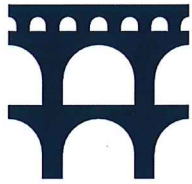




Alex MacLachlan
Director



US
SELECT
PRIVATE
OPPORTUNITIES
FUND III

ARSN 612 132 813

Product Disclosure Statement

PRODUCT DISCLOSURE
STATEMENT FOR THE OFFER OF
25,000,000 FULLY PAID ORDINARY
UNITS TO RAISE UP TO \$40,000,000,
WITH THE ABILITY TO ACCEPT
OVERSUBSCRIPTIONS.

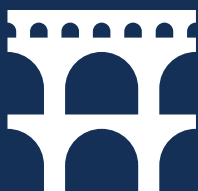
**THE OFFER IS NOT
UNDERWRITTEN**

RESPONSIBLE ENTITY

WALSH & COMPANY
INVESTMENTS LIMITED

Walsh & Company
Investments Limited
(ACN 152 367 649) (AFSL 410 433)





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Important notices

General

This product disclosure statement (**PDS**) is dated 15 June 2016 and was lodged with the Australian Securities & Investments Commission (**ASIC**) on that date. Neither ASIC nor any of its officers take any responsibility for the contents of this PDS.

This PDS was prepared and issued by Walsh & Company Investments Limited (ACN 152 367 649) (referred to in this PDS as “**Walsh & Co**”, “**Responsible Entity**”, “we”, “our” and “us”). Walsh & Co is the responsible entity of the US Select Private Opportunities Fund III (**Fund**).

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

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

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

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

No guarantee

None of Walsh & Co, its respective subsidiaries or any other party makes any representation or gives any guarantee or assurance as to the performance or success of the

Fund, the rate of income or capital return from the Fund, the repayment of the investment in the Fund or that there will be no capital loss or particular taxation consequence of investing in the Fund. An investment in the Fund does not represent a deposit or any other type of liability of the above parties. An investment in the Fund is subject to investment risk. These risks are discussed in Section 9.

Restrictions on the distribution of this PDS

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

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

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

Electronic PDS

An electronic version of this PDS is available from the Fund's website at uspof.com.au. The Offer to which this PDS relates is available to persons receiving this PDS (electronically or otherwise) in Australia. It is not available to persons receiving it in any other jurisdiction.

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

Copy of this PDS

The Responsible Entity will give you a copy of the PDS free of charge if you ask during the offer period.

Exposure period

The *Corporations Act 2001* (Cth) (**Corporations Act**) prohibits the issue of Units in the exposure period, which is presently scheduled to end on 22 June 2016. This period is an exposure period to enable this PDS to be examined by market participants prior to the raising of funds. ASIC may extend this exposure period for a further seven days. Applications received during the exposure period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the exposure period.

Application for Units

Applications for Units under the PDS may be made by:

- completing the Application Form issued with, and attached to, this PDS in accordance with the instructions contained within the Application Form; or
- completing the Application Form through the online portal at uspoof.com.au and paying your Application Monies through BPAY.

Please refer to Section 2 for further details on how to apply for Units in the Fund.

ASX listing

We will apply within seven days after the date of this PDS for the Fund to be admitted to the Official List of the Australian Securities Exchange (**ASX**) and for the Units to be issued pursuant to this PDS to be quoted on the ASX.

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

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

Allotment

We will not allot Units until the Minimum Subscription has been received and permission has been granted for quotation of the Units unconditionally or on terms acceptable to us. It is expected that allotment of the Units will take place on or around 20 July 2016.

An Application constitutes an offer by the Applicant to subscribe for Units on the terms and subject to the conditions set out in this PDS. Where the number of Units allotted is less than the number applied for or where no allotment is made, the surplus Application Monies, in excess of \$1.00, will be returned by cheque or direct transfer, where possible, within seven days of the Closing Date. Interest will not be paid on the refunded Application Monies.

CHESS and issuer sponsored holdings

The Fund will apply to participate in the Clearing House Electronic Subregister System known as CHESS. CHESS is operated by ASX Settlement Pty Limited (**ASX Settlement**) in accordance with the Listing Rules and the ASX Settlement Operating Rules. The Responsible Entity, on behalf of the Fund, will comply with the Listing Rules and the ASX Settlement Operating Rules.

CHESS is an electronic transfer and settlement system for transactions quoted on ASX. Under this, transfers are effected in an electronic form.

When the Units become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered on one of two subregisters, being an electronic CHESS subregister or an issuer sponsored subregister. For all successful Applicants, the Units of a Unitholder who is a participant in CHESS or a Unitholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Units will be registered on the issuer sponsored subregister.

Following allotment of Units, Unitholders will be sent a holding statement that sets out the number of Units that have been allocated to them. This statement will also provide details of the Unitholder's Holder Identification Number (**HIN**) for CHESS holders, or, where applicable, the Securityholder Reference Number (**SRN**) for issuer sponsored holders. Unitholders will subsequently be sent statements showing any changes in their holding. Certificates will not be issued.

Taxation implications

Taxation implications of investing in the Fund depend on each Investor's circumstance. Walsh & Co and its advisors, directors and officers do not accept any responsibility or liability for any tax consequences. You should consult your own professional tax advisor before subscribing for Units pursuant to the Offer.

A general summary of certain of the Australian and US tax implications for certain Investors who subscribe for Units pursuant to the Offer is included in Section 11.

Privacy

By filling out an Application Form to apply for Units or applying through the online portal, you are providing personal information to the Responsible Entity and the Registry. The Responsible Entity and the Registry, on its behalf, may collect, hold, use and disclose that personal information for the purpose of processing your Application. This is to service your needs as a Unitholder, provide facilities and services that you need or request to manage and maintain the Registry and the Responsible Entity's relationship with you, verify your identity and information and carry out appropriate administration.

If you do not provide the information requested in the Application Form or through the online portal, then the Responsible Entity and the Registry may not be able to process or accept your Application. Your personal information may be provided to the Responsible Entity's service providers. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Registry for ongoing administration of the register of members;
- printers and other companies for the purpose of preparation and distribution of statements and handling mail;
- market research companies for the purpose of analysing the Unitholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisors for the purpose of administering and advising on the Units, and for associated actions.

The Corporations Act requires the Fund to include information about Unitholders (including name, address and details of the Units held) in its register of members. The information contained in the register of members must remain there even if that person ceases to be a Unitholder. Information contained in a register of members is also used to facilitate distribution payments and corporate communications and compliance by the Fund with legal and regulatory requirements.

An Applicant has a right to gain access to, and update, his or her personal information that the Fund and the Registry holds about that person, and make complaints, subject to certain exemptions under law. A fee may be charged for access. Access can be requested in writing to info@uspof.com or by calling 1300 454 801.

By submitting an Application, you agree that the Responsible Entity and the Registry may communicate with you in electronic form or contact you by telephone in relation to the Offer. When you apply to invest in the Fund, you acknowledge and agree that:

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

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

A copy of the privacy policy of Walsh & Co is available on the Fund's website.

Application Form

Applications for Units under the PDS may be made:

- by completing the Application Form issued with, and attached to, this PDS in accordance with the instructions contained within the Application Form; or
- by completing the Application Form through the online portal at uspof.com.au and paying your Application Monies through BPAY.

Applications and Application Monies for Units under the Offer received after 5.00 pm (Sydney time) on the Closing Date will not be accepted and will be returned to Investors. For an online Application to be complete you must submit your Application Monies via BPAY before 5.00 pm (Sydney time) on 12 July 2016.

Interest will not be paid on Application Monies that are returned. Applications must be accompanied by payment in Australian currency. Cheque(s) or bank draft(s) in respect of paper Applications should be made payable to "US Select Private Opportunities Fund 3" and crossed "Not Negotiable". No brokerage or stamp duty is payable by Applicants.

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

Postal

US Select Private Opportunities Fund III Offer
c/- Walsh & Company
GPO Box 575
CANBERRA ACT 2601

Hand delivered

Canberra

US Select Private Opportunities Fund III Offer
c/- Walsh & Company
Level 1, 73 Northbourne Avenue
CANBERRA ACT 2601

Sydney

US Select Private Opportunities Fund III Offer
c/- Walsh & Company
Level 15, 100 Pacific Highway
NORTH SYDNEY NSW 2060

Melbourne

US Select Private Opportunities Fund III Offer
c/- Walsh & Company
Level 2, 250 Victoria Parade
EAST MELBOURNE VIC 3002

You do not need to return the Application Form if you have applied using the online Application Form.

Refer to Section 2.2 for further information.

When to apply

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

The Responsible Entity reserves the right to allocate any lesser number of Units than those for which the Applicant has applied. Where the number of Units allotted is fewer than the number applied for, surplus Application Monies, in excess of \$1.00, will be refunded without interest.

Currency

Unless otherwise specified in this PDS, references to "\$" and "dollars" are references to Australian dollars.

Enquiries

Applicants with enquiries concerning the Application Form, the online portal or relating to this PDS and the Offer should contact Walsh & Co on 1300 454 801.

Glossary of terms

Defined terms and abbreviations included in the text of this PDS are set out in the Glossary in Section 14.





Letter of introduction

Dear Investor,

In 2012 the US Select Private Opportunities Fund Series (**Series**) was established to provide investors with access to a family office style of investing in United States (**US**) private investments.

Family offices are typically established and managed by ultra-high net wealth families. They are often able to access private investment opportunities beyond the reach of most investors and also able to source creative investment opportunities.

In order to bring this opportunity to Australian investors, we were fortunate to be able to partner with Cordish Private Ventures, LLC (**Cordish Private Ventures**), the private investment funds arm of The Cordish Companies, a fourth generation US-based family business with a long and successful experience investing in US private investment markets.

The first fund in the Series, US Select Private Opportunities Fund (**Fund I**), was listed in August 2012 and raised US\$60 million, while the second fund in the Series, US Select Private Opportunities Fund II (**Fund II**), was listed in April 2013 and to date has raised US\$83 million.

Today, it is our pleasure to invite you to become an investor in US Select Private Opportunities Fund III (**Fund**), the third fund in our highly successful fund Series.

US Select Private Opportunities Fund III represents a continuation of the strategy common to Fund I and Fund II and reflects the market opportunity that currently exists for investors seeking equity exposure to US-based operating businesses via high quality, US-focused private investment fund managers.

The investment strategy of the Series is to target US small to mid-market private investment funds, seeking to replicate Cordish Private Ventures' investment strategy of focusing on this attractive investment niche. The Responsible Entity believes that overall, private investments offer superior long-term returns relative to public market asset classes such as listed equities and that, within the private investment universe, smaller and more nimble private investment funds, on average, outperform their larger counterparts. It should be noted that private investments should be considered a higher risk asset class than traditional equities, with an increased potential for loss of capital and may result in greater operational and financial variability. See Section 9 for details.

As at 31 May 2016, in Australian dollar terms, Fund I had generated a total return since inception in August 2012, of 50.4% whilst Fund II had generated 50.2% since its inception in April 2013, an effective annual rate of 11.3% and 13.8% respectively.¹ See Section 6.6 for further information on the historical performance of Fund I and Fund II. Investors are reminded that past performance is not a reliable indicator of future performance.

The Fund's investments will be made through a limited partnership to be known as the US Select Private Opportunities Fund III, L.P. (**LP**), which has been established in the Cayman Islands, to pursue a multi-manager strategy targeting US-based small and mid-market private investment funds. The Fund intends to invest in the LP.

As with Fund I and Fund II, Jonathan Cordish, President of Cordish Private Ventures, will serve as Chairman of the Advisory Board of the Investment Manager. Mr Cordish has been managing the investments of Cordish Private Ventures for over 15 years.

The Cordish family invested US\$10 million and US\$12 million, via Cordish Private Ventures, alongside and on the same terms as Fund I and Fund II, respectively. For the current raising, Cordish Private Ventures has committed to invest US\$15 million to the LP, and a private wholesale trust controlled by an entity related to Walsh & Co (**Walsh Trust**) has committed to invest US\$5 million to the LP, at the same price and at the same time as the Fund, demonstrating their commitment to, and belief in, the investment strategy.

¹ Pre-tax NTA total return as at 31 May 2016, assuming reinvestment of distributions at NTA. Based on the listing of Fund I on 14 August 2012, and Fund II on 9 April 2013. Starting NTA of \$1.53 for Fund I and \$1.53 for Fund II used in the calculations (pro forma NTA for each fund post costs of the respective offers).

The LP has committed to invest US\$33 million with five underlying investment funds. Details of these fund managers are outlined in Sections 5.6 and 5.7. We are excited by the existing and potential investment opportunities identified for the Fund to date, with the assistance of Cordish Private Ventures' comprehensive assessment of the US private investment landscape. We believe the Fund, through the LP, has strong visibility of further potential investment opportunities available and also the timing of any commitments of those opportunities, which, following the Fund's successful capital raising and listing, will enable the Fund to commit capital quickly and efficiently.

The general partner of the LP, with responsibility for selecting and managing investments of the LP, is US Select Private Opportunities Fund III GP, LLC (**GP**), a Delaware limited liability company which is a joint venture vehicle owned by DGP Inc. (a member of the same group as Walsh & Co) and two affiliates of Cordish Private Ventures. Due to the limited partnership structure, the Responsible Entity will have no control over the underlying investments undertaken by the GP on behalf of the LP, subject to the investment restrictions. See Sections 5.1 and 5.8. An entity formed by the principals of Cordish Private Ventures, Pratt Street Services Corporation LLC (**Cordish Services**), will also provide administrative services to augment the Fund's capabilities. Further limited partners may join the LP at a later date subject to approval by the GP and subject to a maximum commitment by all limited partners (including the Fund) of US\$225 million. Investment by new limited partners will reduce the Fund's percentage holding in the LP. Assuming the Minimum Subscription, Maximum Subscription and Maximum Subscription including oversubscriptions are raised under the Offer and US\$20 million is invested by Cordish Private Ventures and the Walsh & Co associated wholesale trust, the Fund is anticipated to hold approximately 43%, 56% and 72% of the LP respectively, on Completion of the Offer.

Dixon Asset Management USA, Inc., a Delaware corporation and a member of the same group as Walsh & Co, has been engaged to provide investment management services to the LP (**Investment Manager**). See Section 6.5 for details.

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

Like all investments, an investment in the Fund carries risk. These risks are set out in Section 9 and are summarised in the "Key Investment Risks" section from page 63. Key risks include private investment market risks, the lack of direct supervision of investments of the Fund, potential limitations on the ability to secure investments and investment exit risk.

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

Yours faithfully



Alex MacLachlan
Chairman of the Responsible Entity

Key dates and general information

Date of PDS	15 June 2016
Opening Date	23 June 2016
Closing Date	12 July 2016
Allotment Date	20 July 2016
Dispatch of holding statements	22 July 2016
Trading of Units expected to commence	27 July 2016

The dates are indicative only and may vary subject to the requirements of the Listing Rules and the Corporations Act. The Responsible Entity may vary the dates and times of the Offer (including closing the Offer early) without notice. Accordingly, Investors are encouraged to submit their Application as soon as possible.

Offer statistics

Offer price per Unit	\$1.60
Minimum Application amount	\$2,000
Minimum number of Units available under the Offer	15.625 million
Minimum Offer size	\$25 million
Maximum number of Units available under the Offer (if no oversubscriptions are taken up)	25 million
Maximum Offer size	\$40 million
Maximum number of Units available under the Offer (if all oversubscriptions are taken up)	50 million
Maximum Offer size with oversubscriptions	\$80 million
Pro forma net asset value (NAV) backing per Unit¹	\$1.55
Proposed ASX ticker	USP

¹ \$1.54 based on the minimum subscription of \$25 million and \$1.55 based on the maximum Offer size and maximum Offer size with oversubscriptions. Based on the pro forma statement of financial position set out in Section 8.

Key investment benefits

Access to family office style of investing in private investment opportunities

The Fund provides access to private investment opportunities usually not available for retail investors. Family offices are typically the domain of ultra-high net wealth families with net worth in excess of \$100 million. These family offices often operate like corporations and their purpose is to preserve and transfer established wealth across generations. Their investment goals are focused on creating consistent and superior long-term, risk-adjusted returns while preserving generational wealth and protecting capital. Given the personal nature of the capital being invested, family offices are often highly selective in how they invest their money, and their investments are typically diversified beyond the domain of public equities and fixed income to include private investment opportunities such as private equity and venture capital. These private investments tend to be focused on market segments that are relatively inefficient (that is, have incomplete information) and illiquid to achieve higher long-term, risk-adjusted returns with limited correlation to other asset classes.

In addition, family offices often have access to many private ventures and investment opportunities that are typically beyond the reach of most individual investors. They are also often at the vanguard of sourcing more focused, niche investment opportunities that are typically too small for larger institutional investors to access.

The Fund, via its investment in the LP, intends to focus on selective private investment opportunities that seek to generate superior long-term returns, adopting an investment style consistent with that of a family office. The Fund provides access to an asset class not typically available for its investors. The Fund may hold cash and cash equivalents until it is fully invested but does not intend to invest in public equities or fixed income investments.

Opportunity to invest alongside a highly successful family office with extensive experience investing in private markets

The Cordish family is the founder, owner and manager of The Cordish Companies, now a fourth generation family business. Affiliates of Cordish Private Ventures,

the private investments arm of the Cordish family of Baltimore, Maryland, USA have agreed to partner with DGP Inc. (a member of the same group as Walsh & Co), to jointly control US Select Private Opportunities Fund III GP, LLC (**GP**), the general partner for the LP. Following the Offer, Cordish Private Ventures has agreed to commit US\$15 million to the LP.

Jonathan Cordish, President of Cordish Private Ventures, has been managing the investments of Cordish Private Ventures for over 15 years and is actively involved in all aspects of Cordish Services, as its Executive Chairman. Prior to Cordish Private Ventures, Mr Cordish was a Vice President and Partner at Riggs Capital Partners, a private equity firm based in Washington, D.C. Mr Cordish will Chair the Advisory Board of the Investment Manager.

Cordish Private Ventures has experience investing its own capital using an investment strategy which is generally consistent with the investment strategy to be implemented by the Fund and has been instrumental in investing the capital of Fund I and Fund II (through the respective underlying limited partnerships). A portion of the Fund's underlying investments are targeted to be with managers with whom Cordish Private Ventures has either previously successfully invested or has an established relationship. It should be noted that performance of Cordish Private Ventures, Fund I and Fund II are not necessarily an indicator of the future performance of the Fund.

Experienced team with a successful track record of managing Fund I and Fund II

The Investment Manager and its related entities have managed the LPs of Fund I and Fund II since their inception. Fund I and Fund II have generated a total return, in Australian dollar terms, of 50.4% and 50.2% respectively since inception.² Both funds are listed on the ASX. The performance of Fund I and Fund II has primarily been driven by underlying fund performance and US dollar appreciation, as investments are held in US dollars. In light of their performance, Fund I and Fund II paid distributions of \$0.10 and \$0.07 per Unit respectively in March 2016. On 10 June 2016, Fund I and Fund II announced an intention to pay distributions of approximately \$0.11 and \$0.08 per Unit respectively.

2 Pre-tax NTA total return as at 31 May 2016, assuming reinvestment of distributions at NTA. Based on the listing of Fund I on 14 August 2012, and Fund II on 9 April 2013. Starting NTA of \$1.53 for Fund I and \$1.53 for Fund II used in the calculations (pro forma NTA for each fund post costs of the respective offers).

Past performance is not a reliable indicator of future performance.

Refer to Section 6.5 for further details on the role of the Investment Manager and Section 6.6 for the performance of Fund I and Fund II.

Superior long-term returns available in private investments

The Responsible Entity believes private investments offer investors the potential for superior long-term returns relative to other traditional public market asset classes such as equities and bonds. According to the Cambridge Associates LLC US Private Equity Index, over the past 5-year, 10-year, and 15-year periods to 31 December 2015, US private equity funds have, on average, generated net returns of 11% to 15% per annum and outperformed US public equities by 2% to 6% per annum.³ In periods of downturn, private equity outperformance has been even more pronounced, outperforming public equities by 14% during the “tech crunch” (Q2 2000 to Q1 2003) and 20% during the global financial crisis (Q3 2007 to Q1 2009) (GFC).⁴

The funds whose performance is used to compile this index include funds which may have an investment strategy, size, scale or leverage model which differs from the target investments for the Fund. Accordingly, this data may not be illustrative of the performance expected for the Fund and its underlying investments. It should be noted that private investments should be considered a higher risk asset class than traditional equities.

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

Industry analysis and academic research have shown that smaller and more nimble private investment funds have materially outperformed larger private investment funds.⁵ Investor sentiment favours the target investment space of the Fund with a December 2015 survey by Preqin outlining that 73% of investors believe the best opportunities are present in the small to mid-market buyout space and 71%

favouring North America as an investment region with the best opportunities.⁶ Empirical evidence further supports the target market. According to the Cambridge Associates LLC US Private Equity Index, over the 10-year period to 31 December 2015, small cap private equity funds have, on average, delivered total returns that are approximately 31% higher than their largest counterparts.⁷ See Section 4 for details.

Access to private investment funds for Australian investors

Given their smaller size and, on average, superior performance to larger cap funds, small to mid-market private investment funds typically offer very selective access to investors. Top performing small and mid-market private investment funds are particularly difficult to access because they usually experience high demand and new clients are rarely accepted.

Cordish Private Ventures has longstanding relationships and previous investment experience with numerous US-based small to mid-market funds with top quartile performance. The association of Cordish Private Ventures, its affiliates and Jonathan Cordish with the LP, GP and the Investment Manager and its related entities, has already assisted the US Select Private Opportunities Fund Series in gaining access to successful managers in this exclusive segment. The LP has committed US\$33 million to five underlying investment funds. See Section 5.6 for details.

The percentage of the LP capital contributions held by the Fund will depend on the amount raised under the Offer. Assuming the Minimum Subscription, Maximum Subscription and Maximum Subscription including oversubscriptions are raised under the Offer, the Fund is anticipated to hold approximately 43%, 56% and 72% of the LP respectively post the Offer.⁸ Under the LP Agreement, Additional Limited Partners may join the LP until 31 December 2017, the sunset date, by contributing an amount that equalises the contributed percentage of capital committed by each limited partner, plus a cost of carry rate equal to the WSJ Prime Rate plus the management fee that would have been charged.

3 Cambridge Associates: Global Buyout & Growth Equity Index and Selected Benchmark Statistics: <http://www.cambridgeassociates.com/our-insights/research/buyout-growth-equity-2015-q4/>. The author of this publication has not provided consent to the inclusion of references to this publication and material drawn from this publication in this PDS.

4 Cambridge Associates: Global Buyout & Growth Equity Index and Selected Benchmark Statistics

5 Giants at the Gate: On the Cross-Section of Private Equity Investment Returns: <http://www.econstor.eu/bitstream/10419/87057/1/11-035.pdf>. The author of this publication has not provided consent to the inclusion of references to this publication and material drawn from this publication in this PDS.

6 Preqin Investor Outlook Private Equity H1 2016. The author of this publication has not provided consent to the inclusion of references to this publication and material drawn from this publication in this PDS.

7 Cambridge Associates: Global Buyout & Growth Equity Index and Selected Benchmark Statistics. Based on Cambridge Associates US Buyout Small Cap Index return of 14.1% per annum compared with 11.0% per annum for US Buyout Mega Cap Index. Data as at 31 December 2015.

8 Based on an Australian dollar to US dollar exchange rate of 0.7234 (31 May 2016 exchange rate) and assuming Walsh Trust and Cordish Private Ventures and affiliates are the only other LP investors and have contributed US\$20 million.

There is no certainty as to the final size of the LP, however, the maximum value of commitments to the LP including the investment in the Fund, is US\$225 million. Further entrants to the LP will reduce the Fund's percentage interest in the LP. See Section 12.1 for details.

Additionally, the Investment Manager and its related entities have actively managed the investments of Fund I since August 2012, and Fund II since April 2013, by executing an investment strategy that is generally consistent with that proposed for the Fund, through the LP. In particular, as at 31 March 2016, Fund I (through its LP) has invested in nine US small to mid-market private equity investments totalling US\$69.8 million in commitments, whilst Fund II has invested in 12 US small to mid-market private equity investments totalling US\$95.1 million in commitments.

The Fund's LP and Investment Manager will be able to leverage the expertise, market intelligence and access gained during management by the Investment Manager and its related entities of Fund I and Fund II and through the executives of Walsh & Co and the Advisory Board.

Opportunity to take advantage of unique current market conditions in the private investments market

The Investment Manager estimates that there are currently around 2,800⁹ private investment funds raising capital globally, of which approximately 185 are in the Fund's target geography, strategy and size.¹⁰ Within this universe is an unprecedented number of private equity funds currently looking to raise new funds in 2016.¹¹

The Investment Manager believes the small and mid-market segment has a rich pool of target investment opportunities which tend to be less efficiently priced than their larger counterparts. This, coupled with access to high quality private investment funds, presents the Fund with an excellent opportunity to earn attractive returns. The LP has committed US\$33 million to five underlying investment funds. The Responsible Entity believes the Fund, through the LP, will identify additional attractive potential investment opportunities and, following the Fund's successful capital raising and listing, can deploy capital quickly and effectively.

Respected management team

Dixon Asset Management USA, Inc. (**Investment Manager**), a member of the same group as Walsh & Co, will act as investment manager for the LP.

The Investment Manager has established an advisory board consisting of executives nominated by Walsh & Co and Cordish Private Ventures to provide it with expert advice, including portfolio and investment strategy. Jonathan Cordish will chair the Advisory Board and has committed to serving on the Advisory Board for a minimum of five years. The Fund, through the LP, will have access to the full-time services of Jonathan Sinex, a Principal of Cordish Private Ventures. Jonathan Sinex has been seconded to the Investment Manager and its related entities, working directly on the successful management of the US Select Private Opportunities Fund Series.

In addition, the GP has contracted the services of Cordish Services, an affiliate of Cordish Private Ventures. Through these relationships, and the ability to leverage the expertise built up from managing Fund I and Fund II, the LP already has and is expected to continue to have access to typically difficult-to-source funds such as those invested in by Fund I and Fund II. Cordish Services will provide the necessary back office infrastructure to administer the LP and monitor the LP's activities on an ongoing basis. See Section 12.2 for details.

Walsh & Co has substantial experience in the management of listed and unlisted investment funds, with approximately \$2.5 billion of assets under management across global equities, residential and commercial property, private equity, fixed income, and sustainable and social investments. This includes Fund I and Fund II that were established by Walsh & Co and its related entities and have pursued the same investment strategy and objectives that the Fund intends to pursue through the LP. Walsh & Co and its related entities also have experience in advising on individual Australian-based private equity transactions and applying a multi-manager investment strategy. See Section 6 for details.

⁹ Bloomberg.

¹⁰ Bloomberg.

¹¹ Preqin Global Private Equity and Venture Capital Report 2016. The author of this publication has not provided consent to the inclusion of references to this publication and material drawn from this publication in this PDS.

Attractive existing investments

Following the Offer, the Fund intends to invest in the LP, an existing limited partnership. The LP has made commitments to invest with five underlying investment funds for a total of US\$33 million. These comprise commitments to DFW Capital Partners V, L.P., Elephant Partners Fund I, L.P., Encore Consumer Capital Fund III, L.P., PeakSpan Capital Fund I, L.P. and Trive Capital Fund II, L.P. Fund I and Fund II (between them) have invested with three of these managers previously. The Investment Manager believes these investments represent attractive investment opportunities with credible and experienced underlying fund managers. See Section 5.7 for further details.

The Investment Manager continues to evaluate a number of further opportunities.

Exposure to a robust US economy amid global uncertainty

In the backdrop of uncertainty for the global economy¹² the Responsible Entity believes in the long-term resilience of the US economy.

The Responsible Entity believes that fundamentals for the US economy are trending positively. The IMF has forecast modest GDP growth of 2.4% in 2016 and 2.5% in 2017 for the US economy.¹³ After reaching 10% in October 2009, the unemployment rate has steadily fallen to 5% as at April 2016¹⁴ which has converged to the estimated long-run natural rate of unemployment in the US of 4.8%.¹⁵

Whilst a strengthened US dollar is expected to weaken exports, US consumers are enjoying the benefits of increased employment, greater purchasing power from a stronger dollar, and low oil prices, given the position of the US as the world's largest importer of crude oil.¹⁶

Diversification benefits

Private investment returns have historically demonstrated low correlation with public equities and fixed income and have tended to outperform listed equities, on average, in difficult economic times. See Section 3.6 for details.

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

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

Convenient investment platform

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

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

The Fund intends to invest in the US, through the LP, in predominantly US dollar denominated investments. Listing the Fund on ASX will provide investors an Australian dollar denominated investment with liquidity beyond that available for unlisted vehicles.

12 The Conference Board – Global Economic Outlook 2016 (February 2016 Key Findings). The author of this publication has not provided consent to the inclusion of references to this publication and material drawn from this publication in this PDS.

13 IMF: World Economic Update, April 2016: <https://www.imf.org/external/pubs/ft/weo/2016/01/pdf/text.pdf>. The author of this publication has not provided consent to the inclusion of references to this publication and material drawn from this publication in this PDS.

14 United States Department of Labor, Bureau of Labor Statistics. The author of this publication has not provided consent to the inclusion of references to this publication and material drawn from this publication in this PDS.

15 Federal Reserve Bank of St. Louis. The author of this publication has not provided consent to the inclusion of references to this publication and material drawn from this publication in this PDS.

16 US Energy Information Administration: International Energy Statistics. The author of this publication has not provided consent to the inclusion of references to this publication and material drawn from this publication in this PDS.

Key investment risks

Private investments risk	Private investments should be considered a higher risk asset class than traditional equities. Many underlying investments will be in small to mid-sized companies, which are generally higher risk than large companies. The underlying fund managers may utilise financial and operational strategies to more rapidly drive growth. This approach may increase the potential for loss of capital and may result in greater operational and financial variability. Investments in this asset class should be considered a long-term investment.	Section 9.2.1
Private investment market risks	There is a risk that underlying investment managers may be unable to secure appropriate investments or realise existing investments in a manner that will generate acceptable returns for investors (such as the Fund).	Section 9.2.2
No direct supervision of investments of the Fund	<p>While the GP is owned by DGP Inc. (a member of the same group as Walsh & Co) and two affiliates of Cordish Private Ventures, under Cayman Islands law, a limited partner will lose the benefit of limited liability if it becomes actively involved in management of the limited partnership. Accordingly, while the Responsible Entity may be consulted on investments that are inconsistent with the investment strategy agreed with the GP and Investment Manager, it does not have the ability to give directions regarding investments.</p> <p>The Investment Manager has confirmed to the Responsible Entity that it will exercise its discretion as investment manager and the GP has confirmed that it will exercise its discretion as general partner of the LP to make investments consistent with the investment strategy of the Fund outlined in this PDS.</p> <p>The LP Agreement can be amended with approval from limited partners holding an interest in 75% of the capital contributions to the LP. In the event that the Fund holds an interest in less than 25% of the capital contributions to the LP, there is a risk that the LP Agreement could be amended without the Responsible Entity's consent. Any such changes may be adverse to the interests of the Fund, for example, a change to allow further Additional Limited Partners (resulting in a reduction of the Fund's interest in the LP). However, consent of affected limited partners is required for amendments to increase capital commitment, increase fee arrangements, and there are other provisions of the LP Agreement that require unanimous approval for amendment. Any amendments would also require the GP's approval. A related body corporate of Walsh & Co holds a 42.5% interest in the GP and has the capacity to veto major decisions to be undertaken by the GP, however the GP may cease to be a related body corporate of the Responsible Entity in the future. See Sections 12.1 and 12.4 for details.</p>	Section 9.2.3

Cordish ability to assist in securing investments	<p>While it is anticipated that the investment by Cordish Private Ventures and the involvement of its affiliates and personnel will assist the Investment Manager in securing access to private investment funds for investment, there can be no certainty that this will eventuate.</p> <p>The LP has committed US\$33 million to five underlying investment funds.</p>	Section 9.2.4
Further commitments to the LP	<p>Under the LP Agreement, additional parties may join the LP until 31 December 2017 (the sunset date) by contributing an amount that equalises the contributed percentage of capital committed by each limited partner, plus a cost of carry rate equal to the WSJ Prime Rate, plus the management fee that would have been charged over the period from the Fund's initial investment in the LP.</p> <p>There is no guarantee as to the final size of the LP, however, the maximum value of commitments to the LP, including the investment from the Fund, is US\$225 million. Further entrants to the LP will reduce the Fund's percentage interest in the LP.</p> <p>Additional Limited Partners may be offered more favourable terms than the Fund, Cordish Private Ventures or Walsh Trust, including rebates or other fee reduction mechanisms.</p>	Section 9.2.5
Interests of shareholders of GP and limited partners may not align	<p>Two US companies that are affiliates of Cordish Private Ventures are shareholders in the GP and Cordish Private Ventures is also one of the limited partners. An entity in the same group as Walsh & Co is also a shareholder in the GP. Though the GP is responsible for managing the business of the LP on behalf of all limited partners, there is the potential for a conflict to arise between the interests of the Fund (as a limited partner) and Cordish Private Ventures and its affiliates and Walsh & Co and its related entities. There are presently no procedures in place to address any such conflict of interest arising. Limited partners in the LP have no right to approve or veto any investment or divestment proposed to be made by the GP for the LP. Should an actual conflict arise, investors are presently dependent on the remaining shareholder of the GP exercising its right to veto any transaction that it considers is not in the interests of limited partners (including the Fund). The GP has committed to developing appropriate protocols to address any such conflicts.</p>	Section 9.2.6
Investment exit risk	<p>Interests in private investment funds are typically not frequently traded among investors. Such investments usually carry no entitlement for investors to withdraw from or otherwise realise their investment in underlying funds except at the discretion of the relevant fund manager. The Fund, the GP and the Investment Manager can exercise no control over the decisions of the underlying fund managers. Accordingly, the Fund may not be able to readily realise its investment in underlying funds.</p>	Section 9.2.7

Unlisted investment risk	<p>The underlying investments of private investment funds are typically unlisted investments. As a result there may be no open market to establish an independent value for certain investments and no assurance that a determination of fair value will be obtainable in the market or that there will be a market for the unlisted investment.</p> <p>Individual investments made by private investment funds are typically held for a duration of three to five years, but some investments can be held for up to 10 years. Any gains from these investments will typically only be realised when they are sold. There can be no certainty that any gain on an investment will be realised by any investment fund.</p>	Section 9.2.8
Long time horizon	<p>Investing in private investments requires a long-term commitment to the asset class, typically five to 10 years, and this will mean that realisation of value, through capital growth, may be similarly timed.</p> <p>The LP Agreement will permit the GP to require any limited partner to withdraw from the LP, if the GP determines that the continued participation of that limited partner would adversely affect the LP or the GP. The withdrawing limited partner will receive 90% of its capital account on exit with 10% balance payable on completion of the subsequent audit. This provision could result in the Fund being forced to exit from the LP before there has been a liquidity or other event resulting in a capital appreciation of the underlying investments of the LP. A related body corporate of Walsh & Co holds a 42.5% interest in the GP and has the capacity to veto major decisions to be undertaken by the GP, however the GP may cease to be a related body corporate of the Responsible Entity in the future. See Sections 12.1 and 12.4 for details.</p>	Section 9.2.9
Substantial uncommitted funds	<p>Under the Offer, the Fund will receive new funds which at the time may be uncommitted to any specific private investment fund. There may be uncertainty as to which underlying funds the Offer proceeds will be committed. It may take longer than expected to identify sufficiently attractive investments for the Fund to fully invest any capital raised. The LP, in which the Fund intends to invest, has committed US\$33 million to five underlying investment funds. Commitments from other investors to the LP, including Cordish Private Ventures and Walsh Trust, will occur at the same time as the commitment from the Fund and will be in the aggregate amount of US\$20 million.</p>	Section 9.2.10
Valuation risk	<p>There is a possibility that the realisable value of the underlying investments differ from the private investment fund manager's valuation. This may affect the Fund's performance and may result in increased Unit price volatility.</p>	Section 9.2.11

Concentration risk	The Fund, through the LP, may invest in a relatively small number of investments (although no investment in an underlying fund may be more than 25% of the aggregate capital commitment of the LP, other than an investment in a company either directly, or indirectly via a private investment fund established by the GP, or related entities, for the purpose of direct investment; the comparable aggregate limit for such direct investments is 33%), and as such, concentrations in sectors, geographies or other groupings may occur. These potential concentrations mean that a loss arising in a single investment may cause a proportionately greater loss in the Fund than if a larger number of investments were made. The LP has committed to five underlying investment funds.	Section 9.2.12
Poor investment performance	None of the Fund, Responsible Entity, the GP, Investment Manager or any other person gives a guarantee as to the amount of income, distribution or capital return of Units or the performance of the Fund, nor do they guarantee the repayment of capital.	Section 9.2.13
Foreign exchange risk	<p>The Fund's investments will be primarily in US small to mid-market private investment funds with assets and liabilities being denominated in US dollars. The value of the Units may be affected by increases and decreases in the value of the US dollar relative to the Australian dollar. This will affect the value, in Australian dollars, of any income or capital distributed by the Fund.</p> <p>The value of the Australian dollar has been subject to significant fluctuations in relation to the US dollar in the past and may be subject to significant fluctuations in the future. The Fund's current policy is not to hedge against exchange rate fluctuations.</p> <p>The performance fee calculation under the LP Agreement is in US dollars. The actual impact on Unitholders may be affected by a positive or negative movement in the prevailing US dollar/Australian dollar exchange rate.</p>	Section 9.2.14
Macroeconomic risks	The US private investments industry is sensitive to factors including macroeconomic changes, credit market and equity market volatility. Additionally changes in, but not limited to, the US or international technological, political or regulatory environment can have a negative or positive impact on asset values.	Section 9.1.1
Stock market risk	There are pricing and other risks associated with any investment in a publicly listed trust. The price of Units may rise and fall due to numerous factors that may affect the market performance of the Fund, such as variations in the local and global markets.	Section 9.1.2

Regulatory risk	<p>Changes in government legislation, regulation and policy may affect future earnings and values of investments. Changes in accounting standards may affect the reported earnings and financial position of the Fund in future financial periods.</p> <p>The GP and Cordish Services are not registered as investment advisors and so are not subject to regulatory supervision in relation to the business activities they undertake for the benefit of the limited partners (including the Fund).</p> <p>The Investment Manager is a registered Investment Advisor with the Securities and Exchange Commission.</p>	Section 9.1.3
Taxation risk	<p>A general summary of certain of the Australian and US taxation consequences for certain Investors subscribing for Units under the Offer is contained in Section 11. This is a general summary only and is not intended to provide specific tax advice to any particular Investor. It is recommended that Investors seek their own independent tax advice before subscribing for the Units under the Offer.</p> <p>In particular, the Fund may be liable to pay US withholding tax at a maximum rate of 30% (subject to reduction pursuant to the Double Tax Treaty for certain qualified tax residents and other exceptions) on certain income. Alternatively, if the Fund is treated as directly or indirectly engaged in a US trade or business for US federal income tax purposes, the Fund may be required to file a US federal corporate income tax return and to pay US federal income tax on a net basis at the same rates that are generally applicable to US corporations (currently 35%) in respect of its share of effectively connected income derived from that trade or business. In addition, if the Fund were treated as being engaged in a US trade or business, the Fund may also be required to pay an additional tax equal to 30% of the "dividend equivalent amount" (as defined in Section 11 for these purposes) for the taxable year, subject to reduction pursuant to the Double Tax Treaty for certain qualified tax residents.</p> <p>It should be noted that any changes to the taxation laws in Australia, the Cayman Islands and the US, may affect the tax treatment of the Fund and result in taxation consequences for Investors that are different to that described in the taxation summary contained in Section 11.</p>	Section 9.1.4 and Section 9.2.15
Unit liquidity risk	<p>Liquidity refers to the ease with which an asset can be traded (bought and sold). As the Units have not yet traded, there can be no guarantee that a liquid market for securities in the Fund will develop within an acceptable period of time or at all. Applicants in the Fund should be aware that this may limit their ability to realise a return or recover their capital.</p>	Section 9.1.5
Litigation risk	<p>In the course of its operations, the Fund, the GP, the Investment Manager and/or the LP may become involved in disputes and litigation that may adversely affect the Fund.</p>	Section 9.1.6

Key personnel risk	There is a risk that the departure of key staff who have particular expertise in funds and private investments, whether they are the staff of the Fund, Responsible Entity, the GP, Investment Manager or the underlying fund managers, may have an adverse effect on the earnings and value of the Fund.	Section 9.2.16
Interest rate risk	If the Fund, underlying investment funds, LP and/or subsidiaries of the LP (if any) are geared vehicles, changes in interest rates may have a positive or negative impact directly on the Fund's income. Changes in interest rates may also affect the market more broadly and positively or negatively impact on the value of the Fund's underlying assets.	Section 9.2.17
Counterparty risk	<p>There is a risk that counterparties with the Fund do not perform their obligations, which may affect the value of, and returns from, an investment in the Fund. The Fund seeks to reduce these risks by engaging only with reputable parties.</p> <p>The Fund will be operated as a multi-manager fund and positions in underlying funds will be minority positions only. The Fund will not be in a position to disclose information to Investors regarding such underlying investments until that investment has been made and the information provided to Investors will depend on the nature of the underlying fund and its reporting structure.</p>	Section 9.2.18
Capital return	Income from the Fund will be mostly by way of capital growth as opposed to income based. Payment of any distributions is likely to be based on the realisation of private investments.	Section 9.2.19
Potential for increased costs	The Investment Manager will invest on behalf of the LP in private investment funds as delegate of the GP. These underlying fund managers are also entitled to receive fees associated with performance of their management function. The multi-manager style of investment may result in the Fund indirectly paying a higher level of fees than if the Fund invested directly in the assets held by the underlying funds because fees are payable at two separate levels of management.	Section 9.2.20
Borrowing and deposit risk	<p>The Fund's policy is not to undertake borrowings but the Responsible Entity has the discretion to gear up to 10% of the value of total assets of the Fund. There is a risk that any loan will need to be repaid at short notice or cannot be replaced post expiry.</p> <p>The Fund will have US denominated cash deposits. These cash deposits will not be insured and in the event of bank failure, the Fund's deposits may not be recoverable in full, which will have an adverse effect on the value and investment activity of the Fund.</p>	Section 9.2.21
Failure to meet capital calls	The Fund, Walsh Trust, Cordish Private Ventures or Additional Limited Partners may fail to meet capital calls. Where any limited partner fails to meet a capital call, the limited partner will be subject to the terms of the LP Agreement that lead to, among other things, dilution of the relevant limited partner's interest in the LP.	Section 9.2.22



1. Summary of the Offer

QUESTION	SUMMARY	MORE INFO
Who is the Issuer of this PDS and the Units?	This PDS and the Units are issued by Walsh & Company Investments Limited in its capacity as responsible entity of the US Select Private Opportunities Fund III.	Section 6
What is the Offer?	<p>The Offer is for Units at an issue price of \$1.60 per Unit. The Responsible Entity, on behalf of the Fund, will issue a minimum of 15.625 million Units to raise a minimum of \$25 million and up to 25 million Units to raise up to \$40 million, with the ability to accept oversubscriptions for up to a further 25 million Units to raise up to \$80 million.</p> <p>The Offer is subject to the Fund raising the Minimum Subscription of \$25 million.</p>	Section 2.1
What is the purpose of the Offer?	The Fund is seeking to raise funds to invest in US small to mid-sized private investment funds, employing a multi-manager investment strategy.	Section 5.1
Is there a cooling-off period?	No, there is no cooling-off period for Investors. This means that once you have submitted an Application Form you will not be able to withdraw your Application, other than as permitted by the Corporations Act. However, you will be able to offer your Units for sale on the ASX once the Fund is listed.	Section 2.8
How do Investors obtain further information?	<p>Please contact Walsh & Company Investments Limited (Walsh & Co) on 1300 454 801 or visit the Fund's website at uspof.com.au/offer if you have questions relating to the Offer.</p> <p>If you are uncertain about whether an investment in the Fund is suitable for you, please contact your stockbroker, financial advisor, accountant, lawyer or other professional advisor.</p>	

QUESTION	SUMMARY	MORE INFO
<p>What is the structure of the investment?</p>	<p>The Fund will invest in a limited partnership, US Select Private Opportunities Fund III, L.P. (LP) that has been established in the Cayman Islands. The current limited partnership agreement will be amended and restated to reflect the terms described in this PDS as the LP Agreement prior to expiry of the exposure period for this PDS.</p> <p>Following the Offer, Walsh Trust, an entity controlled by the same group as Walsh & Co, and Cordish Private Ventures will commit US\$5 million and US\$15 million in the LP respectively. The Fund will invest in the LP at the same price and at the same time as Walsh Trust and Cordish Private Ventures. Further investors may join the LP at the discretion of the GP, up to 31 December 2017. Any Additional Limited Partners may commit to the LP by contributing an amount that equalises the contributed percentage of capital committed by each limited partner, plus a cost of carry rate equal to the WSJ Prime Rate, plus the management fee that would have been charged. The applicable WSJ US Prime Rate, as at 31 May 2016, was 3.5% per annum.</p> <p>The general partner of the LP, with responsibility for selecting and managing investments of the LP (including investments to be made by the Fund), is US Select Private Opportunities Fund III GP, LLC (GP), a Delaware limited liability company. The GP is a joint venture between DGP Inc. (a member of the same group as Walsh & Co), and two affiliates of Cordish Private Ventures. See Section 5.1 for details.</p> <p>The GP has in turn engaged Dixon Asset Management USA, Inc. (Investment Manager), a Delaware company wholly owned by the ultimate parent entity of Walsh & Co, to provide investment management services. The Investment Manager will have discretion to undertake investments on behalf of the GP and so in turn for the LP.</p> <p>The LP Agreement can be amended with approval from 75% of the capital contributions to the LP. In the event that the Fund holds an interest in less than 25% of the capital contributions to the LP, there is a risk that the LP Agreement could be amended without the Responsible Entity's consent. Any such changes may be adverse to the interests of the Fund, for example, a change to allow further Additional Limited Partners (resulting in dilution of the Fund's percentage interest in the LP). Consent of limited partners is required for amendments to increase capital commitment, increase fee arrangements, and there are other provisions of the LP Agreement that require unanimous approval for amendment. Any amendments would also require the GP's approval. An entity associated with the Responsible Entity holds a 42.5% interest in the GP and has the capacity to veto major decisions to be undertaken by the GP. See Sections 12.1 and 12.4 for details.</p> <p>Under the terms of the Investment Advisory Agreement, all decisions regarding investment and divestment by the LP will be made by the Investment Manager subject to investment objectives, policies and restrictions adopted by the GP from time to time. The GP reserves the right to replace the Investment Manager at its sole discretion. The Investment Manager will exercise its discretion to make investments consistent with the investment strategy of the Fund outlined in this PDS.</p>	<p>Section 5.1</p>

QUESTION	SUMMARY	MORE INFO
What will the Fund invest in?	<p>The net proceeds of the Offer will be invested by the Fund in the LP to acquire equity stakes in private investments consistent with the investment objectives and guidelines of the LP.</p> <p>Until the Investment Manager identifies opportunities for investment, funds raised will be invested by the Fund in cash, cash equivalents and interests in cash management trusts.</p> <p>The Investment Manager will primarily make investments by acquiring limited partnership interests in private investment funds, although the LP has a broad investment discretion that includes the ability to invest in companies directly.</p> <p>The Investment Manager is subject to the following restrictions:</p> <ol style="list-style-type: none"> it may not invest more than 25% of the aggregate capital commitment of the LP in any one private investment fund other than an investment in a company directly, or indirectly via a private investment fund established by the GP, or related entities, for the purpose of direct investment; the comparable aggregate limit for such direct investments is 33%; it may not invest more than 15% of the aggregate capital commitment of the LP in any private investment fund whose primary investment objective is to invest in companies located, or that conduct their business, outside of the US; and it may not invest in any private investment funds whose primary investment objective is to invest in companies located in, or that conduct their principal business in, emerging markets. <p>The LP's investment mandate restrictions can only be changed with the unanimous approval of limited partners. See Section 12.1 for details.</p> <p>The LP has made commitments to five highly attractive small to mid-market private funds –</p> <ul style="list-style-type: none"> • DFW Capital Partners Fund V, L.P., • Elephant Partners Fund I, L.P., • Encore Consumer Capital Fund III, L.P., • PeakSpan Capital Fund I, L.P. and • Trive Capital Fund II, L.P. <p>Refer to Section 5.7 for further details on these underlying investment funds.</p>	
What are the Fund's investment objectives?	<p>The Fund's investment objectives are to provide Unitholders with:</p> <ol style="list-style-type: none"> exposure to a portfolio of investments in small and mid-market private investment funds predominantly focused in the US; and capital growth over a five to 10-year investment horizon. <p>The Investment Manager will exercise its discretion as investment manager of the LP to make investments consistent with the investment strategy of the Fund outlined in this PDS.</p>	Section 5.3

QUESTION	SUMMARY	MORE INFO
What is the Fund's distribution policy?	<p>The LP will focus on investments with the potential to deliver capital growth rather than delivering income. Nevertheless, it is the Fund's intention to distribute 100% of any distributable income for each income year, including realised capital gains, that it receives subject to the Fund's working capital requirements consistent with good fiscal operating policy and management and such other needs as the Responsible Entity, in its reasonable discretion, deems necessary. The payment of distributions is dependent on distributions or return of capital from the LP and the generation of interest income from cash retained by the Fund. The Fund intends to make yearly distributions, if any, but may make more regular distributions if appropriate. Investors are reminded that private equity is a long-term investment, distributions are not anticipated in the first few years.</p>	Section 5.15
What is the Fund's foreign exchange policy?	<p>It is intended that a substantial amount of the net proceeds of the Offer will be converted to US dollars within a period of six months, commencing from the Allotment Date. Until capital calls are made by the Investment Manager, through the GP, for investments, the Fund's policy is for funds raised by the Offer to be invested in cash, cash equivalents and interests in cash management trusts. It is not expected that the Fund will earn significant interest on such monies due to the present low interest rate environment in the US. The Fund's current policy is not to hedge against currency risk.</p>	Section 5.10
Will the Fund undertake borrowings?	<p>The Fund's policy is not to undertake borrowings, but the Responsible Entity has the discretion to gear up to 10% of the value of total assets of the Fund.</p>	Section 5.14
What is the investment term?	<p>The Fund does not have a set investment term; however, because of the nature of the underlying investments in private investment funds, an investment in the Fund should be viewed as long-term in nature.</p> <p>Investors are cautioned that an investment horizon of less than 10 years in the Fund may not provide sufficient opportunity for an increase in the value of underlying investments of the Fund.</p> <p>The LP Agreement permits the GP to require any limited partner to withdraw from the LP, if the GP determines that the continued participation of that limited partner would adversely affect the LP or the GP. The withdrawing limited partner will receive 90% of its capital account on exit with 10% balance payable on completion of the subsequent audit of the LP. This provision could result in the Fund being forced to exit from the LP before there has been a liquidity or other event resulting in capital appreciation of the underlying investments of the LP. An entity associated with the Responsible Entity holds a 42.5% interest in the GP and has the capacity to veto major decisions to be undertaken by the GP. However, the GP may cease to be a related body corporate of the Responsible Entity in the future. See Sections 12.1 and 12.4 for details.</p>	Section 5.5

QUESTION	SUMMARY	MORE INFO
What are the significant tax implications of the Fund?	<p>There are significant tax implications for Investors with respect to an investment in the Fund. A general summary of certain of the Australian and US taxation consequences for certain Investors is provided within this PDS.</p> <p>Investors should seek independent tax advice based on their specific circumstances before making a decision to invest in the Fund.</p>	Section 11
Who can participate in the Offer?	Only members of the general public who have a registered address in Australia can participate in the Offer.	Section 2.8
Can superannuation funds invest?	Superannuation funds can invest subject to the investment mandate of the particular fund and the trustee's general powers and duties.	
How do Investors apply for Units?	<p>The procedures for making an investment in the Fund are described in Section 2.2.</p> <p>The Responsible Entity may be required to obtain identification information from Applicants. The Responsible Entity reserves the right to reject an Application if that information is not provided upon request.</p>	Section 2.2
What are the fees and costs of the Offer?	<p>The Responsible Entity will charge a structuring and arranging fee of 1.5675% (inclusive of GST and net of RITC) and a handling fee of 1.5675% (inclusive of GST and net of RITC) of the gross proceeds raised under this PDS.</p> <p>The Responsible Entity will pay start-up costs of the Fund such as legal, accounting, marketing and other associated costs of the Offer under this PDS. The Fund will be responsible for ASX listing fees.</p>	Section 7.1
What are the ongoing fees and costs payable by the Fund?	<p>The fees payable directly by the Fund to the Responsible Entity include:</p> <ul style="list-style-type: none"> an administration fee of approximately 0.261% per annum (inclusive of GST and net of RITC); and a responsible entity fee of 0.0836% per annum (inclusive of GST and net of RITC) of the gross asset value of the Fund. <p>The Fund will also be responsible for ongoing expenses such as registry services, listing fees, investor communications, taxes and bank fees, preparation of financial statements and tax returns, audit, legal, insurance, compliance costs and other expenses.</p> <p>The Fund, via the LP, will pay the GP a management fee of 1.0% per annum of the capital committed by the Fund to the LP. This fee will be payable for a 10-year period from the Fund's inception.</p> <p>The GP will also be entitled to a performance fee of 10% of the return achieved above invested capital once the hurdle rate equal to a non-compounded pre-tax return of 8% per annum on all capital contributed to the LP and not yet returned via distributions to the limited partners.</p> <p>Fees, including management fees and performance fees, may also be charged by underlying fund managers of private investment funds in which the LP invests.</p>	Sections 7.1 and 7.2

QUESTION	SUMMARY	MORE INFO
<p>What would be a worked example of how the ongoing fees are payable by the Fund?</p>	<p>Minimum Subscription</p> <p>Assuming a \$25 million raising, netting assumed Offer fees, current constant exchange rates between the Australian and US dollar and no movement in asset values over a one year period following the Offer, the ongoing fees attributable to the Fund would be:</p> <ul style="list-style-type: none"> • an administration fee and responsible entity fee of \$83,221 (inclusive of GST and net of RITC); • a management fee of \$212,000; and • estimated underlying fund manager fees of \$424,000. <p>At the Minimum Subscription, assuming current exchange rates, the Fund is expected to commit to invest approximately \$21.2 million in the LP. Assuming the LP has returned \$31.8 million to the Fund over five years from the Offer, representing performance of 10% per annum (non-compounded), and no movement in currency conversion rates, the performance fee payable would be \$1.06 million.</p> <p>Maximum Subscription</p> <p>Assuming a \$40 million raising, netting assumed Offer fees, current constant exchange rates between the Australian and US dollar and no movement in asset values over a one year period following the Offer, the ongoing fees attributable to the Fund would be:</p> <ul style="list-style-type: none"> • an administration fee and responsible entity fee of \$133,273 (inclusive of GST and net of RITC); • a management fee of \$352,500; and • estimated underlying fund manager fees of \$705,000. <p>At the Maximum Subscription, assuming current exchange rates, the Fund is expected to commit to invest approximately \$35.3 million in the LP. Assuming the LP has returned \$52.9 million to the Fund over five years from the Offer, representing performance of 10% per annum (non-compounded), and no movement in currency conversion rates, the performance fee payable would be \$1.76 million.</p>	
<p>Is the Offer underwritten?</p>	<p>The Offer is not underwritten.</p>	<p>Section 2.3</p>





2. Information for Applicants

This is a summary only. This PDS should be read in full before making any decision to apply for Units. The performance of the Fund is not guaranteed by the Responsible Entity or any advisor to the Fund.

2.1 The Offer

Walsh & Company Investments Limited (**Walsh & Co**), as the responsible entity of the Fund, is the issuer of Units under this PDS. The Responsible Entity will offer for subscription a minimum of 15.625 million Units and maximum number of 25 million Units. The Offer comprises an offer of Units at \$1.60 per Unit. To participate in the Offer, your Application Form must be received by 5.00 pm (Sydney time) on the Closing Date. The Closing Date may be brought forward by the Responsible Entity, and accordingly, Investors are urged to apply for Units early.

Under the Offer, the Responsible Entity reserves the right to accept oversubscriptions of up to a further 25 million Units at \$1.60 per Unit.

The Offer will only be made to members of the general public who have a registered address in Australia.

The Minimum Subscription for the Offer is \$25 million, being receipt of valid Applications for not less than 15.625 million Units. If this Minimum Subscription is not achieved, along with Application Monies, by the Responsible Entity by the date three months after the Opening Date, the Responsible Entity will repay all money received from Applicants within seven days after that date or such later date as may be permitted by the Corporations Act with the consent of ASIC.

2.2 Applications

Applications for Units under the PDS may be made:

- by completing the Application Form issued with, and attached to, this PDS in accordance with the instructions contained within the Application Form; or
- by completing the Application Form through the online portal at uspof.com.au and paying your Application Monies through BPAY.

By making an Application, you declare that you were given access to the PDS, together with an Application Form. The Corporations Act prohibits any person from passing

the Application Form to another person unless it is attached to, or accompanied by, the PDS in its paper copy form or the complete unaltered electronic version of the PDS.

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

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

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

Applications must be accompanied by payment in Australian currency.

Completed Application Forms and accompanying cheques may be lodged with:

Postal

US Select Private Opportunities Fund III Offer
c/- Walsh & Company Investments Limited
GPO Box 575
CANBERRA ACT 2601

Hand delivered

Canberra

US Select Private Opportunities Fund III Offer
c/- Walsh & Company Investments Limited
Level 1, 73 Northbourne Avenue
CANBERRA ACT 2600

Sydney

US Select Private Opportunities Fund III Offer
c/- Walsh & Company Investments Limited
Level 15, 100 Pacific Highway
NORTH SYDNEY NSW 2060

Melbourne

US Select Private Opportunities Fund III Offer
c/- Walsh & Company Investments Limited
Level 2, 250 Victoria Parade
EAST MELBOURNE VIC 3002

You do not need to return the Application Form if you have applied using the online Application Form. For an online Application to be complete you must submit Application Monies before 5.00 pm (Sydney time) on 12 July 2016.

Payments by cheque or bank draft

Cheque(s) and bank draft(s) must be drawn on an Australian branch of a financial institution and made payable to "US Select Private Opportunities Fund 3" and crossed "Not Negotiable". Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. Accordingly, Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s). If the amounts of your cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheques clear in time for allocation) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified on your Application Form) or your Application may be rejected and any cleared Application Monies, in excess of \$1.00, returned via cheque or direct deposit (where available).

Payment by BPAY

You may apply for Units under the Offer online and pay your Application Monies by BPAY. Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of this PDS, which is available at uspof.com.au and follow the instructions on the online Application Form (which includes the Biller Code and your unique Customer Reference Number (CRN)). You do not need to complete and return a paper Application Form if you pay by BPAY.

You should be aware that you will only be able to make a payment via BPAY if you are a holder of an account with an Australian Financial Institution which supports BPAY transactions.

When completing your BPAY payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use your CRN provided during the online Application process, your Application will not be recognised as valid. It is your responsibility to ensure that payments are received by 5.00 pm (Sydney time) on 12 July 2016. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY, and policies with respect to BPAY transactions may vary between banks, credit unions or building societies. The Fund and the Responsible Entity accept no responsibility for any failure to receive Application Monies or payments by BPAY before 5.00 pm (Sydney time) on 12 July 2016, arising as a result of, among other things, processing of payments by financial institutions.

The amount payable on Application will not vary during the period of the Offer and no further amount is payable

on allotment. No brokerage or stamp duty is payable by Applicants.

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

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

There is no cooling-off period for Investors. This means once you have submitted your Application Form you will not be able to withdraw your Application, other than as permitted by the Corporations Act.

2.3 Offer not underwritten

The Offer is not underwritten.

2.4 Listing

Application will be made to ASX for admission of the Fund to the Official List of ASX and for official quotation of all Units including Units issued pursuant to this PDS. The Responsible Entity is seeking admission of the Fund to the official list of the ASX under the code USP.

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

2.5 Allotment

No Allotment of Units will be made until the Minimum Subscription has been received. It is expected that Allotment of the Units under the Offer will take place on or around 20 July 2016. Application Monies will be held in a separate account until Allotment. This account will be established and kept by a representative appointed by the Responsible Entity on behalf of the Applicants. The representative of the Responsible Entity, a related party of the Responsible Entity, may retain any interest earned on the Application Monies held on behalf of the Fund pending the issue of Units to successful Investors.

The Application constitutes an offer by the Applicant to subscribe for Units on the terms and subject to the conditions set out in this PDS. Where the number of Units allotted is less than the number applied for, or where no Allotment is made, the surplus Application Monies, in excess of \$1.00, will be returned by cheque or direct deposit where available within seven days of the Closing Date. Interest will not be paid on refunded Application Monies to Applicants.

2.6 CHESS and issuer sponsored holdings

The Fund will apply to participate in the Clearing House Electronic Subregister System known as CHESS. CHESS is operated by ASX Settlement Pty Limited (**ASX Settlement**) in accordance with the Listing Rules and the ASX Settlement Operating Rules. The Responsible Entity, on behalf of the Fund, will comply with the Listing Rules and the ASX Settlement Operating Rules.

CHESS is an electronic transfer and settlement system for transactions quoted on the ASX. Under this, transfers are effected in an electronic form.

When the Units become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered on one of two subregisters, being an electronic CHESS subregister or an issuer sponsored subregister. For all successful Applicants, the Units of a Unitholder who is a participant in CHESS or a Unitholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Units will be registered on the issuer sponsored subregister.

Following allotment of Units, Unitholders will be sent a holding statement that sets out the number of Units that have been allocated to them. This statement will also provide details of the Unitholder's Holder Identification Number (**HIN**) for CHESS holders, or, where applicable, the Securityholder Reference Number (**SRN**) of issuer sponsored holders. Unitholders will subsequently be sent statements showing any change in their holding. Certificates will not be issued.

2.7 Overseas Unitholders

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

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

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

2.8 No cooling-off period

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

2.9 Transfer of Units

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

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

2.10 Privacy

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

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

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

2.11 Anti-Money Laundering and Counter-Terrorism Financing Act 2006

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

2.12 Foreign Account Tax Compliance

The Foreign Account Tax Compliance Act (**FATCA**) is a US tax law aimed at financial institutions and other financial intermediaries to prevent tax evasion by US citizens and other US tax residents through use of non-US investments and accounts.

Australia signed an intergovernmental agreement (**IGA**) with the US to implement FATCA in Australia and enacted FATCA provisions in Division 396 of Schedule 1 to the *Taxation Administration Act 1953* (Cth), which is administered by the Australian Tax Office (**ATO**). Under the IGA and FATCA provisions, Reporting Australian Financial Institutions have due diligence and reporting obligations.

The Responsible Entity, on behalf of the Fund, is a Reporting Australian Financial Institution under the IGA. The Fund, through the Responsible Entity as sponsoring entity for the Fund, intends to fully comply with its FATCA obligations. These obligations include (but are not limited to) documenting the status of Investors to identify Investors that are a US Person, US controlled entity or a non-complying FATCA financial institution. The Fund is obligated by law to report certain information on applicable Investors to the ATO, which will in turn report this information to the US Internal Revenue Service.

In order to comply with its FATCA obligations, the Responsible Entity is obligated to request certain information from their Investors. Certain information collected will be reported to the ATO, which will in turn report this information to the US Internal Revenue Service.

The Fund and the Responsible Entity are not liable for any loss an Investor may suffer as a result of their compliance with FATCA.

The Responsible Entity will also provide information about the Fund's FATCA status when required so that FATCA withholding is not applied to payments received on the Fund's investments (for example, dividends paid on US securities). If the Fund suffers any amount of FATCA withholding and is unable to obtain a refund for such withholding, the Responsible Entity will not be required

to compensate Investors for any such withholding and the effects of these amounts will be reflected in the returns of the Fund.

This information is of a general nature only. Please consult your tax advisor should you wish to understand the implications of FATCA for your particular circumstances.

2.13 Common Reporting Standard

The Common Reporting Standard (**CRS**) is a standardised set of rules developed by the OECD that requires financial institutions resident in a participating jurisdiction to implement due diligence procedures to document and identify reportable accounts, as well as report information on those accounts to their local tax authority.

Australia signed the CRS Multilateral Competent Authority Agreement on 3 June 2015 and has enacted provisions in Division 396 of Schedule 1 to the *Taxation Administration Act 1953* (Cth) to implement the CRS in Australia from 1 July 2017. Australian financial institutions will need to implement due diligence procedures to document and identify accountholders that are non-resident individuals and entities controlled by non-residents and report certain information for those accountholders to the ATO. The ATO may exchange this information with the foreign tax authorities of non-residents in other relevant signatory countries.

The Fund will be a reporting financial institution under the CRS. The Fund intends to comply with its CRS obligations, which will be fulfilled by the Responsible Entity. These obligations include (but are not limited to) identifying and documenting the status of Investors for the CRS. If you hold Units in the Fund on/after 1 July 2017, you will be required to provide a certification of your tax residency. Penalties will apply if you provide a false certification and you may not be able to continue to hold Units in the Fund if you fail to provide the certification.

The Fund will report information on certain Investors to the ATO, which will in turn report this information to relevant other participating jurisdictions.

The Fund and the Responsible Entity are not liable for any loss an Investor may suffer as a result of their compliance with the CRS.

The Responsible Entity will also provide information about the Fund's CRS status when it is requested by other financial institutions. Unlike FATCA, there is no withholding applicable under the CRS.

This information is of a general nature only. Please consult your tax advisor to understand the implications of the CRS for your particular circumstances.





3. Overview of Family Office Investing and Private Investments

3.1 Brief introduction to family offices

Family offices are private companies that are typically established for the purposes of managing the financial portfolio of individual ultra-wealthy families. The financial capital of these companies is the family's own wealth, often accumulated over many generations. With the cost of running a family office typically in excess of \$1 million per annum, families need to be exceptionally wealthy to consider setting up their own offices. Family offices in the US include approximately 3,000 single family offices, catering to individual families with at least US\$100 million in assets, and 150 multi-family offices. Single family offices represent approximately US\$1.2 trillion assets under management.¹⁷

The original family offices were set up by wealthy family groups such as the Rockefeller and Mellon families. In Australia, most family offices are relatively new and have often only been created by the first generation in the last 10 to 20 years. There are, however, some older Australian families such as the Fairfax and Myer families, who have more than five generations of wealth and have their own family offices. Some of the largest Australian family offices include the Rinehart, Pratt, Triguboff, Lowy and Packer family offices.¹⁸

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

3.2 Family office approach to investments

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

ensure all investment decisions are carefully planned and in line with long-term strategic objectives.

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

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

3.3 Introduction to private investments

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

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

In private investments, unlike other asset classes, private investment manager selection and track record is critical to achieving superior returns. The outperformance in returns achieved by top performing investment managers

¹⁷ http://www.bloombergbriefs.com/content/uploads/sites/2/2014/12/Family-Office_December.pdf. The author of this publication has not provided consent to the inclusion of references to this publication and material drawn from this publication in this PDS.

¹⁸ BRW Rich 200 List 2015: <http://www.brw.com.au/lists/rich-200/2015/>. The author of this publication has not provided consent to the inclusion of references to this publication and material drawn from this publication in this PDS.

compared with bottom performing investment managers is significant and this performance tends to persist. This is supported by empirical studies, which show that private investment managers who outperform the industry in one fund are likely to outperform the industry in their next fund, and vice versa. Investors in private equity funds consider the performance track record at a team level more important than performance at a firm level.¹⁹ With respect to continuity of outperformance, 33% of the time the fund manager of a top quartile fund launches a successor fund, the fund again ranks in the top performance quartile.²⁰

3.4 Types of private investments

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

Venture capital

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

Expansion capital investment

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

Management Buy-Outs (MBO)

MBOs usually involve purchasing an existing mature business, usually alongside management. These businesses usually have a strong history of profits and cash flows.

Other types of private investments include:

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

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

Key characteristics of private investments

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

Control

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

Expertise

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

Alignment of interest

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

Performance

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

Uncertain cash flows and illiquidity

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

Medium to long-term investments

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

¹⁹ Preqin Key Due Diligence Considerations for Private Equity Investors, July 2014.

<https://www.preqin.com/docs/reports/Preqin-Special-Report-Due-Diligence-Private-Equity-Investors-Jul-14.pdf>. The author of this publication has not provided consent to the inclusion of references to this publication and material drawn from this publication in this PDS.

²⁰ Preqin Key Due Diligence Considerations for Private Equity Investors, July 2014.

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

Time horizon of private investment funds

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

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

Key benefits of private investments

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

3.5 Superior long-term outperformance

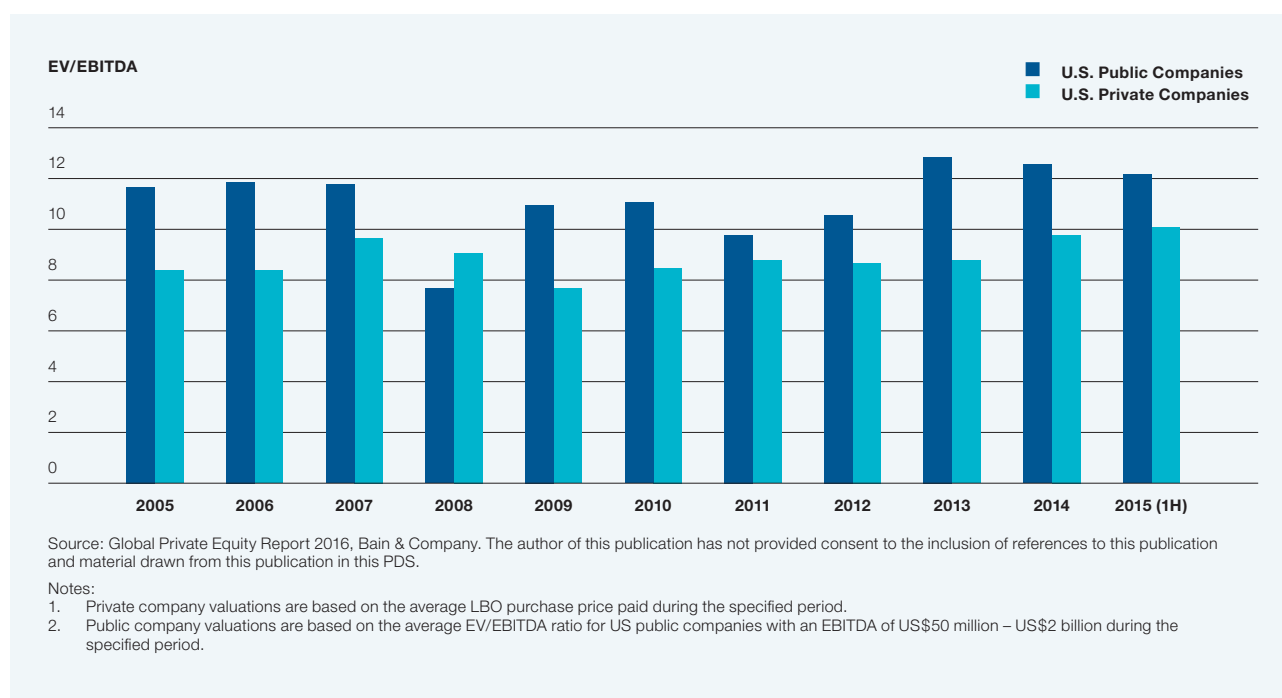
Private investment entry multiples

Figure 1 shows the valuation multiple differential between private and public US companies. This gap typically widens with the decreasing size of investment.

Smaller US private equity funds tend to acquire smaller firms at lower valuation multiples. Although the Fund does not have a restriction on the acquisition valuation range of its underlying investment managers, the Investment Manager expects the average acquisition Enterprise Value to EBITDA multiple to be significantly below the equivalent average US public company multiple.

Acquiring businesses at lower valuation multiples provides a higher initial yield and may offer scope for higher investment returns over the long run through both earnings growth and multiple expansion as the business develops.

Figure 1: Valuation Multiples of US Public and Private Companies



Long-term performance

Many market studies confirm that the average long-term returns from private investments have consistently outperformed public equities. For example, a comparison of the performance of the Cambridge Associates LLC US Private Equity Index (**PE Index**) shows that over the past 10 years, the average annualised return for the PE Index has been 11.7% compared to 7.3% for the S&P 500 Index. The PE Index outperformed the S&P 500 Index over a three-year, five-year, 10-year and 20-year period to December 2015.²¹ This is reflected in Figure 2.

Importantly, this outperformance was sustained in both positive and difficult macroeconomic environments. In fact, in periods of downturn, average private equity returns have outperformed the relevant index by an even larger margin than described above. In the two most recent public equity downturns – the “tech crunch” (Q2 2000 to Q1 2003) and the recent global financial crisis (Q3 2007 to Q1 2009), the PE Index has, on average, outperformed the S&P 500 Index by 14% and 20%, respectively.²²

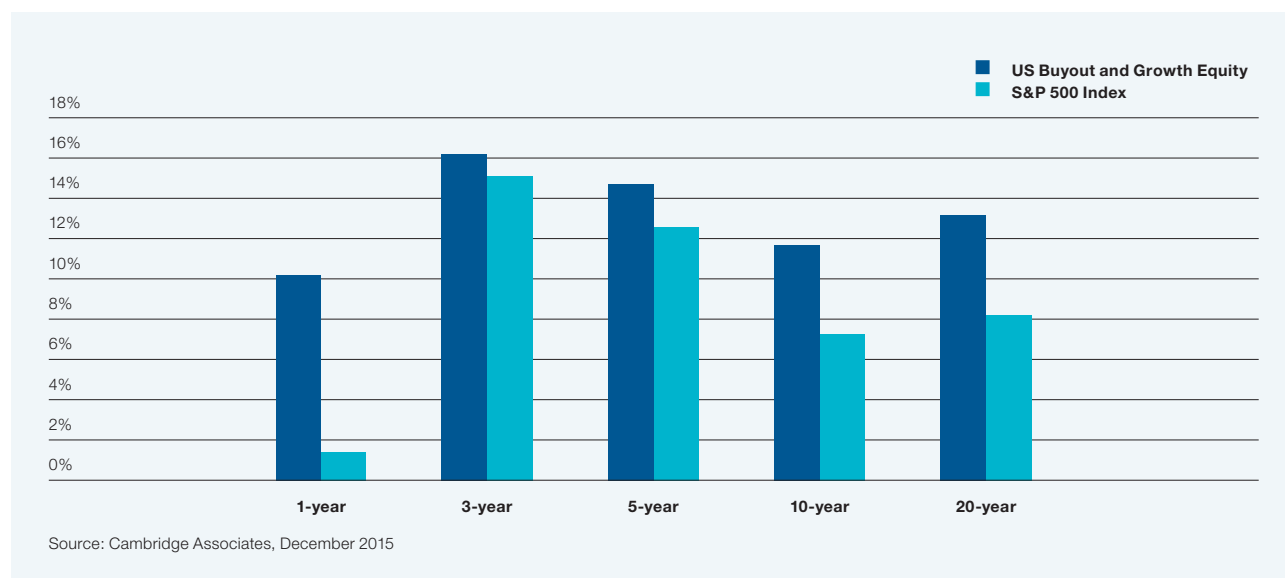
3.6 Portfolio diversification

Private equity assets can form an important part of investment portfolios in any market. According to a recent Preqin survey, 50% of fund managers plan to deploy more capital into North American private equity in 2016 than 2015, with 42% anticipating investment at the same levels as 2015.²³ All investor types have consistently been seeking private equity investment, albeit at different asset allocation levels.

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

In addition, the investment universe in the private company space is extensive and offers greater potential opportunities for diversification. There are approximately 4,500 publicly listed US companies that have revenues in excess of US\$10 million. In contrast, the Investment Manager estimates there are around 99,000 privately

Figure 2: Aggregated Net Annual Returns – PE Index vs. S&P 500 Index



²¹ The PE Index reflects the annualised returns (being the pooled end-to-end return net of fees, expenses and carried interest for constituent funds) of 945 US private equity funds formed between 1986 and 2015. The funds whose performance is used to compile this index includes funds which have an investment strategy, size, scale or leverage model which differs from the target investments for the Fund. Accordingly this data may not be illustrative of the performance expected for the Fund and its underlying investments. It should be noted that private investments should be considered a higher risk asset class than traditional equities, with an increased potential for loss of capital and an increased volatility of returns.

²² Cambridge Associates. The author of this publication has not provided consent to the inclusion of references to this publication and material drawn from this publication in this PDS.

²³ 2016 Preqin Global Private Equity & Venture Capital Report. The author of this publication has not provided consent to the inclusion of references to this publication and material drawn from this publication in this PDS.

owned companies in the US with revenues in excess of US\$10 million. Of these companies only approximately 1.7% are already invested in by private equity funds.

Multi-manager investment style

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

Investors in a multi-manager receive the benefit of the expertise of the managers of the underlying funds in which the investments are made. It provides the Fund with an opportunity to diversify risks associated with a particular investment strategy by investing across a number of funds which may have different risk profiles. This is particularly useful for smaller investors who may not have the means to otherwise invest in a diversified portfolio of funds, due to difficulty gaining access to and allocations with highly selective fund managers, and the minimum size of investment required. However, this investment strategy may result in comparatively higher fees than direct investments and the potential for diminished liquidity and returns.

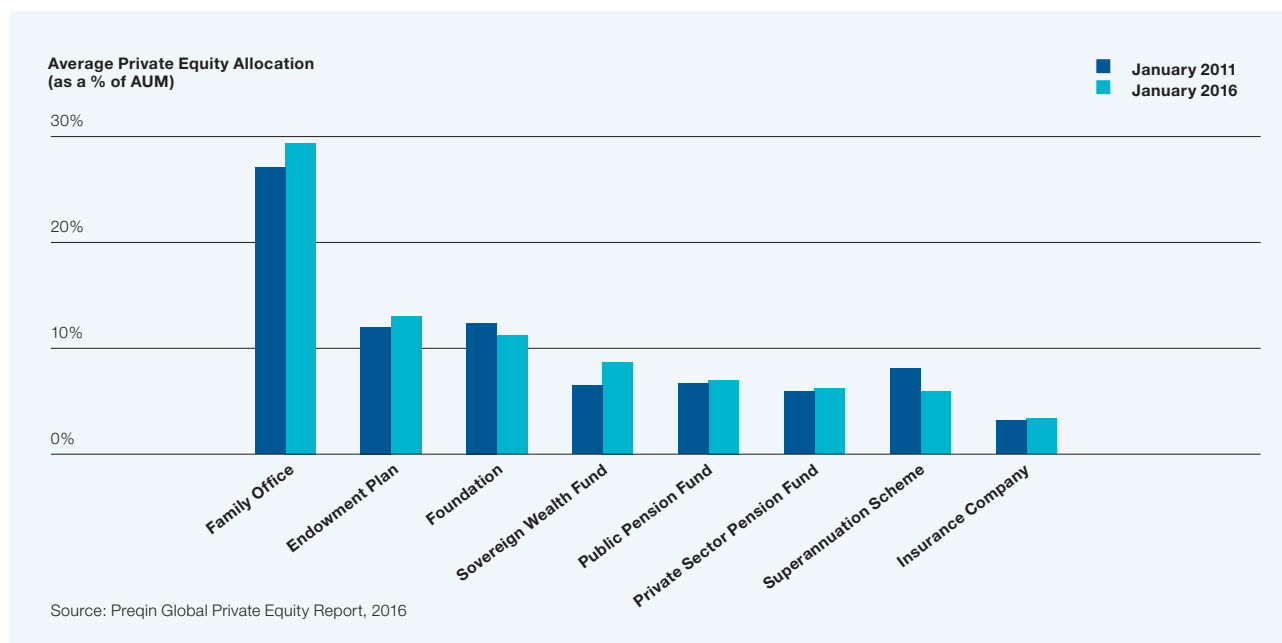
3.7 Small and mid-market private investments

US private investment funds range in size from tens of millions of dollars in total capital to tens of billions of dollars. The US small and mid-market private investment segment consists of funds that manage less than US\$1 billion of capital and generally target investments/companies with total values of less than US\$300 million.

The Investment Manager estimates that there are currently around 2,800²⁴ private investment funds raising capital globally, of which approximately only 185 are in the Fund’s target geography, strategy and size.²⁵ Within this universe are an unprecedented number of top quartile private equity funds currently looking to raise new funds in 2016.²⁶

The Investment Manager believes the small and mid-market segment has a rich pool of target investment opportunities which tend to be less efficiently priced than their larger counterparts. This, coupled with access to high quality private investment funds, presents the Fund with an excellent opportunity to earn attractive returns.

Figure 3: Global Average Target Allocation to Private Equity by Investor Type as a Proportion of AUM, 2001 vs. 2016



²⁴ Bloomberg.

²⁵ Bloomberg.

²⁶ Preqin Global Private Equity and Venture Capital Report 2016.



4. Why focus on small and mid-market?

4.1 Investment opportunities

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

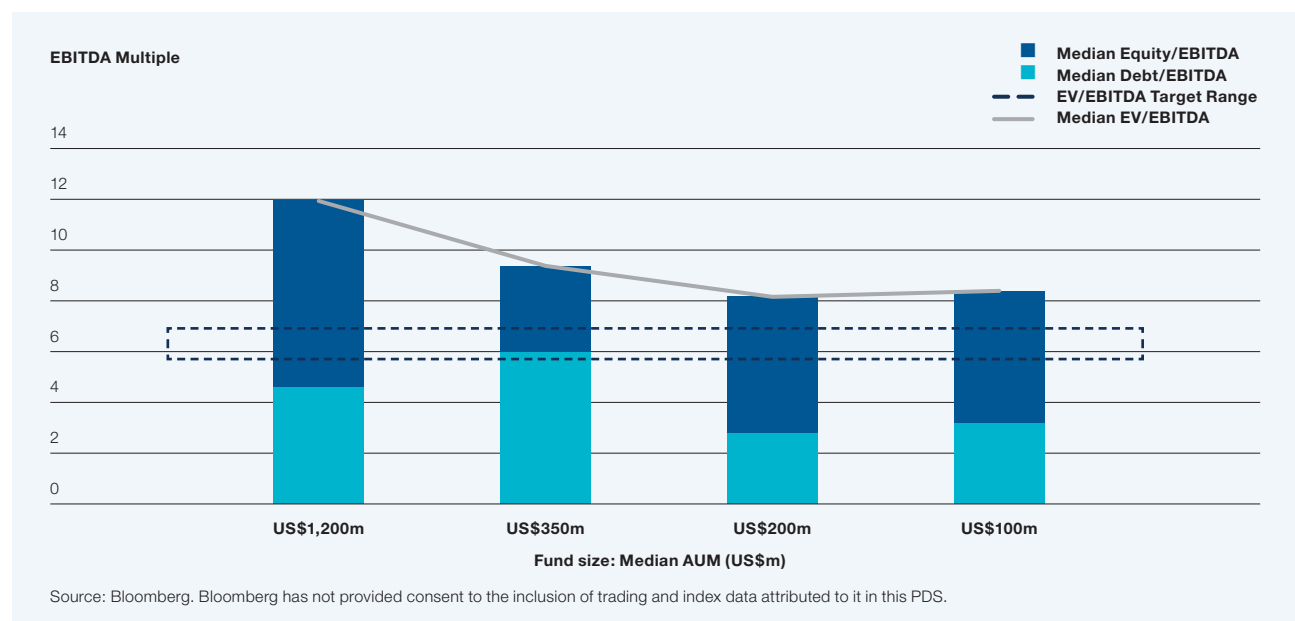
In the private investment space, exceptional returns can stem from investing in overlooked companies with superior growth prospects within market niches and investing in them at compelling valuations. As funds grow in size, they generally tend to focus on larger companies where the universe of available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

In contrast, the Responsible Entity believes that the small and mid-market segment has a rich pool of target investment opportunities which tend to be less efficiently priced than their larger counterparts. This creates opportunities for funds in the small and mid-market

segment to acquire undervalued companies with less competition from peers, which may drive up purchase prices. Additionally, these smaller funds in comparison to their larger competitors typically use lower levels of debt for their investments. This is illustrated in Figure 4 which sets out the average purchase price paid and leverage levels for investments made by US private equity funds of differing size (quartiles) for investments made in the period 2000 to 2015.

Importantly, companies in the small and mid-market segment, by virtue of their size, are typically more nimble and have stronger alignment of interests with private investment fund managers. Compared with businesses often purchased by larger investment funds, these small and mid-market companies typically tend to benefit more from private investment fund managers' expertise and also from operational changes that improve margins and drive top-line growth. Funds focused on the small and mid-market segment have historically tended to outperform their larger peers.

Figure 4: Median Purchase Price (EV/EBITDA) and Leverage Levels (Total Debt/EBITDA) for Different Fund Sizes (2001–2015)



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

Research by Thomson Venture Economics, which looked at US private equity funds raised between 1990 and 2010, determined that over the 10 years to 2010, small to mid-market funds (with total assets of less than US\$750 million) had, on average, achieved annual net internal rates of return (IRR) of 12.2%, almost double their larger peers; while over the past 20 years, small to mid-market funds achieved IRRs of 10.2% compared with 7.0% for larger funds.²⁷

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

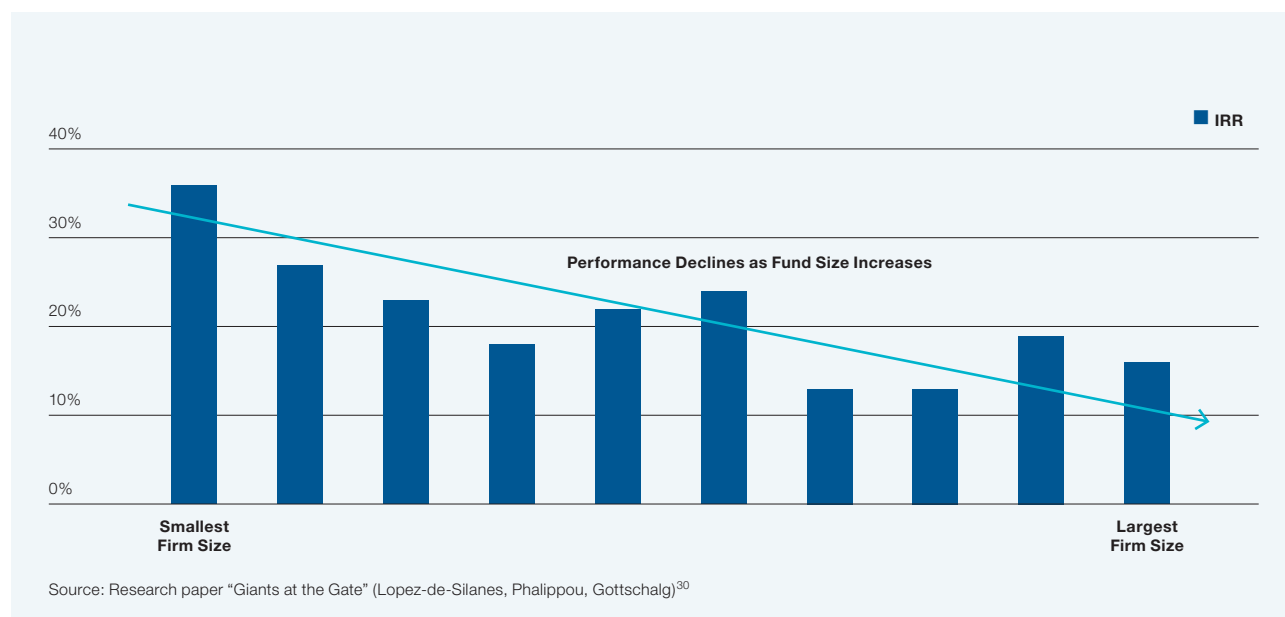
School and Tinbergen Institute, and Oliver Gottschalg of HEC Paris.

The paper studied the performance of more than 7,453 investments made in 81 countries by 254 private equity firms over a 34-year period. Their conclusion was that firm scale is a robust and consistent driver of returns of private equity investments, with small funds delivering average annual returns of 36%, twice that of the 16% annual returns for the largest funds surveyed.²⁸ See Figure 5.

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

More recently, research conducted into US private equity funds launched over the past five years has affirmed this trend. The median US private equity small to mid-market fund launched between 2011 and 2015 has an IRR 3.5% higher than their larger peers.²⁹

Figure 5: PE Fund Size vs. IRR



²⁷ Thomson Venture Economics. The author of this publication has not provided consent to the inclusion of references to this publication and material drawn from this publication in this PDS.

²⁸ "Giants at the Gate: On the Cross-Section of Private Equity Investment Returns", by leading academics Florencio Lopez-de-Silanes of EDHEC Business School and the National Bureau of Economic Research, Ludovic Phalippou of the University of Amsterdam Business School and Tinbergen Institute, and Oliver Gottschalg of HEC Paris.

²⁹ Bloomberg.

³⁰ "Giants at the Gate: On the Cross-Section of Private Equity Investment Returns".

The performance data used to compile Figure 5 includes performance from non-US based private investment funds as well as US-based funds. Accordingly, this data may not be illustrative of the performance expected for the Fund and its underlying investments.

Despite the history of large private equity funds underperforming their smaller peers, they continue to garner the bulk of new investment into the private equity sector. In 2015, the largest 10% of private equity funds that finished fund raising during the year accounted for 60% of aggregate capital raised.³¹

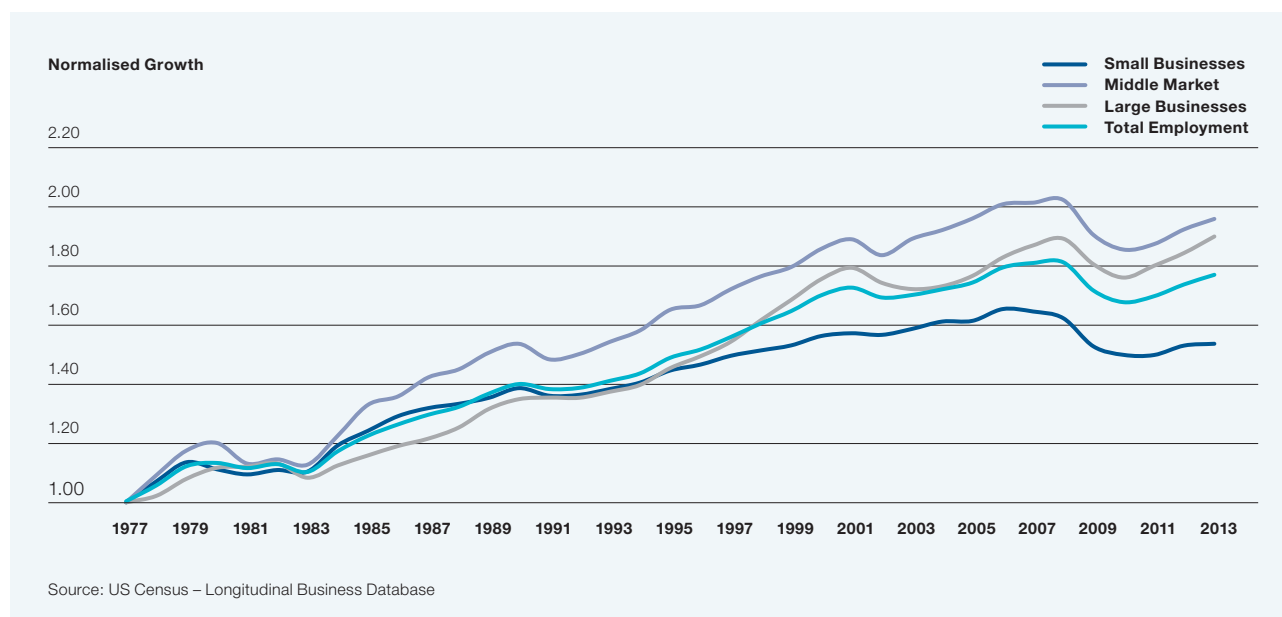
4.2 Attractive economic attributes of US middle market

The Responsible Entity believes in the long-term growth in the US economy as unemployment trends towards

long-term sustainable levels, baby boomers are in peak spending years³² and personal consumption expenditure continues to increase year on year since the GFC reaching 2.7% in 2015.³³

The US middle market, defined as firms with annual revenue from US\$10 million to \$US1 billion, is one of the world's largest markets with abundant capacity for private equity investment. Not only is the US middle market substantial but it has also traditionally been the fastest growing US market segment. Historical employment data from the US Census Bureau, available up until 2013, shows that the US middle market has grown noticeably faster than the small and large US business segments over the 1977 to 2013 period as shown in Figure 6.

Figure 6: Employment Growth of US Market Segments (1977–2013)



“If the US middle market were a country, its GDP would rank it as the fourth-largest economy in the world”

Association for Corporate Growth, 2014

31 Preqin Private Equity Spotlight, January 2016 (page 13). The author of this publication has not provided consent to the inclusion of references to this publication and material drawn from this publication in this PDS.

32 US Census Bureau, Consumer Expenditure Survey, Bureau of Labor Statistics; Bain Macro Trends Group analysis. The author of this publication has not provided consent to the inclusion of references to this publication and material drawn from this publication in this PDS.

33 US Bureau of Economic Analysis. The US Bureau of Economic Analysis has not provided consent to inclusion in this PDS.

More recent data shows a continuation of this trend. Data from the National Center for The Middle Market shows that over the past two years, middle market companies have experienced employment growth at almost twice the rate of large corporations as well as revenue growth significantly higher than companies that are constituents of the S&P 500. The year-on-year (YoY) employment growth rates of different US market segments at each quarter end is presented in Figure 7 below.

Similarly, YoY revenue growth in the US middle market segment has outpaced revenue growth of larger firms listed on the S&P 500 as shown in Figure 8.

The faster growth rate of the US middle market represents an attractive investment opportunity for funds exposed to this market segment. Whilst the US middle market has traditionally sustained a higher growth rate with respect to jobs growth and sales than other segments, there is a

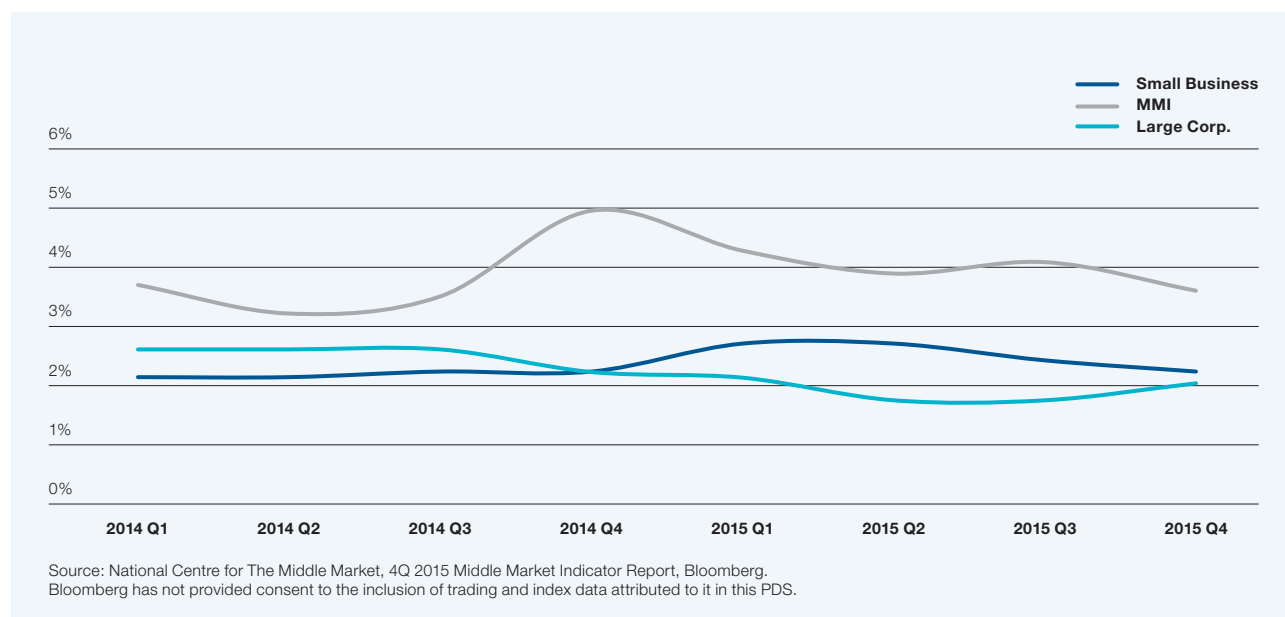
significant difference between the performance of middle market firms subject to private equity investment and those that are not.

From 1996 to 2013, the sales of all US private equity backed firms grew by 113%. This compares to 22% growth by non-PE backed firms. PE-backed firms outperformed in the period primarily driven by the US middle market PE-backed firms, contributing to 78% of the sales growth.³⁴

4.3 Access to small and mid-market private investment funds

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

Figure 7: Employment Growth of US Market Segments (2014 – 2015)



³⁴ Association for Corporate Growth. The Association for Corporate Growth has not consented to inclusion of references in this PDS.

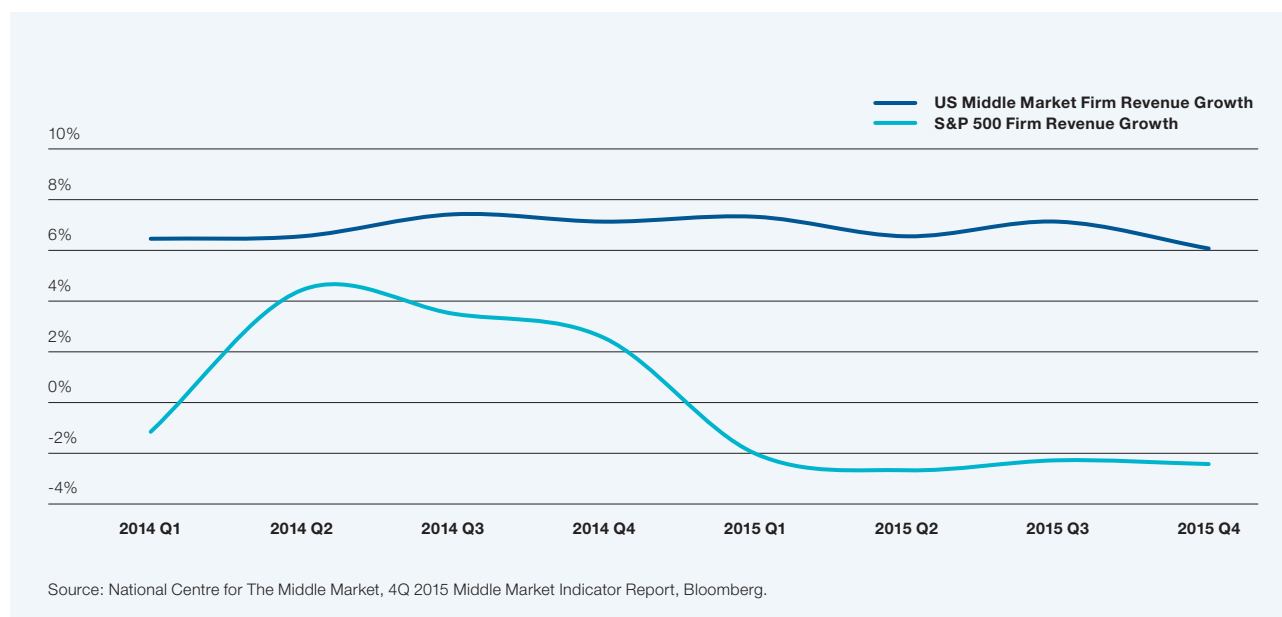
Cordish Private Ventures has experience investing portions of its own capital using an investment strategy that is generally consistent with the investment strategy to be implemented by the Fund, through the LP. With Cordish Private Ventures' investment in the LP and Jonathan Cordish's role on the Advisory Board of the Investment Manager, the Fund (through the LP) expects to leverage this experience to access top performing private fund managers.

Additionally, Jonathan Sinex, a Principal of Cordish Private Ventures, has been seconded to the Investment Manager and its related entities on a full-time basis and focuses solely on private equity investments for the Investment Manager. Through Jonathan Sinex, as well as the ability to draw upon the investment experience from Fund I and

Fund II through executives of Walsh & Co and the Advisory Board, the Investment Manager believes it has accrued the track record, in-house experience, due diligence capabilities and credibility to source, analyse, invest in and monitor these private investment funds. It is anticipated that a significant portion of the underlying investments the Fund will make, through the LP, are targeted to be with managers with whom Cordish Private Ventures has previously successfully invested with or with whom the Investment Manager has an established relationship and already engaged in active due diligence.

Access to the experience and networks of Cordish Private Ventures is of great benefit to the Fund given the importance of manager selection in the US private equity market.

Figure 8: Middle Market vs. S&P 500 Firm Revenue Growth (2014 – 2015)





5. Overview of US Select Private Opportunities Fund III

5.1 Overview of the Fund

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

Under Cayman Islands law, an exempted limited partnership may be established between two or more persons wishing to conduct business operations with a view to profit. At its inception, an exempted limited partnership requires at least one general partner and one limited partner. An exempted limited partnership is not an entity with a separate legal existence and, therefore, it cannot own property in its own right. Rather, the assets of an exempted limited partnership are held by the general partner upon trust for the benefit of the limited partners in accordance with the terms of the partnership agreement and Cayman Islands law. The GP does not act as a custodian holding scheme property of the Fund under Australian law. A general partner often performs the functions usually undertaken by an investment manager. Accordingly, the GP will have responsibility to manage the affairs of the LP as its general partner, which includes making and holding investments on behalf of the exempted limited partnership for the benefit of the limited partners themselves (noting that the GP has engaged the Investment Manager to undertake and realise investments as its delegate, as described further below).

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

The GP will act as general partner of the LP. The GP is a Delaware limited liability company and jointly owned by DGP Inc. (a member of the same group as Walsh & Co) and two affiliates of Cordish Private Ventures. The current limited partnership agreement for the LP will be amended and restated to reflect the terms described in this PDS as the LP Agreement prior to expiry of the exposure period for this PDS. Details of the responsibilities of the GP to manage and operate the LP will be set out in the LP Agreement. The LP Agreement can be amended with approval from 75% of the capital contributions to the LP. This does not apply to amendments to the investment restrictions which

require the unanimous approval of all limited partners. In the event that the Fund holds an interest in less than 25% of the capital contributions to the LP, there is a risk that the LP Agreement could be amended without the Responsible Entity's consent. Any such changes may be adverse to the interests of the Fund, for example, a change to allow further Additional Limited Partners (resulting in a reduction of the Fund's interest in the LP). Consent of limited partners is required for amendments to increase capital commitment, increase fee arrangements, and there are other provisions of the LP Agreement that require unanimous approval for amendment. Any amendments would also require the GP's approval. A related body corporate of Walsh & Co holds a 42.5% interest in the GP and has the capacity to veto major decisions to be undertaken by the GP. See Section 12.1 for more detail. Details of the relationship between the shareholders of the GP are set out in the LLC Agreement; see Section 12.4.

The GP has in turn engaged the Investment Manager to act as investment manager. The Investment Manager is a member of the same group as Walsh & Co. The Investment Manager has discretion to undertake and realise investments for the benefit of the LP as a delegate of the GP. However, the GP remains subject to a duty to manage and promote the LP's purpose and business on behalf of all limited partners (noting that the shareholders of the GP include a member of the same group as Walsh & Co and two affiliates of Cordish Private Ventures). Accordingly, the GP retains the right to replace the Investment Manager at its sole discretion. The Investment Manager must also act consistently with the investment objectives, policies and restrictions adopted by the GP from time to time. Details of the responsibility of the Investment Manager are set out in the Investment Advisory Agreement. See Section 12.3.

The Investment Manager is registered as an investment advisor with the U.S. Securities and Exchange Commission.

Under Cayman Islands law, the liability of a limited partner for debts incurred by the partnership is limited to the capital committed by that limited partner. The limited partners (including the Fund) have no ability to direct the GP or the Investment Manager regarding investments. This structure has been adopted to ensure that the limited partners will not lose limited liability status under Cayman Islands law. Details of the rights and obligations of the limited partners in the LP will be set out in the LP Agreement. See Section 12.1.

The GP has entered into an agreement with Cordish Services, an affiliate of Cordish Private Ventures LLC, the private investments arm of The Cordish Companies. Cordish Services will provide the administrative services and back office infrastructure for the LP on an ongoing basis. See Section 12.2.

The Fund, Walsh Trust and Cordish Private Ventures will become limited partners in the LP simultaneously. Following the Offer, Walsh Trust will commit US\$5 million and Cordish Private Ventures will commit US\$15 million to the LP. The Fund will invest on the same terms as Walsh Trust and Cordish Private Ventures. Assuming the Minimum Subscription, Maximum Subscription and Maximum Subscription including oversubscriptions are raised under the Offer, and US\$20 million is invested by the Cordish family and the Walsh & Co associated wholesale trust, the Fund is anticipated to hold approximately 43%, 56% and 72% of the LP respectively post the Offer.

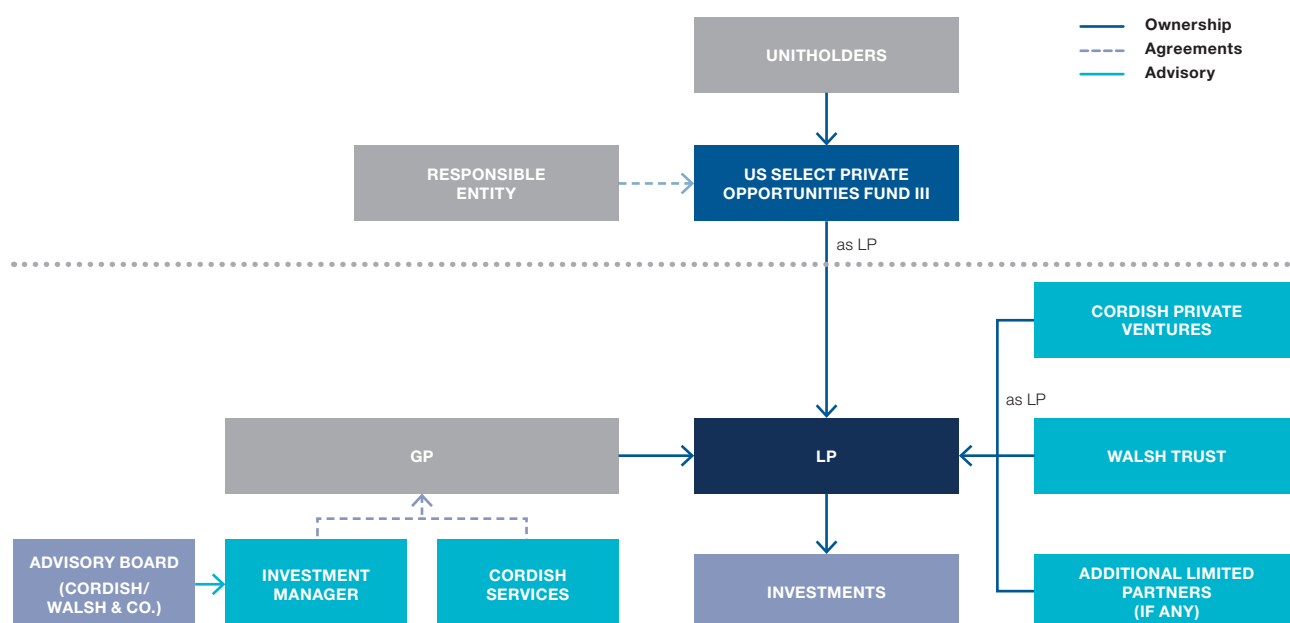
Additional Limited Partners may be introduced to invest in the LP up to the total cap (including investment by the Fund) of US\$225 million up to 31 December 2017. Assuming the Minimum Subscription, Maximum Subscription and Maximum Subscription including oversubscriptions are raised under the Offer, should

the LP become subscribed to US\$225 million, the Fund is expected to hold approximately 7%, 11% and 23% of the LP.

Additional Limited Partners admitted to the LP after the initial close will participate in all of the LP's portfolio investments by contributing to the LP their pro rata share of the investment made prior to their admission. For this purpose, Additional Limited Partners will contribute an amount that equalises the contributed percentage of capital committed by each limited partner, plus a cost of carry rate equal to the WSJ Prime Rate, plus the management fee that would have been charged for the relevant time period from investment of the Fund in the LP.

Any further investment at the LP level by limited partners other than the Fund, will reduce the percentage holding of the Fund in the LP. Additional Limited Partners may, while investing at the amount to equalise the contributed capital percentages plus cost of carry and retrospective Management Fees, detailed above, be introduced on different other terms to the Fund's investment in the LP, including but not limited to, fees charged, rebates and investment hurdles. Walsh Trust and Cordish Private Ventures may also invest further in the LP.

Figure 9: Anticipated US Select Private Opportunities Fund III Structure Diagram



5.2 Overview of The Cordish Companies and Cordish Private Ventures

The Cordish Companies is a Baltimore, Maryland US-based fourth generation family business that has grown into a conglomerate of businesses since it was founded in 1910. The group's core business is a large and well-respected real estate development business that is widely recognised as a developer of large-scale urban revitalisation projects and entertainment districts. Many of the group's developments involve public-private partnerships and are of unique significance to the cities in which they are located. Other divisions of The Cordish Companies include a highly successful casino and resort development company, an operating division that owns and operates leading entertainment venues throughout the US, a media division and a private investment division. The Company owns and manages over 60 million square feet of commercial, hotel and residential development.

Cordish Private Ventures is part of the non-real estate investment arm of The Cordish Companies. It was founded in 1998 and invests in a range of private investment funds including venture capital, private equity and hedge funds, as well as making non-controlling direct equity investments. In particular, it has significant experience successfully investing the Cordish family's capital in small and mid-market private investment opportunities. Cordish Private Ventures is focused on continuously seeking superior investment opportunities in emerging growth areas, with a long-term investment horizon. Cordish Private Ventures invests with private investment fund managers that have not only delivered outstanding financial returns but have also exhibited high levels of personal integrity and with whom it can develop long-term direct relationships. It should be noted that performance of Cordish Private Ventures is not necessarily an indicator of the future performance of the Fund.

5.3 Investment objectives

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

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

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

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

The GP and Investment Manager have confirmed to the Responsible Entity that each will exercise its discretion to make investments consistent with the investment strategy of the Fund outlined in this PDS which will employ an investment strategy that seeks to replicate Fund I, Fund II and Cordish Private Venture's investment strategy of focusing on small and mid-market private investment funds. The LP will invest in a discrete number of underlying private investment funds, a significant portion of which are targeted to be with investment managers with whom either Cordish Private Ventures has previously successfully invested or with whom the Investment Manager or its related entities have an established relationship and has already engaged in active due diligence. While the GP also has discretion to invest in companies directly or via a private investment fund established by the GP or its related entity for that purpose, the Responsible Entity believes that selecting private investment fund managers that have a sustainable strategy for adding value to their investments is critical to achieving a successful investment strategy.

Within the universe of small and mid-market private investment funds, the Investment Manager will generally seek to apply the investment strategy common to Fund I, Fund II and Cordish Private Ventures, which involves focus on funds that exhibit the following characteristics:

- a) consistent focus on niche investment opportunities: funds that have expertise in specific industries, geographic region(s) and/or investment strategies typically overlooked by larger funds. This consistency in the Fund's investment strategy allows for specialised expertise to grow over time, enhancing long-term performance;
- b) operating businesses with existing cash flows: core focus on assets with existing proven cash flow and potential for growth;
- c) appropriate size: funds that only seek to manage pools of capital sized appropriately for the opportunities on which they focus;
- d) judicious and limited use of leverage: funds that seek to generate returns through investments in high quality private businesses with limited debt rather than financial engineering through the use of leverage; and
- e) a hands-on approach: funds where all aspects of the fund's investment process is managed directly by senior fund executives who are intricately involved in the operations of the underlying businesses in which they invest.

5.4 Investment process

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

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

Step 1: Market review

The investment process begins with a review of the market, involving identification of small to mid-market private investment fund managers that are raising money and the timing of their fund raising. The LP already has access to numerous opportunities passed on from Cordish Private Venture's network. The LP has commitments to five underlying investment funds. Private investment market analysts estimate there have been approximately 515 small to mid-market private equity funds created by experienced US private investment managers since 2010 with assets under management of less than US\$750 million³⁵, which forms the initial set of investable opportunities for the LP.

Step 2: Preliminary evaluation

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

- a) fit with the Fund's investment strategy and target investment characteristics as listed in Section 5.3 (that is, focused investment strategy on niche opportunities, operating businesses with existing cash flows, appropriate fund size, limited use of leverage and a hands-on approach by senior fund executives);

- b) performance record of the private investment fund manager and any previous experience of the Investment Manager or Cordish Private Venture with them;
- c) strength of the management team of the fund including skills and experience in executing their strategy, and motivation and commitment of key people; and
- d) structure of the private investment fund and fit with the Fund's desire to maximise after-tax returns.

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

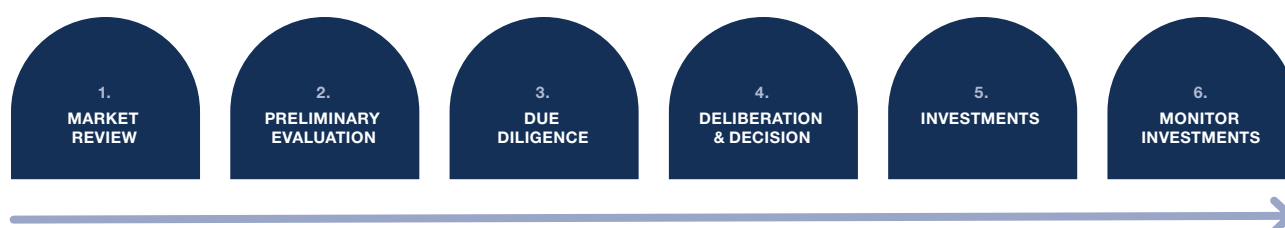
Step 3: Due diligence

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

- a) management team expertise, including their track record in private equity investments and experience as business operators;
- b) quality of the fund's business model, including business plans, financial analysis and appropriateness of proposed management fees;
- c) ability to support future investments and provide assistance in company growth – value-adding strategies;
- d) investment sourcing and structuring experience;
- e) reporting and investment validation processes; and
- f) exit experience and strategy.

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

Figure 10: Investment Process Diagram



35 Source: Bloomberg

Step 4: Deliberation and decision

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

Step 5: Investment

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

Step 6: Monitor investments

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

5.5 Investment term

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

An investment horizon of less than 10 years in the Fund may not provide sufficient opportunity for an increase in the value of underlying investments of the Fund.

The LP Agreement permits the GP to require any limited partner to withdraw from the LP, if the GP determines that the continued participation of that limited partner would adversely affect the LP or the GP. While the withdrawing limited partner will receive 90% of its capital account on exit with 10% balance payable on completion of the subsequent audit. This provision could result in the Fund being forced to exit from the LP before there has been a liquidity or other event resulting in a capital appreciation of the underlying investments of the LP. An entity associated with the Responsible Entity holds a 42.5% interest in the GP and has capacity to veto major decisions to be undertaken by the GP. See Sections 12.1 and 12.4 for details.

5.6 Initial investments

The LP has committed to five underlying investment funds being;

- US\$7.5 million commitment to DFW Capital Partners Fund V, L.P., representing approximately 2% of this US\$360 million fund;
- US\$3 million commitment to Elephant Partners Fund I, L.P., representing approximately 2% of this approximately US\$148 million fund;
- US\$7.5 million commitment to Encore Consumer Capital Fund III, L.P., representing approximately 3% of this US\$260 million fund;
- US\$5 million commitment to PeakSpan Capital Fund I, L.P., representing approximately 3% of this approximately US\$150 million fund; and
- US\$10 million commitment to Trive Capital Fund II, L.P., representing approximately 2% of this US\$525 million fund.

Cordish Private Ventures has provided a loan to the LP, with interest charged at the WSJ Prime Rate, to fund these initial acquisitions, which is expected to be repaid using proceeds of the LP's initial capital call. Further details of these initial investments are included in Section 5.7.

The Investment Manager is also currently in active due diligence with a number of funds looking to raise capital in 2016.

Further investments of the Fund, through the LP, will depend on prevailing market conditions and available investment opportunities following the Fund's successful fund raising and listing. Due to the dynamic nature of the private investments market, an accurate indication of the Fund's additional investments cannot be given as at the date of this PDS. However, the investments will be consistent with the investment objectives and guidelines of the LP and, subject to the investment restrictions (see Section 5.8), the underlying investments may be in any sector or region. However, the focus is expected to be on funds investing in US based operating businesses.

The Investment Manager will invest in private investment funds which it believes offer superior risk-adjusted returns while preserving and protecting wealth, and are managed by top performing fund managers.

5.7 Initial portfolio of the LP

The LP has made commitments to five highly attractive small to mid-market private funds – DFW Capital Partners Fund V, L.P., Elephant Partners Fund I, L.P., Encore Consumer Capital Fund III, L.P., PeakSpan Capital Fund I, L.P. and Trive Capital Fund II, L.P. Between Fund I and Fund II, investments have been made in other funds managed by three of these investment managers.

A total commitment of US\$33 million has been made to five underlying investment funds of which approximately US\$3.2 million has been drawn as at the date of this PDS. Walsh Trust and Cordish Private Ventures will together commit US\$20 million to the LP at the time the Fund commits.

DFW Capital Partners Fund V, L.P.

The LP has committed US\$7.5 million to invest in DFW Capital Partners Fund V, L.P. (**DFW Capital Partners Fund V**). DFW Capital Partners Fund V closed oversubscribed in April 2016 with US\$360 million of commitments.

DFW Capital Partners (DFW) is a leading private equity investment firm based in Teaneck, New Jersey, focused exclusively on lower middle market businesses in the healthcare, business services and industrial services industries. The fund takes a long-term approach seeking to add value primarily through improvements in financial management, business strategy, strategic acquisitions and exit planning. The active approach of the fund encompasses assistance with recruitment of senior executives, identifying add-on acquisitions and providing a path to access both private and public capital.

The fund typically seeks value in the recapitalisation of family/entrepreneur-led businesses where a minority stake is maintained by the vendor, growth investments including acquisitive programs and the acquisition of non-core divisions of larger groups. These investments typically present strong customer relationships, have recurring revenue streams and a competitive advantage, but are in need of organisational change and/or succession planning solutions.

The fund targets investments in firms with annual revenue of US\$20 million to US\$100 million.

The Investment Manager and its related entities have familiarity with DFW Capital Partners, with both Fund I and Fund II having invested in DFW Capital Partners Fund IV previously.

Elephant Partners Fund I, L.P.

The LP has committed US\$3 million to invest in Elephant Partners Fund I, L.P. (**Elephant Partners Fund I**). The firm's debut fund, Elephant Partners Fund I was established in late 2015 and has raised approximately US\$148 million of commitments.

Elephant Partners is a Boston, Massachusetts based firm focused on investment in technology focused, growth stage businesses. The firm was co-founded by Jeremiah Daly and Andy Fund, both previously from Highland Capital Partners.

Encore Consumer Capital Fund III, L.P.

The LP has committed US\$7.5 million to invest in Encore Consumer Capital Fund III L.P. (**Encore Consumer Capital Fund III**), a new fund with US\$260 million of commitments, established by Encore Consumer Capital in 2015.

Encore Consumer Capital is a San Francisco, California based firm that has developed a successful strategy of investing in lower middle market, consumer staple businesses. These businesses are typically smaller, family/entrepreneur-owned businesses looking for a value-add partner to facilitate growth. Specifically, Encore Consumer Capital targets investment in food and beverage products, pet products and personal care products. These are generally distributed to retail consumers through supermarkets. These segments are perceived to combine the stability of consumer staples businesses with capacity for faster growth in niche markets. Encore typically invests in businesses with US\$10 million to US\$100 million in annual revenue. Majority equity positions are favoured.

The management team has extensive experience working together, with all three managing directors have worked together at Encore Consumer Capital since 2005.

Encore Consumer Capital has successfully invested in and operated these types of lower middle market businesses since 2006. Over that period, Encore Consumer Capital has raised US\$648 million across three funds to invest in this segment. Encore Consumer Capital Fund I was a top quartile fund.

The Investment Manager has familiarity with Encore Consumer Capital, with Fund I having invested in Encore Consumer Capital Fund II previously.

PeakSpan Capital Fund I, L.P.

The LP has committed US\$5.0 million to invest in PeakSpan Capital Fund I, L.P. (**PeakSpan Capital Fund I**). The firm's debut fund, PeakSpan Capital Fund I, was established in 2015 and has raised approximately US\$150 million of commitments.

PeakSpan Capital is located in California and New York and invests in growth stage companies that sell enterprise software in the US. These companies serve the full spectrum of buyers from very small businesses to large enterprises. Selected companies typically require capital to increase their scale of operations in order to capture unique market opportunities. PeakSpan typically targets US\$5 million to US\$15 million investments in businesses with US\$5 million to US\$30 million in revenue. Whilst the PeakSpan Capital Fund I is new, the two founders have a combined 25+ years of investment experience investing in growth and software businesses.

Trive Capital Fund II, L.P.

The LP has committed US\$10.0 million to invest in Trive Capital Fund II, L.P. (**Trive Capital Fund II**). Trive Capital Fund II is a new fund, with approximately US\$525 million of commitments, established by Trive Capital in late 2015.

Trive Capital is a Dallas Texas based firm that has an industry agnostic strategy of investing in deep value, middle market businesses that Trive Capital believe have the potential to benefit substantially from operational improvements. These are companies that have fundamentally sound business models, yet sub-optimal operational and financial performance. Specifically, they are businesses with a leading defensible market position and sustainable competitiveness, with differentiated and diversified products or services, that are at or near an inflection point in the business life cycle. A combination of capital, operational improvements and additional resources are then expected to serve as a value-enhancing catalyst. Trive Capital targets family-owned businesses, corporate carve-outs and special situations and typically invests US\$10 million to US\$150 million in businesses with US\$40 million to US\$750 million in revenue.

Since 1998, Trive Capital has sourced, executed and managed over 50 transactions representing US\$5 billion in aggregate revenue.

The Investment Manager has familiarity with Trive Capital, with Fund II having invested in Trive Capital Fund I previously.

5.8 Permitted investments

The LP will primarily make investments by acquiring limited partnership interests in private investment funds although it is permitted to acquire a broad range of investments and has the ability to invest in companies directly.

In addition, the LP may not:

- a) invest more than 25% of the aggregate capital commitment of the LP in any one private investment fund, other than an investment in a company either directly, or indirectly via a private investment fund established by the GP, or related entities, for the purpose of direct investment; the comparable aggregate limit for such direct investments is 33%;
- b) invest more than 15% of the aggregate capital commitment of the LP in any private investment fund whose primary investment objective is to invest in companies located or that conduct their principal business outside of the US; and
- c) invest in any private investment funds whose primary investment objective is to invest in companies located in, or that conduct their principal business, in emerging markets.

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

The LP in which the Fund will invest has committed to five underlying investment funds with a total commitment of US\$33 million. Where sufficient capital is raised under the Offer, the Investment Manager aims to substantially commit the cash raised by the Offer within 12 months of the issue. However, it may take up to 24 months to identify suitable investments and to substantially commit the cash raised.

The LP's investment mandate restrictions can only be changed with the unanimous approval of the limited partners. The GP may modify the LP's specific investment methodologies without prior approval if the GP determines that the modification is in the LP's best interest and remains consistent with its objectives and purposes. See Section 12.1 for details.

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

5.9 Affiliate managed funds

To achieve its investment objectives, the Investment Manager may invest in funds managed, in partnership, by affiliates of the Responsible Entity and Cordish Private Ventures. Any investment in these funds must satisfy the LP's criteria of permitted investments as defined in Section 5.8. The general partner of these affiliate-managed funds will be entitled to receive market-based compensation for their services.

5.10 Borrowings policy

The Fund's policy is not to undertake borrowings directly or through the LP. While the GP does not currently intend to borrow further funds for investment purposes, the LP Agreement permits the GP to borrow. The GP on behalf of the LP has an existing loan, with interest charged at the WSJ Prime Rate, from Cordish Private Ventures, which was used to fund the LP's acquisition of its interests in the underlying funds set out in Section 5.6. The GP currently expects to repay the loan using proceeds following the LP's initial capital call.

Underlying funds in which the Fund has invested as limited partner may borrow from time to time. As the Fund will not hold a majority interest in these funds, it will not be in a position to exercise any control over such borrowings.

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

5.11 Risk management policy

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

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

5.12 Foreign exchange hedging policy

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

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

5.13 Cash policy

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

5.14 Capital management policy

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

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

5.15 Distribution policy

The LP will focus on investments with the potential to deliver capital growth rather than delivering income. Nevertheless, it is the Fund's policy to distribute 100% of its distributable income for each income year, including realised capital gains, that it receives subject to the Fund's working capital requirements consistent with good fiscal

operating policy and management and such other needs as the Responsible Entity, in its reasonable discretion, deems necessary. The Fund intends to make yearly distributions, if any, but may make more regular distributions if appropriate.

The ability of the Fund to distribute income received from investments made by the Investment Manager will depend on the receipt of income from the underlying investments of the LP as well as payment of distributions authorised by the GP to the limited partners and interest income derived by the Fund from investment of its cash, pending calls on its capital commitments to the LP. The Responsible Entity is unable to give specific assurances to investors concerning the future payment of distributions because the timing of realisation of private investments is uncertain.

5.16 Valuation policy

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

5.17 Raising further capital

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

As outlined in Section 12.1, funds may also be raised directly at the LP level until 31 December 2017 to a total LP cap of US\$225 million (including investment by the Fund).

5.18 Reports to Unitholders

The Responsible Entity will provide at least:

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

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



6. The Responsible Entity and Investment Manager

6.1 Role of the Responsible Entity

Walsh & Co is the issuer of Units under this PDS and the Responsible Entity of the Fund. The Responsible Entity is responsible for the protection of Unitholder interests and overall corporate governance of the Fund. The Responsible Entity will manage the Fund in accordance with its duties to Unitholders. The Responsible Entity is also subject to numerous duties under the Corporations Act, including duties to act honestly, exercise care and diligence and act in the best interests of Unitholders. Further details of the Constitution and the Responsible Entity's obligations are specified in Section 13.1.

Under the Corporations Act, a responsible entity is required to either have a board of directors, not less than half of which comprises external directors, or to appoint a compliance committee with a majority of external representation. Walsh & Co complies by having a compliance committee with a majority of external representation. Further details on the external members of the compliance committee are set out later in Section 6.10.

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

The role of the Responsible Entity includes:

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

6.2 Background of the Responsible Entity

Walsh & Co holds Australian Financial Services Licence Number 410 433.

The Fund represents the third US private market investment fund for Walsh & Co with access to the experience of its executives and management.

Walsh & Co is currently the responsible entity for Emerging Markets Masters Fund, US Masters Residential Property Fund, US Select Private Opportunities Fund I & II, New Energy Solar Fund and Australian Property Opportunities Fund I & II.

- a) The Emerging Markets Masters Fund is an ASX-listed multi-manager that invests across the emerging markets universe targeting global emerging market investment funds. At 31 May 2016, the Emerging Markets Masters Fund had a market capitalisation of approximately \$173 million.
- b) The US Masters Residential Property Fund is an ASX-listed registered managed investment scheme that is the only Australian-listed trust with a primary strategy of investing in the New York metropolitan area residential property market. At 31 May 2016, the US Masters Residential Property Fund has a market capitalisation of approximately \$660 million.
- c) The US Select Private Opportunities Fund I & II are ASX-listed funds that follow an investment strategy that is generally consistent with the Fund, providing Unitholders with the opportunity to benefit from a family office style of investment focused on small and mid-market private investment opportunities in the US. At 31 May 2016, the US Select Private Opportunities Fund I & II had market capitalisation of approximately \$96 million and \$128 million respectively.
- d) New Energy Solar Fund is an unlisted fund stapled to an unlisted company, New Energy Solar Limited. New Energy Solar Fund and New Energy Solar Limited have been established to invest globally in renewable energy assets and raised approximately \$180 million in January 2016.

- e) The Australian Property Opportunities Fund I & II are unlisted trusts with the primary objective of providing investors with access to Australian commercial property that possesses attractive and stable income, as well as the potential for capital growth. The Australian Property Opportunities Fund I raised \$160 million in July 2013 and the Australian Property Opportunities Fund II raised \$110 million in June 2014.

A member of the same group as Walsh & Co, URF Investment Management Pty Limited, currently manages US Masters Residential Property Fund.

A member of the same group as Walsh & Co, New Energy Solar Manager Pty Limited, is the investment manager of New Energy Solar, an unlisted stapled entity. New Energy Solar was established in November 2015 with the objective of helping investors generate positive social impact alongside attractive financial returns through the combination of distributions from producing solar assets and growth through new acquisitions and developments in the solar and renewable sectors.

A Joint Venture entity that is 50% owned by the same group as Walsh & Co, Fort Street Real Estate Capital Pty Limited, is the investment manager of the Australian Property Opportunities Fund and Australian Property Opportunities Fund II. Further joint venture entities that are 50% owned by the same group as Walsh & Co provide leasing services and development management services to those funds.

A member of the same group as Walsh & Co, Walsh & Company Asset Management Pty Limited (**Walsh AM**) also manages the investment portfolios of a number of other funds:

- a) Emerging Markets Masters Fund (EMF) and Asian Masters Fund Limited (AUF). These funds, which are both ASX-listed, adopt a multi-manager investment

approach and give Australian investors the opportunity to gain access to leading global fund products and managers across Asia and the Emerging Markets. As at 31 May 2016, EMF and AUF had a market capitalisation on the ASX of approximately \$173 million and \$155 million respectively.

- b) Australian Masters Corporate Bond Fund No 5 Limited. This fund is part of a series that has previously included Australian Masters Corporate Bond Fund No 1 Limited, Australian Masters Corporate Bond Fund No 2 Limited, Australian Masters Corporate Bond Fund No 3 Limited and Australian Masters Corporate Bond Fund No 4 Limited. These companies invest in primarily high grade fixed income securities and completed issues of shares between June 2008 and December 2010 to raise collectively approximately \$281 million. Australian Masters Corporate Bond Fund No 5 Limited has been suspended from ASX quotation following the completion of a planned series of capital returns on maturity of underlying investments.
- c) Australian Masters Yield Fund No 1 Limited, Australian Masters Yield Fund No 2 Limited, Australian Masters Yield Fund No 3 Limited, Australian Masters Yield Fund No 4 Limited and Australian Masters Yield Fund No 5 Limited (Australian Masters Yield Fund Series), which are diversified fixed income funds. These funds completed issues of shares between 2010 and 2012 to raise collectively approximately \$430 million.
- d) Australian Governance Masters Index Fund Limited (AQF). AQF is a listed investment company on the ASX. This company tracks entities included in the S&P/ASX 100 with a corporate governance overlay, excluding companies with poor corporate governance ratings. At 31 May 2016, AQF had a market capitalisation of approximately \$54 million.

6.3 Directors of the Responsible Entity

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



Alex MacLachlan, BA (Cornell), MBA (Wharton); Chairman

Alex MacLachlan is currently Chairman of the responsible entity for US Select Private Opportunities Fund I & II, Emerging Markets Masters Fund, Australian Property Opportunities Fund I & II, New Energy Solar Fund and US Masters Residential Property Fund. Alex is also currently the chairman of New Energy Solar Limited and a director of Fort Street Real Estate Capital, the Australian Masters Yield Fund Series, the Australian Masters Corporate Bond Fund Series and Asian Masters Fund Limited.

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

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



Tristan O'Connell, BCOM (ANU), CPA; Director

Tristan O'Connell joined Dixon Advisory in 2005 as its Chief Financial Officer after 10 years' experience in corporate financial and management roles within the wholesale financial markets industry. Tristan oversees the finance and accounting function of Dixon Advisory Group, incorporating funds management accounting for thirteen funds, which manage more than \$2 billion for 15,000 shareholders. Tristan is currently a director of the responsible entity for US Select Private Opportunities Fund I & II, Emerging Markets Masters Fund, Australian Property Opportunities Fund I & II, New Energy Solar Fund and US Masters Residential Property Fund.

Among Tristan's previous roles were 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. He subsequently held senior finance roles for the Tullett Prebon Fund in Singapore and London and 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.



Tom Kline, BCOM LLB (HONS) (ANU); Director

Tom Kline is the Chief Operating Officer of the Funds Management division of Walsh & Company Asset Management. He is a director of Fort Street Real Estate Capital and New Energy Solar Limited, Chairman of Australian Masters Yield Fund No 4 Limited and Australian Masters Yield Fund No 5 Limited. Tom is also a director of the responsible entity for US Select Private Opportunities Fund I & II, Emerging Markets Masters Fund, Australian Property Opportunities Fund I & II, New Energy Solar Fund and US Masters Residential Property Fund.

Before Dixon Advisory, Tom worked 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 served in the Corporate Finance division of Deloitte. While at Deloitte, he worked in the Transaction Services, Business Modelling and Valuation Teams.

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

6.4 Role of the GP

The GP is jointly owned by DGP Inc. (a member of the same group as Walsh & Co) (as to 42.5%) and two affiliates of Cordish Private Ventures, (as to 57.5%) and is based in the US. See Section 12.4 for details. It is responsible for:

- investing and disposing of investments to be made by LP;
- opening, having, maintaining and closing bank and brokerage accounts;
- bringing and defending actions and proceedings;
- hiring external advisors, agents and employees as required;
- making all elections, investigations, evaluations and decisions binding the LP that may be needed for acquiring, holding or disposing of investments;
- entering into, performing and carrying out contracts and agreements for the offer and sale of interests in the LP or to accomplish the LP's purposes; and
- carrying on any other activities, as required, in connection with the LP's business.

The GP acts as general partner of the LP. As general partner, the GP must manage and promote the LP's purpose and business on behalf of all limited partners. The relationship between the GP and the limited partners of the LP (including the Fund) is regulated by the LP Agreement. See Section 12.1 for details. The Responsible Entity has no ability to direct the GP regarding the acquisition or divestment of investments. This will continue irrespective of whether there is a change in the responsible entity of the Fund.

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

6.5 Role of the Investment Manager and its Advisory Board

The GP has engaged Dixon Asset Management USA Inc. (Investment Manager) to act as investment manager. The Investment Manager is a member of the same group as Walsh & Co. The Investment Manager has discretion to undertake and realise investments for the benefit of the LP as a delegate of the GP. The GP remains subject to its duties under the LP Agreement. Accordingly, the GP retains the right to replace the Investment Manager at its sole discretion. The Investment Manager must also act consistently with the investment objectives, policies and restrictions adopted by the GP from time to time. Details of the responsibility of the Investment Manager are set out in the Investment Advisory Agreement. See Section 12.3.

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

See Section 6.8 and 12.3 for information regarding the investment professionals and operation of the Investment Manager.

6.6 Performance of Fund I and Fund II

Table 1 provides a summary of Fund I and Fund II performance since inception. Pro forma returns represent the net tangible asset backing per unit total return (pre-tax) reported to ASX and unit returns based on trading in units of the relevant fund on ASX over the relevant period.

Table 1: Total Returns of Fund I and Fund II

PERIOD	1 YEAR	3 YEARS (PA)	ANNUALISED RETURN SINCE INCEPTION (PA) ¹	TOTAL RETURN SINCE INCEPTION ¹
Fund I NTA returns²	10.6%	12.4%	11.3%	50.4%
Fund I Unit returns³	26.3%	15.1%	13.1%	59.1%
Fund II NTA returns²	6.4%	11.7%	13.8%	50.2%
Fund II Unit returns³	11.2%	12.1%	13.6%	49.2%

1 Listing date: Fund I – 14 August 2012 and Fund II – 9 April 2013.

2 Pre-tax NTA total return as at 31 May 2016, assuming reinvestment of distributions at NTA. Based on the listing of Fund I on 14 August 2012, and Fund II on 9 April 2013. Starting NTA of \$1.53 for Fund I and \$1.53 for Fund II used in the calculations (pro forma NTA for each fund post costs of the respective offers).

3 Assumes distributions reinvested at close price on the payment date and calculated to 31 May 2016.

Investors are reminded that past performance is no guarantee of future performance and that the investment strategy for the Fund may differ from that of Fund I and Fund II. In particular, investments of the type undertaken by the relevant limited partnerships in which Fund I and Fund II invest are long-term investments. While the LP for this Fund may make investments in new underlying funds managed by the same or similar fund managers, the actual investments undertaken by those underlying fund managers will not and cannot be the same as those undertaken by the underlying fund managers in Fund I and Fund II. While the investment strategy for this Fund may be similar to Fund I and Fund II, it cannot be replicated precisely.

Figures 11 and 12 below set out the pre-tax NTA total returns of Fund I and Fund II since their inception.

Figure 11: Unit NTA Performance of Fund I Since Inception¹

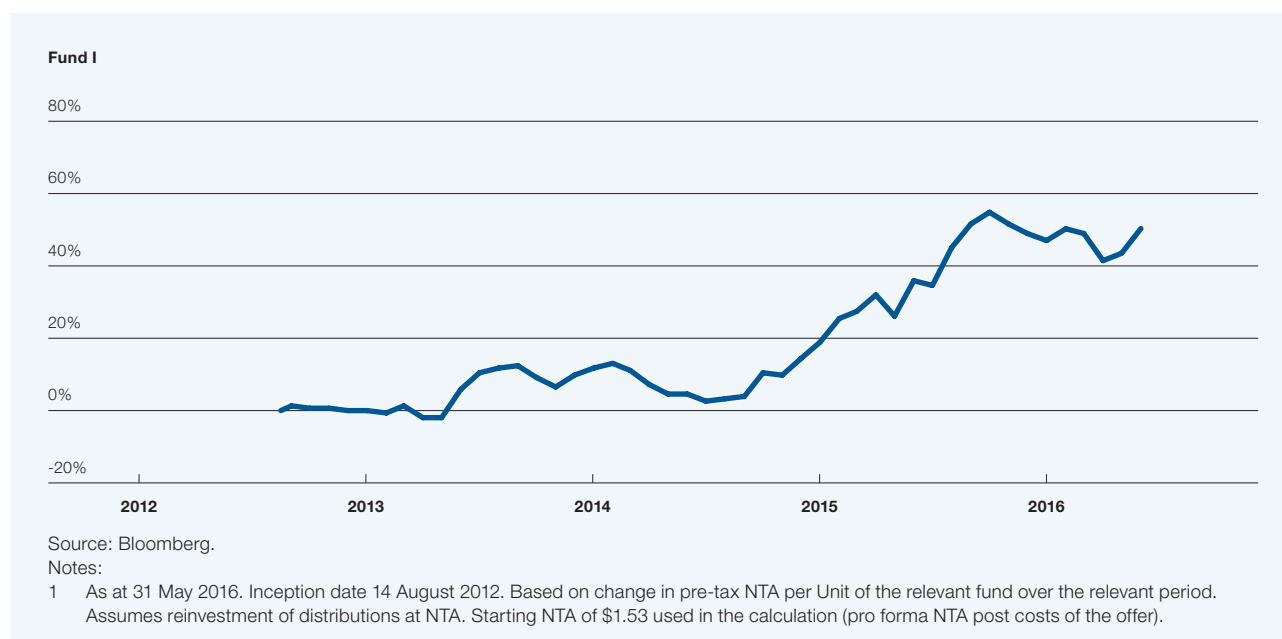


Figure 12: Unit NTA Performance of Fund II Since Inception¹

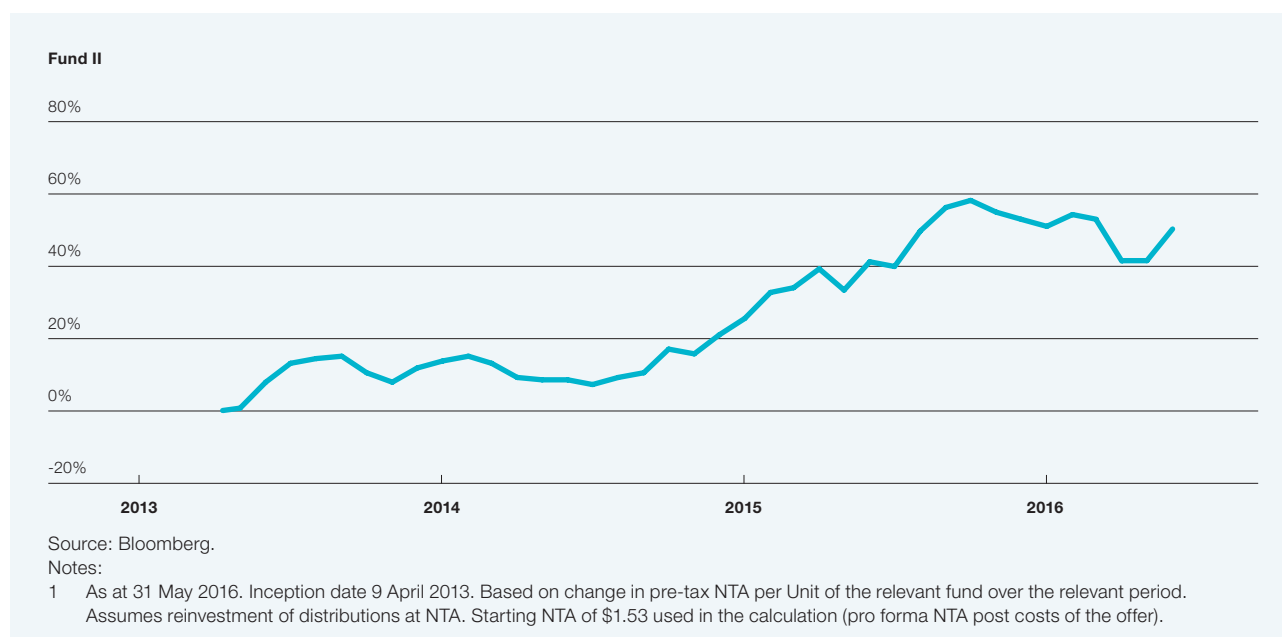
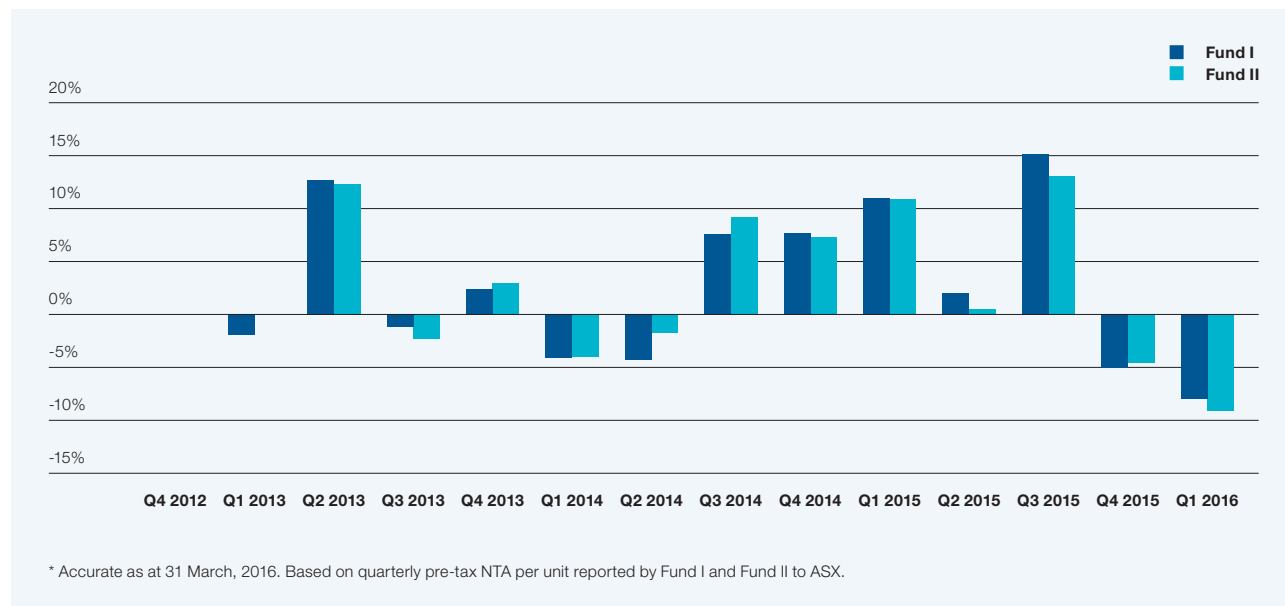


Figure 13 below sets out the quarterly performance of Fund I and Fund II since their inception.

Figure 13: Quarterly Performance of Fund I and Fund II



Investors are reminded that past performance is no guarantee of future performance and that the investment strategy for the Fund may differ from that of Fund I and Fund II.

Fund I and Fund II Investments

For illustrative purposes only, the private investments that Fund I and Fund II have made as at the date of this PDS are set out in Table 2 and Table 3 below. Further details on current investments are available at uspof.com.au.

Due to the nature of the private investments market, the Fund's investments may differ substantially to those invested in by Fund I and Fund II.

Table 2: Investments of Fund I at 31 May 2016

Fund I was listed in August 2012. As at 31 May 2016 the limited partnership through which Fund I invests has called approximately 83% of capital committed, with investments across nine private investment funds (through the underlying limited partnership). The balance of Fund I's assets are held as cash denominated predominantly in US dollars.

INVESTMENT	COMMITMENT (US\$M)	PORTFOLIO WEIGHTING (%) ¹	SECTOR OVERVIEW	COMMENTS
DFW Capital Partners IV	5.0	7%	Healthcare, business services and industrial services	Focus on family/entrepreneur-led businesses, businesses with absentee owners and corporate divestitures, as well as growth investments to support deleveraging or acquisitions
Encore Consumer Capital Fund II	10.0	14%	Food and consumer products	Focuses on proven food and consumer product companies (which sell through supermarkets) in the lower middle market with highly attractive growth prospects
FPC Small Cap Fund I	4.0	6%	Lower middle market, service-oriented companies	Invests in leading service-oriented companies in the lower middle market with growth potential, strong management, customer loyalty, high margins, stable earnings and strong cash flow
Incline Equity Partners III	10.0	14%	Manufacturing, value-added distribution and business services	Invests in lower middle market businesses in three core business sectors: value-added distribution, outsourced business and industrial services, and specialised light manufacturing
KarpReilly Capital Partners II	10.0	14%	Apparel and branded consumer products, retail and restaurants	Invests in premier small to mid-size growth companies primarily in the consumer sector, where the entrepreneurs/founders are seeking a value-added financial partner to help them implement long-term plans
Peppertree Capital Fund IV	3.0	4%	Telecommunication infrastructure companies	Focuses on growth equity opportunities, primarily in telecommunications infrastructure companies with recurring contractual cash flow and successful management
Prometheus Partners IV	4.8	7%	Quick service restaurants	Invests in Taco Bell, Pizza Hut and IHOP nationally franchised restaurants in the US, especially Southeast US
Trivest Fund V	10.0	14%	Manufacturing, distribution, business services and consumer	Focuses on well-run family/founder-owned businesses with strong management and scalable growing businesses
US Select Direct Private Equity²	13.0	19%	Non-industry specific direct investment in private companies	Platform to co-invest in small and mid-market private companies alongside leading, specialist private investment funds

¹ Based on commitments to underlying funds.

² Managed by the Investment Manager.

Table 3: Investments of Fund II at 31 May 2016

Fund II was listed in April 2013. As at 31 May 2016 the limited partnership through which Fund II invests has called approximately 66% of capital committed, with investments across 12 private investment funds (through the underlying limited partnership). The balance of Fund II's assets is held in cash denominated predominantly in US dollars.

INVESTMENT	COMMITMENT (US\$M)	PORTFOLIO WEIGHTING (%) ¹	SECTOR OVERVIEW	COMMENTS
Blue Point Capital Partners III	5.0	5%	Engineering, industrial and distribution companies	Partners with entrepreneurs and management teams investing in and growing lower middle market companies
Chicago Pacific Founders Fund	7.5	8%	Healthcare services and servicing companies	Seeks to partner with companies that are positioned to lead innovations in healthcare delivery and in caring for ageing populations
DFW Capital Partners IV	5.0	5%	Healthcare, business services and industrial services	Focus on family/entrepreneur-led businesses, businesses with absentee owners and corporate divestitures, as well as growth investments to support deleveraging or acquisitions
High Road Capital Partners Fund II	7.5	8%	Manufacturing, service, value-added distribution, media and healthcare	Focus on buying and building leading companies at the smaller end of the middle market. The fund seeks control of its investments
Main Post Growth Capital	7.5	8%	Consumer, services and industrial	Investment in firms with strong management teams, and entrepreneurial and family-owned businesses with high growth potential
NMS Fund II	6.5	7%	Healthcare services, business services and consumer products and services	Focus on investments in lower middle market companies poised to benefit from sustainable growth trends
RFE Investment Partners VIII	8.0	8%	Business services, manufacturing and healthcare services	Focus on North American small market companies with outstanding management and leadership, leading and defensible market position, established franchise and a clearly defined growing market
Staple Street Capital Partners II	8.0	8%	Middle market companies	Invests in middle market businesses that are at inflection points or involved in complex situations
Tengram Capital Partners Gen2 Fund	10.0	10%	Consumer products and retail	Investment in underdeveloped or growing brands at attractive valuations in strong segments in the consumer space
Tower Arch Partners I	8.0	8%	Lower middle market companies	Invests in family and entrepreneur-owned companies. Targets recapitalisations, management led buyouts and corporate divestitures
Trive Capital Fund I	10.0	10%	Middle market companies	Focus on acquiring strategically viable but under-resourced companies with the potential for upside through operational improvement
US Select Direct Private Equity²	15.0	15%	Non-industry specific direct investment in private companies	Platform to co-invest in small and mid-market private companies alongside leading, specialist private investment funds

¹ Based on commitments to underlying funds.

² Managed by the Investment Manager.

6.7 Members of the Advisory Board



David Cordish, BA (Johns Hopkins), JD (Maryland), MLA (Johns Hopkins)

David S. Cordish is Chairman of The Cordish Companies.

Mr. Cordish has a B.A. and a Masters in Liberal Arts from Johns Hopkins University. He has an LLB degree from the University of Maryland Law School and was on the Board of Editors of the Law Review. His career has included service in law, government, and commercial businesses. He served in both the Carter and Reagan Administrations as head of the Urban Development Action Grant Program.

He is Chairman of one of the largest and oldest privately-held development companies in the United States. The Cordish Companies is headquartered in Baltimore, and was originally started by his grandfather in the early 1900's. David's father was an active participant for over 70 years, and David's three sons, Jon, Blake, and Reed Cordish, the fourth generation, are presently executives at the Company. Cordish has six distinct thriving divisions: (1) Real estate development; (2) Live! districts; (3) Gaming and hospitality; (4) Sports anchored developments; (5) Entertainment management; and (6) International urban planning and development. The Cordish Companies is widely recognized as one of the leaders nationally in the field of entertainment development and its own operation of entertainment venues, restaurants, live performance, and gaming. The Company owns and manages over 60 million square feet of commercial, hotel, and residential development.

The Cordish Companies is the only development company to receive seven Urban Land Institute Awards for Excellence. The Company has partnered with two dozen City, State, County, and Indian Nations to co-develop projects and is unique in its depth of experience in public/private development. The Company also has partnerships with a large number of major league sports franchises across the U.S. In addition, the Company has received the Most Inclusive Corporation of the Year Award for Minority Business, and the Bridging the Gap Award for Key Partnership and Strategic Alliance.

Mr. Cordish has served on numerous national, state, and local boards, including professional, civic, and charitable. He has acted as a pro bono consultant to Johns Hopkins University, Loyola College, Stevenson University, and other non-profit entities. Mr. Cordish was the recipient of the Johns Hopkins Real Estate Program's Leadership Award, the David M. Sampson Award by the Greater Baltimore Urban League, the Baltimore WaveMaker Lifetime Achievement Award by the Urban Land Institute, and the Daily Record's Most Admired CEO Award. Mr. Cordish is the recipient of numerous other regional and national honors and awards.



Jonathan Cordish, BA (Brandeis University), MBA (Wharton); Chairman

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

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

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

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

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



John Martin, B.Ec (Hons) (Sydney)

John has over 25 years' experience in corporate advisory, bank management, financial structuring and risk management. John is currently a senior partner with corporate advisory firm Aquasia.

John was previously an economist with the Reserve Bank of Australia and then worked in various treasury and risk management positions before moving to PWC as the partner responsible for financial risk management.

John was previously Head of National Australia Bank Advisory and Joint Head of Credit Markets and Head of Structured Finance at RBS/ABN AMRO. In his seven years at ABN AMRO, John had close involvement with a number of significant infrastructure, utility, resource and property M&A and financing transactions.



Alan Dixon, BCOM (ANU), CA

Alan Dixon has been providing financial advisory services to corporations, institutions and individuals for more than 20 years. Until December 2000, Alan worked for various investment banks, including ABN AMRO, where he was an Associate Director in Mergers and Acquisitions and Equity Capital Markets, and Ord Minnett Corporate Finance. Since January 2001, he has operated as Managing Director of the Dixon Advisory Group, before becoming Managing Director and Chief Executive Officer of Dixon Advisory USA, Inc in 2012.

Alan currently serves as a director of Australian Masters Yield Funds 1–3, the Australian Corporate Bond Fund No 5 Limited, and of the responsible entity for US Masters Residential Property Fund and Fund I.

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

6.8 Investment professionals

The Investment Manager will have access to staff of the Walsh & Co and Cordish Private Ventures for the provision of various investment management services. In particular, Jonathan Sinex, a Principal of Cordish Private Investments, has been seconded to the Investment Manager on a full-time basis. Alex MacLachlan will also render investment management services to the Investment Manager.

A) Alex MacLachlan, BA (Cornell), MBA (Wharton)

Refer to Section 6.3.



B) Jonathan Sinex, BA (ECON) (Middlebury), MBA (Darden)

Jonathan Sinex is currently a principal at Cordish Private Ventures where he is responsible for managing all private equity opportunities in his role with the Investment Manager for Fund I and Fund II and related entities.

Since joining Cordish Private Ventures in 2012, Jonathan has sourced, evaluated and closed 22 private fund commitments as well as 13 direct equity investments in private operating businesses (as of 5 January 2016). Prior to joining Cordish, Jonathan was a private equity investor at Goldman Sachs and Devonwood Investors, and during business school served as the interim CFO at a private equity backed consumer products company.

Jonathan began his career in 2004 as an investment banker at Bear Stearns providing M&A, capital raising and advisory services to public and private companies. Jonathan received his Bachelor of Arts in Economics from Middlebury College and a Masters of Business Administration (with highest honors) from the University of Virginia's Darden School of Business.

6.9 Registration of Investment Manager

The Investment Manager is registered with the Securities and Exchange Commission as an investment advisor.

6.10 Compliance committee

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

A) Tristan O'Connell (Internal Member)

Refer to Section 6.3.

B) Barry Sechos (Independent Member)

Barry is one of two external members of the compliance committee. Barry is a member of the compliance committee for the New Energy Solar Fund, the Australian Property Opportunities Fund I & II, US Select Private Opportunities Fund I & II, Emerging Markets Masters Fund and US Masters Residential Property Fund. Barry is a Director of Sherman Group Pty Limited, a privately owned investment company, and is responsible for managing the legal, financial and operational affairs of Sherman Group Limited. Barry has 30 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; Aberdeen Leaders Limited, an investment company listed on the ASX; Regeneus Limited, an ASX listed biotech company; and a Director of Sherman Contemporary Art Foundation, a charitable cultural organisation.

C) Michael Britton (Independent Member)

Michael is one of two external members of the compliance committee. He is a member of the compliance committee for the New Energy Solar Fund, the Australian Property Opportunities Fund I & II, US Select Private Opportunities Fund and the Emerging Markets Masters Fund. Michael has over 35 years of commercial and financial services experience, initially with Boral Limited and culminating in 12 years as General Manager of the corporate businesses of The Trust Company Limited (now part of Perpetual Limited) 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.

Currently Michael is an independent director on the board of the unlisted Knights Capital Group Limited, a Perth-based investor and property fund manager; he is sole independent director of four special purpose companies involved in high profile wholesale debt capital and securitisation transactions in the aviation and motor vehicle industries; and a Panel Member for the Financial Ombudsman Services Limited.

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.

6.11 Key corporate governance policies

(A) Corporate governance

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

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

(B) Continuous review of corporate governance

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

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

(C) Employee trading policy

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

(D) Continuous disclosure policy

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

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



7. Fees and Costs

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

Did you know?

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

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

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

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

To find out more

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

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

This section shows fees and costs you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the Fund's assets as a whole. Taxes are set out in Section 11 of this PDS. You should read all the information about fees and costs because it is important to understand their impact on your investment.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
FEES WHEN YOUR MONEY MOVES IN OR OUT OF THE FUND		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment – either by you or your employer	Nil	Not applicable
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable
Termination fee The fee to close your investment	Nil	Not applicable
MANAGEMENT COSTS – THE FEES AND COSTS FOR MANAGING YOUR INVESTMENT		
INITIAL COSTS		
Structuring and arranging fee¹ The fee for structuring and arranging the Fund	1.5675% (inclusive of GST and net of RITC) of the gross proceeds raised by the Offer	A one-off payment, payable after the close of the Offer out of the Application Monies and due on allotment by the Fund
Handling fee² The fee for handling and arranging Applications for the Offer	1.5675% (inclusive of GST and net of RITC) of the gross proceeds raised by the Offer	A one-off payment, payable after the close of the Offer out of the Application Monies and due on allotment by the Fund
Participation fee³ The fee for the participation of Taylor Collison as Co-Manager to the Offer	A fixed fee of \$31,350 (inclusive of GST and net of RITC)	A one-off payment, payable after the close of the Offer out of the Application Monies and due within 15 business days of allotment by the Fund

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
MANAGEMENT COSTS – THE FEES AND COSTS FOR MANAGING YOUR INVESTMENT		
ONGOING COSTS		
Responsible Entity fee⁴ The fee payable to the Responsible Entity by the Fund	0.0836% per annum (inclusive of GST and net of RITC) of the gross asset value of the Fund	The fee is charged on the gross asset value of the Fund and is payable quarterly in advance by the Fund
Administration fee⁴ The fee payable to the Responsible Entity by the Fund for the administration of the Fund	0.261% per annum (inclusive of GST and net of RITC) of the gross asset value of the Fund	The fee is charged on the gross asset value of the Fund and is payable quarterly in advance by the Fund
GP fee⁵ The fee is payable to the GP by the LP for the management of the LP	1.0% per annum of the total funds committed by the Fund to the LP. This fee will only be payable for a 10-year period from the Fund's inception	The fee is charged on the total capital commitments made by limited partners of the LP. The fee is payable quarterly in advance by the LP
Underlying fund management fee⁶ The fee is payable to the manager of the underlying funds	2.0% per annum of the total funds committed by the LP to underlying funds. Dependent on the composition of underlying funds and size of investment in each constituent fund	Paid directly out of the assets of the LP or indirectly from the underlying funds. This will depend on the fee structure of the underlying funds
Performance fee⁷ The fee is payable to the GP by the LP	10% of the return achieved by the LP above invested capital once a cumulative, non-compounded, pre-tax return of 8% per annum (Hurdle Rate) on all capital contributed to the LP and not yet returned by distribution to limited partners is achieved	The performance fee calculation period will be from the date of initial capital commitment to the LP. The performance fee will only be paid following the limited partners' actual receipt of invested capital and once a cumulative, non-compounded investment return equal to the Hurdle Rate is achieved, through distribution of income and capital to the LP
Other expenses The fees and costs associated with the administration of the Fund and its investments that are paid by the Responsible Entity including, but not limited to, registry fees, custodian fees, tax and audit fees	Dependent on costs and size of the Fund. All external administration expenses are paid by the Fund	Paid directly out of the assets of the Fund
Service fees Investment switching fee. The fee for changing investment options	Nil	Not applicable

1. This fee is an amount payable to the Responsible Entity (see "Application Fees" under the heading "Additional Explanation of Fees and Costs").
2. This fee is an amount payable to an AFSL Holder or the Responsible Entity, including its related entities (see "Application Fees" under the heading "Additional Explanation of Fees and Costs").
3. This fee is a fixed amount payable to Taylor Collison for its participation as Co-Manager to the Offer (see "Application Fees" under the heading "Additional Explanation of Fees and Costs").
4. This fee is an amount payable to the Responsible Entity (see "Management Fees" under the heading "Additional Explanation of Fees and Costs").
5. This fee is an amount payable to the GP (see "GP Fee" under the heading "Additional Explanation of Fees and Costs").
6. This fee is an amount payable either directly by the LP or indirectly by the underlying funds to the underlying fund managers in relation to the performance of their management function. These fees may include entry fees, transaction fees, exit fees, ongoing management fees and performance fees. These management fees are commonly 2%. The exact quantum of these fees will depend on the composition of underlying funds and the size of the LP's investment with each constituent fund. In addition performance fees may be payable to underlying fund managers.
7. This fee is an amount payable to the GP at the LP level (see "Performance Fee" under the heading "Additional Explanation of Fees and Costs"). Investors should note that the Hurdle Rate references to the LP, not the Fund level, and is denominated in US dollars.

Table 4: Example Investment of Annual Fees and Costs for an Investment in the Fund

This table gives you an example of how the fees and costs for this product can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products.

EXAMPLE INVESTMENT	AMOUNT	INVESTMENT OF \$50,000
Contribution fee	Nil	Not applicable
Plus ongoing costs*	3.345% ^{1,2}	If you had an investment of \$50,000, you would be charged \$1,672.50 (inclusive of GST and net of RITC, where applicable) each year
Equals cost of Fund	3.345%	If you had an investment of \$50,000 during a year and your balance was \$50,000, then for that year, you would be charged fees of \$1,672.50 (inclusive of GST and net of RITC, where applicable)

- * Additional fees may apply – initial fees include a structuring and arranging fee of 1.5675% (inclusive of GST and net of RITC)² of the gross proceeds raised by the Offer and a handling fee of 1.5675% (inclusive of GST and net of RITC)² of the gross proceeds raised by the Offer which will be payable after the close of the Offer – see Sections 7.1.4 and 7.1.5 for further details of additional ongoing fees that may apply.
1. Includes Responsible Entity Fee (inclusive of GST and net of RITC), Administration Fee (inclusive of GST and net of RITC), GP Fee and Underlying Fund Management Fee. This assumes a 2% ongoing Underlying Fund Management Fee payable on all investments in underlying funds and all LP capital commitments have been invested.
 2. These amounts include GST and are net of RITC in respect of the Responsible Entity Fee and Administration Fee. (See “GST” under the heading “Additional Explanation of Fees and Costs”).

7.1 Additional explanation of fees and costs

7.1.1 Application fees

The Constitution of the Fund provides that the Responsible Entity may charge application fees (referred to as a structuring and arranging fee and handling fee above) of up to 5.225% (inclusive of GST and net of RITC) of the price at which Units in the Fund are issued, and accordingly, the Responsible Entity can increase the application fees it charges, up to that amount without seeking Unitholder approval.

In respect of this Offer, the Responsible Entity will only charge structuring and arranging fee 1.5675% (inclusive of GST and net of RITC) and a handling fee of 1.5675% (inclusive of GST and net of RITC). The Responsible Entity, at its sole discretion, may distribute some or all of the structuring and arranging fee and handling fee to AFSL Holders in relation to their participation in the Offer. AFSL Holders includes, but is not limited to, Dixon Advisory & Superannuation Services Limited, a related entity of the Responsible Entity, and Taylor Collison, the Co-Manager to the Offer.

The Responsible Entity, on behalf of the Fund has engaged Taylor Collison to act as Co-Manager to the Offer. The Responsible Entity, on behalf of the Fund, will pay Taylor Collison the handling fee of 1.5675% (inclusive of GST

and net of RITC) and 0.314% (inclusive of GST and net of RITC) of the structuring fee, of Applications introduced and Allotted in relation to the Offer. Taylor Collison will be responsible for the payment of any fees in relation to AFSL Holders it introduces to the Offer.

7.1.2 Management fees

The Constitution of the Fund provides that the Responsible Entity is entitled to charge management fees (referred to as the responsible entity fee and administration fee, in aggregate, above) of up to approximately 2.09% per annum (inclusive of GST and net of RITC) of the gross asset value of the Fund and accordingly, the Responsible Entity can increase the management fees it charges the Fund up to that amount without seeking Unitholder approval.

The current fees to be charged by the Responsible Entity will be a responsible entity fee of 0.0836% (inclusive of GST and net of RITC) per annum and an administration fee of 0.261% (inclusive of GST and net of RITC) per annum, charged on the gross asset value of the Fund and payable quarterly in advance.

7.1.3 GP fee

The LP Agreement provides that the GP will receive a management fee equal to 1.0% per annum of the total capital committed including capital committed by Cordish

Private Ventures, Walsh Trust and the Fund as limited partners to the LP. Other parties to the LP Agreement may become party to the LP Agreement under different terms, including but not limited to, fees, rebates and investment hurdle rates.

This GP fee in relation to Cordish Private Venture, Walsh Trust and the Fund is payable irrespective of whether the capital committed by the partners has in fact been drawn by the GP and applied to investments for the limited partners through the LP. The GP Fee in relation to Cordish Private Ventures, Walsh Trust and the Fund is only payable for a 10-year period from the Fund's inception.

7.1.4 Performance fee

The GP will also be entitled to a performance fee of 10% of the return achieved above invested capital once the Hurdle Rate, equal to a cumulative, non-compounded pre-tax return of 8% per annum on all capital contributed to the LP (and not yet returned by distribution to limited partners), is achieved. Investors should note that the Hurdle Rate references to the LP, not the Fund level, and is denominated in US dollars.

The Fund will nominate its capital commitment to the LP within five Business Days of the issue of Units under this PDS. This commitment will be equal to the net proceeds of the Offer less an amount equal to the anticipated ongoing costs of operating the Fund. Following the Offer, Cordish Private Ventures and Walsh Trust will commit US\$15 million and US\$5 million respectively to the LP on the same terms as the Fund.

A summary of the LP Agreement which documents this fee is included in Section 12.1.

7.1.5 Underlying fund management fee

The GP is entitled to be reimbursed, out of the assets of the LP, for all out-of-pocket expenses it properly incurs in operating and administering the Fund. This includes the fees charged by underlying fund managers associated with the performance of their management functions. These fees may include entry fees, transaction fees, exit fees, ongoing management fees and performance fees. These management fees are commonly 2%. The exact quantum of these fees will depend on the composition of underlying funds and the size of the LP's investment with each constituent fund. In addition, performance fees may be payable to underlying fund managers. The fees will be paid either directly by the fund or indirectly by the underlying funds. No management or performance fees will be paid at the underlying level on direct assets in companies, or the fund created by the GP or its affiliate for the purpose of those direct investments.

7.1.6 Expenses relating to the management of the fund

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

7.1.7 Form of payment of fees

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

7.1.8 Advisor remuneration

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

7.1.9 GST

Where GST is payable on a fee under the GST Act the following applies. It is anticipated that the Fund will be able to recover at least 55% of the GST component of fees charged to it under the reduced credit acquisition provisions of the GST Act. There may be circumstances where the GST recovery rate may be higher or lower. Fees have been quoted net of reduced input tax credits (RITC).

7.2 Expenses of the Offer

The Responsible Entity has elected to incur the costs and expenses associated with the Offer, other than ASX listing fees. This includes expenses such as legal, tax and accounting advice costs, printing and other expenses.

7.3 Unitholder administration

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

7.4 Benefits to the Responsible Entity

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



8. Financial Information

8.1 Pro forma unaudited Statements of Financial Position

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

The pro forma Statements of Financial Position have been prepared in accordance with the significant accounting policies set out in Section 8.3.

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

	MINIMUM SUBSCRIPTION \$25 MILLION	MAXIMUM SUBSCRIPTION \$40 MILLION	OVER- SUBSCRIPTION \$80 MILLION
	A\$'000	A\$'000	A\$'000
Cash	24,133	38,647	77,363
Interest in limited partnership	–	–	–
Liabilities	–	–	–
Net assets/equity	24,133	38,647	77,363
Number of Units ('000)	15,625	25,000	50,000
NAV per Unit	\$1.54	\$1.55	\$1.55

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

	MINIMUM SUBSCRIPTION \$25 MILLION	MAXIMUM SUBSCRIPTION \$40 MILLION	OVER- SUBSCRIPTION \$80 MILLION
	A\$'000	A\$'000	A\$'000
Pro forma adjustment – Proceeds of the Offer (refer 8.2 (b) – (d) below)	25,000	40,000	80,000
Pro forma adjustment – Expenses of the Offer (refer 8.2 (f) below)	(867)	(1,353)	(2,637)
Pro forma net cash position	24,133	38,647	77,363

8.2 Assumptions

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

- a) application of the significant accounting policies set out in Section 8.3;
- b) the column headed “MINIMUM SUBSCRIPTION \$25 MILLION”, has been prepared on the basis of subscriptions of 15,625,000 Units by Applicants under this PDS at an issue price of \$1.60 per Unit;
- c) the column headed “MAXIMUM SUBSCRIPTION \$40 MILLION”, has been prepared on the basis of subscriptions of 25,000,000 Units by Applicants under this PDS at an issue price of \$1.60 per Unit;
- d) the column headed “OVER-SUBSCRIPTION \$80 MILLION”, has been prepared on the basis of subscriptions of 50,000,000 Units by Applicants under this PDS at an issue price of \$1.60 per Unit;
- e) “interest in limited partnership” represents a limited partnership interest held by the Fund, in US Select Private Opportunities Fund III, L.P. (LP), a limited partnership established in the Cayman Islands with a primary strategy of investing in US small to mid-market private investment funds. The other limited partners in the LP immediately following the Offer will be Cordish Private Ventures, LLC and Walsh Trust.

The interest in the LP will be recognised by the Fund progressively based on commitment drawdown calls made on it by the LP. The LP has made commitments of US\$33 million to five underlying investment funds, of which US\$3.2 million has been drawn by the fund managers as at the date of the PDS. The Fund's interest in these underlying investment funds will be dependent on the relative commitments made to the LP as between itself and the other limited partners. The total commitment that will be made by the Fund to the LP post completion of the Offer will be dependent on the total proceeds of the Offer, net of expenses and working capital retentions. Post completion of the Offer aggregate commitments to the LP of US\$20 million will concurrently have been made by the other limited partners.

The General Partner of the LP, with responsibility for selecting and managing investments of the LP, is US Select Private Opportunities Fund III GP, LLC (**GP**), a limited liability company incorporated in Delaware. The GP will be jointly controlled by a related entity of Walsh & Co and two affiliated entities of Cordish Private Ventures, LLC;

- f) expenses related to the Offer to be paid by the Fund include a Structuring and Arranging fee of 1.5675% (inclusive of GST and net of RITC) and a Handling fee of 1.5675% (inclusive of GST and net of RITC), both of the gross proceeds raised by the offer and ASX listing fees (inclusive of GST and net of RITC); and
- g) no interest is earned by the Fund during the Offer period.

8.3 Significant accounting policies

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

8.3.1 Functional and presentation currency

The pro forma financial information is presented in Australian dollars, which is the Fund's functional and presentation currency. All amounts are rounded to the nearest thousand dollars unless otherwise noted.

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

8.3.2 Financial instruments

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

The Fund intends to elect to early adopt "AASB 9 – Financial Instruments (December 2014)". AASB 9 includes requirements for the classification and measurement of financial assets and financial liabilities.

8.3.2.1 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 assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The interest in the limited partnership held by the Fund will not meet the conditions to satisfy subsequent measurement at amortised cost, and will therefore be measured on an ongoing basis at fair value (refer Section 8.3.3).

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

8.3.2.2 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.

8.3.2.3 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.

8.3.3 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 interest in the limited partnership held by the Fund is valued using a 'proportionate' value method based on the proportion of the total net asset value of the limited partnership in which the Fund has an interest at each balance date. The fair value will be net of distribution receipts from the limited partnership.

8.3.4 Cash and cash equivalents

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

8.3.5 Tax

8.3.5.1 Income tax

Under current Australian income tax laws, the Fund is not liable to pay income tax provided it is not a public trading trust and its distributable income for each income year is fully distributed to securityholders, by way of cash or reinvestment.

The Fund may be liable to pay income tax in the United States of America (USA) dependent on the structure of private investment funds in which the limited partnership invests and in turn the structure of the underlying investments made by the private investment funds. Rates of tax will vary dependent on the source of income derived.

A deferred tax liability is recognised (at the likely rate of tax in the USA of 35%) based on the difference between the fair value and tax cost base of certain underlying investments in respect of which an economic interest is held by the Fund and on which income tax will likely be payable in the USA on realisation of such investments.

8.3.5.2 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except to the extent the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the unrecoverable 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. The Fund is expected to qualify for reduced input tax credits at a minimum rate of 55%.

8.3.6 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 and loss.

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

8.3.7.1 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.

8.3.8 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 expected to be subject to significant accounting estimates and judgements include 'financial asset' classification of the interest held by the Fund in the limited partnership, fair value determination of the interest held by the Fund in the limited partnership, recognition of likely tax obligations in the USA, and selection of Australian dollars as the functional currency of the Fund.





9. Risks

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

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

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

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

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

9.1 General investment risks

9.1.1 Macroeconomic risks

The US private investments industry is sensitive to factors including macroeconomic changes, credit market and equity market volatility. Additionally changes in, but not limited to, the US or international technological, political or regulatory environment can have a negative or positive impact on asset values.

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

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

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

9.1.2 Stock market risk

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

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

9.1.3 Regulatory risk

Changes in government legislation, regulation and policy may affect future earnings and values of investments. Changes in accounting standards may affect the reported earnings and financial position of the Fund in future financial periods.

Changes to US specific regulations governing the private investment sector may also impact the Fund and or its asset values.

The GP and Cordish Services are not registered as investment advisors and so are not subject to regulatory supervision in relation to the business activities they undertake for the benefit of the limited partners (including the Fund).

The Investment Manager is a registered investment advisor with the Securities and Exchange Commission.

9.1.4 Taxation risk

A general summary of certain of the Australian and US taxation consequences for certain Investors is provided at Section 11. It is a general summary only and is not intended to provide specific tax advice to any particular Investor.

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

In particular, the Fund may be liable to pay US withholding tax at a maximum rate of 30% (subject to reduction pursuant to the Double Tax Treaty for certain qualified tax residents and other exceptions) on certain income. Alternatively, if the Fund is treated as directly or indirectly engaged in a US trade or business for US federal income tax purposes, the Fund may be required to file a US federal corporate income tax return and to pay US federal income tax on a net basis at the same rates that are generally applicable to US corporations (currently 35%) in respect of its share of effectively connected income derived from that trade or business. In addition, if the Fund were treated as being engaged in a US trade or business, the Fund may also be required to pay an additional tax equal to 30% of the “dividend equivalent amount” (as defined in Section 11 for these purposes) for the taxable year, subject to reduction pursuant to the Double Tax Treaty for certain qualified tax residents.

It should be noted that any changes to the taxation laws in Australia, the Cayman Islands and the US, may affect the tax treatment of the Fund and result in taxation consequences for Investors that are different to that described in the taxation summary contained in Section 11.

9.1.5 Unit liquidity risk

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

9.1.6 Litigation risk

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

9.1.7 Force majeure

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

9.2 Specific investment risks to the Fund

9.2.1 Private investments risk

The Fund’s private investments will provide exposure to small and mid-sized companies where business activities, systems and processes may be less developed and/or diversified than at larger companies and so present higher risks. Leverage may be utilised which increases financial risk. The underlying fund managers, when actively managing their fund’s investments, may utilise financial and operational strategies (including making and integrating acquisitions) to more rapidly drive growth. These investment strategies may increase the potential for loss of capital and may result in greater operational and financial variability. Private investments may also take a relatively long time to become profitable. Given these characteristics, the private investments asset class should be considered a higher risk asset class than traditional equities. Investments in this asset class should be considered a long-term investment.

9.2.2 Private investment market risks

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

9.2.3 No direct supervision of investments

The GP will act as general partner of the LP. As a general partner, the GP is responsible for managing the business of the LP on behalf of all limited partners. The relationship between the GP and the limited partners of the LP (including the Fund) will be regulated by the LP Agreement. See Section 12.1 for details. The GP has engaged the Investment Manager to act as investment manager with discretion to undertake and realise investments for the benefit of the LP as a delegate of the GP. While the GP is owned by DGP Inc. (a member of the same group as Walsh & Co) as to 42.5% and two affiliates of Cordish Private Ventures as to 57.5%, under Cayman Islands law, a limited partner will lose the benefit of limited liability if it becomes actively involved in management of the limited partnership. Accordingly, while the Responsible Entity may be consulted

on investments that are inconsistent with the investment strategy agreed with the GP and Investment Manager, it does not have the ability to give directions regarding investments. This will continue irrespective of whether there is a change in the responsible entity of the Fund.

The LP Agreement can be amended with approval from limited partners holding 75% of the capital contributions to the LP. In the event that the Fund holds an interest in less than 25% of the capital contributions to the LP, there is a risk that the LP Agreement could be amended without the Responsible Entity's consent. Any such changes may be adverse to the interests of the Fund, for example, a change to allow further Additional Limited Partners (resulting in dilution of the Fund's interest in the LP). Consent of limited partners is required for amendments to increase capital commitment, increase fee arrangements, and there are other provisions of the LP Agreement that require unanimous approval for amendment. Any amendments would also require the GP's approval. A related body corporate of Walsh & Co holds a 42.5% interest in the GP and has the capacity to veto major decisions to be undertaken by the GP. See Section 12.4 for details. The GP may cease to be a related body corporate of the Responsible Entity in the future.

The LP's investment mandate restrictions can only be changed with the unanimous approval of limited partners. See Section 12.1 for details.

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

9.2.4 Cordish ability to assist in securing investments

The Investment Manager is a wholly owned subsidiary of the Dixon Advisory Group. It will receive the full-time services of Jonathan Sinex, a Principal of Cordish Private Ventures, and the support of members of the Advisory Board including Jonathan Cordish and Margaret Cordish, who have experience in investing in private investment funds using a style similar to that proposed for the Fund. However, the role of the Advisory Board is advisory only and has no authority to bind the Investment Manager. The Cordish representatives have committed to serving on the Advisory Board for a minimum of five years but there is no certainty that the support of the Cordish representatives will be retained for the duration of the Fund.

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

While it is anticipated that the investment by Cordish Private Ventures in the LP and the involvement of its affiliates and staff will assist the Investment Manager in securing access to private investment funds for investment, there can be no certainty that this will eventuate.

9.2.5 Further commitments to the LP

Under the LP Agreement additional parties may join the LP until 31 December 2017 (the sunset date) by contributing an amount that equalises the contributed percentage of capital committed by each limited partner, plus a cost of carry rate equal to the WSJ Prime Rate, plus the management fee that would have been charged over the period from the Fund's initial investment in the LP.

There is no guarantee as to the final size of the LP, however, the maximum value of commitments to the LP is US\$225 million (including investment by the Fund). Further entrants to the LP would reduce the Fund's percentage interest in the LP.

Additional Limited Partners may be offered more favourable terms than the Fund, Cordish Private Ventures or Walsh Trust including rebates or other fee reduction mechanisms.

9.2.6 Interests of shareholders of GP and limited partners may not align

Two US companies that are affiliates of Cordish Private Ventures are shareholders in the GP and Cordish Private Ventures is also one of the limited partners). An entity in the same group as Walsh & Co is also a shareholder in the GP. Though the GP will manage and promote the LP's purpose and business on behalf of all limited partners, there is the potential for a conflict to arise between the interests of the Fund (as a limited partner) and Cordish Private Ventures and its affiliates and/or Walsh & Co and its related entities. There are presently no procedures in place to address any such conflicts of interest arising. Should an actual conflict arise with one of the shareholders in the GP, investors are presently dependent on the remaining shareholders of the GP exercising its right to veto any transaction which it considers is not in the interests of limited partners (including the Fund). Where an actual conflict arises with all shareholders of the GP there would be no shareholder that is not conflicted. The GP has committed to developing appropriate protocols to address any such conflicts.

9.2.7 Investment exit risk

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

9.2.8 Unlisted investment risk

The underlying investments of private investment funds are typically in unlisted investments. The underlying investments of private investment funds are not commonly traded amongst investors. As a result there may be no open market to establish an independent value for certain investments and no assurance that a determination of fair value will be obtainable in the market or that there will be a market for the unlisted investment.

Individual investments made by private investment funds are typically held for a duration of three to five years, but some investments can be held for up to 10 years. Any gains from these investments will typically only be realised when they are sold. There can be no certainty that any gain on an investment will be realised by the investment fund.

9.2.9 Long time horizon

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

The LP Agreement will permit the GP to require any limited partner to withdraw from the LP, if the GP determines that the continued participation of that limited partner would adversely affect the LP or the GP. The withdrawing limited partner will receive 90% of its capital account on exit with 10% balance payable on completion of the subsequent audit. This provision could result in the Fund being forced to exit from the LP before there has been a liquidity or other event resulting in a capital appreciation of the underlying investments of the LP. A related body corporate of Walsh & Co holds a 42.5% interest in the GP and has the capacity to veto major decisions to be undertaken by the GP. The GP may cease to be a related body corporate of the Responsible Entity in the future. See Sections 12.1 and 12.4 for details.

9.2.10 Substantial uncommitted funds

Under the Offer, the Fund will receive new funds which at the time may be uncommitted to any specific private investment fund. The rate at which this occurs will depend on market conditions and the availability of suitable investments on sufficiently attractive terms at the time. There is a risk that the GP may not be able to make these investments in a timely fashion or at all, which will affect the future performance of the Fund.

9.2.11 Valuation risk

It is generally the responsibility of the underlying fund managers to determine the value of each underlying investment in their portfolios. In 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. Accordingly, the value obtained on realisation may differ materially to the estimated values determined by the underlying fund managers.

Should the realisable value of the underlying investments differ materially to the underlying fund manager's valuation, or should there be a material change in the underlying fund manager's valuation, this may affect the Fund's performance and may result in increased Unit price volatility.

9.2.12 Concentration risk

The Fund may invest in a relatively small number of investments (although no investments may be more than 25% of the aggregate capital commitment of the LP, other than an investment in a company either directly, or indirectly via a private investment fund established by the GP, or related entities, for the purpose of direct investment; the comparable aggregate limit for such direct investments is 33%), and as such, concentrations in sectors, countries, or other groupings are more likely to arise. These potential concentrations mean that a loss arising in a single investment may cause a proportionately greater loss in the Fund than if a larger number of investments were made.

The LP has committed to invest in five underlying investment funds.

9.2.13 Poor investment performance

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

9.2.14 Foreign exchange risk

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

The performance fee calculation under the LP Agreement is in US dollars. The actual impact on Unitholders may be affected by a positive or negative movement in the prevailing US dollar/Australian dollar exchange rate.

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

9.2.15 US taxation laws

Depending on the characterisation of the Fund's direct and indirect investments for US federal income tax purposes, all or a portion of the income therefrom may be subject to US federal income tax. Any tax liability incurred by the Fund generally could reduce the Fund's overall economic returns and materially reduce the amount available for ultimate distribution to Unitholders. See Section 11 for a discussion of certain material US income tax considerations. Prospective Unitholders should consult their own tax advisors regarding the US federal income tax consequences of investing in, holding and disposing of Units in the Fund.

9.2.16 Key personnel risk

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

9.2.17 Interest rate risk

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

9.2.18 Counterparty risk

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

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

9.2.19 Capital return

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

9.2.20 Potential for increased costs

The GP is entitled to receive a management fee equal to 1.00% per annum (on an annualised basis) of the aggregate capital commitments made by the limited partners to the LP.

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

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

9.2.21 Borrowing and deposit risk

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

The Fund will manage these borrowing risks by following strict investment and risk guidelines and dealing with

respected lenders. It is important to note that borrowing may increase the potential return of the Fund but may also increase its potential losses.

Under the LP Agreement, the GP has the power to borrow for investments at its discretion. The GP on behalf of the LP has an existing loan from Cordish Private Ventures, with interest charged at the WSJ Prime Rate, which was used to fund the LP's acquisition of its interest in the underlying funds described in Section 5.6. The GP currently expects to repay the loan using proceeds following the LP's initial capital call.

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

9.2.22 Failure to meet capital calls

The Fund, Walsh Trust, Cordish Private Ventures or Additional Limited Partners may fail to meet capital calls. Where any limited partner fails to meet a capital call, the limited partner will be subject to the terms of the LP Agreement that lead to, among other things, dilution of the relevant limited partner's interest in the LP.





10. Investigating Accountant's Report



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The Directors
Walsh & Company Investments Limited as Responsible Entity for
US Select Private Opportunities Fund III
Level 15, 100 Pacific Highway
North Sydney NSW 2060

15 June 2016

Dear Sirs

INVESTIGATING ACCOUNTANT'S REPORT ON PRO FORMA FINANCIAL INFORMATION

Introduction

This report has been prepared at the request of the Directors of Walsh & Company Investments Limited (the Responsible Entity) as responsible entity for US Select Private Opportunities Fund III (the Fund) for inclusion in a product disclosure statement (**Offer Document**) to be issued by the Directors of the Responsible Entity on or about 15 June 2016 in connection with the offer of fully paid ordinary securities in the Fund to raise up to \$40 million, with the ability to accept oversubscriptions to raise \$80 million (the Offer).

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services licence under the Corporations Act 2001 for the issue of this report.

References to US Select Private Opportunities Fund III and Walsh & Company Investments Limited and other terminology used in this report have the same meaning as defined in the Glossary of the Offer Document.

Pro Forma Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Responsible Entity to provide a report on:

- The pro forma Statements of Financial Position of the Fund on completion of the Offer as set out in Section 8.1 of the Offer Document;
- The pro forma assumptions on which the pro forma Statements of Financial Position are based as described in Section 8.2 of the Offer Document; and
- The significant accounting policies of the Fund as set out in Section 8.3 of Offer Document (collectively the Pro Forma Financial Information).

The Pro Forma Financial Information has been derived from the records of the Fund after reflecting the pro forma assumptions as described in Section 8.2 of the Offer Document.

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The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the events or transactions to which the Pro Forma Financial Information relate, as described in Section 8 of the Offer Document, as if those events or transactions had occurred as at the date of the Offer Document. Due to its nature, the Pro Forma Financial Information does not represent the Fund's actual or prospective financial position.

Directors' Responsibility

The Directors of the Responsible Entity are responsible for:

- the preparation and presentation of the Pro forma Financial Information, including the selection and determination of pro forma adjustments made to the Pro Forma Financial Information; and
- the information contained within the Offer Document.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Pro Forma Financial Information that is free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Pro Forma Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Standard on Assurance Engagement (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we will not express an audit opinion.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

- consideration of work papers, accounting records and other documents;
- consideration of the appropriateness of pro forma assumptions described in Section 8.2 of the Offer Document;
- enquiry of Directors, management, personnel and advisors;
- the performance of analytical procedures applied to the Pro Forma Financial Information;
- a review of the accounting policies adopted by the Fund described in Section 8.3 for consistency of application.

Conclusions***Pro Forma Financial Information***

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Financial Information is not presented fairly, in all material respects, in accordance with the stated basis of preparation as described in Section 8.1 of the Offer Document.

Restrictions on Use

Without modifying our conclusions, we draw attention to Section 8 of the Offer Document, which describes the purpose of the Pro Forma Financial Information, being for inclusion in the Offer Document. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.

Consent

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the Offer Document in the form and context in which it is included.

Disclosure of Interest

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report for which normal professional fees will be received.

Deloitte Tax Services Pty Limited has provided a Tax Opinion in Section 11 of the Offer Document for which normal professional fees will be received.

Deloitte Touche Tohmatsu is the auditor of the Fund.

Yours faithfully



Michael Kaplan
Authorised Representative
Deloitte Corporate Finance Pty Limited.



11. Taxation

11.1 Australian taxation opinion



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Walsh & Company Investments Limited
As Responsible Entity for
US Select Private Opportunities Fund III
Level 15
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NORTH SYDNEY NSW 2060

15 June 2016

Our Ref: MHH/MGS/JE/ST

Dear Directors

Australian taxation consequences of subscribing for Units in the US Select Private Opportunities Fund III (Fund)

This letter has been prepared for inclusion in the Product Disclosure Statement (PDS) dated 15 June 2016 in relation to the issue of Units in the Fund.

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

This general summary does not take into account the Australian tax consequences for investors who are non-residents of Australia, acquire their Units otherwise than pursuant to the Offer, acquire their Units in the course of trading or dealing in securities, are subject to a special taxation regime (eg life companies), or otherwise hold their Units on revenue account or as trading stock.

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

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

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

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This summary is based on the facts as set out in the PDS, which have not been independently reviewed or verified by Deloitte Tax Services Pty Ltd. The inclusion of this letter in the PDS is subject to the terms of our consent for its inclusion and to be named in the PDS, as set out in Section 13.8 of the PDS.

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

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

1 Taxation treatment of the Fund

1.1 Income tax status of the Fund

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

For income tax purposes, a trust may be taxed like a company if it is a “public trading trust”.

The Fund will be a public trading trust if it is both a public unit trust and a trading trust. If the Fund is listed on the Australian Securities Exchange (which we understand is intended to be the case), it will be a public unit trust. However, provided that the Fund and the entities that the Fund controls (or has the ability to control, either directly or indirectly) do not carry on a “trading business”, the Fund should not be treated as a public trading trust. On the basis of the Fund’s proposed investment activities as set out in the PDS, it is expected that the Fund should not be considered to carry on a “trading business” for the purposes of the public trading trust rules. For the same reason, the Fund should not be considered to control or have the ability to control (either directly or indirectly) the affairs or operations of another entity in carrying on a “trading business” for the purposes of the public trading trust rules. As such, it is expected that the Fund should not be a public trading trust. Instead, the Fund should qualify as a “flow through” trust for Australian income tax purposes.

Provided that Investors are made presently entitled to all of the distributable income of the Fund for an income year, neither the Responsible Entity (RE) nor the Fund should be subject to Australian income tax in respect of the net income of the Fund.

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

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

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

1.2 Net income of the Fund

Investors who are presently entitled to a share of the distributable income of the Fund will be required to include in their assessable income their proportionate share of the Fund's net income for each relevant income year. The following provides a broad overview of how the net income of the Fund might be calculated.

The net income of the Fund may include:

- distributions paid to the Fund or credited to the account of the Fund;
- foreign exchange gains and losses attributable to Australian/US currency exchange rate movements in respect of distributions made to the Fund by the US Select Private Opportunities Fund III, L.P. (**Cayman LP**); and
- interest income on term deposits and cash equivalent investments held by the Fund.

The net income of the Fund may also include an amount of income that is calculated under the controlled foreign company (**CFC**) rules in Part X of the Tax Act.

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

The Fund may receive distributions from the Cayman LP that represent a return of capital. In our view, the income tax laws should operate such that returns of capital should not be included in the Fund's net income. Rather, it is expected that the Fund's cost base (and reduced cost base) in its limited partnership interest in the Cayman LP should be reduced by the amount of the capital returned. If a return of capital exceeds the cost base of the limited partnership interest determined immediately before the return of capital, a capital gain equal to the excess may arise. The gain may be eligible for discount CGT treatment where that capital gain is not offset by current or prior year capital losses, and the limited partnership interest in the Cayman LP is owned by the Fund for at least 12 months.

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

2 Taxation treatment of Investors

2.1 Acquisition of Units

Each Unit in the Fund will be a CGT asset.

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

2.2 Distributions from the Fund

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

Investors will be required to include their proportionate share of the Fund's net income in their assessable income for each relevant income year. This will include Fund distributions that an Investor becomes presently entitled to but may not receive until after year end. An Investor's proportionate share of the Fund's net income will be determined by their proportional entitlement to the distributable income of the Fund for the income year. There may be circumstances where the calculation of the Fund's net income and distributable income vary.

Each component of the Fund's net income should retain its tax character in the hands of Investors for Australian income tax purposes.

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

The Fund may make cash distributions to Investors in excess of the net income of the Fund. Such distributions may arise as a result of:

- "Tax deferred" distributions (e.g. returns of capital or income sheltered by tax losses); and
- "CGT concession" amounts (i.e. the discount component of net capital gains derived by the Fund).

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

Distributions of CGT concession amounts are not assessable to Investors and should not affect the cost base (or reduced cost base) of an Investor's Units in the Fund for CGT purposes.

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

2.3 Sale or redemption of Units

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

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

Discount CGT treatment may be available to reduce the capital gain realised by the Investor on the sale or redemption of their Units. If the Units in the Fund had been held for at least 12 months, the Investor may, after offsetting capital losses of the Investor, be able to discount the resulting capital gain by one half in the case of an individual or trust, or by one third in the case of a complying superannuation entity. Companies are not entitled to discount CGT treatment.

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

Integrity rules exist which can prevent the CGT discount being applied to capital gains arising from the disposal of Units where a majority of the underlying CGT assets of the Fund, by value, have not been held for at least 12 months. These integrity rules should not apply if:

- an Investor (together with its associates) beneficially owns less than 10% of the Units in the Fund just prior to the disposal; or
- the Fund has at least 300 Investors and the ownership of the Fund is not concentrated (ownership will be concentrated if 20 or fewer individuals own, directly or indirectly, at least 75% of the income, capital or voting interests in the Fund).

Any capital gain or capital loss realised by an Investor in respect of the Units should be aggregated with any other capital gains or capital losses that the Investor may have in that income year, less any available net capital losses from prior income years, discounts or reductions, to determine the Investor's net capital gain or capital loss for that year.

A net capital gain is included in the Investor's assessable income. A capital loss can only be offset against capital gains. Capital losses may be carried forward and offset against future taxable capital gains, although the utilisation of capital losses by companies is subject to the satisfaction of certain integrity rules.

3 Recently enacted attribution MIT regime

A new tax regime for trusts that qualify as "attribution MITs" (AMITs) has recently been enacted. The new AMIT regime is elective. If the RE chose to apply the regime, that choice is irrevocable.

Broadly, the key features of the new AMIT regime include the following:

- an attribution model for determining member tax liabilities, which ensures that amounts derived or received by the AMIT that are attributed to members retain the character they had in the hands of the trustee for income tax purposes;
- the ability to reconcile variances between the amounts actually attributed to members for an income year, and the amounts that should have been attributed by using the "unders and overs" regime;
- deemed fixed trust treatment under the income tax law;
- annual upward and downward cost base adjustments to address double taxation; and
- clarification about the taxation treatment of tax deferred and tax free distributions.

This new regime will apply to income years starting on or after 1 July 2016 (with the ability to make a choice to apply the new tax regime for an income year that starts on or after 1 July 2015).

We understand that the RE has not decided whether it will elect to apply the AMIT regime to the Fund (if eligible to do so). If such an election is made, although the manner in which the net income of the Fund is allocated to Investors will be different, there should be no material difference in the outcome for Investors. As the AMIT regime is elective, we would expect that the RE will not elect to apply the AMIT regime if there are any material adverse impacts on Investors.

4 Withholding of tax from distributions

The RE is required to deduct Pay-As-You-Go withholding tax from distributions paid to Investors at the highest marginal tax rate plus Medicare Levy (currently 49%) if the Investor has not quoted either their Tax File Number or Australian Business Number, and none of the relevant exemptions apply. Investors should generally be entitled to a tax credit for any such tax withheld.

5 GST

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

The Fund itself may not be entitled to recover the GST arising on its expenditure in full. The availability of GST recovery will generally depend on the extent to which goods, services and other things acquired by the Fund relate to certain GST exempt activities (referred to as "input taxed supplies").

Even where the Fund is unable to recover GST under the general rules described above, as a concession it may be entitled to Reduced Input Tax Credits or "RITCs" (either 55% or 75% of the otherwise unrecoverable GST) in respect of certain categories of expenditure.

6 Stamp duty

Neither the RE nor Investors should be liable for any stamp duty on an issue of Units by the Fund. Further, there should be no stamp duty payable in respect of future acquisitions or disposals of Units, provided that:

- the Units of the Fund remain quoted and the Fund is listed on the ASX; and
- as a result of any acquisition or disposal no unitholder (together with associated entities) becomes entitled to 90% or more of the units in the Fund.

Yours faithfully



Mark Hadassin
Partner
Deloitte Tax Services Pty Ltd

11.2 US taxation advice

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

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

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

This summary is for general information purposes only and is not exhaustive of all of the US federal income tax considerations that may be relevant to a decision to purchase, hold or dispose of Units. In addition, the possible application of US federal estate or gift taxes or any aspect of state, local or non-US tax laws is not considered. This discussion is based on current provisions of the *Internal Revenue Code of 1986*, as amended (the **Code**), Treasury Regulations promulgated under the Code by the US Treasury Department (including proposed and temporary regulations) (the **Treasury Regulations**), rulings, current administrative interpretations and official pronouncements by the Internal Revenue Service (the **IRS**), and judicial decisions, all as currently in effect on the date hereof and all of which are subject to differing interpretations or to change, including possibly with retroactive effect. Such changes could materially and adversely affect the tax consequences to Non-US Investors described below. No assurance can be given that the IRS would not assert, or that a court would not sustain a position contrary to any of the tax consequences described below. The Fund has not obtained, nor does it intend to obtain, a ruling from the IRS or any other federal, state or local agency with respect to any of the tax issues affecting the Fund or its Non-US Investors.

If a partnership (including for this purpose any entity treated as a partnership for US federal income tax purposes) is

a beneficial owner of Units, the US federal income tax treatment of a partner in such partnership will generally depend on the status of the partner and the activities of the partnership.

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

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

11.2.1 US tax status

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

11.2.2 Taxation of the fund

i) US Trade or Business

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

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

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

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

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

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

income or loss generally flows through to the upper-tier entities (such as the Fund) for these purposes.

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

ii) US Withholding Tax

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

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

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

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

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

11.2.3 Tax considerations for Non-US Investors

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

11.2.4 Withholding on certain payments

The Hiring Incentives to Restore Employment Act of March 2010 (the **HIRE Act**), including the Foreign Account Tax Compliance Act (**FATCA**) provisions promulgated thereunder, generally provides that: (1) a 30% withholding tax may be imposed on certain payments of US source income (such as dividends) to certain non-US holders; and (2) beginning January 1, 2019, a 30% withholding tax may be imposed on the proceeds from the sale of property by certain non-US holders that could give rise to certain types of US source payments. Withholding is generally required unless such non-US holders enter into an agreement with the IRS to disclose the name, address and taxpayer identification number of certain US persons that own, directly or indirectly, interests in such non-US holders, as well as certain other information relating to such interests.

FATCA is a US tax law aimed at financial institutions and other financial intermediaries to prevent tax evasion by US citizens and other US tax residents through use of non-US investments and accounts.

Australia signed an intergovernmental agreement (**IGA**) with the US to implement FATCA in Australia and

enacted FATCA provisions in Division 396 of Schedule 1 to the *Taxation Administration Act 1953* (Cth), which is administered by the Australian Tax Office (ATO). Under the IGA and FATCA provisions, Reporting Australian Financial Institutions have due diligence and reporting obligations.

The Responsible Entity, on behalf of the Fund, is a Reporting Australian Financial Institution under the IGA. The Fund through the Responsible Entity as sponsoring entity for the Fund intends to fully comply with its FATCA obligations. These obligations include (but are not limited to) documenting the status of Investors to identify Investors that are a US Person, US controlled entity or a non-complying FATCA financial institution. The Fund is obligated by law to report certain information on applicable Investors to the ATO which will in turn report this information to the IRS.

In order to comply with its FATCA obligations, the Responsible Entity is obligated to request certain information from their Investors. Certain information collected will be reported to the ATO which will in turn report this information to the IRS.

The Fund and the Responsible Entity are not liable for any loss an Investor may suffer as a result of their compliance with FATCA.

The Responsible Entity will also provide information about their FATCA status when required so that FATCA withholding is not applied to payments received on its investments (for example dividends paid on US securities). If the Responsible Entity suffers any amount of FATCA withholding and is unable to obtain a refund for such withholding, the Responsible Entity will not be required to compensate Investors for any such withholding and the effects of these amounts will be reflected in the returns of the Trust.

This information is of a general nature only. Please consult your tax advisor should you wish to understand the implications of FATCA for your particular circumstances.

11.2.5 Future changes in applicable law

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

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



12. Material Contracts

12.1 LP Agreement

An exempted limited partnership has been established in the Cayman Islands for the purposes of acquiring, directly or indirectly, and dealing with, interests in private investment funds. The limited partnership agreement for the LP will be amended and restated on the terms summarised below prior to the expiry of the exposure period for this PDS.

Walsh Trust, Cordish Private Ventures and the Fund, and any Additional Limited Partners, will each make capital contributions towards the acquisition of investments, as directed by the GP, up to a maximum contribution amount of US\$225 million. Walsh Trust will contribute US\$5 million, Cordish Private Ventures will contribute US\$15 million. The Responsible Entity will notify the GP and Cordish Private Ventures of the amount of its capital commitment within five Business Days of completion of the issue of Units under this PDS. The GP intends to make a capital commitment of 0.1% of the total capital commitments of Cordish Private Ventures, Walsh Trust, the Fund and any Additional Limited Partners.

Additional Limited Partners may join the LP until 31 December 2017, by contributing an amount that equalises the contributed percentage of capital committed by each limited partner, plus a cost of carry rate equal to the WSJ Prime Rate, plus the management fee that would have been charged over the period from the Fund's initial investment in the LP.

There is no guarantee as to the final size of the LP, however, the maximum value of commitments to the LP, including the investment from the Fund, is US\$225 million. Additional Limited Partners to the LP may reduce the Fund's percentage interest in the LP.

Additional Limited Partners may be offered more favourable terms than the Fund, Cordish Private Ventures or Walsh Trust, including rebates or other fee reduction mechanisms.

The LP has a broad range of permitted investments, including direct investment in underlying companies, subject to certain restrictions. These investment restrictions comprise:

- a) investing more than 25% of the aggregate capital commitment of the LP in any one private investment fund or securities of a portfolio company. The only exception to this is investments in underlying companies, either directly by the LP, or indirectly

via a private investment fund established by the GP, or related entities, for the purpose of direct investment. The aggregate limit for such direct investments is 33%;

- b) investing, by way of primary market transactions, more than 15% of the aggregate capital commitment of the LP in any private investment fund whose primary investment objective is to invest in companies located or that conduct their principal business outside of the US; and
- c) investing in any private investment funds whose primary investment objective is to invest in companies located in or that conduct their principal business in emerging markets.

The LP's investment mandate restrictions can only be changed with the unanimous approval of limited partners.

The LP may hold cash or invest in cash equivalents for short-term investments pending investment or return to investors.

While the GP does not currently intend to borrow further funds for investment purposes, the LP Agreement permits the GP to borrow. The GP may cause the LP to pledge its investments to secure any such borrowings. The GP on behalf of the LP has an existing loan from Cordish Private Ventures, with interest charged at the WSJ Prime Rate, which was used to fund the LP's initial acquisition of its interests in the underlying funds set out in Section 5.6. The GP currently expects to repay that loan using proceeds following the LP's initial capital call.

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, forcing the sale of the defaulting partners' interests in the LP or, at the discretion of the GP, forfeiture of distributions and a 25% reduction in the defaulting partner's capital account (with such amounts to be distributed to the remaining partners in their pro rata proportions).

In consideration of managing the LP and its investments, the GP is entitled to an investment management fee of an amount equal to 1% per annum 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.

Under the LP Agreement, the GP is also entitled to a performance fee, which is 10% of the return achieved by the LP above invested capital, once a cumulative (non-compounded) return of 8% per annum (**Hurdle Rate**) on all capital contributed to the LP (and not yet returned by distribution to limited partners) is achieved.

Limited partners are prohibited from withdrawing from the LP or otherwise disposing of their interest in the LP in any circumstances without the consent of the GP. The GP may not withdraw from the LP, resign as general partner or otherwise dispose of its interest in the LP in any circumstances without the approval of limited partners holding more than 50% of contributed capital, unless it is to a related entity, or an entity controlled by one of the members of the GP.

The LP will continue until the occurrence of certain termination events, which include (among others), the GP's determination to wind up the LP following the disposal of all assets and distribution of proceeds, the withdrawal of the GP from its duties, the insolvency of the GP, or the end of the 14 year term following the initial closing date (this can be extended for a further 2 years by the GP). Upon insolvency of the GP or withdrawal of the GP, limited partners holding 75% of contributed capital at that time, can continue the LP and the limited partners may select a new general partner. As a limited partner, the Responsible Entity does not have the ability to require early termination or wind up of the LP.

The LP Agreement permits the GP to require any limited partner to withdraw from the LP, if the GP determines that the continued participation of that limited partner would adversely affect the LP or the GP. While the withdrawing limited partner (so long as it is not a defaulting limited partner) will receive 90% of its capital account within 90 days of exit with 10% balance payable on completion of the subsequent audit or as soon thereafter as is reasonably practicable. This provision could result in the Fund being forced to exit from the LP before there has been a liquidity or other event resulting in a capital appreciation of the underlying investments of the LP. An entity associated with the Responsible Entity owns 42.5% of the GP but does not control the GP, and the GP may cease to be a related body corporate of the Responsible Entity in the future.

The LP Agreement can generally be amended with approval from 75% of the capital contributions to the LP. In the event that the Fund holds an interest in less than 25% of the capital contributions to the LP, there is a risk

that the LP Agreement could be amended without the Responsible Entity's consent. Any such changes may be adverse to the interests of the Fund, for example, a change to allow further Additional Limited Partners (resulting in dilution of the Fund's interest in the LP). Proposed amendments may have the deemed consent of LPs who fail to provide a written response to the proposed amendment.

The GP can amend the LP Agreement to satisfy the requirements of any federal or state entity applicable to the LP or the GP, as long as that change minimises any adverse effect on the limited partners.

If the GP seeks consent or approval from the limited partners (including with respect to an amendment to the LP Agreement), each limited partner will be deemed to have consented to the amendment unless they respond in writing to the GP that they do not consent, within the time set in the notice.

Consent of limited partners is required for amendments to increase capital commitment, increase fee arrangements, and there are other provisions of the LP Agreement that require unanimous approval for amendment. Any amendments would also require the GP's approval.

12.2 Administrative Services Agreement

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

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

In return for the performance of its duties under the administrative services agreement, Cordish Services is entitled to be paid, and the GP must pay, US\$50,000 per year, and the amount of all third party, out-of-pocket expenses incurred by Cordish Services, initially estimated at US\$25,000, plus an annual fee equal to 0.354% of the committed capital of the LP.

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

12.3 Investment Advisory Agreement

Under the terms of the investment advisory agreement, the Investment Manager, as the sole investment manager to the GP, will:

- a) obtain information and advice in relation to the economy, securities markets or securities;
- b) manage the assets of the LP in a manner consistent with the investment objective, policies and restrictions of the Company and the LP as may be adopted from time to time by the GP, and applicable laws and regulations;
- c) advise on investments to be undertaken or disposed of by the LP;
- d) advise on, and assist with, compliance with Australian laws and regulations; and
- e) advise upon the valuation of the assets of the Fund on a periodic basis.

In return for the performance of its duties as investment manager to the GP and for bearing certain expenses in connection with the services, the Investment Manager is entitled to be paid quarterly in advance a fee of up to 0.1132% (0.453% on an annualised basis) of the LP's total committed capital.

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

The investment advisory agreement is for a term of 10 years, unless terminated earlier. The term will be extended after the initial 10-year period for further one-year periods if the GP approves its continuance at least annually. The GP may terminate the investment advisory agreement at its sole discretion with 30 days' prior written notice and correspondingly, the Investment Manager may terminate the investment advisory agreement with 60 days' prior written notice.

12.4 LLC Agreement

The LLC Agreement between the GP and its members governs the relationship between the parties with respect to the operations of the GP. The members of the GP comprise DGP Inc. (a member of the same group as Walsh & Co) (as to 42.5%) and two affiliates of Cordish Private Ventures (as to 57.5%).

All material decisions regarding the operations of the GP require the approval of at least 85% of all members.

No member in the GP may transfer any interest in its membership in the GP without the prior consent of the other members. The GP agreement continues until terminated by agreement between the members or upon termination of the LP.

Amendment to the LLC Agreement requires the unanimous agreement of all parties other than amendments necessary to reflect transfers of membership, amendments required to form, qualify or continue the GP as a limited liability company in all jurisdictions in which the GP carries on business or to correct any typographic errors.

12.5 Co-Manager Agreement

The Responsible Entity has appointed Taylor Collison as Co-Manager to the Offer. The fees under this agreement will be a fixed fee of \$31,350 (inclusive of GST and net of RITC), together with the handling fee of 1.5675% (inclusive of GST and net of RITC) and structuring fee of 0.314% (inclusive of GST and net of RITC) on applications that Taylor Collison has introduced and allotted in relation to the Offer. Taylor Collison will be responsible for the payment of any fees in relation to AFSL Holders it introduces to the Offer. No fee is payable to Taylor Collison in relation to applications introduced to the Offer by the Responsible Entity and its related entities.



13. Additional Information

13.1 Constitution and compliance plan

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

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

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

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

- applications for Units and the nature of a Unitholder's interest in the Fund;
- the term of the Fund and Unitholders' entitlements on winding up;
- distributions;
- further issues of Units;
- transferability of Units;
- powers of the Responsible Entity;
- Unitholders' meetings;
- Unitholders' liability; and
- the Responsible Entity's fees (see Section 7.1).

13.1.1 Units

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

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

13.1.2 Income

While the Fund is not a public trading trust (i.e. taxed akin to a company) it is expected to be administered so that at the end of each income year its Unitholders are presently entitled to the distributable income of the Fund. The Responsible Entity will generally determine the distributable income of the Fund for each income year based on the net income of the Fund. However, the Responsible Entity may in its sole and absolute discretion determine that the distributable income for the income year will be some other amount, whether income or capital, which the Responsible Entity considers appropriate for the distribution for income tax year.

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

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

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

The Responsible Entity may require Unitholders to provide notices from time to time confirming the beneficial ownership of Units or providing other relevant information, including the information detailed in Section 11.2(D).

13.1.3 Liability of Unitholders

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

13.1.4 Responsible Entity's powers and duties

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

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

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

13.1.5 Management fees payable to the Responsible Entity

In return for the performance of its duties, the Responsible Entity is entitled to be paid out of the Assets within 10 Business Days of the beginning of each quarter a quarterly management fee equivalent to 2.09% per annum (inclusive

of GST and net of RITC) of the gross value of the assets calculated as at the end of the quarter preceding the date of payment of the Management Fee.

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

The current fees charged by the Responsible Entity will be a responsible entity fee of 0.0836% (inclusive of GST and net of RITC) per annum and an administration fee of 0.261% (inclusive of GST and net of RITC) per annum of the gross assets of the Fund.

See Section 12.1 for further details.

13.1.6 Responsible Entity's indemnities

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

13.1.7 Responsible Entity's limitation of liability

The Constitution provides that, subject to the Corporations Act, the Responsible Entity and each director and officer of the Responsible Entity are not personally liable to any person in connection with the office of the Responsible Entity or any director or officer of the responsible entity. Subject to the Corporations Act, the liability of the Responsible Entity in relation to the Fund is limited to the assets of the Fund from which the Responsible Entity is entitled to be and is, in fact, indemnified.

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

13.1.8 Withdrawals and redemptions

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

13.2 Complaints

The Responsible Entity seeks to resolve complaints over the management of the Fund to the satisfaction of Unitholders.

You may lodge complaints with us using the details shown on the front cover of this PDS. The Constitution provides that complaints will be acknowledged immediately or as soon as practical and responded to not more than 45 days after receipt by the Responsible Entity.

If you remain unhappy, you can contact the Financial Ombudsman Service (which is independent from us) on 1300 780 808.

13.3 Instructions

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

13.4 Private information

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

13.5 Compliance plan

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

13.6 Interested dealings

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

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

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

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

Walsh Trust, a private wholesale trust related to Walsh & Co will commit US\$5 million as a limited partner to the LP as detailed in Section 12.1.

13.7 Labour standards or environmental, social or ethical considerations

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

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

13.8 Consents

Part 7.9 of Chapter 7 of the Corporations Act imposes a liability regime on the Responsible Entity (as the offeror), persons named in this PDS with their consent as having made a statement in this PDS and persons involved in a contravention in relation to this PDS, with regard to misleading or deceptive statements made in this PDS. Although the Responsible Entity bears primary responsibility for the contents of this PDS, other parties involved in the preparation of the PDS can also be responsible for certain statements made in it.

In light of this, each of the entities named below, only to the maximum extent permitted by the law, disclaims any responsibility or liability for any part of this PDS other than a statement included in, or as referred to in this Section 13.8.

Blank Rome LLP has acted as US law advisor to the Responsible Entity and the LP and has given and not withdrawn its consent to the inclusion of its tax opinion in Section 11.2 and to be named in this PDS in the form and context in which it is named. Blank Rome LLP takes no responsibility for any part of this PDS other than its tax opinion in Section 11.2. Except in respect of its tax opinion in Section 11.2, Blank Rome LLP does not make any statement.

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

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

Deloitte Tax Services Pty Limited and Deloitte Corporate Finance Pty Limited are respectively the Australian tax advisor and Australian Investigating Accountant. Deloitte Tax Services Pty Limited and Deloitte Corporate Finance Pty Limited have respectively prepared and consented to the inclusion of their tax opinion in Section 11.1 and Investigating Accountant's Report in Section 10 and have not withdrawn their consent to be named in this PDS in the form and context in which they are named.

Deloitte Tax Services Pty Limited and Deloitte Corporate Finance Pty Limited take no responsibility for any part of this PDS (except to the extent required by the Corporations Act) other than their respective tax opinion in Section 11.1 and Investigating Accountant's Report in Section 10. Except in respect of the tax opinion in Section 11.1 and Investigating Accountant's Report in Section 10, Deloitte Tax Services Pty Limited and Deloitte Corporate Finance Pty Limited do not make any statement in this PDS nor is there any statement based on a statement by Deloitte Tax Services Pty Limited or Deloitte Corporate Finance Pty Limited in this PDS.

Deloitte Touche Tohmatsu consents to act as auditor to the Fund.

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

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

Taylor Collison has given, and before lodgement of the PDS has not withdrawn, its consent to be named in the PDS as a Co-Manager of the Offer in the form and context in which it is so named.





14. Glossary

A\$ or \$	Australian dollars
Additional Limited Partners	Limited partners added to the LP following the initial limited partners. The initial limited partners are intended to be Walsh Trust, Cordish Private Ventures and the Fund
Administrative Services Agreement	The agreement between the GP and Cordish Services in relation to the provision of administrative services and back office infrastructure
Advisers Act	US <i>Investment Advisers Act of 1940</i> , as amended
Advisory Board	The Advisory Board of the Investment Manager
AFSL Holder	The holder of an Australian Financial Services Licence pursuant to section 911A(2) (b) of the Corporations Act. It includes, but is not limited to Dixon Advisory & Superannuation Services Limited, a related party of the Responsible Entity
Allotment	The allocation and allotment of Units to Investors following acceptance of an Application
Allotment Date	The intended Allotment of Units to Investors is on or around 20 July 2016
Applicant	An applicant for Units under this PDS
Application	An application for Units pursuant to this PDS
Application Form	An application form in the form attached to this PDS and the online Application Form available at uspof.com.au/offer
Application Monies	The Application Price multiplied by the number of Units applied for
Application Price	\$1.60 for each Unit applied for
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange Limited
ASX Settlement	ASX Settlement Pty Limited (ACN 008 504 532)
ASX Settlement Operating Rules	The rules of ASX Settlement
Australian Accounting Standards	Australian Accounting Standards means accounting standards and interpretations issues by AASB
Australian Masters Corporate Bond Fund Series	Australian Masters Corporate Bond Fund No 1 Limited, Australian Masters Corporate Bond Fund No 2 Limited, Australian Masters Corporate Bond Fund No 3 Limited, Australian Masters Corporate Bond Fund No 4 Limited and Australian Masters Corporate Bond Fund No 5 Limited
Australian Masters Yield Fund Series	Australian Masters Yield Fund No 1 Limited, Australian Masters Yield Fund No 2 Limited, Australian Masters Yield Fund No 3 Limited, Australian Masters Yield Fund No 4 Limited and Australian Masters Yield Fund No 5 Limited
Australian Tax Office	The Australian Taxation Office is the principal revenue collection agency for the Australian Government in charge of administering the Australian taxation system
Business Day	A day, other than a Saturday or Sunday, on which banks open for general banking business in Sydney

CGT	Capital gains tax
CHESS	ASX's Clearing House Electronic Subregister System
Closing Date	The date by which valid acceptances must be received by the Responsible Entity being 12 July 2016 or such other date at the Responsible Entity's absolute discretion
Co-Manager	Taylor Collison Limited
Code	US <i>Internal Revenue Code of 1986</i> , as amended
Cordish Companies	The Cordish Companies and its subsidiaries
Cordish Private Ventures	Cordish Private Ventures, LLC
Cordish Services	Pratt Street Services Corporation, LLC
Constitution	The constitution of the Fund
Corporations Act	<i>Corporations Act 2001</i> (Cth)
CRS	Common Reporting Standard is a set of standardised rules developed by the OECD that requires financial institutions resident in a participating jurisdiction to implement due diligence procedures to document and identify reportable accounts, as well as report information on those accounts to their local tax authority.
Directors	The Board of Directors of the Responsible Entity
Double Tax Treaty	The US protocol signed in Canberra on 27 September 2001, which amends the Convention of 6 August 1982 between Australia and the United States of America for the Avoidance of Double Taxation
FATCA	<i>Foreign Account Tax Compliance Act</i> , a US tax law aimed at financial institutions and other financial intermediaries to prevent tax evasion by US citizens and other US tax residents through use of non-US investments and accounts
Fund	US Select Private Opportunities Fund III (ARSN 612 132 813)
Fund I	US Select Private Opportunities Fund (ARSN 158 625 284)
Fund II	US Select Private Opportunities Fund II (ARSN 162 057 089)
General Partner or GP	US Select Private Opportunities Fund III GP, LLC
GST	The value-added tax, if any, on goods and services and other things payable in accordance with the GST Act or another relevant and applicable legislation or law in Australia
GST Act	<i>A New Tax System (Goods and Services Tax) Act 1999</i>
HIN or Holder Identification Number	Unitholder identification number for Units held on the CHESS subregister
Hurdle Rate	Minimum rate of return for the GP's entitlement of the performance fee, equal to a cumulative, non-compounded, pre-tax return of 8% per annum on all capital contributed to the LP (and not yet returned by distribution to limited partners)
Investment Advisory Agreement	The Investment Advisory agreement between the GP and the Investment Manager

Investment Manager	Dixon Asset Management USA, Inc.
Investor	A successful Applicant or an investor in Units
IRR	Internal Rate of Return. It is the rate of return used to measure and compare the profitability of investments
Listing Rules	The official listing rules of ASX
LLC Agreement	The agreement between the GP and its shareholders
LP	US Select Private Opportunities Fund III, L.P., the limited partnership in which the Fund will invest following the Offer
LP Agreement	The amended and restated limited partnership governing the LP to be executed prior to the expiry of the exposure period for this PDS, as summarised in Section 12.1
Minimum Subscription	The minimum subscription of the Offer is gross proceeds of \$25 million
NAV	Net asset value of Units
Offer	The offer of Units under this PDS to raise gross proceeds of up to \$40 million with the ability to accept oversubscriptions for a further \$40 million
Opening Date	The first date Applications can be accepted under this PDS, expected to be 23 June 2016
PDS	This product disclosure statement dated 15 June 2016 and lodged with ASIC on that date
Registry	Boardroom Pty Limited (ACN 003 209 836)
Responsible Entity	Walsh & Company Investments Limited (ACN 152 367 649) (AFSL 410 433)
RITC	Reduced input tax credit
Securities Act	US <i>Securities Act of 1933</i>
SRN or Securityholder Reference Number	Unitholder identification number for Units held on the issuer sponsored subregister
Unit	An ordinary unit in the Fund, being an undivided share in the beneficial interest in the Fund
Unitholder	A holder of a Unit
US	The United States of America
US Middle Market	US firms with US\$10 million to US\$1 billion of annual revenue
US Person	Any “US Person” as defined in Regulation S under the US <i>Securities Act of 1933</i>
US\$	US dollars
Walsh & Co	Walsh & Company Investments Limited (ACN 152 367 649)
Walsh Trust	Dixon Associates PEIII Wholesale Fund, a wholesale Fund controlled by a member of the same group as Walsh & Co
WSJ Prime Rate	The Wall Street Journal Prime Rate. The <i>Wall Street Journal</i> surveys the 30 largest banks and when three-quarters of them change, the <i>Wall Street Journal</i> changes its rate effective on the day the Journal publishes the new rate





