

## Market update

In the March quarter global equities fell by 21% (in USD terms), the weakest quarterly performance since 2008, whilst the US market fared incrementally better, declining 20% (as measured by the S&P 500 Index).

Global markets started 2020 strongly, with US indices setting record highs in mid-February. However, with the accelerating spread of COVID-19 and economic uncertainties rising, markets sold off as shutdown measures were imposed to contain the outbreak. This resulted in the shutdown of many service sectors across the US and a surge in unemployment as millions of workers were retrenched and furloughed. In response, a number of policy measures – unprecedented in both size and speed – were announced to cushion the blow from the substantial economic shock. Market volatility was further heightened by the collapse in oil prices as OPEC failed to extend an agreement on production cuts with Saudi Arabia threatening to increase supply.

The Federal Reserve's response to the crisis was rapid, cutting the range for its benchmark target interest rate to 0.00% to 0.25%, and instituting numerous programs to support market liquidity, including making and supporting a range of loans, and conducting securities purchases. The US Senate passed a landmark US\$2 trillion fiscal stimulus package which included cash payments to individuals, expanded unemployment benefits, state and local government aid, a US\$500 billion Treasury loan and guarantee scheme and US\$350 billion for SME loans. The European Central Bank (ECB) also extended asset purchases, announcing the Pandemic Emergency Purchase Programme (PEPP) that comprises a €750 billion funding package for government bonds, corporate bonds and other asset purchases.

Central bank action has helped to bring US sovereign yields to historic lows, with US 10-Year Government Bonds trading at a yield of 0.67% at quarter end, down from 1.91% at 31 December 2019. Whilst lower risk asset values held up, credit spreads moved markedly wider and high yield spreads rocketed from 3.3% to 8.8%, after peaking at 10.9% in March, a measure of the risk felt across the US automotive, energy and travel related sectors.

The spread of COVID-19 has resulted in significant increases in unemployment measures, in the US alone, 6.8 million individuals sought new unemployment benefits in the last full week of March, the highest figure ever reported. To put this into perspective continuing (weekly) jobless claims averaged 2.0 million people over the past five years, ending the quarter at 7.5 million (peaking at 25 million in May).

This sharp rise marks the end of a historic period of growth in US jobs. COVID-19 has had a substantial impact on employment and economic activity, and undoubtedly as we live through a prolonged period of isolation, may also impact our behaviour.

Private equity (PE) as a sector entered the crisis following several strong years of capital raisings, and overall, a decade of growing transaction volumes, valuations, and fundraising and currently hold record levels of dry-powder (unspent capital), this position of strength may provide some cushioning in the quarters ahead. The positive momentum enjoyed over the past year has turned, with several large global PE managers revaluing their portfolios down approximately 10% for the quarter, although due to the reporting and valuation schedules of many PE funds, we will not receive a clear picture of how the broader PE market has performed until later in the year. The ongoing turmoil will benefit some managers and investments and will prove difficult for others. Additionally, as the crisis continues, changing behaviours may also present further attractive investment opportunities for the underlying managers. Consistent with prior quarters, CD1 and CD2 underlying managers continued to exit investments, whilst for CD3 and CD4 the underlying portfolio continues to grow, including commitment by the LP to a new manager, Rucker Park, in CD4.

Due to the advent of COVID-19, the prevailing volatility in markets and the difference between the Fund's reporting date and the date of the most recent reported net assets of the underlying investment funds, the Board, in consultation with the Investment Manager, has considered likely movements in the first quarter 2020 valuations of the Funds. The adjustments resulting from the Board's consideration resulted in a reduction of the previously announced after-tax NTAs at 31 March 2020 of between 5.0% (CD3) and 7.3% (CD1).

Australian investors in US markets benefitted from the falling Australian dollar (-12%), which slumped to an 11-year low during the quarter, in US dollar terms. This is reflected in the Cordish Dixon Private Equity Fund series performance, with CD1, CD2, CD3 and CD4 returning 9.0%, 11.4%, 11.8% and 11.6% respectively in AUD terms over the quarter, inclusive of the revaluation adjustments determined by the Board.

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.

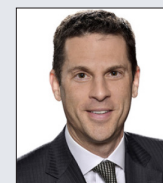
This venture is anchored in the belief that smaller and nimbler private equity funds materially outperform larger private equity funds. The Fund Series was formed to provide investors with a platform to invest in a portfolio of high quality small to mid-market private equity funds and companies – a strategy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



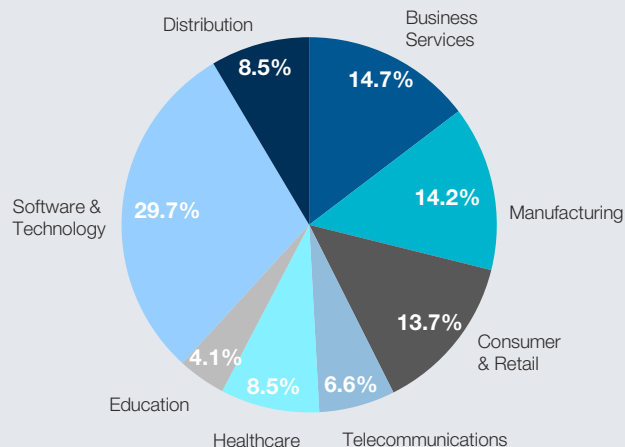
**Jonathan Cordish**  
Chairman of the Advisory Board



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

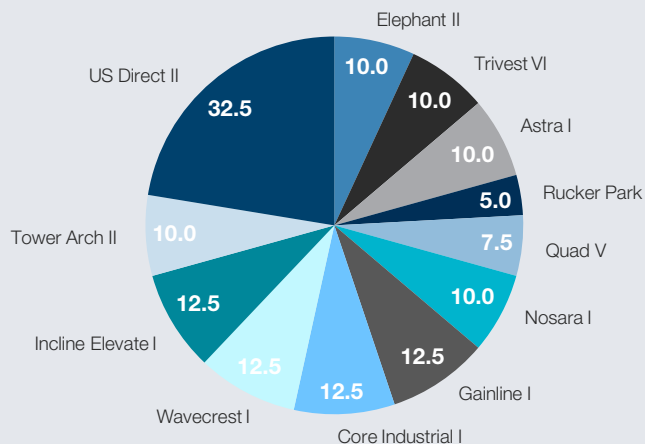


### CD4 portfolio asset allocation



Note: Numbers may not add to 100% due to rounding.

### LP commitments to underlying managers(US\$145.0m)



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	3 YEAR PA	5 YEAR PA	SINCE INCEPTION PA <sup>3</sup>
NTA return <sup>1,2</sup>	11.6%	7.6%	12.7%	n/a	n/a	10.4%

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 6.4% 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**).

As at 31 March 2020 the Fund had called 60%, or \$0.96 per unit. On 17 April 2020, a fourth capital call of \$0.32 per partly paid Unit was closed. Following completion of the fourth capital call, \$1.28 or 80% of the issue price for each partly paid Unit has been paid. Only one more capital call remains outstanding.

### LP commitments

The LP committed US\$5.0 million capital to a new fund, Rucker Park Capital Fund, LP. Rucker Park is a New York based firm looking to invest across North America that focuses on early stage investment opportunities, partnering with firms that are harnessing technology to redefine the consumer, fintech, health and logistics industries.

### Underlying fund activity

**Astra Partners I, L.P.** invested in DartPoints, an owner and operator of edge colocation data centers, which offer secure and reliable infrastructure in close proximity to users, particularly beyond Tier I markets.

**Gainline Equity Fund, L.P.** invested in SourceHOV Tax, a provider of tax incentive solutions to accounting firms and middle-market companies throughout the USA.

**Incline Elevate Fund, L.P.** invested in BFG Supply Company (BFG). BFG distributes a full line of professional horticulture and lawn & garden products and leverages technology to efficiently serve its customers with industry-leading product selection and service levels.

**Nosara Capital Fund I, L.P.** invested in e-commerce marketplace operator Provi. Provi provides a centralised platform that allows bars and alcohol retailers to order beverages directly from suppliers and distributors using a single ordering platform.

### Fund Facts

KEY FUND DETAILS	FUND 4
Inception	April 2018
Pre-tax NTA	\$1.07 <sup>1</sup>
Post-tax NTA	\$1.06 <sup>1</sup>
Net Assets	\$125.1 million
Number of managers	12
Total underlying investments (since inception)	57
Investments during the quarter	12
Full realisations	1
Realisations during the quarter	0
Current underlying investments	56
Average age of remaining companies	1.3 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 31 March 2020.

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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