![NICOLA WEALTH PRIVATE CAPITAL]

Nicola Private Debt Fund Quarterly Report | Q4 2025

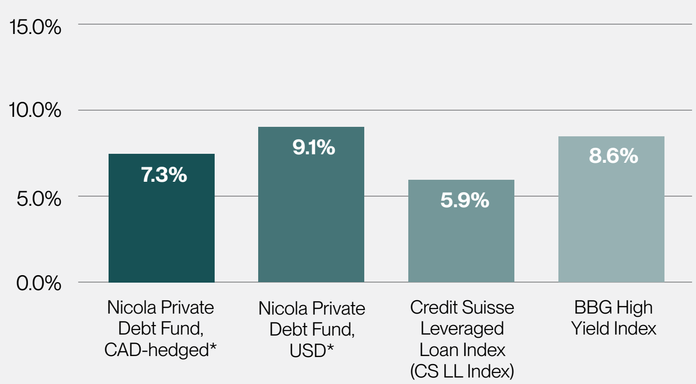
Objective

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

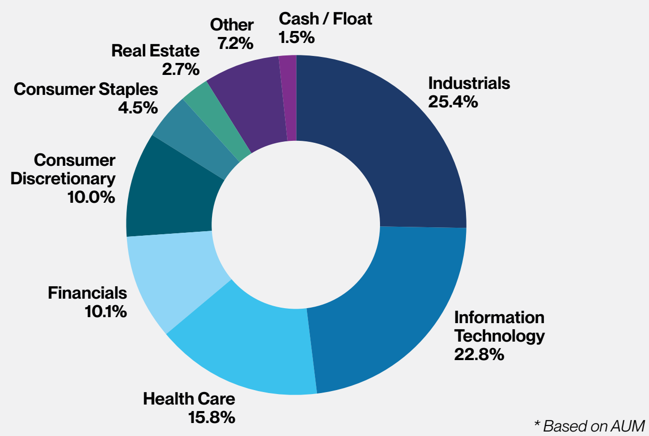
The Fund combines direct investing in private debt, and a fund-of-funds approach with the objective of earning an attractive premium above the returns of publicly traded, non-investment-grade fixed income securities. The Fund diversifies across managers, regions, industries and strategies, and the portfolio 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 December 31, 2025



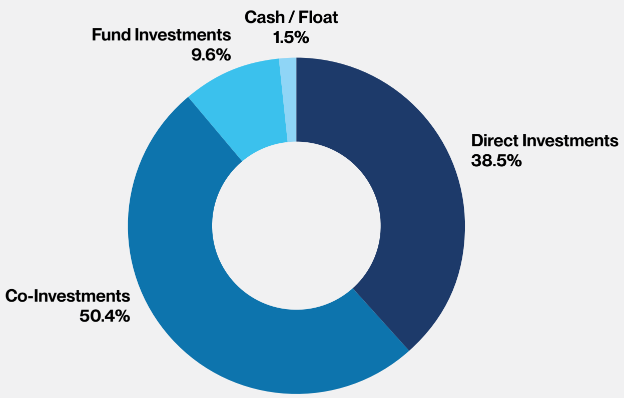
** Net Returns*

INVESTMENTS BY SECTOR
as of December 31, 2025*



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

INVESTMENTS BY TYPE
as of December 31, 2025*



** Based on AUM*
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Returns for the period ENDING as of December 31, 2025

	USD	CAD
QTD	**2.2%**	**1.7%**
YTD	**9.1%**	**7.3%**
1 year	**9.1%**	**7.3%**
3 year	**9.4%**	**8.6%**
5 year	**–**	**8.3%**
10 year	**–**	**–**
Since inception*	**8.1%**	**7.6%**

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

Performance

In Q4 2025, the Fund's CAD unit class returned +1.7% bringing the 1-year net return to 7.3%, while the USD unit class returned +2.2% bringing the 1-year return to 9.1%. Recent performance has been driven by:

1. Contractual cash interest income from the Fund's direct and co-investments which made up 38.5% and 50.4%, respectively, of the portfolio as of the end of Q4 2025.
2. 97% allocation to floating rate loans.
3. A conservative level of leverage, which has increased to 0.56x at the end of Q4 2025 from 0.37x at the end of Q4 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 was 10.8% in 2025.

The Fund has generated a 9.5% distribution to investors over the last twelve months, in line with our target distribution.

Gross Asset Value reached C$2.4B as at the end of Q4 2025 (C$1.6B in Net Assets) and has grown 27% over the last year.

New Investments & Realizations

The Fund reviewed 36 new opportunities in Q4 2025, ultimately investing C$282M across 12 new investments and incremental capital calls from existing investments. New investments made during Q4 2025 include:

Project Ladder
Senior Credit Facilities

What they do: A leading provider of end-to-end eDiscovery and review and analytics solutions.

Project North Star
Senior Credit Facilities

What they do: A leading distributor of essential test, measurement, and monitoring instruments.

Project Asclepius
Senior Credit Facilities

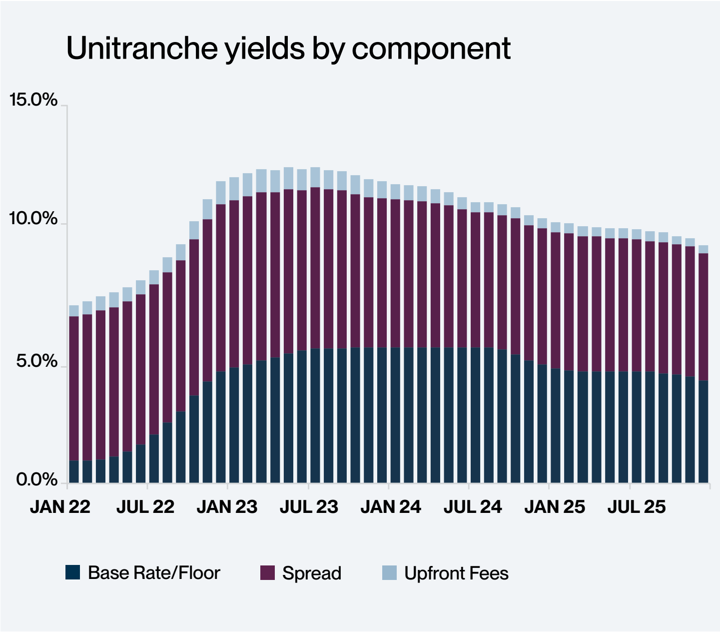
What they do: A data-driven pharmacy benefit management provider specializing in cost containment for midsized, self-insured companies.

The Fund realized two investments in Q4 2025 totaling C$22M and earning a weighted-average IRR and MOIC of 16.8% and 2.19x, respectively.

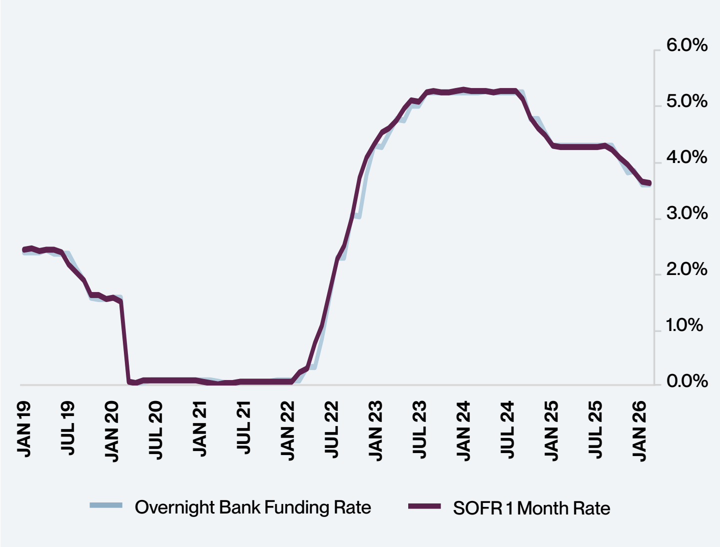
Our Thoughts On:

The Market

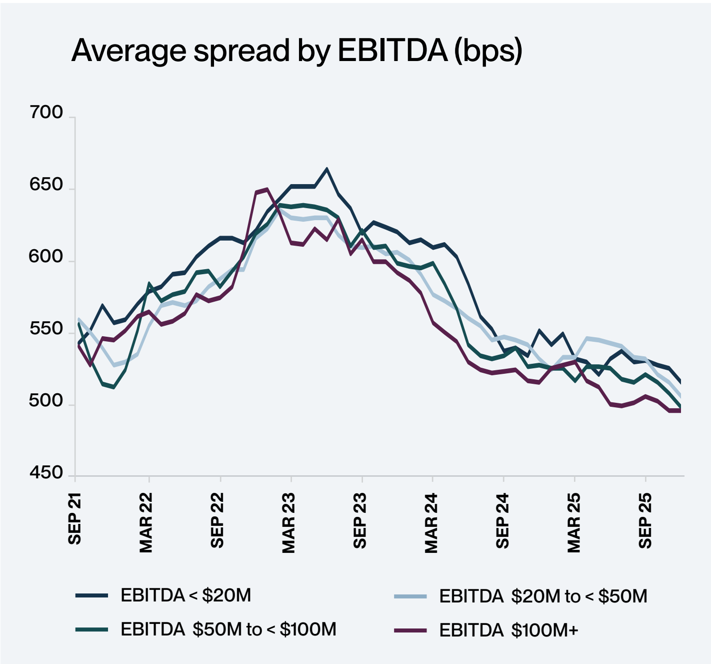
Yields in direct lending continue to normalize following an elevated interest rate environment during 2022 and 2023. Even so, all-in yields remain above long-term historical levels, keeping private debt an attractive destination for credit allocation. Direct lending returns are driven primarily by base rates (SOFR, a type of floating rate) and credit spreads. Both continued to show mean reversion towards lower historical levels in Q4 2025. The combined impact is reflected in the all-in yield we see today. In our view, current direct lending yields continue to be attractive relative to their long-term range of 7-9%.



Base rates moved lower alongside the federal funds rate through the second half of 2025 in conjunction with monetary policy in the U.S. As of January 2026, markets are pricing in roughly two additional rate cuts over the year, forecasting a further ~0.50% decline in base rates.

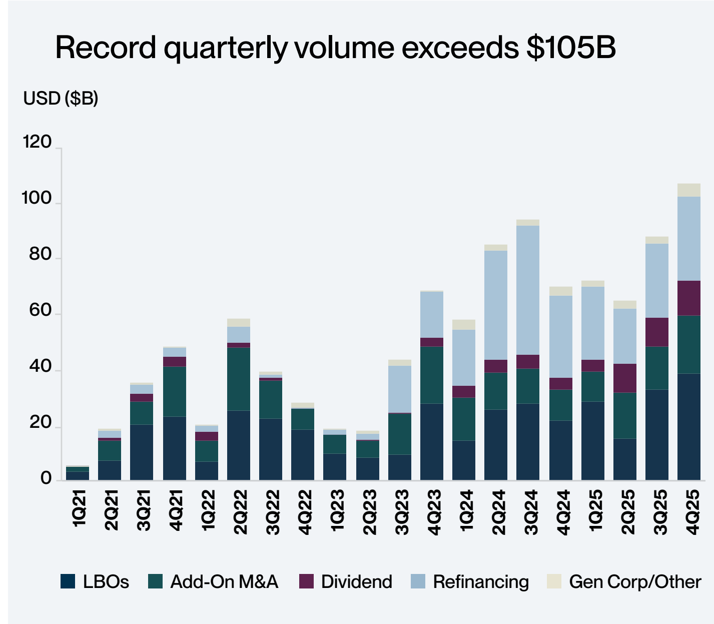


Spreads in direct lending continued to tighten throughout 2025 as lenders, buoyed by several consecutive years of record fundraising, competed for new investment opportunities. However, many market participants now believe spreads have reached their floor. We are increasingly seeing lenders push back in negotiations, successfully holding firm on spreads and seeking more lender friendly terms and documentation.



Across the broader market, direct lending default rates were 1.1% in 2025, down from 1.8% in 2024, remaining well within the historical range for the asset class. Two sectors experienced elevated defaults in 2025: advertising/marketing/media & communications at 2.7%, and consumer at 4.9%. We have historically avoided most opportunities in these sectors and intend to maintain that discipline going forward.

Lower borrowing costs helped stimulate activity in the direct lending market, particularly in Q4 2025, as private equity sponsors increased their investing activity. 2025 marked a record year for new direct loan origination, reaching US$326.5B (vs. US$302.0B in 2024). After a slower first half of 2025, issuance accelerated significantly, with Q4 2025 generating US$105.2B (vs. US$92.6B in Q4 2024). Notably, Q4 2025 saw a resurgence in new leveraged buyout ("LBO") financings, alongside heightened sponsor activity for add-on M&A, recapitalizations, and dividend transactions.



We expect the direct lending market to maintain positive momentum in 2026. The increased activity observed in Q4 2025 has carried into January 2026, supporting a robust investment pipeline and allowing us to remain highly selective on new investments. As M&A activity continues to rebound, we anticipate supply and demand in direct lending to achieve more balance, creating attractive conditions for lenders to invest in high quality senior secured loans to sponsor-backed middle market companies.

Our Fund

From an underwriting perspective, we believe the Fund's broad and diverse investment pipeline, thorough due diligence, and careful investment selection played a critical role in 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 138 positions in the portfolio, with no single direct investment accounting for over 2.0% of AUM. The Fund's investment team believes that diversification is a key element of a well-positioned portfolio of yield-oriented credit investments.

The Fund's core focus has remained on senior secured debt for downside protection given the high degree of uncertainty in the macroeconomic environment.

Top Direct/Co-investments

Investment	%AUM	Description
Project Victory	1.6%	Senior Credit Facilities to a health insurance and benefits management service provider.
Project Transform	1.5%	Senior Credit Facilities to a leading provider of critical digital transformation services to enterprise and upper middle market customers.
Project Midnight	1.4%	Senior Credit Facilities to a provider of integrated end-to-end lifecycle services for data centers.
Project Robotto	1.4%	Senior Credit Facilities to a value-added distributor of high-reliability semiconductors.
Project Iris	1.4%	Senior Credit Facilities to an optometry clinic consolidator.
Project Tornado	1.2%	Senior Credit Facilities to a provider of trenchless water and wastewater infrastructure rehabilitation products and services.
Project Wave	1.1%	Senior Credit Facilities to a healthcare patient engagement platform.
Project Winter	1.1%	Senior Credit Facilities to a provider of subscription-based commercial ice machine rental and maintenance, repair, and overhaul services.
Project Greenpark	1.1%	NAV Loan secured by 27 real estate assets across the UK, France, Greece, Ireland, Spain, Germany, Poland, and the USA.
Project Tide	1.1%	Senior Credit Facilities to a fiber-to-the-home ("FTTH") builder and broadband connectivity provider.