PENDER
PenderFund Capital Management Ltd.

Pender Global Small/Mid Cap Equity Fund

Six months ended June 30, 2026

Semi-Annual Management Report of Fund Performance

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

The net assets of the Pender Global Small/Mid Cap Equity Fund (the “Fund”) were $74,967,066 as at June 30, 2026 versus $94,931,025 as at December 31, 2025. Of this $19,963,959 decrease, $17,485,459 is attributable to net unitholder redemptions of Fund units and $2,478,500 is attributable to negative investment performance.

For the six months ended June 30, 2026 (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. Please see the “Past Performance” section for the performance of the Fund’s other classes.

The Fund’s broad-based benchmark, the MSCI World SMID Cap Index (CAD), returned 17.0% 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 at the end of the period, the Fund was 46.7% invested in the US, 45.5% in Canada, 10.0% in other countries, other assets less liabilities of -2.0% and had cash of -0.2%. The Fund’s investment portfolio is concentrated and not diversified in the conventional sense. The Fund’s top 10 holdings account for 41.8% of the Fund’s net assets at the end of the period. This concentration may lead to varied results over any given period.

The overall sector exposure of the Fund is determined by stock selection decisions and may shift from time to time. As at June 30, 2026 we were weighted toward holdings in the Information Technology, Industrials, and Consumer Staples sectors, because, currently, those are the sectors where we believe we are finding the best investment opportunities and, equally important, because they contain businesses for which we are best equipped to assess value. These top three sectors accounted for 61.8% of the Fund 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 underperformance as compared to its benchmark was mainly due to an underweight in both the Energy and Financial Services sectors. 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. We seek to own stocks where our estimated range for the long-term intrinsic value of the business is higher than the current share price.

Key positive individual contributors to the Fund’s performance during the first half of the year included Generac Holdings Inc., Telesat Corp., and kneat.com. Conversely, PAR Technology Corp., Burford Capital Ltd., and Coveo Solutions Inc. were among the largest detractors.

Portfolio transactions during the first half of the year were made based on our stock selection process. In general, we increased the weightings of individual stocks where we determined the price relative to our estimate of intrinsic value had increased and decreased the weightings of companies that offered a less attractive return profile. We are constantly looking for new investment ideas and examples of new investments during the first half of the year included Computer Modelling Group Ltd., and Lumine Group Inc. 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. For example, during the first half of the year, we sold our positions in Aecon Group Inc., and CareRX Corp..

Recent Developments

Global equity markets delivered solid performance in the first half of 2026, though not without volatility. Early in the year, the US/Israel war with Iran, along with the related oil price spike and inflation scare, briefly jolted markets in March. But investors quickly looked past it, focusing instead on solid earnings growth and meaningful upward revisions to profit estimates. In Canada, the S&P/TSX Composite Index felt the same shock, posting a 9% pullback after the conflict began, then recovering in under 30 days and going on to hit all-time highs in early June.

Small-cap and mid-cap equities also began to turn a corner after several years of underperformance. Consensus earnings growth estimates improved, and 2027 estimates for small-caps now outstrip those for the S&P 500. Their relatively inexpensive valuations versus large caps were finally rewarded. Still, we don't believe this upside has fully played out, and we continue to monitor this dynamic closely as part of our portfolio allocation process.

AI remained the dominant theme across markets, but performance leadership flipped from hyperscalers to "picks and shovels" plays such as semiconductors, memory, and related tech. Markets outside the U.S. told a similar story of rotation: international equities, excluding the US, performed exceptionally well in the first half, often outperforming U.S. benchmarks as they capitalized on the global AI infrastructure cycle and recovered from the Q1 geopolitical shock. That said, performance remained highly divergent, European markets stayed more sensitive to the energy shock triggered by the Middle East conflict, while major emerging economies like China and India continued to face macroeconomic headwinds.

Looking ahead, we expect markets to face continued volatility risk from perceived AI-driven disruption, Middle East tensions, and tariff uncertainty, against a macro backdrop that remains elevated and headline-driven. Against that, we stay focused on fundamentals, seeking high-quality businesses with attractive risk-reward profiles that are well positioned for uncertainty, and trends that align with how the world is evolving. We continue to run a concentrated portfolio, needing only a small number of great companies bought at reasonable prices to drive the Fund's performance.

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.

Related Party Transactions

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

As at the end of the period, parties related to the Manager collectively held 2% of the Fund’s 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 9% 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)

	2026 ($)	2025 ($)	2024 ($)	2023 ($)	2022 ($)	2021 ($)
Class A						
Net Assets, beginning of period	20.80	21.51	15.55	14.60	21.26	22.54
Increase (decrease) from operations:						
Total revenue	0.06	0.18	0.15	0.16	0.14	0.29
Total expenses	(0.24)	(0.54)	(0.54)	(0.41)	(0.43)	(0.63)
Realized gains (losses)	1.96	2.25	1.88	(1.99)	(1.10)	1.87
Unrealized gains (losses)	(2.36)	(2.87)	6.85	3.17	(5.79)	(1.69)
Total increase (decrease) from operations (b)	**(0.58)**	**(0.98)**	**8.34**	**0.93**	**(7.18)**	**(0.16)**
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	(2.45)	-	-	(0.85)
Return of capital	-	-	-	-	-	-
Total distributions (b), (c)	**-**	**-**	**(2.45)**	**-**	**-**	**(0.85)**
Net Assets, end of period	**20.26**	**20.80**	**21.51**	**15.55**	**14.60**	**21.26**
Class E						
Net Assets, beginning of period	12.48	13.33	9.48	8.73	12.46	13.19
Increase (decrease) from operations:						
Total revenue	0.04	0.11	0.09	0.09	0.09	0.17
Total expenses	(0.03)	(0.08)	(0.10)	(0.08)	(0.06)	(0.09)
Realized gains (losses)	1.02	1.29	1.15	(1.22)	(0.73)	1.03
Unrealized gains (losses)	(1.13)	(1.57)	4.34	2.18	(3.03)	(1.14)
Total increase (decrease) from operations (b)	**(0.10)**	**(0.25)**	**5.48**	**0.97**	**(3.73)**	**(0.03)**
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	(0.67)	(1.58)	-	-	(0.72)
Return of capital	-	-	-	-	-	-
Total distributions (b), (c)	**-**	**(0.67)**	**(1.58)**	**-**	**-**	**(0.72)**
Net Assets, end of period	**12.28**	**12.48**	**13.33**	**9.48**	**8.73**	**12.46**

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

	2026 ($)	2025 ($)	2024 ($)	2023 ($)	2022 ($)	2021 ($)
Class F (formerly Class I)						
Net Assets, beginning of period	15.37	16.83	11.94	11.07	15.92	16.76
Increase (decrease) from operations:						
Total revenue	0.04	0.15	0.12	0.12	0.11	0.22
Total expenses	(0.11)	(0.23)	(0.24)	(0.17)	(0.17)	(0.25)
Realized gains (losses)	1.49	1.47	1.49	(1.50)	(0.86)	1.34
Unrealized gains (losses)	(1.85)	(1.32)	5.20	2.45	(4.37)	(1.54)
Total increase (decrease) from operations (b)	**(0.43)**	**0.07**	**6.57**	**0.90**	**(5.29)**	**(0.23)**
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	(1.10)	(1.79)	-	-	(0.71)
Return of capital	-	-	-	-	-	-
Total distributions (b), (c)	**-**	**(1.10)**	**(1.79)**	**-**	**-**	**(0.71)**
Net Assets, end of period	**15.03**	**15.37**	**16.83**	**11.94**	**11.07**	**15.92**
Class H						
Net Assets, beginning of period	13.59	15.15	11.28	10.56	15.32	16.33
Increase (decrease) from operations:						
Total revenue	0.03	0.13	0.11	0.11	0.10	0.21
Total expenses	(0.16)	(0.34)	(0.35)	(0.26)	(0.27)	(0.40)
Realized gains (losses)	1.59	1.44	1.44	(1.47)	(0.76)	1.26
Unrealized gains (losses)	(2.22)	(1.84)	4.91	2.33	(4.30)	(1.59)
Total increase (decrease) from operations (b)	**(0.76)**	**(0.61)**	**6.11**	**0.71**	**(5.23)**	**(0.52)**
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	(1.11)	(2.29)	-	-	(0.74)
Return of capital	-	-	-	-	-	-
Total distributions (b), (c)	**-**	**(1.11)**	**(2.29)**	**-**	**-**	**(0.74)**
Net Assets, end of period	**13.23**	**13.59**	**15.15**	**11.28**	**10.56**	**15.32**

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

	2026 ($)	2025 ($)	2024 ($)	2023 ($)	2022 ($)	2021 ($)
Class O						
Net Assets, beginning of period	19.11	19.28	13.54	12.85	18.24	19.34
Increase (decrease) from operations:						
Total revenue	0.06	0.06	0.13	0.14	0.13	0.25
Total expenses	(0.02)	(0.03)	(0.05)	(0.04)	(0.01)	(0.03)
Realized gains (losses)	1.72	7.29	1.82	(2.41)	(1.06)	1.55
Unrealized gains (losses)	(2.05)	(16.28)	5.77	4.59	(5.53)	(1.64)
Total increase (decrease) from operations (b)	**(0.29)**	**(8.96)**	**7.67**	**2.28**	**(6.47)**	**0.13**
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	(2.12)	-	-	(1.18)
Return of capital	-	-	-	-	-	-
Total distributions (b), (c)	**-**	**-**	**(2.12)**	**-**	**-**	**(1.18)**
Net Assets, end of period	**18.82**	**19.11**	**19.28**	**13.54**	**12.85**	**18.24**

(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

	2026	2025	2024	2023	2022	2021
Class A						
Total net asset value ($000s) (a)	12,871	15,198	23,023	19,454	22,633	43,761
Number of units outstanding (a)	635,221	730,676	1,070,225	1,250,961	1,550,596	2,058,688
Management expense ratio (b)	2.18%	2.48%	2.51%	2.51%	2.51%	2.46%
Management expense ratio before absorptions (c)	2.18%	2.48%	2.51%	2.51%	2.51%	2.46%
Trading expense ratio (d)	0.21%	0.13%	0.28%	0.22%	0.06%	0.11%
Portfolio turnover rate (e)	42.22%	48.76%	45.99%	31.42%	14.46%	67.77%
Net asset value per unit ($) (a)	20.26	20.80	21.51	15.55	14.60	21.26
Class E						
Total net asset value ($000s) (a)	1,148	906	1,092	891	672	896
Number of units outstanding (a)	93,485	72,573	81,958	93,947	76,980	71,935
Management expense ratio (b)	0.21%	0.50%	0.53%	0.53%	0.53%	0.51%
Management expense ratio before absorptions (c)	0.21%	0.50%	0.53%	0.53%	0.53%	0.51%
Trading expense ratio (d)	0.21%	0.13%	0.28%	0.22%	0.06%	0.11%
Portfolio turnover rate (e)	42.22%	48.76%	45.99%	31.42%	14.46%	67.77%
Net asset value per unit ($) (a)	12.28	12.48	13.33	9.48	8.73	12.46

Ratios and Supplemental Data (cont'd)

	2026	2025	2024	2023	2022	2021
Class F (formerly Class I)						
Total net asset value ($000s) (a)	57,281	70,740	35,569	27,920	38,791	91,625
Number of units outstanding (a)	3,809,978	4,603,820	2,113,986	2,338,765	3,504,475	5,754,368
Management expense ratio (b)	1.29%	1.31%	1.31%	1.29%	1.29%	1.27%
Management expense ratio before absorptions (c)	1.29%	1.31%	1.31%	1.29%	1.29%	1.27%
Trading expense ratio (d)	0.21%	0.13%	0.28%	0.22%	0.06%	0.11%
Portfolio turnover rate (e)	42.22%	48.76%	45.99%	31.42%	14.46%	67.77%
Net asset value per unit ($) (a)	15.03	15.37	16.83	11.94	11.07	15.92
Class H						
Total net asset value ($000s) (a)	3,651	8,071	9,460	7,081	7,216	13,547
Number of units outstanding (a)	275,932	594,092	624,435	627,563	683,390	884,038
Management expense ratio (b)	2.22%	2.21%	2.21%	2.20%	2.20%	2.16%
Management expense ratio before absorptions (c)	2.22%	2.21%	2.21%	2.20%	2.20%	2.16%
Trading expense ratio (d)	0.21%	0.13%	0.28%	0.22%	0.06%	0.11%
Portfolio turnover rate (e)	42.22%	48.76%	45.99%	31.42%	14.46%	67.77%
Net asset value per unit ($) (a)	13.23	13.59	15.15	11.28	10.56	15.32
Class O						
Total net asset value ($000s) (a)	16	16	1,707	1,613	979	16,827
Number of units outstanding (a)	837	837	88,522	119,115	76,185	922,403
Management expense ratio (b)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Management expense ratio before absorptions (c)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Trading expense ratio (d)	0.21%	0.13%	0.28%	0.22%	0.06%	0.11%
Portfolio turnover rate (e)	42.22%	48.76%	45.99%	31.42%	14.46%	67.77%
Net asset value per unit ($) (a)	18.82	19.11	19.28	13.54	12.85	18.24

(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.

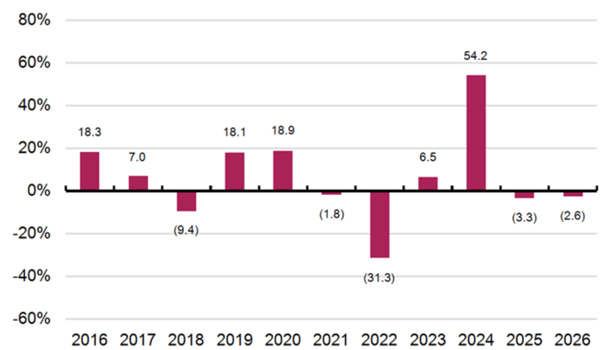
Past Performance

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.

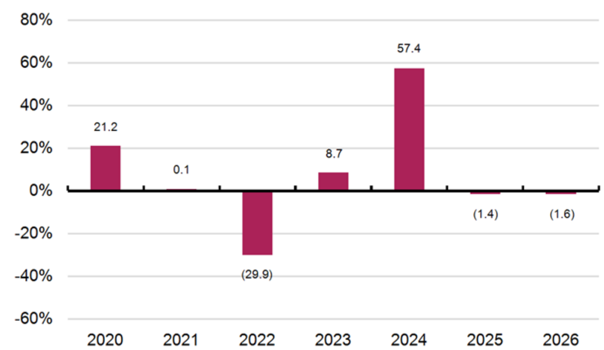
Period-by-Period Returns

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, 2026 and for each of the previous 12-month periods ended December 31. The information is presented for each of the most recently completed 10 financial years (or since inception of the class if less than 10 years). 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.

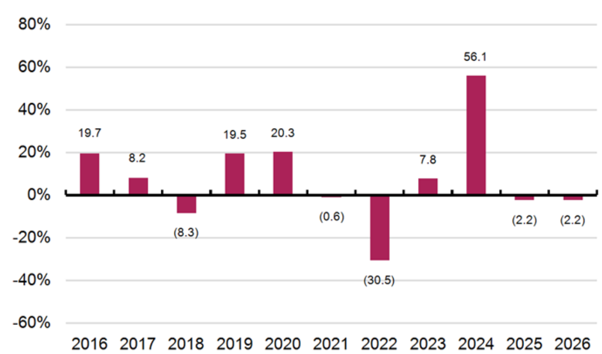
Class A



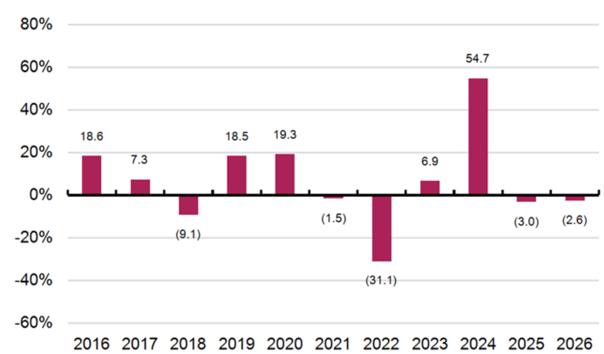
Class E



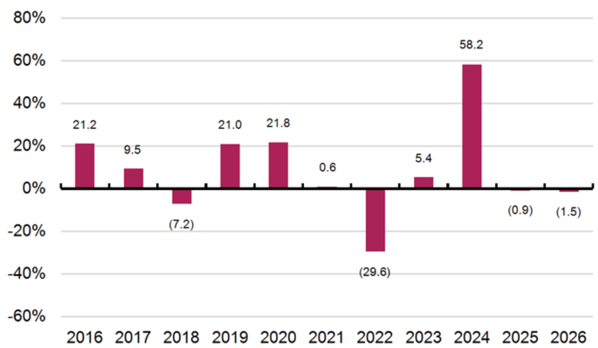
Class F (formerly Class I)



Class H



Class O


80%
60%
40%
20%
0%
-20%
-40%
-60%
21.2
9.5
(7.2)
21.0
21.8
0.6
(29.6)
5.4
58.2
(0.9)
(1.5)
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026

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
Maplebear Inc.	4.9
Kinaxis Inc.	4.7
StandardAero Inc.	4.5
Fluor Corp.	4.4
Dollar Tree Inc.	4.2
Generac Holdings Inc.	4.1
kneat.com, inc.	4.0
KKR & Co. Inc.	3.7
Lumine Group Inc.	3.7
CTS Eventim AG & Co. KGaA	3.6
Vitalhub Corp.	3.6
Deckers Outdoor Corp.	3.5
Topicus.com Inc.	3.5
Addus HomeCare Corp.	3.4
Trisura Group Ltd.	3.4
PAR Technology Corp.	3.2
Exor N.V.	2.9
Sangoma Technologies Corp.	2.8
Tantalus Systems Holding Inc.	2.8
TerraVest Industries Inc.	2.7
International Flavors & Fragrances Inc.	2.6
D2L Inc.	2.4
Clarivate PLC	2.3
Copart Inc.	2.3
Computer Modelling Group Ltd.	2.1

Composition of the Portfolio

	% of Net Assets
Common shares	
Information technology	27.7
Industrials	21.1
Consumer staples	13.0
Health care	11.1
Consumer discretionary	7.8
Financial services	6.6
Communication services	4.6
Insurance	3.4
Energy	2.7
Materials	2.6
Total common shares	**100.6**
Preferred shares	1.6
Warrants	0.0
Total investments	**102.2**
Cash (Bank overdraft)	(0.2)
Other assets less liabilities	(2.0)
Total net assets	**100.0**

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 Global Small/Mid Cap Equity Fund

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