

# PEMBROKE AMERICAN GROWTH FUND INC.

## NOTICE TO HOLDERS OF COMMON SHARES

NOTICE IS HEREBY GIVEN that the Annual Meeting of shareholders of the Pembroke American Growth Fund Inc. (the "Fund") will be held virtually on Monday, the 15th day of March, 2021, at 4:00 o'clock in the afternoon (local time), for the following purposes:

1. To receive the financial statements and the report of the auditors in respect of the fiscal year ended 31<sup>st</sup> December, 2020;
2. To elect directors;
3. To appoint auditors and to authorize the board of directors to fix their remuneration; and
4. To transact such other business as may properly come before the Meeting or any adjournment thereof.

Out of an abundance of caution, to proactively deal with the public health impact of the novel coronavirus, also known as COVID-19, and to mitigate risks to the health and safety of our communities, the Manager is holding the Meetings in a virtual-only format, conducted by way of live video webcast. Shareholders will not be able to attend the Meetings in person, but virtual participation is encouraged.

Shareholders may attend the Meetings by visiting [www.pml.ca/agm2021/](http://www.pml.ca/agm2021/)

The directors have fixed 11:15 o'clock in the forenoon (local time) of Friday, the 12th day of March, 2021, as the time before which forms of proxy to be used at the Meeting must be deposited with the Fund.

DATED at Montreal, Quebec, this 1st day of February, 2021.

BY ORDER OF THE BOARD OF DIRECTORS



ANTHONY M. CALZETTA  
Secretary-Treasurer

IF YOU ARE UNABLE TO ATTEND THE MEETING, PLEASE SIGN AND RETURN THE ENCLOSED FORM OF PROXY IN THE ACCOMPANYING RETURN ADDRESSED ENVELOPE.

# MANAGEMENT PROXY CIRCULAR

## SOLICITATION OF PROXIES

This management proxy circular is furnished in connection with the solicitation by the management of the Pembroke American Growth Fund Inc. (the "Fund") of proxies for use at the Annual Meeting of the Shareholders of the Fund to be held on 15th March, 2021. The cost of solicitation will be borne by the Fund. The solicitation will be made only by mail.

## APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers and/or directors of the Fund. A shareholder desiring to appoint some other person (who need not himself be a shareholder) to represent him at the Meeting may do so, either by inserting such person's name in the blank space provided in the form of proxy and deleting the names printed thereon or by completing another proper form of proxy and, in either case, depositing the completed proxy with the Secretary at Suite 1700, 1002 Sherbrooke Street West, Montreal, Quebec, Canada, H3A 3S4, at least 48 hours (excluding Saturdays, Sundays and holidays) before the time appointed for the holding of the Meeting.

A shareholder who executes and returns the accompanying form of proxy may revoke it by notice in writing executed by the shareholder or by his attorney authorized in writing, or if the shareholder is a corporation, under its corporate seal, or by an officer or attorney thereof duly authorized, and deposited either at the registered office of the Fund at Suite 1700, 1002 Sherbrooke Street West, Montreal, Quebec, Canada, H3A 3S4, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, at which the proxy is to be used or with the chairman of such meeting on the day of the meeting or any adjournment but prior to the exercise of such proxy in respect of any particular matter.

## INTERESTS OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as disclosed herein, no director or officer, past or present, or any associate or affiliate of such persons, or any person on behalf of whom this solicitation is made, has any interest, direct or indirect, in any matter to be acted upon at the Meeting, except that such persons may be directly involved in the normal business of the Meeting or the general affairs of the Fund.

## RECORD DATE

The Fund has established 1st February, 2021 as the Record Date (the "Record Date") for purposes of determining shareholders entitled to receive notice of the Meeting. Each holder of common shares will be entitled at the Meeting and any adjournment(s) thereof to one vote for each share registered in such shareholder's name at the close of business on the Record Date, except that a holder of any shares acquired after the Record Date shall be entitled to vote at the Meeting and any adjournment(s) thereof if such person produces a share certificate issued in such person's name or otherwise establishes that such person owns the shares, and had demanded not later than 10 days before the Meeting that such person's name be included in the list of shareholders entitled to vote at the Meeting.

## VOTING OF SHARES

The persons named in the enclosed proxy will vote the shares in respect of which they are appointed in accordance with the instructions of the shareholder appointing them. **Unless otherwise indicated, the voting rights attaching to such shares will be voted "FOR" in respect of all matters described herein.**

The enclosed proxy confers discretionary authority upon the persons named therein with respect to all amendments to matters identified in the Notice of Annual Meeting of Shareholders and to any other matter which may properly come before the Meeting. As of the date of printing of this Circular, the management of the Fund knows of no such amendments, variations or other matters to be brought before the Meeting.

If, however, any other business properly comes before the Meeting, **it is the intention of the management nominees named in the form of proxy to vote the shares represented by such proxies in accordance with their best judgment.**

#### VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

There are outstanding at the date hereof 4,339,943.374 common shares without nominal or par value of the capital stock of the Fund. To the knowledge of the directors and officers of the Fund, no person beneficially owns or exercises control or direction over common shares of the Fund carrying more than 10 percent of the votes attached to such shares.

#### ELECTION OF DIRECTORS

In accordance with the by-laws of the Fund, the number of directors to be elected at the Meeting has been determined to be five. Each director elected will hold office until the next Annual Meeting or until his successor is duly elected, unless he resigns or his office otherwise becomes vacant in accordance with the by-laws of the Fund.

<b>Nominees as Directors and Principal Occupations</b>	<b>Period of Service as a Director</b>	<b>Common Shares Beneficially Owned, Controlled or Directed<sup>(2)</sup></b>
A. Ian Aitken, M.S.C., CFA Montreal, Quebec President and Chief Executive Officer of the Fund and Pembroke Management Ltd., Investment management company.	23 <sup>rd</sup> March, 2009 to date	84,343
Mr. Marc A. Courtois <sup>(1)</sup> Montreal, Quebec Corporate Director	8 <sup>th</sup> March, 2004 to date	13,491
Ms. Caroline S. Miller, CFA, ICD.D <sup>(1)</sup> Montreal, Quebec Economist Corporate Director	18 <sup>th</sup> March, 2019 to date	—
Mr. Glen D. Roane, ICD.D <sup>(1)</sup> Calgary, Alberta, Corporate Director	25 <sup>th</sup> March, 2008 to date	4,083
Mr. Lloyd M. Segal Montreal, Quebec President and Chief Executive Officer Repare Therapeutics Inc., Biotech company.	13 <sup>th</sup> March, 2006 to date	54,294

<sup>(1)</sup> Member of Audit Committee

<sup>(2)</sup> Includes shares beneficially owned and controlled by a spouse

## NOMINATION, ASSESSMENT OF DIRECTORS AND DIVERSITY

The board of directors (the "Board") believes that diversity is important to ensure that Board members provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship of the Corporation. While all director appointments are based on merit, the Board expects that when selecting candidates to the Board for appointment, the Board will consider not only the skills, experience and expertise of a candidate, but also other factors, including gender, ethnicity, age, aboriginal status and geography to ensure that the Board is comprised of a diverse membership. The Board recognizes that gender diversity is a significant aspect of diversity and acknowledges the important role of women in contributing to diversity of perspective in the boardroom.

On October 21, 2019, the Board adopted the Board Diversity Policy (the "Diversity Policy"), which includes provisions relating to the identification and nomination of directors. The Diversity Policy provides that in discharging their responsibilities for director nominations, the Board considers candidates that are highly qualified based on their experience, education, expertise, personal qualities, general and sector specific knowledge and consider diversity among other relevant criteria, when determining the optimum composition and balance for the Board.

The Board has not established any specific targets with respect to female representation. Given the Board's commitment to diversity, as well as the process in place to select candidates best suited to meet the needs of the Board, the Board does not believe that specific targets are necessary to achieve its diversity objectives at this time.

Currently, of the four independent directors (five total number of directors on the Board), one director is a woman. Therefore, if all of the director nominees are elected at the meeting there will be one woman on the Board, or 25% of the independent directors on the Board and 20% of the entire Board.

The Diversity Policy provides that the Board or committee of the Board will assess the effectiveness of the Board nomination process in achieving the Corporation's diversity objectives on an annual basis. The Board has not adopted policies imposing an arbitrary term limit for its directors, as it does not believe such limits are in the best interests of the Corporation. Such limits fail to take into account the special characteristics of issuers, such as the Corporation, that operates in a complex and heavily-regulated environment. In such a context, the Corporation believes that a lengthy Board tenure, not limited by arbitrary determinations is vital to the directors understanding of the business and to their bringing a substantive contribution to the Board. The Board or committee of the Board annually reviews the composition of the Board, including tenure of individual directors.

## REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS

None of the Fund's officers received compensation from the Fund for acting in such capacity during the period ended December 31, 2020. The services of the 3 executive officers of the Fund are provided pursuant to the management agreement with Pembroke Private Wealth Management Ltd. ("PPW"), as described below, at the expense of PPW.

The aggregate cash remuneration paid to the independent directors of the Fund for their services in such capacity during the fiscal year ended 31st December, 2020 was \$89,500. Such remuneration includes an annual fee of \$15,000 each, the Chair of the Board \$5,000, the Chair of the Audit Committee \$2,500 and additional fees of \$1,000 for each attendance at meetings of the board or any committee of directors.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or officer of the Fund or any of their respective associates or affiliates is or has ever been indebted to the Fund at any time.

## MANAGEMENT CONTRACTS

PPW of Montreal, Quebec, is a Canadian corporation owned by Pembroke Management Ltd. ("Pembroke"). PPW provides management and secretarial services to the Fund pursuant to an agreement effective 1st October, 1988, such agreement being for an initial term of 4 years which is automatically extended and maintained at such term unless either party to such agreement gives notice to prevent such extension.

PPW charges to the shareholders of the Fund a management fee for the services provided at a rate determined by PPW based on their assets under management. These management fees are paid directly to PPW by the redemption (without charge) of a sufficient number of shares of the Fund as would be necessary to pay such a management fee. The remuneration paid by the shareholders to PPW for the said services for the fiscal year ended 31<sup>st</sup> December, 2020 was \$2,344,304. The remuneration payable by the shareholders for such services to date for the fiscal year ending 31<sup>st</sup> December, 2021 amounts to approximately \$180,000.

PPW is wholly responsible for the payment of any investment counselling and portfolio management fees and in Canada pays direct advertising and other related marketing costs.

PPW has arranged to appoint Pembroke to provide investment counselling and portfolio management services with respect to the Fund's portfolio. The fee for this service will be paid for by PPW.

Pembroke has a consulting agreement with Ms. Caroline S. Miller since December 1, 2020 to assist Pembroke's Asset Allocation Committee which oversees the Pembroke Global Balanced Fund. The remuneration paid by Pembroke in 2020 was \$5,000. This consulting agreement is active and ongoing

The management agreement between the Fund and PPW and the investment counselling and portfolio management agreement between PPW and Pembroke are available for inspection at the head office of the Fund during normal business hours.

The informed persons of PPW are Pembroke, A. Ian Aitken, Michael P. McLaughlin, Peter S. Morton and Jeffrey S. D. Tory, all of Montreal (Quebec); T. John Quinn of Toronto (Ontario).

The informed persons of Pembroke are: A. Ian Aitken, J. Matthew Beckerleg, Nicolas G. Chevalier, Dominic M. Costantini, Andrew Garschagen, Michael P. McLaughlin, Douglas M. Pospisil, A. Scott Taylor, Jeffrey S. D. Tory and David W. L. Whittall, all of Montreal (Quebec) and Stephen Hui of Vancouver (British Columbia).

#### APPOINTMENT OF AUDITORS

Deloitte LLP are the auditors of the Fund and have held such position since the inception of the Fund. It is proposed by the management of the Fund that such firm be reappointed the auditors of the Fund at the Meeting. **The persons named in the enclosed form of proxy intend to vote FOR their re-appointment at the Meeting.**

#### ADDITIONAL INFORMATION

Additional information about the Fund is available in the Fund's financial statements. You may obtain a copy of the Fund's financial statements at no cost by calling PPW toll-free at 1 (800) 667-0716.

The financial statements and other information about the Fund, such as information circulars and material contracts, are also available on the PPW Internet site at [www.pml.ca](http://www.pml.ca) or on the SEDAR internet site at [www.sedar.com](http://www.sedar.com).

#### DATE OF INFORMATION AND DIRECTORS' APPROVAL

The information contained herein is given as of 25th January, 2021.

The contents and the sending of this management proxy circular have been approved by the board of directors of the Fund.



ANTHONY M. CALZETTA  
Secretary-Treasurer