

AT A GLANCE

DECEMBER 31, 2021

- Provides equity exposure to non-traditional markets
- Blend of cash flow strategies and real estate
- Low to no correlation to bond and equity markets
- \$60 MM AUM
- Current price: \$12.0453 (Series I)

MARKET & POOL UPDATE

The Capstone Non-Traditional Equity Pool (Series I) earned a return of 10.34% for the year ending December 31, 2021, representing the Pool's strongest calendar year performance to date. As per our prior commentary, we are still seeing tremendous Private Equity opportunities and continue to increase our exposure in that arena. Our strongest contributors to performance this year included our existing Private Equity investments as well as our exposure to the Capstone Private High Income Pool (see separate commentary). Real estate investments continue to make up a significant portion of the Capstone Non-Traditional Equity Pool with projects in Canada and the U.S.

Canada

Our core real estate position in Canada involves part ownership of a large chain hotel in Whistler, British Columbia. Its value has increased in line with the property market as a whole, rising by approximately 30%. Interestingly, the revenue derived from this opportunity was higher in August 2021 than during the same period in 2019, yet revenue for the whole year was lower in comparison to pre-Covid times. That said, we expect to see greater stability as we return to more normal circumstances in the hopefully not too distant future. Our other Canadian real estate venture in Markham, Ontario is now fully sold and landscaped; we expect to receive our final payout from this project at the end of January.

U.S.

Our real estate project in the Fallon, Nevada area is wrapping up and has contributed significantly to performance with an annualized internal rate of return of 20%+. Our property investments in second tier cities across the U.S. are nearing completion as well: the 11 buildings bought as a single portfolio were sold off in smaller groupings with the last few having now been sold. Lastly, we have wrapped up our investments in Texas land which, while having a positive return, ultimately served as a detractor to the Pool's performance over the long term due to the amount of time that it took for deals to complete.

We are heading into 2022 with a larger than typical cash position due in large part to a number of projects nearing completion in a similar time frame. However, some of this cash is already earmarked for investments that have been approved by the Investment Committee and we continue to see plenty of new opportunities coming to the table. It is worth noting, however, that cash is never sitting idle. Currently our cash is invested in a balanced mortgage opportunity that focuses on residential first mortgages in British Columbia. This investment provides the liquidity needed should we receive a capital call from our other underlying strategies while also yielding a solid rate of return in the target range of 6%.

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

Performance figures are those of Series I units as of December 31, 2021. Performance is annualized for periods longer than one year. Series I units do not include Management Fees.



1 MO.	3 MO.	6 MO.	1 YR.	3 YR.	5 YR.	INCEPTION*
0.60%	2.21%	5.19%	10.34%	6.55%	6.07%	6.23%

* 1st trade date May 02, 2014