

The Case for Multi-Strategy Funds

Why the Pender Alternative Multi-Strategy Growth Fund was built for today's market



Today's markets are fundamentally different from everything conventional investing wisdom tells us to expect. Concentration risk is at an all-time high. Correlations are shifting in ways that expose the limits of traditional models, and simply owning more securities no longer creates a meaningfully diversified portfolio.

For decades, portfolio construction felt relatively straightforward: equities provided growth, bonds provided stability, and diversification meant balancing the two. That composition played reliably for a generation.

The Old Playbook No Longer Applies

Over the past five years, a structural shift has reshaped global financial markets. What began as a decade of predictable, low-cost liquidity has given way to an environment defined by volatility and macro-driven uncertainty, and the old playbook is showing its age.

The signs are hard to ignore. Extreme market concentration has rewarded a narrow set of technology names and punished nearly everything else. The top ten names in the S&P 500 now account for nearly 45% of the index, a concentration level higher than the peak of the dot-com era. An investor buying a broad index fund today isn't buying the market. They're buying a thesis; one heavily weighted toward AI and large-cap technology. Passive investing, long celebrated as the rational default, has quietly become more concentrated than some investors may realize.

Meanwhile, the broader backdrop has grown more complex. Interest rates and inflation remain uncertain. Geopolitical instability shows no clear path to resolution. Market rotations are faster and less predictable than ever before. Together, these forces have made single-strategy dependence more precarious than it has been in a generation.

The challenge is building a portfolio capable of performing across all these conditions, not just the benign ones. This is likely the environment liquid alternatives were built for. In our view, multi-strategy investing has become increasingly essential precisely because it is designed to thrive on the volatility, dispersion, and macro-driven rotation that have defined markets from 2021 to today. Where traditional portfolios have historically benefited from calm and stable correlations to perform, a multi-strategy approach seeks to generate returns because of the turbulence, not despite it. Investors face the daunting question:

How do you build a portfolio designed to help navigate multiple market environments without relying on a single source of return?

We believe true diversification can no longer be assembled from traditional sources alone and the answer may look less like assembling a larger portfolio and more like conducting an orchestra.

More Instruments Don't Create Better Music

An orchestra does not achieve greatness by adding more instruments. It achieves it through the deliberate combination of distinct instrument sections, each with its own sound, range, and purpose. In a multi-strategy fund, our funds are these sections, and while they are all capable of performing well independently, the combination can be rewarding. The manager understands the macro environment and the market's tempo, and then makes adjustments in real time. When volatility spikes or conditions calm, the portfolio manager is ultimately trying to deliver a smooth (listening) experience.

Meet The Orchestra: Pender's Three-Pronged Strategy

The Pender Alternative Multi-Strategy Growth Fund is built around distinct funds, each bringing specific traits to achieve its goals.



The Strings: Compounders

Pender Small Cap Opportunities Fund (potential allocation of 0-60%)

Just as an orchestra relies on its strings to carry the performance forward, the Pender Alternative Multi-Strategy Growth Fund relies on Pender's small-cap expertise as its primary engine of long-term capital appreciation.

For more than two decades, Pender has built its investment culture around uncovering small-cap equity businesses that are overlooked, misunderstood, or simply too small for much of the investment industry to notice. While markets often focus on today's largest companies, Pender's equity team has consistently searched where competition may be lower, inefficiencies may be greater, and the opportunity to identify future compounders is often highest.

This expertise is expressed through the Pender Small Cap Opportunities Fund, but may gain exposure to other Pender small cap strategies from time to time. These strategies are dedicated to identifying businesses capable of growing their intrinsic value over years, not quarters.

Small-cap investing rewards patience, discipline, and deep fundamental research. It requires investors to look beyond short-term market narratives and focus instead on management of quality, competitive advantages, capital allocation, and long-term business value creation.



The Brass: Alternatives

Pender Alternative Select Equity Fund (potential allocation of 0-60%)

If the strings carry the melody, the brass carries the conviction and are capable of cutting through market noise or pulling back when the performance demands restraint.

In environments where dispersion is high, and single-stock differentiation matters more than macro direction, alternatives add range and dimensionality to the portfolio that may be difficult to replicate through additional long-only exposure alone. The Pender Alternative Select Equity Fund brings an active, sector-rotating lens to North American equities, concentrating capital where the opportunity is likely richest and stepping back when it isn't. It manages risk and mitigates volatility by overlaying option strategies. Additional short-selling strategies are deployed for pair trading and overbought securities. This strategy may seek to generate returns from both sides of a trade, isolate specific catalysts such as a merger, a restructuring, a mispricing and express a view directly, without carrying the full weight of broad market exposure.



The Percussion: Market Neutral

Pender Alternative Arbitrage Plus Fund (potential allocation of 0-30%)

If the rhythm section holds an orchestra together, then Pender's market-neutral strategy, built around merger arbitrage, is the percussion of this fund.

The purpose of the Pender Alternative Arbitrage Plus Fund is not to generate the highest returns. Its purpose is consistency, dampening volatility, and reducing drawdowns. It keeps time regardless of what equities are doing. Its returns are structurally uncorrelated to broad market direction, tied instead to the outcome of specific corporate events: announced deals and other catalysts with defined timelines and contractual payoffs. The strategy enhances those returns through the disciplined use of leverage, amplifying what is by nature a low-volatility, spread-based approach.



The Conductor: Active Tactical Allocation

The Pender Alternative Multi-Strategy Growth Fund is ‘conducted’ by Greg Taylor, Pender’s Chief Investment Officer and a portfolio manager with over two decades of experience and a track record for identifying opportunities while applying disciplined risk management at the portfolio level.

The Fund’s strategy weights are not fixed. Allocations to Compounders, Alternatives, and Market Neutral strategies each carry wide bands and shift tactically based on Greg’s macro-outlook, combined with the bottom-up views of the underlying portfolio managers.

This is not a static portfolio dressed up as active management. It is adaptive.

What The Music Is Telling Us

The conditions that make multi-strategy investing valuable: elevated volatility, broken correlations, narrow market leadership, persistent rate uncertainty, are not short-term noise. They reflect a structural shift that is likely to persist. The window for traditional portfolio construction to “work again” may be longer than investors expect, and waiting for conditions to normalize may carry its own risk.

The Fund launched in May 2026, offering a legacy structure with tax-efficient capital loss carryforwards for a limited time, a meaningful additional consideration for taxable investors. That structural advantage will not be available indefinitely.



Greg Taylor, CFA

CHIEF INVESTMENT OFFICER & PORTFOLIO MANAGER

A growth-focused investor with a track record for identifying opportunities while applying disciplined risk management strategies to protect and enhance returns. Greg brings extensive global market experience, with valuable insights and past experience overseeing multi-asset strategies across equities, fixed income and alternatives.

- Investing since 1999
- Joined Pender in 2025 as CIO

FEATURED MANAGERS

David Barr, CFA

CEO AND PORTFOLIO MANAGER

- Micro to mid-cap focus
- Investing since 2000
- Joined Pender in 2003

Amar Pandya, CFA

PORTFOLIO MANAGER

- Special situation and arbitrage focus
- Investing since 2011
- Joined Pender in 2017

Aman Budhwar, CFA

PORTFOLIO MANAGER

- US small and mid-cap equity focus
- Investing since 2005
- Joined Pender in 2022

For More Information

For standard performance information and to learn more about the Fund visit:

penderfund.com/fund/pender-alternative-multi-strategy-growth-fund

For Pender’s standard disclaimer visit penderfund.com/disclaimer

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