



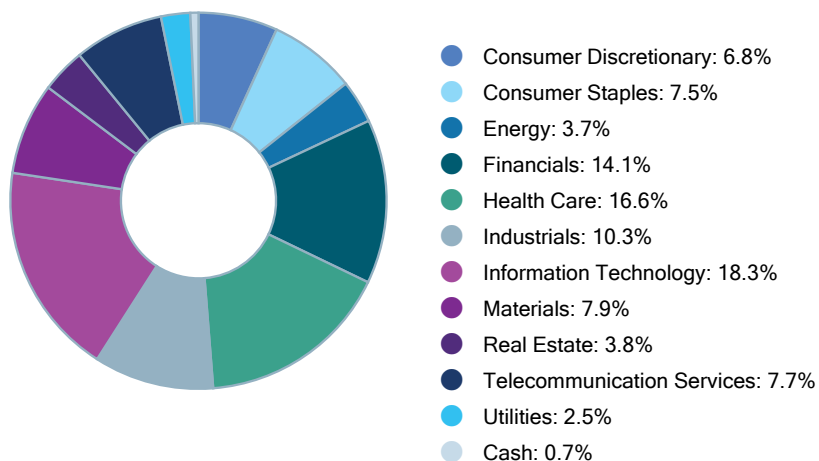
OBJECTIVE

The Nicola U.S. Equity Income Fund's objective is to provide clients of Nicola Wealth with long-term capital growth and income by investing in a diversified portfolio of U.S. equity securities. The reporting currency of this fund is U.S. Dollars; a Canadian Dollar series of this fund is also available.

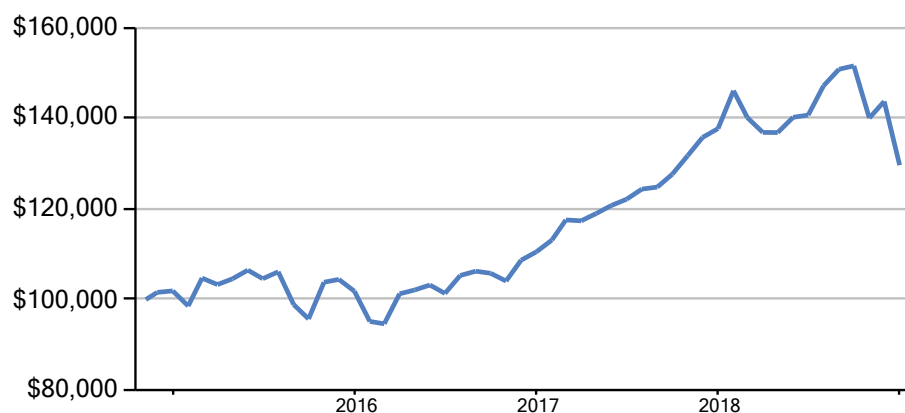
STRATEGY

The fund is managed using an active investment strategy. In addition to owning stocks, the fund utilizes a covered call strategy to enhance income. Investment selection is based on a top-down and bottom-up investment process that focuses on stocks that have a compelling combination of quality, valuation, and growth.

Sector Weighting as of December 31, 2018



\$100,000 Invested Since Inception



Stated in US dollars

Key Statistics

Inception Date	November, 2014
Net Asset Value	\$191.8 Million
NAV Per Unit (Class O)	\$10.46
Number of Stocks Owned	43
Trailing 12 Month Distribution	7.9%
% of Equities Partially or Fully Covered	9.8%

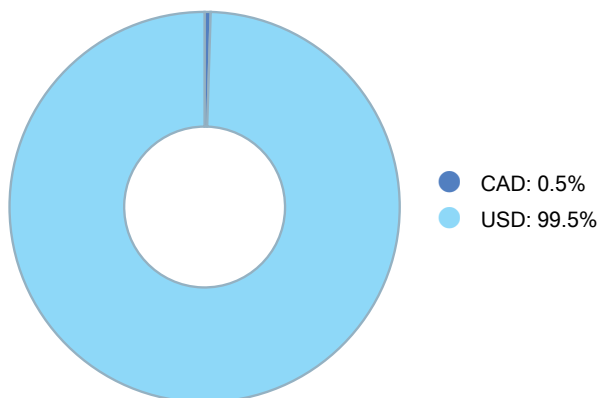
Calendar Year Returns

2018	-5.9%
2017	24.6%
2016	8.5%
2015	-0.1%
2014	1.9%

Returns for the period ending December 31, 2018

Year-to-Date	-5.9%
1 Year	-5.9%
3 Year	8.4%
5 Year	N/A
10 Year	N/A
Since Inception	6.5%

Currency Exposure

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

JP Morgan Chase & Co.	5.75%
Citigroup Inc.	4.99%
Microsoft Corp.	4.87%
Alphabet Inc.	3.65%
Procter & Gamble Co.	3.55%
Visa Inc.	3.51%
DowDuPont Inc.	3.15%
Medtronic PLC	3.11%
Home Depot Inc.	2.87%
United Health Group Inc.	2.73%
Total	38.18%

Commentary

Despite economic indicators such as employment, wages, consumer confidence, PMI, corporate sales and earnings, all pointing to a sound U.S. economy; the stock market is a discounting mechanism and was down during the quarter, reflecting heightened concerns over monetary policy, ie Federal Reserve raising rates too quickly, and U.S.-China trade. Further, worries that we are getting late in the cycle and algorithmic or high frequency trading, as well as slowing global growth particularly in China did not help. As such, the S&P500 returned -13.5% (all returns in USD) during the quarter and ended with a -4.4% return for the year. It was a 'risk-off' quarter, with defensive sectors such as Utilities, Real Estate, Consumer Staples, and Health Care all outperforming the S&P500, while cyclical and growth sectors (viewed as higher risk) such as Technology, Industrials, Discretionary, all underperforming. Valuations compressed, with forward Price-Earnings multiples of the S&P500 down about -15% during the quarter.

While we expect U.S. economic growth to slow, we continue to believe growth will be positive and as such the portfolio is positioned accordingly. The fund continued to be fully invested, with large weights in IT, Health Care, and Financials; as such, returns were down, -14.5%. IT stocks that we own, including NVidia, Activision, Apple and HP all weighed on performance; Financials such as AIG, Citigroup, Bank of America also were down; Energy stocks Valero and EOG, Materials names Westrock, LyondellBasell, DowDuPont were impacted as well. Our defensive stocks such as Consumer Staples company Procter & Gamble, Utility stock Nextera Energy, and Pharmaceutical name Merck, were all up during the quarter and helped returns for the fund.

With corporate earnings continuing to grow, an overall healthy consumer benefiting further in 2019 from tax cut benefits, attractive stock valuations, and negative sentiment, we continue to be positive on U.S. equities. During the quarter as prices fell, we maintained our target weights and added to positions on relative weakness, including Materials names Westrock, Sherwin Williams; Housing related Weyerhaeuser, Home Depot; IT names NVidia, Activision, Energy stocks Valero and EOG; and our Financials exposures. Meanwhile, we've trimmed Healthcare names Pfizer, Merck, HCA; defensives Nextera Energy and Crown Castle International; and Defense name L3 Technologies. The fund did some tax loss selling in December to offset gains realized earlier in the year. In order to stay invested and to maintain our exposures, we added to existing positions and bought new names with similar characteristics and in the same industries as the stocks we sold.

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 US Equity Income Fund.