Nicola Global Small-Cap Equity Fund
Quarterly Report | Q2 2026

Overview

Nicola Global Small-Cap Equity Fund seeks to uncover opportunities in global equity markets by targeting smaller, lesser known companies with strong fundamentals and high growth potential. This strategy aims to capitalize on market inefficiencies in the small-cap space providing investors with a globally diversified portfolio of overlooked opportunities poised for long-term capital growth.

Highlights

Uncovering overlooked opportunities – Small-cap companies typically have less coverage than large-cap companies and are generally less understood and relatively unknown, and not popular which may provide compelling opportunities to capitalize on under priced opportunities.

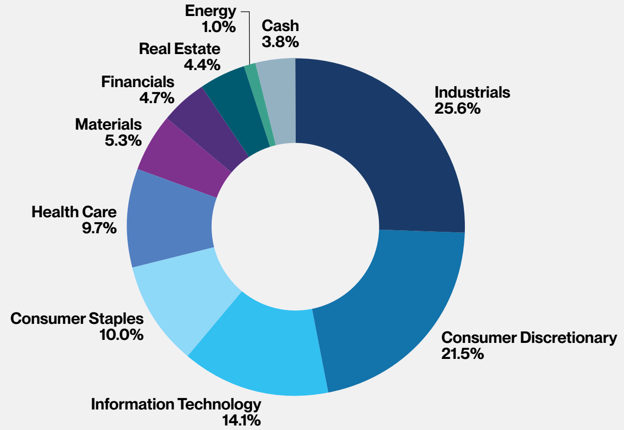
Access a large market – There are 10,000+ companies in the small-cap investment universe.

Focus on fundamentals – The Fund targets companies with strong future revenue growth, solid profitability, margin expansion prospects, robust cash flows, solid balance sheets, quality management teams, and good earnings growth.

Bottom-up value investing – Focusing on value means never paying full price – low absolute, low relative to peers, low relative to own history, and low relative to the broader market.

Broad diversification – The Fund is diversified across geographies and industries, which is central to managing risk levels. The Fund may also use currency hedges as appropriate with the use of currency forwards.

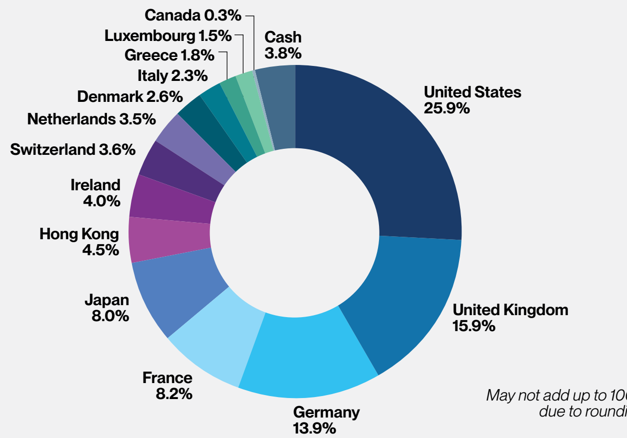
HOLDINGS BY SECTOR
as of June 30, 2026



Equity Characteristics

Forward Price-to-Earnings (P/E)	13.1x
Price-to-Book Value Ratio	2.8x
Enterprise Value-to-EBITDA	8.9x
Net Debt-to-EBITDA	1.9x
Median Market Capitalization	US$3.3B
EPS Growth	9.3%
Return on Equity	12.7%
# of Holdings	51
Dividend Yield[1]	3.1%

HOLDINGS BY COUNTRY
as of June 30, 2026



May not add up to 100% due to rounding.

Returns as of June 30, 2026

	CAD	USD
YTD	**11.9%**	**8.2%**
1 month	**2.5%**	**-0.4%**
3 month	**15.3%**	**13.1%**
6 month	**11.9%**	**8.2%**
1 year	**19.2%**	**14.4%**
3 year	**15.7%**	**13.0%**
Since inception*	**12.4%**	**9.6%**

**April 30, 2022*

Calendar Year Returns

	CAD	USD
2025	**16.0%**	**21.5%**
2024	**11.8%**	**2.9%**
2023	**10.6%**	**13.3%**
2022**	**1.4%**	**-4.2%**

***Return for the fund's first calendar year reflects performance from inception to December 31 of that year.*

Performance

(All performance in CAD)

For Q2 2026, the Nicola Global Small Cap Fund was +15.3% vs. +17.1% for the MSCI ACWI Small Cap 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 40% of the index's returns (MSCI ACWI Small Cap NTR Index). 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. However, rate-sensitive small caps faced headwinds from a more hawkish Fed under Kevin Warsh and rate hikes by the ECB and the Bank of Japan. In Q2 2026, U.S (+21.9%) small caps outperformed while International (+11.4%) and Emerging market (+16.0%) small caps underperformed relative to the global index.

The Fund produced strong absolute performance during the quarter (+15.3%) but fell short of the even stronger index performance due to its underweight position in the United States and security selection in Technology. During the quarter, U.S. small caps outperformed globally as the market benefited from its exposure to AI-related stocks. The main positive contributors to relative performance during the quarter were our holdings in the United Kingdom, France and Consumer Discretionary stocks. Europe and Consumer Discretionary stocks were hit hard in the early days of the Middle East conflict, reflecting the market's view that both are more exposed to higher oil prices. During the quarter, however, progress toward an end to the conflict began to support performance in these areas of the market.

New Investments / Exits

During the quarter, the Fund initiated a position in the German company **Fielmann Group AG,** which is one of Europe's leading optical retailers by volume. Fielmann operates over 1,200 stores in roughly 20 countries, with Germany being its largest market. Glasses account for approximately three-quarters of sales and are followed by contact lenses. We view Fielmann as an attractive business given its strong market position, defensive profile, secular growth tailwinds, and strong free cash generation. Over time, we believe these strengths support its medium-term growth targets and potential for substantial capital returns.

The Fund also began a new position in **Coats Group Plc**. Coats is the world's leading supplier of thread, performance materials, and components mainly for the apparel and footwear industry. Coats has built a dominant market share of over 25%, which is twice that of its nearest competitor, by focusing on providing its customers with a global footprint, reliable execution, continuous product innovation, as well as being digitally forward-thinking. We believe these attributes give Coats a sustainable moat that leaves the company well positioned to deliver its medium-term targets of above-market growth and continued margin expansion.

The Fund fully exited its position in **Precision Drilling Corporation,** a Canadian oilfield services company, due to the stock reaching our estimates of full value.

Our Thoughts On:

The Market and Fund

In Q2 2026, markets remained resilient despite ongoing geopolitical uncertainty. Looking ahead, we see opportunities for markets arising 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 underweight certain cyclical sectors (Financials, Energy, Materials) and well-diversified (51 positions, average position size: 1.9%).

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
Benchmark Electronics inc.	3.3%	U.S.-based provider of electronic manufacturing services and engineering solutions.
Affiliated Managers Group, Inc	3.2%	U.S.-based global asset management company that invests in boutique investment firms, providing them with strategic, operational, and distribution support while maintaining their investment independence.
Sanmina Corporation	3.0%	U.S.-based provider of electronic manufacturing and supply chain solutions for industries including healthcare, automotive, and communications.
Plexus Corporation	2.9%	US-based electronic manufacturing services provider servicing the industrial, healthcare, aerospace and defense industries.
Edgewell Personal Care Co.	2.7%	Edgewell Personal Care Company U.S.-based personal care products company focused on shaving, sun care, skin care, and feminine hygiene brands sold globally.
ISS A/S	2.6%	Danish-based global provider of facility management and workplace services, delivering cleaning, catering, technical, and support services to corporate and public sector clients across Europe, North America, and Asia.
Sopra Steria Group	2.5%	France-based European IT consultancy providing digital transformation services across public and private sectors, including financial services, aerospace, and defense.
Watches of Switzerland Group	2.5%	International luxury watch and jewellery retailer based in the UK, operating a network of showrooms and online platforms offering high-end timepieces and related products in the UK, US and Europe.
Niterra Co., Ltd.	2.5%	Japan-based global manufacturer of spark plugs, automotive components, and industrial ceramics, serving automotive and industrial markets worldwide.
GFT Technologies SE	2.4%	German-based IT services provider focused on digital transformation for the financial institutions sector.
Total	**27.6%**	

Total may differ slightly due to rounding of individual holdings.

[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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