



RESPONSIBLE ENTITY

**K2 ASSET MANAGEMENT LTD**

(ACN 085 445 094)

(AFSL 244 393)

# ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
**31 MARCH 2025**

ARSN 162 057 089

## **CD Private Equity Fund II**

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**31 March 2025**

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**CD Private Equity Fund II**  
**Report to unitholders**  
**31 March 2025**

**Dear Unitholders,**

We are pleased to present the full-year report for the CD Private Equity Fund II (**CD2** or **Fund**) for the year ended 31 March 2025 (**FY25**).

**Financial Performance**

During the year ended 31 March 2025, the U.S. private equity (**PE**) market demonstrated a strong rebound in deal value and strategic investment activity, despite a modest decline in overall deal volume. Investor appetite returned with a clear focus on high-quality transactions—particularly in resilient sectors like technology and healthcare. Megadeals and public-to-private transactions surged, supported by robust deployment from major sponsors. Exit conditions also improved in early 2025, reflecting increased seller flexibility and stronger pricing. However, fundraising remained a challenge, with limited partners (**LPs**) remaining cautious and fund closures in the US declining for the third consecutive year.

Geopolitical uncertainty, particularly the imposition of widespread tariffs in early 2025, introduced significant headwinds. While the impact has seemed less severe than expected as we begin FY26, these developments certainly stalled some exit plans and increased uncertainty across all markets. While these challenges always have the potential to temper short-term outlooks, PE Managers continued to demonstrate their ability to adapt and wait for more favourable conditions, or where possible, to take advantage of strategic opportunities.

**FY25 Results**

For the year ended 31 March 2025, the Fund generated a total return of 1.0% on a post-tax net tangible asset (**NTA**) basis, resulting in net profit of \$0.21 million or 0.40 cents per Unit, compared to \$10.47 million or 19.96 cents per Unit for the previous financial year (**FY24**). The key components of the FY25 result included a \$3.43 million fair value movement gain on the Fund's investment in the LP, which included an unrealised foreign currency translation gain of \$3.25 million, as well as positive asset valuation movements of \$0.18 million.

During the year, the Fund paid distributions of \$8.39 million, or \$0.16 per Unit, to Unitholders, following the receipt of proceeds from the successful realisation of eight underlying portfolio companies (more information on the following page). Following these distributions being paid (which reduces the Fund's net assets), the Fund ended FY25 with pre-tax net assets of \$78.18 million (equivalent to \$1.49 per Unit) and post-tax net assets of \$72.81 million (equivalent to \$1.39 per Unit).

On a longer-term basis, inclusive of these distributions and net of all fees, the Fund has generated a post-tax annual return of 10.2% p.a. since inception, generated an Internal Rate of Return (**IRR**) of 11.0% p.a., and the Total Value to Paid-In (**TVPI**) multiple is 2.41 times<sup>1</sup>.

**Fund Activity and Capital Management**

The turbulence in the first quarter of 2025 appeared to take most equity markets by surprise, however fortunately for PE investors, deals that were underway continued to be executed, new transactions negotiated, and the valuation gap between buyers and sellers continued to narrow. During FY25, the LP (which the Fund has an 87.3% interest in), received notice of eight underlying portfolio company sales, as outlined in the following table. More detail regarding these realisations can be found on page 5, with the resulting cash flow movements outlined in the tables below. As a reminder, distributions from the Fund will continue to be primarily funded through the realisation of underlying portfolio companies.

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<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.

REALISATIONS			
Company name	Manager	Date	Cash flow impact to LP at exit
<b>NSCG Crane &amp; Heavy Haul</b>	Trive	May-24	N/A
<b>Senior Living</b>	US Select Direct I ( <b>USD1</b> )	Oct-24	US\$1.36 million <sup>2</sup>
<b>Senior Living</b>	Chicago Pacific	Nov-24	US\$1.81 million
<b>Eastern Dental</b>	Staple Street	Dec-24	US\$1.40 million
<b>Tavoron</b>	High Road	Feb-25	US\$1.74 million
<b>Sylvan</b>	Blue Point	Mar-25	US\$1.08 million
<b>InfoSync</b>	Staple Street	Jan-25	N/A
<b>Ivy Technology</b>	Staple Street	Mar-25	US\$3.21 million <sup>3</sup>

Given the vintage of the underlying funds, the underlying managers continue to work diligently to realise the underlying assets, with generally modest needs for additional capital for the underlying portfolio during the period.

INVESTMENT ACTIVITY			
Company name	Manager	Date	Cash flow impact to LP at exit
<b>Panoramic Doors</b>	Tower Arch	Apr-24	US\$0.44 million
<b>Nexeo</b>	Tower Arch	Jun-24	US\$0.03 million
<b>Exponential Power</b>	High Road	Aug-24	US\$0.19 million
<b>Nexeo</b>	Tower Arch	Dec-24	US\$0.009 million

### Distributions and Capital Management

Outside of the investment activity noted above, capital calls for partnership expenses & management fees (non-investment activity) totalled US\$1 million.

The realisations that occurred during FY25 facilitated the Fund in paying total distributions of \$0.16 per Unit to investors (announced July 2024 & January 2025). As always, our goal is to manage the Fund's capital structure as effectively as possible, allowing for the maximum amount of excess capital to be distributed to Unitholders. While we will continue to evaluate the ability to make a distribution on a six-monthly basis, the Manager and RE have an ongoing dialogue about the combined cash flow positions of the Fund and LP and willing and able to distribute out of cycle if the circumstances allow. We are forever conscious that this is your capital, and our commitment to returning this to you as Investors guides our decisions each day.

The Fund closed out the fiscal year with A\$4.9 million in cash and the Fund's share in the LP cash balance being US\$5.0 million. The Manager continues to manage the LP's cash flow for unforeseen events and market uncertainties as seen in previous years along with meeting its outstanding capital commitment obligations. We continue to believe that this is prudent for the anticipated expenses of the Fund, however the distribution methodology and cash holding at the LP (which is not managed by the RE) is continually reviewed to ensure that the Fund is not retaining excess cash.

### Underlying Portfolio & Outlook

While it can begin to feel like uncertainty is the only certainty, particularly the last few years being riddled with high inflation, rising interest rates, and geopolitical uncertainty, we are encouraged by Manager's opinion that talented partners (like ours) tend to excel in these periods of dislocation. Over-leveraged companies will struggle in these periods, with a lack of liquid assets to weather the storm, whereas PE-backed companies have the capital to assist and the expertise to execute.

<sup>2</sup> This distribution was not paid directly to the LP in the month, however as the LP is a 53.518% owner in USD1 it is included for completeness.

<sup>3</sup> Sale transaction occurred in March 2025. Distribution proceeds were received by the LP from Staple Street post-balance date.

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As of 31 March 2025, the Fund had a total of 34 portfolio companies (23 of these of significant value), and the assets in the portfolio continue to be moved through the sales pipeline dependent on the readiness of each company in tandem with market specific factors. As guided in the [March 2025 Quarterly report](#), we note a strong concentration with one of the underlying Funds and are encouraged by their indications to the Manager that they have a number of companies in the market for sale in 2025. Following execution, this rebalance will allow the Manager to be in a stronger position to review the Fund's options regarding liquidity - be it continuing the natural asset-by-asset sales program, or alternatively revisiting and/or pursuing a secondary sale, dependent on market pricing.

As we have said in prior periods, we appreciate the opportunity to represent you as Unitholders. We remain committed to providing transparent updates for Unitholders and encourage you to reach out to us with any questions, suggestions or comments. Our Investor Relations team are 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 FY26.

Yours faithfully,



Hollie Wight

Managing Director, Head of RE & Trustee Services

30 May 2025

**FY25 Realisations**

**CPF Senior Living**, a portfolio company of US Select Direct Private Equity, LP (**USD1**) and Chicago Pacific Founders Fund, LP (**Chicago Pacific**).

The transaction was of 20-asset seniors housing portfolio spanning the Sunbelt, Northeast and Midwest markets and represented one of the largest seniors housing transactions closed year-to-date (US\$725 million).

**Eastern Dental**, a portfolio company of Staple Street Capital II, LP (**Staple Street**).

Eastern Dental is a leading dental services organisation, which Staple Street first acquired in 2020, is a long-standing and established leader in the state. Since its inception in 1978, the Company has developed a strong brand reputation with customers and numerous payors. During the successful hold period, Staple Street was able to implement a strong leadership team for the business, improve business processes, divest noncore assets and ensure that the company was focusing on the core operations. The business was acquired by Branford Castle Partners, a middle-market private equity firm.

**Tavoron**, a portfolio company of High Road Capital Partners (**High Road**).

Tavoron, comprised of multiple operating companies across the U.S. and Canada, specialises in innovative electrical and air automation components, robotic systems and compressed air technologies. The company's solutions and services are designed to optimise manufacturing processes, improve production quality and enhance workplace safety, helping customers automate complex and repetitive tasks to increase efficiency. During High Road's ownership period, they appointed a new CEO, expanded the company's product lines and end markets via acquisition, and grew the business significantly.

**Sylvan, Inc.**, an underlying portfolio company of Blue Point Capital Partners (**Blue Point**).

Founded in 1956, Sylvan built a reputation as a trusted full-service provider, offering comprehensive multi-trade solutions across commercial and industrial applications. During the ownership period, Blue Point strengthened Sylvan's platform as well as completing various strategic acquisitions, which resulted in a 500% increase in Sylvan employee headcount, a doubling of locations and geographic expansion into Phoenix, Mexico and Dallas, which ultimately fueled revenue growth of approximately 500%. As a part of the transaction, Blue Point made a rollover investment in the company, reflecting the firm's strong confidence in the company's future prospects.

**Ivy Technology**, a portfolio company of Staple Street Capital II, LP (**Staple Street**).

Ivy is a leading provider of aftermarket repair and logistics services to some of the world's leading electronic equipment, computing, telecommunications, and network equipment manufacturers. Partnering with Staple Street enabled the company to transform people, processes, systems and culture, as well as to significantly grow EBITDA & revenue. The company was acquired by affiliates of Staple Street, as they have acknowledged the company has the potential to benefit from further opportunities and investment which does not align with Staple Street's timeline. The transaction price was independently obtained and approved by the Advisory Board and represented a Multiple on Invested Capital (**MOIC**) in excess of 5x.

## Overview

CD Private Equity Fund II (**Fund**) is a listed managed investment scheme whose units are traded on the Australian Securities Exchange (**ASX**). The Fund has no employees, and its day-to-day functions and investment activities are managed by the responsible entity of the Fund, K2 Asset Management Ltd (**Responsible Entity**), and US Select Private Opportunities Fund II, GP LLC, in accordance with the relevant management agreements.

The directors of the Responsible Entity (**Board**) recognise the importance of good corporate governance.

The Fund's corporate governance charter, which incorporates the Fund's policies referred to below, (**Corporate Governance Charter**) is designed to ensure the effective management and operation of the Fund and will remain under regular review. The Corporate Governance Charter is available on the Fund's website [www.cdfunds.com.au](http://www.cdfunds.com.au).

A description of the Fund's adopted practices in respect of the eight principles and recommendations from the Fourth Edition of the *ASX Corporate Governance Principles and Recommendations* (**ASX Recommendations**) is set out below. All these practices, unless otherwise stated, were in place throughout the year and to the date of this report.

### 1. Lay solid foundations for management and oversight

#### **Board roles and responsibilities**

The Board is responsible for the overall operation, strategic direction, leadership and integrity of the Fund and, in particular, is responsible for the Fund's growth and success. In meeting its responsibilities, the Board undertakes the following functions:

- providing and implementing the Fund's strategic direction;
- reviewing and overseeing the operation of systems of risk management, ensuring that significant risks facing the Fund are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with;
- overseeing the integrity of the Fund's accounting and corporate reporting systems, including the external audit;
- ensuring the Board is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and the best standards of governance;
- reviewing and overseeing internal compliance and legal regulatory compliance;
- ensuring compliance with the Fund's constitution and with the continuous disclosure requirements of the ASX Listing Rules and the *Corporations Act 2001 (Cth)* (**Corporations Act**);
- overseeing the Fund's process for making timely and balanced disclosures of all material information concerning the Fund;
- reviewing the appropriateness of the operational and compliance management;
- seeking external independent professional advice when necessary; and
- communicating with and protecting the rights and interests of all unitholders.

The Board has established a formal policy which acts as a charter and sets out its functions and responsibilities (**Board Policy**). The Board Policy is set out in section 2 of the Corporate Governance Charter. A review of the Board Policy is conducted annually.

The directors of the Board are also directors of K2 Asset Management Holdings Ltd (**ASX: KAM**), the Responsible Entity is a wholly owned subsidiary of KAM. Under the KAM Charter, one director (excluding the Chair) must be re-elected at the KAM Annual General Meeting by its shareholders. The company secretaries of the Board are accountable directly to the Board with each director having direct communications with the company secretaries and vice versa.

The Board has adopted the KAM diversity policy and the performance of the Board is conducted at the KAM level.

### 2. Structure the board to add value

#### **Composition of the Board**

The Board is structured to maintain a mix of directors from different backgrounds with complementary skills and experience. Details of each director at the date of this report are given in the Directors' Report, including the period in office, skills, experience and expertise relevant to the position of director.

The directors of the Responsible Entity during the 2025 financial year and as at the date of this report are:

Campbell Neal – Non-Independent Executive Chairperson (Chair)  
Hollie Wight – Non-Independent, Executive Director  
George Boubouras – Non-Independent, Executive Director  
Neil Sheather – Independent, Non-Executive Director

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The company secretaries of the Responsible Entity during the 2025 financial year and as at the date of this report are:

Ms. Caroline Purtell

Ms. Hollie Wight

Having regard to the size of the Fund and the nature of its business, the Board has determined that a Board with four members is the appropriate composition for the Board and will enable it to continue to effectively discharge its responsibilities to the Fund. However, the composition of the Board will be reviewed periodically.

The current Board comprises one independent director, Neil Sheather, and three non-independent directors, Campbell Neal, Hollie Wight and George Boubouras. The Board, however, is supported by an independent compliance committee (**Compliance Committee**) who has expertise in compliance and risk in a range of financial services sectors. This committee oversees the compliance plans of the funds and governance procedures of the Responsible Entity. The Responsible Entity also has a risk management committee. The Compliance Committee provides copies of the minutes of its meetings to the Board.

The Fund recognises the ASX Recommendations with respect to establishing remuneration, audit, risk and nomination committees as good corporate governance. However, considering the size of the Fund, the functions that would be performed by these committees are best undertaken by the Board.

The Board will review its view on committees in line with the ASX Recommendations and in light of any changes to the size or structure of the Fund, and if required may establish committees to assist it in carrying out its functions. At that time the Board will adopt a charter for such committees in accordance with the ASX Recommendations and industry best practice.

It is the Board's policy to determine the terms and conditions relating to the appointment and retirement of non-executive directors on a case-by-case basis and in conformity with the requirements of the ASX Listing Rules and the Corporations Act. In accordance with the Corporate Governance Charter, directors are entitled to seek independent advice at the expense of the Fund. Written approval must be obtained from the Chair prior to incurring any expense on behalf of the Fund.

### **3. Promote ethical and responsible decision-making**

#### ***Company Values***

The ASX recommendation 3.1 states that a listed entity should articulate and disclose its values. The Board ensures that the Company's Code of Conduct and Statement of Corporate Governance Principles reflect the Responsible Entity's core values:

- Vigilance: We are watchful and ready to respond to any market condition
- Success: We strive for high achievement in everything we do
- Focus: We have clear focus on what we do
- Transparency: We keep stakeholders informed of our strategy

The Responsible Entity stands by these values and its underpins the behaviour of the Responsible Entity and its employees.

#### ***Code of Conduct***

The Board has adopted a Code of Conduct set out in Section 5 of the Corporate Governance Charter to define the basic principles of business conduct of the Fund and the Responsible Entity. This Code requires the Fund's personnel to abide by the policies of the Fund and the law. The Code is a set of principles giving direction and reflecting the Fund's approach to business conduct and is not a prescriptive list of rules for business behaviour.

#### ***Whistleblower Policy***

The Board is subject to a Whistleblower Policy which is available at [www.k2am.com.au/shareholders](http://www.k2am.com.au/shareholders).

#### ***Anti-Bribery and Corruption Policy***

The Board is subject to a Fraud and Corruption Policy which is available at [www.k2am.com.au/shareholders](http://www.k2am.com.au/shareholders).

#### ***Unit Trading Policy***

The Board of the Responsible Entity has established a Unit Trading Policy set out in Section 6 of the Corporate Governance Charter to apply to trading in the Fund's units on the ASX. This policy outlines the permissible dealing of the Fund's units while in possession of price sensitive information and applies to all directors of the Responsible Entity.



The Unit Trading Policy imposes restrictions and notification requirements, including the imposition of blackout periods, trading windows and the need to obtain pre-trade approval.

***Insider Trading Policy***

The Board of the Responsible Entity has established an Insider Trading Policy set out in Section 7 of the Corporate Governance Charter to apply to trading in the Fund's units on the ASX. This policy applies to all directors, executives and employees of the Responsible Entity. All directors, executives and employees of the Responsible Entity must not deal in the Fund's units while in possession of price sensitive information. In addition, the general Unit Trading Policy sets out additional restrictions which apply to directors and executives of the Responsible Entity.

**4. Safeguard integrity in financial reporting**

***Compliance Committee***

As a registered managed investment scheme, the Fund has a compliance plan that has been lodged with ASIC. The compliance plan is reviewed comprehensively every year to ensure the way in which the Fund operates protects the rights and interests of unitholders and that major compliance risks are identified and properly managed.

The Responsible Entity has formed a Compliance Committee to ensure the Fund complies with the relevant regulations and its constitution. The committee provides copies of the minutes of its meetings to the Board.

The committee is structured with three external members. Details of the Compliance Committee members are as follows:

**- David Court (External Member)**

Mr Court is a partner at Holley Nethercote and is the Chair of the Compliance Committee. Mr Court specialises in advising on the various laws regulating the financial services industry with a particular focus on the funds management industry. Mr Court has worked at Holley Nethercote for over 10 years. After beginning his career at one of Australia's largest law firms, he worked for over 15 years at Mercer Australia, reaching the position of Corporate Counsel. He presently sits as an external member on a number of compliance committees.

**- Murray Jones (External Member)**

Mr Jones is a risk and compliance management specialist with expertise in investment management, superannuation and insurance. He is the managing director of Compliance and Risk Services Pty Ltd, a company he founded in 2002 which provides risk and compliance management services to financial institutions including fund managers, superannuation trustees, financial advisers and private equity. He has acted as an independent expert under ASIC enforceable undertakings and litigation involving superannuation directors' duties, chaired institutional compliance committees and acted as responsible manager for Australian Financial Services Licences. He is currently a non-executive director of Arrow Funds Management Ltd. He previously held senior roles with National Mutual/AXA Group and worked for the Australian Securities Commission.

**- Lux Ramachandran (External Member)**

Ms Ramachandran is the Head of Risk at Estia Health (a Bain Capital company), one of Australia's largest privately owned providers of residential aged care with over 9,000 employees operating across 75 sites in New South Wales, Queensland, Victoria and South Australia. Ms Ramachandran oversees risk management, compliance, internal audit and insurance aspects of the group's operations. Having started her career specialising in tax compliance and superannuation with the Australian Taxation Office, Ms Ramachandran transitioned into risk and compliance management roles at Perpetual Ltd. At Perpetual, Ms Ramachandran implemented and oversaw the Corporate Trust and Private Wealth business' operational and compliance risks including holding positions in their Breach Committee and divisional Risk Management Committees. Ms Ramachandran was also previously the Global Manager of Assurance, Risk and Compliance at CBRE, managing a portfolio of 110 sites across 30 different countries. She has also held senior risk and compliance roles at Liberty Specialty Markets and Insurance Australia Group.

***Independent Fund audit***

The Fund as a registered managed investment scheme, is subject to independent financial statement and compliance plan audits at least annually. These audits are approved by the CEO of the Board.

Unaudited corporate reports that the Responsible Entity releases pertaining to the Fund are reviewed internally by senior management who have carriage of the Fund's investment management, operations, finance and compliance.

## 5. Make timely and balanced disclosure

### *Continuous Disclosure Policy*

The Board is committed to complying with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules, as well as releasing relevant information to the market and unitholders in a timely and direct manner to promote investor confidence in the Fund and its securities.

The Fund has adopted a Continuous Disclosure Policy set out in Section 4 of the Corporate Governance Charter to ensure the Fund complies with its continuous disclosure requirements under the Corporations Act and ASX Listing Rules. The policy is administered by the Board and monitored by the Compliance Committee.

### *Material Market Announcements to the Board*

The Responsible Entity adheres to the ASX Recommendation 5.2 by ensuring that all Directors are provided all the information that is disclosed to the market as and when they are publicised.

### *Release New & Substantive Presentations to the Market*

With the aim of ensuring equality of information among investors, ASX Recommendation 5.3 states that any presentations made which contain new or substantive information should be released ahead of the presentation. The Responsible Entity ensures that this is the case for any presentations taking particular attention to any given at annual general meetings, investor days and broker conferences.

## 6. Respect the rights of unitholders

The Fund promotes effective communication with unitholders. The Board has developed a strategy within its Continuous Disclosure Policy to ensure unitholders are informed of all major developments affecting the Fund's performance, governance, activities and state of affairs. Each unitholder is also provided online access to Boardroom Pty Limited (**Registry**) to allow them to receive communications from, and send communication to, the Responsible Entity and the Registry. This also includes using a website and a dedicated investor relations program to facilitate communication with unitholders.

Information is communicated to unitholders through announcements to ASX, releases to the media and dispatch of financial reports. Unitholders are provided with an opportunity to access such reports and releases electronically; copies of all such ASX announcements are linked to the Fund's website at [cdfunds.com.au](http://cdfunds.com.au).

These include:

- monthly net asset value estimates
- monthly fund updates
- quarterly fund updates
- half-year report
- annual report
- occasional announcements to the ASX made in compliance with the Fund's continuous disclosure requirements
- occasional correspondence sent to unitholders on matters of significance to the Fund.

The Board encourages full participation of unitholders at the general meetings held by the Fund to ensure a high level of accountability and identification with the Fund's strategy. Unitholders who are unable to attend a general meeting are given the opportunity to provide questions or comments ahead of the meeting and where appropriate, these questions are answered at the meeting.

In the event a substantive resolution is required, ASX Recommendation 6.4 recommends that a poll should be taken as opposed to a show of hands. The Chairman will be instructed by the Responsible Entity that a poll will be required on a resolution by resolution basis, noting the substantive nature of the resolution.

## 7. Recognise and manage risk

The Board has accepted the role of identification, assessment, monitoring and managing the significant areas of risk applicable to the Fund and its operations. It has not established a separate committee to deal with these matters because the directors believe the size of the Fund and its operations do not warrant a separate committee at this time. The Board also monitors and appraises financial performance, including the approval of annual and half-year financial reports and liaising with the Fund's auditor.

Although the Responsible Entity does not adopt a formal internal risk audit function, management and employees are ultimately responsible to the Board for the Responsible Entity's system of internal control and risk management, and the Board considers this appropriate in the Responsible Entity's circumstances. In addition, as a holder of AFSL 244 393,

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the Responsible Entity is subject to a significant number of statutory and external audit requirements. In particular, the external audits provide assurance on the robustness of the Responsible Entity's compliance framework.

The Board, with input from the Risk Management Committee, reviewed the Fund's risk management framework for this Reporting Period.

The Fund does not have any material exposure to environmental or social risks.

The Board does not have an audit committee. The Board receives a letter half-yearly from the Fund's external auditor regarding their procedures and reporting that the financial records have been properly maintained and the financial statements comply with the Australian accounting standards.

The Responsible Entity provides declarations required by Section 295A of the Corporations Act for all financial periods and confirms that in its opinion the financial records of the Fund have been properly maintained and that the financial statements and accompanying notes comply with the Australian accounting standards and give a true and fair view of the financial position and performance of the Fund, based on its review of the internal control systems, management of risk, the financial statements and the letter from the Fund's external auditor.

**8. Remunerate fairly and responsibly**

Due to the relatively small size of the Fund and its operations, the Board does not consider it appropriate at this time to establish a formal remuneration committee.

Directors of the Fund are remunerated by the Responsible Entity, which is governed by the remuneration practices of its parent company, KAM. KAM's remuneration practices are outlined in the KAM Board Charter and under its own Corporate Governance Summary.

In accordance with the Fund's constitution, the Responsible Entity is entitled to a management fee for services rendered. Details of the Fund's related party transactions are disclosed in the notes to financial statements within the Fund's annual report.

**CD Private Equity Fund II**  
**Directors' report**  
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The directors of K2 Asset Management Ltd, the Responsible Entity of the CD Private Equity Fund II (**Fund**), present their report together with the annual financial statements of the Fund for the financial year ended 31 March 2025.

**Directors**

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

Campbell Neal  
Hollie Wight  
George Boubouras  
Neil Sheather

Directors were in office since the start of the financial 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 financial 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.

**Distributions**

Distributions paid during the financial year were as follows:

	2025 \$	2024 \$
Distribution - 19.5 cents per unit paid on 8 September 2023	-	10,233,424
Distribution - 5 cents per unit paid on 23 February 2024	-	2,623,954
Distribution - 7 cents per unit paid on 5 August 2024	3,673,536	-
Distribution - 9 cents per unit paid on 24 February 2025	4,723,118	-
	<u>8,396,654</u>	<u>12,857,378</u>

**Review and results of operations**

The profit for the Fund after providing for income tax amounted to \$207,764 (31 March 2024: \$10,472,745).

The Fund has invested in a limited partnership, US Select Private Opportunities Fund II, L.P. (**LP**) which, in turn, invests in small-to-mid market private investment funds. The LP initially committed capital across 12 underlying private investment funds, which focus on a range of industries including consumer products, healthcare, manufacturing and business services. Following the realisation of two of the underlying private investment funds, the LP's remaining portfolio now consists of ten underlying private investment funds. For the year ended 31 March 2025, these underlying private investment funds made drawdown requests on the LP to fund their investments, management fees and operating expenses. Net drawdown requests made by the underlying private investment funds since inception to the end of the year totalled US\$85.0 million.

In July 2024, the Fund's capital commitment was reduced from US\$74.6 million to US\$72.8 million, representing an interest of 87.3% in the LP. The Fund's proportionate share of the total capital called as at 31 March 2025 was US\$71.1 million (or \$113.8 million).

Total comprehensive income for the year was \$207,764 (2024: \$10,472,745). The key component of this result included a \$3,426,296 fair value movement gain (2024: \$13,034,774 gain) on the Fund's investment in the LP during the year. As at 31 March 2025, the Fund had net assets of \$72,805,975 (2024: \$80,994,865), representing \$1.39 per unit (2024: \$1.54 per unit), after paying distributions of \$0.16 per unit (2024: distribution of \$0.245 per unit) to unitholders during the year.

The Fund had a basic and diluted earnings per unit of 0.40 cents for the year ended 31 March 2025 (2024: 19.96 cents per unit).

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**Events subsequent to the reporting period**

On 12 May 2025, the Responsible Entity announced a distribution of \$0.12 per unit which will be paid on or around 17 June 2025.

No other matter or circumstance has arisen since 31 March 2025 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.

**Future developments and expected results of operations**

The Fund has committed capital to the LP to fund 12 underlying private investment funds and expects to complete its investments as the committed capital is called by the LP. The objective of the Fund is to achieve capital growth over a five to 10 years investment horizon from its exposure to a portfolio of investments in small and mid-market private investment funds and privately held companies predominately focused in the US. Following the realisation of all underlying investments by DFW Capital Partner IV, L.P. and RFE Investment Partners VIII, L.P, the Fund's remaining investments are held with ten underlying private investment funds.

**Business risks**

The Board recognises the importance of continual monitoring of business risks. As part of this ongoing assessment, the Board has identified the following as significant business risks facing the Fund.

<b>Risk</b>	<b>Summary</b>
Foreign currency risk	The Fund's investments through its interest in the LP will be primarily in US small-to-mid sized private investment funds with assets and liabilities being denominated in US dollars. Changes in the value of the US dollar relative to the Australian dollar will impact the value, in Australian dollars, of the Fund's investments, and any distributions by the Fund, as the Fund does not hedge its foreign currency exposure.
Private investments risk	The underlying investments of private investment funds are typically unlisted investments such as private operating companies whose shares do not trade on established exchanges. While it is expected that these companies may pursue initial public offerings, trade sales, or other liquidation events, there are generally no public markets for these investments at the current time. Therefore, the LP's ability to liquidate its portfolio and realise value is subject to significant limitations and uncertainties.
Macroeconomic risks	Changes in various macroeconomic conditions including the economic, political and regulatory environments, as well as inflation and market sentiment may impact the value of the Fund's investment in the LP. This may include the following: - The price at which the LP is able to realise its underlying investments - The time taken for the LP to withdraw or realise its underlying investments
Taxation risk	Changes to the taxation laws in Australia, the US, or the double tax treaty that applies between Australia and the US may impact the value of returns to Unitholders.
Key personnel risk	There is a risk that the departure of key staff who have particular expertise in funds and private investments will impact the performance of the Fund.
Litigation risk	In the course of its operations, the Fund may become involved in disputes and litigation that may adversely affect the financial performance of the Fund.
Global event risk	A global event could negatively impact the global economy, disrupt financial markets and cause varying levels of employment, all of which could negatively impact the performance of the Fund.

**Environmental regulation**

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

**Other relevant information**

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

**CD Private Equity Fund II**  
**Directors' report**  
**31 March 2025**

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

**Options**

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

**Indemnity and insurance**

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

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

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

**Non-audit services**

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

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

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

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

**Auditor's independence declaration**

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

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

On behalf of the directors



Hollie Wight  
Director of K2 Asset Management Ltd, Responsible Entity

30 May 2025

30 May 2025

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

Dear Board Members

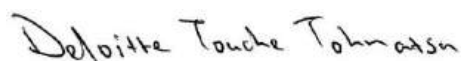
## **Auditor's Independence Declaration to CD Private Equity Fund II**

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 II.

As lead audit partner for the audit of the financial report of CD Private Equity Fund II for the year ended 31 March 2025, 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 audit; and
- Any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Carlo Pasqualini  
Partner  
Chartered Accountants

**CD Private Equity Fund II**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 31 March 2025**

	<b>Note</b>	<b>2025</b>	<b>2024</b>
		<b>\$</b>	<b>\$</b>
<b>Investment income</b>			
Interest income		38,424	105,209
Foreign exchange gain		317,608	126,059
Fair value movements of equity investments	10	3,426,296	13,034,774
Total investment income		<u>3,782,328</u>	<u>13,266,042</u>
<b>Expenses</b>			
Management and administration fees	16	(358,299)	(399,523)
Listing fees		(53,031)	(50,276)
Custody fees		(12,765)	(16,919)
Registry fees		(23,940)	(35,252)
Legal and professional fees		(265,031)	(278,225)
Transaction costs		-	(16,367)
Other expenses		(5,942)	(13,344)
Total expenses		<u>(719,008)</u>	<u>(809,906)</u>
<b>Profit before income tax expense</b>		3,063,320	12,456,136
Income tax expense	4	<u>(2,855,556)</u>	<u>(1,983,391)</u>
<b>Profit after income tax expense for the year</b>		207,764	10,472,745
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><u>207,764</u></u>	<u><u>10,472,745</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per unit	5	0.40	19.96
Diluted earnings per unit	5	0.40	19.96

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



**CD Private Equity Fund II**  
**Statement of financial position**  
**As at 31 March 2025**

	<b>Note</b>	<b>2025</b>	<b>2024</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	4,873,981	10,201,733
Receivables	9	21,259	24,271
Current tax assets		851,003	291,174
Total current assets		<u>5,746,243</u>	<u>10,517,178</u>
<b>Non-current assets</b>			
Other financial assets	10	73,407,327	76,877,263
Total non-current assets		<u>73,407,327</u>	<u>76,877,263</u>
<b>Total assets</b>		<u>79,153,570</u>	<u>87,394,441</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	126,537	135,945
Total current liabilities		<u>126,537</u>	<u>135,945</u>
<b>Non-current liabilities</b>			
Deferred tax	12	6,221,058	6,263,631
Total non-current liabilities		<u>6,221,058</u>	<u>6,263,631</u>
<b>Total liabilities</b>		<u>6,347,595</u>	<u>6,399,576</u>
<b>Net assets</b>		<u>72,805,975</u>	<u>80,994,865</u>
<b>Equity</b>			
Unit capital	6	82,891,568	82,891,568
(Accumulated losses)		<u>(10,085,593)</u>	<u>(1,896,703)</u>
<b>Total equity</b>		<u>72,805,975</u>	<u>80,994,865</u>

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

**CD Private Equity Fund II**  
**Statement of changes in equity**  
**For the year ended 31 March 2025**

	<b>Unit capital \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 April 2023	82,891,568	487,930	83,379,498
Profit after income tax expense for the year	-	10,472,745	10,472,745
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	10,472,745	10,472,745
<i>Transactions with unitholders in their capacity as unitholders:</i>			
Distributions paid (note 13)	-	(12,857,378)	(12,857,378)
Balance at 31 March 2024	82,891,568	(1,896,703)	80,994,865
	<b>Unit capital \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 April 2024	82,891,568	(1,896,703)	80,994,865
Profit after income tax expense for the year	-	207,764	207,764
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	207,764	207,764
<i>Transactions with unitholders in their capacity as unitholders:</i>			
Distributions paid (note 13)	-	(8,396,654)	(8,396,654)
Balance at 31 March 2025	82,891,568	(10,085,593)	72,805,975

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

**CD Private Equity Fund II**  
**Statement of cash flows**  
**For the year ended 31 March 2025**

	<b>Note</b>	<b>2025</b>	<b>2024</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Interest income received		39,650	110,715
Net payments to suppliers		(726,630)	(850,998)
Net income tax paid		(1,561,575)	(253,534)
Net cash used in operating activities	8	(2,248,555)	(993,817)
<b>Cash flows from investing activities</b>			
Receipt from distributions		5,288,430	13,468,964
Net cash from investing activities		5,288,430	13,468,964
<b>Cash flows from financing activities</b>			
Distributions paid	13	(8,396,654)	(12,857,378)
Net cash used in financing activities		(8,396,654)	(12,857,378)
Net decrease in cash and cash equivalents		(5,356,779)	(382,231)
Cash and cash equivalents at the beginning of the financial year		10,201,733	10,328,531
Effects of exchange rate changes on cash and cash equivalents		29,027	255,433
Cash and cash equivalents at the end of the financial year	7	4,873,981	10,201,733

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

**CD Private Equity Fund II**  
**Notes to the financial statements**  
**31 March 2025**

**1. General information**

CD Private Equity Fund II (**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 (**US**), through its capacity as a Limited Partner of the US Select Private Opportunities Fund II, L.P. (**LP**) registered in the Cayman Islands.

Pursuant to a resolution approved on 19 June 2023, K2 Asset Management Ltd (**Responsible Entity**) replaced E&P Investments Limited (**former Responsible Entity**) as responsible entity of the Fund effective 24 June 2023.

(i) Basis of preparation

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

(ii) Statement of compliance

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

The financial statements were authorised for issue by the directors on 30 May 2025. For the purposes of preparing the financial statements, the Fund is a for-profit entity.

(iii) Adoption of new and revised Accounting Standards

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

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

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The potential impact of the new or revised Standards and Interpretations for reporting periods on or after 1 April 2025 is not expected to be material to the Fund. The potential impact of the new or revised Standards and Interpretations for reporting periods on or after 1 April 2026 is yet to be determined.

*AASB 2023-5 'Amendments to Australian Accounting Standards – Lack of Exchangeability'*

This standard is applicable to annual reporting periods beginning on or after 1 April 2025.

*AASB 2024-2 'Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments'*

*AASB 2024-3 'Amendments to Australian Accounting Standards – Annual Improvements Volume 11'*

These standards are applicable to annual reporting periods beginning on or after 1 April 2026.

*AASB 18 'Presentation and Disclosure in Financial Statements (Appendix D)'*

This standard is applicable to annual reporting periods beginning on or after 1 April 2027.

**2. Material accounting policies**

The accounting policies that are material to the Fund are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

## **2. Material accounting policies (continued)**

### **a) Foreign currencies**

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

Transactions in foreign currencies are initially recorded in Australian dollars by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies that are outstanding at the reporting date are retranslated at the rate of exchange ruling at the Statement of Financial Position date. The AUD:USD year-end exchange rate used is 0.6247. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

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

### **b) Financial instruments**

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

#### **(i) Financial assets**

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

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

All recognised financial assets are measured subsequently in their entirety either at amortised cost or fair value.

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

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

#### **(ii) Derecognition**

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

#### **(iii) Fair value**

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

### **c) Interest in Limited Partnership**

The Fund has entered into a partnership arrangement with Cordish Private Ventures, with a primary strategy of investing in US small-to-mid-market private investment funds. The partnership has been structured through a limited partnership vehicle – US Select Private Opportunities Fund II, L.P. (**LP**), in which the Fund has an 87.3% interest. The interest held by the Fund is regarded as a financial asset which is recorded at fair value (refer to note 2(b)(iii) for the fair value valuation basis adopted in respect of the partnership interest held). Subsequent changes in fair value are recognised in profit or loss.

## **2. Material accounting policies (continued)**

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

### **d) Cash and cash equivalents**

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

### **e) Taxes**

#### **(i) Income tax**

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

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

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

#### **(ii) Goods and Services Tax (GST)**

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

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

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

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

### **f) Unit capital**

#### **(i) Ordinary units**

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

#### **(ii) Distributions to unitholders**

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

## 2. Material accounting policies (continued)

### g) Critical accounting estimates and judgements

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

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

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

## 3. Operating segment

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

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

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

## 4. Income tax expense

	2025 \$	2024 \$
<i>Income tax expense</i>		
Deferred tax:		
- In respect of current year	2,855,556	1,983,391
Aggregate income tax expense	<u>2,855,556</u>	<u>1,983,391</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	3,063,320	12,456,136
Tax at the statutory tax rate of 30%	918,996	3,736,841
Tax effect of differences between accounting profit and taxable income:		
- Income and expenditure of Australian trust not subject to tax in Australia	(918,996)	(3,736,841)
- Fair value movement likely to be subject to USA taxation	2,855,556	1,983,391
Income tax expense	<u>2,855,556</u>	<u>1,983,391</u>

## 5. Earnings per unit

	2025 \$	2024 \$
Profit after income tax	207,764	10,472,745
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary units used in calculating basic earnings per unit	52,479,086	52,479,086
Weighted average number of ordinary units used in calculating diluted earnings per unit	52,479,086	52,479,086
	<b>Cents</b>	<b>Cents</b>
Basic earnings per unit	0.40	19.96
Diluted earnings per unit	0.40	19.96

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

## 6. Equity - unit capital

	2025 Units	2024 Units	2025 \$	2024 \$
Ordinary units - fully paid	52,479,086	52,479,086	82,891,568	82,891,568

All issued units are fully paid. The holders of ordinary units are entitled to one vote per unit at meetings of the Fund and are entitled to receive distributions declared from time to time by the Responsible Entity.

### *Unit buy-back*

There is no current on-market unit buy-back.

### *Capital management*

The Fund manages its capital to ensure it will be able to continue as a going concern while maximising the return to unitholders. The capital structure of the Fund consists of issued capital amounting to \$82,891,568. The Fund is not subject to any externally imposed capital requirements.

## 7. Current assets - cash and cash equivalents

	2025 \$	2024 \$
Cash at bank	4,873,981	10,201,733

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



**CD Private Equity Fund II**  
**Notes to the financial statements**  
**31 March 2025**

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

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax expense for the year	207,764	10,472,745
Adjustments for:		
Fair value movements of equity investments	(3,426,297)	(13,034,774)
Net foreign exchange (gain)	(22,148)	(353,219)
US tax withholding	1,600,924	3,353,906
Change in operating assets and liabilities:		
- Decrease in receivables	3,012	7,622
- (Decrease) in payables	(9,408)	(43,209)
- (Increase) in current tax assets	(559,829)	(1,594,865)
- (Decrease)/increase in deferred tax liability	(42,573)	197,977
Net cash used in operating activities	<u>(2,248,555)</u>	<u>(993,817)</u>

**9. Current assets - receivables**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Interest receivable	2,580	3,810
GST receivable	7,894	9,308
Prepayments	10,785	11,153
	<u>21,259</u>	<u>24,271</u>

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

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

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

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
US Select Private Opportunities Fund II, LP (LP)	<u>73,407,327</u>	<u>76,877,263</u>

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
(ii) Reconciliation:		
Balance at the beginning of the year	76,877,263	80,567,573
Movement in fair value through profit or loss*	3,426,296	13,034,774
Distributions received from LP^	(6,896,232)	(16,725,084)
Balance at the end of the year	<u>73,407,327</u>	<u>76,877,263</u>

\*Included in the 'movement in fair value' amount of \$3,426,296 gain (2024: \$13,034,774 gain) is an unrealised foreign exchange translation gain component of \$3,252,585 (2024: \$1,850,915).

**CD Private Equity Fund II**  
**Notes to the financial statements**  
**31 March 2025**

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

^Net distributions received from the LP include offsetting of the Fund's US tax obligations of \$1,600,924 (US\$1,005,259) (2024: \$3,400,474 (US\$2,217,449)) on behalf of the Fund, contributing to an increase in the Fund's current tax asset.

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

The 87.3% 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 87.3% interest in US Select Private Opportunities Fund II, L.P. at 31 March 2025 is represented by its proportionate interest in the LP's assets and liabilities as follows:

	2025 \$	2024 \$
Cash	8,036,906	4,082,352
Investment in US private investment funds recorded at fair value:		
Blue Point Capital Partners III, LP	1,347,231	2,239,118
Chicago Pacific Founders Fund, LP	23,867,812	26,666,745
High Road Capital Partners Fund II, LP	3,039,936	5,442,405
Main Post Growth Capital, LP	10,556,309	10,166,993
NMS Fund II, LP	3,741,977	4,463,623
Staple Street Capital II, LP	5,716,552	6,519,561
Tengram Capital Partners Gen 2 Fund	4,971,855	4,154,044
Tower Arch Partners I, LP	2,395,958	2,183,749
Trive Capital Fund I, LP	787,408	906,395
US Select Direct Private Equity Fund, LP	8,939,139	9,945,419
Other assets	6,244	106,859
Net assets*	<u>73,407,327</u>	<u>76,877,263</u>

\*Included in the net assets of \$73,407,327 (2024: \$76,877,263) are investments in US private investment funds of \$65,364,177 (2024: \$72,688,052).

(iv) Valuation

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

*Valuation technique adopted*

The fair value of the Fund's interest in the LP is determined using a 'proportionate' value method based on the Fund's 87.3% interest held in the total net asset value of the LP.

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

# **10. Non-current assets - other financial assets (continued)**

The valuation of the Fund's equity investment in the LP are based on the fair values of the underlying investment funds at 31 December 2024 adjusted for any material changes to those valuations to reflect movements to 31 March 2025, including foreign exchange translation impacts arising from translating the USD denominated interest in the LP to AUD at each balance date.

Refer to note 14 for Market Risk sensitivity analysis.

## *Investment risks*

As noted above, the LP has invested in underlying private investment funds in the US market who have in turn invested in a portfolio of private equity investments. Because of the absence of any liquid trading market for these types of investments, it may take longer to liquidate these investments than would be the case for marketable securities and accordingly the value obtained on realisation may differ to the estimated fair values at balance date. As there are no directly observable prices, the fair values assigned by the investment funds to each investment are based 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 note 12).

## *(v) Capital commitments*

As at 31 March 2025, the Fund has made capital commitments totalling US\$72.8 million to the LP, of which US\$71.1 million has been called at balance date.

As at 31 March 2025, the Fund has uncalled capital commitments of US\$1.7 million (or \$2.8 million) outstanding to the LP. The capital commitments can be called at any time in the future.

The uncalled capital commitments referred to above were converted at the AUD:USD year-end exchange rate of 0.6247.

# **11. Current liabilities - trade and other payables**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Accrued liabilities	124,892	134,250
Other payables	1,645	1,695
	<u>126,537</u>	<u>135,945</u>

Refer to note 14 for further information on financial instruments.

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

# **12. Non-current liabilities - deferred tax**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Deferred tax liability	<u>6,221,058</u>	<u>6,263,631</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 the realisation of certain underlying private equity investments that the Fund has an interest in.

## **12. Non-current liabilities - deferred tax (continued)**

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 31 March 2025, 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.

## **13. Equity - distributions**

Distributions paid during the financial year were as follows:

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Distribution - 19.5 cents per unit paid on 8 September 2023	-	10,233,424
Distribution - 5 cents per unit paid on 23 February 2024	-	2,623,954
Distribution - 7 cents per unit paid on 5 August 2024	3,673,536	-
Distribution - 9 cents per unit paid on 24 February 2025	4,723,118	-
	<u>8,396,654</u>	<u>12,857,378</u>

## **14. Financial instruments**

### ***Financial risk management objectives***

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

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

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

### ***(a) Market risk***

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

#### ***(i) Foreign exchange risk***

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

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

The table below details the carrying amounts of the Fund's foreign exchange risk as at the end of the reporting period. This represents the Australian dollar exposure, converted at an exchange rate of 0.6247.

14. Financial instruments (continued)

	Assets		Liabilities	
	2025 \$	2024 \$	2025 \$	2024 \$
Cash and cash equivalents	4,143,008	9,293,103	-	-
Receivables	69	155	-	-
Financial assets (equity investments)	73,407,327	76,877,263	-	-
Trade and other payables	-	-	(24,441)	-
	<u>77,550,404</u>	<u>86,170,521</u>	<u>(24,441)</u>	<u>-</u>

*Sensitivity analysis*

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

The Fund considers a 15% movement (2024: 10% movement) in the AUD against USD as at 31 March 2025 to be a reasonable possibility at the end of the reporting period. The impact of the strengthening and weakening of AUD against USD in profit or loss and equity is shown by the amounts below as it relates to cash and cash equivalents, equity investments and trade and other payables. This analysis assumes that all other variables remain constant.

2025	% change	AUD strengthened Effect on profit before tax		% change	AUD weakened Effect on profit before tax	
		Effect on equity			Effect on equity	
Cash and cash equivalents	15%	(540,392)	(540,392)	(15%)	731,119	731,119
Receivables	15%	(9)	(9)	(15%)	12	12
Equity investments	15%	(9,574,869)	(9,574,869)	(15%)	12,954,234	12,954,234
Trade and other payables	15%	3,188	3,188	(15%)	(4,313)	(4,313)
		<u>(10,112,082)</u>	<u>(10,112,082)</u>		<u>13,681,052</u>	<u>13,681,052</u>

2024	% change	AUD strengthened Effect on profit before tax		% change	AUD weakened Effect on profit before tax	
		Effect on equity			Effect on equity	
Cash and cash equivalents	10%	(844,828)	(844,828)	(10%)	1,032,567	1,032,567
Receivables	10%	(14)	(14)	(10%)	17	17
Equity investments	10%	(6,988,842)	(6,988,842)	(10%)	8,541,918	8,541,918
		<u>(7,833,684)</u>	<u>(7,833,684)</u>		<u>9,574,502</u>	<u>9,574,502</u>

*(ii) Market price risk*

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

#### 14. Financial instruments (continued)

##### *Sensitivity analysis*

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

		Average price increase			Average price decrease	
		Effect on	Effect on		Effect on	Effect on
2025	% change	profit before tax	equity	% change	profit before tax	equity
Equity investments (refer note 10 (iii))	10%	6,536,418	6,536,418	(10%)	(6,536,418)	(6,536,418)
		Average price increase			Average price decrease	
		Effect on	Effect on		Effect on	Effect on
2024	% change	profit before tax	equity	% change	profit before tax	equity
Equity investments (refer note 10 (iii))	10%	7,268,805	7,268,805	(10%)	(7,268,805)	(7,268,805)

##### *(iii) Interest rate risk*

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

##### *Sensitivity analysis*

The Fund considers a 100 basis point (2024: 100 basis point) increase or decrease to be a reasonably possible change in interest rates. The impact of a 100 basis point movement in interest rates on profit or loss and equity is shown in the table below.

		Basis points increase			Basis points decrease	
		Effect on	Effect on		Effect on	Effect on
2025	Basis points change	profit before tax	equity	Basis points change	profit before tax	equity
Variable rate bank deposits	100	48,740	48,740	(100)	(48,740)	(48,740)
		Basis points increase			Basis points decrease	
		Effect on	Effect on		Effect on	Effect on
2024	Basis points change	profit before tax	equity	Basis points change	profit before tax	equity
Variable rate bank deposits	100	102,017	102,017	(100)	(102,017)	(102,017)

##### *(b) Credit risk*

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

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

14. Financial instruments (continued)

	2025 \$	2024 \$
<b>Summary of exposure</b>		
Cash and cash equivalents	4,873,981	10,201,733
GST receivable	7,894	9,308
Interest receivable	2,580	3,810
	<u>4,884,455</u>	<u>10,214,851</u>

**(c) Liquidity risk**

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

The Fund's liquidity primarily comprises cash at bank totalling \$4,873,981 at 31 March 2025 which is held to cover its day-to-day running costs and expenditures and to fund its capital commitments to the LP which total \$2,794,310 at balance date.

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

	Less than 12 months \$	At call \$	Remaining contractual maturities \$
<b>2025</b>			
<b>Non-derivatives</b>			
<i>Non-interest bearing</i>			
Trade and other payables	126,537	-	126,537
Capital commitments*	-	2,794,310	2,794,310
Total non-derivatives	<u>126,537</u>	<u>2,794,310</u>	<u>2,920,847</u>
	Less than 12 months \$	At call \$	Remaining contractual maturities \$
<b>2024</b>			
<b>Non-derivatives</b>			
<i>Non-interest bearing</i>			
Trade and other payables	135,945	-	135,945
Capital commitments*	-	5,353,821	5,353,821
Total non-derivatives	<u>135,945</u>	<u>5,353,821</u>	<u>5,489,766</u>

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

**CD Private Equity Fund II**  
**Notes to the financial statements**  
**31 March 2025**

**15. Fair value measurement**

*Fair value*

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

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

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

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>2025</b>				
<i>Financial assets carried at fair value</i>				
Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund II, LP	-	-	73,407,327	73,407,327
Total assets	-	-	73,407,327	73,407,327

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>2024</b>				
<i>Financial assets carried at fair value</i>				
Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund II, LP	-	-	76,877,263	76,877,263
Total assets	-	-	76,877,263	76,877,263

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

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

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

**16. Related party disclosures**

*Key management personnel*

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.

As at reporting date, no directors held units for their own benefit or had an interest in holdings through a third party.

*Related party investments in the scheme*

The Responsible Entity or its associates does not hold any investments in the scheme.



## **16. Related party disclosures (continued)**

### *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, K2 Asset Management Ltd as Responsible Entity of the Fund, 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 0.225% per annum. Management fees are paid to the Responsible Entity quarterly in advance.

The total management fees paid to the Responsible Entity for the year ended 31 March 2025 was \$225,177, exclusive of GST (2024: \$264,775, exclusive of GST, which comprised of \$185,693 paid to the Responsible Entity and \$79,082 paid to the former Responsible Entity based on management fees totalling 0.33% per annum.) There were no outstanding management fees as at 31 March 2025 (2024: \$nil).

### *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 to K2 Asset Management Ltd for the year ended 31 March 2025 were \$120,000, exclusive of GST (2024: \$120,000, exclusive of GST, which comprised of \$90,000 paid to K2 Asset Management Ltd and \$30,000 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).

### *US Select Direct Private Equity Fund (US), LP*

At balance date, the Fund's share of the LP's investment in US Select Direct Private Equity Fund (US), LP was \$8,939,139 (US\$5,584,280) (2024: \$9,945,419 (US\$6,485,408)). The General Partner of this investment is associated with the former Responsible Entity of the Fund.

### *Recharges paid to 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. There is no mark-up or charge to the Fund for being provided this service. The Fund only incurs the costs directly attributable to the work performed for it by the supplier, as if it had contracted with that provider individually.

## **17. Remuneration of auditors**

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

	2025 \$	2024 \$
<i>Audit services - Deloitte Touche Tohmatsu</i>		
Audit or review of the financial statements	75,300	72,200
<i>Other services - Deloitte Touche Tohmatsu</i>		
Taxation services	8,500	8,500
	<u>83,800</u>	<u>80,700</u>
<i>Other Audit Firms - Deloitte Tax LLP</i>		
Taxation services	<u>92,084</u>	<u>57,548</u>

**18. Capital commitments**

Other than the capital commitments disclosed in note 10(v) to the financial statements, the Fund does not have any other capital commitments outstanding for the year ended 31 March 2025.

**19. Contingent liabilities**

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

**20. Events after the reporting period**

On 12 May 2025, the Responsible Entity announced a distribution of \$0.12 per unit which will be paid on or around 17 June 2025.

No other matter or circumstance has arisen since 31 March 2025 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 II**  
**Directors' declaration**  
**31 March 2025**

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

- the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and the Corporations Regulations 2001;
- the attached financial statements are in compliance with International Financial Reporting Standards, as stated in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the Fund's financial position as at 31 March 2025 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- the Fund does not have any controlled entities and is not required by the Accounting Standards to prepare consolidated financial statements. Therefore, a consolidated entity disclosure statement has not been included as section 295(3A)(a) of the Corporations Act 2001 does not apply to the Fund.

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

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

On behalf of the directors of the Responsible Entity



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Hollie Wight  
Director of K2 Asset Management Ltd, Responsible Entity

30 May 2025

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

### *Opinion*

We have audited the financial report of CD Private Equity Fund II, (the "Fund") which comprises the statement of financial position as at 31 March 2025, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Fund's financial position as at 31 March 2025 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### *Basis for Opinion*

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of K2 Asset Management Ltd, the Responsible Entity of the Fund (the "directors"), would be in the same terms if given to the directors as at the time of this auditor's report.

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

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p><i>Fair Value of Investment in Limited Partnership (LP)</i></p> <p>As at 31 March 2025 the Fund's fair value of its investment in the LP was \$73,407,327 as disclosed in Note 10.</p> <p>The basis of valuation of the Fund's investment in the LP is disclosed in Note 10(iv).</p> <p>Significant estimation uncertainty is inherent in the determination of the fair value of the investment in the LP due to the fact that:</p> <ol style="list-style-type: none"> <li>the underlying investments held by the US investment funds in which the LP has an interest are generally illiquid in nature, and their valuation is based on unobservable inputs which are subject to significant estimation judgement by management of the US investment funds; and</li> <li>there may be a time lag of up to three months between the Fund's reporting date and the date of the most recent reported net assets of the US investment funds.</li> </ol>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>Obtaining an understanding of the basis of valuation and key processes adopted by management;</li> <li>Obtaining the most recent audited financial statements of the underlying investment funds (as at 31 December 2024) and reviewing the appropriateness and consistency of the accounting policy adopted for fair values of the investments;</li> <li>Assessing the independence, competence and objectivity of the auditing firms of the underlying investment funds and reviewing the content of their audit opinions issued;</li> <li>Where available as at 31 March 2025, obtaining from management the most recent unaudited management financial information of the underlying investment funds and assessing the quantum of any fair value movements from the date of the latest audited financial information; and</li> <li>For investments for which no unaudited management financial information was available at 31 March 2025, we performed procedures to determine whether there were any indicators of material fair value movements in those funds from the date of the latest audited financial information.</li> </ul> <p>We also assessed the appropriateness of the disclosures in Notes 2(c), 2(g) and Note 10 to the financial statements.</p>

### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Fund's annual report for the year ended 31 March 2025 but does not include the financial report and our auditor's report thereon.

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

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

### Responsibilities of the Directors for the Financial Report

The directors are responsible:

- For the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Fund in accordance with Australian Accounting Standards; and
- For such internal control as the directors determine is necessary to enable the preparation of the financial report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Fund, and is free from material misstatement, whether due to fraud or error.

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

## *Auditor's Responsibilities for the Audit of the Financial Report*

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

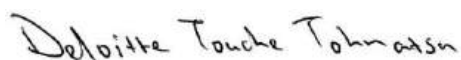
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



DELOITTE TOUCHE TOHMATSU



Partner  
Chartered Accountants  
Sydney, 30 May 2025

**CD Private Equity Fund II**  
**Unitholder information**  
**30 April 2025**

**Distribution of unitholders**

52,479,086 fully paid ordinary units on issue are held by 800 unitholders.

Category (size of holding)	Number of unitholders	%
1 to 1,000	56	0.04
1,001 to 5,000	134	0.79
5,001 to 10,000	133	1.94
10,001 to 100,000	428	25.12
100,001 and over	49	72.10
	<b>800</b>	<b>100</b>
Holding less than a marketable parcel	<b>36</b>	

**Top 20 largest holders of units**

	Number of units held	Percentage of Total (%)
BNP Paribas Nominees Pty Ltd <Hub24 Custodial Serv Ltd>	22,480,109	42.84
Citicorp Nominees Pty Limited	1,209,832	2.31
OHJS Group Pty Limited <Super Hans Super Fund A/C>	1,114,859	2.12
Perpetual Corporate Trust Ltd <Affluence Lic Fund>	1,003,755	1.91
Benjamin Hornigold Ltd	948,681	1.81
Ocean Capital Pty Limited	800,000	1.52
Mr Orange Pty Limited <Mr White Pension Fund A/C>	800,000	1.52
Mrs Bianca Renee Dixon	718,800	1.37
Mr Richard Philip Wilkins	570,000	1.09
S4 Super Pty Ltd <S4 Super Fund A/C>	427,799	0.82
Sibew Pty Ltd	401,068	0.76
J P Morgan Nominees Australia Pty Limited	376,472	0.72
Cotree Pty Ltd <Edwards Super Fund A/C>	363,902	0.69
Luton Pty Ltd	354,298	0.68
Netwealth Investments Limited <Wrap Services A/C>	323,606	0.62
Finance Associates Pty Ltd <Finance Associates Sf A/C>	305,155	0.58
Ms Snezana Bowden	300,000	0.57
Katdar Pty Ltd <Dixon Comply Pen Fund A/C>	300,000	0.57
Baauer Pty Ltd <The Baauer Family A/C>	295,683	0.56
Luja Pty Ltd <Christowel Super Fund A/C>	265,000	0.50
<b>Total</b>	<b>33,359,019</b>	<b>63.57%</b>

**CD Private Equity Fund II**  
**Unitholder information**  
**30 April 2025**

**Substantial unitholders**

The following holders are registered by the Fund as a substantial holder, having declared a relevant interest, in accordance with the Corporations Act, in the Units below:

Name	Units	% of Units
Investment Administration Services Pty Ltd (IAS) *^	3,573,553 Units	6.47%

\*Note: Investment Administration Services Pty Ltd's unit holdings are held by JP Morgan as nominee for IAS Managed Discretionary Account clients.

^Date of last substantial holder notice lodged on 16 September 2021

**Voting rights**

Each ordinary unit is entitled to one vote when a poll is called, otherwise each unitholder present at a meeting or by proxy has one vote on a show of hands.

**Restricted securities**

There are no restricted securities issued by the Fund.

**Transactions**

There were no transactions in securities during the reporting period.

**Limited Partnership Agreement**

U.S. Select Private Opportunities Fund II GP, LLC (**Investment Manager**), Cordish Private Ventures and the Responsible Entity of CD Private Equity Fund II (**Fund**), have established an exempted limited partnership, US Select Private Opportunities Fund II, L.P. (**LP**), in the Cayman Islands for the purposes of acquiring, directly or indirectly, and dealing with, interests in private investment funds and interests in privately held companies.

Under the terms of the agreement, the Fund, as a Limited Partner, has agreed to make capital contributions towards the acquisition of investments, as directed by the Investment Manager, up to a maximum contribution amount. The limited partners are permitted to satisfy all, or any, of their outstanding capital commitment by making an in-kind contribution of a portfolio investment with the written consent of the other partners.

Under the LP Agreement, it is an event of default to fail to make a capital contribution when due and different consequences may result from an event of default, including (among others) interest being payable on overdue amounts, loss of voting rights or, at the discretion of the Investment Manager, forfeiture of distributions and a 50% reduction in the defaulting partner's capital account (with such amounts to be distributed to the remaining partners in their pro rata proportions).

The Investment Manager must ensure that distributions, if any, are made on an annual basis (or more frequently, if so determined by the Investment Manager) in connection with a disposal, interest or other income realised from an investment or income from temporary investments.

In consideration for managing the LP and its investments, the Investment Manager is entitled to an investment management fee of an amount equal to 2% of the aggregate capital commitments made by the partners to the LP which will be payable quarterly in advance for a period of 10 years. This fee arrangement ceased in February 2023 following the expiry of the 10-year period.

Cordish Private Ventures and the Fund are prohibited from withdrawing from the LP or otherwise disposing of their interest in the LP in any circumstances without the consent of the Investment Manager. The Investment Manager in turn must obtain the consent of the other limited partner prior to effecting such disposal or transfer. The Investment Manager may not withdraw from the LP, resign as general partner or otherwise dispose of its interest in the LP in any circumstances without the consent of the limited partners.



**CD Private Equity Fund II**  
**Unitholder information**  
**30 April 2025**

The LP will be dissolved upon the occurrence of certain termination events, which include (among others), the last business day of the fiscal year in which all investments have been disposed of or where the LP is no longer subject to any funding obligations in respect of investments or management fees. The Investment Manager may terminate or wind up the LP with the consent of all limited partners. As a limited partner, the Responsible Entity does not have the ability to amend the LP Agreement in a material respect, or require early termination or wind up of the LP without the consent of all other partners.

**CD Private Equity Fund II****Directory****31 March 2025**

The Fund's units are quoted on the official list of Australian Securities Exchange (**ASX**).

The ASX code is **CD2**.

**CD Private Equity Fund II**

(ARSN 162 057 089)

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