PEMBROKE

PRIVATE WEALTH MANAGEMENT

PEMBROKE CANADIAN BALANCED FUND

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025

INCEPTION DATE
NOVEMBER 1, 2006

THE PORTFOLIO MANAGMENT 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 Balanced Fund (the “Fund”) seeks to provide investors with a reasonable balance between long-term capital growth and income to diversify risk. The Fund invests primarily in equities, bonds and other marketable securities. To achieve the Fund’s investment objective involves creating a balanced portfolio by investing primarily in shares of dividend paying Canadian publicly-listed issuers, as well as Canadian federal and provincial bonds, corporate bonds and money market instruments. The Fund may also invest a maximum of 30% of its portfolio in foreign publicly-listed issuers.

While no fixed percentage of the Fund’s net assets is dedicated to investing in the securities of other mutual funds, the Fund may invest in securities of other mutual funds, including primarily the Pembroke Canadian Bond Fund.

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 The Fund is suitable for investors who have a low-to-medium tolerance for risk and are seeking a reasonable balance between long-term capital and income to diversify risk. The Fund may hold non-Canadian assets and as a result may be exposed to currency risk. It is not the Fund’s policy to hedge currency exposure as Pembroke Management Ltd. (“Pembroke”) does not believe that hedging will add value in the long-term.

Results of Operations

For the six-month period ended June 30, 2025, the Fund posted a return of 6.89%. In comparison, the Fund’s benchmark index, which is comprised of three components: the S&P/TSX Composite (60%), the FTSE TMX Canada Universe Bond Index (35%) and the FTSE TMX Canada 91 Day T-Bill Index (5%) posted a return of 6.65% for the same period. For the year ended December 31, 2024, the Fund posted a return of 18.17% compared to the Fund’s benchmark which posted a 14.50% return.

Both the equity and fixed income components of the Fund have significantly differing constituents compared to their respective benchmarks, and as such, relative performance can diverge markedly in shorter time frames.

The Fund enjoyed a robust first half of the year, though returns were uneven through the period. The first quarter saw the strategy decline in value as uncertainty surrounding potential tariff policies weighed heavily on the equity portion of the mandate. However, as these concerns eased in the subsequent quarter, equities rallied sharply and buoyed returns for the six-month period.

Macroeconomic factors remain topical, with the interplay between inflationary pressures, evolving interest rate policy, and decelerating economic growth leading to an uncertain environment for businesses and investors alike. Nonetheless, the equity portion of the portfolio performed well in the period, driven by a combination of earnings growth, modest multiple expansion, and dividend income. Meanwhile, the Fund’s fixed income investments delivered essentially flat returns to start the year. Both the equity and fixed income components of the Fund have significantly differing constituents compared to their respective benchmarks, and as such, relative performance can diverge markedly in shorter time frames.

Income in the Fund is generated from a combination of dividends and interest. The equity portion of the Fund has a current annualized gross yield of 3.3%, while the fixed income segment of the Fund is primarily invested in securities rated “A+” that on have a yield to maturity of 3.9% for the Pembroke Canadian Bond Fund and 5.1% for the Pembroke Corporate Bond Fund. Those fixed income Funds have an adjusted portfolio duration of 6.77 years and 3.25 years respectively. The asset mix of the Fund did not change materially through the period, with approximately 28.94% of the portfolio invested in fixed income securities as of June 30, 2025.

Two stocks were significant contributors to performance in the first half of 2025.

Shares in Finning (“FTT”), the world’s largest dealer and servicer of Caterpillar equipment with operations in western Canada, the United Kingdom, and South America, performed well to start the year. Investors embraced financial results which showed robust bookings and backlog levels, as well as improvements to the company’s profitability and return on capital metrics. The company is benefitting from healthy activity in the infrastructure and mining markets, while also reaping the benefits of operational initiatives to increase product support penetration, reduce working capital investments, and optimize overall corporate productivity. While FTT shares have rallied significantly in the year to date, they remain discounted relative to peers and in light of the company’s improved earnings potential compared to its history.

Results of Operations (Cont'd)

Shares in Stingray Group ("RAY.A"), an audio content streamer that broadcasts continuous music, media, and entertainment content on multiple platforms, performed well to start 2025. The company is enjoying significant organic growth, as the company's deep library of audio channels is being increasingly used by connected TV, retail media, and in-car entertainment customers to improve engagement. This revenue growth has been accompanied by impressive free cash flow generation, which has allowed the company to reduce its debt load and increase capital allocation towards buybacks, dividends, and other shareholder friendly measures. While the performance of RAY.A shares in the year-to-date has been heartening, valuation metrics remain subdued and as such Pembroke continues to remain constructive on the investment.

Two stocks were significant detractors to performance in the first half of 2025.

Shares in Champion Iron ("CIA"), a producer of iron ore with assets in the Labrador Trough, were weak in the first half of the year in sympathy with iron prices which have languished in 2025. Global macroeconomic concerns have led to near-term softness in underlying commodity prices, with particular scrutiny on the health of the steel industry in China, a major consumer of global iron ore supply. While near term volatility in iron prices are a headwind for CIA, Pembroke is enthusiastic about the company's longer-term prospects. The company is nearing completion of expansion and upgrading projects that will deliver high quality iron ore to world markets that is required as feedstock for electric arc furnaces. Efforts to decarbonize the steel industry hinge on conversion of emission intensive blast furnaces to electric arc furnaces, and this transition cannot take place without iron ore of the quality CIA will produce. Pembroke expects CIA to enjoy higher realized selling prices and increasing volumes in the coming years as growth initiatives come to fruition.

Shares in Vecima Networks ("VCM"), a provider of integrated hardware, software and service platforms that enable broadband access and digital content delivery for cable and telecommunications customers, corrected in the first half of 2025. Key customers are working through bottlenecks in their infrastructure deployment, resulting in a near-term retrenchment of revenue levels. Despite this lumpiness, Pembroke remains very optimistic about VCM's longer-term prospects for growth. Cable and telecom companies are racing to provide consumers with competitive broadband upload and download speeds, and VCM is an "arms merchant" in this fight for market share. Pembroke believes the investment in networks required to modernize cable and telecom infrastructure for an increasingly data-intensive world will drive a demand profile that is significant in both magnitude and duration.

As at June 30, 2025, the total net asset value of the Fund was $30.2 million as compared to $29 million as at December 31, 2024. The cash position was 1.65% of net asset value. The number of units outstanding in the Fund as at June 30, 2024 was 1.9 million compared with 2 million as at December 31, 2024.

Unrealized appreciation on investments as at June 30, 2025 was $4.9 million as compared to $4.1 million as at December 31, 2024 resulting in an increase in the unrealized appreciation on investments of $0.8 million. The Fund had net realized gains on investments sold during the period of $0.7 million.

Fees and Expenses

During the six-month period, the Fund paid $62,598 in operating expenses. The management expense ratio ("MER") for unitholders was 0.39%. There are no management fees charged to the Fund starting 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, $1.1 million flowed into the Fund by way of subscriptions and $1.3 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

Outlook

There has been a significant amount of volatility and noise in capital markets as a result of trade frictions as well as the evolving state of the global economy. The Fund's allocation to fixed income investments is meant to temper this volatility, whilst its equity positions are comprised of companies that are conservatively financed, sport well-funded dividends, are attractively valued, and have skilled management teams in place. Pembroke believes the mandate remains positioned to deliver total returns through a combination of dividend yield, interest income, per share cash flow growth, and multiple expansion.

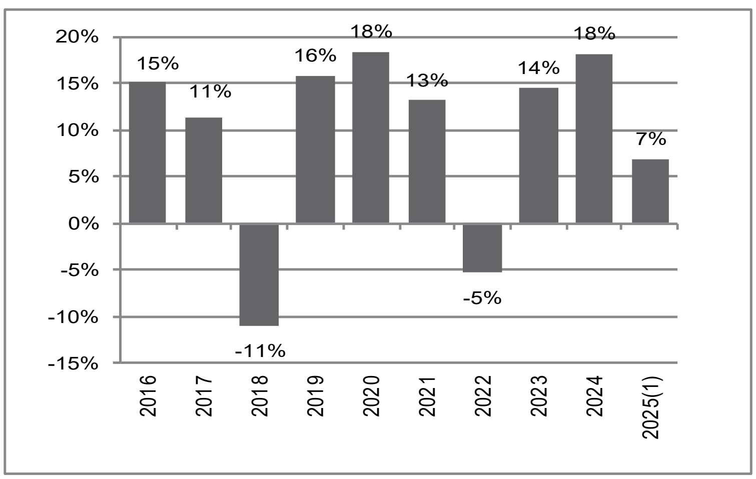
Past Performance

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, 2025

(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. The prospectus and other information on the Pembroke Funds are available on SEDAR at www.sedar.com.

Industry Sector	% of Net Asset Value
Bond Funds	28.94%
Financials	21.29%
Industrials	18.25%
Equity Funds	10.63%
Energy	4.91%
Materials	3.55%
Consumer Discretionary	2.53%
Communication Services	2.07%
Consumer Staples	1.97%
Information Technology	1.91%
Real Estate	1.79%
Health care	0.85%
Cash	1.65%
Other Net Current Assets	-0.34%
Total	**100.00%**

Summary of Underlying Asset Allocation	% of Net Asset Value
Canadian Equities	66.69%
Canadian Fixed Income	28.94%
US Equities	3.06%
Cash	1.65%
Other Net Current Assets	-0.34%
Total	**100.00%**

Top 25 Holdings

	Company	% of Net Asset Value	Industry Sector
1	Pembroke Canadian Bond Fund	17.29%	Bond Funds
2	Pembroke Corporate Bond Fund	11.65%	Bond Funds
3	Pembroke Canadian All CAP Fund	10.63%	Equity Funds
4	Dexterra	2.53%	Industrials
5	Calian	2.47%	Industrials
6	AGF Management	2.38%	Financials
7	Alaris Equity Partners Income	2.33%	Financials
8	Secure Waste Infrastructure	2.21%	Energy
9	Stingray Group	2.07%	Communication Services
10	Russel Metals	1.98%	Industrials
11	Jamieson Wellness	1.96%	Consumer Staples
12	Richards Packaging Income Fund	1.91%	Materials
13	iA Financial	1.90%	Financials
14	Element Fleet Management	1.86%	Industrials
15	Information Services	1.79%	Real Estate
16	Topaz Energy	1.77%	Energy
17	Intact Financial	1.74%	Financials
18	EQB	1.70%	Financials
19	Fairfax Financial Holdings	1.65%	Financials
20	Champion Iron	1.64%	Materials
21	Watsco	1.61%	Industrials
22	Finning International	1.57%	Industrials
23	Badger Infrastructure Solutions	1.55%	Industrials
24	goeasy	1.55%	Financials
25	Mullen	1.52%	Industrials
	Top 25 Holdings	**81.25%**	

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, 2025 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, 2025 interim financial statements are unaudited.

THE FUND'S NET ASSETS PER UNIT

	June 30, 2025	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)	14.79	14.06	13.29	14.49	14.98	13.40
Increase (decrease) in net assets attributable to holders of redeemable units:						
Total revenue	0.24	0.59	0.48	0.42	0.48	0.34
Total expenses	(0.04)	(0.08)	(0.06)	(0.06)	(0.04)	(0.05)
Realized gains (losses) for the period	0.38	1.47	0.73	0.18	2.28	1.24
Unrealized gains (losses) for the period	0.42	0.52	0.71	(1.34)	(0.76)	0.70
Total Increase (decrease) in net assets attributable to holders of redeemable units (2)	**1.00**	**2.50**	**1.86**	**(0.80)**	**1.96**	**2.23**
Distributions to holders of redeemable units:						
From income (excluding dividends)	(0.07)	(0.12)	(0.14)	(0.11)	(0.10)	-
From dividends	(0.15)	(0.41)	(0.31)	(0.26)	(0.30)	(0.35)
From capital gains	-	(1.27)	(0.66)	(0.05)	(2.02)	(0.46)
Return on capital	-	-	-	-	-	-
Total distributions to holders of redeemable units (3)	**(0.22)**	**(1.80)**	**(1.11)**	**(0.42)**	**(2.42)**	**(0.81)**
Net assets attributable to holders of redeemable units, end of period (4)	**15.58**	**14.79**	**14.06**	**13.29**	**14.49**	**14.98**

(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, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020
Total net asset value ($) (000's)(1)	30,219	29,008	27,700	27,217	32,294	28,909
Number of redeemable units outstanding (000's)(1)	1,940	1,962	1,970	2,049	2,229	1,929
Management expense ratio (%)(2)	0.39	0.40	0.42	0.34	0.34	0.32
Management expense ratio before waivers or absorptions (%)(2)	0.39	0.40	0.42	0.34	0.34	0.35
Trading expense ratio (%) (3)	0.05	0.08	0.07	0.08	0.09	0.12
Portfolio turnover rate (%) (4)	9.46	43.89	17.85	23.69	28.62	31.54
Net asset value per unit ($)	15.58	14.79	14.06	13.29	14.49	14.98

(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. PPW may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. The Fund expenses were waived or absorbed for some of the periods presented. The waiver or absorption of operating expenses can continue for an indefinite period of time and can be terminated by PPW at its discretion and without prior notice.

The MER for this Fund is calculated using the total expenses incurred by the Fund and the average proportion of the MER of the underlying investment funds.

(3) The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The TER for this Fund is calculated using the total commissions and other portfolio transaction costs incurred by the Fund and the average proportion of the TER of the underlying investment funds.

(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 shares 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 $0.1 million for the six-month period ended June 30, 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 period ended June 30, 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.

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.