

Pender Strategic Growth and Income 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.

Pender Strategic Growth and Income Fund

Six months ended June 30, 2026

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

The net assets of the Pender Strategic Growth and Income Fund (the "Fund") were \$52,684,616 as at June 30, 2026 versus \$53,249,768 as at December 31, 2025. Of this \$565,152 decrease, \$2,026,340 is attributable to positive investment performance and \$2,591,492 is attributable to net unitholder redemptions of Fund units.

For the six months ended June 30, 2026 (the "period"), Class A units of the Fund generated a total return of 3.5%. 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, blended benchmark, 50% FTSE Canada Bond Universe, 35% S&P/TSX Composite Index and 15% S&P 500 (Hedge to CAD), returned 7.1% during the period. In accordance with National Instrument 81-106, we have included a comparison to this broad-based, blended 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 expense.

At the end of the period, the Fund was approximately 36.9% invested in direct equities, 42.4% invested in the Pender Corporate Bond Fund, 10.7% invested in the Pender Small Cap Opportunities Fund, 9.1% invested in the Pender Alternative Absolute Return Fund, other assets less liabilities of -0.2% and had cash of 1.1%. We believe these mandates should provide diversification to dampen overall portfolio volatility, while continuing to deliver solid returns.

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 underweight positions in both the Communication Services, and Consumer Discretionary 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 the Pender Corporate Bond Fund and Maravai LifeSciences Holdings Inc. Conversely, Burford Capital Ltd., and Clarivate PLC were among the largest detractors.

Recent Developments

At the midpoint of 2026, fixed income investors face a market that remains fundamentally constructive but increasingly nuanced. Returns have been supported by resilient corporate earnings, healthy demand for income, and a reversal of some of the weakness seen earlier in the year. At the same time, the path forward is less straightforward. Policy expectations have shifted, inflation risks remain unresolved, and credit spreads have tightened to levels that leave less room for disappointment. In our view, the second half of the year requires a more selective approach to credit exposure. Inflation, policy expectations, tariffs, new issuance, and geopolitical risk all have the potential to reprice risk quickly. This is an environment where security selection matters more than simply reaching for yield.

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.

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 US told a similar story of rotation: international equities, excluding the US, performed exceptionally well in the first half, often outperforming US 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.

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Our base case is that volatility increases in the second half of 2026. Markets are supported by solid earnings and resilient growth, but several risks remain unresolved. These include renewed inflation pressure, tariff-related uncertainty, geopolitical conflict, the potential for changing Federal Reserve leadership, and questions surrounding a future US-Mexico-Canada (USMCA) agreement. We do not believe markets are pricing in sufficient risk. Volatility measures have fallen meaningfully from levels reached during the initial days of geopolitical stress, even as many of the underlying risks remain active. That disconnect suggests investors should be careful about assuming that the benign conditions of the first half will persist uninterrupted. At the same time, we do not view the outlook as uniformly negative. 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.

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.

As part of the Fund's investment strategy, the Fund invests in Class O units of the Pender Alternative Absolute Return Fund, Pender Corporate Bond Fund and Pender Small Cap Opportunities Fund, funds also managed by the Manager. The Fund does not pay any duplicate management fees on its investment in these funds.

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.

Pender Strategic Growth and Income Fund

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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 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	9.48	9.23	7.82	7.19	8.22	7.04
Increase (decrease) from operations:						
Total revenue	0.17	0.35	0.31	0.36	0.27	0.24
Total expenses	(0.10)	(0.22)	(0.21)	(0.18)	(0.18)	(0.20)
Realized gains (losses)	0.21	0.26	(0.14)	0.36	0.08	0.90
Unrealized gains (losses)	0.06	-	1.56	0.47	(0.81)	0.76
Total increase (decrease) from operations (b)	0.34	0.39	1.52	1.01	(0.64)	1.70
Distributions:						
From income (excluding dividends)	(0.07)	(0.12)	(0.07)	(0.18)	(0.05)	(0.04)
From dividends	-	(0.03)	(0.02)	(0.05)	(0.03)	(0.05)
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	(0.30)	(0.32)
Total distributions (b), (c)	(0.07)	(0.15)	(0.09)	(0.23)	(0.38)	(0.41)
Net Assets, end of period	9.74	9.48	9.23	7.82	7.19	8.22
Class E						
Net Assets, beginning of period	13.49	13.13	11.13	10.23	11.48	9.66
Increase (decrease) from operations:						
Total revenue	0.25	0.49	0.44	0.60	0.39	0.33
Total expenses	(0.01)	(0.07)	(0.08)	(0.07)	(0.06)	(0.07)
Realized gains (losses)	0.31	0.37	(0.12)	0.53	(0.20)	1.29
Unrealized gains (losses)	0.05	0.07	2.12	0.85	(0.53)	0.81
Total increase (decrease) from operations (b)	0.60	0.86	2.36	1.91	(0.40)	2.36
Distributions:						
From income (excluding dividends)	(0.24)	(0.33)	(0.28)	(0.44)	(0.23)	(0.09)
From dividends	-	(0.10)	(0.09)	(0.08)	(0.10)	(0.11)
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	(0.20)	(0.37)
Total distributions (b), (c)	(0.24)	(0.43)	(0.37)	(0.52)	(0.53)	(0.57)
Net Assets, end of period	13.85	13.49	13.13	11.13	10.23	11.48

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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	13.36	13.01	11.03	10.04	11.34	9.60
Increase (decrease) from operations:						
Total revenue	0.24	0.49	0.44	0.47	0.37	0.34
Total expenses	(0.08)	(0.15)	(0.15)	(0.13)	(0.12)	(0.14)
Realized gains (losses)	0.30	0.36	(0.04)	0.53	0.07	1.22
Unrealized gains (losses)	0.07	(0.01)	2.02	0.45	(1.08)	(0.60)
Total increase (decrease) from operations (b)	0.53	0.69	2.27	1.32	(0.76)	0.82
Distributions:						
From income (excluding dividends)	(0.17)	(0.27)	(0.22)	(0.25)	(0.15)	(0.10)
From dividends	-	(0.08)	(0.07)	(0.10)	(0.10)	(0.12)
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	(0.27)	(0.34)
Total distributions (b), (c)	(0.17)	(0.35)	(0.29)	(0.35)	(0.52)	(0.56)
Net Assets, end of period	13.72	13.36	13.01	11.03	10.04	11.34
Class O						
Net Assets, beginning of period	13.77	13.40	11.35	10.38	11.59	9.70
Increase (decrease) from operations:						
Total revenue	0.25	0.50	0.46	0.56	0.38	0.33
Total expenses	-	(0.01)	(0.01)	(0.02)	(0.01)	(0.02)
Realized gains (losses)	0.31	0.36	(0.34)	0.54	0.07	1.30
Unrealized gains (losses)	0.07	0.02	2.28	0.75	(1.11)	0.82
Total increase (decrease) from operations (b)	0.63	0.87	2.39	1.83	(0.67)	2.43
Distributions:						
From income (excluding dividends)	(0.26)	(0.38)	(0.33)	(0.42)	(0.23)	(0.09)
From dividends	-	(0.12)	(0.10)	(0.12)	(0.15)	(0.11)
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	(0.16)	(0.37)
Total distributions (b), (c)	(0.26)	(0.50)	(0.43)	(0.54)	(0.54)	(0.57)
Net Assets, end of period	14.13	13.77	13.40	11.35	10.38	11.59

(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.

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Ratios and Supplemental Data

	2026	2025	2024	2023	2022	2021
Class A						
Total net asset value (\$000s) (a)	11,658	12,473	10,677	11,121	6,535	10,215
Number of units outstanding (a)	1,197,308	1,316,194	1,156,716	1,421,901	909,428	1,243,193
Management expense ratio (b)	2.01%	2.30%	2.34%	2.35%	2.35%	2.30%
Management expense ratio before absorptions (c)	2.01%	2.30%	2.34%	2.35%	2.35%	2.30%
Trading expense ratio (d)	0.01%	0.03%	0.05%	0.04%	0.02%	0.09%
Portfolio turnover rate (e)	6.27%	24.67%	29.93%	23.32%	22.81%	31.58%
Net asset value per unit (\$) (a)	9.74	9.48	9.23	7.82	7.19	8.22
Class E						
Total net asset value (\$000s) (a)	617	592	511	425	25	6
Number of units outstanding (a)	44,536	43,852	38,936	38,156	2,483	552
Management expense ratio (b)	0.21%	0.50%	0.52%	0.53%	0.53%	0.50%
Management expense ratio before absorptions (c)	0.21%	0.50%	0.52%	0.53%	0.53%	0.50%
Trading expense ratio (d)	0.01%	0.03%	0.05%	0.04%	0.02%	0.09%
Portfolio turnover rate (e)	6.27%	24.67%	29.93%	23.32%	22.81%	31.58%
Net asset value per unit (\$) (a)	13.85	13.49	13.13	11.13	10.23	11.48
Class F (formerly Class I)						
Total net asset value (\$000s) (a)	40,391	40,167	33,167	20,969	21,541	25,311
Number of units outstanding (a)	2,943,644	3,005,710	2,549,569	1,901,082	2,145,538	2,232,299
Management expense ratio (b)	1.11%	1.11%	1.11%	1.11%	1.11%	1.10%
Management expense ratio before absorptions (c)	1.11%	1.11%	1.11%	1.11%	1.11%	1.10%
Trading expense ratio (d)	0.01%	0.03%	0.05%	0.04%	0.02%	0.09%
Portfolio turnover rate (e)	6.27%	24.67%	29.93%	23.32%	22.81%	31.58%
Net asset value per unit (\$) (a)	13.72	13.36	13.01	11.03	10.04	11.34
Class O						
Total net asset value (\$000s) (a)	19	18	12	17	6	6
Number of units outstanding (a)	1,334	1,309	912	1,490	580	552
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)	0.01%	0.03%	0.05%	0.04%	0.02%	0.09%
Portfolio turnover rate (e)	6.27%	24.67%	29.93%	23.32%	22.81%	31.58%
Net asset value per unit (\$) (a)	14.13	13.77	13.40	11.35	10.38	11.59

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

(b) Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) for the period and is expressed as an annualized percentage of daily average net asset value during the period. The MER may vary from one class of units to another because of differences in the applicable management fees and certain fees and expenses may have been absorbed by the Manager which would otherwise be paid by the Fund.

(c) The Manager of the Fund has agreed to absorb sufficient expenses of the Fund, as necessary, so that the annual MER before applicable taxes such as GST or HST will not exceed certain limits as outlined in the Fund's Simplified Prospectus. The amount of expenses absorbed is at the discretion of the Manager as set out in the Fund's Simplified Prospectus, and the Manager may in its sole discretion cease to absorb expenses.

(d) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(e) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. In general, the higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

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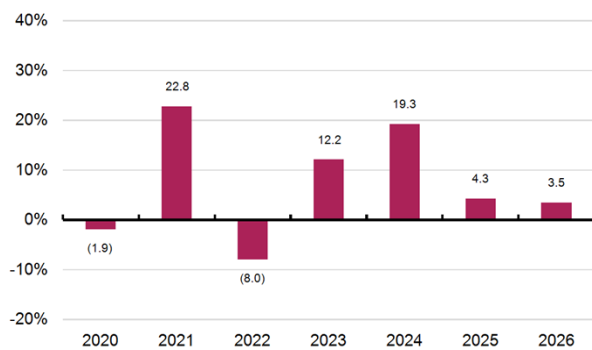
Past Performance

The following charts show the past performance for the units of each class of the Fund and do not necessarily indicate how the Fund will perform in the future. The information shown assumes that any distributions made by the Fund were reinvested in additional units of the Fund. Returns would be different if an investor did not reinvest distributions. In addition, the information does not take into account sales, redemptions, income taxes payable or other charges that would have reduced returns or performance.

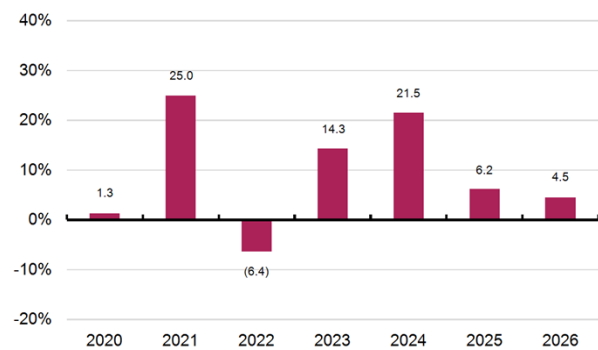
Period-by-Period Returns

To illustrate how the Fund's performance has varied over time, the following bar charts show the Fund's performance for the six-month period ended June 30, 2026 and for each of the previous 12-month periods ended December 31. The information is presented starting from the first full financial year of the respective Fund class. In percentage terms, the bar charts show how much an investment held on the first day of the period would have increased or decreased by the last day of the period.

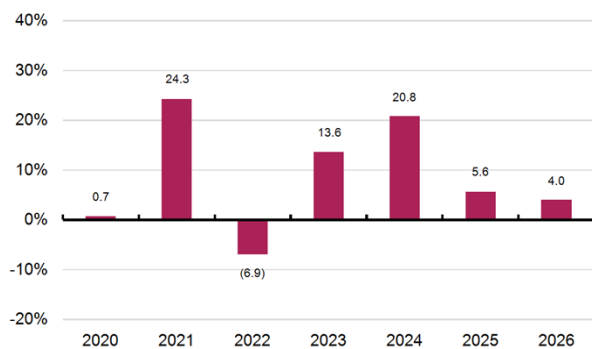
Class A



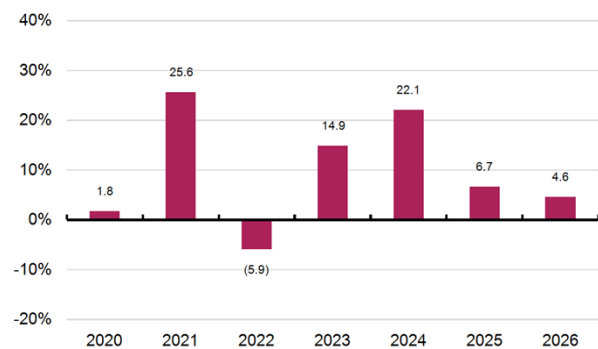
Class E



Class F (formerly Class I)



Class O



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Summary of Investment Portfolio

The largest holdings of the Fund as at the end of the period and the major asset classes in which the Fund was invested are indicated below. Where the Fund has less than 25 holdings, the table will show the Fund's entire investment portfolio. The investment portfolio may change due to ongoing portfolio transactions. An update of the Fund's summary of investment portfolio as at the end of each calendar quarter is available from the Manager. Please see the front page of this document for information about how this can be obtained.

Top 25 Holdings

	% of Net Assets
Pender Corporate Bond Fund, Class 'O'	42.4
Pender Small Cap Opportunities Fund, Class 'O'	10.7
Pender Alternative Absolute Return Fund, Class 'O'	9.1
Brookfield Corp., Class 'A'	3.4
Maravai LifeSciences Holdings Inc., Class 'A'	3.4
Exor N.V.	3.0
Trisura Group Ltd.	2.8
Exchange Income Corp.	2.7
Onex Corp.	2.6
Markel Corp.	2.1
Baidu Inc., ADR	2.0
Danaher Corp.	2.0
Fevertree Drinks PLC	1.9
Artis Exploration Ltd.	1.8
Clarivate PLC	1.5
KKR & Co. Inc.	1.4
LVMH Moët Hennessy Louis Vuitton SE, ADR	1.2
Burford Capital Ltd.	1.0
ServiceNow Inc.	1.0
Premium Brands Holdings Corp.	0.9
Adobe Inc.	0.8
McDermott International Ltd.	0.7
Intuit Inc.	0.6
CBM Asia Development Corp.	0.0

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Composition of the Portfolio

	% of Net Assets
Mutual funds	62.2
Common shares	
Financial services	11.3
Health care	5.5
Insurance	4.9
Industrials	4.3
Consumer staples	2.8
Energy	2.5
Information technology	2.4
Communication services	2.0
Consumer discretionary	1.2
Total common shares	36.9
Total investments	99.1
Cash (Bank overdraft)	1.1
Other assets less liabilities	(0.2)
Total net assets	100.0

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Caution Regarding Forward-Looking Statements

This report contains forward-looking statements about the Fund, including its strategy, prospects and further actions. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, or negative versions thereof and similar expressions.

In addition, any statement made concerning future performance, strategies or prospects, and possible future Fund action is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to risks, uncertainties and assumptions about the Fund and economic factors, among other things.

Forward-looking statements are not a guarantee of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements. Any number of important factors could contribute to these digressions, including, but not limited to: geopolitical events, general economic conditions, political and market factors around the world; interest rates and inflation; fiscal and monetary policy; global equity and capital markets; business competition; technological change; changes in government regulations; unexpected judicial or regulatory proceedings; 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 Strategic Growth and Income Fund

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