

AT A GLANCE

SEPTEMBER 30, 2021

- Strategic global mandate
- Disciplined value and GARP philosophies
- Equity exposure with less risk than market indices
- \$30 MM AUM
- Current price: 16.9405 (Series I)

MARKET & POOL UPDATE

Over the past few years, the Capstone Traditional Equity Pool has adjusted its strategy to improve its diversification and to target the best risk-return ratio. While historically a deep value Pool, Capstone has fine-tuned its mandate to now include some growth at a reasonable price (GARP) assets while maintaining a highly disciplined approach to security selection. The Pool currently has geographic exposures of one-third to each of Canadian, U.S. and Global traditional equity investments. The allocation across market cap weightings of the stocks within the Pool provides additional diversification, ranging from small cap through to mega cap holdings. The Pool seeks to maintain excellent diversification across traditional equity markets, while intentionally reducing home bias.

By September 30, 2021, the Capstone Traditional Equity Pool's year-to-date return was 15.60%. The summer saw strong performance, but market highs were reached in early September, and the global markets then quickly retreated due to concerns out of China. The Pool has less than 1% exposure to the Chinese public equity market, but its other Asian equity positions in South Korea and Japan did pull back as well. Performance for the third quarter was lower at -1.12%.

On the domestic front, while low interest rates hold fast and governments keep the stimulus taps turned on, we expect to see continued support for public markets in both Canada and the United States. Inflationary pressures remain very real and while most market pundits claim they are merely transitory, it is unclear how long they will endure. Some have argued that these pressures will not resolve until the economic impact of COVID-19 has passed and supply chain disruptions are resolved. Nevertheless, while high energy prices in particular are affecting our cost of living, this may in fact have a favorable outcome on the Toronto Stock Exchange due to its high exposure in this arena.

The bottom line is that there continues to be both opportunities and very real risks in the public equity markets. Capstone's approach is to apply a disciplined security selection process and to diversify effectively. The Capstone Traditional Equity Pool is a broadly diversified global equity fund that has exposure to securities across a range of market cap sizes. Since its inception, the Pool's volatility has compared very favorably to both the S&P/TSX Composite Index and the S&P 500 Index.

If you would like to find out more about this Pool, please talk to your Portfolio Manager.

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 I units as of September 30, 2021. Performance is annualized for periods longer than one year.



	1 MO.	3 MO.	6 MO.	1 YR.	3 YR.	5 YR.	INCEPTION*
	-1.63%	-1.12%	8.88%	34.38%	13.41%	10.70%	8.75%

* Annualized as of first trade date November 14, 2014