

## Key investment events

- CD Fund returns (CD1 to CD4) of 10.7%, 12.1%, 12.6% and 14.6% for the quarter and 35.3%, 34.5%, 47.1% and 42.2% over the past twelve months (respectively). Noting that the Australian dollar has provided a tailwind of approximately 8% over both time periods.
- Positive activity continued across all CD Funds. Exits/liquidity events occurred across CD2, CD3 and CD4. CD3 and CD4 continues to find attractive investment opportunities.
- As 30 June 2022, CD1 to CD4 have achieved returns of 2.43x, 2.41x, 2.14x and 1.84x on initial unitholder investment, respectively. Inclusive of distributions announced in June 2022 – 24 cents per unit (CD3) and 16 cents per unit (CD4).
- CD4 called outstanding Unit capital with payment due 2 August 2022.

## Fund update

There were a number of successful capital deals across the Funds in the June quarter, including the acquisition of Sage Veterinary Centres (underlying investment of CD2) by NVA and an add-on acquisition of Sweda Company to existing portfolio company SnugZ (underlying investment in CD4).

**Sage Veterinary Centres (CD2)** – completed a transaction, first announced in June 2021, to be acquired by National Veterinary Associates (NVA) in June 2022. Held through Chicago Pacific Founders Fund, L.P. (CPF), Sage is a specialty and emergency veterinary service group operating out of 18 US locations whilst NVA is a substantially

larger veterinary group, operating 85 speciality operations, amongst a larger network of other hospitals. At a value in excess of US\$1 billion this transaction has resulted in a substantial uplift on invested capital. Over the four-year holding period CPF and company management significantly increased the footprint and improved operating margins. CPF will roll over a portion of investment proceeds into NVA as part of the transaction.

**Sweda Company (CD4)** – a promotional and gifting products provider, announced it had been acquired by existing portfolio company SnugZ USA, LLC (SnugZ). Held via Tower Arch Partners II, L.P. (Tower Arch) Sweda is a leading wholesale supplier, merchandiser, and marketer of gifting and promotional products.

The acquisition combines two promotional products industry leaders to offer customers one of the widest and most diverse product offerings in the industry. The merger is expected to yield meaningful operational synergies.

## Market comment

Global equities (MSCI World Index) were down again this quarter, returning -9.1% in Australian dollar (AUD) terms and -14.3% in local currency terms as the AUD declined 7.7% in US dollar terms. Markets were under sustained pressure during the quarter as central banks continued to raise interest rates in response to inflation prints. Geopolitical uncertainty also led to increased volatility as energy prices moved higher, increasing inflationary pressures, exacerbating supply chain disruption and increasing risks to global growth. As rates have moved higher, so has the level of concern that central bank responses may curb economic activity more than anticipated, resulting in recession in the US and globally.

US large caps declined 16.1% (S&P500 Index) while US small caps followed, declining 17.2% (Russell 2000 Index) in USD terms over the quarter, while high growth or tech-related investments declined further. The US Federal Reserve (Fed) maintained a hawkish stance to combat the persistent inflationary pressures – a tight labour market remains, strong consumer spending and ongoing supply shortages. The June 2022 CPI print was 9.1% (year-on-year), the highest reading since 1981. The Fed's response has been to raise rates a further 125 basis points (bp) in May and June, taking the Fed Funds rate to between 1.50% - 1.75%, adding a further 75bp in July. Market expectations for peak rates moderated towards the end of the quarter as the likelihood of a recession increased, reflected in US Treasury yields. The yield on 3-Year US Treasuries started the year at 1%, peaked at 3.6% in June and ended the quarter at 3.0%.

High inflation, rising interest rates, slowing supply chains and a strong employment market may impact on future operating margins, and elevate downside risks to valuations across private markets, however the existing “dry powder” should continue to provide support for deals across the spectrum. It is prudent to note that periods of increased uncertainty tend to increase hold periods for private investments, and while we anticipate that the broader market dynamic should limit downside risks, the next few years may prove to be difficult for those companies that are not well funded. **Again, we reiterate that the CD Funds have targeted investments with lower-middle market managers with strong track records, where entry multiples are lower and management teams have historically generated strong returns.**

Managers on the whole continue to look through the recent public market correction, a reflection of funding levels and underlying fundamentals. Within the private equity universe good companies are still commanding strong valuations and there were a number of strong exits or liquidity events across the series this quarter. The expectation is that realisations will continue to be made across the Series, despite the economic uncertainty.

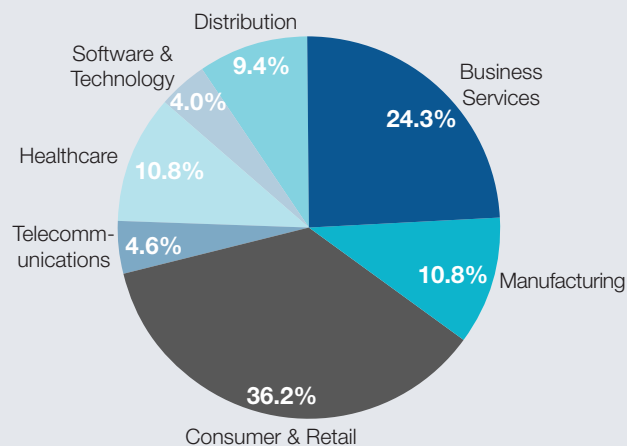
After fees and taxes, Q1 returns for CD1, CD2, CD3 and CD4 were 10.7%, 12.1%, 12.6% and 14.6% respectively, with the depreciating AUD (against the USD) adding approximately 8% to Fund returns. CD1 to CD4 have now returned via distributions 1.53x, 1.08x, 0.72x and 0.13x, respectively, initial investment to unitholders – including distributions announced by CD3 and CD4 in June. Inclusive of the 30 June 2022 NTA for each, these Funds have achieved, to date, a return of 2.43x, 2.41x, 2.14x and 1.84x based on initial unitholder investment.

Regards  
CD Private Equity Team

KEY FUND DETAILS	FUND 1	FUND 2	FUND 3	FUND 4
ASX ticker	CD1	CD2	CD3	n/a
Inception	August 2012	April 2013	July 2016	April 2018
Pre-tax NTA	\$1.49	\$2.27	\$2.36	\$2.34
Post-tax NTA	\$1.45	\$2.13	\$2.27	\$2.20
Gross Assets	\$54.6 million	\$119.1 million	\$187.6 million	\$295.5 million
Number of managers	8	12	13	12
Total underlying investments (since inception)	96	122	140	120
Investments during the quarter	0	0	1	1
Full realisations	63	71	42	14
Realisations during the quarter	0	0	2	2
Current portfolio companies	33	51	98	106
Average age of remaining companies	6.6 years	5.2 years	3.4 years	2.4 years

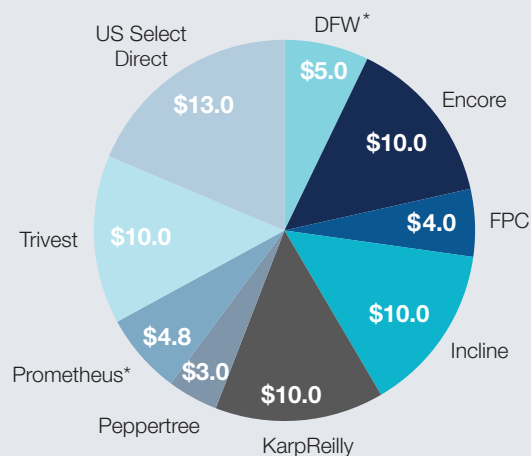
<sup>1</sup> Source: E&P Investments Limited. Historical performance is not a guarantee of the future performance of the Funds. The current NTAs per unit (shown above) are as at 30 June 2022. Note: Underlying investment figures are collected on a lagged basis and may not reflect actual exposures at period end.

## CD1 portfolio asset allocation



Note: Numbers may not add to 100% due to rounding.

## LP commitments to underlying managers (US\$69.8m)



Note: The Fund has an 85.5% interest in the LP. Cordish Private Ventures and US Select Private Opportunities Fund GP LLC contributed the remaining amount based on their proportional shares. Numbers may not add due to rounding. \*The LP received a final distributions from Prometheus Partners IV, L.P. in 2016 and DFW Capital Partners IV, L.P. in December 2021 and has no remaining capital with these funds.

## CD1 Fund performance

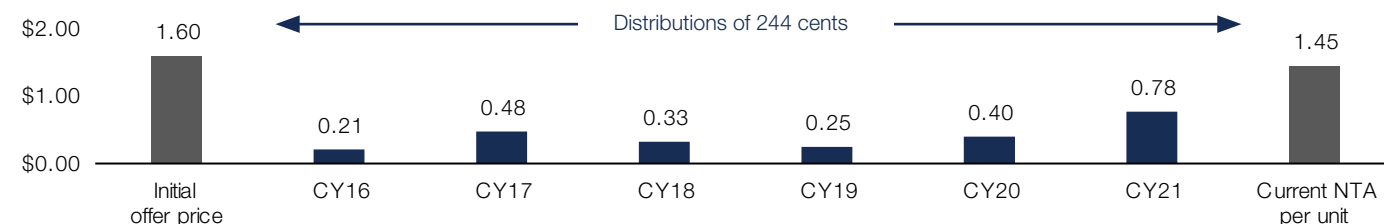
	3 MONTHS	6 MONTHS	1 YEAR	3 YEAR PA	5 YEAR PA	SINCE INCEPTION PA <sup>3</sup>
NTA return <sup>1,2</sup>	10.7%	8.2%	35.3%	21.1%	20.0%	14.6%

Notes: <sup>1</sup> Source: E&P Investments Limited. Historical performance is not a guarantee of the future performance of the Fund.

<sup>2</sup> Total returns are inclusive of distributions. NTA return is based on post-tax NTA and is net of fees and costs. <sup>3</sup> Inception date August 2012.

On an NTA/Internal Rate of Return (IRR) basis CD1 has achieved a return of 12.8% per annum since inception.

## CD1 unit value and income

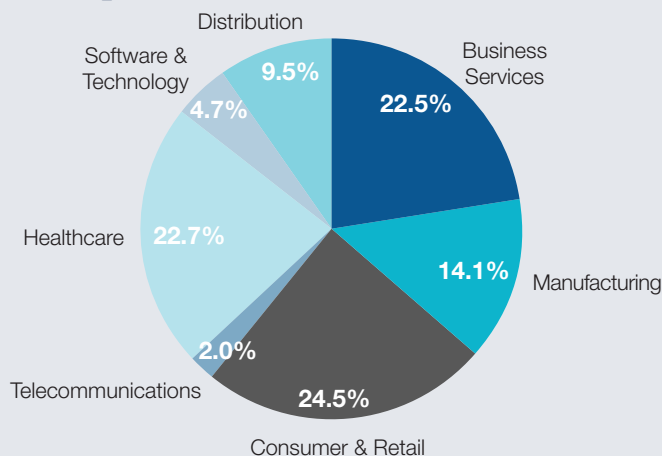


Note: The Unit price of CD1 was \$1.04 on 30 June 2022. Historical performance is not a guarantee of the future performance of the Fund. Source: E&P Investments Limited. Current NTA per unit (shown above) is post-tax.

## Underlying fund activity

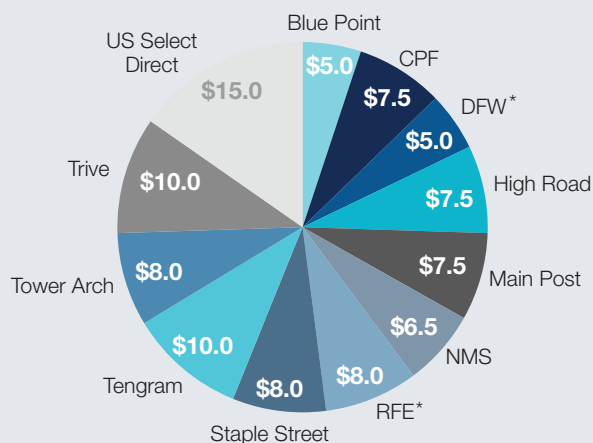
- There was no meaningful activity during the quarter.

## CD2 portfolio asset allocation



Note: Numbers may not add to 100% due to rounding.

## LP commitments to underlying managers (US\$98.0m)



Note: The Fund has an 87.3% interest in the LP. Cordish Private Ventures and US Select Private Opportunities Fund II GP LLC contributed the remaining amount based on their proportional shares. Numbers may not add due to rounding. \* The LP received final distributions from DFW Capital Partners IV, L.P. (December 2021) and RFE Investment Partners VIII, L.P. (March 2022) and has no remaining capital with these funds.

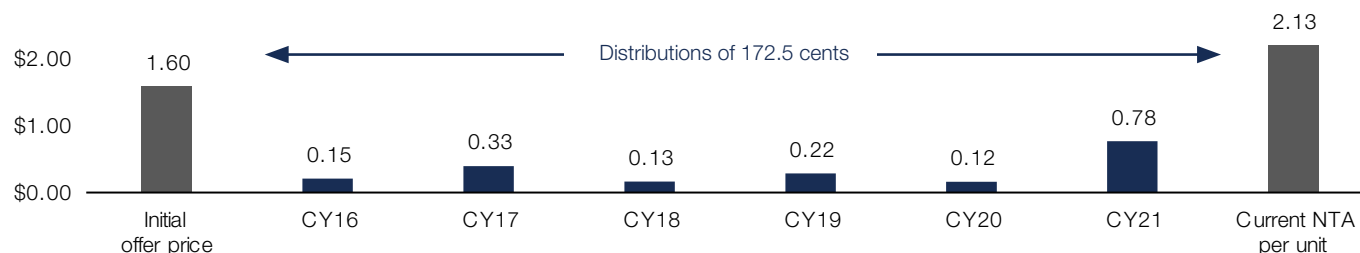
## CD2 Fund performance

	3 MONTHS	6 MONTHS	1 YEAR	3 YEAR PA	5 YEAR PA	SINCE INCEPTION PA <sup>3</sup>
NTA return <sup>1,2</sup>	12.1%	12.1%	34.5%	16.6%	16.9%	13.3%

Notes: <sup>1</sup> Source: E&P Investments Limited. Historical performance is not a guarantee of the future performance of the Fund. <sup>2</sup> Total returns are inclusive of distributions. NTA return is based on post-tax NTA and is net of fees and costs. <sup>3</sup> Inception date April 2013.

On an NTA/Internal Rate of Return (IRR) basis CD2 has achieved a return of 12.5% per annum since inception.

## CD2 unit value and income

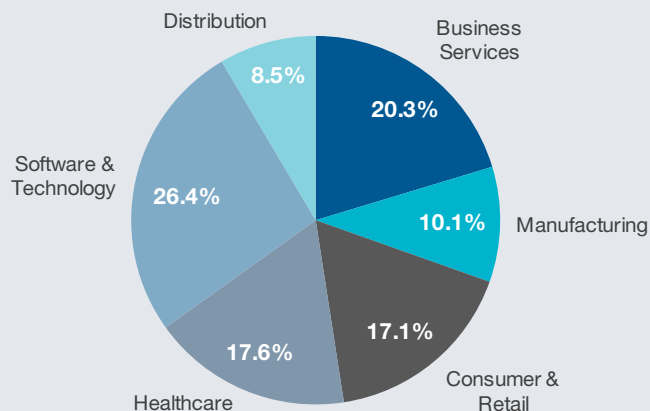


Note: The Unit price of CD2 was \$1.55 on 30 June 2022. Historical performance is not a guarantee of the future performance of the Fund. Source: E&P Investments Limited. Current NTA per unit (shown above) is post-tax.

## Underlying fund activity

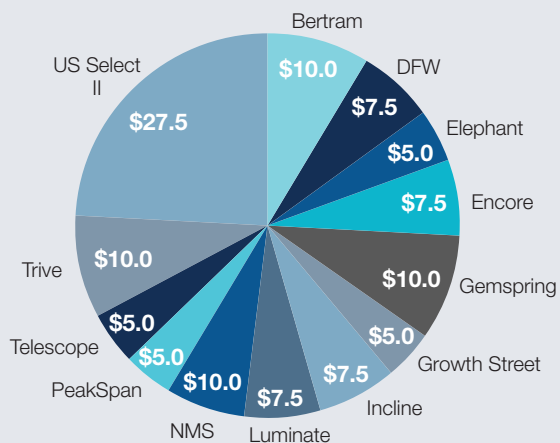
- **Chicago Pacific Founders Fund, L.P.** distributed proceeds relating to the partial sale of portfolio company Sage Veterinary Centres, resulting in a net distribution of US\$4.1 million to the LP.
- A number of other underlying managers distributed proceeds from escrow releases related to prior sales and called capital for small follow-on investments, resulting in a net distribution of \$0.25 million to the LP.

## CD3 portfolio asset allocation



Note: Numbers may not add to 100% due to rounding.

## LP commitments to underlying managers (US\$117.5m)



Notes: The Fund has a 71.2% interest in the LP. Cordish Private Ventures, US Select Private Opportunities Fund III GP LLC and its partner contributed the remaining amount based on their proportional shares. Numbers may not add due to rounding.

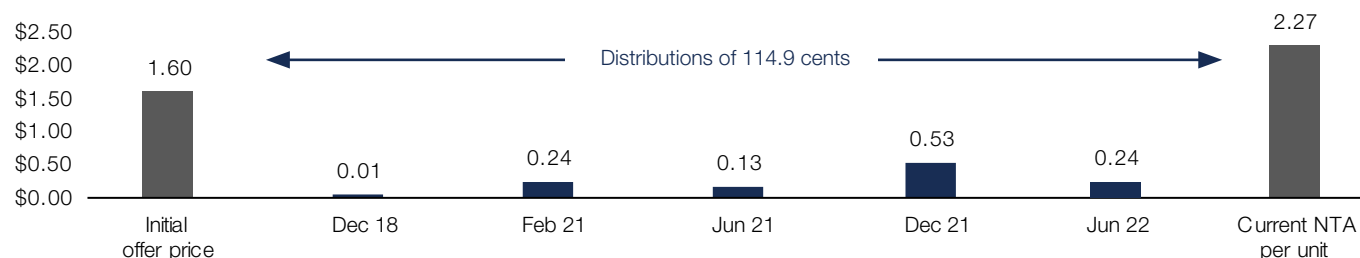
## CD3 Fund performance

	3 MONTHS	6 MONTHS	1 YEAR	3 YEAR PA	5 YEAR PA	SINCE INCEPTION PA <sup>3</sup>
NTA return <sup>1,2</sup>	12.6%	20.1%	47.1%	29.2%	21.1%	16.6%

Notes: <sup>1</sup> Source: E&P Investments Limited. Historical performance is not a guarantee of the future performance of the Fund. <sup>2</sup> Total returns are inclusive of distributions. NTA return is based on post-tax NTA and is net of fees and costs. <sup>3</sup> Inception date July 2016.

On an NTA/Internal Rate of Return (IRR) basis CD3 has achieved a return of 14.7% per annum since inception.

## CD3 unit value and income



Note: The Unit price of CD3 was \$1.71 on 30 June 2022. Historical performance is not a guarantee of the future performance of the Fund. Source: E&P Investments Limited. Current NTA per unit (shown above) is post-tax.

## Fund update

During the quarter E&P Investments Limited, the responsible entity of CD Private Equity Fund III (Fund), declared a 24.1 cents per unit distribution for the period ending 30 June 2022. Expected payment of the distribution is Friday, 19 August 2022.

## Underlying fund activity

- **Peakspan Capital Fund I, L.P.** distributed investment proceeds relating to the partial realisation of portfolio company Cyara and three other investments, resulting in a distribution of US\$1.3 million to the LP.
- **Growth Street Partners I, L.P.** distributed investment proceeds relating to the recapitalisation of Suralink and the sale of Hotel Effectiveness resulting in an aggregate distributions (net of capital calls) of US\$3.9 million.
- **DFW Capital Partners V, L.P.** distributed investment proceeds, including escrow proceeds relating to two prior exits, resulting in a distribution to the LP of US\$0.5 million.
- **Incline Equity Partners IV, L.P.** called capital to fund a follow-on investment in an existing portfolio company and to fund the acquisition of Raney's, partially offset by the receipt of escrowed proceeds resulting in a net capital call from the LP of US\$0.6 million.  
Raney's is an Ocala, Florida based e-commerce distributor of aftermarket heavy-duty truck parts and accessories.
- Other underlying funds, including **Telescope Partners I, L.P.**, **NMS Fund III, L.P.** and **U.S. Select Direct Private Equity II, L.P.** called capital for follow-on investments in existing portfolio companies. Net of distributions, aggregate capital calls from the LP totaled US\$1.8 million.



## CD Private Equity Fund Series

The CD Private Equity Fund Series, including CD Private Equity Fund I (**CD1**), CD Private Equity Fund II (**CD2**), CD Private Equity Fund III (**CD3**), and CD Private Equity Fund IV (**CD4**) (together, Funds or Fund Series), is a series of private equity funds focused on US small-cap private equity funds and direct company investments. The Fund Series investments are selected by a joint venture between the private investment arm of the Cordish Companies of Baltimore, Maryland, and E&P Funds with underlying investments managed by experienced private equity fund managers.

This venture is anchored in the belief that smaller and nimbler private equity funds materially outperform larger private equity funds. The Fund Series was formed to provide investors with a platform to invest in a portfolio of high quality small to mid-market private equity funds and companies – a strategy that is typically beyond the reach of all but the largest endowment funds and family offices.

The Fund Series also provides investors with the opportunity to benefit from the Cordish Family Office's experience and network in investing in specialist small to mid-market private equity funds and direct equity investments in the US, as well as to invest side-by-side and on equal terms with the Cordish family in these compelling opportunities.

## Investment objectives

The General Partner and Investment Manager will seek to meet each Fund's aim of providing Unitholders with exposure to a portfolio of investments in small and mid-market private investment funds and privately held companies predominantly focused in the US; and capital growth over a five to ten-year investment horizon.

## CD Private Equity team



**Jonathan Cordish**

Chairman  
Advisory Board



**Jonathan Sinex**

Managing Director  
Cordish Private Ventures

## Important information

This Quarterly Update (**Update**) has been prepared by E&P Investments Limited as Responsible Entity (ACN 152 367 649, AFSL 410 433) of the CD Private Equity Fund Series (**Funds or Fund Series**) which includes CD Private Equity Fund I (ARSN 158 625 284) (**CD1**), CD Private Equity Fund II (ARSN 162 057 089) (**CD2**), CD Private Equity Fund III (ARSN 612 132 813) (**CD3**), and CD Private Equity Fund IV (ARSN 624 474 531) (**CD4**). **Investment Manager** for CD1 is E&P Asset Management US Inc; and CD2 is US Select Private Opportunities Fund II, GP; and CD3 is US Select Private Opportunities Fund III, GP; and CD4 is US Select Private Opportunities Fund IV, GP. An investment in any of the Funds is subject to various risks, many of which are beyond the control of the Investment Manager and the Funds. The past performance of the Funds is not a guarantee of the future performance of the Funds. This Update may contain statements, opinions, projections, forecasts and other material (**forward looking statements**), based on various assumptions. Those assumptions may or may not prove to be correct. The Responsible Entity and its advisers (including all of their respective directors, consultants and/or employees, related bodies corporate and the directors, shareholders, managers, employees or agents of them) (Parties) do not make any representation as to the accuracy or likelihood of fulfilment of the forward-looking statements or any of the assumptions upon which they are based. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements and the Parties assume no obligation to update that information. This Update may contain general advice. Any general advice provided has been prepared without taking into account your objectives, financial situation or needs. Before acting on the advice, you should consider the appropriateness of the advice with regard to your objectives, financial situation and needs, and consider obtaining advice from a financial advisor. You should obtain a copy of the relevant PDS or offer document before making any decisions to purchase a product. All performance figures, unit prices and distributions are in Australian Dollars, unless otherwise stated. MSCI indices source: MSCI. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representation with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.

## About E&P Funds

E&P Funds is a multibillion-dollar global funds management firm founded in 2007, with assets under management across global equities, residential and commercial property, private equity, fixed income, and sustainable and social investments.

It provides access to unique investment strategies not readily accessible to investors and focuses on building high quality, diversified portfolios.

E&P Investments Limited is the Responsible Entity of the Funds and is a wholly-owned subsidiary of E&P Financial Group Limited (EP1.ASX).

## Risks

Like all investments, an investment in any of the Funds carries risks which may result in the loss of income or principal invested. In addition to the general risks of investing, specific risks associated with investing in the Funds include, but are not limited to, private investments risk, illiquidity risk and foreign exchange risk. For further information about the risks of investing in any of the Funds, please see the relevant Product Disclosure Statements available on the website [cdfunds.com.au](http://cdfunds.com.au).

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**ASX Release date**

3 August 2022