NICOLA WEALTH
PUBLIC ASSETS

Nicola International Leaders Fund
Quarterly Report | Q2 2026

Overview

Nicola International Leaders Fund invests in established companies outside of North America – large-cap leaders across Europe, Asia, and Emerging Markets. Focused on businesses with strong cashflow, resilient balance sheets, and durable growth potential, the Fund uses a disciplined value-based approach to uncover companies trading below intrinsic value. The resulting portfolio is built for long-term capital appreciation.

Highlights

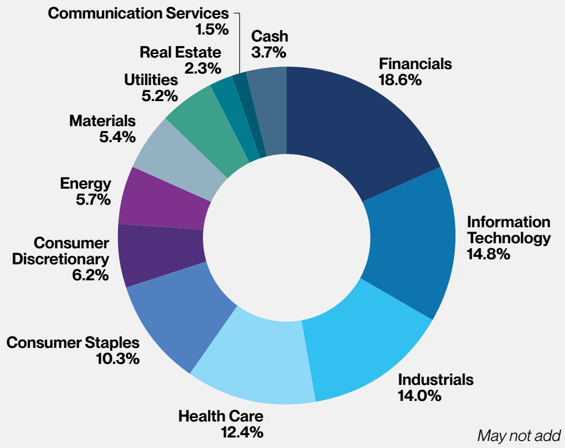
Global diversification – Exposure to large-cap companies across Europe, Asia, and emerging markets and across industries.

Focus on fundamentals – The Fund targets companies that are leaders in their global industries with strong cash flow, solid balance sheets, and good earnings growth.

Long-term capital growth – Seeks to capitalize on global economic expansion trends.

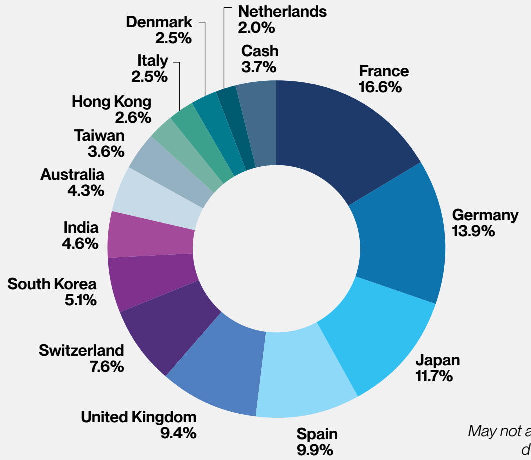
Bottom-up value investing – Focusing on value means never paying full price. The team seeks high-quality businesses trading below their intrinsic value, leading to opportunities across geographies and industries.

INVESTMENT BY SECTOR
as of June 30, 2026



May not add up to 100% due to rounding.

INVESTMENT BY GEOGRAPHY
as of June 30, 2026



May not add up to 100% due to rounding.

Equity Characteristics

Forward Price-to-Earnings (P/E)	**15.9x**
Price-to-Book Value Ratio	**3.6x**
Enterprise Value-to-EBITDA	**12.8x**
Net Debt-to-EBITDA Ratio	**1.7x**
Median Market Capitalization	**US$140.9B**
EPS Growth	**25.3%**
Return on Equity	**21.8%**
# of Holdings	**38**
Dividend Yield [1]	**3.0%**

Returns as of June 30, 2026

YTD	**12.9%**
1 month	**2.6%**
3 month	**10.2%**
6 month	**12.9%**
1 year	**34.0%**
3 year	**23.2%**
5 year	**14.5%**
10 year	**12.3%**
Since inception*	**12.8%**

**February 13, 2009*

Calendar Year Returns

2025	**33.8%**
2024	**17.7%**
2023	**16.4%**
2022	**-7.3%**
2021	**10.6%**
2020	**9.5%**
2019	**15.8%**
2018	**-3.4%**
2017	**16.0%**
2016	**1.1%**

Performance

(All performance in CAD)

For Q2 2026, the Nicola International Leaders Fund was up 10.2% vs. 16.7% for the MSCI ACWI ex-USA NTR Index. For the one-year period, the Nicola International Leaders Fund was up 34.0% vs. 33.1% for the MSCI ACWI ex-USA NTR Index.

For the quarter, global markets rebounded from the Middle East-driven sell-off, led by a strong rally in the technology sector that contributed to over 60% of the MSCI ACWI Index's returns. Technology's strong performance was driven by AI-related stocks, supported by rising 2026 hyperscaler capex guidance and solid industry earnings and outlooks, which reassured markets that the sector would be largely unaffected by the Middle East conflict. Progress toward resolving the Middle East conflict throughout the quarter also helped oil prices retreat from their initial spike, which led to a recovery in cyclical sectors and oil-sensitive regions. For the quarter, Emerging Markets (+26.6%) outperformed, while International Markets (+13.3%) underperformed.

The Fund underperformed the index during the quarter due to its underweight positions in Technology and Emerging Markets (Taiwan and Korea). The AI-led rally in Q2 drove significant gains in semiconductor heavy markets such as Korea (+89%) and Taiwan (+52%). The main contributors during the quarter were our holdings in Health Care and select European markets (Germany, Norway, and Spain). Continued progress toward resolving the Middle East conflict helped ease Europe's stagflation risks, which had been a key headwind for the region. This supported the outperformance of the Fund's European financial, industrial, and consumer holdings in the second half of the quarter.

New Investments / Exits

During the quarter, the Fund continued to add to its new position in Novo Nordisk, a holding which was initiated shortly before the quarter began and is now approaching a full portfolio weight.

The Fund fully exited its positions in **NTT Inc** and **GSK Plc** during the quarter.

GSK is a large UK-based global pharmaceutical company, which had been a Fund holding for several years during which time it generated a healthy return. However, we have been selling down the position due to the stock reaching its full valuation. In conjunction with our GSK reduction, we have been adding to other health care investments with more attractive future risk/return prospects, such as Sanofi and Novo Nordisk.

We also fully exited NTT, which is Japan's largest telecom operator, based on a view that its core Japanese mobile business is becoming structurally challenged. We believe the company will face challenges outperforming due to slower growth and increased competition, leading to ongoing margin pressures.

Our Thoughts On:

The Market and Fund

In Q2 2026, markets remained resilient despite ongoing geopolitical uncertainty. Looking ahead, we see opportunities stemming from further normalization following the Middle East conflict, continued investments in AI, and solid earnings growth. These opportunities are balanced by risks related to the durability of the ceasefire agreement, the sustainability of current AI capex spending levels, and increasing concentration risk.

As a result, the Fund remains overweight defensive sectors (Consumer Staples, Health Care, Utilities) and well-diversified (38 positions, average position size: 2.5%). At the stock level, we continue to focus on businesses with pricing power, solid balance sheets, and strong free cash flow generation.

Top 10 Holdings as of June 30, 2026

Holdings	Weight	Description
Sumitomo Mitsui Financial Group, Inc.	3.9%	One of Japan's three largest banks with retail and commercial operations in Japan and globally.
Banco Santander, S.A.	3.8%	Largest Spanish bank with retail and commercial operations globally, including in Mexico, Spain, Brazil, U.K., and Chile.
Taiwan Semiconductor ADR	3.6%	World's largest semiconductor foundry based in Taiwan, producing chips for electronics, communications, and automotive industries.
Banco Bilbao Vizcaya Argentaria, S.A.	3.3%	2nd largest Spanish bank with retail and commercial operations across 25 countries including Mexico, Spain, Turkey, and South America.
Mitsubishi UFJ Financial Group, Inc.	3.3%	Largest bank in Japan with retail and commercial operations in Japan and globally.
Siemens AG	3.1%	Leading German-based global industrial conglomerate with operations in Automation, Infrastructure, Transport, and Healthcare.
Schneider Electric SE	3.1%	Leading French multinational company specializing in energy management and automation solutions, with operations across industrial, commercial, and residential markets globally.
Sanofi SA	3.0%	French-based global pharmaceutical company engaged in the research, development, manufacturing, and marketing of prescription medicines, vaccines, and consumer healthcare products worldwide.
Merck KGaA	3.0%	German-based global science and technology company with operations in healthcare, life science, and performance materials, providing pharmaceuticals, laboratory solutions, and specialty chemicals.
Total Energies SE.	2.9%	French-based global integrated energy company engaged in the exploration, production, refining, and marketing of oil and gas, as well as renewable energy and electricity generation worldwide.
Total	**33.2%**	

[1] *Dividend Yield represents the weighted average yield of the fund's underlying equity holdings. It is calculated as the weighted average of the forward estimated 12-month dividends divided by the most recent closing price.*

Comparisons of the historical performance of Nicola Wealth funds or models to the historical performance of indexes, mutual funds or other investment vehicles should only be undertaken with consideration of the differences that exist between the underlying investments that comprise the compared investment vehicles. Indexes may be primarily composed of a single asset type/asset class (i.e. 100% equities or 100% bonds) whereas Nicola Wealth funds may or may not contain a combination of exchange-traded equities, marketable bonds, private investments, other alternative investment classes and exempt products. When making any comparison of historical performance, these differences and their impact on the performance of each comparable should be taken into account.

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