

A low-angle, upward-looking photograph of several modern skyscrapers with glass facades, creating a sense of height and architectural scale. The sky is a clear, pale blue.

CAPSTONE
ASSET MANAGEMENT™

DIVERSIFIED PORTFOLIOS OF
CANADIAN CONSTRUCTION MORTGAGES

- MARSHALLZEHR FIRST MORTGAGE FUND
- MARSHALLZEHR MORTGAGE OPPORTUNITIES FUND
- CAPSTONE MORTGAGE POOL



We know that as an investor, you are looking to diversify your portfolio across stable asset classes that offer attractive returns and excellent security.

Capstone Asset Management has created [Construction and Development Mortgage Funds](#) offering investors a choice between bank quality mortgage risk through the [MarshallZehr First Mortgage Fund](#) and private mortgage risk through the [MarshallZehr Mortgage Opportunities Fund](#) and [Capstone Mortgage Fund](#). These investments target returns of 5% and 8% respectively. On behalf of its investors, Capstone selects and participates in a wide range of mortgages originated and administered by MarshallZehr, who provide qualified developers with project financing. With an emphasis on experience, efficiency, and profits, Capstone and MarshallZehr have partnered to offer clients the ability to invest in a proven and diversified Canadian mortgage portfolio. This opportunity includes:

- Access to a unique diversified mortgage investment model that creates better performance and lowers risk
- Clear delineation of roles creating a superior risk management structure which ensures appropriate checks and balances
- A historical track record of success both in performance and very low default rates
- A proven and stable fixed income product that is uncorrelated to the public markets and insulated against interest rate risk
- A lower fee and cost structure producing more profitable results
- Transparent fund valuation
- Comprehensive, audited reporting

CAPSTONE ASSET MANAGEMENT INC.

Established in 2004, Capstone Asset Management is a proven Portfolio and Investment Fund Manager, effectively placing capital for clients in a highly regulated environment. Capstone successfully manages 6 Investment Funds, 3 of which have mortgage investment mandates. Capstone is a highly specialized Mortgage Investment Manager that has funded over \$300 million of MarshallZehr mortgages, accounting for over 100 mortgages to date. Capstone employs a team of highly skilled analysts and Portfolio Managers involved in the day-to-day Fund Management, including assessing each mortgage opportunity to ensure that Investors' interests are protected. By operating as an independent and regulated Portfolio and Fund Manager, Capstone removes the conflict of interest that often exists between parties seeking funding and those providing it.



GLENN MURRAY, President & CIO

Glenn has over 20 years of experience spanning investment strategy, portfolio management, trading, and equity analysis. His past experience includes working with CIBC Wealth Management and a private investment firm. He holds the Chartered Financial Analyst designation as well as a Bachelor of Arts in Economics from the University of Toronto.



STEPHEN SMITH, Portfolio Manager & CCO

Stephen has 28 years experience in the investment industry, including essential roles within compliance, portfolio, and offshore fund management. He has held leadership roles in Europe as well as in B.C., where he has worked with Capstone Asset Management since 2004. He holds the Chartered Investment Manager (CIM) designation and is a Fellow of the Canadian Securities Institute.

MARSHALLZEHR GROUP INC.

Mortgage Administration #11955 and Mortgage Brokerage #12453

MarshallZehr has one focus: delivering complete Construction and Development financing solutions within Canada. MarshallZehr provides qualified builders and developers with a one stop service that structures, sources funds, and manages/administers timely financing for their projects from land acquisition through to successful completion. Over their 9-year history, they have successfully funded over 200 mortgages and expect to write in excess of \$1 billion construction and development mortgages in the coming year. The typical mortgage size ranges from \$10 million to over \$150 million. All fees earned by MarshallZehr are paid by the borrower. The Investment Funds operate under a separate revenue model.



GREGORY ZEHR, Chief Executive Officer

Greg brings over 25 years of business and real estate experience to MarshallZehr. His experience includes building and selling businesses and executive leadership in industries including lending, insurance, real estate and communications centres in the US and Canada.



DAVID MARSHALL, President

David has over 25 years of experience in financial services with expertise in business development, due diligence and credit review. David's financial experience includes mortgage origination, commercial leasing, consumer finance, institutional portfolio management (sales and marketing) vendor finance and senior relationship management.





People

MarshallZehr is made up of industry specialists who focus on only one thing: complete, profitable construction and development financing solutions. This provides Capstone clients with the following benefits:

- Access to high quality development projects through an extensive network of contacts
- Assurance of the successful completion of a project by having the resources to protect lenders in the event of issues or defaults
- Skilled professionals that work in urban land development within the local market.
- Experience in managing projects from start to finish

Active Project Management

MarshallZehr provides quality origination and actively manages the administration of mortgages to ensure projects are completed in a timely and successful manner. They accomplish this in the following ways:

- Holding all parties to the Mortgage Agreement accountable for their obligations
- Verifying capital is going to the project and its trades through the use of third party advisors and internal analysis
- Dealing with changes or issues in real time
- Creating solutions that will maximize security value by replacing the builder/developer, providing additional capital for workouts, engaging seasoned advisors to take control and addressing the recovery processes, or bringing in industry parties to assist with a solution

MarshallZehr Technology Platform

In an industry that has no standardized technology platform and works with a disparate set of simple tools, MarshallZehr's proprietary technology platform and processes are built to support the complex needs of construction and development financing. This technology adds efficiency to mortgage administration in the following ways:

- Intellectual value added to create better mortgages and faster funding that ensures ongoing control with active management
- Automated processes that reduce redundancy, through an EPR platform
- Reliable real-time reporting and mortgage valuation (NAV's)
- On-going insight into project success vs. budget

Coordinated End-to-End Capital

MarshallZehr provides a standardized and comprehensive package to each capital source, saving time and money by expediting the underwriting and due diligence process. They employ the following approaches to create a smooth relationship with their capital source partners:

- Only presents materials to each capital source that fits their investment mandate
- One reliable capital source for all of their project needs
- Remove the need to shop around and coordinate lenders
- Coordinate efficient payment and administration management
- Maintain cost efficiency and minimal delay of funds

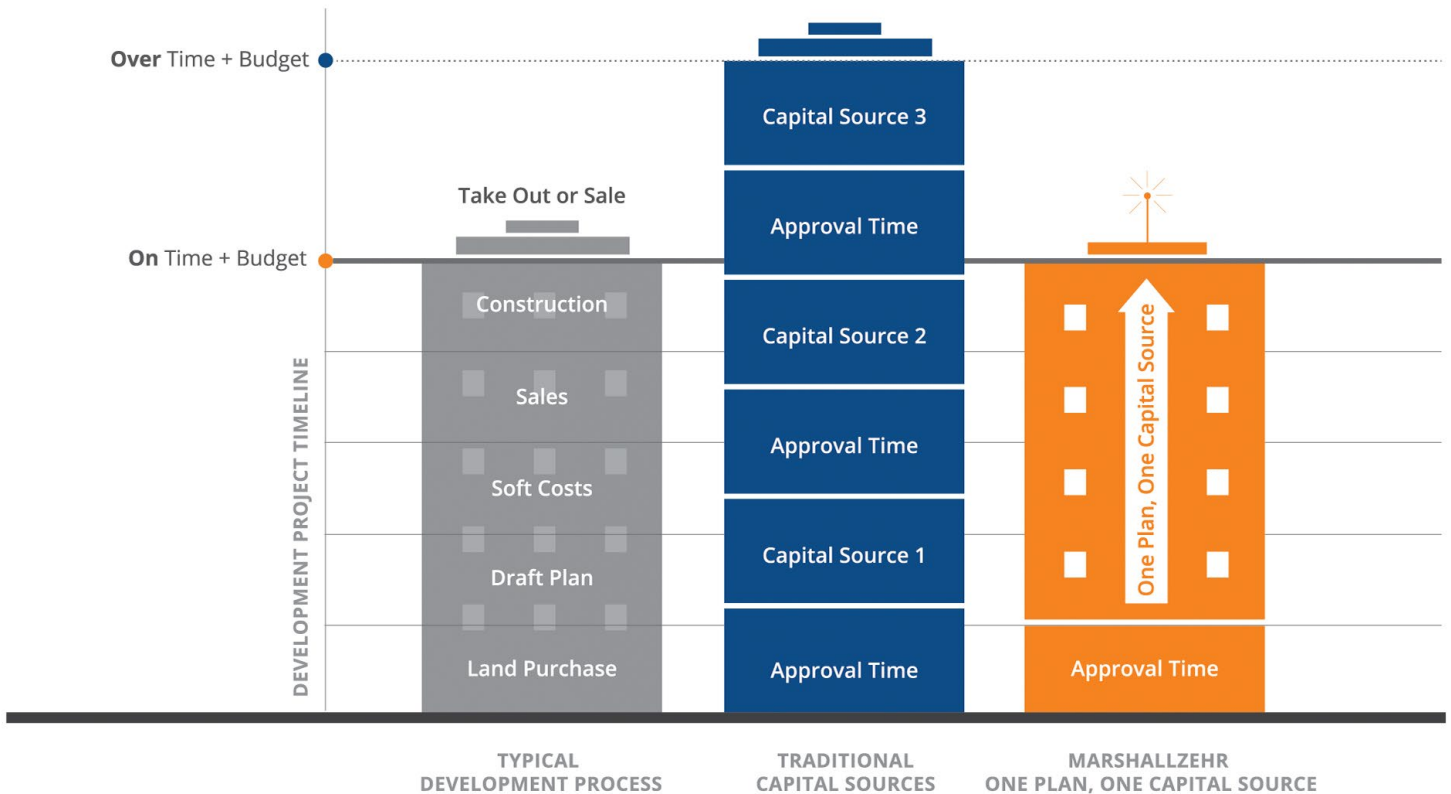




ONE PLAN. ONE CAPITAL SOURCE. ONE PROFITABLE OUTCOME.

The MarshallZehr team of development financing specialists and their access to complete capital sources ensures that projects run smoothly and deliver profitable outcomes. MarshallZehr works with developers to arrange the most appropriate capital sources and combines them into one financial plan. This proactive, streamlined process avoids costly delays and the distraction of urgently chasing capital sources as each development phase requires.

MarshallZehr's "One Plan, One Capital Source" approach provides peace of mind knowing projects are funded from start to finish, and supported with the proven expertise of the MarshallZehr team, resulting in One Profitable Outcome.



MORTGAGE SOLUTIONS

A diversified portfolio containing assets with low correlation to each other is critical to managing risk. However, as proven during the 2008 debt crisis, the world is more connected than ever and finding securities with low or negative correlation has become difficult, causing portfolio risk to increase.

At Capstone, we have long recognized the opportunities within the Canadian mortgage sector to further diversify investment options, decrease correlation to equity markets and add cash flow to our portfolios. In April 2012, we entered the mortgage investment market with the creation of the innovative and highly successful Capstone Mortgage Pool. Since then, we have launched the MarshallZehr First Mortgage Fund and the MarshallZehr Mortgage Opportunities Fund providing investors with access to mortgages across a range of risk and security levels. All these funds seek opportunities in commercial, construction and development sectors of the mortgage financing industry, where firms engage in developing, redeveloping or otherwise improving many types of real property. The most common property types are multi-family residential, single-family residential, retail, warehousing and industrial/commercial. The firms undertaking these developments may choose to obtain mortgage financing for certain phases, or for the entire duration of the project. These mortgages are secured on the property being developed.

As a Fund Manager, Capstone Asset Management provides investors with access to construction & development mortgages in a highly regulated environment.

INVESTMENT APPROACH

Capstone performs a rigorous due diligence on each financing opportunity presented by MarshallZehr. Each project is considered on its own merit, and the mortgage administrator's underwriting is examined and verified. Capstone takes into consideration the following aspects:

- The developer's creditworthiness
- The exit strategy for the mortgage
- The ability to fund interest payments
- The ability to execute the proposed project in light of the economics of the area and market dynamics
- Who is overseeing the flow of money into the project
- Third party appraisal of project in current and finalized state

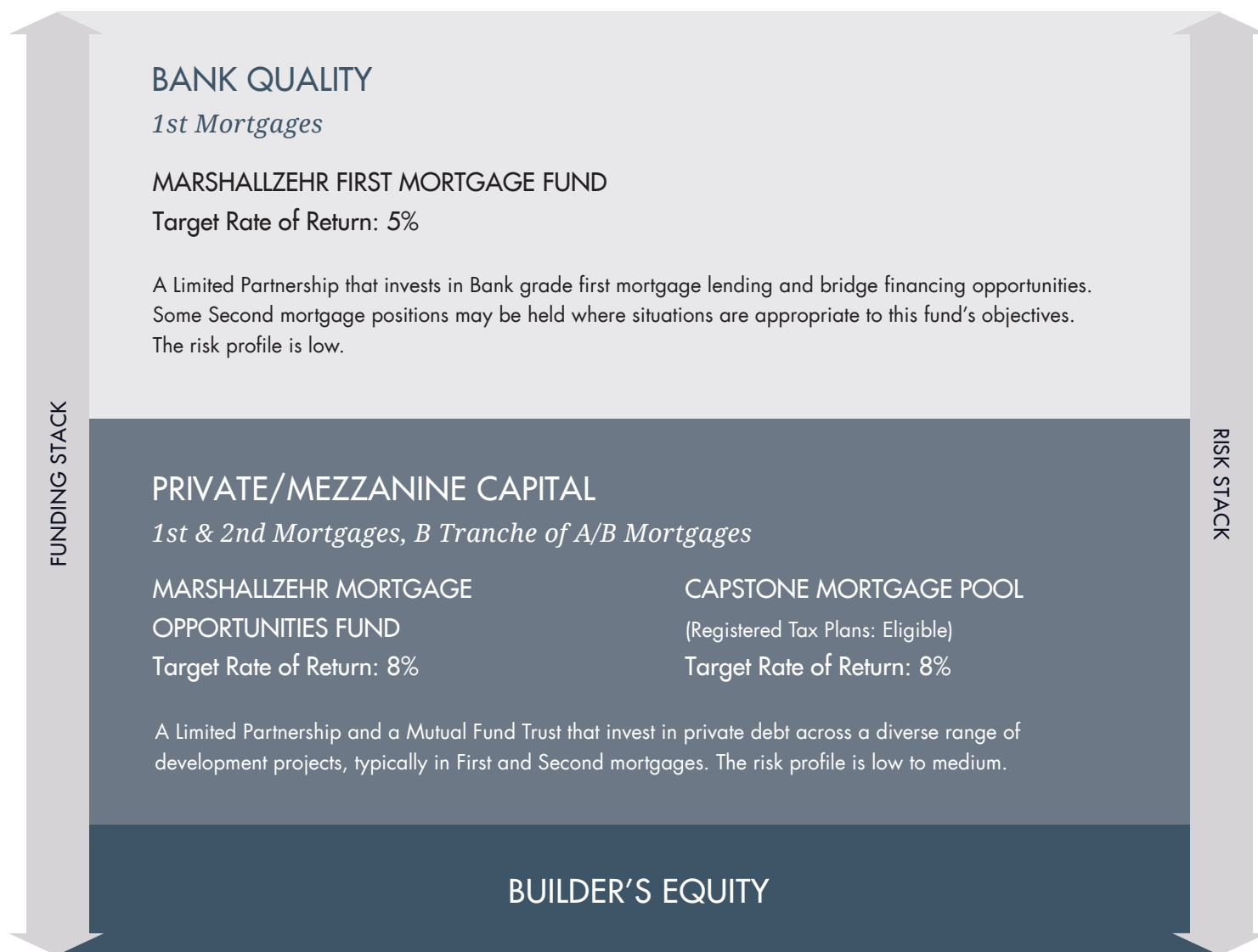
Capstone's Compliance performs additional risk management oversight in any case where due diligence inquiries present a matter for consideration that falls outside the typical investigative process. Once a project is approved, the Portfolio Managers consider how it may fit into the allocation of the Funds and its suitability with respect to target return, liquidity, project type (retirement housing, retail, single family etc), market, developer exposure and other concentration risks. The term of the financing is also considered in the context of existing maturities for liquidity purposes.



The MarshallZehr First Mortgage Fund, MarshallZehr Mortgage Opportunities Fund and Capstone Mortgage Pool provides financing to very similar (sometimes the same) development projects. Where they differ, is their priority in the debt stack; a higher priority means less investment risk and consequently a lower return. The First Mortgage Fund focuses on the most conservative portion of the debt stack which is usually reserved for banks, credit unions and trust companies.

HIGHEST SECURITY

LOWEST RISK



LOWEST SECURITY

HIGHEST RISK

By creating a range of accessible mortgage fund options, investors can target a blended yield with the lowest possible risk profile. For example, to target a return of 6%, investors would allocate 60% to MarshallZehr First Mortgage Fund and 40% to MarshallZehr Mortgage Opportunities Fund or Capstone Mortgage Pool.



QUICK FACTS

QUICK FACTS	MARSHALLZEHR MORTGAGE OPPORTUNITIES FUND	CAPSTONE MORTGAGE POOL	MARSHALLZEHR FIRST MORTGAGE FUND
TARGET RETURN:	8%	8%	5%
DISTRIBUTIONS:	Monthly	Monthly	Monthly
MIN. INVESTMENT:	\$150,000	\$50,000	\$150,000
LIQUIDITY:	Bi-Annually (January & July) 180 days after purchase Subject to 90 days notice	Monthly 90 day hold period Subject to 30 days notice	Bi-Annually (January & July) 180 days after purchase Subject to 90 days notice
REGISTERED ACCOUNTS:	Not eligible	Eligible	Not eligible
MANAGEMENT FEES:	0.90%*	1%	0.90%*

*Comprised of the Manager's Fee and the General Partner's Fee. Fee discounts start at \$3,000,000 (Class I, 0.65%). R3 XL Capital Inc. is the General Partner.



How do you know if these funds are suitable for you?

- You are looking for an investment with a low correlation to many other fixed income and equity assets
- You are seeking primarily interest income
- You are investing for the long term
- You are comfortable with restricted liquidation opportunities

CAPSTONE
ASSET MANAGEMENT™

If you are looking for secure Canadian Mortgage investment solutions, we believe we have the answer for you.

Contact us today to speak directly with one of our Portfolio Managers.

CAPSTONEASSETS.CA **E** INFO@CAPSTONEASSETS.CA **T** 604 546 1500 **TF** 1 855 437 7103 **F** 604 546 1501
218 - 20353 64 AVENUE, LANGLEY BC V2Y 1N5

This document does not constitute 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. Individual investors are required to certify that they qualify as an accredited investor. Corporate and other legal entity investors must qualify as accredited investors or make an initial purchase of at least \$150,000.

