Nicola Money Market Fund Quarterly Report | Q1 2026

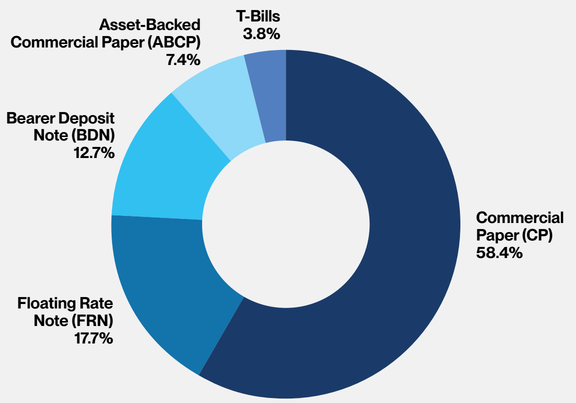
Overview

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

Highlights

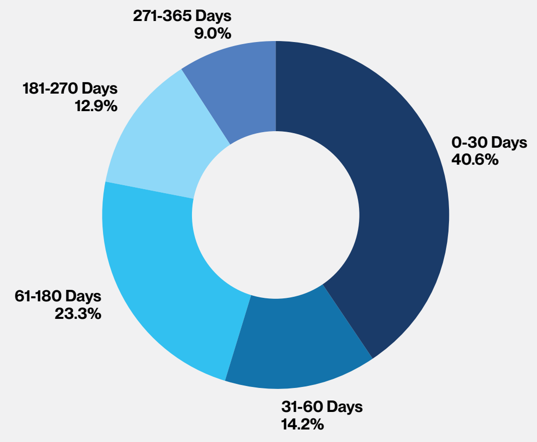
Capital preservation – The Fund invests in high-quality, short-term debt instruments.
Liquidity – Provides access to cash with minimal volatility.
Stable income – Seeks to generate consistent returns with lower risk.
Diversified holdings – Includes treasury bills, commercial paper, and other money market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

HOLDINGS BY ASSET MIX as of March 31, 2026

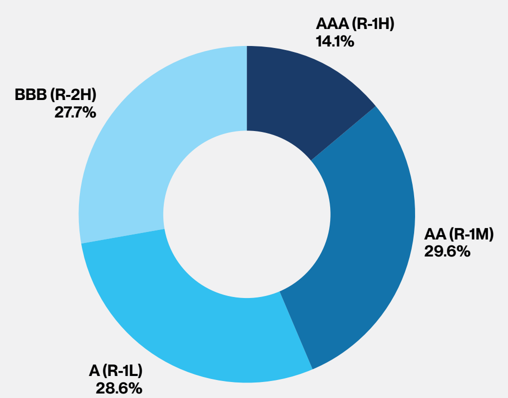


May not add to 100% due to rounding.

HOLDINGS BY TERM TO MATURITY as of March 31, 2026



HOLDINGS BY CREDIT QUALITY as of March 31, 2026



Fund Characteristics

Gross Yield[1]	**2.78%**
Average Credit Quality[2]	**A(R-L1)**
Average Term to Maturity	**101 days**
Number of Holdings	**74**

Returns as of March 31, 2026

YTD	**0.6%**
1 month	**0.2%**
3 month	**0.6%**
6 month	**1.3%**
1 year	**2.7%**
Since inception*	**3.1%**

**August 6, 2024*

Performance

The Nicola Money Market Fund ended Q1 with a yield of 2.5%, maintaining a yield advantage over the Bank of Canada 1-Month Treasury Bill Index (2.29%). The Fund delivered a quarterly return of 0.60%, outperforming the benchmark return of 0.54%. This outperformance was primarily driven by our selective credit exposure and balanced duration positioning.

Key Contributors

- **Top holdings:** Positions in Tourmaline Oil, Enbridge Inc., Nova Scotia Power, and TransCanada remained key contributors to portfolio income.
- **Term positioning:** We increased exposure to commercial paper maturing in mid- to late-2026, capturing incremental yield while navigating tighter liquidity conditions as issuers reduced supply around quarter-end.
- **Floating-rate exposure:** Our Floating Rate Notes continued to generate attractive spreads over the Canadian Overnight Rate, supporting overall yield.

New Positions / Exit

- **Tourmaline Oil:** Tourmaline temporarily reduced its borrowing amid market uncertainty before returning with improved yields. We added to the position given the company's solid financial position and the more attractive income relative to comparable opportunities.
- **Manulife Bank of Canada:** We participated in newly issued 1-year paper offering wider spreads than typical for this high-quality (R1M) issuer, enhancing yield while maintaining portfolio quality.
- **Honda Canada:** Trimmed positions to fund higher-conviction opportunities.

Our Thoughts On:

The Market

Market conditions during the quarter were characterized by uncertainty in the rate outlook, as competing macro forces pulled in opposite directions. Elevated oil prices and persistent inflation concerns put upward pressure on rates, while softer growth expectations and broader economic uncertainty acted as a counterbalance. Given the rapidly evolving geopolitical and trade backdrop, we continue to take a cautious and flexible approach, recognizing that market expectations may shift quickly.

The Fund

The Fund remains well-diversified and conservatively positioned, with an emphasis on liquidity, high-quality issuers, and short-dated maturities. Our approach reflects a balanced assessment of fundamentals, valuations, and market technicals:

- We continue to favour high-quality issuers with stable funding profiles and consistent access to short-term markets. Issuer behaviour around quarter-end remained a key consideration, as many corporates reduced outstanding balances for balance sheet management, temporarily limiting supply in the market.
- All-in yields remain attractive relative to recent history; however, spreads have tightened modestly, particularly in high-quality segments. We remain selective in deploying capital, focusing on opportunities that provide adequate compensation for liquidity and credit risk, rather than chasing incremental yield in more competitive areas of the market.
- Market technicals were shaped by uneven supply dynamics around quarter-end. While many issuers reduced outstanding balances for balance sheet management, select issuers continued to bring supply to market. In these cases, increased issuance created pockets of attractive pricing as dealer balance sheets absorbed inventory. We selectively added exposure in these situations, capturing favourable yields in high-quality names.

We have been selectively deploying cash into these periods of dislocation while maintaining elevated liquidity. We remain focused on preserving flexibility and will continue to opportunistically add exposure as market conditions evolve.

Top 10 Holdings as of March 31, 2026

Holdings	% of NAV
TRANSCANADA PIPELINES 2.660% Apr 02, 2026	7.4%
ONTARIO POWER GENERATION 2.600% Apr 15, 2026	4.9%
TOYOTA CREDIT CANADA INC 2.580% Nov 30, 2026	4.7%
TOURMALINE OIL CORP 2.750% Apr 24, 2026	4.3%
VW CREDIT CANADA INC 3.370% May 19, 2026	4.0%
ONTARIO (PROVINCE OF) 2.720% Mar 27, 2027	3.9%
HONDA CANADA FIN INC 2.750% Sep 15, 2026	3.8%
VW CREDIT CANADA INC 2.650% Apr 20, 2026	3.5%
CANADIAN IMPERIAL BANK 3.010% Apr 28, 2026	2.9%
ENBRIDGE INC 2.800% Apr 30, 2026	2.6%
Total	**42.0%**

[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