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K2 Asset Management Holdings Ltd (KAM): CD Private Equity Funds 1, 2, 3 & 4 Unitholder Update

CD Funds Unitholder Update

On 15 May 2023 K2 announced that it had been selected by E&P Investments Limited (E&PIL) to take on the Responsible Entity (RE) role for the below listed Funds:

1. US Masters Residential Property Fund
2. CD Private Equity Fund I
3. CD Private Equity Fund II
4. CD Private Equity Fund III
5. CD Private Equity Fund IV
6. Venture Capital Opportunities Fund

Unitholder votes are expected to take place on 19 and 27 June 2023, and upon the votes passing, E&PIL will be replaced by K2 as the RE. K2 has also been selected by E&PIL to take on the Trustee role of the CD III Australian Wholesale Fund.

As we work towards the unitholder votes, K2 have received feedback from investors on a number of items pertaining to the CD Private Equity Funds (ASX: **CD1, CD2 & CD3**) and the CD III Australian Wholesale Fund (collectively **CD Funds** or **Funds**).

Feedback has been in relation to the following:

- **Retention of the Funds current structure**
- **Retention of the Funds current investment strategy**
- **Return of capital to unitholders**
- **Narrowing the discount to NTA**
- **Enhancing investor communications**
- **Remuneration of the RE**

Noting the above, K2 will prioritise the review of this feedback following its appointment as RE. In summary:

- K2 are committed to working closely with the manager to ensure an orderly and **timely return of capital to investors. Capital will not be reinvested within the Funds**, and the CD Funds will have a natural life span expected in the asset class.



- K2 do not intend to change the investment strategy or to slow the **capital returns to its unitholders**.
- K2 **do not intend to change the structure** of the Funds as standalone investment schemes.
- K2 will ensure the **orderly and timely return of capital to unitholders**. K2 will look to implement a **consistent and communicated distribution program**, excess cash will not be retained.
- **Strategies to narrow the discount to NTA** include special distributions in line with the realisation of investments and regular marketing and communications. Confidence around the realisation of investments and the consistent return of capital are key.
- Communication to investors will be refined with regular **roadshows to complement additional webinars** providing an open forum for ongoing communication with K2.
- K2 will provide a **lower aggregate fee** for the provision of RE services to the Funds, resulting in a lower cost to unitholders.
- The focus is on **capital return to investors** and implementing strategies to **narrow the discount to NTA**.

K2 becoming the RE of the funds is in line with the E&P Financial Group exiting from its non-core businesses.

K2 are not unitholders in the CD Funds and are **independent**.

In addition to the CD Funds, K2 are in the process of partnering with other managers to be the RE of some new VC and PE Funds. This builds on the growth of the RE and Trustee pillar of K2. Providing specialist RE services for unlisted funds is a key focus for the business.

K2 is a listed diversified financial services firm (ASX: KAM) with **multiple segregated pillars**. The shareholder base of KAM is circa 60% staff and related parties of staff. As **announced on 29 May 2023**, an independent non-executive director has been appointed to the K2 board. This appointment is the first of a number of initiatives to structure K2 for scalable growth, including additional independent board member appointments as the business expands and meet key milestones.

We are committed to having open and transparent discussions with unitholders who wish to do so. Please contact us via the following email address: reservices@k2am.com.au or please contact:

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