

## Key investment events

- Positive activity continued across all CD Funds, with realisation events contributing to positive valuations uplifts in CD3 and CD4. CD Fund returns (CD1 to CD4) of -0.6%, -0.4%, 5.3% and 4.4% respectively for the quarter.
- Significant exits from CD1 and CD2. CD3 realising investments ahead of the Managers expectation. CD4 continues to find attractive investment opportunities.
- CD1, CD2 and CD3 paid their 11th, 10th and 3rd distributions to unitholders and have now returned 138%, 86% and 24% of unitholders' initial investments, respectively.

## Fund update

The past twelve months has proven to be a positive period for the Series, with many positive revaluations and realisation events, including several that have resulted in a return on investment that surpassed the total investment with the underlying manager. While the Funds are well diversified, the less mature Funds in the Series have a higher weighting to technology related businesses which have experienced, along with broader societal and capital market trends, strong growth and investor gains. With this in mind we are excited to highlight the progression and success of one of these "tech" investments, alongside a more traditional, but equally as essential and successful services company investment. Note – not all Funds in the Series have/had exposure to these investments.

**Knowbe4 (CD3 and CD4)** – Announced in April that it had successfully closed its Initial Public Offering and began trading on the Nasdaq (ticker: KNBE) on 21 April 2021. CD3 and CD4 both have exposure to Knowbe4 through investment in Elephant Partners Fund I, L.P (CD3), initial investment March 2016, and through Elephant Partners Fund II, L.P (CD4) and US Select Direct Private Equity Fund II, L.P (CD3 and CD4), investment in June 2019, in a funding round led by KKR, which valued the company at more than US\$1 billion. At the current share price (4/8/2021) Knowbe4 has a market capitalisation of circa US\$3.5 billion, many multiples of the initial investment.

Knowbe4's core focus is on Security Awareness Training to help manage the IT security problems of social engineering, spear phishing, and ransomware attacks. In essence, the company trains employees of companies, through learning activities and simulated attacks to improve awareness of the techniques employed and reduce the risk that hackers will gain access to or control of a company's IT systems.

**3Phase Elevator (CD1)** – Announced on 3 June 2021 that it had entered into a definitive agreement for Boston-based investment firm Berkshire Partners to acquire the company from Fort Point Capital. FPC Small Cap Fund I, L.P., an underlying investment or partner fund of CD1, acquired 3Phase Elevator in April 2018. Fort Point Capital successfully completed six add-on acquisitions with the aim of building the largest independent elevator and escalator service company in the United States.

While terms of the deal remain confidential, the realisation of 3Phase Elevator allowed FPC Small Cap Fund I, L.P. to make a significant distribution to investors, which for CD1 was greater than the Fund's entire commitment to Fort Point.

## Market commentary

Global equities rallied 9.0% in the June quarter (Q2), as global economic conditions continued to improve, underpinned by successful vaccination rollouts in major developed markets. US markets were strong, up 10.2% continuing to rally on the reopening thematic and as vaccination rates approached 50% across the country. Expectations for inflation began to rise with rate sensitive sectors outperforming strongly during the first two months of the quarter. The release of the Federal Open Market Committee (**FOMC**) dot plot data in mid-June implies members now expect rates to rise before the end of 2023, earlier than previously thought. However, Chairman Powell noted that inflation was likely to be temporary, with substantial further economic progress needed against US Federal Reserve (**Fed**) targets before any changes would be made to the asset purchasing program. As a result, a flattening of the yield curve led to a strong June rotation back into growth assets, led by the technology related stocks. US10 Year Treasuries started the quarter at 1.74% declining to 1.47% by 30 June and continued to decline following quarter end.

While the worst of the pandemic has hopefully passed, the emergence and rapid spread of the Delta strain may affect the global recovery, however despite this, capital markets and the US economy appear to be looking beyond this and activity has again been strong. Following some strong realisations in Q4 2020 and Q1 2021, the underlying funds did continue to experience realisation events and we anticipate the positive momentum to be reflected in their Q2 reporting. We reiterate that large and mid-tier PE firms are still sitting on significant levels of 'dry powder' (unused capital), with a number of significant new fund raisings (circa USD20 billion) announced during the quarter. In addition, many Special Purpose Acquisition Companies (**SPACs**) are looking to deploy capital and in combination these factors indicate continuing support of asset prices in the lower-middle market, where the CD Funds have targeted investment.

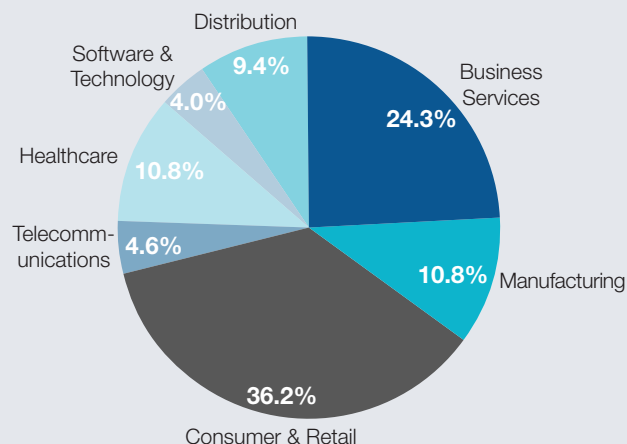
As a result of the ongoing success of underlying managers in late Q1 and early Q2, CD1, CD2 and CD3 announced and paid distributions to unitholders of 40 cents, 34 cents and 12.5 cents respectively during June. CD1 has now returned 1.38x initial investment to unitholders and CD2 has returned 0.86x, inclusive of the 30 June 2021 NTA for each, these Funds have achieved, to date, a return of 2.17x and 2.03x on initial unitholder investment. Following a stellar Q1, and while we are yet to receive full reporting from the underlying managers, performance in Q2 appears to be more contained. Further realisations across all Funds in the Series, and resultant uplifts within the less mature funds in the Series, CD3 and CD4 generated post-tax NTA returns of +5.3% and +4.4% respectively. We note that foreign exchange movements were positive for unitholders, with the Australian dollar falling 1.3% against the US dollar during the quarter.

Regards  
CD Private Equity Team

| KEY FUND DETAILS                               | FUND 1              | FUND 2              | FUND 3              | FUND 4              |
|------------------------------------------------|---------------------|---------------------|---------------------|---------------------|
| ASX ticker                                     | CD1                 | CD2                 | CD3                 | n/a                 |
| Inception                                      | August 2012         | April 2013          | July 2016           | April 2018          |
| Pre-tax NTA                                    | \$1.28 <sup>1</sup> | \$1.99 <sup>1</sup> | \$2.20 <sup>1</sup> | \$1.74 <sup>1</sup> |
| Post-tax NTA                                   | \$1.26 <sup>1</sup> | \$1.88 <sup>1</sup> | \$2.14 <sup>1</sup> | \$1.66 <sup>1</sup> |
| Net Assets                                     | \$49.0 million      | \$103.7 million     | \$154.0 million     | \$195.5 million     |
| Number of managers                             | 8                   | 12                  | 13                  | 12                  |
| Total underlying investments (since inception) | 96                  | 122                 | 131                 | 95                  |
| Investments during the quarter                 | 0                   | 0                   | 0                   | 6                   |
| Full realisations                              | 53                  | 57                  | 23                  | 7                   |
| Realisations during the quarter                | 4                   | 10                  | 3                   | 3                   |
| Current portfolio companies                    | 43                  | 65                  | 108                 | 88                  |
| Average age of remaining companies             | 5.5 years           | 4.6 years           | 2.9 years           | 1.9 years           |

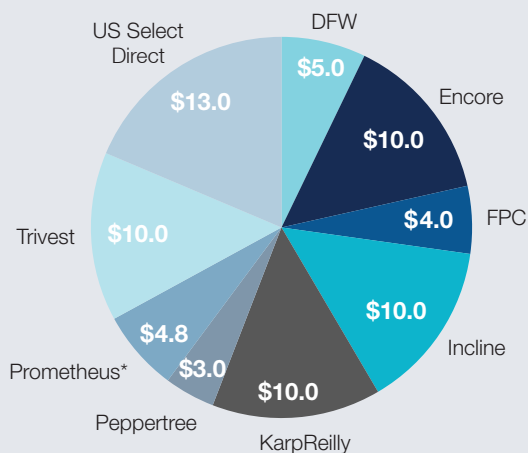
<sup>1</sup> Source: E&P Investments Limited. Historical performance is not a guarantee of the future performance of the Funds. The current NTAs per unit (shown above) are as at 30 June 2021. Note: Underlying investment figures are collected on a lagged basis and may not reflect actual exposures at period end.

## CD1 portfolio asset allocation



Note: Numbers may not add to 100% due to rounding.

## LP commitments to underlying managers (US\$69.8m)



Note: The Fund has an 85.5% interest in the LP. Cordish Private Ventures and US Select Private Opportunities Fund GP LLC contributed the remaining amount based on their proportional shares. Numbers may not add due to rounding. \*The LP received a final distribution from Prometheus Partners IV, L.P. on 30 September 2016 and has no remaining capital with this fund.

## CD1 Fund performance

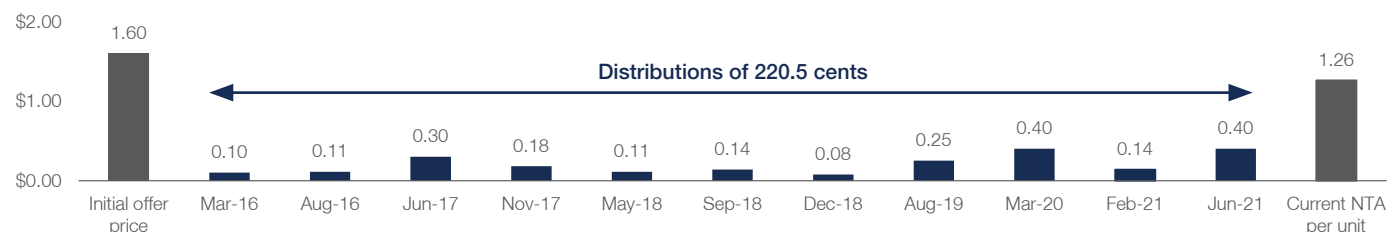
|                           | 3 MONTHS | 6 MONTHS | 1 YEAR | 3 YEAR PA | 5 YEAR PA | SINCE INCEPTION PA <sup>3</sup> |
|---------------------------|----------|----------|--------|-----------|-----------|---------------------------------|
| NTA return <sup>1,2</sup> | -0.6%    | 17.8%    | 23.4%  | 16.7%     | 14.4%     | 12.5%                           |

Notes: <sup>1</sup> Source: E&P Investments Limited. Historical performance is not a guarantee of the future performance of the Fund.

<sup>2</sup> Total returns are inclusive of distributions. NTA return is based on post-tax NTA and is net of fees and costs. <sup>3</sup> Inception date August 2012.

On an NTA/Internal Rate of Return (IRR) basis CD1 has achieved a return of 11.9% per annum since inception.

## CD1 unit value and income



Note: The unit price of CD1 was \$1.15 as at 30 June 2021. Historical performance is not a guarantee of the future performance of the Fund.

Source: E&P Investments Limited. Current NTA per unit (shown above) is post-tax.

## LP activity

The LP made a distribution of US\$17 million to limited partners. CD1's net share was US\$14.2 million which resulted in the 40 cent per unit distribution paid to unitholders in June.

## Underlying fund activity

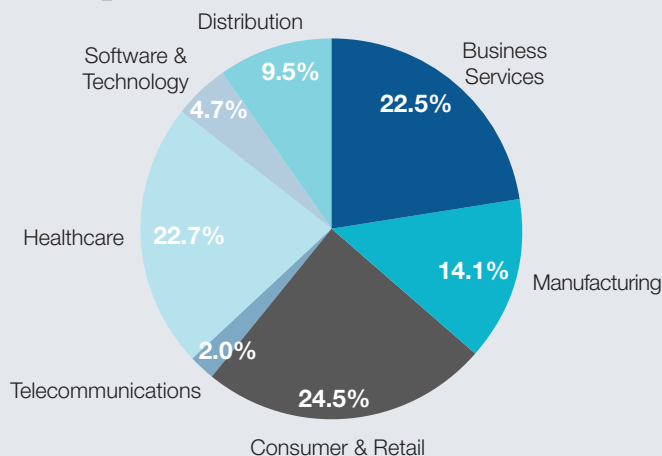
**Incline Equity Partners III, L.P. (Incline)** sold portfolio company AFC Holding Company (AFC), resulting in a distribution of US\$2.3 million to the LP.

**DFW Capital Partners IV, L.P. (DFW IV)** paid a distribution to the LP following a structured secondary transaction and exit of the LP from DFW IV. DFW IV was a very successful fund, achieving performance that places it at the upper end of the top quartile.

**Trivest Fund V, L.P. (Trivest)** paid a distribution in relation to final earn-out and escrow payments related to the sale of Turnpoint Services Group.

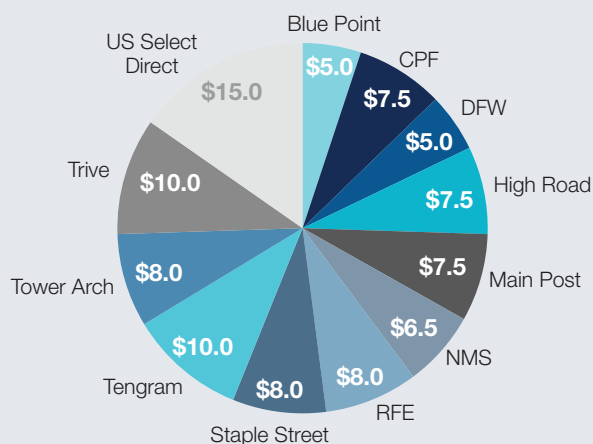
**US Direct Private Equity (US) L.P. (US Select Direct)** sold portfolio company AFC Holding Company (AFC) and also received proceeds from the successful sale of a co-investment with another partner fund resulting in an aggregate distribution from US Select Direct of US\$4.4 million to the LP.

## CD2 portfolio asset allocation



Note: Numbers may not add to 100% due to rounding.

## LP commitments to underlying managers (US\$98.0m)



Note: The Fund has an 87.3% interest in the LP. Cordish Private Ventures and US Select Private Opportunities Fund II GP LLC contributed the remaining amount based on their proportional shares. Numbers may not add due to rounding.

## CD2 Fund performance

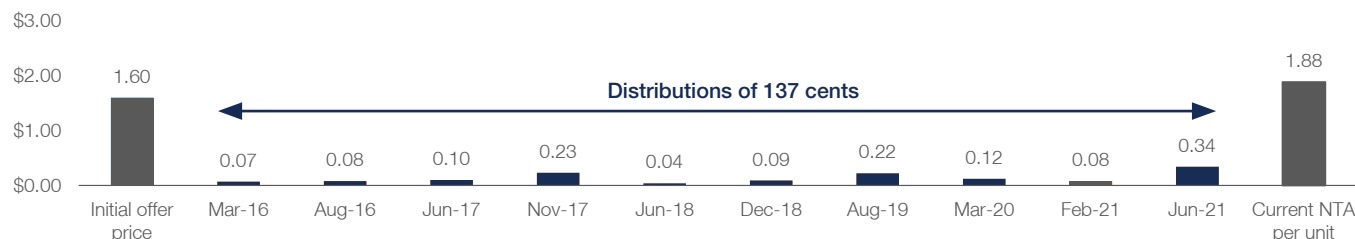
|                           | 3 MONTHS | 6 MONTHS | 1 YEAR | 3 YEAR PA | 5 YEAR PA | SINCE INCEPTION PA <sup>3</sup> |
|---------------------------|----------|----------|--------|-----------|-----------|---------------------------------|
| NTA return <sup>1,2</sup> | -0.4%    | 18.2%    | 12.5%  | 11.3%     | 10.8%     | 11.0%                           |

Notes: <sup>1</sup> Source: E&P Investments Limited. Historical performance is not a guarantee of the future performance of the Fund.

<sup>2</sup> Total returns are inclusive of distributions. NTA return is based on post-tax NTA and is net of fees and costs. <sup>3</sup> Inception date April 2013.

On an NTA/Internal Rate of Return (IRR) basis CD2 has achieved a return of 11.1% per annum since inception.

## CD2 unit value and income



Note: The unit price of CD2 was \$1.47 as at 30 June 2021. Historical performance is not a guarantee of the future performance of the Fund. Source: E&P Investments Limited. Current NTA per unit (shown above) is post-tax.

## LP activity

The LP made a distribution of US\$17.0 million to limited partners. CD2's net share was US\$14.6 million which resulted in the 34 cent per unit distribution paid to unitholders in June. In addition, the General Partner of the LP has released US\$3.2 million of unfunded commitments from its limited partners, resulting in a reduction to US\$4.0 million of remaining commitments to the LP.

## Underlying fund activity

**RFE Investment Partners VIII, L.P. (RFE)** sold portfolio company PCX Aerosystems, resulting in a distribution of US\$1.8 million to the LP.

**High Road Capital Partners Fund II, L.P. (High Road)** sold portfolio company Cali Bamboo, resulting in a distribution of US\$1.1 million to the LP.

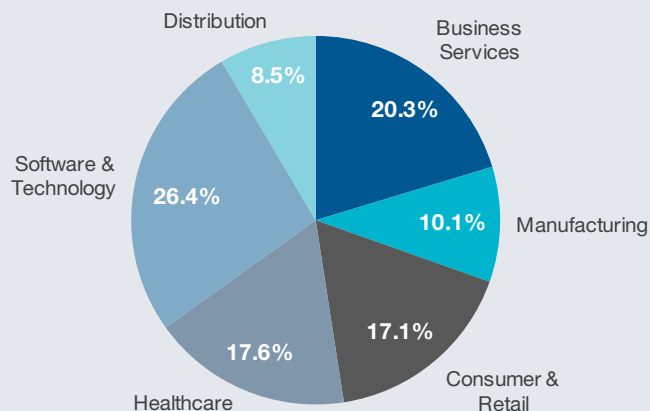
**Main Post Growth Capital, L.P. (Main Post)** sold portfolio company Nulo and received escrowed proceeds from prior sale of Arch Global Precision, resulting in a distribution of US\$0.9 million to the LP.

**NMS Fund II, L.P. (NMS)** called capital to fund an add-on investment in a portfolio holding.

**DFW Capital Partners IV, L.P. (DFW IV)** paid a distribution to the LP following a structured secondary transaction and exit of the LP from DFW IV. DFW IV was a very successful fund, achieving performance that places it at the upper end of the top quartile.

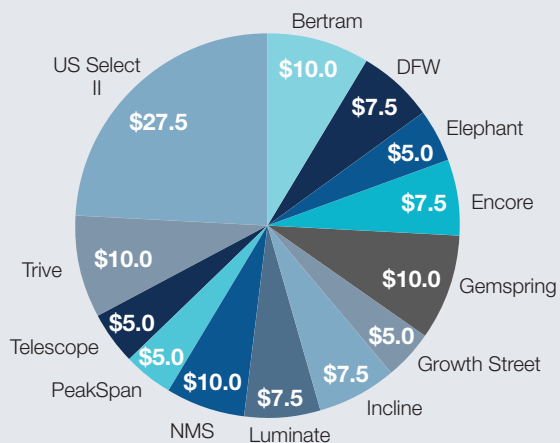
**US Direct Private Equity (US) L.P. (US Select Direct)** sold portfolio company AFC Holding Company (AFC) and also received proceeds from the successful sale of a co-investment with another partner fund resulting in an aggregate distribution from US Select Direct of US\$4.4 million to the LP.

## CD3 portfolio asset allocation



Note: Numbers may not add to 100% due to rounding.

## LP commitments to underlying managers (US\$117.5m)



Notes: The Fund has an 71.2% interest in the LP. Cordish Private Ventures, US Select Private Opportunities Fund III GP LLC and its partner contributed the remaining amount based on their proportional shares. Numbers may not add due to rounding.

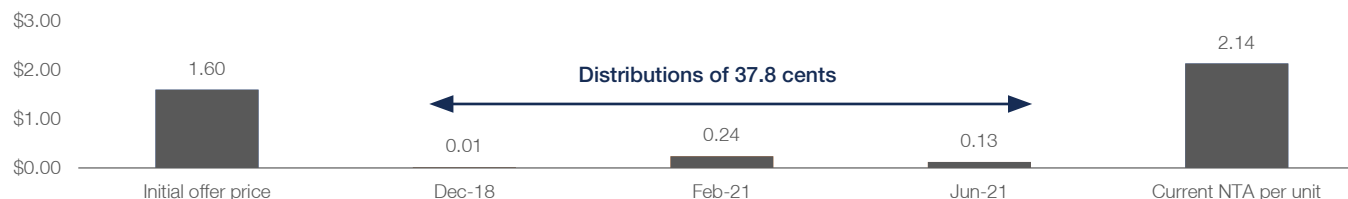
## CD3 Fund performance

|                           | 3 MONTHS | 6 MONTHS | 1 YEAR | 2 YEAR PA | 3 YEAR PA | SINCE INCEPTION PA <sup>3</sup> |
|---------------------------|----------|----------|--------|-----------|-----------|---------------------------------|
| NTA return <sup>1,2</sup> | 5.3%     | 38.2%    | 41.2%  | 21.1%     | 19.1%     | 11.2%                           |

Notes: <sup>1</sup> Source: E&P Investments Limited. Historical performance is not a guarantee of the future performance of the Fund.  
<sup>2</sup> Total returns are inclusive of distributions. NTA return is based on post-tax NTA and is net of fees and costs. <sup>3</sup> Inception date July 2016.

On an NTA/Internal Rate of Return (IRR) basis CD3 has achieved a return of 10.3% per annum since inception.

## CD3 unit value and income



Note: The unit price of CD3 was \$1.56 as at 30 June 2021. Historical performance is not a guarantee of the future performance of the Fund.  
Source: E&P Investments Limited. Current NTA per unit (shown above) is post-tax.

## LP activity

The LP made a distribution of US\$10 million to limited partners. CD3's net share was US\$7.0 million which resulted in the 12.5 cent per unit distribution paid to unitholders in June.

## Underlying fund activity

**Luminate Capital Partners, L.P. (Luminate)** sold portfolio company AutoQuotes, resulting in a distribution of US\$0.9 million to the LP.

There have also been a number of capital events yet to be disclosed publically that resulted in a net distribution of US\$5.3 million to the LP.

**Telescope Partners I, L.P. (Telescope)** paid a distribution of US\$0.8 million to the LP relating to the prior sale of portfolio company Brandfolder to Smartsheet Inc in Q3 2020.

The LP also received capital calls from three other underlying funds to fund follow-on, add-on and new portfolio investments during the period.



## CD Private Equity Fund Series

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

This venture is anchored in the belief that smaller and nimbler private equity funds materially outperform larger private equity funds. The Fund Series was formed to provide investors with a platform to invest in a portfolio of high quality small to mid-market private equity funds and companies – a strategy that is typically beyond the reach of all but the largest endowment funds and family offices.

The Fund Series also provides investors with the opportunity to benefit from the Cordish Family Office's experience and network in investing in specialist small to mid-market private equity funds and direct equity investments in the US, as well as to invest side-by-side and on equal terms with the Cordish family in these compelling opportunities.

## Investment objectives

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

## CD Private Equity team



**Jonathan Cordish**

Chairman  
Advisory Board



**Jonathan Sinex**

Managing Director  
Cordish Private Ventures

## Important information

This Quarterly Update (**Update**) has been prepared by E&P Investments Limited as Responsible Entity (ACN 152 367 649, AFSL 410 433) of the CD Private Equity Fund Series (**Funds** or **Fund Series**) which includes CD Private Equity Fund I (ARSN 158 625 284) (**CD1**), CD Private Equity Fund II (ARSN 162 057 089) (**CD2**), CD Private Equity Fund III (ARSN 612 132 813) (**CD3**), and CD Private Equity Fund IV (ARSN 624 474 531) (**CD4**). **Investment Manager** for CD1 is US Select Private Opportunities Fund GP, LLC, and for CD2, CD3, and CD4 is E&P Asset Management USA Inc. An investment in any of the Funds is subject to various risks, many of which are beyond the control of the Investment Manager and the Funds. The past performance of the Funds is not a guarantee of the future performance of the Funds. This Update may contain statements, opinions, projections, forecasts and other material (**forward looking statements**), based on various assumptions. Those assumptions may or may not prove to be correct. The Responsible Entity and its advisers (including all of their respective directors, consultants and/or employees, related bodies corporate and the directors, shareholders, managers, employees or agents of them) (Parties) do not make any representation as to the accuracy or likelihood of fulfilment of the forward-looking statements or any of the assumptions upon which they are based. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements and the Parties assume no obligation to update that information. This Update may contain general advice. Any general advice provided has been prepared without taking into account your objectives, financial situation or needs. Before acting on the advice, you should consider the appropriateness of the advice with regard to your objectives, financial situation and needs, and consider obtaining advice from a financial advisor. You should obtain a copy of the relevant PDS or offer document before making any decisions to purchase a product. All performance figures, unit prices and distributions are in Australian Dollars, unless otherwise stated.

## About E&P Funds

E&P Funds is a multibillion-dollar global funds management firm founded in 2007, with assets under management across global equities, residential and commercial property, private equity, fixed income, and sustainable and social investments.

It provides access to unique investment strategies not readily accessible to investors and focuses on building high quality, diversified portfolios.

E&P Investments Limited is the Responsible Entity of the Funds and is a wholly-owned subsidiary of E&P Financial Group Limited (EP1.ASX).

## Risks

Like all investments, an investment in any of the Funds carries risks which may result in the loss of income or principal invested. In addition to the general risks of investing, specific risks associated with investing in the Funds include, but are not limited to, private investments risk, illiquidity risk and foreign exchange risk. For further information about the risks of investing in any of the Funds, please see the relevant Product Disclosure Statements available on the website [cdfunds.com.au](http://cdfunds.com.au).

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**ASX Release date**

13 July 2021