



**NOTICE OF SPECIAL MEETING AND
MANAGEMENT INFORMATION CIRCULAR**

on behalf of

PENDERFUND CAPITAL MANAGEMENT LTD.

for unitholders of the following funds

PENDER ENHANCED INCOME FUND

PENDER STRATEGIC GROWTH AND INCOME FUND

to be held concurrently on

May 23, 2023

at 9:00 am (Vancouver time)

in a virtual-only format via live audio conference call

April 26, 2023

April 26, 2023

Dear Unitholder:

Accompanying this letter you will find a package of materials relating to the special meetings (collectively, the “**Meetings**”, or any one of them, a “**Meeting**”) of the unitholders of the Pender Enhanced Income Fund (“**PEIF**” or the “**Continuing Fund**”) and the Pender Strategic Growth and Income Fund (“**PSGIF**” or the “**Terminating Fund**”, and together with the PEIF, the “**Funds**” and each a “**Fund**”), one or more of whose units you hold.

The Meetings are scheduled to take place in a virtual-only format conducted via live audio conference call at **9:00 am** (Vancouver time) on **May 23, 2023**, or as otherwise adjourned.

The enclosed documents contain important details in connection with the proposed merger of PSGIF with PEIF, as described below. As such, we ask for your support, and recommend that you vote **IN FAVOUR** of the Proposal (as defined below).

PenderFund Capital Management Ltd. (“**Pender**”, “**we**”, “**us**” or “**our**”) operates with the goal of protecting and growing wealth for its investors over time. To achieve this, Pender seeks to understand the quality of a business or security, obtain more value than it is paying for, deploy capital in flexible mandates and mitigate downside risk.

Purpose of the Meetings

The Meetings are being called to seek the approval of the unitholders of PSGIF and, separately, the unitholders of PEIF, in each case in respect of the proposed merger of the PSGIF with the PEIF as a taxable merger (the “Merger”), and to approve the matters related to the Merger described in the resolution attached as Schedule A to the management information circular (the “Circular”) accompanying this letter (collectively, the “Proposal”).

The Proposal is for a merger of the PSGIF, as the terminating fund, with the PEIF, as the continuing fund, effective on or about June 23, 2023. National Instrument 81-102 – *Investment Funds* (“**NI 81-102**”) requires the prior approval of the unitholders of a fund if the fund undertakes a reorganization with, or transfers its assets to, another issuer, if (i) the fund ceases to continue after the reorganization or transfer of assets; and (ii) the transaction results in the unitholders of the fund becoming unitholders in the other issuer. All unitholders of the PSGIF are therefore being asked to approve the Proposal in respect of the Merger of the PSGIF, as the terminating fund, with the PEIF, as the continuing fund.

In addition, NI 81-102 requires the prior approval of the unitholders of a fund if the fund undertakes a reorganization with, or acquires assets from, another issuer, if (i) the fund continues after the reorganization or acquisition of assets; (ii) the transaction results in the unitholders of the other issuer becoming unitholders in the fund; and (iii) the transaction would be a material change to the fund. Pender believes that the anticipated benefits of the Merger to the Continuing Fund, as well as the large size of the PSGIF in proportion to the PEIF, make the transaction a material change to the PEIF. Please refer to “*The Proposal – Reasons for and Expected Benefits of the Proposed Merger*” for more information.

Currently, the investment objective of each Fund is “to generate long-term growth in value and income by investing in a diversified portfolio of Canadian and foreign equities, corporate bonds, Canadian and foreign government bonds, and exchange traded funds which track sector or broad market indices. It is designed to provide both moderate income and portfolio growth over the long-term, while being sufficiently diversified

to mitigate volatility” If the Proposal is approved and implemented, the investment objective of the Continuing Fund will be the same as the current investment objective of each of the PSGIF and the PEIF.

For further details on the Proposal, see “*The Proposal*” in the accompanying Circular.

In connection with, and subject to, the approval and implementation of the Proposal, Pender also proposes to effect a corresponding change to the Continuing Fund such that, upon completion of the Merger, the name of the Continuing Fund will be changed to the “Pender Strategic Growth and Income Fund” in order to better reflect the Continuing Fund’s investment objective and strategy. Following the completion of the proposed Merger, the investment strategy of the Continuing Fund will remain the same as the current investment strategy of the PEIF and the fee structure of the Continuing Fund will remain the same as the current fee structure for the PEIF, all as further described in the accompanying Circular. For further details, see “*The Proposal – Implementation of the Proposal*” and “*The Proposal –Fee Structure*” in the accompanying Circular.

What are the Enclosed Documents?

The documents contained in this package include:

(i) **Notice of Meeting of Unitholders of the Funds**

This document outlines the reasons for holding the Meetings, which are being held to consider and vote on resolutions of the unitholders of each of the Funds to approve the Proposal.

(ii) **Management Information Circular**

This document explains your voting rights and sets out the procedures to be carefully followed in order to attend and participate in the applicable Meeting to be held via live audio conference call. This document also provides you with information regarding the Proposal.

(iii) **Proxy**

This document can be used for voting. As a unitholder of one or more of the Funds, you are entitled to vote on the Proposal. We encourage you to exercise this right, which you can do in one of several ways in accordance with the instructions set out in the accompanying Circular: (1) by virtually attending and voting at the Meeting of the applicable Fund; (2) by completing the proxy, voting for or against the Proposal, signing it and returning it as instructed; or (3) by completing the proxy as indicated in (2) above and designating on the proxy another individual who can virtually attend and vote for you at the Meeting.

(iv) **Fund Facts**

For unitholders of the Terminating Fund (PSGIF), the most recently filed Fund Facts document for PEIF, for the class of units that corresponds to the class of units of the Terminating Fund currently held by such unitholder.

Provided that the Proposal is approved, Pender intends to implement the Proposal on or around June 23, 2023.

We would appreciate your support for the Proposal and encourage you to either attend the applicable Meeting virtually or to complete and return the accompanying form of proxy for the applicable Meeting

and deposit it with Computershare Investor Services Inc. at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department. Alternatively, you may vote by proxy by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America), by facsimile to 1-866-249-7775 (within North America) or 1-416-263-9524 (if outside North America), or by internet using the 15-digit control number located at the bottom of your proxy at www.investorvote.com. Your proxy must be received by not later than **9:00 am (Vancouver time) on May 18, 2023**, or not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of a reconvened Meeting. For specific details, please follow the instructions contained in your form of proxy and in the accompanying Circular. If you have any questions regarding the Proposal, please contact us by calling collect to 1-866-377-4743 or by email at info@penderfund.com.

We thank you for your consideration of the attached and for your ongoing support.

Yours sincerely,

(signed) David Barr
Chief Executive Officer & Director
PenderFund Capital Management Ltd.

**NOTICE OF SPECIAL MEETINGS OF UNITHOLDERS OF PENDER
ENHANCED INCOME FUND AND PENDER STRATEGIC GROWTH
AND INCOME FUND**

(together, the “**Funds**” and each a “**Fund**”)

PenderFund Capital Management Ltd. (“**Pender**”, “**we**”, “**us**” or “**our**”), in its capacity as manager of the Funds, is writing to notify you of certain proposed changes to the Funds in respect of a taxable merger of Pender Strategic Growth and Income Fund (“**PSGIF**” or the “**Terminating Fund**”) with the Pender Enhanced Income Fund (“**PEIF**” or the “**Continuing Fund**”), details of which are provided in the management information circular (the “**Circular**”) accompanying this Notice.

NOTICE IS HEREBY GIVEN that Pender, as manager of the Funds, will hold special meetings of each of the Funds’ unitholders (collectively, the “**Meetings**” and each a “**Meeting**”), to be held virtually via live audio conference call on **May 23, 2023 at 9:00 am (Vancouver time)**, to **(a) consider and, if thought fit, to pass a resolution for each Fund, the full text of which is set forth for each Fund in Schedule “A” to the Circular (for each Fund, the “Proposal Resolution”), approving the proposed merger of the PSGIF with the PEIF, and the other matters described in the applicable Proposal Resolution (collectively, the “Proposal”), and (b) to transact such other business for each Fund as may properly come before the applicable Meeting or any adjournments, postponements or continuances thereof.**

Although the Meetings are scheduled to be held at the same time for purposes of convenience, units held in each Fund will be voted separately.

The Proposal contemplates merging the PSGIF, as the terminating fund, with the PEIF, as the continuing fund, effective on or about June 23, 2023. It is intended that effecting the Merger on a taxable basis will preserve the PEIF’s significant unused tax losses, which would otherwise expire upon implementation of the Merger on a tax-deferred basis and therefore would not be available to shelter income and capital gains realized by the PEIF in future years. Pender considers the completion of the proposed Merger to constitute a material change to the PEIF because of the anticipated benefits of the Merger to the Continuing Fund, as well as the large size of the PSGIF in proportion to the PEIF. All unitholders of the PEIF are therefore being asked to approve the Merger of the PSGIF with the PEIF in accordance with the requirements of National Instrument 81-102 – *Investment Funds* of the Canadian Securities Administrators (“**NI 81-102**”).

Currently, the investment objective of both Funds is “to generate long-term growth in value and income by investing in a diversified portfolio of Canadian and foreign equities, corporate bonds, Canadian and foreign government bonds, and exchange traded funds which track sector or broad market indices. It is designed to provide both moderate income and portfolio growth over the long-term, while being sufficiently diversified to mitigate volatility.” If the Proposal is approved and implemented, following the completion of the Merger, the investment objective of the Continuing Fund will remain the same as the current investment objectives of both the PSGIF and the PEIF.

For further details on the Proposal, see “*The Proposal*” in the accompanying Circular.

In connection with, and subject to, the approval and implementation of the Proposal, Pender also proposes to effect a corresponding change to the Continuing Fund such that the name of the Continuing Fund will be changed to the “Pender Strategic Growth and Income Fund” in order to better reflect the Continuing Fund’s investment objective and strategy. Following the completion of the proposed Merger, the investment strategy of the Continuing Fund will remain the same as the current investment strategy of the PEIF; and the fee structure of the Continuing Fund will remain the same as the current fee structure for the PEIF, all

as further described in the accompanying Circular. For further details, see “*The Proposal – Implementation of the Proposal*” and “*The Proposal – Fee Structure*” in the accompanying Circular.

Additional details regarding the Funds are set out in the simplified prospectus and fund facts for the applicable Fund, which are available at www.penderfund.com or at www.sedar.com.

IMPORTANT NOTICE

The Meetings are scheduled to take place in a virtual-only format conducted via live audio conference call. As such, unitholders of the Funds will not be able to attend the Meetings in person and the Funds strongly encourage all unitholders who wish to attend and participate in the Meetings to carefully follow the procedures described in the Circular to ensure they can attend and participate in the applicable Meeting via live audio conference call.

Voting

Unitholders of each Fund holding in aggregate one or more whole units of the applicable Fund and duly appointed proxy holders may participate in the applicable Meeting via a live teleconference. Specifically, such unitholders and duly appointed proxy holders who have properly pre-registered prior to the applicable Meeting as outlined below, will be able to ask questions of management of Pender, as manager of the Funds, via the live teleconference at the conclusion of the Meeting. All other unitholders and stakeholders can attend the applicable Meeting as a guest via teleconference without pre-registering as outlined below, but will not be permitted to ask questions at the conclusion of the applicable Meeting. The Circular and a form of proxy accompany this Notice. **All unitholders of the Funds who are entitled to vote at the Meetings are strongly encouraged to cast their vote by submitting their completed form of proxy prior to the applicable Meeting as described in the Circular.**

Only unitholders of record holding in aggregate one or more whole units of the applicable Fund as of the close of business on April 11, 2023 (the “Record Date”) will be entitled to notice of and to vote at the applicable Meeting. In order to vote during and to be permitted to ask questions at the conclusion of the applicable Meeting, such unitholders and duly appointed proxy holders must pre-register via the following link prior to **9:00 am (Vancouver time) on May 18, 2023** or, if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time and date of the adjourned or postponed Meeting:

<https://services.choruscall.ca/DiamondPassRegistration/register?confirmationNumber=10021828&linkSecurityString=1981021648>

After the pre-registration has been completed, the unitholders of the applicable Fund and duly appointed proxy holders will be assigned a unique PIN and dial-in telephone number. It is recommended that you attempt to connect at least ten minutes prior to the scheduled start time of the applicable Meeting.

For all other unitholders of the applicable Fund and stakeholders wishing to attend the applicable Meeting by teleconference, but without the ability to ask questions of management of Pender, as manager of the Funds, please dial the following toll-free or international toll number approximately ten minutes prior to the start of the Meeting and ask the operator to join the special meeting of unitholders of the applicable Fund:

Toll-free (Canada/U.S.): +1-800-319-4610 or

Toll (international): +1-604-638-5340

If you are a unitholder of an applicable Fund entitled to attend, participate and vote at the applicable Meeting, you may do so via live audio conference call, provided you comply with all of the requirements set out in the Circular.

Unitholders who are entitled to vote but are unable to attend the applicable Meeting virtually are requested to complete, date, sign and return the accompanying form of proxy for the Meeting and deposit it with Computershare Investor Services Inc. at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department. Alternatively, you may vote by proxy by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America), by facsimile to 1-866-249-7775 (within North America) or 1-416-263-9524 (if outside North America), or by internet using the 15 digit control number located at the bottom of your proxy at www.investorvote.com. Your proxy must be received by not later than 9:00 am (Vancouver time) on May 18, 2023, or not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of a reconvened Meeting. For specific details, please follow the instructions contained in your form of proxy.

While the option is available to unitholders of the applicable Fund who are entitled to attend and vote at the applicable Meeting to do so via live audio conference call by following the instructions set out in this Notice and in the accompanying Circular, all unitholders of the Funds are strongly encouraged to vote by proxy in advance of the Meetings rather than voting during the applicable Meeting via live audio conference call.

The approval of the Proposal will require: (a) the affirmative vote of not less than a majority of the votes cast by the unitholders of the PSGIF in respect of the applicable Proposal Resolution for the PGSIF; and (b) the affirmative vote of not less than a majority of the votes cast by the unitholders of the PEIF in respect of the applicable Proposal Resolution for the PEIF. In order for the Meeting of the applicable Fund to be duly constituted, a quorum must be established. Quorum for each Fund requires one or more unitholders of the applicable Fund entitled to vote at the applicable Meeting whether virtually or by proxy who hold, in the aggregate, at least 10 units entitled to be voted at the applicable Meeting.

Notwithstanding the receipt of such unitholder approval, Pender may, in its discretion as manager of the Funds, decide not to proceed with, or delay, the implementation of the Proposal for any reason.

Pender, as manager of the Funds, recommends that you vote IN FAVOUR of the applicable Proposal Resolution.

On April 24, 2023, Pender presented the Proposal to the Independent Review Committee (“**IRC**”) of the Funds for its review of potential conflict of interest matters relating to the Proposal. The IRC has determined, after reasonable inquiry, that the Proposal would achieve a fair and reasonable result for the Funds, if implemented, and has provided to Pender a positive recommendation in respect of the Proposal.

While the IRC has determined that the Proposal would achieve a fair and reasonable result for the Funds, it is not the role of the IRC to recommend that unitholders vote in favour of the Proposal. Unitholders of the Funds should review the Proposal and make their own decision.

Unitholder Questions

Unitholders who have questions or need assistance with respect to the pre-registration process as set forth in this Notice and the accompanying Circular or accessing or attending the virtual Meeting should contact canada@choruscall.com, Attention: Gaylene Van Dusen

DATED at Vancouver, British Columbia, this 26th day of April, 2023.

**PENDERFUND CAPITAL MANAGEMENT
LTD.**, as manager of the Funds

(signed) David Barr
Chief Executive Officer & Director

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MANAGEMENT INFORMATION CIRCULAR

PENDER STRATEGIC GROWTH AND INCOME FUND AND PENDER ENHANCED INCOME FUND

(together, the “Funds”, and each a “Fund”)

IMPORTANT NOTICE

Special meetings of unitholders of each Fund (collectively, the “Meetings” and each a “Meeting”) are scheduled to take place concurrently in a virtual-only format conducted via live audio conference call on May 23, 2023 at 9:00 am (Vancouver time), or as otherwise adjourned. Although the Meetings are scheduled to be held at the same time for purposes of convenience, units held in each Fund will be voted separately.

Only unitholders of record holding in aggregate one or more whole units of the applicable Fund as of the close of business on April 11, 2023 (the “Record Date”) will be entitled to notice of and to vote at the applicable Meeting.

As the Meetings will take place concurrently in a virtual-only format conducted via live audio conference call, unitholders of the applicable Fund will not be able to attend the applicable Meeting in person and the Fund strongly encourages all unitholders of the Fund who are entitled to vote at the Meeting to do so by proxy in advance of the Meeting by following the instructions in this management information circular (the “Circular”) and the form of proxy, or, for those who are entitled to and wish to attend and participate in the Meeting, to carefully follow the procedures described in this Circular to ensure they can attend and participate in the Meeting virtually via live audio conference call.

FORWARD-LOOKING STATEMENTS

Certain statements included in this Circular may constitute “forward-looking statements”. All statements, other than statements of historical fact, included in this Circular that address future activities, events, developments or financial performance, are forward-looking statements. These forward-looking statements can be identified by the use of forward-looking words such as “may”, “should”, “will”, “could”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “believe”, “future” or “continue” or the negatives thereof or similar variations. These forward-looking statements are based on certain assumptions and analyses made by Pender and its management in light of their experiences and their perception of historical trends, current conditions and expected future developments, as well as other factors they believe are appropriate in the circumstances. Unitholders are cautioned not to put undue reliance on such forward-looking statements, which reflect the analysis of management of PenderFund Capital Management Ltd. (“Pender”, “we”, “us” or “our”) only as of the date of this Circular and are not a guarantee of performance. Such forward-looking statements are subject to a number of uncertainties, assumptions, risks and other factors, many of which are outside the control of Pender that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Such risks include the risks disclosed in the most recent simplified prospectus of the applicable Fund, which is available at www.penderfund.com and www.sedar.com. All forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth above. Pender undertakes no obligation, and expressly disclaims any

intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law.

SOLICITATION OF PROXIES

The information contained in this Circular is provided by Pender, in its capacity as manager of the Funds, in connection with the solicitation of proxies on behalf of the applicable Fund for use at the applicable Meeting.

The Meetings are to be held virtually via live audio conference call on **May 23, 2023 at 9:00 am (Vancouver time)** to consider and vote on the applicable resolution to approve the Proposal (as defined below) described within this Circular. It is expected that the solicitation of proxies will principally be done by mail. However, the directors, officers, employees or agents of Pender may also solicit proxies personally, by telephone or by facsimile transmission. The cost of the solicitation will be borne by Pender. The Funds are not relying on the notice-and-access delivery procedures outlined in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators to distribute copies of proxy-related materials in connection with the Meetings.

The approval of the applicable resolution in respect of the Proposal will require the affirmative vote of not less than a majority of the votes cast at the applicable Meeting in respect thereof. In order for the applicable Meeting to be duly constituted, a quorum must be established. Quorum for each Fund requires one or more unitholders of the applicable Fund entitled to vote at the Meeting whether virtually or by proxy who hold, in the aggregate, at least 10 units entitled to be voted at the Meeting.

Pender has engaged Computershare Investor Services Inc. (“**Computershare**”) as its proxy agent to receive and tabulate proxies of unitholders of the applicable Fund. Unitholders who are entitled to vote but are unable to attend the applicable Meeting virtually are requested to complete, date, sign and return the accompanying form of proxy for the Meeting and deposit it with Computershare at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department. Alternatively, you may vote by proxy by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America), by facsimile to 1-866-249-7775 (within North America) or 1-416-263-9524 (if outside North America), or by internet using the 15-digit control number located at the bottom of your proxy at www.investorvote.com. Your proxy must be received by not later than **9:00 am (Vancouver time) on May 18, 2023**, or not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of a reconvened Meeting. For specific details, please follow the instructions contained in your form of proxy.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors or officers of Pender. **You have the right to appoint some other person (who need not be a unitholder of the applicable Fund) to attend or act on your behalf at the applicable Meeting by striking out the printed names and inserting the name of such other person in the blank space provided in the form of proxy, or by completing another proxy in the proper form. To be valid, completed proxies must be received by Computershare in accordance with the instructions provided above.**

If you submit a proxy, you may revoke it in relation to any matter, provided a vote has not already been taken on that matter. You can revoke your proxy by:

- (i) completing and signing a proxy bearing a later date and depositing it as described above;

- (ii) depositing a written revocation executed by you, or by your attorney, who you have authorized in writing to act on your behalf, at the above address at any time up to and including the last business day preceding the day of the applicable Meeting, or any postponement(s), adjournment(s) or continuance(s), at which the proxy is to be used;
- (iii) participating and voting at the virtual Meeting after carefully following the instructions set out in this Circular; or
- (iv) any other manner permitted by law.

EXERCISE OF DISCRETION BY PROXIES

The management representatives designated in the enclosed form of proxy will vote units of the applicable Fund for which they are appointed proxy holder in accordance with your instructions as indicated on the form of proxy.

In the absence of such direction, units of the applicable Fund will be voted by the management representatives in favour of the applicable Proposal Resolution (as defined below).

The enclosed form of proxy confers discretionary authority on the designated management representatives relating to amendments to or variations of matters identified in the Notice attached to this Circular and relating to other matters which may properly come before the applicable Meeting. At the date of this Circular we are not aware of any such amendments, variations or other matters.

VOTING VIRTUALLY VIA LIVE AUDIO CONFERENCE CALL

For unitholders of the applicable Fund or their duly appointed proxy holders who are entitled to and wish to attend and participate in the applicable virtual Meeting, such unitholders and duly appointed proxy holders must pre-register with Chorus Call (telephone voting service provider) via the following link prior to **9:00 am (Vancouver time) on May 18, 2023** or, if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time and date of the adjourned or postponed Meeting:

<https://services.choruscall.ca/DiamondPassRegistration/register?confirmationNumber=10021828&linkSecurityString=1981021648>

After the pre-registration has been completed, such unitholders and duly appointed proxy holders will be assigned a unique PIN and dial-in telephone number. It is recommended that you attempt to connect at least ten minutes prior to the scheduled start time of the applicable Meeting.

If you are such a unitholder of a Fund or duly appointed proxy holder and have been assigned pre-registration details by Chorus Call, you will be able to vote and submit questions during the Meeting using the assigned teleconference number and access code. **It is important that you are connected to the teleconference at all times during the applicable Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the applicable Meeting. Unitholders of a Fund should note that if they participate and vote on any matter at the applicable virtual Meeting, they will revoke any previously submitted proxy.**

While this option is available to unitholders of a Fund, each Fund strongly encourages all unitholders of such Fund to vote by proxy in advance of the applicable Meeting, prior to the proxy cut-off time

9:00 am (Vancouver time) on May 18, 2023, by following the instructions set out in this Circular and the form of proxy rather than voting during the Meeting via live audio conference call.

For all other unitholders and stakeholders wishing to attend the applicable Meeting by teleconference, but without the ability to vote during the Meeting via live audio conference call or ask questions of management at the conclusion of the Meeting, please dial the following toll-free or international toll number approximately ten minutes prior to the start of the Meeting and ask the operator to join the special meeting of unitholders of the applicable Fund:

Toll-free (Canada/U.S.): +1-800-319-4610 or

Toll (international): +1-604-638-5340.

Unitholder Questions

Unitholders who have questions or need assistance with respect to the pre-registration process as set forth in this Circular or accessing or attending the virtual Meeting should contact canada@choruscall.com, Attention: Gaylene Van Dusen

PURPOSE OF THE MEETINGS

The purpose of the Meetings is for unitholders of each Fund to consider and, if thought advisable, adopt the applicable Proposal Resolution for that Fund in respect of the approval of (a) the taxable merger of the Pender Strategic Growth and Income Fund (“PSGIF” or the “**Terminating Fund**”) with the Pender Enhanced Income Fund (“PEIF” or the “**Continuing Fund**”, and such merger, the “**Merger**”), and the matters related to the Merger described in the applicable Proposal Resolution attached to this Circular as Schedule A (collectively, the “**Proposal**”) and (b) transact such other business as may come before the applicable Meeting.

A copy of the text of the applicable Proposal Resolution for each Fund authorizing the Proposal in respect of which the unitholders of each Fund are entitled to vote separately is attached in Schedule “A” to this Circular. Although the Meetings are scheduled to be held at the same time for purposes of convenience, units held in each Fund will be voted separately.

Unitholders of the Funds may obtain, at no cost, the simplified prospectus of the applicable Fund, the most recent interim and annual financial statements, fund facts and management reports of fund performance by contacting us at Suite 1830 - 1066 West Hastings Street, Vancouver, BC V6E 3X2, by email at info@penderfund.com or by telephone at 1-866-377-4743. You may also find these documents and other information about the Funds at www.penderfund.com or at www.sedar.com.

Required Unitholder Approval

In order to give effect to the resolution to approve the Proposal, as set out in Schedule “A” and described in this Circular (the “**Proposal Resolution**”), the Proposal Resolution must be approved by (a) a majority of the votes cast at the applicable Meeting (i.e., more than 50%) by the unitholders of the PSGIF and (b) a majority of the votes cast at the applicable Meeting (i.e. more than 50% by the unitholders of the PEIF. For additional information regarding your voting rights see the section of this Circular titled “*Voting Securities and Principal Holders Thereof*”.

THE PROPOSAL

Pursuant to the Proposal, Pender is proposing to merge the PSGIF with the PEIF such that, upon completion of the Merger, the unitholders of the Terminating Fund will become unitholders of the Continuing Fund. Upon completion of the proposed Merger, the Continuing Fund will be renamed the “Pender Strategic Growth and Income Fund”. Following the Merger, the Terminating Fund will be terminated. The text of the applicable Proposal Resolution for each Fund is set out in Schedule A to this Circular.

In addition, NI 81-102 requires the prior approval of the unitholders of a fund if the fund undertakes a reorganization with, or acquires assets from, another issuer, if (i) the fund continues after the reorganization or acquisition of assets; (ii) the transaction results in the unitholders of the other issuer becoming unitholders in the fund; and (iii) the transaction would be a material change to the fund. Pender believes that the anticipated benefits of the Merger to the Continuing Fund, as well as the large size of the PSGIF in proportion to the PEIF, make the transaction a material change to the PEIF. Please refer to “*The Proposal – Reasons for and Expected Benefits of the Proposed Merger*” for more information.

The Merger is being proposed because from the date that Pender took over management of the Continuing Fund in December 2019, the two Funds have been managed substantially in a similar manner. Both Funds invest in a balance portfolio and the majority of the weighted holdings of the Continuing Fund are overlapping securities with the Terminating Fund. The Terminating Fund falls within the Global Neutral Balanced category whereas the Continuing Fund falls within the Global Equity Balanced category (using the Canadian Investment Funds Standards Committee methodology). The Terminating Fund has a risk rating of low to medium whereas the Continuing Fund has a risk rating of medium. The risk rating calculations are based on the results of actual returns for the past 10 years, as such PEIF has a higher risk rating due to its previous mandate (prior to Pender becoming manager). The ongoing risk of the portfolios are similar given the same objectives, strategies and highly similar portfolios.

The proposed Merger will be effected on a taxable basis for unitholders of the PSGIF. The Merger will not be a “qualifying exchange” within the meaning of section 132.2 of the Income Tax Act (Canada) or a tax deferred transaction under subsections 85(a), 85.1(1) or 87(1) of such Act. The Continuing Fund has substantial tax losses available for carryover. It is intended that effecting the Merger on a taxable basis will preserve the Continuing Fund’s significant unused tax losses, which would otherwise expire upon implementation of the Merger on a tax-deferred basis and therefore would not be available to shelter income and capital gains realized by the Continuing Fund in future years. The Merger would be beneficial to unitholders of PSGIF because it would provide them with access to the Continuing Fund’s tax losses to shelter any potential capital gains in future years.

Given the considerations stated above, Pender believes that the Continuing Fund is overall a more viable long-term investment vehicle for existing and potential investors and that the Merger is in the best interest of unitholders of both Funds.

At the effective time of the Merger, the unitholders of the Terminating Fund will receive units of the Continuing Fund in exchange for their units held in the Terminating Fund, as follows:

- former unitholders of Class A units of the Terminating Fund will receive Class A units of the Continuing Fund, on a dollar-for-dollar basis;
- former unitholders of Class E units of the Terminating Fund will receive Class E units of the Continuing Fund, on a dollar-for-dollar basis;

- former unitholders of Class F units of the Terminating Fund will receive Class F units of the Continuing Fund, on a dollar-for-dollar basis;
- former unitholders of Class H units of the Terminating Fund will receive Class A units of the Continuing Fund, on a dollar-for-dollar basis¹;
- former unitholders of Class I units of the Terminating Fund will receive Class I units of the Continuing Fund, on a dollar-for-dollar basis; and
- former unitholders of Class O units of the Terminating Fund will receive Class O units of the Continuing Fund, on a dollar-for-dollar basis.

Units held in the Terminating Fund will become subject to the investment objectives, strategies and fees applicable to the Continuing Fund.

The historical rates of return for the PSGIF and the PEIF are available at www.penderfund.com. The tax consequences of the Merger are summarized below.

Changes in Fee Structure

The following tables set out the applicable management, administration and performance fees for the Terminating Fund and the Continuing Fund (exclusive of applicable taxes):

Continuing Fund	Management Fee Rate	Administrative Fee Rate	Performance Fee Rate
Class A Units	1.70%	0.50%	Nil
Class E Units	Nil	0.50%	Nil
Class F Units	0.70%	0.50%	Nil
Class I Units	0.55%	0.50%	Nil
Class N Units	0.30%	0.50%	Nil
Class O Units	Nil	Nil	Nil

Terminating Fund	Management Fee Rate	Administrative Fee Rate	Performance Fee Rate
Class A Units	1.70%	0.50%	Nil
Class E Units	Nil	0.50%	Nil
Class F Units	0.70%	0.50%	Nil
Class H Units	1.40%	0.50%	Nil
Class I Units	0.55%	0.50%	Nil
Class O Units	Nil	Nil	Nil

¹ It is proposed that a new Class H will be added to the Continuing Fund at its next simplified prospectus renewal, expected to occur on or about June 27, 2023 and at such time or shortly thereafter, Class A units of the Continuing Fund received by former Class H unitholders of the Terminating Fund pursuant to the Merger will automatically be switched into Class H of the Continuing Fund.

*All references to fees in this Circular exclude any related taxes.

Both the Terminating Fund and the Continuing Fund have the same fees for the similar classes. It should be noted that Class H unitholders of the Terminating Fund will initially be moved into Class A of the Continuing Fund on the effective date of the Merger on or about June 23, 2023. As a result, the Management Fee for these unitholders will increase from 1.40% to 1.70%. However, it is proposed that a new Class H will be opened for the Continuing Fund upon renewal of the simplified prospectus (expected to occur on or about June 27, 2023) and at such time or shortly thereafter, Class A units of the Continuing Fund received by former Class H unitholders of the Terminating Fund pursuant to the Merger will automatically be switched into Class H of the Continuing Fund. Due to the brief transition period, former Class H unitholders of the PSGIF are not expected to be adversely impacted.

Distribution Policy

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

The Continuing Fund distributes its net investment income monthly and its net realized capital gains annually in December of each year. Pender intends to make distributions from the Continuing Fund to unitholders in the amount of 5% of the net asset value of each class of units of the Continuing Fund annually. Pender may change the target annualized distribution rate at any time. Distributions may consist of net investment income, net realized capital gains and/or a return of capital. Distributions are automatically reinvested in additional units of the Continuing Fund at no charge or, upon request, paid out in cash to the unitholder.

While after the completion of the Merger, unitholders of the Terminating Fund will become subject to the distribution policy applicable to the Continuing Fund. We propose to make changes in the pro forma simplified prospectus of the Funds such that the distribution policy for the Continuing Fund will be similar to the current distribution policy of the Terminating Fund. **Therefore, going forward, the distribution policy for the Continuing Fund is intended to distribute its net investment income quarterly and its net realized capital gains annually in December of each year.**

Risk Ratings, Fund Types and Benchmarks

	Fund Type	Investment Risk Level	Benchmark
PSGIF (Terminating Fund)	Growth and Income Fund	Low to Medium	S&P/TSX Composite Index
PEIF (Continuing Fund)	Growth and Income Fund	Medium	S&P/TSX Composite Index

The risk rating calculations are based on the results of actual returns for the past 10 years, as such PEIF has a higher risk rating due to its previous mandate (prior to Pender becoming manager). The ongoing risk of the portfolios are similar given the same objectives, strategies and highly similar portfolios.

Required Approval

The Proposal is conditional upon receipt of the approval of unitholders of the PSGIF and separately, the approval of unitholders of the PEIF.

On April 24, 2023 Pender presented the terms of the Proposal to the Funds’ Independent Review Committee (“**IRC**”) for its review of potential conflict of interest matters relating to the Proposal. The IRC has determined, after reasonable inquiry, that the Proposal would achieve a fair and reasonable result for the Fund, if implemented, and has provided to Pender a positive recommendation in respect of the Proposal.

While the IRC has determined that the Proposal would achieve a fair and reasonable result for the Funds, it is not the role of the IRC to recommend that unitholders vote in favour of the Proposal. Unitholders of the Funds should review the Proposal and make their own decision.

Approval by unitholders of the applicable Fund must be given by the affirmative vote of at least a majority of the votes cast at the applicable Meeting in respect of the applicable Proposal Resolution for that Fund by or on behalf of unitholders of record of that Fund present virtually or represented by proxy at the Meeting.

Unitholders of the applicable Fund will be asked to confirm their approval of the Proposal by voting in favour of the applicable Proposal Resolution as set out in Schedule “A” to this Circular.

By approving the Proposal, unitholders will also be authorizing, among other things, any director or officer of Pender or of any successor manager of such Fund to do all such acts and things as may be necessary or desirable in connection with the Proposal including any associated amendments to the Trust Agreement (as defined below) governing the Funds. If the Proposal Resolutions are approved, notwithstanding the receipt of such unitholder approvals, Pender will be authorized, in its discretion and in its capacity as manager of the Funds, to elect not to proceed with or delay the implementation of the Proposal for any reason.

Implementation of the Proposal

At the applicable Meeting, unitholders of the applicable Fund will be asked to confirm their approval of the Proposal by voting in favour of the applicable Proposal Resolution set out in Schedule A to this Circular.

If the Proposal receives all applicable unitholder approvals, it is expected to become effective after the close of business on or about June 23, 2023.

Following the completion of the proposed Merger, unitholders will no longer hold units of the Terminating Fund and will instead hold units of the Continuing Fund.

By approving the Proposal, unitholders will also be authorizing, among other things, any director or officer of Pender or of any successor manager of such Fund to do all such acts and things as may be necessary or desirable in connection with the Proposal including any associated amendments to the Trust Agreement (as defined below) governing the Funds. If the Proposal Resolutions are approved, notwithstanding the receipt of such unitholder approvals, Pender will be authorized, in its discretion and in its capacity as manager of the Funds, to elect not to proceed with or delay the implementation of the Proposal for any reason.

Investment Objective

The investment objectives of the Terminating Fund are the same as those of the Continuing Fund, as follows:

Terminating Fund	Continuing Fund
To generate long-term growth in value and income by investing in a diversified portfolio of Canadian and foreign equities, corporate bonds, Canadian and foreign government bonds, and exchange traded funds which track sector or broad market indices. It is designed to provide both moderate	To generate long-term growth in value and income by investing in a diversified portfolio of Canadian and foreign equities, corporate bonds, Canadian and foreign government bonds, and exchange traded funds which track sector or broad market indices. It is designed to provide both moderate

income and portfolio growth over the long-term, while being sufficiently diversified to mitigate volatility.	income and portfolio growth over the long-term, while being sufficiently diversified to mitigate volatility.
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Investment Strategy

The investment strategies of the Terminating Fund are the same as those of the Continuing Fund, as follows:

Terminating Fund	Continuing Fund
<p>Asset Allocation - The Manager intends to maintain a targeted allocation of 20% to 80% in Canadian and foreign equities, with the balance being in fixed income and cash. The Fund invests in Canadian and foreign securities; up to 100% of the Fund may be invested in foreign securities. As part of its asset allocation process, the Manager may invest in Underlying Funds that are aligned with the Fund's investment objectives and strategies. The Manager will rebalance the Fund's investment portfolio on a regular basis as necessary in order to maintain its asset allocation targets.</p> <p>Equity Strategy - The Fund's equities are selected by the Manager and can include Canadian and foreign equities, preferred shares, income trust units, and index or sector proxies. Potential equity holdings will generally be selected according to our investment philosophy, which entails understanding the quality of the business or security, obtaining more value than we are paying for and mitigating downside risk. We will examine each potential investment for success in light of current economic and market conditions, its industry position, its current financial position, its growth potential, earnings estimates and the quality of its management.</p> <p>The Fund may carry out all or part of its equity strategy by purchasing units of Funds managed by the Manager, and/or units of other investment funds.</p> <p>Fixed Income Strategy - The Manager evaluates each corporate bond holding using a variety of methodologies such as discounted free cash flow, net asset value and private market value. Consideration will be given to both quantitative and qualitative factors including competitive position, intangible assets such as brands and</p>	<p>Asset Allocation - The Manager intends to maintain a targeted allocation of 20% to 80% in Canadian and foreign equities, with the balance being in fixed income and cash. The Fund invests in Canadian and foreign securities; up to 100% of the Fund may be invested in foreign securities. As part of its asset allocation process, the Manager may invest in Underlying Funds that are aligned with the Fund's investment objectives and strategies. The Manager will rebalance the Fund's investment portfolio on a regular basis as necessary in order to maintain its asset allocation targets.</p> <p>Equity Strategy - The Fund's equities are selected by the Manager and can include Canadian and foreign equities, preferred shares, income trust units, and index or sector proxies. Potential equity holdings will generally be selected according to our investment philosophy, which entails understanding the quality of the business or security, obtaining more value than we are paying for and mitigating downside risk. We will examine each potential investment for success in light of current economic and market conditions, its industry position, its current financial position, its growth potential, earnings estimates and the quality of its management.</p> <p>The Fund may carry out all or part of its equity strategy by purchasing units of Funds managed by the Manager and/or units of other investment funds.</p> <p>Fixed Income Strategy - The Manager evaluates each corporate bond holding using a variety of methodologies such as discounted free cash flow, net asset value and private market value. Consideration will be given to both quantitative and qualitative factors including competitive position, intangible assets such as brands and</p>

<p>distribution networks, balance sheet strength, stability and growth of earnings, quality and depth of management and good corporate governance. When selecting government-issued bonds, the Manager examines economic indicators like growth, inflation and monetary policy to provide a framework for selecting appropriate securities issued in Canada and the United States. The average term to maturity of the government bonds in the portfolio is based primarily on the Manager's outlook for interest rates.</p> <p>The Manager employs a value-based fundamental research process, believing that private and public securities are priced inefficiently and, as a result, the price of any given security only occasionally coincides with its intrinsic value. The Manager will attempt to identify and exploit these inaccuracies using internal and external analyses.</p> <p>The Fund may carry out all or part of its fixed income strategy by purchasing units of Funds managed by the Manager and/or units of other investment funds.</p>	<p>distribution networks, balance sheet strength, stability and growth of earnings, quality and depth of management and good corporate governance. When selecting government-issued bonds, the Manager examines economic indicators like growth, inflation and monetary policy to provide a framework for selecting appropriate securities issued in Canada and the United States. The average term to maturity of the government bonds in the portfolio is based primarily on the Manager's outlook for interest rates.</p> <p>The Manager employs a value-based fundamental research process, believing that private and public securities may be priced inefficiently and, as a result, the price of any given security only occasionally coincides with its intrinsic value. The Manager will attempt to identify and exploit these inaccuracies using internal and external analyses.</p> <p>The Fund may carry out all or part of its fixed income strategy by purchasing units of Funds managed by the Manager and/or units of other investment funds.</p>
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Comparison of Fund Size

As at the close of business on April 21, 2023, the net assets of the PSGIF were \$11,893,183 and the net assets of the PEIF were \$34,084,259.

Reasons for and Expected Benefits of the Proposed Merger

Pender believes that the Merger will be beneficial to the unitholders of the PSGIF and the PEIF for the following reasons:

- (a) the Continuing Fund will have a portfolio of greater value, allowing for increased portfolio diversification opportunities;
- (b) the Continuing Fund, as a result of its greater size, will benefit from its larger profile in the marketplace; and
- (c) Pender has indicated that the management fees of each class of the Continuing Fund will not increase on completion of the Merger from the corresponding class of the Terminating Fund, and that the management expense ratios (the "MERs") of each class of the Continuing Fund will be similar to or less than the MER of the corresponding class of the Terminating Fund, except for Class H unitholders of the Terminating Fund who will receive Class A units of the Continuing Fund pursuant to the Merger but will automatically be switched into a newly formed Class H of the Continuing Fund when the Fund's simplified prospectus is renewed next, or shortly thereafter, as discussed above in this Circular. **Due to the brief transition period, former Class H unitholders of the PSGIF are not expected to be adversely impacted.**

Procedure for the Merger

The Merger will be structured as follows:

- (a) prior to the Merger taking effect, if required, the Terminating Fund will sell any securities in its portfolio that do not meet the investment objectives and investment strategies of the Continuing Fund, if any. As a result, the Terminating Fund may temporarily hold cash or money market instruments and may not be fully invested in accordance with its investment objectives for a brief period of time prior to the Merger taking effect;
- (b) the value of the Terminating Fund's portfolio and other assets will be determined at the close of business on the effective date of the Merger, in accordance with the declaration of trust of the Funds;
- (c) the Continuing Fund will acquire the investment portfolio and other assets of the Terminating Fund in exchange for units of the Continuing Fund;
- (d) the Continuing Fund will not assume liabilities of the Terminating Fund and the Terminating Fund will retain sufficient assets to satisfy its estimated liabilities, if any, as of the date of the Merger;
- (e) the Terminating Fund will distribute a sufficient amount of its net income and net realized capital gains, if any, to unitholders to ensure that it will not be subject to tax for its current tax year;
- (f) the units of the Continuing Fund received by the Terminating Fund will have an aggregate net asset value equal to the respective value of the portfolio assets and other assets that the Continuing Fund acquires from the Terminating Fund, and the units of the Continuing Fund will be issued at the applicable series net asset value per unit as of the close of business on the effective date of the Merger;
- (g) immediately thereafter, the units of the Continuing Fund received by the Terminating Fund will be distributed to unitholders of the Terminating Fund in exchange for their units in the Terminating Fund on a dollar-for-dollar and, or class-by-class basis, provided that unitholders of Class H units of the Fund will receive Class A units of the Continuing Fund on a dollar-for-dollar basis pursuant to and in accordance with the terms described in this Circular; and
- (h) as soon as reasonably possible following the Merger, the Terminating Fund will be wound up.

Pender is proposing to effect the Merger on a taxable basis. The Continuing Fund has significant unused tax losses. Effecting the Merger on a taxable basis will preserve the Continuing Fund's significant unused tax losses, which would otherwise expire upon implementation of the Merger on a tax-deferred basis and therefore would not be available to shelter income and capital gains realized by the Continuing Fund in future years.

Suspending Redemption and Purchases of Units of the Terminating Fund

Sales and switches into each of the Funds have been temporarily closed to new investors as of the Record Date in anticipation of the Meetings. Existing unitholders of each Fund, as of the Record Date, continue to be allowed to make purchases and redemptions, as usual.

If the Proposal is approved by the unitholders of the Funds, purchases and redemptions of units of the Terminating Fund for existing unitholders as at the Record Date will be allowed until the close of business on the business day immediately before the effective date of the Merger (i.e., if the effective date of the Merger is June 23, 2023, we will not process purchase or redemption orders for units of the Terminating

Fund that are received by us after the close of business on June 22, 2023). The day after the effective date of the Merger, unitholders of the Terminating Fund will be able to purchase, redeem or switch out of the units of the Continuing Fund that they acquire upon completion of the Merger.

Following the completion of the proposed Merger, all automatic purchase plans and automatic withdrawal plans that have been established with respect to the Terminating Fund will be re-established with the Continuing Fund unless a unitholder advises us otherwise. Unitholders may change or cancel any automatic purchase plan or automatic withdrawal plan at any time.

Costs of the Proposal

The Funds will not bear any of the costs and expenses associated with the Proposal. Such costs will be borne by Pender, as manager of the Funds. These costs may include legal fees, proxy solicitation, printing and mailing costs and regulatory fees. There are no fees charged by the PSGIF for the redemption of units of any classes of the PSGIF. However, there may be some administrative fees or costs charged by your dealer which are beyond the control of Pender.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

This is a general summary of the principal Canadian federal income tax considerations of the Merger described above relevant to a unitholder of the PSGIF who is an individual (other than a trust) resident in Canada who deals with the PSGIF at arm's length and who holds units of the PSGIF as capital property. This summary is based on the current provisions of the Income Tax Act (Canada) (the "**Tax Act**") and the regulations thereunder (the "**Regulations**"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and the current administrative practices and assessing policies published by the Canada Revenue Agency ("**CRA**"). This summary does not otherwise take into account or anticipate any changes in the administrative practices of the CRA, nor does it consider other federal, provincial, territorial or foreign income tax consequences.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular unitholder. Accordingly, unitholders should consult with their own tax advisor for advice with respect to the tax consequences of the Merger having regard to their own particular circumstances.

Redemption of Units Prior to the Merger

If you redeem units of the PSGIF before the date of the Merger, you will realize a capital gain (or capital loss) to the extent that the proceeds of this redemption exceed (or are exceeded by) the aggregate of your adjusted cost base of the units and any costs of redemption. Unless you hold your units in a registered retirement savings plan, registered retirement income fund, deferred profit sharing plan, registered education savings plan, registered disability savings plan or tax-free savings account (collectively, "**Registered Plans**"), one-half of any such capital gain must be included in computing your income and one-half of any such capital loss may be deducted against taxable capital gains, subject to, and in accordance with, the detailed provisions of the Tax Act.

If units are held by a Registered Plan, gains realized on a redemption of units will be exempt from tax until withdrawn from the Registered Plan, other than withdrawals from a tax-free savings account.

Tax Consequences of the Merger

Prior to the date of the Merger, securities in the portfolio of the Terminating Fund will need to be liquidated if they do not meet the investment objectives of the Continuing Fund. This will result in a realized capital

gain or loss to the Terminating Fund. On the date of the Merger, the Terminating Fund will dispose of its assets to the Continuing Fund for proceeds of disposition equal to the fair market value thereof at that time. Accordingly, the Terminating Fund will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the particular asset exceed (or are exceeded by) the adjusted cost base of the particular portfolio asset and any reasonable cost of disposition.

To ensure that the Terminating Fund will not be subject to tax for its current taxation year, the Terminating Fund will distribute a sufficient amount of its net income (including net realized capital gains) to unitholders. Unless units are held in a Registered Plan, unitholders of the Terminating Fund will receive a statement for income tax purposes identifying the unitholder's share of the Terminating Fund's income and the income reported thereon must be included in your income for 2023. If units are held in a Registered Plan, distributions will generally be exempt from tax until withdrawn from the Registered Plan, other than withdrawals from a tax-free savings account.

The cost to the Terminating Fund of the units of the Continuing Fund received in the course of the Merger will be equal to the fair market value of the Terminating Fund's assets transferred to the Continuing Fund. The distribution by the Terminating Fund of units of the Continuing Fund to unitholders in exchange for units of the Terminating Fund will not result in a capital gain or loss to the Terminating Fund, provided that such distribution occurs immediately after the transfer of the assets to the Continuing Fund.

Upon the distribution by the Terminating Fund of units of the Continuing Fund in exchange for units of the Terminating Fund, unitholders will have a disposition of their units of the Terminating Fund and will receive proceeds of disposition equal to the fair market value of the units of the Continuing Fund received. As a result, unitholders will realize a capital gain (or a capital loss) equal to the amount by which such proceeds of disposition exceed (or are exceeded by) the adjusted cost base of the unitholder's units of the Terminating Fund and any reasonable costs of disposition. One-half of any such capital gain must be included in computing a unitholder's income and one-half of any such capital loss may be deducted against taxable capital gains subject to, and in accordance with, the detailed provisions of the Act. A unitholder will acquire the units of the Continuing Fund received on the Merger at a cost equal to the fair market value of such units at the time of the Merger. This cost will likely be different from the adjusted cost base of the units of the Terminating Fund which were exchanged. In determining the adjusted cost base of the units of the Continuing Fund, the cost of the new units of the Continuing Fund will be averaged with the adjusted cost base of any other identical units of the Continuing Fund already held by the unitholder.

Tax Consequences of Investing in the Continuing Fund

The Terminating Fund and the Continuing Fund are both mutual fund trusts within the meaning of the Tax Act. As a result of the Merger, investors of Terminating Fund will hold units of the Continuing Fund, which is also a mutual fund trust within the meaning of the Tax Act. Please refer to the simplified prospectus of the Continuing Fund for a description of the income tax consequences of acquiring, holding and disposing of units of the Continuing Fund.

Eligibility for Registered Plans

Units of the Terminating Fund and the Continuing Fund are qualified investments under the Tax Act for Registered Plans.

<p style="text-align: center;">Pender, as manager of the Funds, recommends that you vote <u>IN FAVOUR</u> of the Proposal Resolution.</p>
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MANAGEMENT OF THE FUNDS

Manager

Under the management agreement (the “**Management Agreement**”) between Pender and the Funds, among other funds, Pender is appointed as the manager of the Funds. As manager, Pender is responsible for directing the affairs and managing the business of the Funds, administering or arranging for the administration of the day-to-day operations of the Funds, including investment decisions, execution of investment orders, sales of units, maintaining records, fund reporting, voting of portfolio securities and custodial arrangements. The Management Agreement also sets forth the fees payable to Pender as manager of the Funds.

Pender’s appointment as manager of the Funds continues indefinitely but may be terminated by Pender or the Funds upon giving 60 days’ prior notice or such shorter notice as Pender and the Funds may agree. The Management Agreement may also be terminated by the Funds or Pender upon giving notice in writing to the other party if the other party ceases to carry on business, becomes bankrupt or insolvent, resolves to wind-up or liquidate or if a receiver of any of its assets is appointed or if the other party commits a material breach of the Management Agreement which is not remedied within 30 days of receipt of notice of such breach.

The names and municipalities of residence of Pender’s directors and officers are as follows:

<u>Name and Municipality of Residence</u>	<u>Position with Pender</u>
DAVID BARR North Vancouver, BC	Director, Chief Executive Officer and Ultimate Designated Person
KELLY EDMISON Vancouver, BC	Director and Chairman of the Board of Directors
FELIX NARHI North Vancouver, BC	Director and Chief Investment Officer
GINA JONES Vancouver, BC	Chief Financial Officer and Corporate Secretary
CARLO DESIERTO Richmond, BC	President
DONALD CAMPBELL Winnipeg, MB	Director

The following table sets out the persons or companies who, as at the Record Date, are owners on record of, or who own beneficially, directly or indirectly, more than 10% of any class or series of voting securities of Pender:

Name	Class of Shares	Type of Ownership	Number of Shares	% of Outstanding Shares
408198 BC Ltd. ⁽¹⁾	Common	Beneficial	300,000	11%

Arbutus Family Holdings Ltd. ⁽¹⁾	Common	Beneficial	300,000	11%
Felix Narhi	Common	Direct	391,662	15%
Garibaldi Venture Partners Ltd. ⁽³⁾	Common	Beneficial	1,122,600	41%

Notes:

- (1) 408198 BC Ltd. is a British Columbia company which is 100% owned by William Rand, a resident of British Columbia.
- (2) Arbutus Family Holdings Ltd. is a British Columbia company which is 100% owned by Kelly Edmison, a resident of British Columbia.
- (3) Garibaldi Venture Partners Ltd. is a British Columbia company which is 100% owned by David Barr, a resident of British Columbia.

Other than shares of Pender held as noted above and ownership of units of the Funds, none of the above persons was indebted to or had any transaction or arrangement with the Funds since the start of the last fiscal year of the Funds.

Donald Campbell, a director of Pender, is the principal of the firm Canadian Compliance & Regulatory Law, which provides ongoing regulatory advice to Pender, as the manager of the Funds. Arbutus Family Holdings Ltd., which is 100% owned by Kelly Edmison, is a company that provides consulting services to Pender, as the manager of the Funds.

As compensation for the services that it provides to the Funds as manager, Pender receives a management fee and an administration fee, calculated in accordance with the terms of the Management Agreement. For the period of January 1, 2022 to December 31, 2022, the PSGIF paid management and administration fees to Pender in the aggregate amount of \$275,561 (including G.S.T./H.S.T.) and for the period of January 1, 2023 to the date of this Circular, management and administration fees were incurred in the aggregate amount of \$72,502 (including G.S.T./H.S.T.). For the period of January 1, 2022 to December 31, 2022, the PEIF paid management and administration fees to Pender in the aggregate amount of \$546,093 (including G.S.T./H.S.T.) and for the period of January 1, 2023 to the date of this Circular, management and administration fees were incurred in the aggregate amount of \$155,777 (including G.S.T./H.S.T.). For further details regarding the fee structures of the Funds, see the section titled “*The Proposal–Fee Structure*” in this Circular.

Portfolio Management

Pender is also the portfolio advisor of the Funds. The following table sets forth information in respect of the persons employed by Pender who are currently principally responsible for day-to-day management of the Funds.

Fund	Name and Municipality of Residence	Position with Pender
PENDER STRATEGIC GROWTH AND INCOME FUND	FELIX NARHI	Director, Chief Investment Officer, and Portfolio Manager
	GEOFF CASTLE	Portfolio Manager
PENDER ENHANCED INCOME FUND	FELIX NARHI	Director, Chief Investment Officer, and Portfolio Manager

Fund	Name and Municipality of Residence	Position with Pender
	GEOFF CASTLE	Portfolio Manager

If the Proposal is approved and implemented, Felix Narhi and Geoff Castle will continue to be the principal persons responsible for day-to-day management of the Continuing Fund.

Other than ownership of units of the Funds, the above individuals were not indebted to and did not have any transaction or arrangement with the Funds since the start of the last fiscal year of the Funds.

Pender, as the portfolio advisor of the Funds, makes decisions regarding the execution of portfolio transactions with respect to the cash and cash equivalent portions of the Funds, including, when applicable, the selection of markets, brokers and the negotiation of commissions. If and when effecting such portfolio transactions, the portfolio advisors place brokerage business with investment dealers and brokers on the basis of the best price and service. To the extent that the execution offered by more than one dealer or broker are comparable, the portfolio advisor may, in its discretion, determine to effect transactions with the dealers and brokers who provide research, statistical and other similar services to the Funds or to the portfolio advisor at transaction prices which reflect those services.

The Funds do not have agreements or arrangements in place with any dealer for the portfolio transactions regarding the Funds; however, the portfolio advisor for each Fund may, from time to time, receive research that it uses in connection with its management of the applicable Fund. This research may or may not be used in connection with the management of the Fund and is not a factor used in determining the dealers through whom it will place portfolio transactions for the Funds. The portfolio advisor for each Fund reviews each trade for the Fund to determine, among other things, whether the Fund received reasonable benefit considering the applicable research, if any is received, and the amount of brokerage commissions paid. The names of the dealer(s) that provided Pender, in its capacity as manager of the Funds, with the services described above in connection with the portfolio transactions for each Fund during the last financial year of the Fund will be provided on request by contacting Pender at 1-866-377-4743 or at info@penderfund.com.

Other than the management and administration fees noted above, Pender currently receives no other compensation for the services that it provides to the Funds as portfolio advisor. For further details regarding the fee structures of the Funds, see the section titled “*The Proposal – Fee Structure*” in this Circular.

Trustee

Pender is also the trustee of the Funds (the “**Trustee**”), which is governed by the Nineteenth Amended and Restated Mutual Fund Trust Agreement dated August 15, 2022 (the “**Trust Agreement**”). The Trust Agreement sets forth the terms governing the creation, operation, management and administration of the Funds, including the powers and duties of the Trustee, the attributes of the units of each Fund, procedures for purchase, exchange and redemption of units, recordkeeping, calculation of each Fund’s income and other administrative procedures.

INTEREST OF PENDER IN THE PROPOSAL

Except as disclosed in this Circular, to the knowledge of the directors and officers of Pender, no person who has been a director or officer of Pender at any time since the beginning of Pender’s most recently

completed financial year, or any associate or affiliate of those persons, has any interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in the Proposal.

As described above, Pender acts as the manager, portfolio advisor and Trustee of the Funds and is responsible for managing the overall business of the Funds. As compensation for these services, Pender receives certain fees. Additional details concerning the management fees, performance fees and other expenses paid by the Funds in prior years are contained in the audited annual financial statements of the Funds. For further details regarding the fee structures of the Funds, see the section titled “*The Proposal – Fee Structure*” in this Circular.

None of the insiders of Pender is paid or otherwise compensated or reimbursed for expenses by the Funds. The Funds have not paid, and are not obligated to pay, any remuneration to any director or officer of Pender.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As at the Record Date, each of the Funds had the following numbers of issued and outstanding units:

Pender Strategic Growth and Income Fund	Number of Units Issued and Outstanding
Class A units	446,413
Class E units	17,511
Class F units	223,407
Class H units	137,696
Class I units	145,250
Class O units	779
TOTAL	971,055

Pender Enhanced Income Fund	Number of Units Issued and Outstanding
Class A units	861,122
Class E units	2,519
Class F units	898,182
Class I units	2,096,988
Class N units	588
Class O units	588
TOTAL	3,859,988

Unitholders of each applicable Fund are entitled to one vote for each whole unit held. Holders of units of record on the Record Date who hold in aggregate one or more whole units of the applicable Fund will be entitled to vote at the applicable Meeting, except to the extent that: (a) such units are redeemed prior to the Meeting or (b) a transferee of units after the Record Date complies with the required procedures in order to qualify to vote the transferred units and all documentation necessary to transfer the units on Pender’s records as manager of the Funds is received by Pender by not later than five days before the date of the applicable Meeting. If your units were transferred to you from another holder after the Record Date (for example, in the case of the death of a holder), you should contact your investment advisor to determine the documentation necessary to transfer the units on Pender’s records as manager of the Funds. You will only be able to vote the transferred units after the transfer has been recorded on Pender’s records.

In order for each Meeting to be duly constituted, a quorum must be established. Quorum for each Fund requires one or more unitholders of the Fund entitled to vote at the applicable Meeting whether virtually or by proxy who hold, in the aggregate, at least 10 units entitled to be voted at the Meeting.

Other than as disclosed below, to the knowledge of the directors and executive officers of Pender, as manager of the Funds, as of the Record Date, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the voting rights attached to the units of all classes of each Fund entitled to be voted at the Meeting.

Name of Unitholder <small>Error! Reference source not found.</small>	Type of Ownership	Number of Units	Percentage of Outstanding Units of PSGIF
N/A	N/A	N/A	N/A

Name of Unitholder <small>Error! Reference source not found.</small>	Type of Ownership	Number of Units	Percentage of Outstanding Units of PEIF
Individual Investor <small>Error! Reference source not found.</small>	Individual	514,027.389	13.32%

Notes:

- (1) Due to privacy reasons, the names of unitholder has been omitted. Such information is available on request by contacting Pender at 1-866-377-4743 or info@penderfund.com.

As of the Record Date, Pender, and its subsidiaries, associated entities, directors and executive officers hold, directly or indirectly, in the aggregate 3.75% of the outstanding units of the PSGIF, as follows, and 0% of the outstanding units of the PEIF, **but will not be exercising the entitlement to vote attached to these units.**

Pender Strategic Growth and Income Fund			
Name of Unitholder	Type of Ownership (Beneficial or Direct)	Number of Units	Percentage of Outstanding Units
Donald Campbell	Direct	29,990	3.09%
Gina Jones	Direct	1,150	0.12%
Kelly Edmison	Direct	5,245	0.54%

Total	3.75%
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INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as already disclosed in the Circular, no informed person of Pender or any Fund, or any proposed director of Pender or any associate or affiliate of any informed person or proposed director, had any material interest in any transaction since the commencement of the Funds’ most recently completed financial year or in any proposed transaction which has materially affected or would materially affect any Fund.

AUDITOR

The auditor of the Funds is KPMG LLP, Chartered Professional Accountants, located at PO Box 10426 777 Dunsmuir Street, Vancouver BC V7Y 1K3.

ADDITIONAL INFORMATION

Additional information regarding the Funds is contained in the simplified prospectus, interim and annual management reports of fund performance and annual audited and interim unaudited financial statements for the applicable Fund. You may obtain a copy of the simplified prospectus for the Fund and its most recent interim and annual financial statements and management reports of fund performance by contacting us at Suite 1830 - 1066 West Hastings Street, Vancouver, BC V6E 3X2, by email at info@penderfund.com or by telephone at 1-866-377-4743. You may also find these documents and other information about the Funds at www.penderfund.com or at www.sedar.com.

CERTIFICATE

The contents of this Circular and the sending of this Circular to the unitholders of each Fund have been approved by the board of directors of Pender, as manager of the Funds.

DATED at Vancouver, British Columbia this 26th day of April, 2023.

PENDERFUND CAPITAL MANAGEMENT LTD., as manager of the Funds

(signed) David Barr
Chief Executive Officer & Director

SCHEDULE "A"

PROPOSAL RESOLUTION

BE IT RESOLVED THAT:

1. the taxable merger of the Pender Strategic Growth and Income Fund (the "**Terminating Fund**") into the Pender Enhanced Income Fund (the "**Fund**"), all as described in the management information circular dated April 26, 2023 (the "**Circular**"), including the issuance of securities of the Fund to the Terminating Fund in exchange for the acquisition by the Fund of the net assets of the Terminating Fund, is hereby authorized and approved;
2. PenderFund Capital Management Ltd. ("**Pender**"), as manager of the Fund and on behalf of the Fund, is hereby authorized, subject to the receipt of all requisite unitholder approvals, to complete all transactions contemplated in connection with the Merger, including, among other things, to:
 - (a) acquire the net assets of the Terminating Fund in exchange for the issuance by the Fund to the Terminating Fund of securities of the Fund at the applicable series net asset value per security as of the close of business on the effective date of the Merger;
 - (b) amend of the declaration of trust of the Fund as necessary or advisable in connection with the Merger, as determined in the sole discretion of any one director or officer of Pender, as manager of the Fund; and
 - (c) following completion of the Merger, change the name of the Fund to the "Pender Strategic Growth and Income Fund";
3. any director or officer of Pender and of any successor manager of the Fund is authorized and directed to execute or cause to be executed and to deliver or cause to be delivered, and to file or cause to be filed, all such documents, agreements, instruments and filings and to do or cause to be done all such other acts and things as such director or officer shall determine to be necessary or desirable in order to carry out the intent of or in connection with the Merger or this resolution and the matters authorized hereby, including any amendments to, or novations of, any document, agreement, instrument or filing, including, without limitation, the trust agreement governing the Fund, such determination to be conclusively evidenced by his or her execution, delivery or filing of such document, agreement, instrument or filing or the doing of any such act or thing; and
4. Pender, as manager of the Fund, and any successor manager of the Fund, be and are each hereby authorized to revoke this resolution or elect not to proceed with, or delay the implementation of, the Merger, as the case may be, in each case for any reason whatsoever in their sole and absolute discretion, without further approval of the unitholders of the Fund, at any time prior to the implementation of the Merger.

PENDER STRATEGIC GROWTH AND INCOME FUND
(the “Fund”)

PROPOSAL RESOLUTION

BE IT RESOLVED THAT:

1. the taxable merger of the Pender Strategic Growth and Income Fund (the “**Fund**”) into the Pender Enhanced Income Fund (the “**Continuing Fund**”), all as described in the management information circular dated April 26, 2023 (the “**Circular**”), including the investment of the Fund’s portfolio assets in cash immediately prior to the completion of the Merger (as defined in the Circular), is hereby authorized and approved;
2. PenderFund Capital Management Ltd. (“**Pender**”), as manager of the Fund and on behalf of the Fund, is hereby authorized, subject to the receipt of all requisite unitholder approvals, to complete all transactions contemplated in connection with the Merger, including, among other things, to:
 - (a) sell the net assets of the Fund to the Continuing Fund in exchange for securities of the Continuing Fund to be issued at the applicable series net asset value per security as of the close of business on the effective date of the Merger;
 - (b) immediately thereafter, distribute the securities of the Continuing Fund that are received by the Fund to unitholders of the Fund in exchange for all of such unitholders’ existing securities held in the Fund, on a dollar-for-dollar and class-by-class basis, provided that unitholders of Class H units of the Fund will receive Class A units of the Continuing Fund on a dollar-for-dollar basis pursuant to and in accordance with the terms described in the Circular;
 - (c) wind up the Fund as soon as reasonably practicable following the completion of the Merger;
 - (d) amend the declaration of trust of the Fund as necessary or advisable in connection with the Merger, as determined in the sole discretion of any one director or officer of Pender, as manager of the Fund; and
 - (e) following the completion of the Merger, change the name of the Continuing Fund to the “Pender Strategic Growth and Income Fund”;
3. any director or officer of Pender and of any successor manager of the Fund is authorized and directed to execute or cause to be executed and to deliver or cause to be delivered, and to file or cause to be filed, all such documents, agreements, instruments and filings and to do or cause to be done all such other acts and things as such director or officer shall determine to be necessary or desirable in order to carry out the intent of or in connection with the Merger or this resolution and the matters authorized hereby, including any amendments to, or novations of, any document, agreement, instrument or filing, including, without limitation, the trust agreement governing the Fund, such determination to be conclusively evidenced by his or her execution, delivery or filing of such document, agreement, instrument or filing or the doing of any such act or thing; and
4. Pender, as manager of the Fund, and any successor manager of the Fund, be and are each hereby authorized to revoke this resolution or elect not to proceed with, or delay the implementation of, the Merger, as the case may be, in each case for any reason whatsoever in their sole and absolute

discretion, without further approval of the unitholders of the Fund, at any time prior to the implementation of the Merger.