

PEMBROKE

PRIVATE WEALTH MANAGEMENT

PEMBROKE CANADIAN BALANCED FUND

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

INCEPTION DATE
NOVEMBER 1, 2006

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. 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 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, 2023, the Fund posted a return of 7.13%. 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 4.46% for the same period. For the year ended December 31, 2022, the Fund posted a return of -5.32% compared to the Fund's benchmark which posted a -7.35% return.

As at June 30, 2023, there were no significant changes in the allocation of the underlying funds in the portfolio compared to the prior 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.

The Fund bounced back from a challenging 2022 which was plagued by inflationary pressures, rising interest rates, and recessionary fears. While these macroeconomic concerns remain, early indications that inflation may be cresting were perceived bullish by market participants and drove valuation multiples higher. The fixed income portion of the portfolio also delivered modestly positive returns during the first six months of the year, as interest income more than offset capital depreciation from higher interest rates.

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 3.5%, while the fixed income segment of the Fund is primarily invested in securities rated "A+" that on average have a collective yield to maturity of 4.9% and an adjusted portfolio duration of 5.8 years. The asset mix of the Fund did not change materially through the period, with approximately 27% of the portfolio invested in fixed income securities as of June 30, 2023.

Two stocks were significant contributors to performance in the first half of 2023. Shares in Hammond Power Solutions ("HPS"), a leading manufacturer of dry-type transformers supplying the North American markets, performed well during the period on the back of very strong financial results. The company is benefiting from a secular trend towards electrification, as efforts to address climate change through emissions reductions are leading to burgeoning demand for grid infrastructure. This demand backdrop is translating into record revenues, strong backlog growth, expanding margins, and robust cash generation. While Hammond shares have reflected these attractive fundamentals with healthy gains in the past two years, they remain attractively valued in light of the company's strong position in the North American transformer market, free cash generation, and secularly driven growth prospects.

Shares of Watsco Inc. ("WSO"), the largest independent U.S. distributor of air conditioning, heating, and refrigeration (HVAC) equipment, posted strong gains in the first half of 2023. Watsco's solid performance was a function of several factors. First, the company posted quarterly earnings and provided a favourable qualitative outlook. Second, sentiment for residential housing names improved following a challenging 2022, as interest rates potentially peaked and demand proved healthier than expected. Finally, WSO is benefiting from a regulatory change in 2023, as the U.S. government raised the minimum efficiency standards for all HVAC equipment sales. Historically, this has led to higher pricing and margins for the industry, all else equal. Importantly, our optimism for WSO extends well beyond 2023. The company remains one of the highest quality industrial growth businesses in our portfolio, led by an aligned management team with an excellent track record of compounding returns over many years.

Results of Operations (Cont'd)

Two stocks were significant detractors to performance in the first half of 2023. Shares in Richards Packaging ("RPI.UN"), a distributor of plastic and glass containers to small and medium sized businesses, healthcare packaging and dispensing systems to pharmacies, and consumables and equipment to aesthetician clinics, were weak in the first half of the year as the company continues to endure the after-effects of unusually high COVID-driven demand that has since dissipated. While the company capitalized on the episodic demand that peaked in 2020 by generating significant windfall earnings and cashflow, comparisons have been difficult and results have failed to match the highwater market set during the height of the pandemic. We remain constructive on shares of RPI, as the valuation has corrected to very attractive levels and management has a strong record of compounding earnings and cash flow per share. The company is well capitalized to execute on acquisition opportunities, which we believe are becoming more prevalent in a challenging macroeconomic and financing environment.

Shares of Northland Power, a developer, owner, and operator of clean and renewable power generation assets worldwide, were weak in the first half of the year as the company dealt with inflationary pressures on capital projects, lighter than expected power production, and uncertainty regarding the funding environment for its future growth projects. Furthermore, a higher interest rate environment has compressed the valuation multiples afforded to utility-type businesses. While the company remains poised to benefit from secular trends driving decarbonization and clean power generation, we exited our position in the company and redeployed the capital into investments with greater financial flexibility to execute on growth opportunities.

As at June 30, 2023, the total net asset value of the Fund was \$27.5 million as compared to \$27.2 million as at December 31, 2022. The cash position was 3.32% of net asset value. The number of units outstanding in the Fund as at June 30, 2023 was 2 million compared with 2 million as at December 31, 2022.

Unrealized appreciation on investments as at June 30, 2023 was \$2.6 million as compared to \$1.7 million as at December 31, 2022 resulting in an increase in the unrealized appreciation on investments of \$0.9 million. The Fund had net realized gains on investments sold during the period of \$0.5 million.

Fees and Expenses

During the six-month period, the Fund paid \$69,817 in operating expenses. The management expense ratio ("MER") for unitholders was 0.43%. 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, \$0.5 million flowed into the Fund by way of subscriptions and \$1.6 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**

Financial markets have begun recovering in earnest from a difficult 2022 which saw surging inflation and rising interest rates crimp returns across equity and fixed income markets. The continued pathway to recovery will not be linear, and we anticipate additional rate hikes, headwinds to economic growth, and volatility in valuation multiples. Still, the uncertain environment is providing opportunities for our portfolio managers to deploy capital in attractive risk/reward situations in both the equity and fixed income markets, and we are excited about the longer-term prospects and attractive prices of the businesses we invest in.

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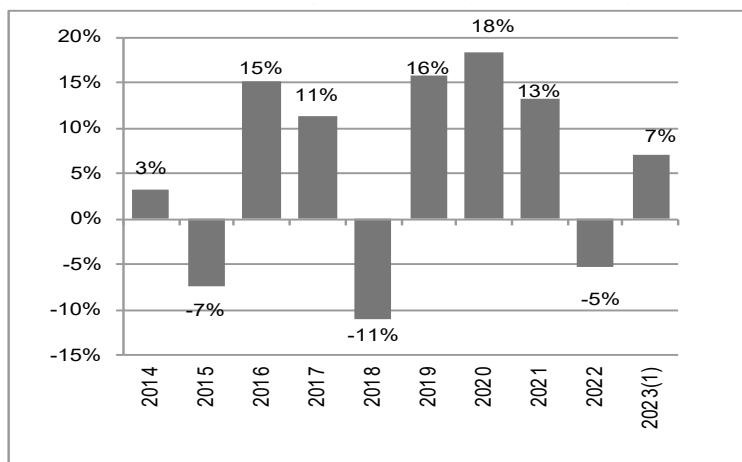
Past Performance

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, 2023

(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.

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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. The prospectus and other information on the Pembroke Canadian Bond Fund are available on SEDAR at www.sedar.com.

Industry Sector	% of Net Asset Value	Summary of Underlying Asset Allocation	% of Net Asset Value
Mutual Funds - Bonds	27.42%	Canadian Equities	66.89%
Financials	22.99%	Canadian Fixed Income	27.42%
Industrials	15.97%	US Equities	2.90%
Consumer Discretionary	5.54%	Cash	3.32%
Real Estate	5.34%	Other Net Current Assets	-0.53%
Information Technology	5.28%	Total	100.00%
Energy	5.24%		
Materials	4.34%		
Consumer Staples	3.46%		
Communication Services	1.63%		
Cash	3.32%		
Other Net Current Assets	-0.53%		
Total	100.00%		

Top 25 Holdings

Company	% of Net Asset Value	Industry Sector
1 Pembroke Canadian Bond Fund	27.42%	Mutual Funds
2 Hammond Power Solutions	3.14%	Industrials
3 Sleep Country Canada	3.02%	Consumer Discretionary
4 Watsco	2.83%	Industrials
5 Guardian Capital Group - Class A	2.78%	Financials
6 Topaz Energy Corp.	2.61%	Energy
7 Gildan Activewear	2.52%	Consumer Discretionary
8 TMX Group	2.49%	Financials
9 Information Services	2.47%	Real Estate
10 Evertz Technologies	2.43%	Information Technology
11 iA Financial Corp Inc.	2.30%	Financials
12 Fairfax Financial Holdings	2.28%	Financials
13 Dexterra	2.27%	Industrials
14 Alaris Equity Partners Income	2.27%	Financials
15 Mullen	2.27%	Industrials
16 Tricon Residential	2.20%	Real Estate
17 Fanning International Inc.	2.11%	Industrials
18 Intact Financial	2.08%	Financials
19 Calian	2.05%	Industrials
20 Metro	1.81%	Consumer Staples
21 Richards Packaging Income Fund	1.73%	Materials
22 AGF Management Ltd.	1.65%	Financials
23 Jamieson Wellness	1.65%	Consumer Staples
24 Cogeco	1.63%	Communication Services
25 Vecima Networks	1.59%	Information Technology
Top 25 Holdings	81.60%	

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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, 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 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, 2023 interim financial statements are unaudited.

THE FUND'S NET ASSETS PER UNIT

	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 units, beginning of period ⁽¹⁾	13.29	14.49	14.98	13.40	11.95	13.97
Increase (decrease) in net assets attributable to holders of redeemable units:						
Total revenue	0.24	0.42	0.48	0.34	0.42	0.44
Total expenses	(0.03)	(0.06)	(0.04)	(0.05)	(0.05)	(0.05)
Realized gains (losses) for the period	0.26	0.18	2.28	1.24	0.16	0.10
Unrealized gains (losses) for the period	0.47	(1.34)	(0.76)	0.70	1.43	(2.05)
Total Increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾	0.94	(0.80)	1.96	2.23	1.96	(1.56)
Distributions to holders of redeemable units:						
From income (excluding dividends)	(0.07)	(0.11)	(0.10)	-	-	-
From dividends	(0.17)	(0.26)	(0.30)	(0.35)	(0.40)	(0.39)
From capital gains	-	(0.05)	(2.02)	(0.46)	-	(0.07)
Return on capital	-	-	-	-	-	-
Total distributions to holders of redeemable units ⁽³⁾	(0.24)	(0.42)	(2.42)	(0.81)	(0.40)	(0.46)
Net assets attributable to holders of redeemable units, end of period ⁽⁴⁾	13.98	13.29	14.49	13.40	11.95	

(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, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Total net asset value (\$) (000's)⁽¹⁾	27,481	27,217	32,294	28,909	32,789	43,257
Number of redeemable units outstanding (000's)⁽¹⁾	1,965	2,049	2,229	1,929	2,448	3,620
Management expense ratio (%)⁽²⁾	0.43	0.34	0.34	0.32	0.38	0.23
Management expense ratio before waivers or absorptions (%)⁽²⁾	0.43	0.34	0.34	0.35	0.42	0.23
Trading expense ratio (%)⁽³⁾	0.08	0.08	0.09	0.12	0.12	0.13
Portfolio turnover rate (%)⁽⁴⁾	10.14	23.69	28.62	31.54	21.42	23.36
Net asset value per unit (\$)	13.98	13.29	14.49	14.98	13.40	11.95

(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.

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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 shares of the Fund held.

Name of the Fund	Assets under management under \$5 million	
	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

Name of the Fund	Assets under management above \$5 million		
	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 unitholders of the Fund to PPW through a redemption of units was \$0.2 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 units of the Fund bought and held by investors.

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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.

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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.