



### AT A GLANCE

- Non-traditional debt and equity income strategies
- Globally diversified
- Monthly liquidity
- Low correlation to bond and stock markets
- \$85 MM AUM
- Current price: \$10.2016 (Series IH)

### MARKET & POOL UPDATE

Since its inception in 2019, the Capstone Private High Income Pool (CPHIP) has consistently delivered strong returns, establishing itself as one of the top performers in its category. Recently, we were honoured to be recognized as one of the top ten contenders for best returns in the private debt category by the Canadian Hedge Fund Awards. This recognition underscores our disciplined investment strategy, diligent risk management, and unwavering commitment to generating value for our investors. Over the years, CPHIP has successfully navigated various market environments, preserving capital while maximizing returns.

During this quarter we did encounter a notable, but isolated event involving an asset impairment in the commercial real estate sector in Ontario – a market which has faced significant challenges recently. Additionally, we implemented a change in our valuation methodology for one of CPHIP's most significant investment positions. Together, the impairment and valuation change represent approximately 5% of the funds' net asset value. It is important to note that these write downs were specific to these investments only, and we do not anticipate further impairments in the current portfolio. The decision to recognize these changes reflects our commitment to transparency and ensuring the long-term financial health of the fund. While this adjustment affected this quarter's performance, it did not diminish the overall strength and resilience of the portfolio. We still anticipate positive performance for the year, albeit lower than previously expected.

The remainder of the portfolio continues to perform well, supported by strong credit quality and our disciplined investment approach. Our exposure to industries that have demonstrated resilience despite broader economic headwinds has further strengthened the portfolio. Additionally, we have recently initiated a new debt position with an innovative private equity firm that specializes in acquiring stable U.S. businesses operating in sectors positioned for sustained growth. This investment is expected to strengthen the fund's ability to achieve stronger target returns while enhancing diversification going forward.

Looking ahead, we remain optimistic about the prospects for the fund. As market conditions evolve and interest rates stabilize, private debt continues to be an attractive asset class for generating steady income and risk-adjusted returns. We are well-positioned to capitalize on new opportunities while maintaining our focus on capital preservation and risk management. Our active portfolio management approach allows us to remain nimble in response to market changes. We remain committed to delivering long-term value and performance for investors.

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 September 30, 2024. Performance is annualized for periods longer than one year.

	1 MO.	3 MO.	6 MO.	1 YR.	2 YR.	3 YR.	5 YR.	INCEPTION*
	-5.62%	-5.10%	-3.11%	0.75%	4.23%	5.50%	6.59%	6.59%

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

