



Why Invest in the Pender Alternative Absolute Return Fund

What is the Pender Alternative Absolute Return Fund?

The Pender Alternative Absolute Return Fund is a flexible, high yield focused alternative credit strategy that aims to produce positive absolute returns at all stages of the economic cycle. This low-risk strategy can be used to provide diversification benefits to clients with low correlation to traditional equity and fixed income investments.

Why a Liquid Alternative Fund?

We view a liquid alternative fund as the best of both worlds, offering differentiated strategies historically seen in a hedge fund, with the convenience of a mutual fund. Through a liquid alternative fund, investors can get the liquidity, transparency and regulatory oversight of a mutual fund, plus uncorrelated hedge fund strategies, the ability to borrow money cheaply and to hedge risk via short selling and other means. The benefits of both, at a lower fee structure than traditional hedge funds, combine to make for an appealing investment opportunity.

How Will the Fund Generate Returns?

The Fund will seek to generate returns by using a base of high-quality, high yield securities that generate attractive current income. The Fund will look to actively capture trading profits by capitalizing on short-term market dislocations and capture liquidity premiums from price takers. The Fund has the flexibility to move across capital structures and markets in order to generate the best possible risk-adjusted returns.

The Fund will actively employ portfolio level hedging to minimize drawdowns, limiting unitholders' exposure to interest rates and risk assets. Hedges will be adjusted dynamically in response to market conditions.

With the combination of current income, active trading and dynamic hedging, we believe we will create an attractive risk and return profile, aiming to limit drawdowns and generate positive absolute returns across a market cycle that will exceed liquid fixed income markets.

PENDER ALTERNATIVE ABSOLUTE RETURN FUND

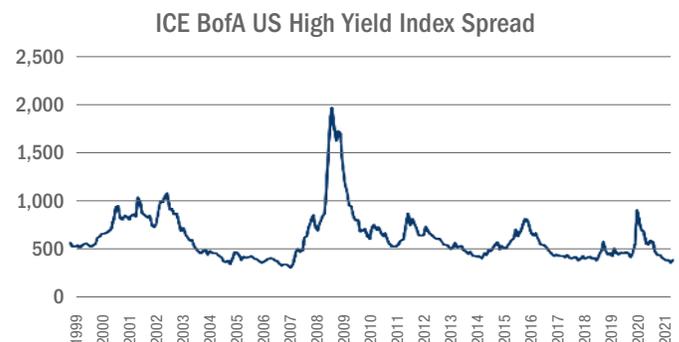
Fixed Income Investors Face Challenges

Currently, traditional fixed income managers face a combination of both low government yields and tight credit spreads. When we have seen tight credit spreads in the past, government yields have been relatively high (2007 and 2018), making the current low rate and tight spread environment unusual with the potential to resolve itself through higher rates. Traditional return enhancing strategies in fixed income require taking on more risk at what could be an inopportune moment. There are alternatives for investors wanting a stable, fixed income solution.

Current Fixed Income Backdrop



LOW ABSOLUTE INTEREST RATES



TIGHT CREDIT SPREADS



JUSTIN JACOBSEN, CFA
PORTFOLIO MANAGER

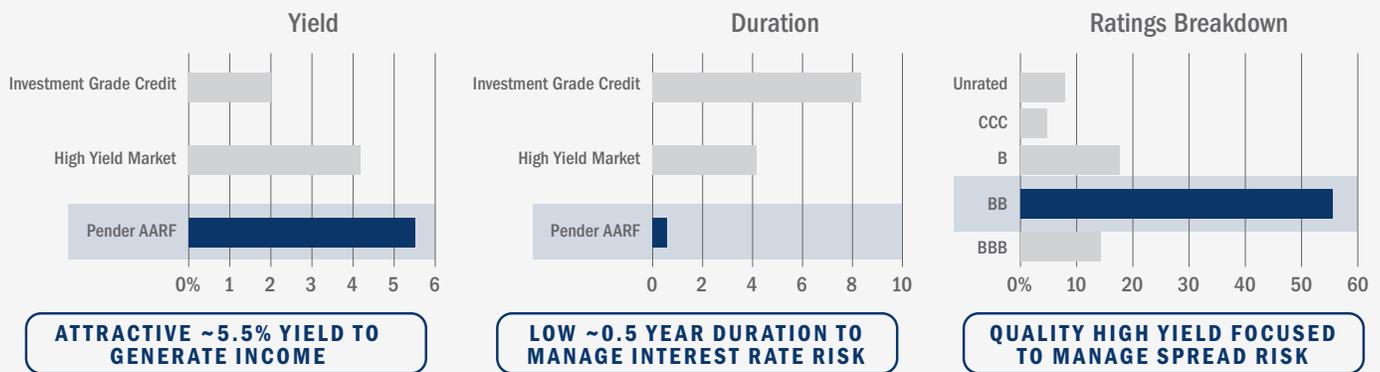
The Pender Alternative Absolute Return Fund

A flexible mandate that is primarily focused on high yield and low volatility to achieve its goal of generating returns of 7% to 10% per year over a market cycle:

- Adjusts hedges dynamically to reduce interest rate and spread risk. It will also isolate market inefficiencies
- Identifies securities that would benefit from a rising rate environment, such as floating rate loans and preferred shares
- Trades opportunistically to capitalize on mispriced securities

Portfolio Comparison to Broad Fixed Income Markets

The Fund is well positioned for the current environment with an attractive yield and duration profile and an average portfolio credit rating of BB.



Key Reasons to Invest

- Flexible mandate, primarily focused on high yield credit with a 7-10% annual return target
- Hedging ability to protect against rising interest rates, spreads widening
- Able to generate returns from solid income base and active opportunistic trading
- Nimble portfolio that can scale opportunities that larger funds can't
- Differentiated offering in the Liquid Alternatives credit landscape

