CAPSTONE PRIVATE HIGH INCOME POOL

Q3 Commentary

SEPTEMBER 30, 2026

AT A GLANCE

- Non-traditional debt and equity income strategies
- U.S. focused
- Low correlation to bond and stock markets
- $46 MM AUM
- September 30, 2026 price: $6.7536 (Series IH)

MARKET & POOL UPDATE

The most notable update for the Capstone Private High Income Pool ("CPHIP") over the last quarter is the announcement of the fund's planned wind-down. The decision, its implications, the structure of the wind-down, and the path forward were discussed in previous written communications, a webinar on October 2, and a detailed FAQ document. If you have not seen these materials, please contact your advisor for more information. The key message going forward is that the wind-down will be phased over a number of years, assets will continue to be managed with the objective of maximizing value during that period, and proceeds will be distributed to all unitholders on a pro rata basis as liquidity becomes available. Market conditions remain an important factor in the timing and extent of liquidity. The following update builds on the data and analysis presented in our September 16 webinar.

Performance and Portfolio Update

Series IH units of CPHIP returned -5.6% in the third quarter, driven primarily by the fund's investment in Parkview Financial. At September 30, this investment represented approximately 81% of CPHIP's net asset value, making Parkview's operating performance and asset valuations the principal determinants of the fund's results.

Parkview's performance continued to reflect the changing nature of the composition of its portfolio. As previously discussed, a growing proportion of Parkview's investments have transitioned from performing loans into defaulted loans and real estate owned (REO) assets. This transition has materially reduced recurring interest income while increasing the costs associated with managing, improving, leasing and stabilizing properties. These pressures contributed to Parkview's negative results and the corresponding decline in CPHIP's net asset value during the quarter.

Commercial Real Estate Conditions and Parkview's Strategy

The operating challenges at Parkview are compounded by a difficult commercial real estate environment. Elevated long-term interest rates, constrained lending, higher refinancing costs and more conservative underwriting by prospective buyers continue to weigh on property valuations and transaction activity. Wider bid-ask spreads and extended transaction timelines have made it more difficult to realize assets at attractive prices.

In response, Parkview is pursuing an orderly realization of its portfolio, prioritizing principal recovery over near-term liquidity. Its strategy includes completing construction, improving occupancy, controlling operating expenses and stabilizing properties before pursuing financing or disposition opportunities where doing so is expected to improve recoveries. While this approach may better position individual assets for eventual realization, it also extends the period over which capital is expected to be returned.

Parkview has indicated that it does not expect to make capital distributions in 2026 and that distributions in 2027 are also unlikely. Accordingly, CPHIP should not be expected to receive meaningful near-term liquidity from its largest investment. The timing and amount of eventual proceeds will depend on property-level operating performance, market conditions and the prices achieved when assets are sold.

Liquidity and the Path Forward

Given the size of the Parkview investment, the timing of its realization remains the most significant factor in CPHIP's longer-term liquidity outlook. However, the fund also holds several smaller investments that may provide liquidity independently of Parkview.

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These include Rivers Investments, where Capstone intends to submit a full redemption request in December, with proceeds expected to be distributed over the course of 2027; the CVI Aviation investment, which is expected to return a substantial portion of its capital during 2026 and 2027; and the River Pointe and River View preferred equity investments in multifamily properties in Tampa, Florida, where potential liquidity will depend on the timing and terms of property sales. These investments provide additional potential sources of liquidity, although neither the timing nor the amount of recoveries is assured.

Throughout the wind-down, Capstone will continue to monitor the underlying investments and their respective managers, assess valuations, and pursue opportunities to realize assets in a manner intended to maximize value for unitholders. Distributions will be made to all unitholders on a pro rata basis as proceeds become available, after accounting for applicable obligations and expenses.

We recognize that the extended timeline for returning capital is concerning for some investors. While the process will take time, the underlying investments remain active, and our focus is on managing the portfolio through this period with discipline, transparency and a view to maximizing recoveries over the longer term. We will continue to communicate material developments as they occur.

We sincerely appreciate your continued trust and patience. For additional information about CPHIP, please contact your Portfolio Manager.

PERFORMANCE (Gross of Fees)

Performance figures are those of Series IH units as September 30, 2026. Performance is annualized for periods longer than one year.

1 MO.	*3 MO.*	*6 MO.*	*1 YR.*	*3 YR.*	*5 YR.*	*INCEPTION**
-0.4%	-5.6%	-7.1%	–30.6%	-12.4%	-4.8%	-1.2%

**Annualized as of first trade date: September 30, 2019*

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