

# PEMBROKE

PRIVATE WEALTH MANAGEMENT

PEMBROKE CANADIAN GROWTH FUND

## ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE DECEMBER 31, 2025

INCEPTION DATE  
NOVEMBER 30, 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](http://www.pml.ca) or SEDAR at [www.sedar.com](http://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 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 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.

### **Results of Operations**

For the year ended December 31, 2025, the Fund posted a return of 17.95%. In comparison, the Fund’s benchmark index, the S&P/TSX Composite posted a return of 31.68%. For the year ended December 31, 2024, the Fund posted a return of 20.61% compared to the Fund’s benchmark which posted a 21.65% return.

For the calendar year ended December 31, 2025, the Fund underperformed its benchmark, the S&P/TSX Composite Total Return Index. Relative performance was negatively impacted by both sector allocation and stock selection. Allocation effects detracted primarily due to underweights in Materials and Industrials, the former of which was the strongest-performing sector in the benchmark during the period. Stock selection also detracted, most notably within Information Technology and Financials. These negative impacts were partially offset by positive contributions from Consumer Discretionary and Industrials, where favourable security selection added to relative returns.

Canadian equity markets experienced periods of heightened volatility during the year as investor expectations around interest rates, monetary policy, and economic growth evolved. Market performance was driven by a narrow group of sectors, particularly those linked to commodity prices, resulting in significant dispersion across sectors and individual securities. In this environment, active positioning and security selection outcomes had a meaningful influence on relative performance.

Two stocks were significant contributors to performance in 2025.

Groupe Dynamite is a Canadian specialty apparel retailer operating the Dynamite and Garage banners across Canada and the United States through physical stores and e-commerce. Following its IPO in late 2024, the share price declined through the early part of 2025 as investors worked through several uncertainties typical of newly public retailers, including concerns around input costs and tariff exposure, as well as broader caution toward discretionary consumer businesses. As the year progressed, these concerns proved less impactful than feared, while the company consistently delivered results that exceeded expectations, supported by strong comparable sales growth, disciplined inventory management, and expanding profitability. Improved visibility into earnings power, alongside confidence in the company’s store expansion strategy and execution, drove a sharp re-rating of the shares from the spring trough through the remainder of the year.

5N Plus is a specialty materials manufacturer that produces ultra-pure materials used in end markets such as space and satellite solar power, terrestrial renewable energy (including thin-film solar), and certain industrial applications. In calendar 2025, investor sentiment improved as the company delivered a clear step-up in financial performance and raised guidance multiple times, supported by strong demand and favourable product/market mix. In Q1 2025, management pointed to “strong demand and accelerated purchasing” by customers in strategic sectors alongside solid margins, establishing early-year momentum. This strengthened through mid-year as the company reported Q2 results and increased annual guidance, reinforcing confidence in earnings durability. A further catalyst was the August 2025 announcement of a scaled-up and expanded supply agreement with First Solar, which signalled increased volume commitments for critical materials over 2025–2026 and into a subsequent period, supporting visibility. By Q3 2025, 5N Plus reported its strongest quarterly revenue in a decade, record adjusted gross margin, and sharply higher adjusted EBITDA, and again increased full-year guidance—driven by higher volumes in terrestrial renewable energy and space solar power and pricing that outpaced inflation in key product areas—factors that plausibly supported the stock’s strong 2025 performance.

Two stocks were significant detractors to performance in 2025.

Tecsys is a Canadian software company that provides supply chain management solutions to hospitals and healthcare systems, helping manage inventory, procurement, and logistics in complex clinical environments. During calendar 2025, Tecsys’ share price declined steadily, reflecting a contraction in valuation rather than a deterioration in the underlying business. Investor sentiment was pressured by broader concerns around software valuations amid rising fears of artificial intelligence disruption, as well as uncertainty surrounding hospital budgets and healthcare funding, which raised questions about near-term spending and led to heightened scrutiny of bookings trends. While bookings were uneven during the year, the company continued to grow revenue and make progress in its transition to a software-as-a-service model, with margin expansion beginning to emerge as earlier platform and cloud investments started to scale. Despite ongoing debate around

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### **Results of Operations (Cont'd)**

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the pace of improvement, the market's focus on near-term uncertainty resulted in multiple compression through 2025, even as Tecsyst maintained a strong competitive position in a healthcare supply chain market widely viewed as structurally outdated and in need of modernisation.

D2L Inc. is a Canadian education technology company that develops and delivers a cloud-based learning management platform used by K-12 schools, higher education institutions, and corporate training organisations to manage online and blended learning experiences. During calendar 2025, D2L's share price lagged broader technology peers as investors digested mixed demand signals and near-term execution dynamics. While the company delivered full-year fiscal 2025 results with double-digit revenue and subscription growth, significant expansion in Annual Recurring Revenue and material improvement in adjusted EBITDA compared with the prior year, growth was offset in part by slower revenue progression in subsequent quarters and higher churn in the U.S. K-12 segment, which tempered expectations for consistent acceleration and raised questions about demand stability amid broader macroeconomic caution. Additionally, debate around education budgets and discretionary spending by institutional customers, combined with valuation pressure across certain software names, contributed to sentiment headwinds. More recently, management highlighted steady ARR expansion, strategic adoption of AI-enabled capabilities in its Brightspace platform, and a strong balance sheet, but the market's focus on near-term growth cadence and visibility continued to influence the stock through 2025.

At December 31, 2025, the total net asset value of the Fund was \$281.7 million compared with \$288.4 million as at December 31, 2024. The cash position was 1.25% of net asset value. The number of units outstanding in the Fund as at December 31, 2025, was 3.1 million compared with 3.3 million as at December 31, 2024.

Unrealized appreciation on investments at December 31, 2025, was \$86.5 million as compared to \$89.5 million at December 31, 2024, resulting in a decrease in unrealized appreciation on investments of \$3 million. The Fund had net realized gains on investments sold during the year of \$44.4 million.

#### ***Fees and Expenses***

During the year, the Fund paid a total of \$0.6 million in operating expenses. The management expense ratio ("MER") for unitholders was 0.08%. 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, \$24.8 million flowed into the Fund by way of subscriptions and \$48.3 million flowed out of the Fund as a result of redemptions.

### **Related Party Transactions**

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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.

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### **Recent Developments**

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#### ***Outlook***

Looking ahead to 2026, the Canadian equity environment is expected to remain selective, with returns increasingly driven by company-specific fundamentals rather than broad market tailwinds. After several years of uneven performance and valuation compression, smaller Canadian public companies remain under-owned by institutional investors, resulting in slower and less efficient price discovery despite ongoing operational progress at the business level. While macroeconomic conditions may remain mixed and sector dispersion elevated, opportunities continue to exist for companies with visible earnings drivers, resilient balance sheets, and defensible competitive positions, particularly where valuation multiples reflect a high degree of scepticism.

Within this context, the Fund remains focused on entrepreneurial growth themes that are less dependent on cyclical recoveries and more closely tied to long-term structural demand. These include exposure to space and defence, infrastructure and nation-building, AI-driven energy demand and supply-chain resiliency and select software and retail businesses positioned to benefit from asymmetric outcomes as artificial intelligence adoption evolves. With valuations across many SMID-cap growth businesses remaining below historical norms, and several portfolio companies generating free cash flow and taking shareholder-friendly actions, the portfolio is well positioned heading into 2026 with underlying earnings growth with the possibility of valuation normalisation as investor confidence improves.

### **Past Performance**

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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.

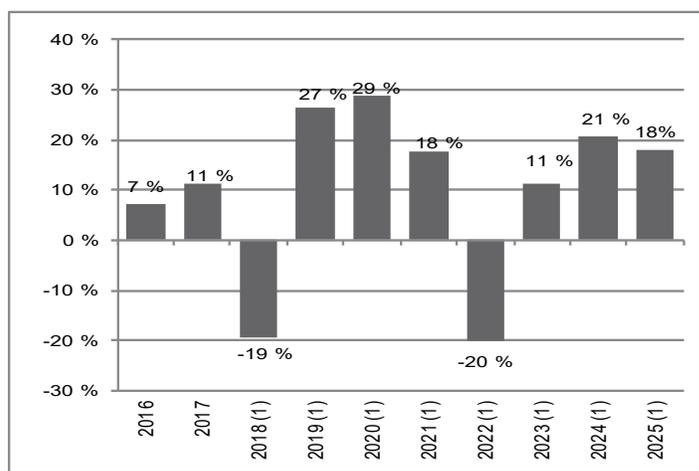
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### Past Performance (Cont'd)

#### 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 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.

#### Annual compound returns

The following table shows the Fund's annual compound total return for the periods shown ending on December 31, 2025. The annual compound total return is also compared to the S&P/TSX Composite Total Return Index and the S&P/TSX Small Cap Total Return Index on the same compound basis.

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

December 31, 2025	1 yr <sup>(3)</sup>	3 yr	5 yr	10 yr	Since inception
Pembroke Canadian Growth Fund	17.95%	16.59%	8.32%	8.85%	10.85%
S&P/TSX Composite Total Return Index <sup>(1)</sup>	31.68%	21.42%	16.09%	12.66%	9.14%
S&P/TSX Small Cap Total Return Index <sup>(2)</sup>	50.19%	23.21%	15.33%	12.00%	N/A

(1) 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) S&P/TSX Small Cap Total Return Index is an index of smaller Canadian companies.

(3) 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.

Industry Sector	% of Net Asset Value
Industrials	26.89%
Consumer Discretionary	15.08%
Information Technology	12.89%
Financials	12.32%
Materials	9.42%
Real Estate	5.53%
Energy	5.09%
Communication Services	5.04%
Consumer Staples	3.99%
Health Care	2.40%
Cash	1.25%
Other Net Current Assets	0.10%
<b>Total</b>	<b>100.00%</b>

### Top 25 Holdings

Company	% of Net Asset Value	Industry Sector
1 Black Diamond Group	5.82%	Industrials
2 Groupe Dynamite	4.27%	Consumer Discretionary
3 Hammond Power Solutions	4.23%	Industrials
4 IMAX	4.04%	Communication Services
5 5N Plus	4.03%	Materials
6 Jamieson Wellness	3.99%	Consumer Staples
7 MDA	3.68%	Industrials
8 Boyd Group Services	3.57%	Industrials
9 EQB	3.50%	Financials
10 Badger Infrastructure Solutions	3.37%	Industrials
11 Pollard Banknote	3.34%	Consumer Discretionary
12 Kinaxis	3.20%	Information Technology
13 TECSYS	3.19%	Information Technology
14 Mainstreet Equity	3.02%	Real Estate
15 Calian Group	2.94%	Industrials
16 Pet Valu Holdings	2.93%	Consumer Discretionary
17 goeasy	2.92%	Financials
18 Advantage Energy	2.66%	Energy
19 Evertz Technologies	2.57%	Information Technology
20 Altus Group	2.50%	Real Estate
21 Champion Iron	2.44%	Materials
22 TerraVest Industries	2.43%	Energy
23 Vitalhub	2.40%	Health Care
24 Trisura Group	2.31%	Financials
25 D2L	2.30%	Consumer Discretionary
<b>Top 25 Holdings</b>	<b>81.65%</b>	

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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.

<b>THE FUND'S NET ASSETS PER UNIT</b>					
	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
<b>Net assets attributable to holders of redeemable units, beginning of year <sup>(1)</sup></b>	86.46	75.95	70.94	89.99	84.37
<b>Increase (decrease) in net assets attributable to holders of redeemable units:</b>					
Total revenue	1.29	1.37	1.42	1.01	1.42
Total expenses	(0.06)	(0.20)	(0.13)	(0.13)	(0.13)
Realized gains (losses) for the year	14.52	6.24	3.76	0.16	10.35
Unrealized gains (losses) for the year	(0.97)	8.13	2.78	(19.37)	3.35
<b>Total Increase (decrease) in net assets attributable to holders of redeemable units <sup>(2)</sup></b>	<b>14.78</b>	<b>15.54</b>	<b>7.83</b>	<b>(18.33)</b>	<b>14.99</b>
<b>Distributions to holders of redeemable units:</b>					
From income and excluding dividends	(1.00)	(1.43)	(1.26)	(1.02)	(1.06)
From dividends	-	-	-	-	-
From capital gains	(8.99)	(3.72)	(1.75)	-	(7.94)
Return on capital	-	-	-	-	-
<b>Total distributions to holders of redeemable units <sup>(3)</sup></b>	<b>(9.99)</b>	<b>(5.15)</b>	<b>(3.01)</b>	<b>(1.02)</b>	<b>(9.00)</b>
<b>Net assets attributable to holders of redeemable units, end of year <sup>(4)</sup></b>	<b>91.88</b>	<b>86.46</b>	<b>75.95</b>	<b>70.94</b>	<b>89.99</b>
<small>(1) This information is derived from the Fund's audited annual financial statements.</small>					
<small>(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.</small>					
<small>(3) Distributions were paid in cash and/or reinvested in additional units of the Fund.</small>					
<small>(4) This table is not intended to be a reconciliation of beginning to ending net assets per unit.</small>					
<b>RATIOS AND SUPPLEMENTAL DATA (based on Trading NAV)</b>					
	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Total net asset value (\$) (000's) <sup>(1)</sup>	281,649	288,444	278,344	276,774	365,720
Number of redeemable units outstanding (000's) <sup>(1)</sup>	3,065	3,336	3,665	3,902	4,064
Management expense ratio (%) <sup>(2)</sup>	0.08	0.08	0.08	0.06	0.05
Management expense ratio before waivers or absorptions (%) <sup>(2)</sup>	0.08	0.08	0.08	0.06	0.05
Trading expense ratio (%) <sup>(3)</sup>	0.15	0.16	0.10	0.11	0.09
Portfolio turnover rate (%) <sup>(4)</sup>	35.43	39.43	31.55	30.13	29.67
Net asset value per unit (\$)	91.88	86.46	75.95	70.94	89.99
<small>(1) This information is provided as at December 31 of the year shown.</small>					
<small>(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 did not have any expenses waived or absorbed in any of the years presented.</small>					
<small>(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.</small>					
<small>(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.</small>					

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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.

Assets under management under \$5 million		
Name of the Fund	Assets under management	
	Under \$1 million	Between \$1 million and \$5 million
Pembroke Money Market Fund	-	-
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%

Assets under management above \$5 million			
Name of the Fund	Assets under management		
	First \$10 million	Next \$15 million	Above \$25 million
Pembroke Money Market Fund	-	-	-
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%	0.65%
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%

Management fees paid directly by unitholders of the Fund to PPW through a redemption of units was \$3.6 million for the year ended December 31, 2025.

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, 2025, 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.

# P E M B R O K E

## P E M B R O K E C A N A D I A N G R O W T H F U N D

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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.