

Pender Alternative Multi- Strategy Income 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 or the SEDAR+ website at www.sedarplus.ca.

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

Pender Alternative Multi-Strategy Income Fund

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

The net assets of the Pender Alternative Multi-Strategy Income Fund (the "Fund") were \$3,505,713 as at June 30, 2024 versus \$3,994,517 as at December 31, 2023. Of this \$488,804 decrease, \$154,463 is attributable to positive investment performance and \$643,267 is attributable to net unitholder redemptions of Fund units.

For the six months ended June 30, 2024 (the "period"), Class A units of the Fund generated a total return of 4.1%. Returns for other classes of the Fund will be similar to Class A with any difference in performance being primarily due to the different management fees that are applicable to different classes. Please see the "Past Performance" section for the performance of the Fund's other classes.

The Fund's blended benchmark, 9% FTSE Canada Universe Bond Index, 25% ICE BofA US High Yield Index, 33% HFRI Credit Index (Hedged to CAD), and 33% HFRI ED: Merger Arbitrage Index (Hedged to CAD), returned 1.8% during the period. In accordance with National Instrument 81-106, we have included a comparison to this blended 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 blended benchmark, which are based on the performance of an index that does not pay fees or incur expenses.

The following 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.

Recent Developments

The Fund transitioned from a traditional mutual fund to a liquid alternative mutual fund in September 2022, with allocations to high yield, absolute return and merger arbitrage strategies.

We believe these strategies position the portfolio well to navigate a wide range of market environments, capturing higher absolute yield in high yield and merger arbitrage as well as the ability to hedge interest rate and market risk. The portfolio ended June 30, 2024 with 34.0% invested in the Pender Corporate Bond Fund, 33.4% invested in the Pender Alternative Absolute Return Fund, 17.5% invested in the Pender Alternative Arbitrage Plus Fund and 16.3% invested in the Pender Alternative Arbitrage Fund.

Financial markets remained buoyant 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.

One of the key themes for equity markets that continued in the first half of 2024, was the narrow leadership, concentrated in a handful of mega-cap technology companies, that has driven equity markets to new highs. While we don't invest in a broad-based index, we have remained consistent with our investment philosophy and process that has delivered the long-term results.

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.

From a geographic perspective, the portfolio is primarily exposed to companies based in North America. We believe the underlying strategies within the portfolio provide a diversified exposure that will deliver a combination of income and capital gains while delivering to the objective of the Fund.

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.

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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 part of the Fund’s investment strategy, the Fund invests 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, funds that are also managed by the Manager. The Fund does not pay any duplicate management fees on its investment in these funds.

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.

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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 the calendar years indicated.

Fund's Net Assets Per Unit (a)

	2024 (\$)	2023 (\$)	2022 (\$)	2021 (\$)	2020 (\$)	2019 (\$)
Class A						
Net Assets, beginning of period	11.99	11.53	16.26	16.57	14.22	16.77
Increase (decrease) from operations:						
Total revenue	0.32	0.56	0.26	0.22	0.22	0.29
Total expenses	(0.18)	(0.34)	(0.34)	(0.48)	(0.28)	(0.58)
Realized gains (losses)	0.03	0.24	(4.33)	2.99	(2.17)	(11.17)
Unrealized gains (losses)	0.31	(0.02)	(0.77)	(2.41)	3.16	8.58
Total increase (decrease) from operations (b)	0.48	0.44	(5.18)	0.32	0.93	(2.88)
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total distributions (b), (c)	-	-	-	-	-	-
Net Assets, end of period	12.47	11.99	11.53	16.26	16.57	14.22
Class F						
Net Assets, beginning of period	13.11	12.50	17.44	17.58	14.95	17.44
Increase (decrease) from operations:						
Total revenue	0.35	0.61	0.29	0.24	0.23	0.36
Total expenses	(0.14)	(0.27)	(0.22)	(0.31)	(0.16)	(0.42)
Realized gains (losses)	0.03	0.27	(5.14)	3.36	(2.54)	(10.41)
Unrealized gains (losses)	0.35	(0.02)	(0.06)	(2.12)	3.19	7.18
Total increase (decrease) from operations (b)	0.59	0.59	(5.13)	1.17	0.72	(3.29)
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total distributions (b), (c)	-	-	-	-	-	-
Net Assets, end of period	13.70	13.11	12.50	17.44	17.58	14.95

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

	2024 (\$)	2023 (\$)	2022 (\$)	2021 (\$)	2020 (\$)	2019 (\$)
Class I						
Net Assets, beginning of period	8.89	8.46	11.78	11.86	10.00	10.00
Increase (decrease) from operations:						
Total revenue	0.25	0.41	0.17	0.16	0.15	-
Total expenses	(0.09)	(0.16)	(0.13)	(0.19)	(0.09)	-
Realized gains (losses)	0.02	0.16	(2.79)	1.93	(1.60)	-
Unrealized gains (losses)	0.24	(0.01)	(1.28)	(2.63)	2.51	-
Total increase (decrease) from operations (b)	0.42	0.40	(4.03)	(0.73)	0.97	-
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total distributions (b), (c)	-	-	-	-	-	-
Net Assets, end of period	9.30	8.89	8.46	11.78	11.86	10.00
Class O						
Net Assets, beginning of period	9.40	8.78	12.07	12.00	10.00	10.00
Increase (decrease) from operations:						
Total revenue	0.26	0.44	0.08	0.16	0.15	-
Total expenses	-	0.01	-	(0.02)	0.03	-
Realized gains (losses)	0.02	0.22	(0.80)	2.08	(1.41)	-
Unrealized gains (losses)	0.26	(0.03)	(4.92)	(2.14)	4.37	-
Total increase (decrease) from operations (b)	0.54	0.64	(5.64)	0.08	3.14	-
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total distributions (b), (c)	-	-	-	-	-	-
Net Assets, end of period	9.93	9.40	8.78	12.07	12.00	10.00

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. Effective September 1, 2022, the Fund's investment objectives and strategies were changed to reflect its conversion from a conventional mutual fund into an alternative mutual fund and in connection therewith, among other things, the name, fund type, risk level and fee structure of the Fund also changed.

(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 Multi-Strategy Income Fund

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Ratios and Supplemental Data

	2024	2023	2022	2021	2020	2019
Class A						
Total net asset value (\$000s) (a)	1,729	2,120	3,288	7,173	11,344	16,941
Number of units outstanding (a)	138,582	176,827	285,161	441,165	684,695	1,190,982
Management expense ratio before performance fee (b)	2.52%	2.55%	2.55%			
Management expense ratio (b)	2.90%	2.90%	2.55%	2.47%	2.40%	2.77%
Management expense ratio before absorptions (c)	2.90%	2.90%	2.55%	2.47%	2.40%	2.77%
Trading expense ratio (d)	0.06%	0.04%	0.14%	0.16%	0.19%	0.69%
Portfolio turnover rate (e)	2.63%	6.39%	79.88%	66.22%	86.43%	103.02%
Net asset value per unit (\$) (a)	12.47	11.99	11.53	16.26	16.57	14.22
Class F						
Total net asset value (\$000s) (a)	1,372	1,530	1,973	3,741	7,239	11,795
Number of units outstanding (a)	100,121	116,721	157,795	214,509	411,761	789,185
Management expense ratio before performance fee (b)	1.41%	1.44%	1.48%			
Management expense ratio (b)	1.98%	2.07%	1.48%	1.43%	1.40%	1.70%
Management expense ratio before absorptions (c)	1.98%	2.07%	1.48%	1.43%	1.40%	1.70%
Trading expense ratio (d)	0.06%	0.04%	0.14%	0.16%	0.19%	0.69%
Portfolio turnover rate (e)	2.63%	6.39%	79.88%	66.22%	86.43%	103.02%
Net asset value per unit (\$) (a)	13.70	13.11	12.50	17.44	17.58	14.95
Class I						
Total net asset value (\$000s) (a)	400	340	636	2,177	2,077	50
Number of units outstanding (a)	43,021	38,271	75,095	184,759	175,090	500
Management expense ratio before performance fee (b)	1.22%	1.27%	1.28%			
Management expense ratio (b)	1.83%	1.84%	1.28%	1.26%	1.25%	0.00%
Management expense ratio before absorptions (c)	1.83%	1.84%	1.28%	1.26%	1.25%	0.00%
Trading expense ratio (d)	0.06%	0.04%	0.14%	0.16%	0.19%	0.69%
Portfolio turnover rate (e)	2.63%	6.39%	79.88%	66.22%	86.43%	103.02%
Net asset value per unit (\$) (a)	9.30	8.89	8.46	11.78	11.86	10.00

Pender Alternative Multi-Strategy Income Fund

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Ratios and Supplemental Data (cont'd)

	2024	2023	2022	2021	2020	2019
Class O						
Total net asset value (\$000s) (a)	5	5	4	1,304	1,297	5
Number of units outstanding (a)	509	500	500	108,089	108,089	500
Management expense ratio before performance fee (b)	0.00%	0.00%	0.00%			
Management expense ratio (b)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Management expense ratio before absorptions (c)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Trading expense ratio (d)	0.06%	0.04%	0.14%	0.16%	0.19%	0.69%
Portfolio turnover rate (e)	2.63%	6.39%	79.88%	66.22%	86.43%	103.02%
Net asset value per unit (\$) (a)	9.93	9.40	8.78	12.07	12.00	10.00

(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. Effective September 1, 2022, the Fund's investment objectives and strategies were changed to reflect its conversion from a conventional mutual fund into an alternative mutual fund and in connection therewith, among other things, the name, fund type, risk level and fee structure of the Fund also changed.

(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. Effective as of September 1, 2022, the Manager is entitled to a performance fee plus applicable taxes such as GST or HST in all classes of units of the Fund. The Manager may, at its discretion, reduce or waive performance fees.

(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.

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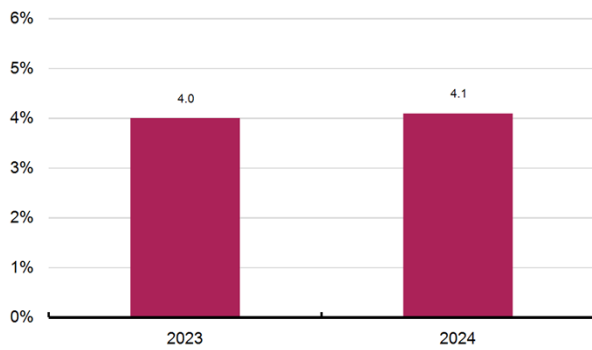
Past Performance

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.

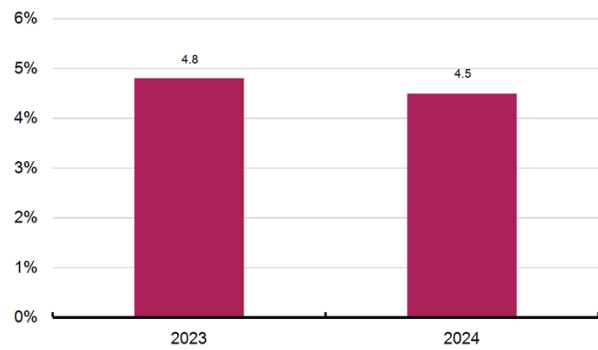
Period-by-Period Returns

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.

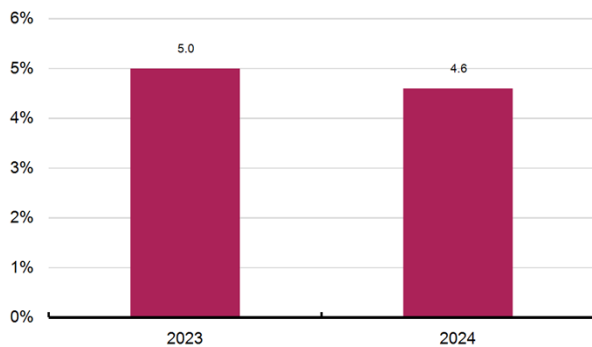
Class A



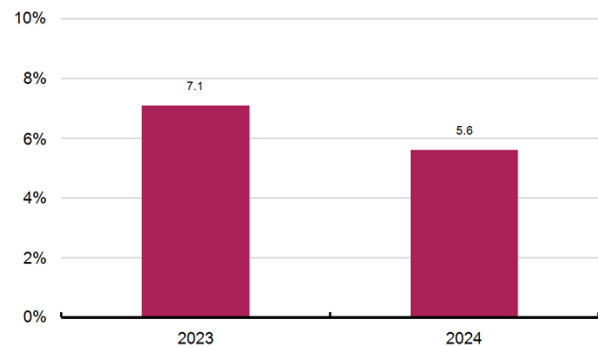
Class F



Class I



Class O



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Summary of Investment Portfolio

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

Top 25 Holdings

	% of Net Assets
Pender Corporate Bond Fund, Class 'O'	34.0
Pender Alternative Absolute Return Fund, Class 'O'	33.4
Pender Alternative Arbitrage Plus Fund, Class 'O'	17.5
Pender Alternative Arbitrage Fund, Class 'O'	16.3
Stage Capital Corp.	0.1
Red Eagle Mining Corp.	0.0

Composition of the Portfolio

	% of Net Assets
Mutual Funds	101.2
Equities	
Information technology	0.1
Materials	0.0
Total equities	0.1
Total investments	101.3
Cash (Bank overdraft)	(0.5)
Other assets less liabilities	(0.8)
Total net assets	100.0

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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 Multi-Strategy Income Fund

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