

CLIFFWATER ENHANCED LENDING FUND

Strategy Guide

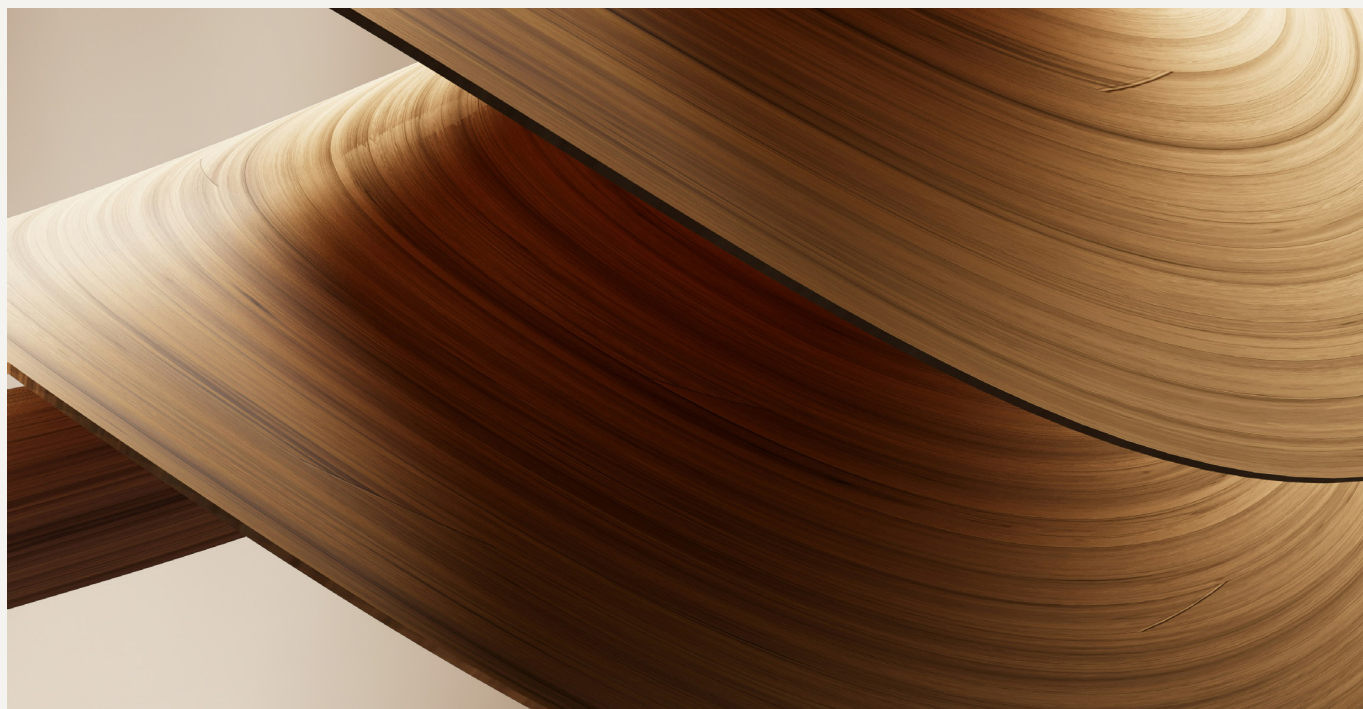
JUNE 2026

Overview

The Cliffwater Enhanced Lending Fund (CELf) invests across the full spectrum of private debt strategies to deliver attractive returns, with relatively low-volatility and low-correlation.

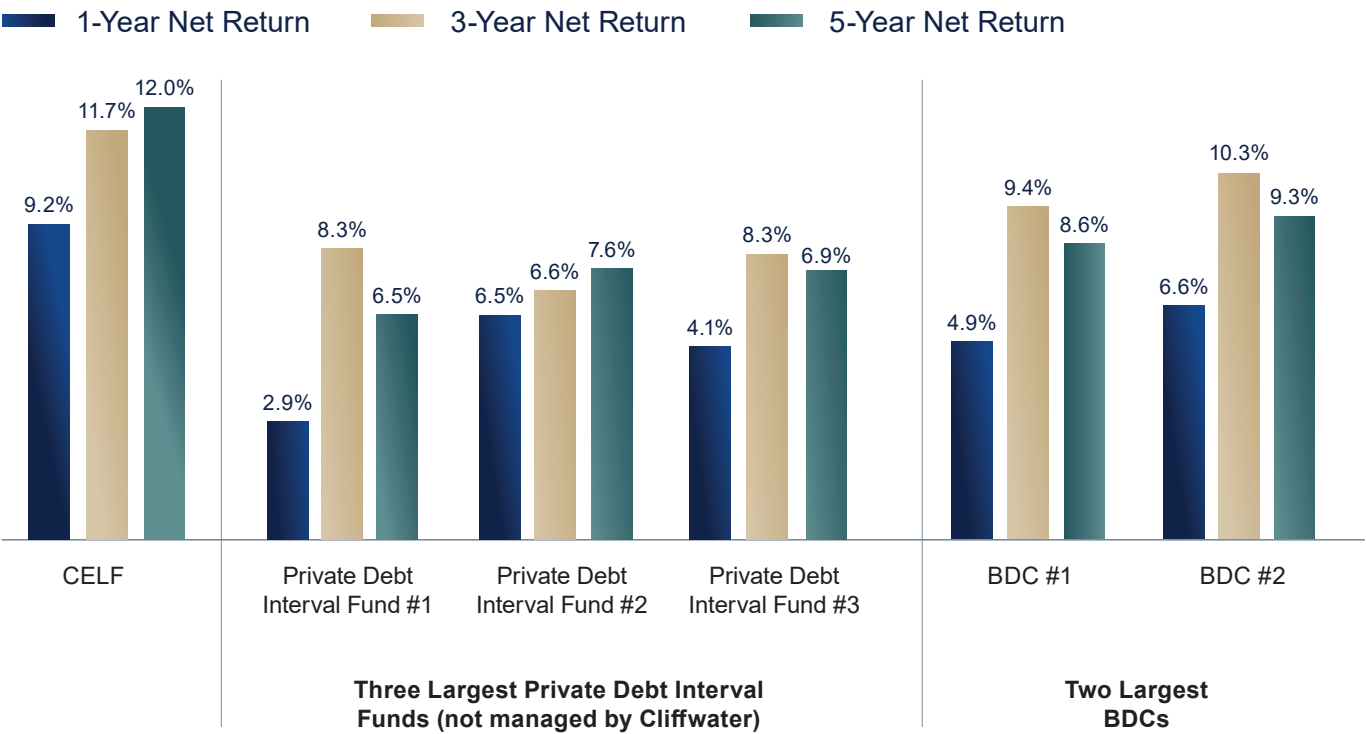
Since its inception in 2021, CELf has helped investors gain access to both corporate and asset-based lending, including capacity-constrained and hard-to-access strategies, in one turnkey product. The Fund has delivered a five-year track record of outperformance versus peers with higher returns capturing unique risk premiums and is now the 2nd largest interval fund with \$7.8 billion in net assets.

This Strategy Guide profiles each of CELf's underlying strategies, highlighting key characteristics and providing a context for evaluating them.

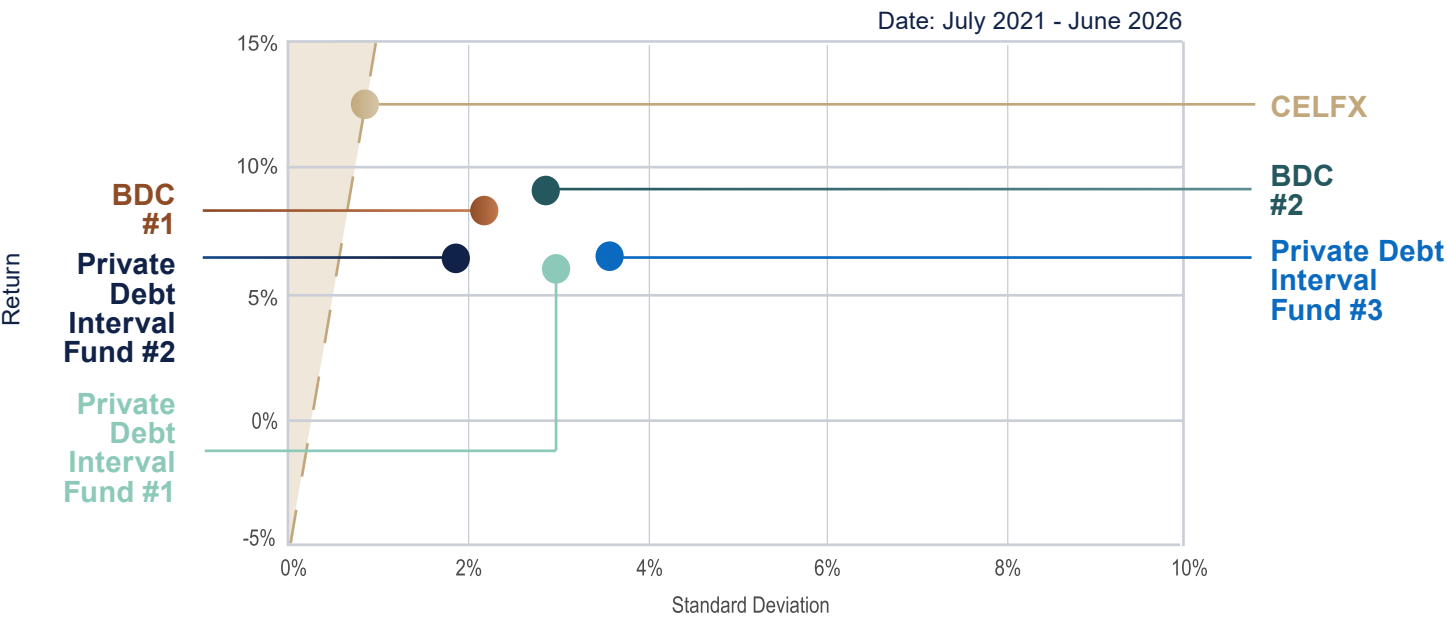


Performance

Historical Outperformance vs Peers

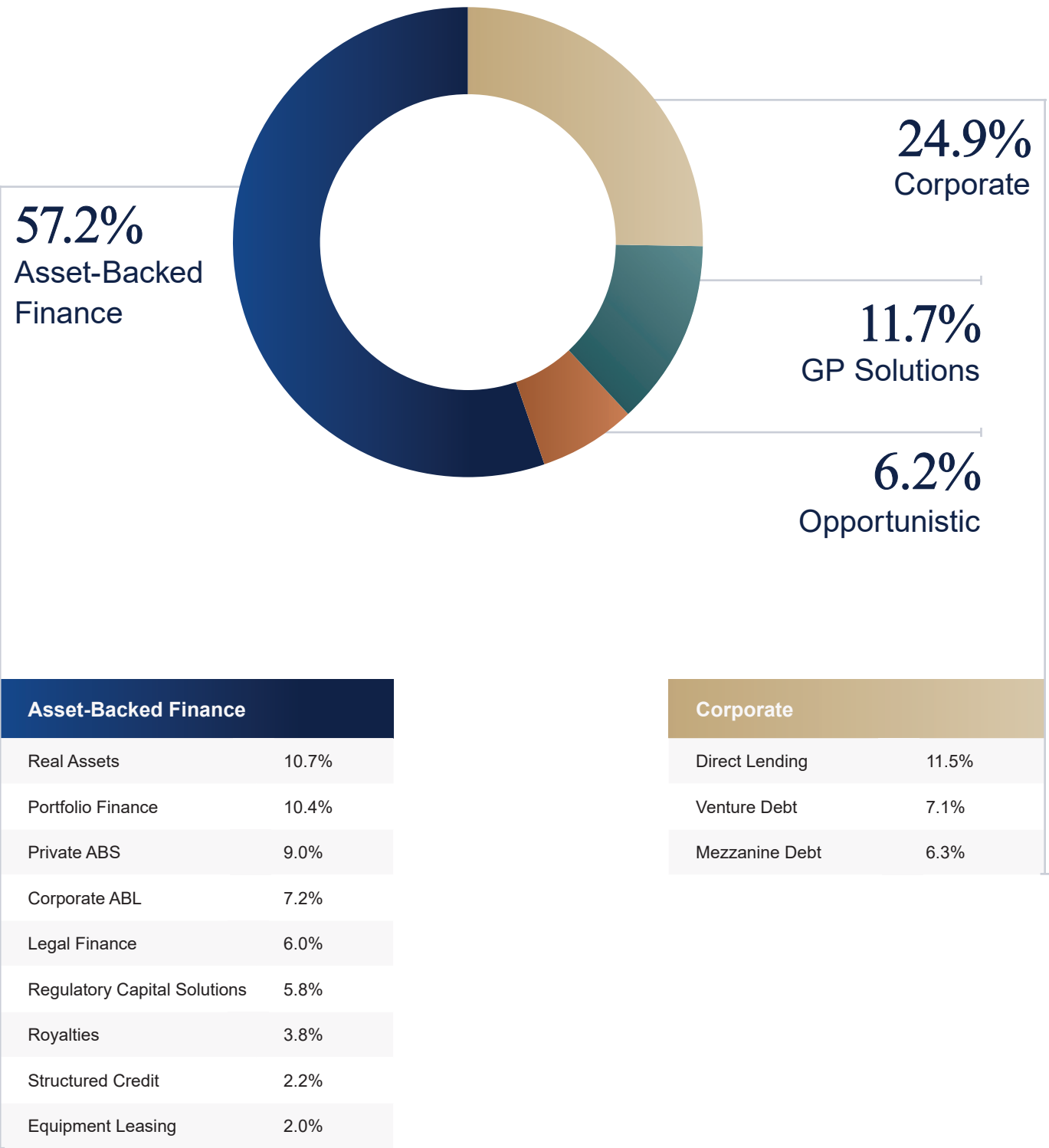


Risk-Return Since Cliffwater Enhanced Lending Fund Inception



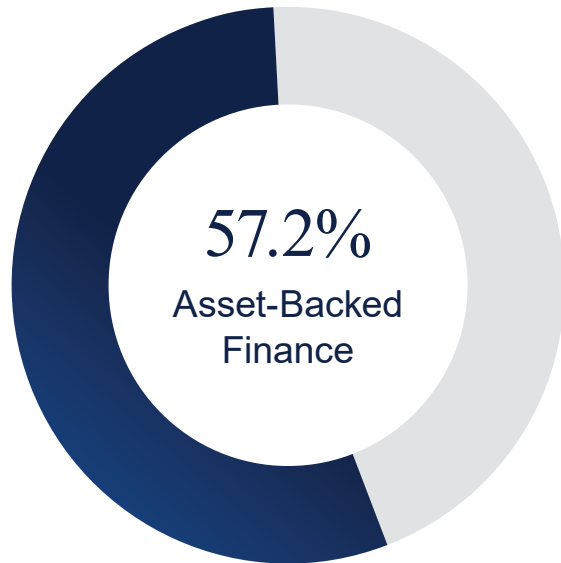
Performance data represents past performance, which does not guarantee future results. Investment returns and principal value will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost; and the current performance may be lower or higher than the performance data quoted. Fund performance is net of fees. All data as of June 30, 2026. Inception date of Cliffwater Enhanced Lending Fund's Class I Shares: July 1, 2021. All Cliffwater Enhanced Lending Fund returns shown represent Class I returns. Peers are defined as the three largest private credit interval funds not managed by Cliffwater and the two largest BDCs (only two of the three largest BDCs have a five-year track record as of June 30, 2026). BDC data as of May 31, 2026, the latest data available. Interval funds are subject to strict reporting standards that may not be applicable to business development companies. No guarantee can be given that the strategy will be able to identify similar or comparable investment opportunities, or have the same overall composition as shown above.

Current Allocation by Strategy



Asset-Backed Finance

Asset-Backed Finance (“ABF”) refers to private debt strategies in which loans are secured against pools of either hard assets, financial assets, or intangible assets.



Asset-Backed Finance	
Real Assets	10.7%
Portfolio Finance	10.4%
Private ABS	9.0%
Corporate ABL	7.2%
Legal Finance	6.0%
Regulatory Capital Solutions	5.8%
Royalties	3.8%
Structured Credit	2.2%
Equipment Leasing	2.0%

Collateral

Hard asset collateral includes income-producing physical assets such as real estate, infrastructure, and leased equipment. Financial asset collateral includes financial receivables such as loans or contracts. Intangible asset collateral includes cash flow generating intellectual property that produces royalties or licensing fees. In each case, the collateral pool is identifiable, measurable, and enforceable on a standalone basis.

Repayment

Multiple pathways: (i) cash flows from underlying collateral, (ii) refinancing of debt facilities, and (iii) sale of the operating asset (or borrower).

Structuring

Secured assets are typically held in a bankruptcy-remote special purpose vehicle (SPV) with further investor protections such as asset and financial covenants, performance triggers, and lender control over cash accounts.

Real Assets

10.7%

Loans collateralized by real estate and/or infrastructure assets with proceeds used to finance purchase, development, and/or stabilization.

Infrastructure

Growing opportunity set given capital required for large-scale projects in digital infrastructure, power & renewable energy, transportation, etc.

Real Estate

Expansive opportunity set including various loan structures across residential and commercial property.

Case Study

Borrower

US propane wholesaler focused on the Great Lakes, Northeast, and Midwest markets with operating scale, high customer retention, and unique supplier relationships

Transaction Background

Acquisition finance for the purchase of 17 propane terminal assets

Transaction Merits

- High coupon, first lien cash-pay security
- Proprietary terminal network and inventory provides meaningful hard asset collateral

- Potential investor protections through covenants, excess cash flow sweep, prohibition on incremental debt & dividends, required propane hedging, etc.

Transaction Terms

Coupon	SOFR + 775
Original Issue Discount (OID)	2.5%
Maturity	3 years
Loan-to-Value (LTV)	~40%

Portfolio Finance

10.4%

Loans collateralized by portfolios of private asset holdings that can be made against investment positions in private funds or against the underlying portfolio companies directly.

Risk/return varies based on LTV, collateral type, portfolio diversification, and underlying GP quality.

Common uses include:

- GPs funding LP distributions from funds or portfolio add-ons.
- LPs seeking to achieve a structured partial exit from fund positions.

Private ABS

9.0%

Loans collateralized by pools of corporate (e.g., lease receivables, tax receivables, etc.) or consumer (e.g., mortgages, auto loans, credit card receivables, etc.) financial assets.

Asset pools are generally highly diversified (hundreds, if not thousands, of line items), reducing individual-payer or obligor risk.

Asset pools are often levered through securitizations to attract ratings-sensitive investors and minimize cost of capital, creating value in certain non-IG rated tranches.

Case Study

Borrower

SPV collateralized by a highly diversified portfolio of a high-quality, small-ticket medical equipment leases to aesthetic clinics

Transaction Background

Asset-based purchase facility of leases originated by medical equipment finance and software company that packages medical devices, consumables, and related software services for device manufacturers and aesthetic providers

This transaction is considered Private ABS rather than Equipment Leasing because it involves a loan secured by leases rather than direct ownership of the leased assets themselves

Transaction Merits

- Attractive return profile at asset level

- Originator with 5-year operating history and strong historical performance
- Potential investor protections through portfolio concentration limits, purchase price adjustment mechanism, early default protection, and multiple portfolio covenants

Transaction Terms	
Maturity	3 years
# Leases per month	~20
# Different devices	>30
Weighted average FICO (covenant)	>700

Corporate ABL 7.2%

Corporate loans collateralized by the value of specific tangible, intangible, or financial assets, and whose borrowing capacity is determined by asset value, not cash flow from business operations.

Types of collateral include inventory, receivables, machinery & equipment, real estate, intellectual property, customer contracts, etc.

Corporate borrowers are typically asset-rich but working-capital intensive, making them unfit for a traditional cash flow loan.

Loans provided to SPVs or subsidiaries designed to ring-fence assets and enable more rapid enforcement.

Case Study

Borrower

US-based, AI-focused cloud computing services provider

Transaction Background

Borrower requested ABL financing to support large-scale purchases of GPUs required to fulfill signed customer contracts

Transaction Merits

- Low-teens return profile collateralized by
 - 1) contracted revenues from primarily investment-grade customers,
 - 2) GPU assets, and
 - 3) parent guarantee
- Significant protective covenants and amortization schedule based on contracted revenue
- Grid-based loan coupon tied to counterparty credit quality

Transaction Terms

Coupon	Investment Grade: SOFR +650 Non-Investment Grade: SOFR +1300 Blended: SOFR +788
Yield-to-Maturity (YTM)	14.1%
Original Issue Discount (OID)	1.5%
Maturity	5 years
Loan-to-Value (LTV)	83%

Legal Finance

6.0%

Loans to law firms for uses such as litigation costs, case acquisition, or other working capital needs prior to the receipt of legal contingency fees upon case resolution. May also include loans directly to plaintiffs.

Law firm loans are collateralized primarily by contingency fee receivables, typically across a diversified docket, at LTVs ranging from ~20-60%.

Two primary categories:

- Pre-settlement lending: higher risk given potentially unfavorable case outcome.
- Post-settlement lending: lower risk given known case outcome.

Lower correlation to macroeconomic cycle.

Regulatory Capital Solutions

5.8%

Highly structured financings in which financial institutions transfer a portion of the risk of an underlying portfolio of financial assets (loans) to third-party investors to lower the regulatory capital charge from holding the assets on their balance sheet.

This structured risk transfer (SRT) directly frees up trapped equity capital, allowing the bank to redeploy into more profitable activities and optimize ROE.

While investors take on “first loss” risk:

- The bank counterparty must retain a portion of the risk, improving alignment, and SRT financier loss is capped at invested capital.
- The reference pool of loans is typically highly diversified and subject to stringent guardrails around credit rating, industry & geographic concentration limits, and maximum single-exposure limits.
- The return stream is a cash-pay coupon earning a significant premium relative to the underlying weighted average credit rating.

Royalties

3.8%

Loans or credit-like investments collateralized by cashflow-generating intellectual property (e.g., patents, copyrights, trademarks) via royalty payments, licensing agreements, etc.

Counterparties span multiple industries including music & entertainment, pharmaceuticals & health sciences, technology, and consumer brands.

Asset pools are often levered through securitizations to attract ratings-sensitive investors and minimize cost of capital, creating value in certain non-IG rated tranches.

Case Study

Borrower

SPV controlled by US-based record label and talent agency that was founded in 2005 and manages a music group that has sold 20+ million albums, as well as a Nashville Songwriters Hall of Fame member with 44 Gold & Platinum songs, amongst others

Transaction Background

Borrower requested structured debt facility to fund acquisitions of music IP catalogs alongside equity capital

Transaction Merits

- 11% coupon boosted by structural upside through minimum MOIC/residual cash flow sharing mechanism
- Advance up to 92.5% of tightly defined borrowing base at lender discretion

- Close control over collateral – lender approval required for all asset purchases & sales and equity pledge over SPV

Transaction Terms	
Coupon	11% Fixed
Minimum Multiple on Invested Capital (Yr 1/2/3)	1.5x / 1.75x / 2x
Original Issue Discount (OID)	2.5%
Maturity	5 years
Loan-to-Value (LTV)	< 80%

Structured Credit

2.2%

Investments in pools of loans or other debt instruments backed by underlying financial assets.

Typical examples include opportunistic investing in mezzanine tranches of collateralized loan obligations (CLOs) and collateralized fund obligations (CFOs).

Equipment Leasing

2.0%

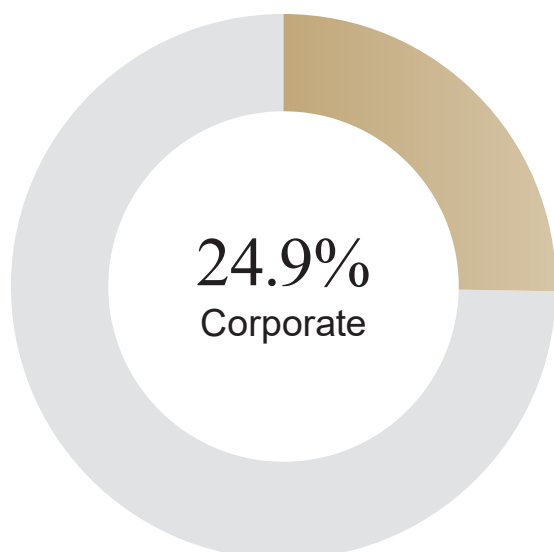
Ownership of essential operating assets leased to a corporate or other counterparty.

Allow businesses to spread the expense of acquiring equipment over a set timeframe.

Lessors own the underlying equipment and are compensated by lease payments as well as cash received from the residual value of the asset upon eventual sale.

Corporate

Corporate loans are made directly between the lender, or lending group, and the borrower.



Corporate	
Direct Lending	11.5%
Venture Debt	7.1%
Mezzanine Debt	6.3%

Higher Spreads

CELf invests across first lien, second lien and structured equity securities and at higher spreads relative to the Cliffwater Corporate Lending Fund (CCLFX), Cliffwater's direct lending fund.

Borrowers

Borrowers can range from sponsor-backed to family-owned businesses and be in various stages of the business cycle.

Tighter Covenants

Beyond assessing underlying business quality & stability of cash flows, tight loan structuring and investor protections are a focus area. Loans typically feature covenants such as maximum leverage, anti-layering restrictions, restrictions on equity distributions, prohibitions on sponsor or affiliate ownership of debt, as well as limitations on investments, asset sales, and formation of joint ventures (JVs)/subsidiaries, etc.

Direct Lending

11.5%

Directly originated first lien, senior secured loans that typically feature lender-friendly terms or covenant packages.

Note that CELF's allocation to direct lending targets wider spread opportunities relative to CCLFX.

Partners with managers who have proven over time the ability to deliver attractive risk-adjusted net returns from these higher-spread opportunities, validating their underwriting and risk management competencies.

Case Study

Borrower

US-headquartered, non-sponsor backed vertical e-commerce platform with well-diversified global sales across 180+ countries and highly differentiated logistics capabilities

Transaction Background

Partial liquidity solution provided to significant, trusted co-investment partner, with the partner maintaining >50% control of first lien tranche

Transaction Merits

- High coupon, cash-pay first lien
- Strongly performing borrower during partner's 3+ year hold period

- Potential investor protections through financial & negative covenants, strict limits on incremental debt, etc.
- Well-aligned partner retaining significant exposure

Transaction Terms	
Spread	+735 bps
Maturity	Dec 2028
LTM EBITDA	\$158 million
Loan-to-Value (LTV)	< 15%

Venture Debt

7.1%

First lien senior secured loans, often with equity warrants, to high-growth companies in the technology, life sciences, and healthcare sectors.

Serves as a non-dilutive form of capital for borrowers to meet key business needs (e.g., R&D, sales & marketing, etc.).

Borrowers are usually not profitable yet, but are typically generating meaningful revenue and most are commercial stage with proven product-market fit.

CELf has long favored specialized life sciences GPs in this strategy based on a view that their medical & scientific expertise provides differentiated underwriting relative to generalist lenders.

Mezzanine Debt

6.3%

Bespoke capital solutions that fill the gap between traditional debt and equity.

Second lien debt or preferred equity investments, occasionally structured as “debt + warrants”:

- Loans are structured with higher pricing/spreads given the lender is assuming higher risk.
- Seeks to capture potential protection from being senior to equities in the company’s capital structure, while also capturing some equity-like upside.

Proceeds are used for growth initiatives, such as M&A, R&D, and capital expenditures.

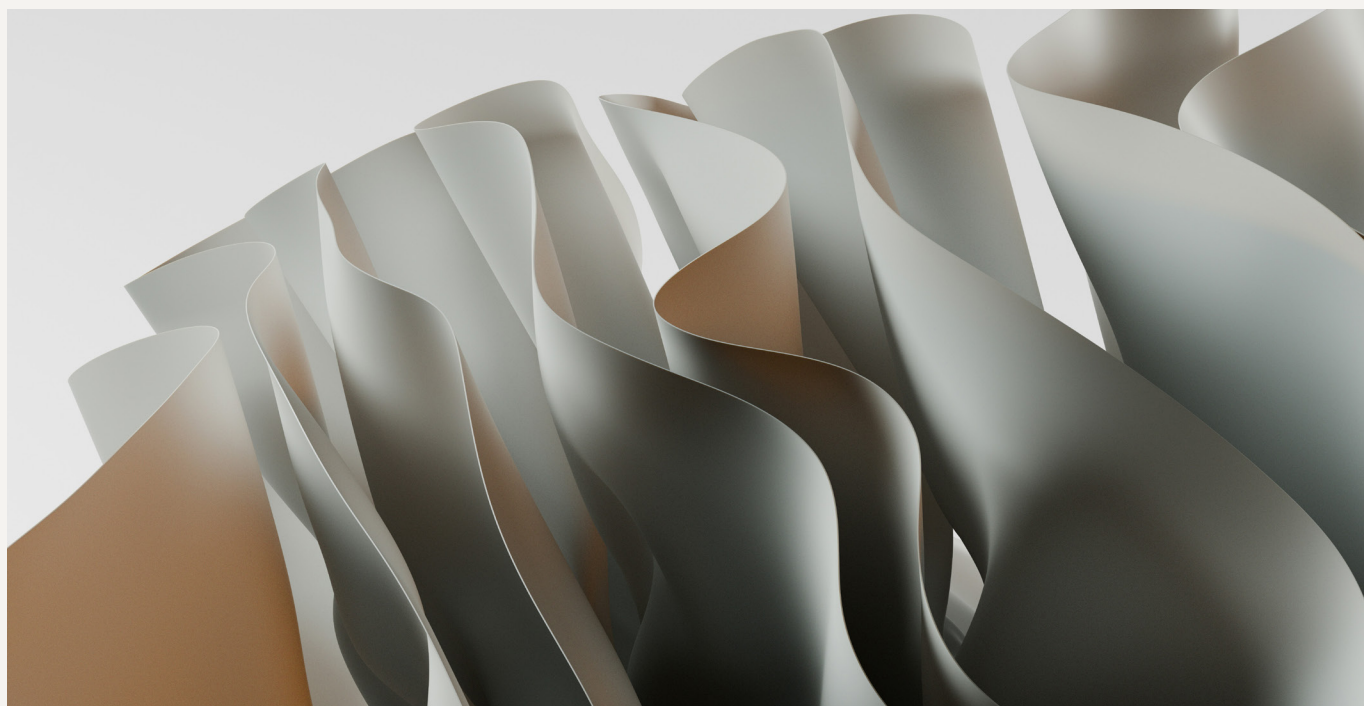
GP Solutions

Financing that provides short-term capital solutions for investment partners.



Supports partner fund structuring and capital raising efforts.

CELF earns a yield consistent with its return objectives while limiting credit risk and shortening investment duration due to the typical hold periods of 1-9 months.



Opportunistic

Strategies designed to exploit pricing dislocations in inefficient parts of the market, often through discounted secondary purchases.



Execute through both manager partners as well as directly.

CELf has been both a buyer and seller of fund interests.

Ability to source bilateral opportunities that are not broadly marketed can be a key advantage.

Case Study

Transaction Background

Purchase of LP fund interests managed by a US-based infrastructure GP specializing in tower assets. The GP has a strong 20+ year track record and a leadership position supported by an exclusive partner network and long-term relationships

The purchase was through a limited bid process with a small number of approved buyers, facilitating CELf's purchase of multiple fund interests at up to a ~15% discount to NAV

Transaction Merits

- Tower cash flows are private credit-like – contractual, predictable, inflation-protected via escalators

- Managers we view as top-tier
- Limited bid process
- Continuously increasing demand for mobile data (video, AI, etc.) to drive lease-up of existing towers & footprint expansion for the foreseeable future

Transaction Terms

Discount to NAV	Up to 15%
Yield-to-Maturity (YTM)	14%-16%

Summary

Asset-Backed Finance	
Strategy	Description
Corporate Asset-Based Lending (ABL)	Corporate debt collateralized by hard assets (inventory, real estate, machinery & equipment, etc.), financial assets (receivables, loans, contracts) and/or intangible assets (IP).
Real Assets	Loans collateralized by real estate and/or infrastructure assets, typically in an unlevered mezzanine position or levered senior position.
Portfolio Finance	Loans or credit-like financings collateralized by diversified portfolios of alternative investment holdings.
Regulatory Capital Solutions	Structured financings in which 3 rd party investors are paid credit-like cash flows to take on a portion of the risk of an underlying portfolio of financial assets (loans) held by a regulated financial institution
Legal Finance	Financing to participants in legal services for uses such as funding litigation costs or providing capital to bridge the time period between settlement and payment of such award.
Private ABS	Lending against or owning a subordinate tranche of highly diversified pools of consumer or commercial financial assets (receivables, mortgages, auto loans, etc.).
Royalties	Investments in intellectual property (IP) rights with credit-like cash flow characteristics, or debt investments to companies collateralized by IP rights.
Structured Credit	Investments in pools of loans or other debt instruments backed by underlying financial assets.
Equipment Leasing	Leasing of assets (aircraft, machinery & equipment, etc.) to operator counterparties over a defined term, generating credit-like contractual yield.

Corporate	
Strategy	Description
Direct Lending	Directly originated senior secured debt to companies with non-traditional profiles (e.g. non-sponsor, uneven earnings profile) which present a yield premium.
Mezzanine Debt	Directly originated secured or unsecured corporate loans or preferred equity subordinate to senior debt but with priority over common equity.
Venture Debt	Senior secured loans to high-growth, potentially profitable companies that can be a combination of cash and PIK income, plus equity/warrants.

GP Solutions
Description
Fee-free, short-term lending that provides capital solutions for investment partners.

Opportunistic
Description
Broad based secondary strategies designed to exploit pricing dislocations in inefficient parts of the market.

Glossary of Terms

Collateralized Fund Obligations	Structured vehicles similar to CLOs, but backed by a pool of private fund interests rather than corporate loans.
Collateralized Loan Obligations	Structured investment vehicles that pool together a diversified portfolio of corporate loans and issue multiple tranches of securities to investors, each with different risk and return profiles.
Covenant	Rule written into a loan agreement requiring the borrower to maintain a certain financial metric (e.g., Debt/EBITDA, minimum cash, etc.) to protect the lender's capital
First Lien Loan	A senior secured loan that in the event of a bankruptcy has the highest priority claim on proceeds from the sale or liquidation of a business or assets.
General Partner (GP)	The entity that manages a private equity, private credit, or other alternative investment fund. The GP makes investment decisions, deploys capital, and is responsible for fund operations. GPs typically co-invest alongside limited partners and earn management fees and carried interest.
Investment Grade Coupon	The interest rate paid on a debt security issued by a borrower with a credit rating of BBB-/Baa3 or higher from a major rating agency. Investment grade borrowers are generally considered to have a lower risk of default, and their debt typically carries a lower coupon than non-investment grade securities.
Joint Venture (JV)	A business arrangement in which two or more parties agree to pool resources for a specific project or investment, while remaining independent entities. In private credit and real estate, JVs are commonly used to co-invest in assets or platforms, with each party contributing capital, expertise, or operational capabilities.
Limited Partner (LP)	An investor in a private equity, private credit, or other alternative investment fund. LPs commit capital to the fund but have limited liability and do not participate in day-to-day management. Typical LPs include pension funds, endowments, insurance companies, sovereign wealth funds, and high-net-worth individuals.
Loan-to-Value (LTV)	A ratio that compares the principal balance of a loan to the appraised value of the underlying collateral.
LTM EBITDA	Earnings before interest, taxes, depreciation, and amortization calculated over the most recent twelve-month period. LTM EBITDA is a widely used proxy for a company's current cash-generating capacity and is commonly used in private credit underwriting to assess a borrower's ability to service debt obligations.
Mergers & Acquisitions (M&A)	Transactions in which companies are combined (merger) or one company purchases another (acquisition). M&A activity is a primary driver of private credit deal flow, as borrowers frequently seek financing to fund acquisitions, buyouts, or corporate restructurings.
Mezzanine	A highly flexible, hybrid form of financing (usually debt with a right to convert to company stock) that ranks below senior debt but above equity.

Minimum Multiple on Invested Capital (MOIC)	A return metric expressing the minimum total value returned to investors as a multiple of the amount originally invested.
Net Asset Value (NAV)	The total value of an investment fund's assets minus its liabilities.
Non-Investment Grade Coupon	The interest rate paid on debt issued by a borrower rated below BBB-/Baa3. These borrowers carry a higher perceived credit risk, and their debt generally offers higher coupons to compensate investors for that additional risk.
Original Issue Discount (OID)	The difference between a bond or loan's face value and the lower price at which it is originally issued. Investors earn a return not only through interest payments, but also as the security's value increases toward its face value at maturity.
Payment-in-Kind (PIK)	A coupon payment, or portion of a coupon payment, accrued to the principal balance rather than paid in cash.
Return-on-Equity	A measure of financial performance calculated by dividing a company's net income by its shareholders' equity.
Second Lien Loan	A junior loan that sits right behind the first lien. If a company defaults, these lenders only get paid after the first lien lenders are fully satisfied.
Secured Overnight Financing Rate (SOFR)	Benchmark interest rate used for dollar-denominated derivatives and loans, such as corporate debt or adjustable-rate mortgages. It measures the cost of borrowing cash overnight, collateralized by U.S. Treasury securities.
Special Purpose Vehicle (SPV)	A legally separate entity created for a specific, defined purpose, typically to hold assets, facilitate financing, or isolate financial risk from a parent company.
Structured Risk Transfer (SRT)	A transaction in which a bank or financial institution transfers a portion of the credit risk associated with a pool of loans to a third-party investor, typically through a synthetic or funded securitization structure.
Tranche	A specific "slice" or class of a larger deal, loan, or investment. Tranches carry different risks, interest rates, and repayment schedules.
Yield-to-Maturity (YTM)	The total annualized return an investor would earn if the security is held until its maturity date, accounting for both interest payments and any difference between the purchase price and face value.

Important Disclosure Information

Investors should consider the investment objectives, risks, charges, and expenses of the Cliffwater Enhanced Lending Fund (the “Fund”) carefully before investing. Before investing, carefully read the prospectus, which can be found on this website.

References to any particular entity should not be considered as a recommendation or endorsement by Cliffwater.

The Fund’s investment program is speculative and entails substantial risks. There can be no assurance that the Fund’s investment objectives will be achieved or that its investment program will be successful. Investors should consider the Fund as a supplement to an overall investment program and should invest only if they are willing to undertake the risks involved. Investors could lose some or all of their investment. Shares are an illiquid investment.

Summary of Risk Factors

- Shares are not listed on any stock exchange, and we do not expect a secondary market in the Shares to develop.
- You should generally not expect to be able to sell your Shares (other than through the limited repurchase process), regardless of how the Fund performs.
- Although the Fund is required to implement and has implemented a Share repurchase program, only a limited number of Shares will be eligible for repurchase by the Fund.
- You should consider that you may not have access to the money you invest for an indefinite period of time.
- An investment in the Shares is not suitable for you if you have foreseeable need to access the money you invest.
- 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 is a closed-end interval fund and non-diversified management investment company and may be more susceptible to any single economic or regulatory occurrence than a diversified investment company. Cybersecurity risks have significantly increased in recent years and the Fund could suffer such losses in the future. One of the fundamental risks associated with the Fund’s investments is the risk that an issuer will be unable to make principal and interest payments on its outstanding debt obligations when due. Other risk factors include interest rate risk (a rise in interest rates causes a decline in the value of debt securities) and prepayment risk (the debtor may pay its obligation early, reducing the amount of interest payments).

The case studies presented on the preceding pages were selected by Cliffwater from its co-investment history for illustrative purposes only. They do not represent all investments made or recommended by Cliffwater, and should not be relied upon as indicative of the performance of the overall portfolio or any future investment. Return figures reflect actual realized or projected outcomes for the specific transactions shown and may not be representative of results achieved across Cliffwater’s broader co-investment program. Past performance is not indicative of future results. There is no assurance that similar investment opportunities will be identified or that comparable returns, yields, or structures will be achieved.

All data as of June 30, 2026, unless otherwise noted.

The Fund is distributed by Foreside Fund Services, LLC.

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