

PEMBROKE

PRIVATE WEALTH MANAGEMENT

PEMBROKE CANADIAN BOND FUND

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE DECEMBER 31, 2024

INCEPTION DATE
DECEMBER 11, 1984

THE PORTFOLIO MANAGEMENT TEAM
CANSO INVESTMENT COUNSEL LTD.

This annual Management Report of Fund Performance contains financial highlights, but does not contain either interim or annual financial statements of the investment fund. You can get a copy of the interim or annual financial statements at your request, and at no cost, by calling 1-800-668-7383, by writing to us at 150 King Street West, Suite 1210, Toronto, Ontario M5H 1J9 or by visiting our website at www.pml.ca or SEDAR at www.sedar.com. Unitholders may also contact us using one of these methods (except on the SEDAR website) to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

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Investment Objective and Strategies

Pembroke Canadian Bond Fund (the “Fund”) seeks to provide investors with a high level of income and some capital growth while preserving capital by investing primarily in bonds, debentures and other debt instruments of Canadian and foreign governments and corporations. To achieve the Fund’s investment objective we invest primarily in high quality Canadian and foreign corporate bonds as well as Federal bonds.

Risk

The overall risk of the Fund is as described in the Simplified Prospectus. There were no material changes to the Fund over the financial year that affected the overall level of risk associated with an investment in the Fund. The Fund is suitable for investors who have a low tolerance for risk and are seeking a high level of income, capital preservation as well as some capital growth. Canso Investment Counsel Ltd. (“Canso”) is the investment manager of the Fund.

Results of Operations

For the year ended December 31, 2024, the Fund posted a return of 5.24%. In comparison, the Fund’s benchmark index, FTSE TMX Canada Universe Bond Index posted a 4.23% return. For the year ended December 31, 2023, the Fund posted a return of 7.21% compared to the Fund’s benchmark which posted an 6.69% return.

The Fund returned 5.2% in 2024 outperforming the benchmark by 1.0% as credit spread tightening offset a rise in government rates. Leading performance in 2024 was a limited recourse capital note issued by Great West Life which appreciated 16.6% in price due to spread tightening and ended the year comprising 2.4% of the Fund. Also contributing to performance were two A- rated bonds from Coastal GasLink which experienced meaningful spread compression following their issuance in June. BBB rated Pembina Pipeline was also a notable performer in 2024 as lower rated credit generally experienced the most notable spread tightening over the period.

The powerful rally in risk assets in 2023 imbued 2024 with a continued enthusiasm for risk. That saw investors chasing returns at any cost or price. Patient or risk averse investors were left behind by those willing to just “Buy In” to the market momentum. The buying fever, if not euphoria, was supported by monetary easing by central banks and then the election win of President Trump.

At December 31, 2024, the total net asset value of the Fund was \$42.8 million as compared to \$29.3 million at December 31, 2023. The cash position was 0.13% of net asset value. The number of units outstanding in the Fund as at December 31, 2024 was 3.6 million compared with 2.5 million as at December 31, 2023.

Unrealized appreciation on investments at December 31, 2024 was -\$0.4 million as compared to -\$1.2 million at December 31, 2023 resulting in an increase in unrealized appreciation on investments of \$0.8 million. The Fund had net realized gains on investments sold during the year of \$0.1 million.

Fees and Expenses

During the year, the Fund incurred a total of \$0.1 million in operating expenses. The management expense ratio (“MER”) for unitholders was 0.30%. There are no management fees charged to the Fund since January 1, 2018 as the management fees are charged directly to the unitholders outside the Fund. Refer to the Management Fees section for further details on this.

Unitholder Activity

Throughout the year, \$21.9 million flowed into the Fund by way of subscriptions and \$9.4 million flowed out of the Fund as a result of redemptions.

Related Party Transactions

Pembroke Private Wealth Management Ltd. (“PPW”) is the Fund’s Manager. The Fund Manager provides the day-to-day management of the business and operations of the Fund. The fees paid to the Fund Manager are shown in the Management Fees section of this report. The related party transactions take place in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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Recent Developments

Outlook

Duration ended the period at 7.2 years which remains generally neutral relative to the benchmark. Given that spreads are well inside historical averages, the Fund is positioned conservatively with emphasis on liquid, high quality instruments such as Government of Canada bonds and NHA MBS which can be used to fund future credit opportunities.

Past Performance

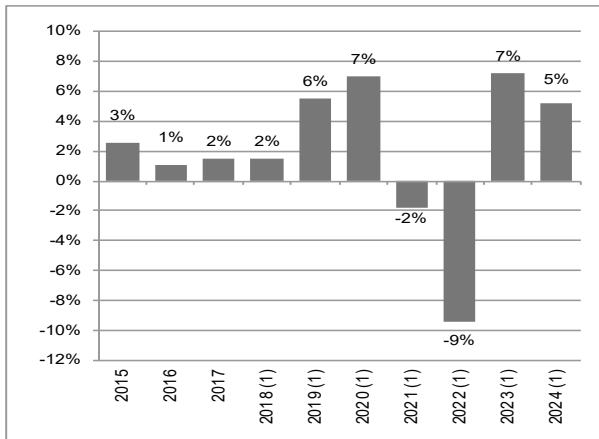
The indicated rates of return are the historical annual compounded total return changes in unit values and reinvestment of all distributions and do not take into account sales, redemptions, distributions or other optional charges that would have reduced returns. Mutual funds are not guaranteed, their values may increase or decrease and past performance may not be repeated.

The Fund's performance numbers assume that all distributions are reinvested in additional units of the Fund. If you hold this Fund outside of a registered plan, income and capital gains distributions that are paid to you increase your income for tax purposes, whether paid to you in cash or reinvested in additional units. The amount of the reinvested taxable distributions is added to the adjusted cost base of the units that you own. This would decrease your capital gains or increase your capital losses when you later redeem from the Fund, thereby ensuring that you are not taxed on this amount again. Please consult your tax advisor regarding your personal tax situation.

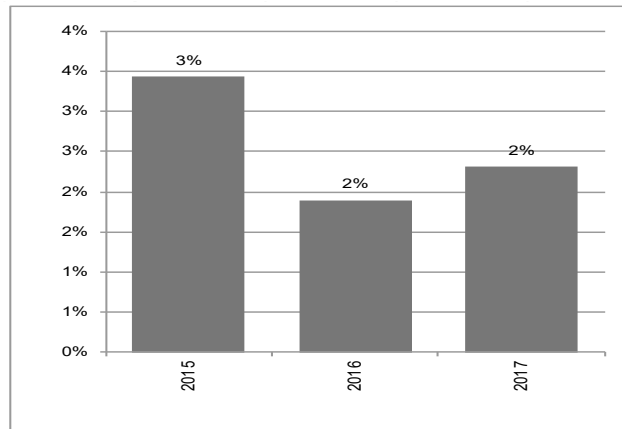
Year-by-year returns

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year. The percentage figures indicated have been rounded to the nearest whole number due to space constraints.

Class A



Class O ⁽²⁾



(1) Since January 1, 2018, management fees are charged directly to unitholders based on their assets under management and Fund performance is reported net of transaction costs and all other expenses, **excluding** management fees and applicable taxes. Prior to January 1, 2018, Fund performance was reported net of transaction costs and all other expenses, **including** management fees and applicable taxes. Refer to the Management Fees section for further details on this.

(2) Since January 31, 2018 there is no performance data for Class O units as the units ceased to be distributed.

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Past Performance (Cont'd)

Annual compound returns

The following table shows the Fund's annual compound total return for the periods shown ending on December 31, 2024. The annual compound total return is also compared to the FTSE TMX Canada Universe Bond Index on the same compound basis.

All index returns are calculated in Canadian dollars on a total return basis.

December 31, 2024	1 yr ⁽²⁾	3 yr	5 yr	10 yr	Since inception
Pembroke Canadian Bond Fund - Class A	5.24%	0.73%	1.44%	1.93%	6.29%
FTSE TMX Canada Universe Bond Index ⁽¹⁾	4.23%	-0.60%	0.79%	1.98%	N/A

(1) FTSE TMX Canada Universe Bond Index is an index of approximately 750 bonds composed of investment grade, fixed coupon, government and corporate bonds, issued in Canada and denominated in Canadian dollars with a term to maturity of one to thirty years, designed to reflect the Canadian bond market. This Index was previously called DEX Universe Bond Index.

(2) Since January 1, 2018, management fees are charged directly to unitholders based on their assets under management and Fund performance is reported net of transaction costs and all other expenses, **excluding** management fees and applicable taxes. Prior to January 1, 2018, Fund performance was reported net of transaction costs and all other expenses, **including** management fees and applicable taxes. Refer to the Management Fees section for further details on this change.

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Summary of Investment Portfolio

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund. Updates are available quarterly.

Portfolio by Sector	% of Net Asset Value
Canadian Corporates	53.94%
Canadian Governmental Issuers or Canadian Government-Related Issuers	14.65%
Canadian Privates Placements	13.23%
Foreign Corporates	11.79%
Foreign Governmental Issuers or Foreign Government-Related Issuers	3.44%
Asset/Mortgage-Backed	1.72%
Zero Coupon Bonds	0.13%
Cash	0.13%
Other Net Current Assets	0.97%
Total	100.00%

Bonds breakdown by credit rating	% of Net Asset Value
AAA	39.90%
AA	17.65%
A	38.74%
BBB	2.61%
Total	98.90%

Top 25 Holdings

Company	Coupon Rate	Maturity	% of Net Asset Value
1 Canadian Government Bond	0.50%	01-Dec-2030	11.54%
2 The Toronto-Dominion Bank	4.52%	29-Jan-2027	8.39%
3 Hydro One	2.71%	28-Feb-2050	5.99%
4 New York Life Global Funding	2.00%	17-Apr-2028	5.34%
5 Metropolitan Life Global Funding	3.39%	09-Apr-2030	5.28%
6 Highway 407	7.13%	26-Jul-2040	5.25%
7 Enbridge Gas	3.51%	29-Nov-2047	5.13%
8 Province of British Columbia	2.20%	18-Jun-2030	4.42%
9 Canadian Government Bond	2.75%	01-Dec-2055	2.76%
10 City of Ottawa Ontario	3.75%	02-Oct-2034	2.50%
11 Great-West Lifeco	3.60%	31-Dec-2081	2.38%
12 ORNGE Issuer Trust	5.73%	11-Jun-2034	2.35%
13 KFW	5.05%	04-Feb-2025	2.21%
14 Honda Canada Finance	1.65%	25-Feb-2028	2.21%
15 Royal Bank of Canada	4.26%	21-Dec-2026	2.14%
16 British Columbia Ferry Services	4.29%	28-Apr-2044	2.09%
17 Coastal Gaslink Pipeline	5.86%	30-Mar-2049	2.06%
18 CU INC	2.61%	28-Sep-2050	2.02%
19 Toyota Credit Canada	4.33%	24-Jan-2028	1.68%
20 North Battleford Power	4.96%	31-Dec-2032	1.59%
21 Cogeco Communications	5.30%	16-Feb-2033	1.47%
22 WTH Car Rental	5.15%	20-Aug-2027	1.40%
23 New Brunswick Highway	6.47%	30-Nov-2027	1.35%
24 Enbridge Gas	3.65%	01-Apr-2050	1.33%
25 NAV Canada	3.21%	29-Sep-2050	1.26%
Top 25 Holdings			84.15%

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Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the financial years indicated. This information is derived from the Fund's audited annual financial statements. The information presented is based on prescribed regulations and, as a result, is not expected to sum due to the increase (decrease) in net assets attributable to holders of redeemable units being based on the average units outstanding during the year and all other numbers being based on the actual units outstanding at the relevant point in time.

THE FUND'S NET ASSETS PER UNIT	CLASS A				
	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Net assets attributable to holders of redeemable units, beginning of year ⁽¹⁾	11.63	11.21	12.75	13.34	12.85
Increase (decrease) in net assets attributable to holders of redeemable units:					
Total revenue	0.43	0.42	0.39	0.40	0.43
Total expenses	(0.03)	(0.05)	(0.04)	(0.04)	(0.04)
Realized gains (losses) for the year	0.03	(0.10)	(0.17)	(0.04)	0.14
Unrealized gains (losses) for the year	0.22	0.52	(1.39)	(0.55)	0.36
Total Increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾	0.65	0.79	(1.21)	(0.23)	0.89
Distributions to holders of redeemable units:					
From income and excluding dividends	(0.38)	(0.37)	(0.35)	(0.34)	(0.40)
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return on capital	-	-	-	-	-
Total distributions to holders of redeemable units ⁽³⁾	(0.38)	(0.37)	(0.35)	(0.34)	(0.40)
Net assets attributable to holders of redeemable units, end of year ⁽⁴⁾	11.85	11.63	11.21	12.75	13.34

(1) This information is derived from the Fund's audited annual financial statements.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) in net assets attributable to holder's of redeembale units is based on the weighted average number of units outstanding over the financial year.

(3) Distributions were paid in cash and/or reinvested in additional units of the Fund.

(4) This table is not intended to be a reconciliation of beginning to ending net assets per unit.

(5) Class O units of the Fund were converted to Class A units on January 31, 2018.

RATIOS AND SUPPLEMENTAL DATA (based on Trading NAV)	CLASS A				
	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Total net asset value (\$) (000's) ⁽¹⁾	42,766	29,320	27,180	31,986	32,519
Number of redeemable units outstanding (000's) ⁽¹⁾	3,610	2,521	2,425	2,508	2,438
Management expense ratio (%) ⁽²⁾	0.30	0.41	0.36	0.29	0.30
Management expense ratio before w aivers or absorptions (%) ⁽²⁾	0.30	0.41	0.36	0.29	0.31
Trading expense ratio (%) ⁽³⁾	N/A	N/A	N/A	N/A	N/A
Portfolio turnover rate (%) ⁽⁴⁾	49.05	22.25	32.13	12.16	30.64
Net asset value per unit (\$)	11.85	11.63	11.21	12.75	13.34

(1) This information is provided as at December 31 of the year shown.

(2) The management expense ratio ("MER") is calculated in accordance with National Instrument 81-106, based on expenses for the stated year (including Harmonized Sales Tax, Goods and Service Tax, income tax and interest) but excluding foreign withholding taxes, commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the year. PPW may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. The Fund expenses were waived or absorbed for the years presented. The waiver or absorption of operating expenses is expected to continue for an indefinite period of time and can be terminated by PPW at its discretion and without prior notice.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the year.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

(5) Class O units of the Fund were converted to Class A units on January 31, 2018.

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Financial Highlights (Cont'd)

Management Fees

Management fees are charged directly to unitholders. Subject to the maximum fees set forth below, unitholders are charged management fees based on the assets under management of their PPW relationship. Such management fees are payable directly to PPW by the redemption (without charge) of a sufficient number of units of the Fund held.

Name of the Fund	Assets under management		
	Under \$1 million	Between \$1 million and \$5 million	Above \$5 million ¹
Pembroke Money Market Fund	-	-	-
Pembroke Canadian Bond Fund	0.65%	0.50%	0.40%
Pembroke Corporate Bond Fund	0.75%	0.60%	0.50%
Pembroke Canadian Balanced Fund	1.30%	1.00%	0.75%
Pembroke Global Balanced Fund	1.30%	1.00%	0.75%
Pembroke Canadian All Cap Fund	1.50%	1.50%	1.00%
Pembroke Canadian Growth Fund	1.70%	1.50%	1.00%
Pembroke American Growth Fund Inc.	1.50%	1.50%	1.00%
Pembroke International Growth Fund	1.50%	1.50%	1.00%
Pembroke Concentrated Fund - Class A Units	1.50%	1.50%	1.00%
Pembroke Dividend Growth Fund	1.50%	1.50%	1.00%

¹ Larger investors or those meeting specific criteria may qualify for lower fees

Management fees paid directly by unitholders of the Fund to PPW through a redemption of units was \$72,073 for the year ended December 31, 2024.

Under the Pembroke Family Advantage Program, the value of family holdings of all family members designated by the investor will be considered to determine the management fee applicable to all family members. In order to benefit from the Pembroke Family Advantage Program, family members must be designated by the investor using the form prepared by PPW and must be approved by PPW prior to any management fee reduction being applicable. Management fees are determined based on the amount of assets under management with PPW and Pembroke.

All management fees were used by the Manager to pay costs for managing the investment portfolio, providing investment analysis and recommendations, making investment decisions, and providing other services. For the year ended December 31, 2024, none of the management fees received by the Manager were used to fund commission payments and other dealer compensation (collectively "distribution-related costs") paid to registered dealers and brokers for units of the Fund bought and held by investors.

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Caution Regarding Forward-looking Statements

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including, but not limited to, market and general economic conditions, interest rates, regulatory and statutory developments and the effects of competition in the geographic and business areas in which the Fund may invest. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Further, it should be noted that the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

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Pembroke Private Wealth Management Ltd. is a mutual fund dealer and manager of the Pembroke Funds.
Canso Investment Counsel Ltd. is an investment adviser.

Custodial service provided by RBC Investor & Treasury Services
Unitholder Recordkeeping provided RBC Investor & Treasury Services
Annual audit performed by Deloitte LLP.