NICOLA WEALTH
PRIVATE CAPITAL

Nicola Private Equity Limited Partnership Quarterly Report | Q3 2026

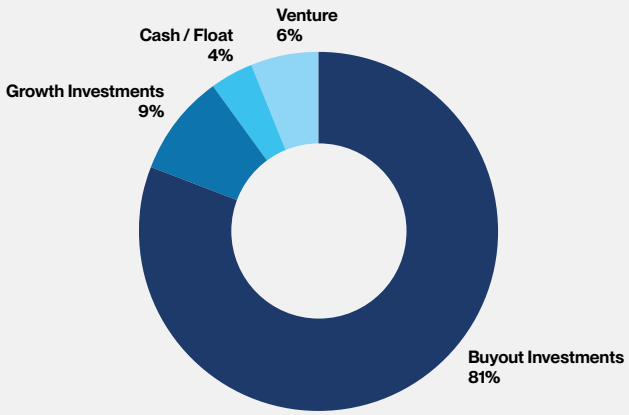
Objective

The primary objective of the Nicola Private Equity Limited Partnership ("Nicola PELP" or the "Fund") is to generate long-term capital growth by investing in a diversified portfolio of private equity ("PE") investments. The Fund aims to achieve this objective by combining co-investments and investments in funds, focusing on value creation over the long-term.

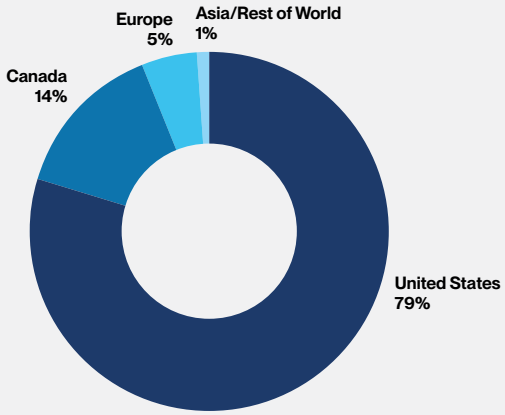
Strategy

Nicola PELP's investment strategy is primarily buyout investments, which means investing in control stakes in cash-flowing companies, focusing on well-established, resilient businesses. The Fund aims to generate strong long-term returns by partnering with PE funds with established track-records and by co-investing in attractive direct PE opportunities alongside these partners. The Fund also selectively invests in PE secondary and growth equity opportunities. The Fund aims to diversify its investments across sectors, geographic regions, company sizes, and vintages.

INVESTMENTS BY STRATEGY as of September 30, 2026

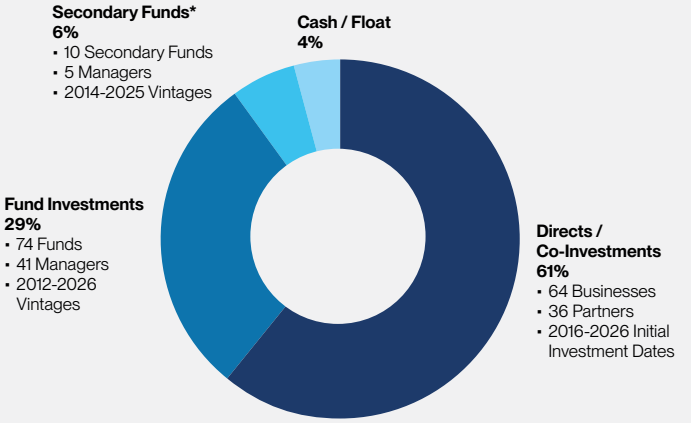


INVESTMENTS BY GEOGRAPHY as of September 30, 2026



May not add to 100% due to rounding

INVESTMENTS BY TYPE as of September 30, 2026



** Secondary includes LP Baskets and Secondary Closed-Ended Funds*

Returns for the period ENDING as of September 30, 2026

	USD	CAD
QTD	**2.5%**	**2.7%**
YTD	**6.4%**	**9.2%**
1 year	**9.8%**	**11.5%**
3 year	–	**9.2%**
5 year	–	**8.3%**
10 year	–	**10.7%**
Since inception*	**8.6%**	**9.0%**

* May 31, 2012 for CAD series. June 28, 2024 for USD series.

Performance

We strongly believe PE is a long-term asset class. The Fund is focused on maximizing returns over a 5+ year investing horizon. Over the last 5- and 10-year periods, the Fund has delivered annualized returns of CAD 8.3% and CAD 10.7%, respectively.

In Q3 2026, the Fund returned CAD 2.7% / USD 2.5%, bringing returns to CAD 11.5% / USD 9.8% over the past twelve months. Constant currency returns and foreign exchange had a contribution of 0.4% for the CAD Fund class during Q3 2026 (3.4% year-to-date).

Performance during Q3 2026 was driven by valuation increases in the following:

- **FLC Co-Investment Fund V:** An investment in Fisher Lynch Capital Fund V, which focuses on buyout opportunities in the U.S.
- **Vanedge Fund II:** A fund investment through Vanedge Capital Partners
- **Project Air:** An HVAC and electrical services company operating in the Southeast U.S.

Performance was also impacted by a write-down in each of the following investments:

- **Mara Renewables:** A developer of sustainable nutrition ingredients for food, health, and animal nutrition applications
- **Addmore Group:** A specialized recruiting firm that connects top-tier IT consultants with leading organizations

Net assets for the Fund totalled CAD 1.4 billion at the end of Q3 2026, compared to 1.3 billion at the end of Q3 2025 (7.3% year-over-year growth).

New Investments & Realizations

The Fund deployed CAD 7.0 million during Q3 2026. We received 31 co-investment opportunities throughout Q3 2026, evaluating six of them, but no new co-investments were made during Q3 2026.

Recent Developments

The Market

PE entered the second half of 2026 with improving momentum, although recent interest rate increases have introduced a renewed layer of uncertainty across financial markets. While higher rates generally increase borrowing costs (and can therefore weigh on valuations), we believe the current environment is fundamentally different from the rapid and unexpected tightening cycle experienced during the post-COVID years. Unlike 2022 and 2023, when rates rose at the fastest pace in decades, today's increases have been more measured and largely anticipated by market participants. As a result, private equity investors, lenders, and portfolio companies are generally better positioned to operate in a higher interest rate environment than they were in the recent past.

Despite this renewed uncertainty, conditions across the industry continue to improve. Global buyout deal activity remains below peak levels reached in 2021, but transaction volumes have recovered meaningfully from 2023 lows. Financing markets remain open, supported by both traditional lenders and private credit providers, and valuation expectations between buyers and sellers have become increasingly aligned. As a result, we are seeing high-quality assets continue to attract significant interest, particularly in sectors that enjoy resilient cash flows, deliver mission-critical services, and are experiencing strong secular growth tailwinds.

At the same time, exit activity has yet to meaningfully accelerate more broadly across the PE market, leaving distributions to investors near historically low levels following a four-year stretch of subdued payouts relative to net asset value. As a result, holding periods have extended to ~7 years, well above long-term norms, and a significant portion of portfolio companies acquired in 2021 or earlier remain unrealized. According to private markets investment firm Partners Group, trailing 12-month distribution yields for buyout funds over the past two to three years have been 10-15% of net asset value, far below the long-term average of 25% or more experienced through the full economic cycle.

This backlog of unrealized assets remains one of the industry's defining themes. Global private equity firms are estimated to hold more than USD 3 trillion of unsold portfolio companies, creating increasing pressure to generate liquidity and return capital to investors. As a result, PE sponsors are actively pursuing a broader range of exit solutions, including strategic sales, sponsor-to-sponsor transactions, continuation funds, and secondary market sales. We believe this growing need for realizations should act as an important catalyst for transaction activity over the next several years.

Looking ahead, the industry's fundamentals remain constructive: dry powder remains near record levels across the PE industry, debt markets continue to function effectively, and many portfolio companies have demonstrated impressive business resilience. While near-term volatility may persist—particularly if inflation and interest rates remain uncertain—we believe the current backdrop increasingly favors disciplined investors with available capital. Historically, some of the strongest PE vintages have been deployed during periods of economic uncertainty, when competitive pressures are lower, and entry valuations are more reasonable.

The Fund

Nicola PELP continues to benefit from the gradual improvement in PE exit markets that we highlighted earlier. Following two significant realizations completed in Q1 2026 that generated approximately CAD 100 million (and were completed at valuations above prior carrying values), we expect an additional portfolio company exit to close in Q4 2026. If completed as anticipated, this transaction would generate approximately CAD 52 million of additional proceeds for the Fund. Importantly, we expect to achieve a 42% uplift on the most recent carrying value for this exit. We believe our recent and anticipated realizations reflect the quality of the Fund's portfolio, the ongoing demand for well-positioned businesses across a range of sectors, and the conservatism inherent in our approach to valuation.

An important focus area during 2026 has been exploring secondary sales as a tool to both enhance liquidity and improve portfolio construction. After extensive analysis and execution work over the past several months, the Fund successfully completed a secondary sale during Q3 2026, generating approximately CAD 75 million of proceeds. The transaction involved the selective sale of several non-core and lower-returning positions, allowing us to accelerate liquidity and reallocate capital toward higher-conviction investments with strategic partners.

The secondary sale had a 1% negative impact on the Fund's returns, reflecting the market discount associated with these non-core positions. However, we view this as an attractive trade-off from a long-term portfolio management perspective. By recycling capital out of less compelling opportunities and into ideas for which we have greater conviction, we believe we've improved overall portfolio quality and have positioned the Fund to generate positive long-term returns. This realization also allows the Fund to redeploy, supporting continued diversification across different vintage years (i.e., the year an investment first begins deploying capital)—an important consideration in PE investing. Given the opportunity-rich environment we currently see as the PE market recovers, this capital recycling dynamic is a key priority.

The Fund has remained highly disciplined and selective when it comes to new investments, reflecting elevated uncertainty in specific areas. We have been particularly cautious with new deployments to co-investments, especially within software and technology-enabled businesses—two areas in which the pace of change sparked by AI is creating greater dispersion of outcomes. In addition, recent interest rate increases and ongoing geopolitical risks have reinforced our focus on conservative underwriting and resilient business models. While we continue to evaluate a high volume of opportunities, we are interested only in those investments in which risk-adjusted returns are compelling under a range of macro scenarios.

Strategically, the Fund has made important progress in achieving greater global diversification. During the last twelve months, we completed partner selection decisions in both Europe and Asia, following extensive due diligence and relationship-building. Looking ahead, we plan to deepen our exposure to Europe, targeting a 15-20% allocation of Fund net asset value to that region over the next several years. These markets offer differentiated deal flow and compelling return opportunities, complementing our base of North American investments. As always, our approach in these new markets is partnership-centric: building long-term alignment with top-tier PE partners, then selectively co-invest in high-conviction direct opportunities alongside them.

Top 10 Holdings

Investment	%AUM	Strategy	Description
FLC Co-Investment Fund V	5.8%	Fund Investment	An investment in Fisher Lynch Capital Fund V which focuses on pursuing buyout opportunities in the U.S.
Project Avon	4.4%	Co/Direct-Investment	U.S. healthcare services company
FLC - NW Co-Investment Fund V	4.1%	Fund Investment	A semi discretionary investment vehicle with Fisher Lynch Capital which focuses on pursuing buyout opportunities in the U.S.
Micross Components	3.9%	Co/Direct-Investment	Global provider of specialty electronic components for high-reliability markets
Project Bloom	3.3%	Co/Direct-Investment	Designer, manufacturer, and supplier of innovative packaging products primarily for the floral and potted plant industry
Project Hubble	3.3%	Co/Direct-Investment	Enterprise software provider in cloud, data, integration, and digital workspaces
Project Uno	3.3%	Co/Direct-Investment	Insurance broker helping businesses manage risk, benefits, and coverage
Project Air	3.0%	Co/Direct-Investment	HVAC and electrical services company operating in the Southeast U.S.
Project Minerva	2.9%	Co/Direct-Investment	A global operator of premium international schools, offering personalized, high-quality education to students
Project Azalea	2.8%	Co/Direct-Investment	A provider of comprehensive environmental solutions, specializing in waste management services based in the Southeastern U.S.

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