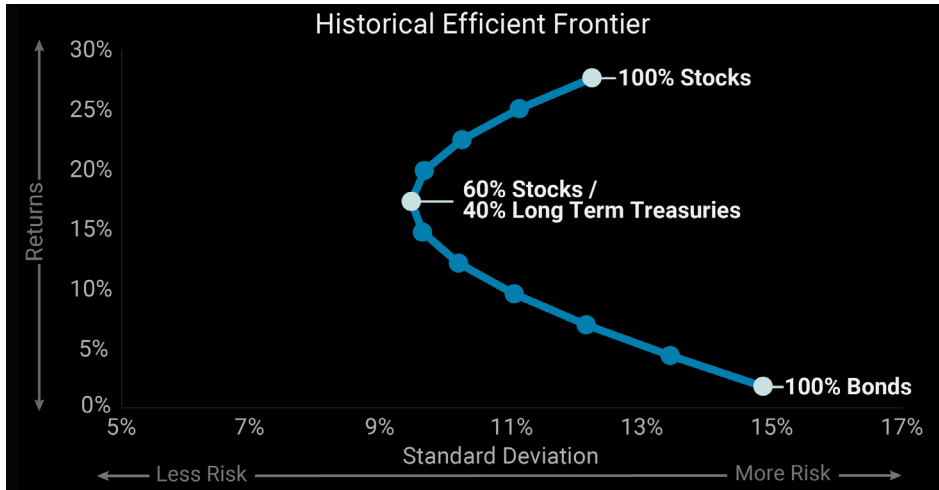


# Modern Portfolio Theory Adding Private Real Estate Debt



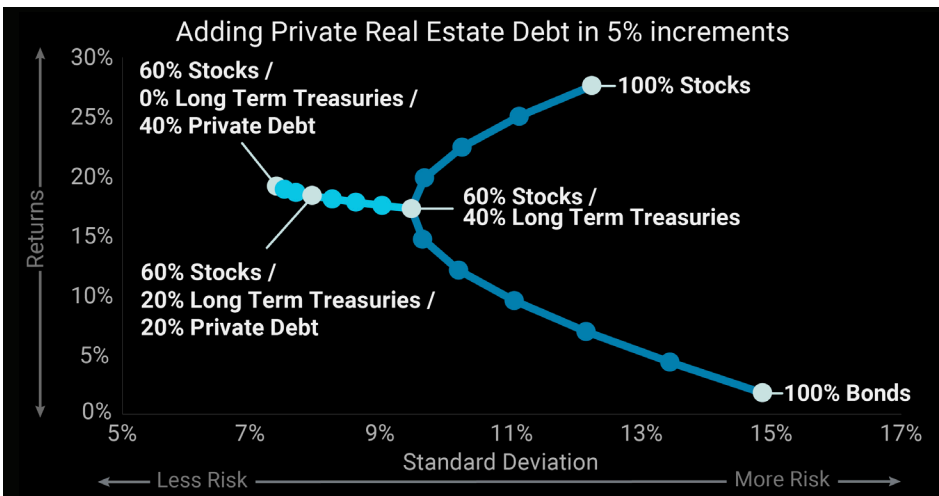
## Traditional Efficient Frontier – Public Stocks & Bonds



For many decades, wealth managers have relied on Modern Portfolio Theory (MPT) and publicly traded investments to manage risk. Historically, due to the diversification benefits, combining public stocks and bonds led to attractive risk/return profiles.

Source: Bloomberg, Redwood. Data as of 4/30/2024. From 6/23/2023 - 4/30/2024. See disclosures for index information.

## New Efficient Frontier – Adding Private Real Estate Debt



Now, adding private debt to replace public bonds in 5% increments may increase returns while reducing volatility.

Source: Bloomberg, Redwood. Data as of 4/30/2024. From 6/23/2023 - 4/30/2024. See disclosures for index information.

Buildings represented herein are real estate properties whose loans are held within the Redwood Private Real Estate Debt Fund (for more details and for a copy of the prospectus please visit <https://www.redwoodmutualfunds.com/funds/real-estate-income-fund>).

# Adding Private Debt with a Single Ticker

Sell a portion of public bonds

Purchase CREMX, private real estate debt



■ 60% Public Stocks  
■ 40% Public Bonds  
■ 0% Private Real Estate Debt

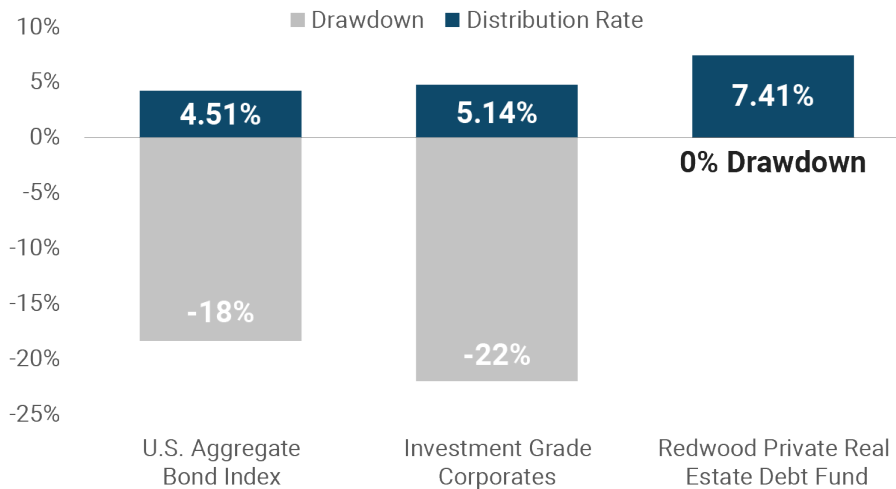


■ 60% Public Stocks  
■ 20% Public Bonds  
■ 20% Private Real Estate Debt

For Illustration Purposes Only.

Redwood's Private Real Estate Debt Fund, CREMX, provides all investors (including non-accredited) exposure to private debt backed by real estate with a single ticker. With CREMX, advisors can easily allocate a portion of an individual investor's diversified portfolio to private real estate debt, in the same way as purchasing an ETF or mutual fund.

## Balancing Distribution Rate with Drawdown



Publicly traded stocks and bonds can both succumb to negative pressure during times of volatility, leaving the traditional 60/40 portfolios unable to mitigate large drawdowns. Private debt offers much more attractive distribution rates per unit of drawdown risk taken in comparison to public bonds found in the traditional 60/40 portfolio.

Source: Redwood. Distribution Rate data as of 4/30/2025. U.S. Aggregate Bond Index represented by LBUSTRUU Index, max drawdown range from 8/6/2020 - 10/24/2022. Investment Grade Corporates represented by LUACTRUU Index, max drawdown date from 9/22/2021 - 10/21/2022. Drawdown data is based on the inception date of each index. Distribution Rate is calculated as the distribution for a given month, multiplied by 12 (number of months in year) and divided by the NAV per share on 4/30/2025. Distribution is derived solely by income from holdings in the fund. Depending on when an investor purchased their shares, the annualized distribution rate may be higher or lower. There is no guarantee that investors will receive a distribution. Please see disclosures below for index information.

## Conclusion

We believe all investors can benefit from an allocation to senior secured hard asset-based lending, offering higher yields, low loan-to-value, and attractive risk/return benefits compared to the traditional 60/40 public-only allocation.

Effective April 30, 2025, The Fund's Board of Trustees approved a change in the name of the Fund from "Redwood Real Estate Income Fund" to "Redwood Private Real Estate Debt Fund."

## Important Information

Chart above is for illustrative purposes only and are of indices that are not available for investment. The indices represented are the S&P 500, Bloomberg U.S. Aggregate, do not reflect any fees. There can be no guarantee that any objective discussed will be achieved. S&P 500 Index is a stock market index based on the market capitalization of 500 leading companies publicly traded in the U.S. Stock market, as determined by Standard & Poor's. Bloomberg U.S. Aggregate Bond Index consists of investment-grade U.S. Government bonds, investment grade corporate bonds, mortgage pass-through securities, and asset-backed securities. It is often considered representative of the U.S. investment-grade fixed rate bond market. U.S. Investment Grade Corporate Bond Index (LUACTRUU Index) measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

This fund is an interval closed-end fund. The Fund is an appropriate investment only for those investors who can tolerate a high degree of risk and do not require a liquid investment. The Fund does not intend to list the Shares on any securities exchange and the Fund does not expect a secondary market in the Shares to develop. Because you will be unable to sell your Shares or have them repurchased immediately, you will find it difficult to reduce your exposure on a timely basis during a market downturn. All or a portion of an annual distribution may consist solely of a return of capital (i.e., from your original investment) and not a return of net investment income.

This commentary is for informational purposes only and should not be deemed as a solicitation to invest, or increase investments in Redwood Investment Management, LLC ("Redwood") products or affiliated products. The information contained herein is not intended to provide any investment advice or provide the basis for any investment decisions. Please consult a qualified professional before making decisions about your financial situation. Commentary provided by Redwood are opinions and should not be construed as facts. There can be no guarantee that any of the described objectives can be achieved. Past indices performance is not a guarantee of future results. Redwood does not make any representation that any strategy will or is likely to achieve returns like those shown in the performance results in this presentation. Diversification of asset class or investment style does not guarantee against loss or out performance. Different types of investments involve varying degrees of risk and there can be no assurance that any specific investment will be profitable. The price of any investment may rise or fall due to changes in the broad markets or changes in a company's financial condition and may do so unpredictably. Information provided herein from third parties is obtained from sources believed to be reliable, but no reservation or warranty is made as to its accuracy or completeness. Any images rendered of property are strictly for illustration and not meant to reflect any positions held.

Indices are shown for informational purposes only; it is important to note that Redwood's strategies differ from the indices displayed and should not be used as a benchmark for comparison to account performance. While the indices were chosen to represent broad market performance of each asset class, there are report limitations as to available indices and blends, which index can be selected, and how they are presented.

**Investors should carefully consider the investment objectives, risks, charges and expenses of the Redwood Private Real Estate Debt Fund. This and other important information about the Fund are contained in the prospectus, which can be obtained at [redwoodmutualfunds.com](http://redwoodmutualfunds.com) or by calling 888.570.0805. The prospectus should be read carefully before investing.**

The Redwood Private Real Estate Debt Fund is distributed by Distribution Services, LLC, not affiliated with Redwood, member FINRA/SIPC.

Definitions:

1. **Interval fund:** An Interval Fund is a distinctive category of closed-end investment fund, featuring shares that are not openly traded on the secondary market. Interval funds are designed to facilitate periodic repurchases, typically occurring on a monthly or quarterly basis. The periodic repurchase schedule of interval funds affords them the flexibility to invest in alternative asset classes that may not be accessible through conventional fund types.

2. **Drawdown:** refers to how much an investment or trading account is down from the peak before it recovers back to the peak. Drawdowns are generally a measure of downside volatility.

**U.S. Aggregate Bond Index:** represented by the Bloomberg U.S. Aggregate Bond Index (LBUSTRUU) is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

**Investment Grade Corporates:** represented by the Bloomberg U.S. Corporate Bond Index (LUACTRUU), which measures the investment grade, fixed-rate, taxable corporate bond market. It includes U.S. Dollar denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

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