

CDIV Liquidity Update

16 July 2024



CD
PRIVATE
EQUITY
FUND IV

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16 July 2024



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**CD
PRIVATE
EQUITY
FUND IV**

DISCLAIMER

This CD Fund Series Update (Update) has been prepared by K2 Asset Management Ltd as Responsible Entity (ACN 085 445 094, AFSL 244 393) of the CD Private Equity Fund IV (ARSN 624 474 531) (CD4).

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. You 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. Figures throughout the document may not sum due to rounding. AUD:USD 31 May 2024 spot rate of 0.6653 used. Data is sourced from E&P Investments Limited (for data before 4 July 2023) and K2 Asset Management Ltd (for data post 4 July 2023), and is unaudited and as at 31 May 2024, unless stated otherwise.

The General Partner (GP) 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.

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PORTFOLIO COMPANY
REALISATIONS
SINCE INCEPTION

114

REMAINING
PORTFOLIO
COMPANIES

3.9 years

AVERAGE AGE OF
REMAINING PORTFOLIO
COMPANIES⁴

CD4: RETURNS SINCE INCEPTION

Inception Date	April 2018
Unitholder Paid in Capital (per unit)	\$1.60
Total Distributions since Inception (per unit) ¹	\$0.605
Total Distribution Return per unit (DPI)¹	0.38x
31 May 2024 Net Tangible Asset (NTA) Value (per unit) ²	\$2.04
Total Return on Original Invested Capital³	1.63x

Source: K2 Asset Management Ltd. Data as at 11 July 2024. Past performance is not a reliable indicator of future performance.

¹Distribution amount includes the July 2024 declared but not yet paid distribution of \$0.03 per unit.

²NTA as of 31 May 2024 does not consider the distribution which was declared in July 2024.

³TVPI calculation is based on total distributions declared which includes July 2024, however reduces the 31 May 2024 NTA by \$0.03 per unit (equal to the declared but unpaid distribution).

⁴Age of portfolio companies refers to the average duration of time that the LP has been invested in the remaining underlying portfolio companies.

PORTFOLIO COMPOSITION

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PORTFOLIO COMPANY
REALISATIONS
SINCE INCEPTION

114

REMAINING
PORTFOLIO
COMPANIES

Portfolio companies can be found on the “Portfolio Companies” section of the Fund’s website [here](#).

HY1: Portfolio Updates

2024 Realisations

**SEARCHLIGHT.
CYBER**

Searchlight was founded to help solve a major problem: criminals acting with impunity on the dark web, and during the 3.5-year hold period, the Company was involved in some of the world’s largest dark web investigations helping to prevent cybercrime.



SHORECAL LTD.

Shorecal Limited, the largest Domino’s franchise operating 34 or the 99 stores operating in the Republic of Ireland and Northern Ireland, was acquired by Domino’s for a total consideration of approximately €72m in May 2024. Shorecal’s reported book value as of December 2022 was €54.3m².

Source: Cordish Private Ventures. Past performance is not a reliable indicator of future performance.

1. Searchlight Cyber [sale](#).
2. Shorecal Ltd [sale](#).

Representative Portfolio Companies



PROVI



News:

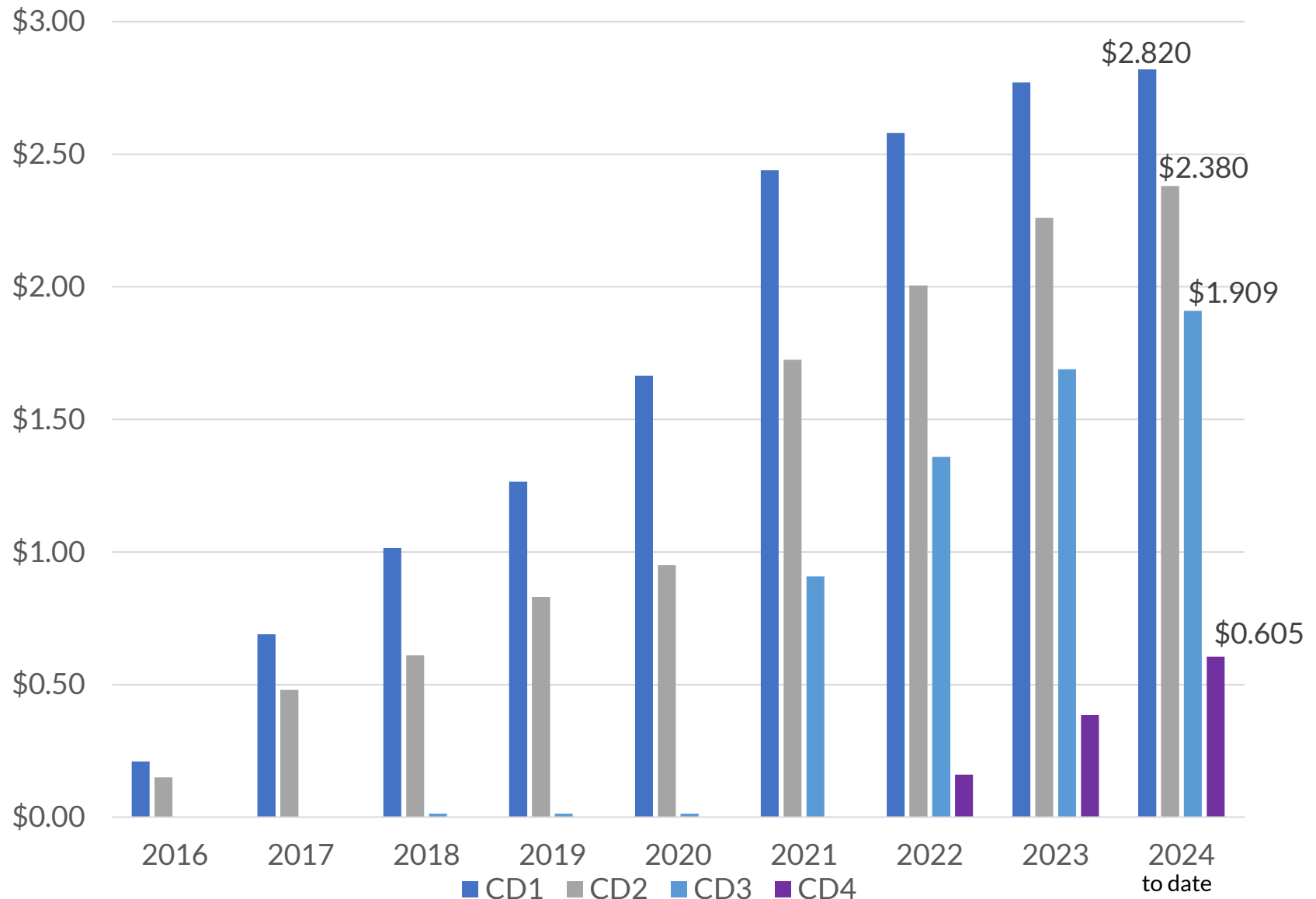
OSM Worldwide [here](#), Accelerate Learning [here](#)., Provi [here](#), Tecovas [here](#).

FUND SERIES DISTRIBUTIONS

Fund	Distributions Since Inception
CD1 (2012)	\$2.82 per unit
CD2 (2013)	\$2.38 per unit
CD3 (2016)	\$1.909 per unit
CD4 (2018)	\$0.605 per unit

The Fund Series distribution graph is intended to show the typical trajectory and cash flows of a Private Equity Fund, as evidenced through the earlier Funds in the series.

Fund Series Distributions (per unit) Since Inception



CDIV

LIQUIDITY

While Private Equity is typically a long-term, illiquid asset class, Unitholders have expressed desire for the RE to facilitate liquidity in the Fund.

K2 has determined that the desire for liquidity is from a minority of Unitholders and therefore we do not wish to financially burden those who do not need to sell.

Key Considerations

K2, as Responsible Entity, was seeking the following:

- a low-cost platform for Unitholders to advertise their Units for sale at a price that they determine themselves.
- a market that can operate indefinitely¹ with Unitholders opting-in to the market at their discretion.
- a market where Unitholders could control whether their entire parcel of Units would be sold (rather than a pro-rata amount).
- a market where Unitholders who do not wish to participate are not financially impacted by the operations of the market.

A Responsible Entity, in its ordinary operations, is **not** permitted to operate an open market on behalf of a Fund and is **not** permitted to facilitate the settlement of transaction monies on behalf of Unitholders.

¹ The Market has conditions regarding the total volume in each 12-month period, though it has been determined that this was a reasonable obstacle in order to achieve a liquidity solution.

² Low Volume Market information [here](#).

CDIV

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What options were explored?

- A one-off event where a small number of purchasers acquired units at a price determined by the purchaser(s);

- Listing on the ASX;

- Redemption or withdrawal offers being offered (the Fund purchasing units from individuals, akin to a buyback);

- ***Off-market trading facilitated by the Responsible Entity, noting that the Responsible Entity is not permitted to act as a broker, market maker, negotiator or be seen to set pricing.***

LIQUIDITY SOLUTION¹

The RE does not hold a license to operate a financial market and is not subject to market obligations, in particular the obligation to ensure that the market is fair, transparent, and orderly.

The Low Volume Market is covered by an exemption under section 791C of the Corporations Act.

The RE will not provide a settlement service for trading in the market, with the setting of price and settlement of transactions the responsibility of the parties.

Low Volume Financial Market

- The Responsible Entity applied to ASIC for relief to operate a **Low Volume Market** (ASIC Instrument 2016/888¹), which was granted on 2 July 2024 (being the annual anniversary of the market).
- The RE pursued the Low Volume Market due to it allowing for Unitholders to set their own sale price (much like an ordinary market), the fact that it is enduring¹ and accessible to all, while also remaining comparatively low-cost for the Fund².
- Sellers must submit their intent to sell, with a minimum price to sell for. Registered buyers will then be able to view the list of units for sale and the prices and inform the RE of which parcel of units (or parcels) they wish to acquire. The RE will introduce the Buyer and Seller, or their representatives, to coordinate the execution of Unit Transfer Form and to settle the transaction.

¹ The Market has conditions regarding the total volume in each 12-month period, though it has been determined that this was a reasonable obstacle in order to achieve a liquidity solution. Low Volume Market information [here](#).

² When compared to the alternate options which were presented on Slide 9.

LOW VOLUME MARKET¹

Low Volume Financial Market - Conditions

Should the Fund exceed the maximum transaction volume of 100 transactions, or the volume of the transactions exceeds A\$1.5 million before in any 12-month period before the market anniversary, the market will **close** until the following July (being the anniversary of the date of the market).

At this point, the Responsible Entity will remove the list of Sellers from the website, and in advance of reopening the market will inform all Unitholders to submit their intentions once again (updating price and quantity where required).

The RE expects that there may be excess demand in the first year which may see the market close early. We believe this is a suitable trade-off for the liquidity that the facility provides over the long term.

¹ The Market has conditions regarding the total volume in each 12-month period, though it has been determined that this was a reasonable obstacle in order to achieve a liquidity solution. Low Volume Market information [here](#).

LOW VOLUME MARKET¹

The financial market is a low volume financial market if, in the 12-month period before it is included on the register:

- no more than 100 completed transactions are entered into, and;
- the value of the transactions entered into does not exceed \$1.5 million.

When will the market open?

Registration will open Monday 22 July 2024 for Buyers and Sellers (9am AEST).

The market will open for transactions from Monday 19 August 2024 (9am AEST).

Hard copy registration forms can be downloaded immediately and returned to the RE via email (scan or photo) or post. All registrations will be processed effective 22 July 2024.

¹Low Volume Market information [here](#).

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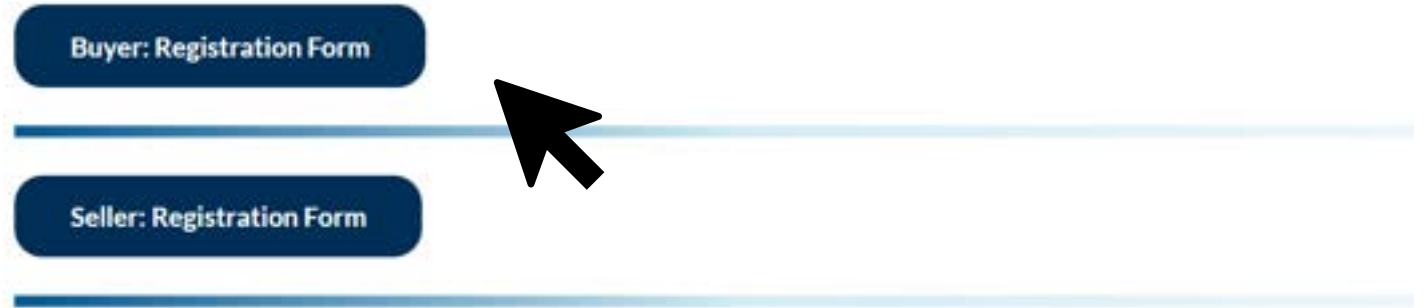
¹Low Volume Market information [here](#).

How to Register

Register your Interest

In order to buy or sell Units in CD4 you must first register your interest formally with the Responsible Entity.

Buyers or Sellers may complete and return a hard-copy form to register their interest to buy or sell units in the Fund.



Navigate to the Registration Section on the Fund 4 website to find the Registration Form for Buyers and Sellers.

<https://cdfunds.com.au/fund4/lvm-information/>

The RE will not process a transaction unless this online form, or a hard copy alternative, is completed.

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¹Low Volume Market information [here](#).

What will the market look like?

Participation in the Low Volume Market is on an **OPT-IN** basis and participation in the event is **not dilutionary** to remaining Unitholders.

The market will exist only on the Fund's website: <https://cdfunds.com.au/fund4/lvm-information/>

Sellers will need to:

1. Register their interest to sell with the Responsible Entity;
2. Confirm the number of Units they wish to sell (entire holding, or part-holding);
3. Confirm the **MINIMUM** price they are willing to accept.
4. Monitor transactions that are occurring in the CDIV market for comparative pricing.

Buyers will need to:

1. Register their interest to sell with the Responsible Entity;
2. Confirm how many Units they intend to acquire;
3. Confirm the **MAXIMUM** price they are willing to pay.
4. Review the Register of Intended Parties and inform the RE of which parcel they would like to acquire.

Pricing:

Following a review of the CD1-3 ASX Listed Funds, it has been determined that transactions of CD4 may see Buyers offering a **discount** to NTA, and Sellers may need to consider this when setting their price.

LOW VOLUME MARKET¹

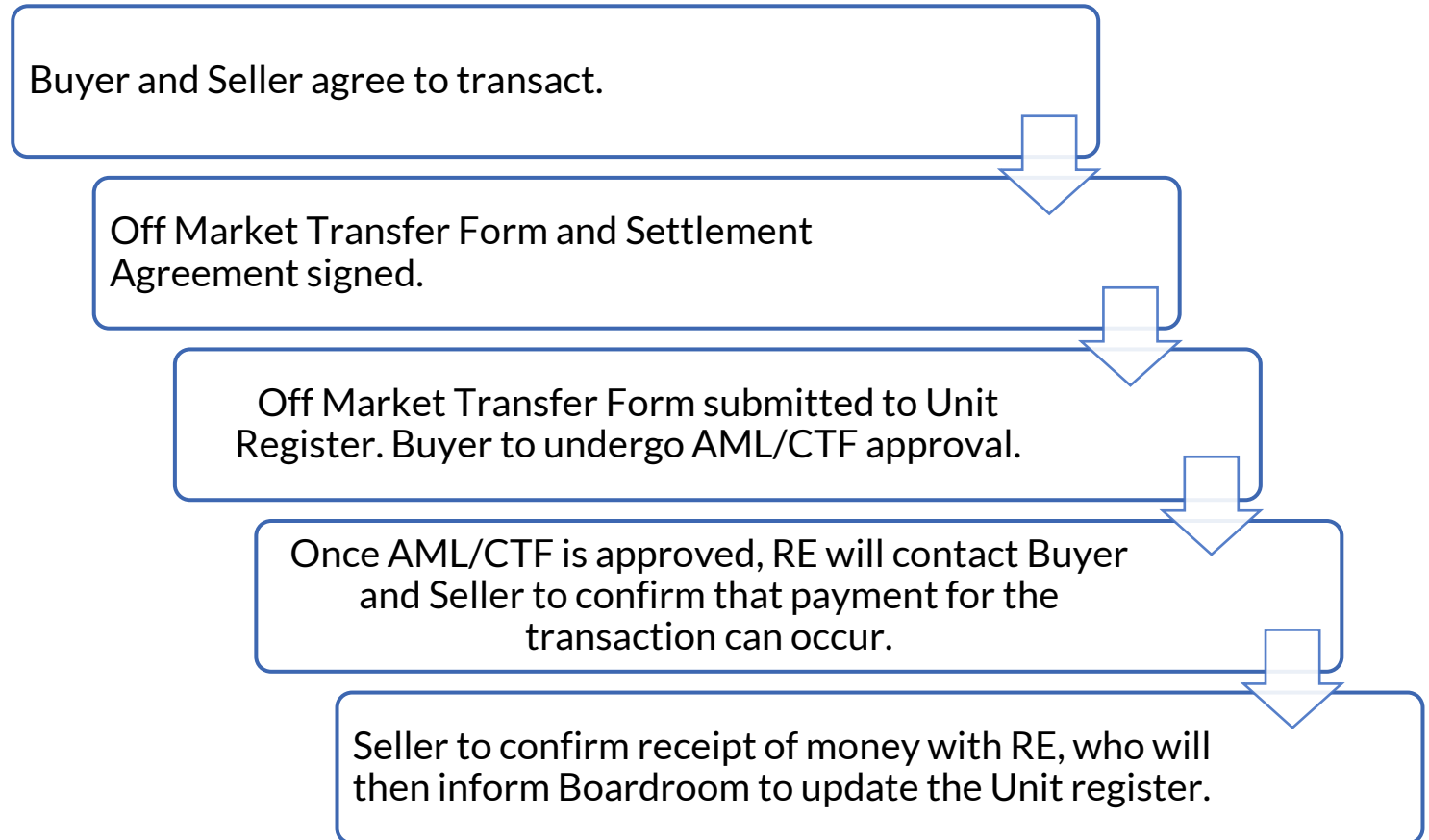
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¹Low Volume Market information [here](#).

Transaction Process

Sellers will have three business days to accept a Buyers' offer to purchase their units.



Transactions should be considered binding on both parties once the Off-Market Transfer form and Settlement Agreement are signed.

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¹Low Volume Market information [here](#).

Additional Information

The Fund's NTA will continue to be published on the Fund's website around the 20th of each month. The NTA will be available here:

- [CDIV Key Documents](#)
- [Fund IV Market Page](#)
- [CDIV Announcements](#)

We would advise Unitholders to also review the Trading History (Fund IV Market Page) once the market opens.

Each offer will be given 3 business days to be accepted, and if no response is received the Responsible Entity may contact another seller. Buyers and Sellers will be considered on a first-come basis.

We cannot guarantee that there will be a buyer for your entire holding. You are not obligated to sell if you are presented with an offer which does not suit you.

The Responsible Entity will act as a conduit to the transaction but will not negotiate on either parties' behalf. Financial Advisors or alternate Representatives may act on your behalf with appropriate Authorisation.

LOW VOLUME MARKET¹

Summary

- Registration opens 22 July 2024 (9am AEST)
- Market opens on 19 August 2024 (9am AEST)
- Buyers should read the Product Disclosure Statement dated 13 March 2018 ([PDS](#)).
- You must consider your own circumstances before participating in the market. We would recommend you seek tax or financial advice, and you may consider appointing a representative to act on your behalf.
- You **must** register to participate in the market ([here](#)).
- Registration **does not** guarantee a transaction.
- The RE **will not** guide investors on pricing. Sellers must set their own price.
- The transactions in the market (which will be documented on the Fund's website) will serve as a useful resource when setting your sale price. Sellers may modify their price at any point by contacting the RE.
- The market may close in the first 12-months if there are 100 transactions or if the market hits a volume limit of \$1.5 million. We will inform investors if this occurs and outline the key dates to observe for when the market will re-open.

¹Low Volume Market information [here](#).

Q&A

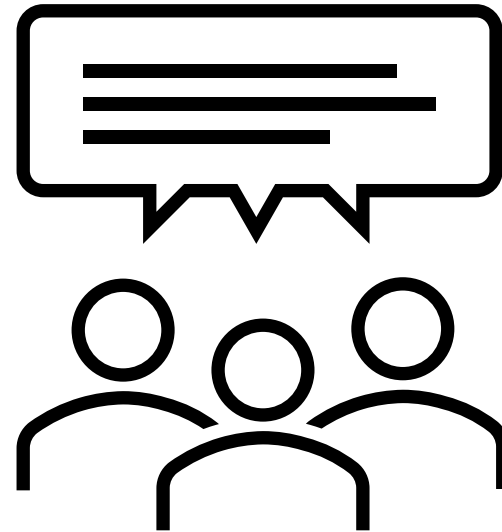
cdfunds@k2am.com.au

(03) 9691 6110

You may submit questions through the chat function.

We will group any similar questions, and anything that is not addressed will be followed up separately.

Investors may reach out after this presentation with any additional queries.



THANK YOU



Thank you for attending this presentation.

Unitholders are welcome to reach out to the Investor Relations team via email or phone.

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- +61 3 9691 6110.