

**SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE**

# Pender Corporate Bond 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](http://www.penderfund.com) or the SEDAR website at [www.sedar.com](http://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 Corporate Bond Fund (the "Fund") were \$1,212,252,538 as at June 30, 2021 versus \$997,523,626 as at December 31, 2020. Of this \$214,728,912 increase, \$75,012,187 is attributable to positive investment performance and \$139,716,725 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 7.0%. 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 blended benchmark, 75% ICE BofA US High Yield Index in Canadian dollars ("ICE") and 25% FTSE/TMX Canada Universe Bond Index, returned -0.1% during the period. In accordance with National Instrument 81-106, we have included a comparison to this blended benchmark 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.

The Fund's allocation to floating rate, rate reset and convertible securities contributed to the Fund's outperformance of the blended benchmark. As treasury rates rose during the period, we saw rate reset and floating securities prove to be a strong point in the Fund's positioning. Other positive areas were positions in PHI Group Inc. and Surge Energy Inc. The Fund also benefited from 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 we did see pressure from some of our workout names including Federal National Mortgage Association and McDermott International, Ltd. which offset strength 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.

The bond market continued to push upward with high yield spreads tightening to levels not seen since before the financial crisis. In the investment grade space, we saw the ICE BofA BBB US Corporate Index ("BBB") outperforming the rest of investment grades. As at June 30, 2021, the BBB Adjusted Spread tightened to 107 basis points and the BBB Effective Yield was 2.28%, after having risen to 2.55% on March 31<sup>st</sup>. Treasury rates generally increased during the period as inflation fears arose and the fed lightened its stance on when they would increase rates.

Looking at ICE BofA US High Yield Index, we saw continued strong performance as Option-Adjusted Spread tightened to 3.04% from 3.86% at the end of last period. This represents the lowest High Yield spread since before the Financial Crisis. ICE BofA CCC & Lower US High Yield Index ("CCC"), which represent some of the most distressed securities, also saw improvement as the CCC Effective Yield fell from 8.36% to 6.64% during the period and CCC Option-Adjusted Spread fell around 220 basis points to 5.83% compared to the treasury.

We stayed committed to the Fund's key strategic objectives and guiding principles - where possible taking advantage of opportunities in the market to reposition as necessary. Since January we have shifted more weight into more liquid Investment Grade Securities, as well as safer high yield positions, maintaining a careful eye on overall portfolio risk. The Fund's duration still remains relatively short at 3.82 years, and when looking for investments, we continue to favour well covered securities. Recently we have slightly increased our weighting in securities that may benefit in a rising rate environment, such as floating rate instruments.

### 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 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 4% 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 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 years indicated.

## CLASS A

<b>Fund's Net Assets Per Unit (a)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Net assets – beginning of period	\$12.87	\$12.49	\$12.24	\$11.92	\$11.48	\$9.70
<b>Increase (decrease) from operations:</b>						
Total revenue	0.38	0.58	0.59	0.56	0.61	0.61
Total expenses	(0.13)	(0.24)	(0.25)	(0.25)	(0.24)	(0.22)
Realized gains (losses)	0.89	(0.13)	0.06	0.18	0.90	0.18
Unrealized gains (losses)	(0.26)	0.32	0.13	-	(0.49)	1.56
<b>Total increase (decrease) from operations (b)</b>	<b>0.88</b>	<b>0.53</b>	<b>0.53</b>	<b>0.49</b>	<b>0.78</b>	<b>2.13</b>
<b>Distributions:</b>						
From income (excluding dividends)	(0.23)	(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	-	-	-	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>(0.23)</b>	<b>(0.37)</b>	<b>(0.32)</b>	<b>(0.34)</b>	<b>(0.33)</b>	<b>(0.40)</b>
<b>Net assets – end of period</b>	<b>\$13.54</b>	<b>\$12.87</b>	<b>\$12.49</b>	<b>\$12.24</b>	<b>\$11.92</b>	<b>\$11.48</b>
<b>Ratios and Supplemental Data</b>						
Total net asset value (\$000s) (a)	\$109,308	\$92,199	\$115,962	\$76,888	\$38,229	\$38,595
Number of units outstanding (a)	8,075,472	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%	1.95%
Management expense ratio before absorptions (e)	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%
Trading expense ratio (f)	0.03%	0.03%	0.02%	0.05%	0.07%	0.08%
Portfolio turnover rate (g)	36.06%	103.95%	61.95%	69.13%	95.38%	142.68%
Net asset value per unit (a)	\$13.54	\$12.87	\$12.49	\$12.24	\$11.92	\$11.48

## CLASS D

<b>Fund's Net Assets Per Unit (a)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Net assets – beginning of period	\$11.82	\$11.45	\$11.23	\$10.92	\$10.52	\$8.90
<b>Increase (decrease) from operations:</b>						
Total revenue	0.25	0.28	0.57	0.43	0.50	0.54
Total expenses	(0.07)	(0.14)	(0.16)	(0.17)	(0.17)	(0.15)
Realized gains (losses)	0.63	(0.02)	0.07	0.16	0.70	0.35
Unrealized gains (losses)	(0.10)	(0.14)	0.05	0.04	(0.35)	1.45
<b>Total increase (decrease) from operations (b)</b>	<b>0.71</b>	<b>(0.02)</b>	<b>0.53</b>	<b>0.46</b>	<b>0.68</b>	<b>2.19</b>
<b>Distributions:</b>						
From income (excluding dividends)	(0.27)	(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	-	-	-	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>(0.27)</b>	<b>(0.41)</b>	<b>(0.36)</b>	<b>(0.38)</b>	<b>(0.36)</b>	<b>(0.42)</b>
<b>Net assets – end of period</b>	<b>\$12.42</b>	<b>\$11.82</b>	<b>\$11.45</b>	<b>\$11.23</b>	<b>\$10.92</b>	<b>\$10.52</b>
<b>Ratios and Supplemental Data</b>						
Total net asset value (\$000s) (a)	\$6,953	\$2,876	\$3,906	\$1,726	\$182	\$48
Number of units outstanding (a)	559,887	243,197	341,030	153,752	16,702	4,562
Management expense ratio (d)	1.15%	1.28%	1.40%	1.40%	1.40%	1.40%
Management expense ratio before absorptions (e)	1.15%	1.28%	1.40%	1.40%	1.40%	1.40%
Trading expense ratio (f)	0.03%	0.03%	0.02%	0.05%	0.07%	0.08%
Portfolio turnover rate (g)	36.06%	103.95%	61.95%	69.13%	95.38%	142.68%
Net asset value per unit (a)	\$12.42	\$11.82	\$11.45	\$11.23	\$10.92	\$10.52

## FINANCIAL HIGHLIGHTS (CONTINUED)

<b>CLASS E</b>			
<b>Fund's Net Assets Per Unit (a)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Net assets – beginning of period	\$10.35	\$10.07	\$10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.27	0.51	0.16
Total expenses	(0.03)	(0.05)	(0.01)
Realized gains (losses)	0.66	(0.11)	(0.05)
Unrealized gains (losses)	(0.16)	0.31	0.08
<b>Total increase (decrease) from operations (b)</b>	<b>0.74</b>	<b>0.66</b>	<b>0.18</b>
<b>Distributions:</b>			
From income (excluding dividends)	(0.27)	(0.39)	(0.11)
From dividends	-	(0.05)	(0.01)
From capital gains	-	-	-
Return of capital	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>(0.27)</b>	<b>(0.44)</b>	<b>(0.12)</b>
<b>Net assets – end of period</b>	<b>\$10.88</b>	<b>\$10.35</b>	<b>\$10.07</b>
<b>Ratios and Supplemental Data</b>			
Total net asset value (\$000s) (a)	\$4,151	\$3,292	\$3,912
Number of units outstanding (a)	381,520	318,107	388,330
Management expense ratio (d)	0.50%	0.50%	0.50%
Management expense ratio before absorptions (e)	0.50%	0.50%	0.50%
Trading expense ratio (f)	0.03%	0.03%	0.02%
Portfolio turnover rate (g)	36.06%	103.95%	61.95%
Net asset value per unit (a)	\$10.88	\$10.35	\$10.07

<b>CLASS F</b>						
<b>Fund's Net Assets Per Unit (a)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Net assets – beginning of period	\$12.86	\$12.50	\$12.25	\$11.92	\$11.48	\$9.70
<b>Increase (decrease) from operations:</b>						
Total revenue	0.38	0.58	0.59	0.56	0.57	0.61
Total expenses	(0.08)	(0.14)	(0.15)	(0.15)	(0.15)	(0.14)
Realized gains (losses)	0.90	(0.12)	0.07	0.13	0.79	0.19
Unrealized gains (losses)	(0.26)	0.37	0.12	(0.07)	(0.40)	1.54
<b>Total increase (decrease) from operations (b)</b>	<b>0.94</b>	<b>0.69</b>	<b>0.63</b>	<b>0.47</b>	<b>0.81</b>	<b>2.20</b>
<b>Distributions:</b>						
From income (excluding dividends)	(0.29)	(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	-	-	-	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>(0.29)</b>	<b>(0.47)</b>	<b>(0.12)</b>	<b>(0.44)</b>	<b>(0.43)</b>	<b>(0.48)</b>
<b>Net assets – end of period</b>	<b>\$13.52</b>	<b>\$12.86</b>	<b>\$12.50</b>	<b>\$12.25</b>	<b>\$11.92</b>	<b>\$11.48</b>
<b>Ratios and Supplemental Data</b>						
Total net asset value (\$000s) (a)	\$387,646	\$342,633	\$406,674	\$246,709	\$68,365	\$34,938
Number of units outstanding (a)	28,663,403	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%	1.15%
Management expense ratio before absorptions (e)	1.15%	1.15%	1.15%	1.15%	1.15%	1.15%
Trading expense ratio (f)	0.03%	0.03%	0.02%	0.05%	0.07%	0.08%
Portfolio turnover rate (g)	36.06%	103.95%	61.95%	69.13%	95.38%	142.68%
Net asset value per unit (a)	\$13.52	\$12.86	\$12.50	\$12.25	\$11.92	\$11.48

## FINANCIAL HIGHLIGHTS (CONTINUED)

<b>CLASS H</b>						
<b>Fund's Net Assets Per Unit (a)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Net assets – beginning of period	\$11.33	\$11.01	\$10.79	\$10.51	\$10.11	\$8.55
<b>Increase (decrease) from operations:</b>						
Total revenue	0.30	0.48	0.51	0.51	0.52	0.60
Total expenses	(0.10)	(0.18)	(0.19)	(0.19)	(0.18)	(0.17)
Realized gains (losses)	0.74	(0.10)	0.06	0.15	0.74	0.07
Unrealized gains (losses)	(0.18)	0.29	0.11	(0.03)	(0.39)	1.26
<b>Total increase (decrease) from operations (b)</b>	<b>0.76</b>	<b>0.49</b>	<b>0.49</b>	<b>0.44</b>	<b>0.69</b>	<b>1.76</b>
<b>Distributions:</b>						
From income (excluding dividends)	(0.22)	(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	-	-	-	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>(0.22)</b>	<b>(0.36)</b>	<b>(0.32)</b>	<b>(0.33)</b>	<b>(0.33)</b>	<b>(0.38)</b>
<b>Net assets – end of period</b>	<b>\$11.92</b>	<b>\$11.33</b>	<b>\$11.01</b>	<b>\$10.79</b>	<b>\$10.51</b>	<b>\$10.11</b>
<b>Ratios and Supplemental Data</b>						
Total net asset value (\$000s) (a)	\$90,489	\$65,161	\$62,459	\$38,560	\$19,159	\$12,116
Number of units outstanding (a)	7,593,542	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%	1.65%
Management expense ratio before absorptions (e)	1.65%	1.65%	1.65%	1.65%	1.65%	1.65%
Trading expense ratio (f)	0.03%	0.03%	0.02%	0.05%	0.07%	0.08%
Portfolio turnover rate (g)	36.06%	103.95%	61.95%	69.13%	95.38%	142.68%
Net asset value per unit (a)	\$11.92	\$11.33	\$11.01	\$10.79	\$10.51	\$10.11

<b>CLASS I</b>						
<b>Fund's Net Assets Per Unit (a)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Net assets – beginning of period	\$11.05	\$10.74	\$10.53	\$10.24	\$9.85	\$8.34
<b>Increase (decrease) from operations:</b>						
Total revenue	0.31	0.51	0.51	0.51	0.48	0.55
Total expenses	(0.06)	(0.11)	(0.11)	(0.12)	(0.10)	(0.11)
Realized gains (losses)	0.74	(0.13)	0.05	0.10	0.66	0.16
Unrealized gains (losses)	(0.20)	0.37	0.08	(0.09)	(0.32)	1.24
<b>Total increase (decrease) from operations (b)</b>	<b>0.79</b>	<b>0.64</b>	<b>0.53</b>	<b>0.40</b>	<b>0.72</b>	<b>1.84</b>
<b>Distributions:</b>						
From income (excluding dividends)	(0.26)	(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	-	-	-	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>(0.26)</b>	<b>(0.42)</b>	<b>(0.38)</b>	<b>(0.39)</b>	<b>(0.38)</b>	<b>(0.43)</b>
<b>Net assets – end of period</b>	<b>\$11.62</b>	<b>\$11.05</b>	<b>\$10.74</b>	<b>\$10.53</b>	<b>\$10.24</b>	<b>\$9.85</b>
<b>Ratios and Supplemental Data</b>						
Total net asset value (\$000s) (a)	\$503,507	\$411,640	\$381,228	\$140,680	\$42,272	\$16,158
Number of units outstanding (a)	43,349,060	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%	1.00%
Management expense ratio before absorptions (e)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Trading expense ratio (f)	0.03%	0.03%	0.02%	0.05%	0.07%	0.08%
Portfolio turnover rate (g)	36.06%	103.95%	61.95%	69.13%	95.38%	142.68%
Net asset value per unit (a)	\$11.62	\$11.05	\$10.74	\$10.53	\$10.24	\$9.85

## FINANCIAL HIGHLIGHTS (CONTINUED)

<b>CLASS N</b>			
<b>Fund's Net Assets Per Unit (a)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Net assets – beginning of period	\$10.33	\$10.01	\$10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.41	0.01	0.22
Total expenses	(0.04)	(0.07)	(0.04)
Realized gains (losses)	0.81	0.07	(0.03)
Unrealized gains (losses)	(0.39)	(1.06)	0.04
<b>Total increase (decrease) from operations (b)</b>	<b>0.79</b>	<b>(1.05)</b>	<b>0.19</b>
<b>Distributions:</b>			
From income (excluding dividends)	(0.25)	(0.37)	(0.17)
From dividends	-	(0.04)	(0.02)
From capital gains	-	-	-
Return of capital	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>(0.25)</b>	<b>(0.41)</b>	<b>(0.19)</b>
<b>Net assets – end of period</b>	<b>\$10.86</b>	<b>\$10.33</b>	<b>\$10.01</b>
<b>Ratios and Supplemental Data</b>			
Total net asset value (\$000s) (a)	\$3,672	\$3,475	\$17,211
Number of units outstanding (a)	338,108	336,405	1,719,279
Management expense ratio (d)	0.75%	0.75%	0.75%
Management expense ratio before absorptions (e)	0.75%	0.75%	0.75%
Trading expense ratio (f)	0.03%	0.03%	0.02%
Portfolio turnover rate (g)	36.06%	103.95%	61.95%
Net asset value per unit (a)	\$10.86	\$10.33	\$10.01

<b>CLASS O</b>						
<b>Fund's Net Assets Per Unit (a)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Net assets – beginning of period	\$11.18	\$10.87	\$10.64	\$10.37	\$9.97	\$8.49
<b>Increase (decrease) from operations:</b>						
Total revenue	0.29	0.51	0.48	0.51	0.50	0.42
Total expenses	-	-	-	(0.01)	(0.01)	(0.01)
Realized gains (losses)	0.70	(0.15)	0.06	0.23	0.70	0.44
Unrealized gains (losses)	(0.16)	0.48	0.21	0.11	(0.34)	1.16
<b>Total increase (decrease) from operations (b)</b>	<b>0.83</b>	<b>0.84</b>	<b>0.75</b>	<b>0.84</b>	<b>0.85</b>	<b>2.01</b>
<b>Distributions:</b>						
From income (excluding dividends)	(0.32)	(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	-	-	-	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>(0.32)</b>	<b>(0.53)</b>	<b>(0.48)</b>	<b>(0.50)</b>	<b>(0.49)</b>	<b>(0.53)</b>
<b>Net assets – end of period</b>	<b>\$11.76</b>	<b>\$11.18</b>	<b>\$10.87</b>	<b>\$10.64</b>	<b>\$10.37</b>	<b>\$9.97</b>
<b>Ratios and Supplemental Data</b>						
Total net asset value (\$000s) (a)	\$48,283	\$29,746	\$27,198	\$8,387	\$12,351	\$7,813
Number of units outstanding (a)	4,105,827	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%	0.00%
Management expense ratio before absorptions (e)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Trading expense ratio (f)	0.03%	0.03%	0.02%	0.05%	0.07%	0.08%
Portfolio turnover rate (g)	36.06%	103.95%	61.95%	69.13%	95.38%	142.68%
Net asset value per unit (a)	\$11.76	\$11.18	\$10.87	\$10.64	\$10.37	\$9.97

## FINANCIAL HIGHLIGHTS (CONTINUED)

<b>CLASS U</b>			
<b>Fund's Net Assets Per Unit (a)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Net assets – beginning of period	\$10.21	\$9.95	\$10.00
<b>Increase (decrease) from operations:</b>			
Total revenue	0.14	0.76	0.25
Total expenses	(0.06)	(0.12)	(0.06)
Realized gains (losses)	0.44	(0.25)	-
Unrealized gains (losses)	0.58	0.52	(0.16)
<b>Total increase (decrease) from operations (b)</b>	<b>1.10</b>	<b>0.91</b>	<b>0.03</b>
<b>Distributions:</b>			
From income (excluding dividends)	(0.20)	(0.34)	(0.14)
From dividends	-	(0.05)	(0.02)
From capital gains	-	-	-
Return of capital	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>(0.20)</b>	<b>(0.39)</b>	<b>(0.16)</b>
<b>Net assets – end of period</b>	<b>\$10.59</b>	<b>\$10.21</b>	<b>\$9.95</b>
<b>Ratios and Supplemental Data</b>			
Total net asset value (\$000s) (a)	\$48	\$40	\$6
Number of units outstanding (a)	4,575	3,876	588
Management expense ratio (d)	1.15%	1.15%	1.15%
Management expense ratio before absorptions (e)	1.15%	1.15%	1.15%
Trading expense ratio (f)	0.03%	0.03%	0.02%
Portfolio turnover rate (g)	36.06%	103.95%	61.95%
Net asset value per unit (a)	\$10.59	\$10.21	\$9.95

<b>CLASS A (USD)</b>						
<b>Fund's Net Assets Per Unit (a)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Net assets – beginning of period	\$14.10	\$13.66	\$13.89	\$12.48	\$12.67	\$11.08
<b>Increase (decrease) from operations:</b>						
Total revenue	0.07	1.25	0.78	1.07	0.46	0.66
Total expenses	(0.14)	(0.28)	(0.28)	(0.29)	(0.26)	(0.24)
Realized gains (losses)	0.70	(0.24)	0.08	0.01	0.98	(0.24)
Unrealized gains (losses)	0.03	0.31	(0.48)	0.73	(0.96)	0.58
<b>Total increase (decrease) from operations (b)</b>	<b>0.66</b>	<b>1.04</b>	<b>0.10</b>	<b>1.52</b>	<b>0.22</b>	<b>0.76</b>
<b>Distributions:</b>						
From income (excluding dividends)	(0.25)	(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	-	-	-	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>(0.25)</b>	<b>(0.41)</b>	<b>(0.36)</b>	<b>(0.37)</b>	<b>(0.35)</b>	<b>(0.45)</b>
<b>Net assets – end of period</b>	<b>\$14.53</b>	<b>\$14.10</b>	<b>\$13.66</b>	<b>\$13.89</b>	<b>\$12.48</b>	<b>\$12.67</b>
<b>Ratios and Supplemental Data</b>						
Total net asset value (\$000s) (a)	\$2,951	\$2,533	\$6,018	\$6,177	\$1,264	\$1,420
Number of units outstanding (a)	203,134	179,642	440,638	444,755	101,249	112,029
Management expense ratio (d)	1.95%	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%	1.95%
Trading expense ratio (f)	0.03%	0.03%	0.02%	0.05%	0.07%	0.08%
Portfolio turnover rate (g)	36.06%	103.95%	61.95%	69.13%	95.38%	142.68%
Net asset value per unit (a)	\$14.53	\$14.10	\$13.66	\$13.89	\$12.48	\$12.67



## FINANCIAL HIGHLIGHTS (CONTINUED)

<b>CLASS F (USD)</b>						
<b>Fund's Net Assets Per Unit (a)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Net assets – beginning of period	\$13.96	\$13.52	\$13.75	\$12.35	\$12.54	\$11.04
<b>Increase (decrease) from operations:</b>						
Total revenue	0.07	1.30	0.75	1.05	0.38	1.17
Total expenses	(0.08)	(0.16)	(0.16)	(0.17)	(0.14)	(0.16)
Realized gains (losses)	0.69	(0.30)	0.11	0.08	0.67	(0.33)
Unrealized gains (losses)	0.02	0.08	(0.53)	0.75	(0.83)	0.78
<b>Total increase (decrease) from operations (b)</b>	<b>0.70</b>	<b>0.92</b>	<b>0.17</b>	<b>1.71</b>	<b>0.08</b>	<b>1.46</b>
<b>Distributions:</b>						
From income (excluding dividends)	(0.31)	(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	-	-	-	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>(0.31)</b>	<b>(0.52)</b>	<b>(0.46)</b>	<b>(0.46)</b>	<b>(0.47)</b>	<b>(0.52)</b>
<b>Net assets – end of period</b>	<b>\$14.38</b>	<b>\$13.96</b>	<b>\$13.52</b>	<b>\$13.75</b>	<b>\$12.35</b>	<b>\$12.54</b>
<b>Ratios and Supplemental Data</b>						
Total net asset value (\$000s) (a)	\$13,260	\$11,382	\$20,175	\$24,368	\$12,427	\$985
Number of units outstanding (a)	922,332	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%	1.15%
Management expense ratio before absorptions (e)	1.15%	1.15%	1.15%	1.15%	1.15%	1.15%
Trading expense ratio (f)	0.03%	0.03%	0.02%	0.05%	0.07%	0.08%
Portfolio turnover rate (g)	36.06%	103.95%	61.95%	69.13%	95.38%	142.68%
Net asset value per unit (a)	\$14.38	\$13.96	\$13.52	\$13.75	\$12.35	\$12.54

<b>CLASS H (USD)</b>			
<b>Fund's Net Assets Per Unit (a)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Net assets – beginning of period	\$13.42	\$13.02	\$13.10
<b>Increase (decrease) from operations:</b>			
Total revenue	0.08	1.27	0.31
Total expenses	(0.11)	(0.22)	(0.11)
Realized gains (losses)	0.67	(0.36)	(0.01)
Unrealized gains (losses)	0.02	0.01	(0.38)
<b>Total increase (decrease) from operations (b)</b>	<b>0.66</b>	<b>0.70</b>	<b>(0.19)</b>
<b>Distributions:</b>			
From income (excluding dividends)	(0.26)	(0.41)	(0.18)
From dividends	-	(0.04)	(0.01)
From capital gains	-	-	-
Return of capital	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>(0.26)</b>	<b>(0.45)</b>	<b>(0.19)</b>
<b>Net assets – end of period</b>	<b>\$13.82</b>	<b>\$13.42</b>	<b>\$13.02</b>
<b>Ratios and Supplemental Data</b>			
Total net asset value (\$000s) (a)	\$7,905	\$6,636	\$2,680
Number of units outstanding (a)	571,977	494,651	205,849
Management expense ratio (d)	1.65%	1.65%	1.65%
Management expense ratio before absorptions (e)	1.65%	1.65%	1.65%
Trading expense ratio (f)	0.03%	0.03%	0.02%
Portfolio turnover rate (g)	36.06%	103.95%	61.95%
Net asset value per unit (a)	\$13.82	\$13.42	\$13.02

## FINANCIAL HIGHLIGHTS (CONTINUED)

<b>CLASS I (USD)</b>			
<b>Fund's Net Assets Per Unit (a)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Net assets – beginning of period	\$13.45	\$13.04	\$13.10
<b>Increase (decrease) from operations:</b>			
Total revenue	0.08	1.21	0.38
Total expenses	(0.07)	(0.14)	(0.07)
Realized gains (losses)	0.66	(0.33)	(0.03)
Unrealized gains (losses)	0.00	0.22	(0.17)
<b>Total increase (decrease) from operations (b)</b>	<b>0.67</b>	<b>0.96</b>	<b>0.11</b>
<b>Distributions:</b>			
From income (excluding dividends)	(0.31)	(0.47)	(0.21)
From dividends	-	(0.06)	(0.02)
From capital gains	-	-	-
Return of capital	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>(0.31)</b>	<b>(0.53)</b>	<b>(0.23)</b>
<b>Net assets – end of period</b>	<b>\$13.85</b>	<b>\$13.45</b>	<b>\$13.04</b>
<b>Ratios and Supplemental Data</b>			
Total net asset value (\$000s) (a)	\$31,452	\$23,199	\$15,621
Number of units outstanding (a)	2,270,216	1,724,282	1,197,716
Management expense ratio (d)	1.00%	1.00%	1.00%
Management expense ratio before absorptions (e)	1.00%	1.00%	1.00%
Trading expense ratio (f)	0.03%	0.03%	0.02%
Portfolio turnover rate (g)	36.06%	103.95%	61.95%
Net asset value per unit (a)	\$13.85	\$13.45	\$13.04

<b>CLASS N (USD)</b>			
<b>Fund's Net Assets Per Unit (a)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Net assets – beginning of period	\$13.41	\$13.00	\$13.10
<b>Increase (decrease) from operations:</b>			
Total revenue	0.06	1.29	0.36
Total expenses	(0.05)	(0.11)	(0.05)
Realized gains (losses)	0.69	(0.33)	(0.02)
Unrealized gains (losses)	0.05	(0.07)	(0.17)
<b>Total increase (decrease) from operations (b)</b>	<b>0.75</b>	<b>0.78</b>	<b>0.12</b>
<b>Distributions:</b>			
From income (excluding dividends)	(0.32)	(0.50)	(0.22)
From dividends	-	(0.06)	(0.02)
From capital gains	-	-	-
Return of capital	-	-	-
<b>Total annual distributions (b), (c)</b>	<b>(0.32)</b>	<b>(0.56)</b>	<b>(0.24)</b>
<b>Net assets – end of period</b>	<b>\$13.81</b>	<b>\$13.41</b>	<b>\$13.00</b>
<b>Ratios and Supplemental Data</b>			
Total net asset value (\$000s) (a)	\$2,627	\$2,713	\$3,648
Number of units outstanding (a)	190,261	202,357	280,525
Management expense ratio (d)	0.75%	0.75%	0.75%
Management expense ratio before absorptions (e)	0.75%	0.75%	0.75%
Trading expense ratio (f)	0.03%	0.03%	0.02%
Portfolio turnover rate (g)	36.06%	103.95%	61.95%
Net asset value per unit (a)	\$13.81	\$13.41	\$13.00

**FINANCIAL HIGHLIGHTS (CONTINUED)****Footnotes:**

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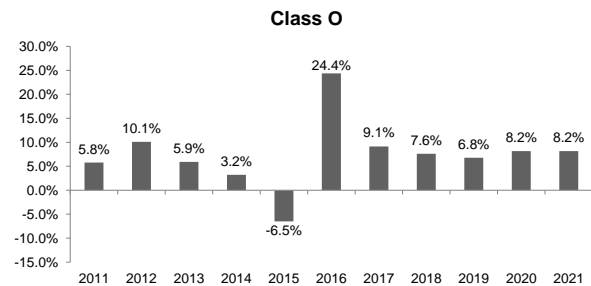
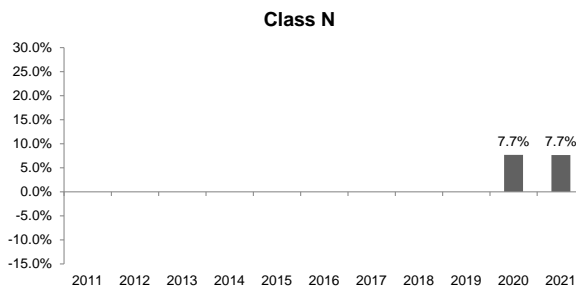
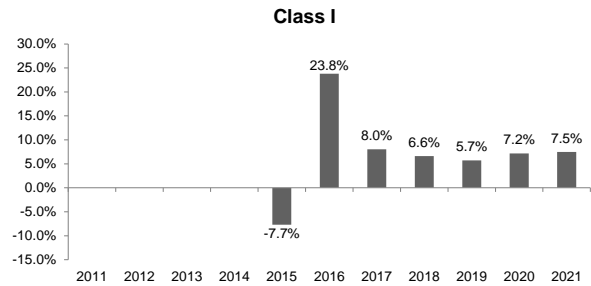
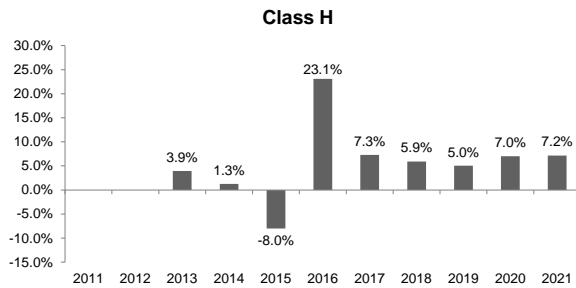
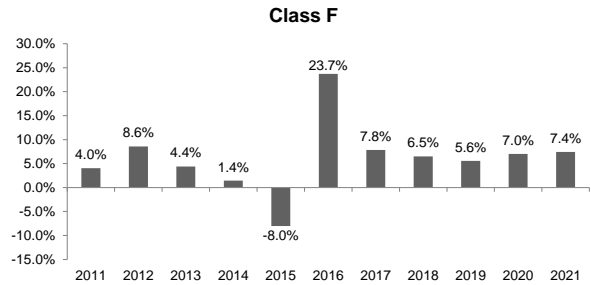
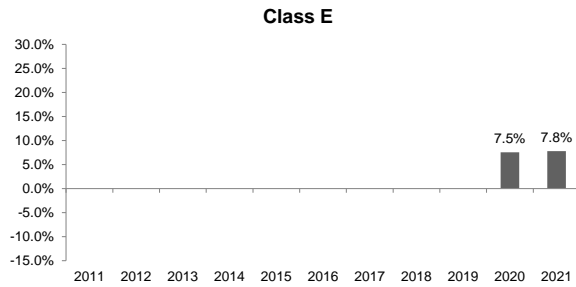
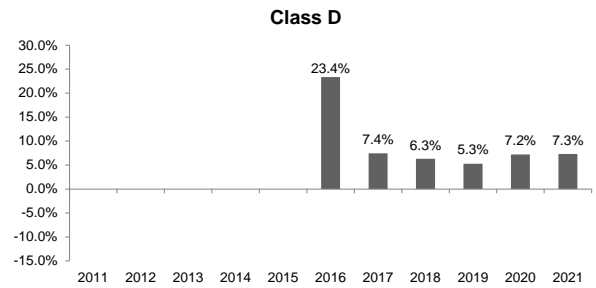
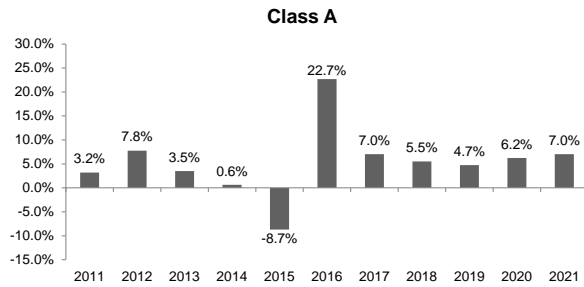
- (a) This information is derived from the Fund's unaudited semi-annual financial statements as at June 30 and audited annual financial statements as at December 31 for the period stated, prepared under International Financial Reporting Standards.
- (b) Net assets per unit and distributions per unit 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**

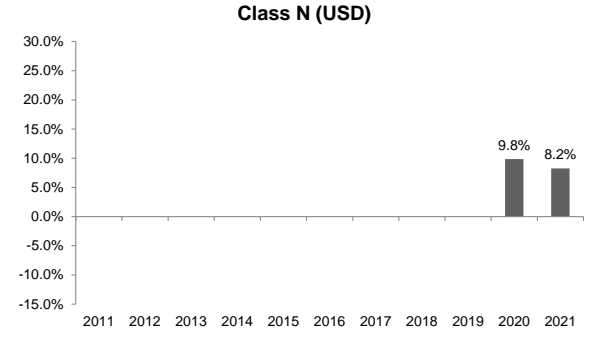
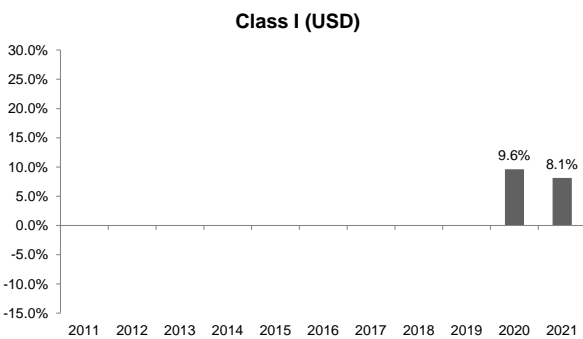
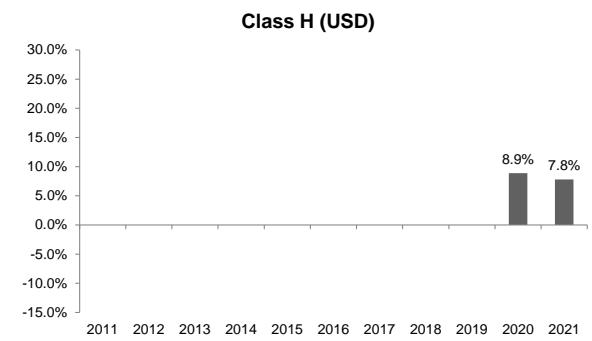
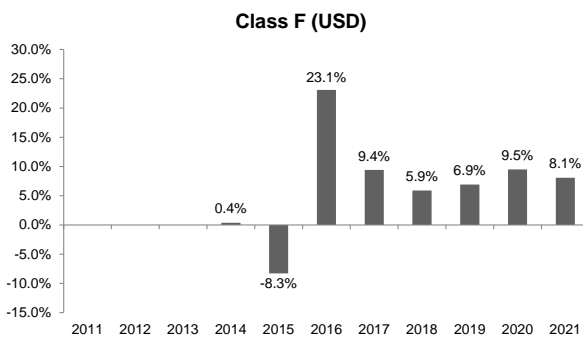
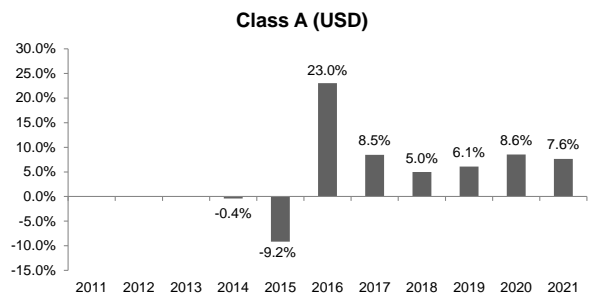
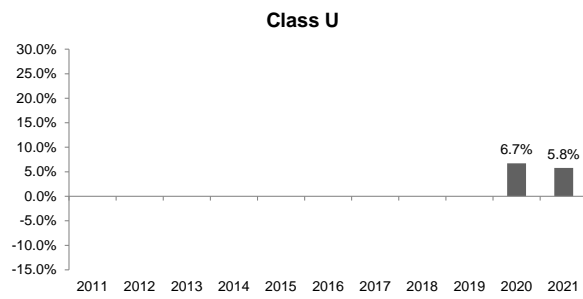
The following charts show the past performance for the units of each class of the Fund and do not necessarily indicate how the Fund will perform in the future. The information shown assumes that any distributions made by the Fund were reinvested in additional units of the Fund. Returns would be different 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 and for each of the previous 12-month periods ended December 31. 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 period would have increased or decreased by the last day of the period.



Period-by-Period Returns (continued)



**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
Open Text Corporation, 5.88%, 2026/06/01	2.0
Paratek Pharmaceuticals, Inc., 4.75%, 2024/05/01	2.0
Uber Technologies, Inc., 8.00%, 2026/11/01	1.9
W&T Offshore, Inc., 9.75%, 2023/11/01	1.8
Osisko Gold Royalties Ltd., 4.00%, 2022/12/31	1.7
Curaleaf Holdings, Inc., 13.00%, 2024/01/10	1.6
Intelsat Jackson Holdings S.A., 8.00%, 2024/02/15	1.6
Team Health Holdings Inc., 3.75%, 2024/02/06	1.5
Cameco Corporation, 2.95%, 2027/10/21	1.3
McDonald's Corporation, 3.13%, 2025/03/04	1.3
SFL Corp. Ltd., 7.25%, 2026/05/12	1.3
Carvana Co., 5.63%, 2025/10/01	1.2
Fairfax Financial Holdings Limited, 3.95%, 2031/03/03	1.2
Government of Canada, 0.50%, 2025/09/01	1.2
Rackspace Technology Global Inc., 5.38%, 2028/12/01	1.2
Seaspan Corp., 3.75%, 2025/12/15	1.2
GTT Communications, Inc., 2.95%, 2025/05/31	1.1
Hydro One Inc., 7.35%, 2030/06/03	1.1
Macy's, Inc., 8.38%, 2025/06/15	1.1
Morgan Stanley, 3.79%, 2049/12/31	1.1
Topaz Solar Farms LLC, 5.75%, 2039/09/30	1.1
Tricida, Inc., 3.50%, 2027/05/15	1.1
SS&C Technologies, Inc., 5.50%, 2027/09/30	1.0
Trulieve Cannabis Corp., 9.75%, 2024/06/18	1.0
Verisign, Inc., 4.75%, 2027/07/15	1.0

## Summary of Composition of the Portfolio

	% of Net Assets
US corporate bonds and loans	49.2
Canadian corporate bonds and loans	23.7
Foreign corporate bonds and loans	9.4
Preferred shares	8.2
Government bonds	2.1
Common shares	1.9
Closed end funds	0.3
<b>Total investments</b>	<b>94.8</b>
Derivative assets	1.0
Warrants	0.1
<b>Total investment portfolio</b>	<b>95.9</b>
Cash	5.2
Other assets less liabilities	(1.1)
<b>Total net assets</b>	<b>100.0</b>

## 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

MANAGED BY:  
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