

Pender Bond Universe 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 Bond Universe Fund

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

The net assets of the Pender Bond Universe Fund (the “Fund”) were \$65,553,793 as at June 30, 2024 versus \$61,222,878 as at December 31, 2023. Of this \$4,330,915 increase, \$1,871,356 is attributable to positive investment performance and \$2,459,559 is attributable to net unitholder purchases of Fund units.

For the six months ended June 30, 2024 (the “period”), Class A units of the Fund generated a total return of 2.6%. 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. The return for Class F (USD) will differ from Class A primarily due to foreign currency as this class is denominated in US dollars whereas all remaining classes of the Fund are denominated in Canadian dollars. Please see the “Past Performance” section for the performance of the Fund’s other classes.

The Fund’s broad-based benchmark, the FTSE Canada Universe Bond Index (“FTSE”), returned -0.4% during the period. In accordance with National Instrument 81-106, we have included a comparison to this broad-based index to help you understand the Fund’s performance relative to the general performance of the market, but we caution that the Fund’s mandate may be significantly different from the index. Further, the Fund’s returns are reported net of all management fees and expenses for all classes, unlike the returns of the Fund’s benchmark, which are based on the performance of an index that does not pay fees or incur expenses.

As a result, the Fund’s exposure to credit via its Pender Corporate Bond Fund holdings remains lower relative to historic weightings. The Pender Bond Universe Fund had a 22.0% weight in Pender Corporate Bond Fund units at the end of the period, resulting in a non-investment grade weight of 6.6%.

The duration of the Fund was 4.7 years as at June 30 and yield to maturity was 5.3%. Cash represented 4.0% of the portfolio at the end of the period.

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 outperformance relative to its benchmark was mainly due to its exposure to corporate credit through its investment in the Pender Corporate Bond Fund, as corporate credit has been on an upward trend. The Fund is an income fund with an investment grade focus, with an objective to preserve capital and generate returns through current income and capital appreciation.

Key positive individual contributors to the Fund’s performance during the first half of the year were positions in the Pender Corporate Bond Fund, OPKO Health, Inc., and Occidental Petroleum Corporation. Conversely, positions in WarnerMedia Holdings Inc., US Treasury inflation-linked bonds, and Government of Canada inflation linked bonds were among the largest detractors.

Recent Developments

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.

Credit markets are signaling a benign economic environment going forward, providing little incentive to add broad credit risk to the portfolio. Within pockets of the market, however, we are beginning to see some divergences. Although the broad credit markets remain tight, the CCC High Yield Index has widened over the period and is beginning to price in tougher credit conditions for some companies. 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.

A fundamental approach drives our research efforts. Finding opportunities that provide credit fundamentals better than their credit rating or yield may suggest, can and has in the past been a driver of returns of our Investment Grade holdings. Finding such a situation can prove fruitful through spread tightening on the back of a ratings upgrade once that value is recognized by a rating agency or the broader market. Turning over many rocks and digging deep into credit specifics is a cornerstone of our process, one that has served the fund well in the past and one that we anticipate will continue to drive relative performance.

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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.

Related Party Transactions

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

As at the end of the period, parties related to the Manager collectively held 1% of the Fund's units. In addition, the Pender Income Advantage Fund, a fund also managed by the Manager, held 4% of the Fund's outstanding units.

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

Management Fees

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

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

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

Financial Highlights

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

Fund's Net Assets Per Unit (a)

	2024 (\$)	2023 (\$)	2022 (\$)	2021 (\$)	2020 (\$)
Class A					
Net Assets, beginning of period	9.48	9.18	10.15	10.37	10.00
Increase (decrease) from operations:					
Total revenue	0.21	0.38	0.38	0.35	0.29
Total expenses	(0.06)	(0.11)	(0.11)	(0.12)	-
Realized gains (losses)	0.04	(0.40)	(0.52)	0.27	0.02
Unrealized gains (losses)	0.05	0.68	(0.44)	(0.47)	0.71
Total increase (decrease) from operations (b)	0.24	0.55	(0.69)	0.03	1.02
Distributions:					
From income (excluding dividends)	(0.16)	(0.27)	(0.26)	(0.22)	(0.26)
From dividends	-	(0.01)	(0.01)	(0.01)	(0.01)
From capital gains	-	-	-	(0.15)	-
Return of capital	-	-	-	-	-
Total distributions (b), (c)	(0.16)	(0.28)	(0.27)	(0.38)	(0.27)
Net Assets, end of period	9.56	9.48	9.18	10.15	10.37

Pender Bond Universe Fund

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

	2024 (\$)	2023 (\$)	2022 (\$)	2021 (\$)	2020 (\$)
Class E					
Net Assets, beginning of period	9.48	9.18	10.15	10.37	10.00
Increase (decrease) from operations:					
Total revenue	0.21	0.38	0.37	0.36	0.28
Total expenses	(0.02)	(0.05)	(0.05)	(0.05)	-
Realized gains (losses)	0.04	(0.40)	(0.52)	0.19	(0.03)
Unrealized gains (losses)	0.04	0.71	(0.39)	(0.29)	0.43
Total increase (decrease) from operations (b)	0.27	0.64	(0.59)	0.21	0.68
Distributions:					
From income (excluding dividends)	(0.19)	(0.33)	(0.33)	(0.28)	(0.26)
From dividends	-	(0.01)	(0.01)	(0.02)	(0.01)
From capital gains	-	-	-	(0.15)	-
Return of capital	-	-	-	-	-
Total distributions (b), (c)	(0.19)	(0.34)	(0.34)	(0.45)	(0.27)
Net Assets, end of period	9.56	9.48	9.18	10.15	10.37
Class F					
Net Assets, beginning of period	9.47	9.17	10.14	10.37	10.00
Increase (decrease) from operations:					
Total revenue	0.21	0.38	0.38	0.36	0.28
Total expenses	(0.03)	(0.06)	(0.06)	(0.07)	-
Realized gains (losses)	0.04	(0.38)	(0.47)	0.34	(0.06)
Unrealized gains (losses)	0.05	0.65	(0.57)	(0.51)	0.40
Total increase (decrease) from operations (b)	0.27	0.59	(0.72)	0.12	0.62
Distributions:					
From income (excluding dividends)	(0.19)	(0.31)	(0.31)	(0.27)	(0.26)
From dividends	-	(0.01)	(0.01)	(0.02)	(0.01)
From capital gains	-	-	-	(0.15)	-
Return of capital	-	-	-	-	-
Total distributions (b), (c)	(0.19)	(0.32)	(0.32)	(0.44)	(0.27)
Net Assets, end of period	9.55	9.47	9.17	10.14	10.37
Class O					
Net Assets, beginning of period	9.48	9.18	10.15	10.37	10.00
Increase (decrease) from operations:					
Total revenue	0.21	0.38	0.37	0.35	0.29
Total expenses	-	-	-	-	-
Realized gains (losses)	0.03	(0.40)	(0.60)	0.31	0.07
Unrealized gains (losses)	0.09	0.65	(0.17)	(0.38)	0.75
Total increase (decrease) from operations (b)	0.33	0.63	(0.40)	0.28	1.11
Distributions:					
From income (excluding dividends)	(0.22)	(0.37)	(0.38)	(0.33)	(0.26)
From dividends	-	(0.01)	(0.01)	(0.02)	(0.01)
From capital gains	-	-	-	(0.15)	-
Return of capital	-	-	-	-	-
Total distributions (b), (c)	(0.22)	(0.38)	(0.39)	(0.50)	(0.27)
Net Assets, end of period	9.56	9.48	9.18	10.15	10.37

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

	2024 (\$)	2023 (\$)	2022 (\$)	2021 (\$)	2020 (\$)
Class F (USD)					
Net Assets, beginning of period (a)	13.52	13.28	13.00		
Increase (decrease) from operations:					
Total revenue	0.31	0.54	0.39		
Total expenses	(0.05)	(0.08)	(0.04)		
Realized gains (losses)	(0.25)	(0.71)	(0.04)		
Unrealized gains (losses)	0.83	1.06	(0.34)		
Total increase (decrease) from operations (b)	0.84	0.81	(0.03)		
Distributions:					
From income (excluding dividends)	(0.27)	(0.46)	(0.21)		
From dividends	-	(0.01)	(0.01)		
From capital gains	-	-	-		
Return of capital	-	-	-		
Total distributions (b), (c)	(0.27)	(0.47)	(0.22)		
Net Assets, end of period	14.09	13.52	13.28		

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

Ratios and Supplemental Data

	2024	2023	2022	2021	2020
Class A					
Total net asset value (\$000s) (a)	2,666	3,207	3,398	3,794	1,278
Number of units outstanding (a)	278,923	338,413	370,331	373,849	123,163
Management expense ratio (b)	1.18%	1.18%	1.18%	1.16%	0.00%
Management expense ratio before absorptions (c)	1.18%	1.18%	1.18%	1.26%	1.45%
Trading expense ratio (d)	0.00%	0.00%	0.01%	0.01%	0.02%
Portfolio turnover rate (e)	13.88%	31.39%	82.86%	27.99%	86.57%
Net asset value per unit (\$) (a)	9.56	9.48	9.18	10.15	10.37
Class E					
Total net asset value (\$000s) (a)	424	401	334	313	280
Number of units outstanding (a)	44,324	42,271	36,415	30,835	26,956
Management expense ratio (b)	0.52%	0.53%	0.53%	0.51%	0.00%
Management expense ratio before absorptions (c)	0.52%	0.53%	0.53%	0.52%	0.50%
Trading expense ratio (d)	0.00%	0.00%	0.01%	0.01%	0.02%
Portfolio turnover rate (e)	13.88%	31.39%	82.86%	27.99%	86.57%
Net asset value per unit (\$) (a)	9.56	9.48	9.18	10.15	10.37
Class F					
Total net asset value (\$000s) (a)	59,449	55,439	86,294	79,955	3,558
Number of units outstanding (a)	6,223,544	5,851,182	9,407,030	7,883,926	343,036
Management expense ratio (b)	0.64%	0.65%	0.67%	0.64%	0.00%
Management expense ratio before absorptions (c)	0.64%	0.65%	0.67%	0.69%	0.95%
Trading expense ratio (d)	0.00%	0.00%	0.01%	0.01%	0.02%
Portfolio turnover rate (e)	13.88%	31.39%	82.86%	27.99%	86.57%
Net asset value per unit (\$) (a)	9.55	9.47	9.17	10.14	10.37

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Ratios and Supplemental Data (cont'd)

	2024	2023	2022	2021	2020
Class O					
Total net asset value (\$000s) (a)	2,904	2,070	1,933	1,071	869
Number of units outstanding (a)	303,842	218,219	210,553	105,529	83,800
Management expense ratio (b)	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%
Trading expense ratio (d)	0.00%	0.00%	0.01%	0.01%	0.02%
Portfolio turnover rate (e)	13.88%	31.39%	82.86%	27.99%	86.57%
Net asset value per unit (\$) (a)	9.56	9.48	9.18	10.15	10.37
Class F (USD)					
Total net asset value (\$000s) (a)	111	106	185		
Number of units outstanding (a)	7,846	7,836	13,907		
Management expense ratio (b)	0.67%	0.63%	0.64%		
Management expense ratio before absorptions (c)	0.67%	0.63%	0.64%		
Trading expense ratio (d)	0.00%	0.00%	0.01%		
Portfolio turnover rate (e)	13.88%	31.39%	82.86%		
Net asset value per unit (\$) (a)	14.09	13.52	13.28		

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

(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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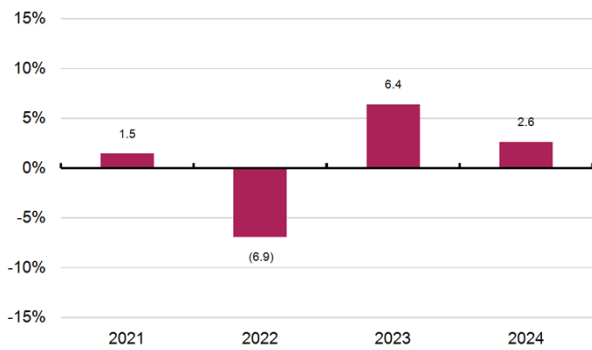
Past Performance

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.

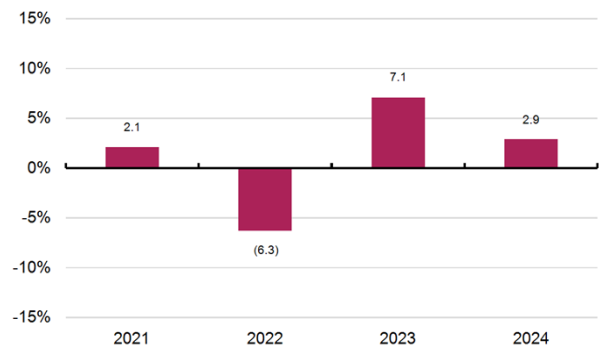
Period-by-Period Returns

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.

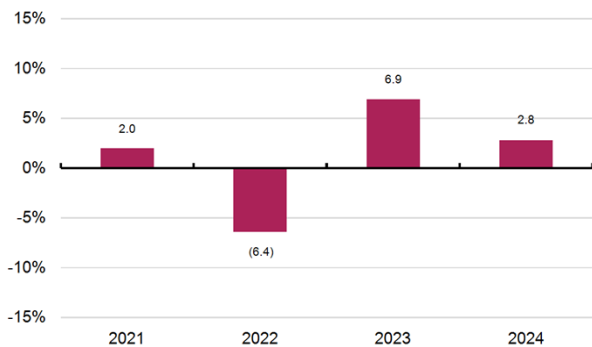
Class A



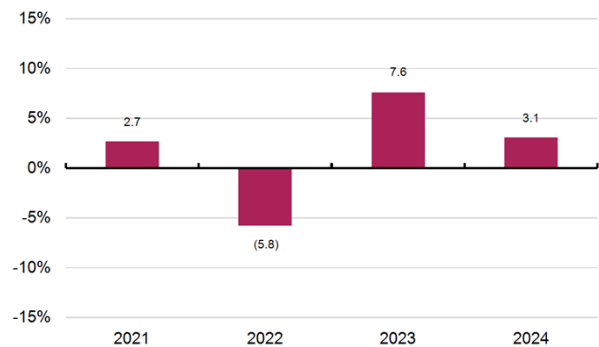
Class E



Class F



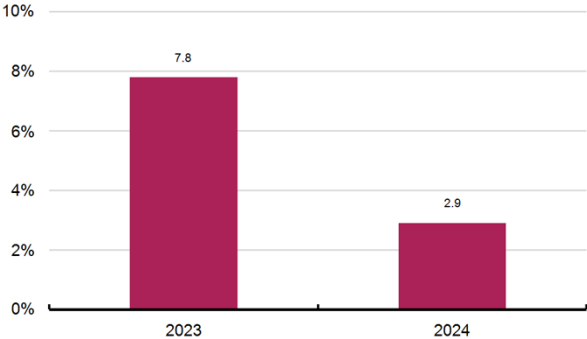
Class O



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Class F (USD)



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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'	22.0
Government of Canada, 2.25%, 2029/06/01	5.1
Verisign, Inc., Callable, 4.75%, 2027/07/15	4.1
Cameco Corporation, Callable, 2.95%, 2027/10/21	3.9
Loblaw Companies Limited, Callable, 4.49%, 2028/12/11	3.8
McDonald's Corporation, Callable, 3.13%, 2025/03/04	3.7
Thomson Reuters Corp., Callable, 2.24%, 2025/05/14	3.7
Waste Management of Canada Corporation, Callable, 2.60%, 2026/09/23	3.7
Fairfax Financial Holdings Limited, Callable, 4.70%, 2026/12/16	3.3
Government of Canada, 2.75%, 2033/06/01	3.3
Brookfield Renewable Partners L.P., Callable, 4.25%, 2029/01/15	3.1
Government of Canada, Real Return, 4.00%, 2031/12/01	3.1
Occidental Petroleum Corporation, Callable, 4.10%, 2047/02/15	3.1
Canadian National Railway Company, Callable, 3.20%, 2028/07/31	2.9
Fairfax Financial Holdings Limited, Callable, 3.95%, 2031/03/03	2.9
Loblaw Companies Limited, Callable, 2.28%, 2030/05/07	2.7
Petróleos Mexicanos, Callable, 6.75%, 2047/09/21	2.5
WarnerMedia Holdings, Inc., Callable, 5.39%, 2062/03/15	2.5
OPKO Health Inc., Convertible, 3.75%, 2029/01/15	2.4
United States Treasury, Inflation Indexed, 0.13%, 2052/02/15	2.2
United States Treasury, 3.50%, 2033/02/15	2.0
Bell Canada, Inc., Callable, 3.00%, 2031/03/17	1.9
Ontario Power Generation Inc., Callable, 2.89%, 2025/04/08	1.7
Canadian Pacific Railway Company, Callable, 3.15%, 2029/03/13	1.6
Choice Properties Real Estate Investment Trust, Callable, 2.85%, 2027/05/21	1.6

Composition of the Portfolio

	% of Net Assets
Canadian corporate bonds	38.0
Mutual funds	22.0
US corporate bonds	16.7
Government bonds	16.5
Foreign corporate bonds	2.5
Total investments	95.7
Derivative liabilities	(0.4)
Total investments	95.3
Cash (Bank overdraft)	4.0
Other assets less liabilities	0.7
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 Bond Universe Fund

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