NICOLA WEALTH PRIVATE CAPITAL

Nicola U.S. Mortgage Fund Quarterly Report | Q2 2026

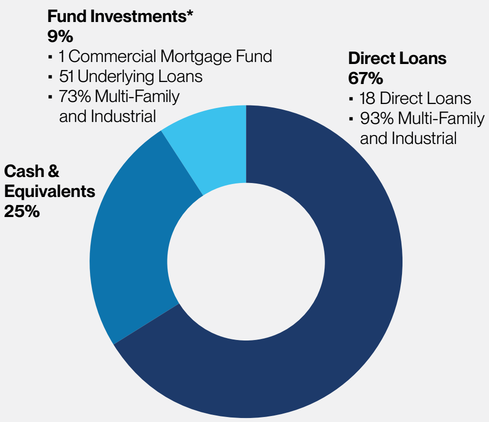
Objective

The objective of the Nicola U.S. Mortgage Fund ("Nicola USMF" or the "Fund") is to provide unit holders with a stable level of interest income while also seeking to preserve capital.

Strategy

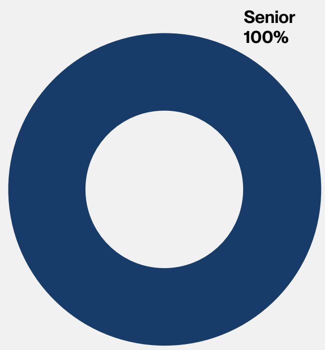
The Fund invests in loans, either directly or indirectly through the purchase of other securities, which are ultimately secured by mortgages on real property located in the United States. The Fund may also invest in cash, cash equivalents, or other debt securities from time to time. The Fund may employ leverage strategies to enhance yields and may use interest rate swaps or other derivatives to reduce interest rate volatility. The Fund may currency hedge as appropriate with the use of currency forwards.

FUND ASSETS as of June 30, 2026



** Fund Investments data as of March 31, 2026. May not add up to 100% due to rounding*

INVESTMENTS BY PRIORITY as of June 30, 2026

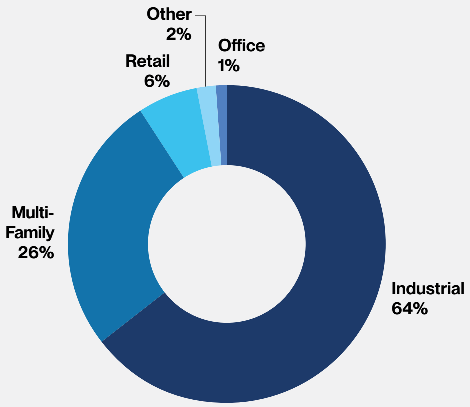


Fund Metrics

Weighted Avg. Stabilized LTV	**60.5%**
Weighted Avg. Stabilized DSCR*	**1.38x**
Avg. Direct Loan Size (USD Millions)**	**$18.4**
Leverage	**1.46x**
Interest Rate	**100% Floating**

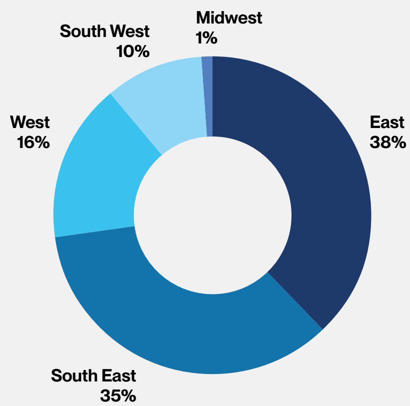
**Direct Loans only*
***Original gross commitment*

INVESTMENTS BY PROPERTY TYPE as of June 30, 2026*



** Excludes cash & equivalents May not add up to 100% due to rounding*

INVESTMENTS BY GEOGRAPHY as of June 30, 2026*



** Excludes cash & equivalents*

Returns for the period ENDING as of June 30, 2026*

QTD	**1.8%**
YTD	**2.8%**
1 year	**6.5%**
3 year	**5.3%**
5 year	**-**
10 year	**-**
Since inception**	**4.3%**

**Performance numbers are for the USD $ Series*
*** April 30, 2022*

Performance

Nicola USMF returned 1.8% (USD) during Q2 2026, bringing its trailing twelve-month return to 6.5% (USD). Recent performance was driven by:

1. Interest income from the Fund's direct loan portfolio, which accounted for 89% of total investments.
2. Fund investment with Ares Real Estate Enhanced Income Fund LP.
3. Cash held in a high-interest savings account.

The Fund held 24.8% in cash & equivalents at the end of Q2 2026, up from 21.0% in Q1 2026. This liquidity position allows the Fund to meet existing commitments while pursuing attractive investment opportunities. Based on projected fund flows, investment activity is expected to increase in Q3 2026.

The Fund targets leverage of 2.0x to enhance returns and deliver accretive financing terms, with current leverage at 1.46x.

Total Fund Assets Under Management ("AUM") reached USD 148.4 million at the end of Q2 2026, representing growth of 7.5% over the previous 12 months.

New Investments & Realizations

Nicola USMF reviewed 26 direct loan opportunities in Q2 2026. However, no new investments were made during the quarter, as we focused on supporting existing loan commitments, including USD 2 million of subsequent advances. The Fund realized USD 8 million through loan principal repayments and other fund redemptions in the quarter. As mentioned above, the Fund anticipates an increase in investment activity during Q3 2026.

Our Thoughts On:

The Market

According to CBRE's Q1 2026 U.S. Capital Markets report, commercial real estate investment volume increased 19% compared to Q1 2025, totalling USD 117 billion in Q1 2026. Private investors made up the largest portion of buyers, accounting for USD 66 billion of Q1 investment volume, while cross-border investment also increased 18% year-over-year to USD 5.8 billion. Trailing 12-month volume reached USD 534 billion, which is up 24% year-over-year.

Industrial (USD 29.6 billion) surpassed Multifamily (USD 29.4 billion) as the most active asset class for investment volume in Q1 2026, followed by Office and Retail. The top markets by investment volume remained Greater New York and Greater Los Angeles, with San Francisco and Dallas-Ft. Worth rounding out the top four. We expect Industrial and Multifamily to continue leading U.S. investment activity in the coming quarters, and we do not anticipate significant changes among the largest lending investment markets.

In May 2026, Kevin Warsh was sworn in as Chairman of the U.S. Federal Reserve, replacing Jerome Powell. The Federal Reserve has now maintained the target federal funds rate at 3.50% - 3.75% for four consecutive meetings, with momentum shifting towards a more hawkish outlook given the economic uncertainty and the conflict in the Middle East. Nine of the 18 members projected a 25 bps rate hike by year-end, pivoting from the Q1 2026 outlook angling towards one 25 bps cut.

From a borrowing perspective, alternative lenders made up the biggest portion of the market's non-agency lenders, accounting for 53% of Q1 2026 loan closings, while banks and life companies accounted for 39%. Competition in the lender market is increasing, as loan spreads continue to tighten and LTV ratios trickle upward. CBRE's "Lending Momentum Index", which tracks the pace of CBRE-originated commercial loan closings over a 36-month period, notes that the Index is up to 1.5 (weighted Z-score), up from 0.3 year-over-year and at its highest level since 2021.

Our Fund

Nicola USMF targets income-producing commercial mortgage loans ranging from USD 10 million to USD 30 million, with target leverage of 2.0x to enhance yields. The Fund currently holds 18 direct loan investments, representing 67% of NAV, up from 47% in Q2 2025. The portfolio's largest individual holding remains an external fund investment, representing 9% of NAV, down from 23% in Q2 2025.

We continue to actively monitor both the individual mortgage investments made through our Separately Managed Account relationship and the underlying mortgage exposures within the external fund investment. Our focus remains on targeting direct loan opportunities backed by strong property-level fundamentals in resilient markets.

Through this approach, we believe the current environment presents a compelling opportunity to lend against more conservative asset valuations with defensive characteristics, while seeking attractive risk-adjusted returns.

Top Holdings

Investment	% NAV	Description
Fund Investment	8.6%	Open-ended fund with a portfolio of loans secured by mortgages over income-producing commercial real estate in the United States
Direct Loan	6.4%	Senior-ranking mortgage loan secured by an industrial property in New York
Direct Loan	5.6%	Senior-ranking mortgage loan secured by an industrial property in Florida
Direct Loan	5.2%	Senior-ranking mortgage loan secured by an industrial property in Indiana
Direct Loan	4.7%	Senior-ranking mortgage loan secured by an industrial property in South Carolina
Direct Loan	4.3%	Senior-ranking mortgage loan secured by a retail property in Massachusetts
Direct Loan	4.3%	Senior-ranking mortgage loan secured by an industrial property in New Jersey
Direct Loan	4.1%	Senior-ranking mortgage loan secured by an industrial property in Washington
Direct Loan	4.0%	Senior-ranking mortgage loan secured by an industrial property in Florida
Direct Loan	3.7%	Senior-ranking mortgage loan secured by a multifamily property in Washington