NICOLA WEALTH PRIVATE CAPITAL

Nicola Venture Capital Limited Partnership Quarterly Report | Q3 2026

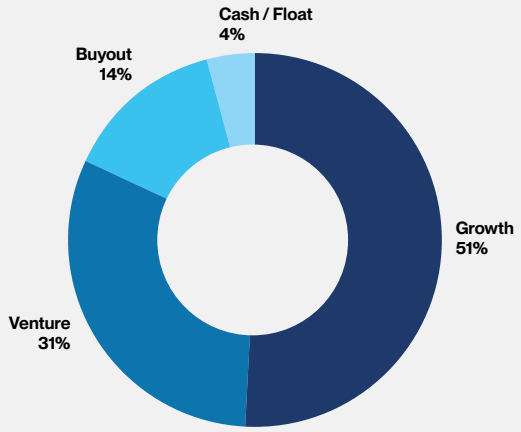
Objective

The objective of the Nicola Venture Capital Limited Partnership ("Nicola VCLP" or the "Fund") is to seek long-term capital growth through a basket of primarily high growth private businesses diversified by industry, partner, vintage, and company stage.

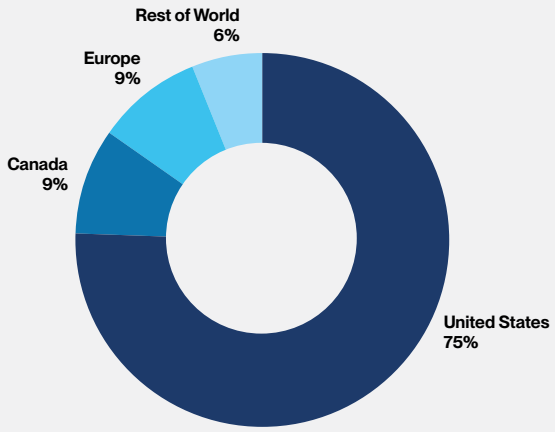
Strategy

Nicola VCLP seeks to create a portfolio of attractive Growth and Venture Capital ("GVC") investments, through a variety of structures ranging from traditional primary fund investments, secondary investments, and direct co-investments.

INVESTMENTS BY STRATEGY as of September 30, 2026

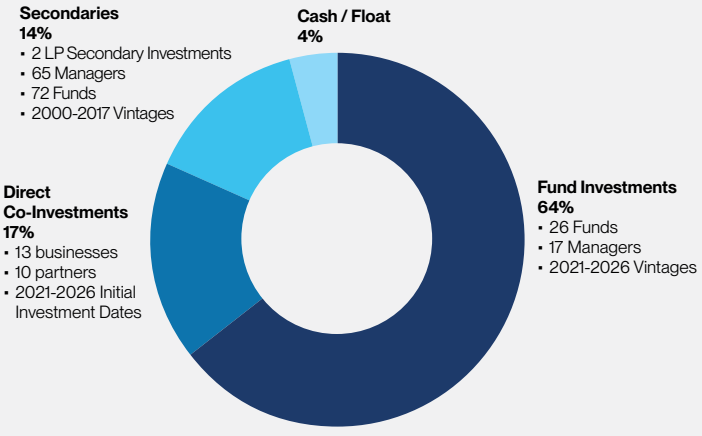


INVESTMENTS BY GEOGRAPHY as of September 30, 2026



May not add to 100% due to rounding

INVESTMENT BY TYPE as of September 30, 2026



May not add to 100% due to rounding

Returns for the period ENDING as of September 30, 2026

	USD	CAD
QTD	**4.9%**	**4.5%**
YTD	**11.6%**	**14.4%**
1 year	**13.0%**	**14.2%**
3 year	**7.8%**	**9.2%**
5 year	**6.1%**	**8.0%**
10 year	–	–
Since inception*	**6.1%**	**8.0%**

* September 30, 2021 for CAD series and USD series.

Performance

We strongly believe GVC is a long-term asset class and the Fund is focused on maximizing returns over a 5+ year investing horizon. From Fund inception to date, the Fund has delivered annualized CAD and USD returns of 8.0% and 6.1% respectively.

The majority of Fund investments are denominated in USD; as a result, the CAD-class units have historically experienced volatility as a result of currency fluctuations. Nicola VCLP (USD share class) returned 4.9% during Q3 2026, bringing returns over the past twelve months to 13.0% and 3-year returns to 7.8%. Nicola VCLP (CAD share class) returned 4.5% during Q3 2026, bringing twelve month returns to 14.2% and 3-year returns to 9.2%.

Based on benchmarks from global investment consultancy Cambridge Associates, as of March 31, 2026, the venture capital sector returned 11.0%, 7.4% and 16.0% for the trailing three-, five-, and ten-year periods respectively. As the Fund has been investing for less than five years, we believe the inception-to-date returns are not indicative of the longer-term potential for asset class returns.

The Fund was positively impacted by broad-based write-ups across the portfolio, including funds managed by Altos Capital Partners, Bain Capital, and Dragoneer. The Fund also benefited from valuation increases across several AI-related co-investments. These gains were partially offset by a valuation write-down in a secondary fund investment with diversified exposure to a mature portfolio of venture and growth fund interests.

Total Fund net assets were CAD 166 million at quarter-end.

New Investments & Realizations

The Fund reviewed 37 investment opportunities throughout Q3 2026 and deployed CAD 6.4 million into several primary fund investments and one new co-investment. During Q3 2026, we also saw several capital distributions across both our secondary investments and our primary Fund portfolio.

Recent Developments

The Market

We remain constructive on the long-term outlook for GVC. Technology cycles often span decades, and we believe the current AI buildout is in the early stage of a multi-year cycle that will drive the next wave of innovation. We believe that AI and geopolitical factors are accelerating innovation across a broad array of industries, including healthcare, industrials, and fintech.

According to financial research firm Pitchbook, GVC-backed companies raised USD 727 billion globally year-to-date in 2026, compared to USD 510 billion in all of 2025. Fundraising was heavily skewed by large funding rounds announced in Q1 2026 by four leading foundation-model companies: OpenAI, Anthropic, xAI, and DeepSeek. By contrast, Q3 2026 was a comparatively quiet quarter for funding: despite notable capital raises by Databricks, Crusoe, Moonshot Technology, and Cognition, total sector funding was well below that of earlier quarters. The market remains bifurcated: AI-exposed companies continue to attract strong valuations and revenue momentum, while many others face a more challenging funding and operating environment. AI-enabled businesses represented approximately 74% of all capital raised year-to-date in 2026.

In Q3 2026, there continued to be a focus on rising token usage and a shift toward open models, which only lag closed model capabilities by 4-6 months, per Epoch AI estimates. Data from AI marketplace OpenRouter and venture capital firm Andreessen Horowitz show open-weight model share rising from almost 20% in 2025 to near 65% by August of 2026, while their share of spend increased from approximately 10% to near 30% during that same period. As capabilities improved and the cost of intelligence declined, total token demand—a proxy for AI usage—increased about 27x year over year, per OpenRouter data.

AI agents—particularly persistent, cloud-based agents such as Meta Muse, Microsoft Autopilot, and OpenAI Dots—are an important driver of this demand. We expect improving capabilities and falling costs to reinforce adoption through the Jevons paradox: cheaper (and more efficient) AI should increase overall usage of AI tools.

AI is also becoming a physical-infrastructure buildout. Power availability, data centre capacity, semiconductor supply, and capital intensity may increasingly constrain growth even as model-level inference costs decline.

Since late 2022, higher interest rates, valuation resets, weak M&A activity, and a limited IPO market have constrained GVC distributions. PitchBook estimates that distributions remain only 7.9% of venture net asset value, versus a 14.5% long-term average, indicating that stronger headline exit activity has yet to translate into broad-based liquidity for investors. Growth-stage companies are staying private longer. Crunchbase estimates that, as of October 2026, more than 1,800 venture-backed companies were valued above USD 1 billion, with a combined market capitalization of USD 9.2 trillion. We believe a select group of late-stage GVC companies offers attractive deployment opportunities, subject to disciplined entry valuations and credible exit pathways.

Against a backdrop of elevated rates and geopolitical uncertainty, strategic M&A remains active while the IPO market is highly selective. Notable Q3 2026 transactions included Cursor's sale to SpaceX, Fin's sale to Salesforce, and MaintainX's sale to Autodesk. Shein completed an IPO, but anticipated offerings from Oura and Anthropic were withdrawn or delayed.

The Fund

Since mid-2025, we have increased the Fund's allocation to growth equity and broadened its exposure beyond Canada. As discussed in From Public to Private: The Structural Shift in Growth Equity, we believe companies are creating more value before entering public markets. Since mid-2025, the Fund has committed to two new growth-stage partnerships and completed four growth-stage co-investments.

The Fund completed a secondary transaction in Q3 2026 to reduce selected legacy exposures and redeploy capital into higher-conviction opportunities. While the transaction reduced Q3 2026 returns by 2.3%; we believe it will allow us to generate higher long-term returns by rotating capital into attractive investment opportunities more rapidly. Even with the drag created by the transaction, the Fund's USD share class still returned 4.9% for Q3 2026.

Three factors have supported year-to-date performance. First, the broader GVC market has benefitted from AI-driven value creation, with leading companies scaling faster and more efficiently than in prior cycles. Second, Fund commitments made in 2020–2021 are moving beyond their initial 2–4-year "J-curves" (in which returns are flat to negative in the initial 2-4 year investment period) and are now entering a period of value creation, generating more consistent returns before ultimately moving to distributions. Third, recent fund commitments and co-investments have been accretive to Fund returns and have added exposure to leading private companies—including Anthropic, Revolut, and Waymo—through our general partners.

We also continue to strengthen the Fund's team and investment processes. Nicola VCLP and Nicola Private Equity Limited Partnership share investment-committee processes and team resources, giving the Fund access to the broader platform's scale, expertise, and transaction experience.

Top 10 Investments

Investment	Strategy	%AUM	Description
Georgian Growth Fund VI	Fund Investment	9.59%	Commitment to a Canadian growth stage technology investment fund
Battery Ventures XIV	Fund Investment	8.12%	Commitment to a U.S. multi-stage technology investment fund
Project Sudbury	Secondary	7.49%	Basket of multiple, well-diversified LP interests across global venture, growth and buyout managers
BCV 2022	Fund Investment	7.37%	Commitment to a U.S. early-stage technology investment fund
Project Manhattan	Secondary	6.95%	Basket of two well-diversified LP interests in growth equity funds managed by a top quartile-performing U.S. manager
Greenspring Opportunities Fund VI	Fund Investment	5.35%	Commitment to a late stage co-investment fund managed by a large venture and growth asset manager
Altos Hybrid VI	Fund Investment	5.29%	Commitment to a U.S. early stage technology investment fund
iNovia Fund V	Fund Investment	4.06%	Commitment to a Canadian early stage technology investment fund
Owl Ventures Fund V	Fund Investment	3.95%	Commitment to U.S. early stage edtech-focused venture fund
Project Cortex	Co/Direct-Investment	3.37%	Co-investment in a leading developer of frontier AI models

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