

Sub-managed by Levine Leichtman



One of CNL Strategic Capital's first acquisitions, **Polyform Products Company, Inc.**, is a leading developer, manufacturer and marketer of clay and craft products worldwide. This new addition to the portfolio aligns with CNL Strategic Capital's unique investment strategy of acquiring private companies with a goal of providing investors with long-term growth and monthly income.

Company Overview

- Market leader with 50+ years of experience
- Headquartered in Elk Grove Village, Illinois
- Two primary brands: Sculpey® and Premo!®
- Placement in approximately 16,000 retail locations
- Available in 48 countries worldwide



Transaction Details

CNL Strategic Capital's Total Invested Capital:
\$31.3M

Polyform's former CEO Total Invested Capital:
\$4.6M

Key Acquisition Attributes

Industry Leader

- One of the leading market share positions in the polymer clay segment within the United States

Engaged Management with Ownership Alongside CNL Strategic Capital

- Former CEO and current board member owns 12.9 percent of the company

Attractive Financial Profile

- No third-party debt

Durable and Growing Business Model

- Major customers include top four U.S. craft and art supply stores
- 10+ year relationships with top five customers

Opportunity

Polyform's Potential Future Growth Opportunities Include:

- Continued development of e-commerce platform
- Focus on new customer acquisitions
- Introduce new, differentiated products
- Continued growth of core customer base



All data as of March 31, 2019, unless otherwise noted. Acquisition date was Feb. 7, 2018.

This is not an offer to sell nor a solicitation of an offer to buy shares of CNL Strategic Capital. Only the prospectus makes such an offer. This piece must be read in conjunction with the prospectus in order to understand fully all the objectives, risks, charges and expenses associated with an investment and must not be relied upon to make a decision.

CNL Strategic Capital is managed by CNL Strategic Capital Management, LLC and sub-managed by Levine Leichtman Strategic Capital LLC, which are affiliates of CNL Financial Group and Levine Leichtman Capital Partners, respectively. Each managing entity is an investment adviser registered with the U.S. Securities and Exchange Commission.

There is no assurance the stated objectives will be met. Past performance is not indicative of future results. Information subject to change. Businesses acquired may be subject to losses which negatively impact financials.

RISK FACTORS

- An investment in CNL Strategic Capital, LLC is considered speculative and involves a high degree of risk, including the loss of all or a substantial amount of investment. CNL Strategic Capital is not a short-term investment. This offering is not suitable for everyone; investors are expected to meet the minimum financial suitability standards.
- CNL Strategic Capital is a recently formed entity that has a limited operating history. It may be unable to successfully implement its business and acquisition strategies or meet its investment objectives. This will initially be a blind pool offering, and investors will not have the opportunity to evaluate businesses prior to acquisition.
- This is a “best efforts” offering. If CNL Strategic Capital is unable to raise substantially more funds, it will be limited in the number of businesses it acquires, which reduces diversification and increases the potential for volatility.
- Co-investing with other investment groups will increase the risk that third parties may make decisions with which CNL Strategic Capital does not fully agree. In certain cases, CNL Strategic Capital will invest alongside the sub-manager’s affiliates or other clients. CNL Strategic Capital will not purchase these businesses unless a majority of the independent directors determines the transaction is fair and reasonable.
- Distributions are not guaranteed in frequency or amount. Distributions will be paid from net investment income and, in addition, may be paid from offering proceeds, borrowings or reimbursable expense support, which will reduce future cash available for distributions and be dilutive to future shareholders.
- Subject to certain exceptions, CNL Strategic Capital may use leverage in an amount not to exceed 50 percent of its gross assets, subjecting it to inflation and interest rate risk. Leverage can magnify the potential for loss or gain, which can impact an investment’s volatility and returns.
- An investment in CNL Strategic Capital is illiquid, and no secondary market is expected to develop. Shares sold in this offering will not be listed on an exchange or quoted through a quotation system for the foreseeable future, if ever. If investors are able to sell their shares, they will likely receive less than their purchase price.
- An investment in CNL Strategic Capital does not provide investors with a direct ownership interest in the underlying businesses.
- Controlling interests in privately held businesses, by their nature, pose certain incremental risks as compared to public companies, such as the ability to withstand financial distress.

- The businesses acquired may be unable to meet their debt and other obligations which could negatively impact the overall value of the business.
- Businesses acquired may have significant exposure to certain key customers, the loss of which could negatively impact CNL Strategic Capital’s financial condition, business and results of operations.
- CNL Strategic Capital will be dependent upon earnings and cash flow from the businesses it acquires in order to generate earnings and cash flow to first, satisfy its financial obligations and second, to make distributions to shareholders.

GENERAL NOTICES

- Broker-dealers and investment advisors are reminded that CNL Strategic Capital’s communications must be accompanied or preceded by a prospectus. CNL Strategic Capital, LLC is a unique direct participation program (DPP), taxed as a partnership. CNL Securities and its associates cannot provide investment advice for any individual or any individual situation, and are not acting in a fiduciary capacity. Please speak with your financial advisor regarding what share class may be best for your investment strategy. Managing dealer of CNL Strategic Capital is CNL Securities Corp., member FINRA/SIPC.
- Neither the U.S. Securities and Exchange Commission, the Attorney General of the State of New York nor any other state regulator has passed on or endorsed the merits of this offering. Any representation to the contrary is unlawful.
- Forward-looking statements are based on current expectations and may be identified by words such as *believes*, *anticipates*, *expects*, *may*, *will*, *continues*, *could*, *targeted* and terms of similar substance, and speak only as of the date made. Actual results could differ materially due to risks and uncertainties that are beyond the offering’s ability to control or accurately predict. Investors and financial advisors should not place undue reliance on any forward-looking statements. CNL Strategic Capital undertakes no obligation to publicly update or revise any forward-looking statements.
- Please read the prospectus, including the Risk Factors section, for full details. The prospectus is available at sec.gov and cnlstrategiccapital.com, or may be obtained by calling 866-650-0650.