CD PRIVATE EQUITY FUND II

K2 Asset Management

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

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
31 MARCH 2024

ARSN 162 057 089

CD PRIVATE EQUITY FUND II

DIRECTORY

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

The ASX code is **CD2**.

CD PRIVATE EQUITY FUND II

(ARSN 165 057 089)

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DIRECTORS

Campbell Neal
Hollie Wight
George Boubouras
Neil Sheather (appointed 1 July 2023)

SECRETARY

Hollie Wight
Caroline Purtell

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CD PRIVATE EQUITY FUND II

CONTENTS

REPORT TO UNITHOLDERS
FOR THE YEAR ENDED 31 MARCH 2024

Dear Unitholders,

We are pleased to be able to present you with the annual report for the CD Private Equity Fund II (**CD2** or **Fund**), for the period ended 31 March 2024 (**FY24**).

The first nine-months of taking on the role of Responsible Entity (**RE**) have been an incredibly busy and exciting time for K2 Asset Management Ltd (**K2**) and the CD Private Equity Fund I, CD Private Equity Fund II, CD Private Equity Fund III and CD Private Equity Fund IV (**the Funds** or **Fund Series**). We remain enthusiastic about the Fund Series and believe that they each present an attractive and unique opportunity to invest into middle-market Private Equity (**PE**) via a proven and successful strategy. Our commitment to Unitholders is to continue to be an independent and transparent Board, and our responsibilities to Unitholders is our primary focus. We continue to welcome all constructive suggestions and feedback from Unitholders on an ongoing basis and have thoroughly enjoyed being able to work collaboratively with Unitholders thus far. We were honoured to host Unitholders in Sydney and Melbourne early in 2024 and look forward to future webinars and in-person events.

FY24 RESULTS

The years financial results were pleasing despite the tougher Mergers & Acquisitions (**M&A**) environment. Net profit of $10.5 million or 19.96 cents per Unit was achieved, compared with a net loss of $2.4 million or -4.65 cents per Unit for the previous financial year (**FY23**).

The key component of this result was a $13.0 million positive fair value movement in the Fund's investment in the US Select Private Opportunities Fund II, L.P. (**LP2**), the investment vehicle through which the Fund's investments in the underlying US private investment funds are made.

For those who have been invested since inception, the Fund has returned $2.31 to Unitholders in distributions, while also having a remaining net tangible asset (**NTA**) value of $1.54 as of 31 March 2024. The total return on initial investment of $1.60 per unit is a total of 2.41 times for original unitholders. On a post-tax NTA basis, the Fund has generated total returns of 11.4% p.a. since inception (inclusive of distributions and net of all fees). As of 31 March 2024, the Fund had pre-tax net assets of $87.0 million representing $1.66 per Unit and post-tax net assets of $81.0 million representing $1.54 per Unit.

DISTRIBUTIONS & LIQUIDITY

During the period, the LP received 16 drawdown requests for a total of US$2.2 million, and also received 11 distributions for a total of US$9.4 million. These distributions were mainly the result of four portfolio company realisations occurring within the portfolio, as well as the receipt of proceeds from the settlement of a defamation lawsuit against Dominion – an underlying portfolio company of Staple Street Capital II, L.P. These capital calls and distributions are explored further on page 6.

As Unitholders may recall, the distributions from the Fund will continue to be nearly exclusively funded through the realisation of the underlying portfolio companies. During FY24, in addition to distributions received from the LP, the Board of K2 (once appointed as RE) made a concerted effort with the Manager to evaluate the future expected capital calls in the portfolio and to distribute the available surplus to Unitholders. This resulted in total distributions to Unitholders of A$12.9 million, or $0.245 per unit, during the 12-months to 31 March 2024.

The Fund closed out the fiscal year with A$10.2 million in cash and the Fund's share in the LP cash balance was A$4.1 million. We continue to believe that this is prudent for the anticipated expenses of the Fund, however the distribution methodology and cash holding at the LP (which is not managed by the RE) is continually reviewed to ensure that the Fund is not retaining excess cash.

While we can make no guarantee of realisations in the underlying portfolio, the Manager is hopeful that with the predicted easing of interest rates throughout the year, markets will be more supportive of exit activity during 2024 and 2025. We intend to work alongside the Manager to review both the Fund and the LP's ability to distribute to Unitholders on a six-monthly basis, absent any one-off events that would change the distribution pattern.

FY24 MARKET REVIEW

Throughout the year, macroeconomic challenges persisted, characterised by increasing financing expenses and an uncertain growth trajectory, which adversely affected private markets. Inflation remained stubbornly high, and the 'soft-landing' which was expected to be coupled with Fed rate cuts has been pushed further out into 2024 than most analysts were expecting. This has all led to fundraising across private equity markets continuing to decline from the unsustainable highs which were reached in 2021, as well as Private Equity Managers deciding to retain assets rather than selling into a market with lower valuations. While activity was lower as a result of all of these factors, liquidity solutions and exit offramps such as continuation funds, secondary funds and a reopened IPO market continue to provide hope for the year ahead.

Looking forward, assuming continued growth in the underlying companies and a lowering of interest rates can lead to positive valuation movements, the decision to retain assets can present various options and opportunities for PE managers. Some firms are taking this additional time with their portfolio management to look at bolt-on acquisitions and restructuring their portfolio for future growth and stronger exit opportunities. While we know that bolt-on acquisitions are routine in private equity, pleasingly CD2's portfolio saw a number of these occur and the Underlying Funds have entered FY25 with several add-on acquisitions in negotiations.

CONFIDENCE IN THE NET ASSET VALUE & UNDERLYING COMPANY VALUATIONS

As part of both the 31 March 2024 full-year accounts and the evaluation of the future strategy for the Fund, the Board of the RE are encouraged by the robust valuation methodology of the LP. The Underlying Funds tend to use a combination of valuation methods on the portfolio companies which they hold – income, cost, or market approach – which take input from the companies' financial statements, comparable holdings, recent transactions, and other pertinent market inputs. On an ongoing basis the Underlying Funds challenge their own assumptions with these valuations, which are also audited annually by their individual Auditors, and they are not incentivised to have unpredictable movements in the valuations.

To that end, it is acknowledged that investors have little desire for volatility (or negative returns) in their portfolio, and Fund Managers ultimately seek to achieve positive returns on capital for both their reputation as well as their own financial incentives. While the Fund's overall financial performance was more conservative when compared to FY23, the Fund did record four portfolio company realisations during FY24. These portfolio companies were held on average for 6.55 years and achieving an average gross multiple on invested capital of 1.7 times – roughly in line with the valuation of the portfolio companies 6-months earlier.

FY2025 & BEYOND

As was referenced in the Fund's *March 2024 Quarterly report*, we acknowledge Unitholder feedback for the successful completion of the earlier Funds, namely CD Private Equity Fund I (**CD1**) and CD2 at the appropriate time. Balancing Unitholders want for a return of capital against the macroeconomic conditions that were presented to us during the 2023 year and continuing into early 2024 is key.

We are mindful that many Unitholders have investments across the Fund Series, and though CD1 & CD2 are often grouped together given their inception dates of 2012 and 2013 (respectively), there was an additional placement in mid-2014 for CD2. This has meant that for CD2, several Funds did not deploy their capital until as late as 2021. This, as well as the portfolio size being roughly 40% larger by portfolio company count and 50% larger on a gross asset value, leads the Manager and the RE to believe that the potential discount that may be incurred with a secondary market sale may not be the optimal outcome for *CD2*. As with CD1, we are considering the current NTA of the Fund, the trajectory of sales for the Fund over the next few years versus the potential discount which all Unitholders would incur if the Manager were to elect for a portfolio sale in today's market. While the Manager engages with external parties to obtain an evaluation on a portfolio sale price for CD1, we expect that CD2 will not be forgotten in the discussions. Should a situation present itself that is favourable to Unitholders across either (or both) Funds it will be given due consideration.

Ultimately, the team at K2 work diligently to represent the interests of you, the Unitholders, and believe that it would not be the Manager's intention to execute a transaction that they could not reasonably recommend for themselves. We believe that your capital is in experienced hands and continue to know that the strong returns received to date reflect the Manager and their expertise throughout all market conditions.

We wish to again thank you for your engagement and feedback as we have stepped into the role of RE for the Fund Series. We look forward to updating you on the progress of the Fund throughout FY25, and in the spirit of remaining open and transparent, we again encourage Unitholders to reach out to us. Our Investor Relations team are available at cdfunds@k2am.com.au or on (03) 9691 6110.

Yours faithfully,

HOLLIE WIGHT
Managing Director, Head of RE & Trustee Services
30 May 2024

FY24 PORTFOLIO ACTIVITY HIGHLIGHTS

Blue Point Capital Partners III, L.P. (Blue Point)

- Blue Point distributed US$0.6 million to the LP, following the realisation of SBG Holdings (SBG), the parent company of an underlying portfolio company, SASE. Blue Point partnered with SASE in 2017 as the company's first institutional investor. Completing multiple acquisitions was a critical part of the value creation strategy, including the purchase of Bartell Global in 2021 – a deal that successfully brought SASE's direct-to-contractor and Bartell's distribution channel brands together. Under Blue Point's ownership, SBG more than doubled its workforce and expanded from two U.S. locations to 10 sites across North America, the UK, South Korea and Singapore to offer more solutions and support to a broad spectrum of contractors around the world.
- Blue Point called a total of US$0.2 million from the LP across two capital calls. The proceeds were utilised for a follow-on investment in underlying portfolio company, Spector & Co. Spector & Co is a leading industry supplier of writing instruments, journals, bags and other business gifts to the North American promotional products industry. The Company provides customized, branded products to leading advertisers and brands through a vast distributor network in North America.

Chicago Pacific Founders Fund, L.P. (Chicago Pacific)

- Chicago Pacific called a total of US$0.2 million from the LP for partnership expenses and management fees, as well as a follow-on investment in an underlying portfolio company, P3 Health Partners. The company intends to utilise these proceeds for general corporate purposes.

High Road Capital Partners Fund II, L.P. (High Road)

- High Road called a total of US$0.6 million from the LP across four capital calls. The proceeds were utilised for partnership expenses and management fees, as well as for the acquisition of HTE Technologies by an existing portfolio company - John Henry Foster Minnesota, Inc. (**JHFOSTER**). This acquisition accelerates JHFOSTER's ongoing expansion in the manufacturing and automation industry and will bring numerous benefits to customers and employees of both entities.

Staple Street Capital II, L.P. (Staple Street)

- Staple Street distributed a total of US$8.8 million to the LP during FY24. This distribution was the result of the following underlying activity:
    - The realisation of CyberlinkASP (**Cyberlink**), a portfolio company of Staple Street. Cyberlink was founded in 1999 and headquartered in Dallas, Texas. The company offer a full suite of IT management services, including Desktop-as-a-Service (**"DaaS"**), application hosting, network management, disaster recovery, and cybersecurity.
    - Larkspur, an underlying portfolio company of Staple Street, realising two of its development projects. Larkspur is a platform company focused on building, acquiring, and operating Class-A self-storage facilities across the U.S. and Canada, and the sale of these two facilities marks the realisation of the strategy which Staple Street and Larkspur Storage formed a partnership to pursue.
    - The settlement of a defamation lawsuit against Dominion Voting, which represents the majority of the distribution. As advised previously, the Dominion Voting continues to have other lawsuits pending, with potential for further proceeds in the future, though the timing and size are unknown and unquantifiable at this time. Staple Street still retain a majority investment in the business.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 MARCH 2024

OVERVIEW

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

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

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

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

1. Lay solid foundations for management and oversight

Board roles and responsibilities

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

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

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

2. Structure the board to add value

Composition of the Board

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

Effective 24 June 2023, K2 Asset Management Ltd replaced E&P Investments Limited as Responsible Entity of the Fund pursuant to an extraordinary resolution passed on 19 June 2023.

The directors of the Responsible Entity during the 2024 financial year and as at the date of this report are:

E&P Investments Limited
(resigned effective 24 June 2023)
Mr. Stuart Nisbett
Independent, Non-Executive Chairperson (**Chair**)
Mr. Warwick Keneally
Non-Independent, Executive Director
Mr. Peter Shear
Independent, Non-Executive Director

K2 Asset Management Ltd
(appointed effective 24 June 2023)
Campbell Neal
Non-Independent Executive Chairperson (**Chair**)
Hollie Wight
Non-Independent, Executive Director
George Boubouras
Non-Independent, Executive Director
Neil Sheather (appointed 1 July 2023)
Independent, Non-Executive Director

The company secretaries of the Responsible Entity during the 2024 financial year and as at the date of this report are:

Ms. Caroline Purtell

Ms. Hollie Wight (appointed effective 24 June 2023)

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

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

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

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

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

3. Promote ethical and responsible decision-making

Company Values

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

Vigilance: We are watchful and ready to respond to any market condition

Success: We strive for high achievement in everything we do

Focus: We have clear focus on what we do

Transparency: We keep stakeholders informed of our strategy

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

Code of Conduct

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

Whistleblower Policy

The Board is subject to a Whistleblower Policy which is available at **www.k2am.com.au/shareholders**.

Anti-Bribery and Corruption Policy

The Board is subject to a Fraud and Corruption Policy which is available at **www.k2am.com.au/shareholders**.

Unit Trading Policy

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

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

Insider Trading Policy

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

4. Safeguard integrity in financial reporting

Compliance Committee

As a registered managed investment scheme, the Fund has a compliance plan that has been lodged with ASIC. The compliance plan is reviewed comprehensively every year to ensure the way in which the Fund operates protects the rights and interests of unitholders and that major compliance risks are identified and properly managed. The Responsible Entity has formed a Compliance Committee to ensure the Fund complies with the relevant regulations and its constitution. The committee provides copies of the minutes of its meetings to the Board. The committee is structured with three external members. Details of the Compliance Committee members are as follows:

David Court (External Member)

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

Murray Jones (External Member)

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

Lux Ramachandran (External Member)

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

5. Make timely and balanced disclosure

Continuous Disclosure Policy

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

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

Material Market Announcements to the Board

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

Release New & Substantive Presentations to the Market

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

6. Respect the rights of unitholders

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

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

These include:

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

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

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

7. Recognise and manage risk

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

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

In addition, as a holder of AFSL 244 393, the Responsible Entity is subject to a significant number of statutory and external audit requirements. In particular, the external audits provide assurance on the robustness of the Responsible Entity's compliance framework.

The Board conducts an annual review of the Fund's Risk Management System to satisfy itself that the Risk Management System continues to be sound. The Responsible Entity's Risk Management System is reviewed annually.

The Responsible Entity does not consider that the Fund has any material exposure to economic, environmental and social sustainability risks that are significantly higher or unusual to any other company operating in the financial services industry investing in domestic and global markets.

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

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

Details of the Fund's financial Risk Management System are set out in the notes to the financial statements in the Fund's annual report.

The Board does not release to the market any periodic corporate reports which are not audited or reviewed by an external auditor.

8. Remunerate fairly and responsibly

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

Directors of the Fund are remunerated by the Responsible Entity, which is governed by the remuneration practices of its parent company, K2 Asset Management Holdings Ltd (**ASX: KAM**). KAM's remuneration practices are outlined in the KAM board charter and under its own Corporate Governance Summary.

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

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 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 annual financial statements of the Fund for the financial year ended 31 March 2024.

DIRECTORS

Effective 24 June 2023, K2 Asset Management Ltd replaced E&P Investments Limited as Responsible Entity of the Fund pursuant to an extraordinary resolution passed on 19 June 2023.

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

E&P Investments Limited
(resigned effective 24 June 2023)
Stuart Nisbett
Warwick Keneally
Peter Shear

K2 Asset Management Ltd
(appointed effective 24 June 2023)
Campbell Neal
Hollie Wight
George Boubouras
Neil Sheather (appointed 1 July 2023)

Directors were in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

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

DISTRIBUTIONS

Distributions paid during the financial year were as follows:

	2024	2023
	$	$
Distribution - 28 cents per unit paid on 25 November 2022	-	14,694,144
Distribution - 6 cents per unit paid on 3 March 2023	-	3,148,745
Distribution - 19.5 cents per unit paid on 8 September 2023	10,233,424	-
Distribution - 5 cents per unit paid on 23 February 2024	2,623,954	-
	12,857,378	**17,842,889**

REVIEW AND RESULTS OF OPERATIONS

The profit for the Fund after providing for income tax amounted to $10,472,745 (31 March 2023: loss of $2,441,739).

The Fund has invested in a limited partnership, US Select Private Opportunities Fund II, L.P. (**LP**) which, in turn, invests in small-to-mid market private investment funds. The LP initially committed capital across 12 underlying private investment funds, which focus on a range of industries including consumer products, healthcare, manufacturing and business services. Following the realisation of two of the underlying private investment funds, the LP's remaining portfolio now consists of ten underlying private investment funds. For the year ended 31 March 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 year totalled US$83.8 million.

The Fund has committed capital of US$74.6 million, representing an interest of 87.3% in the LP. The Fund's proportionate share of the total capital called as at 31 March 2024 was US$71.1 million or $109.0 million.

Total comprehensive income for the year was $10,472,745 (2023: $2,441,739 loss). The key component of this result included a $13,034,774 fair value movement gain (2023: $1,607,346 loss) on the Fund's investment in the LP during the year. As at 31 March 2024, the Fund had net assets of $80,994,865 (2023: $83,379,498), representing $1.54 per unit (2023: $1.59 per unit), after paying distributions of $0.245 per unit (2023: distribution of $0.34 per unit) to unitholders during the year.

The Fund had a basic and diluted earnings per unit of 19.96 cents for the year ended 31 March 2024 (2023: 4.65 cents loss per unit).

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

No matter or circumstance has arisen since 31 March 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.

FUTURE DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

BUSINESS RISKS

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

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

ENVIRONMENTAL REGULATION

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

OTHER RELEVANT INFORMATION

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

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

OPTIONS

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

INDEMNITY AND INSURANCE

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

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

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

NON-AUDIT SERVICES

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

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

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

- all non-audit services are reviewed and approved prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES110: Code of Ethics for Professional Accountants set by the Accounting Professionals Ethical Standards Board.

AUDITOR'S INDEPENDENCE DECLARATION

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

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

On behalf of the directors,

HOLLIE WIGHT
Director of K2 Asset Management Ltd, Responsible Entity
30 May 2024

AUDITOR’S INDEPENDENCE DECLARATION
FOR THE YEAR ENDED 31 MARCH 2024

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Quay Quarter Tower
50 Bridge Street
Sydney, NSW, 2000
Australia

Phone: +61 2 9322 7000
www.deloitte.com.au

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

30 May 2024

Dear Board Members

Auditor’s Independence Declaration to CD Private Equity Fund II

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of the Responsible Entity of CD Private Equity Fund II.

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

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Carlo Pasqualini
Partner
Chartered Accountants

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024

		2024	2023
	NOTE	$	$
Investment income			
Interest income		105,209	137,809
Foreign exchange gain		126,059	313,401
Fair value movements of equity investments	***10***	13,034,774	(1,607,346)
Total investment income		**13,266,042**	**(1,156,136)**
Expenses			
Management and administration fees	***16***	(399,523)	(514,860)
Listing fees		(50,276)	(57,209)
Custody fees		(16,919)	(22,157)
Registry fees		(35,252)	(35,168)
Legal and professional fees		(278,225)	(298,053)
Transaction costs		(16,367)	(272,947)
Other expenses		(13,344)	(18,602)
Total expenses		**(809,906)**	**(1,218,996)**
Profit/(loss) before income tax expense		12,456,136	(2,375,132)
Income tax expense	***4***	(1,983,391)	(66,607)
Profit/(loss) after income tax expense for the year		**10,472,745**	**(2,441,739)**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		**10,472,745**	**(2,441,739)**

	NOTE	Cents	Cents
Basic earnings/(loss) per unit	***5***	19.96	(4.65)
Diluted earnings/(loss) per unit	***5***	19.96	(4.65)

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

		2024	2023
	NOTE	$	$
Assets			
Current assets			
Cash and cash equivalents	***7***	10,201,733	10,328,531
Receivables	***9***	24,271	31,893
Current tax assets		291,174	-
Total current assets		10,517,178	10,360,424
Non-current assets			
Other financial assets	***10***	76,877,263	80,567,573
Total non-current assets		76,877,263	80,567,573
Total assets		**87,394,441**	**90,927,997**
Liabilities			
Current liabilities			
Trade and other payables	***11***	135,945	179,154
Current tax payable		-	1,303,691
Total current liabilities		135,945	1,482,845
Non-current liabilities			
Deferred tax	***12***	6,263,631	6,065,654
Total non-current liabilities		6,263,631	6,065,654
Total liabilities		**6,399,576**	**7,548,499**
Net assets		**80,994,865**	**83,379,498**
Equity			
Unit capital	***6***	82,891,568	82,891,568
(Accumulated losses)/retained earnings		(1,896,703)	487,930
Total equity		**80,994,865**	**83,379,498**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024

	Unit capital	Retained earnings	Total equity
	$	$	$
Balance at 1 April 2022	83,881,028	20,772,558	104,653,586
Loss after income tax expense for the year	-	(2,441,739)	(2,441,739)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	**-**	**(2,441,739)**	**(2,441,739)**
Transactions with unitholders in their capacity as unitholders:			
Unit buy-backs (note 6)	(986,930)	-	(986,930)
Buy-back costs (note 6)	(2,530)	-	(2,530)
Distributions paid (note 13)	-	(17,842,889)	(17,842,889)
Balance at 31 March 2023	**82,891,568**	**487,930**	**83,379,498**

	Unit capital	Accumulated losses	Total equity
	$	$	$
Balance at 1 April 2023	82,891,568	487,930	83,379,498
Profit after income tax expense for the year	-	10,472,745	10,472,745
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	**-**	**10,472,745**	**10,472,745**
Transactions with unitholders in their capacity as unitholders:			
Distributions paid (note 13)	-	(12,857,378)	(12,857,378)
Balance at 31 March 2024	**82,891,568**	**(1,896,703)**	**80,994,865**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2024

		2024	2023
	NOTE	$	$
Cash flows from operating activities			
Interest income received		110,715	128,909
Net payments to suppliers		(850,998)	(1,187,786)
Net Income tax paid		(253,534)	(382,366)
Net cash used in operating activities	*8*	**(993,817)**	**(1,441,243)**
Cash flows from investing activities			
Receipts from distributions		13,468,964	17,972,204
Net cash from investing activities		**13,468,964**	**17,972,204**
Cash flows from financing activities			
Payment of buy-back costs		-	(2,529)
Payment for unit buy-backs		-	(1,023,177)
Payment for distributions		(12,857,378)	(17,842,889)
Net cash used in financing activities		**(12,857,378)**	**(18,868,595)**
Net decrease in cash and cash equivalents		(382,231)	(2,337,634)
Cash and cash equivalents at the beginning of the financial year		10,328,531	11,515,075
Effects of exchange rate changes on cash and cash equivalents		255,433	1,151,090
Cash and cash equivalents at the end of the financial year	7	**10,201,733**	**10,328,531**

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 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.

(i) Basis of preparation

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

(ii) Statement of compliance

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

The financial statements were authorised for issue by the directors on 30 May 2024. For the purposes of preparing the financial statements, the Fund is a for-profit entity.

(iii) Adoption of new and revised Accounting Standards

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

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

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The potential impact of the new or revised Standards and Interpretations for reporting period on or after 1 April 2024 to the Fund is not expected to be material to the Fund. The potential impact of the new or revised Standards and Interpretations for reporting periods on or after 1 April 2025 to the Fund is yet to be determined.

AASB 2020-1 'Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current'
AASB 2020-6 'Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date'.

These standards are applicable to annual reporting periods beginning on or after 1 April 2024.

AASB 2023-5 'Amendments to Australian Accounting Standards - Lack of Exchangeability'
This standard is applicable to annual reporting periods beginning on or after 1 April 2025.

2. MATERIAL ACCOUNTING POLICIES

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

a) Foreign currencies

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

Transactions in foreign currencies are initially recorded in Australian dollars by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies that are outstanding at the reporting date are retranslated at the rate of exchange ruling at the Statement of Financial Position date. The AUD:USD year-end exchange rate used is 0.6521. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

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

b) Financial instruments

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

(i) Financial assets

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

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

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

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

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

(ii) Derecognition

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

(iii) Fair value

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

c) Interest in Limited Partnership

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

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

d) Cash and cash equivalents

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

e) Taxes

(i) Income tax

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

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

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

(ii) Goods and Services Tax (GST)

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

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

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

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

f) Unit capital

(i) Ordinary units

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

(ii) Distributions to unitholders

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

g) Critical accounting estimates and judgements

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

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

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

3. OPERATING SEGMENT

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

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

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

4. INCOME TAX EXPENSE

	2024	2023
	$	$
Income tax expense		
Deferred tax:		
- In respect of current year	1,983,391	66,607
Aggregate income tax expense	**1,983,391**	**66,607**
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax expense	12,456,136	(2,375,132)
Tax at the statutory tax rate of 30%	3,736,841	(712,540)
Tax effect of differences between accounting profit and taxable income:		
- Income and expenditure of Australian trust not subject to tax in Australia	(3,736,841)	712,540
- Fair value movement likely to be subject to USA taxation	1,983,391	66,607
Income tax expense	**1,983,391**	**66,607**

5. EARNINGS PER UNIT

	2024	2023
	$	$
Profit/(loss) after income tax	**10,472,745**	**(2,441,739)**

	Number	Number
Weighted average number of ordinary units used in calculating basic earnings per unit	52,479,086	52,558,879
Weighted average number of ordinary units used in calculating diluted earnings per unit	52,479,086	52,558,879

	Cents	Cents
Basic earnings/(loss) per unit	**19.96**	**(4.65)**
Diluted earnings/(loss) per unit	**19.96**	**(4.65)**

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

6. EQUITY - UNIT CAPITAL

	2024	2023	2024	2023
	Units	Units	$	$
Ordinary units - fully paid	**52,479,086**	**52,479,086**	**82,891,568**	**82,891,568**

Movements in ordinary unit capital

Details	Date	Units	$
Balance	1 April 2022	53,170,378	83,881,028
Unit buy-backs		(691,292)	(986,930)
Buy-back costs		-	(2,530)
Balance	**31 March 2023**	**52,479,086**	**82,891,568**
Balance	**31 March 2024**	**52,479,086**	**82,891,568**

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

Unit buy-back

There is no current on-market unit buy-back. The previous on-market buy-back program ended on 27 June 2022.

Capital management

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

7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	2024	2023
	$	$
Cash at bank	10,201,733	10,328,531

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

8. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	2024	2023
	$	$
Profit/(loss) after income tax expense for the year	10,472,745	(2,441,739)
Adjustments for:		
Fair value movements of equity investments	(13,034,774)	1,607,348
Net foreign exchange (gain)	(353,219)	(1,118,648)
US tax withholding	3,353,906	347,133
Change in operating assets and liabilities:		
- Decrease/(increase) in receivables	7,622	(5,028)
- (Decrease)/increase in payables	(43,209)	27,336
- (Decrease)/increase in current tax liability	(1,594,865)	642,263
- Increase/(decrease) in deferred tax liability	197,977	(499,908)
Net cash used in operating activities	**(993,817)**	**(1,441,243)**

9. CURRENT ASSETS - RECEIVABLES

	2024	2023
	$	$
Interest receivable	3,810	9,316
GST receivable	9,308	11,550
Prepayments	11,153	11,027
	24,271	**31,893**

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

10. NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS

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

	2024	2023
	$	$
US Select Private Opportunities Fund II, LP (LP)	**76,877,263**	**80,567,573**

	2024	2023
	$	$
(ii) Reconciliation:		
Balance at the beginning of the year	80,567,573	100,526,700
Movement in fair value through profit or loss*	13,034,774	(1,607,346)
Distributions received from LP^	(16,725,084)	(18,351,781)
Balance at the end of the year	**76,877,263**	**80,567,573**

*Included in the 'movement in fair value' amount of $13,034,774 gain (2023: $1,607,346 loss) is an unrealised foreign exchange translation gain component of $1,850,915 (2023: $11,413,713). This amount is also net of the Fund's 87.3% share of management fees paid by the LP to the General Partner of the LP, totalling $nil (2023: $1,843,708) (refer to note 16).

^Net distributions received from the LP include offsetting of the Fund's US tax obligations of $3,400,474 (US$2,217,449) (2023: $28,325 (US$20,000)) 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 31 March 2024 is represented by its proportionate interest in the LP's assets and liabilities as follows:

	2024	2023
	$	$
Cash	4,082,352	8,041,864
Investment in US private investment funds recorded at fair value:		
Blue Point Capital Partners III, LP	2,239,118	2,942,728
Chicago Pacific Founders Fund, LP	26,666,745	24,192,651
High Road Capital Partners Fund II, LP	5,442,405	4,789,475
Main Post Growth Capital, LP	10,166,993	9,722,329
NMS Fund II, LP	4,463,623	4,434,927
Staple Street Capital II, LP	6,519,561	7,566,085
Tengram Capital Partners Gen 2 Fund	4,154,044	4,377,437
Tower Arch Partners I, LP	2,183,749	2,366,937
Trive Capital Fund I, LP	906,395	863,131
US Select Direct Private Equity Fund (US), LP	9,945,419	11,212,982
Other assets	106,859	57,027
Net assets*	**76,877,263**	**80,567,573**

*Included in the net assets of $76,877,263 (2023: $80,567,573) are investments in US private investment funds of $72,688,052 (2023: $72,468,682).

(iv) Valuation

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

Valuation technique adopted

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

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

The valuation of the Fund's equity investment in the LP are based on the fair values of the underlying investment funds at 31 December 2023 adjusted for any material changes to those valuations to reflect movements to 31 March 2024, including foreign exchange translation impacts arising from translating the USD denominated interest in the LP to AUD at each balance date.

Refer to note 14 for Market Risk sensitivity analysis.

Investment risks

As noted above, the LP has invested in underlying private investment funds in the US market who have in turn invested in a portfolio of private equity investments. Because of the absence of any liquid trading market for these types of investments, it may take longer to liquidate these investments than would be the case for marketable securities and accordingly the value obtained on realisation may differ to the estimated fair values at balance date. As there are no directly observable prices, the fair values assigned by the investment funds to each investment are based on a range of factors, including but not limited to the initial purchase price, market trading multiples and observed transaction metrics. The resulting valuations may differ significantly from the values that would have been realised had a transaction taken place at balance date. The differences would directly impact the value of the interest held by the LP in the underlying investment funds and consequently the value of the interest held by the Fund in the LP. Estimation uncertainty also arises in relation to likely US tax obligations the Fund will incur in connection with realisation of recorded fair value movements (refer note 12).

(v) Capital commitments

As at 31 March 2024, the Fund has made capital commitments totalling US$74.6 million to the LP, of which US$71.1 million has been called at balance date.

As at 31 March 2024, the Fund has uncalled capital commitments of US$3.5 million (or $5.4 million) outstanding to the LP. The capital commitments can be called at any time in the future.

The uncalled capital commitments referred to above were converted at the AUD:USD year-end exchange rate of 0.6521.

11. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2024	2023
	$	$
Accrued liabilities	134,250	177,433
Other payables	1,695	1,721
	135,945	**179,154**

Refer to note 14 for further information on financial instruments.

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

12. NON-CURRENT LIABILITIES - DEFERRED TAX

	2024	2023
	$	$
Deferred tax liability	**6,263,631**	**6,065,654**

The deferred tax liability has been assessed based on an estimate of likely US tax obligations the Fund will incur upon realisation of recorded fair value movements in connection with the realisation of certain underlying private equity investments that the Fund has an interest in.

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

As at 31 March 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.

13. EQUITY - DISTRIBUTIONS

Distributions paid during the financial year were as follows:

	2024	2023
	$	$
Distribution - 28 cents per unit paid on 25 November 2022	-	14,694,144
Distribution - 6 cents per unit paid on 3 March 2023	-	3,148,745
Distribution - 19.5 cents per unit paid on 8 September 2023	10,233,424	-
Distribution - 5 cents per unit paid on 23 February 2024	2,623,954	-
	12,857,378	**17,842,889**

14. FINANCIAL INSTRUMENTS

Financial risk management objectives

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

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

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

(a) Market risk

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

(i) Foreign exchange risk

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

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

The table below details the carrying amounts of the Fund's foreign exchange risk as at the end of the reporting period. This represents the AUD exposure, converted at an exchange rate of 0.6521.

	Assets		Liabilities	
	2024	2023	2024	2023
	$	$	$	$
Cash and cash equivalents	9,293,103	7,478,388	-	-
Receivables	155	122	-	-
Financial assets (equity investments)	76,877,263	80,567,573	-	-
	86,170,521	**88,046,083**	**-**	**-**

Sensitivity analysis

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

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

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

	AUD strengthened			AUD weakened		
2023	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Cash and cash equivalents	10%	(679,853)	(679,853)	(10%)	830,932	830,932
Receivables	10%	(11)	(11)	(10%)	14	14
Equity investments	10%	(7,324,325)	(7,324,325)	(10%)	8,951,953	8,951,953
		(8,004,189)	**(8,004,189)**		**9,782,899**	**9,782,899**

(ii) Market price risk

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

Sensitivity analysis

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

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

	Average price increase			Average price decrease		
2023	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Equity investments (refer note 10 (iii))	**10%**	**7,246,868**	**7,246,868**	**(10%)**	**(7,246,868)**	**(7,246,868)**

(iii) Interest rate risk

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

Sensitivity analysis

The Fund considers a 100 basis point (2023: 200 basis point) increase or decrease to be a reasonably possible change in interest rates. The impact of a 100 basis point movement in interest rates on profit or loss and equity is shown in the table below.

	Basis points increase			Basis points decrease		
2024	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Variable rate bank deposits	**100**	**102,017**	**102,017**	**(100)**	**(102,017)**	**(102,017)**
	Basis points increase			**Basis points decrease**		
2023	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Variable rate bank deposits	**200**	**206,571**	**206,571**	**(200)**	**(206,571)**	**(206,571)**

(b) Credit risk

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

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

	2024	2023
	$	$
Summary of exposure		
Cash and cash equivalents	10,201,733	10,328,531
GST receivable	9,308	11,550
Interest receivable	3,810	9,316
	10,214,851	**10,349,397**

(c) Liquidity risk

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

The Fund's liquidity primarily comprises cash at bank totalling $10,201,733 at 31 March 2024 which is held to cover its day-to-day running costs and expenditures and to fund its capital commitments to the LP which total $5,353,821 at balance date.

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

2024	Less than 12 months	At call	Remaining contractual maturities
	$	$	$
Non-derivatives			
Non-interest bearing			
Trade and other payables	135,945	-	135,945
Capital commitments*	-	5,353,821	5,353,821
Total non-derivatives	**135,945**	**5,353,821**	**5,489,766**

2023	Less than 12 months	At call	Remaining contractual maturities
	$	$	$
Non-derivatives			
Non-interest bearing			
Trade and other payables	179,154	-	179,154
Capital commitments*	-	5,222,478	5,222,478
Total non-derivatives	**179,154**	**5,222,478**	**5,401,632**

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

15. FAIR VALUE MEASUREMENT

Fair value

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

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

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

	Level 1	Level 2	Level 3	Total
2024	$	$	$	$
Financial assets carried at fair value				
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**

	Level 1	Level 2	Level 3	Total
2023	$	$	$	$
Financial assets carried at fair value				
Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund II, LP	-	-	80,567,573	80,567,573
Total assets	**-**	**-**	**80,567,573**	**80,567,573**

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

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

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

16. RELATED PARTY DISCLOSURES

The Responsible Entity of the Fund during the period until 24 June 2023 was E&P Investments Limited (**former Responsible Entity**). The Responsible Entity of the Fund from 24 June 2023 is K2 Asset Management Ltd **(Responsible Entity**).

Key management personnel

Key management personnel include persons who were directors of the Responsible Entity at any time during or since the end of the financial year and up to the date of this report. The following persons held office as directors of the responsible entity during or since the end of the financial year and up to the date of this report:

E&P Investments Limited
(resigned effective 24 June 2023)
Stuart Nisbett
Warwick Keneally
Peter Shear

K2 Asset Management Ltd
(appointed effective 24 June 2023)
Campbell Neal
Hollie Wight
George Boubouras
Neil Sheather (appointed 1 July 2023)

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

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

Related party investments in the scheme

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

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, E&P Investments Limited, as former Responsible Entity of the Fund, charged management fees of 0.33% per annum (exclusive of GST) on the gross asset value of the Fund for the period up to and including the effective date of 24 June 2023. This is comprised of the Responsible Entity Fee of 0.08% per annum and Administration Fee of 0.25% per annum. Management fees were paid to the former Responsible Entity monthly in advance.

The total management fees paid to the former Responsible Entity for the year ended 31 March 2024 was $79,082 (2023: $374,957), exclusive of GST. There were no outstanding management fees as at 31 March 2024 (2023: $nil).

Following the change of Responsible Entity to K2 Asset Management Ltd on 24 June 2023, total management fees charged from 25 June 2023 was 0.275% per annum (exclusive of GST) on the gross asset value of the Fund. This is comprised of the Responsible Entity Fee of 0.05% per annum and Administration Fee 0.225% per annum. Management fees are paid to the Responsible Entity monthly in advance.

The total management fees paid to the Responsible Entity for the year ended 31 March 2024 was $185,693, exclusive of GST. There were no outstanding management fees as at 31 March 2024.

Fund administration fee

Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of E&P Financial Group Limited, the parent of the former Responsible Entity, provides fund administration services to the Fund under an agreement with the former Responsible Entity. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation. This service agreement ceased on 3 July 2023.

Total fund administration fees paid or payable to Australian Fund Accounting Services Pty Limited for the year ended 31 March 2024 were $30,000 (2023: $120,000), exclusive of GST.

From 3 July 2023, K2 Asset Management Ltd commenced provision of fund administration services to the Fund under an agreement with the Responsible Entity. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation.

Total fund administration fees paid or payable to K2 Asset Management Ltd for the year ended 31 March 2024 were $90,000, exclusive of GST.

Investment manager fee

US Select Private Opportunities Fund II, L.P. (**LP**), in which the Fund holds an 87.3% interest, is required to pay its Investment Manager, US Select Private Opportunities Fund II, GP, being an entity associated with the former Responsible Entity, for acting on behalf of the limited partnership to acquire, manage and transact on partnership interests within the scope of the limited partnership agreement, a fee equivalent to 2% per annum of the total funds committed by the partners to the LP. The fee is payable quarterly in advance from the funds of the LP. This fee arrangement ceased in February 2023. The total fees paid or payable during the year amounted to $nil (US$nil) (2023: $2,111,922 (US$1,445,957)). The Fund's 87.3% interest equates to $nil (2023: $1,843,708). This fee was recorded in the books of the LP.

US Select Direct Private Equity Fund (US), LP

At balance date, the Fund's share of the LP's investment in US Select Direct Private Equity Fund (US), LP was $9,945,419 (US$6,485,408) (2023: $11,212,982 (US$7,495,878)). The General Partner of this investment is associated with the Responsible Entity of the Fund. The LP's share of the investment management fees paid to the General Partner for the year ended 31 March 2024 amounted to $nil (US$nil) (2023: $nil (US$nil)). The Fund's 87.3% interest equates to $nil (US$nil) (2023: $nil (US$nil)).

Recharges paid to related entity

To avoid suppliers receiving multiple payments, K2 Asset Management Ltd, makes a single payment to certain suppliers, and recharges the Fund its share at cost. There is no mark-up or charge to the Fund for being provided this service. The Fund only incurs the costs directly attributable to the work performed for it by the supplier, as if it had contracted with that provider individually.

E&P Operations Pty Limited, a related party of the former Responsible Entity also made single payments to certain suppliers and recharged to the Fund its share at cost during the reporting period. This arrangement with the former Responsible Entity ceased after the appointment of K2 Asset Management Ltd.

17. REMUNERATION OF AUDITORS

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

	2024	2023
	$	$
Audit services - Deloitte Touche Tohmatsu		
Audit or review of the financial statements	72,200	69,000
Other services - Deloitte Touche Tohmatsu		
Other assurance services	-	26,850
Taxation services	8,500	25,209
	80,700	**121,059**
Other Audit Firms - Deloitte Tax LLP		
Taxation services	57,548	65,562

18. CAPITAL COMMITMENTS

Other than the capital commitments disclosed in note 10(v) to the financial statements, the Fund does not have any other capital commitments outstanding for the year ended 31 March 2024.

19. CONTINGENT LIABILITIES

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

20. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 31 March 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.

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 MARCH 2024

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

- the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and the Corporations Regulations 2001;
- the attached financial statements are in compliance with International Financial Reporting Standards, as stated in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the Fund's financial position as at 31 March 2024 and of its performance for the financial 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.

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

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

On behalf of the directors of the Responsible Entity,

HOLLIE WIGHT
Director of K2 Asset Management Ltd, Responsible Entity
30 May 2024

Deloitte.

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Australia

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

Opinion

We have audited the financial report of CD Private Equity Fund II, (the "Fund") which comprises the statement of financial position as at 31 March 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and the directors' declaration.

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

- Giving a true and fair view of the Fund's financial position as at 31 March 2024 and of its financial performance for the year then ended; and
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Key Audit Matters

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

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Fair Value of Investment in Limited Partnership (LP) As at 31 March 2024 the Fund's fair value of its investment in the LP was $76,877,263 as disclosed in Note 10. The basis of valuation of the Fund's investment in the LP is disclosed in Note 10(iv). Significant estimation uncertainty is inherent in the determination of the fair value of the investment in the LP due to the fact that: a) the underlying investments held by the US investment funds in which the LP has an interest are generally illiquid in nature, and their valuation is based on unobservable inputs which are subject to significant estimation judgement by management of the US investment funds; and b) there may be a time lag of up to three months between the Fund's reporting date and the date of the most recent reported net assets of the US investment funds.	Our procedures included, but were not limited to: • Obtaining an understanding of the basis of valuation and key processes adopted by management; • Obtaining the most recent audited financial statements of the underlying investment funds (as at 31 December 2023) and reviewing the consistency of the accounting policy adopted for fair values of the investments; • Assessing the independence, competence and objectivity of the auditing firms of the underlying investment funds and reviewing the content of their audit opinions issued; • Where available as at 31 March 2024, obtaining from management the most recent unaudited management financial information of the underlying investment funds and agreeing the quantum of any material fair value movements from the date of the latest audited financial information; and • For investments for which no unaudited management financial information was available at 31 March 2024, with the assistance of our valuation specialists, we performed procedures to determine whether there were any indicators of material fair value movements in those funds from the date of the latest audited financial information. We also assessed the appropriateness of the disclosures in Notes 2(c), 2(g) and Note 10 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Fund's annual report for the year ended 31 March 2024 but does not include the financial report and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the financial report 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Deloitte.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Carlo Pasqualini
Partner
Chartered Accountants
Sydney, 30 May 2024

CD PRIVATE EQUITY FUND II

UNITHOLDER INFORMATION
AS AT 30 APRIL 2024

DISTRIBUTION OF UNITHOLDERS

52,479,086 fully paid ordinary units on issue are held by 949 unitholders.

Category (size of holding)	Number of unitholders	%
1 to 1,000	68	0.06
1,001 to 5,000	161	0.92
5,001 to 10,000	152	2.17
10,001 to 100,000	513	29.31
100,001 and over	55	67.54
	949	**100.00**
Holding less than a marketable parcel	**36**	

TOP 20 LARGEST HOLDERS OF UNITS

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Number of units held	Percentage of Total (%)
BNPP Noms Pty Ltd Hub24 Custodial Serv Ltd	15,350,662	29.25
J P Morgan Nominees Australia Pty Limited	6,552,257	12.49
Citicorp Nominees Pty Limited	1,209,275	2.3
Ocean Capital Pty Limited	875,000	1.67
A B Dixon Pty Ltd <A B Dixon Family A/C>	718,800	1.37
Benjamin Hornigold Ltd	653,681	1.25
OHJS Group Pty Limited <Super Hans Super Fund A/C>	548,186	1.04
Mr Orange Pty Limited <Mr White Pension Fund A/C>	529,739	1.01
Mr Richard Philip Wilkins	520,000	0.99
Netwealth Investments Limited <Wrap Services A/C>	419,395	0.8
Perpetual Corporate Trust Ltd <Affluence Lic Fund>	411,868	0.78
Mr Adrian Lobo	329,801	0.63
Ms Snezana Bowden	300,000	0.57
Katdar Pty Ltd <Dixon Comply Pen Fund A/C>	300,000	0.57
AHD Brown Pty Ltd <A Brown Pension Fund A/C>	266,220	0.51
Luja Pty Ltd <Christowel Super Fund A/C>	265,000	0.5
Sibew Pty Ltd	260,550	0.5
HSBC Custody Nominees (Australia) Limited - A/C 2	255,179	0.49
Cotree Pty Ltd <Edwards Super Fund A/C>	248,902	0.47
M & S Bowden Superannuation Pty Ltd <M & S Bowden Super Fund A/C>	233,340	0.44
Total	**30,247,855**	**57.63**

SUBSTANTIAL UNITHOLDERS

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

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

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

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

VOTING RIGHTS

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

RESTRICTED SECURITIES

There are no restricted securities issued by the Fund.

TRANSACTIONS

There were no transactions in securities during the reporting period.

LIMITED PARTNERSHIP AGREEMENT

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

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

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

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

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

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

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

CD PRIVATE EQUITY FUND II

ARSN 162 057 089

K2 Asset Management