

AT A GLANCE

SEPTEMBER 30, 2022

- Non-traditional debt and equity income strategies
- Globally diversified
- Monthly liquidity*
- Low correlation to bond and stock markets
- \$71 MM AUM
- Current price: \$10.2930 (Series IH)

MARKET & POOL UPDATE

Over the past quarter, the economy has been materially impacted by rising inflation, rapidly increasing interest rates and geopolitical considerations. Adding to these factors, many people have experienced investment challenges in the broader equity and bond markets. All evidence points to the importance of having non-correlated assets which help to position a portfolio in a defensive manner so as to protect capital in times of uncertainty such as now. The Capstone Private High Income Pool now has three years of performance history with an annualized rate of return since inception of 8.19%. The Pool seeks to invest in primarily private debt opportunities that are either asset backed or secured against a real asset, while providing stable cash flows to our investors.

As an update on our aviation leasing strategy, 65% of our committed capital has now been called and we are expecting that to increase to 80% by the end of the year or the first quarter of 2023 at the latest. Currently our partner firm is working on several sizeable opportunities and has solidified a couple of contracts with well-known airlines. While we do have a 2% exposure to China, we do not believe there to be reason for concern at this time. In addition, an item worthy of note is that no planes were or will be leased to Russia.

On our barge leasing strategy, we have received our first capital call this quarter. The drought has affected water levels which has surprisingly been a positive for the strategy: barges cannot be deployed with a full load due to low water levels necessitating the use of more barges, thus more leases. With little to no competition in this space, it will surely be a benefit to the Pool.

Our U.S. private lending position is targeted to achieve close to a 9% rate of return and lending is taking place across 20 states including New York and Atlanta where there are two head offices. Currently, over half of these loans are focused on multi-family residential and mixed-use properties with the loans primarily concentrated in California, New York, and New Jersey. In addition, most terms are under 24 months, making them less susceptible to large interest rate moves. Although there are continued concerns over a potential slowing down in the real estate market, stress tests have concluded that even in worst-case scenarios, no single loan would become "underwater".

The Capstone Private High Income Pool provides access to unique, 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 both reduces volatility and improves risk-adjusted return over the long-term.

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 September 30, 2022. Performance is annualized for periods longer than one year.



1 MO.	3 MO.	6 MO.	1 YR.	2 YR.	3 YR.	INCEPTION*
0.58%	1.66%	3.70%	8.07%	8.53%	8.19%	8.19%

* Annualized as of first trade date September 30, 2019