

Appendix 4D
Half-Year Report
For the period ended 30 September 2024

Name of entity

CD Private Equity Fund II

ARSN

Reporting Period

Previous Corresponding Period

162 057 089

1 April 2024 to 30 September 2024

1 April 2023 to 30 September 2023

Results for announcement to the market

| | 30 September 2024 |
|---|---------------------------------|
| | (\$) |
| Total net investment loss ("revenue from ordinary activities") | Down by 147.1% to (\$7,403,699) |
| Net operating loss for the period ("loss from ordinary activities after tax attributable to unitholders") | Down by 164.5% to (\$8,340,169) |
| Total comprehensive loss ("net loss for the period attributable to unitholders") | Down by 164.5% to (\$8,340,169) |

Commentary on results

Refer to attached Half-Year Report including Report to Unitholders. Additional Appendix 4D disclosure requirements can be found in the notes to the Half-Year Report.

Distributions

| | Amount per security |
|---|----------------------------|
| Distribution paid on 5 August 2024 | 7.0 cents |
| Total Distributions | 7.0 cents |

There is no Distribution Reinvestment Plan in operation in respect of these distributions.

Net tangible assets per unit

| | |
|------------|---------|
| 30/09/2024 | \$ 1.31 |
| 31/03/2024 | \$ 1.54 |

(Loss)/earnings per unit

| | 30 September 2024 | 30 September 2023 |
|----------------------------------|--------------------------|--------------------------|
| Basic (loss)/earnings per unit | (15.89) cents | 24.66 cents |
| Diluted (loss)/earnings per unit | (15.89) cents | 24.66 cents |

Financial Report

This report is based on the 30 September 2024 Half-Year Report and has been reviewed by Deloitte Touche Tohmatsu.



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

HALF-YEAR FINANCIAL REPORT

FOR THE HALF-YEAR ENDED
30 SEPTEMBER 2024

ARSN 162 057 089

CD Private Equity Fund II

Contents

30 September 2024

| | |
|---|----|
| Report to unitholders | 2 |
| Directors' report | 5 |
| Auditor's independence declaration | 7 |
| Condensed statement of profit or loss and other comprehensive income | 8 |
| Condensed statement of financial position | 9 |
| Condensed statement of changes in equity | 10 |
| Condensed statement of cash flows | 11 |
| Notes to the condensed financial statements | 12 |
| Directors' declaration | 19 |
| Independent auditor's review report to the unitholders of CD Private Equity Fund II | 20 |
| Directory | 22 |

CD Private Equity Fund II
Report to unitholders
30 September 2024

Dear Unitholders,

We are pleased to present the half-year report for the CD Private Equity Fund II (**CD2** or **Fund**) for the period ended 30 September 2024 (**HY25**).

Financial Performance

Private equity markets are showing signs of recovery after a prolonged period of macroeconomic challenges that have impacted both private and public markets (excluding certain sectors like tech and AI) over the past 18 to 24 months. The main headwind for the Fund's performance over the reporting period was the strengthening of the Australian dollar against the US dollar (**USD**), which negatively impacted the Fund's performance when translated into Australian dollars (**AUD**).

As of 30 September 2024, the Fund had pre-tax net assets of \$73.47 million (equivalent to \$1.40 per Unit) and post-tax net assets of \$68.98 million (equivalent to \$1.31 per Unit). During the HY25 period, the Fund generated a total return of 1.31% on a post-tax net asset value (**NTA**) basis, resulting in a net loss of -\$8.34 million or -15.89 cents per unit, compared to a net profit of \$12.94 million or 24.66 cents per Unit for the same period last year.

Since inception, the Fund has returned \$2.38 per Unit in distributions, including \$0.07 per Unit paid to Unitholders in August 2024. This distribution was made following a review of the Fund's cash position and confirmation by the Manager that outstanding capital calls were unlikely to be fully called, thus releasing cash on balance sheet to Unitholders. On a longer-term basis, inclusive of these distributions and net of all fees, the Fund has generated a post-tax annual return of 9.5% p.a. since inception, has generated an Internal Rate of Return (**IRR**) of 10.8% p.a. and the Total Value to Paid-In Capital (**TVPI**) multiple is 2.31 times¹.

HY25 Results

The Fund's performance during **HY25** was significantly affected by foreign exchange movements, with the Australian dollar strengthening by 6% against the US dollar. This, combined with ongoing fragmentation in the mergers and acquisitions (**M&A**) market, placed some downward pressure on underlying valuations.

The appreciation of the Australian dollar from 65.21 to 69.13 US cents during the six-month period led to an unrealised foreign currency translation loss of -\$4.20 million, which contributed to the overall fair value movement. Fortunately, since the end of the period, the Australian dollar has weakened to 65.82 US cents at 31 October 2024, which should have a positive impact on the Fund's investments when measured in AUD. We've demonstrated this graphically below:



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

CD Private Equity Fund II
Report to unitholders
30 September 2024

In addition to the currency impact, the Fund's performance was also influenced by modest negative fair value adjustments across the portfolio. These movements, amounting to -\$3.05 million in USD, were primarily driven by the prolonged higher interest rate environment, slower growth in certain sectors, and challenging conditions for exits and financing of some underlying portfolio companies. As a result, valuations were adjusted to reflect revised expectations of future cash flows and growth prospects.

Market Outlook

As a reminder, distributions from the Fund will continue to be primarily funded through the realisation of underlying portfolio companies. The last 18-months of high inflation, rising interest rates, and geopolitical uncertainty have created challenges for private equity managers in executing these realisations.

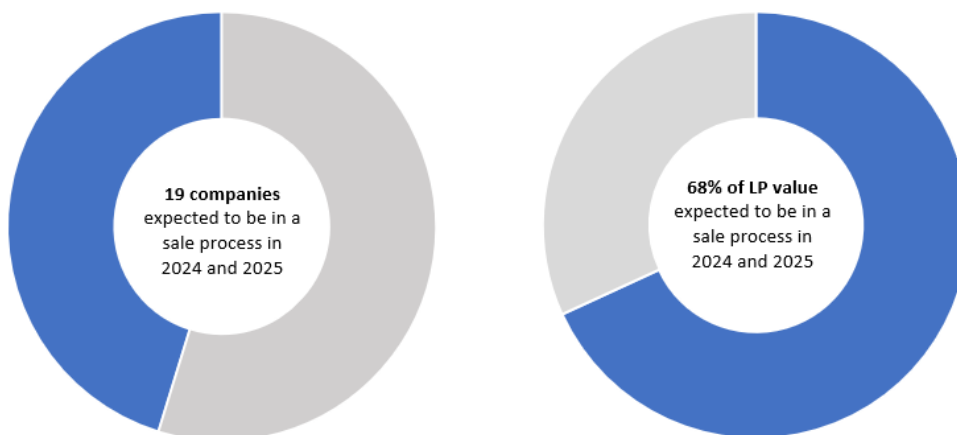
While the first part of the half-year remained relatively quiet, there was a notable resurgence in activity post 30 June, driven by improving market sentiment and the valuation gap between buyers and sellers beginning to narrow, encouraging deal flow. The Manager remains hopeful that as interest rates ease throughout FY25, exit activity will increase and the Fund will begin to see a steady increase in the rate of realisations and onwards distributions to Unitholders. Though there were no realisations for the half-year, the LP received five distributions for a total of US\$0.43 million, as well as making payment of 10 capital calls for a total of US\$0.73 million.

Fund Outlook

Balancing Unitholders' desire for capital returns with the macroeconomic challenges we've faced over the past year remains a key focus. The Fund is now comprised of 42 portfolio companies, and as noted in the full-year report, we continue to expect that a measured asset-by-asset realisation strategy will be the most effective way to unlock value for the Fund. This approach will allow underlying managers to progress any sales activity that may be underway, with the goal of returning most of the Fund's remaining value within the next two years, ideally close to the Fund's current NTA.

While we remain committed to an asset-by-asset realisation strategy, we recognise that this takes time. Therefore, K2 and the Manager are keeping open the possibility of larger portfolio sales if the right conditions and terms arise. Discussions with advisor groups are ongoing, and the Manager is prepared to engage if appropriate opportunities present themselves.

As outlined below, the Fund's 18 month sales pipeline is comprised of 19 companies, which represent 68% of the underlying LP value. These assets are earmarked to be in a process in 2024 and 2025, which could consist of appointing an advisor or even having a signed letter of intent for sale, with a number of these already scheduled to transact before year-end (absent any unforeseen events). We are looking forward to the managers making progress with these asset sales and hope to see a steady increase in the rate of realisations and onwards distributions to Unitholders in FY25.



CD Private Equity Fund II
Report to unitholders
30 September 2024

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

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

Yours faithfully,

Hollie Wight



Managing Director, Head of RE & Trustee Services

28 November 2024

CD Private Equity Fund II
Directors' report
30 September 2024

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

Directors

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

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

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

Principal activities and significant changes in nature of activities

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

Review and results of operations

The loss for the Fund after providing for income tax amounted to \$8,340,169 (30 September 2023: profit of \$12,939,146).

The key component of this result was a \$7,350,976 fair value loss (30 September 2023: \$15,504,739 gain) on the Fund's investment in the LP during the period. As at 30 September 2024, the Fund had net assets of \$68,981,160 (31 March 2024: \$80,994,865), representing \$1.31 per unit (31 March 2024: \$1.54 per unit).

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 and companies. The LP has committed capital across 12 underlying private investment funds which focus on a range of industries including consumer products, manufacturing and business services. For the half-year ended 30 September 2024, these underlying private investment funds made drawdown requests on the LP to fund their investments, management fees and operating expenses. Net drawdown requests made by the underlying private investment funds since inception to the end of the half-year totalled US\$84.5 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 30 September 2024 was US\$71.1 million (or \$102.8 million).

Distributions

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

| | 30 September 2024 \$ | 30 September 2023 \$ |
|---|---|---|
| Distribution - 19.5 cents per unit paid on 8 September 2023 | - | 10,233,424 |
| Distribution - 7 cents per unit paid on 5 August 2024 | 3,673,536 | - |
| | <u>3,673,536</u> | <u>10,233,424</u> |

Events subsequent to the reporting period

No matter or circumstance has arisen since 30 September 2024 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

Auditor's independence declaration

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

CD Private Equity Fund II
Directors' report
30 September 2024

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

On behalf of the directors



Hollie Wight
Director of K2 Asset Management Ltd, Responsible Entity

28 November 2024

28 November 2024

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

Dear Board Members

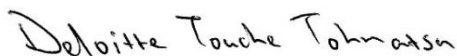
Auditor's Independence Declaration to CD Private Equity Fund II

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

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

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Carlo Pasqualini
Partner
Chartered Accountants

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

| | Note | 30 September 2024 \$ | 30 September 2023 \$ |
|---|------|-------------------------------|-------------------------------|
| Investment income | | | |
| Interest income | | 23,849 | 71,584 |
| Foreign exchange (loss)/gain | | (76,572) | 126,449 |
| Fair value movements of equity investments | 4 | <u>(7,350,976)</u> | <u>15,504,739</u> |
| Total investment (loss)/income | | <u>(7,403,699)</u> | <u>15,702,772</u> |
| Expenses | | | |
| Management and administration fees | 8 | (184,966) | (209,232) |
| Listing fees | | (25,709) | (24,691) |
| Custody fees | | (5,495) | (6,525) |
| Registry fees | | (16,156) | (21,037) |
| Legal and professional fees | | (100,491) | (88,488) |
| Transaction costs | | - | (32,139) |
| Other expenses | | <u>(3,801)</u> | <u>(3,305)</u> |
| Total expenses | | <u>(336,618)</u> | <u>(385,417)</u> |
| (Loss)/profit before income tax expense | | (7,740,317) | 15,317,355 |
| Income tax expense | | <u>(599,852)</u> | <u>(2,378,209)</u> |
| (Loss)/profit after income tax expense for the half-year | | (8,340,169) | 12,939,146 |
| Other comprehensive income for the half-year, net of tax | | - | - |
| Total comprehensive (loss)/income for the half-year | | <u>(8,340,169)</u> | <u>12,939,146</u> |
| | | Cents | Cents |
| Basic (loss)/earnings per unit | 3 | (15.89) | 24.66 |
| Diluted (loss)/earnings per unit | 3 | (15.89) | 24.66 |

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

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

| | 30 | 31 March |
|--------------------------------------|---------------------|--------------------|
| Note | September 2024 | 2024 |
| | \$ | \$ |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 5,424,058 | 10,201,733 |
| Receivables | 46,615 | 24,271 |
| Current tax assets | 1,045,615 | 291,174 |
| Total current assets | <u>6,516,288</u> | <u>10,517,178</u> |
| Non-current assets | | |
| Other financial assets | 4 <u>68,106,287</u> | <u>76,877,263</u> |
| Total non-current assets | <u>68,106,287</u> | <u>76,877,263</u> |
| Total assets | <u>74,622,575</u> | <u>87,394,441</u> |
| Liabilities | | |
| Current liabilities | | |
| Trade and other payables | <u>109,306</u> | <u>135,945</u> |
| Total current liabilities | <u>109,306</u> | <u>135,945</u> |
| Non-current liabilities | | |
| Deferred tax | 5 <u>5,532,109</u> | <u>6,263,631</u> |
| Total non-current liabilities | <u>5,532,109</u> | <u>6,263,631</u> |
| Total liabilities | <u>5,641,415</u> | <u>6,399,576</u> |
| Net assets | <u>68,981,160</u> | <u>80,994,865</u> |
| Equity | | |
| Unit capital | 6 82,891,568 | 82,891,568 |
| Accumulated losses | <u>(13,910,408)</u> | <u>(1,896,703)</u> |
| Total equity | <u>68,981,160</u> | <u>80,994,865</u> |

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

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

| | Unit capital | Retained | Total equity |
|--|---------------------|---------------------|---------------------|
| | \$ | earnings | \$ |
| | | \$ | |
| Balance at 1 April 2023 | 82,891,568 | 487,930 | 83,379,498 |
| Profit after income tax expense for the half-year | - | 12,939,146 | 12,939,146 |
| Other comprehensive income for the half-year, net of tax | - | - | - |
| | | <hr/> | <hr/> |
| Total comprehensive income for the half-year | - | 12,939,146 | 12,939,146 |
| <i>Transactions with unitholders in their capacity as unitholders:</i> | | | |
| Distributions paid (note 7) | - | (10,233,424) | (10,233,424) |
| | | <hr/> | <hr/> |
| Balance at 30 September 2023 | <u>82,891,568</u> | <u>3,193,652</u> | <u>86,085,220</u> |
| | | | |
| | Unit capital | (Accumulated | Total equity |
| | \$ | losses) | \$ |
| | | \$ | |
| Balance at 1 April 2024 | 82,891,568 | (1,896,703) | 80,994,865 |
| Loss after income tax expense for the half-year | - | (8,340,169) | (8,340,169) |
| Other comprehensive income for the half-year, net of tax | - | - | - |
| | | <hr/> | <hr/> |
| Total comprehensive loss for the half-year | - | (8,340,169) | (8,340,169) |
| <i>Transactions with unitholders in their capacity as unitholders:</i> | | | |
| Distributions paid (note 7) | - | (3,673,536) | (3,673,536) |
| | | <hr/> | <hr/> |
| Balance at 30 September 2024 | <u>82,891,568</u> | <u>(13,910,408)</u> | <u>68,981,160</u> |

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

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

| | 30 September 2024 \$ | 30 September 2023 \$ |
|---|---|---|
| Cash flows from operating activities | | |
| Interest income received | 25,577 | 71,624 |
| Net payments to suppliers | (387,329) | (376,622) |
| Income tax paid | (1,561,575) | (253,535) |
| Net cash used in operating activities | <u>(1,923,327)</u> | <u>(558,533)</u> |
| Cash flows from investing activities | | |
| Receipts from distributions | <u>1,281,074</u> | <u>10,430,001</u> |
| Net cash from investing activities | <u>1,281,074</u> | <u>10,430,001</u> |
| Cash flows from financing activities | | |
| Payment for distribution | <u>(3,673,536)</u> | <u>(10,233,424)</u> |
| Net cash used in financing activities | <u>(3,673,536)</u> | <u>(10,233,424)</u> |
| Net decrease in cash and cash equivalents | (4,315,789) | (361,956) |
| Cash and cash equivalents at the beginning of the financial half-year | 10,201,733 | 10,328,531 |
| Effects of exchange rate changes on cash and cash equivalents | <u>(461,886)</u> | <u>318,704</u> |
| Cash and cash equivalents at the end of the financial half-year | <u><u>5,424,058</u></u> | <u><u>10,285,279</u></u> |

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

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

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 of America (**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.

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

Basis of preparation

(i) Statement of compliance

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

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

(ii) Summary of material accounting policies

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

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

(iii) Critical accounting estimates and judgements

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

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

Accounting policies which are subject to significant accounting estimates and judgements include fair value determination of the interest held by the Fund in the Limited Partnership (refer to note 4 (iv)), recognition of a deferred tax liability in respect of likely US tax obligations which will arise from underlying fund investment realisations (refer to note 5), and selection of Australian dollars as the functional currency of the Fund. The AUD:USD half-year exchange rate used is 0.6913.

2. Operating segment

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

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

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

2. Operating segment (continued)

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

3. (Loss)/earnings per unit

| | 30 September 2024 | 30 September 2023 |
|--|----------------------------------|----------------------------------|
| | \$ | \$ |
| (Loss)/profit after income tax | <u>(8,340,169)</u> | <u>12,939,146</u> |
| | Number | Number |
| Weighted average number of ordinary units used in calculating basic (loss)/earnings per unit | <u>52,479,086</u> | <u>52,479,086</u> |
| Weighted average number of ordinary units used in calculating diluted (loss)/earnings per unit | <u>52,479,086</u> | <u>52,479,086</u> |
| | Cents | Cents |
| Basic (loss)/earnings per unit | (15.89) | 24.66 |
| Diluted (loss)/earnings per unit | (15.89) | 24.66 |

4. Non-current assets - other financial assets

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

| | 30 September 2024 | 31 March 2024 |
|--|----------------------------------|--------------------------|
| | \$ | \$ |
| US Select Private Opportunities Fund II, LP (LP) | <u>68,106,287</u> | <u>76,877,263</u> |
| | 30 September 2024 | 31 March 2024 |
| | \$ | \$ |
| (ii) Reconciliation | | |
| Balance at the beginning of the period | 76,877,263 | 80,567,573 |
| Movement in fair value through profit or loss* | (7,350,976) | 13,034,774 |
| Distributions received from LP ^ | <u>(1,420,000)</u> | <u>(16,725,084)</u> |
| Balance at the end of the period | <u>68,106,287</u> | <u>76,877,263</u> |

* Included in the 'movement in fair value' amount of \$7,350,976 loss (year ended 31 March 2024: \$13,034,774 gain) is an unrealised foreign exchange translation loss component of \$4,198,438 (year ended 31 March 2024: \$1,850,915 gain).

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

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

^ Net distributions received from the LP include offsetting of the Fund's US tax obligations of \$132,047 (US\$91,284) (31 March 2024: \$3,400,474 (US\$2,217,449)) on behalf of the Fund, contributing to a reduction in the Fund's current tax liability, resulting in a net current tax asset at balance date.

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

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

| | 30 September 2024 \$ | 31 March 2024 \$ |
|---|---|---------------------------------|
| Cash | 2,270,891 | 4,082,352 |
| Investment in US private investment funds recorded at fair value: | | |
| Blue Point Capital Partners III, LP | 2,155,653 | 2,239,118 |
| Chicago Pacific Founders Fund, LP | 23,506,598 | 26,666,745 |
| High Road Capital Partners Fund II, LP | 5,237,131 | 5,442,405 |
| Main Post Growth Capital, LP | 9,400,960 | 10,166,993 |
| NMS Fund II, LP | 4,020,548 | 4,463,623 |
| Staple Street Capital II, LP | 5,747,674 | 6,519,561 |
| Tengram Capital Partners Gen 2 Fund | 4,011,069 | 4,154,044 |
| Tower Arch Partners I, LP | 1,820,163 | 2,183,749 |
| Trive Capital Fund I, LP | 685,313 | 906,395 |
| US Select Direct Private Equity Fund (US), LP | 9,239,155 | 9,945,419 |
| Other assets | <u>11,132</u> | <u>106,859</u> |
| Net assets* | <u><u>68,106,287</u></u> | <u><u>76,877,263</u></u> |

* Included in the net assets of \$68,106,287 (31 March 2024: \$76,877,263) are investments in US private investment funds of \$65,824,264 (31 March 2024: \$72,688,052).

(iv) Valuation

Valuation technique adopted

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

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

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

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

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

Investment risks

As noted above, the LP has invested in underlying private investment funds in the US market who have in turn invested in a portfolio of private equity investments. Because of the absence of any liquid trading market for these types of investments, it may take longer to liquidate these investments than would be the case for marketable securities and accordingly the value obtained on realisation may differ to the estimated fair values at balance date. As there are no directly observable prices, the fair values assigned by the investment funds to each investment are based on a range of factors, including but not limited to the initial purchase price, market trading multiples and observed transaction metrics. The resulting valuations may differ significantly from the values that would have been realised had a transaction taken place at balance date. The differences would directly impact the value of the interest held by the LP in the underlying investment funds and consequently the value of the interest held by the Fund in the LP. Estimation uncertainty also arises in relation to likely US tax obligations the Fund will incur in connection with realisation of recorded fair value movements (refer to note 5).

Inter-relationship between significant unobservable inputs and fair value measurement

The inter-relationship between the significant unobservable inputs and fair value measurements is such that the higher the growth rates or earnings multiples adopted by the underlying investment funds, the higher the resultant fair value determination of the underlying equity investments, and therefore ultimately the higher the fair value of the Fund's investment in the LP. Since neither the Fund itself, nor the LP, has access to the underlying detailed equity investment valuations performed by the US investment funds, it is unable to assess the sensitivity of fair value determinations to changes in underlying unobservable inputs. However, at the Fund level, a 5% change (increase/decrease) in the carrying value of the LP's interest held in the underlying US investment funds would result in a \$3,291,213 impact (increase/decrease) in the carrying value of the Fund's investment in the LP. A 5% increase in the AUD/USD exchange rate would decrease the value of the Fund's investment in the LP by \$3,243,158. Conversely, a 5% decrease would increase the value of the Fund's investment by \$3,584,540. Refer to note 1(iii) for further details regarding investment risks and estimation uncertainty applied in the determination of the fair value of the underlying unlisted equity investments to which the Fund is exposed.

(v) Capital commitments

During the period, the Fund's capital commitment was reduced from US\$74.6 million to US\$72.8 million.

As at 30 September 2024, 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 30 September 2024, the Fund has uncalled capital commitments of US\$1.7 million (or \$2.5 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 half-year end AUD:USD exchange rate of 0.6913.

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

5. Non-current liabilities - deferred tax

| | 30 September 2024 \$ | 31 March 2024 \$ |
|------------------------|---|---------------------------------|
| Deferred tax liability | <u>5,532,109</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 certain underlying private equity investments. This estimate is subject to estimation uncertainty as a result of limitations in the availability of information pertaining to the tax structure of the underlying investments in respect of which the Fund has an interest in.

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

As at 30 September 2024, the deferred tax liability has been measured at an effective rate on estimated ECI of 24.95% incorporating both corporate and branch profit taxes. This estimate is subject to estimation uncertainty as a result of limitations in the availability of information pertaining to the tax structure of the underlying investments in respect of which the Fund has an interest.

6. Equity - unit capital

| | 30 September 2024 Units | 31 March 2024 Units | 30 September 2024 \$ | 31 March 2024 \$ |
|-----------------------------|--|------------------------------------|---|---------------------------------|
| Ordinary units - fully paid | <u>52,479,086</u> | <u>52,479,086</u> | <u>82,891,568</u> | <u>82,891,568</u> |

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.

7. Equity - distributions

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

| | 30 September 2024 \$ | 30 September 2023 \$ |
|---|---|---|
| Distribution - 19.5 cents per unit paid on 8 September 2023 | - | 10,233,424 |
| Distribution - 7 cents per unit paid on 5 August 2024 | 3,673,536 | - |
| | <u>3,673,536</u> | <u>10,233,424</u> |

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

8. Related party disclosures

Key management personnel

Campbell Neal, Hollie Wight, George Boubouras, Neil Sheather are directors of the Responsible Entity, K2 Asset Management Ltd, and are deemed to be key management personnel.

The key management personnel do not receive compensation from the Fund or from the Responsible Entity directly for their management function performed for the Fund.

Management fees

The Responsible Entity's duties include establishing the Fund's compliance plan and procedures and monitoring against regulatory and legislative requirements, the issuance of disclosure documents, the appointment and monitoring of external service providers to the Fund and overall administration of the Fund.

For these services, the Responsible Entity charged management fees of 0.275% per annum (exclusive of GST) on the gross asset value of the Fund. This is comprised of the Responsible Entity Fee of 0.05% per annum and Administration Fee of 0.225% per annum. Management fees are paid to the Responsible Entity quarterly in advance.

The total management fees paid to the Responsible Entity for the half-year ended 30 September 2024 was \$118,198, exclusive of GST (2023: \$141,419, exclusive of GST, which comprised of \$62,338 paid to the Responsible Entity and \$79,081 paid to the former Responsible Entity based on management fees totalling 0.33% per annum). There were no outstanding management fees as at 30 September 2024 (2023: \$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 for the half-year ended 30 September 2024 were \$60,000, exclusive of GST (2023: \$60,000, exclusive of GST, which comprised of \$30,000 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), L.P.

At balance date, the Fund's share of the LP's investment in US Select Direct Private Equity Fund (US), L.P. was \$9,239,155 (US\$6,387,028) (31 March 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 during the reporting period. There is no mark-up or charge to the Fund for being provided this service. The Fund only incurs the costs directly attributable to the work performed for it by the supplier, as if it had contracted with that provider individually.

9. Fair value measurement

Fair value

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

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

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

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

9. Fair value measurement (continued)

| 30 September 2024 | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|---|---------------|---------------|---------------|-------------|
| <i>Financial assets carried at fair value</i> | | | | |
| Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund II, LP | - | - | 68,106,287 | 68,106,287 |
| Total assets | - | - | 68,106,287 | 68,106,287 |

| 31 March 2024 | Level 1 \$ | Level 2 \$ | Level 3 \$ | Total \$ |
|---|---------------|---------------|---------------|-------------|
| <i>Financial assets carried at fair value</i> | | | | |
| Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund 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 period ended 30 September 2024.

Details of the determination of level 3 fair value measurements including the valuation technique adopted and the key underlying unobservable inputs used are set out in note 4 (iv).

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

10. Events after the reporting period

No matter or circumstance has arisen since 30 September 2024 that has significantly affected, or may significantly affect the Fund's operations, the results of those operations, or the Fund's state of affairs in future financial years.

CD Private Equity Fund II
Directors' declaration
30 September 2024

In the opinion of the directors of the Responsible Entity:

- the financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with the Accounting Standards;
- the attached financial statements and notes give a true and fair view of the Fund's financial position as at 30 September 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Hollie Wight
Director of K2 Asset Management Ltd, Responsible Entity

28 November 2024

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

Conclusion

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

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

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

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Directors' Responsibilities for the Half-year Financial Report

The directors of the Responsible Entity of the Fund (the "directors") are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Carlo Pasqualini
Partner
Chartered Accountants

Sydney, 28 November 2024

CD Private Equity Fund II
Directory
30 September 2024

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

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**CD
PRIVATE
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FUND II**

ARSN 162 057 089

