

► Update of Fund activities during the quarter

Fund II (**Fund**) commenced investing in the final quarter of FY21 and we are pleased to be able to provide an overview of two investments we made in the first investment quarter along with our outlook on the markets more generally.

The Fund raised almost \$85 million and following the first call in May, we completed our first two investments in Lendi and BirdDog prior to 30 June. We have provided an overview of both below and our expectations for them. These investments provide a strong foundation for the Fund, and we believe they are excellent examples of the types of opportunities the Fund was established to pursue – growing, innovative companies operating as leaders in their markets and run by motivated, aligned, high-quality founders with substantial personal ownership stakes.

More generally, a few things you should expect over the coming 12 months from Fund II are:

- A meaningful amount of investment from us as we target investments that we have either met with previously or who we are currently working with, in addition to new opportunities we expect will come across our desk. We typically expect to make between 6-10 investments every year and we are on track to deliver this.
- We expect only minor movements in the unit price in the coming 12 months – this is based on a few important factors; **1.** We don't mark-up investments until they are sold unless there is a material capital event within the company or there is a requirement by our auditors at the full year review; **2.** We don't typically sell assets in the first 12 months of the life of the Fund and whilst we always hope to have an early return of capital, this is not something we can guarantee; **3.** The Fund's management fees will mean there is a small drop in the unit value as they are paid out.
- Regular updates from us as your Manager which we undertake on a quarterly basis which include a written quarterly (if you would like additional email addresses added or know an investor that hasn't received the quarterly, please let us know so we can add them to the list) and a quarterly call.
- We are always contactable! If you have questions or simply want an update, we are always happy to talk to unitholders through the good times and the bad and discuss the Fund. Our contact details are on the bottom of the quarterly.

We added to our team during the quarter and are pleased to be able to welcome Duncan Boyd Jones as an Investment Manager. Duncan joins us from the corporate advisory firm Record Point where he was responsible for raising capital for private growth companies and advising private equity and venture capital funds on the acquisition and divestment of assets. He has a strong financial background and is a very good fit for our business. He is also a great guy to work with and very approachable. Duncan's role in the Fund includes execution on new investments, managing the Fund's existing portfolio of companies and more broadly, helping us to continue to grow the business. If you ever have a question about the Fund and are unable to reach Christian or myself, please feel free to call Duncan.

New investments

Lendi (**Lendi**) is Australia's leading online home loan platform and is a business well known to us. We were previously a convertible note holder in Fund I and we knew the business very well prior to that when CVC Limited was a shareholder. The Fund was able to participate in Lendi's most recent capital raising which helped to fund the company-changing acquisition of Aussie Home Loans. Lendi now has approximately \$7.5bn of home loans under management, offering 1,600+ products from 30+ banks and lenders representing 98% of market flows. The home loan market is large with flows of >\$350bn p.a. and the mortgage broker channel is growing despite a lack of innovation or scale thanks to consumer sentiment and the complexity of the application process. Lendi has built a complete end-to-end online solution for mortgages and importantly, also has strategic relationships with Domain, ANZ, Macquarie and CBA. As Lendi integrates Aussie Home Loans and increases marketing spend, we believe that it will lead the way for the online lending process in Australia. Lendi is founded by CEO, David Hyman and is supported by a high-quality management team who we know well and believe will continue to drive growth and value in the company. The company is planning on listing in late CY22 or CY23 and we believe this revaluation event will provide considerable upside to our investment.

BirdDog Australia Pty Ltd (**BirdDog**) is a global leader in networked Broadcast and Audio-Visual technology with their high quality, near/zero latency product gaining strong traction in the broadcast enterprise market globally. BirdDog's revenue has grown by more than 300% in the last 2 years and will achieve close to \$40 million in revenue in FY21. With strong and aligned management, the company recently undertook a pre-IPO capital raising in advance of an IPO at the end of CY21. With a broad market opportunity of ~\$24 billion across all its products, we expect strong growth in the coming 1-2 years as the product range increases and strong demand continues for its existing range of products. We also believe that market comparables like Audinate provide a good benchmark for BirdDog as it considers a listing. Prior to the capital raising, key Board and Management owned 80% of the company and are not planning to sell down material amounts of their holdings. We look forward to providing further updates on this investment in the coming quarters as the company heads toward an IPO.

► Fund activity, performance and outlook

The Fund has currently called 33% or \$0.60 per unit of the ~\$85m capital committed by unitholders, or one out of the anticipated three capital calls to be made. Based on current deal flow, we expect the second capital call will be made in September/October, however this is subject to change, and we will provide more guidance as we have more clarity.

Period	NTA per unit	Return (%)
3-month performance (net of fees) [^]	\$0.5930	-1.167%
Since inception (net of fees) ^{^*}	–	-1.167%

[^] Adjusted and inclusive for one capital call to date

^{*} Fund inception date 1 May 2021

Looking ahead

Whilst it is pleasing to have a couple of high-quality companies now in the portfolio, it is another thing to build out a portfolio. You will be aware that our targeted concentration for our funds is 15-20 companies and we had peak ownership in Fund I of thirteen companies. Knowing and understanding each investment intimately is a full-time job particularly when we sit on the Boards of a number of the companies we invest in. Therefore, as time goes by, we hope to be able to continue to find high quality companies that we can build conviction in and increase our overall percentage exposure.

From a deal flow perspective, we are seeing a consistent flow of growing companies across varying stages of their lifecycle looking for capital. We reviewed over thirty qualifying pre-IPO and expansion stage opportunities during the quarter and in addition to the two investments made, we have two current investment opportunities at different stages of due diligence. One is nearing completion as we send you this update and the other has a signed term sheet with due diligence underway. Both are high quality businesses growing at +20% per annum in areas of software and manufacturing that we can understand and explain. We look forward to providing an update on both in the coming quarter.

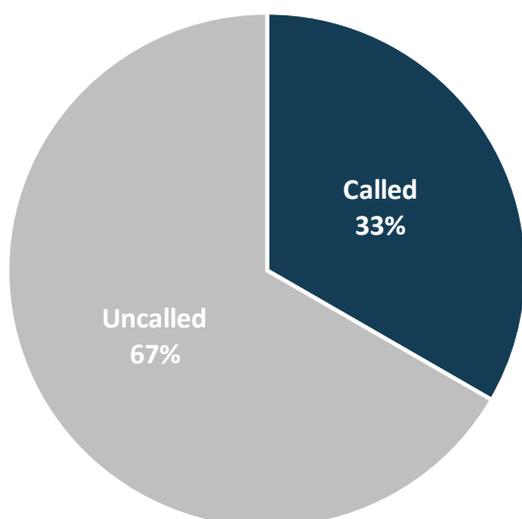
More broadly, the last 12 months has been one of the greatest reflation periods we are likely to ever see in our lifetimes and this has ensured almost all boats float (or stocks rise...). Artificially record low interest rates have driven record investment in global stockmarkets and this firstly supported the growth sector followed by the cyclical and value sectors. We continue to hear the “wall of worry” being of concern for investors as they consider record highs in the stockmarkets again, however, the numbers we are faced with paint a slightly different picture. From February last year (immediately prior to Covid-19), the ASX200 is only +2% as at June 30. Another fund pointed out to us that if you go right back to 2007, we are only 7.1% above the index level at that point and whilst I’m not sure this is the greatest bellwether of market performance, it is helpful context to understand how much the markets have moved (or not moved).

Investments

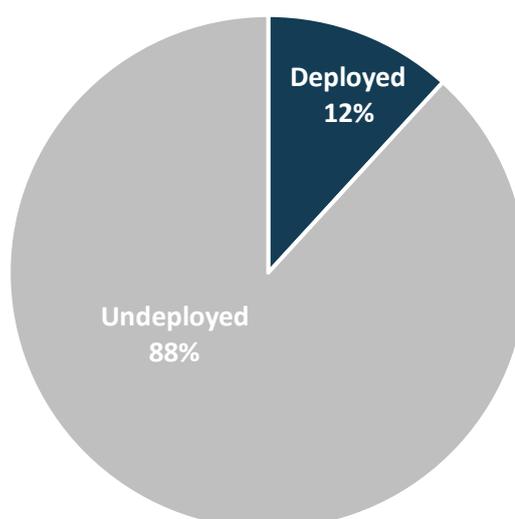
Investment	About the company
	<p>Lendi is Australia’s leading online lending platform and with the recent acquisition of Aussie Home Loans we believe the company is well positioned to increase market share and build a dominant business in the non-bank home loan lending sector.</p> <p>Update: No update at this stage. An update on company performance will be provided in the next quarterly.</p>
	<p>BirdDog is a leading provider of Broadcast and Audio-Visual technology with global reach and presence. With an increasing list of products and a growing customer base, both hardware and software sales should continue their strong growth in the coming 12-24 months.</p> <p>Update: No update at this stage. An update on company performance will be provided in the next quarterly.</p>

► Portfolio Characteristics

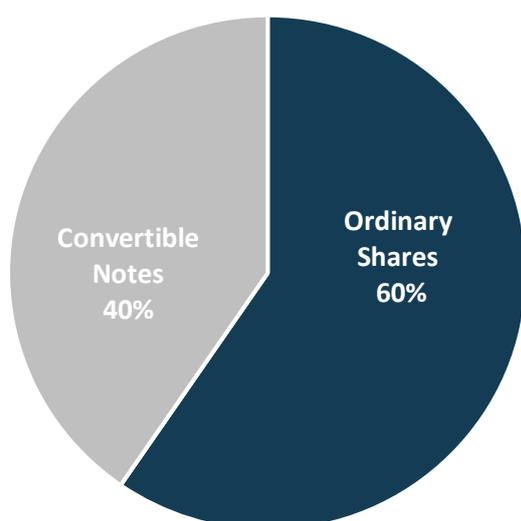
Called v Uncalled Capital



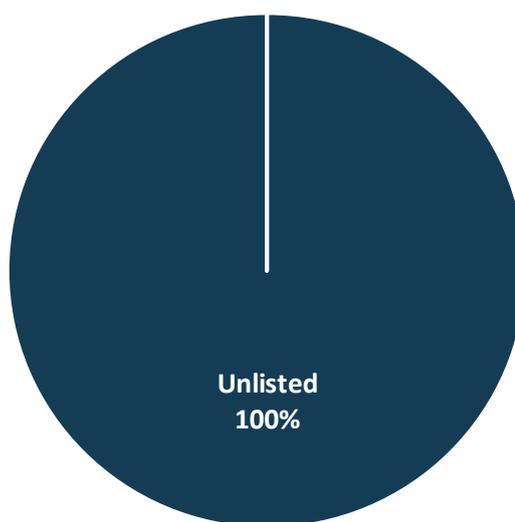
Deployed v Undeployed Capital



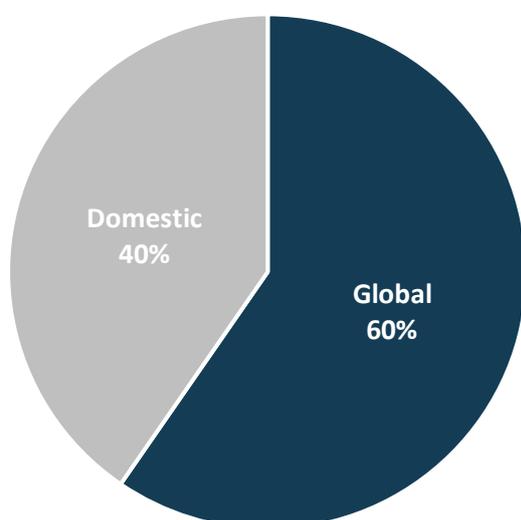
Security Structure (by Capital Deployed)



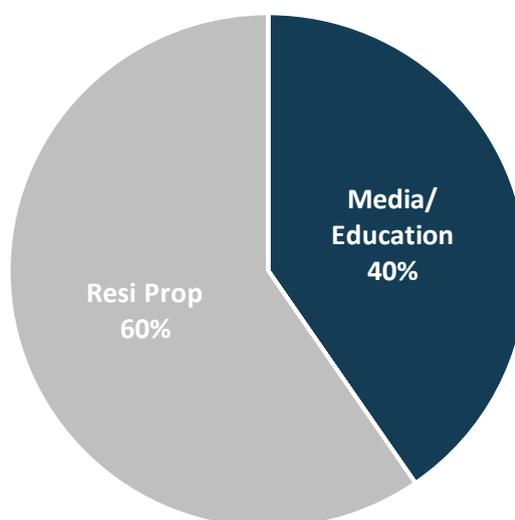
Listed v Unlisted (by Capital Deployed)



Business Footprint (by Capital Deployed)



Primary Business Sector (by Capital Deployed)



▶ About the Fund

The Fund is a wholesale unit trust which invests in unlisted and listed emerging companies and is managed by CVC ECF Managers Pty Ltd (ACN 644 213 221, CAR 1274 220).

▶ Fund details

Investment Vehicle

Unlisted wholesale unit trust.

Fund Term

Intended to be five years, with the option to extend for two consecutive one-year periods.

Fund Objective

The Fund's objective is to generate superior long term returns for Investors through investments in listed and unlisted growth and expansion stage companies:

Unlisted: Ordinary and preferred equity, convertible notes. Typically, 6 - 24 month timeframe to liquidity.

Listed: Pre-IPO investments, (potentially) held post-IPO for a period of time, micro/small cap IPOs and placements.

Investor Eligibility

Wholesale investors only.

Redemptions

Fund subject to lock-up period. All redemptions are at the sole discretion of the Trustee and Investment Manager. Transfers can be facilitated by the Trustee.

Distributions

The Trustee is expected to determine distributions semi-annually or more frequently subject to availability.

Portfolio Composition

Targeted portfolio composition of 15-20 companies. At the time of investment, a maximum weighting of 15% to any one investment.

Management Fee

1.75% p.a. on committed capital during Investment Period and on invested capital thereafter (plus GST and before accrued fees).

Performance Fee

20% p.a. (plus GST) subject to an 8.0% per annum cumulative (non-compounded) pre-tax preferred return.

Other Fees and Costs

Expense recovery for audit, legal, Trustee & custodian fees, administration, registry, tax and external investment due diligence advice.

Overall Expense Ratio capped at 2.50% (plus GST, excluding performance fees).

▶ Investment Team



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Important information

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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.

Auscred Ltd is trading as Lendi; BirdDog Australia Pty Ltd is trading as BirdDog.