

Appendix 4D
Half-Year Report
For the half-year ended 30 September 2020

Name of entity

CD Private Equity Fund II (formerly Cordish Dixon Private Equity Fund II)

ARSN	Reporting Period	Previous Corresponding Period
162 057 089	1 April 2020 to 30 September 2020	1 April 2019 to 30 September 2019

Results for announcement to the market

		30 September 2020 (\$)
Total net investment loss ("revenue from ordinary activities")	Down by 208.5% to	-\$10,658,388
Net operating loss for the period ("loss from ordinary activities after tax attributable to unitholders")	Down by 241.9% to	-\$11,544,109
Total comprehensive loss ("net loss for the period attributable to unitholders")	Down by 241.9% to	-\$11,544,109

Commentary on results

Refer to attached Half-Year Report including Report to Unitholders. Additional Appendix 4D disclosure requirements can be found in the notes to the Half-Year Report.

Distributions

There were no distributions declared or paid during the period.

Net tangible assets per unit

30/09/2020	\$2.12
31/03/2020	\$2.33

Earnings per unit

	30 September 2020	30 September 2019
Basic (loss)/earnings per unit	(20.92) cents	14.74 cents
Diluted (loss)/earnings per unit	(20.92) cents	14.74 cents

Financial Report

This report is based on the 30 September 2020 Half-Year report and has been reviewed by Deloitte Touche Tohmatsu.



Half-Year Financial Report

FOR THE HALF-YEAR ENDED
30 SEPTEMBER 2020

ARSN 162 057 089

RESPONSIBLE ENTITY



E&P Investments Limited
(ACN 152 367 649) (AFSL 410 433)

CD Private Equity Fund II

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30 September 2020

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CD Private Equity Fund II
Report to unitholders
30 September 2020

Dear Unitholders,

We present to you this report on the performance of the CD Private Equity Fund II (**Fund**) for the six-month period ended 30 September 2020 (**HY21**).

The performance of the Fund's investment in the US Select Private Opportunities Fund II, L.P. (**LP**), the investment vehicle through which the Fund's investments in the underlying US private investment funds are made, was positive during the period, up 7.3% in US dollar terms, despite the significant impacts of COVID-19 on the US and global economy. However, the significant appreciation in the Australian dollar against the US dollar during the period, increasing from 61.31 US cents to 71.62 US cents, led to an unrealised foreign currency translation loss of \$17.8 million. Overall, during the period the Fund posted a net loss of \$11.5 million, or 20.92 cents per Unit, compared with a gain \$8.1 million or 14.74 cents per Unit for the corresponding period last year. At 30 September 2020, the Fund had pre-tax net assets of \$122.9 million representing \$2.23 per Unit and post-tax net assets of \$116.8 million representing \$2.12 per Unit.

For the six-month period ended 30 September 2020, based on the post-tax net asset value, the Fund generated total returns of -9.0%. On the same basis, the Fund has generated total returns of 10.8% p.a. since inception. Total return is inclusive of distributions.

The ongoing impact of COVID-19 on the Fund

HY21 has been a challenging period, at an individual as well as corporate level, however capital markets have recovered most of the losses seen just prior to the start of the financial year. The impact of COVID-19 will continue to be felt throughout 2020 and into 2021, and possibly beyond, and despite economies beginning to re-open we are also seeing increasing waves of infection across the US and Europe and for the time-being we continue to operate through a period of relative uncertainty. Activity has recovered across the market and the portfolio. Valuations in private equity markets remain close to pre-COVID-19 levels and many underlying investments have benefitted from the current operating environment, growing revenues significantly. While the Fund's portfolio has seen some negative impacts to underlying valuations as a result of the pandemic's impact on markets, many investments have, however, held or increased in value and there is increased confidence that most of the businesses that the Fund is exposed to will be successful. Pleasingly, many of these improvements have been the result of strong earnings growth up to and including HY21.

The portfolio is well diversified, and its performance during the COVID-19 period to date speaks to the quality of both the underlying managers and their portfolios of investments. While there are now prospects of a vaccine, the Investment Manager and underlying managers continue to be proactive in preserving and building investor capital, through prudent investing and management of portfolio companies, and through successful exits. On the whole, recent activity across the broader small-to-mid private equity market is encouraging for the Fund.

Valuation policy

As outlined in the March 2020 Annual Financial Report, due to the prevailing market conditions at the time, ongoing economic uncertainties due to the continued spread of COVID-19, and the difference between the Fund's reporting date and the date of the most recent reported net assets of the underlying investment funds, the Board, in consultation with the Investment Manager, considered likely movements in the first quarter 2020 valuations.

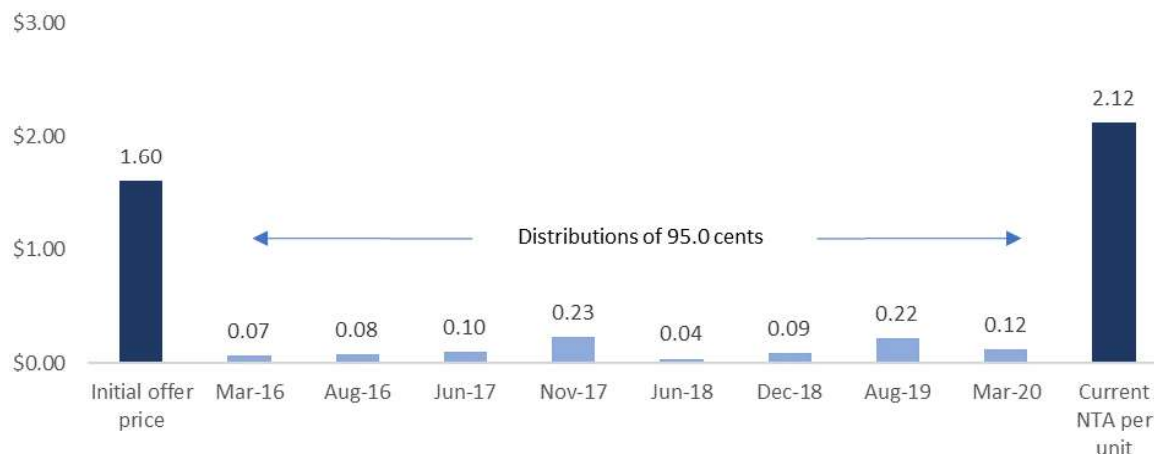
Whilst uncertainty remains, especially with regards to the longevity of the virus and possible restrictions to trade and travel, the degree of unease in financial markets has subsided, reflected in the significant recovery experienced by markets in the six months to 30 September 2020 and a marked pickup in capital market activity, including in private equity markets, in the latter half of HY21. Given these changes to market dynamics, the Fund's interest in the LP has been valued at 30 September 2020 using the Fund's established valuation basis, in line with the most recent underlying manager valuations, resulting in an approximate 7.1% increase in post-tax net assets compared to the previously released 30 September 2020 NTA.

CD Private Equity Fund II
Report to unitholders
30 September 2020

Distributions

The distributions paid since inception are shown in the graphic below, which also indicates the value of the original investment and the net tangible asset per Unit as at the end of this six-month period. Total distributions paid to investors since inception of 95 cents per Unit represents a total distribution of 59% of the \$1.60 initial offer price.

CD2 Unit Value and Income



Positioning of the Fund

The Fund’s investment objectives are to provide Unitholders with exposure to a portfolio of investments in small-to-mid-market private investment funds and privately held companies, predominantly focused in the United States (US), and capital growth over a five to ten-year investment horizon.

Through its investment in the LP, the Fund is fully committed across 12 highly attractive US private investment funds all focused on small-to-mid-market private investment opportunities, for a total consideration of US\$98.0 million.

At 30 September 2020, US\$81.4 million (or 91.9% of total funds committed) had been called by the LP. The Fund’s proportionate share of this is approximately US\$71.1 million (an 87.3% share).

During the period, the LP received 17 drawdown requests and eight capital returns, for a total net return of US\$0.2 million. At 30 September 2020, net drawdown requests from underlying investments were approximately US\$83.3 million (or 85.0% of total commitments).

Underlying portfolio update

Staple Street Capital II, L.P. (Staple Street) made a number of distributions to the LP over the period as a result of cashflow generation and balance sheet initiatives in underlying portfolio companies, resulting in net distributions of \$1,028,833 to the LP.

Trive Capital Fund I, L.P. (Trive) distributed escrowed funds from the prior sale of Aevex Aerospace, and sale of other portfolio investments, this was offset by a capital call for an add-on acquisition for an existing portfolio company.

Tower Arch Partners I, L.P. (Tower Arch) sold Corbett Technology Solutions, Inc (CTSI), resulting in a distribution of \$1,677,316 to the LP.

U.S. Select Direct Private Equity, LP (US Select) called capital to fund follow-on investments into existing portfolio companies.

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Report to unitholders
30 September 2020

Given capital provided to the underlying managers has now largely been drawn and deployed, the remaining portfolio managers, including **Blue Point Capital Partners III, L.P. (Blue Point)**, **Chicago Pacific Founders Fund, L.P. (Chicago Pacific)**, **DFW Capital Partners IV, L.P. (DFW)**, **High Road Capital Partners Fund II, L.P. (High Road) Main Post Growth Capital, L.P. (Main Post)**, **NMS Fund II, L.P. (NMS)**, **RFE Investment Partners VIII, L.P. (RFE)** and **Tengram Capital Partners Gen2 Fund (Tengram)** had no material investment activity during the half year.

I would like to thank Unitholders for their continued support as we all navigate a path through these difficult times and look forward to presenting future updates on the Fund and the small-to-mid-market US-based private investment market, in which the Fund is invested.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'S. Nisbett', with a long horizontal flourish extending to the right.

Stuart Nisbett

Chairman of E&P Investments Limited, Responsible Entity

27 November 2020

CD Private Equity Fund II
Directors' report
30 September 2020

The directors of E&P Investments Limited (formerly Walsh & Company Investments Limited), the Responsible Entity of the CD Private Equity Fund II (**Fund**) (formerly Cordish Dixon Private Equity Fund II), present their report together with the condensed financial statements of the Fund for the half-year ended 30 September 2020.

Directors

The directors of the Responsible Entity at any time during or since the end of the financial year are listed below:

- Stuart Nisbett
- Peter Shear
- Warwick Keneally
- Mike Adams

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

Principal activities and significant changes in nature of activities

The principal activity of the Fund during the half-year was investing in small-to-medium-sized private investment funds and privately held companies with a predominate focus in the US. There were no significant changes in the nature of these activities.

Review and results of operations

The loss for the Fund after providing for income tax amounted to \$11,544,109 (30 September 2019: profit of \$8,137,246).

The key components of this result included a \$9,843,432 fair value loss (2019: \$9,075,841 gain) on the Fund's investment in the US Select Private Opportunities Fund II, L.P. (**LP**) and a foreign exchange loss of \$825,874 (2019: \$506,604) during the period. As at 30 September 2020, the Fund had net assets of \$116,829,905 (31 March 2020: \$128,374,014), representing \$2.12 per unit (31 March 2020: \$2.33 per unit).

The Fund has invested in a limited partnership, US Select Private Opportunities Fund II, L.P. (**LP**), which, in turn, invests in small-to-medium-sized private investment funds and companies. The LP has committed capital across 12 underlying private investment funds which focus on a range of industries including consumer products, manufacturing and business services. For the half-year ended 30 September 2020, these underlying private investment funds made drawdown requests on the LP to fund their investments, management fees and operating expenses. Net drawdown requests made by the underlying private investment funds since inception to the end of the half-year totalled US\$83.3 million.

The Fund has committed capital of US\$77.3 million, representing an interest of 87.3% in the LP. The Fund's proportionate share of the total capital called as at 30 September 2020 was US\$71.1 million (or \$99.2 million).

Distributions

Distributions paid during the financial half-year were as follows:

	30	30
	September	September
	2020	2019
	\$	\$
Distribution - 22 cents per unit paid on 14 August 2019	-	12,141,809

Events subsequent to the reporting period

The COVID-19 pandemic continues to have an ongoing impact on businesses and economic activities. As there remains significant uncertainty, COVID-19 may continue to affect the operations of the portfolio companies held by the underlying investment funds and consequently on the valuation of the Fund's investment in the LP in subsequent reporting periods. The directors consider that the financial effects of COVID-19 on the Fund's financial statements cannot be reasonably estimated for future financial periods.

CD Private Equity Fund II
Directors' report
30 September 2020

No other matter or circumstance has arisen since 30 September 2020 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



Stuart Nisbett
Chairman of E&P Investments Limited, Responsible Entity

27 November 2020

The Board of Directors
E&P Investments Limited
as Responsible Entity for:
CD Private Equity Fund II
Level 15
100 Pacific Highway
NORTH SYDNEY NSW 2060

27 November 2020

Dear Board Members


Auditor's Independence Declaration to CD Private Equity Fund II

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of the Responsible Entity of CD Private Equity Fund II (formerly Cordish Dixon Private Equity Fund II).

As lead audit partner for the review of the half financial report of CD Private Equity Fund II for the half year ended 30 September 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Weng W Ching
Partner
Chartered Accountants

CD Private Equity Fund II
Condensed statement of profit or loss and other comprehensive income
For the half-year ended 30 September 2020

	Note	30 September 2020 \$	30 September 2019 \$
Investment income			
Interest income		10,918	242,611
Foreign exchange (loss)/gain		(825,874)	506,604
Fair value movements of equity investments	3	<u>(9,843,432)</u>	<u>9,075,841</u>
Total investment (loss)/income		<u>(10,658,388)</u>	<u>9,825,056</u>
Expenses			
Management and administration fees	7	(285,414)	(288,058)
Listing fees		(27,074)	(30,229)
Custody fees	7	(14,578)	(10,250)
Registry fees		(17,418)	(18,374)
Legal and professional fees	7	(55,607)	(208,267)
Other expenses		<u>(12,627)</u>	<u>(1,697)</u>
Total expenses		<u>(412,718)</u>	<u>(556,875)</u>
(Loss)/profit before income tax (expense)/benefit		(11,071,106)	9,268,181
Income tax expense		<u>(473,003)</u>	<u>(1,130,935)</u>
(Loss)/profit after income tax (expense)/benefit for the half-year		(11,544,109)	8,137,246
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive (loss)/income for the half-year		<u>(11,544,109)</u>	<u>8,137,246</u>
		Cents	Cents
Basic (loss)/earnings per unit		(20.92)	14.74
Diluted (loss)/earnings per unit		(20.92)	14.74

The above condensed statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CD Private Equity Fund II
Condensed statement of financial position
As at 30 September 2020

	Note	30 September 2020 \$	31 March 2020 \$
Assets			
Current assets			
Cash and cash equivalents		13,679,270	16,290,249
Receivables		423,736	497,010
Total current assets		<u>14,103,006</u>	<u>16,787,259</u>
Non-current assets			
Other financial assets	3	109,459,228	121,362,075
Total non-current assets		<u>109,459,228</u>	<u>121,362,075</u>
Total assets		<u>123,562,234</u>	<u>138,149,334</u>
Liabilities			
Current liabilities			
Trade and other payables		634,370	844,257
Current tax payable		1,252,611	3,331,729
Total current liabilities		<u>1,886,981</u>	<u>4,175,986</u>
Non-current liabilities			
Deferred tax	4	4,845,348	5,599,334
Total non-current liabilities		<u>4,845,348</u>	<u>5,599,334</u>
Total liabilities		<u>6,732,329</u>	<u>9,775,320</u>
Net assets		<u>116,829,905</u>	<u>128,374,014</u>
Equity			
Unit capital	5	87,096,476	87,096,476
Retained earnings		29,733,429	41,277,538
Total equity		<u>116,829,905</u>	<u>128,374,014</u>

The above condensed statement of financial position should be read in conjunction with the accompanying notes

CD Private Equity Fund II
Condensed statement of changes in equity
For the half-year ended 30 September 2020

	Unit capital	Retained	Total equity
	\$	\$	\$
Balance at 1 April 2019	87,096,476	38,650,095	125,746,571
Profit after income tax expense for the half-year	-	8,137,246	8,137,246
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	8,137,246	8,137,246
<i>Transactions with unitholders in their capacity as unitholders:</i>			
Distributions paid (note 6)	-	(12,141,809)	(12,141,809)
Balance at 30 September 2019	<u>87,096,476</u>	<u>34,645,532</u>	<u>121,742,008</u>
	Unit capital	Retained	Total equity
	\$	\$	\$
Balance at 1 April 2020	87,096,476	41,277,538	128,374,014
Loss after income tax expense for the half-year	-	(11,544,109)	(11,544,109)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive loss for the half-year	-	(11,544,109)	(11,544,109)
Balance at 30 September 2020	<u>87,096,476</u>	<u>29,733,429</u>	<u>116,829,905</u>

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes

CD Private Equity Fund II
Condensed statement of cash flows
For the half-year ended 30 September 2020

	30 September 2020 \$	30 September 2019 \$
Cash flows from operating activities		
Interest income received	23,520	252,513
Net payments to suppliers	<u>(561,933)</u>	<u>(512,667)</u>
Net cash used in operating activities	<u>(538,413)</u>	<u>(260,154)</u>
Cash flows from investing activities		
Receipts from distributions	<u>-</u>	<u>12,478,881</u>
Net cash from investing activities	<u>-</u>	<u>12,478,881</u>
Cash flows from financing activities		
Payment for distribution	<u>-</u>	<u>(12,141,809)</u>
Net cash used in financing activities	<u>-</u>	<u>(12,141,809)</u>
Net (decrease)/increase in cash and cash equivalents	(538,413)	76,918
Cash and cash equivalents at the beginning of the financial half-year	16,290,249	20,797,413
Effects of exchange rate changes on cash and cash equivalents	<u>(2,072,566)</u>	<u>842,339</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>13,679,270</u></u>	<u><u>21,716,670</u></u>

The above condensed statement of cash flows should be read in conjunction with the accompanying notes

CD Private Equity Fund II
Notes to the condensed financial statements
30 September 2020

1. General information

CD Private Equity Fund II (**Fund**) (formerly Cordish Dixon Private Equity Fund II) is a Managed Investment Scheme registered and domiciled in Australia. The principal activities of the Fund are to invest in small-to-mid-market private investment opportunities in the United States of America (**US**), through its capacity as a Limited Partner of the US Select Private Opportunities Fund II, L.P. (**LP**) registered in the Cayman Islands.

This half-year financial report is intended to provide users with an update on the latest financial statements of the Fund.

Basis of preparation

(i) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134: 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The condensed financial statements were authorised for issue by the directors on 27 November 2020.

(ii) Summary of significant accounting policies

The same accounting policies and methods of computation have been followed in this half-year financial report as were applied in the most recent annual financial statements.

The Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are relevant to the operations and effective for the current half-year. The adoption of new and revised Standards and Interpretations has had no material impact on the financial statements.

(iii) Critical accounting estimates and judgements

In the application of the Fund's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies which are subject to significant accounting estimates and judgements include fair value determination of the interest held by the Fund in the Limited Partnership (refer to note 3 (iv)), recognition of a deferred tax liability in respect of likely US tax obligations which will arise from underlying fund investment realisations (refer note 4), and selection of Australian dollars as the functional currency of the Fund.

2. Operating segment

The Fund operates a single reportable segment, that being the business of investing in small-to-mid-market private investments in the United States of America through its interest in a Limited Partnership.

The Responsible Entity of the Fund is the Chief Operating Decision Maker (**CODM**) for the purpose of resource allocation and assessing performance of the operating segment.

Revenue, profit or loss, assets, liabilities and other financial information reported and monitored by the CODM of the single identified segment are reflected in the condensed financial statements and notes to the condensed financial statements of the Fund.

CD Private Equity Fund II
Notes to the condensed financial statements
30 September 2020

3. Non-current assets - other financial assets

(i) Equity investment constituting interest in Limited Partnership (LP) - at fair value:

	30	31 March
	September	2020
	2020	2020
	\$	\$
US Select Private Opportunities Fund II, LP (LP)	<u>109,459,228</u>	<u>121,362,075</u>
	30	31 March
	September	2020
	2020	2020
	\$	\$
(ii) Reconciliation		
Balance at the beginning of the period	121,362,075	112,668,070
Movement in fair value through profit or loss*	(9,843,432)	21,199,784
Distributions received from LP [^]	<u>(2,059,415)</u>	<u>(12,505,779)</u>
Balance at the end of the period	<u>109,459,228</u>	<u>121,362,075</u>

* Included in the 'movement in fair value' amount of \$9,843,432 loss (year ended 31 March 2020: \$21,199,784 gain) is an unrealised foreign exchange translation loss component of \$17,771,237 (year ended 31 March 2020: \$16,564,834 gain). This amount is also net of the Fund's 87.3% share of management fees paid by the LP to the General Partner of the LP, totaling \$1,108,043 (year ended 31 March 2020: \$2,434,881) (refer to note 7).

[^] In the current period, distribution received from the LP totaling \$2,059,415 (US\$1,456,418) was through the LP's settlement of the Fund's US tax obligations of the same amount on behalf of the Fund, contributing to a reduction in the Fund's current tax liability.

(iii) Fund's interest in assets and liabilities of LP

The 87.3% economic interest held by the Fund is not represented by voting rights or other power vested in the Fund to make decisions relating to the assets and liabilities of the LP. As is common practice with Limited Partnership arrangements, the General Partner of the LP is considered to be the party who holds the existing rights to direct the relevant activities of the LP, including the acquisition and disposal of investments.

The Fund's 87.3% interest in US Select Private Opportunities Fund II, L.P. at 30 September 2020 is represented by its proportionate interest in the LP's assets and liabilities as follows:

	30	31 March
	September	2020
	2020	2020
	\$	\$
Cash	12,545,594	15,368,131
Investment in US private investment funds recorded at fair value	96,698,917	105,291,987
Other assets	605,895	701,957
Due to Main Post Growth Capital Fund	<u>(391,178)</u>	<u>-</u>
Net assets	<u>109,459,228</u>	<u>121,362,075</u>

3. Non-current assets - other financial assets (continued)

(iv) Valuation

Valuation technique adopted

As discussed in the 'Valuation policy' section of the Report to Unitholders, the valuation of the Fund's interest in the LP at balance date has been based on the Fund's established valuation basis described below.

The fair value of the Fund's interest in the LP is determined using a proportionate value method based on the Fund's 87.3% interest held in the total net asset value of the LP.

The LP holds investments predominately in US private investment funds, and the LP adopts a similar fair value measurement basis, based on the proportionate interest it holds in the most recent reported total net asset values of the respective investment funds. There is up to a three month difference between the Fund's reporting date and the date of the most recent reported net assets of the underlying investment funds.

The underlying investment funds typically invest in US unlisted equity investments with fair values determined periodically based on market or income-based valuation techniques, which may involve the use of unobservable inputs such as discount rate and earnings multiple.

The fair value of the Fund's interest in the LP is therefore ultimately based on the market valuation techniques adopted by the investment funds in the measurement of their underlying unlisted equity investments. The fair value is also subject to foreign exchange translation impacts arising from translating the USD denominated interest in the LP to AUD at each balance date.

Investment risks

As noted above, the LP has invested in underlying private investment funds in the US market who have in turn invested in a portfolio of private equity investments. Because of the absence of any liquid trading market for these types of investments, it may take longer to liquidate these investments than would be the case for marketable securities and accordingly the value obtained on realisation may differ to the estimated fair values at balance date. As there are no directly observable prices, the fair values assigned by the investment funds to each investment are based on a range of factors, including but not limited to the price at which the investments were acquired, market trading multiples and observed transaction metrics. The resulting valuations may differ significantly from the values that would have been realised had a transaction taken place at balance date. The differences would directly impact the value of the interest held by the LP in the underlying investment funds and consequently the value of the interest held by the Fund in the LP. Estimation uncertainty also arises in relation to likely US tax obligations the Fund will incur in connection with realisation of recorded fair value movements (refer to note 4).

Inter-relationship between significant unobservable inputs and fair value measurement

The inter-relationship between the significant unobservable inputs and fair value measurements is such that the higher the growth rates or earnings multiples adopted by the underlying investment funds, the higher the resultant fair value determination of the underlying equity investments, and therefore ultimately the higher the fair value of the Fund's investment in the LP. Since neither the Fund itself, nor the LP, has access to the underlying detailed equity investment valuations performed by the US investment funds, it is unable to assess the sensitivity of fair value determinations to changes in underlying unobservable inputs. However, at the Fund level, a 5% change (increase/decrease) in the carrying value of the LP's interest held in the underlying US investment funds would result in a \$4,834,946 impact (increase/decrease) in the carrying value of the Fund's investment in the LP. A 5% increase in the AUD/USD exchange rate would decrease the value of the Fund's investment in the LP by \$5,212,344. Conversely, a 5% decrease would increase the value of the Fund's investment by \$5,761,012. Refer to note 1(iii) for further details regarding investment risks and estimation uncertainty applied in the determination of the fair value of the underlying unlisted equity investments to which the Fund is exposed.

(v) Capital commitments

As at 30 September 2020, the Fund has made capital commitments totaling US\$77.3 million to the LP, of which US\$71.1 million has been called at balance date.

CD Private Equity Fund II
Notes to the condensed financial statements
30 September 2020

3. Non-current assets - other financial assets (continued)

As at 30 September 2020, the Fund has uncalled capital commitments of US\$6.2 million (or \$8.7 million) outstanding to the LP. The capital commitments can be called at any time in the future.

The uncalled capital commitments referred to above were converted at the half-year end AUD:USD exchange rate of 0.7162.

4. Non-current liabilities - deferred tax

	30 September 2020 \$	31 March 2020 \$
Deferred tax liability	<u>4,845,348</u>	<u>5,599,334</u>

The deferred tax liability has been assessed based on an estimate of likely US tax obligations the Fund will incur upon realisation of recorded fair value movements in connection with certain underlying private equity investments. This estimate is subject to estimation uncertainty as a result of limitations in the availability of information pertaining to the tax structure of the underlying investments in respect of which the Fund has an interest.

5. Equity - unit capital

	30 September 2020 Units	31 March 2020 Units	30 September 2020 \$	31 March 2020 \$
Ordinary units - fully paid	<u>55,190,040</u>	<u>55,190,040</u>	<u>87,096,476</u>	<u>87,096,476</u>

All issued units are fully paid. The holders of ordinary units are entitled to one vote per unit at meetings of the Fund and are entitled to receive distributions declared from time to time by the Responsible Entity.

There were no movements in unit capital during the half-year and previous year.

6. Equity - distributions

Distributions paid during the financial half-year were as follows:

	30 September 2020 \$	30 September 2019 \$
Distribution - 22 cents per unit paid on 14 August 2019	<u>-</u>	<u>12,141,809</u>

7. Related party disclosures

Directors

Stuart Nisbett, Peter Shear, Warwick Keneally and Mike Adams are directors of the Responsible Entity, E&P Investments Limited, and are deemed to be key management personnel.

The key management personnel do not receive compensation from the Fund or from the Responsible Entity directly for their management function performed for the Fund.

CD Private Equity Fund II
Notes to the condensed financial statements
30 September 2020

7. Related party disclosures (continued)

Management fees

The Responsible Entity's duties include establishing the Fund's compliance plan and procedures and monitoring against regulatory and legislative requirements, the issuance of disclosure documents, the appointment and monitoring of external service providers to the Fund and overall administration of the Fund.

For these services, the Responsible Entity charged management fees of 0.33% per annum (exclusive of GST) on the gross asset value of the Fund. This is comprised of the Responsible Entity Fee of 0.08% per annum and Administration Fee of 0.25% per annum. Management fees are paid to the Responsible Entity quarterly in advance.

The total management fees paid to the Responsible Entity for the half-year ended 30 September 2020 was \$213,686 (2019: \$216,215), exclusive of GST. There were no outstanding management fees as at 30 September 2020 (2019: nil).

Fund administration fee

Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of E&P Financial Group Limited (formerly Evans Dixon Limited), the parent of the Responsible Entity, provides fund administration services to the Fund under an agreement with the Responsible Entity. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation. Total fund administration fees paid or payable for the half-year ended 30 September 2020 were \$60,000 (2019: \$60,000), exclusive of GST.

Investment manager fee

US Select Private Opportunities Fund II, L.P. (**LP**), in which the Fund holds an 87.3% interest, is required to pay its Investment Manager, US Select Private Opportunities Fund II, GP, being an entity associated with the Responsible Entity, for acting on behalf of the limited partnership to acquire, manage and transact on partnership interests within the scope of the limited partnership agreement, a fee equivalent to 2% per annum of the total funds committed by the partners to the LP. The fee is payable quarterly in advance from the funds of the LP. The total fees paid or payable during the half-year ended 30 September 2020 amounted to \$1,269,236 (US\$871,585) (2019: \$1,372,735 (US\$950,950)). The Fund's 87.3% interest equates to \$1,108,043 (2019: \$1,198,398). This fee is recorded in the books of the LP.

US Select Direct Private Equity Fund (US), L.P.

At balance date, the Fund's share of the LP's investment in US Select Direct Private Equity Fund (US), L.P. was \$12,987,783 (US\$9,301,850) (31 March 2020: \$15,903,754 (US\$9,750,592)). The General Partner of this investment is associated with the Responsible Entity of the Fund. The LP's share of the investment management fees paid to the General Partner for the half-year ended 30 September 2020 amounted to \$28,133 (US\$19,319). The Fund's 87.3% interest equates to \$24,560 (US\$16,865).

Custodial services

The Responsible Entity provided custodial services to the Fund in its personal capacity (**Custodian**) under a custody arrangement with E&P Investments Limited up to 17 August 2020. The services were provided on commercial terms. The Custodian received fees equivalent to the greater of 0.02% per annum of the gross asset value of the Fund less a discount of 10%, or \$15,000 indexed to CPI annually less a discount of 10%. The fees were payable quarterly in arrears. Total fees paid or payable for the half-year ended 30 September 2020 were \$12,647 (2019: \$10,209) (exclusive of GST). Effective 17 August 2020, the Fund's custodial services were fully outsourced to an external service provider on the same commercial terms as those provided by the Custodian.

Legal and consulting services

MDA1 Pty Limited, trading as MA Law, provides legal and consulting services to the Responsible Entity and the investment schemes under its control. Mike Adams, a director of the Responsible Entity, is also a director and shareholder of MDA1 Pty Limited. Mike Adams previously provided similar services as an employee of a non related entity to the Fund. The fees paid or payable during the half-year ended 30 September 2020 were \$2,565 (2019: nil), exclusive GST, and are included in the legal and professional fees in the condensed statement of profit or loss and other comprehensive income.

CD Private Equity Fund II
Notes to the condensed financial statements
30 September 2020

8. Fair value measurement

Fair value

The fair value of financial assets and financial liabilities approximate their carrying values at the reporting date.

The table below analyses recurring fair value measurements for financial assets and financial liabilities. The fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation techniques used. The different levels are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 September 2020				
<i>Financial assets carried at fair value</i>				
Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund II, LP	-	-	109,459,228	109,459,228
Total assets	-	-	109,459,228	109,459,228

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
31 March 2020				
<i>Financial assets carried at fair value</i>				
Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund II, LP	-	-	121,362,075	121,362,075
Total assets	-	-	121,362,075	121,362,075

The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the transfer has occurred. There were no transfers between levels during the period ended 30 September 2020.

Details of the determination of level 3 fair value measurements including the valuation technique adopted and the key underlying unobservable inputs used are set out in note 3 (iv).

The Fund has established a control framework with respect to measurement and assessment of fair values. This framework includes a sub-investment committee that has overall responsibility for analysing the performance and fair value movements of underlying US investment fund holdings during each reporting period.

9. Events after the reporting period

The COVID-19 pandemic continues to have an ongoing impact on businesses and economic activities. As there remains significant uncertainty, COVID-19 may continue to affect the operations of the portfolio companies held by the underlying investment funds and consequently on the valuation of the Fund's investment in the LP in subsequent reporting periods. The directors consider that the financial effects of COVID-19 on the Fund's financial statements cannot be reasonably estimated for future financial periods.

No other matter or circumstance has arisen since 30 September 2020 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

CD Private Equity Fund II
Directors' declaration
30 September 2020

In the opinion of the directors of the Responsible Entity:

- the financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with the Accounting Standards;
- the attached financial statements and notes give a true and fair view of the Fund's financial position as at 30 September 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors of the Responsible Entity made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the directors



Stuart Nisbett
Chairman of E&P Investments Limited, Responsible Entity

27 November 2020

Independent Auditor's Review Report to the Unitholders of CD Private Equity Fund II

We have reviewed the accompanying half-year financial report of CD Private Equity Fund II (formerly Cordish Dixon Private Equity Fund II) ("the Fund"), which comprises the condensed statement of financial position as at 30 September 2020, the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Fund.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Responsible Entity of the Fund are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 30 September 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of CD Private Equity Fund II, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Responsible Entity of the Fund, would be in the same terms if given to the directors as at the time of this auditor's review report.

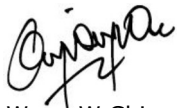
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of CD Private Equity Fund II is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 30 September 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Weng W Ching
Partner
Chartered Accountants
Sydney, 27 November 2020

CD Private Equity Fund II
Corporate directory
30 September 2020

The Fund's units are quoted on the official list of Australian Securities Exchange (**ASX**).
The ASX code is **CD2**

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