



RESPONSIBLE ENTITY  
**K2 ASSET MANAGEMENT LTD**  
(ACN 085 445 094)  
(AFSL 244 393)

# HALF-YEAR FINANCIAL REPORT

FOR THE HALF-YEAR ENDED  
**30 SEPTEMBER 2024**

ARSN 624 474 531

**CD Private Equity Fund IV**

**Contents**

**30 September 2024**

Report to unitholders	2
Directors' report	4
Auditor's independence declaration	6
Condensed statement of profit or loss and other comprehensive income	7
Condensed statement of financial position	8
Condensed statement of changes in equity	9
Condensed statement of cash flows	10
Notes to the condensed financial statements	11
Directors' declaration	19
Independent auditor's review report to the unitholders of CD Private Equity Fund IV	20
Directory	22

**CD Private Equity Fund IV**  
**Report to unitholders**  
**30 September 2024**

Dear Unitholders,

We are pleased to present the half-year report for the CD Private Equity Fund IV (**CD4 or Fund**) for the period ending 30 September 2024 (**HY25**).

**Financial Performance**

Private equity markets are showing signs of recovery after a prolonged period of macroeconomic challenges that have impacted both private and public markets (excluding certain sectors like tech and AI) over the past 18 to 24 months. As of 30 September 2024, the Fund had pre-tax net assets of \$238.68 million (equivalent to \$2.02 per Unit) and post-tax net assets of \$232.91 million (equivalent to \$1.97 per Unit).

During the six months ended 30 September 2024, the Fund's investment in the US Select Private Opportunities Fund IV, L.P. (**LP**) saw a positive return of 0.28% in US dollar (**USD**) terms. However, the strengthening of the Australian dollar against the US dollar during this period negatively impacted the Fund's performance when translated into Australian dollars (**AUD**), the reporting currency. During the HY25 period, on a post-tax Net Tangible Asset Value (**NTA**) basis, the Fund posted a total return of -3.4%, resulting in a net loss of -\$8.00 million or -6.78 cents per Unit. This contrasts with a net profit of \$9.13 million or 7.74 cents per Unit for the same period last year.

Since inception, the Fund has returned \$0.605 per Unit in distributions, including \$0.03 per Unit paid to Unitholders in August 2024. This distribution was made following the receipt of a modest amount of proceeds from earlier realisations, in combination with an evaluation of excess cash on balance sheet. On a longer-term basis, inclusive of distributions and net of all fees, the Fund has generated a post-tax annual return of 13.5% p.a. since inception, has generated an Internal Rate of Return (**IRR**) of 11.8% p.a. and the Total Value to Paid-In Capital (**TVPI**) multiple is 1.61 times<sup>1</sup>.

**HY25 Results**

The Australian dollar's appreciation against the US dollar during HY25 was a headwind for the Fund, with the exchange rate strengthening from 65.21 to 69.13 US cents. This resulted in an unrealised foreign currency translation loss of -\$13.13 million, which was reflected in the total fair value movement of the Fund. Fortunately, since the close of the period, the Australian dollar has weakened to 65.82 US cents at 31 October 2024, which should have a positive effect on the Fund's investments when measured in AUD. We've demonstrated this graphically below:



While there was continued fragmentation across the Mergers & Acquisition (**M&A**) markets, which placed some negative pressure on some underlying portfolio valuations, during the half-year the Fund's US-dollar investment in the LP saw positive fair value movement on the underlying assets of US\$3.4 million, as outlined below.

<sup>1</sup> The TVPI is calculated as the total distributions to Unitholders since inception plus the current net tangible asset value, divided by the original unitholder investment of \$1.60 per unit.

**CD Private Equity Fund IV**  
**Report to unitholders**  
**30 September 2024**

**Funds interest in the LP (88.4%)**

Item	Amount (USD)	Amount (AUD)
Opening LP Value (1 April 2024)	\$148.5 million	\$227.8 million
Closing LP Value (30 September 2024)	\$151.9 million	\$219.7 million
Movement in Fair Value of Underlying Assets*	+\$3.4 million	-8.1 million

\*Including distributions from the LP

**Outlook**

Despite the foreign currency translation headwind in HY25, which has largely reversed post-balance date, the Fund continues to hold a portfolio of high-quality assets, which have been held for a median of 4 years. While we are so pleased to have seen 29 realisations of underlying portfolio companies since inception (returning \$0.605 per Unit to investors), the portfolio is comprised of 112 underlying companies which are continuing to grow under the guidance of the respective managers.

While the first part of the half-year remained relatively quiet, there was a notable resurgence in activity post 30 June, driven by improving market sentiment and the valuation gap between buyers and sellers beginning to narrow, encouraging deal flow. In fact, during the half-year, the LP successfully realised four underlying portfolio companies—Shorecal Limited, Total Power Gen Solutions, ASP Global and Fortress Brand. More details on these realisations can be found in both our Q2 2024 ([here](#)) and Q3 2024 report ([here](#)).

During the half-year, the LP received six distributions for a total of US\$8.21 million, as well as making a net payment of nine capital calls for a total of US\$1.58 million. While these distributions were predominantly the proceeds of the four realisations during the half-year, the capital calls were utilised to continue to build and grow the underlying portfolio companies which the Fund has an interest in. This included add-on acquisitions for Total Sanitation Services, LMC Landscape Partners and PCRK Group. Additionally, these capital calls funded continued growth and liquidity for Amplio Learning Technologies, Accelerate Learning., MikMak and Login VSI. Once again, greater detail can be found in our recent quarterly reports linked above.

As previously noted, the Fund's distributions will continue to be almost exclusively funded by the realisation of underlying portfolio companies. The past 18 months of high inflation, elevated interest rates, and geopolitical uncertainty have added pressure to the portfolio managers' ability to execute exits from their investments. The Manager remains optimistic that as interest rates ease in the coming quarters, the market will become more supportive of exit opportunities in 2025 and 2026, which will in turn create opportunities for distributions to Unitholders at 6-monthly intervals (or more frequently if deemed appropriate). The Fund closed the half-year with A\$19.29 million in cash, and its share of the LP's cash balance was A\$13.33 million.

We would like to express our gratitude once again for your ongoing engagement and feedback as we step into our role as the Responsible Entity (RE) for the Fund Series. We remain committed to providing transparent updates and working alongside the Manager to achieve the best outcomes for Unitholders. As always, we encourage you to reach out to us with any questions or comments and our Investor Relations team is available at [cdfunds@k2am.com.au](mailto:cdfunds@k2am.com.au) or on +61 3 9691 6110.

We look forward to updating you on the Fund's progress throughout FY25.

Yours faithfully,



Hollie Wight

Managing Director, Head of RE & Trustee services

28 November 2024

**CD Private Equity Fund IV**  
**Directors' report**  
**30 September 2024**

The directors of K2 Asset Management Ltd, the Responsible Entity of the CD Private Equity Fund IV (**Fund**), present their report together with the condensed financial statements of the Fund for the half-year ended 30 September 2024.

**Directors**

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

- Campbell Neal
- Hollie Wight
- George Boubouras
- Neil Sheather

Directors have been in office since the start of the half-year to the date of this report unless otherwise stated.

**Principal activities and significant changes in nature of activities**

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

**Review and results of operations**

The loss for the Fund after providing for income tax amounted to \$7,998,950 (30 September 2023: profit of \$9,129,635).

The key components of this result included a \$7,543,910 fair value loss (30 September 2023: \$9,251,869 gain) incurred on the Fund's investment in the LP during the period. As at 30 September 2024, the Fund had net assets of \$232,907,517 (31 March 2024: \$244,434,525), representing \$1.97 per unit (31 March 2024: \$2.07 per unit). To balance date, the Responsible Entity has called 100% or \$1.60 per fully paid unit from the Australian investors.

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. Since inception, 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 half-year ended 30 September 2024, 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 period totalled US\$121.3 million.

The Fund has committed capital of US\$102.2 million, representing an interest of 88.4% in the LP. The Fund's proportionate share of the total capital called as at 30 September 2024 was US\$93.3 million (or \$135.0 million).

**Distributions**

Distributions paid during the financial half-year were as follows:

	<b>30 September 2024 \$</b>	<b>30 September 2023 \$</b>
Distribution - 8.5 cents per unit paid on 22 June 2023	-	9,996,167
Distribution - 3.0 cents per unit paid on 5 August 2024	3,528,058	-
	<u>3,528,058</u>	<u>9,996,167</u>

**Events subsequent to the reporting period**

No matter or circumstance has arisen since 30 September 2024 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.

**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.

**CD Private Equity Fund IV**  
**Directors' report**  
**30 September 2024**

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



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Hollie Wight  
Director of K2 Asset Management Ltd, Responsible Entity

28 November 2024

28 November 2024

The Board of Directors  
K2 Asset Management Ltd  
as Responsible Entity for:  
CD Private Equity Fund IV  
Level 44, 101 Collins Street  
Melbourne VIC, 3000  
Australia

Dear Board Members

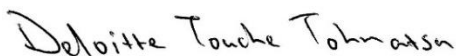
### Auditor's Independence Declaration to CD Private Equity Fund IV

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 review of the half year financial report of CD Private Equity Fund IV for the half-year ended 30 September 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- Any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Carlo Pasqualini  
Partner  
Chartered Accountants

**CD Private Equity Fund IV**  
**Condensed statement of profit or loss and other comprehensive income**  
**For the half-year ended 30 September 2024**

	Note	30 September 2024 \$	30 September 2023 \$
<b>Investment income</b>			
Interest income		80,668	124,703
Foreign exchange (loss)/gain		(676,576)	599,972
Fair value movements of equity investments	4	<u>(7,543,910)</u>	<u>9,251,869</u>
Total investment (loss)/income		<u>(8,139,818)</u>	<u>9,976,544</u>
<b>Expenses</b>			
Management and administration fees	8	(383,529)	(489,286)
Custody fees		(23,107)	(26,498)
Registry fees		(61,686)	(36,087)
Legal and professional fees		(205,015)	(124,423)
Transaction costs		-	(168,131)
Other expenses		<u>(5,073)</u>	<u>(9,600)</u>
Total expenses		<u>(678,410)</u>	<u>(854,025)</u>
<b>(Loss)/profit before income tax benefit</b>		(8,818,228)	9,122,519
Income tax benefit		<u>819,278</u>	<u>7,116</u>
<b>(Loss)/profit after income tax benefit for the half-year</b>		(7,998,950)	9,129,635
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive (loss)/income for the half-year</b>		<u>(7,998,950)</u>	<u>9,129,635</u>
		<b>Cents</b>	<b>Cents</b>
Basic (loss)/earnings per unit	3	(6.78)	7.74
Diluted (loss)/earnings per unit	3	(6.78)	7.74

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



**CD Private Equity Fund IV**  
**Condensed statement of financial position**  
**As at 30 September 2024**

	<b>Note</b>	<b>30 September 2024 \$</b>	<b>31 March 2024 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		19,291,181	24,512,249
Receivables		30,947	35,041
Current tax assets		80,376	-
<b>Total current assets</b>		<u>19,402,504</u>	<u>24,547,290</u>
<b>Non-current assets</b>			
Other financial assets	4	<u>219,681,100</u>	<u>227,736,532</u>
<b>Total non-current assets</b>		<u>219,681,100</u>	<u>227,736,532</u>
<b>Total assets</b>		<u>239,083,604</u>	<u>252,283,822</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		319,339	287,821
Current tax liabilities		-	364,592
<b>Total current liabilities</b>		<u>319,339</u>	<u>652,413</u>
<b>Non-current liabilities</b>			
Deferred tax	5	<u>5,856,748</u>	<u>7,196,884</u>
<b>Total non-current liabilities</b>		<u>5,856,748</u>	<u>7,196,884</u>
<b>Total liabilities</b>		<u>6,176,087</u>	<u>7,849,297</u>
<b>Net assets</b>		<u>232,907,517</u>	<u>244,434,525</u>
<b>Equity</b>			
Unit capital	6	182,588,452	182,588,452
Retained earnings		<u>50,319,065</u>	<u>61,846,073</u>
<b>Total equity</b>		<u>232,907,517</u>	<u>244,434,525</u>

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

**CD Private Equity Fund IV**  
**Condensed statement of changes in equity**  
**For the half-year ended 30 September 2024**

	<b>Unit capital \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
Balance at 1 April 2023	182,584,432	101,774,675	284,359,107
Profit after income tax benefit for the half-year	-	9,129,635	9,129,635
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	9,129,635	9,129,635
<i>Transactions with unitholders in their capacity as unitholders:</i>			
Issued capital (note 6)	4,020	-	4,020
Distributions paid (note 7)	-	(9,996,167)	(9,996,167)
Balance at 30 September 2023	<u>182,588,452</u>	<u>100,908,143</u>	<u>283,496,595</u>
	<b>Unit capital \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
Balance at 1 April 2024	182,588,452	61,846,073	244,434,525
Loss after income tax benefit for the half-year	-	(7,998,950)	(7,998,950)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive loss for the half-year	-	(7,998,950)	(7,998,950)
<i>Transactions with unitholders in their capacity as unitholders:</i>			
Distributions paid (note 7)	-	(3,528,058)	(3,528,058)
Balance at 30 September 2024	<u>182,588,452</u>	<u>50,319,065</u>	<u>232,907,517</u>

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

**CD Private Equity Fund IV**  
**Condensed statement of cash flows**  
**For the half-year ended 30 September 2024**

	<b>30</b> <b>September</b> <b>2024</b> <b>\$</b>	<b>30</b> <b>September</b> <b>2023</b> <b>\$</b>
<b>Cash flows from operating activities</b>		
Interest income received	85,500	132,392
Net payments to suppliers	<u>(647,629)</u>	<u>(1,201,701)</u>
Net cash used in operating activities	<u>(562,129)</u>	<u>(1,069,309)</u>
<b>Cash flows from investing activities</b>		
Net cash from investing activities	<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of units	-	4,020
Payment of distributions	<u>(3,528,058)</u>	<u>(9,996,167)</u>
Net cash used in financing activities	<u>(3,528,058)</u>	<u>(9,992,147)</u>
Net decrease in cash and cash equivalents	(4,090,187)	(11,061,456)
Cash and cash equivalents at the beginning of the financial half-year	24,512,249	39,276,958
Effects of exchange rate changes on cash and cash equivalents	<u>(1,130,881)</u>	<u>912,229</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>19,291,181</u></u>	<u><u>29,127,731</u></u>

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

**CD Private Equity Fund IV**  
**Notes to the condensed financial statements**  
**30 September 2024**

**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.

Pursuant to a resolution approved on 27 June 2023, K2 Asset Management Ltd (**Responsible Entity**) replaced E&P Investments Limited (**former Responsible Entity**) as responsible entity of the Fund effective 4 July 2023.

This half-year financial report is intended to provide users with an update on the latest annual financial statements of the Fund.

*Basis of preparation*

(i) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134: 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The condensed financial statements were authorised for issue by the directors on 28 November 2024.

(ii) Summary of material accounting policies

The same accounting policies and methods of computation have been followed in this half-year financial report as were applied in the most recent annual financial statements.

The Fund has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are relevant to the operations and effective for the current half-year. The adoption of new and revised Standards and Interpretations has had no material impact on the financial statements.

(iii) 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 to note 4(iv)), recognition of a deferred tax liability in respect of likely US tax obligations which will arise from underlying fund investment realisations (refer to note 5), and selection of Australian dollars as the functional currency of the Fund. The AUD-USD half-year exchange rate used is 0.6913.

**2. Operating segment**

The Fund operates a single reportable segment, that being the business of investing in small-to-mid-market private investments in the United States of America 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.

**CD Private Equity Fund IV**  
**Notes to the condensed financial statements**  
**30 September 2024**

**2. Operating segment (continued)**

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 condensed financial statements and notes to the condensed financial statements of the Fund.

**3. (Loss)/earnings per unit**

	<b>30 September 2024</b>	<b>30 September 2023</b>
	<b>\$</b>	<b>\$</b>
(Loss)/profit after income tax	<u>(7,998,950)</u>	<u>9,129,635</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary units used in calculating basic (loss)/earnings per unit	<u>117,939,153</u>	<u>117,939,153</u>
Weighted average number of ordinary units used in calculating diluted (loss)/earnings per unit	<u>117,939,153</u>	<u>117,939,153</u>
	<b>Cents</b>	<b>Cents</b>
Basic (loss)/earnings per unit	(6.78)	7.74
Diluted (loss)/earnings per unit	(6.78)	7.74

**4. Non-current assets - other financial assets**

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

	<b>30 September 2024</b>	<b>31 March 2024</b>
	<b>\$</b>	<b>\$</b>
US Select Private Opportunities Fund IV, LP (LP)	<u>219,681,100</u>	<u>227,736,532</u>
	<b>30 September 2024</b>	<b>31 March 2024</b>
	<b>\$</b>	<b>\$</b>
(ii) Reconciliation		
Balance at the beginning of the period	227,736,532	253,448,439
Movement in fair value through profit or loss*	(7,543,910)	983,765
Distributions received from LP ^	<u>(511,522)</u>	<u>(26,695,672)</u>
Balance at the end of the period	<u>219,681,100</u>	<u>227,736,532</u>

\* Included in the 'movement in fair value' amount of \$7,543,910 loss (year ended 31 March 2024: \$983,765 gain) is an unrealised foreign exchange translation loss component of \$13,130,129 (year ended 31 March 2024: \$5,598,276 gain). 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 \$759,124 (year ended 31 March 2024: \$1,566,967) and performance fees accrued by the LP to the GP, totalling \$10,251,187 (year ended 31 March 2024: \$10,615,473) (refer to note 8).

**CD Private Equity Fund IV**  
**Notes to the condensed financial statements**  
**30 September 2024**

**4. Non-current assets - other financial assets (continued)**

^ Distributions received from the LP totalling \$511,522 (US\$353,614) as at 30 September 2024 (31 March 2024: \$377,847 (US\$253,251)) were through the settlement of the Fund's US tax obligations on behalf of the Fund, contributing to a reduction in the Fund's current tax liability, resulting in a net current tax asset at balance date.

(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 30 September 2024 is represented by its proportionate interest in the LP's assets and liabilities as follows:

	<b>30</b>	<b>31 March</b>
	<b>September</b>	<b>2024</b>
	<b>2024</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Cash	13,325,844	6,106,629
Investment in US private investment funds recorded at fair value:		
Astra Partners I, LP	12,105,604	13,454,096
CORE Industrial Partners Fund I, LP	14,333,141	15,841,632
Elephant Partners II, LP	20,512,227	23,166,306
Gainline Equity Fund, LP	18,430,961	17,851,984
Nosara Capital Fund I, LP	20,390,341	21,824,610
Quad Partners V, LP	3,046,469	3,400,639
Trivest Fund VI, LP	9,962,565	14,868,776
US Select Direct Private Equity II, LP	53,417,199	54,952,356
Wavecrest Growth Partners I, LP	30,797,762	27,687,705
Incline Elevate Fund, LP	13,128,848	16,016,047
Tower Arch Partners II, LP	15,327,587	18,426,645
Rucker Park Capital Fund, LP	4,405,149	3,963,229
Prepaid investment management fees	107,270	113,748
Prepaid taxes	641,320	677,603
Accrued performance fees	<u>(10,251,187)</u>	<u>(10,615,473)</u>
Net assets*	<u><u>219,681,100</u></u>	<u><u>227,736,532</u></u>

\*Included in net assets of \$219,681,100 (31 March 2024: \$227,736,532) are investments in US private investment funds of \$215,857,853 (31 March 2024: \$231,454,025).

(iv) Valuation

*Valuation technique adopted*

As disclosed in the most recent annual financial report, the valuation of the Fund's interest in the LP at balance date has been based on the Fund's established valuation basis described below.

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.

**4. Non-current assets - other financial assets (continued)**

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 is based on the fair values of the underlying investment funds at 30 June 2024 adjusted for any material changes to those valuations to reflect movements to 30 September 2024, including foreign exchange translation impacts arising from translating the USD denominated interest in the LP to AUD at each balance date.

*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 on 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 to note 5).

*Inter-relationship between significant unobservable inputs and fair value measurement*

The inter-relationship between the significant unobservable inputs and fair value measurements is such that the higher the growth rates or earnings multiples adopted by the underlying investment funds, the higher the resultant fair value determination of the underlying equity investments, and therefore ultimately the higher the fair value of the Fund's investment in the LP. Since neither the Fund itself, nor the LP, has access to the underlying detailed equity investment valuations performed by the US investment funds, it is unable to assess the sensitivity of fair value determinations to changes in underlying unobservable inputs. However, at the Fund level, a 5% change (increase/decrease) in the carrying value of the LP's interest held in the underlying US investment funds would result in a \$10,792,893 impact (increase/decrease) in the carrying value of the Fund's investment in the LP. A 5% increase in the AUD/USD exchange rate would decrease the value of the Fund's investment in the LP by \$10,446,224. Conversely, a 5% decrease would increase the value of the Fund's investment by \$11,578,500. Refer to note 1(iii) for further details regarding investment risks and estimation uncertainty applied in the determination of the fair value of the underlying unlisted equity investments to which the Fund is exposed.

(v) Capital commitments

As at 30 September 2024, the Fund has made capital commitments totalling US\$102.2 million to the LP, of which US\$93.3 million has been called at balance date.

As at 30 September 2024, the Fund has uncalled capital commitments of US\$8.8 million (or \$12.8 million) outstanding to the LP. The capital commitments can be called at any time in the future. At 30 September 2024, the Fund held cash and cash equivalents totalling \$19,291,181 from which it can draw to meet its uncalled commitments to the LP.

The uncalled capital commitments referred to above were converted at the half-year end AUD:USD exchange rate of 0.6913.

**CD Private Equity Fund IV**  
**Notes to the condensed financial statements**  
**30 September 2024**

**5. Non-current liabilities - deferred tax**

	<b>30 September 2024 \$</b>	<b>31 March 2024 \$</b>
Deferred tax liability	<u>5,856,748</u>	<u>7,196,884</u>

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.

Through the Fund's investment in the LP, it is anticipated that the Fund will be treated as directly or indirectly engaged in a trade or business in the US and will likely generate income that is effectively connected with the US. The Fund will be required to file a US federal corporate income tax return and pay US federal income tax on a net basis (at the same rates that are generally applicable to US corporations, currently 21%) in respect of its share of Effectively Connected Income (ECI) derived from that trade or business. Additionally, the Fund may also be required to pay Branch Profits Tax at a rate of 5% pursuant to the Double Tax Treaty for certain qualified tax residents.

As at 30 September 2024, the deferred tax liability has been measured at an effective rate on estimated ECI of 24.95% incorporating both corporate and branch profit taxes. 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.

**6. Equity - unit capital**

	<b>30 September 2024 Units</b>	<b>31 March 2024 Units</b>	<b>30 September 2024 \$</b>	<b>31 March 2024 \$</b>
Ordinary units - fully paid	<u>117,939,153</u>	<u>117,939,153</u>	<u>182,588,452</u>	<u>182,588,452</u>

*Movements in ordinary unit capital*

<b>Details</b>	<b>Date</b>	<b>Units</b>	<b>\$</b>
Partly paid units - cancellation of forfeiture of units	1 April 2023	117,939,153	182,584,432
		-	4,020
Balance	1 April 2024	<u>117,939,153</u>	<u>182,588,452</u>
Balance	30 September 2024	<u>117,939,153</u>	<u>182,588,452</u>

*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.



**CD Private Equity Fund IV**  
**Notes to the condensed financial statements**  
**30 September 2024**

**6. Equity - unit capital (continued)**

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 issue price has been called. Capital call proceeds of \$4,020 were received in the prior year due to a cancellation of forfeiture of units. Units were subsequently reinstated and transferred from the former Responsible Entity on behalf of the Fund to the unitholder.

There were no movements in unit capital during the half-year.

**7. Equity - distributions**

Distributions paid during the financial half-year were as follows:

	<b>30 September 2024</b>	<b>30 September 2023</b>
	<b>\$</b>	<b>\$</b>
Distribution - 8.5 cents per unit paid on 22 June 2023	-	9,996,167
Distribution - 3.0 cents per unit paid on 5 August 2024	3,528,058	-
	<u>3,528,058</u>	<u>9,996,167</u>

**8. Related party disclosures**

*Key management personnel*

Campbell Neal, Hollie Wight, George Boubouras, Neil Sheather are directors of the Responsible Entity, K2 Asset Management Ltd, 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.

*Related party investments in the scheme*

At 30 September 2024, K2 Asset Management Ltd in its capacity of as the Responsible Entity of the Fund held 337,250 fully paid ordinary units representing a 0.29% interest in the Fund. In accordance with the Fund's Constitution, forfeited units held by the Responsible Entity are not entitled to distributions paid by 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 0.275% per annum (exclusive of GST) on the gross asset value of the Fund. This is comprised of the Responsible Entity Fee of 0.05% per annum and Administration Fee of 0.225% per annum. Management fees are paid to the Responsible Entity monthly in arrears.

The total management fees paid or payable to the Responsible Entity for the half-year ended 30 September 2024 was \$337,584, exclusive of GST (2023: \$438,751, exclusive of GST, which comprised of \$189,266 paid to the Responsible Entity and \$249,485 paid to the former Responsible Entity based on management fees totalling 0.33% per annum. There were outstanding management fees of \$108,911 as at 30 September 2024 (2023: \$65,536).

**CD Private Equity Fund IV**  
**Notes to the condensed financial statements**  
**30 September 2024**

**8. Related party disclosures (continued)**

*Fund administration fee*

K2 Asset Management Ltd, 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 fees paid or payable for the half-year ended 30 September 2024 were \$30,000, exclusive of GST (2023: \$30,000, exclusive of GST, which comprised of \$15,000 paid to K2 Asset Management Ltd and \$15,000 paid to Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of E&P Financial Group Limited, the parent of the former Responsible Entity under a service agreement which ceased on 3 July 2023).

*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 (**GP**), being an entity associated with the former 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 fees paid or payable during the half-year ended 30 September 2024 amounted to \$858,737 (US\$570,650) (2023: \$900,668 (US\$595,650)). The Fund's 88.4% interest equates to \$759,124 (2023: \$796,191). In addition, prepaid expenses to the GP totalling \$107,331 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 half-year ended 30 September 2024, US\$8,006,874 (2023: US\$8,468,791) was accrued as performance fees. The Fund's interest equates to \$10,251,187 (US\$7,086,644). This fee is accrued in the books of the LP.

*US Select Direct Private Equity Fund II, L.P*

At balance date, the Fund's share of the LP's investment in US Select Direct Private Equity II, L.P. was \$53,417,199 (US\$36,927,310) (31 March 2024: \$54,952,356 (US\$35,834,431)). The General Partner of this investment is associated with the former Responsible Entity of the Fund.

*Recharges paid to a related entity*

To avoid suppliers receiving multiple payments, K2 Asset Management Ltd, makes a single payment to certain suppliers, and recharges the Fund its share at cost during the reporting period. 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.

**9. 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).

**CD Private Equity Fund IV**  
**Notes to the condensed financial statements**  
**30 September 2024**

**9. Fair value measurement (continued)**

<b>30 September 2024</b>	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Financial assets carried at fair value</i>				
Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund IV, LP	-	-	219,681,100	219,681,100
Total assets	-	-	219,681,100	219,681,100

<b>31 March 2024</b>	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Financial assets carried at fair value</i>				
Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund IV, LP	-	-	227,736,532	227,736,532
Total assets	-	-	227,736,532	227,736,532

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 period ended 30 September 2024.

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 4(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.

**10. Events after the reporting period**

No matter or circumstance has arisen since 30 September 2024 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.

**CD Private Equity Fund IV**  
**Directors' declaration**  
**30 September 2024**

In the opinion of the directors of the Responsible Entity:

- the financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with the Accounting Standards;
- the attached financial statements and notes give a true and fair view of the Fund's financial position as at 30 September 2024 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors of the Responsible Entity made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the directors



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Hollie Wight  
Director of K2 Asset Management Ltd, Responsible Entity

28 November 2024

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

### *Conclusion*

We have reviewed the half-year financial report of CD Private Equity Fund IV (the "Fund"), which comprises the condensed statement of financial position as at 30 September 2024, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes to the financial statements, including material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Fund does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Fund's financial position as at 30 September 2024 and of its performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

### *Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year 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 and 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 annual 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 K2 Asset Management Ltd (the "Responsible Entity"), would be in the same terms if given to the directors as at the time of this auditor's review report.

### *Directors' Responsibilities for the Half-year Financial Report*

The directors of the Responsible Entity of the Fund (the "directors") are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibilities for the Review of the Half-year Financial Report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 30 September 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Carlo Pasqualini  
Partner  
Chartered Accountants

Sydney, 28 November 2024

**CD Private Equity Fund IV**  
**Directory**  
**30 September 2024**

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