CD PRIVATE EQUITY FUND IV

Annual Financial Report

FOR THE YEAR ENDED
31 MARCH 2023

ARSN 624 474 531

RESPONSIBLE ENTITY

E&P

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

Directory

CD Private Equity Fund IV

(ARSN 624 474 531)

Registered & Principal Office
Level 32, 1 O'Connell Street
SYDNEY NSW 2000

T 1300 454 801
F 1300 883 159
E info@cdfunds.com.au

cdfunds.com.au

Responsible Entity

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

Level 32, 1 O'Connell Street
SYDNEY NSW 2000

T 1300 454 801
F 1300 883 159
E info.funds@eap.com.au

eap.com.au

Directors

Stuart Nisbett
Peter Shear
Warwick Keneally

Secretaries

Caroline Purtell

Auditor

Deloitte Touche Tohmatsu

Quay Quarter Tower
Level 46, 50 Bridge Street
SYDNEY NSW 2000

T +61 2 9322 7000
F +61 2 9322 7001

deloitte.com.au

Unit Register

Boardroom Pty Limited

Level 8, 210 George Street
SYDNEY NSW 2000

T 1300 737 760 (Australia)
T +61 2 9290 9600 (International)
F 1300 653 459

boardroomlimited.com.au

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Report to Unitholders

For the year ended 31 March 2023

Dear Unitholders,

On behalf of the Board of the Responsible Entity (**RE**), I am pleased to provide you with the annual report on the performance of the CD Private Equity Fund IV (**Fund**) for the year ended 31 March 2023 (**FY23**).

Financial performance

Following two years of favourable macroeconomic conditions supporting strong equity markets and private equity, FY23 was a marked contrast. Most notably, inflation, which, at the beginning of FY23 was close to 8% in the US, remained high through the course of the year. At one point later in the year inflation reached a 40 year high of 9.1%, before beginning to moderate. Central banks moved quickly and, in most cases, meaningfully to try to contain inflation and these responses dominated market sentiment, resulting in a highly volatile public equity market; large moves in rates markets; and a decline in valuations for most asset classes. Performance of the Fund's investment in the US Select Private Opportunities Fund IV, L.P. (**LP**), the investment vehicle through which the Fund invests in the underlying US private investment funds (**Underlying LPs**), was positive during the period, contributing to performance of the Fund on a total return (inclusive of all costs and distributions paid to investors) post-tax Net Tangible Asset (**NTA**) basis of +6.4% for FY23. Longer-term performance has been strong, with the Fund returning 15.5% per annum since inception.

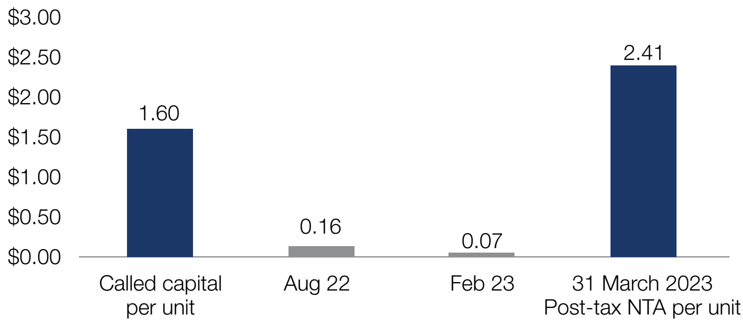
In the context of changeable markets, this year's financial results were pleasing given market conditions. The Fund's net profit was $16.2 million or 13.7 cents per Unit, compared with a profit of $70.23 million or 59.55 cents per Unit for the previous financial year (FY22). The key components of this result include substantial distributions received ($22.7 million) from the LP and a $8.2 million fair value movement gain in the Fund's investment in the LP, which includes a large unrealised foreign currency translation gain (+$31.0 million), offset by a decline in underlying asset valuations. At 31 March 2023, the Fund had pre-tax net assets of $292.1 million representing $2.48 per Unit and post-tax net assets of $284.4 million representing $2.41 per Unit.

Distributions and capital management

During July 2022 the Responsible Entity made the fifth and final capital call of 32 cents per Unit, with payment due 2 August 2022, partially offset by a 16 cent per Unit distribution announced 29 June 2022. Following this capital call, the Fund has called $1.60 (or 100%) of each Unit issued at $1.60.

Over FY23, the Fund paid two distributions of 16 cents per Unit, mentioned above, and 7 cents per Unit representing the first and second distributions from the Fund since its inception. These were paid to Unitholders in August 2022 and March 2023 respectively. The distributions gained through your investment in the Fund are shown in the graphic below, which also indicates the paid-up or called value of each Unit and the value of net tangible assets per Unit at the end of FY23. The RE declared a further estimated distribution of 8.5 cents per Unit subsequent to year-end, which is expected to be paid in June 2023.

CD4 Capital called, Distribution and Unit Value



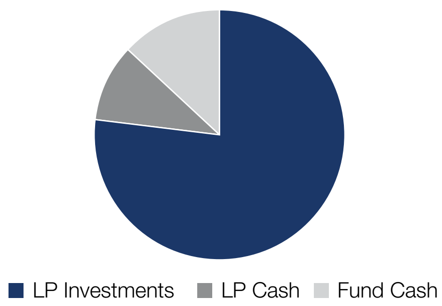
On a fully paid-up absolute return basis, investors who have held units since inception have received distributions totalling 23 cents per Unit, which with the current NTA of $2.41 per unit, represents 1.65 times the called capital of $1.60 per Unit.

Investment activity

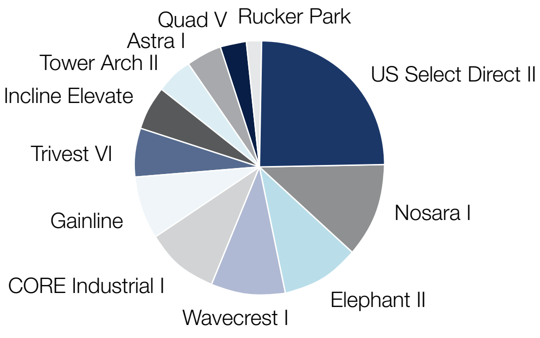
The Fund's investment objectives are to provide Unitholders with exposure to a portfolio of investments in small and mid-market private investment funds and privately held companies, predominantly in the US, to achieve capital growth over a five to ten-year investment horizon.

As at 31 March 2023 the Fund remains invested in twelve funds with many of the remaining investments well progressed. The charts below provide a snapshot of how the Fund is invested at 31 March 2023.

Look through investment exposure



LP Investments (funds, excl LP Cash)



Cash position

The following figures take into account the amendment to partnership agreement entered into on 1 April 2023 to reduce remaining callable capital to the LP. As at 31 March 2023, 86.5% of total funds committed to the LP have been called (representing US$105.6 million of commitments). The Fund's proportionate share of the capital called is approximately US$93.3 million (an 87.3% share). During the period, the LP benefitted from 13 distributions from underlying funds, which inclusive of returned capital and net of withholding tax, totalled US$20.0 million. The LP received 23 capital calls from Underlying LPs totalling US$13.5 million.

At period end the remaining potential callable capital from the Underlying LPs in which the Fund's LP invests are estimated to be just under US$28.5 million. Including cash and the remaining callable capital from the Fund, the LP has available US$36.1 million to cover future Underlying LP calls and working capital. We note: 1) capital calls from Underlying LPs have started to taper over the past twelve months, with distributions from Underlying LPs exceeding drawdowns by 75% over the past two years; and 2) there is significant remaining unrealised value in the portfolio to drive future cash distributions.

It is important to note that both the LP, which is controlled by the GP (not RE or the Fund), and the Fund are required to hold sufficient capital to meet any future working capital and capital draw-down requirements. The RE does not have control over the decisions made by the GP, including those relating to distributions. As such, the GP determines the prudent amount to distribute after meeting the LP's working capital and draw-down requirements, with the RE doing the same for the Fund.

As at 31 March 2023, there was US$19.6 million in the LP cash account (which is controlled by the General Partner), and $39.3 million in the Fund's cash account. As above, the LP's cash account is required to be used to meet potential capital calls from Underlying LPs and future working capital requirements of the LP. In a similar manner, the RE maintains cash buffers within the Fund to ensure the Fund is able to meet all its obligations when they fall due. This includes its outstanding capital call commitments from the LP as well as any operating cash flow requirements, including expenses, fees and tax payable from the Fund. The RE does not have control over the GP, so cannot control the timing of distributions from the LP to the Fund. Therefore, it is prudent for the RE to ensure sufficient cash buffers are maintained within the Fund to meet future market uncertainties. There are also US taxes to prudently provide for which remain uncertain until US taxes are finalised and lodged with the Internal Revenue Service each year, typically with a lag of 12-18 months from the end of the US tax year-end. The RE declared a further estimated distribution of 8.5 cents per unit subsequent to year-end, which is expected to be paid in June 2023.

As it has done since inception the Fund will look to pass through all surplus cash, after taking into account the above considerations, as distributions to Unitholders, which in FY23 resulted in distribution payments totalling 23 cents per Unit.

Market activity and impacts on the Fund

For the most part, FY23 was characterised by escalating central bank rates, record high inflation and an overhanging expectation that the global economy may slip into recession. This was reflected in volatile public markets that responded swiftly to economic data, any indicated and actual policy settings from the US Federal Reserve and more recently, the failure of several regional US banks and the purchase (effectively a bailout) of global bank Credit Suisse by UBS. Through all this noise there were continued realisations at the underlying LP level and several large and outsized exits that helped to generate positive gains for the Fund over FY23.

Recent data indicates a continued across-the-board slowing in the private equity market, a trend that commenced in early 2022. High inflation, interest rates, and a degree of economic uncertainty have weighed on the sector, resulting in a strong decrease in both fund capital being raised and deal flow. The economic uncertainty felt through FY23 also resulted in a disparity between what private buyers were willing to pay and what private sellers considered acceptable, despite significant uninvested capital available to the private equity industry. Anecdotally, this difference appears to be narrowing post the end of FY23. In addition, there appears to be a broadly held view that US inflation is moving slowly in the right direction and that interest rates may not need to move much higher. This sentiment spurred a rally in equity markets into and following year-end, which should ease pressure on the large asset allocators (e.g. pension and endowment funds) and, as equity valuations rise, may spur further activity across the private equity (**PE**) and venture capital space.

It is important to note that the underlying managers remain broadly optimistic about the prospects for their portfolios, but that expectations of a US recession and cost inflation has, in turn, resulted in greater uncertainty in the potential value and realisation timetable for some investments. As flagged in our FY22 letter, holding periods across the industry continue to push out, and the Fund is no exception to this, however, we continue to see positive realisations across the lower to middle market PE sector, where the Fund is invested. Notable distributions to the LP were received from Quad Partners V, L.P (various investments), U.S. Select Direct Private Equity II L.P. (Knowbe4) and Gainline Equity Fund, L.P. (Source Advisors). We remind Unitholders that the majority of underlying investments were bought at attractive multiples (well below public markets levels); most investments have grown substantially since acquisition and despite some negative valuation moves in FY23, we expect will be positioned by underlying managers for attractive exits. Also, some commentators in the private equity markets are of the view that small to mid-sized investments will perform better than larger investments as the more cautious environment is favouring smaller transaction sizes for which private credit remains available. This is far from a guarantee but provides some assurance that choosing to invest the assets of the Fund into lower to middle market funds, with a majority of managers that have historically performed well against their peers and has resulted in strong returns to date, provides some comfort that there is possibly less potential downside risk in the current environment than at the larger end of the market.

Two of the Underlying LPs that that Fund has invested in operate in the venture capital space (Nosara and Rucker Park). With a higher risk/reward profile, it should be expected that through the recent period of economic uncertainty venture capital investments have not fared as well, and this has been the case in FY23. However, we do note that the Fund's aggregate exposure to venture capital LPs (approximately 10%) remains highly accretive to overall long-term performance as at 31 March 2023.

Merger proposal and Proposal to change responsible entity

On 5 October 2022, the Responsible Entity of the Fund announced a proposed merger of the four Funds in the CD Series. It was proposed that the merger be achieved by way of a trust scheme of arrangement whereby CD3 would acquire all of the Units in CD1, CD2, and CD4 to form a single larger and more diversified fund. The proposal was to be put forward at a Unitholder meeting on 7 November 2022, however on 31 October 2022 the Responsible Entity determined not to proceed with the proposal due to Unitholder feedback and withdrew the resolutions. The Responsible Entity continues to believe that it was in the best interests of investors to recommend the merger and put it to investors for consideration.

Following the end of FY23, on 15 May 2023, E&P Investments Limited (**E&PIL**), in its capacity as responsible entity of the Fund, announced that it would present unit holders with a proposal to appoint K2 Asset Management Ltd (**K2**) as responsible entity for the Fund, replacing E&PIL. E&PIL selected K2 for this role based on a range of factors, including K2's extensive experience and expertise in the provision of responsible entity and trustee services and their competitive fee proposal and encourages all Unitholders to participate in the vote on this proposal, for which a Unitholder meeting has been scheduled on 27 June 2023.

I would like to thank Unitholders for their continued support and look forward to presenting an update on the Fund and the small-to-mid-market US-based private investment market, in which the Fund is primarily invested, at the upcoming Unitholder meeting.

Yours faithfully,

Stuart Nisbett
Independent Chair of E&P Investments Limited

31 May 2023

Manager's Report

For the year ended 31 March 2023

The LP made two distributions of US$15 million in the September 2022 quarter and US$2.5 million in the December 2022 quarter to all limited partners. The Fund's net share was US$15.4 million which resulted in distributions of 16 cents per Unit and 7 cents per Unit paid to Unitholders in August 2022 and March 2023 respectively.

The Fund made its first distributions to investors in FY23 despite a lower level of activity across the private equity market in FY23 relative to the prior period. In our view, this a reflection of the ongoing ability of Underlying LPs to realise investments, through what has been an uncertain economic environment. Valuations across Underlying LP portfolios have come down over FY23, as broader market multiples have declined.

We are pleased to provide you with a summary of the significant capital events that occurred at the Underlying LP level through FY23, including significant distributions from Quad Partners, U.S. Select Direct II and Gainline. As at 31 March 2023 there were less than 110 underlying investments remaining across underlying LPs. Over the life of the Fund Underlying LPs have made a total of 126 portfolio investments.

Underlying portfolio update

Astra Partners I, L.P. (Astra)

Astra called capital to fund an add-on investments in existing portfolio companies.

Incline Elevate Fund, L.P. (Incline)

Incline called capital for investments in Certified Collision Group (**CCG**) and NovaVision.

NovaVision is a leading manufacturer of consumable security and authentication products to help prevent counterfeiting and product tampering in markets such as electronics, government, pharmaceutical, retail, transportation, and logistics. CCG provides business development and vendor management solutions to the collision repair market.

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

Quad Partners distributed investment proceeds from three portfolio companies, inclusive of escrowed proceeds received from Hands-On Learning Solutions (Learn on Demand Systems) and SchoolAdmin Holdings, resulting in aggregate distributions of US$2.4 million to the LP.

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

Elephant Partners distributed proceeds relating to the acquisition of portfolio company KnowBe4 by Vista Equity Partners, resulting in a distribution of US$0.9 million to the LP.

Trivest Fund VI, L.P. (Trivest)

Trivest called capital to fund additional investments in three existing portfolio companies.

Wavecrest Growth Partners I L.P. (Wavecrest)

Wavecrest distributed proceeds relating to the recapitalisation of a portfolio company, resulting in a distribution of US$1.5 million to the LP. This was partially offset by a capital call to fund investment in an existing portfolio company.

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

Tower Arch called capital to fund investments in two companies, including Intelligent Technical Solutions. This was in addition to the acquisition of Sweda Company (Sweda) via portfolio company SnugZ.

Sweda is a leading wholesale supplier, merchandiser, and marketer of gifting and promotional products. The acquisition combines two promotional products industry leaders to offer customers one of the widest and most diverse product offerings in the industry.

Intelligent Technical Solutions is a leading IT managed services provider of IT, cloud, cybersecurity, VoIP phone, and fiber internet services to small and medium sized businesses.

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

CORE distributed proceeds relating to the sale of Medlit (a business that had been previously combined with TCG Legacy) and proceeds from another portfolio company, partially offset by a capital call, resulting in a distribution of US$1.2 million to the LP. This was partially offset by a capital call to fund follow-on investments in two existing portfolio companies.

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

US Select II distributed proceeds relating to the sale of KnowBe4 which was partially offset by capital calls to fund follow-on investments, resulting in net distributions of US$3.4 million to the LP.

Gainline Equity Fund, L.P. (Gainline)

Gainline distributed investment proceeds from the sale of Source Advisors, partially offset by a capital call to fund investment in Atlantic Energy (Atlantic), resulting in a net distribution of US$4.5 million to the LP.

Atlantic is an energy retailer providing electricity and natural gas through environmentally conscious value-added bundles that leverage technology to help customers reduce consumption.

Directors' Report

For the year ended 31 March 2023

The directors of E&P Investments Limited, the Responsible Entity of the CD Private Equity Fund IV (**Fund**), present their report together with the annual financial statements of the Fund for the financial year ended 31 March 2023.

Directors

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

- Stuart Nisbett (Chair)
- Warwick Keneally
- Peter Shear

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

Information on the directors:

Stuart Nisbett

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

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

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

Warwick Keneally

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

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

Peter Shear

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

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

Principal activities and significant changes in nature of activities

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

Distributions

Distributions paid during the financial year were as follows:

	2023	2022
	$	$
Distribution - 16 cents per unit paid on 19 August 2022	**18,848,884**	–
Distribution - 7 cents paid per unit paid on 10 March 2023	**8,230,374**	–
	27,079,258	–

Review and results of operations

The profit for the Fund after providing for income tax amounted to $16,151,824 (31 March 2022: $70,230,172).

The Fund has invested in a limited partnership, US Select Private Opportunities Fund IV, L.P. (**LP**) which, in turn, invests in small-to-mid market private investment funds. The LP has committed capital across 12 underlying private investment funds which focus on a range of industries including health care, business services, software businesses, and food and consumer products. For the year ended 31 March 2023, these underlying private investment funds made drawdown requests on the LP to fund their investments, management fees and operating expenses. Net drawdown requests made by the underlying private investment funds since inception to the end of the year totalled US$116.5 million.

The Fund has committed capital of US$115 million, representing an interest of 88.4% in the LP. The Fund's proportionate share of the total capital called as at 31 March 2023 was US$93.3 million (or $139.6 million).

Total comprehensive income for the year was $16,151,824 (2022: $70,230,172). The key components of this result included a $8,204,592 fair value movement gain (2022: $82,390,309 gain) on the Fund's investment in the LP and a $549,750 foreign exchange movement gain (2022: $345,243) during the year. As at 31 March 2023, the Fund had net assets of $284,359,107 (2022: $257,625,372), representing $2.41 per unit (2022: $2.18 per unit), after paying distributions of $0.23 per unit (2022: nil). To balance date, the Responsible Entity has called $1.60 (100%) per partly paid unit from the Australian investors.

The Fund had a basic and diluted earnings per unit of 13.70 cents for the year ended 31 March 2023 (2022: 59.55 cents per unit).

Events subsequent to the reporting period

On 15 May 2023, the Fund announced a proposal to appoint K2 Asset Management Ltd as responsible entity for the Fund, replacing E&P Investments Limited (**Proposal**). The proposal is to be put forward at a Unitholder meeting on 27 June 2023.

On 29 May 2023, the Fund announced an estimated distribution of $0.085 per unit payable on or around 22 June 2023.

Future developments and expected results of operations

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

Material business risks

The material business risk associated with the Fund's principal activity relates to market price risk on its interest in the LP, as disclosed in note 10(iv) and note 14(a) of the Notes to the financial statements.

Environmental regulation

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

Other relevant information

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

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

Options

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

Indemnity and insurance

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

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

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

Non-audit services

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

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

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

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

Auditor's independence declaration

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

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

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

31 May 2023

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Quay Quarter Tower
50 Bridge Street
Sydney, NSW, 2000
Australia

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

The Board of Directors
E & P Investments Limited as Responsible Entity for:
CD Private Equity Fund IV
Level 32 O'Connell Street
SYDNEY NSW 2000

31 May 2023

Dear Board Members

Auditor's Independence Declaration to CD Private Equity Fund IV

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

As lead audit partner for the audit of the financial report of CD Private Equity Fund IV for the year ended 31 March 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Carlo Pasqualini
Partner
Chartered Accountants

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2023

	NOTE	2023 $	2022 $
Investment income			
Interest income		**184,295**	3,700
Foreign exchange (loss)/gain		**(549,750)**	345,243
Fair value movements of equity investments	10	**8,204,592**	82,390,309
Total investment income		**7,839,137**	82,739,252
Expenses			
Management and administration fees	16	**(1,130,500)**	(1,001,394)
Custody fees		**(51,587)**	(45,171)
Registry fees		**(66,851)**	(22,262)
Legal and professional fees		**(346,414)**	(212,793)
Transaction costs		**(698,188)**	–
Other expenses		**(14,138)**	(52,699)
Total expenses		**(2,307,678)**	(1,334,319)
Profit before income tax benefit/(expense) for the year		**5,531,459**	81,404,933
Income tax benefit/(expense)	4	**10,620,365**	(11,174,761)
Profit after income tax benefit/(expense) for the year		**16,151,824**	70,230,172
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive income for the year		**16,151,824**	70,230,172

	NOTE	CENTS	CENTS
Basic earnings per unit	5	**13.70**	59.55
Diluted earnings per unit	5	**13.70**	59.55

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

Statement of Financial Position

As at 31 March 2023

		2023	2022
	NOTE	$	$
Assets			
Current assets			
Cash and cash equivalents	7	**39,276,958**	6,524,479
Receivables	9	**49,039**	20,015
Total current assets		**39,325,997**	6,544,494
Non-current assets			
Other financial assets	10	**253,448,439**	268,167,882
Total non-current assets		**253,448,439**	268,167,882
Total assets		**292,774,436**	274,712,376
Liabilities			
Current liabilities			
Trade and other payables	11	**702,618**	165,618
Current tax liabilities		**202,449**	3,343,545
Total current liabilities		**905,067**	3,509,163
Non-current liabilities			
Deferred tax	12	**7,510,262**	13,577,841
Total non-current liabilities		**7,510,262**	13,577,841
Total liabilities		**8,415,329**	17,087,004
Net assets		**284,359,107**	257,625,372
Equity			
Unit capital	6	**182,584,432**	144,923,263
Retained earnings		**101,774,675**	112,702,109
Total equity		**284,359,107**	257,625,372

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

Statement of Changes in Equity

For the year ended 31 March 2023

	UNIT CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
	$	$	$
Balance at 1 April 2021	144,923,263	42,471,937	187,395,200
Profit after income tax expense for the year	–	70,230,172	70,230,172
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income for the year	–	70,230,172	70,230,172
Balance at 31 March 2022	**144,923,263**	**112,702,109**	**257,625,372**

	UNIT CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
	$	$	$
Balance at 1 April 2022	144,923,263	112,702,109	257,625,372
Profit after income tax benefit for the year	–	16,151,824	16,151,824
Other comprehensive income for the year, net of tax	–	–	–
Total comprehensive income for the year	–	16,151,824	16,151,824
Transactions with unitholders in their capacity as unitholders:			
Issued capital (note 6)	37,661,169	–	37,661,169
Distributions paid (note 13)	–	(27,079,258)	(27,079,258)
Balance at 31 March 2023	**182,584,432**	**101,774,675**	**284,359,107**

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

Statement of Cash Flows

For the year ended 31 March 2023

	NOTE	2023 $	2022 $
Cash flows from operating activities			
Interest income received		**163,219**	4,208
Net payments to suppliers		**(1,778,627)**	(1,108,633)
Income tax		**(375,630)**	–
Net cash used in operating activities	8	**(1,991,038)**	(1,104,425)
Cash flows from investing activities			
Payment for investments		**–**	(11,989,909)
Receipts from distribution		**22,668,876**	–
Net cash from/(used in) investing activities		**22,668,876**	(11,989,909)
Cash flows from financing activities			
Proceeds from issue of units	6	**37,661,169**	–
Distributions paid	13	**(27,079,258)**	–
Net cash from financing activities		**10,581,911**	–
Net increase/(decrease) in cash and cash equivalents		**31,259,749**	(13,094,334)
Cash and cash equivalents at the beginning of the financial year		**6,524,479**	19,174,917
Effects of exchange rate changes on cash and cash equivalents		**1,492,730**	443,896
Cash and cash equivalents at the end of the financial year	7	**39,276,958**	6,524,479

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

Notes to the Financial Statements

31 March 2023

1. General information

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

(i) Basis of preparation

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

(ii) Statement of compliance

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

The financial statements were authorised for issue by the directors on 31 May 2023. For the purposes of preparing the financial statements, the Fund is a for-profit entity.

(iii) Adoption of new and revised Accounting Standards

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

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

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The potential impact of the new or revised Standards and Interpretations for reporting periods on or after 1 April 2023 is not expected to be material to the Fund. The potential impact of the new or revised Standards and Interpretations for reporting periods on or after 1 April 2024 is yet to be determined.

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

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

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

These standards are applicable to annual reporting periods beginning on or after 1 April 2024.

2. Summary of significant accounting policies

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

a) Foreign currencies

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

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

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

b) Financial instruments

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

(i) Financial assets

The Fund's financial assets comprise of cash and cash equivalents, receivables and equity instrument at fair value (an interest in a Limited Partnership).

Financial assets are initially measured at fair value, except for trade receivables with no significant financing component which are measured at transaction price.

All recognised financial assets are measured subsequently in their entirety either at amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (**FVTOCI**):

- where a financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (**FVTPL**).

Despite the foregoing, the Fund may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Fund may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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

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

(iii) Derecognition

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

(iv) Fair value

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

c) Interest in Limited Partnership

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

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

d) Cash and cash equivalents

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

e) Receivables

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

f) Taxes

(i) Income tax

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

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

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

(ii) Goods and Services Tax (GST)

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

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

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

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

g) 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.

h) 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.

i) 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.

j) Earnings per unit

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

k) Unit capital

(i) Ordinary units

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

(ii) Distributions to unitholders

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

l) Critical accounting estimates and judgements

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

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

Accounting policies which are subject to significant accounting estimates and judgements include fair value determination of the interest held by the Fund in the Limited Partnership (refer note 10 (iv)), recognition of a deferred tax liability in respect of likely US tax obligations which will arise from underlying fund investment realisations (refer note 12), and selection of Australian dollars as the functional currency of the Fund (refer note 2 (a)).

Distributions
Distributions are recognised when declared during the financial year and no longer at the discretion of the Fund.

3. Operating segment

The Fund operates a single reportable segment, that being the business of investing in small-to-mid-market private investment funds and privately held companies in the US through its interest in a Limited Partnership.

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

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

4. Income tax (benefit)/expense

	2023	2022
	$	$
Income tax expense/(benefit)		
Deferred tax		
– In respect of current year	**(10,620,365)**	11,174,761
Aggregate income tax expense/(benefit)	**(10,620,365)**	11,174,761
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit before income tax benefit/(expense)	**5,531,459**	81,404,933
Tax at the statutory tax rate of 30%	**1,659,438**	24,421,480
Tax effect of differences between accounting profit and taxable income:		
– Income and expenditure of Australian trust not subject to tax in Australia	**(1,659,438)**	(24,421,480)
– Fair value movement likely to be subject to US taxation	**(10,620,365)**	11,174,761
Income tax expense/(benefit)	**(10,620,365)**	11,174,761

5. Earnings per unit

	2023	2022
	$	$
Profit after income tax	**16,151,824**	70,230,172

	NUMBER	NUMBER
Weighted average number of ordinary units used in calculating basic earnings per unit	**117,939,153**	117,939,153
Weighted average number of ordinary units used in calculating diluted earnings per unit	**117,939,153**	117,939,153

	CENTS	CENTS
Basic earnings per unit	**13.70**	59.55
Diluted earnings per unit	**13.70**	59.55

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

6. Equity – unit capital

	2023	2022	2023	2022
	UNITS	UNITS	$	$
Ordinary units – fully paid	**117,939,153**	117,939,153	**182,584,432**	144,923,263

Movements in ordinary unit capital

DETAILS	DATE	UNITS	$
Balance	1 April 2021	117,939,153	144,923,263
Balance	31 March 2022	117,939,153	144,923,263
Partly paid units - fifth instalment of capital call	2 August 2022	–	37,697,769
Partly paid units - forfeiture of units		–	(36,600)
Balance	31 March 2023	117,939,153	182,584,432

Ordinary units – fully paid

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

117,939,153 ordinary units were issued on 6 April 2018. Following the fifth and final instalment of $0.32 per partly paid unit, due on 2 August 2022, 100% of the issue price has now been called. Capital call proceeds of $36,600 were not received and units were subsequently forfeited and transferred to the Responsible Entity on behalf of the Fund.

Capital management

The Fund manages its capital to ensure it will be able to continue as a going concern while maximising the return to unitholders. The capital structure of the Fund consists of issued capital amounting to $182,584,432. The Fund is not subject to any externally imposed capital requirements.

7. Current assets – cash and cash equivalents

	2023	2022
	$	$
Cash at bank	**39,276,958**	6,524,479

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

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

	2023	2022
	$	$
Profit after income tax benefit/(expense) for the year	**16,151,824**	70,230,172
Adjustments for:		
Fair value movements of equity investments	**(8,204,592)**	(82,390,309)
Net foreign exchange (gain)	**(1,447,225)**	(408,250)
US tax withholding	**209,654**	3,173,495
Change in operating assets and liabilities:		
– (Increase)/decrease in receivables	**(29,024)**	237,270
– Increase/(decrease) in payables	**537,000**	(11,076)
– (Decrease)/increase in deferred tax liabilities	**(6,067,579)**	3,659,586
– (Decrease)/increase in current tax liabilities	**(3,141,096)**	4,404,687
Net cash used in operating activities	**(1,991,038)**	(1,104,425)

9. Current assets – receivables

	2023	2022
	$	$
Interest receivable	**21,209**	133
GST receivable	**27,830**	19,882
	49,039	20,015

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

10. Non-current assets – other financial assets

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

	2023	2022
	$	$
US Select Private Opportunities Fund IV, LP (LP)	**253,448,439**	268,167,882

(ii) Reconciliation

	2023	2022
	$	$
Balance at the beginning of the year	**268,167,882**	176,996,805
Capital invested – at cost	**–**	11,954,263
Movement in fair value through profit or loss*	**8,204,592**	82,390,309
Distributions received from LP	**(22,924,035)**	(3,173,495)
Balance at the end of the year	**253,448,439**	268,167,882

* Included in the 'movement in fair value' amount of $8,204,592 (2022: $82,390,309) is an unrealised foreign exchange translation gain component of $31,003,550 (2022: $1,667,783). This amount is also net of the Fund's 88.4% share of management fees paid by the LP to the General Partner of the LP, totalling $1,680,170 (2022: $1,555,685) and performance fees accrued by the LP to the GP, totalling $11,726,995 (2022: $13,783,341) (refer to note 16).

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

The 88.4% economic interest held by the Fund is not represented by voting rights or other power vested in the Fund to make decisions relating to the assets and liabilities of the LP. As is common practice with Limited Partnership arrangements, the General Partner of the LP is considered to be the party who holds the existing rights to direct the relevant activities of the LP, including the acquisition and disposal of investments.

The Fund's 88.4% interest in US Select Private Opportunities Fund IV, L.P. at 31 March 2023 is represented by its proportionate interest in the LP's assets and liabilities as follows:

	2023	2022
	$	$
Cash	**25,881,009**	37,865,660
Investment in US private investment funds recorded at fair value:		
Astra Partners I, LP	**10,866,675**	7,267,125
CORE Industrial Partners Fund I, LP	**22,228,488**	46,959,324
Elephant Partners II, LP	**24,407,323**	21,246,381
Gainline Equity Fund, LP	**19,007,820**	21,351,755
Nosara Capital Fund I, LP	**29,013,270**	33,780,566
Quad Partners V, LP	**7,884,502**	7,526,480
Trivest Fund VI, LP	**15,219,056**	10,822,883
US Select Direct Private Equity II, LP	**58,965,666**	54,596,046
Wavecrest Growth Partners I, LP	**22,911,755**	20,881,257
Incline Elevate Fund, LP	**14,167,417**	9,254,373
Tower Arch Partners II, LP	**10,942,530**	6,472,074
Rucker Park Capital Fund, LP	**3,604,931**	3,828,156
Prepaid Investment management fees	**110,992**	99,143
Accrued performance fees	**(11,762,995)**	(13,783,341)
Net assets*	**253,448,439**	268,167,882

* Included in net assets of $253,448,439 (2022: $268,167,882) are investments in US private investment funds of $239,219,433 (2022: $243,986,420).

(iv) Valuation

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

Valuation technique adopted
The fair value of the Fund's interest in the LP is determined using a proportionate value method based on the Fund's 88.4% interest held in the total net asset value of the LP.

The LP holds investments predominately in US private investment funds, and the LP adopts a similar fair value measurement basis, based on the proportionate interest it holds in the most recent reported total net asset values of the respective investment funds. There is up to a three month difference between the Fund's reporting date and the date of the most recent reported net assets of the underlying investment funds. The underlying investment funds typically invest in US unlisted equity investments with fair values determined periodically based on market or income-based valuation techniques, which may involve the use of unobservable inputs such as discount rate and earnings multiple.

The valuation of the Fund's equity investment in the LP are based on the fair values of the underlying investment funds at 31 December 2022 adjusted for any material changes to those valuations to reflect movements to 31 March 2023, including foreign exchange translation impacts arising from translating the USD denominated interest in the LP to AUD at each balance date.

Refer to note 14 for Market Risk sensitivity analysis.

Investment risks
As noted above, the LP has invested in underlying private investment funds in the US market who have in turn invested in a portfolio of private equity investments. Because of the absence of any liquid trading market for these types of investments, it may take longer to liquidate these investments than would be the case for marketable securities and accordingly the value obtained on realisation may differ to the estimated fair values at balance date. As there are no directly observable prices, the fair values assigned by the investment funds to each investment are based upon a range of factors including, but not limited to, the initial purchase price, market trading multiples and observed transaction metrics. The resulting valuations may differ significantly from the values that would have been realised had a transaction taken place at balance date. The differences would directly impact the value of the interest held by the LP in the underlying investment funds and consequently the value of the interest held by the Fund in the LP. Estimation uncertainty also arises in relation to likely US tax obligations the Fund will incur in connection with realisation of recorded fair value movements (refer note 12).

(v) Capital commitments

As at 31 March 2023, the Fund has made capital commitments totalling US$115.0 million to the LP, of which US$93.3 million has been called at balance date.

As at 31 March 2023, the Fund has uncalled capital commitments of US$21.7 million (or $32.4 million) outstanding to the LP. The capital commitments can be called at any time in the future.

The uncalled capital commitments referred to above were converted at the AUD:USD year-end exchange rate of 0.6685.

11. Current liabilities – trade and other payables

	2023	2022
	$	$
Accrued liabilities	**238,386**	165,618
Other payables	**464,232**	–
	702,618	165,618

Refer to note 14 for further information on financial instruments.

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

12. Non-current liabilities – deferred tax

	2023	2022
	$	$
Deferred tax liability	**7,510,262**	13,577,841

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

13. Equity – distributions

Distributions paid during the financial year were as follows:

	2023	2022
	$	$
Distribution - 16 cents per unit paid on 19 August 2022	**18,848,884**	–
Distribution - 7 cents paid per unit paid on 10 March 2023	**8,230,374**	–
	27,079,258	–

14. Financial instruments

Financial risk management objectives

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

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

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

a) Market risk

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

(i) Foreign exchange risk

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

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

The table below details the carrying amounts of the Fund's foreign exchange risk as at the end of the reporting period. This represents the Australian dollar exposure, converted at an exchange rate of 0.6685.

	ASSETS	
	2023	2022
	$	$
Cash and cash equivalents	**34,587,484**	6,339,465
Receivables	**576**	106
Financial assets (equity investments)	**253,448,439**	268,167,882
	288,036,499	274,507,453

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

The Fund considers a 10% movement in the AUD against USD as at 31 March 2023 to be a reasonable possibility at the end of the reporting period. The impact of the strengthening and weakening of AUD against USD in profit or loss and equity is shown by the amounts below as it relates to cash and cash equivalents, equity investments and trade and other payables. This analysis assumes that all other variables remain constant.

	AUD STRENGTHENED			AUD WEAKENED		
2023	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY
Cash and cash equivalents	10%	(3,144,317)	(3,144,317)	(10%)	3,843,054	3,843,054
Receivables	10%	(52)	(52)	(10%)	64	64
Equity investments	10%	(23,040,767)	(23,040,767)	(10%)	28,160,938	28,160,938
		(26,185,136)	**(26,185,136)**		**32,004,056**	**32,004,056**

	AUD STRENGTHENED			AUD WEAKENED		
2022	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY
Cash and cash equivalents	10%	(576,315)	(576,315)	(10%)	704,385	704,385
Receivables	10%	(10)	(10)	(10%)	12	12
Equity investments	10%	(24,378,898)	(24,378,898)	(10%)	29,796,431	29,796,431
Current tax liabilities	10%	303,959	303,959	(10%)	(371,505)	(371,505)
		(24,651,264)	**(24,651,264)**		**30,129,323**	**30,129,323**

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

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

	AVERAGE PRICE INCREASE			AVERAGE PRICE DECREASE		
2023	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY
Equity investments (refer note 10(iii))	**10%**	**23,921,943**	**23,921,943**	**(10%)**	**(23,921,943)**	**(23,921,943)**

	AVERAGE PRICE INCREASE			AVERAGE PRICE DECREASE		
2022	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY	% CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY
Equity investment (refer note 10(iii))	10%	24,398,642	24,398,642	(10%)	(24,398,642)	(24,398,642)

Interest rate risk

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

Sensitivity analysis

The Fund considers a 200 basis point (2022: 50 basis point) increase or decrease to be a reasonably possible change in interest rates. The impact of a 200 basis point movement in interest rates on profit or loss and equity is shown in the table below.

	BASIS POINTS INCREASE			BASIS POINTS DECREASE		
2023	BASIS POINTS CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY	BASIS POINTS CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY
Variable rate bank deposits	**200**	**785,539**	**785,539**	**(200)**	**(785,539)**	**(785,539)**

	BASIS POINTS INCREASE			BASIS POINTS DECREASE		
2022	BASIS POINTS CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY	BASIS POINTS CHANGE	EFFECT ON PROFIT BEFORE TAX	EFFECT ON EQUITY
Variable rate bank deposits	50	32,622	32,622	(50)	(32,622)	(32,622)

b) Credit risk

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

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

	2023	2022
	$	$
Summary of exposure		
Cash and cash equivalents	**39,276,958**	6,524,479
GST receivable	**27,830**	19,882
Interest receivable	**21,209**	133
	39,325,997	6,544,494

c) Liquidity risk

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

The Fund's liquidity primarily comprises cash at bank totalling $39,276,958 at 31 March 2023 which is held to cover the Fund's day-to-day running costs and expenditures and to fund its capital commitments to the LP which total $32,420,458 at balance date.

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

	LESS THAN 12 MONTHS	AT CALL	REMAINING CONTRACTUAL MATURITIES
2023	$	$	$
Non-derivatives			
Non-interest bearing			
Trade and other payables	702,618	–	702,618
Capital commitments*	–	32,420,458	32,420,458
Total non-derivatives	**702,618**	**32,420,458**	**33,123,076**

	LESS THAN 12 MONTHS	AT CALL	REMAINING CONTRACTUAL MATURITIES
2022	$	$	$
Non-derivatives			
Non-interest bearing			
Trade and other payables	165,618	–	165,618
Capital commitments*	–	28,966,955	28,966,955
Total non-derivatives	**165,618**	**28,966,955**	**29,132,573**

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

15. Fair value measurement

Fair value

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

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

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

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2023	$	$	$	$
Financial assets carried at fair value				
Other financial assets – equity investment constituting interest in US Select Private Opportunities Fund IV, LP	–	–	253,448,439	253,448,439
Total assets	**–**	**–**	**253,448,439**	**253,448,439**

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2022	$	$	$	$
Financial assets carried at fair value				
Other financial assets – equity investment constituting interest in US Select Private Opportunities Fund IV, LP	–	–	268,167,882	268,167,882
Total assets	**–**	**–**	**268,167,882**	**268,167,882**

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

Details of the determination of level 3 fair value measurements including the valuation technique adopted and the key underlying unobservable inputs used are set out in note 10(iv).

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

16. Related party disclosures

Key management personnel

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

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

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

	2023	2022
Warwick Keneally	**9,375**	9,375

Related party investments in the scheme

As at 31 March 2023, E&P Private Investments Pty Limited, a subsidiary of E&P Financial Group Limited, who is the parent entity of the Responsible Entity, held 302,625 ordinary units (2022: 302,625 units), representing a 0.26% interest (2022: 0.26%) in the Fund.

As at 31 March 2023, E&P Investments Limited in its capacity as the Responsible Entity of the Fund held 362,375 partly paid ordinary units (2022: 133,625), representing a 0.30% (2022: 0.11%) interest in the Fund.

Management fees

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

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

The total management fees paid to the Responsible Entity for the year ended 31 March 2023 was $1,022,854 (2022: $899,798), exclusive of GST. As at 31 March 2023, there were outstanding management fees of $82,212, exclusive of GST (2022: $83,965).

Fund administration fee

Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of E&P Financial Group Limited, the parent of the Responsible Entity, provides fund administration services to the Fund under an agreement with the Responsible Entity. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation. Total fund administration fee paid or payable for the year ended 31 March 2023 were $60,000, exclusive of GST (2022: $60,000).

Investment manager fee

US Select Private Opportunities Fund IV, L.P. (**LP**), in which the Fund holds an 88.4% interest, is required to pay its Investment Manager, US Select Private Opportunities Fund IV, GP, being an entity associated with the Responsible Entity, for acting on behalf of the limited partnership to acquire, manage and transact on partnership interests within the scope of the limited partnership agreement, a fee equivalent to 1.0% per annum of the total funds committed by the partners to the LP. The fee is payable quarterly in advance from the funds of the LP. The total fee paid or payable during the year amounted to $1,900,645 (US$1,301,300) (2022: $1,759,825 (US$1,301,300)). The Fund's 88.4% interest equates to $1,680,170 (2022: $1,555,685). In addition, prepaid expenses to the GP totalling $110,992 remain outstanding at balance date. This fee is recorded in the books of the LP.

The GP is also entitled to a performance fee of 10% of the return achieved by the LP above invested capital once a cumulative, non-compounded, pre-tax return of 8% per annum (**Hurdle Rate**) on all capital contributed to the LP and not yet returned by distribution to the limited partners. The Hurdle Rate references to the LP, not the Fund level, and is denominated in US dollars. The performance fees will only be paid following the limited partners' actual receipt of invested capital and once the Hurdle Rate is achieved, through distribution of income and capital by the LP. For the year ended 31 March 2023, US$8,882,946 (2022: US$11,650,656) was accrued as performance fees. The Fund's interest equates to $11,762,995 (US$7,863,563) (2022: $13,783,341 (US$10,312,697)). This fee is accrued in the books of the LP.

US Select Direct Private Equity II, LP

At balance date, the Fund's share of the LP's investment in US Select Direct Private Equity II, L.P. was $58,965,666 (US$39,418,548) (2022: $54,596,046 (US$40,848,762)). The General Partner of this investment is associated with the Responsible Entity of the Fund.

Recharges paid to a related entity

To avoid suppliers receiving multiple payments, E&P Operations Pty Limited, a related entity to the Responsible Entity, makes a single payment to certain suppliers, and recharges the Fund its share at cost. There is no mark-up or charge to the Fund for being provided this service, the Fund only incurs the costs directly attributable to the work performed for it by the supplier, as if it had contracted with that provider individually.

17. Remuneration of auditors

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

	2023	2022
	$	$
Audit services – Deloitte Touche Tohmatsu		
Audit or review of the financial statements	**69,000**	66,200
Other assurance services	**76,890**	–
Other services – Deloitte Touche Tohmatsu		
Taxation services	**52,973**	8,500
	198,863	74,700
Other Audit Firms – Deloitte Tax LLP		
Taxation services	**79,889**	42,590

18. Capital commitments

Other than the capital commitments disclosed in note 10(v) to the financial statements, the Fund does not have any other capital commitments outstanding for the year ended 31 March 2023.

19. Contingent liabilities

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

20. Events after the reporting period

On 15 May 2023, the Fund announced a proposal to appoint K2 Asset Management Ltd as responsible entity for the Fund, replacing E&P Investments Limited (Proposal). The proposal is to be put forward at a Unitholder meeting on 27 June 2023.

On 29 May 2023, the Fund announced an estimated distribution of $0.085 per unit payable on or around 22 June 2023.

No other matter or circumstance has arisen since 31 March 2023 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

Directors' Declaration

For the year ended 31 March 2023

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

- the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and the Corporations Regulations 2001;
- the attached financial statements are in compliance with International Financial Reporting Standards as stated in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the Fund's financial position as at 31 March 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors of the Responsible Entity

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

31 May 2023

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

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Quay Quarter Tower
50 Bridge Street
Sydney, NSW, 2000
Australia

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

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

Opinion

We have audited the financial report of CD Private Equity Fund IV, (the "Fund") which comprises the statement of financial position as at 31 March 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Fund's financial position as at 31 March 2023 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Fund's annual report for the year ended 31 March 2023 but does not include the financial report and our auditor's report thereon.

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

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

Deloitte.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Carlo Pasqualini
Partner
Chartered Accountants
Sydney, 31 May 2023