

# PENDER

## LIQUID ALTERNATIVES

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PENDER ALTERNATIVE MULTI-STRATEGY INCOME FUND

# Know Your Product



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*Signatory of:*

 **PRI** | Principles for  
Responsible  
Investment

 **RIA**  
Responsible Investment Association

This document contains key information you should know about Pender Alternative Multi-Strategy Income Fund. You can find more detailed information in the fund's simplified prospectus. Ask your representative for a copy, contact PenderFund Capital Management Ltd. (Pender) at 1-866-377-4743 or info@penderfund.com or visit www.penderfund.com.

**Before you invest in any fund, consider how it would work with your other investments and your tolerance for risk.**

This mutual fund is an alternative mutual fund. It is permitted to invest in asset classes or use investment strategies that are not permitted for conventional mutual funds. The specific strategies that differentiate this fund from conventional mutual funds include: increased use of derivatives for hedging and non-hedging purposes; increased ability to sell securities short; the ability to borrow cash to use for investment purposes; and increased ability to invest in physical commodities. While these strategies will be used in accordance with the fund's investment objectives and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value.

#### Quick facts

<b>Fund code:</b>	PGF1210	<b>Fund manager:</b>	PenderFund Capital Management Ltd.
<b>Date class started:</b>	September 21, 2009	<b>Portfolio manager(s):</b>	David Barr, CFA, PenderFund Capital Management Ltd.
<b>Total value of the fund on April 30, 2023:</b>	\$5.3 million	<b>Distributions:</b>	Net income and net capital gains annually. Automatically reinvested in additional units; cash upon request.
<b>Management expense ratio (MER):</b>	1.48%	<b>Minimum investment:</b>	\$5,000 initial, \$100 additional

#### What does the fund invest in?

The fund invests primarily in North American securities and may also invest in foreign securities. The fund will use alternative investment strategies including the use of leverage. The leverage will be created through the use of cash borrowings, short sales and derivative contracts. The fund's leverage must not exceed 300% the fund's net asset value. The leverage will be calculated in accordance with the methodology prescribed by securities laws.

The charts below give you a snapshot of the fund's investments on April 30, 2023. The fund's investments will change.

#### Top 10 investments - (April 30, 2023)

1. Pender Corporate Bond Fund	32.8%
2. Pender Alternative Absolute Return Fund	32.7%
3. Pender Alternative Arbitrage Plus Fund	16.9%
4. Pender Alternative Arbitrage Fund	15.9%
5. SECURE Energy Services Inc.	0.1%
6. Red Eagle Mining Corporation	0.0%
7. GreenSpace Brands Inc.	0.0%
8. BuildDirect.com Technologies Inc.	0.0%

**Total percentage of top 10 investments** 98.4%  
**Total number of investments** 8

#### Investment mix - (April 30, 2023)

Mutual Funds	98.3%
Cash	1.6%
Information Technology	0.1%
Materials	0.0%
Consumer Discretionary	0.0%
Consumer Staples	0.0%

#### How risky is it?

The value of the fund can go down as well as up. You could lose money. One way to gauge risk is to look at how much a fund's returns change over time. This is called "volatility".

In general, funds with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. Funds with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money.

#### Risk rating

**Pender has rated the volatility of Class F of the fund as low.**

This rating is based on how much the fund's returns have changed from year to year. It doesn't tell you how volatile the fund will be in the future. The rating can change over time. A fund with a low risk rating can still lose money.

Low	Low to Medium	Medium	Medium to High	High
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For more information about the risk rating and specific risks that can affect the fund's returns, see the section titled "What is a Mutual Fund and What are the Risks of Investing in a Mutual Fund" in the fund's simplified prospectus.

#### No guarantees

Like most mutual funds, this fund doesn't have any guarantees. You may not get back the amount of money you invest.

## How has the fund performed?

Effective September 1, 2022 (the “Conversion Date”), the Fund’s investment objectives and strategies were changed to reflect its conversion from a conventional mutual fund into an alternative mutual fund and in connection therewith, among other things, the name, fund type, risk level and fee structure of the Fund will also change. Prior to the Conversion Date, the Fund was a Canadian and US Equity Fund with the primary objective to achieve capital growth over the long-term, while being sufficiently diversified to mitigate volatility. After the Conversion Date, the Fund will be an Alternative Multi-Strategy Income Fund with the primary objective to preserve capital and to generate returns through current income and capital appreciation, while being sufficiently diversified to mitigate volatility. Due to these significant material changes, performance of the Fund prior to the Conversion Date which relates to the Fund’s previous investment objectives and strategies are expected to differ substantially from future performance of the Fund after the Conversion Date under its new investment objectives and strategies.

## YEAR-BY-YEAR RETURNS

Performance information for this class is not available because it has been in operation for less than one completed calendar year.

## BEST and WORST 3-MONTH RETURNS

Performance information for this class is not available because it has been in operation for less than one completed calendar year.

## AVERAGE RETURN

Performance information for this class is not available because it has been in operation for less than one completed calendar year.

## Who is this fund for?

This fund is suitable for investors who want to maximize the long-term potential growth of their capital. Investors in this fund should have a long-term investment time horizon and a low tolerance for investment risk. This fund is not suitable for those who have a short or medium time horizon for their investment.

## A word about tax

In general, you pay income tax on your share of the fund’s earnings and on any gains you realize from redeeming your investment. The amount of tax depends on the tax rules and rates that apply to you, and whether you hold the fund in a registered plan, such as an RRSP or TFSA.

Keep in mind that if you hold your fund in a non-registered account, fund distributions are included in your taxable income, whether you get them in cash or have them reinvested.

## How much does it cost?

The following tables show the fees and expenses you could pay to buy, own and sell Class F units of the fund. The fees and expenses – including any commissions – can vary among classes of a fund and among funds. Higher commissions can influence representatives to recommend one investment over another. Ask about other funds and investments that may be suitable for you at a lower cost.

### 1. SALES CHARGES

There are no sales charges for Class F units of the fund.

### 2. FUND EXPENSES

You don't pay these expenses directly. They affect you because they reduce the fund's returns. Upon conversion to an alternative mutual fund, the fund will pay to the Manager a performance fee in relation to Class F units that is equal to 15% of the amount by which the total return of the Class F units exceeds a 3% hurdle rate, for the period since the performance fee was last paid, subject to accumulation in years where no performance fee is paid, provided that the total return of the Class F units for such period exceeds the previous high-water mark, exclusive of taxes. The performance fee is calculated as described in the Simplified Prospectus on a daily basis and paid annually. As of December 31, 2022, the expenses of Class F were 1.62% of the value of this class. This equals \$16.20 for every \$1,000 invested. Class F had no performance fee as at December 31, 2022.

	<b>Annual rate (as a % of the class' value)</b>
<b>Management expense ratio (MER)</b>	1.48%
This is the total of the fund's management fee (including, if applicable, the trailing commission) and administration fee.	
<b>Trading expense ratio (TER)</b>	0.14%
These are the fund's trading costs for this class.	
<b>Fund expenses</b>	1.62%

#### More about the trailing commission

No trailing commission is paid by Pender to your representative's firm in respect of Class F securities.

### 3. OTHER FEES

You may have to pay other fees when you buy, hold, sell or switch units of the fund.

Fee	What you pay
<b>Short-term trading fee</b>	You may be charged up to 2.00% of the value of units you sell or switch within 30 days of buying them. This fee goes to the fund.
<b>Switch fee</b>	Your representative's firm may charge you up to 2.00% of the value of units you switch to another class of the fund or to another fund managed by Pender.
<b>Fee-based account fee</b>	You may pay a fee-based account fee, which is negotiated between you and your representative, and paid directly to your representative's firm. Investors who purchase this class of the fund generally participate in an eligible fee-based program with their representative's firm.

## What if I change my mind?

Under the securities law in some provinces and territories, you have the right to:

- withdraw from an agreement to buy mutual fund units within two business days after you receive a simplified prospectus or Fund Facts document; or
- cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you will also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the simplified prospectus, annual information form, Fund Facts document; or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

## For more information

Contact Pender or your representative for a copy of the fund's simplified prospectus and other disclosure documents. These documents and the Fund Facts make up the fund's legal documents, which can be found on our website at [www.penderfund.com](http://www.penderfund.com) or on the SEDAR website at [www.sedar.com](http://www.sedar.com).

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[www.penderfund.com](http://www.penderfund.com)

To learn more about investing in mutual funds, see the brochure **Understanding mutual funds**, which is available on the website of the Canadian Securities Administrators at [www.securities-administrators.ca](http://www.securities-administrators.ca).



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NET ASSET VALUE	AS OF MAR 31/24
Class A	\$12.27
Class F	\$13.45
Class I	\$9.12
Total Net Assets of Fund	\$3.69 M

### FUND FACTS

Asset Class	Alternative Multi-Strategy
Inception Date	September 1, 2022
Valuations / Distributions	Daily / Quarterly
Risk Rating	Low

### FUND OVERVIEW

Legal Counsel	Lawson Lundell LLP
Fund Admin	CIBC Mellon
Auditor	KPMG LLP

### FUND INFO

CLASS	CODES	
Class A	PGF 1200	
Class F	PGF 1210	
Class I	PGF 1250	
	MGMT FEE	MER before performance fee*
Class A	1.80%	2.55%
Class F	0.80%	1.44%
Class I	0.65%	1.27%
Performance Fee	15% of the amount by which the total return of the class of units exceeds a 3% hurdle rate.	

\* MERs as at 2023-12-31

The Fund is subject to a performance fee. Please refer to penderfund.com for the 'MER including performance fee'.

### MINIMUM INVESTMENT

	INITIAL	SUBSEQUENT
Class A/F	\$5,000	\$100
Class I	\$100,000	\$100

# LIQUID ALTERNATIVE

## MARCH 2024 / CLASS F

### Pender Alternative Multi-Strategy Income Fund

The **Pender Alternative Multi-Strategy Income Fund** is a diversified portfolio that aims to deliver low volatility returns, with a focus on capital preservation. The portfolio is structured as a fund of funds and leverages Pender's capabilities across credit and liquid alternative strategies. The combination of these strategies should deliver income to its investors that is variable and based on the income generated in the underlying investments.

### PERFORMANCE (%)

1 Mo.	3 Mo.	6 Mo.	1 Year	SINCE INCEPTION
1.5	2.6	4.6	6.2	5.8

### ANNUAL PERFORMANCE (%)

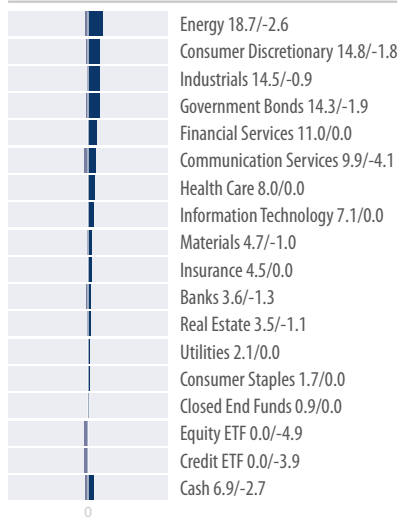
2023	2024 YTD
4.8	2.6

### DISTRIBUTIONS (\$)

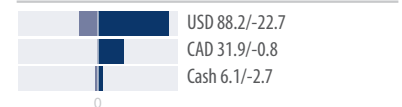
Sep 22	Dec 22	Mar 23	Jun 23	Sep 23	SINCE INCEPTION
0.00	0.00	0.00	0.00	0.00	0.00

Since inception returns and distributions are from September 2022. All returns greater than a year are annual compounded returns.

### SECTOR ALLOCATION (%) Long/Short



### CCY ALLOCATION (%) Long/Short



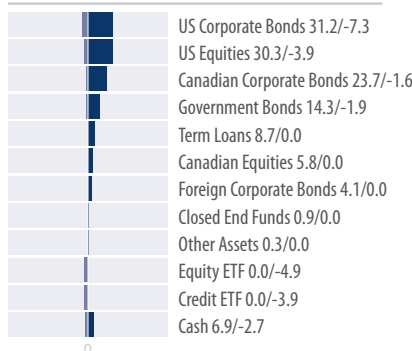
### TOP 10 HOLDINGS (%)

Pender Corporate Bond Fund	33.6
Pender Alternative Absolute Return Fund	33.0
Pender Alternative Arbitrage Plus Fund	17.1
Pender Alternative Arbitrage Fund	16.1
Stage Capital Corp.	0.0
Red Eagle Mining Corporation	0.0

### GEOGRAPHY (%)

LOCATION	LONG+CASH
Mutual Funds	99.8
Cash	0.2

### ASSET ALLOCATION (%) Long/Short



### MARKET CAP (%)

	LONG+CASH
Mutual Funds	99.8
Cash	0.2

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## PORTFOLIO MANAGER



### DAVID BARR, CFA

Mr. Barr is the CEO of PenderFund. He is also the Portfolio Manager of several of Pender's funds and has been investing since 2000. Mr. Barr is an advocate of value investing and aims to determine the intrinsic value of a company and to buy shares in that company at a significant discount to that value (margin-of-safety). He looks for value in unloved and unfollowed parts of the market where he can find quality at a discount. Capital preservation and downside protection are a primary concern. Mr. Barr holds a Bachelor of Science degree from the University of British Columbia and an MBA from the Schulich School of Business at York University. He earned his CFA designation in 2003 and is a past President and an active member of the CFA Society Vancouver.

## ABOUT PENDER

Pender was founded in 2003 and is an independent, employee-owned investment firm located in Vancouver, British Columbia. Our goal is to protect and grow wealth for our investors over time. We have a talented investment team of expert analysts, security selectors and independent thinkers who actively manage our suite of differentiated investment funds, exploiting inefficient parts of the investing universe to achieve our goal.

## VALUE PROPOSITION

- A multi-strategy income fund aiming to deliver consistent returns to investors.
- Leverages Pender's expertise across asset classes and liquid alternative strategies.
  - PAMSIF is allocated across the Pender Corporate Bond Fund, the Pender Alternative Absolute Return Fund and the Pender Alternative Arbitrage strategies.
- The Fund aims to deliver low-volatility returns with a focus on preserving capital.

## PORTFOLIO FIT

- An alternative to fixed income and a compliment to equity allocations in a traditional portfolio.
- Designed to be an income delivering, low risk strategy focused on preserving capital.
- Exposure to alternative strategies that provides diversification and correlation benefits in a portfolio.

### Alternative to Traditional Allocations

FIXED INCOME EQUITY



**PENDER**  
ALTERNATIVE MULTI-STRATEGY  
INCOME FUND

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Commissions, trailing commissions, management fees and expenses plus applicable taxes all may be associated with mutual fund investments. Please read the simplified prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in net asset value and assumes reinvestment of all distributions and are net of all management and administrative fees, but do not take into account sales, redemption or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Where the performance of a particular class of a fund is displayed, other classes are available and fees and performance may differ in those other classes. This commentary is intended for information purposes only and does not constitute an offer to buy or sell our products or services nor is it intended as investment and/or financial advice on any subject matter and is provided for your information only. Every effort has been made to ensure the accuracy of its contents.

# Pender Alternative Multi-Strategy Income Fund

Additional Fund Information  
Class F, March 31, 2024

NAV PER UNIT		TOP 10 HOLDINGS		99.8%
Class A	\$12.27	Pender Corporate Bond Fund		33.6%
Class F	\$13.45	Pender Alternative Absolute Return Fund		33.0%
Class I	\$9.12	Pender Alternative Arbitrage Plus Fund		17.1%
		Pender Alternative Arbitrage Fund		16.1%
		Stage Capital Corp.		0.0%
		Red Eagle Mining Corporation		0.0%

## SUPPLEMENTAL INFORMATION

Alpha	0.05
Beta	0.36
Correlation	0.82
Sharpe	0.29
Standard Deviation	2.20
Up Capture	64
Down Capture	38

*Supplemental Information Statistics are calculated based on class A units of the fund since the fund's inception date. The actual results for class F units should be substantially similar to above units.*

*Supplemental statistics are calculated using the S&P/TSX Composite Index.*



## David Barr, CFA

CEO & Portfolio Manager

- Investing since 2000
- Micro to mid cap focus
- Technology and special situations specialist
- Joined Pender in 2003

David Barr is Pender's CEO and the Portfolio Manager of several of Pender's funds. David began his investing career in 2000, initially working in private equity. He joined Pender in 2003, was appointed Chief Investment Officer in 2007, before becoming President and CEO of Pender in 2016. David holds an MBA from the Schulich School of Business and earned his CFA designation in 2003.

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# For More Information



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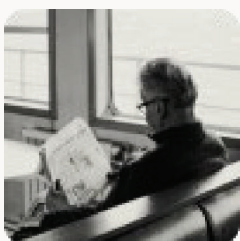
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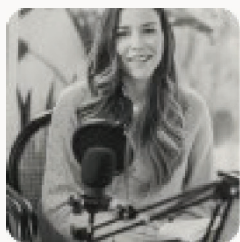
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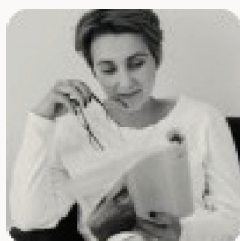
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Our goal is to protect and grow wealth for our investors over time. We have a talented investment team of expert analysts, security selectors and independent thinkers who actively manage our suite of differentiated investment funds, exploiting inefficient parts of the investing universe to achieve our goal.

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This brochure is subject to the Disclaimer found here: [www.penderfund.com/disclaimer](http://www.penderfund.com/disclaimer)

Standard Performance Data for Pender Funds may be found here:

Equity Funds: [www.penderfund.com/equity](http://www.penderfund.com/equity)

Fixed Income Funds: [www.penderfund.com/fixed-income](http://www.penderfund.com/fixed-income)

Balanced Funds: [www.penderfund.com/balanced](http://www.penderfund.com/balanced)

Liquid Alternative Funds: [www.penderfund.com/liquid-alternative-funds](http://www.penderfund.com/liquid-alternative-funds)

Standard Performance Information for Funds that have been launched within the last 12 months will be available one year after inception.

For more information on Pender Ventures please visit: [www.penderventures.com](http://www.penderventures.com)

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