NICOLA WEALTH
PUBLIC ASSETS

Nicola Global Small-Cap Equity Fund Quarterly Report | Q3 2025

Overview

Nicola Global Small-Cap Equity Fund seeks to uncover opportunities in global equity markets by targeting smaller, lesser known companies with strong fundamentals and high growth potential. This strategy aims to capitalize on market inefficiencies in the small-cap space providing investors with a globally diversified portfolio of overlooked opportunities poised for long-term capital growth.

Highlights

Uncovering overlooked opportunities – Small-cap companies typically have less coverage than large-cap companies and are generally less understood and relatively unknown, and not popular which may provide compelling opportunities to capitalize on under priced opportunities.

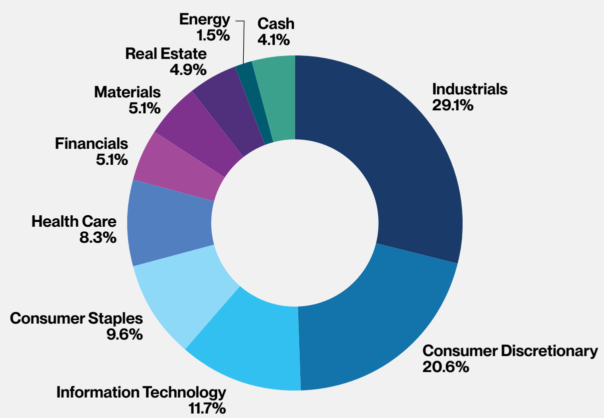
Access a large market – There are 10,000+ companies in the small-cap investment universe.

Focus on fundamentals – The Fund targets companies with strong future revenue growth, solid profitability, margin expansion prospects, robust cash flows, solid balance sheets, quality management teams, and good earnings growth.

Bottom-up value investing – Focusing on value means never paying full price – low absolute, low relative to peers, low relative to own history, and low relative to the broader market.

Broad diversification – The Fund is diversified across geographies and industries, which is central to managing risk levels. The Fund may also use currency hedges as appropriate with the use of currency forwards.

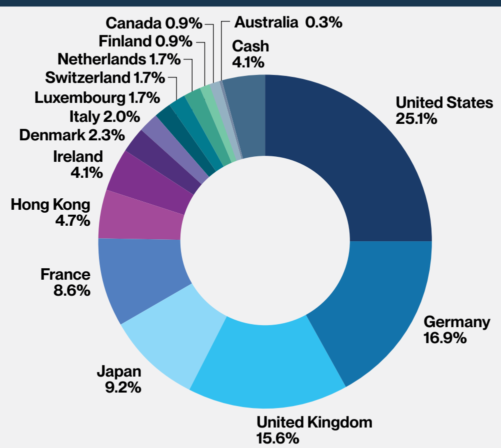
HOLDINGS BY SECTOR
as of September 30, 2025



Equity Characteristics

Forward Price-to-Earnings (P/E)	12.4x
Price-to-Book Value Ratio	1.8x
Enterprise Value-to-EBITDA	8.7x
Net Debt-to-EBITDA	2.1x
Median Market Capitalization	US$3.2B
EPS Growth	18.6%
Return on Equity	9.7%
# of Holdings	52
Dividend Yield[1]	3.2%

HOLDINGS BY COUNTRY
as of September 30, 2025



Returns as of September 30, 2025

	CAD	USD
YTD	**13.9%**	**17.7%**
1 month	**2.5%**	**1.2%**
3 month	**4.7%**	**2.4%**
6 month	**14.1%**	**17.9%**
1 year	**13.7%**	**10.5%**
3 year	**15.9%**	**15.4%**
Since inception*	**11.0%**	**8.3%**

**April 30, 2022*

Calendar Year Returns

	CAD	USD
2024	**11.8%**	**2.9%**
2023	**10.6%**	**13.3%**
2022**	**1.4%**	**-4.2%**

***Return for the fund's first calendar year reflects performance from inception to December 31 of that year.*

Performance

(All performance in CAD)

The Nicola Global Small Cap Fund returned +4.7% for the quarter and +13.9% on a year-to-date basis. The corresponding MSCI ACWI Small Cap NTR Index returns were +10.4% and +12.8%, respectively.

In Q3/25, global equity markets posted positive returns supported by easing trade tensions, corporate earnings, AI optimism and Fed easing. For the quarter, US small caps outperformed (14.8% for the Russell 2000 index and 11.7% for the MSCI US Small Cap Index), while International and Emerging Markets underperformed.

For the quarter, the main contributors to the Fund's relative underperformance to the index were an underweight allocation to the United States and an overweight position coupled with poor security selection within the United Kingdom. US small caps were the best performing small cap market globally in Q3 driven by optimism over a potential Fed easing cycle. Despite the Fund's underweight position in the United States, its US investments performed well, with holdings generating an average of +19% in the quarter. In Q3/25, our UK small caps were negatively impacted by the government's concessions on welfare cuts which raised concern over its fiscal discipline and contributed to weakness in its bonds and currency.

The main positive relative contributors during the quarter were our holdings in Industrials and Hong Kong. One of the biggest individual contributors during the quarter was Resideo Technologies Inc., which is a leading US provider of home comfort and security products. The stock had a somewhat idiosyncratic share price move during the quarter (doubled) following its announced plan to enhance value by terminating its indemnification agreement and initiating the spin-off of its ADI division. Johnson Electric, a Hong Kong based manufacturer of small industrial motors, was also a positive contributor during the quarter. The stock price rose following the company's newly announced plan to increasingly focus its business on supplying the industrial robotics market. In an effort to manage risk as well as opportunistically benefit from the tripling of Johnson Electric Holdings Limited's share price, we have been trimming our position over the last two quarters, and we have now fully exited the stock.

New Investments / Exits

During the quarter, the Fund initiated a new position in **Plexus Corp.,** which is an EMS (electronics manufacturing services) provider. Plexus was chosen as a quasi-replacement for Jabil, which is a similar company that we have owned for several years. Plexus offers us a similar investment thesis at a more attractive price and risk profile, given Jabil Inc.'s recent share price increase. We have now fully exited our Jabil position.

In addition to exiting **Jabil** and **Johnson Electric** (mentioned above), the Fund also fully exited from its holdings in **Foot Locker Inc., Dun & Bradstreet Holdings Inc.,** and **Walgreens Boots Alliance Inc.** These last three stocks were the target of takeovers that were completed during the quarter (in addition to one more last quarter). This takeover theme, particularly in the US, is quite positive for the Fund and in our view is a reflection that the stocks we own are viewed as quite attractively priced with healthy fundamentals by both industry players as well as financial buyers.

Our Thoughts On:

The Market and Fund

Although global markets have performed well year-to-date, we remain cautious for the remainder of 2025 due to uncertainty related to tariffs—including their potential effects on the economy, corporate earnings, and inflation—as well as geopolitical risks. As a result, the Fund remains underweight cyclical sectors (Financials, Energy, Materials) and well-diversified (52 positions, average position size: 1.8%). At the stock level, we continue to focus on good businesses with pricing power, solid balance sheets and free cash flow generation.

We continue to believe that small caps are more attractive relative to large caps with the relative valuation close to multi-decade lows. Over the long term, we believe small caps should offer higher earnings growth relative to large caps, which combined with their lower valuation should drive the re-rating of the asset class. However, this requires a more stable economic environment for this earnings outlook to materialize. On a year-to-date basis, European small caps have outperformed large caps. From a top-down perspective, relative to large caps, small caps are more sensitive to domestic economic growth (lower international exposure) and interest rates (higher debt levels & floating rate exposure). So far this year, European small caps have benefitted from better growth expectations given their higher exposure to domestic fiscal stimulus plans and continued easing by the ECB. In contrast, US small caps have underperformed large caps this year as trade policy has led to lower economic growth expectations and limited easing by the Fed relative to the ECB. We are continuing to proceed cautiously because we are cognizant of the myriad of global geo-political and market risks.

Top 10 Holdings as of September 30, 2025

Holdings	Weight	Description
QinetiQ Group plc	3.1%	Service-based UK defence contractor providing defence training and testing services to military equipment and systems.
Ceconomy AG	2.8%	Largest consumer electronics retailer in Europe with market-leading positions in nine European countries.
KION Group AG	2.7%	German-based global manufacturer of industrial trucks, warehouse automation, and supply chain solutions, serving customers in over 100 countries.
Affiliated Managers Group, Inc	2.6%	U.S.-based global asset management company that invests in boutique investment firms, providing them with strategic, operational, and distribution support while maintaining their investment independence.
Takuma Co., Ltd.	2.6%	Leading manufacturer of waste treatment facilities and biomass plants in Japan.
TAG Immobilien AG	2.6%	Residential property manager in Germany and Poland.
Pets at Home Group plc	2.6%	U.K.-based omnichannel pet care retailer and services operator, offering pet supplies, grooming, and veterinary services.
Resideo Technologies Inc	2.6%	U.S.-based provider of home and commercial technology solutions, specializing in HVAC controls, safety, and security products.
GFT Technologies SE	2.5%	German-based IT services provider focused on digital transformation for the financial institutions sector.
Plexus Corporation	2.5%	US-based electronic manufacturing services provider servicing the industrial, healthcare, aerospace and defense industries
Total	**26.6%**	

***Return for the fund's first calendar year reflects performance from inception to December 31 of that year.*

[1] Dividend Yield represents the weighted average yield of the fund's underlying equity holdings. It is calculated as the weighted average of the forward estimated 12-month dividends divided by the most recent closing price.

Comparisons of the historical performance of Nicola Wealth funds or models to the historical performance of indexes, mutual funds or other investment vehicles should only be undertaken with consideration of the differences that exist between the underlying investments that comprise the compared investment vehicles. Indexes may be primarily composed of a single asset type/asset class (i.e. 100% equities or 100% bonds) whereas Nicola Wealth funds may or may not contain a combination of exchange-traded equities, marketable bonds, private investments, other alternative investment classes and exempt products. When making any comparison of historical performance, these differences and their impact on the performance of each comparable should be taken into account.

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