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PRIVATE WEALTH MANAGEMENT

PEMBROKE AMERICAN GROWTH FUND INC.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE DECEMBER 31, 2024

INCEPTION DATE
OCTOBER 1, 1988

THE PORTFOLIO MANAGEMENT TEAM
PEMBROKE MANAGEMENT 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. Shareholders 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 American Growth Fund Inc. (the “Fund”) seeks to provide shareholders with long-term capital growth by investing primarily in small to mid-sized US companies. To achieve the Fund’s investment objective, we invest primarily in companies that have sustainable growth opportunities, a solid financial position, and a capable management team.

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 medium-to-high tolerance for risk and are seeking long-term capital growth. The Fund holds US securities and, as a result, is exposed to US dollar currency risk. It is not the Fund’s policy to hedge currency exposure as the Board of Directors and Pembroke Management Ltd. (“Pembroke”) do not believe that hedging will add value in the long-term.

Results of Operations

For the year ended December 31, 2024, the Fund posted a return of 20.43%. In comparison, the Fund’s benchmark index, the Russell 2000 posted a 21.35% return for the year. For the year ended December 31, 2023, the Fund posted a return of 12.35% compared to the Fund’s benchmark which posted a return of 14.18%.

Pembroke’s portfolios are generally differentiated from the benchmarks they seek to outperform. In this case, the Fund is more concentrated than the Russell 2000. Further, the Fund has very different industry exposures than the benchmark offers. By investing in a select group of high-quality growth companies, Pembroke seeks to deliver superior risk-adjusted returns when measured over the long term while accepting that short-term relative performance can vary negatively or positively to a significant degree.

Pembroke’s US equity portfolios rose in 2024, following strong results in 2023 and a difficult 2022. Performance was largely in line with that of the benchmark Russell 2000 Index, and absolute results benefited significantly from a strong US dollar. Pembroke was encouraged by the fundamental progress made at many of its holdings in terms of per share revenue and profit growth. Management teams executed on share buybacks and made opportunistic acquisitions, in many cases taking advantage of their robust balance sheets and market-leading competitive positions. Growth, innovation, and balance sheet strength helped support the performance of holdings in the Information Technology sector, while positions related to automotive and homebuilding struggled to find their footing due to low volumes and slower than expected interest rate cuts projected for 2025. Pembroke is focused on the multi-year opportunity created by the shortage of US housing and believes the pullback in share prices creates an attractive set-up for long-term investors. New idea generation is healthy and demonstrates that the investment team continues to identify attractively valued growth companies in the US small to mid capitalization universe.

Tax software provider Vertex (VERX) saw its shares rise on the back of strong growth and profitability metrics over the course of 2024. The company’s expertise helps customers comply with rules in a complex and ever-changing state and municipal sales tax landscape. Given its products lead to efficiencies, cost-savings, and less regulatory risk, Pembroke expects new and existing customer adoption to continue at a robust pace over the next several years.

Cellebrite (“CLBT”), a provider of security software to government agencies and law enforcement, delivered revenue growth of over 20% and free cash flow of over \$120M in 2024. The company garnered media attention for helping crack the iPhone of the individual who shot Donald Trump. From an investor perspective, management is committed to growing sales while also expanding profit margins. CLBT has over \$480M of cash on its balance sheet and no debt, enjoys high levels of revenue visibility, and is reasonably valued.

The investment team decided to exit Sprout Social (“SPT”), which offers services to companies looking to improve their online marketing, as the company’s growth rate faltered as it transitioned from servicing mid-sized businesses to focusing primarily on large enterprises. Management did not execute against the objectives it laid out for investors. Pembroke’s team continues to follow SPT as its products are compelling and it serves a large end market, but execution needs to get back on track for the firm to consider reinvesting.

Shares in engineering firm Bowman Consulting (“BWMN”) dropped after the company raised outside equity and shortly thereafter failed to meet lofty investor expectations for accelerating revenue growth. Nevertheless, 2024 revenue should rise close to 24% above 2023 levels, and the company is expected to generate free cash flow even after servicing its debt obligations.

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Results of Operations (Cont'd)

BWMN is new to the public markets and did not manage expectations well, but the company's fundamentals remain healthy. Pembroke has a long history of successful investments in engineering service firms that acquire small competitors and bring their expertise and relationships under one roof.

At December 31, 2024, the total net asset value of the Fund was \$222.3 million as compared to \$210 million at December 31, 2023. The cash position was 0.45% of net asset value. The number of shares outstanding in the Fund as at December 31, 2024 was 3.4 million compared with 3.9 million as at December 31, 2023.

Unrealized appreciation on investments at December 31, 2024 was \$76.1 million as compared to \$52.9 million at December 31, 2023 resulting in an increase in unrealized appreciation on investments of \$23.2 million. The Fund had net realized gains on investments sold during the year of \$16.4 million.

Fees and Expenses

During the year, the Fund paid a total of \$0.5 million in operating expenses. The management expense ratio ("MER") for shareholders was 0.15%. There are no management fees charged to the Fund since January 1, 2018 as the management fees are charged directly to the shareholders outside the Fund. Refer to the Management Fees section for further details on this.

Shareholder Activity

Throughout the year, \$2.8 million flowed into the Fund by way of subscriptions and \$30.5 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. Pembroke is the portfolio manager of the Fund. Pembroke is the parent company of the Fund Manager, PPW. Pembroke's fees are paid by the Fund Manager, for services including investment, management, administration, advisory and accounting. 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

At the Annual Meeting of shareholders, which took place on April 10, 2024, Deloitte LLP were reappointed as the auditor, one Director was re-elected and four Directors were newly elected. The re-elected Director is Mr. Ian Aitken, who has served since 2009. The newly appointed Directors are Mr. J. Matthew Beckerleg, Mr. Jeffrey S.D. Tory, Mr. T John Quinn and Mr. Dominic M. Costantini.

Outlook

While markets rallied following Trump's election victory, the euphoria was short-lived as investors wrestle with the pace central bank rate cuts in 2025. The pullback from equity market highs creates a compelling backdrop for 2025 as valuations in Pembroke's US portfolios are compelling and company-level earnings and profit growth are expected to impress. The firm invests in well-funded companies that are focused on translating revenue growth into long-term progress in per share earnings and cash flow. In 2024, the team identified new opportunities in sectors ranging from Retail to Industrials to Information Technology, reflecting a diverse range of companies with the potential to create significant shareholder wealth over the coming years. However, escalating trade tensions between the United States and Canada, marked by the imposition of new tariffs, have introduced additional uncertainty into the economic landscape, potentially impacting supply chains, corporate profit margins, and investor sentiment as we enter 2025.

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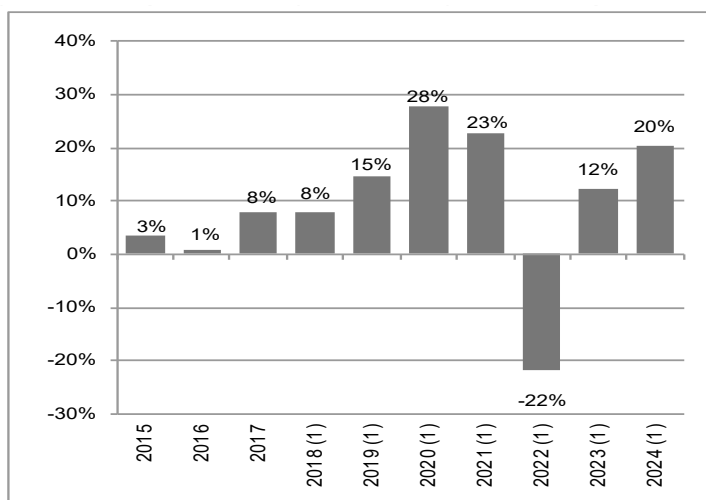
Past Performance

The indicated rates of return are the historical annual compounded total return changes in share 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 shares 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 shares. The amount of the reinvested taxable distributions is added to the adjusted cost base of the shares 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.



(1) Since January 1, 2018, management fees are charged directly to shareholders 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.

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 Russell 2000 Total Return and to the S&P 500 Total Return Indices 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 ⁽¹⁾
Pembroke American Growth Fund Inc. ⁽⁴⁾	20.43%	2.00%	10.75%	8.79%	10.71%
Russell 2000 Total Return Index ⁽²⁾	21.35%	5.60%	9.63%	10.16%	N/A
S&P 500 Total Return Index ⁽³⁾	36.01%	13.64%	16.90%	15.56%	11.15%

(1) Pembroke has served as the portfolio manager or the sub-advisor of the Fund since December 1968. The Fund has existed as an open ended mutual fund corporation since October 1, 1988.

(2) The Russell 2000 Total Return Index is a measure of the performance of the small-cap segment of the US equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index that includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

(3) The S&P 500 Total Return Index is a market capitalization-weighted index, composed of 500 widely-held common stocks, including reinvestment of dividends, that is generally considered representative of the US stock market.

(4) Since January 1, 2018, management fees are charged directly to shareholders 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.

Industry Sector	% of Net Asset Value
Industrials	31.29%
Information Technology	30.97%
Consumer Discretionary	13.95%
Health Care	10.95%
Financials	8.98%
Cash	0.45%
Other Net Current Assets	3.44%
Total	100.00%

Top 25 Holdings

Company	% of Net Asset Value	Industry Sector
1 Globus Medical	6.01%	Health Care
2 Cellebrite DI	5.53%	Information Technology
3 Vertex	4.85%	Information Technology
4 Pure Storage	4.08%	Information Technology
5 Dorman Products	3.65%	Consumer Discretionary
6 Core & Main	3.60%	Industrials
7 Installed Building Products	3.58%	Consumer Discretionary
8 SiteOne Landscape Supply	3.42%	Industrials
9 AON	3.39%	Industrials
10 Trex Company	3.27%	Industrials
11 Ryan Specialty Holdings	3.20%	Financials
12 Federal Signal	3.04%	Industrials
13 Axos Financial	2.98%	Financials
14 Watsco	2.92%	Industrials
15 Monolithic Power Systems	2.86%	Information Technology
16 Q2 Holdings	2.69%	Information Technology
17 Stevanato Group	2.58%	Health Care
18 nCino	2.56%	Information Technology
19 CRA International	2.48%	Industrials
20 Manhattan Associates	2.39%	Information Technology
21 Bio-Techne	2.36%	Health Care
22 KBR	2.15%	Industrials
23 Ollie's Bargain Outlet Holdings	2.15%	Consumer Discretionary
24 Resideo Technologies	2.14%	Industrials
25 CCC Intelligent Solutions Holdings	2.06%	Information Technology
Top 25 Holdings	79.94%	

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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 shares being based on the average shares outstanding during the year and all other numbers being based on the actual shares outstanding at the relevant point in time.

THE FUND'S NET ASSETS PER SHARE	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Net assets attributable to holders of redeemable shares, beginning of year ⁽¹⁾	54.16	48.20	61.45	50.01	39.14
Increase (decrease) in net assets attributable to holders of redeemable shares:					
Total revenue	0.26	0.27	0.23	0.17	0.17
Total expenses	(0.16)	(0.14)	(0.11)	(0.11)	(0.11)
Realized gains (losses) for the year	4.49	1.67	0.96	5.76	3.31
Unrealized gains (losses) for the year	6.36	4.16	(14.45)	5.64	7.20
Total Increase (decrease) in net assets attributable to holders of redeemable shares ⁽²⁾	10.95	5.96	-13.37	11.46	10.57
Distributions to holders of redeemable shares:					
From income and excluding dividends	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return on capital	-	-	-	-	-
Total distributions to holders of redeemable shares ⁽³⁾	-	-	-	-	-
Net assets attributable to holders of redeemable shares, end of year ⁽⁴⁾	65.20	54.16	48.20	61.45	50.01

(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 shares outstanding at the relevant time. The increase (decrease) in net assets attributable to holder's of redeemable shares is based on the weighted average number of shares outstanding over the financial year.

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

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

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⁾	222,389	209,968	200,629	264,018	217,650
Number of redeemable shares outstanding (000's) ⁽¹⁾	3,410	3,877	4,162	4,296	4,352
Management expense ratio (%) ⁽²⁾	0.15	0.17	0.16	0.14	0.18
Management expense ratio before waivers or absorptions (%) ⁽²⁾	0.15	0.17	0.16	0.14	0.18
Trading expense ratio (%) ⁽³⁾	0.09	0.05	0.05	0.04	0.10
Portfolio turnover rate (%) ⁽⁴⁾	37.89	22.23	24.59	29.01	49.12
Net asset value per shares (\$)	65.20	54.16	48.20	61.45	50.01

(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 shareholders, waive or absorb certain operating expenses. The Fund did not have any expenses waived or absorbed in any of the years presented.

(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 shareholders. Subject to the maximum fees set forth below, shareholders 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 shares 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 shareholders of the Fund to PPW through a redemption of shares was \$2.5 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 shares 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.
Pembroke Management Ltd. is an investment adviser.

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