

## AT A GLANCE

DECEMBER 31, 2021

- Strategic global mandate
- Disciplined value and GARP philosophies
- Equity exposure with less risk than market indices
- \$30 MM AUM
- Current price: \$16.6947 (Series I)

## MARKET & POOL UPDATE

The Capstone Traditional Equity Pool returned 13.92% for the year 2021, outperforming both major Canadian and U.S. stock indices on a risk-adjusted return basis (which measures performance relative to the amount of risk being taken). This quarter we acquired two new assets for the Pool; an alternative arbitrage fund and a fund specializing in environmental, social and governance (ESG) matters.

The scope of the arbitrage strategy is primarily within Canada and its operation is similar to a hedge fund. It looks mainly for long-oriented stocks, while maintaining the ability to also sell short. Typically, this strategy involves finding value stocks with a perceived catalyst - such as a merger – with a view to holding them for 3 to 5 years depending on the situation.

Our other new, ESG focused investment seeks to capitalize on companies that follow a mandate of environmental, social, or governance matters or a combination thereof. As we seek to view all investment decisions through a biblically informed perspective, the ESG focus aligns well with our priorities: positive-impact investing paired with positive investor returns. In addition, all investments are evaluated relative to the diversification they offer alongside our other underlying strategies. Both of these new investments will add stability as well as diversification to the Pool.

This Pool outperformed notably in 2021. We attribute this primarily to our Asian equity positions, mostly in South Korea and Japan, while our global strategies and the U.S. stocks have also performed very strongly over the year. The opportunities we seek continue to be in value-oriented spaces. We believe that there is yet untapped potential in the relatively less-saturated foreign markets including Asia.

Historically, equity markets have proven that they can remain strong during inflationary phases. However, the Federal Reserve's actions are not always predictable, and traditional markets bring their own uncertainties. Therefore, while we will continue to closely monitor the markets over the upcoming year, we remain poised to take advantage of any market opportunities. We continue to diversify the underlying holdings within our Pool, with the goal of increasing stability while reducing risk through the addition of uncorrelated assets.

The Capstone Traditional Equity Pool is a broadly diversified global equity fund focused on traditional markets, but with lower volatility compared to 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

Performance figures are those of Series I units as of December 31, 2021. Performance is annualized for periods longer than one year. Series I units do not include Management Fees.



1 MO.	3 MO.	6 MO.	1 YR.	3 YR.	5 YR.	INCEPTION*
-0.58%	-1.45%	-2.56%	13.92%	16.11%	9.26%	8.20%

\* Annualized as of first trade date November 14, 2014