

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

Pender Small Cap Opportunities Fund

For the year ended December 31, 2020

The logo for Pender, featuring the word "PENDER" in a bold, serif font. The letter "N" is stylized with a diagonal slash through it.

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

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

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The objective of the Pender Small Cap Opportunities Fund (the "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.

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. 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 Small Cap Opportunities Fund were \$221,286,318 as at December 31, 2020 versus \$200,920,575 as at December 31, 2019. Of this \$20,365,743 increase, \$59,237,210 is attributable to positive investment performance and \$38,871,467 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 46.3%. Returns for other classes of the Fund will be similar to Class A with any difference in performance being primarily due to the different management fees that are applicable to different classes. Please see the "Past Performance" section for the performance of the Fund's other classes.

The Fund's broad-based benchmark, the S&P/TSX Composite Index ("S&P/TSX"), returned 5.6% 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 outperformance as compared to its benchmark was primarily due to asset allocation in the Information Technology sector. We do not actively manage sector weightings in the Fund, rather, our sector weightings are determined by individual stock selection through a bottom-up fundamental investment process. We seek to own stocks where our estimated range for the long-term intrinsic value of the business is higher than the current share price.

Key positive individual contributors to the Fund's performance for the year included Dye & Durham Limited, good natured Products Inc., and Alcanna Inc. Conversely, Athabasca Oil Corporation, Diversified Royalty Corp., and Medicure Inc. had the largest adverse impact.

Portfolio transactions during the year were made based on our stock selection process. In general, we increased weightings of individual stocks where we determined the margin of safety had increased and decreased their weightings as their traded market values moved closer to our estimates of their intrinsic values. We are constantly looking for new investment ideas and examples of new investments included WeCommerce Holdings Ltd., Dye & Durham Limited, and Aviat Networks, Inc. We may liquidate our positions for various reasons, such as when share prices have reached our assessment of fair value, when an acquisition has occurred, or where we have changed our investment thesis. For example, during the year, we sold eGain Corporation, Athabasca Oil Corporation (common stock), and Points International Ltd., and two companies we held were acquired by third parties or taken private: Strad Inc., and Clearwater Seafoods Incorporated (announced).

As at the end of the year, the Fund was 79.3% invested in Canada, 17.5% in the United States, 1.1% in foreign countries and the Fund's cash position had decreased to 2.1%, down from 7.0% as at December 31, 2019. The Fund's investment portfolio is concentrated and not diversified in the conventional sense. The Fund's top 10 holdings account for 33.2% of the Fund's net assets at the end of the year. This concentration may lead to varied results over any given year.

Results of Operations (continued)

The overall sector exposure of the Fund is determined by stock selection decisions and may shift from time to time. As at December 31, 2020 we were weighted toward holdings in Information Technology, Industrials, and Consumer Discretionary because those are the sectors where we believe we are finding the best investment opportunities currently and, equally important, because they contain businesses for which we are best equipped to assess value. These top three sectors accounted for 59.7% of the Fund at the end of the year.

Recent Developments

This year was an unforgettable one. While the initial impact of the COVID-19 on North American markets was muted in January, the widening global impact of the pandemic and the breakdown of OPEC resulted in significant downward volatility and market turmoil. After peaking on February 19, 2020 the S&P 500's historic bull run was crushed with breathtaking speed. By March 23, 2020 it had experienced its quickest downturn in history with a peak to trough loss of 33.9%.

Today stock markets are near or at record high levels again. Recent periods of strong performance, combined with the still fresh memories of the crash last spring, means that we are increasingly asked what we are doing to protect our gains. No one wants to go backwards. We know that another pullback is inevitable. That is, after all, what markets tend to do. There remains much uncertainty that could cause stock markets to turn rapidly and unexpectedly. Any potential impact on investment results will depend, to some extent, on the actions taken by governments, the progress of vaccination, future developments and new information about the duration and severity of the global pandemic, all of which are beyond our control.

We cannot control stock prices or volatility. However, we can and do control our investment process. We strive to adapt to new methods and views that better represent how the world works. We believe it is essential to have a long-term perspective and stick to our investment process and philosophy in times of uncertainty. The world is going through many changes during the pandemic – some changes are temporary, and some changes are permanent. We continue to try to identify trends that are in sync with how the world is changing and to allocate more of our capital to growing companies that have tailwinds and that we believe are still mispriced by the market. We are constantly reassessing our existing holdings as new facts come in, adding to those that we believe will do well in a post pandemic world and trimming some select positions that have held up remarkably well where in our view the good news seems to be more than priced in.

As we run a concentrated investment portfolio, we only need to hold a relatively small number of great companies acquired at a good price to drive the performance of the Fund. We will continue to look for best ideas, those that we think will benefit from the tailwinds caused by changes in behaviors, that could be potential disruptors or leaders on the other side of the global crisis, and that trade at significant discounts to intrinsic values.

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 2% of the Fund's units. In addition, the Pender Strategic Growth and Income Fund and the Pender Enhanced Income Fund, both funds also managed by the Manager, collectively held 1% 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 year and the calendar years indicated.

CLASS A

Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016
Net assets – beginning of year	\$23.84	\$22.77	\$26.88	\$25.88	\$22.05
Increase (decrease) from operations:					
Total revenue	0.49	0.45	0.41	0.37	0.34
Total expenses	(0.63)	(0.68)	(0.71)	(0.72)	(0.62)
Realized gains (losses)	0.85	1.97	2.05	3.19	3.19
Unrealized gains (losses)	8.11	2.59	(5.68)	(0.60)	2.64
Total increase (decrease) from operations (b)	8.82	4.33	(3.93)	2.24	5.55
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	(3.15)	-	(1.18)	(1.90)
Return of capital	-	-	-	-	-
Total annual distributions (b), (c)	-	(3.15)	-	(1.18)	(1.90)
Net assets – end of year	\$34.51	\$23.84	\$22.77	\$26.88	\$25.88
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$32,406	\$28,866	\$30,867	\$43,407	\$47,224
Number of units outstanding (a)	939,040	1,210,774	1,355,612	1,615,045	1,824,936
Management expense ratio (d)	2.50%	2.50%	2.50%	2.50%	2.50%
Management expense ratio before absorptions (e)	2.50%	2.50%	2.50%	2.50%	2.50%
Trading expense ratio (f)	0.23%	0.22%	0.20%	0.13%	0.09%
Portfolio turnover rate (g)	63.01%	55.99%	53.86%	41.54%	28.17%
Net asset value per unit (a)	\$34.51	\$23.84	\$22.77	\$26.88	\$25.88

CLASS B

Fund's Net Assets Per Unit (a)	2020	2019	2018
Net assets – beginning of year	\$8.77	\$8.59	\$10.00
Increase (decrease) from operations:			
Total revenue	0.18	0.18	0.13
Total expenses	(0.84)	(0.26)	(0.11)
Realized gains (losses)	0.35	0.70	0.64
Unrealized gains (losses)	3.64	0.67	(1.37)
Total increase (decrease) from operations (b)	3.33	1.29	(0.71)
Distributions:			
From income (excluding dividends)	-	-	-
From dividends	-	-	-
From capital gains	-	(1.41)	-
Return of capital	-	-	-
Total annual distributions (b), (c)	-	(1.41)	-
Net assets – end of year	\$12.02	\$8.77	\$8.59
Ratios and Supplemental Data			
Total net asset value (\$000s) (a)	\$17,135	\$11,045	\$735
Number of units outstanding (a)	1,425,182	1,259,935	85,600
Management expense ratio (d)	9.53%	2.50%	2.50%
Management expense ratio before absorptions (e)	9.53%	2.50%	2.50%
Trading expense ratio (f)	0.23%	0.22%	0.20%
Portfolio turnover rate (g)	63.01%	55.99%	53.86%
Net asset value per unit (a)	\$12.02	\$8.77	\$8.59

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS E		
Fund's Net Assets Per Unit (a)	2020	2019
Net assets – beginning of year	\$10.03	\$10.00
Increase (decrease) from operations:		
Total revenue	0.21	0.08
Total expenses	(0.07)	0.03
Realized gains (losses)	0.41	0.08
Unrealized gains (losses)	4.44	1.80
Total increase (decrease) from operations (b)	4.99	1.99
Distributions:		
From income (excluding dividends)	-	-
From dividends	-	-
From capital gains	-	(1.24)
Return of capital	-	-
Total annual distributions (b), (c)	-	(1.24)
Net assets – end of year	\$14.81	\$10.03
Ratios and Supplemental Data		
Total net asset value (\$000s) (a)	\$2,500	\$1,459
Number of units outstanding (a)	168,853	145,477
Management expense ratio (d)	0.50%	0.50%
Management expense ratio before absorptions (e)	0.50%	0.50%
Trading expense ratio (f)	0.23%	0.22%
Portfolio turnover rate (g)	63.01%	55.99%
Net asset value per unit (a)	\$14.81	\$10.03

CLASS F					
Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016
Net assets – beginning of year	\$24.06	\$22.75	\$26.53	\$25.72	\$22.20
Increase (decrease) from operations:					
Total revenue	0.50	0.45	0.41	0.37	0.34
Total expenses	(0.36)	(0.39)	(0.41)	(0.40)	(0.38)
Realized gains (losses)	0.85	1.97	2.04	3.19	3.22
Unrealized gains (losses)	8.84	2.64	(5.62)	(0.70)	2.62
Total increase (decrease) from operations (b)	9.83	4.67	(3.58)	2.46	5.80
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	(3.18)	-	(1.61)	(2.48)
Return of capital	-	-	-	-	-
Total annual distributions (b), (c)	-	(3.18)	-	(1.61)	(2.48)
Net assets – end of year	\$35.17	\$24.06	\$22.75	\$26.53	\$25.72
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$85,903	\$72,427	\$74,395	\$97,266	\$83,272
Number of units outstanding (a)	2,442,676	3,011,004	3,270,076	3,665,716	3,237,397
Management expense ratio (d)	1.50%	1.50%	1.50%	1.50%	1.50%
Management expense ratio before absorptions (e)	1.50%	1.50%	1.50%	1.50%	1.50%
Trading expense ratio (f)	0.23%	0.22%	0.20%	0.13%	0.09%
Portfolio turnover rate (g)	63.01%	55.99%	53.86%	41.54%	28.17%
Net asset value per unit (a)	\$35.17	\$24.06	\$22.75	\$26.53	\$25.72

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS G			
Fund's Net Assets Per Unit (a)	2020	2019	2018
Net assets – beginning of year	\$9.12	\$8.64	\$10.00
Increase (decrease) from operations:			
Total revenue	0.19	0.18	0.13
Total expenses	(0.91)	(0.16)	(0.08)
Realized gains (losses)	0.41	0.78	0.64
Unrealized gains (losses)	4.08	0.48	(3.96)
Total increase (decrease) from operations (b)	3.77	1.28	(3.27)
Distributions:			
From income (excluding dividends)	-	-	-
From dividends	-	-	-
From capital gains	-	(1.22)	-
Return of capital	-	-	-
Total annual distributions (b), (c)	-	(1.22)	-
Net assets – end of year	\$12.54	\$9.12	\$8.64
Ratios and Supplemental Data			
Total net asset value (\$000s) (a)	\$44,524	\$24,602	\$2,351
Number of units outstanding (a)	3,550,898	2,697,149	272,032
Management expense ratio (d)	9.81%	1.50%	1.50%
Management expense ratio before absorptions (e)	9.82%	1.50%	1.50%
Trading expense ratio (f)	0.23%	0.22%	0.20%
Portfolio turnover rate (g)	63.01%	55.99%	53.86%
Net asset value per unit (a)	\$12.54	\$9.12	\$8.64

CLASS I				
Fund's Net Assets Per Unit (a)	2020	2019	2018	2017
Net assets – beginning of year	\$11.34	\$10.74	\$12.51	\$13.14
Increase (decrease) from operations:				
Total revenue	0.24	0.22	0.19	0.12
Total expenses	(0.17)	(0.18)	(0.18)	(0.11)
Realized gains (losses)	0.45	0.93	0.96	1.03
Unrealized gains (losses)	4.72	1.15	(3.09)	(0.88)
Total increase (decrease) from operations (b)	5.24	2.12	(2.12)	0.16
Distributions:				
From income (excluding dividends)	-	-	-	-
From dividends	-	-	-	-
From capital gains	-	(1.53)	-	(0.77)
Return of capital	-	-	-	-
Total annual distributions (b), (c)	-	(1.53)	-	(0.77)
Net assets – end of year	\$16.61	\$11.34	\$10.74	\$12.51
Ratios and Supplemental Data				
Total net asset value (\$000s) (a)	\$19,221	\$13,327	\$10,806	\$5,347
Number of units outstanding (a)	1,157,501	1,174,990	1,006,376	427,391
Management expense ratio (d)	1.35%	1.35%	1.35%	1.35%
Management expense ratio before absorptions (e)	1.35%	1.35%	1.35%	1.35%
Trading expense ratio (f)	0.23%	0.22%	0.20%	0.13%
Portfolio turnover rate (g)	63.01%	55.99%	53.86%	41.54%
Net asset value per unit (a)	\$16.61	\$11.34	\$10.74	\$12.51

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS N				
Fund's Net Assets Per Unit (a)	2020	2019	2018	2017
Net assets – beginning of year	\$10.58	\$9.94	\$11.55	\$12.15
Increase (decrease) from operations:				
Total revenue	0.20	0.20	0.18	0.11
Total expenses	(0.12)	(0.13)	(0.13)	(0.08)
Realized gains (losses)	(0.42)	0.90	0.89	0.95
Unrealized gains (losses)	(2.12)	0.88	(2.58)	(0.74)
Total increase (decrease) from operations (b)	(2.46)	1.85	(1.64)	0.24
Distributions:				
From income (excluding dividends)	-	-	-	-
From dividends	-	-	-	(0.00)
From capital gains	-	(1.38)	-	(0.77)
Return of capital	-	-	-	-
Total annual distributions (b), (c)	-	(1.38)	-	(0.77)
Net assets – end of year	\$15.55	\$10.58	\$9.94	\$11.55
Ratios and Supplemental Data				
Total net asset value (\$000s) (a)	\$5,608	\$40,784	\$32,722	\$36,673
Number of units outstanding (a)	360,632	3,853,598	3,290,720	3,174,979
Management expense ratio (d)	1.00%	1.00%	1.00%	1.00%
Management expense ratio before absorptions (e)	1.00%	1.00%	1.00%	1.00%
Trading expense ratio (f)	0.23%	0.22%	0.20%	0.13%
Portfolio turnover rate (g)	63.01%	55.99%	53.86%	41.54%
Net asset value per unit (a)	\$15.55	\$10.58	\$9.94	\$11.55

CLASS O					
Fund's Net Assets Per Unit (a)	2020	2019	2018	2017	2016
Net assets – beginning of year	\$24.23	\$22.60	\$26.02	\$25.15	\$21.78
Increase (decrease) from operations:					
Total revenue	0.52	0.46	0.40	0.36	0.33
Total expenses	(0.05)	(0.05)	(0.04)	(0.03)	(0.02)
Realized gains (losses)	0.97	2.01	2.01	3.13	3.25
Unrealized gains (losses)	10.98	2.50	(5.58)	(0.81)	4.47
Total increase (decrease) from operations (b)	12.42	4.92	(3.21)	2.65	8.03
Distributions:					
From income (excluding dividends)	-	-	-	(0.00)	-
From dividends	-	(0.01)	-	(0.17)	(0.26)
From capital gains	-	(3.22)	-	(1.73)	(2.69)
Return of capital	-	-	-	-	-
Total annual distributions (b), (c)	-	(3.23)	-	(1.90)	(2.95)
Net assets – end of year	\$35.97	\$24.23	\$22.60	\$26.02	\$25.15
Ratios and Supplemental Data					
Total net asset value (\$000s) (a)	\$13,989	\$8,412	\$6,518	\$6,917	\$5,534
Number of units outstanding (a)	388,863	347,146	288,379	265,855	220,062
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)	0.23%	0.22%	0.20%	0.13%	0.09%
Portfolio turnover rate (g)	63.01%	55.99%	53.86%	41.54%	28.17%
Net asset value per unit (a)	\$35.97	\$24.23	\$22.60	\$26.02	\$25.15

FINANCIAL HIGHLIGHTS (CONTINUED)**Footnotes:**

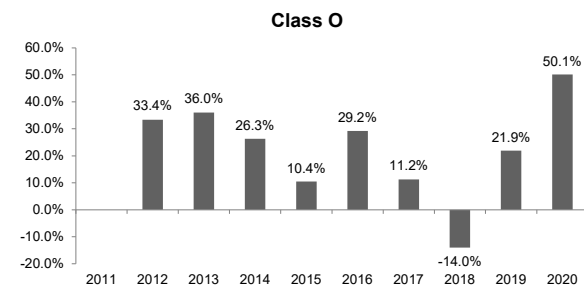
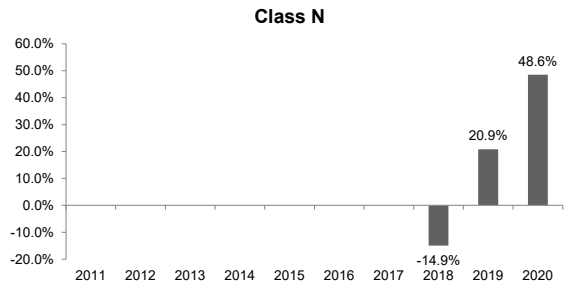
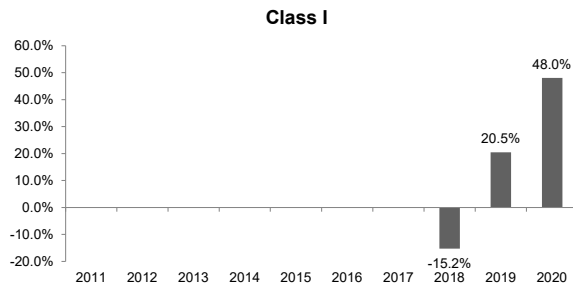
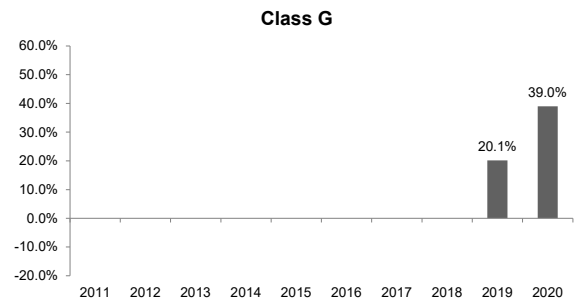
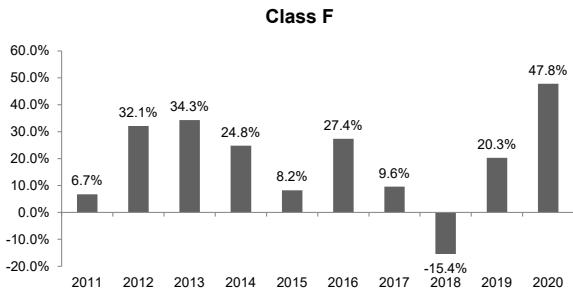
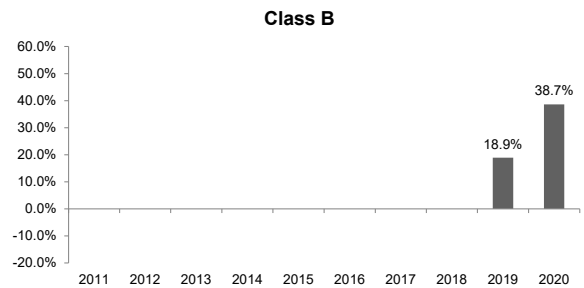
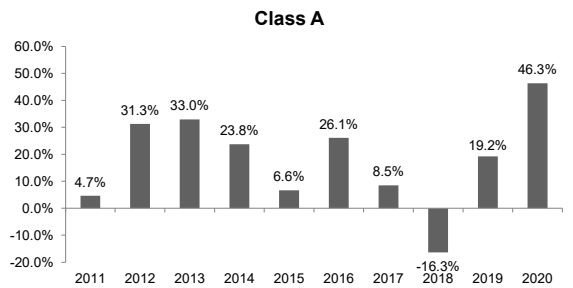
- (a) This information is derived from the Fund's audited annual financial statements as at December 31 for the year stated, prepared under International Financial Reporting Standards.
- (b) Net assets per unit and distributions per unit are based on the actual number of units for the relevant Fund class 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 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 average net asset value during the year.
- (g) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. In general, the higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

PAST PERFORMANCE

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

Year-by-Year Returns

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



Annual Compound Returns

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

The Fund's broad-based benchmark is S&P/TSX Composite Index. The S&P/TSX is the headline index for the Canadian equity market. With approximately 95% coverage of the Canadian equities market, it is the primary gauge for Canadian-based, Toronto Stock Exchange listed companies. A discussion of the performance of the Fund as compared to its benchmarks is found in the "Results of Operations" section of this report.

	One Year	Three Year	Five Year	Since Inception	Inception Date
Class A S&P/TSX	46.3% 5.6%	13.4% 5.8%	14.8% 9.3%	17.3% 7.5%	06/01/2009
Class B S&P/TSX	38.7% 5.6%	- -	- -	14.3% 6.0%	06/25/2018
Class F S&P/TSX	47.8% 5.6%	14.6% 5.8%	16.0% 9.3%	18.5% 7.5%	06/01/2009
Class G S&P/TSX	39.0% 5.6%	- -	- -	15.2% 6.0%	06/25/2018
Class I S&P/TSX	48.0% 5.6%	14.8% 5.8%	- -	12.2% 6.4%	04/30/2017
Class N S&P/TSX	48.6% 5.6%	15.2% 5.8%	- -	12.6% 6.4%	04/30/2017
Class O S&P/TSX	50.1% 5.6%	16.3% 5.8%	17.7% 9.3%	20.2% 6.4%	06/24/2011

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
ProntoForms Corporation	4.0
Sangoma Technologies Corporation	3.9
WeCommerce Holdings Ltd.	3.8
Dye & Durham Limited	3.4
MAV Beauty Brands Inc.	3.4
Aviat Networks, Inc.	3.0
PAR Technology Corporation	3.0
BBTV Holdings Inc.	2.9
Cloudera, Inc.	2.9
Fiera Capital Corporation	2.9
Sylogist Ltd.	2.8
Maxar Technologies Inc.	2.5
Aritzia Inc.	2.4
exactEarth Ltd.	2.4
PFB Corporation	2.4
Blackline Safety Corp.	2.3
SharpSpring, Inc.	2.3
Goodfood Market Corp.	2.2
Mullen Group Ltd.	2.2
Corus Entertainment Inc.	2.1
Polaris Infrastructure Inc.	2.0
TerraVest Industries Inc.	2.0
Alcanna Inc.	1.9
Fluor Corporation	1.9
Spartan Delta Corp.	1.9

Summary of Composition of the Portfolio

	% of Net Assets
Equities	
Information technology	38.2
Industrials	12.1
Consumer discretionary	9.4
Diversified financials	8.4
Communications services	6.7
Consumer staples	6.6
Energy	4.0
Utilities	3.3
Health care	2.9
Materials	1.6
Real estate	1.2
Total equities	94.4
Corporate bonds	4.4
Warrants	0.5
Total investments	99.3
Cash	2.1
Other assets less liabilities	(1.4)
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.

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