

Unlocking Growth and Income: CNL Strategic Capital Fund

A Prime Alternative Investment Opportunity from Accretive Wealth

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At Accretive Wealth Management, we strive to offer innovative and diversified investment solutions to help you achieve your financial goals. In the realm of alternative investments, one standout opportunity is the “CNL Strategic Capital Fund”. Managed by Levine Leichtman Capital Partners (LL), this fund is designed to deliver both stable income and significant long-term capital appreciation, making it an ideal option for investors seeking a blend of income generation and growth potential.

Why Consider the CNL Strategic Capital Fund?

The ‘CNL Strategic Capital Fund’ is a perpetual, income-producing private equity fund launched in 2018 by CNL Securities. It targets middle-market private companies that exhibit high potential for growth and cash flow generation. With a minimum investment of just \$5,000, this fund is accessible to a broad set of investors.

Here's why this fund could be a good fit for your portfolio:

Key Features of the Fund:

- Fund Name: CNL Strategic Capital
- Fund Size: Perpetual Offering
- Start Date: 2018
- Minimum Investment: \$5,000
- Capital Call: No capital calls, which means your commitment remains fixed once you’ve made the initial investment.
- Accreditation Status: Mass Affluent – available to a wide range of accredited investors.
- Expected Annual Income: 4% – steady income distribution for those seeking reliable cash flow.
- Expected Total Return (net of fees): 9-11% (income + appreciation) – strong potential returns from both dividends and the appreciation of investments.
- Hold Period: Quarterly liquidity with a 5% of the fund cap, offering flexibility to investors.
- Custodian Approval: EAS, MTC, Schwab (O,C) – reputable custodians to ensure the security and stability of your investment.
- Retirement Accounts: Eligible for inclusion in retirement accounts, offering a tax-advantaged growth opportunity.

What Makes CNL Strategic Capital Fund Stand Out?

1. Private Equity Expertise from Levine Leichtman Capital Partners (LL)

Levine Leichtman is a well-established private equity firm with over 38 years of experience in the industry. They've invested in 68 companies and currently manage approximately \$9 billion in assets. This extensive track record of successful investments in middle-market firms positions the CNL Strategic Capital Fund for long-term success.

2. Investment Strategy Focused on Growth and Cash Flow

The fund's strategy is to target middle-market private companies that are not only growing but are also highly profitable. These companies typically generate an EBITDA (earnings before interest, taxes, depreciation, and amortization) of over 25%, with 70% or more of that converting into cash flow. By investing in these high-performing businesses, the fund aims to deliver robust returns from both income and appreciation.

3. Income Growth Over Time

As the fund grows, so too does the income it generates. The CNL Strategic Capital Fund is structured to produce increasing income as the value of its investments appreciate, making it a compelling option for income-focused investors looking to benefit from both regular distributions and long-term growth.

4. No Capital Calls

One key feature that differentiates this fund is the “no capital call” structure. This means that once you've invested in the fund, you won't be required to contribute additional capital over time, giving you more clarity and peace of mind about your investment.

5. Quarterly Liquidity

Liquidity is a concern for most investors, but with CNL Strategic Capital, investors have access to quarterly liquidity, subject to a 5% cap on fund size. This feature provides a level of flexibility not often seen in such funds.

6. Solid Income and Total Return Potential

The fund is expected to deliver a solid annual income of 4%, along with a total return (income plus appreciation) of 9-11% net of fees. This offers a compelling risk-return profile, especially for investors seeking to balance income generation with long-term capital growth.



How Does CNL Strategic Capital Fit into Your Portfolio?

Given its attractive blend of income generation, growth potential, and flexibility, the CNL Strategic Capital Fund can complement a variety of investment strategies. Whether you're looking to diversify your portfolio with an alternative asset class or seeking consistent cash flow, this fund provides a versatile option. It is particularly well-suited for:

Income-Oriented Investors: With an expected 4% annual income, it's an excellent choice for those seeking predictable cash flow.

Growth-Oriented Investors: The expected total return of 9-11% combines both income and capital appreciation, appealing to those with a long-term investment horizon.

Retirement Savers: As the fund is eligible for inclusion in retirement accounts, it offers tax-advantaged growth, enhancing its appeal for long-term savers.

Our Take

Accretive Wealth has been investing with CNL since the beginning of this fund. This fund offers an attractive combination of stability, income generation, and growth potential, making it an excellent choice for investors seeking to diversify their portfolios with a strong, income-producing alternative investment. Managed by a reputable firm with a proven track record, this fund provides a unique opportunity to invest in middle-market companies with high cash flow and growth potential.

If you're looking for a strategic addition to your investment portfolio, consider the CNL Strategic Capital Fund as part of your next move. Reach out to Accretive Wealth Management today to learn more and see how this opportunity can fit into your financial strategy.