



Pender Alternative Absolute Return Fund

Six months ended June 30, 2023

Semi-Annual Management Report of Fund Performance

This interim Management Report of Fund Performance contains financial highlights but does not contain either the interim financial statements or annual financial statements of the investment fund. You may obtain a copy of the interim financial statements or annual financial statements at your request, at no cost, by calling toll-free 1-866-377-4743, by writing to us at 1830 – 1066 West Hastings Street, Vancouver, BC V6E 3X2 or by visiting our website at www.penderfund.com or the SEDAR+ website at www.sedarplus.ca.

You may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Pender Alternative Absolute Return Fund

Six months ended June 30, 2023

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

The net assets of the Pender Alternative Absolute Return Fund (the "Fund") were \$298,233,252 as at June 30, 2023 versus \$167,751,813 as at December 31, 2022. Of this \$130,481,439 increase, \$6,515,673 is attributable to positive investment performance and \$123,965,766 is attributable to net unitholder purchases of Fund units.

For the six months ended June 30, 2023 (the "period"), Class A units of the Fund generated a total return of 2.9%. Returns for Class A (USD), Class F (USD), Class H (USD) and Class I (USD) will differ primarily due to foreign currency as these classes are denominated in U.S. dollars whereas all remaining classes of the Fund are denominated in Canadian dollars. Returns for all other classes of the Fund will be similar to Class A with any difference in performance being primarily due to the different management fees that are applicable to different classes. Please see the "Past Performance" section for the performance of the Fund's other classes.

The Fund's benchmark, HFRI Credit Index (USD), was up by 3.0% during the period. In accordance with National Instrument 81-106, we have included a comparison to this benchmark to help you understand the Fund's performance relative to the general performance of the market, but we caution that the Fund's mandate may be significantly different from the index. Further, the Fund's returns are reported net of all management fees and expenses for all classes, unlike the returns of the Fund's benchmark, which are based on the performance of an index that does not pay fees or incur expenses.

The following comments and the comments under "Recent Developments" reflect the views of the portfolio management team and are based on information as at the end of the period. Please read the caution regarding forward-looking statements located on the last page of this document.

The fund slightly underperformed its benchmark over the first half of 2023. Key contributors to the portfolio during the period were positions in specific corporate issues including XHR LP, Penske Automotive Group Inc., Teine Energy Ltd., and Thor Industries Inc. Weaknesses in the portfolio included government bonds adversely impacted by the rising interest rates over the first six months of the year, and certain corporate issuers such as Asbury Automotive Group Inc., Yum! Brands, Inc, and Life Time Group Holdings, Inc.

To achieve the Fund's objective of maximizing absolute returns with low volatility, the Fund uses fundamental research to identify what we see as attractive risk adjusted return opportunities in individual investments within a diversified portfolio. We invest primarily in North American fixed income and credit securities as well as other instruments. We use short selling with the intention of both generating absolute returns and hedging unwanted market risk, or in situations where we believe securities have unattractive fundamental characteristics.

Recent Developments

Six months ago, we argued that the US high yield market was likely to be range bound over the near term, and it would be challenging for the market to rally beyond the low 400bp range in spread. Even though the market broke through 420bp several times over the past six months, including at the end of June, we view this as a sign that the market is overextended, rather than the market transitioning to a new tighter-spread reality.

There are plenty of signs of late-cycle dynamics, with the increased cost of capital of the past 18 months yet to be felt by much of the market. Some have pointed to price action in response to the artificial intelligence (AI) craze and have drawn a comparison to the late '90s tech bubble, arguing that there are years left to go until the peak. We believe that the current market environment is likely an echo of the speculation-driven bubble of 2021 that was characterized by cryptocurrencies, non-fungible tokens (NFTs), meme stocks and special purpose acquisition companies (SPACs). There were some spectacular short-term run ups in stocks like AMC Entertainment Holdings, Inc. and Bed Bath & Beyond Inc. well into 2022. It is probably a bad sign if the main market driver can be characterized as a craze and the argument for being invested in the craze is to point to the 'dotcom' bubble, which was so detached from reality that the Nasdaq index fell by 80% following its peak, during which time the US Federal Reserve ("Fed") cut its policy rate by 4.25% on a net basis.

The market has been pricing in higher long-term rates than the Fed dot plot for months now, but June's updated forecasts showed relatively significant movement amongst Federal Open Market Committee (FOMC) voters, with seven of 17 respondents now projecting a long-term policy rate of over 2.5%. In March there were only four such projections and for comparison, a year ago only two. In our view, these projections are still well behind the curve, but slowly acknowledging that the facts have changed.

There are cracks and structural problems in several areas of credit markets, probably no more so than in commercial real estate, with a lot of mortgage maturities coming due in the next couple of years. While this is not news to the market, we believe that the impact has not been fully appreciated. In leveraged finance, the lack of collateralized loan obligation (CLO) issuance could push more issuers to the high yield market, increasing the pricing power for investors and the cost of capital for issuers. We believe that now is a great time to have excess capital to tactically deploy in the coming months, as we expect the opportunity set to improve.

Pender Alternative Absolute Return Fund

Six months ended June 30, 2023

The Fund finished June with long positions of 129.6%, with 21.5% of these positions being in our Current Income strategy, 92% in Relative Value and 16.1% in Event Driven positions. The Fund had a -68.6% short exposure that included -14.5% in government bonds, -37.6% in credit and -16.5% in equities. The Option Adjusted Duration was 1.5 years. Excluding positions that trade at spreads of more than 500bps and positions that trade to call or maturity dates that are 2025 and earlier, Option Adjusted Duration declined to 0.8 years. The duration figure included two Event Driven positions where we believe duration does not accurately reflect the option value embedded in the security. The Fund's current yield was 5.2% while yield to maturity was 6.2%.

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

Related Party Transactions

The Fund pays management and administration fees to the Manager for management and portfolio advisory services (see "Management Fees"). The Fund also pays the Manager performance fees (see "Performance Fees").

As at the end of the period, parties related to the Manager collectively held 1% of the Fund's units. In addition, the Pender Strategic Growth and Income Fund (formerly Pender Enhanced Income Fund) and Pender Alternative Multi-Strategy Income Fund, funds also managed by the Manager, collectively held 1% of the Fund's outstanding units.

Management Fees

The Fund pays management and administration fees calculated as a percentage of the net asset value of each respective class. The Management Expense Ratio ("MER") before applicable taxes such as GST or HST for each class does not exceed certain levels as set out in the Fund's offering documents. The fees are calculated at the close of business on each valuation day and are paid monthly. In exchange for the administration fee, the Manager pays the operating costs of the Fund.

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

Such expenses represented approximately 22% of the management fees paid by the Fund to the Manager for the period.

Performance Fees

The Manager is also entitled to a performance fee plus applicable taxes such as GST or HST on all classes of units of the Fund. For Class O units, this fee is or will be charged directly to Unitholders, as applicable. 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 periods 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. The high-water mark is the net asset value of the applicable class of units to which it applies as at the most recent determination date on which a performance fee was payable. Performance fees will be calculated and accrued daily, and such accrued fees will be payable by the Fund at the end of each period. The Manager has reserved the right to change the period for which any performance fee may be paid by a Fund. The Manager, at its discretion, may reduce or waive performance fees.

Pender Alternative Absolute Return Fund

Six months ended June 30, 2023

Financial Highlights

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

Fund's Net Assets Per Unit (a)

	2023 (\$)	2022 (\$)	2021 (\$)
Class A			
Net Assets, beginning of period	9.89	9.99	10.00
Increase (decrease) from operations:			
Total revenue	0.31	0.69	0.48
Total expenses	(0.15)	(0.47)	(0.01)
Realized gains (losses)	0.23	0.40	(0.28)
Unrealized gains (losses)	(0.17)	0.13	0.03
Total increase (decrease) from operations (b)	0.22	0.75	0.22
Distributions:			
From income (excluding dividends)	(0.28)	(0.32)	(0.24)
From dividends	-	-	-
From capital gains	-	(0.33)	-
Return of capital	-	-	-
Total distributions (b), (c)	(0.28)	(0.65)	(0.24)
Net Assets, end of period	9.90	9.89	9.99
Class AF			
Net Assets, beginning of period	10.03	9.99	10.00
Increase (decrease) from operations:			
Total revenue	0.34	0.54	0.07
Total expenses	(0.12)	(0.32)	-
Realized gains (losses)	0.26	0.23	(0.01)
Unrealized gains (losses)	(0.17)	0.12	0.13
Total increase (decrease) from operations (b)	0.31	0.57	0.19
Distributions:			
From income (excluding dividends)	(0.31)	(0.45)	(0.23)
From dividends	-	-	-
From capital gains	-	(0.14)	-
Return of capital	-	-	-
Total distributions (b), (c)	(0.31)	(0.59)	(0.23)
Net Assets, end of period	10.04	10.03	9.99

Pender Alternative Absolute Return Fund

Six months ended June 30, 2023

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

	2023 (\$)	2022 (\$)	2021 (\$)
Class E			
Net Assets, beginning of period (a)	9.92	10.00	
Increase (decrease) from operations:			
Total revenue	0.31	0.38	
Total expenses	(0.07)	(0.07)	
Realized gains (losses)	0.22	0.21	
Unrealized gains (losses)	(0.18)	(0.03)	
Total increase (decrease) from operations (b)	0.28	0.49	
Distributions:			
From income (excluding dividends)	(0.40)	(0.18)	
From dividends	-	-	
From capital gains	-	(0.40)	
Return of capital	-	-	
Total distributions (b), (c)	(0.40)	(0.58)	
Net Assets, end of period	9.89	9.92	
Class F			
Net Assets, beginning of period	9.96	9.99	10.00
Increase (decrease) from operations:			
Total revenue	0.32	0.57	0.47
Total expenses	(0.10)	(0.42)	(0.01)
Realized gains (losses)	0.23	0.35	(0.28)
Unrealized gains (losses)	(0.19)	0.27	0.04
Total increase (decrease) from operations (b)	0.26	0.77	0.22
Distributions:			
From income (excluding dividends)	(0.32)	(0.40)	(0.24)
From dividends	-	-	-
From capital gains	-	(0.24)	-
Return of capital	-	-	-
Total distributions (b), (c)	(0.32)	(0.64)	(0.24)
Net Assets, end of period	9.97	9.96	9.99
Class FF			
Net Assets, beginning of period	10.04	10.00	10.00
Increase (decrease) from operations:			
Total revenue	0.34	0.53	0.07
Total expenses	(0.07)	(0.24)	-
Realized gains (losses)	0.26	0.22	(0.01)
Unrealized gains (losses)	(0.17)	0.15	0.14
Total increase (decrease) from operations (b)	0.36	0.66	0.20
Distributions:			
From income (excluding dividends)	(0.37)	(0.52)	(0.22)
From dividends	-	-	-
From capital gains	-	(0.14)	-
Return of capital	-	-	-
Total distributions (b), (c)	(0.37)	(0.66)	(0.22)
Net Assets, end of period	10.04	10.04	10.00

Pender Alternative Absolute Return Fund

Six months ended June 30, 2023

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

	2023 (\$)	2022 (\$)	2021 (\$)
Class H			
Net Assets, beginning of period	10.00	9.99	10.00
Increase (decrease) from operations:			
Total revenue	0.33	0.52	0.47
Total expenses	(0.13)	(0.48)	(0.01)
Realized gains (losses)	0.25	0.21	(0.28)
Unrealized gains (losses)	(0.18)	0.23	0.04
Total increase (decrease) from operations (b)	0.27	0.48	0.22
Distributions:			
From income (excluding dividends)	(0.29)	(0.38)	(0.24)
From dividends	-	-	-
From capital gains	-	(0.20)	-
Return of capital	-	-	-
Total distributions (b), (c)	(0.29)	(0.58)	(0.24)
Net Assets, end of period	10.01	10.00	9.99
Class I			
Net Assets, beginning of period	9.90	9.99	10.00
Increase (decrease) from operations:			
Total revenue	0.31	0.69	(0.01)
Total expenses	(0.10)	(0.41)	-
Realized gains (losses)	0.22	0.41	0.02
Unrealized gains (losses)	(0.19)	0.18	0.15
Total increase (decrease) from operations (b)	0.24	0.87	0.16
Distributions:			
From income (excluding dividends)	(0.34)	(0.37)	(0.24)
From dividends	-	-	-
From capital gains	-	(0.36)	-
Return of capital	-	-	-
Total distributions (b), (c)	(0.34)	(0.73)	(0.24)
Net Assets, end of period	9.90	9.90	9.99
Class N			
Net Assets, beginning of period	10.00	9.99	10.00
Increase (decrease) from operations:			
Total revenue	0.34	0.52	0.47
Total expenses	(0.08)	(0.28)	(0.01)
Realized gains (losses)	0.26	0.28	(0.28)
Unrealized gains (losses)	(0.17)	0.20	0.04
Total increase (decrease) from operations (b)	0.35	0.72	0.22
Distributions:			
From income (excluding dividends)	(0.36)	(0.51)	(0.24)
From dividends	-	-	-
From capital gains	-	(0.18)	-
Return of capital	-	-	-
Total distributions (b), (c)	(0.36)	(0.69)	(0.24)
Net Assets, end of period	10.00	10.00	9.99

Pender Alternative Absolute Return Fund

Six months ended June 30, 2023

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

	2023 (\$)	2022 (\$)	2021 (\$)
Class O			
Net Assets, beginning of period	10.19	9.99	10.00
Increase (decrease) from operations:			
Total revenue	0.35	0.31	0.48
Total expenses	(0.02)	(0.06)	(0.01)
Realized gains (losses)	0.27	0.17	(0.29)
Unrealized gains (losses)	(0.17)	0.43	0.04
Total increase (decrease) from operations (b)	0.43	0.85	0.22
Distributions:			
From income (excluding dividends)	(0.44)	(0.68)	(0.24)
From dividends	-	-	-
From capital gains	-	-	-
Return of capital	-	-	-
Total distributions (b), (c)	(0.44)	(0.68)	(0.24)
Net Assets, end of period	10.17	10.19	9.99
Class A (USD)			
Net Assets, beginning of period (a)	13.33	13.20	
Increase (decrease) from operations:			
Total revenue	0.47	0.60	
Total expenses	(0.20)	(0.18)	
Realized gains (losses)	0.25	0.20	
Unrealized gains (losses)	(0.27)	0.35	
Total increase (decrease) from operations (b)	0.25	0.97	
Distributions:			
From income (excluding dividends)	(0.38)	(0.23)	
From dividends	-	-	
From capital gains	-	(0.58)	
Return of capital	-	-	
Total distributions (b), (c)	(0.38)	(0.81)	
Net Assets, end of period	13.11	13.33	
Class F (USD)			
Net Assets, beginning of period (a)	13.40	13.20	
Increase (decrease) from operations:			
Total revenue	0.37	0.54	
Total expenses	(0.17)	(0.18)	
Realized gains (losses)	0.28	0.29	
Unrealized gains (losses)	(0.37)	(0.06)	
Total increase (decrease) from operations (b)	0.11	0.59	
Distributions:			
From income (excluding dividends)	(0.49)	(0.06)	
From dividends	-	-	
From capital gains	-	(0.22)	
Return of capital	-	-	
Total distributions (b), (c)	(0.49)	(0.28)	
Net Assets, end of period	13.13	13.40	

Pender Alternative Absolute Return Fund

Six months ended June 30, 2023

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

	2023 (\$)	2022 (\$)	2021 (\$)
Class H (USD)			
Net Assets, beginning of period (a)	13.33	13.20	
Increase (decrease) from operations:			
Total revenue	0.38	0.60	
Total expenses	(0.18)	(0.17)	
Realized gains (losses)	0.31	0.20	
Unrealized gains (losses)	(0.34)	0.35	
Total increase (decrease) from operations (b)	0.17	0.98	
Distributions:			
From income (excluding dividends)	(0.44)	(0.24)	
From dividends	-	-	
From capital gains	-	(0.58)	
Return of capital	-	-	
Total distributions (b), (c)	(0.44)	(0.82)	
Net Assets, end of period	13.07	13.33	
Class I (USD)			
Net Assets, beginning of period (a)	13.54	13.20	
Increase (decrease) from operations:			
Total revenue	0.35	0.30	
Total expenses	(0.18)	(0.50)	
Realized gains (losses)	0.23	0.18	
Unrealized gains (losses)	(0.37)	0.24	
Total increase (decrease) from operations (b)	0.03	0.22	
Distributions:			
From income (excluding dividends)	(0.45)	(0.28)	
From dividends	-	-	
From capital gains	-	(0.42)	
Return of capital	-	-	
Total distributions (b), (c)	(0.45)	(0.70)	
Net Assets, end of period	13.31	13.54	

(a) This information is derived from the Fund's unaudited semi-annual financial statements as at June 30 and audited annual financial statements as at December 31 for the period stated, prepared under International Financial Reporting Standards. Class A (USD), Class E, Class F (USD), Class H (USD) and Class I (USD) commenced operations on September 1, 2022.

(b) Net assets per unit and distributions per unit are based on the actual number of units for the relevant Fund class outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding during the period.

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

Pender Alternative Absolute Return Fund

Six months ended June 30, 2023

Ratios and Supplemental Data

	2023	2022	2021
Class A			
Total net asset value (\$000s) (a)	6,848	3,751	5
Number of units outstanding (a)	691,906	379,277	512
Management expense ratio before performance fee (b)	2.55%	2.42%	0.00%
Management expense ratio (b)	2.55%	4.04%	0.00%
Management expense ratio before absorptions (c)	2.55%	4.04%	2.46%
Trading expense ratio (d)	0.45%	0.63%	0.16%
Portfolio turnover rate (e)	82.76%	186.73%	122.86%
Net asset value per unit (\$) (a)	9.90	9.89	9.99
Class AF			
Total net asset value (\$000s) (a)	8,960	8,865	2,651
Number of units outstanding (a)	892,426	884,052	265,312
Management expense ratio before performance fee (b)	1.75%	1.76%	0.00%
Management expense ratio (b)	1.83%	2.67%	0.00%
Management expense ratio before absorptions (c)	1.83%	2.67%	1.75%
Trading expense ratio (d)	0.45%	0.63%	0.16%
Portfolio turnover rate (e)	82.76%	186.73%	122.86%
Net asset value per unit (\$) (a)	10.04	10.03	9.99
Class E			
Total net asset value (\$000s) (a)	490	167	
Number of units outstanding (a)	49,520	16,829	
Management expense ratio before performance fee (b)	0.53%	0.54%	
Management expense ratio (b)	0.89%	1.42%	
Management expense ratio before absorptions (c)	0.89%	1.43%	
Trading expense ratio (d)	0.45%	0.63%	
Portfolio turnover rate (e)	82.76%	186.73%	
Net asset value per unit (\$) (a)	9.89	9.92	
Class F			
Total net asset value (\$000s) (a)	44,494	17,889	5
Number of units outstanding (a)	4,464,375	1,795,857	512
Management expense ratio before performance fee (b)	1.42%	1.37%	0.00%
Management expense ratio (b)	1.61%	3.57%	0.00%
Management expense ratio before absorptions (c)	1.61%	3.57%	1.38%
Trading expense ratio (d)	0.45%	0.63%	0.16%
Portfolio turnover rate (e)	82.76%	186.73%	122.86%
Net asset value per unit (\$) (a)	9.97	9.96	9.99
Class FF			
Total net asset value (\$000s) (a)	76,020	75,547	32,660
Number of units outstanding (a)	7,575,016	7,530,069	3,265,237
Management expense ratio before performance fee (b)	0.70%	0.71%	0.00%
Management expense ratio (b)	0.95%	1.78%	0.00%
Management expense ratio before absorptions (c)	0.95%	1.79%	0.70%
Trading expense ratio (d)	0.45%	0.63%	0.16%
Portfolio turnover rate (e)	82.76%	186.73%	122.86%
Net asset value per unit (\$) (a)	10.04	10.04	10.00

Pender Alternative Absolute Return Fund

Six months ended June 30, 2023

Ratios and Supplemental Data (cont'd)

	2023	2022	2021
Class H			
Total net asset value (\$000s) (a)	5,644	3,778	5
Number of units outstanding (a)	563,944	378,047	512
Management expense ratio before performance fee (b)	2.17%	2.10%	0.00%
Management expense ratio (b)	2.18%	4.18%	0.00%
Management expense ratio before absorptions (c)	2.18%	4.18%	2.10%
Trading expense ratio (d)	0.45%	0.63%	0.16%
Portfolio turnover rate (e)	82.76%	186.73%	122.86%
Net asset value per unit (\$) (a)	10.01	10.00	9.99
Class I			
Total net asset value (\$000s) (a)	140,990	52,440	131
Number of units outstanding (a)	14,242,940	5,298,794	13,156
Management expense ratio before performance fee (b)	1.23%	1.21%	0.00%
Management expense ratio (b)	1.51%	3.45%	0.00%
Management expense ratio before absorptions (c)	1.51%	3.46%	1.22%
Trading expense ratio (d)	0.45%	0.63%	0.16%
Portfolio turnover rate (e)	82.76%	186.73%	122.86%
Net asset value per unit (\$) (a)	9.90	9.90	9.99
Class N			
Total net asset value (\$000s) (a)	279	270	5
Number of units outstanding (a)	27,936	26,961	512
Management expense ratio before performance fee (b)	0.84%	0.84%	0.00%
Management expense ratio (b)	1.06%	2.13%	0.00%
Management expense ratio before absorptions (c)	1.06%	2.13%	0.88%
Trading expense ratio (d)	0.45%	0.63%	0.16%
Portfolio turnover rate (e)	82.76%	186.73%	122.86%
Net asset value per unit (\$) (a)	10.00	10.00	9.99
Class O			
Total net asset value (\$000s) (a)	3,677	3,966	5,283
Number of units outstanding (a)	361,536	389,478	528,823
Management expense ratio before performance fee (b)	0.00%	0.00%	0.00%
Management expense ratio (b)	0.00%	0.00%	0.00%
Management expense ratio before absorptions (c)	0.00%	0.00%	0.00%
Trading expense ratio (d)	0.45%	0.63%	0.16%
Portfolio turnover rate (e)	82.76%	186.73%	122.86%
Net asset value per unit (\$) (a)	10.17	10.19	9.99
Class A (USD)			
Total net asset value (\$000s) (a)	68	7	
Number of units outstanding (a)	5,154	530	
Management expense ratio before performance fee (b)	2.41%	2.43%	
Management expense ratio (b)	2.59%	3.22%	
Management expense ratio before absorptions (c)	2.59%	3.22%	
Trading expense ratio (d)	0.45%	0.63%	
Portfolio turnover rate (e)	82.76%	186.73%	
Net asset value per unit (\$) (a)	13.11	13.33	

Pender Alternative Absolute Return Fund

Six months ended June 30, 2023

Ratios and Supplemental Data (cont'd)

	2023	2022	2021
Class F (USD)			
Total net asset value (\$000s) (a)	1,318	107	
Number of units outstanding (a)	100,403	7,952	
Management expense ratio before performance fee (b)	1.37%	1.38%	
Management expense ratio (b)	2.11%	3.34%	
Management expense ratio before absorptions (c)	2.11%	3.36%	
Trading expense ratio (d)	0.45%	0.63%	
Portfolio turnover rate (e)	82.76%	186.73%	
Net asset value per unit (\$) (a)	13.13	13.40	
Class H (USD)			
Total net asset value (\$000s) (a)	32	7	
Number of units outstanding (a)	2,414	531	
Management expense ratio before performance fee (b)	2.11%	2.12%	
Management expense ratio (b)	2.31%	2.96%	
Management expense ratio before absorptions (c)	2.31%	2.96%	
Trading expense ratio (d)	0.45%	0.63%	
Portfolio turnover rate (e)	82.76%	186.73%	
Net asset value per unit (\$) (a)	13.07	13.33	
Class I (USD)			
Total net asset value (\$000s) (a)	9,414	957	
Number of units outstanding (a)	707,459	70,730	
Management expense ratio before performance fee (b)	1.40%	1.22%	
Management expense ratio (b)	2.20%	10.44%	
Management expense ratio before absorptions (c)	2.20%	10.45%	
Trading expense ratio (d)	0.45%	0.63%	
Portfolio turnover rate (e)	82.76%	186.73%	
Net asset value per unit (\$) (a)	13.31	13.54	

(a) This information is derived from the Fund's unaudited semi-annual financial statements as at June 30 and audited annual financial statements as at December 31 for the period stated, prepared under International Financial Reporting Standards. Class A (USD), Class E, Class F (USD), Class H (USD) and Class I (USD) commenced operations on September 1, 2022.

(b) Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) for the period and is expressed as an annualized percentage of daily average net asset value during the period. The MER may vary from one class of units to another because of differences in the applicable management fees and certain fees and expenses may have been absorbed by the Manager which would otherwise be paid by the Fund. Management expense ratio before performance fee is the MER before any performance fees, if applicable, for the stated period.

(c) The Manager of the Fund has agreed to absorb sufficient expenses of the Fund, as necessary, so that the annual MER before applicable taxes such as GST or HST will not exceed certain limits as outlined in the Fund's Simplified Prospectus. The amount of expenses absorbed is at the discretion of the Manager as set out in the Fund's Simplified Prospectus, and the Manager may in its sole discretion cease to absorb expenses.

(d) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(e) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. In general, the higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Pender Alternative Absolute Return Fund

Six months ended June 30, 2023

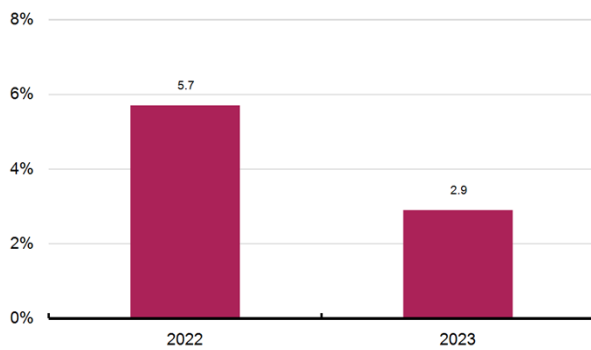
Past Performance

The following charts show the past performance for the units of each class of the Fund and do not necessarily indicate how the Fund will perform in the future. The information shown assumes that any distributions made by the Fund were reinvested in additional units of the Fund. Returns would be different if an investor did not reinvest distributions. In addition, the information does not take into account sales, redemptions, income taxes payable or other charges that would have reduced returns or performance. Past performance for Class A (USD), Class E, Class F (USD), Class H (USD) and Class I (USD) units of the Fund are not available for disclosure because, having commenced operations on September 1, 2022, they have been in operation for less than one year.

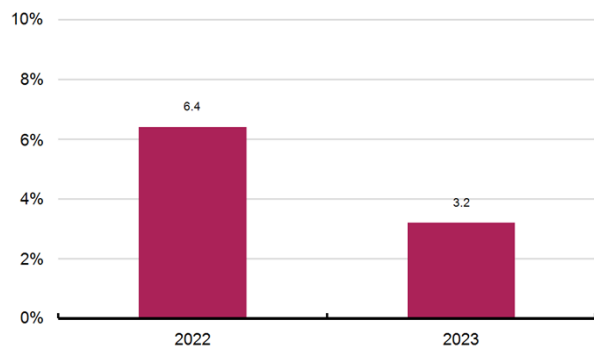
Period-by-Period Returns

To illustrate how the Fund's performance has varied over time, the following bar charts show the Fund's performance for the six-month period ended June 30, 2023 and for each of the previous 12-month periods ended December 31. The information is presented starting from the first full financial year of the respective Fund class. In percentage terms, the bar charts show how much an investment held on the first day of the period would have increased or decreased by the last day of the period.

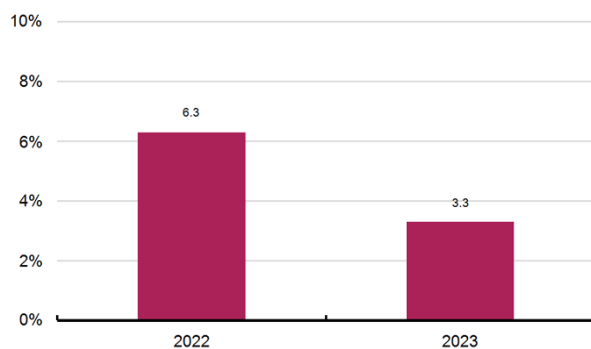
Class A



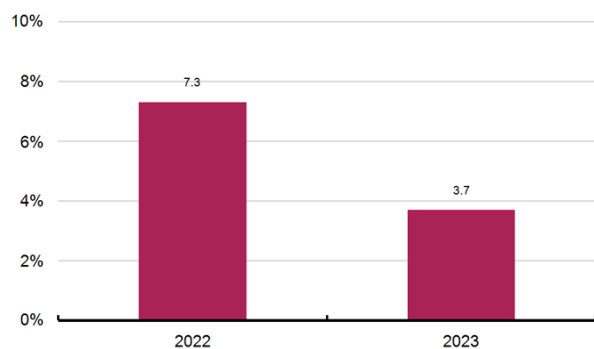
Class AF



Class F



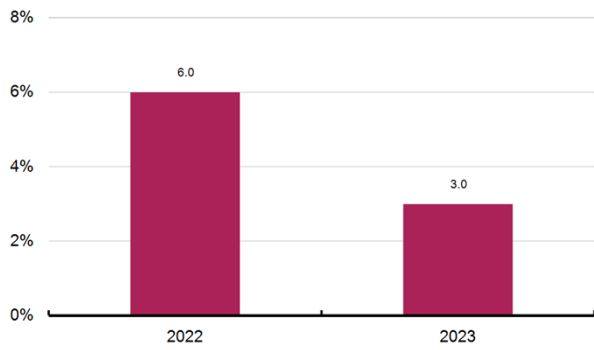
Class FF



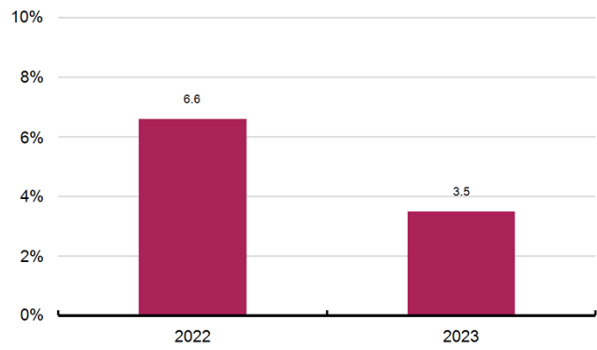
Pender Alternative Absolute Return Fund

Six months ended June 30, 2023

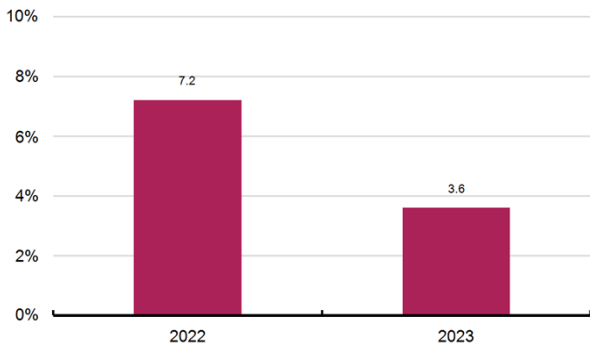
Class H



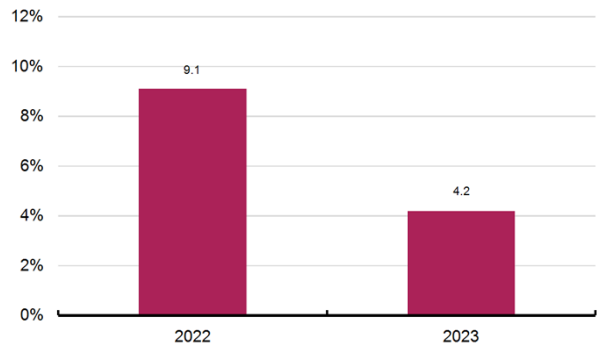
Class I



Class N



Class O



Pender Alternative Absolute Return Fund

Six months ended June 30, 2023

Summary of Investment Portfolio

The largest holdings of the Fund as at the end of the period and the major asset classes in which the Fund was invested are indicated below. Where the Fund has less than 25 holdings, the table will show the Fund's entire investment portfolio. The investment portfolio may change due to ongoing portfolio transactions. An update of the Fund's summary of investment portfolio as at the end of each calendar quarter is available from the Manager. Please see the front page of this document for information about how this can be obtained.

Top 25 Holdings

	% of Net Assets
LONG POSITIONS	
PDC Energy, Inc., 5.75%, 2026/05/15	6.7
Intercontinental Exchange, Inc., Callable, 4.00%, 2027/09/15	5.0
CSC Holdings, LLC, Callable, 4.50%, 2031/11/15	4.7
United States Government Treasury Bill, 2023/08/03	4.3
United States Government Treasury Bill, 2023/07/06	4.3
XHR LP, Callable, 4.88%, 2029/06/01	3.8
Cable One Inc., Callable, 4.00%, 2030/11/15	3.7
Four Seasons Hotels Ltd., Term Loan, 8.50%, 2029/11/30	3.6
Neptune BidCo US Inc., Callable, 9.29%, 2029/04/15	3.6
Uber Technologies, Inc., Callable, 7.50%, 2025/05/15	3.6
The Toronto-Dominion Bank, Series '1', Variable Rate, Callable, 3.60%, 2081/10/31	3.2
Parkland Corporation, Callable, 4.38%, 2029/03/26	3.1
Vermilion Energy Inc., Callable, 6.88%, 2030/05/01	3.1
Baytex Energy Corp., Callable, 8.50%, 2030/04/30	3.0
Tamarack Valley Energy Ltd., Callable, 7.25%, 2027/05/10	2.8
Teine Energy Ltd., Callable, 6.88%, 2029/04/15	2.8
Mattamy Group Corporation, 4.63%, 2028/03/01	2.6
SHORT POSITIONS	
SPDR Bloomberg Barclays High Yield Bond ETF	(6.9)
SPDR S&P 500 ETF Trust	(6.9)
iShares iBoxx High Yield Corporate Bond ETF	(6.7)
United States Treasury, 3.50%, 2033/02/15	(5.2)
Invesco QQQ Trust, Series '1'	(4.6)
iShares Russell 2000 ETF	(4.6)
CSC Holdings LLC, Callable, 3.38%, 2031/02/15	(3.9)
Yum! Brands, Inc., Callable, 3.63%, 2031/03/15	(3.5)

Pender Alternative Absolute Return Fund

Six months ended June 30, 2023

Composition of the Portfolio

	% of Net Assets
LONG POSITIONS	
US corporate bonds and loans	69.2
Canadian corporate bonds and loans	48.7
Short-term investments	8.7
Preferred shares	1.2
Equities	0.8
Foreign corporate bonds and loans	0.4
Total Long Positions	129.0
SHORT POSITIONS	
Exchange-traded funds	(29.7)
US corporate bonds and loans	(16.2)
Government bonds	(14.5)
Canadian corporate bonds and loans	(7.8)
Equities	(0.4)
Total Short Positions	(68.6)
Total investments	60.4
Derivative assets	0.4
Total investment portfolio	60.8
Cash	39.5
Other assets less liabilities	(0.3)
Total net assets	100.0

Pender Alternative Absolute Return Fund

Six months ended June 30, 2023

Caution Regarding Forward-Looking Statements

This report contains forward-looking statements about the Fund, including its strategy, prospects and further actions. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, or negative versions thereof and similar expressions.

In addition, any statement made concerning future performance, strategies or prospects, and possible future Fund action is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to risks, uncertainties and assumptions about the Fund and economic factors, among other things.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements. Any number of important factors could contribute to these digressions, including, but not limited to: geopolitical events, general economic, political and market factors in North America and internationally; including the collapse of banks; interest and foreign exchange rates and the measures taken by central banks to manage inflation; global equity and capital markets; business competition; technological change; changes in government regulations; unexpected judicial or regulatory proceedings; pandemics and catastrophic events.

We stress that the above-mentioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing undue reliance on forward-looking statements. Further, except as may be required under applicable law, the Manager has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.



Pender Alternative Absolute Return Fund

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