



2024 Q4

QUARTERLY UPDATE

RELEASE DATE: 11 FEBRUARY 2025



In 2024, U.S. private equity (PE) saw a strong rebound in activity which was a welcome change from the prior 12-month period. Deal count and deal value both saw significant year-over-year increases, driven by lower interest rates which help in aligning buyer and seller valuation expectations as well as allowing deals to proceed with confidence. Exit activity was also helped along by secondary buyouts, with PE firms acquiring 79 companies from other PE firms, with an aggregate value of US\$167b, which was up by over 100% from the year prior.

Despite a modest slowdown in Q4 2024 due to the U.S. Presidential Election, momentum was also fuelled by increasing pressure for capital returns from limited partners (LPs). EY surveyed US General Partners (GPs), with 57% expecting exits to increase over the next six months and for many, their exit readiness activities – inclusive of presale diligence, engaging bankers to help manage the sale, and preparing management teams for the process – has already begun in earnest. We are noticing this amongst the Fund Series – particularly CD1 and CD2 – and are hopeful for a fruitful 2025 for these portfolios.

Overall, the macroeconomic backdrop does remain mixed, despite a largely pro-business Government, risks such as tariffs, persistent high interest rates, budget cuts, and inflationary pressures from supply chain disruptions and consumer defaults all pose different pressures on the portfolio companies. While caution may persist, we are hopeful that our GPs can position themselves to benefit from an improving business climate in 2025 and capitalise on the increased market activity for their LPs.

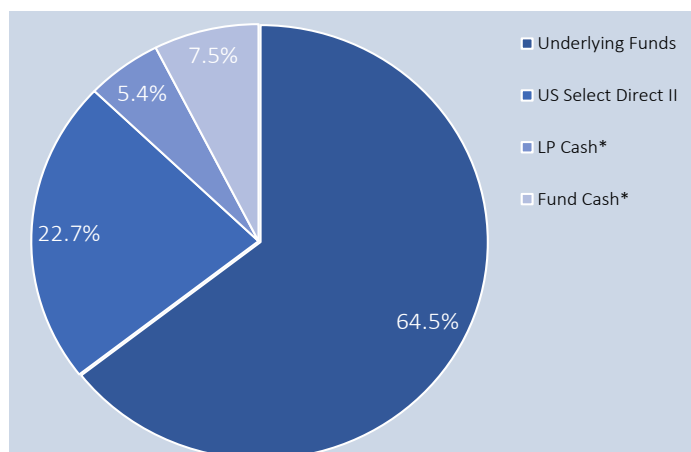
FUND 4: QUARTERLY UPDATE & PORTFOLIO COMPOSITION^{1, 5, 6, 7}

Inception Date	April 2018
CD4 Called Capital per Unit	\$1.60 per Unit
CD4 Distributions Paid Since Inception ⁹	\$0.605 per Unit
CD4 31 December 2024 NTA (post-tax)	\$2.22 per Unit
Q4 2024 Portfolio Realisations	3
Average Gross MOIC on Q4 Realisations	2.95x

CD4 Interest in LP4	88.37%
Total Underlying Funds (since inception)	12
Total Underlying Portfolio Companies (since inception)	138
Total Portfolio Company Realisations	32
Median Gross MOIC on Realisations	2.90x
Remaining Portfolio Companies (<i>see below</i>)	98
Hold Period of Remaining Active Investments	3.6 years

Fund Cash Balance ⁹	A\$20.8m
Fund's Interest in LP Cash Balance ⁹	US\$9.3m
Fund's Interest in Underlying Funds	US\$111.3m
Fund's Interest in US Select Direct 2 (USD2)	US\$39.2m

CD4 31 DECEMBER 2024: KEY STATISTICS ^{1, 2}		
NTA per unit	Gross assets	Quarterly NTA Return
\$2.22	A\$268.2 million	14.4%



*Cash balances include funds which will be utilised for the distribution declared post quarter-end.

As at 31 December 2024, the Fund had 106 portfolio companies, with eight (8) of those deemed inactive and unlikely to have significant value extracted. These assets were written off in earlier periods, with the impairment reflected in the Fund's NTA at the time of impairment (and in all subsequent periods).

Of the remaining 98 portfolio companies, it is considered that 82 of these are active earners, and 16 have been impaired from their cost base in prior periods. Though these 16 have been impaired, they do still continue to hold value in the portfolio and continue to be reflected as active portfolio companies.

CASH FLOW MANAGEMENT (FUND 4 & LP4)

In light of the recent distributions announced in January 2025 (CD4 announcement of \$0.11 per Unit [here](#)), as well as the notable increase in underlying portfolio activity, we've received queries from Investors regarding the underlying cash flow management policies of the Fund, which we are pleased to share more detail on. The below is a snapshot of the Fund and LP cash following the distribution announced to Unitholders, which was partially funded by a distribution from the LP to the Fund.

Similar principles to what K2 shared in the October 2023 presentation apply (presentation [here](#)), with distributions being determined based on available and projected cash flows at both the Fund level (managed by K2 as the RE) and at the LP level (managed by the General Partner (GP)). The RE does not have discretion over the cash management of the LP.

	as at 7 February 2025
CD4 (Fund 4) Cash (AUD)	A\$27.6m
ALLOWANCE FOR	
Distributions declared (January 2025)	-A\$12.9m
Further investments	-A\$7.1m
Working capital & fund expenses*	-A\$5.1m
Total Cash Requirement	-A\$25.2m
Cash Buffer^	A\$2.4m

	as at 7 February 2025
LP4 Cash (USD)	US\$5.2m
LP4s Remaining Commitment to Underlying Funds ^{1, 8}	-US\$5.6m
LP4 2025 Investment Manager Fees ¹⁰	-US\$1.3m
Fund's Interest in LP4	88.37%
Fund's non-controlling interest in LP4 Cash	US\$4.6m

*Working capital includes a projected 3 year period of management & administration fees, professional fees, ASX fees (where applicable), registry fees, accounting, audit & compliance, as well as an allowance for any expected Fund-level taxes.

^While we work to keep this cash buffer as modest as possible, conservatively we wish to be able to account for any unforeseen Fund level expenses or unfavourable FX movements.

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.

LP4 QUARTERLY CAPITAL CALLS & DISTRIBUTIONS¹

	MONTH	AMOUNT*	FUND	PRIMARY REASON
Distribution	October	US\$0.01m	Tower Arch Capital	Tax distribution
Capital Call	October	-US\$0.92m	Core Industrial Partners	Follow-on investments (Fathom Digital Topco) and Fund Expenses
Capital Call	October	-US\$0.01m	Quad Partners	Follow-on investments (Amplio Investments), Management Fees & Fund Expenses
Distribution	November	US\$1.73m	Trivest	Realisation: BCC Engineering
Capital Call	December	-US\$0.04m	Quad Partners	Follow-on investments (Amplio Investments), Management Fees & Partnership Expenses
Capital Call	December	-US\$0.06m	Astra Partners	Follow-on investments (Logix Fiber Networks), Management Fees & Partnership Expenses
Capital Call	December	-US\$0.22m	Incline Equity Partners	Follow-on investments (Road Tested Parts LLC), Management Fees & Partnership Expenses
Capital Call	December	-US\$0.03m	Tower Arch Capital	Follow-on investments (TAC/Snugz), Management Fees & Partnership Expenses

Note: This table does not account for all cash flow movements of the LP during the month.

*Amount of distributions may include simultaneous capital calls for minor follow-on investments, tax withholdings or payments, management fees & partnership expenses and/or carried interest payments.

LP4 QUARTERLY PORTFOLIO REALISATIONS - CASH EVENTS¹



BCC Engineering (BCC) was founded in 1994 and is a full-service engineering contractor. They provide planning, design and construction services for civil, structural and transportation projects in the Southeastern United States. Trivest first invested in BCC in 2019, and during the hold period they were able to complete two add-on acquisitions, enhancing BCC's service offering and expanding their geographic footprint into other markets. The company was [acquired](#) by Parsons Corporation (NYSE: PSN) for a reported US\$230 million.

Status

[Realised \(2024\)](#)

Initial Investment Date

2019

Underlying Fund

Trivest Fund VI

LP4 QUARTERLY PORTFOLIO REALISATIONS - NON-CASH EVENTS¹



Status

[IPO \(2021\)](#)

Final parcel sold on market (Dec 2024)

Initial Investment Date

2017

Underlying Fund

Elephant Partners

Status

[Realised \(Dec 2024\)](#)

Initial Investment Date

2017

Underlying Fund

Astra Capital Management

LP4 UNDERLYING PORTFOLIO^{1,5,6,7}

	TOTAL COMPANIES	TOTAL REALISATIONS	MEDIAN MOIC (REALISATIONS)	ACTIVE PORTFOLIO COMPANIES	AVERAGE HOLD PERIOD ON ACTIVE COMPANIES	UNDERLYING FUND VALUE (\$USD millions)	QUARTERLY MOVEMENT (EXCLUDING REALISATIONS) (\$USD millions)
Fund 1	4	2	1.0x	2	5.0 years	\$9.53	-\$0.01
Fund 2	6	3	3.3x	2	3.6 years	\$12.13	+\$0.90
Fund 3	9	4	2.8x	5	4.6 years	\$16.05	-\$0.03
Fund 4	6	1	5.0x	4	3.9 years	\$14.42	+\$0.57
Fund 5	10	3	8.5x	7	2.8 years	\$10.50	+\$1.00
Fund 6	10	3	0.0x	7	3.8 years	\$15.91	-\$0.04
Fund 7	10	6	2.8x	4	4.1 years	\$2.21	-\$0.16
Fund 8	27	0	-	23	2.7 years	\$3.22	+\$0.02
Fund 9	9	0	-	9	2.8 years	\$11.76	-\$0.23
Fund 10	12	4	3.6x	8	3.7 years	\$6.07	+\$0.48
Fund 11	10	1	2.4x	9	4.5 years	\$24.10	+\$1.99
Fund 12	25	5	2.0x	18	4.1 years	\$44.30	+\$2.51
Total	138	32	2.9x	98	3.6 years	\$170.20	+\$3.55

Note: Remaining value is at the LP level. LP cash as at 31 December 2024 (US\$10.48 million) is excluded from the above. Fund 2 total company count has decreased by 1 company following the merger of two synergistic portfolio companies. Fund 8 total company count has decreased by 2 companies, in line with the underlying fund reporting.

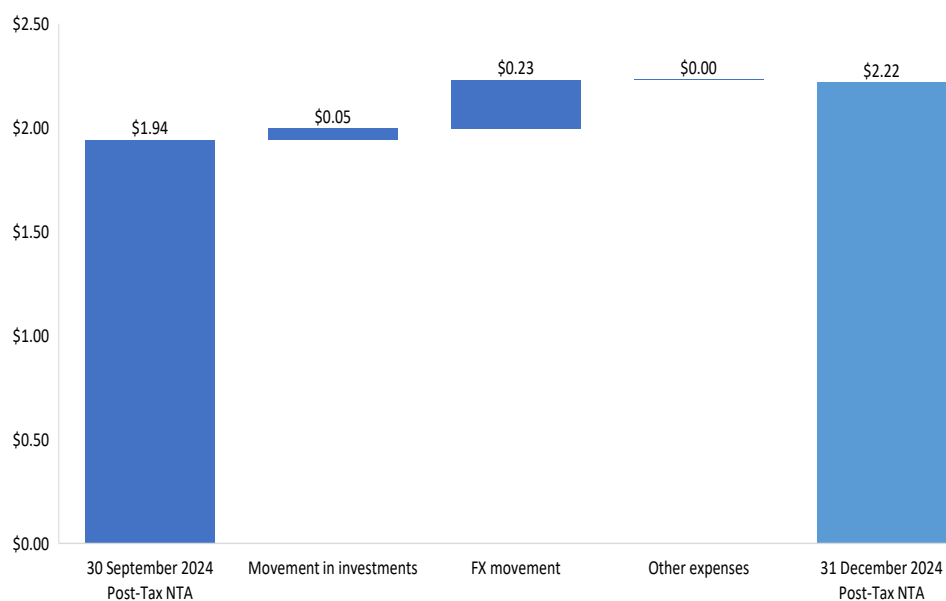
CD4 PERFORMANCE SUMMARY^{1, 2, 3, 4}

	1 MONTH	6 MONTHS	12 MONTHS	3 YEARS	5 YEARS	SINCE INCEPTION	IRR
NTA RETURN	5.2%	11.0%	11.7%	12.8% p.a.	18.5% p.a.	15.0% p.a.	13.4% p.a.

The Fund's NTA return is net of fees (including initial issuer or product fees) and is inclusive of distributions paid. Movement from 30 September 2024 is largely attributable to the weakening of the Australian dollar in combination with positive portfolio valuation movements, as can be seen in the NTA quarterly waterfall graph below.

Historical performance is not a guarantee of the future performance of the Fund.

CD4 QUARTERLY NTA MOVEMENT (PER UNIT)¹



CD4 DISTRIBUTION HISTORY (PER UNIT)^{1, 2}

	Distributions Declared	Cumulative Distributions	NTA as of 31 December	DPI	TVPI
2022	\$0.160	\$0.160	\$2.38	0.10x	1.59x
2023	\$0.225	\$0.385	\$2.20	0.24x	1.62x
2024	\$0.220	\$0.605	\$2.22	0.38x	1.77x
2025	\$0.110	\$0.715	-	0.45x	-

GLOSSARY AND NOTES

Source: E&P Investments Limited (for data before 4 July 2023) and K2 Asset Management Ltd (for data after 4 July 2023).

All figures are in AUD unless otherwise noted. Figures throughout the document may not sum due to rounding. AUD:USD 31 December 2024 spot rate of 0.6188 used.

1. Data is unaudited and is as at 31 December 2024.
2. NTA and total returns are inclusive of distributions and are based on post tax NTA, net of fees and costs.
3. Inception date of CD4 was April 2018.
4. CD4 total capital called per unit was \$1.60 per Unit, with the Fund calling the final instalment in June 2022.
5. MOIC returns are as at 31 December 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 II (USD2).
6. Age of portfolio companies refers to the average duration of time that the LP has been invested in the remaining underlying portfolio companies.
7. LP investments values are based on 30 September 2024 valuations provided by the underlying GP's, adjusted for capital calls, distributions and foreign exchange movements over the period. It is expected that the 31 December 2024 reports, which are based on the underlying Fund's audited financial statements, will be received in April 2025.
8. 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.
9. These figures are as at 31 December 2024 therefore do not include payment of the distribution declared in January 2025.
10. Investment Manager Fee is explained in greater detail in Note 8 of the 2025 Half-Year Accounts ([here](#)).

DEFINED TERMS

Portfolio Company: MOIC:	A company that is an investment of the LP. 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.
DPI:	Distribution to Paid-in Capital (total distributions divided by original investment).
TVPI:	Total Value to Paid-in Capital. (total distributions + current NTA divided by original investment).
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.

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 Services; 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).

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

DISCLOSURES

This Quarterly Update (Update) has been prepared and is authorised for release by K2 Asset Management Ltd (K2) 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). K2 and the Manager have taken reasonable care to ensure that the information contained in this document is accurate at the date of publication. However, no warranty or guarantee (express or implied) is given by either party as to the accuracy of the information in this document, and to the extent permitted by applicable law, K2 and the Manager specifically disclaim any liability for errors, inaccuracies or omissions in this document and for any loss or damage resulting from its use.

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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.