NICOLA WEALTH PRIVATE CAPITAL

Nicola Canadian Mortgage Fund Quarterly Report | Q3 2026

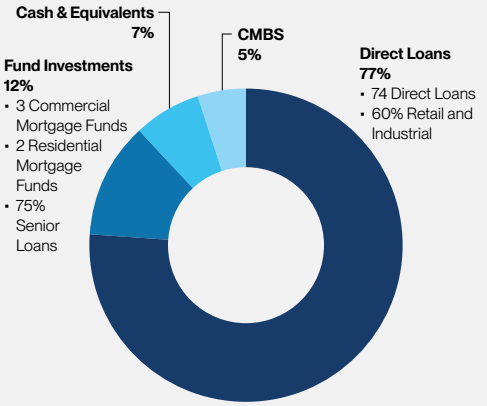
Objective

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

Strategy

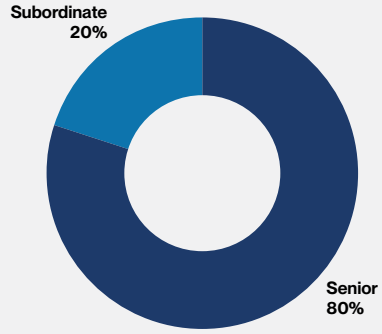
The Fund invests in loans and/or other securities invested in loans, either directly or indirectly, ultimately secured by mortgages on real property located in Canada and the United States. No more than 25% of the Net Asset Value of the Fund will be held in investments that are ultimately secured by real property located in the United States, calculated at the time of the investment. 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 yield and may use interest rate swaps or other derivatives to reduce interest rate volatility. The Fund may use currency forwards to hedge currency exposure when appropriate.

FUND ASSETS as of September 30, 2026



May not add up to 100% due to rounding

FUND BY PRIORITY as of September 30, 2026*



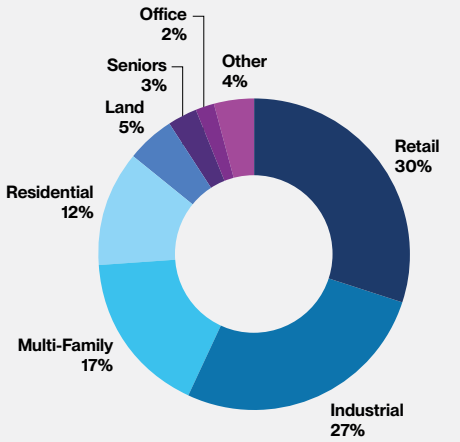
** Excludes cash & equivalents*

Fund Metrics

Weighted Avg. Stabilized LTV	**69.8%**
Weighted Avg. Stabilized DSCR*	**1.08x**
Avg. Loan Size (CAD Millions)	**$13.8**
Term to Maturity (Months)	**8.6**
Number of Direct Loans	**74**
Fixed/Floating	**52% / 48%**

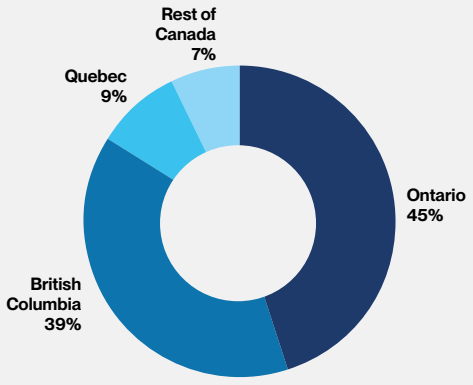
**Direct Loans and CMBS only*

FUND BY PROPERTY TYPE as of September 30, 2026*



** Excludes cash & equivalents*

FUND BY GEOGRAPHY as of September 30, 2026*



** Excludes cash & equivalents*

Returns for the period ENDING as of September 30, 2026

QTD	**1.1%**
YTD	**3.4%**
1 year	**4.9%**
3 year	**6.7%**
5 year	**6.8%**
10 year	**6.1%**
Since inception*	**6.1%**

** November 2009*

Performance

Nicola CMF returned 1.1% during Q3 2026, bringing its trailing twelve-month return to 4.9%. Recent performance was driven by:

1. Contractual interest income from the Fund's direct loan portfolio and other investments.
2. A downward mark-to-market valuation adjustment to the book value of an existing loan.
3. Cash held in a high-interest savings account.
4. 48% of the Fund is invested in floating-rate loans with built-in interest-rate floors. These loans provided downside protection during the quarter, while preserving upside potential if interest rates rise.

The Fund held 6.7% in cash and equivalents at quarter end.

Total assets under management (AUM) were $1.0 billion at the end of Q3 2026, representing a decrease of 9.1% over the previous 12 months.

New Investments and Realizations

Nicola CMF reviewed 62 new commercial and residential loan opportunities in Q3 2026, deploying CAD 20 million across four new investments. One of those new investments is highlighted below:

Multi-Family



$16,800,000
GREATER MONTREAL AREA
QUEBEC
CAD

The Fund realized $14 million from loan principal repayments and other fund redemptions during the quarter.

Our Thoughts On:

The Market

According to U.S. commercial real estate industry giant CBRE Group's Q2 2026 Canada Investment Overview, Canadian commercial real estate investment volumes increased to CAD 16.2 billion, marking the highest quarterly total since early 2022. Investment activity was led by multifamily (CAD 6.5 billion) and industrial (CAD 4.2 billion) assets, with industrial volumes exceeding the trailing three-year quarterly average. The strong quarter was further supported by Ohio-based Welltower's acquisition of Amica Senior Lifestyles, which accounted for nearly half of multifamily investment volume during the quarter. These trends are expected to continue, with multifamily remaining the most active asset class by investment volume.

In August 2026, the Real Estate Board of Greater Vancouver reported that the number of residential home sales in Greater Vancouver decreased by 4.12% compared to August 2025, and the MLS Home Price Index benchmark for the city declined by 6.64%.

In September, the Bank of Canada (BoC) maintained its policy interest rate at 2.25% for a seventh consecutive meeting, highlighting ongoing geopolitical uncertainty, elevated energy prices, and trade-related risks as developments it will continue to monitor closely. Recent commentary from analysts at Canada's major banks points to increasing expectations that the BoC's policy interest rate is likely to stay higher for longer, with forecasts ranging from no rate changes to small increases if inflation persists over the next several quarters.

Meanwhile, current market conditions continue to be defined by lender liquidity and intense competition for quality assets. Spreads between loans insured by the Canada Mortgage and Home Corporation and conventional loans remain near cyclical lows across both top-tier and mid-tier credits. Alternative and high-yield lenders are becoming incrementally more competitive for. Overall, lenders remain focused on deploying capital, resulting in tighter credit spreads despite higher underlying Government of Canada bond yields.

Our Fund

Nicola CMF primarily targets income-producing commercial mortgage loans ranging from CAD 10 million to CAD 30 million, alongside a smaller allocation to residential loans. The Fund holds 74 direct loan positions, representing 76.8% of net asset value (NAV), along with five fund investments, representing 11.8% of NAV. The portfolio's largest direct loan accounts for 3.8% of NAV.

The Fund remains committed to a full-cycle lending strategy despite an uncertain economic backdrop. We continue to prioritize funding loans secured by core property types located primarily in major Canadian markets, with a strong focus on monitoring property-level metrics across the existing loan portfolio. This disciplined approach has enabled the Fund to remain resilient in a volatile credit environment.

Top Investments

Investment	% NAV	Description
Fund Investment	3.9%	Open-ended fund with a portfolio of loans secured by residential mortgages located in Ontario
Fund Investment	3.8%	Open-ended fund with a portfolio of loans secured by mortgages over income producing commercial real estate located in Canada
Direct Loan	3.8%	Senior-ranking mortgage loan over a retail property in British Columbia
Direct Loan	3.2%	Senior-ranking mortgage loan over a retail property in British Columbia
Direct Loan	3.0%	Senior-ranking mortgage loan over an industrial zoned development site in British Columbia
Direct Loan	3.0%	Senior-ranking mortgage loan over a retail property in British Columbia
Direct Loan	3.0%	Subordinate-ranking mortgage loan over a retail property in Ontario
Direct Loan	2.8%	Senior-ranking mortgage loan over an industrial property in the Prairies
Direct Loan	2.8%	Senior-ranking mortgage loan over an industrial property in British Columbia
Direct Loan	2.5%	Senior-ranking mortgages loan over a retail property in Quebec

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