	MANAGERS	COMPANIES
US	Accel NEA Redpoint Lightspeed ANDREESSEN HOROWITZ	bright HEALTH DOORDASH HashiCorp snowflake
CANADA	Georgian Partners inovia VANEDGE CAPITAL Northleaf	FRESHBOOKS cloud accounting AppDirect TEALIUM iex WorkFusion TOP HAT

VC Example Managers and Investments

Nicola Wealth has been investing in venture capital since 2010 and through the Nicola Private Equity LP since its inception in 2012. While mature, cash-flowing businesses are core to the Nicola PE strategy, we also have a limited allocation to earlier-stage VC and growth-equity strategies and thus have met with top-tier Canadian VC managers as well as groups with access to the top VC managers in the U.S. Below is a sample of managers and companies we have invested in through our Nicola PE fund – which highlights the breadth and quality of investment opportunities one can expect in the Fund.

The Nicola Venture Capital LP

Diversification, access, and putting capital to work are among our cornerstone beliefs when it comes to investment management in private market investments. The Fund will aim to provide our clients with exposure to VC investments as part of their asset allocation without the barriers to entry characteristic of VC investments of high investment minimums, prolonged capital deployments, and no liquidity.

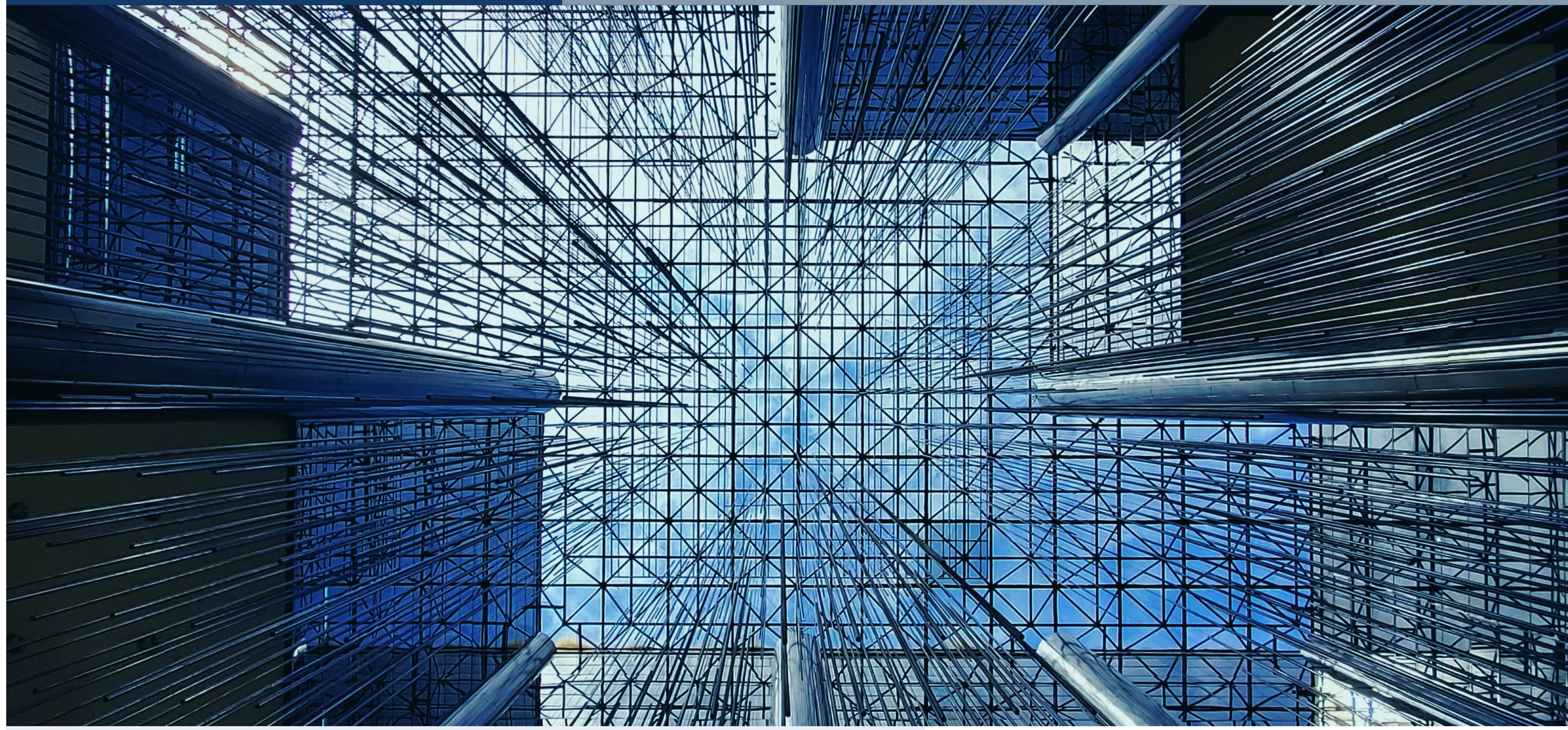
To learn more about the Fund and the risks associated with investing in the Fund, please contact a member of your Nicola Wealth Advisory Team.

NICOLA WEALTH

This investment is generally 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 risks, terms of redemption and limited liquidity. All investments contain risk and may gain or lose value. 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 provincial securities commissions. This summary contains targeted returns; actual returns may vary.

NICOLA WEALTH

Nicola Venture Capital Limited Partnership – an Introduction



The Fund

The Nicola Venture Capital LP (the "Fund"), invests in early stage, growth-oriented companies in a diversified, mix of industries, participating alongside experienced partners with strong track records and access to opportunities in order to generate attractive risk-adjusted returns. The Fund will invest in both new issuances of shares as well as secondary opportunities, seeking to create a basket of attractive venture capital and later-stage growth-equity investments through a variety of structures ranging from direct share ownerships and traditional venture capital funds, to customized separate accounts. The Fund is targeting a 12-15% net return per annum through capital gains.

The Manager

Nicola Wealth Management Ltd. (the "Manager") established in 1994, is one of Canada's fastest growing wealth management firms, with a philosophy built on cash flow and diversification. Our growing series of differentiated funds in the private capital space, including Private Equity, Private Debt, Mortgages, and Infrastructure, are managed by members of Nicola Wealth's Private Capital Team with oversight by an Investment Committee comprised of Nicola Wealth Senior Leadership Team members and experienced external members. The management of the Fund is the Nicola Venture Capital General Partnership.

What is Venture Capital?

Venture Capital (VC) involves investment in early-stage private businesses, that appreciate in value as the companies grow. What may start as an idea in a garage (HP), dorm room (Facebook) or from the side of a desk (Amazon), has the potential to become a $100bn+ business, that often requires external capital during the earlier stages of the firm's growth. There is often underlying proprietary technology or intellectual property that enables some of these early-stage companies to sustain a high level of growth, and when combined with a large and/or growing addressable market, some such businesses can grow substantially from a small base.

Why VC?

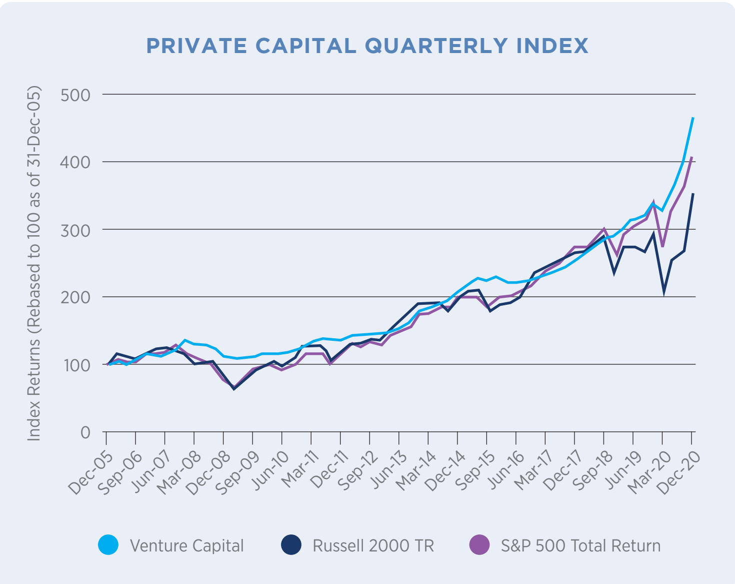
Venture Capital as an asset class has outperformed public equity assets (both large and small cap) over the last 15 years with significantly less volatility and smaller corrections. While this past outperformance may not continue, it does indicate there are attractive opportunities in this segment of the market.

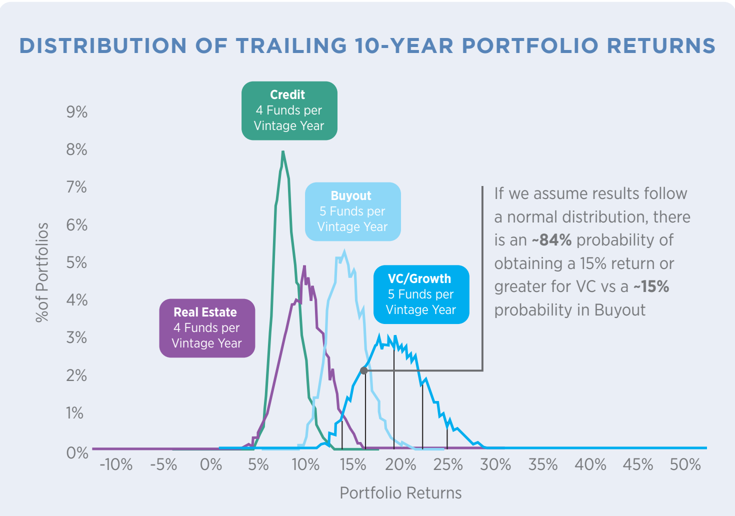
VC is an asset class that can be complementary to many investment portfolios. There are typically underlying secular growth trends, and often disruptive technologies with lasting impacts on the economy, that early-stage businesses in the venture capital space benefit from and take advantage of. These secular trends — which would include ecommerce, digital marketing, as well as continued process improvements in areas such as healthcare, education, financial services, and renewable energy — are long-term trends and have persisted despite macro-economic cycles. It is this nature of venture capital that allows for compelling risk-adjusted returns.

Hamilton Lane, a multi-billion-dollar Philadelphia-based private capital manager in their most recent annual market overview "City Mouse & Country Mouse: 2021 Market Outlook," analyzed how returns have been distributed across various private capital asset classes over the past ten years. This graph above from their market overview highlights how VC can be complementary and accretive to an investment portfolio that includes other private asset classes. The trailing 10-year returns average of 20% is compelling.

Challenge: Access & Liquidity

Access is challenging since private companies' shares are not available to buy or sell on a stock exchange. Relationships and networks are critical for both companies – connecting those that require capital with the right investors looking to invest in such opportunities.
In addition to this, there are challenges with the structures through which most investors, including the largest institutions, invest in VC. Similar to most private equity ("PE") investment vehicles, VC investments are generally structured as closed-end limited partnerships that take a minimum of several years to put investors' capital to work (and much longer to generate returns), charge fees on commitments as opposed to invested capital, have no redemption options, and have finite investment lives where the managers' incentives may not align with investors goals or timelines.



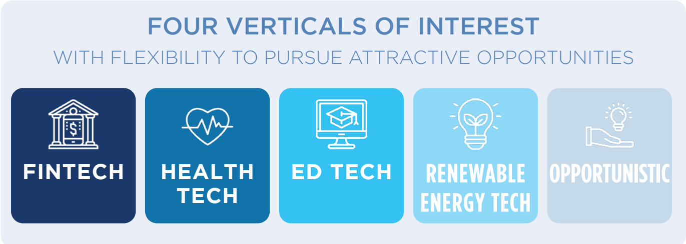


Source: Hamilton Lane. "City Mouse and Country Mouse: 2021 Market Outlook."

Strategy and Solution: An Evergreen Model

To maximize access to (and benefit from) this asset class, we have structured the Fund as a perpetual vehicle, or evergreen fund, which allows our investors to get quicker access and comparatively liquid exposure to a diversified portfolio of venture capital investments. Unlike traditional VC funds, our clients will not be responsible for additional commitments beyond their investment and, further, the structure is able to provide redemption alternatives (unlike traditional VC where there is no liquidity).

The Fund will focus on long-term investing in both earlier-stage companies with fast-growing revenues and later-stage companies already at scale looking for capital to get to their next phase of growth. Four areas that are important for investment for the Fund are FinTech, HealthTech, EdTech, and Renewable Energy technologies.



We will leverage partners both in Canada and in the U.S. to access attractive investment opportunities. Such partners include groups that have decades of experience investing in VC, with strong track records and an ability to find compelling businesses to invest in.

The types of structures we will focus on are direct co-investments (direct investments in businesses alongside a VC manager), secondary investments (either buying VC fund interests or direct shares in businesses from other investors needing liquidity), as well as more traditional VC fund and fund-of-fund structures in areas where access to deal flow is particularly challenging.

During the initial phase of our VC Fund, secondaries will be strategically important as we balance shorter-duration investments, which are more mature assets that are closer to an exit or liquidity event, with newer earlier-stage VC investments that are longer-duration, and typically require more time to generate returns.

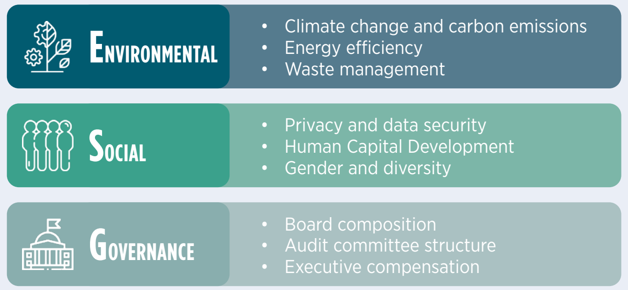
We will invest through cycles, – as timing peaks and troughs is exceedingly difficult – while being prudent in company selection and capital structure (including preferred equity and venture debt), while giving consideration to companies' stage, industry, and vertical.

Allocating capital to venture investments is generally seen as investing in companies that are often disruptive business ideas that can have lasting impacts on the economy. We also think it is a good asset class in which to include Environmental, Social, Governance ("ESG") considerations as a core part of a fund's guiding principles, and as such we will be looking at the Fund's investment opportunities through an ESG lens.

In line with our primary verticals, the Venture Fund will actively look for investment opportunities that have a positive impact towards the following 4 *UN Sustainability Goals.*

Note: Department of Social and Economic Affairs published an agenda of 17 sustainable development goals to be achieved by 2030.

Once financially appealing investment opportunity has been identified, each portfolio company or partner will be evaluated against an ESG framework to assess how they promote and advance positive ESG characteristics.



Note: The specific ESG framework and factors will have some degree of standardization while acknowledging different positive ESG characteristics across the variety of industries and operating models that the fund intends to invest in.