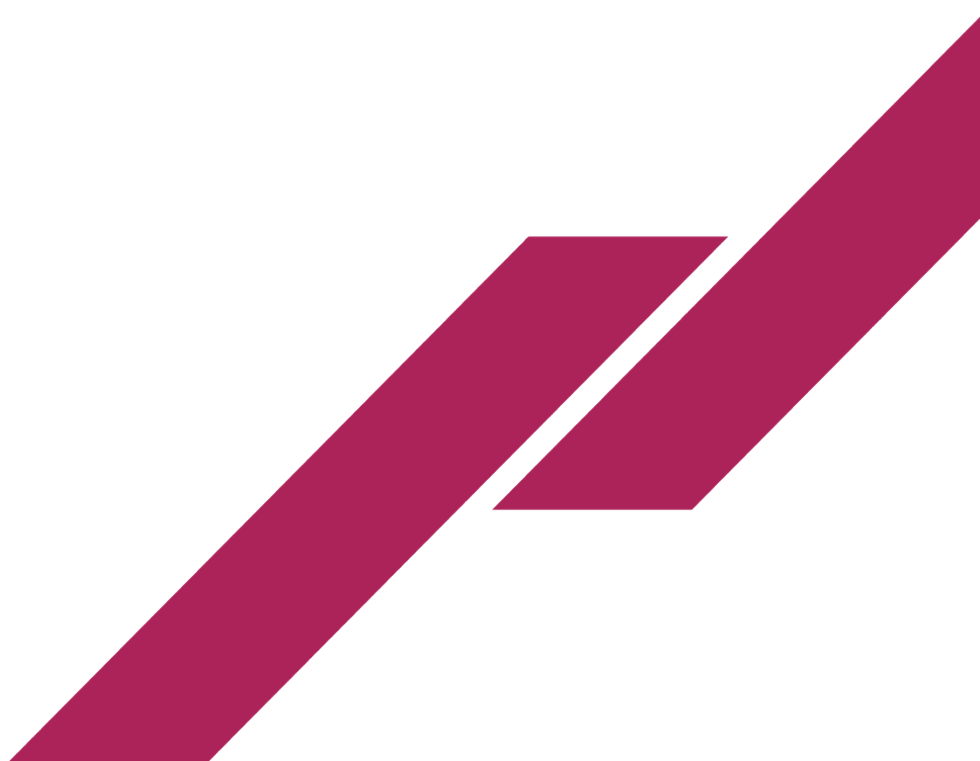


**Annual Financial Statements of
PENDER ALTERNATIVE MUTUAL FUNDS**

And Independent Auditor's Report thereon
Year ended December 31, 2023



MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Pender Alternative Mutual Funds (the “Funds”) are the responsibility of management. They have been prepared in accordance with IFRS Accounting Standards.

PenderFund Capital Management Ltd. (the “Manager”) has developed and maintains a system of internal controls to provide reasonable assurance that all assets are safeguarded and to produce relevant, reliable and timely financial information, including the accompanying financial statements.

The Board of Directors of the Manager is responsible for reviewing and approving the financial statements and for overseeing the Manager’s performance of its financial reporting responsibilities. The Board of Directors has approved the accompanying financial statements of the Funds.

These financial statements have been audited by KPMG LLP, Chartered Professional Accountants, on behalf of the unitholders. The auditor’s report outlines the scope of their audit and their opinion on the financial statements.

March 28, 2024

(signed) "David Barr"

David Barr
Chief Executive Officer
PenderFund Capital Management Ltd.

(signed) "Gina Jones"

Gina Jones
Chief Financial Officer
PenderFund Capital Management Ltd.



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of the Pender Mutual Funds

Pender Alternative Absolute Return Fund
Pender Alternative Arbitrage Fund
Pender Alternative Arbitrage Plus Fund
Pender Alternative Multi-Strategy Income Fund
Pender Alternative Special Situations Fund
(collectively, the "Funds")

Opinion

We have audited the financial statements of the Funds, which comprise:

- the statements of financial position as at December 31, 2023 and December 31, 2022
- the statements of comprehensive income for the years then ended (year ended December 31, 2023 and the period from commencement of operations on September 1, 2022 to December 31, 2022 for the Pender Alternative Arbitrage Plus Fund only)
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended (year ended December 31, 2023 and the period from commencement of operations on September 1, 2022 to December 31, 2022 for the Pender Alternative Arbitrage Plus Fund only)
- the statements of cash flows for the years then ended (year ended December 31, 2023 and the period from commencement of operations on September 1, 2022 to December 31, 2022 for the Pender Alternative Arbitrage Plus Fund only)
- and notes to the financial statements, including a summary of material accounting policy information (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2023 and December 31, 2022, and their financial performance and their cash flows for the years then ended (year ended December 31, 2023 and the period from commencement of operations on September 1, 2022 to December 31, 2022 for the Pender Alternative Arbitrage Plus Fund only) in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.



We are independent of the Funds in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Manager is responsible for the other information. Other information comprises the information included in the Annual Management Report of Fund Performance for each of the Funds filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in the Annual Management Report of Fund Performance for each of the Funds filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of the Manager and Those Charged with Governance for the Financial Statements

The Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Funds' ability to continue as going concerns, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Funds' financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



Pender Alternative Funds
Page 4

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada

March 28, 2024

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Pender Alternative Absolute Return Fund

Statements of Financial Position

December 31, 2023 and 2022

	2023 (\$)	2022 (\$)
Assets		
Cash	42,386,702	70,281,559
Receivable for investments sold	-	459,351
Subscriptions receivable	3,527,719	1,930,836
Dividends receivable	-	6,480
Interest receivable	5,717,470	2,581,622
Derivative assets	3,518,384	196,940
Investments	669,389,344	205,402,784
	724,539,619	280,859,572
Liabilities		
Management and administration fees payable (note 4)	428,332	576,713
Payable for investments purchased	27,891,473	12,961,779
Redemptions payable to holders of redeemable units	1,861,142	1,683,372
Payable for interest and dividends on short securities	2,057,347	580,969
Performance fees payable (note 4)	289,674	28,700
Investments sold short	273,306,862	97,276,226
	305,834,830	113,107,759
Net assets attributable to holders of redeemable units	418,704,789	167,751,813
Net assets attributable to holders of redeemable units per class:		
Class A	12,156,961	3,751,124
Class AF	8,698,759	8,865,080
Class A (USD)	554,907	7,071
Class E	2,369,765	166,974
Class F	56,833,699	17,889,465
Class FF	73,805,414	75,546,678
Class F (USD)	1,268,550	106,584
Class H	9,405,115	3,778,446
Class H (USD)	535,977	7,076
Class I	234,010,717	52,440,463
Class I (USD)	10,512,261	957,489
Class N	4,795,515	269,572
Class O	3,757,149	3,965,791
	418,704,789	167,751,813

Pender Alternative Absolute Return Fund

Statements of Financial Position

December 31, 2023 and 2022

	2023 (\$)	2022 (\$)
Net assets attributable to holders of redeemable units per unit:		
Class A	9.70	9.89
Class AF	9.85	10.03
Class A (USD)	12.86	13.33
Class E	9.68	9.92
Class F	9.74	9.96
Class FF	9.85	10.04
Class F (USD)	12.68	13.40
Class H	9.80	10.00
Class H (USD)	12.88	13.33
Class I	9.68	9.90
Class I (USD)	12.90	13.54
Class N	9.80	10.00
Class O	10.03	10.19

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

(signed) "David Barr"

(signed) "Felix Narhi"

David Barr
Director

Felix Narhi
Director

Pender Alternative Absolute Return Fund

Statement of Comprehensive Income

Year ended December 31, 2023 and 2022

	2023 (\$)	2022 (\$)
Revenue		
Interest for distribution purposes	24,796,377	8,703,764
Dividend income	150,130	22,152
Dividend and interest expense on securities sold short	(7,238,449)	(2,130,150)
Foreign exchange gain (loss)	(1,025,221)	2,268,533
Changes in fair value of investments and derivatives:		
Net realized gain (loss)	16,968,950	497,419
Net change in unrealized appreciation (depreciation)	(5,153,286)	2,469,537
Total revenue	28,498,501	11,831,255
Expenses		
Performance fees (note 4)	3,701,546	1,565,615
Management fees (note 4)	1,724,978	456,224
Administration fees (note 4)	1,683,300	636,187
Interest and borrow fees expense	1,254,192	722,498
Transaction costs	40,662	30,015
Independent review committee fees	8,481	4,392
Total expenses	8,413,159	3,414,931
Less: Fees waived and expenses absorbed by the Manager (note 4)	(8,481)	(32,064)
Net expenses	8,404,678	3,382,867
Increase (decrease) in net assets attributable to holders of redeemable units	20,093,823	8,448,388
Increase (decrease) in net assets attributable to holders of redeemable units per class:		
Class A	418,929	124,942
Class AF	650,925	477,112
Class A (USD)	(4,384)	492
Class E	41,596	4,954
Class F	2,789,542	580,725
Class FF	6,228,023	4,766,830
Class F (USD)	71,405	2,125
Class H	382,185	66,956
Class H (USD)	(14,985)	497
Class I	8,690,271	1,862,513
Class I (USD)	380,451	2,329
Class N	86,006	14,459
Class O	373,859	544,454
	20,093,823	8,448,388
Increase (decrease) in net assets attributable to holders of redeemable units per unit:		
Class A	0.57	0.75
Class AF	0.74	0.57
Class A (USD)	(0.54)	0.97
Class E	0.62	0.49
Class F	0.68	0.77
Class FF	0.83	0.66
Class F (USD)	0.87	0.59
Class H	0.61	0.48
Class H (USD)	(2.10)	0.98
Class I	0.64	0.87
Class I (USD)	0.74	0.22
Class N	0.58	0.72
Class O	1.02	0.85

Pender Alternative Absolute Return Fund

Statement of Changes in Net Assets Attributable to Holders of Redeemable Unit

Year ended December 31, 2023 and 2022

Class A	2023 (\$)	2022 (\$)
Balance, beginning of year	3,751,124	5,114
Increase (decrease) in net assets attributable to holders of redeemable units	418,929	124,942
Unit transactions:		
Proceeds from issue of redeemable units	11,703,128	4,867,065
Issued on reinvestment of distributions	531,993	72,754
Amounts paid on redemption of redeemable units	(3,512,141)	(1,178,045)
	8,722,980	3,761,774
Distributions paid from:		
Net investment income	(338,401)	(68,411)
Realized gains on sale of investments	(397,671)	(72,295)
Return of capital	-	-
	(736,072)	(140,706)
Balance, end of year	12,156,961	3,751,124
Class AF	2023 (\$)	2022 (\$)
Balance, beginning of year	8,865,080	2,651,026
Increase (decrease) in net assets attributable to holders of redeemable units	650,925	477,112
Unit transactions:		
Proceeds from issue of redeemable units	20	6,458,653
Issued on reinvestment of distributions	455,571	280,704
Amounts paid on redemption of redeemable units	(473,239)	(494,356)
	(17,648)	6,245,001
Distributions paid from:		
Net investment income	(479,520)	(386,988)
Realized gains on sale of investments	(320,078)	(121,071)
Return of capital	-	-
	(799,598)	(508,059)
Balance, end of year	8,698,759	8,865,080
Class A (USD)	2023 (\$)	2022 (\$)
Balance, beginning of year	7,071	-
Increase (decrease) in net assets attributable to holders of redeemable units	(4,384)	492
Unit transactions:		
Proceeds from issue of redeemable units	651,732	6,579
Issued on reinvestment of distributions	19,617	411
Amounts paid on redemption of redeemable units	(99,512)	-
	571,837	6,990
Distributions paid from:		
Net investment income	(2,357)	(117)
Realized gains on sale of investments	(17,260)	(294)
Return of capital	-	-
	(19,617)	(411)
Balance, end of year	554,907	7,071

Pender Alternative Absolute Return Fund

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

Year ended December 31, 2023 and 2022

Class E	2023 (\$)	2022 (\$)
Balance, beginning of year	166,974	-
Increase (decrease) in net assets attributable to holders of redeemable units	41,596	4,954
Unit transactions:		
Proceeds from issue of redeemable units	2,248,996	167,404
Issued on reinvestment of distributions	118,384	8,005
Amounts paid on redemption of redeemable units	(87,801)	(5,384)
	2,279,579	170,025
Distributions paid from:		
Net investment income	(26,788)	(2,498)
Realized gains on sale of investments	(91,596)	(5,507)
Return of capital	-	-
	(118,384)	(8,005)
Balance, end of year	2,369,765	166,974

Class F	2023 (\$)	2022 (\$)
Balance, beginning of year	17,889,465	5,114
Increase (decrease) in net assets attributable to holders of redeemable units	2,789,542	580,725
Unit transactions:		
Proceeds from issue of redeemable units	94,376,104	28,666,091
Issued on reinvestment of distributions	2,485,854	278,575
Amounts paid on redemption of redeemable units	(56,258,877)	(11,052,734)
	40,603,081	17,891,932
Distributions paid from:		
Net investment income	(2,391,491)	(365,674)
Realized gains on sale of investments	(2,056,898)	(222,632)
Return of capital	-	-
	(4,448,389)	(588,306)
Balance, end of year	56,833,699	17,889,465

Class FF	2023 (\$)	2022 (\$)
Balance, beginning of year	75,546,678	32,660,274
Increase (decrease) in net assets attributable to holders of redeemable units	6,228,023	4,766,830
Unit transactions:		
Proceeds from issue of redeemable units	49,888	48,767,755
Issued on reinvestment of distributions	5,636,689	3,662,654
Amounts paid on redemption of redeemable units	(6,117,363)	(9,402,386)
	(430,786)	43,028,023
Distributions paid from:		
Net investment income	(4,736,409)	(3,889,859)
Realized gains on sale of investments	(2,802,092)	(1,018,590)
Return of capital	-	-
	(7,538,501)	(4,908,449)
Balance, end of year	73,805,414	75,546,678

Pender Alternative Absolute Return Fund

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

Year ended December 31, 2023 and 2022

Class F (USD)	2023 (\$)	2022 (\$)
Balance, beginning of year	106,584	-
Increase (decrease) in net assets attributable to holders of redeemable units	71,405	2,125
Unit transactions:		
Proceeds from issue of redeemable units	3,054,440	104,459
Issued on reinvestment of distributions	99,937	4,786
Amounts paid on redemption of redeemable units	(1,930,476)	-
	1,223,901	109,245
Distributions paid from:		
Net investment income	(72,145)	(996)
Realized gains on sale of investments	(61,195)	(3,790)
Return of capital	-	-
	(133,340)	(4,786)
Balance, end of year	1,268,550	106,584

Class H	2023 (\$)	2022 (\$)
Balance, beginning of year	3,778,446	5,114
Increase (decrease) in net assets attributable to holders of redeemable units	382,185	66,956
Unit transactions:		
Proceeds from issue of redeemable units	7,230,314	4,692,666
Issued on reinvestment of distributions	369,077	62,663
Amounts paid on redemption of redeemable units	(1,709,474)	(962,181)
	5,889,917	3,793,148
Distributions paid from:		
Net investment income	(305,693)	(57,011)
Realized gains on sale of investments	(339,740)	(29,761)
Return of capital	-	-
	(645,433)	(86,772)
Balance, end of year	9,405,115	3,778,446

Class H (USD)	2023 (\$)	2022 (\$)
Balance, beginning of year	7,076	-
Increase (decrease) in net assets attributable to holders of redeemable units	(14,985)	497
Unit transactions:		
Proceeds from issue of redeemable units	548,584	6,579
Issued on reinvestment of distributions	15,602	417
Amounts paid on redemption of redeemable units	-	-
	564,186	6,996
Distributions paid from:		
Net investment income	(2,134)	(122)
Realized gains on sale of investments	(18,166)	(295)
Return of capital	-	-
	(20,300)	(417)
Balance, end of year	535,977	7,076

Pender Alternative Absolute Return Fund

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

Year ended December 31, 2023 and 2022

Class I	2023 (\$)	2022 (\$)
Balance, beginning of year	52,440,463	131,396
Increase (decrease) in net assets attributable to holders of redeemable units	8,690,271	1,862,513
Unit transactions:		
Proceeds from issue of redeemable units	215,357,386	57,985,425
Issued on reinvestment of distributions	11,293,392	1,383,590
Amounts paid on redemption of redeemable units	(37,506,424)	(6,787,336)
	189,144,354	52,581,679
Distributions paid from:		
Net investment income	(7,497,512)	(1,070,404)
Realized gains on sale of investments	(8,766,859)	(1,064,721)
Return of capital	-	-
	(16,264,371)	(2,135,125)
Balance, end of year	234,010,717	52,440,463

Class I (USD)	2023 (\$)	2022 (\$)
Balance, beginning of year	957,489	-
Increase (decrease) in net assets attributable to holders of redeemable units	380,451	2,329
Unit transactions:		
Proceeds from issue of redeemable units	14,630,695	1,308,717
Issued on reinvestment of distributions	275,444	370
Amounts paid on redemption of redeemable units	(4,801,144)	(350,725)
	10,104,995	958,362
Distributions paid from:		
Net investment income	(386,253)	(1,268)
Realized gains on sale of investments	(544,421)	(1,934)
Return of capital	-	-
	(930,674)	(3,202)
Balance, end of year	10,512,261	957,489

Class N	2023 (\$)	2022 (\$)
Balance, beginning of year	269,572	5,114
Increase (decrease) in net assets attributable to holders of redeemable units	86,006	14,459
Unit transactions:		
Proceeds from issue of redeemable units	4,675,197	249,999
Issued on reinvestment of distributions	28,331	15,655
Amounts paid on redemption of redeemable units	-	-
	4,703,528	265,654
Distributions paid from:		
Net investment income	(81,856)	(11,582)
Realized gains on sale of investments	(181,735)	(4,073)
Return of capital	-	-
	(263,591)	(15,655)
Balance, end of year	4,795,515	269,572

Pender Alternative Absolute Return Fund

Statement of Cash Flows

Year ended December 31, 2023 and 2022

	2023 (\$)	2022 (\$)
Cash provided by (used in):		
Operating:		
Increase (decrease) in net assets attributable to holders of redeemable units	20,093,823	8,448,388
Adjustments for:		
Interest for distribution purposes	(24,796,377)	(8,703,764)
Dividend income	(150,130)	(22,152)
Dividend and interest expense on securities sold short	7,238,449	2,130,150
Foreign exchange (gain) loss	1,025,221	(2,268,533)
Net realized (gain) loss on sale of investments	(17,375,844)	(5,907,523)
Net change in unrealized (appreciation) depreciation of investments	8,474,730	(2,581,697)
Derivative assets and liabilities	(3,321,444)	112,160
Performance fees payable	260,974	28,700
Management and administration fees payable	(148,381)	569,360
Accrued expenses	93,906	-
	(8,605,073)	(8,194,911)
Proceeds on disposal of investments	1,347,953,280	648,033,778
Amounts paid on purchase of investments	(1,611,619,044)	(701,996,544)
Dividend and interest expense paid on securities sold short	(5,855,978)	(1,592,902)
Dividends received	156,610	15,672
Interest received	21,660,529	6,676,469
	(256,309,676)	(57,058,438)
Financing:		
Proceeds from issue of redeemable units	323,511,068	153,027,156
Amounts paid on redemption of redeemable units	(83,482,649)	(31,745,419)
Distributions paid to unitholders	(10,588,379)	(2,629,309)
	229,440,040	118,652,428
Net increase (decrease) in cash	(26,869,636)	61,593,990
Cash (Bank overdraft), beginning of year	70,281,559	6,419,036
Effect of exchange rate fluctuations on cash	(1,025,221)	2,268,533
Cash (Bank overdraft), end of year	42,386,702	70,281,559

Pender Alternative Absolute Return Fund

Schedule of Investment Portfolio

December 31, 2023

	Issue currency	Number of shares / Face value (\$)	Cost (\$)	Fair value (\$)
LONG POSITIONS				
Corporate bonds and loans:				
Canada (44.2%):				
AltaGas Ltd., Callable, 8.90%, 2083/11/10	CAD	4,000,000	4,000,000	4,189,335
Capital Power Corporation, Callable, 7.95%, 2082/09/09	CAD	2,000,000	2,007,500	1,965,940
Enbridge Inc., Callable, 5.38%, 2077/09/27	CAD	3,000,000	2,775,000	2,827,895
Enbridge Inc., Callable, 6.63%, 2078/04/12	CAD	1,097,000	1,070,178	1,082,077
Enbridge Inc., Restricted, Callable, 5.00%, 2082/01/19	CAD	3,000,000	2,573,850	2,561,949
Ford Credit Canada Co., 4.46%, 2024/11/13	CAD	242,000	235,043	239,279
Keyera Corp., Callable, 6.88%, 2079/06/13	CAD	6,000,000	5,733,750	5,825,926
Keyera Corp., Callable, 5.95%, 2081/03/10	CAD	10,000,000	8,687,100	8,871,745
Mattamy Group Corporation, 4.63%, 2028/03/01	CAD	14,406,000	12,553,103	13,405,083
Northland Power Inc., Callable, 9.25%, 2083/06/30	CAD	7,000,000	6,930,980	7,219,835
Parkland Corporation, Callable, 3.88%, 2026/06/16	CAD	4,150,000	3,826,938	3,979,677
Parkland Corporation, Callable, 4.38%, 2029/03/26	CAD	29,004,000	25,594,869	26,783,381
Royal Bank of Canada, Callable, 4.50%, 2080/11/24	CAD	7,500,000	7,036,625	7,143,472
Royal Bank of Canada, Callable, 3.65%, 2081/11/24	CAD	7,000,000	5,152,500	5,301,922
SECURE Energy Services Inc., 7.25%, 2026/12/30	CAD	5,250,000	5,275,313	5,297,578
Shawcor Ltd., Restricted, Callable, 9.00%, 2026/12/10	CAD	500,000	500,000	522,500
Superior Plus L.P., Callable, 4.25%, 2028/05/18	CAD	4,471,000	3,963,778	4,157,564
Tamarack Valley Energy Ltd., Callable, 7.25%, 2027/05/10	CAD	9,000,000	8,744,000	8,851,875
Teine Energy Ltd., Callable, 6.88%, 2029/04/15	USD	9,985,000	12,331,586	12,554,505
Tervita Corporation, Callable, 11.00%, 2025/12/01	USD	2,000,000	2,788,945	2,794,570
The Bank of Nova Scotia, Series '1', Callable, 3.70%, 2081/07/27	CAD	6,000,000	4,420,000	4,502,490
The Toronto-Dominion Bank, Series '1', Callable, 3.60%, 2081/10/31	CAD	16,000,000	11,747,250	12,131,187
TransCanada Trust, Series '2017-A', Callable, 4.65%, 2077/05/18	CAD	14,000,000	12,415,650	12,800,531
Vermilion Energy Inc., Callable, 6.88%, 2030/05/01	USD	2,430,000	3,026,933	3,102,572
Videotron Ltd., Callable, 3.63%, 2028/06/15	CAD	8,500,000	8,518,001	8,494,156
Videotron Ltd., Callable, 3.13%, 2031/01/15	CAD	2,154,000	1,868,595	2,008,336
Videotron Ltd., Callable, 5.75%, 2026/01/15	CAD	12,000,000	10,718,750	11,340,000
Videotron Ltd., Callable, 4.50%, 2030/01/15	CAD	6,075,000	4,733,250	5,208,680
			179,229,487	185,164,060
United States (53.0%):				
Arconic Corporation, Term Loan, 9.85%, 2030/08/19	USD	1,995,000	2,614,077	2,658,344
Austin Fairmont Hotel Trust, Series 2019-FAIR, Class 'D', Floating Rate, Callable, 7.17%, 2032/09/15	USD	3,000,000	3,960,860	3,907,080
Cable One Inc., Callable, 4.00%, 2030/11/15	USD	25,190,000	26,249,972	27,065,667
Churchill Downs Incorporated, Callable, 4.75%, 2028/01/15	USD	1,075,000	1,295,092	1,366,772
CSC Holdings, LLC, Callable, 3.38%, 2031/02/15	USD	6,655,000	6,046,182	6,445,890
CSC Holdings, LLC, Callable, 4.50%, 2031/11/15	USD	5,000,000	4,643,523	5,017,268
Four Seasons Hotels Inc., Term Loan, 7.95%, 2029/11/30	USD	12,107,517	16,358,537	16,125,287
Greystar Real Estate Partners, LLC, Term Loan, 9.12%, 2030/08/21	USD	1,500,000	1,977,782	1,992,544
Hilton Domestic Operating Company Inc., Callable, 3.63%, 2032/02/15	USD	6,800,000	7,558,401	7,877,149
Hilton Domestic Operating Company Inc., Term Loan, 7.19%, 2028/06/21	USD	6,000,000	8,253,315	7,974,310

Pender Alternative Absolute Return Fund

Schedule of Investment Portfolio (cont'd)

December 31, 2023

	Issue currency	Number of shares / Face value (\$)	Cost (\$)	Fair value (\$)
United States (53.0%): (cont'd)				
Hilton Domestic Operating Company Inc., Term Loan, 7.44%, 2030/10/30	USD	8,000,000	10,859,230	10,650,593
Hilton USA Trust, Class 'D', Series '16-HHV', 4.19%, 2038/11/05	USD	640,000	776,486	795,456
Hilton USA Trust, Class 'E', Series '16-HHV', 4.19%, 2038/11/05	USD	2,925,000	3,594,967	3,589,744
Hilton USA Trust, Class 'F', Series '16-HHV', 4.33%, 2038/11/05	USD	9,000,000	10,676,837	10,811,073
Host Hotels & Resorts L.P., Series 'H', Callable, 3.38%, 2029/12/15	USD	100,000	113,615	119,356
Hudson Pacific Properties, L.P., Callable, 3.25%, 2030/01/15	USD	5,164,000	4,634,009	5,040,299
Legends Hospitality Co-Issuer, Inc., 5.00%, 2026/02/01	USD	2,080,000	2,640,011	2,753,692
Life Time Inc., Callable, 5.75%, 2026/01/15	USD	5,100,000	6,623,673	6,712,141
Life Time Inc., Callable, 8.00%, 2026/04/15	USD	4,000,000	5,297,327	5,353,911
Live Nation Entertainment, Inc., Callable, 4.88%, 2024/11/01	USD	2,000,000	2,652,455	2,628,555
Macy's Retail Holdings, LLC, Callable, 6.13%, 2032/03/15	USD	2,000,000	2,534,664	2,510,904
Macy's Retail Holdings LLC, 6.90%, 2029/04/01	USD	1,000,000	1,238,226	1,253,477
Macy's Retail Holdings LLC, 6.70%, 2034/07/15	USD	7,300,000	8,104,128	8,216,132
Macy's Retail Holdings LLC, 6.38%, 2037/03/15	USD	6,155,000	7,093,787	7,208,563
Neptune BidCo US Inc., Callable, 9.29%, 2029/04/15	USD	3,700,000	4,574,675	4,574,597
Open Text Corporation, Term Loan, 8.19%, 2030/01/31	USD	2,907,238	3,793,616	3,865,738
Service Corporation International, Callable, 4.00%, 2031/05/15	USD	6,970,000	7,782,747	8,280,176
Six Flags Entertainment Corporation, Callable, 7.25%, 2031/05/15	USD	5,006,000	6,362,560	6,657,942
Smyrna Ready Mix Concrete, LLC, Callable, 8.80%, 2031/11/15	USD	3,000,000	4,129,650	4,183,492
THOR Industries, Inc., Term Loan, 8.64%, 2027/02/22	USD	1,000,000	1,373,896	1,330,350
TransDigm Inc., Tranche H, Term Loan, 8.64%, 2027/02/22	USD	2,722,500	3,652,105	3,627,091
TransDigm Inc., Tranche I, Term Loan, 8.64%, 2028/08/24	USD	2,985,000	3,985,881	3,978,235
TransDigm Inc., Tranche J, Term Loan, 8.60%, 2031/02/28	USD	10,500,000	14,366,704	13,991,981
XHR LP, Callable, 6.38%, 2025/08/15	USD	5,224,000	6,938,858	6,910,675
XHR LP, Callable, 4.88%, 2029/06/01	USD	13,080,000	15,121,249	15,973,372
			217,879,097	221,447,856
Foreign (0.8%):				
Barclays PLC, 9.63%, 2049/12/31	USD	500,000	684,175	692,604
Seadrill Finance Limited, Callable, 8.38%, 2030/08/01	USD	2,000,000	2,696,124	2,767,142
			3,380,299	3,459,746
Total corporate bonds and loans (98.0%)			400,488,883	410,071,662
Government bonds (49.3%):				
Government of Canada, 0.00%, 2024/05/09	CAD	25,000,000	24,384,750	24,384,750
United States Treasury, 0.00%, 2024/03/05	USD	20,000,000	26,915,882	26,038,469
United States Treasury, 0.00%, 2024/03/12	USD	30,000,000	40,374,246	39,397,315
United States Treasury, 0.00%, 2024/04/09	USD	20,000,000	26,720,939	26,156,752
United States Treasury, 0.00%, 2024/05/09	USD	25,000,000	33,499,046	32,245,768

Pender Alternative Absolute Return Fund

Schedule of Investment Portfolio (cont'd)

December 31, 2023

	Issue currency	Number of shares / Face value (\$)	Cost (\$)	Fair value (\$)
Government bonds (49.3%): (cont'd)				
United States Treasury, 0.00%, 2024/05/16	USD	25,000,000	33,437,304	32,280,138
United States Treasury, 0.00%, 2024/05/23	USD	20,000,000	26,529,438	25,992,181
			211,861,605	206,495,373
Short-term investments (11.6%):				
Government of Canada, 0.00%, 2024/01/04	CAD	10,000,000	9,760,100	9,760,100
Government of Canada, 0.00%, 2024/01/18	CAD	20,000,000	19,507,300	19,507,300
Government of Canada, 0.00%, 2024/02/15	CAD	20,000,000	19,493,600	19,493,600
			48,761,000	48,761,000
Preferred shares (1.0%):				
Enbridge Inc., Series 'H', 5.82%	CAD	26,800	423,780	502,768
Enbridge Inc., Series 'N', 6.18%	CAD	15,000	257,850	309,750
Enbridge Inc., Series 'R', 6.06%	CAD	60,000	925,767	974,400
Enbridge Inc., Series '3', 5.97%	CAD	125,300	1,754,853	1,898,295
Enbridge Inc., Series '7', 6.28%	CAD	22,400	348,096	376,096
			3,710,346	4,061,309
Total long positions (159.9%)			664,821,834	669,389,344
SHORT POSITIONS				
Corporate bonds and loans:				
Canada (-3.8%):				
1011778 B.C. Unlimited Liability Company, Callable, 4.00%, 2030/10/15	USD	(2,000,000)	(2,343,629)	(2,386,866)
Parkland Corporation, Callable, 4.50%, 2029/10/01	USD	(5,000,000)	(5,844,028)	(6,118,021)
Parkland Corporation, Callable, 4.63%, 2030/05/01	USD	(2,903,000)	(3,355,000)	(3,547,065)
Precision Drilling Corporation, Callable, 6.88%, 2029/01/15	USD	(2,000,000)	(2,640,114)	(2,546,879)
Royal Bank of Canada, Series '2', Callable, 4.00%, 2081/02/24	CAD	(1,500,000)	(1,320,000)	(1,369,708)
			(15,502,771)	(15,968,539)
United States (-21.8%):				
Asbury Automotive Group, Inc., Callable, 4.63%, 2029/11/15	USD	(3,000,000)	(3,549,228)	(3,685,030)
Asbury Automotive Group, Inc., Callable, 4.75%, 2030/03/01	USD	(2,000,000)	(2,484,504)	(2,478,339)
Ball Corporation, Callable, 3.13%, 2031/09/15	USD	(12,696,000)	(13,974,606)	(14,536,011)
CCO Holdings, LLC, Callable, 4.50%, 2032/05/01	USD	(5,000,000)	(5,474,635)	(5,680,475)
CCO Holdings, LLC, Callable, 4.25%, 2034/01/15	USD	(15,000,000)	(15,711,891)	(16,184,181)
Cedar Fair, L.P., Callable, 5.25%, 2029/07/15	USD	(1,000,000)	(1,249,988)	(1,252,055)
CSC Holdings, LLC, Callable, 4.13%, 2030/12/01	USD	(11,414,000)	(11,024,423)	(11,523,370)
RLJ Lodging Trust L.P., Callable, 4.00%, 2029/09/15	USD	(14,413,000)	(16,399,624)	(17,181,528)
Sirius XM Holdings Inc., Callable, 3.88%, 2031/09/01	USD	(4,500,000)	(4,911,361)	(5,108,339)
THOR Industries, Inc., Callable, 4.00%, 2029/10/15	USD	(2,352,000)	(2,722,197)	(2,783,642)
Yum! Brands, Inc., Callable, 3.63%, 2031/03/15	USD	(9,157,000)	(10,354,156)	(10,956,237)
			(87,856,613)	(91,369,207)
Total corporate bonds and loans (-25.6%)			(103,359,384)	(107,337,746)
Government bonds (-11.1%):				
United States Treasury, 1.25%, 2031/08/15	USD	(2,600,000)	(3,179,290)	(2,857,753)
United States Treasury, 1.38%, 2031/11/15	USD	(6,000,000)	(7,303,384)	(6,605,578)
United States Treasury, 1.88%, 2032/02/15	USD	(3,000,000)	(3,560,190)	(3,419,559)
United States Treasury, 2.88%, 2032/05/15	USD	(6,000,000)	(7,715,818)	(7,381,978)
United States Treasury, 4.13%, 2032/11/15	USD	(2,000,000)	(2,816,444)	(2,699,272)

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

Pender Alternative Absolute Return Fund

Schedule of Investment Portfolio (cont'd)

December 31, 2023

	Issue currency	Number of shares / Face value (\$)	Cost (\$)	Fair value (\$)
Government bonds (-11.1%): (cont'd)				
United States Treasury, 3.50%, 2033/02/15	USD	(12,000,000)	(16,343,553)	(15,452,463)
United States Treasury, 3.38%, 2033/05/15	USD	(2,000,000)	(2,559,997)	(2,549,065)
United States Treasury, 3.88%, 2033/08/15	USD	(4,000,000)	(5,068,018)	(5,305,169)
			(48,546,694)	(46,270,837)
Exchange-traded fund(s) (-27.5%):				
Invesco QQQ Trust, Series '1'	USD	(36,000)	(16,420,450)	(19,534,841)
iShares iBoxx High Yield Corporate Bond ETF	USD	(270,000)	(27,416,937)	(27,687,317)
iShares Russell 2000 ETF	USD	(55,000)	(13,501,552)	(14,627,293)
SPDR Bloomberg High Yield Bond ETF	USD	(210,000)	(26,121,545)	(26,359,617)
SPDR S&P 500 ETF Trust	USD	(43,000)	(23,899,416)	(27,081,809)
			(107,359,900)	(115,290,877)
Equities (-1.1%):				
Artis Real Estate Investment Trust	CAD	(199,600)	(1,343,719)	(1,323,348)
Hudson Pacific Properties, Inc.	USD	(250,000)	(2,144,780)	(3,084,054)
			(3,488,499)	(4,407,402)
Total short positions (-65.3%)			(262,754,477)	(273,306,862)
Less: Transaction costs included in cost of investments			(18,553)	
Total investments (94.6%)			402,048,804	396,082,482
	Contract rate	Pay	Receive	Unrealized gain (loss)
Derivative assets:				
The Bank of Nova Scotia, Foreign Currency Forward, settlement 2024/03/05	1.36	USD 45,000,000	CAD 61,094,250	1,518,660
The Bank of Nova Scotia, Foreign Currency Forward, settlement 2024/06/05	1.35	USD 70,000,000	CAD 94,582,250	1,999,724
Total derivative assets (0.8%):				3,518,384
Cash (Bank overdraft) (10.2%)				42,386,702
Other assets less liabilities (-5.6%)				(23,282,779)
Total net assets attributable to holders of redeemable units (100.0%)				418,704,789

Pender Alternative Arbitrage Fund

Statements of Financial Position

December 31, 2023 and 2022

	2023 (\$)	2022 (\$)
Assets		
Cash	11,601,596	5,294,479
Receivable for investments sold	3,011	38,389
Subscriptions receivable	203	-
Dividends receivable	-	2,946
Other receivable	-	5,812
Derivative assets	480,016	40,949
Investments	11,867,440	22,774,995
	23,952,266	28,157,570
Liabilities		
Management and administration fees payable (note 4)	16,536	23,381
Payable for investments purchased	252,834	2,059
Redemptions payable to holders of redeemable units	103,346	1,303
Payable for interest and dividends on short securities	2,350	1,584
Performance fees payable (note 4)	31,728	22,222
Investments sold short	1,498,943	1,255,169
	1,905,737	1,305,718
Net assets attributable to holders of redeemable units	22,046,529	26,851,852
Net assets attributable to holders of redeemable units per class:		
Class A	131,552	91,098
Class AF	2,465,820	2,550,845
Class A (USD)	-	6,846
Class E	169,732	83,513
Class F	1,679,004	2,579,143
Class FF	10,264,913	15,012,027
Class F (USD)	13,499	6,836
Class H	176,338	165,591
Class H (USD)	-	6,850
Class I	2,705,799	1,236,923
Class I (USD)	399,993	6,869
Class N	-	5,312
Class O	4,039,879	5,099,999
	22,046,529	26,851,852

Pender Alternative Arbitrage Fund

Statements of Financial Position

December 31, 2023 and 2022

	2023 (\$)	2022 (\$)
Net assets attributable to holders of redeemable units per unit:		
Class A	9.58	10.14
Class AF	10.06	10.48
Class A (USD)	-	13.19
Class E	9.31	9.72
Class F	9.82	10.35
Class FF	10.06	10.56
Class F (USD)	12.57	13.49
Class H	9.80	10.33
Class H (USD)	-	13.19
Class I	9.88	10.32
Class I (USD)	12.26	13.19
Class N	-	10.49
Class O	10.11	10.56

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

(signed) "David Barr"

David Barr
Director

(signed) "Felix Narhi"

Felix Narhi
Director

Pender Alternative Arbitrage Fund

Statement of Comprehensive Income

December 31, 2023 and 2022

	2023 (\$)	2022 (\$)
Revenue		
Interest for distribution purposes	225,910	28,616
Dividend income	208,876	463,777
Dividend and interest expense on securities sold short	(48,266)	(55,542)
Foreign exchange gain (loss)	(306,832)	387,598
Changes in fair value of investments and derivatives:		
Net realized gain (loss)	1,020,353	208,168
Net change in unrealized appreciation (depreciation)	(285,597)	478,509
Total revenue	814,444	1,511,126
Expenses		
Administration fees (note 4)	123,620	110,049
Withholding taxes (note 5)	99,224	60,561
Management fees (note 4)	89,835	63,952
Transaction costs	69,705	59,909
Performance fees (note 4)	68,728	173,607
Interest and borrow fees expense	14,944	56,443
Independent review committee fees	481	703
Total expenses	466,537	525,224
Less: Fees waived and expenses absorbed by the Manager (note 4)	(481)	(65,653)
Net expenses	466,056	459,571
Increase (decrease) in net assets attributable to holders of redeemable units	348,388	1,051,555
Increase (decrease) in net assets attributable to holders of redeemable units per class:		
Class A	98	2,625
Class AF	11,638	84,560
Class A (USD)	(50)	267
Class E	2,647	1,738
Class F	13,223	36,315
Class FF	179,921	637,271
Class F (USD)	(27)	416
Class H	503	2,429
Class H (USD)	(40)	271
Class I	38,226	28,575
Class I (USD)	(2,444)	290
Class N	(38)	209
Class O	104,731	256,589
	348,388	1,051,555
Increase (decrease) in net assets attributable to holders of redeemable units per unit:		
Class A	0.01	0.49
Class AF	0.05	0.36
Class A (USD)	(0.10)	0.53
Class E	0.15	0.27
Class F	0.07	0.38
Class FF	0.14	0.44
Class F (USD)	(0.03)	0.52
Class H	0.03	0.43
Class H (USD)	(0.08)	0.54
Class I	0.15	0.52
Class I (USD)	(0.11)	0.57
Class N	(0.08)	0.42
Class O	0.26	0.76

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

Year ended December 31, 2023 and 2022

	2023	2022
Class A	(\$)	(\$)
Balance, beginning of year	91,098	5,103
Increase (decrease) in net assets attributable to holders of redeemable units	98	2,625
Unit transactions:		
Proceeds from issue of redeemable units	144,547	196,629
Issued on reinvestment of distributions	5,091	2,868
Amounts paid on redemption of redeemable units	(101,437)	(113,259)
	48,201	86,238
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	(7,845)	(2,868)
Return of capital	-	-
	(7,845)	(2,868)
Balance, end of year	131,552	91,098
Class AF	2023	2022
	(\$)	(\$)
Balance, beginning of year	2,550,845	1,781,906
Increase (decrease) in net assets attributable to holders of redeemable units	11,638	84,560
Unit transactions:		
Proceeds from issue of redeemable units	3,253	701,235
Issued on reinvestment of distributions	105,160	10,715
Amounts paid on redemption of redeemable units	(89,059)	(15,595)
	19,354	696,355
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	(116,017)	(11,976)
Return of capital	-	-
	(116,017)	(11,976)
Balance, end of year	2,465,820	2,550,845
Class A (USD)	2023	2022
	(\$)	(\$)
Balance, beginning of year	6,846	-
Increase (decrease) in net assets attributable to holders of redeemable units	(50)	267
Unit transactions:		
Proceeds from issue of redeemable units	9	6,579
Issued on reinvestment of distributions	-	250
Amounts paid on redemption of redeemable units	(6,805)	-
	(6,796)	6,829
Distributions paid from:		
Net investment income	-	(70)
Realized gains on sale of investments	-	(180)
Return of capital	-	-
	-	(250)
Balance, end of year	-	6,846

Pender Alternative Arbitrage Fund

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

Year ended December 31, 2023 and 2022

	2023 (\$)	2022 (\$)
Class E		
Balance, beginning of year	83,513	-
Increase (decrease) in net assets attributable to holders of redeemable units	2,647	1,738
Unit transactions:		
Proceeds from issue of redeemable units	100,076	101,417
Issued on reinvestment of distributions	10,155	3,560
Amounts paid on redemption of redeemable units	(16,504)	(19,642)
	93,727	85,335
Distributions paid from:		
Net investment income	(875)	(1,266)
Realized gains on sale of investments	(9,280)	(2,294)
Return of capital	-	-
	(10,155)	(3,560)
Balance, end of year	169,732	83,513
Class F		
Balance, beginning of year	2,579,143	5,103
Increase (decrease) in net assets attributable to holders of redeemable units	13,223	36,315
Unit transactions:		
Proceeds from issue of redeemable units	1,012,292	3,148,522
Issued on reinvestment of distributions	87,290	34,011
Amounts paid on redemption of redeemable units	(1,908,052)	(607,174)
	(808,470)	2,575,359
Distributions paid from:		
Net investment income	-	(22,051)
Realized gains on sale of investments	(104,892)	(15,583)
Return of capital	-	-
	(104,892)	(37,634)
Balance, end of year	1,679,004	2,579,143
Class FF		
Balance, beginning of year	15,012,027	9,909,525
Increase (decrease) in net assets attributable to holders of redeemable units	179,921	637,271
Unit transactions:		
Proceeds from issue of redeemable units	18,828	7,217,950
Issued on reinvestment of distributions	617,596	60,292
Amounts paid on redemption of redeemable units	(4,903,948)	(2,749,583)
	(4,267,524)	4,528,659
Distributions paid from:		
Net investment income	(21,498)	(63,428)
Realized gains on sale of investments	(638,013)	-
Return of capital	-	-
	(659,511)	(63,428)
Balance, end of year	10,264,913	15,012,027

Pender Alternative Arbitrage Fund

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

Year ended December 31, 2023 and 2022

Class F (USD)	2023 (\$)	2022 (\$)
Balance, beginning of year	6,836	-
Increase (decrease) in net assets attributable to holders of redeemable units	(27)	416
Unit transactions:		
Proceeds from issue of redeemable units	6,690	13,202
Issued on reinvestment of distributions	825	115
Amounts paid on redemption of redeemable units	-	(6,782)
	7,515	6,535
Distributions paid from:		
Net investment income	-	(57)
Realized gains on sale of investments	(825)	(58)
Return of capital	-	-
	(825)	(115)
Balance, end of year	13,499	6,836
Class H	2023 (\$)	2022 (\$)
Balance, beginning of year	165,591	5,103
Increase (decrease) in net assets attributable to holders of redeemable units	503	2,429
Unit transactions:		
Proceeds from issue of redeemable units	10,244	158,059
Issued on reinvestment of distributions	9,704	2,735
Amounts paid on redemption of redeemable units	-	-
	19,948	160,794
Distributions paid from:		
Net investment income	-	(1,224)
Realized gains on sale of investments	(9,704)	(1,511)
Return of capital	-	-
	(9,704)	(2,735)
Balance, end of year	176,338	165,591
Class H (USD)	2023 (\$)	2022 (\$)
Balance, beginning of year	6,850	-
Increase (decrease) in net assets attributable to holders of redeemable units	(40)	271
Unit transactions:		
Proceeds from issue of redeemable units	9	6,579
Issued on reinvestment of distributions	-	255
Amounts paid on redemption of redeemable units	(6,819)	-
	(6,810)	6,834
Distributions paid from:		
Net investment income	-	(75)
Realized gains on sale of investments	-	(180)
Return of capital	-	-
	-	(255)
Balance, end of year	-	6,850

Pender Alternative Arbitrage Fund

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

Year ended December 31, 2023 and 2022

Class I	2023 (\$)	2022 (\$)
Balance, beginning of year	1,236,923	5,103
Increase (decrease) in net assets attributable to holders of redeemable units	38,226	28,575
Unit transactions:		
Proceeds from issue of redeemable units	2,835,687	1,210,235
Issued on reinvestment of distributions	160,754	25,959
Amounts paid on redemption of redeemable units	(1,391,285)	(6,224)
	1,605,156	1,229,970
Distributions paid from:		
Net investment income	(7,778)	(9,587)
Realized gains on sale of investments	(166,728)	(17,138)
Return of capital	-	-
	(174,506)	(26,725)
Balance, end of year	2,705,799	1,236,923

Class I (USD)	2023 (\$)	2022 (\$)
Balance, beginning of year	6,869	-
Increase (decrease) in net assets attributable to holders of redeemable units	(2,444)	290
Unit transactions:		
Proceeds from issue of redeemable units	422,959	6,579
Issued on reinvestment of distributions	445	271
Amounts paid on redemption of redeemable units	-	-
	423,404	6,850
Distributions paid from:		
Net investment income	(1,983)	(90)
Realized gains on sale of investments	(25,853)	(181)
Return of capital	-	-
	(27,836)	(271)
Balance, end of year	399,993	6,869

Class N	2023 (\$)	2022 (\$)
Balance, beginning of year	5,312	5,103
Increase (decrease) in net assets attributable to holders of redeemable units	(38)	209
Unit transactions:		
Proceeds from issue of redeemable units	7	-
Issued on reinvestment of distributions	-	54
Amounts paid on redemption of redeemable units	(5,281)	-
	(5,274)	54
Distributions paid from:		
Net investment income	-	(27)
Realized gains on sale of investments	-	(27)
Return of capital	-	-
	-	(54)
Balance, end of year	-	5,312

Pender Alternative Arbitrage Fund

Statement of Cash Flows

Year ended December 31, 2023 and 2022

	2023 (\$)	2022 (\$)
Cash provided by (used in):		
Operating:		
Increase (decrease) in net assets attributable to holders of redeemable units	348,388	1,051,555
Adjustments for:		
Interest for distribution purposes	(225,910)	(28,616)
Dividend income	(208,876)	(463,777)
Dividend and interest expense on securities sold short	48,266	55,542
Foreign exchange (gain) loss	306,832	(387,598)
Net realized (gain) loss on sale of investments	(1,103,565)	(1,920,530)
Net change in unrealized (appreciation) depreciation of investments	724,663	(509,333)
Other receivable	5,812	(5,812)
Derivative assets and liabilities	(439,066)	30,825
Performance fees payable	9,506	22,222
Management and administration fees payable	(6,845)	23,381
Interest and borrow fees expense	1,827	(439)
	(538,968)	(2,132,580)
Proceeds on disposal of investments	113,489,982	80,914,407
Amounts paid on purchase of investments	(101,673,598)	(92,619,604)
Dividend and interest expense paid on securities sold short	(49,328)	(53,958)
Dividends received	211,822	461,089
Interest received	225,910	28,616
	11,665,820	(13,402,030)
Financing:		
Proceeds from issue of redeemable units	4,327,539	18,337,301
Amounts paid on redemption of redeemable units	(9,265,139)	(4,287,268)
Distributions paid to unitholders	(114,271)	(8,786)
	(5,051,871)	14,041,247
Net increase (decrease) in cash	6,613,949	639,217
Cash (Bank overdraft), beginning of year	5,294,479	4,267,664
Effect of exchange rate fluctuations on cash	(306,832)	387,598
Cash (Bank overdraft), end of year	11,601,596	5,294,479

Pender Alternative Arbitrage Fund

Schedule of Investment Portfolio

December 31, 2023

	Issue currency	Number of shares	Cost (\$)	Fair value (\$)
LONG POSITIONS				
Equities:				
Banks (2.7%)				
American National Bankshares Inc.		5,410	290,994	349,465
Banc of California, Inc.		1	16	18
CapStar Financial Holdings, Inc.		9,570	213,068	237,637
			504,078	587,120
Communication services (1.4%):				
ABIOMED, Inc., Rights		400	-	-
Consolidated Communications Holdings, Inc.		40,980	229,655	236,207
iClick Interactive Asia Group Limited, ADR		13,700	68,651	69,527
			298,306	305,734
Consumer discretionary (7.9%):				
Capri Holdings Limited		3,450	242,738	229,668
Chico's FAS, Inc.		46,960	481,072	471,661
GAN Limited		139,912	313,933	292,917
NeoGames S.A.		14,260	524,521	540,970
Rover Group, Inc.		15,600	228,938	224,898
			1,791,202	1,760,114
Consumer staples (1.6%):				
Sovos Brands, Inc.		12,220	371,394	356,712
			371,394	356,712
Energy (1.7%):				
Battalion Oil Corporation		17,916	229,716	228,138
CSI Compressco LP		36,011	79,188	77,778
Forza Petroleum Limited		481,305	67,551	68,586
			376,455	374,502
Financial services (5.3%):				
Accretion Acquisition Corp.		3,203	45,222	44,897
Acropolis Infrastructure Acquisition Corp., Escrow		15,500	-	-
Alpha Partners Technology Merger Corp., Class 'A'		25	356	354
Colombier Acquisition Corp. II		9,195	125,912	122,813
dMY Squared Technology Group, Inc., Class 'A'		15,700	225,573	220,515
DUET Acquisition Corp., Class 'A'		138	2,017	2,004
Fintech Ecosystem Development Corp.		814	11,515	11,643
Focus Impact Acquisition Corp., Class 'A'		11,200	166,164	162,430
GigCapital 5, Inc.		1	15	15
Gores Holdings IX, Inc.		11,600	165,014	161,391
Inflection Point Acquisition Corporation II, Class 'A'		11,839	161,425	162,049
International Media Acquisition Corp.		3,253	48,941	48,750
Metal Sky Star Acquisition Corporation		7,400	109,977	107,271
NorthView Acquisition Corp.		6,942	103,600	102,839
Phoenix Biotech Acquisition Corp., Class 'A'		44	643	649
Priveterra Acquisition Corp. II		3	43	44
SilverBox Corp III, Class 'A'		700	9,497	9,591
Spree Acquisition Corp. 1 Limited		90	1,305	1,292
			1,177,219	1,158,547
Health care (10.7%):				
Amryt Pharma plc, CVR		316,100	-	-
Cerevel Therapeutics Holdings, Inc.		4,100	227,117	230,347
CinCor Pharma, Inc., CVR		6,789	-	-

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

Pender Alternative Arbitrage Fund

Schedule of Investment Portfolio (cont'd)

December 31, 2023

	Issue currency	Number of shares	Cost (\$)	Fair value (\$)
Health care (10.7%): (cont'd)				
Eargo, Inc.		5,868	19,759	20,138
Freeline Therapeutics Holdings PLC, ADR		26,966	231,028	227,251
Gracell Biotechnologies Inc., ADR		9,849	129,278	131,026
Icosavax, Inc.		5,925	122,859	123,731
ImmunoGen, Inc.		11,969	470,499	470,235
Jounce Therapeutics, Inc., CVR		155,970	-	-
Karuna Therapeutics, Inc.		800	335,629	335,513
Mirati Therapeutics, Inc.		2,930	225,749	228,091
Miromatrix Medical Inc., CVR		33,785	-	-
Olink Holding AB (publ), ADR		7,140	243,853	237,941
Orchard Therapeutics PLC, ADR		10,380	227,468	226,254
Rain Oncology Inc.		16,620	26,432	26,427
RayzeBio, Inc.		800	65,134	65,903
Taro Pharmaceutical Industries Ltd.		1,000	54,798	55,361
Zynerba Pharmaceuticals, Inc., CVR		45,850	-	-
			2,379,603	2,378,218
Industrials (5.4%):				
Daseke, Inc.		18,786	201,724	201,628
Eagle Bulk Shipping Inc.		1,300	93,411	95,430
Hawaiian Holdings, Inc.		1,200	21,344	22,579
Logistec Corporation, Class 'B'		6,380	405,688	427,460
PGT Innovations, Inc.		1,100	57,628	59,322
SP Plus Corporation		4,300	301,039	292,008
Textainer Group Holdings Limited		1,250	83,949	81,491
			1,164,783	1,179,918
Information technology (6.4%):				
Alteryx, Inc.		6,300	394,501	393,683
EngageSmart, Inc.		6,306	195,695	191,347
Hollysys Automation Technologies Ltd.		9,900	331,506	345,659
Q4 Inc.		3,191	19,002	19,146
Splunk Inc.		1,260	256,535	254,358
Stratasys Ltd.		11,050	287,525	209,085
			1,484,764	1,413,278
Insurance (7.0%):				
American Equity Investment Life Holding Company		7,405	529,512	547,509
National Western Life Group, Inc., Class 'A'		830	544,538	531,221
Vericity, Inc.		30,978	464,327	458,910
			1,538,377	1,537,640
Materials (3.7%):				
Marathon Gold Corporation		493,200	351,770	414,288
Osino Holdings Corp.		124,316	180,312	174,042
Vanstar Mining Resources Inc.		329,846	220,063	217,698
			752,145	806,028
Total equities (long) (53.8%)			11,838,326	11,857,811
Warrants (0.0%):				
Saturn Oil & Gas Inc., strike price \$4.00, expiry 2025/03/10	CAD	32,000	-	9,600
SilverBox Corp III, strike price \$11.50, expiry 2028/04/28	USD	233	55	29
			55	9,629
Total long positions (53.8%)			11,838,381	11,867,440

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

Pender Alternative Arbitrage Fund

Schedule of Investment Portfolio (cont'd)

December 31, 2023

	Issue currency	Number of shares	Cost (\$)	Fair value (\$)
SHORT POSITIONS				
Equities:				
Banks (-2.7%):				
Atlantic Union Bankshares Corporation		(7,298)	(296,830)	(353,350)
Old National Bancorp		(11,051)	(222,134)	(247,322)
			(518,964)	(600,672)
Energy (-0.4%):				
Kodiak Gas Services, Inc.		(3,120)	(82,873)	(83,014)
			(82,873)	(83,014)
Industrials (-0.4%):				
Star Bulk Carriers Corp.		(3,406)	(95,526)	(95,949)
			(95,526)	(95,949)
Materials (-3.3%):				
Calibre Mining Corp		(303,999)	(364,695)	(413,438)
Dundee Precious Metals Inc.		(9,960)	(90,232)	(84,461)
IAMGOLD Corporation		(66,290)	(223,665)	(221,409)
			(678,592)	(719,308)
Total short positions (-6.8%)			(1,375,955)	(1,498,943)
Less: Transaction costs included in cost of investments			(7,396)	
Total investments (47.0%)			10,455,030	10,368,497
	Contract rate	Pay	Receive	Unrealized gain (loss)
Derivative assets:				
The Bank of Nova Scotia, Foreign Currency Forward, settlement 2024/03/05	1.36	USD 14,846,900	CAD 20,135,856	480,016
Total derivative assets (2.2%)				480,016
Cash (Bank overdraft) (52.6%)				11,601,596
Other assets less liabilities (-1.8%)				(403,580)
Total net assets attributable to holders of redeemable units (100.0%)				22,046,529

Pender Alternative Arbitrage Plus Fund

Statements of Financial Position

December 31, 2023 and 2022

	2023 (\$)	2022 (\$)
Assets		
Cash	4,159,723	-
Receivable for investments sold	4,046	16,937
Subscriptions receivable	5,692	1,890
Dividends receivable	-	1,100
Derivative assets	289,607	10,361
Investments	14,543,971	7,114,099
	19,003,039	7,144,387
Liabilities		
Bank overdraft	-	890,309
Management and administration fees payable (note 4)	14,989	-
Payable for investments purchased	344,989	728
Redemptions payable to holders of redeemable units	438,913	-
Payable for interest and dividends on short securities	659	-
Performance fees payable (note 4)	16,975	-
Investments sold short	1,811,817	283,090
	2,628,342	1,174,127
Net assets attributable to holders of redeemable units	16,374,697	5,970,260
Net assets attributable to holders of redeemable units per class:		
Class A	40,502	56,506
Class A (USD)	-	6,865
Class E	152,422	64,080
Class F	1,208,283	1,009,893
Class F (USD)	6,694	70,523
Class H	-	5,076
Class H (USD)	-	6,866
Class I	12,768,298	3,721,095
Class I (USD)	6,802	6,867
Class N	-	5,077
Class O	2,191,696	1,017,412
	16,374,697	5,970,260

Pender Alternative Arbitrage Plus Fund

Statements of Financial Position

December 31, 2023 and 2022

	2023 (\$)	2022 (\$)
Net assets attributable to holders of redeemable units per unit:		
Class A	10.05	10.10
Class A (USD)	-	13.71
Class E	10.21	10.10
Class F	10.15	10.11
Class F (USD)	13.55	13.71
Class H	-	10.11
Class H (USD)	-	13.71
Class I	10.24	10.18
Class I (USD)	13.57	13.71
Class N	-	10.11
Class O	10.27	10.07

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

(signed) "David Barr"

David Barr
Director

(signed) "Felix Narhi"

Felix Narhi
Director

Pender Alternative Arbitrage Plus Fund

Statements of Comprehensive Income

Year ended December 31, 2023 and for the Period from September 1, 2022 (commencement of operations) to December 31, 2022

	2023 (\$)	2022 (\$)
Revenue		
Interest for distribution purposes	115,405	6,617
Dividend income	201,850	21,352
Dividend and interest expense on securities sold short	(52,652)	(2,239)
Foreign exchange gain (loss)	112,920	(48,385)
Changes in fair value of investments and derivatives:		
Net realized gain (loss)	357,963	67,958
Net change in unrealized appreciation (depreciation)	88,040	95,468
Total revenue	823,526	140,771
Expenses		
Interest and borrow fees expense	381,535	15,928
Withholding taxes (note 5)	110,204	1,733
Management fees (note 4)	92,470	6,653
Transaction costs	78,649	8,859
Administration fees (note 4)	77,673	5,505
Performance fees (note 4)	16,975	15,780
Independent review committee fees	344	156
Total expenses	757,850	54,614
Less: Fees waived and expenses absorbed by the Manager (note 4)	(344)	(28,094)
Net expenses	757,506	26,520
Increase (decrease) in net assets attributable to holders of redeemable units	66,020	114,251
Increase (decrease) in net assets attributable to holders of redeemable units per class:		
Class A	(990)	860
Class A (USD)	(119)	286
Class E	1,744	976
Class F	(3,073)	19,423
Class F (USD)	(1,785)	1,235
Class H	(125)	76
Class H (USD)	(112)	287
Class I	45,902	69,833
Class I (USD)	(80)	288
Class N	(102)	77
Class O	24,760	20,910
	66,020	114,251
Increase (decrease) in net assets attributable to holders of redeemable units per unit:		
Class A	(0.16)	0.50
Class A (USD)	(0.24)	0.57
Class E	0.13	0.14
Class F	(0.02)	0.38
Class F (USD)	(0.72)	0.40
Class H	(0.25)	0.15
Class H (USD)	(0.22)	0.57
Class I	0.04	0.30
Class I (USD)	(0.16)	0.58
Class N	(0.20)	0.15
Class O	0.11	0.11

Pender Alternative Arbitrage Plus Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

Year ended December 31, 2023 and for the period from September 1, 2022 (commencement of operations) to December 31, 2022

Class A	2023 (\$)	2022 (\$)
Balance, beginning of year	56,506	-
Increase (decrease) in net assets attributable to holders of redeemable units	(990)	860
Unit transactions:		
Proceeds from issue of redeemable units	13,423	60,675
Issued on reinvestment of distributions	-	113
Amounts paid on redemption of redeemable units	(28,437)	(5,029)
	(15,014)	55,759
Distributions paid from:		
Net investment income	-	(113)
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	(113)
Balance, end of year	40,502	56,506
Class A (USD)	2023 (\$)	2022 (\$)
Balance, beginning of year	6,865	-
Increase (decrease) in net assets attributable to holders of redeemable units	(119)	286
Unit transactions:		
Proceeds from issue of redeemable units	15	6,579
Issued on reinvestment of distributions	-	14
Amounts paid on redemption of redeemable units	(6,761)	-
	(6,746)	6,593
Distributions paid from:		
Net investment income	-	(14)
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	(14)
Balance, end of year	-	6,865
Class E	2023 (\$)	2022 (\$)
Balance, beginning of year	64,080	-
Increase (decrease) in net assets attributable to holders of redeemable units	1,744	976
Unit transactions:		
Proceeds from issue of redeemable units	229,343	68,134
Issued on reinvestment of distributions	-	128
Amounts paid on redemption of redeemable units	(142,745)	(5,030)
	86,598	63,232
Distributions paid from:		
Net investment income	-	(128)
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	(128)
Balance, end of year	152,422	64,080

Pender Alternative Arbitrage Plus Fund

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

Year ended December 31, 2023 and for the period from September 1, 2022 (commencement of operations) to December 31, 2022

Class F	2023 (\$)	2022 (\$)
Balance, beginning of year	1,009,893	-
Increase (decrease) in net assets attributable to holders of redeemable units	(3,073)	19,423
Unit transactions:		
Proceeds from issue of redeemable units	611,014	995,561
Issued on reinvestment of distributions	-	1,834
Amounts paid on redemption of redeemable units	(409,551)	(5,033)
	201,463	992,362
Distributions paid from:		
Net investment income	-	(1,892)
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	(1,892)
Balance, end of year	1,208,283	1,009,893

Class F (USD)	2023 (\$)	2022 (\$)
Balance, beginning of year	70,523	-
Increase (decrease) in net assets attributable to holders of redeemable units	(1,785)	1,235
Unit transactions:		
Proceeds from issue of redeemable units	76,552	76,068
Issued on reinvestment of distributions	-	141
Amounts paid on redemption of redeemable units	(138,596)	(6,780)
	(62,044)	69,429
Distributions paid from:		
Net investment income	-	(141)
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	(141)
Balance, end of year	6,694	70,523

Class H	2023 (\$)	2022 (\$)
Balance, beginning of year	5,076	-
Increase (decrease) in net assets attributable to holders of redeemable units	(125)	76
Unit transactions:		
Proceeds from issue of redeemable units	11	5,000
Issued on reinvestment of distributions	-	10
Amounts paid on redemption of redeemable units	(4,962)	-
	(4,951)	5,010
Distributions paid from:		
Net investment income	-	(10)
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	(10)
Balance, end of year	-	5,076

Pender Alternative Arbitrage Plus Fund

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

Year ended December 31, 2023 and for the period from September 1, 2022 (commencement of operations) to December 31, 2022

Class H (USD)	2023 (\$)	2022 (\$)
Balance, beginning of year	6,866	-
Increase (decrease) in net assets attributable to holders of redeemable units	(112)	287
Unit transactions:		
Proceeds from issue of redeemable units	15	6,579
Issued on reinvestment of distributions	-	14
Amounts paid on redemption of redeemable units	(6,769)	-
	(6,754)	6,593
Distributions paid from:		
Net investment income	-	(14)
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	(14)
Balance, end of year	-	6,866

Class I	2023 (\$)	2022 (\$)
Balance, beginning of year	3,721,095	-
Increase (decrease) in net assets attributable to holders of redeemable units	45,902	69,833
Unit transactions:		
Proceeds from issue of redeemable units	10,035,833	3,656,331
Issued on reinvestment of distributions	-	7,344
Amounts paid on redemption of redeemable units	(1,034,532)	(5,069)
	9,001,301	3,658,606
Distributions paid from:		
Net investment income	-	(7,344)
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	(7,344)
Balance, end of year	12,768,298	3,721,095

Class I (USD)	2023 (\$)	2022 (\$)
Balance, beginning of year	6,867	-
Increase (decrease) in net assets attributable to holders of redeemable units	(80)	288
Unit transactions:		
Proceeds from issue of redeemable units	15	6,579
Issued on reinvestment of distributions	-	14
Amounts paid on redemption of redeemable units	-	-
	15	6,593
Distributions paid from:		
Net investment income	-	(14)
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	(14)
Balance, end of year	6,802	6,867

Pender Alternative Arbitrage Plus Fund

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

Year ended December 31, 2023 and for the period from September 1, 2022 (commencement of operations) to December 31, 2022

Class N	2023 (\$)	2022 (\$)
Balance, beginning of year	5,077	-
Increase (decrease) in net assets attributable to holders of redeemable units	(102)	77
Unit transactions:		
Proceeds from issue of redeemable units	11	5,000
Issued on reinvestment of distributions	-	10
Amounts paid on redemption of redeemable units	(4,986)	-
	(4,975)	5,010
Distributions paid from:		
Net investment income	-	(10)
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	(10)
Balance, end of year	-	5,077

Class O	2023 (\$)	2022 (\$)
Balance, beginning of year	1,017,412	-
Increase (decrease) in net assets attributable to holders of redeemable units	24,760	20,910
Unit transactions:		
Proceeds from issue of redeemable units	1,765,124	2,090,003
Issued on reinvestment of distributions	-	4,072
Amounts paid on redemption of redeemable units	(615,600)	(1,093,501)
	1,149,524	1,000,574
Distributions paid from:		
Net investment income	-	(4,072)
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	(4,072)
Balance, end of year	2,191,696	1,017,412

Total Fund	2023 (\$)	2022 (\$)
Balance, beginning of year	5,970,260	-
Increase (decrease) in net assets attributable to holders of redeemable units	66,020	114,251
Unit transactions:		
Proceeds from issue of redeemable units	12,731,356	6,976,509
Issued on reinvestment of distributions	-	13,694
Amounts paid on redemption of redeemable units	(2,392,939)	(1,120,442)
	10,338,417	5,869,761
Distributions paid from:		
Net investment income	-	(13,752)
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	(13,752)
Balance, end of year	16,374,697	5,970,260

Pender Alternative Arbitrage Plus Fund

Statements of Cash Flows

Year ended December 31, 2023 and for the period from September 1, 2022 (commencement of operations) to December 31, 2022

	2023 (\$)	2022 (\$)
Cash provided by (used in):		
Operating:		
Increase (decrease) in net assets attributable to holders of redeemable units	66,020	114,251
Adjustments for:		
Interest for distribution purposes	(115,405)	(6,617)
Dividend income	(201,850)	(21,352)
Dividend and interest expense on securities sold short	52,652	2,239
Foreign exchange (gain) loss	(112,920)	48,385
Net realized (gain) loss on sale of investments	(618,054)	(81,074)
Net change in unrealized (appreciation) depreciation of investments	191,206	(85,107)
Derivative assets and liabilities	(279,246)	(10,361)
Performance fees payable	16,975	-
Management and administration fees payable	14,989	-
	(985,633)	(39,636)
Proceeds on disposal of investments	113,597,886	9,831,436
Amounts paid on purchase of investments	(118,715,031)	(16,512,473)
Dividend and interest expense paid on securities sold short	(51,993)	(2,239)
Dividends received	202,950	20,252
Interest received	115,405	6,617
	(5,836,416)	(6,696,043)
Financing:		
Proceeds from issue of redeemable units	12,586,828	6,974,619
Amounts paid on redemption of redeemable units	(1,813,300)	(1,120,442)
Distributions paid to unitholders	-	(58)
	10,773,528	5,854,119
Net increase (decrease) in cash	4,937,112	(841,924)
Cash (Bank overdraft), beginning of year	(890,309)	-
Effect of exchange rate fluctuations on cash	112,920	(48,385)
Cash (Bank overdraft), end of year	4,159,723	(890,309)

Pender Alternative Arbitrage Plus Fund

Schedule of Investment Portfolio

December 31, 2023

	Issue currency	Number of shares	Cost (\$)	Fair value (\$)
LONG POSITIONS				
Equities:				
Banks (4.3%):				
American National Bankshares Inc.		6,360	341,384	410,832
Banc of California, Inc.		2	31	36
CapStar Financial Holdings, Inc.		12,110	271,405	300,709
			612,820	711,577
Communication services (2.2%)				
ABIOMED, Inc., Rights		140	-	-
Consolidated Communications Holdings, Inc.		48,220	270,210	277,939
iClick Interactive Asia Group Limited, ADR		17,500	87,641	88,811
			357,851	366,750
Consumer discretionary (12.6%)				
Capri Holdings Limited		4,090	287,651	272,273
Chico's FAS, Inc.		55,630	570,085	558,741
GAN Limited		165,092	370,469	345,633
NeoGames S.A.		15,850	583,106	601,288
Rover Group, Inc.		19,600	287,576	282,564
			2,098,887	2,060,499
Consumer staples (2.6%)				
Sovos Brands, Inc.		14,590	443,426	425,895
			443,426	425,895
Energy (2.9%)				
Battalion Oil Corporation		22,662	290,546	288,572
CSI Compressco LP		45,724	100,547	98,756
Forza Petroleum Limited		608,195	85,360	86,668
			476,453	473,996
Financial services (8.6%)				
Accretion Acquisition Corp.		3,937	55,585	55,185
Acropolis Infrastructure Acquisition Corp., Escrow		18,900	-	-
Alpha Partners Technology Merger Corp., Class 'A'		31	442	440
Colombier Acquisition Corp. II		10,805	147,958	144,317
dMY Squared Technology Group, Inc., Class 'A'		19,200	275,860	269,674
DUET Acquisition Corp., Class 'A'		167	2,440	2,425
Fintech Ecosystem Development Corp.		907	12,831	12,973
Focus Impact Acquisition Corp., Class 'A'		13,900	206,222	201,587
GigCapital 5, Inc.		3	44	46
Gores Holdings IX, Inc.		14,200	202,000	197,565
Inflection Point Acquisition Corporation II, Class 'A'		13,161	179,450	180,145
International Media Acquisition Corp.		4,195	63,113	62,868
Metal Sky Star Acquisition Corporation		9,100	135,242	131,914
NorthView Acquisition Corp.		9,658	144,133	143,074
Phoenix Biotech Acquisition Corp., Class 'A'		56	818	827
Priveterra Acquisition Corp. II		5	72	74
Roth CH Acquisition V Co.		1	15	14
SilverBox Corp III, Class 'A'		300	4,070	4,110
Spree Acquisition Corp. 1 Limited		110	1,595	1,579
			1,431,890	1,408,817
Health care (18.6%)				
Amryt Pharma plc, CVR		327,900	-	-
Cerevel Therapeutics Holdings, Inc.		5,300	293,598	297,765

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

Pender Alternative Arbitrage Plus Fund

Schedule of Investment Portfolio (cont'd)

December 31, 2023

	Issue currency	Number of shares	Cost (\$)	Fair value (\$)
Health care (18.6%) (cont'd)				
CinCor Pharma, Inc., CVR		6,011	-	-
Jounce Therapeutics, Inc., CVR		164,200	-	-
Eargo, Inc.		6,939	23,365	23,814
Freeline Therapeutics Holdings PLC, ADR		33,435	286,267	281,767
Gracell Biotechnologies Inc., ADR		12,721	166,973	169,234
Icosavax, Inc.		7,463	154,693	155,848
ImmunoGen, Inc.		15,611	613,649	613,321
Karuna Therapeutics, Inc.		1,100	461,463	461,331
Mirati Therapeutics, Inc.		3,640	280,543	283,362
Miromatrix Medical Inc., CVR		39,648	-	-
Olink Holding AB (publ), ADR		8,480	289,617	282,596
Orchard Therapeutics PLC, ADR		13,200	289,264	287,721
Rain Oncology Inc.		21,530	34,242	34,234
RayzeBio, Inc.		1,000	81,417	82,378
Taro Pharmaceutical Industries Ltd.		1,200	65,757	66,433
Zynerba Pharmaceuticals, Inc., CVR		52,594	-	-
			3,040,848	3,039,804
Industrials (8.9%)				
Daseke, Inc.		24,358	261,554	261,432
Eagle Bulk Shipping Inc.		1,600	114,965	117,452
Hawaiian Holdings, Inc.		1,400	24,901	26,342
Logistec Corporation, Class 'B'		8,060	512,380	540,020
PGT Innovations, Inc.		1,300	68,106	70,108
SP Plus Corporation		5,000	350,095	339,544
Textainer Group Holdings Limited		1,540	103,386	100,396
			1,435,387	1,455,294
Information technology (10.9%)				
Alteryx, Inc.		8,100	507,198	506,164
EngageSmart, Inc.		7,867	244,102	238,713
Hollysys Automation Technologies Ltd.		12,900	432,117	450,404
Q4 Inc.		3,909	23,278	23,454
Splunk Inc.		1,600	326,065	322,994
Stratasys Ltd.		12,900	330,401	244,090
			1,863,161	1,785,819
Insurance (11.3%)				
American Equity Investment Life Holding Company		8,755	625,928	647,326
National Western Life Group, Inc., Class 'A'		970	636,366	620,826
Vericity, Inc.		39,007	583,967	577,852
			1,846,261	1,846,004
Materials (5.9%)				
Marathon Gold Corporation		571,600	407,435	480,144
Osino Holdings Corp.		157,184	227,988	220,058
Vanstar Mining Resources Inc.		408,033	272,260	269,302
			907,683	969,504
Total equities (long) (88.8%)			14,514,667	14,543,959
Warrants (0.0%):				
SilverBox Corp III, strike price \$11.50, expiry 2028/04/28	USD	100	23	12
			23	12
Total long positions (88.8%)			14,514,690	14,543,971

Pender Alternative Arbitrage Plus Fund

Schedule of Investment Portfolio (cont'd)

December 31, 2023

	Issue currency	Number of shares	Cost (\$)	Fair value (\$)
SHORT POSITIONS				
Equities:				
Banks (-4.4%):				
Atlantic Union Bankshares Corporation		(8,581)	(348,386)	(415,469)
Old National Bancorp		(13,986)	(283,165)	(313,008)
			(631,551)	(728,477)
Energy (-0.6%):				
Kodiak Gas Services, Inc.		(3,961)	(105,211)	(105,390)
			(105,211)	(105,390)
Industrials (-0.7%):				
Star Bulk Carriers Corp.		(4,192)	(117,568)	(118,091)
			(117,568)	(118,091)
Materials (-5.3%):				
Calibre Mining Corp		(352,327)	(422,395)	(479,166)
Dundee Precious Metals Inc.		(12,592)	(114,084)	(106,780)
IAMGOLD Corporation		(82,010)	(276,736)	(273,913)
			(813,215)	(859,859)
Total short positions (-11.0%)			(1,667,545)	(1,811,817)
Less: Transaction costs included in cost of investments			(8,892)	
Total investments (77.8%)			12,838,253	12,732,154
	Contract rate	Pay	Receive	Unrealized gain (loss)
Derivative assets:				
The Bank of Nova Scotia, Foreign Currency Forward, settlement 2024/03/05	1.35	USD 10,075,700	CAD 13,628,846	289,607
Total derivative assets (1.8%)				289,607
Cash (Bank overdraft) (25.3%)				4,159,723
Other assets less liabilities (-4.9%)				(806,787)
Total net assets attributable to holders of redeemable units (100.0%)				16,374,697

Pender Alternative Multi-Strategy Income Fund

Statements of Financial Position

December 31, 2023 and 2022

	2023 (\$)	2022 (\$)
Assets		
Cash	17,365	64,340
Investments	4,044,713	5,871,151
	4,062,078	5,935,491
Liabilities		
Management and administration fees payable (note 4)	6,006	10,571
Redemptions payable to holders of redeemable units	37,687	10,210
Accrued expenses	242	283
Performance fees payable (note 4)	23,626	-
	67,561	21,064
Net assets attributable to holders of redeemable units	3,994,517	5,914,427
Net assets attributable to holders of redeemable units per class:		
Class A	2,119,623	3,288,034
Class E	-	4,325
Class F	1,530,094	1,972,805
Class H	-	5,073
Class I	340,100	635,529
Class N	-	4,280
Class O	4,700	4,381
	3,994,517	5,914,427
Net assets attributable to holders of redeemable units per unit:		
Class A	11.99	11.53
Class E	-	8.65
Class F	13.11	12.50
Class H	-	10.15
Class I	8.89	8.46
Class N	-	8.56
Class O	9.40	8.78

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

(signed) "David Barr"

David Barr
Director

(signed) "Felix Narhi"

Felix Narhi
Director

Pender Alternative Multi-Strategy Income Fund

Statements of Comprehensive Income

Years ended December 31, 2023 and 2022

	2023 (\$)	2022 (\$)
Revenue		
Distributions from underlying funds	226,817	106,638
Interest for distribution purposes	-	296
Dividend income	7,184	61,151
Foreign exchange gain (loss)	-	4,330
Changes in fair value of investments:		
Net realized gain (loss)	101,481	(2,806,803)
Net change in unrealized appreciation (depreciation)	(7,619)	(905,700)
Total revenue	327,863	(3,540,088)
Expenses		
Management fees (note 4)	66,175	113,566
Administration fees (note 4)	32,370	53,955
Performance fees (note 4)	23,626	-
Transaction costs	1,112	12,639
Interest and borrow fees expense	813	-
Independent review committee	87	155
Withholding taxes (note 5)	-	3,582
Other taxes (recovery)	-	(4,542)
Total expenses	124,183	179,355
Less: Expenses absorbed by the Manager (note 4)	(87)	(155)
Net expenses	124,096	179,200
Increase (decrease) in net assets attributable to holders of redeemable units	203,767	(3,719,288)
Increase (decrease) in net assets attributable to holders of redeemable units per class:		
Class A	99,040	(1,827,195)
Class A1	-	(58,453)
Class E	57	(1,650)
Class F	83,203	(966,751)
Class F1	-	(137,898)
Class H	38	73
Class I	21,058	(377,266)
Class N	52	(1,652)
Class O	319	(348,496)
	203,767	(3,719,288)
Increase (decrease) in net assets attributable to holders of redeemable units per unit:		
Class A	0.44	(5.18)
Class A1	-	(3.42)
Class E	0.11	(3.30)
Class F	0.59	(5.13)
Class F1	-	(3.84)
Class H	0.08	0.14
Class I	0.40	(4.03)
Class N	0.10	(3.30)
Class O	0.64	(5.64)

Pender Alternative Multi-Strategy Income Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

Years ended December 31, 2023 and 2022

Class A	2023 (\$)	2022 (\$)
Balance, beginning of year	3,288,034	7,173,180
Increase (decrease) in net assets attributable to holders of redeemable units	99,040	(1,827,195)
Unit transactions:		
Proceeds from issue of redeemable units	850	134,301
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(1,268,301)	(2,192,252)
	(1,267,451)	(2,057,951)
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of year	2,119,623	3,288,034
Class A1	2023 (\$)	2022 (\$)
Balance, beginning of year	-	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 year	-	-
Class E	2023 (\$)	2022 (\$)
Balance, beginning of year	4,325	5,975
Increase (decrease) in net assets attributable to holders of redeemable units	57	(1,650)
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 year	-	4,325

Pender Alternative Multi-Strategy Income Fund

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

Years ended December 31, 2023 and 2022

Class F	2023 (\$)	2022 (\$)
Balance, beginning of year	1,972,805	3,741,359
Increase (decrease) in net assets attributable to holders of redeemable units	83,203	(966,751)
Unit transactions:		
Proceeds from issue of redeemable units	42,710	490,200
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(568,624)	(1,292,003)
	(525,914)	(801,803)
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of year	1,530,094	1,972,805

Class F1	2023 (\$)	2022 (\$)
Balance, beginning of year	-	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 year	-	-

Class H	2023 (\$)	2022 (\$)
Balance, beginning of year	5,073	-
Increase (decrease) in net assets attributable to holders of redeemable units	38	73
Unit transactions:		
Proceeds from issue of redeemable units	-	5,000
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(5,111)	-
	(5,111)	5,000
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of year	-	5,073

Pender Alternative Multi-Strategy Income Fund

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

Years ended December 31, 2023 and 2022

Class I	2023 (\$)	2022 (\$)
Balance, beginning of year	635,529	2,177,025
Increase (decrease) in net assets attributable to holders of redeemable units	21,058	(377,266)
Unit transactions:		
Proceeds from issue of redeemable units	60,547	100,621
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(377,034)	(1,264,851)
	(316,487)	(1,164,230)
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of year	340,100	635,529

Class N	2023 (\$)	2022 (\$)
Balance, beginning of year	4,280	5,932
Increase (decrease) in net assets attributable to holders of redeemable units	52	(1,652)
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 year	-	4,280

Class O	2023 (\$)	2022 (\$)
Balance, beginning of year	4,381	1,304,387
Increase (decrease) in net assets attributable to holders of redeemable units	319	(348,496)
Unit transactions:		
Proceeds from issue of redeemable units	-	-
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	-	(951,510)
	-	(951,510)
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of year	4,700	4,381

Pender Alternative Multi-Strategy Income Fund

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

Years ended December 31, 2023 and 2022

Total Fund	2023 (\$)	2022 (\$)
Balance, beginning of year	5,914,427	15,800,542
Increase (decrease) in net assets attributable to holders of redeemable units	203,767	(3,719,288)
Unit transactions:		
Proceeds from issue of redeemable units	104,107	1,099,634
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	(2,227,784)	(7,266,461)
	(2,123,677)	(6,166,827)
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of year	3,994,517	5,914,427

Pender Alternative Multi-Strategy Income Fund

Statements of Cash Flows

Years ended December 31, 2023 and 2022

	2023 (\$)	2022 (\$)
Cash provided by (used in):		
Operating:		
Increase (decrease) in net assets attributable to holders of redeemable units	203,767	(3,719,288)
Adjustments for:		
Distributions from underlying funds	(226,817)	(106,638)
Interest for distribution purposes	-	(296)
Dividend income	(7,184)	(61,151)
Foreign exchange (gain) loss	-	(4,330)
Net realized (gain) loss on sale of investments	(101,481)	2,806,803
Net change in unrealized (appreciation) depreciation of investments	7,619	905,700
Performance fees payable	23,626	-
Management and administration fees payable	(4,565)	(15,172)
Accrued expenses	(41)	(1,011)
	(105,076)	(195,383)
Proceeds on disposal of investments	2,233,730	13,262,356
Amounts paid on purchase of investments	(313,430)	(6,853,005)
Dividends received	7,184	70,010
Distributions from underlying funds	226,817	106,638
Interest received	-	296
	2,049,225	6,390,912
Financing:		
Proceeds from issue of redeemable units	84,338	1,093,255
Amounts paid on redemption of redeemable units	(2,180,538)	(7,253,746)
	(2,096,200)	(6,160,491)
Net increase (decrease) in cash	(46,975)	230,421
Cash (Bank overdraft), beginning of year	64,340	(170,411)
Effect of exchange rate fluctuations on cash	-	4,330
Cash (Bank overdraft), end of year	17,365	64,340

Pender Alternative Multi-Strategy Income Fund

Schedule of Investment Portfolio

December 31, 2023

	Number of shares / units / Face value (\$)	Cost (\$)	Fair value (\$)
Mutual funds:			
Pender Alternative Absolute Return Fund, Class 'O'	133,513	1,329,740	1,339,591
Pender Alternative Arbitrage Fund, Class 'O'	64,123	673,717	649,527
Pender Alternative Arbitrage Plus Fund, Class 'O'	67,312	673,100	691,817
Pender Corporate Bond Fund, Class 'O'	130,442	1,356,862	1,361,975
Total mutual funds (101.2%)		4,033,419	4,042,910
Equities:			
Information technology (0.0%):			
Stage Capital Corp.	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
Less: Transaction costs included in cost of investments		-	
Total investments (101.2%)		4,429,709	4,044,713
Cash (Bank overdraft) (0.4%)			17,365
Other assets less liabilities (-1.6%)			(67,561)
Total net assets attributable to holders of redeemable units (100.0%)			3,994,517

Pender Alternative Special Situations Fund

Statements of Financial Position

December 31, 2023 and 2022

	2023 (\$)	2022 (\$)
Assets		
Due from manager	2,013	-
Dividends receivable	4,619	6,912
Other receivable	60	-
Investments	1,960,865	1,864,306
	1,967,557	1,871,218
Liabilities		
Bank overdraft	261,416	631,605
Redemptions payable to holders of redeemable units	547	-
Accrued expenses	-	59
	261,963	631,664
Net assets attributable to holders of redeemable units	1,705,594	1,239,554
Net assets attributable to holders of redeemable units per class:		
Class A	314,038	309,657
Class E	294,135	184,791
Class F	283,184	281,002
Class H	314,960	247,939
Class I	493,644	207,127
Class N	-	4,519
Class O	5,633	4,519
	1,705,594	1,239,554
Net assets attributable to holders of redeemable units per unit:		
Class A	18.89	15.47
Class E	10.05	8.25
Class F	18.97	15.47
Class H	10.05	8.25
Class I	10.01	8.25
Class N	-	8.25
Class O	10.04	8.25

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

(signed) "David Barr"

David Barr
Director

(signed) "Felix Narhi"

Felix Narhi
Director

Pender Alternative Special Situations Fund

Statements of Comprehensive Income

Years ended December 31, 2023 and 2022

	2023 (\$)	2022 (\$)
Revenue		
Interest for distribution purposes	3,154	-
Dividend income	78,575	23,011
Foreign exchange gain (loss)	(4,563)	1,330
Changes in fair value of investments:		
Net realized gain (loss)	149,307	(544,093)
Net change in unrealized appreciation (depreciation)	131,553	57,484
Total revenue	358,026	(462,268)
Expenses		
Performance fees (note 4)	39,249	-
Interest and borrow fees expense	31,184	-
Management fees (note 4)	16,300	27,281
Administration fees (note 4)	9,663	12,737
Transaction costs	6,059	8,908
Independent review committee fees	33	32
Withholding taxes (note 5)	-	708
Total expenses	102,488	49,666
Less: Fees waived and expenses absorbed by the Manager (note 4)	(65,304)	(41,787)
Net expenses	37,184	7,879
Increase (decrease) in net assets attributable to holders of redeemable units	320,842	(470,147)
Increase (decrease) in net assets attributable to holders of redeemable units per class:		
Class A	70,212	(104,199)
Class D	-	3,508
Class E	56,002	(38,129)
Class F	69,494	(73,420)
Class H	61,929	(146,291)
Class I	61,641	(109,784)
Class N	451	(916)
Class O	1,113	(916)
	320,842	(470,147)
Increase (decrease) in net assets attributable to holders of redeemable units per unit:		
Class A	3.68	(4.01)
Class D	-	0.48
Class E	1.95	(1.92)
Class F	3.56	(3.45)
Class H	2.03	(1.96)
Class I	2.10	(2.13)
Class N	0.95	(1.69)
Class O	2.03	(1.69)

Pender Alternative Special Situations Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

Years ended December 31, 2023 and 2022

	2023	2022
	(\$)	(\$)
Class A		
Balance, beginning of year	309,657	420,058
Increase (decrease) in net assets attributable to holders of redeemable units	70,212	(104,199)
Unit transactions:		
Proceeds from issue of redeemable units	83	245,701
Issued on reinvestment of distributions	6,372	3,533
Amounts paid on redemption of redeemable units	(65,367)	(251,657)
	(58,912)	(2,423)
Distributions paid from:		
Net investment income	(6,919)	(3,779)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(6,919)	(3,779)
Balance, end of year	314,038	309,657
Class D		
Balance, beginning of year	-	101,130
Increase (decrease) in net assets attributable to holders of redeemable units	-	3,508
Unit transactions:		
Proceeds from issue of redeemable units	-	5,000
Issued on reinvestment of distributions	-	-
Amounts paid on redemption of redeemable units	-	(109,638)
	-	(104,638)
Distributions paid from:		
Net investment income	-	-
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	-
Balance, end of year	-	-
Class E		
Balance, beginning of year	184,791	120,043
Increase (decrease) in net assets attributable to holders of redeemable units	56,002	(38,129)
Unit transactions:		
Proceeds from issue of redeemable units	69,565	107,444
Issued on reinvestment of distributions	6,580	2,171
Amounts paid on redemption of redeemable units	(16,223)	(4,567)
	59,922	105,048
Distributions paid from:		
Net investment income	(6,580)	(2,171)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(6,580)	(2,171)
Balance, end of year	294,135	184,791

Pender Alternative Special Situations Fund

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

Years ended December 31, 2023 and 2022

Class F	2023 (\$)	2022 (\$)
Balance, beginning of year	281,002	354,001
Increase (decrease) in net assets attributable to holders of redeemable units	69,494	(73,420)
Unit transactions:		
Proceeds from issue of redeemable units	88,592	295,938
Issued on reinvestment of distributions	6,137	3,472
Amounts paid on redemption of redeemable units	(155,904)	(295,517)
	(61,175)	3,893
Distributions paid from:		
Net investment income	(6,137)	(3,472)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(6,137)	(3,472)
Balance, end of year	283,184	281,002

Class H	2023 (\$)	2022 (\$)
Balance, beginning of year	247,939	469,799
Increase (decrease) in net assets attributable to holders of redeemable units	61,929	(146,291)
Unit transactions:		
Proceeds from issue of redeemable units	5,092	303,429
Issued on reinvestment of distributions	7,084	2,852
Amounts paid on redemption of redeemable units	-	(378,998)
	12,176	(72,717)
Distributions paid from:		
Net investment income	(7,084)	(2,852)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(7,084)	(2,852)
Balance, end of year	314,960	247,939

Class I	2023 (\$)	2022 (\$)
Balance, beginning of year	207,127	383,721
Increase (decrease) in net assets attributable to holders of redeemable units	61,641	(109,784)
Unit transactions:		
Proceeds from issue of redeemable units	224,876	252,038
Issued on reinvestment of distributions	11,586	2,496
Amounts paid on redemption of redeemable units	-	(318,848)
	236,462	(64,314)
Distributions paid from:		
Net investment income	(11,586)	(2,496)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(11,586)	(2,496)
Balance, end of year	493,644	207,127

Pender Alternative Special Situations Fund

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

Years ended December 31, 2023 and 2022

Class N	2023 (\$)	2022 (\$)
Balance, beginning of year	4,519	5,411
Increase (decrease) in net assets attributable to holders of redeemable units	451	(916)
Unit transactions:		
Proceeds from issue of redeemable units	-	24
Issued on reinvestment of distributions	-	53
Amounts paid on redemption of redeemable units	(4,970)	-
	(4,970)	77
Distributions paid from:		
Net investment income	-	(53)
Realized gains on sale of investments	-	-
Return of capital	-	-
	-	(53)
Balance, end of year	-	4,519

Class O	2023 (\$)	2022 (\$)
Balance, beginning of year	4,519	5,411
Increase (decrease) in net assets attributable to holders of redeemable units	1,113	(916)
Unit transactions:		
Proceeds from issue of redeemable units	1	24
Issued on reinvestment of distributions	127	53
Amounts paid on redemption of redeemable units	-	-
	128	77
Distributions paid from:		
Net investment income	(127)	(53)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(127)	(53)
Balance, end of year	5,633	4,519

Total Fund	2023 (\$)	2022 (\$)
Balance, beginning of year	1,239,554	1,859,574
Increase (decrease) in net assets attributable to holders of redeemable units	320,842	(470,147)
Unit transactions:		
Proceeds from issue of redeemable units	388,209	1,209,598
Issued on reinvestment of distributions	37,886	14,630
Amounts paid on redemption of redeemable units	(242,464)	(1,359,225)
	183,631	(134,997)
Distributions paid from:		
Net investment income	(38,433)	(14,876)
Realized gains on sale of investments	-	-
Return of capital	-	-
	(38,433)	(14,876)
Balance, end of year	1,705,594	1,239,554

Pender Alternative Special Situations Fund

Statements of Cash Flows

Years ended December 31, 2023 and 2022

	2023 (\$)	2022 (\$)
Cash provided by (used in):		
Operating:		
Increase (decrease) in net assets attributable to holders of redeemable units	320,842	(470,147)
Adjustments for:		
Dividend income	(78,575)	(23,011)
Interest for distribution purposes	(3,154)	-
Foreign exchange (gain) loss	4,563	(1,330)
Net realized (gain) loss on sale of investments	(149,307)	544,093
Net change in unrealized (appreciation) depreciation of investments	(131,553)	(57,484)
Due from manager	(2,013)	-
Other receivable	(60)	-
Accrued expenses	(59)	59
	(39,316)	(7,820)
Proceeds on disposal of investments	2,236,057	1,813,264
Amounts paid on purchase of investments	(2,051,756)	(2,337,803)
Dividends received	80,868	16,559
Interest received	3,154	-
	229,007	(515,800)
Financing:		
Proceeds from issue of redeemable units	388,209	1,193,361
Amounts paid on redemption of redeemable units	(241,917)	(1,342,988)
Distributions paid to unitholders	(547)	(246)
	145,745	(149,873)
Net increase (decrease) in cash	374,752	(665,673)
Cash (Bank overdraft), beginning of year	(631,605)	32,738
Effect of exchange rate fluctuations on cash	(4,563)	1,330
Cash (Bank overdraft), end of year	(261,416)	(631,605)

Pender Alternative Special Situations Fund

Schedule of Investment Portfolio

December 31, 2023

	Number of Shares	Cost (\$)	Fair Value (\$)
Equities:			
Communication services (6.0%):			
Anterix Inc.	2,300	159,385	101,547
		159,385	101,547
Consumer discretionary (3.9%):			
ATD New Holdings Inc.	190	11,036	7,805
Bragg Gaming Group Inc.	4,800	31,046	32,544
LL Flooring Holdings, Inc.	5,210	27,393	26,924
		69,475	67,273
Consumer staples (8.7%):			
Glass House Brands Inc.	17,610	70,814	110,370
Neighbourly Pharmacy Inc.	2,300	39,112	38,617
		109,926	148,987
Energy (16.0%):			
ARC Resources Ltd.	3,720	39,063	73,172
Athabasca Oil Corporation	15,300	22,065	63,801
NexGen Energy Ltd.	5,400	37,563	50,058
Saturn Oil & Gas Inc.	39,280	85,102	86,416
		183,793	273,447
Financial services (16.9%):			
Burford Capital Limited	6,600	83,495	136,427
Partners Value Investments LP	1,200	76,423	102,000
Sprott Physical Uranium Trust	1,750	33,784	49,455
		193,702	287,882
Health care (8.3%):			
dentalcorp Holdings Ltd.	20,365	168,935	141,740
		168,935	141,740
Industrials (13.9%):			
GH Group, Inc., Preferred, Series 'C', 20.00%	120	181,485	176,649
Harbor Diversified, Inc.	22,500	53,198	60,820
		234,683	237,469
Information technology (26.7%):			
Copperleaf Technologies Inc.	14,130	79,907	85,345
Dye & Durham Limited	3,770	64,127	54,137
Haivision Systems Inc.	12,830	56,580	45,290
Stratasys Ltd.	3,420	56,875	64,712
Sylogist Ltd.	10,060	56,688	75,048
Thinkific Labs Inc.	40,777	100,284	131,302
		414,461	455,834
Materials (5.5%):			
5N Plus Inc.	13,900	46,003	52,542
Sigma Lithium Corporation	1,000	37,175	41,779
		83,178	94,321
Utilities (8.3%):			
Altius Renewable Royalties Corp.	17,889	145,638	140,965
		145,638	140,965
Total equities (114.2%)		1,763,176	1,949,465

Pender Alternative Special Situations Fund

Schedule of Investment Portfolio (cont'd)

December 31, 2023

		Number of Shares	Cost (\$)	Fair Value (\$)
Warrants:				
Glass House Brands Inc., strike price \$5.00, expiry 2027/08/31	USD	24,000	-	-
Saturn Oil & Gas Inc., strike price \$4.00, expiry 2025/03/10	CAD	38,000	-	11,400
Total warrants (0.7%)			-	11,400
Less: Transaction costs included in cost of investments			(2,400)	
Total investments (114.9%)			1,760,776	1,960,865
Cash (Bank overdraft) (-15.3%)				(261,416)
Other assets less liabilities (0.4%)				6,145
Total net assets attributable to holders of redeemable units (100.0%)				1,705,594

PENDER ALTERNATIVE MUTUAL FUNDS: Notes to Financial Statements

Year ended December 31, 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, AF, A (USD), E, F, FF, F (USD), H, H (USD), I, I (USD), N, O
Alternative Arbitrage Fund	September 8, 2021	A, AF, E, F, FF, 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 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 Class 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 Class F1 units of the Pender Alternative Multi-Strategy Income Fund were closed. Effective May 26, 2023, Class A (USD), Class H (USD) and Class N units of the Pender Alternative Arbitrage Fund were closed. Effective May 26, 2023, Class A (USD), Class H, Class H (USD) and Class N units of the Pender Alternative Arbitrage Plus Fund were closed. Effective May 26, 2023, Class E, Class H and Class 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.

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 IFRS Accounting Standards. These financial statements were authorized for issue by the Manager on March 28, 2024.

(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 Accounting Standards 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.

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

Year ended December 31, 2023

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.

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. Further discussion in connection with fair value measurements is provided in Note 9.

3. Material accounting policy information:

The accounting policies set out below have been applied consistently to all years 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 year 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 (cont'd)

Year ended December 31, 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 (cont'd)

Year ended December 31, 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) 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.

(e) 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.

(f) 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

(g) New accounting standards:

Effective January 1, 2023, the Funds adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2). The amendments require the disclosure of "material", rather than "significant", accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in this note in certain instances.

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. The annual management fee percentages before applicable taxes such as GST or HST of the remaining classes as at December 31, 2023 and 2022 are as follows:

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	-

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

Year ended December 31, 2023

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	-

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	-

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 December 31, 2023 and 2022 for each class does not exceed the percentage of average NAV set out in the Fund's offering documents, as follows:

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

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

Year ended December 31, 2023

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	-

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

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. The Manager has waived all management and administration fees and custody related transaction costs for the Pender Alternative Special Situations Fund since commencement of operations of the fund. 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, totaling \$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, totaling \$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.

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. For the year ended December 31, 2023, the Manager waived all performance fees of \$39,249 for the Pender Alternative Special Situations Fund. During the period from January 1, 2022 through to March 31, 2022, the Manager waived all performance fees of \$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 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 for each of the Funds as at December 31, 2023 and 2022, are as follows:

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

Year ended December 31, 2023

2023	Class A (\$)	Class A (USD) (\$)	Class AF (\$)	Class E (\$)
Alternative Absolute Return Fund				
HWM	9.70	9.71	9.86	9.68
Alternative Arbitrage Fund				
HWM	9.60	-	10.08	9.33
Alternative Arbitrage Plus Fund				
HWM	10.05	-	-	10.22
Alternative Multi-Strategy Income Fund				
HWM	11.99	-	-	-
Alternative Special Situations Fund				
HWM	18.94	-	-	10.10
2023 (cont'd)	Class F (\$)	Class F (USD) (\$)	Class FF (\$)	Class H (\$)
Alternative Absolute Return Fund				
HWM	9.74	9.57	9.85	9.80
Alternative Arbitrage Fund				
HWM	9.84	9.51	10.08	9.82
Alternative Arbitrage Plus Fund				
HWM	10.16	10.23	-	-
Alternative Multi-Strategy Income Fund				
HWM	13.11	-	-	-
Alternative Special Situations Fund				
HWM	18.94	-	-	10.11
2023 (cont'd)	Class H (USD) (\$)	Class I (\$)	Class I (USD) (\$)	Class N (\$)
Alternative Absolute Return Fund				
HWM	9.72	9.68	9.74	9.80
Alternative Arbitrage Fund				
HWM	-	9.90	9.27	-
Alternative Arbitrage Plus Fund				
HWM	-	10.24	10.25	-
Alternative Multi-Strategy Income Fund				
HWM	-	8.89	-	-
Alternative Special Situations Fund				
HWM	-	10.10	-	-
2022	Class A (\$)	Class A (USD) (\$)	Class AF (\$)	Class E (\$)
Alternative Absolute Return Fund				
HWM	9.89	9.85	10.03	9.92
Alternative Arbitrage Fund				
HWM	10.14	9.74	10.49	9.73
Alternative Arbitrage Plus Fund				
HWM	10.10	10.12	-	10.10
Alternative Multi-Strategy Income Fund				
HWM	11.38	-	-	8.48
Alternative Special Situations Fund				
HWM	16.27	-	-	8.68

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

Year ended December 31, 2023

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
Alternative Arbitrage Fund				
HWM	10.35	9.96	10.56	10.33
Alternative Arbitrage Plus Fund				
HWM	10.11	10.12	-	10.11
Alternative Multi-Strategy Income Fund				
HWM	12.30	-	-	10.00
Alternative Special Situations Fund				
HWM	16.27	-	-	8.68

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
Alternative Arbitrage Fund				
HWM	9.74	10.32	9.74	10.50
Alternative Arbitrage Plus Fund				
HWM	10.12	10.18	10.12	10.11
Alternative Multi-Strategy Income Fund				
HWM	-	8.32	-	8.40
Alternative Special Situations Fund				
HWM	-	8.68	-	8.68

As at December 31, 2023 and 2022, the Funds incurred the following performance fees.

	2023 (\$)	2022 (\$)
Alternative Absolute Return Fund	3,701,546	1,565,615
Alternative Arbitrage Fund	68,728	173,607
Alternative Arbitrage Plus Fund	16,975	15,780
Alternative Multi-Strategy Income Fund	23,626	-
Alternative Special Situations Fund	39,249	-

For the year ended December 31, 2023, the Manager waived all performance fees of \$39,249 (2022 - \$nil) for the Pender Alternative Special Situation Fund.

(d) Amounts payable to the Manager:

As at December 31, 2023 and 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.

	2023 (\$)	2022 (\$)
Alternative Absolute Return Fund	718,006	605,413
Alternative Arbitrage Fund	48,264	45,603
Alternative Arbitrage Plus Fund	31,964	-
Alternative Multi-Strategy Income Fund	29,632	10,571

The Pender Alternative Special Situations Fund did not have any amounts payable to the Manager for the year ended December 31, 2023 (2022 - \$nil).

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

Year ended December 31, 2023

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 December 31, 2023 and 2022, parties related to 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.

	2023 (%)	2022 (%)
Alternative Absolute Return Fund	<1	<1
Alternative Arbitrage Fund	2	1
Alternative Arbitrage Plus Fund	<1	<1
Alternative Multi-Strategy Income Fund	-	<1
Alternative Special Situations Fund	18	18

As at December 31, 2023 and 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.

	2023 (%)	2022 (%)
Alternative Absolute Return Fund	1	2
Alternative Arbitrage Fund	17	18
Alternative Arbitrage Plus Fund	13	12

5. 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 year, withholding tax rates were between 0% and 35% (2022 - between 0% and 35%).

6. 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 years ended December 31, 2023 and 2022 were as follows:

2023	Outstanding units, beginning of year	Units issued	Units issued on reinvestment of distributions	Units redeemed	Outstanding units, end of year
Alternative Absolute Return Fund:					
Class A	379,277	1,171,377	54,089	(351,051)	1,253,692
Class AF	884,052	-	45,454	(46,700)	882,806
Class A (USD)	530	48,372	1,506	(7,248)	43,160
Class E	16,829	224,723	12,117	(8,780)	244,889
Class F	1,795,857	9,359,988	250,340	(5,569,593)	5,836,592
Class FF	7,530,069	4,930	562,036	(603,315)	7,493,720
Class F (USD)	7,952	226,512	7,599	(142,011)	100,052
Class H	378,047	713,419	37,081	(168,393)	960,154
Class H (USD)	531	39,874	1,198	-	41,603
Class I	5,298,794	21,476,414	1,149,133	(3,745,236)	24,179,105
Class I (USD)	70,730	1,078,261	20,719	(355,118)	814,592
Class N	26,961	459,497	2,838	-	489,296
Class O	389,478	19,630	40,829	(75,449)	374,488

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

Year ended December 31, 2023

2023	Outstanding units, beginning of year	Units issued	Units issued on reinvestment of distributions	Units redeemed	Outstanding units, end of year
Alternative Arbitrage Fund:					
Class A	8,983	14,266	531	(10,045)	13,735
Class AF	243,197	-	10,446	(8,482)	245,161
Class A (USD)	519	-	-	(519)	-
Class E	8,589	10,240	1,090	(1,692)	18,227
Class F	249,224	97,536	8,878	(184,743)	170,895
Class FF	1,420,719	-	61,356	(461,488)	1,020,587
Class F (USD)	507	502	65	-	1,074
Class H	16,031	969	989	-	17,989
Class H (USD)	519	-	-	(519)	-
Class I	119,853	274,196	16,263	(136,452)	273,860
Class I (USD)	521	32,062	36	-	32,619
Class N	506	-	-	(506)	-
Class O	482,623	32,445	27,184	(142,638)	399,614
Alternative Arbitrage Plus Fund:					
Class A	5,593	1,318	-	(2,879)	4,032
Class A (USD)	501	-	-	(501)	-
Class E	6,326	22,705	-	(14,108)	14,923
Class F	99,878	60,127	-	(40,950)	119,055
Class F (USD)	5,145	5,587	-	(10,238)	494
Class H	501	-	-	(501)	-
Class H (USD)	501	-	-	(501)	-
Class I	365,502	982,981	-	(101,346)	1,247,137
Class I (USD)	501	-	-	-	501
Class N	501	-	-	(501)	-
Class O	100,589	173,821	-	(61,043)	213,367
Alternative Multi-Strategy Income Fund:					
Class A	285,161	73	-	(108,407)	176,827
Class E	500	-	-	(500)	-
Class F	157,795	3,344	-	(44,418)	116,721
Class H	500	-	-	(500)	-
Class I	75,095	7,065	-	(43,889)	38,271
Class N	500	-	-	(500)	-
Class O	500	-	-	-	500
Alternative Special Situations Fund:					
Class A	20,022	-	343	(3,743)	16,622
Class E	22,395	7,954	664	(1,746)	29,267
Class F	18,172	5,182	330	(8,755)	14,929
Class H	30,046	565	714	-	31,325
Class I	25,113	23,025	1,170	-	49,308
Class N	548	-	-	(548)	-
Class O	548	-	13	-	561

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

Year ended December 31, 2023

2022	Outstanding units, beginning of year	Units issued	Units issued on reinvestment of distributions	Units redeemed	Outstanding units, end of year
Alternative Absolute Return Fund:					
Class A	512	490,256	7,335	(118,826)	379,277
Class AF	265,312	639,685	28,147	(49,092)	884,052
Class A (USD)	-	500	30	-	530
Class E	-	16,538	801	(510)	16,829
Class F	512	2,877,850	28,023	(1,110,528)	1,795,857
Class FF	3,265,237	4,807,542	367,533	(910,243)	7,530,069
Class F (USD)	-	7,598	354	-	7,952
Class H	512	468,867	6,287	(97,619)	378,047
Class H (USD)	-	500	31	-	531
Class I	13,156	5,825,167	139,388	(678,917)	5,298,794
Class I (USD)	-	95,664	27	(24,961)	70,730
Class N	512	24,875	1,574	-	26,961
Class O	528,823	371,952	42,321	(553,618)	389,478
Alternative Arbitrage Fund:					
Class A	501	19,084	285	(10,887)	8,983
Class AF	174,926	68,734	1,029	(1,492)	243,197
Class A (USD)	-	500	19	-	519
Class E	-	10,163	369	(1,943)	8,589
Class F	501	304,301	3,311	(58,889)	249,224
Class FF	972,836	705,303	5,752	(263,172)	1,420,719
Class F (USD)	-	999	8	(500)	507
Class H	501	15,263	267	-	16,031
Class H (USD)	-	500	19	-	519
Class I	501	117,410	2,535	(593)	119,853
Class I (USD)	-	500	21	-	521
Class N	501	-	5	-	506
Class O	16,528	536,916	7,784	(78,605)	482,623
Alternative Arbitrage Plus Fund:					
Class A	-	6,082	11	(500)	5,593
Class A (USD)	-	500	1	-	501
Class E	-	6,813	13	(500)	6,326
Class F	-	100,194	184	(500)	99,878
Class F (USD)	-	5,635	10	(500)	5,145
Class H	-	500	1	-	501
Class H (USD)	-	500	1	-	501
Class I	-	365,271	731	(500)	365,502
Class I (USD)	-	500	1	-	501
Class N	-	500	1	-	501
Class O	-	209,417	410	(109,238)	100,589

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

Year ended December 31, 2023

2022	Outstanding units, beginning of year	Units issued	Units issued on reinvestment of distributions	Units redeemed	Outstanding units, end of year
Alternative Multi-Strategy Income Fund:					
Class A	441,165	11,536	-	(167,540)	285,161
Class A1	24,636	301	-	(24,937)	-
Class E	500	-	-	-	500
Class F	214,509	39,294	-	(96,008)	157,795
Class F1	94,567	35,821	-	(130,388)	-
Class H	-	500	-	-	500
Class I	184,759	12,072	-	(121,736)	75,095
Class N	500	-	-	-	500
Class O	108,089	-	-	(107,589)	500
Alternative Special Situations Fund:					
Class A	22,408	13,253	228	(15,867)	20,022
Class D	10,117	513	-	(10,630)	-
Class E	12,009	10,664	263	(541)	22,395
Class F	18,885	16,655	225	(17,593)	18,172
Class H	46,998	29,842	346	(47,140)	30,046
Class I	38,387	24,810	303	(38,387)	25,113
Class N	541	-	-	7	548
Class O	541	-	-	7	548

7. 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.

8. 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, market risk, which consists of currency risk, interest rate risk and other price/market risk and leverage risk.

The Manager manages the potential impact of these financial risks by employing professional and experienced portfolio advisors who regularly monitor their Funds' positions and global 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 (cont'd)

Year ended December 31, 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. Funds that invest in units of other open or closed-ended funds have indirect exposure to various financial risks through those holdings of those funds. 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 nature of the Funds' investing activities exposes it to various risks, including but not limited to inflation and the impact of central bank measures on the economy, the state of M&A markets, geopolitical and other global events, factors that are beyond the Funds' control.

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.

(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 December 31, 2023 and 2022, categorized by credit ratings. The remaining Funds did not have exposure to any material credit risk.

	2023 (\$)	2022 (\$)
Long positions:		
AAA	73,147,232	-
AA	182,114,310	-
A	-	4,644,230
BBB	97,070,888	34,649,435
Below BBB	313,009,082	162,777,940
	665,341,512	202,071,605
Short positions:		
AAA	(46,271,775)	(30,946,389)
BBB	(1,369,736)	-
Below BBB	(105,970,185)	(25,430,920)
	(153,611,696)	(56,377,309)
	511,729,816	145,694,296

(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.

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

Year ended December 31, 2023

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 December 31, 2023 and 2022 that were due within six months of the financial reporting date. The amounts are gross and undiscounted. The remaining Funds did not hold any derivative instruments as at December 31, 2023 and 2022.

	2023		2022	
	Nominal value (\$)	Unrealized gain (loss) (\$)	Nominal value (\$)	Unrealized gain (loss) (\$)
Derivative instruments inflows (outflows)				
Alternative Absolute Return Fund	155,676,500	3,518,384	95,116,287	196,940
Alternative Arbitrage Fund	20,135,856	480,016	25,489,667	40,949
Alternative Arbitrage Plus Fund	13,628,846	289,607	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 December 31, 2023 and 2022, categorized by the earlier of contractual re-pricing or maturity dates. The remaining Funds did not have exposure to any material interest rate risk.

	2023 (\$)	2022 (\$)
Long position:		
Less than 1 year	258,124,205	14,397,705
1 to 3 years	42,818,901	8,493,367
3 to 5 years	45,369,266	44,739,396
More than 5 years	319,015,663	134,441,137
	665,328,035	202,071,605

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

Year ended December 31, 2023

	2023 (\$)	2022 (\$)
Short position:		
More than 5 years	(153,608,583)	(56,377,309)
	(153,608,583)	(56,377,309)
	511,719,452	145,694,296

As at December 31, 2023 and 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 \$20,237,421 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 for all classes to mitigate their foreign currency exposure.

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

2023	Canadian dollar (\$)	US dollar (\$)	British pound (\$)	Total (\$)
Alternative Absolute Return Fund	379,125,474	39,579,315	-	418,704,789
Alternative Arbitrage Fund	21,401,986	644,543	-	22,046,529
Alternative Arbitrage Plus Fund	16,052,734	321,963	-	16,374,697
Alternative Multi-Strategy Income Fund	3,994,514	-	3	3,994,517
Alternative Special Situations Fund	787,908	917,686	-	1,705,594

2022	Canadian dollar (\$)	US dollar (\$)	British pound (\$)	Total (\$)
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

As at December 31, 2023 and 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:

	2023 (\$)	2022 (\$)
Alternative Absolute Return Fund	3,957,932	1,385,872
Alternative Arbitrage Fund	64,454	26,083
Alternative Arbitrage Plus Fund	32,196	12,755
Alternative Multi-Strategy Income Fund	-	-
Alternative Special Situations Fund	89,406	69,594

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

Year ended December 31, 2023

(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 December 31, 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 December 31, 2023 and 2022:

	2023 (\$)	2022 (\$)
Long position		
Alternative Absolute Return Fund	4,061,309	3,331,179
Alternative Arbitrage Fund	11,867,440	22,774,995
Alternative Arbitrage Plus Fund	14,543,959	7,114,099
Alternative Multi-Strategy Income Fund	4,044,713	5,871,151
Alternative Special Situations Fund	1,960,865	1,864,306
Short position		
Alternative Absolute Return Fund	(119,698,279)	(40,898,917)
Alternative Arbitrage Fund	(1,498,943)	(1,255,169)
Alternative Arbitrage Plus Fund	(1,811,817)	(283,090)

As at December 31, 2023 and 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:

	2023 (\$)	2022 (\$)
Alternative Absolute Return Fund	(486,781)	(9,966)
Alternative Arbitrage Fund	644,785	1,384,417
Alternative Arbitrage Plus Fund	780,110	497,139
Alternative Multi-Strategy Income Fund	53,643	127,703
Alternative Special Situations Fund	185,139	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.

(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 year 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 years ended December 31, 2023 and 2022:

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

Year ended December 31, 2023

	Lowest aggregate (%)	Highest aggregate (%)
2023		
Alternative Absolute Return Fund	50.5	72.3
Alternative Arbitrage Fund	2.1	8.4
Alternative Arbitrage Plus Fund	1.1	68.2
Alternative Special Situations Fund	12.7	52.5
2022		
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 were 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 Manager monitors to ensure that the Fund's aggregate gross exposure is less than three times the Fund's net asset value.

9. 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).

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.

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

Year ended December 31, 2023

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 December 31, 2023 and 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.

2023	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Alternative Absolute Return Fund:				
Bonds and loans - Long	351,056,043	59,015,619	-	410,071,662
Bonds and loans - Short	(153,608,583)	-	-	(153,608,583)
Exchange-traded funds - Short	(115,290,877)	-	-	(115,290,877)
Equities - Short	(4,407,402)	-	-	(4,407,402)
Forward foreign currency contracts	-	3,518,384	-	3,518,384
Preferred Shares	4,061,309	-	-	4,061,309
Short-term investments	255,256,373	-	-	255,256,373
	337,066,863	62,534,003	-	399,600,866
Alternative Arbitrage Fund:				
Equities - Long	11,848,220	9,591	-	11,857,811
Equities - Short	(1,498,943)	-	-	(1,498,943)
Forward foreign currency contracts	-	480,016	-	480,016
Warrants	-	9,629	-	9,629
	10,349,277	499,236	-	10,848,513
Alternative Arbitrage Plus Fund:				
Equities - Long	14,539,849	4,110	-	14,543,959
Equities - Short	(1,811,817)	-	-	(1,811,817)
Forward foreign currency contracts	-	289,607	-	289,607
Warrants	-	12	-	12
	12,728,032	293,729	-	13,021,761
Alternative Multi-Strategy Income Fund:				
Equities	-	-	1,803	1,803
Mutual funds	4,042,910	-	-	4,042,910
	4,042,910	-	1,803	4,044,713
Alternative Special Situations Fund:				
Equities	1,670,816	102,000	176,649	1,949,465
Warrants	11,400	-	-	11,400
	1,682,216	102,000	176,649	1,960,865
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

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

Year ended December 31, 2023

2022	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
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	1,676,940	-	162,480	1,839,420
Warrants	24,886	-	-	24,886
	1,701,826	-	162,480	1,864,306

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.

The following table summarizes the investments that were transferred from Level 1 to Level 2 as the fair value of the investments are valued using unobservable inputs during the year ended December 31, 2023. There were no significant transfers between Level 1 and Level 2 for the remaining funds.

	2023 (\$)	2022 (\$)
Alternative Absolute Return Fund	59,015,620	-
Alternative Arbitrage Fund	19,219	-
Alternative Special Situations Fund	102,000	-

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

	2023 (\$)	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	17,643	162,480
Change in unrealized appreciation (depreciation)	(3,474)	-
Ending Balance	176,649	162,480

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

Year ended December 31, 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 December 31, 2023 and 2022, for the Pender Alternative Multi-Strategy Income Fund and Pender Alternative Special Situations Fund. The remaining Funds did not hold any financial instruments categorized as Level 3.

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	176,649	Investment cost/enterprise value	Enterprise value	The estimated fair value would increase if enterprise value increased
<hr/>				
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

Enterprise value represents the estimate of the amount that market participants would pay when purchasing the investee company.

(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 December 31, 2023 and 2022. The remaining Funds did not hold any financial instruments categorized as Level 3.

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

Year ended December 31, 2023

Entity	2023	2022
Alternative Multi-Strategy Income Fund:		
Favourable	180	180
Unfavourable	(180)	(180)
Alternative Special Situations Fund:		
Favourable	17,665	16,248
Unfavourable	(17,665)	(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. 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 December 31, 2023 and 2022. None of the remaining Funds had exposure to short positions.

	2023 (\$)	2022 (\$)
Alternative Absolute Return Fund	(273,306,862)	(97,276,226)
Alternative Arbitrage Fund	(1,498,943)	(1,255,169)
Alternative Arbitrage Plus Fund	(1,811,817)	(283,090)

10. Involvement with structured entities:

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

The table below sets out interests held by the Pender Alternative Multi-Strategy Income Fund in unconsolidated structured entities as at December 31, 2023 and 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	1,911,744,681	4,042,910
2022	4	1,622,751,926	5,869,348

During the years December 31, 2023 and 2022, the Pender Alternative Multi-Strategy Fund did not provide financial support to unconsolidated structured entities and has 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.

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

Year ended December 31, 2023

11. Income taxes:

The taxation year-end of the Pender Alternative Special Situations Fund is December 31 and for the remaining Funds is December 15. As at the end of their 2023 and/or 2022 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.

	2023 (\$)	2022 (\$)
Alternative Arbitrage Plus Fund	6,201	31,386
Alternative Multi-Strategy Income Fund	73,214,615	73,310,042
Alternative Special Situations Fund	387,315	542,069

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

	2023 (\$)	2022 (\$)	Expiration Date
Alternative Arbitrage Plus Fund	55,180	-	2043
Alternative Multi-Strategy Income Fund	1,841,484	1,972,311	2038-2042

The remaining Funds had no accumulated capital losses or non-capital losses as at the end of the 2023 and 2022 tax year-ends.



**Annual Financial Statements of
PENDER ALTERNATIVE MUTUAL FUNDS**

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