



Pender Enhanced Income Fund

For the year ended December 31, 2022

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.

Pender Enhanced Income Fund

For the year ended December 31, 2022

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The objective of the Pender Enhanced Income Fund (the "Fund") is to generate long-term growth in value and income by investing in a diversified portfolio of Canadian and foreign equities, corporate bonds, Canadian and foreign government bonds, and exchange traded funds which track sector or broad market indices. The Fund is designed to provide both moderate income and portfolio growth over the long-term, while being sufficiently diversified to mitigate volatility.

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 28, 2022. There were no significant changes to the Fund's objectives and strategies that affected its overall level of risk during the year.

The economic uncertainties around persistent inflation pressure, bank failures, geopolitical events and the lingering COVID-19 pandemic have the potential to slow growth in the global economy. Future developments in these challenging areas could impact the Funds' results and financial condition and the full extent of that impact remains unknown.

As at December 31, 2022, the Fund had exposure to the banking sector. Subsequent to year-end, the Fund continues to have exposure to this sector. In certain cases, government agencies have assumed control or otherwise intervened in the operations of certain banks due to liquidity and solvency concerns. The extent of the situation remains uncertain and as such the Manager continues to assess across the broader financial sector and will take potential actions, as deemed necessary. The ultimate resolution of these liquidity and solvency concerns and the extent of the related impact to the Fund is uncertain and could be significant.

Results of Operations

The net assets of the Fund were \$35,230,948 as at December 31, 2022 versus \$43,864,857 as at December 31, 2021. Of this \$8,633,909 decrease, \$5,543,425 is attributable to net unitholder redemptions of Fund units and \$3,090,484 is attributable to negative investment performance.

For the year ended December 31, 2022, Class A units of the Fund generated a total return of -8.1%. Returns for other classes of the Fund will be similar to Class A with any difference in performance being primarily due to the different management fees that are applicable to different classes. Please see the "Past Performance" section for the performance of the Fund's other classes.

The Fund's broad-based benchmark, the S&P/TSX Composite Index ("S&P/TSX"), returned -5.7% 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 Fund's blended benchmark, 50% FTSE Canada Bond Universe Index, 35% S&P/TSX and 15% S&P 500 Index in Canadian dollars ("S&P 500"), returned -9.5% during the year. We include information about this blended benchmark, which more closely reflects the asset classes in which the Fund invests, to provide a more useful comparison for the performance of the Fund.

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 Pender Enhanced Income Fund ended the year with a return of -8.1%. The Fund recovered nicely in the fourth quarter and demonstrated comparatively resilient performance throughout the year against one of the most challenging market backdrops in history across both equities and fixed income assets. The Fund outperformed the benchmark despite this ugly macro backdrop on a relative basis. And, gratifyingly, the Fund has remained a top quartile performer on a relative and absolute basis over the long-term as well.

The recent challenges stemmed from macro sources, with rising interest rates from central banks around the world a defining theme in 2022. Throughout the year, 82 central banks raised rates and delivered 386 rate hikes to tighten monetary policy to tame inflationary pressures. This was a significant acceleration in tightening compared to 2021 when there were 123 rate hikes across 41 central banks. This was one of the most aggressive tightening cycles by the Fed in the last 50 years with only the tightening in 1980 occurring at a more rapid pace.

Pender Enhanced Income Fund

For the year ended December 31, 2022

This regime change in the interest rate environment had a broad impact across all asset classes. There have been only a rare handful of times over the previous two centuries when both stocks and fixed income assets sold off similarly, in tandem. Last year's market swoon put new records into the history books. 2022 was the worst year on record for US bonds and the largest drawdown in US stocks since 2008. Canadian stocks fared better due to Canada's higher energy weighting but still posted a negative performance. There was almost no place to hide except cash. Even that apparent safe-haven is illusory. The higher the inflation rate, the more quickly cash loses value. Idle cash lost purchasing power at the fastest pace since the early 80s. In short, 2022 was an 'annus horribilis'.

We did not anticipate such aggressive actions by the central banks. Yet, like all investors, we do not get to choose the market conditions. We must "play the game on the field" in any given year to the best of our abilities, regardless of our expectations or previously desired scenarios.

We believe the role of a balanced fund is not to make dramatic changes based on short-term macro predictions. Rather, we seek to find balance in an uncertain world and deliver decent results over extended periods. While we are not happy with the negative return in 2022, we are pleased with the Fund's first quartile performance and more importantly, outperformance over the extended business cycle. We aim to stay the course and continue to find balance through hedging strategies of our liquid alternative fund holdings, opportunistic fixed income exposure from the Pender Corporate Bond Fund, small cap exposure through the Pender Small Cap Opportunities Fund, and individual equities that we believe will continue to add value through the entire cycle. We believe this multi-strategy approach of differentiated Pender mandates will enable the Fund to continue navigating through different economic conditions better than traditional balanced approaches.

Equity and fixed income performance

Within our equity holdings, our exposure to Energy companies led the way in 2022. Texas Pacific Land Corporation, ARC Resources Ltd and Spartan Delta Corp. were all among the top 5 contributors during the year. These businesses continued to perform well and are generating substantial cash flows. Defense contractor Northrop Grumman Corporation (NYSE: NOC) was also among the top contributors during the year. The company has continued to see their backlog grow, a leading indicator to an acceleration in revenue growth, while generating strong cashflows that will be returned to shareholders via dividends and share repurchases.

Among the top detractors in 2022 were financial companies KKR & Co. Inc. and Brookfield Asset Management Inc. Our small cap exposure through the Pender Small Cap Opportunities Fund was also an overall detractor in the challenging environment for small cap companies. The market dislocation allowed the Pender Enhanced Income Fund to add high quality businesses where the portfolio manager has the highest conviction levels. The Pender Small Cap Opportunities Fund continued to position its small cap holdings in businesses that have robust business models and balance sheets to weather a challenging environment.

Our fixed income investments are mostly reflected by our position in the Pender Corporate Bond Fund. This detracted from overall performance on the year, against the backdrop of a broad selloff in fixed income markets. One of the positive offsets to the selloff in bond markets over the last year is the corresponding backup in yields. This has significantly changed the opportunity set for our fixed income investments. The Pender Corporate Bond Fund ended the year with an average yield-to-maturity of approximately 8%, significantly higher than the start of last year, with a current yield of 5.6% and an average duration of maturity-based instruments of 3.4 years.

Recent Developments

The portfolio ended the year with approximately 51.1% invested in direct equities, 6.5% allocated to the Pender Small Cap Opportunities Fund, 35.8% invested in the Pender Corporate Bond Fund, and a limited 0.3% cash. The Fund also held about 6.3% across the Pender Alternative Absolute Return Fund and the Pender Alternative Arbitrage Fund. These strategies were added to the portfolio earlier this year and contributed positively during the year, while providing uncorrelated returns in this environment, as we expected. Over the long term, we believe these strategies should dampen overall portfolio volatility, while delivering returns with a low correlation to the overall portfolio.

As we look forward into 2023, we remained balanced in our positioning and are finding a wide range of what we believe to be attractive opportunities. We expect the economy and macro forces like inflation, interest rates and growth will continue to be front page news. Leading economic indicators are also trending lower, which could lead to further market volatility. We will target investments that we think can sustain a wide range of economic scenarios, not losing sight of the short-term hurdles, but keeping an eye on the long-term opportunities that market dislocations present.

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

Pender Enhanced Income Fund

For the year ended December 31, 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 year, parties related to the Manager collectively held less than 1% of the Fund's units.

As part of the Fund's investment strategy, the Fund invests in Class O units of the Pender Alternative Absolute Return Fund, Pender Alternative Arbitrage Fund, Pender Corporate Bond Fund and Pender Small Cap Opportunities Fund, funds also managed by the Manager. The Fund does not pay any duplicate management fees on its investment in these funds.

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.

Management fees are used by the Manager, in part, to pay sales commissions, trailer fees, marketing costs and other associated distribution costs relating to the sale of units of the Fund.

Such expenses represented approximately 23% of the management fees paid by the Fund to the Manager for the year.

Financial Highlights

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

Fund's Net Assets Per Unit (a)

	2022 (\$)	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)
Class A					
Net Assets, beginning of year	8.22	7.04	7.53	8.23	9.38
Increase (decrease) from operations:					
Total revenue	0.27	0.24	0.28	0.32	0.57
Total expenses	(0.18)	(0.20)	(0.15)	(0.28)	(0.23)
Realized gains (losses)	0.08	0.90	(0.97)	(1.12)	(1.93)
Unrealized gains (losses)	(0.81)	0.76	0.19	1.18	0.99
Total increase (decrease) from operations (b)	(0.64)	1.70	(0.65)	0.10	(0.60)
Distributions:					
From income (excluding dividends)	(0.05)	(0.04)	(0.04)	-	(0.30)
From dividends	(0.03)	(0.05)	(0.08)	(0.01)	(0.07)
From capital gains	-	-	-	-	-
Return of capital	(0.30)	(0.32)	(0.18)	(0.39)	(0.09)
Total distributions (b), (c)	(0.38)	(0.41)	(0.30)	(0.40)	(0.46)
Net Assets, end of year	7.19	8.22	7.04	7.53	8.23

Pender Enhanced Income Fund

For the year ended December 31, 2022

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

	2022 (\$)	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)
Class A1					
Net Assets, beginning of year	11.09	9.49	10.00	10.00	
Increase (decrease) from operations:					
Total revenue	0.15	0.32	0.37	-	
Total expenses	(0.12)	(0.27)	(0.20)	-	
Realized gains (losses)	0.28	0.61	(1.23)	-	
Unrealized gains (losses)	(1.23)	(0.15)	1.03	-	
Total increase (decrease) from operations (b)	(0.92)	0.51	(0.03)	-	
Distributions:					
From income (excluding dividends)	(0.01)	(0.03)	(0.05)	-	
From dividends	(0.02)	(0.04)	(0.10)	-	
From capital gains	-	-	-	-	
Return of capital	(0.21)	(0.47)	(0.25)	-	
Total distributions (b), (c)	(0.24)	(0.54)	(0.40)	-	
Net Assets, end of year	-	11.09	9.49	10.00	
Class E					
Net Assets, beginning of year	11.48	9.66	10.00	10.00	
Increase (decrease) from operations:					
Total revenue	0.39	0.33	0.37	-	
Total expenses	(0.06)	(0.07)	(0.05)	-	
Realized gains (losses)	(0.20)	1.29	(1.24)	-	
Unrealized gains (losses)	(0.53)	0.81	1.06	-	
Total increase (decrease) from operations (b)	(0.40)	2.36	0.14	-	
Distributions:					
From income (excluding dividends)	(0.23)	(0.09)	(0.05)	-	
From dividends	(0.10)	(0.11)	(0.10)	-	
From capital gains	-	-	-	-	
Return of capital	(0.20)	(0.37)	(0.25)	-	
Total distributions (b), (c)	(0.53)	(0.57)	(0.40)	-	
Net Assets, end of year	10.23	11.48	9.66	10.00	
Class F					
Net Assets, beginning of year	8.58	7.28	7.71	8.36	9.45
Increase (decrease) from operations:					
Total revenue	0.29	0.23	0.28	0.35	0.58
Total expenses	(0.11)	(0.11)	(0.09)	(0.22)	(0.16)
Realized gains (losses)	0.01	1.00	(0.98)	(0.90)	(1.96)
Unrealized gains (losses)	(0.67)	2.38	0.09	1.29	0.99
Total increase (decrease) from operations (b)	(0.48)	3.50	(0.70)	0.52	(0.55)
Distributions:					
From income (excluding dividends)	(0.12)	(0.03)	(0.04)	(0.04)	(0.36)
From dividends	(0.07)	(0.04)	(0.08)	(0.13)	(0.07)
From capital gains	-	-	-	-	-
Return of capital	(0.20)	(0.36)	(0.18)	(0.24)	(0.02)
Total distributions (b), (c)	(0.39)	(0.43)	(0.30)	(0.41)	(0.45)
Net Assets, end of year	7.58	8.58	7.28	7.71	8.36

Pender Enhanced Income Fund

For the year ended December 31, 2022

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

	2022 (\$)	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)
Class F1					
Net Assets, beginning of year	11.31	9.58	10.00	10.00	
Increase (decrease) from operations:					
Total revenue	0.16	0.34	0.37	-	
Total expenses	(0.07)	(0.16)	(0.12)	-	
Realized gains (losses)	0.38	1.61	(0.97)	-	
Unrealized gains (losses)	(1.85)	(0.79)	4.84	-	
Total increase (decrease) from operations (b)	(1.38)	1.00	4.12	-	
Distributions:					
From income (excluding dividends)	(0.04)	(0.11)	(0.05)	-	
From dividends	(0.06)	(0.14)	(0.10)	-	
From capital gains	-	-	-	-	
Return of capital	(0.15)	(0.30)	(0.25)	-	
Total distributions (b), (c)	(0.25)	(0.55)	(0.40)	-	
Net Assets, end of year	-	11.31	9.58	10.00	
Class I					
Net Assets, beginning of year	11.34	9.60	10.00	10.00	
Increase (decrease) from operations:					
Total revenue	0.37	0.34	0.37	-	
Total expenses	(0.12)	(0.14)	(0.11)	-	
Realized gains (losses)	0.07	1.22	(1.24)	-	
Unrealized gains (losses)	(1.08)	(0.60)	1.05	-	
Total increase (decrease) from operations (b)	(0.76)	0.82	0.07	-	
Distributions:					
From income (excluding dividends)	(0.15)	(0.10)	(0.05)	-	
From dividends	(0.10)	(0.12)	(0.10)	-	
From capital gains	-	-	-	-	
Return of capital	(0.27)	(0.34)	(0.25)	-	
Total distributions (b), (c)	(0.52)	(0.56)	(0.40)	-	
Net Assets, end of year	10.04	11.34	9.60	10.00	
Class N					
Net Assets, beginning of year	11.40	9.62	10.00	10.00	
Increase (decrease) from operations:					
Total revenue	0.37	0.33	0.37	-	
Total expenses	(0.10)	(0.11)	(0.08)	-	
Realized gains (losses)	0.07	1.28	(1.24)	-	
Unrealized gains (losses)	(1.09)	0.81	1.05	-	
Total increase (decrease) from operations (b)	(0.75)	2.31	0.10	-	
Distributions:					
From income (excluding dividends)	(0.17)	(0.08)	(0.05)	-	
From dividends	(0.11)	(0.10)	(0.10)	-	
From capital gains	-	-	-	-	
Return of capital	(0.25)	(0.38)	(0.25)	-	
Total distributions (b), (c)	(0.53)	(0.56)	(0.40)	-	
Net Assets, end of year	10.12	11.40	9.62	10.00	

Pender Enhanced Income Fund

For the year ended December 31, 2022

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

	2022 (\$)	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)
Class O					
Net Assets, beginning of year	11.59	9.70	10.00	10.00	
Increase (decrease) from operations:					
Total revenue	0.38	0.33	0.37	-	
Total expenses	(0.01)	(0.02)	(0.02)	-	
Realized gains (losses)	0.07	1.30	(1.24)	-	
Unrealized gains (losses)	(1.11)	0.82	1.07	-	
Total increase (decrease) from operations (b)	(0.67)	2.43	0.18	-	
Distributions:					
From income (excluding dividends)	(0.23)	(0.09)	(0.05)	-	
From dividends	(0.15)	(0.11)	(0.10)	-	
From capital gains	-	-	-	-	
Return of capital	(0.16)	(0.37)	(0.25)	-	
Total distributions (b), (c)	(0.54)	(0.57)	(0.40)	-	
Net Assets, end of year	10.38	11.59	9.70	10.00	

(a) This information is derived from the Fund's audited annual financial statements as at December 31 for the year stated, prepared under International Financial Reporting Standards. Class A1 and Class F1 were closed on June 24, 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 year.

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

Ratios and Supplemental Data

	2022	2021	2020	2019	2018
Class A					
Total net asset value (\$000s) (a)	6,535	10,215	10,967	18,234	14,982
Number of units outstanding (a)	909,428	1,243,193	1,557,614	2,421,712	1,820,922
Management expense ratio (b)	2.35%	2.30%	2.25%	3.07%	2.36%
Management expense ratio before absorptions (c)	2.35%	2.30%	2.25%	3.07%	2.36%
Trading expense ratio (d)	0.02%	0.09%	0.14%	0.15%	0.12%
Portfolio turnover rate (e)	22.81%	31.58%	35.33%	194.29%	53.48%
Net asset value per unit (\$) (a)	7.19	8.22	7.04	7.53	8.23
Class E					
Total net asset value (\$000s) (a)	25	6	5	5	
Number of units outstanding (a)	2,483	552	525	500	
Management expense ratio (b)	0.53%	0.50%	0.50%	0.00%	
Management expense ratio before absorptions (c)	0.53%	0.50%	0.50%	0.00%	
Trading expense ratio (d)	0.02%	0.09%	0.14%	0.15%	
Portfolio turnover rate (e)	22.81%	31.58%	35.33%	194.29%	
Net asset value per unit (\$) (a)	10.23	11.48	9.66	10.00	
Class F					
Total net asset value (\$000s) (a)	7,118	6,570	28,989	47,924	27,364
Number of units outstanding (a)	938,640	765,860	3,984,231	6,217,314	3,274,932
Management expense ratio (b)	1.28%	1.25%	1.25%	2.23%	1.55%
Management expense ratio before absorptions (c)	1.28%	1.26%	1.25%	2.23%	1.55%
Trading expense ratio (d)	0.02%	0.09%	0.14%	0.15%	0.12%
Portfolio turnover rate (e)	22.81%	31.58%	35.33%	194.29%	53.48%
Net asset value per unit (\$) (a)	7.58	8.58	7.28	7.71	8.36

Pender Enhanced Income Fund

For the year ended December 31, 2022

Ratios and Supplemental Data (cont'd)

	2022	2021	2020	2019	2018
Class I					
Total net asset value (\$000s) (a)	21,541	25,311	5	5	
Number of units outstanding (a)	2,145,538	2,232,299	525	500	
Management expense ratio (b)	1.11%	1.10%	1.10%	0.00%	
Management expense ratio before absorptions (c)	1.11%	1.10%	1.10%	0.00%	
Trading expense ratio (d)	0.02%	0.09%	0.14%	0.15%	
Portfolio turnover rate (e)	22.81%	31.58%	35.33%	194.29%	
Net asset value per unit (\$) (a)	10.04	11.34	9.60	10.00	
Class N					
Total net asset value (\$000s) (a)	6	6	5	5	
Number of units outstanding (a)	580	552	525	500	
Management expense ratio (b)	0.87%	0.87%	0.85%	0.00%	
Management expense ratio before absorptions (c)	0.87%	0.87%	0.85%	0.00%	
Trading expense ratio (d)	0.02%	0.09%	0.14%	0.15%	
Portfolio turnover rate (e)	22.81%	31.58%	35.33%	194.29%	
Net asset value per unit (\$) (a)	10.12	11.40	9.62	10.00	
Class O					
Total net asset value (\$000s) (a)	6	6	5	5	
Number of units outstanding (a)	580	552	525	500	
Management expense ratio (b)	0.00%	0.00%	0.00%	0.00%	
Management expense ratio before absorptions (c)	0.00%	0.00%	0.00%	0.00%	
Trading expense ratio (d)	0.02%	0.09%	0.14%	0.15%	
Portfolio turnover rate (e)	22.81%	31.58%	35.33%	194.29%	
Net asset value per unit (\$) (a)	10.38	11.59	9.70	10.00	

(a) This information is derived from the Fund's audited annual financial statements as at December 31 for the year stated, prepared under International Financial Reporting Standards. Class A1 and Class F1 were closed on June 24, 2022.

(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 daily average net asset value during the year. The MER may vary from one class of units to another because of differences in the applicable management fees and certain fees and expenses may have been absorbed by the Manager which would otherwise be paid by the Fund.

(c) The Manager of the Fund has agreed to absorb sufficient expenses of the Fund, as necessary, so 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 year.

(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. In general, the higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Pender Enhanced Income Fund

For the year ended December 31, 2022

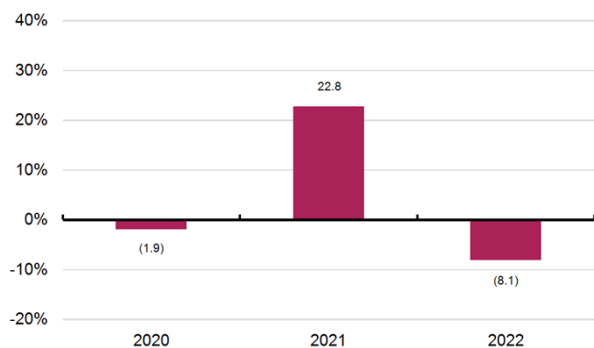
Past Performance

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 A1 and Class F1 units of the Fund are not available for disclosure because they were closed during the year.

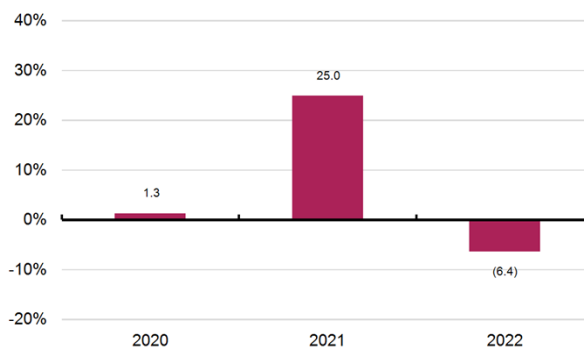
Year-by-Year Returns

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.

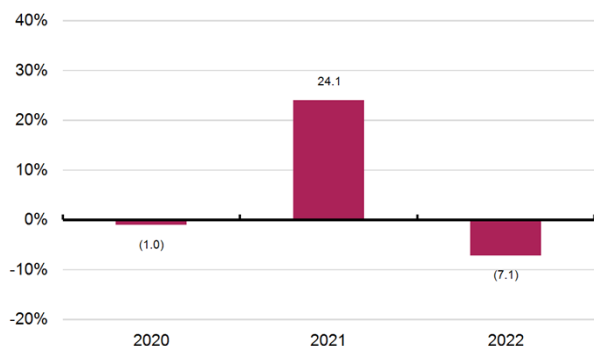
Class A



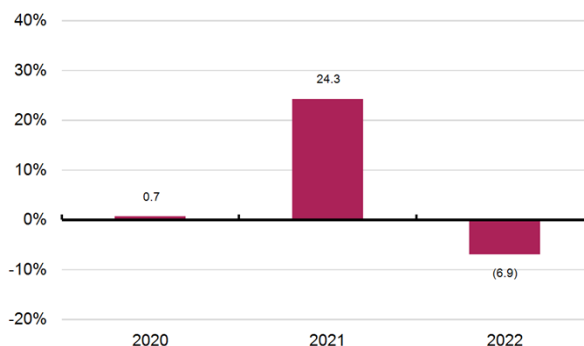
Class E



Class F



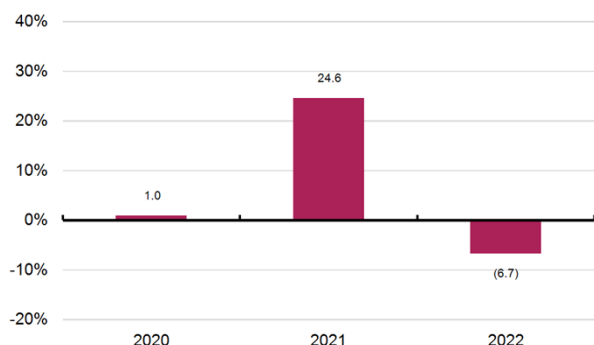
Class I



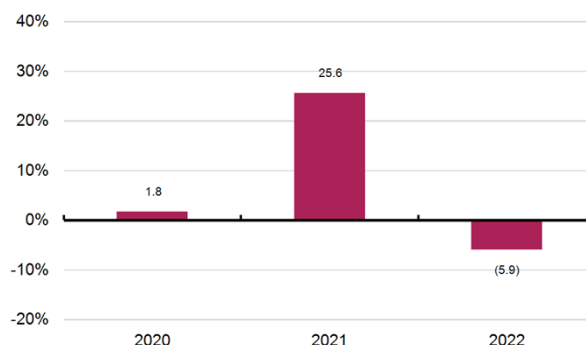
Pender Enhanced Income Fund

For the year ended December 31, 2022

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 for all classes (prior to June 30, 2021, the Fund's MER was inclusive of applicable taxes such as GST or HST), 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. It may be more helpful to compare the Fund's performance to that of other mutual funds with similar objectives and investment strategies.

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.

The Fund's blended benchmark is 50% FTSE TMX Canada Bond Universe, 35% S&P/TSX and 15% S&P 500 Index in Canadian dollars. The FTSE TMX Canada Bond Universe is the broadest and most widely used measure of performance of marketable government and corporate bonds outstanding in the Canadian market. The S&P 500 includes 500 leading companies listed on the NASDAQ and NYSE and captures approximately 80% coverage of available market capitalization. We have included this comparison, which more closely reflects the asset classes in which the Fund invests, to provide a more useful comparison to the performance of the Fund.

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 (%)	Since Inception (%)
Class A	15-Dec-19	(8.1)	3.4	4.8
S&P/TSX Composite Index		(5.7)	7.6	7.6
Blended benchmark		(9.0)	8.5	8.6
Class E	31-Dec-19	(6.4)	5.9	5.9
S&P/TSX Composite Index		(5.7)	7.6	7.6
Blended benchmark		(9.0)	8.5	8.5
Class F	15-Dec-19	(7.1)	4.5	5.9
S&P/TSX Composite Index		(5.7)	7.6	7.6
Blended benchmark		(9.0)	8.5	8.6
Class I	31-Dec-19	(6.9)	5.2	5.2
S&P/TSX Composite Index		(5.7)	7.6	7.6
Blended benchmark		(9.0)	8.5	8.5
Class N	31-Dec-19	(6.7)	5.5	5.5
S&P/TSX Composite Index		(5.7)	7.6	7.6
Blended benchmark		(9.0)	8.5	8.5
Class O	31-Dec-19	(5.9)	6.4	6.4
S&P/TSX Composite Index		(5.7)	7.6	7.6
Blended benchmark		(9.0)	8.5	8.5

Pender Enhanced Income Fund

For the year ended December 31, 2022

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
Pender Corporate Bond Fund, Class 'O'	35.8
Pender Small Cap Opportunities Fund, Class 'O'	6.5
KKR & Co. Inc.	4.0
Pender Alternative Absolute Return Fund, Class 'O'	3.8
Onex Corporation	3.6
Altius Renewable Royalties Corp.	3.4
ARC Resources Ltd.	3.2
Exor N.V.	3.1
Brookfield Corporation, Class 'A'	2.9
Burford Capital Limited	2.9
Exchange Income Corporation	2.7
Northrop Grumman Corporation	2.6
Pender Alternative Arbitrage Fund, Class 'O'	2.5
CCL Industries Inc., Class 'B'	2.3
Starbucks Corporation	2.2
Fiera Capital Corporation, Class 'A'	2.1
Kennedy-Wilson Holdings, Inc.	1.9
Baidu, Inc., ADR	1.8
Microchip Technology Incorporated	1.8
Starwood Property Trust, Inc.	1.6
Artis Exploration Ltd.	1.5
SS&C Technologies Holdings, Inc.	1.5
Liberty Broadband Corporation, Class 'C'	1.4
Texas Pacific Land Corporation	1.4
Dream Unlimited Corp., Class 'A'	1.3

Composition of the Portfolio

	% of Net Assets
Mutual funds	
Pender Corporate Bond Fund, Class 'O'	35.8
Pender Small Cap Opportunities Fund, Class 'O'	6.5
Pender Alternative Absolute Return Fund, Class 'O'	3.8
Pender Alternative Arbitrage Fund, Class 'O'	2.5
Total mutual funds	48.6
Equities	
Diversified financials	21.3
Industrials	6.2
Energy	6.0
Utilities	3.4
Information technology	3.3
Communication services	3.2
Real estate	3.2

Pender Enhanced Income Fund

For the year ended December 31, 2022

Composition of the Portfolio (cont'd)

	% of Net Assets
Equities (cont'd)	
Materials	2.3
Consumer discretionary	2.2
Total equities	51.1
Corporate bonds	0.0
Warrants	0.0
Total investments	99.7
Cash	0.3
Other assets less liabilities	0.0
Total net assets	100.0

Pender Enhanced Income Fund

For the year ended December 31, 2022

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; including the collapse of banks; 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 Enhanced Income Fund

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