

March 4, 2024

Dear Unitholder,

The Independent Review Committee (“IRC”) of the Pender Mutual Funds (the “Funds”) is pleased to provide its annual report for the year ended December 31, 2023 as required by National Instrument 81 -107 *Independent Review Committee for Investment Funds*.

The members of the IRC, whose identities are listed in this report, bring a range of professional experience and skills to their scope of responsibilities. One of the mandates of the IRC is to review conflict of interest matters identified and referred to the IRC by PenderFund Capital Management Ltd. (the “Manager”) in respect of the Funds and to give its approval or recommendation, depending on the nature of the conflict of interest matter.

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

At least annually, the IRC reviews and assesses the adequacy and effectiveness of the policies and procedures relating to conflict of interest matters in respect of the Funds and also conducts a self-assessment of the IRC's independence, compensation and effectiveness.

As chair of the IRC, I would like to thank John Webster for over eight years of service on the IRC as his term comes to an end on March 4, 2024. His insight and dedication has been greatly appreciated by both the Manager and the IRC.

The IRC looks forward to continuing to serve in the best interests of the Funds, and to continuing the collaborative and mutually respectful relationship with the Manager of the Funds.

Yours Very Truly,

DocuSigned by:  
  
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Leslie Wood

Chair of the Independent Review Committee

**PENDER MUTUAL FUNDS  
INDEPENDENT REVIEW COMMITTEE  
ANNUAL REPORT TO UNITHOLDERS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**INTRODUCTION**

The following report describes the Independent Review Committee (the “IRC”) of the Pender Mutual Funds (the “Funds”) managed by PenderFund Capital Management Ltd. (“Manager”) and its related activities for the year ended December 31, 2023.

The Funds are as follows:

Pender Bond Universe Fund  
Pender Corporate Bond Fund  
Pender Small Cap Opportunities Fund  
Pender Small/Mid Cap Dividend Fund  
Pender Strategic Growth & Income Fund  
Pender Value Fund  
Pender Alternative Absolute Return Fund  
Pender Alternative Arbitrage Fund  
Pender Alternative Arbitrage Plus Fund  
Pender Alternative Multi-Strategy Income Fund  
Pender Alternative Special Situations Fund

**MEMBERSHIP AND COMPOSITION**

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

The following individuals are the members of the IRC as at December 31, 2023. There were no changes to the composition or membership of the IRC during the year.



<b><u>Name</u></b>	<b><u>Length of Service</u></b>	<b><u>Other IRC Memberships</u></b>
Leslie Wood (Chair)	Member since March 9, 2022; Chair since March 7, 2023	Manulife Investment Management Limited, Connor, Clark & Lunn Funds Inc., Evermore Capital Inc.
John Webster	Since October 27, 2015	None
Robin Mahood	Since March 7, 2017	None

### **SHARE OWNERSHIP**

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

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

is none in all cases.

### **COMPENSATION**

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

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

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

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



For the year ended December 31, 2023, a total of \$48,000 was paid by the Funds to the IRC, amounts that were reimbursed by the Manager to the Funds. No amounts were paid to the IRC members by the Funds under indemnities in their favour.

## **ACTIVITIES, REVIEWS AND APPROVALS**

During the year ended December 31, 2023, the Manager informed the IRC that it relied on positive recommendations and standing instructions granted by the IRC relating to conflict of interest matters. The standing instructions require the Manager to follow its policies and procedures related to the applicable conflict of interest matters in all material respects and to report to the IRC. In certain cases, prior approval from the IRC is required.

## **CERTIFICATE**

For the year ended December 31, 2023:

- a) There were no instances of proposed actions involving a conflict of interest matter or potential conflict of interest matter that were referred to the IRC by the Manager for consideration, other than in accordance with the Standing Instructions as approved by the IRC and dated March 4, 2021; and
- b) The IRC is not aware of any instances where the Manager was involved in a conflict of interest matter.

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

Vancouver, British Columbia

March 4, 2024

DocuSigned by:  
*Leslie Wood*  
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Leslie Wood

Chair of the Independent Review Committee

