

Market update

Global equity markets rallied in the fourth quarter of 2019, with the MSCI World Index returning over 8% in USD terms, and 4.4% in AUD terms. Improving investor sentiment pushed markets higher as US-China trade negotiations, the UK election, and accommodative central bank policy reduced uncertainty that had persisted throughout the year.

The Federal Reserve reduced their target rate in late October (-25 basis points or 0.25%), the third reduction since late July, and took steps to maintain liquidity in short-term lending markets. Markets were positive as the US-China trade negotiations seemingly progressed, which led to a “phase one” trade agreement in December. Key terms of the agreement announced included the cancellation of tariffs expected to come into force in December and a reduction of tariffs on certain Chinese goods. Asian markets also responded positively to the deal, with Hong Kong and China indices up approximately 8% and Taiwan up 11% for the quarter (local currency returns).

The US market returned more than 9% over the quarter, to be up 31.5% for the calendar year (as measured by the S&P 500 Index), supported in part by the improving sentiment discussed above, but also a broadly positive reporting season from US equities and moderate economic growth. US GDP growth remains positive, declining to 2.1% year-on-year, whilst inflation (excluding food and energy) remains low. The unemployment rate (3.5%) continues to remain at historic lows, however wage inflation appears to remain stagnant.

Despite some periods of economic uncertainty throughout 2019, private equity markets continue to be robust. Early indicators are that activity was slightly below that of 2018, a record year for PE deals. Despite this, 2019 was another strong year of capital raisings, which will mean that dry-powder levels remain high, particularly at the middle to upper end of the US private equity market, and should result in continued strong deal flow in our Funds’ target market. This current dynamic should continue to create a positive environment for the lower middle-market, particularly on realisation. Some larger participants are beginning to show some caution following a full decade of economic growth in the US and successive years of strong private equity activity, nevertheless we are confident that our strategy will continue to benefit from the sheer weight of money that has entered the private capital market.

Consistent with the investment cycle for the earlier Funds in the series, investments in CD1 and CD2 continue to be realised, with portfolio companies managed by underlying partners including Incline Equity Partners (CD1), Fort Point Capital (CD1), High Road Capital Partners (CD2), and Tower Arch Capital (CD2) sold during the period. Proceeds were also received by CD1 and CD2 from dividends and previous company sales, held under escrow. While CD1 and CD2 continue to mature, capital is still being deployed and several investments were completed during the quarter. Partner funds continue to deploy capital in CD3 and CD4, with seven and five underlying managers calling capital respectively.

As outlined in prior announcements, on 26 November 2019 unitholders of CD1 and CD2 were provided the opportunity to vote on resolutions that would result in a full liquidation of remaining assets in the Funds to a Canadian private equity firm. The resolutions to approve the sales were not carried and the Funds will continue to operate in line with their existing strategies. The Responsible Entity is very pleased with the resounding endorsement of the strategy and the investments held by the Fund.

Following a weak prior quarter (-3.9%), the Australian dollar recovered strongly in the December quarter (+4.0%), creating a headwind for the Funds which, despite some positive movements in US dollar terms, resulted in a decline in Net Tangible Asset (NTA) during the quarter. Notably over six months, on a post-tax NTA basis, CD1, CD2 and CD3 have made positive gains, and over the 2019 calendar year have returned 20.6%, 12.0% and 12.0% respectively.

Regards
Cordish Dixon Team

About the funds

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

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

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

Investment objectives

The General Partner and Investment Manager will seek to meet 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



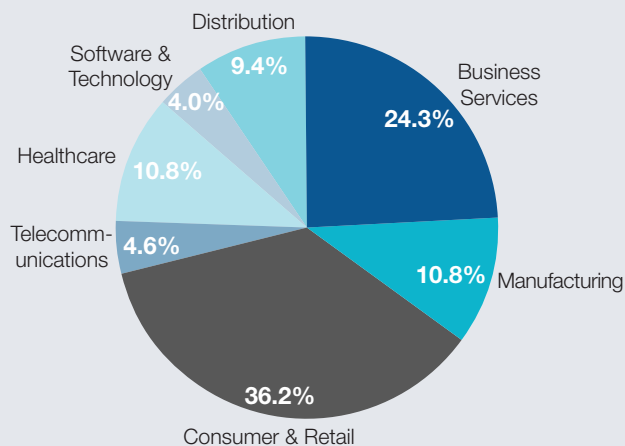
Jonathan Cordish
Chairman of the Advisory Board



Jonathan Sinex
Managing Director, Cordish Private Ventures

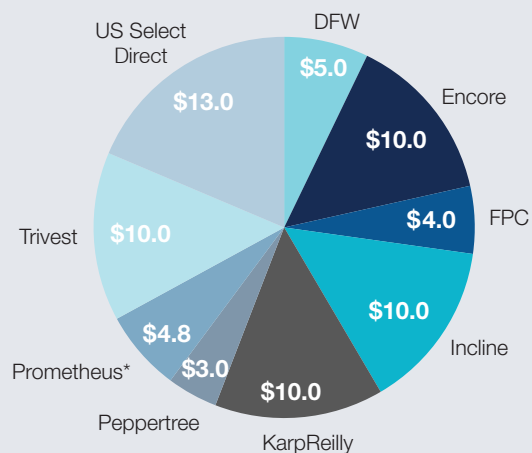


CD1 portfolio asset allocation



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.

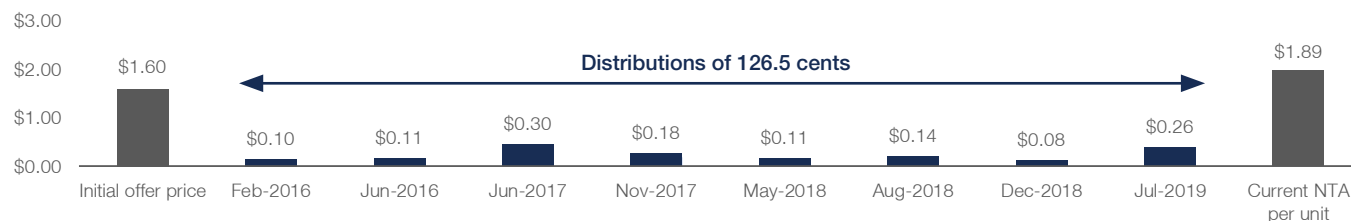
CD1 Fund performance

	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS PA	5 YEARS PA	SINCE INCEPTION PA ³
NTA return ^{1,2}	-4.1%	9.5%	20.6%	15.4%	14.8%	12.4%

Notes: ¹ Source: Walsh & Company Investments Limited. Historical performance is not a guarantee of the future performance of the Fund.
² Total returns are inclusive of distributions. NTA return is based on post-tax NTA and is net of fees and costs. ³ Inception date August 2012.

On an NTA/Internal Rate of Return (IRR) basis CD1 has achieved a return of 11.7% per annum since inception.

CD1 unit value and income



Note: The unit price of CD1 was \$1.61 as of 31 December 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 post-tax.

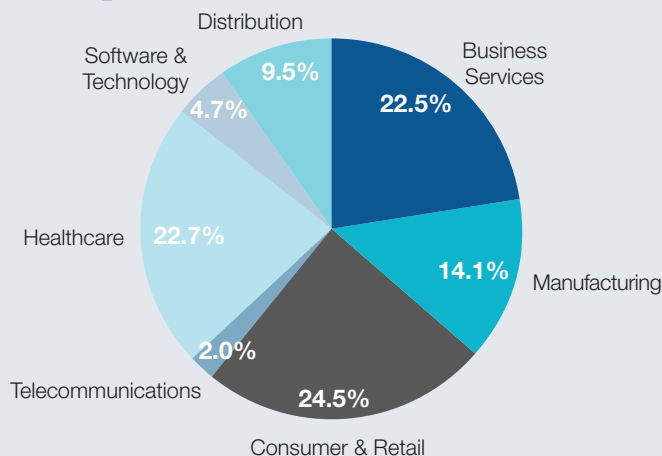
Underlying fund activity

Incline Equity Partners III, L.P. sold portfolio company Ned Stevens resulting in a US\$3,345,731 distribution.

FPC Small Cap Fund I, L.P. sold portfolio company WolfePak Software resulting in a \$1,358,836 distribution.

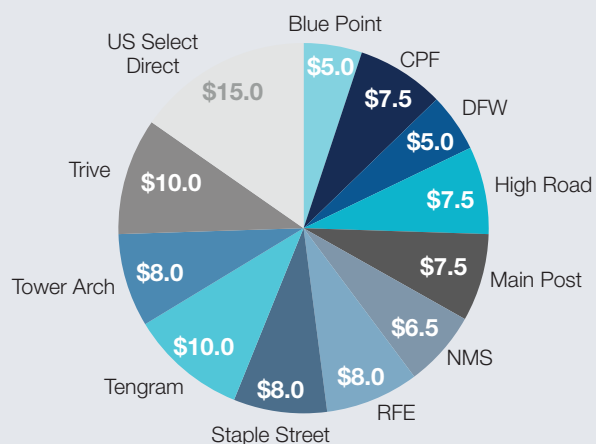


CD2 portfolio asset allocation



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

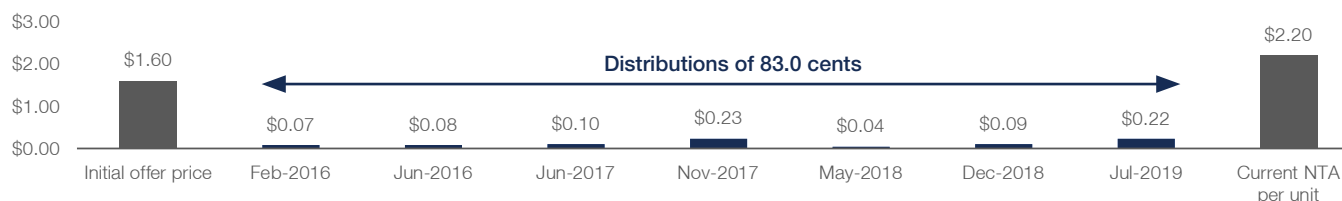
	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS PA	5 YEARS PA	SINCE INCEPTION PA ³
NTA return ^{1,2}	-0.5%	6.6%	12.0%	12.8%	11.2%	11.9%

Notes: ¹ Source: Walsh & Company Investments Limited. Historical performance is not a guarantee of the future performance of the Fund.

² Total returns are inclusive of distributions. NTA return is based on post-tax NTA and is net of fees and costs. ³ Inception date April 2013.

On an NTA/Internal Rate of Return (IRR) basis CD2 has achieved a return of 11.7% per annum since inception.

CD2 unit value and income



Note: The unit price of CD2 was \$1.92 as of 31 December 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 post-tax.

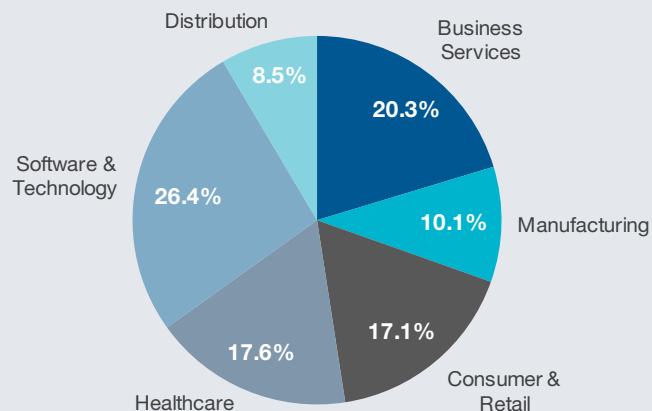
Underlying fund activity

Staple Street Capital Partners II, L.P. invested in Cyberlink ASP Technology (Cyberlink). Cyberlink is a Dallas-based managed IT services firm providing cloud, managed application, network, storage, desktop and security services to customers across the U.S.

Tower Arch Partners I, L.P. sold Enertech Resources resulting in a \$1,896,807 distribution and invested in CCI Network Services (CCI). CCI is a provider of diversified telecom services. Headquartered in Salt Lake City, CCI designs, provisions, and manages customized, mission-critical voice, data and cloud solutions for enterprise customers and small to medium sized businesses. Tower Arch also made several follow-on investments to existing portfolio companies.

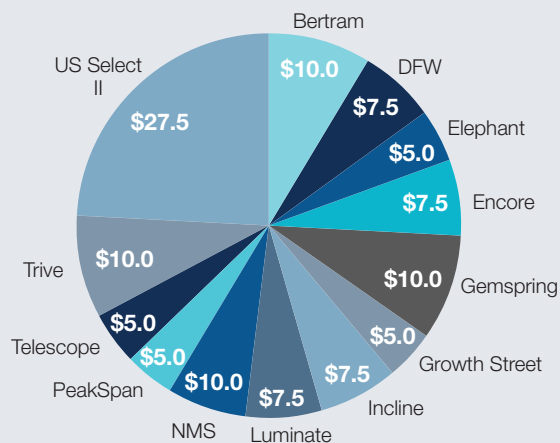


CD3 portfolio asset allocation



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 MONTHS	6 MONTHS	1 YEAR	2 YEARS PA	3 YEARS PA	SINCE INCEPTION PA ³
NTA return ^{1,2}	-1.6%	5.1%	12.0%	12.6%	5.9%	5.7%

Notes: ¹ Source: Walsh & Company Investments Limited. Historical performance is not a guarantee of the future performance of the Fund.

² Total returns are inclusive of distributions. NTA return is based on post-tax NTA and is net of fees and costs. ³ Inception date July 2016.

On an NTA/Internal Rate of Return (IRR) basis CD3 has achieved a return of 5.5% per annum since inception.

CD3 unit value and income



Note: The unit price of CD3 was \$1.50 as of 31 December 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 post-tax.

Underlying fund activity

Gemspring Capital Fund I, L.P. invested in Rapid Displays. Rapid Displays offers custom retail displays, store fixtures, kiosk merchandising and more, for an end-to-end visual merchandising solution.

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	\$1.91 ¹	\$2.34 ¹	\$1.88 ¹
Post-tax NTA	\$1.89 ¹	\$2.20 ¹	\$1.86 ¹
Net Assets	\$73.6 million	\$121.7 million	\$133.8 million
Number of managers	8	12	13
Total underlying investments	96	119	103
Investments during the quarter	0	2	1
Full realisations	34	26	4
Realisations during the quarter	3	2	1
Current portfolio companies	62	93	99
Average age of remaining companies	4.0 years	3.8 years	1.8 years

¹ 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 as at 31 December 2019.

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

Important information

This report has been authorised for release by the Board of Walsh & Company Investments Limited (ACN 152 367 649, AFSL 410 433), as responsible entity for Cordish Dixon Private Equity Fund I (ARSN 158 625 284), Cordish Dixon Private Equity Fund II (ARSN 162 057 089) and, Cordish Dixon Private Equity Fund III (ARSN 612 132 813) (**CD3**).

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.

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