Dear Investor: October 22, 2025

Re: Closure of Certain Classes of the Fund

We write to inform you that PenderFund Capital Management Ltd. ("**Pender**"), the Trustee and Manager of the funds listed in Schedule "A" attached to this letter (each, a "**Fund**", and collectively, the "**Funds**"), intends to close and no longer offer certain classes of units of the Funds effective December 5, 2025 (the "**Termination Date**"). The classes of the Funds that will be terminated (each, a "**Terminating Class**") are set out in Schedule "A" attached to this letter.

Our goal is simple: to give all investors access to the lowest cost purchase option available within each fund.

While each investor situation is unique, our proposal results in our investors paying less or the same in fees. This means that no matter how much you invest, you will benefit from the pricing that was previously only available at certain investment thresholds. This is how ETFs and many other investment products are priced today.

Our proposal derives from a review of how we apply fees across our funds. Under our original fixed-cost administration fee model, fees were set at 0.50% to support our small asset base and were often offset by lower management fees to maintain competitive Management Expense Ratios ("MERs"). An MER is the summation of the management fee and the administration fee, after taxes, expressed as a percentage of the asset base. As Pender has grown, we are proposing reducing administration fees and aligning management fees to match industry norms—while ensuring overall costs remain at or below current levels.

As part of this initiative, we would close certain classes with the continuing class having the same or, in most cases, lower MERs. If you are an investor in a class that is closing, you will receive a Termination Notice with more details.

These changes are designed to simplify your investment choices at Pender, bring our fee structure in line with the industry and ensure you receive good value.

Accordingly, if you are a holder of units in a Terminating Class, there are two options available to you:

Option 1: Redeem your units in the Terminating Class, or transfer (in cash) to another institution prior to the Termination Date; or

Option 2: Elect for your units in the Terminating Class to automatically be converted into units in the continuing class of the Fund as set out in Schedule "A" (the "**Continuing Class**"). If we do not receive instructions to redeem or transfer your units in the Terminating Class to another institution prior to the Termination Date, any units you hold in the Terminating Class will be converted into units of the associated Continuing Class.

You will not be required to pay any redemption fees, sales charges or other fund fees associated with the closure of the Terminating Class.

NOTE: If you are a holder of units in the Continuing Class and do not hold units in the Terminating Class, <u>you are not affected by the class closures and will not have to take further action with respect to this letter</u>.

We enclose a copy of the Fund Facts for the Continuing Class into which your units in the Terminating Class may be converted. Pender is also proposing changes to the management fee and administration fee of certain classes of the Funds, including the Continuing Classes, as announced in its news release dated September 15, 2025. If you are a unitholder on the record date and a holder of units in the Terminating Class, you are entitled to vote on the proposed changes to the Continuing Class into which your units may be converted at the special meeting for certain classes of the Funds being held on November 21, 2025. For further information on these changes and for information on the current and proposed management fees and administration fees for the Continuing Class into which your units may be converted, you are encouraged to refer to the information circular.

The redemption of units in the Fund is generally a taxable event. A holder of units in the Fund will generally realize a capital gain (or a capital loss) equal to the amount by which the holder receives for the disposition of units is greater (or less) than the aggregate of the holder's adjusted cost base of the units immediately before such disposition and any reasonable costs incurred by the holder in connection with the redemption. On the redemption of units in the Terminating Class for cash, the amount received by a holder for the disposition of the units will equal the payment received from the Fund. A taxable event does not arise on the conversion for other units in the Continuing Class of the Fund.

Conversion of units between classes in the Fund will not change the value of your investment, but the number of units in the Fund you hold may change. This is because each class of units may have a different unit price.

To discuss your investment options and determine any tax implications associated with redeeming units in the Terminating Class of the Fund, **Pender strongly encourages you to consult your financial advisor.**

If you have any questions, comments or concerns regarding these changes, please contact us by calling toll-free 1-866-377-4743 or by sending an email to info@penderfund.com. You may also wish to contact your financial advisor.

Yours truly,

PENDERFUND CAPITAL MANAGEMENT LTD., as manager of the Funds

(*signed*) David Barr
Chief Executive Officer & Director

Encl..

SCHEDULE "A"
TERMINATING CLASSES AND CONTINUING CLASSES

Terminating Classes	Conversion into Continuing Class[1]
PENDER CORPORATE BOND FUND	
Class F	Class I
Class F (USD)	Class I (USD)
PENDER GLOBAL SMALL/MID CAP EQUITY FUND (formerly, PENDER VALUE FUND)	
Class F	Class I
PENDER STRATEGIC GROWTH AND INCOME FUND	
Class F	Class I
Class H	Class A
PENDER ALTERNATIVE ABSOLUTE RETURN FUND	
Class F	Class I
Class F (USD)	Class I (USD)
PENDER ALTERNATIVE ARBITRAGE FUND	
Class F	Class I
Class F (USD)	Class I (USD)
PENDER ALTERNATIVE ARBITRAGE PLUS FUND	
Class F	Class I
PENDER ALTERNATIVE MULTI-STRATEGY INCOME FUND	
Class F	Class I
PENDER ALTERNATIVE SPECIAL SITUATIONS FUND	
Class F	Class I

[1]Class I and I (USD) will be renamed Class F and Class F (USD) shortly after conversion.

FUND FACTS
PenderFund Capital Management Ltd.

Pender Corporate Bond Fund — Class I

June 27, 2025

This document contains key information you should know about Pender Corporate Bond 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.

Quick facts

Fund code:	PGF550	Fund manager:	PenderFund Capital Management Ltd.
Date class started:	June 30, 2014	Lead portfolio manager:	PenderFund Capital Management Ltd.
Total value of the fund on April 30, 2025:	$2.5 billion	Distributions:	Net income monthly; net capital gains annually. Automatically reinvested in additional units; cash upon request.
Management expense ratio (MER):	1.03%	Minimum investment:	$100,000 initial, $0 additional

What does the fund invest in?

The fund invests primarily in investment and non-investment grade fixed income securities issued by North American corporations. This, however, does not preclude the fund from making equity investments when the portfolio advisor deems the risk/reward trade-off to be in the investors' favour.

The charts below give you a snapshot of the fund's investments on April 30, 2025. The fund's investments will change.

Top 10 investments - (April 30, 2025)

1. First Majestic Silver Corp., 0.375%, 15-Jan-27	2.0%
2. Fair Isaac Corp., 4.000%, 15-Jun-28	1.8%
3. VeriSign, Inc., 4.750%, 15-Jul-27	1.7%
4. Energean Plc, 6.500%, 30-Apr-27	1.7%
5. Aberdeen Physical Platinum ETF	1.6%
6. United States Treasury, Inflation Indexed, 0.125%, 15-Feb-52	1.6%
7. Esperion Therapeutics, Inc., 5.750%, 15-June-30	1.6%
8. Rivian Holdings, LLC, 11.215%, 15-Oct-26	1.6%
9. Trulieve Cannabis Corp., 8.000%, 06-Oct-26	1.5%
10. Tenaz Energy Corp., 12.000%, 14-Nov-29	1.5%
Total percentage of top 10 investments	**16.6%**
Total number of investments	**212**

Investment mix - (April 30, 2025)

US corporate bonds and loans	44.5%
Canadian corporate bonds and loans	18.7%
Foreign corporate bonds and loans	13.1%
Government bonds	10.6%
Common shares	3.8%
Cash	3.4%
Preferred shares	2.9%
Closed end funds	2.4%
Warrants	0.6%

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 I of the fund as low to medium.

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

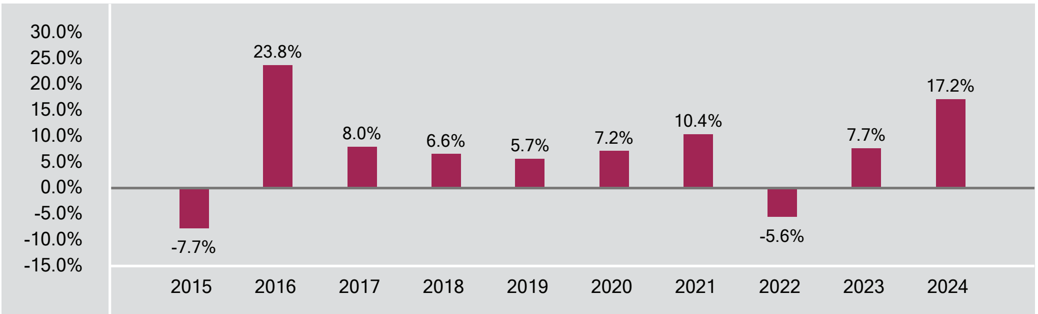
Like most mutual funds, this fund doesn't have any guarantees. You may not get back the amount of money you invest.

How has the fund performed?

This section tells you how Class I units of the fund have performed over the past 10 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 I units of the fund have performed in each of the past 10 calendar years. The fund dropped in value in 2 of the 10 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 I units of the fund in a 3-month period over the past 10 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	10.5%	January 31, 2021	Your investment would rise to $1,105.
Worst return	-12.5%	March 31, 2020	Your investment would drop to $875.

AVERAGE RETURN

The annual compounded return of Class I units of the fund was 6.7% over the past 10 years. If you had invested $1,000 in the fund 10 years ago, your investment would be now worth $1,921.

Who is this fund for?

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

This fund is suitable for investors who want to invest in a fixed income portfolio of investment grade and non-investment grade 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 I 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 I units of the fund.

2. FUND EXPENSES

You don't pay these expenses directly. They affect you because they reduce the fund's returns. As of December 31, 2024, the expenses of Class I were 1.08% of the value of this class. This equals $10.80 for every $1,000 invested.

	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.	1.03%
Trading expense ratio (TER) These are the fund's trading costs for this class.	0.05%
Fund expenses	1.08%

More about the trailing commission

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