

March 6, 2025

Dear Unitholder,

The Independent Review Committee (“IRC”) of the Pender Mutual Funds (the “Funds”) is pleased to provide its annual report for the period ended December 31, 2024 as required by National Instrument 81-107 *Independent Review Committee for Investment Funds*.

The members of the IRC, whose identities are listed in this report, bring to their duties a range of professional experience and skills. The mandate of the IRC is to review conflict of interest matters identified and referred to the IRC by PenderFund Capital Management Ltd. (the “Manager”) in respect of the Funds and to give its approval or recommendation, depending on the nature of the conflict of interest matter.

A "conflict of interest matter" is a situation where a reasonable person would consider the Manager, or an entity related to the Manager, to have an interest that may conflict with the Manager's ability to act in good faith and in the best interests of the Funds. In each instance where a conflict of interest matter is identified and referred to the IRC, the focus of the IRC is to determine if the Manager's proposed action achieves a fair and reasonable result for the Funds.

At least annually, the IRC reviews and assesses the adequacy and effectiveness of the policies and procedures relating to conflict of interest matters in respect of the Funds and also conducts a self-assessment of the IRC's independence, compensation and effectiveness.

As chair of the IRC, I would like to welcome John DeLucchi and express our excitement in having him join us. Since becoming a committee member on March 4, 2024, he has been a valued part of our team, and we look forward to his continued insights and contributions.

The IRC looks forward to continuing to serve in the best interests of the Funds, and to continuing the collaborative and mutually respectful relationship with the Manager of the Funds.

Yours Very Truly,

DocuSigned by:
Leslie Wood
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Leslie Wood
Chair of the Independent Review Committee

**PENDER MUTUAL FUNDS
INDEPENDENT REVIEW COMMITTEE
ANNUAL REPORT TO UNITHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Introduction

The following report describes the Independent Review Committee (the “IRC”) of the Pender Mutual Funds (the “Funds”) managed by PenderFund Capital Management Ltd. (“Manager”) and its related activities for the year ended December 31, 2024.

The Funds are as follows:

- Pender Bond Universe Fund
- Pender Corporate Bond Fund
- Pender Small Cap Opportunities Fund
- Pender Strategic Growth & Income Fund
- Pender Value Fund
- Pender US Small/Mid Cap Equity Fund
- Pender Alternative Absolute Return Fund
- Pender Alternative Arbitrage Fund
- Pender Alternative Arbitrage Plus Fund
- Pender Alternative Multi-Strategy Income Fund
- Pender Alternative Special Situations Fund

Membership and Composition

The IRC consists of three members as appointed by the Manager. Each member is independent and has no material relationship with the Funds, Manager or any related entities that could be reasonably perceived to interfere with the member’s judgment regarding a conflict of interest matter.

The following individuals are the members of the IRC as at December 31, 2024. There was one change to the composition or membership of the IRC during the year.

<u>Name</u>	<u>Length of Service</u>	<u>Other IRC Memberships</u>
Leslie Wood (Chair)	Member since March 9, 2022; Chair since March 7, 2023	Manulife Investment Management Limited; Connor, Clark & Lunn Funds Inc.
Robin Mahood	Since March 7, 2017	None
John DeLucchi	March 4, 2024	None

Share Ownership

The percentage of securities of each class or series of voting or equity securities beneficially owned, directly or indirectly, in aggregate, by all the members of the IRC:

- a) in the investment fund if the aggregate level of ownership exceeds 10 percent;
- b) in the Manager; or
- c) in any person or company that provides services to the investment fund or the Manager;

is none in all cases.

Compensation

The level of compensation and expenses for the members of the IRC is determined by the Manager, reviewed and accepted by the IRC.

<u>Committee position</u>	<u>Retainer fee</u>	<u>Meeting fee</u>
Chair	\$15,000	\$1,500
Member	\$10,000	\$1,000

Each IRC member is also reimbursed for certain out-of-pocket costs associated with the performance of their duties.

In accepting the recommendation of the Manager, the IRC considered the following: the nature and complexity of the Funds’ operations, the workload and time commitment required and the level of information provided to the committee.

For the year ended December 31, 2024, a total of \$49,000 was paid by the Funds to the IRC, amounts that were reimbursed by the Manager to the Funds. Compensation to the IRC is allocated to the Funds proportionately based on the net asset value of the Fund. No amounts were paid to the IRC members by the Funds under indemnities in their favour.

Activities, Reviews and Approvals

During the year ended December 31, 2024, the Manager informed the IRC that it relied on positive recommendations and standing instructions granted by the IRC relating to conflict of interest matters. The standing instructions require the Manager to follow its policies and procedures related to the applicable conflict of interest matters in all material respects and to report to the IRC. In certain cases, prior approval of the IRC is required.

On April 4, 2024, the IRC received a draft Notice and Information Circular for the proposed merger of the Pender Small/Mid Cap Dividend Fund into the Pender Small Cap Opportunities Fund, along with a memo from the Manager. Following a meeting between the IRC and the

Manager, the IRC approved and confirmed on April 15, 2024, that the proposed merger would achieve a fair and reasonable result for the funds. The merger was subsequently approved by shareholders on May 27, 2024, and completed on June 28, 2024.

Certificate

For the year ended December 31, 2024:

- a) There were no instances of proposed actions involving a conflict of interest matter or potential conflict of interest matter that were referred to the IRC by the Manager for consideration, other than in accordance with the Standing Instructions as approved by the IRC and dated March 4, 2021; and
- b) The IRC is not aware of any instances where the Manager was involved in a conflict of interest matter.

This report is respectfully submitted to you on behalf of the Independent Review Committee of the Funds.

Vancouver, British Columbia

March 6, 2025

DocuSigned by:
Leslie Wood
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Leslie Wood

Chair of the Independent Review Committee