



Pender Small Cap Opportunities 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 Small Cap Opportunities Fund

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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 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 Fund's 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 \$238,807,356 as at December 31, 2022 versus \$324,956,690 as at December 31, 2021. Of this \$86,149,334 decrease, \$9,367,359 is attributable to net unitholder purchases of Fund units and \$95,516,693 is attributable to negative investment performance.

For the year ended December 31, 2022, Class A units of the Fund generated a total return of -29.3%. 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 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 an overweight allocation to the Information technology sector and an underweight allocation to the Energy 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 Spartan Delta Corp., Maxar Technologies Inc. and Magnet Forensics Inc. Conversely, WeCommerce Holdings Ltd., Sangoma Technologies Corporation and Blackline Safety Corp. 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 price relative to our estimate of intrinsic value had increased and decreased the weightings of companies that offered a less attractive return profile. We are constantly looking for new investment ideas and examples of new investments during the year included Thinkific Labs Inc., Magnet Forensics Inc. and Copperleaf Technologies Inc. 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 Fluor Corporation, GoodFood Market Corp. and Freshii Inc., as well as a few other holdings. The market volatility in 2022 has allowed us to be selective, adding companies to the portfolio that we believe to be high quality and present opportunities to compound for many years.

As at the end of the year, the Fund was 82.6% invested in Canada and 14.2% in the United States and 3.0% in cash. The Fund's investment portfolio is concentrated and not diversified in the conventional sense. The Fund's top 10 holdings account for 38.0% 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, 2022 we were weighted toward holdings in the Information Technology, Energy, and Industrials sectors 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 62.6% of the Fund at the end of the year.

Recent Developments

In 2022, significant global macro events materialized and led to increased volatility in financial markets as risk was repriced. In particular, the moves by central banks to raise interest rates and taper monetary stimulus to control inflation caused investors to reassess the economic growth outlook going forward. With these events as a backdrop, economic growth slowed and fears of a recession on the horizon sapped investor sentiment in 2022. This has been a challenging year for stock markets and small-cap as well as technology companies in particular. In the United States, the S&P 500 index (in Canadian dollars) finished the year with a total return of -12.4%. In Canada, a rally in energy prices contributed to the performance of the Canadian stock market and the S&P/TSX Composite index recorded a return of -5.7%.

With the broad pullback in equities in 2022, we believe this volatility may continue. We cannot control stock prices or volatility. However, we can and do control our investment process. 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 are high quality business models and offer attractive long-term value at compelling prices. We believe these companies will do well in a challenging economic environment. We are also trimming some select positions that have held up well or where we think more attractive opportunities in high quality compounders have been uncovered.

As we run a concentrated investment portfolio, we only need to hold a relatively small number of great companies acquired at good prices to drive the performance of the Fund. We will continue to look for best ideas, those that we think could benefit from the tailwinds caused by changes in behaviors, could be potential disruptors or leaders on the other side of the global crisis and that trade at significant discounts to intrinsic values.

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.

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 Enhanced Income Fund, Pender Partners Fund and Pender Strategic Growth and Income Fund, funds also managed by the Manager, collectively held 2% of the Fund's 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") 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.

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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 of the Fund's benchmark, for the period since the performance fee was last paid, subject to a high-water mark, which is, equal to 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. Performance fees will be calculated and accrued weekly, and such accrued fees will be payable 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)

	2022 (\$)	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)
Class A					
Net Assets, beginning of year	34.25	34.51	23.84	22.77	26.88
Increase (decrease) from operations:					
Total revenue	0.32	0.49	0.49	0.45	0.41
Total expenses	(0.74)	(1.13)	(0.63)	(0.68)	(0.71)
Realized gains (losses)	(0.60)	10.84	0.85	1.97	2.05
Unrealized gains (losses)	(9.26)	(1.53)	8.11	2.59	(5.68)
Total increase (decrease) from operations (b)	(10.28)	8.67	8.82	4.33	(3.93)
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	(8.54)	-	(3.15)	-
Return of capital	-	-	-	-	-
Total distributions (b), (c)	-	(8.54)	-	(3.15)	-
Net Assets, end of year	24.24	34.25	34.51	23.84	22.77
Class B					
Net Assets, beginning of year	12.63	12.02	8.77	8.59	10.00
Increase (decrease) from operations:					
Total revenue	0.12	0.17	0.18	0.18	0.13
Total expenses	(0.27)	(0.41)	(0.84)	(0.26)	(0.11)
Realized gains (losses)	(0.19)	3.64	0.35	0.70	0.64
Unrealized gains (losses)	(3.56)	(0.84)	3.64	0.67	(1.37)
Total increase (decrease) from operations (b)	(3.90)	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	8.94	12.63	12.02	8.77	8.59

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

	2022 (\$)	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)
Class E					
Net Assets, beginning of year	14.52	14.81	10.03	10.00	
Increase (decrease) from operations:					
Total revenue	0.14	0.22	0.21	0.08	
Total expenses	(0.07)	(0.12)	(0.07)	0.03	
Realized gains (losses)	(0.19)	4.64	0.41	0.08	
Unrealized gains (losses)	(3.85)	(0.98)	4.44	1.80	
Total increase (decrease) from operations (b)	(3.97)	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	10.50	14.52	14.81	10.03	
Class F					
Net Assets, beginning of year	35.07	35.17	24.06	22.75	26.53
Increase (decrease) from operations:					
Total revenue	0.34	0.51	0.50	0.45	0.41
Total expenses	(0.41)	(0.64)	(0.36)	(0.39)	(0.41)
Realized gains (losses)	(0.48)	11.12	0.85	1.97	2.04
Unrealized gains (losses)	(9.48)	(1.58)	8.84	2.64	(5.62)
Total increase (decrease) from operations (b)	(10.03)	9.41	9.83	4.67	(3.58)
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	(8.98)	-	(3.18)	-
Return of capital	-	-	-	-	-
Total distributions (b), (c)	-	(8.98)	-	(3.18)	-
Net Assets, end of year	25.08	35.07	35.17	24.06	22.75
Class G					
Net Assets, beginning of year	12.81	12.54	9.12	8.64	10.00
Increase (decrease) from operations:					
Total revenue	0.13	0.18	0.19	0.18	0.13
Total expenses	(0.17)	(0.27)	(0.91)	(0.16)	(0.08)
Realized gains (losses)	(0.17)	3.74	0.41	0.78	0.64
Unrealized gains (losses)	(3.20)	(1.23)	4.08	0.48	(3.96)
Total increase (decrease) from operations (b)	(3.41)	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	9.15	12.81	12.54	9.12	8.64

Pender Small Cap Opportunities Fund

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

	2022 (\$)	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)
Class I					
Net Assets, beginning of year	16.40	16.61	11.34	10.74	12.51
Increase (decrease) from operations:					
Total revenue	0.16	0.24	0.24	0.22	0.19
Total expenses	(0.19)	(0.30)	(0.17)	(0.18)	(0.18)
Realized gains (losses)	(0.23)	5.22	0.45	0.93	0.96
Unrealized gains (losses)	(4.55)	(0.79)	4.72	1.15	(3.09)
Total increase (decrease) from operations (b)	(4.81)	4.37	5.24	2.12	(2.12)
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	(4.42)	-	(1.53)	-
Return of capital	-	-	-	-	-
Total distributions (b), (c)	-	(4.42)	-	(1.53)	-
Net Assets, end of year	11.79	16.40	16.61	11.34	10.74
Class M					
Net Assets, beginning of year	7.60	10.00			
Increase (decrease) from operations:					
Total revenue	0.08	0.12			
Total expenses	(0.07)	(0.07)			
Realized gains (losses)	(0.09)	1.16			
Unrealized gains (losses)	(1.74)	(2.69)			
Total increase (decrease) from operations (b)	(1.82)	(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 year	5.47	7.60			
Class N					
Net Assets, beginning of year	19.68	15.55	10.58	9.94	11.55
Increase (decrease) from operations:					
Total revenue	0.17	0.19	0.20	0.20	0.18
Total expenses	(0.19)	(0.21)	(0.12)	(0.13)	(0.13)
Realized gains (losses)	(0.44)	5.79	(0.42)	0.90	0.89
Unrealized gains (losses)	(8.16)	6.35	(2.12)	0.88	(2.58)
Total increase (decrease) from operations (b)	(8.62)	12.12	(2.46)	1.85	(1.64)
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	(1.38)	-
Return of capital	-	-	-	-	-
Total distributions (b), (c)	-	-	-	(1.38)	-
Net Assets, end of year	14.14	19.68	15.55	10.58	9.94

Pender Small Cap Opportunities Fund

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

	2022 (\$)	2021 (\$)	2020 (\$)	2019 (\$)	2018 (\$)
Class O					
Net Assets, beginning of year	35.27	35.97	24.23	22.60	26.02
Increase (decrease) from operations:					
Total revenue	0.32	0.53	0.52	0.46	0.40
Total expenses	(0.02)	(0.07)	(0.05)	(0.05)	(0.04)
Realized gains (losses)	(0.40)	11.06	0.97	2.01	2.01
Unrealized gains (losses)	(10.34)	(3.52)	10.98	2.50	(5.58)
Total increase (decrease) from operations (b)	(10.44)	8.00	12.42	4.92	(3.21)
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	(0.01)	-
From capital gains	-	(10.45)	-	(3.22)	-
Return of capital	-	-	-	-	-
Total distributions (b), (c)	-	(10.45)	-	(3.23)	-
Net Assets, end of year	25.68	35.27	35.97	24.23	22.60

(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.

(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)	20,765	37,416	32,406	28,866	30,867
Number of units outstanding (a)	856,700	1,092,309	939,040	1,210,774	1,355,612
Management expense ratio (b)	2.64%	2.56%	2.50%	2.50%	2.50%
Management expense ratio before absorptions (c)	2.64%	2.56%	2.50%	2.50%	2.50%
Trading expense ratio (d)	0.13%	0.19%	0.23%	0.22%	0.20%
Portfolio turnover rate (e)	38.96%	61.47%	63.01%	55.99%	53.86%
Net asset value per unit (\$) (a)	24.24	34.25	34.51	23.84	22.77
Class B					
Total net asset value (\$000s) (a)	14,496	26,051	17,135	11,045	735
Number of units outstanding (a)	1,621,516	2,062,223	1,425,182	1,259,935	85,600
Management expense ratio (b)	2.63%	2.73%	9.53%	2.50%	2.50%
Management expense ratio before absorptions (c)	2.63%	2.73%	9.53%	2.50%	2.50%
Trading expense ratio (d)	0.13%	0.19%	0.23%	0.22%	0.20%
Portfolio turnover rate (e)	38.96%	61.47%	63.01%	55.99%	53.86%
Net asset value per unit (\$) (a)	8.94	12.63	12.02	8.77	8.59
Class E					
Total net asset value (\$000s) (a)	2,660	3,513	2,500	1,459	
Number of units outstanding (a)	253,401	241,879	168,853	145,477	
Management expense ratio (b)	0.53%	0.52%	0.50%	0.50%	
Management expense ratio before absorptions (c)	0.53%	0.52%	0.50%	0.50%	
Trading expense ratio (d)	0.13%	0.19%	0.23%	0.22%	
Portfolio turnover rate (e)	38.96%	61.47%	63.01%	55.99%	
Net asset value per unit (\$) (a)	10.50	14.52	14.81	10.03	

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Ratios and Supplemental Data (cont'd)

	2022	2021	2020	2019	2018
Class F					
Total net asset value (\$000s) (a)	70,143	97,457	85,903	72,427	74,395
Number of units outstanding (a)	2,797,179	2,779,227	2,442,676	3,011,004	3,270,076
Management expense ratio (b)	1.59%	1.54%	1.50%	1.50%	1.50%
Management expense ratio before absorptions (c)	1.59%	1.54%	1.50%	1.50%	1.50%
Trading expense ratio (d)	0.13%	0.19%	0.23%	0.22%	0.20%
Portfolio turnover rate (e)	38.96%	61.47%	63.01%	55.99%	53.86%
Net asset value per unit (\$) (a)	25.08	35.07	35.17	24.06	22.75
Class G					
Total net asset value (\$000s) (a)	93,762	99,607	44,524	24,602	2,351
Number of units outstanding (a)	10,249,347	7,774,891	3,550,898	2,697,149	272,032
Management expense ratio (b)	1.58%	1.65%	9.81%	1.50%	1.50%
Management expense ratio before absorptions (c)	1.58%	1.65%	9.82%	1.50%	1.50%
Trading expense ratio (d)	0.13%	0.19%	0.23%	0.22%	0.20%
Portfolio turnover rate (e)	38.96%	61.47%	63.01%	55.99%	53.86%
Net asset value per unit (\$) (a)	9.15	12.81	12.54	9.12	8.64
Class I					
Total net asset value (\$000s) (a)	16,872	23,048	19,221	13,327	10,806
Number of units outstanding (a)	1,430,710	1,405,165	1,157,501	1,174,990	1,006,376
Management expense ratio (b)	1.44%	1.38%	1.35%	1.35%	1.35%
Management expense ratio before absorptions (c)	1.44%	1.38%	1.35%	1.35%	1.35%
Trading expense ratio (d)	0.13%	0.19%	0.23%	0.22%	0.20%
Portfolio turnover rate (e)	38.96%	61.47%	63.01%	55.99%	53.86%
Net asset value per unit (\$) (a)	11.79	16.40	16.61	11.34	10.74
Class M					
Total net asset value (\$000s) (a)	10,186	9,643			
Number of units outstanding (a)	1,863,319	1,268,907			
Management expense ratio (b)	1.00%	1.00%			
Management expense ratio before absorptions (c)	1.00%	1.00%			
Trading expense ratio (d)	0.13%	0.19%			
Portfolio turnover rate (e)	38.96%	61.47%			
Net asset value per unit (\$) (a)	5.47	7.60			
Class N					
Total net asset value (\$000s) (a)	96	613	5,608	40,784	32,722
Number of units outstanding (a)	6,759	31,166	360,632	3,853,598	3,290,720
Management expense ratio (b)	1.08%	1.01%	1.00%	1.00%	1.00%
Management expense ratio before absorptions (c)	1.08%	1.01%	1.00%	1.00%	1.00%
Trading expense ratio (d)	0.13%	0.19%	0.23%	0.22%	0.20%
Portfolio turnover rate (e)	38.96%	61.47%	63.01%	55.99%	53.86%
Net asset value per unit (\$) (a)	14.14	19.68	15.55	10.58	9.94

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Ratios and Supplemental Data (cont'd)

	2022	2021	2020	2019	2018
Class O					
Total net asset value (\$000s) (a)	9,829	27,608	13,989	8,412	6,518
Number of units outstanding (a)	382,752	782,730	388,863	347,146	288,379
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)	0.13%	0.19%	0.23%	0.22%	0.20%
Portfolio turnover rate (e)	38.96%	61.47%	63.01%	55.99%	53.86%
Net asset value per unit (\$) (a)	25.68	35.27	35.97	24.23	22.60

(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.

(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. 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 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 Small Cap Opportunities Fund

For the year ended December 31, 2022

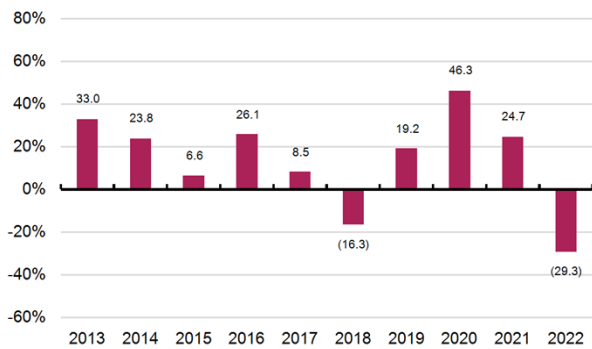
Past Performance

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.

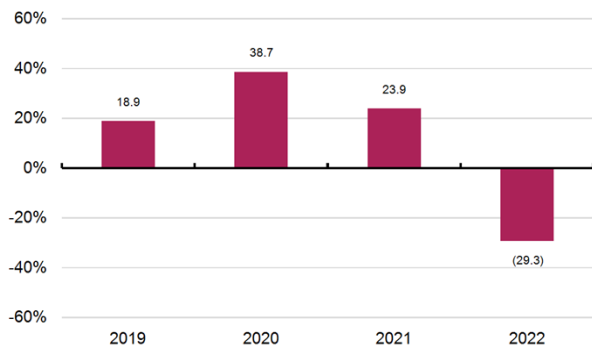
Year-by-Year Returns

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.

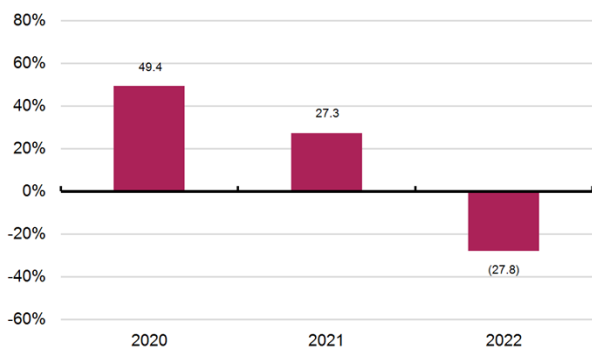
Class A



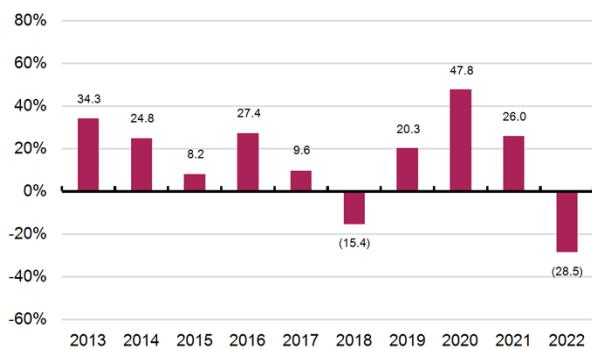
Class B



Class E



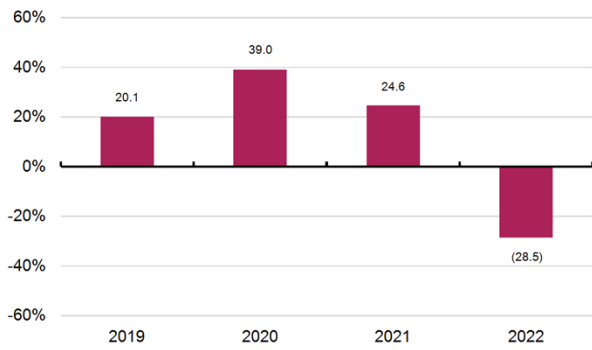
Class F



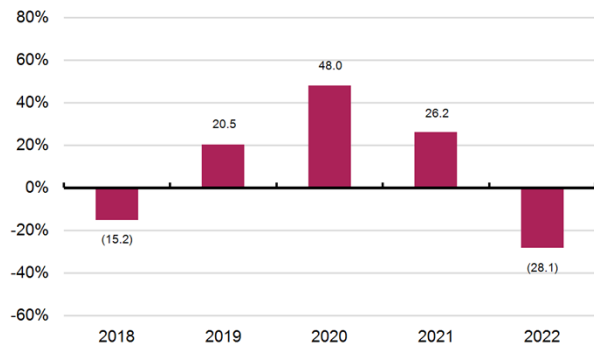
Pender Small Cap Opportunities Fund

For the year ended December 31, 2022

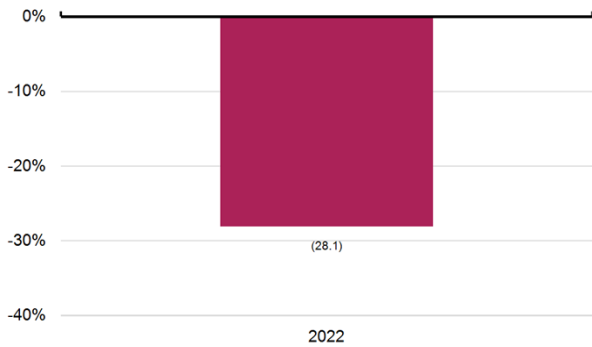
Class G



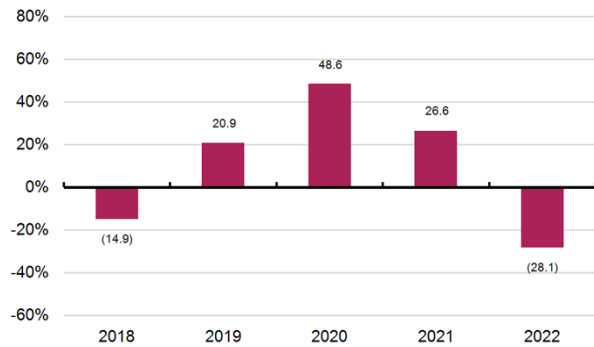
Class I



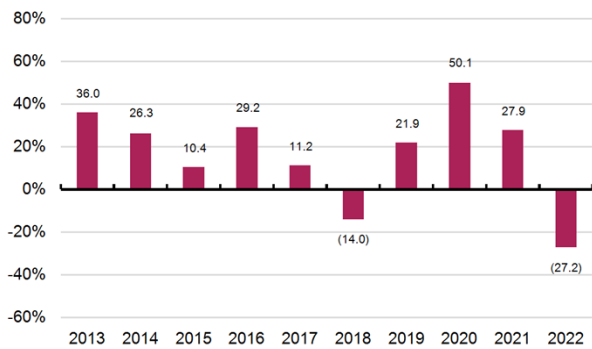
Class M



Class N



Class O



Pender Small Cap Opportunities Fund

For the year ended December 31, 2022

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.

	Inception Date	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)
Class A	01-Jun-09	(29.3)	8.9	5.2	11.9	13.6
S&P/TSX		(5.7)	7.6	6.9	7.8	7.7
Class B	25-Jun-18	(29.3)	6.7	-	-	4.6
S&P/TSX		(5.7)	7.6	-	-	7.2
Class E	30-Aug-19	(27.8)	11.2	-	-	13.7
S&P/TSX		(5.7)	7.6	-	-	8.4
Class F	01-Jun-09	(28.5)	10.0	6.3	13.1	14.7
S&P/TSX		(5.7)	7.6	6.9	7.8	7.7
Class G	25-Jun-18	(28.5)	7.4	-	-	5.5
S&P/TSX		(5.7)	7.6	-	-	7.2
Class I	30-Apr-17	(28.1)	10.3	6.5	-	5.9
S&P/TSX		(5.7)	7.6	6.9	-	7.2
Class M	25-Jun-21	(28.1)	-	-	-	(19.7)
S&P/TSX		(5.7)	-	-	-	0.4
Class N	30-Apr-17	(28.1)	10.6	6.8	-	6.2
S&P/TSX		(5.7)	7.6	6.9	-	7.2
Class O	24-Jun-11	(27.2)	11.8	8.0	14.9	15.7
S&P/TSX		(5.7)	7.6	6.9	7.8	6.8

Pender Small Cap Opportunities 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
Sylogist Ltd.	5.0
Altius Renewable Royalties Corp.	4.1
Copperleaf Technologies Inc.	4.0
Magnet Forensics Inc.	3.8
Maxar Technologies Inc.	3.8
Spartan Delta Corp.	3.7
ATD New Holdings Inc.	3.5
Sangoma Technologies Corporation	3.5
Saturn Oil & Gas Inc.	3.3
TerraVest Industries Inc.	3.3
Thinkific Labs Inc.	3.2
PAR Technology Corporation	3.1
Fiera Capital Corporation, Class 'A'	2.7
Aritzia Inc.	2.6
Chesswood Group Limited	2.6
Blackline Safety Corp.	2.5
Dream Unlimited Corp., Class 'A'	2.5
D2L Inc.	2.4
ProntoForms Corporation	2.4
Aviat Networks, Inc.	2.3
Well Health Technologies Corp.	2.3
Anterix Inc.	2.2
Docebo Inc.	2.2
Optiva Inc.	2.2
Kinaxis Inc.	2.1

Composition of the Portfolio

	% of Net Assets
Equities	
Information technology	40.0
Energy	11.7
Consumer discretionary	10.9
Industrials	9.6
Utilities	8.0
Diversified financials	5.3
Communication services	3.8
Health care	2.9
Real estate	2.5
Consumer staples	2.1
Total equities	96.8
Warrants	0.1
Total investments	96.9

Pender Small Cap Opportunities Fund

For the year ended December 31, 2022

Composition of the Portfolio (cont'd)

	% of Net Assets
Cash	3.0
Other assets less liabilities	0.1
Total net assets	100.0

Pender Small Cap Opportunities 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 Small Cap Opportunities Fund

MANAGED BY:
PENDERFUND CAPITAL MANAGEMENT LTD.
1830 – 1066 West Hastings St. Vancouver, BC V6E 3X2
TELEPHONE 604 688-1511 FACSIMILE 604 563-3199 TOLL FREE 1 866 377-4743
www.penderfund.com