

March 7, 2023

Dear Unitholder,

The Independent Review Committee (“IRC”) of the Pender Mutual Funds (the “Funds”) is pleased to provide its annual report for the period ended December 31, 2022, as required by National Instrument 81 - 107 *Independent Review Committee for Investment Funds*.

Your IRC has a mandate to review conflict of interest matters identified and referred to the IRC by PenderFund Capital Management Ltd. (the “Manager”) in respect of the Funds and to give its approval or recommendation, depending on the nature of the conflict of interest matter.

A "conflict of interest matter" is a situation where a reasonable person would consider the Manager, or an entity related to the Manager, to have an interest that may conflict with the Manager's ability to act in good faith and in the best interests of the Funds. In each instance where a conflict of interest matter is identified and referred to the IRC, the focus of the IRC is to determine if the Manager's proposed action achieves a fair and reasonable result for the Funds.

At least annually, the IRC also reviews and assesses the adequacy and effectiveness of the Manager's policies in respect of the Funds and conducts a self-assessment of the IRC's independence, compensation and effectiveness.

The IRC's duties and functions are distinct from those of the Manager's Board.

The members of the IRC, whose identities are listed in the report, bring to their duties a wide range of business experience.

This Report to Unitholders marks my sixth and final report on behalf of the IRC. It has been a privilege to serve the Funds' unitholders in this capacity and I would like to take the opportunity to thank my fellow IRC members and the Manager for their commitment and support during my time as Chair. I am very pleased to be leaving you in the very capable hands of the successor IRC Chair, Leslie Wood and the continuing IRC members John Webster and Robin Mahood.

Yours Very Truly,

*(signed) "Kerry Ho"*

*Kerry Ho*

Chair of the Independent Review Committee



**PenderFund Capital Management Ltd**

1066 West Hastings Street, Suite 1830

Vancouver, BC V6E 3X2

Tel: 604 688 1511

Fax: 604 563 3199

www.penderfund.com

**PENDER MUTUAL FUNDS  
INDEPENDENT REVIEW COMMITTEE  
ANNUAL REPORT TO UNITHOLDERS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**Introduction**

The following report describes the Independent Review Committee (the "IRC") of the Pender Mutual Funds (the "Funds") managed by PenderFund Capital Management Ltd. ("Manager") and its related activities for the year ended December 31, 2022.

The Funds are as follows:

Pender Bond Universe Fund  
Pender Corporate Bond Fund  
Pender Emerging Markets Impact Fund<sup>1</sup>  
Pender Enhanced Income Fund  
Pender Global Focused Fund  
Pender Small Cap Opportunities Fund  
Pender Small/Mid Cap Dividend Fund  
Pender Strategic Growth & Income Fund  
Pender Value Fund  
Pender Alternative Absolute Return Fund  
Pender Alternative Arbitrage Fund  
Pender Alternative Arbitrage Plus Fund  
Pender Alternative Multi-Strategy Income Fund  
Pender Alternative Special Situations Fund

**Membership and Composition**

The IRC consists of four members as appointed by the Manager. Each member is independent and has no material relationship with the Funds, Manager or any related entities that could be reasonably perceived to interfere with the member's judgment regarding a conflict of interest matter.

---

<sup>1</sup> Fund was liquidated as of Jan. 6, 2023.



Forward thinking. Finding value.



**PenderFund Capital Management Ltd**  
1066 West Hastings Street, Suite 1830  
Vancouver, BC V6E 3X2

Tel: 604 688 1511  
Fax: 604 563 3199  
www.penderfund.com

The following individuals are the members of the IRC as at December 31, 2022. There were no changes to the composition or membership of the IRC during the year.

<u>Name</u>	<u>Length of Service</u>	<u>Other IRC Memberships</u>
Kerry Ho (Chair)	Member since February 11, 2014; chair since March 7, 2017	CST Scholarship Plans and CST Spark Education Portfolios
John Webster	Since October 27, 2015	None
Robin Mahood	Since March 7, 2017	None
Leslie Wood	Since March 9, 2022	Empire Life Investments Inc., Connor, Clark & Lunn Funds Inc., Evermore Capital Inc.

### Share Ownership

The percentage of securities of each class or series of voting or equity securities beneficially owned, directly or indirectly, in aggregate, by all the members of the IRC:

- a) in the investment fund if the aggregate level of ownership exceeds 10 percent;
- b) in the Manager; or
- c) in any person or company that provides services to the investment fund or the Manager;

is none in all cases.

### Compensation

The level of compensation and expenses for the members of the IRC is determined by the Manager, reviewed and accepted by the IRC.

<u>Committee position</u>	<u>Retainer fee</u>	<u>Meeting fee</u>
Chair	\$15,000	\$1,500
Member	\$ 10,000	\$1,000

Each IRC member is also reimbursed for certain out-of-pocket costs associated with the performance of their duties.

In accepting the recommendation of the Manager, the IRC considered the following: the nature and complexity of the Funds' operations, the workload and time commitment required and the level of information provided to the committee.



Forward thinking. Finding value.



**PenderFund Capital Management Ltd**

1066 West Hastings Street, Suite 1830

Vancouver, BC V6E 3X2

Tel: 604 688 1511

Fax: 604 563 3199

www.penderfund.com

For the year ended December 31, 2022, a total of \$56,638.89 was paid by the Funds to the IRC, amounts that were reimbursed by the Manager to the Funds. No amounts were paid to the IRC members by the Funds under indemnities in their favour.

### **Activities, Reviews and Approvals**

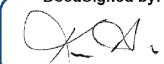
During the year ended December 31, 2022, the Manager informed the IRC that it relied on positive recommendations and standing instructions granted by the IRC relating to conflict of interest matters. The standing instructions require the Manager to follow its policies and procedures related to the applicable conflict of interest matters in all material respects and to report to the IRC. In certain cases, prior approval of the IRC is required.

### **Certificate**

For the year ended December 31, 2022:

- a) There were no instances of proposed actions involving a conflict of interest matter or potential conflict of interest matter that were referred to the IRC by the Manager for consideration, other than in accordance with the Standing Instructions as approved by the IRC and dated March 4, 2021, and other than what is identified in b) below;
- b) The Manager referred to the IRC proposals for changes to the fundamental investment objectives and fundamental investment strategies of the Pender Value Fund II and the Pender Special Situations Fund (the "Funds") and change to the Performance Fee and converting the Funds from conventional mutual funds to alternative mutual funds, the Pender Alternative Multi-Strategy Fund and the Pender Alternative Special Situations Fund, respectively, (the "Proposals") for which the IRC provided Pender with a positive recommendation regarding the Proposals; and
- c) The IRC is not aware of any other instances where the Manager was involved in a conflict of interest matter.

This report is respectfully submitted to you on behalf of the Independent Review Committee of the Funds.

DocuSigned by:  
  
DB039204A1D6485...

Vancouver, British Columbia

Kerry Ho

March 7, 2023

Chair of the Independent Review Committee

The logo for PenderFund, featuring the word "PENDER" in a large, bold, red serif font.

Forward thinking. Finding value.