Nicola Money Market Fund
Quarterly Report | Q3 2025

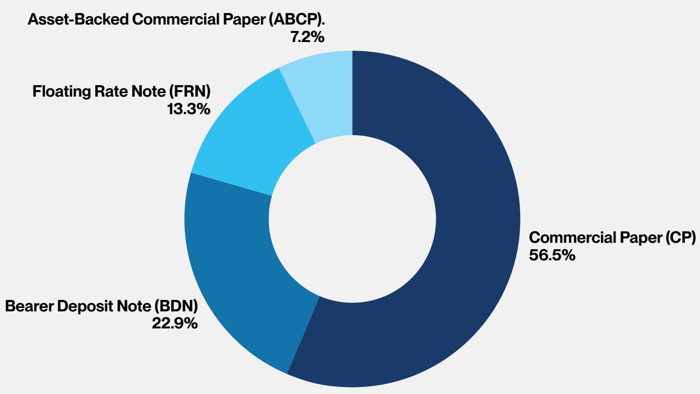
Overview

Nicola Money Market Fund seeks to provide preservation of capital and liquidity while aiming to deliver steady current income by investing primarily in Canadian-dollar denominated, high-quality (investment grade), short-term (typically less than one year) debt securities.

Highlights

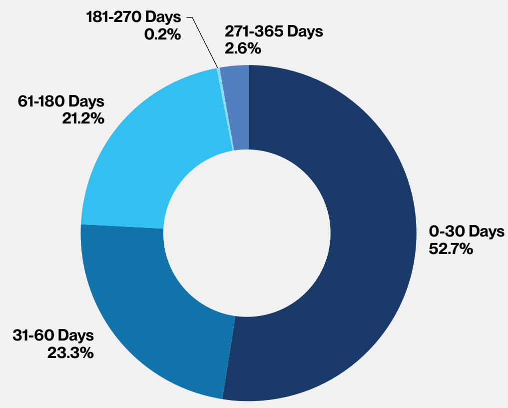
Capital preservation – The Fund invests in high-quality, short-term debt instruments.
Liquidity – Provides access to cash with minimal volatility.
Stable income – Seeks to generate consistent returns with lower risk.
Diversified holdings – Includes treasury bills, commercial paper, and other money market securities.
Low interest-rate sensitivity – Maintains a short duration to reduce exposure to rate changes.

HOLDINGS BY ASSET MIX
as of September 30, 2025

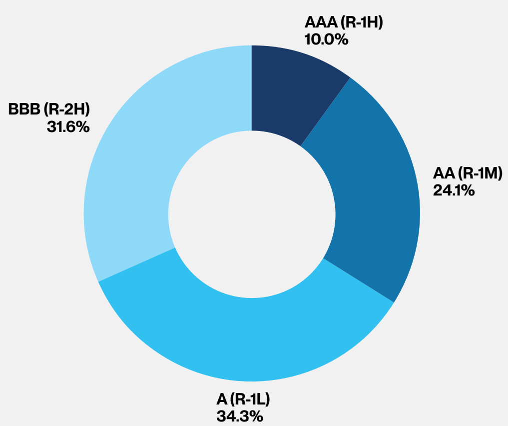


May not add to 100% due to rounding

HOLDINGS BY TERM TO MATURITY
as of September 30, 2025



HOLDINGS BY CREDIT QUALITY
as of September 30, 2025



Equity Characteristics

Gross Yield[1]	**3.00%**
Average Credit Quality[2]	**A(R-L1)**
Average Term to Maturity	**48 days**
Number of Holdings	**98**

Returns as of September 30, 2025

YTD	**2.3%**
1 month	**0.2%**
3 month	**0.7%**
6 month	**1.5%**
1 year	**3.2%**
Since inception*	**3.4%**

**August 6, 2024*

Performance

The Nicola Money Market Fund ended Q3 with a yield of 3.0%, offering a yield advantage over the Bank of Canada 3-Month Treasury Bill Index yield of 2.42%. The outperformance reflected our selective credit exposure and balanced duration positioning, as we positioned the portfolio ahead of the Bank of Canada's rate cut in late September.

Key Contributors

- **Top yield holdings:** Tourmaline Oil Corp., Enbridge Inc., Nova Scotia Power Inc., and TransCanada PipeLines Limited were among the fund's higher-yielding names and continued to support overall income.
- **Term positioning:** We added more exposure in the 9- to 12-month range to lock in higher yields ahead of the Bank of Canada's rate cut.
- **Floating-rate exposure:** Our Floating Rate Notes continued to provide attractive spreads over the Canadian Overnight Rate.

New Positions / Exits

- **Tourmaline Oil Corp.:** Tourmaline Oil entered the Commercial Paper (CP) market for the first time at the end of June. We participated at attractive levels, adding an issuer with competitive yield. The company plans to roll issuance regularly and gradually expand its program.

- **Equitable Bank:** Equitable Bank offers CP from two months to one year. The 1-year paper appeared relatively cheaper, likely because most investors preferred shorter 1-month terms for liquidity needs. This created an opportunity to earn additional spread over Overnight Index Swap (OIS), so we added exposure ahead of the expected rate cut, which supported performance after the BoC's move in September.

- **Asset-Backed Commercial Paper (ABCP):** We reduced exposure to bank-sponsored ABCP early in the quarter as spreads tightened versus OIS and corporate issuers such as Enbridge Gas Inc. and Canadian Utilities Limited. Toward quarter-end, as many issuers paid down liabilities and overall supply declined, ABCP remained one of the few short-term instruments offering both liquidity and competitive yields. As a result, we selectively maintained exposure in this area to keep the fund fully invested.

- **Japanese Bank CP:** similar to ABCP, we added modest exposure to Japanese banks maturing past quarter-end.

- **Term adjustments:** We reduced exposure to two-month CP ahead of the BoC meeting and shifted toward shorter 1-month and longer 9- to 12-month terms. This helped capture better yields while keeping the fund's overall duration broadly unchanged.

Our Thoughts On:

The Market

The quarter began with limited expectations for near-term rate cuts, but softer employment data and moderating inflation increased the likelihood of policy easing. The Bank of Canada cut its policy rate by 25 bps to 2.50%, its first reduction since March. Markets are now pricing roughly a 60% chance of another cut by year-end.

The Fund

The Fund remains well-diversified and, in our view, conservatively positioned. Supply tightened toward quarter-end as issuers limited new deals to manage balance sheets ahead of the Bank of Canada meeting. The Fund also saw over $80 million in net inflows during the quarter.

Looking ahead, we expect healthy issuance through October and early November, followed by the usual slowdown as issuers manage balance sheets heading into year-end. We'll continue to focus on 1-month positions while selectively adding longer maturities that extend past year-end to help maintain liquidity and support stable yields through December.

Top 10 Holdings as of September 30, 2025

Holdings	% of NAV
TRANSCANADA PIPELINES 2.940% Nov 03, 2025	4.8%
MIZUHO BANK LTD/CANADA 2.670% Oct 10, 2025	4.7%
TRANSCANADA PIPELINES 2.940% Nov 05, 2025	4.5%
VW CREDIT CANADA INC 3.660% Nov 19, 2025	3.8%
EQUITABLE BANK 3.300% Feb 20, 2026	3.5%
TOURMALINE OIL CORP 3.050% Oct 22, 2025	3.5%
TOURMALINE OIL CORP 3.050% Oct 23, 2025	3.3%
HONDA CANADA FIN INC 3.000% Jan 06, 2026	2.7%
CANADIAN IMPERIAL BANK 3.300% Oct 28, 2025	2.7%
TOURMALINE OIL CORP 3.050% Oct 20, 2025	2.4%
Total	**35.9%**

[1] Gross Yield represents the estimated income generated from the fund's underlying holdings, including income from externally managed funds. These estimates are based on the best available information and are subject to change without notice.

[2] Average Credit Rating and Credit Quality are based on credit ratings sourced from DBRS Morningstar. These ratings offer an assessment of the credit risk associated with the securities and are subject change. While the ratings are intended to provide insight into the relative risk of the securities, they do not guarantee future performance or investment outcomes. For more information, see https://dbrs.morningstar.com/media/DBRSM-Product-Guide.pdf

Nicola Wealth Management Ltd. (Nicola Wealth), the "Fund Manager," is a wealth management and planning firm established in 1994. With a philosophy built on cash flow and diversification, our growing series of funds is managed by members of Nicola Wealth's Asset Management Team.