

PEMBROKE

PRIVATE WEALTH MANAGEMENT

PEMBROKE DIVIDEND GROWTH POOLED FUND

(formerly The Pembroke Dividend Growth Fund)

PEMBROKE CANADIAN GROWTH POOLED FUND

(formerly The Pembroke Canadian Growth Fund)

PEMBROKE U.S. GROWTH POOLED FUND

(formerly The Pembroke U.S. Growth Fund)

ANNUAL FINANCIAL STATEMENTS

DECEMBER 31, 2020

P E M B R O K E

DECEMBER 31, 2020 FINANCIAL STATEMENTS

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Deloitte LLP
La Tour Deloitte
1190 Avenue des
Canadiens-de-Montréal
Suite 500
Montreal QC H3B 0M7
Canada

Tel: 514-393-7115
Fax: 514-390-4111
www.deloitte.ca

Independent Auditor's Report

To the Unitholders of

Pembroke Dividend Growth Pooled Fund (formerly The Pembroke Dividend Growth Fund)
Pembroke Canadian Growth Pooled Fund (formerly The Pembroke Canadian Growth Fund)
Pembroke U.S. Growth Pooled Fund (formerly The Pembroke U.S. Growth Fund)

(each individually, the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of comprehensive income, changes in financial position attributable to holders of redeemable units and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Montréal, Québec
February 16, 2021

P E M B R O K E

DECEMBER 31, 2020 FINANCIAL STATEMENTS

Approval of the Annual Financial Statements: December 31, 2020

Pembroke Dividend Growth Pooled Fund (formerly The Pembroke Dividend Growth Fund)
Pembroke Canadian Growth Pooled Fund (formerly The Pembroke Canadian Growth Fund)
Pembroke U.S. Growth Pooled Fund (formerly The Pembroke U.S. Growth Fund)

(collectively referred to as the “Funds” or individually as “Fund”)

Approved by the Trustee, Pembroke Private Wealth Management Ltd.



Jeffrey S. D. Tory
Director



Michael P. McLaughlin
Director

Montreal, February 16, 2021

P E M B R O K E

PEMBROKE DIVIDEND GROWTH POOLED FUND

(formerly The Pembroke Dividend Growth Fund)

STATEMENTS OF FINANCIAL POSITION

As at December 31

	2020	2019
	\$	\$
(IN CANADIAN DOLLARS)		
Assets		
Cash	2,074,977	2,224,626
Investments at fair value through profit or loss	102,662,860	103,015,625
Accrued income	166,882	274,565
QST receivable	-	1,805
Total assets	104,904,719	105,516,621
Liabilities		
Accrued expenses	7,244	7,306
Distributions payable to unitholders	729,614	767,077
Due to brokers for investment securities purchased	95,526	-
HST payable	381	-
Total liabilities (excluding net assets attributable to holders of redeemable units)	832,765	774,383
Net assets attributable to holders of redeemable units	104,071,954	104,742,238
Net assets attributable to holders of redeemable units per unit		
Net assets CAD	19.72	16.45
Investments, at cost	75,795,595	86,111,501

The accompanying notes are an integral part of these annual financial statements

P E M B R O K E

PEMBROKE DIVIDEND GROWTH POOLED FUND (formerly The Pembroke Dividend Growth Fund)

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31	2020	2019
(IN CANADIAN DOLLARS)	\$	\$
Income		
Dividend income	2,270,622	3,275,967
Interest income for distribution purposes	97,873	315,359
Net realized gains (losses) on investments		
at fair value through profit or loss	6,043,457	(1,679,215)
Net change in unrealized gains (losses) on investments		
at fair value through profit or loss	9,963,141	18,146,942
Net realized foreign exchange gains (losses)	(114,887)	4,957
Total operating income (loss)	18,260,206	20,064,010
Expenses		
Securityholders' information fees	18,191	19,042
Filing fees	1,931	2,659
Custodial fees	7,448	8,158
Audit fees	10,357	9,434
Legal fees	1,723	3,261
Fund valuation fees	29,312	34,532
Transaction costs on purchase and sale of investments	167,222	137,127
Total operating expenses	236,184	214,213
Profit (loss) before taxes	18,024,022	19,849,797
Withholding taxes	(22,937)	(44,567)
Taxes recovered	-	139,953
Profit (loss) after taxes	18,001,085	19,945,183
Increase (decrease) in net assets attributable to holders of		
redeemable units	18,001,085	19,945,183
Weighted average number of redeemable units outstanding		
during the year	5,772,334	6,863,294
Increase (decrease) in net assets attributable to holders of		
redeemable units per unit	3.12	2.91

The accompanying notes are an integral part of these annual financial statements

P E M B R O K E

PEMBROKE DIVIDEND GROWTH POOLED FUND

(formerly The Pembroke Dividend Growth Fund)

STATEMENTS OF CHANGES IN FINANCIAL POSITION ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the years ended December 31	2020	2019
(IN CANADIAN DOLLARS)	\$	\$
Net assets attributable to holders of redeemable		
units at beginning of the year	104,742,238	100,843,802
Increase (decrease) in net assets attributable to holders of		
redeemable units	18,001,085	19,945,183
Distributions to holders of redeemable units		
From net investment income	(2,333,508)	(3,504,198)
Total distributions to holders of redeemable units	(2,333,508)	(3,504,198)
Redeemable unit transactions		
Proceeds from redeemable units issued	12,386,802	15,831,061
Redemption of redeemable units	(27,551,867)	(26,976,747)
Redemption of redeemable units, management fees (Note 5)	(1,172,796)	(1,396,863)
Net increase (decrease) from unit transactions	(16,337,861)	(12,542,549)
Net assets attributable to holders of redeemable		
units at end of the year	104,071,954	104,742,238

The accompanying notes are an integral part of these annual financial statements

P E M B R O K E

PEMBROKE DIVIDEND GROWTH POOLED FUND

(formerly The Pembroke Dividend Growth Fund)

STATEMENTS OF CASH FLOWS

For the years ended December 31

(IN CANADIAN DOLLARS)

	2020	2019
	\$	\$
Cash flows provided from operating activities		
Increase (decrease) in amount attributable to holders of redeemable units	18,001,085	19,945,183
Adjustments for:		
Interest income for distribution purposes	(97,873)	(315,359)
Dividend income	(2,270,622)	(3,275,967)
Taxes recognized in profit or loss	22,937	(95,386)
	15,655,527	16,258,471
Net increase (decrease) in investments at fair value through profit or loss		
Purchase of investments	(65,819,078)	(70,350,793)
Proceeds from sale and maturity of investments	82,011,219	78,359,846
Net realized losses (gains) on investments at fair value through profit or loss	(6,043,457)	1,679,215
Net change in unrealized losses (gains) on investments at fair value through profit or loss	(9,963,141)	(18,146,942)
Transaction costs on purchase and sale of investments	167,222	137,127
Net decrease (increase) in due from/to brokers	95,526	26,065
Net decrease (increase) in other receivables	1,805	(1,021)
Net increase (decrease) in accrued expenses and other payables	319	124
	16,105,942	7,962,092
Interest received	97,873	315,359
Dividends received	2,378,305	3,308,895
Taxes paid	(22,937)	95,386
Net cash flows provided from operating activities	18,559,183	11,681,732
Cash flows provided from financing activities		
Distributions to holders of redeemable units	(89,948)	(139,968)
Proceeds from redeemable units issued	10,105,779	12,386,719
Redemption of redeemable units	(28,724,663)	(28,373,610)
Net cash flows provided from financing activities	(18,708,832)	(16,126,859)
Net increase (decrease) in cash	(149,649)	(4,445,127)
Cash at the beginning of the year	2,224,626	6,669,753
Cash at the end of the year	2,074,977	2,224,626
Non-Cash Transactions		
Reinvested distributions from net investment income	2,281,023	3,444,342

The accompanying notes are an integral part of these annual financial statements

PEMBROKE

PEMBROKE DIVIDEND GROWTH POOLED FUND

(formerly The Pembroke Dividend Growth Fund)

Schedule of Investment Portfolio

As at December 31, 2020

(IN CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)

Number of shares	Investments	Cost \$	Fair Value \$
Canadian Equities			
Communication Services - 3.24 %			
41,135	Cogeco	3,033,460	3,372,247
Consumer Discretionary - 5.84 %			
72,685	Pollard Banknote	612,222	2,597,762
131,310	Sleep Country Canada	3,307,482	3,475,776
		3,919,704	6,073,538
Consumer Staples - 6.93 %			
50,346	Jamieson Wellness	971,717	1,819,001
51,328	Maple Leaf Foods	1,493,194	1,448,476
39,181	Metro	2,150,495	2,225,481
318,550	Waterloo Brewing Company	1,323,849	1,720,170
		5,939,255	7,213,128
Financials - 20.32 %			
226,618	Canaccord Genuity	1,754,197	2,529,057
128,658	Canadian Western Bank	3,735,330	3,682,192
18,912	Equitable Group	1,521,300	1,910,112
72,373	First National Financial Corporation	2,456,061	3,002,032
124,645	Guardian Capital Group	2,808,930	3,359,183
29,798	iA Financial Corporation	1,486,353	1,644,254
17,978	Intact Financial Corporation	2,547,864	2,709,644
18,155	TMX Group	1,606,567	2,308,227
		17,916,602	21,144,701
Industrials - 18.99 %			
65,455	Badger Daylighting	1,664,829	2,489,254
51,037	Calian	1,601,978	3,376,608
94,365	Morneau Shepell	1,873,746	2,928,146
157,073	Pfb	2,619,593	3,534,143
141,594	Savaria	1,594,189	2,047,449
55,418	Stantec	2,172,879	2,287,655
34,740	Toromont Industries	2,251,052	3,098,808
		13,778,266	19,762,063
Information Technology - 19.64 %			
209,681	Absolute Software	2,388,697	3,176,667
36,702	Enghouse Systems	1,657,312	2,262,678
241,122	Evertz Technologies	4,147,162	3,187,633
53,614	OpenText	2,958,010	3,101,034
63,200	Sylogist	568,794	745,760
67,516	Tecsys	540,369	3,363,647
310,703	Vecima Networks	3,177,287	4,598,404
		15,437,631	20,435,823

The accompanying notes are an integral part of these annual financial statements

PEMBROKE

PEMBROKE DIVIDEND GROWTH POOLED FUND

(formerly The Pembroke Dividend Growth Fund)

Schedule of Investment Portfolio - (continued)

As at December 31, 2020

(IN CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)

Number of shares	Investments - (continued)	Cost \$	Fair Value \$
Canadian Equities - (continued)			
Materials - 4.43 %			
40,498	Intertape Polymer Group	1,071,017	977,622
47,218	Richards Packaging	976,716	3,628,703
		2,047,733	4,606,325
Real Estate - 12.09 %			
49,474	Altus Group	1,129,140	2,431,152
415,915	Fronsac REIT	2,594,336	2,786,631
213,387	Information Services Corporation	3,597,368	4,248,535
273,870	Tricon Residential	2,451,186	3,130,334
		9,772,030	12,596,652
	Total Canadian Equities - 91.48 %	71,844,681	95,204,477
US Equities			
Consumer Discretionary - 3.79 %			
41,083	Collectors Universe	1,152,503	3,946,413
Financials - 1.96 %			
32,505	James River Group Holdings	1,696,355	2,035,367
Industrials - 1.42 %			
5,116	Watsco	1,102,056	1,476,603
	Total US Equities - 7.17 %	3,950,914	7,458,383
	Total Investments - 98.65 %	75,795,595	102,662,860
	Other assets - net - 1.35 %		1,409,094
	Total net assets - 100.00 %		104,071,954

The accompanying notes are an integral part of these annual financial statements

P E M B R O K E

PEMBROKE CANADIAN GROWTH POOLED FUND

(formerly The Pembroke Canadian Growth Fund)

STATEMENTS OF FINANCIAL POSITION

As at December 31

	2020	2019
	\$	\$
(IN CANADIAN DOLLARS)		
Assets		
Cash	4,232,950	4,729,302
Investments at fair value through profit or loss	161,540,685	135,414,752
Due from brokers for investment securities sold	435,513	-
Accrued income	150,812	159,389
HST receivable	357	157
QST receivable	576	889
Total assets	166,360,893	140,304,489
Liabilities		
Distributions payable to unitholders	155,628	243,485
Due to brokers for investment securities purchased	47,143	3,807
Total liabilities (excluding net assets attributable to holders of redeemable units)	202,771	247,292
Net assets attributable to holders of redeemable units	166,158,122	140,057,197
Net assets attributable to holders of redeemable units per unit		
Net assets CAD	22.15	17.37
Investments, at cost	105,500,806	108,713,403

The accompanying notes are an integral part of these annual financial statements

P E M B R O K E

PEMBROKE CANADIAN GROWTH POOLED FUND (formerly The Pembroke Canadian Growth Fund)

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31

(IN CANADIAN DOLLARS)

	2020	2019
	\$	\$
Income		
Dividend income	1,487,363	1,956,444
Interest income for distribution purposes	10,266	35,165
Net realized gains (losses) on investments at fair value through profit or loss	6,231,730	4,276,455
Net change in unrealized gains (losses) on investments at fair value through profit or loss	29,338,530	24,168,589
Net realized foreign exchange gains (losses)	(20,276)	(5,347)
Total operating income (loss)	37,047,613	30,431,306
Expenses		
Securityholders' information fees	15,355	15,432
Filing fees	3,209	2,605
Custodial fees	11,086	12,971
Audit fees	13,275	13,135
Legal fees	1,746	2,304
Transaction costs on purchase and sale of investments	167,172	202,095
Total operating expenses	211,843	248,542
Profit (loss) before taxes	36,835,770	30,182,764
Taxes recovered	144,175	84,618
Profit (loss) after taxes	36,979,945	30,267,382
Increase (decrease) in net assets attributable to holders of redeemable units	36,979,945	30,267,382
Weighted average number of redeemable units outstanding during the year	7,662,730	8,123,337
Increase (decrease) in net assets attributable to holders of redeemable units per unit	4.83	3.73

The accompanying notes are an integral part of these annual financial statements

P E M B R O K E

PEMBROKE CANADIAN GROWTH POOLED FUND

(formerly The Pembroke Canadian Growth Fund)

STATEMENTS OF CHANGES IN FINANCIAL POSITION ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the years ended December 31	2020	2019
(IN CANADIAN DOLLARS)	\$	\$
Net assets attributable to holders of redeemable		
units at beginning of the year	140,057,197	118,533,451
Increase (decrease) in net assets attributable to holders of		
redeemable units	36,979,945	30,267,382
Distributions to holders of redeemable units		
From net investment income	(1,461,536)	(1,945,891)
Total distributions to holders of redeemable units	(1,461,536)	(1,945,891)
Redeemable unit transactions		
Proceeds from redeemable units issued	10,328,075	14,439,172
Redemption of redeemable units	(18,372,873)	(19,797,857)
Redemption of redeemable units, management fees (Note 5)	(1,372,686)	(1,439,060)
Net increase (decrease) from unit transactions	(9,417,484)	(6,797,745)
Net assets attributable to holders of redeemable		
units at end of the year	166,158,122	140,057,197

The accompanying notes are an integral part of these annual financial statements

P E M B R O K E

PEMBROKE CANADIAN GROWTH POOLED FUND

(formerly The Pembroke Canadian Growth Fund)

STATEMENTS OF CASH FLOWS

For the years ended December 31

(IN CANADIAN DOLLARS)

	2020	2019
	\$	\$
Cash flows provided from operating activities		
Increase (decrease) in amount attributable to holders of redeemable units	36,979,945	30,267,382
Adjustments for:		
Interest income for distribution purposes	(10,266)	(35,165)
Dividend income	(1,487,363)	(1,956,444)
	35,482,316	28,275,773
Net increase (decrease) in investments at fair value through profit or loss		
Purchase of investments	(43,160,032)	(43,572,413)
Proceeds from sale and maturity of investments	52,437,187	53,152,238
Net realized losses (gains) on investments at fair value through profit or loss	(6,231,730)	(4,276,455)
Net change in unrealized losses (gains) on investments at fair value through profit or loss	(29,338,530)	(24,168,589)
Transaction costs on purchase and sale of investments	167,172	202,095
Net decrease (increase) in due from/to brokers	(392,177)	17,691
Net decrease (increase) in other receivables	113	(132)
	8,964,319	9,630,208
Interest received	10,266	35,165
Dividends received	1,495,940	1,957,174
Net cash flows provided from operating activities	10,470,525	11,622,547
Cash flows provided from financing activities		
Proceeds from redeemable units issued	9,022,167	12,736,766
Redemption of redeemable units	(19,745,559)	(21,236,917)
Distributions to holders of redeemable units	(243,485)	(226,092)
Net cash flows provided from financing activities	(10,966,877)	(8,726,243)
Net increase (decrease) in cash	(496,352)	2,896,304
Cash at the beginning of the year	4,729,302	1,832,998
Cash at the end of the year	4,232,950	4,729,302
Non-Cash Transactions		
Reinvested distributions from net investment income	1,305,908	1,702,406

The accompanying notes are an integral part of these annual financial statements

P E M B R O K E

PEMBROKE CANADIAN GROWTH POOLED FUND

(formerly The Pembroke Canadian Growth Fund)

Schedule of Investment Portfolio

As at December 31, 2020

(IN CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)

Number of shares	Investments - Canadian Equities	Cost \$	Fair Value \$
Consumer Discretionary - 16.26 %			
161,688	Aritzia	2,459,336	4,169,934
84,311	Bombardier Recreational Products	3,429,806	7,089,712
282,764	Goodfood Market	928,779	3,427,100
121,076	Points International	1,931,887	2,208,426
128,561	Pollard Banknote	2,642,905	4,594,770
209,061	Sleep Country Canada	4,891,577	5,533,845
		16,284,290	27,023,787
Consumer Staples - 2.87 %			
73,907	Jamieson Wellness	1,636,898	2,670,260
74,137	Maple Leaf Foods	2,155,761	2,092,146
		3,792,659	4,762,406
Energy - 2.08 %			
197,532	Parex Resources	3,737,327	3,460,761
Financials - 13.57 %			
153,739	Canadian Western Bank	4,355,447	4,400,010
37,219	Currency Exchange International	941,412	411,270
45,423	Equitable Group	3,083,531	4,587,723
24,642	goeasy	1,119,700	2,381,649
178,359	Guardian Capital Group	4,360,475	4,806,775
32,491	Trisura Group	1,155,867	2,893,973
1,228,179	Westaim Corporation	3,709,616	3,058,166
		18,726,048	22,539,566
Health Care - 0.00 %			
46,700	Helius Medical Technologies - Warrants	-	-
Industrials - 15.91 %			
99,321	Badger Daylighting	2,647,832	3,777,178
12,693	Boyd Group Services	2,557,136	2,786,875
51,468	Calian	2,558,927	3,405,123
7,727	Cargojet	1,632,868	1,659,991
78,280	GDI Integrated Facility Services	2,562,592	3,481,112
107,735	Richelieu Hardware	2,030,706	3,559,564
178,257	Savaria	2,010,536	2,577,596
766,069	Westport Fuel Systems	2,265,767	5,186,287
		18,266,364	26,433,726

The accompanying notes are an integral part of these annual financial statements

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PEMBROKE CANADIAN GROWTH POOLED FUND

(formerly The Pembroke Canadian Growth Fund)

Schedule of Investment Portfolio - (continued)

As at December 31, 2020

(IN CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)

Number of shares	Investments - Canadian Equities (continued)	Cost \$	Fair Value \$
Information Technology - 28.10 %			
201,711	Absolute Software	2,684,845	3,055,922
24,673	Ceridian HCM Holding	1,396,768	3,351,087
347,100	Converge Technology Solutions	1,067,068	1,725,087
58,169	Descartes Systems Group	1,120,771	4,330,682
84,328	Enghouse Systems	3,006,715	5,198,821
253,332	Evertz Technologies	4,376,425	3,349,049
31,791	Kinaxis	2,009,511	5,733,189
38,617	Lightspeed	942,423	3,469,351
145,653	Pivotree	1,455,458	1,921,163
790,291	Sangoma Technologies	2,041,419	2,805,533
40,711	Sylogist	364,001	480,390
168,061	Tecsys	2,971,570	8,372,800
30,788	Tucows	1,443,120	2,908,542
		24,880,094	46,701,616
Materials - 7.47 %			
123,961	Airboss of America	2,272,840	1,953,625
82,050	Richards Packaging	3,315,912	6,305,543
89,628	Stella-Jones	2,962,318	4,147,984
		8,551,070	12,407,152
Real Estate - 10.96 %			
80,767	Altus Group	1,895,598	3,968,890
52,658	Colliers International	3,499,898	5,965,098
9,912	FirstService	227,037	1,726,869
19,276	Mainstreet Equity	1,386,622	1,524,153
101,433	Real Matters	1,565,279	1,948,528
269,303	Tricon Residential	2,688,520	3,078,133
		11,262,954	18,211,671
Total Investments - Canadian Equities - 97.22 %		105,500,806	161,540,685
Other assets - net - 2.78 %			4,617,437
Total net assets - 100.00 %			166,158,122

The accompanying notes are an integral part of these annual financial statements

P E M B R O K E

PEMBROKE U.S. GROWTH POOLED FUND

(formerly The Pembroke U.S. Growth Fund)

STATEMENTS OF FINANCIAL POSITION

As at December 31

	2020	2019
	\$	\$
(IN CANADIAN DOLLARS)		
Assets		
Cash	3,337,410	3,400,145
Investments at fair value through profit or loss	195,446,466	169,116,705
Accrued income	25,562	32,242
QST receivable	1,069	1,100
HST receivable	834	812
Total assets	198,811,341	172,551,004
Liabilities		
Accrued expenses	10,000	10,000
Distributions payable to unitholders	48,854	277,893
Total liabilities (excluding net assets attributable to holders of redeemable units)	58,854	287,893
Net assets attributable to holders of redeemable units	198,752,487	172,263,111
Net assets attributable to holders of redeemable units per unit		
Net assets CAD	27.53	21.33
Net assets USD	21.62	16.42
Investments, at cost	128,521,696	133,885,525

The accompanying notes are an integral part of these annual financial statements

P E M B R O K E

PEMBROKE U.S. GROWTH POOLED FUND

(formerly The Pembroke U.S. Growth Fund)

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31

(IN CANADIAN DOLLARS)

	2020	2019
	\$	\$
Income		
Dividend income	811,140	439,910
Interest income for distribution purposes	37,447	73,391
Net realized gains (losses) on investments		
at fair value through profit or loss	12,377,423	8,755,194
Net change in unrealized gains (losses) on investments		
at fair value through profit or loss	31,693,590	14,980,958
Net realized foreign exchange gains (losses)	(115,212)	(185,759)
Total operating income (loss)	44,804,388	24,063,694
Expenses		
Securityholders' information fees	19,445	18,687
Filing fees	2,737	3,755
Custodial fees	12,848	13,531
Audit fees	18,257	19,189
Legal fees	1,762	2,645
Transaction costs on purchase and sale of investments	177,965	155,972
Total operating expenses	233,014	213,779
Profit (loss) before taxes	44,571,374	23,849,915
Taxes recovered	3,355	8,982
Withholding taxes	(115,215)	(60,869)
Profit (loss) after taxes	44,459,514	23,798,028
Increase (decrease) in net assets attributable to holders of		
redeemable units	44,459,514	23,798,028
Weighted average number of redeemable units outstanding		
during the year	7,693,840	8,022,806
Increase (decrease) in net assets attributable to holders of		
redeemable units per unit	5.78	2.97

The accompanying notes are an integral part of these annual financial statements

P E M B R O K E

PEMBROKE U.S. GROWTH POOLED FUND

(formerly The Pembroke U.S. Growth Fund)

STATEMENTS OF CHANGES IN FINANCIAL POSITION ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the years ended December 31	2020	2019
(IN CANADIAN DOLLARS)	\$	\$
Net assets attributable to holders of redeemable		
units at beginning of the year	172,263,111	156,915,039
Increase (decrease) in net assets attributable to holders of		
redeemable units	44,459,514	23,798,028
Distributions to holders of redeemable units		
From net investment income	(662,433)	(459,115)
From net capital gains	-	(3,250,000)
Total distributions to holders of redeemable units	(662,433)	(3,709,115)
Redeemable units transactions		
Proceeds from redeemable units issued	13,906,989	14,998,044
Redemption of redeemable units	(29,361,368)	(17,773,874)
Redemption of redeemable units, management fees (Note 5)	(1,853,326)	(1,965,011)
Net increase (decrease) from unit transactions	(17,307,705)	(4,740,841)
Net assets attributable to holders of redeemable		
units at end of the year	198,752,487	172,263,111

The accompanying notes are an integral part of these annual financial statements

P E M B R O K E

PEMBROKE U.S. GROWTH POOLED FUND

(formerly The Pembroke U.S. Growth Fund)

STATEMENTS OF CASH FLOWS

For the years ended December 31

(IN CANADIAN DOLLARS)

	2020	2019
	\$	\$
Cash flows provided from operating activities		
Increase (decrease) in amount attributable to holders of redeemable units	44,459,514	23,798,028
Adjustments for:		
Interest income for distribution purposes	(37,447)	(73,391)
Dividend income	(811,140)	(439,910)
Taxes recognized in profit or loss	115,215	60,869
	43,726,142	23,345,596
Net increase (decrease) in investments at fair value through profit or loss		
Purchase of investments	(86,586,054)	(65,896,556)
Proceeds from sale of investments	104,149,341	76,758,381
Net realized losses (gains) on investments at fair value through profit or loss	(12,377,423)	(8,755,194)
Net change in unrealized losses (gains) on investments at fair value through profit or loss	(31,693,590)	(14,980,958)
Transaction costs on purchase and sale of investments	177,965	155,972
Net decrease (increase) in due from/to brokers	-	(136,659)
Net decrease (increase) in other receivables	9	1,298
	17,396,390	10,491,880
Interest received	37,447	73,391
Dividends received	817,820	443,530
Taxes paid	(115,215)	(60,869)
Net cash flows provided from operating activities	18,136,442	10,947,932
Cash flows provided from financing activities		
Proceeds from redeemable units issued	13,293,409	11,566,822
Redemption of redeemable units	(31,214,694)	(19,738,885)
Distributions to holders of redeemable units	(277,892)	(968,812)
Net cash flows provided from financing activities	(18,199,177)	(9,140,875)
Net increase (decrease) in cash	(62,735)	1,807,057
Cash at the beginning of the year	3,400,145	1,593,088
Cash at the end of the year	3,337,410	3,400,145
Non-Cash Transactions		
Reinvested distributions from net investment income	613,580	424,398
Reinvested distributions from net capital gains	-	3,006,824

The accompanying notes are an integral part of these annual financial statements

P E M B R O K E

PEMBROKE U.S. GROWTH POOLED FUND

(formerly The Pembroke U.S. Growth Fund)

Schedule of Investment Portfolio

As at December 31, 2020

(IN CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)

Number of shares	Investments - US Equities	Cost \$	Fair Value \$
Communication Services - 0.65 %			
27,029	EverQuote	1,379,561	1,285,338
Consumer Discretionary - 22.03 %			
48,204	Collectors Universe	3,072,502	4,627,549
41,439	Dorman Products	4,154,970	4,580,635
16,362	Fox Factory Holding	1,756,035	2,202,161
63,316	Gentherm	2,798,611	5,257,641
48,123	Installed Building Products	2,955,216	6,245,272
35,098	LCI Industries	3,685,785	5,794,981
39,927	Ollie's Bargain Outlet	3,130,350	4,156,783
48,212	Shutterstock	3,854,504	4,401,198
169,545	Stoneridge	5,868,031	6,525,590
		31,276,004	43,791,810
Financials - 3.53 %			
81,556	Axos Financial	2,605,352	3,897,006
83,155	Seacoast Banking Corporation of Florida	3,012,230	3,117,958
		5,617,582	7,014,964
Health Care - 18.03 %			
8,126	Amedisys	1,454,878	3,034,799
10,511	Bio-Techne	3,685,076	4,249,646
43,582	Bruker	2,749,379	3,003,598
15,881	CareDx	1,423,113	1,464,916
45,972	Castle Biosciences	2,989,342	3,930,394
20,860	Charles River Laboratories	3,382,071	6,636,020
95,335	Globus Medical	5,989,761	7,916,438
24,491	Omniceil	2,502,541	3,742,457
34,466	Progyny	1,275,154	1,860,163
		25,451,315	35,838,431
Industrials - 24.27 %			
70,306	Albany International Canada	5,076,702	6,572,088
53,693	A. O. Smith	3,407,971	3,747,601
48,432	CRA International	2,875,492	3,140,528
17,462	Enphase Energy	1,802,360	3,901,158
103,469	FranklinCovey	2,905,224	2,933,777
55,980	Kornit Digital	1,337,464	6,352,628
20,306	Protolabs	2,848,075	3,965,942
39,399	SiteOne Landscape Supply	3,204,756	7,957,323
10,027	Tetra Tech	1,233,802	1,478,091
58,213	Trex Company	2,148,792	6,205,058
6,866	Watsco	1,479,183	1,980,453
		28,319,821	48,234,647

The accompanying notes are an integral part of these annual financial statements

P E M B R O K E

PEMBROKE U.S. GROWTH POOLED FUND

(formerly The Pembroke U.S. Growth Fund)

Schedule of Investment Portfolio - (continued)

As at December 31, 2020

(IN CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)

Number of shares	Investments - US Equities - (continued)	Cost \$	Fair Value \$
	Information Technology - 29.83 %		
18,531	Alteryx	2,671,491	2,873,473
17,498	Avalara	1,703,858	3,673,494
35,155	Dolby Laboratories	2,844,770	4,347,475
14,206	Euronet Worldwide	1,575,630	2,621,180
73,267	Genpact	3,422,463	3,858,207
14,621	Guidewire Software	2,042,814	2,396,368
138,042	International Money Express	2,745,157	2,727,719
9,786	MongoDB	1,028,285	4,473,472
12,032	Monolithic Power Systems	1,870,225	5,610,330
10,314	Paycom	1,949,437	5,938,850
45,139	Perficient	2,443,100	2,738,492
33,381	Sprout Social	2,154,019	1,929,956
24,284	SPS Commerce	2,526,301	3,357,428
69,215	TTEC	4,057,176	6,426,923
68,763	WNS (Holdings) Limited	3,442,687	6,307,909
		36,477,413	59,281,276
	Total Investments - US Equities - 98.34 %	128,521,696	195,446,466
	Other assets - net - 1.66 %		3,306,021
	Total net assets - 100.00 %		198,752,487

The accompanying notes are an integral part of these annual financial statements

P E M B R O K E

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

1. The Funds

(i) Establishment of the Funds

Pembroke Dividend Growth Fund (formerly The Pembroke Dividend Growth Fund) is an open-end mutual fund established under the laws of the Province of Ontario and established pursuant to a Master Declaration of Trust dated January 1, 2012 as amended by a Supplemental Deed dated April 1, 2020.

Pembroke Canadian Growth Fund (formerly The Pembroke Canadian Growth Fund) is an open-end mutual fund established under the laws of the Province of Ontario pursuant to a Master Declaration of Trust dated January 1, 2007 as amended by a Supplemental Deed dated April 1, 2020.

Pembroke U.S. Growth Fund (formerly The Pembroke U.S. Growth Fund) is an open-end mutual fund established under the laws of the Province of Ontario pursuant to a Declaration of Trust dated December 23, 1999, as amended by a Master Declaration of Trust dated January 1, 2007 and Supplemental Deed dated April 1, 2020.

The amendments made on April 1, 2020 to the Declarations of Trusts were to reflect the change in name of the Funds.

The Funds are not reporting issuers in any jurisdiction in Canada, and pursuant to Section 2.11 of National Instrument 81-106 (Investment Fund Continuous Disclosure), do not file their financial statements with the securities' regulatory authorities.

(ii) The Manager and Investment Manager

Pembroke Private Wealth Management Ltd. ("PPW" or the "Manager") is the Funds' Manager. The Manager provides the day-to-day management of the business and operations of the Funds. PPW is also the trustee for all the Funds. The registered address of the Funds is: 1002 Sherbrooke Street West, Suite 1700, Montreal, Quebec, H3A 3S4, Canada.

Pembroke Management Ltd. ("Pembroke") is the investment manager of the Funds. Pembroke is the parent company of PPW.

2. Basis of presentation and significant accounting policies

The financial statements of the Funds for the years ended December 31, 2020 and December 31, 2019 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The significant accounting policies used in the preparation of these financial statements are summarized below. These policies have been applied consistently to all years presented.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

2. Basis of presentation and significant accounting policies – (continued)

(i) Functional and presentation currency

These financial statements are presented in Canadian dollars which is the Funds' functional and presentation currency.

(ii) Foreign currency translation

Transactions in currencies other than the Canadian dollar are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary items and non-monetary assets and liabilities that are denominated in foreign currencies are recognized in profit or loss in the period in which they arise. Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognized together with other changes in the fair value. Foreign exchange gains and losses on monetary items and non-monetary assets and liabilities other than those classified as fair value through profit or loss are included in the line-item net realized foreign exchange gains (losses) in the statements of comprehensive income.

(iii) Recognition of revenue and expenses

Interest income for distribution purposes shown on the statements of comprehensive income represents the coupon interest received by the Fund accounted for on an accrual basis. The Funds do not amortize premiums paid or discounts received on the purchase of fixed income securities. The interest income for distribution purposes is the tax basis of calculating the interest received and is subject to tax. It includes interest income from cash and cash equivalents and on debt securities at fair value through profit or loss.

Dividend income is recognized on the ex-dividend date when the right to receive payment is established. Dividend and interest income for distribution purposes are recognized gross of withholding tax, if any.

Distributions received from underlying funds are recorded at the date of distribution. Distributions are included in distributions from underlying funds and are presented as a separate line item in the statements of comprehensive income.

All expenses are recognized in the statements of comprehensive income on an accrual basis.

(iv) Due from and due to brokers for investment securities sold or purchased

Amounts due from and due to brokers for investment securities sold or purchased represent receivables for investment securities sold and payables for investment securities purchased that have been contracted for but not yet settled or delivered on the year-end dates, respectively. These amounts are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts due from brokers.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

2. Basis of presentation and significant accounting policies – (continued)

(v) Financial assets and financial liabilities at fair value through profit or loss

Classification

Financial Assets

Under IFRS 9 - Financial Instruments ("IFRS 9"), the Manager classifies the Funds' investments in debt and equity securities and open-ended investment funds based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. These financial assets are managed, and their performance is evaluated, on a fair value basis.

The Manager also manages these financial assets with the objective of realizing cash flows through sales. The Manager has not taken the option to irrevocably designate any of the Funds' equity securities at fair value through other comprehensive income. Consequently, these financial assets are mandatorily measured at fair value through profit or loss.

Financial Liabilities

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purpose of selling or repurchasing in the near future or on initial recognition are a part of a portfolio of identified financial instruments that the Manager manages together and has a recent actual pattern of short-term profit-taking.

Financial assets and financial liabilities at amortized cost

At each reporting date, the Manager measures the Funds' loss allowance on amounts due from brokers for investment securities sold, accrued income and other short-term receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Manager measures the loss allowance at an amount equal to the 12 month expected credit losses. Given the short-term nature of the receivables and the high credit quality, the Manager has determined that the expected credit loss allowances of the Funds are not material.

Recognition, derecognition and measurement

Regular purchases and sales of investments are recognized on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the statements of comprehensive income.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss category are presented in the statements of comprehensive income.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

2. Basis of presentation and significant accounting policies – (continued)

(v) Financial assets and financial liabilities at fair value through profit or loss – (continued)

Recognition, derecognition and measurement – (continued)

Dividend income from financial assets at fair value through profit or loss is recognized in the statements of comprehensive income within dividend income when the Fund's right to receive payment is established.

Purchases and sales of foreign investments are translated at the exchange rates prevailing on the respective dates of such transactions. The fair values of foreign investments represent their quoted market values translated into Canadian dollars at exchange rates prevailing at period-end.

Fair value estimation

The fair value of financial assets and liabilities in active markets is based on quoted market prices at the close of trading on each valuation date. The Funds use the last traded market price for both financial assets and liabilities where the last traded price falls within the day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The cost of investments is determined on a weighted average cost basis.

If a significant event causing a material movement in fair value occurs subsequent to the close of trading up to midnight on the valuation date, valuation techniques will be applied to determine the fair value. A significant event is any event that occurs after the last market price for a security, close of market or close of the foreign exchange, but before the Fund's valuation time that materially affects the integrity of the closing prices for any security, instrument or currency affected by that event so that they cannot be considered 'readily available' market quotations.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Manager uses a variety of methods and makes assumptions that are based on market conditions existing at each valuation date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

(vi) Increase (decrease) in net assets attributable to holders of redeemable units per unit

Increase (decrease) in net assets attributable to holders of redeemable units per unit is disclosed in the statements of comprehensive income and represents the increase (decrease) in the net assets attributable to holders of redeemable units for the year divided by the weighted average number of units outstanding during the year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

2. Basis of presentation and significant accounting policies – (continued)**(vii) Distributions payable to holders of redeemable units**

The net investment income and net realized capital gains of each of the Funds, as applicable, are paid to the unitholders of each relevant Fund as follows: For Pembroke Dividend Growth Pooled Fund, the net investment income is distributed quarterly on the last valuation day of the quarter and net realized capital gains are distributed once a year on the last valuation day of December. For Pembroke Canadian Growth Pooled Fund and Pembroke U.S. Growth Pooled Fund, the net investment income and net realized capital gains are distributed once a year on the last valuation day of December.

The distributions to holders of redeemable units are recognised in the statements of changes in net assets attributable to holders of redeemable units.

(viii) Taxation

The Funds are domiciled in Canada and under the current *Income Tax Act* (Canada) are not subject to tax on income, profits or capital gains or other taxes payable for the year if they allocate such gains (less capital losses carried forward) and earnings to unitholders.

The Funds currently incur withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statements of comprehensive income.

Refer to Note 6 for the disclosure relating to taxation.

(ix) Fair value measurement

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

IFRS 13 - *Fair value measurement* ("IFRS 13") establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1: Valuation based on inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Manager has the ability to access at the measurement date.
- Level 2: Valuation based on inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3: Valuation based on inputs that are partially unobservable. There is little, if any, market activity. Inputs into the determination of fair value require significant management judgment or estimation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

2. Basis of presentation and significant accounting policies – (continued)

(ix) Fair value measurement – (continued)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The inputs are considered as observable if they are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumption that market participants would use when pricing the asset or liability.

Refer to Note 7 for fair value hierarchy and related disclosures.

3. Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the Manager to make estimates, judgements and assumptions that affect the application of accounting policies and amounts recorded in the financial statements. Estimates are based on the Manager's best knowledge of current events and actions that the Funds may undertake in the future and are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

Fair value of securities not quoted in an active market

The Funds may hold financial instruments that are not quoted in active markets. The fair value of such securities may be determined by the Manager using reputable pricing sources or indicative prices from bond/debt market makers. The Manager exercises judgement on the pricing sources used. Fair value is determined based on models that make maximum use of observable inputs and rely as little as possible on unobservable inputs. The Manager considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them. When no quoted prices are available, the fair value is estimated using present value or other valuation methods, which are influenced by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates, which reflect varying degrees of risk, including liquidity risk, credit risk, and risks related to interest rates, exchange rates and price and rate volatility.

The calculation of the fair values may differ given the role that judgment plays in applying the acceptable estimation and valuation techniques. Estimated fair value reflects market conditions on a given date and for this reason cannot be representative of future fair values.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

3. Accounting estimates and judgements – (continued)

Critical judgements

Functional currency

The Manager considers the Canadian dollar the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions of the Funds. The Canadian dollar is the currency in which each of the Funds measures its performance and reports its results, as well as the currency in which it receives subscriptions from its investors. This determination also considers the competitive environment in which the Funds are compared to other Canadian investment products.

Classification of puttable instruments

Each of the Funds' redeemable units are classified as financial liabilities to which all of its gains and losses are attributed. Each of the Funds' units do not meet all the criteria under IAS 32 - *Financial Instruments: Presentation* ("IAS 32") to be classified as equity by exception.

Segmented information

Each of the Funds is organized in one main operating segment, namely the management of the Fund's investments in order to achieve the Fund's investment objective.

IAS 7 Statement of Financial Position disclosures

IAS 7 - *Statement of Cash Flows* ("IAS 7") requires disclosures related to changes in liabilities arising from financing activities. Units issued by the Funds are classified as liabilities in accordance with IAS 32. The units are considered liabilities for the purposes of the IAS 7 disclosures, regardless of their classification for financial reporting purposes under IAS 32.

4. Redeemable units**(i) Authorized and issued capital**

The authorized capital of the Funds consists of an unlimited number of units which rank equally in all respects and represent a pro rata interest in the net assets of the Funds. A unit does not confer any interest in any particular asset or investment of the Fund.

The Funds' redeemable units, which are redeemable at the holder's option are classified as financial liabilities on the statements of financial position. Redeemable units can be put back into the Fund at any dealing date for cash equal to a proportionate share of the Fund's net asset value attributable to the unit. The redeemable units are carried at the redemption amount that is payable at the statement of financial position date if the holder exercises the right to put the unit back into the Fund. Quantitative information about each Funds' capital is provided in the statements of changes in financial position attributable to holders of redeemable units.

PEMBROKE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

4. Redeemable units – (continued)

(i) Authorized and issued capital – (continued)

The Manager manages the capital of the Funds in accordance with the Funds' investment objectives, policies and restrictions. The Funds' overall strategies for managing capital remain unchanged from the prior year.

The Funds do not have any specific capital requirements on the subscriptions and redemptions of units, other than certain minimum subscription requirements.

The following is a summary of the changes in issued and outstanding units:

Pembroke Dividend Growth Pooled Fund

	Dec. 31, 2020	Dec. 31, 2019
Outstanding, beginning of year	6,366,834.416	7,151,065.920
Issued during the year	724,697.170	1,025,581.791
	7,091,531.586	8,176,647.711
Redeemed during the year	1,814,830.394	1,809,813.295
Outstanding, end of year	5,276,701.192	6,366,834.416

Pembroke Canadian Growth Pooled Fund

	Dec. 31, 2020	Dec. 31, 2019
Outstanding, beginning of year	8,064,595.890	8,497,141.910
Issued during the year	604,821.993	876,195.753
	8,669,417.883	9,373,337.663
Redeemed during the year	1,167,731.704	1,308,741.773
Outstanding, end of year	7,501,686.179	8,064,595.890

Pembroke U.S. Growth Pooled Fund

	Dec. 31, 2020	Dec. 31, 2019
Outstanding, beginning of year	8,075,245.852	8,300,330.244
Issued during the year	588,879.551	703,547.040
	8,664,125.403	9,003,877.284
Redeemed during the year	1,443,746.701	928,631.432
Outstanding, end of year	7,220,378.702	8,075,245.852

(ii) Valuation of Fund units

The net asset value per unit ("NAVPU") is calculated weekly as at the close of business on each Tuesday, or if any such Tuesday is not a business day, then on the next business day immediately succeeding it, and on the last business day of the month. The NAVPU is determined by dividing the net assets of the Fund by the number of redeemable units outstanding on the valuation date. A notice of redemption must be given in writing to the Manager at any of its offices in Canada. The value of the units to be redeemed will be established as at the valuation date following the receipt of such notice. Within two business days following the valuation date, the Manager will pay the holder the value of the units redeemed.

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For the years ended December 31, 2020 and 2019

5. Management fees and expenses

Management fees are paid to the Manager in consideration for investment management, administrative and advisory services. For all Funds, management fees are charged directly to unitholders based on the assets under management of their PPW relationship. Such management fees will be payable directly to PPW by the redemption (without charge) of a sufficient number of units of the Fund held.

The Funds pay all expenses incurred in the ordinary course of business relating to their organization, management and operations, including transaction costs on the purchase and sale of investment securities, custodial and safekeeping fees, audit fees, registrar and transfer agents' fees, filing fees, information fees, as well as legal fees relating to the distribution of units of the Funds and preparation of any filings required under any securities legislation and taxes of all kinds for which the Funds are, or might be, subject to.

6. Income taxes

The Funds qualify as Mutual Fund Trusts under the *Income Tax Act* (Canada) and are therefore not subject to income taxes on their net taxable capital gains or their net earnings for the year if they allocate such gains (less capital losses carried forward) and earnings to unitholders. It is the intention of the Manager to allocate the taxable income of the Funds annually to unitholders so as to eliminate any income taxes otherwise payable by the individual Funds.

As at December 31, 2020, certain Funds have accumulated non-capital losses and capital losses available to reduce future taxable income that can be carried forward to a maximum of 10 years for years 2004 and 2005 and 20 years for 2006 and subsequent years. Accumulated capital losses available to reduce realized capital gains in future years that can be carried forward indefinitely are as follows:

	Non-capital losses		Capital losses
<i>For Federal purposes:</i>			
Pembroke Dividend Growth Pooled Fund	\$	—	\$ 7,001,281
Pembroke Canadian Growth Pooled Fund	\$	—	\$ 2,617,023

7. Financial instruments' risk management

The Funds' financial assets may principally comprise investments in equity and debt instruments, short-term investments, trade and other receivables, and/or cash and cash equivalents. Financial liabilities may comprise accrued expenses, trade and other payables. The Funds' activities expose them to a variety of financial risks that are associated with their investment strategies, financial instruments and the markets in which they invest. The level of risk depends on the Funds' investment objectives and the types of securities they invest in. The value of investments within the Funds' portfolios can fluctuate on a daily basis as a result of changes in interest rates, economic conditions, market and company news related to specific securities within the Funds.

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For the years ended December 31, 2020 and 2019

7. Financial instruments' risk management – (continued)

The most important risks arising from the Funds' financial instruments include credit risk, liquidity risk, market risk (comprising interest rate risk, currency risk and other price risk) and concentration risk. The risks and the related risk management practices employed by the Funds are discussed below.

(i) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a loss by failing to discharge its obligations. The Funds are exposed to credit risk on their debt instruments, cash and cash equivalents and other short-term trade receivables.

The Manager measures the Funds' credit risk and lifetime expected credit loss ("ECL") related to the short-term receivables using historical analysis and forward-looking information in determining the ECL.

The Funds use highly rated, well established financial institutions for cash transactions and as a result, the risk of default is considered minimal. The Funds are also exposed to credit risk with the custodian. Should the custodian become insolvent, it could cause a delay for the Funds in obtaining access to their assets.

Where a Fund invests in debt instruments, this represents the main concentration of credit risk. The fair value of debt instruments includes consideration of the credit worthiness of the issuer and represents the maximum credit risk exposure of the Fund. All transactions executed by a Fund in listed securities are settled/paid for upon delivery using approved brokers meeting minimum risk rating levels. The risk of default is considered minimal, as delivery of securities sold is only made once the Fund has received payment, and payment is made on a purchase once the securities have been received by the Fund. The trade will fail if either party fails to meet its obligation.

(ii) Liquidity risk

Liquidity risk is defined as the risk that a Fund may encounter difficulties in meeting the obligations associated with its financial liabilities on time or at a reasonable price.

Each Fund is exposed to weekly and end-of-month cash redemptions of redeemable units. The units of each Fund are issued and redeemed on demand at the current NAV per unit at the option of the holder. Liquidity risk is managed by investing the majority of the Funds' assets in investments that are traded in an active market and can be readily disposed of.

Each Fund may, from time to time, invest in securities that are not traded in an active market and may be illiquid. A lack of buyer interest in a particular security may increase the level of difficulty in selling this security and, therefore, result in a loss or reduced return. Portfolio diversification and concentration limits reduce this risk.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

7. Financial instruments' risk management – (continued)

(iii) Interest rate risk

Interest rate risk arises from the possibility that changes in market interest rates will affect future cash flows or the fair values of financial instruments.

Interest rate risk arises when a Fund invests in interest-bearing financial instruments. The Fund is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations on any cash and cash equivalents invested at short-term market interest rates.

(iv) Currency risk

Currency risk corresponds to the risk that the fair value or future cash flows of a financial instrument denominated in a currency other than the Canadian dollar will fluctuate because of changes in foreign exchange rates.

Changes in the value of the Canadian dollar relative to foreign currencies will affect the value, in Canadian dollar terms, of foreign securities held in the Funds. These fluctuations may reduce, or even eliminate, any return the Funds have earned on foreign securities. Currency exposure may increase the volatility of foreign investments relative to Canadian investments and can also affect the relative competitive position of entities whose securities are held by the Funds. It is not the Manager's policy to hedge the currency risk between the Canadian dollar and foreign currencies. Thus, the Manager does not manage currency risk.

(v) Other price risk

Other price risk corresponds to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The investments of the Funds are subject to normal market fluctuations and the risks inherent with investing in financial markets. Financial instruments held by each Fund are susceptible to market price risk arising from uncertainties about future prices of the instruments. The investment manager mitigates this risk through a careful selection of securities within the parameters of the Funds' investment strategies and through diversification of the investment portfolios. The investment manager monitors the Funds' overall market positions on a daily basis and positions are maintained within established ranges in an attempt to mitigate this risk.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

7. Financial instruments' risk management – (continued)

(vi) Concentration risk

Concentration risk arises because of the concentration of exposure within the same category, whether it is geographical location or industry sector. For Funds with an international investment strategy, the concentration by geographic location is presented according to, among other things, the country of incorporation or region. For Funds with a domestic investment strategy, the concentration by industry sector is presented according to their investments in the different sectors. The concentration risk is managed through portfolio diversification within the framework of the Funds' objective and strategy.

Refer to Discussion of Financial Risk Management for Fund-specific risk disclosure.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

Discussion of Financial Risk Management - Pembroke Dividend Growth Pooled Fund (formerly The Pembroke Dividend Growth Fund)

Risk management

The investment objective of Pembroke Dividend Growth Pooled Fund (the “Fund”) is to provide long-term capital growth combined with current dividend income. The Fund’s strategy involves investing primarily in shares of small and mid-cap Canadian, publicly-listed issuers that pay a regular dividend. The securities will be listed primarily in Canada or the issuer will be a Canadian issuer, whether the securities are listed on a recognized exchange in Canada or elsewhere. From time to time, cash reserves of the Fund will be invested in high-grade short-term interest-bearing securities.

Risk is mitigated by employing professional, experienced portfolio advisors, by daily monitoring of the Fund’s positions and market events, and by diversifying the investment portfolio amongst different companies and across multiple industry sectors within the constraints of the Fund’s investment objective.

Credit risk

As at December 31, 2020, the Fund did not have any significant investments in debt instruments and, therefore, the Fund has no significant direct exposure to credit risk. As at December 31, 2019, the Fund invested in debt instruments with the following credit ratings, representing the maximum credit risk exposure:

December 31, 2019		
Debt Instruments by Credit Rating	\$ Fair Value	% of Net Assets
AAA	6,728,940	6.42
Total	6,728,940	6.42

Credit ratings are obtained from Standard & Poor’s Financial Services LLC, Moody’s Investor Service Inc. and/or DBRS. Where more than one rating is obtained for a security, the lowest rating has been used.

Liquidity risk

The tables below analyze the Fund’s financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows.

December 31, 2020				
Financial liabilities	< 7 days \$	7 days - 3 months \$	3 months - 1 year \$	Total \$
Accrued expenses	7,244	-	-	7,244
Distributions payable to unitholders	729,614	-	-	729,614
Due to brokers for investment securities purchased	95,526	-	-	95,526
HST payable	381	-	-	381
Redeemable units	104,071,954	-	-	104,071,954
Total	104,904,719	-	-	104,904,719

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

Discussion of Financial Risk Management - Pembroke Dividend Growth Pooled Fund (formerly The Pembroke Dividend Growth Fund) – (continued)

Liquidity risk - (continued)

December 31, 2019

Financial liabilities	< 7 days \$	7 days - 3 months \$	3 months - 1 year \$	Total \$
Accrued expenses	7,306	-	-	7,306
Distributions payable to unitholders	767,077	-	-	767,077
Redeemable units	104,742,238	-	-	104,742,238
Total	105,516,621	-	-	105,516,621

Redeemable units are redeemed on demand at the holder's option. However, the Manager does not envisage that the contractual maturity disclosed in the tables above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

The Manager manages the Fund's liquidity risk by investing predominantly in securities that it expects to be able to liquidate within a short time period (less than 30 days). All assets can be liquidated within a one-year period of time as at December 31, 2020 and December 31, 2019.

Interest rate risk

As at December 31, 2020, the majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund was not subject to a significant amount of direct interest rate risk. As at December 31, 2019, the Fund has minimal sensitivity to changes in interest rates since securities are usually held to maturity and tend to be short-term in nature. As at December 31, 2019, the Fund's exposure to financial assets was as follows:

	December 31, 2019	
	\$	\$
	Interest bearing instruments	Non-interest bearing instruments
Investments	6,728,940	96,286,685
Cash	-	2,224,626
Other assets	-	276,370
Liabilities	-	774,383

The following tables detail the Fund's exposure to interest rate risk by the earlier of contractual maturities or re-pricing:

December 31, 2019

Contractual maturities	< 1 month \$	1 - 3 months \$	3 months - 1 year \$	> 1 year \$	Total \$
Interest bearing instruments	-	6,728,940	-	-	6,728,940
Non-interest bearing instruments	98,013,298	-	-	-	98,013,298
Total	98,013,298	6,728,940	-	-	104,742,238

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For the years ended December 31, 2020 and 2019

Discussion of Financial Risk Management - Pembroke Dividend Growth Pooled Fund (formerly The Pembroke Dividend Growth Fund) – (continued)

Currency risk

The tables below indicate the foreign currency to which the Fund had significant exposure at December 31, 2020 and December 31, 2019, in Canadian dollar terms. The tables also illustrate the potential impact on the net assets attributable to the holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2020

	Fair Value	% of	Impact on net assets	
Currency Exposure	\$	Net Assets	\$	%
US Dollar	714,163	0.7	71,416	0.1
US Investments	7,458,383	7.2	745,838	0.7
Total	8,172,546	7.9	817,254	0.8

December 31, 2019

	Fair Value	% of	Impact on net assets	
Currency Exposure	\$	Net Assets	\$	%
US Dollar	813,490	0.8	81,349	0.1
US Investments	6,383,984	6.1	638,398	0.6
Total	7,197,474	6.9	719,747	0.7

In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Other price risk

The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of these financial instruments. The tables below indicate the financial instruments to which the Fund had significant market exposure at December 31, 2020 and December 31, 2019.

The tables also illustrate the potential impact on the net assets attributable to the holders of redeemable units if equity markets had strengthened or weakened by 10%, with all other variables held constant.

December 31, 2020

	Fair Value	% of	Impact on net assets	
Market Exposure	\$	Net Assets	\$	%
Investments	102,662,860	98.6	10,266,286	9.9

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

Discussion of Financial Risk Management - Pembroke Dividend Growth Pooled Fund (formerly The Pembroke Dividend Growth Fund) – (continued)

Other price risk – (continued)

December 31, 2019

	Fair Value	% of	Impact on net assets	
Market Exposure	\$	Net Assets	\$	%
Investments	96,286,685	91.9	9,628,669	9.2

In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Concentration risk

The following table is a summary of the Fund's concentration risk of its equity investments by market segment.

	December 31, 2020	December 31, 2019
Industry Sector	%	%
Government of Canada Treasury Bills	-	6.42
Communication Services	3.24	2.26
Consumer Discretionary	9.63	15.40
Consumer Staples	6.93	2.59
Energy	-	2.38
Financials	22.28	20.77
Health Care	-	0.38
Industrials	20.41	11.24
Information Technology	19.64	16.59
Materials	4.43	4.79
Real Estate	12.09	15.53
Utilities	-	-
Total	98.65	98.35

The percentages shown are a percentage of net assets attributable to the holders of redeemable units.

As at December 31, 2020, the Fund does not hold an individual investment position greater than 6.9% (2019 – 6.4%) of the total net assets attributable to the holders of redeemable units.

As summarized in the schedule of investment portfolio and by the above table, the Fund has a diversified investment portfolio and invests in accordance with its investment objective. As a result, the Fund is not subject to a significant amount of concentration risk.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

Discussion of Financial Risk Management - Pembroke Dividend Growth Pooled Fund (formerly The Pembroke Dividend Growth Fund) – (continued)

Fair value disclosure

The Fund's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the IFRS 13. See Note 2 for a discussion of the Fund's policies regarding this hierarchy. The following fair value hierarchy tables present information about the Fund's assets measured at fair value on a recurring basis as at December 31, 2020 and December 31, 2019.

Fair value at December 31, 2020				
Description	Level 1 \$	Level 2 \$	Level 3 \$	Total
Equity investments	102,662,860	-	-	102,662,860
Total	102,662,860	-	-	102,662,860

Fair value at December 31, 2019				
Description	Level 1 \$	Level 2 \$	Level 3 \$	Total
Equity investments	96,286,685	-	-	96,286,685
Government of Canada Treasury Bills	-	6,728,940	-	6,728,940
Total	96,286,685	6,728,940	-	103,015,625

There were no significant transfers between Levels 1 and 2 during the years ended December 31, 2020 and December 31, 2019.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

Discussion of Financial Risk Management - Pembroke Canadian Growth Pooled Fund (formerly The Pembroke Canadian Growth Fund)

Risk management

The investment objective of Pembroke Canadian Growth Pooled Fund (the “Fund”) is to achieve long-term capital appreciation primarily through investment in a portfolio of common shares and other equity securities of predominantly small to medium size capitalization issuers that exhibit prospects for above-average long-term earnings growth. The securities will be listed in Canada or the issuer will be a Canadian issuer, whether the securities are listed on a recognized exchange in Canada or elsewhere. From time to time, cash reserves of the Fund will be invested in high-grade short-term interest-bearing securities.

Risk is mitigated by employing professional, experienced portfolio advisors, by daily monitoring of the Fund’s positions and market events, and by diversifying the investment portfolio amongst different companies and across multiple industry sectors within the constraints of the Fund’s investment objective.

Credit risk

As at December 31, 2020 and December 31, 2019, the Fund did not have any significant investments in debt instruments and, therefore, the Fund has no significant direct exposure to credit risk.

Liquidity risk

The tables below analyze the Fund’s financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows.

December 31, 2020

Financial liabilities	< 7 days \$	7 days - 3 months \$	3 months - 1 year \$	Total \$
Distributions payable to unitholders	155,628	-	-	155,628
Due to brokers for investment securities purchased	47,143	-	-	47,143
Redeemable units	166,158,122	-	-	166,158,122
Total	166,360,893	-	-	166,360,893

December 31, 2019

Financial liabilities	< 7 days \$	7 days - 3 months \$	3 months - 1 year \$	Total \$
Distributions payable to unitholders	243,485	-	-	243,485
Due to brokers for investment securities purchased	3,807	-	-	3,807
Redeemable units	140,057,197	-	-	140,057,197
Total	140,304,489	-	-	140,304,489

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For the years ended December 31, 2020 and 2019

Discussion of Financial Risk Management - Pembroke Canadian Growth Pooled Fund (formerly The Pembroke Canadian Growth Fund) – (continued)

Liquidity risk – (continued)

Redeemable units are redeemed on demand at the holder's option. However, the Manager does not envisage that the contractual maturity disclosed in the tables above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

The Manager manages the Fund's liquidity risk by investing predominantly in securities that it expects to be able to liquidate within a short time period (less than 30 days). All assets can be liquidated within a one-year period of time as at December 31, 2020 and December 31, 2019.

Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund was not subject to a significant amount of direct interest rate risk as at December 31, 2020 and December 31, 2019.

Currency risk

The Fund did not have any significant financial instruments denominated in currencies other than the Canadian dollar. As a result, the Fund did not have any significant exposure to currency risk as at December 31, 2020 and December 31, 2019.

Other price risk

The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of these financial instruments. The tables below indicate the financial instruments to which the Fund had significant market exposure at December 31, 2020 and December 31, 2019. The tables also illustrate the potential impact on the net assets attributable to the holders of redeemable units if equity markets had strengthened or weakened by 10%, with all other variables held constant.

December 31, 2020

	Fair Value	% of	Impact on net assets	
Market Exposure	\$	Net Assets	\$	%
Investments	161,540,685	97.2	16,154,069	9.7

December 31, 2019

	Fair Value	% of	Impact on net assets	
Market Exposure	\$	Net Assets	\$	%
Investments	135,414,752	96.7	13,541,475	9.7

In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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For the years ended December 31, 2020 and 2019

Discussion of Financial Risk Management - Pembroke Canadian Growth Pooled Fund (formerly The Pembroke Canadian Growth Fund) – (continued)

Concentration risk

The following table is a summary of the Fund's concentration risk of its equity investments by market segment.

	December 31, 2020	December 31, 2019
Industry Sector	%	%
Communication Services	-	4.33
Consumer Discretionary	16.26	16.99
Consumer Staples	2.87	2.17
Energy	2.08	4.55
Financials	13.57	16.43
Health Care	-	0.38
Industrials	15.91	11.32
Information Technology	28.10	24.37
Materials	7.47	5.06
Real Estate	10.96	11.09
Utilities	-	-
Total	97.22	96.69

The percentages shown are a percentage of net assets attributable to the holders of redeemable units.

As at December 31, 2020 the Fund does not hold an individual investment position greater than 5.0% (2019 – 4.3%) of the total net assets attributable to the holders of redeemable units.

As summarized in the schedule of investment portfolio and by the above table, the Fund has a diversified investment portfolio and invests in accordance with its investment objective. As a result, the Fund is not subject to a significant amount of concentration risk.

Fair value disclosure

The Fund's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the IFRS 13. See Note 2 for a discussion of the Fund's policies regarding this hierarchy.

The following fair value hierarchy tables present information about the Fund's assets measured at fair value on a recurring basis as at December 31, 2020 and December 31, 2019.

Fair value at December 31, 2020				
	Level 1	Level 2	Level 3	Total
Description	\$	\$	\$	
Equity investments	161,540,685	-	-	161,540,685
Total	161,540,685	-	-	161,540,685

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

Discussion of Financial Risk Management - Pembroke Canadian Growth Pooled Fund (formerly The Pembroke Canadian Growth Fund) – (continued)

Fair value disclosure – (continued)

Description	Fair value at December 31, 2019			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	
Equity investments	135,414,752	-	-	135,414,752
Total	135,414,752	-	-	135,414,752

There were no significant transfers between Levels 1 and 2 during the years ended December 31, 2020 and December 31, 2019.

Level 2 securities for the year ended December 31, 2020 (\$nil) and December 31, 2019 (\$nil) consist of Helius Medical Technologies Warrants that do not trade on a public exchange. The warrants are valued by the Manager using the Black Scholes model. They are convertible on a one-for-one basis to common shares until 2021:

December 31, 2020

Issuance date	Number issued	Expiry date	Exercise price \$	Adjusted Volatility
11-Apr-18	46,700	10-Apr-21	12.25	50.00%

December 31, 2019

Issuance date	Number issued	Expiry date	Exercise price \$	Adjusted Volatility
11-Apr-18	46,700	10-Apr-21	12.25	50.00%

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

Discussion of Financial Risk Management - Pembroke U.S. Growth Pooled Fund (formerly The Pembroke U.S. Growth Fund)

Risk management

The investment objective of Pembroke U.S. Growth Pooled Fund (the “Fund”) is to achieve long-term capital appreciation primarily through investment in a portfolio of common shares and other equity securities of predominantly small to medium size capitalization issuers that exhibit prospects for above-average long-term earnings growth. The securities will be listed in the United States or the issuer will be a United States issuer, whether the securities are listed on a recognized exchange in Canada or elsewhere. From time to time, cash reserves of the Fund will be invested in high-grade short-term interest-bearing securities.

Risk is mitigated by employing professional, experienced portfolio advisors, by daily monitoring of the Fund's positions and market events, and by diversifying the investment portfolio amongst different companies and across multiple industry sectors within the constraints of the Fund's investment objective.

Credit risk

As at December 31, 2020 and December 31, 2019, the Fund did not have any significant investments in debt instruments and, therefore, the Fund has no significant direct exposure to credit risk.

Liquidity risk

The tables below analyze the Fund's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows.

December 31, 2020

Financial liabilities	< 7 days \$	7 days - 3 months \$	3 months - 1 year \$	Total \$
Accrued expenses	-	-	10,000	10,000
Distributions payable to unitholders	48,854	-	-	48,854
Redeemable units	198,752,487	-	-	198,752,487
Total	198,801,341	-	10,000	198,811,341

December 31, 2019

Financial liabilities	< 7 days \$	7 days - 3 months \$	3 months - 1 year \$	Total \$
Accrued expenses	-	-	10,000	10,000
Distributions payable to unitholders	277,893	-	-	277,893
Redeemable units	172,263,111	-	-	172,263,111
Total	172,541,004	-	10,000	172,551,004

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

Discussion of Financial Risk Management - Pembroke U.S. Growth Pooled Fund (formerly The Pembroke U.S. Growth Fund) – (continued)

Liquidity risk – (continued)

Redeemable units are redeemed on demand at the holder's option. However, the Manager does not envisage that the contractual maturity disclosed in the tables above will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

The Manager manages the Fund's liquidity risk by investing predominantly in securities that it expects to be able to liquidate within a short time period (less than 30 days). All assets can be liquidated within a one-year period of time as at December 31, 2020 and December 31, 2019.

Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund was not subject to a significant amount of direct interest rate risk as at December 31, 2020 and December 31, 2019.

Currency risk

The tables below indicate the foreign currency to which the Fund had significant exposure at December 31, 2020 and December 31, 2019, in Canadian dollar terms. The tables also illustrate the potential impact on the net assets attributable to the holders of redeemable units if the Canadian dollar had strengthened or weakened by 10% in relation to each of the other currencies, with all other variables held constant.

December 31, 2020

Currency Exposure	Fair Value	% of	Impact on net assets	
	\$	Net Assets	\$	%
US Dollar	3,085,536	1.6	308,554	0.2
US Investments	195,446,466	98.3	19,544,647	9.8
Total	198,532,002	99.9	19,853,200	10.0

December 31, 2019

Currency Exposure	Fair Value	% of	Impact on net assets	
	\$	Net Assets	\$	%
US Dollar	3,217,502	1.9	321,750	0.2
US Investments	169,116,705	98.2	16,911,671	9.8
Total	172,334,207	100.1	17,233,421	10.0

In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

Discussion of Financial Risk Management - Pembroke U.S. Growth Pooled Fund (formerly The Pembroke U.S. Growth Fund) – (continued)

The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of these financial instruments. The tables below indicate the financial instruments to which the Fund had significant market exposure at December 31, 2020 and December 31, 2019.

The tables also illustrate the potential impact on the net assets attributable to the holders of redeemable units if equity markets had strengthened or weakened by 10%, with all other variables held constant.

December 31, 2020

	Fair Value	% of	Impact on net assets	
Market Exposure	\$	Net Assets	\$	%
Investments	195,446,466	98.3	19,544,647	9.8

December 31, 2019

	Fair Value	% of	Impact on net assets	
Market Exposure	\$	Net Assets	\$	%
Investments	169,116,705	98.2	16,911,671	9.8

In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Concentration risk

The following table is a summary of the Fund's concentration risk of its equity investments by market segment.

	December 31, 2020	December 31, 2019
Industry Sector	%	%
Communication Services	0.65	3.87
Consumer Discretionary	22.03	14.59
Consumer Staples	-	1.65
Energy	-	-
Financials	3.53	10.47
Health Care	18.03	16.21
Industrials	24.27	22.63
Information Technology	29.83	28.75
Materials	-	-
Real Estate	-	-
Utilities	-	-
Total	98.34	98.17

The percentages shown are a percentage of net assets attributable to the holders of redeemable units.

As at December 31, 2020 the Fund does not hold an individual investment position greater than 4.0% (2019 – 4.0%) of the total net assets attributable to the holders of redeemable units.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

Discussion of Financial Risk Management - Pembroke U.S. Growth Pooled Fund (formerly The Pembroke U.S. Growth Fund) – (continued)

Concentration risk – (continued)

As summarized in the schedule of investment portfolio and by the above table, the Fund has a diversified investment portfolio and invests in accordance with its investment objective. As a result, the Fund is not subject to a significant amount of concentration risk.

Fair value disclosure

The Fund's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the IFRS 13. See Note 2 for a discussion of the Fund's policies regarding this hierarchy. The following fair value hierarchy tables present information about the Fund's assets measured at fair value on a recurring basis as at December 31, 2020 and December 31, 2019.

Fair value at December 31, 2020				
Description	Level 1 \$	Level 2 \$	Level 3 \$	Total
Equity investments	195,446,466	-	-	195,446,466
Total	195,446,466	-	-	195,446,466

Fair value at December 31, 2019				
Description	Level 1 \$	Level 2 \$	Level 3 \$	Total
Equity investments	169,116,705	-	-	169,116,705
Total	169,116,705	-	-	169,116,705

There were no significant transfers between Levels 1 and 2 during the years ended December 31, 2020 and December 31, 2019.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

8. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

All transactions between related parties are conducted at arm's length and can be summarized as follows:

Fund and Portfolio Manager

Pembroke Private Wealth Management Ltd. is the Funds' Manager. The Manager provides the day-to-day management of the business and operations of the Funds. PPW is also the trustee of the Funds. As trustee, PPW has a fiduciary duty to act in the best interest of the holders of units of the Funds.

Pembroke Management Ltd. is the portfolio manager of the Funds. Pembroke is the parent company of the Fund Manager, PPW. Pembroke's fees are paid by the Manager, which are for services including investment, management, administration, advisory and accounting.

The management fees earned by the Manager, which were directly paid for by unitholders of the Funds for the years ended December 31, 2020 and December 31, 2019 were as follows:

	Unitholder Management Fees	
	2020	2019
	\$	\$
Pembroke Dividend Growth Pooled Fund	1,172,796	1,396,863
Pembroke Canadian Growth Pooled Fund	1,372,686	1,439,060
Pembroke U.S. Growth Pooled Fund	1,853,326	1,965,011
Total	4,398,808	4,800,934

9. Events after the statement of financial position date

There have been no significant events after the statement of financial position date which in the opinion of the Trustee and Board of Directors require disclosure in the financial statements.

10. Capital Management

The Funds' capital are their net assets, representing unitholders' equity. The Funds' objectives when managing capital is to safeguard the Funds' ability to continue as a going concern in order to provide returns for unitholders, maximize unitholder value and maintain financial strength.

The Funds are not subject to any externally imposed capital requirements.

11. Approval of the audited Financial Statements

The financial statements of the Funds were authorized for issuance by the Trustee, PPW on February 16, 2021.

PEMBROKE

Pembroke Dividend Growth Pooled Fund

Pembroke Canadian Growth Pooled Fund

Pembroke U.S. Growth Pooled Fund

Manager and Distributor

Pembroke Private Wealth Management Ltd.,
Montreal, Quebec

Trustee, Registrar and Transfer Agent

Pembroke Private Wealth Management Ltd.,
Montreal, Quebec

Unitholder Recordkeeping

L&T Infotech Financial Services Technologies
Inc.,
Mississauga, Ontario

Investment Managers

Pembroke Management Ltd.,
Montreal, Quebec

Auditor

Deloitte LLP
Chartered Professional Accountants
Montreal, Quebec

Custodian

RBC Investor & Treasury Services
Toronto, Ontario

Legal Counsel

Torys, LLP
Toronto, Ontario

Trustee of Registered Plans

The Royal Trust Company
Toronto, Ontario

PEMBROKE

PRIVATE WEALTH MANAGEMENT

150 King Street West, Suite 1210,
Toronto, Ontario M5H 1J9, Canada

Tel: 416-366-2550 800-668-7383 Fax 416-366-6833

1002 Sherbrooke Street West, Suite 1700
Montreal, Quebec, H3A 3S4, Canada
Tel 514-848-0716 800-667-0716 Fax 514-848-9620

Pembroke Private Wealth Management Ltd. is a mutual fund dealer
and Manager of the Pembroke Funds
Pembroke Management Ltd. is an investment advisor.