



# N NICOLA WEALTH MANAGEMENT

## The Pool

NWM High Yield Bonds primary objective is to provide unit-holders with a high level of interest income with a secondary emphasis on capital preservation and appreciation by investing in non-investment-grade fixed income securities. A U.S. dollar series of this fund is also available.

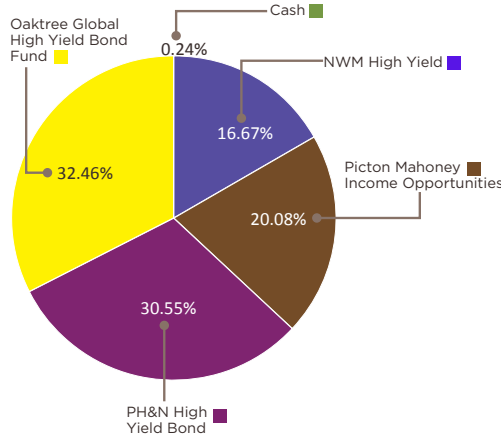
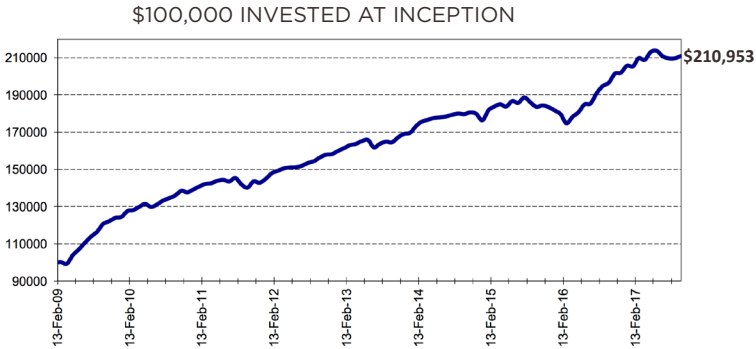
## The Strategy

The fund primarily invests in higher yielding bonds, debentures, and convertible debentures issued by Canadian, U.S. and foreign governments and corporations denominated in Canadian dollars and/or foreign currencies. The underlying investments may use a long/short strategy and derivatives such as options, futures, forward contracts, swaps and other similar instruments for hedging and non-hedging purposes. Diversification of the fund is enhanced by utilizing funds and managers of different investment styles.

## The Manager

Nicola Wealth Management Ltd. (NWM), the "Fund Manager," is a wealth management and planning firm established in 1994. With a philosophy built on cash flow and diversification, our growing series of funds is managed by members of NWM's Portfolio Management Team.

### PERFORMANCE (cumulative return) Canadian \$ Series, Class O Asset Mix as of June 30, 2017



|  |             |
|--|-------------|
| <b>Total Assets<sup>1</sup> (millions) \$310.1</b>               |             |
| <b>12-Month Trailing Cash Flow Distribution<sup>2</sup> 5.9%</b> |             |
| <b>Returns for the period ENDING SEP 30, 2017</b>                |             |
| 1 month  | 0.6%        |
| 3 month  | 0.1%        |
| 6 month  | 1.0%        |
| 1 year   | 7.3%        |
| 2 year   | 7.2%        |
| 3 year   | 5.5%        |
| 4 year   | 6.4%        |
| 5 year   | 6.2%        |
| 6 year   | 7.0%        |
| 7 year   | 6.5%        |
| 8 year   | 7.2%        |
| <b>Since Inception*</b>  | <b>9.0%</b> |

\* February 13, 2009  
<sup>1</sup> All classes & series  
<sup>2</sup> Canadian \$ Series, Class O

### PERFORMANCE (monthly returns) As of SEP 30, 2017 Canadian \$ Series, Class O

|      | JAN   | FEB   | MAR   | APR   | MAY   | JUN   | JUL   | AUG   | SEPT  | OCT  | NOV   | DEC   | TOTAL |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|-------|-------|-------|
| 2017 | -0.1% | 2.1%  | -0.4% | 2.0%  | 0.3%  | -1.4% | -0.5% | 0.0%  | 0.6%  |      |       |       | 2.6%  |
| 2016 | -1.2% | -2.7% | 2.0%  | 1.4%  | 2.3%  | 0.3%  | 3.0%  | 2.0%  | 0.9%  | 2.5% | 0.3%  | 1.8%  | 13.2% |
| 2015 | 3.1%  | 1.0%  | 0.7%  | -0.7% | 1.6%  | -0.5% | 1.6%  | -1.4% | -1.3% | 0.4% | -0.5% | -1.0% | 3.0%  |
| 2014 | 2.2%  | 1.3%  | 0.6%  | 0.6%  | 0.2%  | 0.2%  | 0.5%  | 0.4%  | -0.2% | 0.5% | -0.4% | -1.9% | 3.9%  |
| 2013 | 1.0%  | 0.9%  | 0.5%  | 0.9%  | 0.4%  | -2.4% | 1.2%  | 0.7%  | -0.2% | 1.6% | 1.1%  | 0.4%  | 6.1%  |
| 2012 | 2.1%  | 0.9%  | 0.9%  | 0.4%  | 0.1%  | 0.5%  | 1.0%  | 0.6%  | 1.3%  | 0.9% | 0.2%  | 1.1%  | 10.4% |
| 2011 | 1.2%  | 0.9%  | 0.3%  | 0.9%  | 0.4%  | -0.6% | 1.3%  | -2.4% | -1.2% | 2.4% | -0.5% | 1.5%  | 4.1%  |
| 2010 | 2.5%  | 0.4%  | 1.3%  | 1.3%  | -1.3% | 1.1%  | 1.6%  | 0.9%  | 1.1%  | 1.8% | -0.6% | 1.1%  | 11.9% |
| 2009 |       | 0.3%  | -0.9% | 4.6%  | 3.0%  | 3.3%  | 3.0%  | 2.3%  | 3.6%  | 1.2% | 1.4%  | 0.4%  | 24.5% |

### Top Holdings (excluding cash)

| NWM High Yield               | Jun 30/17 |
|------------------------------|-----------|
| Navistar International Corp. | 3.55%     |
| Harland Clarke Holdings      | 3.00%     |
| Valeant Pharmaceuticals      | 2.98%     |
| Element Fleet Management     | 2.91%     |
| JC Penney Company, Inc.      | 2.79%     |
| Sobeys Inc.                  | 2.67%     |
| CST Brands Inc.              | 2.67%     |
| Reynolds Group               | 2.60%     |
| Nxp Bv/Nxp Funding LLC       | 2.57%     |
| Tenet Healthcare Corp.       | 2.55%     |

### Top Holdings (excluding cash)

| Oaktree Global High Yield Bond Fund | Jun 30/17 |
|-------------------------------------|-----------|
| Sprint Corp.                        | 1.80%     |
| Valeant Pharmaceuticals             | 1.60%     |
| Ardagh Packaging                    | 1.60%     |
| HCA Holdings Inc.                   | 1.40%     |
| First Data Corp.                    | 1.30%     |
| Telecom Italia                      | 1.30%     |
| CHS/Community Health Systems Inc.   | 1.20%     |
| Tenet Healthcare Corp.              | 1.20%     |
| Wind Acquisition Finance            | 1.10%     |
| Novellis Corp.                      | 1.00%     |

### Top Holdings (excluding cash)

| PH&N High Yield Bond  | Jun 30/17 |
|---|-----------|
| NGPL PipeCo LLC, 7.119%, 12/15/2017                             | 8.10%     |
| Seven Generations Energy Ltd., 8.250%, 05/15/2020               | 6.30%     |
| Quebecor Media Inc., 6.625%, 01/15/2023                         | 5.60%     |
| Baytex Energy Corp., 6.625%, 07/19/2022                         | 3.90%     |
| Trilogy Energy Corp., 7.250%, 12/13/2019                        | 3.80%     |
| Northern Blizzard Resources Inc., 7.250%, 02/01/2022            | 3.20%     |
| Teine Energy Ltd., 6.875%, 09/30/2022                           | 2.60%     |
| Canadian Energy Services & Technology Corp., 7.375%, 04/17/2020 | 2.50%     |
| Western Energy Services Corp., 7.875%, 01/30/2019               | 2.40%     |
| Baytex Energy Corp., 6.750%, 02/17/2021                         | 2.30%     |

### Top Holdings (excluding cash)

| Picton Mahoney Income Opportunities Fund         | Jun 30/17 |
|--|-----------|
| National Australia Bank, 1.55625%, 10/29/2049    | 7.46%     |
| Royal Bank of Scotland Group, 1.625%, 12/29/2049 | 5.06%     |
| Lloyds Bank PLC, 08/28/2049                      | 4.50%     |
| ARD Finance SA, 7.125%, 09/15/2023               | 3.92%     |
| Crew Energy Inc., 6.50%, 03/14/2024              | 3.83%     |
| Parkland Fuel Corp., 5.625%, 05/09/2025          | 3.32%     |
| Standard Chartered PLC, 1.65%, 12/06/2165        | 2.92%     |
| DCP Midstream LLC, 5.58%, 05/21/2043             | 2.65%     |
| Canexus Corp., 7.875%, 09/20/2023                | 2.43%     |
| HCA INC., 7.5%, 12/15/2023                       | 2.26%     |

### Disclosure

- Past performance is not indicative of future results.
- Returns are net of fund expenses.
- Please refer to the NWM Funds Offering Memorandum for additional details and important disclosure information.

NWM is registered as a Portfolio Manager, Exempt Market Dealer and Investment Fund Manager with the required provincial securities' commissions.