

CAPSTONE NON-TRADITIONAL EQUITY POOL

Q2 Commentary

CAPSTONE
ASSET MANAGEMENT™

JUNE 30, 2021

AT A GLANCE

- Provides equity exposure to non-traditional markets
- Blend of cash flow strategies and real estate
- Low to no correlation to bond and equity markets
- \$52 MM AUM
- Current price: 11.6251 (Series I)

MARKET & POOL UPDATE

The Capstone Non-Traditional Equity Pool returned 4.90% in the first half of 2021 (before fees). Over the past few quarters, we expanded our exposure to private equity and all the private equity holdings have made positive contributions to the portfolio so far in 2021. The most recent investment added to the Pool has achieved a return of 16% for the first six months of the year with two other opportunities yielding approximately 19% and 40%. Overall, private equity has been a strong contributor to the performance of the Pool and we continue to explore more opportunities in this area.

Real estate makes up a significant portion of the Capstone Non-Traditional Equity Pool with projects in Canada and the U.S..

Canada

We anticipate the Whistler hotels in which the Pool is invested will once again welcome visitors when the U.S. border re-opens. The Pool recently took out a shareholder loan for a real estate project in its portfolio in the Kitchener/Waterloo area. While we will ultimately be financing this project, we used the opportunity to bridge the gap in financing as the mortgage terms are finalized. This shareholder loan has provided a pick up on the cash in the Pool which will be recouped in the next quarter.

U.S.

A real estate project in the Fallon, Nevada area continues to perform steadily in the portfolio as homes are selling quickly. At the end of the last quarter, property was sold from a Texas real estate investment to reduce its weighting in the overall Pool. Likewise, the affordable housing property in Atlanta, Georgia has sold. Although it lagged in performance earlier on it positively contributed this quarter selling at an internal rate of return of 24%.

One of the U.S. office space investments, located in Broomfield, Colorado, bought in June 2020, had a capital call this past quarter. The holding is comprised of four buildings located in a technology park targeting IT businesses as lessees. This structure provides potential for selling the buildings individually or as a portfolio. The initial goal is to lease the buildings while working on improvements and then ultimately selling. This model of buying as a group and selling separately was used in a previous investment with the same subadvisors and it has proven to be beneficial to the Pool's performance.

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 June 30, 2021. Performance is annualized for periods longer than one year.



1 MO.	3 MO.	6 MO.	1 YR.	3 YR.	5 YR.	INCEPTION*
0.32%	2.69%	4.90%	6.62%	4.91%	5.65%	5.93%

* Annualized as of first trade date May 02, 2014