Nicola Global Small-Cap Equity Fund Quarterly Report | Q4 2025

Overview

Nicola Global Small-Cap Equity Fund seeks to uncover opportunities in global equity markets by targeting smaller, lesser knowncompanies 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.

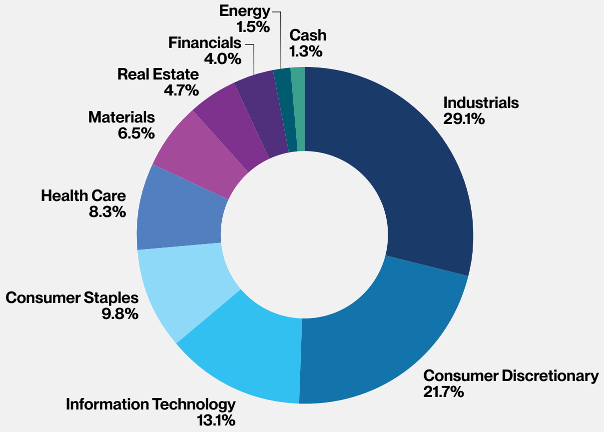
Access a large market – There are 10,000+ companies in the small-cap investment universe.

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.

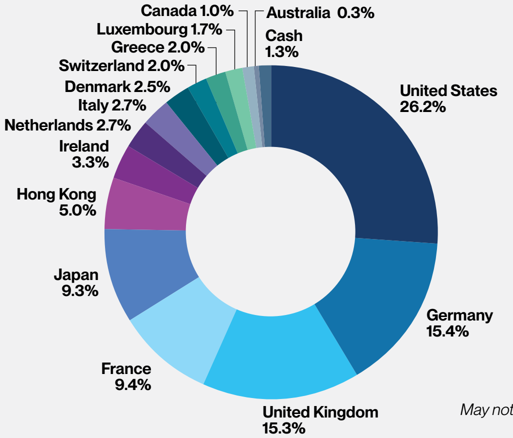
HOLDINGS BY SECTOR as of December 31, 2025



Equity Characteristics

Forward Price-to-Earnings (P/E)	**13.3x**
Price-to-Book Value Ratio	**2.8x**
Enterprise Value-to-EBITDA	**8.3x**
Net Debt-to-EBITDA	**1.9x**
Median Market Capitalization	**US$3.6B**
EPS Growth	**17.9%**
Return on Equity	**10.5%**
# of Holdings	**50**
Dividend Yield[1]	**3.2%**

HOLDINGS BY COUNTRY as of December 31, 2025



May not add up to 100% due to rounding.

Returns as of December 31, 2025

	CAD	USD
YTD	**16.0%**	**21.5%**
1 month	**-0.5%**	**1.3%**
3 month	**1.8%**	**3.2%**
6 month	**6.6%**	**5.8%**
1 year	**16.0%**	**21.5%**
3 year	**12.8%**	**12.3%**
Since inception*	**10.7%**	**8.7%**

April 30, 2022

Calendar Year Returns

	CAD	USD
2025	**16.0%**	**21.5%**
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 Equity Fund returned +1.8% for the quarter and +16.0% for 2025. The corresponding MSCI ACWI Small Cap NTR Index returns were +1.2% and +14.2%, respectively.

Global equity markets performed positively in the fourth quarter of 2025, with several equity indices ending the year close to multi-year highs. In 2025, for the first time in several years, international and emerging market equities generally outperformed U.S. equities due to more favorable valuations, a weaker U.S. dollar, as well as, perhaps, various asset allocation strategies taking steps towards capitalizing on the portfolio benefits of international diversification.

The Nicola Global Small Cap Equity Fund outperformed the benchmark during the quarter mainly due to security selection in Consumer Discretionary and the United States. One of the biggest contributors was Affiliated Managers Group (leading U.S. based asset manager), which moved higher on a broker upgrade as the firm's growing exposure to alternatives is expected to drive superior organic flows and fee rates relative to traditional managers. Main relative detractors to performance during the quarter were our holdings in Ireland and Health Care. One of the biggest detractors was Perrigo (leading provider of over-the counter self-care and wellness solutions), which missed quarterly expectations on softer demand for OTC products and on-going competition in its infant formula business. We believe the uncertain short-term outlook is largely priced into the shares at current levels.

New Investments / Exits

During the quarter, the Nicola Global Small Cap Equity Fund initiated a new position in **Jumbo**, which is a leading retailer based in Greece. Most of Jumbo's operations are in Greece, but it also has stores in Romania, Cyprus, and Bulgaria. Jumbo's strategy involves large non-food hypermarket store formats that sell household products, seasonal goods and toys at very reasonable prices. Based on our analysis, Jumbo is a high-quality well-run company, which offers defensive growth at an attractive valuation level.

We also initiated a new position in **TKH Group,** during the quarter. TKH Group is an industrial conglomerate based in the Netherlands. We believe this stock will benefit from long-term structural growth trends in industrial automation and electrification. While TKH has several divisions, its largest and most profitable division produces fully automated whole systems for manufacturing car tires. One of the compelling aspects of TKH is that it has the dominant market share position in external tire manufacturing systems used by smaller tire manufacturers.

The Fund fully exited several positions during the quarter, including **AllianceBernstein Holdings, Helmerich & Payne,** and **Metso Oye.** In addition to these three companies, the Fund's most significant sale was **Ceconomy,** which is a German retailer that we have owned for several years. Ceconomy is the largest consumer electronics and household appliance retailer in Europe. The company's strong European franchise and attractive valuation level has led it to be viewed as an attractive takeover target. The result was a takeover bid last year by JD.com at a very healthy price.

Our Thoughts On:

The Market and Fund

Looking ahead to 2026, markets should benefit from fiscal stimulus in major economies and continued Fed easing, but uncertainty remains around potential geopolitical and fiscal sustainability risks. Geographically, we continue to see value in Europe and remain overweight the region. Despite European markets rallying in 2025 on improved growth prospects from higher fiscal spending plans, Europe trades around its long-term average and remains one of the cheapest developed markets globally. The Fund remains underweight certain cyclical sectors (Financials, Energy, Materials) and well-diversified (50 positions, average position size: 1.9%). At the stock level, we continue to focus on good businesses with pricing power, solid balance sheets and strong free cash flow generation.

Top 10 Holdings as of December 31, 2025

Holdings	Weight	Description
Affiliated Managers Group, Inc	3.1%	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.
Sanmina Corporation	3.0%	U.S.-based provider of electronic manufacturing and supply chain solutions for industries including healthcare, automotive, and communications.
Sopra Steria Group	2.9%	France-based European IT consultancy providing digital transformation services across public and private sectors, including financial services, aerospace, and defense.
De'Longhi S.p.A.	2.6%	Italian manufacturer of small household appliances, best known for coffee machines, heaters, air conditioners, kitchen appliances and other consumer products sold worldwide.
Takuma Co., Ltd.	2.6%	Leading manufacturer of waste treatment facilities and biomass plants in Japan.
Watches of Switzerland Group	2.6%	International luxury watch and jewellery retailer based in the UK, operating a network of showrooms and online platforms offering high-end timepieces and related products in the UK, US and Europe.
Niterra Co., Ltd.	2.6%	Japan-based global manufacturer of spark plugs, automotive components, and industrial ceramics, serving automotive and industrial markets worldwide.
GFT Technologies SE	2.6%	German-based IT services provider focused on digital transformation for the financial institutions sector.
Ionis Pharmaceuticals, Inc.	2.5%	U.S.-based biotechnology company specializing in RNA-targeted therapeutics for rare diseases and genetic disorders.
Yue Yuen Industrial Holdings Limited	2.5%	Hong Kong-listed investment holding company that is one of the world's largest manufacturers of athletic and casual footwear, producing shoes for major global brands as an OEM/ODM.
Total	**27.0%**	

Total may differ slightly due to rounding of individual holdings.

[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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