
July 31, 2024

PNDRX – Class I1 Commentary

Our July performance update for the I1 Shares of Pender Real Estate Credit Fund (PNDRX) reflects a net return of +0.89% for the month, compared to the Bloomberg Aggregate Bond Index which returned +2.34% for the month. The Fund portfolio remains well balanced, posting a cumulative return of +11.45% net for the I1 share class since inception (April 24, 2023). We believe that the market conditions continue to tilt in favor of private credit investments considering regional bank dislocation and weakened offerings from large traditional lenders.

Performance attribution highlights for July:

- The positive performance in the portfolio was slightly higher than in the previous period, with a notable revenue increase stemming from a large extension fee.
- The positive performance attributes were offset by capital constraints preventing the fund from adding more assets to the portfolio.
- Despite higher expenses for the month, the Fund is still operating below the expense cap¹ which helps boost investor returns.
- Expense ratios* were lower month-over-month, boosted by AUM inflows.

Important Information

*In addition to shareholder specific fees, investors are also subject to annual Fund operating expenses which can be found in the prospectus.

Past performance does not guarantee future performance. The performance data quoted represents past performance and current and future returns may vary. Total net return figures include change in share price, reinvestment of dividends and capital gains, net of fees and expenses. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. For the most recent performance, please call 310.853.8001.

¹ The Investment Manager has agreed to waive fees or to assume expenses of the Fund if required to ensure the Total Annual Expenses (excluding certain interest, commissions, fees, expenses, and taxes as detailed in the prospectus) do not exceed 2.75% and 2.50% of the average daily net assets of I1 and I2 Class Shares respectively. This agreement will remain in effect until April 24, 2025 and will automatically renew for consecutive one-year terms thereafter. Either the Fund or the Investment Manager may terminate the agreement upon 30 days' written notice.

INVESTORS SHOULD CAREFULLY CONSIDER THE FUND'S INVESTMENT OBJECTIVES, RISKS, CHARGES, AND EXPENSES BEFORE INVESTING. BEFORE INVESTING, CAREFULLY READ THE PROSPECTUS, WHICH CAN BE OBTAINED BY CLICKING THE [PROSPECTUS LINK](#) OR BY CALLING 310.853.8001 OR EMAIL AT IR@PENDERCAPITAL.COM. AN INVESTMENT IN THE FUND IS SUBJECT TO A HIGH DEGREE OF RISK.

Risk Factors

AN INVESTMENT IN PENDER CAPITAL REAL ESTATE CREDIT FUND (THE "FUND") IS SUBJECT TO A HIGH DEGREE OF RISK.

Some of the risks include, but are not limited to, the following:

- Shares are an illiquid investment.
- You may lose all of your investment.
- The Fund is a newly formed business entity with a limited history of operations and limited assets. The Fund is subject to the risks involved with any speculative new venture. No assurance can be given that the Fund will be profitable.
- Pender Capital does not intend to list the Fund's shares ("shares") on any securities exchange and does not expect a secondary market in the shares to develop.
- Investors should generally not expect to be able to sell their shares (other than through the limited repurchase process), regardless of how the Fund performs.
- Although the Fund is required to implement a share repurchase program, only a limited number of shares will be eligible for repurchase.
- You should consider that you may not have access to the money you invest for an indefinite period of time.
- An investment in the shares is not suitable for you if you have a foreseeable need to access the money you invest.
- Because you will be unable to sell your shares or have them repurchased immediately, you will find it difficult to reduce your exposure on a timely basis during a market downturn.
- Pandemic Risk. COVID-19 has caused volatility, severe market dislocations and liquidity constraints in many markets, including securities the Fund holds and may adversely affect the Fund's investments and operations.
- The Fund is a non-diversified management investment company and may be more susceptible to any single economic or regulatory occurrence than a diversified investment company. Cybersecurity risks have significantly increased in recent years and the Fund could suffer such losses in the future. One of the fundamental risks associated with the Fund's investments is the risk that an issuer will be unable to make principal and interest payments on its outstanding debt obligations when due. Other risk factors include interest rate risk (a rise in interest rates causes a decline in the value of debt securities) and prepayment risk (the debtor may pay its obligation early, reducing the amount of interest payments).

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