

Item 1 – Cover Page

Pembroke Advisors, Inc.
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www.pembrokeadvisors.com
December 31, 2010

This Brochure provides information about the qualifications and business practices of Pembroke Advisors, Inc. (“Pembroke”). If you have any questions about the contents of this Brochure, please contact Ross Richardson at 832-717-4455 or ross@pembrokeadvisors.com. 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 Advisors, Inc. 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 about which you determine to hire or retain an Adviser.

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

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated December 31, 2010 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials 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 Ross Richardson at 832-717-4455 or ross@pembrokeadvisors.com.

Additional information about Pembroke is also available via the SEC’s web site www.adviserinfo.sec.gov. You may search this site by using a unique identifying number, known as a CRD number. Our firm’s CRD number is 125011. 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 Advisors has been providing financial services to clients since 2003. Its principal and 100%, Ross Richardson, has been in the financial advisory profession since 1988. A summary of Mr. Richardson's Educational Background and Business Experience may be found in Form ADV Part 2B.

Pembroke provides general financial planning as part of its overall bundled services agreement, which may include tax planning, retirement planning, estate planning and investment analysis. These services are covered by a separate fixed fee component of the total fees under each agreement, and are tailored to each specific client based on his/her/their particular goals, objections, philosophies and resources.

Pembroke's investment recommendations are not limited to any specific product or service and will generally include advice regarding the following securities:

- Exchange-listed securities*
- Exchange-traded funds*
- Securities traded over-the-counter*
- Foreign issuers*
- Corporate debt securities (other than commercial paper)*
- Limited partnership interests*
- Municipal bonds*
- Mutual fund shares*
- United States governmental securities*

As of December 31, 2010, Pembroke provided discretionary management services to client accounts totaling approximately \$30,256,884 and non-discretionary services to client accounts totaling approximately \$386,635.

Any person providing advice to clients must have a college degree, completed a formal educational program in financial planning and/or have obtained the Certified Financial Planner™ marks.

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's agreement provides for a single agreement covering all services provided but with separate fee components. Annual or recurring fees for financial planning services are billed one-fourth ($\frac{1}{4}$) quarterly in advance. Fees are negotiable and are determined on a client-by-client basis depending on the extent of services to be provided and the relative complexity of the client's situation. Currently, such fees range from a low of \$500 per year to low five-figures. Fees for investment management services are calculated as a percentage of the underlying assets being managed: For assets up to and including \$5,000,000: 0.75% per annum. For assets exceeding \$5,000,000: 0.50% per annum. Fees are billed quarterly in advance. Fees are negotiable. Fees are not pro-rated for capital contributions or withdrawals within each quarter and are based solely on the value of accounts at the end of each quarter. All fees are subject to negotiation and are deducted directly from each client's accounts within the first few weeks of each calendar quarter.

All client contracts provide for termination within 5 days of signing by client with no penalty. Beyond the 5 day period, either party can terminate with 30 days written notice. Any unearned portion of fees will be promptly refunded to client upon such notice and any service obligation by Pembroke would also cease at that time. Most clients will bear costs in addition to those described above, which may include transaction charges or sales charges paid to brokers, dealers or custodians for effecting securities transactions, operating expenses and fees of mutual funds owned or purchased, and fees paid to other professionals for services they render. Such charges, fees and commissions are exclusive of and in addition to Pembroke's fee, and Pembroke shall not receive any portion of these commissions, fees, and costs.

Fees paid by existing clients may be different than those of new clients.

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

Pembroke does not charge or accept any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

Pembroke provides financial planning and investment management services primarily to individuals and high net worth individuals, as well as to trusts that may be part of these clients' holdings. There is no stated minimum amount required to open a client account.

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

Pembroke utilizes an asset allocation approach to investing where different styles of investments are assembled into a particular portfolio with the goal of receiving an optimal return commensurate with the overall risk level of the combined investments. Pembroke utilizes third party sources of research in analyzing the investments it recommends. Most clients would have portfolios that would consist of equity investments in domestic and international companies with varying sizes and stages of development along with fixed income investments in bonds and bond components. These investments are primarily held in mutual funds and exchange traded funds. Pembroke employs a number of strategies in selecting an execution strategy for investing in a specific investment class. In many instances, a passive strategy is employed with the belief that a client is best served by a low-cost, tax-effective investment strategy. Occasionally, Pembroke identifies managers it feels can bring either additional return or added risk control to the return of an asset class, and it will assess the managers which meet a set of quantitative criteria, including risk-adjusted returns in comparison with peers, low-cost structure, income tax sensitivity, and longevity/history of management.

As is the case with all investments, there is a risk that the client could suffer losses within its portfolio, and that any one investment may not perform similarly to others. Specific risk factors include interest rate risk, liquidity risk, inflation/deflation risk, capital loss risk, volatility risk and other risk factors outside the control of Pembroke.

Investing in securities involves risk of loss that clients should be prepared to bear. Past performance of any investment is no guarantee of its future results.

Item 9 – Disciplinary Information

Pembroke and its management have no disciplinary actions or information to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

While the majority of his time is dedicated to Pembroke and serving its clients, Ross Richardson, President and Chief Compliance Officer of Applicant, personally provides accounting and business management services on a consulting basis to two related operating businesses located in the Dallas/Ft. Worth, Texas area. Duties are periodic and are primarily related to payroll, monthly financial accounting and annual tax preparation and amount to roughly 4-6 hours per month. Mr. Richardson is also an Adjunct Professor in the Ageno School of Business, Golden Gate University where he occasionally instructs on-line financial classes.

Item 11 – Code of Ethics

On occasion, advisor, its officers, directors, shareholders or employees may buy, sell or hold securities that it recommends to clients. These securities are widely-held and publicly traded and involve no particular conflict of interest to clients. Advisor may make recommendations and/or take actions for its employees', directors', officers' and its own accounts that differ from recommendations made and advice given to clients. Advisor may also make recommendations and take actions for one client that differs from those made and taken for another client.

Advisor maintains, according to SEC requirements, a Code of Ethics governing business conduct and procedures, and generally designed to insure that Advisor adheres to its' fiduciary obligation to clients and consistently puts clients' interests above its own or those of related persons. A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to ross@pembrokeadvisors.com or by calling 832-717-4455.

Item 12 – Brokerage Practices

Pembroke may recommend/require that clients establish brokerage accounts with the Schwab Advisor Services™ (formerly Schwab Institutional®) division of Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although Pembroke may recommend/require that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Pembroke is independently owned and operated and not affiliated with Schwab. Schwab provides Pembroke with access to its institutional trading and custody services, which

are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon Pembroke committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For Advisor's client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to Pembroke other products and services that benefit Pembroke but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of Pembroke's accounts, including accounts not maintained at Schwab. Schwab's products and services that assist Pembroke in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of Pembroke's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting. Schwab also offers other services intended to help Pembroke manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may also provide other benefits such as educational events or occasional business entertainment of Pembroke personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, Pembroke may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Item 13 – Review of Accounts

Financial Planning: When advisor has prepared a written analysis for the client, whether comprehensive or targeted retirement or other projection, client's plan is reviewed periodically, usually annually or as client needs or changes in their situation dictate, to ensure underlying assumptions included in the analysis are consistent with the client's then current situation, goals and objectives, tax considerations, conditions and other factors. Investment Management: While the underlying securities within individual portfolios are continually monitored and periodically rebalanced, accounts are formally reviewed quarterly. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, Pembroke will normally provide portfolio performance reports quarterly. All client reviews are conducted by Ross W. Richardson, President/Chief Compliance Officer of the Advisor.

Item 14 – Client Referrals and Other Compensation

Pembroke does not engage solicitors or pay related or non-related persons for referring potential clients to our firm. Pembroke does not accept or allow our related persons to accept any form of compensation, including cash, sales awards, or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 – Custody

Pembroke previously disclosed in the "Fees and Compensation" section (Item 5) of this brochure that our firm directly debits advisory fees from client accounts. As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis but typically monthly, the account custodian is required to send the client a statement showing all transactions within the account during the reporting period. Because the custodian does not calculate the amount of the fee to be deducted, Pembroke strongly recommends clients carefully review their custodial statements to verify the accuracy of the fee calculation and any other transactions. Clients should contact us directly if they believe there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, Pembroke also sends portfolio statements directly to our clients quarterly. Pembroke urges our clients to carefully compare the information provided on these statements and that portfolio values are correct and current. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Pembroke clients are required to provide discretionary asset management authorization allowing us to place trades in a client's account without contacting the client prior to each trade to obtain permission. Pembroke's discretionary authority includes the ability, without contacting the client, to determine the security to buy or sell; and determine the amount of the security to buy or sell. This discretion is limited to the guidelines set forth in each client's investment policy guidelines which must be provided to Pembroke in writing.

Item 17 – Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. Pembroke welcomes client's questions in making these decisions.

Item 18 – Financial Information

Under no circumstances does Pembroke require or solicit payment of fees more than three months in advance of services rendered. Therefore, no financial statement is required to be included with this brochure. Pembroke has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.