

PEMBROKE

PRIVATE WEALTH MANAGEMENT

PEMBROKE CORPORATE BOND FUND

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE DECEMBER 31, 2024

INCEPTION DATE
January 1, 2009

THE PORTFOLIO MANAGEMENT TEAM
CANISO 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.

Investment Objective and Strategies

Pembroke Corporate Bond Fund (the “Fund”) seeks to provide investors with above-average income returns through a diversified portfolio composed primarily of fixed income securities of corporate entities anywhere in the world. To achieve the Fund’s investment objective the Fund will be invested primarily in fixed income securities of corporate entities, including those of foreign issuers.

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 period 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 who are seeking a short to medium-term investment primarily in a broad range of fixed income securities and looking for a steady source of income from their investments. 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 8.30%. In comparison, the Fund’s benchmark index, the FTSE Canada All Corporate Bond Index posted a return of 6.97%. For the year ended December 31, 2023, the Fund posted a return of 9.29% compared to the Fund’s benchmark which posted an 8.37% return.

The Fund returned 8.3% in 2024 outperforming the benchmark by 1.3% as credit spread tightening offset a rise in government rates. Limited recourse capital notes, including issues of Manulife, BNS, and TD Bank led performance and outperformed in each quarter of 2024. Spread tightening was most notable on lower rated credit with high yield issues from Air Canada, LATAM Airlines, and Spirit AeroSystems adding value during the period. Also contributing to outperformance was a long floating rate BBB- rated issue from TransCanada which experienced notable spread tightening.

The Fund continues to be conservatively positioned with 48.4% invested in AAA/AA rated securities, 40.9% of which are Federal Government bonds. Floating rate holdings dropped to 5.5% of the portfolio after beginning the year at 29.6%. These securities protected the portfolio from rising interest rates as monetary policy began to tighten but are less attractive when central banks cut rates.

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 \$169.6 million as compared to \$161.5 million as at December 31, 2023. The cash position was 0.19% of net asset value. The number of units outstanding in the Fund as at December 31, 2024 was 12.7 million compared with 12.4 million as at December 31, 2023.

Unrealized appreciation on investments at December 31, 2024 was \$3.1 million as compared to -\$4.6 million as at December 31, 2023 resulting in an increase in unrealized appreciation on investments of \$7.7 million. The Fund had net realized gains on investments sold during the year of \$1 million.

Fees and Expenses

During the year, the Fund paid a total of \$0.2 million in operating expenses. The management expense ratio (“MER”) for unitholders was 0.10%. There are no management fees charged to the Fund as the management fees are charged directly to the unitholders outside the Fund. Refer to the Management Fees section for further details on this.

The Fund was previously a Pooled Fund and the MER did not account for various fund expenses that will now be incurred as a mutual fund. For the period the Fund was a pooled fund, the expenses would have been higher if the Fund was a prospectus mutual fund.

Unitholder Activity

Throughout the year, \$33.4 million flowed into the Fund by way of subscriptions and \$30.4 million flowed out of the Fund as a result of redemptions.

Related Party Transactions

Pembroke Private Wealth Management (“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.

Recent Developments

Outlook

Duration ended the period at 3.6 years, meaningfully below the benchmark duration of 5.8 years. The Fund continues to hold select high yield issues which are well structured and remain attractive from a risk-adjusted perspective. 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.

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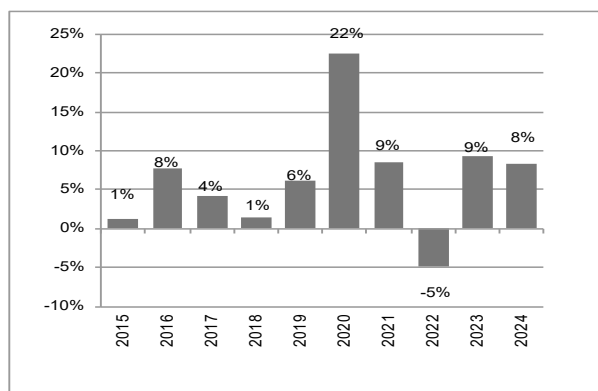
Past Performance

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 have been prepared under the assumption 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.



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 Canada All Corporate 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	3 yr	5 yr	10 yr	Since inception
Pembroke Corporate Bond Fund	8.30%	4.06%	8.42%	6.24%	8.36%
FTSE Canada All Corporate Bond Index ⁽¹⁾	6.97%	1.47%	2.31%	3.04%	4.74%

(1) The FTSE Canada All Corporate Bond Index measures the performance of the Canadian corporate bond sector. It is comprised primarily of semi-annual pay fixed rate corporate bonds issued domestically in Canada.

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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 Governmental Issuers or Canadian Government-Related Issuers	30.92%
Canadian Corporate Bonds	28.79%
Foreign Corporate Bonds - denominated in US Dollar	17.81%
Asset/Mortgage-Backed	10.00%
Canadian Corporate Bonds - Denominated in US Dollar	5.22%
Foreign Corporate Bonds - denominated in Canadian Dollar	3.47%
Foreign Governmental Issuers or Foreign Government-Related issuers	1.29%
Canadian Equities	1.19%
Canadian Private Placements	0.73%
US Equities	0.07%
Cash	0.19%
Other Net Current Assets	0.32%
Total	100.00%

Bonds breakdown by credit rating	% of Net Asset Value
AAA	45.23%
AA	3.47%
A	12.00%
BBB	13.47%
BB	8.93%
B	6.65%
CCC	5.79%
Not Rated	3.94%
Total	99.48%

Top 25 Holdings

Company	Coupon Rate	Maturity	% of Net Asset Value
1 Canadian Government Bond	1.500%	01-Dec-31	20.67%
2 Canadian Government Bond	0.500%	01-Dec-30	7.30%
3 Air Canada	4.625%	15-Aug-29	5.77%
4 Scotia Capital	3.700%	01-Mar-29	3.95%
5 Bank of Nova Scotia	3.807%	15-Nov-28	3.56%
6 TransCanada PipeLines	6.995%	15-May-67	2.98%
7 Hertz	5.000%	01-Dec-29	2.85%
8 Manulife Financial	4.100%	19-Mar-82	2.62%
9 Hertz	12.625%	15-Jul-29	2.40%
10 Canadian Government Real Return Bond	7.830%	01-Dec-26	2.20%
11 Metropolitan Life Global Funding I	4.642%	01-Apr-27	2.18%
12 Manulife Financial	3.375%	19-Jun-81	2.09%
13 Toronto-Dominion Bank	4.477%	18-Jan-28	1.80%
14 Sun Life Financial	3.600%	30-Jun-81	1.78%
15 Avis Budget Car Rental	5.750%	15-Jul-27	1.62%
16 Spirit AeroSystems	4.600%	15-Jun-28	1.55%
17 NatWest Group	7.472%	10-Nov-26	1.47%
18 Toronto-Dominion Bank	3.600%	31-Oct-81	1.41%
19 Latam Airlines Group	13.375%	15-Oct-29	1.39%
20 MCAP Service	4.040%	01-Feb-28	1.38%
21 Air Canada	4.000%	01-Jul-25	1.30%
22 New York Life Global Funding	4.210%	30-Jun-26	1.29%
23 Royal Bank of Canada	4.200%	31-Dec-49	1.28%
24 Royal Bank of Canada	4.256%	21-Dec-26	1.26%
25 Avis Budget Car Rental	4.750%	01-Apr-28	1.19%
Top 25 Holdings			77.29%

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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					
	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⁾	12.99	12.68	13.92	14.42	12.83
Increase (decrease) in net assets attributable to holders of redeemable units:					
Total revenue	0.68	0.72	0.65	0.81	0.81
Total expenses	(0.02)	(0.01)	(0.01)	-	(0.01)
Realized gains (losses) for the year	(0.07)	0.18	(0.17)	1.08	0.92
Unrealized gains (losses) for the year	0.46	0.26	(1.14)	(0.70)	1.08
Total Increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾	1.05	1.15	(0.67)	1.19	2.80
Distributions to holders of redeemable units:					
From income and excluding dividends	(0.60)	(0.68)	(0.57)	(0.65)	(0.63)
From dividends	(0.01)	-	-	-	-
From capital gains	(0.04)	(0.16)	-	(1.06)	(0.58)
Return on capital	-	-	-	-	-
Total distributions to holders of redeemable units ⁽³⁾	(0.65)	(0.84)	(0.57)	(1.71)	(1.21)
Net assets attributable to holders of redeemable units, end of year ⁽⁴⁾	13.40	12.99	12.68	13.92	14.42

(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 redeemable 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.

RATIOS AND SUPPLEMENTAL DATA (based on Trading NAV)

	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Total net asset value (\$) (000's) ⁽¹⁾	169,604	161,536	153,450	167,228	150,973
Number of redeemable units outstanding (000's) ⁽¹⁾	12,655	12,432	12,101	12,014	10,468
Management expense ratio (%) ⁽²⁾	0.10	0.10	0.09	0.08	0.09
Management expense ratio before waivers or absorptions (%) ⁽²⁾	0.10	0.10	0.09	0.08	0.09
Trading expense ratio (%) ⁽³⁾	-	-	-	-	-
Portfolio turnover rate (%) ⁽⁴⁾	68.28	21.46	46.39	47.26	106.01
Net asset value per unit (\$)	13.40	12.99	12.68	13.92	14.42

(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 some of 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.

The Fund was previously a pooled fund and the MER did not account for various fund expenses that will now be incurred as a mutual fund.

(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.

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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 \$0.9 million 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.

PEMBROKE
PRIVATE WEALTH MANAGEMENT

150 King Street West, Suite 1210
Toronto, Ontario M5H 1J9, Canada
Tel. 416-366-2550 800-668-7383 Fax 416-366-6833

1002 Sherbrooke Street West, Suite 1700
Montreal, Quebec H3A 3S4, Canada
Tel. 514-848-0716 800-667-0716 Fax 514-848-9620

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 by RBC Investor & Treasury Services
Annual audit performed by Deloitte LLP.