

Item 1 – Cover Page

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This Brochure provides information about the qualifications and business practices of Pembroke Management Ltd. (“Pembroke”). If you have any questions about the contents of this Brochure, please contact us at 514-848-1991. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Pembroke is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information to help you determine whether to hire or retain an Adviser.

Additional information about Pembroke is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Pursuant to new SEC Rules, we will ensure that our U.S. domiciled clients receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Michael P. McLaughlin, Chief Financial Officer at 514-848-1991 or mmclaughlin@pml.ca. Our Brochure is also available on our website at www.pml.ca.

Additional information about Pembroke is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Pembroke who are registered, or are required to be registered, as investment adviser representatives of Pembroke.

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Item 4 – Advisory Business

Pembroke offers investment advisory services to institutional investors including, but not limited to, corporate and public pension funds, endowments and foundations, private investment funds, as well as to mutual funds and wealthy individuals. Since its founding in 1968, the firm has focused substantially on Canadian and U.S. growth companies with smaller to medium sized capitalization and entrepreneurial management teams. The majority of our investment decisions are made through qualitative and fundamental analysis. In general, our client accounts are fully invested and we do not normally engage in market timing. All accounts are managed on a similar basis, though we do have some flexibility to accommodate certain client imposed restrictions related to specific companies, or industries. As of December 31, 2011, Pembroke managed \$1.3 billion of client assets, all on a discretionary basis.

Pembroke is an independent company owned entirely by current employees of the firm. All portfolio managers are owners. The three largest shareholders are Ian Aitken, Jeffrey Tory and Michael Shannon.

Item 5 – Fees and Compensation

The specific manner in which fees are charged by Pembroke is established in a client's written agreement with Pembroke. Pembroke typically issues an invoice on a quarterly basis based on a fixed percentage of the assets being managed and the client may opt to have the invoice paid either by cheque or debited directly from their account. Fees are typically payable quarterly in arrears based on the market value of invested assets as determined on the last business day of March, June, September and December.

Management fees will be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. A client may terminate an investment advisory contract immediately at any time by written notice to Pembroke. Upon termination, either by Pembroke or the client, the account will be prorated and payable in arrears at the termination date, as determined by Pembroke. (At the decision of the client, Pembroke will either immediately cease all trading in the client's account or arrange for the orderly liquidation of all positions following notice of termination.)

The annual fees charged for advisory services for equity accounts domiciled outside of Canada are:

1.00% of the market value of assets under management on first \$10,000,000

0.85% of the market value of assets under management on next \$15,000,000

0.75% of the market value of assets under management on next \$25,000,000

0.50% of the market value of assets under management greater than \$50,000,000

Fees are subject to limited negotiation. Pembroke does not currently receive any performance based fees, but may do so in the future.

In addition to Pembroke's fees, the client will be charged for brokerage commissions, transaction fees, taxes and other costs and expenses directly related to their account. Pembroke shall not receive any portion of these additional expenses.

Additional information concerning brokerage related costs is described in Item 12.

Item 6 – Performance-Based Fees and Side-By-Side Management

Pembroke does not currently charge any performance-based fees. Pembroke may consider offering clients the option of paying fees based on the performance of their account in the future.

Item 7 – Types of Clients

Pembroke may provide investment advisory services to institutional investors including, but not limited to, corporate and public pension funds, endowments and foundations, private investment funds, as well as to mutual funds, and wealthy individuals. The minimum account size for opening a separate account is either US\$ 5 million or C\$ 5 million, however, Pembroke, at its sole discretion, may waive the minimum account size.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Pembroke manages U.S. and Canadian equity mandates with the goal of realizing 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 generally exhibit the potential to achieve above-average long-term earnings or revenue growth.

In the case of the firm's U.S. portfolios, the securities will usually 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 the United States or elsewhere. Pembroke maintains the right to invest in non-United States issuers or in equities not listed in the United States from time to time.

In the case of the firm's Canadian portfolios, the securities will usually 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. Pembroke maintains the right to invest in non-Canadian issuers or in equities not listed in Canada from time to time.

Pembroke may also manage portfolios that are North American in scope, in which case the securities will usually be listed in North America or the issuer will be a Canadian or United States issuer, whether the securities are listed on a recognized exchange in Canada, the United States, or elsewhere. Pembroke maintains the right to invest in non-Canadian and non-United States issuers or in equities not listed in Canada or the United States from time to time.

Cash reserves of Pembroke's portfolios may sometimes be invested in high-grade short-term interest bearing securities. Pembroke does not currently hedge its portfolios against fluctuations in currencies.

Pembroke's primary investment strategy is centered on the belief that well-managed growth companies will create wealth for their shareholders over the long-term. Pembroke's equity mandates are suitable for clients who are seeking long-term growth of their capital and who have a high tolerance for risk. The investment analysis for Pembroke's equity mandates is based on a bottom-up assessment of company-specific factors. The investment team considers each company's prospects, business model, and financial stability as well as its valuation in order to make investment decisions. Pembroke usually meets or speaks with the management of prospective holdings before making investment decisions. For the most part, Pembroke does not engage in market-timing, and therefore generally has a significant majority of each client's funds invested in publicly traded securities at all times.

The long-term success of Pembroke's approach depends primarily on the judgment and knowledge of the firm's investment team. However, clients of the firm should be aware that shares in smaller to medium sized companies are prone to high levels of volatility based on

overall changes in the stock market as well as on company-specific news. The risks associated with Pembroke's investment strategy include the possibility that companies in the portfolio will fail to meet the firm's fundamental expectations, that the valuation multiples on certain or all securities in Pembroke's portfolios contract, and that the firm's investment strategy underperforms alternative investment strategies available to the client.

While Pembroke seeks to make investments principally in companies that have the prospect to create wealth over a three to seven year period, the firm will trade securities based on factors such as the market environment, valuation, industry fundamentals, and company-specific developments. Although Pembroke's approach typically results in moderate trading activity, clients of the firm may be subjected to increased transaction costs, higher brokerage commissions, and tax consequences should the level of trading activity increase.

Investing in equities involves the risk of loss. Pembroke takes steps to reduce the risk of loss, but this is a risk that Clients must be willing to accept.

Item 9 – Disciplinary Information

Registered investment advisers like Pembroke are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the advisor or the integrity of the advisor's management. Pembroke has not been subject to legal or disciplinary action in any jurisdiction.

Item 10 – Other Financial Industry Activities and Affiliations

In 1988, Pembroke created Pembroke Private Wealth Management Ltd. ("PPW"), (formerly named GBC Asset Management Inc.), a Canadian investment fund manager and mutual fund dealer which currently operates exclusively in Canada. Pembroke owns 71.0% of PPW and serves as the sub-advisor for several of the funds offered by them, the balance of PPW is held by individual employees of PPW.

Item 11 – Code of Ethics

Pembroke has adopted a Code of Ethics for all persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition on rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All persons at Pembroke must acknowledge the terms of and compliance with the Code of Ethics on an annual basis.

Pembroke anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Pembroke has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Pembroke, its affiliate and/or other clients, directly or indirectly, have a position or interest. Pembroke's employees and persons associated with Pembroke are required to follow Pembroke's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Pembroke and its affiliate, may trade for their own accounts in securities which are recommended to and/or purchased for Pembroke's clients. The Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of the employees of Pembroke will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. The Code requires pre-clearance of transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, to reasonably prevent conflicts of interest between Pembroke and its clients.

Pembroke's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Michael P. McLaughlin, Chief Financial Officer.

Pembroke does not trade for its own account and so does not engage in principal transactions. Pembroke is not registered as a broker-dealer and is not affiliated with a broker-dealer and so does not engage in agency cross transactions.

Item 12 – Brokerage Practices

Pembroke selects broker-dealers primarily based on the research services and trading execution that they provide. The commissions paid to broker-dealers are monitored to ensure that the rate paid is reasonable in relation to the research, trading and execution services received from the broker-dealer.

Pembroke has not entered into any ongoing contractual arrangements with brokers regarding securities transactions.

The research services received from the broker-dealer, and paid for by way of the client security transactions, supplement Pembroke's internal research effort. The research services include advice and analysis regarding topics of professional interest to the portfolio managers of Pembroke. The advice and analysis usually concerns specific companies that Pembroke is considering purchasing or selling. The research goods and services may be provided by the executing broker directly or by third parties. The research goods and services may be provided to Pembroke through means such as printed reports, access to web sites, conferences, analyst visits, consultations, phone calls and emails.

If the research from the broker-dealers was not made available to Pembroke, additional costs would be incurred by the firm in order to conduct its activities. The research received from the broker-dealers is considered a soft dollar benefit.

In addition to the research received directly from broker-dealers, Pembroke receives research services from third party vendors. The costs associated with these services are determined yearly and negotiated with the vendors based on the amount and type of research rendered as well as comparable services that we received from other vendors. These third party soft dollar arrangements are monitored and validated continuously by Pembroke.

Pembroke is focused on creating value for our clients and we use the research services received directly from the broker-dealers and from third party vendors for the benefit of our clients.

Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

Item 13 – Review of Accounts

Each client account is designated to two officers of Pembroke who are responsible for the account. These accounts are monitored and regularly reviewed by the persons responsible. Clients receive written reports on their accounts on a monthly basis. These reports consist of an inventory of securities, including market values on a specific date and performance of the account.

Item 14 – Client Referrals and Other Compensation

Pembroke believes in dealing directly with its clients and has no oral or written arrangement with any third party to directly or indirectly compensate them for client referrals.

Item 15 – Custody

All Pembroke clients use a third party custodian to hold the clients' investment assets. These custodians prepare quarterly or monthly statements for each client itemizing the securities held by that client. Pembroke compares the statements prepared by the third party custodians to its internal records and takes steps to reconcile any material differences. Pembroke urges you to carefully review the statements that you receive from the custodian and to compare such official custodial records to the account statements that you receive from Pembroke. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Pembroke manages investment accounts for its clients on a discretionary basis and requires discretionary authority from the client at the outset of an advisory relationship empowering it to select the identity and amount of securities to be bought or sold. In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account and in compliance with any restrictions, limitations or policies regarding the account.

To ensure a clear and common understanding of the stated investment objectives, the restrictions, limitations and policies regarding the account must be provided to Pembroke in writing.

In the absence of specific directions from the client, Pembroke will invest all client accounts with identical mandates in a similar manner (to the extent possible given account size, starting date, and date of any subsequent contributions or distributions, and a policy is in place to be certain that, in the execution of trades, all accounts are treated *pari passu*).

Item 17 – Voting Client Securities

Pembroke will accept the authority from clients to vote proxy solicitations on client securities. Pembroke will follow their proxy voting guidelines unless the client directs Pembroke to vote otherwise in a particular solicitation. In the event of a material conflict of interest between the client and Pembroke related to a shareholder vote, the interests of the client shall prevail.

The overriding objective of Pembroke Management's proxy voting activities is to enhance shareholder value on a long-term basis. As a result, our proxy voting guidelines have been developed in a manner which we believe is consistent with this goal. The guidelines cover issues related to the Board of Directors, Executive and Director compensation, take-over protection and shareholder rights. The guidelines are not rigid, inflexible voting directives. Our portfolio managers will evaluate each voting matter on a case-by-case basis and may vote in a manner contrary to the guidelines if they feel that this would ultimately enhance long-term shareholder value.

Clients may obtain a copy of Pembroke's complete proxy voting policies and procedures upon request. Clients may also obtain information from Pembroke about how Pembroke voted any proxies on behalf of their account(s).

Item 18 – Financial Information

Under certain circumstances, Registered Investment Advisers are required in this Item to provide you with certain financial information or disclosures regarding their financial condition. Pembroke has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been or is now the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisers

Pembroke is not a State-Registered Adviser and so has nothing to report under this section.