

US Select Private Opportunities Fund II

ABN 14 157 294 349

Annual Financial Report

For the year ended 31 March 2015

US Select Private Opportunities Fund II

ABN 14 157 294 349

Contents

Report to Unitholders	i
Manager's Report	iii
Corporate Governance Statement	1
Directors' Report	6
Auditor's Independence Declaration	11
Statement of Profit or Loss and Other Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Statement of Cash Flows	15
Notes to the Financial Statements	16
Directors' Declaration	38
Independent Auditor's Report	39
Additional Securities Exchange Disclosure	41
Directory	44

US Select Private Opportunities Fund II

ABN 14 157 294 349

Report to Unitholders

For the year ended 31 March 2015

Dear Unitholders,

It is my pleasure to present to you our Annual Report for US Select Private Opportunities Fund II (**the Fund**) for the financial year ended 31 March 2015 (**FY15**). The Fund generated strong results in FY15, with total comprehensive income for the year of \$27.3 million, or 54.70 cents per unit. This strong performance resulted in the Fund's net assets increasing from \$1.67 per unit as at 31 March 2014 to \$2.17 per unit as at 31 March 2015, representing a gain of 30% for the year.

Since inception, the Fund's strategy has been to invest in a portfolio of best-in-class private investment partnerships that primarily focus on acquiring controlling interests in small operating businesses in the United States (**US**). At 31 March 2015, through US Select Private Opportunities Fund II, L.P. (**LP**), the Fund had secured investments in 12 highly attractive US small-to-medium-sized private investment funds for a total consideration of US\$98.0 million, with the Fund's proportionate share being approximately US\$85.5 million (an 87.3% share). Of the capital committed, US\$44.9 million, or 47.3%, has now been called, with 66.8% of the called capital invested with the underlying managers and the remainder either held as cash or used to cover expenses of the LP.

FY15 was a period of strong overall progress for the Fund and its managers. In July 2014, the Fund successfully closed a capital raising for the Fund. The raising was strongly supported, raising \$28.7 million, which led to a US\$25.0 million additional commitment to the LP from the Fund and an additional US\$2 million from Cordish Private Ventures. With these funds and existing capital, the LP committed to a further five underlying managers, being Blue Point Capital Partners III, L.P., Chicago Pacific founders Fund, L.P., Main Post Growth Capital, L.P., Staple Street Capital Partners II, L.P. and Tower Arch Partners I, L.P. for a total commitment of US\$36.0 million.

During the year, the LP called US\$24.9 million of capital as the managers of the underlying funds made 23 new investments and meaningful progress in executing their value-creation plans. At the date of this report, the Fund's portfolio consisted of exposure to 50 companies. The Manager's Report provides further details about the portfolio holdings.

While the Fund is in the early stage of the private investment cycle, progress across the portfolio is encouraging and we believe the Fund is well positioned to see significant value created in due course. All the underlying managers are still in the early stages and will continue to make investments and draw down capital over the next few years.

The quality of the underlying portfolio is testament to US Select Private Opportunities Fund II, GP's (Investment Manager) robust platform for sourcing and screening potential investments. The Fund's relationship with Cordish Private Ventures has facilitated investment into these funds, many of which are inaccessible to even the most established and well-recognised institutional investors.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Report to Unitholders

For the year ended 31 March 2015

The economic backdrop of the Fund's investments also remains positive. 2015 has seen continued improvements in the US economy, with unemployment below 6% for the first time since July 2008. Low energy costs and low labour costs, key factors underpinning the original positive outlook held by the Fund, remain in place and should help sustain the continued growth in the US economy. And while an increase in interest rates, locked at 0.25% or below since 2008, has been foreshadowed by the Federal Reserve, any such move would in fact be a positive sign demonstrating sustainable strength in the US economy and GDP growth.

As at 31 March 2015, the Fund had net assets of \$119.6 million, representing \$2.17 per unit (2014: \$1.67 per unit). During the year, the Fund made a profit of \$27.3 million, which follows a profit of \$5.2 million in 2014. The key components of this result included a \$14.6 million fair value movement gain on the Fund's investment in the LP and a foreign exchange gain of \$13.2 million relating to the translation of US-denominated cash funds held during the year.

I would like to thank fellow board members of the Responsible Entity, the Advisory Board and the Investment Management team for their dedicated efforts towards achieving excellent results for the Fund. I would also like to thank Unitholders for their continued support as we look to further enhance Australian investors' exposure to small-to-mid-market US-based private investment firms.

Yours faithfully,



Alex MacLachlan

Chairman of the Responsible Entity

27 May 2015

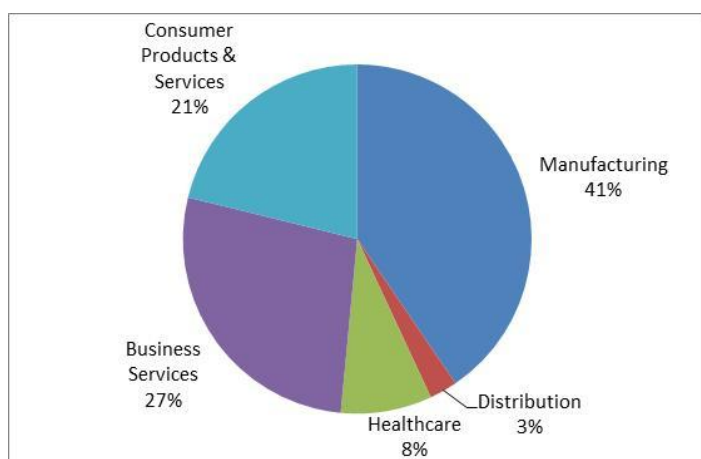
US Select Private Opportunities Fund II

ABN 14 157 294 349

Manager's Report

For the year ended 31 March 2015

At year-end, the Fund had US\$98 million of total capital commitments to 12 underlying investment partners through the LP. During FY15, these managers made 23 new investments (excluding add-ons for existing investments). A current snapshot of the portfolio by industry exposure is shown below.



Blue Point Capital Partners III, L.P.

Blue Point had a productive first year of operations, closing on three platform companies representing approximately 20% of its fund. The fund acquired Ortholite (April 2014), Hilco Vision (May 2014), and Handi Quilter (December 2014). Ortholite is a developer of open-cell foam insole technology found in more than 165 million pairs of shoes each year. Hilco is a leading supplier of smart optical solutions to independent eye care professionals and optical chains serving over 25,000 customers globally. Handi Quilter is a premier provider of quilting products to a global network of independent quilting stores, sewing retailers and quilting distributors and dealers.

Chicago Pacific Founders Fund, L.P.

FY15 marked Chicago Pacific Founders' (CPF) inaugural year of operations, highlighted by a number of important milestones for the firm. During the year, CPF launched its senior living and dental platforms. Under the leadership of John Rijos, CPF Senior Living LLC, acquired two communities in Illinois and Las Vegas as well as a separate senior living management company they will use to build out its platform for growth in 2015 and beyond. In July 2014, CPF acquired Recovery Ways, an addiction treatments provider based in Salt Lake City, Utah.

DFW Capital Partners IV, L.P.

DFW had a very strong year in FY15. They completed two new platform investments, Evolution Research Group and Fleetwash. ERG is a provider of clinical site operations and management for drug studies and Fleetwash is the US's leading provider of mobile truck and specialised facility washing services. In addition, DFW provided additional equity to existing portfolio companies Sebela Pharmaceuticals and Information Innovators in support of executing significant add-on acquisitions which materially changed the operational scale and scope of these companies.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Manager's Report

For the year ended 31 March 2015

High Road Capital Partners Fund II, L.P.

During FY15, High Road completed one new platform acquisition, York Wallcoverings. York is America's oldest and largest wallpaper manufacturer. York Wallcoverings' products are sold through an extensive network of interior design firms and domestic and international distributors, and in online, specialty and big-box retail stores. The company sells its residential and commercial products in more than 85 countries with a market leadership position in North America and an expanding presence across Asia, Europe, Latin America and the Middle East.

NMS Fund II, L.P.

New MainStream Capital (NMS) did not acquire any new portfolio companies during FY15 but primarily focused on its existing portfolio investments.

RFE Investment Partners VIII, L.P.

RFE had a busy FY15, having completed three new platform investments and six add-on acquisitions. In April 2014, RFE acquired PCX Aerostructures, a manufacturer of complex dynamic and structural hard alloy components and assemblies for military and commercial aircraft. In July 2014, RFE acquired Wind River Environmental, a leading non-hazardous liquid waste management business. Since closing, RFE and Wind River have completed five add-on acquisitions. In October 2014, RFE acquired Squan Construction Services, an infrastructure service provider for wireless carriers, tower companies, commercial landlords and government entities. Lastly, in December 2014, underlying company PCX Aerostructures completed the add-on acquisition of Cam-Tech Manufacturing.

Tengram Gen2 Fund, L.P.

Tengram had a very busy and productive FY15, adding three new companies to its portfolio and closing a transformative add-on acquisition for Sequential Brands Group. Tengram purchased Active Ride Shop (July 2014), a premier skate and active lifestyle retailer, Tommie Copper (July 2014), a copper-rich apparel and accessories brand, and Luciano Barbera (October 2014), a leading luxury apparel brand.

Tower Arch Partners I, L.P.

Tower Arch had a good first year of operations. They held their final close of the fund on 30 June 2014, exceeding their fundraising target, and closed on two acquisitions, one in FY15. In January 2014, Tower Arch completed an investment in Future Telecom, Inc., a specialty boring company, providing services primarily to the fibre / telecom industry. In September they completed an investment in HardRock Directional Drilling, LLC. HardRock is a San Antonio, TX based specialty boring and services company primarily serving the energy industry. HardRock is the partner of choice for energy and pipeline companies looking for safe and on-time performance with the toughest horizontal directional bores in the installation of oil and gas pipelines.

Trive Capital Fund I, L.P.

Trive had a great FY15 having completed two new platform investments, a number of add-on acquisitions, one dividend recapitalisation and numerous operational initiatives within its portfolio. In September 2014, Trive invested in Merlin Global Services, a provider of technical services for unmanned and manned aerial systems for the US Department of Defence and government agencies worldwide. Also in September 2014, Trive invested in Residential Design Services, a leading provider of outsourced interior design centres and installation services for residential and commercial builders in the western US.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Manager's Report

For the year ended 31 March 2015

US Select Direct Private Equity Fund (US), LP

US Select Direct Private Equity Fund (US), LP (**US Direct**) had a very busy year in FY15 making five investments totalling \$6.95 million. In July 2014, US Direct invested in Transpro Inc. and Burgener Trucking Inc., a niche transportation hauler of dry bulk materials including cement, aggregates and frac sand, serving customers primarily in the infrastructure, construction and oilfield markets throughout the Rocky Mountain region. In August 2014, US Direct made a follow on investment in Sebela Pharmaceuticals, Inc. to complete a transformational add-on acquisition for the Company. In August 2014, US Direct invested US\$1 million into La Colombe Torrefaction Inc., a leading third-wave coffee roaster, distributor and retailer. Subsequent to year-end, US Direct successfully exited this investment for US\$2.02 million, doubling its investment over an 8 month period. In December 2014, US Direct invested in Recovery Ways Holdings, LLC, an addiction recovery business based in Salt Lake City, UT. In February 2015, US Direct invested in Paint Nite, LLC, a group events business primarily focused on organising social painting events in markets throughout the US. In March 2015, US Direct invested in AFC Holding Company, an industrial distributor and provider of inventory management services for "C-Parts" used by OEMs in their production assembly process.

Main Post Growth Fund, L.P.

Through the LP, the Fund committed US\$7.5 million to Main Post Growth Fund, LP in March 2015. The fund has not called capital as of 31 March 2015. The manager reports having its initial platform business in due diligence and could potentially close the transaction in Q2.

Staple Street Capital Partners II, L.P.

Through the LP, the Fund committed US\$8.0 million to Staple Street Capital Partners II, LP in December 2014. The fund has not called capital as of 31 March 2015.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Corporate Governance Statement

For the year ended 31 March 2015

Overview

US Select Private Opportunities Fund II (**the Fund**) is a listed managed investment scheme, the units of which are listed on the Australian Securities Exchange (**ASX**). The Fund has no employees, and its day-to-day functions and investment activities are managed by Walsh & Company Investments Limited and US Select Private Opportunities Fund II, GP, in accordance with the relevant management agreements.

The ASX Corporate Governance Council's *'Corporate Governance Principles and Recommendations'* provides the guidelines for good corporate governance. The directors of the Responsible Entity, Walsh & Company Investments Limited (**the Board**), recognise the importance of good corporate governance.

The Fund's Corporate Governance Charter, which incorporates the Fund's policies referred to below, is designed to ensure the effective management and operation of the Fund and will remain under regular review. The Corporate Governance Charter is available on the Fund's website www.usselectprivateopportunitiesfund.com.au.

A description of the Fund's adopted practices in respect of the eight Principles and Recommendations from the 2nd Edition of the *ASX Corporate Governance Principles and Recommendations* are set out below. All these practices, unless otherwise stated, were in place throughout the financial year and to the date of this report.

1. Lay solid foundations for management and oversight

Board roles and responsibilities

The Board is responsible for the overall operation, strategic direction, leadership and integrity of the Fund and, in particular, is responsible for the Fund's growth and success. In meeting its responsibilities, the Board undertakes the following functions:

- providing and implementing the Fund's strategic direction;
- reviewing and overseeing the operation of systems of risk management, ensuring that significant risks facing the Fund are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with;
- ensuring the Board is comprised of individuals who are best to discharge the responsibilities of directors having regard to the law and the best standards of governance;
- reviewing and overseeing internal compliance and legal regulatory compliance;
- ensuring compliance with the Fund's Constitution and with the continuous disclosure requirements of the ASX Listing rules and the *Corporations Act 2001*; and
- communicating with and protecting the rights and interest of all unitholders.

The Board has established a formal policy which sets out its functions and responsibilities. A review of the policy is conducted annually.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Corporate Governance Statement

For the year ended 31 March 2015

2. Structure the board to add value

Composition of the Board

The Board is structured to maintain a mix of directors from different backgrounds with complementary skills and experience. Details of each director at the date of this report are given in the Directors' Report, including the period in office, skills, experience and expertise relevant to the position of director.

The directors of the Responsible Entity at the date of this report are:

Alex MacLachlan

Tristan O'Connell

Tom Kline

Having regard to the size of the Fund and the nature of its business, the Board has determined that a Board with three members is the appropriate composition for the Board and will enable it to continue to effectively discharge its responsibilities to the Fund. However, the composition of the Board will be reviewed periodically.

The Fund recognises the ASX Recommendations with respect to establishing remuneration and nomination committees as good corporate governance. However, considering the size of the Fund, the functions that would be performed by these committees are best undertaken by the Board.

The Board will review its view on committees in line with the ASX Recommendations and in light of any changes to the size or nature of the Fund and, if required, may establish committees to assist it in carrying out its functions. At that time, the Board will adopt a charter for such committees in accordance with the ASX Recommendations and industry best practices.

It is the Board's policy to determine the terms and conditions relating to the appointment and retirement of non-executive directors on a case-by-case basis and in conformity with the requirements of the ASX Listing Rules and the *Corporations Act 2001*. In accordance with the corporate governance policy, directors are entitled to seek independent advice at the expense of the Fund. Written approval must be obtained from the chair prior to incurring any expense on behalf of the Fund.

3. Promote ethical and responsible decision making

Code of conduct

The Board has adopted a Code of Conduct to define the basic principles of business conduct of the Fund and the Responsible Entity. This Code requires the Fund's personnel to abide by the policies of the Fund and to the law. The Code is a set of principles giving direction and reflecting the Fund's approach to business conduct and is not a prescriptive list of rules for business behaviour.

Unit trading policy

The Board of the Fund has established a Unit Trading Policy to apply to trading in the Fund's units on the ASX. This policy outlines the permissible dealing of the Fund's units while in possession of price sensitive information and applies to all directors of the Responsible Entity and the Investment Manager.

The Policy imposes restrictions and notification requirements, including the imposition of blackout periods, trading windows and the need to obtain pre-trade approval.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Corporate Governance Statement

For the year ended 31 March 2015

3. Promote ethical and responsible decision making *(continued)*

Insider trading policy

The Board of the Responsible Entity has established an Insider Trading Policy to apply to trading in the Fund's units on the ASX. This policy applies to all directors, executives and employees of the Responsible Entity, Investment Manager and their parent company, Dixon Advisory Group. All directors, executives and employees of the Responsible Entity, Investment Manager and their parent company must not deal in the Fund's units while in possession of price sensitive information. In addition, the general Unit Trading Policy sets out additional restrictions which apply to directors and executives of the Responsible Entity, Investment Manager, and their parent company.

4. Safeguard integrity in financial reporting

Compliance Committee

As a registered managed investment scheme, the Fund has a compliance plan that has been lodged with Australian Securities and Investments Commission (ASIC). The compliance plan is reviewed comprehensively every year to ensure that the way in which the Fund operates protects the rights and interests of unitholders and that major compliance risks are identified and properly managed.

The Responsible Entity has formed a Compliance Committee to ensure the Fund complies with the relevant regulations and its constitution. The committee meets and reports to the Board of the Responsible Entity on a quarterly basis.

The committee is structured with three members, the majority of which are independent. Details of the Compliance Committee members are as follows:

- **Tristan O'Connell (Internal Member)**
Refer to Information on directors (page 7).
- **Michael Britton (Independent Member)**

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. He is an independent director on the board of the un-listed Knights Capital Group Limited, a Perth-based investor and property fund manager, and he is also a Panel Member for the Financial Ombudsman Service Limited.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Corporate Governance Statement

For the year ended 31 March 2015

4. Safeguard integrity in financial reporting (*continued*)

- Michael Britton (Independent Member) (*continued*)

Michael holds degrees in Jurisprudence and Law from the University of New South Wales and is a Graduate Member of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.

- Barry Sechos (Independent Member)

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.

The Board, having considered their overall responsibilities, the size and structure of the Fund and other duties performed by the Compliance Committee, does not consider it appropriate, at this time, to establish an audit committee.

5. Make timely and balanced disclosure

The Board is committed to complying with its continuous disclosure obligations under the *Corporations Act 2001* and ASX Listing Rules, as well as releasing relevant information to the market and unitholders in a timely and direct manner to promote investor confidence in the Fund and its securities.

The Fund has adopted a Continuous Disclosure Policy to ensure the Fund complies with its continuous disclosure requirements. The policy is administered by the Board and monitored by the Compliance Committee.

6. Respect the rights of unitholders

The Fund promotes effective communication with unitholders. The Board has developed a strategy within its Continuous Disclosure Policy to ensure that unitholders are informed of all major developments affecting the Fund's performance, activities and state of affairs. This includes using a website to facilitate communication with unitholders.

Information is communicated to unitholders through announcements to ASX, releases to the media and dispatch of financial reports. Unitholders are provided with an opportunity to access such reports and releases electronically; copies of all such ASX announcements are linked to the Fund's website at usselectopportunitiesfund.com.au.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Corporate Governance Statement

For the year ended 31 March 2015

6. Respect the rights of unitholders (*continued*)

These include:

- monthly net asset value estimates
- monthly fund updates
- half-year report
- annual report
- occasional announcements to the ASX made in compliance with the Fund's continuous disclosure requirements
- occasional correspondence sent to unitholders on matters of significance to the Fund

The Board encourages full participation of unitholders at the general meetings held by the Fund to ensure a high level of accountability and identification with the Fund's strategy.

7. Recognise and manage risk

The Board has accepted the role of identification, assessment, monitoring and managing the significant areas of risk applicable to the Fund and its operations. It has not established a separate committee to deal with these matters because the directors believe the size of the Fund and its operations do not warrant a separate committee at this time. The Board also monitors and appraises financial performance, including the approval of annual and half-year financial reports and liaising with the Fund's auditor.

The Board receives a letter half-yearly from the Fund's external auditor regarding their procedures and reporting that the financial records have been properly maintained and the financial statements comply with the Accounting Standards.

The Responsible Entity receives half-yearly assurances that the declarations made under Section 295A of the *Corporations Act 2001* are founded on a sound system of risk management and internal control that is operating effectively in all material respects in relation to financial reporting risks.

Details of the Fund's financial risk management are set out in the notes to the financial statements in the annual report.

8. Remunerate fairly and responsibly

Due to the relatively small size of the Fund and its operations, the Board does not consider it appropriate at this time to establish a formal remuneration committee.

Directors of the Fund are remunerated by the Responsible Entity. In accordance with the Fund's Constitution, the Responsible Entity is entitled to a management fee for services rendered. Details of the Fund's related party transactions are disclosed in the notes to financial statements within the Annual Report. The Fund's Constitution is available to unitholders on the Fund's website.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Directors' Report

For the year ended 31 March 2015

The directors of Walsh & Company Investments Limited, the Responsible Entity of the US Select Private Opportunities Fund II (**the Fund**), present their report together with the annual financial statements of the Fund for the financial year ended 31 March 2015.

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

Alex MacLachlan
Tristan O'Connell
Tom Kline

Directors were in office during the financial year and to the date of this report unless otherwise stated.

Information on the directors

Alex MacLachlan

Alex MacLachlan is currently Chairman of the Responsible Entity for the Fund, Emerging Markets Masters Fund, Australian Property Opportunities Fund, Australian Property Opportunities Fund II and US Select Private Opportunities Fund and Managing Director of Global Resource Masters Fund and Australian Governance Masters Index Fund Limited. Alex also serves as a director of the Australian Masters Yield Fund Series, the Australian Masters Corporate Bond Fund Series and Asian Masters Fund Limited and of the Responsible Entity for US Masters Residential Property Fund.

Alex joined Dixon Advisory in 2008 to lead the Funds Management division. He is currently the CEO of Funds Management Dixon Advisory Australia and the Head of Strategy of Dixon Advisory USA.

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.

During the past three years, Alex has acted as a non-executive director or director of the responsible entity of the following Australian listed entities:

- Asian Masters Fund Limited (since 2009)
- Australian Masters Corporate Bond Fund No 4 Limited (since 2008, delisted 14 January 2013)
- Australian Masters Corporate Bond Fund No 5 Limited (since 2009)
- Australian Masters Yield Fund No 1 Limited (since 2010)
- Australian Masters Yield Fund No 2 Limited (since 2010)
- Australian Masters Yield Fund No 3 Limited (since 2011)
- Australian Masters Yield Fund No 4 Limited (since 2011)

US Select Private Opportunities Fund II

ABN 14 157 294 349

Directors' Report

For the year ended 31 March 2015

Alex MacLachlan (*continued*)

- Emerging Markets Masters Fund (since 2012)
- Global Resource Masters Fund Limited (since 2008)
- US Masters Residential Property Fund (since 2011)
- US Select Private Opportunities Fund (since 2012)

Tristan O'Connell

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 entities of US Masters Residential Property Fund, Emerging Markets Masters Fund and US Select Private Opportunities 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.

During the past three years, Tristan has acted as a non-executive director or director of the responsible entity of the following Australian listed entities:

- Emerging Markets Masters Fund (since 2012)
- US Masters Residential Property Fund (since 2011)
- US Select Private Opportunities Fund (since 2012)

Tom Kline

Tom Kline is the Chief Operating Officer of the Funds Management division of Dixon Advisory. He works closely with the Dixon Advisory Investment Committee and Corporate Finance teams to deliver investment opportunities for Dixon Advisory clients. He is also a director of Australian Masters Yield Fund No 4 Limited, Australian Masters Yield Fund No 5 Limited, Fort Street Real Estate Capital, and of the Responsible Entity for Emerging Markets Masters Fund, Australian Property Opportunities Fund and US Select Private Opportunities Fund.

Before Dixon Advisory, Tom worked in the Investment Banking division at UBS AG in Sydney. During his time at UBS, Tom was a member of the Infrastructure and Utilities team and advised on a wide range of public and private M&A and capital market transactions.

Prior to joining UBS AG, Tom worked at Deloitte in the Corporate Finance team. While at Deloitte, he worked in the Transaction Services, Business Modelling and Valuation Teams within this division.

Tom has a Bachelor of Commerce and Bachelor of Laws (with honours) from Australian National University.

During the past three years, Tom has acted as a non-executive director or director of the responsible entity of the following Australian listed entities:

- Australian Masters Yield Fund No 4 Limited (since 2012)
- Emerging Markets Masters Fund (since 2012)
- US Select Private Opportunities Fund (since 2012)

US Select Private Opportunities Fund II

ABN 14 157 294 349

Directors' Report

For the year ended 31 March 2015

Principal activities and significant changes in nature of activities

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

Review and results of operations

The Fund has invested in a Limited Partnership, US Select Private Opportunities Fund II, L.P. (**LP**) which, in turn, invests in small-to-medium-sized private investment funds. The LP committed capital across twelve underlying private investment funds, which focus on a range of industries including consumer products, manufacturing and business services. For the year ended 31 March 2015, ten of the underlying private investment funds made drawdown requests on the LP to fund their investments, management fees and operating expenses. Net drawdown requests made by the underlying private investment funds since inception to the end of the year totalled US\$30.0 million.

On 22 July 2014, the Fund raised \$28,689,915 from the issue of 17,077,641 fully paid ordinary units. A further US\$25.0 million (or \$28.6 million) was subsequently committed by the Fund to the LP, increasing its total commitment to US\$83.0 million as at 31 March 2015. This has increased the Fund's interest in the LP from 85.2% to 87.3%.

The total capital called by the LP was US\$44.9 million as at 31 March 2015. The Fund's proportionate share of the total capital called was US\$39.2 million (or \$51.6 million), representing an interest of 87.3% in the LP.

Total comprehensive income for the year was \$27,298,729 (2014: \$5,191,982). The key components of this result included a foreign exchange gain of \$13,222,458 (2014: \$5,429,916) relating to translation of US denominated cash funds held during the year, and a \$14,615,274 fair value movement gain (2014: \$122,503) incurred on the Fund's investment in the LP during the year. As at 31 March 2015, the Fund had net assets of \$119,585,187 (2014: \$63,620,863), representing \$2.17 per unit (2014: \$1.67 per unit). The Fund had a basic and diluted profit per unit of 54.70 cents for the year ended 31 March 2015 (2014: 13.70 cents per unit).

Future developments and expected results of operations

The Fund has committed capital to the LP to fund twelve underlying private investment fund investments and is at a relatively early stage of investing and expects to complete its investments as the committed capital is called by the LP. The objective of the Fund is to achieve capital growth over a 5 to 10 years investment horizon from its exposure to a portfolio of investments in small and mid-market private investment funds and privately held companies predominately focused in the US.

Distributions

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

Events subsequent to reporting period

There has not arisen in the interval between the balance date and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Responsible Entity of the Fund, to affect significantly the operations of the Fund, the results of those operations, or the state of affairs of the Fund, in future financial years.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Directors' Report

For the year ended 31 March 2015

Beneficial and relevant interest of directors of the Responsible Entity in units

The following table details each director's relevant interest in the Fund as at the date of this report:

Director	No. of units
Alex MacLachlan	12,500
Tristan O'Connell	-
Tom Kline	11,910

No options were issued over the interests of the Fund.

Other relevant information

The following lists other relevant information required under the *Corporations Act 2001*:

- details of fees paid to the Responsible Entity during the financial year – refer to note 12 to the financial statements
- the Responsible Entity did not hold any interests in the Fund at the end of the financial period
- details of issued interests in the Fund during the financial period – refer to note 7 to the financial statements

Environmental regulation

The Fund is not subject to any particular and significant environmental regulations under a law of the Commonwealth or a State or Territory.

Options

No options were granted over issued or unissued units in the Fund during, or since, the end of the year.

Indemnities and insurance

Under the Fund's Constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Fund's assets for any loss, damage expense or other liability incurred by it in properly performing or exercising any of its powers, duties or rights in relation to the Fund.

Insurance premiums have been paid, during or since the end of the financial year, for all of the directors of the Responsible Entity of the Fund. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for the auditor of the Fund.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Directors' Report

For the year ended 31 March 2015

Non-audit services

The directors of the Responsible Entity are satisfied that the provision of non-audit services during the year by the auditor, Deloitte Touche Tohmatsu (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act*.

The directors are of the opinion that the services disclosed in note 13 to the financial statements do not compromise the auditor independence requirements of the *Corporations Act* for the following reasons:

- all non-audit services are reviewed and approved prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES110: Code of Ethics for Professional Accountants set by the Accounting Professionals Ethical Standards Board.

Details of amounts paid or payable to the auditor, Deloitte Touche Tohmatsu, for non-audit services are outlined in note 13 to the financial statements.

Auditor's independence declaration

The auditor's independence declaration is set out on page 11 and forms part of the Directors' Report for the year ended 31 March 2015.

Made in accordance with a resolution of the directors made pursuant to section 298(2) of the *Corporations Act 2001*.

Dated 27 May 2015



Alex MacLachlan

Director

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

27 May 2015

Dear Board Members


US Select Private Opportunities Fund II

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of the Responsible Entity of US Select Private Opportunities Fund II.

As lead audit partner for the audit of the financial statements of US Select Private Opportunities Fund II for the financial year ended 31 March 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Michael Kaplan
Partner
Chartered Accountants

US Select Private Opportunities Fund II

ABN 14 157 294 349

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2015

		2015	2014
	Note	\$	\$
Revenue	3	168,852	132,312
Foreign exchange gain		13,222,458	5,429,916
Fair value movements of equity investments	7	14,615,274	122,503
Management and administration fees	12	(437,085)	(300,480)
Listing fees		(39,527)	(38,840)
Accounting and audit fees	13	(61,393)	(49,754)
Custody fees		(4,484)	(11,967)
Share registry fees		(22,714)	(10,642)
Legal, compliance costs and due diligence		(132,428)	(72,640)
Other expenses		(10,224)	(8,426)
Profit before income tax expense		27,298,729	5,191,982
Income tax expense		-	-
Profit for the year		27,298,729	5,191,982
Other comprehensive income for the year (net of tax)			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified subsequently to profit or loss		-	-
Total other comprehensive income for the year		-	-
Total comprehensive income for the year		27,298,729	5,191,982
Earnings per unit			
Basic earnings per unit (cents)	4	54.70	13.70
Diluted earnings per unit (cents)	4	54.70	13.70

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Statement of Financial Position

As at 31 March 2015

		2015	2014
	Note	\$	\$
Assets			
<i>Current assets</i>			
Cash and cash equivalents	5	72,914,233	46,572,460
Receivables	6	24,424	15,026
Total current assets		72,938,657	46,587,486
<i>Non-current assets</i>			
Other financial assets	7	58,270,145	17,095,317
Total non-current assets		58,270,145	17,095,317
Total assets		131,208,802	63,682,803
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	8	149,841	61,940
Due to US Select Private Opportunities Fund II, LP	7	11,473,774	-
Total current liabilities		11,623,615	61,940
Total liabilities		11,623,615	61,940
Net assets		119,585,187	63,620,863
Equity			
Unit capital	9	87,096,476	58,430,881
Retained earnings		32,488,711	5,189,982
Total equity		119,585,187	63,620,863

The Statement of Financial Position should be read in conjunction with the notes to the financial statements.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Statement of Changes in Equity

For the year ended 31 March 2015

	Note	Unit Capital \$	(Accumulated Losses)/ Retained Earnings \$	Total \$
Balance at 1 April 2013		1	(2,000)	(1,999)
Profit for the year		-	5,191,982	5,191,982
Other comprehensive income for the year (net of tax)		-	-	-
Total comprehensive income for the year		-	5,191,982	5,191,982
Issue of ordinary units	9	60,979,837	-	60,979,837
Issue costs	9	(2,548,957)	-	(2,548,957)
Balance at 31 March 2014		58,430,881	5,189,982	63,620,863
Balance at 1 April 2014		58,430,881	5,189,982	63,620,863
Profit for the year		-	27,298,729	27,298,729
Other comprehensive income for the year (net of tax)		-	-	-
Total comprehensive income for the year		-	27,298,729	27,298,729
Issue of ordinary units	9	28,689,915	-	28,689,915
Issue costs	9	(24,320)	-	(24,320)
Balance at 31 March 2015		87,096,476	32,488,711	119,585,187

The Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Statement of Cash Flows

For the year ended 31 March 2015

	2015	2014
Note	\$	\$
Cash flow from operating activities		
Interest income received	160,512	123,281
Net payments to suppliers	(622,059)	(548,568)
Net cash (used in) operating activities	(461,547)	(425,287)
Cash flow from investing activities		
Payments for investments	(15,085,780)	(16,972,814)
Net cash (used in) investing activities	(15,085,780)	(16,972,814)
Cash flow from financing activities		
Proceeds from issue of ordinary units	28,689,915	60,979,837
Payment of issue costs	(23,273)	(2,439,193)
Net cash generated by financing activities	28,666,642	58,540,644
Net increase in cash and cash equivalents	13,119,315	41,142,543
Cash and cash equivalents at the beginning of the year	46,572,460	1
Effect of exchange rate changes on cash and cash equivalents	13,222,458	5,429,916
Cash and cash equivalents at the end of the year	72,914,233	46,572,460

The Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Notes to the Financial Statements

For the year ended 31 March 2015

General information

US Select Private Opportunities Fund II (**the Fund**) is a Managed Investment Scheme registered and domiciled in Australia. The principal activities of the Fund are to invest in small-to-mid-market private investment opportunities in the United States of America (**US**), through its capacity as a Limited Partner of the US Select Private Opportunities Fund II, L.P. (**LP**) registered in the Cayman Islands.

Basis of preparation

The financial statements have been prepared on an accrual basis and are based on historical cost with the exception of financial assets, which are measured at fair value. All amounts are presented in Australian dollars unless otherwise noted.

Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (**AASB**) and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures the financial statements and notes to the financial statements of the Fund comply with the International Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**).

The financial statements were authorised for issue by the directors on 27 May 2015.

Adoption of new and revised Accounting Standards

The Fund has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current year.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Fund include:

- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 1031 'Materiality'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: Materiality

No new or revised Standards and Interpretations effective for the current year are considered to materially impact the Fund.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Notes to the Financial Statements

For the year ended 31 March 2015

Accounting Standards and Interpretations issued but not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The potential impact of the new or revised Standards and Interpretations has not yet been determined, but is not expected to be material.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	31 March 2019
AASB 2014-1 'Amendments to Australian Accounting Standards' - Part A: 'Annual Improvements 2010–2012 and 2011–2013 Cycles' - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)' - Part C: 'Materiality'	1 July 2014	31 March 2016
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	31 March 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	31 March 2017
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2018	31 March 2019
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	31 March 2017
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	1 January 2016	31 March 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	31 March 2017

US Select Private Opportunities Fund II

ABN 14 157 294 349

Notes to the Financial Statements

For the year ended 31 March 2015

Accounting Standards and Interpretations issued but not yet effective (continued)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	31 March 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	31 March 2017
AASB 2015-4 'Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent'	1 July 2015	31 March 2017
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	31 March 2017

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Disclosure Initiative (Amendments to IAS 1)	1 January 2016	31 March 2017

1. Summary of significant accounting policies

The following accounting policies have been adopted in the preparation and presentation of the financial report.

a) Foreign currencies

The functional and presentation currency of the Fund is Australian dollars. This is based on an assessment that the primary economic environment in which the Fund operates is Australia.

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.

Exchange differences arising on translation are recognised in profit or loss in the period in which they arise.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Notes to the Financial Statements

For the year ended 31 March 2015

1. Summary of significant accounting policies *(continued)*

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 has early adopted AASB 9 Financial Instruments, which was issued on 7 December 2009. AASB 9 includes requirements for the classification and measurement of financial assets. The revised standard was adopted from that date. The Fund has not early adopted subsequent amendments to AASB 9 issued in 2010 and 2013.

(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.

The interest held by the Fund in the Limited Partnership (refer to (c) below) does not meet the conditions to satisfy subsequent measurement at amortised cost, and is therefore measured at fair value.

Gains and losses on all 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. Derivative liabilities are subsequently measured at fair value.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Notes to the Financial Statements

For the year ended 31 March 2015

1. Summary of significant accounting policies *(continued)*

(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 price that would be received to sell an asset or paid to transfer a liability in the principal (or most advantageous) market at balance date under current market conditions. 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. The unlisted partnership investment held by the Fund is valued using a 'proportionate' value method based on the proportion of the total net asset value of the partnership in which the Fund has an interest at balance date.

c) Interest in Limited 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 partnership has been structured through a limited partnership vehicle – US Select Private Opportunities Fund II, L.P. (LP), in which the Fund has an 87.3% interest. The interest held by the Fund is regarded as a financial asset which is recorded at fair value (refer to note 1(b)(iv) for the fair value valuation basis adopted in respect of the Partnership interest held). Subsequent changes in fair value are presented in profit or loss.

d) 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 profit or loss.

No impairment assessment is performed in respect of the Interest in the Limited Partnership, where fair value changes are recorded in profit or loss.

e) 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 change in value.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Notes to the Financial Statements

For the year ended 31 March 2015

1. Summary of significant accounting policies *(continued)*

f) Receivables

Receivables are financial assets with a contractual right to receive fixed or determinable payments that are not quoted in an active market. Receivables are recorded at amounts due less any impairment losses.

g) 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.

Cash flows are included in the Statement of Cash Flows on a gross basis, except for the GST component of cash flows arising from investing and financing activities which are disclosed as operating cash flows.

The Fund qualifies for reduced input tax credits at a minimum rate of 55%.

h) 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:

(i) 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.

(ii) Distribution income

Distribution income is recognised when the right to receive a distribution has been established.

i) Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Notes to the Financial Statements

For the year ended 31 March 2015

1. Summary of significant accounting policies (*continued*)

j) Trade and other payables

Trade and other payables are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods or services. The balance is unsecured and is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

k) Earnings per unit

Basic earnings per unit is calculated by dividing the profit or loss attributable to unitholders by the weighted average number of units outstanding during the financial period. Diluted earnings per unit is the same as there are no potential dilutive ordinary units.

l) Unit capital

(i) Ordinary units

Ordinary units are classified as equity. Issued capital is recognised at the fair value of the consideration received by the Fund. Incremental costs directly attributable to the issue of ordinary units are recognised as a deduction from equity.

(ii) Distributions to unitholders

Distributions payable are recognised in the reporting period in which the distributions are declared, determined, or publicly recommended by the board of the Responsible Entity on or before the end of the financial period, but not distributed at balance date.

m) Critical accounting estimates and judgements

In the application of the Fund's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies which are subject to significant accounting estimates and judgements include 'financial asset' classification of the interest held by the Fund in the Limited Partnership (refer note 7 (iii)), fair value determination of the interest held by the Fund in the Limited Partnership (refer note 7 (iv)) and selection of Australian dollars as the functional currency of the Fund (refer note 1 (a)).

US Select Private Opportunities Fund II

ABN 14 157 294 349

Notes to the Financial Statements

For the year ended 31 March 2015

2. Operating segment

The Fund operates a single reportable segment, that being the business of investing in small-to-mid-market private investments in the United States of America through its interest in a Limited Partnership.

The Responsible Entity of the Fund is the Chief Operating Decision Maker (CODM) for the purpose of resource allocation and assessing performance of the operating segment.

Revenue, profit or loss, assets, liabilities and other financial information reported and monitored by the CODM of the single identified segment are reflected in the financial statements and notes to financial statements of the Fund.

3. Revenue

	2015	2014
	\$	\$
Interest income	168,852	132,312
	168,852	132,312

4. Earnings per unit

Earnings used in the calculation of earnings per unit

Profit from continuing operations for the period attributable to ordinary unitholders used to calculate basic and diluted earnings per unit	27,298,729	5,191,982
---	------------	-----------

Weighted average number of ordinary units

	No.	No.
Weighted average number of ordinary units used to calculate basic earnings per unit	49,902,963	37,903,564
Effect of dilution	-	-
Weighted average number of ordinary units used to calculate diluted earnings per unit	49,902,963	37,903,564
Basic and diluted profit per unit (cents)	54.70	13.70

There are no transactions that would significantly change the number of ordinary units at the end of the reporting period.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Notes to the Financial Statements

For the year ended 31 March 2015

5. Cash and cash equivalents

	2015	2014
	\$	\$
Cash at bank	72,914,233	46,572,460
	72,914,233	46,572,460

The exposure to interest rate risk and a sensitivity analysis is disclosed in note 11 to the financial statements.

Reconciliation of cash flows from operating activities

Profit before tax	27,298,729	5,191,982
Adjustments:		
Fair value movements of equity investments	(14,615,274)	(122,503)
Net foreign exchange gain	(13,222,458)	(5,429,916)
Movements in assets/liabilities:		
Increase in receivables	(9,398)	(15,026)
Increase in payables	87,901	59,940
Unrecouped GST from financing activities	(1,047)	(109,764)
Net cash used in operating activities	(461,547)	(425,287)

6. Receivables

GST receivable	7,053	5,995
Interest receivable	17,371	9,031
	24,424	15,026

There are no balances included in receivables that contain assets that are impaired. All receivables are non interest bearing and are generally receivable on 30 day terms. No receivable amounts are overdue. The receivables are recorded at carrying amounts that are reasonable approximations of fair value.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Notes to the Financial Statements

For the year ended 31 March 2015

7. Other financial assets

	2015	2014
	\$	\$
(i) Equity investment constituting:		
Interest in Limited Partnership (LP) – at fair value		
US Select Private Opportunities Fund II, LP	58,270,145	17,095,317
	58,270,145	17,095,317
(ii) Reconciliation		
Balance at the beginning of the year	17,095,317	-
Capital invested – at cost*	26,559,554	16,972,814
Unrealised movement in fair value through profit or loss**	14,615,274	122,503
Balance at the end of the year	58,270,145	17,095,317

* - Included in the 'capital invested – at cost' amount of \$26,559,554 is the fourth capital call that is unpaid as at 31 March 2015 of US\$8,728,100 (or \$11,473,774) (refer to note 7(v)). This is due on 9 April 2015 and is shown as a current liability in the statement of financial position as Due to US Select Private Opportunities Fund II, LP.

** - Included in the 'unrealised movement in fair value' amount of \$14,615,274 (2014: \$122,503) is an unrealised foreign exchange translation gain component of \$6,316,618 (2014: \$1,424,583 gain). This amount is also net of the Fund's share of management fees paid by the LP to the General Partner of the LP, totalling \$1,627,362 (2014: \$1,215,791 at 85.2%) (refer to note 12).

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

Following the capital raising on 22 July 2014, the Fund committed an additional US\$25.0 million to the LP, increasing its interest in the LP from 85.2% to 87.3%. The 87.3% economic interest held by the Fund is not represented by voting rights or other power vested in the Fund to make decisions relating to the assets and liabilities of the LP. As is common practice with Limited Partnership arrangements, the General Partner of the LP is considered to be the party who holds the existing rights to direct the relevant activities of the LP, including the acquisition and disposal of investments.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Notes to the Financial Statements

For the year ended 31 March 2015

7. Other financial assets (continued)

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

The Fund's 87.3% interest in US Select Private Opportunities Fund II, L.P. at 31 March 2015 (2014: 85.2%) is represented by its proportionate interest in the LP's assets and liabilities as follows:

	2015	2014
	\$	\$
Cash	3,522,991	3,786,862
Investment in US private investments funds recorded at fair values:		
Blue Point Capital Partners III	1,422,144	-
Chicago Pacific Founders Fund LP	1,388,305	-
DFW Capital Partners IV LP	4,474,316	1,294,745
High Road Capital Partners Fund II	2,411,663	1,325,505
NMS Fund II LP	1,068,432	-
RFE Investment Partners VIII, LP	4,937,965	2,401,565
Tengram Capital Partners Gen2 Fund	10,308,169	4,463,227
Tower Arch Partners I LP	871,430	-
Trive Capital Fund I LP	5,042,789	1,709,962
US Select Direct Private Equity Fund (US) LP	12,795,134	2,103,525
	44,720,347	13,298,529
Due from members	10,026,807	9,926
Net assets	58,270,145	17,095,317

(iv) Valuation

Valuation technique adopted

The fair value of the Fund's interest in the LP is determined using a 'proportionate' value method based on the Fund's 87.3% interest held in the total net asset values of the LP.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Notes to the Financial Statements

For the year ended 31 March 2015

7. Other financial assets (*continued*)

(iv) Valuation (*continued*)

The LP holds investments predominately in US private investment funds, and it (the LP) adopts a similar fair value measurement basis, based on the proportionate interest it holds in the most recent reported total net asset values of the respective investment funds. There is up to a three month difference between the Funds reporting date and the date of the most recent reported net assets of the investment funds. The investment funds themselves invest typically in US unlisted equity investments, the fair values of which are determined periodically based on market valuation techniques, which may involve methods and unobservable inputs such as price/earnings analysis or discounted cash flow techniques.

The fair value of the Fund's interest in the LP is therefore ultimately based on the market valuation techniques adopted by the investment funds in the measurement of their underlying unlisted equity investments. The fair value is also subject to foreign exchange translation impacts arising from translating the USD denominated interest in the LP to AUD at each balance date. Refer to note 11 for Market Risk sensitivity analysis.

Investment risks

As noted above, the LP has invested in underlying private investment funds in the US market who have in turn invested in a portfolio of private equity investments. Because of the absence of any liquid trading market for these types of investments, it may take longer to liquidate these investments than would be the case for marketable securities and accordingly the value obtained on realisation may differ materially to the estimated fair values at balance date. The fair values assigned by the investment funds are based on a range of factors, including but not limited to the price at which the investments were acquired, the nature of the investments, private and public company comparables used to determine enterprise value, and other techniques using unobservable market inputs such as price/earnings multiples and discounted cash flow models. As such, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material. These differences would directly impact the value of the interest held by the LP in the underlying investment funds and consequently the value of the interest held by the Fund in the LP. In addition, further investment valuation uncertainty arises as a result of the time lag between the Fund's reporting date and the date of the most recent reported net assets of the private investment funds.

(v) Capital commitments

As at 31 March 2015, the Fund has made capital commitments totalling US\$83.0 million to the LP, of which US\$39.2 million has been called at balance date. Capital called but unpaid as at 31 March 2015 is US\$8,728,100 (or \$11,473,774).

As at 31 March 2015, the Fund has uncalled capital commitments of US\$43.8 million (or \$57.6 million) outstanding to the LP. The capital commitments can be called at any time in the future.

The uncalled capital commitments referred to above were converted at the year-end exchange rate of 0.7607.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Notes to the Financial Statements

For the year ended 31 March 2015

8. Trade and other payables

	2015	2014
	\$	\$
Accrued liabilities	139,461	52,695
Trade creditors	10,380	9,245
	149,841	61,940

The average credit period for trade creditors is generally 30 days. No interest is charged on trade creditors from the date of the invoice. The Fund has risk management policies in place to ensure invoices are paid within credit terms.

9. Unit capital

	\$	\$
(i) Issued capital		
Balance at the beginning of the year	58,430,881	1
38,112,398 fully paid ordinary units issued at \$1.60	-	60,979,837
17,077,641 fully paid ordinary units issued at \$1.68	28,689,915	-
Issue costs	(24,320)	(2,548,957)
Balance at the end of the year	87,096,476	58,430,881
(ii) Number of units outstanding		
Balance at the beginning of the year	38,112,399	1
02-Apr-13 Fully paid ordinary units	-	38,112,398
22-Jul-14 Fully paid ordinary units	17,077,641	-
Balance at the end of the year	55,190,040	38,112,399

All issued units are fully paid. The holders of ordinary units are entitled to one vote per unit at meetings of the Fund and are entitled to receive distributions declared from time to time by the Responsible Entity.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Notes to the Financial Statements

For the year ended 31 March 2015

10. Distributions

No distributions were paid or declared for the year ended 31 March 2015.

11. Financial instruments

Fair value

The fair value of financial assets and financial liabilities approximate their carrying values at the reporting date.

The table below analyses recurring fair value measurements for financial assets and financial liabilities. The fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to the valuation techniques used. The different levels are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets of liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3
2015	\$	\$	\$
Other financial assets – equity investment constituting interest in US Select Private Opportunities Fund II, LP	-	-	58,270,145
Total financial assets carried at fair value	-	-	58,270,145
Total financial liabilities carried at fair value	-	-	-

	Level 1	Level 2	Level 3
2014	\$	\$	\$
Other financial assets – equity investment constituting interest in US Select Private Opportunities Fund II, LP	-	-	17,095,317
Total financial assets carried at fair value	-	-	17,095,317
Total financial liabilities carried at fair value	-	-	-

The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the transfer has occurred. There were no transfers between hierarchy levels during the year ended 31 March 2015.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Notes to the Financial Statements

For the year ended 31 March 2015

11. Financial instruments (*continued*)

Fair value (*continued*)

Details of the determination of level 3 fair value measurements including the valuation technique adopted and the key underlying unobservable inputs used are set out in note 7.

The Fund has established a control framework with respect to measurement and assessment of fair values. This framework includes a sub-investment committee that has overall responsibility for analysing the performance and fair value movements of underlying US investment fund holdings during each reporting period.

Capital management

The Fund manages its capital to ensure it will be able to continue as a going concern while maximising the return to unitholders. The capital structure of the Fund consists of issued capital amounting to \$87,096,476. The Fund is not subject to any externally imposed capital requirements.

Financial risk management

Overview

The Fund is exposed to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk (market price risk, foreign exchange risk and interest rate risk)

The Responsible Entity has overall responsibility for the establishment and oversight of the risk management framework, including developing and monitoring risk management policies.

a) Credit risk

Credit risk is the risk that contracting parties to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation. The Fund manages credit risk by ensuring deposits are made with reputable financial institutions. The majority of funds at period end were deposited with Macquarie Bank Limited (Australia).

US Select Private Opportunities Fund II

ABN 14 157 294 349

Notes to the Financial Statements

For the year ended 31 March 2015

11. Financial instruments (*continued*)

a) Credit risk (*continued*)

The carrying amount of financial assets that represents the maximum credit risk exposure at the end of reporting period are detailed below:

	2015	2014
	\$	\$
Summary of exposure		
Cash and cash equivalents	72,914,233	46,572,460
GST receivable	7,053	5,995
Interest receivable	17,371	9,031
	72,938,657	46,587,486

b) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's liquidity primarily comprises cash at bank totalling \$72,914,233 at 31 March 2015 which is held to cover its day-to-day running costs and expenditures and to fund its capital commitments to the LP (including called but unpaid at balance date) which total \$69,026,691 at balance date.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Notes to the Financial Statements

For the year ended 31 March 2015

11. Financial instruments (continued)

b) Liquidity risk (continued)

The following is the contractual maturity of financial liabilities and capital commitments. The table has been drawn based on the undiscounted cash flows of liabilities based on the earliest date on which the Fund can be required to settle the liability.

	Carrying amount (\$)	Less than 12 months (\$)	On call (\$)
31 March 2015			
Trade and other payables	149,841	149,841	-
Due to US Select Opportunities Fund II, LP	11,473,774	11,473,774	-
Capital commitments*	57,552,917	-	57,552,917
	<u>69,176,532</u>	<u>11,623,615</u>	<u>57,552,917</u>

* - LP commitments may be called at any time in the future up until the first to occur of the date the aggregate commitments have been invested, the fifth anniversary date after the first call or certain other specified termination events.

c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates, interest rates and equity prices. The Fund is primarily exposed to market risks arising from fluctuations in market price risk, foreign currency and interest rates. Refer to note 7 for further details of risks relating to equity prices.

i. Foreign exchange risk

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency. Foreign exchange rate movements will impact on the Australian dollar value of the Fund's financial assets and liabilities denominated in a currency that is not the Fund's functional currency.

The Fund is exposed to USD foreign exchange risk through its USD denominated cash balances, its investment activities and income derived from these activities.

The table below details the carrying amounts of the Fund's foreign exchange risk as at the end of the reporting period. This represents the Australian dollar exposure, converted at an exchange rate of 0.7607.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Notes to the Financial Statements

For the year ended 31 March 2015

11. Financial instruments (*continued*)

i. Foreign exchange risk (*continued*)

	2015	2014
	\$	\$
Summary of exposure		
Cash and cash equivalents	69,175,200	44,260,474
Financial assets (equity investments)	58,270,145	17,095,317
	127,445,345	61,355,791

Sensitivity analysis

The effect of the foreign exchange risk relating to equity investments (investment in Limited Partnership) is recorded in profit or loss as part of the overall fair value movement in the investment (refer to note 7). The effect of foreign exchange risk relating to cash and cash equivalents is recorded in profit or loss as a foreign exchange gain or loss.

The Fund considers a 10% movement in the AUD against USD as at 31 March 2015 to be a reasonable possibility at the end of the reporting period. The impact of the strengthening and weakening of AUD against USD in profit or loss and equity is shown by the amounts below as it relates to cash and cash equivalents and equity investments. This analysis assumes that all other variables remain constant.

Cash and cash equivalents

Effect on profit or loss before tax/equity

+ 10% - Strengthening of AUD against USD	(6,288,655)	(4,023,679)
- 10% - Weakening of AUD against USD	7,686,133	4,917,830

Equity investments

Effect on profit or loss before tax/equity

+ 10% - Strengthening of AUD against USD	(5,297,286)	(1,554,120)
- 10% - Weakening of AUD against USD	6,474,461	1,899,480

ii. Interest rate risk

The Fund is exposed to interest rate risk on its variable rate bank deposits. The Fund currently does not hedge against this exposure.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Notes to the Financial Statements

For the year ended 31 March 2015

11. Financial instruments (*continued*)

Sensitivity analysis

The Fund considers a 50 basis point increase or decrease to be a reasonably possible change in interest rates. The impact of a 50 basis point movement in interest rates on profit or loss and equity is shown in the table below.

	2015	2014
	\$	\$
Effect on profit or loss before tax/equity		
+ 0.50% (50 basis points)	364,571	232,862
- 0.50% (50 basis points)	(364,571)	(232,862)

iii. Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to individual investments or factors affecting all instruments traded in the market.

Sensitivity analysis

The Fund considers a 10% increase or decrease to be a reasonably possible change in market prices at the reporting date. The sensitivity analysis below reflects the Fund's proportionate exposure to market price risk of the underlying equity investments of the private investment partnership excluding any foreign exchange impact. The impact of a 10% movement in market prices (excluding foreign exchange impact) on profit or loss and equity is shown in the table below:

Effect on profit or loss before tax/equity		
+ 10% - price movement (excluding foreign exchange impact)	4,472,035	1,329,853
- 10% - price movement (excluding foreign exchange impact)	(4,472,035)	(1,329,853)

12. Related party disclosures

Key management personnel

Alex MacLachlan, Tristan O'Connell and Tom Kline are directors of the Responsible Entity, Walsh & Company Investments Limited, and are deemed to be key management personnel.

The key management personnel do not receive compensation from the Fund or from the Responsible Entity directly for their management function performed for the Fund.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Notes to the Financial Statements

For the year ended 31 March 2015

12. Related party disclosures *(continued)*

As at 31 March 2015, details of directors who hold units for their own benefit or who have an interest in holdings through a third party and the total number of such units held are listed as follows:

Director	Balance at 31 March 2014 No.	Received as compensation No.	Other changes No.	Balance at 31 March 2015 No.
Alex MacLachlan	12,500	-	-	12,500
Tristan O'Connell	-	-	-	-
Tom Kline	3,125	-	8,785	11,910

Management fees

The Responsible Entity is entitled to receive Responsible Entity and Administration fee (in aggregate, referred to as management fees) for performance of its duties under the Fund's Constitution, of up to 2% per annum (exclusive of GST) on the gross asset value of the Fund. The current management fee charged by the Responsible Entity is 0.33% per annum (exclusive of GST). This is comprised of the Responsible Entity fee of 0.08% per annum and Administration fee 0.25% per annum. The Responsible Entity has no intentions currently to change these fees. Management fees are paid to the Responsible Entity quarterly in advance.

The total management fees paid to the Responsible Entity for the year ended 31 March 2015 was \$273,049 (2014: \$211,388), exclusive of GST. There were no outstanding management fees as at 31 March 2015 (2014: nil).

Fund administration fees

Australian Fund Accounting Services Pty Limited, a wholly-owned subsidiary of the Dixon Advisory Group Limited, the parent of the Responsible Entity, provides fund administration services to the Fund under an agreement with the Responsible Entity. These services include net asset valuation, management accounting, statutory reporting, capital management and taxation. Total fund administration fees paid or payable for the year ended 31 March 2015 were \$150,377 (2014: \$78,184), exclusive of GST.

Investment manager fees

US Select Private Opportunities Fund II, LP (LP), in which the Fund holds an 87.3% interest (2014: 85.2%), is required to pay its Investment Manager, US Select Private Opportunities Fund II, GP, being associated with the Responsible Entity, for acting on behalf of the limited partnership to acquire, manage and transact on partnership interests within the scope of the limited partnership agreement, a fee equivalent to 2% per annum of the total funds committed by the partners to the LP. The fee is payable quarterly in advance from the funds of the LP. The fee is payable quarterly in advance from the funds of the LP. The total fees paid or payable during the year ended 31 March 2015 amounted to \$1,864,103 (US\$1,631,632) (2014: \$1,426,985 (US\$1,331,440)). The Fund's interest equates to \$1,627,362 (2014: \$1,215,791). This fee is recorded in the books of the LP.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Notes to the Financial Statements

For the year ended 31 March 2015

12. Related party disclosures *(continued)*

US Select Direct Private Equity Fund (US), LP

At balance date, the Fund's share of the LP's investment in US Select Direct Private Equity Fund (US), LP was \$12,795,134 (US\$9,733,258) (2014: \$2,103,525 (US\$1,948,712)). The General Partner of this investment is associated with the Responsible Entity of the US Select Private Opportunities Fund II. The LP's share of the investment management fees paid to the General Partner for the year ended 31 March 2015 amounted to \$163,038 (US\$142,706) (2014: \$96,390 (US\$89,936)). The Fund's 87.3% interest equates to \$142,333 (US\$124,582) (2014: \$82,124 (US\$76,625) at 85.2%).

Issue costs

There were no issue costs paid to the Responsible Entity for the year ended 31 March 2015 (2014: \$2,439,193, exclusive of GST). The Responsible Entity was entitled to receive a structuring and arranging fee of 2% (exclusive of GST) and a handling fee of 2% (exclusive of GST) (collectively referred to as issue costs) on the gross proceeds raised under the Product Disclosure Statement dated 22 February 2013.

13. Remuneration of auditors

	2015	2014
	\$	\$
<i>Audit & review services</i>		
<i>Deloitte Touche Tohmatsu</i>		
Audit and review of financial reports	49,930	45,740
<i>Other services</i>		
<i>Deloitte Touche Tohmatsu</i>		
Taxation services	7,622	4,014
	57,552	49,754

14. Capital commitments

Other than the capital commitments disclosed in note 7(v) to the financial statements, the Fund does not have any other capital commitments outstanding for the year ended 31 March 2015.

15. Contingent liabilities

The directors of the Responsible Entity are not aware of any potential liabilities or claims against the Fund as at balance date.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Notes to the Financial Statements

For the year ended 31 March 2015

16. Events subsequent to the reporting period

There has not arisen in the interval between the balance date and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Responsible Entity of the Fund, to affect significantly the operations of the Fund, the results of those operations, or the state of affairs of the Fund, in future financial years.

US Select Private Opportunities Fund II

ABN 14 157 294 349

Directors' Declaration

For the year ended 31 March 2015

In the opinion of the directors of the Responsible Entity:

- a) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable;
- b) the financial statements are in compliance with the International Financial Reporting Standards as stated in the notes to the financial statements;
- c) the financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Fund; and
- d) the directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

The directors of the Responsible Entity have declared that:

- a) financial records of the Fund for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
- b) the financial statements, and notes for the financial year comply with the Accounting standards; and
- c) the financial statements and notes for the financial year give a true and fair view.

This declaration is made in accordance with a resolution of the directors made pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the directors,



Alex MacLachlan

Director

Date: 27 May 2015

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

We have audited the accompanying financial report of US Select Private Opportunities Fund II ('the Fund'), which comprises the statement of financial position as at 31 March 2015, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Fund as set out on pages 12 to 38.

Directors' Responsibility for the Financial Report

The directors of the Responsible Entity of the Fund are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Independence Declaration

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

Opinion

In our opinion:

- (a) the financial report of US Select Private Opportunities Fund II is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Fund's financial position as at 31 March 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion attention is drawn to Note 7 to the financial statements, which includes a financial asset representing the Fund's 87.3% interest in a Limited Partnership (LP). The fair value of this asset has been determined based on the LP's proportionate interest in the net assets of a portfolio of US private investment funds in which the LP has an interest totalling \$44,720,347 as at 31 March 2015. Because of the inherent uncertainty of valuation as disclosed in Note 7, the estimated values of the underlying unlisted equity investments held by the US private investment funds may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.



DELOITTE TOUCHE TOHMATSU



Michael Kaplan
Partner
Chartered Accountants
Sydney, 27 May 2015

US Select Private Opportunities Fund II

Additional Securities Exchange Disclosure

As at 30 April 2015

Statement of quoted securities

- 55,190,040 fully paid ordinary units on issue are held by 2,210 unitholders
- The 20 largest unitholders between them hold 9.88% of the total units on issue
- Each ordinary unit is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands

Substantial Unitholders

There are no substantial unitholders pursuant to the provisions of section 671B of the *Corporations Act 2001*.

Restricted Securities

There are no restricted securities issued by the Fund.

Distribution of unitholders

Category (size of holding)	Number of unitholders
1 – 1,000	6
1,001 – 5,000	238
5,001 – 10,000	390
10,001 – 100,000	1,531
100,001 – and over	45
Total	2,210

Transactions

There were no transactions in securities during the reporting period.

US Select Private Opportunities Fund II

Additional Securities Exchange Disclosure

As at 30 April 2015

Top 20 largest holders of units

Unitholder Name	Number of units held	Percentage of Total (%)
Mr Orange Pty Limited	718,750	1.30%
Pacific Capital Investments Pty Limited	625,000	1.13%
Yarraandoo Super Fund A/C	461,429	0.84%
Dixon Family S/F A/C	350,679	0.64%
Christowel Super Fund A/C	265,000	0.48%
Mr White Pension Fund A/C	218,750	0.40%
Vonwiller Super Fund A/C	205,179	0.37%
Super Fund A/C	200,000	0.36%
John G King S/F A/C	199,429	0.36%
Futureshift Super Fund A/C	197,179	0.36%
ISS Superannuation Fund A/C	190,819	0.35%
Aristides Family A/C	183,694	0.33%
Pettingell & Gillam S/F A/C	157,929	0.29%
Forbes Super Fund A/C	156,250	0.28%
J & J Kruger Super Fund A/C	156,250	0.28%
Michael Bloom Super Fund A/C	146,429	0.27%
James Yates Medical S/F A/C	140,179	0.25%
Helen & Roger Allnutt S/F A/C	129,419	0.23%
D & A Sainsbury S/F A/C	126,191	0.23%
Barracuda Investments S/F A/C	125,000	0.23%
Glen Croxson P/L S/F A/C	125,000	0.23%
The Doumany Super Fund A/C	125,000	0.23%
N & J Hyden Super Fund A/C	125,000	0.23%
K & L chan Super Fund A/C	125,000	0.23%
Total	5,453,555	9.88%

US Select Private Opportunities Fund II

Additional Securities Exchange Disclosure

As at 30 April 2015

Limited Partnership Agreement

U.S. Select Private Opportunities Fund II GP, LLC (**Investment Manager**), Cordish Private Ventures and Walsh & Company Investments, in its capacity as Responsible Entity of the US Select Private Opportunities Fund II (**the Fund**), have established an exempted limited partnership, US Select Private Opportunities Fund II, L.P. (**LP**), 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.

Under the terms of the agreement, the Fund, as a Limited Partner, has agreed to make capital contributions towards the acquisition of investments, as directed by the Investment Manager, up to a maximum contribution amount. The limited partners 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.

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, if any, 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 for 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 Fund 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.

US Select Private Opportunities Fund II

Directory

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

The ASX code is USG

US Select Private Opportunities Fund II

(ARSN 162 057 089)

Registered & Principal Office
Level 15, 100 Pacific Highway
NORTH SYDNEY NSW 2060

T 1300 883 158

F 1300 883 159

E info@uspof.com.au

www.usselectprivateopportunitiesfund.com.au

Auditor

Deloitte Touche Tohmatsu

Grosvenor Place
225 George Street
SYDNEY NSW 2000

T +61 2 9322 7000

F +61 2 9322 7001

www.deloitte.com.au

Responsible Entity

Walsh & Company Investments Limited
(ACN 152 367 649)

(AFSL 410 443)

Level 15, 100 Pacific Highway
NORTH SYDNEY NSW 2060

T 1300 454 801

F 1300 883 159

E info@dixon.com.au

www.dixon.com.au

Australian Legal Advisor

Watson Mangioni Lawyers Pty Limited

Level 13, 50 Carrington Street
SYDNEY NSW 2000

T +61 2 9262 6666

F +61 2 9262 2626

www.wmlaw.com.au

Directors

Alex MacLachlan
Tristan O'Connell
Tom Kline

Share Register

Boardroom Pty Limited
(formerly known as Registries Limited)

Level 7, 207 Kent Street
SYDNEY NSW 2000

T 1300 737 760 (Australia)

T +61 2 9290 9600 (International)

F 1300 653 459

www.boardroomlimited.com.au

Secretaries

Tristan O'Connell
Hannah Chan