



Explanatory Memorandum

Accompanying separate Notices of Meeting sent to Unitholders of each Fund within the CD Private Equity Fund Series dated 7 October 2022.

PROPOSED SCHEME AND RESTRUCTURE OF THE CD PRIVATE EQUITY FUND SERIES

Issued by E&P Investments Limited
(ACN 152 367 649, AFS Licence No. 410 433)
in its capacity as responsible entity of:

- CD Private Equity Fund I (ARSN 158 625 284);
- CD Private Equity Fund II (ARSN 162 057 089);
- CD Private Equity Fund III (ARSN 612 132 813); and
- CD Private Equity Fund IV (ARSN 624 474 531).

FINANCIAL ADVISER

MA Moelis Australia

RESPONSIBLE ENTITY



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

Important notice

This Explanatory Memorandum:

- is issued by E&P Investments Limited (ACN 152 367 649) (“**E&P**” or “**E&PIL**” or “**Responsible Entity**”) in its capacity as responsible entity of:
 - CD Private Equity Fund I (ARSN 158 625 284) (“**Fund I**”);
 - CD Private Equity Fund II (ARSN 162 057 089) (“**Fund II**”);
 - CD Private Equity Fund III (ARSN 612 132 813) (“**Fund III**”); and
 - CD Private Equity Fund IV (ARSN 624 474 531) (“**Fund IV**”),(each, a “**Fund**” and collectively the “**CD Private Equity Fund Series**” or the “**Funds**”);
- is accompanied by and should be read together with separate Notices of Meeting sent to Unitholders of each Fund within the CD Private Equity Fund Series (dated in each case, 7 October 2022) and the product disclosure statement for Units in Fund III dated 7 October 2022.

Purpose of this explanatory memorandum

This Explanatory Memorandum provides you with information about each Resolution contained in the separate Notices of Meeting sent to Unitholders of each Fund and the steps that will be required to implement the proposed acquisition by Fund III of all of the Units in Fund I, Fund II and Fund IV by way of a trust scheme of arrangement from the Scheme Participants, to form a single unlisted trust, to be re-named the “**CD Private Equity Fund**” (the “**Merged Fund**”) and convert from a closed-ended to an open-ended unit trust structure (together, the “**Proposal**”).

E&P recommends that you read in full the Explanatory Memorandum, the Notice of Meeting applicable to the Fund or Funds in which you hold Units, and the Product Disclosure Statement for Fund III which accompanies this document, and promptly obtain professional or financial advice from a licensed financial adviser before you determine how to exercise your vote on each of the proposed Resolutions set out in the relevant Notice of Meeting. This Explanatory Memorandum and the Product Disclosure Statement provide information about the objectives of the Proposal, the benefits and risks of the Proposal to the Unitholders in each Fund and details about the proposed Merged Fund. The Explanatory Memorandum also contains an Independent Expert’s Report, a Taxation Report and an Independent Limited Assurance Report.

Product disclosure statement

This Explanatory Memorandum is accompanied by, and should be read together with a product disclosure statement (**PDS**) for the CD Private Equity Fund (ARSN 612 132 813), the Merged Fund in which you will hold units if the Proposal proceeds. The information in the PDS is relevant to your decision how to vote on the Proposal, and should be read in conjunction with this Explanatory Memorandum. Please read it carefully before deciding how to vote. The PDS is intended to serve two purposes:

- as a product disclosure statement for the issue of units in the Fund to you as a Scheme Participant; and
- following implementation of the Proposal and delisting of the Merged Fund, as the product disclosure statement for the issue of units in the Merged Fund to new applicants.

TMD and further information

A Target Market Determination (TMD) has been prepared for the issue of Units under the Proposal. A copy of the TMD can be obtained free of charge upon request by contacting the Responsible Entity or visiting www.cdpefund.com.

If after reading the relevant Notice of Meeting, this Explanatory Memorandum and the PDS (and if you wish, the TMD) you have any further questions, please contact your financial adviser or E&P on 1300 454 801 (local call free within Australia).

Forward looking statements

In this Explanatory Memorandum, information concerning the CD Private Equity Fund Series and the intentions, views and opinions of E&P and/or its directors has been prepared by E&P and its directors. The Explanatory Memorandum contains both historical information and forward looking statements which are made at its date. The statements contained in this Explanatory Memorandum about the options considered by E&P, the merits of the Proposal, the impact that the Resolutions may have on the operations of the CD Private Equity Fund Series, and the advantages and disadvantages expected to result from the voting upon the Resolutions, may include forward looking statements. In addition, those statements that describe the objectives or expectations for the CD Private Equity Fund Series or the Merged Fund may be considered to be forward looking statements.

All forward looking statements in this Explanatory Memorandum reflect the reasonably held and current expectations of E&P and its directors concerning future results and events as at the date of this Explanatory

Memorandum. Forward looking statements involve subjective judgment and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, E&P (and its officers, employees, agents or associates). Any forward looking statements are provided for information purposes only in order to assist Unitholders to make decisions about whether to vote in favour of the Resolutions set out in the relevant Notice of Meeting. Given these uncertainties, you are cautioned not to place undue reliance on such forward looking statements.

Disclaimer

The information in this Explanatory Memorandum does not take into account your investment objectives, financial situation, tax position or needs. It also does not analyse the implications of the Proposal on “foreign persons” under the Foreign Acquisitions and Takeovers Act 1975 (Cth). It is important that you read the Explanatory Memorandum and the Product Disclosure Statement before making any voting or investment decision. In particular, it is important that you consider the risks relating to the Proposal (see Section 10 of this Explanatory Memorandum and Section 3 of the Product Disclosure Statement). You should carefully consider the risk factors in light of your investment objectives, financial situation, tax position and individual needs. The historical financial information in this Explanatory Memorandum includes, or is based upon, information that has previously been made available, and should be read in conjunction with the other periodic and continuous disclosure announcements, including financial information for the financial year ended 31 March 2022 extracted from the audited financial statements of the CD Private Equity Fund Series for the financial year ended 31 March 2022 for each Fund comprising the CD Private Equity Fund Series. The audited financial results for the financial year ended 31 March 2022 for each Fund comprising the CD Private Equity Fund Series are available from our website, www.cdfunds.com.au, or by calling the Investor Relations team on 1300 454 801 (local call free within Australia). In assessing any historical information about the CD Private Equity Fund Series, you should be aware that past performance is no indication of future performance. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of any information, opinion or conclusion contained in this Explanatory Memorandum. To the maximum extent permitted by law, neither E&P nor any of its directors, officers, employees, agents or advisers accepts any liability for any loss arising from the use of this Explanatory Memorandum or its contents or otherwise arising in connection with it. The information in this Explanatory Memorandum remains subject to change. E&P may vary the timetable for implementing the Proposal. We will notify you of any material changes in relation to this Explanatory Memorandum on our website at www.cdfunds.com.au. The information in this Explanatory

Memorandum is current as at 7 October 2022 unless otherwise stated. The portfolio information provided in this Explanatory Memorandum is at 30 June 2022 and provided to E&PIL as at 31 August 2022, unless stated otherwise (see Section 9 for further information).

Court involvement

The Court provided the First Judicial Advice on 7 October 2022. The Court’s provision of judicial advice is not and should not be treated as an endorsement by the Court of the Proposal. In particular, the Court’s provision of the First Judicial Advice does not mean that the Court:

- has formed any view as to the merits of the Proposal or as to how Unitholders should vote (on these matters Unitholders must reach their own decision); or
- has prepared, or is responsible for, the content of this Explanatory Memorandum.

Notice of second judicial advice hearing

- On the Second Judicial Advice Date, the Court will consider whether to give the Second Judicial Advice following the vote at each Meeting.
- Any Unitholder may appear at the Second Judicial Advice hearing, expected to be held on 15 November 2022 at the Supreme Court of New South Wales, 184 Phillip Street, Sydney.
- Any Unitholder who wishes to oppose the application for the Second Judicial Advice hearing may do so by filing with the Court and serving on the Responsible Entity a notice of appearance in the prescribed form together with any affidavit that the Unitholder proposes to rely on.

Responsibility statement

The information contained in this Explanatory Memorandum and the Product Disclosure Statement (other than the Independent Expert’s Report, the Taxation Report and the Independent Limited Assurance Report) has been prepared by the Responsible Entity and is its responsibility alone. No consenting party has withdrawn their consent to be named before the date of this Explanatory Memorandum. See Section 11.

Neither ASX nor ASIC take any responsibility for the content of this document.

Charts, maps and diagrams

Any diagrams, charts, maps, graphs and tables appearing in this Explanatory Memorandum and the Product Disclosure Statement are illustrative only and may not be drawn to scale.

Defined terms

Capitalised terms used in this document have the meaning given to them in the Glossary, as set out in Section 15 of this Explanatory Memorandum.

Time

Unless stated otherwise, all references to time are to Australian Eastern Standard Time (AEST).

Structure of the Merged Fund

All investments held by the Merged Fund will be held indirectly through the other Funds, Investment Entities and controlled entities which form part of the Merged Fund's structure. In this Explanatory Memorandum, unless the context otherwise requires, references to the Funds and Merged Fund include references to the Funds together with their Investment Entities. References to the Funds' or Merged Fund's investments or portfolio in this Explanatory Memorandum should be interpreted as investments made through the Investment Entities. Refer to Section 4.4 of the Product Disclosure Statement for more information regarding the structure of the Merged Fund.

Foreign jurisdictions

The release, publication or distribution of this Explanatory Memorandum or the Product Disclosure Statement in jurisdictions other than Australia and New Zealand may be restricted by law or regulation in such other jurisdictions and persons outside Australia and New Zealand who come into possession of this Explanatory Memorandum or the Product Disclosure Statement should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

Unitholders who are nominees, trustees or custodians should seek advice as to how they should proceed.

This Explanatory Memorandum and the Product Disclosure Statement have been prepared in accordance with laws of the Commonwealth of Australia and the information contained in this Explanatory Memorandum and the Product Disclosure Statement may not be the same as that which would have been disclosed if this Explanatory Memorandum or the Product Disclosure Statement had been prepared in accordance with the laws and regulations of jurisdictions outside Australia.

Privacy

E&P may collect personal information in the process of implementing the Proposal. Such information may include the names, contact details and Unit holdings of Unitholders and the names of persons appointed to act as a proxy, corporate representative or attorney at each Meeting applicable to the Fund or Funds in which you hold Units. The primary purpose of the collection of personal information is to assist E&P to conduct the Meetings and implement the Proposal. Personal information of the type described above may be disclosed to the print and mail service providers,

authorised brokers and related bodies corporate of E&P. Unitholders have a right to access their personal information and should contact E&P if they wish to access their personal information. Unitholders who appoint a named person to act as their proxy, corporate representative or attorney should ensure they inform that person of these matters. For further information on our privacy policy, please visit <https://www.eap.com.au/ep-funds-privacy-policy/>.

Currency and financial data

All amounts expressed in this Explanatory Memorandum are in Australian dollars ("**A\$** or **\$**") unless stated otherwise, and financial data is presented as at the date stated.

Financial information

Section 9 of this Explanatory Memorandum sets out in detail the financial information referred to in this Explanatory Memorandum and the basis of preparation of that information. The Historical Financial Information includes the Statutory Historical Income Statements of the Funds for the financial year ended 31 March 2022 which were audited by Deloitte Touche Tohmatsu, and the Historical Income Statements of the Funds for the three months ended 30 June 2022 and Historical Balance Sheets of the Funds as at 30 June 2022, which were reviewed by Deloitte Touche Tohmatsu.

The Financial Information also includes the Pro Forma Historical Consolidated Balance Sheet of the Merged Fund as at 30 June 2022, which is derived from the Historical Balance Sheets of the Funds as at 30 June 2022, and the Pro Forma Historical Consolidated Income Statement of the Merged Fund, derived from the Historical Income Statements of the Funds for the three months ended 30 June 2022, after applying certain Pro Forma Adjustments to reflect the impact of the Proposal. The Financial Information has been reviewed by Deloitte Corporate Finance Pty Limited, whose Independent Limited Assurance Report is provided in Section 12 of this Explanatory Memorandum. Investors should note the scope and limitations of the Independent Limited Assurance Report.

The Financial Information in this Explanatory Memorandum should be read in conjunction with, and is qualified by reference to, the information contained in Section 9 of this Explanatory Memorandum. All financial amounts contained in this Explanatory Memorandum and the Product Disclosure Statement are rounded to the nearest \$0.1 million unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Explanatory Memorandum and the Product Disclosure Statement are due to rounding. All fees and charges in this Explanatory Memorandum and the Product Disclosure Statement are quoted as inclusive of GST unless otherwise stated. All financial information, operational information, and portfolio statistics contained in this Explanatory Memorandum and the Product Disclosure Statement are believed to be current at the date of this Explanatory Memorandum.

Where applicable, the Transaction Costs relating to the Proposal are shown excluding GST.

Contents

IMPORTANT NOTICE	ii
1. KEY DATES FOR THE PROPOSAL	2
2. CHAIR'S LETTER	3
3. CONSIDERATIONS RELEVANT TO YOUR VOTE ON THE PROPOSAL	6
4. QUESTIONS AND ANSWERS	16
5. IMPACT ON UNITHOLDERS OF EACH FUND (INCLUDING FEES AND COSTS)	23
6. WHAT YOU NEED TO DO	32
7. OVERVIEW OF THE PROPOSAL	34
8. DETAILS OF THE MERGED FUND	39
9. FINANCIAL INFORMATION	53
10. KEY RISKS OF IMPLEMENTATION OF THE PROPOSAL	64
11. ADDITIONAL INFORMATION	68
12. INDEPENDENT LIMITED ASSURANCE REPORT	76
13. TAXATION REPORT	82
14. INDEPENDENT EXPERT REPORT	87
15. GLOSSARY	172
16. DIRECTORY	177

1

Key Dates for the Proposal

EVENT	DATE
Explanatory Memorandum and Product Disclosure Statement issue date	7 October 2022
Deadline for lodgement of Proxy Forms for each meeting	5 November 2022, by the scheduled time of day for the relevant meeting
Record date for voting	7:00pm, 5 November 2022
Meeting of Fund I Unitholders	9:00am, 7 November 2022
Meeting of Fund II Unitholders	9:45am, 7 November 2022
Meeting of Fund III Unitholders	10:30am, 7 November 2022
Meeting of Fund IV Unitholders	11:15am, 7 November 2022
If the Resolutions for the Proposal are approved by the relevant Unitholders at the Meetings and all other Conditions Precedent are fulfilled, the following key dates apply:	
Second judicial advice date	15 November 2022
Effective date of the Scheme	16 November 2022
Commencement of deferred settlement trading in Merged Fund Units	17 November 2022
Record Date for Fund I, II and IV Unitholders to participate in the Scheme	18 November 2022
Implementation date	21 November 2022
ASX delisting of Fund I and II	21 November 2022
Six-month trading window for Merged Fund	21 November to late May 2023
ASX delisting of Fund III (or CD Private Equity Fund) (" Delisting Date ")	late May 2023

2

Chair's Letter

2. Chair's Letter

Dear Unitholder,

On behalf of the Board of E&P Investments Limited ("**Board**"), in its capacity as responsible entity for each of the four Funds within the CD Private Equity Fund Series, it is my pleasure to put to you a proposal to combine the four Funds to create a single larger, more diversified fund that will not have the limited life of the existing Funds. This is to be achieved by way of:

- a trust scheme of arrangement whereby Fund III will acquire all of the Units in Fund I, Fund II, and Fund IV to form the "CD Private Equity Fund" or the Merged Fund ("**Scheme**"), and
- a conversion of Fund III from a closed-ended listed trust to an open-ended unlisted unit trust structure ("**Restructure**").

If the resolutions required to implement the Proposal ("**Resolutions**") are approved by Unitholders and the Proposal is implemented, the Merged Fund will have an aggregate portfolio of approximately \$650 million invested across 43 small to middle market US private equity funds that are, in turn, invested in approximately 284 underlying companies. The Merged Fund will have generally the same investment strategy of the existing Funds.

The Merged Fund will be an open-ended fund without a fixed term. It will operate differently to the existing Funds in that proceeds of the sales from the underlying companies in the US will mostly be reinvested rather than being returned to investors. Both existing and new investors will have the opportunity to invest in the Fund. Investors will also be able to participate in six-monthly withdrawal offers primarily funded by income from the sale of the underlying companies in the US and new subscriptions. This type of fund is known as an "evergreen fund" and will continue indefinitely, unless investors vote to wind up the Merged Fund (see Section 3.2(g) for more details).

Background to the Proposal

The CD Private Equity Fund Series was established in 2012 in partnership with Cordish Equity Partners ("**CEP**"). Founded in 1998, CEP is a division of the family investment office of the Cordish family, principals and owners of The Cordish Companies. The Cordish Companies are a fourth-generation, family-owned and managed business that is one of the leading developers and operators of mixed-use real estate and entertainment projects globally.

The CD Private Equity Fund Series' investment strategy replicates the long-term private equity investment strategy

of CEP. CEP's primary focus is on investing in "small to mid cap" private equity opportunities within the United States, a strategy they have successfully employed for over 20 years. Within its targeted segment, CEP seeks to partner with experienced managers by making commitments to, or purchasing secondary interests in, private equity funds and co-invest alongside its partner funds and other leading sponsors.

Each Fund within the CD Private Equity Fund Series is currently structured as a closed-ended trust, with Funds I, II, and III listed on the ASX. Fund IV was not listed on the ASX due to its partly paid structure.

Historically, Listed Investment Trusts ("**LITs**") have been an effective structure for retail investors due to the transparency and ease of execution of trading Units on the ASX, and from inception to the end of 2017, each of the listed funds in the CD Private Equity Fund Series traded at or around NAV. However, since 2018, the listed funds in the CD Private Equity Fund Series have traded at material discounts to NAV. The Responsible Entity believes these discounts are likely to persist.

Further, the structure of the CD Private Equity Fund Series does not allow investors to maintain or reinvest in the strategy. Instead, investors' exposure is gradually liquidated over time, irrespective of any investor preferences to remain invested.

The Responsible Entity believes the current closed-ended structure is no longer optimal for the CD Private Equity Fund Series. In an effort to optimise the structure, the Responsible Entity has undertaken a review of the options available and is recommending the Proposal.

Potential benefits of the Proposal

The Proposal is intended to provide Unitholders with the following benefits:

- improved opportunities to subscribe for or redeem Units at or around net asset value (**NAV**):

For sellers

The Proposal will, on an ongoing basis from December 2023, enable a proportion of Unitholders to realise their investments at NAV (less the Sell Spread as outlined in Section 8) every six months, subject to certain conditions outlined in Section 8. Unitholders will also have the ability to sell their holdings in the Merged Fund on the ASX during an approximate six month Transition Period, although

sale prices may be at a significant discount to NTA, as is the case now for Funds I, II and III.

For buyers

The Proposal will allow new and existing investors the ability to invest in the Fund at NAV (plus the Buy Spread, if any) through a monthly subscription process, subject to certain conditions outlined in Section 8. Unitholders will also be able to purchase Units on the ASX during the Transition Period.

- an ability for existing investors to maintain their investment rather than being forced to liquidate over time;
- improved prospects of capital inflows to the Merged Fund via new subscriptions;
- greater ability to target asset sales as part of the Merged Fund's portfolio compared to the status quo;
- enhanced growth profile, with the Fund able to make new investments;
- greater portfolio diversification; and
- the opportunity for scale benefits and cost savings.

Possible disadvantages of the Proposal for particular Unitholders

Although the Responsible Entity considers that the Proposal is in the best interests of the Unitholders as a whole of each of the Funds, you may choose to vote against the Proposal if, in your particular circumstances, you do not consider that the benefits of the Merged Fund described above will be superior to continuing to hold your investment in one or more of the existing Funds. For example:

- the Merged Fund will still, as the existing Funds are now, be an investment that is not "liquid" as defined in the Corporations Act, so that you cannot request redemption at a time of your choosing;
- the existing Funds have returned capital to Unitholders from time to time, but cash generated by the Merged Fund is likely to be reinvested, and withdrawal offers will be the only means by which Unitholders can satisfy their needs for cash from the Merged Fund; and
- for Unitholders in Funds I and IV, there is an increase in the estimated fees of the General Partner for the twelve months to 30 June 2023 of the underlying funds which must be weighed against the opportunity to continue with the investment (for Fund I, which will otherwise come to the end of its life) and to have greater liquidity (for Fund IV).

What will Unitholders receive?

As part of the Proposal Unitholders in each of Fund I, Fund II and Fund IV will be issued Units in Fund III. The number of Units issued is based on a Conversion Ratio.

Each Conversion Ratio above is based on the respective NAV per Unit of each Fund as at 30 June 2022. The NAV reflects the Fund IV capital call and transaction costs associated with the merger.

If the Scheme is implemented each Fund I Unitholder will receive 0.6285 Fund III Units for each Fund I unit held at the Record Date. If the Scheme is implemented, each Fund II Unitholder will receive 0.9144 Fund III Units for each Fund II unit held at the Record Date. If the Scheme is implemented, based on current calculations each Fund IV Unitholder would receive 1.0569 Fund III Units for each Fund IV unit held at the Record Date. However, the ratio may increase slightly, depending on the number of forfeited units cancelled prior to the implementation of the merger. To the extent a material number of forfeited units are cancelled, Fund IV Unitholders will receive a higher number of Fund III units on implementation.

Unitholders in Fund III will continue to hold the same Units in that Fund, but after the Scheme is implemented, those Units will represent an interest in a more diversified portfolio of investments and a correspondingly diluted investment in the existing assets of Fund III.

Voting on the Resolutions

This Explanatory Memorandum is intended to assist Unitholders in considering all aspects of the Proposal and to decide whether to vote for or against the Proposal at the meeting of Unitholders to be held on 7 November 2022.

The Resolutions to implement the Proposal are inter-conditional on the approval of one another. If any of those Resolutions (other than the buy-back approval) are not passed by Unitholders, each of the funds in the CD Private Equity Fund Series will continue to be managed in the ordinary course under the existing structure.

I encourage you to read the Explanatory Memorandum, relevant Notice of Meeting, and Product Disclosure Statement carefully. If you have any questions, please contact your financial adviser or call 1300 454 801.

A report from Independent Expert has found the Proposal is fair and reasonable to, and in the best interests of, the Unitholders of each Fund in the absence of a superior proposal. I encourage you to consider the detail of that report, which is in Section 14.

On behalf of the Responsible Entity, I recommend the Proposal to you.

Kind regards,



Stuart Nisbett

Chair

3

Considerations relevant to your vote on the Proposal

3. Considerations relevant to your vote on the Proposal

3.1 The proposed Resolutions

The Resolutions on which you will be asked to vote at the Meetings are as follows.

- For Funds I and II, ordinary resolutions for the purposes of takeover laws (item 7 of section 611 of the Corporations Act), to approve the acquisition by Fund III of all the Units in Funds I and II, which are listed entities;
 - For Funds I, II and IV, special resolutions to amend the Constitutions for those Funds to insert provisions that will empower the Responsible Entity to implement the merger by trust scheme, including for the Responsible Entity to act as your agent and attorney, to transfer your Units in those Funds to become the property of Fund III, in exchange for the issue to you of Units in Fund III which will become the “Merged Fund”. The Constitutions will also be amended to provide for Merged Fund Units that would have been acquired by foreign investors, where securities laws would make it difficult to implement the Proposal for those investors, to be sold on their behalf, and to include updated provisions relating to the AMIT tax regime;
 - For Fund IV, which is the only fund that has issued partly paid units, the amendments to the Constitution under that special resolution will include the power for the Responsible Entity to cancel units which have been forfeited and become property of Fund IV, so that the correct number of units participate in the Scheme; and
 - For Fund III, several resolutions for different purposes:
 - an ordinary resolution for the purpose of the ASX Listing Rules to approve the issue of Units in that Fund as consideration for the acquisition of the Units in Funds I, II and IV;
 - a special resolution to amend the Fund III Constitution to:
 - change the name of the Fund from CD Private Equity Fund III to CD Private Equity Fund
 - provide for the issue price of units under the Scheme;
 - provide members with an opportunity every 7 years to vote on a special resolution as to whether the Merged Fund should be wound down with assets progressively sold and capital returned to members if acceptances of withdrawal offers have exceeded by 25% or more the total amounts of withdrawal offers made in the Fund in the 12 months leading up to the date of consideration or if no withdrawal offers have been made in that time;
- allow for sale of assets, if the fund were to be wound up, to take 2 years or longer if necessary, in line with the nature of Fund assets;
 - provide for buy-back of units on market during the 6 months following implementation of the Proposal, and for future members’ meetings to be held fully on-line;
 - include updated provisions relating to the AMIT tax regime; and
 - make some minor amendments to assist the proper functioning of the Merged Fund as an unlisted open-ended unit trust, such as to allow for notices of withdrawal offers to be made via the website, and change the timing of the withdrawal price calculation for withdrawal offers to make the price more current at withdrawal;
 - A special resolution to approve the delisting of the Merged Fund six months after implementation of the Scheme; and
 - an ordinary resolution to approve the buy-back of up to 10% of the number of units on issue in the Fund while the Merged Fund remains listed following implementation of the Proposal.

All of the resolutions other than the buy-back resolution are interconditional, that is, the Proposal will not be implemented unless all of the resolutions (other than the buy-back resolution) are passed. Resolutions 1, 2 and 3 are also interdependent on each other resolution applicable to Fund I, Fund II and Fund IV, which means that if any of those resolutions is not passed by relevant Unitholders, the Proposal will not proceed.

Resolution 4 will only take effect if Resolutions 1, 2 and 3 and each other resolution applicable to Fund I, Fund II and Fund IV are passed, but those other resolutions may take effect even if Resolution 4 is not passed.

The text of the proposed Resolutions is set out in each Notice of Meeting, and the Constitution amendments are described more fully in Section 11 (Additional Information) and copies of the proposed amendments are available on the Fund Series’ website (www.cdfunds.com.au).

3. Considerations relevant to your vote on the Proposal continued

The resolution for the issue of units in Fund III is an ordinary resolution for the purposes of Listing Rules 7.1 and 10.11. Listing Rule 7.1 requires approval of an ordinary resolution of members for any issue of securities in a listed entity in excess of 15% of the existing number of securities on issue at the commencement of the relevant period unless an exemption applies. Listing Rule 10.11 provides that a listed entity must obtain approval of members by ordinary resolution to issue securities to a related party, such as a director. The two directors of the Responsible Entity, Stuart Nisbett and Warwick Keneally, who hold investments in the Funds and will be issued units in Fund III under the Proposal will not vote on the resolution for the issue of units.

E&P Private Investments Pty Ltd, an associate of the Responsible Entity, holds 302,625 units in Fund IV and will not vote on the Fund IV resolutions.

3.2 Roadmap to advantages and disadvantages of the Proposal for the Unitholders in each of the Funds

Although the Responsible Entity considers that the Proposal is in the best interests of the Unitholders as a whole of each of the Funds, there may be particular factors that are more important to some Unitholders than they are to others. The following table is intended to assist you in identifying which of the advantages and disadvantages of voting in favour of the Proposal are particularly relevant for you, and where to find detailed information about them below.

Certain features of moving to the Merged Fund structure – diversification or portfolio composition, increased scale, and the same management, structure, objective and strategy – are not signposted here because they apply equally to Unitholders in all Funds. Other key advantages and disadvantages of the Proposal are set out in Sections 3.3 and 3.4 below.

TOPIC (SECTIONS WITH MORE INFORMATION)	STATUS QUO OR MERGED FUND	FUND I, BEGAN 2012	FUND II, BEGAN 2013	FUND III, BEGAN 2016	FUND IV, BEGAN 2018
Selling units (3.3(a))	Status Quo	Listed, has been trading on ASX at 35.0% discount to NAV, with previous buy-back program unable to sufficiently close the discount.	Listed, has been trading on ASX at 38.3% discount to NAV, with previous buy-back program unable to sufficiently close the discount.	Listed, has been trading at 36.0% discount to NAV, with Fund III not in a position to implement a buy-back due to its newer age compared and the composition of its distributions to Fund I and Fund II.	Unlisted. Units can only be sold by private arrangement
	Merged Fund	To remain listed for 6 months after merger so Fund I investors who do not wish to continue can sell on market (likely at a discount), then unlisted from May 2023	To remain listed for 6 months after merger so Fund II investors who do not wish to continue can sell on market (likely at a discount), then unlisted from May 2023	To remain listed for 6 months after merger so Fund III investors who do not wish to continue can sell on market (likely at a discount), then unlisted from May 2023	To remain listed for 6 months after merger giving Fund IV investors who do not wish to continue their investment the chance to sell on market which they did not previously have (likely at a discount), then unlisted from May 2023
Redeeming units (3.4(d))	Status Quo	Redemptions not permitted while listed			No near term prospect of withdrawal offers - investments early stage
	Merged Fund	6 monthly withdrawal offers proposed from December 2023			

¹ Trading discounts as at 31 August 2022 and using 30 June 2022 NAVs per Unit pre transaction costs associated with the Proposal

TOPIC (SECTIONS WITH MORE INFORMATION)	STATUS QUO OR MERGED FUND	FUND I, BEGAN 2012	FUND II, BEGAN 2013	FUND III, BEGAN 2016	FUND IV, BEGAN 2018
Distributions (3.4(c) and 8.1)	Status Quo	Distributions of capital and income from time to time have already totalled more than the original \$1.60 issue price. Never any regular distributions, distributions made to investors as LPI makes distributions to Fund I (subject to tax and working capital requirements).	Distributions of capital and income from time to time have already totalled more than the original \$1.60 issue price. Never any regular distributions, distributions made to investors as LP II makes distributions to Fund II (subject to tax and working capital requirements).	Distributions of capital and income from time to time have already totalled \$1.149, or 72% of the original issue price. Never any regular distributions, distributions made to investors as LP III makes distributions to Fund III (subject to tax and working capital requirements).	No near term prospect of significant distributions of either capital or income – the last of 5 capital calls has only just been completed and the Fund is in the early stages of its lifecycle.
	Merged Fund	Distributions from the underlying investments generally retained in the Fund and invested. Investors who require cash may participate in the proposed 6-monthly withdrawal offers			
Keeping your investment (3.3(b) and 3.4(a))	Status Quo	Fund is receiving proceeds from underlying US PE funds in which it invests and shrinking in size and liquidity of ASX trading		Fund is receiving proceeds from underlying US PE funds in which it invests more regularly than before (subject to recent market volatility)	An indefinite life of 10 years or more
	Merged Fund	An evergreen fund continuing to invest in similar assets but with a potential vote to terminate each 7 years			

3. Considerations relevant to your vote on the Proposal continued

TOPIC (SECTIONS WITH MORE INFORMATION)	STATUS QUO OR MERGED FUND	FUND I, BEGAN 2012	FUND II, BEGAN 2013	FUND III, BEGAN 2016	FUND IV, BEGAN 2018
Investing more (3.3(a) and (d))	Status Quo	Can acquire units on ASX; however, Funds themselves will not be making any new investments and hence any increased exposure will be to relatively mature investments only.		Can acquire units on ASX, subject to trading volume (buying and selling both at significant discounts to NAV). No clear path to realising value at NAV based on experience of Funds I and II.	Fund is closed to new investment
	Merged Fund	Monthly subscriptions available from delisting, with the first monthly subscription expected in July, 2023.			
Fees, costs and other financial aspects (3.4(e) and (h) and a specific section for each Fund)	NA	See Section 5.3	See Section 5.4	See Section 5.5	See Section 5.6
Investment return since inception (7.1)	Status Quo	14.3% pa	12.9% pa	16.4% pa	17.3% pa

Note: past investment performance is not a reliable indicator of future returns. Refer to Section 7.1 for full details of investment returns since inception.

3.3 Reasons you may decide to vote in favour of the Proposal

a) From 2023, the Proposal will provide Unitholders an ability to subscribe for (July 2023) or redeem Units (expected December 2023) at or around net asset value (NAV)

The Proposal will provide Unitholders with a new liquidity framework for holdings in the Merged Fund. The Responsible Entity proposes to make pro rata withdrawal offers every six months to the value of approximately 5% of the Fund's Units on issue. Units would be redeemed at NAV, less the Sell Spread. The Responsible Entity will consider whether it is in members' best interests to increase the withdrawal offer if withdrawal requests are consistently higher than 5% of the Fund's Units on issue. The withdrawal offers may be funded by reinvested distributions, inflow from applications, sale of fund assets, possibly some borrowings or a combination of these.

By contrast, the current Fund IV structure offers no near-term liquidity options. Fund I, Fund II and Fund III are currently trading at 35.0%, 38.3% and 36.0%¹ discount to NAV respectively and therefore, while they do provide liquidity as listed entities, this is currently at a material discount to book value. The Responsible Entity has previously conducted an on-market buy-back program for Fund I and Fund II in June 2021, but it has not sufficiently closed the discount to NAV for those funds. The Proposal will allow subscription and withdrawal to occur at prices that are closer to NAV. Funds I & II (and Fund III to a lesser extent) are already offering some effective liquidity at NAV in the sense that assets are being sold down and the capital returned to investors, however the timing of future capital returns is unknown and there may be a tail of investments which take longer to be sold.

In addition, Unitholders will have an initial opportunity for liquidity during the approximate six month window where the Merged Fund will remain listed on the ASX ("**Transition Period**"). During the Transition Period, Unitholders will have the ability to sell their holdings on the ASX, however there is a likelihood that the Merged Fund may trade at a discount to NAV during this period.

¹ Trading discounts as at 28 September 2022 and using 30 June 2022 NAVs per Unit pre transaction costs associated with the Proposal

The Responsible Entity will also look to conduct on-market buybacks during the Transition Period. The buybacks will be, if the relevant Fund III resolution is passed, for up to 10% of the number of Units on issue following the merger. It is expected that the maximum number of Units which can be bought back is approximately 26.8 million Units.

The first regular withdrawal offer is expected to be made in December 2023. The Proposal will also allow new and existing investors the ability to invest in the Fund at NAV through a monthly subscription process, expected to begin in July 2023, as outlined in Section 4 of the Fund's PDS. Unitholders will have the ability to purchase Units on the ASX during the Transition Period as well.

b) The Proposal provides an ability for existing investors to maintain their investment rather than being forced to liquidate over time

The Merged Fund will be open-ended, providing Unitholders exposure to an "evergreen fund" with proceeds reinvested into the strategy. There will be no fixed life for the fund and investors will have the ability to stay invested in the long term.

The evergreen fund structure allows Unitholders to control their own investment level by applying for Units in any month in a near fully-invested fund, rather than waiting for a portfolio to be constructed. An evergreen fund gives investors the ability to maintain their exposure to an asset class without having to assume reinvestment risk or find a suitable investment manager or fund when their original invested capital is returned to them.

The evergreen fund structure also allows the Investment Manager broader discretion to invest through economic cycles and to target a wider variety of investments, including certain investment thematics or misvalued opportunities within the market.

As the CD Private Equity Fund Series has been in operation for ten years, at the time of the merger, the Merged Fund will be close to fully invested and has a refined investment process and access to preferred investment managers which is expected to provide a clear pipeline of future investments to be made through a new Cayman Islands limited partnership "**Evergreen LP**" (which is expected to invest alongside Cordish Equity Partners).

The Evergreen LP's general partner ("**Evergreen GP**"), with responsibility for selecting and managing investments of the Evergreen LP, will be a Delaware LLC which will appoint US Select Asset Management Inc. as the investment manager.

See Section 8.2 for an illustration of the entities in the structure, including the proposed Evergreen LP and a more detailed overview of the current and new structure.

c) The Merged Fund will have an improved liquidity profile and better access to capital

The larger and more diversified Merged Fund will have a broader range of private equity investments with a wider range of expected maturity dates. This results in a rolling portfolio, with the proceeds of underlying companies which are sold being returned to investors in a manner which is expected to be more consistent and predictable (subject to underlying US market conditions). The underlying assets will each represent a smaller percentage of fund assets being acquired and sold as opportunities arise. This liquidity profile is better suited to a long term investment in private equity, and may make the Merged Fund more attractive to wholesale and institutional investors who may prefer investment in a larger Fund with an indefinite term. Such investments would grow the Merged Fund and increase the diversification and liquidity of its portfolio further. There may also be a corresponding improvement in the ability to take advantage of opportunities, provide withdrawal offers for Unitholders in the future from potential larger inflows and potentially result in stronger returns.

d) The Proposal provides Unitholders with an enhanced growth profile, with the Fund able to make new investments

The open-ended structure allows the Merged Fund to make new investments and have greater opportunity to seek returns from diverse sources. The Merged Fund will continue to employ a multi-manager style of investment where capital contributed will be applied to acquire interests in investment vehicles managed by third party fund managers. The Fund will also be able to acquire ownership in underlying private investments through co-investments with various limited partnerships or invest directly in underlying companies. US Select Asset Management Inc. (previously E&P Asset Management USA, Inc) is the current investment manager for some of the Cayman LPs (LP II, LP III and LP IV) and there will be no change to the investment manager of Cayman LP I. See Section 8.2 for a structure diagram and for further details.

The four Funds are all in different stages of the investing life cycle, with Fund I and Fund II having returned to investors more than their initially invested \$1.60 per unit by way of capital return and distributions, Fund III is making more consistent distributions and Fund IV is in the earlier stages of private equity investment life cycle.

The new Evergreen LP will be in the initial stages of private equity investment life cycle and will solely be making cash contributions to the underlying investments. Being an amalgamation of the current Funds, the Merged Fund will have a more diversified cashflow and capital growth profile relative to each of the existing Funds.

3. Considerations relevant to your vote on the Proposal continued

e) The Proposal provides Unitholders greater portfolio diversification

The CD Private Equity Fund will have an aggregate portfolio of approximately \$650 million invested across 43 small to middle market US private equity funds that are, in turn, invested in approximately 284 underlying companies. Unitholders will have greater diversification across underlying companies, funds and fund managers, and therefore greater diversification across sectors, geographies and company stages.

f) The Proposal provides Unitholders the opportunity for scale benefits and cost savings

A single unlisted fund structure will provide Unitholders with scale benefits and ongoing cost savings by minimising cost duplication across the four existing Funds. Initially, the cost savings will mainly be a relative improvement for Unitholders of Funds I, II and III as they are concerned with the costs of listing. It is currently estimated that the Proposal will deliver cost savings of approximately \$200,000 per annum, which are expected to be realised from the Delisting Date. In the longer term as underlying assets in the older limited partnerships are sold, there should be efficiencies from the portfolio being held through the single Evergreen LP.

g) The Proposal provides Unitholders with the right to vote on bringing the Fund to an end

Under a constitution amendment, if approved, the Responsible Entity would be required to call a meeting every 7 years from implementation of the Scheme to allow members of the Merged Fund to vote on a special resolution to wind up the Fund if acceptances of withdrawal offers have exceeded by 25% or more the total amounts of withdrawal offers made in the Fund in the 12 months leading up to the date of consideration or if no withdrawal offers have been made in that time.

3.4 Reasons you may decide to vote against the Proposal

a) The Fund does not have a defined investment term

If implemented, the Proposal will result in the investment term of the Merged Fund having an indefinite life, extending beyond Unitholders' expected investment terms when they invested in a Fund. Unitholders of those Funds may have wished to realise their investment within the original investment period of each Fund. For example, if the Proposal is not implemented, Fund I's 10-year anniversary was in mid 2022, and Fund II's anniversary is in early 2023, Fund III's 10-year anniversary is in mid 2026 and Fund IV's 10-year anniversary is in early 2028.

See also Section 3.3(g) above regarding the right for members to vote every 7 years on whether the Fund should be wound up if acceptances of withdrawal offers have exceeded by 25% or more the total amounts of withdrawal offers made in the Fund in the 12 months leading up to the date of consideration or if no withdrawal offers have been made in that time.

b) Liquidity

The Merged Fund will still, as the existing Funds are now, be an investment that is not "liquid" as defined in the Corporations Act, so that you cannot request redemption at a time of your choosing. Currently, Unitholders in Fund I, Fund II and Fund III are able to sell their units on ASX, but only if there is sufficient trading and most likely at a significant discount to NAV (Section 3.2). Under the Proposal, the ability to dispose of an investment in Fund I, Fund II and Fund III will be materially different given those Funds will no longer be listed on ASX from approximately six months after implementation of the Scheme. There will then be no withdrawal opportunities from the date of delisting up to December 2023 (this date has been chosen as investors will have the ability to exit on the ASX up until approximately May 2023, subject to market conditions and investors potentially having to exit at a discount to NAV). From December 2023 onwards, Unitholders in the Merged Fund will be able to participate in withdrawal offers to the value of approximately 5% of the Fund's Units on issue at six-monthly intervals (that is, approximately 10% of Units on issue each year). Units would be redeemed at NAV, less the Sell Spread. It is likely that the Merged Fund will be able to source sufficient liquid assets at each six-monthly interval for a withdrawal offer of that size, with cash being sourced from reinvested income and potentially from new subscriptions for Units and asset sales. However, the amount and/or timing of withdrawal offers would be adjusted if it is in the best interests of members to do so, in the context of market conditions at the time. To the extent that acceptances of a withdrawal offer exceed the amount of the offer, withdrawal will be scaled back on a pro rata basis. The Responsible Entity has the power to cancel a withdrawal offer, including during the withdrawal offer window, but would only do so if in the best interests of members as whole.

Please refer to Section 8 for further details of the Liquidity Framework for the Fund.

c) No cash distributions

The Funds were designed to focus on capital growth and none of them have ever made regular cash distributions of income. Fund I, Fund II and Fund III have paid out capital and income from time to time as investments are sold. However, the Merged Fund will take a different approach, reinvesting both income and capital, with the proceeds used for new investments or to meet demand for withdrawal under the regular withdrawal offers.

Accordingly, it is a term of investments in the Merged Fund that distributions of income will not be paid in cash, but must be reinvested in the Merged Fund, with additional Units issued to represent the reinvestment. Unitholders will, however, be required to include the relevant share of taxable income in their tax returns (with any associated foreign tax offsets). If a Unitholder needs cash to meet any tax liability arising from distribution or for any other purpose, they will need to consider accepting the six-monthly withdrawal offers in respect of some of their Units to receive cash from the Fund for this purpose (noting that there is no guarantee that withdrawal requests will be met, or met in full). While the Merged Fund is listed, investors could also sell their Units on the ASX. See “Liquidity” in paragraph (b) above.

Also, if the Proposal is implemented, the distributions received by Fund I, Fund II, Fund III and Fund IV from their respective LPs will be used to fund the initial on-market buyback (assuming the Fund III buy-back resolution is passed) and potentially be retained to help fund the initial withdrawal offer in December 2023. See Section 5.7 for more information.

d) Different rights in a delisted Fund

For Unitholders in Funds I, II and III, following the delisting of the Merged Fund, some different rights and obligations will apply to their investment. In addition to Units not being able to be traded on the ASX, disclosure of significant events affecting the Fund will be by way of website update rather than ASX announcement, the threshold for voting to change responsible entity will increase from an ordinary resolution to an extraordinary resolution (as defined in the Corporations Act), the takeover laws under Chapter 6 of the Corporations Act will no longer apply, and there will be requirements for investors who have not already done so to provide additional identification in connection with anti-money laundering legislation (see Section 8 for more information). However, Unitholders in the Merged Fund will continue having their key rights under the Corporations Act as against the Responsible Entity as members of a registered managed investment scheme.

e) There are one-off Transaction Costs associated with implementing the Proposal

If the Proposal is approved, the Responsible Entity expects to pay an additional \$1.0 million (excluding GST and disbursements) in Transaction Costs, reflecting advisory fees payable to MA Moelis Australia, which is contingent upon the implementation of the Proposal. There will be additional expenses of approximately \$0.1m payable for the implementation of the proposal including Registry fees and the required onboarding of investors (see Anti-money laundering and Know Your *Customer* in Section 8).

The Responsible Entity will incur (separately from the above cost) approximately \$1.4 million (excluding GST and disbursements) in one-off Transaction Costs in connection with developing the Proposal. These Transaction Costs include advisory fees payable for the Responsible Entity's legal, accounting and tax advisers, the Independent Expert's fees, general administrative fees, expenses associated with convening and holding the Meetings and other costs. These costs have been or will be recovered from the Funds irrespective of whether the Proposal is approved.

The Transaction Costs incurred in connection with the Proposal have been or will be allocated among the Funds in proportion to the NAV of each Fund and decrease the NAV across the Funds.

f) Valuation considerations

The Proposal involves a consolidation of each Fund based on their respective NAV per Unit as at 30 June 2022. If the Proposal is implemented, Unitholders will hold Units in Fund III only, and Fund III will hold all the Units in Funds I, II and IV. The number of CD Private Equity Units to be issued to Unitholders in each of those Funds under the Scheme will be based on a Conversion Ratio.

If the changes in NAV per Unit are not uniform across those Funds, this may imply a Conversion Ratio different to that set out as part of the Proposal. Practically, this means that if the NAV of the Fund in which you are a Unitholder were to move differently (either up or down) in future periods, relative to the NAV of other Funds, the value of CD Private Equity Fund Units you have received will be worth more or less than if the Proposal were to be implemented at a later date.

The Board considers the use of NAV per Unit as at 30 June 2022 the most appropriate basis for the Conversion Ratio given it reflects the most recent valuations across the Funds. However, there are additionally inherent difficulties with valuing private equity interests accurately at different stages of the business life cycle.

g) Tax implications of disposal under the Scheme

The transfer of Units in Fund I, Fund II and Fund IV to become property of Fund III under the Scheme in consideration for the issue of units in Fund III will be a capital gains tax event for the Unitholder. Any capital gain that would otherwise be made by Australian resident investors holding their units on capital account may be rolled over. See Section 13 for more detail.

3. Considerations relevant to your vote on the Proposal continued

h) Additional fees may be payable to the Investment Manager or GPs in the future

The general partner of each of the LPs in the series has engaged either E&P Funds Management Pty Limited (ACN 159 902 708)(LPI)(“**E&PFM**”) or the Investment Manager (LPs II,III,IV and Evergreen LP) to act as investment manager and/or investment advisor for each respective underlying LP. E&PFM and the Investment Manager provide investment advisory services to each Fund under the relevant Investment Advisory Agreement (“**IAA**”) in return for the payment of a fee by the GP. The existing GP fees payable by the Funds through their investments in the LPs expire on the tenth anniversary of each respective LP or their initial closing date. There is no extension of these GP fees as part of this proposal. The GP fee for LP1 expired in June 2022, LP2 expires February 2023, LP3 expires mid 2026 and LP4 expires 2028.

GP Fee

The new Evergreen LP will have a GP fee of 1.0% on committed capital on a per investment basis. The current GP fees in place for LP II, LP III and LP IV will remain in effect until their expiry (per the chart below).

GP FEE	JUN-22	EM ISSUE DATE	FEB-23	MID-2026	MID-2028
Fund I	Expires				
Fund II			Expires		
Fund III				Expires	
Fund IV					Expires

The new Evergreen GP fee will only commence when the Evergreen LP has been established and the Evergreen LP makes its first investment. The Evergreen GP fee will commence on the acquisition of each portfolio investment made by the Evergreen LP and continue for 10 years from commencement unless all capital contributions for the investment have been returned at which point the management fee will cease for that particular portfolio investment. The Evergreen GP fee will apply on a per investment basis, if capital or income is returned from one investment and reinvested in another investment the Evergreen GP fee will be charged on the new investment (including from distributions compulsorily reinvested into the Evergreen LP).

The below table sets out the GP fees currently paid by each Fund in the Series.

FUND	CURRENT GP FEE	FUTURE EVERGREEN GP FEE	NOTES	INCREASE OR DECREASE IN GP FEE
Fund I	0.0%	1.00% p.a. on committed capital	The new Evergreen LP will have a GP fee of 1.0%. The blended GP fee across the series is estimated to be 0.68% on the NAV of the Merged Fund for the 12 months to 30 June 2023. Note: GP fee for Fund I expired in June 2022.	Increase.
Fund II	2.00% p.a. on committed capital (estimated to be 1.22% of the NAV of Fund II)	1.00% p.a. on committed capital	The new Evergreen LP will have a GP fee of 1.0% on committed capital. The blended GP fee across the Merged Fund is estimated to be 0.68% of the NAV of the Fund.	Decrease initially until February 2023. After February 2023, this would be an increase.

FUND	CURRENT GP FEE	FUTURE EVERGREEN GP FEE	NOTES	INCREASE OR DECREASE IN GP FEE
Fund III	1.00% p.a. on committed capital (estimated to be 0.68% of the NAV of Fund III)	1.00% p.a. on committed capital)	The new Evergreen LP will have a GP fee of 1.0% on committed capital. The blended GP fee across the Merged Fund is estimated to be 0.68% of the NAV of the Fund.	In line, longer term the 1.0% GP fee will be in line with the Evergreen GP fee of 1.0%
Fund IV	1.00% p.a. on committed capital (estimated to be 0.39% of the NAV of Fund IV)	1.00% p.a. on committed capital	The new Evergreen LP will have a GP fee of 1.0% on committed capital. The blended GP fee across the Merged Fund is estimated to be 0.68% of the NAV of the Fund.	Slight decrease on NAV initially. Longer term the 1.0% GP fee will be in line with the Evergreen GP fee of 1.0%

The fees in the above table have been calculated based on the twelve months to 30 June 2023. The GP fees are represented as the GP fee based on committed capital, the GP fee based on the NAV of each respective Fund and the combined GP fees for the series as a percentage of the NAV of the merged Fund (noting that the merged fee does not take into account any investment in the Evergreen LP as it is likely not going to make any investments before 30 June 2023). Each Fund's fee has been adjusted for the proportion of the year in which it will be in effect and each Fund's percentage interest in the limited partnership through which it invests.

LP Performance Fee

The general partners of LP III and LP IV are entitled to receive a performance fee if, among other requirements, the returns of a LP achieve the relevant hurdle rate and this right will continue under the Merged Fund structure. Additionally, the general partner of the Evergreen LP may also be entitled to a performance fee per the details in Section 8. The Proposal will not trigger payment of those performance fees at the time it is implemented. Fund I and Fund II do not currently have performance fees payable to the general partners of each LP through which they invest and investors in Fund I and Fund II will therefore have exposure to the performance fee of LP III, LP IV and the Evergreen LP.

Further information about the ongoing fees payable in the Merged Fund is summarised in Section 1 of the Merged Fund's PDS and investors should read the Merged Fund's PDS in full, including the detail in Section 5 – Fees & Costs.

i) Reduced exposure to the performance of specific investments

If the Proposal is implemented, Unitholders will have exposure to a larger and more diversified portfolio of assets. This means that the exposure of Unitholders to returns arising from the outperformance of any individual investment will be reduced. Increased diversification may not be a part of your investment strategy and you may prefer to maintain your current level of exposure to particular investments.

j) Disagreement with the Independent Expert and the Board

Notwithstanding the unanimous recommendation of the directors of the Responsible Entity and the conclusion of the Independent Expert, you may believe that the Proposal is not in your best interests or the best interests of Unitholders. In light of the current equity markets performance, you may also believe that the Proposal should not be implemented until the outlook is more certain.

4

Questions and Answers

4. Questions and Answers

QUESTION	ANSWER	MORE INFORMATION
<p>What is the Proposal?</p>	<p>The Proposal involves merging the four Funds to create a single larger, more diversified fund that will not have the limited life of the existing Funds. This is to be achieved by way of:</p> <ul style="list-style-type: none"> • a trust scheme of arrangement whereby Fund III will acquire all of the Units in Fund I, Fund II, and Fund IV to form the CD Private Equity Fund, and • Fund III converting from a closed-ended to an open-ended unit trust structure. <p>The Proposal is inter-conditional upon the Unitholders of each other Fund approving the relevant Resolutions required to implement the Proposal, and each other Condition Precedent being satisfied.</p> <p>The Resolutions for each of the Funds are described in Section 3.1 above, and set out in detail in the relevant Notices of Meeting.</p>	<p>Section 3.1</p>
<p>What are your choices and how does the Board recommend you vote?</p>	<p>You have the choice to vote either in favour, or against, each of the Resolutions (or do nothing) at the Meeting for the Fund or Funds in which you hold Units.</p> <p>The directors of the Responsible Entity unanimously recommend that Unitholders in each Fund vote in favour of each Resolution at the relevant Meeting and the Independent Expert has concluded that the terms of the Scheme for Unitholders in Funds I, II, III and IV are fair and reasonable and accordingly the Proposal is in the best interests of the Unitholders of each of those Funds.</p>	<p>Section 2</p>
<p>What are the conditions that must be satisfied for the Proposal to be implemented?</p>	<p>The Conditions that must be satisfied before the Proposal is implemented include:</p> <ol style="list-style-type: none"> 1. the Unitholders of each Fund must approve each relevant Resolution applicable to that Fund by the requisite majorities; 2. the Court must provide the Second Judicial Advice and such other advice as the Responsible Entity may reasonably require; and 3. all regulatory approvals (being ASIC relief and ASX waivers) required to implement the Proposal must be granted or obtained and not be withdrawn, cancelled or revoked. <p>If these conditions are not satisfied, the Proposal will likely not be implemented.</p>	<p>Section 11</p>

4. Questions and Answers continued

QUESTION	ANSWER	MORE INFORMATION
<p>What do I need to do?</p>	<p>You need to:</p> <ol style="list-style-type: none"> 1. Read the Notice of Meeting for the Fund or Funds in which you hold Units, the Explanatory Memorandum and the Product Disclosure Statement. 2. Vote on the Proposal by: <ol style="list-style-type: none"> I. participating in the Meeting of the Fund or Funds in which you are a Unitholder; or II. submitting a Proxy Form for the Fund or Funds in which you are a Unitholder. <ul style="list-style-type: none"> • Unitholders in Fund I should complete the BLUE Proxy Form • Unitholders in Fund II should complete the GREEN Proxy Form • Unitholders in Fund III should complete the RED Proxy Form • Unitholders in Fund IV should complete the PURPLE Proxy Form <p>Unitholders who own Units in more than one Fund will need to complete multiple Proxy Forms.</p>	<p>Section 5</p>
<p>SCHEME</p>		
<p>What is the Scheme?</p>	<p>As part of the Proposal, a scheme of arrangement where Fund III will acquire all of the Units in Fund I, Fund II and Fund IV from the Scheme Participants.</p> <p>Unitholders of Fund I, Fund II and Fund IV should pay particular attention to information in relation to the Scheme as it involves an acquisition by Fund III of the Units held by them at the Record Date.</p> <p>Following the Implementation of the Scheme, the Scheme Participants will become Fund III Unitholders and the remaining steps of the Proposal will proceed.</p>	<p>Section 3</p>

QUESTION	ANSWER	MORE INFORMATION
<p>What will I receive if the Scheme is implemented?</p>	<p>If the scheme is implemented each Fund I Unitholder will receive 0.6285 Fund III Units for each Fund I Unit held at the Record Date.</p> <p>If the scheme is implemented, each Fund II Unitholder will receive 0.9144 Fund III Units for each Fund II Unit held at the Record Date.</p> <p>If the scheme is implemented, based on current calculations each Fund IV Unitholder would receive 1.0569 Fund III Units for each Fund IV Unit held at the Record Date. However, the ratio may increase slightly, depending on the number of forfeited Units cancelled prior to the implementation of the merger so that Fund IV Unitholders receive a higher number of Fund III units on implementation. Fund IV investors should note that the maximum Conversion Ratio may be 1.0583 (depending on the number of forfeited units cancelled prior to the implementation of the merger).</p> <p>Each Conversion Ratio above is based on the respective NAV per Unit of each Fund as at 30 June 2022. The NAV reflects the CDIV capital call and transaction costs associated with the merger.</p> <p>Unitholders in Fund III will continue to hold the same Units in that Fund, but after the Scheme is implemented, those Units will represent an interest in a more diversified portfolio of investments and a correspondingly diluted investment in the existing assets of Fund III.</p>	<p>Section 9</p>
<p>How will fractional entitlements be treated under the Scheme?</p>	<p>When the calculation of the number of Fund III Units issued as Scheme Consideration would result in the issue of a fraction of a security, the fractional entitlement will be rounded to the nearest whole number of Fund III Units.</p>	<p>Section 9</p>
<p>Can I choose to receive cash instead of Fund III Units?</p>	<p>No. There is no option for Scheme Participants to elect to receive cash instead of Fund III Units.</p>	
<p>Will I receive regular cash distributions following implementation of the Scheme?</p>	<p>No. While distributions from the Merged Fund will be determined for tax purposes for each year ending 30 June, the income will not be paid out in cash, but will instead be reinvested under the Compulsory DRP and Unitholders will receive additional Units in approximately August of each year.</p>	<p>Sections 3.3(e) and 8.1</p>
<p>What if I am not in Australia or New Zealand?</p>	<p>If you are a Unitholder in Fund I, Fund II or Fund IV whose address on the register is outside Australia and New Zealand, under amendments to be made to the constitution the units in Fund III that would have been issued to you under the merger will instead be issued to a sale nominee who will sell them on market and pay the net proceeds of the sale to you. This is because the Responsible Entity is not required to offer securities in foreign jurisdictions where the number of affected members is so small that the cost of complying with local securities laws in those other countries is disproportionate.</p>	<p>Section 5.8</p>

4. Questions and Answers continued

QUESTION	ANSWER	MORE INFORMATION
Do I need to make any payments to Fund III to participate in the Scheme?	No	
What will happen immediately post Scheme implementation?	<p>Upon implementation of the Scheme any Units you hold in Fund I, Fund II or Fund IV will be transferred to the custodian for Fund III on your behalf and you will be issued with Units in Fund III.</p> <p>The Responsible Entity will apply for the quotation of those new Units in Fund III and they will, for approximately six months, continue to be able to be traded on ASX.</p> <p>This means that there will be an initial opportunity for liquidity through that approximate six-month window where the CD Private Equity Fund will trade on the ASX. There is a likelihood that the Fund will trade at a discount to NAV during this time (and the discount may be similar to or differ from the discounts at which Funds I, II and III currently trade).</p> <p>If the resolutions are approved, Fund III will also change name to CD Private Equity Fund.</p>	
What are the tax implications of the Scheme?	The transfer of Units in Fund I, Fund II and Fund IV to become property of Fund III under the Scheme in consideration for the issue of units in Fund III will be a capital gains tax event for the Unitholder. Any capital gain that would otherwise be made by Australian resident investors holding their units on capital account may be rolled over. See Section 13 for more detail.	Section 13
RESTRUCTURE		
What is the Restructure?	As part of the Proposal, the Restructure involves converting Fund III from a closed-ended to an open-ended unit trust structure. This will be achieved by making any necessary amendments to the Constitution for Fund III, and applying to ASX for it to be delisted.	Section 3
Do I need to make any payments to participate in the Restructure?	<p>No, you will not need to make any payments to have the new arrangements apply to your Units, but we may need to ask you for some information and documents to meet our AML/CTF obligations for unlisted funds if you are not currently a member of Fund IV.</p> <p>Additional information may be requested from investors at the time of delisting, including, but not limited to Tax File Numbers (“TFNs”) and Bank Account Details. The Fund’s Unit Registry, Boardroom Pty Limited will contact investors for this information (if required).</p>	Section 8

QUESTION	ANSWER	MORE INFORMATION
<p>After the Restructure, how will I be able to exit my investment?</p>	<p>The first regular withdrawal facility is expected to be available in December 2023. This date has been chosen as investors will have the ability to exit on the ASX up to the date of delisting in approximately May 2023 subject to market conditions and potentially at a discount to NAV. From that time, it is intended that withdrawal offers to the value of approximately 5% of the Fund's issued Units will be made at six-monthly intervals (that is, approximately 10% of the Fund's issued Units each year). The cash to fund these offers may be sourced from reinvested income of the Fund, new applications for Units and sub-portfolio asset sales and possibly some borrowing.</p> <p>In addition, if acceptances of withdrawal offers have exceeded by 25% or more the total amounts of withdrawal offers made in the Fund in the 12 months leading up to the date of consideration or if no withdrawal offers have been made in that time members of the Fund will have the opportunity to vote every 7 years, commencing from November 2029, on a special resolution as to whether the Fund should be wound up and capital returns as assets are progressively sold in an orderly manner (which may take years).</p>	<p>Section 8</p>
<p>Will E&P Investments Limited continue to be the responsible entity of the Merged Fund?</p>	<p>E&P Investments Limited will continue as Responsible Entity following implementation of the Scheme.</p> <p>The Merged Fund's Investment Manager, the GPs and the underlying LPs' investment managers will continue to manage LPs (I – IV).</p> <p>The Merged Fund's portfolio manager will be Jonathan Sinex (the current portfolio manager of the Fund Series).</p>	<p>Section 8</p>
<p>Will Fund I, Fund II and Fund IV be deregistered?</p>	<p>Fund I, Fund II and Fund IV are expected to be deregistered post the merger. This will take place no less than two months after the merger, with an application lodged to ASIC to deregister with a final set of accounts as registered schemes.</p>	
<p>ASSESSMENT OF THE PROPOSAL</p>		
<p>What are the transaction costs if the Proposal proceeds?</p>	<p>The Responsible Entity will incur approximately \$1.4 million (excluding GST and disbursements) in one-off Transaction Costs in connection with developing the Proposal.</p> <p>If the Proposal is approved, the Responsible Entity expects to pay an additional \$1.0 million (excluding GST and disbursements) in Transaction Costs, reflecting advisory fees payable to MA Moelis Australia, which is contingent upon the implementation of the Proposal. There will be additional expenses of approximately \$0.1m payable for the implementation of the proposal including Registry fees and the required onboarding of investors (see Anti-money laundering and Know Your Customer in Section 8).</p> <p>The Transaction Costs incurred in connection with the Proposal have been or will be allocated among the Funds in proportion to the NAV of each Fund and decrease the NAV across the Funds.</p>	<p>Section 3</p>

4. Questions and Answers continued

QUESTION	ANSWER	MORE INFORMATION
<p>What fees will change if the Proposal proceeds?</p>	<p>No existing fees are expected to change as a result of the Proposal, but because the Funds will combine under the merger, the level of fees will be combined, with the result that the effect will vary for each Fund Investors (investors should consider Sections 5.3 (Fund I), 5.4 (Fund II), 5.5 (Fund III) and 5.6 (Fund IV)).</p> <p>Future investments of the Merged Fund will be made through the Evergreen LP. The Evergreen LP's fees will be a 1.0% GP fee based on committed capital on a per investment basis. There may also be a performance fee payable to the GP.</p> <p>The aggregate of third party expenses across the Funds is expected to decrease after the Fund is delisted to reflect a reduction in ASX listing fees.</p>	<p>Section 5</p>
<p>What happens if the Resolutions are not approved and the Proposal does not proceed?</p>	<p>If all of the above Resolutions are not approved by the requisite majorities of Unitholders in each Fund:</p> <ul style="list-style-type: none"> • the Proposal will not be implemented; • the Funds will continue to operate as they do currently with no changes to their structure; • the Fund Constitutions will not be amended; • it is expected that the NAV of the Funds will have decreased by \$1.4 million (excluding GST and disbursements) in aggregate as a result of the Funds paying some Transaction Costs relating to the development of the Proposal prior to implementation. 	
<p>Who is the Independent Expert and what do they think?</p>	<p>Kroll Australia Pty Ltd, the Independent Expert has concluded that the terms of the Scheme for Unitholders in Funds I, II, III and IV are fair and reasonable and accordingly the Proposal is in the best interests of the Unitholders of each of those Funds.</p> <ul style="list-style-type: none"> • A copy of the Independent Expert's Report is contained in Section 14 of this Explanatory Memorandum. 	<p>Section 14</p>

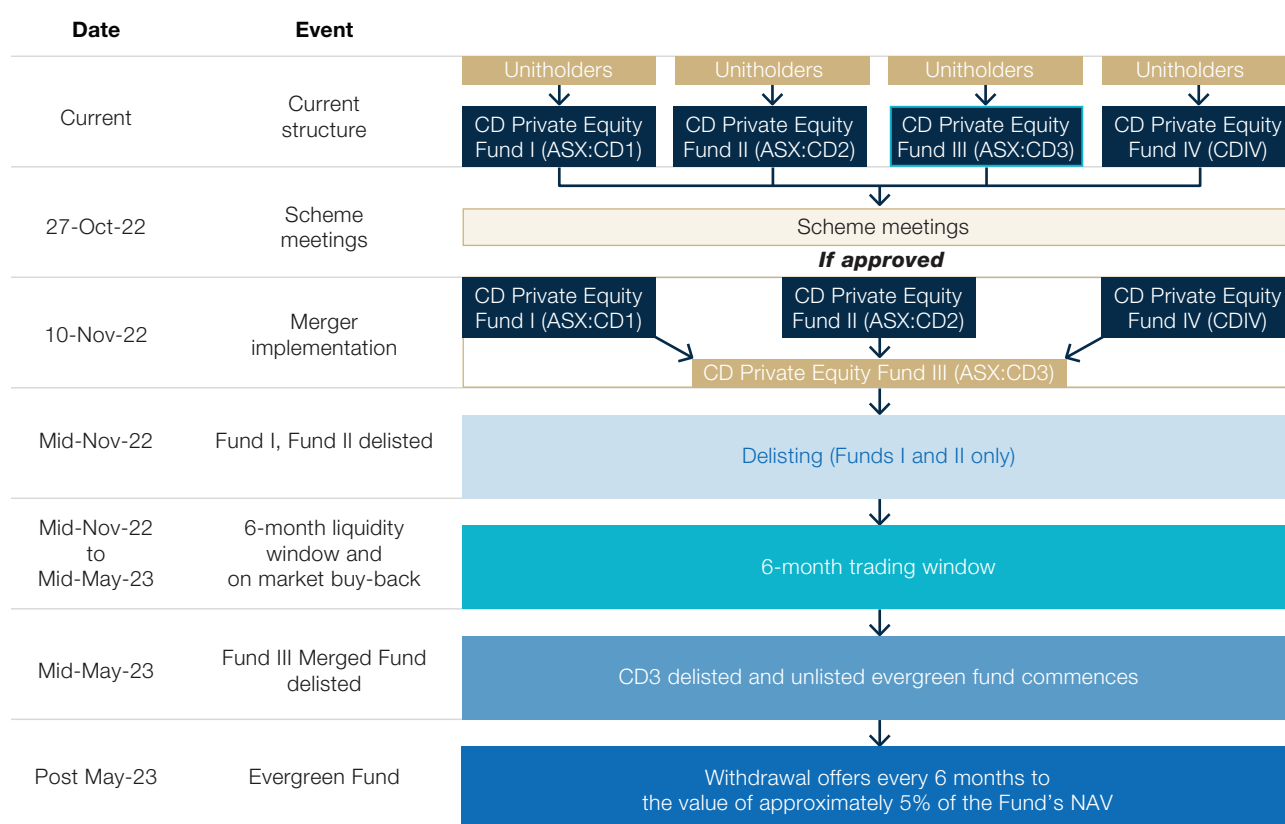
5

Impact on Unitholders of each Fund (including fees and costs)

5. Impact on Unitholders of each Fund (including fees and costs)

5.1 Process overview

The below diagram provides an overview of the process to be followed for each of the Funds in the Series as part of the Proposal including a summary of key dates and events.



- The timing outlined in the above chart is approximate and may be subject to change.
- See Section 8 for details on the Merged Fund structure.

5.2 Summary of the existing Funds and the Merged Fund

The following table summarises the key metrics of each Fund in its current state, and the implied key metrics when merged to form the Merged Fund.

For more detail about the Merged Fund, see Section 8 of this Explanatory Memorandum, and the PDS.

ITEM	FUND I	FUND II	FUND III	FUND IV	MERGED FUND
Fund structure	Listed, closed-ended	Listed, closed-ended	Listed, closed-ended	Unlisted, closed-ended	Unlisted, open-ended
Gross assets (\$m)[^]	53.3	115.6	188.5	294.6	652.0
Number of Units (m)^{^^}	36.6	52.5	72.0	117.9	267.6
NAV per unit (\$) [^]	1.41	2.06	2.25	2.38	2.24
Current trading discount (%)^{^^^}	(35.0%)	(38.3%)	(36.0%)	n/a	n/a
Number of underlying funds (#)^{^^^}	8	12	13	12	43
Number of underlying investments (#)^{^^^}	33	50	96	105	284
Average age of companies invested in (yrs)^{^^^}	6.7	5.4	3.6	2.5	3.9
Liquidity offering	Exchange-based	Exchange-based	Exchange-based	No ongoing or periodic withdrawal facility	Semi-annual withdrawal offers
Responsible Entity Fee (%)[*]	0.08% of the GAV of the Fund (ex GST), estimated to be 0.09% of the NAV of Fund I [*]	0.08% of the GAV of the Fund (ex GST), estimated to be 0.09% of the NAV of Fund II [*]	0.08% of the GAV of the Fund (ex GST), estimated to be 0.10% of the NAV of Fund III [*]	0.08% of the GAV of the Fund (ex GST), estimated to be 0.09% of the NAV of Fund IV [*]	0.08% of the GAV of the Fund (ex GST), estimated to be 0.09% of the NAV of the Merged Fund [*]
GP Fee (%)[*]	0%	2.00% p.a. on committed capital (estimated to be 1.22% of the NAV of Fund II) [*]	1.00% p.a. on committed capital (estimated to be 0.68% of the NAV of Fund III) [*]	1.00% p.a. on committed capital (estimated to be 0.39% of the NAV of Fund IV) [*]	1.00% p.a. on committed capital (estimated to be 0.68% of the NAV of the Merged Fund) ^{***}
Admin Fee (%)[*]	0.25% of the GAV of the Fund (ex GST), estimated to be 0.27% of the NAV of Fund I [*]	0.25% of the GAV of the Fund (ex GST), estimated to be 0.28% of the NAV of Fund II [*]	0.25% of the GAV of the Fund (ex GST), estimated to be 0.30% of the NAV of Fund III [*]	0.25% of the GAV of the Fund (ex GST), estimated to be 0.27% of the NAV of Fund IV [*]	0.25% of the GAV of the Fund (ex GST), estimated to be 0.28% of the NAV of the Merged Fund [*]
Performance Fee (%)[*]	N/A	N/A	10% pa over 8% hurdle	10% pa over 8% hurdle	10% pa over 8% hurdle ^{**}

^{*} See Section 5 of the Product Disclosure Statement for a full breakdown of estimated ongoing fees and costs

[^] Gross assets and NAV as at 30 June 2022, inclusive of CDIV capital call and pre merger transaction costs.

^{^^} Fund I has 36,551,180 Units on Issue, Fund II has 52,479,086 Units on Issue, Fund III has 72,028,420 Units on Issue and Fund IV has 117,939,153 as a maximum number of Units on Issue and 116,997,323 as a minimum number of Units on Issue as at 14 September 2022.

^{^^^} Post-tax NAV, market price as at 28 September 2022. Number of Portfolios doesn't sum due to holdings US Select Direct Private Equity (US), L.P. by Fund I and II, and the US Select Direct Private Equity II, L.P. by Fund III and Fund IV.

^{^^^} Average age of companies is since the start of each Fund's investment as at 31 August 2022. Data provided 31 August 2022.

^{*} GP fee charged on committed capital. Blended GP fee based on NAV of the Fund. Admin and Responsible Entity Fee charged on GAV. All figures are inclusive of the net effect of GST.

^{**} Performance fee is payable on the Merged Fund's Investment in LP III, LP IV and Evergreen LP. Not payable on the merged Fund's investment in LP I and LP II.

^{***} Based on the Merged Fund, estimate based on the 12 months to 30 June 2023.

5. Impact on Unitholders of each Fund continued

5.3 Specific Impacts for the Unitholders of Fund I

	CURRENT	MERGED FUND	EXPECTED PROPOSAL IMPACT
PORTFOLIO IMPACT			
Gross assets (\$m)	53.5	652.0	Greater scale and reduced exposure to risks associated with specific investments and managers
Number of managers (#)	8	43	
Average age of companies invested in (yrs)	6.7	3.9	Exposure to younger companies with higher potential growth
SECTOR ALLOCATION (COMMITTED CAPITAL) (%)*			
Consumer & retail	36.2%	18.5%	Greater sector diversification, with an increased exposure to software and technology
Business services	24.3%	18.5%	
Manufacturing	10.8%	12.7%	
Healthcare	10.8%	13.9%	
Distribution	9.4%	8.8%	
Telecommunications	4.6%	3.7%	
Software & technology	4.0%	22.1%	
Education	0.0%	1.8%	
LIQUIDITY AND FEE STRUCTURE			
Liquidity	Listed	Open-ended fund with semi-annual withdrawal offers	<p>Liquidity may be provided through withdrawal offers. The price for withdrawal offers will be at NAV (less the Sell Spread) compared to a current 35.0% trading discount to NAV. Fund I investors currently receive ad-hoc distributions from net asset sales at NAV, however if they wanted to sell their entire position it would likely be at a significant discount to NAV. Fund I investors will have continued exposure to the private equity asset class via the Merged Fund.</p> <p>In its current format, Fund I is expected to reach a sub-optimal size within the next few years as its underlying investments are sold. When the portfolio reaches this stage of maturity, it will need to be delisted and the final assets may take considerable time to be sold and capital returned to investors. The exact timing of the sale of the underlying investments is unknown as this will be dependent on market conditions and the actions of the underlying US PE fund managers, over which the RE or Investment Manager have no control. The underlying managers may have residual companies remaining in their portfolios which they are unable to exit and which may extend the length of the underlying US PE Funds and subsequently Fund I.</p>
Responsible Entity Fee (%)	0.08% of the GAV of Fund I (ex GST), estimated to be 0.09% of the NAV of Fund I	0.08% of the GAV of the Merged Fund (ex GST), estimated to be 0.09% of the NAV of the Merged Fund	No change
Administration Fee (%)	0.25% of the GAV of the Fund (ex GST), estimated to be 0.27% of the NAV of Fund I	0.25% of the GAV of the Fund (ex GST), estimated to be 0.28% of the NAV of the Merged Fund	Administration fee is slightly higher for Fund I based on the NAV of the Merged Fund

	CURRENT	MERGED FUND	EXPECTED PROPOSAL IMPACT
General Partner Fee (%)*	0.0%	1.00% p.a. on committed capital	The new Evergreen LP will have a GP fee of 1.0% on a per investment basis, an increase from Fund I's current position. The blended GP fee across the series is estimated to be 0.68% on the NAV of the Merged Fund (see 3.4(h) above for further details of the application of the Evergreen GP fee). Note: GP fee for Fund I expired in June 2022.
LP Performance Fee (%)	N/A	10% over 8% hurdle	LPIII, LPIV and the new Evergreen LP will have a performance fee of 10% over 8% hurdle on a per investment basis. Fund I investors will have an exposure to the performance fee of LPIII, LPIV and the Evergreen LP. The performance fee for LPIII and LPIV have not yet been triggered but are currently accrued as at 30 June 2022 in Fund III and Fund IV (Fund III: \$13,353,961, Fund IV: \$12,262,432)

5.4 Specific Impact for the Unitholder of Fund II

	CURRENT	MERGED FUND	EXPECTED PROPOSAL IMPACT
PORTFOLIO IMPACT			
Gross assets (\$m)	115.6	652.0	Greater scale and reduced exposure to risks associated with specific investments and managers
Number of managers (#)	12	43	
Average age of companies invested in (yrs)	5.4	3.9	Exposure to younger companies with higher potential growth
SECTOR ALLOCATION (COMMITTED CAPITAL) (%)			
Consumer & retail	24.5%	18.5%	Greater sector diversification, with an increased exposure to software and technology
Healthcare	22.7%	13.9%	
Business services	22.5%	18.5%	
Manufacturing	14.1%	12.7%	
Distribution	9.5%	8.8%	
Software & technology	4.7%	22.1%	
Telecommunications	2.0%	3.7%	
Education	-	1.8%	
LIQUIDITY AND FEE STRUCTURE			
Liquidity	Listed	Open ended fund with semi-annual withdrawal offers	Liquidity may be provided through withdrawal offers. The price for withdrawal offers will be at NAV (less the Sell Spread) compared to a current 38.3% trading discount to NAV. Fund II investors currently receive ad-hoc distributions from net asset sales at NAV, however if they wanted to sell their entire position it would likely be at a significant discount to NAV. Fund II investors will have continued exposure to the private equity asset class via the Merged Fund. In its current format, Fund II is expected to reach a sub-optimal size within the next few years as its underlying investments are sold. When the portfolio reaches this stage of maturity, it will need to be delisted and the final assets may take considerable time to be sold and capital returned to investors. The exact timing of the sale of the underlying investments is unknown as this will be dependent on market conditions and the actions of the underlying US PE fund managers, over which the RE or Investment Manager have no control. The underlying managers may have residual companies remaining in their portfolios which they are unable to exit and which may extend the length of the underlying US PE Funds and subsequently Fund II.

5. Impact on Unitholders of each Fund continued

	CURRENT	MERGED FUND	EXPECTED PROPOSAL IMPACT
Responsible Entity Fee (%)	0.08% of the GAV of Fund I (ex GST), estimated to be 0.09% of the NAV of Fund II	0.08% of the GAV of the Merged Fund (ex GST), estimated to be 0.09% of the NAV of the Merged Fund	No change
Administration Fee (%)	0.25% of the GAV of Fund II (ex GST), estimated to be 0.28% of the NAV of Fund II	0.25% of the GAV of the Merged Fund (ex GST), estimated to be 0.28% of the NAV of the Merged Fund	No change
General Partner Fee (%)	2.00% p.a. on committed capital (estimated to be 1.22% of the NAV of Fund II)	1.00% p.a. on committed capital	The new Evergreen LP will have a GP fee of 1.0% on committed capital. The blended GP fee across the Merged Fund is estimated to be 0.68% of the NAV of the Fund which is a decrease for Fund II investors initially until February 2023. After February 2023, this fee is expected to increase from Fund II investors' current position (see 3.4(h) above for further details of the application of the Evergreen GP fee). Note: GP fee for Fund II will expire in February 2023 and is currently 2.0% of committed capital.
LP Performance Fee (%)	N/A	10% over 8% hurdle	LPIII, LPIV and the new Evergreen LP will have a performance fee of 10% over 8% hurdle on a per investment basis. Fund II investors will have an exposure to the performance fee of LPIII, LPIV and the Evergreen LP. The performance fee for LPIII and LPIV have not yet been triggered but are currently accrued as at 30 June 2022 in Fund III and Fund IV (Fund III: \$13,353,961, Fund IV: \$12,262,432)

5.5 Specific Impact for Unitholders of Fund III

	CURRENT	MERGED FUND	EXPECTED PROPOSAL IMPACT
PORTFOLIO IMPACT			
Gross assets (\$m)	188.5	652.0	Greater scale and reduced exposure to risks associated with specific investments and managers
Number of managers (#)	13	43	
Average age of companies invested in (yrs)	3.6	3.9	Exposure to US PE Funds with more consistent cashflow profiles
SECTOR ALLOCATION (COMMITTED CAPITAL) (%)			
Consumer & retail	17.1%	18.5%	Greater sector diversification, with a decreased exposure to healthcare and new exposure to telecommunications and education
Healthcare	17.6%	13.9%	
Business services	20.3%	18.5%	
Manufacturing	10.1%	12.7%	
Distribution	8.5%	8.8%	
Software & technology	26.4%	22.1%	
Telecommunications	-	3.7%	
Education	-	1.8%	

	CURRENT	MERGED FUND	EXPECTED PROPOSAL IMPACT
LIQUIDITY AND FEE STRUCTURE			
Liquidity	Listed	Open ended fund with semi-annual withdrawal offers	<p>Liquidity may be provided through withdrawal offers. The price for withdrawal offers will be at NAV (less the Sell Spread) compared to a current 36.0% trading discount to NAV. Fund III investors currently receive ad-hoc distributions from asset sales at NAV, however if they wanted to sell their entire position it would likely be at a significant discount to NAV. Fund III investors will have continued exposure to the private equity asset class via the Merged Fund.</p> <p>In 2026, Fund III will have reached its 10 year anniversary, at which point, like Fund I and Fund II, it would be expected to reach a sub-optimal size in the ensuing years. When the portfolio reaches this stage of maturity, it will need to be delisted and the final assets may take considerable time to be sold and capital returned to investors. The exact timing of the sale of the underlying investments is unknown as this will be dependent on market conditions and the actions of the underlying US PE fund managers, over which the RE or Investment Manager have no control. The underlying managers may have residual companies remaining in their portfolios which they are unable to exit and which may extend the length of the underlying US PE Funds and subsequently Fund III.</p>
Responsible Entity Fee (%)	0.08% of the GAV of Fund III (ex GST), estimated to be 0.10% of the NAV of Fund III	0.08% of the GAV of Fund III (ex GST), estimated to be 0.09% of the NAV of the Merged Fund	Slight decrease on a NAV basis
Administration Fee (%)	0.25% of the GAV of Fund III (ex GST), estimated to be 0.28% of the NAV of Fund III	0.25% of the GAV of the Fund (ex GST), estimated to be 0.28% of the NAV of the Merged Fund	No change
General Partner Fee (%)	1.00% p.a. on committed capital (estimated to be 0.68% of the NAV of Fund III)	1.00% p.a. on committed capital	<p>The new Evergreen LP will have a GP fee of 1.0% on committed capital. The blended GP fee across the Merged Fund is estimated to be 0.68% of the NAV of the Fund. Longer term the 1.0% GP fee will be in line with the Evergreen GP fee of 1.0% (see 3.4(h) above for further details of the application of the Evergreen GP fee).</p> <p>Note: GP fee for Fund III will expire in July 2026 and is currently 1.0% of committed capital.</p>
LP Performance Fee (%)	10% over 8% hurdle	10% over 8% hurdle	<p>The new Evergreen LP will have a performance fee of 10% over 8% hurdle on a per investment basis. The blended performance fee will be slightly lower for investors in Fund III initially as LPI and LPII do not have performance fees.</p> <p>The performance fee for LPIII and LPIV have not yet been triggered but are currently accrued as at 30 June 2022 in Fund III and Fund IV (Fund III: \$13,353,961, Fund IV: \$12,262,432)</p>

5.6 Specific Impact for Unitholders of Fund IV

	CURRENT FUND	MERGED FUND	EXPECTED PROPOSAL IMPACT
PORTFOLIO IMPACT			
Gross assets (\$m)	294.6	652.0	Greater scale and reduced exposure to risks associated with specific investments and managers
Number of managers (#)	12	43	
Average age of companies invested in (yrs)	2.5	3.9	Exposure to US PE Funds with more consistent cashflow profiles

5. Impact on Unitholders of each Fund continued

	CURRENT FUND	MERGED FUND	EXPECTED PROPOSAL IMPACT
SECTOR ALLOCATION (COMMITTED CAPITAL) (%)			
Consumer & retail	13.7%	18.5%	
Healthcare	8.5%	13.9%	
Business services	14.7%	18.5%	
Manufacturing	14.2%	12.7%	Greater sector diversification, with a decreased exposure to software and technology
Distribution	8.5%	8.8%	
Software & technology	29.7%	22.1%	
Telecommunications	6.6%	3.7%	
Education	4.1%	1.8%	
LIQUIDITY AND FEE STRUCTURE			
Liquidity	No ongoing or periodic withdrawal facility	Open ended fund with semi-annual withdrawal offers	Liquidity may be provided through withdrawal offers. The price for withdrawal offers will be at NAV (less the Sell Spread) compared to no liquidity options. Fund IV investors will have continued exposure to the private equity asset class via the Merged Fund.
Responsible Entity Fee (%)	0.08% of the GAV of Fund IV (ex GST), estimated to be 0.09% of the NAV of Fund IV	0.08% of the GAV of the Merged Fund (ex GST), estimated to be 0.09% of the NAV of the Merged Fund	No change
Administration Fee (%)	0.25% of the GAV of Fund IV (ex GST), estimated to be 0.27% of the NAV of Fund IV	0.25% of the GAV of Fund IV (ex GST), estimated to be 0.28% of the NAV of the Merged Fund	Slight increase on a NAV basis
General Partner Fee (%)	1.00% p.a. on committed capital (estimated to be 0.39% of the NAV of Fund IV)	1.00% p.a. on committed capital	The new Evergreen LP will have a GP fee of 1.0% on committed capital. The blended GP fee across the Merged Fund is estimated to be 0.68% of the NAV of the Fund, this is a slight decrease on NAV initially for Fund IV investors. Longer term the 1.0% GP fee will be in line with the Evergreen GP fee of 1.0% (see 3.4(h) above for further details of the application of the Evergreen GP fee). Note: GP fee for Fund IV will expire in April 2028 and is currently 1.0% of committed capital.
LP Performance Fee (%)	10% over 8% hurdle	10% over 8% hurdle	The new Evergreen LP will have a performance fee of 10% over 8% hurdle on a per investment basis. The performance fee for LP III and LP IV have not yet been triggered but are currently accrued as at 30 June 2022 in Fund III and Fund IV (Fund III: \$13,353,961, Fund IV: \$12,262,432)

5.7 Post 30 June 2022 Distributions

Following 30 June 2022, the Limited Partnerships in the CD Private Equity Fund Series made distributions to Fund I (US\$3m), Fund II (US\$10m), Fund III (US\$14m) and Fund IV (US\$13m). These distributions are currently in each respective Funds' bank account and up until the meeting dates, there will be no further distributions by any of Fund I, Fund II, Fund III and Fund IV to their unitholders.

If the Proposal is implemented, the distributions received by Fund I, Fund II, Fund III and Fund IV from their respective LPs will be used to fund the initial on-market buyback (assuming the Fund III buy-back resolution is passed) and potentially be retained to help fund the initial withdrawal offer in December 2023.

If the Proposal is not implemented, the Responsible Entity is likely to use the distributions received to fund capital management initiatives (such as an on-market buyback, to fund working capital requirements, meet future capital calls to the respective LPs (if applicable) and potentially pay distributions for Fund I, Fund II and Fund III. Fund IV will not undertake any capital management initiatives at this time due to the future capital calls expected to LP IV in the near term.

The distributions are included in the Net Asset Values as at 30 June 2022 as part of each Funds' investment in the LPs.

5.8 Foreign Sale Facility

All Fund I, Fund II and Fund IV Unitholders on the Register on the Record Date will be eligible to participate in the Scheme and become entitled to be issued Merged Fund Units. However, those Fund I, Fund II and Fund IV Unitholders who do not have a registered address in Australia (including its external territories) or New Zealand ("**Foreign Unitholders**") will be taken (under amendments to the relevant Constitution) to direct that the Merged Fund Units to which they are entitled under the Scheme be issued to and sold on the ASX under the Foreign Sale Facility by the Sale Nominee.

As at the date of this Explanatory Memorandum, the Responsible Entity anticipates that only Fund II will be affected by the Foreign Sale Facility arrangement given it has a very small number of Foreign Unitholders in Japan and the United States. Fund I may or may not be affected by that arrangement depending on whether any foreign investors buy units in Fund I on market before the Record Date. Fund IV is not expected to be affected because it does not have any Foreign Unitholders.

If a Foreign Unitholders does not wish to have their Merged Fund Units sold under the Foreign Sale Facility, they may choose to sell their existing units in Fund I or Fund II on the ASX before the Effective Date of the Scheme, currently proposed to be 16 November 2022.

The terms of the Foreign Sale Facility are set out in a sale nominee deed between the Responsible Entity and the Sale Nominee to be signed on or around the date of this Explanatory Memorandum.

These arrangements are being implemented due to restrictions on certain foreign countries that make it impractical or unlawful for the Responsible Entity to offer, or for Foreign Unitholders to receive, Merged Fund Units in those countries. Foreign Unitholders will participate in the Foreign Sale Facility which operates as follows:

- (a) the Responsible Entity will issue the aggregate number of Merged Fund Units to which Foreign Unitholders would otherwise have been entitled, to the Sale Nominee to be disposed of on behalf of the Foreign Unitholders. The net proceeds of the sale will be paid to the Foreign Unitholders. The sale proceeds will depend upon the market price of the Merged Fund Units after deduction of any applicable brokerage, taxes, duty and other costs and expenses associated with the sale.
- (b) the Sale Nominee will be the legal unitholder of those Merged Fund Units and it will sell those Merged Fund Units within 30 Business Days after the Implementation Date (the "**Foreign Unitholder Sale Period**").
- (c) All Merged Fund Units to be sold by the Sale Nominee will be sold in the ordinary course of trading on the ASX, with the objective of achieving the best price on the ASX for the Foreign Unitholder's Merged Fund Units that is reasonably available at the time of sale bearing in mind a number of factors, including the prevailing market conditions. None of the Responsible Entity or the Sale Nominee gives any assurance as to the price that will be achieved for the sale of Merged Fund Units and the sale of the Merged Fund Units will be at the risk of the Foreign Unitholder.
- (d) The prices at which Foreign Unitholders' Merged Fund Units are sold may be adversely affected by the requirement that the sales be conducted within the Foreign Unitholder Sale Period.
- (e) The cash amount which each Foreign Unitholder will receive for their Merged Fund Units sold by the Sale Nominee, is equivalent to an amount equal to the net proceeds of sale of all Foreign Unitholder Merged Fund Units sold (after deduction of any applicable brokerage, taxes, duty and other costs and expenses associated with the sale) multiplied by the proportion that the value of the units the relevant Foreign Unitholder held on the Record Date in the relevant Fund bears to the total value of units held by Foreign Unitholders on the Record Date in the relevant Fund. For purposes of this calculation, the value of units in a Fund is based on the same net asset value calculation per Fund as is used to determine the conversion ratio under the Implementation Deed.
- (f) Cash proceeds from the sale of the Foreign Unitholder Merged Fund Units will be remitted to Foreign Unitholders within 5 Business Days after the Foreign Unitholder Sale Period to either the bank account nominated by the relevant Foreign Unitholder to the Unit Registry for the payment of distributions, or by cheque posted to its address shown on the Register as at the Record Date.

Foreign Unitholders who participate in the Foreign Sale Facility should note that the sale proceeds resulting from the Foreign Sale Facility are not fixed and are dependent on fluctuations in the trading price of Merged Fund Units. No assurances are given as to the price that will be achieved for the sale of the Merged Fund Units under the Foreign Sale Facility. The cash amount Foreign Unitholders will ultimately receive under the Foreign Sale Facility may be lower than the issue price of the Merged Fund Units on the Implementation Date. Please refer to Section 3.2 for information as to the discounts to NAV at which units in the Funds have recently traded.

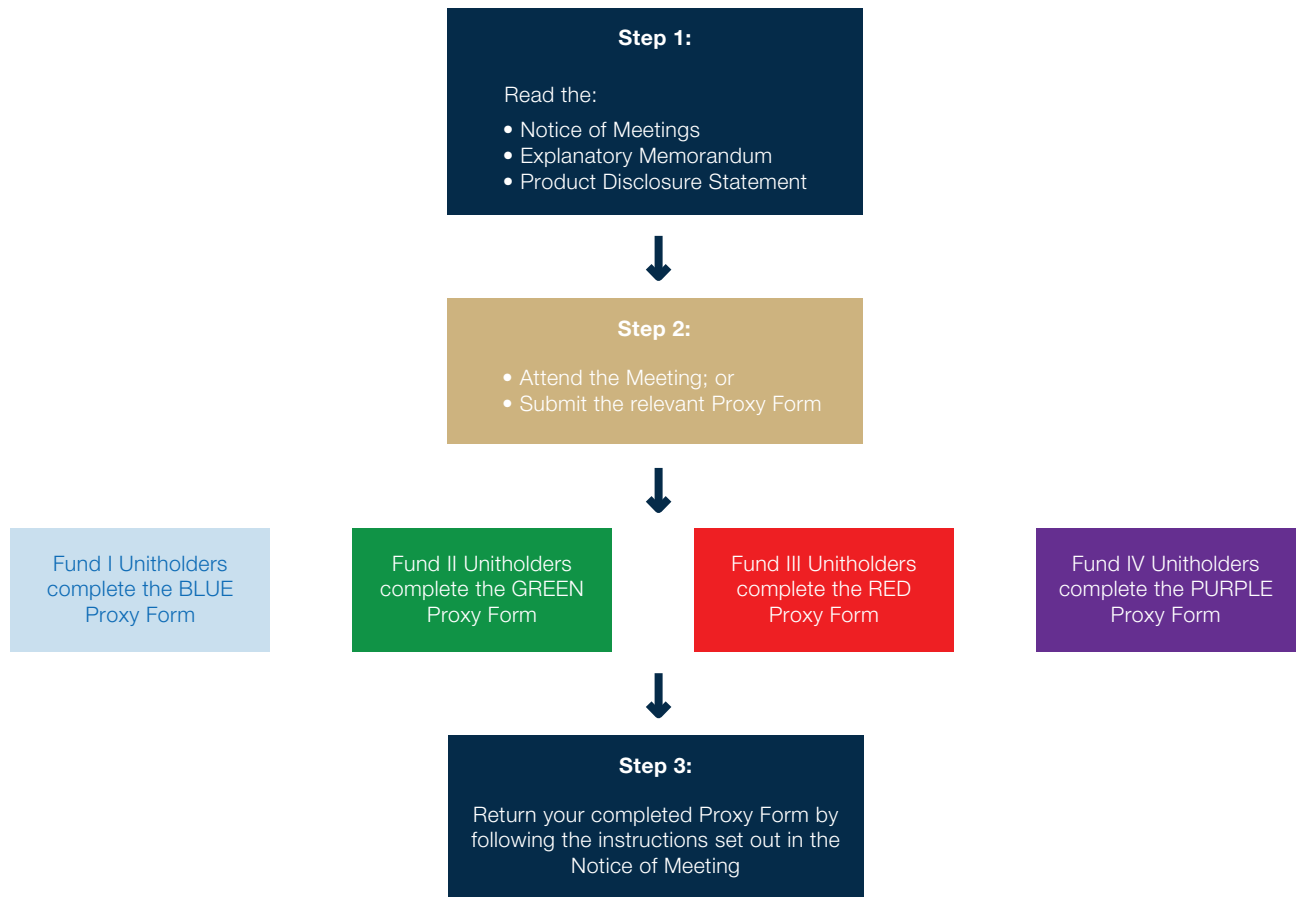
As noted in Section 11.3, the Responsible Entity has applied to ASIC for relief in respect of certain provisions of the Corporations Act to enable Foreign Unitholders to be treated in the manner set out in this section.

6

What you need to do

6. What you need to do

Refer to the relevant Notice of Meeting for information on how to vote and attend the Meetings online or in person.



Unitholders who own Units in more than one Fund will need to complete multiple Proxy Forms in accordance with the instructions set out above and contained in those respective forms, or attend each meeting at the times set out in Section 1 above.

Information contained in this Explanatory Memorandum and Notice of Meeting is important. You should read this document carefully, and if necessary, seek your own independent advice.

7

Overview of the Proposal

7. Overview of the Proposal

7.1 Background to the Proposal

The CD Private Equity Fund Series was established in 2012 as a joint venture between E&P Financial Group Limited (“EP1”) and Cordish Equity Partners. (“CEP”) CEP was established in 1998 and is the private investment arm of the Cordish family, principals and owners of The Cordish Companies, a fourth-generation, family-owned and managed multi-billion dollar business that is one of the leading developers and operators of mixed-use real estate and entertainment projects globally.

The CD Private Equity Fund Series’ investment strategy replicates the long-term private equity investment strategy of CEP. CEP’s primary focus is on investing in “small to mid cap” private equity opportunities within the United States, a strategy they have successfully employed since 1998. Within its targeted segment, CEP seeks to:

- partner with experienced managers by making commitments to, or purchasing secondary interests in, private equity funds,
- co-invest alongside its partner funds and other leading sponsors, and
- selectively make control equity investments in US operating businesses

The four Australian funds are invested into partnership arrangements with Cordish Equity Partners with a primary strategy of investing in US small-to-mid-market private investment funds. The Cordish family, through Cordish Equity Partners, initially invested US\$10 million, US\$12 million, US\$15 million and US\$15 million alongside and on similar terms to Fund I, Fund II, Fund III & Fund IV, respectively. Cordish Equity Partners hold their investment stakes through the underlying LPs and not in the Australian Funds.

Each Fund’s performance since inception has delivered on this strategy with strong Fund NAV returns, as per the table below:

Performance*	3 months	6 months	1 year	3 year (p.a.)	5 year (p.a.)	Since inception (p.a.)
Fund I	7.6%	5.2%	31.5%	20.0%	19.3%	14.3%
Fund II	7.9%	7.9%	29.4%	15.2%	16.0%	12.9%
Fund III	11.3%	18.7%	45.3%	28.7%	20.8%	16.4%
Fund IV	7.3%	9.4%	33.1%	20.5%	—	17.2%

Past performance is not necessarily indicative of future returns.

* Notes: As at 30 June 2022 and inclusive of the final CDIV capital call. Total returns are inclusive of distributions and unrealised gains for revaluation of investments. NAV return is based on post-tax NAV and is net of fees and costs, including transaction costs associated with the merger. Inception dates for each Fund as follows: Fund I: August 2012, Fund II: April 2013, Fund III: July 2016 & Fund IV: April 2018. Source: E&P Investments Limited.

The funds in the CD Private Equity Fund Series are all structured as closed-end self-liquidating trusts to match the profile of the underlying investments. The funds were established as long-term investments of not less than 10 years, and so were listed on the ASX to provide investors with an opportunity for liquidity. Fund IV was not listed on the ASX due to its partly paid structure.

From inception through to the end of 2017 for Fund I, Fund II, Fund III, the funds traded at or around NAV on limited volume and from mid-2018 the CD Private Equity Fund Series started trading at a material discount to NAV, peaking at 55-63% discounts in early 2020 before recovering to current levels of 35-38%¹ discounts. Trading volume also has increased to between 9% and 11%² annualised. While still low on an absolute basis, this represents a material increase from pre-2018 levels.

1. As at 28 September and using 30 June 2022 NAVs per Unit pre transaction costs associated with the Proposal.

2. As at 31 August 2022.

7. Overview of the Proposal continued

The Responsible Entity believes the current closed-ended structure is no longer optimal for the CD Private Equity Fund Series, for the following reasons:

- Historically, LITs have been an effective structure for retail investors due to the transparency and ease of execution of trading Units on the ASX, and from inception to the end of 2017, each of the listed funds in the CD Private Equity Fund Series traded at or around NAV. However, since 2018, the listed funds in the CD Private Equity Fund Series have traded at material discounts to NAV. The Responsible Entity believes these discounts are likely to persist;
- The structure of the CD Private Equity Fund Series does not allow investors to maintain or reinvest in the strategy. Instead, investors' exposure is gradually liquidated over time, irrespective of any investor preferences to remain invested; and
- The self-liquidating structure will result in the listed portfolios reaching a sub-optimal size as the underlying investments are sold. When the portfolios reach this stage of their maturity, they will need to be delisted and the final assets may take considerable time to be sold and capital returned to investors.

In an effort to optimise the structure of the CD Private Equity Fund Series for growth and to best position the Fund to continue to deliver strong performance, the Responsible Entity has undertaken a review of the options available. Several alternative options to the Proposal were considered.

7.2 Alternatives Considered

In light of the discounts to NAV that Fund I, Fund II & Fund III were trading and Fund IV approaching its final capital call, E&P Investments Limited has explored a range of options to improve value to investors. This exploration began in 2019 with a potential sale of Fund I and Fund II and continued further with the appointment of two independent Directors to the RE Board. In late 2020, the RE appointed an adviser to consider strategic options to provide the investors in the Fund Series with greater liquidity and improved commercial outcomes by reducing the unit price discount to net asset value. The options considered by the adviser included the status quo, a possible sale of underlying portfolios, the delisting of the Funds, a merger of the Fund Series and a potential capital markets transaction.

Status Quo

As part of the adviser's appointment, the status quo was considered. In this scenario, investors in Funds I, II, III and IV would receive the realisation of investment portfolio at no discount to net asset value through the liquidation of underlying positions over time.

However, given the large trading discounts that Funds I, II and III were trading at and the feedback received from Fund IV investors regarding liquidity, the RE was conscious that this suggested some near term liquidity was a priority for investors in the Fund Series.

The option to delist the Funds individually was considered to have no compelling advantages at the time as the Funds were too small to be able to offer meaningful alternative liquidity options for investors. In future, as capital is returned and Funds I, II, and III become sub-scale, the cost / benefit analysis could change in favour of a delisting, and the costs of being listed on ASX could outweigh the limited liquidity benefits to a small fund.

Potential Sale

In May 2019 the Responsible Entity appointed Sixpoint Partners, a US based advisory group specialising in private equity funds, to run a competitive process for the sale of the underlying portfolios of Fund I and Fund II to an institutional buyer.

In October 2019, the Responsible Entity announced it had reached agreement with Whitehorse, a Canadian institutional investor, to sell the Fund I and Fund II portfolio's, subject to unitholder approval.

In November 2019, Unitholders voted overwhelmingly against a sale, preferring to continue to support the strategy and investments of Fund I and Fund II.

Capital Markets Transaction

In late 2020, the Responsible Entity was approached by a third party about a potential capital markets transaction. The Responsible Entity appointed a financial adviser and engaged in preliminary discussions with the third party; however commercial terms were not able to be agreed, and the parties mutually agreed to terminate the discussions.

Capital management initiatives

Following continued strong distributions from the underlying investments in early 2021, the Responsible Entity announced an on-market buyback program for Fund I and Fund II in June 2021. The buyback program has had moderate success but has not sufficiently closed the discount to NAV for Fund I and Fund II. It is expected that a buyback for Fund III, when Fund III is in an appropriate position to be able to conduct a buyback, would also not have the required effect to close the discount to NAV.

In late 2021, the Responsible Entity began further investigating the merger of the Fund Series and began consulting with advisers in early 2022. Following input from its advisers, the features of the Merged Fund have been developed with the advisers having a key role in determining the look of the Merged Fund including its liquidity mechanism.

7.3 The Proposal

The Responsible Entity has opted for putting the merger proposal to investors because it believes the status quo of having four separate smaller funds is sub-optimal for investors and has concluded that the Proposal is superior to the existing arrangements and the other alternatives considered.

7.3.1 Listed v Unlisted

The Responsible Entity believes that the unlisted vehicle best matches the long-term investment profile of private equity investing.

As both subscriptions and withdrawals are conducted at close to NAV, the unlisted structure is not exposed to the risk of trading below NAV. Unit prices for applications and withdrawals are calculated by reference to the current NAV (less the Buy/Sell Spread), in accordance with the Constitution.

In determining that the Merged Fund will be unlisted, E&P Investments Limited considered retaining the listing of the Merged Fund. An unlisted structure with less frequent withdrawals at NAV was considered more appropriate than a listed structure that trades daily with deeper discounts to NAV.

The main advantage of the Merged Fund being listed is that it is able to provide immediate liquidity on the ASX (subject to market conditions and the interaction of buyers and sellers) and a platform to raise additional capital through placements using third party brokers. There is a risk that if the Merged Fund were to remain listed (especially without a research rating), the entity would trade at a discount to NAV of significantly more than the Sell Spread applicable to withdrawals under withdrawal offers for the Merged Fund.

In the ordinary course, the Responsible Entity is expecting that a sell spread of 0.5% of the NAV per unit will be payable to cover the expected legal, tax, registry and accounting costs of facilitating the withdrawal offers.

Once LITs begin trading at a discount, this becomes a very difficult cycle to break (as seen with the buybacks in Fund I and Fund II which failed to close the discount to NAV at which each of Fund I and Fund II were trading). Further, if Fund IV were listed, it would also be expected to trade at a material discount to NAV.

7.3.2 Liquidity following implementation of the Scheme

The features of the withdrawal facility that will apply to the Merged Fund are detailed further in Section 8 and some considerations for investors are noted in Section 3.3(d). The increased size of the Merged Fund may translate to a corresponding improvement in the ability of each Fund to take advantage of growth opportunities, provide liquidity for Unitholders in the future from potential larger inflows and potentially result in stronger returns.

An initial opportunity for liquidity will be provided to investors who will be able to exit the Merged Fund during the approximate six month window during which the Merged Fund will remain listed on the ASX. There is a likelihood that the Merged Fund may trade at a discount to NAV during this six month window. The first regular withdrawal facility is expected to be available in December 2023 and the listed trading window may be the last opportunity investors have for liquidity before that time. There is a risk that liquid assets may not be available for the Responsible Entity to provide withdrawal offers either at all, or of the anticipated size totalling approximately 10% of units each year. Investors may not be able to liquidate their investment to the desired extent at a particular time.

7. Overview of the Proposal continued

During the Transition Period, the Responsible Entity will look to conduct on-market buybacks. The buybacks will be for a maximum of 10% of the number of Units on issue following the merger if the relevant Fund III resolution is passed. It is expected that the maximum number of Units which can be bought back is approximately 26.8 million Units. The timing and actual number of Units to be purchased will be subject to the prevailing Unit price, market conditions, and any unforeseen circumstances. There can be no certainty if or to what extent the Responsible Entity will conduct the buyback and the Responsible Entity will only purchase units at a discount to NAV to ensure it is accretive to remaining investors.

Following 30 June 2022, the Limited Partnerships in the CD Private Equity Fund Series made distributions to Fund I (US\$3m), Fund II (US\$10m), Fund III (US\$14m) and Fund IV (US\$13m). If the Proposal is implemented, the distributions received by Fund I, Fund II, Fund III and Fund IV from their respective LPs will be used to fund the initial on-market buyback (assuming the Fund III buy-back resolution is passed) and potentially be retained to help fund the initial withdrawal offer in December 2023.

Following this time, the Merged Fund will be an unlisted, open-ended unit trust. Details of the Merged Fund are available in Section 8 and in the PDS.

7.4 Looking Forward

The merged vehicle is expected to provide the best position for the Merged Fund to continue to deliver strong performance and grow.

Since 2018, CEP, separate to the CD Private Equity Fund Series, has continued to grow and invest capital into the US private equity market. As they have grown, CEP have moved to more regular commitments of capital, and hence there are expected to be more opportunities for the Merged Fund to gain access to CEP's ongoing investment program as opposed to making one-off, large commitments of capital. See a detailed overview of CEP in Section 7.1.

The Fund intends to pursue research ratings once the Fund is in a merged vehicle and seek to be available through various investment platforms including IDPS and IDPS like schemes.

8

Details of the Merged Fund

8. Details of the Merged Fund

8.1 Fund Overview and Key Terms

A summary of the features of the Merged Fund following implementation of the Proposal is set out below.

Fund name	The Merged Fund is expected to change name at the time of implementation to the CD Private Equity Fund.
Fund structure	Unlisted open ended Australian Unit Trust investing in Caymans Limited Partnerships (“LPs”) either directly or via three other Australian Unit Trusts (see Section 4 in PDS for Fund Structure and Investment Process).
Investment Objective	To provide Unitholders with: a) exposure to a portfolio of investments in small-to-mid sized private investment funds predominantly focused in the US; and b) capital growth over a ten-year investment horizon.
Investment Strategy	To target US small-to-mid sized private investment funds, seeking to replicate Cordish Equity Partners’ investment strategy of focusing on this attractive investment niche.
Investments	The Merged Fund will retain and manage the existing portfolios of the four Funds and also invest in a new limited partnership that will be established in the Cayman Islands. The Merged Fund will continue to employ a multi-manager style of investment where capital contributed will be applied to acquire interests in investment vehicles managed by third party fund managers (“ Underlying Funds ”). The Fund will also be able to acquire ownership in underlying private investments through co-investments with various limited partnerships or invest directly in underlying companies.
Evergreen LP	The Evergreen LP is likely not to be established until after the Merged Fund delists in approximately May 2023 as the Merged Fund will want clarity on the amount available for investment before making any commitment to the Evergreen LP. Such clarity, in turn, will not be evident while the Fund is trading on the ASX, and the Fund is potentially undertaking a buyback (subject to the passing of the Fund III resolution). Further investments of the Merged Fund, through the Evergreen LP, will depend on prevailing market conditions and available investment opportunities. The investments will be consistent with the investment objectives and guidelines of the Evergreen LP and, subject to the investment restrictions, the underlying investments may be in any sector or region. However, the focus is expected to be on funds investing in US based operating businesses. The Fund’s investment in the Evergreen LP will be funded through the compulsory re-investment of cash distributions that would otherwise be payable to Unitholders, as well as new investor inflows and the potential sale of sub-parts of the Merged Fund’s portfolio.
General Partner of Evergreen LP	The general partner of the Evergreen LP, with responsibility for selecting and managing investments of the Evergreen LP, is expected to be a Delaware LLC. See Section 8.2 below for further details.
Investment Manager to the Evergreen LP	US Select Asset Management, Inc. is expected to be appointed by the GP as the Investment Manager of the Evergreen LP. US Select Asset Management, Inc. is the current investment manager for the Cayman LPs (II, III and IV), and there will be no change to the investment manager of Cayman LP I.

Fund Term	<p>The Fund does not have a set investment term; however, because of the nature of the underlying investments in private investment funds, investors are cautioned that an investment in the Fund should be viewed as long-term.</p>
Investment Management structure	<p>The general partner of each of the LPs in the series has engaged either E&P Funds Management Pty Limited (ACN 159 902 708) (“E&PFM”) or the Investment Manager (LPs II,III,IV and Evergreen LP) to act as investment manager and/or investment advisor for each respective underlying LP. E&PFM and the Investment Manager provide investment advisory services to each Fund under the relevant Investment Advisory Agreement (“IAA”) in return for the payment of a fee by the GP.</p> <p>The Evergreen GP is expected to engage the Investment Manager to act as the investment manager for the Evergreen LP on similar terms to previous engagements.</p> <p>Jonathan Sinex, a Managing Director of Cordish Equity Partners, has been seconded to the Investment Manager and its related entities and focuses on private equity investments for the Investment Manager and Cordish Equity Partners. Jonathan Cordish and Alex MacLachlan, existing Directors of the GPs will continue as Directors of the GPs. The GPs owe fiduciary duties to all limited partners of the LPs.</p> <p>There will be no advisory board and the existing advisory boards of the GPs will be disbanded upon implementation of the Proposal. Since the establishment of the Fund Series, the GPs and Investment Managers have increased their experience through the management of the underlying LPs and it is no longer felt that the advisory boards are required.</p> <p>Unlike previous funds in the CD Private Equity Fund Series, Cordish Private Ventures will not be a limited partner in the Evergreen LP and there is a risk that the investment decisions made and outcomes of the Fund are different to the previous funds in the CD Private Equity Fund Series.</p> <p>While it is anticipated the involvement of Cordish Equity Partners, its affiliates and staff will assist the Investment Manager in securing access to private investment funds for investment, there can be no certainty that this will eventuate.</p> <p>The Evergreen LP may receive new funds which at the time may be uncommitted to any specific private investment fund. The rate at which this commitment to underlying US PE Funds or investments occurs will depend on market conditions and the availability of suitable investments on sufficiently attractive terms at the time.</p> <p>See Section 8.2 and Section 10 for further information</p>
Portfolio Manager	<p>Jonathan Sinex BA (ECON) (Middlebury), MBA (Darden)</p> <p>Managing Director, CEP</p> <p>Jonathan is currently the Managing Director at Cordish Equity Partners, where he is responsible for managing all private equity opportunities in his role with the Investment Manager for Fund I, Fund II, Fund III, Fund IV, and related entities.</p> <p>Prior to joining Cordish, Jonathan was a private equity investor at Goldman Sachs and Devonwood Investors, and during business school served as the interim CFO at a private equity backed consumer products company.</p> <p>Jonathan began his career in 2004 as an investment banker at Bear Stearns providing M&A, capital raising and advisory services to public and private companies. Jonathan received his Bachelor of Arts in Economics from Middlebury College and a Master of Business Administration (with highest honors) from the University of Virginia’s Darden School of Business.</p> <p>Further information about CEP, can be found at this link: https://www.cordishequitypartners.com/</p>

8. Details of the Merged Fund continued

Fees	
Investment Management Fee	<p><u>Evergreen LP</u></p> <p>Investment Management fee: 1% p.a. (charged by the GP to the Evergreen LP on committed capital for each PE investment).</p> <p>The management fee will commence on the acquisition of each portfolio investment made by the Evergreen LP and continue until the earlier of 10 years from commencement or the time at which all capital contributions for the investment have been returned at which point the management fee will cease for that particular portfolio investment.</p> <p><u>Existing LPs</u></p> <p>Current Australian and Cayman fee structures maintained.</p> <p>For full details of fees and costs see Section 5 of the PDS.</p>
Responsible Entity & Administration Fee and expense recovery	<p><u>Responsible Entity fee</u></p> <p>0.08% of the GAV of the Fund (ex GST), estimated to be 0.09% of the NAV of the Merged Fund</p> <p><u>Admin fee</u></p> <p>0.25% of the GAV of the Fund (ex GST), estimated to be 0.28% of the NAV of the Merged Fund</p> <p>Expenses are expected to be recovered from the Merged Fund, Cayman LPs and Underlying US Private Equity Funds.</p> <p>The fees and costs associated with the operation and administration of the Fund and its investments that are paid by the Responsible Entity including, but not limited to, registry, tax, custodian and audit fees are payable out of the Merged Fund. The fees and expenses for management of the underlying funds are charged directly out of the assets of the LPs or indirectly from the underlying funds. The fees and costs associated with the operation and administration of the LPs are payable out of the LPs.</p> <p style="text-align: center;">For full details of fees and costs see Section 5 of the PDS.</p>
Performance Fee	<p>The Evergreen GP will be entitled to a performance fee of 10% of the return achieved by the Evergreen LP above a hurdle rate equal to a cumulative, non-compounded pre-tax return of 8% per annum on a per investment basis. Investors should note that the Hurdle Rate references to the Evergreen LP and is denominated in US dollars.</p> <p>The existing performance fees for LPIII and LPIV will remain and the underlying US PE Funds also have existing performance fees in place.</p>
Responsible Entity	E&P Investments Limited
Subscriptions	<p>Monthly (following delisting of the Merged Fund)</p> <ul style="list-style-type: none"> • Priced at NAV per Unit (plus the Buy Spread) • Minimum initial investment \$5,000 • Minimum follow-on \$2,000

Liquidity

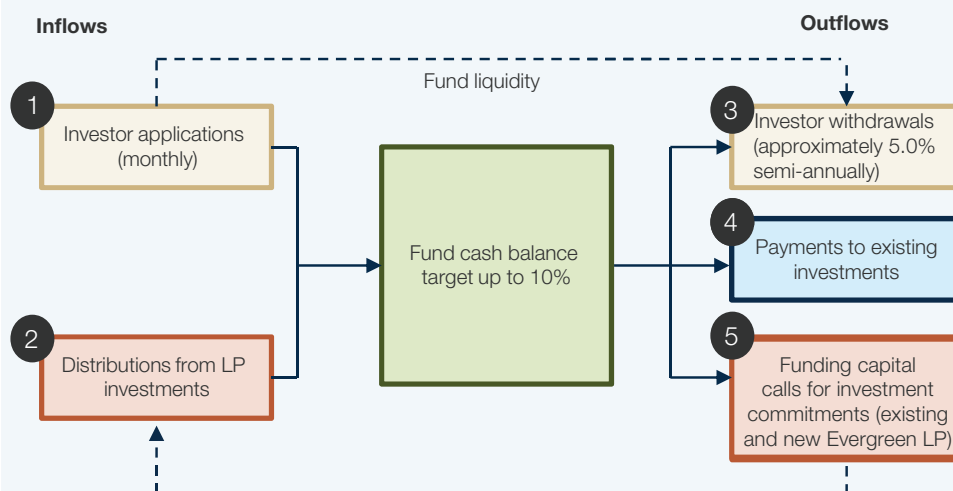
Initial

- The Fund will be listed on the ASX for an approximate six-month window following implementation of the Proposal. The Responsible Entity will also look to conduct on-market buybacks during this period. The buybacks will be for up to 10% of the number of Units on issue following the merger if the relevant Fund III resolution is passed. It is expected that the maximum number of Units which can be bought back is approximately 26.8 million Units

Ongoing:

- Six monthly – Withdrawal Offers

Six monthly Withdrawal Offers will target facilitating withdrawals of up to approximately 5% of the Fund's Units on issue every six-months (subject to market conditions, cash availability and the RE's discretion). See *Details of Withdrawal Offers* in the next row of the table.



The above diagram only applies after the delisting of the Merged Fund in around May 2023.

- Liquidity Review Event

At the 7 year anniversary of the Proposal's implementation the Fund will put to investors a vote for whether the Fund is wound down or remains as is if acceptances of withdrawal offers have exceeded by 25% or more the total amounts of withdrawal offers made in the Fund in the 12 months leading up to the date of consideration or if no withdrawal offers have been made in that time.

- Sub-Portfolio Asset Sales

Targeted asset sales of parts of the Fund's portfolio are anticipated to be easier than in the separate closed-ended Funds as the Investment Manager is able to take advantage of market conditions. The Investment Manager would not be a forced seller of assets but look to take advantage of disposal opportunities.

8. Details of the Merged Fund continued

Details of withdrawal offers

Semi-annual Withdrawal Offers

- Priced at NAV per unit, less the Sell Spread
- Amount available for withdrawal will be a target of approximately 5% of the Fund's Units on issue every six months. The final amount for each withdrawal offer will be subject to market conditions, to be at the discretion of the Responsible Entity.
- Funded via distributions received from the existing LPs, proceeds from any asset sales and any inflows from new subscriptions and available cash reserves
- First withdrawal window expected in December 2023 and each withdrawal offer will remain open for at least a three week period
- If acceptances of a withdrawal offer exceeds 5% of the Fund's Units on issue in a six month window and the Fund has excess liquidity, the Responsible Entity may elect to increase the withdrawal amount at the next window if it determines this is in the best interests of Members, or offer interim withdrawal offers;
- If acceptances of the withdrawal offer exceed the amount of liquidity available under the offer for a six month window, withdrawals will be scaled back pro-rata and Unitholders can resubmit their acceptance at the next six month withdrawal window (there is no ability for investors to submit a withdrawal request outside of a withdrawal window and investors will not have any priority over other investors if they have previously partaken in a withdrawal offer). Investors will need to resubmit their acceptance for each six month withdrawal. Investors should note that it may take multiple windows to access their investment in full.
- If Fund liquidity exceeds acceptances of the withdrawal offer in a six month window, the intention is to reinvest the excess through the Evergreen LP.

Full details of each withdrawal window will be made available on the Fund's website (www.cdpefund.com) at each six month window.

Notice of the opening or closing of the withdrawal offers is not expected to be provided to investors directly and they will need to monitor the Fund's website.

The terms and conditions, including pricing and timing, of the withdrawal offer will also be made available via the website.

The withdrawal proceeds may include an income distribution for Australian income tax purposes and in that event investors would receive a tax statement around August of each year setting out the amounts that may need to be included in the unitholder's Australian tax return such as foreign assessable income and any foreign tax offsets for the year. For more details on the Australian taxation implications of the withdrawal offer see Section 6 in the PDS.

The Responsible Entity can cancel a Withdrawal Offer (including during the Withdrawal Offer window).

Sell Spread	<p>In the ordinary course, the Responsible Entity is expecting that a sell spread of 0.5% of the NAV per unit will be payable to cover the expected legal, tax, registry and accounting costs of facilitating the withdrawal offers.</p> <p>Per the terms of the Constitution, the Responsible Entity retains the ability to levy a sell spread based on the transaction costs incurred to facilitate the withdrawal offer. The Responsible Entity believes that the maximum amount that is likely to be payable would be up to 3.0% of the NAV of the Merged Fund at the discretion of the Responsible Entity. This would occur in the event that part of the underlying portfolios needs to be sold to meet withdrawal requests and larger costs are required to be paid to legal and tax advisers as well as any potential selling fee that may be payable.</p> <p>The above is known as the “Sell Spread”.</p> <p>The Sell Spread remains an asset of the Merged Fund and is expected to offset the cost of facilitating the withdrawal offers.</p>
New Investment into Evergreen LP	<p>It is proposed that the proceeds of monthly subscriptions for new Units and cash generated within the Fund which is not used to fund withdrawal offers are expected to be invested into the Evergreen LP and applied to acquire new investments.</p>
Ad-hoc liquidity	<p>The Fund will have the ability to offer ad-hoc liquidity events.</p>
Cash	<p>The Merged Fund will target a cash holding of up to 10% but there is no specific limitation on the amount of cash that may be retained by the Merged Fund.</p> <p>A higher cash balance may have an impact on the Merged Fund’s returns.</p>
Distributions	<p>The Fund will not pay regular cash distributions. While distributions from the Fund will be determined for Australian tax purposes for each year ended 30 June the taxable income will not be paid out in cash, but will instead be reinvested and Unitholders will receive additional Units see Compulsory Distribution Reinvestment Plan, around August of each year.</p> <p>Any distributions received by the Fund will be used to fund the withdrawal facility or be reinvested into the Evergreen LP for further portfolio acquisitions.</p>

8. Details of the Merged Fund continued

Compulsory Distribution Reinvestment Plan	<p>The Fund will implement a compulsory distribution reinvestment plan (“DRP”). The DRP will operate to ensure the Fund’s taxable income for each Financial year is distributed. Investors who choose to participate their entire holding in a Withdrawal Offer and who have their withdrawal request scaled back will be issued new Units via the Fund’s compulsory DRP in respect of the Units that were not redeemed via the Withdrawal Offer.</p> <p>Investors will be issued Units around August of each year and are unable to opt out of the compulsory DRP.</p> <p>When there is such a reinvested distribution, investors will receive a tax statement around August of each year setting out the amounts that may need to be included in the Unitholder’s Australian tax return such as foreign assessable income and any foreign tax offsets for the year. For more details on the Australian taxation implications of the compulsory DRP see Section 6 in the PDS.</p> <p>Investors who would like to receive cash from the Fund to pay any tax on the income that is distributed and reinvested may seek to do so through acceptance of the withdrawal offers which are proposed to be made each six months.</p>
Gearing	<p>The Responsible Entity does not intend for the Fund to directly undertake borrowings, however it may borrow in certain circumstances, including to fund withdrawal offers. The Responsible Entity intends that any borrowings will be limited to 10% of the total gross assets of the Merged Fund.</p> <p>The LP may take on borrowings, as determined to be appropriate by the GP in its sole discretion, in order to acquire private investments.</p> <p>The GP may cause an LP to borrow not more than 15% of the LP’s aggregate capital commitments.</p>
Ethical Considerations	<p>The Investment Manager’s investment decisions in respect of the Evergreen LP (in which the Fund is to have an interest as a limited partner) and the management of the Merged Fund’s other assets are primarily based on economic factors, and they do not specifically take into account labour standards or environmental, social or ethical considerations in the selection, retention, or realisation of investments.</p>

Anti-Money Laundering and Know Your Customer

E&PIL Ltd in its capacity as responsible entity of the Merged Fund has obligations under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth), (the “AML/CTF Act”) to have measures in place to assist in the prevention of potential money laundering and terrorism financing.

With the Merged Fund delisting from the ASX in around May 2023 and becoming an unlisted retail managed investment scheme, E&PIL will be required to collect and verify certain underlying investor information in order to meet its AML/CTF Act obligations.

Know Your Customer (KYC)

To adhere to the Know Your Customer (KYC) requirements under the AML/CTF Act the Responsible Entity must review the individuals and/or entities that are associated with your investment from an anti-money laundering and counter-terrorism financing perspective. The Responsible Entity is expected to engage a specialist KYC outsourced service provider (KYC Service Provider), to conduct the required KYC checks.

The method by which Unitholders’ information is collected will depend on whether they have a financial adviser. Most, but not all, financial advisers who are authorised to do so will assist in the collection of the required information and provision of that information to the KYC Service Provider, who will perform the required checks to ensure the data meets the regulatory requirements.

Unitholders will be encouraged to contact their financial adviser if they have further questions about whether their information has been provided to the KYC Service Provider.

While the Fund is in the Transition Period, the KYC Service Provider will contact you directly to collect information and complete the KYC process on behalf of the Responsible Entity. It’s important to provide information promptly to avoid any delays in applying for additional Units, or effecting the DRP.

What will you be asked to provide?

Identity Verification information:

You will be asked to provide information to verify your name, date of birth and address. In the case of Companies or Trusts, Shareholders, Trustees and Trust Beneficiaries may also need to provide identity information.

Entity information:

You may be asked to provide information to confirm the structure of the entity. This may include corporate information, partnership documents, trust deeds etc. This information is required in order to determine who are the controlling parties and beneficial owners of the entity.

How will your information be used?

Your information will be used for the sole purpose of conducting KYC checks and identity verification. Your information will remain confidential and will not be shared outside of the KYC Service Provider, the Responsible Entity (its related bodies corporate and affiliates) or Boardroom Pty Limited, (the Unit Registry provider for the Merged Fund).

If a Unitholder does not provide the information and documentation necessary to verify their identity it may impact their ability to apply for or redeem Units, or to have units issued on reinvestment.

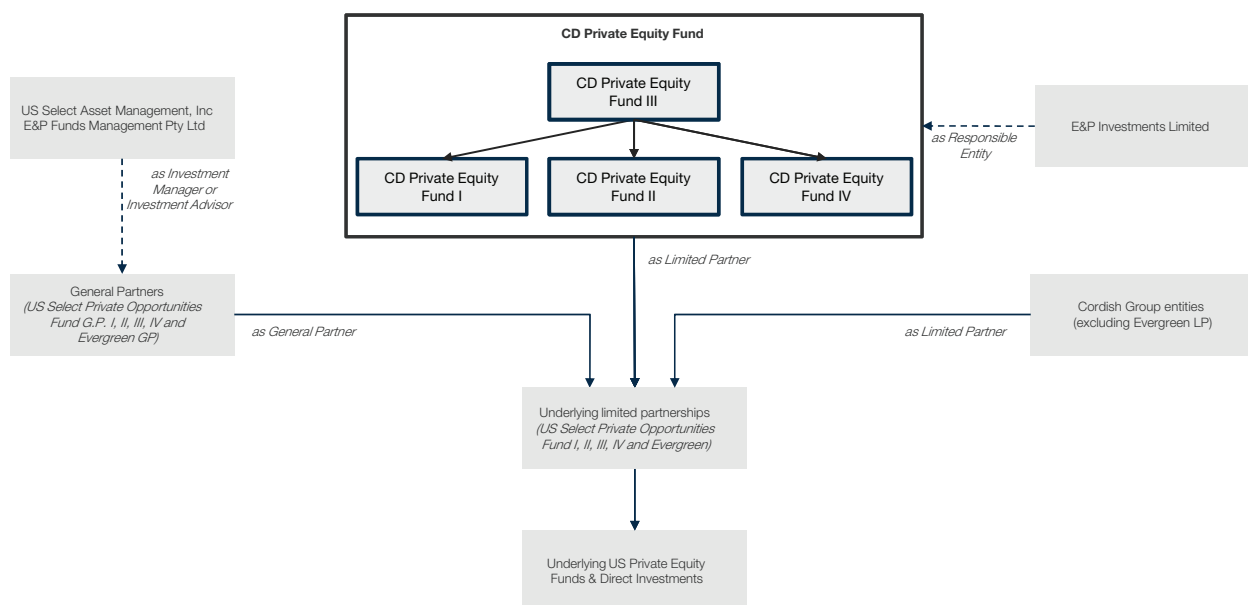
If Unitholders do not wish to provide the required documents, they can seek to sell their Units on market up until the last day of trading on the ASX.

8. Details of the Merged Fund continued

Complaints	<p>The Responsible Entity has established procedures for dealing with complaints. If you have a complaint, you can contact Responsible Entity directly during business hours or at any time via email using the details at the end of this PDS. It helps us if you have your investor number handy when you contact us.</p> <p>We will endeavour to resolve your complaint fairly and as quickly as we can. We will respond with acknowledgement of your complaint within 24 hours. We target to resolve any complaint. If we are unable to respond within the first 5 business days, however, if we are unable to attempt to resolve your complaint by then as we have not had a reasonable opportunity to do so, we will let you know in writing before a maximum response timeframe of 30 days.</p> <p>All investors (regardless of whether you hold units in the Fund directly or hold units indirectly via an IDPS) can access our complaints procedures outlined above. If you are investing via an IDPS or other Service and your complaint concerns the operation of the Service then you should contact the Service Operator directly.</p> <p>If you are not satisfied with the final complaint outcome proposed, any aspect of the complaints handling process or a delay in responding by the maximum response time, the Australian Financial Complaints Authority (AFCA) may be able to assist. AFCA operates the external dispute resolution scheme of which the Responsible Entity is a member. If you seek assistance from AFCA, their services are provided at no cost to you. You can contact AFCA on the following details:</p> <p>Australian Financial Complaints Authority GPO Box 3, Melbourne VIC 3001 Phone 1800 931 678 (free call) Email: info@afca.org.au Website: www.afca.org.au</p>
Cooling off	No cooling off rights apply to the issue of Units under the Scheme, because Fund III is listed and illiquid.

8.2 Fund Structure

The Merged Fund is registered with ASIC as a managed investment scheme. The below sets out the ownership structure and management arrangements for the Fund.



The above table is for illustrative purposes only and is meant to display a simplified perspective of the Merged Fund post implementation.

Responsible Entity

As Responsible Entity, E&PIL will be responsible for the operation and administration of the Merged Fund, including providing fund management and administrative services to the Fund, such as company secretarial, administrative and operational support services, and investor relations services. E&PIL has undertaken this work for each of the Funds in the CD Private Equity Fund Series.

General Partners, Investment Managers and Administrative Services

a. General Partners

The General Partners are sole general partners of each of the Limited Partnerships, and are predominantly responsible for investing and disposing of investments to be made by the LPs and hiring external advisors, agents and employees. The GPs owe fiduciary duties to all limited partners of each respective limited partnership and as such, must exercise their responsibilities in the best interests of the LPs and promote the LPs' individual purpose and business.

All material decisions regarding the operations of the GP require the approval of at least 85% of all members.

8. Details of the Merged Fund continued

The General Partners, and their ownership is as follows.

FUND	GENERAL PARTNER	OWNERSHIP/MEMBERS
U.S. Select Private Opportunities, LP	U.S. Select Private Opportunities Fund GP, LLC	100% owned by DGP, Inc (a wholly owned subsidiary of E&P Financial Group Limited (EP1))
U.S. Select Private Opportunities Fund II, LP	U.S. Select Private Opportunities Fund II GP, LLC	Jointly owned by DGP Inc. and Pratt Street Private Ventures, LLC (an affiliate of Cordish Private Ventures)
U.S. Select Private Fund III, LP	U.S. Select Private Opportunities Fund III GP, LLC	Owned by DGP Inc. (42.5%) and two affiliates of Cordish Private Ventures as to 57.5%
U.S. Select Private Opportunities Fund IV, LP	U.S. Select Private Opportunities Fund IV GP, LLC	Owned by DGP Inc. (42.5%) and two affiliates of Cordish Private Ventures as to 57.5%
U.S. Select Private Opportunities Evergreen, LP	Expected to be a Delaware LLC	The GP is expected to be owned by DGP Inc. (42.5%) and two affiliates of Cordish Private Ventures as to 57.5%

Jonathan Cordish and Alex MacLachlan, existing Directors of the GPs will continue as Directors of the GPs. Each of the GPs or the Investment Manager, currently have Advisory Boards in place. As part of the Proposal, the Advisory Boards for each of the GPs will be disbanded.

b. Investment Managers

For LPII, LPIII and LPIV, the GPs have engaged the Investment Managers to act as Investment Managers for the LPs. For LPI, the Investment Manager is GP1 and GP1 has engaged E&P Funds Management Pty Limited as an Investment Advisor. The Investment Managers and Investment Advisor are members of the same group as the Responsible Entity.

The Investment Managers have discretion to undertake and realise investments for the benefit of the LPs as delegates of the GPs (LPII, LPIII and LPIV) or as the GP (LPI) but must ensure the fiduciary duty owed by the GP to the LP is not breached. All investments are subject to the Investment Manager's review and approval. The Investment Manager will have day-to-day portfolio oversight and will provide risk management.

The Investment Manager receives the services of Jonathan Sinex, Managing Director of Cordish Equity Partners.

FUND	INVESTMENT ADVISER/INVESTMENT MANAGER
U.S. Select Private Opportunities Fund, LP	E&P Funds Management Pty Limited
U.S. Select Private Opportunities Fund, LP II, U.S. Select Private Opportunities Fund III, LP, U.S. Select Private Opportunities Fund IV, LP and the Evergreen LP	US Select Asset Management, Inc.

c. Administrative Services

The GPs have engaged Cordish Services (Pratt Street Services Corporation, LLC) to provide office space, utilities and administrative services to it and leverage the expertise of other key Cordish executives to assist in administration of the Fund. The Evergreen GP is expected to engage Cordish Services. Cordish Services is an affiliated entity of Cordish Private Ventures.

Limited Partnership

The Merged Fund, either directly or via Fund I, Fund II and Fund IV, has made capital contributions towards the acquisition of investments by Cayman Island domiciled Limited Partnerships, as directed by each LPs respective GP.

AUSTRALIAN FUND	CAYMAN LP	COMMITMENT TO CAYMAN LPS BY AUSTRALIAN FUND*	INTEREST IN THE LP	AUSTRALIAN FUND'S PROPORTIONATE SHARE OF CAPITAL CALLED BY THE CAYMAN LP*	LP COMMITMENT TO US PE FUNDS
Fund I	U.S. Select Private Opportunities Fund, LP, a Cayman Islands exempted limited partnership	US\$59.5m	85.5%	US\$59.5m	US\$69.8m
Fund II	U.S. Select Private Opportunities Fund II, LP, a Cayman Islands exempted limited partnership	US\$74.6m	87.3%	US\$71.1m	US\$98.0m
Fund III	U.S. Select Private Opportunities Fund III, LP, a Cayman Islands exempted limited partnership	US\$75.5m	71.2%	US\$70.2m	US\$117.5m
Fund IV	U.S. Select Private Opportunities Fund IV, LP, a Cayman Islands exempted limited partnership	US\$115 million	88.4%	US\$93.3m	US\$145.0m

* As at 30 June 2022.

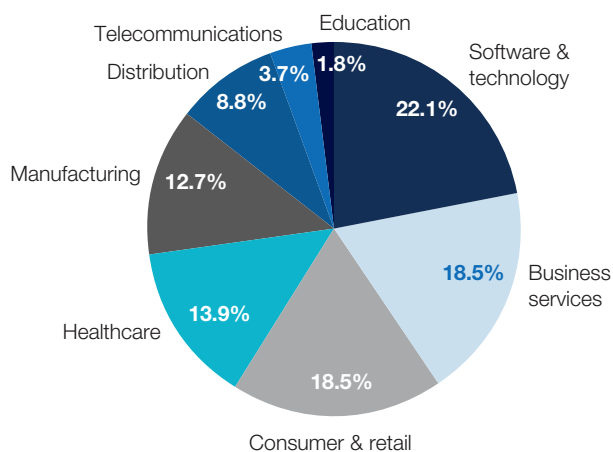
As a Merged Fund, the Merged Fund would have the following commitments

AUSTRALIAN FUND	CAYMAN LP	COMMITMENT TO CAYMAN LP BY AUSTRALIAN FUND*	INTEREST IN THE LP	CALLED CAPITAL BY THE CAYMAN LP	LP COMMITMENT TO US PE FUNDS
CD Private Equity Fund	LPI, LPII, LPIII, LPIV and Evergreen LP	LPI, LPII, LPIII, LPIV – as per above table Evergreen LP – no current capital commitment. Capital commitment to grow over time as the Merged Fund makes investments	LPI, LPII, LPIII, LPIV – as per above table Evergreen LP – expected to be 99.9%	LPI, LPII, LPIII, LPIV – as per above table Evergreen LP – Not yet established	LPI, LPII, LPIII, LPIV – as per above table Evergreen LP – Not yet established

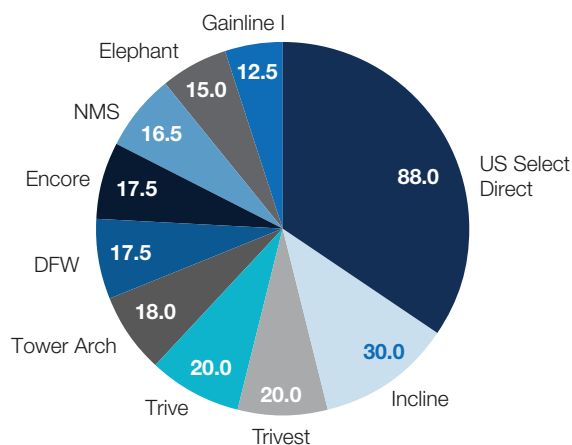
8. Details of the Merged Fund continued

8.3 Portfolio allocation

**Current allocation by sector
(US\$ capital committed by the LPs)**



**Current allocation by fund manager
(US\$ capital committed by the LPs)***



* Top 10 managers by committed capital.

For further details on the sectors in which the Merged Fund will invest through the Cayman LPs, an overview of the Cordish Family, the investment strategy and the Evergreen structure see Section 1 and 2 in the PDS.

The Merged Fund's allocation to US Select Direct is through two underlying funds; US Select Direct Private Equity (US) L.P. and US Select Direct Private Equity II L.P. and were established with the sole purpose of investing in a direct portfolio of select private companies alongside leading, specialist private investment funds, a strategy commonly referred to as co-investing. The LPs' total commitment to US Select Direct I and II is US\$88m or 20.5% of the LPs' total commitments.

The General Partners of US Select Direct I are US Select Direct Private Equity Fund GP (US), LLC and U.S. Select Private Opportunities Fund III GP, LLC (the same GP as LP III). The General Partner conducts and manages the business and investing activity of the Funds. US Select Asset Management, Inc, the Investment Manager of Funds I, II and III, and serves as the Investment Manager of US Select Direct I and US Select Direct II.

The GP of US Select Direct I is entitled to an annual management fee equal to 1% of invested capital and a performance fee of 15% over an 8% per annum, cumulative and compounded annual hurdle. The GP of US Select Direct II is not entitled to a management fee or performance fee.

The RE and US Select Asset Management, Inc are both subsidiaries of EP1. EP1 has an interest, via its subsidiaries, of 42.5% in the GPs of US Select Direct I and II. The RE has no control over the decisions made by US Select Asset Management, Inc or by the GPs.

9

Financial Information

9. Financial Information

9.1 Introduction

In accordance with the responsibility statement included in the Important Notices Section on the inside front cover of this Explanatory Memorandum, the Responsible Entity has sole responsibility for preparing information contained in this Section 9. It is important that you consider the risk factors that could affect you as detailed in Section 10 of this Explanatory Memorandum, as well as the potential benefits of the Proposal. Financial information contained in this Section includes the following:

- the Statutory Historical Income Statements of the Funds for the year ended 31 March 2022 (“**Statutory Historical Income Statements**”);
- the Historical Income Statements for the Funds for the three months ended 30 June 2022 (“**Historical Income Statements**”) together with the Historical Balance Sheets of the Funds as at 30 June 2022 (“**Historical Balance Sheets**”) (“**Historical Financial Information**”); and
- the Pro Forma Historical Consolidated Income Statement of the Merged Fund for the three months ended 30 June 2022 (“**Pro Forma Historical Consolidated Income Statement**”) and the Pro Forma Historical Consolidated Balance Sheet of the Merged Fund as at 30 June 2022 (“**Pro Forma Historical Consolidated Balance Sheet**”) (“**Pro Forma Historical Financial Information**”).

Collectively the Statutory Historical Income Statements, Historical Financial Information and the Pro Forma Historical Financial Information comprise the Financial Information (“**Financial Information**”).

The Financial Information has been prepared to reflect the implementation of the Proposal. The Merged Fund will operate on a financial year ending 31 March.

Rounding of the figures provided in the Financial Information may result in some discrepancies between the sum of components and the totals outlined within the tables and percentage calculations.

Information provided in this Section 9 should be read in conjunction with the risk factors outlined in Section 10 of this Explanatory Memorandum and other information provided in this Explanatory Memorandum.

9.2 Basis of preparation and presentation of the financial information

The Financial Information in this Explanatory Memorandum is intended to present Unitholders with information to assist them in understanding the pro forma financial position and financial performance of the Merged Fund.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards (“**AAS**”), the Funds’ adopted accounting policies and other mandatory professional reporting requirements in Australia.

Certain significant accounting policies relevant to the Financial Information are disclosed in Section 9.11 of this Explanatory Memorandum. The Financial Information is presented in an abbreviated form and does not contain all of the presentation and disclosures, statements or comparative information as required by AAS applicable to annual financial reports prepared in accordance with the Corporations Act.

The Financial Information has been reviewed by Deloitte Corporate Finance Pty Limited, whose Independent Limited Assurance Report is provided in Section 12 of this Explanatory Memorandum. Investors should note the scope and limitations of the Independent Limited Assurance Report.

9.3 Preparation of historical financial information

The Statutory Historical Income Statements for the financial year ended 31 March 2022 have been extracted from the audited financial statements of each of the Funds for the year ended 31 March 2022. These 31 March 2022 sets of financial statements were audited by Deloitte Touche Tohmatsu in accordance with Australian Auditing Standards. Deloitte Touche Tohmatsu issued an unmodified audit opinion on each of the financial reports.

The Historical Financial Information for the three months ended 30 June 2022 has been extracted from the Statements of Financial Information of each of the Funds for the three months ended 30 June 2022. These Statements of Financial Information were reviewed by Deloitte Touche Tohmatsu in accordance with the Auditing Standard on Review Engagements ASRE 2405 Review of Historical Financial Information Other than a Financial Report. Deloitte Touche Tohmatsu issued an unmodified review conclusion on each of the Statements of Financial Information.

The Directors intend to appoint Deloitte Touche Tohmatsu as the auditor of the Merged Fund.

9.4 Preparation of Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information after making certain Pro Forma Adjustments to reflect the impact of the Proposal.

The Pro Forma Historical Financial Information has been compiled based on the following transaction assumptions:

- the Proposal is implemented in accordance with the transaction steps summarised in Section 3 of this Explanatory Memorandum;
- changes to the operating cost and capital structure in place following the implementation of the Proposal as if the Proposal had been implemented effective 1 July 2022; and
- transaction costs are reflected in the Pro Forma Historical Income Statements and Pro Forma Consolidated Balance Sheet.

The Pro Forma Adjustments are explained in more detail in Sections 9.5(ii) and 9.8(ii) of this Explanatory Memorandum.

9.5 Pro Forma Historical Consolidated Income Statement

i. Pro Forma Historical Consolidated Income Statement of the Merged Fund

The Pro Forma Historical Consolidated Income Statement presents the aggregated Historical Income Statements of the Funds for the three months ended 30 June 2022, adjusted to reflect certain transactions entered into as part of the Proposal, which are described in Section 9.5(ii) below.

9. Financial Information continued

ii. Pro forma adjustments to the Historical Consolidated Income Statement

	Three months ended 30 June 2022 Aggregated	Adjustments	Pro Forma Three months ended 30 June 2022 Consolidated
Investments income			
Fair value movements of equity investments	22.5	—	22.5
Other income	0.1	—	0.1
Total investment income	22.7	—	22.7
Expenses			
Management and administration fees	(0.7)	—	(0.7)
Listing fees	—	—	—
Custody fees	—	—	—
Registration fees	—	—	—
Legal and professional fees	(0.1)	—	(0.1)
Other fees	—	—	—
Synergies	—	0.2	0.2
Costs of Proposal	—	(1.0)	(1.0)
Total Expenses	(0.9)	(0.8)	(1.6)
Profit before income tax	21.8	(0.8)	21.0
Income tax benefit/(expense)	2.4	—	2.4
Profit after income tax	24.1	(0.8)	23.3

* Numbers may not sum due to rounding

The Pro Forma Adjustments have been made in producing the Pro Forma Historical Consolidated Income Statement for the three months ended 30 June 2022 to reflect the following, as if the Proposal was implemented at close of business 30 June 2022:

- (a) net cost savings due to a reduction in costs following delisting of Funds
- (b) one off transaction costs relating to the proposed merger (excluding GST)

9.6 Historical Income Statements

Income statements for each Fund for the three months ended 30 June 2022 are shown below.

For the three months ended 30 June 2022 aggregated revenue for the Merged Fund was \$22.7 million. The primary income source is from the fair value of movements of equity investments.

Fund III contributed the largest share of equity investments movements at 66.7%, followed by Fund II at 18.5%, Fund I at 10.6% and Fund IV at 4.2%.

	Fund I	Fund II	Fund III	Fund IV	Aggregated
Investment income					
Interest income	0.0	0.0	0.0	0.0	0.0
Foreign exchange (loss)/gain	(0.0)	0.2	0.9	(0.9)	0.1
Fair value movements of equity investments	2.4	4.2	15.0	0.9	22.5
Total investment income/(loss)	2.4	4.3	16.0	(0.0)	22.7
Expenses					
Management and administration fees	(0.1)	(0.1)	(0.2)	(0.3)	(0.7)
Listing fees	(0.0)	(0.0)	(0.0)	—	(0.0)
Custody fees	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Registry fees	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Legal and professional fees	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
Other expenses	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Total expenses	(0.1)	(0.2)	(0.2)	(0.4)	(0.9)
Profit/(loss) before income tax (expense)/benefit	2.2	4.2	15.7	(0.4)	21.8
Income tax (expense)/benefit	0.3	0.2	(2.6)	4.5	2.4
Net Profit	2.5	4.4	13.2	4.1	24.1

9. Financial Information continued

9.7 Statutory Historical Income Statements

Statutory Income Statements of each Fund for the financial year ended 31 March 2022 are shown below

	Fund I	Fund II	Fund III	Fund IV	Aggregated
Investment income					
Interest income	0.0	0.0	0.0	0.0	0.0
Foreign exchange (loss)/gain	(0.1)	(0.2)	(0.2)	0.3	(0.1)
Fair value movements of equity investments	13.2	26.6	64.3	82.4	186.4
Total investment income/(loss)	13.1	26.4	64.1	82.7	186.3
Expenses					
Management and administration fees	(0.3)	(0.6)	(0.7)	(1.0)	(2.6)
Listing fees	(0.0)	(0.1)	(0.1)	-	(0.1)
Custody fees	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
Registry fees	(0.0)	(0.0)	(0.0)	(0.0)	(0.1)
Legal and professional fees	(0.1)	(0.2)	(0.2)	(0.2)	(0.8)
Other expenses	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)
Total expenses	(0.6)	(0.8)	(1.1)	(1.3)	(3.8)
Profit/(loss) before income tax (expense)/benefit	12.5	25.6	63.0	81.4	182.5
Income tax (expense)/benefit	(1.2)	(2.9)	(4.3)	(11.2)	(19.6)
Net Profit	11.3	22.7	58.7	70.2	162.9

9.8 Historical Balance Sheets and Pro Forma Historical Consolidated Balance Sheet

This Section outlines the Historical Balance Sheets of each Fund as at 30 June 2022 and the Pro Forma Historical Consolidated Balance Sheet as though the Proposal was implemented as at the close of business on 30 June 2022.

i. Pro Forma Historical Consolidated Balance Sheet of the Merged Fund

The table below illustrates the derivation of the Pro Forma Historical Consolidated Balance Sheet of the Merged Fund as at 30 June 2022.

	Fund I	Fund II	Fund III	Fund IV	Issue of Units ⁽¹⁾	Pro forma	Trans. costs ⁽²⁾	Pro Forma
Current assets								
Cash and cash equivalents	4.6	11.0	24.7	25.5	-	65.8	(2.4)	63.4
Receivables	0.0	0.0	0.0	0.0	-	0.1	-	0.1
Prepayments	-	-	-	-	-	-	-	-
Total current assets	4.6	11.0	24.7	25.5	-	65.8	(2.4)	63.4
	-	-	-	-	-	-	-	-
Non Current assets	-	-	-	-	-	-	-	-
Other financial assets	48.7	104.7	163.8	269.1	-	586.2	-	586.2
Total non current assets	48.7	104.7	163.8	269.1	-	586.2	-	586.2
	-	-	-	-	-	-	-	-
Total assets	53.3	115.6	188.5	294.6	-	652.0	(2.4)	649.6
	-	-	-	-	-	-	-	-
Current Liabilities	-	-	-	-	-	-	-	-
Trade and other payables	0.0	0.1	17.4	0.1	-	17.7	-	17.7
Current tax liabilities	0.1	1.9	1.8	4.8	-	8.6	-	8.6
Total current liabilities	0.2	1.9	19.3	4.9	-	26.3	-	26.3
	-	-	-	-	-	-	-	-
Non Current Liabilities	-	-	-	-	-	-	-	-
Deferred Tax	1.4	5.7	7.1	9.2	-	23.3	-	23.3
Total None Current liabilities	1.4	5.7	7.1	9.2	-	23.3	-	23.3
	-	-	-	-	-	-	-	-
Total liabilities	1.6	7.6	26.4	14.0	-	49.6	-	49.6
	-	-	-	-	-	-	-	-
Net assets	51.7	108.0	162.1	280.6	-	602.5	(2.4)	600.1
	-	-	-	-	-	-	-	-
Unit Capital	56.9	82.9	109.7	182.6	117.9	550.0	(1.4)	548.6
Retained Income (Accumulated Loss)	(5.2)	25.1	52.5	98.0	(117.9)	52.5	(1.0)	51.5
	-	-	-	-	-	-	-	-
Total equity	51.7	108.0	162.1	280.6	-	602.5	(2.4)	600.1

(1) Adjustments to reflect issue of units by Fund III relating to acquisition of units in Funds I,II and III

(2) Transaction costs relating to the Proposal of approximately \$2.4million (excluding GST)

1. Adjusted for CDIV capital call of 32c per Unit after 30 June 2022. The capital call amount of 32c per Unit was due on 2 August 2022 and was partially used to offset by Fund IV's first distribution payable at 30 June 2022 of 16c per Unit with the balance receivable in cash.

Monthly NAVs are available on the Fund's website in the financials section which can be found here www.cdfunds.com.au.

9. Financial Information continued

ii. Pro forma adjustments to the statutory historical balance sheets

The following Pro Forma Adjustments have been made in producing the Pro Forma Historical Consolidated Balance Sheet of the Merged Fund as at 30 June 2022:

- cash decreases to fund remaining Transaction Costs for the Proposal incurred subsequent to 30 June 2022 (total approximately \$2.4 million excluding GST) which were not recognised in the FY22 financial statements

- adjustments to reflect issue of Units by Fund III in relation to acquisitions of Fund I, Fund II and Fund IV

9.9 Conversion ratios

Fund III will acquire all of the Units in Fund I, Fund II, and Fund IV to form the “CD Private Equity Fund” or the Merged Fund. A summary of the Conversion Ratios (being the number of Securities in the CD Private Equity Fund that Unitholders will own for each Unit they own in each Fund following implementation of the merger) is set out below.

	Current Securities on Issue (SOI)	NAV ⁽⁴⁾	NAV / unit	Conversion Ratio	Merged Fund SOI ⁽³⁾	NAV / unit
Fund I	36,551,180	51,505,584	1.41	0.6285	22,972,417	2.24
Fund II	52,479,086	107,588,709	2.05	0.9144	47,986,876	2.24
Fund III	72,028,420	161,486,370	2.24	1.0000	72,028,420	2.24
Fund IV ¹	117,939,153	279,468,024	2.37	1.0569 ²	124,649,891	2.24

(1) Exchange Ratio means 1.0569 or such greater number as calculated by the Responsible Entity to reflect amounts paid or payable from Fund IV upon the cancellation of forfeited Units under clause 7.16 of the Fund IV constitution that occurs before implementation of the Proposal, up to a maximum ratio of 1.0583.

(2) The current Conversion Ratio for Fund IV assumes that all investors pay 100% of the outstanding final capital call. As at 14 September 2022, there were approximately 0.9m Fund IV units which had not yet made the final capital call payment of \$0.16 per Unit (approximately 0.8% of Fund IV Units). It is expected that most of the outstanding calls will be paid before the implementation of the merger however if they are not paid it is expected that the outstanding partly paid Fund IV Units will be forfeited and cancelled. Fund IV investors should note that to the extent the outstanding capital call amounts are not paid would result in a different number of securities on issue compared to the amount calculated at implementation. The Conversion Ratio for Funds I, II and III will not be impacted.

(3) Units will be rounded (up or down) to the nearest whole unit.

(4) Post transaction costs NAV.

9.10 Valuation considerations

Recent valuations received from the underlying US PE Fund managers for the quarter ending 30 June 2022, have seen both positive and negative revaluations, with the majority of investments stable and growing revenues.

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 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 the E&PIL anticipates that the broader market dynamic

should limit downside risks, the next few years may prove to be difficult for companies that are not well funded. We also note that the CD Fund Series has 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 – the majority of recent feedback indicates that inflation and wage costs are being passed through. Within the private equity universe good companies are still commanding strong valuations and we anticipate that liquidity events will continue. Although the expectation is that the pace of realisations will be significantly slower than 2HFY21 and FY22.

Gains have been a reflection of strong revenue growth and in some cases positive multiple expansion as realisation events progress. There were also a number of investments, in particular on-line consumer, tech or early-stage private equity that have been marked down. These revaluations are likely due to dramatic changes in public market multiples or comparable private company transactions or a higher risk environment and managers have revalued accordingly. There are also a handful of investments across the CD Private Equity Fund Series that through their realisation process are listed on public markets, so marking to market through this volatile period has also resulted in some negative variance in valuations, with partial recoveries in share prices in some investments since 30 June 2022.

9.11 Significant accounting policies

The accounting policies set out below represent the significant accounting policies which have been adopted in the preparation of the pro forma Historical Financial Information and which are expected to be adopted prospectively for the Merged Fund.

9.11.1 Functional and presentation currency

The pro forma financial information is presented in Australian dollars, which is the Fund's functional and presentation currency. All amounts are rounded to the nearest thousand dollars unless otherwise noted.

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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated. Exchange differences arising on translation are recognised in profit or loss in the period in which they arise.

9.11.2 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.

9.11.3 Financial assets

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 assets 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 Partnerships will not meet the conditions to satisfy subsequent measurement at amortised cost, and will 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.

9.11.4 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. Nonderivative instruments are subsequently measured at amortised cost using the effective interest rate method.

9.11.5 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.

9.11.6 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 tangible assets (determined on a fair value basis) of the limited partnership in which the Fund has an interest at each balance date.

9. Financial Information *continued*

9.11.7 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 changes in value.

9.11.8 Tax

9.11.8.1 Income tax

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

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 Partnerships invest and in turn the structure of the underlying investments made by the private investment funds.

Rates of US tax will vary dependent on the source of income derived and a current tax liability or receivable is recognised based upon estimates of the US tax payable or receivable in relation to the relevant period.

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.

9.11.8.2 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except to the extent the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the unrecoverable 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 inclusive of GST and GST is payable on any fee, the fee will be increased by an amount equal to the GST payable. The Fund is expected to qualify for reduced input tax credits at a minimum rate of 55%.

9.11.9 Impairment of 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.

9.11.10 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.

9.11.11 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.

9.11.12 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.

9.11.13 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.

9.11.14 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 expected to be subject to significant accounting estimates and judgements include fair value determination of the interest held by the Fund in the Limited Partnership, and recognition of likely tax obligations in the US.

10

Key risks of implementation of the Proposal

10. Key risks of implementation of the Proposal

This section describes the key risks related to the implementation of the Proposal. It does not purport to be an exhaustive list of every risk faced by Unitholders of the Merged Fund, either now or in the future. Many of these risks, or the consequences of them, are outside the control of the Merged Fund. If one or more of these risks eventuates, then the future operating performance of the Merged Fund and the value of your investment in the CD Private Equity Fund may be significantly affected.

In addition, there are specific risks related to holding an investment in the Merged Fund. These are set out in detail in Section 3 of the PDS for the CD Private Equity Fund which accompanies this Explanatory Memorandum and is to be read in conjunction with it. Please carefully consider those risks before deciding how to vote in relation to the Proposal. In particular, you should consider the specific risks of an investment in the Merged Fund explained in section 3.3 of the PDS, which include investment performance risk, distribution risk, risk of private equity investments, withdrawal risk, risks relating to unlisted underlying investments (including exit risk), foreign exchange risk, investment horizon risk, key personnel risk, tax risk, counterparty risk and interest rate risk. The PDS also describes risks specific to investment through the Limited Partnerships, and general risks of investing.

Implementation risk

The implementation of the Proposal is conditional on the satisfaction of each Condition Precedent. This includes the Unitholders of each Fund approving the relevant Resolutions by the requisite majorities. Further information on the Resolutions are set out in Section 3 of this Explanatory Memorandum. It is possible that these Conditions Precedent may not be satisfied and that the Proposal may not be implemented. It is also possible that errors may be made in the transfer of units in Fund I, Fund II and Fund IV to Fund III, and the issue of units in Fund III to the former holders of those transferred units. If errors occur, the Responsible Entity will rectify them as soon as practicable.

Change in investment profile

If the Proposal is implemented, Unitholders will gain exposure to an investment which differs to their current investment, including but not limited to changes to:

- their exposure to particular investments;
- economic factors impacting their investment;
- the capital structure of the investment;
- the policies and fee structure of the fund; and
- applicable laws and regulations.

Risks and returns to investors may increase or reduce as a result of these changes.

Unlike previous funds in the CD Private Equity Fund Series, Cordish Private Ventures will not be a limited partner in the Evergreen LP and there is a risk that the investment decisions made and outcomes of the Fund are different to the previous funds in the CD Private Equity Fund Series. As an example, this may include underlying US PE funds not facilitating the Merged Fund's investment as CEP or Cordish Private Ventures are not a limited partner in the Evergreen LP.

While it is anticipated the involvement of Cordish Equity Partners, its affiliates and staff will assist the Investment Manager in securing access to private investment funds for investment, there can be no certainty that this will eventuate.

The Evergreen LP may receive new funds which at the time may be uncommitted to any specific private investment fund. The rate at which this commitment to underlying US PE Funds or investments occurs will depend on market conditions and the availability of suitable investments on sufficiently attractive terms at the time. There is a risk that the Evergreen GP may not be able to make these investments in a timely fashion or at all, which will affect the future performance of the Fund. Proceeds may be retained in cash until appropriate investment opportunities arise.

Merged Fund entity

The CD Private Equity Fund will have no previous history operating as a combined entity. As such, administrative costs may be higher than forecast.

10. Key Risks *continued*

Liquidity risk

CD Private Equity Fund will have six monthly withdrawal offers, with the first withdrawal window expected in December 2023. Investors will not be able to withdraw from the CD Private Equity Fund other than through these withdrawal windows, and if market conditions at a particular time mean that it is not in members' best interests to make a withdrawal offer, there will be no exit opportunity for that six-month period. The Responsible Entity may cancel a Withdrawal Offer and investors are not guaranteed that they will be able to exit in full at each Withdrawal Offer. Investors may take multiple Withdrawal Offers to be able to exit in full.

The CD Private Equity Fund does not have a fixed term. It is important that investors understand that if they invest in the CD Private Equity Fund Units they have limited rights to exit the CD Private Equity Fund, and to receive the proceeds of withdrawal or a return of capital.

Change in performance fee structure

The general partners of LPIII and LPIV are entitled to receive a performance fee if, among other requirements, the returns of a Fund achieve the relevant hurdle rate and this right will continue under the Merged Fund structure. Additionally, the general partner of the Evergreen LP may also be entitled to a performance fee per the details in Section 8. The Proposal will not trigger payment of those performance fees at the time it is implemented.

Fund I and Fund II do not currently have performance fees payable to the general partners of each LP through which they invest and will therefore have exposure and be liable for performance fees through the Merged Fund's investments in LPIII, LPIV and the Evergreen LP.

A full overview of the fees payable in the Merged Fund are available in Section 5 of the Merged Fund's PDS and investors should read the Merged Fund's PDS in full, including special consideration of the Fees and Costs Section.

Experience of the Responsible Entity, Investment Manager

The Responsible Entity (Fund I, Fund II, Fund III and Fund IV), E&PFM (Fund I) and the Investment Manager (Fund II, Fund III and Fund IV) have acted on behalf of the existing Funds in the CD Private Equity Fund Series. However, there can be no guarantee that they will be able to achieve similar returns for the Merged Fund, or that the Investment Manager will be able to locate appropriate investment opportunities.

Forward looking statements

The forward looking statements, opinions and estimates provided in this Explanatory Memorandum, including any financial forecasts, are based on assumptions. There can be no guarantee that the assumptions and contingencies on which the forward looking statements, opinions and estimates are based will ultimately prove to be valid or accurate. The forward looking statements, opinions and estimates depend on various factors, many of which are outside the control of the CD Private Equity Fund. Various factors, both known and unknown, may impact the CD Private Equity Fund's performance and cause actual performance to vary significantly from what was expected. There can be no guarantee the CD Private Equity Fund will achieve its stated objectives or that any forward looking statement or forecast will eventuate.

Borrowing interest rate and deposit risk

The Merged Fund's policy is not to undertake borrowings, however, circumstances may occur whereby borrowing by the Fund is deemed beneficial and, should this eventuate, the Merged Fund may borrow (including to fund withdrawal offers). The Responsible Entity intends that any borrowings will be limited to 10% of the total assets of the Merged Fund. There is a risk that any loan will need to be repaid at short notice or cannot be replaced post expiry. The main reason for this would be if the Merged Fund breached its obligations to the lender or a new facility was not made available in a timely way. The Merged Fund may need to sell holdings in its investments if a new facility could not be secured.

This could be at a less than favourable time and/or terms. The Merged Fund would explore obtaining replacement loans, but this may prove more difficult in some circumstances. There is also a risk that the provider of any loan may not meet its obligations or may suffer financial difficulty. The Merged Fund will endeavour to borrow only from reputable large financial institutions to minimise this risk.

Should the Merged Fund obtain borrowings, changes in interest rates may have a positive or negative impact directly on the Merged Fund's income. Changes in interest rates may also affect the market more broadly and positively or negatively affect the value of the Merged Fund's underlying assets.

The Merged Fund will manage these borrowing risks by following strict investment and risk guidelines and dealing with respected lenders. It is important to note that borrowing may increase the potential return of the Merged Fund but may also increase its potential losses.

The Merged Fund and LP may also have US dollar-denominated cash deposits. These cash deposits will not be insured and in the event of bank failure, the Merged Fund's deposits may not be recoverable in full, which will have an adverse effect on the value and investment activity of the Merged Fund. The Merged Fund manages this deposit risk by only dealing with financial institutions that pass its rigorous due diligence process and credit risk analysis.

Foreign exchange risk

The Merged Fund's investments are focused on the US small-to-mid-sized private investment segment through the Merged Fund's investment in the LP. The assets and liabilities of the LP and its controlled entities are denominated in US dollars. The value of the Units will be affected by increases and decreases in the value of the US dollar relative to the Australian dollar. This will affect the value, in Australian dollars, whenever any of LPs' income or capital is distributed to the Merged Fund or the value of the Merged Fund's net assets is calculated. An increase in the value of the US dollar against the Australian dollar will mean the distributions from the LPs and the value of the LPs' investments less any liabilities will be worth more when converted into Australian dollars, but if the value of the US dollar falls those distributions and investments will be worth less in Australian dollar terms.

The performance fee calculation under the LP Agreements for LPIII, LPIV and the Evergreen LP are, or will be, in US dollars. The impact on Unitholders may be affected by a positive or negative movement in the prevailing Australian Dollar/US Dollar exchange rate.

The value of the Australian dollar has been subject to significant fluctuations with respect to the US dollar in the past and may be subject to significant fluctuations in the future.

Please refer to Section 3 in the PDS for further details on investment risks.

Tax risk

At any given time, each Fund has realised and unrealised US and Australian tax positions. Estimates of the current and deferred US taxes payable or receivable are provided in the accounts of each Fund.

Unitholders receiving income distributions in relation to an income year ending 30 June currently receive tax statements around August of each year for each Fund setting out such things as the assessable foreign income and foreign tax offsets for US taxes paid that may need to be included in the unitholder's Australian income tax return.

The Merged Fund may have different tax characteristics to each of the Funds and Investors should seek their own independent tax advice based on their specific circumstances before making any decision. For more information of the taxation implications of investing in the Merged Fund see Section 6 in the PDS.

Any changes to the taxation laws or any changes in the administration practices of the relevant authorities in Australia, the Cayman Islands and/or the US, may affect the tax treatment of the Merged Fund and / or investors and could reduce the overall economic returns and materially reduce the amount available for ultimate distribution to Investors.

11

Additional Information

11. Additional Information

11.1 Constitutional amendments

11.1.1 Fund I, Fund II and Fund IV

Certain amendments are required to be made to the constitutions of Fund I, Fund II, and Fund IV to provide for implementation of the Proposal. These include:

- empowering E&P Investments Limited to apply on behalf of unitholders in Fund I, Fund II and Fund IV for units in Fund III, and transfer the holder's units in Fund I, Fund II and Fund IV respectively to Fund III as consideration for the issue of units in Fund III;
- allowing E&P Investments Limited to exclude the small number of foreign holders of units in Fund I, Fund II and Fund IV (other than residents of New Zealand) from the

issue of units in Fund III by providing for their Fund III units to be sold on their behalf by a nominee, and the net proceeds paid to them;

- to add provisions for CD 1 and Fund II to be able to be operated as an attribution managed investment trusts; and
- in the case of Fund IV, to provide for partly paid units that have been forfeited under the existing provisions of the constitution to be cancelled, so that all units are of the same class when they are transferred under the Schemes.

Some further detail of the changes is provided in the table below, and full copies of the amendments to the constitutions can be downloaded at cdfunds.com.au.

SUBJECT MATTER	SUMMARY OF THE PROPOSED AMENDMENT(S)
Reorganisation Proposal (CDI clause 28, CDII clause 29, CDIV clause 13)	E&P Investments Limited has the power to do all other things necessary, desirable, or reasonably incidental to give effect to the Reorganisation Proposal. The specific powers for disposal of the units of foreign investors are provided in this clause.
Forfeited units (Fund IV clause 7.16)	E&P Investments Limited will be able to cancel units which have already been forfeited because calls on partly paid units have not been paid, and account to the former holder for the value of the units less costs of forfeiture.
Attribution managed investment trust (Fund I and Fund II clause 10)	The Constitution will be amended to add provisions enabling Fund I and Fund II to be operated as attribution managed investment trusts. E&P Investments Limited will have a power to accumulate all or part of the Distributable Income of the Trust in respect of a Tax Year that is an AMIT Income Year. The current constitution does not contain a comparable provision.
Consequential and other amendments	Several additional minor changes are proposed to be made to the constitution – including various consequential amendments to give effect to the changes summarised above and updates to terminology.

11. Additional Information continued

11.1.2 Fund III

Certain amendments are required to be made to the constitutions of Fund III to provide for implementation of the Proposal and the operation of Fund III as a merged fund which is to be unlisted and open-ended. These include:

- provide for the consideration to be provided for the issue of units in Fund III under the Schemes;
- to change the name of the trust from CD Private Equity Fund III to CD Private Equity Fund;
- to set the time for determining the unit price under a withdrawal offer at the close of the offer, rather than when the withdrawal offer notice is sent, and make some practical changes to the withdrawal offer provisions, including to provide for withdrawal offers to be made via website only, and to be cancelled on notice;
- to give the responsible entity power to conduct on-market buy-backs as described in this explanatory memorandum following implementation of the merger;
- to provide a back-stop mechanism for return of capital by allowing members to vote every 7 years on a resolution to wind up the scheme if, after it is delisted, the demand for redemptions has exceeded by at least 25% the aggregate value of the withdrawal offers provided over the prior 12 months;
- to allow a longer period of 2 years rather than 180 days for the orderly sale of assets on winding up of the Fund (should the above mechanism be triggered or the fund otherwise be terminated); and
- to provide, following delisting, for E&P Investments Limited to deal appropriately with holders who have not provided the necessary AML/CTF documentation.

Some further detail of the changes is provided in the table below, and full copies of the amendments to the constitutions can be downloaded at cdfunds.com.au.

SUBJECT MATTER	SUMMARY OF THE PROPOSED AMENDMENT(S)
Fund name (clause 2.1)	It is proposed that the Fund's name be changed from CD Private Equity Fund III to CD Private Equity Fund.
AML requirements (clause 4.1(g))	While the Trust is not Listed, each Unit held by a Member is subject to a condition that the Member must have provided, or will promptly provide on request to the Responsible Entity or its authorised agent, such information as the Responsible Entity may reasonably require for the Responsible Entity to meet its obligations under anti-money laundering or counter-terrorism financing laws
Consideration to acquire units (clause 5.1)	Units to be issued under the Reorganisation Proposal must be issued at an Application Price equal to the value of the consideration in the form of units in each of Fund I, Fund II and Fund IV, at specified merger ratios.
Withdrawal offers (clause 7.2)	In the case of Units to be redeemed under a withdrawal offer, the redemption price will be calculated as at the last valuation time before the withdrawal offer closes.
Withdrawal offers notice (Clause 8.4)	If the responsible entity makes a withdrawal offer, it may do so by sending a copy of the offer to all Members, or making a copy of the offer available by electronic means (including on a website). Withdrawal offers can be notified solely on the fund's website, but any cancellation of a withdrawal offer involves notice to members.
Distributions of income (clauses 8.14 and 12)	Provisions are added enabling Fund III to be operated as an attribution managed investment trust per the definition under the Tax Act. An appropriate allocation of income of the fund to withdrawing investors can be made,
Buy-backs (clause 8.15)	The responsible entity may purchase units on market and cause them to be cancelled.
Virtual meetings (clause 17.4)	Without limiting any other manner in which a meeting of Members may be held under the Corporations Act or this Constitution, for the purposes of section 252P of the Corporations Act, the Responsible Entity may convene a meeting of Members using virtual meeting technology only

<p>Termination and winding up (Clause 22.3 and 23.1)</p>	<p>Where the Trust is not Liquid and Units are not Officially Quoted, and during the 12 months preceding each 7 year anniversary of the merger Date, the aggregate value of acceptances of withdrawal offers made by the Responsible Entity has exceeded by at least 25% the aggregate value of the withdrawal offers made during that period or if no withdrawal offers are made during that period - the responsible entity must, within 30 Business Days after each 7 year anniversary of the Merger Date, convene a meeting to give the Members the opportunity to pass a resolution to terminate the fund.</p> <p>It termination occurs either for this reason or as a result of notice to terminate by the responsible entity, the responsible entity may take up to 2 years or longer if reasonably necessary to realise the assets and make final distributions. In the existing constitution, the target period for winding up is 180 days.</p>
<p>Consequential and other amendments</p>	<p>Several additional minor changes are proposed to be made to the constitution – including various consequential amendments to give effect to the changes summarised above and updates to terminology.</p>

11.1.3 Deemed warranty by Scheme Participants

Under the terms of the Scheme, as set out in clause 28.2(d) of the amended constitution in the Supplemental Deeds for Fund I and Fund II, and in clause 14.3(e) of the amended constitution in the Supplemental Deed for Fund IV, the Responsible Entity is authorised to give on behalf of each Scheme Participant as their agent and attorney, a warranty for the benefit of Fund III that each Scheme Participant gives upon the transfer of their units to become property of Fund III, good and unencumbered title to those units. The Supplemental Deeds are annexed to the Scheme Implementation Deed and available on the Funds' website at cdfunds.com.au.

11.2 Scheme Implementation Deed

Because all the parties involved in the Proposal are registered schemes of which E&P Investments Limited is the responsible entity, the Scheme Implementation Deed takes the form of a deed of undertaking in favour of the members of the target trusts to take the necessary and appropriate steps to implement the various trust schemes. The implementation of the Schemes is subject to several Conditions Precedent which are summarised below. The Schemes will not become effective, and the obligations of the RE are not binding, unless all these conditions are satisfied or waived (if applicable) in accordance with the Scheme Implementation Deed.

11. Additional Information continued

A full copy of the Scheme Implementation Deed will be available on the ASX announcements platform (www.asx.com.au) and on the website at cdfunds.com.au. Further details of the terms of the Scheme Implementation Deed are below.

TOPIC	SUMMARY
Parties	E&P Investments Limited as the responsible entity of each of Fund I, Fund II, Fund III and Fund IV
Conditions precedent (clause 3.1)	<p>The Schemes are subject to several Conditions Precedent, comprising:</p> <ul style="list-style-type: none"> (a) (ASIC Relief) ASIC issues or provides such consents, waivers and approvals or does such other acts that are, in the opinion of the RE, necessary to implement the Schemes, and none of those consents, waivers or approvals has been withdrawn, revoked or adversely amended before 8.00am on the Second Court Date; (b) (ASX confirmations) before 8.00am on the Second Court Date, ASX issues or provides such confirmations, consents, waivers and approvals, or does such other acts that are in the opinion of the RE necessary to implement the Schemes, and none of those confirmations, consents, waivers or approvals has been withdrawn, revoked or adversely amended before 8.00am on the Second Court Date; (c) (Unitholder approval): <ul style="list-style-type: none"> (i) at the Scheme Meetings, Unitholders in CDI, CDII, CDIII and CDIV approve the Scheme Resolutions by the requisite majorities; (ii) for CDI and CDII, Unitholders approve the resolution for item 7 of section 611 of the Corporations Act; and (iii) Unitholders in CDIII approve the Trust Delisting Resolution by the requisite majority under the Listing Rules; (d) (Independent Expert's Report for the Schemes) the Independent Expert provides the Independent Expert's Report to the RE, stating that in its opinion the Schemes are fair and reasonable to, and therefore in the best interests of, each of the Unitholders in CDI, CDII, CDIII and CDIV, and the Independent Expert does not change its conclusion or withdraw the Independent Expert's Report by notice in writing to the RE prior to 8.00am on the Second Court Date (e) (no restraints) no applicable law shall have been enacted and no temporary, preliminary or final restraining order, injunction or other order made by a court of competent jurisdiction or Regulatory Agency is in effect that would prevent, make illegal or prohibit the implementation of the Schemes at 8.00 am on the Second Court Date; (f) (no Prescribed Occurrence) no prescribed occurrence occurs (including capital restructure, encumbrances over or disposal of the whole or a substantial part of the trust assets, winding up, insolvency, change in responsible entity, delisting, deregistration as a managed investment scheme under Chapter 5C of the Corporations Act) between the date of the Scheme Implementation Deed and 8.00 am on the Second Court Date; (g) (Judicial Advice) the Court grants Judicial Advice. <p>The Proposal will not become Effective unless all these conditions are satisfied or waived (if applicable) in accordance with the Scheme Implementation Deed.</p> <p>The RE has agreed to use best endeavours to satisfy, or procure the satisfaction of, the Conditions Precedent that are within its control.</p> <p>The RE may only waive conditions (d) and (f). Other conditions may not be waived.</p>

TOPIC	SUMMARY
<p>Obligation to recommend the Scheme (clause 6)</p>	<p>The public announcement issued by the RE immediately after execution of the Scheme Implementation Deed must state (on the basis of written statements or resolutions made by each Director) that:</p> <p>(a) the RE Board unanimously recommends that Unitholders in each Trust vote in favour of the Schemes at the Scheme Meetings and all resolutions necessary to implement the Schemes, in the absence of a Superior Proposal and subject to the Independent Expert concluding that the Schemes are fair and reasonable to, and therefore in the best interests of, Unitholders in each Trust (the “Recommendation”)</p> <p>The RE must use reasonable endeavours to procure that:</p> <p>(a) the Explanatory Memorandum includes the Recommendation; and</p> <p>(b) the Directors do not change or withdraw their Recommendation.</p> <p>In each case, except:</p> <p>(a) if the Independent Expert opines in the Independent Expert’s Report (or any update of, or any revision, amendment or supplement to, the Independent Expert’s Report) that the Schemes are not fair and reasonable to, and therefore not in the best interests of, Unitholders of the Trusts;</p> <p>(b) if the RE receives a Competing Proposal, where the RE Board has determined after consultation with its legal and financial advisors and acting in good faith, that the Competing Proposal is a Superior Proposal;</p> <p>(c) where in respect of the Recommendation of any Director:</p> <p>(i) if a Court, ASIC, the Takeovers Panel or other Government Agency requires or requests that Director to change, withdraw, qualify or modify, or abstain from making, his or her Recommendation; or</p> <p>(ii) the RE reasonably determines that, in order to satisfy what the RE Board considers to be its statutory or fiduciary duties and acting in good faith after consultation with its legal and financial advisors, the relevant Director has an interest in the Schemes that renders it inappropriate for him or her to make or maintain such Recommendation.</p>
<p>Scheme Consideration (clause 4.3)</p>	<p>Subject to and in accordance with the Scheme Implementation Deed and the Schemes, each Scheme Participant is entitled to receive the relevant Scheme Consideration in respect of each Scheme Security held by that Participant, being the units in Fund III in accordance with the merger ratios.</p>
<p>Termination Rights (clause 10.1)</p>	<p>The RE termination rights</p> <p>The RE may terminate the Scheme Implementation Deed if:</p> <ul style="list-style-type: none"> – (Conditions Precedent) the Conditions Precedent are not satisfied or waived (as applicable); – (Withdrawal of recommendation) if a Director withdraws their Recommendation or made a public statement supporting or endorsing a Competing Proposal; or – (End Date) if the Schemes have not become Effective on or before the End Date.

11. Additional Information continued

TOPIC	SUMMARY
Representations and warranties and indemnities	Under the Scheme Implementation Deed, the responsible entity gives certain representations and warranties which are customary for a deed of this type. The liability of the RE arising under or in connection with the Scheme Implementation Deed is limited to the amount that the RE receives in the exercise of its right of indemnity from trust property.
Limitation of Liability	The liability of the RE under this document is limited to the capacity of the RE as responsible entity of the Trust to which the matter relates, and the RE is not liable in any other capacity.

11.3 Regulatory consents

ASX waivers/confirmations

E&P Investments Limited has applied for the following ASX confirmations in connection with the Proposal.

APPLICABLE LAW	RELIEF REQUEST
ASX Listing Rule 6.12.3	Divestment Confirmation that the amendments to the constitutions related to the divestment of units in Fund I and Fund II are appropriate and equitable for the purposes of ASX Listing Rule 6.12.3.
ASX Listing Rule 11.1	Nature or scale of activities Confirmation that ASX does not regard the acquisition by Fund III of all the units in the target Trusts as a change to the nature or scale of Fund III's activities. Alternatively, a confirmation that ASX waives the requirements of Listing Rule 11.1 on the basis that the unit holders in Fund III will be effectively approving the change if they pass the special resolutions to amend the Fund III constitution in connection with the Proposal and the special resolution for Fund III to be delisted in 2023.
ASX Listing Rule 15.1	Constitutions Confirmation that ASX does not object to the proposed amendments to the constitutions of the target Trusts and Fund III for the purposes of ASX Listing Rule 15.1.1.
ASX Listing Rule 17	Delisting Confirmation that CDI and CDII will be removed from the official list of the ASX upon implementation of the Proposal, and if approved by an ordinary resolution of members of CDIII, confirmation that ASX will have no objection to CDIII be delisted approximately 6 months after implementation of the Proposal if a special resolution is passed by members of CDIII.
Appendix 7A	Timetable Confirmation that the proposed timetable for the Proposal is acceptable to ASX.

ASIC relief

E&P Investments Limited has applied for the following standard ASIC relief, in connection with the Proposal.

APPLICABLE LAW	RELIEF REQUEST
Item 7 of section 611 of the Corporations Act	Voting on the Proposal Allow all the unitholders in the listed target trusts (Fund I and Fund II) to vote on any resolution to approve the Proposal.
Division 5A of Part 7.9 of the Corporations Act	Unsolicited Offer Relief from the prohibition on unsolicited off-market offers to acquire financial products.
Section 601FC(1)(d) of the Corporations Act	Equal treatment Allow certain foreign Unitholders to be excluded from participating in the Proposal, and their Fund III units to be transferred to a sale nominee on the basis that the net proceeds of sale are paid to them.
Section 1016A(2) of the Corporations Act	Application form Allow the issuing of Fund III units under the Schemes to be issued without an application form.
Division 2 of Part 7.7 of the Corporations Act	Financial services guide E&P Investments Limited is not required to provide unitholders who are retail clients with a financial services guide simply because general financial product advice is given in this explanatory memorandum.
Sections 1013H of the Corporations Act	Quotation of securities Allow application to ASX for the quotation of the units in Fund III to be made within 7 days of the date of issue of the units, not within 7 days of the date of issue of the PDS.
Section 1020B(2) of the Corporations Act	Short selling in deferred settlement trading Relief from the prohibition on naked short selling during deferred settlement trading in Fund III units.
Section 1015C of the Corporations Act	Sending documents to address on the register Technical relief so that details on the register of unitholders can be used to send both this Explanatory Memorandum and the PDS.

11.4 Consents to be named

Each of the following parties (each a Consenting Party) has given their written consent to the inclusion of the statements made by them, or based on statements made by them, in the form and context in which they are included, and have not withdrawn that consent at the date of this Explanatory Memorandum:

- Deloitte Corporate Finance Pty Limited (ACN 003 833 127) in respect of the Independent Limited Assurance Report in Section 12;
- Deloitte Tax Services Pty Ltd (ACN 092 223 240) in respect of the Taxation Report in Section 13;
- Kroll Australia Pty Ltd (ACN 116 738 535) in respect of the Independent Expert's Report in Section 14.

No Consenting Party makes any representation or warranty as to the completeness or appropriateness of any information contained in this Explanatory Memorandum, or takes any responsibility for statements in this Explanatory Memorandum, other than as noted above.

None of the Consenting Parties has authorised or caused the issue of this Explanatory Memorandum.

12

Independent Limited Assurance Report

12. Independent Limited Assurance Report

Deloitte.

Deloitte Corporate Finance Pty Limited
ACN 003 833 127
AFSL 241457

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

DX: 10307SSE
Tel: +61 (0) 2 9322 7000
Fax: +61 (0) 2 9322 7001
www.deloitte.com.au

The Directors
E & P Investments Limited as Responsible Entity for:
CD Private Equity Fund I, CD Private
Equity Fund II, CD Private Equity Fund
III and CD Private Equity Fund IV
Level 32, 1 O'Connell Street
Sydney NSW 2000

7 October 2022

Dear Directors

INVESTIGATING ACCOUNTANT'S LIMITED ASSURANCE REPORT AND FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the directors of E & P Investments Limited as Responsible Entity (the **RE**) for CD Private Equity Fund I (**Fund I**), CD Private Equity Fund II (**Fund II**), CD Private Equity Fund III (**Fund III**) and CD Private Equity Fund IV (**Fund IV**) (jointly the **Funds**) for inclusion in the Explanatory Memorandum (the **Explanatory Memorandum**) to be issued by the RE in respect of the proposed arrangement whereby Fund III will acquire all the units in Fund I, Fund II and Fund IV to form the CD Private Equity Fund (the **Merged Fund**)(the **Proposal**).

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services licence (AFSL) under the *Corporations Act 2001 (Cth)* for the issue of this report.

References to the RE, the Merged Fund, the Funds and other terminology used in this report have the same meaning as defined in the Glossary of the Explanatory Memorandum.

Scope

Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the RE to perform a limited assurance engagement on the following:

- The Statutory Historical Income Statements of the Funds for the year ended 31 March 2022 (**Statutory Historical Income Statements**);
- The Historical Income Statements of the Funds for the three months ended 30 June 2022 (**Historical Income Statements**); and
- The Historical Balance Sheets of the Funds as at 30 June 2022 (**Balance Sheets**);

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organisation"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

12. Independent Limited Assurance Report continued

Deloitte.

as set out in Tables 9.6, 9.7 and 9.8 in Section 9 of the **Explanatory Memorandum** (together, the **Historical Financial Information**).

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Funds' adopted accounting policies.

The Statutory Historical Income Statements have been extracted from the audited financial statements of the Funds for the financial year ended 31 March 2022 which were audited by Deloitte Touche Tohmatsu in accordance with Australian Auditing Standards. Deloitte Touche Tohmatsu issued unmodified audit opinions on each of the financial statements

The Historical Income Statements for the three months ended 30 June 2022 and the Balance Sheets as at that date have been extracted from the Statements of Financial Information of each of the Funds for the three months ended 30 June 2022. These Statements of Financial Information were reviewed by Deloitte Touche Tohmatsu in accordance with the Auditing Standard on Review Engagements ASRE 2405 Review of Historical Financial Information Other than a Financial Report. Deloitte Touche Tohmatsu issued unmodified review conclusions on each of the Statements of Financial Information.

The Historical Financial Information is presented in the Explanatory Memorandum in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Pro Forma Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the RE to perform a limited assurance engagement on:

- The Pro Forma Historical Consolidated Income Statement of the Merged Funds for the three months ended 30 June 2022 (the **Pro Forma Historical Consolidated Income Statement**);
- The Pro Forma Historical Consolidated Balance Sheet of the Merged Funds as at 30 June 2022 (the **Pro Forma Historical Consolidated Balance Sheet**); and
- The pro forma adjustments (the **Pro Forma Adjustments**)

as set out in Tables 9.5 and 9.8 in Section 9 of the Explanatory Memorandum (together, the **Pro Forma Historical Financial Information**).

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information, after adjusting for the effects of the Pro Forma Adjustments described in paragraph 9.8 (ii) in Section 9 of the Explanatory Memorandum.

The stated basis of preparation is the recognition and measurement principles contained in AAS applied to the Historical Financial Information and the Proposal to which the Pro Forma Adjustments relate, as if the Proposal had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Merged Fund's actual or prospective financial position and financial performance.



Directors' Responsibility

The Directors are responsible for the preparation and presentation of the Historical Financial Information and the Pro Forma Historical Financial Information, including the selection and determination of the Pro Forma Adjustments made to the Financial Information and included in the Pro Forma Historical Financial Information.

This responsibility includes the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Historical Financial Information and the Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and the Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Standard on Assurance Engagements (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information (ASAE 3450)*.

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

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information is not prepared, in all material respects, in accordance with the stated basis of preparation, as described in Section 9.3 of the Explanatory Memorandum.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information is not prepared, in all material respects, in accordance with the stated basis of preparation as described in Section 9.4 of the Explanatory Memorandum.

Notice to investors outside Australia

Under the terms of our engagement this report has been prepared solely to comply with the requirements applicable to a review engagement under ASAE 3450.

Restrictions on Use

Without modifying our conclusions, we draw attention to Section 9 of the Explanatory Memorandum, which describes the purpose of the Historical Financial Information and the Pro Forma Historical Financial Information, being for inclusion in the Explanatory Memorandum. As a result, Historical Financial Information and the Pro Forma Historical Financial Information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the Historical Financial Information and the Pro Forma Historical Financial Information to which it relates, for any purpose other than that for which it was prepared.

12. Independent Limited Assurance Report continued

Deloitte.

Consent

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the Explanatory Memorandum in the form and context in which it is included.

Liability

The liability of Deloitte Corporate Finance Pty Limited is limited to the inclusion of this report in the Explanatory Memorandum. Deloitte Corporate Finance Pty Limited makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Explanatory Memorandum.

Disclosure of Interest

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Proposal other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Deloitte Touche Tohmatsu is the auditor of the Funds.

General financial product advice

Deloitte Corporate Finance Pty Limited has prepared this report for general information purposes only. It does not take into account the objectives, financial situation or needs of any specific investor. Investors should consider their own objectives, financial situation and needs when assessing the suitability of the report to their situation or investors may wish to obtain personal financial product advice to assist them in this assessment.

Financial Services Guide

We have included our Financial Services Guide in this report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully



DELOITTE CORPORATE FINANCE PTY LIMITED



Alfred Nehama
Authorised Representative of
Deloitte Corporate Finance Pty Limited
(AFSL Number 241457)
AR Number 461013

Financial Services Guide (FSG)

What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Deloitte Corporate Finance Pty Limited (DCF) (AFSL 241457) provides this FSG to you, so you know how we are remunerated and who to contact if you have a complaint.

Who supplies the financial services?

We provide this FSG to you where you engage us to act on your behalf when providing financial services.

Alternatively, we may provide this FSG to you because our client has provided financial services to you that we delivered to them.

The person who provides the financial service to you is our Authorised Representative (AR) and DCF authorises the AR to distribute this FSG. Their AR number and contact details are in the document that accompanies this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice to wholesale clients in relation to derivatives, government debentures, stocks or bonds, interests in managed investment schemes, securities, and regulated emissions units (i.e. Australian carbon credit units and eligible international emissions units). We can also provide general financial product advice to retail clients in relation to the above financial products except for regulated emissions units.

We are also authorised to arrange for another person to deal in financial products in relation to:

- securities, interests in managed investment schemes, government debentures, stocks or bonds, and regulated emissions units and related derivatives to wholesale clients; and
- derivatives to retail and wholesale clients.

General financial product advice

We provide general advice when we have **not** taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. In this situation, you should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If we provide advice to you in connection with the acquisition of a financial product, you should read the relevant offer document carefully before making any decision about whether to acquire that product.

How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus reimbursement of any expenses incurred in

providing the services. Our fees are agreed with, and paid by, those who engage us.

Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Apart from these fees, DCF, our directors and officers, and any related bodies corporate, affiliates or associates, and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary, and, while eligible for annual salary increases and bonuses based on overall performance, they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

The Deloitte member firm in Australia (Deloitte Touche Tohmatsu) controls DCF. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We, and other entities related to Deloitte Touche Tohmatsu, do not have any formal associations or relationships with any entities that are issuers of financial products. However, we may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

Please contact us about a concern:

The Complaints Officer
complaints@deloitte.com.au
Phone: +61 8 9365 7234

If an issue is not resolved to your satisfaction, you can lodge a dispute with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services dispute resolution free to consumers.

www.afca.org.au
1800 931 678 (free call)
Australian Financial Complaints Authority Limited
GPO Box 3 Melbourne VIC 3001

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services we provide. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

13

Taxation Report

13. Taxation Report



Deloitte Tax Services Pty Ltd
ACN 092 223 240
Grosvenor Place
225 George Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

7 October 2022

The Directors
E&P Investments Limited
As responsible entity for
CD Private Equity Fund I
CD Private Equity Fund II
CD Private Equity Fund III and
CD Private Equity Fund IV
Level 15
100 Pacific Highway
North Sydney, NSW 2060

Dear Directors

Australian Taxation Report

This letter has been prepared for inclusion in the Explanatory Memorandum (**EM**) dated 7 October 2022 in relation to the Proposal as detailed in the EM. Unless otherwise stated, capitalised terms used in this report have the same meaning as the EM.

This letter provides a general summary of the key Australian income tax, Capital Gains Tax (**CGT**) and Goods and Services Tax (**GST**) implications for Unitholders that are Australian residents who participate in the Proposal and hold their Units in the CD Private Equity Fund Series on capital account for Australian income tax purposes.

This general summary does not take into account the Australian tax consequences for Unitholders who are non-residents of Australia, Unitholders who hold their Units in the course of trading or dealing in securities or otherwise hold the Units on revenue account or as trading stock, Unitholders who may be subject to special rules, such as banks, insurance companies, tax exempt organisations, trusts, superannuation funds (unless otherwise stated) or dealers in securities, Unitholders subject to the Taxation of Financial Arrangements regime in Division 230 of the *Income Tax Assessment Act 1997* or Unitholders that are exempt from Australian income tax. Unitholders that are non-Australian tax residents should seek their own independent tax advice as to the tax implications of the Scheme, including tax implications in their country of residence.

This is a general summary only and is not intended to be and should not be taken as definitive or comprehensive analysis of the taxation laws of Australia or Australian tax advice to a Unitholder and does not consider all possible circumstances that may affect the position of each Unitholder. The tax consequences for Unitholders will depend on the specific facts or circumstances that apply to the particular Unitholder. All Unitholders are advised to seek independent professional advice regarding the Australian and (if applicable) foreign tax consequences of the Proposal.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms and their affiliated entities are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 286,000 people make an impact that matters at www.deloitte.com.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte Network.

CONFIDENTIAL



This summary is based on the facts set out in the EM that have not been independently reviewed or verified by Deloitte Tax Services Pty Ltd. The representatives of Deloitte Tax Services Pty Ltd involved in preparing this letter are not licensed to provide financial product advice as defined by the *Corporations Act 2001*. Unitholders may consider seeking advice from an Australian financial services licence holder before making any decision in relation to a financial product. Unitholders should also note that taxation is only one of the matters that need to be considered when making a decision on a financial product.

This summary is based on the Australian tax laws, regulations and administrative practices in effect as at the date of this letter. Unitholders should be aware that any changes (with either prospective or retrospective effect) to the Australian tax laws and their interpretation by the Courts and the ATO may affect the taxation treatment of the Funds and the Unitholders as described in this summary. We have no obligation to provide an updated tax letter to reflect such changes.

Unless otherwise stated, all legislative references in this letter are to the *Income Tax Assessment Act 1936* and *Income Tax Assessment Act 1997* (together, the **Tax Act**) and the *A New Tax System (Goods and Services Tax) Act 1999* (Cth) and the regulations issued thereto.

1 Tax implications of the Scheme

1.1 Income Tax

The exchange of units in Funds I, II and IV for units in Fund III by the Funds I, II and IV Unitholders should give rise to a CGT event for Australian income tax purposes on the Effective Date. This CGT event should give rise to a capital gain or loss for the Fund I, II and IV Unitholders. In this regard:

- A capital gain should arise where the market value of the Scheme Consideration at the Effective Date exceeds the Unitholder's cost base of the Fund I, II or IV units that they have disposed of at the Effective Date; or
- A capital loss should arise where the market value of the Scheme Consideration at the Effective Date is less than the Unitholder's reduced cost base of the Fund I, II or IV units that they have disposed of at the Effective Date.

Broadly, cost base and reduced cost base comprises of the amounts paid to acquire the units, plus certain incidental costs. The ATO has previously expressed the view that in a merger or scrip restructure via a scheme of arrangement, the 1-day volume weighted average price on the implementation date of the scheme may be a reasonable method of determining market value.

Any capital gain or capital loss made by the Unitholder upon their disposal of the units in Fund I, II or IV should be aggregated with any other capital gains or capital losses that the Unitholder may have in that income year to determine the Unitholder's net capital gain or net capital loss for that year.

A net capital gain should be included in the Unitholder's assessable income. Certain Australian resident investors may be eligible for discount CGT treatment where the units in respect of which the capital gain arises have been held for at least 12 months prior to the gain arising (in this regard, please refer to the comments in Section 1.1.4 on CGT discount).

A net capital loss may only be offset against capital gains. Net capital losses may be carried forward and offset against future taxable capital gains (subject to satisfying any applicable loss recoupment rules).

1.1.1 *Scrip-for-scrip roll-over relief*

Fund I, II and IV Unitholders should be eligible to apply the scrip-for-scrip roll-over relief under Subdivision 124-M of the Tax Act if:

1. The Unitholder would otherwise realise a capital gain on the disposal of their Fund I, II and IV units and
2. The Unitholder chooses to obtain the roll-over.

1.1.2 *Implications for Unitholders that are eligible for and choose scrip-for-scrip roll over*

Where a Fund I, II or IV Unitholder is eligible and chooses to obtain the scrip-for-scrip roll-over relief:

1. Any capital gain realised on the disposal of their Fund I, II or IV units should be disregarded
2. The cost base (and reduced cost base) of each newly issued Fund III unit should be equal to the cost base (and reduced cost base) of the Fund I, II or IV units (as relevant) provided in exchange for each Fund III unit and
3. For CGT purposes, the newly issued Fund III units should be taken to have been acquired on the date the original Fund I, II or IV units (as relevant) were acquired.

1.1.3 *Implications for Unitholders that are not eligible or do not choose to obtain scrip-for-scrip roll over*

For CGT purposes, the first element of cost base and reduced cost base of each Fund III unit issued to a Fund I, II and IV Unitholder should be the market value of the Fund I, II or IV units (as relevant) provided in exchange for each Fund III unit (being the consideration provided by the Fund I, II and IV Unitholder to acquire each Fund III unit). For CGT purposes, the newly issued Fund III units should be taken to be acquired by each Fund I, II and IV Unitholder on the Implementation Date.

1.1.4 *CGT Discount*

Discount CGT treatment may be available for non-corporate Unitholders to reduce capital gains realised by the Unitholder (after offsetting capital losses) on the disposal of a unit in the Merged Fund if the relevant Unit in respect of which the gain arises has been held for at least 12 months. The CGT discount is one half in the case of an individual or trust, or one third in the case of a complying superannuation entity. Companies are not entitled to discount CGT treatment.

Integrity rules exist which can prevent the CGT discount being applied to capital gains arising from the disposal of a unit in a Fund where a majority of the underlying CGT assets of the Merged Fund, by value, have not been held for at least 12 months. These integrity rules should not apply if:

- A Unitholder (together with associates) beneficially owns less than 10% of the voting interests, issued units or other fixed interests in the Merged Fund just prior to the disposal or
- The Merged Fund has at least 300 Unitholders and the ownership is not concentrated (ownership should be concentrated if 20 or fewer individuals own, directly or indirectly, at least 75% of the income, capital or voting interests in the Merged Fund).

Unitholders who dispose of their Units within 12 months of acquiring them or dispose of them under an agreement entered into within 12 months of acquiring the Units should not be eligible for discount CGT treatment.

1.2 **GST**

The exchange of units in Fund I, II and IV for units in Fund III by the Fund I, II and IV Unitholders should not be subject to GST. This is on the basis that these disposals and acquisitions of units should be input taxed or outside the scope of GST, depending on the GST registration status of the Unitholder.



1.3 Stamp duty

Neither the Responsible Entity nor the Unitholders should be liable to any stamp duty on an issue of the units by Fund III or exchange of units in Funds I, II and IV for units in Fund III on the basis that, at the time of the issue, the relevant Funds (other than Fund IV) are listed on the ASX and none of Funds I, II, III or IV will directly or indirectly hold any real property assets in Australia or other traceable interest in Australian dutiable assets.

* * * * *

Yours faithfully,

Nari Kye
Partner, Deloitte Tax Services Pty Ltd

14

Independent Expert Report

14. Independent Expert Report continued

Kroll Australia Pty Ltd
Level 32, 85 Castlereagh St
Sydney NSW 2000
www.kroll.com

Ph: (02) 8286 7200
PO Box: Q113, Queen Victoria Building 1230
ABN: 73 116 738 535



The Directors
E&P Investments Limited as responsible entity for CD Private Equity Fund I, CD Private Equity Fund II, CD Private Equity Fund III, CD Private Equity Fund IV
Level 32
1 O'Connell Street
Sydney NSW 2000

7 October 2022

Dear Directors

Part One – Independent Expert's Report

1 Introduction

E&P Investments Limited (**E&P** or **Responsible Entity**), a wholly owned subsidiary of E&P Financial Group Limited (**EP1**), is the responsible entity for CD Private Equity Fund I (**Fund I**), CD Private Equity Fund II (**Fund II**), CD Private Equity Fund III (**Fund III**) and CD Private Equity Fund IV (**Fund IV**) (each, a **Fund** and collectively, the **CD Private Equity Fund Series** or the **Funds**).

E&P is proposing a combination of the four Funds to create a single larger, more diversified fund that will have an indefinite term. This is to be achieved by way of:

- a trust scheme of arrangement whereby Fund III will acquire all of the units (**Units**) in Fund I, Fund II and Fund IV to form the "CD Private Equity Fund" or the Merged Fund (**Scheme**); and
- a conversion of Fund III from a closed-ended listed trust to an open-ended unlisted unit trust structure (the **Restructure**) (together, the **Proposal**).

Registered unitholders (**Unitholders**) of Fund I, Fund II and Fund IV will receive Fund III Units as consideration for their Units. The number of Fund III Units received for each Unit held will be calculated based on conversion ratios of 0.6285 for Fund I, 0.9144 for Fund II and 1.0569 for Fund IV (**Conversion Ratios**), which are based on the respective 30 June 2022 net asset value (**NAV**)¹ per Unit for each Fund and take into account transaction costs associated with the Proposal and the fifth and final capital call for Fund IV. Unitholders in Fund III will continue to hold the same Units in that Fund, but after the Scheme is implemented, those Units will represent an interest in a more diversified portfolio of investments and a correspondingly diluted investment in the existing assets of Fund III.

The Proposal is described more fully in Section 5 of this report and Section 7 of the Explanatory Memorandum and accompanying separate Notices of Meeting (**Explanatory Memorandum**). The Proposal is subject to certain conditions precedent as set out in Section 5.3 of this report and Section 6 of the Explanatory Memorandum.

Each Fund within the CD Private Equity Fund Series is currently structured as a closed-ended trust. Funds I, II, and III are listed on the Australian Securities Exchange (**ASX**). Fund IV was not listed on the ASX due to its partly paid structure. The Funds predominately provide investors with an exposure to private equity

¹ Net asset value is calculated as net assets divided by the number of Units on issue. The Conversion Ratio for Fund IV may increase slightly, depending on the number of forfeited units cancelled prior to the implementation of the Proposal so that Fund IV Unitholders receive a higher number of Fund III units on implementation. The maximum Conversion Ratio may be 1.0583 (depending on the number of forfeited units cancelled prior to the implementation of the Proposal).



investments in the United States.² Further detail on the Funds is set out in Sections 7 through 11 of this report.

The Merged Fund will be an open-ended fund and is known as an “evergreen fund”. Proceeds from the sales of the underlying companies in the United States will largely be reinvested rather than being returned to investors. Both existing and new investors will have the opportunity to invest in the Merged Fund. Investors will also be able to participate in six monthly withdrawal offers primarily funded by income from the sale of the underlying companies in the US and new subscriptions. The Merged Fund will have an aggregate portfolio of \$650 million in gross assets invested across 43 small to middle market US private equity funds that are, in turn, invested in approximately 284 underlying companies. The Merged Fund is described in Section 12 of this report and Section 8 of the Explanatory Memorandum.

On, or about, 7 November 2022, Meetings³ of the Unitholders of each Fund will be held to consider and vote on the various special and ordinary resolutions (the **Resolutions**) to implement the Proposal (refer to Section 5.2 of this report). Unitholders will be entitled to attend the Meetings in person, online or via teleconference. The Proposal will only proceed if the Resolutions are passed by the Unitholders of the relevant Funds by the requisite majorities, voting directly, or by proxy at the Meetings.

The Directors of E&P have stated that they unanimously recommend that Unitholders in each Fund vote in favour of each Resolution at the relevant Meeting.

In order to assist Unitholders in assessing the Proposal, the Directors of E&P as responsible entity of the Funds, have appointed Kroll Australia Pty Ltd (**Kroll**), to prepare an independent expert’s report setting out whether, in our opinion, the Proposal is fair and reasonable to and in the best interests of Unitholders of each of the Funds.

This report sets out Kroll’s opinion as to the merits or otherwise of the Proposal and will be included in the Explanatory Memorandum to be sent to Unitholders of each Fund within the CD Private Equity Series.

Further information regarding Kroll, as it pertains to the preparation of this report, is set out in Appendix 1. Kroll’s Financial Services Guide is contained in Part Two of this report.

2 Scope of report

The Proposal requires special resolutions to amend the Constitutions of Funds I, II and IV to insert provisions that will empower the Responsible Entity to implement the merger by trust scheme. There is no specific statutory framework for a trust scheme as there is for a company scheme of arrangement. As such, the Takeovers Panel has issued Guidance Note 15: Trust Scheme Mergers (**Guidance Note 15**) outlining the recommended procedures for a trust scheme. Guidance Note 15 suggests that the notice of meeting and explanatory memorandum for a trust scheme should contain a report by an independent expert that states whether, in the expert’s opinion, the terms of the trust scheme are fair and reasonable and, therefore, consistent with determining whether it is in the best interests of the members. As such, there is a statutory requirement to provide an independent expert’s report to Unitholders of Fund I, Fund II and Fund IV.

Fund III will acquire 100% of the Units in Fund I and Fund II and would otherwise breach Section 606 of the Corporations Act. Item 7 of Section 611 allows shareholders to waive the Section 606 prohibition by passing a resolution at a general meeting. Consequently, the Responsible Entity is seeking Unitholder approval for the increase in Fund III’s holding in Fund I and Fund II (which are publicly listed).

Item 7(b) of Section 611 requires that unitholders voting pursuant to Item 7 of Section 611 be provided with a detailed analysis of the proposed transaction. Regulatory Guide 74: Acquisitions Approved by Members (**RG 74**) issued by the Australian Securities and Investments Commission (**ASIC**) provides additional guidance on the information to be provided to unitholders. RG 74.29 states that the directors of the target entity should provide members with an independent expert’s report or a detailed directors’ report in relation to transactions to be approved under Item 7. As such, there is an additional statutory requirement to provide an independent expert’s report to Unitholders of Funds I and II. For transactions that will have a similar effect to a takeover bid, the expert should form an opinion as to whether the transaction is fair and reasonable.

Although there is no statutory requirement to provide an independent expert’s report to Fund III Unitholders, the E&P Directors have requested Kroll to provide an independent expert’s report to Fund III Unitholders.

² The Funds have minor investments in Europe and United Kingdom.

³ The extraordinary general meeting of Unitholders of each Fund convened by the notices of meeting accompanying the Explanatory Memorandum.

14. Independent Expert Report continued



Further details of the relevant technical requirements and the basis of assessment in forming our opinion are set out in Section 6 of this report.

3 Opinion

3.1 Background

The CD Private Equity Fund Series was established in 2012 as a joint venture between EP1 (formerly Evans Dixon Limited) and Cordish Equity Partners, the private investment arm of the Cordish family, principals and owners of The Cordish Companies. Cordish Equity Partners is one of the leading developers and operators of mixed-use real estate and entertainment projects globally. The Funds are invested in partnership arrangements with Cordish Private Ventures, LLC (**Cordish Private Ventures**) with a primary strategy of investing in US small-to-mid-market private investment funds. The Funds commenced between 2012 and 2018 and are at various stages of the investment cycle.

Each Fund is currently structured as a closed-ended trust, with Funds I, II, and III listed on the ASX in order to provide transparency and liquidity for retail investors. Fund IV was not listed on the ASX due to its partly paid structure.

Since 2018, however, the listed Funds have traded at a substantial discount to NAV, likely reflecting negative press regarding the US Masters Residential Property Fund (for which E&P is the responsible entity) and the relative illiquidity of the Funds. In addition, Fund IV was approaching its final capital call.⁴ In order to improve value for Unitholders, the Responsible Entity has undertaken a range of alternative options including: (i) a potential sale; (ii) a capital markets transaction; and (iii) capital management initiatives.

(i) Potential Sale

In May 2019, the Responsible Entity appointed Sixpoint Partners, a US based advisory group specialising in private equity funds, to run a competitive process for the sale of the underlying portfolios of Funds I and Fund II to an institutional buyer. The rationale for the proposed sale was to allow Unitholders to crystallise the strong returns achieved to date and fully exit their investment at a time when liquidity of Units traded on the ASX was relatively limited. A sale would allow Unitholders to accelerate the capital return when compared to the gradual realisation of the portfolio and subsequent capital returns.

In October 2019, the Responsible Entity announced it had reached agreement with Whitehorse Liquidity Partners, a Canadian institutional investor, to sell the Fund I and Fund II portfolios, subject to Unitholder approval. The net proceeds that would be paid to Unitholders of Fund I were estimated to be \$1.66 per Unit, a 1.8% premium to the closing price of \$1.63 and a 17.0% discount to pre-tax NAV per Unit of \$2.00 at 30 September 2019. The net proceeds for Fund II Unitholders was \$1.97 per Unit, a 1.5% discount to the last closing price of \$2.00 and an 18.6% discount to pre-tax NAV per Unit of \$2.42 at 30 September 2019. In November 2019, Unitholders voted overwhelmingly against a sale.

(ii) Capital Markets Transaction

In late 2020, the Responsible Entity was approached by a third party about a potential capital markets transaction. The Responsible Entity appointed a financial adviser and engaged in preliminary discussions with the third party, however, commercial terms offered were not acceptable to the Responsible Entity and the parties mutually agreed to terminate the discussions.

(iii) Capital Management Initiatives

Following continued strong distributions from the underlying investments in early 2021, the Responsible Entity commenced buyback programs for Fund I and Fund II of up to 10% of Units over the 12 months from 28 June 2021. At the completion of the buyback programs, approximately 6.3% and 4.9% of Fund I and II Units had been bought back, respectively. These programs failed to significantly close the gap between the Unit price and NAV per Unit. The highest buyback prices for Funds I and II occurred on 20 December 2021 and 17 December 2021, respectively, and represented discounts of 10.6% and 22.6% to 30 November 2021 NAV per Unit. The lowest buyback prices occurred towards the end of the program, on 17 June 2022 and 14 June 2022, respectively, and represented discounts of 15.7% and 36.1% to 31 May 2022 NAV per Unit.

Whilst liquidity is also provided by distributions following the sale of underlying investments, distributions from Funds I and II are expected to decline over time as the Funds are wound down.

⁴ The fifth and final call was made in July 2022.



The Responsible Entity expects that a buyback for Fund III, when Fund III is in an appropriate position to be able to conduct a buyback, would likely also not have the required effect of closing the existing discount to NAV.

As at 28 September 2022, Funds I, II and III traded at a discount to NAV per Unit in the order of 35.0%, 38.3% and 36.0%, respectively⁵ and Fund IV remained unlisted with no liquidity mechanism in place. With Fund IV's inception in 2018, there is potentially a significant overhang of investors on the register wishing to exit their investment.

3.2 Summary of opinion

In our opinion, **the Proposal is fair and reasonable to, and in the best interests of, the Unitholders of each Fund in the absence of a superior proposal.**

In arriving at this opinion, we have assessed whether the Proposal is:

- **fair** by comparing the consideration per Unit for each Fund (calculated based on the relevant Conversion Ratio) to our assessed NAV per Unit of the respective Fund. This assessment has been undertaken based on a 'merger of equals' analysis; and
- **reasonable** for the Unitholders of each Fund, by assessing the implications of the Proposal for the Unitholders of each Fund, the alternatives to the Proposal and consequences of not approving the Proposal.

Our assessment has concluded that **the Proposal is fair and reasonable to the Unitholders of each Fund.** As such, in accordance with RG 111, we have concluded that **the Proposal is in the best interests of, the Unitholders of each Fund in the absence of a superior proposal.**

As we have assessed the fairness of the Proposal on the basis of a 'merger of equals' analysis, we have assessed the value for each Fund on a consistent basis (i.e. on the basis of NAV per Unit). The assessed values of the Funds as at 30 June 2022 are set out in Section 3.4.3 of this report.

The Conversion Ratios under the Proposal (on which the consideration for Unitholders is based) are calculated based on the 30 June 2022 NAV per Unit for each Fund. NAV reflects the fair value of the underlying US private equity funds, each of which is audited by reputable accounting firms in the United States. As the NAV per Unit for each Fund approximates fair value, the Conversion Ratios are, by definition, fair as at 30 June 2022. Kroll has selected a range of values around the fair value of the underlying investments recorded in the Funds' accounts of +/-2.5%.

Based on the Conversion Ratios for each Fund, the range of the consideration per Unit overlaps with the assessed NAV per Unit and accordingly, we consider the Proposal to be fair to the Unitholders of each Fund.

In accordance with RG 111, an offer is reasonable if it is fair. As we have assessed the Proposal to be fair, it is also reasonable. Regardless of this requirement, we have considered a range of other factors that are relevant to an assessment of the reasonableness of the Proposal. Kroll has grouped considerations that relate to: i) Unitholders of the listed Funds (Funds I, II and III); ii) Fund IV Unitholders; and iii) all Unitholders. The considerations are:

i) For the listed Funds (Fund I, II and III):

- the consideration represents a substantial premium to recent trading prices of Funds I, II and III and allows Units to be redeemed at or around NAV per Unit;
- reduced liquidity compared to a publicly listed Fund;
- Fund I and II Unitholders, who currently do not pay a performance fee, may be required to pay a performance fee with respect to their investment in LP3, LP4 and the Evergreen LP as part of the Merged Fund;
- the Merged Fund will have reduced disclosure obligations and Unitholder protections relative to the listed Funds;
- the Responsible Entity has undertaken a number of enhanced liquidity alternatives for Funds I and II, which have been unsuccessful;

⁵ Discount relative to 30 June 2022 NAV per Unit pre transaction costs associated with the Proposal.

14. Independent Expert Report continued



ii) For Fund IV, which is unlisted:

- the Merged Fund will offer a liquidity mechanism whereas Fund IV does not currently have a liquidity mechanism in place. As there has been no liquidity mechanism in place since inception in 2018, there is potentially a significant overhang of investors on the register who may wish to exit their investments. Fund IV Unitholders are also able to sell their Merged Fund Units during the transition period while the Merged Fund is listed on the ASX, although likely at a discount to NAV. Although Fund IV Unitholders will benefit from liquidity through distributions, there is a risk that the investment term under the current structure will be extended beyond April 2028 due to factors such as the COVID-19 pandemic and inflationary pressures; and
- if Fund IV were to be publicly listed, it is likely that it would trade at a discount to NAV per Unit (similar to the listed Funds). It will be difficult for Fund IV to undertake liquidity events (e.g. a buyback) or introduce a liquidity mechanism similar to that proposed for the Merged Fund in the near term, due to both its size and as distributions from underlying funds will generally be distributed to Unitholders.

iii) For all Unitholders:

- the Merged Fund has no defined investment term. For some Unitholders, it may be preferable to maintain their investment rather than being forced to liquidate over time, noting the unique investment class and historically high returns, while this may not suit other investors;
- the Merged Fund offers greater scale and diversification, an enhanced liquidity profile and access to capital and reduced exposure to the performance of specific investments;
- cost savings are limited (mainly to listing fees);
- a compulsory distribution reinvestment plan (**DRP**) will operate such that distributions received by the existing LPs from the underlying funds will be reinvested in the Evergreen LP. This has a number of consequences for Unitholders:
 - Unitholders will not receive cash distributions, however, they will be required to include reinvestment income in their tax return. Unitholders may participate in the withdrawal mechanism to fund their taxes, however, the level of withdrawals following the scale back may be insufficient; and
 - funds reinvested in the Evergreen LP will be subject to a 1.00% GP fee indefinitely, whereas the existing GP fees within each Fund have a finite life. Over time, fees will increase as the existing LPs are wound down and capital is reinvested in the Evergreen LP. We note, however, that these fees are comparable to those of other listed funds that invest in private equity funds; and
- NAV dilution as a result of \$2.4 million in transaction costs associated with the Proposal. We note that the NAV dilution of 0.4% is relatively minor in comparison to the transaction costs associated with the proposed Whitehorse Liquidity Partners transaction and the initial costs of setting up a new fund.

Our analysis of the reasonableness of the Proposal is detailed further in Section 3.5. The decision to approve the Proposal is a matter for individual Unitholders based on their views as to value, expectations about future market conditions and their particular circumstances, including investment strategy and portfolio, risk profile and tax position. If in doubt, Unitholders should consult their own professional adviser regarding the action they should take in relation to the Proposal.

3.3 Assessment as to whether the Proposal should be considered a merger of equals

In forming a view as to whether the Proposal is fair, it is first necessary to consider whether it should be considered a 'merger of equals' as opposed to a 'control transaction', as this determines the approach to the basis of value when looking at the relative values of each Fund under the Conversion Ratio. Our assessment has looked at what factors within the Proposal support a merger of equals rather than a control transaction. The factors we consider relevant are:

- the Proposal is structured as a merger of equals, with Conversion Ratios based on NAV per Unit;
- no Unitholder will be in a position to control or have significant influence over the Merged Fund;
- there is significant overlap between the Unitholders of each of the Funds;
- there will be no planned changes to the Board or management at this stage as a result of the Proposal; and
- as a "fund of funds", each of the Funds is a passive investment vehicle.



Based on these factors, we consider the Proposal should be assessed as a merger of equals.

3.4 Assessment of the fairness of the Proposal

3.4.1 Approach

Typically, in a 'merger of equals' analysis, fairness is assessed by comparing the contribution of each of the entities (e.g. in terms of the range of assessed values per security, NAV per security, price per security, earnings per security) with the Conversion Ratio.

Kroll considers that the NAV per Unit represents the best approximation of the long term, underlying value for each Fund. As it is based on estimates of the full underlying value of each investment, it is already a 'control' value (i.e. it assumes 100% ownership of the assets).

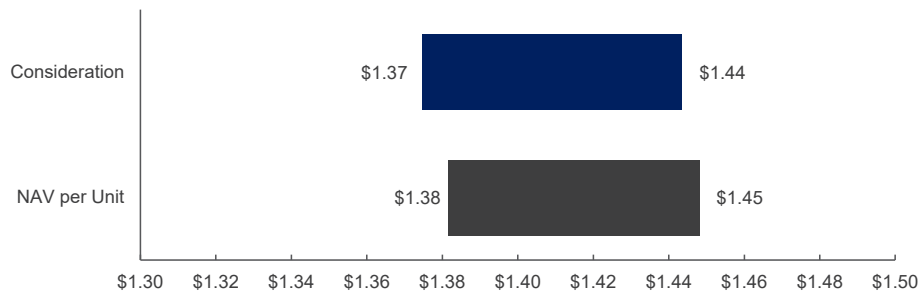
3.4.2 Fairness assessment

Our assessment of fairness has been undertaken by comparing the consideration per Unit for each Fund (calculated based on the relevant Conversion Ratio) to our assessed NAV per Unit of the Fund.

Fund I fairness assessment

A comparison of the consideration per Unit for Fund I Unitholders under the Proposal (including the impact of transaction costs) with NAV per Fund I Unit is presented as follows.

Fund I Fairness Assessment



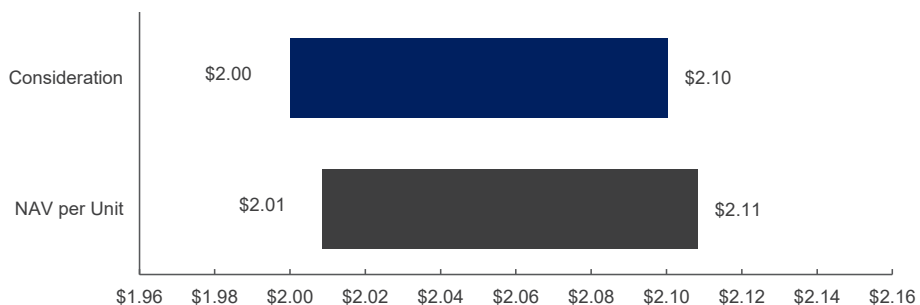
Source: Kroll analysis.

Based on the Conversion Ratio of 0.6285, the range of the consideration per Unit offered to Fund I Unitholders overlaps with range of the NAV per Unit for Fund I and consequently, **the Proposal is fair to Fund I Unitholders.**

Fund II fairness assessment

A comparison of the consideration per Unit for Fund II Unitholders under the Proposal (including the impact of transaction costs) with NAV per Fund II Unit is presented as follows.

Fund II Fairness Assessment



Source: Kroll analysis.

14. Independent Expert Report continued

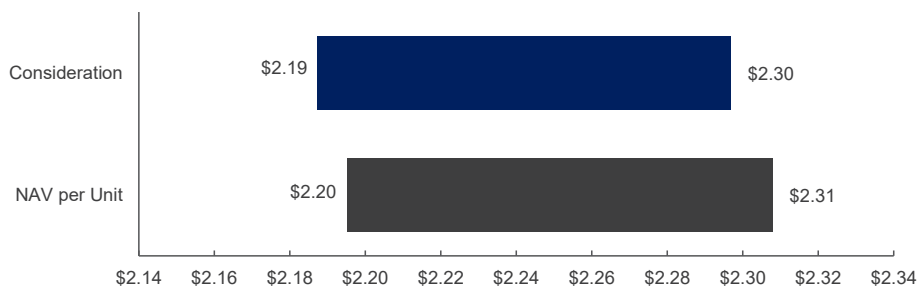


Based on the Conversion Ratio of 0.9144, the range of the consideration per Unit offered to Fund II Unitholders overlaps with range of the NAV per Unit for Fund II and consequently, **the Proposal is fair to Fund II Unitholders.**

Fund III fairness assessment

A comparison of the consideration per Unit for Fund III Unitholders under the Proposal (including the impact of transaction costs) with NAV per Fund III Unit is presented as follows.

Fund III Fairness Assessment



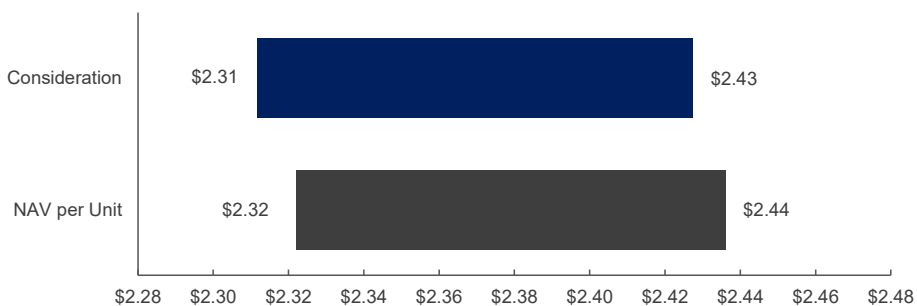
Source: Kroll analysis.

Based on a Conversion Ratio of 1.000, the range of the consideration per Unit offered to Fund III Unitholders overlaps with the range of NAV per Unit for Fund III and consequently, **the Proposal is fair to Fund III Unitholders.**

Fund IV fairness assessment

A comparison of the consideration per Unit for Fund IV Unitholders under the Proposal (including the impact of transaction costs) with NAV per Fund IV Unit is presented as follows.

Fund IV Fairness Assessment



Source: Kroll analysis.

Based on the Conversion Ratio of 1.0569, the range of the consideration per Unit offered to Fund IV Unitholders overlaps the range of the NAV per Unit for Fund IV and consequently, **the Proposal is fair to Fund IV Unitholders.**

The Conversion Ratio for Fund IV may increase slightly, depending on the number of forfeited units cancelled prior to the implementation of the Proposal so that Fund IV Unitholders receive a higher number of Fund III units on implementation. The maximum Conversion Ratio may be 1.0586 (depending on the number of forfeited units cancelled prior to the implementation of the Proposal). The Proposal will remain fair to Fund IV Unitholders.



3.4.3 NAV per Unit as at 30 June 2022

The Conversion Ratios under the Proposal (on which the consideration for Unitholders is based) are calculated based on the 30 June 2022 NAV per Unit for each Fund. As the NAV per Unit for each Fund approximates fair value, the Conversion Ratios are, by definition, fair based on an assessment as at 30 June 2022.

NAV reflects the fair value of the underlying US private equity funds, each of which is audited by reputable accounting firms in the United States. The NAV of the Funds is calculated based on the Fund's share of the underlying funds. As part of their audit of the Funds, the auditors review the audited accounts, accounting policy and valuation approach of the underlying funds for consistency of the valuations which support the fair values.

The values adopted for financial reporting purposes are a single estimate. However, there is a range of possible outcomes that generally exist. In this respect, Kroll has adopted a range +/-2.5% around the fair value of the underlying investments recorded in the Funds' accounts as a basis for the possible range of values as at 30 June 2022. A wider range of values would result in greater overlap of the ranges of consideration per Unit and NAV per Unit. We consider that the selected range is appropriate as it recognises that a range of possible outcomes exist, without being so wide as to make our analysis meaningless.

This results in the following ranges of NAV per Unit for the existing Funds and the Merged Fund.

Range of assessed NAV per Unit as at 30 June 2022

	Fund I		Fund II		Fund III		Fund IV		Merged Fund	
	Low ¹	High ²	Low ¹	High ²	Low ¹	High ²	Low ¹	High ²	Low ¹	High ²
Value of investments	47.5	49.9	102.1	107.3	159.7	167.9	262.4	275.8	571.6	600.9
Other assets/(liabilities)(net)	3.0	3.0	3.3	3.3	(1.6)	(1.6)	11.5	11.5	13.8	13.8
Net assets	50.5	52.9	105.4	110.6	158.0	166.2	273.9	287.3	585.4	614.7
Number of Units (millions)	36.6	36.6	52.5	52.5	72.0	72.0	117.9	117.9	267.6	267.6
NAV per Unit	\$1.38	\$1.45	\$2.01	\$2.11	\$2.20	\$2.31	\$2.32	\$2.44	\$2.19	\$2.30

Source: Kroll analysis

Notes:

1. Low end of value range reflects a value that is 2.5% below the fair value of the investments as at 30 June 2022.
2. High end of value range reflects a value that is 2.5% above the fair value of the investments as at 30 June 2022.

The Conversion Ratios are based on the NAV per Unit for the Funds as at 30 June 2022. NAV reflects the fair value of each of the underlying private equity investments held by each Fund. These fair values may change, potentially not uniformly across the Funds, up until the Proposal is implemented (expected to be 21 November 2022), such that the Proposal may no longer be fair to Unitholders of any particular Fund. However, the NAV per Unit for the Funds as at 30 June 2022 reflects the most recent and, therefore, best estimate as to the fair values for the underlying private equity investments and, therefore, the best estimate of fair value for the Funds.

3.4.4 Consideration per Unit as at 30 June 2022

Based on the NAV per Merged Fund Unit as at 30 June 2022 of \$2.19 to \$2.30 as set out in Section 3.4.3 of this report and the respective Conversion Ratio for each Fund, the value of the consideration per Unit is calculated as follows.

Consideration per Unit as at 30 June 2022

	Fund I		Fund II		Fund III		Fund IV	
	Low ¹	High ²	Low ¹	High ²	Low ¹	High ²	Low ¹	High ²
Conversion ratio	0.6285		0.9144		1.0000		1.0569	
Consideration per Unit ³	\$1.37	\$1.44	\$2.00	\$2.10	\$2.19	\$2.30	\$2.31	\$2.43

Source: Kroll analysis

Notes:

1. Low end of value range reflects an investment value that is 2.5% below the valuations as at 30 June 2022.
2. High end of value range reflects an investment value that is 2.5% above the valuations as at 30 June 2022.
3. Consideration per Unit for each Fund is calculated as the NAV per Merged Fund Unit (refer to Section 3.4.3) multiplied by the relevant Conversion Ratio.

14. Independent Expert Report continued



For each Fund, based on a range of values for the investments as at 30 June 2022, the range of consideration per Unit overlaps with the range of assessed NAV per Unit and accordingly, the Proposal is fair to the Unitholders of each Fund.

3.5 Assessment of reasonableness

In accordance with RG 111, an offer is reasonable if it is fair. As the Proposal is fair for Unitholders of each Fund, this would imply that the Proposal is reasonable for Unitholders of each Fund. Notwithstanding this requirement, we have also considered a range of factors that Unitholders may wish to consider in assessing whether to vote in favour of the Proposal.

Kroll has grouped considerations that relate to: i) Unitholders of the listed Funds (Funds I, II and III); ii) Fund IV Unitholders; and iii) all Unitholders. For more detail on the comparative metrics of the Funds and the Merged Fund, please refer to Section 14 and Appendix 2 of this report.

The key considerations that relate to unitholders of the Listed Funds (Fund I, Fund II and Fund III) are:

3.5.1 The consideration represents a substantial premium to recent trading prices and allows Units to be redeemed at or around NAV

Fund IV is unlisted and there are no near-term liquidity options for Unitholders. Funds I, II and III are publicly listed, however, trading is relatively illiquid and at a substantial discount to NAV. As at 28 September 2022, Fund I, Fund II and Fund III traded at discounts to NAV of 35.0%, 38.3% and 36.0%, respectively.⁶ Buyback programs were undertaken for Funds I and II of up to 10% of Units, however, at the completion of the buyback programs, only approximately 6.3% and 4.9% of Fund I and II Units had been bought back, respectively, and the Unit prices remained at a substantial discount to NAV. Whilst liquidity is also provided by distributions following the sale of underlying investments, distributions from Funds I and II are expected to become less frequent over time as the funds are wound down.

The Proposal will provide Unitholders with a new liquidity framework for holdings in the Merged Fund. The Responsible Entity proposes to make pro rata withdrawal offers every six months of approximately 5% of the Merged Fund's Units on issue, at NAV, less in the ordinary course, 0.5% of the NAV per Unit (**Sell Spread**) which will be payable to cover the expected legal, tax, registry and accounting costs of facilitating the withdrawal offers. The Responsible Entity will consider whether it is in Unitholders' best interests to increase the withdrawal offer if withdrawal requests are consistently higher than 5% of the Merged Fund's Units on issue. The withdrawal offers may be funded by reinvested distributions, inflow from applications, sale of fund assets, possibly some borrowings or a combination of these.

In addition, Unitholders will have an initial opportunity for liquidity during the six month window where the Merged Fund will remain listed on the ASX (**Transition Period**). During the Transition Period, Unitholders will have the ability to sell their holdings on the ASX, however, there is a likelihood that the Merged Fund will trade at a discount to NAV during this period. The Responsible Entity will seek to conduct an on-market buyback during the Transition Period for up to 10% of Units (approximately 26.8 million Units).

The first regular withdrawal offer is expected to be made in December 2023. The Proposal will also allow new and existing investors the ability to invest in the Fund at NAV through a monthly subscription process, expected to commence in July 2023.

3.5.2 Reduced liquidity

The Merged Fund will be delisted from the ASX approximately six months after the implementation of the Proposal, after which the ability of Fund I, Fund II and Fund III Unitholders to dispose of an investment in the Merged Fund will be significantly restricted. There will be no withdrawal opportunities from the date of delisting up to December 2023.

Commencing in December 2023, Unitholders in the Merged Fund will be able to request withdrawal of their Units under the proposed withdrawal offers in the amount of approximately 5% of the Merged Fund's Units on issue at six monthly intervals. Units would be redeemed at NAV, less the Sell Spread.

The Responsible Entity considers that it is likely that the Merged Fund will be able to source sufficient liquid assets at each six monthly interval for a withdrawal offer of that size, with cash being sourced from distributed income from the LPs and potentially from new subscriptions for units and asset sales. However, the amount and/or timing of withdrawal offers would be adjusted if the Responsible Entity considers that it

⁶ Discount relative to 30 June 2022 NAV per Unit pre transaction costs associated with the Proposal.



is in the best interests of members to do so, in the context of market conditions at the time. To the extent that acceptances of a withdrawal offer exceed the amount of the offer, withdrawals will be scaled back on a pro rata basis as required under the Corporations Act.

Under a constitution amendment, if approved, the Responsible Entity would be required to call a meeting every seven years from implementation of the Scheme to allow members of the Merged Fund to vote on a special resolution to wind up the Fund if acceptances of withdrawal offers have exceeded by 25% the total amount of withdrawal offers made in the Fund in the 12 months leading up to the date of consideration or if no withdrawal offers have been made in that time. Given the nature of the Fund's assets, the sale process to realise assets so that capital can be returned to investors may take several years, but this proposed feature of the Merged Fund would give investors as a group a say in the life of the Fund.

3.5.3 Different rights in a delisted fund

There are consequences of Fund I, Fund II and Fund III being delisted:

- they will no longer be subject to ASX continuous disclosure requirements;
- the threshold for voting to change responsible entity will increase from an ordinary resolution to an extraordinary resolution (as defined in the Corporations Act); and
- investors who do not already hold units in Fund IV will be required to provide additional identification in connection with anti-money laundering legislation.

3.5.4 Alternatives are suboptimal to the Proposal

As discussed in Section 3.1 of this report and Section 7.2 of the Explanatory Memorandum, the Responsible Entity has undertaken a range of alternatives with the objective of improving value for Unitholders. These alternatives included: (i) a potential sale; (ii) a capital markets transaction; and (iii) capital markets initiatives. None of the alternatives were successful. There is no assurance that any future sale, capital markets transaction or initiatives would result in a more favourable outcome.

There are ASX rules as to by how much the buyback price can be increased, which creates the risk that the buyback price lags growth in NAV per Unit. Furthermore, buybacks are limited to 10% of the Units on issue in any 12 month period in the absence of Unitholder approval at a meeting.

We note that the fourth alternative, retaining the status quo, is suboptimal given that Funds I, II and III are trading at a substantial discount to NAV and are relatively illiquid and Fund IV is unlisted and has no liquidity mechanism in place. Should Fund IV be listed, it is likely to trade at a discount to NAV similar to that for the listed Funds.

The key considerations that relate to unitholders of Fund IV, which is unlisted are:

3.5.5 Enhanced liquidity

The Merged Fund will offer a liquidity mechanism whereas Fund IV currently does not have a liquidity mechanism in place. As there has been no liquidity mechanism in place since inception in 2018, there is potentially a significant overhang of investors on the register who may wish to exit their investment. Fund IV Unitholders are also able to sell their Merged Fund Units during the transition period while the Merged Fund is listed on the ASX, although likely at a discount to NAV.

Although Fund IV Unitholders will benefit from liquidity through distributions, there is a risk that under the current structure the investment term will be extended beyond April 2028 due to factors such as the COVID-19 pandemic and inflationary pressure.

3.5.6 Alternatives are suboptimal

If Fund IV were to be publicly listed, it is likely that it would trade at discounts to NAV similar to the listed Funds. It will be difficult for Fund IV to undertake liquidity events (e.g. a buyback) or introduce a liquidity mechanism similar to that proposed for the Merged Fund in the near term, due to both its size and as distributions from underlying funds will be distributed to Unitholders.

14. Independent Expert Report continued



The key considerations that relate to all Unitholders are:

3.5.7 The Proposal provides an ability for Unitholders to maintain their investment rather than being forced to liquidate over time, although this may not suit some investors

The current Funds have a defined investment term of 10 years. The 10 year anniversaries of the Funds are June 2022, April 2023, July 2026 and April 2028, respectively. The Merged Fund will be open-ended, providing Unitholders exposure to an “evergreen fund” with proceeds reinvested into the strategy. There will be no fixed life for the fund and investors will have the ability to stay invested in the long term.

The evergreen fund structure allows Unitholders to control their own investment level by applying for Units in any month in a near fully invested fund, rather than waiting for a portfolio to be constructed. An evergreen fund gives investors the ability to maintain their exposure to an asset class without having to assume reinvestment risk or find a suitable investment manager or fund when their original invested capital is returned to them.

The evergreen fund structure also allows the Investment Manager broader discretion to invest through economic cycles and to target a wider variety of investments.

As the Funds are close to fully invested, the Merged Fund will make new investments through a new Cayman Islands limited partnership, “Evergreen LP”.

On the other hand, an open ended fund that extends beyond Unitholders’ expected investment term may not suit some investors. We note, however, that depending on withdrawals, Unitholders may vote every seven years on whether the Fund should be wound up.

3.5.8 The Merged Fund offers greater scale and diversification

The combination of the Funds will create a larger, more diversified portfolio of \$650 million in gross assets invested across 43 small to middle market US private equity funds that are, in turn, invested in approximately 284 underlying companies. Unitholders will have greater diversification across underlying companies, funds and fund managers and, therefore, diversification across sectors, geographies and company stages. The exposure of Unitholders to returns arising from the performance of any individual investment will be reduced.

The Merged Fund will have a more diversified cashflow and capital growth profile relative to each of the existing Funds. The Funds are all in different stages of the investing life cycle, with Funds I and II having each returned to investors more than their initial investment by way of capital return and distributions and Funds III and IV paying consistent distributions. The new Evergreen LP will be in the initial stages of private equity investing.

3.5.9 Greater access to capital

The larger and more diversified Merged Fund may have improved access to capital from wholesale and institutional investors who may prefer investment in a larger Fund with an indefinite term. This may translate to a corresponding improvement in the ability of each Fund to take advantage of growth opportunities and provide liquidity for Unitholders in the future from potential larger inflows.

3.5.10 No cash distributions

The Merged Fund will not pay distributions of income to Unitholders in cash but rather, income will be reinvested in the Merged Fund through the compulsory DRP, with additional Units issued to represent the reinvestment. Unitholders will, however, be required to include the relevant share of taxable income in their tax returns (with any associated foreign tax offsets). If a Unitholder needs cash to meet any tax liability arising from the distribution, could sell some Units while the Merged Fund remains listed on the ASX, after which they may need to consider accepting the six monthly withdrawal offers in respect of some of their units to receive cash from the Fund for this purpose (noting that there is no guarantee that withdrawal requests will be fully met).

3.5.11 Cost savings are limited

There are limited cost savings resulting from the Proposal. Cost savings resulting from the Proposal are expected to be approximately \$200,000 per annum and mainly include savings in listing costs.



3.5.12 Fees will increase in the future, although are comparable to other listed funds that invest in private equity funds

Currently, GPs are entitled to receive a GP (investment management) fee from the LPs in the range of nil to 2.0% of the GP's total committed capital. GP fees are payable for 10 years from inception. Accordingly, GP fees payable by LP1 ceased in June 2022 and GP fees payable by LP2, LP3 and LP4 will cease in February 2023, July 2026 and April 2028, respectively.

Although the GP may benefit from cost savings over time as the finite lived LPs are wound down, initially there will be five LPs in place and as such the GP is not expected to generate significant cost savings that could be passed on to Unitholders in the form of lower fees.

Following the implementation of the Proposal, the GP and performance fees will remain the same for each of the existing Funds and the current end dates will continue to apply. The new Evergreen LP will be subject to a GP fee of 1.00% with no end date and a performance fee of 10% p.a. over an 8% hurdle rate.

Investment Management Fees

	Fund I	Fund II	Fund III	Fund IV	Evergreen LP	Merged Fund	Comment
Fees payable by LP to GP							
GP fee ¹	nil	2.00%	1.00%	1.00%	1.00%	na ²	Charged on committed capital
GP fee	nil	1.22%	0.68%	0.39%	na	0.68%	as % of NAV
End date	Jun '22	Feb '23	Jul '26	Apr '28	na	na	-
Performance fee	na	na	10.0% p.a. over 8% hurdle ³	10.0% p.a. over 8% hurdle ³	10.0% p.a. over 8% hurdle ³	10.0% p.a. over 8% hurdle ³	% based on total capital contributed to the LP (and not yet returned by distribution)

Source: E&P

Notes:

1. Fee is exclusive of GST.
2. The GP fee for the Merged Fund will be a blend of the underlying GP fees for each of the general partnerships. The underlying GP fees for LP2, LP3 and LP4 will remain in place. Any new investments will be made through the Evergreen LP which will have a GP fee of 1.0% based on a per investment basis. Any committed capital in LP1 and LP2 will not be charged a GP fee following the expiry of GP fees in Fund II in February 2023.
3. The hurdle rate is equal to a cumulative, non-compounded, pre-tax return of 8% per annum on all capital contributed to the LP (and not yet distributed to the limited partners) for LP2 and LP4, Evergreen LP is on a per investment basis. The hurdle rate references the LP, not the Fund level, and is denominated in US dollars.

Following the implementation of the Proposal, Unitholders of each of the existing Funds will have an interest in all of the existing Funds as well as in the evergreen fund. As a consequence:

- Unitholders of Funds I and II, who do not currently pay GP fees or will not be required to in the near future, will be subject to GP fees with respect to their interests in Funds III (until July 2026), IV (until April 2028) and the evergreen fund (indefinitely). Furthermore, distributions from the existing Funds will not be distributed to Unitholders, but will be reinvested in the Evergreen LP, which is subject to a 1.00% GP fee indefinitely, such that the weighted average GP fee for the Merged Fund will trend towards 1.00% of GAV. As such, GP fees will increase;
- Fund I and Fund II Unitholders, who are currently not required to pay any performance fees, may be required to pay a performance fee with respect to their interests in Funds III, IV and the Evergreen LP. As such, performance fees will potentially increase;
- Unitholders of Funds III and IV, who are currently required to pay GP fees until July 2026 and April 2028 respectively, will not be required to pay GP fees with respect to their interests in Fund I and from February 2023 with respect to their interest in Fund II, although they will be required to pay GP fees indefinitely with respect to the Evergreen LP. Furthermore, as noted, distributions from the existing Funds will not be distributed to Unitholders, but will be reinvested in the Evergreen LP, which is subject to a 1.00% GP fee indefinitely, such that the weighted average GP fee for the Merged Fund will trend towards 1.00% of GAV. Depending on the size of the Evergreen LP and the length of time

14. Independent Expert Report continued



they hold their investment in the Merged Fund, GP fees may be more or less than would be paid in the absence of the Proposal; and

- Fund III and Fund IV Unitholders will not be required to pay a performance fee with respect to their interest in Funds I and II but will continue to be subject to performance fees with respect to Funds III and IV and may be required to pay a performance fee with respect to their interest in the Evergreen LP. Depending on the size of the Evergreen LP and the relative performance of the funds, performance fees may be more or less than would be paid in the absence of the Proposal.

Responsible Entity and administration fees for the Merged Fund will be the same (0.33% of GAV) as for the existing Funds.

We note that the Funds represent an investment in private equity for which there are few alternatives. Furthermore, when benchmarked against fees for the limited similar funds, the Merged Fund's initial management fee of 2.32% compares favourably to the ongoing costs for similar funds as set out in Appendix 4. Over time, as distributions from the existing LPs are reinvested in the Evergreen LP, the investment manager fee will trend towards 1.00%, such that the Merged Fund's management fee will increase slightly.

3.5.13 Transaction costs associated with the Proposal

The Responsible Entity will incur approximately \$1.4 million (excluding GST and disbursements) in one-off transaction costs on behalf of the Funds in connection with developing the Proposal. These costs have been or will be recovered from the Funds irrespective of whether the Proposal is approved.

If the Proposal is approved, the Funds will incur (in proportion to their NAV) an additional \$1.0 million (excluding GST and disbursements) of one-off transaction costs reflecting advisory fees payable to MA Moelis Australia, which is contingent upon the implementation of the Proposal. There will be additional expenses of approximately \$0.1 million payable for the implementation of the Proposal including Registry fees and the required onboarding of investors. Transaction costs incurred in connection with the Proposal have been or will be allocated among the Funds in proportion to the NAV of each fund and decrease the NAV across the Funds.

Based on the pro forma financial position for the Merged Fund and the Conversion Ratios, Unitholders would experience a 0.4% dilution in NAV per Unit as a result of the aggregate \$2.4 million transaction costs associated with the Proposal.

NAV per equivalent Unit dilution analysis

	Fund I	Fund II	Fund III	Fund IV	Merged Fund
NAV pre-Proposal ¹	\$1.41	\$2.06	\$2.25	\$2.38	
Conversion Ratio	0.6285	0.9144	1.0000	1.0569	
NAV per equivalent Unit post-Proposal ²	\$1.41	\$2.05	\$2.24	\$2.37	\$2.24
Accretion/(dilution)	(0.4%)	(0.4%)	(0.4%)	(0.4%)	

Source: E&P, Kroll analysis.

Notes:

1. Includes the impact of Fund IV's fifth and final capital call and excludes transaction costs associated with the Proposal.
2. NTA per equivalent Unit post-Proposal is calculated as pro forma NAV per Unit for the Merged Fund in each case multiplied by the Conversion Ratio for each Fund.

This dilution is relatively low in comparison to:

- transaction costs for the Whitehorse Liquidity Partners transaction (1.3% of Fund I's NAV and 1.0% of Fund II's NAV), noting that interim operating expenses and wind up costs would have further reduced the net proceeds to Unitholders; and
- the initial costs of setting up a new fund (e.g. Fund IV's initial costs were 3.0% (pre-GST) of the gross proceeds of the offer and included a structuring fee of 1.5% and handling fee of 1.5%.

3.6 Other considerations

In forming our opinion, we have also considered a number of other factors, as detailed below. Although we do not consider these factors impact our assessment of the reasonableness of the Proposal, we consider it appropriate for Unitholders to consider these factors in assessing the Proposal.



The Proposal is subject to the satisfaction of certain conditions

The Proposal is subject to the satisfaction of certain conditions which, if not satisfied or waived (as applicable), will result in the Proposal not being implemented. The conditions precedent are set out in Section 5.3 of this report and Section 6 of the Explanatory Memorandum.

Taxation implications for Unitholders

Deloitte has provided a summary of the key Australian income tax, CGT and GST implications for Unitholders. In particular, Australian tax resident Unitholders of the acquired Funds (Funds I, II and IV) should be able to obtain scrip for scrip roll-over relief such that the sale of their Units to Fund III does not result in a taxable capital gain. Non-Australian tax resident Unitholders or any Unitholders that would make a capital loss should not be entitled to obtain scrip for scrip roll-over relief.

We note that Unitholders should consider their individual circumstances, review Section 13 of the Explanatory Memorandum for further information where it applies to their circumstances and should seek the advice of their own professional adviser.

3.7 Consequences if the Proposal does not proceed

In the event that the Resolutions are not approved or any conditions precedent prevent the Proposal from being implemented, each of the Funds will continue to operate in their current form as separately managed entities. As a consequence:

- the Funds will continue to operate as stand-alone entities with no changes to their structure, Constitutions or fee arrangements;
- it is likely that Units in Funds I, II and III will continue to trade at a substantial discount to NAV and be relatively illiquid. Over time, they may become less liquid and trade at a greater discount to NAV as the Funds are wound down. If publicly listed, Fund IV is likely to trade at a substantial discount to NAV and be relatively illiquid (similar to Funds I, II and III);
- the Responsible Entity is likely to use the post 30 June 2022 distributions received to fund capital management initiatives (such as an on-market buyback), fund working capital requirements, meet future capital calls to the respective LPs (if applicable) and, potentially, pay distributions for Funds I, II and III. Fund IV will not undertake any capital management initiatives at this time due to the future capital calls to LP4 in the near term;
- transaction costs of \$1.4 million will have been incurred or committed by the Funds in proportion to their NAV, reducing NAV per Unit for each of the Funds; and
- Unitholders will continue to be exposed to the benefits and risks associated with an investment in their respective Funds.

4 Other matters

Our report has also been prepared in accordance with the relevant provisions of the *Corporations Act 2001* (Cth) (the **Corporations Act**) and other applicable Australian regulatory requirements and has been prepared solely for the purpose of assisting Fund Unitholders in considering the Proposal. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

This report constitutes general financial product advice and has been prepared without taking into consideration the individual circumstances of Fund Unitholders. This advice, therefore, does not consider the financial situation, objectives or needs of individual Unitholders.

All currency amounts in this report are denominated in Australian dollars unless otherwise stated. References to an Australian financial year (i.e. the 12 months to 31 March) have been abbreviated to FY.

The decision of Unitholders as to whether or not to approve the Proposal is a matter for individual securityholders who should, therefore, consider the appropriateness of our opinion to their specific circumstances. As an individual's decision to vote for or against the proposed resolutions may be influenced by their particular circumstances, we recommend that individual Unitholders, including residents of foreign jurisdictions, seek their own independent professional advice.

Our opinion is based solely on information available as at the date of this report. This information, and our limitations and reliance on information section, are set out in Appendix 2. We have not undertaken to update

14. Independent Expert Report continued



our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

Kroll has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is included at the end of this report.

The above opinion should be considered in conjunction with, and not independently of, the information set out in the remainder of this report, including the appendices.

Yours faithfully

A handwritten signature in black ink, appearing to read "I. Jedlin".

Ian Jedlin
Authorised Representative

A handwritten signature in black ink, appearing to read "C. Oakley".

Celeste Oakley
Managing Director



Independent Expert's Report
and
Financial Services Guide
in relation to the proposed merger of the Funds



14. Independent Expert Report continued



Table of Contents

Part One – Independent Expert’s Report	1
1 Introduction	1
2 Scope of report	2
3 Opinion	3
3.1 Background	3
3.2 Summary of opinion	4
3.3 Assessment as to whether the Proposal should be considered a merger of equals	5
3.4 Assessment of the fairness of the Proposal	6
3.5 Assessment of reasonableness	9
3.6 Other considerations	13
3.7 Consequences if the Proposal does not proceed	14
4 Other matters	14
5 The Proposal	19
5.1 Overview of the Proposal	19
5.2 Resolutions	20
5.3 Conditions of the Proposal	21
5.4 Transaction costs	22
6 Scope of the report	22
6.1 Purpose	22
6.2 Basis of assessment	22
7 Profile of the Funds	24
7.1 Background	24
7.2 Overview	24
7.3 Investment strategy	25
7.4 Liquidity structure	25
7.5 Operating structure	25
7.6 Fee structure	27
7.7 Board of Directors, Investment Managers and Advisory Board	28
8 Profile of Fund I	28
8.1 Background	28
8.2 Investment portfolio	29
8.3 Financial performance	30
8.4 Financial position	31
8.5 Fund I capital structure and ownership	33
8.6 Unit price performance	34
9 Profile of Fund II	36
9.1 Background	36
9.2 Investment portfolio	36
9.3 Financial performance	38
9.4 Financial position	39
9.5 Fund II Capital structure and ownership	41
9.6 Unit price performance	42
10 Profile of Fund III	44
10.1 Background	44
10.2 Investment portfolio	44
10.3 Financial performance	46
10.4 Financial position	47
10.5 Fund III capital structure and ownership	49
10.6 Unit price performance	50
11 Profile of Fund IV	52
11.1 Background	52
11.2 Investment portfolio	52
11.3 Financial performance	54
11.4 Financial position	55
11.5 Fund IV Capital structure and ownership	57
12 Profile of the Merged Fund	58
12.1 Overview	58
12.2 Investment strategy	58
12.3 Liquidity structure	58
12.4 Operating structure	60
12.5 Fee structure	62
12.6 Board of Directors and Investment Managers	62



12.7	Investment portfolio	63
12.8	Pro forma financial performance	64
12.9	Pro forma financial position.....	65
13	Valuation	66
13.1	Summary	66
13.2	Value of underlying private equity investments	66
13.3	Valuation Policy for the Funds and LPs	69
13.4	Valuation Policy for the Underlying US Private Equity Funds	69
14	Impact on Unitholders of each Fund	70
14.1	Overview	70
14.2	Portfolio exposure	70
14.3	Fee structure.....	70
14.4	Liquidity	71
14.5	NAV per equivalent Unit	71
14.6	Loan facilities.....	71
	Appendix 1 – Kroll disclosures	72
	Appendix 2 – Limitations and reliance on information	74
	Appendix 3 – Summary of impact of Proposal on each Fund	76
	Appendix 4 – Fee comparison with other listed funds	80
	Appendix 5 – Valuation methodologies	81
	Part Two – Financial Services Guide.....	83

14. Independent Expert Report continued



5 The Proposal

5.1 Overview of the Proposal

The Funds are currently managed and operated as independent funds. E&P is proposing the combination of the four Funds to create a single larger, more diversified fund that will have an indefinite term. This is to be achieved by way of:

- *the Scheme*: a trust scheme of arrangement whereby Fund III will acquire of all of the Units in Fund I, Fund II and Fund IV to form the “CD Private Equity Fund” or the Merged Fund; and
- *the Restructure*: a conversion of Fund III from a closed-ended listed trust to an open-ended unlisted unit trust structure (together, the Proposal).

Fund III will be renamed CD Private Equity Fund.

The number of Fund III Units received by Unitholders in each of Fund I, Fund II and Fund IV for each Unit held at the Record Date will be calculated based on the Conversion Ratio, which reflects the respective 30 June 2022 NAV per Unit of each Fund and takes into account transaction costs related to the Proposal and fifth and final capital call for the Fund IV partly paid Units.

Transaction Metrics

	Fund I	Fund II	Fund III	Fund IV	Merged Fund
Statutory NAV at 30 June 2022 (A\$ million)	51.712	108.019	162.132	242.888	564.8
Pro forma adjustments:					
Transaction costs (A\$ million)	(0.206)	(0.430)	(0.646)	(1.118)	(2.4)
Fund IV fifth and final capital call (A\$ million) ¹	-	-	-	37.698	37.7
Pro forma NAV (A\$ million)	51.506	107.589	161.486	279.468	600.1
Number of Units on issue (million)	36.551	52.479	72.028	117.939	
Pro forma NAV per Unit	\$1.41	\$2.05	\$2.24	\$2.37	
Impact of Proposal					
Conversion Ratio ²	0.6285	0.9144	1.0000	1.0569	
Merged Fund Units (million) ³	23.0	48.0	72.0	124.6	267.6

Source: E&P

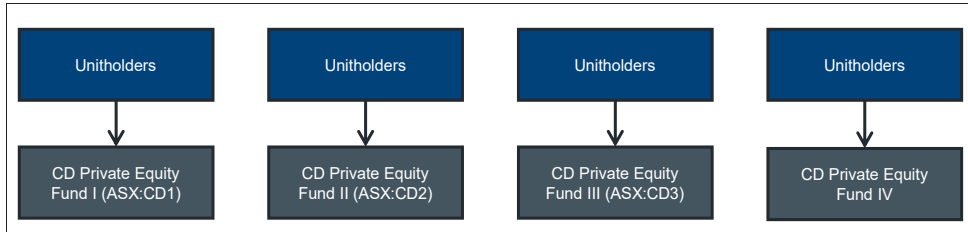
Notes:

1. Fund IV's fifth and final capital call was due on 2 August 2022. A liability of \$0.16 per Unit was held in Fund IV's NAV at 30 June 2022. This liability of \$0.16 per Unit represented the distribution to be paid to Unitholders which offset the final capital call of \$0.32 per Unit.
2. Calculated as the respective Fund's pro forma NAV per Unit divided by Fund III's pro forma NAV per Unit (and rounded to four decimal places). The Conversion Ratio for Fund IV may increase slightly, depending on the number of forfeited units cancelled prior to the implementation of the Proposal so that Fund IV Unitholders receive a higher number of Fund III units on implementation. The maximum Conversion Ratio may be 1.0583 (depending on the number of forfeited units cancelled prior to the implementation of the Proposal).
3. Calculated as the number of Units in the respective Fund multiplied by the Conversion Ratio for that Fund.



The current structure of the Funds is presented as follows.

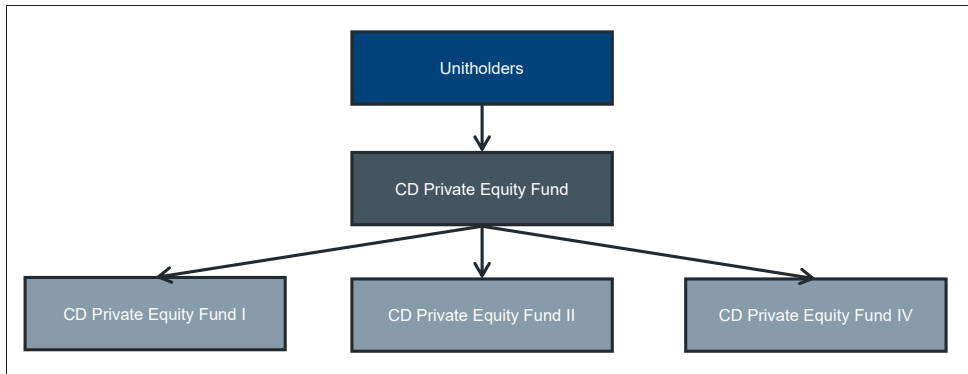
Structure of the Funds Pre-Proposal



Source: E&P

The structure of the Merged Fund post-Proposal is illustrated as follows.

Structure of the Merged Fund post-Proposal



Source: E&P

Unitholders in Fund III will continue to hold the same Units in that Fund, but after the Scheme is implemented, those Units will represent an interest in a more diversified portfolio of investments and a correspondingly diluted investment in the existing assets of Fund III. The Responsible Entity will apply for the quotation of the new Units in Fund III and they will, for approximately six months, continue to be able to be traded on ASX. After the six month period, the Merged Fund will be delisted.

The Merged Fund will consist of over \$650 million in gross assets invested across 43 funds and 284 underlying investments. Further details on the Merged Fund are set out in Section 12 of our report and Section 8 of the Explanatory Memorandum.

The Directors of E&P have stated that they unanimously recommend that Unitholders in each Fund vote in favour of each Resolution at the relevant Meeting.

Post 30 June 2022 distributions

Following 30 June 2022, the Limited Partnerships made distributions to Fund I (US\$3 million), Fund II (US\$10 million), Fund III (US\$14 million) and Fund IV (US\$13 million). These distributions are currently in each respective Funds' bank account and up until the meeting dates, there will be no further distributions by any of the Funds to their Unitholders.

If the Proposal is implemented, the distributions received by the Funds from their respective LPs will be used to fund the initial on-market buyback (assuming the Fund III buyback resolution is passed) and potentially be retained to help fund the initial withdrawal offer in December 2023.

The distributions are included in the NAV as at 30 June 2022 as part of each Funds' investment in the LPs.

5.2 Resolutions

The Resolutions on which Unitholders will be asked to vote at the Meetings are described in Section 3.1 of the Explanatory Memorandum and set out as follows:

14. Independent Expert Report continued



- for Funds I and II, ordinary resolutions for the purposes of takeover laws (item 7 of section 611 of the Corporations Act), to approve the acquisition by Fund III of all the Units in Funds I and II, which are listed entities;
- for Funds I, II and IV, special resolutions to amend the Constitutions for those Funds to insert provisions that will empower the Responsible Entity to implement the merger by way of a trust scheme and for Fund IV, which has issued partly paid units, amend the Fund IV Constitution to allow the Responsible Entity to cancel units that have been forfeited and become property of Fund IV, so that the correct number of Units participate in the Scheme; and
- for Fund III, several resolutions for different purposes:
 - an ordinary resolution for the purpose of the ASX Listing Rules to approve the issue of Units in that Fund as consideration for the acquisition of the Units in Funds I, II and IV;
 - a special resolution to amend the Fund III Constitution to:
 - change the name of the Fund from CD Private Equity Fund III to CD Private Equity Fund;
 - provide for the issuance of Units to Fund I, Fund II and Fund IV under the Scheme;
 - add an opportunity every 7 years to vote on a special resolution as to whether the Merged Fund should be wound down with assets progressively sold and capital returned to members if acceptances of withdrawal offers made in the Fund in the 12 months leading up to the date of consideration or if no withdrawal offers have been made in that time;
 - allow for the sale of assets, if the Fund were to be wound up, to take two years or longer if necessary, in line with the nature of the Fund assets;
 - provide for buyback of Units on-market during the six months following implementation of the Proposal and for future members' meetings to be held fully on-line;
 - include updated provisions relating to the Attribution Management Investment Trust tax regime; and
 - make some minor amendments to assist the proper functioning of the Merged Fund as an unlisted open-ended unit trust such as to allow for notices of withdrawal offers to be made via the website, change the timing of the withdrawal price calculation for withdrawal offers to make the price more current at withdrawal;
 - a special resolution to approve the delisting of the Merged Fund six months after implementation of the Scheme; and
 - an ordinary resolution to approve the buyback of up to 10% of the number of Units on issue in the Fund while the Merged Fund remains listed following the date of implementation of the Proposal.

All of the resolutions other than the buyback resolution are inter-conditional, that is, the Proposal will not be implemented unless all of the resolutions (other than the buyback resolution) are passed.

An ordinary resolution must be passed by at least 50% of votes cast. A special resolution must be passed by at least 75% of votes cast and 50% in number of Unitholders present and voting (in person, virtually or by proxy).

E&P Private Investments Pty Ltd, an associate of the Responsible Entity, holds 302,625 Units in Fund IV and will not vote on the Fund IV resolutions.

5.3 Conditions of the Proposal

The Proposal is subject to certain conditions precedent which, if not satisfied, may result in the Proposal not being implemented. These conditions precedent are set out in Section 6 of the Explanatory Memorandum and are summarised below:

- the Unitholders of each Fund must approve each Resolution applicable to that Fund by the requisite majorities;
- the Court must provide the Second Judicial Advice and such other advice as the Responsible Entity may reasonably require; and
- all regulatory approvals (being ASIC relief and ASX waivers) required to implement the Proposal must be granted or obtained and not be withdrawn, cancelled or revoked.

21



5.4 Transaction costs

The Responsible Entity will incur approximately \$1.4 million (excluding GST and disbursements) in one-off transaction costs in connection with the development of the Proposal. If the Proposal is approved, the Responsible Entity expects to pay an additional \$1.0 million (excluding GST and disbursements) in transaction costs, reflecting advisory fees payable to MA Moelis Australia, which is contingent upon the implementation of the Proposal. There will be additional expenses of approximately \$0.1 million payable for the implementation of the Proposal including Registry fees and the required onboarding of investors. Transaction costs incurred in connection with the Proposal have been or will be allocated among the Funds in proportion to the NAV of each fund and decrease the NAV across the Funds.

6 Scope of the report

6.1 Purpose

The Proposal requires special resolutions to amend the Constitutions of Funds I, II and IV to insert provisions that will empower the Responsible Entity to implement the merger by trust scheme. There is no specific statutory framework for a trust scheme as there is for a company scheme of arrangement. As such, the Takeovers Panel has issued Guidance Note 15 outlining the recommended procedures for a trust scheme. Guidance Note 15 suggests that the notice of meeting and explanatory memorandum for a trust scheme should contain a report by an independent expert that states whether, in the expert's opinion, the terms of the trust scheme are fair and reasonable and, therefore, consistent with determining whether it is in the best interests of the members. As such, there is a statutory requirement to provide an independent expert's report to Unitholders of Fund I, Fund II and Fund IV.

Section 606 of the Corporations Act effectively prohibits a person from acquiring a relevant interest in a public company where that persons voting power increases from 20% or below to in excess of 20% or, if that person already has voting power in excess of 20%, their voting power would increase further, except in certain limited circumstances. Fund III will acquire 100% of the Units in Fund I and Fund II and would otherwise breach Section 606. Item 7 of Section 611 allows shareholders to waive the Section 606 prohibition by passing a resolution at a general meeting. Consequently, the Responsible Entity is seeking Unitholder approval for the increase in Fund III's holding in Fund I and Fund II (which are publicly listed).

Item 7(b) of Section 611 requires that unitholders voting pursuant to Item 7 of Section 611 be provided with a detailed analysis of the proposed transaction. RG 74 issued by ASIC provides additional guidance on the information to be provided to unitholders. RG 74.29 states that the directors of the target entity should provide members with an independent expert's report or a detailed directors' report in relation to transactions to be approved under Item 7. As such, there is an additional statutory requirement to provide an independent expert's report to Unitholders of Funds I and II. For transactions that will have a similar effect to a takeover bid, the expert should form an opinion as to whether the transaction is fair and reasonable.

Although there is no statutory requirement to provide an independent expert's report to Fund III Unitholders, the E&P Directors have requested Kroll to provide an independent expert's report to Fund III Unitholders.

6.2 Basis of assessment

RG 111, issued by ASIC, indicates the principles and matters which it expects a person preparing an independent expert's report to consider. It includes guidance in relation to control transactions and mergers of equals.

6.2.1 Control transactions via a scheme of arrangement

RG 111.18 states that where a scheme of arrangement is used as an alternative to a takeover bid, the form of analysis undertaken by the expert should be substantially the same as for a takeover bid. That form of analysis considers whether the transaction is 'fair and reasonable' and, as such, incorporates issues as to value. In particular:

- 'fair and reasonable' is not regarded as a compound phrase;
- an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities subject to the offer;
- the comparison should be made assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash;

14. Independent Expert Report continued



- the expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison; and
- an offer is 'reasonable' if it is 'fair'. An offer might be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

RG 111.20 states that if an expert would conclude that a Proposal was 'fair and reasonable' if it was in the form of a takeover bid, it will also be able to conclude that the scheme is in the best interests of the members of the company.

RG 111.36 states that in the absence of a change in the underlying economic interests of securityholders, change in control or selective treatment of different securityholders, the issue of 'value' may be of secondary importance and the expert should provide an opinion as to whether the advantages of the transaction outweigh the disadvantages. RG 111.37 states that if the demerger or demutualisation involves a scheme of arrangement and the expert concludes that the advantages of the transaction outweigh the disadvantages, the expert should say that the scheme is in the best interests of the members.

Under RG 111, fairness in a control transaction is to be assessed by comparing the value of the consideration offered with the full underlying value of the target assuming 100% of the target was available to be acquired. Where the consideration comprises scrip in the acquirer, the value of the consideration is to be assessed as the expected trading price of those securities (i.e. on a minority or portfolio interest basis) post completion of the transaction.

6.2.2 Merger of equals

RG 111 provides for some flexibility in the basis of the assessment of fairness depending on the particular circumstances of the transaction. RG 111.31 states that, "the expert may need to assess whether a scrip takeover is in effect a merger of entities of equivalent value when control of the merged entity will be shared equally between the 'bidder' and the 'target'. In this case, the expert may be justified in using an equivalent approach to valuing the securities of the 'bidder' and the 'target'". This alternative analysis is generally referred to as a "merger of equals" analysis and typically involves comparison of the exchange ratio with the relative contributions of each set of securityholders across a range of parameters (e.g. security price, estimated fundamental value, cash flows, earnings).

In forming our opinion as to whether the Proposal can be characterised more appropriately as a control transaction and or a merger of equals, factors which are relevant to this assessment include:

- whether the Proposal is structured as a merger of equals;
- the interest of the unitholders of each Fund in the merged group;
- the relative contribution of the unitholders to the merged group;
- whether any unitholders will be able to control the merged group;
- the nature of the underlying assets of the funds; and
- relative size and nature of the funds.

Reasonableness involves an analysis of other factors that shareholders might consider prior to accepting an offer, such as:

- the rationale for the Proposal;
- fairness on the basis of a comparison of the relative underlying value of each Fund (as well as any other relevant contribution measures) with Conversion Ratio;
- the financial implications of the Proposal (e.g. gearing, credit rating, potential savings);
- the potential taxation consequences for Unitholders as a result of the Proposal;
- any changes in investment strategy, fee structure, management and Board composition;
- relative scale and diversification and change in risk profile;
- any changes in liquidity;
- any alternatives considered, and
- any other benefits or disadvantages of the alternatives that we believe to be relevant.



7 Profile of the Funds

7.1 Background

The CD Private Equity Fund Series was established in 2012 as a joint venture between EP1 and Cordish Equity Partners. Cordish Equity Partners was established in 1998 and is the private investment arm of the Cordish family, principals and owners of The Cordish Companies, one of the leading developers and operators of mixed-use real estate and entertainment projects globally.

The CD Private Equity Fund Series' investment strategy replicates the long-term private equity investment strategy of Cordish Equity Partners. Cordish Equity Partners' primary focus is on investing in small to middle market private equity opportunities within the United States, a strategy they have successfully employed since 1998. Within its targeted segment, Cordish Equity Partners seeks to:

- partner with experienced managers by making commitments to, or purchasing secondary interests in, private equity funds;
- co-invest alongside its partner funds and other leading sponsors; and
- selectively make control equity investments in US operating businesses.

The four Australian funds are invested in partnership arrangements with Cordish Equity Partners with a primary strategy of investing in US small-to-mid-market private investment funds. The Cordish family, through Cordish Private Ventures LLC, initially invested US\$10 million, US\$12 million, US\$15 million and US\$15 million alongside and on similar terms to Fund I, Fund II, Fund III & Fund IV, respectively.

7.2 Overview

The Funds are registered as managed investment schemes under the Corporations Act. They are structured as closed-end, self-liquidating trusts to match the profile of the underlying investments. The Funds were established between 2012 and 2018 as long term investments of not less than 10 years. In order to provide liquidity, Fund I, Fund II and Fund III are listed on the ASX. Fund IV is unlisted due to its party paid structure. The Funds will not make any further commitments to US private equity managers (except through the Evergreen LP should the Proposal be implemented).

14. Independent Expert Report continued



Overview of the Funds

	Fund I	Fund II	Fund III	Fund IV
ASX ticker	CD1	CD2	CD3	n/a
Fund structure	Listed, closed-ended	Listed, closed-ended	Listed, closed-ended	Unlisted, closed-ended
Inception	Aug 2012	Apr 2013	Jul 2016	Apr 2018
Gross assets (A\$ million)	\$53.3	\$115.6	\$188.5	\$294.6
Number of Units (millions)	36.6	52.5	72.0	117.9
NAV per Unit ¹	\$1.41	\$2.06	\$2.25	\$2.38
Number of managers	8	12	13	12
Total underlying investments (since inception)	96	122	140	120
Full realisations	63	72	44	15
Current portfolio companies	33	50	96	105
Average age of remaining companies	6.7 years	5.4 years	3.6 years	2.5 years

Source: E&P

Note: NAV per Unit is before transaction costs and after the fifth and final capital call on Fund IV partly paid Units.

7.3 Investment strategy

The principal objective of the Funds is to provide investors with:

- exposure to a portfolio of investments in small-to-mid sized private investment funds and privately held companies predominantly focused in the United States; and
- capital growth over a ten year investment horizon.

The CD Private Equity Fund Series' investment strategy replicates the long-term private equity investment strategy of Cordish Equity Partners. The Funds employ an investment strategy which focuses on small and mid-market private investment funds with the following characteristics:

- **consistent focus on niche investment opportunities:** funds which have expertise in specific industries, geographic regions and/or investment strategies. A consistent investment strategy allows for specialised expertise to grow over time, enhancing long-term performance;
- **operating businesses with existing and proven cash flows:** funds which focus on assets with existing cash flow and identified potential for growth;
- **appropriate size:** funds which only seek to manage pools of capital sized appropriately for the opportunities on which they focus;
- **prudent and limited use of leverage:** funds which seek to generate returns through investments in high quality private businesses with limited debt; and
- **a hands-on approach:** funds which ensure all aspects of the investment process are managed by senior funds executives who are deeply involved in the operations of the underlying businesses in which they invest.

7.4 Liquidity structure

Funds I, II and III are listed on the ASX, although trading is relatively illiquid (refer to Sections 8.6.3, 9.6.3 and 10.6.3 of this report). In addition, in order to provide liquidity and reduce the Unit price discount to NAV, Funds I and II initiated an on-market buyback over a 12 month period from 28 June 2021 of up to 10% of Units. At the completion of the buyback programs, approximately 6.3% and 4.9% of Fund I and II Units had been bought back, respectively. Whilst liquidity is also provided by distributions following the sale of underlying investments, distributions from Funds I and II are expected to decline over time as the funds are wound down.

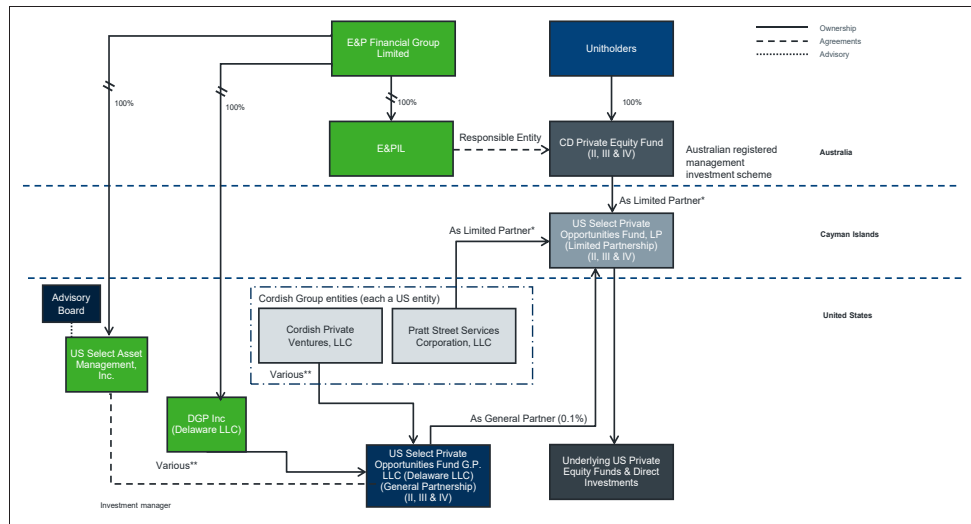
Fund IV is not listed on the ASX due to its partly paid structure. Fund IV has paid limited distributions to date although future distributions are expected to increase over time.

7.5 Operating structure

Each Fund invests via a Cayman Island based limited partnership (LP), which in turn invests in various underlying US private equity funds.

The following diagram illustrates the typical ownership structure and management arrangements for each Fund.

Typical Fund Operating Structure



Source: E&P

Notes:

1. Diagram has been simplified for illustrative purposes.
2. E&P Funds Management Pty Limited is the investment manager of Fund I.

* The relative contributions to LP1, LP2 and LP4 are the respective Funds (85.53%, 87.28% and 88.37%), Cordish Private Ventures (14.38%, 12.62% and 11.53%) and the respective GP (in each case, 0.1%). The relative contributions to LP3 are the Fund III (71.22%), Cordish Private Ventures (13.16%), other EP1 related entities (15.52%) and the GP (0.1%).

** GPI is owned 100% by DGP Inc., a wholly owned subsidiary of EP1. GPII is owned 50% by each of an affiliate of Cordish Private Ventures and DGP Inc. GPIII and GPIV are owned 42.5% by DGP Inc. and 57.5% by two affiliates of Cordish Private Ventures.

Responsible Entity

E&P, a wholly owned subsidiary of EP1, is the responsible entity of each Fund. EP1 is a publicly listed company on the ASX and a significant Australian investment and wealth management business. It was previously known as Evans Dixon Limited. E&P is responsible for the operation and administration of each of the Funds, including providing fund management and administrative services such as company secretarial, administrative and operational support services, and investor relations services.

Limited Partnership (LP)

The respective Cayman Island based LPs for each of the Funds are US Select Private Opportunities Fund, LP (**LP1**), US Select Private Opportunities Fund, LP II (**LP2**), US Select Private Opportunities Fund, LP III (**LP3**) and US Select Private Opportunities Fund, LP IV (**LP4**). For each LP, the respective Fund, Cordish Private Ventures, the GP and any additional limited partners each make capital contributions towards the acquisition of investments by the LP, as directed by the respective GP and Investment Manager.

The relative contributions to LP1, LP2 and LP4 are the respective Funds (85.53%, 87.28% and 88.37%), Cordish Private Ventures (14.38%, 12.62% and 11.53%) and the respective GP (in each case, 0.1%). The relative contributions to LP3 are the Fund III (71.22%), Cordish Private Ventures (13.16%), and other EP1 related entities (15.52%) and the GP (0.1%).

General Partner (GP)

A sole US-based general partner (**GP**) is predominantly responsible for investing and disposing of investments to be made by the LP and hiring external advisors, agents and employees as required. The general partners of the respective Funds are US Select Private Opportunities Fund, GP LLC (**GPI**), US

14. Independent Expert Report continued



Select Private Opportunities Fund II GP, LLC (**GPII**), US Select Private Opportunities Fund III GP, LLC (**GPIII**) and US Select Private Opportunities Fund IV GP, LLC (**GPIV**). All material decisions regarding the operations of the GPs require the approval of at least 85% of all members.

Investment Manager

Australian-based E&P Funds Management Pty Limited, a wholly owned subsidiary of EP1, is the investment adviser to GPI. US-based US Select Asset Management, Inc (previously named E&P Asset Management USA, Inc.), a wholly owned subsidiary of EP1, is the investment manager for each of GPI, GPII and GPIII.

Advisory Board

The investment adviser for GPI and the investment manager of GPII, GPIII and GPIV have established an Advisory Board for each Fund. The role of the Advisory Boards is to provide the investment manager with expert advice, on a non-binding basis, in relation to the portfolio and investment strategy, evaluation of investment opportunities and potential disposals, fund administration and other commercial matters for the LP and its limited partners, including the Fund.

7.6 Fee structure

The following table summarises the ongoing management fees (responsible entity and administration fee) payable by the Funds to the responsible entity, E&P, and investment manager and performance fees payable by the LP to the GP.

Existing Funds Summary of Fees

	Fund I	Fund II	Fund III	Fund IV	Merged Fund	Comments
as % of GAV						
Responsible entity fee	0.08%	0.08%	0.08%	0.08%	0.08%	% of GAV
Administration fee	0.25%	0.25%	0.25%	0.25%	0.25%	% of GAV
as % of NAV						
Responsible entity fee	0.09%	0.09%	0.10%	0.09%	0.09%	% of NAV ¹
Administration fee	0.27%	0.28%	0.30%	0.27%	0.28%	% of NAV
GP fee	nil	2.00%	1.00%	1.00%	na ²	Charged on committed capital
GP fee	nil	1.22%	0.68%	0.39%	0.68%	as % of NAV
End date	Jun '22	Feb '23	Jul '26	Apr '28		
Performance fee	N/A	N/A	10% pa over 8% hurdle ³	10% pa over 8% hurdle ³	10% pa over 8% hurdle ³	% based on total capital contributed to the LP (and yet to be returned by distribution)

Source: E&P

Note:

1. Fee based on NAV are inclusive of GST. Fee based on GAV are exclusive of GST.
2. Payable for 10 years from inception. Accordingly, Fund I investment manager fees ceased in June 2022.
3. The hurdle rate is equal to a cumulative, non-compounded, pre-tax return of 8% per annum on all capital contributed to the LP (and not yet distributed to the limited partners). The rate references the LP, not the Fund level, and is denominated in US dollars.

Responsible entity and administration fee

For each Fund, management fees include the responsible entity fee and administration fee and collectively amount to 0.33% of the gross asset value (**GAV**) of the Fund.

General partner fee

GPs are entitled to receive a general partner (investment management) fee from the LPs in the range of nil to 2.0% of the GP's total committed capital. General partner fees are payable for 10 years from inception. Accordingly, general partner fees payable by LP1 ceased in June 2022 and general partner fees payable by LP2, LP3 and LP4 will cease in February 2023, July 2026 and April 2028, respectively. The GPs will continue to provide general partner services to the LPs after the general partner fees cease.



Performance fee

GPIII and GPIV are entitled to receive a performance fee of 10% of the return achieved by LP3 and LP4, respectively, above a hurdle rate equal to a cumulative, non-compounded pre-tax return of 8% per annum on all capital contributed to the LP (and not yet returned by distribution to limited partners). The hurdle rate references to the LP, not the Fund level, and is denominated in US dollars. No performance fees are payable to GPI and GPII by LP1 and LP2.

Underlying fund manager fees and expenses

The GPs are entitled to be reimbursed out of the assets of the LPs for all out-of-pocket expenses they properly incur in operating and administering the Fund. This includes the fees charged by underlying fund managers associated with the performance of their management functions. The LPs may also be required to pay performance fees to the underlying fund managers.

The underlying fund managers in which the Funds, through the LPs, invest are entitled to be reimbursed out of the assets of the LPs for all out-of-pocket expenses they properly incur in connection with the investment and management of the underlying funds.

Expenses relating to the management of the Funds

The Responsible Entity is entitled to be reimbursed out of the assets of the Funds for all out-of-pocket expenses it properly incurs in operating and administering the Funds. This includes expenses such as taxes and bank fees, preparation of financial statements and tax returns, and compliance costs.

Expenses relating to the management of the LPs

The GPs are entitled to be reimbursed out of the assets of the LPs for all out-of-pocket expenses they properly incur in operating and administering the LPs. This includes expenses such as registry services, taxes and bank fees, preparation of financial statements and tax returns, audit, insurance, compliance costs, travel and other expenses.

7.7 Board of Directors, Investment Managers and Advisory Board

Each Fund has its own Advisory Board established (either through the GP or Investment Manager). The Responsible Entity's current Board of Directors, investment managers and Advisory Board members are summarised in the following table.

E&PIL Directors, Investment Managers and Advisory Board

Advisory Board	Investment Managers	Responsible Entity
David Cordish (Chairman, The Cordish Companies) (Fund III and Fund IV)	Jonathan Sinex (Managing Director, CD Private Equity Partners)	Stuart Nisbett (Independent, Non-Executive Chairperson)
Jonathan Cordish (President, Cordish Equity Partners) (Fund I, Fund II, Fund III and Fund IV)	Alex MacLachlan (Head of Funds Management division of E&P)	Peter Shear (Independent, Non-Executive Director)
Alex MacLachlan (Head of Funds Management division of E&P) (Fund I)		Warwick Keneally (Non-Independent, Executive Director)

Source: E&P

The Responsible Entity has two Independent Directors and one Non-Independent Director. Jonathan Cordish and Alex MacLachlan are Directors of the GPs.

8 Profile of Fund I

8.1 Background

Fund I was listed in August 2012 and is fully committed, having raised approximately \$62 million from investors and committed a total of US\$60 million to LP1. The Cordish Family invested US\$10 million alongside and on the same terms as Fund I in the limited partnership, LP1.

14. Independent Expert Report continued



8.2 Investment portfolio

At inception, Fund I's LP1 commitments were allocated among nine underlying funds⁷ which were subsequently invested in 96 companies. As at 30 June 2022, LP1 had received final distributions from two funds (Prometheus Partners IV, L.P. in 2016 and DFW Capital Partners IV, L.P. in 2021), and investments in 63 companies had been closed. Consequently, the Fund is invested in 33 companies, which have an average age of 6.7 years, through seven underlying funds.

As at 30 June 2022, 100% of the total funds committed to the LP had been called (representing US\$69.6 million of commitments). Fund I's proportionate share of the total capital committed to LP1 and called is approximately US\$59.5 million (an 85.5% share). LP1's commitment to underlying funds reduced to US\$59.5 million from US\$69.6 million post final distributions from Prometheus Partners IV, L.P. and DFW Capital Partners IV, L.P.

LP1 commitments to the seven underlying funds are summarised in the following table.

LP1 Commitments as at 30 June 2022

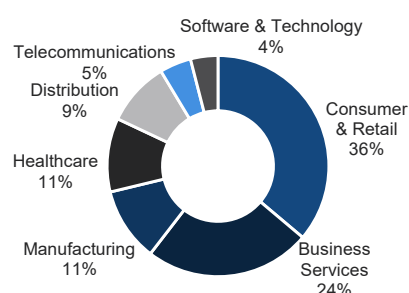
Fund Managers	Industry Focus	LP Commitments (US\$ million)
US Select Direct	Non industry-specific	13.0
Encore	Food and consumer products	10.0
Incline	Manufacturing, value added distribution and business services	10.0
KarpReilly	Apparel and branded consumer products, retail and restaurants	10.0
Trivest	Manufacturing, distribution, business services and consumer	10.0
FPC	Lower-middle market, service oriented companies	4.0
Peppertree	Telecommunications infrastructure companies	3.0
Total		60.0

Source: E&P

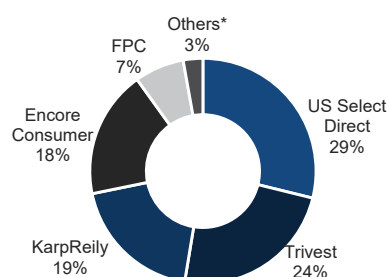
As mentioned previously, Fund I remains invested in seven funds, having received final distributions from Prometheus Partners and DFW Capital Partners. Incline and FPC have few remaining investments in their portfolio (one and two respectively) and the responsible entity anticipates that these will be realised over the next 12 to 18 months, which would leave Fund I invested in five underlying funds.

The composition of Fund I's portfolio as at 30 June 2022 by asset class and underlying manager is illustrated in the following charts.

Fund I Portfolio Asset Allocation



LP1 Commitments to Underlying Fund Managers



Source: E&P

Note: *Other funds include Peppertree and Incline. The portfolio is diversified by asset class and relative to the other Funds has a greater weighting towards Consumer & Retail and Business Services, which together comprise 60% of the Fund's assets.

⁷ The names of the funds are US Select Direct Private Equity (US) LP, FPC Small Cap Fund I, LP, Peppertree Capital Fund IV, LP, Encore Consumer Capital Fund II, LP, KarpReilly Capital Partners II, LP, Incline Equity Partners III, LP, Trivest Fund V, LP, DFW Capital Partners IV, LP, and Prometheus Partners IV, LP.

8.3 Financial performance

The financial performance of Fund I for FY20, FY21 and FY22 is summarised in the following table.

Fund I Financial Performance (\$'000)

	FY20 Audited	FY21 Audited	FY22 Audited
Investment income			
Interest income	89.6	11.0	6.9
Foreign exchange (loss)/gain	(78.3)	68.8	(123.8)
Fair value movements of equity investments	6,474.7	19,112.3	12,430.9
Unrealised foreign exchange translation (loss)/gain	9,315.7	(13,121.9)	740.2
Total investment income	15,801.7	6,070.2	13,054.1
Expenses			
Management and administration fees	(390.9)	(330.0)	(325.1)
Listing fees	(49.4)	(41.5)	(43.2)
Custody fees	(12.9)	(16.2)	(13.0)
Registry fees	(23.6)	(27.0)	(37.8)
Legal and professional fees	(587.4)	(211.9)	(144.4)
Other expenses	(25.0)	(15.8)	(7.3)
Total expenses	(1,089.1)	(642.3)	(570.8)
Profit before income tax benefit/(expense)	14,712.6	5,427.9	12,483.3
Income tax benefit/(expense)	(138.5)	404.1	(1,156.7)
Profit after income tax benefit/(expense)	14,574.2	5,832.0	11,326.6
<i>Weighted average number of Units (in millions)</i>	<i>39.0</i>	<i>39.0</i>	<i>38.4</i>
<i>Basic earnings per Unit</i>	<i>37.36¢</i>	<i>14.95¢</i>	<i>29.49¢</i>
<i>Diluted earnings per Unit</i>	<i>37.36¢</i>	<i>14.95¢</i>	<i>29.49¢</i>
Statistics			
<i>Increase/(decrease) in fair value of investments¹</i>	<i>23.3%</i>	<i>10.3%</i>	<i>25.4%</i>
<i>Increase/(decrease) in fair value of investments (excluding currency impact)</i>	<i>9.6%</i>	<i>33.0%</i>	<i>24.0%</i>
<i>Investment income growth</i>	<i>(13.9%)</i>	<i>(61.6%)</i>	<i>115.1%</i>
<i>Total expense growth</i>	<i>30.8%</i>	<i>(41.0%)</i>	<i>(11.1%)</i>
<i>Profit after tax growth</i>	<i>(13.2%)</i>	<i>(60.0%)</i>	<i>94.2%</i>
<i>Profit after tax margin</i>	<i>92.2%</i>	<i>96.1%</i>	<i>86.8%</i>

Source: Fund I Annual Financial Reports for FY20, FY21 and FY22 and Kroll analysis.

Note 1: Calculated based on the fair value movement of equity investments (including currency translation gain/loss) using the investment balance for the last financial year (excluding cash, and other receivables).

In relation to the financial performance of Fund I, we note:

- investment income declined by 61.6% in FY21 as a result of a \$13.1 million unrealised foreign currency loss, which largely offset the \$19.1 million fair value gain in Fund I's investments in LP1;
- investment income increased strongly (by 115.1%) in FY22 due to a \$12 million increase in the fair value of equity investments, reflecting the continued recovery in the global economy due to central bank policy, government spending and successful vaccines and a \$0.7 million unrealised foreign exchange translation gain (compared to the prior year's significant loss);
- the central banks' decisions to increase interest rates to combat inflation and geopolitical uncertainty due to the escalation of the Russia-Ukraine conflict resulting in volatility in energy and commodity prices has created pressure on public markets in 2022 and is also expected to impact private market valuations as these challenges continue;
- management and administration fees in FY22 include \$0.2 million of responsible entity fees (calculated based on a fee of 0.33% per annum on the GAV of Fund I);
- legal and professional fees in FY21 include \$0.2 million of non-recurring items related to the proposed sale of portfolio to Whitehorse Liquidity Partners; and
- profit after tax in FY21 declined by 60.0% which is in line with the decline in investment income. Profit after tax increased by 94.2% in FY22 as a result of the strong increase in investment income.

14. Independent Expert Report continued



8.4 Financial position

The financial position of Fund I as at 31 March 2020, 31 March 2021, 31 March 2022 and 30 June 2022 is summarised in the following table.

Fund I Financial Position (\$'000)

	2020	As at 31 March	2022	As at 30 June
	Audited	2021	Audited	2022
		Audited		Reviewed
Assets				
<i>Current assets</i>				
Cash and cash equivalents	5,751.9	3,365.8	5,375.2	4,576.8
Receivables	405.7	327.5	10.6	12.5
Prepayments	10.7	8.3	9.2	(0.0)
Total current assets	6,168.2	3,701.6	5,394.9	4,589.3
<i>Non-current assets</i>				
Investments	60,735.6	62,677.5	46,297.6	48,680.9
Total non-current assets	60,735.6	62,677.5	46,297.6	48,680.9
Total assets	66,903.9	66,379.1	51,692.5	53,270.1
Liabilities				
<i>Current liabilities</i>				
Trade and other payables ¹	792.5	517.9	117.8	49.4
Current tax liabilities	-	-	66.5	133.8
Total current liabilities	792.5	517.9	184.3	183.3
<i>Non-current liabilities</i>				
Deferred tax ²	1,157.0	536.8	1,587.5	1,375.3
Total non-current liabilities	1,157.0	536.8	1,587.5	1,375.3
Total liabilities	1,949.6	1,054.7	1,771.9	1,558.6
Net assets	64,954.3	65,324.4	49,920.6	51,711.6
Equity				
Unit capital	59,862.6	59,862.6	57,651.7	56,949.6
Retained earnings/(accumulated losses)	5,091.6	5,461.8	(7,731.1)	(5,238.0)
Total equity	64,954.3	65,324.4	49,920.6	51,711.6
<i>Number of Units at period end (in millions)</i>	39.0	39.0	37.2	36.6
<i>NAV per Unit³</i>	\$1.66	\$1.67	\$1.34	\$1.41

Source: Fund I Annual Financial Reports for FY20, FY21 and FY22 and Kroll analysis.

Notes:

- Trade payables include trade creditors, accrued liabilities, and payables to LP.
- Deferred tax⁸ has been assessed based on an estimate of likely US tax obligations in the Fund.
- NAV per Unit is calculated as net assets divided by the number of Fund I Units at period end.

In relation to the financial position, we note:

- Fund I has maintained a significant cash balance historically based on capital raised in 2013 and the continuous inflow of distributions from 2016 onwards which is partially offset by payments for investments and distributions to Unitholders. Fund I received cash distributions of \$5.5 million in FY21 and \$29.5 million in FY22 from LP1, distributed \$5.4 million in FY21 and \$24.5 million in FY22 to Fund I Unitholders, and bought back \$2.2 million of Units in FY22; and
- retained earnings became negative in FY22 due to the distribution of \$24.5 million paid to Unitholders exceeding profit after tax of \$11.3 million for the same period.

⁸ As per the Annual Financial Report of FY22 "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."



Fund I's 85.5% interest in LP1 is represented by its proportionate interest in LP1's assets and liabilities as follows.

Fund I Investments (\$'000)

	2020 Audited	As at 31 March 2021 Audited	2022 Audited	As at 30 June 2022 Reviewed
Cash	2,809.9	10,828.6	8,217.2	8,544.4
Investment in US private investment funds recorded at fair value				
DFW Capital Partners	8,396.2	6,608.4	-	-
Encore Consumer	5,526.5	6,114.0	7,126.2	7,491.7
FPC Small Cap Fund	2,575.8	4,074.8	2,391.2	2,713.3
Incline Equity Partners	6,917.9	5,338.7	110.7	126.8
KarpReilly Capital Partners	6,507.2	6,134.7	7,233.6	7,847.7
Peppertree Capital Fund	2,508.2	2,652.0	939.5	1,020.2
Trivest	12,001.9	8,054.2	8,967.4	9,709.5
US Select Direct	13,492.1	12,872.1	10,715.7	10,654.8
Other receivables		-	596.1	-
Other assets				572.4
Total investments	60,735.6	62,677.5	46,297.6	48,680.9

Source: Fund I Annual Financial Reports for FY21 and FY21 and source data for 30 June 2022 from E&P.

The decline in fair value of the investments in FY22 mainly reflects the realisation or secondary sale of investments by certain funds in FY22. Otherwise, as mentioned in section 8.3, equity investments in FY22 experienced an increase in fair value (reflecting both valuation uplifts and foreign currency translation gains).

NAV per Unit decreased from \$1.67 on 31 March 2021 to \$1.34 on 31 March 2022, primarily as a result of:

- payment of distribution of 63.5 cents in FY22 to Unitholders following the full realisations of investments by DFW Capital Partners and the selling of the majority of the holdings by Incline and Peppertree Capital; partially offset by
- an increase in the fair value of equity investments still held.

8.4.1 Interest bearing liabilities

Fund I had no bank debt facilities as at 30 June 2022.

8.4.2 Hedging policy

Fund I is exposed to A\$/US\$ foreign exchange risk through its cash balances, its investment activities and income derived from these activities. Fund I does not hedge its foreign exchange risk.

8.4.3 Total return and distributions

Fund I has provided a significant NAV return of 14.3% per annum since its inception as a result of substantial distributions and increases in the fair value of equity investments. The NAV return reflects Fund I's strategy to invest in companies at attractive valuations which increase substantially over time in order to realise significant gains.

14. Independent Expert Report continued



The following table represents NAV return (including distributions and movement in the fair value of Fund I's equity investments) as at 30 June 2022.

Fund I NAV Return Summary

	3 Months	6 Months	1 Year pa	3 Year pa	5 Year pa	Since inception pa ²
NAV return ¹	7.6%	5.2%	31.5%	20.0%	19.3%	14.3%

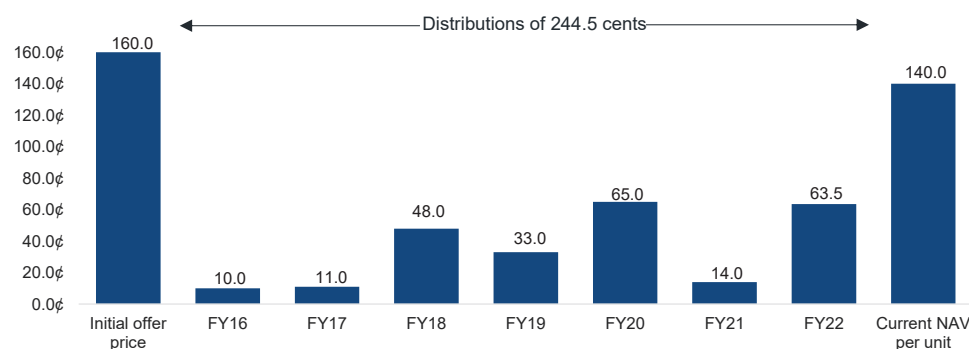
Source: E&P

Notes:

- NAV return is based on post-tax NAV and is net of fees and costs, including transaction costs associated with the merger. NAV return is inclusive of distributions and unrealised gains for revaluation of investments.
- Inception date was 13 August 2012.

The following chart sets out the change in NAV per Unit and distributions of Fund I since inception.

Fund I Distributions and Movement in NAV per Unit



Source: E&P

Note: Current NAV per Unit (shown above) is post-tax as at 30 June 2022 and payments of distributions have been recorded in the year based on the record date.

In relation to the chart above, we note:

- Fund I distributed 63.5 cents per Unit in FY22 as compared to 14.0 cents per Unit in FY21. Higher distributions in FY22 reflects the complete realisations of investments by DFW Capital Partners, and partial closing of positions by Incline and Peppertree Capital; and
- Fund I has distributed 244.5 cents since its initial offer price which is attributable to regular realisations of investments by the underlying funds. As mentioned previously, the underlying funds have closed their positions in total on 63 companies since the inception of Fund I, resulting in regular distributions since 2016.

8.4.4 Tax on distributions

Distributions to Unitholders are comprised of foreign sourced income and non-assessable amounts (which includes tax-deferred income).

8.5 Fund I capital structure and ownership

As at 14 September 2022, Fund I had 36,551,180 Units on issue and 1,216 registered Unitholders. The top 20 registered Unitholders accounted for 42.1% of Units on issue and included 29.8% held by two nominees. Retail investors (holdings of less than 10,000 Units) accounted for 38.6% of Unitholders and 6.8% of Units.



Fund I has received notices from the following substantial Unitholders:

Fund I Substantial Unitholders

Substantial Unitholders	Date of notice	Number of Units	Percentage
Investment Administration Services Pty Ltd	16 September 2021	3,128,846	8.02%

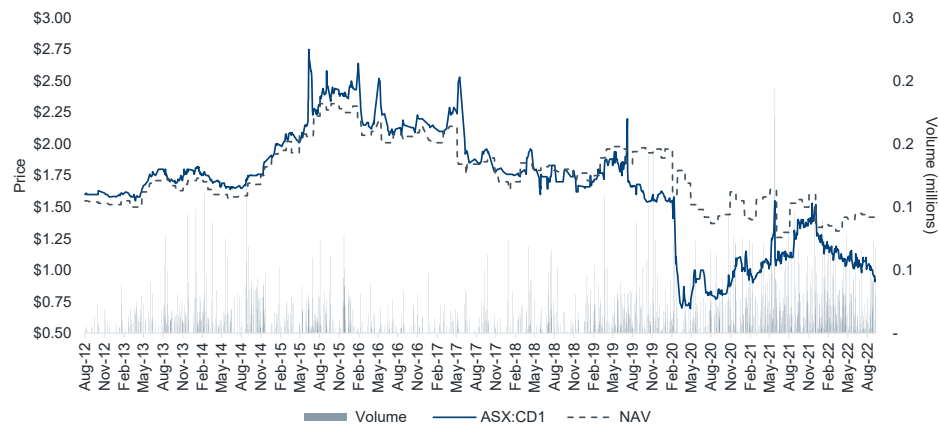
Source: ASX announcements

8.6 Unit price performance

8.6.1 Recent Unit price trading

The trading price and volume of Fund I Units and NAV per Unit since inception on 22 August 2012 are set out as follows.

Fund I Trading Price, Volume and NAV per Unit¹



Source: S&P Capital IQ and Kroll analysis

Note: NAV per Unit is calculated on a post-tax basis.

From inception until May 2018, the Fund I Unit price generally traded at a slight premium to NAV per Unit (an average of 4.9%) then traded at a slight discount to NAV per Unit until July 2019 before trading at a substantial discount to NAV.

The Unit price increased from \$1.60 at listing to close at a high of \$2.75 on 3 July 2015, coinciding with increases in NAV per Unit. The price then gradually declined broadly in line with the decline in NAV per Unit over this period, and from April 2018 until the end of the calendar year, traded at an average Unit price of \$1.76.

The Fund I Unit price closed at a high of \$2.20 on 29 July 2019, an 11.1% premium to NAV per Unit, coinciding with increases in NAV per Unit and the release of positive annual results for the 31 March 2019 financial year.

From the high of \$2.20, the Unit price declined steadily to close at \$1.55 on 31 January 2020, a 22.4% discount to NAV, potentially reflecting negative press surrounding the US Masters Residential Property Fund (for which E&P is the responsible entity).⁹ On 15 October 2019, Fund I entered into an agreement to sell its interest in LP1 for estimated net sale proceeds of \$1.66 per Unit, representing a 1.8% premium to the last closing price of \$1.63 and a 17.0% discount to pre-tax NAV per Unit of \$2.00 at 30 September 2019. At a general meeting on 26 November 2019, Unitholders voted against the sale,¹⁰ as the offer price represented a discount to pre-tax NAV per Unit.

⁹ Source: "Corporate regulator investigates Dixon Advisory", AFR, 6 January 2020.

¹⁰ Source: CD Private Equity Fund I, Results of General Meeting, 26 November 2019.

14. Independent Expert Report continued



The onset of the COVID-19 pandemic resulted in a sharp decline in the Unit price, which declined by 57.2% from 2 January 2020 to close at \$0.70 on 18 May 2020, representing a 59.8% discount to NAV per Unit, likely reflecting the lag in unlisted valuations relative to the sharemarket and, potentially, further negative press in relation to the US Masters Residential Property Fund.

The Unit price increased by 55.7% from 9 April 2020 to close at \$1.09 on 22 December 2020, with the discount to NAV per Unit narrowing to 33.1% as services and healthcare sectors proved resilient and US vaccine rollout commenced in late 2020.¹¹ Significant variation in NAV per Unit during this time was primarily driven by volatility in the A\$/US\$ exchange rate.

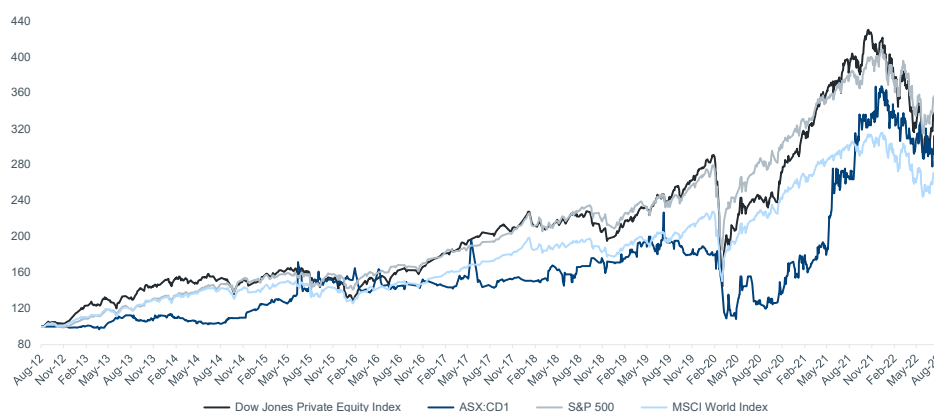
In order to provide liquidity and reduce the discount to NAV, Fund I announced on 11 June 2021 an on-market buyback of up to 10% of Fund I Units. The program would extend for 12 months from 28 June 2021. From 8 September 2021 to 24 December 2021, the Unit price increased by 38.2% to close at \$1.52. NAV per Unit increased by 22.2% and the discount to NAV per Unit tightened to 7.3%. The increase in the Unit price and NAV per Unit was reflective of increased asset valuations from the underlying LPs and the weakening of the Australian dollar against the US dollar from A\$1=US\$0.7368 to A\$1=US\$0.7221 over this period.

From 24 December 2021, both the Unit price and NAV per Unit declined sharply following the payment of distributions upon the sale of a co-investment during the March quarter and the strengthening of the Australian dollar from A\$1=US\$0.7221 to A\$1=US\$0.7553 on 4 April 2022. Also during this period, headlines regarding the escalation of the Russia-Ukraine conflict,¹² rising interest rates and inflationary pressures resulted in significant declines in Australian equity markets.

8.6.2 NAV Total Return Performance

The following chart illustrates Fund I's total return performance relative to the S&P 500 Index, Dow Jones Private Equity Index and MSCI World Index (in local currency, rebased to 100).

Fund I Total Return Performance (rebased to 100)



Source: S&P Capital IQ, Bloomberg and Kroll Analysis

From inception up until June 2014, total return for Fund I underperformed relative to the indices, reflecting the underperformance of the Unit price and absence of distributions to Unitholders as Fund I was at an early stage of the investment cycle. From June 2014, Fund I outperformed reflecting Unit price growth and the announcement of the first distribution in February 2016. Fund I's total return underperformed the indices for a larger part of the period from August 2016 until May 2018, before outperforming until the outbreak of COVID-19 pandemic in March 2020, aided by the payment of regular distributions.

Fund I experienced a sharp increase in cumulative returns in the second half of 2021, likely attributable to the payment of distributions from the complete realisations of investments by DFW Capital Partners, and

¹¹ Source: "First Coronavirus Vaccines Head to States, Starting Historic Effort", New York Times, 12 December 2020.

¹² Source: "War in Ukraine wipes \$73b from sharemarket", AFR, 24 February 2022.



partial closing of positions by Incline and Peppertree Capital. Fund I performance was broadly in line with the indices from November 2021.

8.6.3 Liquidity

An analysis of the volume of trading in Fund I Units, including the VWAP for various periods up to 28 September 2022 is set out as follows.

Fund I Liquidity

Period	Low	Price (\$) High	VWAP	Cumulative value (\$ million)	Cumulative volume (million)	Percentage of issued capital
1 day	0.91	0.93	0.92	0.0	0.0	0.1%
1 week	0.91	0.95	0.93	0.1	0.1	0.3%
1 month	0.91	1.05	0.98	0.5	0.5	1.4%
3 months	0.91	1.13	1.00	0.9	0.8	2.3%
6 months	0.91	1.19	1.05	2.1	2.0	5.5%
12 months	0.91	1.60	1.17	5.1	4.4	11.9%

Source: S&P Capital IQ and Kroll analysis

Note: Units outstanding were considered as at 30 June 2022 for VWAP calculations in each of the periods presented.

In the 12 months to 28 September 2022, 11.9% of Units were traded. This level of trading indicates that despite the buyback program being in operation during this period, Fund I Units are relatively illiquid.

9 Profile of Fund II

9.1 Background

Fund II was listed in April 2013 and is fully committed, having committed a total of US\$95.1 million from investors from two raisings (April 2013 and July 2014) to the limited partnership, LP2. The Cordish Family invested a total of US\$12 million alongside and on the same terms as Fund II in the limited partnership, LP2.

9.2 Investment portfolio

At inception, Fund II's LP2 commitments were allocated among 12 underlying funds, 13 which were subsequently invested in 122 companies. As at 30 June 2022, LP2 had received final distributions from two funds (RFE Investment Partners VIII, L.P. and DFW Capital Partners IV, L.P.), and investments in 72 companies had been closed. Consequently, the Fund is invested in 50 companies, which have an average age of 5.4 years, through 10 underlying funds.

As at 30 June 2022, a total of US\$85.4 million had been committed to LP2 out of which Fund II had committed US\$74.6 million (an 87.3% share). 95.3% of funds committed to the LP had been called (representing US\$81.4 million of commitments) and Fund II's share in the capital called was US\$71.1 million (an 87.3% share). Fund II had uncalled capital commitments of US\$3.5 million.

LP2 has in turn committed a total of \$98.0 million in capital to underlying fund managers. Following the realisation of investments, LP2 had remaining commitments to underlying fund managers of US\$85 million.

¹³ The names of the funds are US Select Direct Private Equity (US) LP, Tengram Capital Partners Gen 2 Fund, Trive Capital Fund I LP, RFE Investment Partners VIII LP, Staple Street Capital II LP, Tower Arch Partners I LP, Chicago Pacific Founders Fund LP, High Road Capital Partners Fund II LP, Main Post Growth Capital LP, NMS Fund II LP, Blue Point Capital Partners III LP and DFW Capital Partners IV LP

14. Independent Expert Report continued



LP2 commitments to the remaining 10 underlying funds are summarised in the following table.

LP2 Commitments as at 30 June 2022

Fund Managers	Industry Focus	LP Commitments (US\$ million)
US Select Direct	Non-industry specific	15.0
Tengram Capital Partners	Branded consumer products and retail	10.0
Trive Capital Fund	Non-industry specific	10.0
Staple Street Capital	Non-industry specific	8.0
Tower Arch Partners	Non-industry specific	8.0
Chicago Pacific Founders Fund	Healthcare and senior living	7.5
High Road Capital Partners	Manufacturing, services, value-add distribution, media and healthcare	7.5
Main Post Growth Capital	Consumer, business services, industrial growth	7.5
NMS	Healthcare, consumer products and specialised business services	6.5
Blue Point Capital Partners	Lower middle-market manufacturing and business services companies	5.0
Total		85.0

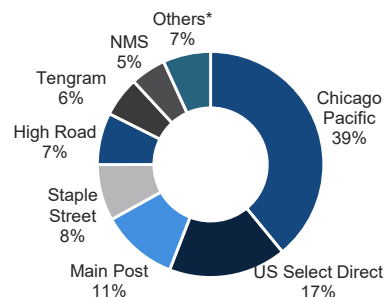
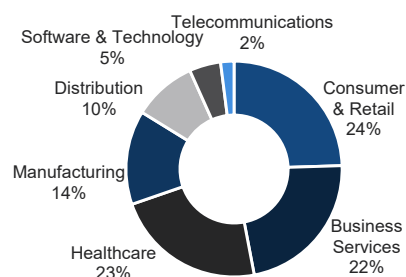
Source: E&P

As mentioned previously, Fund II remains invested in 10 funds, having received final distributions from RFE Investment Partners and DFW Capital Partners.

The composition of Fund II's portfolio as at 30 June 2022 by asset class and underlying manager is illustrated in the following charts.

Fund II Portfolio Asset Allocation

LP2 Commitments to Underlying Fund Managers



Source: E&P

Note: *Other funds include Blue Point, Tower Arch and Trive

The portfolio is diversified by asset class and, relative to the other Funds, has a greater weighting towards Consumer & Retail, Business Services and Healthcare which together comprise 70% of the Fund's assets.

9.3 Financial performance

The financial performance of Fund II for FY20, FY21 and FY22 is summarised in the following table.

Fund II Financial Performance (\$'000)

	FY20 Audited	FY21 Audited	FY22 Audited
Investment income			
Interest income	394.4	14.0	7.8
Foreign exchange (loss)/gain	1,282.8	(1,206.6)	(191.2)
Fair value movements of equity investments	4,635.0	29,549.3	24,611.3
Unrealised foreign exchange translation (loss)/gain	16,564.8	(24,973.4)	1,972.2
Total investment income	22,877.0	3,383.4	26,400.1
Expenses			
Management and administration fees	(575.7)	(550.3)	(559.9)
Listing fees	(57.4)	(49.2)	(50.0)
Custody fees	(22.1)	(29.2)	(22.7)
Registry fees	(30.1)	(32.6)	(43.5)
Legal and professional fees	(595.0)	(210.5)	(167.6)
Other expenses	(24.9)	(15.7)	(4.8)
Total expenses	(1,305.2)	(887.4)	(848.6)
Profit before income tax benefit/(expense)	21,571.8	2,496.0	25,551.5
Income tax benefit/(expense)	(179.7)	(3,275.1)	(2,898.7)
Profit after income tax benefit/(expense)	21,392.1	(779.1)	22,652.8
<i>Weighted average number of Units (in millions)</i>	55.2	55.2	54.6
<i>Basic earnings per Unit</i>	38.76¢	(1.41¢)	41.52¢
<i>Diluted earnings per Unit</i>	38.76¢	(1.41¢)	41.52¢
Statistics			
<i>Increase/(decrease) in fair value of investments ¹</i>	19.2%	4.3%	26.7%
<i>Increase/(decrease) in fair value of investments (excluding currency impact)</i>	4.2%	28.1%	24.8%
<i>Investment income growth</i>	(26.1%)	(85.2%)	680.3%
<i>Total expense growth</i>	29.6%	(32.0%)	(4.4%)
<i>Profit after tax growth</i>	(12.9%)	(103.6%)	3,007.6%
<i>Profit after tax margin</i>	93.5%	(23.0%)	85.8%

Source: Fund II Annual Financial Reports for FY20, FY21 and FY22 and Kroll analysis.

Note 1: Calculated based on the fair value movement of equity investments (including currency translation gain/loss) by investment balance for the last financial year (excluding cash, other assets and other receivables).

In relation to the financial performance of Fund II, we note:

- investment income declined by 46.4% in FY21 as a result of a \$24.9 million unrealised foreign currency loss which largely offset the \$29.5 million fair value gain in Fund II's investments in LP2;
- investment income increased significantly (by 680.3%) in FY22 off a low base and reflects a \$24.6 million increase in the fair value of equity investments, reflecting the continued recovery in the global economy due to central bank policy, government spending and successful vaccines and \$2.0 million unrealised foreign currency gain (compared to the prior year's significant loss);
- the central banks' decisions to increase interest rates to combat inflation and geopolitical uncertainty due to the escalation of the Russia-Ukraine conflict resulting in volatility in energy and commodity prices has created pressure on public markets in 2022 and also is expected to impact private market valuations as these challenges continue;
- management and administration fees in FY22 include \$0.4 million of responsible entity fees (calculated based on a fee of 0.33% per annum on the GAV of Fund II);
- legal and professional fees in FY20 include \$0.2 million of non-recurring items related to the proposed sale of portfolio to Whitehorse Liquidity Partners; and
- as a result of the decline in investment income, Fund II generated an after tax loss in FY21. Profit after tax increased significantly in FY22 as a result of the strong increase in investment income.

14. Independent Expert Report continued



9.4 Financial position

The financial position of Fund II as at 31 March 2020, 31 March 2021, 31 March 2022 and 30 June 2022 is summarised in the following table.

Fund II Financial Position (\$'000)

	As at 31 March			As at 30 June
	2020 Audited	2021 Audited	2022 Audited	2022 Reviewed
Assets				
<i>Current assets</i>				
Cash and cash equivalents	16,290.2	12,876.6	11,515.1	10,952.1
Receivables	497.0	23.8	26.9	14.0
Current tax assets	-	340.4	-	-
Total current assets	16,787.3	13,240.8	11,541.9	10,966.1
<i>Non-current assets</i>				
Other financial assets	121,362.1	115,737.5	100,526.7	104,672.2
Total non-current assets	121,362.1	115,737.5	100,526.7	104,672.2
Total assets	138,149.3	128,978.3	112,068.6	115,638.3
Liabilities				
<i>Current liabilities</i>				
Trade and other payables ¹	844.3	221.8	188.1	57.1
Current tax liabilities	3,331.7	-	661.4	1,877.2
Total current liabilities	4,176.0	221.8	849.5	1,934.3
<i>Non-current liabilities</i>				
Deferred tax ²	5,599.3	5,576.8	6,565.6	5,684.9
Total non-current liabilities	5,599.3	5,576.8	6,565.6	5,684.9
Total liabilities	9,775.3	5,798.5	7,415.1	7,619.2
Net assets	128,374.0	123,179.7	104,653.6	108,019.0
Equity				
Unit capital	87,096.5	87,096.5	83,881.0	82,891.6
Retained earnings/(accumulated losses)	41,227.5	36,083.2	20,772.6	25,127.5
Total equity	128,324.0	123,179.7	104,653.6	108,019.0
<i>Number of Units at period end (in millions)</i>	55.2	55.2	53.2	52.5
<i>NAV per Unit³</i>	\$2.33	\$2.23	\$1.97	\$2.06

Source: Fund II Annual Financial Reports for FY20, FY21, FY22 and 30 June 2022 and Kroll analysis.

Notes:

- Trade and other payables include trade creditors, accrued liabilities, and unsettled buybacks.
- Deferred tax¹⁴ has been assessed based on an estimate of likely US tax obligations in the Fund.
- NAV per Unit is calculated as net assets divided by the number of Fund II Units at period end. Units on issue for 30 June 2022 has been considered from 1 July 2022 ASX notice.

In relation to the financial position, we note:

- Fund II has maintained a significant cash balance historically based on capital raised in 2013 and 2014 and the continuous inflow of distributions subsequently from 2016 which is partially offset by payment for investments and distributions to Unitholders. Fund II received cash distributions of \$4.4 million in FY21 and \$40.6 million in FY22 from LP2, distributed \$4.4 million in FY21 and \$38.0 million in FY22 to Fund II Unitholders, and bought back \$3.2 million Units in FY22; and
- retained earnings declined in FY22 due to the distribution of \$38.0 million paid to Unitholders exceeding profit after tax of \$22.6 million for the period.

¹⁴ As per the Annual Financial Report of FY22 "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."



Fund II's 87.3% interest in LP2 is represented by its proportionate interest in LP2's assets and liabilities as follows.

Fund II Investments (\$'000)

	As at 31 March		As at 30 June	
	2020 Audited	2021 Audited	2022 Audited	2022 Reviewed
Cash	15,368.1	14,675.0	15,736.7	22,072.6
Investment in US private investment funds recorded at fair value				
Blue Point Capital Partners	3,797.8	3,642.9	2,672.0	2,931.3
Chicago Pacific Founders Fund	16,520.8	28,683.8	35,060.6	30,494.8
DFW Capital Partners	8,483.4	6,731.6	-	-
High Road Capital Partners	7,678.3	6,463.8	5,757.2	6,185.8
Main Post Growth Capital	9,767.6	9,041.5	8,571.8	9,627.8
NMS Fund	7,109.0	5,059.7	3,922.0	4,449.0
RFE Investment Partners	9,581.1	9,324.1	-	-
Staple Street Capital	6,416.1	7,033.9	6,243.1	6,966.5
Tengram Capital Partners	5,346.0	4,412.2	4,421.1	3,946.6
Tower Arch Partners	11,308.3	3,293.3	2,380.4	2,292.1
Trive Capital Fund	3,379.9	598.7	566.1	692.6
US Select Direct	15,903.8	15,153.1	12,817.0	12,741.6
Other assets	702.0	1,623.9	1,592.4	2,284.7
Other receivables	-	-	786.3	na
Total investments	121,362.1	115,737.5	100,526.7	104,685.4

Source: Fund II Annual Financial Reports for FY20, FY21, FY22 and 30 June 2022 data sourced from E&P.

The decline in fair value of investments in FY22 mainly reflects the final distributions paid by DFW Capital and RFE Investment Partners to LP2. Otherwise, as mentioned in Section 9.3 equity investments in FY22 experienced an increase in fair value (reflecting both valuation uplifts and foreign currency translation gains).

NAV per Unit decreased from \$2.23 on 31 March 2021 to \$1.97 on 31 March 2022 primarily as a result of:

- payment of distribution of 69.5 cents in FY22 to Unitholders following the full realisation of investments by RFE Investment and DFW Capital; partially offset by
- an increase in the fair value of equity investments still held.

9.4.1 Interest bearing liabilities

Fund II had no bank debt facilities as at 30 June 2022.

9.4.2 Hedging policy

Fund II is exposed to A\$/US\$ foreign exchange risk through its cash balances, its investment activities and income derived from these activities. Fund II does not hedge its foreign exchange risk.

9.4.3 Total return and distributions

Fund II has provided a significant NAV return of 12.9% per annum since its inception as a result of substantial distributions and increases in the fair value of equity investments. The NAV return reflects Fund II's strategy to invest in companies at attractive valuations which increase substantially over time in order to realise significant gains

14. Independent Expert Report continued



The following table represents NAV return (including distributions and movement in the fair value of Fund II's equity investments) as at 30 June 2022.

Fund II NAV Return Summary

	3 Months	6 Months	1 Year pa	3 Year pa	5 Year pa	Since inception pa ²
NAV return ¹	7.9%	7.9%	29.4%	15.2%	16.0%	12.9%

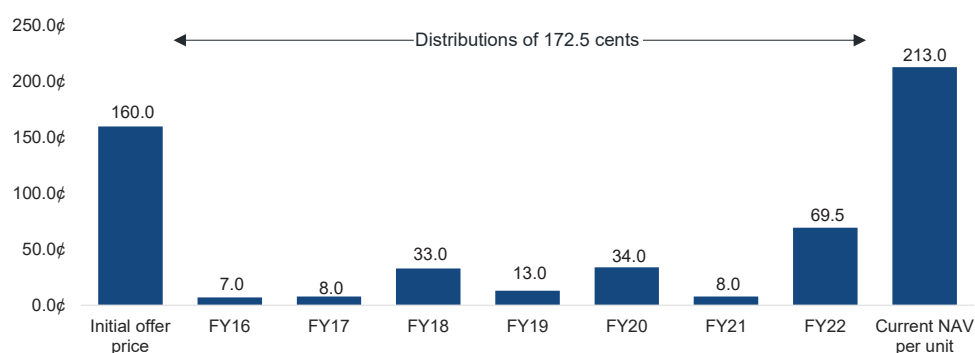
Source: E&P

Notes:

- NAV return is based on post-tax NAV and is net of fees and costs, including transaction costs associated with the Proposal. NAV return is inclusive of distributions and unrealised gains for revaluation of investments.
- Inception date was 5 April 2013.

The following chart sets out the change in NAV per Unit and distributions of Fund II since inception.

Fund II Distributions and Movement in NAV per Unit



Source: E&P

Note: Current NAV per Unit (shown above) is post-tax as at 30 June 2022 and payments of distributions have been recorded in the year based on the record date.

In relation to the chart above, we note:

- Fund II distributed 69.5 cents per Unit in FY22 as compared to 8.0 cents per Unit in FY21. Higher distributions in FY22 reflects the complete realisations of investments by DFW Capital Partners and RFE Investments Partners and the significant distribution by US Select Direct Private Equity, L.P of US\$8.0 million to the LP2; and
- Fund II has distributed 172.5 cents since its initial offer price which is attributable to regular realisations of investments by the underlying funds. As mentioned previously, the underlying funds have closed their positions in total on 71 companies since the inception of Fund II resulting in regular distributions since FY16.

9.4.4 Tax on distributions

Distribution to Unitholders are comprised of foreign sourced income and non-assessable amounts (which includes tax-deferred income)

9.5 Fund II Capital structure and ownership

As at 14 September 2022 Fund II has 52,479,086 Units on issue and 1,539 registered Unitholders. The top 20 registered Unitholders accounted for 38.27% of Units on issue and include 27.0% held by two nominees. Retail investors (holdings of less than 10,000 Units) accounted for 36.6% of Unitholders and 5.6% of Units.



Fund II has received notices from the following substantial Unitholders.

Fund II Substantial Unitholders

Substantial Unitholders	Date of notice	Number of Units	Percentage
Investment Administration Services Pty Ltd	16 September 2021	3,573,533	6.47%

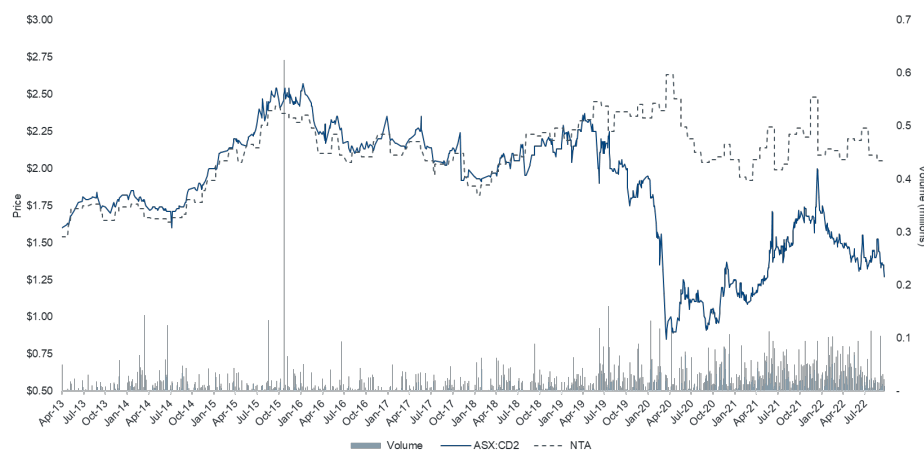
Source: ASX announcements

9.6 Unit price performance

9.6.1 Recent Unit price trading

The trading price and volume of Fund II Units and NAV per Unit since inception on 9 April 2013 are set out as follows.

Fund II Trading Price, Volume and NAV per Unit¹



Source: S&P Capital IQ and Kroll analysis

Note: NAV per Unit is calculated on a post-tax basis.

Similar to Fund I, the Fund II Unit price generally traded at a slight premium to NAV per Unit (an average of 3.6%) from inception until July 2018, then traded at a slight discount to NAV per Unit until May 2019 before generally trading at a substantial discount to NAV.

The Unit price increased from \$1.60 at listing to close at a high of \$2.26 on 3 July 2015, coinciding with increases in NAV per Unit. Fund II's Unit price then gradually declined in volatile trading, broadly consistent with the decline in NAV per Unit over this period, and closed at a low of \$1.91 on 6 February 2018, representing a 4.9% premium to NAV per Unit.

The Fund II Unit price closed at a high of \$2.37 on 17 April 2019, a 2.2% premium to NAV, coinciding with increases in NAV per Unit.

From 17 April 2019, the Unit price declined by 26.2% to close at a \$1.75 on 24 October 2019, a 26.2% discount to NAV per Unit, potentially reflecting negative press surrounding US Masters Residential Property Fund.¹⁵ On 15 October 2019, Fund II entered into an agreement to sell its interest in LP2 for estimated net sale proceeds of \$1.97 per Unit, representing a 1.5% discount to the last closing price of \$2.00 and an 18.6% discount to pre-tax NAV per Unit of \$2.42 at 30 September 2019. At a general meeting on 26 November 2019, Unitholders voted against the sale.¹⁶ Similar to Fund I, investors viewed the offer price to not represent the true value of the prospective growth opportunities of the underlying portfolio.

The onset of the COVID-19 pandemic resulted in a sharp decline in the Unit price, which declined by 53.1% from 17 January 2020 to close at \$0.90 on 23 March 2020, representing a 62.3% discount to NAV per Unit,

¹⁵ Source :“Corporate regulator investigates Dixon Advisory”, AFR, 6 January 2020.

¹⁶ Source: CD Private Equity Fund II, Results of General Meeting, 26 November 2019.

14. Independent Expert Report continued



likely reflecting the lag in unlisted valuations relative to the sharemarket and, potentially, further negative press in relation to the US Masters Residential Property Fund.

The Unit price increased by 47.1% from 26 March 2020 to close at \$1.25 on 4 June 2021, with the discount to NAV per Unit narrowing to 45.2% as the services and healthcare sectors proved resilient and US vaccine rollout commenced in late 2020.¹⁷ The significant variation in NAV per Unit during this time was primarily driven by volatility in the A\$/US\$ exchange rate.

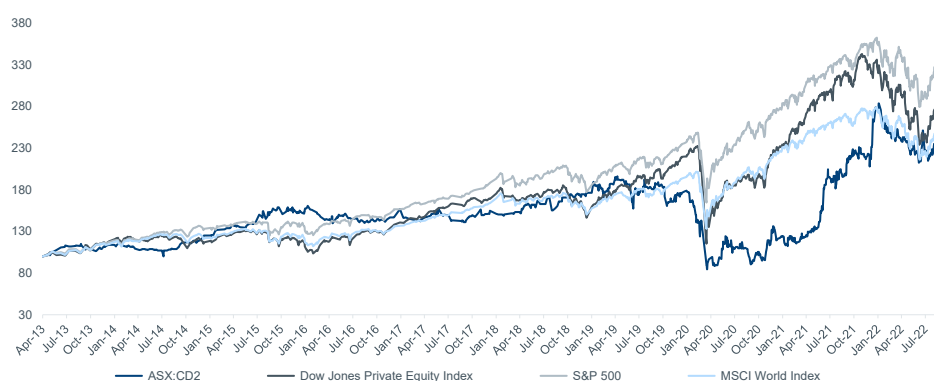
Similar to Fund I, Fund II announced on 11 June 2021 an on-market buyback of up to 10% of Fund II Units. The program would extend for 12 months from 28 June 2021. From 30 July 2021 to 24 December 2021, the Unit price increased by 44.3% to close at \$1.97, NAV increased by 10.8% and the discount to NAV per Unit declined to 20.6%. The increase in the Unit price and NAV per Unit was reflective of increased asset revaluations from the underlying LPs and the weakening of the Australian dollar against the US dollar.

Following 24 December 2021, both the Unit price and NAV per Unit declined sharply following the payment of distributions upon the realisation of investments during the December quarter, and the strengthening of the Australian dollar from A\$1=US\$0.7221 to A\$1=US\$0.7553 on 4 April 2022. Also during this period, headlines regarding the Russia-Ukraine conflict,¹⁸ rising interest rates and inflationary pressures resulted in significant declines in Australian equity markets.

9.6.2 NAV Total Return Performance

The following chart illustrates Fund II's total return performance relative to the S&P 500 Index, Dow Jones Private Equity Index and MSCI World Index (rebased to 100).

Fund II Total Return Performance



Source: S&P Capital IQ, Bloomberg and Kroll Analysis

From inception up until March 2019, Fund II's total return was in broadly in line with the indices, albeit with brief periods of outperformance and underperformance. Fund II's outperformance from mid-2014 to December 2015 mirrors the outperformance of the Unit price during this period.

Fund II's significant underperformance from the outbreak of COVID-19 pandemic in March 2020 until June 2021 (with total return remaining relatively subdued while returns for the indices increased strongly) is attributable to no distributions being paid to Unitholders during the period. The Funds return exceeded the indices from June 2021 on the announcement of a distribution of \$0.34 per Unit. Fund II's total returns increased sharply in the second half of 2021, likely attributable to the payment of distributions from the complete realisations of investments by RFE Investment Partners VIII, DFW Capital Partners IV.

9.6.3 Liquidity

An analysis of the volume of trading in Fund II Units, including the VWAP for various periods up to 28 September 2022 is set out as follows.

¹⁷ Source: "First Coronavirus Vaccines Head to States, Starting Historic Effort", New York Times, 12 December 2020.

¹⁸ Source: "War in Ukraine wipes \$73b from sharemarket", AFR, 24 February 2022.



Fund II Liquidity

Period	Price (\$)			Cumulative value (\$ million)	Cumulative volume (million)	Percentage of issued capital
	Low	High	VWAP			
1 day	1.27	1.32	1.30	0.0	0.0	0.0%
1 week	1.27	1.35	1.32	0.1	0.0	0.1%
1 month	1.27	1.53	1.38	0.5	0.4	0.7%
3 months	1.27	1.55	1.38	1.3	0.9	1.7%
6 months	1.27	1.55	1.42	3.6	2.6	4.9%
12 months	1.27	2.01	1.56	9.4	6.0	11.4%

Source: S&P Capital IQ and Kroll analysis

Note: Units outstanding were considered as at 30 June 2022 for VWAP calculations in each of the periods presented.

In the 12 months to 28 September 2022, 11.4% of Units were traded. This level of trading indicates that despite the buyback program being in operation during this period, Fund II Units are relatively illiquid.

10 Profile of Fund III

10.1 Background

Fund III was listed in July 2016 and is fully committed, having committed a total of US\$75.5 million to LP3 (following two raisings in August 2016 and September 2017). The Cordish Family invested US\$15 million and EP1 and its associates invested US\$5 million alongside and on the same terms as Fund III in the limited partnership, LP3.

10.2 Investment portfolio

At inception, Fund III's LP commitments were allocated among 13 underlying funds, 19 which were subsequently invested in 139 companies. As at 30 June 2022, LP3 had received final distributions from no funds, and investments in 44 companies had been closed. Consequently, the Fund is invested in 96 companies which have an average age of 3.6 years, through 13 underlying funds.

As at 30 June 2022, a total of US\$106.0 million had been committed to LP3 out of which Fund III had committed US\$75.5 million (a 71.2% share). LP3 had called 86.4% of total funds committed (representing US\$91.6 million of commitments) and Fund III's share in the capital called was US\$70.2 million (a 71.2% share). In June 2022, GP III amended the LP3 Agreement to reduce the remaining prospective capital commitments to US\$7.5 million (for all limited partners of LP3). Fund III's share of uncalled capital commitments were \$5.3 million.

LP3 has in turn committed a total of US\$117.5 million in capital to underlying fund managers, of which US\$91.7 million had been called as at 30 June 2022.

¹⁹ The names of the funds are US Select Direct Private Equity II, Gemspring Capital Fund I, LP, NMS Fund III, LP, Trive Capital Fund II, LP, Bertram Growth Capital III, LP, DFW Capital Partners V, LP, Encore Consumer Capital Fund III, LP, Incline Equity Partners IV, LP, Luminare Capital Partners LP, Elephant Partners I, LP, Growth Street Partners I, LP, PeakSpan Capital Growth Partners I, LP and Telescope Partners I, LP

14. Independent Expert Report continued



LP3 commitments to the remaining 12 underlying funds are summarised in the following table.

LP3 Commitments as at 30 June 2022

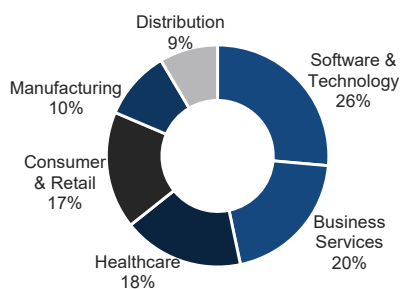
Fund Managers	Industry Focus	LP Commitments (US\$ million)
US Select Direct	Non-industry specific	27.5
Gemspring Capital Fund	Lower middle-market companies	10.0
NMS Fund	Healthcare, consumer products and specialised business services	10.0
Trive Capital Fund	Middle-market private equity	10.0
Bertram Growth Capital	Business services, consumer, industrial/manufacturing and technology	10.0
DFW Capital Partners	Healthcare, business services and industrial services	7.5
Encore Consumer Capital	Consumer products companies	7.5
Incline Equity Partners	Middle-market growth light manufacturing, and business services companies	7.5
Luminate Capital Partners	Middle-market growth and software businesses	7.5
Elephant Partners	Consumer internet, mobile and software sectors	5.0
Growth Street Partners	Growth and software businesses	5.0
PeakSpan Capital	Business software companies	5.0
Telescope Partners	Technology	5.0
Total		117.5

Source: E&P

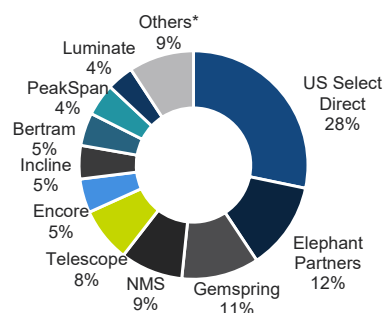
As mentioned previously, Fund III remains invested in 13 funds.

The composition of Fund III's portfolio as at 30 June 2022 by asset class and underlying manager is illustrated in the following charts.

Fund III Portfolio Asset Allocation



LP3 Commitments to Underlying Fund Managers



Source: E&P

Note: *Other funds include Trive, Growth Street and DFW

The portfolio is diversified by asset class and, relative to the other Funds, has a greater weighting towards Software & Technology, Business Services and Healthcare which together comprise 64% of the Fund's assets.

10.3 Financial performance

The financial performance of Fund III for FY20, FY21 and FY22 is summarised in the following table.

Fund III Financial Performance (\$'000)

	FY20 Audited	FY21 Audited	FY22 Audited
Investment income			
Interest income	786.8	24.2	9.3
Foreign exchange (loss)/gain	4,979.8	(5,479.5)	(150.5)
Fair value movements of equity investments	5,103.8	59,864.3	60,828.0
Unrealised foreign exchange translation (loss)/gain	15,108.0	(26,832.2)	3,427.6
Total investment income	25,978.4	27,576.8	64,114.4
Expenses			
Management and administration fees	(585.7)	(595.5)	(712.5)
Listing fees	(49.7)	(52.0)	(55.2)
Custody fees	(22.2)	(33.9)	(31.0)
Registry fees	(20.1)	(25.1)	(45.4)
Legal and professional fees	(314.3)	(237.4)	(233.0)
Other expenses	(27.3)	(15.7)	(4.9)
Total expenses	(1,019.4)	(959.6)	(1,082.1)
Profit before income tax benefit/(expense)	24,959.0	26,617.2	63,032.3
Income tax benefit/(expense)	(76.7)	(4,590.1)	(4,336.3)
Profit after income tax benefit/(expense)	24,882.3	22,027.2	58,696.0
<i>Weighted average number of Units (in millions)</i>	72.0	72.0	72.0
<i>Basic earnings per Unit</i>	34.55¢	30.58¢	81.49¢
<i>Diluted earnings per Unit</i>	34.55¢	30.58¢	81.49¢
Statistics			
<i>Increase/(decrease) in fair value of investments¹</i>	28.2%	30.7%	49.3%
<i>Increase/(decrease) in fair value of investments (excluding currency impact)</i>	7.1%	55.6%	46.9%
<i>Investment income growth</i>	30.5%	6.2%	132.5%
<i>Total expense growth</i>	5.9%	(5.9%)	12.8%
<i>Profit after tax growth</i>	35.5%	(11.5%)	166.5%
<i>Profit after tax margin</i>	95.8%	79.9%	91.5%

Source: Fund III Annual Financial Reports for FY20, FY21 and FY22 and Kroll analysis.

Note 1: Calculated based on the fair value movement of equity investments (including currency translation gain/loss) by investment balance for the last financial year (excluding cash, accrued performance fees and due to fund managers).

In relation to the financial performance of Fund III, we note:

- investment income increased by 6.2% in FY21 as a result of a substantial \$59.9 million fair value gain in Fund III's investment in LP3 due to its higher weighting towards the Service & Technology sector²⁰, which experienced strong growth due to higher demand for digital transformation resulting from the COVID-19 pandemic, which was partially offset by a \$26.8 million unrealised foreign currency loss;
- investment income increased significantly (by 132.5%) in FY22 and reflects a \$60.8 million increase in the fair value of equity investments reflecting the continued recovery in the global economy due to central bank policy, government spending and successful vaccines and the continued strength of the technology sector and \$3.4 million unrealised foreign currency gain (compared to the prior year's significant loss);
- the central banks' decisions to increase interest rates to combat inflation and geopolitical uncertainty due to the escalation of the Russia-Ukraine conflict resulting in volatility in energy and commodity prices has created pressure on public markets in 2022 and may impact private market valuations as these challenges continue;
- management and administration fees in FY22 include \$0.6 million of responsible entity fees (calculated based on a fee of 0.33% per annum on the gross asset value of Fund III); and
- in FY21, despite moderate investment income growth and a reduction in expenses, higher income tax expense resulted in an 11.5% decline in profit after tax. Profit after tax increased significantly in FY22 mainly as a result of the strong increase in investment income.

²⁰ Sourced from Fund III June monthly update

14. Independent Expert Report continued



10.4 Financial position

The financial position of Fund III as at 31 March 2020, 31 March 2021, 31 March 2022 and 30 June 2022 is summarised in the following table.

Fund III Financial Position (\$'000)

	As at 31 March			As at 30 June
	2020 Audited	2021 Audited	2022 Audited	2022 Reviewed
Assets				
<i>Current assets</i>				
Cash and cash equivalents	33,775.0	18,030.3	23,710.5	24,722.3
Receivables	33.0	14.4	19.5	20.8
Current tax assets	-	661.5	-	-
Prepayments	12.1	10.9	11.7	-
Total current assets	33,820.0	18,717.2	23,741.7	24,743.17
<i>Non-current assets</i>				
Investments	117,728.2	140,607.6	148,721.7	163,757.4
Total non-current assets	117,728.2	140,607.6	148,721.7	163,757.4
Total assets	151,548.2	159,324.7	172,463.4	188,500.6
Liabilities				
<i>Current liabilities</i>				
Trade and other payables ¹	121.3	163.6	269.3	17,420.1
Current tax liabilities	-	-	1,435.3	1,849.7
Total current liabilities	121.3	163.6	1,704.6	19,269.8
<i>Non-current liabilities</i>				
Deferred tax ²	1,376.7	4,370.5	4,450.8	7,098.5
Total non-current liabilities	1,376.7	4,370.5	4,450.8	7,098.5
Total liabilities	1,498.0	4,534.1	6,155.4	26,368.3
Net assets	150,050.2	154,790.6	166,308.0	162,132.3
Equity				
Unit capital	109,672.6	109,672.6	109,672.6	109,672.6
Retained earnings/(accumulated losses)	40,377.6	45,118.0	56,635.3	52,459.6
Total equity	150,050.2	154,790.6	166,308.0	162,132.3
<i>Number of units at period end (in millions)</i>	72.0	72.0	72.0	72.0
<i>NAV per Unit³</i>	\$2.08	\$2.15	\$2.31	\$2.25

Source: Fund III Annual Financial Reports for FY20, FY21, FY22 and 30 June 2022 and Kroll analysis.

Notes:

- Trade and other payables include trade creditors and accrued liabilities.
- Deferred tax²¹ has been assessed based on an estimate of likely US tax obligations in the Fund.
- NAV per Unit is calculated as net assets divided by the number of Fund III Units at period end.

In relation to the financial position, we note:

- Fund III has maintained a significant cash balance historically based on capital raised in 2016 and continuous inflow of distributions from 2019 which is partially offset by payment for investments and distribution to Unitholders. Fund III received cash distributions of \$18.2 million in FY21 and \$53.5 million in FY22 from LP3, made payments for investments of \$9.7 million in FY21, and distributed \$17.3 million in FY21 and \$47.2 million in FY22 to Fund III Unitholders; and
- retained earnings increased in FY22 due to the lower distribution of \$47.3 million paid to Unitholders as against profit after tax of \$58.7 million for the period.

²¹ As per the Annual Financial Report of FY22 "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."



Fund III's 71.2% interest in LP3 is represented by its proportionate interest in LP3's assets and liabilities as follows.

Fund III Investments (\$'000)

	As at 31 March			As at 30 June
	2020 Audited	2021 Audited	2022 Audited	2022 Reviewed
Cash	11,120.6	15,963.1	22,439.3	28,538.8
Investment in US private investment funds recorded at fair value				
DFW Capital Partners	7,638.6	8,033.1	3,880.3	3,546.9
Elephant Partners	11,649.0	18,489.4	16,832.6	13,362.1
Encore Consumer Capital Fund	5,630.8	5,753.5	5,990.4	7,060.1
Gemspring Capital Fund	7,560.9	8,435.0	14,836.3	23,995.1
Growth Street Partners	3,873.5	4,280.4	7,476.3	5,639.1
Incline Equity Partners	6,236.2	5,356.9	5,829.4	7,461.8
Luminate Capital Partners	10,571.6	9,545.9	5,197.1	5,546.9
NMS Fund	3,297.3	7,999.5	12,399.4	12,948.4
PeakSpan Capital Growth Partners	6,643.9	5,506.3	7,254.4	6,718.2
Smartsheet	-	-	605.4	376.7
Telescope Partners	3,366.2	4,032.7	8,007.2	11,318.6
Trive Capital Fund	6,012.0	11,542.4	5,361.3	5,605.2
Bertram Growth Capital	11,409.3	11,798.4	7,047.1	6,294.1
US Select Direct II	23,815.4	29,566.2	37,209.0	38,215.7
Other assets	-	-	456.1	494.1
Due to DFW Capital	-	(50.5)	-	(10.4)
Due to Incline Equity Partners	(973.1)	-	-	-
Due to Luminate Capital Partners	(77.8)	-	-	-
Due to NMS Fund	(46.3)	-	-	-
Accrued performance fees	-	(5,644.6)	(12,100.0)	(13,354.0)
Total investments	117,728.2	140,607.6	148,721.7	163,757.4

Source: Fund III Annual Reports for FY20, FY21, FY22 and 30 June 2022 data sourced from E&P.

The increase in fair value of total investments in FY22 mainly reflects the increase in fair value of the investments which is partially offset by distribution to Unitholders resulting from realisation of investments in certain companies by underlying funds.

NAV per Unit increased from \$2.15 on 31 March 2021 to \$2.31 on 31 March 2022 primarily as a result of:

- an increase in the fair value of equity investments still held due to its higher weighting towards the Service & Technology sector; partly offset by
- an increase in accrued performance fees.

10.4.1 Interest bearing liabilities

Fund III had no bank debt facilities as at 30 June 2022.

10.4.2 Hedging policy

Fund III is exposed to A\$/US\$ foreign exchange risk through its cash balances, its investment activities and income derived from these activities. Fund III does not hedge its foreign exchange risk.

10.4.3 Total return and distributions

Fund III has provided a significant NAV return of 16.4% per annum since inception as a result of substantial distributions and increases in the fair value of equity investments.

14. Independent Expert Report continued



The following table represents NAV return (including distributions and movement in the fair value of equity investments) as at 30 June 2022.

Fund III NAV Return Summary

	3 Months	6 Months	1 Year pa	3 Year pa	5 Year pa	Since inception pa ²
NAV return ¹	11.3%	18.7%	45.3%	28.7%	20.8%	16.4%

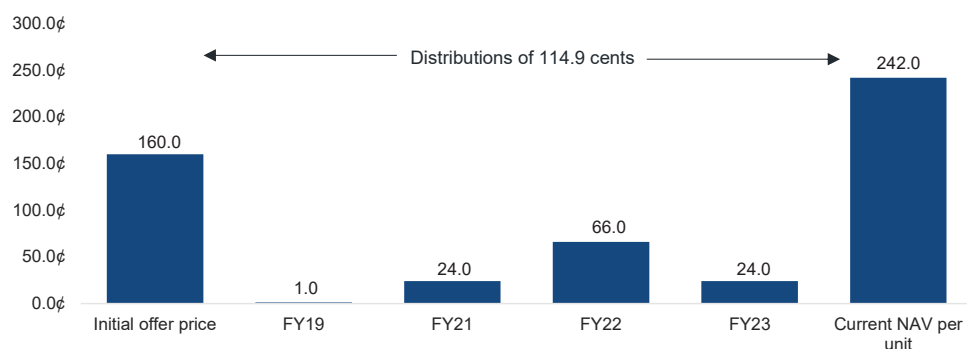
Source: E&P

Notes:

- NAV return is based on post-tax NAV and is net of fees and costs, including transaction costs associated with the merger. NAV return is inclusive of distributions and unrealised gains for revaluation of investments.
- Inception date was 20 July 2016.

The following chart sets out the change in NAV per Unit and distributions of Fund III since inception.

Fund III Distributions and Movement in NAV per Unit



Source: E&P

Note: Current NAV per Unit (shown above) is post-tax as at 30 June 2022 and FY23 has data from April 2022 to June 2022 and payments of distributions have been recorded in the year based on the record date.

In relation to the chart above, we note:

- Fund III distributed 66.0 cents per Unit in FY22 as compared to 24.0 cents per Unit in FY21. Higher distributions in FY22 reflects the complete realisations of investments by underlying funds and the significant distribution by US Select Direct Private Equity II, L.P. of US\$9.2 million to the LP3; and
- Fund III has distributed 114.9 cents since its initial offer which is attributable to regular realisations of investments by the underlying funds. As mentioned, the underlying funds have closed their positions in total on 42 companies out of 139 investments since the inception and the average age of portfolio companies is 3.3 years, which reflects that Fund III's holdings are in their early stage of operations.

10.4.4 Tax on distributions

Distribution to Unitholders are comprised of foreign sourced income and non-assessable amounts (which includes tax-deferred income)

10.5 Fund III capital structure and ownership

As at 14 September 2022 Fund III had 72,028,420 Units on issue and 1,726 registered Unitholders. The top 20 registered Unitholders accounted for 36.96% of Units on issue and include 22.6% held by two nominees. Retail investors (holdings of less than 10,000 Units) accounted for 30.0% of Unitholders and 3.7% of Units.



Fund III has received notices from the following substantial Unitholders.

Fund III Substantial Unitholders

Substantial Unitholders	Date of notice	Number of Units	Percentage
Investment Administration Services Pty Ltd	1 September 2021	5,432,597	7.54%

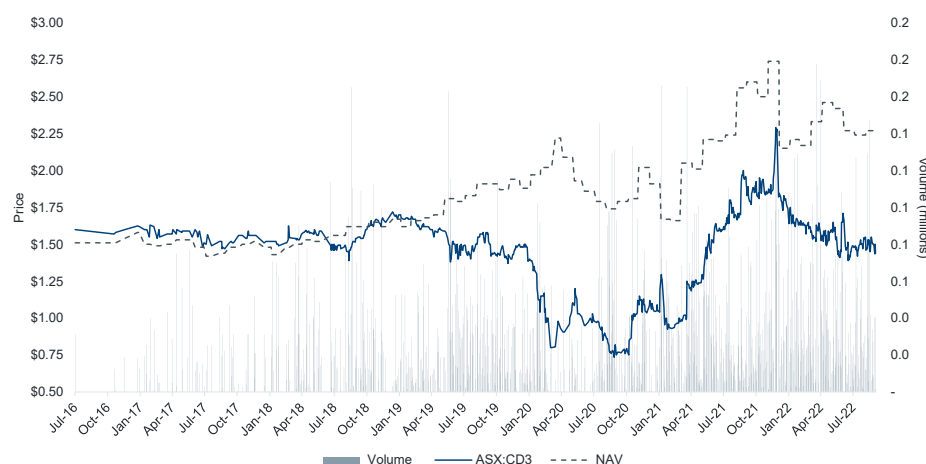
Source: ASX announcements

10.6 Unit price performance

10.6.1 Recent Unit price trading

The trading price and volume of Fund III Units and NAV per Unit since inception on 20 July 2016 are set out as follows.

Fund III Trading Price, Volume and NAV per Unit¹



Source: S&P Capital IQ and Kroll analysis

Note: NAV per Unit is calculated on a post-tax basis.

From inception until June 2018, Fund III's Unit price generally traded at a slight premium to NAV per Unit (an average of 4.0%) then traded at a moderate discount to NAV per Unit before trading at a substantial discount to NAV from June 2019. The Unit price decreased from \$1.60 at listing, broadly consistent with the decline in NAV per Unit over this period, to close at a low of \$1.39 on 6 September 2018, representing a 14.2% discount to NAV per Unit. Fund III's Unit price then gradually increased and closed at a high of \$1.72 on 7 January 2019, representing a 3.0% premium to NAV per Unit.

From 7 January 2019, the Unit price declined by 20.3% to close at \$1.37 on 28 November 2019, a 26.7% discount to NAV per Unit, potentially reflecting negative press surrounding US Masters Residential Property Fund.

The onset of the COVID-19 pandemic resulted in a sharp decline in the Unit price, which declined by 46.7% from 16 January 2020 to close at \$0.80 on 27 March 2020, representing a 60.4% discount to NAV per Unit, likely reflecting the lag in unlisted valuations relative to the sharemarket and, potentially, further negative press in relation to the US Masters Residential Property Fund. From March 2020 to March 2021, the Unit price and NAV per Unit were volatile, reflecting waves of COVID-19 pandemic outbreaks, lockdowns and fluctuations in the A\$/US\$ exchange rate. With both limited liquidity and near term prospects for substantial distributions, the average discount to NAV per Unit over this period was 47.3%.

Unlike for Funds I and II, Fund III did not announce a buyback program on 11 June 2021 as Fund III is not yet mature enough compared to Fund I and Fund II which received distributions from their respective LPs including portion of capital returns.

From 1 March 2021, the Unit price increased by 146.2% to close at a high of \$2.29 on 21 December 2021, NAV per Unit increased by 27.6% to \$2.74 and the discount to NAV per Unit narrowed to 16.4% as the

14. Independent Expert Report continued



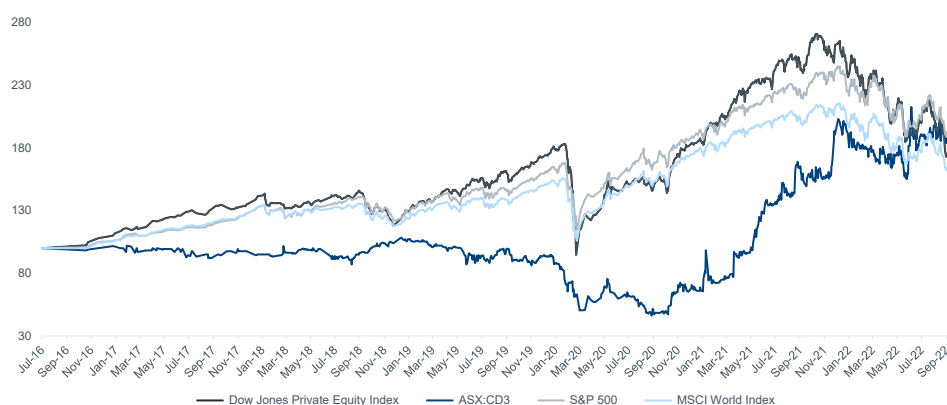
software and technology sectors performed strongly.²² The increase in the Unit price and NAV per Unit was reflective of increased asset revaluations from the underlying LPs and the weakening of the Australian dollar against the US dollar.

From 24 December 2021, the Unit price and NAV per Unit declined sharply following the payment of distributions upon the sale of a co-investment in the March quarter, and the strengthening of the Australian dollar against the US dollar. Also during this period, the Russia-Ukraine conflict escalated²³ and rising interest rates and inflationary pressures resulted in significant declines in Australian equity markets.

10.6.2 NAV Total Return Performance

The chart depicted below displays Fund III's total return performance, relative to the S&P 500 Index, Dow Jones Private Equity Index, and the MSCI World Index (rebased to 100).

Fund III Total Return Performance



Source: S&P Capital IQ, Bloomberg and Kroll Analysis

From inception in July 2016 until the outbreak of COVID-19 pandemic in March 2020, Fund III underperformed the indices reflecting relatively low distributions during the period due to the early stage of Fund III's portfolio companies. Fund III's total returns outperformed from 2H21 due to higher distributions.

10.6.3 Liquidity

An analysis of the volume of trading in Fund III Units, including the VWAP for various periods up to 28 September 2022 is set out as follows.

Fund III Liquidity

Period	Price (\$)			Cumulative value (\$ million)	Cumulative volume (million)	Percentage of issued capital
	Low	High	VWAP			
1 day	1.44	1.50	1.44	0.0	0.0	0.0%
1 week	1.44	1.50	1.48	0.1	0.1	0.1%
1 month	1.44	1.57	1.49	1.1	0.7	1.0%
3 months	1.39	1.66	1.49	2.4	1.6	2.2%
6 months	1.39	1.75	1.52	6.2	4.0	5.6%
12 months	1.39	2.35	1.67	13.8	8.2	11.4%

Source: S&P Capital IQ and Kroll analysis

Note: Units outstanding were considered as at 30 June 2022 for VWAP calculations in each of the periods presented.

In the 12 months to 28 September 2022, 11.4% of Units were traded. This level of trading indicates that Fund II Units are relatively illiquid.

²² Source: CD Private Equity Fund III, Quarterly Investment Update, 5 November 2021.

²³ Source: "War in Ukraine wipes \$73b from sharemarket", AFR, 24 February 2022.



11 Profile of Fund IV

11.1 Background

Fund IV is an unlisted fund which raised over \$188 million in March 2018. The Cordish Family invested US\$15 million alongside on the same terms as Fund IV in the limited partnership, LP4.

11.2 Investment portfolio

Fund IV's LP commitments are allocated among 12 underlying funds.²⁴ Since inception, Fund IV by way of the underlying funds has invested in 118 companies, of which 15 positions have been closed. As at 30 June 2022, the Fund was invested in 105 companies which have an average age of 2.5 years, by the way of 12 underlying funds.

As at 30 June 2022, a total of US\$130.0 million had been committed to LP4 out of which Fund IV had committed US\$115.0 million (an 88.4% share). 81.2% of total funds committed to the LP had been called (representing US\$105.6 million) and Fund IV's share in the capital called was US\$93.3 million (an 88.4% share). As at 30 June 2022, Fund IV had uncalled capital commitments of US\$21.7 million (A\$29.0 million). These commitments were funded out of the fifth and final capital call of \$37.7 million (\$0.32 per partly paid unit) that was made in July 2022, net of the \$0.16 per Unit final FY22 distribution.

LP4 has in turn committed a total of US\$145.0 million in capital to underlying fund managers out of which US\$105.5 million had been called as at 30 June 2022. All investments remain.

LP4 commitments to the 12 underlying funds are summarised in the following table.

LP4 Commitments as at 30 June 2022

Fund Managers	Industry Focus	LP Commitments (US\$ million)
US Select Direct	Non-industry specific	32.5
CORE Industrial Partners	Manufacturing, industrial technology, and industrial service companies	12.5
Gainline Equity Fund	Business Services, Niche Manufacturing, Consumer, Logistics and Transportation Services	12.5
Wavecrest Growth Partners	B2B software, technology services	12.5
Incline Elevate Fund	Middle-market growth light manufacturing, and business services companies	12.5
Astra Partners	Communications and technology services	10.0
Elephant Partners	Consumer internet, mobile and software sectors	10.0
Nosara Capital Fund	Digital marketplaces	10.0
Trivest Fund	Manufacturing, distribution, business services and consumer	10.0
Tower Arch Partners	Non-industry specific	10.0
Quad Partners	Education	7.5
Rucker Park Capital	Transportation & Logistics and Financial Technologies	5.0
Total		145.0

Source: E&P

As at 30 June 2022, Fund IV remained invested in all 12 funds.

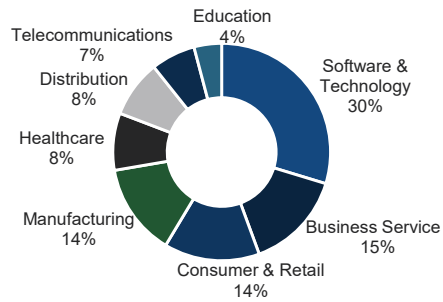
The composition of Fund IV's portfolio as at 30 June 2022 by asset class and underlying manager is illustrated in the following charts.

²⁴ The names of the funds are US Select Direct Private Equity II, CORE Industrial Partners Fund I, LP, Gainline Equity Fund, LP, Wavecrest Growth Partners I, LP, Incline Elevate Fund, LP, Astra Partners I, LP, Elephant Partners II, LP, Nosara Capital Fund I, LP, Trivest Fund VI, LP, Tower Arch Partners II, LP, Quad Partners V, LP and Rucker Park Capital Fund, LP

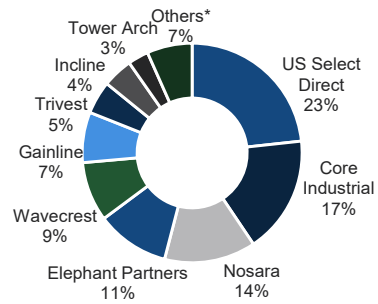
14. Independent Expert Report continued



Fund IV Portfolio Asset Allocation



LP4 Commitment to Underlying Fund Managers



Source: E&P

Note:*Other funds include Astra, Quad and Rucker Park.

The portfolio is diversified by asset class and, relative to the other Funds, has a greater weighting towards Software & Technology, Business Services and Consumer & Retail which together comprise 59% of the Fund's assets.

11.3 Financial performance

The financial performance of Fund IV for FY20, FY21 and FY22 is summarised in the following table.

Fund IV Financial Performance (\$'000)

	FY20 Audited	FY21 Audited	FY22 Audited
Investment income			
Interest income	383.4	22.4	3.7
Foreign exchange (loss)/gain	3,320.4	(8,553.9)	345.2
Fair value movements of equity investments	23,087.5	68,460.9	80,722.5
Unrealised foreign exchange translation (loss)/gain	(11,827.8)	(25,619.0)	1,667.8
Total investment income	14,963.5	34,310.5	82,739.3
Expenses			
Management and administration fees	(725.3)	(700.8)	(1,001.4)
Custody fees	(14.7)	(33.2)	(45.2)
Registry fees	(24.9)	(25.9)	(22.3)
Legal and professional fees	(276.8)	(282.7)	(212.8)
Other expenses	(11.1)	(16.7)	(52.7)
Total expenses	(1,052.9)	(1,059.3)	(1,334.3)
Profit before income tax benefit/(expense)	13,910.6	33,251.2	81,404.9
Income tax benefit/(expense)	(1,428.6)	(8,681.5)	(11,174.8)
Profit after income tax benefit/(expense)	12,482.0	24,569.7	70,230.2
<i>Weighted average number of Units (in millions)</i>	117.9	117.9	117.9
<i>Basic earnings per Unit</i>	10.58¢	20.83¢	59.55¢
<i>Diluted earnings per Unit</i>	10.58¢	20.83¢	59.55¢
Statistics			
<i>Increase/(decrease) in fair value of investments¹</i>	26.0%	43.3%	48.2%
<i>Increase/(decrease) in fair value of investments (excluding currency impact)</i>	53.4%	69.3%	47.2%
<i>Investment income growth</i>	172.8%	129.3%	141.1%
<i>Total expense growth</i>	118.4%	0.6%	26.0%
<i>Profit after tax growth</i>	149.5%	96.8%	185.8%
<i>Profit after tax margin</i>	83.4%	71.6%	84.9%

Source: Fund IV Annual Financial Reports for FY20, FY21 and FY22 and Kroll analysis.

Note 1: Calculated based on the fair value movement of equity investments (including currency translation gain/loss) by investment balance for the last financial year (excluding cash, accrued performance fees, prepaid investment management fees and due to fund managers).

In relation to the financial performance of Fund IV, we note:

- investment income increased significantly (by 129.3%) in FY21 as a result of \$68.5 million fair value gain in Fund IV's investment in LP4 due to its higher weighting towards the Service & Technology sector, which experienced strong growth due to higher demand for digital transformation resulting from the COVID-19 pandemic, which was partially offset by a \$25.6 million unrealised foreign currency loss;
- investment income increased significantly (by 141.1%) in FY22 and reflects a \$80.7 million increase in the fair value of equity investments, reflecting the rebound of the global economy due to central bank policy, government spending and successful vaccines and the continued strength of the technology sector and \$1.7 million unrealised foreign currency gain (compared to the prior year's significant loss);
- the central banks' decisions to increase interest rates to combat inflation and geopolitical uncertainty due to the escalation of the Russia-Ukraine conflict resulting in volatility in energy and commodity prices has created pressure on public markets in 2022 and may impact private market valuations;
- management and administration fees in FY22 include \$0.9 million of responsible entity fees (calculated based on a fee of 0.33% per annum on the gross asset value of Fund IV); and
- profit after tax of Fund IV increased by 96.8% in FY21 and 185.8% in FY22 as a result of the strong increase in investment income in both years.

14. Independent Expert Report continued



11.4 Financial position

The financial position of Fund IV as at 31 March 2020, 31 March 2021, 31 March 2022 and 30 June 2022 is summarised in the following table.

Fund IV Financial Position (\$'000)

	As at 31 March			As at 30 June
	2020 Audited	2021 Audited	2022 Audited	2022 Reviewed
Assets				
<i>Current assets</i>				
Cash and cash equivalents	15,273.0	19,174.9	6,524.5	6,658.7
Receivables	80.3	257.3	20.0	22.1
Current tax assets	-	1,061.1	-	-
Total current assets	15,353.2	20,493.3	6,544.5	6,680.8
<i>Non-current assets</i>				
Other financial assets	111,498.0	176,996.8	268,167.9	269,104.3
Total non-current assets	111,498.0	176,996.8	268,167.9	269,104.3
Total assets	126,851.2	197,490.1	274,712.4	275,785.1
Liabilities				
<i>Current liabilities</i>				
Trade and other payables ¹	169.2	176.7	165.6	18,990.0
Current tax liabilities	-	-	3,343.5	4,755.2
Total current liabilities	169.2	176.7	3,509.2	23,745.2
<i>Non-current liabilities</i>				
Deferred tax ²	1,597.0	9,918.3	13,577.8	9,151.9
Total non-current liabilities	1,597.0	9,918.3	13,577.8	9,151.9
Total liabilities	1,766.2	10,094.9	17,087.0	32,897.1
Net assets	125,085.0	187,395.2	257,625.4	242,888.0
Equity				
Unit capital	107,182.7	144,923.3	144,923.3	144,923.3
Retained earnings/(accumulated losses)	17,902.3	42,471.9	112,702.1	97,964.8
Total equity	125,085.0	187,395.2	257,625.4	242,888.0
<i>Number of Units at period end (in millions)</i>	117.9	117.9	117.9	117.9
<i>NAV per Unit³</i>	\$1.06	\$1.59	\$2.18	\$2.06

Source: Fund IV Annual Reports for FY20, FY21, FY22 and 30 June 2022 and Kroll analysis.

Notes:

- Trade and other payables include trade creditors and accrued liabilities.
- Deferred tax²⁵ has been assessed based on an estimate of likely US tax obligations in the Fund.
- NAV per Unit is calculated as net assets divided by the number of Fund IV Units at period end.

In relation to the financial position, we note:

- Fund IV raised capital of \$72.4 million through the proceeds of Units in FY19 and thereafter has made partial payments for investments which resulted in Fund IV having significant cash at 31 March 2020 and at 31 March 2021. Fund IV has raised additional cash of \$37.7 million through capital call instalments from investors in FY21 and made payments of \$23.7 million for investments during the same period. The cash balance declined to \$6.5 million at 31 March 2022 due to \$12.0 million payments for investments (capital called by underlying funds); and
- retained earnings increased in FY22 due to profit after tax of \$70.3 million with nil distributions paid to Unitholders during the period.

²⁵ As per the Annual Financial Report of FY22 "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."



Fund IV's 88.4% interest in LP4 is represented by its proportionate interest in LP4's assets and liabilities as follows.

Fund IV Investments (\$'000)

	As at 31 March		As at 30 June	
	2020 Audited	2021 Audited	2022 Audited	2022 Reviewed
Cash	17,567.9	11,768.6	37,865.7	41,739.9
Investment in US private investment funds recorded at fair value				
Astra Partners	5,402.1	5,399.4	7,267.1	7,759.6
CORE Industrial Partners	5,711.5	28,886.7	46,959.3	34,602.6
Elephant Partners	9,639.2	16,795.5	21,246.4	24,991.8
Gainline Equity Fund	9,326.3	15,778.4	21,351.8	18,904.5
Nosara Capital Fund	8,318.2	11,626.6	33,780.6	31,393.8
Quad Partners	8,020.5	6,123.5	7,526.5	7,718.9
Trivest Fund	3,586.8	4,039.2	10,822.9	13,425.3
US Select Direct Private Equity	35,015.8	43,334.1	54,596.0	56,094.2
Wavecrest Growth Partners	7,112.1	14,989.6	20,881.3	22,112.3
Incline Elevate Fund	3,981.1	17,386.6	9,254.4	11,399.0
Tower Arch Partners	561.7	4,128.7	6,472.1	6,879.6
Rucker Park Capital	2,161.7	2,513.2	3,828.2	4,203.0
Other receivables				107.6
Due from Nosara Capital	846.1	-	-	-
Due to Gainline Equity	(2,823.9)	-	-	-
Due to Incline Elevate	(2,971.5)	-	-	-
Due to Quad Partners	(78.7)	-	-	-
Prepaid Investment management fees	121.0	97.6	99.1	na
Accrued performance fees	-	(5,870.9)	(13,783.3)	(12,227.8)
Total investments	111,498.0	176,996.8	268,167.9	269,104.2

Source: Fund IV Annual Financial Reports for FY20 and FY21 and 30 June 2022 data sourced from E&P

Note: "na" represents not available.

The increase in fair value of total investments in FY22 mainly reflects the valuation uplift of the investments and funding of existing investments and new companies with capital raised through the issue of Units.

NAV per Unit increased from \$1.59 on 31 March 2021 to \$2.18 at 31 March 2022 primarily as a result of:

- increase in the fair value of equity investments due to Funds IV's exposure to technology and healthcare companies which has witnessed increase in demand for their products and services during COVID-19 pandemic; and partially offset by
- increase in accrued performance fees.

11.4.1 Interest bearing liabilities

Fund IV had no bank debt facilities as at 30 June 2022.

11.4.2 Total return and distributions

Fund IV has provided a significant NAV return of 17.3% per annum since its inception as a result of increases in the fair value of equity investments. Underlying funds are utilising partly-called capital to undertake new investments and fund existing investments with an investment horizon of 5 years to 10 years in order to realise significant gains.

14. Independent Expert Report continued



The following table represents NAV return (including distributions and movement in the fair value of Fund IV's equity investments) as at 30 June 2022.

Fund IV NAV Return Summary

	3 Months	6 Months	1 Year pa	3 Year pa	5 Year pa	Since inception pa ²
NAV return ¹	7.3%	9.4%	33.1%	20.5%	-	17.3%

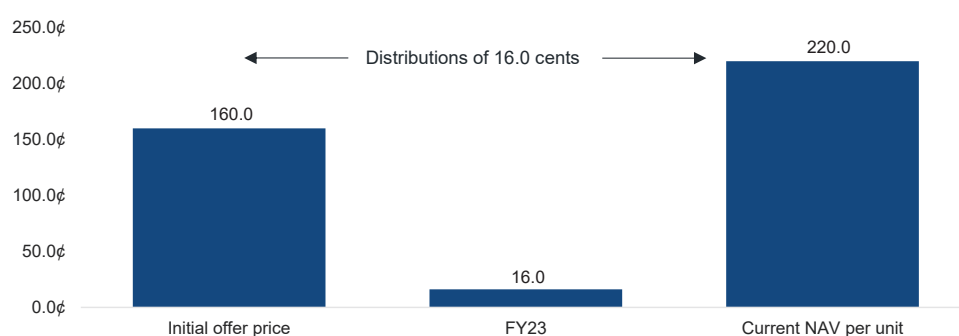
Source: E&P

Notes:

- NAV return is based on post-tax NAV and is net of fees and costs, including transaction costs associated with the merger. NAV return is inclusive of distributions and unrealised gains for revaluation of investments and Fund IV capital call.
- Inception date was 6 April 2018.

The following chart sets out the change in NAV per Unit and distributions of Fund IV since inception.

Fund IV Distributions and Movement in NAV per Unit



Source: E&P

Note: Current NAV per Unit (shown above) is post-tax as at 30 June 2022 and FY23 has data from April 2022 to June 2022.

In relation to the chart above, we note:

- Fund IV has announced its first distribution of 16.0 cents per Unit on 24 June 2022. The fund was launched in April 2018 and the average age of portfolio companies of Fund IV is 2.2 years. Underlying fund managers are making new investments utilising the partly called capital with an investment horizon of between 5 years to 10 years; and
- the issue price of \$1.60 per Unit was to be paid in five instalments of \$0.32 to the underlying funds. The first two instalments were called during FY19, and the third and fourth instalments were called in FY20 and FY21 respectively, and the fifth instalment of \$0.32 was called in July 2022 and which was offset by the 16.0 cents distribution. The net amount of 16.0 cents is not reflected in the above chart.

11.5 Fund IV Capital structure and ownership

As at 14 September 2022 Fund IV had 117,939,153 Units on issue. Units are issued on a partly paid basis, up to the fully paid amount of \$1.60 per Unit, to be paid in five instalments of \$0.32. The first two instalments were called during FY19, the third and fourth instalments were called in FY20 and FY21 respectively and the fourth instalment of \$0.32 was called in July 2022.

As at 14 September 2022 Fund IV had 2,798 registered Unitholders. The top 20 registered Unitholders accounted for 9.25% of Units on issue. Retail investors (holdings of less than 10,000 Units) accounted for 11.8% of Unitholders and 1.86% of Units.



12 Profile of the Merged Fund

12.1 Overview

The Proposal involves Fund III acquiring all the Units in Fund I, Fund II and Fund IV to form the Merged Fund. Fund III will be renamed CD Private Equity Fund. The Merged Fund will be an unlisted open-ended investment fund consisting of over \$650.0 million in gross assets invested across 43 funds and 284 underlying investments.

Overview of the Merged Fund

	30 June 2022
Number of units (million)	267.6
NAV per Unit (A\$)	2.24
Gross Assets (A\$ million)	650.0
Number of underlying managers	43
No of underlying investments	284
Average age of remaining companies	3.9 years

Source: E&P

Note: Gross assets and NAV per Unit is based on post-transaction costs.

12.2 Investment strategy

The Merged Fund's investment objective will be identical to that of the Funds, being to provide Unitholders with:

- exposure to a portfolio of investments in small-to-mid sized private investment funds predominantly focused in the United States; and
- capital growth over a 10 year investment horizon.

The Merged Fund will continue to invest in US based small-to-mid-market private investment funds, seeking to replicate Cordish Equity Partners' investment strategy of focusing on this investment niche.

12.3 Liquidity structure

12.3.1 Subscriptions

After delisting, the Merged Fund will offer monthly subscriptions, priced at NAV, with a minimum initial investment of \$5,000 and minimum follow-on of \$2,000.

12.3.2 Liquidity

The liquidity options for the Merged Fund as follows:

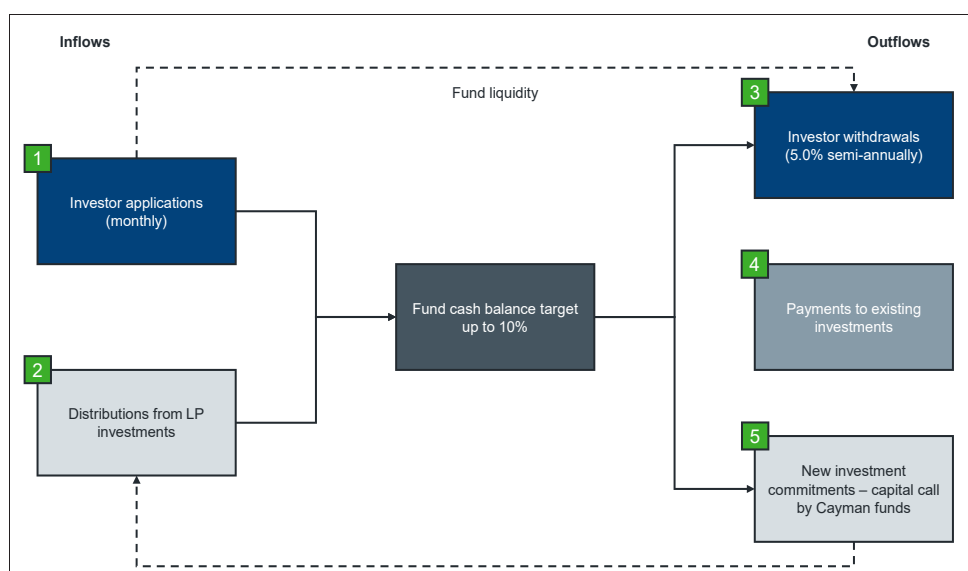
Initial: The Merged Fund will be listed on the ASX for an approximate six month period following implementation of Proposal. During this period, the Responsible Entity has stated that it will look to conduct on-market buybacks for up to 10% of Merged Fund Units (i.e. 26.8 million Units).

Ongoing: Six monthly withdrawal offers which will target facilitating withdrawals of up to approximately 5% of the Merged Fund's Units on issue every six months (subject to market conditions and the Responsible Entity's discretion).

14. Independent Expert Report continued



Withdrawal Mechanism



Source: E&P

- **Liquidity Review Event:** at the seven year anniversary of the Proposal's implementation, the Merged Fund will put to investors a vote for whether the Fund is to be wound down or remain as is, if acceptances of withdrawal offers have exceeded the total amount of withdrawal offers made in the Fund in the 12 months leading up to the date of consideration by 25% or more or if no withdrawal offers had been made in that time.
- **Sub-Portfolio Asset Sales:** targeted asset sales of parts of the Fund's portfolio are anticipated to be easier than in the separate closed-ended Funds given the significantly larger number of underlying funds (43). The Investment Manager would not be a forced seller of assets but look to take advantage of disposal opportunities.

12.3.3 Semi-annual withdrawal offers

The Merged Fund intends to provide semi-annual withdrawal offers as follows;

- priced at NAV less a sell-spread to account for the transaction costs required to facilitate the withdrawal offer;
- the amount available for withdrawal will be a target of 5% of the Fund's Units on issue every six months. The final amount for each withdrawal offer will be subject to market conditions and will be at the discretion of the Responsible Entity;
- funded via distributions received from the existing LPs, proceeds from any asset sales, any inflows from new subscriptions and available cash reserves; and
- first withdrawal window expected in December 2023 and each withdrawal offer will remain open for at least 21 days.

If acceptances of a withdrawal offer exceed 5% of the Fund's Units on issue in a six month window and the Fund has excess liquidity, the responsible entity may elect to increase the withdrawal amount at the next window if it determines this is in the best interests of Members, or offer interim withdrawal offers.

If acceptances of the withdrawal offer exceed the amount of liquidity available under the offer for a six month window, withdrawals will be scaled back pro-rata and Unitholders can resubmit their acceptance at the next six month withdrawal window (there is no ability for investors to submit a withdrawal request outside of a



withdrawal window and investors will not have any priority over other investors if they have previously partaken in a withdrawal offer). It may take multiple windows for investors to access their investment in full.

If Fund liquidity exceeds acceptances of the withdrawal offer in a six month window, the Fund intends to reinvest the excess through the Evergreen LP.

The Responsible Entity can cancel a Withdrawal Offer (including during the Withdrawal Offer window).

Sell Spread

In the ordinary course, the Responsible Entity is expecting that a sell spread of 0.5% of the NAV per Unit will be payable to cover the expected legal, tax, registry and accounting costs of facilitating the withdrawal offers.

In accordance with the terms of the Constitution, the Responsible Entity retains the ability to levy a sell spread based on the transaction costs incurred to facilitate the withdrawal offer. The Responsible Entity believes that the maximum amount that is likely to be payable would be up to 3.0% at the discretion of the Responsible Entity. This would occur in the event that part of the underlying portfolios needs to be sold to meet withdrawal requests and larger costs are required to be paid to legal and tax advisers as well as any potential selling fee that may be payable

The Merged Fund will have the ability to offer ad-hoc liquidity events.

12.3.4 Cash

The Merged Fund will target a cash holding of up to 10% but there is no specific limitation on the amount of cash that can be retained by the Merged Fund.

12.3.5 Distribution policy

The Merged Fund will not pay regular cash distributions. While distributions from the Fund will be determined for tax purposes following 30 June every 12 months, they will not be paid out in cash but will instead be reinvested, and Unitholders will receive additional Units via the compulsory DRP in approximately August each year. Any income of the Merged Fund will be used to fund the withdrawal facility and/or be reinvested into the Evergreen LP for further portfolio acquisitions.

The Fund will implement a compulsory distribution reinvestment plan (**DRP**). The DRP will operate to ensure the Fund's taxable income for each financial year is distributed. Investors who choose to participate their entire holding in a withdrawal offer and who have their withdrawal request scaled back will be issued new Units via the Fund's compulsory DRP in respect of the Units that were not redeemed via withdrawal offer. Investors will be issued Units in approximately August of each year and are unable to opt out of the compulsory DRP.

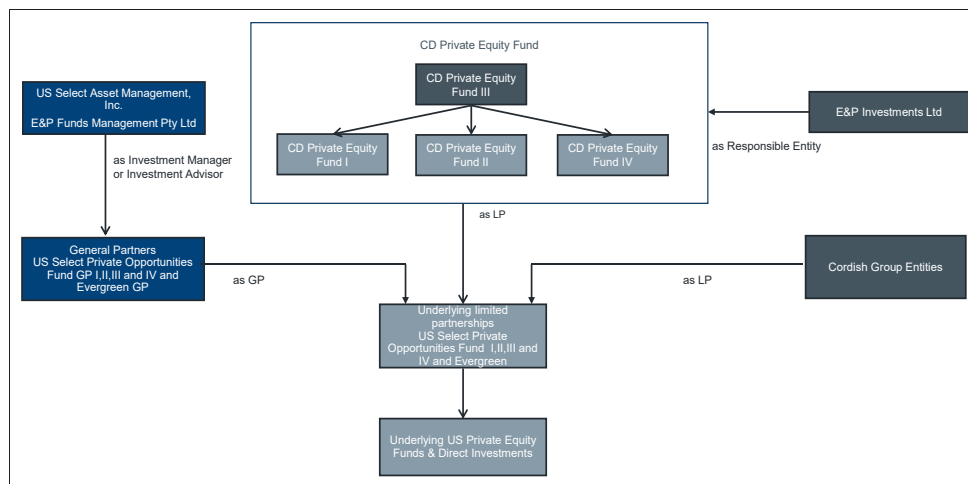
12.4 Operating structure

The Merged Fund, comprising four registered managed investment schemes, will hold investments in US based small to mid-market private equity funds through the existing Cayman Island based LPs and a new evergreen Cayman LP (Evergreen LP, which is yet to be established). The following diagram illustrates the ownership structure and management arrangements for the Merged Fund.

14. Independent Expert Report continued



Merged Fund Proposed Operating Structure



Source: E&P.

Responsible Entity

Following the implementation of the Proposal, E&P, a wholly owned subsidiary of EP1, will continue to be the Responsible Entity for the Funds.

Evergreen Limited Partnership (Evergreen LP)

The Merged Fund will retain the Funds' investments in existing Cayman Island based LPs (LP1, LP2, LP3 and LP4) and also invest in a new LP (Evergreen LP), that will be established in the Cayman Islands.

The Merged Fund will continue to employ a multi-manager style of investment where capital contributed will be applied to acquire interests in investment vehicles managed by third party fund managers. The Fund will also be able to acquire ownership in underlying private investments through co-investments with various limited partnerships or invest directly in underlying companies.

Further investments of the Merged Fund, through the Evergreen LP, will depend on prevailing market conditions and available investment opportunities. The investments will be consistent with the investment objectives and guidelines of the Evergreen LP and, subject to the investment restrictions, the underlying investments may be in any sector or region. However, the focus is expected to be on funds investing in US based operating businesses.

General Partner (GP)

Following the implementation of the Proposal, the Merged Fund will retain the existing GPs (GPI, GPII, GPIII and GPIV). The general partner of the Evergreen LP, with responsibility for selecting and managing investments of the Evergreen LP, will be a Delaware LLC. The GP is expected to be owned 42.5% by DGP Inc. (a wholly owned subsidiary of EP1) and 57.5% by two affiliates of Cordish Private Ventures.

Investment Manager

US Select Asset Management, Inc. will remain as investment manager for LP2, LP3 and LP4, and E&P Funds Management Pty Limited will remain as the investment manager of LP1. US Select Asset Management, Inc. is expected to be appointed by the GP as the Investment Manager of the Evergreen LP.

Advisory Board

There will be no advisory board for Evergreen GP and the Advisory Boards of the existing GPs will be disbanded upon implementation of the Proposal as the Responsible Entity considers that it is no longer required given the GPs and Investment Managers have increased their experience over time.



12.5 Fee structure

Responsible entity and administration fees will be the same percentage as for the existing Funds, and applied across the Merged Fund, with no double counting.

Responsible Entity and Administration Fees

	Merged Fund	Comment
Fees payable by the Merged Fund to the Responsible Entity		
as % of GAV		
Responsible Entity fee	0.08%	% of GAV of Merged Group
Administration fee	0.25%	% of GAV of Merged Group
Management fee	0.33%	
as % of NAV		
Responsible Entity fee	0.09%	% of NAV of Merged Group
Administration fee	0.28%	% of NAV of Merged Group
Management fee	0.37%	

Source: E&P.

Note: Fee based on NAV are inclusive of GST. Fee based on GAV are exclusive of GST.

Expenses of the Merged Fund, Cayman LPs and underlying US private equity funds will be recovered at cost.

The current Australian and Cayman investment management fee structures will be maintained for the existing LPs and the existing expiry dates for the Funds will remain in effect unless all capital contributions for the investment have been returned at which point the management fee will cease for that particular portfolio investment. For the Evergreen LP, the fee structure will be similar to that of Funds III and IV and will have no end date.

Investment Management Fees

	Fund I	Fund II	Fund III	Fund IV	Evergreen LP	Merged Fund	Comment
Fees payable by LP to GP							
GP fee (exclusive of GST)	nil	2.00%	1.00%	1.00%	1.00%	na ¹	Charged on committed capital
GP fee (inclusive of GST)	nil	1.22%	0.68%	0.39%	na	0.68%	as % of NAV
End date	Jun '22	Feb '23	Jul '26	Apr '28	na	na	-
Performance fee	na	na	10.0% p.a. over 8% hurdle ²	10.0% p.a. over 8% hurdle ²	10.0% p.a. over 8% hurdle ²	10.0% p.a. over 8% hurdle ²	% based on total capital contributed to the LP (and not yet returned by distribution)

Source: E&P

Notes:

- The GP fee for the Merged Fund will be a blend of the underlying GP fees for each of the general partnerships. The underlying GP fees for LP2, LP3 and LP4 will remain in place. Any new investments will be made through the Evergreen LP which will have a GP fee of 1.0% based on a per investment basis. Any committed capital in LP1 and LP2 will not be charged a GP fee following the GST expiry of GP fees in Fund II in February 2023.
- The hurdle rate is equal to a cumulative, non-compounded, pre-tax return of 8% per annum on all capital contributed to the LP (and not yet distributed to the limited partners) for LP3 and LP4, Evergreen LP is on a per investment basis. The hurdle rate references the LP, not the Fund level, and is denominated in US dollars.

12.6 Board of Directors and Investment Managers

The Investment Manager will receive the services of Jonathan Sinex, a Managing Director of Cordish Equity Partners,

Jonathan Cordish and Alex MacLachlan, existing Directors of the GPs, will continue as Directors of the GPs.

62

14. Independent Expert Report continued



The composition of the Board of the Responsible Entity for each Fund will initially be the same as it is currently.

12.7 Investment portfolio

The Merged Fund will have over \$652 million²⁶ in gross assets invested across 43 funds and 284 underlying investments.

As at 30 June 2022, total commitments to the LPs were US\$391 million and the Merged Fund's 83.0% share of this would have been US\$324.6 million. 89.0% of the funds committed to the LPs will have been called (representing US\$348.2 million of commitments) and the Merged Fund's 83.0% share of this would have been US\$294.1 million. The Evergreen LP will have no current capital commitment. Capital commitment will grow over time as the Merged Fund makes investments. The Merged Fund is expected to have a 99.9% interest in Evergreen LP.

The LPs have in turn committed a total of US\$430.3 million to the underlying fund managers, US\$360 million of which has been called. Following the realisation of investments, the LPs had remaining commitments to underlying fund managers of US\$407.5 million. The LP commitments to top 10 underlying fund managers is US\$ 255.0 million.

LP commitments to top 10 underlying managers is summarised in the following table.

LP Commitments as at 30 June 2022

Fund Managers	Industry Focus	LP Commitments (\$US million)
US Select Direct	Non industry-specific	88.0
Incline	Manufacturing, value added distribution and business services	30.0
Trinvest Fund	Manufacturing, distribution, business services and consumer	20.0
Trive Capital Fund	Non-industry specific	20.0
Tower Arch Partners	Non-industry specific	18.0
DFW Capital Partners	Healthcare, business services and industrial services	17.5
Encore Consumer Capital	Consumer products companies	17.5
NMS	Healthcare, consumer products and specialised business services	16.5
Elephant Partners	Consumer internet, mobile and software sectors	15.0
Gainline Equity Fund	Business Services, Niche Manufacturing, Consumer, Logistics and Transportation Services	12.5
Total		255.0

Source: E&P

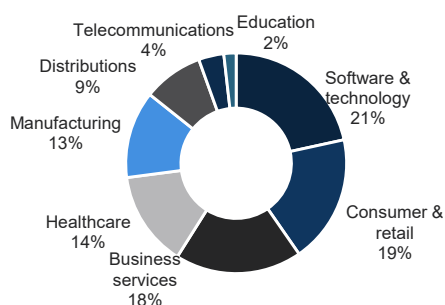
Note: Total commitments to other fund managers is US\$175.3 million.

²⁶ Exclusive of transaction costs.

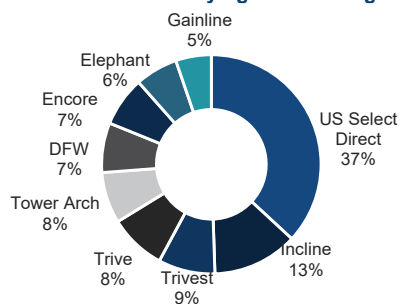


The composition of the Merged Fund's portfolio as at 30 June 2022 by asset class and underlying manager is illustrated in the following charts.

Merged Fund Portfolio Asset Allocation



LP Commitments to underlying Fund Managers¹



Source: E&P

Note 1: Commitments to top 10 underlying fund managers are displayed.

The portfolio will be diversified by asset class and manager.

12.8 Pro forma financial performance

The pro forma financial performance of the Merged Fund for the 3 months ended 30 June 2022 is summarised in the following table.

Merged Fund Pro forma Financial Performance (\$ million)

	3 months to 30 June 2022 Reviewed
Investment income	
Interest income	-
Foreign exchange (loss)/gain	0.1
Fair value movements of equity investments	22.5
Total investment income	22.7
Expenses	
Management and administration fees	(0.7)
Listing fees	(0.0)
Custody fees	(0.0)
Registry fees	(0.0)
Legal and professional fees	(0.1)
Other expenses	(0.0)
Cost of proposal	(1.0)
Synergies	0.2
Total expenses	(1.7)
Profit before income tax benefit/(expense)	21.0
Income tax benefit/(expense)	2.4
Profit after income tax benefit/(expense)	23.3

Source: E&P

The pro forma income statement is set out in Section 9.5 of the Explanatory Memorandum.

The pro forma financial performance reflects the aggregated statutory income statements of the existing Funds for the 3 months ended at 30 June 2022 and takes into account pro forma adjustments assuming the Proposal had been implemented on 1 July 2021, including \$0.2 million of listing cost savings and \$1 million costs related to Proposal. Kroll notes that actual financial performance for the six months following implementation of the Proposal will include listing costs.

14. Independent Expert Report continued



12.9 Pro forma financial position

The pro forma financial position of the Merged Fund as at 30 June 2022 is summarised as follows.

Merged Fund Pro forma Financial Position (\$ million)

	As at 30 June 2022 Reviewed
Assets	
<i>Current assets</i>	
Cash and cash equivalents	63.4
Receivables	0.1
Prepayments	(0.0)
Total current assets	63.4
<i>Non-current assets</i>	
Investments	586.2
Total non-current assets	586.2
Total assets	649.6
Liabilities	
<i>Current liabilities</i>	
Trade and other payables	17.7
Current tax liabilities	8.6
Total current liabilities	26.2
<i>Non-current liabilities</i>	
Deferred tax	23.3
Total non-current liabilities	23.3
Total liabilities	49.6
Net assets	600.1
Equity	
Unit capital	548.6
Retained earnings/(accumulated losses)	51.5
Total equity	600.1
Number of Units at period end (in millions)	267.6
NAV per Unit¹	2.24

Source: E&P

Note: NAV per Merged Fund Unit is calculated as net assets divided by the number of Units of the Merged Fund at period end.

The pro forma financial position is set out in Section 9.7 of the Explanatory Memorandum. The pro forma financial position of the Merged Fund is based on the statutory statements of financial position for the Funds as at 30 June 2022 and takes into account pro forma adjustments assuming the Proposal had been implemented on 1 July 2021. It includes a reduction in cash and retained profits of \$2.4 million (excluding GST) to fund remaining transaction costs associated with the Proposal incurred subsequent to 30 June 2022 which were not recognised in the financial statement for the 12 months to 30 June 2022. In addition, it reflects the impact of the fifth and final capital call for Fund IV which was made in July 2022 (net of the distribution).

12.9.1 Interest bearing liabilities and gearing policy

The Merged Fund will have no bank debt facilities as at 30 June 2022. The Responsible Entity does not intend for the Fund to directly undertake borrowings, however, it may borrow in certain circumstances, including to fund withdrawal offers. It is further intended that any borrowings will be limited to 10% of the total assets of the Merged Fund.

The LP may take on borrowings, as determined to be appropriate by the GP in its sole discretion, in order to acquire private investments comprising not more than 15% of the LP's aggregate capital commitments.



12.9.2 Hedging policy

The Merged Fund, through the existing Funds, will continue to be exposed to A\$/US\$ foreign exchange risk through its cash balances, its investment activities and income derived from these activities. Similar to the existing Funds, the Merged Fund will not hedge foreign exchange risk.

13 Valuation

13.1 Summary

The Conversion Ratios under the Proposal (on which the consideration for Unitholders is based) are calculated based on the 30 June 2022 NAV per Unit for each Fund. As the NAV per Unit for each Fund approximates fair value, the Conversion Ratios are, by definition, fair based on an assessment as at 30 June 2022.

NAV reflects the fair value of the underlying US private equity funds, each of which is audited by reputable accounting firms in the United States. The NAV of the Funds is calculated based on the Fund's share of the underlying funds. As part of their audit of the Funds, the auditors review the audited accounts, accounting policy and valuation approach of the underlying funds for consistency of the valuations which support the fair values.

The values adopted for financial reporting purposes are a single estimate. However, there is a range of possible outcomes that generally exist. In this respect, Kroll has adopted a range +/-2.5% around the fair value of the underlying investments recorded in the Funds' accounts as a basis for the possible range of values as at 30 June 2022. A wider range of values would result in greater overlap of the ranges of consideration per Unit and NAV per Unit. We consider that the selected range is appropriate as it recognises that a range of possible outcomes exist, without being so wide as to make our analysis meaningless.

This results in the following ranges of NAV per Unit for the existing Funds and the Merged Fund.

Range of Assessed NAV per Unit as at 30 June 2022

	Fund I		Fund II		Fund III		Fund IV		Merged Fund	
	Low ¹	High ²	Low ¹	High ²	Low ¹	High ²	Low ¹	High ²	Low ¹	High ²
Value of investments	47.5	49.9	102.1	107.3	159.7	167.9	262.4	275.8	571.6	600.9
Other assets/(liabilities)(net)	3.0	3.0	3.3	3.3	(1.6)	(1.6)	11.5	11.5	13.8	13.8
Net assets	50.5	52.9	105.4	110.6	158.0	166.2	273.9	287.3	585.4	614.7
Number of Units (millions)	36.6	36.6	52.5	52.5	72.0	72.0	117.9	117.9	267.6	267.6
NAV per Unit	\$1.38	\$1.45	\$2.01	\$2.11	\$2.20	\$2.31	\$2.32	\$2.44	\$2.19	\$2.30

Source: Kroll analysis

Notes:

1. Low end of value range reflects a value that is 2.5% below the fair value of the investments as at 30 June 2022.
2. High end of value range reflects a value that is 2.5% above the fair value of the investments as at 30 June 2022.

13.2 Value of underlying private equity investments

The unlisted partnership investments held by the Funds are valued using a 'proportionate' value method based on the proportion of the total NAV of the LP in which the Fund has an interest at the relevant balance date.

The Funds' proportionate interests in the LPs as at 30 June 2022 are summarised as follows.

Funds' Proportionate Interests in the LPs

	Fund I	Fund II	Fund III	Fund IV
LP investments as at 30 June 2022 (A\$ million)	56.9	119.9	230.0	304.4
Fund's interest in LP	85.5%	87.3%	71.2%	88.4%
Fund's share of LP investments as at 30 June 2022 (A\$ million)	48.7	104.7	163.8	269.1

Source: E&P

14. Independent Expert Report continued



Fund I Investments (\$'000)

	31 March 2022	30 June 2022	% change
Cash	8,217.2	8,544.4	4.0%
Investment in US private investment funds recorded at fair value			
DFW Capital Partners	-	-	
Encore Consumer	7,126.2	7,491.7	5.1%
FPC Small Cap Fund	2,391.2	2,713.3	13.5%
Incline Equity Partners	110.7	126.8	14.6%
KarpReilly Capital Partners	7,233.6	7,847.7	8.5%
Peppertree Capital Fund	939.5	1,020.2	8.6%
Trivest	8,967.4	9,709.5	8.3%
US Select Direct Fund	10,715.7	10,654.8	(0.6%)
Other assets	596.1	-	
Other receivables		572.4	
Total investments	46,297.6	48,680.9	5.1%

Source: E&P

Fund II Investments (\$'000)

	31 March 2022	30 June 2022	% change
Cash	15,736.7	22,072.6	40.3%
Investment in US private investment funds recorded at fair value			
Blue Point Capital Partners	2,672.0	2,931.3	9.7%
Chicago Pacific Founders Fund	35,060.6	30,494.8	-13.0%
DFW Capital Partners	-	-	-
High Road Capital Partners	5,757.2	6,185.8	7.4%
Main Post Growth Capital	8,571.8	9,627.8	12.3%
NMS Fund	3,922.0	4,449.0	13.4%
RFE Investment Partners	-	-	-
Staple Street Capital	6,243.1	6,966.5	11.6%
Tengram Capital Partners	4,421.1	3,946.6	-10.7%
Tower Arch Partners	2,380.4	2,292.1	-3.7%
Trive Capital Fund	566.1	692.6	22.3%
US Select Direct Fund	12,817.0	12,741.6	-0.6%
Other assets	1,592.4	2,284.7	43.5%
Other receivables	786.3	-	-
Total investments	100,526.7	104,685.4	4.1%

Source: E&P



Fund III Investments (\$'000)

	31 March 2022	30 June 2022	Change (%)
Cash	22,439.3	28,538.8	27.2%
Investment in US private investment funds recorded at fair value			
DFW Capital Partners	3,880.3	3,546.9	(8.6%)
Elephant Partners	16,832.6	13,362.1	(20.6%)
Encore Consumer Capital Fund	5,990.4	7,060.1	17.9%
Gemspring Capital Fund	14,836.3	23,995.1	61.7%
Growth Street Partners	7,476.3	5,639.1	(24.6%)
Incline Equity Partners	5,829.4	7,461.8	28.0%
Luminate Capital Partners	5,197.1	5,546.9	6.7%
NMS Fund	12,399.4	12,948.4	4.4%
PeakSpan Capital Growth Partners	7,254.4	6,718.2	(7.4%)
Smartsheet	605.4	376.7	(37.8%)
Telescope Partners	8,007.2	11,318.6	41.4%
Trive Capital Fund	5,361.3	5,605.2	4.5%
Bertram Growth Capital	7,047.1	6,294.1	(10.7%)
US Select Direct II	37,209.0	38,215.7	2.7%
Other assets	456.1	494.1	8.3%
Due to DFW Capital	-	(10.4)	-
Accrued performance fees	(12,100.0)	(13,354.0)	10.4%
Total investments	148,721.7	163,757.4	10.1%

Source: E&P

Fund IV Investments (\$'000)

	31 March 2022	30 June 2022	Change (%)
Cash	37,865.7	41,739.9	10.2%
Investment in US private investment funds recorded at fair value			
Astra Partners	7,267.1	7,759.6	6.8%
CORE Industrial Partners	46,959.3	34,602.6	(26.3%)
Elephant Partners	21,246.4	24,991.8	17.6%
Gainline Equity Fund	21,351.8	18,904.5	(11.5%)
Nosara Capital Fund	33,780.6	31,393.8	(7.1%)
Quad Partners	7,526.5	7,718.9	2.6%
Trivest Fund	10,822.9	13,425.3	24.0%
US Select Direct Private Equity	54,596.0	56,094.2	2.7%
Wavecrest Growth Partners	20,881.3	22,112.3	5.9%
Incline Elevate Fund	9,254.4	11,399.0	23.2%
Tower Arch Partners	6,472.1	6,879.6	6.3%
Rucker Park Capital	3,828.2	4,203.0	9.8%
Other receivables	-	107.6	-
Prepaid investment management fees	99.1	-	-
Accrued performance fees	(13,783.3)	(12,227.8)	(11.3%)
Total investments	268,167.9	269,104.2	0.3%

Source: E&P

The Responsible Entity noted the following in relation to the movement in the valuations received from the underlying private investment managers between 31 March 2022 and 30 June 2022:

- there were both positive and negative revaluations, with the majority of investments stable and growing revenues;
- 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, 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

14. Independent Expert Report continued



investments, and the next few years may prove to be difficult for companies that are not well funded. CD Funds has 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 generally look through the recent public market correction, a reflection of funding levels and underlying fundamentals – the majority of recent feedback indicates that inflation and wage costs are being passed through. Good private companies are still commanding strong valuations and we anticipate that liquidity events will continue. Although the expectation is that the pace of realisations will be significantly slower than 2H21 and FY22; and
- gains have been a reflection of strong revenue growth and in some cases positive multiple expansion as realisation events progress. There were also a number of investments, in particular on-line consumer, tech or early-stage private equity that have been marked down. These revaluations are likely due to dramatic changes in public market multiples or comparable private company transactions or a higher risk environment and managers have revalued accordingly. There are also a handful of investments that through their realisation process are listed on public markets, so marking to market through this volatile period has also resulted in some negative variance in valuations, with partial recoveries in share prices in some investments since 30 June 2022.

13.3 Valuation Policy for the Funds and LPs

The LPs hold investments predominately in US private investment funds, and the LPs adopt a similar fair value measurement basis, based on the proportionate interest they hold in the most recent reported total NAV of the respective investment funds. As part of their audit of the Funds, the auditors review the audited accounts, accounting policy and valuation approach of the underlying funds for consistency of the valuations which support the fair values.

13.4 Valuation Policy for the Underlying US Private Equity Funds

The underlying investment funds typically invest in US unlisted equity investments with fair values determined by the fund managers on a quarterly basis utilising market or income-based valuation techniques, which may involve the use of unobservable inputs such as discount rate and earnings multiple. We note that there are inherent difficulties with valuing private equity interests accurately at different stages of the business life cycle, however, the fund managers and auditors are required to follow AICPA guidance, “Valuation of Portfolio Company Investments of Venture Capital and Private Equity Funds and Other Investment Companies – Accounting and Valuation Guide.” This guidance provides investment companies that invest in equity and debt instruments of portfolio companies with:

- an overview and understanding of the valuation process and the roles and responsibilities of the parties to the process; and
- best practice recommendations for complying with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 946, Financial Services—Investment Companies, and applying FASB ASC 820, Fair Value Measurement.

Each of the underlying funds has a 31 December year end. At year end, the valuations to determine fair value of the underlying investments performed by the fund managers are reviewed externally and the accounts, as stated previously, are audited by reputable accounting firms in the United States.

The fund managers of the underlying private investment funds have up to three months to report unaudited financial information and up to 45 days to report quarterly valuations. As at 29 August 2022, valuations as at 30 June 2022 had been received for all but one underlying private investment fund and valuations received post 29 August 2022 were deemed not to be material.

Given the limitations that exist as to the availability of the valuations that support the underlying fair values of the US private investment funds, the reported NAV for each Fund represents the best estimate available as to the valuation of each Fund.



14 Impact on Unitholders of each Fund

14.1 Overview

Sections 8 to 11 of this report set out in detail the profile of the Funds, while Section 12 of this report sets out the profile of the Merged Fund. In order to assist Unitholders in assessing the key advantages and disadvantages of the Proposal, the following sections below set out summaries of the impact of the Proposal on the Unitholders with respect to i) portfolio exposure; ii) fee structure; iii) liquidity; and iv) NAV per equivalent Unit. The overall impact on Unitholders of each Fund is evaluated in the Summary of Opinion (Section 3) of this report.

14.2 Portfolio exposure

The following table summarises the key portfolio statistics of the Funds as at 30 June 2022, compared to the statistics of the Merged Fund.

Key portfolio metrics

	Fund I	Fund II	Fund III	Fund IV	Merged Fund
Gross assets (A\$ millions)	53.3	115.6	188.5	294.6	650.0
Number of units (millions)	36.6	52.5	72.0	117.9	267.6
NAV per unit	\$1.41	\$2.06	\$2.25	\$2.38	\$2.24
Number of underlying managers	8	12	13	12	43
Current portfolio companies	33	50	96	105	284
Average age of remaining companies	6.7 years	5.4 years	3.6 years	2.5 years	3.9 years

Source: E&P

Note: Gross assets and NAV per Unit is based on post-transaction costs.

14.3 Fee structure

The following table summarises the fee structures of the Funds, compared to the fee structure of the Merged Fund.

Fee structures

	Fund I	Fund II	Fund III	Fund IV	Merged Fund	Comment
as % of GAV						
Responsible Entity fee	0.08%	0.08%	0.08%	0.08%	0.08%	% of GAV
Administration fee	0.25%	0.25%	0.25%	0.25%	0.25%	% of GAV
as % of NAV						
Responsible Entity fee	0.09%	0.09%	0.10%	0.09%	0.09%	% of NAV ¹
Administration fee	0.27%	0.28%	0.30%	0.27%	0.28%	% of NAV
GP fee	nil	2.00%	1.00%	1.00%	na ²	Charged on committed capital
GP fee	nil	1.22%	0.68%	0.39%	0.68%	as % of NAV
End date	Jun '22	Feb '23	Jul '26	Apr '28	na	-
Performance fee	na	na	10.0% p.a. over 8% hurdle ³	10.0% p.a. over 8% hurdle ³	10.0% p.a. over 8% hurdle ³	% based on total capital contributed to the LP (and not yet returned by distribution)

Source: E&P

Notes:

1. Fee based on NAV are inclusive of GST. Fee based on GAV are exclusive of GST.
2. The GP fee for the Merged Fund will be a blend of the underlying GP fees for each of the general partnerships. The underlying GP fees for LP2, LP3 and LP4 will remain in place. Any new investments will be made through the Evergreen LP which will have a GP fee of 1.0% based on a per investment basis.
3. The hurdle rate is equal to a cumulative, non-compounded, pre-tax return of 8% per annum on all capital contributed to the LP (and not yet distributed to the limited partners) for LP3 and LP4, Evergreen LP is on a per investment basis. The hurdle rate references the LP, not the Fund level, and is denominated in US dollars.

14. Independent Expert Report continued



14.4 Liquidity

The following table summarises the liquidity framework of the Funds, compared to the liquidity framework of the Merged Fund.

Liquidity Structures

	Fund I	Fund II	Fund III	Fund IV	Merged Fund
Inception	Aug 2012	Apr 2013	Jul 2016	Apr 2018	None
Liquidity Review	None	None	None	None	7 years after merger
Liquidity offering	Exchange-based	Exchange-based	Exchange-based	No ongoing or periodic withdrawal facility	Semi-annual withdrawal offers at NAV less a Sell-Spread

Source: E&P

14.5 NAV per equivalent Unit

Based on the pro forma financial position for the Merged Fund and the Conversion Ratios, Unitholders would experience a 0.4% dilution in NAV per Unit as a result of the transaction costs associated with the Proposal.

NAV per Equivalent Unit Dilution Analysis

	Fund I	Fund II	Fund III	Fund IV	Merged Fund
NAV pre-Proposal ¹	\$1.41	\$2.06	\$2.25	\$2.38	
Conversion ratio	0.6285	0.9144	1.0000	1.0569	
NAV per equivalent Unit post-Proposal ²	\$1.41	\$2.05	\$2.24	\$2.37	\$2.24
<i>Accretion/dilution</i>	<i>(0.4%)</i>	<i>(0.4%)</i>	<i>(0.4%)</i>	<i>(0.4%)</i>	

Source: E&P, Kroll analysis.

Notes:

- Includes the impact of Fund IV's fifth and final capital call and excludes transaction costs associated with the Proposal.
- NTA per equivalent Unit post-Proposal is calculated as pro forma NAV per Unit for the Merged Fund in each case multiplied by the Conversion Ratio for each Fund.

14.6 Loan facilities

Similar to the existing Funds, the Merged Fund will have no bank debt facilities.



Appendix 1 – Kroll disclosures

Qualifications

The individuals with overall responsibility for preparing this report on behalf of Kroll are Ian Jedlin and Celeste Oakley. Ian is an Associate and Accredited Business Valuation Specialist of the Institute of Chartered Accountants Australia and New Zealand, a Senior Fellow of the Financial Securities Institute of Australia and holds a Master of Commerce. He is also a member of the Standards Review Board of the International Valuation Standards Council. Celeste holds a Bachelor of Economics, a Bachelor of Laws and a CFA designation. Both Ian and Celeste have extensive experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of independent expert's reports.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Kroll's opinion as to whether the Proposal is fair and reasonable to and in the best interests of Fund Unitholders. Kroll expressly disclaims any liability to any Fund Unitholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, Kroll has had no involvement in the preparation of the Explanatory Memorandum or any other document prepared in respect of the Schemes. As such, Kroll takes no responsibility for the content of the Explanatory Memorandum as a whole or other documents prepared in respect of the Proposal (other than this report).

Independence

Kroll considers itself to be independent in accordance with the requirements of Regulatory Guide 112 issued by ASIC on 30 March 2011. In considering independence, it is noted that Kroll does not have, and has not had within the previous two years, any business or professional relationship with E&P or any financial or other interest that could reasonably be regarded as capable of affecting our ability to provide an unbiased opinion in relation to Fund Unitholders. Kroll's only role with respect to the Proposal has been the preparation of this report.

Kroll will receive a fixed fee of \$300,000 (excluding GST and out of pocket expenses) for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Scheme Meetings. Kroll will receive no other benefit for the preparation of this report.

Declarations

E&P has provided an indemnity to us for any claims arising out of any misstatement or omission in any material or information provided to us in the preparation of this report.

During the course of this engagement, Kroll provided draft copies of this report to management of E&P for comment as to factual accuracy, as opposed to opinions, which are the responsibility of Kroll alone. Changes made to this report as a result of those reviews have not altered the methodology or opinions of Kroll as stated in this report.

The engagement has been conducted in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board (**APESB**).

Kroll is authorised by Millinium Capital Managers Limited, Australian Financial Services License no. 284336, to provide the following financial services as their Corporate Authorised Representative:

- provide financial product advice in respect of the following classes of financial products:
- interests in managed investment schemes including investor directed portfolio services; and
- securities;

with respect to retail clients and wholesale clients.

Consents

Kroll consents to the inclusion of this report in the form and context in which it is included in the Explanatory Memorandum to be issued to Fund Unitholders. Neither the whole nor any part of this report or its

14. Independent Expert Report continued



attachments or any reference thereto may be included or attached to any other document without the prior written consent of Kroll as to the form and context in which it appears.



Appendix 2 – Limitations and reliance on information

Limitations and reliance on information

Kroll's opinion is based on prevailing economic, market, business and other conditions at the date of this report and corresponds with a period of continued uncertainty associated with the COVID-19 pandemic, in the escalation of the Russia-Ukraine conflict and emerging global energy crisis. To the extent possible, we have reflected these conditions in our opinion. However, the factors impacting these conditions continue to evolve and can change over relatively short periods of time. The impact of any subsequent changes in these conditions on the global economy and financial markets generally, and the assets being valued specifically, could impact upon value in the future, either positively or negatively. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

Our report is also based on financial and other information provided by E&P. E&P has been responsible for ensuring that information provided by it and its representatives is not false or misleading or incomplete. E&P has represented in writing to Kroll that to its knowledge, the information provided is complete and not incorrect or misleading in any material respect. Complete information is deemed to be information which at the time of completing this report should have been made available to Kroll and would have reasonably been expected to have been made available to Kroll to enable us to form our opinion. We have no reason to believe that any material facts have been withheld from us.

In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying such information. Nothing in this report should be taken to imply that Kroll has in any way carried out an audit of the books of account or other records of the Funds for the purposes of this report. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles including the Australian equivalents to International Financial Reporting Standards, as applicable.

In addition, we have also had discussions with E&P in relation to the nature of the business operations, specific risks and opportunities, historical results of the Funds and prospects for the foreseeable future. This type of information has been evaluated through analysis, inquiry and review to the extent considered necessary or practical as part of the information used in forming our opinion is comprised of the opinions and judgements of management. Kroll does not warrant that its procedures and inquiries have identified all matters that a more extensive analysis might disclose as they did not include verification work nor an audit or review engagement in accordance with standards issued by the Auditing and Assurance Standards Board or equivalent body.

An important part of the information used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. Such information is often not capable of external verification or validation.

The statements and opinions included in this report are given in good faith and in the belief that such statements and opinions are not false or misleading.

Disclosure of information

In preparing this report, Kroll has had access to all financial information considered necessary in order to provide the required opinion.

Sources of information

In preparing this report we have been provided with and considered the following sources of information:

Publicly available information

- Explanatory Memorandum;
- results presentations and annual reports for the Funds for FY20 to FY22;
- ASX announcements, press releases, media and analyst presentations and other public filings by the Funds including information available on its website;
- recent press articles regarding the Funds;
- information sourced from S&P Capital IQ;

14. Independent Expert Report continued



Non-public information

- E&P Board papers and other internal briefing papers prepared by E&P in relation to the Proposal; and
- other confidential documents, presentations and workpapers.

In addition, we have had discussions with, and obtained information from, senior management of E&P.



Appendix 3 – Summary of impact of Proposal on each Fund

Fund I

Metric	Section reference	Fund I	Merged Fund	Impact of proposal
Portfolio statistics				
Gross assets (\$ million)	13.2	53.3	652.0	Greater scale and reduced exposure to risks associated with specific investments and managers
Number of underlying managers	13.2	8	43	
Average age of companies invested (years)	13.2	6.7	3.9	Exposure to younger companies with higher potential growth
Sector Allocation (committed capital) (%)				
Consumer & retail	13.2	36.2%	18.5%	
Business services	13.2	24.3%	18.5%	
Manufacturing	13.2	10.8%	12.7%	
Healthcare	13.2	10.8%	13.9%	Greater sector diversification, with an increased exposure to software and technology
Distribution	13.2	9.4%	8.8%	
Telecommunications	13.2	4.6%	3.7%	
Software & technology	13.2	4.0%	22.1%	
Education	13.2	0.0%	1.8%	
Fee structure				
Responsible Entity fee (as % of GAV)	13.3	0.08%	0.08%	No change
Administration fee (as % of GAV)	13.3	0.25%	0.25%	No change
Responsible Entity fee (as % of NAV)	13.3	0.09%	0.09%	No change
Administration fee (as % of NAV)	13.3	0.27%	0.28%	Administration fee is slightly higher for Fund I based on the NAV of the Merged Fund
GP fee (as % of committed capital)	13.3	0.00% ¹	1.00%	The new Evergreen LP will have a GP fee of 1.0%. The blended GP fee across the series is 0.68% on the NAV of the Merged Fund.
GP fee (as % of NAV)	13.3	0.00% ¹	0.68%	
LP Performance fee	13.3	N/A	10% pa over 8% hurdle	LP3, LP4 and the new Evergreen LP will have a performance fee of 10% over 8% hurdle on a per investment basis. Fund I investors will have an exposure to the performance fee of LP3, LP4 and the Evergreen LP.
Liquidity				
Liquidity Review	13.4	None	7 years after merger	
Liquidity offering	13.4	Exchange-based	Semi-annual withdrawal offers at at NAV less the Sell Spread	Liquidity may be provided through withdrawal offers. The price for withdrawal offers will be at NAV (less the Sell Spread) compared to a current 35.0% trading discount to NAV. Fund I investors currently receive ad-hoc distributions from net asset sales at NAV, however if they wanted to sell their entire position it would likely be at a significant discount to NAV. Fund I investors will have continued exposure to the private equity asset class via the Merged Fund. In its current format, Fund I is expected to reach a sub-optimal size within the next few years as its underlying investments are sold. When the portfolio reaches this stage of maturity, it will need to be delisted and the final assets may take considerable time to be sold and capital returned to investors.

Notes:

1. GP fee for Fund I expired in June 2022.
2. Gross assets is based on pre-transaction costs.

14. Independent Expert Report continued



Fund II

Metric	Section reference	Fund II	Merged Fund	Impact of proposal
Portfolio statistics				
Gross assets (\$ million)	13.2	115.6	652.0	Greater scale and reduced exposure to risks associated with specific investments and managers
Number of underlying manager:	13.2	12	43	
Average age of companies invested (years)	13.2	5.4	3.9	Exposure to younger companies with higher potential growth
Sector Allocation (committed capital) (%)				
Consumer & retail	13.2	24.5%	18.5%	Greater sector diversification, with an increased exposure to software and technology
Business services	13.2	22.5%	18.5%	
Manufacturing	13.2	14.1%	12.7%	
Healthcare	13.2	22.7%	13.9%	
Distribution	13.2	9.5%	8.8%	
Telecommunications	13.2	2.0%	3.7%	
Software & technology	13.2	4.7%	22.1%	
Education	13.2	-	1.8%	
Fee structure				
Responsible Entity fee (as % of GAV)	13.3	0.08%	0.08%	No change
Administration fee (as % of GAV)	13.3	0.25%	0.25%	No change
Responsible Entity fee (as % of NAV)	13.3	0.09%	0.09%	No change
Administration fee (as % of NAV)	13.3	0.28%	0.28%	No change
GP fee (as % of committed capital)	13.3	2.00% ¹	1.00%	The new Evergreen LP will have a GP fee of 1.0% on committed capital. The blended GP fee across the series is 0.68% of the NAV of the Merged Fund.
GP fee (as % of NAV)	13.3	1.22%	0.68%	
LP Performance fee	13.3	N/A	10% pa over 8% hurdle	LP3, LP4 and the new Evergreen LP will have a performance fee of 10% over 8% hurdle on a per investment basis. Fund II investors will have an exposure to the performance fee of LP3, LP4 and the Evergreen LP.
Liquidity				
Liquidity Review	13.4	None	7 years after merger	Liquidity may be provided through withdrawal offers. The price for withdrawal offers will be at NAV (less the Sell Spread) compared to a current 38.3% trading discount to NAV. Fund II investors currently receive ad-hoc distributions from net asset sales at NAV, however if they wanted to sell their entire position it would likely be at a significant discount to NAV. Fund II investors will have continued exposure to the private equity asset class via the Merged Fund. In its current format, Fund II is expected to reach a sub-optimal size within the next few years as its underlying investments are sold. When the portfolio reaches this stage of maturity, it will need to be delisted and the final assets may take considerable time to be sold
Liquidity offering	13.4	Exchange-based	Semi-annual withdrawal offers at NAV less the Sell Spread	

Notes:

- GP fee for Fund II will expire in February 2023.
- Gross assets is based on pre-transaction costs.



Fund III

Metric	Section reference	Fund III	Merged Fund	Impact of proposal
Portfolio statistics				
Gross assets (\$ million)	13.2	188.5	652.0	Greater scale and reduced exposure to risks associated with specific investments and managers
Number of underlying managers	13.2	13	43	
Average age of companies invested (years)	13.2	3.6	3.9	Exposure to US PE Funds with more consistent cashflow profiles
Sector Allocation (committed capital) (%)				
Consumer & retail	13.2	17.1%	18.5%	
Business services	13.2	20.3%	18.5%	
Manufacturing	13.2	10.1%	12.7%	
Healthcare	13.2	17.6%	13.9%	Greater sector diversification, with an increased exposure to software and technology
Distribution	13.2	8.5%	8.8%	
Telecommunications	13.2	-	3.7%	
Software & technology	13.2	26.4%	22.1%	
Education	13.2	-	1.8%	
Fee structure				
Responsible Entity fee (as % of GAV)	13.3	0.08%	0.08%	No change
Administration fee (as % of GAV)	13.3	0.25%	0.25%	No change
Responsible Entity fee (as % of NAV)	13.3	0.10%	0.09%	Slight decrease on a NAV basis
Administration fee (as % of NAV)	13.3	0.28%	0.28%	No change
GP fee (as % of committed capital)	13.3	1.00% ¹	1.00%	The new Evergreen LP will have a GP fee of 1.0% on committed capital. The blended GP fee across the series is 0.68% of the NAV of the Merged Fund.
GP fee (as % of NAV)	13.3	0.68%	0.68%	
LP Performance fee	13.3	10% over 8% hurdle	10% pa over 8% hurdle	The new Evergreen LP will have a performance fee of 10% over 8% hurdle on a per investment basis. The blended performance fee will be slightly lower for investors in Fund III initially as LP1 and LP2 do not have performance fees.
Liquidity				
Liquidity Review	13.4	None	7 years after merger	
Liquidity offering	13.4	Exchange-based	Semi-annual withdrawal offers at at NAV less the Sell Spread	Liquidity may be provided through withdrawal offers. The price for withdrawal offers will be at NAV (less the Sell Spread) compared to a current 36.0% trading discount to NAV. Fund III investors currently receive ad-hoc distributions from asset sales at NAV, however if they wanted to sell their entire position it would likely be at a significant discount to NAV. Fund III investors will have continued exposure to the private equity asset class via the Merged Fund.

Notes:

- GP fee for Fund III will expire in May 2026.
- Gross assets is based on pre-transaction costs.

14. Independent Expert Report continued



Fund IV

Metric	Section reference	Fund IV	Merged Fund	Impact of proposal	
Portfolio statistics					
Gross assets (\$ million)	13.2	294.6	652.0	Greater scale and reduced exposure to risks associated with specific investments and managers	
Number of underlying managers	13.2	12	43		
Average age of companies invested (years)	13.2	2.5	3.9	Exposure to US PE Funds with more consistent cashflow profiles	
Sector Allocation (%)					
Consumer & retail	13.2	13.7%	18.5%		
Business services	13.2	14.7%	18.5%		
Manufacturing	13.2	14.2%	12.7%		
Healthcare	13.2	8.5%	13.9%	Greater sector diversification, with an increased exposure to software and technology	
Distribution	13.2	8.5%	8.8%		
Telecommunications	13.2	6.6%	3.7%		
Software & technology	13.2	29.7%	22.1%		
Education	13.2	4.1%	1.8%		
Fee structure					
Responsible Entity fee (as % of GAV)	13.3	0.08%	0.08%		No change
Administration fee (as % of GAV)	13.3	0.25%	0.25%	No change	
Responsible Entity fee (as % of NAV)	13.3	0.09%	0.09%	No change	
Administration fee (as % of NAV)	13.3	0.27%	0.28%	Slight increase on NAV basis	
GP fee (as % of committed capital)	13.3	1.00% ¹	1.00%	The new Evergreen LP will have a GP fee of 1.0% on committed capital. The blended GP fee across the series is 0.648% of the NAV of the Merged Fund	
GP fee (as % of NAV)	13.3	0.39%	0.68%		
LP Performance fee	13.3	10% over 8% hurdle	10% pa over 8% hurdle	The new Evergreen LP will have a performance fee of 10% over 8% hurdle on a per investment basis.	
Liquidity					
Liquidity Review	13.4	None	7 years after merger		
Liquidity offering	13.4	No ongoing or periodic redemption facility	Semi-annual withdrawal offers at at NAV less the Sell Spread	Liquidity may be provided through withdrawal offers. The price for withdrawal offers will be at a 2.5% discount to NAV compared to no liquidity options. Fund IV investors will have continued exposure to the private equity asset class via the Merged Fund.	

Notes:

- GP fee for Fund IV will expire in March 2028.
- Gross assets is based on pre-transaction costs.



Appendix 4 – Fee comparison with other listed funds

	CD Private Equity Fund	Partners Group Global Value Fund	Pengana Private Equity Trust	Schroder Specialist Private Equity
Security	na ¹	ETL0277AU	PE1	SCH0038AU
Responsible Entity Fee	0.09% of NAV	Included in Investment Manager Fee	Included in Investment Manager Fee	Included in Investment Manager Fee
Administration Fee	0.28% of NAV	Included in Investment Manager Fee	Included in Investment Manager Fee	Included in Investment Manager Fee
Investment Manager Fee	0.68% of NAV	1.75% of NAV	1.25% of NAV	1.48% of NAV
Other Expenses	0.50% of NAV	Included in Investment Manager Fee	Estimated Secondaries Management and Carried Interest Rates: 0.02% of NAV	Included in Investment Manager Fee
Indirect Costs	0.77% of NAV	1.14% of NAV	Estimated Indirect Costs: 1.15% of NAV	Estimated Indirect Costs: 0.92% of NAV
Total Ongoing Costs (pre Performance Fee)	2.32% of NAV	2.89% of NAV	2.42% of NAV	2.40% of NAV
Performance Fee	10% of return above 8% p.a. hurdle for LP III and LP IV. Future Evergreen LP investments based on same calculation but on a per investment basis. Performance fees charged by US underlying managers are deducted from the assets of the underlying US PE Funds.	The Investment Manager does not charge a performance fee directly, however a performance fee is payable in the Underlying Fund and this is reflected in the indirect costs.	20% of the Trust's return above 8% p.a. hurdle (subject to the NAV being greater than the Trust's High Water Mark).	The Fund does not presently charge a performance fee (however under the Constitution is entitled to charge a performance fee of up to ~34%). Performance fees charged by interposed vehicles are generally deducted from the assets of the interposed vehicle as and when incurred.

Note:

Security name to be determined after delisting.

Fees are inclusive of GST.



Appendix 5 – Valuation methodologies

The purpose of the valuation methodology adopted is, in the absence of direct market evidence, to provide an estimate of value using methodologies that rely on other sources of evidence. Consistent with International Valuation Standards, valuation methodologies applicable to assets or businesses can be categorised under three approaches: market approach, income approach and cost approach.

These approaches have application in different circumstances. The decision as to which approach to adopt will depend on various factors including the availability and quality of information, the maturity of the business and the actual practice adopted by purchasers of the type of asset or business involved.

Market approach

The market approach is based on comparing the asset or business to identical or comparable assets or businesses for which there is available price information. It is commonly adopted where:

- the asset or business or similar assets or businesses are actively publicly traded (**market comparable methodology**);
- there are frequent and/or observable transactions in comparable assets or businesses (**comparable transactions methodology**); and
- there is substantial operating history and a consistent earnings trend.

The market comparable methodology indicates the value of a business by comparing it to publicly traded companies in similar lines of business. An analysis of the trading multiples of comparable companies yields insight into investor perceptions and, therefore, the value of the subject company. The multiples are evaluated and compared based on the relative growth potential and risk profile of the subject company vis-à-vis the publicly traded comparable companies. The multiples derived for comparable quoted companies are generally based on security prices reflective of the trades of small parcels of securities. As such, multiples are generally reflective of the prices at which portfolio interests change hands.

The comparable transaction methodology indicates value based on exchange prices in actual transactions. This process essentially involves the comparison and correlation of the subject company with other similar businesses recently sold or currently offered for sale. Considerations such as timeframe of transaction, premiums, and conditions of sale are analysed, and the observed transaction multiples are subjectively adjusted to indicate a value for the subject company.

A key step in both methods is determining the appropriate Unit of comparison. In a business valuation common Units of comparison include, revenue, EBITDA, EBIT, net profit after tax and book values. The choice will typically depend on the industry and characteristics of the subject asset.

Rule-of-thumb valuation benchmarks are sometimes considered to be an application of the market approach. They generally should not be given substantial weight unless market participants place particular reliance on them.

Income approach

Under an income approach the value of an asset is determined by converting future cash flows to a current value. It is commonly adopted when:

- the income producing ability is the critical element affecting value from a market participant perspective;
- future cash flows can be estimated on a reasonable basis; and
- there is not a substantial operating history or there is a variable pattern of cash flow or the asset has a finite life.

The most common methodology adopted is the discounted cash flow (**DCF**) methodology. It has a strong theoretical basis and benefits by explicitly estimating future cash flows, allowing it to be used in a variety of circumstances, whether that be a start-up or an established business. It also allows for various scenarios and/or sensitivities to be modelled. Under a DCF methodology, forecast cash flows are discounted back to the valuation date resulting in a present value for the asset. Where there is an explicit forecast period a terminal value will typically be included, representing the value of the asset at the end of this period, which is also discounted back to the valuation date to give an overall value for the business. The rate at which the future cash flows are discounted (the discount rate) should reflect not only the time value of money, but also



the risk associated with the asset or business' future operations. Whilst discount rates are generally determined from observable data, substantial judgement is required in their determination. Further, the cash flows themselves also require considerable judgement in their preparation, placing significant importance on the quality of the underlying cash flow forecasts and the determination of an appropriate discount rate in order for a DCF methodology to produce a sensible valuation figure.

DCF's can also be extremely sensitive to what may be considered small changes in various assumptions and the longer the forecast period the more difficult it is in general to forecast cash flows with sufficient reliability. As such, it is important to adequately understand the basis and risks associated with the various assumptions used to derive the cash flow forecasts and recognise the impact it can have on resulting values including the value range. Notwithstanding, DCF methodologies are widely used and benefit from the rigour associated with the preparation of future cash flows.

Cost approach

Under a cost approach the value of an asset is determined having regard to the cost to replace or reproduce the asset. The most common methodologies include:

- the replacement cost;
- the reproduction cost method; and
- the summation method.

A cost based approach is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies, private equity funds).

A premium is added, if appropriate, to the marked-to-market net asset value, reflecting the profitability, market position and the overall attractiveness of the business. The net asset value, including any premium, can be matched to the 'book' net asset value, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies.

A net asset approach is also useful as a cross-check to assess the relative riskiness of the business (e.g. through measures such as levels of tangible asset backing).



Part Two – Financial Services Guide

What is an FSG?

This Financial Services Guide (“FSG”) is an important document that provides you with information to help you decide whether to use our financial services.

This FSG contains information on:

- who we are;
- who our authorised representatives are;
- how we can be contacted;
- certain financial services that we can offer you;
- how we, our authorised representatives and other parties involved in providing the financial services are paid in relation to the financial services we offer; and
- details of how you can make a complaint about us or the financial services we provide.

Who we are?

Kroll Australia Pty Ltd (ACN 116 738 535), (“We”, “us” and “Kroll”) is authorised to provide retail financial services on behalf of Millinium Capital Managers Limited (ACN 111 283 357) (“Millinium”), Australian Financial Services License (“AFSL”) no. 284336, as a Corporate Authorised Representative (“CAR”). We have also appointed Mr. Ian Jedlin as an authorised representative to Millinium’s AFSL (our “Authorised Representative”). All authorised representatives of Kroll are authorised representatives of Millinium. We aim to provide quality financial products and services to investors. Kroll acts on its own behalf when providing financial services.

Kroll has been engaged by E&P as responsible entity for the CD Private Equity Series (“Client”) to prepare an independent expert’s report (“Report”) in connection with the proposed merger of funds comprising the CD Private Equity Series.

Our details

Kroll Australia Pty Ltd
Level 32, 85 Castlereagh St
SYDNEY
NSW 2000
www.kroll.com
Ph: 02 8286 7200

Our Authorised Representative

Ian Jedlin
ASIC authorised representative: No. 000404117
Level 32, 85 Castlereagh St, SYDNEY, NSW 2000

Authorised Financial Services

Kroll is authorised by Millinium to provide the following financial services as their CAR:

- provide financial product advice in respect of the following classes of financial products:
 - interests in managed investment schemes including investor directed portfolio services; and
 - securities,
- with respect to retail clients and wholesale clients.

This FSG only relates to the provision of general advice by Kroll.

Personal Advice

Neither we nor our authorised representatives can provide you with personal advice. Personal advice is advice that takes into account your objectives, financial situation and needs. Where you are referred to a financial planner for personal advice, they will make reasonable enquiries to understand your personal objectives, financial situation and needs. Their personal advice, and any relevant warnings, will be provided to you in their Statement of Advice (“SOA”).

Remuneration

Kroll charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay Kroll \$300,000 (excluding GST and out of pocket expenses) for preparing the Report. Kroll and its officers, representatives, related entities and associates (“Personnel”) will not receive any other fee or benefit in connection with the provision of the Report. All Personnel that provide general advice on our behalf in providing services are on contract to us and receive a salary or payments in accordance with their respective contracts. They may also receive a bonus, but it is not related to the general advice provided in the Report.

Kroll may provide professional services, including consultancy, business intelligence, transfer pricing and financial advisory services, to the person who engaged us and receive fees for those services Kroll and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.



No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaint Redressal

If you have a complaint, please let either Kroll or the Authorised Representative know. Formal complaints should be sent in writing to Complaints Officer, Kroll, Level 32, 85 Castlereagh St, SYDNEY, NSW 2000. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 8286 7227 and they will assist you in documenting your complaint. If the complaint cannot be settled in the first instance by Kroll, you should contact Millinium via the contact details set out below:

In writing:

Dispute Resolution Officer
Millinium Capital Managers Limited
GPO Box 615
Sydney, NSW, 2000

When your complaint is received by Millinium it will be entered onto Millinium's complaints register. All details of the complaint will be sent to the Disputes Resolution Officer who will investigate the circumstances of the complaint. If the Disputes Resolution Officer is unable to reach a satisfactory resolution of the complaint within thirty (30) business days of receipt, you should contact Australian Financial Complaints Authority ("AFCA"). The details are:

In writing:

<https://www.afca.org.au/make-a-complaint>

Telephone

1300 56 55 62 (local call rate)

Email

info@afca.org.au

Website

www.afca.org.au

Please note that AFCA can currently only deal with claims for compensation up to \$1,085,000. Monetary limits and the AFCA terms of reference do change from time to time. Current details can be obtained from the AFCA website listed above.

15

Glossary

15. Glossary

CD Private Equity Fund or the Merged Fund	Fund III, as it will be following the proposed acquisition of all of the Units in Fund I, Fund II and Fund IV by way of a trust scheme of arrangement from the Scheme Participants, to form a single unlisted trust
A\$ or \$	Australian dollars
Advisory Boards	The Advisory Boards of the general partners
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Board	Board of E&P Investments Limited, the Responsible Entity
Buy Spread	The Responsible Entity's reasonable estimate of the costs of buying assets of the Fund in connection with an issue of Units, which may be zero
CD Private Equity Fund Series	Fund I, Fund II, Fund III and Fund IV collectively
CEP	Cordish Equity Partners
Conditions Precedent	The conditions precedent to the implementation of the Scheme as set out in the Scheme Implementation Deed, including the passage of the necessary resolutions, the grant of judicial advice and the issue of certain regulatory relief and confirmations
Constitution	The constitution of the relevant Fund
Conversion Ratio	The number of Units in the Merged Fund a Unitholder would receive for each Unit they own in one of the Funds
Cordish Companies	The Cordish Companies and its subsidiaries
Court	The Supreme Court of New South Wales
Delisting Date	The date on which Fund III (renamed as CD Private Equity Fund) ceases to be listed on ASX
Directors	The board of directors of the Responsible Entity
DRP	Distribution Reinvestment Plan
E&P/E&PIL	E&P Investments Limited (ACN 152 367 649) (AFSL 410 433)
E&PFM	E&P Funds Management Pty Limited (ACN 159 902 708)
EP1	E&P Financial Group Limited
Evergreen General Partner or Evergreen GP	The Delaware LLC to act as GP for the Evergreen LP
Evergreen LP or LP	A new Cayman Islands limited partnership which is expected to be established on similar terms to the existing LPs

15. Glossary continued

First Judicial Advice	Confirmation from the Court under section 63 of the Trustee Act 1925 (NSW) that (among other things): <ul style="list-style-type: none"> - the Responsible Entity would be justified in convening the Meetings for the purposes of considering the proposed Resolutions; and - subject to the relevant Unitholders passing the proposed Resolutions, the Responsible Entity would be justified in proceeding on the basis that amending the Constitutions as set out in the relevant Supplemental Deeds would be within the powers of alteration conferred by the relevant Constitutions and section 601GC of the Corporations Act.
Foreign Sale Facility	The foreign sale facility under which the Foreign Unitholders will have the Merged Fund Units which would otherwise have been issued to them issued instead to, and subsequently sold by, the Sale Nominee
Foreign Unitholder	A holder of units in Fund I, Fund II or Fund IV with an address on the Register other than in Australia or New Zealand
Fund	Fund I, Fund II, Fund III and Fund IV individually
Fund I	CD Private Equity Fund (ARSN 158 625 284)
Fund II	CD Private Equity Fund II (ARSN 162 057 089)
Fund III	CD Private Equity Fund III (ARSN 612 132 813)
Fund IV	CD Private Equity Fund IV (ARSN 624 474 531)
Funds	Fund I, Fund II, Fund III and Fund IV collectively
General Partner I or GPI	U.S. Select Private Opportunities Fund GP, LLC
General Partner II or GPII	U.S. Select Private Opportunities Fund II GP, LLC
General Partner III or GPIII	U.S. Select Private Opportunities Fund III GP, LLC
General Partner IV or GPIV	U.S. Select Private Opportunities Fund IV GP, LLC
General Partners or GPs	Evergreen GP, GPI, GPII, GPIII and GPIV together.
GST	The value added tax, if any, on goods and services and other things payable in accordance with the GST Act or another relevant and applicable legislation or law in Australia
Hurdle Rate	<p><u>LPIII and LPIV</u></p> <p>Minimum rate of return for the GPs' entitlement to the performance fee equal to a cumulative, non- compounded, pre-tax return of 8% per annum on all capital contributed to the respective LP (and not yet returned by distribution to limited partners)</p> <p><u>Evergreen LP</u></p> <p>Minimum rate of return for the Evergreen GP's entitlement to the performance fee equal to a cumulative, non- compounded, pre-tax return of 8% per annum on a per investment basis.</p>
Investment Advisory Agreement / IAA	The investment advisory agreement between the GPs and the Investment Manager or E&PFM
Investment Manager	US Select Asset Management Inc. (formerly known as E&P Asset Management USA, Inc)
Investors	An investor in Units in the Merged Fund
Judicial Advice	The First Judicial Advice and the Second Judicial Advice
LITs	Listed Investment Trusts
LPI	U.S. Select Private Opportunities Fund, LP, a Cayman Islands exempted limited partnership
LPII	U.S. Select Private Opportunities Fund II, LP, a Cayman Islands exempted limited partnership

LPIII	U.S. Select Private Opportunities Fund III, LP, a Cayman Islands exempted limited partnership
LPIV	U.S. Select Private Opportunities Fund IV, LP, a Cayman Islands exempted limited partnership
Limited Partnerships or LPs	LP, LPI, LPII, LPIII and LPIV together
Meeting	The meeting of Unitholders of the relevant Funds convened by E&PIL.
Merged Fund	CD Private Equity Fund
NAV	Net asset value
PDS	The product disclosure statement for the CD Private Equity Fund (the Merged Fund) dated on or about the date of this Explanatory Memorandum and intended to be read in conjunction with it
Proposal	Proposed acquisition by Fund III of all of the Units in Fund I, Fund II and Fund IV by way of a trust scheme of arrangement from the Scheme Participants, to form a single unlisted trust, to be re-named the CD Private Equity Fund (the Merged Fund) and convert from a closed-ended to an open-ended unlisted unit trust structure
Record Date	Has the meaning given in Section 1. Key Dates for the Proposal
Resolutions	The resolutions set out in the notices of meeting accompanying this explanatory memorandum
Responsible Entity or RE	E&P Investments Limited (ACN 152 367 649) (AFSL 410 433)
Restructure	Fund III's conversion from a closed-ended listed trust to an open-ended unlisted unit trust structure
Sale Nominee	MA Moelis Australia Securities Pty Ltd ACN 122 781 560 (AFSL 308241)
Scheme	A trust scheme of arrangement whereby Fund III will acquire all of the Units in Fund I, Fund II, and Fund IV to form the CD Private Equity Fund (the Merged Fund)
Scheme Implementation Deed	The deed of that name dated 5 October 2022, described in section 11.2 of this Explanatory Memorandum.
Scheme Participants	Persons participating in the Scheme
Second Judicial Advice	Second Judicial Advice - Confirmation from the Court under section 63 of the Trustee Act 1925 (NSW) that (among other things), if the relevant Unitholders have approved the proposed Resolutions by the requisite majorities, the Responsible Entity would be justified in implementing the Resolutions, giving effect to the provisions of each Constitution (as amended by the relevant Supplemental Deed) and in doing all things and taking all necessary steps to put the Schemes into effect.
Sell Spread	The Responsible Entity's reasonable estimate of the costs of selling assets of the Fund in connection with a withdrawal offer.
SOI	Units on issue
Supplemental Deed	Each of the four supplemental deeds under which the amendments to the Constitutions of the Funds as described in this Explanatory Memorandum would be given effect
Transition Period	Approximate six month liquidity window where the Merged Fund will remain listed on the ASX
Transaction Costs	Costs associated with the Proposal
Units	Units in the Merged Fund
Unitholders	Holders of Units

16

Directory

16. Directory

FUND	RESPONSIBLE ENTITY & ADMINISTRATOR	UNIT REGISTRY
CD Private Equity Fund (ARSN 612 132 813) Level 32, 1 O'Connell St Sydney NSW 2000 T: 1300 454 801 info@cdfunds.com.au	E&P Investments Limited (ACN 152 367 649) (AFSL 410 433) Level 32, 1 O'Connell St Sydney NSW 2000 T: 1300 454 801 info@cdfunds.com.au	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 T: 1300 737 760 www.investorserve.com.au enquiries@boardroomlimited.com.au

This page has been left blank intentionally.

