PENDERFUND

Know Your Product

Pender **Alternative Absolute Return** Fund

September 2026 | Class F

PENDER
PenderFund Capital Management Ltd.

FUND FACTS

PenderFund Capital Management Ltd.

Pender Alternative Absolute Return Fund — Class F

(formerly Class I)

June 26, 2026

This document contains key information you should know about Pender Alternative Absolute Return 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

Fund code:	PGF2050	**Fund manager:**	PenderFund Capital Management Ltd.
Date class started:	August 25, 2021	**Portfolio manager:**	PenderFund Capital Management Ltd.
Total value of the fund on April 30, 2026:	$659.6 million	**Distributions:**	Net income monthly; net capital gains annually. Automatically reinvested in additional units; cash upon request.
Management expense ratio (MER):	1.25%	**Minimum investment:**	$500 initial, $0 additional

What does the fund invest in?

The fund invests primarily in a portfolio of North American fixed income securities but may also invest in foreign and other 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, 2026. The fund's investments will change.

Top 10 investments - (April 30, 2026)

1.	Vanguard S&P 500 ETF	-8.2%
2.	United States Treasury, 0.000%, 28-Jul-26	8.1%
3.	Canadian Treasury, 0.000%, 06-May-26	7.6%
4.	Government of Canada, 2.250%, 01-Feb-28	7.5%
5.	Sunoco LP, 6.000%, 22-Jun-28	6.8%
6.	Enbridge Inc., Discount Note, 14-May-26	6.6%
7.	iShares Russell 2000 ETF	-6.6%
8.	iShares Broad USD High Yield Corporate Bond ETF	-6.2%
9.	Hilton USA Trust, Class 'F', Series '16-HHV', 4.330%, 05-Nov-38	6.2%
10.	Enbridge Inc., Discount Note, 07-May-26	6.1%
Total percentage of top 10 investments		**27.9%**
Total number of investments		**115**

Investment mix - (April 30, 2026)

Canadian corporate bonds and loans	68.1%
US corporate bonds and loans	33.5%
Government bonds	23.7%
Cash	11.8%
Foreign corporate bonds and loans	1.3%
Canadian equities	-0.5%
US equities	-0.5%
Exchange-traded funds	-37.4%

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

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

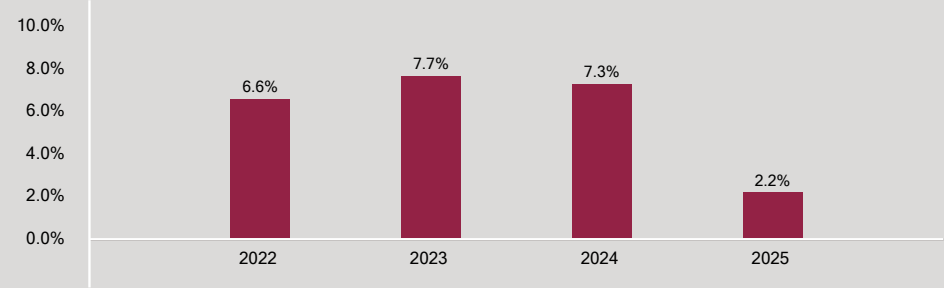
Like most mutual funds, this fund doesn't have any guarantees. You may not get back the amount of money you invest.

How has the fund performed?

This section tells you how Class F units of the fund have performed over the past 4 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 4 calendar years. The fund did not drop in value in any of those 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 4 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
Best return	3.8%	September 30, 2022	Your investment would rise to $1,038.
Worst return	-1.7%	June 30, 2022	Your investment would drop to $983.

AVERAGE RETURN

The annual compounded return of Class F units of the fund was 5.8% since inception. If you had invested $1,000 in the fund since inception, your investment would be now worth $1,301.

Who is this fund for?

This fund is suitable for investors who want to generate returns over a cycle by investing in an absolute return focused fixed income fund. This fund is suitable for investors who want to invest in a liquid alternative fund comprised of North American fixed income securities. Investors in this fund should have a long-term investment time horizon and a low tolerance for investment risk.

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. 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, 2025, the expenses of Class F were 1.69% of the value of this class. This equals $16.90 for every $1,000 invested. Performance fees were 0.00% of the expenses, this equals $0.00 for every $1,000 invested. Since December 5, 2025, the management fees and administration fees for this class of units have changed. Refer to the Simplified Prospectus for further details.

	Annual rate (as a % of the class' value)
Management expense ratio (MER) This is the total of the fund's management fee (including, if applicable, the trailing commission) and administration fee.	1.25%
Trading expense ratio (TER) These are the fund's trading costs for this class.	0.44%
Fund expenses	1.69%

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
Short-term trading fee	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.
Switch fee	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.
Fee-based account fee	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 or on the SEDAR+ website at www.sedarplus.ca.

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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**.

PENDER

Forward thinking. Finding value.

LIQUID ALTERNATIVE

September 30, 2026 / Class F

Pender Alternative Absolute Return Fund

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

NET ASSET VALUE

Class F	
NAV Per Unit	$8.48
Current Yield	7.38%
Yield to Maturity	7.72%
Term to Maturity (years)	6.29
Modified Duration (years)	2.63
Total Holdings	116
Total Net Assets of Fund	$651.01 Million

FUND FACTS

Asset Class	Alternative Absolute Return
Fund Inception	September 2021
Valuations	Daily
Eligibility	Canada-wide, Registered Plans
Distributions	DRIP Monthly, Cash Optional

FUND INFO

MERs at 2026-06-30 before performance fee.

Class	Code	MER	MGMT Fee
A	PGF 2040	2.18%	1.80%
A (USD)	PGF 2041	2.25%	1.80%
F	PGF 2050	1.25%	0.95%
F (USD)	PGF 2051	1.27%	0.95%

PERFORMANCE FEE

15% of the amount by which the total return of the class of units exceeds a 3% hurdle rate, subject to a high water mark.

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

MINIMUM INVESTMENT

Class	Initial Investment	Subsequent Investment
A	$500	$0
A (USD)	$500	$0
F	$500	$0
F (USD)	$500	$0

FUND OVERVIEW

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

PERFORMANCE

1 Mo.	3 Mo.	6 Mo.	1 Yr.	2 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception
0.3%	0.9%	-1.2%	2.7%	3.1%	4.1%	5.3%	-	5.5%

ANNUAL PERFORMANCE

2018	2019	2020	2021	2022	2023	2024	2025	YTD
-	-	-	-	6.6%	7.7%	7.3%	2.2%	1.8%

DISTRIBUTIONS

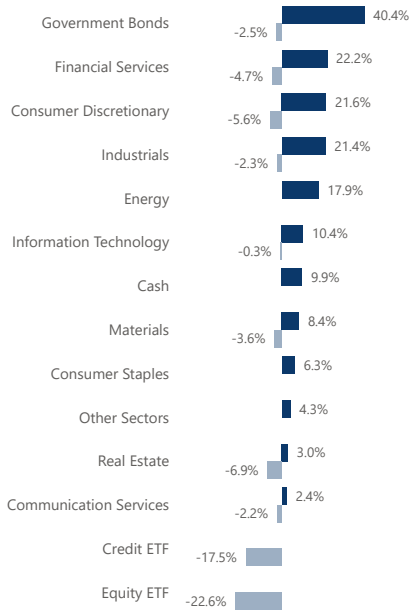
Since Inception	Mar 2026	Apr 2026	May 2026	Jun 2026	Jul 2026	Aug 2026	Sep 2026
$4.16	$0.06	$0.06	$0.05	$0.06	$0.05	$0.05	$0.06

Since Inception returns and distributions are from September 2021. All returns greater than a year are annual compounded returns.

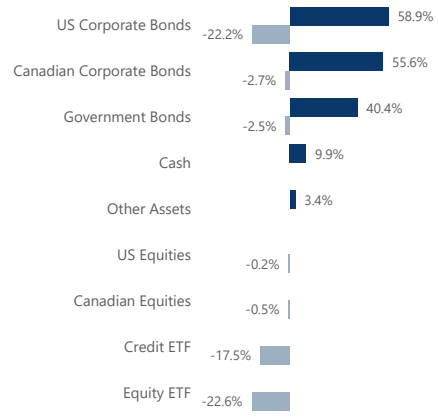
MONTHLY RETURN

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2026	0.36%	0.92%	1.77%	-1.95%	-0.37%	0.26%	0.79%	-0.25%	0.33%			
2025	-0.06%	0.87%	1.20%	-0.51%	-0.22%	-0.33%	0.28%	0.01%	0.03%	-0.32%	0.75%	0.46%
2024	1.48%	0.33%	0.73%	1.59%	0.06%	0.01%	0.24%	0.22%	0.19%	1.18%	-0.46%	1.52%
2023	1.61%	0.94%	-0.10%	0.83%	0.09%	0.04%	0.64%	1.21%	1.06%	0.55%	0.84%	-0.24%
2022	0.91%	0.10%	0.50%	0.43%	-0.78%	-1.30%	1.59%	1.54%	0.67%	1.22%	0.35%	1.23%
2021									1.09%	0.06%	0.01%	1.11%

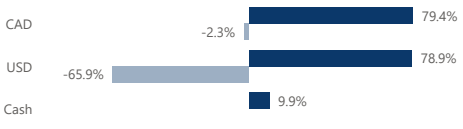
SECTOR ALLOCATION



ASSET ALLOCATION



CURRENCY ALLOCATION



TOP 10 HOLDINGS

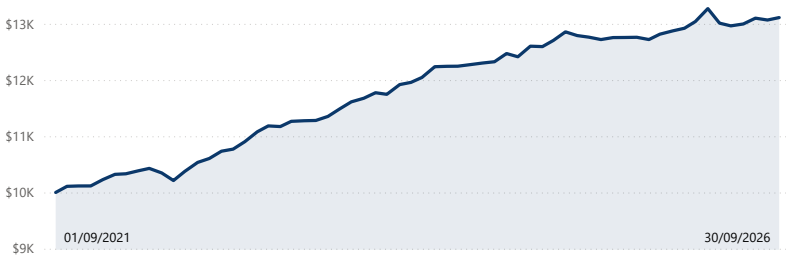
Government of Canada, 2.75%, 01-Aug-28	15.5%
Vanguard S&P 500 ETF	-9.2%
Government of Canada, 2.25%, 01-Feb-28	7.6%
iShares Russell 2000 ETF	-7.0%
Hilton USA Trust, Class 'F', Series '16-HHV', 4.33%, 05-Nov-38	6.6%
Invesco QQQ Trust, Series '1'	-6.5%
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United States Treasury, 0.00%, 03-Nov-26	6.0%
iShares iBoxx High Yield Corporate Bond ETF	-5.9%
Hilton Domestic Operating Company Inc., 6.13%, 01-Apr-32	5.4%

PORTFOLIO MANAGER(S)

Justin Jacobsen, CFA

Justin joined Pender in 2021 and is Portfolio Manager of the Pender Alternative Absolute Return Fund. He began his investing career in 2008 and spent 11 years at a highly regarded Canadian investment firm as a member of the firm's fixed income team, contributing research to the Absolute Return and HY Bond strategies. Most recently Justin worked as a Senior Portfolio Manager at one of Canada's largest pension fund managers, responsible for managing its high-yield focused credit strategy. Justin's investment approach is centered around intelligent security selection across capital structures and markets, supported by active investing. He is focused on uncovering the best risk-adjusted opportunities in every market cycle and dynamically adjusts portfolio positioning to protect and grow capital. He uses strategies such as distressed credit investing, event-driven trading and capital structure arbitrage. Justin holds a BA in Honours History from Western University, an MBA in Finance from Washington State University and earned his Chartered Financial Analyst designation in 2012.

GROWTH OF $10K



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 sheet 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. September 30, 2026

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ALTERNATIVE ABSOLUTE RETURN FUND

ADDITIONAL FUND INFORMATION

Class F , September 30, 2026

NAV PER UNIT	
Class A	$8.61
Class F	$8.48
Class A (US$)	$8.73
Class F (US$)	$8.69

SUPPLEMENTAL INFORMATION	
Alpha	1.53
Beta	0.01
Correlation	-0.01
Sharpe	0.61
Standard Deviation	2.57
Up Capture	84
Down Capture	74

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 HFRI Credit Index (Hedged to CAD).

BOND RATINGS	% OF FUND	% OF BONDS
AAA	33.2%	25.4%
AA	5.8%	4.4%
A	4.3%	3.3%
BBB	3.1%	2.4%
Below BBB-	72.0%	55.0%
Unrated	9.9%	9.5%
Cash	0.0%	
Preferred Shares	-0.2%	
US Equities	-0.5%	
Canadian Equities	-17.5%	
Credit ETF	-22.6%	
Equity ETF	-22.7%	

TERM TO MATURITY	% OF FUND	% OF BONDS
Less than 1 year	15.9%	12.1%
1-5 years	70.1%	53.6%
5-10 years	33.3%	25.4%
10-20 years	9.1%	7.0%
More than 20 years	2.5%	1.9%
Non fixed income	-30.9%	

TOP 10 HOLDINGS	6.2%
Government of Canada, 2.75%, 01-Aug-28	15.5%
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Justin Jacobsen, CFA Portfolio Manager

Justin is Portfolio Manager of the Pender Alternative Absolute Return Fund. He spent 11 years at a highly regarded Canadian investment firm as a member of the firm's fixed income team, contributing research to the absolute return and high yield bond strategies at the company. Most recently Justin worked as a Senior Portfolio Manager at one of Canada's largest pension fund managers, responsible for managing a high-yield focused credit strategy, generating returns for the underlying pension funds. Justin holds a BA in Honours History from Western University, an MBA in Finance from Washington State University and earned his Chartered Financial Analyst designation in 2012.

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ALTERNATIVE ABSOLUTE RETURN FUND

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PENDER

PenderFund Capital Management Ltd.

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.

This brochure is subject to the Disclaimer found here: www.penderfund.com/disclaimer

Standard Performance Data for Pender Funds may be found here:
Equity Funds: www.penderfund.com/equity
Fixed Income Funds: www.penderfund.com/fixed-income
Balanced Funds: www.penderfund.com/balanced
Liquid Alternative Funds: 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

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