

Key investment events

- CD Fund returns (CD1 to CD4) of 1.0%, 5.4%, 4.4% and 6.3% for the quarter capping off a remarkable year for the Funds. For 2021 the Funds returned 47.3%, 41.8%, 69.2% and 68.3% for 2021, respectively.
- Distributions announced 20 December 2021 for CD1, CD2 and CD3 of 23.5, 35.5 and 53 cents per unit.
- Positive activity continued across all CD Funds (this has continued into 2022). CD4 continues to find attractive investment opportunities at compelling valuations.
- As 31 December 2021 CD1 to CD4 have achieved returns of 2.36x, 2.27x, 1.87x and 1.58x on initial unitholder investment, respectively.

Fund update

For the 6th quarter in a row the December quarter saw a continuation in positive activity for the private equity (PE) market, and the Funds. Our strategy of investing across a diverse range of small to middle market managers and companies continues to deliver attractive returns for unitholders. During the quarter we experienced exits that have resulted in exceptional returns on investment. Equally important, the majority of companies that bore the brunt of the pandemic shut-downs (e.g. travel, leisure, healthcare) continued to recover.

In 2021 there were 57 exits across the Series, 53 were profitable and a significant proportion highly profitable (more than one third returned more than five times on their investment), while four of these exits were businesses that did not survive the pandemic. The key point here is that PE investing incorporates risk, but the payoff profile is asymmetric, so a PE manager needs to constantly assess the viability of any stressed investment. An example of this is US based metal recycler Columbus Recycling (**Columbus**), a portfolio company in the Trivest Fund V L.P. (CD1). Columbus had to endure a geopolitical tariff storm, currency headwinds and a COVID-19 induced slowdown in industrial activity.

Astute management and investment saw the business expand capacity through this period, and while overall returns on investment were low (on an IRR basis), Columbus was sold to NASDAQ listed Scritz Steel Industries, resulting in a gain to the Fund. All Funds within the series realised investments this quarter, with the most notable, BFG Supply and NXEdge, coming from CD3 and CD4. Note – not all Funds in the Series have/had exposure to these investments.

BFG Supply (CD4) – Announced the sale of BGF Supply (**BFG**) in November. CD4 held their exposure to BFG through investment in Incline Elevate Fund, L.P. The transaction has resulted in a substantial return on investment across a remarkably short holding period (<2 years).

BFG distributes a full line of professional horticulture and lawn & garden products including containers, growing media, chemicals, fertilizer, seed and greenhouse equipment to the green industry, which includes professional growers, regional lawn & garden centres, hydroponic and controlled environment agriculture. Incline partnered with BFG in January 2020, facilitating strategic acquisitions to expand the company's footprint and product offering as well as supporting the expansion of the management team and client friendly technology platform.

NxEdge (CD3) – Trive Capital (**Trive**) announced in November that it had entered into an agreement to sell NxEdge to NYSE listed Enpro Industries (**NPO**) for US\$850 million. Over the course of a five and half year hold period, Trive and company management built the company into a vertically integrated surface technology company with a highly differentiated set of capabilities.

NxEdge specialises in the application of thermal spray coatings to its products that improve resistance to corrosive chemicals and allows for high-temperature operation. The Boise, Idaho-headquartered company, led by its founder and CEO Jackson Chao, also provides refurbishment and recoating services of components used within IDM semiconductor fabrication and foundry facilities. Expansion under the Trive partnership transformed the company into a vertically integrated business, with the ability to offer semiconductor industry clients full product lifecycle support.

Market commentary

Global equities (**MSCI World Index**) had a positive quarter, returning 6.9% in Australian dollar (**AUD**) terms and 8.3% in local currency terms. While headline global index performance was solid, market dispersion was high, with large cap stocks driving the majority of gains. The emergence of the Omicron variant, the US Federal Reserve's (**Fed**) hawkish pivot and continued supply chain pressures impacted the performance of many.

US markets were strong, with the S&P 500 Index up 10.9% (total return) in US dollars (**USD**) over the quarter with solid results from the September reporting season driving equities higher in October. Market conditions weakened for many companies in November and December, with smaller caps underperforming into (and following) quarter end. The US Consumer Price Index (**CPI**) data rose to 6.8%, the highest increase in 39 years, with the unemployment rate falling to 4.2%. More persistent inflationary pressures drove the Fed to adopt a more hawkish stance, indicating that it would double the pace of asset purchase tapering to US\$30 billion per month and the potential for three rate rises in 2022 – by the end of January interest rate markets were pricing in 4 to 5 0.25% hikes over the next 12 months. US government bond yields rose to new COVID-19 pandemic highs with the first of the Feds hikes expected in March 2022.

Despite some of these headwinds, equity markets remain close to record highs (well above pre-COVID-19 levels), interest rates remain at historically low levels and liquidity in capital markets remains high. Global M&A (mergers and acquisitions) hit record highs in 2021 following the highest capital raising period in PE history. With the vast majority of PE capital going to the mid to large PE managers, the current market dynamic is highly supportive for CD Funds' lower-middle market focus and we believe this will be a persistent tailwind for the CD Funds for many years to come.

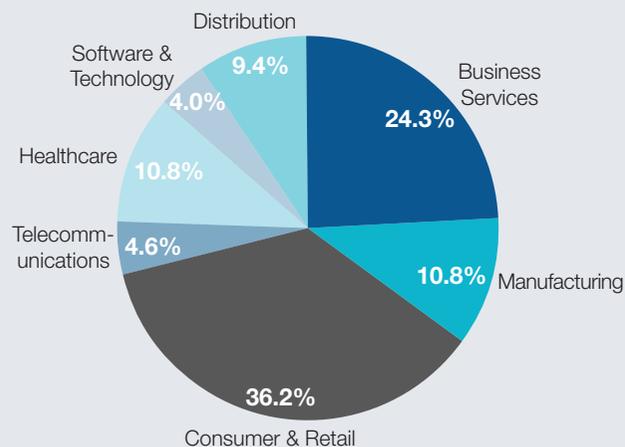
Recent meetings with the underlying managers continue to be very positive, reflecting both the prior 18 months of elevated activity, but also their positioning and expectations for the remaining investments. Despite the recent market correction, supply chain issues, inflation, and spread of Omicron, managers on the whole are optimistic the broader health of the economy will continue to propel the overall portfolio upwards. Recent exits (57 in total in 2021) across the Series resulted in further distributions from CD1, CD2 and CD3 of 23.5, 35.5 and 53 cents per unit respectively, announced 20 December 2021. After fees and taxes, December quarter returns for CD1, CD2, CD3 and CD4 were 1.0%, 5.4%, 4.4% and 6.3% respectively, dampened slightly by an appreciating AUD which rose 0.5% against the USD. CD1 has now returned 1.53x initial investment to unitholders, CD2 has returned 1.08x and CD3 has returned 0.57x; inclusive of the 31 December 2021 NTA for each, these Funds have achieved, to date, a return of 2.36x, 2.27x and 1.87x on initial unitholder investment (CD4 multiple: 1.58x).

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	\$1.38 ¹	\$2.09 ¹	\$2.15 ¹	\$2.15 ¹
Post-tax NTA	\$1.34 ¹	\$1.90 ¹	\$2.09 ¹	\$2.02 ¹
Gross Assets	\$61.5 million	\$132.2 million	\$193.4 million	\$253.9 million
Number of managers	8	12	13	12
Total underlying investments (since inception)	96	122	134	114
Investments during the quarter	0	0	0	1
Full realisations	61	64	36	10
Realisations during the quarter	6	6	5	2
Current portfolio companies	35	58	98	104
Average age of remaining companies	5.5 years	4.3 years	3.3 years	2.3 years

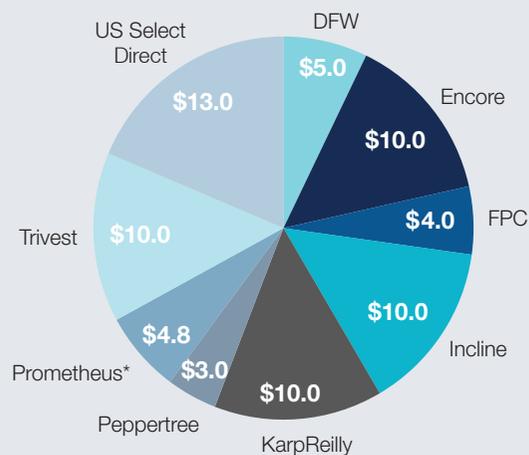
¹ Source: E&P Investments Limited. Historical performance is not a guarantee of the future performance of the Funds. The current NTAs per unit (shown above) are as at 31 December 2021. Note: Underlying investment figures are collected on a lagged basis and may not reflect actual exposures at period end.

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.

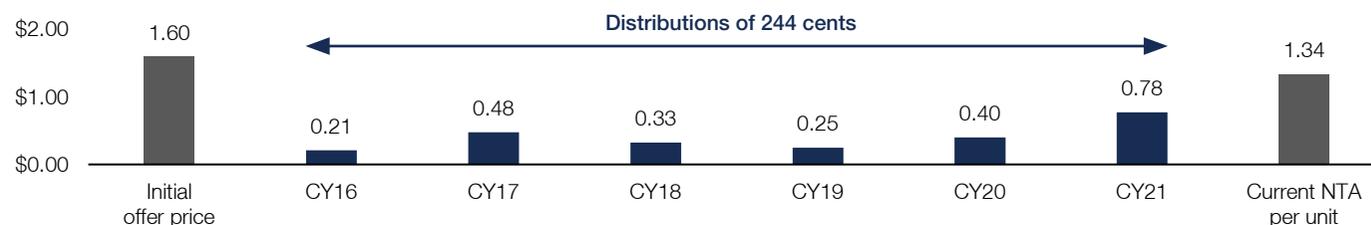
CD1 Fund performance

	3 MONTHS	6 MONTHS	1 YEAR	3 YEAR PA	5 YEAR PA	SINCE INCEPTION PA ³
NTA return ^{1,2}	1.0%	25.0%	47.3%	21.8%	18.1%	14.5%

Notes: ¹ Source: E&P Investments Limited. Historical performance is not a guarantee of the future performance of the Fund. ² Total returns are inclusive of distributions. NTA return is based on post-tax NTA and is net of fees and costs. ³ Inception date August 2012.

On an NTA/Internal Rate of Return (IRR) basis CD1 has achieved a return of 12.7% per annum since inception.

CD1 unit value and income



Note: The unit price of CD1 was \$1.295 on 31 December 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

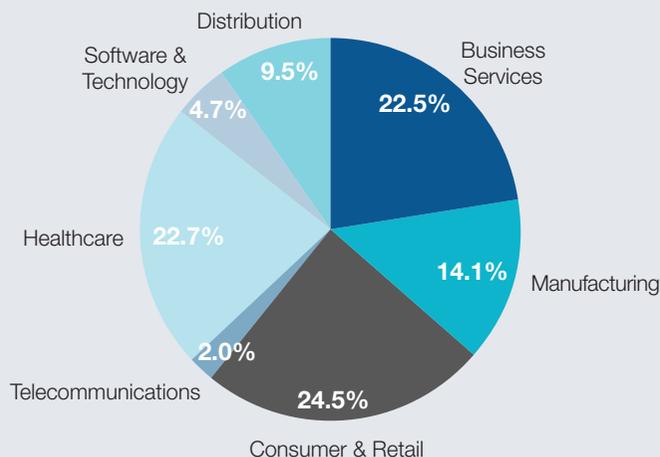
The LP made a distribution of US\$9.0 million to its limited partners. CD1's net share was US\$7.7 million which resulted in the 23.5 cent per unit distribution.

Underlying fund activity

Trivest Fund V, L.P. sold Columbus Recycling (Columbus) resulting in a distribution to the LP of US\$1.2 million.

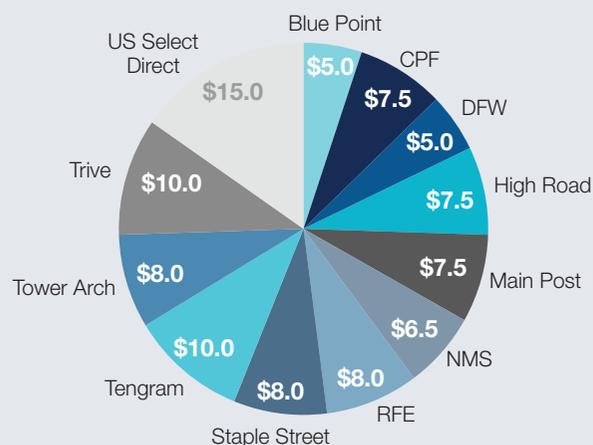
Following the sale of a number of investments from an underlying fund and the release of escrow proceeds relating to prior asset sales from another two funds the LP also received net distributions of US\$0.8 million.

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.

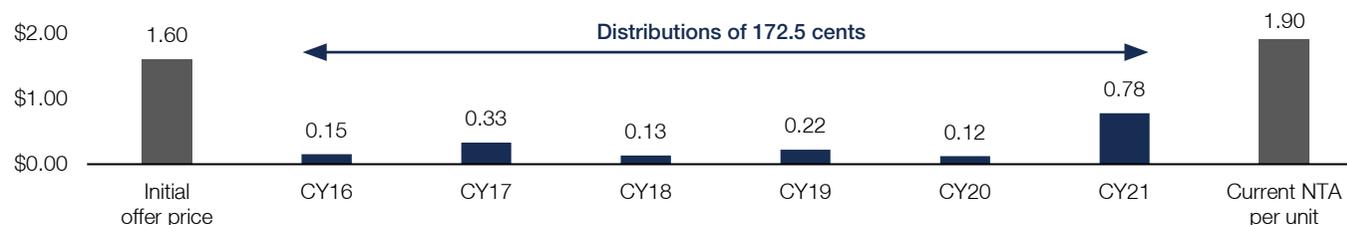
CD2 Fund performance

	3 MONTHS	6 MONTHS	1 YEAR	3 YEAR PA	5 YEAR PA	SINCE INCEPTION PA ³
NTA return ^{1,2}	5.4%	19.9%	41.8%	14.1%	13.8%	12.6%

Notes: ¹ Source: E&P Investments Limited. Historical performance is not a guarantee of the future performance of the Fund. ² Total returns are inclusive of distributions. NTA return is based on post-tax NTA and is net of fees and costs. ³ Inception date April 2013.

On an NTA/Internal Rate of Return (IRR) basis CD2 has achieved a return of 12.1% per annum since inception.

CD2 unit value and income



Note: The unit price of CD2 was \$1.72 on 31 December 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\$18.0 million to its limited partners. CD2's net share was US\$15.6 million which resulted in the 35.5 cent per unit distribution.

Underlying fund activity

Staple Street Capital II, L.P. distributed proceeds relating to the sale of two portfolio companies resulting in a distribution to the LP of US\$0.3 million.

Chicago Pacific Founders Fund, L.P. distributed proceeds related to the partial sale of Pinnacle, resulting in a distribution to the LP of US\$3.9 million.

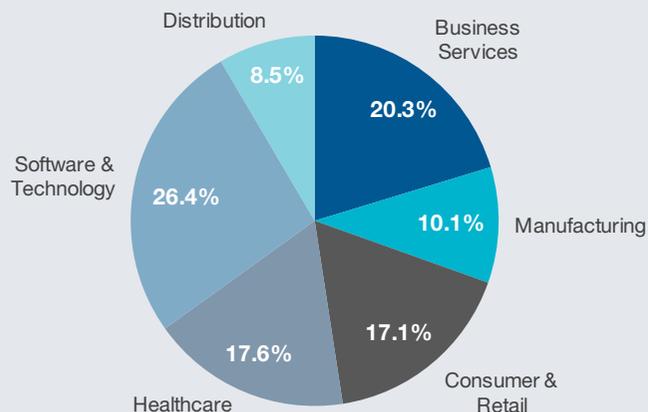
Main Post Growth Capital, L.P. sold Fortis Solutions Group, LLC, resulting in a distribution to the LP of US\$3.4 million.

Blue Point Capital Partners III, L.P. sold Fire & Life Safety America (FLSA) and received escrow payments related to prior the sale of two portfolio companies resulting in aggregate distributions to the LP of US\$1.3 million.

Tower Arch Partners I, L.P. sold KNS Brand, LLC (KNS) and received escrow payments relating to the prior sale of portfolio companies, resulting in aggregate distributions to the LP of US\$2.2 million.

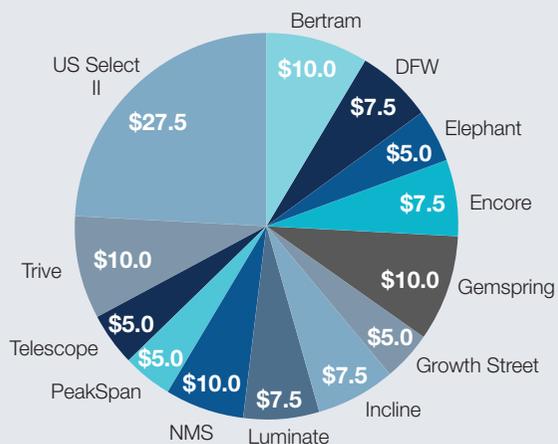
NMS Fund II, L.P. sold a portfolio company resulting in a distribution to the LP of US\$1.0 million.

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.

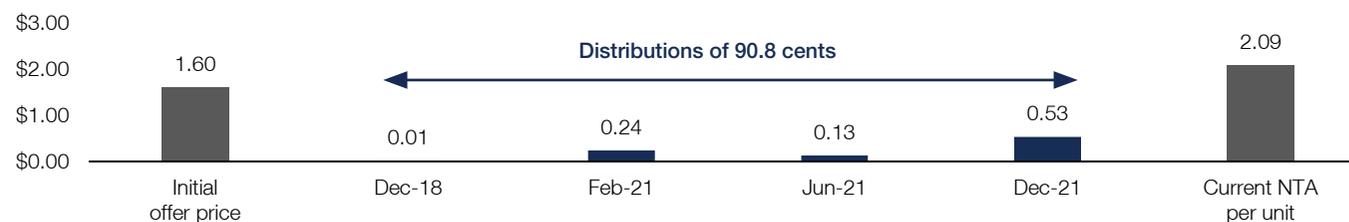
CD3 Fund performance

	3 MONTHS	6 MONTHS	1 YEAR	2 YEAR PA	3 YEAR PA	SINCE INCEPTION PA ³
NTA return ^{1,2}	4.4%	22.4%	69.2%	24.2%	15.2%	14.3%

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

On an NTA/Internal Rate of Return (IRR) basis CD3 has achieved a return of 13.0% per annum since inception.

CD3 unit value and income



Note: The unit price of CD3 was \$1.845 on 31 December 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\$45.0 million to its limited partners. CD3's net share was US\$31.9 million which resulted in the 53 cent per unit distribution.

Underlying fund activity

DFW Capital Partners V, L.P. (DFW V) sold Children's Dental Health Associates and ReSource Pro Holdings, LLC resulting in aggregate distributions to the LP (including returned capital) of US\$8.1 million. DFW V also called capital for a follow-on investment in an existing portfolio company.

Luminate Capital Partners, L.P. paid a distribution of US\$0.3 million, relating to the prior sale of a portfolio company, to the LP.

Bertram Growth Capital III, L.P. sold portfolio company Anord Matrix and received escrow payments related to prior sale of Flow Control Group (FCG), resulting in a distribution to the LP of US\$4.0 million to the LP.

Elephant Partners Fund I, L.P. received proceeds related to partial sale of KnowBe4, Inc and escrow release from previous sale of Cloud Guru Group Inc. resulting in a distribution of US\$2.3 million to the LP.

Encore Consumer Capital Fund III, L.P. paid a distribution of US\$4.1 million to the LP from the partial sale of portfolio company Supergoop! and a distribution from another portfolio company.

Incline Equity Partners IV, L.P. sold portfolio company Profile Products resulting in a distribution to the LP of US\$1.6 million.

Trive Capital Fund II, L.P. sold portfolio company NxEdge and received proceeds from another portfolio company, resulting in aggregate distributions to the LP of US\$10.7 million.

PeakSpan Capital Fund I, L.P. called capital to fund a Series D follow-on investment in existing portfolio company Cloudbeds.

US Select Direct II, L.P. paid a distribution of US\$9.2 million to the LP relating to the sale of ReSource Pro Holdings and Callaway common stock received from the TopGolf acquisition.

NMS Fund III, L.P. paid a distribution of US\$0.4 million to the LP relating following the recapitalisation of a portfolio company.

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 E&P Asset Management US Inc; and CD2 is US Select Private Opportunities Fund II, GP; and CD3 is US Select Private Opportunities Fund III, GP; and CD4 is US Select Private Opportunities Fund IV, GP. 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.

Contact us

Telephone:

1300 454 801

Email:

info@eap.com.au

Address:

Level 15, 100 Pacific Highway
North Sydney NSW 2060

ASX Release date

15 February 2022