



CAPSTONE  
ASSET MANAGEMENT™

CAPSTONE  
FIXED INCOME POOL



# CAPSTONE FIXED INCOME POOL

The Capstone Fixed Income Pool is a global, multi-strategy fund that combines traditional and non-traditional fixed income instruments to create a flexible and diversified fixed income investment option. The Pool structure allows investors to aggregate their money in order to access opportunities not generally accessible to retail investors due to limited availability, high minimums, onerous expenses or complexity.

The Pool's traditional fixed income assets may include municipal, provincial and federal government bonds, real-return bonds, floating rate bonds, global corporate bonds, asset backed securities, and high yield bonds. These investments may be acquired through exchange-traded funds with very low management costs, actively managed funds with wholesale pricing, or as individual securities where the purchasing power of the Pool ensures attractive pricing.

The non-traditional fixed income assets are typically institutional and highly specialized opportunities not available to individual investors. These assets may include: private debt, global credit hedge strategies, secured bridge financing, receivables financing, and large-scale infrastructure projects. The non-traditional portion of the Pool diversifies risk across a broad range of opportunities to provide excellent security, low volatility and reliable yield.

Over the past few decades, the fixed income landscape has changed substantially. During this time, we have experienced interest rates at high levels as well as sustained periods of very low rates compared to historical norms. In addition, correlations between fixed income and equity markets can shift significantly higher during periods of market turmoil; this is especially true after dramatic events such as the 2008 credit crisis.

It is imperative, therefore, that portfolios be sufficiently diversified to mitigate risks while remaining flexible enough to seize future investment opportunities as they develop.

Fixed income investors often limit themselves to the traditional arena, typically focussing on domestic market bonds. Exposure to only traditional fixed income risks under-diversifying a portfolio and overlooks the many non-traditional opportunities that offer the potential for strong yields and low correlations to assets in the traditional space. Taking a global perspective further adds to portfolio diversification, and together with the strategic combination of traditional and non-traditional opportunities, investors can be provided with a robust fixed income solution with reliable yield.

The Capstone Fixed Income Pool was launched in November 2013 to provide such a solution for our clients. The Pool targets a rate of return of 4%+ and seeks to generate primarily interest income with some opportunity for capital growth.

THE MULTI-STRATEGY APPROACH OF IMPLEMENTING TRADITIONAL AND NON-TRADITIONAL FIXED INCOME OPTIONS, COUPLED WITH A GLOBAL PERSPECTIVE, PROVIDES AN EFFECTIVELY DIVERSIFIED FIXED INCOME INVESTMENT THAT IS TYPICALLY INSULATED FROM THE VOLATILITY EXPERIENCED WHEN RELYING WHOLLY ON TRADITIONAL MARKETS.

# THE FUND MANAGER

Established in 2004 and headquartered in Langley, British Columbia, Capstone Asset Management serves a broad client base including private clients, foundations, and institutions. Through Pooled Funds and Limited Partnerships, Capstone provides investors with effective portfolio diversification by offering a broad array of investments within and outside traditional markets.

Capstone is the Fund Manager and Portfolio Manager of the Capstone Fixed Income Pool. Upon the identification of an investment opportunity, a rigorous due diligence process is completed by the Investment Management Team. The suitability is then assessed by the voting members of the firm's Investment Committee, and a full review is completed by the firm's Compliance Team.

## ACCESSING THE POOL

The Capstone Fixed Income Pool is a key component of many of our discretionary portfolios, but it can also be accessed as a standalone investment, subject to certain conditions. It is also available to institutional investors.

## HOW RISKY IS IT?

Capstone has rated this Pool as low to medium risk. Please see the Information Memorandum for further information on the specific risks of this Pool.

## WHAT IS THE TARGET RATE OF RETURN?

The Pool seeks to provide a long term annualized rate of return in excess of 4%.

## DISTRIBUTIONS

- › Occur quarterly
- › Are reinvested as additional units unless requested as cash
- › Are primarily composed of interest income

## BENEFITS

- › Pooled Fund structure enables funding of multiple diverse opportunities thereby reducing overall risk
- › Weekly valuation and liquidity
- › Access to institutional products not available at the retail level
- › Diversified to include non-traditional fixed income holdings







Capstone Asset Management Inc. is a Portfolio Manager, Investment Fund Manager and Exempt Market Dealer active in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia and Newfoundland & Labrador.

#### TRUSTEE

Capstone Asset  
Management Inc.  
19923 80A Avenue,  
Suite 210  
Langley BC V2Y 0E2  
P 604.546.1500

#### CUSTODIAN

National Bank Independent  
Network  
Suite 3000, PO Box 21  
130 King Street West  
Toronto, ON M5X 1J9  
P 1.844.451.3505

#### LEGAL COUNSEL

Borden Ladner Gervais LLP  
1200 Waterfront Centre  
200 Burrard Street  
PO Box 48600  
Vancouver BC V7X 1T2  
P 604.687.5744

#### AUDITOR

KPMG LLP  
Pacific Centre  
777 Dunsmuir Street  
Vancouver BC V7Y 1K3  
P 604.691.3000

#### FUND ADMINISTRATOR

SGGG Fund Services Inc.  
121 King Street West,  
Suite 300  
Toronto ON M5H 3T9  
P 416.967.0038

210 – 19923 80A AVENUE, LANGLEY BC V2Y 0E2  
CAPSTONEASSETS.CA INFO@CAPSTONEASSETS.CA  
T 604 546 1500 TF 1 855 437 7103 F 604 546 1501

UPDATED: JUNE 2023

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.