
**TWENTY-FIFTH AMENDED AND
RESTATE MUTUAL FUND TRUST
AGREEMENT**

PENDER MUTUAL FUNDS

DATED: DECEMBER 5, 2025

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TWENTY-FOURTH AMENDED AND RESTATED TRUST AGREEMENT

THIS TRUST AGREEMENT made and entered into as of the 5th day of December, 2025.

BETWEEN:

PenderFund Capital Management Ltd., a company incorporated under the laws of British Columbia, in its capacity as Manager of the Funds governed hereby

(the “**Manager**”)

- and -

PenderFund Capital Management Ltd., a company incorporated under the laws of British Columbia, in its capacity as successor trustee of the Funds governed hereby

(the “**Trustee**”) on behalf of the funds listed in Schedule “A” hereto
(the “**Pender Mutual Funds**”)

WITNESSES THAT WHEREAS:

- a) the Manager and BNY Trust Company of Canada (“BNY TC”) established mutual fund trusts on April 14, 2009 and October 18, 2010 exclusively for the collective investment and reinvestment of money and other property contributed by investors under the Mutual Fund Trust Agreement dated April 14, 2009 between the Manager and BNY TC as such Mutual Fund Trust Agreement was amended and restated on May 26, 2009 and further amended on October 18, 2010 and July 19, 2021 (as amended, the “Original Trust Agreement”);
- b) the name of the “Pender Canadian Dividend Fund” has been changed to “Pender Canadian Opportunities Fund”;
- c) BNY TC resigned as trustee under the Existing Trust Agreement effective March 20, 2012 and the Trustee has been appointed as the successor trustee of the Funds in accordance with Section 13 of the Original Trust Agreement;
- d) the Manager and the Trustee executed a Second Amended and Restated Trust Agreement dated March 20, 2012 to reflect the new Fund name and the change of trustee;
- e) the Manager and the Trustee executed a Third Amended and Restated Trust Agreement dated June 27, 2013 to include the Pender Value Fund and Pender US All Cap Equity Fund;

- f) the Manager and the Trustee executed a Fourth Amended and Restated Trust Agreement dated August 13, 2013 to include two additional classes for each of the Pender Corporate Bond Fund and Pender US All Cap Equity Fund;
- g) the Manager and the Trustee executed a Fifth Amended and Restated Trust Agreement dated June 18, 2014 to include one additional class for the Pender Corporate Bond Fund and two additional classes for each of the Pender Value Fund and Pender US All Cap Equity Fund;
- h) the Manager and the Trustee executed a Sixth Amended and Restated Trust Agreement dated April 8, 2015 to make certain amendments to the procedures for the calling and holding of meetings of Unitholders;
- i) the Manager and the Trustee executed a Seventh Amended and Restated Trust Agreement dated May 22, 2015 to make certain amendments to the fundamental investment objectives and valuation frequency of the Pender Canadian Opportunities Fund and to include additional classes to the Pender Strategic Growth and Income Fund, Pender Canadian Opportunities Fund, Pender Corporate Bond Fund, Pender US All Cap Equity Fund and Pender Value;
- j) the Manager and the Trustee executed an Eighth Amended and Restated Trust Agreement dated May 20, 2016 to include additional classes to the Pender Canadian Opportunities Fund;
- k) the Manager and the Trustee executed a Ninth Amended and Restated Trust Agreement dated April 27, 2017 to include additional classes to the Pender Small Cap Opportunities Fund and Pender Strategic Growth and Income Fund;
- l) the Manager and the Trustee executed a Tenth Amended and Restated Trust Agreement dated May 22, 2018 to include additional classes to the Pender Small Cap Opportunities Fund and create the Pender North American Small Cap Fund;
- m) the Manager and the Trustee executed an Eleventh Amended and Restated Trust Agreement dated May 22, 2019 to include additional classes to the Pender Canadian Opportunities Fund, the Pender Corporate Bond Fund, the Pender Small Cap Opportunities Fund, the Pender Strategic Growth and Income Fund, the Pender US All Cap Equity Fund and the Pender Value Fund;
- n) the Manager and the Trustee executed a Twelfth Amended and Restated Trust Agreement dated November 29, 2019 to create two new Funds, the Pender Bond Universe Fund, and the Pender Small/Mid Cap Dividend Fund and to reflect the industry-wide change to “T+2” settlement terms for subscriptions;
- o) the Manager and the Trustee executed a Thirteenth Amended and Restated Trust Agreement dated May 25, 2020 to include three additional Funds, the Pender Enhanced Income Fund (formerly, the Vertex Enhanced Income Fund), the Pender Strategic

Investment Fund and the Pender Value Fund II (formerly, the Vertex Value Fund), to provide for the allocation of capital gains to redeeming Unitholders, to clarify definitions of tax related terms, and to make certain amendments to the provisions governing the indemnification of the Trustee;

- p) the Manager and the Trustee executed a Fourteenth Amended and Restated Trust Agreement dated June 25, 2021 to change the name and investment objectives of the Pender US All Cap Equity Fund, to change the name and investment objectives of, and to include additional classes for, the Pender Strategic Investment Fund, and to include one additional class for the Pender Small Cap Opportunities Fund;
- q) the Manager and the Trustee executed a Fifteenth Amended and Restated Trust Agreement dated July 19, 2021 to create two new funds, the Pender Alternative Absolute Return Fund and the Pender Alternative Arbitrage Fund;
- r) the Manager and the Trustee executed a Sixteenth Amended and Restated Trust Agreement dated December 22, 2021 to create a new fund, the Pender Emerging Markets Impact Fund;
- s) The Manager and the Trustee executed a Seventeenth Amended and Restated Trust Agreement on June 20, 2022 to include additional classes to Pender Bond Universe Fund, and remove classes from Pender Bond Universe Fund, Pender Corporate Bond Fund, Pender Enhanced Income Fund, Pender Global Focused Fund, Pender Small/Mid Cap Dividend Fund, Pender Special Situations Fund, Pender Strategic Growth and Income Fund, Pender Value Fund and Pender Value Fund II;
- t) The Manager and the Trustee executed an Eighteenth Amended and Restated Trust Agreement on July 26, 2022 to create a new fund named Pender Alternative Arbitrage Plus Fund;
- u) The Manager and the Trustee executed a Nineteenth Amended and Restated Trust Agreement on August 16, 2022 to change the name and investment objectives of, and to include an additional class for, the Pender Value Fund II; to change the name and investment objectives of the Pender Special Situations Fund; and to include additional classes for each of Pender Alternative Absolute Return Fund and Pender Alternative Arbitrage Fund;
- v) The Manager and the Trustee executed a Twentieth Amended and Restated Trust Agreement on June 16, 2023 to reflect the merger of the Pender Global Focused Fund, as terminating fund, into the Pender Value Fund, as continuing fund, the merger of the Pender Strategic Growth and Income Fund, as terminating fund, into the Pender Enhanced Income Fund (“**PEIF**”) and the subsequent name change of PEIF to “Pender Strategic Growth and Income Fund” (“**PSGIF**”), to include an additional Class H of the PSGIF, and to remove certain closed fund classes from certain funds;
- w) The Manager and the Trustee executed a Twenty-First Amended and Restated Trust Agreement on June 18, 2024 to reflect the merger of Pender Small/Mid Cap Dividend Fund, as terminating fund, into the Pender Small Cap Opportunities Fund (“**PSCF**”), as

continuing fund, to include an additional Class H of the PSCF and Class N of Pender Corporate Bond Fund, to remove certain closed fund classes from certain funds and to reflect the industry-wide change to “T+1” settlement terms for subscriptions;

- x) The Manager and the Trustee executed a Twenty-Second Amended and Restated Trust Agreement on November 1, 2024 to create a new fund, the Pender US Small/Mid Cap Equity Fund;
- y) The Manager and the Trustee executed a Twenty-Third Amended and Restated Trust Agreement on June 18, 2025 to change the name of the Pender Value Fund to Pender Global Small/Mid Cap Equity Fund, change the valuation frequency of the Pender Small Cap Opportunities Fund from weekly to daily, and add a new class to the Pender Alternative Multi-Strategy Income Fund; and
- z) The Manager and the Trustee executed a Twenty-Fourth Amended and Restated Trust Agreement on August 28, 2025 to add a new fund, Pender Alternative Select Equity Fund (*formerly, Purpose Select Equity Fund*).

- aa) The Manager and the Trustee wish to amend and restate the Trust Agreement (the “**Existing Trust Agreement**”) to terminate and rename certain classes from certain funds.

NOW THEREFORE in consideration of the premises and the mutual agreements herein contained, the parties hereto covenant, agree and declare as follows:

SECTION 1 **INTERPRETATION**

1.1 Interpretation.

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following terms have the meanings ascribed to them:

- a) “Affiliate” means, with respect to a party, that party's affiliated companies within the meaning of the *Business Corporations Act* (Canada).
- b) “Agreement” means this agreement, including all amendments hereto and thereto.
- c) “Applicable Laws” means any federal or provincial tax, securities or other legislation and any regulations, orders, policies, rules or administrative practices of any federal or provincial regulatory authority, as may from time to time apply to a Fund including, without limitation, the laws, regulations, requirements, rules and policies of the British Columbia Securities Commission and equivalent regulatory authorities which apply from time to time to a Fund in each province or territory of Canada.
- d) “Asset Value” is as defined in Section 6.2.

- e) “Auditors” means a chartered accountant or firm of chartered accountants qualified to practice in the Province of British Columbia appointed as auditor or auditors of a Fund in accordance with Section 8.3.
- f) “Business Day” means any day or part of a day on which the Toronto Stock Exchange is held open for business.
- g) “Class Net Asset Value” is as set forth in Section 6.3;
- h) “Class Net Asset Value per Unit” is as set forth in Section 6.3;
- i) “Class” or “Class of Units” means a class of one or more Units of a Fund which may be distributed by the Fund which Classes are as set out in Schedule “A”, as amended from time to time;
- j) “Closing Time” means 4:00 p.m. (Toronto time) on any Valuation Date.
- k) “Custodian” is as defined in Section 16.2.
- l) “Distribution Date” in respect of a Fund, means, unless otherwise specified in the Schedule A establishing a Fund or otherwise by notice to the Trustee, the last Valuation Date in each Taxation Year (but only if such day occurs after the establishment of the Fund pursuant to this Agreement) and such other date or dates as may be specified by notice in writing by the Manager to the Trustee from time to time.
- m) “Distribution Period” of a Fund means a period ending on a Distribution Date of the Fund and beginning immediately after the immediately preceding Distribution Date (or, in the case of the first Distribution Period of a Fund, upon the inception of the Fund).
- n) “Distributor” means the Manager, in its capacity as principal distributor of Units of the Funds and any other person or entity, or persons or entities, retained by the Manager to assume responsibilities relating to the distribution of Units of the Funds.
- o) “Fiscal Year” of a Fund means the fiscal year of the Fund ending on the last day of December in each year.
- p) “Fund” means any one of the mutual funds established pursuant to Section 2.3, as the same may hereafter be supplemented.
- q) “Fund Liabilities” at any time in respect of a Fund means all accounts, expenses and obligations payable by the Fund for Fund purposes.
- r) “Fund Property” at any time means:
 - (i) the Initial Contribution with respect to the Fund;

- (ii) all funds realized from the sale of Units of the Fund;
- (iii) all investments from time to time delivered to the Trustee or held for its account and accepted by the Trustee in accordance with this Agreement for the purposes of the Fund;
- (iv) any proceeds of disposition of any of the foregoing property; and
- (v) all income, interest, profit, gains and accretions and additional rights arising from or accruing to such foregoing property or such proceeds of disposition.

o) “Initial Contribution” in respect of any Fund has the meaning provided in Section 2.3.

p) “Manager” means PenderFund Capital Management Ltd. and its successors or assigns under the terms of this Agreement, in its capacity as manager hereunder.

q) “Net Income” or “Net Loss” of a Fund for a period shall be the taxable income or loss of the Fund for the period determined in accordance with the provisions of the Tax Act regarding the calculation of taxable income or loss as the case may be, provided that capital gains and capital losses shall be excluded and provided further that:

- (i) the portion of the Fund's income comprised of taxable dividends received from corporations resident in Canada shall be calculated on the basis that the amount included in income in respect thereof is not greater than the actual amount received; and
- (ii) no amount is deductible in respect of amounts payable in the year to Unitholders.

s) “Net Taxable Capital Gains” of a Fund for a particular Taxation Year means the amount, if any, by which the taxable capital gains of the Fund for the particular Taxation Year as determined for purposes of the Tax Act exceed the aggregate of:

- (i) the allowable capital losses (other than business investment losses) of the Fund for the particular Taxation Year for the purposes of the Tax Act; and
- (ii) the unapplied net capital losses of the Fund for the purposes of the Tax Act for preceding Taxation Years of the Fund, to the extent that they may be applied against taxable capital gains of the Fund for the particular Taxation Year for the purposes of the Tax Act.

t) “NI 81-102” means National Instrument 81-102, adopted by Canadian securities administrators and applicable to any Fund for which a Prospectus is filed in one or more Canadian jurisdictions, as such policy statement may be amended from time to time,

and any equivalent national instrument, or rule or national instrument, adopted by such administrators in replacement or reformulation thereof.

- u) “Prospectus” means any preliminary prospectus, prospectus, preliminary simplified prospectus, simplified prospectus, annual information form, fund summary or fund prospectus, or any other similar document used in connection with the sale of Units of the Fund for which a receipt is issued by Canadian securities administrators.
- v) “Register” has the meaning provided in Section 8.2.
- w) “Schedule” means a schedule to this Agreement in which a Fund, its investment objectives, investment policies and other relevant information is described.
- x) “Tax Act” means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp.), the *Income Tax Regulations* (Canada), C.R.C. 1978, c. 945, and the *Income Tax Application Rules* (Canada), R.S.C. 1985, c. 2 (5th Supp.), all as amended from time to time.
- y) “Taxation Year” of a Fund means the period that is, or is deemed by s. 132.11 of the Tax Act, to be the taxation year of the Fund for purposes of the Tax Act.
- z) “Trustee” means PenderFund Capital Management Ltd., the successor trustee hereunder to BNY Trust Company of Canada, and its successors or assigns under the terms of this Agreement, in its capacity as trustee hereunder.
 - aa) “Units” means a unit of participation in a Fund of any Class and, unless the context otherwise requires, includes fractions of Units.
 - bb) “Unitholder” of a Fund means a holder of Units and fractions thereof as set forth in the Register of the Fund.
 - cc) “Valuation Date” means each day a Fund’s Asset Value, Class Net Asset Value and Class Net Asset Value per unit is calculated in accordance with the frequency set out in Schedule A.

1.2 Article and Section Headings.

Article and Section headings have been inserted for convenience only and are not a part of this Agreement.

1.3 Currency.

Except where otherwise expressly indicated, all references herein to currency are to lawful money of Canada. Calculations required to be performed in accordance with this Agreement may be completed in any currency, but all amounts required to be determined and statements required to be prepared shall be expressed in Canadian currency and all amounts in foreign currencies, including assets of the Funds valued in terms of foreign currency, funds on deposit and contractual obligations payable to the Funds in foreign currency shall for the purposes of such expression be translated into Canadian currency at the spot rate of exchange quoted by a major Canadian

chartered bank or an independent pricing service which uses quotes of major world banks on the date as of which such expression is to be made.

SECTION 2 ESTABLISHMENT OF TRUST

2.1 Establishment of Trust.

There will be established hereby in accordance with Section 2.3 hereof for the benefit of holders of Units, from time to time, one or more trusts. The Trustee hereby agrees that it will receive, hold, administer and deal with all money and property which it now or may hereafter acquire as Trustee, together with the proceeds thereof in trust, in the manner and subject to the terms and conditions contained herein.

2.2 Name.

The trusts established by this Agreement shall be known collectively as the “PenderFund Mutual Funds”. Should the Manager determine that the use of the name of one or more Funds is not practicable, legal or convenient, it may use any other designation or it may adopt any other name for one or more of the Funds that it deems appropriate and following notice to the Trustee, the Trustee will hold the property and assets of the Funds under the new designation or name.

2.3 Establishment of Funds.

The Manager confirms that to constitute and settle the trust(s) (each referred to as a “Fund”), it has given to the Trustee the sum of \$10 (the “Initial Contribution”) for each of the trusts and has established for the benefit of the Unitholders from time to time, a separate and distinct trust for each of the Funds listed in Schedule “A” to this Agreement. Schedule “B” to this Agreement sets out the investment objectives of each Fund. Both Schedule “A” and Schedule “B”, as amended from time to time, form part of this Agreement. The Manager may establish one or more new fund(s), from time to time, by making an Initial Contribution of \$10, or such other amount as shall represent not less than the initial offering price of Units as determined by the Manager in accordance with Section 4.2, to constitute and settle the trust for the Fund and by amending Schedule “A” to incorporate the name of the fund(s) and Schedule “B” to incorporate the investment objectives of the new fund(s). Upon the effective date of such amendments, such new fund shall constitute a Fund for purposes of this Agreement.

Each Fund shall, in addition to the amount paid by the Manager to the Trustee to constitute and settle such Fund, consist of monies delivered to the Trustee from time to time for investment in Units of such Fund and includes the investments and reinvestments made with those monies together with the income and other accretions to such investments less any monies and assets properly disbursed in accordance with this Agreement in payment of expenses or redemptions of Units or distributions of Net Income or Net Taxable Capital Gains.

This Agreement shall be applicable to each Fund of the PenderFund Mutual Funds from time to time established hereunder. No Unitholder shall be deemed to have any interest in or claim against a Fund of the PenderFund Mutual Funds or any assets held therein merely because such Unitholder owns Units in a different Fund of the PenderFund Mutual Funds. Each Fund of the PenderFund

Mutual Funds shall, for all purposes, be considered separate and distinct from every other Fund of the PenderFund Mutual Funds and the expenses of any Fund shall not be charged against any other Fund.

Legal title to all of the assets of each Fund of the PenderFund Mutual Funds shall be vested as far as practicable in the name of the Fund, as a separate legal entity, provided that the Trustee shall have the power to cause legal title to any property of a Fund to be held by or in the name of the Trustee, the Custodian, sub-custodians, securities depositories or their respective nominees. The assets of each Fund shall be accounted for separately from all other property belonging to, or in the custody of the Trustee or the Custodian or any sub-custodian.

2.4 Head Office: Location of Administration by Manager.

The head office and location of the administration of each Fund of the PenderFund Mutual Funds shall be in Vancouver, British Columbia at the address of the Manager or at such other place as the Manager may from time to time designate.

2.5 Term.

Each of the Funds shall continue in force unless otherwise terminated in accordance with the provisions of this Agreement.

SECTION 3 STRUCTURE OF FUNDS

3.1 Division of Funds into Units.

The beneficial interests in each Fund shall be divided into an unlimited number of Units of different Classes, as determined by the Manager. The Units of each Class of Units of a Fund shall be identical in all respects with every other Unit of that Class and shall represent an undivided interest in the Class Net Asset Value of such Fund that applies to such Class without distinction, preference or priority. Units shall be issued as fully paid and non-assessable. The interest of each Unitholder in such Fund shall be expressed by the number of Units of each Class of Units of such Fund owned by that Unitholder. There shall be no limit to the number of Units of any Class of any Fund that may be issued.

3.2 Fractional Units.

Fractions of Units, to four decimal places, may be issued. Fractional Units shall not, except to the extent that such fractional Units may represent in the aggregate one or more whole Units held by a Unitholder, entitle the Unitholder thereof to notice of, or to attend or to vote at, meetings of Unitholders. Subject to the foregoing, fractional Units shall have attached thereto the rights, restrictions, conditions and limitations attaching to whole Units in the proportion that they bear to a whole Unit including rights, restrictions, conditions and limitations with respect to receipt of distributions, redemption of Units and liquidation of a Fund.

3.3 Consolidation and Subdivision.

Units of a Fund may be consolidated or subdivided by the Trustee, acting upon the direction of the Manager upon the Manager giving at least 60 days' prior written notice to the Trustee of its

determination to do so and provided that the proportionate interest of each Unitholder in a Fund shall not thereby be changed.

SECTION 4 **SALE OF UNITS**

4.1 Subscription for Units.

The Fund shall have authority to issue an unlimited number of Units (including fractional Units) of each Class. Subscribers may purchase Units by delivering to a Distributor a completed and executed subscription. All subscriptions will be subject to acceptance by the Manager in accordance with Section 4.3. Upon receipt and acceptance of a subscription form, the Manager shall cause to be issued Units in accordance with the requirements of this Section 4.

The Manager may establish eligibility requirements for admission of an investor as a Unitholder of any Class and refuse to admit any investor which fails to satisfy such eligibility requirements. The Manager shall have the sole responsibility for determining whether a person or entity is eligible to be a Unitholder of a particular Class and shall have sole responsibility for ensuring that subscription and sale of Units and the operation and administration of the Funds comply with Applicable Laws. To this end, the Manager, on behalf of the Funds, shall take such action and execute such deeds and documents as may be necessary or desirable to be filed with appropriate regulatory authorities on behalf of each Fund.

The Manager, in its discretion, may prescribe any subscription notice period, minimum subsequent subscription amounts and minimum aggregate Net Asset Value balances to be maintained by Unitholders of each or all Classes of Units, and may, in its discretion, prescribe any procedures in connection therewith (including a procedure whereby a Unitholder is required to redeem his Units in a Fund) not inconsistent with NI 81-102 or with other Applicable Laws. Notice of any such notice periods, subscription amounts, minimum balances or procedures shall be given to Unitholders in the manner contemplated by Section 18.1 or by stating such matters in a Prospectus. The Manager, in its discretion, may also prescribe the nature and amount of any fees or charges to be paid by investors in the Funds, whether at the time of purchase, on a redemption of Units or on such other basis as the Manager shall determine. Such fees or charges as may be so determined shall, subject to obtaining any required approvals of Unitholders, be described in a Prospectus or in a notice which is given to Unitholders in the manner contemplated by Section 18.1 in order for them to be binding upon investors. Any change in such fees or charges shall not affect any Unitholder in respect of any Unit acquired prior to the effective date of such change if the fee or charge on a Unit is contingent upon the ownership of the unit having been acquired prior to the effective date of the change.

If payment of the issue price of Units is not made on or before the first Business Day after the date on which the Class Net Asset Value per unit of a Fund is calculated for the purpose of determining the price at which those Units were issued (other than the Pender Small Cap Opportunities Fund, in respect of which payment must be received within the second Business Day of processing your purchase order), then the Fund shall redeem those Units as if it had received an order for their redemption immediately before the close of business on such first Business Day and the amount of the redemption proceeds derived from the redemption shall be applied to reduce the amount

owing to the Fund on the purchase of those Units. The amount, if any, by which such redemption proceeds exceed the issue price of the Units shall be retained by the Fund.

4.2 Price of Units.

Upon the establishment of a Fund and its division into Units, the Manager will determine the initial offering price of the Units. Thereafter, the subscription price per Unit of any Class of such Fund purchased will be the Class Net Asset Value per Unit determined as of the next regularly scheduled valuation acceptance of the subscription by the Manager in accordance with Section 4.3.

4.3 Acceptance or Rejection of Subscriptions.

The Manager, upon receipt of a subscription, shall accept or reject such subscription within one Business Day of such receipt; upon such acceptance or rejection and following the valuation contemplated by Section 4.2, the Manager will, in the case of rejection, forthwith return the subscription and the cheque accompanying the subscription without interest thereon; and, in the case of acceptance, advise the Trustee and forward the funds for the subscription to the Trustee forthwith.

4.4 Confirmation of Sale.

The Distributor shall promptly forward or cause to be forwarded to the Unitholder who purchased such Units a notice indicating the number of Units of each Class of each Fund and fractions thereof, if any, purchased by such Unitholder and the Manager shall concurrently therewith record or cause to be recorded such transaction in the Register of the appropriate Fund.

4.5 No Issuance of Unit Certificates.

No certificates evidencing ownership of Units will be issued to a Unitholder.

SECTION 5 REDEMPTION AND TRANSFER OF UNITS

5.1 Right to Redeem.

Units of each Fund may be surrendered for redemption at any time but will be redeemed only on a Valuation Date and at no other time. A Unitholder shall be entitled, subject as hereinafter provided, to require payment of the redemption proceeds by giving written notice to the Manager (who will promptly provide the Trustee with a copy thereof), which notice shall specify the Fund or Funds from which the redemption is to be made and the number of Units to be redeemed or the dollar amount to be paid. Such notice shall be irrevocable, except as provided in Section 5.4. If the redemption request is received later than Closing Time on a Valuation Date, or on a day which is not a Valuation Date, it shall be effective as of the next following Valuation Date (or such later Valuation Date as may be specified in the request). The Manager shall notify the Trustee of redemptions in sufficient time for the Trustee to effect the redemptions.

5.2 Redemption Price and Payment.

The proceeds payable on redemption of Units of each Fund will be the Class Net Asset Value per Unit of the Units of such Fund being redeemed multiplied by the number of Units of that Class to be redeemed determined on the applicable Valuation Date. No fee or other charge shall be

deducted by the Manager, the Trustee, in its capacity as such, or any Fund in respect of such payment, except as may have been determined by the Manager and specified in a Prospectus as contemplated by Section 4.1. Any such redemption fee or charge may be deducted from the proceeds of redemption otherwise payable to the Unitholders.

Payment for such redemption shall be made in cash. Payment shall be made by mailing or delivering a cheque or by wire or electronic transfer as the Manager may in its discretion determine, in the relevant amount to the Unitholder at its last address as shown in the register of Unitholders or to such other payee or address or account as the Unitholder may in writing direct. Any payment, unless not honoured, shall discharge the relevant Fund, the Trustee and the Manager from all liability to such Unitholder in respect of the amount thereof and in respect of the Units redeemed. In no event shall the Fund, the Trustee or the Manager be liable to a Unitholder for interest or income on the proceeds of any redemption pending the payment thereof.

5.3 Income Tax Allocation

Effective December 16, 2020, as directed by the Manager in its discretion, the Trustee may, and to the maximum permitted by the Tax Act, allocate to each Unitholder that has redeemed Units pursuant to Section 5.1, such amounts of capital gains that result from the disposition of assets of the Fund undertaken to permit or facilitate such redemption of Units. In connection with any such allocation of capital gains, for the purposes of the Tax Act, the taxable portion (i.e., 50%) of such capital gains allocation to the redeeming Unitholder by the Fund pursuant to this section shall be included in the Unitholder's income and the full amount of such capital gains will be excluded from the Unitholder's proceeds of disposition of the Units. Any amount allocated pursuant to this section 5.3 shall not be further allocated pursuant to Section 7.1.

5.4 Suspension of Redemption Privilege.

The Trustee, at the direction of the Manager, may suspend or postpone the valuation of the Class Net Asset Value or Class Net Asset Value per Unit and/or the right or obligation of any or all of the Funds to redeem Units for the whole or any part of any period: (a) when normal trading is suspended on any stock exchange on which securities are listed and traded which represent more than 50% by value of the total assets of such Fund or Funds without allowance for liabilities and if those securities are not traded on any other exchange that represents a reasonably practical alternative for the Fund or Funds to use in calculating a Class Net Asset Value; or (b) with the consent of the British Columbia Securities Commission and any other applicable securities regulatory authorities.

The suspension may, at the discretion of the Manager, apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall (unless the suspension lasts for less than 48 hours) be advised by the Manager of the suspension and that the redemption will be effected on the basis of the Class Net Asset Value per Unit determined on the first Valuation Date following the termination of the suspension. All such Unitholders shall have, and shall (unless the suspension lasts for less than 48 hours) be advised that they have, the right to withdraw their requests for redemption in these circumstances.

The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent that it is not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the relevant Fund, any declaration of suspension made by the Trustee on the direction of the Manager shall be conclusive.

Subscriptions for additional Units of a Fund or Funds shall not be accepted during any period when the obligation of such Fund or Funds to redeem Units is suspended.

5.5 Transfer of Units.

Units of a Fund are not transferable without the prior written consent of the Manager, which consent may be withheld in its discretion. Any purported transfer without the prior written consent of the Manager shall be void and of no effect and the Trustee and the Manager of a Fund shall not be required to recognize any legal, equitable or other claim or interest in the Fund on the part of such purported transferee, whether or not any of them shall have express or other notice of such claim or interest. The Trustee shall be advised within a reasonable time of any transfer.

SECTION 6 CLASS NET ASSET VALUE

6.1 Time of Determination.

The Asset Value, Class Net Asset Value and Class Net Asset Value per Unit of a Fund shall be determined as of the Closing Time on each Valuation Date.

6.2 Determination and Calculation of Asset Value and Fund Liabilities.

The Manager shall determine and calculate or cause to be determined and calculated the Asset Value of a Fund on a particular Valuation Date on behalf of the Fund in accordance with the following principles:

- a) the value of any cash on hand, on deposit or on call, prepaid expenses, cash dividends declared and interest accrued and not yet received, shall be deemed to be the face amount thereof, unless the Manager determines that any such deposit or call loan is not worth the face amount thereof, in which event the value thereof shall be deemed to be such value as the Manager determines to be the reasonable value thereof;
- b) the value of any bonds, debentures, and other debt obligations shall be valued by taking the average of the bid and ask prices on a Valuation Date at such times as the Manager, in its discretion, deems appropriate. Short-term investments including notes and money market instruments shall be held at amortized cost, which approximates fair value;
- c) the value of any security, index futures or index options thereon which is listed on any recognized exchange shall be determined by the last traded price on the Valuation Date or, if the last traded price is not available, the average between the closing bid and the asked quotations on the Valuation Date, all as reported by any report in common use or authorized as official by a recognized stock exchange; provided that if such stock

exchange is not open for trading on that date, then the value shall be determined by reference to the last previous date on which such stock exchange was open for trading;

- d) the value of any mutual funds (“Underlying Funds”) held by the Fund will be valued at their respective net asset values on each Valuation Date. The Underlying Funds calculate their respective net asset values on the same basis as the Funds;
- e) the value of any security or other asset for which a market quotation is not readily available shall be its fair market value as determined by the Manager using a valuation technique that requires the use of inputs and assumptions based on observable market data;
- f) the value of any security, the resale of which is restricted or limited, shall be the lesser of the value thereof based on reported quotations in common use and that percentage of the market value of securities of the same class, the trading of which is not restricted or limited by reason of any representation, undertaking or agreement or by law, equal to the percentage that a Fund's acquisition cost was of the market value of such securities at the time of acquisition; provided that a gradual taking into account of the actual value of the securities may be made where the date on which the restriction will be lifted is known;
- g) purchased or written clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants shall be valued at the current market value thereof;
- h) where a covered clearing corporation option, option on futures or over-the-counter option is written, the premium received by a Fund shall be reflected as a deferred credit which shall be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option that would have the effect of closing the position. Any difference resulting from revaluation of such options shall be treated as an unrealized gain or loss on investment. The deferred credit shall be deducted in arriving at the net asset value of a Fund. The securities, if any, that are the subject of a written clearing corporation option, option on futures or over-the-counter option shall be valued at their then current market value;
- i) the value of a futures contract, or a forward contract, shall be the gain or loss with respect thereto that would be realized if, on the Valuation Date, the position in the futures contract or the forward contract, as the case may be, were to be closed out, unless daily limits are in effect, in which case fair value shall be based on the current market value of the underlying interest;
- j) margin paid or deposited in respect of futures contracts and forward contracts shall be reflected as an account receivable and margin consisting of assets other than cash shall be noted as held as margin;

- k) all property of a Fund valued in a foreign currency and all liabilities and obligations of a Fund payable in a foreign currency shall be converted into Canadian funds by applying the rate of exchange obtained from the best available sources to the Manager, including, but not limited to, the Manager or any of its affiliates; and
- l) all expenses or liabilities (including fees payable to the Manager) of a Fund shall be calculated on an accrual basis.

The value of any security or property to which, in the opinion of the Manager, the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair value thereof determined in good faith in such manner as the Manager from time to time adopts.

The Asset Value and Fund Liabilities established by the Manager in accordance with the provisions of this Section shall be conclusive and binding on all Unitholders. Where the Manager is provided with a value, quotation, estimate or other information related to the value of any property of a Fund by a third party (collectively "Third Party Data"), the Manager may rely on such Third Party Data and shall have no responsibility or liability, whatsoever, for any loss or damage arising out of or in connection with the Manager's reliance on such Third Party Data.

6.3 Calculation of Class Net Asset Value Per Unit.

The Class Net Asset Value of any Class of a Fund is calculated as the relevant Class' proportionate share of the Asset Value of the Fund less the Fund Liabilities attributable to the relevant Class, including accruing fees or liabilities which are to be taken into account as determined from time to time by the Manager attributable to the relevant Class, as of the applicable Valuation Date. For this purpose a Class' proportionate share of Asset Value of the Fund shall equal the percentage that the number of outstanding Units of the Class represents of all outstanding Units of the Fund on the applicable Valuation Date and the Fund Liabilities attributable to a Class shall be the Class' share of Fund Liabilities excluding all Management Fees up to the applicable Valuation Date, as determined by the Manager, together with all Management Fees paid in respect of that Class up to the applicable Valuation Date. The Class Net Asset Value per Unit at any time shall be the quotient obtained by dividing the Class Net Asset Value of the Class of the Fund at such time by the total number of Units then outstanding and adjusting the number to the nearest one hundredth of a cent. For the purpose of this calculation:

- a) Units subscribed for shall be deemed to be outstanding as of the Business Day after the day upon which payment in full for such Units shall have actually been received by the Trustee or the Manager; and
- b) Units which the Fund is required to redeem shall be deemed to be outstanding at the Closing Time on the Valuation Date as of which Class Net Asset Value is to be determined for the purpose of the redemption, and thereafter the Units shall be deemed to be no longer outstanding and the redemption price shall, until paid, be deemed to be a liability of the Fund.

The Class Net Asset Value per Unit established by the Manager in accordance with the provisions of this Section shall be conclusive and binding on all Unitholders.

SECTION 7 DISTRIBUTIONS

7.1 Time and Amount of Distributions.

It is intended that sufficient Net Income and sufficient Net Taxable Capital Gains of each Fund be distributed to Unitholders in each year so that the Fund will not be liable for income tax under Part I of the Tax Act.

Each Distribution Period, each Fund shall distribute to Unitholders such amount of the Net Income and the Net Taxable Capital Gains of the Fund for such Distribution Period as may be specified by notice in writing of the Manager to the Trustee no later than 10 Business Days prior to the Distribution Date for the period. The amount of Net Income of a Fund and the Net Taxable Capital Gains to be distributed per Unit will be calculated by dividing the amount attributable to each Class, based on the relative Class Net Asset Values, by the number of units of the Class outstanding on the relevant Distribution Date. The distribution of the Net Income of a Fund and the Net Taxable Capital Gains for each Distribution Period shall be payable on the Distribution Date for the period to Unitholders of record as at the Closing Time on the Valuation Date immediately prior to that Distribution Date.

In addition, there shall be automatically payable to Unitholders of each Fund on the last day of each calendar year an amount equal to the lesser of (i) the amount, if any, by which the Net Income and Net Taxable Capital Gains for the Taxation Year of the Fund ending in such calendar year exceeds the aggregate amount that would otherwise be required to be included in the income of Unitholders of the Fund under subsection 104(13) of the Tax Act for such calendar year, and (ii) the amount, if any, specified by notice in writing by the Manager to the Trustee for these purposes no later than 30 Business Days prior to the end of such calendar year.

If there is any change in the treatment under the Tax Act of the Net Income or Net Taxable Capital Gains of a Fund which would frustrate the intention set out in this Section 7.1, the Trustee, on the direction of the Manager, shall without the vote or assent of the Unitholders or any amendment to this Agreement, alter the method of distribution or discontinue this distribution policy for the purpose of minimizing taxes payable by the Fund and/or the Unitholders provided that no such alteration or discontinuation shall be prejudicial to Unitholders.

7.2 Legal Rights.

For greater certainty, it is hereby expressly declared that a Unitholder shall have the legal right to enforce payment of any amount to be distributed or payable hereunder at the time such amount is due and payable.

7.3 Character of Distributions.

To the extent possible under the Tax Act, it is intended that the character of the Net Income and Net Taxable Capital Gains of each Fund be maintained when such Net Income and Net Taxable Capital Gains are distributed to Unitholders. The Manager shall consequently direct the Trustee

to exercise all discretions and make all designations, elections, determinations, appropriations and allocations under the Tax Act as may be, in the sole discretion of the Manager, advisable or appropriate.

7.4 Withholding Taxes.

The Trustee or Manager may deduct or withhold or cause to be deducted or withheld from the distributions to any Unitholder amounts required by law to be withheld from such Unitholder's distributions and may remit such amounts to the relevant tax authority as required.

7.5 Method of Payment.

Distributions to Unitholders may be paid by cash, cheque, bank draft or in such other manner as the Trustee or the Manager shall determine, or the Trustee or the Manager may pay or cause to be paid from a Fund all or part of such distributions by the issuance of additional Units, as specified in a Prospectus from time to time.

SECTION 8 RECORDS, AUDITS AND REPORTS

8.1 Records.

The Manager shall maintain or cause to be maintained appropriate accounting records for each Fund. The accounting records for each Fund shall be open for examination by the Trustee and all Unitholders or their authorized representatives during normal business hours of the Manager on any Business Day upon three Business Days notice to the Manager.

8.2 Unitholders' Register.

The Manager shall maintain or cause to be maintained a Unitholders' register (a "Register") which shall record with respect to the holding of each Unitholder in each Fund:

- a) the date of each purchase of Units, the number of Units allotted and the Class Net Asset Value per Unit at which each Unit is allocated;
- b) each transfer of Units;
- c) the date and amount of each redemption of Units in the Fund, the number of Units so redeemed and the Class Net Asset Value per Unit at which each Unit is so redeemed;
- d) the name, address and the number of Units currently held by each Unitholder; and
- e) the date and amount of any distributions allocated and/or paid in cash to such Unitholders.

The ownership of Units in each Fund shall be evidenced conclusively by the registration thereof in the Register to be kept by or on behalf of the Manager and the Manager and the Trustee shall for all purposes be entitled to treat the person appearing in the Register as the absolute owner of the Units of the Fund, and the Manager and the Trustee shall in no way be affected by any notice to the contrary. The Register for each Fund referred to in this Section shall at all reasonable times

be open for inspection by Unitholders of the Fund and a copy of the register shall be provided to Unitholders to the extent required by, but subject to compliance with any conditions specified in, NI 81-102. Neither the Manager nor the Trustee shall be charged with notice of or be bound to see to the execution of any trust in respect of any Unit whether express, implied or constructive and may deal with any Unit on the direction of the registered Unitholder thereof, whether named as trustee or otherwise. The receipt by the Unitholder in whose name the Unit is registered on the books of the Fund shall be a valid and binding discharge to the Fund and to the Manager and the Trustee for any payment made in respect of such Unit and if several persons are registered as joint Unitholders or, in consequence of the death or bankruptcy of a Unitholder, are entitled to be so registered, any one of them may give effectual receipt for any such monies. Only Unitholders whose Units are recorded on the Register shall be entitled to vote or to receive distributions or otherwise exercise or enjoy the rights of Unitholders.

8.3 Auditors.

The Auditors for each Fund will be appointed by the Manager. Subject to the approval of the Independent Review Committee of a Fund and compliance with the requirements of Applicable Laws, the Manager may remove any Auditor of the Fund and appoint one or more new Auditors to replace any Auditor so removed. The Auditors shall have access to all records relating directly to the affairs of the Funds including the relevant records of the Trustee, the Manager, the Custodian, any sub-custodian and any registrar and/or transfer agent appointed by the Manager.

8.4 Financial Statements.

- a) The Manager shall cause an audit of the consolidated financial statements of each Fund for each Fiscal Year to be made by the Auditors of the Fund. The financial statements so audited shall include a statement of net assets, a statement of operations, a statement of cash flows, a statement of investment portfolio and a statement of changes in net assets to the end of the Fiscal Year for the Fund, and any other statement or statements which may be required by Applicable Laws or be agreed upon by the Manager after consultation with the Auditors. A copy of such statements relating to the Fund as so audited shall be forwarded to each Unitholder of the Fund within 90 days from the end of each Fiscal Year.
- b) The Manager shall also prepare or cause to be prepared unaudited interim financial statements of each fund for the period that commenced immediately after the last Fiscal Year of the Fund and ends six months before the end of the Fiscal Year of the Fund. Such interim financial statements shall include a statement of net assets, statement of operations, a statement of cash flows, statement of investment portfolio and a statement of changes in net assets as at or for such six month period, and any other statement or statements which may be required by Applicable Laws or be agreed upon by the Manager after consultation with the Auditors. A copy of such statements relating to the Fund shall be forwarded to each Unitholder in the Fund by the Manager within 60 days following the end of such six month period.
- c) The Manager shall approve the annual financial statements referred to in paragraph 8.4(a) and shall authorize two appropriate persons employed by the Manager to sign those financial statements to evidence that approval; such approval to be given on or

before the date on which such financial statements are mailed to Unitholders or are included in, or required to be delivered to investors with, a Prospectus of the Fund.

- d) In the absence of the filing in writing with the Manager or the Trustee of any objection to the statements or reports supplied in accordance with this Section 8.4 within 180 days of their mailing, Unitholders shall be deemed to have approved such statements or reports and the Manager and the Trustee, their Affiliates, officers, employees and agents shall be released, relieved and discharged with respect to all matters and things set forth in the statements and reports (except for such matters or things with reference to which any objection in writing has been filed with the Manager or the Trustee and except for any loss or other diminution of the assets of the Funds resulting from the gross negligence, wilful misconduct or lack of good faith of the Manager or the Trustee) as if they had been settled by the decree of a court of competent jurisdiction.

8.5 Statements for Unitholders.

Within 140 days following the end of each Fiscal Year, the Manager shall furnish or cause to be furnished to each Unitholder a statement of such Unitholder's account, which will include a summary of all transactions for its account during each year. The Manager shall on or before March 31 of each year furnish or cause to be furnished to each Unitholder all information required by the Unitholder to properly report its income under the Tax Act or similar legislation of any province of Canada with respect to the Fiscal Year next preceding such time.

SECTION 9 POWERS AND DUTIES OF TRUSTEE

9.1 General Powers.

The Trustee shall have all the powers of a natural person including the powers, rights and authority necessary to enable the Trustee to carry out its duties and obligations under this Agreement. Except as specifically required by any law or by the express provisions hereof, the Trustee, in carrying out investment activities, shall not be in any way restricted by the provisions of any jurisdiction limiting or purporting to limit investments which may be made by trustees. The enumeration of specific powers and authorities granted in Section 9.2 are in addition to the general powers granted herein or by statute and shall not be construed as limiting the general powers or authority or any other specific power or authority conferred herein on the Trustee.

9.2 Specific Powers.

Subject to the provisions of Section 16.1 and the powers of the Manager to manage and direct the investment of each Fund hereof, the Trustee acting on behalf of the Funds without any action or consent by the Unitholders shall have and may exercise, at any time and from time to time, with respect to each Fund, the following powers and authorities to be exercised as directed from time to time by the Manager:

- a) to subscribe for, to invest and reinvest funds in, and to hold for investment, securities, instruments and other property including, but without being limited to, governmental, corporate or personal obligations; trusts and participation certificates; preferred and

common shares; options, warrants and similar instruments of all types; certificates of deposit; repurchase agreements and reverse repurchase agreements; short-term investments; evidences of indebtedness of, or ownership in, foreign corporations or enterprises; indebtedness of foreign governments, foreign agencies and international organizations; Eurodollar or foreign currency deposits; instruments and securities of Canadian and foreign banks (including without limitation, the Trustee and its Affiliates); securities issued by mutual funds, pooled funds or other commingled investment vehicles (including, without limitation, those maintained, sponsored, advised and/or managed by the Trustee or its Affiliates) even though the same may not be legal investments for trustees under any present or future laws of any jurisdiction to the extent not otherwise prohibited by law;

- b) to conduct foreign exchange transactions on behalf of a Fund or to enter into such transactions with counterparties, including its Affiliates;
- c) to sell, convey, exchange for other securities or other property, convert, transfer, assign, pledge, encumber or otherwise dispose of any securities or other property held by it at any time and to receive the consideration and grant discharges therefore and with respect to transactions not placed through the Trustee, the Trustee shall have no duty or responsibility to take any steps to obtain delivery of a security or other property from brokers or others either against payment or free of payment except that the Trustee shall accept delivery of securities and other property in good, deliverable form in accordance with the directions of the Manager;
- d) to enter into hedging or swap transactions and exercise any conversion privileges, subscription rights, warrants and/or other rights or options available in connection with any securities or other property of each Fund at any time held by the Trustee, and to make any payments incidental thereto; to consent to, or otherwise participate in or dissent from, the reorganization, consolidation, amalgamation or merger of any corporation, company or association, or to the sale, mortgage, pledge or lease of the property of any corporation, company or association, any of the securities of which may at any time be held by it, and to do any act with reference thereto, including the delegation of discretionary powers, the exercise of options, the making of agreements or subscriptions and the payment of expenses, assessments or subscriptions which it may deem necessary or advisable in connection therewith; to hold any securities or other property which it may so acquire and generally to exercise any of the powers of an owner with respect to securities or other property held in each Fund provided that the Trustee shall not be required to take such actions until it has first been indemnified, as applicable, to its reasonable satisfaction against any fees and expenses or liabilities which it may incur as a result thereof;
- e) to vote personally, or by general or by limited proxy, any securities or other property which may be held by it at any time, and similarly to exercise personally or by general or by limited power of attorney any right appurtenant to any securities or other property held by it at any time provided that the Trustee shall not be required to take any such

actions until it has been indemnified, as applicable, to its reasonable satisfaction against any fees and expenses or liabilities which it may incur as a result thereof;

- f) to renew or extend or participate in the renewal or extension of any securities or other property, upon such terms as it may deem advisable, and to agree to a reduction in the rate of interest on any security or other property or of any guarantee pertaining thereto, in any manner and to any extent that it may deem advisable; to waive any default whether in the performance of any covenant or condition of any security or other property, or in the performance of any guarantee, or to enforce rights in respect of any such default in such manner and to such extent as it may deem advisable; to exercise and enforce any and all rights of foreclosure, to bid on property on sale or foreclosure with or without paying a consideration therefor and in connection therewith to release the obligation on the covenant secured by such security and to exercise and enforce in any action, suit or proceeding at law or in equity any rights or remedies in respect of any such security or guarantee pertaining thereto;
- g) to borrow (including the right to borrow from itself or any of its Affiliates) money against the assets of each Fund, as directed by the Manager, who in giving such direction shall be deemed to certify to the Trustee that such borrowing is to the extent and for the purposes specified in NI 81-102, provided that the principal of and interest charged on such borrowing shall be paid out of such Fund and shall constitute a charge against such Fund and not against any other Fund of the PenderFund Mutual Funds;
- h) if permitted by the laws, regulations, requirements, rules or policies of the British Columbia Securities Commission, to purchase, hold, sell and exercise call and put options on stocks, fixed income securities, stock and fixed income indices, or financial and stock index futures contracts or other similar financial instruments and to purchase, hold and sell financial and stock index futures contracts, or other similar financial instruments provided that such options, futures contracts or other similar financial instruments are traded on a regulated exchange;
- i) to do all such acts, take all such proceedings and exercise all such rights and privileges, although not specifically mentioned herein, as the Trustee may deem necessary to administer each of the Funds, and to carry out the purposes of this Agreement
- j) to commence, defend, adjust or settle suits or legal proceedings in connection with a Fund and to represent such Fund in any such suits or legal proceedings and to keep the Manager informed; provided, however, that the Trustee shall not be obliged or required to do so unless it has been indemnified to its satisfaction against all expenses and liabilities sustained or anticipated by the Trustee by reason thereof;
- k) to make, execute, acknowledge and deliver any and all deeds, leases, mortgages, conveyances, contracts, waivers, releases or other documents of transfer and any and all other instruments in writing that may be necessary or proper for the accomplishment of any of the powers herein granted, whether for a term extending beyond the office of the Trustee or beyond the possible termination of a Fund or for a lesser term;

- l) to hold and retain the cash balances of each Fund in the deposit department of a deposit taking Affiliate of the Trustee or one of its Affiliates without it or its Affiliates being liable to account for any profit to the Fund, the Manager or any other person other than at a rate established from time to time by the Trustee or its such Affiliate; or to invest such cash balances in short term interest bearing or discount debt obligations issued or guaranteed by the Government of Canada or a Province thereof or a Canadian chartered bank or trust company (which may include the Trustee or an Affiliate of the Trustee), provided that each such obligation is rated at least R1 (middle) by DBRS Inc. or an equivalent rating service; and
- m) to delegate any or all of the powers and duties of the Trustee to any one or more agents, representatives, officers, employees, independent contractors or other persons which may include Affiliates of the Trustee without liability to the Trustee.

In addition to the above, the Trustee shall have the following powers and authority in the administration of the Funds to be exercised in its sole discretion

- a) to incur and pay out of the property of each Fund any charges or expenses incurred in respect of such Fund in accordance with the provisions of this Agreement;
- b) to hold eligible securities through the facilities of depositories or clearing agencies such as The Canadian Depository for Securities Limited or the Depository Trust Company, or any other domestic or foreign depository or clearing agency which is duly authorized to operate a book-based system (including a transnational book based system) in the country, province, state or other political subdivision of any country in which such depository or clearing agency is located, as the Trustee may determine, so long as the Trustee's records clearly indicate that the assets held are part of the applicable Fund and provided the Trustee shall not be responsible for any losses resulting from the deposit or maintenance of securities or other property (in accordance with market practice, custom or regulation) with any recognized foreign or domestic clearing facility, book entry system, centralized custodial depository or similar organization;
- c) to register the securities or other property of each Fund in its own name or in the names of nominees, or in bearer form if the investment is not registrable or it would not be in the best interest of such Fund to do otherwise; and the Trustee is hereby expressly empowered to keep the same, wholly or partly, in the principal office of the Custodian or in any one of its branches in any province of Canada or in any other jurisdiction, or at the office of any other financial institution including an Affiliate of the Trustee (any such financial institution hereinafter referred to as a "subcustodian") that meets the criteria specified in NI 81-102 and that is authorized to act as a custodian of securities by the laws of any country, province, state or any other political subdivision of any country in which such financial institution is located, all as the Trustee may determine so long as the Trustee's records clearly indicate that the assets held are a part of the applicable Fund; and

- d) to employ such counsel, auditors, advisors, agents or other persons as the Trustee may deem necessary from time to time for the purpose of discharging its duties hereunder and to allocate and pay out of each Fund their reasonable expenses and compensation.

The exercise of any one or more of the foregoing powers or any combination thereof from time to time shall not be deemed to exhaust the rights of the Trustee to exercise such power or powers or combination of them thereafter from time to time.

Notwithstanding the foregoing and any other provision of this Agreement, the Trustee may dispose of any assets of a Fund on such terms as the Trustee may determine in order to pay any obligations imposed on such Fund or repay any loan authorized by this Agreement.

9.3 Contractual Income.

The contract between the Manager and the Custodian as contemplated in Section 16.2 may provide that the Custodian shall credit a Fund with income and maturity proceeds on securities or other property on contractual payment date net of any taxes or upon actual receipt as agreed to between the Manager and the Custodian and that to the extent the Manager and the Custodian have agreed to credit income on contractual payment date, the Custodian may reverse such accounting entries with back value to the contractual payment date if the Custodian reasonably believes that such amount will not be received by it.

9.4 Contractual Settlement.

The contract between the Manager and the Custodian as contemplated in Section 16.2 may provide that the Custodian will attend to the settlement of securities or other property transactions on the basis of either contractual settlement date accounting or actual settlement day accounting as agreed between the Manager and the Custodian. To the extent the Manager and the Custodian have agreed to settle certain securities or other property transactions on the basis of contractual settlement date accounting, the Custodian shall be entitled to reverse with back value to the contractual settlement day any entry relating to such contractual settlement where the related transaction remains unsettled in accordance with established procedures.

9.5 Settlement of Transactions.

Settlements of transactions may be effected in trading and processing practices customary in the jurisdiction or market where the transaction occurs. The Manager acknowledges that this may, in certain circumstances, require the delivery of cash or securities (or other property) without the concurrent receipt of securities (or other property) or cash and, in such circumstances, the Manager shall have responsibility for non-delivery (or late delivery) of securities or other property, or for non-receipt of payment (or late payment) by the counterparty.

9.6 Overdrafts

If an Authorized Instruction would create a debt owing, overdraft or short position in a portion of the Fund (an “Overdraft”), then the Trustee is authorized to, but not obliged to, act on the Authorized Instructions provided, however, that, if the Trustee so acts, and the Fund fails to repay or redeliver on demand any cash or Securities advanced by or through the Trustee or its Affiliates, the Trustee shall be entitled to apply any cash held in the Fund against any amount owing under this section and/or dispose of any assets of the Company or the Fund and to apply any proceeds of such disposal to the payment of any amount due from the Company or the Fund to the Trustee or

its Affiliates against any amount owing under this section. The Trustee shall have a security interest in the Fund in an amount not to exceed the amount of the Overdraft.

Interest on any Overdraft in a Canadian dollar account shall be calculated on the daily balance of the amount owing (before and after demand, default and judgment) at a rate established by the Trustee or an Affiliate as applicable as determined from time to time, subject to such minimum charges as declared from time to time, with interest on overdue interest at the same rate. Interest is payable monthly and shall form part of the Overdraft. Charges on certain foreign currency accounts shall be established by the relevant sub-custodian from time to time using the rates or charges applicable to the relevant foreign market.

For the purpose of setting off cash balances of the Fund against Overdrafts outstanding under this Section 9.6, the Trustee is authorized to enter into spot or forward foreign exchange contracts, as principal or agent, with or for the Company or the Fund.

SECTION 10 VOTING OF PORTFOLIO SECURITIES

10.1 Right to Vote Securities.

Any shares or other securities carrying voting rights from time to time held as part of the assets of a Fund may be voted at any and all meetings of shareholders, bondholders, debenture holders, debenture stockholders or holders of other securities, as the case may be, by the Manager in such manner and by such person or persons as it may from time to time determine. No Unitholder shall have the right to interfere in or complain of such matters. The Trustee shall provide the Manager with such forms of proxy and shall on instructions of the Manager take such other commercially reasonable steps as may be necessary to permit the Manager validly to exercise all voting rights attached to a Fund's securities. If the laws applicable to an issuer do not permit the Manager to exercise such voting rights, the Trustee will exercise such voting rights on behalf of the Manager upon receipt of written instructions from the Manager. In the event that a sub-advisor is appointed by the Manager, such voting rights may be delegated by the Manager to the sub-advisor in its discretion.

SECTION 11 FEES, COMPENSATION AND EXPENSES

11.1 Trustee's Fee.

For its services hereunder, the Trustee shall receive an annual fee which shall be paid by the Manager. The amount of this annual fee shall be as agreed from time to time between the Trustee and the Manager. In the absence of agreement, the Trustee shall be entitled to its usual and reasonable fees for such services. Despite the foregoing, during any period in which the Trustee and the Manager are the same company no fees shall be payable in respect of providing the services of the Trustee hereunder.

SECTION 12 **TRUSTEE LIABILITY AND INDEMNIFICATION**

12.1 Standard of Care.

Except as otherwise provided in any other general or particular provision of this Agreement, in performing its obligations and duties hereunder, the Trustee shall act honestly, in good faith and in the best interests of the Funds and shall exercise the care, diligence and skill that a person of reasonable prudence would exercise in dealing with the property of another person; and further provided that the Trustee shall not be responsible or liable for any losses or damages suffered by any of the Funds arising as a result of the insolvency of any sub-custodian.

To the extent that the Trustee has delegated the performance of its rights, duties, powers, discretions, authorities, obligations and responsibilities under this Agreement to the Manager, the Trustee shall be deemed to have satisfied the standard of care set out in this Section 12.1 in respect of such rights, duties, powers, discretions, authorities, obligations and responsibilities. For greater certainty, it is expressly acknowledged that the delegation by the Trustee of its rights, duties, powers, discretions, authorities, obligations and responsibilities to the Manager as provided herein shall be deemed to be in the best interests of the Funds and the Unitholders and the Trustee shall be deemed to have satisfied the aforesaid standard of care in respect of such rights, duties, powers, discretions, authorities, obligations and responsibilities.

12.2 Reliance.

The Trustee, its Affiliates or any officer, employee or agent of the Trustee may employ or engage, and rely and act upon any statement, report, opinion, information or advice prepared or received from distributors, brokers, depositories, the Custodian, sub-custodians, electronic data processors, auditors, solicitors or other advisors of a Fund or Funds and shall not be responsible or held liable for the acts or omissions of such persons or any loss or damage resulting from so relying or acting if the Trustee acted in good faith in relying thereon.

The Trustee, its Affiliates or any officer, employee or agent of the Trustee shall in no way be responsible for, nor shall incur any liability based on, the action or failure to act or acting pursuant to or in reliance on instructions of the Manager (in its capacity as manager, transfer agent or otherwise), the Custodian, any sub-custodian retained or appointed by the Custodian or any person or organization to whom its responsibilities may be delegated.

12.3 General Disclaimer of Liability.

The Trustee, its Affiliates or any officer, employee or agent of the Trustee shall not be liable to the Manager, the Funds or to any Unitholder for any loss or damage relating to any matter regarding the Funds, including without restriction or limitation any loss or diminution in the value of any Fund or its assets, for any reason except to the extent attributed to its own bad faith, wilful misconduct, gross negligence or reckless disregard of its duties hereunder.

The Trustee, its Affiliates or any officer, employee or agent of the Trustee shall not be responsible or liable to the Funds, the Manager or any Unitholder for any claims, losses or damages whatsoever resulting from any event beyond the reasonable control of the Trustee or its agents, including but not limited to nationalization, strikes, expropriation, devaluation, seizure, or similar action by any

governmental authority, de facto or de jure; or enactment, promulgation, imposition or enforcement by any such governmental authority of currency restrictions, exchange controls, levies or other charges affecting a Fund's property; or the breakdown, failure or malfunction of any utilities or telecommunications systems; or the breakdown, failure or malfunction of any utilities or telecommunications systems; or any order or regulation of any banking or securities industry including changes in market rules and market conditions affecting the execution or settlement of transactions; or acts of war, terrorism, insurrection or revolution; epidemic; or acts of God; or any similar or third party event. This Section shall survive the termination of this Agreement.

12.4 Indemnification of Trustee.

The Funds and the Manager shall jointly and severally indemnify and save harmless the Trustee, its Affiliates or any officer, employee or agent of the Trustee from and against.

- a) all claims whatsoever, (including legal fees, other costs, charges and expenses in connection therewith) brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of the Trustee's duties hereunder; and
- b) all other costs, charges, and expenses which it sustains or incurs in or about or in relation to the affairs of the Funds.

12.5 Exception.

Section 12.4 does not apply to the extent that any such claim, cost, charge or expense has been caused by the gross negligence or wilful misconduct on the part of the Trustee and its Affiliate Trustee.

12.6 Survival of Indemnity.

Any termination of this Agreement or the Trustee shall not affect any obligation of the Manager or the Funds arising prior to such termination in favour of the Trustee, its Affiliates, or any officer, employee or agent of the Trustee, including without limitation the obligation to indemnify by reason of any matter which has arisen or circumstances which have occurred prior to such termination.

12.7 Prior Trustee.

The Trustee shall have no duties, responsibility or liability in connection with any Fund for the acts or omissions of a prior trustee, custodian or their agents, if any, relating to such Fund.

SECTION 13 CHANGE OF TRUSTEE

13.1 Resignation of Trustee.

The Trustee or any successor trustee may resign as trustee under this Agreement by giving notice to the Manager, not less than 45 days prior to the date when such resignation shall take effect.

Such resignation shall take effect on the date specified in such notice, unless at or prior to such date a successor trustee shall be appointed by the Manager in which case such resignation shall take effect immediately upon the appointment of such successor trustee.

The Manager shall appoint a new trustee to assume the office of the Trustee hereunder upon the effective date of the resignation or removal of the Trustee and shall notify the Trustee in writing of the appointment of such a successor to the Trustee. If the Manager fails to appoint a new trustee within 30 days of the date of notice provided by the Trustee, the Unitholders may elect, by a majority of the votes cast, a successor trustee at a meeting of Unitholders to be held by the Manager for such purpose within 30 days thereafter. If the Manager fails to appoint and the Unitholders fail to elect a successor to the Trustee within 60 days of the date of the notice of the Trustee's resignation, this Agreement and the Funds hereby established shall terminate in accordance with Section 20.

13.2 Removal of Trustee.

The Manager may remove the Trustee effective upon the later of 45 days' written notice and the appointment of a successor trustee.

13.3 Obligations on Resignation or Removal.

Any successor trustee so appointed must be authorized under Applicable Laws of Canada or a province thereof to act as a trustee of the Funds. Upon the election or appointment of a successor to the Trustee, the Trustee shall promptly transfer all the assets of each Fund together with all accounts and records that the Trustee is required to maintain to the successor to the Trustee. The Trustee, upon the effective date of removal or resignation, shall provide the Manager or the successor to the Trustee with any information from its records that the Manager or the successor to the Trustee may reasonably require for the purposes of this Agreement and shall be reimbursed for the reasonable costs and expenses thereof.

SECTION 14 CONCERNING THE UNITHOLDERS

14.1 Status of Unitholders.

The ownership of all property of each Fund of every description and the right to conduct the affairs of each Fund are vested exclusively in the Trustee and the Unitholders shall have no interest other than the beneficial interest conferred by their Units provided for in this Agreement, and Unitholders shall have no right to call for any partition, division or distribution of any portion of the property of any Fund nor shall they be called upon to share or assume any losses of such Fund or any other Fund of the PenderFund Mutual Funds or suffer any assessment or further payments to such Fund or any other Fund of the PenderFund Mutual Funds or the Trustee of any kind by virtue of their ownership of Units. The Units shall be personal property and shall confer upon their holders only the interest and rights specifically set out in this Agreement. No Unitholder has or is deemed to have any right of ownership in any of the assets of a Fund.

Each Fund is an open-ended unincorporated trust. Each Fund is not and is not intended to be, shall not be deemed to be, and shall not be treated as a general partnership, limited partnership,

syndicate, association, joint venture, company, corporation or joint stock company nor shall the Trustee, the Manager or the Unitholders or any of them for any purpose be or be deemed to be treated in any way whatsoever as liable or responsible hereunder as partners or joint ventures. Neither the Trustee nor the Manager shall be or be deemed to be an agent of the Unitholders. The relationship of the Unitholders to the Trustee shall be solely that of beneficiaries of the Funds.

14.2 Liability of Unitholders.

No Unitholder of any Fund shall be held to have any personal liability as such and no resort shall be had to a Unitholder's private property for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of a Fund, the Manager or the Trustee or any obligation which requires a Unitholder to indemnify the Trustee for any personal liability incurred by the Trustee as such, but rather the assets of the Funds only are intended to be liable and subject to levy or execution for such satisfaction. If any Fund acquires any investments subject to existing contractual obligations, the Manager or the Trustee, as the case may be, shall use its best efforts to have any such obligations modified so as to achieve disavowal of contractual liability as contemplated by this Section 14.2. Further, the Trustee and the Manager shall cause the operations of each Fund to be conducted, with the advice of counsel, in such a way and in such jurisdictions as to avoid, as far as possible, any material risk of liability on the Unitholders for claims against such Fund.

14.3 Indemnification of the Fund.

If, contrary to the provisions of Section 14.2, any Unitholder shall be held personally liable as such to any other person in respect of any debt, liability or obligation incurred by or on behalf of any Fund, or any action taken on behalf of any Fund, such Unitholder shall be entitled to indemnity and reimbursement out of such Fund to the full extent of such liability and to the costs of any litigation or other proceedings in which such liability shall have been determined, including without limitation the fees and disbursement of counsel.

SECTION 15 MEETINGS OF UNITHOLDERS

15.1 Meetings.

The Trustee or the Manager may convene with respect to a Fund, but shall be under no obligation to convene unless requested by one or more Unitholders holding in the aggregate 50% or more of the outstanding Units of the Fund and until funded and indemnified to its reasonable satisfaction for fees and costs associated therewith, at any time, a meeting of the Unitholders of that Fund. Meetings of Unitholders shall be held to obtain the approval of Unitholders for those matters for which Unitholder approval is required under NI 81-102.

15.2 Place and Time of Meetings.

Meetings of Unitholders shall be held at such place within Canada, at such time and on such day as the person calling the meeting may from time to time determine.

15.3 Notice of Meeting.

Except as specifically provided elsewhere in this Agreement, meetings of Unitholders may be held at any time on not fewer than 21 days' notice but in no case shall notice be given more than 50 days before the date of the meeting.

Such notice shall contain, or be accompanied by, a statement that includes a description of the matter or matters in respect of which the meeting is called and such additional information as may be required by NI 81-102 and all other information and documents necessary to comply with applicable proxy solicitation requirements for the meeting.

15.4 Record Dates.

The Manager may set a record date for determining Unitholders entitled to notice and voting at the meeting which shall be determined in accordance with Applicable Laws.

15.5 Votes.

A Unitholder shall be entitled to one vote for each whole Unit of each Fund held by it. Units of each Fund shall be voted separately. Resolutions may be passed by a majority vote at a meeting of Unitholders (including their proxies) represented at the meeting provided that a quorum exists.

15.6 Quorum.

The quorum for the transaction of business at a meeting of Unitholders of that Fund is one or more Unitholders entitled to vote at the meeting whether in person or by proxy who hold, in the aggregate, at least ten (10) Units entitled to be voted at the meeting.

15.7 Proxies.

Every Unitholder entitled to vote at a meeting of Unitholders may, by means of a proxy, appoint a person as his nominee, who need not be a Unitholder, to attend and act at the meeting in the manner, to the extent and with the power conferred by the proxy. A proxy shall be executed by the Unitholder or his attorney authorized in writing, or if the Unitholder is a body corporate, under its corporate seal or by an officer or attorney thereof duly authorized and ceases to be valid one year from its date. Proxies must be deposited with the person calling the meeting of Unitholders prior to the taking of the vote for which the proxy is being exercised. A proxy may be revoked by an instrument in writing executed in the same manner as required for the execution of a proxy.

15.8 Procedure.

Meetings of Unitholders shall be chaired by a person appointed by the Manager or, if the Manager fails to appoint, a person appointed by the Trustee or failing such appointment by a Unitholder elected by those present at such meeting. Subject to this Agreement, the Manager and the Trustee may set procedures relating to the notice, holding and conduct of meetings of Unitholders and matters incidental thereto.

15.9 Written Consent in Lieu of Meeting.

Notwithstanding any provisions of this Agreement, the written consent of Unitholders holding 50% or more of the outstanding Units of a Fund to any action shall be as effective with respect to such Fund as if such action were approved at a duly called meeting of Unitholders.

SECTION 16 INVESTMENT, CUSTODIAN

16.1 Investments.

The Trustee shall from time to time sell any or all of such investments and reinvest the proceeds thereof or exchange any or all of such investments for other investments, always only in accordance with the express written directions of the Manager. The Trustee and the Manager, in carrying out investment activities, shall not be in any way restricted by the provisions of the laws of any jurisdiction limiting or purporting to limit investments which may be made by trustees but shall be limited by any investment restrictions to which a Fund is subject in this Agreement, in a Schedule or under Applicable Laws including NI 81-102. The Manager shall have the sole responsibility to ensure that all investments of the assets of each Fund are made in such a way as to comply with any statement made in any Schedule describing such Fund and so as to comply with this Agreement and with Applicable Laws. The Manager may enter into contracts with investment managers and advisors appointed by it with respect to the portfolios of the Funds, which contracts shall require the investment managers and advisors to comply with the investment objectives, restrictions, policies and principles of the Funds as the same exist from time to time. The Manager shall pay out of its management fees the fees of any investment manager or advisor appointed by it with respect to the Funds.

16.2 Custodian of Assets.

The Manager is hereby authorized and shall appoint a custodian of the Funds (the “Custodian”) for the purposes of performing the custodial and related responsibilities under this Agreement. Such Custodian may be an Affiliate of the Trustee. Unless as otherwise directed by the Manager or required by law, the Trustee shall deposit certain assets of the Funds with the Custodian for safekeeping and administration and the Manager shall cause the Custodian to establish a custody agreement with it. The Manager shall have authority to appoint a new custodian of the assets of any or all Funds and to make contractual arrangements for that purpose. The contract with any such Custodian may include provisions whereby the Manager may give instructions directly to such Custodian concerning the investment of the assets of such Fund or Funds and the Custodian may act thereon without approval by the Trustee and may provide for the appointment of sub-custodians. The Trustee shall be under no obligation to supervise and shall have no responsibility or liability for acts of omission or commission of any such Custodian or sub-custodian under such arrangements.

SECTION 17 REPORTS AND EXECUTION OF DOCUMENTS

17.1 Documents Affecting Trustee.

The Manager will provide to the Trustee copies of all agreements, literature, certificates, Prospectuses, advertisements, printed matter and other material which relate to the functions being performed hereunder or which may affect the Trustee, except material which is circulated among or sent to employees of the Manager or Unitholders and correspondence in the ordinary course of business.

17.2 Execution of Documents.

The Trustee shall have authority to sign on behalf of each Fund all documents in writing authorized or required hereunder and any documents in writing so signed shall be binding upon such Fund without any further authorization or formality. The Trustee shall have power from time to time to appoint any person or persons on behalf of the Funds either to sign documents in writing generally or to sign specific documents in writing. The certificate in any Prospectus required to be signed by the Trustee shall be signed by the Manager, to whom authority to so sign is hereby delegated.

17.3 Execution of Documents by Manager.

Any approval, consent, direction, order or request required or permitted by this Agreement to be given or made by the Manager shall (except where otherwise expressly provided herein) be sufficiently given or made if expressed in writing signed in the name of the Manager by its duly authorized representative designated from time to time in writing. If at any time, the Manager shall fail to give or make any such approval, consent, direction, order or request as required by this Agreement and no express provision is made for the action to be taken by the Trustee in such event, the Trustee may act herein without any such approval, consent, direction, order or request, in its own discretion.

SECTION 18

NOTICE

18.1 Notice to Unitholders.

Any notice to be given or any document or instrument in writing to be sent to a Unitholder may be effectively given or sent by mailing it to him by ordinary post addressed to him at his address appearing in the Register and shall be conclusively deemed to have been received by the Unitholder on the second day after it was so mailed, provided that the accidental failure to give notice to any Unitholder shall not affect any action taken pursuant to such notice. The failure by the Trustee or the Manager, by accident or omission or otherwise unintentionally, to give any Unitholder any notice provided for in this Agreement shall not affect the validity, effect, taking effect or time of taking effect of any action referred to in such notice, and neither the Trustee nor the Manager shall be liable to any Unitholder for this failure.

18.2 Notice to Manager.

Any notice, direction or other communication under this Agreement to the Manager shall be in writing addressed to the Manager as follows:

PenderFund Capital Management Ltd.
1830 - 1066 West Hastings St.
Vancouver BC
V6C 3X2

Attention: CEO
Facsimile: (604) 563-3199

18.3 Notice to Trustee.

Any notice, direction or other communication under this Agreement to the Trustee or the Custodian shall be in writing addressed to the Trustee as follows:

PenderFund Capital Management Ltd.
1830 - 1066 West Hastings St.
Vancouver BC
V6C 3X2

Attention: CEO
Facsimile: (604) 563-3199

18.4 Delivery.

Notices, directions or other communications may be delivered personally by leaving it at the address specified herein during business hours or sent by mail or facsimile. Such notice shall be deemed to have been delivered at the time of personal delivery or on leaving at such address, or on the second (2nd) Business Day following the day of mailing if sent by registered mail or on the fifth (5th) Business Day following the day of mailing if sent by ordinary mail (unless delivery by mail is likely to be delayed by strike or slowdown of postal workers, in which case, it shall be deemed to have been given when it would be delivered in the ordinary course of the mail allowing for such strike or slowdown), or on the first (1st) Business Day following the day of receipt by the receiving machine, if sent by facsimile. Any party may change its address by giving notice to the others in the manner set forth in this Section.

SECTION 19 AMENDMENT

19.1 Amendment.

Any provision of this Agreement or a Schedule may be amended, deleted, expanded or varied by the agreement of the Trustee and the Manager, if the amendment is:

- a) not materially adverse to Unitholders in the opinion of counsel to the Trustee; or
- b) in the opinion of counsel to the Trustee, is necessary or desirable to comply with Applicable Laws and notice of the amendment is given to Unitholders forthwith.

Any provision of this Agreement or a Schedule may be amended, deleted, expanded or varied by the Manager, provided such amendment, deletion, expansion or variation shall not take effect until after a Valuation Date specified in a notice sent by the Manager to the Unitholders and the Trustee at least 30 days prior thereto and provided that the Trustee must consent in writing to any amendment, deletion, expansion or variation which affects the rights, powers and duties of the Trustee. The notice shall either summarize the effect of the amendment or contain the full text of the amendment. Where an amendment only affects a particular Fund or Funds, the notice described above need only be sent to Unitholders of such Fund or Funds and to the Trustee. No

amendment shall operate, directly or indirectly, to impair or deprive any Unitholder of the value of its participation in any of the Funds as of the Valuation Date coinciding with or next preceding the day the amendment is effective.

Notwithstanding the foregoing, no amendment shall be made to this Agreement without the approval of Unitholders given at a meeting called and held in accordance with Section 15 if the amendment is one for which Unitholder approval is required under NI 81-102.

SECTION 20 TERMINATION OF FUND

20.1 Termination.

A Fund shall be terminated:

- a) at any time by the Manager on a Valuation Date on 30 days' notice to the Unitholders;
- b) at any time by resolution of the Unitholders of such Fund passed by a majority of the votes cast at a meeting of such Unitholders called for such purpose; or
- c) in accordance with the provisions of Sections 13.1 and 14.1.

20.2 Effect of Termination.

Immediately after such termination, the right of Unitholders to require payment for all or any of their Units shall be suspended and the Manager shall make appropriate arrangements in consultation with the Trustee for converting the investments of the affected Fund into cash. After payment of the liabilities of such Fund, each Unitholder registered as such at the close of business on the date of the termination shall be entitled to receive from the Trustee his proportionate share of the value of such Fund in accordance with the number of Units which he then holds. If, 6 months after the date of termination of such Fund, the Trustee is unable to locate any Unitholder as shown on the register of such Fund, the amount that would be distributed to such Unitholder shall be deposited by the Trustee with the Custodian or with any other banking Affiliate of the Trustee in the name of the Unitholder and the Trustee shall thereupon be released from any and all further liability with respect to the monies and thereafter the Unitholder shall have no rights as against the Trustee to the monies or an accounting therefor other than the right to demand payment from the account of the Custodian or such banking affiliate of the Trustee, as applicable.

SECTION 21 GENERAL

21.1 Governing Law.

This Agreement and the trusts hereby created shall be governed by and construed in accordance with the laws of the Province of British Columbia and the responsibilities of the Trustee shall be principally performed from its office at Toronto unless otherwise agreed by the Manager and the Trustee.

IN WITNESS WHEREOF this Agreement has been executed by the proper signing officers of the parties hereto, duly authorized in that regard.

**PENDERFUND CAPITAL
MANAGEMENT LTD.**

In its capacity as Manager of the Funds

By: (signed) "David Barr"

Name: David Barr
Title: Chief Executive Officer

By: (signed) "Amanda Patterson"

Name: Amanda Patterson
Title: Chief Financial Officer

**PENDERFUND CAPITAL
MANAGEMENT LTD.**

In its capacity as Trustee of the Funds

By: (signed) "David Barr"

Name: David Barr
Title: Chief Executive Officer

By: (signed) "Amanda Patterson"

Name: Amanda Patterson
Title: Chief Financial Officer

Schedule A – Fund Details

Pender Bond Universe Fund

Classes Authorized: A, E, F, F (US\$), O
Investment in Specified Derivatives: Yes
Valuation Frequency: Daily
Distribution Date: Last Valuation Date of each month

Pender Corporate Bond Fund

Classes Authorized: A, A (US\$), E, F (formerly named Class I), F (US\$) (formerly named Class I (US\$)), H, H (US\$), N, O, U
Investment in Specified Derivatives: Yes
Valuation Frequency: Daily
Distribution Date: Last Valuation Date of each month

Pender Global Small/Mid Cap Equity Fund (*formerly, Pender Value Fund*)

Classes Authorized: A, E, F (formerly named Class I), H, O
Investment in Specified Derivatives: Yes
Valuation Frequency: Daily
Distribution Date: December of each year

Pender Small Cap Opportunities Fund

Classes Authorized: A, B, E, F, G, H, I, M, N, O
Investment in Specified Derivatives: Yes
Valuation Frequency: Daily
Distribution Date: December of each year

Pender Strategic Growth and Income Fund (*formerly, Pender Enhanced Income Fund*)

Classes Authorized: A, E, F (formerly named Class I), O
Investment in Specified Derivatives: Yes
Valuation Frequency: Daily
Distribution Date: Last Valuation Date of each calendar quarter

Pender US Small/Mid Cap Equity Fund

Classes Authorized: A, E, F, O
Investment in Specified Derivatives: Yes
Valuation Frequency: Daily
Distribution Date: December of each year

Pender Alternative Absolute Return Fund

Classes Authorized: A (formerly named Class H), A (US\$) (formerly named Class H(US\$)), AF, E, F (formerly named Class I), F (US\$) (formerly named Class I (US\$)), FF, N, O
Investment in Specified Derivatives: Yes

Schedule A – Fund Details

Valuation Frequency:	Daily
Distribution Date:	Last Valuation Date of each month
Pender Alternative Arbitrage Fund	
Classes Authorized:	A (formerly named Class H), AF, E, F (formerly named Class I), F (US\$) (formerly named Class I (US\$)), FF, O
Pender Alternative Arbitrage Plus Fund	
Investment in Specified Derivatives:	Yes
Valuation Frequency:	Daily
Distribution Date:	December of each year
Pender Alternative Multi-Strategy Income Fund (<i>formerly, Pender Value Fund II</i>)	
Classes Authorized:	A, E, F (formerly named Class I), O
Investment in Specified Derivatives:	Yes
Valuation Frequency:	Daily
Distribution Date:	Last Valuation Date of each calendar quarter
Pender Alternative Select Equity Fund (<i>formerly, Purpose Select Equity Fund</i>)	
Classes Authorized:	A, F, O
Investment in Specified Derivatives:	Yes
Valuation Frequency:	Daily
Distribution Date:	December of each year
Pender Alternative Special Situations Fund (<i>formerly, Pender Special Situations Fund</i>)	
Classes Authorized:	A, E, F (formerly named Class I), O
Investment in Specified Derivatives:	Yes
Valuation Frequency:	Daily
Distribution Date:	December of each year

Schedule B – Investment Objectives of the Funds

Pender Bond Universe Fund

The objective of the Pender Bond Universe Fund is to preserve capital and generate returns through current income and capital appreciation. The Fund invests primarily in investment grade fixed income securities. 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.

Pender Corporate Bond Fund

The objective of the Pender Corporate Bond Fund is to preserve capital and generate returns through current income and capital appreciation. 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.

Pender Global Small/Mid Cap Equity Fund (*formerly, Pender Value Fund*)

The primary objective of the Pender Global Small/Mid Cap Equity Fund is to achieve capital growth over the long-term, while being sufficiently diversified to mitigate volatility. The Fund will invest primarily in Canadian and US securities but may also invest in foreign securities. The Fund will focus on businesses that have the potential for growth over the long term and have securities that trade at

Pender Small Cap Opportunities Fund

Pender Small Cap Opportunities Fund invests in a concentrated portfolio of well-managed businesses, with strong competitive positions, which are overlooked by the market and have the potential for significant capital appreciation. These businesses may be in Canada, the United States or in other foreign jurisdictions with a primary emphasis on companies with a small market capitalization. The Fund may also invest in any securities regardless of market capitalization, sector or region, including foreign equities where opportunities warrant. In some situations, the Fund may invest directly in companies, through private placements or public offerings, or may acquire previously issued shares, either through the facilities of a stock exchange, quotation system, or by private arrangement.

Pender Strategic Growth and Income Fund (*formerly, Pender Enhanced Income Fund*)

The objective of the Pender Strategic Growth and Income 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.

Pender US Small/Mid Cap Equity Fund

The investment objective of the Fund is to achieve capital growth over the long-term by investing primarily in U.S. securities. The fundamental investment objective of the Fund may only be changed with the approval of the Independent Review Committee and a simple majority of the votes cast by the Unitholders of all classes of units of the Fund at a meeting called for that purpose.

Schedule B – Investment Objectives of the Funds

Pender Alternative Absolute Return Fund

The objective of the Pender Alternative Absolute Return Fund is to maximize absolute returns over a complete market cycle by providing long-term capital growth and income, with low volatility of returns. The Fund will invest primarily in a portfolio of North American fixed income securities but may also invest in foreign and other securities.

Pender Alternative Arbitrage Fund

The investment objective of the Pender Alternative Arbitrage Fund is to generate consistent, positive returns, with low volatility and low correlation to equity markets by investing primarily in North American securities. The Fund may also invest in foreign and other securities.

Pender Alternative Arbitrage Plus Fund

The investment objective of the Pender Alternative Arbitrage Plus Fund is to generate consistent, positive returns, with low volatility and low correlation to equity markets by investing primarily in North American securities. The Fund may also invest in foreign and other securities.

Pender Alternative Multi-Strategy Income Fund (*formerly, Pender Value Fund II*)

The objective of the Pender Alternative Multi-Strategy Income Fund is to preserve capital and to generate returns through current income and capital appreciation, while being sufficiently diversified to mitigate volatility. The Fund will invest primarily in North American securities and may also invest in foreign securities.

Pender Alternative Select Equity Fund (*formerly, Purpose Select Equity Fund*)

The Fund's objective is to achieve long-term capital appreciation. The Fund will invest primarily in Canadian securities but may also invest in foreign securities and engage in short selling on an opportunistic basis. The Fund may also invest up to 10% of its NAV in private companies which will primarily be based in Canada.

Pender Alternative Special Situations Fund (*formerly, Pender Special Situations Fund*)

The objective of the Pender Alternative Special Situations Fund is 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. The Fund seeks to identify investment opportunities that are believed to represent special situations.