



AT A GLANCE

- Non-traditional debt and equity income strategies
- Globally diversified
- Monthly liquidity
- Low correlation to bond and stock markets
- \$78 MM AUM
- Current price: \$10.0460 (Series IH)

MARKET & POOL UPDATE

Although the Capstone Private High Income Pool (“CPHIP”) delivered a fourth-quarter and full-year 2024 return below our long-term average, we remain encouraged by several positive developments within the portfolio. These reinforce our confidence in the pool’s long-term resilience and ability to navigate challenging market conditions effectively. Below, we outline key updates and our forward-looking strategy.

Our flagship U.S. real estate debt investment, Parkview Financial – representing approximately 70% of CPHIP’s net asset value – is making meaningful progress toward restoring profitability. A key catalyst has been the U.S. Federal Reserve’s ongoing interest rate cuts, which are helping to ease the prolonged industry challenges caused by elevated borrowing costs and subdued investment activity. The high-rate environment had delayed loan payoffs, as many borrowers struggled to refinance or sell assets. In response, Parkview implemented a comprehensive strategic plan in early August to address these headwinds. Encouragingly, this plan is delivering results – particularly in enhancing liquidity by reducing outstanding loan commitments and lowering leverage through the resolution of loans in default or active workout. Strengthening liquidity remains critical to de-risking Parkview’s loan portfolio and positioning it to regain its historical profitability.

As restructuring efforts progress, we anticipate that Parkview will collect principal, deferred interest, and potential equity participations negotiated through loan workout agreements, leading to improved returns. Additionally, as Parkview recovers capital, it will be able to originate new loans, generating origination fees (typically 2% of loan amounts) alongside steady interest income. This transition will take several quarters. In the meantime, we continue to closely monitor Parkview’s progress and maintain frequent, open communication with their team. Meanwhile, the remainder of the portfolio continues to perform well, supported by strong credit quality and disciplined investment management.

Looking ahead, we remain optimistic about the pool’s prospects. As market conditions stabilize and interest rates decline further, private debt remains an attractive asset class for generating steady income and risk-adjusted returns. Our active portfolio management approach positions us to capitalize on emerging opportunities while prioritizing capital preservation and prudent risk management. With a robust pipeline of new investments expected to generate gross returns of 10% or more, we aim to enhance overall performance and further diversify the portfolio as additional funding becomes available.

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

PERFORMANCE (Gross of Fees)

Performance figures are those of Series IH units as of December 31, 2024. Performance is annualized for periods longer than one year.

	1 MO.	3 MO.	6 MO.	1 YR.	3 YR.	5 YR.	INCEPTION*
	1.46%	-1.53%	-6.55%	-2.93%	4.18%	5.89%	5.95%

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

