

Pender US Small/Mid Cap Equity 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.

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Results of Operations

The Pender US Small/Mid Cap Equity Fund (the “Fund”) commenced operations on November 29, 2024. The net assets of the Fund were \$1,173,898 as at June 30, 2025 versus \$277,497 as at December 31, 2024. Of this \$896,401 increase, \$70,033 is attributable to positive investment performance and \$826,368 is attributable to net unitholder purchases of Fund units.

Because the Fund has been in operation for less than one year, past performance data is not available for disclosure.

We are pleased to report positive fund flows for the 6-months ended June 30, 2025 and we are optimistic that the Fund will see a continuation of positive fund flows as investment advisors assess the Fund’s strategy and attractive risk/reward profile. 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 Deckers Outdoor Corp., and Mercury General 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 position in Kennedy-Wilson Holdings Inc.

For the period ended June 30, 2025 (the “period”), the Fund was 97.5% invested in the United States and the Fund’s cash position was 2.5%. The Fund’s investment portfolio is concentrated and not diversified in the conventional sense. The Fund’s top 10 holdings account for 42.7% 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 year. Please read the caution regarding forward-looking statements located on the last page of this document.

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%) both 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.

Despite these near-term uncertainties, long-term trends remain supportive. US productivity growth continues to outpace other developed economies, providing a foundation for sustained equity market strength. The potential for further tax cuts also supports earnings in corporate America. We are cognizant of the macro environment and include potential impacts into our bottom-up company valuation framework. As always, we prefer companies with pricing power and sustainable competitive advantages that protect margins in what we expect to be a rising cost environment due to headwinds like tariffs.

Related Party Transactions

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

As at the end of the period, parties related to the Manager collectively held 22% of the Fund’s units.

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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.

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.

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 periods ended June 30, 2025 and December 31, 2024.

Fund's Net Assets Per Unit (a)

	2025 (\$)	2024 (\$)
Class A		
Net Assets, beginning of period	9.70	10.00
Increase (decrease) from operations:		
Total revenue	0.05	0.02
Total expenses	(0.01)	-
Realized gains (losses)	(0.37)	-
Unrealized gains (losses)	0.86	(0.31)
Total increase (decrease) from operations (b)	0.53	(0.29)
Distributions:		
From income (excluding dividends)	-	(0.01)
From dividends	-	-
From capital gains	-	-
Return of capital	-	-
Total distributions (b), (c)	-	(0.01)
Net Assets, end of period	9.84	9.70
Class E		
Net Assets, beginning of period	9.70	10.00
Increase (decrease) from operations:		
Total revenue	0.05	0.02
Total expenses	(0.01)	-
Realized gains (losses)	(0.17)	0.01
Unrealized gains (losses)	2.01	(0.33)
Total increase (decrease) from operations (b)	1.88	(0.30)
Distributions:		
From income (excluding dividends)	-	(0.01)
From dividends	-	-
From capital gains	-	-
Return of capital	-	-
Total distributions (b), (c)	-	(0.01)
Net Assets, end of period	9.84	9.70

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

	2025 (\$)	2024 (\$)
Class F		
Net Assets, beginning of period	9.70	10.00
Increase (decrease) from operations:		
Total revenue	0.05	0.02
Total expenses	(0.01)	-
Realized gains (losses)	(0.37)	0.01
Unrealized gains (losses)	(0.01)	(0.38)
Total increase (decrease) from operations (b)	(0.34)	(0.35)
Distributions:		
From income (excluding dividends)	-	(0.01)
From dividends	-	-
From capital gains	-	-
Return of capital	-	-
Total distributions (b), (c)	-	(0.01)
Net Assets, end of period	9.84	9.70
Class O		
Net Assets, beginning of period	9.70	10.00
Increase (decrease) from operations:		
Total revenue	0.04	0.02
Total expenses	(0.01)	-
Realized gains (losses)	(0.30)	-
Unrealized gains (losses)	0.41	(0.31)
Total increase (decrease) from operations (b)	0.14	(0.29)
Distributions:		
From income (excluding dividends)	-	(0.01)
From dividends	-	-
From capital gains	-	-
Return of capital	-	-
Total distributions (b), (c)	-	(0.01)
Net Assets, end of period	9.84	9.70

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
Class A		
Total net asset value (\$000s) (a)	61	5
Number of units outstanding (a)	6,194	500
Management expense ratio (b)	0.00%	0.00%
Management expense ratio before absorptions (c)	2.30%	2.37%
Trading expense ratio (d)	0.11%	0.35%
Portfolio turnover rate (e)	22.46%	1.18%
Net asset value per unit (\$) (a)	9.84	9.70

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Ratios and Supplemental Data (cont'd)

	2025	2024
Class E		
Total net asset value (\$000s) (a)	750	116
Number of units outstanding (a)	76,277	11,949
Management expense ratio (b)	0.00%	0.00%
Management expense ratio before absorptions (c)	0.33%	0.33%
Trading expense ratio (d)	0.11%	0.35%
Portfolio turnover rate (e)	22.46%	1.18%
Net asset value per unit (\$) (a)	9.84	9.70
Class F		
Total net asset value (\$000s) (a)	230	26
Number of units outstanding (a)	23,346	2,638
Management expense ratio (b)	0.00%	0.00%
Management expense ratio before absorptions (c)	1.22%	1.28%
Trading expense ratio (d)	0.11%	0.35%
Portfolio turnover rate (e)	22.46%	1.18%
Net asset value per unit (\$) (a)	9.84	9.70
Class O		
Total net asset value (\$000s) (a)	133	131
Number of units outstanding (a)	13,512	13,512
Management expense ratio (b)	0.00%	0.00%
Management expense ratio before absorptions (c)	0.00%	0.00%
Trading expense ratio (d)	0.11%	0.35%
Portfolio turnover rate (e)	22.46%	1.18%
Net asset value per unit (\$) (a)	9.84	9.70

(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 past performance for the Fund is not available for disclosure because it has been in operation for less than one year. The Fund commenced operations on November 29, 2024.

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
Jabil Inc.	5.0
ERO Copper Corp.	4.6
Rambus Inc.	4.5
Dollar Tree Inc.	4.3
Estee Lauder Companies Inc., Class 'A' (The)	4.1
Euronet Worldwide, Inc.	4.1
Genpact Ltd.	4.1
Fluor Corp.	4.0
Itron Inc.	4.0
Molina Healthcare Inc.	4.0
Webster Financial Corp.	4.0
Fidelity National Financial Inc.	3.9
Addus HomeCare Corp.	3.8
Brookfield Business Partners L.P.	3.7
VeriSign Inc.	3.6
Markel Corp.	3.5
Cooper Cos. Inc. (The)	3.4
Hexcel Corp.	3.4
Mercury General Corp.	3.3
Copa Holdings SA, Class 'A'	3.2
Antero Resources Corp.	3.1
Deckers Outdoor Corp.	3.0
DigitalBridge Group Inc.	3.0
Modine Manufacturing Co.	3.0
LSI Industries Inc.	2.9

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Composition of the Portfolio

	% of Net Assets
Equities	
Industrials	21.4
Information technology	19.4
Health care	11.2
Insurance	10.6
Consumer staples	8.4
Consumer discretionary	7.8
Financial services	7.0
Materials	4.6
Banks	4.0
Energy	3.1
Total equities	97.5
Total investments	97.5
Cash (Bank overdraft)	2.5
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.



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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