

QUARTERLY INVESTMENT UPDATE

DECEMBER 2012

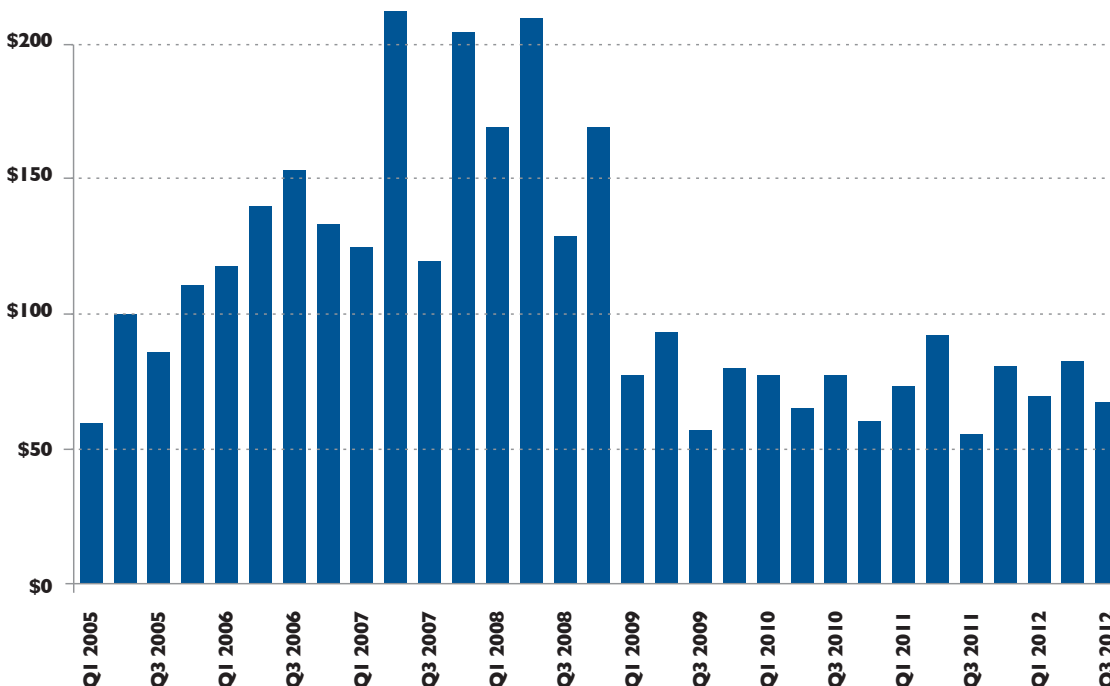
Private Equity Market Commentary

After nearly five years of virtually no private equity fundraising as a result of the global financial crisis, a large number of high quality private equity managers have returned to the market seeking capital. At the beginning of the quarter, there were more than 1,900 private equity funds raising capital globally, representing a 22% increase over 2009 levels. US-based funds accounted for the largest proportion, with a total of 871 funds seeking commitments in the market.

Despite private equity funds returning to the market, recent regulatory changes in the US have meant that many of the key traditional investors in private equity, such as banks, are significantly discouraged from making such investments. New annual commitments to private equity investments are down almost 70% from the 2007 peak and new commitments are primarily flowing to the largest, most institutionally oriented managers, such as Blackstone, Kohlberg Kravis Roberts (KKR), Texas Pacific Group (TPG) and The Carlyle Group. With more private equity funds in the market and fewer investment dollars available, smaller, more focused private equity funds (which are historically the best generators of returns for investors in private equity) are aggressively competing for funding.

The unprecedentedly large number of high quality firms currently in the marketplace seeking capital, coupled with the notably diminished pool of traditional investors in the asset class, has created what the Investment Manager believes are ideal conditions for new private equity investments, particularly in smaller private equity managers.

FIGURE I: TOTAL PRIVATE EQUITY FUNDRAISING (US\$ BILLION) BY QUARTER SINCE 2005



Fund Activity and Portfolio

The Investment Manager is pleased to report that the LP enjoyed a highly successful initial six months of operation.

During this period, the Investment Manager investigated 70 potential underlying fund investments in detail, representing nearly the entire universe of US funds actively raising capital that meet the LP's investment criteria. From this pool, the Investment Manager selected 55 funds on which detailed due diligence was conducted, including in-person meetings with 35 fund managers. After thorough due diligence, including multiple follow-up meetings, detailed document reviews and legal and regulatory diligence, the Fund, through the LP, committed to four underlying funds at \$10 million per fund. This \$40 million commitment represents over 57% of committed capital and puts the LP on track to have fully committed, or reserved, its capital by the end of Q1 2013.

The NTA for the Fund at 31 December 2012 was \$1.53 per Unit.

SUMMARY OF THE UNDERLYING FUNDS OF LP DURING THE SIX MONTHS ENDING 31 DECEMBER 2012

UNDERLYING FUND	INDUSTRY FOCUS	LP COMMITMENT (US\$ MILLION)	LP DRAWDOWN (US\$ MILLION)
Prometheus Partners IV	Quick service restaurants	\$10.0	\$3.0
Trivest Fund V	Manufacturing, distribution, business services, consumer	\$10.0	\$0
KarpReilly II	Apparel & branded consumer products, retail, restaurants	\$10.0	\$2.4
Encore Consumer Capital II	Non-discretionary consumer products	\$10.0	\$2.0
Total		\$40.0	\$7.4

Note: the Fund has an 85% interest in the LP. Cordish Private Ventures and US Select Private Opportunities Fund GP, LLC, contributed the remaining amount based on their proportional shares.

About the Fund

US Select Private Opportunities Fund (**Fund**) was formed in June 2012 to invest in US Select Private Opportunities Fund, L.P. (**LP**). The Fund invested in the LP in partnership with Cordish Private Ventures, LLC, the private investment arm of the Cordish family of Baltimore, Maryland, USA.

The Fund was formed primarily to pursue a fund-of-funds strategy, investing as a limited partner in small-to-medium sized private investment funds in the United States, leveraging the experience and relationships of the Cordish family in that market. The Fund represents a unique vehicle for Australian retail investors to access attractive smaller, nimble US private investment funds that have historically outperformed their larger counterparts. The Fund is the only Australian-listed fund employing this strategy.

The underlying funds are focused on proven investment strategies in specialised areas. They pursue investments in operating businesses with established revenues and operating profits, take a hands-on approach to their investments in these businesses, and employ moderate and judicious amounts of leverage.

For more information: www.usselectprivateopportunitiesfund.com

Additional Information on Underlying Investments

PROMETHEUS PARTNERS IV, L.P.

Prometheus Partners is a leader in investing in nationally franchised restaurant businesses. Their newest fund uses the partners' niche expertise in investing in, operating and managing top-tier nationally franchised restaurant brands. Prometheus Partners IV focuses exclusively on top tier brands: Taco Bell, Pizza Hut and International House of Pancakes (also known as IHOP). With over 15 years of experience, Prometheus Partners has built a highly successful track record of acquiring underperforming franchise businesses at attractive valuations, applying proven management strategies and operational techniques and generating scale economies to improve performance and margins.

Website: www.prometheuspartners.com

Initial investments:

1. Mid-Atlantic Pizza Restaurant Holdings, LLC – Pizza Hut Restaurants in Virginia & North Carolina
2. Virginia Family Restaurants Holdings, LLC – IHOP Restaurants in the Norfolk, Virginia area
3. East Coast Family Restaurants Holdings, LLC – IHOP Restaurants in Central Virginia & North Carolina

TRIVEST FUND V, L.P.

Trivest focuses on well-run family/founder-owned businesses that are seeking to transition ownership and have never had access to institutional funds. Trivest has operated in the small and mid-market space for more than 30 years and has developed a proprietary strategy and database for sourcing attractive investments. Trivest has completed 185 transactions for a total value of US\$4.8 billion. The businesses targeted by Trivest range across a number of sectors and are typically located in southeast US. Once acquired, Trivest takes steps to drive additional growth and undertake operational improvements to realise efficiencies.

Website: www.trivest.com

KARPREILLY CAPITAL PARTNERS II, L.P.

KarpReilly, LLC is a private investment firm founded by principals Allan Karp and Chris Reilly, whose primary mission is to partner with premier small to mid-size consumer growth companies and help them achieve their long-term vision. The firm targets businesses in the apparel and branded consumer products, retail, restaurant and building products sectors.

Website: www.karpreilly.com

The principals have one of the strongest track records investing in consumer-facing businesses and have invested in, sat on the boards of, and nurtured some of the leading success stories in the industry, including:

Retail: Dollar Tree Stores, Bob's Discount Furniture, Ollie's Bargain Outlet

Restaurants: Mimi's Café, Café Rio, Miller's Ale House, Habit Burger Grill

Apparel: Charlotte Russe, Tommy Bahama, Trina Turk

Consumer Products: Targus Group, Norcraft Companies

Initial investments:

1. EbLens – a leading specialty retailer in northeast US offering urban-inspired footwear, apparel and accessories.
www.eblens.com
2. Sprinkles – a retailer of premium cupcakes, ice cream and cookies, made from the freshest and highest quality ingredients, and widely acknowledged as the world's first cupcake bakery.
www.sprinkles.com

ENCORE CONSUMER CAPITAL II, L.P.

Encore Consumer Capital is an innovative private equity firm built specifically to help consumer products companies grow. They invest exclusively in leading companies in this sector and use the experience and network of their operating partners at Encore Associates to accelerate their growth. The firm's target sectors includes food and beverage, personal care, household products, pet products and food service products.

Website: www.encoreconsumercapital.com