

SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

Pender Bond Universe Fund

Six months ended June 30, 2021



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

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

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

The net assets of the Pender Bond Universe Fund (the "Fund") were \$42,816,478 as at June 30, 2021 versus \$11,030,372 as at December 31, 2020. Of this \$31,786,106 increase, \$313,129 is attributable to positive investment performance and \$31,472,977 is attributable to net unitholder purchases of the Fund.

For the six months ended June 30, 2021 (the "period"), Class A units of the Fund generated a total return of 1.1%. Returns for other classes of the Fund will be similar to Class A with any difference in performance being primarily due to the different management fees that are applicable to different classes. Please see the "Past Performance" section for the performance of the Fund's other classes.

The Fund's broad-based benchmark, the FTSE/TMX Canada Universe Bond Index ("FTSE/TMX"), returned -3.5% during the period. In accordance with National Instrument 81-106, we have included a comparison to this broad-based index to help you understand the Fund's performance relative to the general performance of the market, but we caution that the Fund's mandate may be significantly different from the index. Further, 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 period. Please read the caution regarding forward-looking statements located on the last page of this document.

As the global recovery from COVID-19 began with the rollout of mass vaccinations, we saw spreads tighten and the market making major strides. The Fund's exposure to higher yielding credits, through its Pender Corporate Bond Fund holding, was the main contributor to the Fund's outperformance of the benchmark. Working against the Fund was its exposure to higher grade credits as investors added risk over the period.

Investment Grade Performance

We saw the effective yield of all bands of investment grade from AAA through BBB increase resulting in weakness of investment grade during the period. Some specific areas of strength in the investment grade space were a Fairfax Financial Holdings Limited bond position and select provincial holdings such as a Province of Ontario bond. Weakness in the investment grade space came from higher rated credit securities and government holdings which saw a sell off as investors moved away from safe havens. Specific examples of relative weakness were a Shaw Communications Inc. holding and a Province of Quebec bond.

High Yield Performance

The Pender Corporate Bond Fund's allocation to floating rate, rate reset and convertible securities contributed to its outperformance of its blended benchmark in the period. As treasury rates rose, we saw rate reset and floating securities prove to be good contributors. Other positive contributors to the Pender Corporate Bond Fund's returns were positions in PHI Group Inc. and Surge Energy Inc., as well as certain performers in the convertible bond space, notably Eagle Bulk Shipping Inc. Although the first half of the year remained positive, near the end of the period the Pender Corporate Bond Fund saw pressure from some of its workout names including Federal National Mortgage Association and McDermott International, Ltd. which offset positive performance to some degree.

Recent Developments

Globally, as the world recovered from COVID-19, we saw the market make major strides in stark contrast to the previous year where the market was in turmoil. As the vaccination process continues, we see stability in the market - most major economies have opened and the chance of economic disruption has dwindled. Although the market remains optimistic there are hurdles going forward as the prevalence of COVID-19 variants may result in the efficacy of current vaccines dropping, which could return the market to a more volatile state.

Investment grade overall was weak for the period, ICE BofA AAA, AA & A US Corporate Index Effective Yields all rose since January. Unsurprisingly we saw the ICE BofA BBB US Corporate Index ("BBB") outperforming the rest of investment grade, as spreads tightened to 107 basis points and the BBB Effective Yield rose to 2.55% on March 31st before settling around 2.28% by June 30th. Treasury rates generally increased during the period as inflation fears arose and the fed lightened its stance on when they would increase rates.

We stayed committed to the Fund's key strategic objectives and guiding principles. During this time, we were able to take advantage of opportunities in the market and reposition the Fund as necessary. Duration was extended slightly towards the end of March in response to the term premium becoming positive. Duration was then shortened somewhat in June in response to the term premium falling back towards 0. Duration remained relatively short at 4.87 years at the end of the period. When the Fund was launched last year, it held up to a 40% weight in the Pender Corporate Bond Fund, however, we reduced this weight in reflecting the decision to limit the non-investment grade securities to a maximum of 25% of the overall Pender Bond Universe Fund going forward.

Related Party Transactions

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

As at the end of the period, parties related to the Manager collectively held 1% of the Fund's units. In addition, the Pender Income Advantage Fund, a fund also managed by the Manager, collectively held less than 1% of the Fund's outstanding units.

As part of the Fund's investment strategy, the Fund invests in Class O units of the Pender Corporate Bond Fund, a mutual fund also managed by the Manager. The Fund does not pay any duplicate management fees on its investment in this mutual fund.

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. During the period from January 1, 2021 to June 30, 2021, the Manager waived partial management fees for 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 22% of the management fees paid by the Fund to the Manager for the period.

FINANCIAL HIGHLIGHTS

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

CLASS A		
Fund's Net Assets Per Unit (a)	2021	2020
Net assets – beginning of period	\$10.37	\$10.00
Increase (decrease) from operations:		
Total revenue	0.18	0.29
Total expenses	(0.06)	-
Realized gains (losses)	0.06	0.02
Unrealized gains (losses)	(0.12)	0.71
Total increase (decrease) from operations (b)	0.06	1.02
Distributions:		
From income (excluding dividends)	(0.13)	(0.26)
From dividends	-	(0.01)
From capital gains	-	-
Return of capital	-	-
Total annual distributions (b), (c)	(0.13)	(0.27)
Net assets – end of period	\$10.36	\$10.37
Ratios and Supplemental Data		
Total net asset value (\$000s) (a)	\$1,578	\$1,278
Number of units outstanding (a)	152,304	123,163
Management expense ratio (d)	1.15%	0.00%
Management expense ratio before absorptions (e)	1.45%	1.45%
Trading expense ratio (f)	0.02%	0.02%
Portfolio turnover rate (g)	38.88%	86.57%
Net asset value per unit (a)	\$10.36	\$10.37

CLASS D		
Fund's Net Assets Per Unit (a)	2021	2020
Net assets – beginning of period	\$10.37	\$10.00
Increase (decrease) from operations:		
Total revenue	0.19	0.28
Total expenses	(0.04)	-
Realized gains (losses)	0.05	(0.04)
Unrealized gains (losses)	(0.06)	0.40
Total increase (decrease) from operations (b)	0.14	0.64
Distributions:		
From income (excluding dividends)	(0.14)	(0.26)
From dividends	-	(0.01)
From capital gains	-	-
Return of capital	-	-
Total annual distributions (b), (c)	(0.14)	(0.27)
Net assets – end of period	\$10.36	\$10.37
Ratios and Supplemental Data		
Total net asset value (\$000s) (a)	\$5	\$5
Number of units outstanding (a)	521	513
Management expense ratio (d)	0.80%	0.00%
Management expense ratio before absorptions (e)	0.95%	0.95%
Trading expense ratio (f)	0.02%	0.02%
Portfolio turnover rate (g)	38.88%	86.57%
Net asset value per unit (a)	\$10.36	\$10.37

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS E		
Fund's Net Assets Per Unit (a)	2021	2020
Net assets – beginning of period	\$10.37	\$10.00
Increase (decrease) from operations:		
Total revenue	0.19	0.28
Total expenses	(0.03)	-
Realized gains (losses)	0.05	(0.03)
Unrealized gains (losses)	(0.06)	0.43
Total increase (decrease) from operations (b)	0.15	0.68
Distributions:		
From income (excluding dividends)	(0.16)	(0.26)
From dividends	-	(0.01)
From capital gains	-	-
Return of capital	-	-
Total annual distributions (b), (c)	(0.16)	(0.27)
Net assets – end of period	\$10.36	\$10.37
Ratios and Supplemental Data		
Total net asset value (\$000s) (a)	\$288	\$280
Number of units outstanding (a)	27,775	26,956
Management expense ratio (d)	0.50%	0.00%
Management expense ratio before absorptions (e)	0.50%	0.50%
Trading expense ratio (f)	0.02%	0.02%
Portfolio turnover rate (g)	38.88%	86.57%
Net asset value per unit (a)	\$10.36	\$10.37

CLASS F		
Fund's Net Assets Per Unit (a)	2021	2020
Net assets – beginning of period	\$10.37	\$10.00
Increase (decrease) from operations:		
Total revenue	0.19	0.28
Total expenses	(0.03)	-
Realized gains (losses)	0.03	(0.06)
Unrealized gains (losses)	(0.04)	0.40
Total increase (decrease) from operations (b)	0.15	0.62
Distributions:		
From income (excluding dividends)	(0.16)	(0.26)
From dividends	-	(0.01)
From capital gains	-	-
Return of capital	-	-
Total annual distributions (b), (c)	(0.16)	(0.27)
Net assets – end of period	\$10.36	\$10.37
Ratios and Supplemental Data		
Total net asset value (\$000s) (a)	\$25,170	\$3,558
Number of units outstanding (a)	2,430,222	343,036
Management expense ratio (d)	0.65%	0.00%
Management expense ratio before absorptions (e)	0.95%	0.95%
Trading expense ratio (f)	0.02%	0.02%
Portfolio turnover rate (g)	38.88%	86.57%
Net asset value per unit (a)	\$10.36	\$10.37

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS H		
Fund's Net Assets Per Unit (a)	2021	2020
Net assets – beginning of period	\$10.37	\$10.00
Increase (decrease) from operations:		
Total revenue	0.18	0.30
Total expenses	(0.06)	-
Realized gains (losses)	0.06	0.15
Unrealized gains (losses)	(0.08)	0.66
Total increase (decrease) from operations (b)	0.10	1.11
Distributions:		
From income (excluding dividends)	(0.12)	(0.25)
From dividends	-	(0.02)
From capital gains	-	-
Return of capital	-	-
Total annual distributions (b), (c)	(0.12)	(0.27)
Net assets – end of period	\$10.37	\$10.37
Ratios and Supplemental Data		
Total net asset value (\$000s) (a)	\$1,507	\$3,757
Number of units outstanding (a)	145,265	362,168
Management expense ratio (d)	1.15%	0.00%
Management expense ratio before absorptions (e)	1.15%	1.15%
Trading expense ratio (f)	0.02%	0.02%
Portfolio turnover rate (g)	38.88%	86.57%
Net asset value per unit (a)	\$10.37	\$10.37

CLASS I		
Fund's Net Assets Per Unit (a)	2021	2020
Net assets – beginning of period	\$10.37	\$10.00
Increase (decrease) from operations:		
Total revenue	0.20	0.30
Total expenses	(0.03)	-
Realized gains (losses)	0.03	0.13
Unrealized gains (losses)	(0.04)	0.65
Total increase (decrease) from operations (b)	0.16	1.08
Distributions:		
From income (excluding dividends)	(0.16)	(0.26)
From dividends	-	(0.01)
From capital gains	-	-
Return of capital	-	-
Total annual distributions (b), (c)	(0.16)	(0.27)
Net assets – end of period	\$10.36	\$10.37
Ratios and Supplemental Data		
Total net asset value (\$000s) (a)	\$13,914	\$1,278
Number of units outstanding (a)	1,343,426	123,253
Management expense ratio (d)	0.65%	0.00%
Management expense ratio before absorptions (e)	0.90%	0.90%
Trading expense ratio (f)	0.02%	0.02%
Portfolio turnover rate (g)	38.88%	86.57%
Net asset value per unit (a)	\$10.36	\$10.37

FINANCIAL HIGHLIGHTS (CONTINUED)

CLASS N		
Fund's Net Assets Per Unit (a)	2021	2020
Net assets – beginning of period	\$10.37	\$10.00
Increase (decrease) from operations:		
Total revenue	0.19	0.28
Total expenses	(0.03)	-
Realized gains (losses)	0.05	(0.04)
Unrealized gains (losses)	(0.06)	0.40
Total increase (decrease) from operations (b)	0.15	0.64
Distributions:		
From income (excluding dividends)	(0.16)	(0.26)
From dividends	-	(0.01)
From capital gains	-	-
Return of capital	-	-
Total annual distributions (b), (c)	(0.16)	(0.27)
Net assets – end of period	\$10.36	\$10.37
Ratios and Supplemental Data		
Total net asset value (\$000s) (a)	\$5	\$5
Number of units outstanding (a)	521	513
Management expense ratio (d)	0.65%	0.00%
Management expense ratio before absorptions (e)	0.75%	0.75%
Trading expense ratio (f)	0.02%	0.02%
Portfolio turnover rate (g)	38.88%	86.57%
Net asset value per unit (a)	\$10.36	\$10.37

CLASS O		
Fund's Net Assets Per Unit (a)	2021	2020
Net assets – beginning of period	\$10.37	\$10.00
Increase (decrease) from operations:		
Total revenue	0.18	0.29
Total expenses	-	-
Realized gains (losses)	0.06	0.07
Unrealized gains (losses)	(0.07)	0.75
Total increase (decrease) from operations (b)	0.17	1.11
Distributions:		
From income (excluding dividends)	(0.19)	(0.26)
From dividends	-	(0.01)
From capital gains	-	-
Return of capital	-	-
Total annual distributions (b), (c)	(0.19)	(0.27)
Net assets – end of period	\$10.36	\$10.37
Ratios and Supplemental Data		
Total net asset value (\$000s) (a)	\$349	\$869
Number of units outstanding (a)	33,664	83,800
Management expense ratio (d)	0.00%	0.00%
Management expense ratio before absorptions (e)	0.00%	0.00%
Trading expense ratio (f)	0.02%	0.02%
Portfolio turnover rate (g)	38.88%	86.57%
Net asset value per unit (a)	\$10.36	\$10.37

FINANCIAL HIGHLIGHTS (CONTINUED)**Footnotes:**

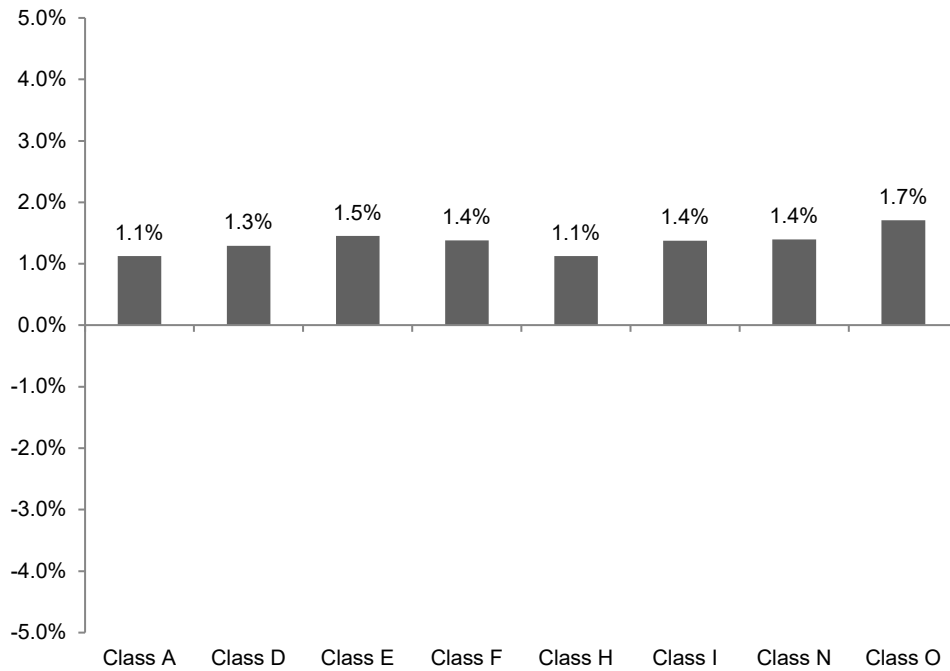
- (a) This information is derived from the Fund's unaudited semi-annual financial statements as at June 30 and audited annual financial statements as at December 31 for the period stated, prepared under International Financial Reporting Standards.
- (b) Net assets per unit and distributions per unit are based on the actual number of units for the relevant Fund class outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding during the period.
- (c) Distributions were paid in cash and/or reinvested in additional units of the Fund.
- (d) Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) for the period and is expressed as an annualized percentage of daily average net asset value during the period. The MER may vary from one class of units to another because of differences in the applicable management fees and certain fees and expenses may have been absorbed by the Manager which would otherwise be reflected in the Fund.
- (e) The Manager of the Fund has agreed to absorb sufficient expenses of the Fund, as necessary, such that the annual MER after all charges and taxes (including sales, goods and services and other similar charges) will not exceed certain limits as outlined in the Fund's Simplified Prospectus. The amount of expenses absorbed is at the discretion of the Manager as set out in the Fund's Simplified Prospectus, and the Manager may in its sole discretion cease to absorb expenses.
- (f) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
- (g) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. In general, the higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

PAST PERFORMANCE

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

Period-by-Period Returns

To illustrate how the Fund's performance has varied over time, the following bar charts show the Fund's performance for the six-month period ended June 30, 2021. In percentage terms, the bar charts show how much an investment held on the first day of the period would have increased or decreased by the last day of the period.



SUMMARY OF INVESTMENT PORTFOLIO

The largest holdings of the Fund as at the end of the period and the major asset classes in which the Fund was invested, are indicated below. Where the Fund has less than 25 holdings, the table will show the Fund's entire investment portfolio. The investment portfolio may change due to ongoing portfolio transactions. An update of the Fund's summary of investment portfolio as at the end of each calendar quarter is available from the Manager. Please see the front page of this document for information about how this can be obtained.

Summary of Top 25 Holdings

	% of Net Assets
Pender Corporate Bond Fund, Class 'O'	30.0
The Goldman Sachs Group, Inc., 3.31%, 2025/10/31	3.8
Verizon Communications Inc., 2.50%, 2030/05/16	3.7
Fairfax Financial Holdings Limited, 3.95%, 2031/03/03	3.6
The Goldman Sachs Group, Inc., 2.01%, 2029/02/28	3.5
Wells Fargo & Company, 2.57%, 2026/05/01	3.0
Brookfield Renewable Partners ULC, 4.25%, 2029/01/15	2.9
Canadian Pacific Railway Company, 3.15%, 2029/03/13	2.8
Province of British Columbia, 2.55%, 2027/06/18	2.7
Fairfax Financial Holdings Limited, 4.95%, 2025/03/03	2.6
Royal Bank of Canada, 2.33%, 2027/01/28	2.6
Bell Canada, Inc., 3.55%, 2026/03/02	2.5
Brookfield Renewable Partners ULC, 3.63%, 2027/01/15	2.5
Choice Properties Real Estate Investment Trust, 3.56%, 2024/09/09	2.5
Ontario Power Generation Inc., 2.89%, 2025/04/08	2.5
Province of Ontario, 1.05%, 2027/09/08	2.5
Bank of America Corporation, 2.93%, 2025/04/25	2.4
Bell Canada, Inc., 2.90%, 2026/08/12	2.4
Cameco Corporation, 2.95%, 2027/10/21	2.4
WSP Global Inc., Restricted, 2.41%, 2028/04/19	2.4
Fairfax Financial Holdings Limited, 4.70%, 2026/12/16	1.6
Bell Canada, Inc., 3.00%, 2031/03/17	1.4
Saputo Inc., 3.60%, 2025/08/14	1.3
Shaw Communications Inc., 4.40%, 2028/11/02	1.3
Wells Fargo & Company, 3.87%, 2025/05/21	1.3

Summary of Composition of the Portfolio

	% of Net Assets
Canadian corporate bonds	40.5
Mutual funds	30.0
US corporate bonds	21.9
Government bonds	6.0
Total investment portfolio	98.4
Cash	1.0
Other assets less liabilities	0.6
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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