

PEMBROKE

PRIVATE WEALTH MANAGEMENT

PEMBROKE AMERICAN GROWTH FUND INC.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2025

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-to-high 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, 2025, the Fund posted a return of -10.57%. In comparison, the Fund’s benchmark index, the Russell 2000 posted a return of -6.88% for the same period. For the year ended December 31, 2024, the Fund posted a return of 20.43% compared to the Fund’s benchmark which posted a 21.35% return.

Pembroke’s US 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.

On an absolute basis, the Fund roared back from more significant declines – driven by Trump’s tariff threats – but remained in negative territory for the first half of the year. The US dollar has come under pressure for much of 2025, which has impacted client returns in Canadian dollars. Much has been written about the surge in the share prices of low-quality, unprofitable companies since the market bottomed in April. Certainly, this factor has contributed to challenging relative results. Nevertheless, the Pembroke team aims to deliver results superior to its benchmark returns and is confident that calmer markets will return investor focus to quality and fundamentals. The firm’s portfolios are exposed to exciting themes, ranging from artificial intelligence to US homebuilding to logistics software. While short-term hiccups at the company level have been harshly received by investors in this volatile market backdrop, Pembroke remains focused on each holding’s competitive advantages, long-term growth opportunity, and balance sheet strength. They have taken advantage of the challenging equity market to sell or reduce some positions with less certain futures and redeploy that capital into existing and new holdings that are benefiting from clear, long-term secular tailwinds, such as aggressive information technology spending by banks, the need to train more people for trades such as nursing and auto repair, and the construction of new data centers to meet the growing needs of artificial intelligence.

Shares of Monolithic Power Systems (“MPWR”), a leading designer of analog power management semiconductors, posted solid gains in the first half of the year. MPWR benefited from a favorable semiconductor cycle setup – specifically, inventories normalized and demand picked up. The company has also benefited from the artificial intelligence spending surge as it supplies components to leading vendors in the ecosystem. Bigger picture, the Manager continues to see a compelling multi-year opportunity for MPWR given its sustainable competitive advantages, enormous market opportunity, high-quality business model, and shareholder aligned management team.

Shares in Globus Medical (“GMED”) struggled after the company grew slightly less than investors expected in the first quarter of 2025, despite maintaining its guidance for 2025. GMED sells high-priced robots used in spine surgery to hospitals around the world. Sales of these devices can be lumpy, and the first quarter was slightly weaker than GMED management had expected. Uncertainty, driven in part by Trump’s tariff threats and proposals to alter the healthcare landscape, led to delayed decision-making at some customers. GMED shares have also struggled in 2025 due to the acquisition of Nevro, a troubled company operating in the pain management space. GMED is accepting some near-term dilution to its profit in return for significant upside in 2026 and beyond. Management expects to significantly raise growth and profitability at Nevro and has a history of strong acquisition integration. The market did not like the short-term hit to GMED’s profits, but Nevro is a small, low-risk acquisition with compelling upside.

Results of Operations (Cont'd)

As at June 30, 2025, the total net asset value of the Fund was \$185.6 million as compared to \$222.3 million as at December 31, 2024. The cash position was 4.11% of net asset value. The number of shares outstanding in the Fund as at June 30, 2025 was 3.1 million compared with 3.4 million as at December 31, 2024.

Unrealized appreciation on investments as at June 30, 2025 was \$43 million as compared to \$76.1 million as at December 31, 2024 resulting in a decrease in unrealized appreciation on investments of \$33.1 million. The Fund had net realized gains on investments sold during the period of \$9.4 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 0.15%. 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, \$5.4 million flowed into the Fund by way of subscriptions and \$18.5 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 April 14, 2025, Deloitte LLP were reappointed as the auditor, and the Directors were re-elected. The re-elected Directors are Mr. Ian Aitken, Mr. J. Matthew Beckerleg, Mr. Jeffrey S.D. Tory, Mr. T John Quinn and Mr. Dominic M. Costantini.

Outlook

Pembroke is cautiously optimistic that the outlook for U.S. small cap equities is improving as the Trump 2.0 trade negotiations continue. The logic being that an "America First" agenda centered on pro-growth policies, lower interest rates, lower inflation, tax cuts, etc., should benefit the US-centric nature of small cap equities. This was the hope of Donald Trump's second term, and what the market was discounting from election day until the Liberation Day announcement of the new trade policies (which interestingly was a strong period of performance for the Fund vs. both large caps and the Russell 2000).

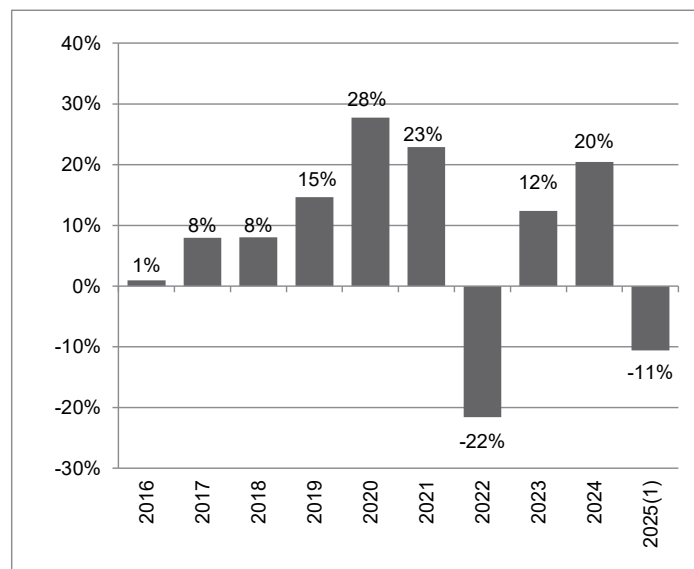
Past Performance

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, 2025

(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	31.24%
Information Technology	24.99%
Consumer Discretionary	14.34%
Health Care	11.28%
Financials	10.03%
Cash	4.11%
Other Net Current Assets	4.01%
Total	100.00%

Top 25 Holdings

Company	% of Net Asset Value	Industry Sector
1 Pure Storage	4.54%	Information Technology
2 Globus Medical	4.39%	Health Care
3 Core & Main	4.22%	Industrials
4 Installed Building Products	4.09%	Consumer Discretionary
5 Federal Signal	4.03%	Industrials
6 Cellebrite	4.02%	Information Technology
7 Monolithic Power Systems	4.01%	Information Technology
8 Axos Financial	3.65%	Financials
9 Dorman Products	3.61%	Consumer Discretionary
10 Ryan Specialty Holdings	3.45%	Financials
11 SiteOne Landscape Supply	3.25%	Industrials
12 Vertex	3.16%	Information Technology
13 Manhattan Associates	3.15%	Information Technology
14 Stevanato Group	3.04%	Health Care
15 AAON	3.03%	Industrials
16 Trex Company	2.68%	Industrials
17 Resideo Technologies	2.67%	Industrials
18 Q2 Holdings	2.61%	Information Technology
19 CRA International	2.59%	Industrials
20 Bowman Consulting Group	2.33%	Industrials
21 Ollie's Bargain Outlet Holdings	2.18%	Consumer Discretionary
22 Chewy	2.12%	Consumer Discretionary
23 KBR	2.07%	Industrials
24 Bio-Techne	2.01%	Health Care
25 WNS Holdings	1.94%	Industrials
Top 25 Holdings	78.84%	

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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 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 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, 2025 interim financial statements are unaudited.

THE FUND'S NET ASSETS PER SHARE						
	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 shares, beginning of period ⁽¹⁾	65.20	54.16	48.20	61.45	50.01	39.14
Increase (decrease) in net assets attributable to holders of redeemable shares:						
Total revenue	0.16	0.26	0.27	0.23	0.17	0.17
Total expenses	(0.08)	(0.16)	(0.14)	(0.11)	(0.11)	(0.11)
Realized gains (losses) for the period	2.77	4.49	1.67	0.96	5.76	3.31
Unrealized gains (losses) for the period	(10.00)	6.36	4.16	(14.45)	5.64	7.20
Total Increase (decrease) in net assets attributable to holders of redeemable shares ⁽²⁾	(7.15)	10.95	5.96	-13.37	11.46	10.57
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⁾	58.32	65.20	54.16	48.20	61.45	50.01
(1) This information is derived from the Fund's audited annual financial statements or unaudited interim financial statements. (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. (3) Dividends were paid in cash and/or reinvested in additional shares of the Fund. (4) This table is not intended to be a reconciliation of beginning to ending net assets per share.						
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⁾	185,665	222,389	209,968	200,629	264,018	217,650
Number of shares outstanding (000's) ⁽¹⁾	3,183	3,410	3,877	4,162	4,296	4,352
Management expense ratio (%) ⁽²⁾	0.15	0.15	0.17	0.16	0.14	0.18
Management expense ratio before waivers or absorptions (%) ⁽²⁾	0.15	0.15	0.17	0.16	0.14	0.18
Trading expense ratio (%) ⁽³⁾	0.06	0.09	0.05	0.05	0.04	0.10
Portfolio turnover rate (%) ⁽⁴⁾	13.55	37.89	22.23	24.59	29.01	49.12
Net asset value per shares (\$)	58.32	65.20	54.16	48.20	61.45	50.01
(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 shareholders, 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.						

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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	-	-
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 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%	0.65%
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 shareholders of the Fund to PPW through a redemption of shares was \$1.1 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 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.

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