



NICOLA WEALTH

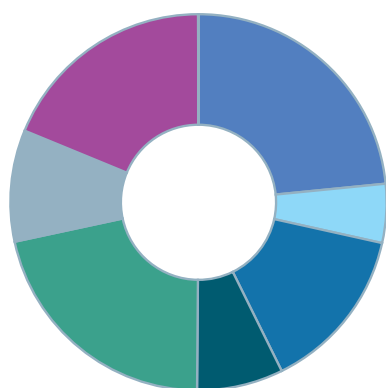
OBJECTIVE

The Nicola Alternative Strategies Fund's objective is to provide clients of Nicola Wealth with stable returns by investing in a multi-strategy approach that often differs from traditional asset class investing. The fund aims to provide clients with strong risk-adjusted returns with a low correlation to other asset classes.

STRATEGY

The fund primarily stresses the importance of diversification, not just across asset classes, but also across hedged strategies. Investments chosen will display risk and return characteristics not typically seen in traditional asset classes or traditional asset management approaches. The fund may use derivatives for hedging and non-hedging purposes.

Asset Mix as of December 31, 2018



- Altegris Millennium Fund: 23.4%
- Altegris Renaissance IDGE Fund: 5.1%
- Altegris Winton Futures Fund: 14.2%
- Apollo Offshore Credit Strategies Fund: 7.4%
- Polar Multi-Strategy Fund: 21.5%
- RP Debt Opportunities Fund: 9.6%
- Verition International Multi Strategy Fund: 18.8%
- Cash and Short Term Investments: 0.0%

Stated in Canadian dollars

Key Statistics

| | |
|--------------------------------|-----------------|
| Inception Date | September, 2010 |
| Net Asset Value | \$182.1 Million |
| NAV Per Unit (Class O) | \$13.25 |
| Number of Assets | 7 |
| Trailing 12 Month Distribution | 8.1% |

Calendar Year Returns

| | |
|------|-------|
| 2018 | 6.4% |
| 2017 | 2.0% |
| 2016 | 3.4% |
| 2015 | 11.3% |
| 2014 | 12.1% |

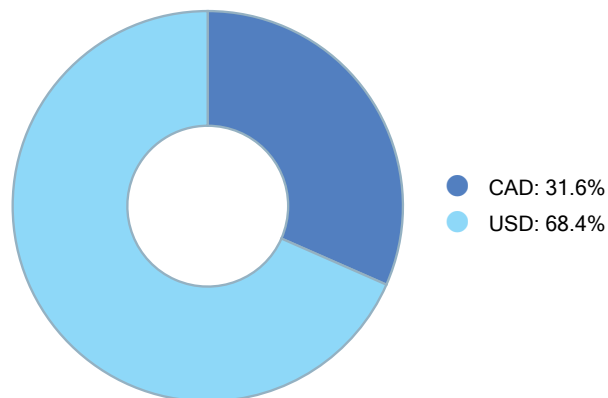
\$100,000 Invested Since Inception



Returns for the period ending December 31, 2018

| | |
|-----------------|------|
| Year-to-Date | 6.4% |
| 1 Year | 6.4% |
| 3 Year | 3.9% |
| 5 Year | 7.0% |
| 10 Year | N/A |
| Since Inception | 4.8% |

Currency Exposure



Commentary

The Nicola Alternative Strategies Fund returns were positive for the quarter up approximately 1.5%, aided by exposure to U.S. dollar currency. Overall it was a difficult quarter for most hedge funds as the Barclay Hedge fund index was lower by -6.4%. In fact, almost all strategies had a difficult quarter experiencing negative returns apart from Merger Arbitrage which managed to return +0.8%. The large difference in returns highlights our approach to alternative strategies that differs from most hedge funds. The goal of our fund is to produce positive returns in all market environments regardless of what happens in the equity markets, whereas many hedge funds (particularly long / short equity funds) have a long bias and thus have a high likelihood of underperforming when equity markets sell-off.

We view strategies such as Winton as divergent in nature. Often when equity markets sell-off significantly, most risk markets sell down in sympathy. Divergent strategies allow for positive returns even when everything else is lower. Unfortunately, our exposure to these strategies did not dampen the weakness in risk markets as much as we had anticipated. Commodity trading advisors identify trends in the market place and were generally lower as strong trend reversals occurred in both natural gas and precious metals at the end of the year. It is not uncommon during periods of trend reversals for trend followers to have negative or muted returns. However, as trends stabilize, they should provide protection from sustained bear markets.

During the quarter we built up cash levels in anticipation of funding the purchase of a new investment. We will be initiating a position in Renaissance Institutional Diversified Global Equities fund managed by Renaissance Technologies LLC during the early part of next quarter. The fund employs a market neutral global equity strategy based on quantitative models.

For more information on this fund's monthly performance, click [here](#).

Past performance is not indicative of future results. All investments contain risk and may gain or lose value. The YTD and 1 year return is a historical simple return. The 3, 5, 10 year and since inception returns are annualized compounded total returns. All returns are net of fund-level fees and expenses, including management fees and performance fees (if applicable). Please refer to the disclosure documents for important disclosure information including terms of redemption and limited liquidity. Nicola Wealth is registered as a Portfolio Manager, Exempt Market Dealer and Investment Fund Manager with the required provincial securities' commissions. Please speak with a Nicola Wealth advisor to discuss if this investment is right for you. Effective Jan. 1, 2019, the fund changed its name from the NWM Alternative Strategies Fund.