

# PENDER

## LIQUID ALTERNATIVES

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PENDER ALTERNATIVE SPECIAL SITUATIONS 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 Special Situations 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>	PGF1510	<b>Fund manager:</b>	PenderFund Capital Management Ltd.
<b>Date class started:</b>	June 25, 2020	<b>Portfolio manager(s):</b>	Amar Pandya, CFA, PenderFund Capital Management Ltd.
<b>Total value of the fund on April 30, 2023:</b>	\$1.5 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>	0.00%	<b>Minimum investment:</b>	\$5,000 initial, \$100 additional

#### What does the fund invest in?

The fund invests primarily in Canadian and US equities with the ability to also invest in debt and other securities. The Fund seeks to identify investment opportunities that are believed to represent special situations. 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. Burford Capital Limited	16.8%
2. dentalcorp Holdings Ltd.	11.9%
3. GH Group, Inc.	10.7%
4. Anterix Inc.	8.9%
5. Altius Renewable Royalties Corp.	8.9%
6. Thinkific Labs Inc.	7.6%
7. Partners Value Investments LP	5.2%
8. Spartan Delta Corp.	5.0%
9. Athabasca Oil Corporation	4.9%
10. Glass House Brands Inc.	4.7%
<b>Total percentage of top 10 investments</b>	<b>84.6%</b>
<b>Total number of investments</b>	<b>25</b>

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

Energy	28.1%
Financial Services	27.3%
Information Technology	19.8%
Consumer Staples	15.4%
Health Care	11.9%
Communication Services	11.6%
Utilities	8.9%
Industrials	4.4%
Consumer Discretionary	0.8%
Cash	-28.2%

### 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 medium to high.**

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.



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

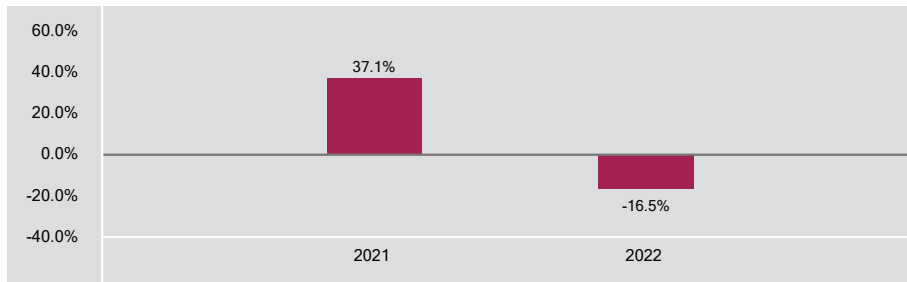
Like most mutual funds, this fund doesn't have any guarantees. You may not get back the amount of money you invest.

## How has the fund performed?

This section tells you how Class F units of the fund have performed over the past 2 calendar years. Returns are after expenses have been deducted. These expenses reduce the fund's returns.

### YEAR-BY-YEAR RETURNS

This chart shows how Class F units of the fund have performed in each of the past 2 calendar years. The fund dropped in value in 1 of the 2 calendar years. The range of returns and change from year to year can help you assess how risky the fund has been in the past. It does not tell you how the fund will perform in the future.



### BEST and WORST 3-MONTH RETURNS

This table shows the best and worst returns for Class F units of the fund in a 3-month period over the past 2 years. The best and worst 3-month returns could be higher or lower in the future. Consider how much of a loss you could afford to take in a short period of time.

	Return	3 months ended	If you invested \$1,000 at the beginning of the period
<b>Best return</b>	8.5%	March 31, 2023	Your investment would rise to \$1,085.
<b>Worst return</b>	-17.7%	June 30, 2022	Your investment would drop to \$823.

### AVERAGE RETURN

The annual compounded return of Class F units of the fund was 34.1% since inception. If you had invested \$1,000 in the fund since inception, your investment would be now worth \$2,278.

### 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 medium to high tolerance for investment risk. This fund is not suitable for those with a low tolerance for risk in their returns or 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. Pender waived some of the fund's expenses. If it had not done so, the MER would have been higher. 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 6% 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 0.42% of the value of this class. This equals \$4.20 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>	0.00%
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>	0.42%
These are the fund's trading costs for this class.	
<b>Fund expenses</b>	0.42%

#### 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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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).



Forward thinking. Finding value.

# LIQUID ALTERNATIVE

March 2024 / CLASS F

## Pender Alternative Special Situations Fund

NET ASSET VALUE	AS OF Mar 31/24
Class F	\$21.84
Fund Beta	0.97
Active Share (%)	81.72
Total Holdings	35
Total Net Assets of Fund	\$2.23 Million

### FUND FACTS

Asset Class	Alternative Equity Focused
Fund Inception	July 2020
Valuations	Daily
Eligibility	Canada-wide Registered Plans
Distributions	DRIP Monthly Cash Optional

### FUND INFO

	CODES
Class A	PGF 1500
Class F	PGF 1510
Class H	PGF 1540
Class I	PGF 1550

FUND INFO	MGMT FEE	MER before performance fee*
Class A	1.95%	0.00%
Class F	0.95%	0.00%
Class H	1.65%	0.00%
Class I	0.80%	0.00%
Performance Fee	15% of the amount by which the total return of the class of units exceeds a 6% hurdle rate	

\*MER was NIL as at 2023-12-31 due to waiver of fees.

The Fund is subject to a performance fee, refer to [penderfund.com](http://penderfund.com) for the MER including performance fee.

MINIMUM INVESTMENT	Initial Investment	Subsequent Investment
Class A	\$5,000	\$100
Class F	\$5,000	\$100
Class H	\$100,000	\$100
Class I	\$100,000	\$100

### FUND OVERVIEW

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

The Pender Alternative Special Situations Fund aims to identify investment opportunities that the Manager believes represent special situations – when a company is undergoing a value changing event which has not yet been recognized by the market. There are often opportunities for companies and industries when there is a change in fundamentals, sentiment or momentum or another catalyst present, such as a restructuring. The Fund aims to achieve long-term capital appreciation by investing primarily in Canadian and US equities with the ability to also invest in debt and other securities.

### PERFORMANCE (%)

	1 Mo.	3 Mo.	6 Mo.	1 Yr.	3 Yr.	SINCE INCEPTION
	7.8	17.4	22.8	33.1	13.8	33.0

### ANNUAL PERFORMANCE (%)

	2021	2022	2023	2024 YTD
	37.1	-16.5	23.0	17.4

Since Inception returns are from Jul 2020. All returns greater than a year are annual compounded returns.

### SECTOR ALLOCATION (%)



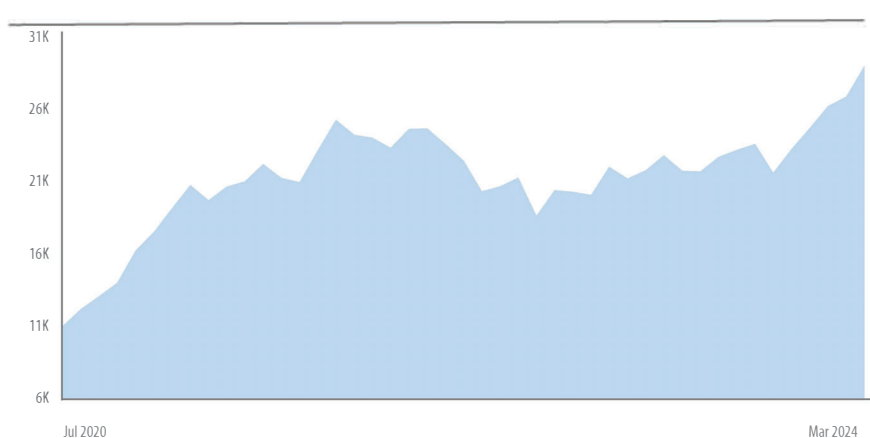
### ASSET ALLOCATION (%)



### CURRENCY ALLOCATION (%)



### GROWTH OF \$10K



## TOP 10 HOLDINGS

<b>GH Group, Inc.</b> NEOE:GLAS.PREF	Glass House Brands Inc. cultivates, manufactures, retails, and distributes raw cannabis, cannabis oil, and cannabis consumer goods to wholesalers and consumer packaged goods retail stores. It offers cannabis products under the Glass House Farms, Forbidden Flowers, and Mama Sue brands. Glass House Brands Inc. was founded in 2015 and is headquartered in Long Beach, California.
<b>Altius Renewable Royalties Corp.</b> TSX:ARR	Altius Renewable Royalties Corp., a renewable energy royalty company, holds interest in the royalties and investments in renewable energy projects.
<b>Burford Capital Limited</b> NYSE:BUR	Burford Capital Limited provides legal finance products and services worldwide.
<b>Glass House Brands Inc.</b> OTCPK:GLAS.F	Glass House Brands Inc. operates as an integrated cannabis company in the United States with focus on the California market and building brands to serve consumers across various segments.
<b>Thinkific Labs Inc.</b> TSX:THNC	Thinkific Labs Inc. engages in the development, marketing, and support management of cloud-based platform in Canada, the United States, and internationally.
<b>dentalcorp Holdings Ltd.</b> TSX:DNTL	dentalcorp Holdings Ltd., through its subsidiaries, engages in the acquiring and partnering with dental practices to provide health care services in Canada.
<b>Anterix Inc.</b> NasdaqCM:ATEX	Anterix Inc. operates as a wireless communications company.
<b>Copperleaf Technologies Inc.</b> TSX:CPLF	CopperLeaf Technologies Inc. provides decision analytics software solutions to companies managing critical infrastructure worldwide.
<b>Glass House Brands Inc., warrants</b> NEOE:GLAS.A.WTS	Glass House Brands Inc. cultivates, manufactures, retails, and distributes raw cannabis, cannabis oil, and cannabis consumer goods to wholesalers and consumer packaged goods retail stores. It offers cannabis products under the Glass House Farms, Forbidden Flowers, and Mama Sue brands. Glass House Brands Inc. was founded in 2015 and is headquartered in Long Beach, California.
<b>Partners Value Investments LP</b> TSXV:PVF.UN	Partners Value Investments LP operates as an investment holding company that engages in the securities and financing transactions in Toronto, Canada.

Source: Capital IQ

## 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.

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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. © Copyright PenderFund Capital Management Ltd. All rights reserved. Mar 31/24.

## PORTFOLIO MANAGER(S)

AMAR PANDYA, CFA

Amar began his investment career in 2011 in the Portfolio Management Training Program at a large global financial services company. He moved to pursue his passion for equities becoming an APM at a large-cap equity value firm before being drawn to Pender and the west coast in 2017. As an advocate of a contrarian value investing approach, Amar has expertise in event driven special situations with a primary focus on M&A and balance sheet driven special situations. He holds a Bachelor of Commerce degree in Finance (Honours) from the University of Manitoba. He earned his Chartered Financial Analyst designation in 2015.

# Pender Alternative Special Situations Fund

Additional Fund Information  
Class F, March 31, 2024

NAV PER UNIT		TOP 10 HOLDINGS		56.2%
Class A	\$21.84	GH Group, Inc.		8.1%
Class F	\$21.84	Altius Renewable Royalties Corp.		6.6%
Class H	\$11.65	Burford Capital Limited		6.4%
Class I	\$11.63	Glass House Brands Inc.		6.3%
		Thinkific Labs Inc.		5.8%
		dentalcorp Holdings Ltd.		5.2%
		Anterix Inc.		4.7%
		Copperleaf Technologies Inc.		4.5%
		Glass House Brands Inc., warrants		4.4%
		Partners Value Investments LP		4.2%
SUPPLEMENTAL INFORMATION		COUNTRY OF DOMICILE		
Alpha	22.13	Canada		58.5%
Beta	0.95	United States		41.9%
Correlation	0.60	International		4.2%
Sharpe	1.32	Cash		-4.6%
Standard Deviation	21.52			
Up Capture	31			
Down Capture	17			

*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.*





## Amar Pandya, CFA

Portfolio Manager

- Investing since 2011
- Expert in event driven special situations
- Focus on M&A
- Joined Pender in 2017

Amar Pandya is a Portfolio Manager at Pender. He began his investment career in 2011 in the Portfolio Management Training Program at a large global financial services company. He moved to pursue his passion for equities becoming an Associate Portfolio Manager at a large-cap equity value firm before being drawn to Pender and the west coast in 2017.

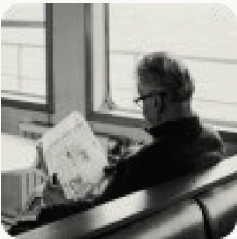
As an advocate of a contrarian value investing approach, Amar works to identify out of favour, high quality compound growth businesses, as well as opportunistic close-the-discount investment opportunities trading at a significant discount to intrinsic value. He has also developed an expertise in event driven special situations with a primary focus on M&A and balance sheet driven special situations. Amar has researched and uncovered many such opportunities which have contributed to Pender's equity mandates. Top contributing special situations he has uncovered include Maxar Technologies, Bausch Health, MAV Beauty Brands, Alcanna, Corus Entertainment and Athabasca Oil.

Amar holds a Bachelor of Commerce degree in Finance (Honours) from the University of Manitoba. He earned his Chartered Financial Analyst designation in 2015. He is actively involved with CFA Society Vancouver where he serves as a member of the CFA Vancouver Programs Committee. He also sits on the Steering Committee for the Vancouver chapter of Women in Capital Markets.

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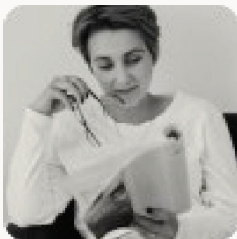
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Standard Performance Data for Pender Funds may be found here:

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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