Nicola Private Equity Limited Partnership
Quarterly Report | Q3 2025

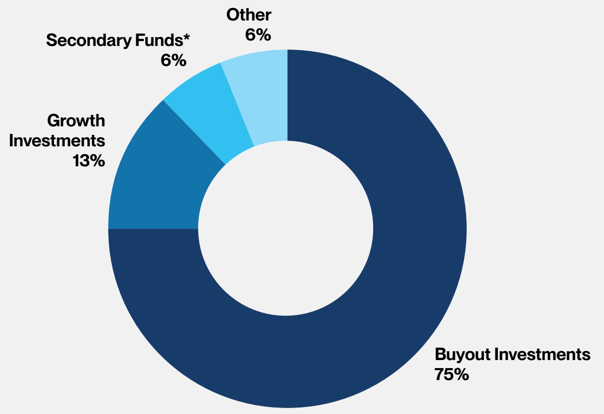
Objective

The primary objective of the Nicola Private Equity Limited Partnership ("Nicola PELP" or the "Fund") is to generate long-term capital growth by investing in a diversified portfolio of private equity ("PE") investments. The Fund aims to achieve this objective by combining co-investments and investments in funds, focusing on value creation over the long-term.

Strategy

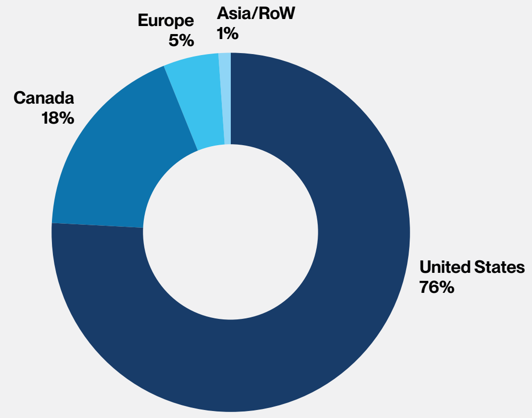
Nicola PELP's investment strategy is primarily buyout investments, which means investing in control stakes in cash-flowing companies, focusing on well-established, resilient businesses. The Fund aims to generate strong long-term returns by partnering with PE General Partners with established track-records and by co-investing in attractive direct PE opportunities alongside these partners. The Fund also selectively invests in PE secondary and growth equity opportunities. The Fund aims to diversify its investments across sectors, geographic regions, company sizes, and vintages.

INVESTMENTS BY STRATEGY
as of September 30, 2025



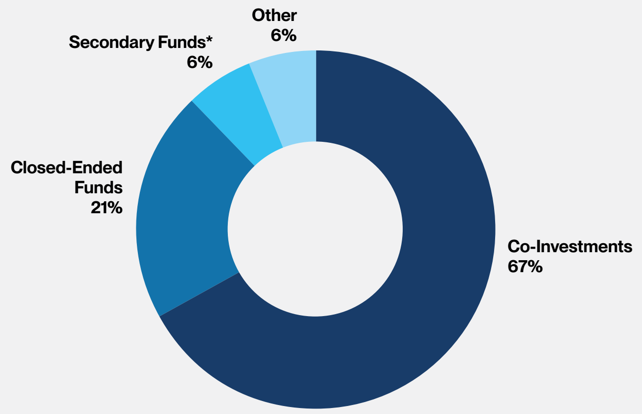
** Secondary includes LP Baskets and Secondary Closed-Ended Funds*

INVESTMENTS BY GEOGRAPHY
as of September 30, 2025**



*** Split by currency of the investment*

INVESTMENTS BY TYPE
as of September 30, 2025



** Secondary includes LP Baskets and Secondary Closed-Ended Funds*
May not add to 100% due to rounding

Returns for the period
ENDING as of September 30, 2025

	USD	CAD
QTD	**2.5%**	**3.7%**
YTD	**8.3%**	**5.8%**
1 year	**10.4%**	**12.2%**
3 year	**–**	**7.4%**
5 year	**–**	**12.0%**
10 year	**–**	**–**
Since inception*	**7.6%**	**8.8%**

* May 31, 2012 for CAD series. June 28, 2024 for USD series.

Performance

Given PE is a long-term asset class, the Fund is focused on maximizing returns over a 5+ year investing horizon. Over the last 5 and 10 years, the Fund has delivered annualized returns of 12.0% and 9.7%, respectively (both in CAD).

In Q3 2025, the Fund returned 3.7% (CAD) / 2.5% (USD), bringing LTM returns to 12.2% (CAD) / 10.4% (USD). In-country returns were strong, and FX contributed an additional +1.5% to performance for the CAD class over Q3 2025.

Performance during Q3 2025 was driven by valuation increases in the following:

- **Project Hubble:** A leading enterprise software provider specializing in cloud, data, integration, and digital workspace solutions. The business continues to perform well, sustaining revenue and EBITDA growth while improving LTM EBITDA margins.
- **Project Avon:** A U.S. healthcare services company currently generating record monthly free cash flow, with LTM EBITDA up 54% year-over-year.
- **Project Ramp:** A U.S. airport concessionaire operating across food, beverage, and retail. Increased enplanement, price optimization, and cost efficiencies drove revenue and gross profit growth of 19% year-over-year.

Performance was also impacted by a write-down in each of the following investments:

- **Project Horizon:** A specialized recruiting firm that connects top-tier IT consultants with leading organizations.
- **Cerio:** A developer of high-performance networking solutions that deliver ultra-low latency and scalability for data-intensive applications.

Total Fund net assets were CAD$1.3B as at quarter-end, compared to CAD$1.0B at the end of Q3 2024 (27.4% growth in net assets).

New Investments & Realizations

During Q3 2025, Nicola PELP deployed CAD$40M, including CAD $24M in co-investments. In Q3 2025, we received 38 co-investment opportunities, evaluated 25 of those opportunities, and closed on 5 opportunities.

New direct co-investments funded during Q3 2025 are highlighted below.

- **Project Grit:** A U.S-based advisory firm specializing in corporate finance, accounting and transaction advisory, valuation, financial disputes, claims and investigations. The Company's full suite of services enables notable client retention, and we believe that it is well-positioned for M&A to drive value creation.
- **Project Celtic:** A merger of two leading U.S. providers of refueling and maintenance services for trucking and railroad companies. The combined business is a national platform with proprietary technology and diverse services that create meaningful differentiation, enabling the Company to sustain favourable margins through premium pricing.

During the quarter, Nicola PELP successfully exited its investment in Due North, a Canadian manufacturer of self-contained retail refrigerated merchandisers. Nicola PELP invested in Due North in 2021, and the business delivered a 18% net IRR and 1.9x net Multiple on Invested Capital over its holding period.

Recent Developments

The Market

Entering 2025, many PE investors held high hopes for a recovery in deal flow and investment performance. Optimism stemmed from a stabilizing interest rate environment, growing dry powder reserves, and a sense that the worst of the 2022–2023 correction had passed. However, the unexpected impact of Trump-era policy announcements in Q1 and Q2 2025, including heightened trade tensions, reintroduced macroeconomic uncertainty. These developments created doubts over what was expected by many to be a comeback year.

Despite a resilient economy and improving financing conditions, the PE market continues to be negatively impacted by the persistent slowdown in exits. Global exit value continues to be ~50%[1] of the levels in 2021/2022, with IPO markets especially constrained. While strategic buyers have cautiously re-entered the market, sponsor-to-sponsor transactions remain suppressed. Widening valuation gaps between buyers and sellers combined with mounting geopolitical risk is making PE buyers more selective, further stalling the rebound.

However, we believe that it would be a mistake to interpret these short-term headwinds as a structural decline in the PE asset class. PE has historically been a patient, long-term asset class and has historically outperformed public markets by 300 to 500 basis points over rolling 10-year periods. Even in turbulent times, active ownership and alignment of incentives underpin the long-term value creation that PE has delivered over multiple cycles.

The Fund

Despite the renewed macroeconomic headwinds that have emerged in early 2025, particularly surrounding U.S. trade tensions, the Fund remains structurally well-positioned. Our portfolio's exposure to tariff-sensitive sectors is minimal, with less than 5% of NAV directly impacted by current or proposed trade policies. Most of our investments are in essential service providers and technology-driven businesses with low tariff sensitivity and favourable pricing power.

The USD's depreciation (down 3.2% year-to-date versus the CAD) has impacted returns for the Fund's CAD share class, creating a drag on investment performance for this share class. While FX volatility may persist in the near term, history leads us to believe that these effects tend to neutralize over the long-term (e.g. FX impact of only ~100 bps for the Fund's 5-year annualized return). Further, the Fund is actively exploring hedging options to reduce the impact of near-term FX volatility on the CAD share class. Nicola PELP's USD class, which was launched one-year ago on June 30, 2024, will report less FX volatility compared to the CAD class, as it better reflects the underlying currency profile of the fund (currently ~80% of the Fund is in USD denominated investments).

We believe the current environment continues to offer compelling investment opportunities. With many PE general partners and limited partnerships facing capital constraints, our Fund's ability to remain an active investor allows us to access a broader investible universe along with increased negotiating leverage when forming new partnerships.

The Fund has maintained a high level of investment activity over the past 12 months. We committed more than CAD$312 million across 12 new direct investments and 5 new fund investments. This capital was largely deployed into resilient, scalable businesses across the technology, healthcare, and services sectors.

[1] Bain 2025 Mid-Year Report

In our view, a core tenet of PE investing is vintage diversification. We believe the 2024–2025 vintages will prove attractive in hindsight as history has shown that periods of lower activity often give rise to some of the best-performing PE investments (similar to the post-Global Financial Crisis 2009-2011 PE vintages). As we continue to scale, our selective yet steady pace of deployment seeks to ensure that we are capturing this market window without compromising on quality.

We are also expanding the geographic footprint of the Fund to further globally diversify our portfolio. Beyond our existing U.S. and Canada exposure, we are actively pursuing relationships with Pan-European and Pan-Asian PE partners. We expect exposure to Europe and Asia to reach 15% and 5% of Fund NAV, respectively, by 2027. These markets offer compelling return opportunities, differentiated deal flow, and diversification benefits. As always, our approach in these new markets is partnership-centric: build long-term alignment with top-tier PE partners, then selectively co-invest in high-conviction direct opportunities alongside them.

The strength of our platform also lies in our people. Over the past 12 months, the Nicola PE & VC team has added four new investment professionals with backgrounds at leading institutions such as OMERS, Dawson Partners, Northleaf, and BMO Capital Markets. We plan to add another investment professional to focus specifically on our portfolio and analytics efforts. These additions continue to expand our capacity for origination, diligence, and portfolio support across both direct and fund investments.

Top 10 Holdings, September 2025

Investment	%AUM	Strategy	Description
FLC Direct Fund	6.4%	Fund	An SMA partnership with Fisher Lynch which focuses on pursuing buyout opportunities in the United States
FLC Co-Investment Fund V	3.9%	Fund	An investment in Fisher Lynch's Fund V which focuses on pursuing buyout opportunities in the United States
Micross Components	3.5%	Co-Investment	A leading global provider of specialty electronic components, servicing high-reliability markets
Project Avon	3.4%	Co-Investment	An investment in a US healthcare services company
Tailwind Concessions	3.4%	Co-Investment	An airport concessionaire in food, beverage, and retail
Project Hubble	2.8%	Co-Investment	A leading enterprise software provider in cloud, data, integration, and digital workspaces
Southeast Mechanical	2.8%	Co-Investment	An HVAC (Heating, ventilation, and air conditioning) services business headquartered in North Carolina
Project Minerva	2.6%	Co-Investment	A global leading network of premium international schools
Project Uno	2.6%	Co-Investment	A leading national provider of insurance brokerage and consulting services
Convex Insurance	2.4%	Co-Investment	A specialty insurer and reinsurer