



Pender Small Cap Opportunities Fund

For the year ended December 31, 2021

Annual Management Report of Fund Performance

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.

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

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

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, 2021. There were no significant changes to the Fund's objectives and strategies that affected its overall level of risk during the year.

On February 24, 2022, Russia launched a large military invasion of Ukraine. This has resulted in a disruption in the supply of energy resources, a refugee crisis in Europe, global protests and the imposition of sanctions on Russia, which in turn triggered a financial crisis in Russia. The Russian president has placed Russia's nuclear forces on high alert, increasing tension between the West and Russia. The invasion has introduced a new source of uncertainty for financial markets.

The COVID-19 global health pandemic that began in 2019 continues today. In early 2020, it resulted in significant volatility and turmoil in World markets. The negative economic impact of measures taken to contain the virus have been mitigated to a certain extent by fiscal and monetary stimulus, measures taken to reopen world economies, and the development and rollout of vaccines. The situation has had an impact on many entities and the markets for the securities that they issue, and that impact may continue.

Investment results may be affected by future developments and new information that may emerge resulting from Russia's invasion of Ukraine, COVID-19, its variants and the pandemic, factors which are beyond the Fund's control.

Results of Operations

The net assets of the Fund were \$324,956,690 as at December 31, 2021 versus \$221,286,318 as at December 31, 2020. Of this \$103,670,372 increase, \$59,324,460 is attributable to positive investment performance and \$44,345,912 is attributable to net unitholder purchases of the Fund.

For the year ended December 31, 2021, Class A units of the Fund generated a total return of 24.7%. 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 25.2% 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 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 year. Please read the caution regarding forward-looking statements located on the last page of this document.

The Fund's underperformance as compared to its benchmark was mainly due to asset allocation in the Diversified Financials sector and stock selection in the Consumer Staples 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 BIGG Digital Assets Inc., exactEarth Ltd. (now Spire Global, Inc.), and Spartan Delta Corp. Conversely, Goodfood Market Corp., BBTV Holdings Inc., and MAV Beauty Brands Inc. had the largest adverse impact.

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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 ATD New Holdings Inc, Nova Cannabis Inc., and Altius Renewable Royalties Corp. 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 Diversified Royalty Corp., good natured Products Inc., and Athabasca Oil Corporation 9.88% 02/22, and nine companies we held were acquired by third parties or taken private: Leaf Group Ltd., Photon Control Inc., Cloudera, Inc., SharpSpring, Inc., exactEarth Ltd., Alcanna Inc.(announced), AgJunction Inc., Wow! Unlimited Media, Inc and PFB Corporation.

As at the end of the year, the Fund was 83.2% invested in Canada, 11.2% in the United States, 0.5% in foreign countries and the Fund's cash position had increased to 5.1%, up from 2.1% as at December 31, 2020. The Fund's investment portfolio is concentrated and not diversified in the conventional sense. The Fund's top 10 holdings account for 41.0% of the Fund's net assets at the end of the year. This concentration may lead to varied results over any given year.

The overall sector exposure of the Fund is determined by stock selection decisions and may shift from time to time. As at December 31, 2021 we were weighted toward holdings in Information Technology, Consumer Discretionary, and Industrials because, currently, those are the sectors where we believe we are finding the best investment opportunities and, equally important, because they contain businesses for which we are best equipped to assess value. These top three sectors accounted for 63% of the Fund at the end of the year.

Recent Developments

The year of 2021 turned out to be a solid one for stock performance. Easy monetary policies and a flood of fiscal stimulus created favorable conditions for businesses to rebound from the pandemic and pushed stock markets higher despite the fact that there are still many factors that could derail the economic recovery, such as a prolonged COVID-19 situation, supply chain disruptions, labor shortages and surging inflation. In the United States, the S&P 500 index (in Canadian dollars) finished the year with a total return of 27.9%. In Canada, a rally in energy prices contributed to the strong performance of the Canadian stock market and the S&P/TSX Composite index recorded a strong return of 25.2%.

While stock markets fared well in 2021, there are risks to the sustainability of the recovery and markets are giving mixed signals. We believe that the uncertainty that remains could cause market conditions 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, new information about the severity of virus variants and the duration of the pandemic. There is plenty of debate over how events will unfold and the situation is, naturally, beyond our control. We hope to have more visibility into the effectiveness of vaccine programs, and more insight into what reopening will look like as time goes by.

We believe the stock market will remain volatile. Even in a bull market, there are periodic pullbacks. We cannot control stock prices or volatility. However, we can and do control our investment process. We strive to adapt with new methods and views that better represent the way 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 – 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 and 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"). The Fund also pays the Manager performance fees (see "Performance 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, the Pender Enhanced Income Fund and the Pender Partners Fund, funds also managed by the Manager, collectively held 2% of the Fund's outstanding units.

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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") before applicable taxes such as GST or HST 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. In exchange for the administration fee, the Manager will 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.

Performance Fees

The Manager is also entitled to a performance fee plus applicable taxes such as GST or HST in respect of Class B, Class G and Class M units of the Fund. The performance fee is equal to 20% of the amount by which the total return of the class of units exceeds the total percentage increase or decrease in the Fund's benchmark for the period since the performance fee was last paid, subject to a relative high-water mark. The high-water mark is the net asset value of the applicable class of units to which it applies as at the most recent determination date on which the performance fee was payable. The performance fee is calculated and accrued weekly and such accrued fees will be paid by the Fund at the end of each year. The Manager has reserved the right to change the period for which any performance fee may be paid by a Fund. The Manager, at its discretion, may reduce or waive performance fees.

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.

Fund's Net Assets Per Unit (a)

	2021	2020	2019	2018	2017
	(\$)	(\$)	(\$)	(\$)	(\$)
Class A					
Net Assets, beginning of year	34.51	23.84	22.77	26.88	25.88
Increase (decrease) from operations:					
Total revenue	0.49	0.49	0.45	0.41	0.37
Total expenses	(1.13)	(0.63)	(0.68)	(0.71)	(0.72)
Realized gains (losses)	10.84	0.85	1.97	2.05	3.19
Unrealized gains (losses)	(1.53)	8.11	2.59	(5.68)	(0.60)
Total increase (decrease) from operations (b)	8.67	8.82	4.33	(3.93)	2.24
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	(8.54)	-	(3.15)	-	(1.18)
Return of capital	-	-	-	-	-
Total distributions (b), (c)	(8.54)	-	(3.15)	-	(1.18)
Net Assets, end of year	34.25	34.51	23.84	22.77	26.88

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Fund's Net Assets Per Unit (a) (cont'd)

	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)	2017 (\$)
Class B					
Net Assets, beginning of year	12.02	8.77	8.59	10.00	
Increase (decrease) from operations:					
Total revenue	0.17	0.18	0.18	0.13	
Total expenses	(0.41)	(0.84)	(0.26)	(0.11)	
Realized gains (losses)	3.64	0.35	0.70	0.64	
Unrealized gains (losses)	(0.84)	3.64	0.67	(1.37)	
Total increase (decrease) from operations (b)	2.56	3.33	1.29	(0.71)	
Distributions:					
From income (excluding dividends)	-	-	-	-	
From dividends	-	-	-	-	
From capital gains	(2.20)	-	(1.41)	-	
Return of capital	-	-	-	-	
Total distributions (b), (c)	(2.20)	-	(1.41)	-	
Net Assets, end of year	12.63	12.02	8.77	8.59	
Class E					
Net Assets, beginning of year	14.81	10.03	10.00		
Increase (decrease) from operations:					
Total revenue	0.22	0.21	0.08		
Total expenses	(0.12)	(0.07)	0.03		
Realized gains (losses)	4.64	0.41	0.08		
Unrealized gains (losses)	(0.98)	4.44	1.80		
Total increase (decrease) from operations (b)	3.76	4.99	1.99		
Distributions:					
From income (excluding dividends)	-	-	-		
From dividends	-	-	-		
From capital gains	(4.20)	-	(1.24)		
Return of capital	-	-	-		
Total distributions (b), (c)	(4.20)	-	(1.24)		
Net Assets, end of year	14.52	14.81	10.03		
Class F					
Net Assets, beginning of year	35.17	24.06	22.75	26.53	25.72
Increase (decrease) from operations:					
Total revenue	0.51	0.50	0.45	0.41	0.37
Total expenses	(0.64)	(0.36)	(0.39)	(0.41)	(0.40)
Realized gains (losses)	11.12	0.85	1.97	2.04	3.19
Unrealized gains (losses)	(1.58)	8.84	2.64	(5.62)	(0.70)
Total increase (decrease) from operations (b)	9.41	9.83	4.67	(3.58)	2.46
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	(8.98)	-	(3.18)	-	(1.61)
Return of capital	-	-	-	-	-
Total distributions (b), (c)	(8.98)	-	(3.18)	-	(1.61)
Net Assets, end of year	35.07	35.17	24.06	22.75	26.53

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Fund's Net Assets Per Unit (a) (cont'd)

	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)	2017 (\$)
Class G					
Net Assets, beginning of year	12.54	9.12	8.64	10.00	
Increase (decrease) from operations:					
Total revenue	0.18	0.19	0.18	0.13	
Total expenses	(0.27)	(0.91)	(0.16)	(0.08)	
Realized gains (losses)	3.74	0.41	0.78	0.64	
Unrealized gains (losses)	(1.23)	4.08	0.48	(3.96)	
Total increase (decrease) from operations (b)	2.42	3.77	1.28	(3.27)	
Distributions:					
From income (excluding dividends)	-	-	-	-	
From dividends	-	-	-	-	
From capital gains	(2.78)	-	(1.22)	-	
Return of capital	-	-	-	-	
Total distributions (b), (c)	(2.78)	-	(1.22)	-	
Net Assets, end of year	12.81	12.54	9.12	8.64	

Class I					
Net Assets, beginning of year	16.61	11.34	10.74	12.51	13.14
Increase (decrease) from operations:					
Total revenue	0.24	0.24	0.22	0.19	0.12
Total expenses	(0.30)	(0.17)	(0.18)	(0.18)	(0.11)
Realized gains (losses)	5.22	0.45	0.93	0.96	1.03
Unrealized gains (losses)	(0.79)	4.72	1.15	(3.09)	(0.88)
Total increase (decrease) from operations (b)	4.37	5.24	2.12	(2.12)	0.16
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	(4.42)	-	(1.53)	-	(0.77)
Return of capital	-	-	-	-	-
Total distributions (b), (c)	(4.42)	-	(1.53)	-	(0.77)
Net Assets, end of year	16.40	16.61	11.34	10.74	12.51

Class M	
Net Assets, beginning of period (a)	10.00
Increase (decrease) from operations:	
Total revenue	0.12
Total expenses	(0.07)
Realized gains (losses)	1.16
Unrealized gains (losses)	(2.69)
Total increase (decrease) from operations (b)	(1.48)
Distributions:	
From income (excluding dividends)	-
From dividends	-
From capital gains	(2.31)
Return of capital	-
Total Distributions (b), (c)	(2.31)
Net Assets, end of period	7.60

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Fund's Net Assets Per Unit (a) (cont'd)

	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)	2017 (\$)
Class N					
Net Assets, beginning of year	15.55	10.58	9.94	11.55	12.15
Increase (decrease) from operations:					
Total revenue	0.19	0.20	0.20	0.18	0.11
Total expenses	(0.21)	(0.12)	(0.13)	(0.13)	(0.08)
Realized gains (losses)	5.79	(0.42)	0.90	0.89	0.95
Unrealized gains (losses)	6.35	(2.12)	0.88	(2.58)	(0.74)
Total increase (decrease) from operations (b)	12.12	(2.46)	1.85	(1.64)	0.24
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	(1.38)	-	(0.77)
Return of capital	-	-	-	-	-
Total distributions (b), (c)	-	-	(1.38)	-	(0.77)
Net Assets, end of year	19.68	15.55	10.58	9.94	11.55

Class O					
Net Assets, beginning of year	35.97	24.23	22.60	26.02	25.15
Increase (decrease) from operations:					
Total revenue	0.53	0.52	0.46	0.40	0.36
Total expenses	(0.07)	(0.05)	(0.05)	(0.04)	(0.03)
Realized gains (losses)	11.06	0.97	2.01	2.01	3.13
Unrealized gains (losses)	(3.52)	10.98	2.50	(5.58)	(0.81)
Total increase (decrease) from operations (b)	8.00	12.42	4.92	(3.21)	2.65
Distributions:					
From income (excluding dividends)	-	-	-	-	0.00
From dividends	-	-	(0.01)	-	(0.17)
From capital gains	(10.45)	-	(3.22)	-	(1.73)
Return of capital	-	-	-	-	-
Total distributions (b), (c)	(10.45)	-	(3.23)	-	(1.90)
Net Assets, end of year	35.27	35.97	24.23	22.60	26.02

(a) This information is derived from the Fund's audited annual financial statements as at December 31 for the year/period stated, prepared under International Financial Reporting Standards. Class M commenced operations on June 25, 2021.

(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/period.

(c) Distributions were paid in cash and/or reinvested in additional units of the Fund.

Ratios and Supplemental Data

	2021	2020	2019	2018	2017
Class A					
Total net asset value (\$000s) (a)	37,416	32,406	28,866	30,867	43,407
Number of units outstanding (a)	1,092,309	939,040	1,210,774	1,355,612	1,615,045
Management expense ratio (b)	2.56%	2.50%	2.50%	2.50%	2.50%
Management expense ratio before absorptions (c)	2.56%	2.50%	2.50%	2.50%	2.50%
Trading expense ratio (d)	0.19%	0.23%	0.22%	0.20%	0.13%
Portfolio turnover rate (e)	61.47%	63.01%	55.99%	53.86%	41.54%
Net asset value per unit (\$) (a)	34.25	34.51	23.84	22.77	26.88

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Ratios and Supplemental Data (cont'd)

	2021	2020	2019	2018	2017
Class B					
Total net asset value (\$000s) (a)	26,051	17,135	11,045	735	
Number of units outstanding (a)	2,062,223	1,425,182	1,259,935	85,600	
Management expense ratio (b)	2.73%	9.53%	2.50%	2.50%	
Management expense ratio before absorptions (c)	2.73%	9.53%	2.50%	2.50%	
Trading expense ratio (d)	0.19%	0.23%	0.22%	0.20%	
Portfolio turnover rate (e)	61.47%	63.01%	55.99%	53.86%	
Net asset value per unit (\$) (a)	12.63	12.02	8.77	8.59	
Class E					
Total net asset value (\$000s) (a)	3,513	2,500	1,459		
Number of units outstanding (a)	241,879	168,853	145,477		
Management expense ratio (b)	0.52%	0.50%	0.50%		
Management expense ratio before absorptions (c)	0.52%	0.50%	0.50%		
Trading expense ratio (d)	0.19%	0.23%	0.22%		
Portfolio turnover rate (e)	61.47%	63.01%	55.99%		
Net asset value per unit (\$) (a)	14.52	14.81	10.03		
Class F					
Total net asset value (\$000s) (a)	97,457	85,903	72,427	74,395	97,266
Number of units outstanding (a)	2,779,227	2,442,676	3,011,004	3,270,076	3,665,716
Management expense ratio (b)	1.54%	1.50%	1.50%	1.50%	1.50%
Management expense ratio before absorptions (c)	1.54%	1.50%	1.50%	1.50%	1.50%
Trading expense ratio (d)	0.19%	0.23%	0.22%	0.20%	0.13%
Portfolio turnover rate (e)	61.47%	63.01%	55.99%	53.86%	41.54%
Net asset value per unit (\$) (a)	35.07	35.17	24.06	22.75	26.53
Class G					
Total net asset value (\$000s) (a)	99,607	44,524	24,602	2,351	
Number of units outstanding (a)	7,774,891	3,550,898	2,697,149	272,032	
Management expense ratio (b)	1.65%	9.81%	1.50%	1.50%	
Management expense ratio before absorptions (c)	1.65%	9.82%	1.50%	1.50%	
Trading expense ratio (d)	0.19%	0.23%	0.22%	0.20%	
Portfolio turnover rate (e)	61.47%	63.01%	55.99%	53.86%	
Net asset value per unit (\$) (a)	12.81	12.54	9.12	8.64	
Class I					
Total net asset value (\$000s) (a)	23,048	19,221	13,327	10,806	5,347
Number of units outstanding (a)	1,405,165	1,157,501	1,174,990	1,006,376	427,391
Management expense ratio (b)	1.38%	1.35%	1.35%	1.35%	1.35%
Management expense ratio before absorptions (c)	1.38%	1.35%	1.35%	1.35%	1.35%
Trading expense ratio (d)	0.19%	0.23%	0.22%	0.20%	0.13%
Portfolio turnover rate (e)	61.47%	63.01%	55.99%	53.86%	41.54%
Net asset value per unit (\$) (a)	16.40	16.61	11.34	10.74	12.51
Class M					
Total net asset value (\$000s) (a)	9,643				
Number of units outstanding (a)	1,268,907				
Management expense ratio (b)	1.00%				
Management expense ratio before absorptions (c)	1.00%				
Trading expense ratio (d)	0.19%				
Portfolio turnover rate (e)	61.47%				
Net asset value per unit (\$) (a)	7.60				

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Ratios and Supplemental Data (cont'd)

	2021	2020	2019	2018	2017
Class N					
Total net asset value (\$000s) (a)	613	5,608	40,784	32,722	36,673
Number of units outstanding (a)	31,166	360,632	3,853,598	3,290,720	3,174,979
Management expense ratio (b)	1.01%	1.00%	1.00%	1.00%	1.00%
Management expense ratio before absorptions (c)	1.01%	1.00%	1.00%	1.00%	1.00%
Trading expense ratio (d)	0.19%	0.23%	0.22%	0.20%	0.13%
Portfolio turnover rate (e)	61.47%	63.01%	55.99%	53.86%	41.54%
Net asset value per unit (\$) (a)	19.68	15.55	10.58	9.94	11.55
Class O					
Total net asset value (\$000s) (a)	27,608	13,989	8,412	6,518	6,917
Number of units outstanding (a)	782,730	388,863	347,146	288,379	265,855
Management expense ratio (b)	0.00%	0.00%	0.00%	0.00%	0.00%
Management expense ratio before absorptions (c)	0.00%	0.00%	0.00%	0.00%	0.00%
Trading expense ratio (d)	0.19%	0.23%	0.22%	0.20%	0.13%
Portfolio turnover rate (e)	61.47%	63.01%	55.99%	53.86%	41.54%
Net asset value per unit (\$) (a)	35.27	35.97	24.23	22.60	26.02

(a) This information is derived from the Fund's audited annual financial statements as at December 31 for the year/period stated, prepared under International Financial Reporting Standards. Class M commenced operations on June 25, 2021.

(b) 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/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.

(c) The Manager of the Fund has agreed to absorb sufficient expenses of the Fund, as necessary, such that the annual MER before applicable taxes such as GST or HST 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.

(d) 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/period.

(e) 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/period. 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/period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Pender Small Cap Opportunities Fund

For the year ended December 31, 2021

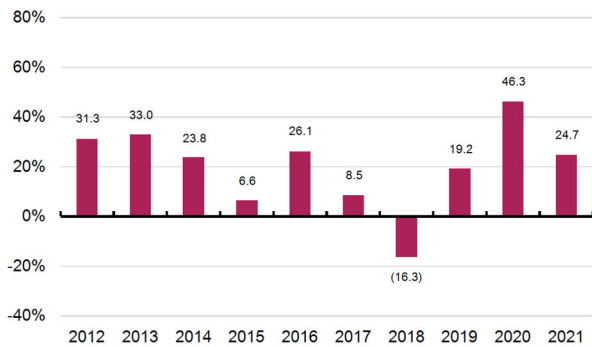
Past Performance

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. Past performance for Class M of the Fund is not available for disclosure because it has been in operation for less than one year. Class M commenced operations on June 25, 2021.

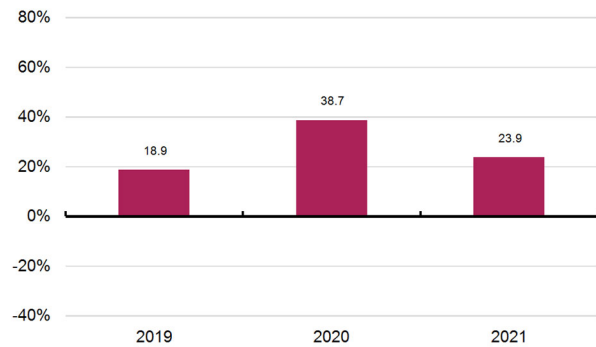
Year-by-Year Returns

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.

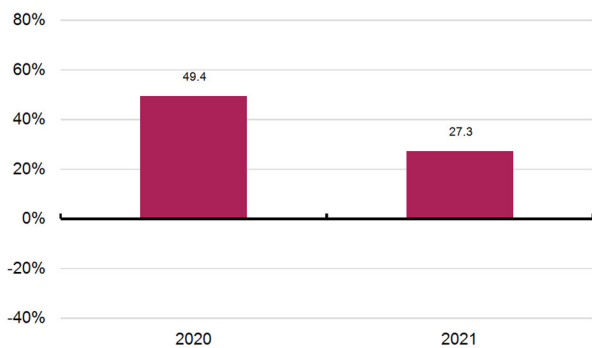
Class A



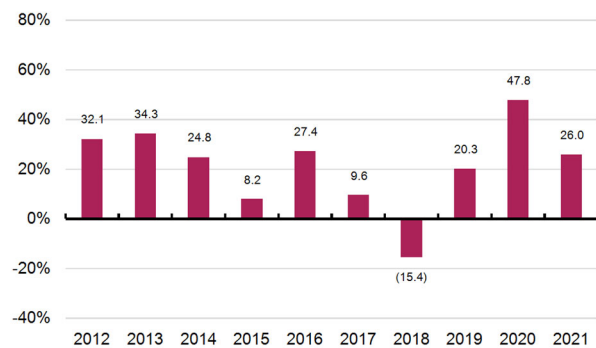
Class B



Class E



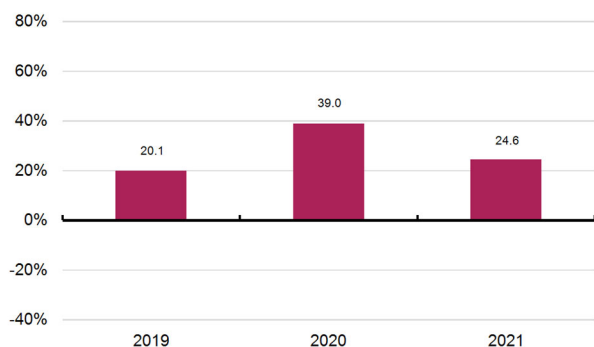
Class F



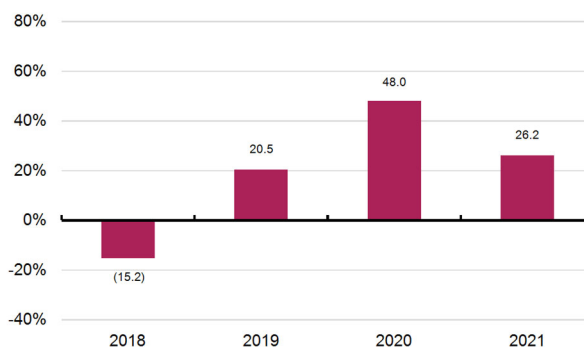
Pender Small Cap Opportunities Fund

For the year ended December 31, 2021

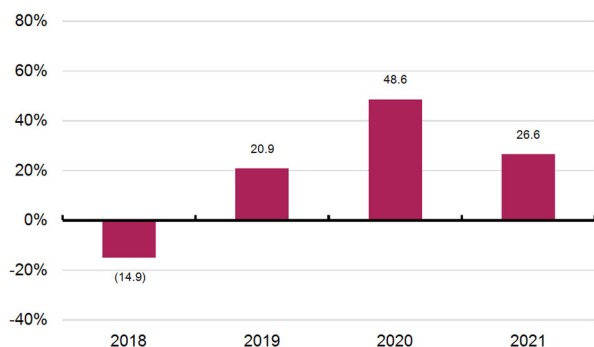
Class G



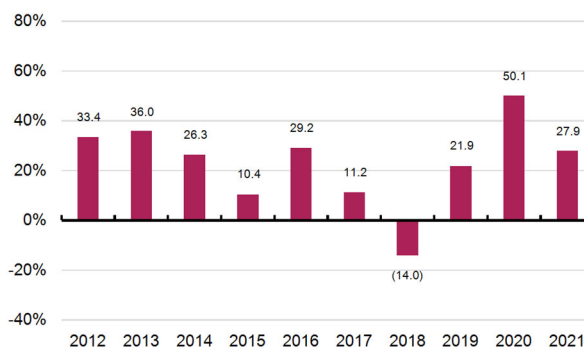
Class I



Class N



Class O



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 (Prior to June 30, 2021, the Fund's MER was inclusive of applicable taxes such as GST or HST), 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.

	Inception Date	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)
Class A	01-Jun-09	24.7	29.6	14.6	41.8	17.9
S&P/TSX		25.2	17.5	10.1	19.1	8.8
Class B	25-Jun-18	23.9	26.9	-	-	16.9
S&P/TSX		25.2	17.5	-	-	11.2
Class E	30-Aug-19	27.3	-	-	-	38.0
S&P/TSX		25.2	-	-	-	15.0

Pender Small Cap Opportunities Fund

For the year ended December 31, 2021

	Inception Date	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)
Class F	01-Jun-09	26.0	30.9	15.7	44.7	19.0
S&P/TSX		25.2	17.5	10.1	19.1	8.8
Class G	25-Jun-18	24.6	27.7	-	-	17.8
S&P/TSX		25.2	17.5	-	-	11.2
Class I	30-Apr-17	26.2	31.0	-	-	15.1
S&P/TSX		25.2	17.5	-	-	10.1
Class N	30-Apr-17	26.6	31.5	-	-	15.5
S&P/TSX		25.2	17.5	-	-	10.1
Class O	24-Jun-11	27.9	32.8	17.5	48.9	20.9
S&P/TSX		25.2	17.5	10.1	19.1	8.0

Pender Small Cap Opportunities Fund

For the year ended December 31, 2021

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. 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.

Top 25 Holdings

	% of Net Assets
WeCommerce Holdings Ltd.	6.3
Sylogist Ltd.	5.6
Sangoma Technologies Corporation	4.9
Spartan Delta Corp.	4.7
Maxar Technologies Inc.	3.6
Blackline Safety Corp.	3.5
Aviat Networks, Inc.	3.2
Aritzia Inc.	3.1
Dream Unlimited Corp., Class 'A'	3.1
ProntoForms Corporation	3.0
ATD New Holdings Inc.	2.8
Nova Cannabis Inc.	2.8
PAR Technology Corporation	2.6
Corus Entertainment Inc., Class 'B'	2.5
Altius Renewable Royalties Corp.	2.4
Chesswood Group Limited	2.4
Dye & Durham Limited	2.4
Fiera Capital Corporation, Class 'A'	2.4
TerraVest Industries Inc.	2.4
Fluor Corporation	2.0
Mullen Group Ltd.	2.0
Sierra Wireless, Inc.	2.0
Real Matters Inc.	1.9
Maxim Power Corp.	1.6
Unisync Corp.	1.6

Pender Small Cap Opportunities Fund

For the year ended December 31, 2021

Composition of the Portfolio

	% of Net Assets
Equities	
Information technology	35.8
Consumer discretionary	13.9
Industrials	13.3
Energy	7.2
Diversified financials	5.7
Communication services	5.7
Utilities	5.4
Real estate	5.0
Consumer staples	2.0
Health care	0.7
Total equities	94.7
Warrants	0.2
Total investments	94.9
Cash	5.1
Other assets less liabilities	0.0
Total net assets	100.0

Pender Small Cap Opportunities Fund

For the year ended December 31, 2021

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 Small Cap Opportunities Fund

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