

PEMBROKE

PRIVATE WEALTH MANAGEMENT

PEMBROKE DIVIDEND GROWTH FUND

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE DECEMBER 31, 2024

INCEPTION DATE
JANUARY 1, 2012

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. 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 Dividend Growth Fund (the “Fund”) seeks to provide long-term growth combined with current dividend income by investing primarily in shares of small and mid-cap Canadian, publicly listed issuers that pay a regular dividend. The Fund may invest in equity securities of small, medium and large capitalization companies with an emphasis on small and mid-sized companies. The strategy aims to identify investment opportunities in companies that have both growth potential while exhibiting the financial ability to support the payment of a regular dividend. The Fund will look to invest primarily in Canadian-listed securities but may invest up to a maximum of 30% of the Fund into American publicly listed issuers traded on a recognised exchange in the United States.

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 medium tolerance for risk and are seeking long-term capital growth.

Results of Operations

From January 1, 2012 until May 9, 2024, units of the Fund were distributed pursuant to an exemption from the prospectus requirement (i.e. “Pooled Fund”). On May 9, 2024, the Fund was converted from a pooled fund to a mutual fund.

For the year ended December 31, 2024, the Fund posted a return of 23.33%. In comparison, the Fund’s benchmark index, the S&P/TSX Composite Total Return posted a return of 21.65% for the same period. For the year ended December 31, 2023, the Fund posted a return of 17.75% compared to the Fund’s benchmark which posted a 11.75% return.

The Fund’s returns in 2024 were driven largely by capital appreciation; to a much lesser extent, from dividend income. The cresting of inflationary pressures and the corresponding decrease in policy interest rates were embraced by market participants, driving a significant market rally fueled by an expansion of valuation multiples as well as corporate earnings growth. The Fund’s returns in the year surpassed those of its benchmark, the S&P/TSX Composite Total Return Index. The Fund has a current annualized gross yield of 3.23%.

Two stocks were significant contributors to performance in 2024.

Shares in Canadian Western Bank (“CWB”), a diversified financial services organization providing specialized offerings in banking, trust, and wealth management solutions for corporations and individuals, rallied sharply in June following the news of its acquisition by National Bank of Canada at a 110% premium to its pre-announcement closing price. As the acquisition was to be completed by way of share exchange, CWB shareholders also benefited from the post-announcement rally in National Bank shares, which performed well in the remainder of 2024 driven by strong financial performance and optimism regarding the attractiveness of the pending CWB deal. The substantial premium paid for the CWB business validated our view that its shares were significantly undervalued relative to its peers and its own historical trading parameters, especially in light of the quality of the franchise.

Shares in Softchoice Corporation (“SFTC”), a software-focused IT solutions provider servicing small and medium-sized corporations, performed well throughout 2024 as the market embraced positive financial results which featured robust sales generation, expanding margins, and an increase in the dividend paid to shareholders. Softchoice’s year culminated in the New Year’s Eve announcement of an all-cash acquisition by World Wide Technology Holding Co. at a 14% premium to the previous close of SFTC shares. The takeovers of Softchoice, Canadian Western Bank, and other Canadian stocks in 2024 highlight the significant discount in valuations being endured by Canadian publicly traded issuers relative to their private market and American counterparts.

On the downside, two holdings were significant detractors to performance in 2024.

Shares in Champion Iron (“CIA”), a developer and producer of low contaminant, high-grade iron ore from Quebec’s Labrador Trough, were weak in 2024 in sympathy with softening iron ore prices and demand concerns pertaining to the Chinese steelmaking complex. While shorter-term results at Champion have indeed been negatively impacted by commodity pricing, lack of rail capacity, and forest fire disruptions, we believe that the longer-term prospects for Champion are exciting. The company is undergoing a capital program which will see much of its production upgraded to higher purity material, which commands premium pricing and is used in electric arc furnaces. Efforts to decarbonize the steel industry are leading to a proliferation of electric arc furnaces, which is bullish for longer-term pricing and demand. Champion also has avenues to expand its productive capacity by further developing its rich geological endowment of iron ore. The company’s agreement to secure financing with two major steel producers to advance the development of one of its earlier-stage deposits is illustrative of this potential. We believe Champion shares do not reflect the coming evolution of the business and are thus very attractively valued.

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Results of Operations (Cont'd)

Shares in Parex Resources ("PXT"), a company engaged in the exploration, development and production of oil and gas assets in Colombia, declined in 2024 as the company failed to meet market expectations for production growth and endured disappointing exploration results in some of its newer geological plays. While the company sports a strong balance sheet and generates significant free cash flow which funds a conservative dividend and share buybacks, we chose to divest of our shares to fund investments in other opportunities with similarly attractive financial characteristics but superior records of execution.

As at December 31, 2024, the total net asset value of the Fund was \$183 million as compared to \$150.2 million as at December 31, 2023. The cash position was 3.83% of net asset value. The number of units outstanding in the Fund as at December 31, 2024 was 7.5 million compared with 7 million as at December 31, 2023.

Unrealized appreciation on investments as at December 31, 2024 was \$41.9 million as compared to \$25.2 million as at December 31, 2023 resulting in an increase in unrealized appreciation on investments of \$16.7 million. The Fund had net realized gains on investments sold during the period of \$11.8 million.

Fees and Expenses

During the year, the Fund paid a total of \$0.3 million in operating expenses. The management expense ratio ("MER") for unitholders was 0.07%. 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, \$32.4 million flowed into the Fund by way of subscriptions and \$20.1 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.

Recent Developments

Outlook

Canadian capital market participants will navigate a dynamic economic and geopolitical environment in 2025. Domestic policy interest rates will likely continue to decline, as moderating inflationary pressures and economic growth rates will lead to more accommodative monetary policies. This should be constructive for equity valuation multiples, which tend to expand in periods of declining interest rates.

Geopolitics will be a source of uncertainty through the year, with the incoming Trump administration signalling an intention to increase protectionist measures on trade between the United States and Canada. Canadian exporters may face increasing competitive pressures in their businesses, though pressure on the Canadian dollar would act as an offset.

Irrespective of the prevailing economic and geopolitical backdrop, Pembroke continues to identify companies with agile business models and management teams that can adjust to uncertainty and grow throughout a business cycle.

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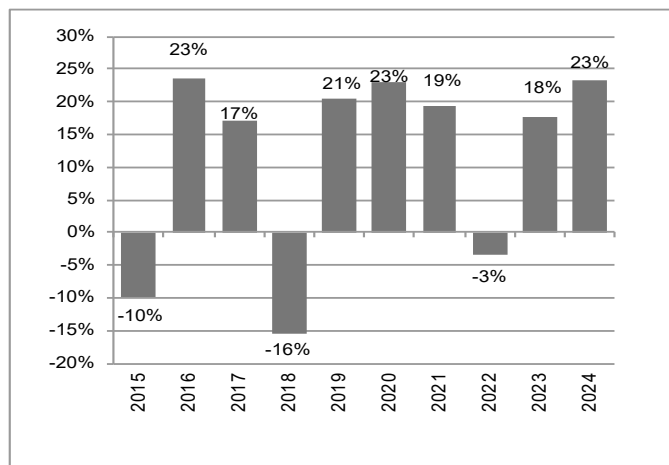
Past Performance

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 S&P/TSX Composite Total Return and to the S&P/TSX Completion 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
Pembroke Dividend Growth Fund	23.33%	11.97%	15.59%	10.60%	12.36%
S&P/TSX Composite Total Return Index ⁽¹⁾	21.65%	8.58%	11.08%	8.65%	9.01%
S&P/TSX Completion Total Return Index ⁽²⁾	24.27%	9.55%	9.86%	7.40%	7.42%

(1) The S&P/TSX Composite Total Return Index is a capitalization-weighted index that represents some of the largest float-adjusted stocks trading on the Toronto Stock Exchange: Company size and liquidity are the chief attributes determining membership.

(2) The S&P/TSX Completion Total Return Index is comprised of the constituents of the S&P/TSX Composite Index that are not included in the S&P/TSX 60 Index. The index was formally the S&P/TSX MidCap Index. This index tends to have midcap and smaller companies included in it.

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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
Financials	35.66%
Industrials	25.46%
Information Technology	9.00%
Energy	6.60%
Consumer Staples	4.82%
Materials	3.76%
Consumer Discretionary	3.21%
Communication Services	2.87%
Real Estate	2.39%
Canada Treasury Bill	1.35%
Health Care	0.80%
Cash	3.83%
Other Net Current Assets	0.25%

Top 25 Holdings

Company	% of Net Asset Value	Industry Sector
1 Alaris Equity Partners Income	4.23%	Industrials
2 Watsco	4.15%	Consumer Discretionary
3 Dexterra	3.89%	Financials
4 iA Financial	3.78%	Financials
5 Topaz Energy	3.48%	Consumer Staples
6 Softchoice	3.44%	Financials
7 Element Fleet Management	3.44%	Information Technology
8 Jamieson Wellness	3.43%	Financials
9 Russel Metals	3.28%	Real Estate
10 Calian	3.18%	Industrials
11 Secure Energy Services	3.12%	Financials
12 AGF Management	3.11%	Industrials
13 EQB	2.97%	Energy
14 Main Street Capital	2.95%	Industrials
15 Stingray Group	2.87%	Energy
16 Mullen	2.87%	Industrials
17 Intact Financial	2.69%	Financials
18 Champion Iron	2.67%	Materials
19 Evertz Technologies	2.63%	Industrials
20 Finning International	2.58%	Financials
21 Guardian Capital Group - Class A	2.56%	Financials
22 Fairfax Financial Holdings	2.48%	Real Estate
23 TMX Group	2.44%	Financials
24 Information Services	2.38%	Information Technology
25 Canadian Western Bank	2.35%	Information Technology
Top 25 Holdings	76.96%	

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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 add up 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 period⁽¹⁾	21.49	19.72	21.06	19.72	16.45
Increase (decrease) in net assets attributable to holders of redeemable units:					
Total revenue	0.95	0.74	0.64	0.71	0.40
Total expenses	(0.04)	(0.04)	(0.03)	(0.01)	(0.04)
Realized gains (losses) for the period	1.66	1.14	(0.03)	3.79	1.03
Unrealized gains (losses) for the period	2.35	1.61	(1.29)	(0.73)	1.73
Total Increase (decrease) in net assets attributable to holders of redeemable units⁽²⁾	4.92	3.45	(0.71)	3.76	3.12
Distributions to holders of redeemable units:					
From income (excluding dividends)	(0.14)	(0.10)	(0.05)	(0.03)	(0.03)
From dividends	(0.78)	(0.60)	(0.54)	(0.59)	(0.38)
From capital gains	(1.08)	(0.95)	-	(1.82)	-
Return on capital	-	-	-	-	-
Total distributions to holders of redeemable units⁽³⁾	(2.00)	(1.65)	(0.59)	(2.44)	(0.41)
Net assets attributable to holders of redeemable units, end of period⁽⁴⁾	24.40	21.49	19.72	21.06	19.72

(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, 2023	December 31, 2021	December 31, 2020
Total net asset value (\$) (000's) ⁽¹⁾	183,021	150,180	130,574	133,778	104,072
Number of redeemable units outstanding (000's) ⁽¹⁾	7,500	6,988	6,622	6,352	5,277
Management expense ratio (%) ⁽²⁾	0.07	0.06	0.06	0.06	0.07
Management expense ratio before waivers or absorptions (%) ⁽²⁾	0.07	0.06	0.06	0.06	0.07
Trading expense ratio (%) ⁽³⁾	0.11	0.10	0.12	0.13	0.18
Portfolio turnover rate (%) ⁽⁴⁾	30.14	30.23	37.97	42.58	47.52
Net asset value per unit (\$)	24.40	21.49	19.72	21.06	19.72

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

(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 has had expenses waived or absorbed for all the years presented. The waiver or absorption of operating expenses is expected to continue for an indefinite year 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.

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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 \$1.8 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.

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