

## Appendix 4D

### Half-Year Report For the half-year ended 30 September 2017

Name of entity

**Cordish Dixon Private Equity Fund II (formerly US Select Private Opportunities Fund II)**

ARSN

Reporting Period

Previous Corresponding Period

162 057 089

1 April 2017 to 30 September 2017

1 April 2016 to 30 September 2016

#### Results for announcement to the market

		30 September 2017 (\$)
<b>Total revenue</b> ("revenue from ordinary activities")	Up by 81.4% to	\$244,053
<b>Net operating profit for the year</b> ("profit from ordinary activities after tax attributable to unitholders")	Up by 35.9% to	\$1,261,168
<b>Total comprehensive income</b> ("net profit for the period attributable to unitholders")	Up by 35.9% to	\$1,261,168

#### Commentary on results

Refer to attached Half-Year Report including Report to Unitholders. Additional Appendix 4D disclosure requirements can be found in the notes to the Half-Year Report.

#### Distributions

	Amount per Unit
<b>Distribution (paid on 14 June 2017)</b>	10 cents
<b>Total Distributions</b>	10 cents
<b>Distribution (paid on 21 November 2017)</b>	23 cents

There is no Distribution Reinvestment Plan in operation in respect to this distribution.

#### Net tangible assets per unit

30/09/2017	\$2.01
30/09/2016	\$1.99

#### Earnings per unit

	30 September 2017	30 September 2016
Basic earnings per unit	2.29 cents	1.68 cents
Diluted earnings per unit	2.29 cents	1.68 cents

#### Financial Report

This report is based on the 30 September 2017 Half-Year report and has been audited by Deloitte Touche Tohmatsu.

# **Cordish Dixon Private Equity Fund II**

**ARSN 162 057 089**

**Half-Year Financial Report - 30 September 2017**

## **Cordish Dixon Private Equity Fund II**

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**30 September 2017**

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**Cordish Dixon Private Equity Fund II**  
**Report to unitholders**  
**30 September 2017**

Dear Unitholders,

Welcome to the half-year report for Cordish Dixon Private Equity Fund II (formerly US Select Private Opportunities Fund II) (**Fund**) for the six months ended 30 September 2017 (**H1 FY18**).

The Fund continued its strong performance in H1 FY18. The Fund posted a net profit of \$1.3 million or 2.29 cents per Unit in H1 FY18, compared with \$0.9 million or 1.68 cents per Unit for the corresponding period last year, and paid its third distribution of 10.0 cents per Unit on 14 June 2017. The key component of this result was a \$1.9 million fair value movement gain on the Fund's investment in US Select Private Opportunities Fund II, L.P. (**LP**). At 30 September 2017, the Fund had pre-tax net assets of \$113.9 million representing \$2.06 per Unit and post-tax net assets of \$110.9 million representing \$2.01 per Unit.

The Fund's strong performance has continued post half year-end, with distributions from the LP allowing the Fund to announce a further distribution of 23.0 cents per Unit on 8 November 2017, taking the total distributions announced to date to 48.0 cents per Unit.

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.

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 2017, US\$62.9 million (or 66.2% of total funds committed) to the LP had been called. The Fund's proportionate share of this is approximately US\$54.9 million (an 87.3% share).

During the period, the LP received 20 drawdown requests and 4 capital returns, for a total net consideration of US\$5.2 million. At 30 September 2017, net drawdown requests from underlying investments were approximately US\$61.5 million (or 62.8% of total commitments).

**Underlying portfolio update**

**Blue Point Capital Partners III, L.P. (Blue Point)** sold Ortholite, distributing \$1.7 million to the LP.

Blue Point invested in SASE, a leading manufacturer and supplier of equipment and consumables used in the concrete polishing industry.

**Chicago Pacific Founders Fund, L.P. (Chicago Pacific)** invested in Pinnacle Dermatology, a leading dermatology practice organisation in the US Midwest. Pinnacle delivers a comprehensive suite of dermatology and cosmetic services, caring for conditions like psoriasis, dermatitis, acne, and eczema, and provides early detection of, and highly effective treatments for, skin cancers.

**DFW Capital Partners IV, L.P. (DFW)** distributed a second dividend from Sebela, returning a gross amount of \$614,256 to the LP.

**High Road Capital Partners Fund II, L.P. (High Road)** invested in Midwest Wholesale Hardware, a leading wholesale distributor of advanced security, door hardware and access control systems that provide effective, safe and secure solutions for commercial and institutional building markets.

High Road also invested in Storage Battery Systems, a leading assembler and value-added distributor of branded, rechargeable industrial battery solutions and test equipment for motive, stationary and standby power applications.

**Main Post Growth Capital, L.P. (Main Post)** invested in KUIU, a premier lifestyle hunting gear and apparel brand that offer technical products directly to consumers. The company's unique eCommerce platform allows it to offer the high-quality fabrics at a superior value.

**Cordish Dixon Private Equity Fund II**  
**Report to unitholders**  
**30 September 2017**

**NMS Fund II, L.P. (NMS)** invested in Omni Eye Services (**Omni**), an optometric referral practice providing a full range of specialty services for the advanced treatment of eye diseases. Based in Iselin, New Jersey and established in 1998, Omni provides eye care services through a network of six offices, including one that operates an ophthalmology-focused ambulatory surgery centre, throughout New Jersey and New York.

NMS also invested in CorDental Group, a dental support organization that provides business support services to affiliated dental practices across the Mid-Atlantic, Midwestern, and Southeastern United States.

**RFE Investment Partners VIII, L.P. (RFE)** sold Wind River, distributing \$3,505,780 to the LP. RFE invested additional capital into Squan.

**Staple Street Capital II, L.P. (Staple Street)** had no material investment activity during the half year.

**Tengram Capital Partners Gen2 Fund, L.P. (Tengram)** sold DevaCurl, distributing \$4,811,492 to the LP. Tengram invested additional capital in Luciano Barbera.

**Tower Arch Partners I, L.P. (Tower Arch)** invested additional capital in Enertech. Tower Arch distributed \$555,421 to the LP.

**Trive Capital Fund I, L.P. (Trive)** sold AGM Automotive, distributing \$1,571,237 to the LP. Trive invested additional capital into Architectural, Granite & Marble to fund its acquisition of Pental Surfaces (**Pental**). Pental is one of the largest independent value-added distributors of natural stone, engineered stone, and tile serving the western US.

Trive also invested additional capital in Valence to fund the acquisition of Magnetic & Penetrant Services Co. Inc. (**MAPSCO**). The company provides metal finishing services to aerospace and defence industries as a mission-critical supplier in the aerospace supply chain. MAPSCO complements Valence's extensive service offering, which includes non-destructive testing, anodising, chem-film, precious metal plating, spray coatings, painting/top-coat and shot peening services to leading aerospace original equipment manufacturers and their machining suppliers.

**U.S. Select Direct Private Equity (US), LP (US Direct)** invested in Omaze, a platform for charitable donations. Omaze is a community and a three-tiered marketplace that connects not-for-profit organisations, influencers and brands, and donors through the power of storytelling and technology. The platform democratises traditional auctions by offering the chance to have a once in a lifetime experience for as little as US\$10.

US Direct also made an additional investment in Recovery Ways.

**Fund update**

As unitholders are aware, the Fund has partnered with Cordish Private Ventures (**CPV**), the private investment arm of a fourth-generation US family company, The Cordish Companies. CPV has been investing in US private investments since the company was founded in 1999. The Fund through its partnership with CPV replicates the long-term private equity investment strategy of CPV and provides the opportunity for investors to invest side-by-side and on equal terms with the Cordish Family.

Reflecting the strength of the partnership between the Fund and Cordish Private Ventures, the Board of the Responsible Entity resolved to change the name of the Fund from US Select Private Opportunities Fund II (**ASX Code: USG**) to Cordish Dixon Private Equity Fund II (**ASX Code: CD2**) on 24 November 2017.

**Cordish Dixon Private Equity Fund II**  
**Report to unitholders**  
**30 September 2017**

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', is positioned above the printed name.

**Alex MacLachlan**

*Chairman of Walsh & Company Investments Limited*

**29 November 2017**

**Cordish Dixon Private Equity Fund II**  
**Directors' report**  
**30 September 2017**

The directors of Walsh & Company Investments Limited (**Walsh & Co.**), the Responsible Entity of the Cordish Dixon Private Equity Fund II (formerly US Select Private Opportunities Fund II) (**Fund**), present their report together with the condensed financial statements of the Fund for the half-year ended 30 September 2017.

**Directors**

The directors of the Responsible Entity at any time during or since the end of the financial year are listed below:

- Alex MacLachlan
- Tristan O'Connell
- Tom Kline (resigned 16 May 2017)
- Warwick Keneally (appointed 16 May 2017)

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-mid-market 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 \$1,261,168 (30 September 2016: \$928,180).

The key components of this result included a \$1,966,247 fair value movement gain (2016: \$3,129,446) on the Fund's investment in the US Select Private Opportunities Fund II, L.P. (**LP**) during the period and a \$465,430 deferred tax benefit (2016: \$1,838,580 tax expense) associated with the increase in fair value of the Fund's investments. As at 30 September 2017, the Fund had net assets of \$110,949,993 (31 March 2017: \$115,207,829), representing \$2.01 per unit (31 March 2017: \$2.09 per unit).

The Fund has invested in a limited partnership, which, in turn, invests in small-to-medium-sized private investment funds. 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 2017, 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\$61.5 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 2017 was US\$54.9 million (or \$70.1 million).

**Distributions**

Distributions paid during the financial period were as follows:

	<b>30 September 2017 \$</b>	<b>30 September 2016 \$</b>
Distribution - 8 cents per unit paid on 1 August 2016	-	4,415,203
Distribution - 10 cents per unit paid on 14 June 2017	5,519,004	-
	<u>5,519,004</u>	<u>4,415,203</u>

**Cordish Dixon Private Equity Fund II**  
**Directors' report**  
**30 September 2017**

**Events subsequent to the reporting period**

On 8 November 2017, the Fund announced a distribution of 23 cents per ordinary unit which was paid to unitholders on 21 November 2017. The record date for determining the entitlement to the distribution was 14 November 2017.

No other matter or circumstance has arisen since 30 September 2017 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



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

29 November 2017



The Board of Directors  
Walsh and Company Investments Limited  
as Responsible Entity for:  
Cordish Dixon Private Equity Fund II  
formerly US Select Private Opportunities Fund II  
Level 15, 100 Pacific Highway  
NORTH SYDNEY NSW 2060

29 November 2017

Dear Board Members

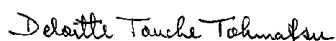
**Cordish Dixon Private Equity Fund II (formerly US Select Private Opportunities Fund II)**

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 (formerly US Select Private Opportunities Fund II).

As lead audit partner for the review of the financial statements of Cordish Dixon Private Equity Fund II (formerly US Select Private Opportunities Fund II) for the financial half-year ended 30 September 2017, 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 period ended 30 September 2017**

	<b>Note</b>	<b>30 September 2017 \$</b>	<b>30 September 2016 \$</b>
<b>Revenue</b>	3	244,053	134,563
Foreign exchange (loss)		(858,712)	(4,133)
Fair value movements of equity investments	4	1,966,247	3,129,446
<b>Expenses</b>			
Management and administration fees	8	(261,820)	(266,551)
Listing fees		(35,464)	(24,395)
Accounting and audit fees		(124,152)	(66,673)
Custody fees		(17,845)	(5,945)
Share registry fees		(16,173)	(14,038)
Legal, compliance costs and due diligence		(80,933)	(92,039)
Other expenses		(19,463)	(23,475)
<b>Profit before income tax benefit/(expense)</b>		795,738	2,766,760
Income tax benefit/(expense)		465,430	(1,838,580)
<b>Profit after income tax benefit/(expense) for the period attributable to the unitholders of Cordish Dixon Private Equity Fund II</b>		1,261,168	928,180
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive income for the period attributable to the unitholders of Cordish Dixon Private Equity Fund II</b>		<u>1,261,168</u>	<u>928,180</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per unit		2.29	1.68
Diluted earnings per unit		2.29	1.68

*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 2017**

	<b>Note</b>	<b>30 September 2017 \$</b>	<b>31 March 2017 \$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		39,415,523	40,517,044
Receivables		1,022,155	957,798
Prepayments		35,200	-
Total current assets		<u>40,472,878</u>	<u>41,474,842</u>
<b>Non-current assets</b>			
Other financial assets	4	<u>73,869,762</u>	<u>77,676,553</u>
Total non-current assets		<u>73,869,762</u>	<u>77,676,553</u>
<b>Total assets</b>		<u>114,342,640</u>	<u>119,151,395</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		<u>436,567</u>	<u>462,147</u>
Total current liabilities		<u>436,567</u>	<u>462,147</u>
<b>Non-current liabilities</b>			
Deferred tax	5	<u>2,956,080</u>	<u>3,481,419</u>
Total non-current liabilities		<u>2,956,080</u>	<u>3,481,419</u>
<b>Total liabilities</b>		<u>3,392,647</u>	<u>3,943,566</u>
<b>Net assets</b>		<u>110,949,993</u>	<u>115,207,829</u>
<b>Equity</b>			
Unit capital	6	<u>87,096,476</u>	<u>87,096,476</u>
Retained earnings		<u>23,853,517</u>	<u>28,111,353</u>
<b>Total equity</b>		<u>110,949,993</u>	<u>115,207,829</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 period ended 30 September 2017**

	<b>Unit capital</b> <b>\$</b>	<b>Retained</b> <b>earnings</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 April 2016	87,096,476	26,226,976	113,323,452
Profit after income tax expense for the period	-	928,180	928,180
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	928,180	928,180
<i>Transactions with unitholders in their capacity as unitholders:</i>			
Distributions paid (note 7)	-	(4,415,203)	(4,415,203)
Balance at 30 September 2016	<u>87,096,476</u>	<u>22,739,953</u>	<u>109,836,429</u>
	<b>Unit</b> <b>capital</b> <b>\$</b>	<b>Retained</b> <b>earnings</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 April 2017	87,096,476	28,111,353	115,207,829
Profit after income tax benefit for the period	-	1,261,168	1,261,168
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	1,261,168	1,261,168
<i>Transactions with unitholders in their capacity as unitholders:</i>			
Distributions paid (note 7)	-	(5,519,004)	(5,519,004)
Balance at 30 September 2017	<u>87,096,476</u>	<u>23,853,517</u>	<u>110,949,993</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 period ended 30 September 2017**

	<b>30 September 2017 \$</b>	<b>30 September 2016 \$</b>
<b>Cash flows from operating activities</b>		
Interest income received	236,716	140,821
Net payments to suppliers	(620,372)	(575,327)
Income tax paid	-	(1,490)
	<u>          </u>	<u>          </u>
Net cash used in operating activities	<u>(383,656)</u>	<u>(435,996)</u>
 <b>Cash flows from investing activities</b>		
Receipts from distributions	<u>5,719,475</u>	<u>4,680,574</u>
	<u>          </u>	<u>          </u>
Net cash from investing activities	<u>5,719,475</u>	<u>4,680,574</u>
 <b>Cash flows from financing activities</b>		
Payment for distribution	<u>(5,518,719)</u>	<u>(4,451,744)</u>
	<u>          </u>	<u>          </u>
Net cash used in financing activities	<u>(5,518,719)</u>	<u>(4,451,744)</u>
 Net decrease in cash and cash equivalents	(182,900)	(207,166)
Cash and cash equivalents at the beginning of the financial period	40,517,044	40,943,173
Effects of exchange rate changes on cash and cash equivalents	<u>(918,621)</u>	<u>(48,567)</u>
	<u>          </u>	<u>          </u>
Cash and cash equivalents at the end of the financial period	<u><u>39,415,523</u></u>	<u><u>40,687,440</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 2017**

**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 29 November 2017.

The adoption of the above standard had no material impact on the half-year financial statements.

(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 Standards and Interpretations have been adopted in the current period and, where applicable, only affect disclosure and presentation in this financial report.

- AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'
- AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'
- AASB 2017-2 'Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle'

The adoption of the above standard had no material impact on the half-year financial statements.

(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 4 (iv)), recognition of a deferred tax liability in respect of likely USA tax obligations which are expected to arise from underlying fund investment realisations (refer note 5), 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 2017**

**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. Revenue**

	<b>30 September 2017 \$</b>	<b>30 September 2016 \$</b>
Interest income	<u>244,053</u>	<u>134,563</u>

**4. Non-current assets - other financial assets**

(i) Equity investment constituting interest in Limited Partnership (**LP**) - at fair value:

	<b>30 September 2017 \$</b>	<b>31 March 2017 \$</b>
US Select Private Opportunities Fund II, LP ( <b>LP</b> )	<u>73,869,762</u>	<u>77,676,553</u>

	<b>30 September 2017 \$</b>	<b>31 March 2017 \$</b>
(ii) Reconciliation		
Balance at the beginning of the period	77,676,553	75,540,599
Movement in fair value through profit or loss*	1,966,247	7,352,397
Distributions received from LP	<u>(5,773,038)</u>	<u>(5,216,443)</u>
Balance at the end of the period	<u>73,869,762</u>	<u>77,676,553</u>

\* Included in the 'movement in fair value' amount of \$1,966,247 (year ended 31 March 2017: \$7,352,397) is an unrealised foreign exchange translation loss component of \$1,807,773 (year ended 31 March 2017: \$381,550 gain). 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 \$1,077,895 (year ended 31 March 2017: \$2,205,457) (refer to note 8).

**Cordish Dixon Private Equity Fund II**  
**Notes to the condensed financial statements**  
**30 September 2017**

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

(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 2017 is represented by its proportionate interest in the LP's assets and liabilities as follows:

	<b>30 September 2017 \$</b>	<b>31 March 2017 \$</b>
Cash	5,481,769	4,478,173
Investment in US private investment funds recorded at fair value	68,363,733	73,171,280
Due from members	882	906
Prepaid expenses	1,080	3,323
Tax withheld - distributions	22,298	22,871
Net assets	<u>73,869,762</u>	<u>77,676,553</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 values 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.



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

**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 5).

**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 \$3,418,187 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 \$3,517,608. Conversely, a 5% decrease would increase the value of the Fund's investment by \$3,887,882. 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 2017, the Fund has made capital commitments totalling US\$83.0 million to the LP, of which US\$54.9 million has been called at balance date.

As at 30 September 2017, the Fund has uncalled capital commitments of US\$28.1 million (or \$35.9 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 0.7834.

**5. Non-current liabilities - deferred tax**

	<b>30 September 2017 \$</b>	<b>31 March 2017 \$</b>
Deferred tax liability	<u>2,956,080</u>	<u>3,481,419</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.

**Cordish Dixon Private Equity Fund II**  
**Notes to the condensed financial statements**  
**30 September 2017**

**6. Equity - unit capital**

	<b>30 September 2017 Units</b>	<b>31 March 2017 Units</b>	<b>30 September 2017 \$</b>	<b>31 March 2017 \$</b>
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 year and previous year.

**7. Equity - distributions**

Distributions paid during the financial period were as follows:

	<b>30 September 2017 \$</b>	<b>30 September 2016 \$</b>
Distribution - 8 cents per unit paid on 1 August 2016	-	4,415,203
Distribution - 10 cents per unit paid on 14 June 2017	<u>5,519,004</u>	<u>-</u>
	<u>5,519,004</u>	<u>4,415,203</u>

**8. Related party disclosures**

Disclosures relating to key management personnel are set out in note 10.

*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 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 2017 was \$191,117 (2016: \$195,009), exclusive of GST. There were no outstanding management fees as at 30 September 2017 (2016: nil).

*Fund administration fees*

Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of Evans Dixon Pty 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 2017 were \$60,000 (2016: \$60,000), exclusive of GST.

**Cordish Dixon Private Equity Fund II**  
**Notes to the condensed financial statements**  
**30 September 2017**

**8. Related party disclosures (continued)**

*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 2017 amounted to \$1,234,703 (US\$950,950) (2016: \$1,264,478 (US\$950,950)). The Fund's 87.3% interest equates to \$1,077,895 (2016: \$1,103,889). This fee is recorded in the books of the LP.

*US Select Direct Private Equity Fund (US), LP*

At balance date, the Fund's share of the LP's investment in US Select Direct Private Equity Fund (US), LP was \$12,829,056 (US\$10,050,282) (31 March 2017: \$12,375,889 (US\$9,441,566)). 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 2017 amounted to \$97,379 (US\$75,000). The Fund's 87.3% interest equates to \$85,012 (US\$65,475).

**9. 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
	\$	\$	\$	\$
<b>30 September 2017</b>				
<i>Financial assets carried at fair value</i>				
Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund II, LP	-	-	73,869,762	73,869,762
Total assets	-	-	73,869,762	73,869,762
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>31 March 2017</b>				

*Financial assets carried at fair value*

Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund II, LP	-	-	77,676,553	77,676,553
Total assets	-	-	77,676,553	77,676,553

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 2017.

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 4.

**9. 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.

**10. Key management personnel**

*Directors*

Alex MacLachlan, Tristan O'Connell and Warwick Keneally 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.

**11. Events after the reporting period**

On 8 November 2017, the Fund announced a distribution of 23 cents per ordinary unit which was paid to unitholders on 21 November 2017. The record date for determining the entitlement to the distribution was 14 November 2017.

No other matter or circumstance has arisen since 30 September 2017 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 2017**

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 2017 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 2017

## **Independent Auditor's Review Report to the Unitholders of Cordish Dixon Private Equity Fund II (formerly US Select Private Opportunities Fund II)**

We have reviewed the accompanying half-year financial report of Cordish Dixon Private Equity Fund II ("the Fund")(formerly US Select Private Opportunities Fund II), which comprises the condensed statement of financial position as at 30 September 2017, 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 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 as set out on pages 8 to 19.

### *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 2017 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 (formerly US Select Private Opportunities 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 (formerly US Select Private Opportunities 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 2017 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, 29 November 2017

**Cordish Dixon Private Equity Fund II**  
**Corporate directory**  
**30 September 2017**

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)

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Simon Barnett  
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