



**CORDISH  
DIXON**  
PRIVATE EQUITY FUND IV

# Half-Year Financial Report

FOR THE PERIOD  
2 MARCH 2018 (DATE OF  
REGISTRATION) TO  
30 SEPTEMBER 2018

**ARSN** 624 474 531

**RESPONSIBLE ENTITY**

**WALSH & COMPANY**

INVESTMENTS LIMITED

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

## **Cordish Dixon Private Equity Fund IV**

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**30 September 2018**

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## **Cordish Dixon Private Equity Fund IV**

### **Report to unitholders**

**30 September 2018**

Dear Unitholders,

We are very pleased to provide you with this inaugural report on the performance of the Cordish Dixon Private Equity Fund IV (**Fund**) for the period ended 30 September 2018 (**H1 FY19**). As the Fund was launched in March of this year, this report is the first half year financial report of the Fund, but it covers a period that is slightly over than six months, that is from launch date of 13 March to 30 September 2018.

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.

Prior to summarising the financial performance of the Fund, it is helpful to recap the partly paid structure of your investment in the Fund and the deployment of those funds thus far. As you will recall, the issue price of Units in the Fund was \$1.60, to be paid in five instalments of 32 cents. This structure better matches the way in which private equity businesses invest funds, that is, as opportunities arise and are developed. Investors paid 32 cents on application for the Fund Units and during August 2018, investors were asked to pay the second 32 cents instalment. Accordingly, 64 cents or 40% of the \$1.60 issue price for each Fund Unit has been paid.

Following the Fund's successful capital raising and launch in March, the Fund committed US\$115 million to US Select Private Opportunities Fund IV, LP (**LP**). The Cordish Family has invested US\$15 million alongside the Fund in the LP. The LP is the investment vehicle through which the Fund's capital will be invested in the small and mid-market private investment funds and privately-held companies.

Of the US\$130 million committed by the Fund and the Cordish Family to the LP, US\$90 million or 69% has been committed to seven private equity funds based primarily in the United States. As drawdown requests are made by these underlying private equity funds, the LP calls on the Fund to provide the committed funds. To the end of September 2018, the LP had received 11 drawdown requests for a total amount of US\$24.6 million (or 27.3% of total commitments). To meet these drawdowns, the LP has called US\$30.5 million (or approximately 23.5%) of the Fund's commitment to the LP.

The financial results from the Fund reflect this preliminary stage of the Fund. In this first financial period, the Fund posted a net gain of \$0.7 million or 1.0 cent per Unit. The key component of this result was a \$0.2 million fair value movement gain on the Fund's investment in the LP and a \$0.6 million foreign exchange movement gain. As an investment entity, the Fund must recognise changes in the LP's value. At 30 September 2018, the Fund had net assets of \$70.2 million representing \$0.59 per Unit.

**Astra Partners I, L.P. (Astra)** had one portfolio company at the time of commitment. Astra invested in LOGIX, a fibre-based network infrastructure and service provider serving the mid-enterprise market in Texas.

**Elephant Partners II, L.P. (Elephant II)** had no material investment activity during the half year.

**Trivest Fund VI, L.P. (Trivest VI)** had no material investment activity during the half year.

**US Select Direct Private Equity II, LP (US Direct II)** 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.
- **Rimini Street:** Rimini Street is a leading provider of third-party software support services for enterprise resource products, including back office software such as database management, supply chain management, and financial management applications. Rimini primarily supports Oracle and SAP products.

**Cordish Dixon Private Equity Fund IV**  
**Report to unitholders**  
**30 September 2018**

- Integrated Energy Solutions (**iES**): iES is a technology enabled provider of demand response solutions to more than 160 commercial office buildings.
- Jet Linx: Based in Omaha, Nebraska, Jet Linx operates a private jet card membership program and the third largest managed fleet of private aircraft in the United States.
- SpinCar: Founded in 2011, SpinCar provides software products for digital retailing and merchandising and digital marketing services for traditional auto dealerships.
- Nosara GP, LLC (**Nosara**): Nosara is a London and New York based, newly formed early growth equity manager that is currently raising its inaugural fund.

**Gainline Equity Fund, L.P. (Gainline)** The LP committed \$10 million to Gainline Equity Fund, L.P. Gainline is a private equity investment primarily in the lower middle-market as a value-oriented control investor which seeks to acquire fundamentally sound businesses at attractive valuations. Gainline focuses on businesses that would benefit from the firm's expertise and hands-on approach to driving value creation. At the time of investment, Gainline had two portfolio companies, Southern Motion and Integrated Energy Solutions (**iES**). Southern motion is a designer, manufacturer, and marketer of upholstered motion furniture for the residential furniture industry. iES is a technology enabled provider of demand response solutions to more than 160 commercial office buildings. US Direct II also co-invested in iES (see above).

**Nosara Capital Fund I, L.P. (Nosara)** The LP committed \$10 million to Nosara Capital Fund I, L.P. Nosara is a London and New York based early growth equity manager. Nosara focuses on early growth stage digital marketplace businesses that are at an inflection point where Nosara can use its data-driven and hands-on approach to professionalise the business and assist in further scaling operations. US Direct II also invested in Nosara Capital Management, the investment manager of Nosara Capital Fund I, L.P.

**Quad Partners V, L.P. (Quad)** The LP committed \$7.5 million to Quad Partners V, L.P. Quad is a private equity firm that was formed over 18 years ago to focus on investing in and building education companies. Quad focuses on schools and tech-enabled products and services across the age spectrum (preschool, K-12, higher education, and adult education). At the time of commitment, Quad had one portfolio company, Cayuse. Cayuse operates in the electronic research administration and grant management space. The business' SaaS product suite helps to facilitate and manage the grant proposal construction, submission, and monitoring processes, as well as provides guidance win respect of required compliance hurdles.

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 IV**  
**Directors' report**  
**30 September 2018**

The directors of Walsh & Company Investments Limited, the Responsible Entity of the Cordish Dixon Private Equity Fund IV (**Fund**), present their report together with the condensed financial statements of the Fund for the period from 2 March 2018 (date of registration) to 30 September 2018.

**Directors**

The directors of the Responsible Entity at any time during or since the end of the financial period 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 financial period to the date of this report unless otherwise stated.

**ASIC Relief**

Walsh & Company Investments Limited, as Responsible Entity of Cordish Dixon Private Equity Fund IV, has been granted relief from the requirement to comply with subsection 323D(5) of the *Corporations Act 2001 (Act)* in respect of the first half-year of the Fund, the effect of which is to treat the period from 2 March 2018 to 30 September 2018 as the first half-year. ASIC granted relief by an order under section 340(1) of the Act on 3 October 2018.

**Principal activities and significant changes in nature of activities**

The principal activity of the Fund during the period was investing in small-to-mid-market private investment funds and privately held companies with a predominate focus in the US.

**Review and results of operations**

The profit for the Fund after providing for income tax amounted to \$720,626.

The key components of this result included a \$194,610 fair value movement gain incurred on the Fund's investment in the LP and a \$556,950 foreign exchange movement gain during the period. As at 30 September 2018, the Fund had net assets of \$70,162,831, representing \$0.59 per unit. To date, the Responsible Entity has called \$0.64 per partly paid unit from the Australian investors.

The Fund has invested in a limited partnership, US Select Private Opportunities Fund IV, L.P. (**LP**) which, in turn, invests in small-to-medium-sized private investment funds. Since inception, the LP has committed US\$90 million of capital across 7 underlying private investment funds which focus on a range of industries including health care, business services, software businesses, and food and consumer products. 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 period totalled US\$24.6 million.

The Fund has made total capital commitments of US\$115 million, representing an interest of 88.4% in the LP. The Fund's proportionate share of the total capital called as at 30 September 2018 was US\$27 million (or \$37.3 million).

**Distributions**

There were no distributions paid, recommended or declared during the current financial period.

**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.

**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.

**Cordish Dixon Private Equity Fund IV**  
**Directors' report**  
**30 September 2018**

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



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

29 November 2018

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

29 November 2018

Dear Board Members

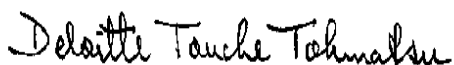
### **Cordish Dixon Private Equity Fund IV**

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 IV.

As lead audit partner for the review of the financial statements of Cordish Dixon Private Equity Fund IV for the financial period 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 IV**  
**Condensed statement of profit or loss and other comprehensive income**  
**For the period ended 30 September 2018**

	Note	30 September 2018 \$
<b>Revenue</b>		
Interest income		177,006
Foreign exchange gain		556,950
Fair value movements of equity investments	3	<u>194,610</u>
Total revenue		<u>928,566</u>
<b>Expenses</b>		
Management and administration fees	6	(94,982)
Accounting and audit fees		(15,412)
Custody fees		(3,623)
Share registry fees		(6,757)
Legal and professional fees		(84,919)
Other expenses		<u>(2,247)</u>
Total expenses		<u>(207,940)</u>
<b>Profit before income tax expense</b>		720,626
Income tax expense		<u>-</u>
<b>Profit after income tax expense for the period</b>		720,626
Other comprehensive income for the period, net of tax		<u>-</u>
<b>Total comprehensive income for the period</b>		<u><u>720,626</u></u>
		<b>Cents</b>
Basic earnings per unit		0.73
Diluted earnings per unit		0.73

*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 IV**  
**Condensed statement of financial position**  
**As at 30 September 2018**

	Note	30 September 2018 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents		33,518,238
Receivables		<u>63,373</u>
Total current assets		<u>33,581,611</u>
<b>Non-current assets</b>		
Other financial assets	3	<u>36,638,681</u>
Total non-current assets		<u>36,638,681</u>
<b>Total assets</b>		<u>70,220,292</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables		<u>57,461</u>
Total current liabilities		<u>57,461</u>
<b>Total liabilities</b>		<u>57,461</u>
<b>Net assets</b>		<u>70,162,831</u>
<b>Equity</b>		
Unit capital	4	69,442,205
Retained profits		<u>720,626</u>
<b>Total equity</b>		<u>70,162,831</u>

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

**Cordish Dixon Private Equity Fund IV**  
**Condensed statement of changes in equity**  
**For the period ended 30 September 2018**

	<b>Unit capital \$</b>	<b>Retained earnings \$</b>	<b>Total equity \$</b>
Balance at 2 March 2018	-	-	-
Profit after income tax expense for the period	-	720,626	720,626
Other comprehensive income for the period, net of tax	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	720,626	720,626
Issued capital (note 4)	72,367,464	-	72,367,464
Issue costs (note 4)	(2,925,259)	-	(2,925,259)
	<hr/>	<hr/>	<hr/>
Balance at 30 September 2018	<u>69,442,205</u>	<u>720,626</u>	<u>70,162,831</u>

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

**Cordish Dixon Private Equity Fund IV**  
**Condensed statement of cash flows**  
**For the period ended 30 September 2018**

	<b>Note</b>	<b>30 September 2018 \$</b>
<b>Cash flows from operating activities</b>		
Interest income received		122,065
Net payments to suppliers		<u>(158,911)</u>
Net cash used in operating activities		<u>(36,846)</u>
<b>Cash flows from investing activities</b>		
Payment for investments		<u>(36,482,652)</u>
Net cash used in investing activities		<u>(36,482,652)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of units	4	72,367,464
Payment of issue costs	4	<u>(2,925,259)</u>
Net cash from financing activities		<u>69,442,205</u>
Net increase in cash and cash equivalents		32,922,707
Cash and cash equivalents at the beginning of the financial period		-
Effects of exchange rate changes on cash and cash equivalents		<u>595,531</u>
Cash and cash equivalents at the end of the financial period		<u><u>33,518,238</u></u>

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

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

**1. General information**

Cordish Dixon Private Equity Fund IV (**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 IV, L.P. (**LP**) registered in the Cayman Islands.

The Fund was registered on 2 March 2018. Accordingly, the condensed financial statements cover the interim half year reporting period from the date of the Fund's registration to 30 September 2018. It is recommended that this half year financial report be read in conjunction with any public announcements made by the Fund during the period.

(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 condensed financial statements were authorised for issue by the board of directors of the Responsible Entity of the Fund on 29 November 2018.

(ii) Basis of preparation

The condensed 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.

(iii) Summary of significant accounting policies

The half year report does not include notes of the type normally included in an annual financial report. The following is a summary of the material accounting policies adopted by the Fund in the preparation and presentation of the half-year financial report.

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. 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated. Exchange differences arising on translation are recognised in profit or loss in the period in which they arise.

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

**1. General information (continued)**

*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.

The Fund adopted "AASB 9 – Financial Instruments (December 2014)". AASB 9 includes requirements for the classification and measurement of financial assets and financial liabilities.

(a) Financial assets

When financial assets are recognised initially, they are measured at fair value plus, in the case of financial assets not at fair value through profit and loss, directly attributable transaction costs.

Financial assets are subsequently measured at amortised cost using the effective interest rate method only if the following conditions are met, otherwise they are measured at fair value:

- Where a financial asset is held within a business model for the objective to collect contractual cash flows; and
- Contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The interest held by the Fund in the Limited Partnership will not meet the conditions to satisfy subsequent measurement at amortised cost, and will therefore be measured on an ongoing basis at fair value.

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

(b) Financial liabilities

Financial liabilities are classified as derivative and non-derivative instruments as appropriate. The Fund determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value. Non derivative instruments are subsequently measured at amortised cost using the effective interest rate method.

(c) 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.

*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 interest in the Limited Partnership held by the Fund is valued using a 'proportionate' value method based on the proportion of the total net asset value (determined on a fair value basis) of the limited partnership in which the Fund has an interest at each balance date. The fair value will be net of distribution receipts from the Limited Partnership.

*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 changes in value.

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

**1. General information (continued)**

*Tax*

(a) Income tax

Under current Australian income tax laws, the Fund is not liable to pay income tax provided it is not a public trading trust and its distributable income for each income year is fully distributed to unitholders, 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 will likely be payable in the US on realisation of such investments.

(b) Goods and Services Tax (GST)

Cash flows are presented in the Statement of Cashflows on a gross basis. Revenues, expenses and assets are recognised net of the amount of GST, except to the extent the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the unrecoverable 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. The Fund is expected to qualify for reduced input tax credits at a minimum rate of 55%.

*Impairment of assets*

The Directors of the Responsible Entity assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, an estimate is made of the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount through profit and loss.

*Revenue recognition*

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. All revenue is stated net of the amount of goods and services tax (GST).

(a) Interest income

Interest income is recognised in profit or loss using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*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.

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

**1. General information (continued)**

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, and selection of Australian dollars as the functional currency of the Fund.

**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:

	<b>30 September 2018 \$</b>
US Select Private Opportunities IV, LP (LP)	<u>36,638,681</u>
	<b>30 September 2018 \$</b>
(ii) Reconciliation	
Balance at the beginning of the period	
Capital invested - at cost	36,444,071
Movement in fair value through profit or loss*	<u>194,610</u>
Balance at the end of the period	<u>36,638,681</u>

\* Included in the 'movement in fair value' amount of \$194,610 is an unrealised foreign exchange translation gain component of \$884,067. This amount is also net of the Fund's 88.4% share of management fees paid by the LP to the General Partner of the LP, totalling \$94,152 (refer to note 6).

(iii) Fund's interest in assets and liabilities of LP

The 88.4% 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.

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

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

The Fund's 88.4% interest in US Select Private Opportunities Fund IV, L.P. at 30 September 2018 is represented by its proportionate interest in the LP's assets and liabilities as follows:

	<b>30 September 2018 \$</b>
Cash	5,923,068
Investment in US private investment funds recorded at fair value	30,148,681
Prepaid Investment management fees	<u>566,932</u>
Net assets	<u><u>36,638,681</u></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 88.4% 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.



**Cordish Dixon Private Equity Fund IV**  
**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 \$1,507,434 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 \$1,744,698. Conversely, a 5% decrease would increase the value of the Fund's investment by \$1,928,353. 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\$115.0 million to the LP, of which US\$27.0 million has been called at balance date.

As at 30 September 2018, the Fund has uncalled capital commitments of US\$88.0 million (or \$121.8 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. Equity - unit capital**

	<b>30 September 2018</b>	
	<b>Units</b>	<b>\$</b>
Ordinary units - partly paid	<u>117,939,153</u>	<u>69,442,205</u>

*Movements in ordinary unit capital*

<b>Details</b>	<b>Date</b>	<b>Units</b>	<b>\$</b>
Balance	2 March 2018	-	-
Partly paid ordinary units	6 April 2018	117,939,153	72,367,464
Issue costs		-	<u>(2,925,259)</u>
Balance	30 September 2018	<u>117,939,153</u>	<u>69,442,205</u>

*Ordinary units - partly paid*

Ordinary units are issued on a partly paid basis, up to a fully paid amount of \$1.60 per unit. The partly paid ordinary units are called on in accordance with the Constitution and as required by the Responsible Entity of the Fund. Partly paid ordinary units carry the same rights and entitlements on a fractional basis, as fully paid ordinary units, with such fractions being the equivalent to the proportion which the amount paid is of the fully paid amount of the units.

117,939,153 ordinary units were issued on 6 April 2018. The first instalment of \$0.32 per partly paid unit was called on 6 April 2018. The second instalment of \$0.32 per partly paid unit was called on 6 August 2018.

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

**5. Equity - distributions**

There were no distributions paid, recommended or declared during the current financial period.

**6. 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, plus uncalled amounts on the Units. This is comprised of the Responsible Entity Fee of 0.08% per annum and Administration Fee 0.25% per annum. However, the Responsible Entity has agreed to charge 0.33% per annum (exclusive of GST) on the gross asset value of the Fund for the first 12 months. Following this 12 month period, the Responsible Entity fee will revert back to 0.33% of the gross asset value of the Fund, plus uncalled amounts on the Units. Management fees are paid to the Responsible Entity monthly in advance.

The total management fees paid to the Responsible Entity for the half-year ended 30 September 2018 was \$61,971, exclusive of GST. There were no outstanding management fees as at 30 September 2018.

*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 \$30,000, exclusive of GST.

*Investment manager fees*

US Select Private Opportunities Fund IV, L.P. (LP), in which the Fund holds an 88.4% interest, is required to pay its Investment Manager, US Select Private Opportunities Fund IV, 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 1% per annum of the total funds committed by the partners to the LP. However, the GP has agreed to charge 1.0% of the capital called by the LP for the first 12 months. Following this 12 month period, the Investment Manager fee will revert back to 1.0% of the total capital committed. The fee is payable quarterly in advance from the funds of the LP. The total fees paid or payable during the half-year ended to 30 September 2018 amounted to \$106,507 (US\$79,246). The Fund's 88.4% interest equates to \$94,152. In addition, prepaid expenses to the GP totalling \$566,932 remain outstanding at balance date. This fee is recorded in the books of the LP.

*US Select Direct Private Equity II, L.P.*

At balance date, the Fund's share of the LP's investment in US Select Direct Private Equity II, L.P. was \$19,534,638 (US\$14,111,822). The General Partner of this investment is associated with the Responsible Entity of the Fund.

*Issue costs*

The Responsible Entity is entitled to receive a structuring fee of 1.5% (exclusive of GST) on the gross proceeds raised under the Product Disclosure Statement dated 13 March 2018. Total issue costs received by the Responsible Entity for the half-year ended 30 September 2018 was \$2,830,540 exclusive of GST.

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

**7. 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
	\$	\$	\$	\$
<b>30 September 2018</b>				
<i>Financial assets carried at fair value</i>				
Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund IV, LP	-	-	36,638,681	36,638,681
Total assets	-	-	36,638,681	36,638,681

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.

**8. 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 IV**  
**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 period 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



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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 IV**

We have reviewed the accompanying half-year financial report of Cordish Dixon Private Equity Fund IV ("the Fund"), which comprises the condensed statement of financial position as at 30 September 2018, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the period 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 IV'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 IV, 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 IV 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 period 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 IV**

### **Directory**

**30 September 2018**

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Mike Adams

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