

US Select Private Opportunities Fund

ABN 38 836 114 989

Half-Year Financial Report

For the half-year ended 30 September 2014

US Select Private Opportunities Fund

ABN 38 836 114 989

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US Select Private Opportunities Fund

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Report to Unitholders

For the half-year ended 30 September 2014

Dear Investor,

Welcome to the half-year report for US Select Private Opportunities Fund (**the Fund**) for the six months ended 30 September 2014.

Overview

Through US Select Private Opportunities Fund, L.P. (**LP**), the Fund is fully committed across nine private investment funds for a total consideration of US\$69.8 million, all focused on small-to-mid-market private investment opportunities. The nine private investment funds are currently invested in 39 underlying portfolio companies. At 30 September 2014, US\$32.5 million (or 46.7% of total funds committed to the LP) had been called. The Fund's proportionate share of this is approximately US\$27.8 million (an 85.5% share).

During the period, the LP received 17 drawdown requests and two capital returns, for a total net consideration of US\$5.8 million. At 30 September 2014, net drawdown requests from underlying investments were approximately US\$26.6 million (or 38.3% of total commitments).

Underlying fund activity

During the half-year, new underlying portfolio companies were added. See below for more information:

DFW Capital Partners IV, L.P. (**DFW**), through portfolio company Sebela, acquired the US rights to Miacalcin, a niche pharmaceutical product owned by Novartis AG. Miacalcin is a calcitonin-based product with two forms: a nasal spray indicated for post-menopausal osteoporosis (PMO), approved in 1995, and an injectable treatment used for PMO, hypercalcemia, and Paget's disease, approved in 1986.

Encore Consumer Capital II, L.P. (**Encore**), through an investment in Butter Acquisition Corp., completed the acquisition of butter LONDON, LLC (butter LONDON). Based in Seattle, Washington, butter LONDON is a uniquely positioned prestige beauty brand built on its iconic nail lacquer and nail treatment products. The products are sold primarily in specialty beauty and department stores.

FPC Small Cap Fund I, L.P. (**Fort Point**) completed the acquisition of Sullivans, Inc (Sullivans), a leading designer and distributor of seasonal and all-occasion home décor products to specialty retailers. Headquartered in South Dakota, Sullivans has built a reputation for world-class customer service and unique, high quality products that enable specialty retailers to offer true product differentiation and distinctive assortments.

Peppertree Capital Fund IV, L.P. (**Peppertree**) called 15% of total fund capital to invest in tower developments at three existing portfolio companies and to acquire and develop towers at a new portfolio company.

Trivest Fund V, L.P. (**Trivest**) completed the recapitalisation of Northfield Industries, LLC, a rapidly growing founder-owned manufacturer and distributor of precision-machined components for the agricultural and industrial equipment markets. Trivest also made investments in Columbus Recycling and Advanced Discovery. Columbus Recycling is a leading provider of ferrous and non-ferrous metal recycling services with five facilities located in Mississippi and Tennessee. Advanced Discovery is a leading provider of end-to-end eDiscovery services and document review.

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Report to Unitholders

For the half-year ended 30 September 2014

As at 30 September 2014, the Fund had net assets of \$66,747,626 representing \$1.71 per unit.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'Alex MacLachlan', with a stylized flourish at the end.

Alexander MacLachlan

Chairman of Walsh & Company Investments, Responsible Entity

Dated 25 November 2014

US Select Private Opportunities Fund

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Directors' Report

For the half-year ended 30 September 2014

The directors of Walsh & Company Investments Limited (**Walsh & Co.**), the Responsible Entity of US Select Private Opportunities Fund (**the Fund**) as at the date of this report, present their report together with the condensed financial statements of the Fund for the half-year ended 30 September 2014.

Effective 23 April 2014, the Responsible Entity of the Fund changed from Dixon Advisory & Superannuation Services Limited (**DASS**) to Walsh Co. Walsh & Co., a related entity of DASS, is the Responsible Entity of four other registered managed investment schemes, including US Select Private Opportunities Fund II. On the same date, the manager of the assets of the Fund changed from DASS to Walsh & Company Asset Management Pty Limited (**Walsh AM**). Walsh AM is also a member of the Dixon Advisory Group Limited, the parent company of DASS and Walsh & Co. Walsh AM utilises the same resources of the Dixon Advisory Group Limited as available to DASS to manage the Fund.

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

DASS (resigned effective 23 April 2014)	Walsh & Co. (appointed effective 23 April 2014)
Daryl Dixon	Alex MacLachlan
Maximilian Walsh	Tristan O'Connell
Alan Dixon	Tom Kline
Chris Brown	
Alex MacLachlan	
Tristan O'Connell	

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 activities of the Fund during the half-year were investing in small-to-mid-market private investment funds and privately held companies with a predominant focus in the US. There were no significant changes in the nature of these activities.

Results and review of operations

The Fund has invested in a limited partnership, US Select Private Opportunities Fund, LP (**LP**) which, in turn, invests in small-to-medium-sized private investment funds. The LP has committed capital across nine underlying private investment funds which focus on a range of industries including health care, industrial, restaurants, consumer, manufacturing and business services. For the half-year ended 30 September 2014, eight of the underlying private investment funds made drawdown requests to fund its investments, management fees and operating expenses. Net drawdown requests made by the underlying private investment funds since inception to the end of the half-year totalled US\$26.6 million.

The Fund has committed capital of US\$59.5 million, representing an interest of 85.5% in the LP. The Fund's proportionate share of the total capital called as at 30 September 2014 was US\$27.8 million (or \$28.6 million).

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Directors' Report

For the half-year ended 30 September 2014

Results and review of operations (*continued*)

Total comprehensive income for the half-year was \$3,679,375 (2013: 5,264,883). The key components of this result included a foreign exchange gain of \$2,029,028 relating to translation of US denominated cash funds held during the half-year, and a \$1,879,437 fair value movement gain from the Fund's investment in the LP during the half-year. As at 30 September 2014, the Fund had net assets of \$66,747,626 (31 March 2014: \$63,068,251), representing \$1.71 per unit (31 March 2014: \$1.62 per unit).

Distributions

No distributions were paid or declared during, or since the end of, the half-year.

Events subsequent to reporting period

There has not been any matter or circumstance occurring subsequent to the end of the half-year that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs in future financial years.

Auditor's independence declaration

The auditor's independence declaration is set out on page 3 and forms part of the Directors' Report for the half-year ended 30 September 2014.

Made in accordance with a resolution of the directors of the Responsible Entity pursuant to s.306(3) of the *Corporations Act 2001*.

Dated 25 November 2014



Alexander MacLachlan

Chairman of Walsh & Company Investments, Responsible Entity

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

25 November 2014

Dear Board Members

US Select Private Opportunities Fund

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 US Select Private Opportunities Fund.

As lead audit partner for the review of the financial statements of US Select Private Opportunities Fund for the half-year ended 30 September 2014, 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



Michael Kaplan
Partner
Chartered Accountants

US Select Private Opportunities Fund

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Condensed Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 September 2014

		30 September 2014	30 September 2013
	Note	\$	\$
Revenue	3	48,359	60,459
Foreign exchange gain		2,029,028	5,182,576
Fair value movements of equity investments	4	1,879,437	254,315
Management and administration fees		(162,858)	(135,614)
Listing fees		(18,733)	(13,292)
Accounting and audit fees		(37,387)	(19,481)
Custody fees		(4,624)	(6,684)
Share registry fees		(10,309)	(8,368)
Legal, compliance costs and due diligence		(37,266)	(38,883)
Other expenses		(6,272)	(10,145)
Profit before income tax expense		3,679,375	5,264,883
Income tax expense		-	-
Profit for the period		3,679,375	5,264,883
Other comprehensive income for the period (net of tax)			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified subsequently to profit or loss		-	-
Total comprehensive income for the period		3,679,375	5,264,883
Earnings per unit			
Basic earnings per unit (cents)		9.43	13.49
Diluted earnings per unit (cents)		9.43	13.49

The Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Condensed Financial Statements.

US Select Private Opportunities Fund

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Condensed Statement of Financial Position

At 30 September 2014

		30 September 2014	31 March 2014
	Note	\$	\$
Assets			
<i>Current assets</i>			
Cash and cash equivalents		38,405,091	36,648,356
Receivables		15,392	14,166
Prepayments		26,815	8,259
Total current assets		38,447,298	36,670,781
<i>Non-current assets</i>			
Other financial assets	4	28,355,022	26,475,585
Total non-current assets		28,355,022	26,475,585
Total assets		66,802,320	63,146,366
Liabilities			
<i>Current liabilities</i>			
Trade and other payables		54,694	78,115
Total current liabilities		54,694	78,115
Total liabilities		54,694	78,115
Net assets		66,747,626	63,068,251
Equity			
Unit capital	5	59,862,645	59,862,645
Retained earnings		6,884,981	3,205,606
Total equity		66,747,626	63,068,251

The Condensed Statement of Financial Position should be read in conjunction with the Notes to the Condensed Financial Statements.

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Condensed Statement of Changes in Equity

For the half-year ended 30 September 2014

	Unit Capital \$	(Accumulated Losses)/ Retained Earnings \$	Total \$
Balance at 1 April 2013	59,862,645	(1,072,987)	58,789,658
Profit for the period	-	5,264,883	5,264,883
Other comprehensive income for the period (net of tax)	-	-	-
Total comprehensive income for the period	-	5,264,883	5,264,883
Balance at 30 September 2013	59,862,645	4,191,896	64,054,541
Balance at 1 April 2014	59,862,645	3,205,606	63,068,251
Profit for the period	-	3,679,375	3,679,375
Other comprehensive income for the period (net of tax)	-	-	-
Total comprehensive income for the period	-	3,679,375	3,679,375
Balance at 30 September 2014	59,862,645	6,884,981	66,747,626

The Condensed Statement of Changes in Equity should be read in conjunction with the Notes to the Condensed Financial Statements.

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Condensed Statement of Cash Flows

For the half-year ended 30 September 2014

	30 September 2014 \$	30 September 2013 \$
Cash flow from operating activities		
Interest income received	48,879	63,086
Net payments to suppliers	(321,172)	(241,751)
Net cash (used in) operating activities	(272,293)	(178,665)
Cash flow from investing activities		
Payments for investments	-	(8,817,176)
Net cash (used in) investing activities	-	(8,817,176)
Cash flow from financing activities		
Net cash generated by financing activities	-	-
Net (decrease) in cash and cash equivalents	(272,293)	(8,995,841)
Cash and cash equivalents at the beginning of the period	36,648,356	49,623,937
Effect of exchange rate changes on cash and cash equivalents	2,029,028	5,182,576
Cash and cash equivalents at the end of the period	38,405,091	45,810,672

The Condensed Statement of Cash Flows should be read in conjunction with the Notes to the Condensed Financial Statements.

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Notes to the Condensed Financial Statements

For the half-year ended 30 September 2014

General information

US Select Private Opportunities Fund (**the 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, LP (**LP**) registered in the Cayman Islands.

This half-year financial report is intended to provide users with an update on the latest annual financial statements of the Fund.

1. 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 25 November 2014.

(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 applicable to the Fund have been adopted in the current period and have only affected the disclosure and presentation in these financial statements:

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'
- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'
- AASB 2013-7 'Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policyholders'
- AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'
- AASB 2014-2 'Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements'

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Notes to the Condensed Financial Statements

For the half-year ended 30 September 2014

1. Basis of preparation (*continued*)

(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 and 'financial asset' classification of the interest held by the Fund in the private investment fund partnership.

As set out in note 4, the Fund is exposed to underlying investments held by US private investment funds which typically constitute unlisted equity investments. Because of the absence of any liquid trading market for these underlying investments, it may take longer to liquidate these investments than would be the case for marketable securities and accordingly the prices realised on such sales may differ materially to the estimated fair values at balance date. The values assigned by the investment funds are based on available information, including consideration of the currency of this information, and underlying techniques (such as price/earnings analysis or discounted cash flow methods) which include assumption inputs that are not based on observable market data. As such, the values derived do not necessarily represent amounts which might ultimately be realised, since such amounts depend on future circumstances that cannot reasonably be determined until the individual investments are liquidated.

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.

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Notes to the Condensed Financial Statements

For the half-year ended 30 September 2014

3. Revenue

	30 September 2014 \$	30 September 2013 \$
Interest income	48,359	60,459
	48,359	60,459

4. Other financial assets

	30 September 2014 \$	31 March 2014 \$
(i) Equity investment constituting		
Interest in US Private Investment Fund Partnership - at fair value		
US Select Private Opportunities Fund, LP	28,355,022	26,475,585
	28,355,022	26,475,585

(ii) Reconciliation

6 months to 30 September 2014 (comparative: 12 months to 31 March 2014)

Balance at the beginning of the period	26,475,585	9,182,309
Investment at cost	-	18,332,752
Unrealised movement in fair value through profit or loss*	1,879,437	(1,039,476)
Balance at the end of the period	28,355,022	26,475,585

* - Included in the 'unrealised movement in fair value' amount of \$1,879,437 (31 March 2014: \$1,039,476 loss) is the Fund's 85.5% share of management fees paid by the LP to the General Partner of the LP, totalling \$646,054 (31 March 2014: \$1,275,009) (refer to note 7). The movement also includes the foreign exchange impact of translating the USD denominated LP investment to AUD at the respective balance dates.

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Notes to the Condensed Financial Statements

For the half-year ended 30 September 2014

4. Other financial assets (*continued*)

(iii) Fund's interest in assets and liabilities of LP

The 85.5% 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 in the USA, 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 85.5% interest in US Select Private Opportunities Fund, LP is represented by its proportionate interest in the LP's assets and liabilities as follows:

	30 September 2014 \$	31 March 2014 \$
Cash	2,232,909	8,632,833
Financial assets		
Investment in:		
Prometheus Partners IV	3,319,017	3,295,999
Encore Consumer Capital II	4,656,157	3,042,905
KarpReilly Capital Partners II	4,306,947	3,940,570
Incline Equity Partners III	2,292,462	1,926,676
DFW Capital Partners IV	2,874,154	1,299,617
Trivest Fund V	2,574,594	1,220,002
US Select Direct Private Equity Fund (US)	3,625,516	2,287,386
FPC Small Cap Fund I	1,467,697	1,051,407
Peppertree Capital Fund IV	670,659	-
Receivables	334,910	-
Payables	-	(221,810)
Net assets	28,355,022	26,475,585

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Notes to the Condensed Financial Statements

For the half-year ended 30 September 2014

4. Other financial assets (*continued*)

(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 85.5% interest held in the total net asset values of the LP.

The LP holds investments predominately in US private investment funds, and it (the LP) adopts a similar fair value measurement basis, based on the proportionate interest it holds in the total net asset values of the respective investment funds. The investment funds themselves invest typically in US unlisted equity investments, the fair value 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. 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 materially to the estimated fair values at balance date. The values assigned by the investment funds are based on available information, including consideration of the currency of this information, and underlying techniques (such as price/earnings analysis or discounted cash flow methods) which include assumption inputs that are not based on observable market data. As such, the values derived do not necessarily represent amounts which might ultimately be realised, since such amounts depend on future circumstances that cannot reasonably be determined until the individual investments are liquidated.

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.

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Notes to the Condensed Financial Statements

For the half-year ended 30 September 2014

4. Other financial assets (*continued*)

(iv) Valuation (*continued*)

Inter-relationship between significant unobservable inputs and fair value measurement (continued)

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 \$1,289,360 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 \$1,350,240. Conversely, a 5% decrease would increase the value of the Fund's investment by \$1,492,370.

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 2014, the Fund has made capital commitments totalling US\$59.5 million to the LP, of which US\$27.8 million has been called at balance date.

As at 30 September 2014, the Fund has uncalled capital commitments of US\$31.7 million (or \$36.2 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 0.8747.

5. Unit capital

	30 September 2014 \$	31 March 2014 \$
(i) Issued capital		
Balance at the beginning of the period	59,862,645	59,862,645
Balance at the end of the period	59,862,645	59,862,645

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Notes to the Condensed Financial Statements

For the half-year ended 30 September 2014

5. Unit capital (*continued*)

	30 September 2014	31 March 2014
	No.	No.
(ii) Number of units outstanding		
Balance at the beginning of the period	39,013,716	39,013,716
Balance at the end of the period	39,013,716	39,013,716

All issued units are fully paid. The holders of ordinary unit 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. Distributions

No distributions were paid or declared for the half-year ended 30 September 2014.

7. Related party disclosures

Key management personnel

Effective 23 April 2014, the Responsible Entity of the Fund changed from Dixon Advisory & Superannuation Services Limited (**DASS**) to Walsh & Company Investments Limited (**Walsh & Co.**). Walsh & Co., a related entity of DASS, is the Responsible Entity of four other registered managed investment schemes, including US Select Private Opportunities Fund II. On the same date, the manager of the assets of the Fund changed from DASS to Walsh & Company Asset Management Pty Limited (**Walsh AM**). Walsh AM is also a member of the Dixon Advisory Group Limited, the parent company of DASS and Walsh & Co. Walsh AM utilises the same resources of the Dixon Advisory Group Limited as available to DASS to manage the Fund. There was no change in the fee structure for the change in the Responsible Entity and Manager.

The directors of the Responsible Entity listed below are deemed to be key management personnel.

DASS (resigned effective 23 April 2014)	Walsh & Co. (appointed effective 23 April 2014)
Daryl Dixon	Alex MacLachlan
Maximilian Walsh	Tristan O'Connell
Alan Dixon	Tom Kline
Chris Brown	
Alex MacLachlan	
Tristan O'Connell	

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.

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Notes to the Condensed Financial Statements

For the half-year ended 30 September 2014

7. Related party disclosures (*continued*)

Management fees

The Responsible Entity is entitled to receive a Responsible Entity and Administration Fee (in aggregate, referred to as management fees) for the performance of duties under the Fund's Constitution of up to 2% per annum (exclusive of GST) on the gross asset value of the Fund. The current management fee charged by the Responsible Entity is 0.33% per annum (exclusive of GST). This is comprised of the Responsible Entity Fee of 0.08% per annum and Administration Fee 0.25% per annum. The Responsible Entity has no intentions currently to change these fees. 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 2014 were \$103,045 (2013: \$104,890), exclusive of GST. There were no outstanding management fees as at 30 September 2014 (31 March 2014: nil).

Fund administration fees

Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of the Dixon Advisory Group 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 2014 were \$54,043 (2013: \$19,442), exclusive of GST.

Investment manager fees

US Select Private Opportunities Fund, LP (**LP**), in which the Fund holds an 85.5% interest, is required to pay its Investment Manager, US Select Private Opportunities Fund, GP, being associated with the Responsible Entity, for acting on behalf of the limited partnership to acquire, manage and transact on partnership interests within the scope of the limited partnership agreement, a fee equivalent to 2% per annum of the total funds committed by the limited partners to the LP. The fee is payable quarterly in advance from the funds of the LP. The total fees paid during the half-year ended 30 September 2014 amounted to \$755,619 (US\$695,696), (2013: \$735,995 (US\$695,696)). The Fund's 85.5% interest equates to \$646,054 (2013: \$629,464). This fee is recorded in the books of the LP.

US Select Direct Private Equity Fund (US), LP

At balance date, the Fund's share of the LP's investment in US Select Direct Private Equity Fund (US), LP was \$3,625,516 (US\$3,171,239). The General Partner of this investment is associated with the Responsible Entity of the US Select Private Opportunities Fund. LP's share in the investment management fees for the half-year ended 30 September 2014 amounted to \$70,601 (US\$65,002). The Fund's 85.5% interest equates to \$60,364 (US\$55,577).

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Notes to the Condensed Financial Statements

For the half-year ended 30 September 2014

8. Financial instruments

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 not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3
30 September 2014	\$	\$	\$
Other financial assets – equity investment constituting interest in US Select Private Opportunities Fund, LP	-	-	28,355,022
Total financial assets carried at fair value	-	-	28,355,022
Total financial liabilities carried at fair value	-	-	-

	Level 1	Level 2	Level 3
31 March 2014	\$	\$	\$
Other financial assets – equity investment constituting interest in US Select Private Opportunities Fund, LP	-	-	26,475,585
Total financial assets carried at fair value	-	-	26,475,585

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 hierarchy levels during the period ended 30 September 2014.

US Select Private Opportunities Fund

ABN 38 836 114 989

Notes to the Condensed Financial Statements

For the half-year ended 30 September 2014

8. Financial instruments (*continued*)

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.

9. Events subsequent to the reporting period

There has not been any matter or circumstance occurring subsequent to the end of the half-year that has significantly affected, or may significantly affect, the operations of the Fund, the results of those operations, or the state of affairs in future financial years.

US Select Private Opportunities Fund

ABN 38 836 114 989

Directors' Declaration

For the half-year ended 30 September 2014

The directors of the Responsible Entity declare that:

- a) in the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Fund.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the directors

Dated 25 November 2014



Alexander MacLachlan

Chairman of Walsh & Company Investments, Responsible Entity

Independent Auditor's Review Report to the Unitholders of US Select Private Opportunities Fund

We have reviewed the accompanying half-year financial report of US Select Private Opportunities Fund ("the Fund"), which comprises the condensed statement of financial position as at 30 September 2014, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the Responsible Entity of the Fund as set out on pages 4 to 18.

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 US Select Private Opportunities Fund's financial position as at 30 September 2014 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 US Select Private Opportunities Fund, 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 US Select Private Opportunities Fund 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 2014 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



Michael Kaplan
Partner
Chartered Accountants
Sydney, 25 November 2014

US Select Private Opportunities Fund

Directory

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

The ASX code is USF

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