



Annual Financial Report

FOR THE YEAR ENDED
31 MARCH 2022

ARSN 624 474 531

RESPONSIBLE ENTITY



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

CD Private Equity Fund IV

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CD Private Equity Fund IV
Report to Unitholders
31 March 2022

Dear Unitholders,

On behalf of the Board of the Responsible Entity, I am pleased to provide you with the annual report on the performance of the CD Private Equity Fund IV (**Fund**) for the year ended 31 March 2022 (**FY22**).

Financial performance

Calendar 2021 was a stand-out year for private equity markets, with momentum carrying through from 2020. Favourable conditions have continued into 2022, despite uncertainty associated with ongoing waves of COVID-19 variants (Delta in mid-2021 and Omicron in late 2021/early 2022), the proposition of rising central banks rates at year end in response to inflation and elevated geopolitical risks in Europe. Performance of the Fund's investment in the US Select Private Opportunities Fund IV, L.P. (**LP**), the investment vehicle through which the Fund invests in the underlying US private investment funds, was strong during the period, contributing to performance of the Fund on a total return (inclusive of all costs) post-tax Net Tangible Asset (**NTA**) basis of 37.1% for FY22. Longer-term performance has also been strong, with the Fund returning 18% p.a. since inception.

Underpinning the strong NTA returns, this year's financial results are pleasing. Net profit was \$70.2 million or 59.6 cents per Unit, compared with \$24.6 million or 20.8 cents per Unit for the previous financial year (**FY21**). The key component of this result was a \$82.4 million fair value movement gain in the Fund's investment in the LP, which includes a modest unrealised foreign currency translation gain. At 31 March 2022, the Fund had pre-tax net assets of \$274.5 million representing \$2.33 per Unit and post-tax net assets of \$257.6 million representing \$2.18 per Unit.

Capital management

To recap the partly paid structure in the Fund, the issue price of Units was \$1.60, to be paid in 5 instalments of \$0.32. The first two instalments were called during FY19, and the third and fourth instalments were called in FY20 and FY21 respectively. Following completion of the fourth capital call, \$1.28 or 80% of the issue price for each partly paid unit has been paid, and only one more capital call remains outstanding.

Investment activity

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

Through its investment in the LP, the Fund has made capital commitments across 12 US private investment funds all focused on small-to-mid-market private investment opportunities, for a total investment of US\$145 million.

The US private investment funds have been selecting and investing in small to mid-size private businesses since the Fund's inception in April 2018. As a result, the fund is now substantially invested across more than 100 underlying business investment opportunities, some of which are now well progressed in utilising the capital or have been realised through sale, recapitalisation or another form of investment realisation. As at 31 March 2022, 81.2% of total funds committed to the LP had been called (representing US\$105.6 million of commitments). The Fund's proportionate share of the capital called is approximately US\$93.3 million (an 88.4% share).

During the period, the LP received 26 drawdown requests, and benefitted from 16 distributions (including returned capital). Drawdown requests from underlying investment funds were US\$20.3 million (or 14.0% of total commitments) and net distributions (inclusive of returned capital) to the LP from underlying funds were US\$34.9 million (or 24.0% of total commitments).

Market activity and impacts on the Fund

For the most part, FY22 was characterised by a continued recovery in the global economy. Supported by central bank policy, government spending and successful vaccines, the economic impacts of the later Delta and Omicron coronavirus

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Report to Unitholders
31 March 2022

variants were small, particularly in the US, in comparison to initial waves that locked down many countries in 2020. Public markets are, however, coming under pressure in 2022 as central banks begin to raise interest rates to combat higher inflation. Further, geopolitical uncertainty has spiked following the Russian invasion of neighbouring Ukraine, driving volatility in energy and commodity markets, increasing inflationary pressures and exacerbating supply chain disruption.

Despite public market volatility and geopolitical events, valuations of recent private equity transactions can only be characterised as strong. While the Fund's portfolio has seen some negative impacts to underlying valuations, most investments held or increased in value through the year and considerable value was realised for Unitholders. There is a shared confidence that the diversified portfolio of remaining businesses that the Fund is exposed to will continue to be successful investments. The majority of companies have been able to pass through recent inflation related costs and are still growing at an acceptable rate. Private equity as an investment class continued to attract record levels of investment through FY22, and high levels of dry powder (unused or uninvested capital) across the PE sector, particularly at the mid to upper end, are all encouraging for the future of the Fund.

Looking ahead there are some concerns that inflationary and supply chain risks and a more aggressive stance on interest rates by the US Federal Reserve, which have resulted in a recent pullback in public market valuations, may also be reflected in private market valuations. Elevated uncertainty may also slow the realisation rate for underlying funds, however the majority of recent feedback received from underlying managers remains positive and the industry, as it tends to do, is focussed on managing near term risks while looking through to the longer-term outcomes.

Lastly, despite the public market volatility and very real decline in public market valuation multiples, underlying companies across the portfolio are well capitalised and a majority of them are expected to grow both revenues and profits in 2022. So far this year, we haven't seen exit multiples contract in any meaningful way, however, should the negative headwinds persist, that could impact some underlying companies, both in terms of exit timing and multiples achieved. We remind Unitholders that the majority of underlying investments were bought at attractive multiples (well below public markets levels), have grown substantially since acquisition, and will be positioned by underlying managers for attractive exits.

I would like to thank Unitholders for their continued support 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,



Stuart Nisbett

Independent Chair of E&P Investments Limited

30 May 2022

CD Private Equity Fund IV
Manager's report
31 March 2022

The private equity market, which has been highly active as the US economy rebounded from the initial COVID-19 slow-down in FY21 and careful manager selection is reflected in the FY22 valuation uplift and cash flow generation of the underlying portfolios.

We are pleased to provide you with a summary of the significant capital events that occurred at a partner fund level through FY22, including significant distributions, relative to initial capital invested from Incline.

Underlying portfolio update

Astra Partners I, L.P. (Astra)

Astra called capital to fund the follow-on acquisition of Immedion LLC by DartPoints Holding Company LLC. Public, expanding DartPoints' colocation, cloud, and managed services data centre footprint.

Incline Elevate Fund, L.P. (Incline)

Incline completed the successful sale of portfolio company Wholesale Supplies Plus LLC (**WSP**) and BFG Supply Holdings Inc. and called capital for investments in Revival Animal Health LLC (**Revival**) and The Mad Rose Group Ltd (**Mad Rose**), Edko, LLC (**Edko**) and Road Tested Parts, LLC (**Weaver Automotive**), resulting in net flows to the LP of \$8.2 million.

Revival offers a broad product assortment that includes pet vaccines, reproductive health aids, supplements and prescription medications via its eCommerce website serving breeders, animal shelters, veterinarians and other pet health professionals. Mad Rose is a Brooklyn, NY based leading importer and distributor of fine wines and specialty foods from France, Italy, Switzerland and Spain. Edko is a leading provider of herbicide-based vegetation management services to utilities, municipalities and other operators of infrastructure rights-of-way. Weaver Automotive is a value-added distributor of recycled Original Equipment Manufacturer (**OEM**) auto parts across the South-eastern United States.

Quad Partners V, L.P. (Quad Partners)

Quad Partners distributed proceeds relating to several underlying portfolio companies and sold portfolio company Hands-On Learning Solutions (**Learn on Demand Systems**) and SchoolAdmin Holdings, resulting in a distribution to the LP. This was fully offset by a capital call to fund two previously acquired portfolio investments AmplioSpeech and Quantum IT Holdings (**InPlace**).

AmplioSpeech has developed a digital platform that connects students, educators, therapists and administrators with advanced technologies to help students with special needs maximise their potential and improve outcomes. Quantum Global Holdings is the owner and developer of the InPlace Software-as-a-Service (**SaaS**) education technology platform for managing student Work Integrated Learning (i.e. placements, internships, overseas engagements, etc).

Elephant Partners Fund II, L.P. (Elephant Partners)

Elephant Partners realised several investments, including Knowbe4 and Cloud Guru Group, resulting in aggregate distributions to the LP of US\$3.4 million.

Trivest Fund VI, L.P. (Trivest)

Trivest called capital to fund two investments in existing portfolio companies, two add-on investments for a third portfolio company, and acquisition of portfolio companies, including Bluegrass Orthopaedics (**BGO**) and Lubrication Engineers (**LE**).

BGO is an orthopaedic physician practice who offer sports medicine, total joint care, industrial medicine, and foot, ankle, hand care, and physical therapy. Based in Wichita, Kansas, LE formulate and manufacture lubricants that service the industrial and automotive industry.

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Wavecrest Growth Partners I L.P. (Wavecrest)

Wavecrest distributed proceeds relating to the recapitalisation of portfolio company BigTime Software, Inc. (following the Vista Equity Partners Investment, resulting in a distribution of US\$2.7 million to the LP. Wavecrest also called capital to fund follow-on investments in existing portfolio investments and a new investment in Login VSI.

Login VSI tests, benchmarks, and validates corporate employee digital workspaces using an automated testing platform that predicts performance, ensuring business continuity and reducing risk.

Tower Arch Partners II, L.P. (Tower Arch)

Tower Arch called capital to fund an investment in ProChem Energy Services (**ProChem**), an add-on investment to Creedence Energy Services Holdings, LLC and LifePort Holdings, LLC (**LifePort**) and paid a distribution following the debt restructure of a portfolio company.

ProChem is a leading provider of oilfield production chemicals, midstream chemicals, and other oil field services in the Permian, Eagle Ford, and Scoop Stack basins. LifePort is a world-class aerospace and defense firm focused on designing, engineering, manufacturing, and certifying solutions for a wide range of fixed and rotor wing aircraft.

CORE Industrial Partners Fund I, L.P. (CORE)

CORE called capital from the LP to fund follow-on investments in several portfolio companies. This was partially offset by the receipt of funds from the prior sale of Prototek and a completion of a transaction involving the SPAC listing of Fathom Digital Manufacturing.

U.S. Select Direct Private Equity II, L.P. (US Select II)

US Select Direct II paid a distribution of US\$10.8 million to the LP relating to the sale of ReSource Pro Holdings and the sale of Callaway common stock received from the TopGolf acquisition.

Nosara Capital Fund I, L.P. (Nosara) called capital to fund follow-on and new portfolio investments during the period while **Gainline Equity Fund, L.P. (Gainline)** distributed investment proceeds to the LP of US\$0.6 million. **Rucker Park Capital Fund, L.P. (Rucker Park)** had no material investment activity during the year.

CD Private Equity Fund IV
Directors' report
31 March 2022

The directors of E&P Investments Limited, the Responsible Entity of the CD Private Equity Fund IV (**Fund**), present their report together with the annual financial statements of the Fund for the financial year ended 31 March 2022.

Directors

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

- Stuart Nisbett (Chair)
- Warwick Keneally
- Peter Shear
- Mike Adams (resigned 9 December 2021)

Directors were in office since the start of the financial year to the date of this report unless otherwise stated.

Information on the directors:

Stuart Nisbett

Stuart is currently Executive Director and Principal at Archerfield Capital Partners, a boutique corporate advisory firm specialising in real estate, which he established in 2008. He has more than 30 years' experience in property development, property funds management, equity and debt raising, corporate advisory and project finance.

Previously, Stuart was Executive Director, Head of Property Funds at ANZ Investment Bank. He was also the Managing Director, Head of Property Banking & Property Investment Banking at N M Rothschild & Sons (Australia) Limited. Stuart has also held senior roles at director level at Macquarie Bank Property Investment Banking Division and at Lendlease Corporation in its development and commercial asset management divisions.

Stuart is a Chartered Accountant and holds a Bachelor of Commerce with Merit and a Masters of Commerce from the University of NSW, and in 2005 was appointed a Fellow of the Australian Property Institute.

Warwick Keneally

Warwick is Head of Finance at E&P Funds, the Funds Management division of E&P Financial Group Limited and Chief Financial Officer of New Energy Solar Manager. Before joining E&P Funds, Warwick worked in chartered accounting firms specialising in turnaround and restructuring. Warwick started his career with KPMG, working in their Canberra, Sydney and London offices and has undertaken a range of complex restructuring and insolvency engagements across Europe, UK and Australia, for a range of Australian, UK, European and US banks. Warwick has worked with companies and lenders to develop and implement strategic business options, provide advice in relation to continuous disclosure requirements, develop cash forecasting training for national firms, and lectured on cash management.

Warwick has a Bachelor of Economics and Bachelor of Commerce from Australian National University and is a Member of the Institute of Chartered Accountants in Australia and New Zealand.

Peter Shear

Peter has significant expertise in funds management, financial advisory and complex lending arrangements including leveraged finance, property development and debt workout situations. Peter is currently a Managing Partner of Archibald Capital which specialises in Opportunistic Credit and Special Situations. Before that Peter was Co-Managing Partner of Opportunistic Lending and Special Situations at LIM Advisors. Prior to this role, Peter held the positions of Chief Risk Officer and Managing Director & Head of Corporate and Structured Finance at Lloyds Banking Group (and its predecessor HBOS plc) in Australia. Peter was also previously a Partner in Corporate Finance & Restructuring at Ernst & Young.

Peter has a Bachelor of Business from the University of Technology Sydney, an Executive MBA from AGSM, is a member of Chartered Accountants Australia and New Zealand, a Fellow of FINSIA and a Graduate Member of the Australian Institute of Company Directors.

**CD Private Equity Fund IV
Directors' report
31 March 2022**

Mike Adams (resigned 9 December 2021)

Mike has extensive experience across a broad range of corporate, commercial and private client sectors. His core practice areas involve the provision of advice and transactional expertise in relation to new and existing retail and wholesale financial products and the regulatory framework within which they operate, as well as debt and equity financing, intellectual property, and film and television media law among others. Mike has previously worked in private practice, public sector and in-house roles in Australia, New Zealand and the United Kingdom, acting across multiple industries for a variety of clients, including high net worth individuals, banks and financial institutions, as well as numerous listed and unlisted corporate entities.

Mike is also a director of MA Law, a Sydney-based financial services law firm, and is admitted as a solicitor of the Supreme Court of NSW. He has a Bachelor of Laws from the University of Otago.

Principal activities and significant changes in nature of activities

The principal activity of the Fund during the financial year was investing in small-to-mid-market 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.

Distributions

There were no distributions paid, recommended or declared during the current or previous financial year.

Review and results of operations

The profit for the Fund after providing for income tax amounted to \$70,230,172 (31 March 2021: \$24,569,686).

The Fund has invested in a limited partnership, US Select Private Opportunities Fund IV, L.P. (LP) which, in turn, invests in small-to-mid market private investment funds. The LP has committed capital across 12 underlying private investment funds which focus on a range of industries including health care, business services, software businesses, and food and consumer products. For the year ended 31 March 2022, 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 year totalled US\$105.5 million.

The Fund has committed capital of US\$115 million, representing an interest of 88.4% in the LP. The Fund's proportionate share of the total capital called as at 31 March 2022 was US\$93.3 million (or \$124.7 million).

Total comprehensive income for the year was \$70,230,172 (2021: \$24,569,686). The key components of this result included a \$82,390,309 fair value movement gain (2021: \$42,841,884 gain) on the Fund's investment in the LP and a \$345,243 foreign exchange movement gain (2021: \$8,553,868 loss) during the year. As at 31 March 2022, the Fund had net assets of \$257,625,372 (2021: \$187,395,200), representing \$2.18 per unit (2021: \$1.59 per unit). To balance date, the Responsible Entity has called \$1.28 per partly paid unit from the Australian investors.

The Fund had a basic and diluted earnings per unit of 59.55 cents for the year ended 31 March 2022 (2021: 20.83 cents per unit).

Events subsequent to the reporting period

No matter or circumstance has arisen since 31 March 2022 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.

Future developments and expected results of operations

The Fund has committed capital to the LP to fund 12 underlying private investment funds and expects to complete its investments as the committed capital is called by the LP. The objective of the Fund is to achieve capital growth over a five to 10 years investment horizon from its exposure to a portfolio of investments in small and mid-market private investment funds and privately held companies predominately focused in the US.

Environmental regulation

The Fund is not subject to any particular and significant environmental regulations under a law of the Commonwealth or a State or Territory.

CD Private Equity Fund IV
Directors' report
31 March 2022

Other relevant information

The following lists other relevant information required under the *Corporations Act 2001*:

- details of fees paid to the Responsible Entity during the financial year – refer to note 16 to the financial statements
- details of number of units in the Fund held by the Responsible Entity, their related parties and Directors at the end of the financial year - refer to note 16 to the financial statements
- details of issued interests in the Fund during the financial year – refer to note 6 to the financial statements.

Options

No options were granted over issued or unissued units in the Fund during, or since, the end of the year.

Indemnity and insurance

Under the Fund's constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Fund's assets for any loss, damage expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Fund.

Insurance premiums have been paid, during or since the end of the financial year, for all of the directors of the Responsible Entity of the Fund. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for the auditor of the Fund.

Non-audit services

Details of the amounts paid or payable to the auditor, Deloitte Touche Tohmatsu, for non-audit services are outlined in note 17 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 17 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services are reviewed and approved prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES110: Code of Ethics for Professional Accountants set by the Accounting Professionals Ethical Standards Board.

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 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



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

30 May 2022

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

30 May 2022

Dear Board Members

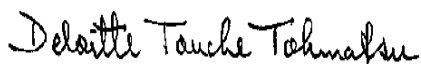
Auditor's Independence Declaration to CD Private Equity Fund IV

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 IV.

As lead audit partner for the audit of the financial report of CD Private Equity Fund IV for the year ended 31 March 2022, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Weng W Ching
Partner
Chartered Accountants

CD Private Equity Fund IV
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2022

	Note	2022	2021
		\$	\$
Investment income			
Interest income		3,700	22,445
Foreign exchange gain/(loss)		345,243	(8,553,868)
Fair value movements of equity investments	10	<u>82,390,309</u>	<u>42,841,884</u>
Total investment income		<u>82,739,252</u>	<u>34,310,461</u>
Expenses			
Management and administration fees	16	(1,001,394)	(700,774)
Custody fees		(45,171)	(33,190)
Registry fees		(22,262)	(25,901)
Legal and professional fees	16	(212,793)	(282,700)
Other expenses		<u>(52,699)</u>	<u>(16,718)</u>
Total expenses		<u>(1,334,319)</u>	<u>(1,059,283)</u>
Profit before income tax expense		81,404,933	33,251,178
Income tax expense	4	<u>(11,174,761)</u>	<u>(8,681,492)</u>
Profit after income tax expense for the year		70,230,172	24,569,686
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>70,230,172</u></u>	<u><u>24,569,686</u></u>
		Cents	Cents
Basic earnings per unit	5	59.55	20.83
Diluted earnings per unit	5	59.55	20.83

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

CD Private Equity Fund IV
Statement of financial position
As at 31 March 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	7	6,524,479	19,174,917
Receivables	9	20,015	257,285
Current tax assets		-	1,061,142
Total current assets		<u>6,544,494</u>	<u>20,493,344</u>
Non-current assets			
Other financial assets	10	<u>268,167,882</u>	<u>176,996,805</u>
Total non-current assets		<u>268,167,882</u>	<u>176,996,805</u>
Total assets		<u>274,712,376</u>	<u>197,490,149</u>
Liabilities			
Current liabilities			
Trade and other payables	11	165,618	176,694
Current tax liabilities		3,343,545	-
Total current liabilities		<u>3,509,163</u>	<u>176,694</u>
Non-current liabilities			
Deferred tax	12	<u>13,577,841</u>	<u>9,918,255</u>
Total non-current liabilities		<u>13,577,841</u>	<u>9,918,255</u>
Total liabilities		<u>17,087,004</u>	<u>10,094,949</u>
Net assets		<u>257,625,372</u>	<u>187,395,200</u>
Equity			
Unit capital	6	144,923,263	144,923,263
Retained earnings		<u>112,702,109</u>	<u>42,471,937</u>
Total equity		<u>257,625,372</u>	<u>187,395,200</u>

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

CD Private Equity Fund IV
Statement of changes in equity
For the year ended 31 March 2022

	Unit capital \$	Retained earnings \$	Total equity \$
Balance at 1 April 2020	107,182,734	17,902,251	125,084,985
Profit after income tax expense for the year	-	24,569,686	24,569,686
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	24,569,686	24,569,686
<i>Transactions with unitholders in their capacity as unitholders:</i>			
Issued capital (note 6)	<u>37,740,529</u>	-	<u>37,740,529</u>
Balance at 31 March 2021	<u>144,923,263</u>	<u>42,471,937</u>	<u>187,395,200</u>
	Unit capital \$	Retained earnings \$	Total equity \$
Balance at 1 April 2021	144,923,263	42,471,937	187,395,200
Profit after income tax expense for the year	-	70,230,172	70,230,172
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	70,230,172	70,230,172
Balance at 31 March 2022	<u>144,923,263</u>	<u>112,702,109</u>	<u>257,625,372</u>

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

CD Private Equity Fund IV
Statement of cash flows
For the year ended 31 March 2022

	Note	2022	2021
		\$	\$
Cash flows from operating activities			
Interest income received		4,208	40,831
Net payments to suppliers		<u>(1,108,633)</u>	<u>(1,247,245)</u>
Net cash used in operating activities	8	<u>(1,104,425)</u>	<u>(1,206,414)</u>
Cash flows from investing activities			
Payments for investments		<u>(11,989,909)</u>	<u>(23,688,667)</u>
Net cash used in investing activities		<u>(11,989,909)</u>	<u>(23,688,667)</u>
Cash flows from financing activities			
Proceeds from issue of units		<u>-</u>	<u>37,740,529</u>
Net cash from financing activities		<u>-</u>	<u>37,740,529</u>
Net (decrease)/increase in cash and cash equivalents		(13,094,334)	12,845,448
Cash and cash equivalents at the beginning of the financial year		19,174,917	15,272,989
Effects of exchange rate changes on cash and cash equivalents		<u>443,896</u>	<u>(8,943,520)</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>6,524,479</u></u>	<u><u>19,174,917</u></u>

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

CD Private Equity Fund IV
Notes to the financial statements
31 March 2022

1. General information

CD Private Equity Fund IV (**Fund**) 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 IV, L.P. (**LP**) registered in the Cayman Islands.

(i) Basis of preparation

The financial statements have been prepared on an accrual basis and are based on historical cost with the exception of financial assets, which are measured at fair value. All amounts are presented in Australian dollars unless otherwise noted.

(ii) Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures the financial statements and notes to the financial statements of the Fund comply with the International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**).

The financial statements were authorised for issue by the directors on 30 May 2022. For the purposes of preparing the financial statements, the Fund is a for-profit entity.

(iii) Adoption of new and revised Accounting Standards

The Fund has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current year. No new or revised Standards and Interpretations effective for the current year are considered to materially impact the Fund.

(iv) Accounting Standards and Interpretations issued but not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The potential impact of the new or revised Standards and Interpretations for reporting periods on or after 1 April 2022 are not expected to be material to the Fund. The potential impact of the new or revised Standards and Interpretations for reporting periods on or after 1 April 2023 are yet to be determined.

AASB 2020-1 'Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current'
AASB 2020-6 'Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date'

These standards are applicable to annual reporting periods beginning on or after 1 April 2023.

AASB 2020-3 'Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments'

This standard is applicable to annual reporting periods beginning on or after 1 April 2022.

AASB 2021-2 'Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates'

This standard is applicable to annual reporting periods beginning on or after 1 April 2023.

2. Summary of significant accounting policies

The following is a summary of the material accounting policies adopted by the Fund in the preparation and presentation of the financial report.

2. Summary of significant accounting policies (continued)

a) Foreign currencies

The functional and presentation currency of the Fund is Australian dollars. This is based on an assessment that the primary economic environment in which the Fund operates is Australia.

Transactions in foreign currencies are initially recorded in Australian dollars by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies that are outstanding at the reporting date are retranslated at the rate of exchange ruling at the Statement of Financial Position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences arising on translation are recognised in profit or loss in the period in which they arise.

b) Financial instruments

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Fund becomes a party to the contractual provisions of the instrument.

(i) Financial assets

The Fund's financial assets comprise of cash and cash equivalents, receivables and an interest in a Limited Partnership.

When financial assets are recognised initially, they are measured at fair value plus, in the case of financial assets not at fair value through profit and loss, directly attributable transaction costs.

Cash and cash equivalents and receivables are subsequently measured at amortised cost using the effective interest rate method only if the following conditions are met, otherwise they are measured at fair value:

- Where a financial asset is held within a business model for the objective to collect contractual cash flows; and
- Contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

The interest held by the Fund in the Limited Partnership (refer to (c) below) does not meet the conditions to satisfy subsequent measurement at amortised cost, and is therefore be measured on an ongoing basis at fair value through profit and loss.

Gains and losses on all other financial assets at fair value are recognised in profit or loss.

(ii) Financial liabilities

Financial liabilities are classified as derivative and non-derivative instruments as appropriate. The Fund determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value. Non-derivative instruments are subsequently measured at amortised cost using the effective interest rate method. Derivative liabilities are subsequently measured at fair value.

(iii) Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged or cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

(iv) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in the principal (or most advantageous) market at balance date under current market conditions. Fair value is determined based on the bid price for all quoted investments in an active market. Valuation techniques are applied to determine the fair value for all unlisted securities and securities in markets that are not active. The interest in the Limited Partnership held by the Fund is valued using a 'proportionate' value method based on the proportion of the total net asset value (determined on a fair value basis) of the limited partnership in which the Fund has an interest at each balance date. The fair value will be net of distribution receipts from the Limited Partnership.

c) Interest in Limited Partnership

The Fund has entered into a partnership arrangement with Cordish Private Ventures with a primary strategy of investing in US small-to-mid-market private investment funds. The partnership has been structured through a limited partnership vehicle – US Select Private Opportunities Fund IV, L.P. (**LP**), in which the Fund has an 88.4% interest. The interest held by the Fund is regarded as a financial asset which is recorded at fair value (refer to note 2(b)(iv) for the fair value valuation basis adopted in respect of the partnership interest held). Subsequent changes in fair value are recognised in profit or loss.

Distributions of capital or income received from the LP are recorded against the investment account, reflecting the fact that such amounts would previously have been included in the investment account either through capital contributions made or through fair value movements recognised in respect of unrealised capital or operating profits relating to the underlying investments.

d) Impairment of financial assets

The Fund recognises a loss allowance for expected credit losses (**ECL**) on financial assets that are measured at amortised cost. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Fund recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

No impairment assessment is performed in respect of the Interest in the Limited Partnership, where fair value changes are recorded in profit or loss.

e) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

f) Receivables

Receivables are financial assets with a contractual right to receive fixed or determinable payments that are not quoted in an active market. Receivables also include other accrued receivables. Receivables are recorded at amounts due less any loss allowance for ECLs.

g) Taxes

(i) Income tax

Under current Australian income tax laws, the Fund is not liable to pay income tax provided it is not a corporate unit trust or public trading trust and its distributable income for each income year is fully distributed to unitholders, by way of cash or reinvestment.

2. Summary of significant accounting policies (continued)

The Fund may be liable to pay income tax in the United States of America (**US**) dependent on the structure of private investment funds in which the Limited Partnership invests and in turn the structure of the underlying investments made by the private investment funds. Rates of tax will vary dependent on the source of income derived.

A deferred tax liability is recognised (at the likely rate of tax in the US) based on the difference between the fair value and tax cost base of certain underlying investments in respect of which an economic interest is held by the Fund and on which income tax will likely be payable in the US on realisation of such investments.

(ii) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Where fees are stated to be exclusive of GST and GST is payable on any fee, the fee will be increased by an amount equal to the GST payable.

Cash flows are included in the Statement of cash flows on a gross basis, except for the GST component of cash flows arising from investing and financing activities which are disclosed as operating cash flows.

The Fund qualifies for reduced input tax credits at a minimum rate of 55%.

h) Interest income

Interest income is recognised in profit or loss using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

i) Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

j) Trade and other payables

Trade and other payables are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods or services. The balance is unsecured and is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

k) Earnings per unit

Basic earnings per unit is calculated by dividing the profit or loss attributable to unitholders by the weighted average number of units outstanding during the financial period. Diluted earnings per unit is the same as there are no potential dilutive ordinary units.

l) Unit capital

(i) Ordinary units

Ordinary units are classified as equity. Issued capital is recognised at the fair value of the consideration received by the Fund. Incremental costs directly attributable to the issue of ordinary units are recognised as a deduction from equity.

(ii) Distributions to unitholders

Distributions payable are recognised in the reporting period in which the distributions are declared, determined, or publicly recommended by the board of the Responsible Entity on or before the end of the financial period, but not distributed at balance date.

2. Summary of significant accounting policies (continued)

m) 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 note 10 (iv)), recognition of a deferred tax liability in respect of likely US tax obligations which will arise from underlying fund investment realisations (refer note 12), and selection of Australian dollars as the functional currency of the Fund (refer note 2 (a)).

3. Operating segment

The Fund operates a single reportable segment, that being the business of investing in small-to-mid-market private investment funds and privately held companies 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 financial statements and notes to the financial statements of the Fund.

4. Income tax expense

	2022 \$	2021 \$
<i>Income tax expense/(benefit)</i>		
Deferred tax:		
- In respect of current year	11,174,761	8,681,492
Aggregate income tax expense	<u>11,174,761</u>	<u>8,681,492</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	81,404,933	33,251,178
Tax at the statutory tax rate of 30%	24,421,480	9,975,353
Tax effect of differences between accounting profit and taxable income:		
- Income and expenditure of Australian trust not subject to tax in Australia	(24,421,480)	(9,975,353)
- Fair value movement likely to be subject to USA taxation	11,174,761	8,681,492
Income tax expense	<u>11,174,761</u>	<u>8,681,492</u>

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5. Earnings per unit

	2022	2021
	\$	\$
Profit after income tax	<u>70,230,172</u>	<u>24,569,686</u>
	Number	Number
Weighted average number of ordinary units used in calculating basic earnings per unit	<u>117,939,153</u>	<u>117,939,153</u>
Weighted average number of ordinary units used in calculating diluted earnings per unit	<u>117,939,153</u>	<u>117,939,153</u>
	Cents	Cents
Basic earnings per unit	59.55	20.83
Diluted earnings per unit	59.55	20.83

There are no adjustments on the basic earnings per unit for the calculation of diluted earnings per unit and there are no transactions that would significantly change the number of ordinary units at the end of the reporting period.

6. Equity - unit capital

	2022	2021	2022	2021
	Units	Units	\$	\$
Ordinary units - partly paid	<u>117,939,153</u>	<u>117,939,153</u>	<u>144,923,263</u>	<u>144,923,263</u>

Ordinary units - partly paid

Ordinary units are issued on a partly paid basis, up to a fully paid amount of \$1.60 per unit. The partly paid ordinary units are called on in accordance with the Constitution and as required by the Responsible Entity of the Fund. Partly paid ordinary units carry the same rights and entitlements on a fractional basis, as fully paid ordinary units, with such fractions being the equivalent to the proportion which the amount paid is of the fully paid amount of the units.

117,939,153 ordinary units were issued on 6 April 2018. The fourth instalment of \$0.32 per partly paid unit was called on 17 April 2020.

Capital management

The Fund manages its capital to ensure it will be able to continue as a going concern while maximising the return to unitholders. The capital structure of the Fund consists of issued capital amounting to \$144,923,263. The Fund is not subject to any externally imposed capital requirements.

7. Current assets - cash and cash equivalents

	2022	2021
	\$	\$
Cash at bank	<u>6,524,479</u>	<u>19,174,917</u>

The exposure to interest rate risk and a sensitivity analysis is disclosed in note 14 to the financial statements.

CD Private Equity Fund IV
Notes to the financial statements
31 March 2022

8. Reconciliation of profit after income tax to net cash used in operating activities

	2022	2021
	\$	\$
Profit after income tax expense for the year	70,230,172	24,569,686
Adjustments for:		
Fair value movements of equity investments	(82,390,309)	(42,841,884)
Net foreign exchange loss/(gain)	(408,250)	8,914,082
Tax liability settled by LP (note 10(ii))	3,173,495	1,061,142
Change in operating assets and liabilities:		
Decrease/(increase) in receivables	237,270	(177,034)
(Increase) in current tax assets	-	(1,061,142)
(Decrease)/increase in payables	(11,076)	7,458
Increase in deferred tax liabilities	3,659,586	8,321,278
Increase in current tax liabilities	4,404,687	-
Net cash used in operating activities	<u>(1,104,425)</u>	<u>(1,206,414)</u>

9. Current assets - receivables

	2022	2021
	\$	\$
Interest receivable	133	641
GST receivable	19,882	13,964
Other receivable	-	242,680
	<u>20,015</u>	<u>257,285</u>

There are no balances included in receivables that contain assets that are impaired. All receivables are non interest bearing. No receivable amounts are overdue. The receivables are recorded at carrying amounts that are reasonable approximations of fair value.

10. Non-current assets - other financial assets

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

	2022	2021
	\$	\$
US Select Private Opportunities Fund IV, LP (LP)	<u>268,167,882</u>	<u>176,996,805</u>

	2022	2021
	\$	\$
(ii) Reconciliation:		
Balance at the beginning of the year	176,996,805	111,497,958
Capital invested - at cost	11,954,263	23,718,105
Movement in fair value through profit or loss*	82,390,309	42,841,884
Distributions received from LP^	<u>(3,173,495)</u>	<u>(1,061,142)</u>
Balance at the end of the year	<u>268,167,882</u>	<u>176,996,805</u>

CD Private Equity Fund IV
Notes to the financial statements
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10. Non-current assets - other financial assets (continued)

*Included in the 'movement in fair value' amount of \$82,390,309 (2021: \$42,841,884) is an unrealised foreign exchange translation gain component of \$1,667,783 (2021: \$25,618,994 loss). This amount is also net of the Fund's 88.4% share of management fees paid by the LP to the General Partner of the LP, totalling \$1,555,685 (2021: \$1,599,496) and performance fees accrued by the LP to the GP, totaling \$13,783,341 (2021: \$5,870,877) (refer to note 16).

^Net distributions received from the LP totalling \$3,173,495 (US\$2,306,833) were through the settlement of the Fund's US tax obligations 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 88.4% 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 88.4% interest in US Select Private Opportunities Fund IV, L.P. at 31 March 2022 is represented by its proportionate interest in the LP's assets and liabilities as follows:

	2022 \$	2021 \$
Cash	37,865,660	11,768,583
Investment in US private investment funds recorded at fair value:		
Astra Partners I, LP	7,267,125	5,399,447
CORE Industrial Partners Fund I, LP	46,959,324	28,886,702
Elephant Partners II, LP	21,246,381	16,795,514
Gainline Equity Fund, LP	21,351,755	15,778,386
Nosara Capital Fund I, LP	33,780,566	11,626,624
Quad Partners V, LP	7,526,480	6,123,461
Trivest Fund VI, LP	10,822,883	4,039,189
US Select Direct Private Equity II, LP	54,596,046	43,334,122
Wavcrest Growth Partners I, LP	20,881,257	14,989,593
Incline Elevate Fund, LP	9,254,373	17,386,606
Tower Arch Partners II, LP	6,472,074	4,128,685
Rucker Park Capital Fund, LP	3,828,156	2,513,179
Prepaid Investment management fees	99,143	97,591
Accrued performance fees	<u>(13,783,341)</u>	<u>(5,870,877)</u>
Net assets*	<u>268,167,882</u>	<u>176,996,805</u>

*Included in net assets of \$268,167,882 (2021: \$176,996,805) are investments in US private investment funds of \$243,986,420 (2021: \$171,001,508).

(iv) Valuation

The COVID-19 pandemic is on-going, with asset markets experiencing volatility, as well as creating uncertainty on its future economic impact. The Investment Manager continues to monitor potential COVID-19 impacts on the valuation of the Fund's portfolio of underlying private investment funds. The fair value of the Fund's interest in the LP was determined based on conditions existing at balance date. The prolonged duration of the pandemic as well as uncertainties as to future economic conditions may impact on the future fair value of the Fund's interest in the LP.

The Fund has adopted its established valuation basis as described below to determine fair value of the Fund's equity investment in the LP.

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

Valuation technique adopted

The fair value of the Fund's interest in the LP is determined using a proportionate value method based on the Fund's 88.4% 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 valuation of the Fund's equity investment in the LP are based on the fair values of the underlying investment funds at 31 December 2021 adjusted for any changes to those valuations to reflect movements to 31 March 2022, including foreign exchange translation impacts arising from translating the USD denominated interest in the LP to AUD at each balance date.

Refer to note 14 for Market Risk sensitivity analysis.

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 upon a range of factors including, but not limited to, the initial purchase price, 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 note 12).

(v) Capital commitments

As at 31 March 2022, the Fund has made capital commitments totalling US\$115.0 million to the LP, of which US\$93.3 million has been called at balance date.

As at 31 March 2022, the Fund has uncalled capital commitments of US\$21.7 million (or \$29.0 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 AUD:USD year-end exchange rate of 0.7482.

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11. Current liabilities - trade and other payables

	2022	2021
	\$	\$
Trade creditors	-	16,500
Accrued liabilities	165,618	160,194
	<u>165,618</u>	<u>176,694</u>

Refer to note 14 for further information on financial instruments.

The average credit period for trade creditors is generally 30 days. No interest is charged on trade creditors from the date of the invoice. The Fund has risk management policies in place to ensure invoices are paid within credit terms.

12. Non-current liabilities - deferred tax

	2022	2021
	\$	\$
Deferred tax liability	<u>13,577,841</u>	<u>9,918,255</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.

13. Equity - distributions

There were no distributions paid, recommended or declared during the current or previous financial year.

14. Financial instruments

Financial risk management objectives

The Fund is exposed to the following risks from its use of financial instruments:

- market risk (foreign exchange risk, market price risk and interest rate risk)
- credit risk
- liquidity risk.

The Responsible Entity has overall responsibility for the establishment and oversight of the risk management framework, including developing and monitoring risk management policies.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices. The Fund is primarily exposed to market risks arising from fluctuations in market price risk, foreign currency and interest rates. Refer to note 10(iv) for further details of risks relating to equity prices.

(i) Foreign exchange risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency. Foreign exchange rate movements will impact on the Australian dollar (**AUD**) value of the Fund's financial assets and liabilities denominated in a currency that is not the Fund's functional currency.

The Fund is exposed to US dollar (**USD**) foreign exchange risk through its USD denominated cash balances, its investment activities and income derived from these activities.

CD Private Equity Fund IV
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14. Financial instruments (continued)

The table below details the carrying amounts of the Fund's foreign exchange risk as at the end of the reporting period. This represents the Australian dollar exposure, converted at an exchange rate of 0.7482.

	Assets		Liabilities	
	2022	2021	2022	2021
	\$	\$	\$	\$
Cash and cash equivalents	6,339,465	17,882,451	-	-
Receivables	106	414	-	-
Current tax assets	-	1,061,142	-	-
Financial assets (equity investments)	268,167,882	176,996,805	-	-
Trade and other payables	-	-	-	(38,623)
Current tax liabilities	-	-	(3,343,545)	-
	<u>274,507,453</u>	<u>195,940,812</u>	<u>(3,343,545)</u>	<u>(38,623)</u>

Sensitivity analysis

The effect of the foreign exchange risk relating to equity investments (investment in Limited Partnership) is recorded in profit or loss as part of the overall fair value movement in the investment (refer to note 10(ii)). The effect of foreign exchange risk relating to cash and cash equivalents is recorded in profit or loss as a foreign exchange gain or loss.

The Fund considers a 10% movement in the AUD against USD as at 31 March 2022 to be a reasonable possibility at the end of the reporting period. The impact of the strengthening and weakening of AUD against USD in profit or loss and equity is shown by the amounts below as it relates to cash and cash equivalents, equity investments and trade and other payables. This analysis assumes that all other variables remain constant.

2022	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Cash and cash equivalents	10%	(576,315)	(576,315)	(10%)	704,385	704,385
Receivables	10%	(10)	(10)	(10%)	12	12
Equity investments	10%	(24,378,898)	(24,378,898)	(10%)	29,796,431	29,796,431
Current tax liabilities	10%	303,959	303,959	(10%)	(371,505)	(371,505)
		<u>(24,651,264)</u>	<u>(24,651,264)</u>		<u>30,129,323</u>	<u>30,129,323</u>

2021	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Cash and cash equivalents	10%	(1,625,677)	(1,625,677)	(10%)	1,986,939	1,986,939
Receivables	10%	(38)	(38)	(10%)	46	46
Equity investments	10%	(16,090,619)	(16,090,619)	(10%)	19,666,312	19,666,312
Trade and other payables	10%	3,511	3,511	(10%)	(4,291)	(4,291)
Current tax assets	10%	(96,467)	(96,467)	-	117,905	117,905
		<u>(17,809,290)</u>	<u>(17,809,290)</u>		<u>21,766,911</u>	<u>21,766,911</u>

(ii) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to individual investments or factors affecting all instruments traded in the market.

14. Financial instruments (continued)

Sensitivity analysis

The Fund considers a 10% increase or decrease to be a reasonably possible change in market prices at the reporting date. The sensitivity analysis below reflects the Fund's proportionate exposure to market price risk of the underlying equity investments of the private investment partnership excluding any foreign exchange impact. The impact of a 10% movement in market prices (excluding foreign exchange impact) on profit or loss and equity is shown in the table below:

2022	% change	Average price increase		% change	Average price decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Equity investments (refer note 10(iii))	10%	<u>24,398,642</u>	<u>24,398,642</u>	(10%)	<u>(24,398,642)</u>	<u>24,398,642</u>

2021	% change	Average price increase		% change	Average price decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Equity investments (refer note 10(iii))	10%	<u>17,100,151</u>	<u>17,100,151</u>	(10%)	<u>(17,100,151)</u>	<u>(17,100,151)</u>

(iii) Interest rate risk

The Fund is exposed to interest rate risk on its variable rate bank deposits. The Fund currently does not hedge against this exposure.

Sensitivity analysis

The Fund considers a 50 basis point increase or decrease to be a reasonably possible change in interest rates. The impact of a 50 basis point movement in interest rates on profit or loss and equity is shown in the table below.

2022	Basis points change	Basis points increase		Basis points change	Basis points decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Variable rate bank deposits	50	<u>32,622</u>	<u>32,622</u>	(50)	<u>(32,622)</u>	<u>(32,622)</u>

2021	Basis points change	Basis points increase		Basis points change	Basis points decrease	
		Effect on profit before tax	Effect on equity		Effect on profit before tax	Effect on equity
Variable rate bank deposits	50	<u>95,875</u>	<u>95,875</u>	(50)	<u>(95,875)</u>	<u>(95,875)</u>

b) Credit risk

Credit risk is the risk that contracting parties to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. The Fund manages credit risk by ensuring deposits are made with reputable financial institutions. The majority of funds at year end were deposited with Macquarie Bank Limited (Australia).

The carrying amount of financial assets that represents the maximum credit risk exposure at the end of reporting period are detailed below:

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14. Financial instruments (continued)

	2022 \$	2021 \$
Summary of exposure		
Cash and cash equivalents	6,524,479	19,174,917
GST receivable	19,882	13,964
Interest receivable	133	641
Current tax assets	-	1,061,142
Other receivable	-	242,680
	<u>6,544,494</u>	<u>20,493,344</u>

c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's liquidity primarily comprises cash at bank totalling \$6,524,479 at 31 March 2022. In accordance with the Constitution, the Responsible Entity can call on the unpaid amount of partly paid units as required. At 31 March 2022, \$0.32 per partly paid unit is yet to be called, amounting to \$37,740,529. Together, these are held to cover the Fund's day-to-day running costs and expenditures and to fund its capital commitments to the LP which total \$28,966,955 at balance date.

The following is the contractual maturity of financial liabilities and capital commitments. The table has been drawn based on the undiscounted cash flows of liabilities based on the earliest date on which the Fund can be required to settle the liability.

	Less than 12 months \$	At call \$	Remaining contractual maturities \$
2022			
Non-derivatives			
<i>Non-interest bearing</i>			
Trade and other payables	165,618	-	165,618
Capital commitments*	-	28,966,955	28,966,955
Total non-derivatives	<u>165,618</u>	<u>28,966,955</u>	<u>29,132,573</u>
	Less than 12 months \$	At call \$	Remaining contractual maturities \$
2021			
Non-derivatives			
<i>Non-interest bearing</i>			
Trade and other payables	176,694	-	176,694
Capital commitments*	-	40,167,452	40,167,452
Total non-derivatives	<u>176,694</u>	<u>40,167,452</u>	<u>40,344,146</u>

* LP commitments may be called at any time in the future up until the first to occur of the date the aggregate commitments have been invested, the fifth anniversary date after the first call or certain other specified termination events.

CD Private Equity Fund IV
Notes to the financial statements
31 March 2022

15. 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).

2022	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<i>Financial assets carried at fair value</i>				
Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund IV, LP	-	-	268,167,882	268,167,882
Total assets	-	-	268,167,882	268,167,882

2021	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<i>Financial assets carried at fair value</i>				
Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund IV, LP	-	-	176,996,805	176,996,805
Total assets	-	-	176,996,805	176,996,805

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 financial year.

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 10(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.

16. Related party disclosures

Key management personnel

Stuart Nisbett, Warwick Keneally and Peter Shear 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.

As at reporting date, details of directors who hold units for their own benefit or who have an interest in holdings through a third party and the total number of such units held are listed as follows:

	2021	2020
Warwick Keneally	<u>9,375</u>	<u>9,375</u>

CD Private Equity Fund IV
Notes to the financial statements
31 March 2022

16. Related party disclosures (continued)

Related party investments in the scheme

As at 31 March 2022, E&P Private Investments Pty Limited, a subsidiary of E&P Financial Group Limited, who is the parent entity of the Responsible Entity, held 302,625 partly paid ordinary units (2021: 31,250 units), representing a 0.26% interest (2021: 0.03%) in the Fund.

At at 31 March 2022, E&P Investments Limited in its capacity as the Responsible Entity of the Fund held 133,625 partly paid ordinary units (2021: nil), representing a 0.11% interest in the Fund.

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, plus uncalled amounts on the Units. This is comprised of the Responsible Entity Fee of 0.08% per annum and Administration Fee 0.25% per annum. Management fees are paid to the Responsible Entity monthly in arrears.

The total management fees paid to the Responsible Entity for the year ended 31 March 2022 was \$899,798 (2021: \$611,342), exclusive of GST. As at 31 March 2022, there were outstanding management fees of \$83,965, exclusive of GST (2021: \$58,518).

Fund administration fee

Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of E&P Financial Group 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 fee paid or payable for the year ended 31 March 2022 were \$60,000, exclusive of GST (2021: \$60,000).

Investment manager fee

US Select Private Opportunities Fund IV, L.P. (LP), in which the Fund holds an 88.4% interest, is required to pay its Investment Manager, US Select Private Opportunities Fund IV, 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 1.0% 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 fee paid or payable during the year amounted to \$1,759,825 (US\$1,301,300) (2021: \$1,809,384 (US\$1,301,300)). The Fund's 88.4% interest equates to \$1,555,685 (2021: \$1,599,496). In addition, prepaid expenses to the GP totalling \$99,143 remain outstanding at balance date. This fee is recorded in the books of the LP.

The GP is also entitled to a performance fee of 10% of the return achieved by the LP above invested capital once a cumulative, non-compounded, pre-tax return of 8% per annum (**Hurdle Rate**) on all capital contributed to the LP and not yet returned by distribution to the limited partners. The Hurdle Rate references to the LP, not the Fund level, and is denominated in US dollars. The performance fees will only be paid following the limited partners' actual receipt of invested capital and once the Hurdle Rate is achieved, through distribution of income and capital by the LP. For the year ended 31 March 2022, US\$11,650,656 was accrued as performance fees. The Fund's interest equates to \$13,783,341 (US\$10,312,697). This fee is accrued in the books of the LP.

US Select Direct Private Equity II, L.P.

At balance date, the Fund's share of the LP's investment in US Select Direct Private Equity II, L.P. was \$54,596,046 (US\$40,848,762) (2021: \$43,334,122 (US\$32,925,266)). The General Partner of this investment is associated with the Responsible Entity of the Fund.

CD Private Equity Fund IV
Notes to the financial statements
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16. Related party disclosures (continued)

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 up to 9 December 2021, is also a director and shareholder of MDA1 Pty Limited. The fees paid or payable for the year ended 31 March 2022 were \$4,496 (2021: \$11,526), exclusive of GST and are included in the total legal and professional fees in the statement of profit or loss and other comprehensive income.

17. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Fund, and its network firms:

	2022	2021
	\$	\$
<i>Audit services - Deloitte Touche Tohmatsu</i>		
Audit or review of the financial statements	<u>66,200</u>	<u>62,500</u>
<i>Other services - Deloitte Touche Tohmatsu</i>		
Taxation services	<u>8,500</u>	<u>6,450</u>
	<u><u>74,700</u></u>	<u><u>68,950</u></u>
<i>Other Audit Firms - Deloitte Tax LLP</i>		
Taxation services	<u><u>42,590</u></u>	<u><u>39,731</u></u>

18. Capital commitments

Other than the capital commitments disclosed in note 10(v) to the financial statements, the Fund does not have any other capital commitments outstanding for the year ended 31 March 2022.

19. Contingent liabilities

The directors of the Responsible Entity are not aware of any potential liabilities or claims against the Fund as at balance date.

20. Events after the reporting period

No matter or circumstance has arisen since 31 March 2022 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 IV
Directors' declaration
31 March 2022

The directors of the Responsible Entity declare that, in the directors' opinion:

- the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and the Corporations Regulations 2001;
- the attached financial statements are in compliance with International Financial Reporting Standards as stated in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the Fund's financial position as at 31 March 2022 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the directors of the Responsible Entity



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

30 May 2022

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

Opinion

We have audited the financial report of CD Private Equity Fund IV, (the "Fund") which comprises the statement of financial position as at 31 March 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Fund's financial position as at 31 March 2022 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of E & P Investments Limited, the Responsible Entity of the Fund ("the directors"), would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Fund's annual report for the year ended 31 March 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

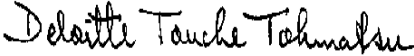
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Deloitte.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



DELOITTE TOUCHE TOHMATSU



Weng W Ching
Partner
Chartered Accountants
Sydney, 30 May 2022

CD Private Equity Fund IV
Directory
31 March 2022

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