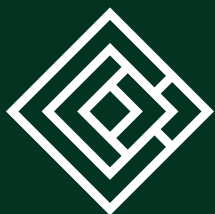


CD WEALTH MANAGEMENT

Why We Focus on Liquidity

Everything looks liquid until everyone
heads for the exit at the same time.



Liquidity is an asset

At CD Wealth Management, our investment philosophy has always been straightforward: We focus on liquid markets.

We invest in publicly traded stocks, bonds, ETFs, mutual funds, money markets, U.S. Treasuries, and certificates of deposit.

We do not invest client assets in illiquid private partnerships, private credit funds, private real estate deals, hedge funds, oil and gas ventures, venture capital funds, or other alternative investments that restrict access to capital.

To use a golf analogy, we play in the

fairway. Every golfer knows that an occasional shot from the rough can find the green. But over time, the players who consistently score well are the ones who keep themselves in position.

Investing is no different.

Our objective is not to chase the most exciting opportunity; it is to help clients grow and preserve wealth while maintaining the flexibility to adapt when life changes.



Examples of liquid investments

STOCKS

Stocks represent ownership in publicly traded companies, allowing investors to participate in the growth and profitability of businesses. They are traded throughout the day on exchanges like the NYSE or NASDAQ and are valued daily.

BONDS

Fixed-income securities are issued by governments, municipalities, or corporations. Bonds provide income through interest payments and are considered a much lower risk than stocks.

MARKETABLE SECURITIES

Mutual funds and exchange-traded funds (ETFs) are liquid investments designed to diversify portfolios while maintaining daily liquidity. ETFs can be sold throughout the day, like stocks, while mutual funds have daily liquidity at the end of the trading day.

CASH EQUIVALENTS

Assets like Treasury bills, money market funds or short-term certificates of deposit (CDs) are as good as cash. These provide immediate access to funds with minimal risk.

Investors should always know what they own, what it is worth, and how quickly they can access it.

That philosophy has become increasingly important as alternative investments have moved from niche strategies to mainstream portfolio recommendations.

Investors today are routinely presented with opportunities involving private credit, private equity, private real estate, non-traded REITs, venture capital, oil and gas partnerships, hedge funds, and other private investment structures.

The pitch is appealing:

- Higher yields.
- Lower volatility.
- Exclusive access.
- Institutional-quality investments.

Yet buried beneath the marketing is a reality that deserves far more attention:

Everything looks liquid until everyone heads for the exit at the same time.

When that happens, liquidity becomes one of the most valuable assets an investor can own.

The promise of private investments

Alternative investments are nothing new. Private real estate partnerships, oil and gas ventures, private equity funds, hedge funds, venture capital investments, and other offerings have been available to investors for decades. Historically, many of these opportunities were marketed primarily to institutions and high-net-worth investors.

What has changed in recent years is the scale and accessibility of these investments.

Private credit has grown dramatically.

Private real estate funds continue to attract significant investor interest.

New structures have made alternative investments available to a broader range of investors than ever before, often accompanied by marketing that emphasizes higher income, reduced volatility, diversification, and access to opportunities beyond the public markets.



How illiquid investments work

GENERAL PARTNERS WITH NO REAL STAKE

In many private real estate deals, the general partner does not put their own money into the project. Instead, they use investor capital and bank loans, bearing little to no financial risk themselves. The general partner often takes a management fee and a significant share of the profits (sometimes 50% or more) — even though the limited partners bear all the risk.

LEVERAGING INVESTOR CAPITAL

General partners use investor funds to secure loans, further leveraging the investment. If the project fails, investors lose their capital while the general partner remains protected.

OPAQUE REPORTING

Illiquid investments often rely on unaudited reports produced by the general partner. These reports highlight irrelevant successes or inflated valuations while obscuring the true financial picture.

LACK OF OVERSIGHT

Without SEC or FINRA oversight, investors have no external authority ensuring fair play or ethical behavior.

In favorable market environments, these investments can appear highly attractive.

Investors receive regular statements, reported values often remain stable, and income distributions continue to arrive.

As a result, many investors never ask the question that ultimately matters most:

What happens when I want my money back?

That question is easy to overlook when markets are strong.

It becomes far more important when markets become stressed.

History repeatedly teaches us the same lesson: Liquidity is abundant when nobody needs it and scarce when everybody wants it.

The illusion of stability

One reason alternative investments often appear less volatile than public markets is because they are not priced every day.

Public stocks and bonds trade continuously. Investors see gains and losses in real time. Market values adjust immediately as new information becomes available.

Private investments operate differently.

Many private credit funds, private real estate partnerships, private equity investments, and other alternative strategies rely on periodic appraisals, manager estimates, or internal valuation models rather than daily market pricing.

Because prices are updated less frequently, the investments often appear remarkably stable.

But stability and transparency are not

the same thing.

An investment that is not marked to market every day is not necessarily less risky. In many cases, the risk simply remains hidden until circumstances force a revaluation.

When public markets decline, investors see it immediately. When private markets decline, the adjustment may occur months later—or only when an actual transaction reveals what the asset is truly worth.

Never mistake the absence of visible volatility for the absence of risk.

The transparency gap

One of the greatest advantages of public markets is not simply liquidity — it's transparency.

Public companies are required to file regular financial reports, disclose material information, and operate under the oversight of regulatory agencies such as the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA). Investors have access to audited statements, independent research, and daily market pricing.

Many private investments operate under a very different set of rules.

Private real estate partnerships, private credit funds, private equity investments, oil and gas ventures, venture capital funds, and other alternative investments often provide far less information to investors. Reporting may be limited, valuations may be determined internally, and investors frequently have little ability to independently verify the

information they receive.

This does not mean every private investment is flawed. Many are managed by talented professionals and may generate attractive returns. Still, investors should recognize the tradeoff.

When transparency decreases, trust must increase.

Investors are often asked to rely heavily on the judgment of the manager, the accuracy of internal reporting, and valuations that may not be tested by an active marketplace.

We prefer an investment environment where verification is possible and transparency is expected, not optional.



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We believe investors should maintain control of their capital, understand how their investments are valued, and preserve the flexibility to act when opportunities arise.

When liquidity gets tested

The true risk of illiquid investments rarely appears during good times.

As long as capital continues flowing into private funds and redemption requests remain modest, many alternative investments function exactly as expected. Values appear stable, distributions continue, and investors feel comfortable.

The real test comes when conditions change:

- Economic growth slows.
- Commercial real estate weakens.
- Credit conditions tighten.
- Defaults begin to rise.
- Investors become nervous and start requesting their money back.

That is when many private investment structures reveal a reality that public market investors rarely encounter: redemption gates, withdrawal limitations, waiting periods, and uncertainty regarding valuation.

The issue is not whether a particular investment eventually succeeds.

The issue is whether investors maintain control over their capital when they need it most.



Why liquidity matters

**Many investors associate liquidity with emergencies.
In reality, liquidity creates flexibility.**

Liquidity allows investors to rebalance portfolios when opportunities emerge, fund retirement distributions, assist family members, purchase real estate, cover unexpected expenses, and adapt to changing circumstances.

Most importantly, liquidity keeps investors in control.

When assets become locked inside private partnerships or redemption-restricted structures, investors often

surrender a degree of control to the fund manager. Decisions regarding access to capital may no longer belong entirely to the investor.

We believe maintaining flexibility is a valuable investment characteristic that is frequently overlooked.



The estate planning challenge

One of the least discussed risks of illiquid investments often emerges after death.

Executors and beneficiaries can face significant challenges when attempting to value, transfer, or liquidate private investments.

Partnership agreements may restrict transfers. Valuations can be subjective. Redemption periods may stretch for months or even years.

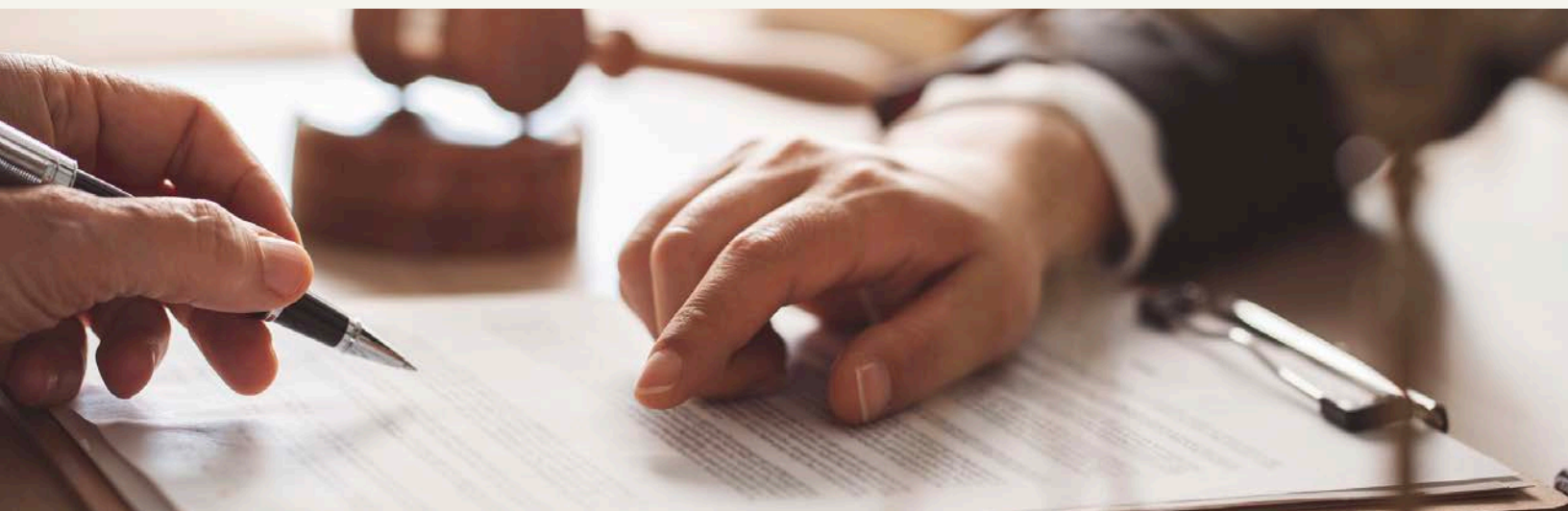
Meanwhile, taxes, legal expenses, administrative costs, and estate obligations continue.

Publicly traded investments generally

offer immediate pricing, simpler administration, and far greater flexibility for heirs and beneficiaries.

In our experience, simplicity is one of the greatest gifts investors can leave their families.

A well-structured estate plan should make life easier for loved ones, not burden them with unnecessary complexity.





Why we continue to focus on liquid investments

Our philosophy has not changed. We believe investors deserve:

- **Transparency:** Knowing what they own and what it is worth.
- **Liquidity:** Accessing their money when they need it.
- **Accountability:** Benefiting from robust regulatory oversight.
- **Flexibility:** Adapting as circumstances and opportunities change.
- **Simplicity:** Avoiding unnecessary complexity and hidden risks.

These are not new ideas.

They are enduring principles that have guided successful investors through bull markets, bear markets, recessions, recoveries, and everything in between.

Final thoughts

Alternative investments will continue to be marketed as exclusive opportunities that are available only to a select group of investors.

Some will succeed.

Some will generate attractive returns.

Some may even outperform traditional investments over certain periods.

The question is not whether a private investment can be successful. Many are.

The question is whether the investor fully understands the tradeoffs being made in exchange for the promise of higher returns.

Investors should never confuse exclusivity with superiority.

In golf, trouble rarely appears when the ball is sitting comfortably in the middle of the fairway. Trouble appears when it finds the trees, the rough, or the water. Investing works much the same way.

Most investments look attractive when conditions are favorable. The real test comes when markets become difficult and investors need options.

That is why we continue to value liquidity so highly.

At CD Wealth Management, we believe investors should maintain control of their capital, understand how their investments are valued, and preserve the flexibility to act when opportunities arise.



*Transparency.
Accountability.
Liquidity.*

Those are not old-fashioned investment principles.

They may be more important today than ever.

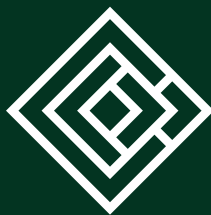
Because wealth should expand your choices — not restrict them.

This is disciplined execution.

This is CD Wealth Management.

For families, executives, and business owners who expect their advisor to be deeply engaged with their plan, their portfolio, and their long-term goals — we would welcome the conversation.

Call us at (972) 499-6280 or visit cdwealth.com.



Because every client's wealth is held in a distinct, individualized account rather than a pooled fund, SEC and FINRA regulations prohibit registered advisors from publicly advertising composite performance figures.

Our clients review their results with us in detail at every meeting.

SEC and FINRA regulations prohibit registered advisors from publishing composite portfolio performance figures in marketing materials. Portfolio performance is reviewed in detail with every client at every meeting. All investing involves risk, including possible loss of principal. Past performance is not indicative of future results.