

CAPSTONE NON-TRADITIONAL EQUITY POOL

Q3 Commentary

SEPTEMBER 30, 2024

AT A GLANCE

- Provides equity exposure to non-traditional markets
- Blend of real estate, private equity and cash flow strategies
- Low to no correlation to bond and equity markets
- \$53 MM AUM
- Current price: \$11.4073 (Series I)

MARKET & POOL UPDATE

The Capstone Non-Traditional Equity Pool (CNTEP) posted a -2.7% return for the third quarter, bringing the year-to-date return to +1.3%. The primary driver of the Pool's negative return was its exposure to various real estate investment vehicles. Ongoing challenges in the U.S. office space market had a significant impact on one of CNTEP's fund investments that focus on office properties. Despite the high quality of these underlying assets, lowered occupancy expectations and broader sector-wide valuation declines led to substantial write-downs this quarter by the underlying fund's manager.

Additionally, we reduced the carrying value of CNTEP's investments in two Atlanta-area properties in the multifamily residential space where the manager is employing a value-add strategy. After visiting the properties in August, we felt these adjustments were prudent as these properties have been facing unexpected operational difficulties of late, including higher-than-anticipated vacancy rates.

Partially offsetting these losses were positive returns from a number of other private equity and real estate holdings within CNTEP. The standout performer this quarter was the Mackenzie Northleaf Global Private Equity Fund (MNGPEF), which has delivered nearly 15% so far this year. Recent performance has been bolstered by significant acquisitions within the fund's portfolio. Notably, in August, Gravotech, a global leader in marking and engraving solutions, was acquired by Brady Corporation. During the same period, Kyte Powertech, a European transformer manufacturer, was purchased by Switzerland's R&S Group. We continue to be excited about how MNGPEF will perform in the future, as we believe that deal activity in the private equity industry is starting to pick up from what has been a very moribund exit environment.

The Capstone Non-Traditional Equity Pool offers exceptional diversification across sectors, market capitalizations, and geographic regions within the global equity markets. It is uncorrelated to the traditional equity markets, making it a valuable addition to a well-balanced portfolio. Our Investment Management Team remains committed to identifying high-quality holdings that align with the Pool's objectives.

For more information on this Pool, please contact your Portfolio Manager.

PERFORMANCE (Gross of Fees)

Performance figures are those of Series I units as of September 30, 2024. Performance is annualized for periods longer than one year.

	1 MO.	3 MO.	6 MO.	1 YR.	3 YR.	5 YR.	10 YR.	INCEPTION*
	-1.93%	-2.73%	-0.49%	-4.92%	1.43%	3.44%	4.77%	4.76%

*Annualized as of first trade date May 2, 2014

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.

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