

Pender Alternative Arbitrage Plus Fund

For the year ended December 31, 2025

Annual Management Report of Fund Performance

This annual Management Report of Fund Performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You may obtain a copy of the 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 Arbitrage Plus Fund

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The objective of the Pender Alternative Arbitrage Plus Fund (the “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’s low-risk strategy aims to enhance returns by using leverage. The Fund may also invest in foreign and other securities.

PenderFund Capital Management Ltd. (“Pender”) is the Manager and Portfolio Advisor of the Fund.

Risks

The risks of investing in the Fund are outlined in the Simplified Prospectus dated June 27, 2025. There were no significant changes to the Fund’s objectives and strategies that affected its overall level of risk during the year.

The nature of the Fund’s 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 Fund’s control.

Future developments in these challenging areas could impact the Fund’s 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.

Results of Operations

The net assets of the Fund were \$21,998,939 as at December 31, 2025 versus \$12,275,510 as at December 31, 2024. Of this \$9,723,429 increase, \$725,504 is attributable to positive investment performance and \$8,997,925 is attributable to net unitholder purchases of Fund units.

For the year ended December 31, 2025, Class A units of the Fund generated a total return of 4.7%. 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. 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 benchmark, HFRI ED: Merger Arbitrage Index (Hedged to CAD), returned 10.3% during the year. 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 year. 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 an overweight allocation to the Financial Services sector and an underweight exposure to the Real Estate sector. We do not actively manage sector weightings in the Fund, rather, our sector weightings are determined by individual stock selection through a bottom-up fundamental investment process.

Key positive contributors to the Fund’s performance during the year were positions in SatixFy Communications Ltd., Converge Technology Solutions Corp., and Servotronics Inc. Conversely, positions in McEwen Inc., Cross Country Healthcare, Inc., and Hall of Fame Resort & Entertainment Co. were key detractors.

To achieve the Fund’s objective of generating consistent, positive returns with low volatility and low correlation to equity markets, the Fund employs arbitrage strategies, which are specialized investment techniques designed with the goal of profiting from the successful completion of mergers, take-overs, tender offers, leveraged buyouts, spin-offs, liquidations and other corporate reorganizations. We may also use a variety of additional investment strategies permitted within an alternative mutual fund, including but not limited to investing in special purpose acquisition companies (“SPACs”), convertible securities, and preferred shares. The Pender Alternative Arbitrage Plus Fund is differentiated from the Pender Alternative Arbitrage Fund in that the strategy will use moderate levels of leverage where appropriate to enhance returns.

Pender Alternative Arbitrage Plus Fund

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Portfolio transactions during the year were made based on our investment process that aims to identify attractive arbitrage opportunities, particularly in merger deals. In general, we added positions to the portfolio that we felt offered an attractive spread relative to the probability that a merger deal will close. The strategy seeks to exploit this return opportunity and deliver a relatively low volatility return to unitholders. We are constantly looking for new investment ideas, and we may liquidate our positions for various reasons, such as when share prices have reached our assessment of fair value, when an acquisition has occurred, or where we have changed our investment thesis.

As at the end of the year, the Fund was 138.9% invested in long positions, 34.6% invested in short positions. The geographic positioning of the Fund remains predominantly tilted towards the US with 84.7% of net exposure in this jurisdiction. The Fund remains broadly diversified across various industries and skewed to smaller companies. As at December 31, 2025, the Fund had a net exposure of 121.9% invested primarily in small, mid and micro-cap businesses. We feel this smaller market cap size is less exposed to the regulatory risk faced by larger merger deals and leverages the broader equity investment process at the Manager with its extensive research relating to smaller companies.

The overall sector exposure of the Fund is determined by stock selection decisions and may shift from time to time. As at December 31, 2025, we were weighted toward long position holdings in Financial Services, Health Care and Information Technology sectors, because those are the sectors where we believe we are finding the best investment opportunities currently. These top three sectors accounted for 83.6% of the Fund at the end of the year.

Recent Developments

Global M&A activity strengthened materially through 2025, marking a clear inflection point following two years of subdued volumes. Full-year announced deal value surged to \$4.6 trillion, representing a sharp year-over-year increase and positioning 2025 among the strongest M&A years in history. The recovery was led by a resurgence in large-scale transactions, with mega-cap deals once again accounting for a disproportionate share of total value. Strategic acquirers drove much of this activity, particularly in technology, industrials, and financial services, as corporations leaned into consolidation, vertical integration, and capability-driven acquisitions to reinforce competitive positioning amid a slower but more predictable macroeconomic environment.

A defining feature of the 2025 M&A landscape was the interplay between shareholder activism, balance-sheet optimization, and portfolio transformation. Activist campaigns remained elevated, contributing to increased divestiture activity, spin-offs, and carve-outs that both generated transaction flow and created acquisition currency for larger platforms. At the same time, improved financing availability and greater clarity around interest-rate policy reduced execution risk, while a more permissive regulatory tone supported the completion of larger and more complex transactions. Financial sponsors also re-engaged selectively, supported by substantial dry powder and improving debt market conditions, though activity remained more disciplined and focused on high-conviction opportunities with clear operational upside.

Looking ahead to 2026, we believe the outlook for M&A remains favorable as favorable regulatory dynamics persist alongside supportive capital markets and strong strategic incentives. Corporate balance sheets remain well capitalized, private equity dry powder is substantial, and management teams continue to face pressure to drive growth, optimize portfolios, and deploy excess capital efficiently. With regulatory agencies signaling flexibility and a willingness to facilitate transactions that advance economic and strategic objectives, we expect dealmakers to remain active, particularly in sectors where scale, technology investment, and operational efficiency are critical competitive advantages. Taken together, improved regulatory visibility, abundant capital, and enduring strategic rationale underpin our view that the current M&A cycle has further room to run in 2026.

Alternative investment strategies like merger arbitrage offer a low risk, noncorrelated and tax efficient investment opportunity for investors seeking to diversify their portfolios. The market backdrop entering 2026 remains broadly supportive of M&A activity and well suited to non-correlated, event-driven investment strategies. While inflation pressures have continued to ease and policy rates have begun to normalize, uncertainty around the longer-term rate path persists, particularly at the long end of the curve. Long-duration assets remain sensitive to fiscal dynamics, supply-demand imbalances, and shifting expectations around growth and inflation, contributing to periodic volatility across both equity and fixed income markets. Against this environment, M&A activity has shown notable durability, underpinned by healthy corporate balance sheets, improved access to financing, and a regulatory landscape that has become more navigable for both strategic acquirers and financial sponsors.

Independent Review Committee ("IRC") Appointments & Resignations

Effective March 12, 2026, Robin Mahood stepped down from the Independent Review Committee and Natascha Kiernan 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 and Administration Fees”). The Fund also pays the Manager performance fees (see “Performance Fees”).

As at the end of the year, parties related to the Manager collectively held less than 1% of the Fund’s units. In addition, the Pender Alternative Multi-Strategy Income Fund, a fund also managed by the Manager, held 54% of the Fund’s outstanding units.

Management and Administration 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 17% of the management fees paid by the Fund to the Manager for the year.

On December 5, 2025, changes to Fund classes were implemented in order to consolidate similar classes as well as align management fees and administration fees. Class F was terminated and unless the unitholder elected to redeem their units, such units were merged into Class I. Subsequently, Class I was renamed Class F.

Effective December 5, 2025, the management fees of Class F (formerly Class I) were increased by 0.30%. Class F (USD) management fees were increased by 0.15%. On the same day, the administration fees for Class A, Class E, Class F (formerly Class I) and Class F (USD) were reduced by 0.30% resulting in a net combined fee equal or lower than the original combined fee before applicable GST or HST.

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, the performance fee is or will be separately negotiated and charged directly to Class O Unitholders, as applicable. 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 for each applicable class of units for the period since the performance fee was last paid. 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 period 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 calendar years indicated.

Fund's Net Assets Per Unit (a)

	2025 (\$)	2024 (\$)	2023 (\$)	2022 (\$)
Class A				
Net Assets, beginning of year	10.34	10.05	10.10	10.00
Increase (decrease) from operations:				
Total revenue	0.31	0.25	0.17	0.07
Total expenses	(0.61)	(0.58)	(0.59)	(0.06)
Realized gains (losses)	1.00	0.62	0.32	0.10
Unrealized gains (losses)	(0.20)	0.04	(0.06)	0.39
Total increase (decrease) from operations (b)	0.50	0.33	(0.16)	0.50
Distributions:				
From income (excluding dividends)	-	-	-	(0.02)
From dividends	-	-	-	-
From capital gains	(0.79)	(0.03)	-	-
Return of capital	-	-	-	-
Total distributions (b), (c)	(0.79)	(0.03)	0.00	(0.02)
Net Assets, end of year	10.04	10.34	10.05	10.10
Class E				
Net Assets, beginning of year	10.50	10.21	10.10	10.00
Increase (decrease) from operations:				
Total revenue	0.32	0.25	0.14	0.15
Total expenses	(0.43)	(0.42)	(0.43)	(0.15)
Realized gains (losses)	0.93	0.64	0.39	(0.13)
Unrealized gains (losses)	(0.16)	0.03	0.03	0.27
Total increase (decrease) from operations (b)	0.66	0.50	0.13	0.14
Distributions:				
From income (excluding dividends)	-	-	-	(0.02)
From dividends	-	-	-	-
From capital gains	(0.69)	(0.22)	-	-
Return of capital	-	-	-	-
Total distributions (b), (c)	(0.69)	(0.22)	-	(0.02)
Net Assets, end of year	10.48	10.50	10.21	10.10

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

	2025 (\$)	2024 (\$)	2023 (\$)	2022 (\$)
Class F (closed)				
Net Assets, beginning of year	10.50	10.15	10.11	10.00
Increase (decrease) from operations:				
Total revenue	0.21	0.26	0.17	0.05
Total expenses	(0.37)	(0.50)	(0.50)	(0.05)
Realized gains (losses)	1.07	0.65	0.30	0.05
Unrealized gains (losses)	(0.28)	0.02	0.01	0.33
Total increase (decrease) from operations (b)	0.63	0.43	(0.02)	0.38
Distributions:				
From income (excluding dividends)	-	-	-	(0.02)
From dividends	-	-	-	-
From capital gains	-	(0.09)	-	-
Return of capital	-	-	-	-
Total distributions (b), (c)	-	(0.09)	-	(0.02)
Net Assets, end of year	-	10.50	10.15	10.11
Class F (formerly Class I)				
Net Assets, beginning of year	10.69	10.24	10.18	10.00
Increase (decrease) from operations:				
Total revenue	0.33	0.26	0.16	(0.02)
Total expenses	(0.51)	(0.48)	(0.49)	0.01
Realized gains (losses)	0.93	0.67	0.32	0.14
Unrealized gains (losses)	(0.14)	(0.02)	0.05	0.17
Total increase (decrease) from operations (b)	0.61	0.43	0.04	0.30
Distributions:				
From income (excluding dividends)	-	-	-	(0.02)
From dividends	-	-	-	-
From capital gains	(0.72)	-	-	-
Return of capital	-	-	-	-
Total distributions (b), (c)	(0.72)	-	-	(0.02)
Net Assets, end of year	10.60	10.69	10.24	10.18
Class O				
Net Assets, beginning of year	10.58	10.27	10.07	10.00
Increase (decrease) from operations:				
Total revenue	0.38	0.25	0.17	0.15
Total expenses	(0.22)	(0.27)	(0.36)	(0.14)
Realized gains (losses)	0.72	0.63	0.19	(0.13)
Unrealized gains (losses)	(0.25)	0.05	0.11	0.23
Total increase (decrease) from operations (b)	0.63	0.66	0.11	0.11
Distributions:				
From income (excluding dividends)	-	-	-	(0.04)
From dividends	(0.02)	-	-	-
From capital gains	(0.37)	(0.36)	-	-
Return of capital	-	-	-	-
Total distributions (b), (c)	(0.39)	(0.36)	-	(0.04)
Net Assets, end of year	11.07	10.58	10.27	10.07

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

	2025 (\$)	2024 (\$)	2023 (\$)	2022 (\$)
Class F (USD)				
Net Assets, beginning of year	15.33	13.55	13.71	13.16
Increase (decrease) from operations:				
Total revenue	0.37	0.22	0.21	(0.01)
Total expenses	(0.75)	(0.77)	(0.74)	0.00
Realized gains (losses)	1.22	1.16	(0.13)	0.19
Unrealized gains (losses)	(0.15)	1.63	(0.06)	0.22
Total increase (decrease) from operations (b)	0.69	2.24	(0.72)	0.40
Distributions:				
From income (excluding dividends)	-	-	-	(0.03)
From dividends	-	-	-	-
From capital gains	-	(0.12)	-	-
Return of capital	-	-	-	-
Total distributions (b), (c)	-	(0.12)	-	(0.03)
Net Assets, end of year	15.68	15.33	13.55	13.71

a) This information is derived from the Fund's audited annual financial statements as at December 31 for the year stated, prepared under IFRS Accounting Standards. On December 5, 2025, Class F units were converted into Class I units. Class I was then renamed Class F.

(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 year.

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

Ratios and Supplemental Data

	2025 (f)	2024	2023	2022
Class A				
Total net asset value (\$000s) (a)	54	44	41	57
Number of units outstanding (a)	5,398	4,299	4,032	5,593
Management expense ratio before performance fee (b)	2.48%	2.49%	2.41%	0.00%
Management expense ratio (b)	3.77%	3.05%	2.41%	0.00%
Management expense ratio before absorptions (c)	3.77%	3.05%	2.41%	2.43%
Trading expense ratio (d)	1.85%	2.23%	2.84%	1.56%
Portfolio turnover rate (e)	350.95%	378.36%	510.23%	111.63%
Net asset value per unit (\$) (a)	10.04	10.34	10.05	10.10
Class E				
Total net asset value (\$000s) (a)	223	164	152	64
Number of units outstanding (a)	21,294	15,579	14,923	6,326
Management expense ratio before performance fee (b)	0.48%	0.52%	0.56%	0.00%
Management expense ratio (b)	2.01%	1.44%	0.80%	0.00%
Management expense ratio before absorptions (c)	2.01%	1.44%	0.80%	0.53%
Trading expense ratio (d)	1.85%	2.23%	2.84%	1.56%
Portfolio turnover rate (e)	350.95%	378.36%	510.23%	111.63%
Net asset value per unit (\$) (a)	10.48	10.50	10.21	10.10

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Ratios and Supplemental Data (cont'd)

	2025 (f)	2024	2023	2022
Class F (formerly Class I)				
Total net asset value (\$000s) (a)	9,560	8,377	12,768	3,721
Number of units outstanding (a)	901,832	783,475	1,247,137	365,502
Management expense ratio before performance fee (b)	1.20%	1.21%	1.21%	0.00%
Management expense ratio (b)	2.50%	2.00%	1.33%	0.00%
Management expense ratio before absorptions (c)	2.50%	2.00%	1.33%	1.22%
Trading expense ratio (d)	1.85%	2.23%	2.84%	1.56%
Portfolio turnover rate (e)	350.95%	378.36%	510.23%	111.63%
Net asset value per unit (\$) (a)	10.60	10.69	10.24	10.18
Class O				
Total net asset value (\$000s) (a)	12,154	2,467	2,192	1,017
Number of units outstanding (a)	1,098,340	233,042	213,367	100,589
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%	1.00%
Trading expense ratio (d)	1.85%	2.23%	2.84%	1.56%
Portfolio turnover rate (e)	350.95%	378.36%	510.23%	111.63%
Net asset value per unit (\$) (a)	11.07	10.58	10.27	10.07
Class F (USD)				
Total net asset value (\$000s) (a)	8	104	7	71
Number of units outstanding (a)	498	6,804	494	5,145
Management expense ratio before performance fee (b)	1.36%	1.36%	1.36%	0.00%
Management expense ratio (b)	2.88%	2.98%	1.40%	0.00%
Management expense ratio before absorptions (c)	2.88%	2.98%	1.40%	1.37%
Trading expense ratio (d)	1.85%	2.23%	2.84%	1.56%
Portfolio turnover rate (e)	350.95%	378.36%	510.23%	111.63%
Net asset value per unit (\$) (a)	15.68	15.33	13.55	13.71

(a) This information is derived from the Fund's audited annual financial statements as at December 31 for the year stated, prepared under IFRS Accounting Standards. On December 5, 2025, Class F units were converted into Class I units. Class I was then renamed Class F.

(b) Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) for the year and is expressed as an annualized percentage of daily average net asset value during the year. 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 year.

(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 year.

(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 year. In general, the higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

(f) Effective December 5, 2025, the management fees of Class F (formerly Class I) were increased by 0.30%. Class F (USD) management fees were increased by 0.15%. On the same day, the administration fees for Class A, Class F (formerly Class I) and Class F (USD) were reduced by 0.30% resulting in a net combined fee equal or lower than the original combined fee before applicable GST or HST.

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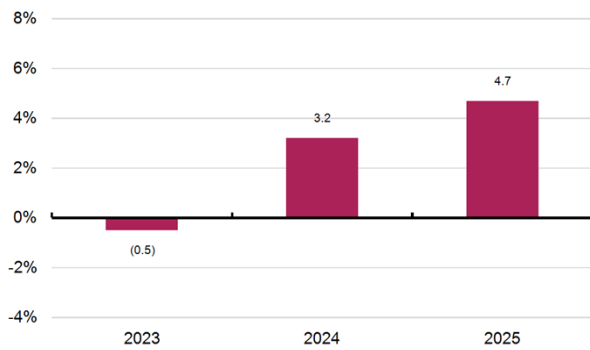
Past Performance

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. Past performance for Class F units of the Fund is not available for disclosure because the class was closed during the year.

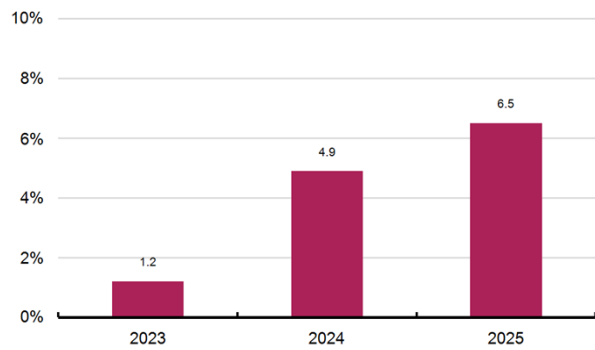
Year-by-Year Returns

To illustrate how the Fund's performance has varied over time, the following bar charts show the Fund's annual returns for the calendar years indicated. 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 year would have increased or decreased by the last day of the year.

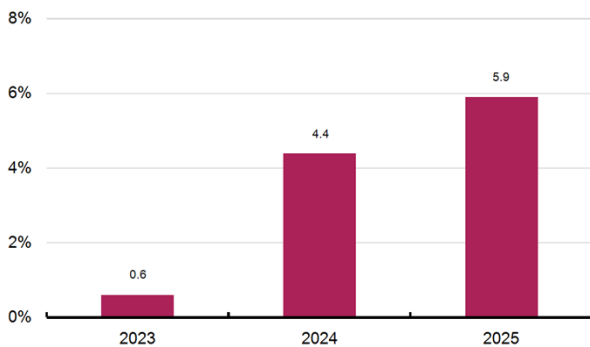
Class A



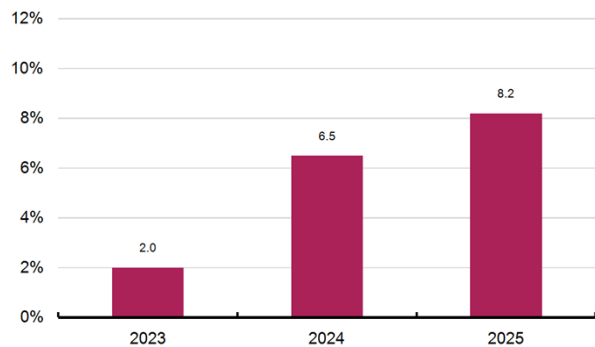
Class E



Class F (formerly Class I)



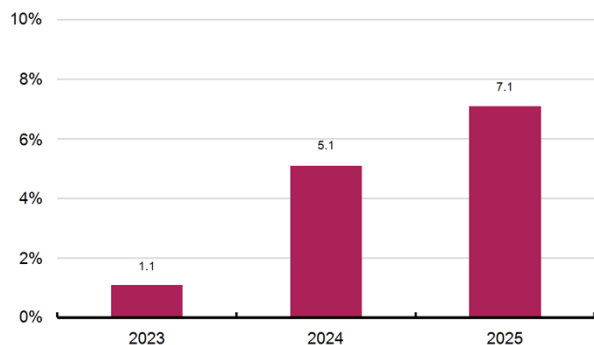
Class O



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Class F (USD)



Annual Compound Returns

The annual compound returns table compares the Fund's performance to one or more benchmarks. Benchmarks are usually an index or a composite of more than one index. An index is generally made up of a group of securities. Since the Fund does not necessarily invest in the same securities as an index or in the same proportion, the Fund's performance is not expected to equal the performance of the index. Fund 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. It may be more helpful to compare the Fund's performance to that of other mutual funds with similar objectives and investment strategies.

The Fund's benchmark is the HFRI ED: Merger Arbitrage Index (Hedged to CAD), The HFRI ED: Merger Arbitrage Index is based on merger arbitrage strategies which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are currently engaged in a corporate transaction. The index involves primarily announced transactions, typically with limited or no exposure to situations which pre-, post-date or situations in which no formal announcement is expected to occur. Opportunities are frequently presented in cross border, collared and international transactions which incorporate multiple geographic regulatory institutions, which typically involve minimal exposure to corporate credits.

A discussion of the performance of the Fund as compared to its benchmarks is found in the "Results of Operations" section of this report.

	Inception Date	1 Year (%)	3 Year (%)	Since Inception (%)
Class A	01-Sep-22	4.7	2.5	2.6
HFRI ED: Merger Arbitrage Index (Hedged to CAD)		10.3	7.0	6.7
Class E	01-Sep-22	6.5	4.1	4.1
HFRI ED: Merger Arbitrage Index (Hedged to CAD)		10.3	7.0	6.7
Class F (formerly Class I)	01-Sep-22	5.9	3.6	3.9
HFRI ED: Merger Arbitrage Index (Hedged to CAD)		10.3	7.0	6.7
Class O	01-Sep-22	8.2	5.6	5.4
HFRI ED: Merger Arbitrage Index (Hedged to CAD)		10.3	7.0	6.7
Class F (USD)	01-Sep-22	7.1	4.4	4.4
HFRI ED: Merger Arbitrage Index (Hedged to CAD)		10.3	7.0	6.7

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Summary of Investment Portfolio

The largest holdings of the Fund as at the end of the year 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
LONG POSITIONS	
dentalcorp Holdings Ltd.	4.3
Soho House & Co Inc., Class 'A'	4.3
ECN Capital Corp.	3.2
Premium Brands Holdings Corp.	3.2
Mercer Park Opportunities Corp.	3.0
MAK Acquisition Corp.	2.7
Dayforce Inc.	2.5
Air Lease Corp.	2.4
Drugs Made In America Acquisition II Corp.	2.4
Keyera Corp.	2.3
CyberArk Software Ltd.	2.2
Sizzle Acquisition Corp. II, Class 'A'	2.2
Bitcoin Treasury Corp.	2.1
Eventbrite Inc., Class 'A'	2.1
Warner Bros. Discovery Inc.	2.1
City Office REIT Inc.	2.0
Hillenbrand Inc.	2.0
DigitalBridge Group Inc.	1.9
Sotherly Hotels Inc.	1.9
SHORT POSITIONS	
United States Treasury, 3.61%, 2026/03/12	(6.4)
United States Treasury, 3.59%, 2026/06/11	(6.3)
Premium Brands Holdings Corp.	(3.2)
Keyera Corp.	(2.4)
iShares Bitcoin Trust ETF	(2.1)
Palo Alto Networks Inc.	(2.1)

Pender Alternative Arbitrage Plus Fund

For the year ended December 31, 2025

Composition of the Portfolio

	% of Net Assets
LONG POSITIONS	
Equities	
Financial services	58.3
Health care	14.4
Industrials	10.9
Consumer discretionary	9.2
Real estate	9.1
Information technology	7.4
Banks	6.1
Materials	6.0
Communication services	5.7
Consumer staples	3.6
Energy	3.0
Utilities	2.6
Insurance	2.4
Total equities	138.7
Warrants	0.2
Total long positions	138.9
SHORT POSITIONS	
Short-term investments	(12.7)
Equities	
Banks	(6.1)
Information technology	(3.4)
Consumer staples	(3.2)
Energy	(2.4)
Materials	(1.7)
Real estate	(1.7)
Utilities	(0.9)
Industrials	(0.4)
Communication services	(0.0)
Consumer discretionary	(0.0)
Total equities	(19.8)
Exchange-traded fund(s)	(2.1)
Total short positions	(34.6)
Total investments	104.3
Derivative assets	0.1
Cash (Bank overdraft)	(6.6)
Other assets less liabilities	2.2
Total net assets	100.0

Pender Alternative Arbitrage Plus Fund

For the year ended December 31, 2025

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; catastrophic events.

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 Arbitrage Plus Fund

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