

2024 Q1

QUARTERLY UPDATE

ASX RELEASE DATE: 3 MAY 2024



MARKET & FUND SERIES UPDATE

The first quarter of 2024 began with upbeat sentiment from private equity (PE) managers and investors. The US economy has not only avoided recession, but it's proven stronger than expected. The soft landing that was expected to be coupled with Fed rate cuts has been pushed out to at least June, most analysts predict, after recording stickier than anticipated inflation rates. Still, most commentators remain positive about the year ahead, and markets are reflecting this too with the S&P 500 up 10% and the tech-heavy NASDAQ posted a gain of over 9% for the first quarter.

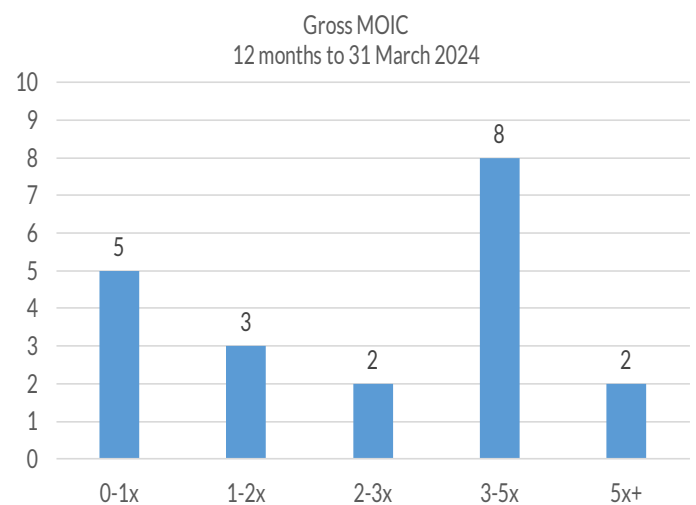
As it relates to the Fund, US PE and venture capital (VC) markets saw deal volume grow by 5.1% albeit on a smaller number of transactions compared to Q4 2023. Small to mid-sized exits (which are typically less than US\$500m and relevant for the Fund Series) remained relatively consistent with prior periods, where the interest rate pressures can be less impactful. All said, liquidity conditions are improving but progress towards a more normalised market remains slower than what was anticipated at the back end of 2023.

Why is this? Well, PE firms display a preference to not be forced sellers, opting instead to hold their more promising assets until market conditions improve⁹. This was evident in the US PE market, with the quarter a little slower than anticipated and interest rate uncertainty appearing to continue to weigh on the minds of managers and leaving them to combat realising their position now, or holding for more favourable conditions. Liquidity solutions and exit off-ramps such as continuation funds, secondary funds and a reopened IPO market continue to provide hope for future quarters.

In the meantime, assuming continued growth in the underlying companies and a lowering of interest rates can lead to positive valuation movements, the decision to hold doesn't have to be a negative experience. Some firms are taking this additional time with their portfolio management to look at bolt-on acquisitions and restructuring the assets in their portfolio. Notably, on the last day of the quarter we saw the fourth-largest PE exit ever recorded, with Leonard Green & Partners' (LGP) USD\$18.3 billion sale of SRS Distribution to Home Depot - the deal marking the culmination of LGP's "buy and build" strategy and a positive sign for the industry.

Pleasingly, the Fund series saw a total of 20 realisations across the portfolio during the 12 months to 31 March 2024. More than 60% of these returned more than 2x and 50% returning more than 3x the original investment. The Fund Series Portfolio as a whole is up 1.4% from 31 December 2022, with a net IRR of 22.1% and a TVPI of 2.2x².

FUND SERIES TTM REALISATIONS^{1,5}



FUND 3: QUARTERLY UPDATE

During the quarter, the LP received eight capital calls totalling **US\$0.4 million**, primarily used to fund management fees and partnership expenses as well as a select number of follow-on investments.

One of these follow-on investments was in a portfolio company of **Encore Consumer Capital Fund III - Tourtellot & Co.** - a produce wholesaler located in Rhode Island. During the quarter they acquired **Ryeco**, a leading distributor of fruits and vegetables located in Philadelphia, PA, servicing customers across the mid-Atlantic region. Ryeco sources products from across the globe, offering a diversified mix of high quality produce sold into multiple end markets through long-lasting and well-fostered relationships with wholesalers, supermarkets, restaurants and other retailers. Tourtellot's acquisition of Ryeco allows for the creation of a super-regional produce distributor with multiple facilities and geographical reach from the northeast through the mid-Atlantic U.S.

Distributions of investment proceeds, totalling **US\$4.3 million** were received by the LP including proceeds from the following events:

- The realisation of an underlying portfolio company of **Gemspring Capital, Insurvia, Inc. ("Insurvia")**. Insurvia is an insurance and financial services company with a focus

QUARTERLY INVESTMENT ACTIVITY: FUND 3 (ASX: CD3)

on serving the needs of the growing Hispanic market in the United States. The company was acquired by Gemspring in 2018 and the realisation represents another successful outcome for Gemspring. During the hold period, Insurvia saw organic growth across new and existing store locations, grew through acquisition, developed an omni-channel sales model spanning retail stores, call centers and online, and introduced new products to serve the needs of its customers.

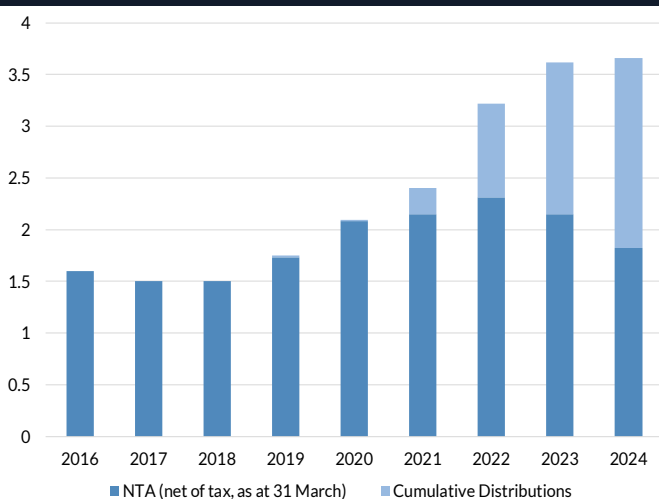
- The realisation of [Iowa Northern Railway Company](#), an underlying portfolio company of Trive Capital Fund II ([Trive](#)). Iowa Northern Railway Company serves upper Midwest agricultural and industrial markets covering many goods, including bio fuels and grain. The company was purchased by Canadian National, a Montreal based rail carrier, with the transaction representing a meaningful opportunity to support the growth of local business by creating single-line services to North American destinations. Trive initially invested in March 2016 ([video here](#)) and the partnership and realisation was successful for the LP.
- The sale-leaseback of the underlying assets of one of [Trive's](#) Portfolio Companies, who specialise in engineered products for use in the refrigeration, cooking appliance, and HVAC markets.

CD3 Original Unit Price	\$1.60 per Unit
CD3 Distributions Paid Since Inception	\$1.839 per Unit
CD3 31 March 2024 NTA (post-tax)	\$1.82 per Unit

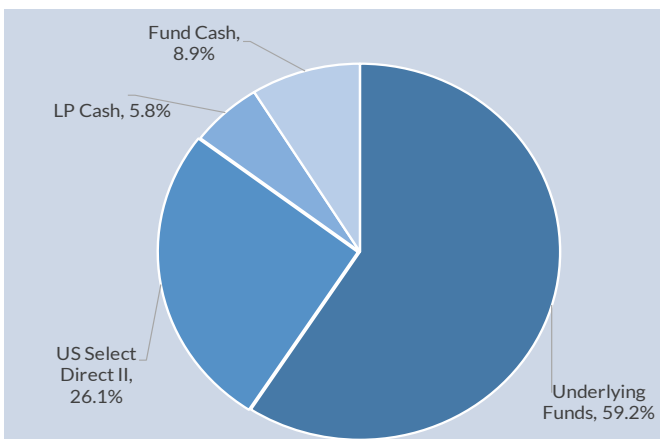
PORTFOLIO COMPOSITION^{1, 5, 6, 7, 8}

Inception Date	July 2016
CD3 Interest in LP3	71.22%
Total Underlying Funds (since inception)	14
Total Underlying Portfolio Companies (since inception)	144
Total Portfolio Company Realisations	61
Remaining Portfolio Companies	83
Median Gross MOIC	3.4x
Average Age of Remaining Companies	4.7 years
Fund Cash Balance (31 March 2024)	A\$13.2m
Fund's Interest in LP Cash Balance (31 March 2024)	US\$5.7m

CD3 NTA + CUMULATIVE DISTRIBUTIONS^{1,2,3}



During Q1 2024, the Fund made payment of a \$0.15 per Unit distribution to Unitholders. On an absolute return basis, the Fund has now returned a total of \$1.839 to Unitholders since inception⁴, or 1.15x original Unitholder investment³. Inclusive of the distributions paid and the Fund's 31 March 2024 NTA^{1,2}, original Unitholders will have now received a total return on initial investment (TVPI) of 2.29x since inception.



FUND + LP OUTSTANDING CAPITAL COMMITMENTS (\$USD millions)¹

Fund's Remaining Commitment to LP3	USD\$3.6m
LP3's Remaining Commitment to Underlying Funds ¹⁰	USD\$14.6m

The LP's remaining capital commitments are subject to change as allowed under the individual Limited Partnership Agreement (LPA). Though the remaining commitment will change with each capital call or distribution, it is the Manager's expectation that the underlying Funds will not call this full amount, and that any capital calls should be funded by distributions in the future.

	Portfolio Company Sector	Portfolio Company Vintage	Portfolio Company Fair Market Value	12 Month Valuation Change
Company 1 (held by Elephant Partners I, LP)	Information Technology	2016	\$9.1	NM*
Company 2 (held by Telescope Partners I, LP)	Information Technology	2019	\$6.7	10.8%
Company 3 (held by US Select Direct Private Equity II, LP)	Information Technology	2018	\$4.4	8.6%
Company 4 (held by US Select Direct Private Equity II, LP)	Information Technology	2018	\$4.1	26.4%
Company 5 (held by Gemspring Capital Fund I, LP)	Industrials	2019	\$3.8	46.8%
Company 6 (held by US Select Direct Private Equity II, LP)	Consumer Staples	2020	\$3.6	11.0%
Company 7 (held by Luminate Capital Partners, LP)	Information Technology	2018	\$3.1	0.0%
Company 8 (held by US Select Direct Private Equity II, LP)	Information Technology	2018	\$3.0	6.5%
Company 9 (held by US Select Direct Private Equity II, LP)	Software Solutions	2021	\$2.8	31.3%
Company 10 (held by Telescope Partners I, LP)	Software Solutions	2019	\$2.8	-10.8%
LP Investment Total			\$43.4	
Total of LP Investment (%)			36.4%	

*Company 1 was realised in February 2023 (delivering more than a 40x multiple on the original investment), with 54% of the original investment received in cash and the remaining 46% retained as rollover equity.

LP3 PORTFOLIO COMPANY SPOTLIGHT



Shrieve, a distributor of industrial chemicals, performance fluids, and specialty lubricants, experienced continued growth across revenue and adjusted EBITDA in 2023 despite challenging pricing conditions and industry-wide destocking. Since **Gemspring's** investment in December 2019, the company has successfully implemented various aspects of their value creation plan.

Recent growth has been fueled by effective margin management and the successful integration of acquired companies: ChemOne, Gilbert & Jones, and TLC Ingredients. These acquisitions have enabled Shrieve to leverage its broad capabilities, diverse customer base, and strong supplier relationships to drive accelerated growth through cross-selling. Shrieve is committed to pursuing both organic and inorganic growth strategies and meaningful value-creation opportunities. Looking forward, the company is focused on driving growth with new and existing customers through investment in go-to-market, pursuing additional strategic acquisitions, and further integrating the recently acquired businesses.

LP3 UNDERLYING PORTFOLIO^{1, 5, 7, 8}

	TOTAL COMPANIES	TOTAL REALISATIONS	MEDIAN GROSS MOIC ON REALISATIONS	REMAINING COMPANIES	AVERAGE HOLD PERIOD ON REMAINING	REMAINING VALUE (\$USD millions)
Fund 1	9	6	4.1x	3	6.1 years	\$4.48
Fund 2	7	3	2.5x	4	5.9 years	\$3.08
Fund 3	11	8	3.3x	3	6.4 years	\$8.00
Fund 4	12	5	2.9x	7	5.4 years	\$7.93
Fund 5	12	5	4.6x	7	5.2 years	\$8.20
Fund 6	9	4	7.9x	5	3.8 years	\$5.17
Fund 7	10	4	3.9x	6	3.9 years	\$4.23
Fund 8*	7	7	2.2x	0	-	\$5.14
Fund 9	8	0	-	8	4.6 years	\$12.36
Fund 10	12	5	3.8x	7	6.1 years	\$4.90
Fund 11	7	2	4.3x	5	4.2 years	\$12.28
Fund 12	15	9	1.2x	6	4.8 years	\$4.42
Fund 13	25	3	3.4x	22	3.9 years	\$35.63
Total	144	61	3.4x	83	4.7 years	\$115.81

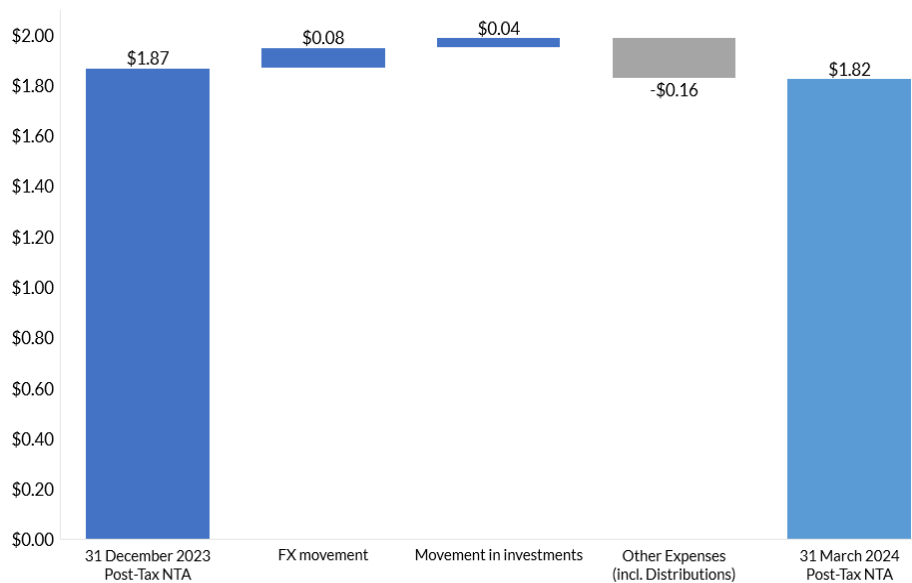
*Fund 8 has had all underlying portfolio companies substantially exited, with two realisations having approximately 1/3 of the exit proceeds retained as rollover equity. Table excludes direct investment in Smartsheet (US\$0.5m). Remaining value is at the LP level.

CD3 PERFORMANCE SUMMARY^{1, 2, 3, 4}

	1 MONTH	6 MONTHS	12 MONTHS	3 YEARS	5 YEARS	SINCE INCEPTION	IRR
NTA RETURN	1.1%	-1.3%	2.4%	20.2% p.a.	19.8% p.a.	14.3% p.a.	13.6% p.a.

HISTORICAL PERFORMANCE IS NOT A GUARANTEE OF THE FUTURE PERFORMANCE OF THE FUNDS.

CD3 NTA PER UNIT MOVEMENT: Q1 2024¹



GLOSSARY AND NOTES

Source: E&P Investments Limited (for data before 24 June 2023) and K2 Asset Management Ltd (for data after 24 June 2023).

All figures are in AUD unless otherwise noted. Figures throughout the document may not sum due to rounding. AUD:USD 31 March 2024 spot rate of 0.6521 used. The Unit price of CD3 was \$1.47 as at 28 March 2024, the last trading day of the quarter.

1. Data is unaudited and is as at 31 March 2024 and therefore we caution Unitholders that the data may differ from the upcoming audited financial report for the full year ended 31 March 2024.
2. NTA and total returns are inclusive of distributions and are based on post tax NTA, net of fees and costs.
3. Inception dates were August 2012 (CD1), April 2013 (CD2), July 2016 (CD3) and April 2018 (CD4).
4. CD1, CD2, CD3 and CD4 original Unitholder investment was \$1.60 per Unit.
5. MOIC returns are as at 31 March 2024 and represent all underlying portfolio company sales since inception. MOIC returns are net of all underlying fees and expenses of the individual fund managers, but before fees and expenses of the LP and the Australian Unit Trust. MOIC returns are based on US dollar denominated investments and include US Select Direct I (USD1) & US Select Direct II (USDII) realisations.
6. Includes US Select Direct I (USD1) and US Select Direct II (USDII).
7. Age of portfolio companies refers to the average duration of time that the LP has been invested in the remaining underlying portfolio companies.
8. LP investments values are based on 31 March 2024 accounting values, which represent the 31 December 2023 valuations provided by all of the GP's, adjusted for capital calls, distributions and foreign exchange movements over the period.
9. Pitchbook research indicates that the median holding period of US PE investments exited in 2023 reached 6.4 years, crossing the six-year mark for the first time since 2015, showing that even the winning assets in PE funds are being sold more slowly in the current environment.
10. The Manager has confirmed that USD2's remaining callable capital has been excluded from this figure, as the Fund is well capitalised and any future expenses are anticipated to be covered by distributions.

DEFINED TERMS

Portfolio Company:	A company that is an investment of the LP.
MOIC:	Multiple on Invested Capital. MOIC is calculated by dividing the fund's cumulative distributions and residual value by the paid-in capital.
IRR:	Internal Rate of Return. Performance of the fund(s) by taking into account the size and timing of its cash flows (capital calls and distributions) and the Fund's net asset value at the time of the calculation.
TVPI:	Total Value to Paid-in Capital.
M&A:	Mergers & Acquisitions. Transactions in which the ownership of companies or their operating units – including all associated assets and liabilities – is transferred to another entity.
VINTAGE:	The year in which a private equity fund makes its first investment in the portfolio company.

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DISCLOSURES

This Quarterly Update (Update) has been prepared by K2 Asset Management Limited as Responsible Entity (ACN 085 445 094, AFSL 244 393) of the CD Private Equity Fund Series (Funds or Fund Series) which includes CD Private Equity Fund I (ARSN 158 625 284) (CD1), CD Private Equity Fund II (ARSN 162 057 089) (CD2), CD Private Equity Fund III (ARSN 612 132 813) (CD3), and CD Private Equity Fund IV (ARSN 624 474 531) (CD4). The general partner of each of the Limited Partnerships (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) to act as investment manager and/ or investment advisor for each respective underlying LP. An investment in any of the Funds is subject to various risks, many of which are beyond the control of the Investment Manager and the Funds. The past performance of the Funds is not a guarantee of the future performance of the Funds. This Update may contain statements, opinions, projections, forecasts and other material (forward looking statements), based on various assumptions. Those assumptions may or may not prove to be correct. The Responsible Entity and its advisers (including all of their respective directors, consultants and/or employees, related bodies corporate and the directors, shareholders, managers, employees or agents of them) (Parties) do not make any representation as to the accuracy or likelihood of fulfilment of the forward-looking statements or any of the assumptions upon which they are based. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements and the Parties assume no obligation to update that information. This Update may contain general advice. Any general advice provided has been prepared without taking into account your objectives, financial situation or needs. Before acting on the advice, you should consider the appropriateness of the advice with regard to your objectives, financial situation and needs, and consider obtaining advice from a financial advisor. You should obtain a copy of the relevant PDS or offer document before making any decisions to purchase a product. All performance figures, unit prices and distributions are in Australian Dollars, unless otherwise stated. Like all investments, an investment in any of the Funds carries risks which may result in the loss of income or principal invested. In addition to the general risks of investing, specific risks associated with investing in the Funds include, but are not limited to, private investments risk, illiquidity risk and foreign exchange risk. For further information about the risks of investing in any of the Funds, please see the relevant Product Disclosure Statements available on the website cdfunds.com.au.

INVESTMENT OBJECTIVES

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

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

CORDISH EQUITY PARTNERS TEAM



Jonathan Cordish
President
Cordish Equity Partners



Jonathan Sinex
Managing Director
Cordish Equity Partners

RESPONSIBLE ENTITY



K2 Asset Management Ltd (K2) is the Responsible Entity of the Funds. K2 is a listed Australian diversified financial services firm with three core pillars:

- Funds Management;
- Responsible Entity (RE) and Trustee Service; and
- Exchange Traded Funds (ETFs).

Established in 1999, K2 is the main operating subsidiary of K2 Asset Management Holdings Ltd which is listed on the Australian Securities Exchange (ASX Code: KAM).

2024 **Q1**
QUARTERLY UPDATE: CD3

