NICOLA WEALTH PRIVATE CAPITAL

Nicola Private Debt Fund Quarterly Report | Q3 2026

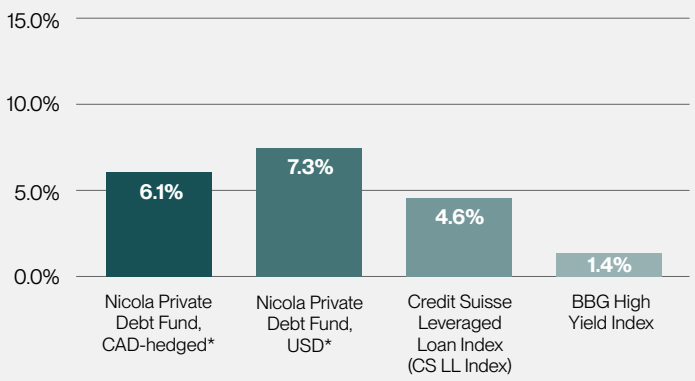
Objective

The objective of the Nicola Private Debt Fund ("Nicola PDF" or the "Fund") is to achieve a high level of current income while emphasizing capital preservation by investing primarily in senior secured middle market corporate debt.

Strategy

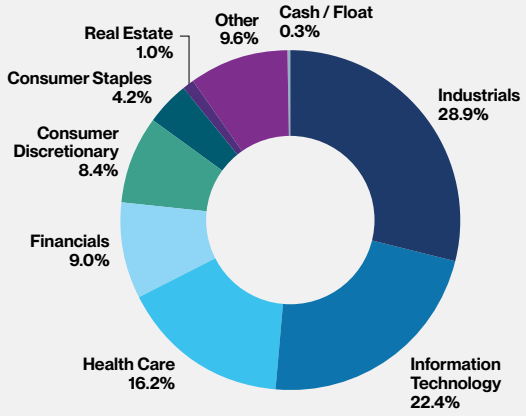
The Fund combines direct investing in private debt, and a fund-of-funds approach with the objective of earning an attractive premium above the returns of publicly traded, non-investment-grade fixed income securities. The Fund diversifies across managers, regions, industries and strategies, and the Fund enables investment access across a wide set of attractive private and public debt opportunities. The Fund may also invest in cash, cash equivalents, Business Development Companies, Mortgage Real Estate Investment Trusts, publicly traded credit and Collateralized Loan Obligations. The Fund may employ the use of leverage and currency hedging.

LAST TWELVE MONTHS PERFORMANCE as of September 30, 2026



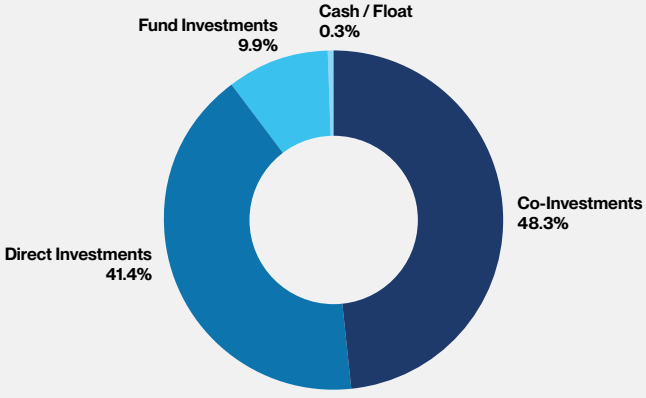
** Net Returns*

INVESTMENTS BY SECTOR as of September 30, 2026*



** Based on AUM*

INVESTMENTS BY TYPE as of September 30, 2026*



** Based on AUM*
May not add to 100% due to rounding

Returns for the period ENDING as of September 30, 2026

	USD	CAD
QTD	**2.2%**	**1.9%**
YTD	**5.0%**	**4.4%**
1 year	**7.3%**	**6.1%**
3 year	**8.6%**	**7.7%**
5 year	–	**7.5%**
10 year	–	–
Since inception*	**7.9%**	**7.4%**

* October 31, 2017 for CAD series. December 31, 2021 for USD series.

Performance

In Q3 2026, the Fund's CAD unit class returned +1.9% bringing the 1-year net return to 6.1%, while the USD unit class returned +2.2% bringing the 1-year return to 7.3%. Recent performance has been driven by:

1. Contractual cash interest income from the Fund's direct and co-investments, which made up 41.4% and 48.3%, respectively, of the portfolio as of the end of Q3 2026.
2. The Fund's 97% allocation to floating-rate loans, which has provided an opportunity for incremental returns amid elevated interest rates.
3. Duration-related impacts from new loan spreads widening across the market. This resulted in temporary, unrealized valuation markdowns on existing loan portfolios across the direct lending market, including Nicola PDF.

Approximately 97% of the Fund's underlying investments are denominated in U.S. dollars, and the Fund utilizes currency hedging to hedge 97% of the USD currency exposure attributable to the CAD unit class.

The approximate current gross levered yield on the Fund's investment portfolio was 11.7% as of the end of Q3 2026.

The Fund has generated a 8.6% distribution yield over the last twelve months, in line with our target distribution.

Gross Asset Value reached CAD 2.7 billion at the end of Q3 2026 (CAD 1.6 billion in net assets) and increased 22% over the last year.

New Investments & Realizations

The Fund reviewed 29 new investment opportunities in Q3 2026, ultimately investing CAD 23 million across two new investments:

Project Bolt
Senior Credit Facilities
What they do: A franchisor and operator of quick lube auto service stores across the U.S. and Canada.

Project Liberty
Senior Credit Facilities
What they do: A leading global fruit genetics and IP licensing platform positioned at the top of the fresh-fruit supply chain. The Company develops, patents, and licenses proprietary fruit varietals to authorized nurseries and growers.

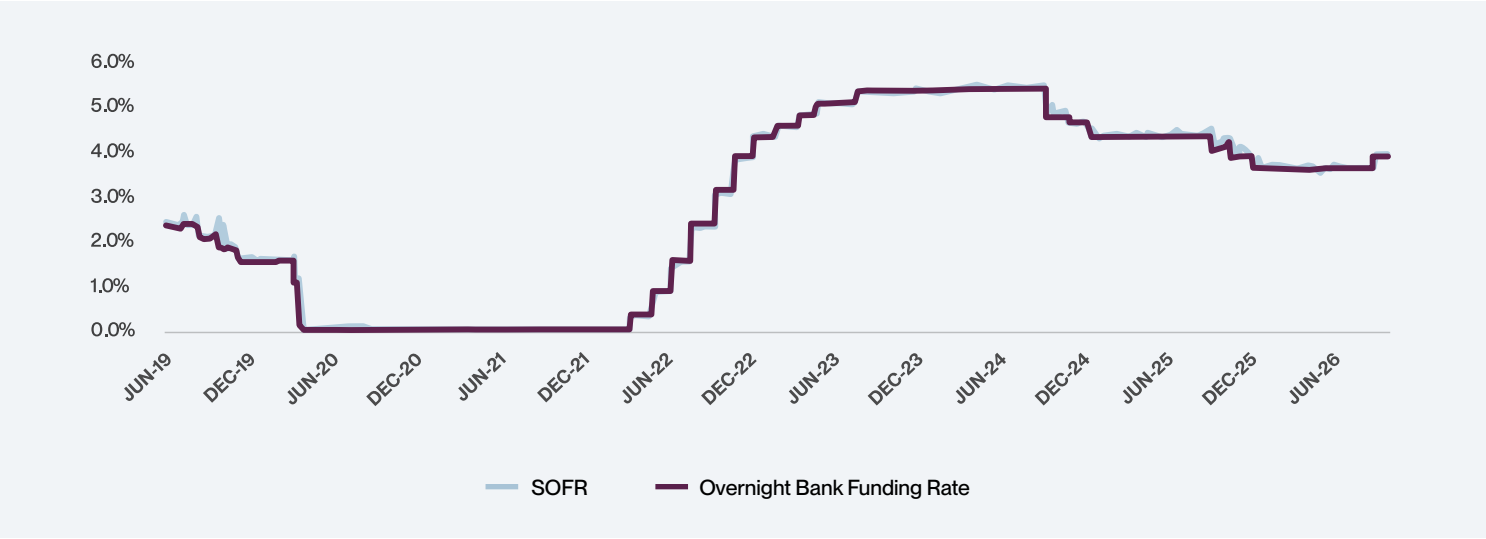
The Fund also realized six investments in Q3 2026, totaling CAD 71 million, and achieved a weighted-average gross internal rate of return 12% and a multiple on invested capital of 1.3x.

Our Thoughts On:

The Market

Base Rates

The U.S. Federal Reserve raised its benchmark rate by 25 basis points to 3.75–4.00% in September, driven by above-target inflation, higher oil prices, and resilient economic activity. The three-month term SOFR rose from 3.73% at June-end to 4.02% by mid-September. We expect higher base rates to drive higher direct lending returns and add to borrower interest burdens.[1]

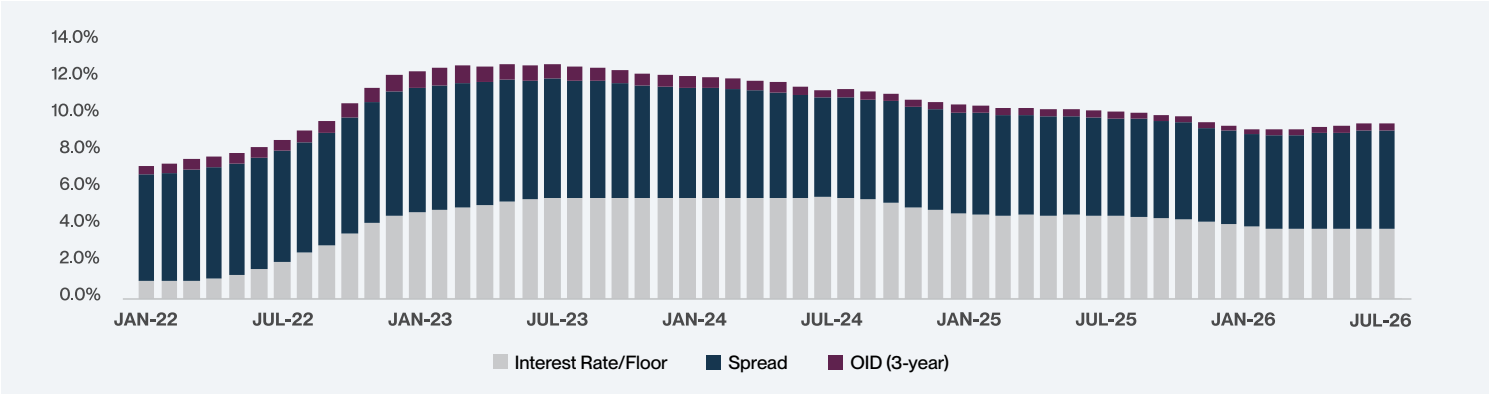


[1] *VRC, Federal Reserve Bank of New York*

Deals

Lender appetite has become increasingly divided. Borrowers with greater exposure to AI or economic cycles, higher leverage, or near-term maturities are facing higher pricing. This divergence is most notable among software borrowers financed in 2021–2022. Meanwhile, higher-quality, non-software deals continue to price around S+475–525, with competition for these deals intensifying. Deal volume also declined in 2026 as larger, higher-quality borrowers increasingly refinanced in the syndicated market at lower spreads. This shifted direct lending toward middle-market deals, where lenders continued to receive wider spreads, lower leverage, and stronger structural protections.

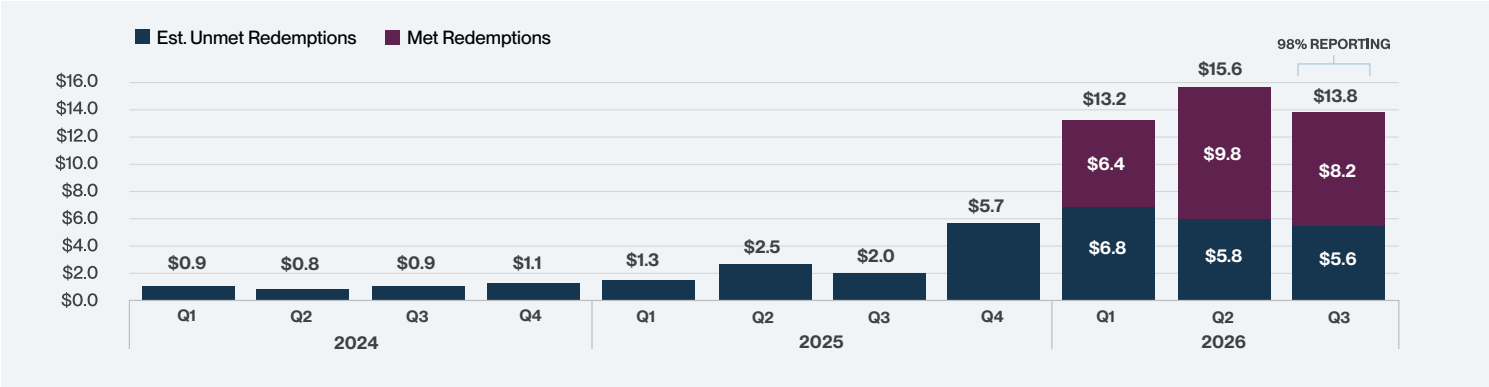
Direct Lending Yields by Component[2]



Investor Activity

Direct lending capital supply remains resilient, supported by steady institutional fundraising YTD 2Q26. Retail investors, however, continued to seek liquidity from perpetual non-traded business development companies (BDCs). Redemption requests have remained above the 5%quarterly cap but eased since Q2. Requests totalled USD 13.8 billion in Q3 (11.5% of net asset value), down from 12.7% in Q2, and the estimated backlog of unmet requests fell to USD 8.2 billion from USD 9.8 billion.[3] A meaningful share of Q3 requests were resubmissions of requests left unfilled in Q2. As one would expect, funds that raised capital most aggressively through retail channels generally face the largest queues, while vehicles with more institutional investor bases have seen more modest requests. We believe redemption volume may have peaked in Q2 and expect it to take a total of 12–18 months for BDCs to clear the excess before requests normalize to below 5% per quarter.

NAV BDC Redemption Requests ($bn)



The Fund

From an underwriting perspective, we believe the Fund's broad and diverse investment pipeline, rigorous due diligence, and disciplined investment selection process continue to play a critical role in positioning the portfolio through 2026. Key characteristics we seek in borrowers include a clear competitive advantage; low capital intensity; diversified customer and supplier base; recurring revenue model and strong margins; experienced management team with aligned incentives; and resilient, through-the-cycle performance.

The Fund's core focus remains senior secured debt investing for downside protection given the high degree of macroeconomic uncertainty. The Fund maintains a strategic focus on lending to U.S. middle-market businesses with more than USD 15 million of EBITDA. The Fund's weighted average borrower-level EBITDA across direct and co-investments exceeds USD 100 million. We lend to profitable, market-leading companies that have scale and staying power to perform through the cycle.

The Fund takes a diversified investment approach and holds 132 loans in the portfolio, with no single direct investment accounting for more than 2.0% of the total portfolio. Our investment team believes that diversification is a key element of a well-positioned portfolio of yield-oriented credit investments.

[2] DLD [3] Robert A. Stanger & Co.

Top Direct/Co-investments

Investment	%AUM	Description
Project Transform	1.6%	Senior Credit Facilities to a leading provider of critical digital transformation services to enterprise and upper middle market customers.
Project Victory	1.6%	Senior Credit Facilities to a health insurance and benefits management service provider.
Project Riptide	1.5%	Senior Credit Facilities to a provider of professional and technical engineering and consulting services to public and private sector clients.
Project Empire	1.5%	Senior Credit Facilities to a top 20 U.S. CPA firm that provides advisory, tax and audit services to middle market clients, primarily in the Southeast U.S.
Project Tornado	1.4%	Senior Credit Facilities to a provider of trenchless water and wastewater infrastructure rehabilitation products and services.
Project Midnight	1.3%	Senior Credit Facilities to a provider of integrated end-to-end lifecycle services for data centers.
Project Aegis	1.3%	Senior Credit Facilities to a provider of document storage and information risk mitigation solutions across the U.S.
Project Robotto	1.3%	Senior Credit Facilities to a value-added distributor of high-reliability semiconductors.
Project Iris	1.3%	Senior Credit Facilities to an optometry clinic consolidator.
Project Phalanx	1.2%	Senior Pref Equity to a cybersecurity software platform focused on protecting critical physical infrastructure and equipment.

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