

## Manager's Commentary

Amar Pandya

The Pender Alternative Special Situations Fund returned 5.8%<sup>1</sup> in Q1, ahead of the S&P/TSX Composite, which rose 4.0% during the quarter.

| Index / Fund                                      | Q1 2026 | 1 year |
|---|---------|--------|
| <b>Pender Alternative Special Situations Fund</b> | 5.8%    | 55.5%  |
| S&P/TSX Composite (CAD)                           | 4.0%    | 34.9%  |

Q1 was defined by a sharp transition from early-year optimism to volatility dominating market narratives, as geopolitical conflict intersected with ongoing AI uncertainty and escalating trade wars, driving frequent policy adjustments. Volatility indices experienced significant spikes during the quarter, reflecting heightened uncertainty across energy prices, inflation, and monetary policy, the VIX ended Q1 roughly 69% above its Q4 2025 levels. The US-Israel-Iran conflict emerged as the dominant macro factor, disrupting global supply chains and trade routes and triggering a global energy security challenge.

Energy and materials sectors outperformed, benefiting from the geopolitical backdrop and rising commodity prices. The conflict led to the effective closure of the Strait of Hormuz, causing a systemic supply shock compounded by regional crude production shut-ins, with Brent crude briefly hitting \$120 per barrel. Given how critical this trade route is, global markets are still assessing the full impact of the closure, one that remains difficult to quantify even as a fragile two-week ceasefire was announced in early April, with negotiations ongoing and the strait's status still unresolved. Gold proved volatile as well, reaching new highs before correcting in March as the US dollar reasserted its strength, with additional support coming from central bank allocations and institutional demand as a hedge against geopolitical and inflation risks.

Amidst this backdrop, the Fund remained active, capitalizing on dislocations and trimming or exiting positions as market sentiment shifted. Volatility drove a rotation away from high-growth, high-valuation sectors toward asset-heavy and defensive industries, an environment well-suited to several of the Fund's core positions.

Defense was a standout area in Q1, with holdings continuing to perform well as escalating geopolitical tensions drove heightened market focus on the sector, and we continue to see positive catalysts ahead in the defense holdings held in the Fund. Space and satellite technology was similarly in focus during the quarter with the prospective SpaceX IPO, NASA's focus on lunar missions, and the Artemis II launch all providing tailwinds for space-related equities, names that also carry meaningful exposure to rising defense budgets as Canada achieved its 2% of GDP NATO defense spending commitment.

<sup>1</sup> All Pender performance data points are for Class F of the Fund. Other classes are available. Fees and performance may differ in those other classes. Standard performance information for the Fund can be found here: [penderfund.com/fund/pender-alternative-special-situations-fund/](https://penderfund.com/fund/pender-alternative-special-situations-fund/)

### Fund specific updates

Real assets remain a core component of the Fund's positioning and in Q1 several names within the energy and materials were among key contributors to performance.

One example is **Saturn Oil & Gas Inc. (SOIL)**, a Canadian energy company focused on the development of assets in Saskatchewan and Alberta. We view Saturn as a catalyst-rich company that, despite its recent price appreciation driven by rising oil prices, continues to trade at dislocated valuations. As the company de-levers, we see the opportunity for multiple expansion, a strategy management has been executing on over recent quarters, accelerated by the surge in oil prices in March. Shares were up nearly 150% in Q1.

**Blue Moon Metals Inc. (MOON)** was another top performer in the quarter, continuing to advance five polymetallic projects across Europe and the United States. Copper, zinc and tungsten are currently designated by both the USGS and the EU as metals critical to the global economy and national security. We believe the war in Iran and the significant depletion of armaments and munitions it has driven should further accelerate demand for critical minerals and materials.

Other energy and materials contributors during the quarter included **Logan Energy Corp. (LGN)**, **Montage Gold Corp. (MAU)**, and **NexGen Energy Ltd. (NXE)**. By quarter-end, NexGen had pulled back alongside other uranium names. That said, in early March NexGen received its permit for the Rook I uranium project, one of the largest and highest-grade deposits in the world. With approximately \$1.1 billion in cash equivalent on the balance sheet, the company appears well-positioned ahead of the build-out of what many consider to be among the most strategically valuable resource projects of any commodity globally.

**Telesat Corp. (TSAT)** was another top contributor in the quarter, continuing to see share price appreciation as the market ascribes additional value to the company on the back of growing military demand for the company's LEO satellite spectrum. In March, Telesat announced it will allocate nearly a quarter of Lightspeed's capacity to military Ka-band spectrum to support defense and sovereignty applications<sup>2</sup>. Management also highlighted strong customer interest across its target markets, and we continue to see scope for additional commercial and strategic announcements this year. With several potential catalysts ahead, we believe Telesat remains an attractive holding with asymmetric upside.

On the detractor side, **Carrier Connect Data Solutions (CCDS)** had a challenging quarter, largely reflecting the dilutive impact of a recent equity raise in which we added to our position. The company has since closed one acquisition and announced another, and our thesis remains intact.

### Outlook

The current market environment remains well suited for event-driven and special situations investing, with an expanding opportunity set driven by identifiable near-term catalysts. We have initiated several positions in pre-deal M&A situations where a strategic review, activist involvement, credible potential bidder, or specific catalyst exists that we believe could lead to a near-term transaction. We view the combination of AI-driven disruption, tariff uncertainty, geopolitical tensions, and an active M&A landscape as creating an attractive backdrop for the Fund. We believe the Fund is well positioned to capitalize on these dynamics given its liquid alternative structure, which allows us to pursue a wide range of event-driven opportunities that may not be accessible through traditional mandates.

### Amar Pandya, CFA

April 21, 2026

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<sup>2</sup> *Telesat Press Release, March 2026*