

Appendix 4D

Half Year Report For the period ended 30 September 2017

Name of entity

Cordish Dixon Private Equity Fund III (formerly US Select Private Opportunities Fund III)

ARSN

Reporting Period

Previous Corresponding Period

612 132 813

1 April 2017 to 30 September 2017

5 May 2016 to 30 September 2016

Results for announcement to the market

		30 September 2017
		(\$)
Total revenue ("revenue from ordinary activities")	Up by 661%	\$357,321
Net operating loss for the year ("loss from ordinary activities after tax attributable to shareholders")	Down by 50%	(\$1,131,724)
Total comprehensive income ("net loss for the period attributable to shareholders")	Down by 50%	(\$1,131,724)

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 Half Year Report.

Distributions

No distributions were paid or declared during the period 1 April 2017 to 30 September 2017.

Net tangible assets per share

30/09/2017	\$1.48
30/09/2016	\$1.50

Earnings per share

	30 September 2017	30 September 2016
Basic earnings per share	(2.22 cents)	(9.77 cents)
Diluted earnings per share	(2.22 cents)	(9.77 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 III

ARSN 612 132 813

Half-Year Financial Report - 30 September 2017

Cordish Dixon Private Equity Fund III

Contents

30 September 2017

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 members of Cordish Dixon Private Equity Fund III	20
Corporate directory	22

Cordish Dixon Private Equity Fund III

Report to unitholders

30 September 2017

Dear Unitholders,

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

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.

The Fund posted a net loss of \$1.1 million or 2.22 cents per Unit in H1 FY18, compared with \$2.3 million or 9.77 cents per Unit for the corresponding period last year. The key components of this result was a \$0.5 million fair value movement loss on the Fund's investment in US Select Private Opportunities Fund III, L.P. (**LP**) and a \$0.2 million foreign exchange movement loss during the period. At 30 September 2017, the Fund had net assets of \$106.4 million representing \$1.48 per Unit.

During the half year, Cordish Dixon III Australian Wholesale Fund (**CDW III**) was admitted to the US Select Private Opportunities Fund III, L.P. (**LP**) on 2 May 2017 for a commitment of US\$ 12.7 million. The admission of CDW III increased the total commitment in the LP to US\$85.8 million.

The Fund also successfully completed a subsequent capital raising offer in September. The offer closed oversubscribed with applications received for \$36 million in new units, which commenced trading on the Australian Securities Exchange (**ASX**) on 14 September 2017. The additional raising increased the total commitment to the LP to US\$114.0 million, of which the Fund's commitment of US\$81.2 million represents a 71.2% interest in the LP.

During the H1 FY18, the investment manager has continued to locate attractive private equity investment opportunities to deploy capital. Through its investment in the LP the Fund is fully committed across 10 highly attractive US private investment funds all focused on small-to-mid-market private investment opportunities, for a total consideration of US\$70 million.

At 30 September 2017, US\$28.5 million (or 25.0%) of total funds committed to the LP had been called. The Fund's proportionate share of this is approximately US\$20.3 million (a 71.2% share).

During the period, the LP received 15 drawdown requests for a total net consideration of US\$7.3 million. At 30 September 2017, net drawdown requests from underlying investments were approximately US\$18.1 million (or 25.8% of total commitments).

Underlying portfolio update

DFW Capital Partners V, L.P. (DFW) invested additional capital into LRI Energy Services and Saol Therapeutics.

Elephant Partners Fund I, L.P. (Elephant) invested in A Cloud Guru, a leading online technology education business focused on public cloud platforms. Currently, the company is focused on Amazon Web Services (**AWS**) education, training and certification prep, and intends to expand into other cloud-based platforms.

Elephant acquired Allbirds, a fast growing direct to consumer lifestyle brand initially focused on the casual shoe market.

Elephant also invested in RedAwning, a platform used by property managers and individual property owners to administer, market and book their vacation rental properties online.

Encore Consumer Capital Fund III, L.P. (Encore) invested in Veggie Noodle Company (**VNC**), a manufacturer and marketer of branded spiralized vegetable noodles sold under the "Veggie Noodle Co." brand. VNC's products, which are typically used by consumers as a healthy alternative to traditional pasta, are certified organic and made from 100 per cent raw vegetables with no additives.

Cordish Dixon Private Equity Fund III
Report to unitholders
30 September 2017

Gemspring Capital Fund I, L.P. (Gemspring) invested in United Group Programs (**UGP**), a leading designer, marketer and administrator of healthcare benefit products and services. UGP was founded in 1968 and is both a Third-Party Administrator (**TPA**) and Managing General Agent (**MGA**) of healthcare benefits. The company offers specialty products and services that are sold through an extensive broker network to small and mid-sized businesses.

Growth Street Partners I, L.P. (Growth Street) invested in ChildCareCRM, the leading Customer Relationship Management (**CRM**) and Marketing Software as a Service (**SaaS**) Platform for the early childhood learning industry.

Growth Street also invested in Pear Deck, a provider of real-time classroom engagement software (SaaS). Pear Deck's software enables K-12 teachers, schools, and school districts to engage students, improve educational outcomes, and enhance the teacher experience.

Incline Equity Partners IV, L.P. (Incline) had no material investment activity during the half-year period.

Luminate Capital Partners, L.P. (Luminate) During the half-year, the LP committed to Luminate. Luminate had invested in two companies prior to the commitment (of which the Fund now has an indirect share). As a result, the Fund's share of the capital was called at the time of the LP's commitment in Q2 2017.

Luminate acquired Fintech, a leading provider of data, payment and software solutions to the alcohol beverage industry. Fintech's flagship product, OneSource®, provides the alcohol beverage industry a single-source, secure payment solution that ensures invoices are paid on time and in compliance with a highly-regulated environment.

Luminate invested in Oversight Insights On Demand (**Oversight**), a provider of software (SaaS) solutions that automate spending program compliance. Through a comprehensive analysis of expense-related transactional data, Oversight reduces operating expenses by identifying inappropriate spending patterns and uncovers misuse, fraud and compliance violations within travel and expense, purchase card, and accounts payable programs.

Luminate also invested in StarCompliance, the leading provider of enterprise compliance and regulatory software solutions for the financial services industry.

NMS Fund III, L.P. (NMS) The LP committed \$5 million to NMS Fund III during the half year.

PeakSpan Capital Fund I, L.P. (PeakSpan) invested in Cloudbeds, a leading provider of hospitality management software for independent properties (hotels, hostels, inns, bed and breakfasts, campgrounds, vacation rentals, and more). Founded in late 2012, Cloudbeds now has 102 employees worldwide with offices in San Diego, São Paulo, and Dublin. Its software now services tens of thousands of properties in more than 120 countries.

PeakSpan also invested in a cloud based online appointment booking system. As the transaction has not yet been publicly announced we are unable to disclose the company name and website at this time.

Trive Capital Fund II, L.P. (Trive) invested in uSell, a large market maker of used smartphones. uSell acquires used smartphones, which it grades and repairs, and then distributes throughout the world using both its internal sales force and an automated online platform.

Trive invested in Circle 8, a provider of operated and maintained crane-lifting and pumping services to the oil and gas, commercial and industrial markets in the southern United States. Circle 8 owns and operates one of the largest fleets of mobile and all-terrain cranes in the territories it serves, as well as a fleet of auxiliary vehicles and equipment.

Trive invested additional capital in Lucky Bucks.

Cordish Dixon Private Equity Fund III

Report to unitholders

30 September 2017

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 III (**ASX Code: USP**) to Cordish Dixon Private Equity Fund III (**ASX Code: CD3**) on 24 November 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



Alex MacLachlan

Chairman of Walsh & Company Investments Limited

29 November 2017

Cordish Dixon Private Equity Fund III
Directors' report
30 September 2017

The directors of Walsh & Company Investments Limited (**Walsh & Co.**), the Responsible Entity of the Cordish Dixon Private Equity Fund III (**Fund**), formerly US Select Private Opportunities Fund III, 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 period 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 financial period 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 loss for the Fund after providing for income tax amounted to \$1,131,724 (30 September 2016: \$2,267,770 loss).

The key components of this result included a \$499,588 fair value movement loss incurred on the Fund's investment in US Select Private Opportunities Fund III, L.P. (**LP**) and a \$184,309 foreign exchange movement loss during the period. As at 30 September 2017, the Fund had net assets of \$106,367,545, representing \$1.48 per unit.

The Fund has invested in a limited partnership, the LP which, in turn, invests in small-to-medium-sized private investment funds. The LP has committed capital across ten underlying private investment funds which focus on a range of industries including health care, business services, software businesses, and food and consumer products. 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 period totalled US\$18.1 million.

The Fund has committed capital of US\$81.2 million, representing an interest of 71.2% in the LP. The Fund's proportionate share of the total capital called as at 30 September 2017 was US\$20.3 million (or \$25.9 million).

Distributions

There were no distributions paid, recommended or declared during the current or previous financial period.

Events subsequent to the reporting period

No 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.

Cordish Dixon Private Equity Fund III
Directors' report
30 September 2017

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

29 November 2017

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

29 November 2017

Dear Board Members

Cordish Dixon Private Equity Fund III (formerly US Select Private Opportunities Fund III)

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 III (formerly US Select Private Opportunities Fund III).

As lead audit partner for the review of the financial statements of Cordish Dixon Private Equity Fund III (formerly US Select Private Opportunities Fund III) for the financial half-year period 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

DELOITTE TOUCHE TOHMATSU



Weng W Ching
Partner
Chartered Accountants

Cordish Dixon Private Equity Fund III
Condensed statement of profit or loss and other comprehensive income
For the period ended 30 September 2017

	Note	30 September 2017 \$	30 September 2016 \$
Revenue	3	357,321	46,935
Foreign exchange loss		(184,309)	(1,841,984)
Fair value movements of equity investments	4	(499,588)	(346,398)
Expenses			
Management and administration fees	8	(186,116)	(82,131)
Contribution fee	4	(415,497)	-
Listing fees		(52,771)	(9,016)
Accounting and audit fees		(56,117)	(18,000)
Custody fees		(6,824)	-
Share registry fees		(9,308)	(890)
Legal, compliance costs and due diligence		(49,621)	(16,189)
Other expenses		(28,894)	(97)
Loss before income tax expense		(1,131,724)	(2,267,770)
Income tax expense		-	-
Loss after income tax expense for the period attributable to the unitholders of Cordish Dixon Private Equity Fund III		(1,131,724)	(2,267,770)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period attributable to the unitholders of Cordish Dixon Private Equity Fund III		<u>(1,131,724)</u>	<u>(2,267,770)</u>
		Cents	Cents
Basic loss per unit	7	(2.22)	(9.77)
Diluted loss per unit	7	(2.22)	(9.77)

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 III
Condensed statement of financial position
As at 30 September 2017

	Note	30 September 2017 \$	31 March 2017 \$
Assets			
Current assets			
Cash and cash equivalents		80,800,158	60,151,508
Receivables		187,248	182,402
Prepayments		41,107	9,015
Total current assets		<u>81,028,513</u>	<u>60,342,925</u>
Non-current assets			
Other financial assets	4	<u>25,478,493</u>	<u>11,968,964</u>
Total non-current assets		<u>25,478,493</u>	<u>11,968,964</u>
Total assets		<u>106,507,006</u>	<u>72,311,889</u>
Liabilities			
Current liabilities			
Trade and other payables		<u>139,461</u>	<u>148,090</u>
Total current liabilities		<u>139,461</u>	<u>148,090</u>
Total liabilities		<u>139,461</u>	<u>148,090</u>
Net assets		<u>106,367,545</u>	<u>72,163,799</u>
Equity			
Unit capital	5	109,632,909	74,297,439
Accumulated losses		<u>(3,265,364)</u>	<u>(2,133,640)</u>
Total equity		<u>106,367,545</u>	<u>72,163,799</u>

The above condensed statement of financial position should be read in conjunction with the accompanying notes

Cordish Dixon Private Equity Fund III
Condensed statement of changes in equity
For the period ended 30 September 2017

	Unit capital	Retained	Total equity
	\$	\$	\$
Balance at 5 May 2016	-	-	-
Loss after income tax expense for the period	-	(2,267,770)	(2,267,770)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive loss for the period	-	(2,267,770)	(2,267,770)
Issued capital	76,845,472	-	76,845,472
Issue costs	(2,548,033)	-	(2,548,033)
Balance at 30 September 2016	<u>74,297,439</u>	<u>(2,267,770)</u>	<u>72,029,669</u>
	Unit	Retained	Total equity
	capital	earnings	\$
	\$	\$	\$
Balance at 1 April 2017	74,297,439	(2,133,640)	72,163,799
Loss after income tax expense for the period	-	(1,131,724)	(1,131,724)
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive loss for the period	-	(1,131,724)	(1,131,724)
Issued capital (note 5)	36,480,000	-	36,480,000
Issue costs (note 5)	(1,144,530)	-	(1,144,530)
Balance at 30 September 2017	<u>109,632,909</u>	<u>(3,265,364)</u>	<u>106,367,545</u>

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes

Cordish Dixon Private Equity Fund III
Condensed statement of cash flows
For the period ended 30 September 2017

	Note	30 September 2017 \$	30 September 2016 \$
Cash flows from operating activities			
Interest income received		441,688	28,618
Net payments to suppliers		<u>(935,082)</u>	<u>(227,976)</u>
Net cash used in operating activities		<u>(493,394)</u>	<u>(199,358)</u>
Cash flows from investing activities			
Payment for investments		<u>(14,009,117)</u>	<u>(6,615,994)</u>
Net cash used in investing activities		<u>(14,009,117)</u>	<u>(6,615,994)</u>
Cash flows from financing activities			
Proceeds from issue of units	5	36,480,000	76,845,472
Payment of issue costs	5	<u>(1,144,530)</u>	<u>(2,548,033)</u>
Net cash from financing activities		<u>35,335,470</u>	<u>74,297,439</u>
Net increase in cash and cash equivalents		20,832,959	67,482,087
Cash and cash equivalents at the beginning of the financial period		60,151,508	-
Effects of exchange rate changes on cash and cash equivalents		<u>(184,309)</u>	<u>(1,841,984)</u>
Cash and cash equivalents at the end of the financial period		<u><u>80,800,158</u></u>	<u><u>65,640,103</u></u>

The above condensed statement of cash flows should be read in conjunction with the accompanying notes

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

1. General information

Cordish Dixon Private Equity Fund III (**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 III, 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 board of directors of the Responsible Entity of the Fund on 29 November 2017.

(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'

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, and selection of Australian dollars as the functional currency of the Fund.

Cordish Dixon Private Equity Fund III
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

	30 September 2017 \$	30 September 2016 \$
Interest income	<u>357,321</u>	<u>46,935</u>

4. Non-current assets - other financial assets

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

	30 September 2017 \$	31 March 2017 \$
US Select Private Opportunities Fund III, LP (LP)	<u>25,478,493</u>	<u>11,968,964</u>

	30 September 2017 \$	31 March 2017 \$
(ii) Reconciliation		
Balance at the beginning of the period	11,968,964	-
Capital invested - at cost	14,009,117	12,344,386
Movement in fair value through profit or loss*	<u>(499,588)</u>	<u>(375,422)</u>
Balance at the end of the period	<u>25,478,493</u>	<u>11,968,964</u>

* - Included in the 'movement in fair value' amount of \$499,588 (year ended 31 March 2017: \$375,422) is an unrealised foreign exchange translation loss component of \$445,535 (year ended 31 March 2017: \$14,935 gain). This amount is also net of the Fund's 71.2% share of management fees paid by the LP to the General Partner of the LP, totalling \$470,357 (year ended 31 March 2017: \$443,080) (refer to note 8).

In accordance with the Limited Partnership Agreement, the Fund incurred an additional capital contribution fee of \$415,497 (US\$330,819) which was paid to the LP and recognised as an expense in the condensed statement of profit or loss and other comprehensive income.

Cordish Dixon Private Equity Fund III
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 71.2% 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 71.2% interest in US Select Private Opportunities Fund III, L.P. at 30 September 2017 is represented by its proportionate interest in the LP's assets and liabilities as follows:

	30	31 March
	September	2017
	2017	2017
	\$	\$
Cash	9,035,235	2,242,735
Investment in US private investment funds recorded at fair value	16,442,372	10,024,514
Prepaid Expenses	886	2,807
Due to Gemspring Capital Fund I, LP	-	(301,092)
	<u>25,478,493</u>	<u>11,968,964</u>
Net assets		

(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 71.2% 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.

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

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.

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 \$822,119 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 \$1,213,261. Conversely, a 5% decrease would increase the value of the Fund's investment by \$1,340,974. 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\$81.2 million to the LP, of which US\$20.3 million has been called at balance date.

As at 30 September 2017, the Fund has uncalled capital commitments of US\$60.9 million (or \$77.7 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 period end exchange rate of 0.7834.

5. Equity - unit capital

	30	31 March	30	31 March
	September	2017	September	2017
	Units	Units	\$	\$
Ordinary units - fully paid	<u>72,028,420</u>	<u>48,028,420</u>	<u>109,632,909</u>	<u>74,297,439</u>

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

5. Equity - unit capital (continued)

Movements in ordinary unit capital

Details	Date	Units	Issue price	\$
Balance	1 April 2017	48,028,420		74,297,439
Fully paid ordinary units	8 September 2017	24,000,000	\$1.52	36,480,000
Issue costs	8 September 2017	<u>-</u>		<u>(1,144,530)</u>
Balance	30 September 2017	<u>72,028,420</u>		<u>109,632,909</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.

6. Equity - distributions

There were no distributions paid, recommended or declared during the current or previous financial period.

7. Earnings per unit

	30 September 2017 \$	30 September 2016 \$
Loss after income tax attributable to the unitholders of Cordish Dixon Private Equity Fund III	<u>(1,131,724)</u>	<u>(2,267,770)</u>
	Number	Number
Weighted average number of ordinary units used in calculating basic earnings per unit	<u>50,913,666</u>	<u>23,208,364</u>
Weighted average number of ordinary units used in calculating diluted earnings per unit	<u>50,913,666</u>	<u>23,208,364</u>
	Cents	Cents
Basic loss per unit	(2.22)	(9.77)
Diluted loss per unit	(2.22)	(9.77)

There are no adjustments on the basic earnings per unit for the calculation of diluted earnings per unit and there are no transactions that would significantly change the number of ordinary units at the end of the reporting period.

8. Related party disclosures

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

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

8. Related party disclosures (continued)

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 \$118,650 (2016: \$49,887), exclusive of GST. There were no outstanding management fees as at 30 September 2017.

Fund administration fees

Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of the 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: \$30,000), exclusive of GST.

Investment manager fees

US Select Private Opportunities Fund III, L.P. (LP), in which the Fund holds an 71.2% interest, is required to pay its Investment Manager, US Select Private Opportunities Fund III, 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 1% 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 to 30 September 2017 amounted to \$660,614 (US\$508,795) (2016: \$125,461 (US\$94,353)). The Fund's 71.2% interest equates to \$470,357 (2016: \$90,959). This fee is recorded in the books of the LP.

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
	\$	\$	\$	\$
30 September 2017				
<i>Financial assets carried at fair value</i>				
Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund III, LP	-	-	25,478,493	25,478,493
Total assets	-	-	25,478,493	25,478,493

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

9. Fair value measurement (continued)

31 March 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Financial assets carried at fair value</i>				
Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund III, LP	-	-	11,968,964	11,968,964
Total assets	-	-	11,968,964	11,968,964

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.

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

No 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 III
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



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 III (formerly US Select Private Opportunities Fund III)

We have reviewed the accompanying half-year financial report of Cordish Dixon Private Equity Fund III ("the Fund") (formerly US Select Private Opportunities Fund III), 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 period ended 30 September 2017, 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 III's financial position as at 30 September 2017 and its performance for the period ended 30 September 2017; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cordish Dixon Private Equity Fund III (formerly US Select Private Opportunities Fund III), 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 III (formerly US Select Private Opportunities Fund III) 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 period ended 30 September 2017; 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 III
Corporate directory
30 September 2017

The Fund's units are quoted on the official list of Australian Securities Exchange (**ASX**).
The ASX code is **CD3**

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