

Pender Alternative Special Situations Fund

Six months ended June 30, 2025

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 Alternative Special Situations Fund

Six months ended June 30, 2025

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

The net assets of the Pender Alternative Special Situations Fund (the “Fund”) were \$3,206,672 as at June 30, 2025 versus \$3,021,996 as at December 31, 2024. Of this \$184,676 increase, \$236,612 is attributable to positive investment performance and \$51,936 is attributable to net unitholder redemptions of Fund units.

For the six months ended June 30, 2025 (the “period”), Class A units of the Fund generated a total return of 7.6%. 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 S&P/TSX Composite Index (“S&P/TSX”), returned 10.2% 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 151.0% invested in long positions, -11.3% invested in short positions. The Fund’s cash position may change over time as a result of portfolio transactions. The Fund’s investment portfolio is concentrated and not diversified in the conventional sense. The Fund’s top 10 holdings account for 71.6% of the Fund’s net assets at the end of the period. This concentration may lead to varied results over any given 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 allocation to both the Financial Services and Real Estate 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.

Key positive individual contributors to the Fund’s performance for the first half of the year included Highlander Silver Corp., Telesat Corp., and MDA Space Ltd. Conversely, Logan Energy Corp., Dye & Durham Ltd., and Well Health Technologies Corp. had the largest adverse impact.

Portfolio transactions during the first half of the year were made based on our stock selection process. In general, we increased 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 Coveo Solutions Inc., and MDA Space Ltd. 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 position in Omni-Lite Industries Canada Inc.

Recent Developments

Equity markets delivered solid performance in the first six months of 2025, though not without periods of volatility. Following strong performance in 2024, markets started the year positively, but market sentiment turned negative following tariff announcements from the US administration. While not quite reaching bear market territory (defined as a drop of -20%), the S&P/TSX Composite Index and S&P 500 saw declines of more than 10%. Since April, markets have experienced significant strength and shrugged escalating policy and geopolitical risks.

The outlook for the second half of 2025 looks a lot like the start of 2025, equities have a lot of optimism priced in and markets like the S&P 500 are trading above historical prices / valuations (based on 30-year average of P/E multiple, CAPE, Dividend Yield). Elevated valuations in large caps, market concentration and elevated expectations in some key index names could make the overall equity market vulnerable to negative surprises and volatility as we continue through the year. While markets have largely shrugged off these risks, potential headwinds could also include trade policies, particularly tariffs, and could weigh on corporate earnings.

We expect market volatility, driven by headlines, to persist throughout the remainder of 2025. We also anticipate a more challenging macro backdrop. Against this we are focused on the fundamentals and continue to identify opportunities with attractive risk-reward profiles in high quality businesses that are well positioned to navigate uncertainty. We remain vigilant in our analysis to identify trends that align with how the world is evolving. We continue to manage a concentrated portfolio of investments, only needing to hold a relatively small number of great companies purchased at reasonable prices to drive the performance of the Fund.

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Related Party Transactions

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

As at the end of the period, parties related to the Manager collectively held 12% of the Fund’s units.

Management 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. The Manager has waived all management fees, administration fees and custody related transaction costs for the Fund since commencement of operations 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 17% 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 on all classes of units of the Fund. For Class O units, this fee is or will be charged directly to Unitholders, as applicable. The performance fee is equal to 15% of the amount by which the total return of the class of units exceeds a 6% hurdle rate, for the period since the performance fee was last paid, subject to accumulation in years where no performance is paid, provided that the total return of the relevant class of units for such period exceeds the previous 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. 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.

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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)

	2025 (\$)	2024 (\$)	2023 (\$)	2022 (\$)	2021 (\$)	2020 (\$)
Class A						
Net Assets, beginning of period	23.58	18.89	15.47	18.75	14.80	10.00
Increase (decrease) from operations:						
Total revenue	0.10	0.20	0.98	0.18	0.21	0.08
Total expenses	(0.06)	(0.24)	(0.43)	(0.06)	(0.16)	(0.04)
Realized gains (losses)	0.05	0.75	1.81	(4.11)	4.26	2.67
Unrealized gains (losses)	1.71	4.00	1.32	(0.02)	(0.30)	4.80
Total increase (decrease) from operations (b)	1.80	4.71	3.68	(4.01)	4.01	7.51
Distributions:						
From income (excluding dividends)	-	(0.04)	-	(0.12)	(0.01)	-
From dividends	-	(0.03)	(0.43)	(0.07)	(0.08)	(0.06)
From capital gains	-	-	-	-	(1.46)	(2.64)
Return of capital	-	-	-	-	-	-
Total distributions (b), (c)	-	(0.07)	(0.43)	(0.19)	(1.55)	(2.70)
Net Assets, end of period	25.38	23.58	18.89	15.47	18.75	14.80
Class E						
Net Assets, beginning of period	12.57	10.05	8.25	10.00	10.00	
Increase (decrease) from operations:						
Total revenue	0.05	0.11	0.52	0.12	0.09	
Total expenses	(0.03)	(0.12)	(0.23)	(0.04)	(0.07)	
Realized gains (losses)	0.02	0.47	0.88	(2.44)	1.11	
Unrealized gains (losses)	0.98	2.06	0.78	0.44	(0.04)	
Total increase (decrease) from operations (b)	1.02	2.52	1.95	(1.92)	1.09	
Distributions:						
From income (excluding dividends)	-	(0.02)	-	(0.06)	(0.00)	
From dividends	-	(0.02)	(0.23)	(0.04)	(0.05)	
From capital gains	-	-	-	-	(0.78)	
Return of capital	-	-	-	-	-	
Total distributions (b), (c)	-	(0.04)	(0.23)	(0.10)	(0.83)	
Net Assets, end of period	13.53	12.57	10.05	8.25	10.00	

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

	2025 (\$)	2024 (\$)	2023 (\$)	2022 (\$)	2021 (\$)	2020 (\$)
Class F						
Net Assets, beginning of period	23.58	18.97	15.47	18.75	14.80	10.00
Increase (decrease) from operations:						
Total revenue	0.10	0.16	0.95	0.19	0.19	0.08
Total expenses	(0.06)	(0.24)	(0.43)	(0.07)	(0.15)	(0.04)
Realized gains (losses)	0.02	0.77	1.91	(3.64)	4.24	2.67
Unrealized gains (losses)	1.68	3.49	1.13	0.07	(0.56)	4.80
Total increase (decrease) from operations (b)	1.74	4.18	3.56	(3.45)	3.72	7.51
Distributions:						
From income (excluding dividends)	-	(0.04)	-	(0.12)	(0.01)	-
From dividends	-	(0.03)	(0.42)	(0.07)	(0.08)	(0.06)
From capital gains	-	-	-	-	(1.46)	(2.64)
Return of capital	-	-	-	-	-	-
Total distributions (b), (c)	-	(0.07)	(0.42)	(0.19)	(1.55)	(2.70)
Net Assets, end of period	25.38	23.58	18.97	15.47	18.75	14.80
Class I						
Net Assets, beginning of period	12.56	10.01	8.25	10.00	10.00	
Increase (decrease) from operations:						
Total revenue	0.06	0.11	0.46	0.09	0.14	
Total expenses	(0.03)	(0.13)	(0.23)	(0.03)	(0.11)	
Realized gains (losses)	0.03	0.43	0.76	(2.41)	0.68	
Unrealized gains (losses)	0.79	1.86	1.11	0.22	(2.97)	
Total increase (decrease) from operations (b)	0.85	2.27	2.10	(2.13)	(2.26)	
Distributions:						
From income (excluding dividends)	-	(0.02)	-	(0.06)	(0.00)	
From dividends	-	(0.02)	(0.24)	(0.04)	(0.05)	
From capital gains	-	-	-	-	(0.78)	
Return of capital	-	-	-	-	-	
Total distributions (b), (c)	-	(0.04)	(0.24)	(0.10)	(0.83)	
Net Assets, end of period	13.52	12.56	10.01	8.25	10.00	

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

	2025 (\$)	2024 (\$)	2023 (\$)	2022 (\$)	2021 (\$)	2020 (\$)
Class O						
Net Assets, beginning of period	12.57	10.04	8.25	10.00	10.00	
Increase (decrease) from operations:						
Total revenue	0.05	0.09	0.50	0.11	0.06	
Total expenses	(0.03)	(0.13)	(0.23)	(0.04)	(0.05)	
Realized gains (losses)	0.03	0.44	0.93	(2.19)	0.78	
Unrealized gains (losses)	0.91	2.16	0.83	0.43	0.03	
Total increase (decrease) from operations (b)	0.96	2.56	2.03	(1.69)	0.82	
Distributions:						
From income (excluding dividends)	-	(0.02)	-	(0.06)	(0.00)	
From dividends	-	(0.02)	(0.23)	(0.04)	(0.05)	
From capital gains	-	-	-	-	(0.78)	
Return of capital	-	-	-	-	-	
Total distributions (b), (c)	-	(0.04)	(0.23)	(0.10)	(0.83)	
Net Assets, end of period	13.53	12.57	10.04	8.25	10.00	

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

	2025	2024	2023	2022	2021	2020
Class A						
Total net asset value (\$000s) (a)	441	411	314	310	420	131
Number of units outstanding (a)	17,387	17,409	16,622	20,022	22,408	8,870
Management expense ratio before performance fee (b)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Management expense ratio (b)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Management expense ratio before absorptions (c)	8.29%	6.51%	5.32%	2.67%	2.62%	2.50%
Trading expense ratio (d)	0.50%	1.08%	2.51%	0.42%	1.17%	0.85%
Portfolio turnover rate (e)	27.95%	88.86%	105.63%	85.07%	161.57%	77.56%
Net asset value per unit (\$) (a)	25.38	23.58	18.89	15.47	18.75	14.80
Class E						
Total net asset value (\$000s) (a)	360	301	294	185	120	
Number of units outstanding (a)	26,636	23,966	29,267	22,395	12,009	
Management expense ratio before performance fee (b)	0.00%	0.00%	0.00%	0.00%	0.00%	
Management expense ratio (b)	0.00%	0.00%	0.00%	0.00%	0.00%	
Management expense ratio before absorptions (c)	1.62%	3.70%	3.18%	0.61%	0.67%	
Trading expense ratio (d)	0.50%	1.08%	2.51%	0.42%	1.17%	
Portfolio turnover rate (e)	27.95%	88.86%	105.63%	85.07%	161.57%	
Net asset value per unit (\$) (a)	13.53	12.57	10.05	8.25	10.00	

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Ratios and Supplemental Data (cont'd)

	2025	2024	2023	2022	2021	2020
Class F						
Total net asset value (\$000s) (a)	1,606	1,288	283	281	354	131
Number of units outstanding (a)	63,278	54,592	14,929	18,172	18,885	8,870
Management expense ratio before performance fee (b)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Management expense ratio (b)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Management expense ratio before absorptions (c)	4.05%	6.13%	4.22%	1.61%	1.59%	1.50%
Trading expense ratio (d)	0.50%	1.08%	2.51%	0.42%	1.17%	0.85%
Portfolio turnover rate (e)	27.95%	88.86%	105.63%	85.07%	161.57%	77.56%
Net asset value per unit (\$) (a)	25.38	23.58	18.97	15.47	18.75	14.80
Class I						
Total net asset value (\$000s) (a)	791	1,016	494	207	384	
Number of units outstanding (a)	58,545	80,857	49,308	25,113	38,387	
Management expense ratio before performance fee (b)	0.00%	0.00%	0.00%	0.00%	0.00%	
Management expense ratio (b)	0.00%	0.00%	0.00%	0.00%	0.00%	
Management expense ratio before absorptions (c)	4.26%	5.58%	4.07%	1.45%	1.51%	
Trading expense ratio (d)	0.50%	1.08%	2.51%	0.42%	1.17%	
Portfolio turnover rate (e)	27.95%	88.86%	105.63%	85.07%	161.57%	
Net asset value per unit (\$) (a)	13.52	12.56	10.01	8.25	10.00	
Class O						
Total net asset value (\$000s) (a)	8	7	6	5	5	
Number of units outstanding (a)	562	562	561	548	541	
Management expense ratio before performance fee (b)	0.00%	0.00%	0.00%	0.00%	0.00%	
Management expense ratio (b)	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%	
Trading expense ratio (d)	0.50%	1.08%	2.51%	0.42%	1.17%	
Portfolio turnover rate (e)	27.95%	88.86%	105.63%	85.07%	161.57%	
Net asset value per unit (\$) (a)	13.53	12.57	10.04	8.25	10.00	

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.

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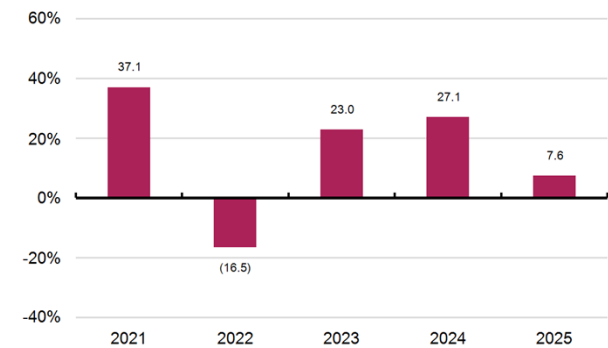
Past Performance

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.

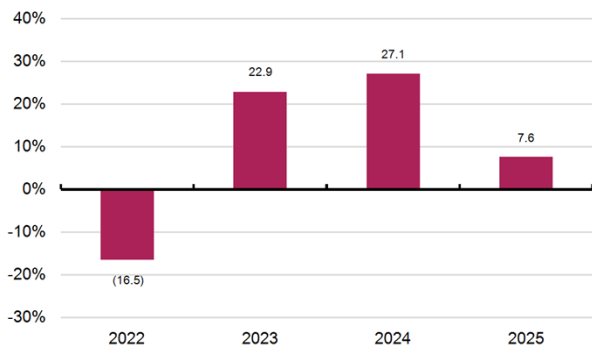
Period-by-Period Returns

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, 2025 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.

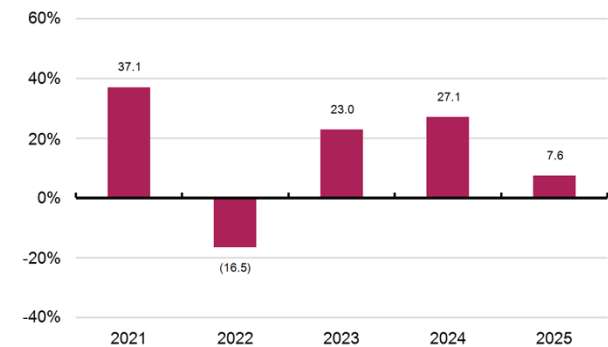
Class A



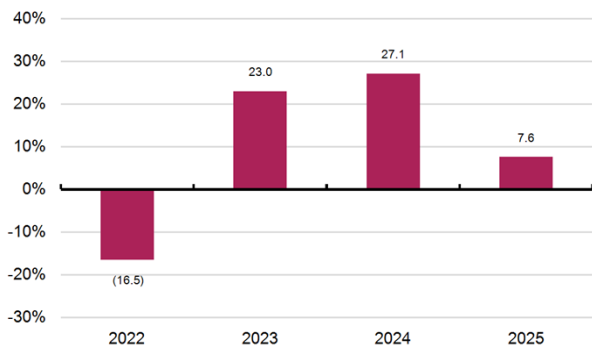
Class E



Class F



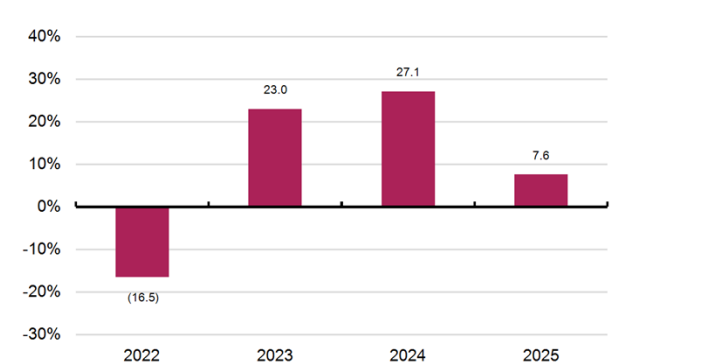
Class I



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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
LONG POSITIONS	
Highlander Silver Corp.	11.1
dentalcorp Holdings Ltd.	8.4
Bitcoin Treasury Corp.	8.1
Telesat Corp.	7.9
5N Plus Inc.	7.0
GH Group, Inc., Preferred, Series 'C', 22.50%	6.9
IsoEnergy Ltd.	6.1
MDA Space Ltd.	6.1
Coveo Solutions Inc.	5.3
Burford Capital Ltd.	4.7
Logan Energy Corp.	4.2
Fireweed Metals Corp.	4.1
Partners Value Investments L.P.	4.0
Kraken Robotics Inc.	3.9
NFI Group Inc.	3.6
NexGen Energy Ltd.	3.4
Mercer Park Opportunities Corp.	3.3
Dye & Durham Ltd.	3.0
Saturn Oil & Gas Inc.	3.0
ARC Resources Ltd.	2.8
JFrog Ltd.	2.8
Athabasca Oil Corp.	2.7
Montage Gold Corp.	2.4
Profound Medical Corp.	2.4
SHORT POSITIONS	
Highlander Silver Corp.	(3.6)

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Composition of the Portfolio

	% of Net Assets
LONG POSITIONS	
Energy	27.9
Materials	26.4
Information technology	24.9
Financial services	21.4
Industrials	19.0
Health care	13.9
Communication services	10.0
Consumer staples	2.2
Utilities	2.2
Consumer discretionary	2.0
Total Long Positions	149.9
SHORT POSITIONS	
Exchange-traded fund(s)	(7.7)
Materials	(3.6)
Total Short Positions	(11.3)
Warrants	1.1
Total investments	139.7
Cash (Bank overdraft)	(39.7)
Other assets less liabilities	0.0
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 Alternative Special Situations Fund

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