



# Pender Emerging Markets Impact Fund

For the period from April 1, 2022 to June 30, 2022

## Semi-Annual Management Report of Fund Performance

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.

# Pender Emerging Markets Impact Fund

For the period from April 1, 2022 to June 30, 2022

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## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Results of Operations

The Pender Emerging Markets Impact Fund (the “Fund”) commenced operations on April 1, 2022. As at June 30, 2022 the net assets of the Fund were \$1,044,901, representing \$1,091,090 of net unitholder purchases of Fund units (including seed capital of \$150,000) and \$46,189 of negative investment performance.

Because the Fund has been in operation for less than one year, past performance data is not available for disclosure.

The following comments and the comments under “Recent Developments” reflect the views of the portfolio management team and are based on information as at June 30, 2022. Please read the caution regarding forward-looking statements located on the last page of this document.

During the period from April 1, 2022 to June 30, 2022 (the “period”), the Fund was established and initiated positions in companies across a variety of emerging market jurisdictions with exposure in sectors such as Communication services, Banks, Diversified financials, Exchange traded funds, Information technology, Consumer discretionary and Consumer staples, which offered exposure to a broad set of companies. From a geographic perspective, our largest weights are in China, Indonesia and India. Our investment strategy is not based on targeting specific sectors or country weights. Weightings in certain sectors or countries are a direct outcome of our bottom-up security selection process that focuses on identifying high quality businesses with demonstrated economic value creation for shareholders. To accomplish its impact objective, the Fund intends to invest up to 10% of assets in a vehicle directly invested in EM impact companies. In addition, approximately 90%+ of the assets will be invested in EM publicly listed companies based on our investment process and philosophy which incorporates and assesses ESG impact factors alongside traditional financial analysis. In this manner, the entire portfolio will fulfill its “impact” commitment. The resulting portfolio represents a broader and more diversified exposure than the benchmark, MSCI Emerging Markets Index, which we feel is a better approach to the vast universe of investment opportunities in emerging markets.

We consider the companies that we own to be long-term compounders, with business models that have exhibited and, we believe, will continue to exhibit sustainable economic profitability over time. We are looking at an investment horizon of 3-5 years and are excited about the opportunities we are finding to build a portfolio of companies that we believe are wealth creators that can compound over time.

### Recent Developments

The positioning of the Fund derives from our research, which shows us that despite the uncertain macro trends globally, many emerging market countries have far better fundamentals than the headlines would imply. To begin with, the interest rate cycle is far more advanced and, in certain economies, already receding. What this means is that while inflation will still be felt in the months to come, higher rates have led to more conservative demand behaviors in many of these countries. In addition, many countries are well-endowed with natural resources and higher prices have led to better revenues. All told, in our view, the macroeconomic picture, while still uncertain on the inflation front, has a better balance and can be better handled overall in key emerging economies.

The current trend of US interest rate increases and the recently announced reduction of quantitative easing are both needed to better control the significant liquidity still flowing in the economy. The psychological outcome of wobbly markets and higher rates is already containing demand. At the same time, we are seeing a response from the supply side. And while we subscribe to the notion that inflation will reach higher-than-anticipated levels in the near term, we are not likely to see inflation expectations get carried away by investors. Inflation likely peaking in the short term and markets already beginning to discount slower economic growth, bode well for the global macro picture and in particular, for emerging economies.

The Russian aggression against Ukraine has pushed commodity prices higher and exacerbated inflationary trends around the world. This has led to outperformance in some emerging market economies tied to commodities. Stronger currencies, gains in certain specific materials and local financial companies are propelling these economies.

As life is dynamic in every single one of the 35 economies in our potential investment universe, we are already seeing important and strategic decision-making at play from well-managed companies operating in these economies. Investors that tend to pay attention to top-down headlines, may miss important turning points at the company level. As bottom-up investing forms the basis of our investment process, we are focused on identifying resilient businesses that can withstand a slowing economic environment and emerge stronger with the ability to compound for many years.

Investment results may be affected by future developments and new information that may emerge regarding geopolitical events; COVID-19, its variants and the pandemic; inflation and the impact of central bank measures, and other global events, factors that are beyond the Fund’s control.

# Pender Emerging Markets Impact Fund

For the period from April 1, 2022 to June 30, 2022

## 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 67% of the Fund's 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") 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 pays the operating costs of the Fund. During the period from commencement of operations to June 30, 2022, the Manager waived management and administration fees and custody related transaction costs 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 24% 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 ended June 30, 2022.

### Fund's Net Assets Per Unit (a)

	2022 (\$)
<b>Class A</b>	
Net Assets, beginning of period (a)	10.00
<b>Increase (decrease) from operations:</b>	
Total revenue	0.14
Total expenses	(0.04)
Realized gains (losses)	(0.04)
Unrealized gains (losses)	(0.32)
<b>Total increase (decrease) from operations (b)</b>	<b>(0.26)</b>
<b>Distributions:</b>	
From income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
<b>Total distributions (b), (c)</b>	<b>-</b>
<b>Net Assets, end of period</b>	<b>9.56</b>

# Pender Emerging Markets Impact Fund

For the period from April 1, 2022 to June 30, 2022

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

	2022 (\$)
<b>Class E</b>	
Net Assets, beginning of period (a)	10.00
<b>Increase (decrease) from operations:</b>	
Total revenue	0.13
Total expenses	(0.03)
Realized gains (losses)	(0.04)
Unrealized gains (losses)	(0.40)
<b>Total increase (decrease) from operations (b)</b>	<b>(0.34)</b>
<b>Distributions:</b>	
From income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
<b>Total distributions (b), (c)</b>	<b>-</b>
<b>Net Assets, end of period</b>	<b>9.56</b>
<b>Class F</b>	
Net Assets, beginning of period (a)	10.00
<b>Increase (decrease) from operations:</b>	
Total revenue	0.09
Total expenses	(0.02)
Realized gains (losses)	(0.03)
Unrealized gains (losses)	(0.37)
<b>Total increase (decrease) from operations (b)</b>	<b>(0.33)</b>
<b>Distributions:</b>	
From income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
<b>Total distributions (b), (c)</b>	<b>-</b>
<b>Net Assets, end of period</b>	<b>9.56</b>
<b>Class H</b>	
Net Assets, beginning of period (a)	10.00
<b>Increase (decrease) from operations:</b>	
Total revenue	0.07
Total expenses	(0.02)
Realized gains (losses)	(0.03)
Unrealized gains (losses)	(0.47)
<b>Total increase (decrease) from operations (b)</b>	<b>(0.45)</b>
<b>Distributions:</b>	
From income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
<b>Total distributions (b), (c)</b>	<b>-</b>
<b>Net Assets, end of period</b>	<b>9.56</b>

# Pender Emerging Markets Impact Fund

For the period from April 1, 2022 to June 30, 2022

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

	2022 (\$)
<b>Class I</b>	
Net Assets, beginning of period (a)	10.00
<b>Increase (decrease) from operations:</b>	
Total revenue	0.07
Total expenses	(0.02)
Realized gains (losses)	(0.03)
Unrealized gains (losses)	(0.47)
<b>Total increase (decrease) from operations (b)</b>	<b>(0.45)</b>
<b>Distributions:</b>	
From income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
<b>Total distributions (b), (c)</b>	<b>-</b>
<b>Net Assets, end of period</b>	<b>9.56</b>
<b>Class N</b>	
Net Assets, beginning of period (a)	10.00
<b>Increase (decrease) from operations:</b>	
Total revenue	0.07
Total expenses	(0.02)
Realized gains (losses)	(0.03)
Unrealized gains (losses)	(0.47)
<b>Total increase (decrease) from operations (b)</b>	<b>(0.45)</b>
<b>Distributions:</b>	
From income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
<b>Total distributions (b), (c)</b>	<b>-</b>
<b>Net Assets, end of period</b>	<b>9.56</b>

## Pender Emerging Markets Impact Fund

For the period from April 1, 2022 to June 30, 2022

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

	2022 (\$)
<b>Class O</b>	
Net Assets, beginning of period (a)	10.00
<b>Increase (decrease) from operations:</b>	
Total revenue	0.07
Total expenses	(0.02)
Realized gains (losses)	(0.03)
Unrealized gains (losses)	(0.48)
<b>Total increase (decrease) from operations (b)</b>	<b>(0.46)</b>
<b>Distributions:</b>	
From income (excluding dividends)	-
From dividends	-
From capital gains	-
Return of capital	-
<b>Total distributions (b), (c)</b>	<b>-</b>
<b>Net Assets, end of period</b>	<b>9.56</b>

(a) This information is derived from the Fund's unaudited semi-annual financial statements as at June 30 and prepared under International Financial Reporting Standards. The Fund's information for each class is from the date each class commenced operations: April 1, 2022.

(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.

### Ratios and Supplemental Data

	2022
<b>Class A</b>	
Total net asset value (\$000s) (a)	43
Number of units outstanding (a)	4,476
Management expense ratio (b)	0.00%
Management expense ratio before absorptions (c)	2.45%
Trading expense ratio (d)	1.01%
Portfolio turnover rate (e)	0.00%
Net asset value per unit (\$) (a)	9.56
<b>Class E</b>	
Total net asset value (\$000s) (a)	49
Number of units outstanding (a)	5,124
Management expense ratio (b)	0.00%
Management expense ratio before absorptions (c)	0.54%
Trading expense ratio (d)	1.01%
Portfolio turnover rate (e)	0.00%
Net asset value per unit (\$) (a)	9.56
<b>Class F</b>	
Total net asset value (\$000s) (a)	12
Number of units outstanding (a)	1,235
Management expense ratio (b)	0.00%
Management expense ratio before absorptions (c)	1.39%
Trading expense ratio (d)	1.01%
Portfolio turnover rate (e)	0.00%
Net asset value per unit (\$) (a)	9.56

## Pender Emerging Markets Impact Fund

For the period from April 1, 2022 to June 30, 2022

### Ratios and Supplemental Data (cont'd)

	2022
<b>Class H</b>	
Total net asset value (\$000s) (a)	5
Number of units outstanding (a)	500
Management expense ratio (b)	0.00%
Management expense ratio before absorptions (c)	2.11%
Trading expense ratio (d)	1.01%
Portfolio turnover rate (e)	0.00%
Net asset value per unit (\$) (a)	9.56
<b>Class I</b>	
Total net asset value (\$000s) (a)	5
Number of units outstanding (a)	500
Management expense ratio (b)	0.00%
Management expense ratio before absorptions (c)	1.27%
Trading expense ratio (d)	1.01%
Portfolio turnover rate (e)	0.00%
Net asset value per unit (\$) (a)	9.56
<b>Class N</b>	
Total net asset value (\$000s) (a)	5
Number of units outstanding (a)	500
Management expense ratio (b)	0.00%
Management expense ratio before absorptions (c)	0.90%
Trading expense ratio (d)	1.01%
Portfolio turnover rate (e)	0.00%
Net asset value per unit (\$) (a)	9.56
<b>Class O</b>	
Total net asset value (\$000s) (a)	927
Number of units outstanding (a)	96,986
Management expense ratio (b)	0.00%
Management expense ratio before absorptions (c)	0.00%
Trading expense ratio (d)	0.50%
Portfolio turnover rate (e)	1.01%
Net asset value per unit (\$) (a)	9.56

(a) This information is derived from the Fund's unaudited semi-annual financial statements as at June 30 and prepared under International Financial Reporting Standards. The Fund's information for each class is from the date each class commenced operations: April 1, 2022.

(b) 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.

(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 daily average net asset value during the 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 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.

# Pender Emerging Markets Impact Fund

For the period from April 1, 2022 to June 30, 2022

## Past Performance

The past performance for the Fund is not available for disclosure because it has been in operation for less than one year. The Fund commenced operations on April 1, 2022.

## 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.

## Top 25 Holdings

	% of Net Assets
PT Sarana Menara Nusantara, Tbk.	5.2
iShares MSCI India ETF	5.1
Invesco India ETF	5.0
Baidu, Inc.	4.5
PT Bank Central Asia Tbk	4.4
Giant Manufacturing Co., Ltd.	4.3
ENN Energy Holdings Limited.	4.2
TISCO Financial Group Public Company Limited	4.2
NetEase, Inc.	4.1
PTT Exploration and Production Public Company Limited	4.0
Taiwan Semiconductor Manufacturing Company Limited	4.0
Tencent Holdings Limited	4.0
Galaxy Entertainment Group Limited	3.9
Sociedad Química y Minera de Chile S.A.	3.9
Wal-Mart de México, S.A.B. de C.V.	3.4
LG Chem, Ltd.	2.7
Samsung Electronics Co., Ltd.	2.7
Clicks Group Limited	2.4
Credicorp Ltd.	2.1
Koh Young Technology Inc.	1.6
PT Unilever Indonesia Tbk	1.6

## Composition of the Portfolio

	% of Net Assets
<b>Equities</b>	
China	16.9
Indonesia	11.1
India	10.1
Taiwan	8.4
Thailand	8.2
South Korea	6.9
Chile	3.9
Hong Kong	3.9
Mexico	3.4
South Africa	2.4
Peru	2.1
<b>Total investments</b>	<b>77.3</b>



## Pender Emerging Markets Impact Fund

For the period from April 1, 2022 to June 30, 2022

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### Composition of the Portfolio (cont'd)

	% of Net Assets
Cash	22.6
Other assets less liabilities	0.1
<b>Total net assets</b>	<b>100.0</b>

## Pender Emerging Markets Impact Fund

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### **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: geopolitical events, general economic, political and market factors in North America and internationally; interest and foreign exchange rates and the measures taken by central banks to manage inflation; 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 Emerging Markets Impact Fund**

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