

# CAPSTONE NON-TRADITIONAL EQUITY POOL

Q1 Commentary

CAPSTONE  
ASSET MANAGEMENT™

## AT A GLANCE

MARCH 31, 2022

- Provides equity exposure to non-traditional markets
- Blend of cash flow strategies and real estate
- Low to no correlation to bond and equity markets
- \$65 MM AUM
- Current price: \$12.2455 (Series I)

## MARKET & POOL UPDATE

2021 was a strong year for the Capstone Non-Traditional Pool, finishing the year with a return of 10.34% and, likewise, in the first quarter of 2022 has returned 2.43% (before fees). Last year saw strong performance contributions from the private equity space in particular, as well as some good contributions from portions of the real estate portfolio. We started 2022 with a strategic cash position and several exciting investment opportunities that should continue to contribute positively to performance throughout 2022.

Over the past few quarters, we have expanded our exposure to the well-performing private equity space and are continuing to explore more opportunities in this area. Real estate continues to make up a significant portion of the Pool with projects in Canada and the U.S. In addition, our real estate project in Fallon, Nevada successfully wrapped up this quarter with a final internal rate of return (IRR) of 25%.

This quarter we committed \$5 million of our previously earmarked cash into a new real estate investment opportunity. This project is lead by an Ontario team that is focused on: investing in cash-flowing, resilient, residential rental real estate with opportunities for capital appreciation; underpinned by strong market fundamentals and shifting user preferences; in multi-family, purpose-built student accommodation and co-living properties in urban markets. Their targeted geographic regions include the Metropolitan Areas of Toronto (and the Greater Golden Horseshoe), Vancouver (including Vancouver Island), Montreal (including North and South Shores), the National Capital Region (Ottawa-Gatineau Metropolitan area) as well as other supply constrained Canadian markets.

This quarter we also made a small financial commitment to a team that we have worked with in the past. They are launching a new entity to grow their equity participation in lithium development projects and related energy sector opportunities. The opportunity will invest into high quality battery materials and related EV and decarbonization investments either pre-IPO or for which alternative near-term liquidity is anticipated. The return strategy is targeted to achieve a 30% internal rate of return (IRR).

Stock market volatility, impending rate hikes and geopolitical instability can lead to stressed markets. However, non-traditional exposure can serve to provide portfolio protection in this environment of uncertainty. Private market strategies continue to be seen as popular alternatives amidst lackluster returns in both traditional and bond market spaces while providing lower volatility and low correlation to traditional equity markets.

If you are interested in investing in the Capstone Non-Traditional Equity Pool, please contact your Portfolio Manager directly.

This document is not an offer to sell securities. The Subscription Documents and Information Memorandum should be read carefully as they contain important facts about risks, liquidity, fees and expenses. Past performance may not be repeated.

## PERFORMANCE (Gross of Fees)

Performance figures are those of Series I units as of March 31, 2022. Performance is annualized for periods longer than one year.



1 MO.	3 MO.	6 MO.	1 YR.	3 YR.	5 YR.	INCEPTION*
1.81%	2.43%	4.70%	10.64%	7.07%	6.19%	6.35%

\* Annualized as of first trade date May 02, 2014