

Appendix 4D

Half Year Report For the period ended 30 September 2019

Name of entity

Cordish Dixon Private Equity Fund III

ARSN

Reporting Period

Previous Corresponding Period

612 132 813

1 April 2019 to 30 September 2019

1 April 2018 to 30 September 2018

Results for announcement to the market

30/09/2019

Total investment income

("revenue from ordinary activities")

Up by 33%

\$11,567,673

Net operating profit for the year

("profit from ordinary activities after tax attributable to unitholders")

Up by 38%

\$10,778,784

Total comprehensive income

("net profit for the period attributable to unitholders")

Up by 38%

\$10,778,784

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 2019 to 30 September 2019.

Net tangible assets per unit

30/09/2019

\$1.89

31/03/2019

\$1.74

Earnings per unit

30 September 2019

30 September 2018

Basic earnings per unit

14.96 cents

10.86 cents

Diluted earnings per unit

14.96 cents

10.86 cents

Financial report

This report is based on the 30 September 2019 Half Year Report and has been reviewed by Deloitte Touche Tohmatsu.



**CORDISH
DIXON**
PRIVATE EQUITY FUND III

Half-Year Financial Report

FOR THE HALF-YEAR ENDED
30 SEPTEMBER 2019

ARSN 612 132 813

RESPONSIBLE ENTITY

WALSH & COMPANY

INVESTMENTS LIMITED

Walsh & Company
Investments Limited
(ACN 152 367 649) (AFSL 410 433)

For personal use only

Cordish Dixon Private Equity Fund III

Contents

30 September 2019

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	18
Independent auditor's review report to the unitholders of Cordish Dixon Private Equity Fund III	19
Directory	21

For personal use only

Cordish Dixon Private Equity Fund III
Report to unitholders
30 September 2019

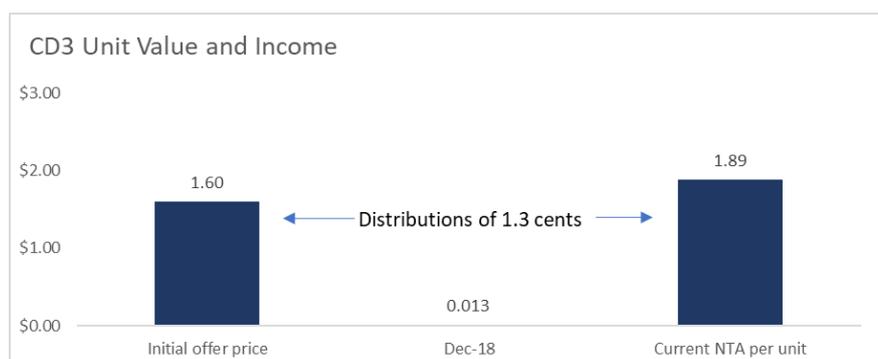
Dear Unitholders,

We present to you this report on the performance of the Cordish Dixon Private Equity Fund III (**Fund**) for the six-month period ended 30 September 2019 (**H1 FY20**).

The Fund performed well this half year, posting a net profit of \$10.8 million or 14.96 cents per Unit in H1 FY20, compared with a net profit of \$7.8 million or 10.86 cents per Unit for the corresponding period last year. The key component of this result was a \$9.0 million fair value movement gain on the Fund's investment in the LP. As an investment entity, the Fund must recognise changes in the LP's value. At 30 September 2019, the Fund had net assets of \$136.0 million representing \$1.89 per Unit.

For the six-month period ended 30 September 2019, based on the post-tax net asset value, the Fund generated total returns of 8.9%. On the same basis, the Fund has generated total returns of 6.7% p.a. since inception. Total return is inclusive of distributions.

The graphic below indicates the value of an original investment in the Fund and the net tangible asset per Unit as at the end of this six-month period, in addition to the distributions gained through an investment in the Fund since inception.



The Fund's investment objectives are to provide Unitholders with exposure to a portfolio of investments in small-to-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 the Fund's investment vehicle, US Select Private Opportunities Fund III, L.P. (**LP**), the Fund is committed across 13 highly attractive US private investment funds all focused on small-to-mid-market private investment opportunities, for a total consideration of US\$117.5 million. The 13 funds, although substantially progressed, are still in the investment stage with an aggregate investment in 99 underlying companies.

At 30 September 2019, US\$78.5 million (or 68.9% of total funds committed) had been called by the LP. The Fund's proportionate share of this is approximately US\$55.9 million (a 71.2% share).

During the period, the LP received 27 drawdown requests and two capital returns for a total net consideration of US\$11.4 million. At 30 September 2019, net drawdown requests from underlying investments were approximately US\$72.5 million (or 61.7% of total commitments).

Underlying portfolio update

Gemspring Capital Fund I, L.P. (Gemspring) invested in Bobit Business Media Inc. Bobit provides a suite of digital media and marketing solutions, events and print media. The Company has a leading market position in each of the niche verticals it operates – fleet, transportation, beauty and law enforcement.

Gemspring also invested in Fiesta Insurance a leading player in the markets for non-standard auto insurance and tax preparation services. Fiesta targets traditionally underserved Hispanic communities by empowering “*Latinos serving Latinos*” through its franchise business model.

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

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

NMS Fund III, L.P. (NMS) invested in two portfolio companies in the second quarter, US Foot & Ankle Specialists and U.S. Urology Partners.

US Foot & Ankle Specialists is a leading provider of podiatric services in the Mid-Atlantic. Headquartered in Charlottesville, Virginia, USFAS provides a comprehensive suite of podiatric services, offering general podiatry, advanced treatment options for diabetic conditions, and arthroscopic and foot surgery.

U.S. Urology Partners offers an alternative to hospital acquisition, allowing urology practices to retain their independence while benefitting from operational support, management expertise and deep financial resources of a partner. The strength and experience of U.S. Urology Partners enables practices to concentrate on what they do best, delivering the highest level of care to patients.

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

Incline also invested in Brown & Joseph in the third quarter. Brown & Joseph is a leading provider of commercial accounts receivable management services primarily focused on insurance end markets.

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

Bertram Growth Capital III, L.P. (Bertram) had no material investment activity in the half year.

DFW Capital Partners V, L.P. (DFW) had no material investment activity in the half year.

Elephant Partners I, L.P. (Elephant) had no material investment activity in the half year.

Growth Street Partners I, L.P. (Growth Street) had no material investment activity in the half year.

Luminate Capital Partners, L.P. (Luminate) had no material investment activity in the half year.

PeakSpan Capital Fund I, L.P. (PeakSpan) had no material investment activity in the half year.

Telescope Partners I, L.P. (Telescope) had no material investment activity in the half year.

Cordish Dixon Private Equity Fund III
Report to unitholders
30 September 2019

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

28 November 2019

For personal use only

Cordish Dixon Private Equity Fund III
Directors' report
30 September 2019

The directors of Walsh & Company Investments Limited, the Responsible Entity of the Cordish Dixon Private Equity Fund III (**Fund**), present their report together with the condensed financial statements of the Fund for the half-year ended 30 September 2019.

Directors

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

- Alex MacLachlan
- Warwick Keneally
- Mike Adams

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-medium-sized 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 \$10,778,784 (30 September 2018: \$7,824,740).

The key components of this result included a \$9,001,555 fair value movement gain (2018: \$4,231,341 gain) incurred on the Fund's investment in the LP and a \$2,066,200 foreign exchange movement gain (2018: \$3,816,752 gain) during the period. As at 30 September 2019, the Fund had net assets of \$135,946,748 (31 March 2019: \$125,167,964), representing \$1.89 per unit (31 March 2019: \$1.74 per unit).

The Fund has invested in a limited partnership, US Select Private Opportunities Fund III, L.P. (**LP**) which, in turn, invests in small-to-medium-sized private investment funds and companies. The LP has committed capital across 13 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 2019, 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\$72.5 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 2019 was US\$55.9 million (or \$82.8 million).

Distributions

There were no distributions paid, recommended or declared during the current or previous financial half-year.

Events subsequent to the reporting period

No matter or circumstance has arisen since 30 September 2019 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 2019

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

28 November 2019

For personal use only

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

28 November 2019

Dear Board Members

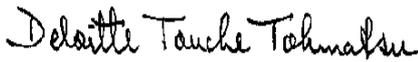
Cordish Dixon Private Equity Fund III

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.

As lead audit partner for the review of the financial statements of Cordish Dixon Private Equity Fund III for the financial half-year period ended 30 September 2019, 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 III
Condensed statement of profit or loss and other comprehensive income
For the half-year ended 30 September 2019

	30	30
	September	September
Note	2019	2018
	\$	\$
Investment income		
Interest income	499,918	659,959
Foreign exchange gain	2,066,200	3,816,752
Fair value movements of equity investments	3 9,001,555	4,231,341
Total investment income	<u>11,567,673</u>	<u>8,708,052</u>
Expenses		
Management and administration fees	7 (284,709)	(253,604)
Listing fees	(25,433)	(34,214)
Custody fees	7 (9,870)	(11,316)
Registry fees	(9,526)	(11,791)
Legal and professional fees	(180,344)	(155,495)
Other expenses	(2,565)	(19,198)
Total expenses	<u>(512,447)</u>	<u>(485,618)</u>
Profit before income tax expense	11,055,226	8,222,434
Income tax expense	<u>(276,442)</u>	<u>(397,694)</u>
Profit after income tax expense for the half-year	10,778,784	7,824,740
Other comprehensive income for the half-year, net of tax	-	-
Total comprehensive income for the half-year	<u>10,778,784</u>	<u>7,824,740</u>
	Cents	Cents
Basic earnings per unit	14.96	10.86
Diluted earnings per unit	14.96	10.86

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 2019

	30	31 March
Note	September 2019	2019
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	41,339,647	49,459,368
Receivables	81,784	118,228
Prepayments	36,396	11,867
Total current assets	<u>41,457,827</u>	<u>49,589,463</u>
Non-current assets		
Other financial assets	3 95,949,660	76,740,367
Total non-current assets	<u>95,949,660</u>	<u>76,740,367</u>
Total assets	<u>137,407,487</u>	<u>126,329,830</u>
Liabilities		
Current liabilities		
Trade and other payables	62,546	115,188
Total current liabilities	<u>62,546</u>	<u>115,188</u>
Non-current liabilities		
Deferred tax	4 1,398,193	1,046,678
Total non-current liabilities	<u>1,398,193</u>	<u>1,046,678</u>
Total liabilities	<u>1,460,739</u>	<u>1,161,866</u>
Net assets	<u>135,946,748</u>	<u>125,167,964</u>
Equity		
Unit capital	5 109,672,616	109,672,616
Retained earnings	26,274,132	15,495,348
Total equity	<u>135,946,748</u>	<u>125,167,964</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 half-year ended 30 September 2019

	Unit capital	Retained earnings/ (Accumulated losses)	Total equity
	\$	\$	\$
Balance at 1 April 2018	109,672,616	(1,934,870)	107,737,746
Profit after income tax expense for the half-year	-	7,824,740	7,824,740
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	7,824,740	7,824,740
Balance at 30 September 2018	<u>109,672,616</u>	<u>5,889,870</u>	<u>115,562,486</u>

	Unit capital	Retained earnings	Total equity
	\$	\$	\$
Balance at 1 April 2019	109,672,616	15,495,348	125,167,964
Profit after income tax expense for the half-year	-	10,778,784	10,778,784
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	10,778,784	10,778,784
Balance at 30 September 2019	<u>109,672,616</u>	<u>26,274,132</u>	<u>135,946,748</u>

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

For personal use only

Cordish Dixon Private Equity Fund III
Condensed statement of cash flows
For the half-year ended 30 September 2019

	30 September 2019 \$	30 September 2018 \$
Cash flows from operating activities		
Interest income received	540,367	653,998
Net payments to suppliers	<u>(594,816)</u>	<u>(553,902)</u>
Net cash (used in)/from operating activities	<u>(54,449)</u>	<u>100,096</u>
Cash flows from investing activities		
Payment for investments	<u>(10,229,731)</u>	<u>(9,832,858)</u>
Net cash used in investing activities	<u>(10,229,731)</u>	<u>(9,832,858)</u>
Cash flows from financing activities		
Net cash from financing activities	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(10,284,180)	(9,732,762)
Cash and cash equivalents at the beginning of the financial half-year	49,459,368	64,049,994
Effects of exchange rate changes on cash and cash equivalents	<u>2,164,459</u>	<u>3,890,523</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>41,339,647</u></u>	<u><u>58,207,755</u></u>

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

For personal use only

Cordish Dixon Private Equity Fund III
Notes to the condensed financial statements
30 September 2019

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 directors on 28 November 2019.

(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 Standard has been adopted in the current period and, where applicable, only affect disclosure and presentation in this financial report.

- AASB 16 'Leases' is effective for accounting periods beginning on or after 1 April 2019. The adoption of this Standard has no material impact on the Fund.

(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 3 (iv)), recognition of a deferred tax liability in respect of likely US tax obligations which will arise from underlying fund investment realisations (refer note 4), 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 2019

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. Non-current assets - other financial assets

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

	30	31 March
	September	2019
	2019	2019
	\$	\$
US Select Private Opportunities Fund III, LP (LP)	<u>95,949,660</u>	<u>76,740,367</u>
	30	31 March
	September	2019
	2019	2019
	\$	\$
(ii) Reconciliation		
Balance at the beginning of the period	76,740,367	44,077,339
Capital invested - at cost	10,207,738	19,992,387
Movement in fair value through profit or loss*	9,001,555	13,614,410
Distributions received from LP	-	(943,769)
Balance at the end of the period	<u>95,949,660</u>	<u>76,740,367</u>

* Included in the 'movement in fair value' amount of \$9,001,555 (year ended 31 March 2019: \$13,614,410) is an unrealised foreign exchange translation gain component of \$4,399,859 (year ended 31 March 2019: \$3,943,671). 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 \$585,918 (year ended 31 March 2019: \$1,112,967) (refer to note 7).

(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 2019 is represented by its proportionate interest in the LP's assets and liabilities as follows:

Cordish Dixon Private Equity Fund III
Notes to the condensed financial statements
30 September 2019

3. Non-current assets - other financial assets (continued)

	30	31 March
	September	2019
	2019	2019
	\$	\$
Cash	5,383,223	5,826,809
Investment in US private investment funds recorded at fair value	90,566,437	71,756,913
Due to Gemspring Capital Fund I, LP	-	(843,355)
	<u>95,949,660</u>	<u>76,740,367</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 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.

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 4).

Cordish Dixon Private Equity Fund III
Notes to the condensed financial statements
30 September 2019

3. Non-current assets - other financial assets (continued)

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 \$4,528,322 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 \$4,569,030. Conversely, a 5% decrease would increase the value of the Fund's investment by \$5,049,983. 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 2019, the Fund has made capital commitments totalling US\$81.2 million to the LP, of which US\$55.9 million has been called at balance date.

As at 30 September 2019, the Fund has uncalled capital commitments of US\$25.3 million (or \$37.5 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 AUD:USD exchange rate of 0.6750.

4. Non-current liabilities - deferred tax

	30 September 2019 \$	31 March 2019 \$
Deferred tax liability	<u>1,398,193</u>	<u>1,046,678</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.

5. Equity - unit capital

	30 September 2019 Units	31 March 2019 Units	30 September 2019 \$	31 March 2019 \$
Ordinary units - fully paid	<u>72,028,420</u>	<u>72,028,420</u>	<u>109,672,616</u>	<u>109,672,616</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 half-year.

6. Equity - distributions

There were no distributions paid, recommended or declared during the current or previous financial half-year.

7. Related party disclosures

Directors

Alex MacLachlan, Warwick Keneally and Mike Adams 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.

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 monthly in advance.

The total management fees paid to the Responsible Entity for the half-year ended 30 September 2019 was \$213,020 (2018: \$182,683), exclusive of GST. There were no outstanding management fees as at 30 September 2019.

Fund administration fees

Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of Evans Dixon 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 2019 were \$60,000 (2018: \$60,000), 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 2019 amounted to \$822,919 (US\$570,070) (2018: \$766,178 (US\$570,070)). The Fund's 71.2% interest equates to \$585,918 (2018: \$545,519). This fee is recorded in the books of the LP.

US Select Direct Private Equity II, L.P.

At balance date, the Fund's share of the LP's investment in US Select Direct Private Equity II, L.P. was \$21,881,043 (US\$14,769,704) (31 March 2019: \$14,877,757 (US\$10,557,256)). The General Partner of this investment is associated with the Responsible Entity of the Fund.

Custodial services

Effective 31 January 2019, the Responsible Entity entered into a custody arrangement with Walsh & Company Investments Limited in its personal capacity (**Custodian**) to provide custodial services to the Fund. The services are provided on commercial terms. The Custodian receives fees equivalent to the greater of 0.02% per annum of the gross asset value of the Fund less a discount of 10%, or \$15,000 indexed to CPI annually less a discount of 10%. The fees are payable quarterly in arrears. Total fees paid or payable during the half-year ended 30 September 2019 were \$9,787 (exclusive GST).

Cordish Dixon Private Equity Fund III
Notes to the condensed financial statements
30 September 2019

8. 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 2019				
<i>Financial assets carried at fair value</i>				
Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund III, LP	-	-	95,949,660	95,949,660
Total assets	-	-	95,949,660	95,949,660

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
31 March 2019				
<i>Financial assets carried at fair value</i>				
Other financial assets - equity investment constituting interest in US Select Private Opportunities Fund III, LP	-	-	76,740,367	76,740,367
Total assets	-	-	76,740,367	76,740,367

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 2019.

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 3 (iv).

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.

9. Events after the reporting period

No matter or circumstance has arisen since 30 September 2019 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 2019

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 2019 and of its performance for the financial half-year 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

28 November 2019

Independent Auditor's Review Report to the Unitholders of Cordish Dixon Private Equity Fund III

We have reviewed the accompanying half-year financial report of Cordish Dixon Private Equity Fund III ("the Fund"), which comprises the condensed statement of financial position as at 30 September 2019, 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.

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 2019 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 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

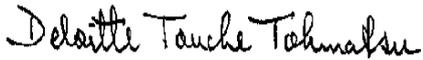
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Responsible Entity of the Fund, would be in the same terms if given to the directors as at the time of this auditor's review report.

For personal use only

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 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 2019 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



Weng W Ching
Partner

Chartered Accountants

Sydney, 28 November 2019

For personal use only

Cordish Dixon Private Equity Fund III
Directory
30 September 2019

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

Cordish Dixon Private Equity Fund III

(ARSN 612 132 813)

Registered & Principal Office

Level 15, 100 Pacific Highway

NORTH SYDNEY NSW 2060

T 1300 454 801

F 1300 883 159

E info@cordishdixonfunds.com.au

cordishdixonfunds.com.au

Responsible Entity

Walsh & Company Investments Limited

(ACN 152 367 649)

(AFSL 410 433)

Level 15, 100 Pacific Highway

NORTH SYDNEY NSW 2060

T 1300 454 801

F 1300 883 159

E info@walshandco.com.au

walshandco.com.au

Directors

Alex MacLachlan

Warwick Keneally

Mike Adams

Secretaries

Caroline Purtell

Hannah Chan

Auditor

Deloitte Touche Tohmatsu

Grosvenor Place

225 George Street

SYDNEY NSW 2000

T +61 2 9322 7000

F +61 2 9322 7001

deloitte.com.au

Unit Register

Boardroom Pty Limited

Level 12, 225 George Street

SYDNEY NSW 2000

T 1300 737 760 (Australia)

T +61 2 9290 9600 (International)

F 1300 653 459

boardroomlimited.com.au

For personal use only

For personal

only

