



**CORDISH
DIXON**
PRIVATE EQUITY FUND II

Half-Year Financial Report

FOR THE HALF-YEAR ENDED
30 SEPTEMBER 2018

ARSN 162 057 089

RESPONSIBLE ENTITY

WALSH & COMPANY

INVESTMENTS LIMITED

Walsh & Company
Investments Limited
(ACN 152 367 649) (AFSL 410 433)

Cordish Dixon Private Equity Fund II

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30 September 2018

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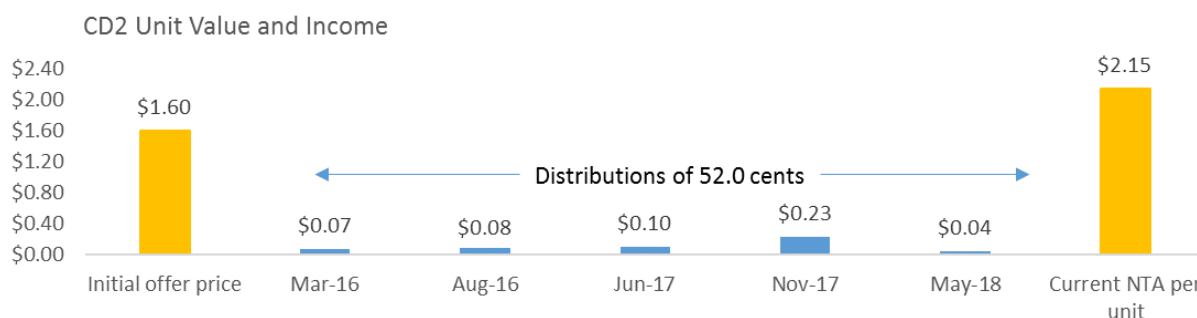
Cordish Dixon Private Equity Fund II
Report to unitholders
30 September 2018

Dear Unitholders,

We are very pleased to provide you with this report on the performance of the Cordish Dixon Private Equity Fund II (**Fund**) for the six-month period ended 30 September 2018 (**H1 FY19**).

The Fund performed well this half year, posting a net profit of \$12.7 million or 23.04 cents per Unit, compared with \$1.3 million or 2.29 cents per Unit for the corresponding period last year. The key component of this result was a \$12.2 million fair value movement gain in the Fund’s investment in the US Select Private Opportunities Fund II, L.P. (**LP**). The LP is the investment vehicle through which the Fund’s investments in the underlying US private investment funds are made and the Fund, as an investment entity, must recognise changes in the LP’s value. At 30 September 2018, the Fund had pre-tax net assets of \$122.0 million representing \$2.21 per Unit and post-tax net assets of \$118.9 million representing \$2.15 per Unit.

The Fund paid its fifth distribution of 4.0 cents per Unit on 1 June 2018. The distributions gained through your investment in the Fund are shown in the graphic below, which also indicates the value of your original investment and the net tangible asset per Unit as at the end of this six-month period. Total distributions paid to investors since inception of 52 cents per Unit represents a total distribution of 33% of the \$1.60 initial offer price.



The Fund’s investment objectives are to provide Unitholders with exposure to a portfolio of investments in small and mid-market private investment funds and privately held companies, predominantly focused in the United States (**US**), and capital growth over a five to ten-year investment horizon.

Through its investment in the LP, the Fund is fully committed across 12 highly attractive US private investment funds all focused on small-to-mid-market private investment opportunities, for a total consideration of US\$98.0 million.

At 30 September 2018, US\$81.4 million (or 85.6% of total funds committed) to the LP had been called. The Fund’s proportionate share of this is approximately US\$71.1 million (an 87.3% share).

During the period, the LP received 18 drawdown requests and 4 capital returns, for a total net position paid of US\$5.2 million. At 30 September 2018, net drawdown requests from underlying investments were approximately US\$74.5 million (or 76.0% of total commitments).

Underlying portfolio update

Blue Point Capital Partners III, L.P. (Blue Point) invested in FM Sylvan. FM Sylvan is a provider of industrial pipe installation and fabrication, millwright and rigging, electrical, boiler, and turbine contracting services. The Company provides full project support including design, planning, installation, and maintenance & repair services from strategically located facilities in Michigan, New Jersey, Tennessee and Ontario. FM Sylvan has been in operation for over 60 years, during which time it has built a reputation for providing best-in-class engineering, safety, and project execution services.

Blue Point Capital Partners invested in Spector & Co. Spector is a supplier of promotional products including writing instruments, journals, tech products, bags, and other related categories. The Company provides customised, branded

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products to a vast set of leading advertisers and brands, primarily through promotional product distributors who order Spector's products on a highly recurring basis for items such as gifts, new employee & customer appreciation packages and event handouts. Founded in 1950 and headquartered in Montreal, Spector has established a strong internal culture focused on product innovation, exceptional product quality, and outstanding customer service. This has made the Company one of the most respected suppliers in the market and resulted in a long history of growth.

Blue Point Capital Partners invested in Next Level. Next Level is a designer and supplier of premium quality casual apparel within the fashion basics industry. The Company was founded in 2003 and is headquartered in Gardena, California. Its products are marketed under the Next Level brand and sold blank, mainly as promotional products rather than through the retail channel. Next Level serves a diverse and fragmented decorator end market and differentiates itself by creating innovative and attractive fabric blends to complement its core product offerings, such as its leading category of tops – consisting of tees, tanks, hoodies, and jackets.

Chicago Pacific Founders Fund, L.P. (Chicago Pacific) made two distributions from its investment in Senior Living totalling \$165,858 to the LP.

Chicago Pacific invested further capital in Senior Living and P3 Health Group.

Chicago Pacific invested into a leading provider of ophthalmology services in the New York area. The Provider has over 40 ophthalmologists and over 20 locations, providing end-to-end ophthalmic service offering, spanning corneal ophthalmology and cataracts, through all major subspecialties.

DFW Capital Partners IV, L.P. (DFW) made distributions of \$1,022,432 from Sebela as a result of a partial sale of DFW's holding in the company and \$2,046,884 from the sale of Evolution Research Group.

DFW made an additional investment in Pediatric Therapy.

High Road Capital Partners Fund II, L.P. (High Road) invested additional capital in Midwest Wholesale Hardware and York Wallcoverings.

High Road invested in U.C. Coatings LLC (**UC Coatings**). UC Coatings was founded in 1971 and is the market leader in the manufacture and distribution of specialty coatings and related products focused on wood protection. Since its founding, the Company has expanded its product portfolio through both internal development and acquisitions to become the premier provider of protective coatings and sealants for the North American hardwood market.

Main Post Growth Capital, L.P. (Main Post) invested in Fortis Solutions Group, LLC. (**Fortis Solutions**). Fortis Solutions is a fast-growing company providing innovative labelling and packaging solutions for consumer-packaged goods. It is one of the country's largest label converters serving customers nationwide from its eight locations.

Main Post invested additional capital in Milk Makeup and Viva Chicken.

Main Post also invested in Nulo. Nulo is one of the fastest growing premium pet food brands in the US and an industry leader in pet nutrition and innovation.

NMS Fund II, L.P. (NMS) invested additional capital in Cordental and Omni.

NMS also distributed \$40,422 as a result of a dividend from its portfolio company Ettain.

RFE Investment Partners VIII, L.P. (RFE) returned \$157,449 of capital as a result of a distribution from the portfolio company Hastings Manufacturing.

RFE invested additional capital in EnsembleIQ and Squan.

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Staple Street Capital II, L.P. (Staple Street) invested in Dominion Voting Solutions. Based in Toronto, Canada, Dominion is a leading provider of election tabulation products primarily serving a variety of municipalities and governments in the US, Canada, and a number of emerging economies.

Tengram Capital Partners Gen2 Fund, L.P. (Tengram) had no material investment activity during the half year.

Tower Arch Partners I, L.P. (Tower Arch) invested additional capital in Future Infrastructure, Nexeo

Tower Arch distributed \$149,326 to the LP, related to tax distribution proceeds and a recapitalisation of portfolio company Nexeo.

Tower Arch also distributed \$115,086 to the LP, related to tax distribution proceeds from portfolio companies Future Infrastructure, KNS, and Enertech.

Trive Capital Fund I, L.P. (Trive) distributed \$542,952 to the LP as a result of distributions from portfolio companies Amteck and Merlin.

Trive also invested additional capital in Parfab.

U.S. Select Direct Private Equity (US), LP (US Direct) had no material investment activity during the half year.

I would like to thank Unitholders for their continued support as we look to further enhance Australian investors' exposure to small-to-mid-market US-based private investment firms.

Yours faithfully,



Alex MacLachlan

Chairman of Walsh & Company Investments Limited

29 November 2018

Cordish Dixon Private Equity Fund II
Directors' report
30 September 2018

The directors of Walsh & Company Investments Limited, the Responsible Entity of the Cordish Dixon Private Equity Fund II (**Fund**), present their report together with the condensed financial statements of the Fund for the half-year ended 30 September 2018.

Directors

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

- Alex MacLachlan
- Warwick Keneally
- Mike Adams (appointed 9 July 2018)
- Tristan O'Connell (resigned 9 July 2018)

Directors have been in office since the start of the half-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 half-year was investing in small-to-mid-market private investment funds and privately held companies with a predominate focus in the US. There were no significant changes in the nature of these activities.

Review and results of operations

The profit for the Fund after providing for income tax amounted to \$12,717,449 (30 September 2017: \$1,261,168).

The key components of this result included a \$12,183,037 fair value movement gain (2017: \$1,966,247 gain) on the Fund's investment in the US Select Private Opportunities Fund II, L.P. (**LP**) during the period and a foreign exchange gain of \$1,263,098 (2017: \$858,712 foreign exchange loss) associated with the strengthening of the USD against the AUD. As at 30 September 2018, the Fund had net assets of \$118,869,600 (31 March 2018: \$108,359,753), representing \$2.15 per unit (31 March 2018: \$1.96 per unit) and reflects a distribution of 4 cents per unit paid on 1 June 2018.

The Fund has invested in a limited partnership, which, in turn, invests in small-to-medium-sized private investment funds. The LP has committed capital across 12 underlying private investment funds which focus on a range of industries including consumer products, manufacturing and business services. For the half-year ended 30 September 2018, 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 half-year totalled US\$74.5 million.

The Fund has committed capital of US\$83.0 million, representing an interest of 87.3% in the LP. The Fund's proportionate share of the total capital called as at 30 September 2018 was US\$71.1 million (or \$98.4 million).

Distributions

Distributions paid during the financial half-year were as follows:

	30	30
	September	September
	2018	2017
	\$	\$
Distribution - 10 cents per unit paid on 14 June 2017	-	5,519,004
Distribution - 4 cents per unit paid on 1 June 2018	2,207,602	-
	<u>2,207,602</u>	<u>5,519,004</u>

Events subsequent to the reporting period

No matter or circumstance has arisen since 30 September 2018 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.

Cordish Dixon Private Equity Fund II
Directors' report
30 September 2018

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 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



Alex MacLachlan
Chairman of Walsh & Company Investments Limited, Responsible Entity

29 November 2018

The Board of Directors
Walsh and Company Investments Limited
as Responsible Entity for:
Cordish Dixon Private Equity Fund II
Level 15
100 Pacific Highway
NORTH SYDNEY NSW 2060

29 November 2018

Dear Board Members

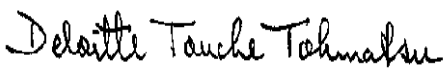
Cordish Dixon Private Equity Fund II

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 Cordish Dixon Private Equity Fund II.

As lead audit partner for the review of the financial statements of Cordish Dixon Private Equity Fund II for the financial half-year ended 30 September 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Weng W Ching
Partner
Chartered Accountants

Cordish Dixon Private Equity Fund II
Condensed statement of profit or loss and other comprehensive income
For the half-year ended 30 September 2018

	Note	30 September 2018 \$	30 September 2017 \$
Revenue			
Interest income		258,080	244,053
Foreign exchange gain/(loss)		1,263,098	(858,712)
Fair value movements of equity investments	3	<u>12,183,037</u>	<u>1,966,247</u>
Total revenue		<u>13,704,215</u>	<u>1,351,588</u>
Expenses			
Management and administration fees	7	(257,938)	(261,820)
Listing fees		(28,923)	(35,464)
Accounting and audit fees		(37,178)	(91,005)
Custody fees		(11,569)	(17,845)
Share registry fees		(16,199)	(16,173)
Legal and professional fees		(128,319)	(114,080)
Other expenses		<u>(3,002)</u>	<u>(19,463)</u>
Total expenses		<u>(483,128)</u>	<u>(555,850)</u>
Profit before income tax (expense)/benefit		13,221,087	795,738
Income tax (expense)/benefit		<u>(503,638)</u>	<u>465,430</u>
Profit after income tax (expense)/benefit for the half-year		12,717,449	1,261,168
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		<u>12,717,449</u>	<u>1,261,168</u>
		Cents	Cents
Basic earnings per unit		23.04	2.29
Diluted earnings per unit		23.04	2.29

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

Cordish Dixon Private Equity Fund II
Condensed statement of financial position
As at 30 September 2018

	Note	30 September 2018 \$	31 March 2018 \$
Assets			
Current assets			
Cash and cash equivalents		21,025,456	29,401,132
Receivables		461,086	435,257
Total current assets		<u>21,486,542</u>	<u>29,836,389</u>
Non-current assets			
Other financial assets	3	<u>100,977,694</u>	<u>81,459,554</u>
Total non-current assets		<u>100,977,694</u>	<u>81,459,554</u>
Total assets		<u>122,464,236</u>	<u>111,295,943</u>
Liabilities			
Current liabilities			
Trade and other payables		<u>441,682</u>	<u>477,515</u>
Total current liabilities		<u>441,682</u>	<u>477,515</u>
Non-current liabilities			
Deferred tax	4	<u>3,152,954</u>	<u>2,458,675</u>
Total non-current liabilities		<u>3,152,954</u>	<u>2,458,675</u>
Total liabilities		<u>3,594,636</u>	<u>2,936,190</u>
Net assets		<u>118,869,600</u>	<u>108,359,753</u>
Equity			
Unit capital	5	87,096,476	87,096,476
Retained earnings		<u>31,773,124</u>	<u>21,263,277</u>
Total equity		<u>118,869,600</u>	<u>108,359,753</u>

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

Cordish Dixon Private Equity Fund II
Condensed statement of changes in equity
For the half-year ended 30 September 2018

	Unit capital \$	Retained earnings \$	Total equity \$
Balance at 1 April 2017	87,096,476	28,111,353	115,207,829
Profit after income tax benefit for the half-year	-	1,261,168	1,261,168
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	1,261,168	1,261,168
<i>Transactions with unitholders in their capacity as unitholders:</i>			
Distributions paid (note 6)	-	(5,519,004)	(5,519,004)
Balance at 30 September 2017	<u>87,096,476</u>	<u>23,853,517</u>	<u>110,949,993</u>
	Unit capital \$	Retained earnings \$	Total equity \$
Balance at 1 April 2018	87,096,476	21,263,277	108,359,753
Profit after income tax expense for the half-year	-	12,717,449	12,717,449
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	12,717,449	12,717,449
<i>Transactions with unitholders in their capacity as unitholders:</i>			
Distributions paid (note 6)	-	(2,207,602)	(2,207,602)
Balance at 30 September 2018	<u>87,096,476</u>	<u>31,773,124</u>	<u>118,869,600</u>

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

Cordish Dixon Private Equity Fund II
Condensed statement of cash flows
For the half-year ended 30 September 2018

	30 September 2018 \$	30 September 2017 \$
Cash flows from operating activities		
Interest income received	266,654	236,716
Net payments to suppliers	<u>(552,379)</u>	<u>(620,372)</u>
Net cash used in operating activities	<u>(285,725)</u>	<u>(383,656)</u>
Cash flows from investing activities		
Payments for investments	(9,479,227)	-
Receipts from distributions	<u>2,144,124</u>	<u>5,719,475</u>
Net cash (used in)/from investing activities	<u>(7,335,103)</u>	<u>5,719,475</u>
Cash flows from financing activities		
Payment for distribution	<u>(2,208,587)</u>	<u>(5,518,719)</u>
Net cash used in financing activities	<u>(2,208,587)</u>	<u>(5,518,719)</u>
Net decrease in cash and cash equivalents	(9,829,415)	(182,900)
Cash and cash equivalents at the beginning of the financial half-year	29,401,132	40,517,044
Effects of exchange rate changes on cash and cash equivalents	<u>1,453,739</u>	<u>(918,621)</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>21,025,456</u></u>	<u><u>39,415,523</u></u>

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

Cordish Dixon Private Equity Fund II
Notes to the condensed financial statements
30 September 2018

1. General information

Cordish Dixon 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.

This half-year financial report is intended to provide users with an update on the latest financial statements of the Fund.

Basis of preparation

(i) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134: 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The condensed financial statements were authorised for issue by the directors on 29 November 2018.

(ii) Summary of significant accounting policies

The same accounting policies and methods of computation have been followed in this half-year financial report as were applied in the most recent annual financial statements.

The following new and revised Standards and Interpretations have been adopted in the current period and, where applicable, only affect disclosure and presentation in this financial report.

- AASB 9 'Financial Instruments' and the relevant amending standards
- AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards - Effective Date of AASB15', and AASB 2016-3 'Amendments to Australian Accounting Standards - Clarifications to AASB15'
- IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration

The adoption of the above standards had no material impact on the half-year financial statements.

(iii) 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 to note 3 (iv)), recognition of a deferred tax liability in respect of likely US tax obligations which will arise from underlying fund investment realisations (refer note 4), and selection of Australian dollars as the functional currency of the Fund.

Cordish Dixon Private Equity Fund II
Notes to the condensed financial statements
30 September 2018

2. Operating segment

The Fund operates a single reportable segment, that being the business of investing in small-to-mid-market private investments in the United States of America 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 condensed financial statements and notes to the condensed financial statements of the Fund.

3. Non-current assets - other financial assets

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

	30 September 2018 \$	31 March 2018 \$
US Select Private Opportunities Fund II, LP (LP)	<u>100,977,694</u>	<u>81,459,554</u>
	30 September 2018 \$	31 March 2018 \$
(ii) Reconciliation		
Balance at the beginning of the period	81,459,554	77,676,553
Capital invested - at cost	9,479,227	11,859,487
Movement in fair value through profit or loss*	12,183,037	11,371,470
Distributions received from LP	<u>(2,144,124)</u>	<u>(19,447,956)</u>
Balance at the end of the period	<u>100,977,694</u>	<u>81,459,554</u>

* Included in the 'movement in fair value' amount of \$12,183,037 (year ended 31 March 2018: \$11,371,470) is an unrealised foreign exchange translation gain component of \$5,428,037 (year ended 31 March 2018: \$309,049 loss). 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 \$1,115,777 (year ended 31 March 2018: \$2,145,763) (refer to note 7).

(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 30 September 2018 is represented by its proportionate interest in the LP's assets and liabilities as follows:

Cordish Dixon Private Equity Fund II
Notes to the condensed financial statements
30 September 2018

3. Non-current assets - other financial assets (continued)

	30	31 March
	September	2018
	2018	2018
	\$	\$
Cash	6,336,151	2,327,767
Investment in US private investment funds recorded at fair value	94,126,323	79,868,443
Other assets	515,220	22,733
Due to Main Post Growth Capital Fund	-	(759,389)
	<u>100,977,694</u>	<u>81,459,554</u>

(iv) Valuation

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 it (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 investment funds. The investment funds themselves invest typically in US unlisted equity investments, the fair values of which are determined periodically based on market valuation techniques, which may involve methods and unobservable inputs such as price/earnings analysis or discounted cash flow techniques.

The fair value of the Fund's interest in the LP is therefore ultimately based on the market valuation techniques adopted by the investment funds in the measurement of their underlying unlisted equity investments. The fair value is also subject to foreign exchange translation impacts arising from translating the USD denominated interest in the LP to AUD at each balance date.

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. The fair values assigned by the investment funds are based on a range of factors, including but not limited to the price at which the investments were acquired, the nature of the investments, private and public company comparables used to determine enterprise value, and other techniques using unobservable market inputs such as price/earnings multiples and discounted cash flow models. As such, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material. These 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. In addition, further investment valuation uncertainty arises as a result of 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 private investment funds. 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 to note 4).

Cordish Dixon Private Equity Fund II
Notes to the condensed financial statements
30 September 2018

3. Non-current assets - other financial assets (continued)

Inter-relationship between significant unobservable inputs and fair value measurement

The inter-relationship between the significant unobservable inputs and fair value measurements is such that the higher the growth rates or earnings multiples adopted by the investment funds, the higher the resultant fair value determination of the underlying equity investments, and therefore ultimately the higher the fair value of the Fund's investment in the LP. Since neither the Fund itself, nor the LP, has access to the underlying detailed equity investment valuations performed by the US investment funds, it is unable to assess the sensitivity of fair value determinations to changes in underlying unobservable inputs. However, at the Fund level, a 5% change (increase/decrease) in the carrying value of the LP's interest held in the underlying US investment funds would result in a \$4,706,316 impact (increase/decrease) in the carrying value of the Fund's investment in the LP. A 5% increase in the AUD/USD exchange rate would decrease the value of the Fund's investment in the LP by \$4,808,462. Conversely, a 5% decrease would increase the value of the Fund's investment by \$5,314,616. Refer to note 1(iii) for further details regarding investment risks and estimation uncertainty applied in the determination of the fair value of the underlying unlisted equity investments to which the Fund is exposed.

(v) Capital commitments

As at 30 September 2018, the Fund has made capital commitments totalling US\$83.0 million to the LP, of which US\$71.1 million has been called at balance date.

As at 30 September 2018, the Fund has uncalled capital commitments of US\$11.9 million (or \$16.5 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 half-year end exchange rate of 0.7224.

4. Non-current liabilities - deferred tax

	30	31 March
	September	2018
	2018	2018
	\$	\$
Deferred tax liability	<u>3,152,954</u>	<u>2,458,675</u>

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 certain underlying private equity investments. 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.

5. Equity - unit capital

	30	31 March	30	31 March
	September	2018	September	2018
	2018	2018	2018	2018
	Units	Units	\$	\$
Ordinary units - fully paid	<u>55,190,040</u>	<u>55,190,040</u>	<u>87,096,476</u>	<u>87,096,476</u>

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.

There were no movements in unit capital during the half-year and previous year.

Cordish Dixon Private Equity Fund II
Notes to the condensed financial statements
30 September 2018

6. Equity - distributions

Distributions paid during the financial half-year were as follows:

	30 September 2018 \$	30 September 2017 \$
Distribution - 10 cents per unit paid on 14 June 2017	-	5,519,004
Distribution - 4 cents per unit paid on 1 June 2018	2,207,602	-
	<u>2,207,602</u>	<u>5,519,004</u>

7. Related party disclosures

Directors

Alex MacLachlan, Warwick Keneally and Mike Adams are directors of the Responsible Entity, Walsh & Company Investments Limited, and are deemed to be key management personnel.

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.

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, the Responsible Entity charged management fees of 0.33% per annum (exclusive of GST) on the gross asset value of the Fund. This is comprised of the Responsible Entity Fee of 0.08% per annum and Administration Fee 0.25% per annum. Management fees are paid to the Responsible Entity quarterly in advance.

The total management fees paid to the Responsible Entity for the half-year ended 30 September 2018 was \$186,155 (2017: \$191,117), exclusive of GST. There were no outstanding management fees as at 30 September 2018 (2017: nil).

Fund administration fees

Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of Evans Dixon Limited, the parent of the Responsible Entity, provides 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 for the half-year ended 30 September 2018 were \$60,000 (2017: \$60,000), exclusive of GST.

Investment manager fees

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 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. The total fees paid or payable during the half-year ended 30 September 2018 amounted to \$1,278,095 (US\$950,950) (2017: \$1,234,703 (US\$950,950)). The Fund's 87.3% interest equates to \$1,115,777 (2017: \$1,077,895). This fee is recorded in the books of the LP.

Cordish Dixon Private Equity Fund II
Notes to the condensed financial statements
30 September 2018

7. Related party disclosures (continued)

US Select Direct Private Equity Fund (US), L.P.

At balance date, the Fund's share of the LP's investment in US Select Direct Private Equity Fund (US), L.P. was \$19,477,619 (US\$14,070,632) (31 March 2018: \$16,870,796 (US\$12,955,085)). 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 half-year ended 30 September 2018 amounted to \$54,015 (US\$40,189). The Fund's 87.3% interest equates to \$47,155 (US\$35,085).

8. 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 of 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
	\$	\$	\$	\$
30 September 2018				
<i>Financial assets carried at fair value</i>				
Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund II, LP	-	-	100,977,694	100,977,694
Total assets	-	-	100,977,694	100,977,694
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
31 March 2018				
<i>Financial assets carried at fair value</i>				
Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund II, LP	-	-	81,459,554	81,459,554
Total assets	-	-	81,459,554	81,459,554

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 period ended 30 September 2018.

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 3.

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.

9. Events after the reporting period

No matter or circumstance has arisen since 30 September 2018 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.

Cordish Dixon Private Equity Fund II
Directors' declaration
30 September 2018

In the opinion of the directors of the Responsible Entity:

- the financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with the Accounting Standards;
- the attached financial statements and notes give a true and fair view of the Fund's financial position as at 30 September 2018 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors of the Responsible Entity made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the directors



Alex MacLachlan
Chairman of Walsh & Company Investments Limited, Responsible Entity

29 November 2018

Independent Auditor's Review Report to the Unitholders of Cordish Dixon Private Equity Fund II

We have reviewed the accompanying half-year financial report of Cordish Dixon Private Equity Fund II ("the Fund"), which comprises the condensed statement of financial position as at 30 September 2018, and the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Responsible Entity of the Fund.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Cordish Dixon Private Equity Fund II's financial position as at 30 September 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cordish Dixon Private Equity Fund II, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Responsible Entity of the Fund, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cordish Dixon Private Equity Fund II is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Fund's financial position as at 30 September 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Weng W Ching
Partner
Chartered Accountants
Sydney, 29 November 2018

Cordish Dixon Private Equity Fund II
Corporate directory
30 September 2018

The Fund's units are quoted on the official list of Australian Securities Exchange (**ASX**).
The ASX code is **CD2**

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