



AT A GLANCE

- Non-traditional debt and equity income strategies
- Globally diversified
- Monthly liquidity
- Low correlation to bond and stock markets
- \$87 MM AUM
- Current price: \$10.7501 (Series IH)

MARKET & POOL UPDATE

The economic divergence between Canada and the United States has become increasingly noticeable over the past several months. Canadian consumers and businesses have shown a cautious approach to spending, which has moderated the pace of economic activity and led to a more restrained job market. This, in turn, has resulted in four consecutive months of easing in core inflation. Responding to these dynamics, the Bank of Canada adjusted its monetary policy by lowering its key interest rate by 25 basis points to 4.75% on June 5. This marks the first rate cut since March 2020, reflecting a strategic move to support the Canadian economy.

Anticipation of further rate cuts in the second half of 2024 has led to a rally in the iShares Core Canadian Universe Bond Index ETF, which rose over 2% in the last 32 days of the second quarter, reversing the underperformance observed during the first five months of 2024. This movement also underscores the significant volatility experienced in the public market. Conversely, American consumers and businesses have demonstrated robust spending patterns, contributing to stronger economic growth and a resilient job market south of the border. While this robust spending has bolstered the U.S. economy, it has also led to persistently elevated inflation rates, a phenomenon often observed at the peak of an economic cycle. Market expectations suggest that the pace of rate cuts in the U.S. will be much slower than in Canada.

In this environment of continued market volatility, Capstone's Investment Management Team is committed to providing a predictable monthly return through a portfolio of high-yield income and risk mitigation strategies. Our strategic focus has enabled us to navigate the complexities of the current market effectively. As a result, the performance of the Capstone Private High Income Pool (CPHIP) has been on track for Q2 and YTD, returning 2.1% and 3.9% respectively.

CPHIP successfully exited a core investment position and received the full principal investment of just over \$6 million. A significant portion of the returned capital has already been earmarked for new investment opportunities, while the remainder is expected to be retained to manage the fund's liquidity. The Investment Management Team has built a robust investment pipeline to readily deploy new capital and generate target returns on a sustained basis.

For more information on this Pool, please contact your Portfolio Manager.

PERFORMANCE (Gross of Fees)

Performance figures are those of Series IH units as of June 30, 2024. Performance is annualized for periods longer than one year.

	1 MO.	3 MO.	6 MO.	1 YR.	3 YR.	INCEPTION*
	0.59%	2.10%	3.87%	8.08%	8.24%	8.13%

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

