Liquid Strategies™

# Niagara Income Opportunities Fund Quarterly Review

*As of December 31, 2025*



AUTHOR

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## Niagara Income Opportunities Quarterly Review

Dear Investors,

The Fund completed the fourth quarter of 2025, posting a return of 2.47%*, bringing full-year 2025 performance to 10.39%*. Meanwhile, the Fund's asset base has also experienced consistent asset growth during the year, with AUM increasing from approximately $90 million at the end of Q1 to $108 million in Q2, finishing the year at approximately $142 million. The portfolio management team continues to deliver steady results to its investors through the execution of our multi-strategy private lending approach.

With this growth, we have added resources and depth to the investment team to enhance our research and due diligence efforts in maintaining a diversified portfolio of niche private lending strategies. As we embark on our third year of managing the Niagara investment strategy, we would like to express our gratitude for your trust and support. We are mindful of the responsibility that trust entails, and that shapes how we approach every decision we make with respect to managing the Niagara Income Opportunities Fund.

Thank you to all our investors and constituents for your support and confidence in our strategy.

Sincerely,

Mark Garfinkel, Connor Allen and the Liquid Strategies Team

*net of fees

#### Fund Summary

The Niagara Income Opportunities Fund is a continuously offered, closed-end interval fund with a primary focus on generating current income through investing in a multi-strategy portfolio of private and public credit investments with high current cash yields. The Fund offers daily subscriptions and offers to make quarterly repurchases at net asset value.

#### Portfolio Strategy

The private credit space spans a broad spectrum of niche lending opportunities. The Niagara portfolio combines different private niche lending strategies into a single portfolio solution. A top priority for the Niagara portfolio team is risk management across three key pillars: 1) diversification; 2) credit management; and 3) liquidity management. This focus enables the team to construct a portfolio with the proper balance of income and risk.

**Diversification:** The Niagara strategy is designed to help reduce the risk of capital loss through diversification by segment, strategy, and the number of loans across the portfolio. In addition, we establish concentration limitations and monitor and evaluate risk exposures across key portfolio metrics.

**Credit Management:** The portfolio team invests with lending strategy partners who seek to manage downside risk and support capital preservation. The team is committed to seeking the highest quality lending partners that align with our disciplined criteria, including stringent underwriting guidelines, risk mitigation through excess collateralization and strict loan terms and covenants, and a focus on niche, underbanked lending markets.

**Liquidity Management:** The portfolio team manages portfolio liquidity using a combination of cash equivalents, readily marketable publicly traded securities, and short-duration private investments in order to maintain adequate liquidity. In addition, the team strives to maintain a short average maturity of portfolio investments to provide maximum flexibility with respect to liquidity, while achieving the strategy goals of delivering high income.

#### Portfolio Developments

During the fourth quarter, the portfolio management team deployed incoming capital across a combination of additions to existing positions as well as new investment opportunities, increasing the total number of private credit investments to well over 30 across 20 different strategy partners. The team continues to emphasize and build out the diversification of the underlying portfolio. This diversification across multiple investments, private credit asset classes, and strategy partners is key to managing portfolio risk and a basic tenet of the Fund's approach. Furthermore, the team continues to focus on those areas of the private credit markets that are less crowded and starved for capital, leading to investments that we believe offer solid risk-adjusted returns.

Last quarter, we discussed the Fund's rising allocation to real estate lending, which continued to escalate through the remainder of the year, increasing to approximately 15.5%. This increase came from new investments in loan participations on specially sourced loan opportunities. For one such investment, the Fund provided capital to help recapitalize and execute a conversion strategy for an existing 524-space monthly parking garage in Brooklyn, NY. The owner-operator is a highly respected operator in the space and will execute the conversion of these parking spaces to individually deeded parking condominium units. The market dynamics are such that this garage services a captive affluent community where owners place a premium on secure on-site parking and where this garage is the only parking option in the vicinity. This investment was structured at a conservative loan-to-value ratio[1], which we believe enhances downside protection relative to the underlying asset value.

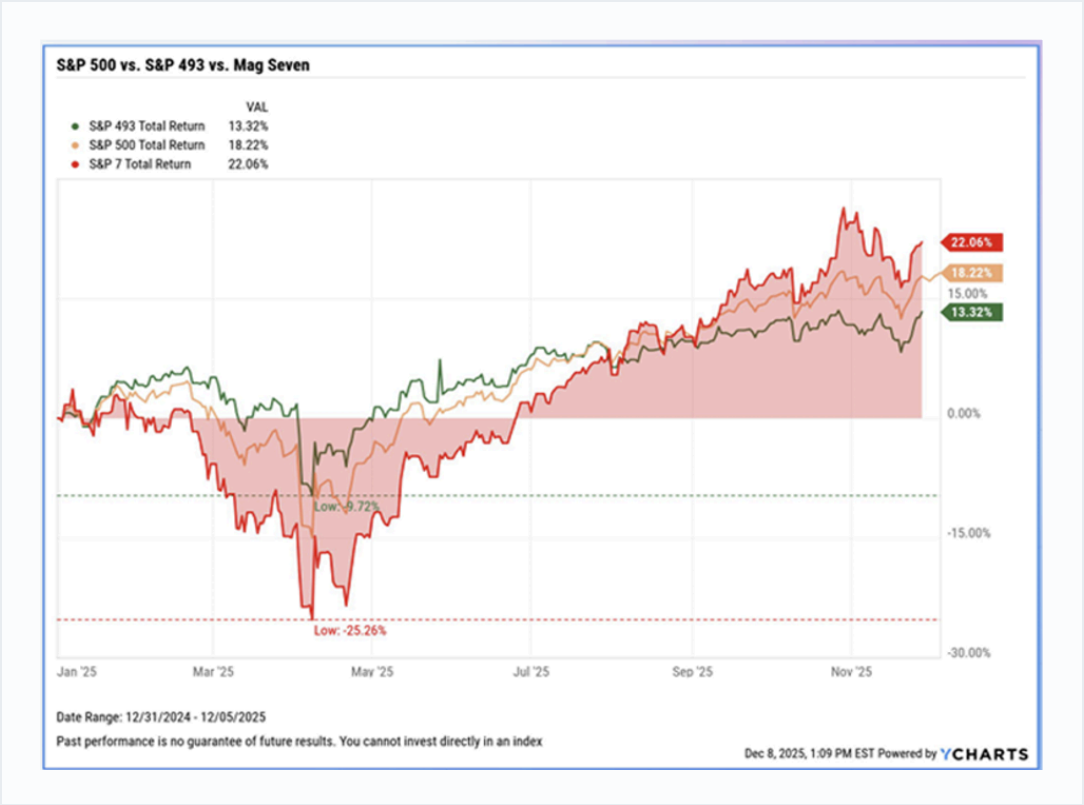
#### Market Overview

As of the end of 2025, all major asset classes were clustered near all-time highs across most equity and fixed-income categories. Ending the year within 5% of all-time highs across all major asset classes was a dramatic shift that few people saw coming back in April, following the market's tariff tantrum that saw the S&P decline approximately 19% from Feb. 19 to April 7. At that time, global markets were also reeling from widespread drawdowns, with equities and

bonds struggling amid heightened volatility and uncertainty. But as evidenced by the chart above, markets rebounded quickly, stabilized, and moved substantially higher through the second half of the year.

This year's widespread strong performance was led by a resurgence in international stocks and emerging markets, which outperformed the U.S. for the first time in over a decade. This rotation to non-U.S. markets was driven by easier global financial conditions, broad-based earnings growth, a weaker U.S. dollar, and a narrowing valuation gap after years of underperformance versus the U.S. stock market. For the year, the benchmark ACWI non-U.S. index returned over 33%, compared to approximately 18% for the S&P 500 Index.

Another important theme in 2025 was the continued concentration in the S&P 500. While the index delivered strong returns, a disproportionate share of those gains came from a relatively small group of large tech and AI-related companies. A major contributor to this concentration theme is the continued optimism about the adoption of artificial intelligence. Although concentration can support index-level returns for a time, it reinforces the importance of diversification within and across asset classes.




S&P 500 Total Return = U.S. large-cap stocks including dividends | S&P 493 Total Return = S&P 500 excluding the Magnificent Seven (remaining 493 stocks) | S&P 7 Total Return = Magnificent Seven stocks

**Performance Update**

For the fourth quarter of 2025, the Niagara Income Opportunities Fund achieved a total return of 2.47%*, bringing the trailing 12-month total return to 10.39%*, compared to the Morningstar Leveraged Loan Index performance of 1.22% and 5.90% for the third quarter and trailing one-year period, respectively. Meanwhile, the primary fixed-income benchmark, the Bloomberg Aggregate Bond Index, produced a return of 1.09% for the quarter and a respectable 7.30% for the year. The Niagara portfolio produced steady returns from its portfolio of predictable, income-producing private niche lending investments.

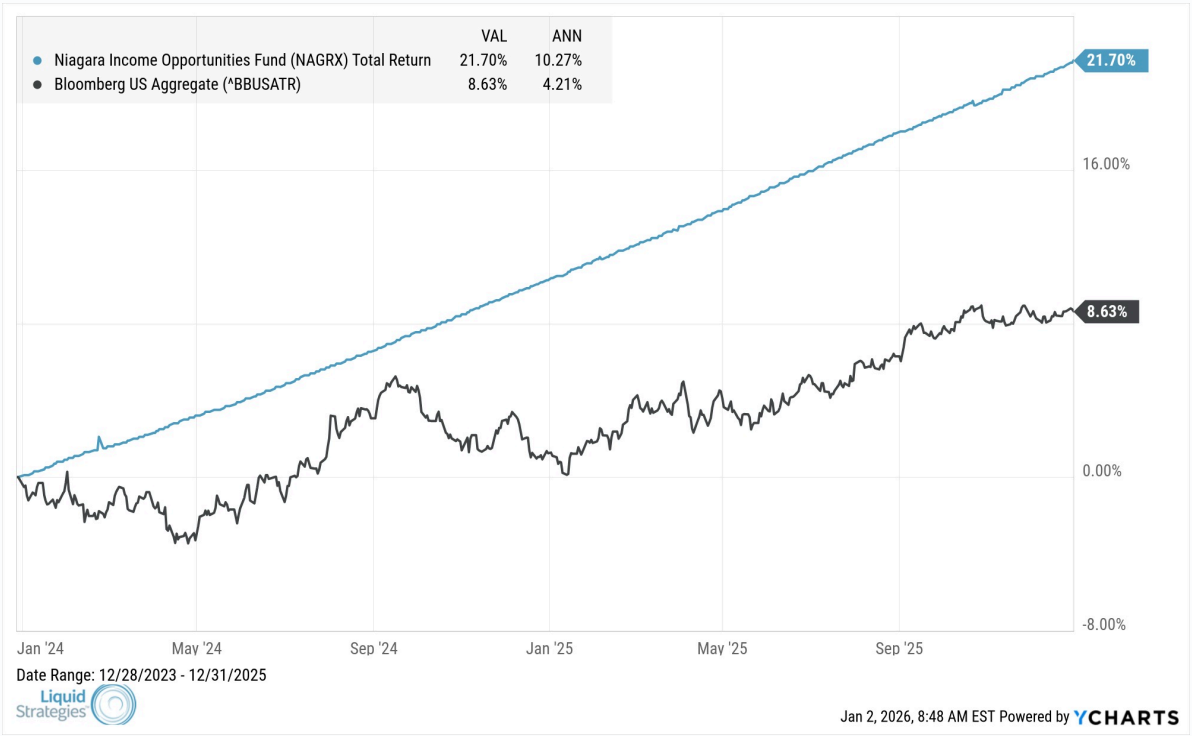
**Niagara Income Opportunities Fund**

| Net Monthly Returns (Last 12 mos) | 25-Jan | 25-Feb | 25-Mar | 25-Apr | 25-May | 25-Jun | 25-Jul | 25-Aug | 25-Sep | 25-Oct | 25-Nov | 25-Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NAGRX | 0.90% | 0.69% | 0.74% | 0.90% | 0.89% | 0.94% | 0.89% | 0.78% | 0.75% | 0.69% | 0.88% | 0.88% |
| Morningstar LSTA US Leveraged Loan Index | 0.68% | 0.11% | -0.31% | -0.05% | 1.53% | 0.83% | 0.88% | 0.40% | 0.48% | 0.22% | 0.32% | 0.68% |
| Bloomberg Aggregate Bond Index | 0.53% | 2.20% | 0.04% | 0.39% | -0.72% | 1.54% | -0.26% | 1.20% | 1.09% | 0.62% | 0.62% | -0.15% |

| Net Performance thru Dec 2025 | 1 Month | 3 mo | 6 mo | 1 year | YTD 2025 | ITD* |
|---|---|---|---|---|---|---|
| NAGRX | 0.88% | 2.47% | 4.97% | 10.39% | 10.39% | 21.70% |
| Morningstar LSTA US Leveraged Loan Index | 0.68% | 1.22% | 3.01% | 5.90% | 5.90% | 15.51% |
| Bloomberg Aggregate Bond Index | -0.15% | 1.09% | 3.15% | 7.30% | 7.30% | 8.63% |

**Since inception 1/1/2024*

## Niagara vs Bloomberg U.S. Aggregate Bond[2] Index – Trailing 12 months through December 31, 2025*



Benchmarks are shown for general market context only and are not directly comparable to the Fund due to differences in investment strategy, asset composition, liquidity, risk profile

Past performance is no guarantee of future results | *returns are net of fees

**Portfolio Management Team Commentary and Outlook**

Equity markets continue to race ahead, buoyed by Fed rate cuts and lower interest rates across the short end of the yield curve. The resilience of China and other major overseas economies has been instrumental in sustaining global growth, while inflation has continued to decelerate in most countries, including the U.S. Now that markets have fully digested the issues associated with tariffs and trade policies, investors are turning their attention to other potential risks, including rising U.S. debt levels, geopolitical conditions, the impact of AI on employment levels, and other developments that could derail expectations for continued growth in AI.

Against this backdrop, credit markets have performed well, as tight credit spreads and generally healthy corporate fundamentals have supported opportunities across a broad spectrum of the fixed-income markets. Monetary policy shifted meaningfully over the last few months, as the Fed resumed rate cuts in September and October, reducing the benchmark fed funds rate by 50 bps to an effective rate of 3.64% (Source: Effective Federal Funds Rate – EFFR). Generally speaking, spread-oriented fixed-income securities outperformed their Treasury counterparts. With short rates falling over the course of the year, the yield curve steepened as the yield on the 30-year Treasury was fairly flat from the beginning to the end of the year.

While recent Fed rate cut rationale has centered on slower hiring, negative revisions to payroll data, and relatively benign inflation, with a new Fed chair expected in May 2026, we believe the policy bias appears firmly toward easing, reinforcing a more accommodative backdrop for risk assets. As noted previously, lower rates have the potential to bring down returns of traditional private credit funds that are mostly invested in floating-rate loans. As short-term rates fall, the rates that lenders receive on floating-rate loans will move lower.

The PM team endeavors to counter this trend of lower rates in two ways. First, we focus on lending strategies and investments that have a blend of fixed- and floating-rate loans. Currently, the Niagara portfolio has approximately 62% of its investments tied to fixed-rate loans. Furthermore, many of our floating-rate investments not only have rate floors, but for others, the rate can only float up. Second, we participate in lending markets that are less efficient, where there is less competition for each loan. Here, lenders have an opportunity to identify smaller, high-quality borrowers where they can underwrite loans at higher rates, yet with tighter covenants and terms, along with better loan collateralization. As a result of this positioning, our portfolio should be able to mitigate the impact of falling short-term rates on portfolio yield.

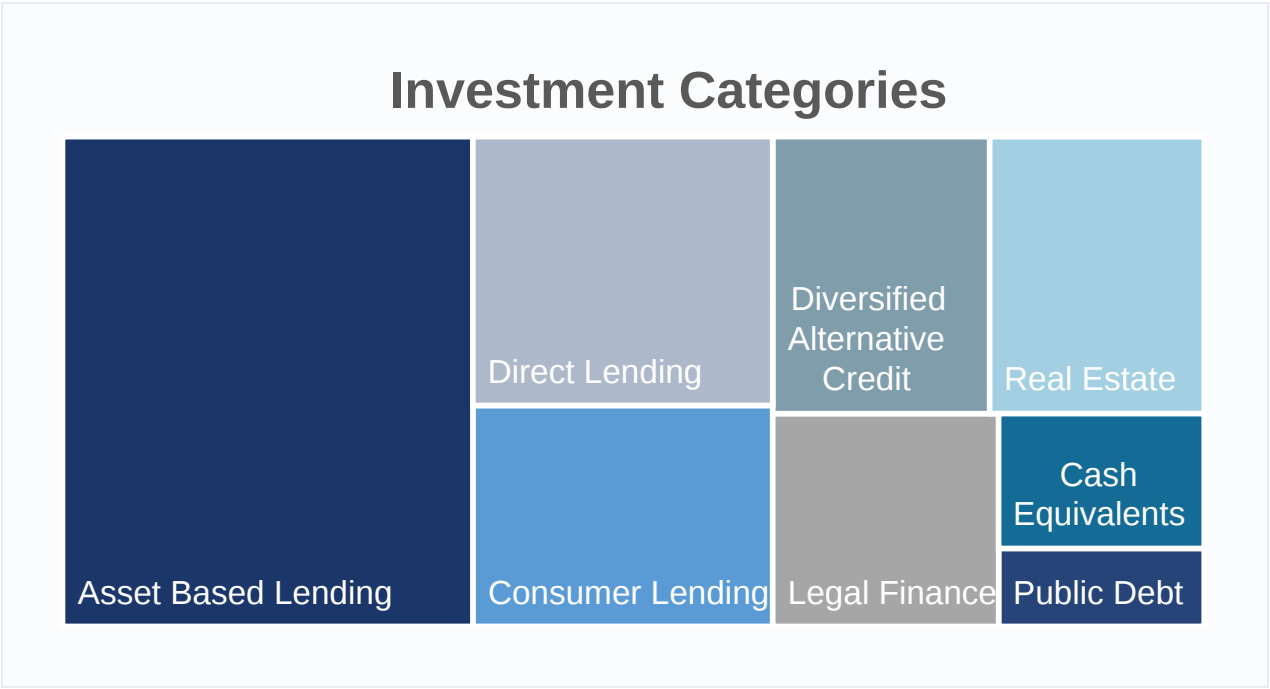
Over the last couple of years, the landscape of private credit has remained resilient, even as many have highlighted heightened risks and uncertainties in crowded sectors of the market, namely upper middle-market lending to PE-sponsored companies. There are a multitude of lenders in this space that have raised and continue to raise substantial amounts of investor

capital that must be deployed. If this capital must be deployed into markets with a limited pool of borrowers, the result is typically greater competition, leading to some form of sacrifice to win the business, whether it be rates, covenants, or terms.

The portfolio management team constantly monitors and evaluates each portfolio investment to assess the impact of current economic conditions and credit markets on the underlying business of our portfolio's borrowers. We remain confident in our investment theses for each of our lending partners and in the risk-mitigation structures in place to weather any potential economic turmoil. However, keep in mind that we are in the business of taking on risk in order to generate our target returns. As such, individual investments are not immune to experiencing losses. Over time, we expect these types of occurrences, which are why we manage the overall portfolio with risk control in mind. This starts with broad diversification across many different lending strategies in order to alleviate the impact of potential losses in individual investments.

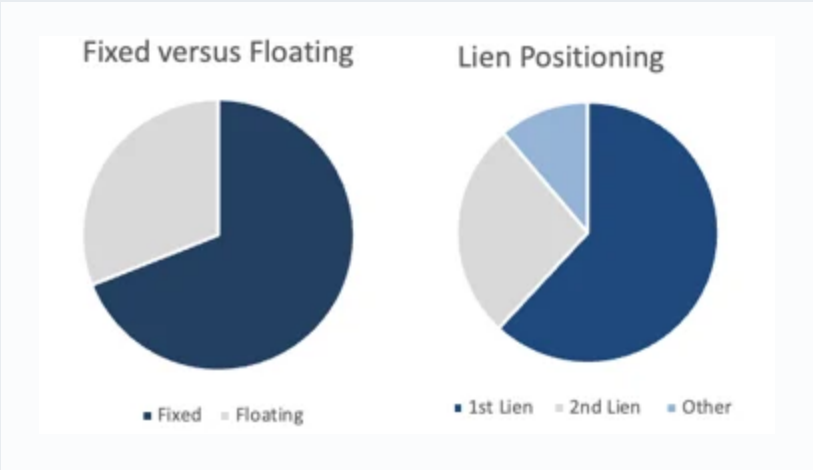
**Asset Category Breakdown**

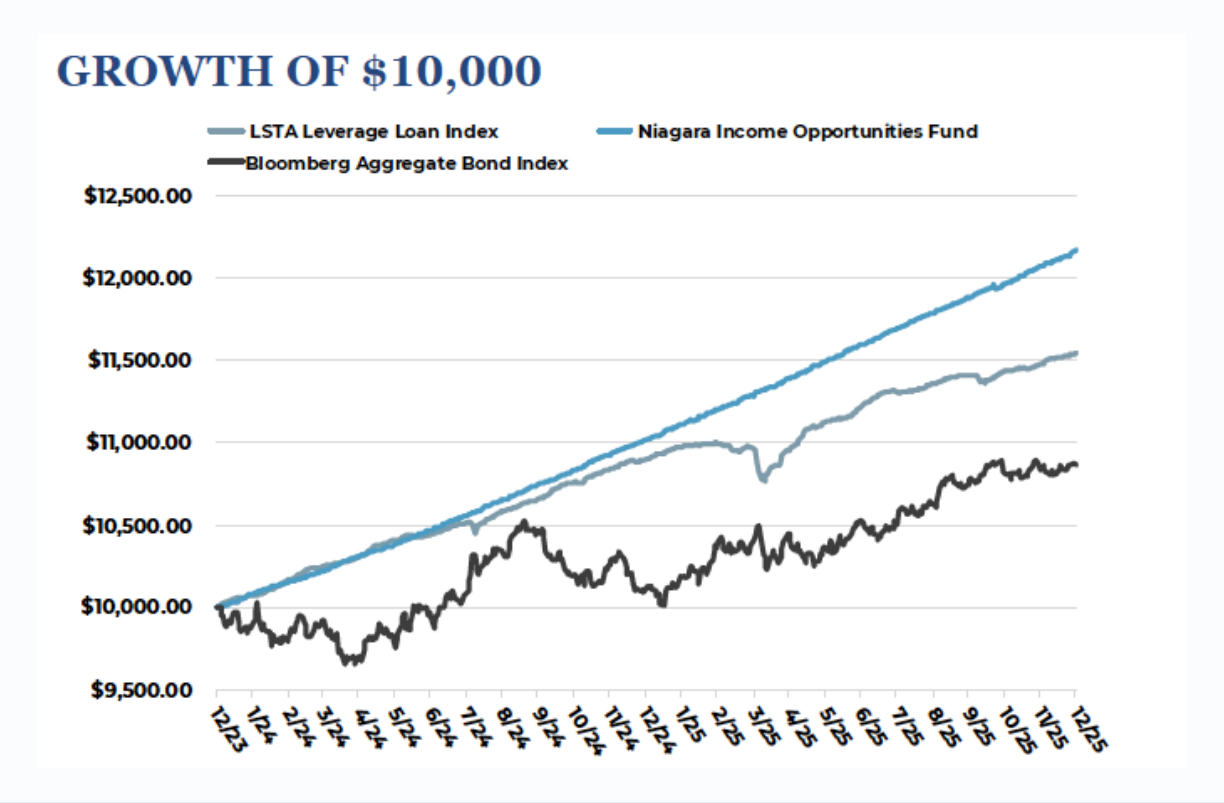
| Investment Categorization | |
|---|---|
| Legal Finance | 6.89% |
| Diversified Alternative Credit | 9.51% |
| Asset Based Lending | 34.79% |
| Direct Lending | 12.46% |
| Consumer Lending | 11.10% |
| Real Estate | 11.18% |
| Public Debt | 2.36% |
| Cash Equivalents | 11.19% |




**Portfolio Characteristics**

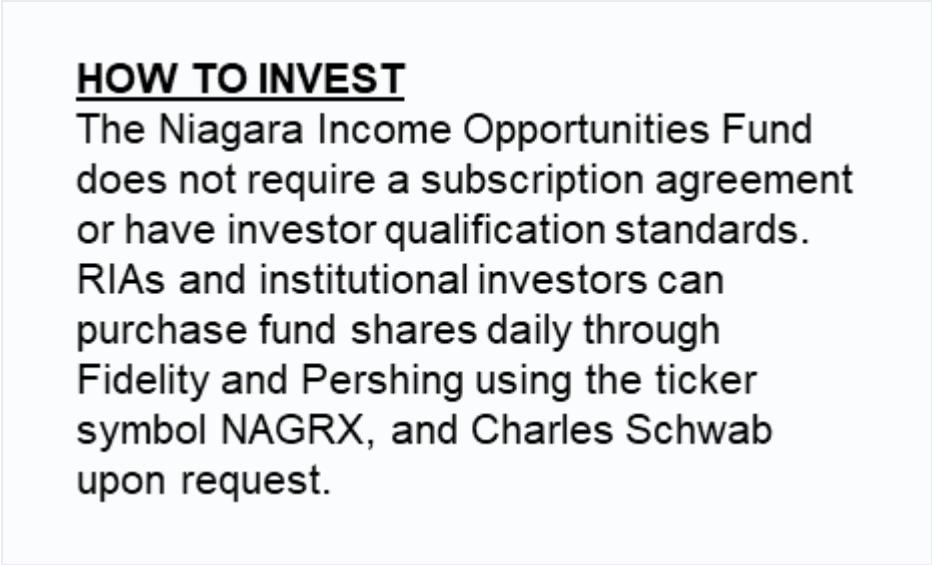
| Characteristic | Niagara |
|---|---|
| Fixed | 61.82% |
| Floating | 38.18% |
| 1st Lien | 61.90% |
| 2nd Lien | 26.92% |
| Other | 11.17% |
| Average Maturity | 1.26 |
| Loan to Value | 57.45% |
| Total # of Loans | 10k+ |




*Past performance is no guarantee of future results*

| | NAGRX | LSTA Leveraged Loan Index | Bloomberg U.S. Aggregate Bond Index |
|---|---|---|---|
| Total Return Since Inception | 21.70% | 15.57% | 8.64% |
| Annualized Standard Deviation | 0.83% | 1.89% | 4.41% |
| Max Drawdown | -0.10% | -2.54% | -5.21% |




The Fund also offers quarterly redemption opportunities subject to applicable terms and fund conditions.

12/28/23 – 12/31/25 | Returns are net of fees

[1]The ratio of a loan amount to the projected value of a property once it reaches stabilized occupancy and income.

[2]Measures the performance of the broad U.S. investment-grade bond market

# Disclosures

An investment in the Fund's shares is subject to risks. The value of the Fund's investments will increase or decrease based on changes in the prices of the investments it holds. This will cause the value of the Fund's shares to increase or decrease. You could lose money by investing in the Fund. By itself, the Fund does not constitute a complete investment program. Before investing in the Fund, you should consider carefully the following risks the Fund faces, together with the other information contained in this prospectus.

Since the Fund is non-diversified, it is subject to higher reduction of capital and volatility than a fund more proportionately allocated among a large number of securities. An investment in the Fund involves risk. The Fund is new with no significant operating history by which to evaluate its potential performance. There can be no assurance that the Fund's strategy will be successful. The Fund may use leverage its investments by "borrowing." The use of leverage increases both risk of loss and profit potential.

- Shares of the Fund are not listed on any securities exchange, which makes them inherently illiquid. There is no secondary market for the Fund's shares, and it is not anticipated that a secondary market will develop.

- Shares of the Fund are not redeemable. Thus, an investment in the Fund may not be suitable for investors who may need the money they invest in a specified time frame.

- Although the Fund will offer to repurchase at least 5% of outstanding shares on a quarterly basis in accordance with the Fund's repurchase policy, the Fund will not be required to repurchase shares at a shareholder's option nor will shares be exchangeable for units, interests or shares of any security.

- The Fund is not required to extend, and shareholders should not expect the Fund's Board of Trustees to authorize, repurchase offers in excess of 5% of outstanding shares.

- Regardless of how the Fund performs, an investor may not be able to sell or otherwise liquidate his, her or its shares whenever such investor would prefer and, except to the extent permitted under the quarterly repurchase offer, will be unable to reduce the shareholder's exposure on any market downturn.

Liquid Strategies LLC ("Liquid") is an independent investment adviser registered under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training. More information about Liquid, including our investment strategies, fees and objectives, can be found in our Form ADV Part 2A and our Form CRS.

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