

Market update

Following the strong June quarter which saw a rapid rebound in global markets, this last quarter has seen global equity markets consolidate gains, although there was some softening in September. The MSCI World Index was up 8.0% in US dollar (USD) terms, and 3.7% from an Australian investor perspective due to the appreciating Australian dollar (AUD, +3.8%). Activity in capital markets, including private equity, appears to be recovering, with a significant increase in deal flow in the quarter.

US markets returned 8.9% (S&P 500 Index), driven by improved economic data, continued accommodative monetary policy settings, optimism around a COVID-19 vaccine, and a better than expected June quarter reporting season (noting that market expectations were reset to low levels in the previous quarter). Increasing COVID-19 infection rates and the prospect of increasing lockdown initiatives, in the US and particularly Europe also dampened sentiment in September. The approaching US election featured prominently, with polling data generally favouring Biden to claim victory. US markets remained positive on the potential for further fiscal support, however, the Republican Party and Democrats failed to reach a compromise on terms by quarter end. On monetary policy, the United States Federal Reserve (Fed) announced it would move to average inflation targeting, allowing inflation to run above target to compensate for periods of below-target trends, inferring a multi-year period of effectively zero rates in the US.

The US' Gross Domestic Product fell 31.4% (annualised rate) in the June quarter, but economists are predicting a large swing back, estimating the economy will expand at an annual rate of 30% in the September quarter as businesses re-open and millions of people go back to work. Economists are forecasting that in the final three months of this year growth will slow significantly to a rate of around 4%. Still, uncertainty regarding the longevity and impact of the COVID-19 pandemic remains, and economic activity, while recovering from the dramatic decline in the first half of 2020 will take a number of years to recover to pre-pandemic levels. Unemployment in the US (7.9%), is down dramatically from the peak in April 2020 (14.9%), but it will likely take many more years to recover to pre-COVID-19 levels. In the words of Vice Chair of the Fed, Richard Clarida on 19 October 2020, "...the economic outlook is unusually uncertain, and, moreover, that the ultimate course the economy follows will depend on the course of the virus, social-distancing norms, and mitigation efforts put in place to contain it".

Private equity deal flow slowed through the first half of 2020, but accelerated in the September quarter, with private equity funds making a record number of buyout deals in the first nine months of 2020.

After record fundraising in 2019, private equity firms have had plenty of cash, and with the pandemic, have changed tactics, buying non-core businesses from larger companies and taking more minority stakes in companies, as larger leveraged buyout deals are more difficult to complete in the current environment. There were also pent-up deals that may have gone through earlier had we not seen global lockdowns. Nevertheless, overall deal value from the same period last year has declined. The increase in deals but decline in value can be explained primarily by an upturn in mid-market deals, alongside a difficult year and valuation uncertainty.

Companies within the Information Technology and Industrials sectors have been the largest targets this year, making up 41% of private equity deals. The pandemic has forced a rapid transformation in the use of technology for personal and business use, and the sector has fared well year-to-date. Following these strong gains, the sector was sold off in September, nonetheless the MSCI Information Technology Index up 11.9% for the quarter, compared to the MSCI World Index which was up 8.0% (in USD terms). Year-to-date these indices have returned 27.7% and 2.1% respectively (in USD terms), highlighting the positive business activity and outlook for technology related companies relative to the broader market. This has been reflected in the slightly better CYTD returns that we are seeing for underlying CD3 and CD4 managers.

Consistent with private equity industry trends, underlying partner funds continued to be active over the quarter. In all Funds there were new, follow-on or add-on investments and there were a number of sales resulting in distributions from underlying funds across CD2, CD3 and CD4, including the sale of Brandfolder (CD3) to NYSE listed Smartsheet in September. As should be expected, there were a greater number of deals in the less mature CD3 and CD4 portfolios.

As noted previously, the AUD was up against the USD over the quarter (+3.8%), continuing from the strong rally seen in the prior quarter (up 12.6%). The AUD appreciation was again a significant driver of performance for the quarter, being the major detractor from returns, of -3.4%, -3.9%, -3.8% and -4.9% respectively, for CD1 to CD4 on a net tangible asset (NTA) basis. CYTD the currency impact has been more muted, with the AUD up 2.0%.

Regards
CD Private Equity Team

About the funds

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

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

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

Investment objectives

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

Key investment team members

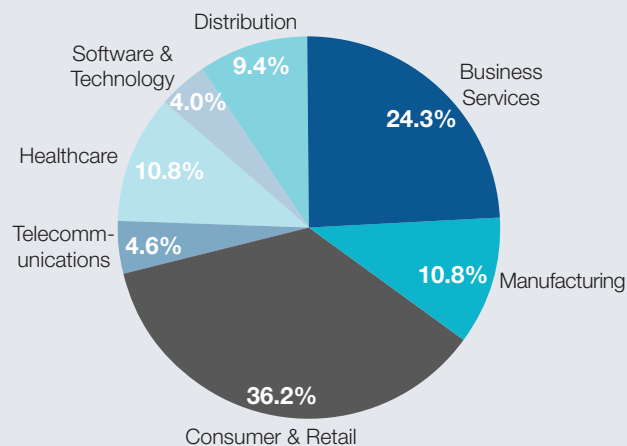


Jonathan Cordish
Chairman of the Advisory Board



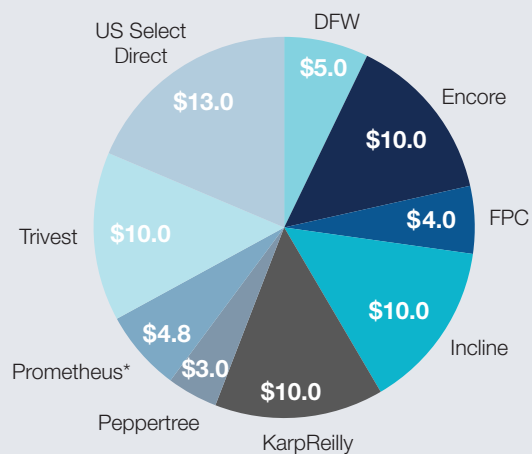
Jonathan Sinex
Managing Director, Cordish Private Ventures

CD1 portfolio asset allocation



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

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



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

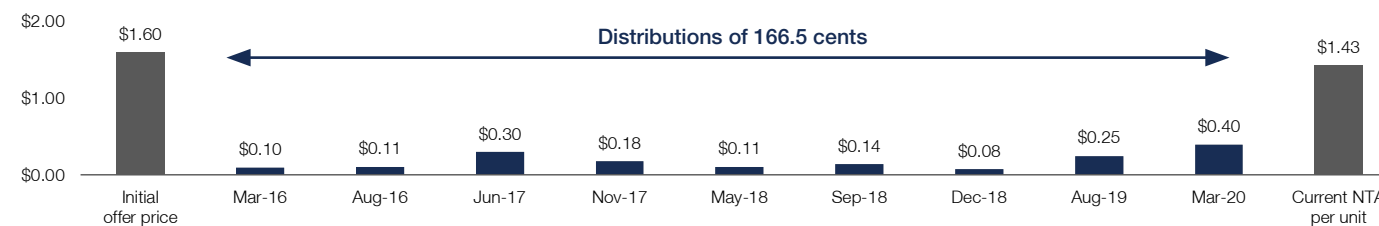
CD1 Fund performance

	3 MONTHS	6 MONTHS	1 YEAR	3 YEAR PA	5 YEAR PA	SINCE INCEPTION PA ³
NTA return ^{1,2}	-3.4%	-13.9%	-9.9%	12.5%	7.5%	10.3%

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

On an NTA/Internal Rate of Return (IRR) basis CD1 has achieved a return of 10.8% per annum since inception.

CD1 unit value and income

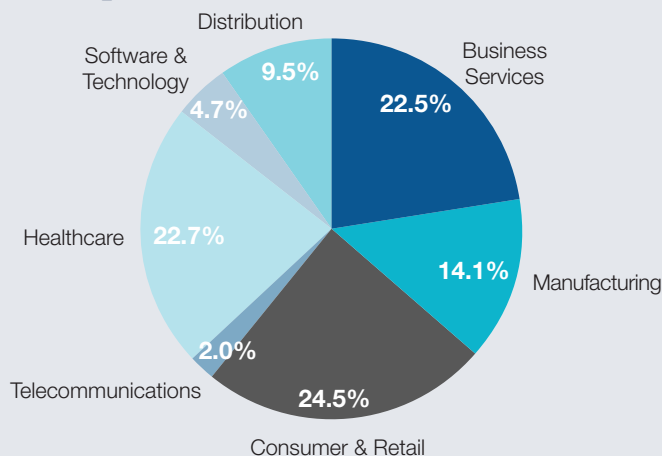


Note: The unit price of CD1 was \$0.82 as at 30 September 2020. Historical performance is not a guarantee of the future performance of the Fund. Source: Walsh & Company Investments Limited. Current NTA per unit (shown above) is post-tax.

Underlying fund activity

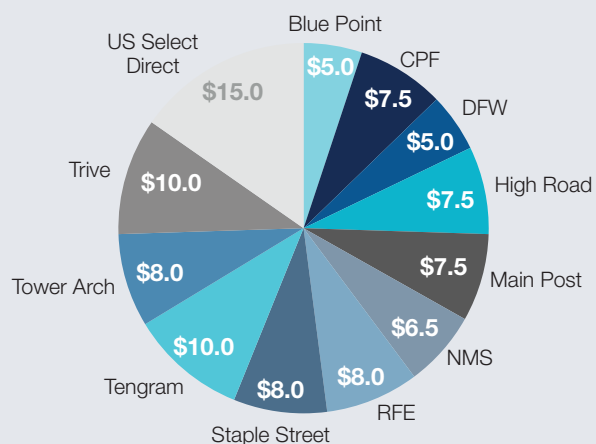
Two underlying funds called capital during the quarter to fund add-on investments in four existing portfolio companies.

CD2 portfolio asset allocation



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

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



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

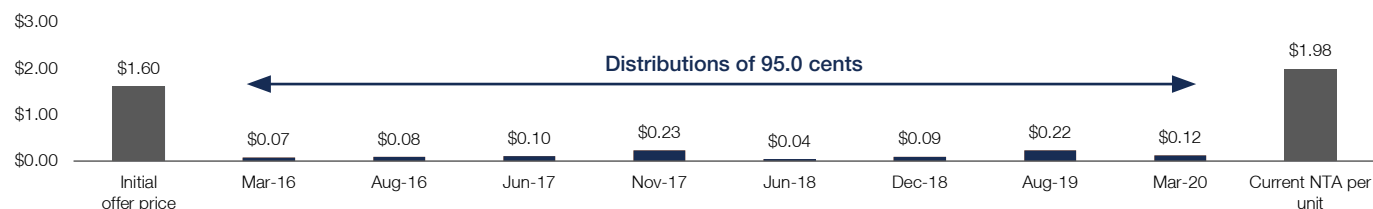
CD2 Fund performance

	3 MONTHS	6 MONTHS	1 YEAR	3 YEAR PA	5 YEAR PA	SINCE INCEPTION PA ³
NTA return ^{1,2}	-3.9%	-15.0%	-5.8%	11.1%	5.0%	9.8%

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

On an NTA/Internal Rate of Return (IRR) basis CD2 has achieved a return of 10.3% per annum since inception.

CD2 unit value and income

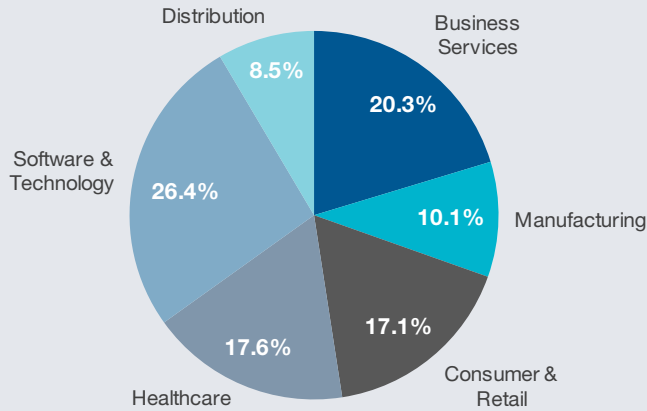


Note: The unit price of CD2 was \$1.05 as at 30 September 2020. Historical performance is not a guarantee of the future performance of the Fund. Source: Walsh & Company Investments Limited. Current NTA per unit (shown above) is post-tax.

Underlying fund activity

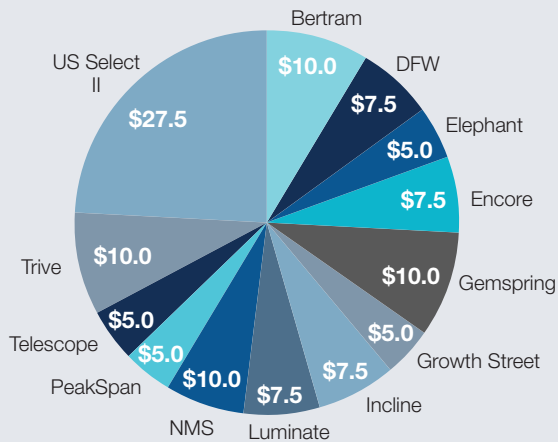
Two underlying funds called capital during the quarter for an add-on and follow-on acquisitions.

CD3 portfolio asset allocation



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

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



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

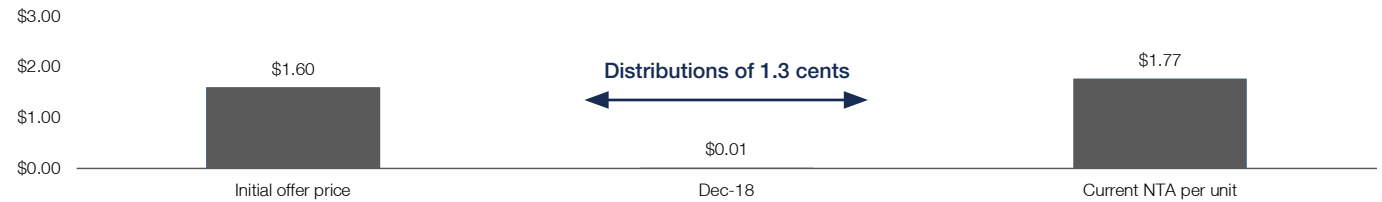
CD3 Fund performance

	3 MONTHS	6 MONTHS	1 YEAR	2 YEAR PA	3 YEAR PA	SINCE INCEPTION PA ³
NTA return ^{1,2}	-3.8%	-14.9%	-6.3%	5.6%	6.4%	3.4%

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

On an NTA/Internal Rate of Return (IRR) basis CD3 has achieved a return of 3.6% per annum since inception.

CD3 unit value and income



Note: The unit price of CD3 was \$0.75 as at 30 September 2020. Historical performance is not a guarantee of the future performance of the Fund. Source: Walsh & Company Investments Limited. Current NTA per unit (shown above) is post-tax.

Underlying fund activity

Telescope Partners I, L.P. sold portfolio company Brandfolder to NYSE listed Smarsheet, resulting in a distribution of US\$1,828,854.

Luminate Capital Partners, L.P. sold a majority interest in Oversight Systems, maintaining an equity position, and completed a partial sale of another portfolio company resulting in total distributions of US\$2,050,113.

Gemspring Capital Fund I, L.P. called capital call for a new investment in Cforia Software LLC (Cforia). Cforia is a leading provider of order-to-cash (OTC) automation software. Based in Westlake Village, CA, Cforia's OTC automation software platform improves collections and cash management for B2B customers globally.

NMS Fund III, LP. made a capital call to fund a new investment in Exo Group, LLC (Exo) and follow-on investments in other portfolio companies. Exo is a leading provider of data and analytics-driven asset inspection and remediation services of steel infrastructure to clients across multiple end-markets throughout North America.

Trive Capital Fund II, L.P. (Trive) called capital to fund investments in Rubicon Bakers (Rubicon) and Field Aerospace (Field). Rubicon, headquartered in Richmond, CA, is an innovative bakery focused on developing and producing high-quality baked goods for grocery stores across America. Field operates out of three facilities located in the US and Canada, specialising in aircraft integration, engineering, modification, and support services for government, aerospace, and defence customers. In addition, Trive realised two smaller portfolio investments, and escrowed funds associated with another investment were released, resulting in a distribution of US\$157,615.

Fund facts

KEY FUND DETAILS	FUND 1	FUND 2	FUND 3
ASX ticker	CD1	CD2	CD3
Inception	August 2012	April 2013	July 2016
Pre-tax NTA	\$1.44 ¹	\$2.06 ¹	\$1.79 ¹
Post-tax NTA	\$1.43 ¹	\$1.98 ¹	\$1.77 ¹
Net Assets	\$55.6 million	\$109.4 million	\$127.4 million
Number of managers	8	12	13
Total underlying investments (since inception)	96	120	120
Investments during the quarter	0	0	5
Full realisations	40	34	7
Realisations during the quarter	0	0	3
Current underlying investments	56	86	113
Average age of remaining companies	5.0 years	4.4 years	2.4 years

¹ Source: Walsh & Company Investments Limited. Historical performance is not a guarantee of the future performance of the Funds. The current NTAs per unit (shown above) are as at 30 September 2020.

Note: Underlying investment figures are collected on a lagged basis and may not reflect actual exposures at period end.

Important information

This report has been authorised for release by the Board of Walsh & Company Investments Limited (ACN 152 367 649, AFSL 410 433), as responsible entity for CD Private Equity Fund I (ARSN 158 625 284), CD Private Equity Fund II (ARSN 162 057 089) and, CD Private Equity Fund III (ARSN 612 132 813) (**CD3**).

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

About Walsh & Company

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

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

Walsh & Company Investments Limited is the Responsible Entity of the Funds and is a wholly-owned subsidiary of Evans Dixon Limited (ED1.ASX).

Risks

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

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