

26 October 2012

US Select Private Opportunities Fund (Fund)

(ASX: USF)

Fund Update

New Investment Secured

Dixon Advisory & Superannuation Services Limited (**Dixon Advisory**), in its capacity as Responsible Entity, is pleased to announce the US Select Private Opportunities Fund, LP (**LP**) has secured a US\$10 million investment in Encore Consumer Capital Fund II, LP (**Encore**). Encore is being established by Encore Consumer Capital, LLC (**Encore Capital**) to raise US\$200 million in capital commitments to invest in consumer product companies. Encore targets companies that have annual revenues between US\$10 million and US\$100 million and leading positions in attractive segments within the consumer products industry. Encore Capital was established in 2006 and is led by Robert Brown, Scott Sellers and Gary Smith (**Principals**). Please see Appendix 1 for more details.

The LP has now secured four investments bringing total commitments to 57%.

Capital Call

The LP has made a second capital call of US\$5 million, which will fund coming up investments and ongoing operating expenses. The Fund will commit an 85.5% share (approximately US\$4.3 million), while Cordish Private Ventures and US Select Private Opportunities Fund GP, LLC, will contribute the remaining amount based on their proportional share. Inclusive of this capital call, the LP has now called US\$7.5 million in total, or approximately 10.78% of committed capital.

Drawdown Announcement

The Fund can also confirm that the LP has received a drawdown for the amount of US\$608,802 (0.9% of committed capital) by KarpReilly, LLC (**KarpReilly**). The use of these proceeds is to be used to acquire a new controlling interest in a branded consumer product company. Additional details will be released once available.

For more information, contact:

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The US Select Private Opportunities Fund is the first Australian-listed fund with a primary strategy of investing in US small-to-mid-market investment funds, adopting a fund-of-funds investment strategy.

APPENDIX 1: Encore Consumer Capital, LLC

Encore Consumer Capital Fund II, LP (**Encore**) is being established by Encore Consumer Capital, LLC (**Encore Capital**) to raise US\$200 million in capital commitments to invest in consumer product companies with annual revenues between US\$10 million and US\$100 million. Encore Capital was established in 2006 and is led by Robert Brown, Scott Sellers, and Gary Smith (**Principals**).

The consumer products industry represents over 20% of average annual U.S. consumer expenditure. Food and beverage manufacturers account for over half of the industry. The Principals intend to continue to capitalise on their extensive experience and network in the consumer products industry to identify attractive growth segments within the industry, and to take advantage of proprietary deal flow opportunities generated through their proactive deal sourcing model.

Encore Associates, Inc. (**Encore Associates**) is a strategic advisory company comprised of experienced food and consumer products industry operating executives which was founded by Gary Smith in 2001. Encore Associates, with extensive operating experience in the consumer products industry, serves as a valuable resource for Encore Capital, Encore and its portfolio companies. The Encore Associates core team consists of 15 veteran consumer products executives with deep and broad operating experience with major consumer products manufacturers, marketers, and retailers. Encore Capital and Encore Associates benefit from their exclusive, strategic partnership which brings extensive resources to drive growth and implement operational improvements at portfolio companies. By focusing on control investments in the lower middle market, Encore seeks to fill a void left by other consumer-focused firms that have raised larger funds.

Within the consumer products industry, Encore Capital will seek investments that the Principals believe have a favorable combination of the following characteristics:

- Opportunity for Encore to add value;
- Strong brand name or leading market position;
- Skilled management team;
- Products with a high frequency of repurchase;
- Low cost operations or sourcing advantages;
- Leverageable, consistent cash flows;
- Opportunity to expand into new product lines or channels; and/or
- Clearly identifiable and attractive exit strategy.

The Fund expects to make investments in various sectors of the consumer products industry including food, beverage, personal care, household products, and pet products.

Encore believes that its consumer products expertise and its large network, including Encore Associates executives, will allow the team to identify investment opportunities within the industry and add significant value to its portfolio companies.

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