

Item 1 – Cover Page

FIRM BROCHURE

July 2018



Pender Capital Management, LLC

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This brochure provides information about the qualifications and business practices of Pender Capital Management, LLC (PCM). If you have any questions about the contents of this brochure, please contact us at (310) 853-8001 or sal@pendercapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about Pender Capital Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Please note that the use of the term "registered investment adviser" and description of PCM as "registered" does not imply a certain level of skill or training. You are encouraged to review this brochure and brochure supplements for information on the qualifications of our firm and its employees.

Item 2 – Material Changes

Pender Capital Management, LLC, was formed initially as an exempt Registered Investment Adviser and has applied for approval as a Registered Investment Adviser with the Securities and Exchange Commission. This brochure, dated July 2018, has been updated to reflect Salvatore Joseph Visconti as the Chief Compliance Officer.

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Item 4 – Advisory Business

Firm Description

Pender Capital Management, LLC (PCM) is an independent investment advisory firm that acts as discretionary adviser for the real estate limited partnership, Pender Capital Asset Based Lending Fund I, LP (“the Fund”). PCM was formed as a limited liability company in the state of Delaware in May of 2015.

PCM is an experienced fund manager that includes a team of investment professionals with more than 50 years of combined industry experience. PCM is the manager of Pender Capital Asset Based Lend Fund I Management, LLC, which is the General Partner for the Fund.

Principal Owners:

- Cory A. Johnson, through Pender Capital Management, Inc., Co-Founder, Manager and Managing Director
- Zach Murphy, Co-Founder, Managing Director Originations

Officers with no ownership percentage:

- Henri Tchen, Senior Advisor
- Salvatore Joseph Visconti, Chief Compliance Officer

Types of Advisory Services We Offer

The Fund is a pooled investment vehicle, open ended, regulated by the SEC and the California Department of Business Oversight-California Lenders License. PCM specializes in managing a portfolio of real estate loans. The Fund is designed to provide investors with a real estate lending investment vehicle. PCM’s investment advice is limited to discretionary investment advisory services with respect to such types of investments. PCM seeks to identify real estate transactions that cannot be completed by traditional financing sources. Loan to Value (LTV) is a primary consideration for qualifying loans. In addition, we target transactions with inherently strong borrower equity positions. PCM’s goal is to create a portfolio of loans at attractive LTVs with borrowers who, based on their need for private financing, are willing to pay above market interest rates for such financing. Specific property locations will be targeted on a micro market level with particular focus on assessing market depth, lease rates, vacancy, absorption and job growth.

Tailoring of Advisory Services

PCM’s investment advice is tailored to the investment objectives, investment strategy and restrictions (if any) set forth in the Fund’s agreement of limited partnership and private placement memorandum (“Offering Documents”). The Fund has set forth the investment criteria in its limited partnership agreement, which describes the types of qualified loans in which the Fund may invest, LTV restrictions, investment restrictions and the allocation of investment opportunities.

Wrap Fee Programs

We do not offer wrap fee programs.

Regulatory Assets Under Management

The investment strategy includes; providing short term (12-month standard term), senior position (no junior or mezzanine position), commercial real estate backed bridge loans to borrowers with significant equity participation (60-65% LTV target) of income producing commercial real estate assets (no land development, or heavy construction loans). The Fund strategically targets \$500,000-\$10,000,000 loans across the United States.

As of July 18, 2018, PCM advises \$88,120,769 in discretionary regulatory assets under management.

Item 5 – Fees and Compensation

How We Are Compensated For our Services

The General Partner of the Fund is entitled to management fees as set forth in the Offering Documents.

In general, Investment Cash Flow will be distributed to the Partners, at such times and in such amount as determined by the General Partner as follows:

- (i) First, to all the Partners until they have achieved a hurdle equal to a 7% per annum return (calculated and paid monthly) on their Unreturned Capital, pro rata in proportion to their respective accrued and unpaid return (the 7% Hurdle).
- (ii) Thereafter, (A) 80% to the Partners, pro rata in proportion to their respective “Post Hurdle Sharing Percentage” (as defined below) and (B) 20% to the General Partner as compensation (the GP Distribution Split).

A management fee, which will accrue on the Unreturned Capital of the Partners at the rate of 1.5% per annum (except as may be lower for investments of \$5,000,000 or more), which will be calculated based on Unreturned Capital at each month end, and which the Partnership will pay to the General Partner monthly in arrears. The undisbursed portion of Capital Contributions in the subscription account will not be counted in calculating the management fee.

A loan servicing fee (the “Loan Servicing Fee”) which is payable if the General Partner services the loans in-house. The Loan Servicing Fee will accrue on the aggregate outstanding principal amount of all loans in the Partnership’s portfolio, at the rate of 0.25% per annum, which will be calculated based on the aggregate principal amount outstanding at each month end, and which the Partnership will pay to the General Partner monthly in arrears.

The General Partner will receive 50% of Net Origination Fees calculated as a percentage of the principal amount loaned with the remaining 50% being for the account of the Partnership.

The General Partner is entitled to all underwriting fees for loans in the Partnership's portfolio.

If the Partnership is forced to take control of collateral, normal and customary property management fees ("Property Management Fees") will apply for property management services provided by the General Partner or its affiliates with respect to any real property that comes into the partnership's control.

Any markups on loan costs and expenses incurred by the General Partner and then charged to borrowers and third parties will be paid to the General Partner.

How Clients are Billed

PCM does not deduct fees from investors in the Fund.

Other Fees and Expenses

PCM does not deduct any other fees or expenses from investors in the Fund.

Termination and Refund

Terminations and Refunds are only provided by the Fund itself.

Commissionable Securities Sales

We do not sell securities for a commission.

Item 6 – Performance-Based Fees and Side-By-Side Management

PCM does not receive performance-based fees of any type and has no Side-By-Side Management agreements currently.

Item 7 – Types of Clients

PCM provides discretionary investment advisory service to the General Partner of the pooled investment vehicle operating as a limited partnership exempt from registration as an investment company pursuant to Section 3(c)(5) of the Investment Company Act. The Fund's investors are accredited investors, qualified clients, and/or qualified purchasers.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

We use the following methods of analysis in formulating our investment strategy:

- LTV is the primary consideration for qualifying loans (as defined in the Fund's Offering Documents) and PCM generally will target transactions with inherently strong borrower equity positions. The goal is to create a portfolio of loans at attractive LTVs with borrowers who, based on their need for private financing, are willing to pay above market interest rates for such financing, and will generate a competitive preferred return to investors. In addition, PCM will hold the senior secured position on all properties funded.

- We consider investments nation-wide. Regardless of the market of each potential investment, we and/or our affiliates complete an initial due diligence investigation of each property prior to the Fund's funding of a potential loan. During the underwriting process, our analysts typically conduct a site inspection and investigate market conditions, title, environmental concerns, zoning, borrower credit, and most importantly, property value. We use a variety of economic models to analyze the safety and quality of the Fund's portfolio.

Risk of Loss

An investor's decision to invest in the Fund entails risk. All investments have risk of loss, including loss of your investment. There are no guarantees that any past success of the Fund will result in positive investor investment returns in the future. Private investment partnerships have their own set of risks, including but not limited to; lack of liquidity and diversification, strategy risk and conflicts of interest related to affiliated party transactions as set forth below. Moreover, no investor (Limited Partner) may sell, transfer, assign, convey, pledge, mortgage, encumber, hypothecate or otherwise dispose of all or any part of its partnership interest (Interest) without the General Partner's consent. There is no public market for Interests in the Fund.

A more complete discussion of the risks associated with an investment in the Fund is set forth in the Fund's private placement memorandum ("PPM"), and investors are encouraged to carefully review the PPM prior to making an investment decision.

Description of Material, Significant or Unusual Risks

Investments related to real property carry specific risks, including but not limited to:

- foreclosure risk and local rules and regulations affecting the ability to foreclose on properties;
- vacancy rates and general financial condition of buyers and sellers;
- condemnation, environmental contamination and eminent domain;
- state and local regulations and/or ordinances affecting the purchase, sale or management of properties;
- litigation and insurance risk;
- geographic market concentrations, general credit risk and other risks.

The Fund's investments are speculative, and profitability depends on the ability of our borrowers to repay their loans. The ability of a borrower to repay may be affected by local, regional, and national real estate market and economic conditions beyond control of the Fund.

Each type of property on which we underwrite loans has their own specific set of risks, including:

- general economic conditions;
- business conditions;
- local market competition and conditions.

- Competition amongst loan originators can vary from market to market, and the Fund's returns can be affected by heavy competition in the loan origination space.

Rising or falling interest rates may increase the risk associated with PCM's investment strategy, including but not limited to: increased competition, PCM's ability to close loans at targeted interest rates, a borrower's ability to refinance an existing loan and lower investment returns due to the inability to close loans at higher interest rates.

It would not be appropriate for an investor to invest a substantial portion of its wealth in any single investment or fund. An investment in the Fund should be part of a comprehensive investment portfolio strategy, which includes a broad diversification of investments. Our Fund lacks broad diversification since we invest in a specific type of investment, real estate asset backed loans.

For a more detailed discussion on the Fund's respective investment strategy and risk, we strongly encourage investors to review the Fund's Private Placement Memorandum.

Item 9 - Disciplinary Information

PCM is required to disclose the facts of any legal or disciplinary events that are material to the client's evaluation of its advisory business or the integrity of management. PCM has no disclosure items for its advisory business nor for the integrity of management and administrative associates.

Item 10 – Other Financial Industry Activities and Affiliations

No management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker dealer. Nor do we have any management persons registered as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated trading advisor.

Conflicts of Interest arising out of other activities of Management

Each member of Management will devote such time as he deems necessary and appropriate to the business and affairs of the Partnership, but members of Management, directly and through affiliates, may be and are involved in other entities whose investment activities may overlap with those of the Partnership.

Item 11 – Code of Ethics

All members of the firm adhere to our Code of Ethics including the Managing Directors and all other professionals of Pender Capital Management, LLC (the "Firm").

The purpose of this Code of Ethics is to promote honest and ethical conduct and compliance with the law, particularly as related to the maintenance of the Firm's financial books and

records and the preparation of its financial statements. As a finance professional of the Firm, they are expected to:

- Engage in and promote ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, and to disclose to Senior Management, any material transaction or relationship that reasonably could be expected to give rise to such a conflict.
- Carry out their responsibilities honestly, in good faith and with integrity, due care and diligence, exercising at all times the best independent judgment.
- Assist in the production of full, fair, accurate, timely and understandable disclosure in reports and documents that the Firm and its subsidiaries file with, or submit to, the Securities and Exchange Commission and other regulators and in other public communications made by the Firm.
- Comply with applicable government laws, rules and regulations of federal, state and local governments and other appropriate regulatory agencies.
- Promptly report (anonymously, if they wish to do so) to Senior Management any violation of this Code of Ethics or any other matters that would compromise the integrity of the Firm's financial statements.
- Never to take, directly or indirectly, any action to coerce, manipulate, mislead or fraudulently influence the Firm's independent auditors in the performance of their audit or review of the Firm's financial statements.

An investment adviser is considered a fiduciary and our firm has a fiduciary duty to all of our clients. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times.

Neither our firm nor a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest. Related persons of our firm may buy or sell securities and other investments that are also owned by our clients.

Fees payable to the General Partner and its affiliates may affect the investment decisions made by the General Partner

The General Partner, directly or through its affiliates, is entitled to certain fees that are not available to the Limited Partners, (e.g. the Management Fee, the Loan Servicing Fee, The General Partner's 50% share of Net Origination Fees and underwriting fees charged to the borrowers). Such fees are not tied to the Partnership's interest income, but are instead based, in the case of Origination, loan servicing and other fees, on the amount of principal on borrower's loans. There may be an incentive for the General Partner to enter into certain loan transactions that are either riskier or have lower returns, to generate fee income for the General Partner.

The 7% Hurdle and GP Distribution Split may affect the investment decisions the General Partner makes on behalf of the Partnership

The GP Distribution Split, which entitles the General Partner to receive 20% of the distribution made from the Partnership's investment activity, after allocation up to the 7% Hurdle, is intended to incentivize the General partner to seek investments that would generate high returns for the Partnership. However, the General Partner might seek these higher returns even if the loans would be disproportionately riskier than loans with lower returns.

Conflicts may arise due to co-investment

The Partnership may co-invest in one or more loans with the General Partner, certain Limited Partners, and/or their respective affiliates, and with strategic investors, lenders and/or third parties through joint ventures or other entities. Although the Partnership will initially retain control rights in every transaction, in certain cases, the co-investing party may have different interest or superior rights to those of the Partnership.

Conflicts may arise as a result of purchases of loans by the General Partner

The General Partner will have the right, through itself or through affiliates, to purchase non-performing loans from the Partnership to remove them from the books of the Partnership. In the event of any such purchase, a conflict of interest will arise, in that the General Partner will be selling the Partnership's asset on the one hand and yet purchasing the same asset for the General Partner's own account on the other hand. While the General Partner will only purchase non-performing loans, there is a risk to the Partnership that the loan and/or the collateral will end up more valuable than when purchased by the General Partner. Additional information is provided in the Offering Documents.

Conflicts may arise out of withdrawals by Partners

No reserves will be set aside for withdrawals, and the General Partner is not required to liquidate any asset to pay for withdrawals. If there are insufficient Principal Repayments, the General Partner may be unable to fund the withdrawal of other Partners.

Other conflicts of interest may exist. Please review the conflicts of interest section of the Fund's Offering Documents for more information and discussion regarding how PCM mitigates such risks.

In order to minimize these potential conflicts of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day. If related persons' accounts are included in a block trade, our related persons' accounts will be traded in the same manner every time.

Item 12 – Brokerage Practices

PCM and the General Partners specialize in managing portfolios of real estate loans and the Fund is designed and formed to provide investors with a real estate lending investment vehicle. PCM's investment advice is limited to advising on such types of investments. As such, PCM does not have traditional brokerage relationships with broker/dealers who execute trades of publicly available securities.

Soft Dollar Benefits

PCM does not receive any Soft Dollar Benefits of any type.

PCM has relationships with qualified custodians such as Fidelity, Charles Schwab, TD Ameritrade, RBC Capital Markets, Millennium Trust Company and Folio Investing to hold custody of investor's interest in the Fund. Such custodians may charge a custodian fee for this service and are required to send periodic statements to each client with a custodial agreement.

Brokerage for Client Referrals

PCM does not recommend any broker/dealer, and therefore does not receive any client referrals from a broker/dealer or third party.

Directed Brokerage

PCM does not recommend, request or require that a client direct or execute transactions through a specific broker/dealer.

Item 13 – Review of Accounts

PCM currently acts as an investment advisor to the Fund. PCM and the General Partners continuously monitor all investments for adherence to the investment objectives, policies and restrictions of the Fund. In addition, each Limited Partner receives a copy of the audited independent financial statement report, currently provided by Armanino, LLP.

The Chief Compliance Officer reviews all investments on an ongoing basis, for regulatory compliance and documentation purposes.

Item 14 – Client Referrals and Other Compensation

PCM does not accept client referrals for which compensation is paid. Registered Investment Adviser ("RIA") Specialists are compensated by PCM for the introduction of prospective investors. All RIA Specialists are compensated in accordance with SEC guidelines. RIA Specialists, by agreement, are not authorized to solicit or offer any security for sale, including interest in the Fund, to prospective investors and that such an offer or sale can only take place through PCM's provision of offering documents and brochure to such prospective investors.

Item 15 – Custody

PCM is deemed to have custody of client fund assets and securities. The Fund has engaged an independent CPA firm, Armanino, LLP, to audit the Fund and complete audited financial statements within 120 days of the fiscal year-end. Copies of the audited financial statement report are sent to each investor. Clients are encouraged to raise any questions with us about the custody and security of their assets.

PCM's limited partnership interests are privately offered securities. The Fund holds and invests in only privately offered securities. As such, PCM is not required to hold limited partnership interests or securities with a qualified custodian or generate an internal control report.

PCM has relationships with qualified custodians such as Fidelity, Charles Schwab, TD Ameritrade, RBC Capital Markets, Millennium Trust and Folio Investments to hold custody of investors' interest in the Fund. Such custodians may charge a custodian fee for this service and are required to send periodic statements to each client with a custodial agreement. Not all the Fund's investors hold their interest at a custodian.

The SEC issued a no-action letter with respect to Rule 206(4)-2 under the Investment Advisers Act of 1940. The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the authority to disburse client funds to a third-party under a standing letter of instruction is deemed to have custody. As a result, our firm has adopted the following safeguards in conjunction with our custodians:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

Item 16 – Investment Discretion

PCM has discretionary authority to trade securities held by the Fund through its affiliated General Partner.

Item 17 – Voting Client Securities

PCM does not vote client securities, because the securities in which the Fund invests are privately held debt securities.

Item 18 – Financial Information

We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- Although we do have discretionary custody of client funds there are no financial conditions that are reasonably likely to impair our ability to meet contractual commitments to our clients.
- We have never been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisors

PCM is not registered with one or more state securities authorities.