



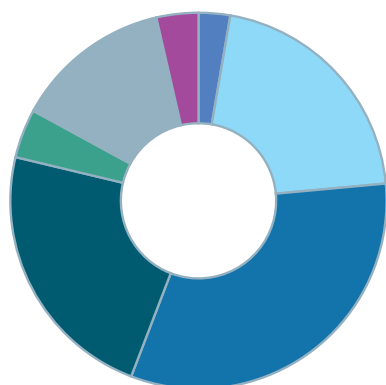
OBJECTIVE

The Nicola Private Equity LP's objective is to provide clients of Nicola Wealth with long-term capital growth by investing in a diversified portfolio consisting of limited partnerships managed mainly by private equity managers, in addition to direct investments in private companies.

STRATEGY

The Manager will diversify the fund's investments by region, strategy, and size. Selection of both managers and direct investments will be based on a top-down, bottom-up investment process involving a manager's or investment's stand-alone investment merits as well as industry trends. The float will be managed to generate yield while providing liquidity for capital calls from our managers.

Asset Mix as of December 31, 2018



- Private Debt - Direct Investments: 2.7%
- Private Debt Funds: 20.8%
- Private Equity - Buyout Funds: 32.3%
- Private Equity - Direct Investments: 22.9%
- Private Equity - Growth Funds: 4.2%
- Yield Investments: 13.5%
- Cash and Cash Equivalents: 3.6%

Stated in Canadian dollars

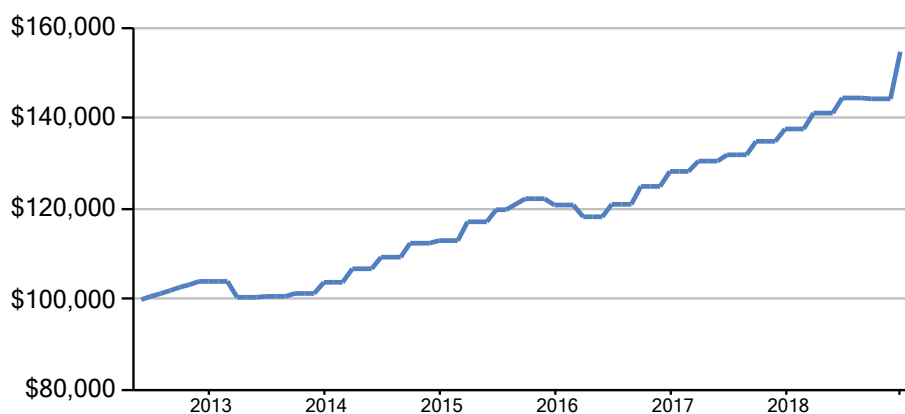
Key Statistics

Inception Date	May, 2012
Net Asset Value	\$213.9 Million
NAV Per Unit (Class O)	\$14.53
Trailing 12 Month Distribution	1.7%

Calendar Year Returns

2018	12.4%
2017	7.3%
2016	6.2%
2015	6.9%
2014	8.9%

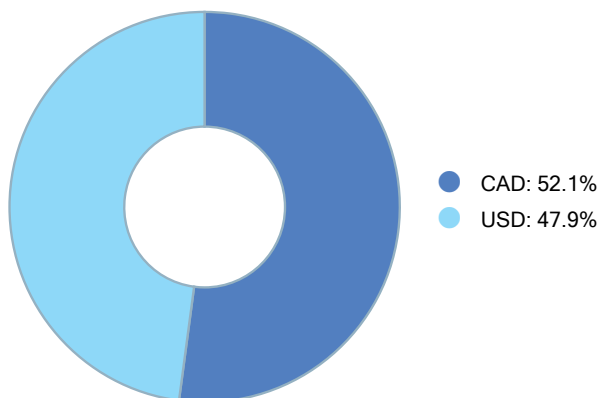
\$100,000 Invested Since Inception



Returns for the period ending December 31, 2018

Year-to-Date	12.4%
1 Year	12.4%
3 Year	8.6%
5 Year	8.3%
10 Year	N/A
Since Inception	6.8%

Currency Exposure

Top Holdings as of December 31, 2018
(excluding Cash, Money Market & Treasuries)

Audax Senior Loan Fund I	5.17%
Oaktree Mezzanine Fund IV	4.85%
Brookfield Infrastructure Fund III	4.25%
Brookfield Infrastructure Fund II	3.41%
Harbourvest Partners Co-Investment Fund IV LP	3.17%
Penfund V	3.14%
Corfin Holdings Inc.	3.06%
Palladin Partners B, LP	2.84%
Northleaf Global PE Fund VI	2.63%
Northleaf Global PE Fund V	2.54%
Total	35.06%

Commentary

Performance was driven by a stronger USD as approximately half of the pool is USD-denominated, as well as returns from three companies managed by Palladin Consumer Retail Partners. Nicola acquired these in mid-2018 at a discount to the December 2017 NAV. Our pool benefited from writing up those investments to NAV in Q4. Of the 3 companies, the largest investment, InMotion, was sold during the quarter with an impressive return. The other large investment, KT Tape, continued to grow strong double-digits compared to last year.

Below are 2 of the larger investments that we made during the quarter and 1 notable exits, as well as 2 investments that we hope will drive positive returns in the near future.

We increased our existing \$1mn USD investment in Goddess Garden, a Boulder Country, Colorado based organics skincare company to \$2mn USD. We are investing alongside Renewal Funds, a Vancouver-based impact PE manager, with whom we have a fund commitment.

Through Brookfield Infrastructure Fund III, we invested in Enercare, a multi-billion dollar North American residential energy infrastructure business. The company provides water heater and HVAC systems and generates stable long-term cashflows from recurring revenues through long-term contracts in North America. Enercare was a publicly traded company whom Brookfield Infrastructure took private.

In December, our investment in InMotion, a large U.S. airport retailer, was sold for \$8.2mn USD to WH Smith in the UK. We acquired our stake in July 2018 at a 15% discount to its December 2017 valuation.

BID Group, a lumber mill machinery maker that we invested in during Q2 2017 has performed well. Sales, orders, backlog, and earnings have been growing strongly and ahead of budget year to date. Our investment is currently held at cost, and, in addition to the dividend recap earlier this year, we anticipate a meaningful mark-up once year-end 2018 valuation is complete. Sector activity remains high as lumber producers invest in both new capacity and efficiency upgrades, particularly in the U.S. South where BID has a strong market share.

A semiconductor service company that we invested in, in May 2018 with NY-based Berhman Capital, has been performing well. Sales and earnings have been posting strong double-digit growth this year and management anticipates this trend to continue into 2019. This is held at cost and given strong earnings growth, as well as a reduction in debt, we anticipate a meaningful mark-up in valuation shortly after the year-end.

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 read the Limited Partnership Agreement and 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. This investment is only available for sale to residents of Canada who are accredited investors. Please speak with a Nicola Wealth advisor to discuss if this investment is right for you. The units offered during 2012 from May 31, 2012 to Dec 2012 were offered at a pre-determined escalating price (not on underlying market values), starting at \$10 in May 2012, increasing 6-7c/month (8%/year). Similar to what happens in underlying Private Equity funds, this pricing was established to compensate earlier investors for time value. Effective Jan. 1, 2019, the fund changed its name from the NWM Private Equity LP.