



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.

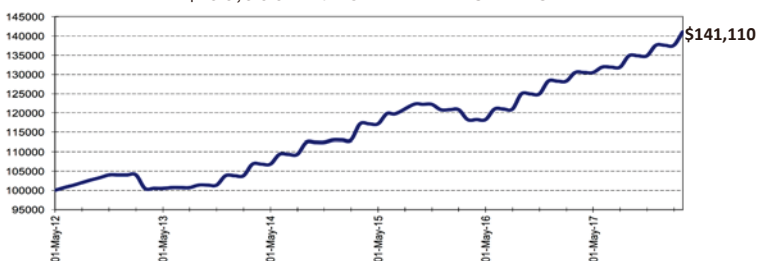
The Strategy

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

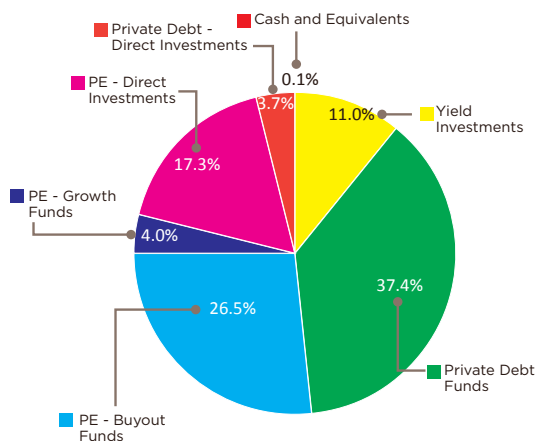


PERFORMANCE (quarterly returns)
As of March 31, 2018

	Q1	Q2	Q3	Q4	TOTAL
2018	2.5%				2.5%
2017	1.8%	1.1%	2.2%	2.0%	7.3%
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) \$179.3	
12-Month Trailing Cash Flow Distribution 1.9%	
Returns for the period ENDING MAR 31, 2018	
1 month	2.5%
3 month	2.5%
6 month	4.6%
1 year	8.1%
2 year	9.2%
3 year	6.4%
4 year	7.2%
5 year	7.0%
Since Inception*	6.1%
* May 31st, 2012	

Investment Mix by Strategy
as of December 31, 2017



Top 10 Fund Investments
as of Dec 31, 2017 (excluding cash)

	TOTAL
Crown Capital Fund IV	11.2%
Oaktree Mezzanine Fund IV	5.6%
THL Credit Direct Lending Fund III	5.1%
Brookfield Infrastructure Fund II	3.9%
Audax Senior Loan Fund I	3.8%
Penfund V	3.8%
Northleaf Secondary Partners LP	3.0%
Maxam Opportunities Fund	2.9%
Brookfield Infrastructure Fund III	2.6%
Northleaf Global PE Fund VI	2.5%
SUM	44.5%

Top 5 Direct Investments
as of Dec 31, 2017

	TOTAL
BID Group - Highland West	3.1%
Petrowest - Crown Capital	2.4%
Elevation Brands - Renewal	2.2%
Titan Group - Torquest	2.1%
Northwest Upgrading - Longbow	1.7%
SUM	11.5%

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.





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Q4 | 2017 Second Half Commentary as of December 31, 2017

Summary of the Private Equity Market

A Report on Business article published earlier this month (*Private Equity's \$1-Trillion Question*, January 5, 2018) highlighted the vast and growing amounts of capital, \$1-trillion USD, waiting to be deployed in private investments. These included private equity (PE), infrastructure, and global real estate while pointing to high valuations due to bidding wars for these asset classes. According to S&P LCD, valuations in the U.S. Middle Market LBO transactions are now at peak at 10.2x EV/EBITDA versus the prior peak in 2007 of 7.1x. Leverage ratios have gone up but most of the valuation increase has come from equity, which suggests double-digit returns from equity will be more challenging to come by for companies that were acquired at these valuations.

INVESTMENTS

So what are we doing in this environment? Exactly the same as before; diversify and focus on strategies that make sense with managers that we think are the highest quality. NWM Private Equity Limited Partnership continues to have a Canadian lower-middle market emphasis where valuations have not risen to astronomical levels as they have in the U.S. To help with volatility and improve liquidity, we have exposure to private debt investments including senior secured debt pools as well as Brookfield Infrastructure funds to help reduce underlying business risk.

Secondaries (where we buy existing PE funds) continue to be an important part of our strategy. This is where mature investments are typically acquired at a discount to NAV and are likely to experience earlier exits (due to an already matured portfolio) than primary PE fund investments. We recently added a new secondaries manager, Connecticut-based Portfolio Advisors and committed to Northleaf's next Secondaries Fund. Further, we continue to be opportunistic in co-investments which help reduce fees paid to external managers. For example, we recently committed to Boston-based Harbourvest's Coinvestment Fund which has a competitive fee-structure as well as a much more diversified portfolio of private companies compared to traditional PE funds.

In terms of new investments, in addition to the secondary funds previously mentioned, we also invested in Boston-based Audax's Senior Loan Fund I. This strategy invests in senior loans of smaller/middle market companies and, through some leverage, the fund targets a high-single digit net return. Further, we've also participated in two co-investments with Vancouver-based Renewal Funds; one differentiated Langley-based window manufacturer with half of its sales in the U.S. as well as a cloud-based food traceability service company that tracks foods and ingredients for companies like Chipotle, Subway, and Whole Foods.

PERFORMANCE

NWM Private Equity Limited Partnership total returns were 4.3% during the second half of 2017. What drove performance highlights was our Canadian focus and diversified strategies. Vancouver-based Maxam Opportunities Fund II performed well with an investment in Diversified Royalty which acquired Canadian AIR MILES trademarks and related Canadian intellectual property rights. Portfolio Advisors' Secondaries Fund III benefited from a write-up of secondary investments. Titan, a Canadian nation-wide building products

distributor, which was co-investment with one of our PE managers, has performed incredibly well with sales and earnings posting strong growth, driven by both Ontario and B.C. markets.

We have already received a large part of our capital back in a special dividend and the remaining equity was further written-up as the company paid down debt and grew earnings. Our real-estate development project with Porte Communities at Dawson and Madison in Burnaby continues to perform as all 92 residential units are sold. And finally GI Sportz, a paint-ball company, which was a co-investment with one of our Canadian PE managers, has also performed well as valuation improved.

OUTLOOK

NWM Private Equity Limited Partnership has been diversified in terms of strategy. At the end of Q4, one-third of assets was allocated to private debt including mezzanine debt strategies. Last October we launched the NWM Private Debt Fund which provides our clients direct exposure to this asset class. As such, our NWM Private Equity Limited Partnership will focus more on PE going forward while still investing in some private debt pools to help manage our float. This transition will take several years to allow for some of our existing private debt investments to mature.

It is well understood that PE as an asset class are illiquid, long-term investments. There is a very limited secondary market so liquidity happens most often when a portfolio company is sold (which usually occurs more than five years after it is acquired). PE managers are typically conservative in how they value their portfolio companies while being held (there is reputational risk to writing down an investment upon exit). As our PE investments mature and we experience more exits, from our discussions with our PE managers, many are expecting this year and next year to be busy years for exits. We expect some tailwind to returns driven by these write-ups assuming a steady macro and valuation environment.

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