Nicola Private Debt Fund
Quarterly Report | Q3 2025

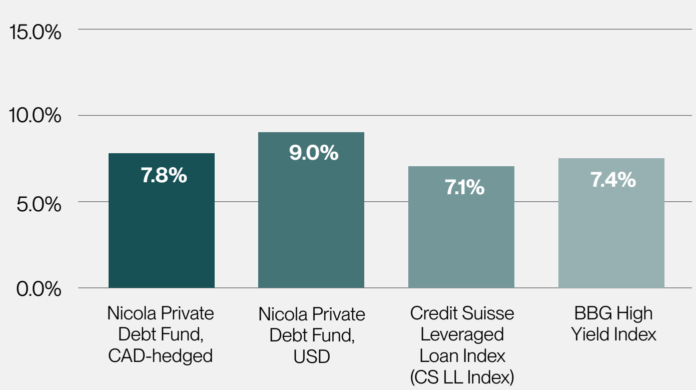
Objective

The objective of the Nicola Private Debt Fund ("Nicola PDF" or the "Fund") is to achieve a high level of current income while emphasizing capital preservation by investing primarily in senior secured middle market corporate debt.

Strategy

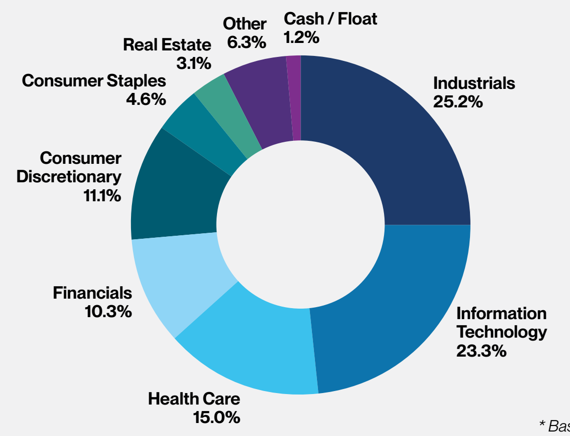
The Fund combines direct investing in private debt, and a fund-of-funds approach with the objective of earning an attractive premium above the returns of publicly traded, non-investment-grade fixed income securities. The Fund diversifies across managers, regions, industries and strategies, and the portfolio enables investment access across a wide set of attractive private and public debt opportunities. The Fund may also invest in cash, cash equivalents, Business Development Companies, Mortgage Real Estate Investment Trusts, publicly traded credit and Collateralized Loan Obligations. The Fund may employ the use of leverage and currency hedging.

LAST TWELVE MONTHS PERFORMANCE as of September 30, 2025*



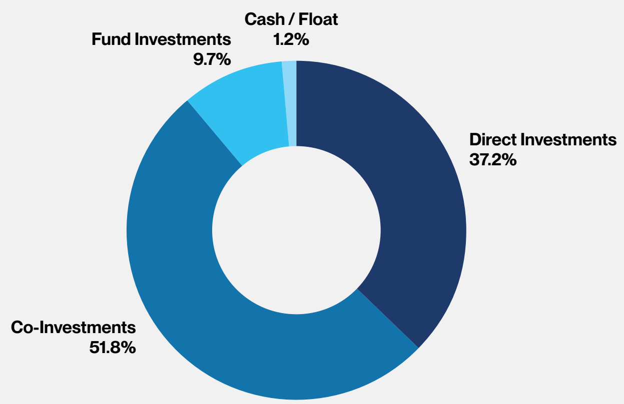
** Gross returns*

INVESTMENTS BY SECTOR as of September 30, 2025*



** Based on AUM*
May not add up to 100% due to rounding

INVESTMENTS BY TYPE as of September 30, 2025*



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Returns for the period ENDING as of September 30, 2025

	USD	CAD
QTD	**2.3%**	**2.1%**
YTD	**6.8%**	**5.5%**
1 year	**9.0%**	**7.8%**
3 year	**9.3%**	**8.4%**
5 year	**–**	**8.5%**
10 year	**–**	**–**
Since inception*	**8.0%**	**7.6%**

* October 31, 2017 for CAD series. December 31, 2021 for USD series.

Performance

In Q3 2025, the Fund's CAD unit class returned +2.1% bringing the 1-year net return to 7.8%, while the USD unit class returned +2.3% in Q3 2025, bringing the 1-year return to 9.0%. Recent performance has been driven by:

1. Contractual cash interest income from the Fund's direct and co-investments which made up 37.2% and 51.8%, respectively, of the portfolio as of quarter-end.
2. Our 97% allocation to floating rate loans, which has provided an opportunity for incremental return amid elevated interest rates.
3. A conservative level of leverage, which has increased to 0.49x at the end of Q3 2025 from 0.31x at the end of Q3 2024.

Approximately 95% of the Fund's underlying investments are denominated in USD, and the Fund utilizes currency hedging to hedge 95% of the USD currency exposure attributable to the CAD unit class.

The approximate current gross levered yield on the Fund's investment portfolio remained steady at 11.4% in comparison to Q2 2025.

The Fund has generated a 9.1% distribution to investors over the last twelve months, in line with our target distribution.

Gross Asset Value reached C$2.2B as at quarter-end (C$1.5B in Net Assets) and has grown 28% over the last year.

New Investments & Realizations

The Fund reviewed 33 investment opportunities in Q3 2025, ultimately deploying C$147M across 6 new investments and incremental capital calls from existing investments. New investments made during Q3 2025 included:

Project Wave
Senior Credit Facilities

What they do: A healthcare patient engagement platform.

Project Turtle
Senior Credit Facilities

What they do: A leading U.S. demand-side management ("DSM") program manager.

Project Shield
Senior Credit Facilities

What they do: A value-added specialty distributor of fall protection and technician safety supplies

The Fund also realized seven investments in Q3 2025 totaling C$130M earning a weighted-average IRR and MOIC of 13.6% and 1.10x, respectively.

Our Thoughts On:

The Market

Private debt yields in North America continue to benefit from elevated benchmark interest rates compared to historical levels. Loan spreads have compressed through 2025 as financing opportunities see greater competition between lenders looking to deploy dry powder amid limited private equity activity. We believe that the Fund's defensive positioning through seniority in the capital structure and avoidance of cyclical businesses has us better suited to weather potential economic headwinds.

Our Fund

From an underwriting perspective, we believe the Fund's broad and diverse deal pipeline, thorough due diligence, and careful investment selection will continue to play a critical role for the remainder of 2025. Key characteristics we seek in borrowers include a clear competitive advantage; low capital intensity; diversified customer and supplier base; recurring revenue model and strong margins; experienced management team with aligned incentives; and resilient, through-the-cycle performance.

Nicola PDF maintains a strategic focus on lending to U.S. middle-market businesses with US$15M+ in EBITDA. The Fund's weighted average borrower-level EBITDA on direct and co-investments is over US$100M. The Fund takes a diversified investment approach and holds 128 positions in the portfolio, with no single direct investment accounting for over 2.0% of AUM. The Fund's investment team believes there is limited rationale for taking concentrated positions in a portfolio of yield-oriented credit investments.

We continue to favour senior secured debt for downside protection given the current high degree of uncertainty in the macroeconomic environment.

Top Direct/Co-investments

Investment	%AUM	Description
Project Victory	1.8%	Senior Credit Facilities to a health insurance and benefits management service provider.
Project Transform	1.7%	Senior Credit Facilities to a leading provider of critical digital transformation services to enterprise and upper middle market customers.
Project Iris	1.6%	Senior Credit Facilities to an optometry clinic consolidator.
Project Robotto	1.6%	Senior Credit Facilities to a value-added distributor of high-reliability semiconductors.
Project Tornado	1.4%	Senior Credit Facilities to a provider of trenchless water and wastewater infrastructure rehabilitation products and services.
Project Midnight	1.3%	Senior Credit Facilities to a provider of integrated end-to-end lifecycle services for data centers.
Project Wave	1.3%	Senior Credit Facilities to a healthcare patient engagement platform.
Project Greenpark	1.3%	NAV Loan secured by 27 real estate assets across the UK, France, Greece, Ireland, Spain, Germany, Poland, and the USA.
Project Diagnostic	1.3%	Senior Credit Facilities to a global developer, manufacturer, and distributor of consumable products and services for the life sciences and diagnostics markets.
Project Winter	1.2%	Senior Credit Facilities to a provider of subscription-based commercial ice machine rental and maintenance, repair, and overhaul services.