



**CORDISH
DIXON**
PRIVATE EQUITY FUND II

Half-Year Financial Report

FOR THE HALF-YEAR ENDED
30 SEPTEMBER 2019

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

Contents

30 September 2019

Report to unitholders	2
Directors' report	5
Auditor's independence declaration	7
Condensed statement of profit or loss and other comprehensive income	8
Condensed statement of financial position	9
Condensed statement of changes in equity	10
Condensed statement of cash flows	11
Notes to the condensed financial statements	12
Directors' declaration	19
Independent auditor's review report to the unitholders of Cordish Dixon Private Equity Fund II	20
Directory	22

Cordish Dixon Private Equity Fund II
Report to unitholders
30 September 2019

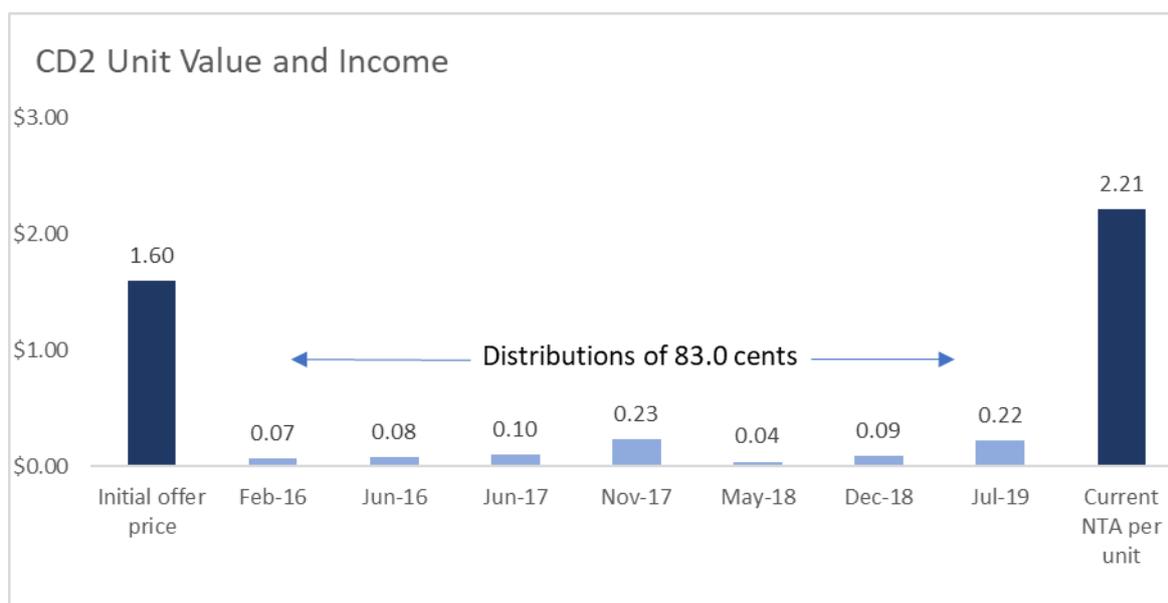
Dear Unitholders,

We present to you this report on the performance of the Cordish Dixon Private Equity Fund II (**Fund**) for the six-month period ended 30 September 2019.

The Fund performed well this half year, posting a net profit of \$8.1 million or 14.74 cents per Unit, compared with \$12.7 million or 23.04 cents per Unit for the corresponding period last year. The key component of this result was a \$9.0 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 2019, the Fund had pre-tax net assets of \$131.0 million representing \$2.37 per Unit and post-tax net assets of \$121.7 million, representing \$2.21 per Unit.

For the six-month period ended 30 September 2019, based on the post-tax net asset value, the Fund generated total returns of 10.0%. On the same basis, the Fund has generated total returns of 13.0% p.a. since inception. Total return is inclusive of distributions.

The Fund paid its seventh distribution since inception, being 22.0 cents per Unit, on 14 August 2019. The distributions paid since inception are shown in the graphic below, which also indicates the value of the 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 83 cents per Unit represents a total distribution of 52% 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-to-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 2019, US\$81.4 million (or 85.6% of total funds committed) had been called by the LP. The Fund’s proportionate share of this is approximately US\$71.1 million (an 87.3% share).

During the period, the LP received 27 drawdown requests and four capital returns, for a total net position paid of US\$4.3 million. At 30 September 2019, net drawdown requests from underlying investments were approximately US\$82.6 million (or 84.3% of total commitments).

Cordish Dixon Private Equity Fund II
Report to unitholders
30 September 2019

Post balance sheet item - Potential sale of Fund assets

On 15 October 2019 the Responsible Entity of the Fund announced that the Fund had entered into a sale agreement to sell the US based Limited Partnership, US Select Private Opportunities Fund II, L.P to an entity controlled by White Horse Liquidity Partners, a Canadian private equity firm after conducting a competitive sales process. The proposed sale was undertaken in response to feedback from investors seeking liquidity options and in response to the discount to net asset value at which the Fund has been trading.

The sale was subject to Unitholder approval at a General Meeting, held on 26 November 2019, and was conditional on US Select Private Opportunities Fund, L.P, held by the initial Fund in the series, being sold simultaneously.

At the respective general meetings, the majority of Unitholders voted against the proposed sales. Consequently, the proposed sales did not proceed.

The Fund will continue to operate in line with its investment strategy. The Fund remains in the harvest phase and the gradual realisation process will continue as the value of the underlying investments in the Fund's portfolio are realised.

Underlying portfolio update

Main Post Growth Capital, L.P. (Main Post) sold portfolio company Arch Global Precision in the second quarter, resulting in a US\$878,810 distribution.

Main Post also invested in The Happy Planner. The Happy Planner is a fast-growing, creative lifestyle brand. The Company was founded over 20 years ago and produces a variety of customizable planners and creative planning systems.

DFW Capital Partners IV, L.P. (DFW) sold portfolio company Superior Group in the second quarter, resulting in a US\$1,387,500 distribution.

Tengram Capital Partners Gen2 Fund, L.P. (Tengram) sold portfolio company ThisWorks in the second quarter, resulting in a US\$1,283,018 distribution.

Trive Capital Fund I, L.P. (Trive) sold portfolio company Valence, resulting in a \$8,904,404 distribution.

Blue Point Capital Partners III, L.P. (Blue Point) sold portfolio company Hilsinger, resulting in a \$994,848 distribution.

NMS Fund II, L.P. (NMS) sold portfolio company Ettain, resulting in a \$1,648,318 distribution.

US Select Direct Private Equity, L.P. (US Select) sold portfolio company Ettain, resulting in a \$2,996,997 distribution.

Chicago Pacific Founders Fund, L.P. (Chicago Pacific) had no material investment activity during the half year.

High Road Capital Partners Fund II, L.P. (High Road) had no material investment activity during the half year.

RFE Investment Partners VIII, L.P. (RFE) had no material investment activity during the half year.

Staple Street Capital II, L.P. (Staple Street) Invested in Precise Metal Products, a leading manufacturer of mission-critical metal assemblies for aerospace and defence end markets. Staple Street also invested in Ivy Technology, a leading provider of aftermarket lifecycle solutions for electronic equipment, and Larkspur Storage, which builds, acquires, and operates Class-A Self Storage facilities across North America.

Cordish Dixon Private Equity Fund II
Report to unitholders
30 September 2019

Tower Arch Partners I, L.P. (Tower Arch) 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,

A handwritten signature in black ink, appearing to read 'AM', written in a cursive style.

Alex MacLachlan

Chairman of Walsh & Company Investments Limited

28 November 2019

Cordish Dixon Private Equity Fund II
Directors' report
30 September 2019

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 2019.

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

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-medium-sized 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 \$8,137,246 (30 September 2018: \$12,717,449).

The key components of this result included a \$9,075,841 fair value movement gain (2018: \$12,183,037 gain) on the Fund's investment in the US Select Private Opportunities Fund II, L.P. (**LP**) and a foreign exchange gain of \$506,604 (2018: \$1,263,098) during the period. As at 30 September 2019, the Fund had net assets of \$121,742,008 (31 March 2019: \$125,746,571), representing \$2.21 per unit (31 March 2019: \$2.28 per unit) and reflects a distribution of 22 cents per unit paid on 14 August 2019.

The Fund has invested in a limited partnership, which, in turn, invests in small-to-medium-sized private investment funds and companies. 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 2019, 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\$82.6 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 2019 was US\$71.1 million (or \$105.3 million).

Distributions

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

	30 September 2019 \$	30 September 2018 \$
Distribution - 4 cents per unit paid on 1 June 2018	-	2,207,602
Distribution - 22 cents per unit paid on 14 August 2019	12,141,809	-
	<u>12,141,809</u>	<u>2,207,602</u>

Events subsequent to the reporting period

As a result of exploring liquidity events for Unitholders, on 15 October 2019, the Responsible Entity announced it had entered into a sale agreement to sell, subject to Unitholder approval, the Fund's interest in US Select Private Opportunities Fund II, L.P (**LP**) to an entity controlled by Whitehorse Liquidity Partners, Inc (**Whitehorse**), a Canadian based private equity firm. Unitholder approval was sought in a general meeting on 26 November 2019, at which the majority of Unitholders voted against the proposed sale. Consequently, the proposed sale did not proceed.

Cordish Dixon Private Equity Fund II
Directors' report
30 September 2019

No other matter or circumstance has arisen since 30 September 2019 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.

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

28 November 2019

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

28 November 2019

Dear Board Members

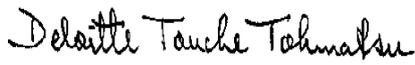
Cordish Dixon Private Equity Fund II

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 2019, 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 2019

	Note	30 September 2019 \$	30 September 2018 \$
Investment income			
Interest income		242,611	258,080
Foreign exchange gain		506,604	1,263,098
Fair value movements of equity investments	3	<u>9,075,841</u>	<u>12,183,037</u>
Total investment income		<u>9,825,056</u>	<u>13,704,215</u>
Expenses			
Management and administration fees	7	(288,058)	(257,938)
Listing fees		(30,229)	(28,923)
Custody fees	7	(10,250)	(11,569)
Registry fees		(18,374)	(16,199)
Legal and professional fees		(208,267)	(165,497)
Other expenses		<u>(1,697)</u>	<u>(3,002)</u>
Total expenses		<u>(556,875)</u>	<u>(483,128)</u>
Profit before income tax expense		9,268,181	13,221,087
Income tax expense		<u>(1,130,935)</u>	<u>(503,638)</u>
Profit after income tax expense for the half-year		8,137,246	12,717,449
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year		<u>8,137,246</u>	<u>12,717,449</u>
		Cents	Cents
Basic earnings per unit		14.74	23.04
Diluted earnings per unit		14.74	23.04

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 2019

	Note	30 September 2019 \$	31 March 2019 \$
Assets			
Current assets			
Cash and cash equivalents		21,716,670	20,797,413
Receivables		561,588	541,855
Total current assets		<u>22,278,258</u>	<u>21,339,268</u>
Non-current assets			
Other financial assets	3	<u>109,238,133</u>	<u>112,668,070</u>
Total non-current assets		<u>109,238,133</u>	<u>112,668,070</u>
Total assets		<u>131,516,391</u>	<u>134,007,338</u>
Liabilities			
Current liabilities			
Trade and other payables		522,627	452,010
Current tax payable		3,468,563	-
Total current liabilities		<u>3,991,190</u>	<u>452,010</u>
Non-current liabilities			
Deferred tax	4	<u>5,783,193</u>	<u>7,808,757</u>
Total non-current liabilities		<u>5,783,193</u>	<u>7,808,757</u>
Total liabilities		<u>9,774,383</u>	<u>8,260,767</u>
Net assets		<u>121,742,008</u>	<u>125,746,571</u>
Equity			
Unit capital	5	87,096,476	87,096,476
Retained earnings		<u>34,645,532</u>	<u>38,650,095</u>
Total equity		<u>121,742,008</u>	<u>125,746,571</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 2019

	Unit capital	Retained	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>
	Unit capital	Retained	Total equity
	\$	\$	\$
Balance at 1 April 2019	87,096,476	38,650,095	125,746,571
Profit after income tax expense for the half-year	-	8,137,246	8,137,246
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	8,137,246	8,137,246
<i>Transactions with unitholders in their capacity as unitholders:</i>			
Distributions paid (note 6)	-	(12,141,809)	(12,141,809)
Balance at 30 September 2019	<u>87,096,476</u>	<u>34,645,532</u>	<u>121,742,008</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 2019

	30 September 2019 \$	30 September 2018 \$
Cash flows from operating activities		
Interest income received	252,513	266,654
Net payments to suppliers	<u>(512,667)</u>	<u>(552,379)</u>
Net cash used in operating activities	<u>(260,154)</u>	<u>(285,725)</u>
Cash flows from investing activities		
Payments for investments	-	(9,479,227)
Receipts from distributions	<u>12,478,881</u>	<u>2,144,124</u>
Net cash from/(used in) investing activities	<u>12,478,881</u>	<u>(7,335,103)</u>
Cash flows from financing activities		
Payment for distribution	<u>(12,141,809)</u>	<u>(2,208,587)</u>
Net cash used in financing activities	<u>(12,141,809)</u>	<u>(2,208,587)</u>
Net increase/(decrease) in cash and cash equivalents	76,918	(9,829,415)
Cash and cash equivalents at the beginning of the financial half-year	20,797,413	29,401,132
Effects of exchange rate changes on cash and cash equivalents	<u>842,339</u>	<u>1,453,739</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>21,716,670</u></u>	<u><u>21,025,456</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 2019

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 28 November 2019.

(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 Standard has been adopted in the current period and, where applicable, only affect disclosure and presentation in this financial report.

- AASB 16 'Leases' is effective for accounting periods beginning on or after 1 April 2019. The adoption of this Standard has no material impact on the Fund.

(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 2019

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 2019 \$	31 March 2019 \$
US Select Private Opportunities Fund II, LP (LP)	<u>109,238,133</u>	<u>112,668,070</u>

	30 September 2019 \$	31 March 2019 \$
(ii) Reconciliation		
Balance at the beginning of the period	112,668,070	81,459,554
Capital invested - at cost	-	9,479,227
Movement in fair value through profit or loss*	9,075,841	29,012,325
Distributions received from LP	<u>(12,505,778)</u>	<u>(7,283,036)</u>
Balance at the end of the period	<u>109,238,133</u>	<u>112,668,070</u>

* Included in the 'movement in fair value' amount of \$9,075,841 (year ended 31 March 2019: \$29,012,325) is an unrealised foreign exchange translation gain component of \$5,482,510 (year ended 31 March 2019: \$7,386,249). 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 \$1,198,398 (year ended 31 March 2019: \$2,276,397) (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 2019 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 2019

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

	30	31 March
	September	2019
	2019	2019
	\$	\$
Cash	7,330,735	2,224,340
Investment in US private investment funds recorded at fair value	101,309,047	109,891,529
Other assets	598,351	552,201
	<u>109,238,133</u>	<u>112,668,070</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 2019

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 \$5,065,452 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 \$5,201,816. Conversely, a 5% decrease would increase the value of the Fund's investment by \$5,749,375. 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 2019, 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 2019, the Fund has uncalled capital commitments of US\$11.9 million (or \$17.7 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 AUD:USD exchange rate of 0.6750.

4. Non-current liabilities - deferred tax

	30	31 March
	September	2019
	2019	2019
	\$	\$
Deferred tax liability	<u>5,783,193</u>	<u>7,808,757</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	2019	September	2019
	2019	2019	2019	2019
	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 2019

6. Equity - distributions

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

	30 September 2019 \$	30 September 2018 \$
Distribution - 4 cents per unit paid on 1 June 2018	-	2,207,602
Distribution - 22 cents per unit paid on 14 August 2019	12,141,809	-
	<u>12,141,809</u>	<u>2,207,602</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 of 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 2019 was \$216,215 (2018: \$186,155), exclusive of GST. There were no outstanding management fees as at 30 September 2019 (2018: 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 2019 were \$60,000 (2018: \$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 2019 amounted to \$1,372,735 (US\$950,950) (2018: \$1,278,095 (US\$950,950)). The Fund's 87.3% interest equates to \$1,198,398 (2018: \$1,115,777). This fee is recorded in the books of the LP.

Cordish Dixon Private Equity Fund II
Notes to the condensed financial statements
30 September 2019

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 \$15,097,844 (US\$10,191,045) (31 March 2019: \$18,927,676 (US\$13,431,079)). 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 2019 amounted to \$46,040 (US\$31,894). The Fund's 87.3% interest equates to \$40,193 (US\$27,843).

Custodial services

Effective 31 January 2019, the Responsible Entity entered into a custody arrangement with Walsh & Company Investments Limited in its personal capacity (**Custodian**) to provide custodial services to the Fund. The services are provided on commercial terms. The Custodian receives fees equivalent to the greater of 0.02% per annum of the gross asset value of the Fund less a discount of 10%, or \$15,000 indexed to CPI annually less a discount of 10%. The fees are payable quarterly in arrears. Total fees paid or payable for the half-year ended 30 September 2019 were \$10,209 (exclusive of GST).

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 or 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 2019				
<i>Financial assets carried at fair value</i>				
Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund II, LP	-	-	109,238,133	109,238,133
Total assets	-	-	109,238,133	109,238,133

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
31 March 2019				
<i>Financial assets carried at fair value</i>				
Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund II, LP	-	-	112,668,070	112,668,070
Total assets	-	-	112,668,070	112,668,070

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 2019.

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 (iv).

Cordish Dixon Private Equity Fund II
Notes to the condensed financial statements
30 September 2019

8. Fair value measurement (continued)

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

As a result of exploring liquidity events for Unitholders, on 15 October 2019, the Responsible Entity announced it had entered into a sale agreement to sell, subject to Unitholder approval, the Fund's interest in US Select Private Opportunities Fund II, L.P (**LP**) to an entity controlled by Whitehorse Liquidity Partners, Inc (**Whitehorse**), a Canadian based private equity firm. Unitholder approval was sought in a general meeting on 26 November 2019, at which the majority of Unitholders voted against the proposed sale. Consequently, the proposed sale did not proceed.

No other matter or circumstance has arisen since 30 September 2019 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 2019

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 2019 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

28 November 2019

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 2019, 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 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 2019 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 2019 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, 28 November 2019

Cordish Dixon Private Equity Fund II
Directory
30 September 2019

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

Cordish Dixon Private Equity Fund II

(ARSN 162 057 089)
Registered & Principal Office
Level 15, 100 Pacific Highway
NORTH SYDNEY NSW 2060
T 1300 454 801
F 1300 883 159
E info@cordishdixonfunds.com.au
cordishdixonfunds.com.au

Responsible Entity

Walsh & Company Investments Limited
(ACN 152 367 649)
(AFSL 410 433)
Level 15, 100 Pacific Highway
NORTH SYDNEY NSW 2060
T 1300 454 801
F 1300 883 159
E info@walshandco.com.au
walshandco.com.au

Directors

Alex MacLachlan
Warwick Keneally
Mike Adams

Secretaries

Caroline Purtell
Hannah Chan

Auditor

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
SYDNEY NSW 2000
T +61 2 9322 7000
F +61 2 9322 7001
deloitte.com.au

Unit Register

Boardroom Pty Limited
Level 12, 225 George Street
SYDNEY NSW 2000
T 1300 737 760 (Australia)
T +61 2 9290 9600 (International)
F 1300 653 459
boardroomlimited.com.au

