



NICOLA WEALTH

The Pool

The fundamental investment objective of the Nicola 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.

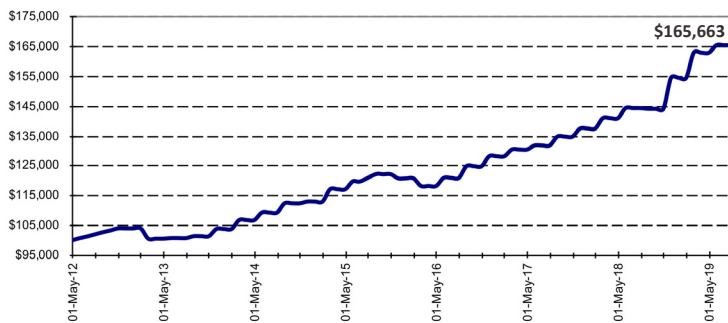
The Strategy

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, 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 Nicola Wealth's Portfolio Management Team.

PERFORMANCE (cumulative return)
\$100,000 INVESTED AT INCEPTION



PERFORMANCE (quarterly returns)
As of JUNE 30, 2019

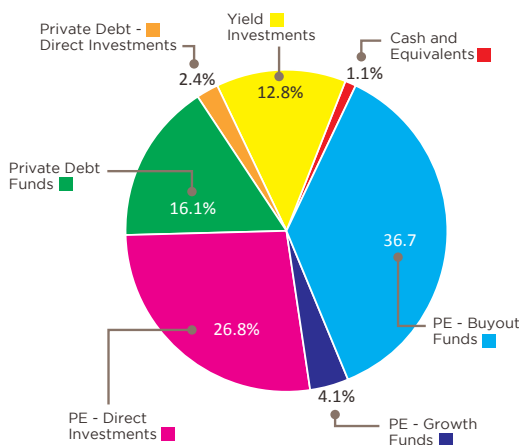
	Q1	Q2	Q3	Q4	TOTAL
2019	5.5%	1.6%			7.1%
2018	2.5%	2.4%	-0.2%	7.2%	12.4%
2017	1.8%	1.1%	2.2%	2.0%	7.3%
2016	-2.1%	2.3%	3.3%	2.7%	6.2%
2015	3.7%	2.3%	2.0%	-1.1%	6.9%
2014	2.9%	2.4%	2.8%	0.5%	8.9%
2013	-3.4%	0.2%	0.6%	2.4%	-0.2%
2012 ¹		0.7%	2.0%	1.3%	4.0%

Total Assets (millions) \$252.5	
12-Month Trailing Cash Flow Distribution 1.9%	
Returns for the period ENDING AUGUST 31, 2019	

1 month	0.0%
3 month	1.6%
6 month	7.1%
1 year	14.7%
2 year	12.1%
3 year	11.0%
4 year	8.4%
5 year	8.7%
6 year	8.7%
7 year	7.2%
Since Inception*	7.2%

* May 31st, 2012

Investment Mix by Strategy
as of June 30, 2019



Top 10 Fund Investments as of June 30, 2019 (excluding cash)

	TOTAL
Behrman Capital VI LP	4.2%
Audax Senior Loan Fund I	4.1%
Brookfield Infrastructure Fund III	3.8%
Oaktree Mezzanine Fund IV	3.6%
Headwater Equity Partner II	3.5%
Brookfield Infrastructure Fund II	2.8%
Harbourvest Partners Co-Investment Fund IV LP	2.8%
Torquest Partners Fund IV	2.6%
Northleaf Global PE Fund VI	2.2%
Northleaf Global PE Fund V	2.1%
SUM	31.6%

Top 5 Direct Investments as of June 30, 2019

	TOTAL
Corfin Holdings Inc.	5.3%
Onex Fox LP	4.1%
Palladin Partners B, LP	2.4%
Elevation Brandings Holdings	2.2%
BID Group - Highland West	2.0%
SUM	16.0%

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.

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





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Q2 | 2019 Commentary

The Nicola Private Equity LP returned 1.6% in Q2, and as of June 30, 2019, the 1yr, 3yr and 5yr returns were 14.7%, 11.0%, and 8.7%, respectively.

Performance during the quarter was driven by returns from the following:

- The New Hampshire-based Industrial Components company that we invested in with Behrman Capital, continued to appreciate in value – earnings grew strongly on-budget during the quarter and continues to expect high teens revenue and earnings growth in 2019. Net leverage multiple is down considerably since our investment and the company refinanced its credit facility in April, securing a lower interest rate. Organic growth and an acquisition in November last year led to strong earnings growth.
- Brookfield Infrastructure Fund III delivered strong cash yield of 8% as a result of investments made in highly cash generative businesses. Cashflows were up significantly vs last year, reflecting contributions from recent acquisitions and strong operating results. Performance from TerraForm Renewable Power, which Brookfield acquired control in 2017, remains a listed public company, and contributed to Brookfield's performance.

Activity during the quarter:

- Through Behrman, we invested in a Chicago-based specialty manufacturer of pipe rehabilitation equipment and supplies. Key products focus on repair of sewage pipes that connect to larger diameter wastewater or sewer line pipes. The company is a market leader in an industry that is expected to experience long-term growth due to a) wastewater pipe infrastructure in the US has been decaying much faster than it is being repaired and b) the company's technology is expected to continue to take share from traditional 'dig and replace'.
- Northern Private Capital, the exclusive investment vehicle of CFFI Ventures, a company owned and controlled by John Risley, made three significant investments thus far. First was in Clearbank: a fast growing fintech company based in the UK in which CFFI already had an existing investment. The fund also made an investment in MicroSintesis, a Montreal-based animal health focused biotech company looking to expand into global markets. NPC also invested in Loop Industries, a listed company which is a leading sustainable plastics technology innovator. The company is in an excellent position to execute its strategy to capitalize on technology, play a leading role in helping to solve the global plastics crisis. Company has partnered with Indorama, thyssenkrupp, and signed sales contracts with leading global consumer brands.

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