

Why Interval Funds?



Retail Access to Institutional Investing

The investment landscape has changed significantly over the last 24 months. The repercussions of massive quantitative easing led to persistent inflation, rising rates, and slowing economic growth. Traditional asset classes suffered, and thus investor portfolios took a hit. For example, by the end of 2022, investment-grade bonds (Bloomberg Barclays U.S. Aggregate Bond Index) fell more than 18 percent – an unprecedented loss, despite virtually no defaults.

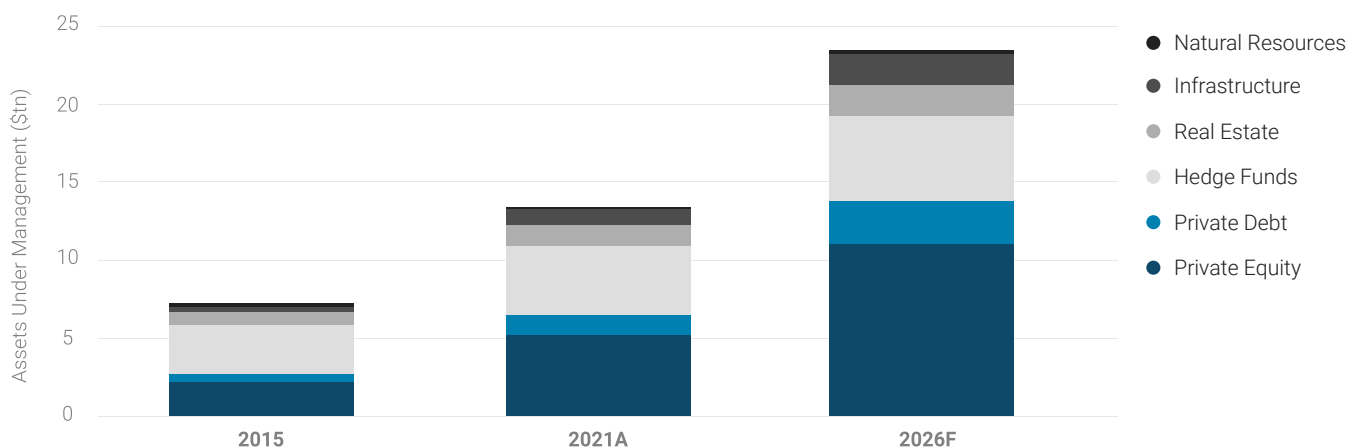
Including interval funds in an asset allocation portfolio can potentially deliver higher income, low drawdowns, low volatility, and higher portfolio diversification. They can deliver alternative investments previously exclusive to institutions and accredited investors, such as private debt and equity, to retail investors by lowering minimums while providing periodic liquidity.

What are Interval Funds?

Interval funds are a relatively new type of investment fund that combines the benefits of traditional mutual funds and alternative investments. They are considered “closed-end” funds that continuously offer new shares to investors at NAV (net asset value).

Unlike traditional mutual funds, which allow for daily redemptions, interval funds provide periodic liquidity, usually quarterly or semi-annually. This feature allows investing in less liquid alternative investments, such as real estate, private equity, and hedge funds, that can offer the potential for higher yields compared to traditional securities.

Alternatives AUM to Hit \$23tn in 2026



Source: Preqin. Figure is annualized based on data to March 2021. A= annualized; F= forecast.

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

How do Interval Funds Compare to Other Alternative Asset Vehicles?

Interval funds provide periodic liquidity while offering access to alternative investments like private debt and real estate, which are typically less accessible to retail investors. Compared to private equity or limited partnerships, they often have lower minimum investments, simplified tax reporting (via 1099 forms), and no accreditation requirements. This makes them a more flexible and accessible option for investors seeking opportunities for higher yields with reduced market volatility.

	Interval Fund	CREMX	Non-Traded BDC/REIT	Private Equity Funds / LPs	Tender Offer Funds
Accessible with Ticker	Yes	Yes	No	No	No
Regulated Under the Investment Company Act of 1940	Yes	Yes	No	No	Yes
NAV Pricing Frequency	Daily	Daily	Variable	Variable	Variable
Redemption Frequency	At Stated Interval	Quarterly	Variable	Variable	Variable
Minimum Investments	Varies	\$25 ¹	Varies	Varies (Often \$100,000 or Greater)	Varies
Leverage Limit	33.3% of Gross Assets	33.3% of Gross Assets	Generally, Not Restricted	Generally, Not Restricted	33.3% of Gross Assets
Existing Custody Account Eligible	Yes	Yes	No	No	Yes

Please see additional disclosures on backside for more information.



Non-Traded BDC/REITs

An illiquid alternative investment directly offered to investors by investment managers. They are not traded on a public exchange. These funds are still registered with the SEC.



Tender Offer Funds

The structure is like an interval fund, but a key difference is that a tender fund offers liquidity via periodic tender offers based on the fund's discretion and has no liquidity requirements.



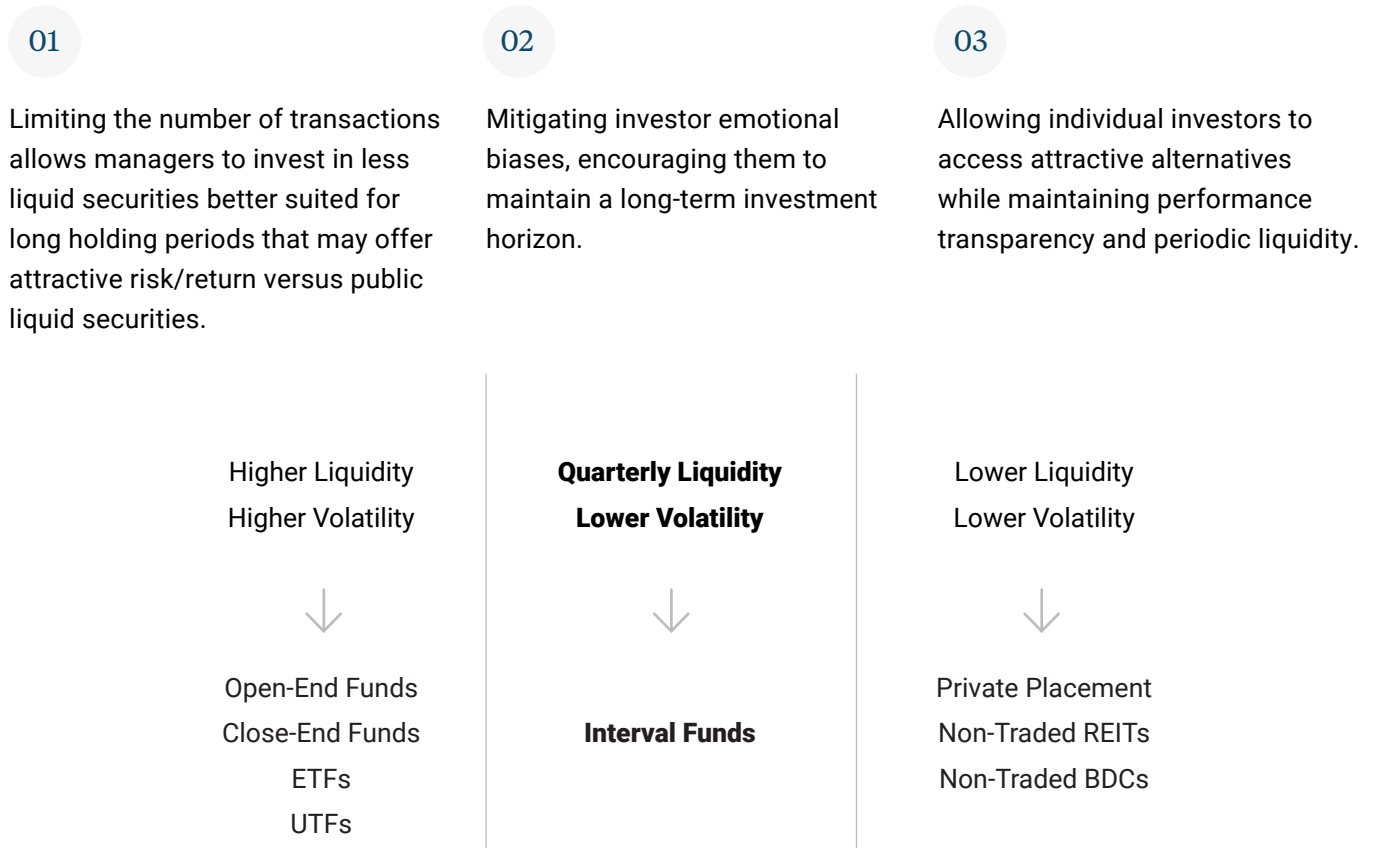
Private Equity Funds/LPs

An alternative investment class that may be categorized as a closed-end or open-end fund but is not listed on a public exchange. Private equity funds and other LPs allow high-net-worth individuals and a variety of institutions to directly invest in and acquire equity ownership (and debt) in privately owned companies.

When Interval Funds May Fit into a Diversified Portfolio

Interval funds allow investors to buy and sell at the fund's net asset value (NAV). There is no secondary market, and shares are not publicly traded on an exchange. This reduces the amount of speculation around share prices and can reduce the impact of market volatility on the fund's value, providing investors with more stability.

The trade-off is that interval funds are less liquid – often offering liquidity every quarter. While illiquidity may seem less desirable, there are some advantages.



Where Traditional Meets Alternative: Enhancing Portfolios

The traditional 60/40 portfolio generated double-digit losses - investment-grade fixed-income was a large contributor. Investors may benefit from looking past traditional fixed-income and equity investing, and adding alternative investments to their portfolios.

In conclusion, interval funds can provide access for all investors to a diversified portfolio of alternative investments with the potential for higher yields, lower volatility, and reduced correlation to the broader markets.

Disclaimer: The information provided within is for educational and informational purposes only. It contains opinions that should not be construed as fact. All investment types discussed contain a certain degree of risk, including a loss of principle. Certain investments may not be suitable for everyone.

CREMX (Redwood Real Estate Fund) is an interval fund that provides Private Real Estate Debt access to ALL investors.

- 1** Access short duration 1st Lien secured commercial real estate (CRE)² loans in a single ticker – **CREMX**.
- 2** No Sub-docs, no Accreditation, no K1s, no incentive fees (no headaches).
- 3** Add potential benefits of CRE Debt as a % of your asset allocation – seeks to provide current income, preserve shareholder's capital, reducing drawdown, and adding portfolio diversification.

²See Definitions below

Important Information

Additional Comparison Considerations

Before making an investment decision, it's important to check the fund's prospectus or offering memorandum for factors such as investment objectives, costs and expenses, liquidity, fluctuation of principal or return, and tax features. Investment objectives will vary greatly among all structures and directly impact the volatility of any given fund, however private market funds are generally expected to be more speculative than registered funds due to the differences in regulatory oversight requirements. While mutual funds are limited in the amount of illiquid and derivative investments they may make, closed-end funds have less limitations, and private funds generally have no restrictions on such holdings. The performance of private market funds is difficult to measure and therefore such measurements may not be as reliable as performance information for other investment products. In addition to the transactional fees and ongoing operating expenses contained within most fund structures, private market funds often include a performance fee applicable to investors.

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Diversification does not assure a profit or protect against loss in a declining market. 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.

The Fund has limited operating history and the shares have no history of public trading. The Fund is classified as "non-diversified" under the Investment Company Act. As a result, it can invest a greater portion of its assets in obligations of a single issuer than a "diversified" fund. The Fund may therefore be more susceptible than a diversified fund to being adversely affected by a single corporate, economic, political or regulatory occurrence.

¹Per the Prospectus, the minimum initial investment in the Fund by any investor is \$1,000. See Prospectus "PURCHASE TERMS" for certain exceptions to these minimum initial investment requirements (the Prospectus may be obtained at which can be obtained at redwoodmutualfunds.com). There is no minimum amount requirement for any subsequent investment. However, the Fund, in its sole discretion, may accept investments below this minimum which is reflected in the \$25.00 price.

Leverage Limit of 33.3% of Gross Assets is the maximum permitted amount in accordance with the 1940 Investment Company Act. Leverage Limits identified as "Generally, Not Restricted" signifies that these have no known limits on leverage and the source of this categorization is [Bluerock-Brief-Why-Interval-Funds-Now.pdf](#). Existing Custody Account Eligible category identifies whether or not the investment's assets are maintained at a qualified custodian that are typically broker-dealers registered with the U.S. Securities Exchange Commission ("SEC") and therefore must comply with SEC regulations regarding safekeeping of securities

Investing involves risk, principal loss is possible.

Due to the uncertainty in all investments, there can be no assurance that the Fund will succeed in meeting its investment objectives. The Investment Manager may not be able to locate a sufficient number of suitable investment opportunities or finalize investments at a pace that allows the Fund to fully implement its investment strategy. The Fund will invest in commercial mortgage loans, which are subject to risks of delinquency, foreclosure, and risk of loss. The Fund's investments in commercial real estate loans will include holding a participation interest in such loans. The Fund generally will not have a right to enforce the borrower's compliance with the terms of any loan agreement, so any such enforcement would require cooperation of other participation interests' holders in the same underlying loan

Investors should carefully consider the investment objectives, risks, charges and expenses of the Redwood Real Estate Income Fund. This and other important information about the Fund are contained in the prospectus, which can be obtained at redwoodmutualfunds.com or by calling 888.570.0805. The prospectus should be read carefully before investing. The Redwood Real Estate Income Fund is distributed by Distribution Services, LLC, member FINRA/SIPC. Redwood Investment Management, LLC is not affiliated with Northern Lights Distributors, LLC. or Distribution Services, LLC.

Definitions:

1. 1st Lien (or first lien) debt is a type of legal debt secured by collateral, such as real estate. 1st lien debt holders are paid back before all other debt holders. If the borrower defaults on the loan, the lender can seize the collateral to recoup their losses until the loan has been repaid.

2. Senior-secured commercial real estate (CRE) paper: A senior-secured loan ranks highest in order of repayments before other security holders. Senior securities are typically considered the safest offerings by a company, since in the event of a default, the holders of senior-secured loans will be repaid before other lenders. Senior-secured CRE paper relates specifically to CRE loans.

3. Commercial Real Estate (CRE): Commercial real estate refers to properties primarily used for business and income-generating purposes. These properties are not designed for residential living and typically encompass various asset types, including office buildings, retail spaces, industrial warehouses, hotels, and multifamily apartment complexes.

4. Closed-end fund: A closed-end fund is a type of fund that offers a fixed, limited number of shares. Closed-end funds are usually actively managed and concentrate on a specific industry or sector.

5. 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.

6. NAV (Net Asset Value) per share is calculated by dividing the value of all of the securities and other assets of the Fund, less the liabilities (including accrued expenses and indebtedness), and the aggregate liquidation value of any outstanding preferred stock, by the total number of common shares outstanding.

7. Drawdown: A measure of peak to trough loss in a given period.

8. A Non-Traded Business Development Company (BDC) is a closed-end investment fund that provides capital to private companies, typically in the form of debt or equity. Unlike publicly traded BDCs, they do not trade on an exchange, making them illiquid with limited redemption opportunities.

9. A Non-Traded Real Estate Investment Trust (REIT) is a vehicle that invests in income-producing real estate or real estate-related assets. Unlike publicly traded REITs, they do not trade on an exchange, making them illiquid with limited redemption options.

10. Unit Trust Funds (UTFs) - is an unincorporated mutual fund that distributes profits to unit owners instead of reinvesting them into the fund. Unit trusts are established under a trust deed.