

PEMBROKE

PRIVATE WEALTH MANAGEMENT

PEMBROKE AMERICAN GROWTH FUND INC.

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

INCEPTION DATE
OCTOBER 1, 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. Shareholders may also contact us using one of these methods (except on the SEDAR website) to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Investment Objective and Strategies

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

Risk

The overall risk of the Fund is as described in the Simplified Prospectus. There were no material changes to the Fund over the financial 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. The Fund holds US securities and as a result is exposed to US dollar currency risk. It is not the Fund’s policy to hedge currency exposure as the Board of Directors and Pembroke Management Ltd. (“Pembroke”) do not believe that hedging will add value in the long-term.

Results of Operations

For the six-month period ended June 30, 2023, the Fund posted a return of 8.72%. In comparison, the Fund’s benchmark index, the Russell 2000 posted a return of 5.66% for the same period. For the year ended December 31, 2022, the Fund posted a return of -21.56% compared to the Fund’s benchmark which posted a -15.00% return.

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

Equities continued their march higher in the second quarter of 2023. Despite a mini-banking scare in the US, rising rates, and ongoing fears of a recession, the equity markets have powered higher over the past six months. Markets, of course, look forward, not backward. During 2022, as interest rates jumped and valuations, compressed, a lot of potential bad news was priced into stocks. Confounding many market prognosticators, the economic sky has not yet fallen. Employment remains robust, American consumers are still financially healthy after two years of COVID-driven saving, and new innovation – namely artificial intelligence (“AI”) – is driving a wave of investment and hiring. In addition, North America and its western allies are also benefiting from on-shoring and near-shoring, as industrial and technology companies look to reduce their dependence on China. While the COVID “hangover” has hurt some companies that are grappling with excess inventory and supply chain challenges, many other companies are benefiting from a return to normal. Certainly, Pembroke is aware that the storm clouds are still present. Higher interest rates may finally bite harder than some expect, driving a recession. Geopolitical instability is always a risk. Mainly, risks and events that are not known today can surprise investors. However, the risk and factors that pundits and media obsess about, such as rising rates, are known and taken into account, and they do not negate all the positive factors that continue to offer investors hope and fundamental support. The investment team at Pembroke continues to maintain strict discipline on balance sheets, which should provide clients with comfort that the firm’s holdings are well-positioned to weather unexpected headwinds. Overall, Pembroke’s funds have fared well in this environment. The portfolios have benefitted from exposure to North American housing, which has proven more resilient than many expected, technology stocks, and growth industrials.

Shares of Monolithic Power Systems (“MPWR”), a leading designer of analog power management semiconductors, jumped in the first half of 2023 on the back of the company’s strong execution. MPWR shares benefited from a strong fourth quarter 2022 earnings and forward guidance report that reminded investors of the company’s tremendous secular growth potential. After a muted first quarter 2023 financial results, MPWR shares rose on the back of the investment wave in artificial intelligence. Specifically, the company’s components have an important spot on Nvidia’s (“NVDA”) market leading hardware. Despite its strong move year-to-date, MPWR remains reasonably priced given its high growth profile, robust profit margins, and sustainable competitive advantages. It remains a core U.S. holding for Pembroke.

Shares in Installed Building Products (“IBP”), an installer of residential and commercial insulation and complementary building products, benefitted from a strong first-quarter earnings report (over 40% year-over-year earnings per share growth). This report exceeded expectations, but was also aided by improving residential construction conditions in the U.S. The company also continues to consolidate smaller competitors, leading to growing market share and economies of scale. At a macro level, despite higher mortgage borrowing costs, demand for new homes remained brisk as a lack of existing homes for sale has pushed buyers to new homes. Furthermore, home builders have quickly reacted to changing market conditions by increasing incentives, selecting lower priced materials, and cutting prices. Pembroke remains excited about IBP over the long-term, as new home demand is well in excess of supply and should take several years to clear.

Results of Operations (Cont'd)

Shares in Globus Medical ("GMED") fell on news that the company would be acquiring Nuvasive ("NUVA") in a transaction that would create the second-largest provider of spine surgery products. The market is skeptical due to struggles faced by other companies that have undertaken major mergers and acquisitions in surgical device markets. In Pembroke's view, GMED is the best-run player in the spine surgery market. It grows faster than its end market and operates at market-leading profit margins. The company has a long record of innovation, including the successful launch of a robot used in spine surgery. This robot has helped GMED steal market share from larger incumbents. The company is also launching new cutting-edge products and is pushing into new markets, such as trauma. NUVA has a proven sales force and unique go-to-market strategies that should complement GMED's impressive record of innovation and engineering.

While the short-term stock price action in a large holding such as GMED is disappointing, the combined company will be generating significant free cash flow and will have no net debt. With the drop in the share price, GMED is trading near the bottom end of the valuation range typically seen for profitable medical device companies. The upside versus downside equation is skewed in favour of long-term, patient investors. Pembroke has added to its position.

Shares in Seacoast Banking Corporation of Florida ("SBCF") were weak in the first half of 2023 in the context of a widespread sell-off in the banking industry. SBCF is a provider of integrated financial services, which include commercial and consumer banking, wealth management and mortgage services. Its services are offered to customers through 50 full-service branches across Florida, as well as a digital platform. The banking sector was in turmoil in March with the failure of three American banks in rapid succession. While the failures of these institutions were driven by company-specific flaws that are not prevalent through the broader banking sector, they nonetheless triggered fears of financial contagion and of a potential outflow of deposits. Unlike the banks that failed in March, SBCF has a well-diversified deposit base, with no exposure to cryptocurrency. Moreover, SBCF's securities portfolio is predominately classified as available for sale, such that the company has been consistently marking to market the value of these investments and is not susceptible to a sudden erosion of its capital base should it need to liquidate them. While industry turbulence has compressed valuations and will pressure deposit costs in the near term, SBCF remains well positioned to grow in tandem with a burgeoning Florida economy, while maintaining disciplined underwriting standards and conservative capital levels. Pembroke reduced its weighting in SBCF based on concerns that the company's earnings growth will slow over the next two years.

As at June 30, 2023, the total net asset value of the Fund was \$213.1 million as compared to \$200.6 million as at December 31, 2022. The cash position was 2.72% of net asset value. The number of shares outstanding in the Fund as at June 30, 2023 was 4.1 million compared with 4.2 million as at December 31, 2022.

Unrealized appreciation on investments as at June 30, 2023 was \$49.7 million as compared to \$36.1 million as at December 31, 2022 resulting in an increase in unrealized appreciation on investments of \$13.6 million. The Fund had net realized gains on investments sold during the period of \$3.6 million.

Fees and Expenses

During the six-month period, the Fund paid a total of \$0.2 million in operating expenses. The management expense ratio ("MER") for shareholders was 0.18%. There are no management fees charged to the Fund since January 1, 2018 as the management fees are charged directly to the shareholders outside the Fund. Refer to the Management Fees section for further details on this.

Shareholder Activity

Throughout the six-month period, \$1.4 million flowed into the Fund by way of subscriptions and \$6.4 million flowed out of the Fund as a result of redemptions.

Related Party Transactions

Pembroke Private Wealth Management Ltd. ("PPW") is the Fund's Manager. The Fund Manager provides the day-to-day management of the business and operations of the Fund. The fees paid to the Fund Manager are shown in the "Management Fees" section of this report. Pembroke is the portfolio manager of the Fund. Pembroke is the parent company of the Fund Manager, PPW. Pembroke's fees are paid by the Fund Manager, for services including investment, management, administration, advisory and accounting. The related party transactions take place in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Recent Developments

At the Annual Meeting of shareholders, which took place on March 14, 2023, Deloitte LLP were reappointed as the auditor and four Directors were re-elected. The Directors are Mr. Ian Aitken, who has served since 2009, Mr. Glen Roane who has served since 2008, Mr. Lloyd Segal, who has served since 2006 and Ms. Caroline Miller who has served since 2019. Mr. Glen Roane was subsequently elected to serve as Chair of the Board of Directors. He supersedes Mr. Marc Courtois, who had previously served as Director since 2004 and who has now retired.

Recent Developments (Cont'd)

Outlook

Pembroke continues to identify and invest in growth companies with sustainable competitive advantages. With few exceptions, the Fund's holdings are generating free cash flow and positioned to withstand an economic slowdown. At the same time, Pembroke does not pretend to know if and when a recession will hit, or how deep it might be if it does. The Fund is made up of companies that the investment team believes will be larger and more profitable, or a per share basis, over the next several years than they are today. The valuation set-up after a difficult 2022 is attractive, offering hope for a double play from earnings growth and multiple expansion once the rate hiking cycle and major economic fears are past. Certainly, the market is forward looking, which in part explains the Fund's robust performance in the first six months of 2023 as investors look past the possibility of a slowdown to the next phase of economic growth. The portfolio is diversified across holdings and industry sector, and the team is remaining disciplined on valuations and balance sheets.

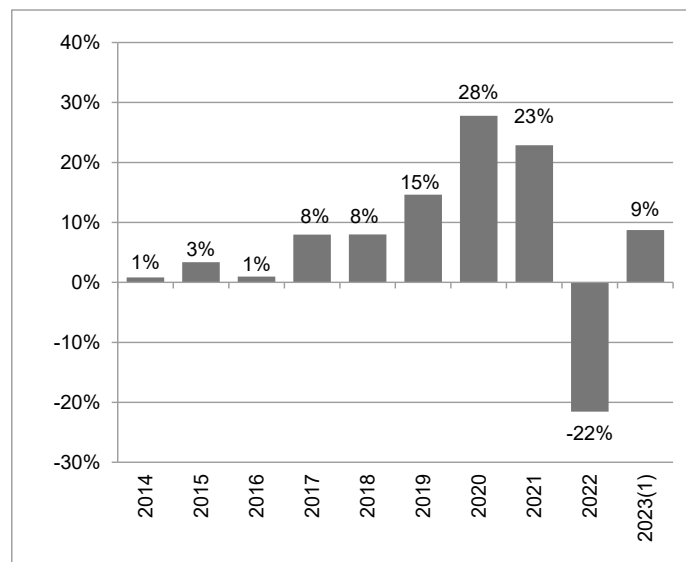
Past Performance

The indicated rates of return are the historical annual compounded total return changes in share values and reinvestment of all distributions and do not take into account sales, redemptions, distributions or other optional charges that would have reduced returns. Mutual funds are not guaranteed, their values may increase or decrease and past performance may not be repeated.

The Fund's performance numbers have been prepared under the assumption that all distributions are reinvested in additional shares of the Fund. If you hold this Fund outside of a registered plan, income and capital gains distributions that are paid to you increase your income for tax purposes, whether paid to you in cash or reinvested in additional shares. The amount of the reinvested taxable distributions is added to the adjusted cost base of the shares that you own. This would decrease your capital gains or increase your capital losses when you later redeem from the Fund, thereby ensuring that you are not taxed on this amount again. Please consult your tax advisor regarding your personal tax situation.

Year-by-year returns

The bar chart indicates the Fund's performance for each of the years shown and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year. The percentage figures indicated have been rounded to the nearest whole number due to space constraints.



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

(2) Since January 1, 2018, management fees are charged directly to shareholders based on their assets under management and Fund performance is reported net of transaction costs and all other expenses, **excluding** management fees and applicable taxes. Prior to January 1, 2018, Fund performance was reported net of transaction costs and all other expenses, **including** management fees and applicable taxes. Refer to the Management Fees section for further details on this.

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	33.56%
Information Technology	20.80%
Consumer Discretionary	15.81%
Health Care	12.48%
Financials	7.60%
Communication Services	2.74%
Consumer Staples	0.74%
Cash	2.72%
Other Net Current Assets	3.55%
Total	100.00%

Top 25 Holdings

Company	% of Net Asset Value	Industry Sector
1 Installed Building Products	4.29%	Consumer Discretionary
2 Monolithic Power Systems	4.18%	Information Technology
3 Globus Medical	3.97%	Health Care
4 Pure Storage	3.73%	Information Technology
5 WNS (Holdings)	3.72%	Industrials
6 A. O. Smith	3.40%	Industrials
7 SiteOne Landscape Supply	3.36%	Industrials
8 Bio-Techne	3.27%	Health Care
9 Albany International	3.22%	Industrials
10 Dorman Products	2.99%	Consumer Discretionary
11 Gentherm	2.99%	Consumer Discretionary
12 Stevanato Group	2.98%	Health Care
13 Trex Company	2.82%	Industrials
14 Perficient	2.75%	Information Technology
15 Shutterstock	2.74%	Communication Services
16 Dolby Laboratories	2.26%	Information Technology
17 Axos Financial	2.24%	Financials
18 Energy Recovery	2.23%	Industrials
19 Stoneridge	2.19%	Consumer Discretionary
20 KBR	2.16%	Industrials
21 Bowman Consulting Group	2.10%	Industrials
22 Paycom Software	1.97%	Industrials
23 Watsco	1.97%	Industrials
24 International Money Express	1.89%	Financials
25 CRA International	1.87%	Industrials
Top 25 Holdings	71.29%	

PEMBROKE AMERICAN GROWTH FUND INC.

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 shares being based on the average shares outstanding during the period and all other numbers being based on the actual shares outstanding at the relevant point in time. The June 30, 2023 interim financial statements are unaudited.

THE FUND'S NET ASSETS PER SHARE						
	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 shares, beginning of period ⁽¹⁾	48.20	61.45	50.01	39.14	34.14	31.65
Increase (decrease) in net assets attributable to holders of redeemable shares:						
Total revenue	0.09	0.23	0.17	0.17	0.10	0.13
Total expenses	(0.06)	(0.11)	(0.11)	(0.11)	(0.10)	(0.10)
Realized gains (losses) for the period	0.88	0.96	5.76	3.31	2.18	3.94
Unrealized gains (losses) for the period	3.33	(14.45)	5.64	7.20	2.95	(1.31)
Total Increase (decrease) in net assets attributable to holders of redeemable shares ⁽²⁾	4.24	(13.37)	11.46	10.57	5.13	2.66
Distributions to holders of redeemable shares:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return on capital	-	-	-	-	-	-
Total distributions to holders of redeemable shares ⁽³⁾	-	-	-	-	-	-
Net assets attributable to holders of redeemable shares, end of period ⁽⁴⁾	52.41	48.20	61.45	50.01	39.14	34.14
<p>(1) This information is derived from the Fund's audited annual financial statements or unaudited interim financial statements.</p> <p>(2) Net assets and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) in net assets attributable to holder's of redeemable shares is based on the weighted average number of shares outstanding over the financial period.</p> <p>(3) Dividends were paid in cash and/or reinvested in additional shares of the Fund.</p> <p>(4) This table is not intended to be a reconciliation of beginning to ending net assets per share.</p>						
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⁾	213,075	200,629	264,018	217,650	187,292	176,028
Number of shares outstanding (000's) ⁽¹⁾	4,066	4,162	4,296	4,352	4,785	5,156
Management expense ratio (%) ⁽²⁾	0.18	0.16	0.14	0.18	0.18	0.17
Management expense ratio before waivers or absorptions (%) ⁽²⁾	0.18	0.16	0.14	0.18	0.18	0.17
Trading expense ratio (%) ⁽³⁾	0.04	0.05	0.04	0.10	0.09	0.12
Portfolio turnover rate (%) ⁽⁴⁾	19.26	24.59	29.01	49.12	34.45	48.95
Net asset value per shares (\$)	52.41	48.20	61.45	50.01	39.14	34.14
<p>(1) This information is provided as at June 30 or December 31 of the period shown, as applicable.</p> <p>(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 shareholders, waive or absorb certain operating expenses. The Fund did not have any expenses waived or absorbed in any of the periods presented.</p> <p>(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.</p> <p>(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.</p>						

Financial Highlights (Cont'd)**Management Fees**

Management fees are charged directly to shareholders. Subject to the maximum fees set forth below, shareholders are charged management fees based on the assets under management of their PPW relationship. Such management fees are payable directly to PPW by the redemption (without charge) of a sufficient number of shares of the Fund held.

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 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

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 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 shareholders of the Fund to PPW through a redemption of shares was \$1.2 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 shares 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.

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