

# **Pender Alternative Absolute Return Fund**

Six months ended June 30, 2024

Semi-Annual Management Report of Fund Performance

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

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



# Pender Alternative Absolute Return Fund

Six months ended June 30, 2024

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## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

### Results of Operations

The net assets of the Pender Alternative Absolute Return Fund (the "Fund") were \$519,554,038 as at June 30, 2024 versus \$418,704,789 as at December 31, 2023. Of this \$100,849,249 increase, \$19,917,198 is attributable to positive investment performance and \$80,932,051 is attributable to net unitholder purchases of Fund units.

For the six months ended June 30, 2024, Class A units of the Fund generated a total return of 3.7%. Returns for other classes of the Fund will be similar to Class A with any difference in performance being primarily due to the different management fees that are applicable to different classes. Returns for Class A (USD), Class F (USD), Class H (USD) and Class I (USD) will differ from Class A primarily due to foreign currency as these classes are denominated in US dollars whereas all remaining classes of the Fund are denominated in Canadian dollars. Please see the "Past Performance" section for the performance of the Fund's other classes.

The Fund's benchmark, HFRI Credit Index (USD), returned 4.3% during the period. In accordance with National Instrument 81-106, we have included a comparison to this benchmark to help you understand the Fund's performance relative to the general performance of the market, but we caution that the Fund's mandate may be significantly different from the index. Further, the Fund's returns are reported net of all management fees and expenses for all classes, unlike the returns of the Fund's benchmark, which are based on the performance of an index that does not pay fees or incur expenses.

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

The Fund's underperformance as compared to its benchmark was mainly due to its defensive positioning in an effort to protect against a swift move lower for risk assets, while maintaining enough positive carry to earn positive returns if the markets continue to move higher. Both market and individual security valuations will drive portfolio positioning. While attractive individual positions can be identified in any market environment, the overall balance of risks and returns will guide the portfolio construction process.

Key positive individual contributors to the Fund's performance during the first half of the year included Parkland Corporation, Toronto-Dominion Bank, and CCO Holdings, LLC. Conversely, hedges in the SPDR S&P 500 ETF Trust, Invesco QQQ Trust, and a position in Cable One, Inc. were among the largest detractors.

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

### Recent Developments

Risk assets remained in favour through the first half of 2024, underpinned by a resilient economic backdrop and continued cooling of inflationary trends. Against this backdrop, investor confidence grew that the Federal Reserve's battle with inflation is behind us, giving visibility to a pivot in monetary policy towards cutting interest rates in the second half of 2024. Highlighting this positive investor sentiment, we saw benchmark equity indexes rally to fresh highs, while credit spreads tightened to well below 30-year averages in fixed income markets.

Credit markets are signaling a benign economic environment going forward, providing little incentive to add broad credit risk to the portfolio. With elevated investor sentiment and a rosy market consensus of an economic soft landing and cooling inflation, combined with elevated valuations in risk assets, we have remained selective and patient about adding risk to the portfolio.

As at the end of the period, the Fund was 149.1% invested in long positions, with 74.9% of these positions in our Current Income, 70.7% in Relative Value and 3.5% in Event Driven strategies. The Fund had a -54.0% short exposure that included -5.2% in government bonds, -32.8% in credit and -16.0% in equities. The Option Adjusted Duration was 0.6 years. Excluding positions that trade at spreads of more than 500bps and positions that trade to call or maturity dates that are 2026 and earlier, Option Adjusted Duration declined to 0.3 years. The Fund's current yield was 4.0% while yield to maturity was 6.2%.

### Independent Review Committee ("IRC") Appointments & Resignations

Effective March 4, 2024, John Webster stepped down from the Independent Review Committee and John DeLucchi joined the Independent Review Committee.

# Pender Alternative Absolute Return Fund

Six months ended June 30, 2024

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## Related Party Transactions

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

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

## Management Fees

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

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

Such expenses represented approximately 18% of the management fees paid by the Fund to the Manager for the period.

## Performance Fees

The Manager is also entitled to a performance fee plus applicable taxes such as GST or HST on all classes of units of the Fund. For Class O units, this fee is or will be charged directly to Unitholders, as applicable. The performance fee is equal to 15% of the amount by which the total return of the class of units exceeds a 3% hurdle rate, for the period since the performance fee was last paid, subject to accumulation in 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. The high-water mark is the net asset value of the applicable class of units to which it applies as at the most recent determination date on which a performance fee was payable. Performance fees will be calculated and accrued daily, and such accrued fees will be payable by the Fund at the end of each year. The Manager has reserved the right to change the year for which any performance fee may be paid by a Fund. The Manager, at its discretion, may reduce or waive performance fees.

# Pender Alternative Absolute Return Fund

Six months ended June 30, 2024

## Financial Highlights

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

### Fund's Net Assets Per Unit (a)

	2024 (\$)	2023 (\$)	2022 (\$)	2021 (\$)
<b>Class A</b>				
Net Assets, beginning of period	9.70	9.89	9.99	10.00
<b>Increase (decrease) from operations:</b>				
Total revenue	0.36	0.61	0.69	0.48
Total expenses	(0.15)	(0.41)	(0.47)	(0.01)
Realized gains (losses)	0.21	0.54	0.40	(0.28)
Unrealized gains (losses)	(0.08)	(0.17)	0.13	0.03
<b>Total increase (decrease) from operations (b)</b>	<b>0.34</b>	<b>0.57</b>	<b>0.75</b>	<b>0.22</b>
<b>Distributions:</b>				
From income (excluding dividends)	(0.35)	(0.38)	(0.32)	(0.24)
From dividends	-	-	-	-
From capital gains	-	(0.45)	(0.33)	-
Return of capital	-	-	-	-
<b>Total distributions (b), (c)</b>	<b>(0.35)</b>	<b>(0.83)</b>	<b>(0.65)</b>	<b>(0.24)</b>
<b>Net Assets, end of period</b>	<b>9.71</b>	<b>9.70</b>	<b>9.89</b>	<b>9.99</b>
<b>Class AF</b>				
Net Assets, beginning of period	9.85	10.03	9.99	10.00
<b>Increase (decrease) from operations:</b>				
Total revenue	0.37	0.63	0.54	0.07
Total expenses	(0.12)	(0.30)	(0.32)	-
Realized gains (losses)	0.21	0.55	0.23	(0.01)
Unrealized gains (losses)	(0.06)	(0.14)	0.12	0.13
<b>Total increase (decrease) from operations (b)</b>	<b>0.40</b>	<b>0.74</b>	<b>0.57</b>	<b>0.19</b>
<b>Distributions:</b>				
From income (excluding dividends)	(0.39)	(0.55)	(0.45)	(0.23)
From dividends	-	-	-	-
From capital gains	-	(0.37)	(0.14)	-
Return of capital	-	-	-	-
<b>Total distributions (b), (c)</b>	<b>(0.39)</b>	<b>(0.92)</b>	<b>(0.59)</b>	<b>(0.23)</b>
<b>Net Assets, end of period</b>	<b>9.86</b>	<b>9.85</b>	<b>10.03</b>	<b>9.99</b>

# Pender Alternative Absolute Return Fund

Six months ended June 30, 2024

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

	2024 (\$)	2023 (\$)	2022 (\$)	2021 (\$)
<b>Class E</b>				
Net Assets, beginning of period (a)	9.68	9.92	10.00	
<b>Increase (decrease) from operations:</b>				
Total revenue	0.36	0.56	0.38	
Total expenses	(0.07)	(0.43)	(0.07)	
Realized gains (losses)	0.23	0.46	0.21	
Unrealized gains (losses)	(0.09)	0.03	(0.03)	
<b>Total increase (decrease) from operations (b)</b>	<b>0.43</b>	<b>0.62</b>	<b>0.49</b>	
<b>Distributions:</b>				
From income (excluding dividends)	(0.45)	(0.24)	(0.18)	
From dividends	-	-	-	
From capital gains	-	(0.82)	(0.40)	
Return of capital	-	-	-	
<b>Total distributions (b), (c)</b>	<b>(0.45)</b>	<b>(1.06)</b>	<b>(0.58)</b>	
<b>Net Assets, end of period</b>	<b>9.67</b>	<b>9.68</b>	<b>9.92</b>	
<b>Class F</b>				
Net Assets, beginning of period	9.74	9.96	9.99	10.00
<b>Increase (decrease) from operations:</b>				
Total revenue	0.36	0.62	0.57	0.47
Total expenses	(0.11)	(0.31)	(0.42)	(0.01)
Realized gains (losses)	0.21	0.57	0.35	(0.28)
Unrealized gains (losses)	(0.09)	(0.20)	0.27	0.04
<b>Total increase (decrease) from operations (b)</b>	<b>0.37</b>	<b>0.68</b>	<b>0.77</b>	<b>0.22</b>
<b>Distributions:</b>				
From income (excluding dividends)	(0.40)	(0.51)	(0.40)	(0.24)
From dividends	-	-	-	-
From capital gains	-	(0.44)	(0.24)	-
Return of capital	-	-	-	-
<b>Total distributions (b), (c)</b>	<b>(0.40)</b>	<b>(0.95)</b>	<b>(0.64)</b>	<b>(0.24)</b>
<b>Net Assets, end of period</b>	<b>9.74</b>	<b>9.74</b>	<b>9.96</b>	<b>9.99</b>
<b>Class FF</b>				
Net Assets, beginning of period	9.85	10.04	10.00	10.00
<b>Increase (decrease) from operations:</b>				
Total revenue	0.37	0.63	0.53	0.07
Total expenses	(0.08)	(0.21)	(0.24)	-
Realized gains (losses)	0.21	0.55	0.22	(0.01)
Unrealized gains (losses)	(0.06)	(0.14)	0.15	0.14
<b>Total increase (decrease) from operations (b)</b>	<b>0.44</b>	<b>0.83</b>	<b>0.66</b>	<b>0.20</b>
<b>Distributions:</b>				
From income (excluding dividends)	(0.45)	(0.64)	(0.52)	(0.22)
From dividends	-	-	-	-
From capital gains	-	(0.38)	(0.14)	-
Return of capital	-	-	-	-
<b>Total distributions (b), (c)</b>	<b>(0.45)</b>	<b>(1.02)</b>	<b>(0.66)</b>	<b>(0.22)</b>
<b>Net Assets, end of period</b>	<b>9.85</b>	<b>9.85</b>	<b>10.04</b>	<b>10.00</b>

# Pender Alternative Absolute Return Fund

Six months ended June 30, 2024

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

	2024 (\$)	2023 (\$)	2022 (\$)	2021 (\$)
<b>Class H</b>				
Net Assets, beginning of period	9.80	10.00	9.99	10.00
<b>Increase (decrease) from operations:</b>				
Total revenue	0.36	0.61	0.52	0.47
Total expenses	(0.14)	(0.37)	(0.48)	(0.01)
Realized gains (losses)	0.21	0.55	0.21	(0.28)
Unrealized gains (losses)	(0.07)	(0.18)	0.23	0.04
<b>Total increase (decrease) from operations (b)</b>	<b>0.36</b>	<b>0.61</b>	<b>0.48</b>	<b>0.22</b>
<b>Distributions:</b>				
From income (excluding dividends)	(0.37)	(0.41)	(0.38)	(0.24)
From dividends	-	-	-	-
From capital gains	-	(0.46)	(0.20)	-
Return of capital	-	-	-	-
<b>Total distributions (b), (c)</b>	<b>(0.37)</b>	<b>(0.87)</b>	<b>(0.58)</b>	<b>(0.24)</b>
<b>Net Assets, end of period</b>	<b>9.80</b>	<b>9.80</b>	<b>10.00</b>	<b>9.99</b>
<b>Class I</b>				
Net Assets, beginning of period	9.68	9.90	9.99	10.00
<b>Increase (decrease) from operations:</b>				
Total revenue	0.36	0.60	0.69	(0.01)
Total expenses	(0.10)	(0.32)	(0.41)	-
Realized gains (losses)	0.21	0.51	0.41	0.02
Unrealized gains (losses)	(0.07)	(0.15)	0.18	0.15
<b>Total increase (decrease) from operations (b)</b>	<b>0.40</b>	<b>0.64</b>	<b>0.87</b>	<b>0.16</b>
<b>Distributions:</b>				
From income (excluding dividends)	(0.41)	(0.44)	(0.37)	(0.24)
From dividends	-	-	-	-
From capital gains	-	(0.52)	(0.36)	-
Return of capital	-	-	-	-
<b>Total distributions (b), (c)</b>	<b>(0.41)</b>	<b>(0.96)</b>	<b>(0.73)</b>	<b>(0.24)</b>
<b>Net Assets, end of period</b>	<b>9.68</b>	<b>9.68</b>	<b>9.90</b>	<b>9.99</b>
<b>Class N</b>				
Net Assets, beginning of period	9.80	10.00	9.99	10.00
<b>Increase (decrease) from operations:</b>				
Total revenue	0.37	0.58	0.52	0.47
Total expenses	(0.08)	(0.43)	(0.28)	(0.01)
Realized gains (losses)	0.21	0.78	0.28	(0.28)
Unrealized gains (losses)	(0.08)	(0.35)	0.20	0.04
<b>Total increase (decrease) from operations (b)</b>	<b>0.42</b>	<b>0.58</b>	<b>0.72</b>	<b>0.22</b>
<b>Distributions:</b>				
From income (excluding dividends)	(0.44)	(0.31)	(0.51)	(0.24)
From dividends	-	-	-	-
From capital gains	-	(0.69)	(0.18)	-
Return of capital	-	-	-	-
<b>Total distributions (b), (c)</b>	<b>(0.44)</b>	<b>(1.00)</b>	<b>(0.69)</b>	<b>(0.24)</b>
<b>Net Assets, end of period</b>	<b>9.80</b>	<b>9.80</b>	<b>10.00</b>	<b>9.99</b>

# Pender Alternative Absolute Return Fund

Six months ended June 30, 2024

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

	2024 (\$)	2023 (\$)	2022 (\$)	2021 (\$)
<b>Class O</b>				
Net Assets, beginning of period	10.03	10.19	9.99	10.00
<b>Increase (decrease) from operations:</b>				
Total revenue	0.38	0.65	0.31	0.48
Total expenses	(0.02)	(0.05)	(0.06)	(0.01)
Realized gains (losses)	0.21	0.56	0.17	(0.29)
Unrealized gains (losses)	(0.06)	(0.14)	0.43	0.04
<b>Total increase (decrease) from operations (b)</b>	<b>0.51</b>	<b>1.02</b>	<b>0.85</b>	<b>0.22</b>
<b>Distributions:</b>				
From income (excluding dividends)	(0.50)	(0.85)	(0.68)	(0.24)
From dividends	-	-	-	-
From capital gains	-	(0.32)	-	-
Return of capital	-	-	-	-
<b>Total distributions (b), (c)</b>	<b>(0.50)</b>	<b>(1.17)</b>	<b>(0.68)</b>	<b>(0.24)</b>
<b>Net Assets, end of period</b>	<b>10.05</b>	<b>10.03</b>	<b>10.19</b>	<b>9.99</b>
<b>Class A (USD)</b>				
Net Assets, beginning of period (a)	12.86	13.33	13.20	
<b>Increase (decrease) from operations:</b>				
Total revenue	0.51	0.75	0.60	
Total expenses	(0.21)	(0.94)	(0.18)	
Realized gains (losses)	0.40	0.75	0.20	
Unrealized gains (losses)	0.39	(1.10)	0.35	
<b>Total increase (decrease) from operations (b)</b>	<b>1.09</b>	<b>(0.54)</b>	<b>0.97</b>	
<b>Distributions:</b>				
From income (excluding dividends)	(0.39)	(0.14)	(0.23)	
From dividends	-	-	-	
From capital gains	-	(1.03)	(0.58)	
Return of capital	-	-	-	
<b>Total distributions (b), (c)</b>	<b>(0.39)</b>	<b>(1.17)</b>	<b>(0.81)</b>	
<b>Net Assets, end of period</b>	<b>13.36</b>	<b>12.86</b>	<b>13.33</b>	
<b>Class F (USD)</b>				
Net Assets, beginning of period (a)	12.68	13.40	13.20	
<b>Increase (decrease) from operations:</b>				
Total revenue	0.48	0.82	0.54	
Total expenses	(0.15)	(0.40)	(0.18)	
Realized gains (losses)	0.43	0.98	0.29	
Unrealized gains (losses)	0.14	(0.53)	(0.06)	
<b>Total increase (decrease) from operations (b)</b>	<b>0.90</b>	<b>0.87</b>	<b>0.59</b>	
<b>Distributions:</b>				
From income (excluding dividends)	(0.53)	(0.82)	(0.06)	
From dividends	-	-	-	
From capital gains	-	(0.69)	(0.22)	
Return of capital	-	-	-	
<b>Total distributions (b), (c)</b>	<b>(0.53)</b>	<b>(1.51)</b>	<b>(0.28)</b>	
<b>Net Assets, end of period</b>	<b>13.09</b>	<b>12.68</b>	<b>13.40</b>	

# Pender Alternative Absolute Return Fund

Six months ended June 30, 2024

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

	2024 (\$)	2023 (\$)	2022 (\$)	2021 (\$)
<b>Class H (USD)</b>				
Net Assets, beginning of period (a)	12.88	13.33	13.20	
<b>Increase (decrease) from operations:</b>				
Total revenue	0.49	0.67	0.60	
Total expenses	(0.18)	(0.97)	(0.17)	
Realized gains (losses)	0.39	0.07	0.20	
Unrealized gains (losses)	0.15	(1.87)	0.35	
<b>Total increase (decrease) from operations (b)</b>	<b>0.85</b>	<b>(2.10)</b>	<b>0.98</b>	
<b>Distributions:</b>				
From income (excluding dividends)	(0.51)	(0.12)	(0.24)	
From dividends	-	-	-	
From capital gains	-	(1.06)	(0.58)	
Return of capital	-	-	-	
<b>Total distributions (b), (c)</b>	<b>(0.51)</b>	<b>(1.18)</b>	<b>(0.82)</b>	
<b>Net Assets, end of period</b>	<b>13.30</b>	<b>12.88</b>	<b>13.33</b>	
<b>Class I (USD)</b>				
Net Assets, beginning of period (a)	12.90	13.54	13.20	
<b>Increase (decrease) from operations:</b>				
Total revenue	0.50	0.82	0.30	
Total expenses	(0.14)	(0.47)	(0.50)	
Realized gains (losses)	0.40	0.85	0.18	
Unrealized gains (losses)	0.15	(0.46)	0.24	
<b>Total increase (decrease) from operations (b)</b>	<b>0.91</b>	<b>0.74</b>	<b>0.22</b>	
<b>Distributions:</b>				
From income (excluding dividends)	(0.56)	(0.60)	(0.28)	
From dividends	-	-	-	
From capital gains	-	(0.85)	(0.42)	
Return of capital	-	-	-	
<b>Total distributions (b), (c)</b>	<b>(0.56)</b>	<b>(1.45)</b>	<b>(0.70)</b>	
<b>Net Assets, end of period</b>	<b>13.31</b>	<b>12.90</b>	<b>13.54</b>	

(a) This information is derived from the Fund's unaudited semi-annual financial statements as at June 30 and audited annual financial statements as at December 31 for the period stated, prepared under IFRS Accounting Standards.

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

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



# Pender Alternative Absolute Return Fund

Six months ended June 30, 2024

## Ratios and Supplemental Data

	2024	2023	2022	2021
<b>Class A</b>				
Total net asset value (\$000s) (a)	16,580	12,157	3,751	5
Number of units outstanding (a)	1,706,741	1,253,692	379,277	512
Management expense ratio before performance fee (b)	2.51%	2.54%	2.42%	0.00%
Management expense ratio (b)	2.83%	3.67%	4.04%	0.00%
Management expense ratio before absorptions (c)	2.83%	3.67%	4.04%	2.46%
Trading expense ratio (d)	0.33%	0.45%	0.63%	0.16%
Portfolio turnover rate (e)	69.76%	251.99%	186.73%	122.86%
Net asset value per unit (\$) (a)	9.71	9.70	9.89	9.99
<b>Class AF</b>				
Total net asset value (\$000s) (a)	7,822	8,699	8,865	2,651
Number of units outstanding (a)	793,141	882,806	884,052	265,312
Management expense ratio before performance fee (b)	1.75%	1.75%	1.76%	0.00%
Management expense ratio (b)	2.14%	2.54%	2.67%	0.00%
Management expense ratio before absorptions (c)	2.14%	2.54%	2.67%	1.75%
Trading expense ratio (d)	0.33%	0.45%	0.63%	0.16%
Portfolio turnover rate (e)	69.76%	251.99%	186.73%	122.86%
Net asset value per unit (\$) (a)	9.86	9.85	10.03	9.99
<b>Class E</b>				
Total net asset value (\$000s) (a)	2,760	2,370	167	
Number of units outstanding (a)	285,408	244,889	16,829	
Management expense ratio before performance fee (b)	0.53%	0.53%	0.54%	
Management expense ratio (b)	1.13%	3.94%	1.42%	
Management expense ratio before absorptions (c)	1.13%	3.94%	1.43%	
Trading expense ratio (d)	0.33%	0.45%	0.63%	
Portfolio turnover rate (e)	69.76%	251.99%	186.73%	
Net asset value per unit (\$) (a)	9.67	9.68	9.92	
<b>Class F</b>				
Total net asset value (\$000s) (a)	81,389	56,834	17,889	5
Number of units outstanding (a)	8,355,112	5,836,592	1,795,857	512
Management expense ratio before performance fee (b)	1.41%	1.42%	1.37%	0.00%
Management expense ratio (b)	1.93%	2.61%	3.57%	0.00%
Management expense ratio before absorptions (c)	1.93%	2.61%	3.57%	1.38%
Trading expense ratio (d)	0.33%	0.45%	0.63%	0.16%
Portfolio turnover rate (e)	69.76%	251.99%	186.73%	122.86%
Net asset value per unit (\$) (a)	9.74	9.74	9.96	9.99
<b>Class FF</b>				
Total net asset value (\$000s) (a)	73,117	73,805	75,547	32,660
Number of units outstanding (a)	7,425,408	7,493,720	7,530,069	3,265,237
Management expense ratio before performance fee (b)	0.70%	0.70%	0.71%	0.00%
Management expense ratio (b)	1.26%	1.65%	1.78%	0.00%
Management expense ratio before absorptions (c)	1.26%	1.65%	1.79%	0.70%
Trading expense ratio (d)	0.33%	0.45%	0.63%	0.16%
Portfolio turnover rate (e)	69.76%	251.99%	186.73%	122.86%
Net asset value per unit (\$) (a)	9.85	9.85	10.04	10.00

# Pender Alternative Absolute Return Fund

Six months ended June 30, 2024

## Ratios and Supplemental Data (cont'd)

	2024	2023	2022	2021
<b>Class H</b>				
Total net asset value (\$000s) (a)	14,229	9,405	3,778	5
Number of units outstanding (a)	1,451,278	960,154	378,047	512
Management expense ratio before performance fee (b)	2.21%	2.17%	2.10%	0.00%
Management expense ratio (b)	2.59%	3.25%	4.18%	0.00%
Management expense ratio before absorptions (c)	2.59%	3.25%	4.18%	2.10%
Trading expense ratio (d)	0.33%	0.45%	0.63%	0.16%
Portfolio turnover rate (e)	69.76%	251.99%	186.73%	122.86%
Net asset value per unit (\$) (a)	9.80	9.80	10.00	9.99
<b>Class I</b>				
Total net asset value (\$000s) (a)	296,223	234,011	52,440	131
Number of units outstanding (a)	30,601,690	24,179,105	5,298,794	13,156
Management expense ratio before performance fee (b)	1.24%	1.22%	1.21%	0.00%
Management expense ratio (b)	1.78%	2.74%	3.45%	0.00%
Management expense ratio before absorptions (c)	1.78%	2.74%	3.46%	1.22%
Trading expense ratio (d)	0.33%	0.45%	0.63%	0.16%
Portfolio turnover rate (e)	69.76%	251.99%	186.73%	122.86%
Net asset value per unit (\$) (a)	9.68	9.68	9.90	9.99
<b>Class N</b>				
Total net asset value (\$000s) (a)	5,412	4,796	270	5
Number of units outstanding (a)	552,498	489,296	26,961	512
Management expense ratio before performance fee (b)	0.84%	0.84%	0.84%	0.00%
Management expense ratio (b)	1.39%	3.77%	2.13%	0.00%
Management expense ratio before absorptions (c)	1.39%	3.77%	2.13%	0.88%
Trading expense ratio (d)	0.33%	0.45%	0.63%	0.16%
Portfolio turnover rate (e)	69.76%	251.99%	186.73%	122.86%
Net asset value per unit (\$) (a)	9.80	9.80	10.00	9.99
<b>Class O</b>				
Total net asset value (\$000s) (a)	4,349	3,757	3,966	5,283
Number of units outstanding (a)	432,682	374,488	389,478	528,823
Management expense ratio before performance fee (b)	0.00%	0.00%	0.00%	0.00%
Management expense ratio (b)	0.00%	0.00%	0.00%	0.00%
Management expense ratio before absorptions (c)	0.00%	0.00%	0.00%	0.00%
Trading expense ratio (d)	0.33%	0.45%	0.63%	0.16%
Portfolio turnover rate (e)	69.76%	251.99%	186.73%	122.86%
Net asset value per unit (\$) (a)	10.05	10.03	10.19	9.99
<b>Class A (USD)</b>				
Total net asset value (\$000s) (a)	291	555	7	
Number of units outstanding (a)	21,787	43,160	530	
Management expense ratio before performance fee (b)	2.58%	2.42%	2.43%	
Management expense ratio (b)	2.80%	6.57%	3.22%	
Management expense ratio before absorptions (c)	2.80%	6.57%	3.22%	
Trading expense ratio (d)	0.33%	0.45%	0.63%	
Portfolio turnover rate (e)	69.76%	251.99%	186.73%	
Net asset value per unit (\$) (a)	13.36	12.86	13.33	

# Pender Alternative Absolute Return Fund

Six months ended June 30, 2024

## Ratios and Supplemental Data (cont'd)

	2024	2023	2022	2021
<b>Class F (USD)</b>				
Total net asset value (\$000s) (a)	1,905	1,269	107	
Number of units outstanding (a)	145,531	100,052	7,952	
Management expense ratio before performance fee (b)	1.40%	1.37%	1.38%	
Management expense ratio (b)	1.90%	2.49%	3.34%	
Management expense ratio before absorptions (c)	1.90%	2.49%	3.36%	
Trading expense ratio (d)	0.33%	0.45%	0.63%	
Portfolio turnover rate (e)	69.76%	251.99%	186.73%	
Net asset value per unit (\$) (a)	13.09	12.68	13.40	
<b>Class H (USD)</b>				
Total net asset value (\$000s) (a)	818	536	7	
Number of units outstanding (a)	61,450	41,603	531	
Management expense ratio before performance fee (b)	2.10%	2.10%	2.12%	
Management expense ratio (b)	2.41%	6.88%	2.96%	
Management expense ratio before absorptions (c)	2.41%	6.88%	2.96%	
Trading expense ratio (d)	0.33%	0.45%	0.63%	
Portfolio turnover rate (e)	69.76%	251.99%	186.73%	
Net asset value per unit (\$) (a)	13.30	12.88	13.33	
<b>Class I (USD)</b>				
Total net asset value (\$000s) (a)	14,659	10,512	957	
Number of units outstanding (a)	1,101,587	814,592	70,730	
Management expense ratio before performance fee (b)	1.24%	1.21%	1.22%	
Management expense ratio (b)	1.71%	2.97%	10.44%	
Management expense ratio before absorptions (c)	1.71%	2.97%	10.45%	
Trading expense ratio (d)	0.33%	0.45%	0.63%	
Portfolio turnover rate (e)	69.76%	251.99%	186.73%	
Net asset value per unit (\$) (a)	13.31	12.90	13.54	

(a) This information is derived from the Fund's unaudited semi-annual financial statements as at June 30 and audited annual financial statements as at December 31 for the period stated, prepared under IFRS Accounting Standards.

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

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

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

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

# Pender Alternative Absolute Return Fund

Six months ended June 30, 2024

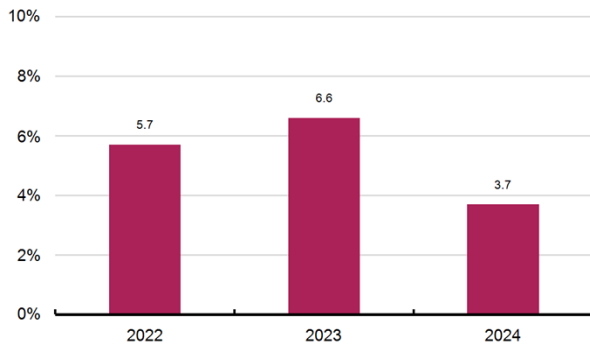
## Past Performance

The following charts show the past performance for the units of each class of the Fund and do not necessarily indicate how the Fund will perform in the future. The information shown assumes that any distributions made by the Fund were reinvested in additional units of the Fund. Returns would be different if an investor did not reinvest distributions. In addition, the information does not take into account sales, redemptions, income taxes payable or other charges that would have reduced returns or performance.

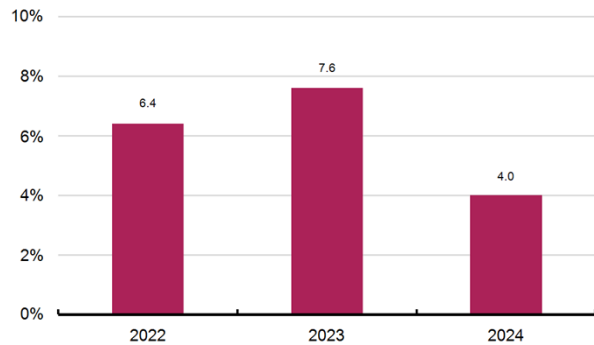
## Period-by-Period Returns

To illustrate how the Fund's performance has varied over time, the following bar charts show the Fund's performance for the six-month period ended June 30, 2024 and for each of the previous 12-month periods ended December 31. The information is presented starting from the first full financial year of the respective Fund class. In percentage terms, the bar charts show how much an investment held on the first day of the period would have increased or decreased by the last day of the period.

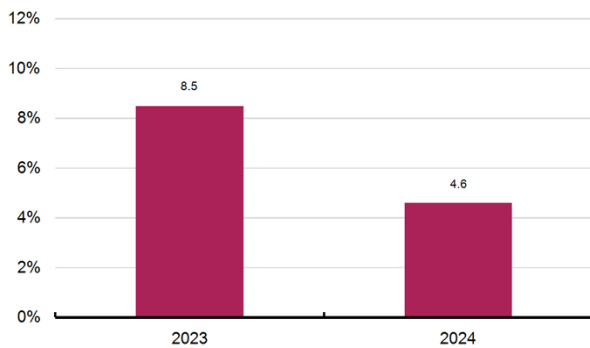
### Class A



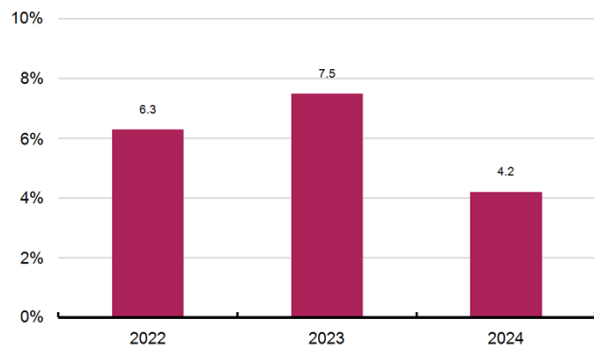
### Class AF



### Class E



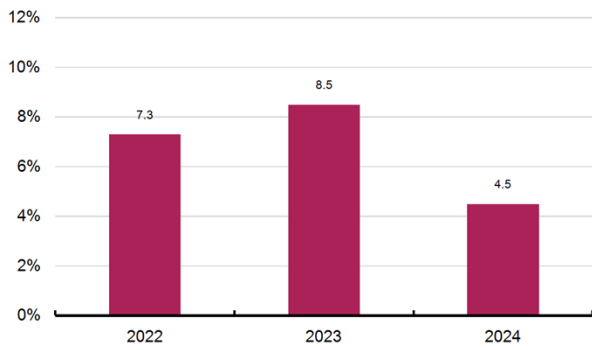
### Class F



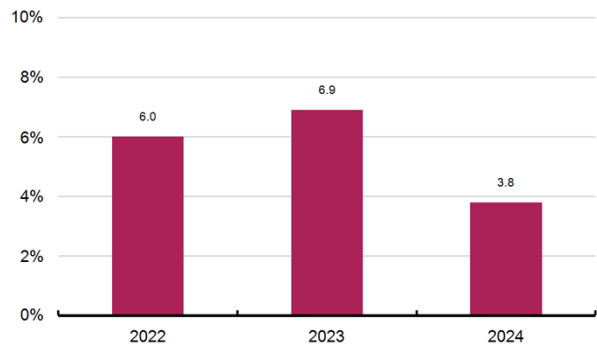
# Pender Alternative Absolute Return Fund

Six months ended June 30, 2024

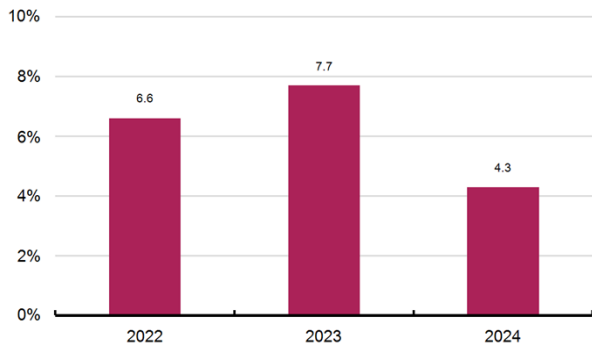
## Class FF



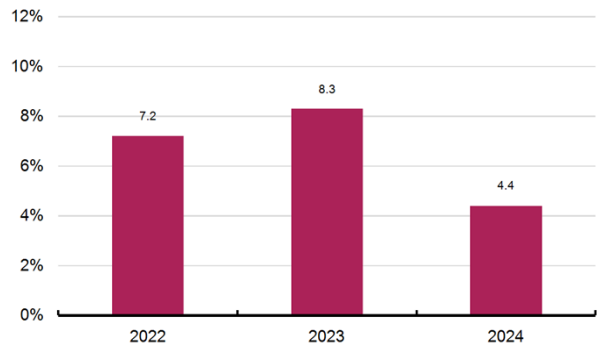
## Class H



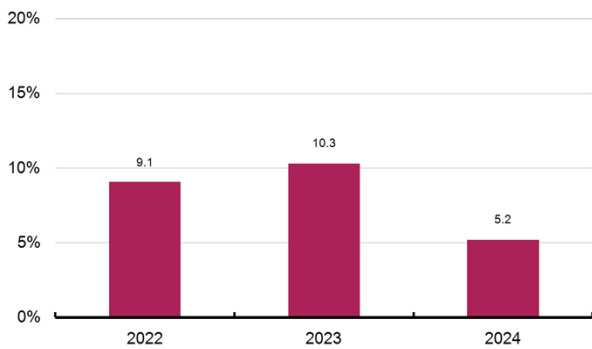
## Class I



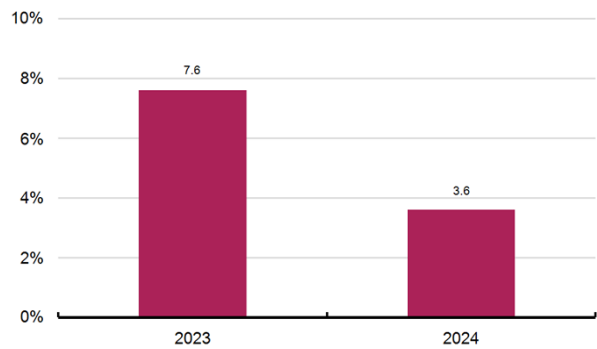
## Class N



## Class O



## Class A (USD)



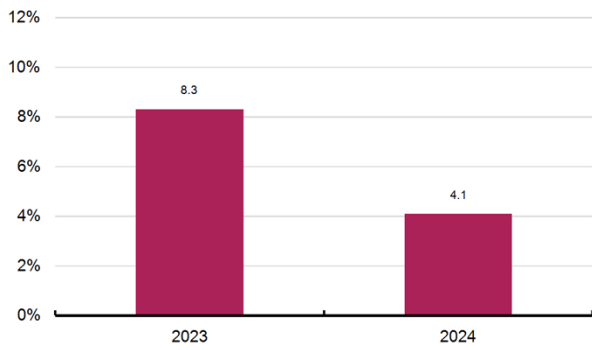
# Pender Alternative Absolute Return Fund

Six months ended June 30, 2024

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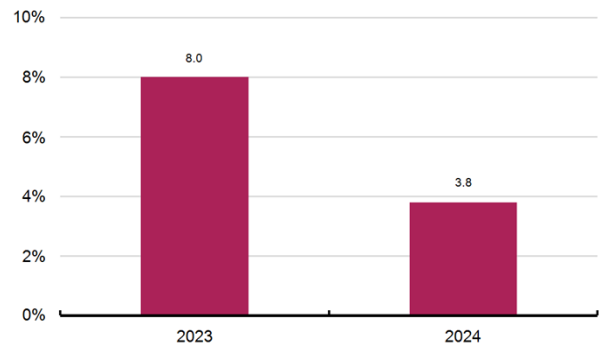
## Class F (USD)

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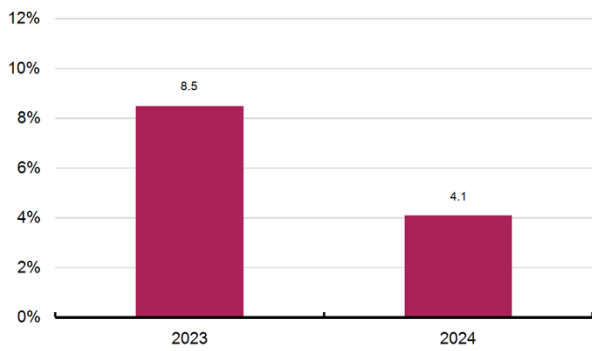
## Class H (USD)

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## Class I (USD)

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# Pender Alternative Absolute Return Fund

Six months ended June 30, 2024

## Summary of Investment Portfolio

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

### Top 25 Holdings

	% of Net Assets
<b>LONG POSITIONS</b>	
United States Treasury, 5.32%, 2024/09/03	7.8
XHR LP, Callable, 6.38%, 2025/08/15	7.6
Hilton Domestic Operating Company Inc., Term Loan, 7.10%, 2030/11/03	7.3
Parkland Corporation, Callable, 4.38%, 2029/03/26	6.4
Government of Canada, 4.90%, 2024/08/15	5.7
Government of Canada, 5.00%, 2024/08/01	5.6
CrownRock L.P. / CrownRock Finance Inc., Callable, 5.63%, 2025/10/15	5.3
United States Treasury, 5.30%, 2024/11/07	5.1
Government of Canada, 4.91%, 2024/07/18	4.8
United States Treasury, 5.18%, 2024/09/10	3.9
Government of Canada, 4.82%, 2024/10/24	3.8
Hilton USA Trust, Class 'F', Series '16-HHV', 4.33%, 2038/11/05	3.5
Legends Hospitality Co-Issuer, Inc., 5.00%, 2026/02/01	3.4
Government of Canada, 4.99%, 2024/07/04	2.8
TransDigm Inc., Term Loan, 7.84%, 2031/02/28	2.8
Capital Power Corporation, Variable Rate, Convertible, Callable, 8.13%, 2054/06/05	2.7
Saturn Oil & Gas Inc., Callable, 9.63%, 2029/06/15	2.7
United States Treasury, 5.18%, 2024/09/17	2.6
Videotron Ltd., Callable, 5.75%, 2026/01/15	2.6
<b>SHORT POSITIONS</b>	
SPDR S&P 500 ETF Trust	(7.2)
iShares iBoxx High Yield Corporate Bond ETF	(5.5)
SPDR Bloomberg High Yield Bond ETF	(5.2)
Invesco QQQ Trust, Series '1'	(4.5)
Ball Corporation, Callable, 3.13%, 2031/09/15	(3.7)
iShares Russell 2000 ETF	(3.7)

### Composition of the Portfolio

	% of Net Assets
<b>LONG POSITIONS</b>	
US corporate bonds and loans	54.0
Canadian corporate bonds and loans	46.7
Short-term investments	42.1
Foreign corporate bonds and loans	4.9
Preferred shares	1.4
<b>Total Long Positions</b>	<b>149.1</b>

# Pender Alternative Absolute Return Fund

Six months ended June 30, 2024

## Composition of the Portfolio (cont'd)

	% of Net Assets
<b>SHORT POSITIONS</b>	
Exchange-traded fund(s)	(26.1)
US corporate bonds and loans	(15.4)
Canadian corporate bonds and loans	(6.7)
Government bonds	(5.2)
Equities	(0.6)
<b>Total Short Positions</b>	<b>(54.0)</b>
<b>Total investments</b>	<b>95.1</b>
Derivative liabilities	(0.2)
<b>Total investment portfolio</b>	<b>94.9</b>
Cash (Bank overdraft)	8.3
Other assets less liabilities	(3.2)
<b>Total net assets</b>	<b>100.0</b>



# Pender Alternative Absolute Return Fund

Six months ended June 30, 2024

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## **Caution Regarding Forward-Looking Statements**

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

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

Forward-looking statements are not a guarantee of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements. Any number of important factors could contribute to these digressions, including, but not limited to: geopolitical events, general economic conditions, political and market factors around the world; interest rates and inflation; fiscal and monetary policy; global equity and capital markets; business competition; technological change; changes in government regulations; unexpected judicial or regulatory proceedings.

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



**Pender Alternative Absolute Return Fund**

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