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PENDER EQUITY

PENDER SMALL/MID CAP DIVIDEND FUND

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This document contains key information you should know about Pender Small/Mid Cap Dividend Fund. You can find more detailed information in the fund's simplified prospectus. Ask your representative for a copy, contact PenderFund Capital Management Ltd. (Pender) at 1-866-377-4743 or info@penderfund.com or visit www.penderfund.com.

Before you invest in any fund, consider how it would work with your other investments and your tolerance for risk.

Quick facts

Fund code:	PGF1310	Fund manager:	PenderFund Capital Management Ltd.
Date class started:	January 17, 2020	Portfolio manager(s):	David Barr, CFA, PenderFund Capital Management Ltd.
Total value of the fund on April 30, 2021:	\$13.0 million	Associate portfolio manager:	Amar Pandya, CFA, PenderFund Capital Management Ltd.
Management expense ratio (MER):	0.25%	Distributions:	Net income quarterly; net capital gains annually. Automatically reinvested in additional units; cash upon request.
		Minimum investment:	\$5,000 initial, \$100 additional

What does the fund invest in?

The fund invests primarily in Canadian securities, with a focus on, but not limited to, dividend paying small/mid cap companies. Assets in the fund may also be held in cash or other securities to the extent that the economic, market, or other conditions make it appropriate.

The charts below give you a snapshot of the fund's investments on April 30, 2021. The fund's investments will change.

Top 10 investments - (April 30, 2021)

1. Magnet Forensics Inc.	4.8%
2. Alaris Equity Partners Income Trust	4.1%
3. GDI Integrated Facility Services Inc.	4.0%
4. IBI Group Inc.	4.0%
5. Hamilton Thorne Ltd.	3.9%
6. Hardwoods Distribution Inc.	3.9%
7. Pollard Banknote Limited	3.7%
8. Héroux-Devtek Inc.	3.6%
9. Information Services Corporation	3.4%
10. Corus Entertainment Inc.	3.4%
Total percentage of top 10 Investments	38.8%
Total number of investments	39

Investment mix - (April 30, 2021)

Industrials	30.5%
Information Technology	14.8%
Materials	10.1%
Real Estate	9.6%
Diversified Financials	7.4%
Health Care	6.5%
Consumer Discretionary	5.2%
Energy	4.8%
Utilities	4.5%
Communication Services	3.4%
Cash	3.2%

How risky is it?

The value of the fund can go down as well as up. You could lose money. One way to gauge risk is to look at how much a fund's returns change over time. This is called "volatility".

In general, funds with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. Funds with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money.

Risk rating

Pender has rated the volatility of Class F of the fund as medium.

This rating is based on how much the fund's returns have changed from year to year. It doesn't tell you how volatile the fund will be in the future. The rating can change over time. A fund with a low risk rating can still lose money.

Low	Low to Medium	Medium	Medium to High	High
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For more information about the risk rating and specific risks that can affect the fund's returns, see the section titled "What is a Mutual Fund and What are the Risks of Investing in a Mutual Fund" in the fund's simplified prospectus.

No guarantees

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

How has the fund performed?

This section tells you how Class F units of the fund have performed since inception. Returns are after expenses have been deducted. These expenses reduce the fund's returns.

YEAR-BY-YEAR RETURNS

Performance information for this class is not available because it has been in operation for less than one completed calendar year.

BEST and WORST 3-MONTH RETURNS

Performance information for this class is not available because it has been in operation for less than one completed calendar year.

AVERAGE RETURN

Performance information for this class is not available because it has been in operation for less than one completed calendar year.

Who is this fund for?

This fund is suitable for investors who want long-term capital growth potential and to receive dividends. Investors in this fund should have a long-term investment time horizon and a medium tolerance for investment risk. This fund is not suitable for those with a low tolerance for risk in their returns or for those who have a short or medium time horizon for their investment.

A word about tax

In general, you pay income tax on your share of the fund's earnings and on any gains you realize from redeeming your investment. The amount of tax depends on the tax rules and rates that apply to you, and whether you hold the fund in a registered plan, such as an RRSP or TFSA.

Keep in mind that if you hold your fund in a non-registered account, fund distributions are included in your taxable income, whether you get them in cash or have them reinvested.

How much does it cost?

The following tables show the fees and expenses you could pay to buy, own and sell Class F units of the fund. The fees and expenses – including any commissions – can vary among classes of a fund and among funds. Higher commissions can influence representatives to recommend one investment over another. Ask about other funds and investments that may be suitable for you at a lower cost.

1. SALES CHARGES

There are no sales charges for Class F units of the fund.

2. FUND EXPENSES

You don't pay these expenses directly. They affect you because they reduce the fund's returns. Pender waived some of the fund's expenses. If it had not done so, the MER would have been higher. As of December 31, 2020, the expenses of Class F were 0.52% of the value of this class. This equals \$5.20 for every \$1,000 invested.

	Annual rate (as a % of the class' value)
Management expense ratio (MER)	0.25%
This is the total of the fund's management fee (including, if applicable, the trailing commission) and administration fee.	
Trading expense ratio (TER)	0.27%
These are the fund's trading costs for this class.	
Fund expenses	0.52%

More about the trailing commission

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

3. OTHER FEES

You may have to pay other fees when you buy, hold, sell or switch units of the fund.

Fee	What you pay
Short-term trading fee	You may be charged up to 2.00% of the value of units you sell or switch within 30 days of buying them. This fee goes to the fund.
Switch fee	Your representative's firm may charge you up to 2.00% of the value of units you switch to another class of the fund or to another fund managed by Pender.
Fee-based account fee	You may pay a fee-based account fee, which is negotiated between you and your representative, and paid directly to your representative's firm. Investors who purchase this class of the fund generally participate in an eligible fee-based program with their representative's firm.

What if I change my mind?

Under the securities law in some provinces and territories, you have the right to:

- withdraw from an agreement to buy mutual fund units within two business days after you receive a simplified prospectus or Fund Facts document; or
- cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you will also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the simplified prospectus, annual information form, Fund Facts document; or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

For more information

Contact Pender or your representative for a copy of the fund's simplified prospectus and other disclosure documents. These documents and the Fund Facts make up the fund's legal documents, which can be found on our website at www.penderfund.com or on the SEDAR website at www.sedar.com.

PenderFund Capital Management Ltd.
1066 W. Hastings St., Suite 1830
Vancouver, BC V6E 3X2
Toll Free: 1-866-377-4743
Fax: 604-563-3199
Email: info@penderfund.com
www.penderfund.com

To learn more about investing in mutual funds, see the brochure **Understanding mutual funds**, which is available on the website of the Canadian Securities Administrators at www.securities-administrators.ca.



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EQUITY

December 2021 / CLASS F

Pender Small/Mid Cap Dividend Fund

NET ASSET VALUE	AS OF Dec 31/21
Class F	\$15.74
Fund Beta	1.23
Active Share (%)	98.81
Total Holdings	35
Total Net Assets of Fund	\$24.47 Million

FUND FACTS

Asset Class	Small/Mid Cap Equities
Fund Inception	January 2020
Valuations	Weekly
Eligibility	Canada-wide Registered Plans
Distributions	DRIP Quarterly Cash Optional

FUND INFO	CODES	MER
Class A	PGF 1300	2.45%
Class F	PGF 1310	1.45%
Class H	PGF 1340	2.15%
Class I	PGF 1350	1.30%
Class D	PGF 1360	1.45%

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

FUND OVERVIEW

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

PORTFOLIO MANAGER(S)



PenderFund Capital Management Ltd.

Lead Manager:

David Barr, CFA, CEO & Portfolio Manager

The Pender Small/Mid Cap Dividend Fund is designed to provide investors with a combination of long-term capital appreciation and a stable quarterly stream of cash distributions. The Fund will invest primarily in Canadian securities, with a focus on, but not limited to, dividend paying small/mid cap companies. Assets in the Fund may also be held in cash or other securities to the extent that the economic, market, or other conditions make it appropriate.

PERFORMANCE (%)

1 Mo.	3 Mo.	6 Mo.	1 Yr.	SINCE INCEPTION
0.0	1.9	6.4	28.7	37.2

ANNUAL PERFORMANCE (%)

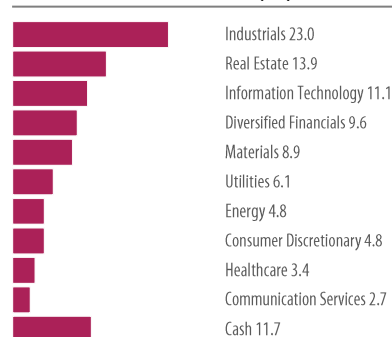
2021	2021 YTD
28.7	28.7

DISTRIBUTIONS (\$)

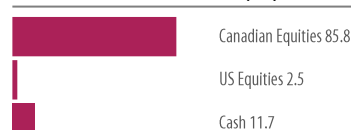
Jun 20	Sep 20	Dec 20	Mar 21	Jun 21	Sep 21	Dec 21	SINCE INCEPTION
0.07	0.09	0.77	0.12	0.12	0.12	0.82	2.14

Since Inception returns and distributions are from Jan 2020. All returns greater than a year are annual compounded returns

SECTOR ALLOCATION (%)



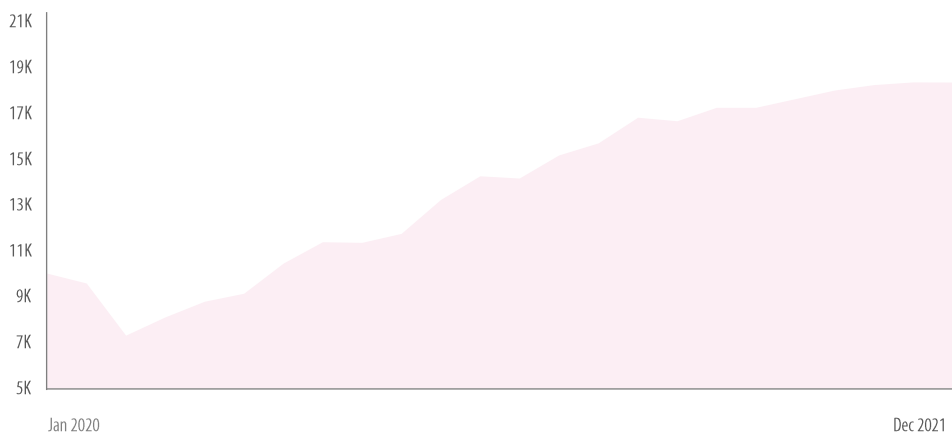
ASSET ALLOCATION (%)



CURRENCY ALLOCATION (%)



GROWTH OF \$10K



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@penderfund



PenderFund Capital Management



info@penderfund.com

TOP 10 HOLDINGS

Onex Corporation TSX:ONEX	Onex Corporation is a private equity firm specializing in acquisitions and platform acquisitions.
Sylogist Ltd. TSX:SYZ	Sylogist Ltd., a software company, provides enterprise resource planning (ERP) solutions in Canada, the United States, the United Kingdom, and internationally.
IBI Group Inc. TSX:IBG	IBI Group Inc. provides various professional services in Canada, the United States, the United Kingdom, and internationally.
Dream Unlimited Corp. TSX:DRM	Dream Unlimited Corp. formerly known as Dundee Realty Corporation is a real estate investment firm.
Hardwoods Distribution Inc. TSX:HDI	Hardwoods Distribution Inc. engages in the wholesale distribution of architectural building products to the residential, repair and remodel, and commercial construction markets.
Héroux-Devtek Inc. TSX:HRX	Héroux-Devtek Inc. engages in the design, development, manufacture, assembling, and repair and overhaul of aircraft landing gears, hydraulic and electromechanical flight control actuators, custom ball screws, and fracture-critical components.
Richards Packaging Income Fund TSX:RPI.UN	Richards Packaging Income Fund, together with its subsidiaries, manufactures and distributes packaging and related products in Canada and the United States.
Alaris Equity Partners Income Trust TSX:AD.UN	Alaris Equity Partners Income Trust is a private equity firm specializing in management buyouts, growth capital, lower & middle market, later stage, industry consolidation, growth capital, and mature investments.
Hamilton Thorne Ltd. TSXV:HTL	Hamilton Thorne Ltd. develops, manufactures, and sells precision instruments, consumables, software, and services for the assisted reproductive technologies (ART), research, and cell biology markets.
GDI Integrated Facility Services Inc. TSX:GDI	GDI Integrated Facility Services Inc. operates in the outsourced facility services industry.

Source: Capital IQ

PORTFOLIO MANAGER(S)

DAVID BARR, CFA
Mr. Barr is the CEO of PenderFund. He is also the Portfolio Manager of several of Pender's funds and has been investing since 2000. Mr. Barr is an advocate of value investing and aims to determine the intrinsic value of a company and to buy shares in that company at a significant discount to that value (margin-of-safety). He looks for value in unloved and unfollowed parts of the market where he can find quality at a discount. Capital preservation and downside protection are a primary concern. Mr. Barr holds a Bachelor of Science degree from the University of British Columbia and an MBA from the Schulich School of Business at York University. He earned his CFA designation in 2003 and is a past President and an active member of the CFA Society Vancouver.

ABOUT PENDER

Pender was founded in 2003 and is an independent, employee-owned investment firm located in Vancouver, British Columbia. Our goal is to protect and grow wealth for our investors over time. We have a talented investment team of expert analysts, security selectors and independent thinkers who actively manage our suite of differentiated investment funds, exploiting inefficient parts of the investing universe to achieve our goal.

PenderFund Capital Management Ltd.
1830-1066 West Hastings, Street
Vancouver, BC V6E 3X2

Toll Free: 1-866-377-4743
Tel: (604) 688-1511 Fax: (604) 563-3199

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Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the simplified prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in net asset value and assumes reinvestment of all distributions and are net of all management and administrative fees, but do not take into account sales, redemption or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Where the performance of a particular class of a fund is displayed, other classes are available and fees and performance may differ in those other classes. This commentary is intended for information purposes only and does not constitute an offer to buy or sell our products or services nor is it intended as investment and/or financial advice on any subject matter and is provided for your information only. Every effort has been made to ensure the accuracy of its contents. Dec 31/21.

NAV PER UNIT

Class A	\$15.78
Class F	\$15.74
Class H	\$15.74
Class I	\$15.67

SUPPLEMENTAL INFORMATION

Alpha	25.71
Beta	1.16
Correlation	0.86
Sharpe	1.32
Standard Deviation	26.03
Up Capture	18
Down Capture	8

Supplemental Information Statistics are calculated based on class A units of the fund since the fund's inception date. The actual results for class F units should be substantially similar to above units.

TOP 10 HOLDINGS

35.1%

Onex Corporation	3.7%
Sylogist Ltd	3.7%
IBI Group Inc.	3.6%
Dream Unlimited Corp.	3.5%
Hardwoods Distribution Inc.	3.5%
Héroux-Devtek Inc.	3.5%
Richards Packaging Income Fund	3.5%
Alaris Equity Partners Income Trust	3.4%
Hamilton Thorne Ltd.	3.4%
GDI Integrated Facility Services Inc.	3.3%

COUNTRY OF DOMICILE

Canada	85.8%
Cash	11.7%
United States	2.5%

OUR EQUITY INVESTMENT TEAM



DAVID BARR, CFA
CEO & Portfolio Manager

Investing since 2000
Micro to mid cap focus
Technology and special situations specialist
Joined Pender in 2003



FELIX NARHI, CFA
Chief Investment Officer & Portfolio Manager

Investing since 1999
Small to large cap focus
Senior equity analyst experience
Joined Pender in 2013



AMAR PANDYA, CFA
Portfolio Manager

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

David Barr is Pender's CEO and the Portfolio Manager of several of Pender's funds. David began his investing career in 2000, initially working in private equity. He joined Pender in 2003, was appointed Chief Investment Officer in 2007, before becoming President and CEO of Pender in 2016. David holds an MBA from the Schulich School of Business and earned his CFA designation in 2003.

Full Biography

Felix Narhi is the Chief Investment Officer at Pender and the Portfolio Manager and Co-Manager of several of Pender's funds. Felix spent over nine years at an independent and value-oriented investment firm in Vancouver. As a Director and Senior Equity Analyst, he contributed thought leadership and primarily US equity idea coverage. Felix holds a Bachelor of Commerce degree from the University of British Columbia and earned his CFA designation in 2003.

Full Biography

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

Full Biography

SHARON WANG
Senior Investment Analyst

Investing since 2007
Small cap specialist
Sell-side equity analyst experience
Completed CFA Program
Joined Pender in 2013

Biography

TRACY TIDY, CFA
Investment Analyst

Investing since 2006
Small to mid cap focus
Joined Pender in 2019

Biography

VICTORIA ZHANG
Investment Analyst

Investing since 2017
Portfolio and investment analytics
Completed CFA program
Joined Pender in 2017

Biography



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FOR MORE INFORMATION:



ERIC TSE

Vice President,
National Retail Sales
+1 778 996 9861
etse@penderfund.com



IAN COLLINS

Vice President,
Business Development
+1 604 219 9598
icollins@penderfund.com



BEN MYERS

Regional Vice President,
Ontario
+1 647 203 2736
bmyers@penderfund.com



TOM TIEN

Regional Vice President,
Ontario
+1 647 408 3090
ttien@penderfund.com



RYAN TASCIYAN

Regional Vice President,
Quebec
+1 514 295 9509
rtasciyan@penderfund.com



PATRICK HOGAN

Regional Vice President,
Alberta & Manitoba
+1 780 850 4999
phogan@penderfund.com



LAURENT GALARNEAU

Regional Vice President,
Quebec
+1 514 835-8423
lgalarneau@penderfund.com



LUCY NAIR

Business Development Manager,
Western Canada
+1 778 945 1147
lnair@penderfund.com



SARA EMBURY

Regional Vice President,
BC & Saskatchewan
+1 604 630 5450
sembury@penderfund.com



MICHAEL YOUNG, CFA

Business Development Manager,
Ontario
+1 437 238 4589
myoung@penderfund.com



ALEXANDER TOTH

Business Development Manager,
BC
+1 604 630 5451
atoth@penderfund.com



KELLY CHAN

Business Development Manager
+1 647 291-2377
kchan@penderfund.com



ANNA TALMAN

Sales Co-ordinator
+1 778 317-3170
atalman@penderfund.com



Pender was founded in 2003 and is an independent, employee-owned investment firm located in Vancouver, British Columbia.

Our goal is to protect and grow wealth for our investors over time. We have a talented investment team of expert analysts, security selectors and independent thinkers who actively manage our suite of niche investment funds, exploiting inefficient parts of the investing universe to achieve our goal.

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