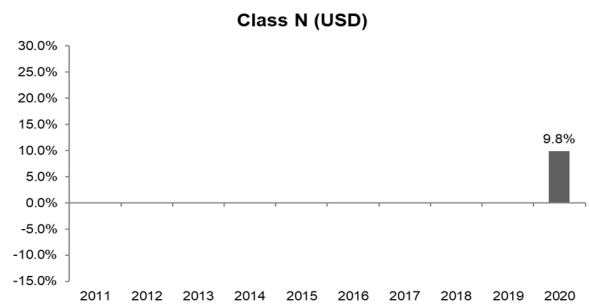
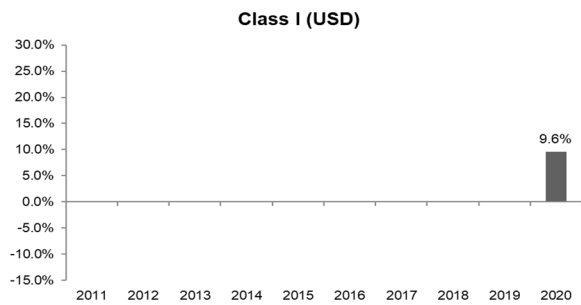
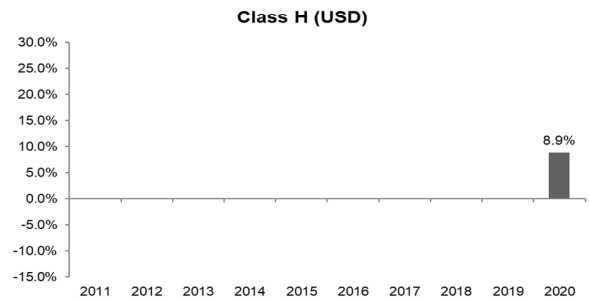
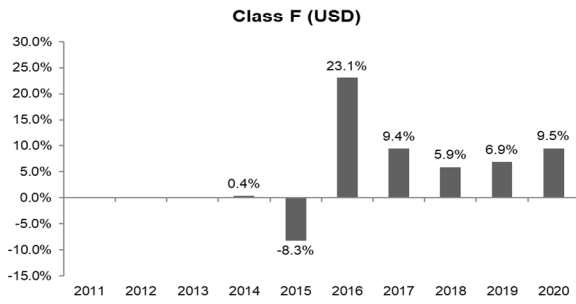
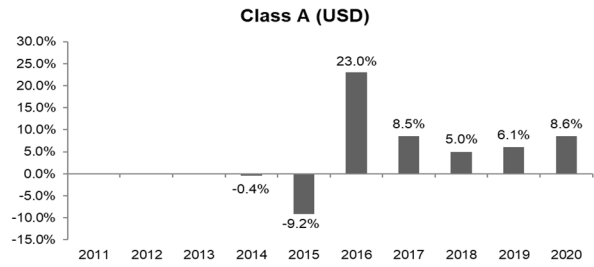
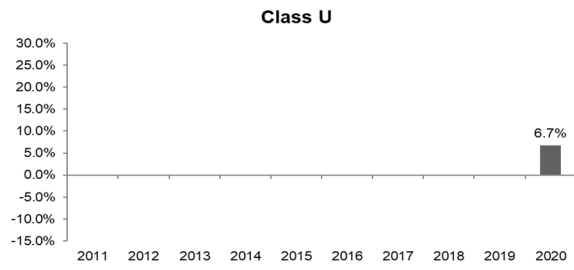
The following charts show the past performance for the units of each class of the Fund and do not necessarily indicate how the Fund will perform in the future. The information shown assumes that any distributions made by the Fund were reinvested in additional units of the Fund. Returns would be different if an investor did not reinvest distributions. In addition, the information does not take into account sales, redemptions, income taxes payable or other charges that would have reduced returns or performance.

Year-by-Year Returns

To illustrate how the Fund’s performance has varied over time, the following bar charts show the annual returns for the calendar years indicated. The information is presented starting from the first full financial year of the respective Fund class. In percentage terms, the bar charts show how much an investment held on the first day of the year would have increased or decreased by the last day of the year.



Year-by-Year Returns (continued)



Annual Compound Returns

The annual compound returns table compares the Fund's performance to one or more benchmarks. Benchmarks are usually an index or a composite of more than one index. An index is generally made up of a group of securities. Since the Fund does not necessarily invest in the same securities as an index or in the same proportion, the Fund's performance is not expected to equal the performance of the index. Fund returns are reported net of all management fees and expenses for all classes, unlike the returns of the Fund's benchmark, which is based on the performance of an index that does not pay fees or incur expenses. It may be more helpful to compare the Fund's performance to that of other mutual funds with similar objectives and investment disciplines.

The Fund's broad-based benchmark is FTSE/TMX Canada Universe Bond Index. The FTSE/TMX Canada Bond Universe Index is the broadest and most widely used measure of performance of marketable government and corporate bonds outstanding in the Canadian market. With the exception of Class A (USD), Class F (USD), Class H (USD), Class I (USD) and Class N (USD), the performance of the Fund is compared to the benchmark's performance in Canadian dollars. Performance for Class A (USD), Class F (USD), Class H (USD), Class I (USD) and Class N (USD) are compared to the benchmark's performance in U.S. dollars.

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

	One Year	Three Year	Five Year	Ten Year	Since Inception	Inception Date
Class A	6.2%	5.5%	9.0%	5.0%	6.1%	06/01/2009
FTSE/TMX	8.7%	5.6%	4.2%	4.5%	4.8%	
Class D	7.2%	6.3%	9.7%	-	7.1%	06/30/2015
FTSE/TMX	8.7%	5.6%	4.2%	-	4.0%	
Class E	7.5%	-	-	-	7.1%	08/30/2019
FTSE/TMX	8.7%	-	-	-	5.1%	
Class F	7.0%	6.3%	9.9%	5.8%	6.9%	06/01/2009
FTSE/TMX	8.7%	5.6%	4.2%	4.5%	4.8%	
Class H	6.5%	5.8%	9.4%	-	5.6%	06/19/2012
FTSE/TMX	8.7%	5.6%	4.2%	-	3.9%	
Class I	7.2%	6.5%	10.1%	-	6.2%	06/30/2014
FTSE/TMX	8.7%	5.6%	4.2%	-	4.3%	
Class N	7.7%	-	-	-	6.4%	06/28/2019
FTSE/TMX	8.7%	-	-	-	5.9%	
Class O	8.2%	7.5%	11.0%	7.2%	7.2%	11/24/2010
FTSE/TMX	8.7%	5.6%	4.2%	4.5%	4.3%	
Class U	6.7%	-	-	-	5.2%	06/28/2019
FTSE/TMX	8.7%	-	-	-	5.9%	
Class A (USD)	8.6%	6.5%	10.0%	-	5.4%	08/30/2013
FTSE/TMX (USD)	10.9%	5.1%	5.9%	-	1.9%	
Class F (USD)	9.5%	7.4%	10.8%	-	6.1%	08/30/2013
FTSE/TMX (USD)	10.9%	5.1%	5.9%	-	1.9%	
Class H (USD)	8.9%	-	-	-	7.0%	06/28/2019
FTSE/TMX (USD)	10.9%	-	-	-	7.9%	
Class I (USD)	9.6%	-	-	-	7.8%	06/28/2019
FTSE/TMX (USD)	10.9%	-	-	-	7.9%	
Class N (USD)	9.8%	-	-	-	7.8%	06/28/2019
FTSE/TMX (USD)	10.9%	-	-	-	7.9%	

SUMMARY OF INVESTMENT PORTFOLIO

The largest holdings of the Fund as at the end of the year and the major asset classes in which the Fund was invested are indicated below. The investment portfolio may change due to ongoing portfolio transactions. An update of the Fund's summary of investment portfolio as at the end of each calendar quarter is available from the Manager. Please see the front page of this document for information about how this can be obtained.

Summary of Top 25 Holdings

	% of Net Assets
Open Text Corporation, 5.88%, 2026/06/01	2.6
Intelsat Jackson Holdings S.A., 8.00%, 2024/02/15	2.3
Paratek Pharmaceuticals, Inc., 4.75%, 2024/05/01	2.2
Osisko Gold Royalties Ltd., 4.00%, 2022/12/31	2.1
First Majestic Silver Corp., 1.88%, 2023/03/01	1.8
Fluor Corporation, 3.50%, 2024/12/15	1.7
Uber Technologies, Inc., 8.00%, 2026/11/01	1.7
Chesapeake Energy Corporation, 9.00%, 2022/12/31	1.6
LGI Homes, Inc., 6.88%, 2026/07/15	1.6
McDonald's Corporation, 3.13%, 2025/03/04	1.6
Talos Production LLC, 11.00%, 2022/04/03	1.6
W&T Offshore, Inc., 9.75%, 2023/11/01	1.6
Cameco Corporation, 2.95%, 2027/10/21	1.5
Curaleaf Holdings, Inc., 13.00%, 2024/01/10	1.4
FireEye, Inc., 0.88%, 2024/06/01	1.4
Granite Construction Incorporated, 2.75%, 2024/11/01	1.4
Topaz Solar Farms LLC, 5.75%, 2039/09/30	1.4
High Street Capital Partners LLC., 15.00%, 2024/10/30	1.3
Morgan Stanley, 3.85%, 2049/12/31	1.3
Coty Inc., 6.50%, 2026/04/15	1.2
Macy's, Inc., 8.38%, 2025/06/15	1.1
Trulieve Cannabis Corp., 9.75%, 2024/06/18	1.1
Verisign, Inc., 4.63%, 2023/05/01	1.1
Loblaw Companies Limited, 2.28%, 2030/05/07	1.0
Tutor Perini Corporation, 6.88%, 2025/05/01	1.0

Summary of Composition of the Portfolio

	% of Net Assets
US corporate bonds and loans	51.6
Canadian corporate bonds and loans	23.8
Preferred shares	9.1
Foreign corporate bonds and loans	5.6
Closed end funds	2.2
Common shares	2.0
Government bonds	0.7
Warrants	0.1
Total investments	95.1
Derivative assets	2.7
Total investment portfolio	97.8
Cash	2.9
Other assets less liabilities	(0.7)
Total net assets	100.0

Caution Regarding Forward-Looking Statements

This report contains forward-looking statements about the Fund, including its strategy, prospects and further actions. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, or negative versions thereof and similar expressions.

In addition, any statement made concerning future performance, strategies or prospects, and possible future Fund action is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to risks, uncertainties and assumptions about the Fund and economic factors, among other things.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements. Any number of important factors could contribute to these digressions, including, but not limited to: general economic, political and market factors in North America and internationally; interest and foreign exchange rates; global equity and capital markets; business competition; technological change; changes in government regulations; unexpected judicial or regulatory proceedings; pandemics and catastrophic events.

We stress that the above-mentioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing undue reliance on forward-looking statements. Further, except as may be required under applicable law, the Manager has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

PENDER

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