No securities regulatory authority has expressed an opinion about these units and it is an offence to claim otherwise. None of the securities described in this document nor the Fund are registered with the United States Securities and Exchange Commission

PenderFund Capital Management Ltd.

SIMPLIFIED PROSPECTUS

for

Pender Emerging Markets Impact Fund

Offering Class A, Class E, Class F, Class H, Class I, Class N, and Class O Units

March 21, 2022

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PART A – GENERAL DISCLOSURE

Introduction

This simplified prospectus contains selected important information to help you make an informed investment decision and to help you understand your rights as an investor in the Fund. Throughout this document:

- *We, us, the Manager, or Pender* refers to PenderFund Capital Management Ltd., the Manager of the Fund.
- *Fund* refers to Pender Emerging Markets Impact Fund.
- *Funds or Pender Funds* refers to Pender Emerging Markets Impact Fund together with all of Pender's mutual funds and alternative mutual funds issued under a prospectus.
- *You* refers to you, as an investor in the Fund.
- *Dealer* refers to both the dealer and the representative registered in your jurisdiction who advises you on your investment.
- *Unitholders* refers to the holders of a class of units of the Fund.

Unless otherwise noted, all currency amounts in this simplified prospectus are stated in Canadian dollars.

This simplified prospectus contains information about the Fund and the risks of investing in mutual funds generally, as well as the name of the firm responsible for management of the Fund.

This simplified prospectus is divided into two parts. "*Part A – General Disclosure*" contains general information applicable to the Fund. "*Part B – Specific Information About the Mutual Fund Described in this Document*" contains specific information about the Fund described in this simplified prospectus.

Additional information about the Fund is available in the following documents:

- the most recently filed Annual Information Form ("AIF") of the Fund;
- the most recently filed fund facts for each class of the Fund;
- the most recently filed annual financial statements of the Fund;
- any interim financial statements filed after the annual financial statements of the Fund referred to above;
- the most recently filed annual management report of fund performance of the Fund; and
- any interim management report of fund performance of the Fund filed after the annual management report of fund performance.

These documents are incorporated by reference into this simplified prospectus, which means that legally they form part of this document just as if printed as part of this document.

You may obtain a copy of these documents, at your request, and at no cost, by calling toll-free at **1-866-377-4743** or by sending us an e-mail at **info@penderfund.com**, or from your Dealer. These documents and other information about the Fund are available on our website at **www.penderfund.com** or on the SEDAR website at **www.sedar.com**.

What is a Mutual Fund and What are the Risks of Investing in a Mutual Fund?

What is a mutual fund?

A mutual fund is a pool of money contributed by people with similar investment objectives. People who contribute money become unitholders of the mutual fund. Unitholders share the mutual fund's income, expenses, and any gains and losses the mutual fund makes on its investment portfolio, generally in proportion to the number of units they own. The value of an investment in a mutual fund is realized by redeeming the units held. Where a mutual fund issues more than one class of units, the unitholders share in the mutual fund's income, expenses and any gains and losses allocated to the particular class of units held by the unitholder in proportion to the units they own as of that date.

In Canada, a mutual fund can be established either as a mutual fund trust or as a mutual fund corporation. The Fund described in this simplified prospectus is established as a mutual fund trust.

What are the general risks of investing in a mutual fund?

Mutual funds may own different types of investments depending on their investment objectives. The value of these investments will change from day to day, reflecting changes in interest rates, foreign exchange rates, economic conditions, and market and corporate news. As a result, the value of a mutual fund's units may go up or down, and the value of your investment in a mutual fund may be more or less when you redeem it than when you originally purchased it.

The full amount of your investment in the Fund is not guaranteed. Unlike bank accounts or GICs, mutual fund units are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

Under exceptional circumstances, a mutual fund may suspend redemptions. See "*Redemptions*".

Different kinds of mutual funds have different kinds of risks

A mutual fund may own securities of different types, depending on the mutual fund's investment objectives.

Different investments have different types of investment risks. Mutual funds also have different kinds of risks, depending on the investments they make. Below is a summary of the various types of investment risks that may be applicable to mutual funds generally, including the Fund. Part B of this document will describe the specific and most relevant risks that apply to the Fund.

Individuals have different risk tolerances. You need to take into account your own risk tolerance as well as the amount of risk suitable for your investment goals.

Business risk

There can be no guarantee against losses resulting from an investment in units of a mutual fund and there can be no assurance that a mutual fund's investment approach will be successful or that its investment objectives will be attained. A mutual fund can realize substantial losses rather than gains, from some or all of the investments within its investment portfolio. Income trusts or companies that pay a significant amount of their income as dividends may have difficulty in maintaining their distribution of income or dividends and consequently the income to the mutual

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fund and the price of their securities may decline and part or all of the amount of distributions by the mutual fund may be treated as a return of capital rather than income for tax purposes for its investors.

Call risk

A mutual fund may invest, directly or indirectly, in callable securities. During periods of falling interest rates, an issuer of a callable security may “call” or repay a security before its stated maturity, which may result in a mutual fund having to reinvest the proceeds at lower interest rates, resulting in a decline in their respective income.

Changes in legislation risk

There can be no assurance that applicable laws, or other legislation, legal and statutory rights will not be changed in a manner which adversely affects a mutual fund and its unitholders. There can be no assurance that income tax, securities, and other laws or the interpretation and application of such laws by courts or government authorities will not be changed in a manner which adversely affects the distributions received by a mutual fund or by its unitholders.

Class risk

A mutual fund may offer more than one class of units. Each class typically has its own fees and expenses, which an investment fund manager tracks separately. If the expenses of one class cannot be paid using that class’ proportionate share of the mutual fund’s assets, the mutual fund will be required to pay these expenses out of the other classes’ proportionate share of the mutual fund’s assets. This could reduce the investment return of the other classes.

Commodity risk

If a mutual fund invests in natural resource companies or in income or royalty trusts based on commodities such as oil and gas, it will be affected by changes in commodity prices. Commodity prices tend to be cyclical and can move dramatically in short periods of time. In addition, new discoveries or changes in government regulations can affect the price of commodities.

Concentration risk

There are risks associated with any mutual fund that concentrates its investments in a particular company or a few companies. Concentrating investments allows the fund to focus on a particular company’s potential, but it also means that the value of the fund tends to be more volatile than the value of a more diversified fund because a concentrated fund’s value is affected more by the performance of the companies in which it has concentrated its investments.

Counterparty Risk

A fund may enter into customized financial instrument transactions that are subject to the risk of credit failure or the inability of, or refusal by, the counterparty to perform its obligations with respect to such customized financial instrument transactions, which could subject a fund to substantial losses.

Currency, foreign exchange and hedging risk

Currency risk - The value of investments denominated in a currency other than Canadian dollars is affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the investment is denominated. When the value of the Canadian dollar falls in relation to foreign currencies, then the value of foreign investments rises. When the value of the Canadian dollar rises, the value of foreign investments falls. A mutual fund may convert its Canadian dollars to foreign currency to buy a foreign security and when it sells the foreign security, may convert the foreign currency to Canadian dollars. As a result, if the value of the Canadian dollar has risen and the market value of the security stayed the same, the mutual fund will lose money on that investment.

Foreign currency exposure risk - Securities included in a mutual fund may be valued in or have exposure to currencies other than the Canadian dollar and, accordingly, each class net asset value will, when measured in Canadian dollars, be affected by fluctuations in the value of such currencies relative to the Canadian dollar.

Hedging risk - Various hedging techniques may be used in an attempt to reduce certain risks, including hedging options as a means to reduce the risks of both short-selling and taking long positions in certain transactions and hedging currency risks associated with investments denominated in foreign currencies. An investment fund manager may hedge the Canadian dollar exposure to the foreign currency in whole or in part. There can be no assurance that gains or losses on currency hedging transactions will be matched in timing or characterization with losses and gains on the securities valued in foreign currencies in which a mutual fund invests. The use of currency hedging could result in a mutual fund incurring losses as a result of the imposition of exchange controls, suspension of settlements, or the inability to deliver or receipt a specified currency.

Recalculations and adjustments to specific position hedges will be performed as market conditions warrant. However, such position hedges entail risks of their own. For example, unanticipated changes in currency exchange rates may result in an overall poorer performance than if currency risks had not been hedged. If market conditions are analyzed incorrectly or a risk reduction strategy is employed that does not correlate well with a mutual fund's investments, a mutual fund's risk reduction techniques could result in a loss, regardless of whether the intent was to reduce risk or increase return.

Cybersecurity and business continuity risk

The information and technology systems of an investment fund manager and a fund administrator may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although an investment fund manager may have implemented, and/or fund administrator may maintain, various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, an investment fund manager and/or a fund administrator may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in an investment fund manager, a mutual funds' and a fund administrator's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm an investment fund manager's and/or a fund administrator's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

Depository securities and receipts risk

In some cases, rather than directly holding securities of non-Canadian and non-U.S. companies, a mutual fund may hold these securities through a depository security and receipt (an "ADR" -- American Depository Receipt, a "GDR" -- Global Depository Receipt, or an "EDR" -- European Depository Receipt). A depository receipt is issued by a bank or trust company to evidence its ownership of securities of a non-local corporation. The currency of a depository receipt may be different than the currency of the non-local corporation to which it relates. The value of a depository receipt will not be equal to the value of the underlying non-local securities to which the depository receipt relates as a result of a number of factors. These factors include the fees and expenses associated with holding a depository receipt, the currency exchange relating to the conversion of foreign dividends and other foreign cash distributions into local currencies, and tax considerations such as withholding tax and different tax rates between the jurisdictions. In addition, the rights of a mutual fund, as a holder of a depository receipt, may be different than the rights of holders of the underlying securities to which the depository receipt relates, and the market for a depository receipt may be less liquid than that of the underlying securities. The foreign exchange risk will also affect the value of the depository receipt and, as a consequence, the performance of a mutual fund holding the depository receipt. As the terms and timing with respect to the depository for a depository receipt are not within the control of a mutual fund or its portfolio manager and if the portfolio manager chooses only to hold depository receipts rather than the underlying security, a mutual fund may be forced to dispose of the depository receipt, thereby eliminating its exposure to the non-local

corporation, at a time not selected by the portfolio manager, which may result in losses to the mutual fund or the recognition of gain at a time which is not opportune for the mutual fund.

Derivative risk

A derivative is a contract or security whose value and cash flow pattern is derived from another underlying security, such as a stock or bond, or from an economic indicator such as an interest rate or stock market index. For example, two of the most common derivatives are forward contracts and options, which are described below.

A forward contract is an agreement to buy and sell currency, commodities or securities at an agreed price for future delivery.

An option gives the buyer the right, but not the obligation, to buy or sell the currency, commodities or securities at an agreed price within a certain period of time.

Mutual funds may use derivatives to limit potential losses associated with currencies, stock markets and interest rates. This process is called hedging. Mutual funds may also use derivatives for non-hedging purposes – to reduce transaction costs, achieve greater liquidity, create effective exposure to international financial markets or increase speed and flexibility in making portfolio changes. Although derivatives are often used by funds to reduce risk, they have their own kinds of risk including the following:

- The use of derivatives for hedging may not be effective;
- Some derivatives, such as call options, may limit a mutual fund's potential for gain;
- The cost of entering into and maintaining derivative contracts may reduce a mutual fund's total return to investors;
- The price of a derivative may not accurately reflect the value of the underlying currency or security;
- There is no guarantee that a market will exist when a mutual fund wants to buy or sell the derivative contract. This could prevent the fund from realizing a profit or limiting its losses;
- If the other party (the counterparty) to a derivative contract is unable to meet its obligations, a fund may not realize the benefit intended to be secured by the investment and the fund may experience a loss; and
- Stock exchanges may set daily trading limits on derivatives. This could prevent a mutual fund from closing a contract.

Derivative agreement risk - Regulatory changes or market conditions may, in the future, limit a mutual fund's ability to increase its exposure through existing derivative agreements or to enter into new derivative agreements, and may require that a mutual fund reduce or eliminate its existing exposure, possibly to an extent that is prohibitively expensive, in which case the mutual fund may determine that it is in the best interest of the mutual fund to terminate the derivative agreement. There is no assurance that a mutual fund will be able to maintain or increase its exposure under derivative agreements on acceptable terms with a counterparty or any other substitute counterparty.

Derivative counterparty risk - A mutual fund may pledge cash up to the value of the amount payable by the fund under a derivative agreement as security in order to secure its obligations under each of the derivative agreements that a mutual fund is a party to. The counterparty will pledge securities to the mutual fund (which may include units of a reference fund) or enter into another collateral arrangement to fully secure its obligations to the fund under derivative agreements.

The possibility exists that the counterparty will default on its obligations under a derivative agreement in which case a mutual fund will not receive delivery of units of the reference fund or the return of collateral pledged as security.

Emerging markets risk

In emerging market countries, securities markets may be less liquid, less diverse and may provide less transparency, making it more difficult to buy and sell securities. Also, some emerging markets economies may face political or other non-economic events that may have an impact on the normal functioning of the securities markets. Further, fixed income and equity markets may become more highly correlated at times than developed markets, which may make it difficult to buy and sell securities. The value of mutual funds that invest in emerging markets may fluctuate more than those that invest in developed markets.

Equity risk

Companies issue equities, or stocks, to help finance their operations and future growth. Mutual funds that purchase equities become part owners in these companies. The price of a stock is influenced by the company's performance outlook, market activity and the larger economic picture. When the economy is expanding, the outlook for many companies will generally be good and the value of their stocks should rise. The opposite may also be true. Usually, the greater the potential reward, the greater the risk.

For small companies, start-ups, resource companies and companies in emerging sectors, the risks and potential rewards are usually greater. The share price of such companies is often more volatile than the share price of larger, more established companies. Some of the products and services offered by technology companies, for example, can become obsolete as science and technology advance. Certain convertible securities may also be subject to interest rate risk. See "*Interest rate risk*".

ESG Investment Strategies or Objectives Risk

Some Funds may have fundamental investment objectives based on certain environmental, social and governance ("ESG") criteria. Other Funds may employ ESG analysis as a component of their investment strategies. ESG criteria, like any other metric through which investments in securities may be measured, are subject to uncertainty, limitations, and discretion. ESG methodologies and strategies may limit the types and number of investment opportunities available to a Fund and, as a result, a Fund may deviate from a benchmark or the performance of comparable funds that do not have an ESG focus.

Further, a Fund that utilizes an Index to achieve an ESG based investment objective or strategy will generally not be able to eliminate the possibility of an Index having exposure to companies that exhibit negative ESG characteristics and/or companies that are involved in severe controversies or materially involved in specified business activities that some may consider to be inconsistent with a restrictive ESG-oriented investment approach. Subject to applicable securities law, the methodology of the Indices may also change from time to time for any reason, including as a result of changes to ESG principles generally.

ETF index risks

A mutual fund may invest in exchange traded funds ("ETFs") which (i) invest in securities that are included in one or more indices in substantially the same proportion as those securities are reflected in a referenced index or indices, or (ii) invest in a manner that substantially replicates the performance of such a referenced index or indices, whether on a leveraged or unleveraged basis.

Calculation and termination of the indices risk - If the computers or other facilities of the index providers or a stock exchange malfunction for any reason, calculation of the value of the indices and the determination by the manager of the prescribed number of units or shares and baskets of securities may be delayed and trading in units or shares of the ETF may be suspended for a period of time. In the event that an index provider ceases to calculate the indices or the license agreement with the manager of an ETF is terminated, the manager of the ETF may terminate the relevant ETF, change the investment objective of the ETF or seek to replicate an alternative index (subject to investor approval in accordance with the ETF's constating documents), or make such other arrangements as the manager determines.

Cease trading of constituent securities risk - If constituent securities of the indices are cease traded at any time by order of a stock exchange, a securities regulatory authority or other relevant regulator, the manager of the ETF may suspend the exchange or redemption of units or shares of the ETF until such time as the transfer of the securities is permitted by law.

Index investment strategy risk - The indices on which the ETFs are based were not created by the index providers for the purpose of the ETFs. The index providers have the right to make adjustments or to cease calculating the indices without regard to the particular interests of the manager of the ETF, the ETF or the investors in the ETF.

Rebalancing and adjustment risk - Adjustments to baskets of securities held by ETFs to reflect rebalancing of and adjustments to the underlying indices on which they are based will depend on the ability of the manager of the ETF and its brokers to perform their respective obligations. If a designated broker fails to perform, an ETF would be required to sell or purchase, as the case may be, constituent securities of the index on which it is based in the market. If this happens, the ETF would incur additional transaction costs that would cause the performance of the ETF to deviate more significantly from the performance of such index than would otherwise be expected.

Risk of not replicating the indices - The ETFs will not replicate exactly the performance of the underlying indices on which they are based because the total return generated will be reduced by the management fee payable to the manager of the ETF and transaction costs incurred in adjusting the portfolio of securities held by the ETFs and other expenses of the ETFs, whereas such transaction costs and expenses are not included in the calculation of such indices. It is also possible that, for a short period of time, the ETFs may not fully replicate the performance of such indices due to the temporary unavailability of certain securities that are included in an index in the secondary market or due to other extraordinary circumstances.

Tracking error risk - Deviations in the tracking by an ETF of the index on which it is based could occur for a variety of reasons. For example, where an ETF tenders securities under a successful takeover bid for less than all securities of a constituent issuer and the constituent issuer is not taken out of the applicable index, the ETF would be required to buy replacement securities for more than the takeover bid proceeds. Adjustments to the basket of securities necessitated by the rebalancing of or adjustment to an index could affect the underlying market for constituent securities of the applicable index, which in turn would be reflected in the value of that index. Similarly, subscriptions for units or shares of an ETF by designated brokers and underwriters may impact the market for constituent securities of the index, as the designated broker or underwriter seeks to buy or borrow such securities to constitute baskets of securities to deliver to the ETF as payment for the units or shares to be issued.

ETF industry sector risk

A mutual fund may invest in ETFs that provide exposure to securities involving industry sector risks. Investing in one specific sector of the stock market entails greater risk (and potential reward) than investing in all sectors of the stock market. If a sector declines or falls out of favour, the share values of most or all of the companies in that sector will generally fall faster than the market as a whole. The opposite is also true. An industry can be significantly affected by, amongst other things, supply and demand, speculation, events relating to international political and economic developments, energy conservation, environmental issues, increased competition from other providers of services, commodity prices, regulation by various government authorities, government regulation of rates charged to customers, service interruption due to environmental, operational or other mishaps, the imposition of special tariffs and changes in tax laws, regulatory policies and accounting standards, and general changes in market sentiment. Moreover, it is possible that other developments, such as increasingly strict environmental and safety laws and regulations and enforcement policies thereunder and claims for damages to property or persons resulting from operations, could result in substantial costs and liabilities, delays or an inability to complete projects or the abandonment of projects. Exposure to equity securities that have exposure to commodity markets may entail greater volatility than traditional securities. The value of securities exposed to commodity markets may be affected by commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes and tariffs. The extent of these factors cannot be accurately predicted and will change from time to time, but a combination of these factors may result in issuers not receiving an adequate return on invested capital. Many industries are very competitive and involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome.

Foreign market risk

The value of foreign investments may be affected by factors not typically associated with investments in Canada. For example, there may be less information about foreign companies, lower standards of government supervision and regulation, and different accounting and financial reporting standards in foreign financial markets. In addition, foreign investments sometimes cannot be sold as quickly or as easily as similar investments in Canada. Political, social and economic developments can also negatively affect the value of foreign investments. Investments in foreign markets may be subject to changes in currency exchange rates or exchange restrictions, the imposition of taxes or the expropriation of assets, all of which can affect the value of these investments. The value of mutual funds that invest in emerging markets may fluctuate more than those that invest in developed markets.

Fund-on-fund risk

Some funds invest in other mutual funds (called "Underlying Funds"). A change in the investment objective strategy or holdings in one mutual fund may have an impact on the performance or management of the other fund. For example, if the top fund makes a significant investment or divestment in an Underlying Fund, the underlying fund may have to alter its portfolio significantly which may affect the net asset value, performance or diversification of the Underlying Fund. Although a fund-on-fund strategy may appear as a more passive investment strategy for a top fund, a change in the investment objective, strategy or holdings in an Underlying Fund may necessitate that an investment fund manager of the top fund engage in a rebalancing or reallocation of that fund, which could have an effect on its performance, or diversification, or give rise to a taxable gain or loss. If the Underlying Funds do not perform as expected, a loss may be incurred by the top fund.

Global pandemic risk

Business, operations and the financial condition of the issuers of securities that a mutual fund invests in could be materially adversely affected by the outbreak of epidemics, pandemics or other health crises, such as the novel coronavirus COVID-19 that started in 2019. The international response to the spread of COVID-19 has resulted in the implementation of measures to contain the virus including quarantines, travel restrictions, and restrictions on the operation of stores and facilities in most of the world, including temporary closures in respect thereof. The negative economic impact of these measures together with the uncertainty of the situation led to significant volatility in equity markets, increasing the exposure of a fund, to risk, particularly liquidity risk, market risk and investment risk. While governmental initiatives to reduce the economic impact, ongoing research and development of vaccines, and the progress of vaccine rollouts may mitigate volatility, exposure to investment risk and financial results will depend, to a large extent, on future developments and new information that may emerge regarding COVID-19, including in respect of any variants of COVID-19, which factors are beyond a mutual fund's control. Given the extent of and the evolving nature of the crisis, it is difficult to estimate the ultimate impact or duration of the situation on a mutual fund or the entities in which it invests.

Income trust and REIT risk

An income trust generally holds debt and/or equity securities of an underlying active business or is entitled to receive a royalty on revenues generated by such business. Distributions and returns on income trusts are neither fixed nor guaranteed. In addition, mutual funds that invest in income trusts such as oil, gas and other commodity-based royalty trusts, real estate investment trusts ("REITs") and pipeline and power trusts will have other varying degrees of risk depending on the sector and the underlying asset or business. These may include business developments such as a decision to expand into a new type of business, the entering into of an unfavourable supply contract, the cancellation by a major customer of its contract or significant litigation.

Many income trusts, including REITs are governed by laws of a province of Canada or of a state of the United States that limit the liability of unitholders of the income trust from a particular date. A mutual fund may also invest in income trusts, including REITs, in Canada, the US and other countries that are not governed by similar laws. There is a risk that unitholders of an income trust, which may include a mutual fund, could be held liable for any claims against the income trust that are not covered under these laws. This could reduce the value of a mutual fund. Income trusts generally try to minimize this risk by including provisions in their agreements that their obligations will not be personally binding on unitholders. However, the income trust still has exposure to damage claims not arising from contracts, such as personal injury and environmental claims in the case of REITs.

Interest rate risk

The values of fixed income securities, such as bonds, debentures or mortgages, are affected by interest rates. When interest rates fall, bond prices rise. That is because existing bonds pay higher rates than newly issued ones, and so are worth more. When interest rates rise, bond prices fall, and so will the unit value of mutual funds that hold them. In addition, if interest rates are relatively low, an issuer of a fixed income security may decide to prepay principal and the funds may have to reinvest this money in securities that have lower interest rates. The income earned by a mutual fund and the income paid by mutual funds to unitholders may also be affected by changes in interest rates. The value of equities is also influenced by interest rates in a similar manner as fixed income securities, but for different reasons. As interest rates fall the lower available return on fixed income securities tends to cause investors to migrate to equity securities. Reduced interest rates also allow companies to obtain financing at a lower cost, which can positively impact earnings. The opposite consequences tend to occur as interest rates rise.

Gold and silver ETFs risk

A mutual fund may invest in ETFs that invest directly in gold or silver. There is a risk that part or all of the ETF's gold or silver could be lost, damaged or stolen, notwithstanding the handling of deliveries of the commodity by and storage of the commodity in the vaults of the custodian or sub custodian of the ETF. The custodian of the ETF does not typically inspect the fineness or quality of the gold or silver that is delivered to it and there can be no assurance as to the fineness or quality of the gold or silver delivered.

Lack of separate counsel risk

Counsel for a fund in connection with its offering may also be counsel to the investment fund manager. The Unitholders, as a group, may not have been represented by separate counsel and counsel for the mutual fund and the investment fund manager would not purport to have acted for the Unitholders or to have conducted any investigation or review on their behalf.

Large transaction risk

Any large transaction made by an institutional or individual investor could significantly impact a mutual fund's cash flow. If the investor buys large amounts of units of a particular mutual fund, the mutual fund could temporarily have a high cash balance. Conversely, if the investor redeems large amounts of units of a particular mutual fund, the

mutual fund may be required to fund the redemption by selling securities at an inopportune time. These liquidations may cause the mutual fund to incur losses if the mutual fund is required to sell investments at unfavourable prices and could substantially reduce the value of the fund if numerous redemptions are made at the same time. Such asset liquidation may also trigger tax consequences, such as the characterization of certain profits as ordinary income or losses rather than as capital gains or capital losses.

Liquidity risk

Liquidity risk is the possibility that investments in a mutual fund cannot be readily converted into cash when required. An investment fund manager may invest in small and medium-sized companies whose securities typically trade in much lower volumes than larger companies. In such cases, if an investment fund manager needs or wants to sell such securities promptly, they may not be able to on a timely basis. As a result, in order to sell this type of holding, a mutual fund may need to discount the securities from recent prices or dispose of the securities over a long period of time. Accordingly, the value of such securities is subject to greater fluctuation since they may not trade on a regular basis.

Market risk

The value of most investments, and in particular equity securities, is affected by changes in general market conditions. These changes may be caused by corporate developments, general market sentiment, changes in interest rates, changes in the level of inflation, and other political and economic developments.

Net asset value risk

The net asset value of each class of units that comprise a mutual fund may fluctuate with changes in the market value of the investments attributable to that class. Such changes in market value may occur as a result of various factors, including those factors identified above with respect to international investments and emerging market securities and material changes in the intrinsic value of an issuer whose securities are held by the mutual fund.

No assurance of return risk

Although a fund manager will use its best efforts to achieve superior rates of return for a mutual fund, no assurance can be given in this regard. An investment in units should be considered speculative and investors must be able to bear the risk of a complete loss of their investment.

Portfolio manager risk

All mutual funds are dependent on their portfolio management team to select individual securities and are therefore subject to the risk that poor security selection will cause a fund to underperform relative to other funds with similar investment objectives.

Portfolio turnover risk

The operation of a mutual fund may result in a high annual portfolio turnover rate. A mutual fund may not place any limit on the rate of portfolio turnover and portfolio securities may be sold without regard to the time they have been held when, in the opinion of the investment fund manager, investment considerations warrant such action. A high rate of portfolio turnover generally results in correspondingly greater expenses than a lower rate (e.g., greater transaction costs such as brokerage fees). The higher a mutual fund's portfolio turnover rate in a year, the greater the chance that a distribution from the mutual fund must be included in computing your income tax for tax purposes for that year.

Potential conflicts of interest risk

A mutual fund may be subject to various conflicts of interest due to the fact that an investment fund manager is engaged in a wide variety of management, advisory and other business activities. An investment fund manager's investment decisions for each mutual fund will be made independently of those made for the other funds managed by an investment fund manager and other clients of an investment fund manager and independently of its own investments. However, on occasion, an investment fund manager may make the same investment for a mutual fund and one or more of the other funds managed by an investment fund manager or its other clients. Where the particular mutual fund and one or more of the other funds managed by an investment fund manager or clients of an investment fund manager are engaged in the purchase or sale of the same security, the transaction will be effected on an equitable basis. An investment fund manager will allocate opportunities to make and dispose of investments equitably among clients with similar investment objectives having regard to whether the security is currently held in any of the relevant investment portfolios, the relative size and rate of growth of the particular mutual fund and the other funds managed by an investment fund manager or clients under common management and such other factors as an investment fund manager considers relevant in the circumstances.

Private company risk

There are risks associated with investing in private company securities. There is typically much less available information concerning private companies than for public companies. The valuation of private company securities is also more subjective and such securities are very illiquid as there are no established markets for the securities of these companies. As a result, in order to sell this type of holding, a fund may need to discount the securities from recent prices or dispose of the securities over a relatively long period of time.

Rebalancing risk

Rebalancing risk arises when the weights of two or more components of an overall portfolio are to be kept in a specific ratio, but the independent movement of each in the market demands that some of the components be bought or sold in order to restore the ratio back to its desired level. The greater the volatility of the components the greater the potential rebalancing required, and this leads to performance degradation over time.

Regulatory risk

Some industries, such as financial services, health care, telecommunications and resources, are heavily regulated and may receive government funding. Investments in these sectors may be substantially affected by changes in government policy, such as increased regulation, ownership restrictions, deregulation or reduced government funding. The value of a mutual fund that buys these investments may rise and fall substantially due to changes in these factors.

Securities lending risk

Mutual funds may engage in securities lending transactions in order to earn additional income. Securities lending involves lending securities held by a mutual fund to qualified borrowers who have posted collateral. In lending its securities, a mutual fund is subject to the risk that the borrower may not fulfill its obligations, leaving the mutual fund holding collateral worth less than the securities it has lent, resulting in a loss to the mutual fund.

For any mutual fund that engages in securities lending transactions, the investment manager of the fund reduces the risk to the funds by requiring the other party to put up collateral with a value of at least 102% of the market value of the security loaned. The value of the collateral is checked and reset daily. A mutual fund cannot lend more than 50% of the total value of its assets through securities lending.

Short selling risk

A short sale by a mutual fund involves securities that it borrows from a lender that are then sold by the mutual fund in the open market. At a future date, the securities are repurchased by the mutual fund and returned to the lender. While the securities are borrowed, the proceeds from the sale are deposited with the lender and the mutual fund pays interest to the lender. If the value of the securities declines between the time that the mutual fund borrows the securities and the time it repurchases and returns the securities to the lender, the mutual fund realizes a profit on

the difference (less any interest the mutual fund is required to pay to the lender). Short selling involves risk. There is no assurance that securities will decline in value during the period of the short sale and result in a profit for a mutual fund. Securities sold short may instead appreciate in value, resulting in a loss for a mutual fund. Unlike a purchase of a share where the maximum amount of the loss is the amount invested, the size of the loss in respect of a short sale is unlimited as there is no limit on the amount a security sold short may increase in value. A mutual fund may experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist. The lender may also recall borrowed securities at any time. The lender from whom a mutual fund has borrowed securities may go bankrupt and a mutual fund may lose the collateral it has deposited with the lender. See *"Short Selling Risk Management"* in Part B of this document.

Small company risk

The investment risk associated with small companies may be higher than that associated with larger, more established companies due to various factors, which may include the greater business risks associated with the small size of the company, relative inexperience of the company, limited product lines, distribution channels, financial or managerial resources. Further, there is typically less publicly available information concerning smaller companies than for larger, more established companies. The securities of small companies are often traded on junior markets such as the TSX Venture Exchange or over-the-counter markets and may not be traded in the volumes typical of trading on a major stock exchange and therefore there is greater liquidity risk – see "*Liquidity risk*" above. The prices of this type of security may be more volatile than those of larger companies.

Special-purpose acquisition company risk

A mutual fund may invest a portion of its assets in the stock, warrants, and other securities of special-purpose acquisition companies ("SPACs") or similar special purpose entities that raise funds for the sole purpose of seeking potential acquisition opportunities. All assets (net of operating expenses) of the SPAC are invested in U.S. Government securities, money market fund securities and/or cash until an acquisition transaction is completed. Once the SPAC identifies a transaction, common holders have the right to vote on the transaction and also to decide whether to roll their equity in the transaction or redeem shares for their pro rata share of the escrow account holdings. Should the SPAC be unable to complete an acquisition that meets its defined requirements within a pre-established period of time, the invested funds are returned to the entity's shareholders. SPACs may have specific risks, including increased volatility, associated with the regions or industries for which they pursue an acquisition. Since a SPAC is a new entity created for the purpose of acquiring another company or entity, it may have limited or no business operating history; this makes the pricing and liquidity of the security dependent on management's ability to source and complete a profitable acquisition. Furthermore, these securities may trade in the over-the-counter market which may have associated issues with price sourcing and illiquidity.

Specialization risk

Some mutual funds specialize in a particular industry, or in a single country or region of the world. This allows them to focus on the potential of that industry or geographic area, but it also means they may be more volatile than more broadly diversified funds because prices of securities in the same industry or region may tend to move up and down together. These specialty funds must continue to invest in a particular industry or geographic area, even if it is performing poorly.

Stock Connect risk

A mutual fund may invest in eligible China A-shares ("Stock Connect Securities") listed and traded on the Shanghai Stock Exchange ("SSE") through the Shanghai-Hong Kong Stock Connect program or listed and traded on the Shenzhen Stock Exchange ("SZSE") through the Shenzhen-Hong Kong Stock Connect program. The Shanghai-Hong Kong Stock Connect program is a securities trading and clearing program developed by Hong Kong Exchanges and Clearing Limited, SSE and China Securities Depository and Clearing Corporation Limited ("CSDC") for the establishment of mutual market access between The Stock Exchange of Hong Kong Limited ("SEHK") and SSE. Similarly, the Shenzhen-Hong Kong Stock Connect program is a securities trading and clearing program developed by the SEHK, SZSE, Hong Kong Securities Clearing Company Limited, and CSDC for the establishment of mutual market access between SEHK and SZSE. Each of Shanghai-Hong Kong Stock Connect program and Shenzhen-Hong Kong Stock Connect program are hereafter referred to as a "Stock Connect Program" and

collectively, the “Stock Connect Programs”. Stock Connect Securities generally may not be sold, purchased or transferred other than through a Stock Connect Program in accordance with its rules and regulations. While a Stock Connect Program is not subject to individual investment quotas, there are daily and aggregate investment quotas imposed by Chinese regulations that apply to all Stock Connect Program participants. These quotas may restrict or preclude a mutual fund’s ability to invest in Stock Connect Securities at the Fund’s preferred time.

Style risk

Each mutual fund is managed in accordance with a particular investment style. Focusing primarily on one particular investment style (e.g., value-oriented) to the exclusion of others may create risk in certain circumstances.

Tax loss restriction event risk

If a mutual fund experiences a “loss restriction event” (“LRE”), (i) the fund will be deemed to have a year-end for tax purposes (which could result in the fund being subject to tax unless it distributes its income and capital gains prior to such year-end), and (ii) the fund will become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on their ability to carry forward losses. Generally, a fund will be subject to a LRE when a person becomes a “majority-interest beneficiary” of the fund, or a group of persons becomes a “majority-interest group of beneficiaries” of the fund, as those terms are defined in the affiliated persons rules contained in the *Income Tax Act* (Canada) (the “Tax Act”), with appropriate modifications. Generally, a majority-interest beneficiary of a fund will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has a beneficial interest in the fund that is greater than 50% of the fair market value of all the interests in the income or capital, respectively, in the fund. Generally, a person is deemed not to become a majority-interest beneficiary, and a group of persons is deemed not to be a majority-interest group of beneficiaries of a fund as the result of an acquisition or disposition of units of the fund if the fund qualifies as an “investment fund” under the rules, including that the fund meets certain investment requirements.

Taxation policy risk

The value of investments and the proceeds from investments are affected significantly by the taxation laws and policies applicable to the investment. Taxation laws are set by government and are subject to change from time to time without notice and such changes are beyond the control of an investment fund manager.

U.S. regulation and tax risk

If the offering and sale of units of a mutual fund have not been registered under the U.S. Securities Act or any similar United States state law, in reliance upon various exemptions therefrom, then a fund may not be required to be registered under the United States Investment Company Act of 1940, as amended (the “U.S. Investment Company Act”). Accordingly, Unitholders would not have the benefits afforded generally by the provisions of the U.S. Investment Company Act (which, among other matters, require investment companies to have a majority of disinterested directors, require securities held in custody at all times to be individually segregated from the securities of any other person and marked to clearly identify such securities as the property of such investment company and regulate the relationship between the adviser and the investment company). A fund manager may be exempt from registration with the United States Securities and Exchange Commission pursuant to the United States Investment Advisers Act of 1940, as amended, and would therefore not be subject to the recordkeeping and other requirements thereunder.

An investment in a mutual fund by a person subject to taxation under the United States Internal Revenue Code of 1986, as amended, may have United States tax consequences. Such taxpayers should consult their tax advisors about the income tax consequences of acquiring or holding units.

Organization and Management of the Fund

MANAGER PenderFund Capital Management Ltd. 1830 – 1066 West Hastings St. Vancouver, BC V6E 3X2	The Manager is responsible for the overall business and operations of the Fund. The Manager engages arm's length third parties to perform certain services on behalf of the Fund as outlined below.
TRUSTEE PenderFund Capital Management Ltd. Vancouver, BC	The Fund is organized as a trust. When you invest in units of the Fund, you are buying units of a trust. The Trustee is the legal owner of the securities acquired by the Fund and holds them on behalf of Unitholders.
REGISTRAR AND TRANSFER AGENT CIBC Mellon Trust Company Toronto, ON	The registrar and transfer agent keeps track of the owners of units of the Fund, processes purchases and redemption orders and issues investor account statements and annual tax reporting information.
PORTFOLIO ADVISOR PenderFund Capital Management Ltd. Vancouver, BC	The portfolio advisor of the Fund manages the investment portfolio or a component of the investment portfolio of the Fund, provides analysis and makes decisions relating to the investment of the assets of the Fund.
CUSTODIAN CIBC Mellon Trust Company Toronto, ON	The custodian ensures that the assets of the Fund are safely held.
AUDITOR KPMG LLP Vancouver, BC	The auditor performs the required audit of the opening statement of financial position and annual financial statements of the Fund. Under applicable securities laws, the auditor of the Fund may be changed without the approval of Unitholders provided that the Independent Review Committee of the Fund has approved the proposed change and we provide you with at least 60 days' notice of the proposed change.

Formation and History of Manager

The Manager was incorporated under the *Company Act* (British Columbia) (replaced by the *Business Corporations Act* (British Columbia)) on November 18, 2002 under the name 658761 B.C. Ltd. The Manager changed its name to PenderFund Capital Management Ltd. in April 2003.

The Manager may start other mutual funds, investment funds or venture funds in the future. For more information about the Manager, see "*Responsibility for Fund Operations*" in the Fund's AIF.

The Fund may invest in securities of other mutual funds, including other mutual funds managed by the Manager. The proportions and types of mutual funds held by the Fund will vary according to the risk and investment objective of the Fund. Pursuant to the requirements of applicable securities legislation, the Fund will not exercise its vote on any of the securities it holds in mutual funds managed by us or any of our affiliates and associates. However, we may, in our sole discretion, arrange for you to vote your share of those securities of the mutual funds. To the extent that the Fund invests in other mutual funds, the Fund has the same risks as those mutual funds.

Independent Review Committee

The Fund has an Independent Review Committee that oversees all decisions involving an actual or perceived conflict of interest faced by the Manager in the operation of the Pender Funds. The Independent Review Committee is responsible for reviewing and providing input on the Manager's written policies and procedures, which deal with conflict of interest matters for the Manager and reviewing such conflict of interest matters.

The Independent Review Committee is currently made up of Kerry Ho (Chair), John Webster, Robin Mahood, and Leslie Wood.

The Independent Review Committee prepares, at least annually, a report of its activities for security holders that is available on the SEDAR website at www.sedar.com, or on **www.penderfund.com** or, at a Unitholder's request at no cost, by contacting the Manager by telephone toll free at **1-866-377-4743** or by email at **info@penderfund.com**.

Additional information about the Independent Review Committee is available in the Fund's AIF.

Certain Changes Without Unitholder Approval

The Fund may: (i) engage in a reorganization or transfer of assets with another investment fund managed by us or an affiliate that meets certain criteria set out in National Instrument 81-102; or (ii) change its auditors, each without the approval of Unitholders, if the reorganization or transfer, or the change in auditors, as the case may be, is approved by the Independent Review Committee and the Fund sends written notice of the change to its Unitholders at least 60 days prior to making the change.

The consent of Unitholders will be obtained if (i) any change is made in the basis of the calculation of a fee or expense charged to the Fund or a unit class of the Fund, or directly to you by us or the Fund in connection with the holding of units of the Fund, in a way that could result in an increase in charges to the Fund or the unit classes or you, or (ii) a fee or expense is introduced that is charged to the Fund or a unit class, or directly to you by us or the Fund in connection with the holding of units of the Fund, that would result in an increase in charges to the Fund, a unit class or you, in each case unless the change is a result of a change made by a third party at arm's length to the Fund or unless applicable securities laws do not require the consent of Unitholders to be obtained. In which case, Unitholders will be sent a written notice at least 60 days before the effective date of the change, if required under applicable securities laws.

Purchases, Changing Classes, Switches and Redemptions

Description of Units

The Fund is authorized to have an unlimited number of classes of units and may issue an unlimited number of units of each class. The classes authorized by the Fund are set forth under the heading "*Fund Details*" of the Fund in Part B of this document.

This simplified prospectus only qualifies the distribution of each of the units of the Fund set forth on the cover of this document.

Without your consent or notice to you, the Manager may establish additional classes of units of the Fund and may determine the rights as between those classes. The principal differences between the classes of units the Fund relate to the management fees payable to Pender. These are described under "*Fees and Expenses*" and "*Dealer Compensation*".

All units of the Fund are entitled to participate in the Fund's assets on liquidation on a class basis. All classes of units are issued as fully paid and non-assessable and are redeemable at their net asset value at the time of redemption.

Class A Units

Class A units are available to all investors, subject to certain minimum initial and purchase requirements, which can be found under the "*Purchases*" section.

The management fees, and performance fees, if any, relating to a class of units of the Fund are described under the Fund profile contained under "*Part B – Specific Information About the Mutual Fund Described in this Document*".

Effective June 1, 2022, Class A units will no longer be available to investors who hold these units in an account with an order entry only ("OEO") Dealer or any other Dealer that does not make a suitability determination. On or before this date, we or your Dealer may sell your Class A units or reclassify them to Class F units. See *"Dealer Compensation – Trailing Commissions"* for more details. There may be tax implications arising from any sale. See *"Income Tax Considerations for Investors"* for more details.

Class E Units

Class E units are available to Pender and its affiliates' employees and directors and their family members, subject to certain minimum initial and purchase requirements, which can be found under the "*Purchases*" section.

Pender charges a lower management fee on the Class E units because our distribution and servicing costs are reduced for that class. The management fees relating to a class of units of the Fund are described under the Fund profile contained under "*Part B – Specific Information About the Mutual Fund Described in this Document*".

Class F Units

Class F units are for investors who are participants in a fee-for-service or wrap account program sponsored by certain registered dealers, including OEO Dealers or other Dealers that do not make a suitability determination. Class F units can be purchased under this simplified prospectus only through an investment advisor who has obtained the consent of Pender to offer units of this class.

If Pender is notified that you no longer meet the eligibility criteria, we will sell or reclassify your Class F units in accordance with the instructions from your investment advisor. In the absence of instructions, we may automatically sell or reclassify your Class F units to Class A units. There may be tax implications arising from any sale. See *"Income Tax Considerations for Investors"* for more details. It is important to note that there is no unhedged class available to investors who do not participate in a fee-for-service or wrap account program sponsored by certain registered dealers.

Pender charges a lower management fee on the Class F units because our distribution and servicing costs are reduced for that class. The management fees, and performance fees, if any, relating to a class of units of the Fund are described under the Fund profile contained under "*Part B – Specific Information About the Mutual Fund Described in this Document*".

Class H Units

Class H units are available to all investors, subject to certain minimum initial and purchase requirements, which can be found under the "*Purchases*" section.

If Pender is notified that you no longer meet the eligibility criteria, we will sell or reclassify your Class H units in accordance with the instructions from your investment advisor. In the absence of instructions, we may automatically sell your Class H units or reclassify them to Class A units, respectively. There may be tax implications arising from any sale. See *"Income Tax Considerations for Investors"* for more details.

Pender charges a lower management fee on the Class H units because our distribution and servicing costs are reduced for that class. The management fees relating to a class of units of the Fund are described under the Fund profile contained under "*Part B – Specific Information About the Mutual Fund Described in this Document*".

Effective June 1, 2022, Class H units will no longer be available to investors who hold these units in an account with an OEO Dealer or any other Dealer that does not make a suitability determination. On or before this date, we or your Dealer may sell your Class H units or reclassify them to Class I units. See *"Dealer Compensation – Trailing Commissions"* for more details. There may be tax implications arising from any sale. See *"Income Tax Considerations for Investors"* for more details.

Class I Units

Class I units are for investors who are participants in a fee-for-service or wrap account program sponsored by certain registered dealers (including OEO Dealers or any other Dealer that does not make a suitability determination), subject to certain minimum initial and purchase requirements, which can be found under the "*Purchases*" section. Class I units can be purchased under this simplified prospectus only through your investment advisor who has obtained the consent of Pender to offer this class of units.

If Pender is notified that you no longer meet the eligibility criteria, we will sell or reclassify your Class I units in accordance with the instructions from your investment advisor. In the absence of instructions, we may automatically sell your Class I units or reclassify them to Class F units, respectively. There may be tax implications arising from any sale. See *"Income Tax Considerations for Investors"* for more details.

Pender charges a lower management fee on the Class I units because our distribution and servicing costs are reduced for that class. The management fees relating to a class of units of the Fund are described under the Fund profile contained under "*Part B – Specific Information About the Mutual Fund Described in this Document*".

Class N Units

Class N units are available to institutional investors and other qualified investors, subject to certain minimum initial and purchase requirements, which can be found under the "*Purchases*" section. Units of these classes are not sold to the general public.

Pender charges a lower management fee on the Class N units because our distribution and servicing costs are reduced for that class. The management fees relating to a class of units of the Fund are described under the Fund profile contained under "*Part B – Specific Information About the Mutual Fund Described in this Document*".

Class O Units

Class O units are available to institutional investors and other qualified investors and are not sold to the general public.

The management fees relating to a class of units of the Fund are described under the Fund profile contained under "*Part B – Specific Information About the Mutual Fund Described in this Document*".

The Price of a Unit

The price per unit for the Fund will be the net asset value per unit of that class of units. The net asset value per unit of each class of unit of the Fund is determined on a daily basis.

The Fund is valued only on a day that the Toronto Stock Exchange (the "TSX") is open for trading or such other time as the Manager determines appropriate (a "Valuation Date"). On each Valuation Date, we calculate a separate net asset value per unit for each class of units of the Fund based on the market value of the class' proportionate share of the net assets of the Fund, less any liabilities specific to that class of units, divided by the total number of units of that class held by Unitholders. The net asset value per unit will fluctuate with the value of the Fund's investments.

If the Fund receives your order for the purchase or redemption of units before 4:00 p.m. ET on the Valuation Date and all required monies and documents are received in good order, the order will be processed at the applicable net asset value per unit on that date. Otherwise, the order will be processed at the applicable net asset value per unit on the next Valuation Date. If the TSX closes earlier than 4:00 p.m. ET, we may impose an earlier deadline at our discretion.

Purchases

You may only buy Class A and Class H units via the front-end load sales charge method. There are no sales charges on the purchase or redemption of any other class of units. Effective June 1, 2022, all front-end sales charge purchase options will cease. See *"Dealer Compensation – Sales Commissions"* for more details.

Class F and Class I units may be purchased under this simplified prospectus only through an investment advisor who has obtained the consent of Pender to offer these classes.

Class E, Class N and Class O units may be purchased under this simplified prospectus by qualified investors by contacting us.

Units of the Fund are distributed by authorized registered Dealers. You may purchase units by sending the purchase amount to your Dealer. The price of a unit of the Fund is the applicable net asset value per unit next determined after receipt by the Fund of an order to purchase. On the same day your order is received, your Dealer will forward the order to the Fund's head office by telecommunications facility, courier, facsimile or priority post without cost to you. Certificates will not be issued for units purchased.

Your initial investment in any class of units other than Class E, Class H, Class I, Class N and Class O units of the Fund, must be at least $5,000. After your initial investment, you can make further investments of at least $100 per investment. With respect to Class H and Class I units of the Fund, your initial investment must be at least $100,000 and your subsequent purchases must be a minimum of $100. With respect to Class N units for institutional investors and other qualified investors, your initial investment must be at least $5,000,000 and your subsequent purchase must be a minimum of $100. With respect to Class E and Class O units, minimum initial investment amounts are to be negotiated between the Unitholder and the Manager. We will determine, and from time to time may change, the minimum amounts for initial and subsequent investments in any class.

If we do not receive payment within two business days of processing your purchase order for units of the Fund, we must redeem your units on the next business day. If the proceeds are greater than the payment you owe, the Fund will keep the difference. If the proceeds are less than the payment you owe, we will pay the difference to the Fund on your behalf and collect this amount from your Dealer, who may collect the amount from you.

We may reject your purchase order within one business day of receiving it. Any monies sent with your order will be returned immediately without interest.

Effective June 1, 2022, Class A and Class H units will no longer be available to investors who hold these units in an account with an OEO Dealer or any other Dealer that does not make a suitability determination. Investors having accounts with OEO Dealers or any other Dealer that does not make a suitability determination may purchase Class F or Class I units. See *"Dealer Compensation – Trailing Commissions"* for more details.

Changing Classes

You may change between classes of units of the Fund if you are eligible. A class change is called a "conversion". You may convert units of one class into units of another class of the Fund. When you convert units between classes, the value of your investment will not change (except in respect of any fees you may pay to convert), but the number of units you hold may change. This is because each class of units may have a different unit price. When changing classes, a short-term trading fee may apply if the units are changed within 30 days from the date of purchase. See "*Fees and Expenses*" regarding short-term trading charges. Your Dealer may charge you a fee for doing a change. See "*Fees and Expenses*" regarding switch fees. In general, a conversion between classes in the same Fund is not considered a sale for tax purposes, so no capital gain or loss will result for tax purposes. However, any redemption of units to pay for a change fee charged by your Dealer will be considered a sale for tax purposes. For a further discussion of the tax consequences, see "*Income Tax Considerations for Investors*".

You may change units of a particular class into units of another class of the Fund if you are an eligible investor for the class of units into which you are changing. See "*Description of Units*".

If you cease to be eligible to hold units of a particular class, we may change your units into a different class after giving you 30 days' prior notice, unless you notify us during the notice period and we agree that you are once again eligible to hold that class of units. Your Dealer may charge you a fee for changing classes.

Switches

You can redeem all or a portion of your units of the Fund to buy units of another fund managed by Pender, as long as you meet the minimum initial investment requirement. This is called a switch. Depending on the class of units and the purchase option you are switching from and to, and the length of time you have owned the units, your switch may affect the fees you pay and the compensation your Dealer receives, including the following:

- A short-term trading fee may apply if the units are switched within 30 days from the date of purchase. See "*Fees and Expenses*" regarding short-term trading charges.
- Your Dealer may charge you a fee for doing a switch. See "*Fees and Expenses*" regarding switch fees.
- Depending on the fund, class of unit and purchase option you switch between, your Dealer may be paid a higher or lower trailing commission. See "*Dealer Compensation*".

When we receive your order to switch, we will redeem your units in the Fund and use the proceeds to buy units of the same class of another fund managed by Pender. There may be tax consequences for the sale or redemption of units for a switch. For a further discussion of the tax consequences, see "*Income Tax Considerations for Investors*".

Redemptions

You can redeem your units for cash at any time, by providing us with a redemption order, subject to certain specific Fund redemption restrictions and suspensions of redemption rights described below. Your Dealer will forward your redemption order to us on the same day the Dealer receives it from you.

The Fund will redeem units for the redemption price, which is equal to the total of the net asset value per class as at the end of the Valuation Date that falls on or occurs immediately after the date on which a fully completed redemption order is received by the Fund (with any redemption order received after 4:00 p.m. ET on a Valuation Date being deemed, for such purpose, to be received on the following Valuation Date).

Redemptions of each class of the Fund will be paid in Canadian dollars.

For wire order redemptions requested via wire order, if we do not receive all the documentation we need from you to complete the redemption order within 10 business days, we must repurchase your units. If the purchase price is less than the redemption price for the units, the Fund will keep the difference. If the purchase price is greater than the redemption price for the units, your Dealer will be responsible for paying this difference and the associated costs. Your Dealer may require you to reimburse the amount paid. If at any time you request a partial redemption of your units so that the aggregate net asset value of your units of the Fund would be less than $5,000, we may require that all such units of the Fund be redeemed after we provide you with at least 30 days' written notice.

Under certain circumstances, your right to redeem may be suspended in accordance with securities legislation. For example, your right to redeem units of the Fund may be suspended if trading is suspended on stock exchanges on which over 50% of the investments of the Fund trade. We may also suspend your right to redeem units of the Fund, with the consent of applicable securities regulatory authorities, if we cannot determine the value of the net assets of the Fund.

Under the terms of the trust agreement governing the Fund, the Trustee is permitted to allocate capital gains it has realized to fund a redemption to redeeming Unitholders. However, based on recent amendments to the Tax Act, a Fund will be limited in its ability to allocate capital gains to a redeeming Unitholder in a particular year.

Optional Services

Pre-Authorized Chequing Plan ("PAC")

You can purchase units of the Fund by making regular investments through a PAC.

Your initial investment in any class of units other than Class E, Class H, Class I, Class N and Class O units of the Fund, must be at least $5,000. With respect to Class H and Class I units of the Fund, your initial investment must be at least $100,000. With respect to Class N units of the Fund, for institutional investors and other qualified investors, your initial investment must be at least $5,000,000. With respect to Class E and Class O units of the Fund, minimum initial investment amounts are to be negotiated between the Unitholder and the Manager. We will determine, and from time to time may change, the minimum amounts for initial and subsequent investments in any class.

After your initial investment, you can make further investments via a PAC on a regular basis of at least $100 per investment. We will determine, and from time to time may change, the minimum amounts for initial and subsequent investments in any class. You can invest semi-monthly, monthly, quarterly, semi-annually or annually. We may stop your PAC if a payment is not made when due. We may change or discontinue this service at any time.

When you enroll in a PAC, your Dealer will send you the current simplified prospectus and any amendments that have been made. Subject to regulatory approval, you will not be sent a copy of any subsequent simplified prospectus renewals (and any amendments to that simplified prospectus) unless you request that it be sent to you at the time you enroll in a PAC or subsequently request it from your Dealer. You can obtain copies of these documents from your Dealer or by calling us toll free at **1-866-377-4743** or sending us an e-mail at **info@penderfund.com**. The documents can also be found on our website at **www.penderfund.com** or on the SEDAR website at **www.sedar.com**.

You may exercise your statutory right to withdraw from the initial purchase under the PAC. This right does not apply in respect of any subsequent purchase under the plan, but you continue to have all other statutory rights under securities law, including rights arising from any misrepresentations that may have been made, irrespective of whether you request or receive a copy of subsequent simplified prospectus renewals. See "*What are your Legal Rights?*".

Automatic Regular Withdrawals

Automatic regular withdrawals from the Fund available for investors through certain financial institutions is provided as an optional service through pre-authorized redemptions of units. The redemption value is deposited to a pre-

determined financial institution or bank account and can be made monthly, quarterly, semi-annually or annually. The minimum amount for each pre-authorized redemption transaction is $100 per transaction. Automatic regular withdrawals cannot be set up in respect of units held by way of a RRSP account. If the amount of your withdrawals exceeds the growth of your investment and any income it is earning, your investment will eventually be exhausted. No fees are payable for participating in an automatic regular withdrawals program. For more information on how to participate in automatic regular withdrawals from the Fund, please consult your professional advisor.

Short-Term Trading

The interests of Unitholders and the ability of the Fund to manage its investments may be adversely affected by inappropriate or excessive short-term trading because, among other things, these types of trading activities can dilute the value of the Fund's securities, can interfere with the efficient management of the Fund's portfolio and can result in increased brokerage and administrative costs.

If you redeem units of the Fund within 30 days of buying them, we may, at the discretion of the Manager, reduce the amount otherwise payable to you on the redemption by imposing a short-term trading fee of up to 2% of the net asset value of the units redeemed. The fee will be retained by the Fund. See "*Fees and Expenses*" regarding short-term trading charges. We may also restrict purchases if you engage in such short-term trading.

The Manager monitors for short-term trading each month and reviews associated results. For each short-term trade with a total value of >$5,000, the Manager will, at its discretion, send a warning to the applicable investment dealer and, if similar trading activity persists, a second warning. If the short-term trading occurs for a third time for the same account, the short-term trading fee described above may, at the discretion of the Manager, be levied.

There are no arrangements, whether formal or informal, with any person or company to permit short-term trades in securities of the Fund. Other than as described in the annual information form or this Simplified Prospectus, the Fund does not have any formal policies or procedures relating to the monitoring, detection, and deterrence of short-term trades of the Fund's securities by investors.

Automatic Reinvestment of Distributions

As described under the subheading "Distribution Policy" contained in the Fund profile under "Part B - Specific Information About the Mutual Fund Described in this Document", unless you indicate that you would like to receive your distribution in cash, we will automatically reinvest your distributions from a particular class of units of the Fund into additional units of the same class of the Fund at the next net asset value per unit of that class calculated on the date of distribution.

Information You Will Receive

When you make your initial purchase, you will receive a confirmation indicating the purchase price per unit and the number and class of units you purchased. Similarly, at the time of any additional purchase, change of class, switch or redemption of units, you will receive a confirmation giving details of the transaction and a summary of the units you hold. If you make your initial purchase from a Dealer, you will receive the above information from your Dealer directly. Upon your request, you will also receive audited annual financial statements, unaudited interim financial statements, the annual management report of fund performance and the interim management report of fund performance, in respect of the Fund.

Fees and Expenses

The table below lists the fees and expenses that you may have to pay if you invest in the Fund. You may have to pay some of these fees and expenses directly. The Fund may have to pay some of these fees and expenses, which will therefore reduce the value of your investment in the Fund. The consent of Unitholders will be obtained if (i) any change is made in the basis of the calculation of a fee or expense charged to the Fund or a unit class of the Fund, or directly to you by us or the Fund in connection with the holding of units of the Fund, in a way that could result in an increase in charges to the Fund or the unit classes or you, or (ii) a fee or expense is introduced that is charged to the Fund or a unit class, or directly to you by us or the Fund in connection with the holding of units of the Fund, that would result in an increase in charges to the Fund, a unit class or you, unless the change is a result of a change made by a third party at arm's length to the Fund or unless applicable securities laws do not require the consent of Unitholders to be obtained. In that case, Unitholders will be sent a written notice at least 60 days before the effective date of the change, if required under applicable securities laws.

If the Fund holds units of another mutual fund:

- there are fees and expenses payable by the other mutual fund in addition to the fees and expenses payable by the Fund;
- no management fees, administration fees or incentive/performance fees are payable by the Fund that, to a reasonable person, would be considered a duplicate a fee payable by the other mutual fund for the same service;
- no sales fees or redemption fees are payable by the Fund in relation to its purchases or redemptions of the securities of the other mutual fund if the other mutual fund is managed by Pender or its affiliate or associate; and
- no sales fees or redemption fees are payable by the Fund in relation to its purchases or redemptions of securities of the other mutual fund that, to a reasonable person, would be considered a duplicate a fee payable by an investor in the Fund.

Fees and Expenses Payable by the Mutual Fund

Management Fees

The management fees vary by unit class. See the management fee information for the Fund under "*Fund Details*". For Class E and Class O, this fee is separately negotiated and charged directly to the Unitholders. For Class E and Class O Unitholders the management fee (exclusive of GST or HST) will not exceed 1.80%. The management fees charged to the Fund by the Manager are intended to cover, among other things, investment management costs, including any portfolio advisory fees, as well as distribution, marketing and promotion of the Fund. The management fee is based on the net asset value of each unit class, calculated daily or weekly, as the case may be, and payable monthly. Certain units have a lower management fee due to lower servicing costs incurred by the Manager. Management fees are subject to applicable taxes such as GST or HST. The Manager, at its discretion, may reduce or waive management fees.

Operating Expenses

Each unit class will be charged an administration fee equal to 0.50% of its net asset value. For Class O, this fee is separately negotiated and charged directly to the Unitholders, and will not exceed 0.50% of the class' value. In exchange for the fee, the Manager will pay for the operating costs of the Fund (including administrative and operating expenses, registrar and transfer agency fees, custody fees, Unitholder servicing costs, costs of prospectuses and reports, regulatory fees and audit and legal fees) other than taxes, brokerage commissions, transaction costs and Independent Review Committee fees. Administration fees are subject to applicable taxes such as GST or HST. The Manager, at its discretion, may reduce or waive administration fees.

The Manager may reimburse the Fund for the Independent Review Committee fees**.** The Independent Review Committee of the Fund serves in the same capacity

for the other Pender Funds. In consideration for acting in such capacity on behalf of all the Pender Funds (and not just the Fund), the Chair of the Independent Review Committee receives an annual retainer of $15,000 and a fee of $1,500 for each meeting the Chair attends. With the exception of the Chair, each member of the Independent Review Committee receives an annual retainer of $10,000 and a fee of $1,000 for each meeting that the member attends. The members of the Independent Review Committee are also reimbursed for certain out-of-pocket costs associated with the performance of their duties.

Fee Distribution

From time to time, the Manager may offer a reduced fee to select investors. The Manager negotiates a separate agreement with each investor that sets out the basis (such as size of holdings or competitive rates charged in the industry) on which the fee reduction is calculated. The fees for these select investors are the same as for other Unitholders in the same unit class, but these investors receive a distribution from the Fund (a "Fee Distribution") equal to the amount of the fee reduction. Fee Distributions are reinvested in additional units of the Fund on behalf of those select investors unless otherwise negotiated.

Fees and Expenses Paid Directly by You

Management and Administration Fees

Management fees for Class E and Class O are separately negotiated and charged directly to the Unitholders. For Class E and Class O Unitholders the management fee will not exceed rates as noted above in "*Fees and Expenses Payable by the Mutual Fund*". Administration fees for Class O are separately negotiated and charged directly to the Unitholders and will not exceed 0.50% of the class' value.

Front-End Sales Charge

For Class A and Class H units, your Dealer may charge a maximum commission of 5% ($50 on a $1,000 investment). There are no sales charges on the purchase of Class E, Class N, or Class O units. There are no front-end sales charges on the purchases of Class F or Class I units. Instead, you may pay a fee directly to your Dealer under its "fee for service" or "wrap account" program. Effective June 1, 2022, all front-end sales charge purchase options will cease. See *"Dealer Compensation – Sales Commissions"*.

Switch Fee

Your Dealer may charge you up to 2% of the net asset value of the units you switch to a different fund or convert to a different class of the Fund.

Short-Term Trading Fee

The Fund may charge you up to 2% of the net asset value of the units you redeem if you switch or redeem within 30 days of purchase. The short-term trading fee will be retained by the Fund.

Bank Charges

You will be charged any amounts levied by a bank or other financial institution for any of your cheques that are dishonoured and returned to the Fund or for any charge related to electronic fund transfers.

Impact of Sales Charges

Class A / Class H Units

The following table shows the amount of fees that you would have to pay under the front-end load option available to you if you made an investment of $1,000 in Class A or Class H units and you held that investment for one, three, five or 10 years and redeemed immediately before the end of that period.

	At Time of Purchase	1 Year	3 Year	5 Year	10 Year
Class A / Class H (Maximum 5% commission)	$50	Nil	Nil	Nil	Nil

Class E / Class F / Class I / Class N / Class O Units

There are no sales charges on the purchase of Class E, Class N, or Class O units. There are also no sales charges on the purchase of Class F or Class I units – instead you pay a fee directly to your Dealer under its “fee for service” or “wrap account” program.

Dealer Compensation

Sales Commissions

You may purchase Class A or Class H units under the front-end sales charge method. Your Dealer is entitled to receive from you a negotiable sales commission of up to 5% (or up to $50 per $1,000) of the net asset value of the units purchased, as described in the previous section. The commission is deducted from your gross investment amount and the remainder is used to purchase units at the applicable net asset value per unit.

The Canadian Securities Administrators have published rule amendments that effective June 1, 2022 will prohibit the payment by investment fund managers of upfront commissions to Dealers. Accordingly, effective June 1, 2022, all front-end sales charge purchase options will cease.

Trailing Commissions

The Manager makes payments to your Dealer to assist in providing you with continuing advice and service. Annual trailing commissions payable are 1.00% on Class A, and 0.85% on Class H units of the Fund, and are payable on a monthly basis.

No trailing commissions are paid in respect of Class E, Class F, Class I, Class N, and Class O units.

The Manager may pay a portion of its management fee to a Dealer as additional compensation at the Manager’s discretion. The Manager expects that your Dealer will pay a portion of the trailing commission to your advisor for the services and advice they provide to you.

The Canadian Securities Administrators have published rule amendments that effective June 1, 2022 will prohibit the payment of trailing commissions to OEO Dealers and other Dealers that do not make a suitability determination in connection with a client’s purchase and ongoing ownership of securities of prospectus-qualified mutual funds. Accordingly, effective June 1, 2022, Class A and Class H units will no longer be available to investors who hold these units in an account with an OEO Dealer or any other Dealer that does not make a suitability determination. On or before this date, we or your Dealer may change your Class A units to Class F units and your Class H units to Class I units.

Other Dealer Compensation from Management Fees

We may assist Dealers with certain of their direct costs associated with marketing the Fund and providing educational investor conferences and seminars about the Fund. We may also pay Dealers a portion of the costs of educational conferences, seminars or courses that provide information about financial planning, investing in securities, mutual fund industry matters or mutual funds generally. We may provide Dealers with marketing materials about the Fund and other investment literature. We may provide Dealers with non-monetary benefits of a promotional nature and of minimal value and we may engage in business promotion activities that result in Dealers receiving non-monetary benefits. We review the assistance we will provide under these programs on an individual basis.

Subject to compliance with securities regulatory authorities' mutual fund sales practice rules, we may change the terms and conditions of these trailing commissions and programs, or may stop them, at any time.

Equity Interests of Members of the Organization of the Fund

The Manager does not hold any ownership interest in any Dealer that sells Pender Funds' units.

Income Tax Considerations for Investors

This section provides a general summary of the federal income tax considerations applicable to the Fund and to an investor who is an individual (other than a trust), is resident in Canada, holds units as capital property, and deals at arm's length and is not affiliated with the Fund in any manner. This summary is not exhaustive of all tax considerations and is not intended to be legal advice or tax advice. We have tried to make this discussion easy to understand. As a result, we cannot be technically precise, or cover all the tax consequences that may apply. You should consult your own tax advisor about your personal circumstances when you consider purchasing, switching or redeeming securities of a Fund.

The summary is based on the current provisions of the Tax Act, regulations under the Tax Act, the proposals for specific amendments to the Tax Act, the regulations that have been publicly announced by the Minister of Finance (Canada) before the date hereof and our understanding of the current published administrative practices and assessing policies of the Canada Revenue Agency (CRA). Except for the foregoing, this summary does not take into account or anticipate any change in law, whether by legislative, regulatory, administrative or judicial action. Furthermore, this summary does not take into account provincial, territorial, or foreign income tax legislation or considerations.

Taxation of the Fund

The Fund is expected to qualify, and will continue to be, at all material times, a "mutual fund trust" under the Tax Act and intends to maintain such status. The Fund is not a "specified investment flow-through trust ("SIFT trust") for purposes of the Tax Act. This summary is based on the assumption that the Fund will qualify as a mutual fund trust under the Tax Act at all material times. If the Fund were not to so qualify, the income tax consequences would differ materially from those described below.

If the Fund ceases to be a mutual fund trust for purposes of the Tax Act, the Fund may be subject to different tax consequences than described below including being subject to Part XII.2 tax, alternative minimum tax, the mark to market rule, the requirement to file Form T1135, and penalty tax if it holds any investments that are not qualified investments for Registered Retirement Savings Plans (RRSP), Registered Retirement Income Funds (RRIF), Deferred Profit Sharing Plans (DPSP), Registered Disability Savings Plans (RDSP), Registered Education Saving Plans (RESP) and Tax Free Savings Accounts (TFSA) ("Registered Plans"). The Fund may also lose favourable income tax treatments such as the eligibility for the Capital Gain Refund Mechanism, qualification as a Canadian security for purposes of the election in subsection 39(4) of the Tax Act, and eligibility for a December 15 year-end. Investors should seek independent advice regarding the tax consequences of investing in units, based on the investors' own particular circumstances.

All of the Fund's deductible expenses, including expenses common to all classes of the Fund and management fees and other expenses specific to a particular class of the Fund, will be taken into account in determining the

income or loss of the Fund as a whole. The Fund intends to make sufficient distributions in each taxation year that the Fund will not generally be liable for Part I income tax under the Tax Act.

For Units Not Held in a Registered Plan

If you hold units of the Fund outside of a Registered Plan, you will be required to include in computing your income for tax purposes the amount (computed in Canadian dollars) of the Fund's net income and the taxable portion of the net capital gains paid or payable to you by the Fund in the year (including by way of Fee Distributions), whether you receive these distributions in cash or they are reinvested in additional units. Provided the appropriate designations are made by the Fund, distributions of net taxable capital gains and taxable dividends (including eligible dividends) on shares of taxable Canadian corporations held by the Fund will effectively retain their character and be treated as such in your hands. Taxable dividends received from Canadian corporations are subject to a gross-up and credit regime the effect of which is to make them subject to lower tax rates than ordinary income. Taxable dividends that are eligible dividends are subject to an enhanced regime and thus lower tax rates. Generally, gains from cash settled derivative transactions and "short sales" will be treated as ordinary income rather than capital gains. Investors should seek independent advice in this regard, based on the investors' own particular circumstances.

To the extent that the distributions (including by way of Fee Distributions) paid to you by the Fund in any year exceed your share of the net income and net realized capital gains of the Fund allocated to you for that year, those distributions (except to the extent that they are proceeds of disposition) will be a return of capital and will not be taxable to you but will reduce the adjusted cost base of your units of the Fund. Where the adjusted cost base of a unit in the Fund would be reduced below zero, a capital gain is realized to the extent the adjusted cost base would otherwise become negative.

Subject to distributions of capital dividends, you will be taxed on distributions of income and capital gains from the Fund, even if the income and capital gains accrued to the Fund or were realized by the Fund before you acquired the units and were reflected in the purchase price of the units. In many cases, the most significant distributions of income and capital gains of the Fund occur in December. However, distributions (including Fee Distributions) can be made at any time in the year at the discretion of the Manager.

The Fund may invest in debt or shares of foreign corporations. Interest income and dividends paid to the Fund by a foreign corporation may be subject to a withholding tax payable to a foreign government. To the extent that the Fund so designates in accordance with the Tax Act, you will be deemed to have received income from the foreign country and, for the purpose of computing foreign tax credits, be deemed to have paid a portion of the taxes withheld as foreign taxes paid to that country. You will be required to include in your income the gross foreign source income (not reduced by withholding taxes). Foreign source income is taxed as regular income for the purposes of the Tax Act. The Canadian tax payable by you on such foreign source income may be reduced by a foreign tax credit in respect of the foreign taxes deemed paid on that income. Capital gains on the sale of foreign securities will generally not be subject to withholding taxes.

As part of their investment strategy, the Fund may invest in US corporate bonds. Under the US – Canada tax treaty, interest paid on such bonds will not be subject to withholding taxes. Capital gains from the sale of US securities will also generally not be subject to withholding taxes while US earned dividends are subject to a 15% withholding tax.

The Fund may invest in units of mutual funds, income trusts and other trusts. Net income and taxable capital gains that are allocated to the Fund by these investments will be included in computing the net income and taxable capital gains of the Fund, which in turn will be allocated to Unitholders in the manner set out above.

If the Fund is subject to a LRE as the result of a person becoming a "majority-interest beneficiary" or a group of persons becoming a "majority-interest group of beneficiaries" of the Fund (as those terms are defined in the Tax Act) it will have a deemed year-end for tax purposes and may be liable to tax unless it distributes its net taxable income and net capital gains for the shortened year. If it has net accrued or realized losses at that time, certain of its accrued and realized losses may be extinguished, which could adversely affect the tax treatment of a person holding or acquiring units; see "*Tax loss restriction event risk*".

If you dispose of a unit (including a switch of a unit of the Fund for a unit of another Pender Fund), whether by redemption or otherwise, a capital gain (or a capital loss) will be realized to the extent that the proceeds of disposition, less any costs of disposition, are greater (or less) than the adjusted cost base to you of the unit. One-half of a capital gain (or a capital loss) is generally included in determining your taxable capital gain (or allowable capital loss). The allowable capital loss may be deducted against your taxable capital gains for the year. Generally, any excess of your allowable capital loss over your taxable capital gains for the year may be carried back up to three taxation years or forward indefinitely and deducted against taxable capital gains in other years. A change of units of a class of the Fund into units of a different class of the Fund is generally not considered to be a sale for tax purposes, so no capital gain or loss will result. To the extent a change in units results in a disposition of the original units then either a capital gain or a capital loss will be realized or suffered.

If you dispose of units of a Fund and you, your spouse or another person affiliated with you (including a corporation controlled by you) has acquired units of the same Fund within 30 days before or after you dispose of the units (such newly acquired units being considered "substituted property"), your capital loss may be deemed to be a "superficial loss". This loss will be deemed to be nil and the amount loss will instead be added to the adjusted cost base of the units which are "substituted property".

If you redeem a unit of the Fund, the Fund may, to the maximum extent permitted by the Tax Act, allocate to you such amount of capital gains that result from the disposition of assets of the Fund undertaken to permit or facilitate such redemption of unit. In such cases, for the purposes of the Tax Act, the taxable portion (i.e., 50%) of such capital gains allocated to you by the Fund will be included in your income and the full amount of such capital gains will be excluded from your proceeds of disposition of the unit.

In general, the aggregate adjusted cost base of your units of a particular class of the Fund equals:

- your initial investment in the class (including any sales charges paid)
- **plus** the cost of any additional investments in the class (including any sales charges paid)
- **plus** the adjusted cost base of any units of other classes of the Fund that were changed into units of the particular class of the Fund
- **plus** reinvested distributions
- **minus** the capital returned in any distributions
- **minus** the adjusted cost base to you, at the time of any previous redemptions, of the units redeemed at that time
- **minus** the adjusted cost base to you, at the time any units of the particular class of the Fund were changed into units of other classes of the Fund, of the units so converted.

The adjusted cost base to you of a unit at a particular time will generally be the average adjusted cost base to you of all units of that class of the Fund at that time. If the adjusted cost base of your units is reduced to less than zero, you will be deemed to have realized a capital gain equal to, and the adjusted cost base to you of your units will be increased by, such negative amount.

Under the alternative minimum tax provisions of the Tax Act, an individual may be required to pay a minimum tax computed by reference to the individual's "adjusted taxable income" for that year. In computing adjusted taxable income, an individual must generally include all taxable dividends (without application of the gross-up and credit treatment normally applied to such dividends) and 80% of capital gains. Whether and to what extent the tax liability of a Unitholder may be increased by the alternative minimum tax will depend on the amount of the Unitholder's income, the sources from which it is derived, and the nature and amount of any deductions claimed. Any additional tax payable by a Unitholder for a year which results from the application of the minimum tax provisions may generally be carried forward and applied by the Unitholder against his or her Part I tax otherwise payable in any of the seven immediately following taxation years.

We will generally issue a tax statement to you each year identifying the distributions made to you in the previous year. You should keep detailed records of the purchase costs, sales charges and distributions related to your units as this is the only way to accurately calculate the adjusted cost base of those units. Determination of adjusted cost

base can involve complex issues and we recommend that you obtain legal and/or tax advice to assist you with those calculations.

For Units Held in a Registered Plan

It is expected that the Fund will qualify as a “mutual fund trust” for purposes of the Tax Act and intends to remain so qualified. Accordingly, units of the Fund will be qualified investments under the Tax Act for Registered Plans. If units of the Fund are held in a Registered Plan, distributions from the Fund and capital gains from a disposition of the units will generally not be subject to tax under the Tax Act until withdrawals are made from the plan. Withdrawals from a TFSA are generally not subject to tax.

Notwithstanding that units of the Fund may, at a particular time, be qualified investments for a trust governed by a RRSP, RRIF, RDSP, TFSA or RESP, the annuitant of the RRSP or RRIF, holder of the RDSP or TFSA or subscriber of the RESP, as the case may be (such annuitant, holder or subscriber being a “Controlling Individual” of the RRSP, RRIF, RDSP, TFSA or RESP), will be subject to a penalty tax with respect to units held in the RRSP, RRIF, RDSP, TFSA or RESP if such units are “prohibited investments” for the RRSP, RRIF, RDSP, TFSA or RESP within the meaning of the Tax Act. Provided that the Controlling Individual of a RRSP, RRIF, RDSP, TFSA or RESP does not hold a “significant interest” (as defined in the Tax Act) in the Fund and provided that such holder deals at arm's length with the Fund for the purposes of the Tax Act, units of the Fund will not be “prohibited investments” for the RRSP, RRIF, RDSP, TFSA or RESP. In general terms, a Controlling Individual of a RRSP, RRIF, RDSP, TFSA or RESP will have a significant interest in the Fund if the Controlling Individual, together with any other persons and partnerships with which the Controlling Individual does not deal at arm’s length, hold, directly or indirectly through one or more trusts (including Registered Plans), 10% or more of the value of the outstanding units of the Fund. You should consult with your own tax advisor as to whether units of the Fund would be a prohibited investment if held in your RRSP, RRIF, RDSP, TFSA or RESP, having regard to your own particular circumstances.

Information Exchange

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-US Tax Convention entered into between Canada and the United States (the “IGA”), and related Canadian legislation, the Fund and the Manager are required to report certain information with respect to Unitholders who are US tax residents and/or US citizens (including US citizens who are residents or citizens of Canada), and certain other “US Persons” as defined under the IGA (excluding registered plans such as RRSPs), to the CRA. The CRA will then exchange the information with the US Internal Revenue Service.

Pursuant to the implementation, under Part XIX of the Tax Act, of the Common Reporting Standard (“CRS”) developed by the Organisation for Economic Co-operation and Development, the Fund and the Manager may be required to report certain information with respect to Unitholders who are tax residents in a jurisdiction other than Canada or the US, and certain other reportable persons, to the CRA. The CRA will then exchange this information with each CRS participating jurisdiction.

What are your Legal Rights?

Securities legislation in some provinces and territories gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the simplified prospectus or fund facts, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation of some provinces and territories also allows you to cancel an agreement to buy mutual fund units and to get your money back, or to make a claim for damages, if the simplified prospectus, AIF, fund facts, management report of fund performance or financial statements misrepresent any facts about the Fund. These rights must usually be exercised within certain time limits.

For more information, refer to securities legislation of your province or territory or consult your lawyer.

PART B – SPECIFIC INFORMATION ABOUT THE MUTUAL FUND DESCRIBED IN THIS DOCUMENT

General Information

The following explanations are provided to help you more easily understand the specific information about the Fund.

Derivatives Trading

Depending on the investment strategies of the Fund, it may use derivatives, directly or indirectly. Even if the Fund does not directly engage in derivatives, it may, as part of its investment strategy, invest in units of mutual funds that may engage in derivatives as part of their strategies. Derivatives will be used in compliance with all applicable securities legislation and regulation and as disclosed in this simplified prospectus.

Oversight of derivatives trading is undertaken by the Manager. The written policies and procedures relating to the use of these derivatives are developed with the custodian of the Fund and are reviewed annually by the Manager.

Derivatives transactions on behalf of the Fund may be initiated only by the portfolio advisor responsible for the Fund's investments. The portfolio advisor ensures that the individuals who make decisions with respect to derivatives transactions have the necessary proficiency and experience to use derivatives. As in the case of other portfolio transactions, all derivatives transactions made on behalf of the Fund must be recorded on a timely basis and promptly reflected in the Fund's portfolio management records. Derivative positions are monitored to ensure compliance with all regulatory requirements, including cash cover requirements.

Securities Lending Arrangements

The Manager has entered into a securities lending agreement with CIBC Mellon Global Securities Services Company, CIBC Mellon Trust Company, Canadian Imperial Bank of Commerce and The Bank of New York Mellon in order to engage in securities lending transactions to earn additional income for the Fund. The Fund may enter into additional agreements in the future only as permitted under securities law.

The risks associated with these transactions will be managed by requiring that the Fund enter into such transactions with well-established Canadian and foreign brokers, dealers and institutions. Each day, the Fund will determine the market value of the securities loaned under a securities lending transaction and the cash or collateral held for such transaction. If on any day the market value of the cash or collateral is less than 102% of the market value of the security loaned, on the next day the counterparty will be required to provide additional cash or collateral to the Fund to make up the shortfall. The Fund cannot lend more than 50% of the total value of its assets through securities lending.

Pender will review at least annually the policies and procedures described above to ensure that the risks associated with securities lending are being properly managed.

Short Selling Risk Management

The Fund may engage in short selling as part of its investment strategy. Even if it does not directly engage in short selling, it may as part of its investment strategy, invest in units of mutual funds that may engage in short selling as part of their strategies. The Fund will engage in short selling in compliance with all applicable securities legislation and regulations and as disclosed in this simplified prospectus. Short selling will be used by the Fund only as a complement to the Fund's current primary discipline of buying securities with the expectation that they will appreciate in market value.

Short selling involves borrowing securities from a lender and then selling them in the open market (or "selling short"). At a later date, the same number of securities are repurchased by the Fund and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the Fund pay interest to the lender. If the value of the securities declines between the time that the Fund borrows the securities and the time the Fund repurchases and returns the securities, the Fund makes a profit for the difference (less any interest the Fund is required to pay to the lender). In this way, the Fund may have more opportunities for gains when markets are generally volatile or declining.

The Fund will engage in short selling only within certain controls and limitations. Securities will be sold short only for cash and the Fund will receive the cash proceeds within normal trading settlement periods for the market in which the short sale is made. All short sales will be effected only through market facilities through which those securities are normally bought and sold.

The Fund may short sell equity securities, index participation units, corporate debentures, corporate bonds, government bonds and other fixed and floating-rate income securities that are traded in a liquid market. If the security sold short is an equity security, the security must be listed for trading on a stock exchange and the issuer of the security must have a market capitalization of not less than $100 million at the time the short sale is made.

At the time securities of a particular issuer are sold short by the Fund, the aggregate market value of all securities of that issuer sold short will not exceed 5% of the net assets of the Fund. The aggregate market value of all securities sold short by the Fund may not exceed 20% of the Fund's net assets.

The Fund may deposit assets with lenders in accordance with industry practice in relation to their obligations arising under short sale transactions. The Fund will also hold cash cover (as defined in *National Instrument 81-102 Investment Funds* ("NI 81-102")) in an amount, including the Fund's assets deposited with lenders, that is at least 150% of the aggregate market value of all securities it sold short on a daily marked-to-market basis. No proceeds from short sales will be used by the Fund to purchase long positions other than cash cover.

Where a short sale is effected in Canada, every dealer that holds the Fund's assets as security in connection with a short sale must be a registered dealer and a member of a self-regulatory organization that is a participating member of the Canadian Investor Protection Fund. Where a short sale is effected outside of Canada, every dealer that holds the Fund's assets as security in connection with a short sale must be a member of a stock exchange (and, as a result, be subject to regulatory audits) and have a net worth in excess of the equivalent of $50 million, determined from its most recent audited financial statements. The aggregate assets deposited by the Fund with any single dealer as security in connection with short sales will not exceed 10% of the Fund's total net assets, taken at market value as at the time of the deposit.

The portfolio advisor of the Fund must maintain appropriate internal controls regarding its short sales, including written policies and procedures, risk management controls and proper books and records. Any short sale by the Fund is subject to compliance with the investment objectives of the Fund. The portfolio advisor will review open short positions not less than once every week. The Manager is responsible for setting and reviewing such policies and procedures annually. The Trustee has delegated responsibility for setting and reviewing such procedures to the Manager and is not involved in the risk management process.

Investment Risk Classification Methodology

We assign an investment risk level to the Fund as an additional guide to help you decide whether the Fund is right for you. The investment risk level of the Fund is required to be determined in accordance with a standardized risk classification methodology that is based on the Fund's historical volatility as measured by the 10-year standard deviation of the returns of the Fund, assuming the reinvestment of all income and capital gains distributions in additional units of the Fund. However, you should be aware that other types of risk, both measurable and non-measurable, may exist. It is also important to note that the Fund's historical volatility may not be indicative of its future volatility.

Using this methodology, we assign the Fund an investment risk level in one of the following categories: low, low to medium, medium, medium to high, or high risk. However, we may increase the investment risk level of the Fund determined by reference to the Fund's standard deviation if we believe that doing so is reasonable in the circumstances by taking into account other qualitative factors, including, but not limited to, economic climate, portfolio management styles, sector concentration and types of investments made by the Fund and the liquidity of those investments.

For funds that have less than a 10-year performance history, the standardized methodology requires the use of the standard deviation of a reference mutual fund or reference index that reasonably approximates or, for a newly established fund, is reasonably expected to approximate, the standard deviation of the Fund. The reference mutual fund or reference index used to determine the risk rating of the Fund is specified in Part B of this document under the section "*Who should invest in this Fund?*"

The investment risk level assigned to the Fund is based on the standard deviation ranges set out in NI 81-102 and reproduced below:

Standard Deviation Range (%)	Investment Risk Level
0 to less than 6	Low
6 to less than 11	Low to Medium
11 to less than 16	Medium
16 to less than 20	Medium to High
20 or greater	High

The investment risk level of the Fund is reviewed at least annually and anytime we determine that the current investment risk level is no longer reasonable in the circumstances.

A copy of the standardized risk classification methodology that we use to identify the investment risk level of the Fund is available on request and at no cost, by calling **1-866-377-4743**, by emailing **info@penderfund.com**, or by writing to us at the address of our head office in Vancouver, British Columbia, noted on the back cover of this document.

Pender Emerging Markets Impact Fund

Fund Details

Fund Type	Emerging Markets Equity Fund
Investment Risk Level	Medium
Benchmark	MSCI Emerging Markets Index (CAD)
Eligible for Registered Plans?	The units are eligible investments for Registered Plans

Securities Offered	Start Date	Management Fee (exclusive of GST/HST)
Class A units	March 21, 2022	1.80%
Class E units	March 21, 2022	Negotiable – maximum 1.80%
Class F units	March 21, 2022	0.80%
Class H units	March 21, 2022	1.50%
Class I units	March 21, 2022	0.65%
Class N units	March 21, 2022	0.30%
Class O units	March 21, 2022	Negotiable – maximum 1.80%

What Does the Fund Invest In?

Investment Objectives

The investment objective of the Pender Emerging Markets Impact Fund is to provide long term capital growth. The Fund will invest primarily in companies whose operations are primarily located in emerging market countries and whose business models are of high quality and possess positive and sustainable earnings growth potential. Equally important, as part of its impact investing strategy, the Fund will be strongly aligned and committed to considering environmental, social and governance (ESG) factors when evaluating potential investments in the portfolio.

The fundamental investment objective of the Fund may only be changed with the approval of the Independent Review Committee and a simple majority of the votes cast by the Unitholders of all classes of units of the Fund at a meeting called for that purpose.

Investment Strategies

When selecting securities for the Fund, the Fund's portfolio manager will examine each potential investment in light of current economic and market conditions, its industry position, its current financial position, its growth potential, and the quality of its management as part of a well-defined investment process. The portfolio manager uses a bottom-up security selection process to identify high quality companies that have strong Economic Value Added (EVA) characteristics and are trading at a discount to their intrinsic value, while taking into consideration the risks of the business. In order to narrow the universe of opportunities, the investment process involves the use of systematic screening for criteria that include market capitalization, daily trading liquidity and Cash Flow Return on Investment (CFROI). These criteria also act as important risk controls. The portfolio manager will perform in depth fundamental research in order to identify attractive risk-reward opportunities in emerging markets. The Fund may invest up to 100% of its assets in foreign countries, in particular, with a view to investing directly in local emerging markets, where possible.

The Fund also employs an impact investment strategy, meaning investing in entities whose operations include measurable, positive, social and environmental impact alongside generating healthy financial returns. These companies must be able to show that the scope of their business incorporates and is aligned, to some extent, to certain ESG factors. The Fund will include reviewing these ESG factors as part of its fundamental research process in evaluating each investment held in the Fund. The following ESG factors will be taken into consideration and assessed together with traditional financial analysis to inform investment decisions, including eligibility of a company for investment in the Fund:

Environmental

The Fund will evaluate and select investments based on their ability to demonstrate: (1) measurable reductions in greenhouse gas emissions in comparison to relevant industry standards; (2) percentage of future CAPEX dedicated to funding environmental improvements or mitigation of environmental problems; (3) measurable offsets to environmentally compromising operating activities; (4) track record of compliance with local and international environmental rules and regulations in the jurisdiction of operations; (5) availability of ongoing sustainability reporting; and (6) disclosure and transparency of environmental goals and mandates, including providing public means of verification through financial statements and other disclosure documents.

Social

The Fund will evaluate and select investments based on their ability to demonstrate: (1) diversification of the board of directors, senior management and workforce; (2) evidence of participation in causes that support positive social change and improvement of the local community; (3) engagement in infrastructure projects that provide support to the local community, such as education and healthcare initiatives; and (4) provision of financial compensation, funding, or other opportunities to social groups, not-for-profits, and community organizations.

Governance

The Fund will evaluate and select investments based on their ability to demonstrate: (1) strong governance standards based on the composition, mandate, and level of independence of the board of directors; (2) positive investor relations; (3) good degree of accessibility to main decision makers; and (4) easy access to relevant information for investors and monitoring by independent governance institutions.

In evaluating and monitoring ESG factors, the Fund may employ the following measures: (1) analysis of financial statements, company generated sustainability reporting, regulatory filings, and other disclosure materials; (2) comparison of the company's best practices against industry standards and other competitors with similar business models; and (3) analysis of reports and findings produced by independent third parties and industry groups.

Each of the investments deemed eligible for inclusion in the Fund under the impact investment strategy, will be assessed and monitored based on its ability to demonstrate: (1) the nature of the impact generated by company; (2) that they are making progress towards achieving the desired impact; and (3) that they can provide qualifiable and measurable results to confirm the impact that they are making.
While the majority of the investments in the Fund will contain some degree of ESG factors, the Fund may investment up to 40% of its net asset value in investments that contain no ESG factors at all and that may be inconsistent with the Fund's impact investing strategy, if those investments otherwise meet the Fund's investment objective of long term capital growth and their business models show strong financial indicators of positive and sustainable earnings growth potential.
The portfolio manager believes that concentrating the portfolio in fewer companies affords the best opportunity to achieve its investment objectives of providing long term capital growth. The number of holdings in the Fund's portfolio at any given time is a function of the portfolio manager's ability to identify attractive investments.

The fund may use derivatives consistent with its investment objective and in compliance with applicable legislation. Such derivatives may include options, futures, forward contracts, swaps and other similar instruments for hedging and non-hedging purposes. The Fund may use such instruments to gain exposure to securities, indices or currencies without otherwise making a direct investment. Derivatives may also be used to manage the risks to which

the investment portfolio is exposed. See Risks relating to derivatives for a description of the risks associated with their use.

The Fund may carry out securities lending transactions. These transactions will be used in combination with the fund's other investment strategies in the most appropriate manner to allow the fund to meet its investment objective and improve its performance. See Risks relating to securities lending transactions for a description of these transactions and the strategies to be used by the fund to reduce the risks related to these transactions.

In anticipation of or in response to adverse market conditions, the Fund may temporarily hold all or a portion of its assets in cash, money market instruments, securities of affiliated money market funds, bonds or other debt securities. As a result, the Fund may not be fully invested in accordance with its investment objective.

Assets of the Fund

Over time, the assets of the Fund are expected to be, or could be, comprised of the following securities:

Cash and cash equivalents

The Fund may hold cash and cash equivalents denominated in local or foreign currencies. The Fund may hold significant cash and cash equivalents when the portfolio manager considers it desirable as a result of market conditions.

Derivatives

Subject to the restriction described in the section entitled "*Derivatives Trading*", the Fund may, at its discretion, invest in or use derivative instruments from time to time for hedging and non-hedging purposes. When derivatives are used for hedging purposes, they are used as a means of hedging currency exposure and risk in the securities and businesses in which the portfolio advisor has invested to protect against losses.

Where derivatives are used for non-hedging purposes, they are used either to substitute for direct investment or to generate income. The portfolio advisor may make use of clearing corporation options, futures contracts, listed warrants, options on futures, over-the-counter options, forward contracts, debt-like securities and listed warrants for hedging, and non-hedging purposes. Investing in and using derivative instruments are subject to certain risks. Further details on these risks are described below in the section entitled "*What are the risks of investing in the Fund?*"

Even if the Fund does not engage directly in derivatives the Fund may gain exposure to derivatives by virtue of its purchasing units of other funds managed by the Manager and/or units of other investment funds.

Marketable securities

The Fund may invest in marketable securities such as common shares, preferred shares, publicly-traded units of investment trusts, including, but not limited to, mutual fund trusts and REITs, stock warrants and rights that are consistent with the Fund's investment objectives and strategies. The Fund may invest in China A-shares listed and traded on the Shanghai Stock Exchange or the Shenzhen Stock exchange through the Shenzhen-Hong Kong Stock Connect program. Please see "Stock Connect risk" for more information.

Mutual funds

The Fund may carry out all or part of its strategy by purchasing units of other funds managed by the Manager and/or units of other investment funds, including units of ETFs.

Other investments

The Fund's investments may also include, either directly or by virtue of its purchasing units of other funds managed by the Manager and/or units of other investment funds, long or short positions in foreign common stocks, trust units, securities of private issuers, and other securities or financial instruments, including those of investment companies.

Securities lending

In order to earn additional income, the Fund may engage in securities lending transactions. See the section "*Securities Lending Arrangements*" in Part B of this document for more information.

What are the Risks of Investing in the Fund?

The Fund is subject to the following key risks as described in Part A of this document:

- Business risk
- Call risk
- Changes in legislation risk
- Class risk
- Commodity risk
- Concentration risk
- Counterparty risk
- Currency, foreign exchange and hedging risk
- Cybersecurity and business continuity risk
- Depository securities and receipts risk
- Derivative risk
- Emerging markets risk
- Equity risk
- ESG Investment Strategies or Objectives Risk
- ETF index risks
- ETF industry sector risk
- Foreign market risk
- Fund-on-fund risk
- Global pandemic risk
- Income trust and REIT risk
- Interest rate risk
- Gold and silver ETFs risk
- Lack of separate counsel risk
- Large transaction risk
- Liquidity risk
- Market risk
- Net asset value risk
- No assurance of return risk
- Portfolio manager risk
- Portfolio turnover risk
- Potential conflicts of interest risk
- Private company risk
- Rebalancing risk
- Regulatory risk
- Securities lending risk
- Short selling risk
- Small company risk
- Special-purpose acquisition company risk
- Specialization risk
- Stock Connect risk
- Style risk
- Tax loss restriction event risk
- Taxation policy risk
- U.S. regulation and tax risk

As part of its investment strategy, the Fund may invest in units of other funds also managed by the Manager and/or units of other investment funds. As the Fund has not yet commenced operations, during the 12-month period immediately preceding the date of this document, 0% of the net asset value of the Fund was invested in units of Pender Funds. See the "Fund-on-fund risk" section for more information.

As at March 21, 2022, one Unitholder held units representing approximately 100% of the net asset value of the Fund. See the "*Large transaction risk*" section for more information.

Who Should Invest in this Fund?

This Fund is suitable for investors who want to maximize the long-term growth potential of their capital.

Investors in this Fund should have a long-term investment time horizon and a medium tolerance for investment risk. This Fund is not suitable for those who have a short or medium time horizon for their investment.

Because this Fund has less than a 10-year performance history, a reference index that reasonably approximates the standard deviation of the Fund has been used to approximate the returns for the purposes of determining the investment risk level, as described in the “Investment Risk Classification Methodology” section. The reference index used is the MSCI Emerging Markets Index (CAD).

Reference Index	Description
MSCI Emerging Markets Index (CAD)	The MSCI Emerging Markets Index (CAD) is designed to track the financial performance of key companies in fast-growing nations, measuring economic performance of emerging market companies. It captures large and mid-cap representation across 24 Emerging Markets (EM) countries. With 1,421 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. This index aims to provide exhaustive coverage of the relevant investment opportunity set with a strong emphasis on index liquidity, investability and replicability. The index is reviewed quarterly—in February, May, August and November—with the objective of reflecting change in the underlying equity markets in a timely manner, while limiting undue index turnover. During the May and November semi-annual index reviews, the index is rebalanced and the large, mid and small capitalization cutoff points are recalculated. The index includes the following countries: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

Distribution Policy

The Fund distributes its net investment income and its net realized capital gains annually in December of each year. Distributions are automatically reinvested in additional units of the Fund at no charge or, upon request, paid out in cash to the Unitholder.

Fund Expenses Borne Indirectly by Investors

The Management Expense Ratio ("MER") is the cost of managing and operating the fund, expressed as a percentage of the net asset value of each unit class of the Fund, before applicable taxes, such as GST or HST. The Fund pays management fees and operating expenses as described under "*Fees and Expenses*" of this simplified prospectus. This means that Unitholders indirectly pay for these expenses through lower returns. Please see "*Fees and Expenses Paid Directly by You*" about items not included in the calculation of the MER.

The table below is intended to help you compare the cumulative cost of investing in this Fund with the cost of investing in other mutual funds. This example assumes that: (i) you invest $1,000 in units of the Fund for the time periods indicated; (ii) your investment has an annual 5% return; and (iii) the Fund's MER for the units during the 10-year period is the unit class management fee plus an administration fee of 0.50%. The Fund's MER disclosed below does not include applicable taxes, such as GST or HST. Management fees and administration fees for Class O units are negotiated between the Unitholder and the Manager and paid outside of the Fund.

Class of Units	MER	1 year	3 years	5 years	10 years
Class A	2.30%	$23.36	$72.00	$123.33	$264.41
Class E	0.50%	$5.12	$16.06	$28.04	$63.14
Class F	1.30%	$13.26	$41.29	$71.46	$157.41
Class H	2.00%	$20.33	$62.88	$108.04	$233.51
Class I	1.15%	$11.73	$36.60	$63.45	$140.34
Class N	0.80%	$8.18	$25.59	$44.53	$99.44

Pender Emerging Markets Impact Fund

Managed by:
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ADDITIONAL INFORMATION

Additional information about the Fund is available in the Fund's annual information form, fund facts, management reports of fund performance and financial statements. These documents are incorporated by reference into this simplified prospectus, which means that they form part of this document just as if they were printed as a part of this document.

You can get a copy of these documents, at your request and at no cost, by calling us toll free at **1-866-377-4743** or by emailing us at **info@penderfund.com**, or from your Dealer.

These documents and other information about the Fund, such as information circulars and material contracts, are also available on the website of PenderFund Capital Management Ltd. at **www.penderfund.com** or at **www.sedar.com**.

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