PENDER
PenderFund Capital Management Ltd.

Pender Small Cap Opportunities Fund

Six months ended June 30, 2026

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.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

The net assets of the Pender Small Cap Opportunities Fund (the “Fund”) were $473,428,763 as at June 30, 2026 versus $410,230,656 as at December 31, 2025. Of this $63,198,107 increase, $62,827,319 is attributable to positive investment performance and $370,788 is attributable to net unitholder purchases of Fund units.

For the six months ended June 30, 2026 (the “period”), Class A units of the Fund generated a total return of 14.8%. 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 and performance 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 S&P/TSX Composite Index (“S&P/TSX”), returned 11.2% 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 88.7% invested in Canada, 10.2% in the US, and 0.8% in other countries, other assets less liabilities of -1.2% and had cash of 1.5%. The Fund’s investment portfolio is concentrated and not diversified in the conventional sense. The Fund’s top 10 holdings account for 45.3% 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, Health Care and Materials 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 52.7% 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 overperformance as compared to its benchmark was mainly due to an overweight in the Communication Services sector, and an underweight in the Materials 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. 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 were General Fusion Inc., MDA Space Ltd., and Telesat Corp. Conversely, PAR Technology Corp., Coveo Solutions Inc., and TerraVest Industries Inc. were among the largest detractors.

Portfolio transactions during the period 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 Logan Energy Corp., and K2 Gold Corp. 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 LunR Royalties Corp., and Polaris Renewable Energy Inc., as well as a few other holdings. The market volatility has allowed us to be selective, adding companies to the portfolio that we believe to be high quality and present opportunities to compound for many years.

Recent Developments

Equity markets continued to deliver strong results in the first half of 2026, despite volatility that became a constant theme following the onset of the conflict in Iran. The US/Israel-Iran conflict emerged as the dominant macro factor, disrupting global supply chains and triggering a systemic energy supply shock following the effective closure of the Strait of Hormuz. Even so, market resilience shone through: it took fewer than 30 days to recover the 9% drawdown on the S&P/TSX Composite Index, which has since continued moving higher to all-time highs in early June. Looking ahead, the Canadian market continues to face lingering volatility risks stemming from perceived AI-driven disruption, the energy supply shock, re-accelerating inflation, and a "higher-for-longer" monetary policy regime.

A key theme of the first half was the rotation away from high-growth areas of the market and toward cyclical and resource-based sectors. Energy and materials outperformed, driven by the geopolitical backdrop and rising commodity prices. Despite this rotation, small- and mid-cap equities 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, which remain near historical lows on a relative basis, 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.

Within small-caps, however, the picture was far from uniform, and technology was where that divergence played out most sharply. Small-cap technology in Canada bore the brunt of the pressure, driven by intensifying fears of AI-driven disruption and the so-called "SaaS-Pocalypse." High-growth software names faced headwinds, while individual equities with exposure to the defense spending theme continued to outperform. The Aerospace & Defense sector in particular saw an uplift following SpaceX's $1.77 trillion IPO; rather than invest in SpaceX directly, some investors have instead turned to alternatives (launch providers, satellite operators, and defense primes). While negative software sentiment may persist in the near term, we see the current environment as an opportunity and remain confident in the long-term outlook for our holdings. From our perspective, we remain in the opening innings of the AI revolution, adoption is still in its early stages, with enterprise use cases and monetization only beginning to scale. This supports a constructive, but selective, stance toward AI-related equities, particularly companies demonstrating real revenue growth, scalable platforms, and exposure to the infrastructure and compute layers underpinning the ecosystem.

Another theme of note, we continue to see M&A activity pick up across small- and mid-cap names. Several holdings have become acquisition targets this year, a few have attracted activist attention, and others have announced strategic reviews. We view this as an important signal: private markets are beginning to recognize value in the public small- and mid-cap space, where valuations have remained disconnected from long-term fundamentals. This M&A environment represents a meaningful tailwind, with the potential to surface and unlock value in underappreciated portfolio companies.

We expect headline-driven market volatility to persist throughout the remainder of 2026, alongside a more challenging macro backdrop. Against this, we remain focused on fundamentals and continue to identify opportunities with attractive risk-reward profiles in high-quality businesses well positioned to navigate uncertainty. We remain vigilant in our analysis, seeking out trends that align with how the world is evolving. We continue to manage a concentrated portfolio, needing only a relatively small number of great companies purchased 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”). The Fund also pays the Manager performance fees in certain circumstances (see “Performance Fees”).

As at the end of the period, parties related to the Manager collectively held less than 1% of the Fund’s units. In addition, the Pender Alternative Multi-Strategy Growth Fund and Pender Strategic Growth and Income Fund, funds also managed by the Manager, collectively held less than 1% 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 9% 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 in respect of Class B, Class G, Class M and Class O units of the Fund. The performance fee in relation to Class B, Class G and Class M units is equal to 20% of the amount by which the total return of the class of units exceeds the total percentage increase or decrease of the Fund's benchmark, the S&P/TSX Composite Index, for the period since the performance fee was last paid, subject to a relative 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. For Class O units, the performance fee is or will be separately negotiated and charged directly to Class O Unitholders, as applicable. 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.

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	37.48	39.70	25.46	24.24	34.25	34.51
Increase (decrease) from operations:						
Total revenue	0.08	0.16	0.22	0.62	0.32	0.49
Total expenses	(0.58)	(1.12)	(0.91)	(0.69)	(0.74)	(1.13)
Realized gains (losses)	7.26	4.77	3.66	(1.87)	(0.60)	10.84
Unrealized gains (losses)	(1.14)	(2.16)	11.56	3.00	(9.26)	(1.53)
Total increase (decrease) from operations (b)	**5.62**	**1.65**	**14.53**	**1.06**	**(10.28)**	**8.67**
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	(4.06)	(0.31)	-	-	(8.54)
Return of capital	-	-	-	-	-	-
Total distributions (b), (c)	**-**	**(4.06)**	**(0.31)**	**-**	**-**	**(8.54)**
Net Assets, end of period	**43.02**	**37.48**	**39.70**	**25.46**	**24.24**	**34.25**
Class B						
Net Assets, beginning of period	14.11	14.75	9.39	8.94	12.63	12.02
Increase (decrease) from operations:						
Total revenue	0.03	0.06	0.08	0.23	0.12	0.17
Total expenses	(0.22)	(0.42)	(0.34)	(0.25)	(0.27)	(0.41)
Realized gains (losses)	2.73	1.76	1.32	(0.67)	(0.19)	3.64
Unrealized gains (losses)	(0.44)	(0.81)	4.25	1.09	(3.56)	(0.84)
Total increase (decrease) from operations (b)	**2.10**	**0.59**	**5.31**	**0.40**	**(3.90)**	**2.56**
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	(1.32)	-	-	-	(2.20)
Return of capital	-	-	-	-	-	-
Total distributions (b), (c)	**-**	**(1.32)**	**-**	**-**	**-**	**(2.20)**
Net Assets, end of period	**16.19**	**14.11**	**14.75**	**9.39**	**8.94**	**12.63**

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

	2026 ($)	2025 ($)	2024 ($)	2023 ($)	2022 ($)	2021 ($)
Class E						
Net Assets, beginning of period	16.20	17.45	11.08	10.50	14.52	14.81
Increase (decrease) from operations:						
Total revenue	0.03	0.07	0.10	0.27	0.14	0.22
Total expenses	(0.04)	(0.14)	(0.11)	(0.08)	(0.07)	(0.12)
Realized gains (losses)	3.13	2.07	1.83	(0.95)	(0.19)	4.64
Unrealized gains (losses)	(0.52)	(0.70)	4.99	1.39	(3.85)	(0.98)
Total increase (decrease) from operations (b)	**2.60**	**1.30**	**6.81**	**0.63**	**(3.97)**	**3.76**
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	(0.18)	-	-
From capital gains	-	(2.44)	(0.33)	-	-	(4.20)
Return of capital	-	-	-	-	-	-
Total distributions (b), (c)	**-**	**(2.44)**	**(0.33)**	**(0.18)**	**-**	**(4.20)**
Net Assets, end of period	**18.81**	**16.20**	**17.45**	**11.08**	**10.50**	**14.52**
Class F						
Net Assets, beginning of period	39.53	41.75	26.45	25.08	35.07	35.17
Increase (decrease) from operations:						
Total revenue	0.08	0.17	0.23	0.63	0.34	0.51
Total expenses	(0.35)	(0.68)	(0.54)	(0.40)	(0.41)	(0.64)
Realized gains (losses)	7.67	4.99	3.90	(2.02)	(0.48)	11.12
Unrealized gains (losses)	(1.22)	(2.11)	12.05	3.35	(9.48)	(1.58)
Total increase (decrease) from operations (b)	**6.18**	**2.37**	**15.64**	**1.56**	**(10.03)**	**9.41**
Distributions:						
From income (excluding dividends)	-	-	-	(0.04)	-	-
From dividends	-	-	-	(0.13)	-	-
From capital gains	-	(4.60)	(0.24)	-	-	(8.98)
Return of capital	-	-	-	-	-	-
Total distributions (b), (c)	**-**	**(4.60)**	**(0.24)**	**(0.17)**	**-**	**(8.98)**
Net Assets, end of period	**45.60**	**39.53**	**41.75**	**26.45**	**25.08**	**35.07**
Class G						
Net Assets, beginning of period	14.74	15.23	9.65	9.15	12.81	12.54
Increase (decrease) from operations:						
Total revenue	0.03	0.06	0.09	0.23	0.13	0.18
Total expenses	(0.15)	(0.28)	(0.22)	(0.16)	(0.17)	(0.27)
Realized gains (losses)	2.87	1.82	1.45	(0.79)	(0.17)	3.74
Unrealized gains (losses)	(0.49)	(0.76)	4.35	1.22	(3.20)	(1.23)
Total increase (decrease) from operations (b)	**2.26**	**0.84**	**5.67**	**0.50**	**(3.41)**	**2.42**
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	(0.07)	-	-
From capital gains	-	(1.36)	(0.09)	-	-	(2.78)
Return of capital	-	-	-	-	-	-
Total distributions (b), (c)	**-**	**(1.36)**	**(0.09)**	**(0.07)**	**-**	**(2.78)**
Net Assets, end of period	**17.01**	**14.74**	**15.23**	**9.65**	**9.15**	**12.81**

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

	2026 ($)	2025 ($)	2024 ($)	2023 ($)	2022 ($)	2021 ($)
Class H						
Net Assets, beginning of period	12.06	12.67	10.00			
Increase (decrease) from operations:						
Total revenue	0.02	0.05	0.05			
Total expenses	(0.16)	(0.32)	(0.15)			
Realized gains (losses)	2.34	1.53	1.09			
Unrealized gains (losses)	(0.36)	(0.69)	1.72			
Total increase (decrease) from operations (b)	**1.84**	**0.57**	**2.71**			
Distributions:						
From income (excluding dividends)	-	-	-			
From dividends	-	-	-			
From capital gains	-	(1.25)	(0.05)			
Return of capital	-	-	-			
Total distributions (b), (c)	**-**	**(1.25)**	**(0.05)**			
Net Assets, end of period	**13.87**	**12.06**	**12.67**			
Class I						
Net Assets, beginning of period	18.48	19.57	12.44	11.79	16.40	16.61
Increase (decrease) from operations:						
Total revenue	0.04	0.08	0.11	0.30	0.16	0.24
Total expenses	(0.16)	(0.32)	(0.25)	(0.19)	(0.19)	(0.30)
Realized gains (losses)	3.59	2.34	1.80	(0.97)	(0.23)	5.22
Unrealized gains (losses)	(0.59)	(0.96)	5.67	1.62	(4.55)	(0.79)
Total increase (decrease) from operations (b)	**2.88**	**1.14**	**7.33**	**0.76**	**(4.81)**	**4.37**
Distributions:						
From income (excluding dividends)	-	-	-	(0.01)	-	-
From dividends	-	-	-	(0.09)	-	-
From capital gains	-	(2.23)	(0.21)	-	-	(4.42)
Return of capital	-	-	-	-	-	-
Total distributions (b), (c)	**-**	**(2.23)**	**(0.21)**	**(0.10)**	**-**	**(4.42)**
Net Assets, end of period	**21.34**	**18.48**	**19.57**	**12.44**	**11.79**	**16.40**
Class M						
Net Assets, beginning of period	8.65	9.01	5.75	5.47	7.60	10.00
Increase (decrease) from operations:						
Total revenue	0.02	0.04	0.06	0.13	0.08	0.12
Total expenses	(0.04)	(0.09)	(0.09)	(0.07)	(0.07)	(0.07)
Realized gains (losses)	1.67	1.03	0.98	(0.52)	(0.09)	1.16
Unrealized gains (losses)	(0.29)	(0.42)	2.52	0.97	(1.74)	(2.69)
Total increase (decrease) from operations (b)	**1.36**	**0.56**	**3.47**	**0.51**	**(1.82)**	**(1.48)**
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	(0.08)	-	-
From capital gains	-	(0.93)	(0.17)	-	-	(2.31)
Return of capital	-	-	-	-	-	-
Total distributions (b), (c)	**-**	**(0.93)**	**(0.17)**	**(0.08)**	**-**	**(2.31)**
Net Assets, end of period	**10.00**	**8.65**	**9.01**	**5.75**	**5.47**	**7.60**

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

	2026 ($)	2025 ($)	2024 ($)	2023 ($)	2022 ($)	2021 ($)
Class N						
Net Assets, beginning of period	25.61	24.08	15.09	14.14	19.68	15.55
Increase (decrease) from operations:						
Total revenue	0.05	0.10	0.13	0.35	0.17	0.19
Total expenses	(0.18)	(0.32)	(0.25)	(0.18)	(0.19)	(0.21)
Realized gains (losses)	4.96	2.77	2.14	(0.37)	(0.44)	5.79
Unrealized gains (losses)	(0.81)	0.75	6.88	1.64	(8.16)	6.35
Total increase (decrease) from operations (b)	**4.02**	**3.30**	**8.90**	**1.44**	**(8.62)**	**12.12**
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total distributions (b), (c)	**-**	**-**	**-**	**-**	**-**	**-**
Net Assets, end of period	**29.63**	**25.61**	**24.08**	**15.09**	**14.14**	**19.68**
Class O						
Net Assets, beginning of period	41.77	43.75	27.12	25.68	35.27	35.97
Increase (decrease) from operations:						
Total revenue	0.09	0.18	0.23	0.64	0.32	0.53
Total expenses	(0.05)	(0.12)	(0.07)	(0.05)	(0.02)	(0.07)
Realized gains (losses)	8.15	5.40	3.87	(1.97)	(0.40)	11.06
Unrealized gains (losses)	(1.35)	(3.07)	12.50	3.39	(10.34)	(3.52)
Total increase (decrease) from operations (b)	**6.84**	**2.39**	**16.53**	**2.01**	**(10.44)**	**8.00**
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	(0.58)	-	-
From capital gains	-	(5.21)	-	-	-	(10.45)
Return of capital	-	-	-	-	-	-
Total distributions (b), (c)	**-**	**(5.21)**	**-**	**(0.58)**	**-**	**(10.45)**
Net Assets, end of period	**48.56**	**41.77**	**43.75**	**27.12**	**25.68**	**35.27**

(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 ($000s) (a)	25,357	23,533	24,761	17,506	20,765	37,416
Number of units outstanding (a)	589,449	627,901	623,693	687,439	856,700	1,092,309
Management expense ratio (b)	2.61%	2.61%	2.63%	2.64%	2.64%	2.56%
Management expense ratio before absorptions (c)	2.61%	2.61%	2.63%	2.64%	2.64%	2.56%
Trading expense ratio (d)	0.23%	0.29%	0.22%	0.19%	0.13%	0.19%
Portfolio turnover rate (e)	41.21%	53.09%	47.10%	23.73%	38.96%	61.47%
Net asset value per unit ($) (a)	43.02	37.48	39.70	25.46	24.24	34.25
Class B						
Total net asset value ($000s) (a)	15,682	14,106	14,172	10,306	14,496	26,051
Number of units outstanding (a)	968,840	999,953	960,694	1,097,296	1,621,516	2,062,223
Management expense ratio before performance fee (b)	2.67%	2.66%	2.65%	2.64%	2.63%	2.73%
Management expense ratio (b)	2.67%	2.66%	2.65%	2.64%	2.63%	2.73%
Management expense ratio before absorptions (c)	2.67%	2.66%	2.65%	2.64%	2.63%	2.73%
Trading expense ratio (d)	0.23%	0.29%	0.22%	0.19%	0.13%	0.19%
Portfolio turnover rate (e)	41.21%	53.09%	47.10%	23.73%	38.96%	61.47%
Net asset value per unit ($) (a)	16.19	14.11	14.75	9.39	8.94	12.63
Class E						
Total net asset value ($000s) (a)	8,871	7,422	6,676	3,038	2,660	3,513
Number of units outstanding (a)	471,560	458,266	382,549	274,103	253,401	241,879
Management expense ratio (b)	0.21%	0.51%	0.53%	0.54%	0.53%	0.52%
Management expense ratio before absorptions (c)	0.21%	0.51%	0.53%	0.54%	0.53%	0.52%
Trading expense ratio (d)	0.23%	0.29%	0.22%	0.19%	0.13%	0.19%
Portfolio turnover rate (e)	41.21%	53.09%	47.10%	23.73%	38.96%	61.47%
Net asset value per unit ($) (a)	18.81	16.20	17.45	11.08	10.50	14.52
Class F						
Total net asset value ($000s) (a)	104,938	94,149	101,949	68,427	70,143	97,457
Number of units outstanding (a)	2,301,273	2,381,819	2,441,897	2,587,121	2,797,179	2,779,227
Management expense ratio (b)	1.58%	1.59%	1.59%	1.59%	1.59%	1.54%
Management expense ratio before absorptions (c)	1.58%	1.59%	1.59%	1.59%	1.59%	1.54%
Trading expense ratio (d)	0.23%	0.29%	0.22%	0.19%	0.13%	0.19%
Portfolio turnover rate (e)	41.21%	53.09%	47.10%	23.73%	38.96%	61.47%
Net asset value per unit ($) (a)	45.60	39.53	41.75	26.45	25.08	35.07
Class G						
Total net asset value ($000s) (a)	203,539	177,676	191,161	105,876	93,762	99,607
Number of units outstanding (a)	11,967,303	12,052,635	12,554,023	10,976,834	10,249,347	7,774,891
Management expense ratio before performance fee (b)	1.57%	1.57%	1.57%	1.59%	1.58%	1.65%
Management expense ratio (b)	1.57%	1.57%	1.57%	1.59%	1.58%	1.65%
Management expense ratio before absorptions (c)	1.57%	1.57%	1.57%	1.59%	1.58%	1.65%
Trading expense ratio (d)	0.23%	0.29%	0.22%	0.19%	0.13%	0.19%
Portfolio turnover rate (e)	41.21%	53.09%	47.10%	23.73%	38.96%	61.47%
Net asset value per unit ($) (a)	17.01	14.74	15.23	9.65	9.15	12.81

Ratios and Supplemental Data (cont'd)

	2026	2025	2024	2023	2022	2021
Class H						
Total net asset value ($000s) (a)	2,401	2,271	2,481			
Number of units outstanding (a)	173,163	188,312	195,738			
Management expense ratio before performance fee (b)	2.26%	2.27%	2.27%			
Management expense ratio (b)	2.26%	2.27%	2.27%			
Management expense ratio before absorptions (c)	2.26%	2.27%	2.27%			
Trading expense ratio (d)	0.23%	0.29%	0.22%			
Portfolio turnover rate (e)	41.21%	53.09%	47.10%			
Net asset value per unit ($) (a)	13.87	12.06	12.67			
Class I						
Total net asset value ($000s) (a)	25,287	22,967	24,594	16,817	16,872	23,048
Number of units outstanding (a)	1,185,035	1,242,676	1,257,031	1,351,996	1,430,710	1,405,165
Management expense ratio (b)	1.42%	1.42%	1.42%	1.43%	1.44%	1.38%
Management expense ratio before absorptions (c)	1.42%	1.42%	1.42%	1.43%	1.44%	1.38%
Trading expense ratio (d)	0.23%	0.29%	0.22%	0.19%	0.13%	0.19%
Portfolio turnover rate (e)	41.21%	53.09%	47.10%	23.73%	38.96%	61.47%
Net asset value per unit ($) (a)	21.34	18.48	19.57	12.44	11.79	16.40
Class M						
Total net asset value ($000s) (a)	75,319	57,010	41,624	14,113	10,186	9,643
Number of units outstanding (a)	7,532,261	6,593,584	4,618,253	2,452,358	1,863,319	1,268,907
Management expense ratio before performance fee (b)	1.08%	1.08%	1.07%	1.10%	1.00%	1.00%
Management expense ratio (b)	1.08%	1.08%	1.07%	1.10%	1.00%	1.00%
Management expense ratio before absorptions (c)	1.08%	1.08%	1.07%	1.10%	1.00%	1.00%
Trading expense ratio (d)	0.23%	0.29%	0.22%	0.19%	0.13%	0.19%
Portfolio turnover rate (e)	41.21%	53.09%	47.10%	23.73%	38.96%	61.47%
Net asset value per unit ($) (a)	10.00	8.65	9.01	5.75	5.47	7.60
Class N						
Total net asset value ($000s) (a)	18	15	24	20	96	613
Number of units outstanding (a)	596	596	1,005	1,330	6,759	31,166
Management expense ratio (b)	1.04%	1.08%	1.08%	1.09%	1.08%	1.01%
Management expense ratio before absorptions (c)	1.04%	1.08%	1.08%	1.09%	1.08%	1.01%
Trading expense ratio (d)	0.23%	0.29%	0.22%	0.19%	0.13%	0.19%
Portfolio turnover rate (e)	41.21%	53.09%	47.10%	23.73%	38.96%	61.47%
Net asset value per unit ($) (a)	29.63	25.61	24.08	15.09	14.14	19.68

Ratios and Supplemental Data (cont'd)

	2026	2025	2024	2023	2022	2021
Class O						
Total net asset value ($000s) (a)	12,016	11,081	13,442	10,171	9,829	27,608
Number of units outstanding (a)	247,440	265,303	307,278	374,998	382,752	782,730
Management expense ratio (b)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Management expense ratio before absorptions (c)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Trading expense ratio (d)	0.23%	0.29%	0.22%	0.19%	0.13%	0.19%
Portfolio turnover rate (e)	41.21%	53.09%	47.10%	23.73%	38.96%	61.47%
Net asset value per unit ($) (a)	48.56	41.77	43.75	27.12	25.68	35.27

(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. Management expense ratio before performance fee is the MER before any performance fees, if applicable, for the stated period.
(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.

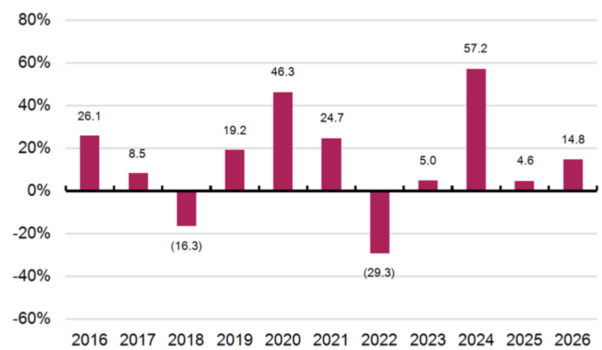
Past Performance

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.

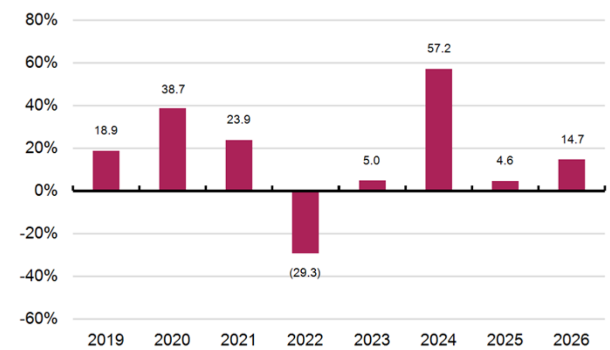
Period-by-Period Returns

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 B



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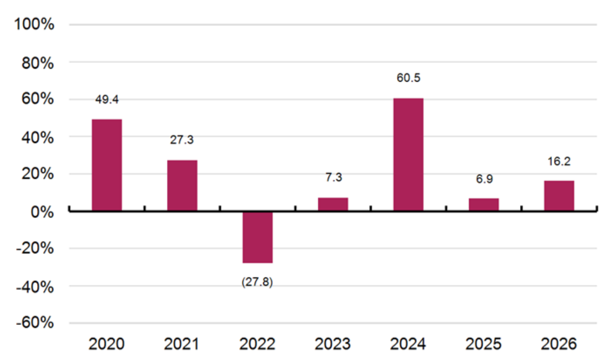

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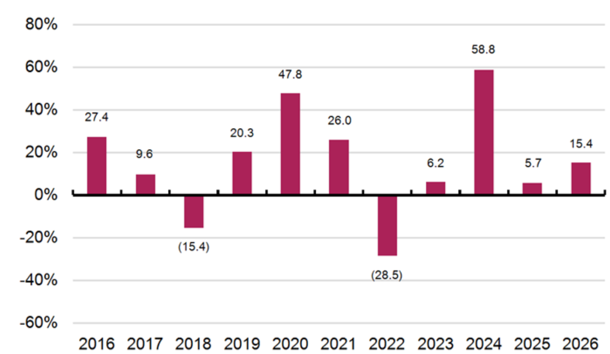
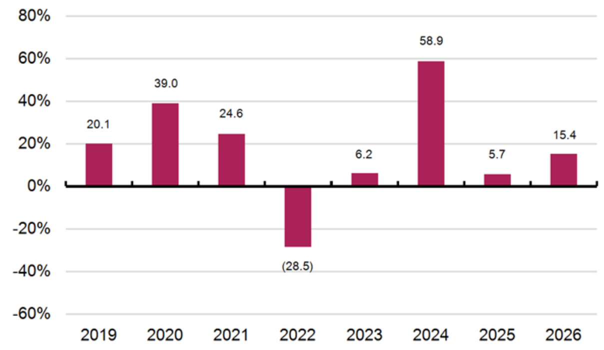
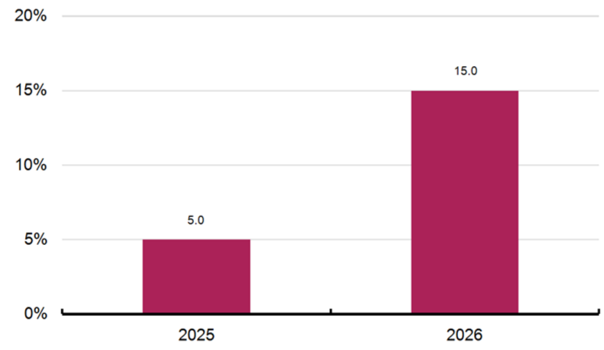


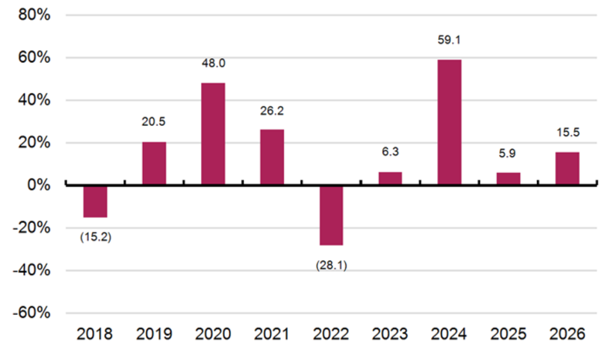
Class G



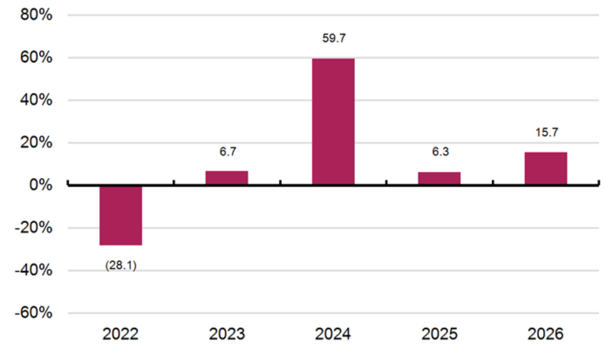
Class H



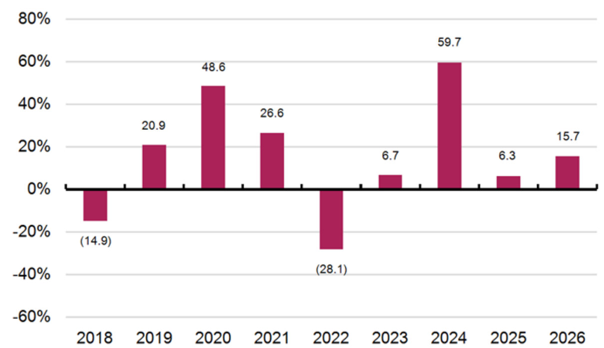
Class I



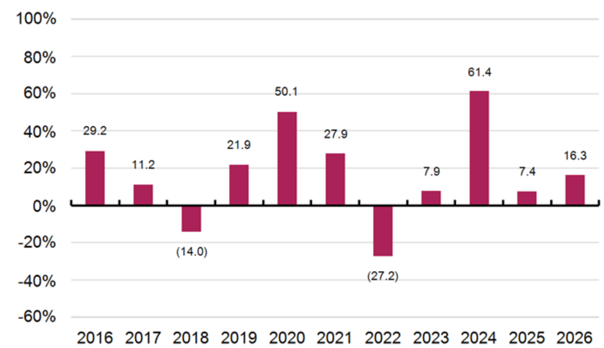
Class M



Class N



Class O



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
kneat.com, inc.	7.4
Purpose Cash Management Fund	5.5
General Fusion Inc., SAFE	4.6
Kinaxis Inc.	4.3
Vitalhub Corp.	4.2
TerraVest Industries Inc.	4.1
D2L Inc.	4.0
Zedcor Inc.	3.8
PAR Technology Corp.	3.7
Tantalus Systems Holding Inc.	3.7
Sangoma Technologies Corp.	3.4
Coveo Solutions Inc.	3.3
TECSYS Inc.	2.9
Telesat Corp., Class 'A'	2.8
Faraday Copper Corp.	2.4
MDA Space Ltd.	2.2
Hammond Power Solutions Inc.	2.1
Black Diamond Group Ltd.	2.0
Blackline Safety Corp.	2.0
Kraken Robotics Inc.	2.0
Logan Energy Corp.	1.8
McDermott International Ltd.	1.8
Saturn Oil & Gas Inc.	1.8
Sylogist Ltd.	1.8
Blue Moon Metals Inc.	1.7

Composition of the Portfolio

	% of Net Assets
US corporate bonds	1.4
Common shares	
Information technology	29.6
Health care	11.6
Materials	11.5
Industrials	10.6
Energy	10.3
Consumer discretionary	4.0
Communication services	2.8
Consumer staples	1.9
Utilities	0.9
Total common shares	**83.2**
Exchange-traded fund(s)	5.5
Other investments	4.6
Preferred shares	2.7
Warrants	2.1
Total investments	**99.5**
Purchased put options	0.2
Total derivative assets	**0.2**
Cash (Bank overdraft)	1.5
Other assets less liabilities	(1.2)
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.

PenderFund Capital Management Ltd.

Pender Small Cap Opportunities Fund

MANAGED BY:
PENDERFUND CAPITAL MANAGEMENT LTD.
1830 – 1066 West Hastings St. Vancouver, BC V6E 3X2
TELEPHONE 604 688-1511 FACSIMILE 604 563-3199 TOLL FREE 1 866 377-4743
www.penderfund.com