



Unaudited Semi-Annual Financial Statements of
PENDER ALTERNATIVE MUTUAL FUNDS

Six months ended June 30, 2023



NOTICE OF NO AUDITOR REVIEW OF THE SEMI-ANNUAL FINANCIAL STATEMENTS

PenderFund Capital Management Ltd., the Manager of the Pender Alternative Mutual Funds (the "Funds"), appoints an independent auditor to audit the Funds' Annual Financial Statements. In accordance with Canadian securities laws (National Instrument 81-106 "Investment Fund Continuous Disclosure"), the Manager must disclose if an auditor has not reviewed the Semi-Annual Financial Statements.

The Funds' independent auditor has not performed a review of these Semi-Annual Financial Statements in accordance with standards established by the Chartered Professional Accountants of Canada.

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Pender Alternative Absolute Return Fund

Statements of Financial Position (Unaudited)

June 30, 2023 and December 31, 2022

	2023 (\$)	2022 (\$)
Assets		
Cash	117,838,016	70,281,559
Receivable for investments sold	3,911,450	459,351
Subscriptions receivable	2,307,439	1,930,836
Dividends receivable	18,000	6,480
Interest receivable	4,475,980	2,581,622
Derivative assets	1,252,100	196,940
Investments	384,818,568	205,402,784
	514,621,553	280,859,572
Liabilities		
Management and administration fees payable (note 4)	271,864	140,799
Payable for investments purchased	7,119,753	12,961,779
Redemptions payable to holders of redeemable units	2,012,281	1,683,372
Distributions payable to holders of redeemable units	564,342	-
Payable for interest and dividends on short securities	1,462,525	580,969
Performance fees payable	271,654	464,614
Investments sold short	204,685,882	97,276,226
	216,388,301	113,107,759
Net assets attributable to holders of redeemable units	298,233,252	167,751,813
Net assets attributable to holders of redeemable units per class:		
Class A	6,848,359	3,751,124
Class AF	8,959,839	8,865,080
Class A (USD)	67,591	7,071
Class E	489,741	166,974
Class F	44,493,648	17,889,465
Class FF	76,019,607	75,546,678
Class F (USD)	1,318,224	106,584
Class H	5,644,354	3,778,446
Class H (USD)	31,564	7,076
Class I	140,990,386	52,440,463
Class I (USD)	9,413,681	957,489
Class N	279,367	269,572
Class O	3,676,891	3,965,791
	298,233,252	167,751,813

Pender Alternative Absolute Return Fund

Statements of Financial Position (Unaudited)

June 30, 2023 and December 31, 2022

	2023 (\$)	2022 (\$)
Net assets attributable to holders of redeemable units per unit:		
Class A	9.90	9.89
Class AF	10.04	10.03
Class A (USD)	13.11	13.33
Class E	9.89	9.92
Class F	9.97	9.96
Class FF	10.04	10.04
Class F (USD)	13.13	13.40
Class H	10.01	10.00
Class H (USD)	13.07	13.33
Class I	9.90	9.90
Class I (USD)	13.31	13.54
Class N	10.00	10.00
Class O	10.17	10.19

Approved on behalf of the Manager, PenderFund Capital Management Ltd.:

(signed) "David Barr"

David Barr
Director

(signed) "Kelly Edmison"

Kelly Edmison
Director

Pender Alternative Absolute Return Fund

Statement of Comprehensive Income (Unaudited)

Six months ended June 30, 2023 and 2022

	2023 (\$)	2022 (\$)
Revenue		
Interest for distribution purposes	9,803,159	3,159,865
Dividend income	26,395	-
Dividend and interest expense on securities sold short	(2,527,248)	(535,027)
Foreign exchange gain (loss)	(1,010,044)	1,267,424
Changes in fair value of investments and derivatives:		
Net realized gain (loss)	6,830,865	(759,575)
Net change in unrealized appreciation (depreciation)	(4,553,561)	(3,519,477)
Total revenue	8,569,566	(386,790)
Expenses		
Administration fees (note 4)	646,043	248,677
Management fees (note 4)	627,733	145,751
Interest and borrow fees expense	484,203	323,727
Performance fees (note 4)	271,654	509
Transaction costs	24,260	6,885
Independent review committee fees	3,459	1,526
Total expenses	2,057,352	727,075
Less: Fees waived and expenses absorbed by the Manager (note 4)	(3,459)	(30,002)
Net expenses	2,053,893	697,073
Increase (decrease) in net assets attributable to holders of redeemable units	6,515,673	(1,083,863)
Increase (decrease) in net assets attributable to holders of redeemable units per class:		
Class A	124,740	(31,003)
Class AF	286,910	(104,130)
Class A (USD)	1,015	-
Class E	10,109	-
Class F	754,007	(139,084)
Class FF	2,784,118	(472,583)
Class F (USD)	4,459	-
Class H	141,684	(26,957)
Class H (USD)	377	-
Class I	2,230,718	(316,485)
Class I (USD)	6,641	-
Class N	9,795	(3,502)
Class O	161,100	9,881
	6,515,673	(1,083,863)
Increase (decrease) in net assets attributable to holders of redeemable units per unit:		
Class A	0.22	(0.49)
Class AF	0.31	(0.13)
Class A (USD)	0.25	-
Class E	0.28	-
Class F	0.26	(0.47)
Class FF	0.36	(0.07)
Class F (USD)	0.11	-
Class H	0.27	(0.24)
Class H (USD)	0.17	-
Class I	0.24	(0.46)
Class I (USD)	0.03	-
Class N	0.35	(0.24)
Class O	0.43	0.02

The accompanying notes are an integral part of these financial statements.

Pender Alternative Absolute Return Fund

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)

Six months ended June 30, 2023 and 2022

Class A	2023 (\$)	2022 (\$)
Balance, beginning of period	3,751,124	5,114
Increase (decrease) in net assets attributable to holders of redeemable units	124,740	(31,003)
Unit transactions:		
Proceeds from issue of redeemable units	3,982,954	2,270,348
Issued on reinvestment of distributions	108,596	8,164
Amounts paid on redemption of redeemable units	(959,106)	(233,536)
	3,132,444	2,044,976
Distributions paid from:		
Net investment income	(159,949)	(17,598)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(159,949)	(17,598)
Balance, end of period	6,848,359	2,001,489

Class AF	2023 (\$)	2022 (\$)
Balance, beginning of period	8,865,080	2,651,026
Increase (decrease) in net assets attributable to holders of redeemable units	286,910	(104,130)
Unit transactions:		
Proceeds from issue of redeemable units	20	6,453,291
Issued on reinvestment of distributions	154,761	109,556
Amounts paid on redemption of redeemable units	(70,182)	(266,731)
	84,599	6,296,116
Distributions paid from:		
Net investment income	(276,750)	(198,671)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(276,750)	(198,671)
Balance, end of period	8,959,839	8,644,341

Class A (USD)	2023 (\$)	2022 (\$)
Balance, beginning of period	7,071	-
Increase (decrease) in net assets attributable to holders of redeemable units	1,015	-
Unit transactions:		
Proceeds from issue of redeemable units	59,505	-
Issued on reinvestment of distributions	1,635	-
Amounts paid on redemption of redeemable units	-	-
	61,140	-
Distributions paid from:		
Net investment income	(1,635)	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	(1,635)	-
Balance, end of period	67,591	-

Pender Alternative Absolute Return Fund

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited) (cont'd)

Six months ended June 30, 2023 and 2022

Class E	2023 (\$)	2022 (\$)
Balance, beginning of period	166,974	-
Increase (decrease) in net assets attributable to holders of redeemable units	10,109	-
Unit transactions:		
Proceeds from issue of redeemable units	312,658	-
Issued on reinvestment of distributions	14,962	-
Amounts paid on redemption of redeemable units	-	-
	327,620	-
Distributions paid from:		
Net investment income	(14,962)	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	(14,962)	-
Balance, end of period	489,741	-

Class F	2023 (\$)	2022 (\$)
Balance, beginning of period	17,889,465	5,114
Increase (decrease) in net assets attributable to holders of redeemable units	754,007	(139,084)
Unit transactions:		
Proceeds from issue of redeemable units	43,330,243	11,888,374
Issued on reinvestment of distributions	665,225	38,228
Amounts paid on redemption of redeemable units	(17,102,197)	(3,721,945)
	26,893,271	8,204,657
Distributions paid from:		
Net investment income	(1,043,095)	(92,512)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(1,043,095)	(92,512)
Balance, end of period	44,493,648	7,978,175

Class FF	2023 (\$)	2022 (\$)
Balance, beginning of period	75,546,678	32,660,274
Increase (decrease) in net assets attributable to holders of redeemable units	2,784,118	(472,583)
Unit transactions:		
Proceeds from issue of redeemable units	-	48,388,859
Issued on reinvestment of distributions	2,056,865	1,501,362
Amounts paid on redemption of redeemable units	(1,610,565)	(4,596,302)
	446,300	45,293,919
Distributions paid from:		
Net investment income	(2,757,489)	(2,025,146)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(2,757,489)	(2,025,146)
Balance, end of period	76,019,607	75,456,464

Pender Alternative Absolute Return Fund

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited) (cont'd)

Six months ended June 30, 2023 and 2022

Class F (USD)	2023 (\$)	2022 (\$)
Balance, beginning of period	106,584	-
Increase (decrease) in net assets attributable to holders of redeemable units	4,459	-
Unit transactions:		
Proceeds from issue of redeemable units	1,351,780	-
Issued on reinvestment of distributions	17,296	-
Amounts paid on redemption of redeemable units	(136,868)	-
	1,232,208	-
Distributions paid from:		
Net investment income	(25,027)	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	(25,027)	-
Balance, end of period	1,318,224	-

Class H	2023 (\$)	2022 (\$)
Balance, beginning of period	3,778,446	5,114
Increase (decrease) in net assets attributable to holders of redeemable units	141,684	(26,957)
Unit transactions:		
Proceeds from issue of redeemable units	2,488,633	2,056,762
Issued on reinvestment of distributions	90,861	19,543
Amounts paid on redemption of redeemable units	(698,012)	(694,133)
	1,881,482	1,382,172
Distributions paid from:		
Net investment income	(157,258)	(24,677)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(157,258)	(24,677)
Balance, end of period	5,644,354	1,335,652

Class H (USD)	2023 (\$)	2022 (\$)
Balance, beginning of period	7,076	-
Increase (decrease) in net assets attributable to holders of redeemable units	377	-
Unit transactions:		
Proceeds from issue of redeemable units	24,926	-
Issued on reinvestment of distributions	235	-
Amounts paid on redemption of redeemable units	-	-
	25,161	-
Distributions paid from:		
Net investment income	(1,050)	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	(1,050)	-
Balance, end of period	31,564	-

Pender Alternative Absolute Return Fund

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited) (cont'd)

Six months ended June 30, 2023 and 2022

Class I	2023 (\$)	2022 (\$)
Balance, beginning of period	52,440,463	131,396
Increase (decrease) in net assets attributable to holders of redeemable units	2,230,718	(316,485)
Unit transactions:		
Proceeds from issue of redeemable units	105,410,180	24,490,467
Issued on reinvestment of distributions	2,238,072	172,428
Amounts paid on redemption of redeemable units	(17,866,862)	(755,824)
	89,781,390	23,907,071
Distributions paid from:		
Net investment income	(3,462,185)	(240,155)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(3,462,185)	(240,155)
Balance, end of period	140,990,386	23,481,827

Class I (USD)	2023 (\$)	2022 (\$)
Balance, beginning of period	957,489	-
Increase (decrease) in net assets attributable to holders of redeemable units	6,641	-
Unit transactions:		
Proceeds from issue of redeemable units	10,429,459	-
Issued on reinvestment of distributions	50,742	-
Amounts paid on redemption of redeemable units	(1,872,076)	-
	8,608,125	-
Distributions paid from:		
Net investment income	(158,574)	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	(158,574)	-
Balance, end of period	9,413,681	-

Class N	2023 (\$)	2022 (\$)
Balance, beginning of period	269,572	5,114
Increase (decrease) in net assets attributable to holders of redeemable units	9,795	(3,502)
Unit transactions:		
Proceeds from issue of redeemable units	-	250,000
Issued on reinvestment of distributions	9,822	5,145
Amounts paid on redemption of redeemable units	-	-
	9,822	255,145
Distributions paid from:		
Net investment income	(9,822)	(5,145)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(9,822)	(5,145)
Balance, end of period	279,367	251,612

Pender Alternative Absolute Return Fund

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited) (cont'd)

Six months ended June 30, 2023 and 2022

Class O	2023 (\$)	2022 (\$)
Balance, beginning of period	3,965,791	5,283,254
Increase (decrease) in net assets attributable to holders of redeemable units	161,100	9,881
Unit transactions:		
Proceeds from issue of redeemable units	-	1,761,001
Issued on reinvestment of distributions	161,423	205,658
Amounts paid on redemption of redeemable units	(450,000)	(81,000)
	(288,577)	1,885,659
Distributions paid from:		
Net investment income	(161,423)	(205,658)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(161,423)	(205,658)
Balance, end of period	3,676,891	6,973,136
Total Fund	2023 (\$)	2022 (\$)
Balance, beginning of period	167,751,813	40,746,406
Increase (decrease) in net assets attributable to holders of redeemable units	6,515,673	(1,083,863)
Unit transactions:		
Proceeds from issue of redeemable units	167,390,358	97,559,102
Issued on reinvestment of distributions	5,570,495	2,060,084
Amounts paid on redemption of redeemable units	(40,765,868)	(10,349,471)
	132,194,985	89,269,715
Distributions paid from:		
Net investment income	(8,229,219)	(2,809,562)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(8,229,219)	(2,809,562)
Balance, end of period	298,233,252	126,122,696

Pender Alternative Absolute Return Fund

Statement of Cash Flows (Unaudited)

Six months ended June 30, 2023 and 2022

	2023 (\$)	2022 (\$)
Cash provided by (used in):		
Operating:		
Increase (decrease) in net assets attributable to holders of redeemable units	6,515,673	(1,083,863)
Adjustments for:		
Interest for distribution purposes	(9,803,159)	(3,159,865)
Dividend income	(26,395)	-
Dividend and interest expense on securities sold short	2,527,248	535,027
Foreign exchange (gain) loss	1,010,044	(1,267,424)
Net realized (gain) loss on sale of investments	(6,033,231)	759,575
Net change in unrealized (appreciation) depreciation of investments	5,608,721	1,786,730
Derivative assets and liabilities	(1,055,160)	1,732,747
Performance fees payable	242,954	-
Management and administration fees payable	(304,849)	81,589
Interest and borrow fees expense	-	66,032
	(1,318,154)	(549,452)
Proceeds on disposal of investments	598,058,289	285,819,695
Amounts paid on purchase of investments	(678,934,032)	(326,657,931)
Dividend and interest expense paid on securities sold short	(1,645,692)	(392,121)
Dividends received	14,875	-
Interest received	7,908,801	1,987,821
	(75,915,913)	(39,791,988)
Financing:		
Proceeds from issue of redeemable units	165,171,178	95,392,913
Amounts paid on redemption of redeemable units	(38,594,382)	(7,861,663)
Distributions paid to unitholders	(2,094,382)	(618,995)
	124,482,414	86,912,255
Net increase (decrease) in cash	48,566,501	47,120,267
Cash, beginning of period	70,281,559	6,419,036
Effect of exchange rate fluctuations on cash	(1,010,044)	1,267,424
Cash, end of period	117,838,016	54,806,727

Pender Alternative Absolute Return Fund

Schedule of Investment Portfolio (Unaudited)

June 30, 2023

	Issue currency	Number of shares / Face value (\$)	Cost (\$)	Fair value (\$)
LONG POSITIONS				
Corporate bonds and loans:				
Canada (48.7%):				
Baytex Energy Corp., Callable, 8.50%, 2030/04/30	USD	6,800,000	9,043,380	8,806,338
Canadian Pacific Railway Company, Callable, 2.45%, 2031/12/02	USD	3,479,000	4,055,734	4,043,489
Canadian Pacific Railway Company, Callable, 3.00%, 2041/12/02	USD	2,000,000	2,189,457	2,165,211
Capital Power Corporation, Callable, Variable, 2082/09/09	CAD	2,000,000	2,007,500	1,959,331
Enbridge Inc., Series 'C', Callable, 6.63%, 2078/04/12	CAD	1,097,000	1,070,178	1,059,925
Enbridge Inc., Callable, 5.38%, 2077/09/27	CAD	3,000,000	2,775,000	2,751,448
Enbridge Inc., Restricted, Callable, 5.00%	CAD	3,000,000	2,573,850	2,505,787
Ford Credit Canada Co., Callable, 2.96%, 2026/09/16	CAD	3,000,000	2,640,000	2,637,188
Ford Motor Credit Company LLC, 4.46%, 2024/11/13	CAD	242,000	235,043	235,450
Ford Motor Credit Company LLC, 7.38%, 2026/05/12	CAD	3,000,000	3,000,000	3,011,104
Keyera Corp., Floating Rate, Callable, 6.88%, 2079/06/13	CAD	6,000,000	5,733,750	5,632,662
Keyera Corp., Callable, 5.95%, 2081/03/10	CAD	5,000,000	4,445,850	4,317,467
Mattamy Group Corporation, 4.63%, 2028/03/01	CAD	8,847,000	7,634,807	7,889,405
MEG Energy Corp., Callable, 5.88%, 2029/02/01	USD	2,000,000	2,522,624	2,511,991
Northland Power Inc., Callable, 9.25%, 2083/06/30	CAD	7,000,000	6,930,980	7,030,352
Parkland Corporation, Callable, 4.38%, 2029/03/26	CAD	10,504,000	9,084,869	9,193,626
Precision Drilling Corporation, Callable, 6.88%, 2029/01/15	USD	4,525,000	5,541,831	5,416,924
Royal Bank of Canada, 4.50%, 2080/11/24	CAD	7,500,000	7,036,625	6,961,880
Royal Bank of Canada, Callable, 3.65%, 2081/11/24	CAD	5,000,000	3,742,500	3,669,757
SECURE Energy Services Inc., 7.25%, 2026/12/30	CAD	5,250,000	5,275,313	5,184,375
Shawcor Ltd., Restricted, Callable, 9.00%, 2026/12/10	CAD	500,000	500,000	520,469
Superior Plus L.P., Callable, 4.25%, 2028/05/18	CAD	2,445,000	2,172,300	2,178,597
Tamarack Valley Energy Ltd., Callable, 7.25%, 2027/05/10	CAD	9,000,000	8,744,000	8,423,438
Teine Energy Ltd., Callable, 6.88%, 2029/04/15	USD	6,825,000	8,499,411	8,344,780
The Bank of Nova Scotia, Series '1', Callable, 3.70%, 2081/07/27	CAD	6,000,000	4,420,000	4,341,219
The Toronto-Dominion Bank, Series '1', Callable, 3.60%, 2081/10/31	CAD	13,000,000	9,632,250	9,564,640
TransCanada Trust, Series '2017-A', Callable, 4.65%, 2077/05/18	CAD	2,000,000	1,819,400	1,780,975
Vermilion Energy Inc., Callable, 6.88%, 2030/05/01	USD	7,430,000	9,169,366	9,153,299
Videotron Ltd., Callable, 5.75%, 2026/01/15	CAD	6,500,000	6,626,287	6,430,686
Videotron Ltd., Callable, 3.63%, 2028/06/15	CAD	2,154,000	1,868,595	1,874,653
Videotron Ltd., Callable, 4.50%, 2030/01/15	CAD	3,000,000	2,527,500	2,618,750
Videotron Ltd., Callable, 3.13%, 2031/01/15	CAD	4,075,000	3,105,750	3,170,859
			146,624,150	145,386,075
United States (69.2%):				
Arconic Corp., Callable, 6.13%, 2028/02/15	USD	4,000,000	5,326,965	5,369,588
Austin Fairmont Hotel Trust, Series 2019-FAIR, Class 'D', Floating Rate, Callable, 6.99%, 2032/09/15	USD	3,000,000	3,960,860	3,917,346
Cable One Inc., Callable, 4.00%, 2030/11/15	USD	10,558,000	11,103,788	10,940,335
CCO Holdings, LLC, Callable, 4.75%, 2032/02/01	USD	5,000,000	5,447,540	5,408,623
CCO Holdings, LLC, Callable, 4.50%, 2032/05/01	USD	4,000,000	4,330,884	4,236,626
CCO Holdings, LLC, Callable, 4.50%, 2033/06/01	USD	2,000,000	2,099,908	2,083,392
Charter Communications Operating, LLC, Term Loan, 6.80%, 2025/04/30	USD	2,897,079	3,861,412	3,840,304

The accompanying notes are an integral part of these financial statements.

Pender Alternative Absolute Return Fund

Schedule of Investment Portfolio (Unaudited) (cont'd)

June 30, 2023

	Issue currency	Number of shares / Face value (\$)	Cost (\$)	Fair value (\$)
United States (69.2%): (cont'd)				
CSC Holdings, LLC, Callable, 4.50%, 2031/11/15	USD	15,000,000	14,208,789	13,872,409
Four Seasons Hotels Ltd., Term Loan, 8.50%, 2029/11/30	USD	8,132,952	10,981,294	10,815,878
Hilton Domestic Operating Company Inc., 4.00%, 2031/05/01	USD	6,000,000	7,058,573	6,909,903
Hilton Domestic Operating Company Inc., 3.63%, 2032/02/15	USD	1,800,000	2,002,820	1,990,396
Hilton USA Trust, Class 'D', Series '16-HHV', 4.33%, 2038/11/05	USD	640,000	776,486	777,844
Hilton USA Trust, Class 'E', Series '16-HHV', 4.19%, 2038/11/05	USD	2,925,000	3,594,967	3,482,803
Hilton USA Trust, Class 'F', Series '16-HHV', 4.33%, 2038/11/05	USD	6,000,000	7,053,005	7,009,962
Host Hotels & Resorts L.P., Series 'I', Callable, 3.50%, 2030/09/15	USD	2,850,000	3,273,931	3,201,485
Howard Midstream Energy Partners, LLC, Callable, 8.88%, 2028/07/15	USD	1,000,000	1,324,850	1,334,686
Intercontinental Exchange Inc., Callable, 4.00%, 2027/09/15	USD	11,500,000	15,040,453	14,834,349
Legends Hospitality Co-Issuer, Inc., 5.00%, 2026/02/01	USD	5,500,000	6,790,699	6,567,604
Life Time Inc., 5.75%, 2026/01/15	USD	672,000	860,219	868,334
Life Time Inc., 8.00%, 2026/04/15	USD	2,000,000	2,591,141	2,618,334
Macy's Retail Holdings LLC, Callable, 5.88%, 2030/03/15	USD	2,000,000	2,378,394	2,363,857
Macy's Retail Holdings LLC, 6.70%, 2034/07/15	USD	2,650,000	2,984,844	2,874,820
Macy's Retail Holdings LLC, 6.38%, 2037/03/15	USD	1,000,000	995,052	1,005,061
Neptune BidCo US Inc., Callable, 9.29%, 2029/04/15	USD	8,700,000	10,981,476	10,597,025
Open Text Corporation, Term Loan, 8.75%, 2029/11/16	USD	2,985,000	3,895,086	3,976,622
Park Intermediate Holdings LLC, 4.88%, 2029/05/15	USD	5,000,000	5,681,660	5,726,298
PDC Energy, Inc., 5.75%, 2026/05/15	USD	15,122,000	20,022,792	19,970,699
Penske Automotive Group Inc., Callable, 3.75%, 2029/06/15	USD	3,515,000	4,067,395	4,026,564
SeaWorld Parks & Entertainment Inc., Callable, 5.25%, 2029/08/15	USD	5,105,000	6,146,989	6,059,761
Service Corporation International, Callable, 4.00%, 2031/05/15	USD	4,000,000	4,495,241	4,519,888
Six Flags Entertainment Corporation, Callable, 7.25%, 2031/05/15	USD	2,500,000	3,280,297	3,228,757
TransDigm Inc., Term Loan, 8.15%, 2027/02/22	USD	4,731,250	6,363,005	6,271,641
Uber Technologies, Inc., Callable, 7.50%, 2025/05/15	USD	8,000,000	10,930,254	10,736,366
XHR LP, Callable, 6.38%, 2025/08/15	USD	2,812,000	3,731,047	3,660,621
XHR LP, Callable, 4.88%, 2029/06/01	USD	9,899,000	11,443,819	11,256,800
			209,085,935	206,354,981
Foreign (0.4%):				
Formula One Holdings Ltd., Term Loan, 8.15%, 2030/11/15	USD	1,000,000	1,319,373	1,326,406
			1,319,373	1,326,406
Total corporate bonds and loans (118.3%)			357,029,458	353,067,462
Short-term investments (8.7%):				
United States Government Treasury Bill, 2023/08/03	USD	10,000,000	13,134,970	12,942,024
United States Government Treasury Bill, 2023/07/06	USD	10,000,000	13,263,488	12,937,784
			26,398,458	25,879,808

Pender Alternative Absolute Return Fund

Schedule of Investment Portfolio (Unaudited) (cont'd)

June 30, 2023

	Issue currency	Number of shares / Face value (\$)	Cost (\$)	Fair value (\$)
Equities (0.8%):				
Black Knight, Inc.	USD	17,000	1,324,123	1,345,164
Superior Plus Corp.	CAD	100,000	974,171	949,000
			2,298,294	2,294,164
Preferred shares (1.2%):				
Enbridge Inc., 4.00%, Series 'H', Perpetual	CAD	51,800	819,097	867,650
Enbridge Inc., Series N, Variable	CAD	15,000	257,850	266,100
Enbridge Inc., Series R, Variable	CAD	20,000	312,800	307,800
Enbridge Inc., Series '3', Variable, Perpetual	CAD	120,000	1,679,000	1,773,600
Enbridge Inc., Series '7', Variable, Perpetual	CAD	22,400	348,096	361,984
			3,416,843	3,577,134
Total long positions (129.0%)			389,143,053	384,818,568
SHORT POSITIONS				
Corporate bonds and loans:				
Canada (-7.8%):				
1011778 B.C. Unlimited Liability Company, Callable, 3.88%, 2028/01/15	USD	(5,500,000)	(6,529,091)	(6,650,520)
1011778 B.C. Unlimited Liability Company, Callable, 4.00%, 2030/10/15	USD	(3,000,000)	(3,536,028)	(3,403,051)
Parkland Corporation, Callable, 4.63%, 2030/05/01	USD	(4,908,000)	(5,672,181)	(5,636,376)
TransAlta Corporation, Callable, 7.75%, 2029/11/15	USD	(3,000,000)	(4,177,489)	(4,095,485)
Royal Bank of Canada, Series '2', Callable, 4.00%, 2081/02/24	CAD	(1,500,000)	(1,320,000)	(1,328,116)
Superior Plus LP, Callable, 4.50%, 2029/03/15	USD	(1,761,000)	(2,054,186)	(2,047,246)
			(23,288,975)	(23,160,794)
United States (-16.2%):				
Asbury Automotive Group, Inc., Callable, 4.63%, 2029/11/15	USD	(3,000,000)	(3,549,228)	(3,532,193)
Asbury Automotive Group, Inc., Callable, 4.75%, 2030/03/01	USD	(2,000,000)	(2,484,504)	(2,357,745)
Ball Corporation, Callable, 2.88%, 2030/08/15	USD	(4,000,000)	(4,452,671)	(4,395,082)
CSC Holdings, LLC, Callable, 3.38%, 2031/02/15	USD	(13,000,000)	(12,068,274)	(11,673,892)
Ford Motor Credit Company LLC, Callable, 6.95%, 2026/03/06	USD	(2,000,000)	(2,733,756)	(2,666,224)
Ford Motor Credit Company LLC, Callable, 2.70%, 2026/08/10	USD	(2,000,000)	(2,360,728)	(2,369,681)
Marriott International Inc., Series 'GG', Callable, 3.50%, 2032/10/15	USD	(3,000,000)	(3,420,622)	(3,434,306)
RLJ Lodging Trust L.P., Callable, 4.00%, 2029/09/15	USD	(6,774,000)	(7,740,133)	(7,523,434)
Yum! Brands, Inc., Callable, 3.63%, 2031/03/15	USD	(9,157,000)	(10,354,156)	(10,490,074)
			(49,164,072)	(48,442,631)
Total corporate bonds and loans (-24.0%)			(72,453,047)	(71,603,425)
Government bonds (-14.5%):				
Government of Canada, 2.00%, 2032/06/01	CAD	(2,700,000)	(2,421,200)	(2,429,882)
United States Treasury, 1.25%, 2031/08/15	USD	(2,600,000)	(3,179,290)	(2,828,500)
United States Treasury, 1.38%, 2031/11/15	USD	(6,000,000)	(7,303,384)	(6,540,749)
United States Treasury, 1.88%, 2032/02/15	USD	(3,000,000)	(3,560,190)	(3,397,054)
United States Treasury, 2.88%, 2032/05/15	USD	(6,000,000)	(7,715,818)	(7,367,421)
United States Treasury, 4.13%, 2032/11/15	USD	(2,000,000)	(2,816,444)	(2,706,216)
United States Treasury, 3.50%, 2033/02/15	USD	(12,000,000)	(16,343,553)	(15,479,704)
United States Treasury, 3.38%, 2033/05/15	USD	(2,000,000)	(2,559,997)	(2,554,077)
			(45,899,876)	(43,303,603)

Pender Alternative Absolute Return Fund

Schedule of Investment Portfolio (Unaudited) (cont'd)

June 30, 2023

	Issue currency	Number of shares / Face value (\$)	Cost (\$)	Fair value (\$)
Exchange-traded fund(s) (-29.7%):				
Invesco QQQ Trust, Series '1'	USD	(28,000)	(12,252,049)	(13,702,896)
iShares iBoxx High Yield Corporate Bond ETF	USD	(200,000)	(20,265,678)	(19,889,797)
iShares Russell 2000 ETF	USD	(55,000)	(13,501,552)	(13,644,726)
SPDR Bloomberg Barclays High Yield Bond ETF	USD	(170,000)	(21,197,528)	(20,725,846)
SPDR S&P 500 ETF Trust	USD	(35,000)	(19,105,929)	(20,553,231)
			(86,322,736)	(88,516,496)
Equities (-0.4%):				
Artis Real Estate Investment Trust	CAD	(174,600)	(1,216,557)	(1,262,358)
			(1,216,557)	(1,262,358)
Total short positions (-68.6%)			(205,892,216)	(204,685,882)
Less: Transaction costs included in cost of investments			(17,837)	
Total investments (60.4%)			183,233,000	180,132,686
	Contract rate	Pay	Receive	Unrealized gain (loss)
Derivative assets:				
The Bank of Nova Scotia, Foreign Currency Forward, settlement 2023/12/05	1.34	USD 72,574,140	CAD 97,144,115	1,252,100
Total derivative assets (0.4%):				1,252,100
Cash (39.5%)				117,838,016
Other assets less liabilities (-0.3%)				(989,550)
Total net assets attributable to holders of redeemable units (100.0%)				298,233,252

Pender Alternative Arbitrage Fund

Statements of Financial Position (Unaudited)

June 30, 2023 and December 31, 2022

	2023 (\$)	2022 (\$)
Assets		
Cash	4,408,764	5,294,479
Receivable for investments sold	-	38,389
Subscriptions receivable	416,000	-
Dividends receivable	-	2,946
Other receivable	-	5,812
Derivative assets	287,624	40,949
Investments	22,895,403	22,774,995
	28,007,791	28,157,570
Liabilities		
Management and administration fees payable (note 4)	18,203	23,381
Payable for investments purchased	607,302	2,059
Redemptions payable to holders of redeemable units	60,261	1,303
Payable for interest and dividends on short securities	1,223	1,584
Performance fees payable	13,534	22,222
Investments sold short	573,295	1,255,169
	1,273,818	1,305,718
Net assets attributable to holders of redeemable units	26,733,973	26,851,852
Net assets attributable to holders of redeemable units per class:		
Class A	128,444	91,098
Class AF	2,494,381	2,550,845
Class A (USD)	-	6,846
Class E	183,930	83,513
Class F	1,955,454	2,579,143
Class FF	13,983,513	15,012,027
Class F (USD)	13,337	6,836
Class H	175,121	165,591
Class H (USD)	-	6,850
Class I	3,364,535	1,236,923
Class I (USD)	338,713	6,869
Class N	-	5,312
Class O	4,096,545	5,099,999
	26,733,973	26,851,852

Pender Alternative Arbitrage Fund

Statements of Financial Position (Unaudited)

June 30, 2023 and December 31, 2022

	2023 (\$)	2022 (\$)
Net assets attributable to holders of redeemable units per unit:		
Class A	10.11	10.14
Class AF	10.47	10.48
Class A (USD)	-	13.19
Class E	9.77	9.72
Class F	10.36	10.35
Class FF	10.60	10.56
Class F (USD)	13.23	13.49
Class H	10.30	10.33
Class H (USD)	-	13.19
Class I	10.34	10.32
Class I (USD)	12.95	13.19
Class N	-	10.49
Class O	10.64	10.56

Approved on behalf of the Manager, PenderFund Capital Management Ltd.:

(signed) "David Barr"

(signed) "Kelly Edmison"

David Barr

Director

Kelly Edmison

Director

Pender Alternative Arbitrage Fund

Statement of Comprehensive Income (Unaudited)

Six months ended June 30, 2023 and 2022

	2023 (\$)	2022 (\$)
Revenue		
Interest for distribution purposes	85,987	3,836
Dividend income	164,808	40,401
Dividend and interest expense on securities sold short	(7,636)	(27,951)
Foreign exchange gain (loss)	(26,126)	100,356
Changes in fair value of investments and derivatives:		
Net realized gain (loss)	515,467	272,845
Net change in unrealized appreciation (depreciation)	(454,436)	(42,744)
Total revenue	278,064	346,743
Expenses		
Withholding taxes (note 6)	73,627	4,407
Administration fees (note 4)	63,684	47,564
Management fees (note 4)	44,558	25,269
Transaction costs	30,765	26,529
Performance fees (note 4)	13,534	44,661
Interest and borrow fees expense	8,647	16,717
Independent review committee fees	268	309
Total expenses	235,083	165,456
Less: Fees waived and expenses absorbed by the Manager (note 4)	(268)	(65,259)
Net expenses	234,815	100,197
Increase (decrease) in net assets attributable to holders of redeemable units	43,249	246,546
Increase (decrease) in net assets attributable to holders of redeemable units per class:		
Class A	(856)	821
Class AF	(8,039)	22,083
Class A (USD)	(49)	-
Class E	342	-
Class F	(3,573)	(317)
Class FF	30,222	160,254
Class F (USD)	(189)	-
Class H	(714)	260
Class H (USD)	(42)	-
Class I	3,281	5,256
Class I (USD)	(5,694)	-
Class N	(38)	57
Class O	28,598	58,132
	43,249	246,546
Increase (decrease) in net assets attributable to holders of redeemable units per unit:		
Class A	(0.06)	0.59
Class AF	(0.04)	0.09
Class A (USD)	(0.10)	-
Class E	0.02	-
Class F	(0.01)	(0.02)
Class FF	0.03	0.12
Class F (USD)	(0.21)	-
Class H	(0.05)	0.10
Class H (USD)	(0.09)	-
Class I	0.02	0.22
Class I (USD)	(0.40)	-
Class N	(0.07)	0.12
Class O	0.07	0.33

The accompanying notes are an integral part of these financial statements.

Pender Alternative Arbitrage Fund

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)

Six months ended June 30, 2023 and 2022

	2023	2022
	(\$)	(\$)
Class A		
Balance, beginning of period	91,098	5,103
Increase (decrease) in net assets attributable to holders of redeemable units	(856)	821
Unit transactions:		
Proceeds from issue of redeemable units	87,409	50,122
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(49,207)	-
	38,202	50,122
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	128,444	56,046
Class AF		
Balance, beginning of period	2,550,845	1,781,906
Increase (decrease) in net assets attributable to holders of redeemable units	(8,039)	22,083
Unit transactions:		
Proceeds from issue of redeemable units	3,251	701,119
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(51,676)	-
	(48,425)	701,119
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	2,494,381	2,505,108
Class A (USD)		
Balance, beginning of period	6,846	-
Increase (decrease) in net assets attributable to holders of redeemable units	(49)	-
Unit transactions:		
Proceeds from issue of redeemable units	8	-
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(6,805)	-
	(6,797)	-
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	-	-

The accompanying notes are an integral part of these financial statements.

Pender Alternative Arbitrage Fund

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited) (cont'd)

Six months ended June 30, 2023 and 2022

Class E	2023 (\$)	2022 (\$)
Balance, beginning of period	83,513	-
Increase (decrease) in net assets attributable to holders of redeemable units	342	-
Unit transactions:		
Proceeds from issue of redeemable units	100,075	-
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	-	-
	100,075	-
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	183,930	-

Class F	2023 (\$)	2022 (\$)
Balance, beginning of period	2,579,143	5,103
Increase (decrease) in net assets attributable to holders of redeemable units	(3,573)	(317)
Unit transactions:		
Proceeds from issue of redeemable units	853,540	763,633
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(1,473,656)	(147,332)
	(620,116)	616,301
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	1,955,454	621,087

Class FF	2023 (\$)	2022 (\$)
Balance, beginning of period	15,012,027	9,909,525
Increase (decrease) in net assets attributable to holders of redeemable units	30,222	160,254
Unit transactions:		
Proceeds from issue of redeemable units	18,515	7,198,652
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(1,077,251)	(403,021)
	(1,058,736)	6,795,631
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	13,983,513	16,865,410

Pender Alternative Arbitrage Fund

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited) (cont'd)

Six months ended June 30, 2023 and 2022

	2023 (\$)	2022 (\$)
Class F (USD)		
Balance, beginning of period	6,836	-
Increase (decrease) in net assets attributable to holders of redeemable units	(189)	-
Unit transactions:		
Proceeds from issue of redeemable units	6,690	-
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	-	-
	6,690	-
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	13,337	-
Class H		
Balance, beginning of period	165,591	5,103
Increase (decrease) in net assets attributable to holders of redeemable units	(714)	260
Unit transactions:		
Proceeds from issue of redeemable units	10,244	57,999
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	-	-
	10,244	57,999
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	175,121	63,362
Class H (USD)		
Balance, beginning of period	6,850	-
Increase (decrease) in net assets attributable to holders of redeemable units	(42)	-
Unit transactions:		
Proceeds from issue of redeemable units	11	-
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(6,819)	-
	(6,808)	-
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	-	-

Pender Alternative Arbitrage Fund

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited) (cont'd)

Six months ended June 30, 2023 and 2022

Class I	2023 (\$)	2022 (\$)
Balance, beginning of period	1,236,923	5,103
Increase (decrease) in net assets attributable to holders of redeemable units	3,281	5,256
Unit transactions:		
Proceeds from issue of redeemable units	2,309,344	644,892
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(185,013)	-
	2,124,331	644,892
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	3,364,535	655,251

Class I (USD)	2023 (\$)	2022 (\$)
Balance, beginning of period	6,869	-
Increase (decrease) in net assets attributable to holders of redeemable units	(5,694)	-
Unit transactions:		
Proceeds from issue of redeemable units	337,538	-
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	-	-
	337,538	-
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	338,713	-

Class N	2023 (\$)	2022 (\$)
Balance, beginning of period	5,312	5,103
Increase (decrease) in net assets attributable to holders of redeemable units	(38)	57
Unit transactions:		
Proceeds from issue of redeemable units	7	-
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(5,281)	-
	(5,274)	-
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	-	5,160

Pender Alternative Arbitrage Fund

Statement of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited) (cont'd)

Six months ended June 30, 2023 and 2022

Class O	2023 (\$)	2022 (\$)
Balance, beginning of period	5,099,999	168,406
Increase (decrease) in net assets attributable to holders of redeemable units	28,598	58,132
Unit transactions:		
Proceeds from issue of redeemable units	350,414	4,434,997
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(1,382,466)	-
	(1,032,052)	4,434,997
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	4,096,545	4,661,535
Total Fund	2023 (\$)	2022 (\$)
Balance, beginning of period	26,851,852	11,885,352
Increase (decrease) in net assets attributable to holders of redeemable units	43,249	246,546
Unit transactions:		
Proceeds from issue of redeemable units	4,077,046	13,851,414
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(4,238,174)	(550,353)
	(161,128)	13,301,061
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	26,733,973	25,432,959

Pender Alternative Arbitrage Fund

Statement of Cash Flows (Unaudited)

Six months ended June 30, 2023 and 2022

	2023 (\$)	2022 (\$)
Cash provided by (used in):		
Operating:		
Increase (decrease) in net assets attributable to holders of redeemable units	43,249	246,546
Adjustments for:		
Interest for distribution purposes	(85,987)	(3,836)
Dividend income	(164,808)	(40,401)
Dividend and interest expense on securities sold short	7,636	27,951
Foreign exchange (gain) loss	26,126	(100,356)
Net realized (gain) loss on sale of investments	(307,790)	(272,845)
Net change in unrealized (appreciation) depreciation of investments	701,111	(427,921)
Other receivable	5,812	-
Derivative assets and liabilities	(246,675)	470,665
Performance fees payable	(8,688)	8,275
Management and administration fees payable	(5,178)	14,852
Interest and borrow fees expense	-	7,170
	(35,192)	(69,900)
Proceeds on disposal of investments	54,285,606	23,765,499
Amounts paid on purchase of investments	(54,837,577)	(38,726,825)
Dividend and interest expense paid on securities sold short	(7,997)	(23,060)
Dividends received	167,754	33,997
Interest received	85,987	3,836
	(341,419)	(15,016,453)
Financing:		
Proceeds from issue of redeemable units	3,224,599	13,976,414
Amounts paid on redemption of redeemable units	(3,742,769)	(550,353)
	(518,170)	13,426,061
Net increase (decrease) in cash	(859,589)	(1,590,392)
Cash, beginning of period	5,294,479	4,267,664
Effect of exchange rate fluctuations on cash	(26,126)	100,356
Cash, end of period	4,408,764	2,777,628

Pender Alternative Arbitrage Fund

Schedule of Investment Portfolio (Unaudited)

June 30, 2023

	Issue currency	Number of shares	Cost (\$)	Fair value (\$)
LONG POSITIONS				
Equities:				
Communication services (5.1%)				
ABIOMED, Inc., Rights		400	-	-
Quotient Technology Inc.		120,980	620,977	615,430
Radius Global Infrastructure, Inc., Class 'A'		37,460	746,300	739,415
			1,367,277	1,354,845
Consumer discretionary (5.3%)				
Franchise Global Health Inc.		11,340	445,588	430,249
NeoGames S.A.		14,260	524,522	493,431
Uni-Select Inc.		10,757	499,003	506,117
			1,469,113	1,429,797
Energy (2.0%)				
GasLog Partners LP		47,150	536,708	538,422
			536,708	538,422
Financial services (22.8%)				
Alset Capital Acquisition Corp., Class 'A'		84	1,178	1,155
AltC Acquisition Corp., Class 'A'		19,496	255,618	269,379
Altimar Acquisition Corp. III, Class 'A'		9,647	132,810	131,249
BlueRiver Acquisition Corp., Class 'A'		100	1,368	1,391
Bluescape Opportunities Acquisition Corporation, Class 'A'		22,958	308,515	304,136
CF Acquisition Corp. VII, Class 'A'		2,324	32,877	32,788
Colombier Acquisition Corp., Class 'A'		19,330	265,772	262,988
Corsair Partnering Corporation, Class 'A'		2,473	33,959	33,957
Edify Acquisition Corp., Class 'A'		3,649	50,109	51,192
Elliott Opportunity II Corp., Class 'A'		6,399	77,881	87,823
FG Acquisition Corp., Class 'A'		1,417	19,040	19,523
First Light Acquisition Group, Inc., Class 'A'		47,800	640,278	664,259
Focus Financial Partners Inc., Class 'A'		9,560	672,219	665,019
FTAC Emerald Acquisition Corp., Class 'A'		6,435	86,997	88,317
Greenhill & Co., Inc.		31,520	620,293	611,727
Home Capital Group Inc.		16,836	711,747	725,800
Home Point Capital Inc.		207,680	636,000	638,288
Inflection Point Acquisition Corporation II, Class 'A'		11,839	161,425	158,719
Kensington Capital Acquisition Corp. V, Class 'A'		29,400	381,330	411,287
MedTech Acquisition Corporation, Class 'A'		838	11,800	11,634
Mobiv Acquisition Corp, Class 'A'		13,250	185,987	185,535
Mountain Crest Acquisition Corp. V		3,215	44,892	44,081
Oxbridge Acquisition Corp., Class 'A'		22	318	318
RMG Acquisition Corp. III, Class 'A'		2,021	26,794	30,200
SilverBox Corp III, Class 'A'		700	9,552	9,423
Social Capital Suvretta Holdings Corp. II, Class 'A'		6,400	78,989	87,794
Social Capital Suvretta Holdings Corp. IV, Class 'A'		6,400	78,990	87,751
Southport Acquisition Corporation		28,110	396,270	391,751
Thunder Bridge Capital Partners IV, Inc., Class 'A'		6,498	89,240	87,115
			6,012,248	6,094,599
Health care (14.1%)				
Amryt Pharma PLC, ADR		316,100	-	-
BELLUS Health Inc.		27,410	530,861	535,593
Chinook Therapeutics, Inc.		4,930	248,722	250,922
CinCor Pharma, Inc.		6,789	-	-

The accompanying notes are an integral part of these financial statements.

Pender Alternative Arbitrage Fund

Schedule of Investment Portfolio (Unaudited) (cont'd)

June 30, 2023

	Issue currency	Number of shares	Cost (\$)	Fair value (\$)
Health care (14.1%) (cont'd)				
DICE Therapeutics, Inc.		5,024	308,799	309,217
GreenLight Biosciences Holdings, PBC		160,240	61,424	63,280
Horizon Therapeutics Public Limited Company		1,800	271,524	245,251
IVERIC bio, Inc.		13,950	708,361	727,014
Jounce Therapeutics, Inc., Rights		155,970	-	-
NuVasive, Inc.		6,190	354,033	341,046
Paratek Pharmaceuticals, Inc.		110,275	319,325	322,852
Seagen Inc.		1,240	337,591	316,152
Spectrum Pharmaceuticals, Inc.		161,880	193,306	205,873
Syneos Health, Inc.		7,980	446,631	445,483
			3,780,577	3,762,683
Industrials (12.9%)				
Aerojet Rocketdyne Holdings, Inc.		5,250	400,709	381,617
Berkshire Grey, Inc.		389,360	723,162	727,285
CIRCOR International, Inc.		5,970	379,858	446,449
Spirit Airlines, Inc.		16,610	456,173	377,590
Triton International Limited		3,450	384,599	380,530
U.S. Xpress Enterprises, Inc., Class 'A'		67,913	550,783	552,402
Univar Solutions Inc.		12,500	595,280	593,488
			3,490,564	3,459,361
Information technology (12.6%)				
Absolute Software Corporation		28,420	434,056	431,462
Black Knight, Inc.		3,700	298,679	292,771
eMagin Corporation		183,308	495,745	480,818
Embark Technology, Inc., Class 'A'		105,202	392,253	398,588
ForgeRock, Inc.		7,100	220,115	193,194
Kaleyra, Inc.		21,830	191,364	194,916
National Instruments Corporation		5,070	398,386	385,526
TESSCO Technologies Incorporated		56,627	667,122	671,399
Wireless Telecom Group, Inc.		113,054	318,077	314,513
			3,415,797	3,363,187
Insurance (3.8%)				
Argo Group International Holdings, Ltd.		15,080	598,988	591,526
Midwest Holding Inc.		11,691	404,928	414,604
			1,003,916	1,006,130
Materials (4.6%)				
Arconic Corporation		12,740	496,590	499,231
Diversey Holdings, Ltd.		66,530	735,857	739,458
			1,232,447	1,238,689
Real estate (2.4%)				
INDUS Realty Trust, Inc.		7,199	649,070	638,971
			649,070	638,971
Total equities (long) (85.6%)			22,957,717	22,886,684
Warrants (0.0%):				
Saturn Oil & Gas Inc., strike price \$3.20, expiry 2023/07/07	CAD	111,790	-	559
Saturn Oil & Gas Inc., strike price \$4.00, expiry 2025/03/10	CAD	32,000	-	8,160
			-	8,719
Total long positions (85.6%)			22,957,717	22,895,403

The accompanying notes are an integral part of these financial statements.

Pender Alternative Arbitrage Fund

Schedule of Investment Portfolio (Unaudited) (cont'd)

June 30, 2023

	Issue currency	Number of shares	Cost (\$)	Fair value (\$)	
SHORT POSITIONS					
Equities:					
Health care (-2.1%):					
Assertio Holdings, Inc.		(28,862)	(197,758)	(207,233)	
Globus Medical, Inc., Class 'A'		(4,641)	(363,225)	(366,062)	
			(560,983)	(573,295)	
Total short positions (-2.1%)			(560,983)	(573,295)	
Less: Transaction costs included in cost of investments			(11,645)		
Total investments (83.5%)			22,385,089	22,322,108	
		Contract rate	Pay	Receive	Unrealized gain (loss)
Derivative assets:					
The Bank of Nova Scotia, Foreign Currency Forward, settlement 2023/09/05	1.34	USD 16,630,850	CAD 22,297,230		287,624
Total derivative assets (1.1%)					287,624
Cash (16.5%)					4,408,764
Other assets less liabilities (-1.1%)					(284,523)
Total net assets attributable to holders of redeemable units (100.0%)					26,733,973

Pender Alternative Arbitrage Plus Fund

Statements of Financial Position (Unaudited)

June 30, 2023 and September 1, 2022 (commencement of operations) to December 31, 2022

	2023 (\$)	2022 (\$)
Assets		
Receivable for investments sold	-	16,937
Subscriptions receivable	25,300	1,890
Dividends receivable	-	1,100
Derivative assets	125,226	10,361
Investments	23,786,266	7,114,099
	23,936,792	7,144,387
Liabilities		
Bank overdraft	5,571,601	890,309
Management and administration fees payable (note 4)	14,408	-
Payable for investments purchased	652,889	728
Payable for interest and dividends on short securities	654	-
Performance fees payable	259	-
Investments sold short	608,511	283,090
	6,848,322	1,174,127
Net assets attributable to holders of redeemable units	17,088,470	5,970,260
Net assets attributable to holders of redeemable units per class:		
Class A	68,089	56,506
Class A (USD)	-	6,865
Class E	120,054	64,080
Class F	1,542,141	1,009,893
Class F (USD)	6,610	70,523
Class H	-	5,076
Class H (USD)	-	6,866
Class I	12,769,999	3,721,095
Class I (USD)	6,713	6,867
Class N	-	5,077
Class O	2,574,864	1,017,412
	17,088,470	5,970,260

Pender Alternative Arbitrage Plus Fund

Statements of Financial Position (Unaudited)

June 30, 2023 and September 1, 2022 (commencement of operations) to December 31, 2022

	2023 (\$)	2022 (\$)
Net assets attributable to holders of redeemable units per unit:		
Class A	10.00	10.10
Class A (USD)	-	13.71
Class E	10.10	10.10
Class F	10.06	10.11
Class F (USD)	13.38	13.71
Class H	-	10.11
Class H (USD)	-	13.71
Class I	10.13	10.18
Class I (USD)	13.40	13.71
Class N	-	10.11
Class O	10.10	10.07

Approved on behalf of the Manager, PenderFund Capital Management Ltd.:

(signed) "David Barr"

David Barr
Director

(signed) "Kelly Edmison"

Kelly Edmison
Director

Pender Alternative Arbitrage Plus Fund

Statements of Comprehensive Income (Unaudited)

Six months ended June 30, 2023

	2023 (\$)
Revenue	
Interest for distribution purposes	69,404
Dividend income	152,305
Dividend and interest expense on securities sold short	(6,239)
Foreign exchange gain (loss)	375,367
Changes in fair value of investments and derivatives:	
Net realized gain (loss)	(236,719)
Net change in unrealized appreciation (depreciation)	(82,268)
Total revenue	271,850
Expenses	
Interest and borrow fees expense	184,071
Withholding taxes (note 6)	87,784
Management fees (note 4)	43,925
Administration fees (note 4)	36,713
Transaction costs	32,791
Performance fees (note 4)	259
Independent review committee fees	172
Total expenses	385,715
Less: Fees waived and expenses absorbed by the Manager (note 4)	(172)
Net expenses	385,543
Increase (decrease) in net assets attributable to holders of redeemable units	(113,693)
Increase (decrease) in net assets attributable to holders of redeemable units per class:	
Class A	(814)
Class A (USD)	(119)
Class E	(559)
Class F	(11,052)
Class F (USD)	(1,868)
Class H	(124)
Class H (USD)	(111)
Class I	(87,122)
Class I (USD)	(168)
Class N	(100)
Class O	(11,656)
	(113,693)
Increase (decrease) in net assets attributable to holders of redeemable units per unit:	
Class A	(0.13)
Class A (USD)	(0.25)
Class E	(0.06)
Class F	(0.07)
Class F (USD)	(0.41)
Class H	(0.25)
Class H (USD)	(0.22)
Class I	(0.08)
Class I (USD)	(0.33)
Class N	(0.20)
Class O	(0.06)

Pender Alternative Arbitrage Plus Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)

Six months ended June 30, 2023

Class A	2023 (\$)
Balance, beginning of period	56,506
Increase (decrease) in net assets attributable to holders of redeemable units	(814)
Unit transactions:	
Proceeds from issue of redeemable units	12,397
Issued on reinvestment of distributions	-
Amounts paid on redemption of redeemable units	-
	12,397
Distributions paid from:	
Net investment income	-
Realized gains on sale of investments	-
Return of capital	-
	-
Balance, end of period	68,089
Class A (USD)	2023 (\$)
Balance, beginning of period	6,865
Increase (decrease) in net assets attributable to holders of redeemable units	(119)
Unit transactions:	
Proceeds from issue of redeemable units	15
Issued on reinvestment of distributions	-
Amounts paid on redemption of redeemable units	(6,761)
	(6,746)
Distributions paid from:	
Net investment income	-
Realized gains on sale of investments	-
Return of capital	-
	-
Balance, end of period	-
Class E	2023 (\$)
Balance, beginning of period	64,080
Increase (decrease) in net assets attributable to holders of redeemable units	(559)
Unit transactions:	
Proceeds from issue of redeemable units	56,533
Issued on reinvestment of distributions	-
Amounts paid on redemption of redeemable units	-
	56,533
Distributions paid from:	
Net investment income	-
Realized gains on sale of investments	-
Return of capital	-
	-
Balance, end of period	120,054

Pender Alternative Arbitrage Plus Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited) (cont'd)

Six months ended June 30, 2023

Class F	2023 (\$)
Balance, beginning of period	1,009,893
Increase (decrease) in net assets attributable to holders of redeemable units	(11,052)
Unit transactions:	
Proceeds from issue of redeemable units	595,176
Issued on reinvestment of distributions	-
Amounts paid on redemption of redeemable units	(51,876)
	543,300
Distributions paid from:	
Net investment income	-
Realized gains on sale of investments	-
Return of capital	-
	-
Balance, end of period	1,542,141

Class F (USD)	2023 (\$)
Balance, beginning of period	70,523
Increase (decrease) in net assets attributable to holders of redeemable units	(1,868)
Unit transactions:	
Proceeds from issue of redeemable units	76,551
Issued on reinvestment of distributions	-
Amounts paid on redemption of redeemable units	(138,596)
	(62,045)
Distributions paid from:	
Net investment income	-
Realized gains on sale of investments	-
Return of capital	-
	-
Balance, end of period	6,610

Class H	2023 (\$)
Balance, beginning of period	5,076
Increase (decrease) in net assets attributable to holders of redeemable units	(124)
Unit transactions:	
Proceeds from issue of redeemable units	10
Issued on reinvestment of distributions	-
Amounts paid on redemption of redeemable units	(4,962)
	(4,952)
Distributions paid from:	
Net investment income	-
Realized gains on sale of investments	-
Return of capital	-
	-
Balance, end of period	-

Pender Alternative Arbitrage Plus Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited) (cont'd)

Six months ended June 30, 2023

Class H (USD)	2023 (\$)
Balance, beginning of period	6,866
Increase (decrease) in net assets attributable to holders of redeemable units	(111)
Unit transactions:	
Proceeds from issue of redeemable units	15
Issued on reinvestment of distributions	-
Amounts paid on redemption of redeemable units	(6,770)
	(6,755)
Distributions paid from:	
Net investment income	-
Realized gains on sale of investments	-
Return of capital	-
	-
Balance, end of period	-

Class I	2023 (\$)
Balance, beginning of period	3,721,095
Increase (decrease) in net assets attributable to holders of redeemable units	(87,122)
Unit transactions:	
Proceeds from issue of redeemable units	9,653,255
Issued on reinvestment of distributions	-
Amounts paid on redemption of redeemable units	(517,229)
	9,136,026
Distributions paid from:	
Net investment income	-
Realized gains on sale of investments	-
Return of capital	-
	-
Balance, end of period	12,769,999

Class I (USD)	2023 (\$)
Balance, beginning of period	6,867
Increase (decrease) in net assets attributable to holders of redeemable units	(168)
Unit transactions:	
Proceeds from issue of redeemable units	14
Issued on reinvestment of distributions	-
Amounts paid on redemption of redeemable units	-
	14
Distributions paid from:	
Net investment income	-
Realized gains on sale of investments	-
Return of capital	-
	-
Balance, end of period	6,713

Pender Alternative Arbitrage Plus Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited) (cont'd)

Six months ended June 30, 2023

Class N	2023 (\$)
Balance, beginning of period	5,077
Increase (decrease) in net assets attributable to holders of redeemable units	(100)
Unit transactions:	
Proceeds from issue of redeemable units	9
Issued on reinvestment of distributions	-
Amounts paid on redemption of redeemable units	(4,986)
	(4,977)
Distributions paid from:	
Net investment income	-
Realized gains on sale of investments	-
Return of capital	-
	-
Balance, end of period	-

Class O	2023 (\$)
Balance, beginning of period	1,017,412
Increase (decrease) in net assets attributable to holders of redeemable units	(11,656)
Unit transactions:	
Proceeds from issue of redeemable units	1,765,108
Issued on reinvestment of distributions	-
Amounts paid on redemption of redeemable units	(196,000)
	1,569,108
Distributions paid from:	
Net investment income	-
Realized gains on sale of investments	-
Return of capital	-
	-
Balance, end of period	2,574,864

Total Fund	2023 (\$)
Balance, beginning of period	5,970,260
Increase (decrease) in net assets attributable to holders of redeemable units	(113,693)
Unit transactions:	
Proceeds from issue of redeemable units	12,159,083
Issued on reinvestment of distributions	-
Amounts paid on redemption of redeemable units	(927,180)
	11,231,903
Distributions paid from:	
Net investment income	-
Realized gains on sale of investments	-
Return of capital	-
	-
Balance, end of period	17,088,470

Pender Alternative Arbitrage Plus Fund

Statements of Cash Flows (Unaudited)

Six months ended June 30, 2023

	2023 (\$)
Cash provided by (used in):	
Operating:	
Increase (decrease) in net assets attributable to holders of redeemable units	(113,693)
Adjustments for:	
Interest for distribution purposes	(69,404)
Dividend income	(152,305)
Dividend and interest expense on securities sold short	6,239
Foreign exchange (gain) loss	(375,367)
Net realized (gain) loss on sale of investments	252,694
Net change in unrealized (appreciation) depreciation of investments	197,133
Derivative assets and liabilities	(114,865)
Performance fees payable	259
Management and administration fees payable	14,408
	(354,901)
Proceeds on disposal of investments	46,398,005
Amounts paid on purchase of investments	(62,525,480)
Dividend and interest expense paid on securities sold short	(5,585)
Dividends received	153,405
Interest received	69,404
	(16,265,152)
Financing:	
Proceeds from issue of redeemable units	12,135,673
Amounts paid on redemption of redeemable units	(927,180)
	11,208,493
Net increase (decrease) in cash	(5,056,659)
Bank overdraft, beginning of period	(890,309)
Effect of exchange rate fluctuations on cash	375,367
Bank overdraft, end of period	(5,571,601)

Pender Alternative Arbitrage Plus Fund

Schedule of Investment Portfolio (Unaudited)

June 30, 2023

	Number of shares	Cost (\$)	Fair value (\$)
LONG POSITIONS			
Equities:			
Communication services (8.5%):			
ABIOMED, Inc., Rights	140	-	-
Quotient Technology Inc.	130,860	671,613	665,690
Radius Global Infrastructure, Inc., Class 'A'	40,120	799,139	791,919
		1,470,752	1,457,609
Consumer discretionary (9.2%)			
Franchise Global Health Inc.	12,210	480,074	463,258
NeoGames S.A.	15,850	583,106	548,449
Uni-Select Inc.	11,753	545,210	552,979
		1,608,390	1,564,686
Energy (3.4%)			
GasLog Partners LP	50,490	574,733	576,563
		574,733	576,563
Financial services (32.7%)			
Alset Capital Acquisition Corp., Class 'A'	98	1,374	1,348
AltC Acquisition Corp., Class 'A'	15,280	204,666	211,126
Altimar Acquisition Corp. III, Class 'A'	9,647	132,810	131,249
BlueRiver Acquisition Corp., Class 'A'	104	1,422	1,447
Bluescape Opportunities Acquisition Corporation, Class 'A'	23,894	321,093	316,536
CF Acquisition Corp. VII, Class 'A'	2,576	36,442	36,344
Colombier Acquisition Corp., Class 'A'	21,430	294,645	291,559
Corsair Partnering Corporation, Class 'A'	2,676	36,747	36,744
Edify Acquisition Corp., Class 'A'	1,364	18,731	19,136
Elliott Opportunity II Corp., Class 'A'	5,000	67,949	68,622
FG Acquisition Corp., Class 'A'	1,483	19,927	20,432
First Light Acquisition Group, Inc., Class 'A'	18,523	250,388	257,407
Focus Financial Partners Inc., Class 'A'	11,330	796,649	788,145
FTAC Emerald Acquisition Corp., Class 'A'	3,500	47,410	48,035
Greenhill & Co., Inc.	33,860	666,906	657,141
Home Capital Group Inc.	18,254	768,407	786,930
Home Point Capital Inc.	227,853	697,781	700,287
Inflection Point Acquisition Corporation II, Class 'A'	13,161	179,450	176,443
Kensington Capital Acquisition Corp. V, Class 'A'	7,000	94,096	97,926
MedTech Acquisition Corporation, Class 'A'	930	13,096	12,912
Mobiv Acquisition Corp, Class 'A'	14,420	202,410	201,918
Mountain Crest Acquisition Corp. V	3,562	49,737	48,839
Oxbridge Acquisition Corp., Class 'A'	23	333	332
RMG Acquisition Corp. III, Class 'A'	2,038	27,269	30,454
SilverBox Corp III, Class 'A'	300	4,094	4,039
Social Capital Suvretta Holdings Corp. II, Class 'A'	5,040	67,713	69,138
Social Capital Suvretta Holdings Corp. IV, Class 'A'	3,510	47,001	48,126
Southport Acquisition Corporation	31,220	440,112	435,093
Thunder Bridge Capital Partners IV, Inc., Class 'A'	6,954	95,502	93,229
		5,584,160	5,590,937
Health care (24.1%)			
Amryt Pharma PLC, ADR	327,900	-	-
BELLUS Health Inc.	29,520	571,743	576,823
Chinook Therapeutics, Inc.	5,310	267,964	270,263
CinCor Pharma, Inc.	6,011	-	-

The accompanying notes are an integral part of these financial statements.

Pender Alternative Arbitrage Plus Fund

Schedule of Investment Portfolio (Unaudited) (cont'd)

June 30, 2023

	Number of shares	Cost (\$)	Fair value (\$)
Health care (24.1%) (cont'd)			
DICE Therapeutics, Inc.	5,443	334,527	335,005
GreenLight Biosciences Holdings, PBC	170,870	65,499	67,478
Horizon Therapeutics Public Limited Company	1,990	300,153	271,139
IVERIC bio, Inc.	15,500	787,011	807,792
Jounce Therapeutics, Inc., Rights	164,200	-	-
NuVasive, Inc.	6,580	374,787	362,534
Paratek Pharmaceuticals, Inc.	123,315	357,079	361,029
Seagen Inc.	1,390	378,330	354,396
Spectrum Pharmaceuticals, Inc.	171,340	204,602	217,903
Syneos Health, Inc.	8,700	486,972	485,677
		4,128,667	4,110,039
Industrials (21.8%)			
Aerojet Rocketdyne Holdings, Inc.	5,530	422,445	401,970
Berkshire Grey, Inc.	429,660	797,742	802,560
CIRCOR International, Inc.	6,530	415,573	488,327
Spirit Airlines, Inc.	17,320	441,146	393,731
Triton International Limited	3,770	420,257	415,826
U.S. Xpress Enterprises, Inc., Class 'A'	73,092	593,171	594,528
Univar Solutions Inc.	13,160	626,617	624,824
		3,716,951	3,721,766
Information technology (21.3%)			
Absolute Software Corporation	30,848	471,245	468,323
Kaleyra, Inc.	23,740	208,286	211,970
Black Knight, Inc.	3,960	321,293	313,344
eMagin Corporation	199,619	540,053	523,602
Embark Technology, Inc., Class 'A'	117,501	438,030	445,186
ForgeRock, Inc.	7,590	222,171	206,527
National Instruments Corporation	5,340	419,550	406,057
TESSCO Technologies Incorporated	61,113	719,925	724,587
Wireless Telecom Group, Inc.	120,918	340,238	336,391
		3,680,791	3,635,987
Insurance (6.6%)			
Argo Group International Holdings, Ltd.	17,060	677,485	669,193
Midwest Holding Inc.	12,867	445,679	456,310
		1,123,164	1,125,503
Materials (7.7%)			
Arconic Corporation	13,580	529,473	532,147
Diversey Holdings, Ltd.	71,220	787,530	791,585
		1,317,003	1,323,732
Real estate (4.0%)			
INDUS Realty Trust, Inc.	7,655	690,983	679,444
		690,983	679,444
Total equities (long) (139.3%)		23,895,594	23,786,266
Total long positions (139.3%)		23,895,594	23,786,266

Pender Alternative Arbitrage Plus Fund

Schedule of Investment Portfolio (Unaudited) (cont'd)

June 30, 2023

	Number of shares	Cost (\$)	Fair value (\$)
SHORT POSITIONS			
Equities:			
Health care (-3.6%):			
Assertio Holdings, Inc.	(30,548)	(209,310)	(219,339)
Globus Medical, Inc., Class 'A'	(4,934)	(384,802)	(389,172)
		(594,112)	(608,511)
Total short positions (-3.6%)		(594,112)	(608,511)
Less: Transaction costs included in cost of investments		(11,701)	
Total investments (135.7%)		23,289,781	23,177,755
	Contract rate	Pay	Receive
			Unrealized gain (loss)
Derivative assets:			
The Bank of Nova Scotia, Foreign Currency Forward, settlement 2023/09/05	1.34	USD 6,985,500	CAD 9,369,979
			125,226
Total derivative assets (0.7%)			125,226
Bank overdraft (-32.6%)			(5,571,601)
Other assets less liabilities (-3.8%)			(642,910)
Total net assets attributable to holders of redeemable units (100.0%)			17,088,470

Pender Alternative Multi-Strategy Income Fund

Statements of Financial Position (Unaudited)

June 30, 2023 and December 31, 2022

	2023 (\$)	2022 (\$)
Assets		
Cash	11,211	64,340
Distributions receivable from underlying funds	19,726	-
Investments	4,739,570	5,871,151
	4,770,507	5,935,491
Liabilities		
Management and administration fees payable (note 4)	8,155	10,571
Redemptions payable to holders of redeemable units	3,016	10,210
Accrued expenses	-	283
Performance fees payable	2,063	-
	13,234	21,064
Net assets attributable to holders of redeemable units	4,757,273	5,914,427
Net assets attributable to holders of redeemable units per class:		
Class A	2,553,569	3,288,034
Class E	-	4,325
Class F	1,779,465	1,972,805
Class H	-	5,073
Class I	419,736	635,529
Class N	-	4,280
Class O	4,503	4,381
	4,757,273	5,914,427
Net assets attributable to holders of redeemable units per unit:		
Class A	11.68	11.53
Class E	-	8.65
Class F	12.72	12.50
Class H	-	10.15
Class I	8.62	8.46
Class N	-	8.56
Class O	9.01	8.78

Approved on behalf of the Manager, PenderFund Capital Management Ltd.:

(signed) "David Barr"

David Barr
Director

(signed) "Kelly Edmison"

Kelly Edmison
Director

Pender Alternative Multi-Strategy Income Fund

Statements of Comprehensive Income (Unaudited)

Six months ended June 30, 2023 and 2022

	2023 (\$)	2022 (\$)
Revenue		
Distributions from underlying funds	128,068	8,183
Dividend income	-	37,809
Foreign exchange gain (loss)	-	150
Changes in fair value of investments:		
Net realized gain (loss)	12,439	(221,291)
Net change in unrealized appreciation (depreciation)	640	(3,543,917)
Total revenue	141,147	(3,719,066)
Expenses		
Management fees (note 4)	36,533	66,968
Administration fees (note 4)	17,527	31,809
Performance fees	2,063	-
Transaction costs	1,332	10,045
Independent review committee fees	57	101
Withholding taxes (recovery) (note 6)	-	2,133
Total expenses	57,512	111,056
Less: Expenses absorbed by the Manager (note 4)	(57)	(101)
Net expenses	57,455	110,955
Increase (decrease) in net assets attributable to holders of redeemable units	83,692	(3,830,021)
Increase (decrease) in net assets attributable to holders of redeemable units per class:		
Class A	40,075	(1,859,520)
Class A1	-	(58,453)
Class E	57	(1,730)
Class F	33,174	(1,000,368)
Class F1	-	(137,898)
Class H	38	-
Class I	10,174	(395,006)
Class N	52	(1,724)
Class O	122	(375,322)
	83,692	(3,830,021)
Increase (decrease) in net assets attributable to holders of redeemable units per unit:		
Class A	0.16	(4.86)
Class A1	-	(3.43)
Class E	0.12	(3.46)
Class F	0.23	(5.16)
Class F1	-	(3.85)
Class H	0.06	-
Class I	0.17	(3.52)
Class N	0.11	(3.44)
Class O	0.24	(3.46)

Pender Alternative Multi-Strategy Income Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)

Six months ended June 30, 2023 and 2022

Class A	2023 (\$)	2022 (\$)
Balance, beginning of period	3,288,034	7,173,180
Increase (decrease) in net assets attributable to holders of redeemable units	40,075	(1,859,520)
Unit transactions:		
Proceeds from issue of redeemable units	850	112,801
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(775,390)	(1,465,926)
	(774,540)	(1,353,125)
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	2,553,569	3,960,535

Class A1	2023 (\$)	2022 (\$)
Balance, beginning of period	-	283,141
Increase (decrease) in net assets attributable to holders of redeemable units	-	(58,453)
Unit transactions:		
Proceeds from issue of redeemable units	-	3,000
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	-	(227,688)
	-	(224,688)
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	-	-

Class E	2023 (\$)	2022 (\$)
Balance, beginning of period	4,325	5,975
Increase (decrease) in net assets attributable to holders of redeemable units	57	(1,730)
Unit transactions:		
Proceeds from issue of redeemable units	-	-
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(4,382)	-
	(4,382)	-
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	-	4,245

Pender Alternative Multi-Strategy Income Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited) (cont'd)

Six months ended June 30, 2023 and 2022

Class F	2023 (\$)	2022 (\$)
Balance, beginning of period	1,972,805	3,741,359
Increase (decrease) in net assets attributable to holders of redeemable units	33,174	(1,000,368)
Unit transactions:		
Proceeds from issue of redeemable units	31,654	381,154
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(258,168)	(565,362)
	(226,514)	(184,208)
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	1,779,465	2,556,783

Class F1	2023 (\$)	2022 (\$)
Balance, beginning of period	-	1,109,543
Increase (decrease) in net assets attributable to holders of redeemable units	-	(137,898)
Unit transactions:		
Proceeds from issue of redeemable units	-	366,512
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	-	(1,338,157)
	-	(971,645)
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	-	-

Class H	2023 (\$)	2022 (\$)
Balance, beginning of period	5,073	-
Increase (decrease) in net assets attributable to holders of redeemable units	38	-
Unit transactions:		
Proceeds from issue of redeemable units	-	-
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(5,111)	-
	(5,111)	-
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	-	-

Pender Alternative Multi-Strategy Income Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited) (cont'd)

Six months ended June 30, 2023 and 2022

Class I	2023 (\$)	2022 (\$)
Balance, beginning of period	635,529	2,177,025
Increase (decrease) in net assets attributable to holders of redeemable units	10,174	(395,006)
Unit transactions:		
Proceeds from issue of redeemable units	60,547	-
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(286,514)	(892,409)
	(225,967)	(892,409)
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	419,736	889,610
Class N	2023 (\$)	2022 (\$)
Balance, beginning of period	4,280	5,932
Increase (decrease) in net assets attributable to holders of redeemable units	52	(1,724)
Unit transactions:		
Proceeds from issue of redeemable units	-	-
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(4,332)	-
	(4,332)	-
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	-	4,208
Class O	2023 (\$)	2022 (\$)
Balance, beginning of period	4,381	1,304,387
Increase (decrease) in net assets attributable to holders of redeemable units	122	(375,322)
Unit transactions:		
Proceeds from issue of redeemable units	-	-
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	-	-
	-	-
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	4,503	929,065

Pender Alternative Multi-Strategy Income Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited) (cont'd)

Six months ended June 30, 2023 and 2022

Total Fund	2023 (\$)	2022 (\$)
Balance, beginning of period	5,914,427	15,800,542
Increase (decrease) in net assets attributable to holders of redeemable units	83,692	(3,830,021)
Unit transactions:		
Proceeds from issue of redeemable units	93,051	863,467
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(1,333,897)	(4,489,542)
	(1,240,846)	(3,626,075)
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	4,757,273	8,344,446

Pender Alternative Multi-Strategy Income Fund

Statements of Cash Flows (Unaudited)

Six months ended June 30, 2023 and 2022

	2023 (\$)	2022 (\$)
Cash provided by (used in):		
Operating:		
Increase (decrease) in net assets attributable to holders of redeemable units	83,692	(3,830,021)
Adjustments for:		
Distributions from underlying funds	(128,068)	(8,183)
Dividend income	-	(37,809)
Foreign exchange (gain) loss	-	(150)
Net realized (gain) loss on sale of investments	(12,439)	221,291
Net change in unrealized (appreciation) depreciation of investments	(640)	3,543,917
Performance fees payable	2,063	-
Management and administration fees payable	(2,416)	(12,985)
Accrued expenses	(283)	(903)
	(58,091)	(124,843)
Proceeds on disposal of investments	1,253,000	4,490,344
Amounts paid on purchase of investments	(108,340)	(382,886)
Dividends received	-	44,414
Distributions from underlying funds	108,342	7,012
	1,194,911	4,034,041
Financing:		
Proceeds from issue of redeemable units	84,338	856,888
Amounts paid on redemption of redeemable units	(1,332,378)	(4,487,037)
	(1,248,040)	(3,630,149)
Net increase (decrease) in cash	(53,129)	403,892
Cash/(Bank overdraft), beginning of period	64,340	(170,411)
Effect of exchange rate fluctuations on cash	-	150
Cash, end of period	11,211	233,631

Pender Alternative Multi-Strategy Income Fund

Schedule of Investment Portfolio (Unaudited)

June 30, 2023

	Issue currency	Number of shares / units / Face value (\$)	Cost (\$)	Fair value (\$)
Mutual funds:				
Pender Alternative Absolute Return Fund, Class 'O'		154,337	1,534,615	1,569,613
Pender Alternative Arbitrage Fund, Class 'O'		72,163	760,277	768,170
Pender Alternative Arbitrage Plus Fund, Class 'O'		81,125	811,231	819,323
Pender Corporate Bond Fund, Class 'O'		155,029	1,613,894	1,580,661
Total mutual funds (99.6%)			4,720,017	4,737,767
Equities:				
Information technology (0.0%):				
SECURE Energy Services Inc.		360,677	180,339	1,803
			180,339	1,803
Materials (0.0%):				
Red Eagle Mining Corporation		428,759	215,951	-
			215,951	-
Total equities (0.0%)			396,290	1,803
Warrants:				
BuildDirect.com Technologies Inc., strike price \$6.90, expiry 2023/08/13	CAD	129,600	-	-
GreenSpace Brands Inc., Restricted, strike price \$0.09, expiry 2023/09/28	CAD	266,000	-	-
Total warrants (0.0%)			-	-
Less: Transaction costs included in cost of investments			-	-
Total investments (99.6%)			5,116,307	4,739,570
Cash (0.2%)				11,211
Other assets less liabilities (0.2%)				6,492
Total net assets attributable to holders of redeemable units (100.0%)				4,757,273

Pender Alternative Special Situations Fund

Statements of Financial Position (Unaudited)

June 30, 2023 and December 31, 2022

	2023 (\$)	2022 (\$)
Assets		
Dividends receivable	47,658	6,912
Investments	1,848,301	1,864,306
	1,895,959	1,871,218
Liabilities		
Bank overdraft	454,510	631,605
Accrued expenses	-	59
	454,510	631,664
Net assets attributable to holders of redeemable units	1,441,449	1,239,554
Net assets attributable to holders of redeemable units per class:		
Class A	334,673	309,657
Class E	270,542	184,791
Class F	329,401	281,002
Class H	273,038	247,939
Class I	228,910	207,127
Class N	-	4,519
Class O	4,885	4,519
	1,441,449	1,239,554
Net assets attributable to holders of redeemable units per unit:		
Class A	16.72	15.47
Class E	8.91	8.25
Class F	16.71	15.47
Class H	8.92	8.25
Class I	8.91	8.25
Class N	-	8.25
Class O	8.92	8.25

Approved on behalf of the Manager, PenderFund Capital Management Ltd.:

(signed) "David Barr"

David Barr
Director

(signed) "Kelly Edmison"

Kelly Edmison
Director

Pender Alternative Special Situations Fund

Statements of Comprehensive Income (Unaudited)

Six months ended June 30, 2023 and 2022

	2023 (\$)	2022 (\$)
Revenue		
Dividend income	54,025	6,534
Foreign exchange gain (loss)	(1,036)	(245)
Changes in fair value of investments:		
Net realized gain (loss)	147,992	(165,440)
Net change in unrealized appreciation (depreciation)	(79,446)	(268,550)
Total revenue	121,535	(427,701)
Expenses		
Interest and borrow fees expense	16,220	-
Management fees (note 4)	7,868	15,100
Administration fees (note 4)	4,585	7,014
Transaction costs	4,065	5,863
Independent review committee fees	17	28
Withholding taxes (recovery) (note 6)	-	493
Total expenses	32,755	28,498
Less: Fees waived and expenses absorbed by the Manager (note 4)	(12,470)	(23,055)
Net expenses	20,285	5,443
Increase (decrease) in net assets attributable to holders of redeemable units	101,250	(433,144)
Increase (decrease) in net assets attributable to holders of redeemable units per class:		
Class A	25,016	(98,609)
Class D	-	3,507
Class E	16,271	(35,358)
Class F	22,264	(81,500)
Class H	20,099	(120,112)
Class I	16,783	(99,404)
Class N	451	(834)
Class O	366	(834)
	101,250	(433,144)
Increase (decrease) in net assets attributable to holders of redeemable units per unit:		
Class A	1.25	(3.77)
Class D	-	0.48
Class E	0.59	(2.08)
Class F	1.15	(3.60)
Class H	0.65	(1.58)
Class I	0.65	(1.90)
Class N	0.82	(1.53)
Class O	0.65	(1.53)

Pender Alternative Special Situations Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited)

Six months ended June 30, 2023 and 2022

	2023 (\$)	2022 (\$)
Class A		
Balance, beginning of period	309,657	420,058
Increase (decrease) in net assets attributable to holders of redeemable units	25,016	(98,609)
Unit transactions:		
Proceeds from issue of redeemable units	-	243,983
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	-	(8,142)
	-	235,841
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	334,673	557,290
Class D		
Balance, beginning of period	-	101,130
Increase (decrease) in net assets attributable to holders of redeemable units	-	3,507
Unit transactions:		
Proceeds from issue of redeemable units	-	5,000
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	-	(109,637)
	-	(104,637)
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	-	-
Class E		
Balance, beginning of period	184,791	120,043
Increase (decrease) in net assets attributable to holders of redeemable units	16,271	(35,358)
Unit transactions:		
Proceeds from issue of redeemable units	69,480	95,778
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	-	-
	69,480	95,778
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	270,542	180,463

The accompanying notes are an integral part of these financial statements.

Pender Alternative Special Situations Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited) (cont'd)

Six months ended June 30, 2023 and 2022

Class F	2023 (\$)	2022 (\$)
Balance, beginning of period	281,002	354,001
Increase (decrease) in net assets attributable to holders of redeemable units	22,264	(81,500)
Unit transactions:		
Proceeds from issue of redeemable units	43,000	183,348
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(16,865)	(57,689)
	26,135	125,659
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	329,401	398,160
Class H	2023 (\$)	2022 (\$)
Balance, beginning of period	247,939	469,799
Increase (decrease) in net assets attributable to holders of redeemable units	20,099	(120,112)
Unit transactions:		
Proceeds from issue of redeemable units	5,000	299,999
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	-	-
	5,000	299,999
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	273,038	649,686
Class I	2023 (\$)	2022 (\$)
Balance, beginning of period	207,127	383,721
Increase (decrease) in net assets attributable to holders of redeemable units	16,783	(99,404)
Unit transactions:		
Proceeds from issue of redeemable units	5,000	250,001
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	-	-
	5,000	250,001
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	228,910	534,318

Pender Alternative Special Situations Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (Unaudited) (cont'd)

Six months ended June 30, 2023 and 2022

Class N	2023 (\$)	2022 (\$)
Balance, beginning of period	4,519	5,411
Increase (decrease) in net assets attributable to holders of redeemable units	451	(834)
Unit transactions:		
Proceeds from issue of redeemable units	-	-
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(4,970)	-
	(4,970)	-
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	-	4,577

Class O	2023 (\$)	2022 (\$)
Balance, beginning of period	4,519	5,411
Increase (decrease) in net assets attributable to holders of redeemable units	366	(834)
Unit transactions:		
Proceeds from issue of redeemable units	-	-
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	-	-
	-	-
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	4,885	4,577

Total Fund	2023 (\$)	2022 (\$)
Balance, beginning of period	1,239,554	1,859,574
Increase (decrease) in net assets attributable to holders of redeemable units	101,250	(433,144)
Unit transactions:		
Proceeds from issue of redeemable units	122,480	1,078,109
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(21,835)	(175,468)
	100,645	902,641
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of period	1,441,449	2,329,071

Pender Alternative Special Situations Fund

Statements of Cash Flows (Unaudited)

Six months ended June 30, 2023 and 2022

	2023 (\$)	2022 (\$)
Cash provided by (used in):		
Operating:		
Increase (decrease) in net assets attributable to holders of redeemable units	101,250	(433,144)
Adjustments for:		
Dividend income	(54,025)	(6,534)
Foreign exchange (gain) loss	1,036	245
Net realized (gain) loss on sale of investments	(147,992)	165,440
Net change in unrealized (appreciation) depreciation of investments	79,446	268,550
Accrued expenses	(59)	-
	(20,344)	(5,443)
Proceeds on disposal of investments	1,313,139	1,168,953
Amounts paid on purchase of investments	(1,228,588)	(1,969,267)
Dividends received	13,279	5,751
	77,486	(800,006)
Financing:		
Proceeds from issue of redeemable units	122,480	1,061,825
Amounts paid on redemption of redeemable units	(21,835)	(159,184)
	100,645	902,641
Net increase (decrease) in cash	178,131	102,635
(Bank overdraft)/Cash, beginning of period	(631,605)	32,738
Effect of exchange rate fluctuations on cash	(1,036)	(245)
(Bank overdraft)/Cash, end of period	(454,510)	135,128

Pender Alternative Special Situations Fund

Schedule of Investment Portfolio (Unaudited)

June 30, 2023

	Number of Shares	Cost (\$)	Fair Value (\$)
Equities:			
Communication services (12.0%):			
Anterix Inc.	3,180	220,366	133,500
Thunderbird Entertainment Group Inc.	11,400	40,014	40,128
		260,380	173,628
Consumer discretionary (0.8%):			
ATD New Holdings Inc.	190	11,036	11,327
		11,036	11,327
Consumer staples (5.3%):			
Glass House Brands Inc.	17,610	70,814	75,679
		70,814	75,679
Energy (26.0%):			
ARC Resources Ltd.	3,720	39,063	65,732
Athabasca Oil Corporation	22,500	32,449	64,575
Logan Energy Corp.	4,950	-	-
MEG Energy Corp.	3,070	30,297	64,470
NexGen Energy Ltd.	11,300	78,605	70,625
Saturn Oil & Gas Inc.	39,280	85,102	86,416
Spartan Delta Corp.	4,950	26,248	23,513
		291,764	375,331
Financial services (28.2%):			
Burford Capital Limited	14,160	179,136	228,477
ECN Capital Corporation	12,080	42,401	32,254
Partners Value Investments LP	1,200	84,430	81,000
Pluribus Technologies Corporation	35,600	73,489	44,500
Sprott Physical Uranium Trust	1,280	22,349	21,402
		401,805	407,633
Health care (10.4%):			
dentalcorp Holdings Ltd.	20,365	168,935	149,479
		168,935	149,479
Industrials (18.0%):			
Exro Technologies Inc.	16,400	36,900	35,260
GH Group, Inc., Preferred, Series 'C', 20.00%	120	163,842	158,970
Harbor Diversified, Inc.	22,500	53,198	65,575
		253,940	259,805
Information technology (16.5%):			
Dye & Durham Limited	615	9,712	11,138
Haivision Systems Inc.	12,830	56,580	48,497
Sylogist Ltd.	10,060	56,688	75,450
Thinkific Labs Inc.	51,877	127,583	102,198
		250,563	237,283
Utilities (10.3%):			
Altius Renewable Royalties Corp.	16,439	152,939	148,280
		152,939	148,280
Total equities (127.5%)		1,862,176	1,838,445

Pender Alternative Special Situations Fund

Schedule of Investment Portfolio (Unaudited) (cont'd)

June 30, 2023

		Number of Shares	Cost (\$)	Fair Value (\$)
Warrants:				
Glass House Brands Inc., strike price \$5.00, expiry 2027/08/31	USD	24,000	-	-
Logan Energy Corp., strike price \$0.35, expiry 2023/07/31	CAD	4,950	-	-
Saturn Oil & Gas Inc., strike price \$3.20, expiry 2023/07/07	CAD	33,160	-	166
Saturn Oil & Gas Inc., strike price \$4.00, expiry 2025/03/10	CAD	38,000	-	9,690
Total warrants (0.7%)			-	9,856
Less: Transaction costs included in cost of investments			(2,965)	
Total investments (128.2%)			1,859,211	1,848,301
Bank overdraft (-31.5%)				(454,510)
Other assets less liabilities (3.3%)				47,658
Total net assets attributable to holders of redeemable units (100.0%)				1,441,449

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited)

Six months ended June 30, 2023

1. The Funds

The Pender Alternative Mutual Funds (individually a "Fund" and collectively the "Funds") include the following:

	Commencement of operations	Classes
Alternative Absolute Return Fund	September 1, 2021	A, A (USD), E, F, F (USD), H, H (USD), I, I (USD), N, O
Alternative Arbitrage Fund	September 8, 2021	A, E, F, F (USD), H, I, I (USD), O
Alternative Arbitrage Plus Fund	September 1, 2022	A, E, F, F (USD), I, I (USD), O
Alternative Multi-Strategy Income Fund	September 21, 2009	A, F, I, O
Alternative Special Situations Fund	July 10, 2020	A, E, F, H, I, O

Effective May 26, 2023, Class A (USD), H (USD) and N units of the Pender Alternative Arbitrage Fund were closed. Effective May 26, 2023, Class A (USD), H, H (USD) and N units of the Pender Alternative Arbitrage Plus Fund were closed. Effective May 26, 2023, Class E, H and N units of the Pender Alternative Multi-Strategy Income Fund were closed. Effective May 26, 2023, Class N units of the Pender Alternative Special Situations Fund were closed. Effective February 11, 2022, for the Pender Alternative Absolute Return Fund and March 31, 2022, for the Pender Alternative Arbitrage Fund, the Manager closed Class AF and FF units of the Funds to buy and switch in trades. The Funds continue to allow redemption, switch out and transfer out trades for those closed classes. Effective April 22, 2022, Class D units of the Pender Alternative Special Situations Fund were closed. Effective June 24, 2022, Class A1 and F1 units of the Pender Alternative Multi-Strategy Income Fund were closed.

On September 1, 2022, Pender Value Fund II and Pender Special Situations Fund were each converted from a conventional mutual fund to an alternative mutual fund and were renamed Pender Alternative Multi-Strategy Income Fund and Pender Alternative Special Situations Fund, respectively.

Each of the Funds is an open-end investment trust governed under the laws of the Province of British Columbia pursuant to the Twentieth Amended and Restated Mutual Fund Trust Agreement dated June 16, 2023 (previously the Nineteenth Amended and Restated Mutual Fund Trust Agreement dated August 15, 2022).

The Funds' registered office is located at 1830 - 1066 West Hastings Street, Vancouver, BC, V6E 3X2.

The Manager and Trustee of the Funds is PenderFund Capital Management Ltd. CIBC Mellon Trust Company is the custodian of Pender Alternative Multi-Strategy Income Fund and The Bank of Nova Scotia is the custodian of the other Funds.

2. Basis of preparation:

(a) Statement of compliance:

The financial statements of the Funds are prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These financial statements were authorized for issue by the Manager on August 25, 2023.

(b) Basis of measurement:

The financial statements have been prepared on a historical cost basis except for investments, investments sold short and derivatives, which are measured at fair value.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, the Funds' functional currency.

(d) Use of estimates and judgment:

The preparation of these financial statements in conformity with IFRS requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future period affected.

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited) (cont'd)

Six months ended June 30, 2023

The Funds may hold financial instruments that are not quoted in an active market, including derivatives.

The determination of the fair value of these investments is the area with the Manager's most significant accounting judgements and estimates in preparing these financial statements.

(e) Comparative information:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current period.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments:

(i) Recognition and measurement:

Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as FVTPL for which transaction costs are expensed as incurred.

Financial assets and financial liabilities are recognized initially on the trade date, which is the date on which the particular Fund becomes a party to the contractual provisions of the instrument. The Funds derecognize a financial liability when its contractual obligations are discharged, cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the Statements of Financial Position only when the Funds have a legal right to offset the amounts and intend either to settle on a net basis or to realize the asset and settle the liability simultaneously.

A financial asset is measured at amortized cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and/or interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is both to hold assets to collect contractual cash flows and to potentially sell financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and/or interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Funds may irrevocably elect to measure financial assets that otherwise meet the requirements to be measured at amortized cost or at FVOCI as at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Financial assets are not reclassified subsequent to their initial recognition, unless the Funds change their business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial liability is generally measured at amortized cost, with exceptions that may allow for classification as FVTPL. These exceptions include financial liabilities that are mandatorily measured at fair value through profit or loss, such as derivatives liabilities. The Funds may also, at initial recognition, irrevocably designate a financial liability as measured at FVTPL when doing so results in more relevant information.

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited) (cont'd)

Six months ended June 30, 2023

(ii) Amortized cost:

Financial assets and liabilities classified as amortized cost are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement is at amortized cost using the effective interest method, less any impairment losses. The Funds classify cash, receivable for investments sold, subscriptions receivable, dividends receivable, interest receivable, distributions receivable from underlying funds, other receivable, bank overdraft, management and administration fees payable, payable for investments purchased, redemptions payable to holders of redeemable units, accrued expenses, distributions payable to holders of redeemable units, payable for interest and dividends on short securities, and performance fees payable as amortized cost.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(iii) Derivative transactions:

The Funds may use derivative contracts to manage risks associated with the investments. The derivatives are classified as FVTPL and, as a result, the contracts are measured at fair value on the valuation date and the resulting gains and losses, both realized and unrealized, are recognized in the Statements of Comprehensive Income. Gains and losses arising from changes in fair value of derivatives are shown in the Statements of Comprehensive Income as "Net change in unrealized appreciation (depreciation)" and as "Net realized gain (loss)" when positions are closed out or have expired, where applicable.

(iv) Short sales

The Funds may sell securities short by selling a borrowed security in anticipation of a decline in the market value of that security. Short sales are held for trading and are consequently classified as financial liabilities at FVTPL. Interest and dividends on investments sold short are accrued as incurred and are reported as a liability in the Statements of Financial Position in "Payable for interest and dividends on short securities" and in the Statements of Comprehensive Income in "Dividend and interest expense on securities sold short".

(v) Fair value through profit and loss:

Financial assets and liabilities classified as FVTPL are recognized initially at fair value at each reporting period with changes in fair value recognized in the Statements of Comprehensive Income in the period in which they occur. The Funds' derivative assets and derivative liabilities, investments in securities, and investments sold short are classified as FVTPL.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) is based on quoted market prices at the close of trading on the reporting date. The Funds use the last traded market price for both financial assets and financial liabilities. In circumstances where there is no closing price, the average of the closing bid and the closing ask price on the valuation date is used. The Funds each have a policy of recognizing transfers in and out of the fair value hierarchy levels described in Note 10(a) as of the date of the event or change in circumstances giving rise to the transfer.

The fair value of financial assets and liabilities that are not traded in an active market, including non-publicly traded derivative instruments, is determined using valuation techniques. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other methods commonly used by market participants that make the maximum use of observable inputs. Where the value of a financial asset or liability is not readily available or where the Manager is of the opinion that the value available is inaccurate or unreliable, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

(vi) Fair Value through other comprehensive income:

The Funds have not classified any of their financial assets or liabilities as FVOCI.

(b) Redeemable units

The Funds classify financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. The Funds have designated redeemable units as financial liabilities at FVTPL because they are managed and their performance is evaluated, on a fair value basis. The redeemable units provide investors with the right to require redemptions for cash, subject to available liquidity at a unit price based on the Funds' valuation policies at each redemption date. Distributions to holders of redeemable units are recognized in comprehensive income when they are authorized and no longer at the discretion of the Manager.

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited) (cont'd)

Six months ended June 30, 2023

(c) Per unit amounts:

Net assets attributable to holders of redeemable units is calculated based on the number of units outstanding at the end of the period. The increase (decrease) in net assets attributable to holders of redeemable units per unit is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units by the weighted average number of units outstanding during the period.

(d) Securities lending transactions:

Prior to September 1, 2022, when the Pender Value Fund II was converted from a conventional mutual fund to an alternative mutual fund and was renamed Pender Alternative Multi-Strategy Income Fund, the Fund was party to an agreement to enter into securities lending transactions as set out in the Fund's Simplified Prospectus. Prior to September 1, 2022, when the Pender Special Situations Fund was converted from a conventional mutual fund to an alternative mutual fund and was renamed Pender Alternative Special Situations Fund, the Fund was party to an agreement to enter into securities lending transactions as set out in the Fund's Simplified Prospectus. Upon conversion to an alternative mutual fund, the agreement was terminated and the Fund no longer engages in securities lending transactions. Securities lending transactions were administered by Canadian Imperial Bank of Commerce and The Bank of New York Mellon (collectively the "Securities Lending Agent"). The value of cash or securities held as collateral had to be at least 102% of the fair value of the securities loaned, sold or purchased. Income was earned from those transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income earned from those transactions is included in the Statements of Comprehensive Income as securities lending income and was recognized when earned.

Note 5 summarizes the details of securities loaned and collateral received, and presents a reconciliation of the gross amount generated from securities lending to the securities lending income earned by the Pender Alternative Multi-Strategy Income Fund, prior to conversion to an alternative mutual fund. The other Funds do not engage in securities lending transactions.

(e) Foreign exchange:

The financial statements of the Funds are denominated in Canadian dollars. Foreign denominated investments and other foreign denominated assets and liabilities are translated into Canadian dollars using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign currency gains and losses are recognized in the Statements of Comprehensive Income.

(f) Income recognition:

Interest for distribution purposes shown on the Statements of Comprehensive Income is recognized on an accrual basis. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments are determined on the average cost basis of the respective investments.

(g) Income taxes:

The Funds qualify as unit trusts under the *Income Tax Act* (Canada). All of the Funds' net income for tax purposes and net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Funds. As a result, the Funds do not record income taxes.

4. Related party transactions

(a) Management fees:

Each Fund pays management fees calculated as a percentage of the net asset value of each respective class. Management fees are subject to applicable taxes such as GST or HST. The fees are calculated at the close of business on each valuation day and are paid monthly. The management fees charged to the Fund by the Manager are intended to cover, among other things, investment management costs, including any portfolio advisory fees, as well as distribution, marketing and promotion of the Fund. The management fees for Class E and Class O units are negotiable and paid directly by the investors and not by the Funds. Effective September 1, 2022, Pender Value Fund II Fund was converted from a conventional mutual fund to an alternative mutual fund and was renamed Pender Alternative Multi-Strategy Income Fund and the management fees for the Fund were reduced. The annual management fee percentages before applicable taxes such as GST or HST of the remaining classes as at June 30, 2023 and December 31, 2022 are as follows:

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited) (cont'd)

Six months ended June 30, 2023

As at June 30, 2023	Class A/A (USD) (%)	Class AF (%)	Class F/F (USD) (%)	Class FF (%)
Alternative Absolute Return Fund	1.80	1.15	0.80	0.15
Alternative Arbitrage Fund	1.80	1.15	0.80	0.15
Alternative Arbitrage Plus Fund	1.80	-	0.80	-
Alternative Multi-Strategy Income Fund	1.80	-	0.80	-
Alternative Special Situations Fund*	1.95	-	0.95	-

As at June 30, 2023 (cont'd)	Class H/H (USD) (%)	Class I/I (USD) (%)	Class N (%)
Alternative Absolute Return Fund	1.50	0.65	0.30
Alternative Arbitrage Fund	1.50	0.65	-
Alternative Arbitrage Plus Fund	-	0.65	-
Alternative Multi-Strategy Income Fund	-	0.65	-
Alternative Special Situations Fund*	1.65	0.80	-

As at December 31, 2022	Class A/A (USD) (%)	Class AF (%)	Class F/F (USD) (%)	Class FF (%)
Alternative Absolute Return Fund*	1.80	1.15	0.80	0.15
Alternative Arbitrage Fund*	1.80	1.15	0.80	0.15
Alternative Arbitrage Plus Fund*	1.80	-	0.80	-
Alternative Multi-Strategy Income Fund	1.80	-	0.80	-
Alternative Special Situations Fund*	1.95	-	0.95	-

As at December 31, 2022 (cont'd)	Class H/H (USD) (%)	Class I/I (USD) (%)	Class N (%)
Alternative Absolute Return Fund*	1.50	0.65	0.30
Alternative Arbitrage Fund*	1.50	0.65	0.30
Alternative Arbitrage Plus Fund*	1.50	0.65	0.30
Alternative Multi-Strategy Income Fund	1.50	0.65	0.30
Alternative Special Situations Fund*	1.65	0.80	0.45

* Refer to note 4 (b) below for further details.

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. Please refer to the tables in note 4 (b) below.

(b) Administration fees and other expenses:

Each Fund pays an administration fee calculated as a percentage of the net asset value of each respective class equal to 0.50%. Administration fees are subject to applicable taxes such as GST or HST. The fees are calculated at the close of business on each valuation day and are paid monthly. In exchange for the fee, the Manager pays the operating costs of each Fund (including administrative and operating expenses, registrar and transfer agency fees, custody fees, unitholder servicing costs, costs of prospectus and reports, regulatory fees, and audit and legal fees for example) other than taxes, brokerage commissions, transaction costs and Independent Review Committee ("IRC") fees. The administration fees for Class O units are negotiable and paid directly by the investors and not by the Funds.

The Manager has agreed to cap the management fees, administration fees and other expenses before applicable taxes such as GST or HST charged to each Fund class so that the management expense ratio ("MER") before applicable taxes such as GST or HST as at June 30, 2023 and December 31, 2022 for each class does not exceed the percentage of average NAV set out in the Fund's offering documents, as follows:

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited) (cont'd)

Six months ended June 30, 2023

As at June 30, 2023	Class A/A (USD) (%)	Class AF (%)	Class E (%)	Class F/F (USD) (%)
Alternative Absolute Return Fund	2.30	1.65	0.50	1.30
Alternative Arbitrage Fund	2.30	1.65	0.50	1.30
Alternative Arbitrage Plus Fund	2.30	-	0.50	1.30
Alternative Multi-Strategy Income Fund	2.30	-	-	1.30
Alternative Special Situations Fund	2.45	-	0.50	1.45

As at June 30, 2023 (cont'd)	Class FF (%)	Class H/H (USD) (%)	Class I/I (USD) (%)	Class N (%)
Alternative Absolute Return Fund	0.65	2.00	1.15	0.80
Alternative Arbitrage Fund	0.65	2.00	1.15	-
Alternative Arbitrage Plus Fund	-	-	1.15	-
Alternative Multi-Strategy Income Fund	-	-	1.15	-
Alternative Special Situations Fund	-	2.15	1.30	-

As at December 31, 2022	Class A/A (USD) (%)	Class AF (%)	Class E (%)	Class F/F (USD) (%)
Alternative Absolute Return Fund	2.30	1.65	0.50	1.30
Alternative Arbitrage Fund	2.30	1.65	0.50	1.30
Alternative Arbitrage Plus Fund	2.30	-	0.50	1.30
Alternative Multi-Strategy Income Fund	2.30	-	0.50	1.30
Alternative Special Situations Fund	2.45	-	0.50	1.45

As at December 31, 2022 (cont'd)	Class FF (%)	Class H/H (USD) (%)	Class I/I (USD) (%)	Class N (%)
Alternative Absolute Return Fund	0.65	2.00	1.15	0.80
Alternative Arbitrage Fund	0.65	2.00	1.15	0.80
Alternative Arbitrage Plus Fund	-	2.00	1.15	0.80
Alternative Multi-Strategy Income Fund	-	2.00	1.15	0.80
Alternative Special Situations Fund	-	2.15	1.30	0.95

*The Manager may, at its discretion, reduce or waive management fees and reimburse the Funds for any expenses. During the period from commencement of operations through to June 30, 2023, the Manager waived all management and administration fees and custody related transaction costs for the Pender Alternative Special Situations Fund. During the period from commencement of operations through to December 31, 2022, the Manager waived all management and administration fees and custody related transaction costs for the Pender Alternative Arbitrage Plus Fund. During the period from January 1, 2022 through to January 31, 2022, the Manager waived all management and administration fees, totalling \$27,672 for the Pender Alternative Absolute Return Fund. During the period from January 1, 2022, through to March 31, 2022, the Manager waived all management and administration fees, totalling \$28,565 for the Pender Alternative Arbitrage Fund.

(c) Performance fees:

The Manager is also entitled to a performance fee plus applicable taxes such as GST or HST in all classes of units of the Funds. For Class O units, this fee is or will be charged directly to Unitholders, as applicable. For the Pender Alternative Absolute Return Fund, the performance fee is equal to 15% of the amount by which the total return of the class of units exceeds a 3% hurdle rate, for the period since the performance fee was last paid, subject to accumulation in years where no performance fee is paid, provided that the total return of the relevant class of units for such period exceeds the previous high-water mark (as described below). For the Pender Alternative Arbitrage Fund and Pender Alternative Arbitrage Plus Fund, the performance fee is equal to 15% of the amount by which the total return of the class of units exceeds the previous high-water mark (as described below) for each applicable class of units for the period since the performance fee was last paid. Effective as of September 1, 2022, for the Pender Alternative Multi-Strategy Income Fund and Pender Alternative Special Situations Fund, the performance fee is equal to 15% of the amount by which the total return of the class of units exceeds a 3% and 6% hurdle rate, respectively, for the period since the performance fee was last paid, subject to accumulation in years where no performance fee is paid, provided that the total return of the relevant class of units for such period exceeds the previous high-water mark (as described below). Performance fees are subject to applicable taxes such as GST or HST.

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited) (cont'd)

Six months ended June 30, 2023

Performance fees are calculated and accrued daily and the accrued fees are paid by the Funds 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 may, at its discretion, reduce or waive performance fees. During the period from January 1, 2022, through to March 31, 2022, the Manager waived all performance fees, totalling \$36,386 for the Pender Alternative Arbitrage Fund. During the period from commencement of operations through to December 31, 2022, the Manager waived all performance fees, totalling \$15,780 for the Pender Alternative Arbitrage Plus Fund.

The high-water mark ("HWM") of a class of units is the net asset value of the class as at the most recent determination date on which a performance fee was payable. The HWM and the adjusted HWM, which reflects the distributions that were paid out to investors, for each of the Funds as at June 30, 2023 and December 2022, are as follows:

As at June 30, 2023	Class A (\$)	Class A (USD) (\$)	Class AF (\$)	Class E (\$)
Alternative Absolute Return Fund				
HWM	9.89	9.85	10.03	9.92
Adjusted HWM	9.62	9.57	9.72	9.52
Alternative Arbitrage Fund				
HWM	10.14	-	10.49	9.73
Adjusted HWM	10.14	-	10.49	9.73
Alternative Arbitrage Plus Fund				
HWM	10.10	-	-	10.10
Adjusted HWM	10.10	-	-	10.10
Alternative Multi-Strategy Income Fund				
HWM	11.38	-	-	-
Adjusted HWM	11.38	-	-	-
Alternative Special Situations Fund				
HWM	16.27	-	-	8.68
Adjusted HWM	16.08	-	-	8.58
<hr/>				
As at June 30, 2023 (cont'd)	Class F (\$)	Class F (USD) (\$)	Class FF (\$)	Class H (\$)
Alternative Absolute Return Fund				
HWM	9.96	9.90	10.04	10.00
Adjusted HWM	9.64	9.53	9.67	9.71
Alternative Arbitrage Fund				
HWM	10.35	9.96	10.56	10.33
Adjusted HWM	10.35	9.96	10.56	10.33
Alternative Arbitrage Plus Fund				
HWM	10.11	10.12	-	-
Adjusted HWM	10.11	10.12	-	-
Alternative Multi-Strategy Income Fund				
HWM	12.30	-	-	-
Adjusted HWM	12.30	-	-	-
Alternative Special Situations Fund				
HWM	16.27	-	-	8.68
Adjusted HWM	16.08	-	-	8.58

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited) (cont'd)

Six months ended June 30, 2023

As at June 30, 2023 (cont'd)	Class H (USD) (\$)	Class I (\$)	Class I (USD) (\$)	Class N (\$)
Alternative Absolute Return Fund				
HWM	9.85	9.90	10.00	10.00
Adjusted HWM	9.52	9.56	9.66	9.64
Alternative Arbitrage Fund				
HWM	-	10.32	9.74	-
Adjusted HWM	-	10.32	9.74	-
Alternative Arbitrage Plus Fund				
HWM	-	10.18	10.12	-
Adjusted HWM	-	10.18	10.12	-
Alternative Multi-Strategy Income Fund				
HWM	-	8.32	-	-
Adjusted HWM	-	8.32	-	-
Alternative Special Situations Fund				
HWM	-	8.68	-	-
Adjusted HWM	-	8.58	-	-

As at December 31, 2022	Class A (\$)	Class A (USD) (\$)	Class AF (\$)	Class E (\$)
Alternative Absolute Return Fund				
HWM	9.89	9.85	10.03	9.92
Adjusted HWM	9.89	9.85	10.03	9.92
Alternative Arbitrage Fund				
HWM	10.14	9.74	10.49	9.73
Adjusted HWM	10.14	9.74	10.49	9.73
Alternative Arbitrage Plus Fund				
HWM	10.10	10.12	-	10.10
Adjusted HWM	10.10	10.12	-	10.10
Alternative Multi-Strategy Income Fund				
HWM	11.38	-	-	8.48
Adjusted HWM	11.38	-	-	8.48
Alternative Special Situations Fund				
HWM	16.27	-	-	8.68
Adjusted HWM	16.08	-	-	8.58

As at December 31, 2022 (cont'd)	Class F (\$)	Class F (USD) (\$)	Class FF (\$)	Class H (\$)
Alternative Absolute Return Fund				
HWM	9.96	9.90	10.04	10.00
Adjusted HWM	9.96	9.90	10.04	10.00
Alternative Arbitrage Fund				
HWM	10.35	9.96	10.56	10.33
Adjusted HWM	10.35	9.96	10.56	10.33
Alternative Arbitrage Plus Fund				
HWM	10.11	10.12	-	10.11
Adjusted HWM	10.11	10.12	-	10.11
Alternative Multi-Strategy Income Fund				
HWM	12.30	-	-	10.00
Adjusted HWM	12.30	-	-	10.00
Alternative Special Situations Fund				
HWM	16.27	-	-	8.68
Adjusted HWM	16.08	-	-	8.58

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited) (cont'd)

Six months ended June 30, 2023

As at December 31, 2022 (cont'd)	Class H (USD) (\$)	Class I (\$)	Class I (USD) (\$)	Class N (\$)
Alternative Absolute Return Fund				
HWM	9.85	9.90	10.00	10.00
Adjusted HWM	9.85	9.90	10.00	10.00
Alternative Arbitrage Fund				
HWM	9.74	10.32	9.74	10.50
Adjusted HWM	9.74	10.32	9.74	10.50
Alternative Arbitrage Plus Fund				
HWM	10.12	10.18	10.12	10.11
Adjusted HWM	10.12	10.18	10.12	10.11
Alternative Multi-Strategy Income Fund				
HWM	-	8.32	-	8.40
Adjusted HWM	-	8.32	-	8.40
Alternative Special Situations Fund				
HWM	-	8.68	-	8.68
Adjusted HWM	-	8.58	-	8.58

As at June 30, 2023, the Funds had accrued the following crystallized performance fees due to redemptions during the period. The Pender Alternative Special Situations Fund did not incur crystallized performance fees during the period.

	As at June 30, 2023 (\$)	As at December 31, 2022 (\$)
Alternative Absolute Return Fund	11,362	70,558
Alternative Arbitrage Fund	751	13,319
Alternative Arbitrage Plus Fund	259	-
Alternative Multi-Strategy Income Fund	58	-

As at June 30, 2023 and December 31, 2022, the Funds incurred the following performance fees. The Pender Alternative Special Situations Fund did not incur performance fees as at the period end dates.

	As at June 30, 2023 (\$)	As at December 31, 2022 (\$)
Alternative Absolute Return Fund	271,654	1,565,615
Alternative Arbitrage Fund	13,534	173,607
Alternative Arbitrage Plus Fund	259	15,780
Alternative Multi-Strategy Income Fund	2,063	-

(d) Amounts payable to the Manager:

As at June 30, 2023 and December 31, 2022, the Funds had the following amounts payable to the Manager relating to management fees, administration fees, performance fees (as applicable) and other expenses, and related taxes, incurred by the Manager on behalf of the Funds. The Pender Alternative Special Situations Fund did not have any amounts payable to the Manager as at the period end dates.

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited) (cont'd)

Six months ended June 30, 2023

	As at June 30, 2023 (\$)	As at December 31, 2022 (\$)
Alternative Absolute Return Fund	543,518	605,413
Alternative Arbitrage Fund	31,737	45,603
Alternative Arbitrage Plus Fund	14,667	-
Alternative Multi-Strategy Income Fund	10,218	10,571

From time to time the Manager may reduce the effective fees payable by some unitholders by reducing the fees it charges to the Funds and direct the Funds to make distributions to these unitholders in amounts equal to the management fee reduction.

(e) Related party holdings:

As at June 30, 2023 and December 31, 2022, parties related to the Manager directly or indirectly held the following percentages of each Fund's outstanding units. Subscriptions and redemptions of related parties are subject to the same terms and conditions as those of arm's length investors in the Funds.

	As at June 30, 2023 (%)	As at December 31, 2022 (%)
Alternative Absolute Return Fund	1	<1
Alternative Arbitrage Fund	1	1
Alternative Arbitrage Plus Fund	<1	<1
Alternative Multi-Strategy Income Fund	<1	<1
Alternative Special Situations Fund	21	18

As at June 30, 2023 and December 31, 2022, funds also managed by the Manager held the following percentages of each Fund's outstanding units directly or indirectly. Subscriptions and redemptions of related parties are subject to the same terms and conditions as those of arm's length investors in the Funds. The remaining Funds did not have related party mutual fund investments.

	As at June 30, 2023 (%)	As at December 31, 2022 (%)
Alternative Absolute Return Fund	1	2
Alternative Arbitrage Fund	15	18
Alternative Arbitrage Plus Fund	15	12

5. Securities lending transactions:

The Funds did not have any securities loaned or collateral received as at June 30, 2023 and December 31, 2022.

The Funds did not have any securities lending income earned for the periods ended June 30, 2023 and 2022.

6. Withholding tax expense

Certain dividend and interest income received by the Funds is subject to withholding tax imposed in the country of origin. During the period, withholding tax rates were between 0% and 35% (2022 - between 0% and 35%).

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited) (cont'd)

Six months ended June 30, 2023

7. Redeemable units:

The Funds are authorized to issue an unlimited number of redeemable units in an unlimited number of classes. The redeemable unit transactions for the Funds during the periods ended June 30, 2023 and 2022 were as follows:

As at June 30, 2023	Outstanding units, beginning of period	Units issued	Units issued on reinvestment of distributions	Units redeemed	Outstanding units, end of period
Alternative Absolute Return Fund:					
Class A	379,277	397,622	10,901	(95,894)	691,906
Class AF	884,052	-	15,303	(6,929)	892,426
Class A (USD)	530	4,502	122	-	5,154
Class E	16,829	31,189	1,502	-	49,520
Class F	1,795,857	4,297,276	66,305	(1,695,063)	4,464,375
Class FF	7,530,069	-	203,375	(158,428)	7,575,016
Class F (USD)	7,952	101,206	1,298	(10,053)	100,403
Class H	378,047	245,758	9,017	(68,878)	563,944
Class H (USD)	531	1,865	18	-	2,414
Class I	5,298,794	10,503,134	224,557	(1,783,545)	14,242,940
Class I (USD)	70,730	772,283	3,746	(139,300)	707,459
Class N	26,961	-	975	-	27,936
Class O	389,478	-	15,758	(43,700)	361,536
Alternative Arbitrage Fund:					
Class A	8,983	8,603	-	(4,878)	12,708
Class AF	243,197	-	-	(4,923)	238,274
Class A (USD)	519	-	-	(519)	-
Class E	8,589	10,240	-	-	18,829
Class F	249,224	82,187	-	(142,681)	188,730
Class FF	1,420,719	-	-	(102,089)	1,318,630
Class F (USD)	507	501	-	-	1,008
Class H	16,031	969	-	-	17,000
Class H (USD)	519	-	-	(519)	-
Class I	119,853	223,439	-	(17,762)	325,530
Class I (USD)	521	25,645	-	-	26,166
Class N	506	-	-	(506)	-
Class O	482,623	32,445	-	(130,236)	384,832
Alternative Arbitrage Plus Fund:					
Class A	5,593	1,216	-	-	6,809
Class A (USD)	501	-	-	(501)	-
Class E	6,326	5,563	-	-	11,889
Class F	99,878	58,558	-	(5,117)	153,319
Class F (USD)	5,145	5,587	-	(10,238)	494
Class H	501	-	-	(501)	-
Class H (USD)	501	-	-	(501)	-
Class I	365,502	945,176	-	(50,690)	1,259,988
Class I (USD)	501	-	-	-	501
Class N	501	-	-	(501)	-
Class O	100,589	173,821	-	(19,464)	254,946

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited) (cont'd)

Six months ended June 30, 2023

As at June 30, 2023	Outstanding units, beginning of period	Units issued	Units issued on reinvestment of distributions	Units redeemed	Outstanding units, end of period
Alternative Multi-Strategy Income Fund:					
Class A	285,161	73	-	(66,607)	218,627
Class E	500	-	-	(500)	-
Class F	157,795	2,491	-	(20,415)	139,871
Class H	500	-	-	(500)	-
Class I	75,095	7,065	-	(33,451)	48,709
Class N	500	-	-	(500)	-
Class O	500	-	-	-	500
Alternative Special Situations Fund:					
Class A	20,022	-	-	-	20,022
Class E	22,395	7,954	-	-	30,349
Class F	18,172	2,578	-	(1,040)	19,710
Class H	30,046	565	-	-	30,611
Class I	25,113	565	-	-	25,678
Class N	548	-	-	(548)	-
Class O	548	-	-	-	548
Alternative Absolute Return Fund:					
Class A	512	228,845	829	(23,430)	206,756
Class AF	265,312	639,649	11,009	(26,932)	889,038
Class F	512	1,195,101	3,885	(377,061)	822,437
Class FF	3,265,237	4,801,451	150,916	(459,613)	7,757,991
Class H	512	205,329	1,966	(70,305)	137,502
Class I	13,156	2,462,572	17,487	(76,222)	2,416,993
Class N	512	24,875	519	-	25,906
Class O	528,823	176,370	20,695	(8,010)	717,878
Alternative Arbitrage Fund:					
Class A	501	4,962	-	-	5,463
Class AF	174,926	68,734	-	-	243,660
Class F	501	74,567	-	(14,585)	60,483
Class FF	972,836	703,525	-	(39,481)	1,636,880
Class H	501	5,674	-	-	6,175
Class I	501	63,188	-	-	63,689
Class N	501	-	-	-	501
Class O	16,528	434,892	-	-	451,420

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited) (cont'd)

Six months ended June 30, 2023

As at June 30, 2022	Outstanding units, beginning of period	Units issued	Units issued on reinvestment of distributions	Units redeemed	Outstanding units, end of period
Alternative Multi-Strategy Income Fund:					
Class A	441,165	9,655	-	(104,482)	346,338
Class A1	24,636	302	-	(24,938)	-
Class E	500	-	-	-	500
Class F	214,509	30,398	-	(37,586)	207,321
Class F1	94,567	35,821	-	(130,388)	-
Class I	184,759	-	-	(78,087)	106,672
Class N	500	-	-	-	500
Class O	108,089	-	-	-	108,089
Alternative Special Situations Fund:					
Class A	22,408	13,252	-	(513)	35,147
Class D	10,117	513	-	(10,630)	-
Class E	12,009	9,336	-	-	21,345
Class F	18,885	9,639	-	(3,411)	25,113
Class H	46,998	29,842	-	-	76,840
Class I	38,387	24,810	-	-	63,197
Class N	541	-	-	-	541
Class O	541	-	-	-	541

8. Capital management

The capital of each Fund is represented by its redeemable units issued. The Funds are not subject to any internally or externally imposed restrictions on their capital. Each Fund's objective in managing capital is to ensure a stable base to maximize returns to all unitholders and to manage liquidity risk arising from unitholder redemptions.

9. Financial risk management:

The Funds are exposed to various financial risks associated with their respective investment objectives and strategies, financial instruments and the markets in which they invest. These include credit risk, liquidity risk, and market risk, which consists of currency risk, interest rate risk and other price/market risk.

The Manager manages the potential impact of these financial risks on the Funds' performance by employing professional and experienced portfolio advisors who regularly monitor the Funds' positions and market events and diversify investment portfolios within the constraints of the investment guidelines. Each Fund maintains positions in a variety of financial instruments in accordance with its investment objectives and strategies.

Pender Alternative Absolute Return Fund:

The objective of the Pender Alternative Absolute Return Fund is to maximize absolute returns over a complete market cycle by providing long-term capital growth and income, with low volatility of returns. The Fund will invest primarily in a portfolio of North American fixed income securities but may also invest in foreign and other securities.

Pender Alternative Arbitrage Fund:

The objective of the Pender Alternative Arbitrage Fund is to generate consistent, positive returns, with low volatility and low correlation to equity markets by investing primarily in North American securities. The Fund may also invest in foreign and other securities.

Pender Alternative Arbitrage Plus Fund

The objective of the Pender Alternative Arbitrage Plus Fund is to generate consistent, positive returns, with low volatility and low correlation to equity markets by investing primarily in North American securities. The Fund may also invest in foreign and other securities.

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited) (cont'd)

Six months ended June 30, 2023

Pender Alternative Multi-Strategy Income Fund

The objective of the Pender Alternative Multi-Strategy Income Fund is to preserve capital and to generate returns through current income and capital appreciation, while being sufficiently diversified to mitigate volatility. The Fund will invest primarily in North American securities and may also invest in foreign securities.

Pender Alternative Special Situations Fund

The objective of the Pender Alternative Special Situations Fund is to achieve long-term capital appreciation by investing primarily in Canadian and US equities with the ability to also invest in debt and other securities. The Fund seeks to identify investment opportunities that are believed to represent special situations.

A Fund's exposure to financial risks is concentrated in its investment holdings. The Schedule of Investment Portfolio for each Fund groups securities by asset type, geographic region, and/or market segment. The Pender Alternative Multi-Strategy Income Fund carries out part of its investment strategy by investing in Class O units of the Pender Alternative Absolute Return Fund, Pender Alternative Arbitrage Fund, Pender Alternative Arbitrage Plus Fund and Pender Corporate Bond Fund. The Pender Alternative Multi-Strategy Income Fund has indirect exposure to various financial risks through its holdings of underlying mutual funds. The financial risks associated with the Pender Alternative Multi-Strategy Income Fund's investment strategy are disclosed based on its direct holdings. The Manager's risk management practices include the monitoring of compliance with investment objectives and strategies. The Manager manages the potential effects of these financial risks on each Fund's performance by regularly monitoring each Fund's positions and market events and by diversifying investment portfolios within the constraints of each Fund's investment objective.

The economic uncertainties around persistent inflation pressure, the impact of central bank measures, geopolitical and other global events have the potential to slow growth in the global economy.

During the first half of 2023, the collapse of Silicon Valley Bank and Signature Bank led to an overall financial market decline especially in the banking sector. The Funds had exposure to the banking sector and the Manager continues to monitor the Funds' portfolios given the impact of the situation across the broader financial sector and will take potential actions, as deemed necessary.

Future developments in these challenging areas could impact the Funds' results and financial condition and the full extent of that impact remains unknown. Developing reliable estimates and applying judgment continue to be substantially complex. Actual results may differ from those estimates and assumptions. The ultimate resolution of these liquidity and solvency concerns and the extent of the related impact to the Funds is uncertain and could be significant.

(a) Credit risk:

Credit risk is the risk that a loss could arise due to a security issuer or counterparty to a financial instrument not being able to meet its financial obligations. The determination of fair value of debt securities includes a consideration of the creditworthiness of the debt issuer. The credit exposure of other assets is represented by their carrying amounts. Credit risk is managed by the portfolio advisor of each Fund through a careful selection of securities and diversification within each respective Fund. Each Fund's portfolio advisor monitors the portfolio holdings of the Fund, and positions are maintained within established ranges.

The following table summarizes the maximum exposure to credit risk for the Pender Alternative Absolute Return Fund as at June 30, 2023 and December 31, 2022, categorized by credit ratings. The remaining Funds did not have exposure to any significant credit risk.

	As at June 30, 2023 (\$)	As at December 31, 2022 (\$)
Long positions:		
AAA	3,840,304	-
AA	25,879,808	-
A	14,834,350	4,644,230
BBB	64,264,122	34,649,435
Below BBB	268,802,280	162,777,940
Unrated	1,326,406	-
	378,947,270	202,071,605

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited) (cont'd)

Six months ended June 30, 2023

	As at June 30, 2023 (\$)	As at December 31, 2022 (\$)
Short positions:		
AAA	(43,303,603)	(30,946,389)
BBB	(4,762,422)	-
Below BBB	(66,841,003)	(25,430,920)
	(114,907,028)	(25,430,920)
	264,040,242	176,640,685

(b) Liquidity risk

Liquidity risk is the risk that a Fund may not be able to settle or meet its obligations on time or at a reasonable price.

Each Fund is exposed to liquidity risk through unitholder redemptions of its units. The redeemable units of each Fund are issued and redeemed on demand at the option of the unitholder based on the then current NAV per class of unit.

Each Fund is also exposed to liquidity risk through its investments. This risk is managed by investing the majority of each Fund's assets in investments that are traded in an active market and that can be disposed of readily. In the case where the Funds hold thinly traded investments, timely disposition of such investments and the realized price may be significantly different from their carrying values.

The Funds' remaining non-derivative liabilities other than redeemable units are due within one month of the reporting date of the respective Fund. The following table presents the contractual maturities of derivative assets (liabilities) of the Pender Alternative Absolute Return Fund, Pender Alternative Arbitrage Fund and Pender Alternative Arbitrage Plus Fund as at June 30, 2023 and December 31, 2022 that were due within six months of the financial reporting date. The amounts are gross and undiscounted. None of the remaining Funds held derivative instruments as at the period end dates.

	As at June 30, 2023 (\$)		As at December 31, 2022 (\$)	
	Nominal value (\$)	Unrealized gain (loss) (\$)	Nominal value (\$)	Unrealized gain (loss) (\$)
Derivative instruments inflows (outflows)				
Alternative Absolute Return Fund:	97,144,115	1,252,100	95,116,287	196,940
Alternative Arbitrage Fund:	22,297,230	287,624	25,489,667	40,949
Alternative Arbitrage Plus Fund:	9,369,979	125,226	5,452,708	10,361

(c) Market risk:

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices, will affect the Funds' income or the fair value of their holdings of financial instruments. These changes present the risk that markets as a whole may go down in value, including the possibility that markets may go down sharply and unpredictably at times. The value of most investments, and in particular equity securities, is affected by changes in general market conditions. These changes may be caused by corporate developments, general market sentiment, changes in interest rates, changes in the level of inflation, changes in financial systems' stability, political and economic changes both domestic and foreign, catastrophic events, such as pandemics and outbreaks of disease, natural disasters including those exacerbated by climate change, war, acts of aggression or terrorist events, and other unforeseen events that may cause changes to markets.

(i) Interest rate risk:

Interest rate risk is the risk that the market value of a Fund's interest-bearing investments will fluctuate due to changes in market interest rates. A Fund's exposure to interest rate risk is concentrated in its investment in debt securities. Other assets and liabilities are short-term in nature and/or non-interest bearing, which reduce interest rate risk.

Interest rate risk is managed by the portfolio advisor of each Fund through a careful selection of securities and diversification within each respective Fund. Where applicable, the Fund's portfolio advisor monitors the Fund's overall duration and positions are maintained within established ranges.

The following table summarizes the exposure to interest rate risk for the Pender Alternative Absolute Return Fund as at June 30, 2023 and December 31, 2022, categorized by the earlier of contractual re-pricing or maturity dates. None of the remaining Funds had exposure to interest rate risk as at the period end dates.

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited) (cont'd)

Six months ended June 30, 2023

	As at June 30, 2023 (\$)	As at December 31, 2022 (\$)
Long position:		
Less than 1 year	25,879,808	14,397,705
1 to 3 years	57,939,502	8,493,367
3 to 5 years	55,183,703	44,739,396
More than 5 years	239,944,257	134,441,137
	378,947,270	202,071,605
Short position:		
1 to 3 years	(2,666,224)	-
3 to 5 years	(2,369,681)	-
More than 5 years	(109,871,123)	(56,377,309)
	(114,907,028)	(56,377,309)
	264,040,242	145,694,296

As at June 30, 2023 and December 31, 2022, if the prevailing interest rates had been increased or decreased by 1%, assuming a parallel shift in the yield curve and all other factors remaining constant, the net assets of the Pender Alternative Absolute Return Fund with exposure to interest rate risk would have decreased or increased by \$15,750,016 and \$6,791,928 respectively.

Interest rate sensitivity was determined based on portfolio-weighted, modified duration. Actual results may differ from this sensitivity analysis and the difference could be material.

(ii) Currency risk:

Currency risk is the risk that the value of financial assets and liabilities denominated in currencies other than the Canadian dollar will fluctuate due to changes in foreign exchange rates. Equities in foreign markets and foreign bonds are exposed to currency risk as the prices denominated in foreign currencies are converted to Canadian dollars at the valuation date.

Currency risk is managed by the portfolio advisor of each Fund in accordance with the policies and procedures in place, through a careful selection of securities and diversification within each respective Fund. Each Fund's portfolio advisor monitors the portfolio holdings of the Fund on a daily basis and positions are maintained within established ranges.

The Funds, with the exception of the Pender Alternative Multi-Strategy Income Fund and Pender Alternative Special Situations Fund, enter into certain forward foreign currency contracts to mitigate their foreign currency exposure for all classes.

The net currency exposure for each of the Funds as at June 30, 2023 and December 31, 2022 was as follows:

	Canadian dollar (\$)	US dollar (\$)	British pound (\$)	Total (\$)
As at June 30, 2023				
Alternative Absolute Return Fund	281,713,718	16,519,534	-	298,233,252
Alternative Arbitrage Fund	25,623,979	1,109,996	-	26,733,975
Alternative Arbitrage Plus Fund	16,267,027	821,443	-	17,088,470
Alternative Multi-Strategy Income Fund	4,757,270	-	3	4,757,273
Alternative Special Situations Fund	657,860	783,589	-	1,441,449
As at December 31, 2022				
Alternative Absolute Return Fund	153,893,097	13,858,716	-	167,751,813
Alternative Arbitrage Fund	26,591,019	260,832	-	26,851,851
Alternative Arbitrage Plus Fund	5,842,713	127,547	-	5,970,260
Alternative Multi-Strategy Income Fund	5,914,424	-	3	5,914,427
Alternative Special Situations Fund	543,617	695,937	-	1,239,554

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited) (cont'd)

Six months ended June 30, 2023

As at June 30, 2023 and December 31, 2022, if the Canadian dollar had strengthened or weakened by 10% in relation to all foreign currencies, with all other factors remaining constant, the net assets of the Funds would have decreased or increased respectively by the following amounts:

	As at June 30, 2023 (\$)	As at December 31, 2022 (\$)
Alternative Absolute Return Fund	1,651,953	1,385,872
Alternative Arbitrage Fund	111,000	26,083
Alternative Arbitrage Plus Fund	82,144	12,755
Alternative Multi-Strategy Income Fund	0	-
Alternative Special Situations Fund	78,359	69,594

(iii) Other price risk:

Other price risk is the risk that the fair value of a security will fluctuate as a result of changes in market prices (other than those changes arising from interest rate risk or currency risk), whether caused by factors specific to the security or its issuer, or by factors affecting all similar securities traded in a market. All investments are exposed to other price risk.

Other price risk is managed by the portfolio advisor of each Fund through a careful selection of securities within specified limits and the Funds' price risk is managed through diversification within each respective Fund. Each Fund's portfolio advisor monitors the portfolio holdings of the Fund and maintains positions within established ranges. The Schedule of Investment Portfolio summarizes each Fund's exposure to other price risk as at June 30, 2023, by providing the market sector breakdown of investments, as applicable. Potential losses from securities sold short can be unlimited.

The following table summarizes the exposure to other price risk for each of the Funds as at June 30, 2023 and December 31, 2022:

	As at June 30, 2023 (\$)	As at December 31, 2022 (\$)
Long position		
Alternative Absolute Return Fund	5,871,298	3,331,179
Alternative Arbitrage Fund	22,895,403	22,774,995
Alternative Arbitrage Plus Fund	23,786,266	7,114,099
Alternative Multi-Strategy Income Fund	4,739,570	5,871,151
Alternative Special Situations Fund	1,848,301	1,864,306
Short position		
Alternative Absolute Return Fund	(89,778,854)	(40,898,917)
Alternative Arbitrage Fund	(573,295)	(1,255,169)
Alternative Arbitrage Plus Fund	(608,511)	(283,090)

As at June 30, 2023 and December 31, 2022, if equity prices had increased or decreased by 10% with all other factors remaining constant, the net assets of the Funds would have increased or decreased by the following amounts:

	As at June 30, 2023 (\$)	As at December 31, 2022 (\$)
Alternative Absolute Return Fund	(17,745)	(9,966)
Alternative Arbitrage Fund	1,706,626	1,384,417
Alternative Arbitrage Plus Fund	2,966,449	497,139
Alternative Multi-Strategy Income Fund	473,957	127,703
Alternative Special Situations Fund	266,536	220,978

Price sensitivity was determined based on portfolio-weighted beta. Actual results may differ from this sensitivity analysis and the difference could be material.

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited) (cont'd)

Six months ended June 30, 2023

(d) Leverage risk:

When a Fund makes investments in derivatives, borrows cash for investment purposes, or uses physical short sales on equities, fixed income securities or other portfolio assets, leverage may be introduced into the Fund. Leverage occurs when the Funds' aggregate gross exposure to underlying assets is greater than the amount invested. Leverage may increase volatility, may impair the Funds' liquidity and may necessitate that the Funds liquidate positions at unfavourable times.

The aggregate gross exposure of the Funds, calculated as the sum of the following, must not exceed three times the Funds' net asset value: (i) the aggregate value of the Funds' outstanding indebtedness under any borrowing agreements; (ii) the aggregate market value of physical short sales on equities, fixed income securities or other portfolio assets; and (iii) the aggregate notional value of the Funds' specified derivatives positions excluding any specified derivatives used for hedging purposes. The Pender Alternative Multi-Strategy Income Fund was not directly exposed to leverage risk as at the period end date nor the year end date. The following table summarizes for the remaining Funds the lowest and highest aggregate gross exposure of the Funds' net asset value during the period from January 1, 2023 to June 30, 2023, and from commencement of operations to December 31, 2022:

As at June 30, 2023	Lowest aggregate (%)	Highest aggregate (%)
Alternative Absolute Return Fund	50.5	72.3
Alternative Arbitrage Fund	2.1	6.9
Alternative Arbitrage Plus Fund	1.1	68.2
Alternative Special Situations Fund	12.7	52.5

As at December 31, 2022	Lowest aggregate (%)	Highest aggregate (%)
Alternative Absolute Return Fund	29.3	72.8
Alternative Arbitrage Fund	4.5	21.3
Alternative Arbitrage Plus Fund	-	92.4
Alternative Special Situations Fund	-	51.5

The primary sources of leverage was cash borrowing, short sales, and derivative contracts. The low and high end of the range are as a result of the Fund's investing activities and timing of subscriptions and/or redemptions. The Funds' strategy is outlined in the Simplified Prospectus.

The Manager monitors to ensure that the Fund's aggregate gross exposure is less than three times the Fund's net asset value.

10. Fair value of financial instruments:

(a) Valuation models:

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Funds determine fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Funds measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities that the funds can access at the measurement date.
- Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., as derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited) (cont'd)

Six months ended June 30, 2023

The Funds use widely recognized valuation models for determining the fair value of common and relatively simple financial instruments, such as debt securities, mutual fund units and warrants that use only observable market data and require little management judgment and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange-traded derivatives and simple OTC derivatives such as forward foreign currency contracts. The availability of observable market prices and model inputs reduces the need for management judgment and estimation, and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets. Valuation techniques may include discounted cash flow calculations for debt securities and for forward foreign currency contracts, option pricing matrices for warrants and net asset value as published by underlying fund managers for mutual fund units.

For more complex instruments, the Funds use recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market, may be derived from market prices or rates or may be estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgment and estimation in the determination of fair value.

In determining fair value for these types of instruments, the Manager considers the history and nature of the business; operating results and financial conditions; general economic, industry and market conditions; capital market and transaction market conditions; independent valuations of the business; contractual rights relating to the investment; comparable company trading and transaction multiples, where applicable, and other relevant considerations. Adjustments to the carrying value of the investments may also be determined to be appropriate by the Manager when there is pervasive and objective evidence of a decline in the value of the investment, as indicated by an assessment of the financial condition of the investment based on operational results, forecasts, or other developments since acquisition.

The table below presents the fair value of financial instruments as at June 30, 2023 and December 31, 2022 by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the Statements of Financial Position. All fair value measurements below are recurring.

As at June 30, 2023	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Alternative Absolute Return Fund:				
Bonds and loans - Long	353,067,462	-	-	353,067,462
Equities - Long	2,294,164	-	-	2,294,164
Bonds and loans - Short	(114,907,028)	-	-	(114,907,028)
Exchange-traded funds - Short	(88,516,496)	-	-	(88,516,496)
Equities - Short	(1,262,358)	-	-	(1,262,358)
Forward foreign currency contracts	-	1,252,100	-	1,252,100
Preferred Shares	3,577,134	-	-	3,577,134
Short-term investments	25,879,808	-	-	25,879,808
	180,132,686	1,252,100	-	181,384,786
Alternative Arbitrage Fund:				
Equities - Long	22,886,684	-	-	22,886,684
Equities - Short	(573,295)	-	-	(573,295)
Forward foreign currency contracts	-	287,624	-	287,624
Warrants	8,719	-	-	8,719
	22,322,108	287,624	-	22,609,732
Alternative Arbitrage Plus Fund:				
Equities - Long	23,786,266	-	-	23,786,266
Equities - Short	(608,511)	-	-	(608,511)
Forward foreign currency contracts	-	125,226	-	125,226
	23,177,755	125,226	-	23,302,981
Alternative Multi-Strategy Income Fund:				
Equities	-	-	1,803	1,803
Mutual funds	4,737,767	-	-	4,737,767
	4,737,767	-	1,803	4,739,570
Alternative Special Situations Fund:				
Equities	1,679,475	-	158,970	1,838,445
Warrants	9,856	-	-	9,856
	1,689,331	-	158,970	1,848,301

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited) (cont'd)

Six months ended June 30, 2023

As at December 31, 2022	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Alternative Absolute Return Fund:				
Bonds and loans - Long	202,071,605	-	-	202,071,605
Equities - Long	3,331,179	-	-	3,331,179
Bonds and loans - Short	(56,377,309)	-	-	(56,377,309)
Exchange-traded funds - Short	(38,664,513)	-	-	(38,664,513)
Equities - Short	(2,234,404)	-	-	(2,234,404)
Forward foreign currency contracts	-	196,940	-	196,940
	108,126,558	196,940	-	108,323,498
Alternative Arbitrage Fund:				
Equities - Long	22,739,152	-	-	22,739,152
Equities - Short	(1,255,169)	-	-	(1,255,169)
Forward foreign currency contracts	-	40,949	-	40,949
Warrants	-	35,843	-	35,843
	21,483,983	76,792	-	21,560,775
Alternative Arbitrage Plus Fund:				
Equities - Long	7,114,099	-	-	7,114,099
Equities - Short	(283,090)	-	-	(283,090)
Forward foreign currency contracts	-	10,361	-	10,361
	6,831,009	10,361	-	6,841,370
Alternative Multi-Strategy Income Fund:				
Equities	-	-	1,803	1,803
Mutual funds	5,869,348	-	-	5,869,348
	5,869,348	-	1,803	5,871,151
Alternative Special Situations Fund:				
Equities	1,679,475	-	158,970	1,838,445
Warrants	9,856	-	-	9,856
	1,689,331	-	158,970.00	1,848,301

The carrying amount of the Funds' net assets attributable to holders of redeemable units also approximates fair value as it is measured at the redemption amount and classified as Level 2 in the fair value hierarchy.

There were no transfers between the levels during the period ended June 30, 2023 and year ended December 31, 2022.

The following table shows a reconciliation of the movement in fair value of all financial instruments categorized within Level 3 for the period ended June 30, 2023 and year ended December 31, 2022 for Pender Alternative Multi-Strategy Income Fund and Pender Alternative Special Situations Fund. The remaining Funds did not hold any financial instruments categorized with Level 3.

	As at June 30, 2023 (\$)	As at December 31, 2022 (\$)
Alternative Multi-Strategy Income Fund:		
Opening balance	1,803	1,811
Change in unrealized appreciation (depreciation)	-	(8)
Ending Balance	1,803	1,803
Alternative Special Situations Fund:		
Opening balance	162,480	-
Purchase of investments	-	162,480
Change in unrealized appreciation (depreciation)	(3,510)	-
Ending Balance	158,970	162,480

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited) (cont'd)

Six months ended June 30, 2023

(b) Significant unobservable inputs used in measuring fair value:

The table below sets out information about significant unobservable inputs used in measuring financial instruments categorized as Level 3 in the fair value hierarchy, as at June 30, 2023 and December 31, 2022, for the Pender Alternative Multi-Strategy Income Fund and Pender Alternative Special Situations Fund. The remaining Funds did not hold financial instruments categorized as Level 3 in the fair value hierarchy exposure as at the period end dates.

As at June 30, 2023	Fair Value (\$)	Valuation technique	Unobservable input	Sensitivity to change in significant unobservable input
Alternative Multi-Strategy Income Fund:				
Unlisted private investments	1,803	Investment cost/enterprise value	Enterprise value	The estimated fair value would increase if enterprise value increased
Alternative Special Situations Fund:				
Unlisted private investments	158,970	Investment cost/enterprise value	Enterprise value	The estimated fair value would increase if enterprise value increased
<hr/>				
As at December 31, 2022	Fair Value (\$)	Valuation technique	Unobservable input	Sensitivity to change in significant unobservable input
Alternative Multi-Strategy Income Fund:				
Unlisted private investments	1,803	Investment cost/enterprise value	Enterprise value	The estimated fair value would increase if enterprise value increased
Alternative Special Situations Fund:				
Unlisted private investments	162,480	Investment cost/enterprise value	Enterprise value	The estimated fair value would increase if enterprise value increased

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited) (cont'd)

Six months ended June 30, 2023

Enterprise value represents the estimate of the amount that market participants would pay when purchasing the investee company. The Manager determines this value using valuation techniques such as the use of comparable recent arm's length transactions in shares of the respective company and net present value calculated using discount rates derived from comparable market yields, for example.

(c) Effects of unobservable input on fair value measurement:

The Pender Alternative Multi-Strategy Income Fund and Pender Alternative Special Situations Fund believe that their estimates of fair value are appropriate, however the use of different methodologies or assumptions could lead to different measurements of fair value. Changing one or more of the assumptions used for fair value measurements in Level 3 to alternative reasonably possible assumptions would have the following effects on the net assets attributable to holders of redeemable units as at June 30, 2023 and December 31, 2022. The remaining Funds did not have any financial instruments categorized with Level 3 as at the period end dates.

Entity	As at June 30, 2023	As at December 31, 2022
Alternative Multi-Strategy Income Fund:		
Favourable	180	180
Unfavourable	(180)	(180)
Alternative Special Situations Fund:		
Favourable	15,897	16,248
Unfavourable	(15,897)	(16,248)

The favourable and unfavourable effects of using alternative reasonably possible assumptions for the valuation of unlisted private equity investments have been calculated by recalibrating the model values using unobservable inputs based on averages of the upper and lower quartiles, respectively of the above noted Funds' ranges of possible estimates. The recalibrated model considers the impact of a 10% increase or decrease in enterprise value, a 1% increase or decrease in the discount rate, a 0.25x increase or decrease in market capitalization and a 10% increase or decrease on loan recoverability. Actual results may differ from this sensitivity analysis and the difference could be material.

(d) Short selling:

If a Fund sells a security short, it will borrow that security from a broker to complete the sale. The Fund will incur a loss as a result of a short sale if the price of the borrowed security increases between the date of the short sale and the date on which the Fund closes out its short position by buying that security. There can be no assurance that a Fund will be able to close out a short position at an acceptable time or price. Until the Fund replaces a borrowed security, it will maintain adequate margin with the broker consisting of cash and liquid securities.

The following table summarizes the exposure to short positions for the Pender Alternative Absolute Return Fund, Pender Alternative Arbitrage Fund and Pender Alternative Arbitrage Plus Fund as at June 30, 2023 and December 31, 2022. None of the remaining Funds had exposure to short positions as at the period end dates.

	As at June 30, 2023 (\$)	As at December 31, 2022 (\$)
Alternative Absolute Return Fund	(204,685,882)	(97,276,226)
Alternative Arbitrage Fund	(573,295)	(1,255,169)
Alternative Arbitrage Plus Fund	(608,511)	(283,090)

11. Involvement with structured entities:

The table below describes the type of structured entities in which the Pender Alternative Multi-Strategy Income Fund hold an interest but which they do not consolidate. The remaining Funds did not hold an interest in structured entities as at June 30, 2023 and December 31, 2022.

Entity	Nature and purpose	Interest held by the respective fund
Investment funds	To manage assets on behalf of third-party investors and generate fees for the investment manager. These vehicles are financed through the issue of units to investors	Investment in units issued by the underlying funds

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements (Unaudited) (cont'd)

Six months ended June 30, 2023

The table below sets out interests held by the Pender Alternative Multi-Strategy Income Fund in unconsolidated structured entities as at June 30, 2023 and December 31, 2022. The maximum exposure to loss is the carrying amount of the investment in the underlying funds held.

	Number of investee funds held	Total net assets of investee funds (\$)	Carrying amount included in investments (\$)
Alternative Multi-Strategy Income Fund:			
2023	4	1,807,758,585	4,737,767
2022	4	1,622,751,926	5,869,348

During the periods June 30, 2023 and December 31, 2022, the Pender Alternative Multi-Strategy Fund did not provide financial support to unconsolidated structured entities and have no intention of providing financial or other support. The Pender Alternative Multi-Strategy Fund can sell or redeem their units in the above investment funds at any time.

12. Income taxes

The taxation year-end of the Pender Alternative Arbitrage Plus Fund is December 31 and for the remaining Funds is December 15. As at the end of their 2022 and/or 2021 tax year-ends, the following Funds had accumulated capital losses available for utilization against realized capital gains in future years. Capital losses have no expiry date.

	2022 (\$)	2021 (\$)
Alternative Absolute Return Fund	-	318,063
Alternative Arbitrage Fund	-	50,673
Alternative Arbitrage Plus Fund	31,386	-
Alternative Multi-Strategy Income Fund	73,310,042	70,013,016
Alternative Special Situations Fund	542,069	-

As at the end of the tax year-end, the following Fund had accumulated non-capital losses available for carry forward.

	2022 (\$)	2021 (\$)	Expiration Year (\$)
Alternative Multi-Strategy Income Fund	1,972,311	1,974,971	2038-2042

The non-capital losses for the Pender Alternative Multi-Strategy Income Fund will expire in 2038. The remaining Funds had no accumulated capital losses or non-capital losses as at the end of the 2022 and 2021 tax year-end.



**Unaudited Semi-Annual Financial Statements of
PENDER ALTERNATIVE MUTUAL FUNDS**

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