Nicola Canadian Equity Income Fund

As of May 31, 2026

Overview

The Nicola Canadian Equity Income Fund aims to combine stable income with long-term capital growth through a high-conviction, all-cap strategy focused on Canadian companies. Anchored by core holdings with proven profitability and complemented by opportunistic ideas with supportive near-term potential, the Fund targets quality businesses with attractive dividends. A disciplined, bottom-up process and active risk management underpin its goal of delivering consistent, risk-adjusted returns through market cycles.

Highlights

Long-term, quality-focused – The Fund uses an independent, bottom-up process to determine a proprietary quality score for a company and minimum return threshold for its stock. While investments may be held indefinitely, the Fund targets a three to five year holding period.

Reliable income component – The Fund seeks to invest in dividend paying companies with a history of growth and to maintain a competitive dividend yield against the S&P/TSX Canadian Dividend Aristocrats Index. The Fund may use option writing and preferred shares to enhance its cash yield.

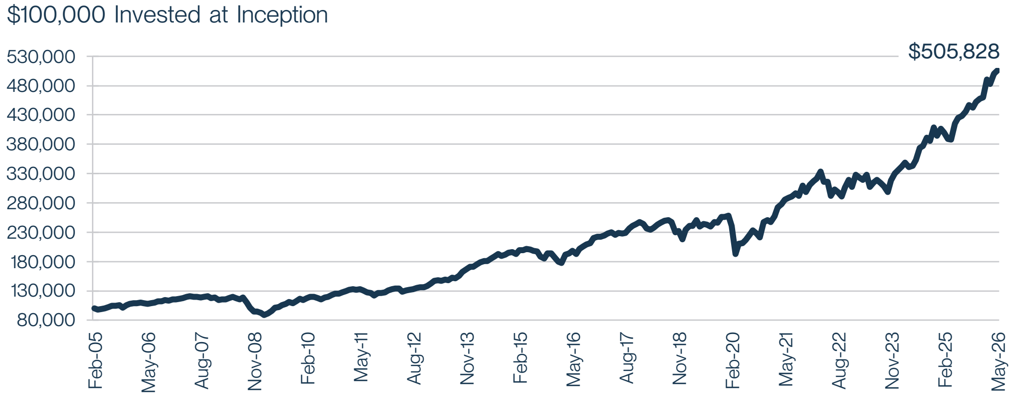
Diversified and concentrated – The Fund invests across all sectors and market capitalizations of the Canadian equity market and takes meaningful positions based on risk-reward thresholds.

Dividend Arbitrage Strategy – The Fund may invest in a fully hedged dividend arbitrage approach that aims to generate additional dividend income by buying dividend-paying stocks just before the ex-dividend date while simultaneously shorting the same stocks via futures contracts to hedge price movement. The strategy is a capital-efficient overlay that enhances dividend yield without tying up cash.

Performance (Class O)

Cumulative Net Returns

$100,000 Invested at Inception



Performance Summary

Cumulative Returns				Annualized Returns				
YTD	1M	3M	6M	1Y	3Y	5Y	10Y	Since Inception February 28, 2005
10.4%	1.2%	3.2%	11.8%	21.9%	18.1%	12.1%	9.8%	7.9%

Calendar Year Net Returns

2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
16.0%	19.4%	7.7%	-1.0%	23.6%	-1.9%	17.5%	-11.9%	11.1%	18.7%

About the Fund

Inception Date	February 28, 2005
Net Asset Value (NAV)	C$1009.8M
Distribution Frequency	Monthly
Current Distribution Yield[1]	3.45%
Trailing 12-Month Distribution Yield[2]	11.50%
Liquidity Terms	Daily
Base Currency	CAD

Equity Characteristics

Forward Price-to-Earnings (P/E)	17.4x
Enterprise Value-to-EBITDA	10.7x
Net Debt-to-EBITDA Ratio	2.9x
Return on Equity	15.5%
No. of Holdings	41
Dividend Yield[3]	3.1%

Risk Metrics* (since inception)

Maximum Drawdown (Nov 2007 – Feb 2009)	-26.9%
Best 12 Months (Apr 2020 – Mar 2021)	41.4%
Worst 12 Months (Mar 2008 – Feb 2009)	-22.9%
Best Quarter (Q2 2009)	12.5%
Worst Quarter (Q1 2020)	-24.7%
Standard Deviation[4]	10.9%
Sharpe Ratio[5]	0.5

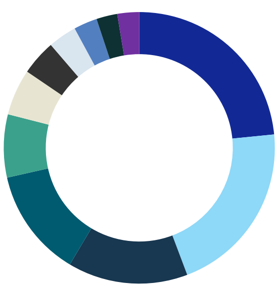
*Risk metrics are calculated based on Class O (CAD) monthly returns.

Holdings

Top 10 Holdings

Name	% of NAV	Description
Gibson Energy Inc.	6.5	A Canadian energy infrastructure company providing services related to the storage, transportation, and marketing of petroleum products.
Canadian Utilities Ltd	5.9	A Canadian diversified utility company engaged in electricity generation, transmission, and distribution, as well as natural gas transmission and distribution, and energy services.
Pembina Pipeline Corp	4.3	A Canadian energy infrastructure company that transports, stores, and markets oil, natural gas, and natural gas liquids.
Canadian Tire Corporation - Class A	3.9	A Canadian retail company offering a variety of products including automotive, home, and sporting goods, as well as financial services.
Brookfield Infrastructure Partners	3.6	A global infrastructure company that owns and operates diversified infrastructure assets across utilities, transport, midstream, and data sectors.
Capital Power Corp.	3.5	Develops, acquires, owns, and operates power generation facilities across North America with a portfolio spanning natural gas and renewable energy assets.
Brookfield Asset Management - A	3.2	A global asset management company with operations across real estate, infrastructure, renewable energy, and private equity.
Toronto-Dominion Bank	2.9	One of Canada's largest banks, offering a wide range of banking products and services, including retail banking, wealth management, and corporate banking.
Canadian National Railway Co.	2.8	Canada's largest railway company providing freight and passenger rail services across North America.
National Bank of Canada	2.7	A leading Canadian financial institution offering a wide range of banking and financial services.
Total	39.2	

By Sector



	%
Energy	23.4
Financials	20.8
Industrials	14.3
Utilities	12.9
Consumer Discretionary	7.5
Consumer Staples	5.5
Real Estate	4.2
Materials	3.4
Information Technology	2.8
Communication Services	2.5
Cash	2.6

Disclosure

[1]The annualized yield based on the fund's current regular monthly distribution rate and the most recent month-end NAV. Excludes special or top-up distributions. Distributions are not guaranteed and may vary in amount and frequency over time.

[2]Total cash distributions paid over the past 12 months, including special and top-up distributions, divided by the most recent month-end NAV.

[3]Dividend Yield represents the weighted average yield of the fund's underlying equity holdings. It is calculated as the weighted average of the forward estimated 12-month dividends divided by the most recent closing price.

[4]Standard deviation is a statistical measure that quantifies the risk of an investment. It indicates how much a fund's return deviates from the average return over a period. A higher standard deviation suggests potentially greater volatility (higher risk), while a lower standard deviation indicates potentially less volatility (lower risk).

[5]Sharpe ratio measures the risk-adjusted return, helping investors understand how much an investment compensates for the risk taken. It is calculated by dividing a fund return less cash (riskless) return by its risk standard deviation.

Nicola Wealth Management Ltd. (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 Asset Management Team.

Past performance is not indicative of future results. All investments contain risk and may gain or lose value. Returns are net of fund expenses charged to date. This is not a sales solicitation. This investment is intended for tax residents of Canada who are accredited investors.

Residency restrictions apply. Please read the relevant documentation for additional details and important disclosure information, including terms of redemption and limited liquidity. Please speak to your Nicola Wealth advisor for advice based on your unique circumstances.

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