Nicola U.S. Equity Income Fund

As of May 31, 2026

Overview

The Nicola U.S. Equity Income Fund seeks to deliver a differentiated approach to U.S. equity investing by targeting high-quality companies with strong free cash flow, sustainable profitability, and compelling valuations. Through a research-intensive, bottom-up process, the Fund consists of a concentrated, all-cap portfolio that looks distinct from traditional benchmarks. With the strategic use of options to enhance income and manage entry points, the Fund aims to provide a combination of long-term capital growth and stable income in one of the world's most dynamic markets.

Highlights

Disciplined, long-term quality approach – A bottom-up process independently assesses quality, risk, and return potential, focusing on companies with sustainable competitive advantages.

Strategic diversification – Access an "all cap" U.S. equity strategy that invests across diverse sectors, with concentrated positions based on compelling risk-reward assessment.

Bottom-up research-intensive process – The Fund uses a proprietary scoring of quality attributes made up of sustainable competitive advantages, financial metrics, and management strength; consideration of risk attributes related to regulation, geopolitical, macroeconomic, and obsolescence; and financial modelling to derive margin of safety.

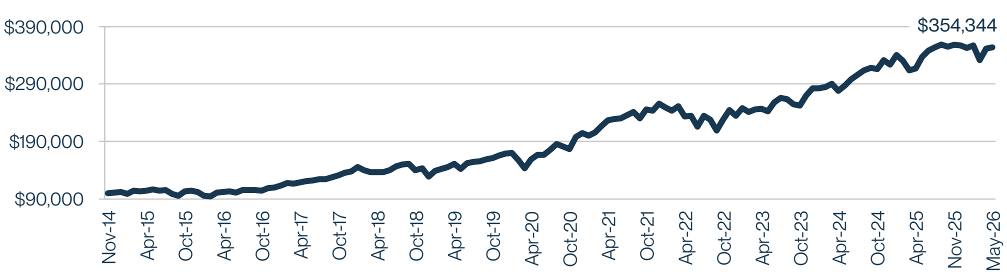
Strategic use of options – The Fund may utilize call and put writing strategies to generate additional income and/or potentially acquire holdings at more desirable prices, provided the compensation is deemed sufficient.

Benchmark differentiation – Gain exposure to a portfolio that actively differs from benchmarks like the S&P 500, offering the potential for differentiated performance through unique holdings and flexible allocations.

Performance (Class O)

Cumulative Net Returns

US$100,000 Invested at Inception



About the Fund

Inception Date	November 7, 2014
Net Asset Value (NAV)	US$539.0M
Distribution Frequency	Monthly
Current Distribution Yield[1]	0.40%
Trailing 12-Month Distribution Yield[2]	11.86%
Liquidity Terms	Daily
Base Currency	USD

Equity Characteristics

Forward Price-to-Earnings (P/E)	22.0x
Net Debt-to-EBITDA Ratio	0.9x
Return on Equity	39.0%
No. of Holdings	34
Dividend Yield[3]	1.0%

Risk Metrics* (since inception)

Maximum Drawdown (Jan 2022 – Sep 2022)	-18.2%
Best 12 Months (Apr 2020 – Mar 2021)	51.0%
Worst 12 Months (Mar 2015 – Feb 2016)	-9.6%
Best Quarter (Q2 2020)	16.6%
Worst Quarter (Q1 2020)	-15.3%
Standard Deviation[4]	14.1%
Sharpe Ratio[5]	0.8

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

Performance Summary

	Cumulative Returns				Annualized Returns					
	YTD	1M	3M	6M	1Y	3Y	5Y	10Y	Since Inception	Inception Date
CAD	-0.4%	2.2%	0.2%	-2.5%	5.4%	13.9%	12.0%	13.7%	13.4%	November 7, 2014
USD	-0.8%	0.7%	-0.9%	-1.2%	4.9%	13.4%	9.1%	13.1%	11.6%	

Calendar Year Net Returns

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
CAD	5.2%	24.9%	17.5%	-2.4%	24.7%	18.5%	24.3%	2.2%	16.7%	5.3%
USD	10.2%	14.9%	20.3%	-8.6%	25.3%	20.8%	30.7%	-5.9%	24.6%	8.5%

Holdings

Top 10 Holdings

Name	% of NAV	Description
Microsoft Corporation	5.6	Global technology leader offering a comprehensive suite of software, cloud services, and devices for business and personal use.
Nvidia Corp	5.3	Designer of graphics processing units (GPUs) and AI computing platforms powering gaming, data centers, and autonomous vehicles.
Meta Platforms Inc. – Class A	4.4	Provider of digital social platforms including Facebook, Instagram, and WhatsApp, with a focus on advertising and virtual reality technologies.
Visa Inc. – Class A	4.3	Global leader in digital payments, enabling secure and seamless transactions for consumers, businesses, and governments worldwide.
Amazon.com Inc	4.2	Global e-commerce and cloud computing giant with additional operations in digital media, logistics, and artificial intelligence.
L'Oréal S.A.	3.9	World's largest beauty company, offering cosmetics, skincare, and personal care products across a portfolio of global brands.
Union Pacific Corp	3.8	Major U.S. railroad operator providing freight transportation services across a vast network linking the West Coast and Midwest.
Waste Connections Inc	3.8	Leading solid waste services company operating an integrated network of collection, transfer, recycling, and disposal assets with long-term contracted revenues across North America.
Linde Plc	3.7	World's largest industrial gas company, supplying gas and process technologies to various industries globally.
Synopsys Inc	3.6	Leading provider of electronic design automation (EDA) software and semiconductor IP that enables chip design, verification, and manufacturing; also offers application security testing tools.
Total	42.6	

By Sector

	%
Information Technology	28.2
Consumer Discretionary	13.6
Communication Services	14.3
Industrials	15.0
Financials	7.1
Consumer Staples	8.9
Health Care	6.0
Materials	7.0

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.

On November 3rd, 2022, the Nicola U.S. Tactical High-Income Fund was terminated, and the fund's assets were transferred to the Nicola U.S. Equity Income Fund in exchange for units of the Nicola U.S. Equity Income Fund.

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.