

### Market update

Global equity markets performed well in the June quarter, up more than 5.0%. However, the broader macro narrative was dominated by US-China trade tensions and concerns over global growth. While markets were positive in April, US-China trade negotiations took a backward step in May, which was negative for equity market sentiment. In June, further accommodative positioning by major central banks and improvements in the US-China trade negotiations led to a rapid turnaround. The US 10-year government bond yield declined to 2.01% at 30 June 2019 – below the lower end of the US Federal Reserve's (Fed) target range of between 2.25% and 2.50%. The US treasury yield curve was inverted at month end, with the expectation that the Federal Open Market Committee would vote to cut rates at the July meeting and again (possibly) in September.

The US equity market followed a similar pattern to global equities, with the S&P 500 Index appreciating more than 4.0% – again at all-time highs, supported by continued positive earnings growth in S&P 500 companies over the past three years. In the US, year-on-year GDP growth remains positive, but has declined to 2.3% (as at 30 June), however unemployment has continued to set multi-decade record lows. A positive earnings outlook has been somewhat overshadowed by the continued softening of the US Purchasing Managers Index (PMI) and weak global growth; however, markets do not appear to be expensive on a PE basis, and central banks are on an accommodative tack. In this environment, PE markets have continued to be buoyant and competition for deals, as highlighted last quarter, has remained strong.

Of note during the quarter for the Cordish Dixon Private Equity Fund Series was the announcement that KnowBe4, a company held by CD3 fund Elephant Partners Fund I, L.P. (Elephant Partners), closed a funding round led by KKR at a materially higher valuation. In doing so, this transaction elevated the company to “unicorn status” (i.e. a valuation of more than US\$1 billion), highlighting the success and growth of the company to date. Elephant Partners originally invested in the company in 2016, providing funding to build out infrastructure and grow the business. KnowBe4 provides its customers with an online security and awareness training platform – one that helps protect companies, their customers and their employees against phishing attacks. The team is very happy to share this news with you, but investors should note that not all investments across the Funds will achieve this level of success.

Other activity during the quarter included two successful exits from CD1, including an investment in Rotating Machines Services (through Incline Equity Partners III, L.P.). In CD2, managers High Road and Main Post completed final acquisitions for their respective funds, from which there were two successful exits. For CD3, a number of managers completed acquisitions and, as highlighted above, Elephant Partners was involved in a financing round for KnowBe4. US Select Direct Private Equity II (US), L.P. (CD3 and CD4), managed by the Investment Manager, also participated in the funding round – reflecting the Investment Manager's positive outlook for the company. Lastly, for CD3 and CD4 (whose portfolios continue to develop), a number of companies within the portfolios closed financing rounds at higher valuations.

Both CD1 and CD2 announced distributions on 25 July 2019 of 25 cents per unit and 22 cents per unit, respectively – reflecting the continued and successful transition of the Funds through the PE investment cycle.

All of the Funds made small but positive gains over the quarter, following what was a strong previous quarter. A small depreciation in the Australian dollar (1.1%) was also helpful. We are not expecting June quarter results from all underlying managers until early September. Once received these results will be incorporated into the Funds' future Net Tangible Assets (NTAs) accordingly. We are, however, hopeful that the positive momentum experienced in the broader US equity market and economy will be reflected in future positive outcomes for the Funds.

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, Fund 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 each 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

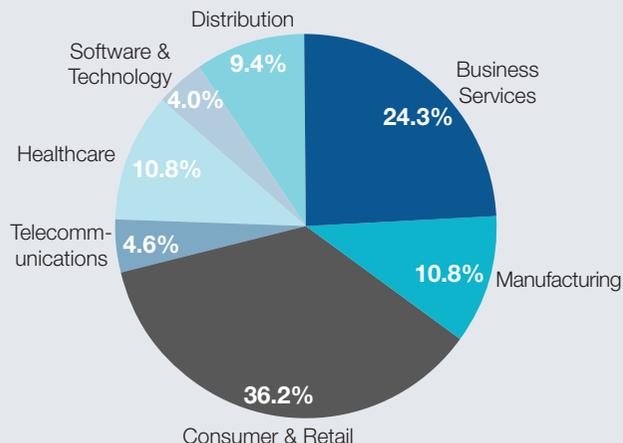


**Jonathan Cordish**  
Chairman of the Advisory Board



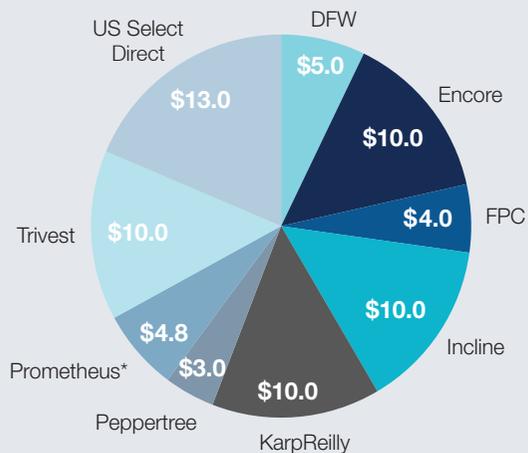
**Jonathan Sinex**  
Managing Director, Cordish Private Ventures

## CD1 portfolio asset allocation



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

## LP commitments to underlying managers (US\$69.8m)



Note: The Fund has an 85.5% interest in the LP. Cordish Private Ventures and US Select Private Opportunities Fund GP LLC contributed the remaining amount based on their proportional shares. Numbers may not add due to rounding. \*The LP received a final distribution from Prometheus Partners IV, L.P. on 30 September 2016 and has no remaining capital with this fund.

## CD1 Fund performance

	3 MONTH	6 MONTH	1 YEAR	2 YEAR PA	3 YEAR PA	SINCE INCEPTION PA <sup>3</sup>
NTA return <sup>1,2</sup>	1.0%	11.2%	21.6%	18.3%	14.2%	12.0%

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 based on pre tax NTA and is net of fees and costs. <sup>3</sup> Inception date August 2012.

## CD1 unit value and income



Note: The unit price of CD1 was \$1.79 as of 30 June 2019. Historical performance is not a guarantee of the future performance of the Fund. Source: Walsh & Company Investments Limited. Current NTA per unit (shown above) is pre-tax and unaudited, as at 30 June 2019.

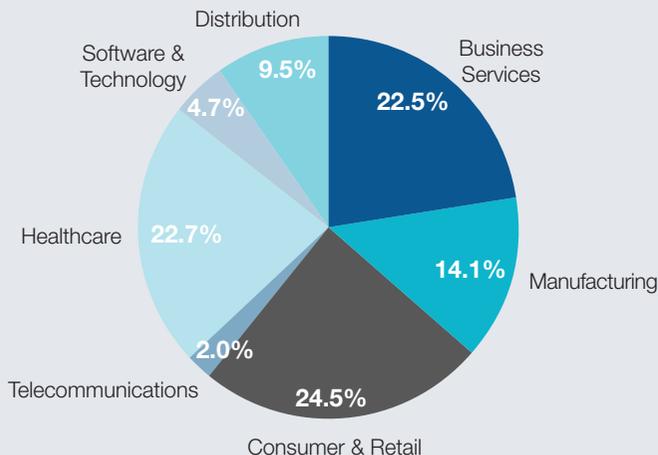
## Underlying fund activity

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

**Incline Equity Partners III, L.P.** sold portfolio company RMS in the second quarter, resulting in a US\$4,826,998 distribution.

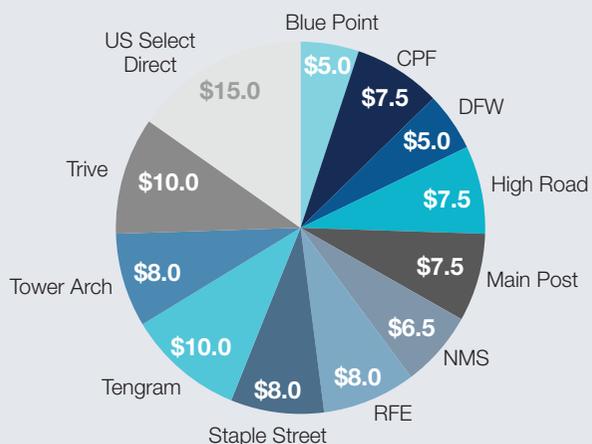


### CD2 portfolio asset allocation



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

### LP commitments to underlying managers (US\$98.0m)



Note: The Fund has an 87.3% interest in the LP. Cordish Private Ventures and US Select Private Opportunities Fund II GP LLC contributed the remaining amount based on their proportional shares. Numbers may not add due to rounding.

### CD2 Fund performance

	3 MONTH	6 MONTH	1 YEAR	2 YEAR PA	3 YEAR PA	SINCE INCEPTION PA <sup>3</sup>
NTA return <sup>1,2</sup>	0.0%	6.6%	20.4%	18.3%	12.9%	12.7%

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 based on pre tax NTA and is net of fees and costs. <sup>3</sup> Inception date April 2013.

### CD2 unit value and income



Note: The unit price of CD2 was \$2.16 as of 30 June 2019. Historical performance is not a guarantee of the future performance of the Fund.

Source: Walsh & Company Investments Limited. Current NTA per unit (shown above) is pre-tax and unaudited, as at 30 June 2019.

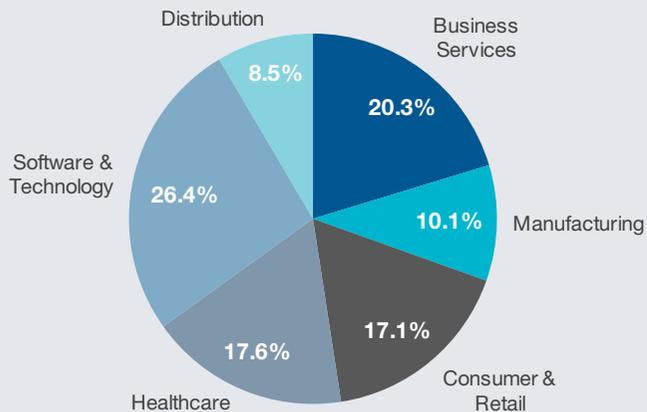
### Underlying fund activity

**Main Post Growth Capital, L.P.** 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.** sold portfolio company Superior Group in the second quarter, resulting in a US\$1,387,500 distribution.

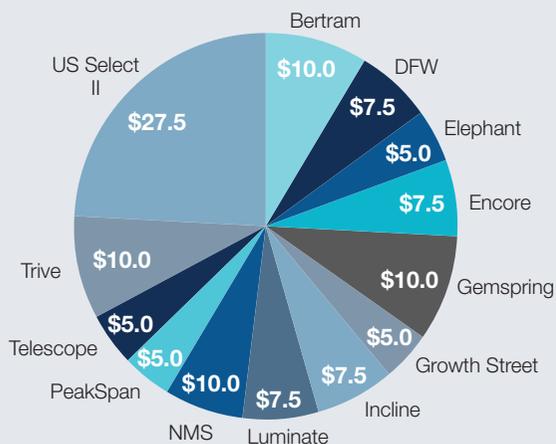
**Tengram Capital Partners Gen2 Fund, L.P.** sold portfolio company ThisWorks in the second quarter, resulting in a US\$1,283,018 distribution.

## CD3 portfolio asset allocation



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

## LP commitments to underlying managers (US\$117.5m)



Notes: The Fund has an 71.2% interest in the LP, Cordish Private Ventures, US Select Private Opportunities Fund III GP LLC and its partner contributed the remaining amount based on their proportional shares. Numbers may not add due to rounding.

## CD3 Fund performance

	3 MONTH	6 MONTH	1 YEAR	2 YEAR PA	3 YEAR PA	SINCE INCEPTION PA <sup>3</sup>
NTA return <sup>1,2</sup>	2.3%	7.2%	15.6%	10.4%	n/a	5.3%

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 based on pre tax NTA and is net of fees and costs. <sup>3</sup> Inception date July 2016.

## CD3 unit value and income



Note: The unit price of CD3 was \$1.50 as of 30 June 2019. Historical performance is not a guarantee of the future performance of the Fund.

Source: Walsh & Company Investments Limited. Current NTA per unit (shown above) is pre-tax and unaudited, as at 30 June 2019.

## Underlying fund activity

**Gemspring Capital Fund I, L.P.** invested in Bobit Business Media Inc. Bobit provides a suite of digital media and marketing solutions, events and print media. The Company has a leading market position in each of the niche verticals it operates – fleet, transportation, beauty, and law enforcement. Gemspring also invested in Fiesta Insurance a leading player in the markets for non-standard auto insurance and tax preparation services. Fiesta targets traditionally underserved Hispanic communities by empowering “Latinos serving Latinos” through its franchise business model.

**Encore Consumer Capital Fund III, L.P.** invested in 4505 Meats. 4505 Meats is a chef-driven brand of premium meat snacks, selling antibiotic-free pork rinds and cracklings.

**Trive Capital Fund II, L.P.** invested in Cadiant Talent in the second quarter. Cadiant Talent, headquartered in Raleigh, North Carolina, offers applicant tracking and assessment products, delivered via a software-as-a-service model, to customers throughout the United States and Canada.

**NMS Fund III, L.P.** invested in two portfolio companies in the second quarter, US Foot & Ankle Specialists and U.S. Urology Partners. US Foot & Ankle Specialists is a leading provider of podiatric services in the Mid-Atlantic. Headquartered in Charlottesville, Virginia, USFAS provides a comprehensive suite of podiatric services, offering general podiatry, advanced treatment options for diabetic conditions, and arthroscopic and foot surgery. U.S. Urology Partners offers an alternative to hospital acquisition, allowing urology practices to retain their independence while benefitting from operational support, management expertise and deep financial resources of a partner. The strength and experience of U.S. Urology Partners enables practices to concentrate on what they do best, delivering the highest level of care to patients.

**Incline Equity Partners IV, L.P.** invested in Unified Power in the second quarter. Unified Power is the largest independent provider of preventative maintenance and repair services for critical, uninterruptible power systems in North America.

**US Select Direct Private Equity Fund II, L.P.** invested in KnowBe4. KnowBe4 provides Security Awareness Training to help manage the IT security problems of social engineering, spear phishing, and ransomware attacks.

### Fund facts

KEY FUND DETAILS	FUND 1	FUND 2	FUND 3
ASX ticker	CD1	CD2	CD3
Inception	August 2012	April 2013	July 2016
Pre-tax NTA	\$1.98 <sup>1</sup>	\$2.42 <sup>1</sup>	\$1.79 <sup>1</sup>
Post-tax NTA	\$1.96 <sup>1</sup>	\$2.28 <sup>1</sup>	\$1.77 <sup>1</sup>
Net Assets	\$76.4 million	\$125.8 million	\$127.5 million
Number of managers	8	12	13
Total underlying investments	96	116	99
Investments during the quarter	0	3	8
Full realisations	27	19	4
Realisations during the quarter	2	0	0
Current portfolio companies	69	97	95
Average age of remaining companies	3.6 years	3.4 years	1.3 years

<sup>1</sup> Source: Walsh & Company Investments Limited. Historical performance is not a guarantee of the future performance of the Funds. The current NTAs per unit (shown above) are unaudited and as at 30 June 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 relevant PDS or offer document before making any decisions to purchase a 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 Funds 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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