



Pender Bond Universe 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 Bond Universe Fund

Six months ended June 30, 2023

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

The net assets of the Pender Bond Universe Fund (the "Fund") were \$73,950,898 as at June 30, 2023 versus \$92,151,217 as at December 31, 2022. Of this \$18,200,319 decrease, \$1,375,824 is attributable to positive investment performance and \$19,576,143 is attributable to net unitholder redemption of Fund units.

For the six months ended June 30, 2023 (the "period"), Class A units of the Fund generated a total return of 1.4%. Return for Class F (USD) will differ primarily due to foreign currency as this class is denominated in US dollars whereas all remaining classes of the Fund are denominated in Canadian dollars. Returns for other classes of the Fund will be similar to Class A with any difference in performance being primarily due to the different management fees that are applicable to different classes. Please see the "Past Performance" section for the performance of the Fund's other classes.

The Fund's broad-based benchmark, the FTSE Canada Universe Bond Index ("FTSE"), returned 2.5% during the period. In accordance with National Instrument 81-106, we have included a comparison to this broad-based index to help you understand the Fund's performance relative to the general performance of the market, but we caution that the Fund's mandate may be significantly different from the index. Further, the Fund's returns are reported net of all management fees and expenses for all classes, unlike the returns of the Fund's benchmark, which are based on the performance of an index that does not pay fees or incur expenses.

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

The Fund underperformed its benchmark in the first half of 2023.

Our position in the Government of Canada 4.25% Inflation-linked bond was a top contributor in the first half of 2023 and corporate issues such as Verisign, Inc., PepsiCo, Inc., McDonald's Corporation and United Parcel Service, Inc. also contributed positively to performance. The Fund's positive return over the first six months of 2023 was aided by its exposure to higher yield credit through its Pender Corporate Bond Fund holding.

Recent Developments

After reaching a 40-year high in June of last year, US inflation in May 2023 was down significantly from its peak. In the face of this, and in order to assess the impact of their work to date, the US Federal Reserve ("Fed") announced a pause in rate hikes, leaving open the door for further hikes if necessary. In Canada, Consumer Price Index (CPI) fell to 3.4% in May, its lowest level in two years, with it now approaching the upper bound of the Bank of Canada's 1%-3% target range.

Several signals are suggesting that the bulk of central bank tightening may be behind us. The net futures position on the 10-year US Treasury offers a window to how market participants are positioned and helps to inform how we in turn position the Fund. A large short position here suggests that institutional investors are battering down the hatches against inflation or hedging exposure in this area. In May, we saw the largest net short futures position in the 10-year US Treasury going back to the 1990s, three full standard deviations below its mean. The current extreme reading may provide a contrarian indicator of a pending reversal, which could ultimately mean a short covering rally, the size of which we have not seen before.

In addition to participant positioning, the fundamental backdrop itself appears to have weakened from a demand perspective. We recently came across data on a global Purchasing Manager's Index ("PMI") backlogs indicator where a decline suggests weakening demand and with it, inflation. Over the last decade this data point has moved somewhat in line with bond yields for obvious reasons. Given a decline of ~30% from a high in 2021, current backlog data could provide another indication that the majority of tightening is behind us.

In addition to the above and perhaps most importantly, Personal Consumption Expenditures ("PCE") inflation, which is the Fed's preferred measure, has declined. Following large inflation spikes in the past, a collapse in core inflation has led to a move lower in yields. This move preceded recessions in 1973, 1976, 1980, 1990, 2002 and 2008. From a high in 2021, PCE inflation has fallen approximately 50% without a significant move down in yields. Perhaps this period is different – it's possible that we will see inflation pick back up from here as opposed to continuing its trajectory lower. However, when the original cause of the increase in yields abates, it is increasingly likely that we are poised for rates to follow suit.

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 and other global events, factors that are beyond the Fund's control.

Pender Bond Universe Fund

Six months ended June 30, 2023

With high yield spreads remaining at approximately 4% at quarter-end and with the indicators we are seeing in the market skewed to the likelihood of recession, the upside/downside risk here led us to decrease the Fund's exposure to credit several months ago, and our weight in this area remains around the lowest it has been since the Fund's inception. The Pender Bond Universe Fund had an 18.8% weight in Pender Corporate Bond Fund units at the end of June, resulting in a non-investment grade weight of 12%. The duration of the Fund was 3.3 years as at June 30 and yield to maturity was 5.4%.

Related Party Transactions

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

As at the end of the period, parties related to the Manager collectively held less than 1% of the Fund's units. In addition, the Pender Income Advantage Fund, a fund also managed by the Manager, held 3% of the Fund's outstanding units.

As part of the Fund's investment strategy, the Fund invests in Class O units of the Pender Corporate Bond Fund, a mutual fund also managed by the Manager. The Fund does not pay any duplicate management fees on its investment in this mutual fund.

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.

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 (\$) | 2020 (\$) |
|--|---------------|---------------|---------------|---------------|
| Class A | | | | |
| Net Assets, beginning of period | 9.18 | 10.15 | 10.37 | 10.00 |
| Increase (decrease) from operations: | | | | |
| Total revenue | 0.19 | 0.38 | 0.35 | 0.29 |
| Total expenses | (0.05) | (0.11) | (0.12) | - |
| Realized gains (losses) | (0.15) | (0.52) | 0.27 | 0.02 |
| Unrealized gains (losses) | 0.15 | (0.44) | (0.47) | 0.71 |
| Total increase (decrease) from operations (b) | 0.14 | (0.69) | 0.03 | 1.02 |
| Distributions: | | | | |
| From income (excluding dividends) | (0.14) | (0.26) | (0.22) | (0.26) |
| From dividends | - | (0.01) | (0.01) | (0.01) |
| From capital gains | - | - | (0.15) | - |
| Return of capital | - | - | - | - |
| Total distributions (b), (c) | (0.14) | (0.27) | (0.38) | (0.27) |
| Net Assets, end of period | 9.16 | 9.18 | 10.15 | 10.37 |

Pender Bond Universe Fund

Six months ended June 30, 2023

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

| | 2023 (\$) | 2022 (\$) | 2021 (\$) | 2020 (\$) |
|--|---------------|---------------|---------------|---------------|
| Class E | | | | |
| Net Assets, beginning of period | 9.18 | 10.15 | 10.37 | 10.00 |
| Increase (decrease) from operations: | | | | |
| Total revenue | 0.19 | 0.37 | 0.36 | 0.28 |
| Total expenses | (0.02) | (0.05) | (0.05) | - |
| Realized gains (losses) | (0.15) | (0.52) | 0.19 | (0.03) |
| Unrealized gains (losses) | 0.13 | (0.39) | (0.29) | 0.43 |
| Total increase (decrease) from operations (b) | 0.15 | (0.59) | 0.21 | 0.68 |
| Distributions: | | | | |
| From income (excluding dividends) | (0.17) | (0.33) | (0.28) | (0.26) |
| From dividends | - | (0.01) | (0.02) | (0.01) |
| From capital gains | - | - | (0.15) | - |
| Return of capital | - | - | - | - |
| Total distributions (b), (c) | (0.17) | (0.34) | (0.45) | (0.27) |
| Net Assets, end of period | 9.16 | 9.18 | 10.15 | 10.37 |
| Class F | | | | |
| Net Assets, beginning of period | 9.17 | 10.14 | 10.37 | 10.00 |
| Increase (decrease) from operations: | | | | |
| Total revenue | 0.19 | 0.38 | 0.36 | 0.28 |
| Total expenses | (0.03) | (0.06) | (0.07) | - |
| Realized gains (losses) | (0.14) | (0.47) | 0.34 | (0.06) |
| Unrealized gains (losses) | 0.15 | (0.57) | (0.51) | 0.40 |
| Total increase (decrease) from operations (b) | 0.17 | (0.72) | 0.12 | 0.62 |
| Distributions: | | | | |
| From income (excluding dividends) | (0.17) | (0.31) | (0.27) | (0.26) |
| From dividends | - | (0.01) | (0.02) | (0.01) |
| From capital gains | - | - | (0.15) | - |
| Return of capital | - | - | - | - |
| Total distributions (b), (c) | (0.17) | (0.32) | (0.44) | (0.27) |
| Net Assets, end of period | 9.16 | 9.17 | 10.14 | 10.37 |
| Class O | | | | |
| Net Assets, beginning of period | 9.18 | 10.15 | 10.37 | 10.00 |
| Increase (decrease) from operations: | | | | |
| Total revenue | 0.19 | 0.37 | 0.35 | 0.29 |
| Total expenses | - | - | - | - |
| Realized gains (losses) | (0.15) | (0.60) | 0.31 | 0.07 |
| Unrealized gains (losses) | 0.13 | (0.17) | (0.38) | 0.75 |
| Total increase (decrease) from operations (b) | 0.17 | (0.40) | 0.28 | 1.11 |
| Distributions: | | | | |
| From income (excluding dividends) | (0.20) | (0.38) | (0.33) | (0.26) |
| From dividends | - | (0.01) | (0.02) | (0.01) |
| From capital gains | - | - | (0.15) | - |
| Return of capital | - | - | - | - |
| Total distributions (b), (c) | (0.20) | (0.39) | (0.50) | (0.27) |
| Net Assets, end of period | 9.16 | 9.18 | 10.15 | 10.37 |

Pender Bond Universe Fund

Six months ended June 30, 2023

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

| | 2023 (\$) | 2022 (\$) | 2021 (\$) | 2020 (\$) |
|--|---------------|---------------|--------------|--------------|
| Class A (USD) | | | | |
| Net Assets, beginning of period (a) | 13.27 | 13.00 | | |
| Increase (decrease) from operations: | | | | |
| Total revenue | 0.03 | 0.94 | | |
| Total expenses | (0.06) | (0.08) | | |
| Realized gains (losses) | (0.23) | (0.24) | | |
| Unrealized gains (losses) | 0.48 | (0.04) | | |
| Total increase (decrease) from operations (b) | 0.22 | 0.58 | | |
| Distributions: | | | | |
| From income (excluding dividends) | (0.13) | (0.18) | | |
| From dividends | - | - | | |
| From capital gains | - | - | | |
| Return of capital | - | - | | |
| Total distributions (b), (c) | (0.13) | (0.18) | | |
| Net Assets, end of period | - | 13.27 | | |
| Class F (USD) | | | | |
| Net Assets, beginning of period (a) | 13.28 | 13.00 | | |
| Increase (decrease) from operations: | | | | |
| Total revenue | 0.26 | 0.39 | | |
| Total expenses | (0.04) | (0.04) | | |
| Realized gains (losses) | (0.59) | (0.04) | | |
| Unrealized gains (losses) | 0.49 | (0.34) | | |
| Total increase (decrease) from operations (b) | 0.12 | (0.03) | | |
| Distributions: | | | | |
| From income (excluding dividends) | (0.24) | (0.21) | | |
| From dividends | - | (0.01) | | |
| From capital gains | - | - | | |
| Return of capital | - | - | | |
| Total distributions (b), (c) | (0.24) | (0.22) | | |
| Net Assets, end of period | 13.00 | 13.28 | | |

(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) was closed on May 26, 2023.

(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.

Ratios and Supplemental Data

| | 2023 | 2022 | 2021 | 2020 |
|---|---------|---------|---------|---------|
| Class A | | | | |
| Total net asset value (\$000s) (a) | 3,264 | 3,398 | 3,794 | 1,278 |
| Number of units outstanding (a) | 356,252 | 370,331 | 373,849 | 123,163 |
| Management expense ratio (b) | 1.18% | 1.18% | 1.16% | 0.00% |
| Management expense ratio before absorptions (c) | 1.18% | 1.18% | 1.26% | 1.45% |
| Trading expense ratio (d) | 0.00% | 0.01% | 0.01% | 0.02% |
| Portfolio turnover rate (e) | 9.95% | 82.86% | 27.99% | 86.57% |
| Net asset value per unit (\$) (a) | 9.16 | 9.18 | 10.15 | 10.37 |

Pender Bond Universe Fund

Six months ended June 30, 2023

Ratios and Supplemental Data (cont'd)

| | 2023 | 2022 | 2021 | 2020 |
|---|-----------|-----------|-----------|---------|
| Class E | | | | |
| Total net asset value (\$000s) (a) | 361 | 334 | 313 | 280 |
| Number of units outstanding (a) | 39,448 | 36,415 | 30,835 | 26,956 |
| Management expense ratio (b) | 0.53% | 0.53% | 0.51% | 0.00% |
| Management expense ratio before absorptions (c) | 0.53% | 0.53% | 0.52% | 0.50% |
| Trading expense ratio (d) | 0.00% | 0.01% | 0.01% | 0.02% |
| Portfolio turnover rate (e) | 9.95% | 82.86% | 27.99% | 86.57% |
| Net asset value per unit (\$) (a) | 9.16 | 9.18 | 10.15 | 10.37 |
| Class F | | | | |
| Total net asset value (\$000s) (a) | 67,940 | 86,294 | 79,955 | 3,558 |
| Number of units outstanding (a) | 7,419,196 | 9,407,030 | 7,883,926 | 343,036 |
| Management expense ratio (b) | 0.65% | 0.67% | 0.64% | 0.00% |
| Management expense ratio before absorptions (c) | 0.65% | 0.67% | 0.69% | 0.95% |
| Trading expense ratio (d) | 0.00% | 0.01% | 0.01% | 0.02% |
| Portfolio turnover rate (e) | 9.95% | 82.86% | 27.99% | 86.57% |
| Net asset value per unit (\$) (a) | 9.16 | 9.17 | 10.14 | 10.37 |
| Class O | | | | |
| Total net asset value (\$000s) (a) | 2,283 | 1,933 | 1,071 | 869 |
| Number of units outstanding (a) | 249,141 | 210,553 | 105,529 | 83,800 |
| Management expense ratio (b) | 0.00% | 0.00% | 0.00% | 0.00% |
| Management expense ratio before absorptions (c) | 0.00% | 0.00% | 0.00% | 0.00% |
| Trading expense ratio (d) | 0.00% | 0.01% | 0.01% | 0.02% |
| Portfolio turnover rate (e) | 9.95% | 82.86% | 27.99% | 86.57% |
| Net asset value per unit (\$) (a) | 9.16 | 9.18 | 10.15 | 10.37 |
| Class F (USD) | | | | |
| Total net asset value (\$000s) (a) | 102 | 185 | | |
| Number of units outstanding (a) | 7,827 | 13,907 | | |
| Management expense ratio (b) | 0.63% | 0.64% | | |
| Management expense ratio before absorptions (c) | 0.63% | 0.64% | | |
| Trading expense ratio (d) | 0.00% | 0.01% | | |
| Portfolio turnover rate (e) | 9.95% | 82.86% | | |
| Net asset value per unit (\$) (a) | 13.00 | 13.28 | | |

(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) was closed on May 26, 2023 .

(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.

(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 Bond Universe Fund

Six months ended June 30, 2023

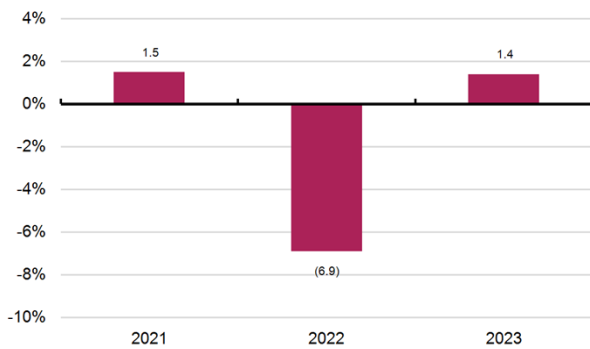
Past Performance

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) units of the Fund is not available for disclosure because it was closed during the period.

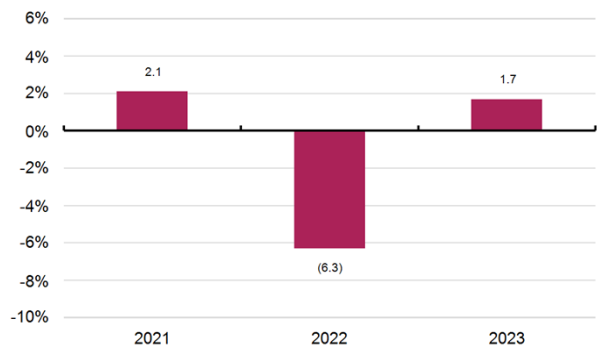
Period-by-Period Returns

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.

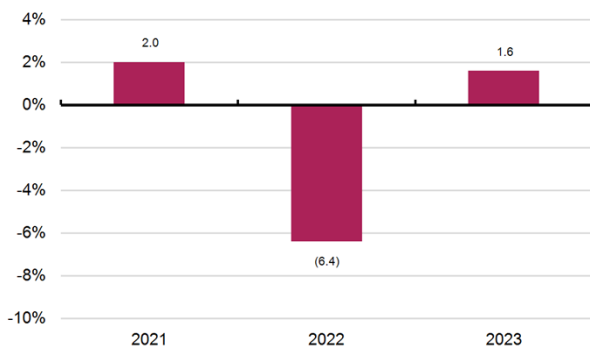
Class A



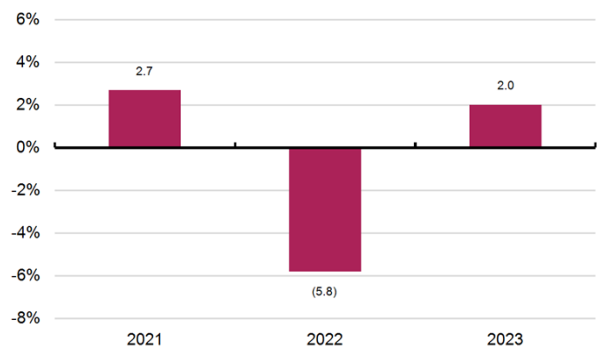
Class E



Class F



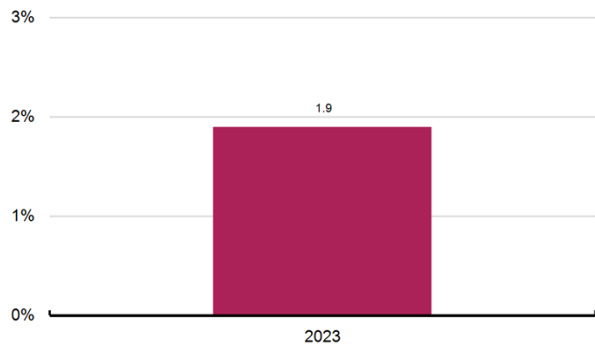
Class O



Pender Bond Universe Fund

Six months ended June 30, 2023

Class F (USD)



Pender Bond Universe 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 |
|---|-----------------|
| Pender Corporate Bond Fund, Class 'O' | 18.8 |
| McDonald's Corporation, Callable, 3.13%, 2025/03/04 | 4.5 |
| Government of Canada, 2.25%, 2029/06/01 | 4.4 |
| Brookfield Renewable Partners L.P., Callable, 4.25%, 2029/01/15 | 4.0 |
| Cameco Corporation, Callable, 2.95%, 2027/10/21 | 3.6 |
| Verisign, Inc., Callable, 4.75%, 2027/07/15 | 3.5 |
| Loblaw Companies Limited, Callable, 3.92%, 2024/06/10 | 3.3 |
| Ontario Power Generation Inc., Callable, 2.89%, 2025/04/08 | 3.2 |
| PepsiCo, Inc., Callable, 2.15%, 2024/05/06 | 3.2 |
| Bell Canada, Inc., Callable, 3.00%, 2031/03/17 | 3.1 |
| United Parcel Service, Inc., Callable, 2.13%, 2024/05/21 | 3.1 |
| Waste Management of Canada Corporation, Callable, 2.60%, 2026/09/23 | 3.1 |
| Fairfax Financial Holdings Limited, Callable, 4.70%, 2026/12/16 | 2.9 |
| Government of Canada, Real Return, 4.00%, 2031/12/01 | 2.8 |
| Loblaw Companies Limited, Callable, 4.49%, 2028/12/11 | 2.7 |
| Canadian National Railway Company, Callable, 3.20%, 2028/07/31 | 2.5 |
| Government of Canada, Real Return, 4.25%, 2026/12/01 | 2.5 |
| Fairfax Financial Holdings Limited, Callable, 3.95%, 2031/03/03 | 2.4 |
| United States Treasury, 2.25%, 2024/03/31 | 1.8 |
| The Goldman Sachs Group, Inc., Callable, 2.01%, 2029/02/28 | 1.7 |
| Royal Bank of Canada, 2.33%, 2027/01/28 | 1.5 |
| Canadian Pacific Railway Company, Callable, 3.15%, 2029/03/13 | 1.4 |
| Choice Properties Real Estate Investment Trust, Callable, 2.85%, 2027/05/21 | 1.4 |
| Bank of America Corporation, Callable, 2.93%, 2025/04/25 | 1.3 |
| Government of Canada, 2.00%, 2023/09/01 | 1.3 |

Composition of the Portfolio

| | % of Net Assets |
|-------------------------------|-----------------|
| Canadian corporate bonds | 42.9 |
| US corporate bonds | 20.1 |
| Mutual funds | 18.8 |
| Government bonds | 12.8 |
| Total investments | 94.6 |
| Derivative assets | 0.1 |
| Total investments | 94.7 |
| Cash | 5.2 |
| Other assets less liabilities | 0.1 |
| Total net assets | 100.0 |

Pender Bond Universe 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 Bond Universe Fund

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