

# Nicola Private Debt Fund Quarterly Report | Q1 2025

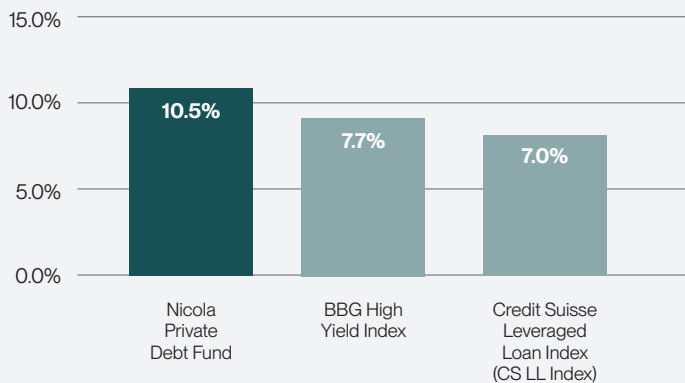
## Objective

The objective of the Nicola Private Debt Fund ("Nicola PDF" or the "Fund") is to achieve a high level of current income while emphasizing capital preservation by investing primarily in senior secured middle market corporate debt.

## Strategy

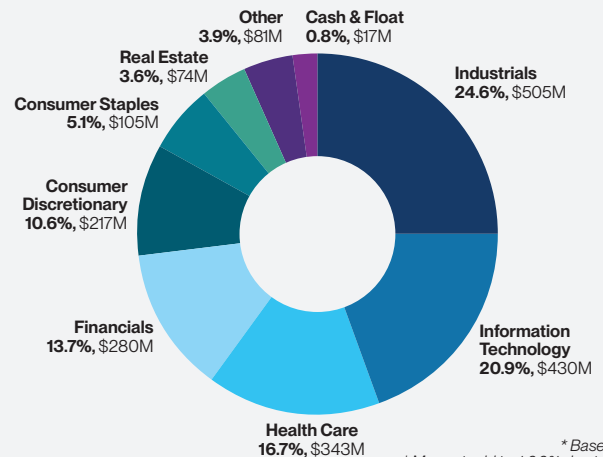
The Fund combines direct investing in private debt, and a fund-of-funds approach to earn an attractive premium above the returns of publicly traded, non-investment-grade fixed income securities. The Fund diversifies across managers, regions, industries and strategies, and the portfolio enables investment access across a wide set of attractive private and public debt opportunities. The Fund may also invest in cash, cash equivalents, BDCs, MREITS, publicly traded credit and CLOs. The Fund may employ the use of leverage and currency hedging.

### LAST TWELVE MONTHS PERFORMANCE as of March 31, 2025\*



\* Gross returns

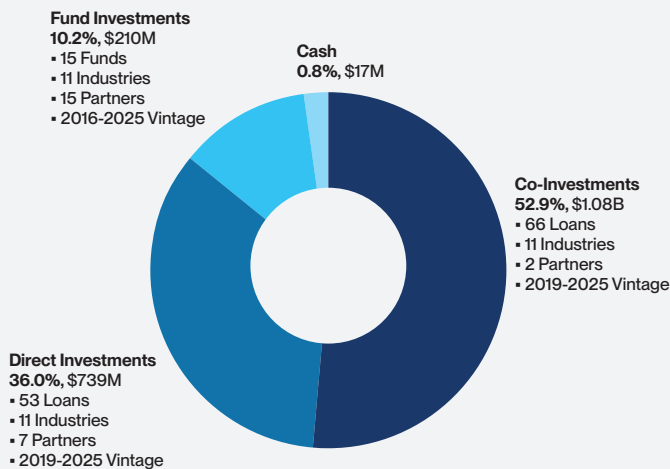
### INVESTMENTS BY SECTOR as of March 31, 2025\*



\* Based on AUM

\* May not add to 100% due to rounding.

### INVESTMENTS BY TYPE as of March 31, 2025\*



\* Based on AUM

\* May not add to 100% due to rounding.

### Returns for the period ENDING as of March 31, 2025

QTD	1.9%
YTD	1.9%
1 year	8.3%
3 year	8.2%
5 year	8.2%
10 year	-
Since inception*	7.6%

\*October 31, 2017

## Performance

Nicola PDF returned +1.9% during Q1 2025, bringing 1-year net returns to 8.3%. Recent performance has been driven by:

1. Contractual cash interest income from the Fund's direct and co-investments which made up 36.0% and 52.9%, respectively, of the portfolio as of quarter-end.
2. Our 96% allocation to floating rate loans, which has provided an opportunity for incremental return amid elevated interest rates.
3. A conservative level of leverage, which has increased to 0.46x from 0.29x one year ago.

The approximate current gross levered yield on the Fund's investment portfolio is 11.6%.

The Fund has generated a 9.0% distribution to investors over the last twelve months, in line with our target distribution.

Gross Asset Value ("GAV") reached C\$2.1B as at quarter-end (C\$1.4B in Net Assets) and has grown 43% over the last year.

## New Investments & Realizations

The Fund reviewed 36 opportunities in Q1, ultimately deploying C\$224M across 11 new investments and incremental capital calls from existing investments. New investments made during the quarter included:

### Project Atom

*Senior Credit Facilities*

**What they do:** A leading specialty outsourced clinical engineering ("OCE") parts and service provider to customers in the healthcare sector.

### Project Everest

*Senior Credit Facilities*

**What they do:** An operator of ambulatory surgery centers ("ASCs") and pain management clinics focused on spine & joint pain and providing comprehensive treatments for high-acuity procedures.

### Project Cloud

*Senior Credit Facilities*

**What they do:** Provider of managed IT services including managed desktop, cyber security and cloud management services.

The Fund also realized five direct investments in the quarter totaling C\$34M and earning a weighted-average IRR and MOIC of 12.1% and 1.14x, respectively.

## Our Thoughts On:

### The Market

Private debt yields continue to benefit from elevated benchmark interest rates. Loan spreads compressed in 2024 and into Q1/25 as financing opportunities saw greater competition between lenders looking to deploy dry powder amid limited private equity activity. With the United States imposing major changes to its trade policies, we believe that the Fund's defensive positioning through seniority in the capital structure and avoidance of cyclical businesses has us better suited to weather a potential economic downturn.

### Our Fund

From an underwriting perspective, we believe the Fund's broad and diverse deal pipeline, thorough due diligence, and careful investment selection will continue to play a critical role in 2025. Key characteristics we seek in borrowers include a clear competitive advantage; low capital intensity; diversified customer and supplier base; recurring revenue model and strong margins; experienced management team with aligned incentives; and resilient, through-the-cycle performance.

Nicola PDF maintains a strategic focus on U.S. middle-market businesses with US\$15M+ in EBITDA. The Fund's weighted average EBITDA on direct and co-investments is over US\$91M. The Fund takes a diversified investment approach and holds ~120 positions in the portfolio, with no single direct investment accounting for over 2.1% of AUM. The Nicola Wealth Private Debt investment team believes there is limited rationale for taking concentrated positions in a portfolio of yield-oriented credit investments.

We continue to favour senior secured debt for downside protection given the high degree of uncertainty in the macroeconomic environment.

<sup>1</sup> Gross Asset Value ("GAV") represents the total assets in the fund, including leverage

## Top Direct/Co-investments

Investment	%AUM	Description
Project Victory	2.1%	Senior Credit Facilities to a health insurance and benefits management service provider.
Project Robotto	1.9%	Senior Credit Facilities to a value-added distributor of high-reliability semiconductors.
Project Iris	1.9%	Senior Credit Facilities to an optometry clinic consolidator.
Project Wave	1.7%	Senior Credit Facilities to a healthcare patient engagement platform.
Project Greenpark	1.5%	NAV Loan secured by 27 real estate assets across the UK, France, Greece, Ireland, Spain, Germany, Poland, and the USA.
Project Diagnostic	1.5%	Senior Credit Facilities to a global developer, manufacturer, & distributor of consumable products & services for the life sciences & diagnostics markets.
Project Transform	1.5%	Senior Credit Facilities to a leading provider of critical digital transformation services to enterprise and upper middle market customers.
Project Winter	1.5%	Senior Credit Facilities to a provider of subscription-based commercial ice machine rental and maintenance, repair, and overhaul services.
Project Breeze	1.3%	Senior Credit Facilities to a provider of highly engineered commercial HVAC solutions and services.
Project Converse	1.2%	Senior Credit Facilities to a provider of residential exterior services.

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