Nicola Private Equity Limited Partnership Quarterly Report | Q1 2026

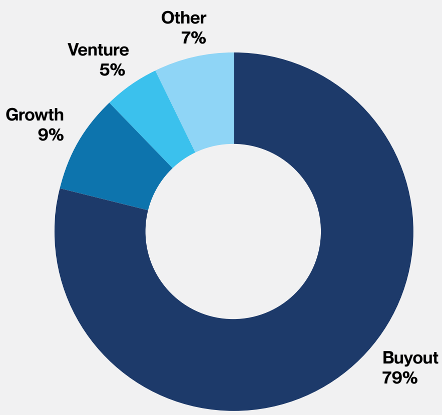
Objective

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.

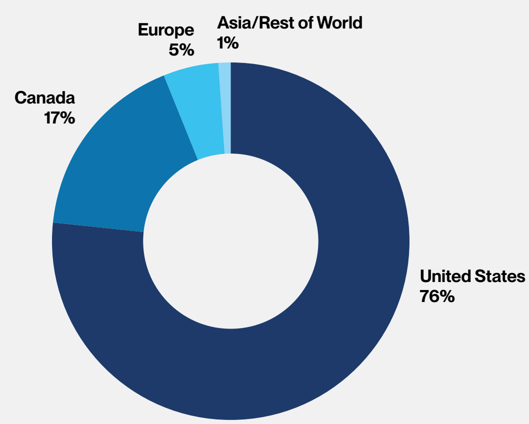
Strategy

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 funds 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 March 31, 2026

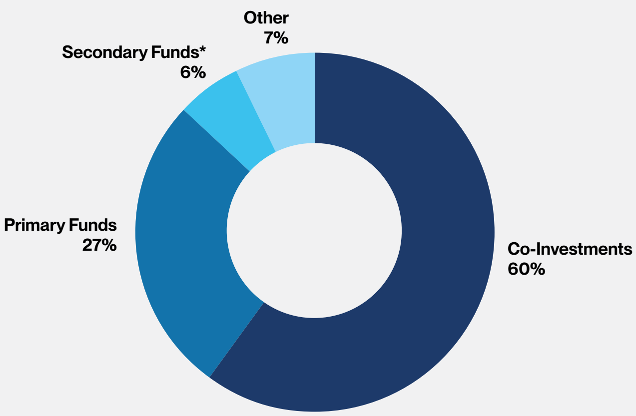


INVESTMENTS BY GEOGRAPHY
as of March 31, 2026



May not add to 100% due to rounding

INVESTMENTS BY TYPE
as of March 31, 2026



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

Returns for the period ENDING as of March 31, 2026

	USD	CAD
QTD	**2.6%**	**3.7%**
YTD	**2.6%**	**3.7%**
1 year	**11.7%**	**9.0%**
3 year	**–**	**9.3%**
5 year	**–**	**10.8%**
10 year	**–**	**10.7%**
Since inception*	**8.9%**	**8.9%**

* 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-year periods, the Fund has delivered annualized returns of +10.8% and 10.7%, respectively (both in CAD).

In Q1 2026, the Fund returned +3.7% (CAD) / +2.6% (USD), bringing LTM returns to +9.0% (CAD) / +11.7% (USD). Constant currency returns were stable and FX contributed an additional +1.2% for the CAD class during Q1 2026.

Performance during Q1 2026 was driven by valuation increases in the following:

- **Project Avon:** A U.S. healthcare services company that continues to generate record free cash flow while growing Adj. EBITDA 60% year-over-year.
- **Micross Components:** A global provider of specialty electronic components for high-reliability markets, delivered strong margin expansion and EBITDA growth driven by synergies from recent M&A activity.
- **Vanedge Capital II:** A Canadian venture capital firm that invests in early-stage technology companies, with a focus on sectors like digital media, software, and network infrastructure.

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

- **PathFactory:** A B2B digital marketing firm leveraging data and AI for personalized content experiences.
- **Vendasta:** A platform that helps businesses sell digital solutions and manage their online presence for local clients.

Total Fund net assets were C$1.4B at the end of Q1 2026, compared to C$1.2B at the end of Q1 2025 (16% growth in net assets).

New Investments & Realizations

During Q1 2026, Nicola PELP deployed C$26.7M, including C$10.5 in co-investments. In Q1 2026, we received 30 co-investment opportunities, evaluated 12 of those opportunities, and closed on one opportunity. We also achieved two exits in Q1 2026, generating a total of US$67M in exit proceeds.

Exits and realizations during Q1 2026:

- **Tailwind Concessions:** a U.S.-based airport and transit hub concession operator. The business was sold to another PE sponsor. The transaction generated US$40M of proceeds for Nicola PELP and delivered a 31% net IRR / 3.1x MoC.
- **Project Fox:** a specialty property & casualty reinsurer. The business was sold to a consortium of financial and strategic buyers. The exit generated US$27M of proceeds for Nicola PELP and a 15% net IRR / 2.5x MoC.

Recent Developments

The Market

PE entered 2026 with renewed momentum, but in a very different market than the one over the last decade. After several years of muted activity, deal and exit values rebounded in 2025, supported by easing financing conditions, a reopening of corporate M&A, and a growing urgency across the industry to generate liquidity. According to the Bain Global Private Equity Report 2026, global buyout deal value rose 44% year over year and exit value increased 47%, making it a very strong headline year for the industry.

Beneath those encouraging top-line figures, however, the recovery remains uneven and highly concentrated. A small number of very large transactions, often involving sovereign wealth funds or strategic corporate buyers, accounted for a disproportionate share of activity. While total deal value increased, deal counts declined, and the rebound did little to materially reduce the industry's large stock of unrealized assets.

Today's environment is best described as selective rather than broad-based. High-quality assets still command strong interest, but underwriting has become more disciplined. PE managers are leaning more heavily on operational value creation (pricing improvement, cost transformation, add-on acquisitions, etc.) rather than relying on leverage and multiple expansion. The winners are expected to be those that can drive outcomes at the company or operational level, not just ride the market.

Liquidity remains the industry's main constraint. Despite higher exit values, cash distributions returned to investors have stayed low, with distributions as a percentage of net asset value hovering near multidecade lows. Holding periods have extended to roughly 7 years on average (as opposed to ~5 years historically), reflecting both the high entry prices paid in 2021–2022 and the operational work still required to justify exits at attractive valuations.

Looking ahead, as exit channels continue to reopen, financing conditions gradually improve, and valuation discipline remains intact, we believe the current environment is setting the stage for a more durable and opportunity-rich period for private equity investors willing to be selective and patient.

The Fund

Nicola PELP enters 2026 stable, with portfolio momentum building alongside an improving, but selective, PE backdrop.

Reflecting the broader industry trend toward reopening exit markets, the Fund completed two large exits in Q1 2026, generating US$67M of liquidity and positive realized returns. Importantly, these exits were completed at valuations significantly above where we held and marked the assets in the prior quarters. These realizations build on the exits completed in 2025 and reinforce our confidence that exit activity is gradually accelerating across the market. These exits also partly drove our positive investment return performance during Q1 2026 and, looking ahead, we expect this momentum to continue into 2027 and 2028.

Performance within the portfolio continues to be driven primarily by company-level execution rather than market multiple expansion. Many of our holdings have delivered operational improvements which have contributed to positive revenue or EBITDA growth. For example, the valuation increase for Project Avon and Micross were driven by EBITDA growth of 61% and 25% during Q1 2026, respectively.

On the deployment side, the Fund has remained highly disciplined and selective, reflecting elevated uncertainty in specific areas. We have been particularly cautious with new co-investment deployment, especially within software and technology-enabled businesses where the pace of change around AI is creating greater dispersion in outcomes. In addition, ongoing geopolitical risks, including the conflict in the Middle East, have reinforced our focus on conservative underwriting and resilient business models. We continue to evaluate a high volume of opportunities but are prioritizing only those investments where risk-adjusted returns are compelling under a range of macro scenarios.

Strategically, the Fund has made important progress in achieving greater global diversification while maintaining a high bar for partner selection. During the past year, we completed partner selection decisions in both Europe and Asia, following extensive due diligence and relationship-building. Looking ahead, we plan to deepen our exposure to Europe, targeting 15-20% of Fund NAV in that region over the next several years. These markets offer differentiated deal flow and compelling return opportunities, complementing our North American base. As always, our approach in these new markets is partnership-centric: build long-term alignment with top-tier PE partners, then selectively co-investing in high-conviction direct opportunities alongside them.

Top 10 Holdings

Investment	%AUM	Strategy	Description
FLC Direct Fund, L.P.	6.3%	Co-Investment	An SMA partnership with Fisher Lynch which focuses on pursuing buyout opportunities in the United States alongside established PE managers
Project Avon	4.3%	Co-Investment	An investment in a US healthcare services company
FLC Co-Investment Fund V, L.P.	4.0%	Fund	An investment in Fisher Lynch's Fund V which focuses on pursuing buyout opportunities in the United States alongside established PE managers
Micross Components	3.8%	Co-Investment	A global provider of specialty electronic components, servicing high-reliability markets
FLC-NW Co-Investment Fund V, L.P.	3.5%	Fund	A semi discretionary investment vehicle with Fisher Lynch which focuses on pursuing buyout opportunities in the United States alongside established PE managers
Project Hubble	3.1%	Co-Investment	An enterprise software provider in cloud, data, integration, and digital workspaces
Project Minerva	2.9%	Co-Investment	A global network of premium international schools
Southeast Mechanical	2.7%	Co-Investment	An HVAC (Heating, ventilation, and air conditioning) services business headquartered in North Carolina
Project Uno	2.6%	Co-Investment	A national provider of insurance brokerage and consulting services
Project Azalea	2.4%	Co-Investment	A provider of comprehensive environmental solutions, specializing in waste management services based in the Southeastern U.S.