



N NICOLA WEALTH MANAGEMENT

The Pool

The fundamental investment objective of the NWM Private Equity Limited Partnership is to seek long-term capital growth by investing in a diversified portfolio consisting of Limited Partnerships managed mainly by Private Equity managers as well as Mezzanine Debt managers, in addition to direct investments in private companies.

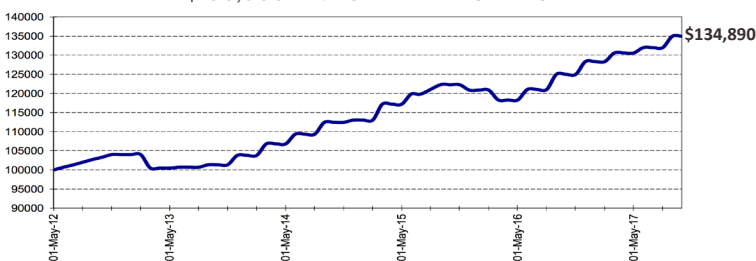
The Strategy

The Manager will diversify the pool'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.

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)
\$100,000 INVESTED AT INCEPTION

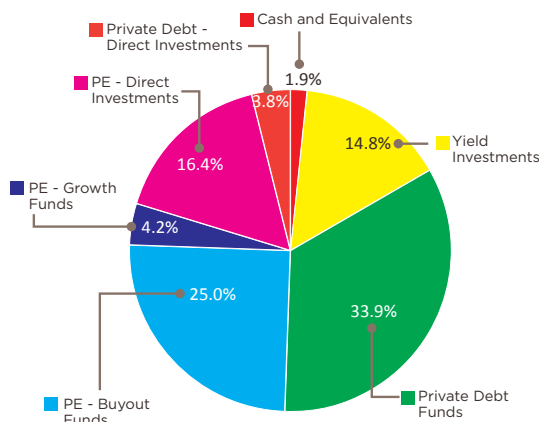


PERFORMANCE (quarterly returns)
As of September 30, 2017

	Q1	Q2	Q3	Q4	TOTAL
2017	1.8%	1.1%	2.2%		5.2%
2016	-2.1%	2.3%	3.3%	2.7%	6.2%
2015	3.7%	2.3%	2.0%	-1.1%	6.9%
2014	2.9%	2.4%	2.8%	0.5%	8.9%
2013	-3.4%	0.2%	0.6%	2.4%	-0.2%
2012 ¹		0.7%	2.0%	1.3%	4.0%

Total Assets (millions) \$160.7	
12-Month Trailing Cash Flow Distribution 2.0%	
Returns for the period ENDING NOV 30, 2017	
1 month	0.0%
3 month	2.2%
6 month	3.3%
1 year	8.0%
2 year	5.1%
3 year	6.3%
4 year	7.4%
5 year	5.3%
Since Inception*	5.6%
* May 31st, 2012	

Investment Mix by Strategy
as of September 30, 2017



Top 10 Fund Investments
as of Sep 30, 2017 (excluding cash)

	TOTAL
Crown Capital Fund IV	10.7%
Oaktree Mezzanine Fund IV	5.3%
Penfund V	4.1%
Brookfield Infrastructure Fund II	4.0%
THL Credit Direct Lending Fund III	3.8%
Northleaf Global PE Fund V	3.2%
Northleaf Secondary Partners LP	2.4%
Maxam Opportunities Fund	2.4%
Northleaf Global PE Fund VI	2.3%
Brookfield Infrastructure Fund III	2.2%
SUM	40.4%

Top 5 Direct Investments
as of Sep 30, 2017

	TOTAL
BID Group - Highland West	3.2%
Petrowest - Crown Capital	2.6%
Elevation Brands - Renewal	2.2%
Titan Group - Torquest	2.1%
Northwest Upgrading - Longbow	1.8%
SUM	11.8%

Disclosure

- Past performance is not indicative of future results.
- Returns are net of fund expenses.
- This investment is only available for sale to residents of Canada who are accredited investors. Please read the Limited Partnership Agreement and subscription documents for additional details and important disclosure information, including terms of redemption and limited liquidity.

¹The 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.

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





N NICOLA

WEALTH MANAGEMENT

Q2 | 2017 First Half Commentary as of June 30, 2017

SUMMARY

The total return for *NWM Private Equity LP* during the past twelve months was +9.0%. We continue to deploy capital in the private markets, aimed at unique and compelling opportunities in both pools and direct investments for a diversified approach.

The first half of 2017 has been a busy period. We invested in the newest fund by *Harbourvest's Co-investment Fund* as well as *THL Credit's Direct Lending Fund*. Through our managers, we also bought interests in a cellular tower company based out of India, an Alberta infrastructure construction firm, and B.C.-based forestry machinery company with U.S. operations.

Additionally, one of our earliest private debt pool investments managed by *Crown Capital* has recently divested, with a net return of 15.4%, as the final loan was repaid.

NEW FUNDS

Harbourvest Partners Coinvestment Fund IV

Harbourvest is a Boston-headquartered manager with global operations and a great track record, one of the longest in the industry. Their previous 2013 fund has generated a net IRR greater than 20%. *HPC Fund IV* is their most recent fund, and provides us with exposure to a broader basket of companies than traditional private equity, at a lower cost. The companies it has acquired range from a national property and casualty insurance broker, to a regional pediatric dental support company, to a management software company selling to faith-based organizations.

THL Credit's Direct Lending Fund III

This is a private debt fund that provides mainly floating-rate first-lien loans to companies being acquired by a PE firm. In addition to the liquidity premium that private lenders can lend at, this strategy focusses on lending to smaller, lower-middle market companies that, due to their size, pay a higher rate.

As a credit affiliate of *Thomas H. Lee Partners*, one of the world's most established private equity firms, *THL Credit* benefits from their industry experience and relationship network. *THL Credit* focuses on three areas: business and financial services, consumer and health-care, and media and information services. They have a great track record, and currently target a net return of 10%.

INVESTMENTS

BID Group

We were part of a group led by Highland West Capital that acquired a controlling stake in BID Group, a leading sawmill equipment manufacturer. While a Canadian company, BID has operations in and exposure to the US housing market, with a growing presence in the southern US. Headquartered in Vancouver, BC, BID Group has approximately 400 million in sales and over 1000 employees, making this a sizeable acquisition. The investment was acquired with a strong order book, reasonable valuation metrics, and with negligible financial leverage.

Reliance Infratel

As part of a large consortium of investors, led by Brookfield Infrastructure, we acquired a majority equity stake in Reliance Infratel, the third largest cell tower company in the fast-growing Indian market. Reliance owns 43,000 towers, 120,000km of fiber, and leases to 22 Indian Cellular Carriers. *Brookfield Infrastructure III* was the lead investor, contributing \$633M. Brookfield has 1,000 staff with expertise to buy and manage locations and lease to carriers. The investment seeks to benefit from exposure to growth in mobile data; volume from more towers offering greater coverage, density, and price as well as co-location (leasing towers to multiple carriers). Our stake was acquired from parent company Reliance Communications, the sixth largest telecom operator in India with 83.70 million subscribers.

Telford Ltd.

This is a two-year residential/redevelopment real estate loan that was a junior piece of a larger loan that our in-house Mortgage Team underwrote. The property is located in Burnaby, directly across from Metrotown, the largest mall in B.C. and third largest in Canada. This is a bridge loan with substantial amount of equity subordination, and is likely to be repaid through a construction loan.

Crown Capital Partners Inc.

Crown Capital closed a number of loans this past quarter including: lending to an Alberta-based industrial gas provider, a liquor retailer with over 40 locations, and a bridge loan to Petrowest, an infrastructure construction company.

PERFORMANCE

Return for the first half of 2017 was 2.8%, with a rolling twelve month return of 9.0%.

A successful exit which contributed to this performance was Vancouver-based Headwater Equity Partners selling its investment in Precision Mounting Technologies (PMT). PMT was a Calgary-based leading designer and manufacturer of mounts for computers and electronics for cars and other vehicles, including computer mounts for police cars. Headwater sold PMT to one of the company's key competitors in the U.S. at 4x our investment. This was Headwater's first investment and their first exit.

We received a dividend from *Torquest's* investment in a Craft Yarn Co. The Ontario-based company continued to grow sales and while investing in their online business, they were still able to grow earnings and continue paying down their debt. With excess capital, the company distributed a dividend to investors.

Crown Capital's final loan in our first fund investment was repaid. This was a loan to CRH Medical, which CRH used in 2014 to make a large acquisition. Crown received a 12% interest rate on the loan and was issued common shares as part of the financing fee. These shares were sold in 2015 at a substantial profit, and Crown Capital also received fees at the close of the loan. Net IRR for the fund was 15.4%.

CONCLUSION

Private Equity strategies we are currently investigating include lower middle-market PE funds, where we feel valuations still remain attractive and secondary funds which return capital earlier than traditional PE funds – and typically acquire PE pools at a discount. In July, we committed to Portfolio Advisors Secondaries Fund III, managed by Connecticut-headquartered Portfolio Advisors. Within *NWM Private Debt LP*, we increased our commitment to *Crown Capital Fund IV*, and continue to research new strategies which include lower middle-market senior secured loan funds.

As we deploy capital, we aim to capture additional returns in exchange for giving up some liquidity as private markets are inherently illiquid. Some of this risk is mitigated through diversification – in a normal environment we would expect to sell some of our older investments. We continue to research private market strategies that make sense and focus primarily on institutional quality managers with strong track records.

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