

PEMBROKE

PRIVATE WEALTH MANAGEMENT

PEMBROKE CANADIAN ALL CAP FUND

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE DECEMBER 31, 2023

INCEPTION DATE
JANUARY 31, 2019

THE PORTFOLIO MANAGEMENT TEAM
PEMBROKE MANAGEMENT LTD.

This annual Management Report of Fund Performance contains financial highlights, but does not contain either interim or annual financial statements of the investment fund. You can get a copy of the interim or annual financial statements at your request, and at no cost, by calling 1-800-668-7383, by writing to us at 150 King Street West, Suite 1210, Toronto, Ontario M5H 1J9 or by visiting our website at www.pml.ca or SEDAR at www.sedar.com. Unitholders may also contact us using one of these methods (except on the SEDAR website) to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Investment Objective and Strategies

Pembroke Canadian All Cap Fund (the “Fund”) seeks to provide long-term growth through capital appreciation by investing primarily in equity securities of mid to large capitalization Canadian companies. To achieve the Fund’s investment objective we invest primarily in companies that have sustainable growth opportunities, a solid financial position, and a capable management team. The Fund may invest in equity securities of small, medium and large capitalization companies. The Fund focuses primarily on mid to large capitalization companies but may also invest up to 30% of its assets in small capitalization companies. The strategy involves identifying stocks with either sustainable growth characteristics or unrecognized intrinsic value from a universe of primarily mid to large-sized Canadian companies listed on a recognized exchange in Canada and/or the United States. The Fund may invest a maximum of 10% of its assets in equity securities of foreign publicly listed issuers.

Risk

The overall risk of the Fund is as described in the Simplified Prospectus. There were no material changes to the Fund over the financial period that affected the overall level of risk associated with an investment in the Fund. The Fund is suitable for investors who have a medium tolerance for risk and are seeking long-term capital growth.

Results of Operations

For the year ended December 31, 2023, the Fund posted a return of 18.70%. In comparison, the Fund’s benchmark index, the S&P/TSX Composite posted a return of 11.75%. For the year ended December 31, 2022, the Fund posted a return of -7.46% compared to the Fund’s benchmark which posted a -5.84% return.

Pembroke’s portfolios are generally differentiated from the benchmarks they seek to outperform. In this case, the Fund is more concentrated and has very different industry exposures than its benchmark, the S&P/TSX Composite Index. By investing in a select group of high-quality growth companies, Pembroke seeks to deliver superior risk-adjusted returns when measured over the long term while accepting that short-term relative performance can vary negatively or positively to a significant degree. The Fund outperformed the S&P/TSX Composite Index in 2023 due in part to an overweight allocation to the Information Technology sector and an underweight to the Energy sector, combined with positive security selection in the Industrials and Real Estate sectors. Returns were broadly distributed with over 75% of holdings contributing positively and all but two sectors adding to performance.

The Pembroke Canadian All-Cap Fund ended the year on a strong note on both an absolute and relative basis, comfortably beating its benchmark. Many investors assumed that inflation would continue to rise and interest rates would remain elevated for a prolonged period. In the fourth quarter, data trickled in that supported an opposing possibility. With indications that inflation may be cresting, market participants began anticipating an end to the monetary tightening cycle and drove valuation multiples higher as a result. Corporate earnings forecasts remain subject to significant uncertainty given rapidly changing demand dynamics, but the resilient business models and robust balance sheets of Pembroke’s holdings bring them comfort. The Fund’s sizable exposure to the Industrials sector, specifically to engineering & construction services companies benefiting from unprecedented infrastructure spending by government, contributed to the strong performance of the Fund. Additionally, continued strong performance from Information Technology stocks further bolstered results. Appropriate security selection in the Real Estate, Energy and Financial sectors benefitted the Fund. While Consumer Discretionary holdings detracted from performance, decade-low valuations combined with solid balance sheets and a focus on profitability, provide downside protection from a potentially weaker economic environment combined with the potential for attractive future returns.

Two stocks were significant detractors to performance in 2023: Aritzia (“ATZ”) and Franco-Nevada (“FNV”).

Shares in ATZ, a vertically integrated design house for everyday luxury apparel, declined in 2023. The retailer has been successfully expanding its store network with a balanced approach, carefully selecting the best locations, and creating an aspirational shopping environment with unmatched customer service fueling word of mouth referrals. ATZ experienced unprecedented growth during a period of elevated cost pressures and unpredictable macro environment, delaying investments in their logistics and distribution network. The stock declined following the company’s announcement of a large investment in their distribution centers, temporarily impacting margins and free cash flow during a period of recessionary fears and challenged consumer spending. The lack of new production innovations compounded the negative sentiment. Pembroke believes the long-term potential of the business remains unchanged, reinforced by strong unit economics and continued brand momentum in the United States. With no debt, the company is well positioned to invest in organic growth initiatives and weather a potential challenging macro environment. With capital investments now in the rear-view mirror and a new fully operational distribution center in Toronto, the company is currently highly focused on bringing innovation back with promising early signs. As such, Pembroke took advantage of the depressed valuation and significantly added to their position.

Results of Operations (Cont'd)

Shares in FNV, a gold-focused provider of royalty and streaming financing solutions with a diversified portfolio of producing, development and exploration assets, declined last year. While the underlying commodity environment was favourable with precious metal prices strengthening, the shares sold off due to uncertainty surrounding one of the company's investments in Panama. Social unrest in the country has disrupted production at a copper mine in which FNV has a significant gold streaming interest, and the likelihood and timing of a restart are in question. While the stock's current valuation reflects part of this dynamic, Pembroke has replaced FNV with two other attractive investments in the sector with a more favorable profile given their exclusive exposure to politically stable jurisdictions.

Several stocks made significant positive contributions to performance in 2023: Constellation Software ("CSU") and Stantec ("STN").

Shares in CSU rose by 55% in 2023 as the company continued to redeploy its robust free cash flow into consolidating undervalued software companies. One positive surprise in 2023 was the higher organic growth driven by price increases, which further demonstrates the mission critical nature of the company's assets and its pricing power. The company earns over 30% returns on equity and has demonstrated that it can spinoff divisions, including Lumine Group ("LMN") and Topicus.com ("TOI") to date, to crystallize value for shareholders. The management team has consistently proven to be great stewards of capital and Pembroke expects the company to continue executing on its consolidation and spinoff strategy over the coming years. Case in point, CSU and its spinoffs are off to a great start in 2024, having deployed nearly \$500M which is approximately a third of Pembroke's forecasted M&A spend for the year.

Shares in Stantec ("STN"), an Edmonton-based engineering & consulting services firm, performed well in 2023 year benefitting from an elevated level of demand and contract awards underpinned by significant public sector spending. The resulting record backlog offers visibility into sustained higher organic growth with a significant portion of the demand derived from secular trends such as infrastructure development, energy transition and climate change that are less sensitive to economic conditions. Despite rising interest rates and more limited availability of capital, Stantec remained active on the acquisition front acquiring Environmental Systems Design and Zetcon Ingenieure GmbH last year. Following an \$288M equity financing in late 2023, Stantec remains well-position to deploy close to \$1B in accretive acquisitions without straining its balance sheet.

As at December 31, 2023, the total net asset value of the Fund was \$25 million as compared to \$14.4 million as at December 31, 2022. The cash position was 5.67% of net asset value. The number of units outstanding in the Fund as at December 31, 2023 was 1.6 million compared with 1.1 million as at December 31, 2022.

Unrealized appreciation on investments as at December 31, 2023 was \$2.7 million as compared to -\$43,231 as at December 31, 2022 resulting in an increase in unrealized appreciation on investments of \$2.7 million. The Fund had net realized gains on investments sold during the period of \$0.2 million.

Fees and Expenses

During the year, the Fund paid a total of \$71,164 in operating expenses. The management expense ratio ("MER") for unitholders was 0.33%. There are no management fees charged to the Fund as the management fees are charged directly to the unitholders outside the Fund. Refer to the Management Fees section for further details on this.

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

Unitholder Activity

Throughout the year, \$9.1 million flowed into the Fund by way of subscriptions and \$1.4 million flowed out of the Fund as a result of redemptions.

Related Party Transactions

Pembroke Private Wealth Management Inc. ("PPW") is the Fund's Manager. The Fund Manager provides the day-to-day management of the business and operations of the Fund. The fees paid to the Fund Manager are shown in the "Management Fees" section of this report. Pembroke is the portfolio manager of the Fund. Pembroke is the parent company of the Fund Manager, PPW. Pembroke's fees are paid by the Fund Manager, for services including investment, management, administration, advisory and accounting. The related party transactions take place in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Recent Developments

Outlook

If the consensus view on interest rates is directionally correct, the backdrop for equity portfolios should be favourable. With falling interest rates predicted by most pundits for 2024, valuations should finally emerge from the doldrums of 2022 and much of 2023. Further, economic growth should accelerate as central banks shift from restrictive to more accommodative monetary policies. However, pace and direction of interest rate changes and economic growth is subject to many unpredictable factors, which is why the team at Pembroke does not focus its efforts on macroeconomic predictions. The investment team's objective is to find the companies that have the products, services, business models, and balance sheets to survive during difficult periods and create shareholder value over the long term. Pembroke's positive outlook, therefore, is based on its confidence in its holdings' shareholder aligned management teams and long-term growth prospects. While growth is rarely linear, Pembroke is confident that many of its portfolio companies will deliver much higher revenue and earnings in three years than they did in 2022 or 2023, and shareholders will be rewarded for their patience.

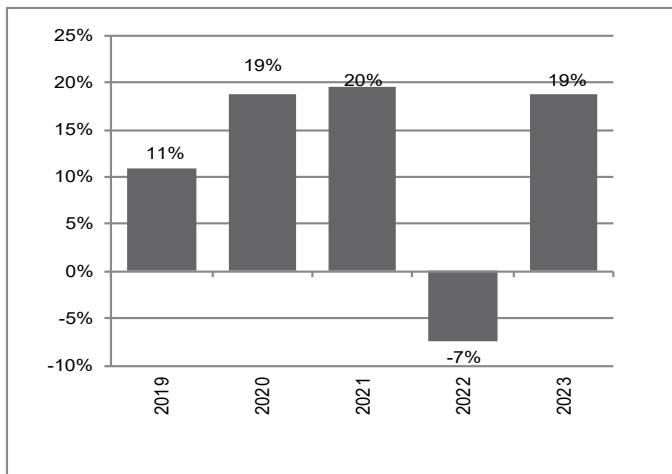
Past Performance

The indicated rates of return are the historical annual compounded total return changes in unit values and reinvestment of all distributions and do not take into account sales, redemptions, distributions or other optional charges that would have reduced returns. Mutual funds are not guaranteed, their values may increase or decrease and past performance may not be repeated.

The Fund's performance numbers assume that all distributions are reinvested in additional units of the Fund. If you hold this Fund outside of a registered plan, income and capital gains distributions that are paid to you increase your income for tax purposes, whether paid to you in cash or reinvested in additional units. The amount of the reinvested taxable distributions is added to the adjusted cost base of the units that you own. This would decrease your capital gains or increase your capital losses when you later redeem from the Fund, thereby ensuring that you are not taxed on this amount again. Please consult your tax advisor regarding your personal tax situation.

Year-by-year returns

The bar chart indicates the Fund's performance for each of the years shown, and illustrates how the Fund's performance has changed from year to year. The bar chart shows, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the end of the financial year. The percentage figures indicated have been rounded to the nearest whole number due to space constraints.



- (1) This chart shows how the units of the Fund have performed since January 31, 2019. The performance of the Fund for the period between January 31, 2019 and December 31, 2019 is not representative as the Fund fundamentally changed its investment objective on January 1, 2020.

Past Performance (Cont'd)***Annual compound returns***

The following table shows the Fund's annual compound total return for the periods shown ending on December 31, 2023. The annual compound total return is also compared to the S&P/TSX Composite Total Return Index on the same compound basis.

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

December 31, 2023	1 yr	3 yr	5 yr	10 yr	Since inception
Pembroke Canadian All Cap Fund	18.70%	9.52%	N/A	N/A	11.74%
S&P/TSX Composite Total Return Index ⁽¹⁾	11.75%	9.59%	N/A	N/A	8.58%

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

Summary of Investment Portfolio

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund. Updates are available quarterly.

Industry Sector	% of Net Asset Value
Industrials	23.43%
Financials	22.17%
Information Technology	13.76%
Materials	10.23%
Consumer Discretionary	8.08%
Consumer Staples	6.36%
Energy	6.10%
Real Estate	6.07%
Cash	5.67%
Other Net Current Assets	-1.87%
Total	100.00%

Top 25 Holdings

Company	% of Net Asset Value	Industry Sector
1 Royal Bank of Canada	5.75%	Financials
2 Alimentation Couche-Tard	5.07%	Consumer Staples
3 CGI	4.87%	Information Technology
4 SNC-Lavalin Group Inc.	4.65%	Industrials
5 Wheaton Precious Metals Corp.	4.63%	Materials
6 Fanning International Inc.	4.53%	Industrials
7 Cargojet Inc.	4.36%	Industrials
8 Constellation Software	3.99%	Information Technology
9 FirstService	3.96%	Real Estate
10 Kinaxis	3.76%	Information Technology
11 Boyd Group Services Inc.	3.74%	Industrials
12 TMX Group	3.62%	Financials
13 Agnico Eagle Mines Ltd.	3.53%	Materials
14 Aritzia	3.47%	Consumer Discretionary
15 ARC Resources Ltd.	3.46%	Energy
16 National Bank of Canada	3.12%	Financials
17 Stantec Inc.	3.08%	Industrials
18 Canadian National Railway Co.	3.07%	Industrials
19 Element Fleet Management	3.06%	Financials
20 Fairfax Financial Holdings	2.83%	Financials
21 Bombardier Recreational Products	2.76%	Consumer Discretionary
22 Tourmaline Oil Corp.	2.65%	Energy
23 Intact Financial	2.30%	Financials
24 Colliers International Group	2.11%	Real Estate
25 Alamos Gold Inc.	2.06%	Materials
Top 25 Holdings	90.43%	

+Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the financial years indicated. This information is derived from the Fund's audited annual financial statements. The information presented is based on prescribed regulations and, as a result, is not expected to sum due to the increase (decrease) in net assets attributable to holders of redeemable units being based on the average units outstanding during the year and all other numbers being based on the actual units outstanding at the relevant point in time.

THE FUND'S NET ASSETS PER UNIT					
	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Net assets attributable to holders of redeemable units, beginning of period⁽¹⁾	13.26	14.48	12.17	10.31	10.00
Increase (decrease) in net assets attributable to holders of redeemable units:					
Total revenue	0.25	0.25	0.18	0.15	0.30
Total expenses	(0.05)	(0.04)	(0.05)	(0.08)	(0.08)
Realized gains (losses) for the period	0.16	(0.51)	0.22	-	0.55
Unrealized gains (losses) for the period	2.03	(0.45)	1.52	1.84	0.30
Total Increase (decrease) in net assets attributable to holders of redeemable units⁽²⁾	2.39	(0.75)	14.99	17.62	14.83
Distributions to holders of redeemable units:					
From income (excluding dividends)	-	-	-	-	-
From dividends	(0.16)	(0.14)	(0.02)	(0.07)	(0.22)
From capital gains	-	-	(0.05)	-	(0.54)
Return on capital	-	-	-	-	-
Total distributions to holders of redeemable units⁽³⁾	(0.16)	(0.14)	(0.07)	(0.07)	(0.76)
Net assets attributable to holders of redeemable units, end of period⁽⁴⁾	15.57	13.26	14.48	12.17	10.31

(1) This information is derived from the Fund's audited annual financial statements.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) in net assets attributable to holder's of redeemable units is based on the weighted average number of units outstanding over the financial year.

(3) Distributions were paid in cash and/or reinvested in additional units of the Fund.

(4) This table is not intended to be a reconciliation of beginning to ending net assets per unit.

RATIOS AND SUPPLEMENTAL DATA (based on Trading NAV)

	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019
Total net asset value (\$)(000's)⁽¹⁾	25,036	14,361	9,792	499	428
Number of redeemable units outstanding (000's)⁽¹⁾	1,607	1,083	676	41	41
Management expense ratio (%)⁽²⁾	0.33	0.30	0.19	0.74	0.65
Management expense ratio before waivers or absorptions (%)⁽²⁾	0.33	0.52	0.74	3.23	0.75
Trading expense ratio (%)⁽³⁾	0.04	0.03	0.15	0.02	0.10
Portfolio turnover rate (%)⁽⁴⁾	48.25	24.99	14.69	26.01	6.67
Net asset value per unit (\$)	15.57	13.26	14.48	12.17	10.31

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

(2) The management expense ratio ("MER") is calculated in accordance with National Instrument 81-106, based on expenses for the stated year (including Harmonized Sales Tax, Goods and Service Tax, income tax and interest) but excluding foreign withholding taxes, commissions and other portfolio transaction costs, and is expressed as an annualized percentage of the daily average net asset value during the year. PPW may, at its discretion and without notice to unitholders, waive or absorb certain operating expenses. The Fund has had expenses waived or absorbed for all the years presented. The waiver or absorption of operating expenses is expected to continue for an indefinite period of time and can be terminated by PPW at its discretion and without prior notice.

The Fund was previously a pooled fund and the MER did not account for various fund expenses that will now be incurred as a mutual fund.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the year.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

Financial Highlights (Cont'd)**Management Fees**

Management fees are charged directly to unitholders. Subject to the maximum fees set forth below, unitholders are charged management fees based on the assets under management of their PPW relationship. Such management fees are payable directly to PPW by the redemption (without charge) of a sufficient number of units of the Fund held.

Name of the Fund	Assets under management under \$5 million	
	Assets under management	
	Under \$1 million	Between \$1 million and \$5 million
Pembroke Money Market Fund ¹	-	-
Pembroke Canadian Bond Fund	0.65%	0.50%
Pembroke Corporate Bond Fund	0.75%	0.60%
Pembroke Canadian Balanced Fund	1.30%	1.00%
Pembroke Global Balanced Fund	1.30%	1.00%
Pembroke Canadian All Cap Fund	1.50%	1.50%
Pembroke Canadian Growth Fund	1.70%	1.50%
Pembroke American Growth Fund Inc.	1.50%	1.50%
Pembroke International Growth Fund	1.50%	1.50%
Pembroke Concentrated Fund - Class A Units	1.50%	1.50%
Pembroke Dividend Growth Fund	1.50%	1.50%

¹ Management fee rate was reduced from 0.10% to nil as of November 1, 2020

Name of the Fund	Assets under management above \$5 million		
	Assets under management		
	First \$10 million	Next \$15 million	Above \$25 million
Pembroke Money Market Fund ¹	-	-	-
Pembroke Canadian Bond Fund	0.40%	0.40%	0.40%
Pembroke Corporate Bond Fund	0.50%	0.50%	0.50%
Pembroke Canadian Balanced Fund	0.75%	0.75%	0.65%
Pembroke Global Balanced Fund	0.75%	0.75%	0.65%
Pembroke Canadian All Cap Fund	1.00%	0.85%	0.75%
Pembroke Canadian Growth Fund	1.00%	0.85%	0.75%
Pembroke American Growth Fund Inc.	1.00%	0.85%	0.75%
Pembroke International Growth Fund	1.00%	0.85%	0.75%
Pembroke Concentrated Fund - Class A Units	1.00%	0.85%	0.75%
Pembroke Dividend Growth Fund	1.00%	0.85%	0.75%

¹ Management fee rate was reduced from 0.10% to nil as of November 1, 2020

Management fees paid directly by unitholders of the Fund to PPW through a redemption of units was \$0.1 million for the year ended December 31, 2023.

Under the Pembroke Family Advantage Program, the value of family holdings of all family members designated by the investor will be considered to determine the management fee applicable to all family members. In order to benefit from the Pembroke Family Advantage Program, family members must be designated by the investor using the form prepared by PPW and must be approved by PPW prior to any management fee reduction being applicable. Management fees are determined based on the amount of assets under management with PPW and Pembroke.

All management fees were used by the Manager to pay costs for managing the investment portfolio, providing investment analysis and recommendations, making investment decisions, and providing other services. For the year ended December 31, 2023, none of the management fees received by the Manager were used to fund commission payments and other dealer compensation (collectively "distribution-related costs") paid to registered dealers and brokers for units of the Fund bought and held by investors.

P E M B R O K E
PEMBROKE CANADIAN ALL CAP FUND

Caution Regarding Forward-looking Statements

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including, but not limited to, market and general economic conditions, interest rates, regulatory and statutory developments and the effects of competition in the geographic and business areas in which the Fund may invest. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Further, it should be noted that the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

P E M B R O K E

P R I V A T E W E A L T H M A N A G E M E N T

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 adviser.

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