

JUNE 30, 2021

## AT A GLANCE

- Non-traditional debt and equity income strategies
- Globally diversified
- Monthly liquidity\*
- Low correlation to bond and stock markets
- \$46 MM AUM
- Current price: 10.0039 (Series IH)

## MARKET & POOL UPDATE

The Capstone Private High Income Pool seeks to invest in private debt assets that are primarily asset backed, or secured against a real asset, and provide stable cash flow. While having a North American focus, the flexibility exists to look globally to build a portfolio of both direct participations and alliances with strategic partners. It has been eighteen months since the inception of the Capstone Private High Income Pool and it continues to perform in line with our expectations. Our U.S. private lending position continues to do well, with new deals being financed at a 'back to normal' pace after new funding was halted due to the uncertainties in early 2020. The deals currently being extended are spread fairly broadly throughout the States including several real estate projects in New York, the Midwest and along the entire the West Coast. In fact, the team we have partnered with has experienced sufficient growth to open a few satellite offices.

This quarter, we have continued to build on our private debt strategy by including an investment that provides structured capital investments in the U.S. middle market, targeting companies with earnings between \$10M and \$50M. These structured capital deals are expected to yield 12% or higher in terms of contractual returns as well as equity participation. Our Investment Management Team is actively looking for more opportunities in this arena of private debt.

One of our private equity positions is well underway with Phase 3 of its project currently sold out and Phase 4 close to being sold out as well. This investment will distribute 15% over the duration of the project and, upon completion, we will receive a final payout. The expectation is that this payout will occur sometime in 2023.

While there have been negative impacts across the travel industry, our aviation leasing strategy has taken advantage of the significant opportunities for acquiring narrow body aircraft while extending leases to new and existing airlines. This has been yielding 8% since the beginning of the year. In anticipation of further deals of this kind, we have cash set aside to deploy as opportunities arise.

The Capstone Private High Income Pool provides access to non-traditional investment opportunities, allowing clients to diversify and find a balance between the traditional and non-traditional markets. There is a great benefit in combining assets from each of these markets for both fixed income and equity exposure. We believe this will both reduce volatility and improve the Pool's risk-adjusted return over the long-term. The inception to date return of the Capstone Private High Income Pool is 7.96%.

If you are interested in investing, please contact your Portfolio Manager directly.

\* Please read the Information Memorandum for information pertaining to the liquidity restrictions within the first three years of investing. 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 IH units as of June 30, 2021. Performance is annualized for periods longer than one year.



1 MO.	3 MO.	6 MO.	1 YR.	INCEPTION*
0.54%	1.97%	4.09%	8.33%	7.96%

\* Annualized as of first trade date September 30, 2019