

**US  
SELECT  
PRIVATE  
OPPORTUNITIES  
FUND**

(ARSN 158 625 284)

# Product Disclosure Statement

**REPLACEMENT PRODUCT  
DISCLOSURE STATEMENT  
FOR THE OFFER OF**

25,000,000 FULLY PAID ORDINARY  
UNITS AT AN OFFER PRICE OF  
\$1.60 TO RAISE UP TO \$40,000,000  
WITH THE ABILITY TO ACCEPT  
OVERSUBSCRIPTIONS

**THIS OFFER IS NOT  
UNDERWRITTEN**

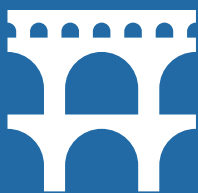
**RESPONSIBLE ENTITY**



**dixonadvisory**

**Dixon Advisory & Superannuation  
Services Limited**

(ACN 103 071 665) (AFSL 231 143)



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# IMPORTANT NOTICES

## General

This Replacement Product Disclosure Statement (**RPDS**) is dated 29 June 2012 and was lodged with the Australian Securities & Investments Commission (**ASIC**) on that date. This RPDS replaces the Product Disclosure Statement dated 18 June 2012 which was lodged with ASIC on that date. Neither ASIC nor any of their officers take any responsibility for the contents of this RPDS.

This RPDS was prepared and issued by Dixon Advisory & Superannuation Services Limited (ACN 103 071 665) (referred to in this RPDS as "**Dixon Advisory**", "**Responsible Entity**", "we", "our" and "us"). Dixon Advisory is the responsible entity of the US Select Private Opportunities Fund (**Fund**).

This document is important and requires your immediate attention. It should be read in its entirety. You may wish to consult your professional advisor about its contents.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this RPDS. Any information or representation not so contained or taken to be contained may not be relied on as having been authorised by Dixon Advisory in connection with the Offer.

This RPDS contains general information only. It has not been prepared having regard to your investment objectives, financial situation or specific needs. It is important that you carefully read this RPDS in its entirety before deciding to invest in the Fund and, in particular, in considering the RPDS, that you consider the risk factors that could affect the financial performance of the Fund and your investment in the Fund. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional advisor before deciding whether to invest.

Information relating to the Fund may change from time to time. Where changes are not materially adverse, information may be updated and made available to you on the Fund's website at **www.usselectprivateopportunitiesfund.com** or by contacting **1300 454 801**. A paper copy of any updated information is available free on request.

## No Guarantee

None of Dixon Advisory, its respective subsidiaries nor any other party makes any representation or gives any guarantee or assurance as to the performance or success of the Fund, the rate of income or capital return from the Fund, the repayment of the investment in the Fund or that there will be no capital loss or particular taxation consequence of investing in the Fund. An investment in the Fund

does not represent a deposit or any other type of liability of the above parties. An investment in the Fund is subject to investment risk. These risks are discussed in Section 10.

## Restrictions on the distribution of this RPDS

This RPDS does not constitute an offer of Units in any place in which, or to any person to whom, it would not be lawful to do so. The distribution of this RPDS in jurisdictions outside Australia may be restricted by law and any person into whose possession this RPDS comes (including nominees, trustees or custodians) should seek advice on and observe those restrictions.

This document is not an offer or an invitation to acquire securities in any country. In particular, this document does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the US or to, or for the account or benefit of, any "US person", as defined in Regulation S under the US Securities Act of 1933 (**Securities Act**) (**US Person**).

This document may not be released or distributed in the United States of America (**US**) or to any US Person. Any securities described in this RPDS have not been, and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the US, and may not be offered or sold in the US, or to, or for the account or benefit of, any US Person, except in a transaction exempt from, or not subject to, the registration requirements under the Securities Act.

## Electronic RPDS

An electronic version of this RPDS is available from the Fund's website at [www.usselectprivateopportunitiesfund.com](http://www.usselectprivateopportunitiesfund.com). The Offer to which this RPDS relates is available to persons receiving this RPDS (electronically or otherwise) in Australia. It is not available to persons receiving it in any other jurisdiction.

If you download the electronic RPDS, please ensure you have received the entire RPDS accompanied by the Application Form. The Units offered under the Offer to which the electronic RPDS relates will only be issued on receipt of a printed copy of the Application Form.

## Copy of this RPDS

The Responsible Entity will give you a copy of the RPDS free of charge if you ask during the offer period and in any event within 5 days after receiving such a request.

## Exposure Period

The Corporations Act prohibits the issue of Units in the period of 7 days after the date of lodgement of this RPDS with ASIC. This period may be extended by ASIC by up to a further 7 days. This period is an exposure period to enable this RPDS to be examined by market participants prior to the raising of funds. Applications received during the exposure period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the exposure period.

## Application for Units

To apply to invest in the Fund, you must complete the Application Form attached to the back of this RPDS and return it to us at the address provided on the Application Form, together with a cheque for your investment. Please refer to Section 2 for further details on how to apply for Units in the Fund.

## ASX Listing

We will apply within 7 days after the date of this RPDS for the Fund to be admitted to the Official List of the ASX and for the Units to be issued pursuant to this RPDS to be quoted on the ASX.

The fact that the Units may be quoted on the ASX is not to be taken as an indication of the merits of the Fund or the Units. Neither the ASX nor its officers take any responsibility for the contents of this RPDS. If granted admission to the ASX, quotation will commence as soon as practicable after holding statements are dispatched.

We do not intend to allot any Units unless and until the Units have been granted permission to be listed on the ASX on terms acceptable to us. If permission is not granted for the Units to be listed for quotation before the end of three months after the date of this RPDS or such longer period permitted by the Corporations Act or with the consent of ASIC, all Application Monies received pursuant to the RPDS will be refunded without interest to Applicants in full within the time prescribed by the Corporations Act.

## Allotment

We will not allot Units until the minimum subscription has been received and permission has been granted for quotation of the Units unconditionally or on terms acceptable to us. It is expected that allotment of the Units will take place by 19 July 2012.

An Application constitutes an offer by the Applicant to subscribe for Units on the terms and subject to the conditions set out in this RPDS. Where the number of Units allotted is less than the number applied for or where no allotment is made, the surplus Application Monies will be returned by cheque within 7 days of the Closing Date. Interest will not be paid on the refunded Application Monies.

## CHESS

The Fund will apply to participate in the Clearing House Electronic Subregister System known as CHESS. CHESS is operated by the ASX Settlement Pty Limited (**ASX Settlement**) in accordance with the Listing Rules and the ASX Settlement Operating Rules. Under CHESS, the Fund will not issue certificates to Investors who elect to hold their Units on CHESS. After allotment of Units, Unitholders will receive a CHESS statement.

The CHESS statements, which are similar to bank account statements, will set out the number of Units allotted to each Unitholder pursuant to this RPDS. The statement will also advise holders of their holder identification number and explain for future reference the sale and purchase procedures under CHESS.

Further statements will be provided to holders which reflect any changes in their shareholding in the Fund during a particular month.

## Taxation implications

Taxation implications of investing in the Fund depend on each Investor's circumstance. Dixon Advisory, its advisors and its directors and officers do not accept any responsibility or liability for any tax consequences. As a result, you should consult your own professional tax advisors before subscribing for Units pursuant to the Offer.

A general summary of certain of the Australian and US tax implications for certain Investors who subscribe for Units pursuant to the Offer is included in Section 12.

## Application Form

Applications and Application Monies for Units under the Offer received after 5.00p.m. (AEST) on the Closing Date will not be accepted and will be returned to Investors. Interest will not be paid on Application Monies which are returned. Applications must be accompanied by payment in Australian currency. Cheques in respect of Applications should be made payable to "Dixon Advisory ATF US Select Private Opportunities Fund Trust Account" and crossed "Not Negotiable". No brokerage or stamp duty is payable by Applicants.

Completed Application Forms, together with Application Monies, should be forwarded to one of the following addresses:

### POSTAL

US Select Private Opportunities Fund Units Offer  
c/- Dixon Advisory & Superannuation Services Limited  
GPO Box 575  
CANBERRA ACT 2601

## HAND DELIVERED

### Canberra

US Select Private Opportunities Fund Units Offer  
c/- Dixon Advisory & Superannuation Services Limited  
Level 1, 73 Northbourne Avenue  
CANBERRA ACT 2601

### Sydney

US Select Private Opportunities Fund Units Offer  
c/- Dixon Advisory & Superannuation Services Limited  
Level 15, 100 Pacific Highway  
NORTH SYDNEY NSW 2060

### Melbourne

US Select Private Opportunities Fund Units Offer  
c/- Dixon Advisory & Superannuation Services Limited  
Level 2, 250 Victoria Parade  
EAST MELBOURNE VIC 3002

## When to Apply

Completed Applications under the Offer must be received by 5.00pm (AEST) on the Closing Date. **The Responsible Entity may close the Offer at any time after expiry of the exposure period without prior notice or extend the period of the Offer in accordance with the Corporations Act.**

The Responsible Entity reserves the right to allocate any lesser number of Units than those for which the Applicant has applied. Where the number of Units allotted is fewer than the number applied for, surplus Application Monies will be refunded without interest.

## Enquiries

Applicants with enquiries concerning the Application Form or relating to this RPDS and the Offer should contact Dixon Advisory & Superannuation Services Limited on **1300 454 801**.

## Glossary of Terms

Defined terms and abbreviations included in the text of this RPDS are set out in the Glossary in Section 15.







# LETTER FROM THE RESPONSIBLE ENTITY

Dear Investor,

It is our pleasure to invite you to become an investor in the US Select Private Opportunities Fund (**Fund**).

The directors of the Responsible Entity have long considered the creation of an investment platform that would allow individual investors access to a family office style of investing in unlisted private investment opportunities.

As stewards of generational wealth, family offices are highly selective in how they invest their money, and their investments are typically diversified beyond the domain of public equities and fixed income to include private investment funds. However, these private investment opportunities are often not accessible to institutional and retail investors, hence our desire to create a platform for Australian investors to access this market segment.

While sound in theory, the creation of this platform has been constrained by our ability to find a high quality, like-minded family office partner to assist in this endeavour. To that end, we are very fortunate to have established a relationship with the principals of Cordish Private Ventures LLC (**Cordish Private Ventures**), the private investment funds arm of The Cordish Companies. The Cordish Companies are a Baltimore, Maryland (USA)-based, fourth generation family-owned and managed business founded in 1910, with diversified interests encompassing commercial real estate development, resorts and gaming, entertainment venue operations, media, and private equity. The Cordish family has had a long and successful experience of investing in a variety of US private investment funds.

The Fund's investments will be made through a limited partnership to be known as the US Select Private Opportunities Fund, L.P. (**LP**) which has been established in the Cayman Islands. The Fund and Cordish Private Ventures are expected to be the sole limited partners in the LP. See Section 5.1 for details. A limited liability company, a subsidiary of Dixon Advisory Group (in its personal capacity) will be the investment manager (as general partner) of the LP and will manage all investment decisions of the LP. See Section 5 for further information regarding the proposed structure of the Fund's investments and Section 7 regarding the proposed investment strategy to be implemented by the Investment Manager.

We are fortunate to have Jonathan Cordish as the Chairman of the Advisory Board of the LP's Investment Manager. Jonathan is President of Cordish Private Ventures and has been managing the investments of Cordish Private Ventures for over 10 years. Cordish Private Ventures is contributing up to US\$10 million of its own capital to invest directly alongside, and on the same terms as, the Fund, demonstrating a commitment to, and belief in, the investment strategy.

Superior performance is found by investing in private investment funds that manage smaller pools of capital in focused investment strategies. This is not surprising. Exceptional returns in private markets stem from sourcing overlooked companies with superior growth prospects within market niches and investing in them at compelling valuations. The larger the amount of capital one seeks to invest, the more challenging it becomes to generate superior performance. Empirical data supports this, with small private investment funds delivering average annual returns twice that of the average annual returns for the largest private investment funds. See Section 4 for details.

The Fund, through the LP, will pursue a fund-of-funds strategy, targeting US small-to-medium sized private investment funds. These select "boutique" private investment funds will focus on strategies in specialised investment areas and will be denoted by a consistent focus on niche investment opportunities, a focus on operating businesses, an appropriate size relative to the opportunity, judicious and limited use of leverage, and a hands-on approach to their underlying investments. See Section 5.3 for details. The Fund represents a unique vehicle for Australian retail investors to access attractive smaller private investment funds focused on the US and on completion of the Offer; will be the only Australian-listed fund with this strategy.

The investment strategy of the Fund, through the LP, will seek to replicate Cordish Private Venture's strategy of focusing on this investment niche, as well as leverage their experience within this space. An entity formed by the principals of Cordish Private Ventures (**Cordish Services**) will also provide services to augment the Fund's due diligence capabilities, and credibility to source, access, analyse, invest in and monitor these funds. Indeed, the Fund will seek to invest a significant portion of its capital with managers with whom Cordish Private Ventures has previously invested successfully.

It is important to note that private investments are illiquid, and, as such, require a long-term investment horizon and patient capital however it should be noted it is intended that the Fund will be ASX listed. Further, the Fund's strategy will be focused on generating returns through capital appreciation and capital gains distributions.

We commend the Offer to you and look forward to welcoming you as an investor in the US Select Private Opportunities Fund.

Yours faithfully



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**Daryl Dixon**

Dixon Advisory & Superannuation Services Limited



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**Maximilian Walsh**

Dixon Advisory & Superannuation Services Limited

# KEY DATES AND GENERAL INFORMATION

Date of RPDS	29 June 2012
Opening Date (Exposure period expected to end)	2 July 2012
Closing Date	12 July 2012
Allotment of Units	19 July 2012
Despatch of holding statements	24 July 2012
Trading of Units expected to commence	26 July 2012

The dates are indicative only and may vary subject to the requirements of the Listing Rules and the Corporations Act. ASIC may extend the 7 day exposure period for up to a further 7 days.

The Responsible Entity may vary the dates and times of the Offer (including closing the Offer early) without notice. Accordingly, Investors are encouraged to submit their Applications as early as possible.

## OFFER STATISTICS

Offer price per Unit	\$1.60
Minimum Application amount	\$2,000
Minimum Offer size	\$20,000,000
Minimum number of Units available under the Offer	12,500,000
Maximum Offer size	\$40,000,000
Maximum number of Units available under the Offer (if no oversubscriptions are taken up)	25,000,000
Maximum with oversubscriptions	\$65,000,000
Maximum number of Units available under the Offer (if all oversubscriptions are taken up)	40,625,000
Pro forma net asset value (NAV) backing per Unit (based on pro forma statement of financial position set out in Section 9)	\$1.53

# KEY INVESTMENT BENEFITS

## 1. Access to family office style of investing in private investment opportunities

Family offices are typically the domain of ultra-high net wealth families with net worth in excess of \$100 million. These family offices often operate like corporations and their purpose is to preserve and transfer established wealth across generations. As such, their investment goals are focused on creating consistent and superior long-term, risk-adjusted returns while preserving generational wealth and protecting capital. Given the personal nature of the capital being invested, family offices are often highly selective in how they invest their money, and their investments are typically diversified beyond the domain of public equities and fixed income to include private investment opportunities such as private equity and venture capital opportunities. These private investments tend to be focused on market segments that are inefficient (i.e. have incomplete information) and illiquid to achieve higher long-term, risk-adjusted returns with limited correlation to other asset classes.

In addition, family offices often have superior access to many private ventures and investment opportunities that are beyond the reach of even the most established and respected institutional investors.

The Fund is focused on selective private investment opportunities that seek to generate superior long-term returns, adopting an investment style consistent with that of a family office. In so doing, it opens up a new asset class for its investors. The Fund may hold cash and cash equivalents but will not invest in public equities or fixed income investments.

## 2. Exclusive opportunity to invest alongside a highly successful family office with extensive experience investing in private markets

An affiliate of Cordish Private Ventures the private investments arm of The Cordish Companies of Baltimore, Maryland, USA has agreed to work with the Fund's Investment Manager, which is a wholly owned subsidiary of Dixon Advisory Group (in its personal capacity). The Cordish family is the founder, owner and manager of The Cordish Companies, now a fourth generation family business. The Cordish family will invest up to US\$10 million of its own capital alongside, and on the same terms as, the Fund.

Jonathan Cordish, President of Cordish Private Ventures, has been managing the investments of Cordish Private Ventures for over ten years and is actively involved in all aspects of Cordish Services, as its Executive Chairman. Prior to Cordish Private Ventures, Jonathan was a Vice President and Partner at Riggs Capital Partners, a private equity firm based in Washington, D.C. Jonathan will Chair the Advisory Board of the Investment Manager.

Cordish Private Ventures has experience investing its own capital in the strategy to be implemented by the Fund. A significant portion of the Fund's underlying investments are targeted to be with managers with whom Cordish Private Ventures has previously successfully invested.

## 3. Superior long-term returns available in private investments

The Responsible Entity believes that private investments offer investors the potential for superior long-term returns relative to other traditional public market asset classes, such as equities and bonds. Over the past 5-year, 10-year, and 15-year periods, US private equity funds have, on average, generated annual net returns of 7% to 12%, and outperformed public equities by 7% to 9% per annum<sup>1</sup>. In periods of downturn, private equity outperformance has been even more pronounced, outperforming public equities by 15% during the Tech Crunch (Q2 2000 to Q1 2003), and 21% during the Global Financial Crisis (Q3 2007 to Q1 2009)<sup>2</sup>. The funds whose performance is used to compile this index includes funds which have an investment strategy, size, scale or leverage model which differs from the target investments for the Fund. Accordingly this data may not be illustrative of the performance expected for the Fund and its underlying investments See Section 3.7 for details.

1. Based on Cambridge Associates LLC US Private Equity Index and S&P 500 Index as at 31 December 2011 sourced from Bloomberg.

2. Based on Cambridge Associates LLC US Private Equity Index and S&P 500 Index as at 31 December 2011 sourced from Bloomberg.

## 4. Focus on the highly attractive small-to-mid-market private investments segment

Industry analysis and academic research have shown that smaller and more nimble private investment funds have materially outperformed larger private investment funds. Over a 10 and 20-year period, funds smaller than US\$750 million have, on average, delivered returns that are almost double those of their larger counterparts. See Section 4 for details.

On completion of the Offer, the Fund will be the only Australian listed fund with a primary strategy of investing in US small-to-mid-market private investment funds.

## 5. Access to private investment funds otherwise not available to Australian investors

Given their smaller size and superior performance, small-to-mid-market private investment funds typically offer very selective access to investors. Top performing small and mid-market private investment funds are particularly difficult to access as they are usually oversubscribed, and new clients are rarely accepted.

Cordish Private Ventures has longstanding relationships and previous investment experience with numerous strong performing US-based small-to-mid-market funds, and the association of Cordish Services and Jonathan Cordish with the LP, Investment Manager and the Fund is expected to provide the Fund with access to this lucrative segment.

## 6. Respected management team

US Select Private Opportunities Fund GP, LLC (**Investment Manager**), will act as investment manager for US Select Private Opportunities Fund, LP (LP), the investment vehicle for Cordish Private Ventures and the Fund. The Investment Manager, a wholly owned subsidiary of Dixon Advisory Group (in its personal capacity), will be responsible for managing the investments to be made by LP.

The Investment Manager has established an Advisory Board consisting of executives from Dixon Advisory and Cordish Private Ventures to provide it with expert advice including portfolio and investment strategy and evaluation of investment opportunities and disposals. Jonathan Cordish will Chair this Advisory Board and has committed to serving on the Advisory Board for a minimum period of 5 years. In addition, the Investment Manager has contracted the services of Cordish Services, an affiliate of Cordish Private Ventures, which has extensive experience in successfully investing its own capital in the small-to-mid-market segment. Through the relationship with Cordish Services and Jonathan Cordish, the Fund is expected to have access to typically difficult-to-source funds such as the opportunity to invest in the Prometheus IV, L.P. fund. Cordish Services will also provide the resources necessary to assist in the analysis of such investments and the back office infrastructure to monitor investments on an ongoing basis. See Section 7 for details.

The Responsible Entity has substantial experience in the management of listed and unlisted investment funds, including more than \$750 million of funds in a variety of asset classes including US residential property, domestic and international fixed income, natural resources, Asian equities and Australian equities. Dixon Advisory also has experience in advising on individual Australian-based private equity transactions and applying a fund-of-funds investment strategy although the Fund represents Dixon Advisory's first private investment fund. See Section 7 for details.

## 7. Highly attractive initial investments already identified and/or secured

The Fund, through the LP, has already secured the opportunity to invest US\$8 million in Prometheus Partners IV, L.P., the most recent fund offering from Prometheus Partners, a highly experienced private equity fund manager. Upon the Fund's successful capital raising and listing, the LP will deploy US\$1.6 million of capital towards this investment as part of its US\$8 million commitment (see Section 13.1 for additional details). Prometheus Partners' niche expertise is in investing in, operating and managing top-tier, nationally franchised restaurant brands, in the US.

With over 15 years of quick service restaurant expertise, Prometheus Partners has built a successful track record of acquiring underperforming franchise businesses at attractive valuations, applying proven management strategies and operational techniques and generating scale economies to improve performance and margins.

The Fund has also identified Trivest Fund V, L.P., a newly-proposed Trivest Partners fund for potential investment. Trivest Partners funds focus on well-run family/founder-owned businesses that are seeking to transition ownership and have never had access to institutional funds.

Trivest Partners has operated in the small and mid-market space for over 30 years and has developed a proprietary strategy and database for sourcing attractive investments. The businesses targeted by Trivest Partners funds range across a number of sectors and are typically located in southeast US.

The Fund intends to invest with Trivest Partners during the second half of the calendar year 2012 when Trivest Partners anticipates coming to market with Trivest Fund V, L.P. The size of the potential investment will depend on the size of the Fund and market conditions at the time.

See Section 6 for further details.

The Fund and Investment Manager continue to evaluate a number of further opportunities.

## 8. Exposure to a potential recovery in the US economy

The Responsible Entity believes in the long-term resilience of the US economy. While the Global Financial Crisis has significantly impacted negatively on the US economy, the Responsible Entity believes that fundamentals for the US economy are showing signs of improvement indicated by low labour costs, a low US dollar, and, increasingly, low energy costs.

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## 9. Diversification benefits

Private investment returns have historically demonstrated low correlation with public equities and fixed income and have tended to outperform most asset classes in difficult economic times. See Section 3.7 for details.

The Responsible Entity believes the Fund offers investors the opportunity to diversify their investment portfolio beyond public equities and fixed income while increasing their return potential.

The Fund will seek to provide exposure to a range of different private investment fund managers specialising in different markets, industries and/or investment strategies.

## 10. Strong Australian dollar

As at 8 June 2012, the Australian dollar was trading at levels which are materially higher than the average of 75 cents achieved since the adoption of a floating exchange rate in 1983. The Offer allows for Australian dollar-denominated investors to capitalise on the current high level of the Australian dollar and provides potential upside should the exchange rate return to its historical trading range. See Section 3.9 for details.

## 11. Convenient investment platform

The Fund provides investors with easy access to a diverse range of private investment opportunities, circumventing the usual size and access restrictions required to invest in such opportunities directly.

Private investment funds typically have minimum investment requirements ranging from \$1 million to \$5 million, and often higher, putting the best performing private investment funds out of reach of most investors.

Listing the Fund on ASX will provide investors with liquidity beyond that available for unlisted vehicles.

# KEY INVESTMENT RISKS

<b>Private investments risk</b>	Private investments should be considered a higher risk asset class than traditional equities, with an increased potential for loss of capital and an increased volatility of returns. Investments in this asset class should be considered a long-term investment.	Section 10.2(d)
<b>Private investment market risks</b>	In light of difficult financial and economic conditions in the US in recent years, there is a risk that underlying investment managers may be unable to secure appropriate investments or realise existing investments in a manner that will generate acceptable returns for investors (such as the Fund).	Section 10.2(e)
<b>No direct supervision of investments of the Fund</b>	While the Investment Manager is a wholly owned subsidiary of Dixon Advisory (in its personal capacity), under Cayman Islands law, a limited partner will lose the benefit of limited liability if it becomes actively involved in management of the limited partnership. Accordingly, while the Responsible Entity may be consulted on investments that are inconsistent with the investment strategy agreed with the Investment Manager, it does not have the ability to give directions regarding investments.  The Investment Manager has confirmed to the Responsible Entity that it will exercise its discretion as general partner of the LP to make investments consistent with the investment strategy of the Fund outlined in this RPDS.	Section 10.2(a)
<b>Limited experience of investment Manager</b>	Neither the Investment Manager nor the Responsible Entity has established or managed a private investment fund.  The limited experience of the Investment Manager may adversely affect the financial and operating performance of the LP and the Fund	Section 10.2(b)
<b>Cordish Services or its affiliates ability to assist in securing investments</b>	While it is anticipated that the association with Cordish Private Ventures and its affiliates will assist the Investment Manager in securing access to private investment funds for investment, there can be no certainty that this will eventuate.	Section 10.2(c)
<b>Investment exit risk</b>	Interests in private investment funds are not commonly traded among investors. Such investments usually carry no entitlement for investors to withdraw from or otherwise realise their investment in underlying funds except at the discretion of the relevant fund manager. The Fund and the Investment Manager can exercise no control over the decisions of the underlying fund managers. Accordingly, the Fund may not be able to readily realise its investment in underlying funds.	Section 10.2(h)
<b>Unlisted investment risk</b>	The underlying investments of private investment funds are typically unlisted investments. As a result there may be no open market to establish an independent value for certain investments and no assurance that a determination of fair value will be obtainable in the market.  Individual investments made by private investment funds are typically held for a duration of 3 to 5 years, but some investments can be held for up to 10 years. Any gains from these investments will only be realised when they are sold. There can be no certainty that any gain on an investment will be made by the investment fund.	Section 10.2(g)



<b>Long time horizon</b>	Investing in private investments require a long-term commitment to the asset class, typically 5 to 10 years, and this will mean that realisation of value through capital growth may be similarly timed.	Section 10.2(i)
<b>Substantial uncommitted funds</b>	Under the Offer, the Fund will receive new funds which at the time may be uncommitted to any specific private investment fund. It may take longer than expected to identify sufficiently attractive investments for the Fund to fully invest any capital which is raised.	Section 10.2(r)
<b>Valuation risk</b>	There is a possibility that the realisable value of the underlying investments is less than the private investment fund manager's valuation. This may affect the Fund's performance, and may result in increased unit price volatility.	Section 10.2(k)
<b>Concentration risk</b>	The Fund may invest in a relatively small number of investments, and concentrations in sectors, geographies, or other groupings are more likely to arise. These potential concentrations mean that a loss arising in a single investment may cause a proportionately greater loss in the Fund than if a larger number of investments were made.	Section 10.2(f)
<b>Foreign exchange risk</b>	<p>The Fund's investments will be primarily in US small to mid-market private investment funds with assets and liabilities being denominated in US dollars. The value of the Units may be affected by increases and decreases in the value of the US dollar relative to the Australian dollar. This will affect the value, in Australian dollars, of any income or capital distributed by the Fund.</p> <p>The value of the Australian dollar has been subject to significant fluctuations in relation to the US dollar in the past and may be subject to significant fluctuations in the future. The Fund's current policy is not to hedge against exchange rate fluctuations.</p>	Section 10.2(p)
<b>Macroeconomic risks</b>	The value of investments and underlying company assets can be affected by changes in various macroeconomic conditions including economic, technological, political or regulatory environment, as well as inflation and market sentiment.	Section 10.1(a)
<b>Stock market risk</b>	There are pricing and other risks associated with any investment in a publicly listed trust. The price of Units may rise and fall due to numerous factors that may affect the market performance of the Fund, such as variations in the local and global markets.	Section 10.1(b)
<b>Regulatory risk</b>	<p>Changes in government legislation, regulation and policy may affect future earnings and values of investments. Changes in accounting standards may affect the reported earnings and financial position of the Fund in future financial periods.</p> <p>The Investment Manager and Cordish Services are not registered as investment advisers and so are not subject to regulatory supervision in relation to the business activities they undertake for the benefit of the limited partners (including the Fund).</p>	Section 10.1(c)

<b>Taxation risk</b>	<p>A general summary of certain of the Australian and US taxation consequences for certain Investors subscribing for Units under the Offer is contained in Section 12. This is a general summary only and is not intended to provide specific tax advice to any particular Investor. It is recommended that Investors seek their own independent tax advice before subscribing for the Units under the Offer.</p> <p>In particular, the Fund may be liable to pay US withholding tax at a maximum rate of 30% (subject to reduction pursuant to the Double Tax Treaty for certain qualified tax residents and other exceptions) on certain income. Alternatively, if the Fund is treated as directly or indirectly engaged in a US trade or business for US federal income tax purposes, the Fund may be required to file a US federal corporate income tax return and to pay US federal income tax on a net basis at the same rates that are generally applicable to US corporations (currently 35%) in respect of its share of effectively connected income derived from that trade or business. In addition, if the Fund were treated as being engaged in a US trade or business, the Fund may also be required to pay an additional tax equal to 30% of the “dividend equivalent amount” (as defined in Section 12.2 for these purposes) for the taxable year, subject to reduction pursuant to the Double Tax Treaty for certain qualified tax residents.</p> <p>It should be noted that any changes to the taxation laws in Australia, the Cayman Islands and the US, may affect the tax treatment of the Fund and result in taxation consequences for Investors that are different to that described in the taxation summary contained in Section 12.</p>	Section 10.1(d) & Section 12
<b>Poor investment performance</b>	None of the Fund, Responsible Entity, Investment Manager or any other person gives a guarantee as to the amount of income, distribution or capital return of Units or the performance of the Fund, nor do they guarantee the repayment of capital.	Section 10.1(f)
<b>Unit liquidity risk</b>	Liquidity refers to the ease with which an asset can be traded (bought and sold). As the Units have not yet traded, there can be no guarantee that a liquid market for securities in the Fund will develop within an acceptable period of time or at all. Applicants in the Fund should be aware that this may limit their ability to realise a return or recover their capital.	Section 10.1(g)
<b>Litigation risk</b>	In the course of its operations, the Fund, the Investment Manager and/or the LP may become involved in disputes and litigation that may adversely affect the Fund.	Section 10.1(h)
<b>Key personnel risk</b>	There is a risk that the departure of key staff that have particular expertise in funds and private investments, whether they are the staff of the Fund, Responsible Entity, Investment Manager or the underlying fund managers may have an adverse effect on the earnings and value of the Fund.	Section 10.1(j)
<b>Deposit risk</b>	The Fund will have US denominated cash deposits. These cash deposits will not be insured and in the event of bank failure, the Fund's deposits may not be recoverable in full, which will have an adverse effect on the value and investment activity of the Fund.	Section 10.2(m)
<b>Interest rate risk</b>	If the Fund, underlying investment funds, LP and/or subsidiaries of the LP (if any) are geared vehicles, changes in interest rates may have a positive or negative impact directly on the Fund's income. Changes in interest rates may also affect the market more broadly and positively or negatively impact on the value of the Fund's underlying assets.	Section 10.2(n)

<b>Counterparty risk</b>	<p>There is a risk that counterparties with the Fund (including the Investment Manager) do not perform their obligations, which may affect the value of, and returns from, an investment in the Fund. The Fund seeks to reduce these risks by engaging only with reputable parties.</p> <p>The Fund will be operated as a fund-of-funds and positions in underlying funds will be minority positions only. The Fund will not be in a position to disclose information to Investors regarding such underlying investments until that investment has been made and the information provided to Investors will depend on the nature of the underlying fund and its reporting structure.</p>	Section 10.1(e) & 10.2(q)
<b>Capital return</b>	Income from the Fund will be mostly by way of capital growth as opposed to income based. Payment of any distributions will be based on the realisation of private investments.	Section 10.2(s)
<b>Potential for increased costs</b>	The Investment Manager will invest on behalf of the Fund in private investment funds. These underlying fund managers are also entitled to receive fees associated with performance of their management function. The fund-of-funds style of investment may result in the Fund paying a higher level of fees than if the Fund invested directly in the assets held by the underlying funds as fees are payable at two separate levels of management.	Section 10.2(t)
<b>Borrowing risk</b>	The Fund's policy is not to undertake borrowings but the Responsible Entity has the discretion to gear up to 10% of the value of total assets of the Fund. There is a risk that any loan will need to be repaid at short notice or cannot be replaced post expiry.	Section 10.2(m)





# 1. SUMMARY OF THE OFFER

## About the Offer

Question	Summary	More info
<b>Who is the issuer of this RPDS and the Units?</b>	This RPDS and the Units are issued by the Responsible Entity.	Section 7
<b>What is the Offer?</b>	The Offer is for Units at an issue price of \$1.60 per Unit. The Fund will issue up to 25,000,000 Units to raise up to \$40,000,000, with the ability to accept oversubscriptions for a further 15,625,000 Units. The Offer is subject to the Fund raising a minimum of \$20,000,000.	Section 2.1
<b>What is the purpose of the Offer?</b>	The Fund is seeking to raise funds to invest in US small-to-medium sized private investment funds, employing a fund-of-funds investment strategy, or in privately held companies.	Section 5.1
<b>Is there a cooling-off period?</b>	No, there is no cooling-off period for Investors. This means that once you have submitted an Application Form you will not be able to withdraw your Application, other than as permitted by the Corporations Act. However, you will be able to offer your Units for sale on ASX once the Fund is listed.	Section 2.9
<b>How do investors obtain further information?</b>	<p>Please contact Dixon Advisory &amp; Superannuation Services Limited (<b>Dixon Advisory</b>) on 1300 454 801 or visit the website at <a href="http://www.usselectprivateopportunitiesfund.com">www.usselectprivateopportunitiesfund.com</a> if you have questions relating to the Offer.</p> <p>If you are uncertain about whether an investment in the Fund is suitable for you, please contact your stockbroker, financial advisor, accountant, lawyer or other professional advisor.</p>	

## About the Fund

Question	Summary	More info
<b>What is the structure of the investment?</b>	<p>The Fund will invest as a limited partner in US Select Private Opportunities Fund, L.P. (<b>LP</b>), a limited partnership that has been established in the Cayman Islands. The other limited partner in the LP will be Cordish Private Ventures, LLC.</p> <p>The general partner of the LP, with responsibility for selecting and managing investments of the LP (including investments to be made by the Fund), is US Select Private Opportunities Fund GP, LLC (<b>Investment Manager</b>), a Delaware limited liability company. The Investment Manager is a wholly owned subsidiary of Dixon Advisory Group (in its personal capacity).</p> <p>The Responsible Entity will hold no interest in the Investment Manager. Under the terms of the LP Agreement establishing the LP, all decisions regarding investment and divestment by the LP will be made by the Investment Manager. The Investment Manager will exercise its discretion as general partner of the LP to make investments consistent with the investment strategy of the Fund outlined in this RPDS.</p>	Section 5.1

Question	Summary	More info
<b>What will the Fund invest in?</b>	<p>The net proceeds of the Offer will be invested by the Fund to acquire equity stakes in private investments consistent with the investment objectives and guidelines of the LP.</p> <p>Until the Investment Manager identifies opportunities for investment, funds raised will be invested by the Fund in cash, cash equivalents and interests in cash management trusts.</p> <p>The Investment Manager is subject to the following portfolio restrictions:</p> <ul style="list-style-type: none"> <li>a) it may not make any investment other than acquiring limited partnership interests in private investment funds and interests in privately-held companies;</li> <li>b) it may not invest more than 33% of the aggregate capital commitment of the LP in any one private investment fund;</li> <li>c) it may not invest, by way of primary market transactions, more than 25% of the aggregate capital commitment of the LP in any private investment fund whose primary investment objective is to invest in companies located or that conduct their principal business outside of the US;</li> <li>d) it may not invest in any private investment funds whose primary investment objective is to invest in companies located in or that conduct their principal business in emerging markets;</li> <li>e) it may not invest, by way of primary market transactions, more than 25% of the aggregate capital commitment of the LP in any private investment funds whose primary investment objective is to make venture capital investments; and</li> <li>f) it may not invest, by way of primary market transactions, more than 20% of the aggregate capital commitment of the LP in interests in privately held companies.</li> </ul>	Section 5.7
<b>What are the Fund's investment objectives?</b>	<p>The Fund's investment objectives are to provide Unitholders with:</p> <ul style="list-style-type: none"> <li>a) exposure to a portfolio of investments in small and mid-market private investment funds and privately held companies predominantly focused in the US; and</li> <li>b) capital growth over a 5-to-10-year investment horizon.</li> </ul> <p>The Investment Manager will exercise its discretion as general partner of the LP to make investments consistent with the investment strategy of the Fund outlined in this RPDS.</p>	Section 5.3
<b>What is the Fund's distribution policy?</b>	<p>The Fund will focus on investments with the potential to deliver capital growth rather than delivering income. However, it is the Fund's intention to distribute 100% of any distributable income, including realised capital gains it receives subject to the Fund's working capital requirements consistent with good fiscal operating policy and management and such other needs as the Investment Manager, in its reasonable discretion, deems necessary. Any distributions will be paid on an annual basis.</p>	Section 5.13
<b>What is the Fund's foreign exchange policy?</b>	<p>The Fund will hold and receive income which is predominantly denominated in US dollars. It is intended that a substantial amount of the net proceeds of the Offer will be converted to US dollars over a period of 3 to 6 months commencing on Allotment Date. Until capital calls are made by the Investment Manager for investments, the Fund's policy is for funds raised by the Offer to be invested in cash, cash equivalents and interests in cash management trusts. It is not expected that the Fund will earn significant interest on such monies due to the present low interest rate environment in the US. The Fund's current policy is not to hedge against currency risk.</p>	Section 5.10

Question	Summary	More info
<b>Will the Fund undertake borrowings?</b>	The Fund's policy is not to undertake borrowings, but the Responsible Entity has the discretion to gear up to 10% of the value of total assets of the Fund.	Section 5.8
<b>What is the investment term?</b>	<p>The Fund does not have a set investment term; however, because of the nature of the underlying investments in private investment funds, an investment in the Fund should be viewed as long-term in nature.</p> <p>Investors are cautioned that this should be viewed as a long term investment. An investment horizon of less than 10 years in the Fund may not provide sufficient opportunity for an increase in the value of underlying investments of the Fund.</p>	Section 5.5
<b>What are the significant tax implications of the Fund?</b>	<p>There are significant tax implications for Investors with respect to an investment in the Fund. A general summary of certain of the Australian and US taxation consequences for certain Investors is provided within this RPDS (see Section 12).</p> <p>Investors should seek independent tax advice based on their specific circumstances before making a decision to invest in the Fund.</p>	Section 12
<b>Who can participate in the Offer?</b>	Only members of the general public who have a registered address in Australia can participate in the Offer.	Section 2.8
<b>Can superannuation funds invest?</b>	Superannuation funds can invest subject to the investment mandate of the particular fund and the trustee's general powers and duties.	
<b>How do investors apply for Units?</b>	<p>The procedures for making an investment in the Fund are described in Section 2.</p> <p>The Responsible Entity may be required to obtain identification information from Applicants. The Fund reserves the right to reject an Application if that information is not provided upon request.</p>	Section 2.3
<b>What are the fees and costs of the Offer?</b>	<p>The Responsible Entity will charge a structuring and arranging fee of 2.00% (excluding GST) and a handling fee of 2.00% (excluding GST) of the gross proceeds raised under this RPDS.</p> <p>The Responsible Entity will pay start-up costs of the Fund such as legal, accounting, marketing and other associated costs of the Offer under this RPDS.</p>	Section 8.1
<b>What are the ongoing fees and costs payable by the Fund?</b>	<p>The fees payable directly by the Fund will be management fees payable from the Fund to the Responsible Entity comprising an administration fee of 0.25% per annum (excluding GST) and a responsible entity fee of 0.08% per annum (excluding GST) of the gross asset value of the Fund.</p> <p>The Fund will also be responsible for ongoing expenses such as registry services, listing fees, investor communications, taxes and bank fees, preparation of financial statements and tax returns, audit, legal, insurance, compliance costs and other expenses.</p> <p>The limited partners (including the Fund) will pay an investment manager fee of 2.00% per annum (excluding GST) of the capital committed by limited partners to the Investment Manager. This fee will only be payable for a ten year period from the Fund's inception.</p> <p>Fees may also be charged by managers of private investment funds in which the LP invests.</p>	Section 8.2
<b>Is the Offer underwritten?</b>	The Offer is not underwritten.	Section 2.4





## 2. INFORMATION FOR APPLICANTS

This is a summary only. This RPDS should be read in full before making any decision to apply for Units.

The performance of the Fund is not guaranteed by the Responsible Entity or any advisor to the Fund.

### 2.1. The Offer

Dixon Advisory & Superannuation Services Limited (**Dixon Advisory**), as the Responsible Entity of the Fund, is the issuer of Units under this RPDS. The Responsible Entity will offer for subscription a minimum of 12,500,000 Units and a maximum number of 25,000,000 Units. The Offer comprises an offer of Units at \$1.60 per Unit. To participate in the Offer, your Application Form must be received by 5:00p.m (AEST) on the Closing Date. The Closing Date may be brought forward by the Responsible Entity, and accordingly, Investors are urged to apply for Units early.

Under the Offer, the Responsible Entity reserves the right to accept oversubscriptions of up to a further 15,625,000 Units at \$1.60 per Unit.

The Offer will only be made to Applicants who have a registered address in Australia.

### 2.2. Minimum subscription

The minimum subscription for the Offer is \$20,000,000, being receipt of valid Applications for not less than 12,500,000 Units. If this minimum subscription is not achieved and the Application Monies for these Units are not received by the Responsible Entity by the date three months after the Opening Date, the Responsible Entity will repay all money received from Applicants within 7 days after that date or such later date as may be permitted by the Corporations Act with the consent of ASIC.

### 2.3. Applications

You must use the Application Form issued with, and attached to, this RPDS and complete the Application Form in accordance with the instructions contained within the Application Form.

Applications and Application Monies for Units under the Offer received after 5.00p.m (AEST) on the Closing Date will not be accepted and will be returned to Investors.

The minimum investment is 1,250 Units for a total of \$2,000.

Applications received during the exposure period will not be processed until after the exposure period.

Applications must be accompanied by payment in Australian currency.

Cheques should be made payable to "Dixon Advisory ATF US Select Private Opportunities Fund Trust Account" and crossed "Not Negotiable". Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. The amount payable on Application will not vary during the period of the Offer and no further amount is payable on allotment. No brokerage or stamp duty is payable by Applicants.

Completed Application Forms and accompanying cheques may be lodged with:

#### A) POSTAL

US Select Private Opportunities Fund Offer  
c/- Dixon Advisory & Superannuation  
Services Limited  
GPO Box 575  
CANBERRA ACT 2601

#### B) HAND DELIVERED

##### Canberra

US Select Private Opportunities Fund Offer  
c/- Dixon Advisory & Superannuation  
Services Limited  
Level 1, 73 Northbourne Avenue  
CANBERRA ACT 2600

##### Sydney

US Select Private Opportunities Fund Offer  
c/- Dixon Advisory & Superannuation  
Services Limited  
Level 15, 100 Pacific Highway  
NORTH SYDNEY NSW 2060

##### Melbourne

US Select Private Opportunities Fund Offer  
c/- Dixon Advisory & Superannuation  
Services Limited  
Level 2, 250 Victoria Parade  
EAST MELBOURNE VIC 3002

A binding contract to issue Units will only be formed at the time Units are allotted to Applicants.

Application Forms will be accepted at any time after the issue and prior to the Closing Date.

The Responsible Entity may close the Offer at any time after expiry of the exposure period without prior notice or extend the period of the Offer in accordance with the Corporations Act.

### 2.4. Offer not underwritten

The Offer is not underwritten.

### 2.5. Listing

Application has been made to ASX for admission of the Fund to the Official List of ASX and for official quotation of all Units including Units issued pursuant to this RPDS.

The fact that the Fund may list is not to be taken as an indication of the merits of the Fund or the Units. Quotation, if granted, will commence as soon as practicable after holding statements are despatched.

## 2.6. Allotment

No Allotment of Units will be made until the minimum subscription has been received. It is expected that Allotment of the Units under the Offer will take place by 19 July 2012. Application Monies will be held in a separate account until Allotment. This account will be established and kept by the Responsible Entity on behalf of the Applicants. The Responsible Entity may retain any interest earned on the Application Monies held on behalf of the Fund pending the issue of Units to successful Investors.

The Application constitutes an offer by the Applicant to subscribe for Units on the terms and subject to the conditions set out in this RPDS. Where the number of Units allotted is less than the number applied for, or where no Allotment is made, the surplus Application Monies will be returned by cheque within 7 days of the Closing Date. Interest will not be paid on refunded Application Monies to Applicants.

## 2.7. CHESS

An application will be made for Units to participate in the Clearing House Electronic Subregister System (CHESS). CHESS is operated by ASX Settlement Pty Limited in accordance with the Listing Rules and the ASX Settlement Operating Rules. Under CHESS, the Fund will not issue certificates to Unitholders. After allotment of Units, Unitholders will receive a CHESS statement.

CHESS statements, which are similar to bank account statements, will set out the number of Units allotted to each Unitholder pursuant to this RPDS. The statement will also advise holders of their holder identification number and explain, for future reference, the sale and purchase procedures under CHESS. Further CHESS statements, which reflect any changes in their Unitholding in the Fund during a particular month, will be provided to holders.

CHESS provides clearing house electronic subregister system services to prescribed markets that are also Recognised Market Operators. An application to CHESS should not be interpreted to infer which prescribed market the Responsible Entity will apply to for listing.

## 2.8. Overseas Unitholders

Only members of the general public who have a registered address in Australia can participate in the Offer. The Offer does not constitute an offer in any place in which, or to any person to whom, it would be unlawful to make such an offer. It is the Fund's intention, and, to the extent within its control, the Fund shall use its commercially reasonable efforts to ensure, that the Units not be resold, whether through the ASX or otherwise, to any persons, including US Persons (as defined below), other than members of the general public who have a registered address in Australia.

This document is not an offer or an invitation to acquire securities in any country. In particular, this document does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any "US person", as defined in Regulation S under the US Securities Act of 1933 (**Securities Act**) (**US Persons**).

This document may not be released or distributed in the US or to any US Person. Any securities described in this announcement have not been, and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the US, and may not be offered or sold in the US, or to, or for the account or benefit of, any US Person, except in a transaction exempt from, or not subject to, the registration requirements under the Securities Act.

## 2.9. No cooling-off period

There is no cooling-off period for Investors. This means that once you have submitted an Application Form you will not be able to withdraw your Application, other than as permitted by the Corporations Act. However, you will be able to offer your Units for sale on the market, once the Fund is listed.

## 2.10. Transfer of Units

The Fund's Constitution provides that while the Fund is listed, Unitholders may make transfers in any manner permitted by CHESS, which may include off-market transfers of Units.

You may instruct your stockbroker or financial advisor to sell any, or all, of your Units on any trading day in which the Fund is trading.

## 2.11. Privacy

When you apply to invest in the Fund, you acknowledge and agree that:

- a) you are required to provide the Fund with certain personal information to:
  - i) facilitate the assessment of an Application;
  - ii) enable the Fund to assess the needs of Applicants and provide appropriate facilities and services for Applicants; and
  - iii) carry out appropriate administration.
- b) the Fund may be required to disclose this information to:
  - i) third parties who carry out functions on behalf of the Fund on a confidential basis;
  - ii) third parties if that disclosure is required by law; and
  - iii) related bodies corporate (as that term is defined in the Corporations Act) which carry out functions on behalf of the Fund.

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Under the Privacy Act 1988 (as amended), Applicants may request access to their personal information held by (or on behalf of) the Fund. Applicants may request access to personal information by telephoning or writing to Dixon Advisory.

A copy of the privacy policy of the Fund is available to Applicants on request.

## **2.12. Anti-Money Laundering / Counter-Terrorism Financing Act 2006**

The Responsible Entity may be required under the Anti-Money Laundering/Counter-Terrorism Financing Act 2006 (Cth) or any other law to obtain identification information from Applicants. The Responsible Entity reserves the right to reject any Application from an Applicant who fails to provide the required identification information upon request.



# 3. OVERVIEW OF FAMILY OFFICE INVESTING AND PRIVATE INVESTMENTS

## 3.1. Brief introduction to family offices

Family offices are private companies that are typically established for the purposes of managing the financial portfolio of individual ultra-wealthy families. The financial capital of these companies is the family's own wealth, often accumulated over many generations. With the cost of running a family office typically in excess of \$1 million per annum, families need to be exceptionally wealthy to consider setting up their own offices. According to research published by the Wharton School, it is estimated there are approximately 1,000 single family offices in operation around the world catering to individual families with at least US\$100 million in assets. More than half of these family offices manage family wealth of more than US\$1 billion.

The original family offices were set up by wealthy family groups such as the Rockefeller and Vanderbilt families. In Australia, most family offices are relatively new and have often only been created by the first generation in the last 10 to 20 years. There are, however, some older Australian families such as the Fairfax and Myer families, who have more than five generations of wealth and have their own family offices. Some of the largest Australian family offices include the Smorgon, Lowy, Rinehart and Pratt family offices.

The purpose of the family office is to transfer established wealth across generations. Typically, these organisations employ professional staff including an investment team that invests the family's money, manages all of the family's assets and disburses payments to family members and beneficiaries as required.

## 3.2. Family office approach to investments

In general, the investment objective of family offices is to create long-term, risk-adjusted returns and generate consistent income while preserving generational wealth and protecting capital. Given the personal nature of the capital being invested, family offices are extremely selective in their investments. To achieve their investment goals, family offices typically hire well-connected and respected investment managers who bring investment experience and skills. These investment professionals ensure all investment decisions are carefully planned and in line with long-term strategic objectives.

The investment horizon of family offices tends to be long-term in nature and the central tenet to their investment thesis is broad diversification across a range of asset classes beyond public equities and fixed income, to include private investments (such as private equity, venture capital and hedge funds), real estate and commodities. Specifically, there is a bias towards private investments that are inefficient and illiquid, where it is possible to achieve higher risk-adjusted returns that have limited correlation with other asset classes. This method of investing often adopted by family offices is also widely used by endowment funds, which have similar goals to family offices and similar long-term investment horizons.

Family offices, through their employees or family members, often have unique access to many private ventures and investment opportunities that are beyond the reach of even the most established and respected

institutional asset managers and funds. This strategy of accessing private investment opportunities has proven very successful, as these family offices often realise higher risk-adjusted returns with lower volatility than traditional stock and bond portfolios.

## 3.3. Introduction to private investments

Private investments are investments primarily in unlisted companies at various stages of their development. They are typically a transformational, value-added, active investment strategy.

Private investments involve a range of investments in companies ranging from investing in companies looking for start-up capital to investing in those needing expansion capital as well as buying-out completely existing companies. Private investments are often in the form of direct equity but may include mezzanine financing (unsecured debt sitting between equity and senior debt) or a combination of equity and debt. The returns from private investments are typically realised in large part when the underlying companies in the investment funds are sold or listed on a stock exchange.

In private investments, unlike other asset classes, private investment manager track record is critical to achieving superior returns as performance tends to persist among private investment managers. This is supported by empirical studies which show that private investment managers who outperform the industry in one fund are likely to outperform the industry in its next fund, and vice versa. For example, a study published by McKinsey in 2007 which examined 3,400 funds managed

by 1,159 private investment companies found that the private investment managers who managed top quartile performing funds had a 43% probability of achieving a top quartile performance in their next fund.

### 3.4. Types of private investments

Depending on the stage of the business and its individual needs, the different types of private investments can be broken down as follows:

#### VENTURE CAPITAL

Venture capital involves investment in start-up and early-stage companies, often those engaged in developing cutting-edge technologies and products. Venture capital investments are generally in the form of equity into a business without security and represent a higher risk category of private investments but also offer higher potential returns. Examples include Cochlear, eBay, Google and Facebook.

#### EXPANSION CAPITAL INVESTMENT

Expansion capital investment is used to grow and expand an established company that is capital constrained but has good growth or profit improvement prospects. These companies are usually at or near profitability and have some history of cash flow. Examples include JB Hi Fi and Aural.

#### MANAGEMENT BUY-OUTS (MBO)

MBOs usually involve purchasing an existing mature business, usually alongside management. These businesses have a strong history of profits and cash flows. Examples include Myer, Just Group, Aural and Pacific Brands.

Other types of private investments include:

- distressed/turnaround: investments in a business with liquidity or solvency problems, often conditional on a business implementing a restructuring programme
- mezzanine financing: unsecured debt financing provided to companies that are in growth phase but may not have access to equity finance

All these various styles of private investments share an opportunistic character, seeking to exploit inefficiencies in the capital markets.

### 3.5. Key characteristics of private investments

Key characteristics of the type of private investments to be targeted for the Fund include the following:

#### CONTROL

Many private investment deals involve controlling stakes in target companies and, critically, include an active operational role in setting policy and strategy in partnership with management. It requires a long-term commitment to deploy capital to enhance the value of the company.

#### EXPERTISE

Private investment managers invest their expertise in the identification, due diligence and selection of investments and also in the management of these investments, bringing expertise across management, finance, marketing, strategic direction and business networks.

In addition, private investment managers have greater access to information on target investments allowing them to assess potential opportunities more accurately, thereby significantly reducing the risk of private investments.

#### ALIGNMENT OF INTEREST

Board representations and management agreements allow private investment managers to be directly involved in the decision-making process of their underlying investment companies as they seek to protect and grow their investment. Typically, significant equity stakes by the underlying portfolio company management teams in the businesses they manage strongly incentivises these operating management teams and ensures alignment of interest.

#### PERFORMANCE

The alignment of interests and the ability to add value to the business means specialised private investment managers may generate higher returns than those available from a traditional passive investment in listed shares.

#### UNCERTAIN CASH FLOWS AND ILLIQUIDITY

Unlike investment in public companies, private investments are generally illiquid and investors do not have access to their capital during the lifetime of the private investment fund, nor can they sell their shares on a liquid capital market. Private investment funds have a limited lifespan and are typically self-liquidating, meaning invested capital is returned to investors over that timeframe.

#### MEDIUM-TO-LONG-TERM HORIZON

Given private investors cannot easily enter and exit the market, investing in private investments requires a longer term commitment to the asset class, typically around 10 years.

However, this longer time horizon allows businesses (portfolio companies) to undertake transformational ownership (including through mergers, acquisitions, store roll-outs, restructuring) to significantly enhance cash flows and returns within a 5-to-10-year period.

### 3.6. Time horizon of private investment funds

Investing in private investment funds usually involves making a commitment to invest a specified amount of capital (**committed capital**). However, only a small percentage of the committed capital is typically required at the start, if at all. As the fund identifies and invests in opportunities, the manager of the fund will then “call” or “draw down” the committed capital in tranches, as needed. It can typically take up to two years for an individual fund to fully invest its capital commitments. Most private investment funds have an investment term of around 10 years.

Individual investments made by private investment funds are usually held for a duration of 3 to 5 years, but some investments can be held for up to 10 years. Any gains from these investments will only be realised when they are sold. Typically, distributions from private investment funds to their investors only commence 3 to 5 years into the fund. Capital is generally returned via distributions from the sale or recapitalisation of individual investments. In some cases, investors may also receive earnings-derived distributions.

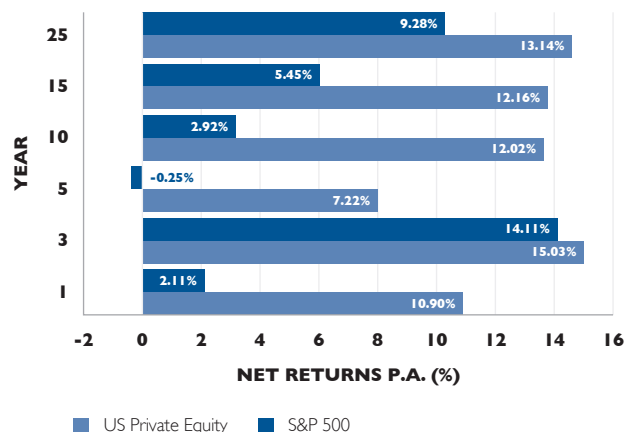
### 3.7. Key benefits of private investments

The Responsible Entity believes that investing in private investments improves the risk and reward characteristics of an investment portfolio. It offers investors the opportunity to generate superior long-term absolute returns while improving portfolio diversification beyond public equities and fixed income investments.

#### SUPERIOR LONG-TERM OUTPERFORMANCE

Many market studies confirm that the average long-term returns from private investments have consistently outperformed public equities. For example, a comparison of the performance of the Cambridge Associates LLC US Private Equity Index (**PE Index**) with the S&P 500 Index shows that over the past 5 years, the average annualised returns for the PE Index has been 7.2% compared to -0.25% for the S&P 500 Index. The PE Index reflects the annualised returns (being the pooled end-to-end return net of fees, expenses and carried interest for constituent funds) of 944 US private equity funds formed between 1986 and 2011. The funds whose performance is used to compile this index includes funds which have an investment strategy, size, scale or leverage model which differs from the target investments for the Fund. Accordingly this data may not be illustrative of the performance expected for the Fund and its underlying investments. The PE Index also outperformed the S&P 500 Index over a 10, 15 and 25-year period to December 2011. This is reflected in Figure 1 below:

**FIGURE 1: AGGREGATED NET RETURNS – PE INDEX VS. S&P 500 INDEX**



Source: Cambridge Associates LLC

Importantly, this outperformance is sustained in both positive and difficult macroeconomic environments. In fact, in periods of downturn, average private equity returns have outperformed the relevant index by an even larger margin than described above. In the two most recent public equity downturns – the Tech Crunch (Q2 2000 to Q1 2003) and the recent Global Financial Crisis (Q3 2007 to Q1 2009), the PE Index has, on average, outperformed the S&P 500 Index by 15% and 21%, respectively.

#### PORTFOLIO DIVERSIFICATION

Returns from private investments have historically demonstrated low correlation with other asset classes such as public equities and fixed income. The Responsible Entity believes that the introduction of private investments within a balanced portfolio can further improve portfolio diversification, improving risk and volatility characteristics of the portfolio.

In addition, the investment universe in the private company space is extensive and offers greater opportunities for diversification. In the US, public equity markets comprise a universe of approximately 4,800 companies with revenues in excess of US\$10 million. In contrast, there are estimated to be approximately 25,000 privately owned companies in the US with revenues in excess of US\$10 million.



### 3.8. Fund-of-funds investment style

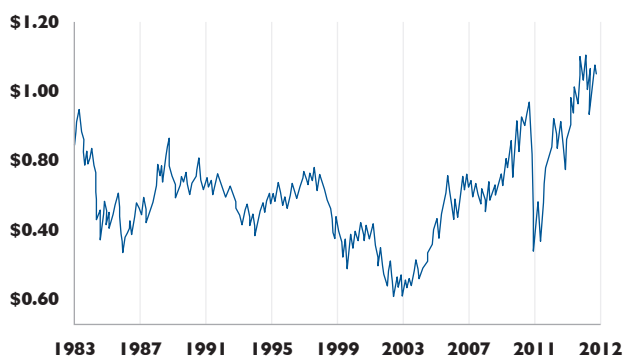
The Investment Manager will employ a fund-of-funds style of investment where capital contributed will be applied to acquire interests in investment vehicles managed by third party fund managers. They are referred to as “underlying funds” in the RPDS. By adopting this investment style, the Fund will hold indirect rather than direct investments.

Investors in a fund-of-funds receive the benefit of the expertise of the managers of the underlying funds in which the investments are made. It provides the Fund with an opportunity to manage risks associated with a particular investment strategy by investing across a number of funds which may have different risk profiles. This is particularly useful for smaller investors who may not have the means to otherwise invest in a diversified portfolio of funds. However, this investment strategy may also carry the potential for comparatively higher fees than direct investments and the potential for diminished liquidity.

### 3.9. Australian dollar exchange rate

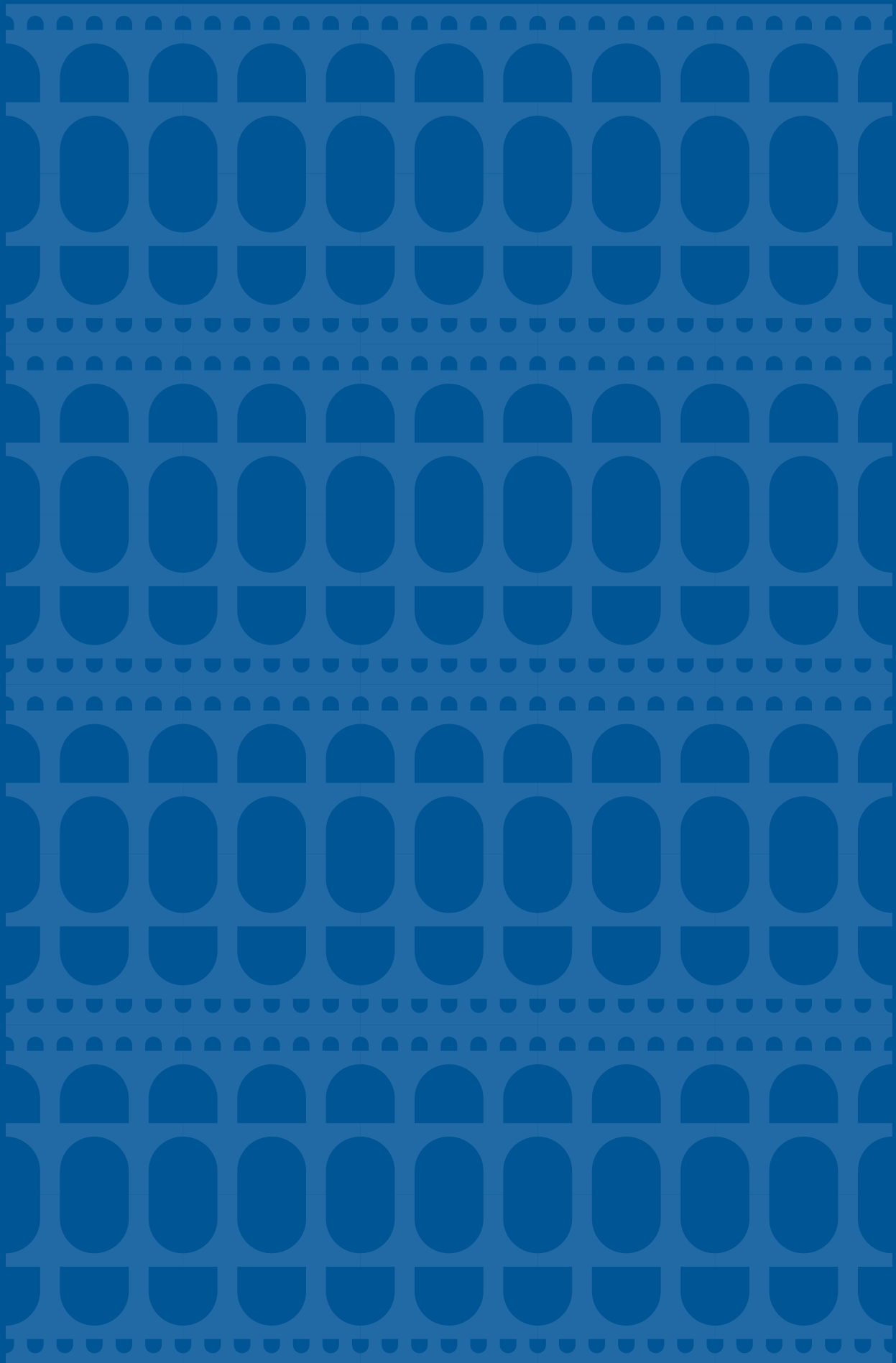
As at the date of this RPDS, the current level of the Australian dollar against the US dollar is significantly higher than the average level of 75 cents since the Australian dollar was floated in 1983. The Responsible Entity believes that the current high level of the Australian dollar provides a unique opportunity for Australian-based investors to gain exposure to the US private investment market.

**FIGURE 2: AUD VS. USD**



Source: Bloomberg. Bloomberg has not provided consent to the inclusion of trading and index data attributed to in this RPDS.





## 4. SMALL AND MID-MARKET PRIVATE INVESTMENTS

US private investment funds range in size from tens of millions of dollars in total capital to tens of billions of dollars. The US small and mid-market private investment segment consists of funds that manage less than US\$1 billion of capital and target investments/ companies with total values of less than US\$300 million. There are several hundred funds in this segment, many of which specialise in specific regions, sectors and/or investment strategies.

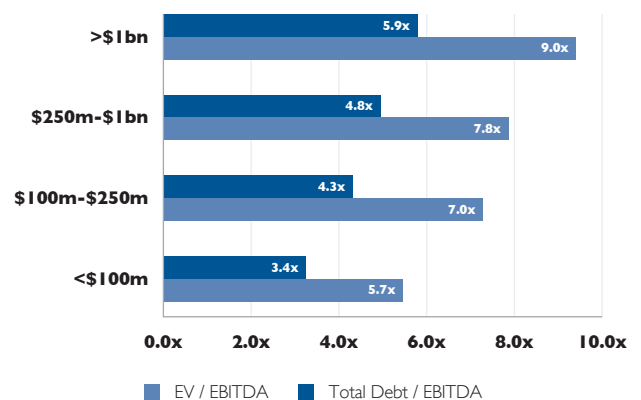
### 4.1. Why focus on small and mid-market?

Private investments are an extremely diverse asset class, encompassing a wide range of investing styles. The experience of Cordish Private Ventures is that superior performance is found by investing in private investment funds that manage smaller pools of capital in focused investment strategies.

In the private investment space, exceptional returns can stem from investing in overlooked companies with superior growth prospects within market niches, and investing in them at compelling valuations. As funds grow in size, they generally tend to focus on larger companies where the universe of available opportunities is smaller, resulting in greater competition and more efficient market pricing.

In contrast, the Responsible Entity believes that the small and mid-market segment has a rich pool of target investment opportunities which tend to be less efficiently priced than their larger counterparts. This creates opportunities for funds in the small and mid-market segment to capture undervalued companies with less competition from peers, enabling them to acquire these companies for lower valuation multiples. Additionally, these smaller funds and companies typically use lower levels of debt, reducing the risk of investment. This is illustrated in Figure 3 which sets out the average purchase price paid and leverage levels for investments made by US private equity funds of differing size for investments made in the period 2001 to 2010.

**FIGURE 3: AVERAGE PURCHASE PRICE (EV/EBITDA) AND LEVERAGE LEVELS (TOTAL DEBT/ EBITDA) FOR DIFFERENT FUND SIZES (PAST 10 YEARS)**



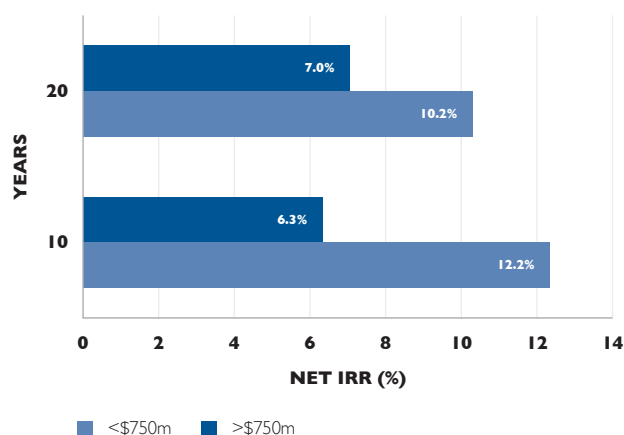
Source: Flag Capital Management, LLC

Importantly, companies in the small and mid-market segment, by virtue of their size, are typically more nimble and have stronger alignment of interests with private investment fund managers. There is greater potential to drive through operational changes to improve margins and top-line growth, resulting in stronger returns on investment.

Several studies also point to the outperformance of small-to-mid-market private investment funds over larger private investment funds.

Research by Thomson Venture Economics, which looked at US private equity funds raised between 1990 and 2010, determined that over the 10 years to 2010, small-to-mid-market funds (with total assets of less than US\$750 million) have, on average, achieved annual net internal rates of return (IRR) of 12.2%, almost double their larger peers, while over the past 20 years, small-to-mid-market funds have achieved IRRs of 10.2% as compared to 7.0% for larger funds. This is illustrated in Figure 4 below:

**FIGURE 4: PERFORMANCE BY FUND SIZE OVER TIME**



Source: Thomson Venture Economics

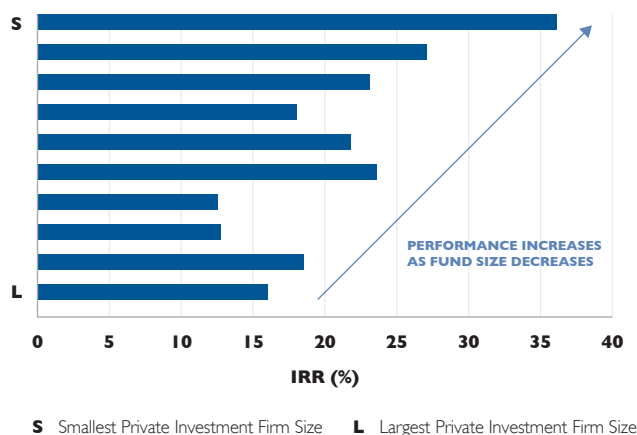
Investors are reminded that past performance is no guarantee of future results.

Also of particular interest in this regard is a study published in November 2010, titled “Giants at the Gate: On the Cross-Section of Private Equity Investment Returns”, by leading academics Florencio Lopez-de-Silanes of EDHEC Business School and the National Bureau of Economic Research, Ludovic Phalippou of the University of Amsterdam Business School and Tinbergen Institute, and Oliver Gottschalg of HEC Paris.

The paper studied the performance of more than 7,453 investments made in 81 countries by 254 private equity firms over a 34-year period. The conclusion was that firm scale is a robust and consistent driver of returns of private equity investments, with small funds delivering average annual returns of 36%, twice that of the 16% annual returns for the largest funds surveyed.

The performance data used to compile the above includes performance from non-US based private investment funds as well as US based funds. Accordingly this data may not be illustrative of the performance expected for the Fund and its underlying investments.

**FIGURE 5: PE FUND SIZE VS. IRRS**



Source: Lopez-de-Silanes, Phalippou and Gottschalg

## 4.2. Access to small and mid-market private investment funds

Given the superior performance of small and mid-market private investment funds, these funds tend to be heavily oversubscribed and have strict access limitations. Access to these funds is typically confined to smaller endowment funds and family offices, which are the preferred investors for many of the best performing funds.

Cordish Private Ventures has experience investing its own capital in precisely the strategy to be implemented by the Fund, through the Investment Manager. The Fund's relationship with Cordish Services and Jonathan Cordish is expected to provide the track record, in-house experience, due diligence capabilities and credibility to source, analyse, invest in and monitor these funds. It is anticipated that a significant portion of the underlying investments the Fund will make through the LP are targeted to be with managers with whom Cordish Private Ventures has previously invested successfully.





# 5. OVERVIEW OF US SELECT PRIVATE OPPORTUNITIES FUND

## 5.1. Overview of the Fund

The US Select Private Opportunities Fund has been established to provide Unitholders with the opportunity to benefit from a family office style of investment focused on small and mid-market private investment opportunities in the US. The Fund's investments will be made in its capacity as a limited partner in the LP.

Under Cayman Islands law, an exempted limited partnership may be established between two or more persons wishing to conduct business operations with a view to profit. At its inception, an exempted limited partnership requires at least one general partner and one limited partner. An exempted limited partnership is not an entity with a separate legal existence, and, therefore, it cannot own property in its own right. Rather, the assets of an exempted limited partnership are held by the general partner upon trust for the benefit of the limited partners in accordance with the terms of the partnership agreement and Cayman Islands law. A general partner often performs the functions usually undertaken by an investment manager. Accordingly, the Investment Manager will manage the affairs of the LP as its general partner, which includes making and holding investments on behalf of the exempted limited partnership for the benefit of the limited partners themselves.

Under the law of the Cayman Islands, an exempted limited partnership must be registered with the Registrar of Exempted Limited Partnerships to attain limited liability status for the limited partners. The LP has been registered by the Investment Manager.

The Investment Manager will act as the investment manager of the LP. The Investment Manager is a Delaware limited liability company

and a wholly owned subsidiary of Dixon Advisory Group (in its personal capacity). Details of the responsibilities of the Investment Manager to manage and operate the LP are set out in the LP Agreement. See Section 13.1 for details.

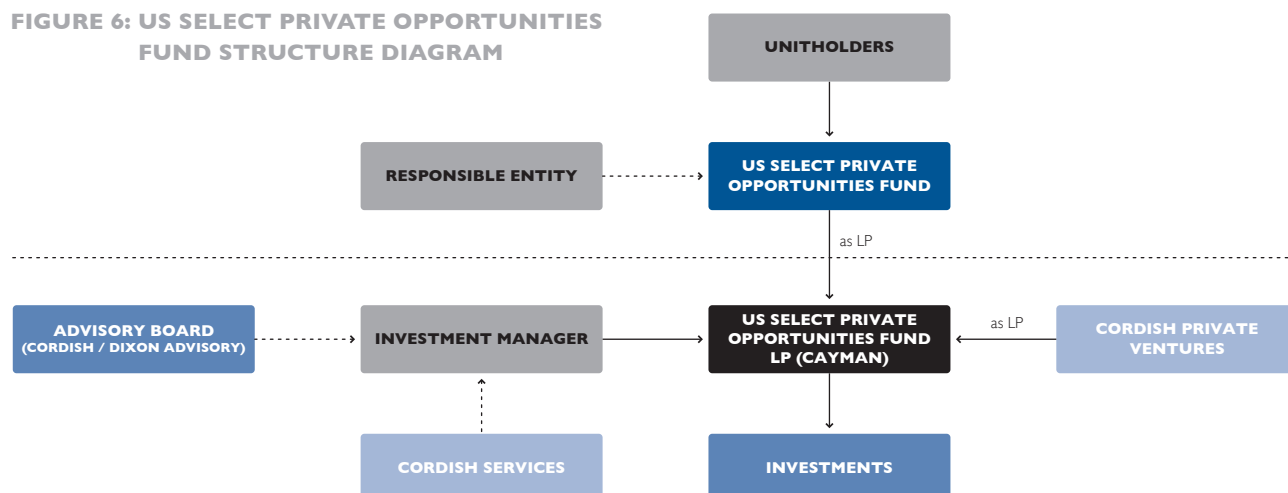
Under Cayman Islands law, the liability of a limited partner for debts incurred by the partnership is limited to the capital committed by that limited partner. However, a limited partner will lose the benefit of limited liability if it becomes actively involved in management of the limited partnership. For this reason, the limited partners (including the Fund) have no ability to direct the Investment Manager regarding investments as under Cayman Islands law. Details of the rights and obligations of the limited partners in the LP are set out in the LP Agreement. See Section 13.1 for details.

The Investment Manager has entered into agreements with each of Dixon Advisory and Cordish Services, an affiliate of Cordish Private Ventures, the private investments arm of The Cordish Companies. Each of Dixon Advisory (in its personal capacity) and Cordish Services will provide its resources to evaluate opportunities and back office infrastructure for the LP on an ongoing basis. See Sections 13.2 and 13.3 for details.

The Fund and Cordish Private Ventures are expected to be the only limited partners in the LP. Cordish Private Ventures will invest 25% of the total capital contributed by the Fund to the LP up to a maximum of US\$10 million. The Fund's proportional interest in the LP will increase above 80% if the funds raised under the Offer exceed US\$40 million.

This structure is illustrated in the diagram below:

**FIGURE 6: US SELECT PRIVATE OPPORTUNITIES FUND STRUCTURE DIAGRAM**





## 5.2. Overview of The Cordish Companies and Cordish Private Ventures

The Cordish Companies is a Baltimore, Maryland (US) based fourth generation family business that has grown into a conglomerate of businesses since it was founded in 1910. The company's core business is a large and well-respected real estate development business that is widely recognised as a developer of large-scale urban revitalisation projects and entertainment districts. Many of the company's developments involve public and private partnerships and are of unique significance to the cities in which they are located. Other divisions of The Cordish Companies include a highly successful casino and resort development company; an operating division that owns and operates leading entertainment venues throughout the US; a media division; and a private investment division.

Cordish Private Ventures is the part of the non-real estate investment arm of The Cordish Companies. It was founded in 1999 and invests in a range of private investment funds including venture capital, leveraged buyouts and hedge funds, as well as making non-controlling direct equity investments. In particular, it has significant experience of successfully investing the Cordish family capital in small and mid-market private investment opportunities. Cordish Private Ventures is focused on continuously seeking superior investment opportunities in emerging growth areas, with a long-term investment horizon. Cordish Private Ventures invests with private investment fund managers that have not only delivered outstanding financial returns but have also exhibited high levels of personal integrity, and with whom it can develop long-term direct relationships.

## 5.3. Investment objectives

The Investment Manager will seek to meet the Fund's aim to provide Unitholders with:

- a) exposure to a portfolio of investments in small and mid-market private investment funds and privately held companies predominantly focused in the US; and
- b) capital growth over a 5 to 10 year investment horizon.

Cordish Private Ventures, as a limited partner in the LP, shares these objectives. There is no guarantee that these objectives will be achieved.

As the Fund and the LP are newly established, there is no track record of performance.

The Investment Manager has confirmed to the Responsible Entity that it will exercise its discretion as general partner of the LP to make investments consistent with the investment strategy of the Fund outlined in this RPDS which seeks to replicate Cordish Private Venture's investment strategy of focusing on small and mid-market private investment funds. The LP will invest in a discrete number of underlying private investment funds, and a significant portion of which are expected to be with investment managers with whom Cordish Private Ventures has previously successfully invested. The Responsible Entity believes that selecting private investment fund managers that have a sustainable strategy for adding value to their investments is critical to achieving a successful investment strategy.

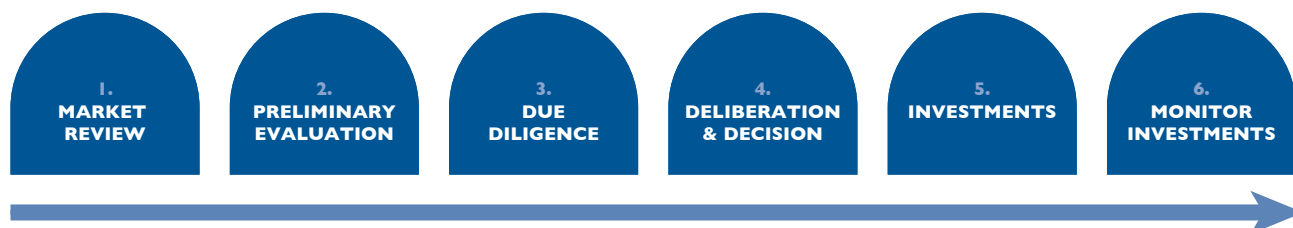
Within the universe of small and mid-market private investment funds, the Investment Manager will generally seek to apply Cordish Private Venture's investment strategy to focus on funds that exhibit the following characteristics:

- a) Consistent focus on niche investment opportunities: funds that have an expertise in specific industries, geographic region(s) and/or investment strategies typically overlooked by larger funds. This consistency in the fund's investment strategy allows for specialised expertise to grow over time, enhancing long-term performance.
- b) Operating businesses with existing cash flows: funds that avoid higher risk start-up businesses and businesses with significant technology risk but instead focus on assets with existing proven cash flow and potential for growth.
- c) Appropriate size: funds that only seek to manage pools of capital sized appropriately for the opportunities on which they focus.
- d) Judicious and limited use of leverage: by principally focusing on expansion based primarily on equity rather than debt funding. Funds that seek to generate returns through investments in high-quality private businesses with limited debt rather than financial engineering through the use of leverage.
- e) Hands-on approach: all aspects of the fund's investment process is managed directly by senior fund executives that are intricately involved in the operations of the underlying businesses in which they invest.

## 5.4. Investment process

The Responsible Entity believes the key to achieving superior returns in private investment funds lies in the capabilities and performance of the management teams of these funds. As such, the selection of these managers is of critical importance and the in-depth analysis of each potential investment opportunity involves a series of steps that evolve into a judgement about the manager.

The Investment Manager will employ a 6-stage investment process when investing the LP's capital in private investment opportunities as illustrated below:



### STEP 1: MARKET REVIEW

The investment process begins with a review of the market, involving identification of small-to-mid-market private investment fund managers that are raising money and the timing of their fund raising. The Fund already has access to numerous opportunities passed on from Cordish Private Venture's network. Private investment market analysts estimate that there have been approximately 825 funds created by experienced private investment managers since 2000 with assets under management of less than US\$750 million, which forms the initial set of investable opportunities for the LP.

### STEP 2: PRELIMINARY EVALUATION

During the preliminary screening, the Investment Manager will apply its four broad investment criteria:

- fit with the Fund's investment strategy and target investment characteristics as listed in Section 5.3 (i.e. focused investment strategy on niche opportunities, operating businesses with existing cash flows, appropriate fund size, limited use of leverage and hands-on approach by senior fund executives);
- performance record of the private investment fund manager and any previous experience of the Investment Manager or Cordish Private Ventures with them;
- strength of the management team of the fund including skills and experience in executing their strategy and motivation and commitment of key people; and
- structure of the private investment fund and fit with the Fund's desire to maximise after-tax returns.

This step is designed to provide a short list of investment opportunities so the focus is only on high quality, smaller niche funds. Despite a smaller universe of shortlisted funds, the opportunity set remains sufficiently large.

### STEP 3: DUE DILIGENCE

Once a private investment opportunity is shortlisted, comprehensive due diligence is undertaken on the potential investment. As part of the due diligence process, particular attention is given to:

- management team expertise, including their track record, and experience;

- quality of the fund's business model, including business plans, financial analysis and appropriateness of proposed management fees;
- ability to support future investments and provide assistance in company growth – value adding strategies;
- investment structuring experience; and
- exit experience and strategy.

The Investment Manager's focus on the track record of the private investment fund manager means that a large amount of time will be spent discussing the sourcing of their investment opportunities and understanding their individual investee company experience and the role of the manager in the growth of the business.

### STEP 4: DELIBERATION AND DECISION

When the due diligence review has been completed and the investment opportunity has passed all the relevant criteria, the investment opportunity is considered in the context of the LP's portfolio and investment strategy, and a decision to invest is made subject to final negotiation of investment documentation.

### STEP 5: INVESTMENT

As part of the investment process, the Investment Manager may negotiate specific terms with the private investment fund manager and structure its holding in the opportunity accordingly.

### STEP 6: MONITOR INVESTMENTS

Part of the ongoing investment process is to monitor all investments and foster a close involvement with the private investment fund managers through regular visits and investment updates throughout the term of the investment. Once a commitment is made, the Investment Manager will remain apprised of the fund's investment activities, the overall risk levels of the fund, ongoing integrity of the fund manager's investment strategy, staff turnover and market environment.

## 5.5. Investment term

The Fund does not have a set investment term; however, because of the nature of the underlying investments in private investment funds, an investment in the Fund should be viewed as long-term in nature.

Investors are cautioned that this should be viewed as a long-term investment. An investment horizon of less than 10 years in the Fund may not provide sufficient opportunity for an increase in the value of underlying investments of the Fund.

## 5.6. Initial investments

As at the date of this RPDS, two attractive private investment opportunities have been identified that are intended to be the initial investments of the LP. Upon successful capital raising and listing on the ASX, the LP will commit to invest a US\$8 million investment in Prometheus Partners IV, L.P., of which US\$1.6 million will be deployed immediately (see Section 13.1 for additional details). In addition, the Investment Manager has identified Trivest Partners Fund V, L.P. for potential investment.

See Section 6 for further details.

## 5.7. Permitted investments

LP is restricted to making investments by acquiring interests in private investment funds and interests in privately held companies.

In addition LP may not:

- a) make any investment other than acquiring limited partnership interests in private investment funds and interests in privately held companies;
- b) invest more than 33% of the aggregated capital commitment of the LP in any one private investment fund;
- c) invest, by way of primary market transactions, more than 25% of the aggregated capital commitment of the LP in any private investment fund whose primary investment objective is to invest in companies located or that conduct their principal business outside of the US;
- d) invest in any private investment funds whose primary investment objective is to invest in companies located in, or that conduct, their principal business in emerging markets;
- e) invest, by way of primary market transactions, more than 25% of the aggregated capital commitment of the LP in any private investment funds whose primary investment objective is to make venture capital investments; and
- f) invest, by way of primary market transactions, more than 20% of the aggregated capital commitment of the LP in interests in privately held companies.

While the Investment Manager is identifying suitable investments, or until capital calls are made by the underlying funds, the Responsible Entity may elect to hold cash, term deposits and cash equivalents and interests in cash management trusts. Apart from such direct investments, the Fund's investments will be made in its capacity as limited partner in the LP.

The Investment Manager aims to substantially commit the cash raised by the Offer within 12 months of the issue. However, it may take up to 24 months to identify suitable investments and to commit the cash raised.

The Investment Manager has confirmed that it will act in accordance with the investment strategy set out in this section. However, if requested the Responsible Entity may authorise the Investment Manager to make an investments outside the investment strategy. The Responsible Entity and Cordish Private Ventures, as limited partners, with the GP may agree to review and amend the strategy and permitted investments without Unitholder approval.

## 5.8. Borrowings policy

The Fund's policy is not to undertake borrowings directly or through the LP. Underlying funds in which the Fund has invested as limited partner may borrow from time to time. As the Fund will not hold a majority interest in these funds, it will not be in a position to exercise any control over such borrowings.

Circumstances may occur whereby borrowing by the Fund is deemed beneficial and, should this eventuate, the Fund may borrow. The Fund intends that borrowings will be limited to 10% of the total assets of the Fund.

## 5.9. Risk management policy

The Responsible Entity has a risk management process in place that includes maintaining a compliance plan (which is audited every year) and a compliance committee. The compliance plan sets out how the Responsible Entity will ensure compliance with both the Corporations Act and the constitution when operating the Fund. The compliance committee, comprising a majority of members who are independent of the Responsible Entity (one representative from the Responsible Entity and two external representatives), monitors compliance with the compliance plan.

The risk management processes of the Fund include a comprehensive framework including compliance policy, training and monitoring elements. The compliance plan of the Fund is audited externally on an annual basis, in addition to an audit of financial statements also to be performed annually.

### 5.10. Foreign exchange hedging policy

The Fund will receive income streams and indirectly holds assets which are denominated in US dollars. The Fund's current policy is not to hedge these for currency risk. The Fund may re-evaluate the hedging policy in the event of changes to prevailing exchange rates and economic conditions. It is intended that the net proceeds (excluding minimal working capital requirements for managing the Fund) raised by the Offer will be converted into US dollars over a period of up to 6 months, commencing on the date Units are allotted.

As the majority of the underlying assets of the Fund will be denominated in US dollars and will continue to be denominated in US dollars, the value of the assets held by the Fund expressed in Australian dollars will fluctuate with changes in the exchange rate between the Australian dollar and the US dollar.

### 5.11. Cash policy

The Fund's policy is to hold funds in cash, cash equivalents and interests in cash management trusts pending a call for a capital contribution to be made by the Investment Manager. There is no limitation on the amount of cash that may be retained by the Fund.

### 5.12. Capital Management Policy

Subject to any restrictions imposed under the Corporations Act, Listing Rules and the Constitution, the Fund will aim to apply active capital management strategies.

The Fund may undertake a buyback of its Units in the event that they trade at a sizable discount to NAV backing. The Fund will need to obtain Unitholder approval for the buyback and comply with any Corporations Act, Listing Rules and Constitution restrictions if it intends to buyback more than 10% of the smallest number of Units on issue over the previous 12 months.

### 5.13. Distribution policy

The Fund will focus on investments with the potential to deliver capital growth rather than delivering income. Nevertheless, it is the Fund's policy to distribute 100% of its distributable income for each income year, including realised capital gains, that it receives subject to the Fund's working capital requirements consistent with good fiscal operating policy and management and such other needs as the Investment Manager, in its reasonable discretion, shall deem necessary. The Fund intends to make yearly distributions, if any, but may make more regular distributions if appropriate.

The ability of the Fund to distribute income received from investments made by the Investment Manager will depend on the receipt of income from the underlying investments of the LP as well as payment of distributions authorised by the Investment Manager to the limited partners in the LP. The Responsible Entity is unable to give specific assurances to investors concerning the future payment of distributions as the timing of realisation of private investments is uncertain.

### 5.14. Valuation policy

The LP will value its interests in underlying private investments based on the valuations and financial reports provided by the underlying fund managers (in accordance with industry practice) unless the Investment Manager reasonably believes that those amounts should be adjusted. Regular third party valuations of investments of the LP will not be undertaken unless the Investment Manager considers it appropriate.

### 5.15. Raising further capital

The Fund may, at a future date, decide to raise further capital in the Fund. A further issue may be contemplated if there is significant demand for investment in the Fund, there remain attractive opportunities for investment which the Responsible Entity can pursue with additional capital and it is beneficial to existing Unitholders to do so.

Under the current Listing Rules, the Fund is limited to issuing Units representing up to 15% of its capital in any 12-month period unless member approval is granted or another relevant exception applies.

### 5.16. Reports to Unitholders

The Responsible Entity will provide at least:

- monthly NAV reports (in accordance with the ASX Listing Rules)
- half-yearly reports;
- annual reports;
- yearly distribution advice statements (as applicable); and
- regular income tax statements.

The Responsible Entity will also comply with all laws and the Listing Rules as they relate to reports to be provided to Investors.



## 6. INITIAL INVESTMENTS

As at the date of this RPDS, the Investment Manager has identified two highly attractive small-to-mid-market private investment opportunities – Prometheus Partners IV, L.P. and Trivest Fund V L.P.

### 6.1. Prometheus Partners IV, L.P.

The Investment Manager has secured the opportunity to invest US\$8 million in Prometheus Partners IV, L.P. (Prometheus Partners IV). Upon the Fund's successful capital raising and listing, the LP will immediately deploy US\$1.6 million of capital against this US\$8 million commitment, as a result of an initial capital call from Prometheus Partners IV (see Section 13.1 for additional details). Prometheus Partners' niche expertise is in operating and managing top-tier, nationally franchised restaurants in the US. Prometheus Partners has over 15 years of experience investing in underperforming franchised businesses, applying its operational and management techniques to generate economies of scale and improve performance and margins. Investors are cautioned that past performance is no guarantee of future performance and there is no certainty that such returns will be achieved in Prometheus Partners IV.

Prometheus Partners IV will invest in the Taco Bell, Pizza Hut and IHOP nationally franchised restaurants in the US, with a focus on the Southeast of the US. Prometheus Partners, through its prior funds, currently operates 189 Taco Bells, 76 Pizza Huts, and 48 IHOPs in the southeast and is a top operator in all of these brands.

Taco Bell, Pizza Hut, and IHOP all have been top brands in their segments for over 20 years. Each of these brands is

50 years old, has brand recognition in excess of 90% and has highly sophisticated management teams and large advertising budgets. All three of these brands are enduring, iconic brands in the US.

Due to the increasing age of the owners of many of the larger franchisees, there is an excellent opportunity for Prometheus Partners to build a large business in each of these three brands. Many franchisees acquired stores in the 1970s and 1980s when Taco Bell and Pizza Hut sold company-owned restaurants. Many of these owners are now approaching their mid to late sixties and are looking for liquidity. Further, Yum! Brands (owner of Taco Bell and Pizza Hut) has continued to expand its refranchising of company-owned stores, resulting in the availability of up to 780 Taco Bell restaurants to the end of 2011.

Prometheus Partners, as general partner of several private equity funds, is an approved franchisee of these brands, providing them with proprietary deal flow as these brands infrequently accept new franchisees. Prometheus is currently among the largest franchisees of these brands through its prior funds.

All three brands have excellent brand equity and produce strong and predictable cash flows even in a weak economy due to their low price points and value proposition. These brands typically lack cyclicalities and are effectively consumer staples rather than discretionary purchases as they fulfil a basic and necessary need. Further, they thrive even in a weak economy as consumers become price sensitive and trade down to lower priced dining options. All three brands provide great value for the dollar, with price points between US\$2 and US\$7 for large portions of food.

While the franchise restaurant business is very simple, there are still significant operational and scale advantages to being professionally run. Many of the older franchisees are unfamiliar with professional management techniques and technologies and tend to have limited capital and risk appetite for growth resulting in under-penetration of their markets. Prometheus Partners has assembled a world class operations, construction and development team, consisting of former senior executives of the three brands in which they will invest. This team has the operational experience to significantly improve profitability of acquired restaurants while growing the businesses internally and through accretive acquisitions.

Prometheus Partners' scale affords them higher quality operations management and more sophisticated systems. Based on their prior restaurant investment experience, this has resulted in lower labour costs (typically 1 – 3% of sales) and lower food costs (1% of sales) than most other franchisees. Due to economies of scale, Prometheus Partners' overheads and fixed costs have historically represented a much smaller proportion of sales (approximately 3%) than the average franchisee (approximately 6%). In addition, they have access to sizeable capital and in-house expertise for store remodelling and upgrades, and new store developments resulting in further earnings uplift. Typically, for a given restaurant investment, Prometheus Partners has historically been able to drive earnings margin uplift of at least 3% to 5% under its management.

As at the date of the RPDS, Prometheus Partners has received total commitments of US\$39.5 million for Prometheus Partners IV and expects to close the fund at US\$50 million during mid-2012.

## 6.2. Trivest Fund V, L.P.

The Investment Manager has also identified Trivest Fund V L.P. (Trivest Fund V), a new fund to be established by Trivest Partners, as a potential investment for the LP. Trivest Fund V is expected to be established in second half of the calendar year 2012.

Trivest has developed a successful strategy of investing in lower middle-market, well-run family/founder-owned businesses. These businesses are typically seeking to transition ownership and have never accessed institutional funds.

Trivest has been successfully investing in, and operating, these types of low and middle-market businesses since 1981. Over that period, Trivest has raised more than US\$900 million to invest in this segment, and since the late 1990s has focused exclusively on founder and family-owned investments. Since 2000, Trivest has been the first institutional owner in 50 founder and family-owned businesses.

Founder and family-owned businesses represent a significant portion of the US economy. Founder and family-owned businesses represent 90% of the 8 million businesses in North America and represent 64% of total US gross domestic product, providing ample opportunities for Trivest.

Over the past 10 years, Trivest has developed a proprietary strategy and database for sourcing attractive investments through continuous marketing to a network of over 10,000 deal generators and intermediaries, typically lawyers and accountants. This proprietary network is a particular point of differentiation for Trivest and has historically enabled Trivest to acquire companies at valuations below that of its peers. Since 2000, Trivest has reported that its purchase multiples for transactions have averaged 26% below that of its peers. Investors are cautioned that past performance is no guarantee of future performance and there is no certainty that such purchase multiples will be achieved in Trivest Fund V.

In 2011 alone, Trivest's deal network generated 2,760 leads, 810 potential transaction opportunity evaluations and 123 management meetings from which Trivest closed 5 investments. Over the last 2 years, Trivest has deployed nearly US\$140 million in 8 platform investments, a transaction pace that ranks Trivest as the most active private equity firm among funds of a size less than US\$500 million.

Although Trivest typically acquires businesses across a broad range of sectors, they are particularly focused on making platform investments in the business services, niche manufacturing and consumer and franchisor sectors, where they have an extensive track record. Trivest's focus is typically on companies with a size of US\$20 to US\$200 million in southeast US.

Once acquired, Trivest takes steps to drive additional growth in these companies, both organically and through add-on acquisitions, undertake operational improvements to realise efficiencies and then sell these subsequently larger and more profitable businesses at higher valuation multiples.

Trivest expects to launch a fundraising effort for Trivest Fund V, L.P. during the northern hemisphere summer of 2012, with a target fund size of US\$325 million, an identical fund size to their previous fund, enabling Trivest to continue its focus on the lower middle-market and investing in founder and family-owned businesses.







# 7. THE RESPONSIBLE ENTITY AND INVESTMENT MANAGER

## 7.1. Role of the Responsible Entity

Dixon Advisory is the issuer of Units under this RPDS and the Responsible Entity of the Fund. The Responsible Entity is responsible for the protection of Unitholder interests and overall corporate governance of the Fund. The Responsible Entity will manage the Fund in accordance with its duties to Unitholders. The Responsible Entity is also subject to numerous duties under the Corporations Act, including duties to act honestly, exercise care and diligence and act in the best interests of Unitholders. Further details of the Constitution and the Responsible Entity's obligations are specified in Section 14.

Under the Corporations Act, a responsible entity is required to either have a board of directors, not less than half of which comprises external directors, or to appoint a compliance committee with a majority of external representation. Dixon Advisory complies by having a compliance committee with a majority of external representation. Further details on the external members of the compliance committee are set out later in Section 7.5.

The Responsible Entity is responsible for the overall management of the Fund including the determination of its strategic direction with the aim of increasing Unitholder wealth through the performance of the Fund.

The role of the Responsible Entity includes:

- a) providing strategic direction and deciding upon the Fund's business strategies and objectives;
- b) monitoring the operation and financial position and performance of the Fund;

- c) identifying the principal risks faced by the Fund and monitoring the effectiveness of systems designed to provide reasonable assurance that these risks are being managed;
- d) taking steps to ensure the Fund's financial and other reporting mechanisms result in adequate, accurate and timely information being provided to the Board; and
- e) taking steps to ensure Unitholders and the market are fully informed of all material developments.

## 7.2. Background of the Responsible Entity

Dixon Advisory holds Australian Financial Services Licence Number 231 143.

Dixon Advisory is a member of the Dixon Advisory Group, which, through Dixon Advisory and its other subsidiaries, provides a comprehensive administration service and, where requested, financial advice to more than 4,000 self-managed super fund clients with a combined superannuation asset base of over \$4.0 billion. Dixon Advisory provides financial advisory services, full service investment advisory, corporate finance, estate planning, residential property, mortgage and insurance advisory services.

Dixon Advisory has limited experience advising on individual Australian-based private investment transactions. Since 2007, Dixon Advisory has facilitated the investment of over \$40 million through the offer of shares and convertible notes in 3 privately held companies by its clients. Dixon Advisory also has extensive experience applying a fund-of-funds investment strategy although the Fund represents its first private investment fund.

Dixon Advisory currently manages Australian Masters Corporate Bond Fund No 4 Limited and Australian Masters Corporate Bond Fund No 5 Limited. These funds are part of a series that has previously included Australian Masters Corporate Bond Fund No 1 Limited, Australian Masters Corporate Bond Fund No 2 Limited and Australian Masters Corporate Bond Fund No 3 Limited, (**Australian Masters Corporate Bond Fund Series**). These companies invest in primarily high grade fixed income securities and completed issues of shares to raise approximately \$54 million in June 2008, approximately \$36 million in September 2008, approximately \$42 million in February 2009, approximately \$72 million in June 2009 and approximately \$77 million from December 2009 to December 2010.

Dixon Advisory is also the investment manager of Australian Masters Yield Fund No 1, Australian Masters Yield Fund No 2 and Australian Masters Yield Fund No 3 (**Australian Masters Yield Fund Series**), which are diversified fixed income funds and as at 8 June 2012 has approximately \$231 million in funds under management.

Further, Dixon Advisory currently manages the investment portfolios of Global Resource Masters Fund Limited and Asian Masters Fund Limited, which are both ASX-listed investment companies, adopting a fund-of-funds investment approach. These companies give Australian investors the opportunity to gain access to leading global fund products and managers, and as at 8 June 2012, each had a market capitalisation on the ASX of approximately \$103 million and approximately \$133 million, respectively.

Dixon Advisory also manages Australian Governance Masters Index Fund Limited, a listed investment company on the ASX. This company tracks entities included in the S&P/ASX 100 with a corporate governance overlay, excluding companies with poor corporate governance ratings. At 8 June 2012, Australian Governance Masters Index Fund Limited had a market capitalisation of approximately \$56 million.

In addition, Dixon Advisory manages US Masters Residential Property Fund, a registered managed investment scheme listed on the NSX. This fund is the only Australian listed trust with a primary strategy of investing in the US residential property market, and currently has an offer open. At 8 June 2012, US Masters Residential Property Fund had a market capitalisation of approximately \$100 million and had received over \$60 million in further applications through a new unit offering taking its pro forma market capitalisation to over \$160 million.

### 7.3. Directors of the Responsible Entity

The directors of the Responsible Entity have considerable experience in funds management. Details of the directors of the Responsible Entity are set out below.



**DARYL DIXON** BA (HONS) (UQ), MA (HONS) (CAMBRIDGE); EXECUTIVE CHAIRMAN

Daryl is a graduate in economics of Cambridge and Queensland Universities and the founder of Dixon Advisory. Daryl has extensive experience in the areas of taxation, retirement incomes and social welfare policy. He is known in Australia as a leading financial expert, particularly in the area of superannuation.

Daryl has special expertise in personal and self managed super fund strategies, as well as extensive experience as a direct share investor in his own right.

Daryl is Executive Chairman of the Responsible Entity of US Masters Residential Property Fund and a director of the Australian Masters Yield Fund Series and the Australian Masters Corporate Bond Fund Series. Daryl has worked previously for the International Monetary Fund, the Federal Treasury, Department of Finance and the Social Welfare Policy Secretariat. Daryl was also a member of the Fraser Government's Occupational Superannuation Task Force.



**MAXIMILIAN WALSH** AM, BEC (SYDNEY); DEPUTY CHAIRMAN

Max is regarded as one of Australia's leading economists and business journalists. He has specialised experience in the areas of business, economics and politics in a journalistic career spanning nearly 50 years.

He has been editor and managing editor of The Australian Financial Review and Editor-in-Chief of The Bulletin. He also served on the board of Northern Star TV (predecessor to Channel Ten) and is presently the Deputy Chairman of the Responsible Entity of US Masters Residential Property Fund. Further, Max serves as Chairman for the Australian Masters Yield Fund Series and the Australian Masters Corporate Bond Fund Series, and serves as Non Executive Chairman of Asian Masters Fund Limited and Global Resource Masters Fund Limited. Max also serves as a director of Australian Governance Masters Index Fund Limited.



**ALAN DIXON** BCOM (ANU) CA; GROUP MANAGING DIRECTOR

Alan has been providing financial advisory services to corporations, institutions and individuals for more than 15 years. Until December 2000, he worked for various investment banks, including ABN AMRO, where he was an Associate Director in Mergers and Acquisitions and Equity Capital Markets, and Ord Minnett Corporate Finance. Since January 2001, he has operated as Managing Director of the Dixon Advisory Group.

Alan currently serves as a director of the Australian Masters Yield Fund Series, the Australian Corporate Bond Fund Series and director of the Responsible Entity of US Masters Residential Property Fund.

Alan has a Bachelor of Commerce from the Australian National University and is a Member of the Institute of Chartered Accountants in Australia. He is also a SPAA Accredited SMSF Specialist Advisor™.



**CHRIS BROWN** BChEM ENG HONS (SYD UNI), BCOM (SYD UNI); MANAGING DIRECTOR,  
CHIEF OPERATING OFFICER

Chris Brown is a director of the Australian Masters Yield Fund Series, the Australian Masters Corporate Bond Fund Series, the Responsible Entity of US Masters Residential Property Fund and serves as Managing Director, Chief Operating Officer at Dixon Advisory.

Prior to joining Dixon Advisory, Chris was an Executive Director at UBS AG in the Investment Banking Division in Sydney. Over his 8 years at UBS, he provided capital markets and mergers & acquisitions advice to many different public and private companies in Australia and overseas. Chris specialised in providing this advice to industrial, utility, infrastructure, property and financial companies. Chris spent several years in the UBS Mergers & Acquisitions Group in New York working on transactions in chemicals, healthcare, consumer products, media, telecoms, technology, insurance and utilities. Before joining UBS, Chris also worked in the investment banking division of ABN AMRO where he focused on mergers and acquisitions along with capital markets advice to companies in the Australian property sector.

Before his career in investment banking, Chris worked for a Sydney-based property funds management company and a chemical engineering and design company. Chris has a Bachelor of Chemical Engineering with 1st class honours and a Bachelor of Commerce, both from Sydney University.



**ALEX MACLACHLAN** BA (CORNELL), MBA (WHARTON); MANAGING DIRECTOR,  
CHIEF EXECUTIVE OFFICER – FUNDS MANAGEMENT

Alex MacLachlan is the Managing Director of Global Resource Masters Fund Limited, and a director of the Australian Masters Yield Fund Series, the Australian Masters Corporate Bond Fund Series, Asian Masters Fund Limited, Australian Governance Masters Index Fund Limited, and the Responsible Entity of US Masters Residential Property Fund.

Before joining Dixon Advisory, Alex was an investment banker specialising in the natural resources sector, most recently serving as head of energy, Australasia, for UBS AG in Sydney and prior to that as an investment banker at Credit Suisse First Boston. During his career as an investment banker, Alex advised many of Australia's and the world's leading natural resources companies, working with over 30 companies on more than \$100 billion in announced mergers and acquisitions and capital markets transactions.

Before specialising in natural resources investment banking, Alex worked in the Japanese Government Bond derivatives markets in London, New York and Sydney.

Alex has a Bachelor of Arts from Cornell University and a Master of Business Administration from The Wharton School, University of Pennsylvania.



**TRISTAN O'CONNELL** BCOM (ANU), CPA; FINANCE DIRECTOR

Tristan joined Dixon Advisory in 2005 after 10 years' experience in corporate financial and management roles within the wholesale financial markets industry, and is currently a director of the Responsible Entity of US Masters Residential Property Fund. Tristan's previous roles included being financial controller of Tullett Prebon in Australia, one of the world's leading inter-dealer broker firms specialising in over-the-counter interest rate, foreign exchange, energy and credit derivatives. Tristan subsequently held senior finance roles for the Tullett Prebon Group in Singapore and London.

Tristan returned to Australia to be responsible for the financial management and growth of Dixon Advisory. Tristan has a Bachelor of Commerce from the Australian National University, is a member of CPA Australia and is a Fellow of the Financial Services Institute of Australasia.

## 7.4. Role of the Investment Manager and its Advisory Board

The Investment Manager is an indirect, wholly owned subsidiary of Dixon Advisory Group (in its personal capacity) and will be based in the US. It is responsible for:

- managing the investments to be made by LP;
- obtaining and evaluating information and advice relating to the economy, markets and securities, as needed;
- managing the assets of the Fund in line with investment objectives, policies and restrictions;
- advising on portfolio investments to be purchased or sold and the timing of those; and
- preparing necessary documents for regulatory, accounting and other matters of compliance with applicable Australian laws and regulations.

The Investment Manager acts as general partner of the LP. As a general partner, the Investment Manager owes fiduciary duties to all limited partners of the LP to act in the best interests of the partners. The relationship between the Investment Manager and the limited partners of the LP (including the Fund) is regulated by the LP Agreement. See Section 13.1 for details. Subject to the portfolio restrictions set out in Section 5.7, the Investment Manager has full discretion as to investments that may be made by the LP. The Responsible Entity has no ability to direct the Investment Manager regarding the acquisition or divestment of investments. This will continue irrespective of whether there is a change in the responsible entity of the Fund.

The Investment Manager has confirmed to the Responsible Entity that it will exercise its discretion as general partner of the LP to make investments consistent with the investment strategy of the Fund outlined in this RPDS.

The Investment Manager has established an Advisory Board to provide it with expert advice, on a non-binding basis, in relation to portfolio and investment strategy, evaluation of investment opportunities and potential disposals, fund administration and other commercial matters for the LP and its limited partners, including the Fund. Jonathan Cordish and Margaret Cordish have each committed to serving on the Advisory Board for a minimum period of 5 years.

See Section 13.2 for information regarding the operation of the Investment Manager.

### MEMBERS OF THE ADVISORY BOARD

#### **JONATHAN CORDISH** BA (BRANDEIS UNIVERSITY), MBA (WHARTON); CHAIRMAN



Jonathan Cordish, President of Cordish Private Ventures, shall serve as the Chairman of the Investment Manager's Advisory Board. He will also serve as Executive Chairman of Cordish Services, which will provide administrative services to the Investment Manager and leverage the expertise of other key Cordish executives to assist in administration of the Fund.

Since 2001, Jonathan has managed the finances and investments of the Cordish family and The Cordish Companies of Baltimore, Maryland, USA, and is a Partner at The Cordish Companies, the operating business of the Cordish family (for more info on The Cordish Companies, see [www.cordish.com](http://www.cordish.com)). Jonathan also serves as President of Cordish Private Ventures, LLC, which he has built into a comprehensive private equity investment company that has successfully invested in a variety of private equity and venture capital funds, as well as made direct equity investments in high-growth companies.

Jonathan has significant experience in private equity and venture capital finance prior to his tenure at Cordish. From 1999 to 2001, he served as a Vice President and Partner at Riggs Capital Partners, a private equity firm based in Washington, D.C. that deployed over \$130 million across more than 30 private equity and venture capital funds, as well as direct equity investments to privately held companies. Jonathan has also served on the Advisory Board of Spring Capital Partners, LP, a mezzanine capital fund based in Baltimore, Maryland. Prior to Riggs Capital Partners, Jonathan received a Masters in Business Administration from the Wharton School, where he graduated with Distinction with a concentration in Private Equity Finance.

Jonathan also serves as Chairman of Cordish Media Inc., a company he founded in Los Angeles in 1994, and where he served as the CEO from 1994 to 1997. Cordish Media remains one of the longest operating and consistently profitable independent film distribution companies in the US. Focusing primarily on documentaries, the company has distributed multiple Academy Award nominated films, including the 1998 Academy Award winner for Best Documentary, *The Long Way Home*.

In addition to his MBA from Wharton, Jonathan received a B.A., summa cum laude and with highest honours, in English and American Literature from Brandeis University in 1990, where he also graduated Phi Beta Kappa. While at Brandeis, Jonathan was also a nationally-ranked collegiate tennis player and was awarded an NCAA Post-Graduate Scholarship.



**MARGARET CORDISH** BA (UPENN), MBA (COLUMBIA)

Margaret is primarily responsible at The Cordish Companies and Cordish Private Ventures for sourcing and evaluating potential alternative investments across a wide variety of asset classes, but with a particular focus on private equity investments. Prior to this, Margaret was an Equity Analyst at Telsey Advisory Group focusing on specialty stores. Her role involved comprehensive fundamental analysis, financial modeling and liaising with senior company management.

Previously, Margaret was instrumental in the development of Basel Asset Management, where she served as a Hedge Fund Research Analyst. She was also responsible for evaluating and reporting on the firm's investment strategy and operations. She has also previously worked at HSBC Private Bank in the Alternative Advisory Group, where she was on the research committee responsible for fund ratings and credit approval.

Margaret has a Bachelor of Arts from the University of Pennsylvania and a Masters of Business Administration from Columbia Business School, Columbia University. She currently serves on the Advisory Board of New Markets Education Partners LP, a Maryland-based private equity firm.

**ALAN DIXON**

Refer to Section 7.3.

**ALEX MACLACHLAN**

Refer to Section 7.3.

## 7.5. Compliance Committee

A compliance committee comprising a majority of members who are independent of Dixon Advisory will monitor compliance of the Fund with the compliance plan. Membership of the compliance committee comprises:

**A) TRISTAN O'CONNELL (INTERNAL MEMBER)**

Refer to Section 7.3.

**B) BARRY SECHOS (INDEPENDENT MEMBER)**

Barry is one of two independent members of the compliance committee. Barry is a Director of Sherman Group Limited, a privately owned investment company, and is responsible for managing the legal, financial and operational affairs of Sherman Group Limited. Barry has 25 years experience in corporate law and finance having spent seven years as a banking and finance lawyer at Allen Allen & Hemsley (Sydney, Singapore and London), and eight years as a Director of EquitiLink Funds Management and Aberdeen Asset Management Australia. Barry is also a Director of See-Saw Films, a film production and finance group and winner of the 2011 Academy Award for Best Picture, DIF Capital Partners Limited, a licensed funds management company and a Director of Sherman Contemporary Art Foundation, a charitable cultural organisation.

**C) MICHAEL BRITTON (INDEPENDENT MEMBER)**

Michael is one of two independent members of the compliance committee. Michael has over 35 years of commercial and financial services experience, initially with Boral Limited (ASX:BLD) and culminating in 12 years as General Manager of the corporate businesses of The Trust Company Limited (ASX:TRU) where he established the company's reputation as a leader in the delivery of independent Responsible Entity services. He has represented The Trust Company as a director on the boards of both domestic and offshore operating subsidiary companies and a large number of special purpose companies delivering the Responsible Entity function in both conventional and stapled, ASX listed and unlisted managed investment schemes. Michael has acted as a Responsible Manager, a member of committees of inspection in relation to large insolvency administrations and as an independent compliance committee member for substantial investment managers with portfolios of managed investment schemes.

## 7.6. Key corporate governance policies

### A) CORPORATE GOVERNANCE

The Directors monitor the business affairs of the Fund on behalf of Unitholders and have formally adopted a corporate governance policy which is designed to focus Directors' attention on accountability, risk management, ethical conduct and conflicts of interest. The Fund has adopted systems of control and accountability as the basis for the administration of corporate governance.

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Fund's needs.

### B) CONTINUOUS REVIEW OF CORPORATE GOVERNANCE

The Board of the Responsible Entity will consider on an ongoing basis how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as Directors of the Responsible Entity.

The corporate governance policies of the Fund will require that such information must be sufficient to enable the Directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions.

### C) EMPLOYEE TRADING POLICY

The Responsible Entity has adopted a Unit Trading Policy that regulates dealings by Directors and key employees involved in the management of the Fund in Units. The purpose of the Policy is principally to ensure that all Directors and key employees understand the law in relation to 'insider trading' (under the Corporations Act), and the legal and Fund imposed restrictions on trading in Units while in possession of price-sensitive information.

### D) CONTINUOUS DISCLOSURE POLICY

Upon listing, the Fund will become a disclosing entity for the purposes of the Corporations Act and will be required to comply with the continuous disclosure regime under the Listing Rules and the Corporations Act. The Responsible Entity has established internal systems and procedures to ensure that timely disclosure is made to support an informed market.

The Fund will also provide periodic reports to Unitholders such as to meet its financial reporting obligations and place announcements on its website where appropriate.







## 8. FEES AND EXPENSES

Government regulation requires the inclusion of the following standard consumer advisory warning as set out below. The information in the consumer advisory warning is standardised across all product issuers and does not provide any specific information on the fees and charges in this Fund.

### DID YOU KNOW?

**Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.**

**For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).**

**You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.**

**You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial advisor.**

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a superannuation calculator to help you check out different fee options.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

The tables in Sections 8.1 and 8.2 below show fees and other costs you may be charged. These fees and costs may be deducted from the returns on the Unitholder's investment or from the Fund's assets as a whole. Tax costs are set out in another part of this document.

### 8.1. Fees and expenses of the Offer – Application Costs

TABLE 1: APPLICATION COSTS

Fee type or cost	Amount	How & when paid
<b>Structuring &amp; Arranging Fee</b> The fee for structuring and arranging the Fund	2.00% (exclusive of GST) of equity proceeds raised by the Offer	Payable after the close of the offer and due on allotment by the Fund
<b>Handling Fee</b> The fee for handling and arranging Applications for the Offer	2.00% (exclusive of GST) of equity proceeds raised by the Offer	Payable after the close of the offer and due on allotment by the Fund
<b>Establishment Fee</b>	Nil	Not applicable
<b>Withdrawal Fee</b> The fee on each amount you take out of your investment	Nil	Not applicable
<b>Termination Fee</b> The fee to close your investment	Nil	Not applicable

## 8.2. Operating fees and expenses payable directly or indirectly by the Fund

Dixon Advisory as the Responsible Entity may change the fees. There may be changes in regulations or economic conditions which necessitate a change in fees. Fees will only be changeable if three months prior notice of the proposed changes is given to Unitholders. Further detail about the maximum fee limits that can be charged are set out in Section 8.3 of this RPDS.

It is anticipated that the Fund will be able to recover at least 55% of the GST component of fees charged to it by the Responsible Entity under the reduced credit acquisition provisions of the GST Act. There may be circumstances where the GST recovery rate may be higher or lower. It is not anticipated that GST will apply to fees charged by the Investment Manager to the LP.

**TABLE 2: OPERATING FEES AND EXPENSES**

Fee type or cost	Amount	How & when paid
<b>Responsible Entity Fee</b> The fee is payable to the Responsible Entity by the Fund.	0.08% per annum (exclusive of GST) of the gross asset value of the Fund.	The fee is charged on the gross asset value of the Fund and is payable quarterly in advance by the Fund.
<b>Administration Fee</b> The fee payable to the Responsible Entity by the Fund for the administration of the Fund.	0.25% per annum (exclusive of GST) of the gross asset value of the Fund.	The fee is charged on the gross asset value of the Fund and is payable quarterly in advance by the Fund.
<b>Investment Manager Fee</b> The fee is payable to Investment Manager by the LP.	2.00% per annum of the total funds committed by limited partners to the LP. Note: this fee will only be payable for a ten year period from the Fund's inception.	The fee is charged on the total capital commitments made by all limited partners to the LP. The fee is payable quarterly in advance from funds of the LP.
<b>Other expenses</b> The fees and costs associated with the administration of the Fund and its investments that are paid by the Responsible Entity including registry fees, custodian fees, tax and audit fees.	Dependent on costs and size of the Fund. All external administration fees and expenses are paid by the Fund.	Paid directly out of the assets of the Fund or; in the case of management fees for underlying funds, from assets of the underlying funds.

The following table gives you an idea of the initial and ongoing fees (exclusive of GST), assuming a \$5,000 investment:

**TABLE 3: EXAMPLE INVESTMENT**

Fee type or cost	Amount	Dollar Value
<b>INITIAL FEES</b>		
<b>Structuring &amp; Arranging Fee</b>	2.00%	\$100.00
<b>Handling Fee</b>	2.00%	\$100.00
<b>Total initial cost of the Fund</b>	4.00%	If you made an investment of \$5,000 in the Fund, you would be charged initial upfront fees of \$200.00
<b>ONGOING FEES</b>		
<b>Responsible Entity Fee</b>	0.08%	\$4.00
<b>Administration Fee</b>	0.25%	\$12.50
<b>Investment Manager Fee</b>	2.00%	\$100.00
<b>Underlying Fund Management Fee<sup>1</sup></b>	1.60%	\$80.00
<b>Total ongoing cost of the Fund</b>	3.93%	Excluding the impact of initial fees, if you made an investment of \$5,000 in the Fund at the beginning of the year which was all committed to the LP, you would be charged fees of \$196.50

1. Managers of underlying funds may charge fees associated with the performance of their management function. These fees may include entry fees, transaction fees, exit fees, ongoing management fees and performance fees. These management fees are commonly in the range of approximately 1% – 2% depending on rebates. The above table assumes a 2% ongoing management fee payable on all investments in underlying funds, all LP capital commitments have been invested and 80% of such investments have been made in underlying funds and 20% in direct investments in private companies

## 8.3. Additional explanation of fees and costs

### A) APPLICATION FEES

The Constitution of the Fund provides that the Responsible Entity may charge application fees (referred to as a structuring and arranging fee and handling fee above) of up to 5% (exclusive of GST) of the price at which Units in the Fund are issued, and accordingly, the Responsible Entity can increase the application fees it charges, up to that amount without seeking Unitholder approval. In respect of this Offer, the Responsible Entity will only charge 4%.

### B) MANAGEMENT FEES

The Constitution of the Fund provides that the Responsible Entity may charge management fees (referred to as the responsible entity fee and administration fee, in aggregate, above) of up to 2% per annum (exclusive of GST) of the gross asset value of the Fund, and accordingly, the Responsible Entity can increase the management fees it charges the Fund up to that amount without seeking Unitholder approval. The current management fees to be charged by the Responsible Entity will be 0.08% and 0.25% per annum.

### C) INVESTMENT MANAGER FEE

The Investment Manager will receive a management fee equal to 2.00% per annum of the total capital committed by the limited partners to the LP. This will comprise the capital commitment of the Fund and the subsidiary of Cordish Private Ventures participating in the LP. This Investment Manager fee is payable irrespective of whether the capital committed by the limited partners has in fact been drawn by the Investment Manager and applied to investments for the limited partners through the LP.

The Fund will nominate its capital commitment to the LP within 5 business days of the issue of Units under this RPDS. This commitment will be equal to the net proceeds of the Offer less an amount equal to the anticipated ongoing costs of operating the Fund. Cordish Private Ventures will make a capital contribution equal to 25% of the capital commitment of the Fund, up to a maximum of US\$10 million.

A summary of the LP Agreement which documents this fee is included in Section 13.2.

### D) EXPENSES RELATING TO THE MANAGEMENT OF THE FUND

The Responsible Entity is entitled to be reimbursed, out of the assets of the Fund, for all out-of-pocket expenses it properly incurs in operating and administering LP. This includes expenses such as taxes and bank fees, preparation of financial statements and tax returns and compliance costs.

### E) EXPENSES RELATING TO THE MANAGEMENT OF THE LP

The Investment Manager is entitled to be reimbursed, out of the assets of the LP, for all out-of-pocket expenses it properly incurs in operating and administering the Fund. This includes expenses such as registry services, taxes and bank fees, preparation of financial statements and tax returns, audit, insurance, compliance costs, travel and other expenses.

### F) FORM OF PAYMENT OF FEES

Fees may be paid in cash or, in the case of fees paid under the Constitution, subject to the Corporations Act, in the form of ordinary Units.

### G) ADVISOR REMUNERATION

The Responsible Entity (in its personal capacity) may pay commissions to advisors who introduce Applicants to the Offer. The Responsible Entity will pay these commissions from the handling fee it is entitled to receive if it chooses to do so or out of its own resources.

## 8.4. Expenses of the Offer

The Responsible Entity (in its personal capacity) has elected to incur the costs and expenses associated with the Offer. This includes expenses such as legal, tax and accounting advice costs, printing and other expenses.

## 8.5. Unitholder administration

If asked to do something outside our normal administration function, there may be a fee. The fees vary depending on the request by a Unitholder.

## 8.6. Benefits to the Responsible Entity

Except for the interest, fees and remuneration disclosed in this RPDS, the Responsible Entity and its Directors and employees have not received, and are not entitled to, any benefit in relation to this Offer. Subject to law, Directors may receive a salary as employees of the Responsible Entity, consulting fees, directors fees, dividends and may from time to time hold interests (directly or indirectly) in the Units in the Fund or shares in entities making up the Dixon Advisory Group.



## 9. FINANCIAL INFORMATION

### 9.1. Pro forma unaudited Statements of Financial Position

The pro forma Statements of Financial Position set out below have been prepared to illustrate the financial position of the Fund following completion of the Offer and expenditure of funds associated with the Offer and to reflect the private investment fund partnership which has been established. These pro forma Statements of Financial Position are intended to be illustrative only and will not reflect the actual position and balances as at the date of this RPDS or at the completion of the Offer.

The pro forma Statements of Financial Position have been prepared in accordance with the significant accounting policies set out in Section 9.3 below.

The pro forma Statements of Financial Position are presented in summary form only and do not comply with the presentation and disclosure requirements of Australian Accounting Standards.

<b>A\$ Assets / liabilities</b>	Minimum subscription \$20,000,000 raised	Maximum subscription \$40,000,000 raised	Over subscription \$65,000,000 raised
<b>Cash</b>	19,180,000	38,360,000	62,335,000
<b>Interest in private investment fund partnership (refer 9.2 (e) below)</b>	–	–	–
<b>Liabilities</b>	–	–	–
<b>Net assets / Equity</b>	19,180,000	38,360,000	62,335,000
<b>NAV per unit</b>	1.53	1.53	1.53

A reconciliation of the pro forma cash balances is shown below:

<b>A\$</b>	Minimum subscription \$20,000,000 raised	Maximum subscription \$40,000,000 raised	Over subscription \$65,000,000 raised
<b>Pro forma adjustment – Proceeds of the Offer</b>	20,000,000	40,000,000	65,000,000
<b>Pro forma adjustment – Expenses of the Offer (refer 9.2 (f) below)</b>	820,000	1,640,000	2,665,000
<b>Pro forma net cash position</b>	19,180,000	38,360,000	62,335,000

## 9.2. Assumptions

The pro forma Statements of Financial Position have been prepared on the basis of the following assumptions:

- a) Application of the significant accounting policies set out in Section 9.3;
- b) The column headed "Minimum subscription \$20,000,000 raised", has been prepared on the basis of subscriptions of 12,500,000 units by Applicants under this RPDS at an issue price of \$1.60 per unit;
- c) The column headed "Maximum subscription \$40,000,000 raised", has been prepared on the basis of subscriptions of 25,000,000 units by Applicants under this RPDS at an issue price of \$1.60 per unit;
- d) The column headed "Over subscription \$65,000,000 raised", has been prepared on the basis of subscriptions of 40,625,000 units by Applicants under this RPDS at an issue price of \$1.60 per unit;
- e) "Interest in private investment fund partnership" represents a limited partnership interest held by the Fund, in US Select Private Opportunities Fund, L.P. (LP), a limited partnership established in the Cayman Islands with a primary strategy of investing in US small-to-mid-market private investment funds. The other limited partner in the LP will be Cordish Private Ventures.

The General Partner of the LP, with responsibility for selecting and managing investments of the LP, will be US Select Private Opportunities Fund GP, LLC, a limited liability company incorporated in Delaware. The General Partner will be 100% owned by a wholly owned subsidiary of Dixon Advisory Group (in its personal capacity).

The initial investment of the LP will be an US\$8,000,000 commitment to Prometheus Partners IV, L.P. (Prometheus) a newly established private equity fund (refer Section 6.1). The Fund will be liable for its proportionate share of LP's commitment, which will be 80% (US\$6,400.00) assuming the maximum subscription of \$40,000,000 is raised. The initial contribution of US\$1.6 million will be made by Cordish Private Ventures prior to completion of the Offer; and the Fund will be required to meet any subsequent capital contribution calls until such time as the contributions of both parties equate to their pro-rata proportionate interests. Since the Fund's proportionate commitment will only be drawn down over an extended period based on calls made by Prometheus to fund investments, the resulting cash flows have not been shown as a pro forma adjustment at the Offer completion date.

- f) Expenses related to the Offer to be paid by the Fund include a Structuring & Arranging fee of 2.00% and a Handling fee of 2.00% (excluding GST), both of the gross proceeds raised by the offer and the portion of the full input tax credit not entitled to; and
- g) No interest is earned by the Fund during the offer period.

## 9.3. Significant accounting policies

The accounting policies set out below represent the significant accounting policies which have been adopted in the preparation of the pro forma Statements of Financial Position and which will be adopted prospectively for the Fund.

### A) FOREIGN CURRENCIES

The functional and presentation currency of the Fund is Australian dollars.

Transactions in foreign currencies are initially recorded in Australian dollars by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies that are outstanding at the reporting date are retranslated at the rate of exchange ruling at the Statement of Financial Position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

### B) FINANCIAL INSTRUMENTS

Financial Instruments, incorporating financial assets and financial liabilities, are recognised when the Fund becomes a party to the contractual provisions of the instrument.

The Fund intends to elect to early adopt "AASB 9 – Financial Instruments", which was issued on 7 December 2009. AASB 9 includes requirements for the classification and measurement of financial assets.

#### i) Financial assets

When financial assets are recognised initially, they are measured at fair value plus, in the case of financial assets not at fair value through profit and loss, directly attributable transaction costs.

Financial assets are subsequently measured at amortised cost using the effective interest rate method only if the following conditions are met, otherwise they are measured at fair value:

- where a financial asset is held within a business model for the objective to collect contractual cash flows; and
- contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

At initial recognition of equity instruments measured at fair value, the Fund intends to irrevocably elect to present subsequent changes in fair value (gains and losses) of equity positions not held for trading in other comprehensive income through an asset revaluation reserve. The fund's interest in the investment fund partnership is regarded as an equity instrument which is not held for trading (refer note (E)).

Gains and losses on all other financial assets at fair value are recognised in profit or loss.

#### ii) Financial liabilities

Financial liabilities are classified as derivative and non-derivative instruments as appropriate. The Fund determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value.

Non-derivative instruments are subsequently measured at amortised cost using the effective interest rate method.

### **iii) Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged or cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

### **iv) Fair Value**

Fair value is the amount for which an asset could be sold or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair value is determined based on the bid price for all quoted investments in an active market. Valuation techniques are applied to determine the fair value for all unlisted securities and securities in markets that are not active, including recent arm's length transactions, and reference to similar instruments and valuation techniques commonly used by market participants.

## **C) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **D) TAXES**

### **i) Income tax**

Under current Australian income tax laws, the Fund is not liable to pay income tax provided its distributable income for each income year is fully distributed to Unitholders, by way of cash or reinvestment.

### **ii) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Where fees are stated to be exclusive of GST and GST is payable on any fee, the fee will be increased by an amount equal to the GST payable.

## **E) INTEREST IN PRIVATE INVESTMENT FUND PARTNERSHIP**

The Fund has entered into a partnership arrangement with Cordish Private Ventures, with a primary strategy of investing in US small-to-mid-market private investment funds. The interest held by the Fund is regarded as an equity instrument which is recorded at fair value. Subsequent changes in fair value (gains and losses) are presented in other comprehensive income through an asset revaluation reserve (refer note (B)).

The carrying value of the interest in the private investment fund partnership is tested for impairment at each reporting period (refer note (F)).

## **F) IMPAIRMENT OF ASSETS**

The directors of the Responsible Entity assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, an estimate is made of the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount through the statement of comprehensive income.

## **G) REVENUE RECOGNITION**

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

### **H) INTEREST INCOME**

Interest income is recognised in profit or loss using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### **I) DIVIDEND INCOME**

Dividend income is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

## **J) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

In the application of the Fund's accounting policies, management is required to make judgments, 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 determination of the fair value of the interest in the private investment fund partnership, and impairment of assets.

## **K) FUND COMMITMENTS**

After completion of the Offer, the Fund will have a commitment to contribute to the private investment fund partnership, its proportionate share of the LP's equity funding commitment to Prometheus Partners IV, L.P. Assuming that the Maximum subscription amount of \$40,000,000 is raised, the Fund's proportionate commitment will be US\$6,400,000.





# 10. RISKS

Prior to investing, you should consider the risks involved in investing in the Fund and whether the Fund is appropriate for your objectives and financial circumstances. Some of the risks are outside the control of the Responsible Entity and you should read this RPDS in its entirety to fully understand the risks associated with an investment in the Fund.

This RPDS contains forward-looking statements based on certain assumptions that are inherently uncertain. Actual events and results of the Fund's operations could differ materially from those anticipated. Some of the risks may be mitigated by the use of safeguards and appropriate systems and actions, but some are outside the control of the Responsible Entity and cannot be mitigated.

The Responsible Entity does not guarantee any rate of return in terms of income or capital or investment performance of the Fund. The value of the Units will reflect the performance of the investments made by the Fund and current market conditions. There can be no certainty that the Fund will generate returns or distributions to the satisfaction of the Investor.

Investors can undertake several steps to help minimise the impact of risk. First, seek professional advice suited to your personal investment objectives, financial situation and particular needs. Nothing in the RPDS can replace or offer that. Second, invest for at least the time frame recommended by your professional advisor.

This section describes the areas believed to be the major risks associated with an investment in the Fund. These risks have been separated into general investment risks and specific investment risks. Investors should note that this is not an exhaustive list of the risks associated with the Fund.

## 10.1. General investment risks

### A) MACROECONOMIC RISKS

The US private investment market and the value of the assets within the Fund can be affected by changes in various macroeconomic conditions. Changes in the US or international economic, technological, political or regulatory environment, as well as inflation and market sentiment, can have a negative or positive impact on asset values.

The Fund will always try to minimise these risks by drawing on the experience of the Responsible Entity and the Investment Manager as well as leveraging its contacts and research in the marketplace.

### B) STOCK MARKET RISK

There are pricing and other risks associated with any investment in a publicly listed Fund. The price of Units may rise and fall due to numerous factors which may affect the market performance of the Fund, such as variations in the local and global markets for listed stocks in general.

In the future, the sale of large parcels of Units may cause a decline in the price at which the Units trade. No assurances can be made that the performance of the Units will not be adversely affected by any such market fluctuations or factors. None of the Fund, the Responsible Entity, the Investment Manager or any other person guarantees the performance of the Units.

### C) REGULATORY RISK

Changes in Government legislation, regulation and policy may affect future earnings and values of assets held by the Fund. Changes in accounting standards may also affect the reported earnings and financial position of the Fund in future financial periods.

The Investment Manager and Cordish Services are not registered as investment advisers and so are not subject to regulatory

supervision in relation to the business activities they undertake for the benefit of the limited partners (including the Fund).

### D) TAXATION RISK

Changes to the taxation laws, policies and administrative practices in Australia, the US and Cayman Islands may affect the tax treatment of the Fund and the tax consequences for the Unitholders.

A general summary of certain of the Australian and US taxation consequences for certain Investors is provided at Section 12. It is a general summary only and is not intended to provide specific tax advice to any particular Investor.

Investors should seek their own independent tax advice based on their specific circumstances before making a decision to invest in the Fund.

### E) COUNTERPARTY RISK

There is a risk that counterparties with the Fund, the Investment Manager and/or LP do not perform their obligations which may affect the value of, and returns from, an investment in the Fund. The Fund will seek to reduce these risks by engaging only with reputable parties.

### F) POOR INVESTMENT PERFORMANCE

None of the Fund, Responsible Entity, Investment Manager or any other person gives a guarantee regarding the amount of income, distribution or capital return of Units or the performance of the Fund, nor do they guarantee the repayment of capital.

### G) UNIT LIQUIDITY RISK

Liquidity refers to the ease with which an asset can be traded (bought and sold). As the Units have not yet traded, there can be no guarantee that a liquid market for securities in the Fund will develop within an acceptable period of time or at all. Applicants in the Fund should be aware that this may limit their ability to realise a return or recover their capital.

#### **H) LITIGATION RISK**

In the course of its operations, the Fund, the Investment Manager and/or LP may be involved in disputes and litigation. The extent of such disputes and litigation cannot be ascertained at this time, but there are risks that costly disputes or litigation may adversely affect the profitability of the Fund, value of its assets or market price of the Units.

#### **I) FORCE MAJEURE**

Force majeure is the term generally used to refer to an event beyond the control of any party, including acts of God, fire, floods, earthquakes, wars and strikes. These events may affect returns to Investors.

#### **J) KEY PERSONNEL RISK**

There is a risk that the departure of key staff that have particular expertise in funds and private equity investments, whether they are the staff of the Fund, Responsible Entity, Investment Manager or the underlying fund managers, may have an adverse effect on the earnings and value of the Fund.

### **10.2. Specific investment risks to the Fund**

#### **A) NO DIRECT SUPERVISION OF INVESTMENTS**

The Investment Manager acts as general partner of the LP. As a general partner, the Investment Manager owes fiduciary duties to all limited partners of the LP to act in the best interests of the partners. The relationship between the Investment Manager and the limited partners of the LP (including the Fund) is regulated by the LP Agreement. See Section 13.1 for details. Subject to the portfolio restrictions set out in Section 5.7, the Investment Manager has full discretion as to investments that may be made by the LP. While the Investment Manager is a wholly owned subsidiary of Dixon Advisory (in its personal capacity), under Cayman Islands law, a limited partner will lose the benefit of limited liability if it becomes actively involved in management of the limited partnership. Accordingly, while the Responsible Entity may be consulted on investments that are inconsistent with the investment strategy agreed with the Investment Manager, it does not have the ability to give directions regarding investments. This will continue irrespective of whether there is a change in the responsible entity of the Fund.

The Investment Manager has confirmed to the Responsible Entity that it will exercise its discretion as general partner of the LP to make investments consistent with the investment strategy of the Fund outlined in this RPDS.

#### **B) LIMITED EXPERIENCE OF INVESTMENT MANAGER**

While Dixon Advisory Group, through its directors and executives, has experience in managing and advising on individual private investment transactions in relation to Australian-based private companies and in applying a fund-of-funds investment strategy, neither the Investment Manager nor the Responsible Entity has established or managed a private investment fund. See Section 7 for details.

The limited experience of the Investment Manager may adversely affect the financial and operating performance of the LP and the Fund.

#### **C) NO INVESTMENT ADVISORY SERVICES FROM CORDISH SERVICES AND ITS AFFILIATES**

The Investment Manager will receive the support of members of the Advisory Board including Jonathan Cordish and Margaret Cordish, who have experience in investing in private investment funds using a style similar to that proposed for the Fund. The role of the Advisory Board is advisory only and has no authority to bind the Investment Manager. The Cordish representatives have committed to serving on the Advisory Board for a minimum period of 5 years but there is no certainty that the continued support of the Cordish representatives will be retained for the duration of the Fund.

Cordish Services has entered into an administrative services agreement with the Investment Manager but the services to be provided do not include investment management services.

While Cordish Services and its affiliates will be associated with the Fund, the Investment Manager and the LP, they will not be providing investment advisory services for the benefit of the LP or the Fund. While it is anticipated that the association with Cordish Private Ventures and its affiliates will assist the Investment Manager in securing access to private investment funds for investment, there can be no certainty that this will eventuate.

#### **D) PRIVATE INVESTMENTS RISK**

Private investments provide exposure to smaller and less well-developed companies that often have higher levels of gearing than larger, more established companies. As a result, business activities are less well established and are at a higher risk of failure. Private investments may also take a relatively long time to become profitable. Given these characteristics, the private investments asset class should be considered a higher risk asset class than traditional equities, with an increased potential for loss of capital, and an increased volatility of returns. Investments in this asset class should be considered a long-term investment.

#### **E) PRIVATE INVESTMENT MARKET RISKS**

In light of difficult financial and economic conditions in the US in recent years, there is a risk that underlying investment managers may be unable to secure appropriate investments or realise existing investments in a manner that will generate acceptable returns for investors (such as the Fund).

## **F) CONCENTRATION RISK**

The Fund may invest in a relatively small number of investments, and as such concentrations in sectors, countries, or other groupings are more likely to arise. These potential concentrations mean that a loss arising in a single investment may cause a proportionately greater loss in the Fund than if a larger number of investments were made.

## **G) UNLISTED INVESTMENT RISK**

The underlying investments of private investment funds are typically in unlisted investments. As a result there may be no open market to establish an independent value for certain investments and no assurance that a determination of fair value will be obtainable in the market or that there will be a market for the unlisted investment.

The underlying investments of private investment funds are not commonly traded amongst investors. Individual investments made by private investment funds are typically held for a duration of 3 to 5 years, but some investments can be held for up to 10 years. Any gains from these investments will only be realised when they are sold. There can be no certainty that any gain on an investment will be made by the investment fund.

## **H) INVESTMENT EXIT RISK**

Interests in private investment funds are not commonly traded among investors. Such investments usually carry no entitlement for investors to withdraw from or otherwise realise their investment in underlying funds except at the discretion of the relevant fund manager. The Fund and the Investment Manager can exercise no control over the decisions of the underlying fund managers. Accordingly, the Fund may not be able to readily realise its investment in underlying funds.

## **I) LONG TIME HORIZON**

Investing in private investments requires a longer term commitment to the asset class, typically 5 to 10 years, and this will mean that realisation of value through capital growth may be similarly timed.

## **J) US SPECIFIC RISKS**

The US private investments industry is sensitive to macroeconomic shifts, credit market and equity market volatility and US specific regulations governing the private investment sector:

A number of risks regarding an investment in the US private investments market, without limitation, include:

- a downturn in the US economy or a further recession that may place downward pressure on investment returns achievable in the marketplace and future capital growth prospects;
- US interest rate fluctuations, which may impact on performance of underlying investments; and
- any other factor which may impede the recovery of the US and specifically the US private investments market.

The Investment Manager is not currently registered or required to be registered as an investment advisor pursuant to the

Advisers Act or with any state regulatory authorities, although the Investment Manager may do so at any time in the future. Until such time as the Investment Manager is so registered, it is relying on exemptions from US federal and state registration, making it exempt from a variety of regulatory filing, recordkeeping, and (under certain states' laws) net capital requirements, as well as certain requirements and prohibitions as to its substantive activities. If the Investment Manager loses its exempt status, or otherwise decides to register as an investment advisor subject to US federal and state regulation, the LP's operating expenses would increase significantly since the registering entity would become subject to stricter reporting and recordkeeping standards, thereby negatively affecting the Fund. Further, if the Investment Manager were to become a registered investment advisor and if it were found to have violated any laws or regulations applicable to investment advisors, it could be subject to significant penalties and sanctions and the management of the LP's investment portfolio could be impaired, thereby negatively affecting the Fund.

## **K) VALUATION RISK**

It is generally the responsibility of the underlying fund managers to determine the value of each underlying investment in their portfolios. Should the realisable value of the underlying investments be less than the underlying fund manager's valuation, or should there be a material change in the underlying fund manager's valuation, this may affect the Fund's performance and may result in increased Unit price volatility.

## **L) US TAXATION LAWS**

Depending on the characterisation of the Fund's direct and indirect investments for US federal income tax purposes, all or a portion of the income therefrom may be subject to US federal income tax. Any tax liability incurred by the Fund generally could reduce the Fund's overall economic returns and materially reduce the amount available for ultimate distribution to Unitholders. See Section 12.2 for a discussion of certain material US income tax considerations. Prospective Unitholders should consult their own tax advisors regarding the US federal income tax consequences of investing in, holding and disposing of Units in the Fund.

## **M) BORROWING AND DEPOSIT RISK**

The Fund's policy is not to undertake borrowings but the Responsible Entity has the discretion to gear up to 10% of the value of total assets of the Fund. There is a risk that any loan will need to be repaid at short notice or cannot be replaced post expiry. The main reason for this would be if the Fund breached its obligations to the lender or a new facility was not available in a timely way. The Fund may need to sell holdings in its investments if a new facility could not be secured. This could be at a less than favourable time and/or terms. The Fund would explore obtaining replacement loans, but this may prove more difficult in some circumstances. There is also a risk that the provider of any loan may not meet its obligations or may suffer financial difficulty. The Fund will endeavour to borrow only from reputable large financial institutions to minimise this risk.

The Fund will manage these borrowing risks by following strict investment and risk guidelines and dealing with respected lenders. It is important to note that borrowing may increase the potential return of the Fund but may also increase its potential losses.

The Fund and LP may also have US dollar-denominated cash deposits. These cash deposits will not be insured and in the event of bank failure, the Fund's deposits may not be recoverable in full, which will have an adverse effect on the value and investment activity of the Fund. The Fund manages this deposit risk by only dealing with financial institutions that passes its rigorous due diligence process and credit risk analysis.

#### **N) INTEREST RATE RISK**

Should the Fund be able to obtain borrowings, changes in the US and/or Australian interest rates may have a positive or negative impact directly on the Fund income. Changes in interest rates may also affect the market more broadly and positively or negatively affect the value of the Fund's underlying assets.

#### **O) FUTURE INVESTMENTS**

The Responsible Entity intends to invest in various private investment funds and also co-invest capital directly in select underlying companies, as outlined in this document. The rate at which this occurs will depend on market conditions and the availability of suitable investments on appropriate terms at the time. There is a risk that the Fund may not be able to make these investments in a timely fashion or at all, which will affect the future performance of the Fund.

#### **P) FOREIGN EXCHANGE RISK**

The Fund's investments will be focused in the US small and middle market private investment segment through the Fund's investment in LP. The assets and liabilities of LP and its controlled entities will be denominated in US dollars. The value of the Units will be affected by increases and decreases in the value of the US dollar relative to the Australian dollar. This will affect the value, in Australian dollars whenever any of LP's income or capital is distributed to the Fund or the value of the Fund's net assets is calculated. An increase in the value of the US dollar against the Australian dollar will mean the distributions from LP and the value of the LP's investments less any liabilities will be worth more when converted into Australian dollars, but if the value of the US dollar falls, those distributions and investments will be worth less in Australian dollar terms.

The value of the Australian dollar has been subject to significant fluctuations with respect to the US dollar in the past and may be subject to significant fluctuations in the future.

#### **Q) COUNTERPARTY RISK**

There is a risk that counterparties with the Fund (including the Investment Manager or Cordish Private Ventures) do not perform their obligations which may affect the value of, and returns from, an investment in the Fund. The Fund seeks to reduce these risks by engaging only with reputable parties.

The Fund will be operated as a fund-of-funds and positions in underlying funds will be minority positions only. The Fund will not be in a position to disclose information to Investors regarding such underlying investments until that investment has been made and the information provided to Investors will depend on the nature of the underlying fund and its reporting structure.

#### **R) SUBSTANTIAL UNCOMMITTED FUNDS**

Under the Offer, the Fund will receive new funds which at the time may be uncommitted to any specific private investment fund. It may take longer than expected to identify sufficiently attractive investments for the Fund to fully invest any capital which is raised.

#### **S) CAPITAL RETURN**

Income from the Fund will be mostly by way of capital growth as opposed to income based and so payment of any distributions will be based on the realisation of private investments which can be uncertain.

#### **T) POTENTIAL FOR INCREASED COSTS**

The Investment Manager is entitled to receive a management fee equal to 2.00% per annum (on an annualised basis) of the aggregate capital commitments made by the partners to the LP.

The Investment Manager will invest on behalf of the Fund in private investment funds. These underlying fund managers are also entitled to receive fees associated with performance of their management function. These fees may include entry fees, transaction fees, exit fees, ongoing management fees and performance fees. The Fund is responsible for payment of these fees. The fund-of-funds style of investment may result in the Fund paying a higher level of fees than if the Fund invested directly in the assets held by the underlying funds as fees are payable at two separate levels of management.

The Fund considers that the benefits associated with a fund-of-funds style of investment outweigh the potential for higher fees. In addition, the Fund considers that the scale of investment to be undertaken by the Fund in underlying funds may provide the Manager with an opportunity to negotiate with individual fund managers to reduce such fees.





# 11. INVESTIGATING ACCOUNTANT'S REPORT

**Deloitte.**

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The Directors  
Dixon Advisory & Superannuation Services Limited  
As Responsible Entity for the US Select Private Opportunities Fund  
Level 15  
100 Pacific Highway  
North Sydney NSW 2060

29 June 2012

Dear Directors

## INVESTIGATING ACCOUNTANTS' REPORT ON PRO FORMA FINANCIAL INFORMATION

### Introduction

Deloitte Touche Tohmatsu (Deloitte) has been engaged by the Directors of Dixon Advisory & Superannuation Services Limited (the Responsible Entity) as responsible entity for the US Select Private Opportunities Fund (the Fund) to prepare this Investigating Accountants' Report (Report) for inclusion in a Replacement Product Disclosure Statement to be issued by the Responsible Entity on or about 29 June 2012 in connection with the offer of fully paid ordinary units in US Select Private Opportunities Fund to raise up to \$65 million (Product Disclosure Statement).

The offer is not underwritten.

References to US Select Private Opportunities Fund and Dixon Advisory & Superannuation Services Limited and other terminology used in this report have the same meaning as defined in the Glossary of the Product Disclosure Statement.

### Pro Forma Financial Information

Deloitte has been requested to prepare a report covering the following pro forma financial information:

- The pro forma Statements of Financial Position of the Fund on completion of the Offer as set out in Section 9.1 of the Product Disclosure Statement;
- The pro forma assumptions on which the pro forma Statements of Financial Position are based as described in Section 9.2 of the Product Disclosure Statement; and
- The significant accounting policies of the Fund as set out in Section 9.3 of the Product Disclosure Statement.

(Collectively the Pro Forma Financial Information).

The Pro Forma Financial Information has been derived from the records of the Fund after reflecting the pro forma assumptions as described in Section 9.2 of the Product Disclosure Statement.

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The Directors of the Responsible Entity are responsible for the preparation and presentation of the Pro Forma Financial Information, including the determination of the pro forma assumptions on which the pro forma Statements of Financial Position have been based.

The Pro Forma Financial Information is presented in an abbreviated form insofar as it does not include all of the disclosures required by Australian Accounting Standards (including the Australian Accounting Interpretations) applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

#### **Scope**

##### ***Review of the Pro Forma Financial Information***

We have reviewed the Pro Forma Financial Information in order to report whether anything has come to our attention which causes us to believe that the Pro Forma Financial Information set out in Section 9 of the Product Disclosure Statement is not presented fairly in accordance with the basis of preparation as described in Section 9.1 of the Product Disclosure Statement.

Our review has been conducted in accordance with Australian Standard on Review Engagements (ASRE) 2405 “*Review of Historical Financial Information Other than a Financial Report*”. We have made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- Analytical procedures on the Pro Forma Financial Information;
- A review of work papers, accounting records and other documents;
- A review of the pro forma assumptions on which the pro forma Statements of Financial Position are based as described in Section 9.2 of the Product Disclosure Statement;
- A comparison of consistency in application of the recognition and measurement principles in Australian Accounting Standards (including the Australian Accounting Interpretations), and the significant accounting policies adopted by the Fund as disclosed in Section 9.3 of the Product Disclosure Statement; and
- Enquiry of the directors and management of the Fund and the Responsible Entity.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Pro Forma Financial Information.

#### **Review Statement**

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma Statements of Financial Position set out in Section 9.1 do not present fairly, in all material respects, the pro forma financial position of the Fund following completion of the Offer in accordance with the basis of preparation as described in Section 9.1 of the Product Disclosure Statement.

#### **Subsequent Events**

Apart from the matters dealt with in this Report, and having regard for the scope of our Report, no other material transactions or events outside of the ordinary business of the Fund have come to our attention that would require comment on, or adjustments to, the information contained in Section 9 of the Product Disclosure Statement, or would cause such information to be misleading or deceptive.



#### **Independence and Disclosure of Interest**

Deloitte Touche Tohmatsu does not have any interest in the outcome of this Offer other than the preparation of this Report, Deloitte Tax Services Pty Ltd's Tax Opinion in Section 12 of the Product Disclosure Statement and participation in the due diligence procedures for which normal professional fees will be received. Deloitte Touche Tohmatsu is the auditor of the Fund.

A handwritten signature in cursive script that reads "Deloitte Touche Tohmatsu".

Deloitte Touche Tohmatsu

A handwritten signature in cursive script that appears to read "Michael Kaplan".

**Michael Kaplan**  
Partner



# 12. TAXATION

## 12.1. Australian taxation opinion

**Deloitte.**

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The Directors  
Dixon Advisory & Superannuation Services Limited  
Level 15  
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29 June 2012  
Our Ref: MH/RM

Dear Directors

### **Re: Australian Taxation Consequences of subscribing for Units in the US Select Private Opportunities Fund (Fund)**

This letter has been prepared for inclusion in the Replacement Product Disclosure Statement (**PDS**) dated 29 June 2012 in relation to the issue of the Units in the Fund.

This letter provides a general summary of the key Australian income tax, capital gains tax (**CGT**), goods & services tax (**GST**) and stamp duty consequences for Australian resident individuals, companies and complying superannuation entities who subscribe for Units pursuant to the Offer and hold the Units on capital account for Australian income tax purposes (**Investors**).

This general summary does not take into account the Australian tax consequences for investors who are non-residents of Australia, or acquire the Units otherwise than pursuant to the Offer, or acquire the Units in the course of trading or dealing in securities or otherwise hold the Units on revenue account or as trading stock.

This is a general summary only and is not intended to be and should not be taken as definitive Australian tax advice to an Investor and does not consider all possible circumstances that may affect the position of each Investor.

Potential Investors should be aware that the actual Australian tax implications of investing in the Fund may differ from those summarised in this letter, depending on their individual circumstances. Applicants should seek advice from their own professional taxation adviser regarding the Australian tax (including GST and stamp duty) consequences of acquiring, holding and selling Units in the Fund, having regard to their particular circumstances.

This summary is based on the Australian tax laws, regulations and administrative practices in effect as at the date of this letter. Investors should be aware that any changes (with either prospective or retrospective effect) to the Australian tax laws may affect the taxation treatment of the Fund and the Investors as described in this summary.

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This summary is based on the facts as set out in the PDS that have not been independently reviewed or verified by Deloitte Tax Services Pty Ltd. The inclusion of this letter in the PDS is subject to the terms of our consent for its inclusion and to be named in the PDS as set out in section 14 of the PDS.

The representatives of Deloitte Tax Services Pty Ltd involved in preparing this letter are not licensed to provide financial product advice as defined by the *Corporations Act 2001*. Potential Investors may consider seeking advice from an Australian financial services licence holder before making any decision in relation to a financial product. Investors should also note that taxation is only one of the matters that need to be considered when making a decision on a financial product.

Unless otherwise stated, all legislative references in this letter are to the *Income Tax Assessment Act 1936* and *Income Tax Assessment Act 1997* (together, the **Tax Act**). It is noted that any of the tax laws referred to are subject to change periodically, as are their interpretation by the Courts and the Australian Taxation Office (ATO). We have no obligation to provide an updated tax letter to reflect such changes.

## **1 Taxation treatment of the Fund**

### **1.1 Income tax status of the Fund**

Generally speaking, unit trusts such as the Fund are treated as ‘flow through’ entities. That is, they are not liable to pay income tax on their net (i.e. taxable) income for an income year, provided that the unit holders are presently entitled to the distributable income of the trust for the income year.

For income tax purposes, a trust may be taxed as a company if it is a “public trading trust” or a “corporate unit trust”. Provided that neither the Fund, nor entities that the Fund controls, carry on a “trading business”, it should not be classed as a public trading trust. In addition, based on the facts as presented to us, it is considered that the Fund should not be a corporate unit trust.

On the basis of the Fund’s proposed investment activities as set out in the PDS, it is expected that the Fund should qualify as a “flow through” trust for Australian income tax purposes. Provided that the Investors are made presently entitled to all of the distributable income of the Fund for an income year, neither the Responsible Entity (RE) nor the Fund should be subject to Australian income tax in respect of the net income of the Fund.

The Fund may satisfy the requirements to be a “managed investment trust” (MIT) for tax purposes. Whether the Fund qualifies as a MIT is dependent upon the Fund satisfying certain licensing requirements, the ‘widely held’ ownership requirements, certain ‘closely held’ restrictions and other conditions.

Being classified as a MIT would allow the Fund to make an irrevocable election to apply the CGT rules as the primary code for the taxation of gains and losses on the disposal of certain assets (being primarily shares, units and real property). In order to avail itself of capital account treatment, broadly, the RE of the Fund must make the capital election before the Fund is required to lodge its tax return for the first income year in which it qualifies as a MIT.

We understand that if the Fund qualifies as a MIT, it is the intention of the RE to make the capital account election so that certain investments of the Fund are deemed to be held on capital account. In this regard, capital gains made by the Fund from the realisation of investments covered by the MIT rules that have been held for 12 months or more should qualify for discount CGT treatment.

### **1.2 Net income of the Fund**

The net income of the Fund may include:

- distributions paid or credited by the Cayman LP that are attributable to distributions from the underlying PE funds;
- interest income on term deposits and cash equivalent investments; and



- foreign exchange gains and losses attributable to Australian/US currency exchange rate movements in respect of distributions made by the Cayman LP.

The net income of the Fund may also include an amount of income that is calculated under the controlled foreign company (CFC) rules. Where the central management and control of the Cayman LP is outside of Australia, the Cayman LP does not carry on business in Australia and the Fund holds a limited partnership interest of at least 40% in the Cayman LP, the CFC rules will apply because the Cayman LP will be a CFC of the Fund for Australian income tax purposes. The CFC rules require the Fund to include in its net income for an income year, certain income and gains derived by the Cayman LP ("attributable income") even if such income or gains are not distributed by the Cayman LP in that year. However, where the Cayman LP makes one or more current year distributions which are included in the assessable income of the Fund and can reasonably be regarded as having been paid out of the attributable income of the Cayman LP, the amount of the attributable income of the Cayman LP that is required to be included in the net income of the Fund in that year will be reduced by the amount of such current year distributions.

It is noted that the CFC rules are currently in the process of reform. Exposure draft legislation was released on 17 February 2011 proposing changes to the CFC rules. Based on the exposure draft legislation, it is not expected that the amended CFC rules will have an adverse impact on the Fund. However, at the date of this letter these legislative amendments to the CFC rules have not been finalised. Consequently, the future development of the new CFC rules should be closely monitored to determine the impact upon the Fund.

The Fund may also receive distributions from the Cayman LP that represent a return of capital. In our view, the income tax laws should operate such that the returns of capital should not be included in the Fund's net income. Rather, it is expected that the Fund's cost base (and reduced cost base) in the limited partnership interest in the Cayman LP should be reduced by the amount of the capital returned. If the return of capital, including any previous returns of capital, exceeds the cost base of the limited partnership interest, a capital gain equal to the excess may arise which will be included in the net income of the Fund. The gain may be eligible for discount CGT treatment provided the limited partnership interest in the Cayman LP is owned by the Fund for at least 12 months.

If the Fund makes a tax loss in any income year, the loss is not distributable to the Investors. The tax loss may be able to be carried forward and utilised by the Fund against future assessable income, provided that the Fund satisfies the applicable trust loss rules contained in the Tax Act.

The Government has proposed the introduction of "foreign accumulation fund" (FAF) rules, which could potentially apply if the Cayman LP or one or more of the underlying US PE funds is regarded as a FAF. If these rules apply, they could require the inclusion of a deemed return amount in the net income of the Fund for an income year.

Based on the draft legislation released on 17 February 2011 and on the proposed investment activities of the Fund as set out in the PDS, we would not expect the FAF rules to apply. However, the development of these rules will need to be monitored and their potential impact (if any) on the Fund confirmed in due course.

## **2 Taxation treatment of Investors**

### **(a) Acquisition of Units**

Each Unit in the Fund will be a CGT asset.

For CGT purposes, the cost base (and reduced cost base) of each Unit will include the amount each Investor paid to acquire the Unit plus any incidental costs of acquisition and disposal.



#### **(b) Distributions from the Fund**

Investors will be required to include in their assessable income, their proportionate share of the Fund's net income to which they are presently entitled for each relevant income year. This will include Fund distributions that an Investor becomes presently entitled to but may not receive until after year end.

Generally speaking, the Investors will be assessed in the same year in which the Fund derived the income.

An Investor's proportionate share of the Fund's net income will be determined by their proportional entitlement to the distributable income of the Fund. There may be circumstances where the calculation of the Fund's net income for tax purposes and the distributable income vary.

Each component of the Fund's net income should retain its tax character in the hands of the Investors for income tax purposes. As the income of the Fund should primarily include dividends and returns of capital from a foreign source, distributions should also be characterised for tax purposes as foreign source income.

In the event that US withholding tax is imposed on distributions made by Cayman LP or US income tax is imposed on the Fund, Investors may, subject to meeting certain conditions, be entitled to a foreign income tax offset (**FITO**) in respect of the US taxes incurred by the Fund. A FITO that may be claimed by an Investor in a year of income is broadly calculated as the lesser of the Investor's share of the amount of the US taxes paid by the Fund and the offset limit. Broadly, the offset limit is the greater of (i) \$1,000 and (ii) the amount of the Australian tax payable on an Investor's foreign source income on which foreign tax has been incurred and other assessable foreign source income. An Investor may choose not to calculate their actual offset limit and instead accept their offset limit to be \$1,000. FITOs are non-refundable, with the result that to the extent that a FITO cannot be used by an Investor in a year of income because the Investor's share of foreign taxes paid exceeds the offset limit, the excess is lost. The excess cannot be carried forward to a later income year.

Where amounts derived by the Fund and distributed to Investors are not included in its net income (which may occur where the Cayman LP makes a distribution that represents a return of capital on the Fund's investment), those amounts should not be included in the Investor's assessable income. These amounts should be treated as tax deferred distributions, unless specifically excluded, for example, the discount component of a discount capital gain or a capital gain sheltered by capital losses.

Tax deferred distributions are not assessable to the Investor but, for CGT purposes, will reduce the cost base (and reduced cost base) of the Investor's Units in the Fund (but not below nil). If the cost base of the Units is reduced to nil, the Investor will make a capital gain on any further tax deferred distributions received. Any such capital gain may be eligible for discount CGT treatment depending on whether the Investor has held the Units in the Fund for at least 12 months.

The RE of the Fund will provide distribution statements to the Investors setting out the details of each trust distribution.

#### **(c) Sale or Redemption of Units**

A sale or redemption of Units will constitute a disposal for CGT purposes and may result in a capital gain or capital loss for an Investor.

A capital gain will arise to the Investor where the capital proceeds received from the sale or redemption of the Units are greater than the cost base for CGT purposes. A capital loss will arise if the capital proceeds on sale or redemption are less than the reduced cost base of the Units for CGT purposes.

Discount CGT treatment may be available to reduce the capital gain realised by the Investor on the sale or redemption of the Units. If the Units in the Fund had been held for at least 12 months, the Investor may, after offsetting capital losses of the Investor, be able to discount the resulting capital gain by one half in the case



of an individual or trust, or by one third in the case of a complying superannuation entity. Companies are not entitled to discount CGT treatment.

Investors who dispose of their Units within 12 months of acquiring them or dispose of them under an agreement entered into within 12 months of acquiring the Units will not be eligible for discount CGT treatment.

Any capital gain or capital loss derived or incurred by the Investor in respect of the Units should be aggregated with any other capital gains or capital losses that the Investor may have in that year to determine the Investor's net capital gain or net capital loss for that year.

A net capital gain is included in the Investor's assessable income. A net capital loss can only be offset against capital gains. Capital losses may be carried forward and offset against future taxable capital gains.

### **3 Trust taxation reforms**

It should be noted that the Australian income tax laws and ATO practices applying to trusts and MITs are in the process of reform.

In particular, the Government announced on 7 May 2010 that it intends to put in place a dedicated tax regime for MITs which was proposed to have effect from 1 July 2011. Under the proposed new tax regime, the current trust taxing rules which operate on a 'present entitlement' concept are proposed to be replaced with an attribution concept under which investors in a MIT will be taxed only on the income that the trustee allocates to them on a fair and reasonable basis, consistent with their entitlements under the trust deed or constituent documents.

However, the effective date of this proposed tax law has been deferred to 1 July 2013 to allow more time for industry consultation on the details of the proposed legislation. The proposed MIT tax amendments should be monitored to determine the impact (if any) on the Fund and the Investors.

The Government has also announced reforms to the trust taxation rules that are currently contained in Division 6 of the Tax Act. It is possible that certain trusts (such as trusts that are MITs) may be excluded from these rules. It is recommended that the development of the new tax rules is closely monitored.

Finally, it is noted that the ATO may issue or finalise taxation rulings which affect the tax treatment of trusts and unit holders that are described in this letter.

It is recommended that the development of new tax legislation and rulings is closely monitored by the Fund.

### **4 Withholding of tax from distributions**

The RE of the Fund is required to deduct Pay-As-You-Go withholding tax from distributions paid to Investors at the highest marginal tax rate, including Medicare Levy (currently 46.5%) if the Investor has not quoted either their Tax File Number or Australian Business Number and none of the relevant exemptions apply. Investors should generally be entitled to an income tax credit for any such tax withheld.

### **5 GST**

The acquisition and disposal of Units in the Fund by Investors should not be subject to GST. Similarly, the distributions from the Fund to Investors should not be subject to GST.

The Fund itself may not be entitled to fully recover the GST it incurs on expenses. This will depend upon the exact nature of the operations of the Fund and the types of expenses incurred. The Fund may be denied from recovering GST completely in respect of certain expenses or it may be entitled to Reduced Input Tax Credits or 'RITCs' (either 55% of the GST cost or 75% of the GST cost) in respect of certain types of



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expenses. Changes to the GST law in this area have been recently implemented and are effective from 1 July 2012.

**6 Stamp Duty**

Neither the RE nor the Investors should be liable to any stamp duty on an issue of the Units by the Fund. Further, there should be no stamp duty payable in respect of future acquisition or disposal of the Units provided the Units of the Fund remain quoted and the Fund is listed on the ASX.

Yours sincerely



Mr Mark Hadassin  
Director  
Deloitte Tax Services Pty Ltd

## 12.2. US taxation advice

**To ensure compliance with Internal Revenue Service Circular 230, you are hereby notified that any discussion of federal tax issues in this disclosure is not intended or written to be used, and it cannot be used by any person for the purpose of:**

- a) Avoiding penalties that may be imposed on them under the Internal Revenue Code, and**
- b) Promoting, marking or recommending to another party any transaction or matter addressed herein.**

**This disclosure is made in accordance with the rules of Treasury Department Circular 230 governing standards of practice before the Internal Revenue Service.**

The following is a summary of certain material US federal income taxation consequences that are likely to apply to an investor in the Fund that is not treated as a US Investor; as defined below (a “Non-US Investor”).

For purposes of this discussion, a “Non-US Investor” means a beneficial owner of Units that is not any of the following for United States (“US”) federal income tax purposes:

- a) a citizen or resident of the US or someone treated as a US citizen or resident for US federal income tax purposes;
- b) a corporation (or another entity taxable as a corporation for US federal income tax purposes) created or organized in or under the laws of the US, any state thereof, or the District of Columbia;
- c) an estate, the income of which is subject to US federal income taxation regardless of its source; or
- d) a trust if
  - i) it is subject to the supervision of a court within the US and one or more US persons are authorized to control all substantial decisions of the trust, or
  - ii) it has a valid election in effect under applicable US Treasury Regulations (as defined below) to be treated as a US person.

This summary is for general information purposes only and is not exhaustive of all of the US federal income tax considerations that may be relevant to a decision to purchase, hold or dispose of Units. In addition, the possible application of US federal estate or gift taxes or any aspect of state, local or non-US tax laws is not considered. This discussion is based on current provisions of the Internal Revenue Code of 1986, as amended (the “Code”), Treasury Regulations promulgated under the Code by the US Treasury Department (including proposed and temporary regulations) (the “Treasury Regulations”), rulings, current administrative interpretations and official pronouncements by the Internal Revenue Service (the “IRS”), and judicial decisions, all as currently in effect on the date hereof and all of which are subject to differing interpretations or to change, including possibly with retroactive effect. Such changes could materially and adversely affect the tax consequences to Non-US Investors described below. No assurance can be given that the

IRS would not assert, or that a court would not sustain a position contrary to any of the tax consequences described below. The Fund has not obtained, nor does it intend to obtain, a ruling from the IRS or any other federal, state or local agency with respect to any of the tax issues affecting the Fund or its Non-US Investors.

If a partnership (including for this purpose any entity treated as a partnership for US federal income tax purposes) is a beneficial owner of Units, the US federal income tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership.

This discussion does not address all aspects of US federal income taxation that may be important to any particular Non-US Investor in light of its investment or tax circumstances or to any Non-US Investor subject to special tax rules including, but not limited to, those Non-US Investors that: (i) have an office or fixed place of business in the US or (ii) are former citizens of the “US-controlled foreign-corporations”, “passive foreign investment companies and corporations” with accumulated earnings to avoid US federal income tax. This discussion also assumes that a Non-US Investor is not engaged in a US trade or business apart from its Units. Each prospective Non-US Investor is urged to consult its US tax advisor before investing in the Fund.

**The foregoing summary of US federal income tax considerations is for general information only and is not tax advice. It does not discuss all aspects of US federal income taxation that may be relevant to a Non-US investor in light of its particular circumstances and income tax situation. Prospective Non-US Investors should consult their own tax advisors as to the specific tax consequences that would result from the purchase, ownership and disposition of the Units, including the application and effect of federal, state, local, foreign and other tax laws (including estate and gift tax rules) and the possible effects of changes in federal or other tax laws, as well as the application under any applicable tax treaty.**

### A) US TAX STATUS

The Fund intends to be classified and operate as an association taxable as a corporation for US federal income tax purposes. It is intended that the LP will be treated as a partnership (that is, a flow-through or transparent entity) for US federal income tax purposes. As a result, the Fund will be treated for these purposes as having engaged in any activities conducted by the LP and, in turn, any partnership in which the LP invests. The following discussion assumes that the Fund will be classified as a corporation and the LP will be classified as a partnership for US federal income tax purposes.

## **B) TAXATION OF THE FUND**

### **i) US Trade or Business**

The US federal income tax consequences of the Fund (and, as a result, the Non-US Investors) will generally depend on whether the Fund is engaged in a trade or business in the US by reason of the LP's investing activities.

Based on the anticipated investment strategies of the LP (and, therefore, the Fund), the Fund may be able to take the position that it is not directly or indirectly through one or more partnerships engaged in a US trade or business for US federal income tax purposes. However, treatment of the Fund as not engaged in a US trade or business is based on all of the facts and circumstances and is subject to challenge by the IRS.

The Fund may qualify for a specific exemption provided for in the Code and Treasury Regulations for non-US persons (other than dealers in securities including, without limitation, corporations) that restrict their activities in the US to investing or trading in stock and securities (and any other activity closely related thereto) for their own account, pursuant to which such non-US persons will not be treated as engaged in a US trade or business. However, no assurance can be given that the LP will structure its direct and indirect investments so that it can comply with such an exemption.

If the Fund was treated as directly or indirectly engaged in a trade or business in the US, the Fund generally would be required to file a US federal corporate income tax return and to pay US federal income tax on a net basis (at the same rates that are generally applicable to US corporations, currently 35%) in respect of its share of effectively connected income derived from that trade or business. In certain circumstances, the partnerships engaged in these activities may have a tax withholding obligation – see discussion below.

In addition, if the Fund were treated as being engaged in a US trade or business, the Fund may also be required to pay an additional tax equal to 30% of the “dividend equivalent amount” for the taxable year (the so-called “Branch Profits Tax”), subject to reduction pursuant to the Double Tax Treaty for certain qualified tax residents. For these purposes, the “dividend equivalent amount” is generally the amount of the Fund's earnings and profits effectively connected with a US trade or business for the taxable year, subject to certain adjustments.

As noted above, even if the investing activities of the LP (and, therefore, the Fund) do not give rise to a US trade or business, the Fund may be deemed to be engaged in a US trade or business as a result of directly or indirectly owning an interest in certain partnerships (or entities treated as partnerships for US federal income tax purposes) which are engaged in a US trade or business. Consequently, income and gain realised from that investment would give rise to income effectively connected with a US trade or business and be subject to US income and potentially Branch Profits Tax, as described above. If an entity in which the LP (and, therefore, the Fund) is invested is treated as a partnership for

US federal income tax purposes, the character of the income or loss generally flows through to the upper-tier entities (such as the Fund) for these purposes.

Even if the Fund's activities do not constitute a US trade or business for these purposes, gains realised from the sale or disposition of certain stock or securities of US real property holding corporations (as defined in Section 897 of the Code, “USRPHCs”), will be generally subject to US income tax on a net basis, subject to certain exceptions. For these purposes, a USRPHC includes certain interests in US corporations holding US real estate assets having a market value in excess of 50% of the market value of all their real estate assets and other business-related assets, subject to certain exceptions. In addition, sales of partnership interests in partnerships owning interests in US real property will also generally be subject to these rules.

### **ii) US Withholding Tax**

Assuming that the Fund is not directly or indirectly engaged in a US trade or business, certain types of periodic income (such as dividends, certain “dividend equivalent payments” and certain interest income) received by the Fund from sources inside the US may be subject to US withholding tax at a maximum rate of 30%, subject to certain exceptions and reduction pursuant to the Double Tax Treaty for certain qualified residents. In general, a dividend paid by the Fund to a Non-US Investor that is a qualified Double Tax Treaty resident for these purposes should be subject to a reduced 15% withholding tax rate, subject to certain exceptions.

Certain types of income are specifically exempt from the 30% withholding tax. The 30% tax generally does not apply to US source capital gains (whether long or short-term) or to interest paid to a non-US corporation on its deposits with US banks, except to the extent that such income is effectively connected with the conduct of a US trade or business or such non-US person is present in the US for 183 days or more during the year. The 30% tax generally does not apply to interest which qualifies as “portfolio interest.” The term “portfolio interest” generally includes interest (including original issue discount) on certain obligations with respect to which the person who would otherwise be required to deduct and withhold the 30% tax receives certain required statements that the beneficial owner of the obligation is not a US person within the meaning of the Code, subject to certain exceptions. For example, the portfolio interest exemption is not available for interest paid to a direct or indirect 10% investor of the issuer of the indebtedness and is subject to certain other limitations. In addition, among other items, certain types of “contingent interest” (generally, interest is determined by the receipts, sales, cash flow, income or profits of the debtor or a related person, or by dividends or partnership distributions made by the debtor or a related person) are excluded from the definition of portfolio interest.

To obtain the benefit of the portfolio interest exemption and in certain other cases to reduce or eliminate withholding, the LP and/or the Fund may be required to deliver certain certifications to the portfolio funds (or their designees) and/or the IRS.

In addition, to the extent that the LP directly or indirectly invests in partnerships having income effectively connected with a US trade or business, such partnerships may be required to withhold US income tax at a tax rate equal to the highest US income tax rate applicable to the LP partners (currently 35%) on all or a portion of the income allocated to the LP by such partnership.

There can be no assurance that income derived by the Fund would not be subject to US withholding tax. Any tax liability incurred by the Fund generally could reduce the Fund's overall economic returns and materially reduce amounts available for ultimate distribution to Non-US Investors.

### **C) TAX CONSIDERATIONS FOR NON-US INVESTORS**

A Non-US Investor generally will not be subject to US federal income taxation on distributions from the Fund or on gains recognized on the sale, exchange or redemption of its Units in the Fund where such Non-US Investor's nexus with the US is solely as a result of an investment in the Units. Similarly, Non-US Investors that otherwise are not subject to US federal income tax filing obligations should not become subject to any such filing obligations as a result of their investment in the Fund.

### **D) PAYMENTS AFTER 2013: WITHHOLDING ON CERTAIN PAYMENTS**

Proposed Treasury Regulations pursuant to the Hiring Incentives to Restore Employment Act (the "HIRE Act") have been published and, if finalized in their current form, provide that, beginning January 1, 2014, a 30% withholding tax may be imposed on payments of U.S. source income and proceeds from the sale of property that could give rise to U.S. source interest or dividends to certain Non-US Investors unless such persons enter into an agreement with the IRS to disclose the name, address and taxpayer identification number of certain U.S. persons that own, directly or indirectly, interests in such entities, as well as certain other information relating to such interests. Given the extended time period before the effective date, it is unclear whether these proposed rules, including without limitation the disclosure and withholding requirements, will be substantially modified prior to their final promulgation or otherwise maintained in their current form. Non-US Investors are encouraged to consult with their own tax advisors regarding the possible implication of the HIRE Act on their investment.

### **E) FUTURE CHANGES IN APPLICABLE LAW**

The foregoing description of US income tax consequences of an investment in the Fund and the operations of the Fund is based on laws and regulations that are subject to change through legislative, judicial or administrative action. Other legislation could be enacted that would subject the Fund to income taxes or subject Non-US Investors to increased income taxes.

**Non-US Investors should consult their own tax advisors regarding the US federal income tax consequences of investing in, holding and disposing of Units in the Fund.**



# 13. MATERIAL CONTRACTS

## 13.1. LP Agreement

The Investment Manager, Cordish Private Ventures and the Responsible Entity have established an exempted limited partnership in the Cayman Islands for the purposes of acquiring, directly or indirectly, and dealing with, interests in private investment funds and interests in privately held companies.

Cordish Private Ventures and the Responsible Entity will each make capital contributions towards the acquisition of investments, as directed by the Investment Manager; up to a maximum contribution amount. Cordish Private Ventures will contribute the lesser of US\$10 million or 25% of the capital commitment of the Responsible Entity. The Responsible Entity will notify the Investment Manager and Cordish Private Ventures of the amount of its capital commitment within 5 business days of completion of the issue of Units under this RPDS. The Investment Manager will have a capital commitment of 0.1% of the total capital commitments of Cordish Private Ventures and the Responsible Entity.

Cordish Private Ventures and the Responsible Entity are permitted to satisfy all, or any, of their outstanding capital commitment by making an in-kind contribution of a portfolio investment with the written consent of the other partners. The in-kind contribution will be credited to the account of the contributing partner in an amount equal to the fair market value of the contributions as at the date of the contribution. Cordish Private Ventures, the Responsible Entity and the Investment Manager have agreed that Cordish Private Ventures will make an in-kind contribution of this type with the transfer of its interest in Prometheus Partners IV, L.P. to the LP. As at the date of the in-kind contribution of Prometheus Partners IV, Cordish Private Ventures will have made a capital contribution of US\$1.6 million towards its total capital commitment. The Responsible Entity will make all further capital

contributions until such time as the capital contributions of both parties equate to the relevant pro rata proportion required. Thereafter all capital contributions will be made by the limited partners pro rata to their capital commitments.

The LP is only permitted to invest in certain types of investments. These investment restrictions comprise:

- a) making any investment other than acquiring limited partnership interests in private investment funds and interests in privately-held companies;
- b) investing more than 33% of the aggregate capital commitment of the LP in any one private investment fund;
- c) investing, by way of primary market transactions, more than 25% of the aggregate capital commitment of the LP in any private investment fund whose primary investment objective is to invest in companies located or that conduct their principal business outside of the US;
- d) investing in any private investment funds whose primary investment objective is to invest in companies located in or that conduct their principal business in emerging markets;
- e) investing, by way of primary market transactions, more than 25% of the aggregate capital commitment of the LP in any private investment funds whose primary investment objective is to make venture capital investments; and
- f) investing, by way of primary market transactions, more than 20% of the aggregate capital commitment of the LP in interests in privately held companies.

The LP may hold cash or invest in cash equivalents for short-term investments.

Under the LP Agreement, it is an event of default to fail to make a capital contribution

when due and different consequences may result from an event of default, including (among others) interest being payable on overdue amounts, loss of voting rights or, at the discretion of the Investment Manager, forfeiture of distributions and a 50% reduction in the defaulting partner's capital account (with such amounts to be distributed to the remaining partners in their pro rata proportions).

The Investment Manager must ensure that distributions are made on an annual basis (or more frequently, if so determined by the Investment Manager) in connection with a disposal, interest or other income realised from an investment or income from temporary investments.

In consideration of managing the LP and its investments, the Investment Manager is entitled to an investment management fee of an amount equal to 2% of the aggregate capital commitments made by the partners to the LP which will be payable quarterly in advance for a period of 10-years.

Cordish Private Ventures and the Responsible Entity are prohibited from withdrawing from the LP or otherwise disposing of their interest in the LP in any circumstances without the consent of the Investment Manager. The Investment Manager in turn must obtain the consent of the other limited partner prior to effecting such disposal or transfer. The Investment Manager may not withdraw from the LP, resign as general partner or otherwise dispose of its interest in the LP in any circumstances without the consent of the limited partners.

The LP will be dissolved upon the occurrence of certain termination events, which include (among others), the last business day of the fiscal year in which all investments have been disposed of or where the LP is no longer subject to any funding obligations in respect of investments or management fees. The Investment Manager may terminate or

wind up the LP with the consent of all limited partners. As a limited partner, the Responsible Entity does not have the ability to amend the LP Agreement in a material respect, or require early termination or wind up of the LP without the consent of all other partners.

### **13.2. Administrative Services Agreement**

Cordish Services is an affiliated entity of Cordish Private Ventures. Under the terms of the administrative services agreement, Cordish Services will provide services to the Investment Manager including amongst others:

- a) providing office space, telephone and utilities;
- b) providing administrative, clerical or other personnel;
- c) providing investors in the LP with information concerning their investments, including capital account balances;
- d) maintaining accounting records and financial reports of the Investment Manager and the LP; and
- e) assisting with preparing and lodging tax returns.

In return for the performance of its duties under the administrative services agreement, Cordish Services is entitled to be paid, and the Investment Manager must pay, US\$100,000 per year, the amount of all third party, out-of-pocket expenses incurred by Cordish Services plus an annual fee equal to 1.1% of the committed capital of the LP, less 50% of the third party expenses incurred by Cordish Services.

The administrative services agreement is for a term of 10 years.

Dixon Advisory is responsible for costs and expenses incurred in connection with providing the investment advisory services. The Investment Manager will be responsible for its own expenses that are not connected with the investment advisory services.

The investment advisory agreement is for a term of 10 years, unless earlier terminated. The term will be extended after the initial 10-year period for further 1-year periods if the Investment Manager approves its continuance at least annually. Either party may terminate the investment advisory agreement with 60 days' prior written notice.

### **13.3. Investment Advisory Agreement**

Under the terms of the investment advisory agreement, Dixon Advisory (in its personal capacity), as investment advisor to the Investment Manager, will:

- a) obtain information and advice in relation to the economy, securities markets or securities;
- b) assist the Investment Manager to manage the assets of the LP (in accordance with the investment objectives in place);
- c) advise on investments to be undertaken or disposed of by the LP; and
- d) advise on, and assist with, compliance with Australian laws and regulations.

In return for the performance of its duties as investment advisor to the Investment Manager and for bearing certain expenses in connection with the services, Dixon Advisory is entitled to be paid a quarterly fee of up to 0.175% (0.7% on an annualised basis) of the LP's total capital commitments, less 50% of expenses paid by the Investment Manager under the administrative services agreement with Cordish Services (see Section 13.2) and any other amounts agreed.







# 14. ADDITIONAL INFORMATION

## 14.1. Constitution and compliance plan

The Fund has been registered by ASIC as a managed investment scheme under Chapter 5C of the Corporations Act. The provisions of the Corporations Act can affect the terms of the Constitution and the obligations of the Responsible Entity. The Fund is governed by a constitution (Constitution) which has been lodged with ASIC.

Dixon Advisory is the responsible entity of the Fund. The respective rights and obligations of the Responsible Entity and the Unitholders are determined by the Constitution, the Corporations Act and the Listing Rules, together with any exemption and declaration issued by ASIC and the general law relating to trusts. Neither the provision of these laws and rules, nor their effect on the Constitution have been summarised below.

The Constitution is a lengthy and complex document. The following is a summary of the Constitution. Because the summary is brief, Investors should confirm all information by reference to the Constitution itself. If you are unsure about anything, you should seek advice from a financial advisor and examine a copy of the Constitution.

The Constitution deals with a wide range of matters, including:

- applications for Units and the nature of a Unitholder's interest in the Fund;
- the term of the Fund and Unitholders' entitlements on winding up;
- distributions;
- further issues of Units;
- transferability of Units;
- powers of the Responsible Entity;
- Unitholders' meetings;

- Unitholders' liability; and
- the Responsible Entity's fees (see Section 8).

### A) UNITS

The beneficial interest in the Fund is divided into Units. A Unit confers an interest in the Fund's property as a whole – it does not confer an interest in any particular asset. Each capital unit confers its holder the rights to vote at a general meeting and the rights to receive copies of the Fund's financial statements, notices and documents required to be sent to them under the Constitution, the Corporations Act and the Listing Rules. The Responsible Entity can issue Units in accordance with the Constitution. The Constitution contains provisions regarding the Responsible Entity's ability to issue different classes of Units.

The Constitution contains provision for calculating the application price of Units, for the first and any future issues. The Constitution also provides for the Responsible Entity to determine a different Application Price in relation to some Units, a class of Units or all Units to the extent it is permitted to do so by an ASIC Exemption and the Listing Rules.

### B) INCOME

On the basis that the Fund is not a public trading trust or corporate unit trust for Australian income tax purposes, it will not be liable to Australian tax on its taxable income provided that its Unitholders are presently entitled to all of the distributable income of the Fund for each income year. The Responsible Entity will generally determine the distributable income of the Fund for each income year based on the operating income of the Fund (which excludes unrealised gains and losses). However, the Responsible Entity may in its sole and absolute discretion determine that

the distributable income for the income year will be some other amount, whether income or capital, which the Responsible Entity considers appropriate for the distribution for that year.

The Responsible Entity may also distribute capital of the Fund from time to time. Unitholders on the register on the record date for a distribution are entitled to a share in the Fund's income based on the number of Units held.

A distribution may be paid in cash, assets or by way of Units. The Responsible Entity may deduct from distributions any tax that is required by law to be deducted.

If additional tax, such as US withholding tax, is withheld from any dividend or distributions paid to the Fund as a consequence of the characteristics of any particular Unitholder or Unitholders, including the number or percentage of Units on issue held by any such Unitholders, then that additional tax will be allocated to that Unitholder and will be deducted from the distributable income payable to that Unitholder. Where the income of the Fund is reduced by taxes attributable to the ownership of Units by certain Unitholders, the entitlement to distributable income of such Unitholders may be adjusted by the Responsible Entity so that the entitlement to distributable income of all the other Unitholders is equivalent to the amount they would receive in the absence of such taxes.

The Responsible Entity may require Unitholders to provide notices from time to time confirming the beneficial ownership of Units or providing other relevant information, including the information detailed in Section 12.2(d).

### **C) LIABILITY OF UNITHOLDERS**

While the Units are fully paid, a Unitholder's liability is limited to its investment in the Fund.

### **D) RESPONSIBLE ENTITY'S POWERS AND DUTIES**

The Responsible Entity holds the Fund's assets on trust, and may manage these assets as if it were the absolute and beneficial owner of them, subject only to its duties and obligations to Unitholders.

Examples of the Responsible Entity's powers include acquiring or disposing of any real or personal property, borrowing or raising money, encumbering any asset, incurring any liability, giving any indemnity, providing any guarantee, applying for listing of the Fund, entering into derivative and currency swap arrangements and entering into underwriting arrangements.

The Responsible Entity may appoint delegates or agents to perform any act to exercise any of its powers, as well as advisors to assist with its duties and functions.

### **E) MANAGEMENT FEES PAYABLE TO THE RESPONSIBLE ENTITY**

In return for the performance of its duties, the Responsible Entity is entitled to be paid out of the Assets within 10 Business Days of the beginning of each month a monthly management fee equivalent to 0.08% per annum (exclusive of GST) of the gross value of the assets and an administrative fee of 0.25% of the gross value of the assets, both calculated as at the end of the month preceding the date of payment of the Management Fee.

The Responsible Entity may in its absolute and unfettered discretion waive, reduce, refund or defer any part of the fees and levies that the Responsible Entity or the Fund is entitled to receive under this Constitution.

See Section 8 for further details.

### **F) RESPONSIBLE ENTITY'S INDEMNITIES**

The Responsible Entity has a right of indemnity out of the Fund property on a full indemnity basis for any costs, liabilities and expenses incurred at law or under the Constitution in the proper performance of its duties. This indemnity continues after the Responsible Entity retires or is removed as responsible entity of the Fund and is subject to the Corporations Act (which in certain circumstances may impose limits on the Responsible Entity's right of indemnity). The Corporations Act provides that a responsible entity's right to be indemnified out of scheme property for liabilities incurred in relation to the performance of its duties must be available only in relation to the proper performance of those duties.

### **G) RESPONSIBLE ENTITY'S LIMITATION OF LIABILITY**

The Constitution provides that, subject to the Corporations Act, the Responsible Entity and each director and officer of the Responsible Entity are not personally liable to any person in connection with the office of the Responsible Entity or any

director or officer of the responsible entity. Subject to the Corporations Act, the liability of the Responsible Entity in relation to the Fund is limited to the assets of the Fund from which the Responsible Entity is entitled to be and is, in fact, indemnified.

The Responsible Entity may amend the Constitution from time to time. Unitholder approval is required where changes to the Constitution adversely affect Unitholders' rights.

### **H) WITHDRAWALS AND REDEMPTIONS**

The Constitution provides that, subject to the Corporations Act, the Responsible Entity may withdraw or redeem Units. This ability, however, is suspended while the Fund is listed.

## **14.2. Complaints**

The Responsible Entity seeks to resolve any potential and actual complaints over the management of the Fund to the satisfaction of Unitholders. You may lodge any complaints by writing to us at the address shown on the back cover of this RPDS. The Constitution provides that complaints in writing will be acknowledged within 14 days and responded to not more than 45 days after receipt by the Responsible Entity.

If you remain unhappy, you can contact the Credit Ombudsman Service Limited – which is independent from us, on 1800 138 422.

## **14.3. Instructions**

Subject to the requirements outlined, or as stipulated by us, you, or persons authorised by you, can provide instructions (quoting your Investor number) in writing, by facsimile, or by any other method allowed by us from time to time. By investing in the Fund, you authorise us to accept instructions provided by these methods.

## **14.4. Private information**

We collect personal information from you to administer your investment. If you think that our records are wrong or out of date – particularly your address and email address – please contact us and we will correct this information immediately. You can always access the personal information that we hold about you.

## **14.5. Compliance plan**

A compliance plan has been established which sets out how the Responsible Entity will ensure compliance with both the Corporations Act and the Constitution when operating the Fund. A compliance committee comprising a majority of members who are independent of the Responsible Entity and Dixon Advisory monitors the Responsible Entity's compliance with the compliance plan.

## 14.6. Interested dealings

Subject to the Corporations Act 2001, the Responsible Entity must act in the best interests of the members, and if there is a conflict between the members interests and its own interests, give priority to the members interests.

The Responsible Entity has procedures in place to identify actual or potential conflicts of interest and to implement measures to address such conflicts, including certain monitoring and reporting obligations. These include (among others) internal procedures to identify, assess and evaluate potential and actual conflict of interest, maintaining a schedule of all potential and actual conflicts on a register of conflicts of interest and putting into place intra-firm barriers or Chinese walls where required. Where a conflict is assessed as being likely to have a material impact, it will be disclosed to the parties concerned in a timely fashion.

Subject to the Corporations Act, the Responsible Entity or any officer, employee or associate of the Responsible Entity may:

- a) hold Units in the Fund;
- b) act in any fiduciary, vicarious or professional capacity;
- c) have an interest in, or enter into any contract or transaction with the Responsible Entity (or its associates), a Unitholder of the Fund or any other person (including a person whose units or other securities form an asset of the Fund); and
- d) hold or deal in or have any other interest in an asset of the Fund, and may retain any benefit derived by doing so.

## 14.7. Labour standards or environmental, social or ethical considerations

We do not take into account labour standards or environmental, social or ethical considerations in determining the selection, retention or realisation of assets.

However, to the extent that we believe those matters may affect the value or performance of an underlying investment, they may be considered.

We do not have a predetermined view as to what constitutes a labour standard or environmental, social or ethical consideration, as these will be determined on a case-by-case basis.

## 14.8. Consents

Blank Rome LLP has acted as US law advisor to the Responsible Entity and the LP and has given and not withdrawn its consent to the inclusion of its tax opinion in Section 12 and to be named in this RPDS in the form and context in which it is named. Blank Rome LLP takes no responsibility for any part of this RPDS other than its tax opinion in Section 13. Except in respect of its tax opinion in Section 13, Blank Rome LLP does not make any statement.

Watson Mangioni Lawyers Pty Limited has given, and has not withdrawn as at the date of this RPDS, its consent to being named in this RPDS as the legal advisor for the Fund in the form and context for which it is so named. Watson Mangioni Lawyers Pty Limited does not make any statements in, or take any responsibility for, any parts of the RPDS.

Boardroom Pty Limited has given, and has not withdrawn as at the date of this RPDS, its consent to being named in this RPDS as the provider of unit registry services for the Fund. Boardroom Pty Limited has not been involved in the preparation of any part of this RPDS and specifically disclaims liability to any person in the event of omission from, or a false or misleading statement included in the RPDS. Boardroom Pty Limited has not authorised or caused the issue of this RPDS and takes no responsibility for its contents.

Deloitte Tax Services Pty Limited and Deloitte Touche Tohmatsu are respectively the Australian tax advisor and Australian Investigating Accountant. Deloitte Tax Services Pty Limited and Deloitte Touche Tohmatsu have respectively prepared and consented to the inclusion of their tax opinion in Section 12 and Investigating Accountant's Report in Section 11 and have not withdrawn their consent to be named in this RPDS in the form and context in which it is named.

Deloitte Tax Services Pty Limited and Deloitte Touche Tohmatsu take no responsibility for any part of this RPDS (except to the extent required by the Corporations Act) other than their respective tax opinion in Section 12 and Investigating Accountant's Report in Section 11. Except in respect of the tax opinion in Section 12 and Investigating Accountant's Report in Section 11, Deloitte Tax Services Pty Limited and Deloitte Touche Tohmatsu do not make any statement in this RPDS nor is there any statement based on a statement by Deloitte Tax Services Pty Limited or Deloitte Touche Tohmatsu in this RPDS.

Dixon Advisory Group Limited has given, and before lodgement of the RPDS has not withdrawn, its written consent to being named in the RPDS in the form and context in which it is so named.

The Investment Manager has given, and before lodgement of the RPDS has not withdrawn, its written consent to being named in the RPDS in the form and context in which it is so named and the inclusion of the statements attributed to it in this RPDS.



# 15. GLOSSARY

<b>A\$ or \$</b>	Australian dollars
<b>Advisors Act</b>	United States Investment Advisors Act of 1940 as amended
<b>Advisory Board</b>	The Advisory Board of the Fund's Investment Manager
<b>Allotment</b>	The allocation and allotment of Units to Investors following acceptance of an Application
<b>Applicant</b>	An applicant for Units under this RPDS
<b>Application</b>	An application for Units pursuant to this RPDS
<b>Application Form</b>	An application form in the form attached to this RPDS
<b>Application Monies</b>	The Application Price multiplied by the number of Units applied for
<b>Application Price</b>	\$1.60 for each Unit applied for
<b>ASIC</b>	Australian Securities & Investments Commission
<b>ASX</b>	Australian Securities Exchange Limited
<b>ASX Settlement</b>	ASX Settlement Pty Limited
<b>ASX Settlement Operating Rules/ Recognised Market Operators</b>	ASX Settlement Operating Rules assist participants and issuers to understand the operation of the rules and procedures governing the settlement facility
<b>Australian Accounting Standards</b>	Australian Accounting Standards means Accounting Standards and Interpretations issued by the AASB
<b>Australian Masters Corporate Bond Fund Series</b>	Australian Masters Corporate Bond Fund No 1 Limited, Australian Masters Corporate Bond Fund No 2 Limited, Australian Masters Corporate Bond Fund No 3 Limited, Australian Masters Corporate Bond Fund No 4 Limited and Australian Masters Corporate Bond Fund No 5 Limited
<b>Australian Masters Yield Fund Series</b>	Australian Masters Yield Fund No 1 Limited, Australian Masters Yield Fund No 2 Limited and Australian Masters Yield Fund No 3 Limited
<b>Australian Taxation Office</b>	The Australian Taxation Office is the principal revenue collection agency for the Australian Government in charge of administering the Australian taxation system
<b>Business Day</b>	A day, other than a Saturday or Sunday, on which banks are open for general banking business in Sydney
<b>CGT</b>	Capital Gains Tax
<b>CHESS</b>	Clearing House Electronic Sub-register System
<b>Closing Date</b>	The date by which valid acceptances must be received by the Registrar being 12 July 2012 or such other date as we may determine in our absolute discretion

<b>Code</b>	The United States Internal Revenue Code of 1986, as amended
<b>Cordish Companies</b>	The Cordish Companies and its subsidiaries
<b>Cordish Private Ventures</b>	Cordish Private Ventures LLC
<b>Cordish Services</b>	Pratt Street Services Corporation, LLC
<b>Constitution</b>	The Constitution of the Fund
<b>Directors</b>	The Board of Directors of the Responsible Entity
<b>Dixon Advisory</b>	Dixon Advisory & Superannuation Services Limited
<b>Dixon Advisory Group</b>	Dixon Advisory Group Limited (ACN 080 207 076) and its subsidiaries
<b>Double Tax Treaty</b>	The US protocol signed in Canberra on 27 September 2001, which amends the Convention of 6 August 1982 between Australia and the United States of America for the Avoidance of Double Taxation
<b>Fund</b>	US Select Private Opportunities Fund (ARSN 158 625 284)
<b>General Partner</b>	The Investment Manager
<b>GST</b>	The value added tax, if any, payable in accordance with the GST Act or another relevant and applicable legislation or law whether in Australia, the US or another jurisdiction
<b>GST Act</b>	New Tax System (Goods and Services Tax) Act 1999
<b>IRR</b>	Internal Rate of Return. It is a rate of return used in to measure and compare the profitability of investments
<b>Investment Manager</b>	US Select Private Opportunities Fund GP, LLC
<b>Investor</b>	An Applicant or an investor in Units
<b>Listing Rules</b>	The listing rules of the prescribed financial market that the Units are listed on
<b>LP</b>	US Select Private Opportunities Fund LP
<b>Management Fee</b>	Has the meaning ascribed to it in Section 14.1(e)
<b>Minimum Subscription</b>	A minimum subscription of 1,250 Units
<b>NAV</b>	Net asset value of Units
<b>Offer</b>	The offer of up to \$40,000,000 in Units pursuant to and in accordance with this RPDS with the ability to accept oversubscription for a further \$25,000,000
<b>Opening Date</b>	The date the exposure period ends and the offer will be opened, expected to be 2 July 2012
<b>PDS</b>	The product disclosure statement dated 18 June 2012 and lodged with ASIC on that date

<b>RPDS</b>	This replacement product disclosure statement dated 29 June 2012 as modified or varied by any supplementary product disclosure statement made by Dixon Advisory and lodged with ASIC from time to time
<b>Responsible Entity</b>	Dixon Advisory & Superannuation Services Limited (ACN 103 071 665) (AFSL 231 143)
<b>Unit</b>	An ordinary unit in the Fund, being an undivided share in the beneficial interest in the Fund
<b>Unitholder</b>	A holder of a Unit
<b>US</b>	The United States of America
<b>US\$</b>	US dollars





# APPLICATION FORM

## US SELECT PRIVATE OPPORTUNITIES FUND



US  
SELECT  
PRIVATE  
OPPORTUNITIES  
FUND

ARSN 158 625 284

Fill out this Application Form if you want to apply for Units in US Select Private Opportunities Fund

- Please read the RPDS dated 29 June 2012.
- Follow the instructions to complete this Application Form (see reverse).
- Print clearly in capital letters using black or blue pen.

**OFFER CLOSES 12 July 2012 (unless closed earlier or extended)**

### Broker Reference – Stamp Only

Broker Code

Adviser Code

Are you an existing client of Dixon Advisory & Superannuation Services Limited?

YES

NO

### IMPORTANT PLEASE NOTE:

The Responsible Entity may be required under the Anti-Money Laundering/Counter-Terrorism Financing Act 2006 (Cth) or any other law to obtain identification information from Applicants. The Responsible Entity reserves the right to reject any Application from an Applicant who fails to provide identification information upon request.

**A** Number of Units applied for\*

@ A\$1.60 per Unit =

**B** Total Amount Payable\*

\*Minimum of 1,250 Units to be applied for:

**C** Write the name/s you wish to register the Units in (see reverse for instructions)

APPLICANT 1

APPLICANT 2 or Account Designation

APPLICANT 3 or Account Designation

**D** Postal Address

Number/Street Name

Suburb/Town

State

Postcode

**E** CHESS participant – Holder Identification Number (HIN)

**IMPORTANT PLEASE NOTE** if the name & address details above in sections C & D do not match exactly with your registration details held at CHESS, any Units issued as a result of your application will be held on the Issuer Sponsored subregister.

**F** Enter your Tax File Number/s, ABN, or exemption category

Applicant 1

Applicant 2

Applicant 3

Exemption Category

**G** Please enter details of the cheque/s that accompany this Application Form:

Drawer

Chq No.

BSB No.

Acc No.

A\$

Drawer

Chq No.

BSB No.

Acc No.

A\$

TOTAL

A\$

**H** Contact telephone number (daytime/work/mobile)

**I** Email Address

**J** Unitholder Communications

All correspondence will be sent electronically unless legally required otherwise or unless the box below is ticked.

Printed copy of Unitholder communications required

☐

**K** Annual Reports

Annual Reports will be published on the Fund's website. If you still wish to receive a copy free of charge, all correspondence will be sent electronically unless legally required or the box below is ticked:

Electronic copy (emailed)

☐

Printed copy (posted)

☐

By submitting this Application Form, I/We declare that this Application Form is completed and lodged according to the RPDS and the instructions on the reverse of the Application Form and declare that all details and statements made by me/us are complete and accurate. I/We agree to be bound by the constitution of US Select Private Opportunities Fund. I/We received the RPDS together with the Application Form or a print out of them. I/We represent, warrant and undertake to the Fund that our subscription for the above Units will not cause the Fund or me/us to violate the laws of Australia or any other jurisdiction which may be applicable to this subscription for Units in the Fund.

# GUIDE TO THE APPLICATION FORM

## YOU SHOULD READ THE RPDS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using **BLOCK LETTERS**. These instructions are cross-referenced to each section of the Application Form.

<b>A &amp; B</b>	If applying for Units insert the number of Units for which you wish to subscribe at <b>Item A</b> (not less than 1,250.) Multiply by 1.60 AUD to calculate the total for Units and enter the \$Amount at <b>Item B</b> .	<b>F</b>	Enter your <b>Australian tax file number</b> ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.
<b>C</b>	Write your <b>full name</b> . Initials are not acceptable for first names.	<b>G</b>	Complete cheque details as requested. Make your cheque payable to <b>"Dixon Advisory ATF US Select Private Opportunities Fund Trust Account"</b> and crossed <b>"Not Negotiable"</b> . Cheques must be made in Australian currency, and cheques must be drawn on an Australian Bank.
<b>D</b>	Enter your <b>postal address</b> for all correspondence. All communications to you from the Fund will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.	<b>H</b>	Enter your <b>telephone number</b> so we may contact you regarding your Application Form or Application.
<b>E</b>	If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN.  <b>NB: your registration details provided must match your CHESS account exactly.</b>	<b>I</b>	Enter your <b>email address</b> so we may contact you regarding your Application Form or Application or other correspondence.
		<b>J &amp; K</b>	The Fund encourages you to receive Unitholder correspondence and the Annual Report electronically. The benefit to Unitholders are in the potential cost savings and the faster delivery of information. The benefits to the environment are also substantial.

## CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities can hold the Units. The Application must be in the name of a natural person/s, companies or other legal entities acceptable to the Fund. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below.

TYPE OF INVESTOR	CORRECT FORM OF REGISTRABLE TITLE	INCORRECT FORM OF REGISTRABLE TITLE
<b>INDIVIDUAL</b>	Mr John David Smith	J D Smith
<b>COMPANY</b>	ABC Pty Ltd	ABC P/L or ABC Co
<b>JOINT HOLDINGS</b>	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
<b>TRUSTS</b>	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
<b>DECEASED ESTATES</b>	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
<b>PARTNERSHIPS</b>	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
<b>CLUBS/ UNINCORPORATED BODIES</b>	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
<b>SUPERANNUATION FUNDS</b>	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

### LODGEMENT

Deliver your completed Application Form with cheque/s attached to the following address:

**US Select Private Opportunities Fund Offer**  
**c/- Dixon Advisory & Superannuation Services Limited**

#### POSTAL

GPO Box 575  
Canberra ACT 2601

#### HAND DELIVERED

**Canberra** – Level 1, 73 Northbourne Avenue, Canberra ACT 2601  
**Sydney** – Level 15, 100 Pacific Highway, North Sydney NSW 2060  
**Melbourne** – Level 2, 250 Victoria Parade, East Melbourne VIC 3002

It is not necessary to sign or otherwise execute the Application Form. If you have any questions as to how to complete the Application Form, please contact Dixon Advisory & Superannuation Services Limited on **1300 454 801**.

Privacy Statement: Boardroom Pty Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your share holding and if some or all of the information is not collected then it might not be possible to administer your share holdings. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on the Application Form. Our privacy policy is available on our website (<http://www.boardroomlimited.com.au/Privacy.html>)

