

PEMBROKE

PRIVATE WEALTH MANAGEMENT

PEMBROKE DIVIDEND GROWTH FUND

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE DECEMBER 31, 2025

INCEPTION DATE
JANUARY 1, 2012

THE PORTFOLIO MANAGEMENT TEAM
PEMBROKE MANAGEMENT LTD.

This annual 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.

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Investment Objective and Strategies

Pembroke Dividend Growth Fund (the “Fund”) seeks to provide long-term growth combined with current dividend income by investing primarily in shares of small and mid-cap Canadian, publicly listed issuers that pay a regular dividend. The Fund may invest in equity securities of small, medium and large capitalization companies with an emphasis on small and mid-sized companies. The strategy aims to identify investment opportunities in companies that have both growth potential while exhibiting the financial ability to support the payment of a regular dividend. The Fund will look to invest primarily in Canadian-listed securities but may invest up to a maximum of 30% of the Fund into American publicly listed issuers traded on a recognised exchange in the United States.

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.

Results of Operations

For the year ended December 31, 2025, the Fund posted a return of 25.49%. In comparison, the Fund’s Benchmark index, the S&P/TSX Composite Total Return Index posted a return of 31.68%. For the year ended December 31, 2024, the Fund posted a return of 23.33% compared to the Fund’s benchmark which posted a 21.65% return.

For the calendar year ended December 31, 2025, the Fund underperformed its benchmark, the S&P/TSX Composite Total Return Index. Relative performance was negatively impacted by sector allocation decisions, particularly an underweight exposure in Materials, which was the strongest-performing sector in the benchmark during the period. Stock selection was positive but mixed across the portfolio. Positive contributions were generated from Industrials and Communication Services, reflecting favourable security selection, while weaker selection in Materials, Financials, and Information Technology detracted from relative returns.

Canadian equity markets experienced periods of volatility during the year as investor expectations around interest rates, monetary policy, and economic growth evolved. While easing monetary policy provided some support to equity markets, performance leadership remained concentrated in a narrow group of sectors, particularly those tied to commodities and resource pricing. This environment contributed to pronounced dispersion across sectors and individual securities.

Two stocks were significant contributors to performance in 2025.

Stingray Group is a Canadian music, media, and technology company that delivers audio and video content, digital advertising solutions, and streaming services to consumers and commercial clients globally. During calendar 2025, Stingray’s share price performance was supported by consistent fundamental execution and improving earnings visibility, which led investors to increasingly recognise the underlying value of the business. Entering the year, the shares traded at a relatively modest valuation, and as the company delivered revenue growth, margin improvement, and disciplined capital allocation—including dividend increases and share repurchases—the stock was rewarded with a higher, though still reasonable, valuation multiple. Investor sentiment was further supported by the strategic acquisition of TuneIn in November 2025, which expanded Stingray’s global digital audio footprint and advertising capabilities. Overall, 2025 performance reflected a combination of earnings growth and valuation re-rating as the market reassessed the company’s long-term positioning.

Badger Infrastructure Solutions is a North American provider of non-destructive excavation and related subsurface services, using its proprietary technology to safely expose buried utilities for contractors and facility owners, primarily in infrastructure and commercial construction. In calendar year 2025, Badger’s share price appreciated significantly as the company consistently delivered double-digit revenue and earnings growth, with reported quarterly results showing year-over-year increases in top-line revenue, adjusted EBITDA and earnings per share, and margin improvement that underscored operational leverage and execution. Investor sentiment remained constructive given robust demand for infrastructure services, a record backlog in key regions, ongoing fleet expansion, and disciplined capital allocation—including dividend continuity and a renewed normal course issuer bid to support shares—leading to strong absolute returns over the year.

Two stocks were significant detractors to performance in 2025.

Watsco is the largest distributor of heating, ventilation, air conditioning and refrigeration (HVAC/R) equipment, parts and related supplies in North America, serving contractors, installers and technicians through an extensive branch network and digital platforms. During calendar year 2025, Watsco’s share price underperformed relative to broader markets as investors grappled with a protracted transition in industry demand and execution issues tied to that shift. The company reported sequential revenue declines and earnings that missed market expectations in the first half of the year, largely

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Results of Operations (Cont'd)

due to the mandated regulatory transition to next-generation A2L refrigerant systems, which disrupted normal product sales volumes even as pricing power and gross profit margins expanded. Investor sentiment was further dampened as analysts trimmed price targets following mixed third-quarter results and continued top-line pressures, while broader concerns around a softer housing and installation market weighed on demand for core HVAC products. Despite Watsco's strong balance sheet, expanded dividend, and ongoing investment in digital and technology initiatives, the combination of near-term sales headwinds and execution uncertainty contributed to share price weakness over 2025.

Vecima Networks is a Canadian broadband infrastructure technology company that develops hardware and software solutions for cable and fiber access networks, video distribution and content delivery, and related telematics applications, serving major communications service providers worldwide. In calendar year 2025, the company's share price experienced pressure as investors digested a mix of transitional business dynamics and near-term financial outcomes. Fiscal 2025 results showed sequential quarterly revenue growth and record annual sales in key product families, but overall full-year revenue and adjusted EBITDA declined compared with the prior year, driven by project timing delays, foreign-exchange headwinds, and temporary product-mix effects tied to the industry's migration to next-generation technologies. These transitional factors, combined with lower reported margins and one-time non-cash charges related to inventory and deferred costs, weighed on sentiment as investors questioned short-term demand visibility and profitability before the anticipated broader commercial ramp of next-generation solutions. Although management highlighted progress on design wins, the combination of timing headwinds and near-term results contributed to share price weakness over 2025 as the market awaited clearer evidence of sustainable growth.

As at December 31, 2025, the total net asset value of the Fund was \$238.6 million as compared to \$183 million as at December 31, 2024. The cash position was 5.13% of net asset value. The number of units outstanding in the Fund as at December 31, 2025, was 8.5 million compared with 7.5 million as at December 31, 2024.

Unrealized appreciation on investments as at December 31, 2025, was \$66.9 million as compared to \$41.9 million as at December 31, 2024, resulting in an increase in unrealized appreciation on investments of \$25 million. The Fund had net realized gains on investments sold during the period of \$16.7 million.

Fees and Expenses

During the year, the Fund paid a total of \$0.3 million in operating expenses. The management expense ratio ("MER") for unitholders was 0.06%. There are no management fees charged to the Fund as the management fees are charged directly to the unitholders outside the Fund. Refer to the Management Fees section for further details on this.

The Fund was previously a Pooled Fund, and the MER did not account for various fund expenses that will now be incurred as a mutual fund. For the period the Fund was a pooled fund, the expenses would have been higher if the Fund was a prospectus mutual fund.

Unitholder Activity

Throughout the year, \$42.3 million flowed into the Fund by way of subscriptions and \$15 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. 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**

Canadian equity markets are expected to continue navigating a fluid economic and geopolitical environment in 2026. While inflationary pressures have moderated from prior peaks and interest rates appear to be on a more stable footing, uncertainty remains around the pace of economic growth, fiscal policy, and global trade dynamics. Periods of market volatility are likely to persist as investors react to evolving macroeconomic data and policy signals. In this environment, equity valuations may continue to be influenced by changes in interest rate expectations and investor sentiment rather than near-term fundamentals alone.

Against this backdrop, the portfolio remains positioned with a focus on high-quality Canadian small- and mid-capitalization companies operating in less economically sensitive end markets, supported by durable business models, prudent balance sheets, and disciplined capital allocation. Pembroke continues to emphasise dividend growth, free cash flow generation, and valuation discipline, while maintaining flexibility to respond to changing conditions.

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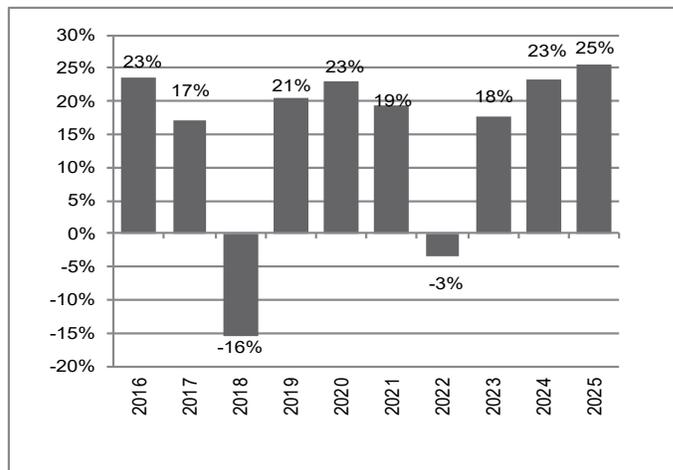
Past Performance

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.



Annual compound returns

The following table shows the Fund's annual compound total return for the periods shown ending on December 31, 2025. The annual compound total return is also compared to the S&P/TSX Composite Total Return and to the S&P/TSX Completion Total Return Indices on the same compound basis.

All index returns are calculated in Canadian dollars on a total return basis.

December 31, 2025	1 yr	3 yr	5 yr	10 yr	Since inception
Pembroke Dividend Growth Fund	25.49%	22.15%	16.04%	14.32%	13.26%
S&P/TSX Composite Total Return Index ⁽¹⁾	31.68%	21.42%	16.09%	12.66%	10.49%
S&P/TSX Completion Total Return Index ⁽²⁾	42.50%	25.06%	16.56%	12.45%	9.61%

(1) The S&P/TSX Composite Total Return Index is a capitalization-weighted index that represents some of the largest float-adjusted stocks trading on the Toronto Stock Exchange: Company size and liquidity are the chief attributes determining membership.

(2) The S&P/TSX Completion Total Return Index is comprised of the constituents of the S&P/TSX Composite Index that are not included in the S&P/TSX 60 Index. The index was formally the S&P/TSX MidCap Index. This index tends to have midcap and smaller companies included in it.

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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.

Industry Sector	% of Net Asset Value
Financials	30.58%
Industrials	28.61%
Materials	6.70%
Energy	6.01%
Consumer Discretionary	5.15%
Communication Services	4.88%
Consumer Staples	3.52%
Information Technology	3.48%
Real Estate	2.78%
Health Care	1.91%
Total Canada Treasury Bill	1.04%
Cash	5.13%
Other Net Current Assets	0.21%
Total	100.00%

Top 25 Holdings

Company	% of Net Asset Value	Industry Sector
1 AGF Management	5.18%	Financials
2 Stingray Group	4.88%	Communication Services
3 Dexterra	4.03%	Industrials
4 Alaris Equity Partners Income	3.87%	Financials
5 iA Financial	3.87%	Financials
6 Jamieson Wellness	3.52%	Consumer Staples
7 Champion Iron	3.52%	Materials
8 Russel Metals	3.30%	Industrials
9 Badger Infrastructure Solutions	3.28%	Industrials
10 Richards Group	3.18%	Materials
11 Calian	3.11%	Industrials
12 Secure Energy Services	3.08%	Energy
13 Gildan Activewear	3.05%	Consumer Discretionary
14 Topaz Energy	2.93%	Energy
15 Information Services	2.78%	Real Estate
16 Evertz Technologies	2.61%	Information Technology
17 TMX Group	2.49%	Financials
18 Element Fleet Management	2.46%	Industrials
19 EQB	2.39%	Financials
20 Mullen	2.37%	Industrials
21 goeasy	2.28%	Financials
22 Fairfax Financial Holdings	2.25%	Financials
23 Canaccord Genuity Group	2.23%	Financials
24 Watsco	2.15%	Industrials
25 National Bank of Canada	2.11%	Financials
Top 25 Holdings	76.92%	

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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 years indicated. This information is derived from the Fund's audited annual financial statements. 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 year and all other numbers being based on the actual units outstanding at the relevant point in time.

THE FUND'S NET ASSETS PER UNIT					
	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Net assets attributable to holders of redeemable units, beginning of period ⁽¹⁾	24.40	21.49	19.72	21.06	19.72
Increase (decrease) in net assets attributable to holders of redeemable units:					
Total revenue	0.90	0.95	0.74	0.64	0.71
Total expenses	(0.02)	(0.04)	(0.04)	(0.03)	(0.01)
Realized gains (losses) for the period	2.12	1.66	1.14	(0.03)	3.79
Unrealized gains (losses) for the period	3.18	2.35	1.61	(1.29)	(0.73)
Total Increase (decrease) in net assets attributable to holders of redeemable units ⁽²⁾	6.18	4.92	3.45	(0.71)	3.76
Distributions to holders of redeemable units:					
From income (excluding dividends)	(0.10)	(0.14)	(0.10)	(0.05)	(0.03)
From dividends	(0.73)	(0.78)	(0.60)	(0.54)	(0.59)
From capital gains	(1.74)	(1.08)	(0.95)	-	(1.82)
Return on capital	-	-	-	-	-
Total distributions to holders of redeemable units ⁽³⁾	(2.57)	(2.00)	(1.65)	(0.59)	(2.44)
Net assets attributable to holders of redeemable units, end of period ⁽⁴⁾	27.91	24.40	21.49	19.72	21.06

(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 redeemable units is based on the weighted average number of units outstanding over the financial year.

(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)

	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2023	December 31, 2021
Total net asset value (\$) (000's) ⁽¹⁾	238,568	183,021	150,180	130,574	133,778
Number of redeemable units outstanding (000's) ⁽¹⁾	8,548	7,500	6,988	6,622	6,352
Management expense ratio (%) ⁽²⁾	0.06	0.07	0.06	0.06	0.06
Management expense ratio before waivers or absorptions (%) ⁽²⁾	0.06	0.07	0.06	0.06	0.06
Trading expense ratio (%) ⁽³⁾	0.07	0.11	0.10	0.12	0.13
Portfolio turnover rate (%) ⁽⁴⁾	28.98	30.14	30.23	37.97	42.58
Net asset value per unit (\$)	27.91	24.40	21.49	19.72	21.06

(1) This information is provided as at December 31 of the year shown, as applicable.

(2) The management expense ratio ("MER") is calculated in accordance with National Instrument 81-106, based on expenses for the stated year (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 year. PPW may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. The Fund has had expenses waived or absorbed for all the years presented. The waiver or absorption of operating expenses is expected to continue for an indefinite year of time and can be terminated by PPW at its discretion and without prior notice.

(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 year.

(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 year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. 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 units 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 \$2.1 million for the year ended December 31, 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 year ended December 31, 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.

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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.

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