

PEMBROKE

PRIVATE WEALTH MANAGEMENT

PEMBROKE CANADIAN GROWTH FUND

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

INCEPTION DATE
NOVEMBER 30, 1988

THE PORTFOLIO MANAGEMENT TEAM
PEMBROKE MANAGEMENT LTD.

This interim 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 Canadian Growth Fund (the “Fund”) seeks to provide investors with long-term growth through capital appreciation by investing primarily in small to mid-sized Canadian 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 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

For the six-month period ended June 30, 2023, the Fund posted a return of 3.99%. In comparison, the Fund’s benchmark index, the S&P/TSX Composite posted a return of 5.70% for the same period. For the year ended December 31, 2022, the Fund posted a return of -20.00% compared to the Fund’s benchmark which posted a -5.84% return.

Pembroke’s focus on investing in smaller, underfollowed companies with attractive long-term growth prospects and aligned management teams results in portfolios that differ significantly from the TSX Composite in both composition and concentration. As such, performance in shorter-term time periods will often diverge markedly from the benchmark.

The Fund rebounded modestly from a difficult 2022 despite inflationary pressures, rising interest rates, and recessionary fears. With early indications that inflation may be cresting, market participants began anticipating an end to the monetary tightening cycle and drove valuation multiples modestly higher as a result. Corporate earnings forecasts remained subject to significant uncertainty, given rapidly changing demand dynamics and fluctuating input costs. Moreover, smaller cap equities experienced a more muted recovery thus far in 2023 compared to their larger cap peers.

Most industry groups were in positive territory for the first half of the year, led by holdings in the technology, consumer discretionary, and financials sectors. Meanwhile, investments in the consumer staples and materials sectors were laggards on both an absolute and relative basis.

Two stocks were significant contributors to performance in the first half of 2023.

Shares in Kinaxis (“KXS”) rose during the period as the company delivered financial results that featured strong revenue growth and profitability. Moreover, management provided guidance for revenue growth of greater than 20% for the year. KXS supplies leading edge supply chain management software to large companies around the world. The company’s flagship product, RapidResponse, allows users to run scenario analyses and uncover potential shortcomings in their supply chains. When a planner in one link of the chain makes a change, everyone who is affected immediately sees the impact. The company’s global technological leadership was also recognized by Gartner, which could impact decision-making at potential customers. KXS is seeing increased demand and a growing pipeline of large deals. While the shares are not cheap on traditional valuation metrics, the company is well financed, cash flow positive and growing quickly. Management also tends to guide conservatively, which makes their strong 2023 initial guidance all-the-more impressive. Finally, KXS’ solutions are sticky, as they become part of their customers’ supply planning toolset, which means the company is building a base of recurring, high-margin revenue.

Shares in EQB Inc. (“EQB”), a financial services company offering Canadian individuals and businesses a diverse suite of residential lending, commercial lending, and deposit solutions, performed well in the first half of 2023 on the back of strong financial results that exceeded market expectations and bucked a trend of choppy earnings delivered by other banks. Results were propelled by a combination of robust loan growth, strong net interest margin performance, modest credit losses, and impressive capital efficiency. Furthermore, given the strength in operating performance, management took the opportunity to increase its quarterly dividend by 6%. Longer term, Pembroke believes EQB is poised to compound growth by leveraging its modern digital banking to capture incremental markets share from less agile competition.

Two stocks were significant detractors to performance in the first half of 2023.

Shares in Trisura Group (“TSU”), a specialty insurance provider operating in the surety, risk solutions, corporate insurance and fronting segments in Canada and the U.S., fell during the period due to a one-time write down of reinsurance recoverable in its U.S. fronting business. The write-down was related to an isolated disagreement with one of its reinsurance partners over contractual obligations. It was not due to elevated insurance underwriting losses. While Pembroke does believe this was a one-time event, the growth of the U.S. business may see a moderate temporary slowdown. Despite this impact, Pembroke still sees TSU producing high-teens annual earnings per share growth in the future. This growth profile paired with a valuation pullback makes TSU an attractive long-term opportunity.

Results of Operations (Cont'd)

Shares in Richards Packaging ("RPI.UN"), a distributor of plastic and glass containers to small and medium sized businesses, healthcare packaging and dispensing systems to pharmacies, and consumables and equipment to aesthetician clinics, were weak in first half of 2023 as the company continues to endure the after-effects of unusually high COVID-driven demand that has since dissipated. While the company capitalized on the episodic demand that peaked in 2020 by generating significant windfall earnings and cashflow, comparisons have been difficult and results have failed to match the highwater market set during the height of the pandemic. Pembroke remains constructive on shares of RPI, as the valuation has corrected to very attractive levels and management has a strong record of compounding earnings and cash flow per share. The company is well capitalized to execute on acquisition opportunities, which Pembroke believes are becoming more prevalent in a challenging macroeconomic and financing environment.

As at June 30, 2023, the total net asset value of the Fund was \$274.5 million as compared to \$276.8 million as at December 31, 2022. The cash position was 2.78% of net asset value. The number of units outstanding in the Fund as at June 30, 2023 was 3.7 million compared with 3.9 million as at December 31, 2022.

Unrealized appreciation on investments as at June 30, 2023 was \$55 million as compared to \$51.2 million as at December 31, 2022 resulting in an increase in unrealized appreciation on investments of \$3.8 million. The Fund had net realized gains on investments sold during the period of \$4.3 million.

Fees and Expenses

During the six-month period, 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 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 six-month period, \$0.6 million flowed into the Fund by way of subscriptions and \$13.7 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 Management Ltd. ("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**Outlook**

While equity markets have rebounded from bear market lows, uncertainty remains as to near-term macroeconomic trends in inflation, interest rates, and economic growth. This is a challenging environment for both management teams and investors alike, but it is also one that is rife with opportunities. For the aligned, disciplined, and well-financed capital allocators that run Pembroke's portfolio companies, the economic turmoil is surfacing opportunities to go on the offensive by consolidating or taking market share from weakened competitors. For Pembroke, the selloff allows them to build positions in companies with attractive long-term growth runways at valuations not seen in many years. Pembroke expects shorter-term volatility to persist as the market digests developments pertaining to economic fundamentals, but is excited about the longer-term prospects and attractive prices of their businesses.

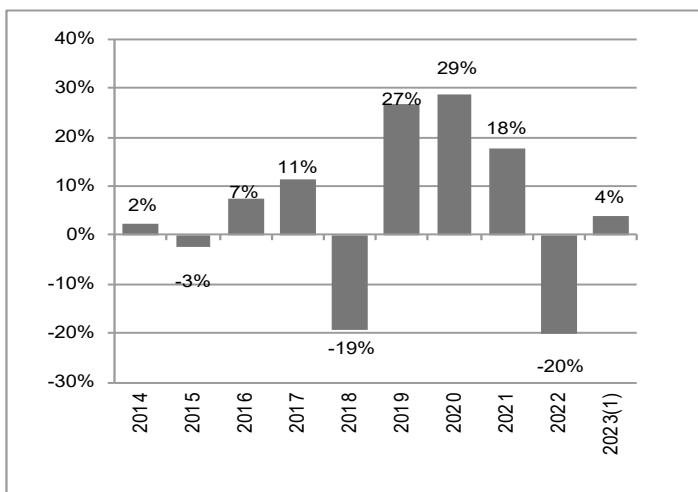
Past Performance

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.



(1) Six-month return to June 30, 2023

(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.

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	19.48%
Consumer Discretionary	18.36%
Information Technology	17.48%
Financials	15.52%
Real Estate	12.14%
Energy	5.98%
Materials	4.90%
Consumer Staples	3.17%
Cash	2.78%
Other Net Current Assets	0.19%
Total	100.00%

Top 25 Holdings

Company	% of Net Asset Value	Industry Sector
1 EQB	5.27%	Financials
2 Kinaxis	4.59%	Information Technology
3 Tecsys	4.42%	Information Technology
4 Sleep Country Canada	4.36%	Consumer Discretionary
5 Calian Group	4.19%	Industrials
6 Guardian Capital Group	3.93%	Financials
7 Bombardier Recreational Products	3.89%	Consumer Discretionary
8 Colliers International	3.78%	Real Estate
9 Boyd Group Services	3.78%	Industrials
10 Pollard Banknote	3.57%	Consumer Discretionary
11 Parex Resources	3.51%	Energy
12 Richelieu Hardware	3.33%	Industrials
13 Goeasy	3.28%	Financials
14 Mainstreet Equity	3.26%	Real Estate
15 Descartes Systems Group	3.25%	Information Technology
16 Jamieson Wellness	3.17%	Consumer Staples
17 Aritzia	3.08%	Consumer Discretionary
18 Trisura Group	3.04%	Financials
19 Tricon Residential	2.81%	Real Estate
20 Evertz Technologies	2.62%	Information Technology
21 Pet Valu Holdings	2.54%	Consumer Discretionary
22 Cargojet	2.37%	Industrials
23 Richards Packaging Income Fund	2.36%	Materials
24 Altus Group	2.29%	Real Estate
25 GDI Integrated Facility Services	2.01%	Industrials
Top 25 Holdings	84.70%	

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 periods indicated. This information is derived from the Fund's audited annual financial statements (excluding June 30, 2023 information). 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 period and all other numbers being based on the actual units outstanding at the relevant point in time. The June 30, 2023 interim financial statements are unaudited.

THE FUND'S NET ASSETS PER UNIT						
	June 30, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Net assets attributable to holders of redeemable units, beginning of period⁽¹⁾	70.94	89.99	84.37	66.15	54.82	68.99
Increase (decrease) in net assets attributable to holders of redeemable units:						
Total revenue	0.79	1.01	1.42	0.75	0.97	0.88
Total expenses	(0.07)	(0.13)	(0.13)	(0.13)	(0.03)	(0.19)
Realized gains (losses) for the period	1.13	0.16	10.35	4.35	5.50	0.83
Unrealized gains (losses) for the period	1.00	(19.37)	3.35	12.65	8.39	(14.66)
Total Increase (decrease) in net assets attributable to holders of redeemable units⁽²⁾	2.84	(18.33)	14.99	17.62	14.83	(13.14)
Distributions to holders of redeemable units:						
From income (excluding dividends)	-	(1.02)	(1.06)	(0.76)	(0.99)	(0.81)
From dividends	-	-	-	-	-	-
From capital gains	-	-	(7.94)	-	(2.23)	-
Return on capital	-	-	-	-	-	(0.01)
Total distributions to holders of redeemable units⁽³⁾	-	(1.02)	(9.00)	(0.76)	(3.22)	(0.82)
Net assets attributable to holders of redeemable units, end of period⁽⁴⁾	73.77	70.94	89.99	84.37	66.15	54.82

(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 period.

(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)

	June 30, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Total net asset value (\$) (000's)⁽¹⁾	274,458	276,774	365,720	323,236	292,305	262,189
Number of redeemable units outstanding (000's)⁽¹⁾	3,721	3,902	4,064	3,831	4,419	4,782
Management expense ratio (%)⁽²⁾	0.07	0.06	0.05	0.06	0.06	0.06
Management expense ratio before waivers or absorptions (%)⁽²⁾	0.07	0.06	0.05	0.06	0.06	0.06
Trading expense ratio (%)⁽³⁾	0.11	0.11	0.09	0.13	0.15	0.24
Portfolio turnover rate (%)⁽⁴⁾	36.98	30.13	29.67	29.69	32.39	40.66
Net asset value per unit (\$)	73.77	70.94	89.99	84.37	66.15	54.82

(1) This information is provided as at June 30 or December 31 of the period shown, as applicable.

(2) The management expense ratio ("MER") is calculated in accordance with National Instrument 81-106, based on expenses for the stated period (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 period. PW may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. The Fund did not have any expenses waived or absorbed in any of the periods 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 period.

(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 period. The higher a Fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

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

¹ Management fee rate was reduced from 0.10% to nil as of November 1, 2020

Name of the Fund	Assets under management above \$5 million		
	Assets under management		
	First \$10 million	Next \$15 million	Above \$25 million
Pembroke Money Market Fund ¹	-	-	-
Pembroke Canadian Bond Fund	0.40%	0.40%	0.40%
Pembroke Corporate Bond Fund	0.50%	0.50%	0.50%
Pembroke Canadian Balanced Fund	0.75%	0.75%	0.65%
Pembroke Global Balanced Fund	0.75%	0.75%	0.75%
Pembroke Canadian All Cap Fund	1.00%	0.85%	0.75%
Pembroke Canadian Growth Fund	1.00%	0.85%	0.75%
Pembroke American Growth Fund Inc.	1.00%	0.85%	0.75%
Pembroke International Growth Fund	1.00%	0.85%	0.75%
Pembroke Concentrated Fund - Class A Units	1.00%	0.85%	0.75%
Pembroke Dividend Growth Fund	1.00%	0.85%	0.75%

¹ Management fee rate was reduced from 0.10% to nil as of November 1, 2020

Management fees paid directly by unitholders of the Fund to PPW through a redemption of units was \$1.9 million for the six-month period ended June 30, 2023.

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 period ended June 30, 2023, 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.

P E M B R O K E

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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.