



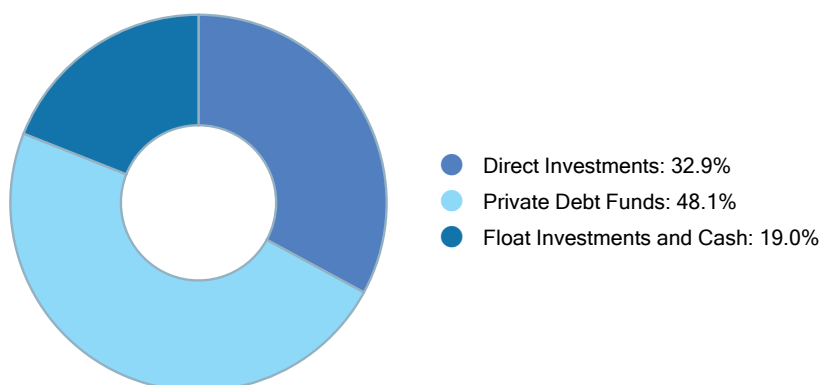
OBJECTIVE

The Nicola Private Debt Fund's objective is to provide clients of Nicola Wealth with high income returns coupled with some long-term capital growth, by investing in a diversified portfolio of privately negotiated debt transactions. The fund is organized as a mutual fund trust and will be an attractive fixed income investment in the tax-sheltered accounts of many of our clients.

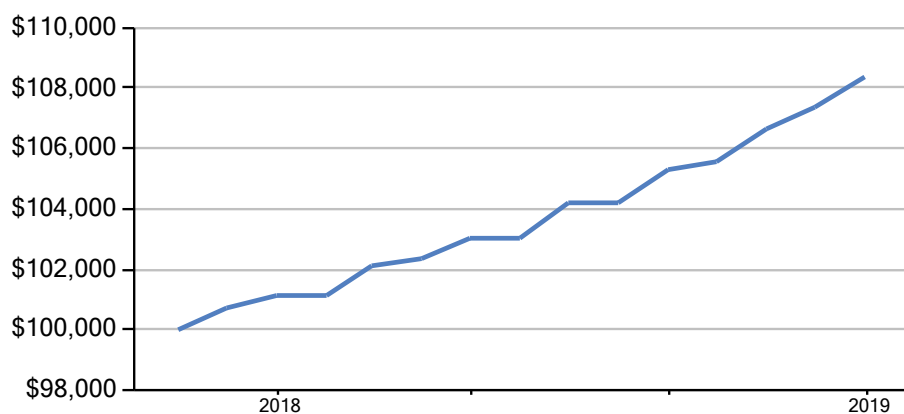
STRATEGY

The Manager combines a fund-of-funds approach and direct investing in private debt opportunities to target an attractive premium above public market fixed income yields and returns. Through the expertise, sourcing capabilities and resources of our manager partners, the fund can consistently access a wide set of attractive private debt opportunities, including co-investment opportunities to invest alongside our managers.

Asset Mix as of December 31, 2018



\$100,000 Invested Since Inception



Stated in Canadian dollars

Key Statistics

Inception Date	October, 2017
Net Asset Value	\$166.8 Million
NAV Per Unit (Class O)	\$9.97
Number of Assets	16
Net Yield	7.0%
Trailing 12 Month Distribution	7.5%
Duration	1.4 years

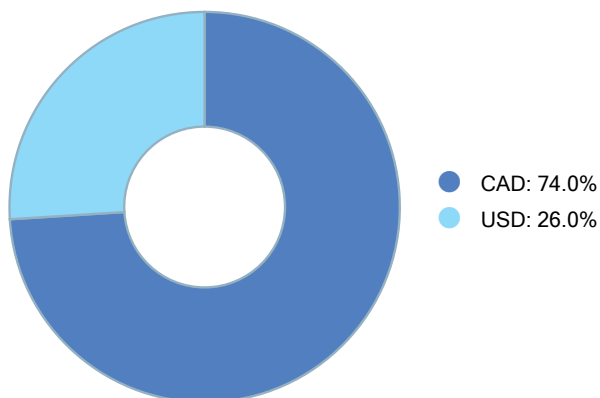
Calendar Year Returns

2018	7.1%
2017	1.1%
2016	N/A
2015	N/A
2014	N/A

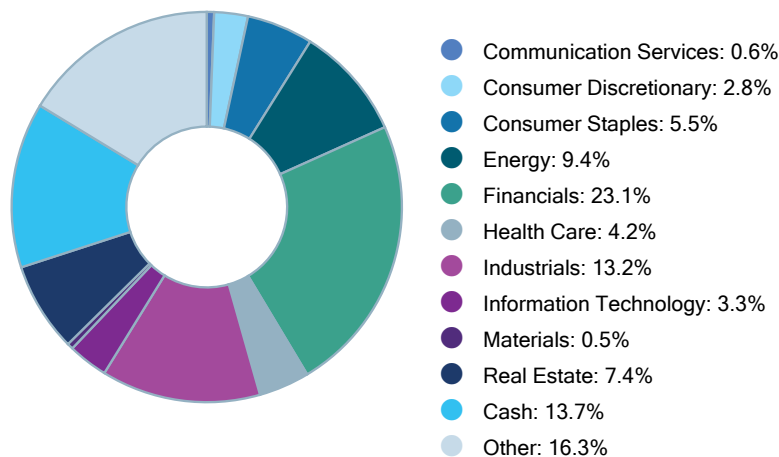
Returns for the period ending December 31, 2018

Year-to-Date	7.1%
1 Year	7.1%
3 Year	N/A
5 Year	N/A
10 Year	N/A
Since Inception	7.1%

Currency Exposure



Sector Weighting



Commentary

In the past quarter, we completed investing the initial \$160m waitlist for the Nicola Private Debt Fund. Through the mix of fund (60%) and direct investments (40%), we have built out a diversified portfolio of over 150 loans. For 2018, the Fund returned 7.1%, and is currently targeting 7.5% net yield for 2019.

The Fund currently has seven fund investments, with the largest being Crown Capital Partners Funding L.P. (CCPF) at 18.5% portfolio weight. The CCPF portfolio focuses on special situation financing to Canadian private and public mid-market companies, and currently contains 13 loan investments. All other fund investments in the Nicola Private Debt Fund are at less than 10% weight.

At the underlying loan level, the largest individual exposure of the Fund is a first lien 3-year credit facility to a consumer finance company. The investment is senior secured by collateral held in trust and paying 7% interest coupon plus fee income. At \$35m drawn at year-end, this credit facility represents 22% of the portfolio.

The next largest individual exposure is Baylin Technologies at 4.0% portfolio weight. Baylin is an antenna supplier that is looking to benefit from secular antenna demand growth, including from 5G wireless infrastructure. The second lien term loan bears a fixed interest rate of 9.0% per annum and matures in January 2023 and came with some equity warrants. Our exposure is through the combination of fund investment in the Crown Capital Partners Fund and directly with \$1.5m co-investment alongside Crown Capital.

In November, our US\$10m commitment for Elm Park Credit Opportunities Fund III L.P. had its first capital call of US\$0.7m. This call was for a first lien secured 5-year loan to a B2B media company, at floating interest coupon of LIBOR +1000bps (currently 12.8%) per annum plus 2% upfront fee income. We like the investment's low leverage (2.5x debt-to-EBITDA), covenant protections, and disciplined repayment schedule via amortization and cash flow sweep. We are also co-investing US\$2m alongside Elm Park Capital, on a no-fee basis, for an aggregate 2.4% portfolio weight.

In December, the fund committed US\$10m to Northleaf Senior Private Credit Fund. This is an open-ended fund that will invest over 12-18 months, with redemption rights after an initial three years. Northleaf Senior Private Credit Fund will be a diversified portfolio of U.S. middle market loans, significantly sourced through priority deal flow from its minority-owned Antares Capital, the leading originator in U.S. middle market lending (and majority-owned by Canada Pension Plan Investment Board). We expect the first capital call in April 2019.

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 Private Debt Fund.