

## Market update

Global equity markets were broadly flat over the September quarter following a strong first half of 2019. The broader global macro narrative continues to be dominated by US-China trade tensions and central bank reaction to concerns over global growth, interspersed with the political machinations of Brexit and the oilfield drone strikes in September which significantly limited Saudi oil production in the near term. US-China trade negotiations continued to be a large driver of equity market volatility, with announcements from the Trump and Xi administrations in August to increase tariffs, followed by positive negotiation outcomes in September including an agreement to suspend the imposition of some tariffs.

The policy stance of key central banks remains supportive, with the US Federal Reserve responding to weakening economic activity and low inflation, cutting rates by 0.25%, first in July and then by another 25bps in September in line with market expectations. The European Central Bank September meeting buoyed European indices with the ECB president further cutting deposit rates and launching a stimulus package of an additional €20 billion of asset repurchases per month. The US 10-year Government bond yield declined to a new low of 1.46% in early September ending the quarter at 1.67% – again below the lower end of the US Federal Reserve's (Fed) target range (1.75% to 2.00%). The Federal Open Market Committee voted to further reduce their target rate range at their October meeting to 1.50% to 1.75%, with the market anticipating a further possible cut in the second half of 2020.

US equity markets followed a similar pattern to global equities, with the S&P 500 Index appreciating 1.7% (near all-time highs), supported by interest rate cuts from the Fed, and broadly positive earnings momentum. In the US, real GDP growth has continued to decelerate, declining to 2.3% year-on-year from above 3% this time last year, and unemployment continues to hover at record lows. Despite a positive earnings outlook for most large corporates, economic indicators have been softening and the US Purchasing Managers Index (PMI) dipped below 50 for the first time since 2016.

Despite some economic uncertainty, private equity markets continue to be buoyant. Several strong years of capital raisings have kept levels of dry powder high, resulting in continued strong levels of deal flow in the lower middle-market. This current dynamic has created investment opportunities for our underlying managers, who typically invest in the space.

Consistent with the investment cycle for the earlier Funds in the series, investments in CD1 and CD2 continue to be realised, with portfolio companies managed by underlying partners KarpReilly Capital Partners (CD1), US Select Direct (CD1 and CD2), Trive Capital (CD2), Blue Point Capital (CD2) and NMS (CD2) sold during the quarter. CD3 and CD4 partners continue to deploy capital with Incline Equity Partners (CD3), Wavecrest Growth Partners (CD4) and Incline Elevate all making new platform investments in the quarter.

On 14 October, following the end of the quarter, the Responsible Entity of CD1 and CD2 announced that both Funds had entered into sale agreements to sell the underlying US Limited Partnerships (US Select Private Opportunities Fund, L.P (CD1) and US Select Private Opportunities Fund II, L.P (CD2) to an entity controlled by Whitehorse Liquidity Partners, a Canadian private equity firm. The sale of assets for each Fund was subject to Unitholder approval, by poll, at respective General Meetings held on 26 November 2019. The resolutions to approve the sales were not carried and the Funds will continue to operate in line with their existing strategies.

The proposed sales were undertaken in response to feedback from investors seeking liquidity options and in response to the recent discount to net tangible assets at which the Fund was, and continues, to trade. The Responsible Entity is very pleased with the resounding endorsement of the strategy and the investments held by the Fund.

All four Funds made positive gains on a Net Tangible Asset (NTA) basis over the quarter, assisted by the depreciation of the Australian dollar (3.9%).

Regards  
**Cordish Dixon Team**

## About the funds

The Cordish Dixon Private Equity Fund Series, including Cordish Dixon Private Equity Fund I (**CD1**), Cordish Dixon Private Equity Fund II (**CD2**), Cordish Dixon Private Equity Fund III (**CD3**), and Cordish Dixon Private Equity Fund IV (**CD4**) (together, Funds or Fund Series), is a series of private equity funds focused on US small-cap private equity funds and direct company investments. The Fund Series investments are selected by a joint venture between the private investment arm of the Cordish Companies of Baltimore, Maryland, and Walsh & Company with underlying investments managed by experienced private equity fund managers.

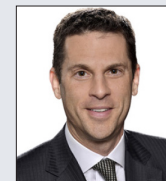
This venture is anchored in the belief that smaller and nimbler private equity funds materially outperform larger private equity funds. The Fund Series was formed to provide investors with a platform to invest in a portfolio of high quality small to mid-market private equity funds and companies – a strategy that is typically beyond the reach of all but the largest endowment funds and family offices.

The Fund Series also provides investors with the opportunity to benefit from the Cordish Family Office's experience and network in investing in specialist small to mid-market private equity funds and direct equity investments in the US, as well as to invest side-by-side and on equal terms with the Cordish family in these compelling opportunities.

## Investment objectives

The General Partner and Investment Manager will seek to meet the Fund's aim of providing Unitholders with exposure to a portfolio of investments in small and mid-market private investment funds and privately held companies predominantly focused in the US; and capital growth over a five to ten-year investment horizon.

## Key investment team members



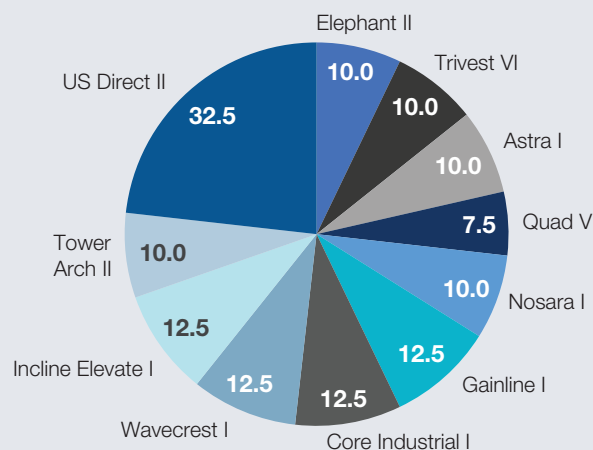
**Jonathan Cordish**  
Chairman of the Advisory Board



**Jonathan Sinex**  
Managing Director, Cordish Private Ventures



## LP commitments to underlying managers (US\$140.0m)



Note: The Fund has an 88.4% interest in the LP. Cordish Private Ventures and US Select Private Opportunities Fund IV GP LLC contributed the remaining amount based on their proportional shares. Numbers may not add due to rounding.

## CD4 Fund performance

	3 MONTHS	6 MONTHS	1 YEAR	2 YEARS PA	3 YEARS PA	SINCE INCEPTION PA <sup>3</sup>
NTA return <sup>1,2</sup>	1.5%	4.8%	11.9%	n/a	n/a	8.6%

Notes: <sup>1</sup> Source: Walsh & Company Investments Limited. Historical performance is not a guarantee of the future performance of the Fund. <sup>2</sup> Total returns are inclusive of distributions. NTA return is net of fees and costs. <sup>3</sup> Inception date April 2018.

On an NTA/Internal Rate of Return (IRR) basis CD4 has achieved a return of 9.4% per annum since inception.

## CD4 Fund details

The Cordish Dixon Private Equity Fund IV (**Fund**) is an Australian unit trust that raised initial capital from investors in April 2018 in the form of partly paid units. The Fund invests into US private equity via the U.S Select Private Opportunities Fund IV, L.P (**LP**).

The Fund has currently called 40%, or \$0.64 per unit, of the capital committed by Unitholders, or two of the anticipated five instalments (inclusive of the initial instalment, paid at the inception of the Fund).

## Underlying fund activity

**Wavecrest Growth Partners I, L.P.** invested in BigTime Software. BigTime Software is a leading provider of cloud-based software for professional services firms.

**Incline Elevate Fund I, L.P.** invested in Wholesale Supplies Plus. Wholesale Supplies Plus is a value-added distributor of raw materials, supplies and packaging used in the production of soap, lotion, cosmetics, and candles, as well as other personal care products by professional crafters.

## Fund Facts

KEY FUND DETAILS	FUND 4
Inception	April 2018
Pre-tax NTA	\$0.67 <sup>1</sup>
Post-tax NTA	\$0.66
Net Assets	\$78.1 million
Number of managers	11
Total underlying investments	39
Investments during the quarter	5
Full realisations	1
Realisations during the quarter	0
Current portfolio companies	38
Average age of remaining companies	0.9 years

<sup>1</sup> Source: Walsh & Company Investments Limited. Historical performance is not a guarantee of the future performance of the Fund. The current NTAs per unit (shown above) are as at 30 September 2019.

Note: Underlying investment figures are collected on a lagged basis and may not reflect actual exposures at period end.

## Important information

This Quarterly Update (**Update**) has been prepared by Walsh & Company Investments Limited as Responsible Entity (ACN 152 367 649, AFSL 410 433) of the Cordish Dixon Private Equity Fund Series (**Funds** or **Fund Series**) which includes Cordish Dixon Private Equity Fund I (ARSN 158 625 284) (**CD1**), Cordish Dixon Private Equity Fund II (ARSN 162 057 089) (**CD2**), Cordish Dixon Private Equity Fund III (ARSN 612 132 813) (**CD3**), and Cordish Dixon Private Equity Fund IV (ARSN 624 474 531) (**CD4**). **Investment Manager** for CD1 is US Select Private Opportunities Fund GP, LLC, and for CD2, CD3, and CD4 is Dixon Asset Management USA Inc. An investment in any of the Funds is subject to various risks, many of which are beyond the control of the Investment Manager and the Funds. The past performance of the Funds is not a guarantee of the future performance of the Funds. This Update may contain statements, opinions, projections, forecasts and other material (**forward looking statements**), based on various assumptions. Those assumptions may or may not prove to be correct. The Responsible Entity and its advisers (including all of their respective directors, consultants and/or employees, related bodies corporate and the directors, shareholders, managers, employees or agents of them) (Parties) do not make any representation as to the accuracy or likelihood of fulfilment of the forward-looking statements or any of the assumptions upon which they are based. Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements and the Parties assume no obligation to update that information. This Update may contain general advice. Any general advice provided has been prepared without taking into account your objectives, financial situation or needs. Before acting on the advice, you should consider the appropriateness of the advice with regard to your objectives, financial situation and needs, and consider obtaining advice from a financial advisor. You should obtain a copy of the Fund's PDS dated 13 March 2018 before making any decisions to purchase the product. All performance figures, unit prices and distributions are in Australian Dollars, unless otherwise stated.

## About Walsh & Company

Walsh & Company is a multibillion-dollar global funds management firm founded in 2007, with assets under management across global equities, residential and commercial property, private equity, fixed income, and sustainable and social investments.

It provides access to unique investment strategies not readily accessible to investors and focuses on building high quality, diversified portfolios.

Walsh & Company Investments Limited is the Responsible Entity of the Fund and is a wholly-owned subsidiary of Evans Dixon Limited (ED1.ASX).

## Risks

Like all investments, an investment in any of the Funds carries risks which may result in the loss of income or principal invested. In addition to the general risks of investing, specific risks associated with investing in the Funds include, but are not limited to, private investments risk, illiquidity risk and foreign exchange risk. For further information about the risks of investing in any of the Funds, please see the relevant Product Disclosure Statements available on the website [cordishdixonfunds.com.au](http://cordishdixonfunds.com.au).

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