WHITEWOLF CAPITAL GROUP

APPROVED MEDIA

Private Markets in Investment Portfolios: How advisors can use LBO

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Private markets are becoming a larger part of the investment discussion

Private companies play a major role in the U.S. economy, but most individual investment portfolios remain centered on public stocks and bonds. This has led more financial advisors to consider whether private markets should play a larger role in client portfolios.

Apollo has highlighted the gap between the size of private markets and individual investors' exposure to them. In its published research, Apollo estimated that 87% of U.S. companies with more than $100 million in annual revenue were private. Apollo also estimated that institutions allocated around 23% to private markets, compared with less than 3% for global wealth investors.[1]

The public stock market also presents a different type of concentration risk. Our analysis shows that the ten largest companies in the S&P 500 account for approximately 41% of the index's total market capitalization, representing nearly $28 trillion out of approximately $69 trillion.[2] Nine of these ten companies are primarily technology-focused or closely tied to the technology sector, including Tesla, which we classify as a technology company. Berkshire Hathaway is the only exception. As a result, the performance of the S&P 500 depends heavily on just a handful of companies.

The question for advisors is not simply whether private markets are attractive. It is how to provide access while managing liquidity, costs, reporting, and each client's time horizon.

How much are financial advisors allocating today?

A 2025 survey by CAIS and Mercer found that nine out of ten responding advisors already allocated to alternative investments, and 88% planned to increase those allocations over the following two years. These results refer to alternatives broadly, not private equity and private credit alone.[3]

A KKR survey of 108 RIA stakeholders, many of whom were already active in private markets, found that nearly half allocated at least 10% of assets to private markets and 81% expected to maintain or reach that level within five years. The surveyed firms were not representative of all RIAs, but the findings show how established allocators are thinking about future portfolios.[4]

These different results point to the same conclusion: some wealth advisors already make sizeable private market allocations, while many others are still building their approach.

[1] Apollo Academy presentation slides supplied for this article. Apollo data: 87% of U.S. companies with more than $100 million revenue privately held (May 2024); wealth/institutional private markets allocation comparison from historical Bain/Altrata/Fidelity data; S&P 500 top-ten concentration 39.2% from the supplied 2026 slide. Figures use different dates and denominators.

[2] Source: PitchBook, September 2026. White Wolf Capital analysis based on the market capitalizations of S&P 500 constituent companies, ranked from highest to lowest. The ten largest companies accounted for approximately 41% of the combined market capitalization.

[3] CAIS and Mercer, Fourth Annual Alternative Investment Survey, published December 10, 2025; 789 advisors surveyed in September–October 2025. https://www.mercer.com/en-us/about/newsroom/fourth-annual-cais-mercer-survey-shows-alts-moving-from-niche-to-norm/

[4] KKR, No Longer Alternative: How RIAs Are Investing in Private Markets, 2025 RIA survey of 108 stakeholders; surveyed advisors were disproportionately active private markets allocators. https://www.kkr.com/wealth/insights/2025-ria-survey

How advisors are accessing private markets

There is no single investment structure used across the wealth management industry. Natixis surveyed wealth managers globally in 2025 and found that 51% used traditional drawdown funds, 48% used evergreen or open-end funds, 35% used semiliquid funds, 28% used feeder or access funds, and 27% used liquid alternatives. Respondents could use more than one structure, so these percentages do not add to 100%.[5]

Investment Route	Examples	Advantages	Limitation
Traditional private funds	Buyout and private credit funds	Direct exposure to private investments; access to specialist managers and strategies	Often restricted to accredited investors or qualified purchasers; investment minimums and manager access; capital calls and long lockups
Evergreen and semiliquid funds	Perpetual-life funds, interval funds and tender-offer funds	Exposure to private investments; ongoing subscriptions and potential periodic liquidity	Repurchases are limited and not guaranteed in full; caps, proration, gates or suspensions depend on the structure
Feeder and access funds	Funds investing through larger private market vehicles	Access to managers and funds; potentially lower minimum investments	Potential additional fund-level fees; underlying fund liquidity limitations; investor eligibility may still apply
Listed private capital stocks	Listed PE managers and listed BDC shares	More liquid approach	Indirect exposure; portfolio allocation and management can be challenging
Listed private capital ETFs	LBO, BIZD and PSP	ETF shares trade on exchanges; exposure is to listed securities	With the exception of LBO, most of the ETFs are passively managed

This range of structures matters. An advisor may use a traditional private equity fund for long-term capital appreciation, a private credit fund for income, and a listed security for added flexibility. **One does not automatically replace another.**

[5] Natixis Investment Managers, 2025 Wealth Industry Survey, Wealth Management Investment Outlook. Respondents could use more than one private asset investment vehicle. https://www.im.natixis.com/en-us/insights/investor-sentiment/2025/wealth-industry-survey/wealth-management-investment-outlook

Liquidity and ease of getting exposure to private markets remain important

As financial advisors increase their exposure to private markets, liquidity becomes an important consideration. Clients may be comfortable committing capital for several years, but their financial needs can change. They may need access to funds for unexpected expenses, changes in their financial circumstances, or to rebalance their portfolios. The ability to access capital when needed is an important part of portfolio construction.

Recent developments in so called "semiliquid" private credit funds have highlighted this challenge. These funds are designed to offer periodic redemption opportunities, typically subject to certain limits. However, when redemption requests exceed those limits, investors may receive only a portion of the amount they requested. In 2026, several private credit funds experienced elevated withdrawal requests, resulting in redemption restrictions and delayed access to capital. These events highlighted the difference between having periodic redemption opportunities and being able to access capital when needed.[6]

This concern is also reflected in advisor surveys. A 2026 study by CION Investments, YCharts, and Compound Insights found that 61% of surveyed RIAs identified liquidity as an obstacle to broader use of alternative investments. CAIS and Mercer also reported that 77% of surveyed advisors preferred model portfolios to simplify alternative investment allocations. [7] [8]

For financial advisors, the challenge is not simply gaining exposure to private markets. It is finding investment structures that allow them to manage client portfolios as circumstances change. Traditional private funds and semiliquid vehicles offer access to private investments, but their liquidity restrictions can make portfolio adjustments more difficult.

Where an ETF such as LBO can complement an existing allocation

The WHITEWOLF Publicly Listed Private Equity ETF (ticker: LBO) seeks long-term capital appreciation and current income by investing in publicly listed private equity sponsors, alternative asset managers and leveraged finance providers, including business development companies (BDCs). It is an investment in the stocks of businesses that operate in private markets. It is not the same as investing directly in the private funds or loans managed by those businesses.

LBO uses qualitative security selection and a quantitative framework focused on liquidity, income, value and volatility. LBO's portfolio managers can adjust the mix of listed private equity buyout firms, publicly listed sponsors, related asset managers and business development companies (BDCs) as opportunities and market conditions change.

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[6] Blackstone Private Credit Fund Maintains 5% Cap as Redemption Requests Remain High. https://www.reuters.com/legal/transactional/blackstone-private-credit-fund-maintains-5-cap-redemption-requests-remain-high-2026-09-03/?utm_source=chatgpt.com

[7] CION Investments, YCharts and Compound Insights, From Public to Private. https://cioninvestments.com/insights/how-advisors-are-using-alternative-investments/?utm_source=chatgpt.com

[8] CAIS and Mercer, Fourth Annual Alternative Investment Survey, 2025. Survey of 789 financial advisors across several advisor channels; 77% preferred model portfolios to simplify alternative investing. https://www.caisgroup.com/our-company/press/fourth-annual-cais-mercer-survey-shows-alts-moving-from-niche-to-norm?utm_source=chatgpt.com

Four ways an advisor might use LBO alongside other investments

1. **Alongside traditional private funds:** An advisor with clients invested in long-term private equity or private credit funds could consider LBO as a complementary investment that offers daily exchange-traded liquidity, potential current income, and broader exposure to publicly listed private capital businesses. Unlike traditional private funds, which may require investors to wait years for distributions or sell their interests through secondary transactions, LBO shares can be sold on an exchange during market hours when clients need access to cash.

2. **Alongside evergreen or semiliquid vehicles**: If a client already holds funds with quarterly redemption windows or potential withdrawal restrictions, LBO can provide a liquid alternative for gaining exposure to publicly listed private capital businesses. Recent redemption restrictions in certain semiliquid funds have highlighted an important lesson: an investment may offer periodic liquidity, but that does not mean investors can access their money whenever they need it. Unlike these funds, LBO shares can be bought and sold on an exchange during market hours, without redemption gates.

3. **Alongside listed private capital stocks or ETFs**: Rather than investing in individual BDC stocks or passive ETFs that focus on one segment of the private capital market, advisors could consider LBO as an alternative or complementary investment. LBO brings together publicly listed private equity firms, alternative asset managers, and BDCs in a single actively managed ETF. This provides broader exposure to the publicly listed private capital ecosystem while seeking both long-term capital appreciation and current income.

4. **For clients without private markets allocations**: Advisors could consider LBO as a starting point for clients who want exposure to the private market's ecosystem without the minimum investments, capital calls, or long-term lockups associated with traditional private funds. Through its investments in publicly traded private equity firms and alternative asset managers, LBO provides exposure to businesses that earn management fees, performance-related income, and other earnings from managing and investing capital across private markets. LBO also invests in publicly traded Business Development Companies (BDCs), which provide financing to private businesses and generate income primarily through interest on their loans. By combining these two types of investments, LBO offers clients an opportunity to participate in the growth of private markets while seeking both long-term capital appreciation and current income, with the flexibility of a publicly traded ETF.

Why the underlying holdings' trading liquidity is part of LBO's portfolio construction

LBO's liquidity process considers the trading volume of each underlying security when constructing the portfolio. The team also models how large hypothetical inflows or outflows could affect trading in individual holdings. As part of our internal stress testing, the portfolio has been tested using a hypothetical $100 million one-time flow, with a goal that no single holding would require trading more than 50% of its average daily volume. This is a hypothetical portfolio-level measure, not a guarantee

that actual trades can be completed at a particular price, that the ETF can handle any flow without market impact, or that market liquidity will always be available.

For an advisor, the distinction is important. A private fund may restrict redemptions at the fund level, while LBO shares can generally be bought and sold on an exchange during market hours.

A complementary approach, not a replacement

The growth of private markets is bringing more choices to the wealth management industry. Advisors can invest through traditional funds, evergreen products, access vehicles, listed stocks or ETFs. The appropriate mix will depend on the client's return goals, income needs, liquidity requirements and ability to accept risk.

We see LBO as an additional tool in that process. For advisors who already use private funds, it can be an additional layer of publicly traded exposure. For advisors with limited private markets exposure, it can be a simpler starting point. The decision is not necessarily private funds **OR LBO**. In many portfolios, it may be private funds **AND LBO**.

Important Notice

Investors should consider the investment objectives, risks, charges, and expenses carefully before investing. For a Prospectus or Summary Prospectus with this and other information about the Fund, please call +1-305.605.8888 or visit lbo.fund. Read the prospectus or summary prospectus carefully before investing.

There is no assurance that the Fund will achieve its investment objective.

Equity Investing Risk. An investment in the Fund involves risks similar to those of investing in any fund holding equity securities, such as market fluctuations, changes in interest rates and perceived trends in stock prices. The values of equity securities could decline generally or could underperform other investments. In addition, securities may decline in value due to factors affecting a specific issuer, market or securities markets generally.

Investment Risk. When you sell your Shares, they could be worth less than what you paid for them. Therefore, you may lose money by investing in the Fund. The Fund could lose money due to short-term market movements and over longer periods during market downturns. Securities may decline in value due to factors affecting securities markets generally or particular asset classes or industries represented in the markets. The value of a security may decline due to general market conditions, economic trends or events that are not specifically related to the issuer of the security, such as geopolitical events and environmental disasters. The value of a security may also decline due to factors that affect a particular industry or group of industries. During a general downturn in the securities markets, multiple asset classes may be negatively affected. Therefore, you may lose money by investing in the Fund**.**

Value Style Risk. The Fund follows a value investment style. Risks that accompany this investment style include, among others, the risk that the value style may be out of favor for long periods of time, that the market will not recognize a security's intrinsic value for a long time or at all, and that a stock judged to be undervalued may actually be appropriately priced or overvalued. Issuers of value stocks may have experienced adverse business developments or may be subject to special risks that have caused the stock to be out of favor. In addition, the Fund's value investment style may go out of favor with investors, negatively affecting the Fund's performance. If the Fund's assessment of market conditions or a company's value is inaccurate, the Fund could suffer losses or produce poor performance relative to other funds**.**

Listed Private Equity Companies Risk. There are certain risks inherent in investing in listed private equity companies, which encompass financial institutions or vehicles whose principal business is to invest in and lend capital to or provide services to privately held companies. Generally, little public information exists for private and thinly traded companies, and there is a risk that investors may not be able to make a fully informed investment decision. The Fund is also subject to the underlying risks which affect the listed private equity companies in which the financial institutions or vehicles held by the Fund invest. Listed private equity companies are subject to various risks depending on their underlying investments, which include additional liquidity risk, industry risk, foreign security risk, currency risk, valuation risk and credit risk. Listed private equity companies may have relatively concentrated investment portfolios, consisting of a relatively small number of holdings, which may be adversely impacted by the poor performance of a small number of investments. By investing in companies in the capital markets whose business is to lend money, there is a risk that the issuer may default on its payments or declare bankruptcy.

Business Development Company (BDC) Risk. BDCs generally invest in less mature U.S. private companies or thinly traded U.S. public companies which involve greater risk than well-established publicly traded companies. While the BDCs in which the Fund invests are expected to generate income in the form of dividends, certain BDCs during certain periods of time may not generate such income. The Fund will indirectly bear its proportionate share of any management fees and other operating expenses incurred by the BDCs and of any performance-based or incentive fees payable by the BDCs in which it invests, in

addition to the expenses paid by the Fund. A BDC's incentive fee may be very high, vary from year to year and be payable even if the value of the BDC's portfolio declines in a given time period. The use of leverage by BDCs magnifies gains and losses on amounts invested and increases the risks associated with investing in BDCs. A BDC may make investments with a larger amount of risk of volatility and loss of principal than other investment options and may also be highly speculative and aggressive.

Closed-End Funds Risk. Shares of closed-end funds frequently trade at a price per share that is less than the NAV per share. There can be no assurance that the market discount on shares of any closed-end fund purchased by the Fund will ever decrease or that when the Fund seeks to sell shares of a closed-end fund it can receive the NAV of those shares. There are greater risks involved in investing in securities with limited market liquidity. To the extent a Fund invests in closed-end funds, it will indirectly bear its proportionate share of any fees and expenses payable directly by the closed-end fund and, therefore, the Fund would incur higher expenses, which may be duplicative. Closed-end funds may utilize more leverage than other types of investment companies. They can utilize leverage by issuing preferred stocks or debt securities to raise additional capital which can, in turn, be used to buy more securities and leverage its portfolio.

Financial Services Concentration Risk. The Fund may be susceptible to adverse economic or regulatory occurrences affecting the financial services industry. Financial services companies are subject to extensive government regulation and, as a result, their profitability may be affected by new regulations or regulatory interpretations. Unstable interest rates can have a disproportionate effect on the financial services industry, and financial services companies whose securities the Fund may purchase may themselves have concentrated portfolios, which makes them vulnerable to economic conditions that affect that industry. Financial services companies have also been affected by increased competition, which could adversely affect the profitability or viability of such companies.

Management Risk. The Fund is actively managed and may not meet its investment objective based on the Adviser's or Sub-Adviser's success or failure to implement investment strategies for the Fund. It is possible the investment techniques and risk analyses employed on behalf of the Fund will not produce the desired results.

Large-Capitalization Companies Risk. Large-capitalization companies may trail the returns of the overall stock market. Large-capitalization stocks tend to go through cycles of doing better – or worse – than the stock market in general. These periods have, in the past, lasted for as long as several years.

Small- and Mid-Capitalization Company Risk. Investing in securities of small- and mid-capitalization companies involves greater risk than customarily is associated with investing in larger, more established companies. These companies' securities may be more volatile and less liquid than those of more established companies. Often small- and mid-capitalization companies and the industries in which they focus are still evolving and, as a result, they may be more sensitive to changing market conditions.

Non-Diversification Risk. The Fund is non-diversified, meaning that it is permitted to invest a larger percentage of its assets in fewer issuers than diversified funds. Thus, the Fund may be more susceptible to adverse developments affecting any single issuer held in its portfolio and may be more susceptible to greater losses because of these developments.

An investment in the Fund involves risk, including possible loss of principal. Exchange-traded funds (ETFs) trade like stocks, are subject to investment risk, fluctuate in market value and may trade at prices above or below the ETF's net asset value (NAV), and are not individually redeemable directly with the ETF. Brokerage commissions and ETF expenses will reduce returns. ETFs are subject to specific risks, depending on the nature of the underlying strategy of the Fund, which should be considered carefully when making investment decisions. **For a complete description of the Fund's principal investment risks, please refer to the prospectus.**

Diversification and asset allocation strategies do not ensure a profit and cannot protect against losses in a declining market.

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